



PETRONAS Group

Quarterly Report

For Third Quarter Ended 30 September 2022

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

The Board of Directors of Petroliaam Nasional Berhad ("PETRONAS" or the "Company") is pleased to announce the following unaudited condensed consolidated financial statements of PETRONAS Group for the third quarter ended 30 September 2022 which should be read in conjunction with the accompanying explanatory notes on pages 7 to 28.

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

	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2022	2021 Restated	2022	2021 Restated
<i>In RM Mil</i>				
Revenue	99,224	61,773	271,326	171,391
Cost of revenue	(59,103)	(39,928)	(152,007)	(110,524)
Gross profit	40,121	21,845	119,319	60,867
Selling and distribution expenses	(2,143)	(2,245)	(6,089)	(6,730)
Administration expenses	(2,760)	(2,435)	(10,457)	(7,597)
Net (impairment losses)/reversal of impairment ¹	(620)	1,720	(2,820)	1,960
Other expenses	(302)	(33)	(2,429)	(1,159)
Other income	5,743	1,000	8,465	4,444
Operating profit	40,039	19,852	105,989	51,785
Financing costs	(1,386)	(1,443)	(4,123)	(4,019)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	485	504	1,510	1,339
Profit before taxation	39,138	18,913	103,376	49,105
Tax expense	(8,374)	(2,606)	(26,179)	(13,972)
PROFIT FOR THE PERIOD	30,764	16,307	77,197	35,133
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")	(647)	3	(500)	(15)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net movements from exchange differences	8,371	217	17,365	4,466
Cash flow hedge	767	(899)	1,910	(1,831)
Others	81	10	217	140
Total other comprehensive income/(loss) for the period	8,572	(669)	18,992	2,760
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	39,336	15,638	96,189	37,893
Profit attributable to:				
Shareholders of the Company	28,038	13,978	69,528	29,885
Non-controlling interests	2,726	2,329	7,669	5,248
PROFIT FOR THE PERIOD	30,764	16,307	77,197	35,133
Total comprehensive income attributable to:				
Shareholders of the Company	35,614	13,127	85,573	31,543
Non-controlling interests	3,722	2,511	10,616	6,350
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	39,336	15,638	96,189	37,893

¹ Excludes well costs and includes certain amount relating to write-back and write-off of other assets.

The unaudited condensed consolidated statement of profit or loss and 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 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2022	As at 31 December 2021 Restated
<i>In RM Mil</i>		
ASSETS		
Property, plant and equipment	299,102	284,613
Investment properties and land held for development	12,737	13,167
Investments in associates and joint ventures	9,112	7,461
Intangible assets	24,165	19,394
Long-term receivables	41,971	33,751
Fund and other investments	2,775	2,955
Deferred tax assets	22,803	20,983
TOTAL NON-CURRENT ASSETS	412,665	382,324
Trade and other inventories	20,481	14,477
Trade and other receivables	69,445	48,324
Fund and other investments	9,487	10,479
Cash and cash equivalents	210,008	164,556
	309,421	237,836
Assets classified as held for sale	3,528	14,791
TOTAL CURRENT ASSETS	312,949	252,627
TOTAL ASSETS	725,614	634,951
EQUITY		
Share capital	100	100
Reserves	386,156	350,703
Total equity attributable to shareholders of the Company	386,256	350,803
Non-controlling interests	59,668	53,484
TOTAL EQUITY	445,924	404,287
LIABILITIES		
Borrowings	104,207	86,619
Deferred tax liabilities	10,620	9,543
Other long-term liabilities and provisions	50,354	50,620
TOTAL NON-CURRENT LIABILITIES	165,181	146,782
Trade and other payables	58,202	51,825
Borrowings	12,350	21,212
Taxation	16,376	6,913
Dividend payable	25,000	—
	111,928	79,950
Liabilities classified as held for sale	2,581	3,932
TOTAL CURRENT LIABILITIES	114,509	83,882
TOTAL LIABILITIES	279,690	230,664
TOTAL EQUITY AND LIABILITIES	725,614	634,951

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 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company				
	Non-distributable				
	Share Capital	Capital and Other Reserves	Foreign Currency Translation Reserve	Fair Value through OCI Reserve	Hedging Reserve
<i>In RM Mil</i>					
Cumulative quarter ended 30 September 2022					
Balance at 1 January 2022					
- As previously reported	100	15,838	33,370	574	(1,608)
- Effect of Amendments to MFRS 116	—	—	—	—	—
At 1 January 2022, restated	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 ²	—	—	—	—	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)
Cumulative quarter ended 30 September 2021					
Balance at 1 January 2021					
- As previously reported	100	15,685	30,557	(65)	(1,221)
- Effect of Amendments to MFRS 116	—	—	—	—	—
At 1 January 2021, restated	100	15,685	30,557	(65)	(1,221)
Net changes in fair value of equity investments at fair value through OCI	—	—	—	(15)	—
Net movements from exchange differences	—	—	3,525	—	—
Cash flow hedge ²	—	—	—	—	(1,977)
Others	—	125	—	—	—
Total other comprehensive income/(loss) for the period, net of tax	—	125	3,525	(15)	(1,977)
Profit for the period	—	—	—	—	—
Total comprehensive income/(loss) for the period	—	125	3,525	(15)	(1,977)
Changes in ownership interests in subsidiaries	—	—	—	—	—
Redemption of redeemable preference shares in a subsidiary	—	—	—	—	—
Dividends	—	—	—	—	—
Total transactions with shareholders	—	—	—	—	—
Balance at 30 September 2021	100	15,810	34,082	(80)	(3,198)

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² Includes RM528 million (30 September 2021: RM489 million) cost of hedging reserve movement during the period.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to shareholders of the Company				
	Distributable				
In RM Mil	General Reserve	Retained Profits	Total	Non- Controlling Interests	Total Equity
Cumulative quarter ended 30 September 2022					
Balance at 1 January 2022					
- As previously reported	12,000	290,582	350,856	53,484	404,340
- Effect of Amendments to MFRS 116	—	(53)	(53)	—	(53)
At 1 January 2022, restated	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 ²	—	—	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
Cumulative quarter ended 30 September 2021					
Balance at 1 January 2021					
- As previously reported	12,000	273,565	330,621	50,413	381,034
- Effect of Amendments to MFRS 116	—	(2,322)	(2,322)	—	(2,322)
At 1 January 2021, restated	12,000	271,243	328,299	50,413	378,712
Net changes in fair value of equity investments at fair value through OCI	—	—	(15)	—	(15)
Net movements from exchange differences	—	—	3,525	941	4,466
Cash flow hedge ²	—	—	(1,977)	146	(1,831)
Others	—	—	125	15	140
Total other comprehensive income/(loss) for the period, net of tax	—	—	1,658	1,102	2,760
Profit for the period	—	29,885	29,885	5,248	35,133
Total comprehensive income/(loss) for the period	—	29,885	31,543	6,350	37,893
Changes in ownership interests in subsidiaries	—	225	225	(1)	224
Redemption of redeemable preference shares in a subsidiary	—	—	—	(4)	(4)
Dividends	—	(25,000)	(25,000)	(3,739)	(28,739)
Total transactions with shareholders	—	(24,775)	(24,775)	(3,744)	(28,519)
Balance at 30 September 2021	12,000	276,353	335,067	53,019	388,086

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² Includes RM528 million (30 September 2021: RM489 million) cost of hedging reserve movement during the period.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative quarter ended 30 September	
	2022	2021 Restated
<i>In RM Mil</i>		
Cash flows from operating activities		
Profit before taxation	103,376	49,105
Adjustments for:		
Depreciation and amortisation	24,371	24,802
Net impairment losses/(reversal of impairment) on:		
- intangible assets	19	(1,357)
- loan and advances to a joint venture	45	35
- property, plant and equipment	1,118	(10)
- receivables	1,300	(645)
Net impairment/write-off on well costs	516	805
Net inventories written down to net realisable value/written off	204	20
Bad debts written off	3	3
Property, plant and equipment written off	337	14
Net loss/(gain) on disposal of investment in a subsidiary, a business, an associate, property, plant and equipment and other investments	588	(552)
Loss on remeasurement of net assets classified as held for sale	1,222	—
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	(1,510)	(1,339)
Net change in contract liabilities	36	(330)
Net change in provisions	(354)	(481)
Net unrealised gain on derivatives	(303)	(150)
Net unrealised loss/(gain) on foreign exchange	4,521	(1,173)
Interest income	(3,521)	(2,205)
Financing costs	4,123	4,019
Other non-cash items	100	(12)
Operating profit before changes in working capital	136,191	70,549
Net changes in working capital	(37,099)	(7,519)
Cash generated from operations	99,092	63,030
Interest expenses paid	(2,683)	(2,655)
Interest income received	3,521	2,205
Taxation paid	(16,789)	(8,140)
Net cash generated from operating activities	83,141	54,440

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QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Cumulative quarter ended 30 September	
	2022	2021 Restated
<i>In RM Mil</i>		
Cash flows from investing activities		
Dividends received	854	968
Investments in associates and joint ventures	(402)	(260)
Investments in securities and other investments	(2,689)	(3,417)
Proceeds from disposal/partial disposal:		
- investment in a subsidiary/business, net of cash disposed	257	(22)
- investment in associates	829	64
- property, plant and equipment	8,277	1,303
- securities and other investments	2,748	1,298
Purchase of property, plant and equipment, investment properties, intangible assets and land held for development	(27,001)	(20,046)
Net cash used in investing activities	(17,127)	(20,112)
Cash flows from financing activities		
Dividends paid	(25,000)	(16,000)
Dividends paid to non-controlling interests	(4,787)	(3,739)
Drawdown of borrowings	21,803	28,276
Payment of lease liabilities	(2,913)	(3,208)
Payment to non-controlling interests on additional equity interests	—	(13)
Payment to non-controlling interests on redemption of redeemable preference shares	—	(4)
Proceeds from partial disposal of equity interest to non-controlling interests	235	237
Repayment of borrowings	(26,684)	(12,071)
Net cash used in financing activities	(37,346)	(6,522)
Net increase in cash and cash equivalents	28,668	27,806
Decrease in cash and cash equivalents restricted	177	465
Net foreign exchange differences	15,714	1,710
Cash and cash equivalents at beginning of the year	163,174	128,141
Cash and cash equivalents at end of the period	207,733	158,122
Cash and cash equivalents		
Cash and bank balances and deposits	210,008	159,566
Bank overdrafts	(1,072)	(225)
Less: Cash and cash equivalents restricted	(1,203)	(1,219)
	207,733	158,122

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QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The condensed consolidated 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 2021.

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 2021.

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 2022.

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 year ending 31 December 2022 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for year ended 31 December 2021 except as disclosed below.

During the financial period, the Group has adopted the following 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 2022

Amendments to MFRS 9 *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*

Amendments to Illustrative Examples accompanying MFRS 16 *Leases (Annual Improvements to MFRS Standards 2018-2020)*

Amendments to MFRS 3 *Business Combinations (Reference to the Conceptual Framework)*

Amendments to MFRS 116 *Property, Plant and Equipment (Property, Plant and Equipment-Proceeds before Intended Use)*

Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts-Cost of Fulfilling a Contract)*

The initial application of the above-mentioned pronouncements do not have any material impact to the financial statements of the Group. The principal changes on Amendments to MFRS 116 and their effects are set out below:

Amendments to MFRS 116 *Property, Plant and Equipment (Property, Plant and Equipment-Proceeds before Intended Use)*

The Amendments to MFRS 116 no longer allow companies to deduct any net proceeds from selling items produced while bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management, from an item of property, plant and equipment. Instead, the proceeds from selling such items and the costs of producing those items are recognised in the statement of profit or loss.

Accordingly, the Group has restated its comparative financial information arising from the retrospective application of the Amendments to MFRS 116, to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements by adjusting the cumulative effect to the retained earnings as at 1 January 2021 as presented below.

	Impact of adoption of Amendments to MFRS 116 to opening balance at 1 January 2021
<i>In RM Mil</i>	
Decrease in property, plant and equipment	(197)
Decrease in investments in associates and joint ventures	(2,125)
Decrease in equity	(2,322)

The restatement impact on comparative information is disclosed in Appendix 1.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the year ended 31 December 2021 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.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the last audited consolidated financial statements for the year ended 31 December 2021 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 B13.

A8. DIVIDENDS PAID

During the period under review, the Company paid:

- i. a dividend of RM18 billion, being partial payment of the approved dividend of RM250,000 per ordinary share amounting to RM25 billion declared on 28 February 2022. The remaining amount of the dividend amounting to RM7 billion will be paid in instalments between October 2022 and November 2022; and
- ii. a dividend of RM7 billion, being partial payment of the approved dividend of RM250,000 per ordinary share amounting to RM25 billion declared on 21 August 2022. The remaining amount of the dividend amounting to RM18 billion will be paid in instalments between October 2022 and December 2022.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

A9. SIGNIFICANT AND SUBSEQUENT EVENTS

- i. On 6 October 2021, PETRONAS via its wholly-owned subsidiaries, PETRONAS South Caucasus S.à r.l. and PETRONAS Azerbaijan (Shah Deniz) S.à r.l., signed a Sale and Purchase Agreement ("SPA") for the sale of its entire 15.5% stake in the Shah Deniz offshore gas field and its related assets (herein known as "Azerbaijan Assets") to LUKOIL Overseas Shah Deniz Limited and LUKOIL Overseas Shah Deniz Midstream Limited (collectively as "LUKOIL"). On 10 December 2021, in line with the pre-emptive rights exercised by other existing partners, a revised SPA was signed with LUKOIL, whereas new SPAs were signed with BP Exploration (Azerbaijan) Limited, BP Pipeline (SCP) Limited, Azerbaijan (Shah Deniz) Limited and Azerbaijan (South Caucasus Pipeline) Limited, for the Azerbaijan Assets mentioned above.

The divestment was completed in February 2022. The net effect arising from the disposal of Azerbaijan Assets is not material in relation to the consolidated results of the Group.

- ii. On 6 April 2022, PETRONAS via its indirect partly-owned subsidiary, MISC Capital Two (Labuan) Limited, issued US\$1.0 billion Global Medium Term Notes. The proceeds will be used for general corporate purposes of MISC Berhad, its subsidiaries and associated companies ("MISC Group"), including but not limited to financing capital expenditure, working capital and refinancing of existing borrowings of any member of MISC Group.
- iii. On 27 April 2022, PETRONAS Petróleo Brasil Ltda ("PPBL"), a wholly-owned subsidiary of PETRONAS, and its consortium partners signed a Production Sharing Contract ("PSC") for the Sépia field, located in the Santos Basin, pursuant to the Second Transfer of Rights Surplus Bidding Round held in Rio De Janeiro on 17 December 2021. Following this, PPBL holds 21% Participating Interests ("PI") alongside the operator, PETRÓLEO BRASILEIRO S.A. ("Petrobras") with 30% PI, TotalEnergies EP Brasil Ltda ("TotalEnergies") with 28% PI and QP Brasil Ltda ("QatarEnergy") with 21% PI.
- iv. On 14 May 2022, PETRONAS via its partly-owned subsidiary, PETRONAS Chemicals International B.V. ("PCIBV"), a wholly-owned subsidiary of PETRONAS Chemicals Group Berhad ("PCG"), signed a Securities Purchase Agreement ("SPA") with Financière Forêt S.à r.l., a company under PAI Partners, a European private equity firm ("Seller") for the acquisition of 100% equity interests in Perstorp Holding AB ("Perstorp").

On 11 October 2022, PCG has fulfilled all the required conditions precedent and paid purchase price of EUR1,612.8 million to the Seller, satisfied wholly in cash, to complete the acquisition. Following this completion, Perstorp has become an indirect wholly-owned subsidiary of PCG.

PCIBV had repaid all outstanding and unpaid amounts owed by Perstorp and its subsidiaries as of the closing date of the SPA that relates to their existing financing agreements which amounts to EUR895.2 million and paid earn-out payment into an escrow account which amounts to EUR45.0 million related to Perstorp's new plant in Sayakha, India. The amount in the escrow account will be disbursed to the Seller subject to meeting certain conditions as agreed in the SPA.

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

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

A10. VALUATIONS 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. CAPITAL 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 2021, other than as disclosed in Note A9 (iv).

A12. CONTINGENCIES

There were no material contingent liabilities since the last audited consolidated financial statements for the year ended 31 December 2021.

A13. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the period under review, other than as disclosed in Note A9.

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 - Inputs 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 year.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

A14. FAIR VALUE INFORMATION (continued)

30 September 2022

In RM Mil

	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	1,334	—	—	1,334
Quoted securities	137	—	—	137
Unquoted shares	—	—	1,202	1,202
Malaysian Government Securities	—	1,699	—	1,699
Corporate Bonds and Sukuk	—	7,584	—	7,584
Forward foreign exchange contracts	—	563	—	563
Commodity derivatives	277	404	—	681
Interest rate swaps	—	977	—	977
	<u>1,748</u>	<u>11,227</u>	<u>1,202</u>	<u>14,177</u>
Financial liabilities				
Forward foreign exchange contracts	—	(504)	—	(504)
Commodity derivatives	(498)	(334)	—	(832)
Interest rate swaps	—	(7)	—	(7)
	<u>(498)</u>	<u>(845)</u>	<u>—</u>	<u>(1,343)</u>

31 December 2021

In RM Mil

	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	2,104	—	—	2,104
Quoted securities	143	—	—	143
Unquoted shares	—	—	778	778
Malaysian Government Securities	—	1,710	—	1,710
Corporate Bonds and Sukuk	—	8,299	—	8,299
Forward foreign exchange contracts	—	183	—	183
Commodity derivatives	116	1,509	—	1,625
Interest rate swaps	—	110	—	110
	<u>2,363</u>	<u>11,811</u>	<u>778</u>	<u>14,952</u>
Financial liabilities				
Forward foreign exchange contracts	—	(105)	—	(105)
Commodity derivatives	(374)	(1,435)	—	(1,809)
Interest rate swaps	—	(220)	—	(220)
	<u>(374)</u>	<u>(1,760)</u>	<u>—</u>	<u>(2,134)</u>

Derivative financial instruments

As disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2021, 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 2022 are consistent with those used in the year ended 31 December 2021.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

A15. OPERATING SEGMENTS

Effective first quarter of 2022, New Energy sector has been managed separately from Gas Business. As a result, Gas and New Energy ("G+NE") is now known as Gas Business and the Group's reportable operating segments comprise Upstream, Gas and Downstream. Accordingly, the Group has restated the operating segment information for the prior periods.

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 2021.

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.

A15.1 Segment revenue

In RM Mil	Individual quarter ended 30 September					
	2022	2021	2022	2021	2022	2021
	Restated Third-parties		Restated Inter-segment		Restated Gross total	
Upstream	15,104	9,232	24,667	16,258	39,771	25,490
Gas	33,183	18,369	3,642	2,079	36,825	20,448
Downstream	46,472	31,466	2,302	449	48,774	31,915
Corporate and Others	4,465	2,706	1,125	1,259	5,590	3,965
Total	99,224	61,773	31,736	20,045	130,960	81,818

In RM Mil	Cumulative quarter ended 30 September					
	2022	2021	2022	2021	2022	2021
	Restated Third-parties		Restated Inter-segment		Restated Gross total	
Upstream	46,314	28,199	70,143	45,838	116,457	74,037
Gas	86,785	48,498	10,402	6,427	97,187	54,925
Downstream	126,717	86,548	7,423	1,790	134,140	88,338
Corporate and Others	11,510	8,146	3,314	3,567	14,824	11,713
Total	271,326	171,391	91,282	57,622	362,608	229,013

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

A15. OPERATING SEGMENTS (continued)

A15.2 Segment PAT

	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2022	2021 Restated ³	2022	2021 Restated ³
<i>In RM Mil</i>				
Upstream	16,102	9,816	39,194	22,790
Gas	10,311	3,650	27,838	7,363
Downstream	923	2,905	9,354	5,378
Corporate and Others	2,232	250	1,949	493
Total PAT for reportable segments	29,568	16,621	78,335	36,024
Elimination of inter-segment transactions	1,196	(314)	(1,138)	(891)
Consolidated PAT	30,764	16,307	77,197	35,133

A16. REVENUE

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

Individual quarter ended 30 September										
In RM Mil	Upstream		Gas		Downstream		Corporate and Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
			Restated				Restated		Restated	
Revenue from contract customers	13,895	8,743	32,972	18,213	46,257	31,357	2,418	1,245	95,542	59,558
Other revenue ⁴	1,209	489	211	156	215	109	2,047	1,461	3,682	2,215
Total	15,104	9,232	33,183	18,369	46,472	31,466	4,465	2,706	99,224	61,773
Cumulative quarter ended 30 September										
In RM Mil	Upstream		Gas		Downstream		Corporate and Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
			Restated				Restated		Restated	
Revenue from contract customers	42,764	26,295	87,247	47,250	126,135	86,208	6,210	2,903	262,356	162,656
Other revenue ⁴	3,550	1,904	(462)	1,248	582	340	5,300	5,243	8,970	8,735
Total	46,314	28,199	86,785	48,498	126,717	86,548	11,510	8,146	271,326	171,391

³ Inclusive restatement impact as disclosed in Note A2.

⁴ Inclusive of net trading (losses)/gain.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES

B1. REVIEW OF GROUP PERFORMANCE

Cumulative quarter ended			Individual quarter ended	
30 September 2022	30 September 2021		30 September 2022	30 September 2021
	Restated	In RM Mil		Restated
271,326	171,391	Revenue	99,224	61,773
130,175	72,277	EBITDA ⁵	47,500	26,269
77,197	35,133	PAT	30,764	16,307
			Cumulative quarter ended	30 September 2021
			30 September 2022	Restated
In RM Mil				
Cash flows from operating activities			83,141	54,440
Capital investments			27,403	20,306
			As at	As at
			30 September 2022	31 December 2021
				Restated
In RM Mil				
Total assets			725,614	634,951
Shareholders' equity			386,256	350,803
Gearing ratio ⁶			22.5%	23.1%
ROACE ⁷			18.6%	11.4%

Third quarter PETRONAS Group's revenue of RM99.2 billion for the third quarter of 2022 rose by RM37.5 billion or 61% as compared to the third quarter of 2021 on the back of favourable average realised prices for major products coupled with favourable impact from foreign exchange.

The Group recorded EBITDA of RM47.5 billion, improved by RM21.2 billion or 81% in line with higher revenue partially offset by higher product costs, production expenses and cash payments.

PAT of RM30.8 billion was higher by RM14.5 billion in tandem with higher EBITDA partially negated by higher taxation in line with higher profit as well as higher net impairment losses/write-off on assets⁸. Excluding net impairment losses/write-off, the Group would record a PAT of RM31.7 billion, higher by RM16.3 billion as compared to RM15.4 billion in corresponding quarter.

Cumulative quarter PETRONAS Group's revenue of RM271.3 billion for the period ended 30 September 2022 was higher by RM99.9 billion or 58% as compared to the same period in 2021 largely due to favourable average realised prices for all products.

The Group recorded EBITDA of RM130.2 billion, grew by RM57.9 billion or 80% mainly attributable to higher revenue partially offset by higher product costs, cash payments and production expenses.

PAT of RM77.2 billion was higher by RM42.1 billion following higher EBITDA. Nonetheless, it was reduced by higher taxation in line with higher profit and higher net impairment losses/write-off on assets. Excluding net impairment losses/write-off, the Group would record a PAT of RM80.6 billion, higher by RM46.1 billion as compared to RM34.5 billion for the same period in 2021.

⁵ 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.

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 and provision for onerous contracts, net of tax.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B1. REVIEW OF GROUP PERFORMANCE (continued)

Cash flows from operating activities grew by RM28.7 billion or 53% in line with higher cash from operations. Capital investments amounted to RM27.4 billion across the businesses.

Total assets strengthened to RM725.6 billion as at 30 September 2022 against RM635.0 billion as at 31 December 2021 mainly contributed by higher cash and cash equivalents and receivables. Shareholders' equity of RM386.3 billion increased by RM35.5 billion mainly attributable to profit recorded during the period partially offset by dividends declared to shareholders amounting to RM50.0 billion.

Gearing ratio decreased to 22.5% as at 30 September 2022 from 23.1% as at 31 December 2021 primarily contributed by higher equity as mentioned above. ROACE improved to 18.6% as at 30 September 2022 from 11.4% as at 31 December 2021 on the back of higher profit recorded during the period.

B2. REVIEW OF PERFORMANCE – UPSTREAM SEGMENT

Cumulative quarter ended		Financial Indicators	Individual quarter ended		
30 September 2022	30 September 2021		30 September 2022	30 June 2022	30 September 2021
	Restated	In RM Mil			
Revenue					
46,314	28,199	Third party	15,104	17,740	9,232
70,143	45,838	Inter-segment	24,667	24,181	16,258
116,457	74,037		39,771	41,921	25,490
39,194	22,790	PAT	16,102	11,228	9,816
Cumulative quarter ended		Operational Indicators	Individual quarter ended		
30 September 2022	30 September 2021		30 September 2022	30 June 2022	30 September 2021
Production ⁹ ('000 boe ¹⁰ per day)					
854	818	Crude oil and condensates	852	855	787
1,561	1,451	Natural gas	1,523	1,539	1,333
2,415	2,269		2,375	2,394	2,120
Entitlement ¹¹ ('000 boe per day)					
519	540	Crude oil and condensates	516	548	490
1,133	1,058	Natural gas	1,073	1,146	1,004
1,652	1,598		1,589	1,694	1,494

Third quarter Revenue for the third quarter of 2022 was RM39.8 billion, higher by RM14.3 billion or 56% as compared to the third quarter of 2021 mainly contributed by improved average realised prices for crude oil and condensates and natural gas coupled with favourable impact from foreign exchange.

PAT for the third quarter of 2022 was RM16.1 billion, increased by RM6.3 billion primarily due to higher revenue partially offset by higher taxation as well as product costs, cash payments and net impairment losses/write-off on assets⁸.

⁸ Includes net impairment losses/write-off of well costs and other exploration expenditure under intangible assets and provision for onerous contracts, net of tax.

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 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B2. REVIEW OF PERFORMANCE – UPSTREAM SEGMENT (continued)

Total daily production average for the third quarter of 2022 was 2,375 thousand boe per day, higher by 255 thousand boe per day as compared to corresponding quarter mainly due to higher production from Malaysia operations, coupled with higher crude oil production from international operations. This was partially offset by lower natural gas production from international operations following disposal of Azerbaijan Assets.

Cumulative quarter Revenue for the period ended 30 September 2022 was RM116.5 billion, improved by RM42.4 billion or 57% as compared to the same period in 2021 on the back of higher average realised prices for crude oil and condensates and natural gas coupled with favourable impact from foreign exchange.

PAT was RM39.2 billion, grew by RM16.4 billion in tandem with higher revenue partially offset by higher taxation, cash payments, product costs and net impairment losses/write-off on assets⁸.

Total daily production average for the period ended 30 September 2022 was 2,415 thousand boe per day higher by 146 thousand boe per day against 2,269 thousand boe per day in the same period last year mainly due to higher production from Malaysia operations, coupled with higher crude oil production from international operations. This was partially offset by lower natural gas production from international operations following disposal of Azerbaijan Assets.

B3. REVIEW OF PERFORMANCE – GAS SEGMENT

Cumulative quarter ended		Financial Indicators	Individual quarter ended		
30 September 2022	30 September 2021		30 September 2022	30 June 2022	30 September 2021
	Restated	In RM Mil			Restated
		Revenue			
86,785	48,498	Third party	33,183	29,246	18,369
10,402	6,427	Inter-segment	3,642	3,607	2,079
97,187	54,925		36,825	32,853	20,448
27,838	7,363	PAT	10,311	9,083	3,650
Cumulative quarter ended		Operational Indicators	Individual quarter ended		
30 September 2022	30 September 2021		30 September 2022	30 June 2022	30 September 2021
		Malaysia average sales gas volume (mmscfd) ¹²			
2,898	2,632		3,185	2,868	2,548
		Gross LNG sales volume ¹³ (million tonnes)			
25.33	24.60		8.51	8.44	7.52

Third quarter Revenue for the third quarter of 2022 was RM36.8 billion, increase by RM16.4 billion or 80% as compared to the same quarter in 2021 following improved liquefied natural gas ("LNG") and processed gas average realised prices.

PAT was RM10.3 billion against RM3.7 billion in the same quarter of 2021 primarily driven by higher revenue partially offset by higher product costs and taxation.

Malaysia average sales gas volume is increased by 637 mmscfd mainly due to higher offtake from power sector in Peninsular Malaysia and in line with higher demand for gas.

Gross LNG sales volume increased by 0.99 million tonnes mainly due to higher plant production in line with higher demand.

⁸ Includes net impairment losses/write-off of well costs and other exploration expenditure under intangible assets and provision for onerous contracts, net of tax.

¹² mmscfd: million standard cubic feet per day.

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

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B3. REVIEW OF PERFORMANCE – GAS SEGMENT (continued)

Cumulative quarter Revenue for the period ended 30 September 2022 was RM97.2 billion, higher by RM42.3 billion or 77% as compared to the same period in 2021 following improved LNG and processed gas average realised prices.

PAT was RM27.8 billion as compared to RM7.4 billion in the same period of 2021 mainly contributed by higher revenue partially offset by higher product costs and taxation.

Malaysia average sales gas volume increased by 266 mmscfd mainly due to higher offtake from power sector in Peninsular Malaysia and in line with higher demand for gas.

Gross LNG sales volume increased by 0.73 million tonnes mainly due to higher plant production in line with higher demand.

B4. REVIEW OF PERFORMANCE – DOWNSTREAM SEGMENT

Cumulative quarter ended		Financial Indicators	Individual quarter ended		
30 September 2022	30 September 2021		30 September 2022	30 June 2022	30 September 2021
	Restated	In RM Mil			Restated
		Revenue			
126,717	86,548	Third party	46,472	42,571	31,466
7,423	1,790	Inter-segment	2,302	2,146	449
134,140	88,338		48,774	44,717	31,915
9,354	5,378	PAT	923	3,375	2,905

Cumulative quarter ended		Operational Indicators	Individual quarter ended		
30 September 2022	30 September 2021		30 September 2022	30 June 2022	30 September 2021
		Petroleum products sales volume (in million barrels)			
190.2	194.6		68.9	63.0	67.9
		Crude oil sales volume (in million barrels)			
85.3	82.5		26.6	28.3	21.3
		Petrochemical products sales volume (in million metric tonnes)			
5.7	6.1		2.2	1.6	2.0

Third quarter Revenue for the third quarter of 2022 was RM48.8 billion, higher by RM16.9 billion or 53% as compared to the same quarter in 2021 mainly due to the impact of higher average realised prices for petroleum products and crude oil.

PAT was RM0.9 billion as compared to RM2.9 billion in the third quarter of 2021, lower by RM2.0 billion as a result of lower refining margins.

Petroleum products sales volume was 68.9 million barrels, higher by 1.0 million barrels primarily by higher marketing volume partially offset by lower trading activities. Crude oil sales volume was 26.6 million barrels, higher by 5.3 million barrels mainly due to higher marketing volume. Petrochemical products sales volume was 2.2 million metric tonnes, higher by 0.2 million metric tonnes in line with higher production.

Cumulative quarter Revenue for the period ended 30 September 2022 was RM134.1 billion, higher by RM45.8 billion or 52% as compared to the same period in 2021 mainly due to the impact of higher average realised prices for petroleum products, petrochemical products and crude oil.

PAT was RM9.4 billion as compared to RM5.4 billion in the same period of 2021, higher by RM4.0 billion primarily due to improved refining and petrochemical margins in line with favourable prices.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B4. REVIEW OF PERFORMANCE – DOWNSTREAM SEGMENT (continued)

Petroleum products sales volume was 190.2 million barrels, lower by 4.4 million barrels impacted from statutory turnaround activities at domestic refineries, partially offset by higher marketing volume. Crude oil sales volume was 85.3 million barrels, higher by 2.8 million barrels mainly due to higher marketing volume. Petrochemical products sales volume was 5.7 million metric tonnes, lower by 0.4 million metric tonnes impacted from statutory turnaround and maintenance activities.

B5. REVIEW OF PERFORMANCE – CORPORATE AND OTHERS SEGMENT

Cumulative quarter ended		Financial Indicators	Individual quarter ended		
30 September 2022	30 September 2021		30 September 2022	30 June 2022	30 September 2021
	Restated	In RM Mil			Restated
		Revenue			
11,510	8,146	Third party	4,465	3,795	2,706
3,314	3,567	Inter-segment	1,125	1,124	1,259
14,824	11,713		5,590	4,919	3,965
1,949	493	PAT	2,232	193	250

Third quarter Revenue for the third quarter of 2022 was RM5.6 billion, increased by RM1.6 billion or 41% as compared to the same quarter in 2021 mainly contributed by higher revenue recognition from construction of a Floating, Production, Storage and Offloading unit ("FPSO").

PAT was RM2.2 billion as compared to RM0.3 billion in the same quarter last year mainly attributable to higher revenue coupled with favourable impact from foreign exchange. Nonetheless, this was partially offset by higher operating expenditure.

Cumulative quarter Revenue for the period ended 30 September 2022 was RM14.8 billion, increased by RM3.1 billion or 27% as compared to the same period in 2021 mainly contributed by higher revenue recognition from construction of a FPSO and shipping related income.

PAT was RM1.9 billion as compared to RM0.5 billion in the same period last year mainly due to higher revenue and favourable impact from foreign exchange partially offset by higher operating expenditure and net impairment losses on assets.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B6. COMPARISON WITH PRECEDING QUARTER'S RESULTS

<i>In RM Mil</i>	Individual quarter ended	
	30 September 2022	30 June 2022
Revenue	99,224	93,352
EBITDA ⁵	47,500	43,125
PAT	30,764	22,998

PETRONAS Group's revenue improved by RM5.9 billion or 6% in the third quarter of 2022 as compared to the preceding quarter mainly attributable to favourable volume impact largely from petroleum and petrochemical products and favourable impact from foreign exchange partially offset by lower volume from other products.

EBITDA was RM47.5 billion, increased by RM4.4 billion or 10% in tandem with higher revenue partially offset by higher product costs.

PAT for the third quarter of 2022 is higher by RM7.8 billion or 34% in tandem with higher EBITDA and lower net impairment losses/write-off on assets⁸. Excluding net impairment losses/write-off, the Group would record a PAT of RM31.7 billion, higher by RM6.6 billion or 26% as compared to RM25.1 billion in the preceding quarter.

B7. COMMENTARY ON PROSPECTS

Oil and gas prices will remain volatile, influenced by intensifying geopolitical and economic headwinds. In the face of the unprecedented global energy crisis, PETRONAS will focus on safely delivering commercial and operational excellence. PETRONAS will continue to invest responsibly towards ensuring energy supply security whilst pursuing its growth strategy and Net Zero Carbon Emissions target by 2050.

B8. PROFIT FORECAST OR PROFIT GUARANTEE

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

B9. 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 2021, other than as disclosed in Note A9.

⁵ 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.

⁸ Includes net impairment losses/write-off of well costs and other exploration expenditure under intangible assets and provision for onerous contracts, net of tax.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B10. TAXATION

<i>In RM Mil</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2022	2021	2022	2021
Current tax expenses				
Malaysia	7,034	3,601	23,749	14,002
Overseas	1,219	428	2,504	1,092
	8,253	4,029	26,253	15,094
Deferred tax expenses				
Origination and reversal of temporary differences	121	(1,423)	(74)	(1,122)
	8,374	2,606	26,179	13,972

The Group's effective tax rate for the current quarter and period to date were 21% and 25% respectively, which is 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.

B11. CASH, FUND AND OTHER INVESTMENTS

<i>In %</i>	As at 30 September 2022	As at 31 December 2021
By Currency		
RM	55.1	52.3
USD	43.6	45.4
Others	1.3	2.3
	100.0	100.0
By Maturity¹⁴		
< 1 year	95.3	94.3
1 to 5 years	1.7	2.0
5 to 10 years	3.0	3.7
	100.0	100.0
By Type		
Money market	94.4	92.5
Corporate bonds	4.1	5.0
Equities	1.5	2.5
	100.0	100.0

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

¹⁴ Refers to instrument maturity dates; excludes equities.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B12. TRADE RECEIVABLES

The breakdown of trade receivables as at 30 September 2022 are as follows:

<i>In RM Mil</i>	As at 30 September 2022	As at 31 December 2021
Trade receivables		
Third party	37,769	29,880
Amount due from associates and joint arrangements	13,741	10,147
Contract assets	5,922	2,954
	<u>57,432</u>	<u>42,981</u>
Less: Impairment losses	(4,830)	(3,873)
	<u>52,602</u>	<u>39,108</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 2022	As at 31 December 2021
At net		
Not past due	49,170	30,549
Past due 1 to 30 days	737	1,292
Past due 31 to 60 days	80	162
Past due 61 to 90 days	150	139
Past due more than 90 days	2,465	6,966
	<u>52,602</u>	<u>39,108</u>

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

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B13. BORROWINGS

The details of the Group borrowings as at 30 September 2022 are as follows:

<i>In RM Mil</i>	As at 30 September 2022	As at 31 December 2021
Non-Current		
Term loans	18,843	14,969
Lease liabilities	14,818	11,498
Notes and Bonds	65,037	54,337
Islamic financing facilities	5,509	5,815
Total non-current borrowings	104,207	86,619
Current		
Term loans	5,773	10,952
Lease liabilities	2,070	1,345
Notes and Bonds	—	7,303
Islamic financing facilities	1,080	857
Revolving credits	2,166	637
Bankers' acceptances	189	116
Bank overdrafts	1,072	2
Total current borrowings	12,350	21,212
Total borrowings	116,557	107,831

<i>In RM Mil</i>	As at 30 September 2022	%	As at 31 December 2021	%
By Currency				
USD	96,653	82.9	90,748	84.1
RM	11,751	10.1	10,416	9.6
EUR	2,207	1.9	2,646	2.5
ZAR	3,325	2.9	1,955	1.8
CAD	383	0.3	357	0.3
INR	1,769	1.5	1,476	1.4
GBP	244	0.2	16	0.1
Others	225	0.2	217	0.2
	116,557	100.0	107,831	100.0

By Repayment Schedule				
< 1 year	12,350	10.6	21,212	19.7
1 to 5 years	33,875	29.1	24,748	23.0
5 to 10 years	27,778	23.8	23,100	21.3
> 10 years	42,554	36.5	38,771	36.0
	116,557	100.0	107,831	100.0

During the period, the Group via its subsidiaries have issued US\$1.0 billion Global Medium Term Notes as disclosed in Note A9 and made repayment of US\$750 million and US\$1.0 billion Notes.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B14. MATERIAL LITIGATION

There were no material litigation since the last audited consolidated financial statements for the year ended 31 December 2021.

B15. DERIVATIVE FINANCIAL INSTRUMENTS

There were no material changes to the Group's derivative financial instruments since the last audited consolidated financial statements for the year ended 31 December 2021, other than as disclosed in Note A14.

B16. FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities that are measured at fair value (other than derivative financial instruments) for the period under review.

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B17. PROFIT FOR THE PERIOD

<i>In RM Mil</i>	Individual quarter ended 30 September		Cumulative quarter ended 30 September	
	2022	2021	2022	2021
Included in profit for the period are the following charges:				
Bad debts written off	—	2	3	3
Depreciation and amortisation	8,388	8,223	24,371	24,802
Loss on remeasurement of net assets classified as held for sale	233	—	1,222	—
Net change in contract liabilities	12	—	36	—
Net impairment losses on:				
- intangible assets	—	—	19	—
- loan and advances to a joint venture	—	—	45	35
- property, plant and equipment	51	—	1,118	—
- receivables	555	—	1,300	—
Net impairment/write-off on well costs	332	407	516	805
Net inventories written down to net realisable value/written off	121	12	204	20
Net loss on derivatives	—	1,472	3,050	3,085
Net loss on disposal of:				
- investment in a subsidiary	—	2	—	2
- property, plant and equipment	5	6	840	—
Property, plant and equipment written off	24	4	337	14
and credits:				
Bad debts recovered	—	—	2	—
Dividend income	15	12	184	46
Interest income	1,628	726	3,521	2,205
Net change in contract liabilities	—	110	—	330
Net gain on disposal of:				
- a business	—	—	88	—
- investment in an associate	—	73	—	73
- investment in a subsidiary	—	—	136	—
- property, plant and equipment	—	—	—	476
- other investments	28	—	28	5
Net gain on derivatives	46	—	—	—
Net gain on foreign exchange	1,568	154	2,678	916
Net reversal of impairment losses on:				
- intangible assets	—	1,357	—	1,357
- loan and advances to a joint venture	10	15	—	—
- property, plant and equipment	—	167	—	10
- receivables	—	187	—	645

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

PART B – OTHER EXPLANATORY NOTES (continued)

B17. PROFIT FOR THE PERIOD (continued)

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.

B18. DIVIDENDS

As disclosed in Note A8.

B19. EXCHANGE RATES

	30 September 2022	Individual quarter ended		30 September 2022	Cumulative quarter ended	
US Dollar/RM		30 June 2022	30 September 2021	30 September 2022	30 September 2021	31 December 2021
Average rate	4.4820	4.3502	4.1971	4.3416	4.1302	4.1439
Closing rate	4.6375	4.4035	4.1890	4.6375	4.1890	4.1740

By order of the Board

Intan Shafinas (Tuty) Hussain (LS0009774)
Company Secretary
Kuala Lumpur
29 November 2022

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

APPENDIX 1 – IMPACT OF ADOPTION OF PRONOUNCEMENTS

- a. Reconciliation of condensed consolidated statement of profit or loss and other comprehensive income for individual quarter ended 30 September 2021.

<i>In RM Mil</i>	As previously reported	Effect of change in accounting policies	As restated
Revenue ¹⁵	61,773	—	61,773
Cost of revenue ¹⁵	(39,928)	—	(39,928)
Gross profit	21,845	—	21,845
Operating profit	19,852	—	19,852
Financing costs	(1,443)	—	(1,443)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	509	(5)	504
Profit before taxation	18,918	(5)	18,913
Tax expense	(2,606)	—	(2,606)
PROFIT FOR THE PERIOD	16,312	(5)	16,307

- b. Reconciliation of condensed consolidated statement of profit or loss and other comprehensive income for cumulative quarter ended 30 September 2021.

<i>In RM Mil</i>	As previously reported	Effect of change in accounting policies	As restated
Revenue ¹⁵	171,391	—	171,391
Cost of revenue	(110,471)	(53)	(110,524)
Gross profit	60,920	(53)	60,867
Operating profit	51,838	(53)	51,785
Financing costs	(4,019)	—	(4,019)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	1,396	(57)	1,339
Profit before taxation	49,215	(110)	49,105
Tax expense	(13,972)	—	(13,972)
PROFIT FOR THE PERIOD	35,243	(110)	35,133

¹⁵ Comprises impact of less than RM1 million.

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FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

APPENDIX 1 – IMPACT OF ADOPTION OF PRONOUNCEMENTS (continued)

c. Reconciliation of condensed consolidated statement of financial position as at 31 December 2021.

<i>In RM Mil</i>	As previously reported	Effect of change in accounting policies	As restated
ASSETS			
Property, plant and equipment	282,898	1,715	284,613
Investments in associates and joint ventures	9,229	(1,768)	7,461
Other assets	90,250	—	90,250
TOTAL NON-CURRENT ASSETS	382,377	(53)	382,324
TOTAL CURRENT ASSETS	252,627	—	252,627
TOTAL ASSETS	635,004	(53)	634,951
EQUITY			
Share capital	100	—	100
Reserves	350,756	(53)	350,703
Non-controlling interests	53,484	—	53,484
TOTAL EQUITY	404,340	(53)	404,287
TOTAL LIABILITIES	230,664	—	230,664
TOTAL EQUITY AND LIABILITIES	635,004	(53)	634,951

QUARTERLY REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2022

APPENDIX 1 – IMPACT OF ADOPTION OF PRONOUNCEMENTS (continued)

d. Reconciliation of condensed consolidated statement of cash flows for period ended 30 September 2021.

<i>In RM Mil</i>	As previously reported	Effect of change in accounting policies	As restated
Cash flows from operating activities			
Profit before taxation	49,215	(110)	49,105
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	(1,396)	57	(1,339)
Other non-cash items	22,783	—	22,783
Operating profit before changes in working capital	70,602	(53)	70,549
Net changes in working capital	(7,519)	—	(7,519)
Cash generated from operations	63,083	(53)	63,030
Interest expenses paid	(2,655)	—	(2,655)
Interest income received	2,205	—	2,205
Taxation paid	(8,140)	—	(8,140)
Net cash generated from operating activities	54,493	(53)	54,440
Cash flows from investing activities			
Purchase of property, plant and equipment, investment properties, intangible assets and land held for development	(20,099)	53	(20,046)
Others	(66)	—	(66)
Net cash used in investing activities	(20,165)	53	(20,112)
Cash flows from financing activities			
Net cash used in financing activities	(6,522)	—	(6,522)
Net increase in cash and cash equivalents	27,806	—	27,806
Decrease in cash and cash equivalents restricted	465	—	465
Net foreign exchange differences	1,710	—	1,710
Cash and cash equivalents at beginning of the year	128,141	—	128,141
Cash and cash equivalents at end of the period	158,122	—	158,122