



PETRONAS Group Financial Report

For Fourth Quarter and
Year Ended 31 December 2020

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FINANCIAL REPORT

For Fourth Quarter And Year Ended 31 December 2020

The Board of Directors of Petroliam Nasional Berhad ("PETRONAS" or the "Company") hereby announce the following unaudited condensed consolidated financial statements of PETRONAS Group for the fourth quarter ended 31 December 2020 which should be read in conjunction with the accompanying explanatory notes on pages 7 to 23.

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

In RM Mil	Individual quarter ended		Cumulative quarter ended	
	31 December 2020	2019	31 December 2020	2019
Revenue	44,042	64,036	178,741	240,263
Cost of revenue	(36,195)	(43,870)	(134,958)	(155,926)
Gross profit	7,847	20,166	43,783	84,337
Selling and distribution expenses	(2,505)	(2,130)	(8,174)	(7,536)
Administration expenses	(2,425)	(3,432)	(9,675)	(12,862)
Net impairment losses/write-off ¹	(556)	(4,863)	(32,681)	(7,151)
Other expenses	(2,261)	(1,973)	(5,871)	(2,261)
Other income	1,469	2,707	4,102	5,158
Operating profit/(loss)	1,569	10,475	(8,516)	59,685
Financing costs	(1,404)	(1,239)	(4,133)	(3,734)
Share of (loss)/profit after tax and non-controlling interests of equity accounted associates and joint ventures	(5)	602	328	1,019
Profit/(Loss) before taxation	160	9,838	(12,321)	56,970
Tax expense	(1,297)	(5,728)	(8,708)	(16,498)
(LOSS)/PROFIT FOR THE PERIOD/YEAR	(1,137)	4,110	(21,029)	40,472
Other comprehensive (loss)/income				
<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")	11	(2)	13	(3)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net movements from exchange differences	(5,295)	(3,656)	(452)	(1,286)
Others	(411)	300	(1,419)	(62)
Total other comprehensive loss for the period/year	(5,695)	(3,358)	(1,858)	(1,351)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR	(6,832)	752	(22,887)	39,121
(Loss)/Profit attributable to:				
Shareholders of the Company	(2,008)	2,209	(23,851)	33,021
Non-controlling interests	871	1,901	2,822	7,451
(LOSS)/ PROFIT FOR THE PERIOD/YEAR	(1,137)	4,110	(21,029)	40,472
Total comprehensive (loss)/income attributable to:				
Shareholders of the Company	(7,169)	(737)	(25,019)	32,005
Non-controlling interests	337	1,489	2,132	7,116
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD/YEAR	(6,832)	752	(22,887)	39,121

¹ Includes certain amount relating to loss on remeasurement of finance lease receivables.

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.

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For Fourth Quarter And Year Ended 31 December 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	As at 31.12.2020	As at 31.12.2019
ASSETS		
Property, plant and equipment	291,717	319,204
Investment properties and land held for development	13,454	11,708
Investments in associates and joint ventures	12,599	15,902
Intangible assets	20,044	26,260
Fund and other investments	1,009	1,929
Other non-current assets	41,854	40,956
TOTAL NON-CURRENT ASSETS	380,677	415,959
Trade and other inventories	12,491	14,447
Trade and other receivables	40,583	41,285
Assets classified as held for sale	18	398
Fund and other investments	9,779	8,710
Cash and cash equivalents	130,523	141,622
TOTAL CURRENT ASSETS	193,394	206,462
TOTAL ASSETS	574,071	622,421
EQUITY		
Share capital	100	100
Reserves	330,521	388,996
Total equity attributable to shareholders of the Company	330,621	389,096
Non-controlling interests	50,413	49,819
TOTAL EQUITY	381,034	438,915
LIABILITIES		
Borrowings	76,808	53,422
Deferred tax liabilities	8,455	12,598
Other long-term liabilities and provisions	51,056	44,486
TOTAL NON-CURRENT LIABILITIES	136,319	110,506
Trade and other payables	43,728	53,968
Borrowings	11,421	15,316
Taxation	1,569	3,716
TOTAL CURRENT LIABILITIES	56,718	73,000
TOTAL LIABILITIES	193,037	183,506
TOTAL EQUITY AND LIABILITIES	574,071	622,421

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.

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For Fourth Quarter And Year Ended 31 December 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company			
	Non-distributable		Foreign Currency Translation Reserve	Fair Value through OCI Reserve
	Share Capital	Capital and Other Reserves		
<i>In RM Mil</i>				
Cumulative quarter ended 31 December 2020				
Balance at 1 January 2020	100	14,509	30,014	(78)
Net changes of equity investments at fair value through OCI:				
- Changes in fair value	-	-	-	13
Net movements from exchange differences	-	-	184	-
Others	-	(1,365)	-	-
Total other comprehensive (loss)/income for the year, net of tax	-	(1,365)	184	13
(Loss)/Profit for the year	-	-	-	-
Total comprehensive (loss)/income for the year	-	(1,365)	184	13
Changes in ownership interest in subsidiaries	-	-	359	-
Acquisition of a subsidiary	-	-	-	-
Redemption of redeemable preference shares in subsidiaries	-	1,320	-	-
Dividends	-	-	-	-
Total transactions with shareholders	-	1,320	359	-
Balance at 31 December 2020	100	14,464	30,557	(65)
Cumulative quarter ended 31 December 2019				
Balance at 1 January 2019	100	14,191	31,245	(75)
Net changes of equity investments at fair value through OCI:				
- Changes in fair value	-	-	-	(3)
Net movements from exchange differences	-	(5)	(854)	-
Others	-	(154)	-	-
Total other comprehensive (loss)/income for the year, net of tax	-	(159)	(854)	(3)
Profit for the year	-	-	-	-
Total other comprehensive (loss)/income for the year	-	(159)	(854)	(3)
Changes in ownership interest in subsidiaries	-	-	(117)	-
Disposal of subsidiaries	-	-	(260)	-
Redemption of redeemable preference shares in subsidiaries	-	477	-	-
Dividends	-	-	-	-
Total transaction with shareholders	-	477	(377)	-
Balance at 31 December 2019	100	14,509	30,014	(78)

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For Fourth Quarter And Year Ended 31 December 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

In RM Mil	Attributable to shareholders of the Company			Non- controlling Interests	Total Equity
	General Reserve	Retained Profits	Total Distributable		
Cumulative quarter ended 31 December 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	-	-	13	-	13
Net movements from exchange differences	-	-	184	(636)	(452)
Others	-	-	(1,365)	(54)	(1,419)
Total other comprehensive (loss)/income for the year, net of tax	-	-	(1,168)	(690)	(1,858)
(Loss)/Profit for the year	-	(23,851)	(23,851)	2,822	(21,029)
Total comprehensive (loss)/income for the year	-	(23,851)	(25,019)	2,132	(22,887)
Changes in ownership interest in subsidiaries	-	185	544	2,533	3,077
Acquisition of a subsidiary	-	-	-	632	632
Redemption of redeemable preference shares in subsidiaries	-	(1,320)	-	-	-
Dividends	-	(34,000)	(34,000)	(4,703)	(38,703)
Total transactions with shareholders	-	(35,135)	(33,456)	(1,538)	(34,994)
Balance at 31 December 2020	12,000	273,565	330,621	50,413	381,034
Cumulative quarter ended 31 December 2019					
Balance at 1 January 2019	12,000	321,468	378,929	44,609	423,538
Net changes of equity investments at fair value through OCI:					
- Changes in fair value	-	-	(3)	-	(3)
Net movements from exchange differences	-	-	(859)	(427)	(1,286)
Others	-	-	(154)	92	(62)
Total other comprehensive (loss)/income for the year, net of tax	-	-	(1,016)	(335)	(1,351)
Profit for the year	-	33,021	33,021	7,451	40,472
Total comprehensive (loss)/income for the year	-	33,021	32,005	7,116	39,121
Changes in ownership interest in subsidiaries	-	2,539	2,422	3,805	6,227
Disposal of subsidiaries	-	-	(260)	-	(260)
Redemption of redeemable preference shares in subsidiaries	-	(477)	-	(73)	(73)
Dividends	-	(24,000)	(24,000)	(5,638)	(29,638)
Total transaction with shareholders	-	(21,938)	(21,838)	(1,906)	(23,744)
Balance at 31 December 2019	12,000	332,551	389,096	49,819	438,915

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For Fourth Quarter And Year Ended 31 December 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	Cumulative quarter ended 31 December	
	2020	2019
Cash flows from operating activities		
(Loss)/Profit before taxation	(12,321)	56,970
Adjustments for:		
Bad debts written off	65	18
Depreciation and amortisation	36,026	38,678
Financing costs	4,133	3,734
Gain on bargain purchase	(247)	-
Intangible asset written off	20	-
Interest income	(4,838)	(6,889)
Net change in contract liabilities	(481)	(422)
Net change in provisions	769	(1,395)
Net gain on disposal of investment in subsidiaries, other investments, property, plant and equipment and a joint venture	(388)	(393)
Net impairment losses/(write-back) on:		
- intangible assets	5,648	204
- investment in an associate	151	230
- investment properties	12	-
- loan and advances to joint ventures	71	62
- other investments	-	251
- property, plant and equipment	25,702	6,539
- receivables	(37)	69
Net impairment/write-off on well costs	2,246	1,248
Net inventories written down to net realisable value/written off	37	35
Net loss on derivatives	275	64
Property, plant and equipment written off	234	136
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	(328)	(1,019)
Unrealised (gain)/ loss on foreign exchange	(6)	392
Write-off of trade receivables and loss on remeasurement of finance lease receivables	846	-
Other non-cash items	(70)	-
Operating profit before changes in working capital	57,519	98,512
Net changes in working capital	(4,197)	8,385
Cash generated from operations	53,322	106,897
Interest expenses paid	(2,689)	(2,990)
Interest income from fund and other investments	4,838	6,889
Taxation paid, net of refund	(14,726)	(20,025)
Net cash generated from operating activities	40,745	90,771

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For Fourth Quarter And Year Ended 31 December 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In RM Mil	Cumulative quarter ended	
	2020	31 December 2019
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(158)	(1,763)
Dividends received	1,279	1,666
Investment in associates and joint ventures	(82)	(807)
Investment in securities and other investments	(4,237)	(5,269)
Long-term receivables to a joint venture	(861)	(3,547)
Proceeds from disposal/partial disposal of:		
- investment in subsidiaries, net of cash disposed	64	187
- property, plant and equipment	584	617
- securities and other investments	2,944	1,295
- investment in a joint venture	-	687
Proceeds from redemption of preference shares in joint ventures	670	-
Purchase of property, plant and equipment, investment properties, intangible assets and land held for development	(33,117)	(45,243)
Net cash used in investing activities	(32,914)	(52,177)
Cash flows from financing activities		
Dividends paid	(34,000)	(54,000)
Dividends paid to non-controlling interests	(4,703)	(5,638)
Drawdown of borrowings	43,084	10,202
Repayment of lease liabilities	(4,232)	(2,921)
Payment to non-controlling interests on redemption of redeemable preference shares	-	(73)
Proceeds from partial disposal of equity interest to non-controlling interests	3,077	6,227
Repayment of borrowings	(20,693)	(23,677)
Net cash used in financing activities	(17,467)	(69,880)
Net decrease in cash and cash equivalents	(9,636)	(31,286)
Increase in cash and cash equivalents restricted	(298)	(699)
Net foreign exchange differences	(1,752)	(622)
Cash and cash equivalents at beginning of the year	139,851	172,458
Cash and cash equivalents at end of the year	128,165	139,851
Cash and cash equivalents		
Cash and bank balances and deposits	130,523	141,622
Bank overdrafts	(698)	(409)
Less: Cash and cash equivalents restricted	(1,660)	(1,362)
	128,165	139,851

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For Fourth Quarter And Year Ended 31 December 2020

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. 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 2019.

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 2019.

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 interest in joint ventures and associates as at and for the year ended 31 December 2020.

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.

As of 1 January 2020, the Group and the Company adopted the following Amendments to MFRSs ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") which are 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*

Amendment to MFRS 16 *Leases (COVID-19 Related Rent Concessions)*

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 Group and the Company have early adopted the Amendment to MFRS 16 *Leases (COVID-19 Related Rent Concessions)* issued by MASB in June 2020, in response to the COVID-19 pandemic. The amendment is effective for annual periods beginning on or after 1 June 2020.

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

3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the year ended 31 December 2019 were not subjected to any audit qualification.

4. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

5. EXCEPTIONAL ITEMS

There was no exceptional item during the period under review.

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For Fourth Quarter And Year Ended 31 December 2020

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

6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the year ended 31 December 2019 that may have material effect in the results of the period under review.

7. 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 9 and note 23.

8. DIVIDENDS PAID

During the period under review, the amount of dividends paid by the Company were as follows:

- i. a final dividend of RM240,000 per ordinary share amounting to RM24 billion in respect of financial year ended 31 December 2019 in instalments between April and August 2020.
- ii. a dividend of RM100,000 per ordinary share amounting to RM10 billion in respect of financial year ended 31 December 2020 in instalments between September and November 2020.

9. SIGNIFICANT EVENTS

- i. As at 31 December 2020, Pengerang Integrated Complex ("PIC") is on-track in transitioning to commercial operations, with the focus on operational readiness to achieve safe, reliable and efficient operations. Following the reinstatement of the Movement Control Order ("MCO") and recent spike in COVID-19 cases in Malaysia, the start-up of the Refinery and Petrochemical plants is expected in the second half of 2021 subject to safe and satisfactory completion of the remaining project work.
- ii. 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. GKL is advised that it has legal grounds to challenge the Award and on 7 July 2020, GKL filed certain court applications, claiming for, among others, that parts of the Arbitral Award dated 8 April 2020 to be set aside ("Setting Aside"). Hearing of the Setting Aside application is expected within Q2 FY2021.

Following the above, a write-off of trade receivables and loss on remeasurement of finance lease receivables amounting to RM846 million and provision for litigation claims of RM1,072 million have been recognised in the Group's financial report.

- iii. On 15 April 2020, PETRONAS successfully priced a US\$6 billion multi-tranche senior bonds 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 bonds 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.
- iv. On 15 June 2020, PETRONAS via its wholly-owned subsidiary, KLCC Holdings Sdn. Bhd. ("KLCCCH"), fulfilled all the conditions of the Third Supplemental Joint Venture Agreement signed with QD Asia Pacific Ltd. for the subscription of additional 18.75% equity interests in Cititower Sdn. Bhd. ("CTSB"). With the completion of the transaction, KLCCCH now holds 68.75% equity interests in CTSB which has become a partly-owned subsidiary of KLCCCH. The principal activity of CTSB is property investment.

The net profit contributed by this subsidiary from the date of acquisition is not material in relation to the consolidated net profit of the Group for the year.

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For Fourth Quarter And Year Ended 31 December 2020

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

9. SIGNIFICANT EVENTS (continued)

- v. In 2019, the State of Sarawak brought a legal suit against PETRONAS in the Kuching High Court, alleging that PETRONAS 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 had filed a judicial review to challenge the jurisdiction of the State of Sarawak over the imposition of sales tax on petroleum products. At the same time, PETRONAS 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.

Notwithstanding PETRONAS’ 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 on 3 August 2020, withdrew its appeal against the High Court of Kuching’s decision in relation to the judicial review. On 6 August 2020, Sarawak State also withdrew their civil suit against PETRONAS. PETRONAS and the affected subsidiaries have accordingly submitted their respective SST returns. On 15 September 2020, PETRONAS and the affected subsidiaries paid a total of RM2,957 million to the State of Sarawak, being the final and full settlement for the financial year 2019. In addition, PETRONAS has achieved a commercial resolution with the State of Sarawak on the SST and other matters raised by the State of Sarawak with the entry into the Commercial Settlement Agreement between PETRONAS and the State of Sarawak on 7 December 2020.

- vi. The State of Sabah has gazetted the coming into force of the Sabah State Sales Tax on crude oil, condensates, natural gas and liquified natural gas at the rate of 5% effective 1 April 2020. PETRONAS and the affected subsidiaries have accordingly registered for the sales tax licence.
- vii. PETRONAS and its subsidiary (“PETRONAS Group”) on 22 June 2020 have received notices of additional assessment arising from the tax audits conducted by the Inland Revenue Board (“IRB”) for petroleum activities in the previous years. PETRONAS Group has accordingly initiated legal proceedings. On 10 August 2020, the High Court granted the Group an interim stay against the IRB for the imposition of additional tax assessments. On 15 December 2020, PETRONAS Group withdrew the stay application in respect of the additional tax assessments and payment has been made accordingly to the IRB. Nonetheless, PETRONAS Group’s rights under the existing legal proceedings are preserved. The court matter is still ongoing whilst parties continue to explore an amicable resolution on this matter.
- viii. On 10 December 2020, PETRONAS has partially disposed its equity interests in MISC Berhad (“MISC”) and KLCC Property Holdings Berhad (“KLCCP”) of 6.56% and 8.53% respectively. With the completion of this transaction, the Group now holds 51.00% and 66.94% equity interests in MISC and KLCCP respectively.

10. 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 9.

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For Fourth Quarter And Year Ended 31 December 2020

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

11. 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).
- Level 3 - The fair value of unquoted shares is determined by independent valuer, having appropriate recognised professional qualifications.

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 year and comparative year.

31 December 2020

In RM Mil

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
Quoted shares	1,130	-	-	1,130
Quoted securities	181	-	-	181
Unquoted shares	-	-	250	250
Malaysian Government Securities	-	290	-	290
Corporate Bonds and Sukuk	-	8,219	-	8,219
Commodity swaps	-	11	-	11
Forward foreign exchange contracts	-	146	-	146
Forward gas contracts	327	-	-	327
Forward oil/gas price swaps	34	-	-	34
Interest rate swaps	-	7	-	7
	<u>1,672</u>	<u>8,673</u>	<u>250</u>	<u>10,595</u>
Financial liabilities				
Commodity swaps	-	(12)	-	(12)
Forward foreign exchange contracts	-	(53)	-	(53)
Forward oil/gas contracts	(651)	-	-	(651)
Forward oil/gas price swaps	(933)	-	-	(933)
Interest rate swaps	-	(546)	-	(546)
	<u>(1,584)</u>	<u>(611)</u>	<u>-</u>	<u>(2,195)</u>

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

11. FAIR VALUE INFORMATION (continued)

31 December 2019

In RM Mil

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
Quoted shares	780	35	-	815
Quoted securities	135	-	-	135
Unquoted shares	-	-	292	292
Malaysian Government Securities	-	610	-	610
Corporate Bonds and Sukuk	-	7,198	-	7,198
Commodity swaps	-	2	-	2
Forward foreign exchange contracts	-	58	-	58
Forward gas contracts	427	158	-	585
Forward oil/gas price swaps	142	-	-	142
Interest rate swaps	-	2	-	2
	<u>1,484</u>	<u>8,063</u>	<u>292</u>	<u>9,839</u>
Financial liabilities				
Commodity swaps	-	(27)	-	(27)
Forward foreign exchange contracts	-	(74)	-	(74)
Forward gas contracts	(352)	(7)	-	(359)
Forward oil/gas price swaps	(14)	-	-	(14)
Interest rate swaps	-	(160)	-	(160)
	<u>(366)</u>	<u>(268)</u>	<u>-</u>	<u>(634)</u>

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For Fourth Quarter And Year Ended 31 December 2020

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

12. OPERATING SEGMENTS

The Group's reportable operating segments comprise 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.

12.1 Segment revenue

	2020		2019		Individual quarter ended 31 December	
	2020	2019	2020	2019	2020	2019
<i>In RM Mil</i>	Third Parties		Inter-segment		Gross Total	
Upstream	7,151	10,930	9,670	15,647	16,821	26,577
Gas and New Energy	12,889	18,703	1,594	2,395	14,483	21,098
Downstream	21,624	30,656	570	349	22,194	31,005
Corporate and Others	2,378	3,747	1,668	774	4,046	4,521
Total	44,042	64,036	13,502	19,165	57,544	83,201

	2020		2019		Cumulative quarter ended 31 December	
	2020	2019	2020	2019	2020	2019
<i>In RM Mil</i>	Third Parties		Inter-segment		Gross Total	
Upstream	28,734	37,766	42,033	64,826	70,767	102,592
Gas and New Energy	54,621	74,666	7,566	8,652	62,187	83,318
Downstream	84,183	114,157	1,194	1,328	85,377	115,485
Corporate and Others	11,203	13,674	5,124	4,211	16,327	17,885
Total	178,741	240,263	55,917	79,017	234,658	319,280

12.2 Segment (LAT)²/PAT

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2020	2019	2020	2019
<i>In RM Mil</i>				
Upstream	1,660	5,043	(10,218)	22,199
Gas and New Energy	1,006	(384)	(9,983)	9,780
Downstream	(2,991)	381	(3,458)	5,166
Corporate and Others	(1,603)	(283)	242	4,675
Total (LAT)/PAT for reportable segments	(1,928)	4,757	(23,417)	41,820
Elimination of inter-segment transactions	791	(647)	2,388	(1,348)
Consolidated (LAT)/PAT	(1,137)	4,110	(21,029)	40,472

² Loss After Tax.

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For Fourth Quarter And Year Ended 31 December 2020

PART B – OTHER EXPLANATORY NOTES

13. REVENUE

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

	Upstream		Gas and New Energy		Downstream		Corporate and Others		Individual quarter ended 31 December	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>In RM Mil</i>									
Revenue from contract customers	6,682	9,933	12,372	18,124	21,445	30,481	1,071	1,363	41,570	59,901
Other revenue	469	997	517	579	179	175	1,307	2,384	2,472	4,135
Total	7,151	10,930	12,889	18,703	21,624	30,656	2,378	3,747	44,042	64,036

	Upstream		Gas and New Energy		Downstream		Corporate and Others		Cumulative quarter ended 31 December	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>In RM Mil</i>									
Revenue from contract customers	27,164	35,006	53,342	72,581	83,721	113,576	4,209	5,276	168,436	226,439
Other revenue	1,570	2,760	1,279	2,085	462	581	6,994	8,398	10,305	13,824
Total	28,734	37,766	54,621	74,666	84,183	114,157	11,203	13,674	178,741	240,263

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PART B – OTHER EXPLANATORY NOTES (continued)

14. REVIEW OF GROUP PERFORMANCE

Cumulative quarter ended		In RM Mil	Individual quarter ended		
31.12.2019	31.12.2020		31.12.2020	30.9.2020	31.12.2019
240,263	178,741	Revenue	44,042	41,070	64,036
96,273	55,320	EBITDA ³	11,886	14,015	22,748
40,472	(21,029)	PAT/(LAT)	(1,137)	(3,373)	4,110
<i>In RM Mil</i>				As at	As at
Cash flows from operating activities				31.12.2020	31.12.2019
Capital investments				40,745	90,771
				33,357	47,813
<i>In RM Mil</i>				As at	As at
Total assets				31.12.2020	31.12.2019
Shareholders' equity				574,071	622,421
Gearing ratio ⁴				330,621	389,096
ROACE ⁵				25.3%	19.4%
				(4.1%)	8.7%

Fourth quarter PETRONAS Group's revenue of RM44.0 billion for the fourth quarter of 2020 was lower by 31% as compared to the fourth quarter of 2019 mainly driven by the impact of lower average realised prices for major products in line with the declining benchmark prices coupled with lower volume.

The Group recorded EBITDA of RM11.9 billion, lower by RM10.9 billion in line with lower revenue partially offset by lower costs.

LAT was RM1.1 billion as compared to the PAT of RM4.1 billion for the fourth quarter of 2019 primarily due to lower EBITDA and higher net other expenses, partly negated by lower tax expense in correspondence to lower profit before tax and lower impairment loss on asset. Excluding impairment loss and provisions⁶, the Group would record a PAT of RM0.2 billion, lower by RM9.2 billion as compared to PAT excluding impairment loss⁶ for the fourth quarter of 2019.

Cumulative quarter PETRONAS Group's revenue of RM178.7 billion for the year ended 31 December 2020, lower by 26% as compared to the same period in 2019 largely due to the impact of lower benchmark prices for all products on the back of lower sales volume mainly for sales gas, petroleum products and LNG. The impact was cushioned by favourable exchange rate impact towards strengthening of USD against RM.

The Group recorded EBITDA at RM55.3 billion was lower by 43% in line with lower revenue partially offset by lower costs.

LAT was RM21.0 billion as compared to the PAT of RM40.5 billion for the same period in 2019 in tandem with lower EBITDA and higher impairment loss on assets as a result of lower oil and gas prices outlook. Excluding impairment loss and provisions⁶, the Group would record a PAT of RM10.5 billion, lower by RM38.2 billion as compared to PAT excluding impairment loss⁶ for the same period in 2019.

Cash flows from operating activities decreased by 55% following lower profit generated during the period, partially offset by lower taxes paid. Capital investments amounted to RM33.4 billion, mainly attributed to Upstream projects.

Total assets decreased to RM574.1 billion as at 31 December 2020 as compared to RM622.4 billion as at 31 December 2019 mainly contributed by impairment loss on assets during the year. Shareholders' equity of RM330.6 billion decreased by RM58.5 billion mainly attributable to loss recorded during the year and dividends declared to shareholders amounting to RM34.0 billion.

³ 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 provision for contracts exposure, and the exclusion of financing costs and interest income.

⁴ Gearing ratio is calculated as adjusted total debt (total debt including provision for decommissioning of assets) divided by total equity and adjusted total debt.

⁵ Return on average capital employed ("ROACE") is calculated as profit before interest expense after tax divided by average total equity and long term debt during the year.

⁶ Includes write-off of exploration expenditure under intangible assets, loss on remeasurement of finance lease receivables and provision for contracts exposure.

FINANCIAL REPORT

For Fourth Quarter And Year Ended 31 December 2020

PART B – OTHER EXPLANATORY NOTES (continued)

14. REVIEW OF GROUP PERFORMANCE (continued)

Gearing ratio increased to 25.3% as at 31 December 2020 from 19.4% as at 31 December 2019 mainly due to the reduction in equity associated with loss for the period and issuance of new bonds in April 2020 of US\$6 billion. ROACE stood at negative 4.1% as at 31 December 2020 from 8.7% as at 31 December 2019 in line with loss recorded during the period.

15. REVIEW OF PERFORMANCE – UPSTREAM

Cumulative quarter ended		Financial Indicators In RM Mil	Individual quarter ended		
31.12.2019	31.12.2020		31.12.2020	30.9.2020	31.12.2019
		Revenue			
37,766	28,734	Third party	7,151	7,610	10,930
64,826	42,033	Inter-segment	9,670	10,247	15,647
102,592	70,767		16,821	17,857	26,577
22,199	(10,218)	PAT/(LAT)	1,660	(62)	5,043
Cumulative quarter ended		Operational Indicators	Individual quarter ended		
31.12.2019	31.12.2020		31.12.2020	30.9.2020	31.12.2019
		Production ⁷ ('000 boe ⁸ per day)			
961	847	Crude oil and condensates	829	815	1,119
1,445	1,362	Natural gas	1,436	1,246	1,517
2,406	2,209		2,265	2,061	2,636
		Entitlement ⁹ ('000 boe per day)			
615	585	Crude oil and condensates	562	579	774
1,136	1,039	Natural gas	1,072	988	1,214
1,751	1,624		1,634	1,567	1,988

Fourth quarter Revenue for the fourth quarter of 2020 was RM16.8 billion, lower by 37% as compared to the fourth quarter of 2019 largely due to the impact of lower average realised prices for liquids and gas.

PAT for the fourth quarter of 2020 was RM1.7 billion, lower by 67% as compared to the fourth quarter of 2019 primarily due to lower revenue recorded. This was partially offset by lower tax expense, cash payments and operating expenses.

Total production volume for the fourth quarter of 2020 was 2,265 thousand boe per day as compared to 2,636 thousand boe per day in the fourth quarter of 2019, lower mainly driven by the softer demand following global COVID-19 pandemic.

Cumulative quarter Revenue for the year ended 31 December 2020 was RM70.8 billion, lower by 31% as compared to the same period in 2019 mainly due to the impact of lower average realised prices for liquids and gas.

LAT for the year ended 31 December 2020 was RM10.2 billion as compared to PAT of RM22.2 billion primarily due to lower revenue recorded and higher impairment loss on assets. This was partially offset by lower tax expense, operating expense and cash payments.

Total production volume for the period ended 31 December 2020 was 2,209 thousand boe per day as compared to 2,406 thousand boe per day in the same period in 2019 mainly due to lower demand as mentioned above.

⁷ Represents Malaysia's production (PETRONAS Group and other Operators) and PETRONAS Group's international equity production volume.

⁸ boe: barrels of oil equivalent.

⁹ Represents PETRONAS Group's sales entitlement to Malaysia's production and PETRONAS Group's international sales entitlement volume.

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For Fourth Quarter And Year Ended 31 December 2020

PART B – OTHER EXPLANATORY NOTES (continued)

16. REVIEW OF PERFORMANCE – GAS AND NEW ENERGY

Cumulative quarter ended		<i>Financial Indicators</i> <i>In RM Mil</i>	31.12.2020	Individual quarter ended	
31.12.2019	31.12.2020			30.9.2020	31.12.2019
		Revenue			
74,666	54,621	Third party	12,889	10,139	18,703
8,652	7,566	Inter-segment	1,594	1,697	2,395
83,318	62,187		14,483	11,836	21,098
9,780	(9,983)	PAT/(LAT)	1,006	(4,735)	(384)

Cumulative quarter ended		<i>Operational Indicators</i>	31.12.2020	Individual quarter ended	
31.12.2019	31.12.2020			30.9.2020	31.12.2019
		Malaysia average sales gas volume (mmscfd) ¹⁰	2,619	2,612	2,905
2,887	2,521	Gross LNG sales volume (million tonnes) ¹¹	8.84	7.58	9.49
34.12	33.12				

Fourth quarter Revenue for the fourth quarter of 2020 was RM14.5 billion, lower by 31% as compared to the same quarter in 2019 mainly due to the impact of lower average realised prices and lower sales gas and LNG sales volume.

PAT was RM1.0 billion as compared to LAT of RM0.4 billion in the fourth quarter of 2019. This was primarily driven by lower product costs, impairment loss on assets and lower revenue.

Malaysia average sales gas volume declined by 286 mmscfd on the back of lower offtake from power sector in Peninsular Malaysia following movement restrictions in the wake of COVID-19 pandemic.

Gross LNG sales volume reduced by 0.65 million tonnes in line with lower volume produced by PETRONAS LNG Complex ("PLC").

Cumulative quarter Revenue was RM62.2 billion, lower by 25% as compared to the same period in 2019 due to the impact of lower overall average realised prices and sales volume.

LAT was RM10.0 billion as compared to PAT of RM9.8 billion for the same period in 2019 in tandem with lower revenue and higher impairment loss on assets partially offset by lower product costs.

Malaysia average sales gas volume was slightly lower by 366 mmscfd driven by lower offtake from power sector in Peninsular Malaysia following movement restrictions in the wake of COVID-19 pandemic.

Gross LNG sales volume reduced by 1.0 million tonnes mainly attributed to lower volume produced by PLC.

¹⁰ mmscfd: million standard cubic feet per day.

¹¹ Gross volume refers to all LNG sales inclusive of volume subsequently sold as sales gas.

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For Fourth Quarter And Year Ended 31 December 2020

PART B – OTHER EXPLANATORY NOTES (continued)

17. REVIEW OF PERFORMANCE – DOWNSTREAM

Cumulative quarter ended		<i>Financial Indicators</i> <i>In RM Mil</i>	31.12.2020	Individual quarter ended	
31.12.2019	31.12.2020			30.9.2020	31.12.2019
114,157	84,183	Revenue			
1,328	1,194	Third party	21,624	20,583	30,656
115,485	85,377	Inter-segment	570	169	349
5,166	(3,458)	PAT/(LAT)	22,194	20,752	31,005
			(2,991)	947	381
Cumulative quarter ended		<i>Operational Indicators</i>	31.12.2020	Individual quarter ended	
31.12.2019	31.12.2020			30.9.2020	31.12.2019
258.8	261.8	Petroleum products sales volume (in million barrels)	67.8	62.9	66.7
133.7	137.4	Crude oil sales volume (in million barrels)	35.6	36.3	42.6
8.4	8.2	Petrochemical products sales volume (in million metric tonnes)	2.1	2.0	2.2

Fourth quarter Revenue for the fourth quarter of 2020 was RM22.2 billion, lower by 28% as compared to the same quarter in 2019 mainly due to the impact of lower average realised prices for petroleum products as well as the impact of lower crude oil sales volume.

LAT was RM3.0 billion as compared to PAT of RM0.4 billion in the fourth quarter of 2019 primarily due to impairment loss on assets and lower gross profit.

Petroleum products sales was 67.8 million barrels, higher by 1.1 million barrels following increased trading activities. This was partially offset by lower marketing volume due to lower demand following movement restrictions in the wake of COVID-19 pandemic.

Crude oil sales volume was 35.6 million barrels, lower by 7.0 million barrels as compared to fourth quarter of 2019 resulted from limited trading opportunities.

Petrochemical products sales volume was 2.1 million metric tonnes, slightly lower by 0.1 million metric tonnes as compared to the fourth quarter of 2019.

Cumulative quarter Revenue for the year ended 31 December 2020 was RM85.4 billion, lower by 26% as compared to the same period in 2019 mainly due to the impact of lower average realised prices for petroleum products, petrochemical products and crude oil.

LAT was RM3.5 billion as compared to PAT of RM5.2 billion in the same period of 2019 mainly impacted by inventory and impairment loss on assets, compressed margins and lower petroleum product marketing sales volume.

Petroleum products sales volume was 261.8 million barrels, improved by 3.0 million barrels following increased trading activities, partially offset by lower marketing volume attributed to the COVID-19 pandemic.

Crude oil sales volume was 137.4 million barrels, higher by 3.7 million barrels mainly due to increased crude oil marketing activities, partially offset by limited trading opportunities.

Petrochemical products sales volume was 8.2 million metric tonnes, lower by 0.2 million metric tonnes following softer demand despite higher production.

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For Fourth Quarter And Year Ended 31 December 2020

PART B – OTHER EXPLANATORY NOTES (continued)

18. REVIEW OF PERFORMANCE – CORPORATE AND OTHERS

Cumulative quarter ended		<i>Financial Indicators</i> <i>In RM Mil</i>	Individual quarter ended		
31.12.2019	31.12.2020		31.12.2020	30.9.2020	31.12.2019
13,674	11,203	Revenue			
4,211	5,124	Third party	2,378	2,738	3,747
17,885	16,327	Inter-segment	1,668	1,190	774
4,675	242	PAT/(LAT)	4,046	3,928	4,521
			(1,603)	735	(283)

Fourth quarter Revenue for the fourth quarter of 2020 was RM4.0 billion, lower by 11% as compared to the fourth quarter in 2019 mainly contributed by fund investment income as a result of lower rate of return in tandem with lower Overnight Policy Rate ("OPR").

LAT was RM1.6 billion, higher mainly due to lower revenue and higher impairment loss on assets recognised.

Cumulative quarter Revenue for the year ended 31 December 2020 was RM16.3 billion, decreased by 9% as compared to the same period in 2019 mainly contributed by fund investment income, as mentioned above.

PAT was RM0.2 billion, lower due to higher impairment loss on assets recognised and provision for litigation claims arising from unfavourable arbitration result as mentioned in note 9 (ii).

19. COMPARISON WITH PRECEDING QUARTER'S RESULTS

<i>In RM Mil</i>	Individual quarter ended	
	31.12.2020	30.9.2020
Revenue	44,042	41,070
EBITDA	11,886	14,015
LAT	(1,137)	(3,373)

PETRONAS Group revenue surged by 7% in the fourth quarter of 2020 at RM44.0 billion as compared to the preceding quarter mainly attributable to improved benchmark price for major products on the back of higher sales volume mainly from petroleum products and LNG.

EBITDA was RM11.9 billion, lower in line with gross profit due to compressed margin.

Despite lower EBITDA, LAT improved by RM2.2bil mainly contributed by lower tax expense attributable to recognition of deferred tax assets on tax benefits, as well as lower impairment loss. Excluding impairment loss and provisions¹², the Group would record a PAT of RM0.2 billion for the quarter as compared to PAT of RM2.7 billion for the preceding quarter.

20. COMMENTARY ON PROSPECTS

Under the current COVID-19 pandemic environment, the oil and gas industry outlook will remain uncertain and challenging with an expectation of a tentative and modest recovery in demand and prices of its products. Nevertheless, PETRONAS remains confident that its efforts and continued focus on commercial and operational excellence while preserving healthy levels of liquidity will ensure its business sustainability.

¹² Includes write-off of exploration expenditure under intangible assets, loss on remeasurement of finance lease receivables and provision for contracts exposure.

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For Fourth Quarter And Year Ended 31 December 2020

PART B – OTHER EXPLANATORY NOTES (continued)

21. TAXATION

<i>In RM Mil</i>	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2020	2019	2020	2019
Current tax expenses				
Malaysia	2,269	6,556	11,841	18,873
Overseas	371	69	885	1,209
	<u>2,640</u>	<u>6,625</u>	<u>12,726</u>	<u>20,082</u>
Deferred tax expenses				
Origination and reversal of temporary differences	(1,343)	(897)	(4,018)	(3,584)
	<u>1,297</u>	<u>5,728</u>	<u>8,708</u>	<u>16,498</u>

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

<i>In RM Mil</i>	%	Cumulative quarter ended 31 December	
		2020	2019
(Loss)/Profit before taxation		(12,321)	56,970
Taxation at Malaysian statutory tax rate	24	(2,957)	13,673
Effect of different tax rates in foreign jurisdictions	9	(1,142)	(766)
Effect of different tax rates between corporate income tax and petroleum income tax	(10)	1,260	2,530
Effect of changes in tax rates	-	21	(84)
Non-deductible expenses, net of non-assessable income	(64)	7,945	3,137
Tax exempt income	5	(575)	(922)
Tax incentives	14	(1,729)	(464)
Effect of deferred tax benefits not recognised	(27)	3,364	-
Effect of deferred tax benefits previously not recognised	22	(2,731)	(481)
Reversal of deferred tax benefits previously recognised	(36)	4,383	-
Foreign exchange translation difference	(1)	152	43
	(64)	<u>7,991</u>	<u>16,666</u>
Under/(Over) provision in prior years		717	(168)
Tax expense		<u>8,708</u>	<u>16,498</u>

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For Fourth Quarter And Year Ended 31 December 2020

PART B – OTHER EXPLANATORY NOTES (continued)

22. CASH, FUND AND OTHER INVESTMENTS

<i>In %</i>	As at 31.12.2020	As at 31.12.2019
By Currency		
RM	60.2	72.7
USD	37.8	24.6
Others	2.0	2.7
	100.0	100.0
By Maturity¹³		
< 1 year	92.9	94.0
1 to 5 years	3.1	2.7
5 to 10 years	4.0	3.3
	100.0	100.0
By Type		
Money market	92.5	93.8
Corporate bonds	6.2	5.2
Equities	1.3	1.0
	100.0	100.0

There was no material purchase and sale of quoted securities during the period under review.

23. BORROWINGS

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

<i>In RM Mil</i>	As at 31.12.2020	As at 31.12.2019
Non-Current		
Term loans	14,865	14,561
Lease liabilities	11,324	12,603
Notes and Bonds	45,014	21,371
Islamic financing facilities	5,605	4,887
Total non-current borrowings	76,808	53,422
Current		
Term loans	4,732	5,750
Lease liabilities	1,405	1,063
Islamic financing facilities	1,546	6,298
Revolving credits	1,384	1,347
Bankers' acceptances	1,656	449
Bank overdrafts	698	409
Total current borrowings	11,421	15,316
Total borrowings	88,229	68,738

¹³ Refers to instrument maturity dates; excludes equities.

FINANCIAL REPORT

For Fourth Quarter And Year Ended 31 December 2020

PART B – OTHER EXPLANATORY NOTES (continued)

23. BORROWINGS (continued)

<i>In RM Mil</i>	As at		As at	
	31.12.2020	%	31.12.2019	%
By Currency				
USD	70,798	80.2	50,384	73.3
RM	9,430	10.7	12,689	18.5
EUR	2,282	2.6	1,997	2.9
ZAR	2,301	2.6	1,530	2.2
CAD	2,030	2.3	803	1.2
INR	1,111	1.3	747	1.1
GBP	64	0.1	344	0.5
Others	213	0.2	244	0.3
	88,229	100.0	68,738	100.0
By Repayment Schedule				
< 1 year	11,421	12.9	15,316	22.3
1 to 5 years	28,060	31.8	26,370	38.3
5 to 10 years	9,960	11.3	14,154	20.6
> 10 years	38,788	44.0	12,898	18.8
	88,229	100.0	68,738	100.0

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off-balance sheet financial instrument for the year ended 31 December 2020.

25. CONTINGENCIES

There were no material contingent liabilities or contingent assets since the last audited consolidated statement of financial position as at 31 December 2019.

FINANCIAL REPORT

For Fourth Quarter And Year Ended 31 December 2020

PART B – OTHER EXPLANATORY NOTES (continued)

26. (LOSS)/PROFIT FOR THE PERIOD

<i>In RM Mil</i>	Individual quarter ended		Cumulative quarter ended	
	2020	2019	2020	2019
Included in profit for the period are the following charges:				
Bad debts written off	28	18	65	18
Depreciation and amortisation	9,729	11,749	36,026	38,678
Intangible asset written off	20	-	20	-
Loss on disposal of:				
- property, plant and equipment	13	19	19	69
Net impairment losses on:				
- intangible assets	1,812	194	5,648	204
- investment in an associate	151	-	151	230
- investment properties	12	-	12	-
- loan and advances to joint ventures	23	62	71	62
- other investments	-	251	-	251
- property, plant and equipment	-	4,091	25,702	6,539
- receivables	-	459	-	69
Net impairment loss/write-off on well costs ¹⁴	1,642	516	2,246	1,248
Net inventories written down to net realisable value/written off	-	-	37	35
Net loss on:				
- derivatives	288	-	275	64
- foreign exchange	715	452	1,093	235
Property, plant and equipment written off	228	131	234	136
Write-off of trade receivables and loss on remeasurement of finance lease receivables	-	-	846	-
and credits:				
Bad debts recovered	21	-	21	-
Dividend income	-	174	51	557
Gain on bargain purchase	-	-	247	-
Gain on disposal of:				
- joint venture	-	-	-	100
- other investments	-	-	-	19
- property, plant and equipment	67	6	236	61
- investment in subsidiaries	-	105	171	282
Interest income	918	1,484	4,838	6,889
Net change in contract liabilities	350	338	481	422
Net gain on derivatives	-	25	-	-
Net write-back of impairment losses on:				
- property, plant and equipment	1,596	-	-	-
- receivables	2	-	37	-
Reversal of inventories written down to net realisable value	79	99	-	-

¹⁴Comprises net impairment loss and write-off of exploration expenditure under intangible assets.

FINANCIAL REPORT

For Fourth Quarter And Year Ended 31 December 2020

PART B – OTHER EXPLANATORY NOTES (continued)

27. DIVIDENDS

The Directors had on 25 February 2021 declared a dividend of RM180,000 per ordinary share amounting to RM18 billion.

The financial statements for the current financial year do not reflect this declared dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2021.

28. EXCHANGE RATES

US dollar/RM	Individual quarter ended			Cumulative quarter ended		
	31.12.2020	30.9.2020	31.12.2019	31.12.2020	30.9.2020	31.12.2019
Average rate	4.1082	4.2033	4.1650	4.2036	4.2354	4.1423
Closing rate	4.0285	4.1575	4.0995	4.0285	4.1575	4.0995

By order of the Board

Intan Shafinas (Tuty) Hussain (LS0009774)
Company Secretary
Kuala Lumpur
25 February 2021