

PETRONAS GAS BHD

WVB NO:	30273FM
STATUS:	ACTIVE
COUNTRY:	Malaysia
SIC CODE:	NATURAL GAS TRANSMIS & DISTR (4923)
ADDRESS:	TOWER 1 PETRONAS TWIN TOWERS KUALA LUMPUR CITY CENTRE KUALA LUMPUR

WVB Credit Risk

BANKER	AUDITOR
BUMIPUTRA-COMMERCE BANK BERHAD	KPMG DESA MEGAT & CO

	SCORE
WVB Company Rating	4.83
WVB Company Debt Score (long-term)	BB3
WVB Company Debt Score (medium-term)	BB3
WVB Company Debt Score (short-term)	BB3
WVB Company of Default Probability	0.9
WVB Predicted Business Risk Score	3.614

Reporting Period	31-MAR-02	31-MAR-03	31-MAR-04	31-MAR-05	31-MAR-06
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:: OTHER CREDIT SCORING MEASUREMENTS

Z-Score	1.91	1.97	2.09	2.56	3.14
Modified Z-Score	5.85	5.66	6.59	8.03	10.07
Emerging Markets Z-Score	12.65	12.37	13.97	17.57	22.12
Bathory Model	3.94	5.84	2.37	4.15	5.35
Springate Model	0.85	1.65	0.74	1.39	1.88
Logit Model Y Result	124.29	-23.06	7.54	-7.94	1.57
Logit Probability of bankruptcy	1	0	1	0	0.9
H-Factor Model	5.69	6.09	6.73	8.54	11.17
Currency	MYR ('000)	MYR ('000)	MYR ('000)	MYR ('000)	MYR ('000)

:: PROFITABILITY

EBITDA Margin (%)	68.34	66.33	64.72	68.29	59.85
EBIT Margin (%)	37.95	38.81	36.53	40.77	36.67
Operating Return on Sales (%)	37.53	38.83	36.54	40.78	36.68
Pre-tax Return on Shareholders Equity (%)	11.47	14.04	13.08	14.07	14.78
After-tax Return on Shareholders Equity (%)	7.47	10.62	10.3	12.31	13.78
Return in Total Assets (%)	4.64	6.56	6.63	8.71	10.28
Return on Investment Capital (%)	8.17	18.15	10.23	12.23	12.5
ROIC (%)	7.6	16.82	8.75	10.33	11.43
Cash Flow Return on Investment (%)	14.05	17.78	25.86	30.25	33.35
Excess Cash Margin (%)	-68.34	-66.33	-64.72	-68.29	-59.85
Profit Volatility (%)	0.02	0.03	0.03	0.03	0.04

:: INTEREST COVERAGE (%)

EBITDA/Total Interest	-8.8	-15.4	-17.87	-28.6	-48.76
EBIT/Total Interest	-4.88	-9.01	-10.09	-17.08	-29.88
Free Cash Flow/Total Interest	-8.87	-17.01	-28.45	-46.99	-78.27
EBITDA/Int Expense Plus Rents & Leases	-8.51	-14.63	-16.83	-26.24	-41.98

:: LEVERAGE (x)					
Total Debt/EBITDA	2.78	2.53	2.21	1.78	1.38
Adjusted Debt/EBITDA	0.23	0.13	0.59	0.25	0.18
Net Debt/EBITDA	1.87	1.36	0.53	0.49	0.27
Secured Debt/EBITDA	0	0	0	0	0
Bank Debt/EBITDA	0	0.13	0.59	0.25	0.18
Free Cash Flow/Total Debt (%)	36.34	43.62	72.18	92.32	116.09

:: CAPITALIZATION & DEBT-SERVICE CAPACITY					
Long-term Debt/ Total Liabilities	0.67	0.54	0.24	0.27	0.19
Total Debt/ Total Assets	0.28	0.22	0.17	0.12	0.08
Shareholders Equity/Total Liabilities	1.73	1.65	1.96	2.38	3
Shareholders Equity/Total Debt	2.28	2.79	3.86	5.73	9.2
Shareholders Equity/Total Assets	0.63	0.62	0.66	0.7	0.75
Cashflow / Total Liabilities	0.36	0.44	0.72	0.92	1.16
Cashflow / Total Debt	0.48	0.74	1.42	2.22	3.56

:: LIQUIDITY					
Stock Turnover	10.94	11.92	10.07	13.3	12.55
Collection Period	6.46	4.82	7.87	10.58	3.53
Credit Period	0.3	0.14	0	0	0.07
Current Ratio	0.85	1.86	0.53	1.56	2.44
Liquidity Ratio	0.28	1.01	0.19	1.06	1.76
Gross Cash Cycle	28.85	24.79	30.89	28.91	20.65

:: BALANCE SHEET					
Current Assets	511499	728419	530030	933055	1220067
Current Liabilities	599158	391171	1008962	599616	499930
Working Capital	-87659	337248	-478932	333439	720137
Fixed Assets	9568953	9208361	8884174	8555752	8176100
Debt & Other	3099705	3362973	2174295	2204062	1849519
Fixed Worth	6469248	5845388	6709879	6351690	6326581
Net Worth	-6556907	-5508140	-7188811	-6018251	-5606444
Contingent Liabilities	0	0	0	0	0
Benefit Obligation End of Year	0	0	0	0	0

:: INCOME STATEMENT					
Net Sales	1949575	2235684	2230206	2307278	2839298
Operating Profit (EBITDA)	1332357	1482884	1443360	1575539	1699250
EBIT ('000)	739942	867738	814665	940754	1041215
Depreciation & Amortization	-592415	-615146	-628695	-634785	-658035
Bad Debts	0	0	0	0	0
Income Taxes	-110100	-122287	-98949	-70082	-53868
Net Profit/Loss	476698	656801	641903	823226	971038
Dividends/Drawings	-284938	-340342	-593619	-593619	-609449
Additions to Fixed Assets	0	0	0	0	0
Interest Expenses	-151489	-96302	-80763	-55084	-34847
Free Cash Flow ('000)	1344302	1637702	2297665	2588300	2727399

DIRECTORS		
Name	Effective from date	Function
SAMSUDIN BIN MISKON	01-MAR-2007	MANDIR
MOHD HASSAN BIN MARICAN	01-AUG-1991	COB
ZULKIFLEE BIN ARIFFIN	01-JUN-2003	CEO

SUBSIDIARIES

Name	Percentage (%)
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MAJOR SHAREHOLDERS

Name	Number of Shares	Number of Votes	Date
EMPLOYEES PROVIDENT FUND BOARD	258691	258691	31-MAY-2006
KUMPULAN WANG AMANAH PENCEN	297427	297427	31-MAY-2006

Business summary: PETRONAS Gas Berhad (PGB) was incorporated as a private limited company on 23 May, 1983 under the Companies Act, 1965 of Malaysia and converted to a public limited company on 28 March, 1995. PGB is a gas processing, transmission and utilities company. PETRONAS, the national oil company holds 60.63% equity in PGB which was listed on the Main Board of the Bursa Malaysia Securities Berhad (Bursa Malaysia) on 4 September, 1995.

In addition to gas processing and transmission, PGB's activities have included supply of industrial utilities such as steam, electricity, oxygen, nitrogen, compressed air, demineralised water and waste water treatment to the petrochemical complexes in the Kertih and Gebeng

industrial zones.

The company operates six Gas Processing Plants (GPP) which process natural gas from the offshore fields of Terengganu. Four of these plants are located in Kertih and the other two in Paka, Terengganu. The plants have a proven sales gas production capacity of 2,060 million

standard cubic feet per day (mmscfd) in addition to producing by-products such as ethane, propane, butane and condensates. The sales gas produced is transmitted via 2,383km Peninsular Gas Utilisation (PGU) pipelines to end-users in the power, industrial and commercial sectors.

PETRONAS, short for PetroliaM Nasional Bhd, is Malaysia's national petroleum corporation established on 17 August 1974. Wholly-owned by the Government, the corporation is vested with the entire oil and gas resources in Malaysia and is entrusted with the responsibility of developing and adding value to these resources. Since its incorporation PETRONAS has grown to be an integrated international oil and gas company with business interests in 35 countries. As at end of March 2004, the PETRONAS Group comprised 93 wholly-owned subsidiaries, 19 partly-owned outfits and 55 associated companies.

The Group is engaged in a wide spectrum of petroleum activities, including upstream exploration and production of oil and gas to downstream oil refining; marketing and distribution of petroleum products; trading; gas processing and liquefaction; gas transmission pipeline network operations; marketing of liquefied natural gas; petrochemical manufacturing and marketing; shipping; automotive engineering; and property investment.

PETRONAS Background

The earliest officially recorded oil find in Malaysia was made in July 1882 by the British Resident of the Baram district in Sarawak. The oil was used by the local residents for medicinal purposes and later for lighting lamps and waterproofing boats. Commercial exploitation only began in 1910 when the Anglo-Saxon Petroleum Company, the forerunner of the present Sarawak Shell which was granted the sole right to explore for petroleum in Sarawak, struck oil in the town of Miri, marking the start of the Malaysian petroleum industry. The Miri success encouraged further attempts to discover other onshore fields. However, only traces of petroleum were found, and these were not large enough to justify drilling activities.

Consequently, by the 1950s, attention turned to the seas. This was made possible by new improvements in offshore petroleum technology. Marine seismic surveys were carried out for the first time in Sarawak in 1954. The shift offshore began to show results in 1962 with the discovery of oil in two areas offshore Sarawak. Other finds followed in rapid succession. In Peninsular Malaysia, petroleum exploration activities began in 1968 and the first oil field was discovered in 1971.

As in many other developing countries, oil companies in Malaysia had been operating under what was known as a concession system. Under this system, large areas were made available to oil companies under very generous terms and the Government retained very little control. In return for these concessions, the oil companies paid a small royalty and taxes to the Government.

During the Israeli war in 1973, several Arab oil-producing countries decided to stop oil shipments to certain countries. As a result, there was a mad rush for oil, prices shot up overnight and the world experienced its first energy crisis. The 1973 oil embargo also made oil producing countries of the world realise the importance of controlling their own petroleum resources.

In Malaysia, it led to the promulgation of the Petroleum Development Act in 1974 and the formation of a national oil company to ensure that the nation's petroleum resources could be developed in line with the needs and aspirations of the nation. Article 2 of the Act vests the entire ownership in, and the exclusive rights, power, liberties and privileges of exploring, exploiting, winning and obtaining petroleum whether onshore or offshore of Malaysia in PETRONAS.

MILESTONE

1974

Incorporation of PETRONAS. Parliament passed the Petroleum Development Act.

1975

First export of crude by PETRONAS.

1976

Conclusion of first production sharing contract (PSC) with Esso and Shell.

1977

Entry into the Petroleum product market via aviation refueling and bunkering services.

1978

Incorporation of PETRONAS Carigali Sdn Bhd, the exploration and production subsidiary of PETRONAS.

1980

Incorporation of Asean Bintulu Fertilizer, marking PETRONAS' entry into the petrochemicals sector.

1981

First PETRONAS petrol station set up in Taman Tun Dr Ismail, Kuala Lumpur.

1982

PETRONAS Carigali made its first oil discovery, the Dulang oilfield, offshore Terengganu.

1983

Malaysian LNG exported its first shipment of liquified natural gas (LNG) to Japan from its plant in Bintulu, Sarawak.

PETRONAS' first refinery with 30,000 bpd capacity in Kertih, Terengganu came onstream.

1984

Duyong Gas Development Project completed.

The Peninsular Gas Utilisation (PGU) Phase 1 came onstream.

Moved into Kompleks Dayabumi.

1985

Introduction of new PSC terms.

Asean Bintulu Fertilizer plant came onstream . First fertilizer export.

First liquified petroleum gas (LPG) export.

1988

Signing of the country's first Unitisation Agreement between PETRONAS Carigali and Esso Production Malaysia Inc. for the development of Dulang field.

1990

The road to globalisation began. Maiden E&P venture as a member of a consortium in onshore Block D, Myanmar.

1991

Signed a joint venture agreement with BP Chemicals/BPCM Assets Sdn Bhd and Idemitsu Petrochemical Co Ltd for the ethylene and polyethylene projects in Kertih, Terengganu.

Inauguration of PGU Phase 2 system by Prime Minister Dato Seri Dr Mahathir Mohamad.

Dato Seri Dr Mahathir Mohamad launched Dulang crude.

First operatorship in overseas E&P venture for blocks 1 and 2 offshore Vietnam.

1992

MTBE/Propylene and Polypropylene plants in Gebeng, Kuantan came onstream marking PETRONAS' entry into the integrated petrochemical business.

Ground breaking ceremony of the Kuala Lumpur City Centre (KLCC) project by Dato Seri Dr Mahathir Mohamad.

1993

PETRONAS signed its first deep water PSC with Mobil.

Issued its first US\$500 million Yankee and 50 billion yen samurai bonds.

1994

Marketing arm PETRONAS Dagangan Bhd became the first PETRONAS subsidiary listed on the Kuala Lumpur Stock Exchange (KLSE).

PETRONAS Melaka Refinery with 100,000 bpd capacity began operation.

First of PETRONAS' five LNG tankers, Puteri Intan, was delivered.

Oil was discovered in Ruby field, in Block 1 and 2, Vietnam.

First overseas oil production from Dai Hung field in Vietnam.

First overseas retail station opened in Cambodia.

1995

Established PETRONAS Energy Philippines Inc to import, store and distribute LPG for domestic and commercial use in the Lanau District, Mindanao.

Polyethylene plant in Kertih came onstream.

Listing of PETRONAS Gas Bhd on the KLSE.

Commencement of PETRONAS sponsorship of the Red Bull-Sauber-PETRONAS Formula One Racing Team.

1996

Full completion of the LNG Dua project in Bintulu.

Incorporated a joint venture company known as Aromatics Malaysia Sdn Bhd to undertake the implementation of the country's first aromatics project.

Issued its first US\$1.9 billion global bond.

Acquired a 30% stake in Engen Ltd in South Africa.

Signed a petroleum contract with China National Offshore Oil Corporation and Chevron Overseas Petroleum Ltd to jointly undertake oil and gas exploration in block 02/31, offshore Liaodong Bay area, China.

1997

Moved to the world's tallest buildings, the 88-storey PETRONAS Twin Towers at the KLCC.

Signed agreement with BASF Aktiengesellschaft of Germany to construct and operate three new petrochemical plants at the Gebeng Industrial estate in Kuantan.

Signed a shareholders agreement with BP Chemicals to build Malaysia's first acetic acid plant in Kertih.

The first LPG joint venture project in ZhengJiang, Jiangsu Province, China was officially opened.

Acquired a 29.3% stake in Malaysia International Shipping Corporation Berhad (MISC).

PGU III, the final phase of the three-phase PGU project was completed.

1998

PETRONAS injected PETRONAS TANKERS Sdn Bhd into MISC, resulting in MISC becoming a 62% subsidiary of PETRONAS.

Launched Enviro 2000, the natural gas vehicle taxi.

Signed PSCs with two foreign players in Malaysia upstream sector, namely, Santa Fe Energy Resources and YPF Malaysia Ltd.

Malaysia's first commercial prototype engine, PETRONAS E01, developed by PETRONAS engineers, was launched.

Acquired the remaining 70% of Engen Ltd making it fully owned subsidiary of PETRONAS.

Launched the first oil production of Ruby Field offshore Vung Tau, Vietnam.

PGU III the final phase of the three-phased PGU project was completed.

Launched the first oil production of the Sirri field in Iran.

1999

Signed three PSCs with PETRONAS Carigali and Murphy Oil Corporation, a new foreign player in the upstream sector.

First oil production export from Sudan.

Official Opening of the PETRONAS Twin Towers by Dato Seri Dr Mahathir Mohamad on Malaysia's 42nd National Day.

Concluded a Gas Sales Agreement with developers of Block A-18 in the Malaysian-Thailand Joint Development Area to jointly purchase natural gas with Petroleum Authority of Thailand from the block.

Divested 20% equity in Engen Ltd to Worldwide African Investment Holding Pty Ltd.

Signed a Farm-out Agreement with ENI for interests in three exploration blocks offshore Gabon.

2000

Introduced PRIMAX, a revolutionary new generation petrol to Malaysian motorists.

Resak Gas Field offshore Terengganu began production.

Launched SPRINTA 5000, a fully synthetic motorcycle engine oil.

Signed agreements for two oil and gas exploration blocks, the East Kadanwari Block and Mehar Block, in Pakistan.

Commenced construction of the 1,070 km pipeline for Chad-Cameroon Integrated Oil Development and Pipeline Project. First oil is targeted in 2003.

2001

Signed a PSC with Sonatrach, the Algerian national oil corporation, for the Ahnet Block onshore Algeria.

Dato Seri Dr Mahathir Mohamad launched the book on PETRONAS entitled "A Vision Realised - The Transformation of A National Oil Corporation" written by Datuk Paddy Bowie.

PETRONAS' office in Jakarta officiated by Dato Seri Dr Mahathir Mohamad.

BASF PETRONAS Chemicals Sdn Bhd's integrated chemical complex in Gebeng, Pahang officiated by Dato Seri Dr Mahathir Mohamad.

Rolled out PETRONAS' high performance prototype "GP1" motorcycle engine at the Sepang F1 Circuit.

2002

Signed a Petroleum Contract with PetroVietnam and Pertamina to jointly explore for and develop hydrocarbon resources in Blocks 10 and 11.1 offshore Vietnam.

Official opening of IPPL LPG Terminal, a joint venture with India Oil Corporation.

Secured two reconnaissance contracts in Morocco.

PETRONAS Petroleum Industry Complex (PPIC) in Kertih, Terengganu officiated by Dato' Seri Dr Mahathir Mohamad.

Raised US\$2.675 billion equivalent from a global bond issue, the largest corporate bond issue to have ever been concluded by an Asian corporation.

Signed an Exploration Production Contract (EPC) with ENH, Mozambique's national oil company for the Zambezi Delta Block offshore Mozambique.

Launched Foggy PETRONAS Racing, a team sponsored by PETRONAS to race in the World Superbike Championship.

Secured interest in Jabung Block, onshore South Sumatra, through the acquisition of Kerr-McGee Indonesia's entire share capital.

Received the delivery of first natural gas from West Natuna, Indonesia.

Awarded four PSCs for Blocks M-15, M-16, M-17 and M-18 offshore Myanmar

Entered into an agreement with Premier Oil Plc, to swap its 25% share in Premier for Premier's interests in producing fields in Myanmar and Indonesia.

Discovered oil and gas reserves in the Turkmen sector of the Caspian Sea, Turkmenistan.

Announced the development of its own Formula One fuel for the Sauber PETRONAS cars in the 2003 FIA Formula One World Championship.

Announced the financial close of the purchase by Transasia Pipeline Company Pvt. Ltd, of a 40 per cent stake in PT Transportasi Gas Indonesia.

2003

Official opening of the polyvinyl chloride (PVC) plant, Phu My Plastics & Chemicals Company Ltd, a joint venture between PETRONAS, PetroVietnam and Tramatsuco.

Signed a Petroleum Contract with PetroVietnam to jointly explore for and develop hydrocarbon resources in Block 01/97 and 02/97 offshore Vietnam.

Awarded two Production Sharing Contracts for deepwater Blocks L and m offshore Malaysia to Murphy Oil Corporation and PETRONAS Carigali Sdn Bhd.

Foggy PETRONAS Racing Team entered 2003 World Superbike Championship.

Acquired Mobil Oil Sudan Limited from Mobil International Petroleum Corporation to participate in the retailing business and marketing of petroleum products in Sudan.

Signed an agreement for the acquisition of 50% working interest and joint operatorship of the West Delta Deep Marine concession, offshore Egypt and a 35% interest in the Egyptian LNG project from Edison S.p.A.

PETRONAS and PetroChina, in consultation with PERTAMINA, have in a joint exercise acquired the entire share capital Amerada Hess Indonesia Holdings Limited.

Signed a Sale and Purchase Agreement with Lundin Sudan BV for the sale of Lundin's 40.375% participating interest in Block 5A, Sudan.

Appointed Motosikal Dan Enjin Nasional Sdn Bhd (MODENAS) as the local assembler of the road version of PETRONAS FP1 superbikes.

Official opening of PETRONAS Liquefied Natural Gas Complex in Bintulu, Sarawak by Dato' Seri Dr Mahathir Mohamad.

Awarded the exploration Block G in the Federal Democratic Republic of Ethiopia.

Signed a PSC with Pertamina and PetroVietnam to jointly explore for and develop hydrocarbon resources in Block SK305 offshore Sarawak.

Awarded an exploration and production contract for the offshore Indus Block G and H by the Government of Pakistan.

Announced the first oil and pipeline fill operations of its joint venture Chad-Cameroon Integrated Oil Development and Pipeline Project.

Opened its first service station in Sudan, officially marking its entry into the retail marketing business in the country following its acquisition of the entire retail assets of Mobil Oil Sudan Ltd.

Completed the transfer of its 25 percent interest in Premier Oil Plc for the latter's interests in producing fields in Myanmar and Indonesia.

Concluded two Sale and Purchase Agreements to sell the entire 3.6 million tonnes per year liquefied natural gas output of Train 2 of the Egyptian LNG Project to BG Gas Marketing Ltd, a subsidiary of the British Gas Group.

Unveiled the road version of its PETRONAS FP1 motorcycle, Malaysia's very own first superbike.

Launched its range of premium grade automotive engine oils in Indonesia, officially entering the country's lubricants market.

Signed a Letter of Intent with Petroplus International NV (Petroplus) to acquire 30 per cent equity in Dragon LNG, a special purpose outfit established by Petroplus to develop a proposed LNG terminal and related facilities in Milford Haven, Wales, United Kingdom.

2004

Entered into a Petroleum Agreement and Association Contract with the Office National de Recherches et d'Explorations Petrolieres (ONAREP), the national oil company of Morocco, for an offshore deepwater Rabat Sale Haute Mer are in Morocco.

Signed a shareholder's agreement with Total and National Iranian Oil Company (NIOC) to form a liquefied natural gas production company, Pars LNG Co.

Signed a new PSC for Block PM314 offshore Peninsular Malaysia with Talisman Malaysia Ltd. and PETRONAS Carigali Sdn Bhd, following the expiry of the PSC for the block awarded in 1988 to Amerada Hess Malaysia.

Signed two PSCs with Newfield Exploration Company and PETRONAS Carigali Sdn Bhd for Block PM318 offshore Peninsular Malaysia and Deepwater Block 2C offshore Sarawak.

Launched its marketing arm in China, PETRONAS Marketing China Company Ltd.

Signed a Gas Sales Agreement with British Gas Trading Ltd, a subsidiary of Centrica Plc of the United Kingdom, marking its entry into the UK natural gas market.

Signed a Memorandum of Understanding (MOU) with Indonesia's PT Perusahaan Listrik Negara towards the development of a LNG regasification terminal in West Java, Indonesia.

Announced the development of a new world scale methanol plant adjacent to its existing methanol plant in Labuan.

Signed a PSC with Malaysia-Thailand Joint Authority (MTJDA) for Block B-17-01, an offshore overlapping area between Thailand and Malaysia.

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