

PETRONAS Gas Berhad
(Company No.: 101671-H)
Condensed Group Statement of Financial Position
as at 31 December 2011 - Audited



| | As at 31-Dec-11 RM'000 | As at 31-Mar-11 RM'000 |
|--|---------------------------------------|---------------------------------------|
| Assets | | |
| Property, plant and equipment | 7,458,272 | 6,830,609 |
| Investment in associate | 179,567 | 175,087 |
| Investment in jointly controlled entity | 5,414 | 2,606 |
| Total non-current assets | 7,643,253 | 7,008,302 |
| Trade and other inventories | 102,449 | 100,399 |
| Trade and other receivables | 386,371 | 369,997 |
| Fund and other investments | 245,562 | 275,082 |
| Cash and cash equivalents | 2,368,834 | 2,756,079 |
| Total current assets | 3,103,216 | 3,501,557 |
| TOTAL ASSETS | 10,746,469 | 10,509,859 |
| Equity | | |
| Share Capital | 1,978,732 | 1,978,732 |
| Reserves | 6,578,673 | 6,487,024 |
| Total equity attributable to the owners of the Company | 8,557,405 | 8,465,756 |
| Non-controlling interests | 86,516 | 49,415 |
| Total equity | 8,643,921 | 8,515,171 |
| Liabilities | | |
| Borrowings | 444,735 | 423,580 |
| Deferred tax | 1,053,000 | 1,107,000 |
| Deferred income | 10,692 | 11,937 |
| Total non-current liabilities | 1,508,427 | 1,542,517 |
| Trade and other payables | 447,632 | 340,030 |
| Taxation | 146,489 | 112,141 |
| Total current liabilities | 594,121 | 452,171 |
| Total liabilities | 2,102,548 | 1,994,688 |
| TOTAL EQUITY AND LIABILITIES | 10,746,469 | 10,509,859 |
| Net Assets per share attributable to the owners of the Company (RM) | 4.3247 | 4.2784 |

The condensed Group statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

PETRONAS Gas Berhad
 (Company No.: 101671-H)
 Condensed Group Statement of Comprehensive Income
 for the quarter and period ended 31 December 2011



| | 1.10.2011 to 31.12.2011 RM'000 | 1.10.2010 to 31.12.2010 RM'000 | (Audited) 1.04.2011 to 31.12.2011 RM'000 | 1.04.2010 to 31.12.2010 RM'000 |
|--|---|---|--|---|
| Revenue | 921,247 | 892,687 | 2,765,124 | 2,633,762 |
| Cost of revenue | (475,141) | (395,799) | (1,347,251) | (1,178,481) |
| Gross profit | <u>446,106</u> | <u>496,888</u> | <u>1,417,873</u> | <u>1,455,281</u> |
| Administration expenses | (44,332) | (20,230) | (113,038) | (64,055) |
| Other expenses | (16,340) | (20,746) | (97,068) | (44,464) |
| Other income | 76,736 | 65,409 | 212,887 | 174,886 |
| Operating profit | <u>462,170</u> | <u>521,321</u> | <u>1,420,654</u> | <u>1,521,648</u> |
| Financing costs | (5,469) | (5,306) | (16,263) | (15,510) |
| Share of profit after tax of equity accounted associate and jointly controlled entity | 7,903 | 14,795 | 28,600 | 43,358 |
| Profit before taxation | <u>464,604</u> | <u>530,810</u> | <u>1,432,991</u> | <u>1,549,496</u> |
| Tax expense | (120,626) | (130,091) | (352,198) | (377,010) |
| Profit for the period/ Total comprehensive income for the period | <u><u>343,978</u></u> | <u><u>400,719</u></u> | <u><u>1,080,793</u></u> | <u><u>1,172,486</u></u> |
| Profit for the period/ Total comprehensive income for the period attributable to: | | | | |
| Owners of the Company | 344,095 | 400,737 | 1,081,014 | 1,172,593 |
| Non-controlling interests | (117) | (18) | (221) | (107) |
| Total comprehensive income for the period | <u><u>343,978</u></u> | <u><u>400,719</u></u> | <u><u>1,080,793</u></u> | <u><u>1,172,486</u></u> |
| Basic and diluted earnings per ordinary share (sen) | <u>17.39</u> | <u>20.25</u> | <u>54.63</u> | <u>59.26</u> |

The condensed Group statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

PETRONAS Gas Berhad
(Company No.: 101671-H)
Condensed Group Statement of Cash Flows
for the period ended 31 December 2011



| | (Audited) | |
|--|-------------------------|-------------------------|
| | 1.04.2011 | 1.04.2010 |
| | to | to |
| | 31.12.2011 | 31.12.2010 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers | 2,806,156 | 2,681,584 |
| Cash paid to suppliers and employees | (1,004,189) | (760,272) |
| | <u>1,801,967</u> | <u>1,921,312</u> |
| Interest income from fund and other investments | 72,624 | 46,674 |
| Taxation paid | (371,850) | (193,087) |
| Net cash generated from operating activities | <u>1,502,741</u> | <u>1,774,899</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fund and other investments | (20,000) | (160,032) |
| Proceeds from disposal of other investments | 50,000 | 10,043 |
| Dividends received | 21,312 | 2,866 |
| Purchase of property, plant and equipment | (1,016,191) | (308,250) |
| Proceeds from disposal of property, plant and equipment | 22,059 | 1,647 |
| Net cash used in investing activities | <u>(942,820)</u> | <u>(453,726)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Financing costs paid | (10,213) | (10,022) |
| Dividends paid | (989,365) | (989,365) |
| Advance from non-controlling interests | 16,772 | 19,236 |
| Issue of ordinary share capital to non-controlling interests | 35,640 | - |
| Net cash used in financing activities | <u>(947,166)</u> | <u>(980,151)</u> |
| Net (Decrease)/ Increase in Cash and Cash Equivalents | <u>(387,245)</u> | <u>341,022</u> |
| Cash and Cash Equivalents at beginning of the period | <u>2,756,079</u> | <u>2,181,502</u> |
| Cash and Cash Equivalents at end of the period | <u>2,368,834</u> | <u>2,522,524</u> |

The condensed Group statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2011 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 period ended 31 December 2011



| | Share Capital Ordinary Shares RM'000 | Non Distributable Share Premium RM'000 | Distributable Retained Profits RM'000 | Total RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|--|--|---|------------------|--|---------------------------|
| Balance at 1 April 2010 | 1,978,732 | 1,186,472 | 4,850,666 | 8,015,870 | 1,131 | 8,017,001 |
| Total comprehensive income for the period | - | - | 1,172,593 | 1,172,593 | (107) | 1,172,486 |
| Dividends approved in respect of the previous year | - | - | (692,556) | (692,556) | - | (692,556) |
| Interim Dividend declared and paid in respect of the current period | - | - | (296,809) | (296,809) | - | (296,809) |
| Balance at 31 December 2010 | 1,978,732 | 1,186,472 | 5,033,894 | 8,199,098 | 1,024 | 8,200,122 |
| Balance at 1 April 2011 | 1,978,732 | 1,186,472 | 5,300,552 | 8,465,756 | 49,415 | 8,515,171 |
| Total comprehensive income for the period | - | - | 1,081,014 | 1,081,014 | (221) | 1,080,793 |
| Dividends approved in respect of the previous year | - | - | (692,556) | (692,556) | - | (692,556) |
| Interim Dividend declared and paid in respect of the current period | - | - | (296,809) | (296,809) | - | (296,809) |
| Issue of ordinary share capital to non-controlling interests | - | - | - | - | 37,322 | 37,322 |
| Balance at 31 December 2011 (Audited) | 1,978,732 | 1,186,472 | 5,392,201 | 8,557,405 | 86,516 | 8,643,921 |

The condensed Group statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2011 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries, and the Group's interest in an associate and a jointly controlled entity as at and for the quarter ended 31 December 2011.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2011. 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 2011.

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 2011.

As of 1 April 2011, the Group adopted the following new and revised FRSS, amendments and IC interpretations that have been issued by the Malaysia Accounting Standards Board which are effective for annual period beginning on or after 1 July 2010:

| | |
|-----------------------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards (revised) |
| FRS 3 | Business Combinations (revised) |
| FRS 127 | Consolidated and Separate Financial Statements (revised) |
| Amendment to FRS 1 | Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters |
| Amendment to FRS 1 | Additional Exemptions for First-time Adopters |
| Amendment to FRS 1 | First-time Adoption of Financial Reporting Standards |
| Amendments to FRS 2 | Share-based Payment |
| Amendments to FRS 3 | Business Combinations |
| Amendments to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| Amendments to FRS 7 | Improving Disclosures about Financial Instrument |
| Amendments to FRS 7 | Financial Instruments: Disclosures |
| Amendments to FRS 101 | Presentation of Financial Statements |
| Amendments to FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| Amendments to FRS 128 | Investment in Associates |
| Amendments to FRS 131 | Interests in Joint Ventures |
| Amendments to FRS 132 | Financial Instruments: Presentation |
| Amendments to FRS 134 | Interim Financial Reporting |
| Amendments to FRS 138 | Intangible Assets |
| Amendments to FRS 139 | Financial Instruments: Recognition and Measurement |
| IC Interpretation 4 | Determining Whether an Arrangement contains a Lease |
| IC Interpretation 12 | Service Concession Agreements |
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |

2. Changes in Accounting Policies (Continued)

| | |
|----------------------|--|
| IC Interpretation 17 | Distribution of Non-cash Assets to Owner |
| IC Interpretation 18 | Transfer of Assets from Customers |
| Amendments to IC 9 | Reassessment of Embedded Derivatives |
| Amendments to IC 13 | Customer Loyalty Programmes |

The adoption of the above FRSs, Statement of Interpretations and Amendments to FRS do not have any significant 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 2011 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 financial period.

6. Changes in Estimates

There were no changes in estimates that have had any material effect on the period ended results.

7. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the period ended 31 December 2011.

8. Dividends Paid

| | 1.04.2011 to 31.12.2011 RM'000 | 1.04.2010 to 31.12.2010 RM'000 |
|--|---|---|
| Ordinary | | |
| Final paid: | | |
| 31.03.2011 – 35% per share under single tier system (31.03.2010 – 30% per share under single tier system and 5% per share tax exempt) | 692,556 | 692,556 |
| Interim paid: | | |
| 31.12.2011 - 15% per share under single tier system (31.12.2010 - 15% per share under single tier system) | 296,809 | 296,809 |
| | 989,365 | 989,365 |

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, 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.

9. Segmental Information (Continued)

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 statement of comprehensive income and statement of financial position of the Group.

| Business Segment | 1.04.2011 to 31.12.2011 | | | | 1.04.2010 to 31.12.2010 | | | |
|---|-------------------------------|--------------------|-----------|-----------|-------------------------------|--------------------|-----------|-----------|
| | Gas Processing | Gas Transportation | Utilities | Total | Gas Processing | Gas Transportation | Utilities | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 1,299,873 | 803,461 | 661,790 | 2,765,124 | 1,191,380 | 839,681 | 602,701 | 2,633,762 |
| Segment results | 720,849 | 572,215 | 124,809 | 1,417,873 | 661,151 | 646,192 | 147,938 | 1,455,281 |
| Unallocated income | | | | 2,781 | | | | 66,367 |
| Operating profit | | | | 1,420,654 | | | | 1,521,648 |
| Financing costs | | | | (16,263) | | | | (15,510) |
| Share of profit after tax of equity accounted associate and jointly controlled entity | | | | 28,600 | | | | 43,358 |
| Profit before taxation | | | | 1,432,991 | | | | 1,549,496 |

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated income mainly comprise fair value gain or loss on financial asset, finance income and other corporate expenses.

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

Regas Terminal (Sg. Udang) Sdn. Bhd., Regas Terminal (Pengerang) Sdn. Bhd. and Regas Terminal (Lahad Datu) Sdn. Bhd. became the wholly owned subsidiaries of PETRONAS Gas Berhad effective from 29 December 2011, as disclosed in Note 19.

13. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets since the last annual statement of financial position as at 31 March 2011.

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 2011 were as follows:-

| | 31.12.2011 RM'000 |
|---------------------------------|----------------------|
| Property, plant and equipment: | |
| Approved and contracted for | 2,150,486 |
| Approved but not contracted for | 4,553,094 |
| | <u>6,703,580</u> |

Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

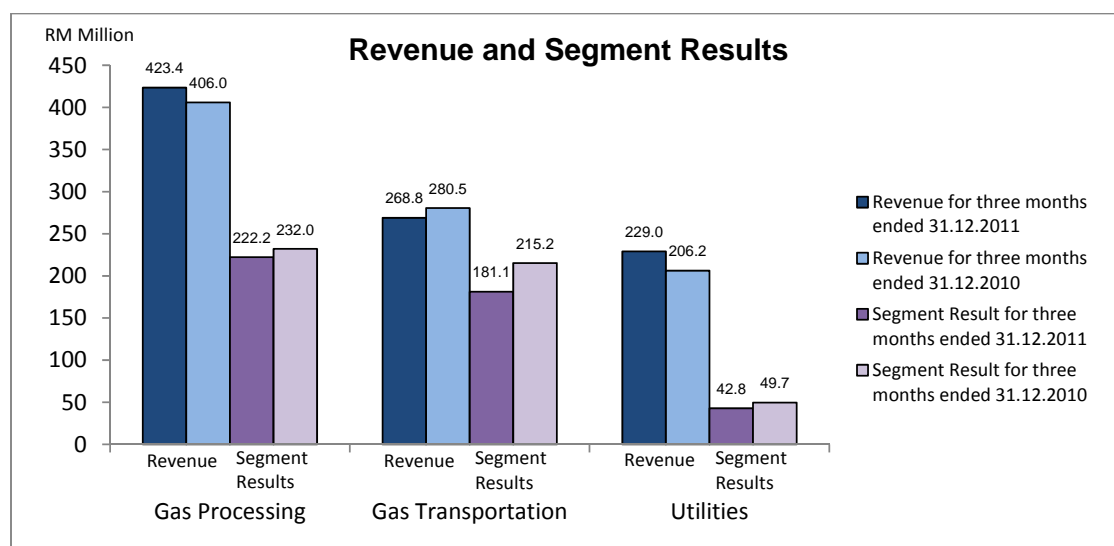
15. Performance Review

a) Current quarter review

The Group's revenue for the quarter ended 31 December 2011 was RM921.2 million, an increase of RM28.5 million (3.2%) as compared to the corresponding quarter ended 31 December 2010 mainly due to higher gas processing revenue and utilities sales. However, profit before tax decreased by RM66.2 million (12.5%) as compared to the corresponding quarter mainly due to higher cost of revenue. Accordingly, profit after tax reduced by RM56.7 million (14.2%).

Profit before tax for the current quarter was RM464.6 million, an increase of RM6.8 million (1.5%) from the preceding quarter ended 30 September 2011 mainly due to higher other income resulting from unrealised gain from the revaluation of Currency Exchange Agreement (CEA) and retranslation of term loan.

Please refer below for detailed analysis by operating segments.



Gas processing revenue for the quarter ended 31 December 2011 was higher by RM17.4 million as compared to the corresponding quarter ended 31 December 2010 mainly due to higher performance based structure income resulting from higher export volume for propane and butane. The cost of revenue was higher by RM27.2 million mainly due to increase in staff cost and repair and maintenance cost. Accordingly, the segment results for gas processing was lower by RM9.8 million.

Gas transportation revenue for the quarter ended 31 December 2011 was lower by RM11.7 million as compared to the corresponding quarter ended 31 December 2010 mainly due to lower transportation capacity booked by customer. The cost of revenue was higher by RM22.4 million mainly due to increase in repair and maintenance cost and staff cost. Accordingly, the segment results was lower by RM34.1 million.

Utilities revenue for the quarter ended 31 December 2011 was higher by RM22.8 million as compared to the corresponding quarter ended 31 December 2010 mainly due to higher revenue from industrial gases, electricity and steam resulting from upward revision in the utilities prices in line with the increase in fuel gas price effective from 1 June 2011. The cost of revenue was higher by RM29.7 million mainly due to upward revision in the fuel gas price and higher staff cost. Accordingly, the segment results was lower by RM6.9 million.

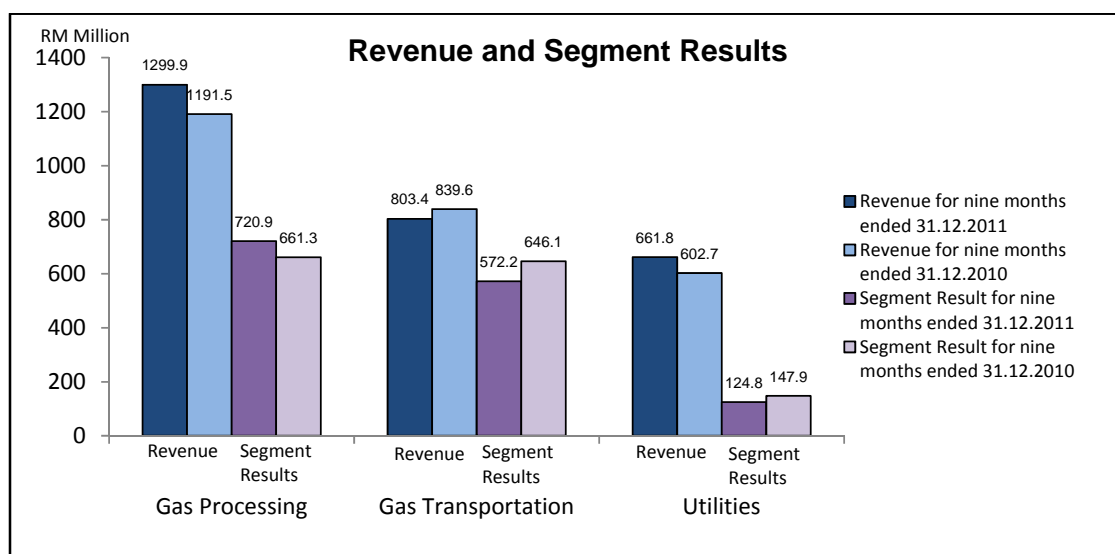
15. Performance Review (Continued)

b) Period ended review and commentary on prospects

The Group's revenue for the period ended 31 December 2011 was RM2,765.1 million, an increase by RM131.3 million (5.0%) as compared to corresponding year-to-date mainly due to higher gas processing revenue and utilities sales. However, profit before tax decreased by RM116.5 million (7.5%) as compared to the corresponding year-to-date mainly due to higher cost of revenue and other expenses. Higher other expenses was mainly due to net unrealised loss from the revaluation of Currency Exchange Agreement (CEA) and retranslation of term loan. Accordingly, profit after tax decreased by RM91.7 million (7.8%).

The Group's earnings will remain stable as a result of the fixed fee structure under the Gas Processing and Transmission Agreement (GPTA) with additional earnings potential from performance based structure which is dependent on the level of production of by-products and their prices. The completion of the LNG Regasification Terminal in Melaka within the next twelve months will have a positive impact to the Group's earnings in terms of additional income from regasification and transportation services.

Please refer below for detailed analysis by operating segments.



Gas processing revenue was higher by RM108.4 million mainly due to higher performance based structure income resulting from higher export volume and higher selling price for propane and butane. The cost of revenue was higher by RM48.8 million mainly due to increase in staff cost. Accordingly, the segment results for gas processing was higher by RM59.6 million.

Revenue from gas processing will remain stable as a result of the fixed fee structure under the GPTA. The performance based structure will continue to provide PGB with additional earnings potential which is dependent on the level of production of by-products and their prices. As gas for internal consumption is provided by PETRONAS, PGB's exposure to fuel gas price fluctuation is eliminated.

Gas transportation revenue was lower by RM36.2 million mainly due to lower transportation capacity booked by customer. The cost of revenue was higher by RM37.7 million mainly due to increase in staff cost and repair and maintenance cost. Accordingly, the segment results was lower by RM73.9 million.

Revenue from gas transportation will remain stable as a result of capacity reservation booking made in advance by customers with potential upside of additional gas volume from LNG Regasification Terminal transported utilising PGB's pipeline network. As gas for internal consumption is provided by customers, PGB's exposure to fuel gas price fluctuation is eliminated.

15. Performance Review (Continued)

Utilities revenue was higher by RM59.1 million mainly due to higher revenue from electricity, industrial gases and steam resulting from upward revision in the utilities prices in line with the increase in fuel gas price effective from 1 June 2011. The cost of revenue was higher by RM82.2 million mainly due to upward revision in the fuel gas price, coupled with increase in staff cost. Accordingly, the segment results was lower by RM23.1 million.

Prospects for the utilities business will mainly depend on petrochemical customer demand. Any variation in gas price will be immediately reflected in the pricing to customers.

16. Profit Forecast

Not applicable as no profit forecast was published.

17. Tax Expense

Taxation comprises the following:

| | 1.10.2011 to 31.12.2011 RM'000 | 1.10.2010 to 31.12.2010 RM'000 | 1.04.2011 to 31.12.2011 RM'000 | 1.04.2010 to 31.12.2010 RM'000 |
|-------------------------------|---|---|---|---|
| In respect of current period: | | | | |
| - income tax | 131,672 | 131,091 | 409,244 | 382,010 |
| - deferred tax | (8,000) | (1,000) | (54,000) | (5,000) |
| | | | | |
| In respect of prior years: | | | | |
| - income tax | (3,046) | - | (3,046) | - |
| - deferred tax | - | - | - | - |
| | 120,626 | 130,091 | 352,198 | 377,010 |

The effective tax rates of 26.4% for the current quarter and 25.1% for the period ended 31 December 2011.

18. Unquoted Investments and Properties

Investments in unquoted securities (comprising Malaysian Government Securities and corporate bonds) as at 31 December 2011 were as follows:

| | 31.12.2011 RM'000 | 31.12.2010 RM'000 |
|--|----------------------|----------------------|
| <u>Current</u> | | |
| Fair value through profit or loss financial assets | 245,562 | 250,393 |

19. Status of Corporate Proposal Announced

Effective 29 December 2011, Regas Terminal (Sg. Udang) Sdn. Bhd., Regas Terminal (Pengerang) Sdn. Bhd. and Regas Terminal (Lahad Datu) Sdn. Bhd. became wholly owned subsidiaries of PETRONAS Gas Berhad. The said companies were incorporated in Malaysia under the Companies Act, 1965.

20. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at reporting date, into realised and unrealised profits, is as follows:

| | As at 31.12.2011 RM'000 | As at 31.03.2011 RM'000 |
|---|-------------------------------|-------------------------------|
| Total retained profits/(accumulated losses) of PGB and its subsidiaries: | | |
| - realised | 6,352,810 | 6,302,192 |
| - unrealised | (1,042,644) | (1,076,166) |
| | <u>5,310,166</u> | <u>5,226,026</u> |
| Total share of retained profits/(accumulated losses) from associated company: | | |
| - realised | 298,935 | 272,676 |
| - unrealised | (13,089) | (12,620) |
| Total share of retained profits from jointly controlled entity: | | |
| - realised | 8,189 | 5,350 |
| - unrealised | 1 | 30 |
| | <u>5,604,202</u> | <u>5,491,462</u> |
| Consolidation adjustments | (212,001) | (190,910) |
| Total Group Retained Profits as per Consolidated Financial Statements | <u><u>5,392,201</u></u> | <u><u>5,300,552</u></u> |

21. Borrowings

Particulars of Company's borrowings are as follows:

| | 31.12.2011 RM'000 | 31.12.2010 RM'000 |
|--|-------------------------|-----------------------------|
| Non Current | | |
| Term loan – unsecured | 652,921 | 606,852 |
| Derivative asset – Currency Exchange Agreement (CEA) | (208,186) | (180,773) |
| Total | <u><u>444,735</u></u> | <u><u>426,079</u></u> |
| | Total RM'000 | 1-2 years RM'000 |
| Unsecured term loan (net of derivative asset) | | |
| 31.12.2011 - 3.4% | 444,735 | 444,735 |
| 31.12.2010 - 3.4% | <u>426,079</u> | <u>426,079</u> |

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.

21. Borrowings (Continued)

The CEA being an embedded derivative attached to the Yen 16 billion term loan is valued and accounted separately at each reporting date due to the risks and characteristics not being 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 discounted cash flow of the difference between 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 loss arising from retranslation of term loan and revaluation of CEA during the period was RM21.2 million (year-to-date ended 31 December 2010: net unrealised gain of RM11.6 million).

22. Material Litigation

There has been no material litigation as at the date of this report.

23. Dividend Proposed

The Directors propose a final dividend of 25% per share under single tier system altogether amounting to RM494,683,000 in respect of the period ended 31 December 2011. 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.

24. Earnings per Share

Basic earnings per share (EPS) is derived based on the net profit attributable to owners of the Company and the number of ordinary shares outstanding during the period.

| | 1.10.2011 | 1.10.2010 | 1.04.2011 | 1.04.2010 |
|--|-------------------|-------------------|-------------------|-------------------|
| | to | to | to | to |
| | 31.12.2011 | 31.12.2010 | 31.12.2011 | 31.12.2010 |
| Net profit for the period attributable to owners of the Company (RM'000) | 344,095 | 400,737 | 1,081,014 | 1,172,593 |
| Number of ordinary shares in issue ('000) | 1,978,732 | 1,978,732 | 1,978,732 | 1,978,732 |
| EPS (sen) | 17.39 | 20.25 | 54.63 | 59.26 |

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

25. Profit for the period

| | Three months ended | | Nine months ended | |
|---|--------------------|------------|-------------------|------------|
| | 31.12.2011 | 31.12.2010 | 31.12.2011 | 31.12.2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period is arrived at after charging: | | | | |
| Depreciation of property, plant and equipment | 163,899 | 159,706 | 487,604 | 470,379 |
| Provision for and write off of receivables * | - | - | - | - |
| Provision for and write off of inventories * | - | - | - | - |
| Property, plant and equipment expensed off | 379 | 310 | 577 | 391 |
| Property, plant and equipment written off | 211 | 208 | 1,149 | 4,438 |
| Impairment loss on property, plant and equipment * | - | - | - | - |
| Loss on disposal of other investments | 77 | - | 224 | - |
| Loss on realised foreign exchange | - | 32 | 161 | - |
| Unrealised loss on retranslation of term loan | - | 20,714 | 65,607 | 40,213 |
| Unrealised loss on CEA Revaluation | 1,220 | - | - | - |
| Financing costs | 5,469 | 5,306 | 16,263 | 15,510 |
| Exceptional items * | - | - | - | - |
| | | | | |
| And crediting: | | | | |
| Gain on realised foreign exchange | 160 | - | - | 88 |
| Gain on disposal of other investments | - | - | - | 43 |
| Gain on disposal of property, plant and equipment | 4,184 | 673 | 4,388 | 802 |
| Interest income from fund and other investments | 22,869 | 21,448 | 71,169 | 54,450 |
| Rental income on land and buildings | 57 | 15 | 218 | 117 |
| Unrealised gain on retranslation of term loan | 13,824 | - | - | - |
| Unrealised gain on CEA Revaluation | - | 15,908 | 44,452 | 51,816 |
| Unrealised gain on changes in values of Malaysia | | | | |
| Government Securities and other unquoted securities | 469 | 170 | 704 | 109 |

* Items not applicable to the Group.

26. 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 22 February 2012.

BY ORDER OF THE BOARD

Noryati Mohd Noor (LS0008877)
Yeap Kok Leong (MAICSA0862549)
Company Secretaries
Kuala Lumpur
22 February 2012