

**PETRONAS Gas Berhad**  
**(Company No.: 101671-H)**  
**Condensed Group Balance Sheet**  
**as at 31 March 2008 - Audited**



	<b>As at 31-Mar-08</b>	<b>As at 31-Mar-07 (restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Property, plant and equipment	7,050,793	7,452,149
Prepaid lease payments	443,491	439,295
Investment in associate	178,291	151,480
Investment in jointly controlled entity	1,530	103
<b>Total non-current assets</b>	<b>7,674,105</b>	<b>8,043,027</b>
Trade and other inventories	149,550	139,039
Trade and other receivables	261,843	237,672
Cash and cash equivalents	1,707,805	1,073,384
<b>Total current assets</b>	<b>2,119,198</b>	<b>1,450,095</b>
<b>TOTAL ASSETS</b>	<b>9,793,303</b>	<b>9,493,122</b>
<b>Equity</b>		
Share Capital	1,978,732	1,978,732
Reserves	5,943,663	5,607,579
<b>Total equity</b>	<b>7,922,395</b>	<b>7,586,311</b>
<b>Liabilities</b>		
Borrowings	454,100	454,100
Deferred tax liabilities	1,163,000	1,238,000
Deferred income	19,438	23,545
<b>Total non-current liabilities</b>	<b>1,636,538</b>	<b>1,715,645</b>
Trade and other payables	146,975	151,767
Taxation	87,395	39,399
<b>Total current liabilities</b>	<b>234,370</b>	<b>191,166</b>
<b>Total liabilities</b>	<b>1,870,908</b>	<b>1,906,811</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,793,303</b>	<b>9,493,122</b>
<b>Net Assets per Share (RM)</b>	<b>4.004</b>	<b>3.834</b>

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 year ended 31 March 2008 - Audited**



	Three months ended		Year to date ended	
	31-Mar-08 RM '000	31-Mar-07 RM '000	31-Mar-08 RM '000	31-Mar-07 RM '000
<b>Revenue</b>	799,945	763,108	3,125,745	2,982,347
Cost of Revenue	(479,235)	(425,922)	(1,779,998)	(1,725,616)
<b>Gross profit</b>	320,710	337,186	1,345,747	1,256,731
Administration expenses	(13,494)	(10,518)	(52,000)	(43,442)
Other income	21,066	29,226	68,931	65,575
<b>Operating profit</b>	328,282	355,894	1,362,678	1,278,864
Financing costs	(4,451)	(4,348)	(16,344)	(24,426)
Share of profit after tax of equity accounted associate and jointly controlled entity	11,433	10,832	47,799	26,741
<b>Profit before taxation</b>	335,264	362,378	1,394,133	1,281,179
Tax expense	(34,700)	(24,100)	(301,184)	(34,200)
<b>Profit for the period</b>	<b>300,564</b>	<b>338,278</b>	<b>1,092,949</b>	<b>1,246,979</b>
<b>Basic Earnings Per Share (sen)</b>	15.19	17.10	55.23	63.02

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 year ended 31 March 2008 - Audited**



	<b>31-Mar-08</b>	<b>31-Mar-07</b>
	<b>RM'000</b>	<b>(restated)</b>
		<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	3,120,523	2,959,795
Cash paid to suppliers and employees	(1,253,018)	(1,109,140)
	1,867,505	1,850,655
Taxation paid	(328,188)	(139,821)
Interest income from deposits	45,216	29,944
<b>Net Cash Generated From Operating Activities</b>	<b>1,584,533</b>	<b>1,740,778</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment - associate	-	(102,336)
- jointly controlled entity	(125)	(125)
Dividends received	19,686	-
Purchase of property, plant and equipment	(187,197)	(390,527)
Purchase of prepaid lease	(10,333)	(7,138)
Proceeds from disposal of property, plant and equipment	62	206
Proceeds from sale of prepaid lease	671	-
<b>Net Cash Used In Investing Activities</b>	<b>(177,236)</b>	<b>(499,920)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of term loans	-	(312,195)
Financing costs paid	(16,011)	(26,607)
Dividends paid	(756,865)	(708,386)
<b>Net Cash Used In Financing Activities</b>	<b>(772,876)</b>	<b>(1,047,188)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>634,421</b>	<b>193,670</b>
Cash and Cash Equivalents at beginning of the year	1,073,384	879,714
<b>Cash and Cash Equivalents at end of the year</b>	<b>1,707,805</b>	<b>1,073,384</b>

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 year ended 31 March 2008 - Audited**



	Share Capital Ordinary shares RM'000	Non Distributable Share premium RM'000	Distributable Retained Profits RM'000	Total RM'000
<b>As at 1 April 2006</b>	1,978,732	1,186,472	3,882,514	7,047,718
Net profit	-	-	1,246,979	1,246,979
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)
<b>As at 31 March 2007</b>	<b><u>1,978,732</u></b>	<b><u>1,186,472</u></b>	<b><u>4,421,107</u></b>	<b><u>7,586,311</u></b>
<b>As at 1 April 2007</b>	1,978,732	1,186,472	4,421,107	7,586,311
Net profit	-	-	1,092,949	1,092,949
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)
<b>As at 31 March 2008</b>	<b><u>1,978,732</u></b>	<b><u>1,186,472</u></b>	<b><u>4,757,191</u></b>	<b><u>7,922,395</u></b>

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 March 2008.

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 has 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 March 2008.

#### 8. Dividends Paid

	12 months ended 31 March	
	2008 RM '000	2007 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
<b>Total dividend paid</b>	<b>756,865</b>	<b>708,386</b>

#### 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 March 2008-----			-----31 March 2007-----		
	Throughput Services RM'000	Utilities RM'000	Total RM'000	Throughput Services RM'000	Utilities RM'000	Total RM'000
Revenue	2,513,521	612,224	3,125,745	2,404,357	577,990	2,982,347
Segment results	<u>1,178,060</u>	<u>167,687</u>	1,345,747	<u>1,122,843</u>	<u>133,888</u>	1,256,731
Unallocated income			<u>16,931</u>			<u>22,133</u>
Operating Profit			1,362,678			1,278,864
Financing costs			(16,344)			(24,426)
Share of profit after tax of equity accounted associate and jointly controlled entity			47,799			26,741
Profit before taxation			<u>1,394,133</u>			<u>1,281,179</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 March 2008.

#### 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 March 2008 were as follows:-

	31.3.2008 RM'000
Property, plant and equipment:	
Approved and contracted for	96,371
Approved but not contracted for	162,335
	<u>258,706</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 March 2008 was RM799.9 million (quarter ended 31 March 2007: RM763.1 million) and revenue for the year ended 31 March 2008 was RM3,125.7 million (Year ended 31 March 2007: RM2,982.3 million). The increase was mainly due to higher throughput revenue and utilities sales.

Profit before tax for the quarter ended 31 March 2008 was RM335.3 million (quarter ended 31 March 2007: RM362.4 million) and the decrease in profit was mainly due to higher cost of revenue. Profit before tax for the year ended 31 March 2008 was RM1,394.1 million (Year ended 31 March 2007: RM1,281.2 million) and the increase in profit was mainly due to higher revenue.

Profit after tax for the quarter ended 31 March 2008 was RM300.6 million (quarter ended 31 March 2007: RM338.3 million) and profit after tax for the year ended 31 March 2008 was RM1,092.9 million (Year ended 31 March 2007: RM1,247.0 million). The profit after tax was adversely impacted by higher tax expenses of RM301.2 million (Year ended 31 March 2007: RM34.2 million) as a consequence of full utilisation of reinvestment allowance in the previous year.

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

Revenue for the current quarter was RM799.9 million, an increase of RM30.1 million from the preceding quarter mainly due to higher throughput revenue and utilities sales.

Profit before tax for the current quarter of RM335.3 million was RM10.2 million lower than the preceding quarter mainly due to higher 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.

**18. Profit Forecast**

Not applicable as no profit forecast was published.

**19. Tax Expense**

Taxation comprises the following:

	3 months ended		12 months ended	
	31.3.2008 RM'000	31.3.2007 RM'000	31.3.2008 RM'000	31.3.2007 RM'000
In respect of current period:				
- income tax	90,516	77,036	377,000	164,136
- deferred tax	(58,246)	(52,842)	(78,246)	(129,842)
In respect of prior years:				
- income tax	(816)	64	(816)	64
- deferred tax	3,246	(158)	3,246	(158)
	<u>34,700</u>	<u>24,100</u>	<u>301,184</u>	<u>34,200</u>



The effective tax rates of 10.7% for the current quarter and 22.4% for the financial year-to-date are lower than the statutory tax rates. This was mainly due to higher reversal of deferred tax as a result of revision in the corporate tax rate from 26% to 25% for the year of assessment 2009.

**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:

<b>Unsecured Loans:</b>	<b>31.3.2008</b>	<b>31.03.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Long Term</u>		
- Term Loan (denominated in JPY)	454,100	454,100
<b>Total Borrowings</b>	<b>454,100</b>	<b>454,100</b>

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. Dividends Proposed**

The Directors propose a final dividend of 20% per share tax exempt and 15% per share less 25% tax altogether amounting to RM618,353,723 in respect of the financial year ended 31 March 2008. The proposed final dividend will be presented for shareholders approval at the next Annual General Meeting. Subject to shareholders' approval, the proposed final dividend will be payable on a date to be announced later.

## 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		12 months ended	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	RM'000	RM'000	RM'000	RM'000
Net profit for the period (RM '000)	300,564	338,278	1,092,949	1,246,979
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
Earnings per share (sen)	15.19	17.10	55.23	63.02

## 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 21 May 2008.

### BY ORDER OF THE BOARD

Noryati Mohd Noor (LS0008877)  
Yeap Kok Leong (MAICSA0862549)  
*Company Secretaries*  
Kuala Lumpur  
21 May 2008