



PETRONAS

PETRONAS GAS BERHAD

Quarterly Report

for the Fourth Quarter ended 31 December 2014

QUARTERLY REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014



Key Financial Highlights	12 months ended	
	2014	31 December 2013
<i>In RM'000</i>		
Revenue	4,391,716	3,892,139
Profit before taxation (PBT)	2,354,459	1,896,419
Profit for the year	1,842,080	2,078,876
Earnings per share (EPS) (sen)	93.15	105.06
Declared and paid single tier dividend per share (sen)	80.00	50.00

- **PETRONAS Gas Berhad Group's revenue for year ended 31 December 2014 increased by 12.8%** compared to the corresponding year primarily attributable to regasification revenue from full year operations of the liquefied natural gas (LNG) Regasification Terminal Sg. Udang, Melaka coupled with higher utilities revenue in line with higher offtake by customers and upward revision of electricity tariff effective 1 January 2014 and higher gas transportation revenue under the new Gas Transportation Agreement (GTA).
- **Profit before taxation increased by 24.2%** compared to the corresponding year primarily due to higher share of profit after tax from joint ventures following commissioning of all three blocks of Kimanis Power Plant (KPP) and recognition of deferred tax assets (DTA) arising from investment tax allowance (ITA) granted for KPP coupled with higher contribution from Regasification and Gas Transportation segments.
- **Profit for the year decreased by 11.4%** despite higher PBT mainly due to recognition of DTA amounting to RM626.4 million arising from ITA granted for the LNG Regasification Terminal, Sg. Udang, Melaka in the corresponding year, partially offset by higher share of profit after tax from joint ventures and profit contribution from Regasification and Gas Transportation segments. Excluding impact of DTAs, profit for the year increased by RM235.1 million or 16.2%.
- **Earnings per share (sen) lower by 11.91 sen**, compared to the corresponding year in tandem with lower net profit attributable to ordinary shareholders. Excluding impact of DTAs, EPS increased by 11.94 sen or 16.3%.
- **The Board of Directors has approved** a third interim dividend of 15 sen per ordinary share under single tier system amounting to RM296.8 million in respect of the financial year ended 31 December 2014.

QUARTERLY REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014



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 fourth quarter ended 31 December 2014 which should be read in conjunction with the Explanatory Notes on pages 5 to 17.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2014	As at 31 December 2013
<i>In RM'000</i>		
ASSETS		
Property, plant and equipment	10,858,461	10,611,108
Investment in associate	132,335	129,047
Investment in joint ventures	468,399	201,996
Deferred tax assets	511,434	603,049
TOTAL NON-CURRENT ASSETS	11,970,629	11,545,200
Trade and other inventories	43,384	38,615
Trade and other receivables	608,718	711,471
Fund and other investments	-	15,010
Cash and cash equivalents	637,746	912,123
TOTAL CURRENT ASSETS	1,289,848	1,677,219
TOTAL ASSETS	13,260,477	13,222,419
EQUITY		
Share capital	1,978,732	1,978,732
Reserves	8,555,146	8,286,998
Total equity attributable to the shareholders of the Company	10,533,878	10,265,730
Non-controlling interests	35,125	(183)
TOTAL EQUITY	10,569,003	10,265,547
LIABILITIES		
Finance lease liabilities	861,223	824,061
Deferred tax liabilities	1,033,321	981,000
Deferred income	7,798	12,336
TOTAL NON-CURRENT LIABILITIES	1,902,342	1,817,397
Trade and other payables	668,185	1,014,437
Finance lease liabilities	21,027	17,731
Taxation	99,920	107,307
TOTAL CURRENT LIABILITIES	789,132	1,139,475
TOTAL LIABILITIES	2,691,474	2,956,872
TOTAL EQUITY AND LIABILITIES	13,260,477	13,222,419
Net assets per share attributable to the shareholders of the Company (RM)	5.3235	5.1881

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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014



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

	3 months ended 31 December		12 months ended 31 December	
	2014	2013	2014	2013
<i>In RM'000</i>				
Revenue	1,111,604	1,028,069	4,391,716	3,892,139
Cost of revenue	(572,708)	(592,533)	(2,179,498)	(1,947,274)
Gross profit	538,896	435,536	2,212,218	1,944,865
Administration expenses	(25,342)	(24,575)	(74,843)	(120,014)
Other expenses	(86,592)	(10,694)	(96,215)	(92,001)
Other income	33,501	71,676	100,899	170,893
Operating profit	460,463	471,943	2,142,059	1,903,743
Financing costs	(19,557)	(19,222)	(76,328)	(50,117)
Share of profit after tax of equity-accounted associate and joint ventures	242,264	18,681	288,728	42,793
Profit before taxation	683,170	471,402	2,354,459	1,896,419
Tax (expense)/income	(112,990)	(77,692)	(512,379)	182,457
PROFIT FOR THE PERIOD/YEAR	570,180	393,710	1,842,080	2,078,876
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	8,372	2,378	7,950	8,782
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	578,552	396,088	1,850,030	2,087,658
Profit/(loss) attributable to:				
Shareholders of the Company	571,286	393,705	1,843,186	2,078,888
Non-controlling interests	(1,106)	5	(1,106)	(12)
PROFIT FOR THE PERIOD/YEAR	570,180	393,710	1,842,080	2,078,876
Total comprehensive income/(expense) attributable to:				
Shareholders of the Company	579,658	396,083	1,851,136	2,087,670
Non-controlling interests	(1,106)	5	(1,106)	(12)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	578,552	396,088	1,850,030	2,087,658
Basic and diluted earnings per ordinary share (sen)	28.87	19.90	93.15	105.06

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

In RM'000	Attributable to shareholders of the Company						
	Non-Distributable		Distributable		Total	Non-controlling interests	Total
	Share capital	Share premium	Hedging reserve	Retained profits			
Quarter ended 31 December 2013							
Balance at 1 January 2013	1,978,732	1,186,472	(4,186)	6,006,408	9,167,426	(171)	9,167,255
Share of cash flow hedge of an equity-accounted joint venture	-	-	8,782	-	8,782	-	8,782
Profit for the year	-	-	-	2,078,888	2,078,888	(12)	2,078,876
Total comprehensive income for the year	-	-	8,782	2,078,888	2,087,670	(12)	2,087,658
Distribution to shareholders of the Company							
Final dividend approved in respect of previous year	-	-	-	(692,556)	(692,556)	-	(692,556)
Interim dividend declared and paid in respect of current year	-	-	-	(296,810)	(296,810)	-	(296,810)
Total distribution to shareholders of the Company	-	-	-	(989,366)	(989,366)	-	(989,366)
Balance at 31 December 2013	1,978,732	1,186,472	4,596	7,095,930	10,265,730	(183)	10,265,547
Quarter ended 31 December 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	-	-	7,950	-	7,950	-	7,950
Profit for the year	-	-	-	1,843,186	1,843,186	(1,106)	1,842,080
Total comprehensive income for the year	-	-	7,950	1,843,186	1,851,136	(1,106)	1,850,030
Transactions with shareholders of the Company							
Issuance of shares to non-controlling interest	-	-	-	-	-	36,414	36,414
Final dividend approved in respect of previous year	-	-	-	(791,494)	(791,494)	-	(791,494)
Interim dividend declared and paid in respect of current year	-	-	-	(791,494)	(791,494)	-	(791,494)
Total transactions with shareholders of the Company	-	-	-	(1,582,988)	(1,582,988)	36,414	(1,546,574)
Balance at 31 December 2014	1,978,732	1,186,472	12,546	7,356,128	10,533,878	35,125	10,569,003

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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	12 months ended	
	2014	31 December 2013
<i>In RM'000</i>		
Cash receipts from customers	4,547,268	3,665,257
Cash paid to suppliers and employees	(1,631,831)	(1,022,526)
	2,915,437	2,642,731
Interest income from fund and other investments	37,056	49,071
Taxation paid	(375,830)	(458,168)
Net cash generated from operating activities	2,576,663	2,233,634
Dividend received from associate and joint venture	26,987	29,512
Acquisition of subsidiary, net of cash acquired	2,101	-
Purchase of property, plant and equipment	(1,254,029)	(1,631,094)
Maturity of other investments	15,000	145,000
Proceeds from disposal of property, plant and equipment	268	499
Net cash used in investing activities	(1,209,673)	(1,456,083)
Dividends paid	(1,582,988)	(989,366)
Financing costs paid	(76,247)	(112,671)
Proceeds from shares issued to non-controlling interest	36,414	-
Repayment of finance lease liabilities	(18,546)	(15,510)
Repayment of term loan to holding company	-	(454,100)
Net cash used in financing activities	(1,641,367)	(1,571,647)
Net decrease in cash and cash equivalents	(274,377)	(794,096)
Cash and cash equivalents at beginning of the year	912,123	1,706,219
Cash and cash equivalents at end of the year	637,746	912,123

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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 2013. 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 2013.

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 31 December 2014.

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 2014 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 2013 except as described below.

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

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Consolidated Separate Financial Statements: Investment Entities*
- Amendments to MFRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

The adoption of the above amendments to MFRSs and IC Interpretation 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 2013.

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 year ended 31 December 2014.

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 except as disclosed in this report.

QUARTERLY REPORT

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014



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 year ended 31 December 2014.

9. DIVIDENDS

The following dividends were declared and paid by the Company:

	12 months ended	
	31 December	2013
<i>In RM'000</i>	2014	2013
Ordinary		
Final paid:		
31.12.2013 – 40 sen per share under single tier system	791,494	
(31.12.2012 – 35 sen per share under single tier system)		692,556
Interim paid:		
31.12.2014 – First interim dividend of 20 sen per share under single tier system	395,747	
31.12.2014 – Second interim dividend of 20 sen per share under single tier system	395,747	
(31.12.2013 – 15 sen per share under single tier system)		296,810
	1,582,988	989,366

The Board of Directors had approved on 17 February 2015, a third interim dividend of 15 sen per ordinary share under single tier system amounting to RM296.8 million in respect of the financial year ended 31 December 2014. The interim dividend will be payable on 25 March 2015 to depositors registered in the record of depositors as at 9 March 2015.

The financial statements for the current financial year do not reflect this approved interim dividend. Such dividend, will be accounted for in equity as an appropriation of retained profits in the financial year 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 Kerteh and Gebeng Industrial Area.
- Regasification – activities include regasification of LNG for PETRONAS. The LNG Regasification Terminal in Sg. Udang, Melaka commenced its operations in the second quarter of 2013.

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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014



PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

10. SEGMENTAL INFORMATION (continued)

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 pre-dominantly in Malaysia and accordingly, information by geographical location is not presented.

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>	12 months ended				
	31 December 2014				
Business Segment	Gas Processing	Gas Transportation	Utilities	Regasification	Total
Revenue	1,480,247	1,286,690	1,008,559	616,220	4,391,716
Segment results	701,668	1,006,666	195,905	307,979	2,212,218
Unallocated expenses					(70,159)
Operating profit					2,142,059
Financing costs					(76,328)
Share of profit after tax of equity-accounted associate and joint ventures					288,728
Profit before taxation					2,354,459

<i>In RM'000</i>	12 months ended				
	31 December 2013				
Business Segment	Gas Processing	Gas Transportation	Utilities	Regasification	Total
Revenue	1,497,435	1,189,269	867,244	338,191	3,892,139
Segment results	751,309	902,353	127,726	163,477	1,944,865
Unallocated expenses					(41,122)
Operating profit					1,903,743
Financing costs					(50,117)
Share of profit after tax of equity-accounted associate and joint ventures					42,793
Profit before taxation					1,896,419

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

11. SUBSEQUENT EVENTS

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

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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014



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 14 November 2014, the Company entered into a Shareholders Agreement with Dialog LNG Sdn. Bhd. (Dialog) and Pengerang LNG (Two) Sdn. Bhd. (PLNG2) for the establishment of a company to undertake the development of a LNG Regasification Terminal located at the Pengerang Deep Water Terminal, Johor. PLNG2 is the special purpose vehicle for the said company.

Pursuant to the terms of the Shareholders Agreement, on 12 December 2014, the Company had subscribed 780,000 of RM1.00 each ordinary shares of PLNG2 amounting to RM780,000 representing 72% of the initial issued and paid up capital of PLNG2. Upon subscription of ordinary shares PLNG2 becomes a subsidiary of the Group. PLNG2 is incorporated in Malaysia under the Companies Act, 1965.

The Company's intended equity shareholding of 65% in PLNG2 shall be achieved upon further subscription of ordinary shares by the Company and Dialog and full subscription by State Secretary Johor Incorporated of its 10% shareholding, which is expected in 2015.

13. CONTINGENCIES

There were no material changes in contingent liabilities and no contingent assets since the last audited statement of financial position as at 31 December 2013.

14. CAPITAL COMMITMENTS

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

<i>In RM'000</i>	As at 31 December 2014	As at 31 December 2013
Property, plant and equipment		
Approved and contracted for	2,307,251	656,526
Approved but not contracted for	2,626,051	5,635,190
	<u>4,933,302</u>	<u>6,291,716</u>
Share of capital expenditure of joint ventures		
Approved and contracted for	30,432	221,652
Approved but not contracted for	1,478	108,282
	<u>31,910</u>	<u>329,934</u>
	<u>4,965,212</u>	<u>6,621,650</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 2013.

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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014



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

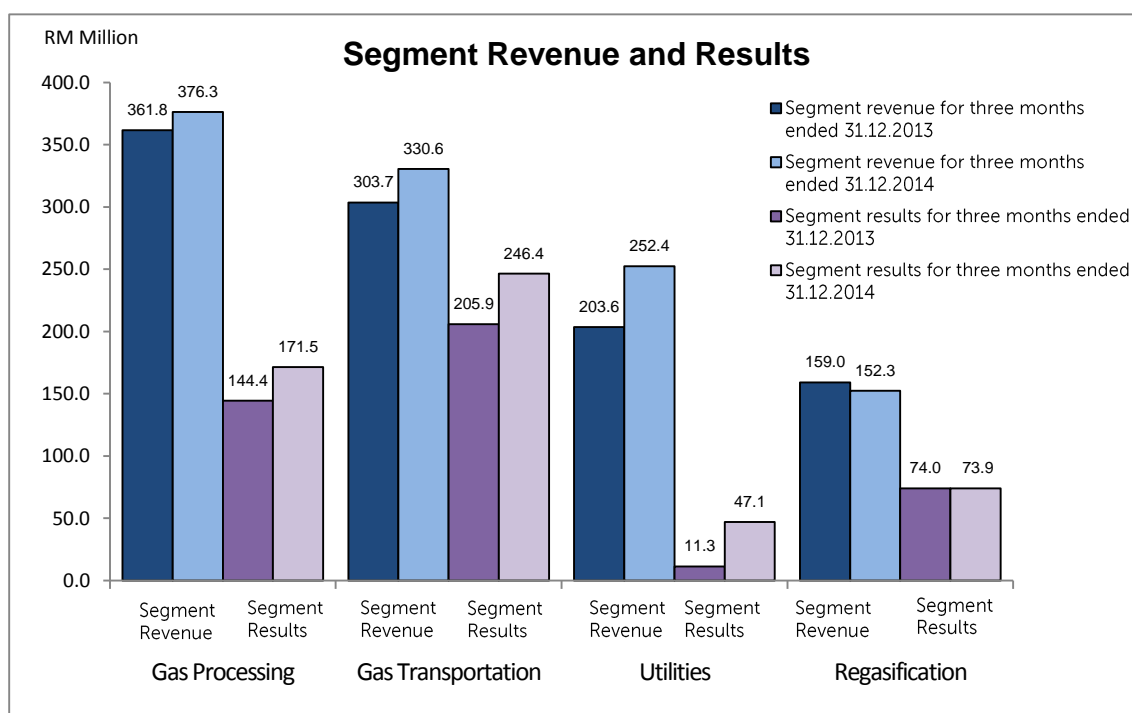
<i>In RM'000</i>	3 months ended	
	2014	31 December 2013
Revenue	1,111,604	1,028,069
Profit before taxation (PBT)	683,170	471,402
Profit for the quarter	570,180	393,710

The Group's revenue for the quarter ended 31 December 2014 was RM1,111.6 million, an increase of RM83.5 million or 8.1% compared to the corresponding quarter in 2013 primarily attributable to higher utilities revenue as a result of higher offtake by customers and upward revision of electricity tariff effective 1 January 2014 coupled with higher gas transportation and gas processing revenue under the new GTA and Gas Processing Agreement (GPA) respectively.

Profit before tax increased by RM211.8 million in line with higher revenue and share of profit after tax from joint ventures following commissioning of all three blocks of KPP and recognition of DTA arising from ITA granted for KPP.

Accordingly, profit for the quarter increased by RM176.5 million in tandem with higher PBT.

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



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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014



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 31 December 2014 was higher by RM14.5 million as compared to the corresponding quarter mainly due to higher reservation charge under the new GPA effective 1 April 2014, partially offset by lower performance based structure income arising from lower plant liquid performance compared to target.

Gas Processing segment recorded a profit of RM171.5 million, an increase of RM27.1 million in line with higher revenue and lower cost of revenue.

Gas Transportation

Gas Transportation segment registered revenue of RM330.6 million for the quarter ended 31 December 2014 compared to RM303.7 million for the same quarter last year, reflecting an increase of RM26.9 million on the back of higher transportation capacity booked by PETRONAS. Segment results for the quarter improved by RM40.5 million to RM246.4 million, in tandem with the higher revenue.

Utilities

Utilities revenue was higher by RM48.8 million as compared to the corresponding quarter in 2013 primarily contributed by higher revenue from electricity, industrial gases and steam due to higher offtake by customers and upward revision of electricity tariff effective 1 January 2014.

Utilities segment registered results of RM47.1 million, an increase of RM35.8 million as compared to the corresponding quarter in line with higher revenue but partially offset by higher utilities cost as a result of upward revision of fuel gas tariff.

Regasification

Regasification revenue for the year ended 31 December 2014 was RM152.3 million, a decrease of RM6.7 million as compared to the corresponding quarter as a result of downward revision of Regasification Service Agreement tariff effective June 2014. Accordingly, segment results were marginally lower as compared to the corresponding quarter.

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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

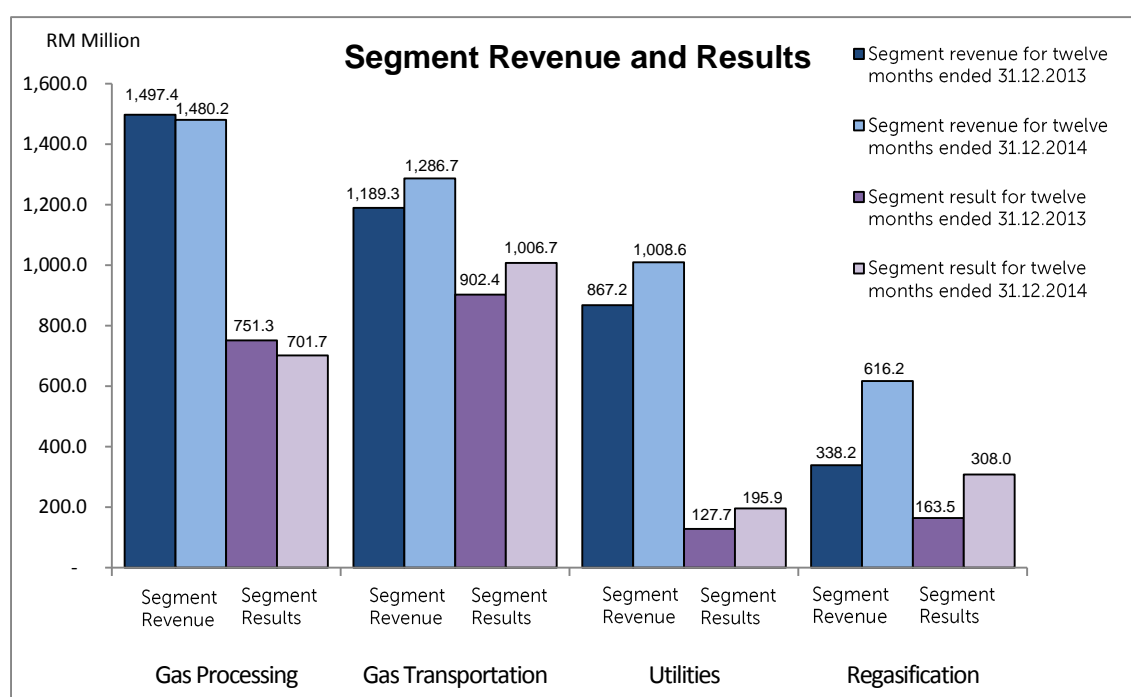
In RM'000	12 months ended	
	2014	31 December 2013
Revenue	4,391,716	3,892,139
Profit before taxation (PBT)	2,354,459	1,896,419
Profit for the period	1,842,080	2,078,876

The Group's revenue for year ended 31 December 2014 was RM4,391.7 million, an increase of RM499.6 million or 12.8% primarily attributable to regasification revenue arising from full year operations of the LNG Regasification Terminal, Sg. Udang, Melaka coupled with higher utilities revenue in line with higher offtake by customers and upward revision of electricity tariff effective 1 January 2014 and higher gas transportation revenue under the new GTA.

Profit before tax increased by RM458.0 million primarily attributable to higher share of profit after tax from joint ventures following commissioning of all three blocks of KPP and recognition of DTA arising from ITA granted for KPP as well as higher contribution from Regasification and Gas Transportation segments.

Profit for the year was lower by RM236.8 million despite higher PBT due to recognition of DTA arising from ITA granted for LNG Regasification Terminal, Sg. Udang, Melaka amounting to RM626.4 million in the corresponding year but partially offset by higher share of profit after tax from joint ventures and profit contribution from Regasification and Gas Transportation segments. Excluding impact of DTAs, profit for the year increased by RM235.1 million or 16.2%.

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



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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014



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 year ended 31 December 2014 was lower by RM17.2 million as compared to the corresponding year mainly due lower performance based structure income arising from lower plant liquid performance compared to target. The impact however was cushioned by higher reservation charge under the new GPA effective 1 April 2014.

Gas Processing segment recorded a profit of RM701.7 million, lower by RM49.6 million in line with lower revenue and higher cost of revenue.

Gas Transportation

Gas Transportation segment registered revenue of RM1,286.7 million for the year ended 31 December 2014 compared to last year, reflecting an increase of RM97.4 million due to higher transportation capacity booked by PETRONAS. Accordingly, segment results for the year improved by RM104.3 million to RM1,006.7 million, in tandem with the higher revenue.

Utilities

Utilities revenue was higher by RM141.4 million as compared to the corresponding year in 2013 primarily contributed by higher revenue from electricity, steam and industrial gases as a result of higher offtake by customers and upward revision of electricity tariff effective 1 January 2014.

Utilities segment registered results of RM195.9 million, an increase of RM68.2 million as compared to the corresponding year in line with higher revenue but partially offset by higher utilities cost as a result of upward revision of fuel gas tariff effective 1 January 2014.

Regasification

Regasification revenue for the year ended 31 December 2014 was RM616.2 million, an increase of RM278.0 million as compared to the corresponding year as a result of full year operations of the LNG Regasification Terminal, Sg. Udang, Melaka.

Regasification segment recorded results of RM308.0 million, an increase of RM144.5 million attributable to the higher revenue.

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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014



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	
	31 December 2014	30 September 2014
Revenue	1,111,604	1,123,493
Profit before taxation	683,170	549,161
Profit for the quarter	570,180	418,632

The Group registered revenue for the quarter of RM1,111.6 million, slightly lower by RM11.9 million as compared to the preceding quarter primarily due to lower utilities revenue from sale of steam and industrial gases.

Profit before tax increased by RM134.0 million mainly contributed by higher share of profits from joint ventures partially offset by higher other expenses arising from impairment of assets of RM30.8 million.

Profit for the quarter increased by RM151.5 million in tandem with higher profit before tax.

18. COMMENTARY ON PROSPECTS

Given the structure of Gas Processing Agreement and Gas Transportation Agreements which came into effect on 1 April 2014, the Group expects to continue delivering sustainable and steady returns.

Gas Processing

Revenue from Gas Processing segment is expected to remain stable. As gas for internal consumption is provided by PETRONAS, PGB is not exposed to fuel gas price fluctuation. Performance based structure is dependent on PGB's liquid extraction performance.

Gas Transportation

Revenue from Gas Transportation segment will remain stable as a result of capacity reservation made in advance by PETRONAS. As gas for internal consumption is provided by PETRONAS, PGB is not exposed to fuel gas price fluctuation.

Utilities

Moving forward, revenue and results for the Utilities segment will continue to be heavily influenced by the petrochemicals customers' demand.

Regasification

The Regasification segment is expected to contribute positively to the Group's bottom line, on the back of capacity reservation by PETRONAS for regasification and storage fees under the Regasification Service Agreement.

19. PROFIT FORECAST

Not applicable as no profit forecast was published.

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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		12 months ended	
	2014	31 December 2013	2014	31 December 2013
Current tax expenses				
Malaysia				
- current year	32,210	105,173	365,441	443,592
- under provision in prior year	-	-	3,002	-
Total current tax expenses	32,210	105,173	368,443	443,592
Deferred tax expenses				
- origination and reversal of temporary differences	57,945	(27,481)	121,101	(628,421)
- under provision in prior year	22,835	-	22,835	2,372
Total deferred tax expenses/(income)	80,780	(27,481)	143,936	(626,049)
Total tax expenses/(income)	112,990	77,692	512,379	(182,457)

The effective tax rate for the quarter and year ended 31 December 2014 are comparable against the statutory tax rate of 25%.

However, the effective tax rate for the corresponding quarter and year are lower than the statutory tax rate mainly due to recognition of DTA arising from ITA granted for the LNG Regasification Terminal, Sg. Udang, Melaka in 2013.

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 other than as disclosed in Note 12.

22. UNQUOTED INVESTMENTS

Investments in unquoted securities (comprising corporate private debt securities) as at 31 December 2014 were as follows:

<i>In RM'000</i>	As at 31 December 2014	As at 31 December 2013
Current		
Fair value through profit or loss financial assets	-	15,010

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23. FINANCE LEASE LIABILITIES

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

<i>In RM'000</i>	As at 31 December 2014	As at 31 December 2013
Non Current		
Finance lease liabilities - secured	861,223	824,061
Current		
Finance lease liabilities - secured	21,027	17,731
	882,250	841,792
<i>In RM'000</i>		
By Currency		
USD	882,250	841,792

<i>In RM'000</i>	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
Finance lease liabilities -9.13%	882,250	21,027	23,327	83,196	754,700

24. MATERIAL LITIGATION

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

25. 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 31 December		12 months ended 31 December	
	2014	2013	2014	2013
Net profit for the period attributable to ordinary shareholders (RM'000)	571,286	393,705	1,843,186	2,078,888
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
EPS (sen)	28.87	19.90	93.15	105.06

Diluted EPS is derived based on the profit attributable to owners 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.

26. AUDITOR REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

As disclosed in Note 3.

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27. PROFIT FOR THE PERIOD/YEAR

<i>In RM'000</i>	3 months ended 31 December		12 months ended 31 December	
	2014	2013	2014	2013
<i>Profit for the period is arrived at after charging:</i>				
Depreciation of property, plant and equipment	192,381	225,614	786,935	723,866
Impairment losses on property, plant and equipment	30,850	-	30,850	-
Property, plant and equipment written off	563	2,039	13,362	2,982
Loss on changes in fair value of other investments	-	125	10	412
Loss on realised foreign exchange	471	795	1,264	7,341
Loss on unrealised foreign exchange	35,474	7,993	51,969	58,595
<i>and crediting:</i>				
Gain on disposal of property, plant and equipment	5	334	87	493
Interest income from fund and other investments	14,487	8,512	36,895	41,789
Recovery from early termination of electricity and utilities agreements	-	78,261	-	78,261

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

28. DIVIDENDS

As disclosed in Note 9.

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29. 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 31 December 2014	As at 31 December 2013
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- realised	7,609,990	7,471,893
- unrealised	(574,622)	(433,875)
	<u>7,035,368</u>	<u>7,038,018</u>
Total share of retained profits/(accumulated losses) from an associate:		
- realised	80,340	77,794
- unrealised	(24,471)	(25,214)
	<u>55,869</u>	<u>52,580</u>
Total share of retained profits/(accumulated losses) from joint ventures:		
- realised	84,820	(7,686)
- unrealised	178,782	12,835
	<u>263,602</u>	<u>5,149</u>
Consolidation adjustments	1,289	183
Total retained profits	<u>7,356,128</u>	<u>7,095,930</u>

30. 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 17 February 2015.

BY ORDER OF THE BOARD

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