

**PETRONAS Gas Berhad**  
**(Company No.: 101671-H)**  
**Condensed Group Balance Sheet**  
**as at 31 March 2010 - Audited**



	<b>As at 31-Mar-10 RM'000</b>	<b>As at 31-Mar-09 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	6,461,614	6,759,762
Prepaid lease payments	446,594	452,563
Investment in associate	174,036	169,341
Investment in jointly controlled entity	4,481	3,162
<b>Total non-current assets</b>	<b>7,086,725</b>	<b>7,384,828</b>
Trade and other inventories	144,017	146,413
Trade and other receivables	322,228	319,810
Fund and other investments	100,252	70,863
Cash and cash equivalents	2,181,502	1,945,136
<b>Total current assets</b>	<b>2,747,999</b>	<b>2,482,222</b>
<b>TOTAL ASSETS</b>	<b>9,834,724</b>	<b>9,867,050</b>
<b>Equity</b>		
Share capital	1,978,732	1,978,732
Reserves	6,037,138	6,060,231
Total equity attributable to the shareholders of the Company	8,015,870	8,038,963
Minority shareholder's interests	1,131	(662)
<b>Total equity</b>	<b>8,017,001</b>	<b>8,038,301</b>
<b>Liabilities</b>		
Borrowings	437,682	449,625
Deferred tax	1,132,000	1,146,000
Deferred income	13,597	15,331
<b>Total non-current liabilities</b>	<b>1,583,279</b>	<b>1,610,956</b>
Trade and other payables	202,230	195,262
Taxation	32,214	22,531
<b>Total current liabilities</b>	<b>234,444</b>	<b>217,793</b>
<b>Total liabilities</b>	<b>1,817,723</b>	<b>1,828,749</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,834,724</b>	<b>9,867,050</b>
<b>Net assets per share attributable to the shareholders of the Company (RM)</b>	<b>4.051</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 year ended 31 March 2010 - Audited



	Three months ended		Year ended	
	31-Mar-10 RM'000	31-Mar-09 RM'000	31-Mar-10 RM'000	31-Mar-09 RM'000
<b>Revenue</b>	802,211	935,871	3,221,843	3,415,141
Cost of revenue	(532,092)	(595,144)	(2,043,483)	(2,194,403)
<b>Gross profit</b>	270,119	340,727	1,178,360	1,220,738
Administration expenses	(22,332)	(13,472)	(79,082)	(60,893)
Other expenses	(39,551)	(31,922)	(81,030)	(87,312)
Other income	63,707	41,996	193,582	122,857
<b>Operating profit</b>	271,943	337,329	1,211,830	1,195,390
Financing costs	(4,605)	(5,130)	(20,235)	(19,402)
Share of profit after tax of equity accounted associate and jointly controlled entity	10,160	14,677	52,208	55,457
<b>Profit before taxation</b>	277,498	346,876	1,243,803	1,231,445
Tax expense	(75,410)	(85,723)	(303,114)	(303,415)
<b>Profit for the period</b>	<b>202,088</b>	<b>261,153</b>	<b>940,689</b>	<b>928,030</b>
<b>Attributable to:</b>				
Shareholders of the Company	201,392	261,815	940,896	928,692
Minority interest	696	(662)	(207)	(662)
<b>Profit for the period</b>	<b>202,088</b>	<b>261,153</b>	<b>940,689</b>	<b>928,030</b>
<b>Basic Earnings Per Share (sen)</b>	<b>10.18</b>	<b>13.23</b>	<b>47.55</b>	<b>46.93</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 year ended 31 March 2010 - Audited**



	<b>31-Mar-10</b>	<b>31-Mar-09</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	3,283,369	3,353,137
Cash paid to suppliers and employees	(1,485,916)	(1,611,314)
	1,797,453	1,741,823
Interest income from fund and other investments	36,215	68,268
Taxation paid	(295,882)	(389,348)
<b>Net cash generated from operating activities</b>	<b>1,537,786</b>	<b>1,420,743</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fund and other investments	(50,033)	(69,699)
Proceeds from disposal of other investments	20,011	-
Dividends received	34,645	57,231
Purchase of property, plant and equipment	(329,642)	(298,442)
Proceeds from disposal of property, plant and equipment	424	17
Payment for prepaid lease	(639)	(15,646)
<b>Net cash used in investing activities</b>	<b>(325,234)</b>	<b>(326,539)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Financing costs paid	(20,397)	(18,964)
Dividends paid	(963,989)	(840,961)
Advance from minority shareholder	6,200	3,052
Issue of ordinary share capital to Minority Interest	2,000	-
<b>Net cash used in financing activities</b>	<b>(976,186)</b>	<b>(856,873)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>236,366</b>	<b>237,331</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 year</b>	<b>2,181,502</b>	<b>1,945,136</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 year ended 31 March 2010 - 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
<b>Balance at 1 April 2008</b>	1,978,732	1,186,472	4,786,028	7,951,232	-	7,951,232
Profit for the period	-	-	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)
<b>Balance at 31 March 2009</b>	<b>1,978,732</b>	<b>1,186,472</b>	<b>4,873,759</b>	<b>8,038,963</b>	<b>(662)</b>	<b>8,038,301</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	-	-	940,896	940,896	(207)	940,689
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)
Issue of ordinary share capital to Minority Interest	-	-	-	-	2,000	2,000
<b>Balance at 31 March 2010</b>	<b>1,978,732</b>	<b>1,186,472</b>	<b>4,850,666</b>	<b>8,015,870</b>	<b>1,131</b>	<b>8,017,001</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 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 2010.

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.

As of 1 April 2009, the Group and the Company have early adopted the following FRSs which are effective for annual periods beginning on or after 1 January 2010:

- (i) FRS 7, *Financial Instruments: Disclosures*;
- (ii) FRS 123, *Borrowing Costs (revised)*; and
- (iii) Amendment to FRS 123, *Borrowing Costs*

The adoption of FRS 7 does not result in significant changes in the accounting policies other than extended disclosures on financial instruments as set out in the audited financial statements for the year ended 31 March 2010.

The adoption of FRS 123 (revised) and Amendment to FRS 123 did not have any impact on these financial statements.

### 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 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 2010.

## 8. Dividends Paid

	12 months ended	
	31.03.2010 RM'000	31.03.2009 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	618,354
Interim 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>840,961</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 of 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 2010-----			-----31 March 2009-----		
	Throughput Services RM'000	Utilities RM'000	Total RM'000	Throughput Services RM'000	Utilities RM'000	Total RM'000
Revenue	2,475,042	746,801	3,221,843	2,657,990	757,151	3,415,141
Segment results	1,025,537	152,823	1,178,360	1,092,558	128,180	1,220,738
Unallocated income/ (expense)			33,470			(25,348)
Operating profit			1,211,830			1,195,390
Financing costs			(20,235)			(19,402)
Share of profit after tax of equity accounted associate and jointly controlled entity			52,208			55,457
Profit before taxation			1,243,803			1,231,445
Tax expense			(303,114)			(303,415)
Profit for the year			940,689			928,030

**9. Segmental Information (Continued)**

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 ended 31 March 2010.

**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 March 2010 were as follows:-

	<b>31.03.2010</b> <b>RM'000</b>
Property, plant and equipment:	
Approved and contracted for	156,312
Approved but not contracted for	1,398,430
	<hr/> <b>1,554,742</b>

**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 2010 was RM802.2 million (quarter ended 31 March 2009: RM935.9 million) and revenue for the year ended 31 March 2010 was RM3,221.8 million (year ended 31 March 2009: RM3,415.1 million). The decrease was due to lower throughput revenue and utilities sales.

Profit before tax for the quarter ended 31 March 2010 was RM277.5 million (quarter ended 31 March 2009: RM346.9 million) and profit after tax for the quarter ended 31 March 2010 was RM202.1 million (quarter ended 31 March 2009: RM261.2 million). The decrease in profit was mainly due to lower revenue.

Profit before tax for the year ended 31 March 2010 was RM1,243.8 million (year ended 31 March 2009: RM1,231.4 million) and profit after tax for the year ended 31 March 2010 was RM940.7 million (year ended 31 March 2009: RM928.0 million). The increase in profit was mainly due to lower cost of revenue.

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

Revenue for the current quarter was RM802.2 million, a decrease of RM8.7 million from the preceding quarter due to lower utilities sales.

Profit before tax for the current quarter of RM277.5 million was RM65.8 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 therefrom would not be impacted. Taken together with the cost reduction efforts, the Directors expect the results for the next financial year to be satisfactory.

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		12 months ended	
	31.03.2010 RM'000	31.03.2009 RM'000	31.03.2010 RM'000	31.03.2009 RM'000
In respect of current period:				
Income tax	73,327	53,421	317,013	324,224
Deferred tax	7,613	26,980	(8,369)	(26,131)
In respect of prior years:				
Income tax	101	5,803	101	5,803
Deferred tax	(5,631)	(481)	(5,631)	(481)
	<b>75,410</b>	<b>85,723</b>	<b>303,114</b>	<b>303,415</b>

The effective tax rate was 28.2% for the current quarter and 25.4% for the financial year.



## 20. Unquoted Investments and Properties

Investments in unquoted securities as at 31 March 2010 are as follows:

	31.03.2010 RM'000	31.03.2009 RM'000
<u>Current</u>		
Fair value through profit or loss financial assets	100,252	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

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

## 23. Borrowings

	31.03.2010 RM'000	31.03.2009 RM'000
Non-current		
Term loan – unsecured	566,640	591,432
Derivative asset – Currency Exchange Agreement (CEA)	(128,958)	(141,807)
Total	<u>437,682</u>	<u>449,625</u>

Terms and debt repayment schedule

	Total RM'000	2-5 years RM'000
Unsecured term loan (net of derivative asset)		
2010 - 3.4%	437,682	437,682
2009 - 3.4%	449,625	449,625
	=====	=====

The unsecured term loan comprising the 6th series 3.4% Samurai Bond 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 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 at contracted amount of RM454.1 million.

The CEA being an embedded derivative attached to the Yen 16 billion term loan are valued and accounted separately at each reporting date due to the risks and characteristics are not closely related to the host contract. The term loan is translated at the spot rate at the reporting date whereas the CEA is measured at fair value. The fair value of the CEA is 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 market risk on the fair value or future cash flows of the term loan and CEA will fluctuate depending 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 ended 31 March 2010 was RM11.9 million (year ended 31 March 2009: net unrealised loss of RM34.0 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 Proposed**

The Directors propose a final dividend of 30% per share under single tier system and 5% per share tax exempt altogether amounting to RM692,556,170 in respect of the financial year ended 31 March 2010. 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	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Net profit for the period attributable to ordinary shareholders (RM '000)	201,392	261,815	940,896	928,692
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
<b>EPS (sen)</b>	<b>10.18</b>	<b>13.23</b>	<b>47.55</b>	<b>46.93</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 11 May 2010.

**BY ORDER OF THE BOARD**

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