



PETRONAS Group

Interim Report

For Half Year Ended 30 June 2024

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

The Board of Directors of Petroliam Nasional Berhad ("PETRONAS" or the "Company") is pleased to announce the results of PETRONAS Group and its reportable segments for the half year ended 30 June 2024 which should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying explanatory notes on pages 6 to 25.

GROUP PERFORMANCE REVIEW¹

<i>In RM Mil</i>	30 June 2024	30 June 2023²
Revenue		
From continuing operations	156,902	151,301
From discontinued operations	14,826	17,732
Total revenue	171,728	169,033
EBITDA ³	64,061	70,545
PAT ⁴ /(LAT) ⁵		
From continuing operations	33,075	38,983
From discontinued operations ⁶	(693)	1,200
Total PAT	32,382	40,183
Cash flows from operating activities	54,796	57,848
Capital investments ⁷	25,717	21,372
	As at 30 June 2024	As at 31 December 2023
Total assets	798,647	773,301
Shareholders' equity	443,854	443,469
Gearing ratio ⁸	20.2%	19.8%
ROACE ⁹	12.9%	14.4%

PETRONAS Group's revenue of RM171.7 billion for the first half of 2024 was higher by RM2.7 billion as compared to the same period in 2023 mainly due to impact from foreign exchange and fund investment income partially offset by lower average realised prices mainly for LNG in tandem with the declining benchmark prices.

The Group recorded EBITDA of RM64.1 billion was lower by RM6.5 billion or 9% largely due to impact from one-off non-cash items arising from the net gain/loss on de-consolidation of subsidiaries upon disposal and net gain on disposal/partial disposal of property, plant and equipment ("identified items") (refer Note A14), impact from foreign exchange and higher cash payment. Correspondingly, PAT of RM32.4 billion was lower by RM7.8 billion.

Cash flows from operating activities was RM54.8 billion primarily driven by EBITDA excluding impact from identified item, partially negated by tax paid.

¹ Comprises continuing and discontinued operations.

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

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

⁴ Profit After Tax.

⁵ Loss After Tax.

⁶ Includes inter-company adjustments. Refer to Note A11 for the net effect to Statement of Profit or Loss from discontinued operations.

⁷ Capital investments are based on cash, comprising purchase of property, plant and equipment, investment properties, intangible assets and land held for development, as well as acquisition of subsidiaries, investments in associates and joint arrangements.

⁸ 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.

⁹ 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.

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

GROUP PERFORMANCE REVIEW¹ (continued)

Capital investments for the first half of 2024 was RM25.7 billion mainly from Upstream's development and exploration activities.

Total assets of the Group increased to RM798.6 billion as at 30 June 2024 against RM773.3 billion as at 31 December 2023 was mainly contributed by capital investments during the financial period. Shareholders' equity of RM443.9 billion increased by RM0.4 billion was mainly attributable to profit recorded during the financial period partially offset by dividends declared to shareholders amounting to RM32.0 billion.

Gearing ratio increased to 20.2% as at 30 June 2024 from 19.8% as at 31 December 2023 was mainly due to higher borrowings following foreign exchange impact. ROACE of the Group decreased to 12.9% as at 30 June 2024 from 14.4% as at 31 December 2023 in line with lower profit.

UPSTREAM PERFORMANCE REVIEW

Financial Indicators	30 June 2024	30 June 2023 Restated
<i>In RM Mil</i>		
Continuing operations		
Revenue		
Third party	24,768	19,514
Inter-segment	50,630	49,374
	75,398	68,888
PAT	21,416	18,946
Capital investments	14,776	9,904
Operational Indicators	30 June 2024	30 June 2023
Production ¹⁰ ('000 boe ¹¹ per day)		
Crude oil and condensates	830	847
Natural gas	1,652	1,578
	2,482	2,425
Entitlement ¹² ('000 boe per day)		
Crude oil and condensates	529	516
Natural gas	1,174	1,144
	1,703	1,660

Revenue for the first half of 2024 was RM75.4 billion, higher by RM6.5 billion or 9% as compared to the same period in 2023 mainly contributed by impact from foreign exchange coupled with higher natural gas and crude oil & condensates sales volume.

PAT for the first half of 2024 was RM21.4 billion, higher by RM2.5 billion in line with higher revenue partially offset by higher product costs, taxation and cash payments.

Capital investments for the first half of 2024 was RM14.8 billion mainly from development and exploration activities.

Total daily production average for the period ended 30 June 2024 was at 2,482 thousand boe per day, higher by 57 thousand boe per day as compared to the same period last year mainly due to higher natural gas production from Malaysia and International.

¹ Comprises continuing and discontinued operations.

¹⁰ Represents Malaysia's production (PETRONAS Group and other operators) and PETRONAS Group's international equity production volume.

¹¹ boe: barrels oil equivalent. Volume of gas has been converted using gas heating values, reflecting PETRONAS gas portfolio.

¹² Represents PETRONAS Group's sales entitlement to Malaysia's production and PETRONAS Group's international sales entitlement volume.

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

GAS PERFORMANCE REVIEW

Financial Indicators

<i>In RM Mil</i>	30 June 2024	30 June 2023
Continuing operations		
Revenue		
Third party	51,542	50,999
Inter-segment	7,138	7,749
	58,680	58,748
PAT	8,556	16,214
Capital investments	4,388	4,836

Operational Indicators

	30 June 2024	30 June 2023
Malaysia average sales gas volume (mmscfd ¹³)	3,023	2,798
Gross LNG sales volume ¹⁴ (million tonnes)	17.82	16.48

Revenue for the first half of 2024 at RM58.7 billion was comparable to the same period in 2023 mainly due to impact from foreign exchange and higher sales volume partially offset by lower average realised prices.

PAT was RM8.6 billion, lower by RM7.6 billion against RM16.2 billion in the same period of 2023 primarily driven by higher taxation and product costs.

Capital investments for the first half of 2024 was RM4.4 billion.

Malaysia average sales gas volume increased by 225 mmscfd mainly due to higher offtake from power sector in Peninsular Malaysia. Gross LNG sales volume increased by 1.34 million tonnes mainly due to better trading opportunities and higher plant production.

¹³ mmscfd: million standard cubic feet per day.

¹⁴ Gross volume refers to all LNG sales inclusive of volume recognised net of costs and volume subsequently sold as sales gas.

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

DOWNSTREAM PERFORMANCE REVIEW¹

Financial Indicators

<i>In RM Mil</i>	30 June 2024	30 June 2023 ²
Revenue from third party		
From continuing operations	69,612	70,397
From discontinued operations	14,826	17,732
	84,438	88,129
Revenue from inter-segment		
From continuing operations	1,832	3,736
Total revenue	86,270	91,865
PAT		
From continuing operations	186	1,691
From discontinued operations ¹⁵	646	230
Total PAT	832	1,921
Capital investments	1,721	1,802

Operational Indicators¹⁶

	30 June 2024	30 June 2023
Petroleum products sales volume (in million barrels)	146.0	149.9
Crude oil sales volume (in million barrels)	72.4	56.4
Petrochemical products sales volume (in million metric tonnes)	4.7	4.7

Revenue for the first half of 2024 was RM86.3 billion, lower by RM5.6 billion or 6% as compared to the same period in 2023 primarily due to lower sales volume mainly from petroleum products partially offset by impact from foreign exchange.

PAT was RM0.8 billion against RM1.9 billion in the same period of 2023, lower by RM1.1 billion mainly due to impact of de-consolidation of subsidiaries partially offset by higher petroleum product margins.

Capital investments for the first half 2024 was RM1.7 billion.

Petroleum products sales volume was 146.0 million barrels, lower by 3.9 million barrels following lower marketing volume mainly due to impact of de-consolidation of subsidiaries partially offset by increase in trading activities. Crude oil sales volume was 72.4 million barrels, higher by 16.0 million barrels mainly due to increased trading opportunities and higher marketing volume. Petrochemical products sales volume was 4.7 million metric tonnes comparable with corresponding period.

¹ Comprises continuing and discontinued operations.

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

¹⁵ Excludes inter-company transactions as per Note A11.

¹⁶ Refers to volume sold by the Group inclusive of volume traded and recognised net of cost.

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

CORPORATE AND OTHERS PERFORMANCE REVIEW

Financial Indicators	30 June 2024	30 June 2023 Restated
<i>In RM Mil</i>		
Continuing operations		
Revenue		
Third party	10,980	10,391
Inter-segment	3,639	3,503
	<u>14,619</u>	<u>13,894</u>
PAT	1,574	3,367
Capital investments	4,832	4,830

Revenue for the first half of 2024 was RM14.6 billion, higher by RM0.7 billion or 5% as compared to the same period in 2023 largely contributed by higher fund investment income.

PAT for the first half of 2024 was RM1.6 billion as compared to RM3.4 billion in the same period last year mainly attributable to the impact on foreign exchange.

Capital investments for the first half of 2024 was RM4.8 billion.

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>In RM Mil</i>	30 June 2024	30 June 2023 ²
Continuing operations		
Revenue	156,902	151,301
Cost of revenue	(92,503)	(88,769)
Gross profit	64,399	62,532
Selling and distribution expenses	(5,159)	(3,903)
Administration expenses	(8,829)	(7,278)
Net impairment losses/write-off ¹⁷	(713)	(3,749)
Other expenses	(823)	(136)
Other income	2,374	5,108
Operating profit	51,249	52,574
Financing costs	(2,575)	(2,716)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	147	314
Profit before taxation from continuing operations	48,821	50,172
Tax expense	(15,746)	(11,189)
Profit for the period from continuing operations	33,075	38,983
Discontinued operations¹⁸		
(Loss)/Profit for the period from discontinued operations, net of tax	(693)	1,200
PROFIT FOR THE PERIOD	32,382	40,183
Profit/(Loss) attributable to:		
Shareholders of the Company		
From continuing operations	29,656	35,887
From discontinued operations	(892)	1,123
	28,764	37,010
Non-controlling interests		
From continuing operations	3,419	3,096
From discontinued operations	199	77
	3,618	3,173
PROFIT FOR THE PERIOD	32,382	40,183

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

¹⁷ Excludes well costs and includes loss on remeasurement/derecognition of financial assets measured at amortised cost.

¹⁸ See Note A11.

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

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

<i>In RM Mil</i>	30 June 2024	30 June 2023
Profit for the period	32,382	40,183
Other comprehensive income/(loss)		
Continuing operations		
<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")	(46)	(29)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net movements from exchange differences	2,903	12,922
Cash flow hedge	(1,124)	476
Others	97	120
Total other comprehensive income for the period from continuing operations	1,830	13,489
Discontinued operations¹⁸		
Total other comprehensive loss for the period from discontinued operations	(245)	(121)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	33,967	53,551
Total comprehensive income/(loss) attributable to:		
Shareholders of the Company		
From continuing operations	30,999	47,642
From discontinued operations	(892)	1,022
	30,107	48,664
Non-controlling interests		
From continuing operations	3,906	4,830
From discontinued operations	(46)	57
	3,860	4,887
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	33,967	53,551

¹⁸ See Note A11.

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

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM Mil</i>	As at 30 June 2024	As at 31 December 2023
ASSETS		
Property, plant and equipment	333,158	326,398
Investment properties and land held for development	12,295	12,275
Investments in associates and joint ventures	12,134	10,368
Intangible assets	32,632	31,902
Long-term receivables	50,838	47,939
Fund and other investments	13,414	10,778
Deferred tax assets	26,230	27,853
TOTAL NON-CURRENT ASSETS	480,701	467,513
Trade and other inventories	16,814	14,307
Trade and other receivables	69,409	57,028
Fund and other investments	13,976	11,620
Cash and cash equivalents	217,438	208,492
	317,637	291,447
Assets classified as held for sale	309	14,341
TOTAL CURRENT ASSETS	317,946	305,788
TOTAL ASSETS	798,647	773,301
EQUITY		
Share capital	100	100
Reserves	443,754	443,369
Total equity attributable to shareholders of the Company	443,854	443,469
Non-controlling interests	58,132	59,396
TOTAL EQUITY	501,986	502,865
LIABILITIES		
Borrowings	97,532	98,754
Deferred tax liabilities	13,263	13,297
Other long-term liabilities and provisions	62,938	64,434
TOTAL NON-CURRENT LIABILITIES	173,733	176,485
Trade and other payables	77,388	68,076
Borrowings	17,056	12,867
Taxation	8,444	3,931
Dividend payable	20,000	—
	122,888	84,874
Liabilities classified as held for sale	40	9,077
TOTAL CURRENT LIABILITIES	122,928	93,951
TOTAL LIABILITIES	296,661	270,436
TOTAL EQUITY AND LIABILITIES	798,647	773,301

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.

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to shareholders of the Company</i>				
	<i>Non-distributable</i>				
<i>In RM Mil</i>	Share Capital	Capital and Other Reserves	Foreign Currency Translation Reserve	Fair Value through OCI Reserve	Hedging Reserve
Period ended 30 June 2024					
Balance at 1 January 2024	100	16,160	47,961	17	107
Net changes in fair value of equity investments at fair value through OCI	—	—	—	(46)	—
Net movements from exchange differences	—	—	2,652	—	—
Cash flow hedge ¹⁹	—	—	—	—	(1,168)
Others	—	(95)	—	—	—
Total other comprehensive income/(loss) for the period, net of tax	—	(95)	2,652	(46)	(1,168)
Profit for the period	—	—	—	—	—
Total comprehensive income/(loss) for the period	—	(95)	2,652	(46)	(1,168)
Changes in ownership interests in subsidiaries	—	—	—	—	—
Disposal of subsidiaries	—	—	2,278	—	—
Dividends to shareholders of the Company	—	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—
Total transactions with shareholders	—	—	2,278	—	—
Balance at 30 June 2024	100	16,065	52,891	(29)	(1,061)
					<i>continue to next page</i>
Period ended 30 June 2023					
Balance at 1 January 2023	100	15,987	39,771	145	863
Net changes in fair value of equity investments at fair value through OCI	—	—	—	(29)	—
Net movements from exchange differences	—	—	11,069	—	—
Cash flow hedge ¹⁹	—	—	—	—	497
Others	—	117	—	—	—
Total other comprehensive income/(loss) for the period, net of tax	—	117	11,069	(29)	497
Profit for the period	—	—	—	—	—
Total comprehensive income/(loss) for the period	—	117	11,069	(29)	497
Changes in ownership interests in a subsidiary	—	—	120	—	—
Redemption of redeemable preference shares in a subsidiary	—	—	—	—	—
Dividends to shareholders of the Company	—	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—
Total transactions with shareholders	—	—	120	—	—
Balance at 30 June 2023	100	16,104	50,960	116	1,360
					<i>continue to next page</i>

¹⁹ Includes addition of RM332 million (30 June 2023: addition of RM368 million) to the cost of hedging reserve during the financial period.

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

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to shareholders of the Company			Non- Controlling Interests	Total Equity
	Distributable		Total		
<i>In RM Mil</i>	General Reserve	Retained Profits	Total		
Period ended 30 June 2024					
Balance at 1 January 2024	12,000	367,124	443,469	59,396	502,865
Net changes in fair value of equity investments at fair value through OCI	—	—	(46)	—	(46)
Net movements from exchange differences	—	—	2,652	251	2,903
Cash flow hedge ¹⁹	—	—	(1,168)	44	(1,124)
Others	—	—	(95)	(53)	(148)
Total other comprehensive income/(loss) for the period, net of tax	—	—	1,343	242	1,585
Profit for the period	—	28,764	28,764	3,618	32,382
Total comprehensive income/(loss) for the period	—	28,764	30,107	3,860	33,967
Changes in ownership interests in subsidiaries	—	—	—	(387)	(387)
Disposal of subsidiaries	—	—	2,278	(1,573)	705
Dividends to shareholders of the Company	—	(32,000)	(32,000)	—	(32,000)
Dividends to non-controlling interests	—	—	—	(3,164)	(3,164)
Total transactions with shareholders	—	(32,000)	(29,722)	(5,124)	(34,846)
Balance at 30 June 2024	12,000	363,888	443,854	58,132	501,986
					<i>continued from previous page</i>
Period ended 30 June 2023					
Balance at 1 January 2023	12,000	332,743	401,609	58,822	460,431
Net changes in fair value of equity investments at fair value through OCI	—	—	(29)	—	(29)
Net movements from exchange differences	—	—	11,069	1,734	12,803
Cash flow hedge ¹⁹	—	—	497	(21)	476
Others	—	—	117	1	118
Total other comprehensive income/(loss) for the period, net of tax	—	—	11,654	1,714	13,368
Profit for the period	—	37,010	37,010	3,173	40,183
Total comprehensive income/(loss) for the period	—	37,010	48,664	4,887	53,551
Changes in ownership interests in a subsidiary	—	(360)	(240)	(588)	(828)
Redemption of redeemable preference shares in a subsidiary	—	—	—	(483)	(483)
Dividends to shareholders of the Company	—	(40,000)	(40,000)	—	(40,000)
Dividends to non-controlling interests	—	—	—	(3,935)	(3,935)
Total transactions with shareholders	—	(40,360)	(40,240)	(5,006)	(45,246)
Balance at 30 June 2023	12,000	329,393	410,033	58,703	468,736
					<i>continued from previous page</i>

¹⁹ Includes addition of RM332 million (30 June 2023: addition of RM368 million) to the cost of hedging reserve during the financial period.

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

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In RM Mil</i>	30 June 2024	30 June 2023
Cash flows from operating activities		
Profit/(Loss) before taxation from:		
- continuing operations	48,821	50,172
- discontinued operations	(367)	1,299
Profit before taxation	48,454	51,471
Adjustments for:		
Change in contract liabilities	(54)	(154)
Change in provisions	(187)	(22)
Depreciation and amortisation	18,723	18,189
Financing costs	2,718	2,870
Interest income	(6,403)	(5,461)
Loss on remeasurement of financial assets measured at amortised cost	736	—
Net impairment losses/(reversals) of:		
- intangible assets	21	106
- loans and advances to a joint venture	(139)	65
- other investments	(2)	1
- property, plant and equipment	27	3,552
- trade and other receivables	(157)	7
Net impairment/write-off of well costs	1,368	111
Net loss/(gain) on disposals of property, plant and equipment, intangible assets and other investments	107	(1,413)
Net unrealised gain on derivatives	(178)	(222)
Net unrealised loss/(gain) on foreign exchange	514	(895)
Net write-back of inventories to net realisable value/inventories written off	(103)	(119)
Net write-off of:		
- bad debts	172	15
- investment in a joint venture	24	—
- property, plant and equipment	14	6
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	(147)	(314)
Net loss/(gain) on de-consolidation of subsidiaries upon disposals	2,278	(445)
Operating profit before changes in working capital	67,786	67,348
Net changes in working capital	(7,160)	1,440
Cash generated from operations	60,626	68,788
Interest income received	6,403	5,461
Interest expenses paid	(2,247)	(1,907)
Taxation paid, net of refund	(9,986)	(14,494)
Net cash generated from operating activities	54,796	57,848

continue to next page

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In RM Mil</i>	30 June 2024	30 June 2023
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(323)	(1,380)
Dividends received	213	321
Investments in:		
- associates and joint ventures	(1,805)	(308)
- securities and other investments	(6,206)	(6,318)
Long-term receivables to joint arrangements	(1,611)	—
Proceeds from disposal/partial disposal of:		
- investments in subsidiaries and a business, net of cash disposed	3,372	575
- property, plant and equipment and intangible assets	468	832
- securities and other investments	2,169	1,713
Proceeds on redemption of preference shares in a joint venture	2	—
Purchase of property, plant and equipment, investment properties, intangible assets and land held for development	(23,563)	(19,595)
Net cash used in investing activities	(27,284)	(24,160)
Cash flows from financing activities		
Dividends paid	(12,000)	(16,000)
Dividends paid to non-controlling interests	(3,164)	(3,935)
Drawdown of borrowings	7,508	8,894
Payment of lease liabilities	(4,074)	(2,340)
Repayment of borrowings	(8,245)	(8,843)
Payment to non-controlling interests on redemption of redeemable preference shares	—	(483)
Payment to non-controlling interests on additional equity interests	(1,956)	(496)
Net cash used in financing activities	(21,931)	(23,203)
Net increase in cash and cash equivalents	5,581	10,485
Increase in cash and cash equivalents restricted	(334)	(302)
Net foreign exchange differences	2,712	6,490
Cash and cash equivalents at beginning of the period	207,631	200,384
Cash and cash equivalents at end of the period	215,590	217,057
Cash and cash equivalents		
Cash and cash equivalents	217,438	217,586
Bank overdrafts	(1)	—
Classified as held for sale:		
- Cash and bank balances	—	971
- Bank overdrafts	—	(159)
	217,437	218,398
Less: Cash and cash equivalents restricted	(1,847)	(1,341)
	215,590	217,057

continued from previous page

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. Effective half year ended 30 June 2024, the Group changed its reporting period presentation from quarterly to half yearly.

These financial statements should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2023.

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 financial year ended 31 December 2023.

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 financial period ended 30 June 2024.

A2. MATERIAL ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for the financial year ending 31 December 2024 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the financial year ended 31 December 2023 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 2024

Amendments to MFRS 16 *Leases (Lease Liability in a Sale and Leaseback)*

Amendments to MFRS 101 *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*

Amendments to MFRS 101 *Presentation of Financial Statements (Non-current Liabilities with Covenants)*

Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures (Supplier Finance Arrangements)*

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

A3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the financial year ended 31 December 2023 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. DIVIDENDS PAID

During the financial period, the Company paid a dividend of RM12 billion, being partial payment of the approved dividend of RM320,000 per ordinary share amounting to RM32 billion declared on 14 March 2024.

The remaining amount of the dividend amounting to RM20 billion will be paid in instalments between July 2024 and December 2024.

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

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

A6. COMMITMENTS

Outstanding commitments in respect of capital expenditure at the end of the reporting period not provided for in the financial statements are:

<i>In RM Mil</i>	As at 30 June 2024	As at 31 December 2023
Capital expenditure		
<i>Approved and contracted for</i>	80,277	67,091
<i>Approved but not contracted for</i>	123,337	106,855
	203,614	173,946
Share of capital expenditure of associates and joint ventures		
<i>Approved and contracted for</i>	4,901	4,487
<i>Approved but not contracted for</i>	19,912	20,752
	24,813	25,239
	228,427	199,185

A7. INSURANCE CONTRACTS

Exposure to insurance contracts

The Group had entered into agreements which may include agreements where the Group accepts insurance risks by agreeing to compensate third party if a specified uncertain future event adversely affect the guaranteed entities in the normal and on-going business requirements, consistent with generally acceptable and recognised industry practices. The exposure of the Group is therefore triggered upon the default by the guaranteed entities' obligation under the contracts. As at 30 June 2024, there were no exposures on the default of the guaranteed entities' obligations under the contracts.

A8. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the financial period under review other than as disclosed in Note A11.

A9. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions for the financial period under review are as follows:

<i>In RM Mil</i>	30 June 2024	30 June 2023
Federal and State Governments of Malaysia:		
Cash payments	(6,551)	(5,894)
Lease income	645	650
Sale of petroleum products	208	199
Sales of utilities	92	90
Project management income and building maintenance	169	169
Government of Malaysia's related entities:		
Sales of petroleum products, petrochemical products and processed gas	5,802	5,348
Purchase of utilities	(87)	(84)

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

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

A9. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

<i>In RM Mil</i>	30 June 2024	30 June 2023
Associate companies:		
Sales of petrochemical products and processed gas	4,456	5,246
Joint arrangements:		
Sales of industrial utilities	1,242	1,494
Sales of petrochemical products and processed gas	1,128	1,291
Site service charges	198	196
Purchase of petroleum products and petrochemical products	(6,449)	(5,419)

A10. FAIR VALUE INFORMATION

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

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

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

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

30 June 2024

<i>In RM Mil</i>	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	3,183	—	—	3,183
Quoted securities	—	601	—	601
Unquoted shares	—	—	1,850	1,850
Malaysian Government Securities	—	2,158	—	2,158
Corporate Bonds and Sukuk	—	8,178	—	8,178
Forward foreign exchange and other contracts	—	196	—	196
Commodity derivatives	167	555	—	722
Interest rate swaps	—	826	—	826
	3,350	12,514	1,850	17,714
Financial liabilities				
Forward foreign exchange contracts	—	(78)	—	(78)
Commodity derivatives	(65)	(789)	—	(854)
Interest rate swaps	—	(7)	—	(7)
	(65)	(874)	—	(939)

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

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

A10. FAIR VALUE INFORMATION (continued)

31 December 2023

In RM Mil

	Level 1	Level 2	Level 3	Total
Financial assets				
Quoted shares	2,181	–	–	2,181
Quoted securities	–	527	–	527
Unquoted shares	–	–	1,783	1,783
Malaysian Government Securities	–	2,085	–	2,085
Corporate Bonds and Sukuk	–	6,899	–	6,899
Forward foreign exchange and other contracts	–	275	–	275
Commodity derivatives	317	947	–	1,264
Interest rate swaps	–	717	–	717
	<u>2,498</u>	<u>11,450</u>	<u>1,783</u>	<u>15,731</u>
Financial liabilities				
Forward foreign exchange contracts	–	(164)	–	(164)
Commodity derivatives	(79)	(115)	–	(194)
Interest rate swaps	–	(7)	–	(7)
	<u>(79)</u>	<u>(286)</u>	<u>–</u>	<u>(365)</u>

Derivative financial instruments

As disclosed in the Group's audited consolidated financial statements for the financial year ended 31 December 2023, 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 June 2024 are consistent with those used as at 31 December 2023.

A11. DISCONTINUED OPERATIONS

On 7 February 2023, PETRONAS via its wholly-owned subsidiary, PETRONAS Marketing International Sdn. Bhd. ("PMISB"), signed a Sale and Purchase Agreement with Vitol Emerald Bidco (Pty) Ltd and Vitol Africa B.V. for the sale of PMISB's entire 74% equity interests in its subsidiary, namely Engen Limited and its subsidiaries ("Engen Group"). The divestment was completed on 21 May 2024 ("Disposal date").

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

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

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

A11. DISCONTINUED OPERATIONS (continued)

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

<i>In RM Mil</i>	Up to the Disposal date	30 June 2023
After inter-company adjustments		
Revenue	14,826	17,732
Cost of revenue	(12,445)	(15,690)
Gross profit	2,381	2,042
Selling and distribution expenses	(308)	(388)
Administration expenses	(339)	(376)
Net impairment losses ²⁰	(6)	(1)
Other expenses	(2,297)	(167)
Other income	345	343
Operating (loss)/profit	(224)	1,453
Financing costs	(143)	(154)
(Loss)/Profit before tax from discontinued operations	(367)	1,299
Tax expense	(326)	(99)
(Loss)/Profit for the period from discontinued operations after inter-company adjustments	(693)	1,200
Inter-company adjustments ²¹	1,339	(970)
Profit for the period from discontinued operations before inter-company adjustments representing the net effect to Statement of Profit or Loss	646	230
Other comprehensive income/(loss)		
Net changes in fair value of equity investments at fair value through OCI	—	(2)
Net movements from exchange differences	—	(119)
Total comprehensive (loss)/income from discontinued operations after inter-company adjustments	(693)	1,079
Inter-company adjustments ²¹	1,276	(817)
Total comprehensive income from discontinued operations before inter-company adjustments representing the net effect to Statement of Other Comprehensive Income	583	262
<i>In RM Mil</i>	Up to the Disposal date	30 June 2023
Net cash generated from operating activities	1,593	1,995
Net cash used in investing activities	(78)	(127)
Net cash used in financing activities	(244)	(39)
Net increase in cash and cash equivalents	1,271	1,829

The net effect of the disposal of Engen Group on the consolidated financial statements of the Group comprises losses primarily arising from the de-consolidation at the disposal date, amounting to RM2.3 billion.

²⁰ Includes certain amount relating to write-off of assets.

²¹ Mainly relates to elimination of sales and purchase transactions between related companies in continuing and discontinued operations. The amount will remain in continuing operations profit after the disposal.

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

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

A12. OPERATING SEGMENTS

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

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

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

A12.1 Segment revenue

<i>In RM Mil</i>	30 June 2024	30 June 2023 Restated
Continuing operations		
Third-parties		
Upstream	24,768	19,514
Gas	51,542	50,999
Downstream	69,612	70,397
Corporate and Others	10,980	10,391
Total third-parties	156,902	151,301
Inter-segment		
Upstream	50,630	49,374
Gas	7,138	7,749
Downstream	1,832	3,736
Corporate and Others	3,639	3,503
Total inter-segment	63,239	64,362
Gross total revenue		
Upstream	75,398	68,888
Gas	58,680	58,748
Downstream	71,444	74,133
Corporate and Others	14,619	13,894
Gross total revenue from continuing operations	220,141	215,663
Gross total revenue from discontinued operations	14,826	17,732
Total revenue	234,967	233,395

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

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

A12. OPERATING SEGMENTS (continued)

A12.2 Segment PAT

<i>In RM Mil</i>	30 June 2024	30 June 2023 Restated
Continuing operations		
Upstream	21,416	18,946
Gas	8,556	16,214
Downstream	1,525	721
Corporate and Others	1,574	3,367
Total PAT for reportable segments	33,071	39,248
Elimination of inter-segment transactions	4	(265)
Consolidated PAT from continuing operations	33,075	38,983
Consolidated PAT from discontinued operations⁶	(693)	1,200
Total consolidated PAT	32,382	40,183

A13. REVENUE

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

<i>In RM Mil</i>	30 June 2024	30 June 2023 Restated
Continuing operations		
Revenue from contract customers		
Upstream	22,903	18,195
Gas	50,691	50,670
Downstream	68,771	69,892
Corporate and Others	3,478	3,617
Total revenue from contract customers	145,843	142,374
Other revenue		
Upstream	1,865	1,319
Gas ²²	851	329
Downstream ²²	841	505
Corporate and Others	7,502	6,774
Total other revenue	11,059	8,927
Total revenue		
Upstream	24,768	19,514
Gas	51,542	50,999
Downstream	69,612	70,397
Corporate and Others	10,980	10,391
Total revenue from continuing operations	156,902	151,301
Total revenue from discontinued operations	14,826	17,732
Total revenue	171,728	169,033

⁶Includes inter-company adjustments. Refer to Note A11 for the net effect to Statement of Profit or Loss from discontinued operations.

²²Inclusive of net trading gain/(losses).

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

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

A14. IDENTIFIED ITEMS

Identified items consist of net gain/loss on de-consolidation of subsidiaries upon disposal and net gain on disposal/partial disposal of property, plant and equipment as follows:

<i>In RM Mil</i>	30 June 2024	30 June 2023
Net loss/(gain) on de-consolidation of subsidiaries upon disposals	2,278	(445)
Net gain on disposals/partial disposals of property, plant and equipment	(18)	(1,389)
	2,260	(1,834)

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

PART B – OTHER EXPLANATORY NOTES

B1. COMMENTARY ON PROSPECTS

The prolonged geopolitical tensions and macroeconomic uncertainties remain the key drivers of heightened volatility that continue to negatively impact the global market. Amid the complexities of this challenging and dynamic landscape, PETRONAS remains agile in recognising opportunities for growth.

The Group is committed to preserving value through cost rationalisation and value-focused investments, both domestically and internationally. Notably, it remains progressive in monetising Upstream resources while advancing efforts in the renewable energy space.

As PETRONAS commemorates its 50th anniversary, the Group's priorities remain centered on ensuring energy security and fostering continued collaboration with stakeholders to safeguard the national's interests and support nation-building efforts.

B2. TAXATION

<i>In RM Mil</i>	30 June 2024	30 June 2023
Tax expense from continuing operations	15,746	11,189
Tax expense from discontinued operations	326	99
Total tax expenses	16,072	11,288
<i>Components of tax expenses include:</i>		
Current tax expenses		
Malaysia	13,261	11,051
Overseas	1,420	950
	14,681	12,001
Deferred tax expenses/(income)		
Origination and reversal of temporary differences	1,391	(713)
	16,072	11,288

The Group's effective tax rate for the current period to date was 33%, mainly due to tax adjustments relating to previous years. Excluding this impact, the effective tax rates for the current period to date was 31%, which are reflective of the various tax legislations within which the Group operates, including among others Petroleum (Income Tax) Act 1967 ("PITA"), Malaysia Income Tax Act 1967, Global Incentive for Trading ("GIFT") under Labuan Financial Services and Securities Act 2010, Labuan Business Activity Tax 1990 ("LBATA") and international tax legislations.

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B3. TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables as at 30 June 2024 are as follows:

<i>In RM Mil</i>	As at 30 June 2024	As at 31 December 2023
Trade receivables		
Third party	32,099	30,802
Amount due from associates and joint arrangements	14,479	12,150
Contract assets	10,180	9,166
Derivative financial assets	715	1,294
	<u>57,473</u>	<u>53,412</u>
Less: Impairment losses	(1,832)	(2,007)
	<u>55,641</u>	<u>51,405</u>
Other receivables	57,850	48,243
Less: Impairment losses	(3,138)	(3,114)
	<u>54,712</u>	<u>45,129</u>
Trade and other receivables	<u>110,353</u>	<u>96,534</u>

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

During the financial period, the Company has entered into an agreement with the shareholder of the Group's joint venture partner to assume the role of supplier jointly for feedstock supplied in prior year to a joint venture entity of the Group.

B4. BORROWINGS

The details of the Group borrowings as at 30 June 2024 are as follows:

<i>In RM Mil</i>	As at 30 June 2024	As at 31 December 2023
Non-Current		
Term loans	16,991	17,935
Lease liabilities	14,131	13,596
Notes and Bonds	64,410	64,539
Islamic financing facilities	2,000	2,684
Total non-current borrowings	<u>97,532</u>	<u>98,754</u>
Current		
Term loans	5,407	4,239
Lease liabilities	4,051	3,445
Notes and Bonds	2,058	—
Islamic financing facilities	2,296	3,025
Revolving credits	2,883	1,882
Bankers' acceptances	360	276
Bank overdrafts	1	—
Total current borrowings	<u>17,056</u>	<u>12,867</u>
Total borrowings	<u>114,588</u>	<u>111,621</u>

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B4. BORROWINGS (continued)

<i>In RM Mil</i>	As at 1 January 2024	Net changes from financing cash flows	Non-cash changes ²³	As at 30 June 2024
Term loans	22,174	(419)	643	22,398
Lease liabilities	17,041	(4,074)	5,215	18,182
Notes and Bonds	64,539	—	1,929	66,468
Islamic financing facilities	5,709	(1,427)	14	4,296
Revolving credits	1,882	1,027	(26)	2,883
Bankers' acceptances	276	82	2	360
Bank overdrafts	—	—	1	1
Total borrowings	111,621	(4,811)	7,778	114,588

<i>In RM Mil</i>	As at 30 June 2024		As at 31 December 2023	
	%	%	%	%
By Currency				
USD	95,080	83.0	90,468	81.0
RM	9,907	8.6	12,836	11.5
INR	4,553	4.0	3,289	2.9
EUR	2,111	1.8	2,256	2.0
CAD	1,764	1.6	1,564	1.4
AUD	962	0.8	980	0.9
CNY	210	0.2	185	0.2
Others	1	—	43	0.1
	114,588	100.0	111,621	100.0

By Repayment Schedule

< 1 year	17,056	14.9	12,867	11.5
1 to 5 years	36,177	31.6	35,986	32.2
5 to 10 years	23,541	20.5	24,390	21.9
> 10 years	37,814	33.0	38,378	34.4
	114,588	100.0	111,621	100.0

Term loans

Included in the Group's term loans is 50% share of a secured project financing of a joint operation entity amounting to USD358 million (2023: USD372 million), which is undertaken with a joint venture entity, under an integrated borrowing structure for contractual obligations for project completion and delivery and for the repayment of bridge loan facilities and other expenditures.

As per the integrated borrowing structure, PETRONAS had provided a project completion guarantee to the lenders, via a Debt Service Undertaking ("DSU") for a Guaranteed Project Completion Date ("Guarantee PCD") on 31 December 2023. The DSU further defines that the lenders have the right to request for full repayment of outstanding amount if the project completion delays beyond the Guaranteed PCD.

The Guaranteed PCD was extended from 31 December 2023 to 31 December 2025.

²³ Non-cash changes consist of foreign exchange translation and other amortisation

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B5. PROFIT FOR THE PERIOD

<i>In RM Mil</i>	30 June 2024	30 June 2023
Included in profit for the period are the following charges:		
Depreciation and amortisation	18,723	18,189
Loss on remeasurement of financial assets measured at amortised cost	736	—
Net impairment losses of:		
- intangible assets	21	106
- loan and advances to joint ventures	—	65
- property, plant and equipment	27	3,552
- trade and other receivables	—	7
- other investments	—	1
Net impairment/write-off of well costs	1,368	111
Net loss on derivatives	1,242	—
Net loss on disposals of:		
- other investments	59	—
- investments in subsidiaries	66	—
Net write-off of:		
- bad debts	172	15
- investment in a joint venture	24	—
- property, plant and equipment	14	6
Net loss on de-consolidation of subsidiaries upon disposals	2,278	—

INTERIM REPORT

FOR HALF YEAR ENDED 30 JUNE 2024

PART B – OTHER EXPLANATORY NOTES (continued)

B5. PROFIT FOR THE PERIOD (continued)

<i>In RM Mil</i>	30 June 2024	30 June 2023
and credits:		
Bad debts recovered	23	2
Dividend income	55	37
Interest income	6,403	5,461
Net change in contract liabilities	54	154
Net impairment reversals of:		
- loan and advances to joint ventures	139	—
- trade and other receivables	157	—
- other investments	2	—
Net write-back of inventories to net realisable value/inventories written off	103	119
Net gain on:		
- derivatives	—	250
- foreign exchange	244	1,751
Net gain on disposals/partial disposals of:		
- investments in a subsidiary	—	24
- property, plant and equipment	18	1,389
Net gain on de-consolidation of subsidiaries upon disposals	—	445

By order of the Board

Azizi Md Ali (LS0008803)
 Company Secretary
 Kuala Lumpur
 29 August 2024