

PETRONAS Gas Berhad
(Company No.: 101671-H)
Condensed Group Balance Sheet
as at 30 September 2009 - Unaudited



	As at 30-Sep-09 RM'000	As at 31-Mar-09 RM'000
Assets		
Property, plant and equipment	6,589,851	6,759,762
Prepaid lease payments	449,460	452,563
Investment in associate	195,316	169,341
Investment in jointly controlled entity	3,560	3,162
Total non-current assets	7,238,187	7,384,828
Trade and other inventories	152,848	146,413
Trade and other receivables	329,483	319,810
Fund and other investments	100,923	70,863
Cash and cash equivalents	1,770,479	1,945,136
Total current assets	2,353,733	2,482,222
TOTAL ASSETS	9,591,920	9,867,050
Equity		
Share Capital	1,978,732	1,978,732
Reserves	5,866,082	6,060,231
Total equity attributable to the shareholders of the Company	7,844,814	8,038,963
Minority shareholder's interests	1,008	(662)
Total equity	7,845,822	8,038,301
Liabilities		
Borrowings	453,089	449,625
Deferred tax liabilities	1,128,000	1,146,000
Deferred income	14,786	15,331
Total non-current liabilities	1,595,875	1,610,956
Trade and other payables	107,395	195,262
Taxation	42,828	22,531
Total current liabilities	150,223	217,793
Total liabilities	1,746,098	1,828,749
TOTAL EQUITY AND LIABILITIES	9,591,920	9,867,050
Net Assets per Share Attributable to the shareholders of the Company (RM)	3.965	4.063

The condensed Group balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

PETRONAS Gas Berhad
 (Company No.: 101671-H)
 Condensed Group Income Statement
 for the six months ended 30 September 2009 - Unaudited



	Three months ended		Year-to-date ended	
	30-Sep-09	30-Sep-08	30-Sep-09	30-Sep-08
	RM'000	RM'000	RM'000	RM'000
Revenue	823,188	849,700	1,608,747	1,646,399
Cost of revenue	(550,073)	(597,174)	(1,011,875)	(1,010,175)
Gross profit	273,115	252,526	596,872	636,224
Administration expenses	(23,639)	(18,827)	(36,149)	(34,398)
Other expenses	(31,475)	(25,448)	(33,127)	(61,157)
Other income	42,819	55,783	79,658	103,735
Operating profit	260,820	264,034	607,254	644,404
Financing costs	(5,494)	(4,246)	(10,612)	(8,268)
Share of profit after tax of equity accounted associate and jointly controlled entity	13,390	13,807	26,372	26,187
Profit before taxation	268,716	273,595	623,014	662,323
Tax expense	(64,704)	(66,353)	(150,313)	(159,497)
Profit for the period	204,012	207,242	472,701	502,826
Attributable to:				
Shareholders of the Company	204,090	207,242	473,031	502,826
Minority interest	(78)	-	(330)	-
Profit for the period	204,012	207,242	472,701	502,826
Basic Earnings Per Share (sen)	10.31	10.47	23.91	25.41

The condensed Group income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2009 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 six months ended 30 September 2009 - Unaudited



	Six months and year-to-date ended	
	30-Sep-09	30-Sep-08
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,629,542	1,472,412
Cash paid to suppliers and employees	(750,423)	(664,600)
	879,119	807,812
Interest income from fund and other investments	18,616	33,854
Taxation paid	(148,017)	(189,770)
Net cash generated from operating activities	749,718	651,896
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fund and other investments	(30,022)	(10,000)
Dividends received	-	19,686
Purchase of property, plant and equipment	(218,967)	(173,779)
Proceeds from disposal of property, plant and equipment	330	16
Purchase of prepaid lease	(200)	(15,648)
Net cash used in investing activities	(248,859)	(179,725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing costs paid	(10,337)	(8,290)
Dividends paid	(667,180)	(618,354)
Issue of ordinary share capital to Minority Interest	2,000	-
Net cash used in financing activities	(675,517)	(626,644)
Net Increase in Cash and Cash Equivalents	(174,658)	(154,473)
Cash and Cash Equivalents at beginning of the year	1,945,136	1,707,805
Cash and Cash Equivalents at end of the period	1,770,478	1,553,332

The condensed Group cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2009 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 six months ended 30 September 2009 - Unaudited



	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 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 period	-	-	502,826	502,826	-	502,826
Dividends approved in respect of the previous year	-	-	(618,354)	(618,354)	-	(618,354)
Balance at 30 September 2008	1,978,732	1,186,472	4,670,500	7,835,704	-	7,835,704
Balance at 1 April 2009	1,978,732	1,186,472	4,873,759	8,038,963	(662)	8,038,301
Profit for the period	-	-	473,031	473,031	(330)	472,701
Increase in share capital	-	-	-	-	2,000	2,000
Dividends approved in respect of the previous year	-	-	(667,180)	(667,180)	-	(667,180)
Balance at 30 September 2009	1,978,732	1,186,472	4,679,610	7,844,814	1,008	7,845,822

The condensed Group statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2009 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 are unaudited and 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 30 September 2009.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009. 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 2009.

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 2009.

3. Auditor's Report on Preceding Annual Financial Statements

The auditor's report on the financial statements for the year ended 31 March 2009 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.

6. Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter 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 30 September 2009.

8. Dividends Paid

	6 months ended	
	30.09.2009 RM'000	30.09.2008 RM'000
Ordinary		
Final paid:		
- 2009 – 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	667,180	618,354
(2008 – 20% per share tax exempt and 15% per share less 25% tax)		
	<hr/>	<hr/>
Total dividend paid	<u>667,180</u>	<u>618,354</u>

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	-----30 September 2009-----			-----30 September 2008-----		
	Throughput Services RM'000	Utilities RM'000	Total RM'000	Throughput Services RM'000	Utilities RM'000	Total RM'000
Revenue	1,240,351	368,396	1,608,747	1,309,058	337,341	1,646,399
Segment results	<u>520,284</u>	<u>76,588</u>	596,872	<u>582,358</u>	<u>53,866</u>	636,224
Unallocated income/(expense)			<u>10,382</u>			<u>8,180</u>
Operating profit			607,254			644,404
Financing costs			(10,612)			(8,268)
Share of profit after tax of equity accounted associate and jointly controlled entity			<u>26,372</u>			<u>26,187</u>
Profit before taxation			<u>623,014</u>			<u>662,323</u>

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 Currency Exchange Agreement (CEA).

10. Property, Plant and Equipment

Freehold lands 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 material events subsequent to the end of the current quarter.

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 2009.

14. Capital Commitments

The commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2009 were as follows:-

	30.09.2009
	RM'000
Property, plant and equipment:	
Approved and contracted for	80,423
Approved but not contracted for	<u>1,471,502</u>
	<u>1,551,925</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 30 September 2009 was RM823.2 million (quarter ended 30 September 2008: RM849.7 million) and revenue for the six months period was RM1,608.7 million (year-to-date ended 30 September 2008: RM1,646.4 million). The decrease was due to lower throughput revenue.

Profit before tax for the quarter ended 30 September 2009 was RM268.7 million (quarter ended 30 September 2008: RM273.6 million) and profit before tax for the six months period was RM623.0 million (year-to-date ended 30 September 2008: RM662.3 million). The decrease in profit was mainly due to lower revenue. Accordingly, profit after tax for the quarter ended 30 September 2009 was RM204.0 million (quarter ended 30 September 2008: RM207.2 million) and profit after tax for the six months period was RM472.7 million (year-to-date ended 30 September 2008: RM502.8 million).

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

Revenue for the current quarter was RM823.2 million, an increase of RM37.6 million from the preceding quarter due to higher utilities sales.

Profit before tax for the current quarter of RM268.7 million was RM85.6 million lower than the preceding quarter mainly due to higher cost of revenue.

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.

Prospects for the utilities business will depend on the pace of economic recovery. Any variation in gas price will be reflected in the pricing to customers.

18. Profit Forecast

Not applicable as no profit forecast was published.

19. Tax Expense

Taxation comprises the following:

	3 months ended		Year-to-date ended	
	30.09.2009 RM'000	30.09.2008 RM'000	30.09.2009 RM'000	30.09.2008 RM'000
In respect of current period:				
- income tax	78,704	79,800	168,313	181,800
- deferred tax	(14,000)	(13,447)	(18,000)	(22,303)
	<u>64,704</u>	<u>66,353</u>	<u>150,313</u>	<u>159,497</u>

The effective tax rate of 25.3% for the current quarter and 25.2% for the financial year-to-date approximates the statutory tax rate of 25%.

20. Unquoted Investments and Properties

Investments in unquoted securities as at 30 September 2009 are as follows:

	30.09.2009	30.09.2008
	RM'000	RM'000
<u>Fair value through profit or loss – financial assets</u>		
- Current	100,923	9,995

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:

	30.09.2009	30.09.2008
	RM'000	RM'000
<u>Long term</u>		
- Unsecured term loan	624,487	513,411
- Derivative asset – CEA	(171,398)	(100,549)
Borrowings	453,089	412,862

With the adoption of FRS 139, the underlying Yen 16 billion term loan and the CEA are valued and accounted separately at each reporting date. The term loan is translated at the spot rate at the reporting date whereas the CEA, being a derivative asset, is 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 for the year-to-date ended 30 September 2009 was RM3.5 million (year-to-date ended 30 September 2008: net unrealised gain of RM2.8 million).

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

Interim dividend declared, payable on 17 December 2009 (2008: paid on 18 December 2008)	6 months ended 30.09.2009		6 months ended 30.09.2008	
	Dividend per share (sen)	Single tier tax exempt dividend (RM'000)	Gross dividend per share (sen)	Amount of dividend net of 25% tax (RM'000)
	15	296,810	15	222,607

NOTICE IS HEREBY GIVEN THAT the interim dividend of 15% per share, single tier tax exempt dividend will be payable on 17 December 2009 to depositors registered in the Records of Depositors at the close of business on 7 December 2009.

A Depositor shall qualify for entitlement to the dividends only in respect of:-

- Shares transferred into the Depositor's Securities Account before 4:00 p.m. on 7 December 2009 in respect of ordinary transfers.
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

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		6 months ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Net profit for the period attributable to ordinary shareholders (RM '000)	204,090	207,242	473,031	502,826
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
EPS (sen)	10.31	10.47	23.91	25.41

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 20 November 2009.

BY ORDER OF THE BOARD

Noryati Mohd Noor (LS0008877)
Yeap Kok Leong (MAICSA0862549)
Company Secretaries
Kuala Lumpur
20 November 2009