



PETRONAS

PETRONAS GAS BERHAD

Quarterly Report

For the Fourth Quarter and Year Ended 31 December 2021

QUARTERLY REPORT

FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

Key Financial Highlights (in RM'000)	Year ended		Variance %
	2021	31 December 2020	
Revenue	5,648,602	5,592,117	+1.0
Gross profit	2,719,746	2,656,428	+2.4
Profit before taxation (PBT)	2,641,672	2,610,201	+1.2
Profit for the year	2,111,404	2,082,281	+1.4
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	3,558,270	3,566,162	-0.2
Earnings per share (EPS) (sen)	100.52	101.56	-1.0
Declared dividends per share (sen)	82.00	127.00	-35.4

- **PETRONAS Gas Berhad Group** recorded very strong financial performance for the full year 2021 underpinned by sustained revenue streams and lower costs.
- **Group revenue stood at RM5,648.6 million, an increase by 1.0% or RM56.5 million** mainly contributed by higher revenue from Utilities driven by higher contribution from steam sales to new customers and from Regasification as a result of new revenue stream from LNG ancillary services.
- **Gross profit rose by 2.4% or RM63.3 million** with Regasification and Utilities segments recording lower operating costs and improved contribution on stronger margins respectively.
- **PBT at RM2,641.7 million grew by 1.2% or RM31.5 million** mainly driven by higher gross profit, partially offset by impact of unfavourable foreign exchange movement.
- **Profit for the year increased by 1.4% or RM29.1 million at RM2,111.4 million** in line with higher PBT.
- **EBITDA was comparable at RM3,558.3 million, while EPS declined marginally by 1.0%**, reflecting lower profit attributable to shareholders of the Company.
- **The Board of Directors has approved a fourth interim dividend** of 22 sen per ordinary share amounting to RM435.3 million and **a special interim dividend** of 10 sen per ordinary share amounting to RM197.9 million, in respect of the financial year ended 31 December 2021.

QUARTERLY REPORT

FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

The Board of Directors of PETRONAS Gas Berhad (PGB or the Company) is pleased to announce the following unaudited condensed consolidated financial statements of PGB Group of Companies (PGB Group or the Group) for the fourth quarter and year ended 31 December 2021 that should be read in conjunction with the accompanying explanatory notes on pages 5 to 23.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM'000</i>	Note	As at 31 December 2021	As at 31 December 2020
ASSETS			
Property, plant and equipment		13,272,393	13,216,195
Investment in joint ventures		705,018	631,248
Investment in associate		151,780	142,482
Long term receivables		171,381	208,453
Deferred tax assets		167,525	217,915
TOTAL NON-CURRENT ASSETS		14,468,097	14,416,293
Trade and other inventories		45,951	44,940
Trade and other receivables	25	889,598	744,484
Cash and cash equivalents		3,782,457	3,138,898
TOTAL CURRENT ASSETS		4,718,006	3,928,322
TOTAL ASSETS		19,186,103	18,344,615
EQUITY			
Share capital		3,165,204	3,165,204
Reserves		9,933,360	9,469,553
Total equity attributable to the shareholders of the Company		13,098,564	12,634,757
Non-controlling interests		240,946	333,777
TOTAL EQUITY		13,339,510	12,968,534
LIABILITIES			
Borrowings	27	3,278,907	3,134,260
Deferred tax liabilities		1,240,275	1,240,578
Provisions		30,550	-
Deferred income		1,181	2,127
TOTAL NON-CURRENT LIABILITIES		4,550,913	4,376,965
Trade and other payables		1,069,012	839,135
Borrowings	27	168,209	145,161
Tax payable		58,459	14,820
TOTAL CURRENT LIABILITIES		1,295,680	999,116
TOTAL LIABILITIES		5,846,593	5,376,081
TOTAL EQUITY AND LIABILITIES		19,186,103	18,344,615
Net assets per share attributable to the shareholders of the Company (RM)		6.6197	6.3853

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 THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

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

		Individual quarter ended		Year ended	
	Note	2021	31 December 2020	2021	31 December 2020
<i>In RM'000</i>					
Revenue		1,496,881	1,388,740	5,648,602	5,592,117
Cost of revenue		(881,909)	(752,427)	(2,928,856)	(2,935,689)
Gross profit		614,972	636,313	2,719,746	2,656,428
Administration expenses		(41,675)	(41,199)	(131,951)	(125,361)
Other expenses		(10,327)	(23,244)	(43,709)	(22,281)
Other income		60,012	97,520	115,436	161,408
Operating profit	32	622,982	669,390	2,659,522	2,670,194
Financing costs		(46,176)	(56,507)	(174,982)	(219,781)
Share of profit after tax of equity- accounted joint ventures and associate		47,430	28,329	157,132	159,788
Profit before taxation		624,236	641,212	2,641,672	2,610,201
Tax expense	21	(135,746)	(120,181)	(530,268)	(527,920)
PROFIT FOR THE PERIOD/YEAR		488,490	521,031	2,111,404	2,082,281
Other comprehensive income/(expenses)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net movement from exchange differences		(11,908)	(6,304)	7,526	(5,184)
Cash flow hedge		-	12,396	-	(1,980)
Share of cash flow hedge of an equity-accounted joint venture		(8,089)	(4,422)	(9,035)	(1,100)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		468,493	522,701	2,109,895	2,074,017
Profit attributable to:					
Shareholders of the Company		452,631	503,352	1,988,940	2,009,585
Non-controlling interests		35,859	17,679	122,464	72,696
PROFIT FOR THE PERIOD/YEAR		488,490	521,031	2,111,404	2,082,281
Total comprehensive income attributable to:					
Shareholders of the Company		432,634	505,022	1,987,431	2,001,321
Non-controlling interests		35,859	17,679	122,464	72,696
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		468,493	522,701	2,109,895	2,074,017
Basic and diluted earnings per ordinary share (sen)		22.87	25.44	100.52	101.56

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 THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Company

Non-distributable Distributable

In RM'000	Share capital	Hedging reserve	Foreign currency translation reserve	Other reserves	Retained profits	Total	Non-controlling interests	Total
Year ended 31 December 2021								
Balance at 1 January 2021	3,165,204	34,706	9,948	520,801	8,904,098	12,634,757	333,777	12,968,534
Net movement from								
exchange differences	-	-	7,526	-	-	7,526	-	7,526
Share of cash flow hedge of an equity-accounted joint venture	-	(9,035)	-	-	-	(9,035)	-	(9,035)
Profit for the year	-	-	-	-	1,988,940	1,988,940	122,464	2,111,404
Total comprehensive (expense) /income for the year	-	(9,035)	7,526	-	1,988,940	1,987,431	122,464	2,109,895
Redemption of redeemable preference share in subsidiary	-	-	-	-	-	-	(102,970)	(102,970)
Interim dividend declared and paid in respect of previous year	-	-	-	-	(534,258)	(534,258)	-	(534,258)
Interim dividend declared and paid in respect of current year	-	-	-	-	(989,366)	(989,366)	(112,325)	(1,101,691)
Total transactions with shareholders of the Company	-	-	-	-	(1,523,624)	(1,523,624)	(215,295)	(1,738,919)
Balance at 31 December 2021	3,165,204	25,671	17,474	520,801	9,369,414	13,098,564	240,946	13,339,510
Year ended 31 December 2020								
Balance at 1 January 2020	3,165,204	37,786	15,132	411,201	9,616,039	13,245,362	319,813	13,565,175
Net movement from								
exchange differences	-	-	(5,184)	-	-	(5,184)	-	(5,184)
Cash flow hedge	-	(1,980)	-	-	-	(1,980)	-	(1,980)
Share of cash flow hedge of an equity-accounted joint venture	-	(1,100)	-	-	-	(1,100)	-	(1,100)
Profit for the year	-	-	-	-	2,009,585	2,009,585	72,696	2,082,281
Total comprehensive (expense) /income for the year	-	(3,080)	(5,184)	-	2,009,585	2,001,321	72,696	2,074,017
Redemption of redeemable preference share in subsidiary	-	-	-	109,600	(109,600)	-	-	-
Interim dividend declared and paid in respect of previous year	-	-	-	-	(633,194)	(633,194)	-	(633,194)
Interim dividend declared and paid in respect of current year	-	-	-	-	(1,978,732)	(1,978,732)	(58,732)	(2,037,464)
Total transactions with shareholders of the Company	-	-	-	109,600	(2,721,526)	(2,611,926)	(58,732)	(2,670,658)
Balance at 31 December 2020	3,165,204	34,706	9,948	520,801	8,904,098	12,634,757	333,777	12,968,534

QUARTERLY REPORT

FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2021	Year ended 31 December 2020
<i>In RM'000</i>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,641,672	2,610,201
<i>Adjustments for:</i>			
Depreciation and amortisation	32	983,005	1,016,887
Share of profit after tax of equity-accounted joint ventures and associate		(157,132)	(159,788)
Unrealised loss/(gain) on foreign exchange	32	38,355	(23,838)
Interest income	32	(84,257)	(120,919)
Financing costs		174,982	219,781
Other non-cash items		2,764	15,371
Operating profit before changes in working capital		3,599,389	3,557,695
Change in trade and other receivables		(137,108)	262,773
Change in trade and other inventories		(5,143)	19,185
Change in trade and other payables		115,276	(78,300)
Cash generated from operations		3,572,414	3,761,353
Interest income		84,257	120,919
Taxation paid		(436,542)	(390,376)
Net cash generated from operating activities		3,220,129	3,491,896
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend received from joint ventures and associate		76,642	64,906
Repayment of term loan due from a joint venture		38,139	-
Proceeds from disposal of property, plant and equipment		3,276	8,619
Purchase of property, plant and equipment		(1,031,708)	(964,269)
Net cash used in investing activities		(913,651)	(890,744)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid to shareholders of the Company	9	(1,523,624)	(2,611,926)
Dividends paid to non-controlling interest		(112,325)	(58,732)
Drawdown of Islamic financing facility	27	409,100	1,700,000
Payment of lease liabilities	27	(57,484)	(57,487)
Repayment of Islamic financing facility	27	(90,000)	-
Repayment of term loan		-	(1,800,333)
Repayment of loan from corporate shareholder of a subsidiary		-	(439,795)
Interest expense paid		(185,616)	(215,677)
Payment to non-controlling interest on redemption of shares		(102,970)	-
Net cash used in financing activities		(1,662,919)	(3,483,950)
Net increase/(decrease) in cash and cash equivalents		643,559	(882,798)
Cash and cash equivalents at beginning of the year		3,138,898	4,021,696
Cash and cash equivalents at end of the year		3,782,457	3,138,898

Included in the Group's cash and cash equivalents is RM23,457,000 (2020: RM24,351,000) in a finance service reserve account being designated as security and a fixed balance amounting to RM30,000 in a trustee reimbursable account in relation to a subsidiary's Islamic financing facility.

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

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FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The condensed consolidated financial statements are unaudited and have been prepared in accordance with the requirements of IAS 34, *Interim Financial Reporting*, MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

They should also be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2020. The explanatory notes attached to the 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 2020.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries and the Group's interest in an associate and its joint ventures as at and for the year ended 31 December 2021.

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 the year ended 31 December 2021 under the Malaysian Financial Reporting Standards (MFRS) framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the year ended 31 December 2020 except as described 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 2021

Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosures* and MFRS 16 *Leases (Interest Rate Benchmark Reform – Phase 2)*

Effective for annual periods beginning on or after 1 April 2021

Amendment to MFRS 16 *Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)*

The initial application and adoption of the above-mentioned pronouncements do 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 2020 were not subject to any audit qualification.

4. SEASONAL OR CYCLICAL FACTORS

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

5. EXCEPTIONAL ITEMS

There were no exceptional items during the quarter under review.

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FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

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 2020 that may have a material effect on the results of the quarter under review.

7. PROPERTY, PLANT AND EQUIPMENT

Freehold land and projects-in-progress are stated at cost less accumulated impairment losses and are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

8. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the year ended 31 December 2021, other than as disclosed in Note 27.

9. DIVIDENDS

The following dividends were declared and paid by the Company:

<i>In RM'000</i>	Year ended 31 December	
	2021	2020
Ordinary		
Interim paid:		
2019 - Fourth interim dividend of 22 sen per ordinary share	-	435,321
2019 - Special interim dividend of 10 sen per ordinary share	-	197,873
2020 - First interim dividend of 16 sen per ordinary share	-	316,597
2020 - Second interim dividend of 16 sen per ordinary share	-	316,597
2020 - Special interim dividend of 50 sen per ordinary share	-	989,366
2020 - Third interim dividend of 18 sen per ordinary share	-	356,172
2020 - Fourth interim dividend of 22 sen per ordinary share	435,321	-
2020 - Special interim dividend of 5 sen per ordinary share	98,937	-
2021 - First interim dividend of 16 sen per ordinary share	316,597	-
2021 - Second interim dividend of 16 sen per ordinary share	316,597	-
2021 - Third interim dividend of 18 sen per ordinary share	356,172	-
	1,523,624	2,611,926

On 22 February 2022, the Directors of the Company approved a fourth interim dividend of 22 sen per ordinary share amounting to RM435.3 million and a special interim dividend of 10 sen per ordinary share amounting to RM197.9 million, in respect of the financial year ended 31 December 2021.

The dividends are payable on 22 March 2022 to depositors registered in the Records of Depositors at the close of business on 10 March 2022.

A Depositor shall qualify for entitlement to the dividends only in respect of:

- Shares transferred into the Depositor's Securities Account before 4.30 pm on 10 March 2022 in respect of ordinary transfers.
- Shares brought on the Bursa Malaysia Securities Berhad on a cum entitlement basis accordingly to the rules of the Bursa Malaysia Securities Berhad.

The financial statements for the current quarter do not reflect these approved interim dividends. The dividends will be accounted for in equity as an appropriation of retained profits in the financial statements for the financial year ending 31 December 2022.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group during the quarter under review.

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FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

11. FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short nature of these financial instruments.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The fair value hierarchy in the valuation technique are as follows:

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

The Group recognises transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and 3 of the fair value valuation hierarchy during the financial period.

<i>In RM'000</i>	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amounts
31 December 2021				
Financial assets				
<i>Current</i>				
Derivative assets	1,104	-	1,104	1,104
	1,104	-	1,104	1,104
<i>Non-Current</i>				
Long term receivables	-	171,696	171,696	171,696
Total financial assets	1,104	171,696	172,800	172,800
Financial liabilities				
<i>Current</i>				
Secured Islamic financing facility	-	(110,000)	(110,000)	(110,000)
Derivative liabilities	(761)	-	(761)	(761)
	(761)	(110,000)	(110,761)	(110,761)
<i>Non-Current</i>				
Secured Islamic financing facility	-	(1,500,000)	(1,500,000)	(1,500,000)
Unsecured Islamic financing facility	-	(405,940)	(405,940)	(405,940)
	-	(1,905,940)	(1,905,940)	(1,905,940)
Total financial liabilities	(761)	(2,015,940)	(2,016,701)	(2,016,701)

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FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**11. FAIR VALUE INFORMATION (continued)**

<i>In RM'000</i>	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amounts
31 December 2020				
Financial assets				
<i>Current</i>				
Derivative assets	15	-	15	15
<i>Non-Current</i>				
Long term receivables	-	208,856	208,856	208,856
Total financial assets	15	208,856	208,871	208,871
Financial liabilities				
<i>Current</i>				
Secured Islamic financing facility	-	(90,000)	(90,000)	(90,000)
Derivative liabilities	(161)	-	(161)	(161)
	(161)	(90,000)	(90,161)	(90,161)
<i>Non-Current</i>				
Secured Islamic financing facility	-	(1,610,000)	(1,610,000)	(1,610,000)
Total financial liabilities	(161)	(1,700,000)	(1,700,161)	(1,700,161)

The calculation of fair value for derivative and non-derivative assets and liabilities within financial instruments depends on the type of instruments as follows:

- Fair value of non-derivative financial instruments, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.
- Fair value of derivative financial instruments comprising forward exchange contracts are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

12. SEGMENTAL INFORMATION

The Group has four reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because it requires different technology and marketing strategies. The following summary describes the operations in each of the Group's reporting segments:

- Gas Processing – activities include processing of natural gas from gas fields offshore the East Coast of Peninsular Malaysia into salesgas and other by-products such as ethane, propane and butane.
- Gas Transportation – activities include transportation of processed gas to gas shippers' end customers throughout Peninsular Malaysia and export to Singapore and provision of operations and maintenance services.
- Regasification – activities include regasification of liquefied natural gas (LNG) into the Peninsular Gas Utilisation pipeline network and provision of ancillary services comprising LNG reloading, truck loading and gassing up and cooling down services.
- Utilities – activities include manufacturing, marketing and supplying of industrial utilities to the petrochemical complexes in the Kertih and Gebeng Industrial Area, and provision of operations and maintenance services.

Performance is measured based on segment gross profit, as included in the performance reports to the Board of Directors as the Company believes that such information is the most relevant in evaluating the results of the segments.

The segmental information in respect of the associate and joint ventures are not presented, as the contribution of the associate and joint ventures and the carrying amount of investment in the associate and joint ventures have been reflected in the statement of profit or loss and other comprehensive income and statement of financial position of the Group respectively.

Business Segment	Year ended				Total
	Gas Processing	Gas Transportation	Regasification	Utilities	
Revenue	1,719,813	1,169,914	1,413,473	1,345,402	5,648,602
Segment results	936,438	698,623	810,977	273,708	2,719,746
Unallocated expense					(60,224)
Operating profit					2,659,522
Financing costs					(174,982)
Share of profit after tax of equity-accounted associate and joint ventures					157,132
Profit before taxation					2,641,672

Business Segment	Year ended				Total
	Gas Processing	Gas Transportation	Regasification	Utilities	
Revenue	1,710,677	1,172,888	1,400,002	1,308,550	5,592,117
Segment results	944,616	794,852	713,113	203,847	2,656,428
Unallocated income					13,766
Operating profit					2,670,194
Financing costs					(219,781)
Share of profit after tax of equity-accounted associate and joint ventures					159,788
Profit before taxation					2,610,201

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FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

12. SEGMENTAL INFORMATION (continued)

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated income or expenses mainly comprise foreign exchange gain or loss as well as other corporate income and expenses.

The Group's revenue from contracts with customers which also represents reportable segment revenue are further disaggregated as follows:

<i>In RM'000</i>	Year ended 31 December	
	2021	2020
Geographical Locations		
Peninsular Malaysia	5,640,977	5,581,068
Sabah and Sarawak	7,625	11,049
Total	5,648,602	5,592,117
Products and Services		
Gas processing services	1,719,813	1,710,677
Gas transportation services	1,165,712	1,165,728
Regasification services	1,391,139	1,396,570
Utilities		
- Electricity	542,298	547,498
- Steam	465,093	433,006
- Industrial gases	273,667	265,462
- Others ¹	63,017	61,334
LNG ancillary services	22,334	3,432
Operations and maintenance services	5,529	8,410
Total	5,648,602	5,592,117

¹ Others relates to sale of water and other utilities products.

13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the year.

14. CONTINGENCIES

There were no material contingent liabilities and contingent assets subsequent to the audited financial statements for the year ended 31 December 2020.

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FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

15. CAPITAL COMMITMENTS

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

<i>In RM'000</i>	As at 31 December 2021	As at 31 December 2020
Property, plant and equipment		
Approved and contracted for	229,638	453,686
Approved but not contracted for	5,561,725	3,979,712
	<u>5,791,363</u>	<u>4,433,398</u>
Share of capital expenditure of joint ventures		
Approved and contracted for	588	795
Approved but not contracted for	12,032	9,648
	<u>12,620</u>	<u>10,443</u>
	<u>5,803,983</u>	<u>4,443,841</u>

16. RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2020.

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FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

17. REVIEW OF GROUP PERFORMANCE

(a) Performance of current quarter against the corresponding quarter

In RM'000	Individual quarter ended 31 December		Variance %
	2021	2020	
Revenue	1,496,881	1,388,740	+7.8
Gross profit	614,972	636,313	-3.4
Profit before taxation (PBT)	624,236	641,212	-2.6
Profit for the quarter	488,490	521,031	-6.2
EBITDA*	815,970	886,559	-8.0

* EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group maintained its world-class reliability performance across all its plants and facilities during the quarter under review.

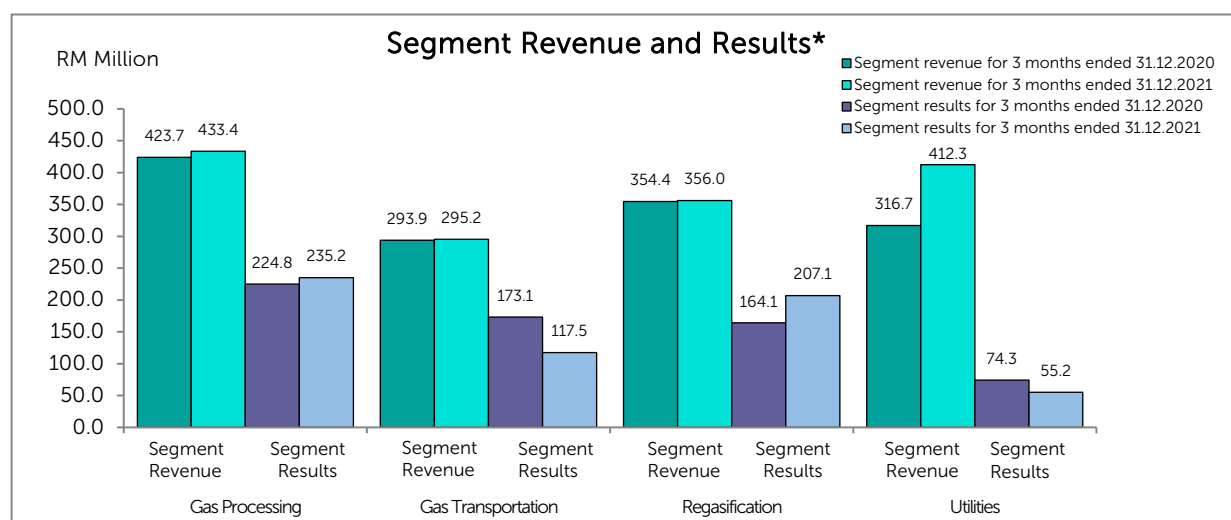
Group revenue increased by 7.8% or RM108.2 million to RM1,496.9 million mainly contributed by higher revenue from Utilities segment due to higher product prices in line with higher fuel gas price coupled with higher electricity sales volumes following commencement of electricity supply under the New Electricity Despatch Arrangement (NEDA) from August 2021 onwards.

Gross profit was nonetheless lower by 3.4% or RM21.3 million due to higher operating costs by Gas Transportation and Utilities segments, relating to internal gas consumption and fuel gas costs respectively. These were offset with higher contribution from Regasification segment due to lower operating costs, mainly utilities.

PBT declined by 2.6% or RM17.0 million as lower gross profit coupled with impact of unfavourable foreign exchange movement were negated by higher share of profit from joint ventures and lower finance costs.

Profit for the quarter decreased by 6.2% or RM32.5 million with lower PBT as well as higher deferred tax expense to account for the one-off impact of Cukai Makmur in 2022.

The following section provides further analysis of the Group performance by operating segments.



*Note: Segment Results refers to Gross Profit

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17. REVIEW OF GROUP PERFORMANCE (continued)

(a) Performance of current quarter against the corresponding quarter (continued)

Gas Processing

The Group's Gas Processing plants maintained its world class operational performance, recording close to 100% reliability.

Segment revenue increased by 2.3% or RM9.7 million against corresponding quarter following higher internal gas consumption incentive achieved.

Segment results correspondingly increased by 4.6% or RM10.4 million in tandem with higher revenue.

Gas Transportation

The Group's pipeline network continued to register close to 100% reliability, comparable to the corresponding quarter.

Segment revenue was comparable at RM295.2 million while segment results decreased by 32.1% or RM55.6 million due to higher operating costs, mainly internal gas consumption cost which is a pass-through cost under Incentive-Based Regulation tariff.

Regasification

The Group's LNG regasification terminals in Sg. Udang, Melaka (RGTSU) and Pengerang, Johor (RGTP) sustained their strong reliability performance at 100% during the quarter.

Segment revenue increased by 0.5% or RM1.6 million with the introduction of new revenue streams from LNG reloading at RGTSU and truck loading at RGTP.

Segment results rose by 26.2% or RM43.0 million as a result of lower operating costs, largely attributable to utilities cost following lower Take-or-Pay charges under RGTP electricity supply contract.

Utilities

The Group's Utilities plants achieved 100% Product Delivery Reliability for steam, electricity, and industrial gases during the quarter under review.

Segment revenue increased by 30.2% or RM95.6 million, mainly attributable to higher product prices coupled with higher contribution from electricity sales following commencement of electricity supply to the grid under the New Electricity Despatch Arrangement (NEDA) from August 2021 onwards.

Product prices were higher in line with fuel gas price movement, which is based on reference market price. Except for electricity, Utilities product pricing allows for costs to be passed through.

Conversely, segment results declined by 25.7% or RM19.1 million attributable to lower margins as a result of higher fuel gas costs.

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17. REVIEW OF GROUP PERFORMANCE (continued)

(b) Performance of current year to date against the corresponding year to date

In RM'000	Year ended 31 December		Variance %
	2021	2020	
Revenue	5,648,602	5,592,117	+1.0
Gross profit	2,719,746	2,656,428	+2.4
Profit before taxation (PBT)	2,641,672	2,610,201	+1.2
Profit for the year	2,111,404	2,082,281	+1.4
EBITDA*	3,558,270	3,566,162	-0.2

* EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group maintained its world-class reliability performance across all its plants and facilities during the year.

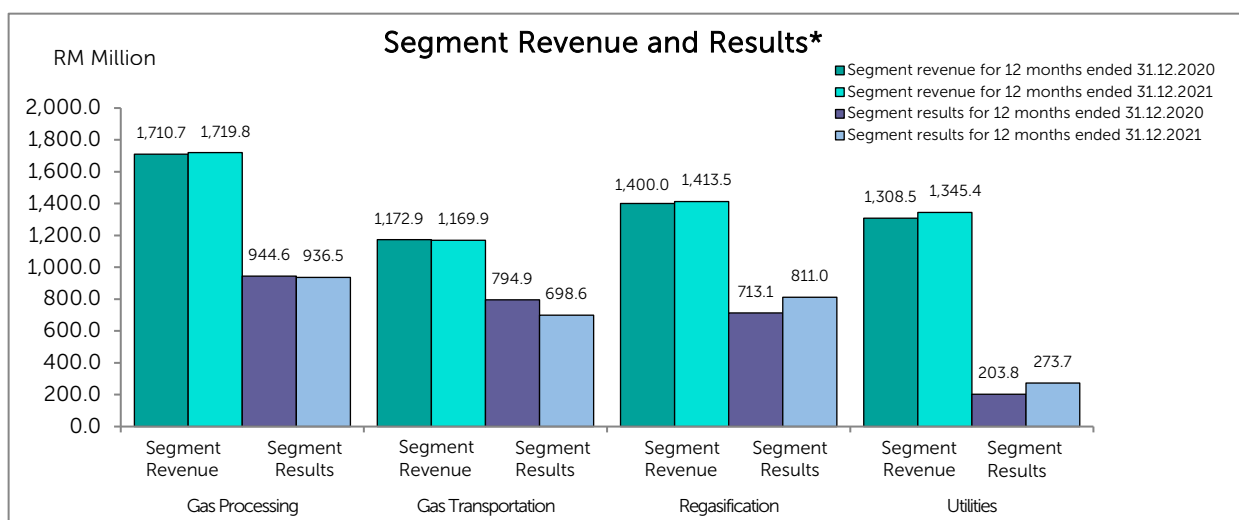
Group revenue stood at RM5,648.6 million, an increase by 1.0% or RM56.5 million mainly contributed by higher revenue from Utilities driven by higher contribution from steam sales to new customers and from Regasification as a result of new revenue stream from LNG ancillary services.

Gross profit rose by 2.4% or RM63.3 million with Regasification and Utilities segments recording lower operating costs and improved contribution on stronger margins respectively.

PBT at RM2,641.7 million increased by 1.2% or RM31.5 million mainly driven by higher gross profit, partially offset by impact of unfavourable foreign exchange movement.

Correspondingly, profit for the year increased by 1.4% or RM29.1 million.

The following section provides further analysis of the Group performance by operating segments.



*Note: Segment Results refers to Gross Profit

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17. REVIEW OF GROUP PERFORMANCE (continued)

(b) Performance of current year to date against the corresponding year to date (continued)

Gas Processing

The Group's Gas Processing plants maintained its world class operational performance, recording close to 100% reliability.

Segment revenue was comparable at RM1,719.8 million while segment results declined slightly by 0.9% or RM8.1 million due to higher operating costs, mainly utilities expense.

Gas Transportation

The Group's pipeline network continued to achieve close to 100% reliability, comparable to the corresponding year.

Segment revenue was comparable, lower by only 0.3% or RM3.0 million due to lower number of operating days compared to corresponding year coupled with lower operations and maintenance services (O&M) revenue.

Segment results decreased by 12.1% or RM96.3 million due to higher operating costs, mainly relating to internal gas consumption cost which is a pass-through cost under Incentive-Based Regulation tariff, and maintenance costs in line with higher level of planned activities.

Regasification

The Group's LNG regasification terminals in Sg. Udang, Melaka (RGTSU) and Pengerang, Johor (RGTP) sustained their strong reliability performance at close to 100% during the year.

Segment revenue registered slight growth of 1.0% or RM13.5 million with the introduction of new revenue streams from LNG reloading at RGTSU and truck loading at RGTP during the year.

Segment results rose by 13.7% or RM97.9 million driven by lower operating costs, largely attributable to lower utilities expense following lower Take-or-Pay charges under RGTP electricity supply contract.

Utilities

The Group's Utilities plants achieved 100% Product Delivery Reliability for steam, electricity, and industrial gases during the year.

Segment revenue grew by 2.8% or RM36.9 million on the back of higher sales volumes from new customers amidst lower product prices.

Product prices were lower in line with fuel gas price movement, which is based on reference market price compared to regulated price in the corresponding year. With the exception of electricity, Utilities product pricing allows for costs to be passed through.

Segment results surged by 34.3% or RM69.9 million driven by lower depreciation expense attributable to depreciated assets which are still in use coupled with higher product margins.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

18. COMPARISON AGAINST IMMEDIATE PRECEDING QUARTER RESULTS

<i>In RM'000</i>	Individual quarter ended		Variance %
	31 December 2021	30 September 2021	
Revenue	1,496,881	1,427,793	+4.8
Gross profit	614,972	792,649	-22.4
Profit before taxation (PBT)	624,236	770,065	-18.9
Profit for the quarter	488,490	619,012	-21.1
EBITDA*	815,970	1,011,732	-19.3

* EBITDA refers to earnings before interest, taxation, depreciation, and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group sustained its strong performance across all of its plant and facilities during the quarter under review.

Group revenue was higher by 4.8% or RM69.1 million against the preceding quarter attributable to higher revenue from Utilities segment as a result of higher product prices coupled with higher sales volumes to customers. The higher sales volume was achieved on the back of higher customer demand coupled by commencement of electricity supply under the New Electricity Despatch Arrangement (NEDA) from August onwards.

Gross profit was nonetheless lower by 22.4% or RM177.7 million driven by higher operating costs, largely attributable to higher internal gas consumption cost mainly for the Gas Transportation and Regasification segments.

PBT and profit for the quarter were lower by 18.9% or RM145.8 million and 21.1% or RM130.5 million respectively in tandem with lower gross profit, partially offset by impact of favourable foreign exchange movement.

19. REVIEW OF GROUP FINANCIAL POSITION

<i>In RM'000</i>	As at 31 December 2021	As at 31 December 2020	Variance %
	Total assets	19,186,103	
Total equity attributable to the shareholders of the Company	13,098,564	12,634,757	+3.7
Total liabilities	5,846,593	5,376,081	+8.8
Return on equity (%)	15.2	15.9	-0.7

The Group's total assets at RM19.2 billion was higher by 4.6% or RM841.5 million following higher cash and cash equivalents, and trade and other receivables.

Total equity attributable to shareholders of the Company was higher by 3.7% or RM463.8 million at RM13.1 billion attributable to profit for the year partially offset by dividends paid.

Total liabilities increased by 8.8% or RM470.5 million following drawdown from the new Islamic financing facility obtained as well as higher tax payable, trade and other payables and provision for decommissioning of property, plant and equipment during the year.

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20. REVIEW OF GROUP CASH FLOWS

<i>In RM'000</i>	Year ended 31 December		Variance %
	2021	2020	
Net cash generated from operating activities	3,220,129	3,491,896	-7.8
Net cash used in investing activities	(913,651)	(890,744)	+2.6
Net cash used in financing activities	(1,662,919)	(3,483,950)	-52.3
Net increase in cash and cash equivalents	643,559	(882,798)	+172.9

Net cash generated from operating activities was lower by 7.8% or RM271.8 million due to higher trade and other receivables outstanding balances.

Net cash used in investing activities increased by 2.6% or RM22.9 million due to higher spending on capital expenditure offset by scheduled repayment of shareholder loan received from a joint venture company.

Net cash used in financing activities declined by 52.3% or RM1,821.0 million as the corresponding year included full settlement of term loan and loan from corporate shareholder of a subsidiary. Additionally, during the year there was lower dividends paid to shareholders of the Company, offset by drawdown from the Company's new Islamic financing facility.

21. TAX EXPENSE

Tax expense comprises the following:

<i>In RM'000</i>	Individual quarter ended 31 December		Year ended 31 December	
	2021	2020	2021	2020
Current tax expenses				
Malaysia				
- current period	93,394	94,555	472,516	454,895
- under provision in prior years	7,665	10,030	7,665	10,030
	101,059	104,585	480,181	464,925
Deferred tax expenses				
- origination and reversal of temporary differences	51,218	18,979	66,618	66,378
- over provision in prior years	(16,531)	(3,383)	(16,531)	(3,383)
	34,687	15,596	50,087	62,995
Total tax expenses	135,746	120,181	530,268	527,920

The effective tax rates for the quarter and year ended 31 December 2021 were lower than the statutory tax rate of 24% mainly due to tax incentives granted for LNG regasification terminal in Pengerang, Johor.

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22. COMMENTARY ON PROSPECTS

PGB Group's performance in 2022 is expected to remain resilient despite the ongoing pandemic as the Group's business model and long-term contracts ensures steady revenue streams, particularly for Gas Processing, Gas Transportation and Regasification business segments.

The Group's Gas Transportation and Regasification business segments are anticipated to continue contributing positively to the Group's earnings under Regulatory Period 1 (RP1) tariffs which is effective until 31 December 2022.

The Group's Gas Processing segment is expected to remain stable on the back of its strong and sustainable income stream under the 2nd Term of the 20-year Gas Processing Agreement effective from 2019 until 2023.

The Group's Utilities segment contribution will be driven by customer demand, underpinned by economic conditions. The Group is in the midst of finalising the renewal of several long-term contracts for the Utilities segment, to be concluded this year.

23. PROFIT FORECAST

There was no profit forecast published by the Group as at the date of this report.

24. STATUS OF CORPORATE PROPOSAL ANNOUNCED BUT NOT COMPLETED

There was no corporate proposal announced but not completed as at the date of this report.

25. TRADE AND OTHER RECEIVABLES

<i>In RM'000</i>	As at 31 December 2021	As at 31 December 2020
Trade receivables		
- Third party	31,728	11,257
- Related companies	714,336	611,382
- Joint ventures	400	914
- Related parties	27,707	15,428
	774,171	638,981
Other receivables	115,557	105,564
Less: Impairment loss	(130)	(61)
Trade and other receivables	889,598	744,484

Average credit term for trade receivables granted to related parties and third parties is 30 days.

The ageing of trade receivables as at reporting date are as follows:

<i>In RM'000</i>	As at 31 December 2021	As at 31 December 2020
Current	771,602	638,981
Past due 1 to 30 days	2,569	-
Past due 31 to 60 days	-	-
Past due 61 to 90 days	-	-
Past due more than 90 days	-	-
Trade receivables	774,171	638,981

With respect to the Group's trade receivables, there are no indications as at reporting date that the debtors will not meet their payment obligations.

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25. TRADE AND OTHER RECEIVABLES (continued)

Significant related party trade receivables

Related parties	Nature of transactions
a. Holding company Petroliam Nasional Berhad	Provision of gas processing services.
b. Related companies PETRONAS Energy & Trading Sdn Bhd PETRONAS Chemical Derivatives Sdn Bhd	Provision of gas transportation services and LNG regasification services. Sales of industrial utilities.

26. FOREIGN EXCHANGE EXPOSURE / HEDGING POLICY

The Group operates predominantly in Malaysia and transacts mainly in Ringgit Malaysia. Nevertheless, the Group is exposed to varying levels of foreign exchange risk when it enters into transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets and liabilities are translated at the reporting date. As at 31 December 2021, the Group foreign currency liabilities largely relate to USD lease liabilities for floating storage units at its LNG Regasification Terminal, Sg. Udang amounting to USD215.5 million (31 December 2020: USD227.1 million) and for jetty usage at its LNG Regasification Terminal, Pengerang amounting to USD123.8 million (31 December 2020: USD161.7 million).

The Group's foreign currency management policy is to minimise economic and significant transactional exposure arising from currency movements. Residual net positions are actively managed and monitored against prescribed policies and control procedures. When deemed necessary and appropriate, the Group will enter derivative financial instruments to hedge and minimise their exposure to the foreign currency movements.

27. BORROWINGS

Particulars of Group's borrowings are as follows:

<i>In RM'000</i>	As at 31 December 2021	As at 31 December 2020
Non-Current		
Secured		
Islamic financing facility	1,500,000	1,610,000
Lease liabilities	1,372,967	1,524,260
Unsecured		
Islamic financing facility	405,940	-
	3,278,907	3,134,260
Current		
Secured		
Islamic financing facility	110,000	90,000
Lease liabilities	58,209	55,161
	168,209	145,161
	3,447,116	3,279,421
<i>In RM'000</i>		
By Currency		
RM	2,030,686	1,712,966
USD	1,416,430	1,566,455
Closing exchange rate (RM/USD)	4.1740	4.0285

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27. BORROWINGS (continued)

In RM'000	Total	Less than 1 year	Between 1-5 years	More than 5 years
Secured				
Islamic financing facility	1,610,000	110,000	435,000	1,065,000
Lease liabilities	1,431,176	58,209	316,213	1,056,754
Unsecured				
Islamic financing facility	405,940	-	405,940	-
	3,447,116	168,209	1,157,153	2,121,754

¹ The secured Islamic financing facility (Islamic Murabahah Medium Term Notes) bears profit rates ranging from 2.03% to 3.74% per annum and is repayable at various due dates annually from 2022 to 2040.

² The lease liabilities bear interest at rates between 8.1% to 9.1% (2020: between 7.2% to 9.1%) per annum.

³ The unsecured Islamic financing facility (Commodity Murabahah Term Financing) bears profit rates ranging from 2.41% to 2.43% per annum and is repayable in full in March 2024.

Reconciliation of liabilities arising from financing activities:

In RM'000	At 1 January 2021	Net changes from financing cash flows	Non-cash changes*	At 31 December 2021
Secured Islamic financing facility	1,700,000	(90,000)	-	1,610,000
Lease liabilities	1,579,421	(57,484)	(90,761)	1,431,176
Unsecured Islamic financing facility	-	409,100	(3,160)	405,940
	3,279,421	261,616	(93,921)	3,447,116

*Non-cash changes consist of foreign exchange translation, lease adjustment and other amortisation.

Islamic financing facilities

In RM'000	As at 31 December 2021	Group As at 31 December 2020
Secured RM Murabahah Medium Term Notes	1,610,000	1,700,000
Unsecured RM Commodity Murabahah Term Financing	405,940	-
	2,015,940	1,700,000

On 22 February 2021, PETRONAS Gas Berhad (PGB) obtained a 3-year unsecured Commodity Murabahah term financing facility for a maximum aggregate principal of up to RM1.3 billion.

Lease liabilities

Lease liabilities mainly represent future obligation to make lease payments for the right to use the Group's floating storage unit in Sg. Udang, Melaka and jetty facilities in Pengerang, Johor.

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28. DERIVATIVES

Outstanding derivatives as at the date of the statement of financial position are as follows:

	Notional/Contract Value		Fair Value	
	As at 31 December 2021 USD'000	As at 31 December 2020 USD'000	As at 31 December 2021 RM'000	As at 31 December 2020 RM'000
Forward exchange contracts				
- Less than 1 year	33	64	343	(146)

There were no changes to the requirements and nature of the outstanding derivatives as disclosed since the last audited financial statements for the year ended 31 December 2020, other than as disclosed above.

29. MATERIAL LITIGATION

On 25 November 2019, PETRONAS Gas Berhad (“the Company”) was served a Notice of Arbitration by PBJV Group Sdn Bhd (“PBJV”). The claim amounting to RM179.8 million is in relation to the procurement, construction, and commissioning of Pengerang Gas Pipeline Project (“the Project”) where a Consortium was appointed by the Company as the contractor for the Project. PBJV was one of the Consortium partners for the Project.

On 24 December 2019, the Company has responded to the Notice of Arbitration and denied all PBJV claims as baseless allegation and without any merit as the Global Settlement Agreement agreed by both Consortium partners recorded the settlement terms in relation to the Project. The matter is currently ongoing.

There has been no other material litigation since the last audited consolidated financial statements for the year ended 31 December 2020.

30. EARNINGS PER SHARE

Basic earnings per share (EPS) is derived based on the net profit attributable to shareholders of the Company and the number of ordinary shares outstanding during the period.

	Individual quarter ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	452,631	503,352	1,988,940	2,009,585
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
EPS (sen)	22.87	25.44	100.52	101.56

As at the date of the statement of financial position, the Company has not issued any dilutive potential ordinary shares and hence, the diluted EPS is the same as the basic EPS.

31. AUDITOR REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

As disclosed in Note 3.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

32. OPERATING PROFIT FOR THE PERIOD

In RM'000	Individual quarter ended		Year ended	
	31 December		31 December	
	2021	2020	2021	2020
Operating profit includes the following charges:				
Depreciation of property, plant and equipment*	220,423	248,049	983,005	1,016,887
Loss on disposal of property, plant and equipment	-	-	-	810
Property plant and equipment written off	846	-	1,115	853
Other receivables written off	-	-	2	549
Inventory written off	-	-	266	12,721
Net impairment loss:				
- expected credit loss	28	14	-	-
- inventories	-	1,214	6,117	1,214
Realised loss on foreign exchange	7,272	23,244	4,313	21,471
Unrealised loss on foreign exchange	-	-	38,355	-
and crediting:				
Gain on disposal of property, plant and equipment	2,805	11	3,217	-
Unrealised gain on foreign exchange	8,366	62,452	-	23,838
Interest income:				
- fund investments	24,029	27,484	70,508	106,212
- term loan due from a joint venture	3,406	3,396	13,749	14,707
Net write-back of impairment losses on expected credit loss	-	-	19	51
Reversal of inventories written-off	-	-	2,251	-

* Includes depreciation on right-of-use (ROU) assets and amortisation of prepaid lease payments.

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

33. DIVIDENDS

As disclosed in Note 9.

34. EXCHANGE RATE

USD/MYR	Individual quarter ended			Year ended		
	31.12.2021	30.09.2021	31.12.2020	31.12.2021	30.09.2021	31.12.2020
Average rate	4.1848	4.1971	4.1082	4.1439	4.1302	4.2036
Closing rate	4.1740	4.1890	4.0285	4.1740	4.1890	4.0285

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FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2021

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF
BURSA MALAYSIA SECURITIES BERHAD**

35. AUTHORISED FOR ISSUE

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 February 2022.

BY ORDER OF THE BOARD

Ngian Yoke Fung
(MAICSA 7049093) SSM Practicing Certificate No. 201908002393
Yeap Kok Leong
(MAICSA 0862549) SSM Practicing Certificate No. 202008001750
Company Secretaries
Kuala Lumpur
22 February 2022