



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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 second quarter ended 30 June 2013 which should be read in conjunction with the Explanatory Notes on pages 5 to 20.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As at 30.6.2013</b>	<b>As at 31.12.2012 Restated</b>	<b>As at 1.1.2012 Restated</b>
<i>In RM'000</i>			
<b>ASSETS</b>			
Property, plant and equipment	10,126,310	9,777,939	7,296,690
Investment in associate	125,321	127,796	179,567
Investment in joint ventures	183,577	181,184	135,189
Deferred tax assets	606,546	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>11,041,754</b>	<b>10,086,919</b>	<b>7,611,446</b>
Trade and other inventories	37,541	38,638	39,055
Trade and other receivables	457,193	355,301	389,194
Fund and other investments	130,131	160,422	245,562
Cash and cash equivalents	1,181,381	1,706,219	2,322,898
<b>TOTAL CURRENT ASSETS</b>	<b>1,806,246</b>	<b>2,260,580</b>	<b>2,996,709</b>
<b>TOTAL ASSETS</b>	<b>12,848,000</b>	<b>12,347,499</b>	<b>10,608,155</b>
<b>EQUITY</b>			
Share capital	1,978,732	1,978,732	1,978,732
Reserves	7,806,425	7,188,694	6,579,324
<b>Total equity attributable to shareholders of the Company</b>	<b>9,785,157</b>	<b>9,167,426</b>	<b>8,558,056</b>
Non-controlling interests	(185)	(171)	-
<b>TOTAL EQUITY</b>	<b>9,784,972</b>	<b>9,167,255</b>	<b>8,558,056</b>
<b>LIABILITIES</b>			
Borrowings	813,007	783,538	444,735
Deferred tax liabilities	1,004,000	1,004,045	1,053,000
Other long term liabilities	9,215	9,688	10,692
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,826,222</b>	<b>1,797,271</b>	<b>1,508,427</b>
Borrowings	453,596	463,146	-
Trade and other payables	578,971	797,944	395,198
Taxation	204,239	121,883	146,474
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,236,806</b>	<b>1,382,973</b>	<b>541,672</b>
<b>TOTAL LIABILITIES</b>	<b>3,063,028</b>	<b>3,180,244</b>	<b>2,050,099</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,848,000</b>	<b>12,347,499</b>	<b>10,608,155</b>
<b>Net Assets per share attributable to the shareholders of the Company (RM)</b>	<b>4.9452</b>	<b>4.6330</b>	<b>4.3250</b>



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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

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

	3 months ended		6 months ended	
	2013	30 June 2012 Restated	2013	30 June 2012 Restated
<i>In RM'000</i>				
Revenue	930,767	887,363	1,841,210	1,802,165
Cost of revenue	(435,820)	(417,384)	(847,798)	(883,739)
<b>Gross profit</b>	<b>494,947</b>	<b>469,979</b>	<b>993,412</b>	<b>918,426</b>
Administration expenses	(31,538)	(34,986)	(65,272)	(70,406)
Other expenses	(26,506)	(3,008)	(51,734)	(7,453)
Other income	38,554	144,729	78,110	181,207
<b>Operating profit</b>	<b>475,457</b>	<b>576,714</b>	<b>954,516</b>	<b>1,021,774</b>
Financing costs	(6,457)	(5,862)	(10,187)	(10,735)
Share of profit after tax of equity-accounted associate and joint ventures	(941)	7,345	9,619	13,920
<b>Profit before taxation</b>	<b>468,059</b>	<b>578,197</b>	<b>953,948</b>	<b>1,024,959</b>
Tax income/(expense)	476,877	(119,331)	351,415	(232,637)
<b>PROFIT FOR THE PERIOD</b>	<b>944,936</b>	<b>458,866</b>	<b>1,305,363</b>	<b>792,322</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Share of cash flow hedge of an equity-accounted joint venture	2,790	-	4,910	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>947,726</b>	<b>458,866</b>	<b>1,310,273</b>	<b>792,322</b>
<b>Profit attributable to:</b>				
Shareholders of the Company	944,939	458,866	1,305,377	792,322
Non-controlling interests	(3)	-	(14)	-
<b>PROFIT FOR THE PERIOD</b>	<b>944,936</b>	<b>458,866</b>	<b>1,305,363</b>	<b>792,322</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Company	947,729	458,866	1,310,287	792,322
Non-controlling interests	(3)	-	(14)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>947,726</b>	<b>458,866</b>	<b>1,310,273</b>	<b>792,322</b>
<b>Basic and diluted earnings per ordinary share (sen)</b>	<b>47.75</b>	<b>23.19</b>	<b>65.97</b>	<b>40.04</b>



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**(101671-H)**  
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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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			
<b>Quarter ended 30 June 2012</b>							
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	-	-	-	792,322	792,322	-	792,322
<b>Total comprehensive income for the period</b>	-	-	-	792,322	792,322	-	792,322
<b>Distribution to shareholders</b>							
Dividends	-	-	-	(494,683)	(494,683)	-	(494,683)
<b>Total distribution to shareholders</b>	-	-	-	(494,683)	(494,683)	-	(494,683)
<b>Balance at 30 June 2012</b>	1,978,732	1,186,472	-	5,690,491	8,855,695	-	8,855,695
<b>Quarter ended 30 June 2013</b>							
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	-	-	4,910	-	4,910	-	4,910
Profit for the period	-	-	-	1,305,377	1,305,377	(14)	1,305,363
<b>Total comprehensive income for the period</b>	-	-	4,910	1,305,377	1,310,287	(14)	1,310,273
<b>Distribution to shareholders</b>							
Dividends	-	-	-	(692,556)	(692,556)	-	(692,556)
<b>Total distribution to shareholders</b>	-	-	-	(692,556)	(692,556)	-	(692,556)
<b>Balance at 30 June 2013</b>	1,978,732	1,186,472	724	6,619,229	9,785,157	(185)	9,784,972



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**(101671-H)**  
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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	6 months ended	
	2013	30 June 2012 Restated
<i>In RM'000</i>		
Cash receipts from customers	1,769,820	1,856,859
Cash paid to suppliers and employees	(492,569)	(543,093)
	<u>1,277,251</u>	<u>1,313,766</u>
Interest income from fund and other investments	33,066	47,563
Taxation paid	(172,775)	(240,000)
<b>Net cash generated from operating activities</b>	<u>1,137,542</u>	<u>1,121,329</u>
Advances to a joint venture	-	(60,288)
Dividend received from an associate	14,612	19,932
Maturity of other investments	30,000	20,000
Purchase of property, plant and equipment	(1,009,749)	(1,177,756)
Proceeds from initial public offering of an associate	-	144,447
Proceeds from disposal of property, plant and equipment	150	1
<b>Net cash used in investing activities</b>	<u>(964,987)</u>	<u>(1,053,664)</u>
Financing costs paid	(4,837)	(10,793)
Dividends paid	(692,556)	(494,683)
<b>Net cash used in financing activities</b>	<u>(697,393)</u>	<u>(505,476)</u>
<b>Net decrease in cash and cash equivalents</b>	(524,838)	(437,811)
Cash and cash equivalents at beginning of the period	1,706,219	2,322,898
<b>Cash and cash equivalents at end of the period</b>	<u>1,181,381</u>	<u>1,885,087</u>



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(101671-H)  
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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 June 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 GAS BERHAD**  
(101671-H)  
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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 on the Group's reported income and net assets are as summarised below:

<i>In RM'000</i>	<b>As at 31.12.2012</b>	<b>As at 1.1.2012</b>
<b>Statement of Financial Position</b>		
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)
	<b>3 months ended 30.6.2012</b>	<b>6 months ended 30.6.2012</b>
<i>In RM'000</i>		
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Decrease in administration expenses	(212)	(480)
Increase in other income	725	41
Decrease in share of profit after tax of equity-accounted associate and joint ventures	(562)	(313)
Increase in profit attributable to non-controlling interests	375	208



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**(101671-H)**  
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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 Amendment 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 impact on the Group's reported net assets other than the following reclassification.

<i>In RM'000</i>	<b>As at 31.12.2012</b>	<b>As at 1.1.2012</b>
<b>Statement of Financial Position</b>		
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 June 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.



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(101671-H)  
(Incorporated in Malaysia)**

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 June 2013.

**10. DIVIDENDS**

The following dividends were declared and paid by the Company:

	<b>6 months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
<i>In RM'000</i>		
Ordinary		
Final paid:		
31.12.2012 – 35 sen per share under single tier system	692,556	494,683
(31.12.2011 – 25 sen per share under single tier system)		

The Board of Directors has approved on 22 August 2013 an interim dividend of 15% per ordinary share (30.6.2012: 15% per ordinary shares) under single tier system amounting to RM296,810,000 in respect of the financial year ending 31 December 2013. The interim dividend will be payable on 20 September 2013. The interim financial statements do not reflect this approved interim dividend.

**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 users 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 Complexes.
- Regasification – activities include regasification of liquefied natural gas for PETRONAS and third parties. The LNG Regasification Terminal in Melaka has commenced operations during the quarter.

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.





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(101671-H)  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**11. SEGMENTAL INFORMATION (continued)**

<i>In RM'000</i>					6 months ended 30 June 2013
<b>Business Segment</b>	<b>Gas Processing</b>	<b>Gas Transportation</b>	<b>Utilities</b>	<b>Regasification</b>	<b>Total</b>
Revenue	780,091	580,894	462,828	17,397	1,841,210
Segment results	440,095	462,228	93,906	(2,817)	993,412
Unallocated income/(expenses)					(38,896)
Operating profit					954,516
Financing costs					(10,187)
Share of profit after tax of equity accounted associate and joint ventures					9,619
Profit before taxation					953,948

<i>In RM'000</i>					6 months ended 30 June 2012 Restated
<b>Business Segment</b>	<b>Gas Processing</b>	<b>Gas Transportation</b>	<b>Utilities</b>	<b>Regasification</b>	<b>Total</b>
Revenue	784,056	556,524	461,585	-	1,802,165
Segment results	401,942	439,133	77,351	-	918,426
Unallocated income/(expenses)					103,348
Operating profit					1,021,774
Financing costs					(10,735)
Share of profit after tax of equity accounted associate and joint ventures					13,920
Profit before taxation					1,024,959

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.



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**(101671-H)**  
**(Incorporated in Malaysia)**

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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>	<b>As at 30.6.2013</b>	<b>As at 31.12.2012 Restated</b>	<b>As at 1.1.2012 Restated</b>
Property, plant and equipment			
Approved and contracted for	1,451,725	1,026,939	1,214,257
Approved but not contracted for	6,062,678	6,473,233	4,553,094
	<u>7,514,403</u>	<u>7,500,172</u>	<u>5,767,351</u>
Share of capital expenditure of joint ventures			
Approved and contracted for	189,735	258,063	561,737
Approved but not contracted for	156,452	104,756	-
	<u>346,187</u>	<u>362,819</u>	<u>561,737</u>
	<u>7,860,590</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>	<b>3 months ended 30 June 2013</b>		<b>6 months ended 30 June 2013</b>	
	<b>2012 Restated</b>	<b>2012 Restated</b>	<b>2012 Restated</b>	<b>2012 Restated</b>
<b>Holding Company</b>				
Regasification fee	17,397	-	17,397	-

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.



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**(101671-H)**  
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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

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

**17. REVIEW OF GROUP PERFORMANCE**

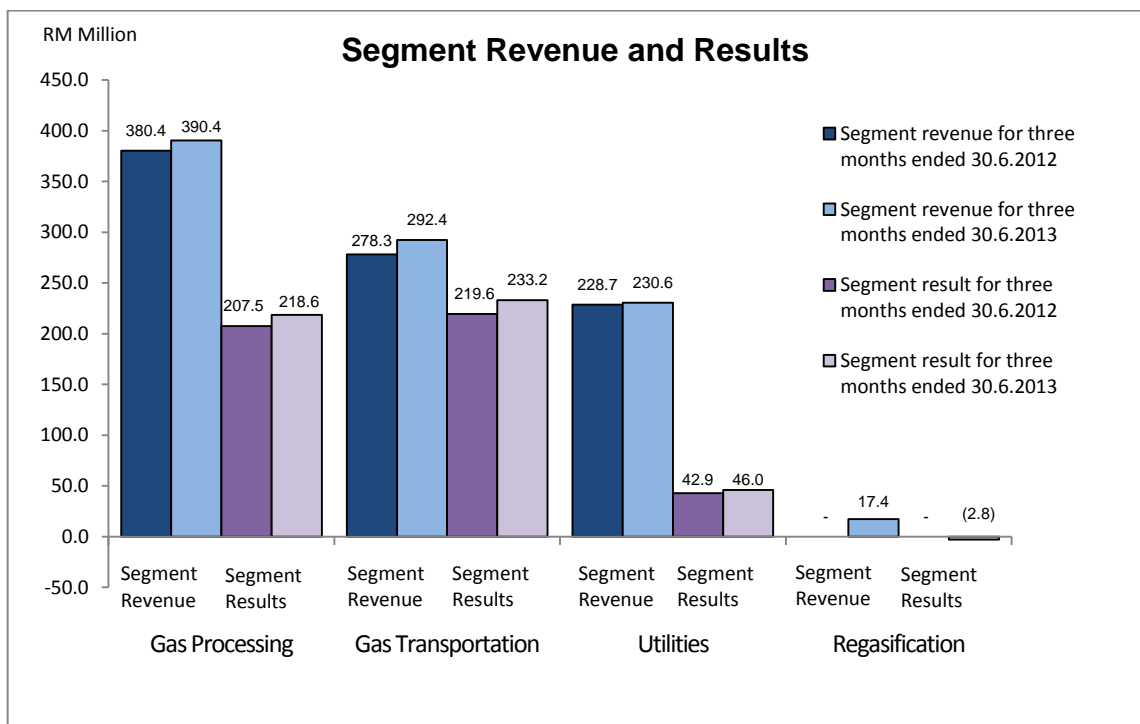
**(a) Current quarter against the corresponding quarter**

<i>In RM'000</i>	<b>3 months ended</b>	
	<b>2013</b>	<b>30 June 2012</b> <b>Restated</b>
Revenue	930,767	887,363
Profit before taxation	468,059	578,197
Profit for the quarter	944,936	458,866

The Group's revenue for the quarter ended 30 June 2013 was RM930.8 million, an increase of RM43.4 million or 5% compared to the corresponding quarter in 2012 mainly attributed to regasification revenue and higher gas transportation revenue and performance based structure income.

Despite higher revenue, profit before tax decreased by RM110.1 million primarily due to gain from disposal of shareholding in Gas Malaysia Berhad (GMB) of RM100.0 million in the corresponding quarter. Recognition of deferred tax assets arising from investment tax allowance granted for the LNG Regasification Terminal in Melaka amounting to RM591.6 million contributed to higher profit for the quarter by RM486.1 million.

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





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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 June 2013 was higher by RM10.0 million as compared to the corresponding quarter in 2012 mainly driven by higher performance based structure income for propane resulting from higher export volume. Accordingly, segments results for Gas Processing increased by RM11.1 million in tandem with the increase in revenue.

**Gas Transportation**

Gas Transportation segment registered revenue of RM292.4 million for the quarter ended 30 June 2013 compared to RM278.3 million for the same quarter last year, reflecting an increase of RM14.1 million on the back of higher transportation capacity booked by customer. Segment results for the quarter improved by RM13.6 million supported by the increase in revenue.

**Utilities**

Revenue for the quarter ended 30 June 2013 was marginally higher by RM1.9 million as compared to the corresponding quarter in 2012 primarily contributed by higher revenue from industrial gases and demin water negated by lower revenue from electricity. Utilities segment registered segment results of RM46.0 million, increased by RM3.1 million as compared to the same quarter last year following the aforesaid increase in revenue.

**Regasification**

Regasification segment registered revenue of RM17.4 million for the quarter ended 30 June 2013 as a result of commencement of the LNG Regasification Terminal operations during the quarter. However, the segment registered loss of RM2.8 million for the quarter due to its pre-operating expenses.



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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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)**

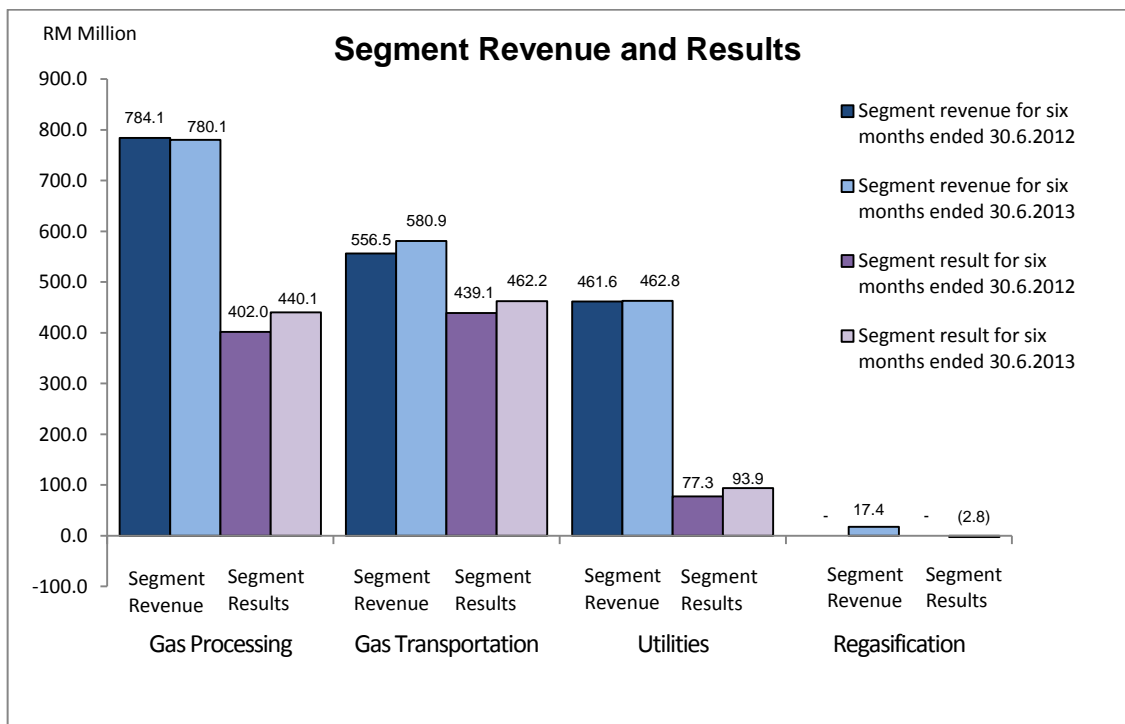
**(b) Current year to date period against the corresponding year to date period**

<i>In RM'000</i>	6 months ended	
	2013	30 June 2012 Restated
Revenue	1,841,210	1,802,165
Profit before taxation	953,948	1,024,959
Profit for the period	1,305,363	792,322

The Group's revenue for the six months period ended 30 June 2013 was RM1,841.2 million, a slight increase of RM39.0 million or 2.2% compared to the corresponding period in 2012 on the back of higher revenue contribution from gas transportation and regasification, partially offset by lower gas processing revenue.

Profit before tax decreased by RM71.1 million mainly due to gain from partial disposal of shareholding in GMB of RM100.0 million in the corresponding period partially negated by higher revenue. Despite lower profit before tax, profit for the period increased by RM513.1 million primarily contributed by recognition of deferred tax assets arising from investment tax allowance granted for the LNG Regasification Terminal amounting to RM591.6 million.

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





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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 six months period ended 30 June 2013 was lower by RM4.0 million as compared to the corresponding period in 2012 mainly due to lower performance based structure income resulting from lower realised price for both ethane and butane. The impact of lower price was negated by higher export volume for propane and butane.

Segments results for Gas Processing of RM440.1 million were however higher by RM38.1 million, contributed by lower depreciation expense arising from review of property, plant and equipment major components and useful lives in the corresponding period last year.

**Gas Transportation**

Gas Transportation segment registered revenue of RM580.9 million for the six months period ended 30 June 2013 compared to RM556.5 million for the same period last year, reflecting an increase of RM24.4 million on the back of higher transportation capacity booked by customer. Accordingly, segment results for the quarter improved by RM23.1 million in tandem with the higher revenue.

**Utilities**

Revenue for the six months period ended 30 June 2013 was marginally higher by RM1.2 million as compared to the corresponding period in 2012 primarily contributed by higher revenue from industrial gases, demin water and steam, partially negated by lower revenue from electricity.

Utilities segment registered segment results of RM93.9 million, an increase of RM16.6 million as compared to the same period last year mainly driven by lower depreciation expense arising from review of property, plant and equipment major components and useful lives in 2012.

**Regasification**

Segment revenue for the period ended 30 June 2013 was RM17.4 million as a result of commencement of the LNG Regasification Terminal operations during the quarter. However, the segment registered loss of RM2.8 million for the period due to its pre-operating expenses.



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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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>	<b>3 months ended</b>	
	<b>30 June 2013</b>	<b>31 March 2013</b>
Revenue	930,767	910,443
Profit before taxation	468,059	485,889
Profit for the period	944,936	360,427

The Group registered revenue of RM930.8 million, a slight increase of RM20.4 million or 2.2% as compared to the preceding quarter mainly contributed by revenue from Regasification segment.

Profit before tax decreased by RM17.8 million due to higher cost of revenue coupled with lower share of profit after tax of equity accounted associate and joint ventures during the current quarter.

Profit for the quarter however increased by RM584.6 million due to recognition of deferred tax assets arising from investment tax allowance granted for the LNG Regasification Terminal in Melaka.

**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. The commencement of the LNG Regasification Terminal in Melaka will provide additional earnings stream to the Group.

**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 customer 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 will continue to be heavily influenced by the petrochemicals customers' demand.



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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 June		6 months ended 30 June	
	2013	2012	2013	2012
In respect of current period:				
- income tax	122,669	135,331	255,131	255,637
- deferred tax	(599,546)	(16,000)	(606,546)	(23,000)
	(476,877)	119,331	(351,415)	232,637

The effective tax rate for the current quarter and period ended 30 June 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 LNG Regasification Terminal in the current quarter. Excluding the impact, the effective tax rate for the current quarter and period would be 27.6% and 27.0% respectively.

The effective tax rates for the corresponding quarter and period are 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 substantially 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 June 2013 were as follows:

<i>In RM'000</i>	As at 30.6.2013	As at 31.12.2012	As at 1.1.2012
<b>Current</b>			
Fair value through profit or loss financial assets	130,131	160,422	245,562





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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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>	<b>As at 30.6.2013</b>	<b>As at 31.12.2012 Restated</b>	<b>As at 1.1.2012 Restated</b>
<b>Non Current</b>			
Term loan	-	-	652,921
Derivative asset – Currency Exchange Agreement (CEA)	-	-	(208,186)
Finance lease liabilities	813,007	783,538	-
	<u>813,007</u>	<u>783,538</u>	<u>444,735</u>
<b>Current</b>			
Term loan	515,801	566,426	-
Derivative asset – Currency Exchange Agreement (CEA)	(70,258)	(118,407)	-
Finance lease liabilities	8,053	15,127	-
	<u>453,596</u>	<u>463,146</u>	<u>-</u>
	<u>1,266,603</u>	<u>1,246,684</u>	<u>444,735</u>

<i>In RM'000</i>	<b>Total</b>	<b>Under 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>
Term loan (net of CEA) - 3.4%	445,543	445,543	-	-	-
Finance lease liabilities - 9.2%	821,060	8,053	17,124	62,009	733,874
	<u>1,266,603</u>	<u>453,596</u>	<u>17,124</u>	<u>62,009</u>	<u>733,874</u>

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. Under the 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.

The CEA being an embedded derivative attached to the Yen 16 billion term loan is valued and accounted separately at each reporting date due to the risks and characteristics not being closely related to the host contract. The term loan is translated at the spot rate at the reporting date whereas the CEA is measured at fair value. The fair value of the CEA is based on the discounted cash flow of the difference between forward exchange rate and contracted rate. Any increase or decrease in the translation or valuation is recorded accordingly in the profit and loss.

The market risk on the fair value or future cash flows of the term loan and CEA will fluctuate depending on the exchange rate and interest rate movement.

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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

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

**24. BORROWINGS (continued)**

**Term loan and Currency Exchange Agreement (CEA)**

The net unrealised gain arising from translation of term loan and revaluation of CEA for the six months ended 30 June 2013 was RM2.5 million (30 June 2012: net unrealised loss of RM6.9 million).

**Finance lease liabilities**

Finance lease liabilities are payable as follows:

<i>In RM'000</i>	<b>Minimum lease payments</b>	<b>Interest</b>	<b>Principal</b>
Less than one year	46,010	37,957	8,053
Between 1 - 2 years	91,269	74,145	17,124
2 - 5 years	274,059	212,050	62,009
More than 5 years	1,338,036	604,162	733,874
	<b>1,749,374</b>	<b>928,314</b>	<b>821,060</b>

**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.

	<b>3 months ended 30 June</b>		<b>6 months ended 30 June</b>	
	<b>2013</b>	<b>2012 Restated</b>	<b>2013</b>	<b>2012 Restated</b>
Net profit for the period attributable to ordinary shareholders (RM'000)	944,939	458,866	1,305,377	792,322
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
<b>EPS (sen)</b>	<b>47.75</b>	<b>23.19</b>	<b>65.97</b>	<b>40.04</b>

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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 June		6 months ended 30 June	
	2013	2012 Restated	2013	2012 Restated
Profit for the period is arrived at after charging:				
Depreciation of property, plant and equipment	155,911	146,902	298,860	349,613
Property, plant and equipment written off	27	267	937	269
Loss on maturity of other investments	6	3	22	1
Loss on realised foreign exchange	-	196	61	-
Loss on unrealised foreign exchange	16,979	2,487	27,305	6,906
Unrealised loss on changes in values of Malaysian Government Securities and other unquoted securities	206	55	269	81
and crediting:				
Gain on realised foreign exchange	145	-	-	141
Gain on partial disposal through initial public offering of an associate	-	99,978	-	99,978
Interest income from fund and other investments	13,382	19,715	27,392	41,188

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

**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 30.6.2013	As at 31.12.2012 Restated
Total retained profits/(accumulated losses) of PGB and its subsidiaries:		
- realised	7,604,276	6,970,340
- unrealised	(1,024,688)	(1,008,552)
	6,579,588	5,961,788
Total share of retained profits/(accumulated losses) from an associate:		
- realised	74,347	77,748
- unrealised	(25,492)	(26,418)
Total share of retained profits/(accumulated losses) from joint ventures:		
- realised	(6,693)	9,692
- unrealised	(2,706)	(16,573)
	6,619,044	6,006,237
Consolidation adjustments	185	171
<b>Total Group Retained Profits as per Consolidated Financial Statements</b>	<b>6,619,229</b>	<b>6,006,408</b>



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

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

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

**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 22 August 2013.

**BY ORDER OF THE BOARD**

Intan Shafinas (Tuty) Hussain (LS0009165)  
Yeap Kok Leong (MAICSA0862549)  
*Company Secretaries*  
Kuala Lumpur  
22 August 2013