PETRONAS Group
Interim Financial Report
For First Quarter 2020
The Board of Directors of Petronas Nasional Berhad ("PETRONAS" or the "Company") is pleased to announce the following unaudited condensed consolidated financial statements of PETRONAS Group for the first quarter ended 31 March 2020 which should be read in conjunction with the Explanatory Notes on pages 7 to 19.

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

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In RM Mil</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>59,593</td>
<td>61,994</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>(40,942)</td>
<td>(37,519)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>18,651</td>
<td>24,475</td>
</tr>
<tr>
<td>Selling and distribution expenses</td>
<td>(2,008)</td>
<td>(1,756)</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>(3,391)</td>
<td>(3,420)</td>
</tr>
<tr>
<td>Net impairment (losses)/write-back</td>
<td>(4,671)</td>
<td>84</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(1,214)</td>
<td>(509)</td>
</tr>
<tr>
<td>Other income</td>
<td>666</td>
<td>1,096</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>8,033</td>
<td>19,970</td>
</tr>
<tr>
<td>Financing costs</td>
<td>(663)</td>
<td>(1,233)</td>
</tr>
<tr>
<td>Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures</td>
<td>121</td>
<td>200</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>7,491</td>
<td>18,937</td>
</tr>
<tr>
<td>Tax expense</td>
<td>(2,971)</td>
<td>(4,689)</td>
</tr>
<tr>
<td><strong>PROFIT FOR THE PERIOD</strong></td>
<td>4,520</td>
<td>14,248</td>
</tr>
</tbody>
</table>

### Other comprehensive (expenses)/income

- **Items that will not be reclassified subsequently to profit or loss**
  - Net changes in fair value of equity investments at fair value through other comprehensive income ("OCI") - 92

- **Items that may be reclassified subsequently to profit or loss**
  - Net movements from exchange differences 7,176 (2,894)
  - Others (923) 16

**Total other comprehensive income/(expenses) for the period** 6,161 (2,878)

**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** 10,681 11,370

**Profit attributable to:**

- Shareholders of the Company 3,788 12,090
- Non-controlling interests 732 2,158

**PROFIT FOR THE PERIOD** 4,520 14,248

**Total comprehensive income attributable to:**

- Shareholders of the Company 8,965 9,655
- Non-controlling interests 1,716 1,715

**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** 10,681 11,370
### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>As at 31.3.2020</th>
<th>As at 31.12.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>325,079</td>
<td>319,204</td>
</tr>
<tr>
<td>Investment properties and land held for development</td>
<td>11,718</td>
<td>11,708</td>
</tr>
<tr>
<td>Investments in associates and joint ventures</td>
<td>15,611</td>
<td>15,902</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>25,093</td>
<td>26,260</td>
</tr>
<tr>
<td>Fund and other investments</td>
<td>1,747</td>
<td>1,929</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>44,038</td>
<td>40,956</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT ASSETS</strong></td>
<td><strong>423,286</strong></td>
<td><strong>415,959</strong></td>
</tr>
<tr>
<td>Trade and other inventories</td>
<td>13,281</td>
<td>14,447</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>40,204</td>
<td>41,285</td>
</tr>
<tr>
<td>Fund and other investments</td>
<td>8,545</td>
<td>8,710</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>144,267</td>
<td>141,622</td>
</tr>
<tr>
<td>Other current assets</td>
<td>367</td>
<td>398</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>206,664</strong></td>
<td><strong>206,462</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>629,950</strong></td>
<td><strong>622,421</strong></td>
</tr>
</tbody>
</table>

#### EQUITY

<table>
<thead>
<tr>
<th></th>
<th>31.3.2020</th>
<th>31.12.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Reserves</td>
<td>373,961</td>
<td>388,996</td>
</tr>
<tr>
<td><strong>Total equity attributable to shareholders of the Company</strong></td>
<td><strong>374,061</strong></td>
<td><strong>389,096</strong></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>49,335</td>
<td>49,819</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td><strong>423,396</strong></td>
<td><strong>438,915</strong></td>
</tr>
</tbody>
</table>

#### LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>31.3.2020</th>
<th>31.12.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>54,657</td>
<td>53,422</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>12,633</td>
<td>12,598</td>
</tr>
<tr>
<td>Other long term liabilities and provisions</td>
<td>46,750</td>
<td>44,486</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT LIABILITIES</strong></td>
<td><strong>114,040</strong></td>
<td><strong>110,506</strong></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>50,751</td>
<td>53,968</td>
</tr>
<tr>
<td>Borrowings</td>
<td>12,447</td>
<td>15,316</td>
</tr>
<tr>
<td>Taxation</td>
<td>5,316</td>
<td>3,716</td>
</tr>
<tr>
<td>Dividend payable</td>
<td>24,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td><strong>92,514</strong></td>
<td><strong>73,000</strong></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>206,554</strong></td>
<td><strong>183,506</strong></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>629,950</strong></td>
<td><strong>622,421</strong></td>
</tr>
</tbody>
</table>
### Attributable to shareholders of the Company

<table>
<thead>
<tr>
<th></th>
<th>Share Capital</th>
<th>Capital Reserves</th>
<th>Foreign Currency Translation Reserve</th>
<th>Fair Value through OCI Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In RM Mil</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Quarter ended 31 March 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 January 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- As previously reported</td>
<td>100</td>
<td>14,191</td>
<td>31,245</td>
<td>(75)</td>
</tr>
<tr>
<td>- Effect of the adoption of MFRS 16</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At 1 January 2019, restated</strong></td>
<td>100</td>
<td>14,191</td>
<td>31,245</td>
<td>(75)</td>
</tr>
<tr>
<td>Net changes of equity investments at fair value through OCI:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Changes in fair value</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net movements from exchange differences</td>
<td>-</td>
<td>-</td>
<td>(2,439)</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other comprehensive income/(expenses) for the period, net of tax</td>
<td>-</td>
<td>4</td>
<td>(2,439)</td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income/(expenses) for the period</strong></td>
<td>-</td>
<td>4</td>
<td>(2,439)</td>
<td></td>
</tr>
<tr>
<td>Disposal of subsidiaries</td>
<td>-</td>
<td>-</td>
<td>(258)</td>
<td></td>
</tr>
<tr>
<td>Redemption of redeemable preference shares in subsidiaries</td>
<td>-</td>
<td>116</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total transactions with shareholders</strong></td>
<td>-</td>
<td>116</td>
<td>(258)</td>
<td></td>
</tr>
<tr>
<td>Balance at 31 March 2019</td>
<td>100</td>
<td>14,311</td>
<td>28,548</td>
<td>(75)</td>
</tr>
</tbody>
</table>

### Quarter ended 31 March 2020

<table>
<thead>
<tr>
<th></th>
<th>Share Capital</th>
<th>Capital Reserves</th>
<th>Foreign Currency Translation Reserve</th>
<th>Fair Value through OCI Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2020</td>
<td>100</td>
<td>14,509</td>
<td>30,014</td>
<td>(78)</td>
</tr>
<tr>
<td>Net changes of equity investments at fair value through OCI:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Changes in fair value</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net movements from exchange differences</td>
<td>-</td>
<td>-</td>
<td>6,050</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>(781)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total other comprehensive (expenses)/income for the period, net of tax</td>
<td>-</td>
<td>(781)</td>
<td>6,050</td>
<td>(92)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive (expenses)/income for the period</strong></td>
<td>-</td>
<td>(781)</td>
<td>6,050</td>
<td>(92)</td>
</tr>
<tr>
<td>Changes in ownership interest in subsidiaries</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redemption of redeemable preference shares in subsidiaries</td>
<td>-</td>
<td>271</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total transactions with shareholders</strong></td>
<td>-</td>
<td>271</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 31 March 2020</td>
<td>100</td>
<td>13,999</td>
<td>36,064</td>
<td>(170)</td>
</tr>
</tbody>
</table>

*continue to next page*
## Attributable to shareholders of the Company

<table>
<thead>
<tr>
<th></th>
<th>General Reserve</th>
<th>Retained Profits</th>
<th>Total</th>
<th>Non-controlling Interests</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In RM Mil</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Quarter ended 31 March 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 January 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- As previously reported</td>
<td>12,000</td>
<td>323,010</td>
<td>380,471</td>
<td>44,781</td>
<td>425,252</td>
</tr>
<tr>
<td>- Effect of the adoption of MFRS 16</td>
<td>-</td>
<td>(751)</td>
<td>(751)</td>
<td>(65)</td>
<td>(816)</td>
</tr>
<tr>
<td>At 1 January 2019, restated</td>
<td>12,000</td>
<td>322,259</td>
<td>379,720</td>
<td>44,716</td>
<td>424,436</td>
</tr>
<tr>
<td>Net changes of equity investments at fair value through OCI:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Changes in fair value</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net movements from exchange differences</td>
<td>-</td>
<td>-</td>
<td>(2,439)</td>
<td>(455)</td>
<td>(2,894)</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Total other comprehensive income/(expenses) for the period net of tax</td>
<td>-</td>
<td>-</td>
<td>(2,435)</td>
<td>(443)</td>
<td>(2,878)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>12,090</td>
<td>12,090</td>
<td>2,158</td>
<td>14,248</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(expenses) for the period</strong></td>
<td>-</td>
<td>12,090</td>
<td>9,655</td>
<td>1,715</td>
<td>11,370</td>
</tr>
<tr>
<td>Disposal of subsidiaries</td>
<td>-</td>
<td>-</td>
<td>(258)</td>
<td>-</td>
<td>(258)</td>
</tr>
<tr>
<td>Redemption of redeemable preference shares in subsidiaries</td>
<td>-</td>
<td>(116)</td>
<td>-</td>
<td>(73)</td>
<td>(73)</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,907)</td>
<td>(1,907)</td>
</tr>
<tr>
<td><strong>Total transactions with shareholders</strong></td>
<td>-</td>
<td>(116)</td>
<td>(258)</td>
<td>(1,980)</td>
<td>(2,238)</td>
</tr>
<tr>
<td>Balance at 31 March 2019</td>
<td>12,000</td>
<td>334,233</td>
<td>389,117</td>
<td>44,451</td>
<td>433,568</td>
</tr>
</tbody>
</table>

| **Quarter ended 31 March 2020** |                 |                  |       |                           |              |
| Balance at 1 January 2020 | 12,000          | 332,551          | 389,096 | 49,819                    | 438,915      |
| Net changes of equity investments at fair value through OCI: |                 |                  |       |                           |              |
| - Changes in fair value | -               | -                | (92)   | -                         | (92)         |
| Net movements from exchange differences | -               | -                | 6,050  | 1,126                     | 7,176        |
| Others               | -               | -                | (781)  | (142)                     | (923)        |
| Total other comprehensive (expenses)/income for the period net of tax | -               | -                | 5,177  | 984                       | 6,161        |
| Profit for the period | -               | 3,788            | 3,788  | 732                       | 4,520        |
| **Total comprehensive (expenses)/income for the period** | -               | 3,788            | 8,965  | 1,716                     | 10,681       |
| Changes in ownership interest in subsidiaries | -               | -                | -     | 1                         | 1            |
| Redemption of redeemable preference shares in subsidiaries | -               | (271)            | -     | -                         | -            |
| Dividends            | -               | (24,000)         | (24,000) | (2,201)                   | (26,201)     |
| **Total transactions with shareholders** | -               | (24,271)         | (24,000) | (2,200)                   | (26,200)     |
| Balance at 31 March 2020 | 12,000          | 312,068          | 374,061 | 49,335                    | 423,396      |

*continued from previous page*
### INTERIM FINANCIAL REPORT
FOR FIRST QUARTER 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<table>
<thead>
<tr>
<th>Quarter ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>In RM Mil</strong></td>
</tr>
</tbody>
</table>

#### Cash flows from operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>7,491</td>
<td>18,937</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>8,917</td>
<td>9,439</td>
</tr>
<tr>
<td>Net change in contract liabilities</td>
<td>(44)</td>
<td>-</td>
</tr>
<tr>
<td>Net impairment losses/(write-back) on:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- intangible assets</td>
<td>3,185</td>
<td>-</td>
</tr>
<tr>
<td>- property, plant and equipment</td>
<td>1,542</td>
<td>4</td>
</tr>
<tr>
<td>- receivables</td>
<td>(56)</td>
<td>(88)</td>
</tr>
<tr>
<td>Net (write-back)/losses of impairment on assets and write-off on well costs</td>
<td>(31)</td>
<td>177</td>
</tr>
<tr>
<td>Write-off of trade receivables and loss on remeasurement of finance lease receivables</td>
<td>935</td>
<td>-</td>
</tr>
<tr>
<td>Net inventories written down to net realisable value</td>
<td>995</td>
<td>22</td>
</tr>
<tr>
<td>Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures</td>
<td>(121)</td>
<td>(200)</td>
</tr>
<tr>
<td>Property, plant and equipment written off</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Net gain on disposal of investment in subsidiaries, other investments and property, plant and equipment</td>
<td>(15)</td>
<td>(264)</td>
</tr>
<tr>
<td>Bad debts written off</td>
<td>37</td>
<td>2</td>
</tr>
<tr>
<td>Net (gain)/loss on derivatives</td>
<td>(11)</td>
<td>10</td>
</tr>
<tr>
<td>Unrealised gain on foreign exchange</td>
<td>(62)</td>
<td>(542)</td>
</tr>
<tr>
<td>Interest income</td>
<td>(1,427)</td>
<td>(1,842)</td>
</tr>
<tr>
<td>Financing costs</td>
<td>663</td>
<td>1,232</td>
</tr>
<tr>
<td>Net change in provisions</td>
<td>(11)</td>
<td>(43)</td>
</tr>
<tr>
<td><strong>Operating profit before changes in working capital</strong></td>
<td>21,987</td>
<td>26,846</td>
</tr>
<tr>
<td>Net changes in working capital</td>
<td>(1,902)</td>
<td>(540)</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>20,085</td>
<td>26,306</td>
</tr>
<tr>
<td>Interest income from fund and other investments</td>
<td>1,299</td>
<td>1,437</td>
</tr>
<tr>
<td>Interest expenses paid</td>
<td>(505)</td>
<td>(729)</td>
</tr>
<tr>
<td>Taxation paid, net of refund</td>
<td>(3,240)</td>
<td>(3,850)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>17,639</td>
<td>23,164</td>
</tr>
</tbody>
</table>

*continue to next page*
INTERIM FINANCIAL REPORT
FOR FIRST QUARTER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<table>
<thead>
<tr>
<th>In RM Mil</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in associates and joint ventures</td>
<td>(35)</td>
<td>(54)</td>
</tr>
<tr>
<td>Investment in securities and other investments</td>
<td>(1,144)</td>
<td>(685)</td>
</tr>
<tr>
<td>Proceeds from disposal/partial disposal of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- investment in subsidiaries, net of cash disposed</td>
<td>54</td>
<td>281</td>
</tr>
<tr>
<td>- property, plant and equipment</td>
<td>105</td>
<td>-</td>
</tr>
<tr>
<td>- securities and other investments</td>
<td>692</td>
<td>224</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment, investment properties, intangible assets and land held for development</td>
<td>(8,486)</td>
<td>(8,289)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>129</td>
<td>238</td>
</tr>
<tr>
<td>Long term receivables to a joint venture</td>
<td>(613)</td>
<td>(1,638)</td>
</tr>
<tr>
<td>Proceeds from redemption of preference shares in joint ventures</td>
<td>511</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(8,787)</td>
<td>(9,923)</td>
</tr>
</tbody>
</table>

**Cash flows from financing activities**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of borrowings</td>
<td>(8,716)</td>
<td>(5,059)</td>
</tr>
<tr>
<td>Drawdown of borrowings</td>
<td>3,356</td>
<td>5,327</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-</td>
<td>(12,000)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interests</td>
<td>(2,201)</td>
<td>(1,907)</td>
</tr>
<tr>
<td>Payment of lease liabilities</td>
<td>(1,071)</td>
<td>(147)</td>
</tr>
<tr>
<td>Proceeds from partial disposal of equity interests to a non-controlling interest</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(8,631)</td>
<td>(13,786)</td>
</tr>
</tbody>
</table>

| Net increase/(decrease) in cash and cash equivalents | 221 | (545) |
| Increase/(decrease) in cash and cash equivalents restricted | (118) | 429 |
| Net foreign exchange differences | 2,213 | (1,464) |
| Cash and cash equivalents at beginning of the year | 139,851 | 172,458 |
| **Cash and cash equivalents at end of the period** | 142,167 | 170,878 |

**Cash and cash equivalents**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances and deposits</td>
<td>144,267</td>
<td>171,787</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>(620)</td>
<td>(676)</td>
</tr>
<tr>
<td>Less: Cash and cash equivalents restricted</td>
<td>(1,480)</td>
<td>(233)</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents</strong></td>
<td>142,167</td>
<td>170,878</td>
</tr>
</tbody>
</table>

*continued from previous page*
INTERIM FINANCIAL REPORT
FOR FIRST QUARTER 2020

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 2019.

The explanatory notes attached to these unaudited condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

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 2020 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2019 except as disclosed below.

At the beginning of the current financial year, the Group and the Company adopted the following Amendments to MFRSs (collectively referred to as ‘pronouncements’) that have been issued by the MASB and are applicable as listed below:

**Effective for annual periods beginning on or after 1 January 2020**

- Amendments to MFRS 3 Business Combinations (Definition of a Business)
- Amendments to MFRS 9 Financial Instruments: MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform
- Amendments to MFRS 101 Presentation of Financial Statements (Definition of Material)
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)

The adoption of these pronouncements did not have a significant impact on the Group’s reported income and net assets.

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 2019.

4. SEASONALITY OR CYCICALITY OF OPERATIONS

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

5. EXCEPTIONAL ITEMS

There was no exceptional item during the quarter under review.
6. DIVIDENDS

During the financial period, the Company declared on 26 February 2020 a final tax exempt dividend of RM240,000 per ordinary share amounting to RM24 billion in respect of financial year ended 31 December 2019 which was subsequently approved by the shareholders on 26 March 2020. The dividend is payable between April and August 2020. It has been accounted for in equity as an appropriation of retained profits in the interim financial report.

7. SIGNIFICANT AND SUBSEQUENT EVENTS

i. On 15 March 2020, a fire occurred at PETRONAS’ Pengerang Integrated Complex ("PIC"), specifically at the Diesel Hydrotreating (DHT) Unit of Pengerang Refining Company Sdn. Bhd., a joint venture of PETRONAS and Saudi Arabian Oil Company ("ARAMCO"). No other units within PIC were affected. However, total facilities were shut down after the incident to facilitate a detailed investigation.

ii. The State of Sabah has gazetted the coming into force of the Sabah State Sales Tax on crude oil, condensate, natural gas and liquefied natural gas at the rate of 5% effective 1 April 2020. The Group is currently in communication with the state government on this matter.

iii. On 8 April 2020, the Arbitral Tribunal announced its decision on the arbitration proceedings initiated by Gumusut-Kakap Semi Floating Production System (L) Limited ("GKL"), an indirect partly-owned subsidiary of PETRONAS, against Sabah Shell Petroleum Company Limited ("SSPC"). The outcome of the decision has resulted in an unfavourable impact to the Group.

Following the above, the Group has decided to include a write off of trade receivables and loss on re-measurement of finance lease receivables amounting to RM935 million and provision for litigation claims of RM1,049 million in the current quarter’s financial results.

iv. On 15 April 2020, PETRONAS successfully priced a US$6 billion multi-tranche senior bond offering, comprising US$2.25 billion 10-year, US$2.75 billion 30-year and US$1 billion 40-year conventional notes. The issuance represents PETRONAS’ return to the international US dollar bond markets since its US$5 billion multi-tranche offering in March 2015 and is part of the on-going prudent capital management efforts which also effectively extend its debt maturity profile. The proceeds will be used by PETRONAS, or its subsidiaries and associated companies, for refinancing, capital expenditures, working capital and general corporate purposes.

v. In 2019, the State of Sarawak brought a legal suit against PETRONAS in the Kuching High Court, alleging that PETRONAS has failed to make payments of RM1,345 million for the state sales tax ("SST") imposed on petroleum products including interests and penalties under the Sarawak Sales Tax Ordinance 1998 (as amended in 2018). In response, PETRONAS has filed a judicial review to challenge the jurisdiction of the State of Sarawak over the imposition of sales tax for petroleum products. At the same time, PETRONAS had filed a defence against the civil suit and a stay of proceedings of the civil suit pending the disposal of the judicial review and determination of certain points of law to the Federal Court. Pending the above, the two cases are proceeding in parallel and PETRONAS has been advised by its solicitors that PETRONAS has a meritorious defence to the claim.

Notwithstanding its legal position, in order to achieve mutual benefit to PETRONAS and State of Sarawak and to create a stable environment for investment in Sarawak, PETRONAS intends to achieve a holistic commercial resolution with Sarawak State on the SST and other demands raised by Sarawak State. PETRONAS will withdraw its appeal on the judicial review and Sarawak State will also withdraw the civil suit against PETRONAS. Following the withdrawal, PETRONAS via its subsidiaries will pay RM2 billion for 2019 SST. The SST rates for 2020 onwards will be subject to further negotiations with Sarawak. PETRONAS will continue to be recognised as a national oil company with full authority to regulate the entire development of the country’s upstream oil and gas industry (including Sarawak) in accordance with the Federal Constitution and the Petroleum Development Act 1974.

8. CHANGES IN COMPOSITION OF THE GROUP

There was no material change in the composition of the Group.
9. **FAIR VALUE INFORMATION**

The following table analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** - Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

<table>
<thead>
<tr>
<th></th>
<th>31 March 2020</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quoted shares</td>
<td>511</td>
<td>20</td>
<td>531</td>
</tr>
<tr>
<td>Quoted securities</td>
<td>131</td>
<td>-</td>
<td>131</td>
</tr>
<tr>
<td>Malaysian Government Securities</td>
<td>-</td>
<td>543</td>
<td>543</td>
</tr>
<tr>
<td>Corporate Bonds and Sukuk</td>
<td>-</td>
<td>7,340</td>
<td>7,340</td>
</tr>
<tr>
<td>Commodity swaps</td>
<td>-</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>-</td>
<td>771</td>
<td>771</td>
</tr>
<tr>
<td>Forward gas contracts</td>
<td>541</td>
<td>200</td>
<td>741</td>
</tr>
<tr>
<td>Forward oil/gas price swaps</td>
<td>190</td>
<td>-</td>
<td>190</td>
</tr>
<tr>
<td></td>
<td>1,373</td>
<td>8,906</td>
<td>10,279</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity swaps</td>
<td>-</td>
<td>(29)</td>
<td>(575)</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>-</td>
<td>(520)</td>
<td>(520)</td>
</tr>
<tr>
<td>Forward gas contracts</td>
<td>(725)</td>
<td>(15)</td>
<td>(740)</td>
</tr>
<tr>
<td>Forward oil/gas price swaps</td>
<td>(408)</td>
<td>-</td>
<td>(423)</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>-</td>
<td>(575)</td>
<td>(575)</td>
</tr>
<tr>
<td></td>
<td>(1,133)</td>
<td>(1,139)</td>
<td>(2,272)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31 December 2019</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quoted shares</td>
<td>780</td>
<td>35</td>
<td>815</td>
</tr>
<tr>
<td>Quoted securities</td>
<td>135</td>
<td>-</td>
<td>135</td>
</tr>
<tr>
<td>Malaysian Government Securities</td>
<td>-</td>
<td>610</td>
<td>610</td>
</tr>
<tr>
<td>Corporate Bonds and Sukuk</td>
<td>-</td>
<td>7,198</td>
<td>7,198</td>
</tr>
<tr>
<td>Commodity swaps</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>-</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Forward gas contracts</td>
<td>427</td>
<td>158</td>
<td>585</td>
</tr>
<tr>
<td>Forward oil/gas price swaps</td>
<td>142</td>
<td>-</td>
<td>142</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>1,484</td>
<td>8,063</td>
<td>9,547</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity swaps</td>
<td>-</td>
<td>(27)</td>
<td>(27)</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>-</td>
<td>(74)</td>
<td>(74)</td>
</tr>
<tr>
<td>Forward gas contracts</td>
<td>(352)</td>
<td>(7)</td>
<td>(359)</td>
</tr>
<tr>
<td>Forward oil/gas price swaps</td>
<td>(14)</td>
<td>-</td>
<td>(14)</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>-</td>
<td>(160)</td>
<td>(160)</td>
</tr>
<tr>
<td></td>
<td>(366)</td>
<td>(268)</td>
<td>(634)</td>
</tr>
</tbody>
</table>
10. REVENUE

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from</td>
<td>9,205</td>
<td>19,428</td>
<td>26,574</td>
<td>1,418</td>
<td>58,288</td>
<td></td>
</tr>
<tr>
<td>contract customers</td>
<td>8,431</td>
<td>21,375</td>
<td>27,069</td>
<td>1,413</td>
<td>56,625</td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>490</td>
<td>560</td>
<td>139</td>
<td>1,779</td>
<td>3,706</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9,695</td>
<td>19,988</td>
<td>26,713</td>
<td>3,197</td>
<td>59,593</td>
<td></td>
</tr>
</tbody>
</table>

11. OPERATING SEGMENTS

The Group's reportable operating segments comprising Upstream, Gas and New Energy 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 2019.

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

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

11.1 Segment revenue

<table>
<thead>
<tr>
<th>In RM Mil</th>
<th>Third Parties 2020</th>
<th>Third Parties 2019</th>
<th>Inter-segment 2020</th>
<th>Inter-segment 2019</th>
<th>Gross Total 2020</th>
<th>Gross Total 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream</td>
<td>9,695</td>
<td>9,127</td>
<td>14,780</td>
<td>16,610</td>
<td>24,475</td>
<td>25,737</td>
</tr>
<tr>
<td>Gas and New Energy</td>
<td>19,988</td>
<td>22,080</td>
<td>2,508</td>
<td>2,335</td>
<td>22,496</td>
<td>24,415</td>
</tr>
<tr>
<td>Downstream</td>
<td>26,713</td>
<td>27,195</td>
<td>272</td>
<td>274</td>
<td>26,985</td>
<td>27,469</td>
</tr>
<tr>
<td>Corporate and Others</td>
<td>3,197</td>
<td>3,592</td>
<td>1,084</td>
<td>1,181</td>
<td>4,281</td>
<td>4,773</td>
</tr>
<tr>
<td>Total</td>
<td>59,593</td>
<td>61,994</td>
<td>18,644</td>
<td>20,400</td>
<td>78,237</td>
<td>82,394</td>
</tr>
</tbody>
</table>

11.2 Segment PAT

<table>
<thead>
<tr>
<th>In RM Mil</th>
<th>Quarter ended 2020</th>
<th>Quarter ended 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream</td>
<td>1,925</td>
<td>5,218</td>
</tr>
<tr>
<td>Gas and New Energy</td>
<td>2,908</td>
<td>4,769</td>
</tr>
<tr>
<td>Downstream</td>
<td>(1,165)</td>
<td>1,426</td>
</tr>
<tr>
<td>Corporate and Others</td>
<td>19</td>
<td>2,147</td>
</tr>
<tr>
<td>Total PAT for reportable segments</td>
<td>3,687</td>
<td>13,560</td>
</tr>
<tr>
<td>Elimination of inter-segment transactions</td>
<td>833</td>
<td>688</td>
</tr>
<tr>
<td>Consolidated PAT</td>
<td>4,520</td>
<td>14,248</td>
</tr>
</tbody>
</table>
12. REVIEW OF GROUP PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>59,593</td>
<td>64,036</td>
<td>61,994</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>4,520</td>
<td>4,110</td>
<td>14,248</td>
</tr>
<tr>
<td><strong>EBITDA(^1)</strong></td>
<td>20,294</td>
<td>22,748</td>
<td>27,801</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>As at 31.3.2020</th>
<th>As at 31.3.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashflows from operating activities</td>
<td>17,639</td>
<td>23,164</td>
</tr>
<tr>
<td>Capital investments</td>
<td>8,521</td>
<td>8,289</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31.3.2020</th>
<th>31.12.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>629,950</td>
<td>622,421</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td>374,061</td>
<td>389,096</td>
</tr>
<tr>
<td><strong>Gearing ratio(^2)</strong></td>
<td>19.9%</td>
<td>19.4%</td>
</tr>
<tr>
<td><strong>ROACE(^3)</strong></td>
<td>6.6%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

PETRONAS Group recorded a 4% decrease in revenue for the first quarter of 2020 at RM59.6 billion as compared to the first quarter of 2019 of RM62.0 billion. The decrease in revenue was mainly due to the impact of lower average realised price for LNG, petroleum products and crude oil & condensates. This was partially offset by the impact of higher sales volume for petroleum products and the effect of weakening of Ringgit against US Dollar exchange rate.

The Group recorded lower PAT of RM4.5 billion, a decrease of 68% as compared to the first quarter of 2019 of RM14.2 billion due to net impairment on assets, lower revenue recorded partially offset by lower tax expenses. EBITDA for the period was RM20.3 billion, decreased by 27% as compared to the first quarter of 2019 in line with lower PETB.

Cash flows from operating activities for the first quarter of 2020 decreased by 24% as compared to the first quarter of 2019 due to lower cash operating profit and net negative working capital changes partially offset by lower taxation paid. Capital investments for the first quarter of 2020 amounted to RM8.5 billion, mainly attributed to Upstream projects.

Total assets increased to RM630.0 billion as at 31 March 2020 from RM622.4 billion as at 31 December 2019 mainly contributed by higher capital expenditure and the effect of weakening of Ringgit against US Dollar exchange rate. Shareholders’ equity of RM374.1 billion as at 31 March 2020 decreased by RM15.0 billion as compared to 31 December 2019 mainly due to final dividend of RM24.0 billion in respect of the financial year ended 31 December 2019. This was partially offset by an increase in foreign currency translation reserve due to the effect of weakening of Ringgit against US Dollar exchange rate and profit generated during the period.

Gearing ratio slightly increased to 19.9% at 31 March 2020 as compared to 19.4% at 31 December 2019 due to higher borrowings following impact of weakening of Ringgit against US Dollar exchange rate. ROACE decreased to 6.6% as at 31 March 2020 from 8.7% as at 31 December 2019 in line with lower profit recorded.

---

\(^1\) EBITDA consists of profit before taxation and non-controlling interests, with the addition of amounts previously deducted for depreciation, amortisation and net impairment loss on property, plant and equipment and intangible assets, and the exclusion of financing costs and interest income.

\(^2\) Gearing ratio is calculated as adjusted total debt (total debt including provision for decommissioning of assets) divided by total equity and adjusted total debt.

\(^3\) Return on average capital employed (ROACE) is calculated as trailing 12 months profit before interest expense after tax divided by average total equity and long term debt during the period.
13. REVIEW OF PERFORMANCE – UPSTREAM

**Financial Indicators**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Third party</td>
<td>9,695</td>
<td>10,930</td>
<td>9,127</td>
</tr>
<tr>
<td>Inter-segment</td>
<td>14,780</td>
<td>15,647</td>
<td>16,610</td>
</tr>
<tr>
<td>PAT</td>
<td>1,925</td>
<td>5,043</td>
<td>5,218</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24,475</td>
<td>26,577</td>
<td>25,737</td>
</tr>
</tbody>
</table>

**Operational Indicators**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Production(4) ('000 boe5 per day)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude oil and condensate</td>
<td>962</td>
<td>1,119</td>
<td>936</td>
</tr>
<tr>
<td>Natural gas</td>
<td>1,502</td>
<td>1,517</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,464</td>
<td>2,636</td>
<td>2,436</td>
</tr>
</tbody>
</table>

Oil and gas entitlement(6) ('000 boe per day)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude oil and condensate</td>
<td>611</td>
<td>774</td>
<td>562</td>
</tr>
<tr>
<td>Natural gas</td>
<td>1,230</td>
<td>1,214</td>
<td>1,262</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,841</td>
<td>1,988</td>
<td>1,824</td>
</tr>
</tbody>
</table>

Revenue for the first quarter of 2020 was RM24.5 billion, lower by 5% as compared to the first quarter of 2019 mainly due to the impact of lower average realised prices for liquids and gas. This was partially offset by higher sales volume for liquids and gas. PAT for the first quarter of 2020 was RM1.9 billion, lower by 63% as compared to the first quarter of 2019, mainly due to higher net impairment on assets. This was partially offset by lower tax expenses.

Total daily production average volume for the first quarter of 2020 was 2,464 thousand boe per day as compared to 2,436 thousand boe per day in the first quarter of 2019 mainly attributable to higher liquid production from Brazil.

---

4 Represents Malaysia’s production (PETRONAS Group and other Operators) and PETRONAS Group’s international equity production volume.
5 boe: barrels of oil equivalent
6 Represents PETRONAS Group’s sales entitlement to Malaysia’s production and PETRONAS Group’s international sales entitlement volume.
14. REVIEW OF PERFORMANCE – GAS AND NEW ENERGY

**Financial Indicators**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third party</td>
<td>19,988</td>
<td>18,703</td>
<td>22,080</td>
</tr>
<tr>
<td>Inter-segment</td>
<td>2,508</td>
<td>2,395</td>
<td>2,335</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>22,496</td>
<td>21,098</td>
<td>24,415</td>
</tr>
<tr>
<td>PAT/(LAT)(^7)</td>
<td>2,908</td>
<td>(384)</td>
<td>4,769</td>
</tr>
</tbody>
</table>

**Operational Indicators**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia average sales gas volume (mmscfd)(^8)</td>
<td>2,566</td>
<td>2,905</td>
<td>2,962</td>
</tr>
<tr>
<td>Gross LNG sales volume (million tonnes)(^9)</td>
<td>9.99</td>
<td>9.49</td>
<td>9.40</td>
</tr>
</tbody>
</table>

Revenue for the first quarter of 2020 was RM22.5 billion, lower by 8% as compared to the first quarter of 2019 mainly due to the impact of lower average LNG realised prices. This was partially offset by higher sales volume and the effect of weakening of Ringgit against US Dollar exchange rate. PAT for the first quarter of 2020 was RM2.9 billion, lower by 39% as compared to the first quarter of 2019 mainly due to higher cost of revenue and lower revenue.

Malaysia average sales gas volume for the first quarter of 2020 was lower by 396 mmscfd as compared to the first quarter of 2019 mainly driven by lower offtake from power sector in Peninsular Malaysia.

Gross LNG sales volume for the first quarter of 2020 was higher by 0.59 million tonnes as compared to the first quarter of 2019 mainly attributable to higher trading activities as more opportunities arose due to increased liquidity.

---

\(^7\) Loss After Tax
\(^8\) mmscfd: million standard cubic feet per day
\(^9\) Gross volume refers to all LNG sales inclusive of volume subsequently sold as sales gas
15. REVIEW OF PERFORMANCE – DOWNSTREAM

Financial Indicators

<table>
<thead>
<tr>
<th>In RM Mil</th>
<th>31.3.2020</th>
<th>31.12.2019</th>
<th>31.3.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third party</td>
<td>26,713</td>
<td>30,656</td>
<td>27,195</td>
</tr>
<tr>
<td>Inter-segment</td>
<td>272</td>
<td>349</td>
<td>274</td>
</tr>
<tr>
<td>(LAT)/PAT</td>
<td>(1.165)</td>
<td>381</td>
<td>1,426</td>
</tr>
<tr>
<td>Total</td>
<td>26,985</td>
<td>31,005</td>
<td>27,469</td>
</tr>
</tbody>
</table>

Operational Indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum products sales volume (in million barrels)</td>
<td>73.2</td>
<td>66.7</td>
</tr>
<tr>
<td>Crude oil sales volume (in million barrels)</td>
<td>31.5</td>
<td>42.6</td>
</tr>
<tr>
<td>Petrochemical products sales volume (in million metric tonnes)</td>
<td>2.0</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Revenue for the first quarter of 2020 was RM27.0 billion, lower by 2% as compared to the first quarter of 2019 due to lower average realised prices for petroleum products, petrochemicals and crude oil. This was partially offset by higher sales volume for petroleum products. LAT for the first quarter of 2020 was RM1.2 billion, mainly impacted by inventory losses as well as lower refining margins and petrochemicals spreads.

Petroleum products sales volume for the first quarter of 2020 was 73.2 million barrels, higher by 8.9 million barrels as compared to the first quarter of 2019 following higher trading activities. Crude oil sales volume for the first quarter of 2020 was 31.5 million barrels, higher by 0.9 million barrels as compared to the first quarter of 2019 due to higher production at upstream international ventures.

Petrochemical products sales volume for the first quarter of 2020 was comparable to the first quarter of 2019 at 2.0 million metric tonnes.

16. REVIEW OF PERFORMANCE – CORPORATE AND OTHERS

Financial Indicators

<table>
<thead>
<tr>
<th>In RM Mil</th>
<th>31.3.2020</th>
<th>31.12.2019</th>
<th>31.3.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third party</td>
<td>3,197</td>
<td>3,747</td>
<td>3,592</td>
</tr>
<tr>
<td>Inter-segment</td>
<td>1,084</td>
<td>774</td>
<td>1,181</td>
</tr>
<tr>
<td>(LAT)/PAT</td>
<td>19</td>
<td>(283)</td>
<td>2,147</td>
</tr>
<tr>
<td>Total</td>
<td>4,281</td>
<td>4,521</td>
<td>4,773</td>
</tr>
</tbody>
</table>

Revenue for the first quarter of 2020 was RM4.3 billion, lower by 10% as compared to the first quarter of 2019 mainly due to lower fund investment income. PAT for the first quarter of 2020 was RM19 million, lower by 99% as compared to the first quarter of 2019, mainly due to unfavourable arbitration result impact partially offset by lower finance cost.
17. **COMPARISON WITH PRECEDING QUARTER’S RESULT**

<table>
<thead>
<tr>
<th></th>
<th>31.3.2020</th>
<th>31.12.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>59,593</td>
<td>64,036</td>
</tr>
<tr>
<td>PAT</td>
<td>4,520</td>
<td>4,110</td>
</tr>
<tr>
<td>EBITDA</td>
<td>20,294</td>
<td>22,748</td>
</tr>
</tbody>
</table>

PETRONAS Group recorded 7% decrease in revenue in the first quarter of 2020 at RM59.6 billion as compared to the fourth quarter of 2019 of RM64.0 billion. The decrease in revenue was mainly driven by the impact of lower average realised prices for major products and lower sales volume for crude oil & condensates.

PAT for the first quarter of 2020 was RM4.5 billion, an increase of 10% as compared to the fourth quarter of 2019 mainly due to the lower depreciation & amortisation and tax expenses. This was partially offset by lower revenue recorded for the quarter. EBITDA for the first quarter of 2020 was RM20.3 billion, a decrease of 11% as compared to the fourth quarter of 2019 in line with lower revenue.

18. **CURRENT FINANCIAL YEAR PROSPECTS**

PETRONAS is operating in unprecedented market conditions driven by a combination of severe demand destruction due to COVID-19 pandemic and global oil market glut, which are testing the resilience of oil and gas players globally. In mitigating the negative impact on its profitability and liquidity, the Group is taking steps to optimise its planned international capital investments and operating expenditures. While the Group continues to invest domestically, it anticipates that there will be constraints in the supply chain as a result of the pandemic. The Board expects the overall financial year performance will be significantly affected by these factors.

19. **TAXATION**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current tax expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>4,701</td>
<td>4,952</td>
</tr>
<tr>
<td>Overseas</td>
<td>206</td>
<td>423</td>
</tr>
<tr>
<td><strong>Deferred tax expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Origination and reversal of temporary differences</td>
<td>(1,936)</td>
<td>(686)</td>
</tr>
<tr>
<td></td>
<td>2,971</td>
<td>4,689</td>
</tr>
</tbody>
</table>

The Group’s effective tax rate for the current quarter was 39.7%.
20. **CASH, FUND AND OTHER INVESTMENTS**

<table>
<thead>
<tr>
<th>In %</th>
<th>As at 31.3.2020</th>
<th>As at 31.12.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By Currency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RM</td>
<td>74.1</td>
<td>72.7</td>
</tr>
<tr>
<td>USD</td>
<td>24.0</td>
<td>24.6</td>
</tr>
<tr>
<td>Others</td>
<td>1.9</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td><strong>By Maturity</strong>&lt;sup&gt;30&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 1 year</td>
<td>93.9</td>
<td>94.0</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>2.8</td>
<td>2.7</td>
</tr>
<tr>
<td>5 to 10 years</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td><strong>By Type</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market</td>
<td>94.1</td>
<td>93.8</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>5.1</td>
<td>5.2</td>
</tr>
<tr>
<td>Equities</td>
<td>0.8</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

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

21. **BORROWINGS**

The details of the Group borrowings as at 31 March 2020 are as follows:

<table>
<thead>
<tr>
<th>In RM Mil</th>
<th>As at 31.3.2020</th>
<th>As at 31.12.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loans</td>
<td>13,968</td>
<td>14,561</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>13,364</td>
<td>12,603</td>
</tr>
<tr>
<td>Notes and Bonds</td>
<td>22,594</td>
<td>21,371</td>
</tr>
<tr>
<td>Islamic financing facilities</td>
<td>4,731</td>
<td>4,887</td>
</tr>
<tr>
<td><strong>Total non-current borrowings</strong></td>
<td><strong>54,657</strong></td>
<td><strong>53,422</strong></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loans</td>
<td>7,290</td>
<td>5,750</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>1,327</td>
<td>1,063</td>
</tr>
<tr>
<td>Islamic financing facilities</td>
<td>1,335</td>
<td>6,298</td>
</tr>
<tr>
<td>Revolving credits</td>
<td>1,178</td>
<td>1,347</td>
</tr>
<tr>
<td>Bankers’ acceptances</td>
<td>697</td>
<td>449</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>620</td>
<td>409</td>
</tr>
<tr>
<td><strong>Total current borrowings</strong></td>
<td><strong>12,447</strong></td>
<td><strong>15,316</strong></td>
</tr>
<tr>
<td><strong>Total borrowings</strong></td>
<td><strong>67,104</strong></td>
<td><strong>68,738</strong></td>
</tr>
</tbody>
</table>

<sup>30</sup>Refers to instrument maturity dates; excludes equities.
**21. BORROWINGS (continued)**

<table>
<thead>
<tr>
<th>By Currency</th>
<th>As at 31.3.2020</th>
<th>As at 31.12.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>48,207</td>
<td>50,384</td>
</tr>
<tr>
<td>RM</td>
<td>13,098</td>
<td>12,689</td>
</tr>
<tr>
<td>EUR</td>
<td>1,996</td>
<td>1,997</td>
</tr>
<tr>
<td>ZAR</td>
<td>1,513</td>
<td>1,530</td>
</tr>
<tr>
<td>CAD</td>
<td>1,076</td>
<td>803</td>
</tr>
<tr>
<td>INR</td>
<td>807</td>
<td>747</td>
</tr>
<tr>
<td>Others</td>
<td>407</td>
<td>588</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67,104</strong></td>
<td><strong>68,738</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Repayment Schedule</th>
<th>As at 31.3.2020</th>
<th>As at 31.12.2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1 year</td>
<td>12,447</td>
<td>15,316</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>28,686</td>
<td>26,370</td>
</tr>
<tr>
<td>5 to 10 years</td>
<td>16,326</td>
<td>14,154</td>
</tr>
<tr>
<td>&gt; 10 years</td>
<td>9,645</td>
<td>12,898</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67,104</strong></td>
<td><strong>68,738</strong></td>
</tr>
</tbody>
</table>

**22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There was no off balance sheet financial instrument for the quarter ended 31 March 2020.
23. PROFIT FOR THE PERIOD

In RM Mil

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Included in profit for the period are the following charges:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad debt written off</td>
<td>37</td>
<td>2</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>8,917</td>
<td>9,439</td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Loss on remeasurement of property, plant and equipment</td>
<td>230</td>
<td>-</td>
</tr>
<tr>
<td>Write-off of trade receivables and loss on remeasurement of finance lease receivables</td>
<td>935</td>
<td>-</td>
</tr>
<tr>
<td>Net inventories written down to net realisable value</td>
<td>995</td>
<td>22</td>
</tr>
<tr>
<td>Net impairment losses on:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- intangible assets</td>
<td>3,185</td>
<td>-</td>
</tr>
<tr>
<td>- property, plant and equipment</td>
<td>1,542</td>
<td>4</td>
</tr>
<tr>
<td>Net impairment/write-off on well costs(^\text{11})</td>
<td>-</td>
<td>177</td>
</tr>
<tr>
<td>Net loss on derivatives</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Net loss on foreign exchange</td>
<td>-</td>
<td>206</td>
</tr>
<tr>
<td>Property, plant and equipment written off</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>and credits:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend income</td>
<td>7</td>
<td>132</td>
</tr>
<tr>
<td>Gain on disposal of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- property, plant and equipment</td>
<td>27</td>
<td>36</td>
</tr>
<tr>
<td>- other investments</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>- subsidiaries</td>
<td>218</td>
<td>212</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,427</td>
<td>1,842</td>
</tr>
<tr>
<td>Net gain on derivatives</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>Net gain on foreign exchange</td>
<td>157</td>
<td>-</td>
</tr>
<tr>
<td>Net write-back of impairment on well costs(^\text{11})</td>
<td>31</td>
<td>-</td>
</tr>
<tr>
<td>Net write-back of impairment losses on receivables</td>
<td>56</td>
<td>88</td>
</tr>
<tr>
<td>Net change in contract liabilities</td>
<td>44</td>
<td>-</td>
</tr>
</tbody>
</table>

\(^{11}\) Comprises impairment, impairment write-back and write-off of exploration expenditure under intangible assets.

24. DIVIDENDS

As disclosed in Note 6.
25. **EXCHANGE RATES**

<table>
<thead>
<tr>
<th></th>
<th>Quarter ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollar/RM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average rate</td>
<td>4.1795</td>
<td>4.1650</td>
<td>4.0905</td>
</tr>
<tr>
<td>Closing rate</td>
<td>4.3275</td>
<td>4.0995</td>
<td>4.0795</td>
</tr>
</tbody>
</table>

**By order of the Board**

Intan Shafinas (Tuty) Hussain (LS0009774)
Company Secretary
Kuala Lumpur
21 May 2020