



PETRONAS

PETRONAS GAS BERHAD

Quarterly Report

for the Third Quarter ended 30 September 2015

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015



Key Financial Highlights	9 months ended 30 September	
	2015	2014
<i>In RM'000</i>		
Revenue	3,319,234	3,280,112
Profit before taxation	1,513,888	1,671,287
Profit for the period	1,574,930	1,271,899
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	2,133,251	2,300,205
Earnings per share (EPS) (sen)	79.49	64.28
Declared and paid dividend per share (sen)	43.00	60.00

- PETRONAS Gas Berhad Group's revenue for the nine months period ended 30 September 2015 reached RM3.3 billion, a marginal increase by 1%** compared to the corresponding period primarily attributable to higher gas processing and gas transportation revenue in line with higher reservation charge and higher capacity booking by PETRONAS under the new Gas Processing Agreement and Gas Transportation Agreements effective from 1 April 2014.
- Profit before taxation was RM1.5 billion, a decrease of 9%**, compared to the corresponding period mainly due to unrealised foreign exchange loss (forex) on finance lease liabilities totalling RM237.9 million, following weakening of RM against USD. Excluding forex impact, profit before taxation increased by RM82.2 million mainly contributed by higher revenue and other income.
- Profit for the period improved by 24%** primarily contributed by lower tax expense due to recognition of deferred tax asset (DTA) arising from investment tax allowance (ITA) granted for Plant Rejuvenation and Revamp (PRR) project totalling RM407.4 million. Excluding impact of DTA and forex, profit for the period increased by RM135.2 million or 10.6% in line with higher profit before taxation and lower tax expenses.
- Earnings before interest, taxes, depreciation and amortisation were lower by 7%** in line with lower profit before taxation. Excluding impact of forex, EBITDA increased by 3% due to higher revenue and other income.
- Earnings per share higher by 15.21 sen**, in tandem with higher net profit attributable to ordinary shareholders of the Company.
- The Board of Directors has approved** a third interim dividend of 15 sen per ordinary share amounting to RM296.8 million in respect of the financial year ending 31 December 2015.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015



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 for the third quarter ended 30 September 2015 which should be read in conjunction with the Explanatory Notes on pages 5 to 17.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2015	As at 31 December 2014
<i>In RM'000</i>		
ASSETS		
Property, plant and equipment	10,947,585	10,858,461
Investment in associate	137,158	132,335
Investment in joint ventures	539,924	468,399
Deferred tax assets	477,689	511,434
TOTAL NON-CURRENT ASSETS	12,102,356	11,970,629
Trade and other inventories	44,554	43,384
Trade and other receivables	736,228	608,718
Cash and cash equivalents	1,169,169	637,746
TOTAL CURRENT ASSETS	1,949,951	1,289,848
TOTAL ASSETS	14,052,307	13,260,477
EQUITY		
Share capital	1,978,732	1,978,732
Reserves	9,363,920	8,555,146
Total equity attributable to the shareholders of the Company	11,342,652	10,533,878
Non-controlling interests	136,629	35,125
TOTAL EQUITY	11,479,281	10,569,003
LIABILITIES		
Finance lease liabilities	1,074,255	861,223
Deferred tax liabilities	838,440	1,033,321
Deferred income	7,089	7,798
TOTAL NON-CURRENT LIABILITIES	1,919,784	1,902,342
Trade and other payables	567,719	668,185
Finance lease liabilities	29,021	21,027
Taxation	56,502	99,920
TOTAL CURRENT LIABILITIES	653,242	789,132
TOTAL LIABILITIES	2,573,026	2,691,474
TOTAL EQUITY AND LIABILITIES	14,052,307	13,260,477
Net assets per share attributable to the shareholders of the Company (RM)	5.7323	5.3235

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015


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

	3 months ended 30 September		9 months ended 30 September	
	2015	2014	2015	2014
<i>In RM'000</i>				
Revenue	1,134,273	1,123,493	3,319,234	3,280,112
Cost of revenue	(577,447)	(567,971)	(1,610,914)	(1,606,790)
Gross profit	556,826	555,522	1,708,320	1,673,322
Administration expenses	(23,326)	(17,382)	(55,594)	(49,500)
Other expenses	(161,042)	(16,495)	(233,830)	(11,605)
Other income	43,214	30,931	110,190	69,380
Operating profit	415,672	552,576	1,529,086	1,681,597
Financing costs	(23,641)	(18,663)	(65,804)	(56,772)
Share of profit after tax of equity-accounted associate and joint ventures	23,466	15,248	50,606	46,462
Profit before taxation	415,497	549,161	1,513,888	1,671,287
Tax expense	(108,305)	(130,529)	61,042	(399,388)
PROFIT FOR THE PERIOD	307,192	418,632	1,574,930	1,271,899
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Share of cash flow hedge of an equity-accounted joint venture	22,665	2,215	33,342	(422)
Net movement from exchange differences	57,250	-	82,314	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	387,107	420,847	1,690,586	1,271,477
Profit attributable to:				
Shareholders of the Company	304,976	418,632	1,572,959	1,271,899
Non-controlling interests	2,216	-	1,971	-
PROFIT FOR THE PERIOD	307,192	418,632	1,574,930	1,271,899
Total comprehensive income attributable to:				
Shareholders of the Company	368,987	420,847	1,665,748	1,271,477
Non-controlling interests	18,120	-	24,838	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	387,107	420,847	1,690,586	1,271,477
Basic and diluted earnings per ordinary share (sen)	15.41	21.16	79.49	64.28

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

In RM'000	Attributable to shareholders of the Company							
	Non-Distributable				Distributable		Non-controlling interests	Total
	Share capital	Share premium	Hedging reserve	Foreign currency translation reserve	Retained profits	Total		
Quarter ended 30 September 2014								
Balance at 1 January 2014	1,978,732	1,186,472	4,596	-	7,095,930	10,265,730	(183)	10,265,547
Share of cash flow hedge of an equity-accounted joint venture	-	-	(422)	-	-	(422)	-	(422)
Profit for the period	-	-	-	-	1,271,899	1,271,899	-	1,271,899
Total comprehensive income for the period	-	-	(422)	-	1,271,899	1,271,477	-	1,271,477
Total transactions with shareholders of the Company								
Final dividend approved and paid in respect of previous year	-	-	-	-	(791,493)	(791,493)	-	(791,493)
Interim dividend declared and paid in respect of the current year	-	-	-	-	(395,746)	(395,746)	-	(395,746)
Total transactions with shareholders of the Company	-	-	-	-	(1,187,239)	(1,187,239)	-	(1,187,239)
Balance at 30 September 2014	1,978,732	1,186,472	4,174	-	7,180,590	10,349,968	(183)	10,349,785
Quarter ended 30 September 2015								
Balance at 1 January 2015	1,978,732	1,186,472	12,546	-	7,356,128	10,533,878	35,125	10,569,003
Net movements from exchange differences	-	-	-	59,447	-	59,447	22,867	82,314
Share of cash flow hedge of an equity-accounted joint venture	-	-	33,342	-	-	33,342	-	33,342
Profit for the period	-	-	-	-	1,572,959	1,572,959	1,971	1,574,930
Total comprehensive income for the period	-	-	33,342	59,447	1,572,959	1,665,748	24,838	1,690,586
Total transactions with shareholders of the Company								
Issuance of shares to non-controlling interest	-	-	-	-	-	-	70,546	70,546
Change in ownership interest in subsidiary	-	-	-	(5,943)	(177)	(6,120)	6,120	-
Interim dividend declared and paid in respect of previous year	-	-	-	-	(296,810)	(296,810)	-	(296,810)
Interim dividend declared and paid in respect of the current year	-	-	-	-	(554,044)	(554,044)	-	(554,044)
Total transactions with shareholders of the Company	-	-	-	(5,943)	(851,031)	(856,974)	76,666	(780,308)
Balance at 30 September 2015	1,978,732	1,186,472	45,888	53,504	8,078,056	11,342,652	136,629	11,479,281

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>In RM'000</i>	2015	9 months ended 30 September 2014
Cash receipts from customers	3,282,319	3,365,176
Cash paid to suppliers and employees	<u>(1,126,924)</u>	<u>(1,244,195)</u>
	2,155,395	2,120,981
Interest income from fund and other investments	19,282	22,569
Taxation paid	<u>(143,512)</u>	<u>(292,229)</u>
Net cash generated from operating activities	<u>2,031,165</u>	<u>1,851,321</u>
Dividend received from associate and joint venture	7,600	13,985
Purchase of property, plant and equipment	<u>(643,639)</u>	<u>(634,400)</u>
Maturity of other investments	-	15,000
Proceeds from disposal of property, plant and equipment	<u>368</u>	<u>144</u>
Net cash used in investing activities	<u>(635,671)</u>	<u>(605,271)</u>
Dividends paid	<u>(850,854)</u>	<u>(1,187,239)</u>
Financing costs paid	<u>(64,404)</u>	<u>(56,772)</u>
Repayment of finance lease liabilities	<u>(16,925)</u>	<u>(13,091)</u>
Proceeds from shares issued to non-controlling interest	<u>70,546</u>	<u>-</u>
Net cash used in financing activities	<u>(861,637)</u>	<u>(1,257,102)</u>
Net increase/(decrease) in cash and cash equivalents	<u>533,857</u>	<u>(11,052)</u>
Net foreign exchange difference	<u>(2,434)</u>	<u>-</u>
Cash and cash equivalents at beginning of the period	<u>637,746</u>	<u>912,123</u>
Cash and cash equivalents at end of the period	<u>1,169,169</u>	<u>901,071</u>

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015



PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

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

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

The interim financial statements are unaudited and should be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2014. The explanatory notes attached to the interim 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 2014.

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 quarter ended 30 September 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2015 under the Malaysian Financial Reporting Standards (MFRS) framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2014 except as described below.

As of 1 January 2015, the Group has adopted the following amendments to MFRSs which are effective for annual periods beginning on or after 1 July 2014.

Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*

Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*

Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2011-2013 Cycle)*

Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*

Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*

Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*

The adoption of the above amendments to MFRSs did not have material impact to the financial statements of the Group.

3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualified audit report issued by the auditors in the annual financial statements for the year ended 31 December 2014.

4. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the interim financial statements of the Group that may have a material effect for the quarter ended 30 September 2015.

5. SEASONAL OR CYCLICAL FACTORS

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

6. EXCEPTIONAL ITEMS

There were no exceptional items during the quarter under review other than as disclosed in the quarterly report.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015



PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

7. PROPERTY, PLANT AND EQUIPMENT

Freehold land and projects-in-progress are stated at cost 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, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 September 2015.

9. DIVIDENDS

The following dividends were declared and paid by the Company:

<i>In RM'000</i>	9 months ended 30 September	
	2015	2014
Ordinary		
Final paid:		
2013 – 40 sen per ordinary share	-	791,493
Interim paid:		
2014 – First interim dividend of 20 sen per ordinary share	-	395,746
2014 – Third interim dividend of 15 sen per ordinary share	296,810	-
2015 – First interim dividend of 14 sen per ordinary share	277,022	-
2015 – Second interim dividend of 14 sen per ordinary share	277,022	-
	850,854	1,187,239

The Board of Directors has approved on 30 October 2015, a third interim dividend of 15 sen per ordinary share amounting to RM296.8 million in respect of the financial year ending 31 December 2015. The interim dividend will be payable on 14 December 2015 to depositors registered in the record of depositors as at 20 November 2015.

The interim financial statements for the current quarter do not reflect this approved interim dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the interim financial statements for the fourth quarter ending 31 December 2015.

10. 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 they require 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 sales gas and other by-products such as ethane, propane and butane.
- Gas Transportation – activities include transportation of the processed gas to PETRONAS' end customers throughout Malaysia and export to Singapore.
- Utilities – activities include manufacturing, marketing and supplying of industrial utilities to the petrochemical complexes in the Kertih and Gebeng Industrial Area.
- Regasification – activities include regasification of liquified natural gas (LNG) for PETRONAS.

Performance is measured based on segment operating 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 Group operates in Malaysia and accordingly, information by geographical location is not presented.

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134****10. SEGMENTAL INFORMATION (continued)**

The segmental information in respect of the associate and joint ventures is 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.

<i>In RM'000</i>					9 months ended
					30 September 2015
Business Segment	Gas Processing	Gas Transportation	Utilities	Regasification	Total
Revenue	1,142,190	980,779	723,774	472,491	3,319,234
Segment results	575,989	783,977	120,075	228,279	1,708,320
Unallocated expenses					(179,234)
Operating profit					1,529,086
Financing costs					(65,804)
Share of profit after tax of equity-accounted associate and joint ventures					50,606
Profit before taxation					1,513,888

<i>In RM'000</i>					9 months ended
					30 September 2014
Business Segment	Gas Processing	Gas Transportation	Utilities	Regasification	Total
Revenue	1,103,922	956,121	756,169	463,900	3,280,112
Segment results	530,156	760,334	148,766	234,066	1,673,322
Unallocated income					8,275
Operating profit					1,681,597
Financing costs					(56,772)
Share of profit after tax of equity-accounted associate and joint ventures					46,462
Profit before taxation					1,671,287

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated (expenses)/income mainly comprises forex gain or loss and other corporate expenses and income.

11. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the quarter under review.

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015



PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter under review, except as described below.

On 25 September 2015, PGB equity shareholding in Pengerang LNG (Two) Sdn. Bhd. (PLNG2), a subsidiary of the Group, had reduced from 72% to 65% upon issuance of 2,000,000 new ordinary shares of RM1 each to State Secretary Johor Incorporated, a non-controlling party, in line with the terms of the Shareholders Agreement dated 14 November 2014 signed between PGB, Dialog LNG Sdn. Bhd. and PLNG2.

The decrease in equity shareholding did not result in a loss of control. The financial statements of PLNG2 continues to be included in the consolidated financial statement of the Group.

13. CONTINGENCIES

There were no contingent liabilities and contingent assets since the last audited statement of financial position as at 31 December 2014.

14. 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 30 September 2015	As at 31 December 2014
Property, plant and equipment		
Approved and contracted for	3,310,684	2,307,251
Approved but not contracted for	2,003,606	2,626,051
	<u>5,314,290</u>	<u>4,933,302</u>
Share of capital expenditure of joint ventures		
Approved and contracted for	1,274	-
Approved but not contracted for	1,167	1,478
	<u>2,441</u>	<u>1,478</u>
	<u>5,316,731</u>	<u>4,934,780</u>

15. RELATED PARTY TRANSACTIONS

There were no significant transactions with related party in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2014.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015



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

16. REVIEW OF GROUP PERFORMANCE

(a) Current quarter against the corresponding quarter

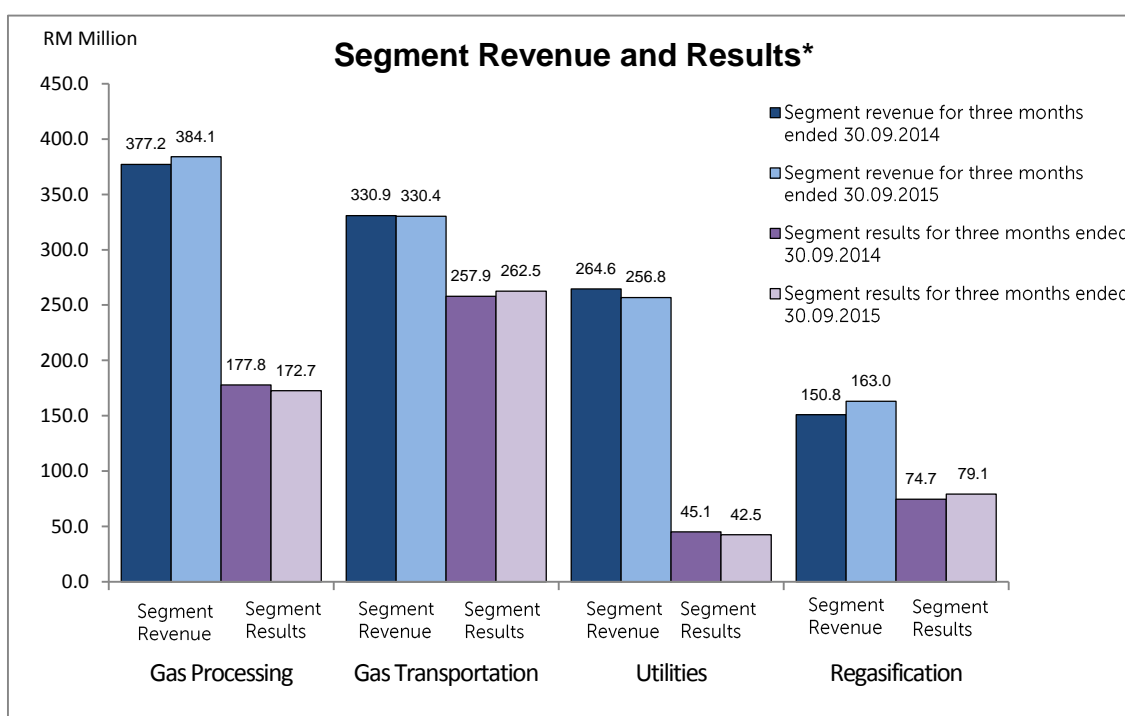
In RM'000	3 months ended	
	2015	2014
Revenue	1,134,273	1,123,493
Profit before taxation	415,497	549,161
Profit for the quarter	307,192	418,632

The Group's revenue for the quarter ended 30 September 2015 remain stable at RM1,134.3 million, an increase of RM10.8 million or 1% compared to the corresponding quarter primarily due to higher regasification revenue attributed from higher storage fees and higher gas processing revenue in line with higher performance based structure (PBS) income. These, however were partially offset by lower utilities revenue resulting from electricity tariff rebate given to customers.

Profit before taxation (PBT) was lower by RM133.7 million as compared to the corresponding quarter mainly due to unrealised foreign exchange (forex) loss on finance lease liabilities totalling RM167.5 million following weakening of RM against USD. Excluding impact of forex, PBT increased by RM17.3 million or 3.1%.

Profit for the quarter decreased by RM111.4 million in line with lower profit before taxation. However, excluding impact of forex, profit for the quarter increased by RM39.6 million or 9.1% contributed by higher revenue and other income.

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



*Note: Segment Results refers to Gross Profit

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015



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

16. REVIEW OF GROUP PERFORMANCE (continued)

(a) Current quarter against the corresponding quarter (continued)

Gas Processing

Revenue for the quarter ended 30 September 2015 improved by RM6.9 million as compared to the corresponding quarter mainly attributable to higher Performance Based Structure (PBS) income as a result of plant's higher liquid extraction performance compared to target.

Despite higher revenue, Gas Processing segment profit for the quarter decreased by RM5.1 million to RM172.7 million in line with higher plant maintenance cost.

Gas Transportation

Gas Transportation segment registered revenue of RM330.4 million for the quarter ended 30 September 2015 as compared to RM330.9 million for the same quarter last year, reflecting a marginal decrease of RM0.5 million. Segment results for the quarter however increased by RM4.6 million to RM262.5 million, in line with lower operating cost.

Utilities

Utilities revenue was lower by RM7.8 million as compared to the corresponding quarter in 2014 primarily contributed by lower revenue from electricity in tandem with lower electricity price arising from electricity tariff rebate as announced by Government effective 1 March 2015.

Utilities segment registered a profit of RM42.5 million, a decrease of RM2.6 million as compared to the corresponding quarter in line with lower revenue coupled with higher plant maintenance cost during the quarter.

Regasification

Regasification revenue for the quarter ended 30 September 2015 was RM163.0 million, an increase of RM12.2 million as compared to the corresponding quarter due to higher storage fees attributed to the strengthening of USD against RM as compared to corresponding quarter.

Regasification segment results for the quarter were higher by RM4.4 million in line with higher revenue partially offset by higher lease and maintenance cost.

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015



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

16. REVIEW OF GROUP PERFORMANCE (continued)

(b) Current year to date period against the corresponding year to date period

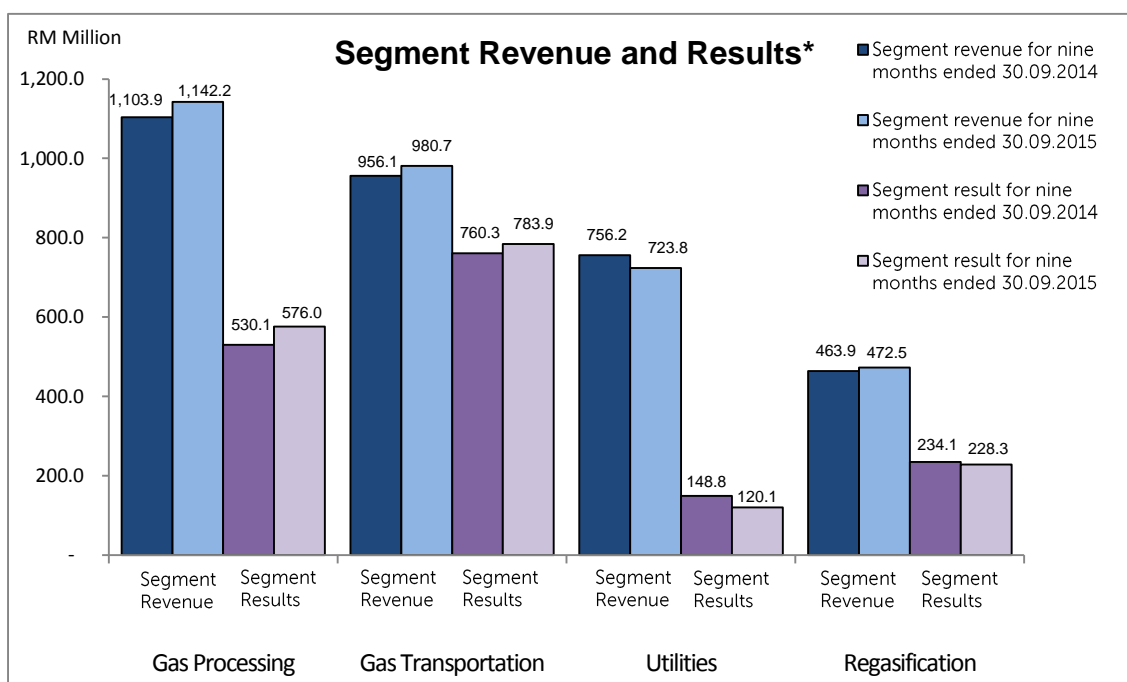
In RM'000	9 months ended 30 September	
	2015	2014
Revenue	3,319,234	3,280,112
Profit before taxation	1,513,888	1,671,287
Profit for the period	1,574,930	1,271,899

The Group's revenue for the nine months period ended 30 September 2015 was RM3,319.2 million, an increase of RM39.1 million or 1% compared to the same period in 2014 mainly due to higher gas processing and gas transportation revenue in line with higher reservation charge and higher capacity booking by PETRONAS as a result of implementation of new Gas Processing Agreement (GPA) and Gas Transportation Agreements (GTA) effective from 1 April 2014.

Profit before taxation decreased by RM157.4 million primarily due to higher unrealised forex loss on finance lease liabilities totalling RM237.9 million following weakening of RM against USD. Excluding forex impact, profit before taxation increased by RM82.2 million mainly contributed by higher revenue and other income.

Profit for the period improved by RM303.0 million despite lower profit before tax due to recognition of DTA arising from ITA granted for PRR project amounting to RM407.4 million which resulted to lower tax expense. Excluding impact of DTA and forex, profit for the period increased by RM135.2 million or 10.6%.

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



*Note: Segment Results refers to Gross Profit

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015



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

16. REVIEW OF GROUP PERFORMANCE (continued)

(b) Current year to date period against the corresponding year to date period (continued)

Gas Processing

Revenue for the nine month period ended 30 September 2015 improved by RM38.3 million as compared to the corresponding period mainly attributable to higher reservation charge under the new GPA, partially offset by lower PBS income for the first quarter of this year.

Gas Processing segment recorded a profit of RM576.0 million, an increase of RM45.9 million in line with higher revenue and lower operating costs.

Gas Transportation

Gas Transportation segment registered revenue of RM980.7 million for the nine month period ended 30 September 2015 as compared to RM956.1 million for the same period last year, reflecting an increase of RM24.6 million. This is on the back of higher transportation capacity booked by PETRONAS under the new GTA.

Accordingly, segment results for the period increased by RM23.6 million to RM783.9 million.

Utilities

Utilities revenue was lower by RM32.4 million as compared to the corresponding period primarily due to lower revenue from electricity and industrial gases in tandem with lower offtake by customers.

Profit for the period stood at RM120.1 million, a decrease by RM28.7 million as compared to the corresponding period as a result of lower revenue.

Regasification

Regasification revenue for the period ended 30 September 2015 was RM472.5 million, an increase of RM8.6 million as compared to the corresponding period due to higher storage fees resulted from strengthening of USD against RM as compared to the corresponding period.

However, segment results for the period of RM228.3 million were lower by RM5.8 million resulting from higher maintenance cost.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD****17. COMPARISON WITH PRECEDING QUARTER RESULTS**

<i>In RM'000</i>	3 months ended	
	30 September 2015	30 June 2015
Revenue	1,134,273	1,083,647
Profit before taxation	415,497	527,099
Profit for the quarter	307,192	817,766

The Group registered revenue for the quarter of RM1,134.3 million, higher by RM50.7 million as compared to the preceding quarter primarily due to higher utilities revenue as a result of higher offtake by customers and higher regasification revenue.

Despite higher revenue, profit before tax decreased by RM111.6 million mainly due to unrealised forex loss on finance lease liabilities totalling RM167.5 million, cushioned by higher share of profits from associate and joint ventures. Profit for the quarter was lower by RM510.6 million mainly due to recognition of DTA arising from ITA for PRR project amounting to RM407.4 million in the preceding quarter.

Excluding impact of DTA and forex, profit for the quarter increased by RM47.4 million in tandem with higher revenue.

18. COMMENTARY ON PROSPECTS

Consistent with the previous quarter, the Group expects its 2015 performance for Gas Processing, Gas Transportation and Regasification segments to remain stable relying on the steady revenue base generated from Gas Processing Agreement, Gas Transportation Agreements and Regasification Services Agreement signed with PETRONAS respectively, whilst performance for the Utilities segment will continue to be driven by petrochemical customers' demand.

19. PROFIT FORECAST

Not applicable as no profit forecast was published.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD****20. TAXATION**

Taxation comprises the following:

<i>In RM'000</i>	3 months ended		9 months ended	
	2015	2014	2015	2014
Current tax expenses				
Malaysia				
- current year	33,839	114,926	101,388	332,638
- (over)/under provision in prior year	(1,294)	3,002	(1,294)	3,002
Total current tax expenses	32,545	117,928	100,094	335,640
Deferred tax expenses				
- origination and reversal of temporary differences	75,760	12,601	(161,136)	63,748
	108,305	130,529	(61,042)	399,388

The effective tax rate (ETR) for the quarter ended 30 September 2015 was higher than the statutory tax rate of 25% mainly due to higher non-deductible expenses. However, ETR for nine months period ended 30 September 2015 was lower than the statutory tax rate mainly due to recognition of DTA arising from ITA granted for PRR project and utilisation of tax incentive granted for Utilities segment.

ETR for the corresponding quarter and period are comparable against the statutory tax rate of 25%.

21. STATUS OF CORPORATE PROPOSAL ANNOUNCED BUT NOT COMPLETED

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

22. FINANCE LEASE LIABILITIES

Particulars of Group's finance lease liabilities are as follows:

<i>In RM'000</i>	As at	As at			
	30 September	31 December			
	2015	2014			
Non Current					
Finance lease liabilities - secured	1,074,255	861,223			
Current					
Finance lease liabilities - secured	29,021	21,027			
	1,103,276	882,250			
<i>In RM'000</i>					
By Currency					
USD	1,103,276	882,250			
<i>In RM'000</i>					
	Total	Less than	More than		
		1 year	2-5 years	5 years	
Finance lease liabilities					
-9.13%	1,103,276	29,021	31,414	113,731	929,110

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD****23. MATERIAL LITIGATION**

There has been no material litigation as at the date of this report.

24. 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.

	3 months ended		9 months ended	
	30 September		30 September	
	2015	2014	2015	2014
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	304,976	418,632	1,572,959	1,271,899
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
EPS (sen)	15.41	21.16	79.49	64.28

Diluted EPS is derived based on the profit attributable to shareholders of the Company after adjustment for the effect of all dilutive potential ordinary shares. As at the date of the statement of financial position, the Company has not issued any dilutive potential ordinary shares, hence, the diluted EPS is the same as the basic EPS.

25. AUDITOR REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

As disclosed in Note 3.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD****26. PROFIT FOR THE PERIOD**

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

<i>In RM'000</i>	3 months ended 30 September		9 months ended 30 September	
	2015	2014	2015	2014
<i>Profit for the period is arrived at after charging:</i>				
Depreciation of property, plant and equipment	191,819	195,946	572,865	594,554
Property, plant and equipment written off	-	-	2,088	12,799
Loss on maturity of other investments	-	-	-	9
Loss on realised foreign exchange	-	-	-	793
Loss on unrealised foreign exchange	161,041	16,495	231,743	16,495
Unrealised loss on changes in values of Malaysian Government Securities and other unquoted securities	-	-	-	4
<i>and crediting:</i>				
Dividend income in Malaysia from				
- associate (quoted)	-	8,284	7,600	13,985
Gain on realised foreign exchange	4,117	407	8,444	587
Gain on unrealised foreign exchange	-	66	-	18,203
Gain on disposal of property, plant and equipment	-	28	266	82
Interest income from fund and other investments	7,450	6,975	19,306	22,408
Realised gain on changes in values of Malaysian Government Securities and other unquoted securities	-	-	-	3

27. DIVIDEND

As disclosed in Note 9.

QUARTERLY REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD****28. REALISED AND UNREALISED PROFITS**

The breakdown of retained profits of the Group as at reporting date, into realised and unrealised profits, is as follows:

<i>In RM'000</i>	As at 30 September 2015	As at 31 December 2014
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- realised	8,791,510	7,609,990
- unrealised	(1,075,072)	(574,622)
	<u>7,716,438</u>	<u>7,035,368</u>
Total share of retained profits/(accumulated losses) from an associate:		
- realised	84,295	80,340
- unrealised	(23,603)	(24,471)
	<u>60,692</u>	<u>55,869</u>
Total share of retained profits from joint ventures:		
- realised	87,730	84,820
- unrealised	214,055	178,782
	<u>301,785</u>	<u>263,602</u>
Consolidation adjustments	(859)	1,289
Total retained profits	<u>8,078,056</u>	<u>7,356,128</u>

29. AUTHORISED FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 October 2015.

BY ORDER OF THE BOARD

Intan Shafinas (Tuty) Hussain (LS0009774)
Yeap Kok Leong (MAICSA0862549)
Company Secretaries
Kuala Lumpur
30 October 2015