



PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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 2013 which should be read in conjunction with the Explanatory Notes on pages 5 to 20.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.9.2013	As at 31.12.2012 Restated	As at 1.1.2012 Restated
<i>In RM'000</i>			
ASSETS			
Property, plant and equipment	10,266,677	9,777,939	7,296,690
Investment in associate	122,357	127,796	179,567
Investment in joint ventures	187,627	181,184	135,189
Deferred tax assets	621,568	-	-
TOTAL NON-CURRENT ASSETS	<u>11,198,229</u>	<u>10,086,919</u>	<u>7,611,446</u>
Trade and other inventories	38,867	38,638	39,055
Trade and other receivables	458,515	355,301	389,194
Fund and other investments	40,040	160,422	245,562
Cash and cash equivalents	700,871	1,706,219	2,322,898
TOTAL CURRENT ASSETS	<u>1,238,293</u>	<u>2,260,580</u>	<u>2,996,709</u>
TOTAL ASSETS	<u>12,436,522</u>	<u>12,347,499</u>	<u>10,608,155</u>
EQUITY			
Share capital	1,978,732	1,978,732	1,978,732
Reserves	7,890,915	7,188,694	6,579,324
Total equity attributable to shareholders of the Company	<u>9,869,647</u>	<u>9,167,426</u>	<u>8,558,056</u>
Non-controlling interests	(188)	(171)	-
TOTAL EQUITY	<u>9,869,459</u>	<u>9,167,255</u>	<u>8,558,056</u>
LIABILITIES			
Borrowings	833,476	783,538	444,735
Deferred tax liabilities	1,027,000	1,004,045	1,053,000
Other long term liabilities	8,979	9,688	10,692
TOTAL NON-CURRENT LIABILITIES	<u>1,869,455</u>	<u>1,797,271</u>	<u>1,508,427</u>
Borrowings	4,175	463,146	-
Trade and other payables	549,680	797,944	395,198
Taxation	143,753	121,883	146,474
TOTAL CURRENT LIABILITIES	<u>697,608</u>	<u>1,382,973</u>	<u>541,672</u>
TOTAL LIABILITIES	<u>2,567,063</u>	<u>3,180,244</u>	<u>2,050,099</u>
TOTAL EQUITY AND LIABILITIES	<u>12,436,522</u>	<u>12,347,499</u>	<u>10,608,155</u>
Net Assets per share attributable to the shareholders of the Company (RM)	4.9879	4.6330	4.3250



PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

	3 months ended 30 September		9 months ended 30 September	
	2013	2012 Restated	2013	2012 Restated
<i>In RM'000</i>				
Revenue	1,022,860	865,599	2,864,070	2,667,765
Cost of revenue	(506,943)	(456,183)	(1,354,741)	(1,339,923)
Gross profit	515,917	409,416	1,509,329	1,327,842
Administration expenses	(30,167)	(43,679)	(95,439)	(114,085)
Other expenses	(30,018)	(114)	(81,609)	(7,567)
Other income	21,552	53,276	99,519	234,483
Operating profit	477,284	418,899	1,431,800	1,440,673
Financing costs	(20,708)	(5,113)	(30,895)	(15,848)
Share of profit after tax of equity-accounted associate and joint ventures	14,493	3,840	24,112	17,760
Profit before taxation	471,069	417,626	1,425,017	1,442,585
Tax (expense)/income	(91,266)	(99,964)	260,149	(332,601)
PROFIT FOR THE PERIOD	379,803	317,662	1,685,166	1,109,984
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	1,494	-	6,404	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	381,297	317,662	1,691,570	1,109,984
Profit attributable to:				
Shareholders of the Company	379,806	317,662	1,685,183	1,109,984
Non-controlling interests	(3)	-	(17)	-
PROFIT FOR THE PERIOD	379,803	317,662	1,685,166	1,109,984
Total comprehensive income attributable to:				
Shareholders of the Company	381,300	317,662	1,691,587	1,109,984
Non-controlling interests	(3)	-	(17)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	381,297	317,662	1,691,570	1,109,984
Basic and diluted earnings per ordinary share (sen)	19.19	16.05	85.16	56.10



PETRONAS

**PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)**

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to shareholders of the Company</i>				Total	Non-controlling interests	Total
	<i>Non Distributable</i>		<i>Distributable</i>				
<i>In RM'000</i>	Share Capital	Share Premium	Hedging Reserve	Retained Profits			
Quarter ended 30 September 2012							
Balance at 1 January 2012 (restated)	1,978,732	1,186,472	-	5,392,852	8,558,056	-	8,558,056
Profit for the period	-	-	-	1,109,984	1,109,984	-	1,109,984
Total comprehensive income for the period	-	-	-	1,109,984	1,109,984	-	1,109,984
Distribution to shareholders							
Dividends approved in respect of previous year	-	-	-	(494,683)	(494,683)	-	(494,683)
Interim dividend declared and paid in respect of the current period	-	-	-	(296,810)	(296,810)	-	(296,810)
Total distribution to shareholders	-	-	-	(791,493)	(791,493)	-	(791,493)
Balance at 30 September 2012	1,978,732	1,186,472	-	5,711,343	8,876,547	-	8,876,547
Quarter ended 30 September 2013							
Balance at 1 January 2013 (restated)	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	-	-	6,404	-	6,404	-	6,404
Profit for the period	-	-	-	1,685,183	1,685,183	(17)	1,685,166
Total comprehensive income for the period	-	-	6,404	1,685,183	1,691,587	(17)	1,691,570
Distribution to shareholders							
Dividends approved in respect of previous year	-	-	-	(692,556)	(692,556)	-	(692,556)
Interim dividend declared and paid in respect of the current period	-	-	-	(296,810)	(296,810)	-	(296,810)
Total distribution to shareholders	-	-	-	(989,366)	(989,366)	-	(989,366)
Balance at 30 September 2013	1,978,732	1,186,472	2,218	6,702,225	9,869,647	(188)	9,869,459



PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended	
	30 September	
	2013	2012
		Restated
<i>In RM'000</i>		
Cash receipts from customers	2,743,807	2,794,685
Cash paid to suppliers and employees	(885,671)	(914,579)
	<u>1,858,136</u>	<u>1,880,106</u>
Interest income from fund and other investments	40,720	71,020
Taxation paid	(316,549)	(360,000)
Net cash generated from operating activities	<u>1,582,307</u>	<u>1,591,126</u>
Advances to a joint venture	-	(60,288)
Dividend received from associate and joint venture	29,512	29,433
Maturity of other investments	120,000	65,000
Purchase of property, plant and equipment	(1,242,846)	(1,635,541)
Proceeds from initial public offering of an associate	-	144,447
Proceeds from disposal of property, plant and equipment	159	151
Net cash used in investing activities	<u>(1,093,175)</u>	<u>(1,456,798)</u>
Financing costs paid	(39,578)	(21,545)
Dividends paid	(989,366)	(791,493)
Payment of finance lease liabilities	(11,435)	-
Repayment of term loan to holding company	(454,101)	-
Net cash used in financing activities	<u>(1,494,480)</u>	<u>(813,038)</u>
Net decrease in cash and cash equivalents	<u>(1,005,348)</u>	<u>(678,710)</u>
Cash and cash equivalents at beginning of the period	1,706,219	2,322,898
Cash and cash equivalents at end of the period	<u>700,871</u>	<u>1,644,188</u>



PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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 should be read in conjunction with the audited financial statements for the year ended 31 December 2012. 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 2012.

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 2013.

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 2013 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 2012 except as described below.

As of 1 January 2013, the Group has adopted the following new and revised MFRSs and amendments (collectively referred to as "pronouncements") which are effective for annual periods beginning on or after 1 January 2013.

MFRS 10, *Consolidated Financial Statements*

MFRS 11, *Joint Arrangements*

MFRS 12, *Disclosure of Interests in Other Entities*

MFRS 13, *Fair Value Measurement*

MFRS 119, *Employee Benefits (revised)*

MFRS 127, *Separate Financial Statements*

MFRS 128, *Investments in Associates and Joint Ventures*

Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*

Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*

Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*

Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*

Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*



PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The adoption of the above pronouncements except for MFRS 10, MFRS 11 and Amendments to MFRS 116 does not have material impact on the financial statements of the Group. The impact of the adoption of MFRS 10, MFRS 11 and Amendments to MFRS 116 is disclosed in Note 3.

3. EFFECT OF ADOPTION OF MFRS 10, MFRS 11 AND AMENDMENTS TO MFRS 116

i. Retrospective application of MFRS 10, Consolidated Financial Statements and MFRS 11, Joint Arrangements

MFRS 10 introduces a new single control model to determining which investees should be consolidated. The Group has re-evaluated its involvement with investees under the new control model. Based on its reassessment, the Group concluded that it has not had control over certain subsidiaries of which the Group owns 60% of the voting rights considering that strategic and financial decision of the relevant activities of the investees require unanimous consent by the Group and other parties. Upon adoption of MFRS 10, the Group has de-consolidated these subsidiaries retrospectively. These investees are now classified as joint ventures and equity accounted for in accordance with MFRS 11.

The effect of the adoption of MFRS 10 and MFRS 11 on the Group's reported income and net assets are as summarised below:

<i>In RM'000</i>	As at 31.12.2012	As at 1.1.2012
Statement of Financial Position		
Decrease in property, plant and equipment	(788,348)	(224,976)
Increase in investment in joint ventures	173,979	129,775
(Decrease)/Increase in other current assets	(1,485)	2,823
Decrease in cash and cash equivalents	(498,851)	(45,936)
Increase in retained profits	495	651
Decrease in non-controlling interests	(115,986)	(86,516)
Decrease in borrowings	(855,746)	(52,434)
Decrease in other liabilities	(143,468)	(15)

<i>In RM'000</i>	3 months ended 30.9.2012	9 months ended 30.9.2012
Statement of Profit or Loss and Other Comprehensive Income		
Decrease in administration expenses	(241)	(721)
Decrease in other income	(810)	(770)
Increase in share of profit after tax of equity-accounted associate and joint ventures	341	29
Decrease in profit attributable to non-controlling interests	(228)	(20)



PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

3. EFFECT OF ADOPTION OF MFRS 10, MFRS 11 AND AMENDMENTS TO MFRS 116 (continued)

ii. Retrospective application of Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*

Amendments to MFRS 116 clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Previously, MFRS 116 states that spare parts, stand-by equipment and servicing equipment are usually carried as inventory and recognised in profit and loss as consumed.

Upon adoption of Amendments to MFRS 116, the Group reclassified retrospectively spare parts, stand-by equipment and servicing equipment previously accounted for under trade and other inventories to property, plant and equipment.

The adoption of Amendments to MFRS 116 does not have any impact on the Group's reported net assets other than the following reclassification.

<i>In RM'000</i>	As at 31.12.2012	As at 1.1.2012
Statement of Financial Position		
Increase in property, plant and equipment	64,406	63,394
Decrease in trade and other inventories	(64,406)	(63,394)

4. 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 2012.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the interim financial statements of the Group for the quarter ended 30 September 2013 that may have a material effect in the current quarter results.

6. SEASONAL OR CYCLICAL FACTORS

The Group's operations are not significantly affected by seasonal or cyclical fluctuations.

7. EXCEPTIONAL ITEMS

There were no exceptional items during the current quarter under review.

8. 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.



PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

9. DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 September 2013.

10. DIVIDENDS

The following dividends were declared and paid by the Company:

<i>In RM'000</i>	9 months ended 30 September	
	2013	2012
Ordinary		
Final paid:		
31.12.2012 – 35 sen per share under single tier system (31.12.2011 – 25 sen per share under single tier system)	692,556	494,683
Interim paid:		
31.12.2013 – 15 sen per share under single tier system (31.12.2012 – 15 sen per share under single tier system)	296,810	296,810
	989,366	791,493

11. SEGMENTAL INFORMATION

The Group has four reporting segments, as described below, which 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 liquefied natural gas for PETRONAS and third parties. The LNG Regasification Terminal in Sungai Udang, Melaka commenced its operations in the second quarter of 2013.

Performance is measured based on segment operating profit, as included in the performance reports to the Board of Directors. Segment operating profit is used to measure performance as management 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 are not material and have been reflected in the statement of profit or loss and other comprehensive income and statement of financial position of the Group.



PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

11. SEGMENTAL INFORMATION (continued)

<i>In RM'000</i>					9 months ended 30 September 2013
	Gas Processing	Gas Transportation	Utilities	Regasification	Total
Business Segment					
Revenue	1,135,626	885,626	663,630	179,188	2,864,070
Segment results	606,875	696,485	116,452	89,517	1,509,329
Unallocated income/(expenses)					(77,529)
Operating profit					1,431,800
Financing costs					(30,895)
Share of profit after tax of equity-accounted associate and joint ventures					24,112
Profit before taxation					1,425,017

<i>In RM'000</i>					9 months ended 30 September 2012 Restated
	Gas Processing	Gas Transportation	Utilities	Regasification	Total
Business Segment					
Revenue	1,139,150	837,713	690,902	-	2,667,765
Segment results	573,855	645,569	108,418	-	1,327,842
Unallocated income/(expenses)					112,831
Operating profit					1,440,673
Financing costs					(15,848)
Share of profit after tax of equity-accounted associate and joint ventures					17,760
Profit before taxation					1,442,585

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 fair value gain or loss on financial asset, finance income and other corporate expenses.

12. SUBSEQUENT EVENTS

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

13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter.

14. CONTINGENCIES

There were no material contingent liabilities or contingent assets since the last audited statement of financial position as at 31 December 2012.



PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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 30.9.2013	As at 31.12.2012 Restated	As at 1.1.2012 Restated
Property, plant and equipment			
Approved and contracted for	908,567	1,026,939	1,214,257
Approved but not contracted for	6,253,954	6,473,233	4,553,094
	<u>7,162,521</u>	<u>7,500,172</u>	<u>5,767,351</u>
Share of capital expenditure of joint ventures			
Approved and contracted for	133,512	258,063	561,737
Approved but not contracted for	188,986	104,756	-
	<u>322,498</u>	<u>362,819</u>	<u>561,737</u>
	<u>7,485,019</u>	<u>7,862,991</u>	<u>6,329,088</u>

16. RELATED PARTY TRANSACTIONS

Significant transactions with related party in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2012 are as follows:

<i>In RM'000</i>	3 months ended 30 September 2013		9 months ended 30 September 2013	
	2012 Restated	2012 Restated	2012 Restated	2012 Restated
Holding Company				
Regasification fee	161,791	-	179,188	-

The above transactions have been entered into in the normal course of business and have been established on a commercial basis. Items which are statutory in nature including among others, taxation and import duties, are not considered related party transactions for the purpose of MFRS 124, *Related Party Disclosures* and therefore not included in the above disclosure.



PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

17. REVIEW OF GROUP PERFORMANCE

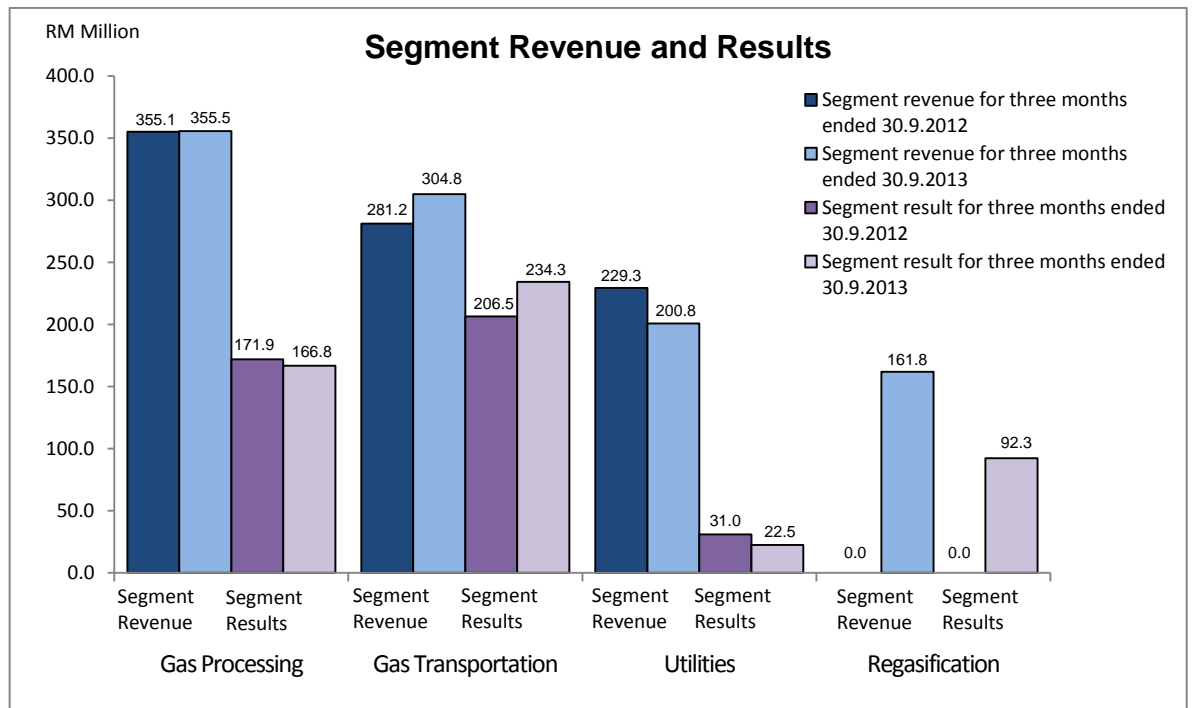
(a) Current quarter against the corresponding quarter

<i>In RM'000</i>	3 months ended 30 September	
	2013	2012 Restated
Revenue	1,022,860	865,599
Profit before taxation	471,069	417,626
Profit for the quarter	379,803	317,662

The Group's revenue for the quarter ended 30 September 2013 was RM1,022.9 million, an increase of RM157.3 million or 18.2% compared to the corresponding quarter in 2012 primarily attributable to regasification revenue following commencement of LNG Regasification Terminal operations in the second quarter of 2013 and higher gas transportation revenue. The increase however was partially offset by lower utilities revenue on the back of lower offtake by customers.

Profit before tax and profit after tax increased by RM53.5 million and RM62.1 million respectively in line with the aforesaid increase in revenue negated by higher regasification cost of revenue and lower other income.

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





PETRONAS

PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

17. REVIEW OF GROUP PERFORMANCE (continued)

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

Gas Processing

Revenue for the quarter ended 30 September 2013 was marginally higher by RM0.4 million as compared to the corresponding quarter in 2012 mainly contributed by higher performance based structure income for propane resulting from higher realised price despite lower export volume affected by lower production. Gas Processing results decreased by RM5.1 million mainly due to higher staff costs.

Gas Transportation

Gas Transportation segment registered revenue of RM304.8 million for the quarter ended 30 September 2013 compared to RM281.2 million for the same quarter last year on the back of higher transportation capacity booked by PETRONAS. Results for the quarter improved by RM27.8 million supported by the increase in revenue.

Utilities

Revenue for the quarter ended 30 September 2013 was lower by RM28.5 million as compared to the corresponding quarter in 2012 primarily due to lower revenue from electricity and steam in line with lower offtake by customers. The impact of lower revenue was cushioned by lower cost of revenue mainly contributed by lower consumption of fuel gas. Accordingly, Utilities segment registered profit of RM22.5 million, a decrease of RM8.5 million as compared to the same quarter last year.

Regasification

Regasification segment registered revenue of RM161.8 million for the quarter ended 30 September 2013 as a result of commencement of the LNG Regasification Terminal operations in the second quarter of 2013. The segment registered profit of RM92.3 million for the quarter.



PETRONAS
PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

17. REVIEW OF GROUP PERFORMANCE (continued)

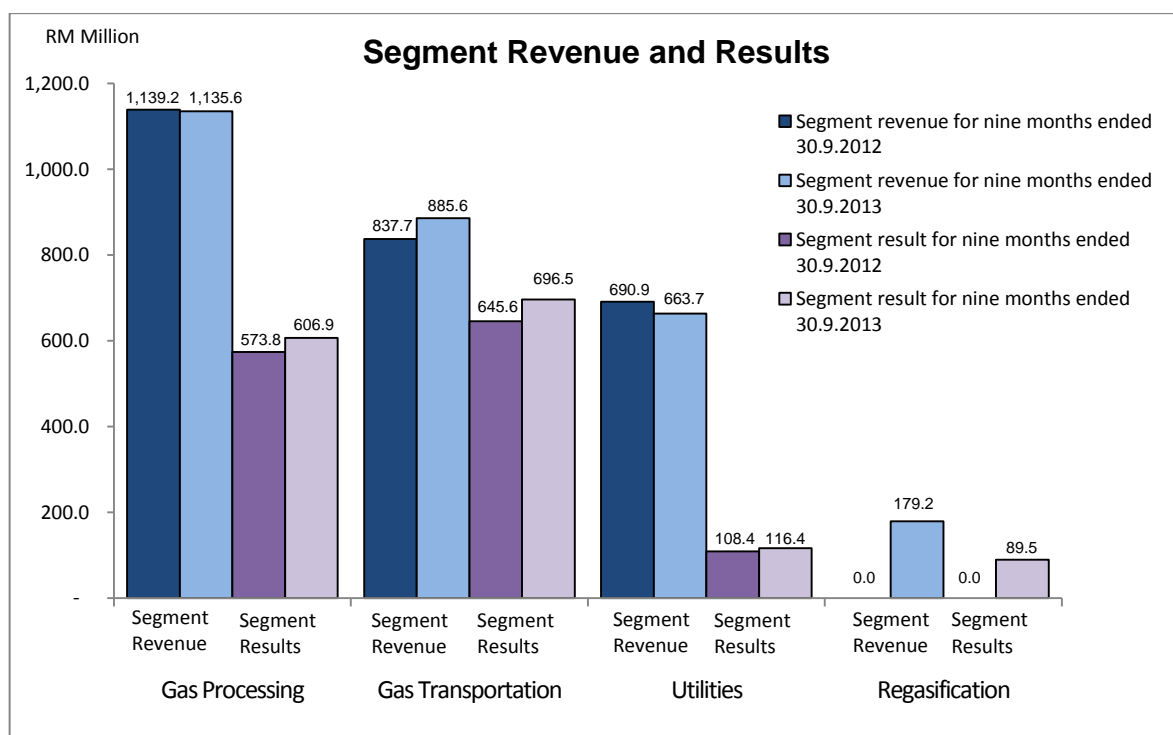
(b) Current year to date period against the corresponding year to date period

<i>In RM'000</i>	9 months ended 30 September	
	2013	2012 Restated
Revenue	2,864,070	2,667,765
Profit before taxation	1,425,017	1,442,585
Profit for the period	1,685,166	1,109,984

The Group's revenue for the nine months period ended 30 September 2013 was RM2,864.1 million, an increase of RM196.3 million or 7.4% compared to the corresponding period in 2012 on the back of new revenue stream contributed by Regasification segment and higher gas transportation revenue. This however was partially negated by lower utilities revenue in tandem with lower offtake by customers.

Profit before tax decreased by RM17.6 million mainly due to gain from partial disposal of shareholding in Gas Malaysia Berhad (GMB) of RM100.0 million in the corresponding period coupled with lower other income but partially negated by higher revenue. Despite lower profit before tax, profit for the period increased by RM575.2 million primarily contributed by recognition of deferred tax assets arising from investment tax allowance granted for the LNG Regasification Terminal amounting to RM634.2 million.

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





PETRONAS
PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

17. 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 months period ended 30 September 2013 was slightly lower by RM3.6 million as compared to the corresponding period in 2012 mainly driven by lower performance based structure income for ethane and butane resulting from lower production. The impact was partially negated by higher performance based structure income for propane primarily due to higher export volume.

Despite lower revenue, Gas Processing results of RM606.9 million were higher by RM33.1 million, contributed by lower depreciation expense arising from review of property, plant and equipment resulting in reclassification of major components and changes in useful lives in the corresponding period last year.

Gas Transportation

Gas Transportation registered revenue of RM885.6 million for the nine months period ended 30 September 2013 compared to RM837.7 million for the same period last year, reflecting an increase of RM47.9 million on the back of higher transportation capacity booked by PETRONAS. Accordingly, results for the quarter improved by RM50.9 million in tandem with the higher revenue.

Utilities

Revenue for the nine months period ended 30 September 2013 was lower by RM27.2 million as compared to the corresponding period in 2012 primarily contributed by lower revenue from electricity and steam.

Utilities segment results increased by RM8.0 million as compared to the same period last year mainly driven by lower cost of revenue and depreciation expense arising from review of property, plant and equipment major components and useful lives in 2012.

Regasification

Revenue for the period ended 30 September 2013 was RM179.2 million as a result of commencement of the LNG Regasification Terminal operations in second quarter of 2013. The segment registered profit of RM89.5 million for the period.



PETRONAS
PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

18. COMPARISON WITH PRECEDING QUARTER RESULTS

<i>In RM'000</i>	3 months ended	
	30 September 2013	30 June 2013
Revenue	1,022,860	930,767
Profit before taxation	471,069	468,059
Profit for the period	379,803	944,936

The Group registered revenue of RM1,022.9 million, an increase of RM92.1 million as compared to the preceding quarter mainly contributed by full quarter impact of regasification operations as well as higher gas transportation revenue but partially negated by lower gas processing and utilities revenue.

Despite higher revenue, profit before tax increased marginally by RM3.1 million due to higher cost of revenue coupled with lower other income compared to the preceding quarter.

Profit for the quarter however decreased by RM565.1 million primarily due to recognition of deferred tax assets arising from investment tax allowance granted for the LNG Regasification Terminal in the preceding quarter amounting to RM591.6 million.

19. COMMENTARY ON PROSPECTS

The Group's earnings will remain stable on the back of the fixed fee structure under the Gas Processing and Transmission Agreement (GPTA), with additional earnings potential from performance based structure which is dependent on the level of production of by-products and their prices.

Gas Processing

Revenue from Gas Processing segment will remain stable on the back of the fixed fee structure under the GPTA. The performance based structure will continue to provide PGB with additional earnings potential which is dependent on the level of production of by-products and their prices. PGB's exposure to fuel gas price fluctuation is eliminated as gas for internal consumption is provided by PETRONAS.

Gas Transportation

Revenue from Gas Transportation segment will remain stable as a result of capacity reservation booking made in advance by PETRONAS with potential upside to be derived from volume regasified by the LNG Regasification Terminal. PGB's exposure to fuel gas price fluctuation is eliminated as gas for internal consumption is provided by PETRONAS.

Utilities

Moving forward, revenue and results for the Utilities segment is expected to be stable and its growth is influenced by the petrochemicals customers' demand.



PETRONAS
PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

19. COMMENTARY ON PROSPECTS (continued)

Regasification

Revenue from Regasification segment will remain stable on the back of capacity reservation by PETRONAS for regasification and storage fees under the Regasification Service Agreement.

20. PROFIT FORECAST

Not applicable as no profit forecast was published.

21. TAXATION

Taxation comprises the following:

<i>In RM'000</i>	3 months ended 30 September		9 months ended 30 September	
	2013	2012	2013	2012
In respect of current period:				
- income tax	83,288	108,964	338,419	364,601
- deferred tax	7,978	(9,000)	(598,568)	(32,000)
	<u>91,266</u>	<u>99,964</u>	<u>(260,149)</u>	<u>332,601</u>

The effective tax rate for the current quarter and period ended 30 September 2013 are significantly lower than the statutory tax rate of 25%, mainly due to recognition of deferred tax assets arising from investment tax allowance granted to the LNG Regasification Terminal. Excluding the deferred tax assets impact, the effective tax rate for the current quarter and period would be 23.4% and 26.7% respectively. The effective tax rate for the corresponding period is also lower than statutory tax rate due to gain from disposal of shareholding in GMB in 2012. Excluding the gain, the effective tax rate would be comparable to the statutory tax rate.

22. STATUS OF CORPORATE PROPOSAL ANNOUNCED BUT NOT COMPLETED

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

23. UNQUOTED INVESTMENTS

Investments in unquoted securities (comprising Malaysian Government Securities and corporate private debt securities) as at 30 September 2013 were as follows:

<i>In RM'000</i>	As at 30.9.2013	As at 31.12.2012	As at 1.1.2012
Current			
Fair value through profit or loss financial assets	40,040	160,422	245,562



PETRONAS
PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

24. BORROWINGS

Particulars of Group's borrowings are as follows:

<i>In RM'000</i>	As at 30.9.2013	As at 31.12.2012 Restated	As at 1.1.2012 Restated
Non Current			
Term loan – unsecured	-	-	652,921
Derivative asset – Currency Exchange Agreement (CEA)	-	-	(208,186)
Finance lease liabilities – secured	833,476	783,538	-
	<u>833,476</u>	<u>783,538</u>	<u>444,735</u>
Current			
Term loan – unsecured	-	566,426	-
Derivative asset – Currency Exchange Agreement (CEA)	-	(118,407)	-
Finance lease liabilities – secured	4,175	15,127	-
	<u>4,175</u>	<u>463,146</u>	<u>-</u>
	<u>837,651</u>	<u>1,246,684</u>	<u>444,735</u>

<i>In RM'000</i>	As at 30.9.2013	As at 31.12.2012 Restated	As at 1.1.2012 Restated
By Currency			
USD	837,651	798,665	-
RM	-	446,006	430,424
JPY	-	2,013	14,311
	<u>837,651</u>	<u>1,246,684</u>	<u>444,735</u>

<i>In RM'000</i>	Total	Under 1 year	1-2 years	2-5 years	Over 5 years
Finance lease liabilities					
- 9.2%	837,651	4,175	17,555	63,570	752,351

The unsecured term loan comprising the 6th series 3.4% Samurai Bond was on lent from PETRONAS to the Company on 21 April 1997. The term loan represents an amount equivalent to Yen 16 billion as at 31.12.2012 and 1.1.2012 respectively. Under the Currency Exchange Agreement (CEA) with PETRONAS, the repayment of the principal amount is at a fixed exchange rate of 100 Yen – RM2.838. The loan was fully repaid on 22 July 2013 at the contracted amount of RM454.1 million.

For the purpose of presentation of the financial statements, both the term loan and the CEA are netted off since the conditions of legally enforceable right and the intention to settle on net basis are met.



PETRONAS
PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

24. BORROWINGS (continued)

Finance lease liabilities

Finance lease liabilities are payable as follows:

<i>In RM'000</i>	Minimum lease payments	Interest	Principal
Less than one year	23,583	19,408	4,175
Between 1 - 2 years	93,567	76,012	17,555
2 - 5 years	280,959	217,389	63,570
More than 5 years	1,371,723	619,372	752,351
	1,769,832	932,181	837,651

25. MATERIAL LITIGATION

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

26. 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 30 September 2013		9 months ended 30 September 2013	
	2012	Restated	2012	Restated
Net profit for the period attributable to ordinary shareholders (RM'000)	379,806	317,662	1,685,183	1,109,984
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
EPS (sen)	19.19	16.05	85.16	56.10

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.

27. AUDITOR REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

As disclosed in Note 4.



PETRONAS
PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

28. PROFIT FOR THE PERIOD

<i>In RM'000</i>	3 months ended 30 September		9 months ended 30 September	
	2013	2012 Restated	2013	2012 Restated
Profit for the period is arrived at after charging:				
Depreciation of property, plant and equipment	199,392	150,021	498,251	499,634
Property, plant and equipment written off	-	-	937	269
Loss on maturity of other investments	207	-	230	-
Loss on realised foreign exchange	404	-	465	-
Loss on unrealised foreign exchange	29,380	-	56,684	906
Realised/Unrealised loss on changes in values of Malaysian Government Securities and other unquoted securities	-	-	152	74
and crediting:				
Gain on maturity of other investments	-	60	-	60
Gain on realised foreign exchange	-	605	-	745
Gain on unrealised foreign exchange	-	5,999	-	-
Gain on disposal of property, plant and equipment	9	-	150	151
Gain on partial disposal through initial public offering of an associate	-	-	-	99,978
Realised/Unrealised gain on changes in values of Malaysian Government Securities and other unquoted securities	116	7	-	-
Interest income from fund and other investments	5,884	15,665	33,277	56,854

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



PETRONAS
PETRONAS GAS BERHAD
(101671-H)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

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 30.9.2013	As at 31.12.2012 Restated
Total retained profits/(accumulated losses) of PGB and its subsidiaries:		
- realised	7,124,453	6,970,340
- unrealised	(461,465)	(1,008,552)
	<u>6,662,988</u>	<u>5,961,788</u>
Total share of retained profits/(accumulated losses) from an associate:		
- realised	71,381	77,748
- unrealised	(25,490)	(26,418)
	<u>45,891</u>	<u>51,330</u>
Total share of retained profits/(accumulated losses) from joint ventures:		
- realised	(12,803)	9,692
- unrealised	5,961	(16,573)
	<u>(6,842)</u>	<u>(6,881)</u>
	<u>6,702,037</u>	<u>6,006,237</u>
Consolidation adjustments	188	171
Total Group Retained Profits as per Consolidated Financial Statements	<u><u>6,702,225</u></u>	<u><u>6,006,408</u></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 31 October 2013.

BY ORDER OF THE BOARD

Intan Shafinas (Tuty) Hussain (LS0009165)
Yeap Kok Leong (MAICSA0862549)
Company Secretaries
Kuala Lumpur
31 October 2013