

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



	<b>As at 31-Dec-09 RM'000</b>	<b>As at 31-Mar-09 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	6,501,061	6,759,762
Prepaid lease payments	448,071	452,563
Investment in associate	210,510	169,341
Investment in jointly controlled entity	4,042	3,162
<b>Total non-current assets</b>	<b>7,163,684</b>	<b>7,384,828</b>
Trade and other inventories	147,139	146,413
Trade and other receivables	313,288	319,810
Fund and other investments	110,552	70,863
Cash and cash equivalents	1,829,740	1,945,136
<b>Total current assets</b>	<b>2,400,719</b>	<b>2,482,222</b>
<b>TOTAL ASSETS</b>	<b>9,564,403</b>	<b>9,867,050</b>
<b>Equity</b>		
Share capital	1,978,732	1,978,732
Reserves	5,835,746	6,060,231
Total equity attributable to the shareholders of the Company	7,814,478	8,038,963
Minority shareholder's interests	435	(662)
<b>Total equity</b>	<b>7,814,913</b>	<b>8,038,301</b>
<b>Liabilities</b>		
Borrowings	432,185	449,625
Deferred tax liabilities	1,130,000	1,146,000
Deferred income	14,011	15,331
<b>Total non-current liabilities</b>	<b>1,576,196</b>	<b>1,610,956</b>
Trade and other payables	116,011	195,262
Taxation	57,283	22,531
<b>Total current liabilities</b>	<b>173,294</b>	<b>217,793</b>
<b>Total liabilities</b>	<b>1,749,490</b>	<b>1,828,749</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,564,403</b>	<b>9,867,050</b>
<b>Net assets per share attributable to the shareholders of the Company (RM)</b>	<b>3.949</b>	<b>4.063</b>

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 nine months ended 31 December 2009 - Unaudited



	Three months ended		Year-to-date ended	
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	810,886	832,871	2,419,632	2,479,270
Cost of revenue	(499,516)	(589,084)	(1,511,391)	(1,599,259)
<b>Gross profit</b>	311,370	243,787	908,241	880,011
Administration expenses	(20,619)	(13,022)	(56,768)	(47,421)
Other expenses	(8,352)	(100,214)	(41,479)	(161,370)
Other income	50,216	83,106	129,875	186,841
<b>Operating profit</b>	332,615	213,657	939,869	858,061
Financing costs	(5,018)	(6,005)	(15,630)	(14,272)
Share of profit after tax of equity accounted associate and jointly controlled entity	15,676	14,549	42,048	40,780
<b>Profit before taxation</b>	343,273	222,201	966,287	884,569
Tax expense	(77,373)	(58,145)	(227,686)	(217,692)
<b>Profit for the period</b>	<b>265,900</b>	<b>164,056</b>	<b>738,601</b>	<b>666,877</b>
<b>Attributable to:</b>				
Shareholders of the Company	266,474	164,056	739,504	666,877
Minority interest	(574)	-	(903)	-
<b>Profit for the period</b>	<b>265,900</b>	<b>164,056</b>	<b>738,601</b>	<b>666,877</b>
<b>Basic Earnings Per Share (sen)</b>	<b>13.47</b>	<b>8.29</b>	<b>37.37</b>	<b>33.70</b>

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 nine months ended 31 December 2009 - Unaudited**



	<b>Nine months and year-to-date ended</b>	
	<b>31-Dec-09</b>	<b>31-Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	2,467,534	2,533,594
Cash paid to suppliers and employees	(1,106,391)	(1,184,636)
	<b>1,361,143</b>	<b>1,348,958</b>
Interest income from fund and other investments	28,237	53,176
Taxation paid	(208,935)	(293,798)
<b>Net cash generated from operating activities</b>	<b>1,180,445</b>	<b>1,108,336</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fund and other investments	(50,033)	(49,860)
Proceeds from disposal of other investments	10,011	-
Dividends received	-	19,686
Purchase of property, plant and equipment	(283,384)	(234,982)
Proceeds from disposal of property, plant and equipment	355	16
Purchase of prepaid lease	(464)	(15,673)
<b>Net cash used in investing activities</b>	<b>(323,515)</b>	<b>(280,813)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Financing costs paid	(10,337)	(8,290)
Dividends paid	(963,989)	(840,960)
Issue of ordinary share capital to minority interest	2,000	-
<b>Net cash used in financing activities</b>	<b>(972,326)</b>	<b>(849,250)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(115,396)</b>	<b>(21,727)</b>
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>1,945,136</b>	<b>1,707,805</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>1,829,740</b>	<b>1,686,078</b>

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 nine months ended 31 December 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
<b>Balance at 1 April 2008</b>						
- 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
<b>Balance at 1 April 2008, restated</b>	1,978,732	1,186,472	4,786,028	7,951,232	-	7,951,232
Profit for the period	-	-	666,877	666,877	-	666,877
Dividends approved in respect of the previous year	-	-	(618,353)	(618,353)	-	(618,353)
Interim Dividend declared and paid in respect of the current year	-	-	(222,607)	(222,607)	-	(222,607)
<b>Balance at 31 December 2008</b>	<b>1,978,732</b>	<b>1,186,472</b>	<b>4,611,945</b>	<b>7,777,149</b>	<b>-</b>	<b>7,777,149</b>
<b>Balance at 1 April 2009</b>	1,978,732	1,186,472	4,873,759	8,038,963	(662)	8,038,301
Profit for the period	-	-	739,504	739,504	(903)	738,601
Increase in share capital	-	-	-	-	2,000	2,000
Dividends approved in respect of the previous year	-	-	(667,180)	(667,180)	-	(667,180)
Interim Dividend declared and paid in respect of the current year	-	-	(296,809)	(296,809)	-	(296,809)
<b>Balance at 31 December 2009</b>	<b>1,978,732</b>	<b>1,186,472</b>	<b>4,649,274</b>	<b>7,814,478</b>	<b>435</b>	<b>7,814,913</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 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 31 December 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 31 December 2009.

## 8. Dividends Paid

	Nine months ended	
	31.12.2009 RM'000	31.12.2008 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 (2008 - 20% per share tax exempt and 15% per share less 25% tax)	667,180	618,353
Interim declared and paid:		
2010 - 15% per share tax exempt under the single tier tax system (2009 - 15% per share less 25% tax)	296,809	222,607
<b>Total dividend paid</b>	<b>963,989</b>	<b>840,960</b>

## 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 December 2009-----			-----31 December 2008-----		
	Throughput Services RM'000	Utilities RM'000	Total RM'000	Throughput Services RM'000	Utilities RM'000	Total RM'000
Revenue	1,849,623	570,009	2,419,632	1,986,557	492,713	2,479,270
Segment results	774,662	133,579	908,241	837,365	42,646	880,011
Unallocated income/(expenses)			31,628			(21,950)
Operating profit			939,869			858,061
Financing costs			(15,630)			(14,272)
Share of profit after tax of equity accounted associate and jointly controlled entity			42,048			40,780
Profit before taxation			966,287			884,569

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated income / (expenses) 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 land is stated at cost and is 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 year-to-date ended 31 December 2009.

**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 31 December 2009 were as follows:-

	<b>31.12.2009</b> <b>RM'000</b>
Property, plant and equipment:	
Approved and contracted for	68,513
Approved but not contracted for	1,461,132
	<hr/> <b>1,529,645</b> <hr/>

**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 2009 was RM810.9 million (quarter ended 31 December 2008: RM832.9 million) and revenue for the nine months period was RM2,419.6 million (year-to-date ended 31 December 2008: RM2,479.3 million). The decrease was due to lower throughput revenue.

Profit before tax for the quarter ended 31 December 2009 was RM343.3 million (quarter ended 31 December 2008: RM222.2 million) and profit before tax for the nine months period was RM966.3 million (year-to-date ended 31 December 2008: RM884.6 million). The increase in profit was mainly due to lower cost of revenue. Accordingly, profit after tax for the quarter ended 31 December 2009 was RM265.9 million (quarter ended 31 December 2008: RM164.1 million) and profit after tax for the nine months period was RM738.6 million (year-to-date ended 31 December 2008: RM666.9 million).

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

Revenue for the current quarter was RM810.9 million, a decrease of RM12.3 million from the preceding quarter due to lower throughput revenue.

Profit before tax for the current quarter of RM343.3 million was RM74.6 million higher than the preceding quarter mainly due to lower 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:

	Three months ended		Year-to-date ended	
	31.12.2009 RM'000	31.12.2008 RM'000	31.12.2009 RM'000	31.12.2008 RM'000
In respect of current period:				
Income tax	75,373	89,003	243,686	270,803
Deferred tax	2,000	(30,858)	(16,000)	(53,111)
	<b>77,373</b>	<b>58,145</b>	<b>227,686</b>	<b>217,692</b>

The effective tax rate of 23.6% for the current quarter and 24.6% for the financial year-to-date approximates the statutory tax rate of 25%.

**20. Unquoted Investments and Properties**

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

	31.12.2009 RM'000	31.12.2008 RM'000
<u>Current</u>		
Fair value through profit or loss financial assets	110,552	50,726



**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>31.12.2009</b>	<b>31.12.2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Long term</u>		
Unsecured term loan	597,185	613,520
Derivative asset – CEA	(165,000)	(161,247)
<b>Borrowings</b>	<b>432,185</b>	<b>452,273</b>

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 gain arising from retranslation of term loan and revaluation of CEA for the year-to-date ended 31 December 2009 was RM17.4 million (year-to-date ended 31 December 2008: net unrealised loss of RM36.6 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. 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 (EPS) is derived based on the net profit attributable to ordinary shareholders and based on the number of ordinary shares outstanding during the period.

	Three months ended		Year-to-date ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Net profit for the period attributable to ordinary shareholders (RM '000)	266,474	164,056	739,504	666,877
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
<b>EPS (sen)</b>	<b>13.47</b>	<b>8.29</b>	<b>37.37</b>	<b>33.70</b>

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 18 February 2010.

### BY ORDER OF THE BOARD

Noryati Mohd Noor (LS0008877)  
Yeap Kok Leong (MAICSA0862549)  
*Company Secretaries*  
Kuala Lumpur  
18 February 2010