

PETRONAS Gas Berhad
(Company No.: 101671-H)
Condensed Group Balance Sheet
as at 31 March 2009 - Audited



	As at 31-Mar-09 RM'000	As at 31-Mar-08 RM'000
Assets		
Property, plant and equipment	6,759,762	7,050,793
Prepaid lease payments	452,563	443,491
Investment in associate	169,341	178,291
Investment in jointly controlled entity	3,162	1,530
Total non-current assets	7,384,828	7,674,105
Trade and other inventories	146,413	149,550
Trade and other receivables	319,810	261,843
Fund and other investments	70,863	-
Cash and cash equivalents	1,945,136	1,707,805
Total current assets	2,482,222	2,119,198
TOTAL ASSETS	9,867,050	9,793,303
Equity		
Share Capital	1,978,732	1,978,732
Reserves	6,060,231	5,943,663
Total equity attributable to the shareholders of the Company	8,038,963	7,922,395
Minority shareholder's interests	(662)	-
Total equity	8,038,301	7,922,395
Liabilities		
Borrowings	449,625	454,100
Deferred tax liabilities	1,146,000	1,163,000
Deferred income	15,331	19,438
Total non-current liabilities	1,610,956	1,636,538
Trade and other payables	195,262	146,975
Taxation	22,531	87,395
Total current liabilities	217,793	234,370
Total liabilities	1,828,749	1,870,908
TOTAL EQUITY AND LIABILITIES	9,867,050	9,793,303
Net Assets per Share Attributable to the Shareholders of the Company (RM)	4.063	4.004

The condensed Group balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2008 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 2009 - Audited



	Three months ended		Year ended	
	31-Mar-09 RM '000	31-Mar-08 RM '000	31-Mar-09 RM '000	31-Mar-08 RM '000
Revenue	935,871	799,945	3,415,141	3,125,745
Cost of revenue	(595,144)	(479,235)	(2,194,403)	(1,779,998)
Gross profit	340,727	320,710	1,220,738	1,345,747
Administration expenses	(13,472)	(13,494)	(60,893)	(52,000)
Other expenses	(31,922)	(69)	(87,312)	(1,505)
Other income	41,996	21,135	122,857	70,436
Operating profit	337,329	328,282	1,195,390	1,362,678
Financing costs	(5,130)	(4,451)	(19,402)	(16,344)
Share of profit after tax of equity accounted associate and jointly controlled entity	14,677	11,433	55,457	47,799
Profit before taxation	346,876	335,264	1,231,445	1,394,133
Tax expense	(85,723)	(34,700)	(303,415)	(301,184)
Profit for the period	261,153	300,564	928,030	1,092,949
Attributable to:				
Shareholders of the company	261,815	300,564	928,692	1,092,949
Minority interest	(662)	-	(662)	-
Profit for the period	261,153	300,564	928,030	1,092,949
Basic Earnings Per Share (sen)	13.23	15.19	46.93	55.23

The condensed Group income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2008 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 2009 - Audited



	31-Mar-09	31-Mar-08
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	3,353,137	3,120,523
Cash paid to suppliers and employees	(1,611,314)	(1,253,018)
	1,741,823	1,867,505
Interest income from fund and other investments	68,268	45,216
Taxation paid	(389,348)	(328,188)
Net cash generated from operating activities	1,420,743	1,584,533
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in jointly controlled entity	-	(125)
Purchase of fund and other investments	(69,699)	-
Dividends received	57,231	19,686
Purchase of property, plant and equipment	(298,442)	(187,197)
Proceeds from disposal of property, plant and equipment	17	62
Purchase of prepaid lease	(15,646)	(10,333)
Proceeds from sale of prepaid lease	-	671
Net cash used in investing activities	(326,539)	(177,236)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing costs paid	(18,964)	(16,011)
Dividends paid	(840,961)	(756,865)
Advance from minority shareholder	3,052	-
Net cash used in financing activities	(856,873)	(772,876)
Net Increase in Cash and Cash Equivalents	237,331	634,421
Cash and Cash Equivalents at beginning of the year	1,707,805	1,073,384
Cash and Cash Equivalents at end of the year	1,945,136	1,707,805

The condensed Group cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2008 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 2009 - Audited



	Share Capital Ordinary shares RM'000	Non Distributable Share premium RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 1 April 2007	1,978,732	1,186,472	4,421,107	7,586,311	-	7,586,311
Profit for the year	-	-	1,092,949	1,092,949	-	1,092,949
Dividends approved in respect of the previous year	-	-	(540,194)	(540,194)	-	(540,194)
Interim Dividend declared and paid in respect of the current year	-	-	(216,671)	(216,671)	-	(216,671)
Balance at 31 March 2008	1,978,732	1,186,472	4,757,191	7,922,395	-	7,922,395
Balance at 1 April 2008 - as previously reported	1,978,732	1,186,472	4,757,191	7,922,395		7,922,395
- effects of adopting FRS 139	-	-	28,837	28,837	-	28,837
Balance at 1 April 2008, restated	1,978,732	1,186,472	4,786,028	7,951,232	-	7,951,232
Profit for the year	-	-	928,692	928,692	(662)	928,030
Dividends approved in respect of the previous year	-	-	(618,354)	(618,354)	-	(618,354)
Interim Dividend declared and paid in respect of the current year	-	-	(222,607)	(222,607)	-	(222,607)
Balance at 31 March 2009	1,978,732	1,186,472	4,873,759	8,038,963	(662)	8,038,301

The condensed Group statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2008 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 FRS 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 Financial Reporting Standard (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 subsidiary, and the Group's interest in an associate and a jointly controlled entity as at and for the quarter ended 31 March 2009.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008. 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 2008.

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 2008 except for the following:

At the beginning of the current financial year, the Group and the Company had adopted the following Financial Reporting Standards (FRSs):

FRSs	Effective date
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007

The Group and the Company have also early adopted the following FRS and Statement of Interpretations (ICs) for the annual period beginning 1 April 2008:

FRSs / IC Interpretations	Effective date
FRS 139, <i>Financial Instruments</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010

The adoption of the abovementioned FRSs and ICs, where applicable, does not result in significant changes in accounting policies of the Group and the Company, other than as highlighted below:

FRS 112, Income Taxes

The adoption of FRS 112 has resulted in a change in the accounting policy in relation to treatment of reinvestment allowance. Prior to the adoption of FRS 112, the Group and the Company have not recognised reinvestment allowance as deferred tax asset. Following the adoption of FRS 112, this tax incentive has been accounted for by applying the analogy of the accounting treatment for unused tax losses. The effect of adopting FRS 112 has been accounted for retrospectively in accordance with the transitional provisions in the revised FRS 112 and does not have material impact on the Group's and the Company's financial statements.

FRS 139, Financial Instruments

In line with PETRONAS Group of Companies, the Company voluntarily adopted FRS 139 for the financial year beginning 1 April 2008, to enable the Company's financial statements to be comparable with other multinational companies and in accordance with International Financial Reporting Standards (IFRS). FRS 139 provides guidance for the recognition and measurement of financial instruments. Depending on the categorisation applied for each financial asset and liability, some financial assets and liabilities will need to be fair valued and others will need to be stated at amortised cost. FRS 139 prescribed prospective application for first time adoption.

The adoption of FRS 139 affects the unsecured term loan comprising the 6th series 3.4% Samurai Bond which 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 Currency Exchange Agreement (CEA) with PETRONAS, the repayment of the principal amount is at a fixed exchange rate of 100 Yen – RM2.838. The loan is due for payment in year 2013. In the previous year, the CEA was not fair valued and was treated as the hedging instrument of the term loan. Consequently, the term loan was translated at the contracted rate of 100 Yen – RM2.838.

Under FRS 139, the underlying Yen 16 billion term loan and the CEA are to be valued and accounted separately at each reporting date. The term loan will be translated at the spot rate at the reporting date whereas the CEA, being a derivative asset, will be fair valued. The fair value of the CEA is determined based on the difference in discounted cash flow using forward exchange rate and contracted rate. Any increase or decrease in the translation or valuation is recorded accordingly in the financial statements. The volatility and the impact to the financial statements are dependent 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.

3. Auditor's Report on Preceding Annual Financial Statements

The auditor's report on the financial statements for the year ended 31 March 2008 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 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 results.

7. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year ended 31 March 2009.

8. Dividends Paid

	12 months ended	
	31.03.2009 RM'000	31.03.2008 RM'000
Ordinary		
Final paid:		
- 2008 – 20% per share tax exempt and 15% per share less 25% tax (2007 – 20% per share tax exempt and 10% per share less 27% tax)	618,354	540,194
Interim declared and paid:		
- 2009 – 15% per share less 25% tax (2008 – 15% per share less 27% tax)	222,607	216,671
Total dividend paid	840,961	756,865

9. Segmental Information

Segment information is presented in respect of the Group's business segments which are based on the internal reporting structure presented to the management of the Company.

The Group's principal business segments are services rendered for separating natural gas into its components and the storing, transporting and distributing such components, and sale of industrial utilities.

The Group operates only in Malaysia and accordingly, information by geographical location of the Group's operations 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 2009-----			-----31 March 2008-----		
	Throughput Services RM'000	Utilities RM'000	Total RM'000	Throughput Services RM'000	Utilities RM'000	Total RM'000
Revenue	2,657,990	757,151	3,415,141	2,513,521	612,224	3,125,745
Segment results	1,092,558	128,180	1,220,738	1,178,060	167,687	1,345,747
Unallocated income/(expense)			(25,348)			16,931
Operating Profit			1,195,390			1,362,678
Financing costs			(19,402)			(16,344)
Share of profit after tax of equity accounted associate and jointly controlled entity			55,457			47,799
Profit before taxation			1,231,445			1,394,133

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated income / (expense) mainly comprise interest from fund investment, administration expenses and unrealised gain / (loss) from retranslation of term loan and revaluation of CEA.

10. Property, Plant and Equipment

Freehold land are stated at cost and are not depreciated. Projects-in-progress are stated at cost and are not depreciated. Other property, plant and equipment are stated at cost or valuation less accumulated depreciation and 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 ended 31 March 2009 other than the investment of 60% equity interest in Kimanis Energy Venture Sdn. Bhd. (formerly known as Unik Kuasa Sdn. Bhd.) to undertake the Kimanis power plant project in Kimanis, District of Papar, Kota Kinabalu, Sabah, as disclosed in Note 22.

13. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets since the last annual balance sheet as at 31 March 2008.

14. Capital Commitments

The commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2009 were as follows:-

	31.03.2009
	RM'000
Property, plant and equipment:	
Approved and contracted for	104,887
Approved but not contracted for	112,473
	<hr/>
	217,360
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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 2009 was RM935.9 million (quarter ended 31 March 2008: RM799.9 million) and revenue for the year ended 31 March 2009 was RM3,415.1 million (year ended 31 March 2008: RM3,125.7 million). The increase was due to higher throughput revenue and utilities sales.

Profit before tax for the quarter ended 31 March 2009 was RM346.9 million (quarter ended 31 March 2008: RM335.3 million) and the increase in profit was mainly due to higher revenue resulting from execution of revised pricing agreements with utilities customers. Profit before tax for the year ended 31 March 2009 was RM1,231.4 million (year ended 31 March 2008: RM1,394.1 million) and the decrease in profit was mainly due to higher cost of revenue.

Profit after tax for the quarter ended 31 March 2009 was RM261.2 million (quarter ended 31 March 2008: RM300.6 million) and the decrease in profit was mainly due to higher tax expense. Profit after tax for the year ended 31 March 2009 was RM928.0 million (year ended 31 March 2008: RM1,092.9 million).

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

Revenue for the current quarter was RM935.9 million, an increase of RM103.0 million from the preceding quarter due to higher utilities sales resulting from execution of revised pricing agreements with utilities customers.

Profit before tax for the current quarter of RM346.9 million was RM124.7 million higher than the preceding quarter mainly due to higher utilities sales and other income.

17. Commentary on Prospects

While revenue prospects for gas processing and transmission business would be dependent on demand for gas as well as upstream gas production levels, the margin for the gas processing and transmission business would not be impacted as any variation in the cost of gas would be passed through.

Decrease in customers' demand and increase in operating cost arising from revised fuel gas price would impact utilities business. To mitigate the higher fuel gas price, revised pricing agreements have been negotiated and executed with utilities customers.

18. Profit Forecast

Not applicable as no profit forecast was published.

19. Tax Expense

Taxation comprises the following:

	3 months ended		12 months ended	
	31.03.2009 RM'000	31.03.2008 RM'000	31.03.2009 RM'000	31.03.2008 RM'000
In respect of current period:				
- income tax	53,421	90,516	324,224	377,000
- deferred tax	26,980	(58,246)	(26,131)	(78,246)
In respect of prior years:				
- income tax	5,803	(816)	5,803	(816)
- deferred tax	(481)	3,246	(481)	3,246
	<u>85,723</u>	<u>34,700</u>	<u>303,415</u>	<u>301,184</u>

The effective tax rate was 25.8% for the current quarter and 25.8% for the financial year.

20. Unquoted Investments and Properties

Investments in unquoted securities as at 31 March 2009 are as follows:

	31.03.2009 RM'000	31.03.2008 RM'000
<u>Fair Value Through Profit or Loss – financial assets</u>		
- Current	70,863	-

21. Quoted Investments

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

22. Status of Corporate Proposal Announced

The Company has entered into a Shareholders Agreement (SHA) with Yayasan Sabah on 24 November 2008 to set up a joint venture company (JVC) to develop a 300 megawatt gas power plant and related facilities and infrastructure in Kimanis, District of Papar, Kota Kinabalu, Sabah. The equity participation of the Company and Yayasan Sabah in the JVC is 60% and 40%, respectively.

On 10 March 2009, a Deed of Novation was entered between the Company, Yayasan Sabah and NRG Consortium (Sabah) Sdn. Bhd. (NRG), a subsidiary within Yayasan Sabah Group of Companies to novate the SHA from Yayasan Sabah to NRG, in accordance with the terms and conditions of the SHA.

23. Borrowings

Particulars of Company's borrowings, are as follows:

	31.03.2009 RM'000	31.03.2008 RM'000
<u>Long Term</u>		
- Unsecured Term Loan	591,432	454,100
- Derivative Asset – CEA	(141,807)	-
Borrowings	449,625	454,100

Under FRS 139, the underlying Yen 16 billion term loan and the CEA are to be valued and accounted separately at each reporting date. The term loan will be translated at the spot rate at the reporting date whereas the CEA, being a derivative asset, will be fair valued. The fair value of the CEA is determined based on the difference in discounted cash flow using forward exchange rate and contracted rate. Any increase or decrease in the translation or valuation is recorded accordingly in the financial statements. The volatility and the impact to the financial statements are dependent 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.

The net unrealised loss arising from retranslation of term loan and revaluation of CEA during the year was RM34.0 million (2008: Nil).

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, 5.1% per share less 25% tax and 9.9% per share tax exempt under the single tier tax system altogether amounting to RM667,179,740 in respect of the financial year ended 31 March 2009. 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 (EPS) is 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	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Net profit for the period attributable to ordinary shareholders (RM '000)	261,815	300,564	928,692	1,092,949
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
EPS (sen)	13.23	15.19	46.93	55.23

Diluted EPS is derived based on the profit attributable to ordinary shareholders after adjustment for the effect of all dilutive potential ordinary shares. The Company has not issued any dilutive potential ordinary shares, hence, the diluted EPS is the same as the basic EPS.

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 2009.

BY ORDER OF THE BOARD

Noryati Mohd Noor (LS0008877)
Yeap Kok Leong (MAICSA0862549)
Company Secretaries
Kuala Lumpur
21 May 2009