

PETRONAS Gas Berhad
 (Company No.: 101671-H)
 Condensed Group Balance Sheet
 as at 31 December 2007 - unaudited



	As at 31-Dec-07	As at 31-Mar-07 (restated)
	RM'000	RM'000
Assets		
Property, plant and equipment	7,127,643	7,452,149
Prepaid lease payments	444,643	439,295
Investment in associate	167,004	151,480
Investment in jointly controlled entity	1,383	103
Total non-current assets	7,740,673	8,043,027
Trade and other inventories	146,911	139,039
Trade and other receivables	243,843	237,672
Cash and cash equivalents	1,466,452	1,073,384
Total current assets	1,857,206	1,450,095
TOTAL ASSETS	9,597,879	9,493,122
Equity		
Share Capital	1,978,732	1,978,732
Reserves	5,643,099	5,607,579
Total equity	7,621,831	7,586,311
Liabilities		
Borrowings	454,100	454,100
Deferred tax liabilities	1,218,000	1,238,000
Deferred income	20,463	23,545
Total non-current liabilities	1,692,563	1,715,645
Trade and other payables	92,604	151,767
Taxation	190,881	39,399
Total current liabilities	283,485	191,166
Total liabilities	1,976,048	1,906,811
TOTAL EQUITY AND LIABILITIES	9,597,879	9,493,122
Net Assets per Share (RM)	3.852	3.834

The condensed Group balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

PETRONAS Gas Berhad
(Company No.: 101671-H)
Condensed Group Income Statement
for the nine months ended 31 December 2007 - Unaudited



	Three months ended		Year to date ended	
	31-Dec-07 RM '000	31-Dec-06 RM '000	31-Dec-07 RM '000	31-Dec-06 RM '000
Revenue	769,781	752,855	2,325,800	2,219,239
Cost of Revenue	(434,907)	(428,127)	(1,300,763)	(1,299,694)
Gross Profit	334,874	324,728	1,025,037	919,545
Administration expenses	(13,477)	(9,205)	(38,506)	(32,924)
Other operating income	16,240	11,359	47,865	36,349
Profit from operations	337,637	326,882	1,034,396	922,970
Financing costs	(4,152)	(6,287)	(11,893)	(20,078)
Share of profit after tax of equity accounted associate and jointly controlled entity	11,979	13,219	36,366	15,909
Profit before taxation	345,464	333,814	1,058,869	918,801
Tax expenses	(92,484)	23,600	(266,484)	(10,100)
Profit for the period	252,980	357,414	792,385	908,701
Basic Earnings Per Share (sen)	12.78	18.06	40.05	45.92

The condensed Group income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

PETRONAS Gas Berhad
(Company No.: 101671-H)
Condensed Group Cash Flow Statement
for the nine months ended 31 December 2007 - Unaudited



	Nine months and year-to-date ended	
	31-Dec-07	31-Dec-06
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	2,329,882	2,204,172
Cash paid to suppliers and employees	(931,380)	(805,772)
	1,398,502	1,398,400
Retirement benefits paid	(5,907)	(5,003)
Taxation paid	(135,002)	(84,561)
Interest income from deposits	34,545	25,328
Net Cash Generated From Operating Activities	1,292,138	1,334,164
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment - associate	-	(102,336)
- jointly controlled entity	(125)	-
Purchase of property, plant and equipment	(154,128)	(363,158)
Proceeds from disposal of property, plant and equipment	62	205
Dividends received	19,686	-
Net Cash Used In Investing Activities	(134,505)	(465,289)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing costs paid	(7,700)	(13,727)
Dividends paid	(756,865)	(708,386)
Net Cash Used In Financing Activities	(764,565)	(722,113)
Net Increase in Cash and Cash Equivalents	393,068	146,762
Cash and Cash Equivalents at beginning of period	1,073,384	879,714
Cash and Cash Equivalents at end of period	1,466,452	1,026,476

The condensed Group cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.

PETRONAS Gas Berhad
(Company No.: 101671-H)
Condensed Group Statement of Changes in Equity
for the nine months ended 31 December 2007 - Unaudited



	Share Capital Ordinary shares RM'000	Non Distributable Share premium RM'000	Distributable Retained Profits RM'000	Total RM'000
As at 1 April 2006	1,978,732	1,186,472	3,882,514	7,047,718
Net profit	-	-	908,701	908,701
Final Dividend approved and paid in respect of the previous year			(494,683)	(494,683)
Interim Dividend declared and paid in respect of the current year			(213,703)	(213,703)
As at 31 December 2006	1,978,732	1,186,472	4,082,829	7,248,033
As at 1 April 2007	1,978,732	1,186,472	4,421,107	7,586,311
Net profit	-	-	792,385	792,385
Final Dividend approved and paid in respect of the previous year			(540,194)	(540,194)
Interim Dividend declared and paid in respect of the current year			(216,671)	(216,671)
As at 31 December 2007	1,978,732	1,186,472	4,456,627	7,621,831

The condensed Group statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.



PETRONAS GAS BERHAD

(Company No.: 101671-H)

Incorporated in Malaysia

Part A – Explanatory Notes Pursuant to FRS134

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

Within the context of these financial statements, the Group comprises the Company and its interests in an associate and a jointly controlled entity as at and for the quarter ended 31 December 2007.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2007. 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 March 2007.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for accounting periods beginning on or after 1 October 2006.

FRS 117	Leases
FRS 124	Related Party Disclosures

Currently, the effective date for FRS 139, *Financial Instruments: Recognition and Measurement* has yet to be determined by Malaysian Accounting Standards Board (MASB).

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group, other than discussed below:

FRS117: Leases

Prior to 1 April 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and accumulated impairment losses. The adoption of FRS 117 resulted in a change in the accounting policy relating to the classification of leasehold land which is now classified as operating lease. Upon the adoption of FRS 117 on 1 April 2007, the carrying amount of leasehold land is retained as the unamortised carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparative has been reclassified accordingly.

3. Auditor's Report on Preceding Annual Financial Statements

The auditor's report on the financial statements for the year ended 31 March 2007 was not qualified.

4. **Comments about Seasonal or Cyclical Factors**

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

5. **Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income and cash flows during the current quarter and financial year-to-date except as disclosed in Note 2.

6. **Changes in Estimates**

There were no changes in estimates that have had material effect in the current quarter and financial year-to-date results.

7. **Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year-to-date ended 31 December 2007.

8. **Dividends Paid**

	9 months ended 31 December	
	2007 RM '000	2006 RM '000
Ordinary		
Final approved and paid:		
- 2007 – 20% per share tax exempt and 10% per share less 27% tax (2006 – 25% per share tax exempt)	540,194	494,683
Interim declared and paid:		
- 2008 – 15% per share less 27% tax (2007 – 15% per share less 28% tax)	216,671	213,703
Total dividend paid	756,865	708,386

9. **Segmental Information**

The Company's principal business segments are services rendered for separating natural gas into its components and the storage, transportation and distribution of such components, and sale of industrial utilities.

The Company operates only in Malaysia and accordingly, information by geographical location is not presented.

The segmental information in respect of the associate and jointly controlled entity is not presented as the contribution of the associate and jointly controlled entity and the carrying amount of investment in the associate and jointly controlled entity are not material and have been reflected in the income statement and balance sheet of the Group.

Business Segments	-----31 December 2007-----			-----31 December 2006-----		
	Throughput Services RM'000	Utilities RM'000	Total RM'000	Throughput Services RM'000	Utilities RM'000	Total RM'000
Revenue	1,868,941	456,859	2,325,800	1,790,461	428,778	2,219,239
Segment results	<u>891,660</u>	<u>133,377</u>	1,025,037	<u>825,819</u>	<u>93,726</u>	919,545
Unallocated income			<u>9,359</u>			<u>3,425</u>
Operating Profit			1,034,396			922,970
Financing costs			(11,893)			(20,078)
Share of profit after tax of equity accounted associate and jointly controlled entity			36,366			15,909
Profit before taxation			<u>1,058,869</u>			<u>918,801</u>

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated income mainly comprises interest from fund investment.

10. Property, Plant and Equipment

Property, plant and equipment except for freehold land and Project-in-Progress are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land and Project-in-Progress are stated at cost less accumulated impairment losses.

11. Subsequent Events

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

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year-to-date ended 31 December 2007.

13. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets since the last annual balance sheet as at 31 March 2007.

14. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2007 were as follows:-

	31.12.2007 RM'000
Property, plant and equipment:	
Approved and contracted for	76,891
Approved but not contracted for	226,013
	<u>302,904</u>

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

15. Performance Review

Revenue for the quarter ended 31 December 2007 was RM769.8 million (quarter ended 31 December 2006: RM752.9 million) and revenue for the nine months period was RM2,325.8 million (Year To Date 31 December 2006: RM2,219.2 million). The increase was mainly due to higher throughput revenue.

Profit before tax for the quarter ended 31 December 2007 was RM345.5 million (quarter ended 31 December 2006: RM333.8 million) and profit before tax for the nine months period was RM1,058.9 million (Year To Date 31 December 2006: RM918.8 million). The increase in profit was mainly due to higher revenue.

Profit after tax for the quarter ended 31 December 2007 was RM253.0 million (quarter ended 31 December 2006: RM357.4 million) and profit after tax for the nine months period was RM792.4 million (Year To Date 31 December 2006: RM908.7 million). The profit after tax was adversely impacted by higher tax expenses.

16. Material Change in Profit Before Taxation of Current Quarter Compared With Preceding Quarter

Revenue for the current quarter was RM769.8 million, a decrease of RM10.3 million from the preceding quarter mainly due to lower throughput revenue and lower utilities sales.

Profit before tax for the current quarter of RM345.5 million was RM22.4 million higher than the preceding quarter mainly due to lower cost of revenue.

17. Commentary on Prospects

Revenue from utilities business is expected to increase as a result of higher sales to customers. Revenue prospect for gas processing and transmission business would continue to be dependent on upstream gas production levels. However, the operating costs are expected to register an increase which may impact overall performance for the year.

18. Profit Forecast

Not applicable as no profit forecast was published.

19. Tax Expense

Taxation comprises the following:

	3 months ended		9 months ended	
	31.12.2007 RM'000	31.12.2006 RM'000	31.12.2007 RM'000	31.12.2006 RM'000
In respect of current period:				
- income tax	100,484	26,400	286,484	87,100
- deferred tax	(8,000)	(50,000)	(20,000)	(77,000)
	<u>92,484</u>	<u>(23,600)</u>	<u>266,484</u>	<u>10,100</u>

The effective tax rates of 27.7% for the current quarter and 26.1% for the financial year-to-date approximate the statutory tax rate of 26%.

20. Unquoted Investments and Properties

There were no sales of unquoted investments and/or properties in the current quarter and financial year-to-date.

21. Quoted Investments

There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date and there were no investments in quoted shares as at the end of the current quarter.

22. Status of Corporate Proposal Announced

There was no corporate proposal announced as at the date of this report.

23. Borrowings

Particulars of Company's borrowings, are as follows:

Unsecured Loans:	31.12.2007	31.03.2007
	RM'000	RM'000
<u>Long Term</u>		
- Term Loan (denominated in JPY)	454,100	454,100
Total Borrowings	454,100	454,100

The term loan of RM454,100,000 was secured by PETRONAS and on-lent to the Company on 21 April 1997. The terms and conditions of the on-lent agreement are similar to those contained in the principal loan agreement. Under the on-lent agreement, the repayment of principal amount to PETRONAS is at a fixed exchange rate.

24. Off Balance Sheet Financial Instruments

There are no off balance sheet financial instruments as at the date of this report.

25. Material Litigation

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

26. Dividend

There was an interim dividend declared and paid during the quarter as disclosed in Note 8.

27. Earnings per Share

Basic earnings per share are derived based on the net profit attributable to ordinary shareholders and based on the number of ordinary shares outstanding during the period.

	3 months ended		9 months ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Net profit for the period (RM '000)	252,980	357,414	792,385	908,701
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
Earnings per share (sen)	12.78	18.06	40.05	45.92

28. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 February 2008.

BY ORDER OF THE BOARD

Noryati Mohd Noor (LS0008877)
Yeap Kok Leong (MAICSA0862549)
Company Secretaries
Kuala Lumpur
14 February 2008