PETRONAS

Annual Report
2009

Rationale

The cover design for this year's Annual Report depicts an architectural drawing of the foundation of the PETRONAS Twin Towers, our corporate headquarters. Based on Islamic geometric traditions, the motif comprising two interlocked squares to create an eight-pointed star has been described by architects to symbolise 'unity within unity, harmony, stability and rationality' – a description that aptly reflects the fundamental beliefs and values on which PETRONAS is built.

It is this strong foundation premised on our core values and integrity, and our relationships based on mutual respect and understanding of the needs of the people whose lives we touch that is vital to ensure our continued growth amidst the increasing challenges and uncertainty posed by the global financial and economic crisis.

Building on this foundation, our continuous focus on strengthening our strategy of integration, adding value and globalisation coupled with our emphasis on operational excellence has positioned PETRONAS to successfully confront the challenges facing us and conduct our business with greater resilience in a highly volatile and challenging year.

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For additional information about the company and its performance, please visit www.petronas.com

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Corporate Statements

VISION

To be a Leading Oil and Gas Multinational of Choice

MISSION

We are a business entity

Petroleum is our core business

Our primary responsibility is to develop and add value to this national resource

Our objective is to contribute to the well-being of the people and the nation

SHARED VALUES

Loyalty

Loyal to nation and corporation

Integrity

Honest and upright

Professionalism

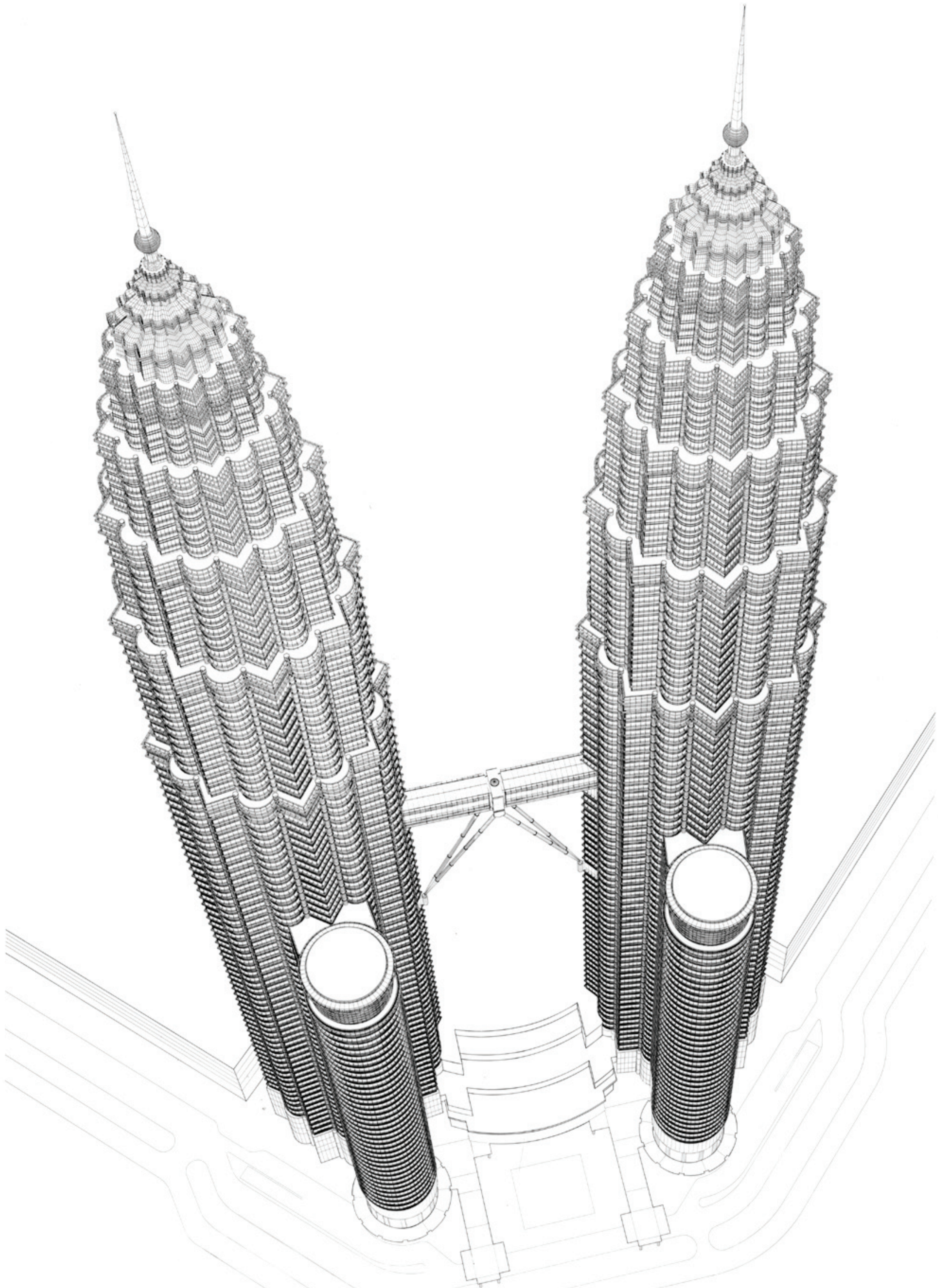
Committed, innovative and proactive and always striving for excellence

Cohesiveness

United in purpose and fellowship

Corporate Profile

PETRONAS, the acronym for Petroliam Nasional Berhad, was incorporated on 17 August 1974 under the Companies Act, 1965. It is wholly-owned by the Malaysian government and is vested with the entire ownership and control of the petroleum resources in Malaysia through the Petroleum Development Act 1974. Over the years, PETRONAS has grown to become a fully integrated oil and gas corporation and is ranked among the FORTUNE Global 500® largest corporations in the world. PETRONAS has four subsidiaries listed on the Bursa Malaysia and has ventured globally into more than 30 countries worldwide in its aspiration to be a leading oil and gas multinational of choice.



Board of Directors

Tan Sri Mohd Hassan Marican

Acting Chairman

Tan Sri Dr Wan Abdul Aziz Wan Abdullah

Secretary-General of Treasury, Ministry of Finance

Tan Sri Dr Sulaiman Mahbob

Director-General, Economic Planning Unit, Prime Minister's Department (retired with effect from 24 June 2009)

Tan Sri Khalid Ramli

Director-General, Implementation Coordination Unit, Prime Minister's Department

Abdul Kadir Md Kassim

Advocate & Solicitor

Datuk Anuar Ahmad

Vice President PETRONAS

Datuk Nasarudin Md Idris

Vice President PETRONAS

Datuk Wan Zulkiflee Wan Ariffin

Vice President PETRONAS

Mohammed Azhar Osman Khairuddin

(Company Secretary)

Management Committee

Tan Sri Mohd Hassan Marican

President &
Chief Executive Officer

(in alphabetical order)

Datuk Abdullah Karim

Vice President, PETRONAS
MD/CEO,
PETRONAS Carigali Sdn Bhd

Ahmad Nizam Salleh

Vice President
Corporate Services Division

Amir Hamzah Azizan

President/CEO
MISC Berhad

Datuk Anuar Ahmad

Vice President
Human Resource Management
Division

Colin Wong Hee Huing
Vice President
Research & Technology Division

Datuk George Ratilal
Vice President
Finance Division

Juniwati Rahmat Hussin
Vice President
Education Division

Kamarudin Zakaria
Vice President
Petrochemical Business

Md Arif Mahmood
Vice President
Oil Business

Mohammed Azhar Osman Khairuddin
Senior General Manager
Legal & Corporate Affairs Division

Datuk Nasarudin Md Idris
Vice President
Corporate Planning & Development Division

Ramlan Abdul Malek
Vice President
Exploration & Production Business

Datuk Wan Zulkiflee Wan Ariffin
Vice President
Gas Business

Faridah Haris Hamid
(Secretary)

Strategy of Integration, Adding Value and Globalisation

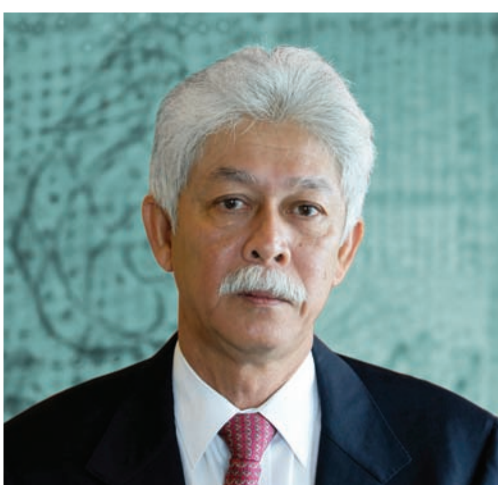
Business integration, adding value and globalisation are the key drivers of our strategy for future sustainability and growth. Entrusted with the wealth of the nation's petroleum resources, we continuously strive to seek new ways and opportunities to develop and add value to those resources, in keeping with our duties as trustees. By extending this same business philosophy throughout our global operations, we are offering greater value for our partners and making a positive difference in the lives of our stakeholders.

Our global operations are very much an integral part of our business – today, already 40% of our revenues are generated by our overseas ventures. Recognising the importance of these operations in sustaining our future growth, we are strengthening our globalisation strategy with a sharper strategic focus and increased emphasis on enhancing competitiveness.

1. PETRONAS Dagangan Bhd retail station in Malaysia
2. Aerial view of the Melaka Refinery
3. Drilling operations offshore Turkmenistan
4. Shipping LNG from the PETRONAS LNG Complex in Bintulu

President & CEO's Message

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of Petroliam Nasional Berhad (PETRONAS) for the financial year ended 31 March 2009.



TAN SRI MOHD HASSAN MARICAN

President & Chief Executive Officer

The year under review was an exceptionally challenging period for the PETRONAS Group as the worst global economic crisis in more than 70 years took its toll on the oil and gas industry. The far-reaching impact of the deepening global financial crisis had exerted downward pressure on the world economy, which in turn led to a precipitous plunge in energy demand and prices. Global oil demand fell by over 1.2 million barrels per day to an average of 85.0 million barrels per day during the year, a magnitude of decline not seen in nearly three decades, as weaker economic activity in developed countries and slower growth in key emerging ones such as China and India eroded demand. Despite attempts by OPEC to stabilise the situation through successive cuts in production quotas, a significant supply overhang emerged during the year, abruptly reversing the tight supply conditions of the previous year and led to significant margin erosions.

These developments, aggravated by intense speculative activities, drove crude oil prices to extremes. Crude oil prices reached record highs in the first half of the year, supported by expectations of strong demand growth from developing countries, but subsequently tumbled as the global downturn unfolded. The average price of West Texas Intermediate (WTI) and Brent crude oils increased by 47.1% and 43.5% during the first half of the year to USD120.94 per barrel and USD118.14 per barrel respectively, before falling 57.9% and 57.8% to USD50.89 per barrel and USD49.81 per barrel respectively in the latter half of the year. The weighted average price of Malaysian Crude Oil also moved in tandem, initially up 44.5% to USD125.45 per barrel before declining 59.6% to USD50.69 per barrel.

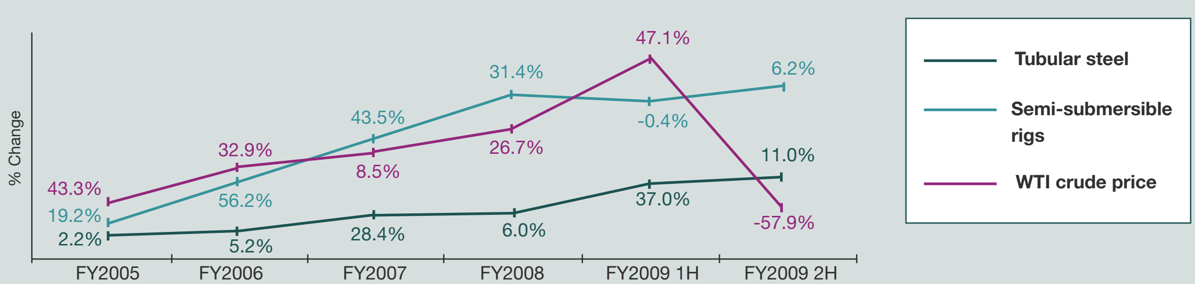
The fall in global oil demand and prices, however, was not accompanied by a similar reduction in costs, which tend to lag prices. In the second half of the year, for instance, even as the price of WTI crude fell 57.9%, daily charter rates of drilling rigs, a significant component of upstream costs, saw an increase of 6.2% while the average price of tubular steel rose 11.0%. This combination of low prices and high costs presented a serious challenge to the oil and gas industry and resulted in industry players scaling back on investments, reducing manpower and cutting costs in an effort to defend eroding margins. This wave of under-investment and industry retrenchment will, unless quickly addressed, adversely impact efforts to secure adequate future supplies, establishing the conditions for continued cyclical volatility in the industry.

In summary, the year in review proved to be exceedingly challenging as weak market fundamentals, unprecedented price volatility and persistently high costs continued to test the resilience of industry players across the board.

Financial Highlights

Despite the unfavourable industry environment, the Group managed to record strong revenue of RM264.2 billion, an increase of 18.4% from the previous year, primarily due to higher sales volume and prices in the first half of the financial

CRUDE PRICE VS OPERATING COSTS



*Source : Petrodata & Metal Bulletin

Financial Highlights

- Group revenue increased by 18.4% to RM264.2 billion, driven by higher prices and sales volume
- Revenue from international operations increased by 23.7% to RM111.3 billion, making it the biggest contributor to Group revenue for the second-year running - demonstrating the Group's increasing returns from global investments
- Profit before tax and net profit declined by 6.7% and 13.9% to RM89.1 billion and RM52.5 billion respectively, due to the low-price and high-cost environment which persisted during the second half of the financial year
- Stronger balance sheet with total assets increasing to RM388.1 billion
- Return on Revenue remained amongst the highest in the industry at 33.7%, compared to the global industry average of 17.7%

year. During the second half, however, the low-price and high-cost environment adversely affected PETRONAS' profitability – the Group's profit before tax declined by 6.7% from RM95.5 billion to RM89.1 billion, but still comparable to those recorded by the oil and gas majors.

The Group's balance sheet remained strong with total assets growing by 14.4% to RM388.1 billion and shareholder's funds increasing by 15.1% to RM232.1 billion. Return on Revenue remained amongst the highest in the industry at 33.7%, almost double the global industry average of 17.7%, while Return on Total Assets and Return on Average Capital Employed remained strong at 23.0% and 37.1% respectively, at par with the more established players in the industry.

Despite the uncertainties clouding the industry environment in the near-term, PETRONAS continued to invest to ensure the long-term sustainability and future growth of its operations. The Group's capital expenditure grew by 17.0% from RM37.6 billion to RM44.0 billion. Of this, RM26.2 billion was spent in Malaysia, representing about 60% of the Group's total capital expenditure during the year. The Group incurred higher capital expenditure of RM33.8 billion in the exploration and production (E&P) business, an increase of 63.3%, largely due to the acquisition of the upstream assets of the Gladstone LNG project in Australia.

The Group's strategy of integration, adding value and globalisation continued to yield further positive results during the year. Reflecting the Group's continuous efforts to enhance the value of Malaysia's oil and gas resources, revenue from the Group's manufacturing activities rose 17.8% from RM120.5 billion to RM142.0 billion. This meant that during the year the Group was able to add RM86.0 billion in additional value, about 33% higher than the revenue that would have been generated had the crude oil and gas been sold in their raw forms.

The Group's globalisation efforts also recorded a significant milestone during the year, with revenue from international operations for the first time surpassing the RM100 billion mark to reach RM111.3 billion, an increase of 23.7% from the previous year. With a higher contribution of 42.1%, international operations was for the second-year running the largest contributor to Group revenues, underscoring its continued importance as a source of value to the company.

These strong financial results delivered amidst a difficult and highly challenging global industry environment demonstrated our resilience and capability, supported by mutually beneficial partnerships and alliances anchored on long-term relations based on mutual trust, to compete efficiently and effectively to generate value in diverse market conditions.

Corporate and Operational Highlights

Notwithstanding the adverse industry conditions, all key business segments continued to show strong growth. In Exploration & Production (E&P), efforts to strengthen the Group's upstream resource base yielded positive results. In particular, our total reserves increased by 2.5% to 27.02 billion barrels of oil equivalent (boe), resulting in a total reserves replacement ratio (RRR) of 1.8 times for the year – 1.1 times in Malaysia and 4.1 times internationally – which was one of the strongest in the industry. Total production was also higher at 1.80 million boe per day, an increase of 1.3% over the previous year.

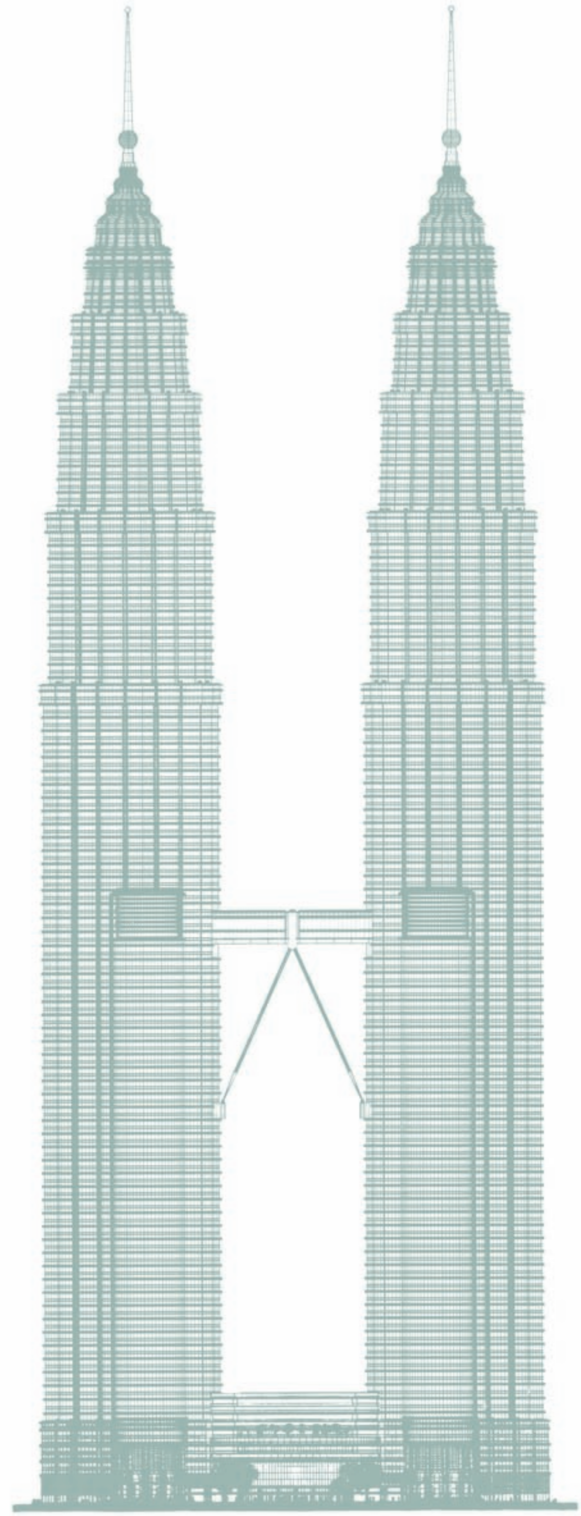
On the domestic front, a total of six new production sharing contracts (PSCs) were awarded, bringing the total number of PSCs in operation to 71, while seven new oil fields and nine gas fields were brought on-stream. The discovery of gas reserves by PETRONAS Carigali during the year from the nation's first High Pressure High Temperature (HPHT) well in the Kinabalu field offshore Sabah was a key milestone for the domestic E&P sector and potentially opens up new exploration prospectivity for deeper reservoirs.

Notwithstanding these developments, total national average production for the year recorded a marginal decline of 0.9% to 1.66 million boe per day, as years of steady and continuous production have begun to take their toll. Crude oil production in particular resumed its generally downward trend of the past five years, declining further to an average of 553,600 barrels per day.

International E&P continued to make significant contributions to the Group. During the year, we secured six new PSCs abroad, bringing the number of our international upstream ventures to 66 in 22 countries. Our international reserves increased further by 9.6% to 6.84 billion boe primarily due to a number of significant gas discoveries in Turkmenistan and Mozambique, as well as due to the coal seam gas (CSG) reserves acquired through our 40% equity stake in the Gladstone LNG project in Queensland, Australia. International production increased 2.3% to 629,000 boe per day as lower crude oil and condensate production was offset by higher gas production from our operations in the Malaysia-Thailand Joint Development Area (MTJDA) and Egypt. A total of four new upstream projects, in Sudan and Vietnam, were also brought onstream during the year. These developments are a positive step in our efforts to build a robust and geographically-balanced international upstream portfolio that will help enhance the security of supply of our international production.

Oil Business continued to play a strategic role in adding further value to the nation's petroleum resources through its integrated activities in marketing, refining, retailing and trading. Our total marketing volume for crude oil and petroleum products declined by 8.5% to 189.2 million barrels during the year primarily due to higher domestic use of Malaysian Crude Oil (MCO) on the back of improved domestic refinery operations. Despite lower marketing activities, we were active in crude oil and petroleum products trading as part of ongoing efforts to optimise our position in the market as well as to enhance our value-adding capabilities. Our crude oil trading volumes leapt 71.6% to 96.8 million barrels, while petroleum products trading increased 24.3% to 75.2 million barrels.

Domestic and international retail sales were lower at 78.8 million and 61.3 million barrels respectively, as a result of lacklustre demand conditions amidst slower economic growth and generally higher fuel



Corporate Highlights

- Commissioned the first base oil plant in Malaysia, the Melaka Group III Base Oil (MG3) plant which produces ETRO™ - one of the world's highest quality Group III base oils
- Acquired 40% of Santos Ltd's interest in the integrated LNG project in Gladstone, Australia, marking PETRONAS' first investment in coal seam gas (CSG) assets
- Successful commissioning of Mega Methanol Plant in Labuan with the production of its first commercial methanol in January 2009

prices during the year. Nevertheless, as part of our long-term plans to strengthen our retail market presence in Africa, we forged ahead with acquisitions of our competitors' operations in five countries. Domestically, the Group's domestic retail arm PETRONAS Dagangan Berhad (PDB) registered a lower sales volume of 78.8 million barrels but nonetheless continued to maintain its leadership position with an estimated 42.5% market share.

The year also saw the successful commissioning of our Melaka Group III Base Oil (MG3) plant, the first base oil plant in Malaysia producing ETRO™ — one of the world's highest quality Group III base oils for the manufacture of top-tier automotive and industrial lubricants.

The Group's Gas Business continued to prove itself as a reliable supplier to both domestic and international markets. In Peninsular Malaysia, the average volume of gas sold stood at 2,146 million standard cubic feet per day (mmscfd), enabled by the world-class operating standards of our gas processing and transmission arm PETRONAS Gas Berhad (PGB), reflected in the reliability rates of its gas processing plants and the Peninsular Gas Utilisation (PGU) pipeline of 99.5% and 99.99% respectively. To ensure sustainability of supplies amidst lower production from the fields offshore Terengganu, we have increased gas imports into the PGU system to 23.8% from various sources including Indonesia, MTJDA and the PM3 Commercial Arrangement Area (CAA) between Malaysia and Vietnam.

Our 40% equity interest in the integrated coal seam gas (CSG)-to-LNG project in Gladstone, Australia represents our initial foray into the unconventional gas play and serves to further consolidate our position as a global LNG player.

The Group's Petrochemical Business delivered a respectable performance during the year, with production decreasing slightly from 9.3 million tonnes to 9.2 million tonnes and with overall plant reliability remaining high despite downtime associated with unfavourable market conditions. The year also saw the commissioning of the Mega Methanol Project in Labuan with production of its first US Federal Spec Grade AA commercial methanol. With a production capacity of 1.7 million tonnes per year, the plant strengthens our position as a major methanol supplier in Asia as well as enables us to tap growing markets in South East Asia, North East Asia and India.

Corporate Sustainability Highlights

Our commitment to sustainable development has always been the focus of our business approach, underpinning our contributions to the social and economic development of Malaysia and our host nations abroad.

We recognise that our responsibility to society begins with providing sustainable sources of energy to drive the continuous progress and advancement of the nation and the people. In our efforts to ensure reliable energy supplies and sustained business growth, we are always mindful of our commitment towards conducting our business ethically and in an environmentally and socially responsible manner.

As such, we place top priority on the protection of the health, safety and environment (HSE) as well as meeting the societal needs of our staff and the local communities wherever we operate. We have put in place a comprehensive HSE Management System to integrate HSE into our business activities in line with international standards and practices. We have also established a Corporate Sustainability Framework and PETRONAS Guidelines on Business Conduct to reaffirm our commitments and further enhance our performance.

As a result of our continuous emphasis on HSE, the Group continued to be recognised with various Occupational Safety and Health (OSH) awards presented to a number of our operating units by the Malaysian Society for Occupational Safety and Health (MSOSH), Chemical Industries Council of Malaysia under its Responsible Care Programme and UK-based Royal Society for the Prevention of Accidents (RoSPA).

Building our focus on integrity and ethical conduct, we also helped found, and continue to participate in the World Economic Forum's Partnering Against Corruption Initiative (PACI). Established in 2004 and has so far successfully brought together more than 140 signatory companies from multiple industries and various regions around the world, PACI has been recognised as the world's leading implementation-oriented, multi-industry anti-corruption initiative, promoting the adoption of rigorous anti-corruption principles in the private sector while providing a platform to consolidate industry efforts on the issue.

Looking Ahead

The outlook for the global oil and gas industry in the coming year remains highly uncertain. Amidst tentative signs of stability returning to the world economy, questions over the timing and likely strength of a sustained pick-up in economic activity continue to cast a long shadow over near-term demand prospects, challenging the industry to strike a balance between maintaining adequate long lead-time investments against the need to preserve current value. Over the longer-term, the industry continues to be confronted by the challenge of simultaneously delivering higher energy volumes amidst harder-to-access reserves together with lower carbon emissions, whilst sustaining energy prices at affordable levels.

In confronting these challenges, the Group will continue to adopt a long-term perspective of the prevailing opportunities and risks. We are committed to investing in capacity and capability building to strengthen our competitiveness and sustain our growth. We continue to believe that our strategy of integration, adding value and globalisation complemented by our philosophy of mutually beneficial partnerships and alliances anchored on long term relationships based on mutual trust, respect and understanding remains the best way forward to propel our future growth.

One of the key enablers to the successful implementation of our strategy and philosophy is our people, firmly guided by the organisation's Shared Values – Loyalty, Integrity, Professionalism and Cohesiveness – in discharging our responsibility as trustee to the people and

Operational Highlights

- Recorded a respectable reserves replacement ratio (RRR) of 1.8 times for the Group with an RRR of 1.1 times in Malaysia and 4.1 times internationally, among the highest in the industry
- Domestic refineries recorded an increase in utilisation rate to an average of 97.3% while maintaining plant reliability at 98.2%
- Sustained world-class operational standards for gas processing plants and pipeline network with reliability rates of 99.5% and 99.99% respectively

the nation. These values have become the soul of this organisation, distinguishing us from many of our competitors and instilling in our people the resolve to deliver superior performance and to leave a legacy for the future generations.

Appreciation

The Group has come a long way from its beginnings as a fledgling regulator of Malaysia's upstream sector to become a fully integrated oil and gas company with a global presence and ranked among the FORTUNE Global 500® corporations. The success we have achieved would not have been possible without the unwavering support of our sole shareholder, the Government of Malaysia and all our stakeholders, particularly our host governments, local communities, business partners, customers and all our dedicated and hardworking employees. I would like to record my heartfelt appreciation to the entire PETRONAS family around the world for their significant contributions to the organisation. I would also like to express my sincere gratitude to the Government of Malaysia, the governments of our host countries and the local communities for their support, our business partners and customers for their cooperation, and the members of the Board of Directors for their invaluable counsel and guidance. I look forward to their continuous support to ensure our future growth and success.

TAN SRI MOHD HASSAN MARICAN
President & Chief Executive Officer
30 June 2009

FIVE-YEAR FINANCIAL HIGHLIGHTS

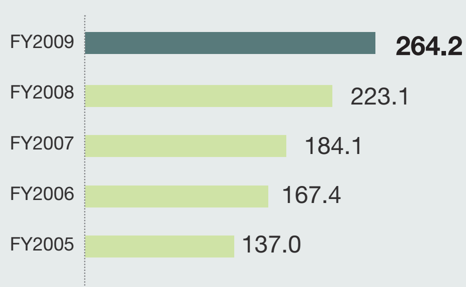
RM billion

	FY2009	+/-	FY2008 (restated)	FY2007 (restated)	FY2006	FY2005
Revenue	**264.2**	18.4%	223.1	184.1	167.4	137.0
Profit Before Tax	**89.1**	(6.7%)	95.5	76.3	69.4	58.0
EBITDA	**105.5**	(4.0%)	109.9	88.7	80.9	68.1
Net Profit	**52.5**	(13.9%)	61.0	46.4	43.1	35.6
Total Assets	**388.1**	14.4%	339.3	294.6	273.0	239.1
Shareholder's Funds	**232.1**	15.1%	201.7	171.7	147.0	119.7

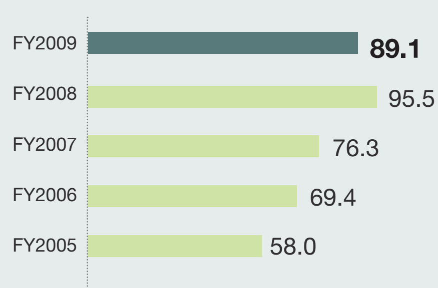
	FY2009	FY2008	FY2007	FY2006	FY2005
Return on Revenue	**33.7%**	42.8%	41.4%	41.5%	42.3%
Return on Total Assets	**23.0%**	28.1%	25.9%	25.4%	24.3%
Return on Average Capital Employed	**37.1%**	45.4%	40.8%	41.6%	38.5%
Total Debt/Total Assets Ratio	**0.11x**	0.11x	0.12x	0.16x	0.22x
Reserves Replacement Ratio	**1.8x**	0.9x	1.8x	1.7x	0.7x

RM billion

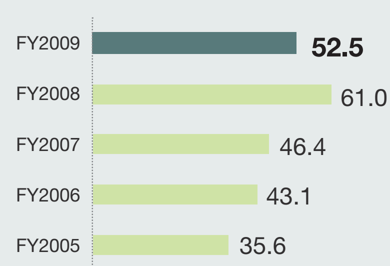
Revenue



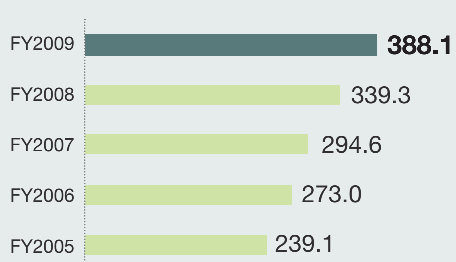
Profit Before Tax



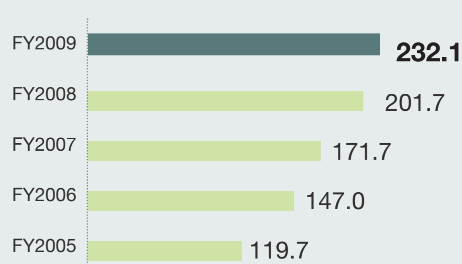
Net Profit



Total Assets



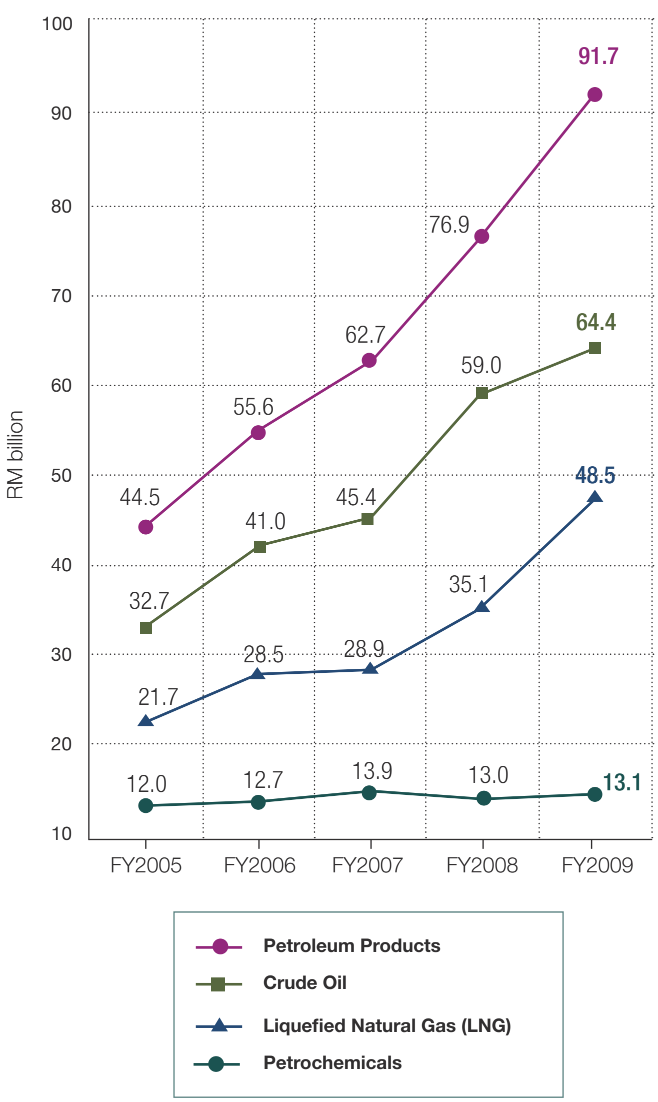
Shareholder's Funds



Review of Financial Results

The higher revenue of RM264.2 billion recorded during the year was driven by both higher sales volume and prices.

Sales Revenue

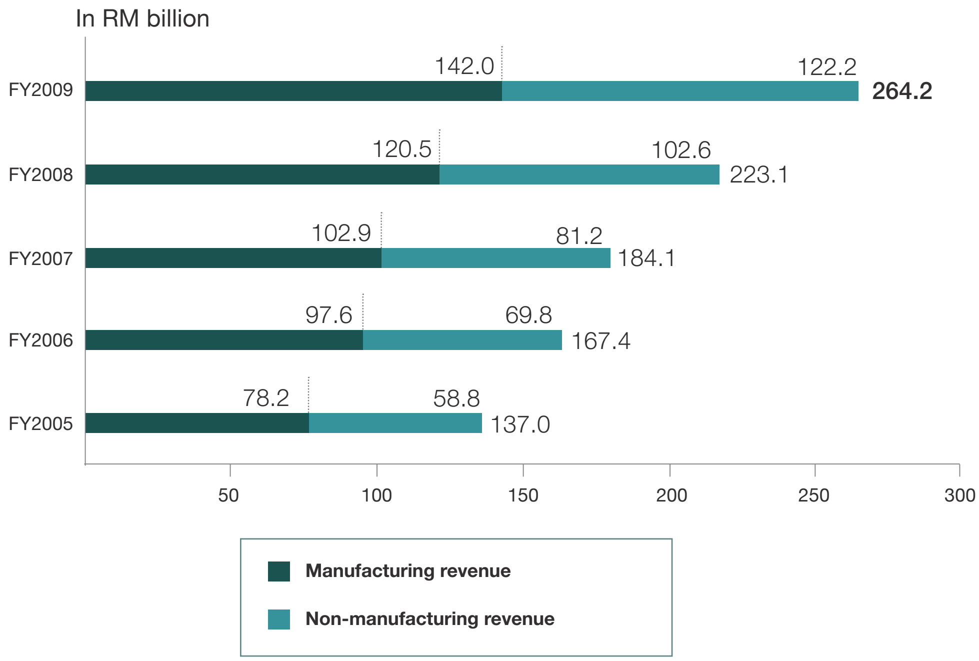


Sales Volume

	FY2009	Change	FY2008	
PETROLEUM PRODUCTS (million barrels)	**246.6**	6.7%	231.1	Higher sales volume from increased trading activities for naphtha, gasoline and LPG
CRUDE OIL (million barrels)	**225.0**	12.0%	200.9	Increased sales volume due to higher crude oil entitlement from Mauritania and debut of Song Doc crude oil
LIQUEFIED NATURAL GAS (million tonnes)	**25.0**	0.4%	25.1	Marginal decrease due to slightly lower production from PETRONAS LNG Complex in Bintulu
PETROCHEMICALS (million tonnes)	**5.8**	0%	5.8	Sales volume was maintained despite volatility of petrochemical industry

Adding Value through Manufacturing

The Group continues to add value to its oil and gas resources through manufacturing activities, comprising the manufacture of petroleum products, LNG, processed gas and petrochemicals.



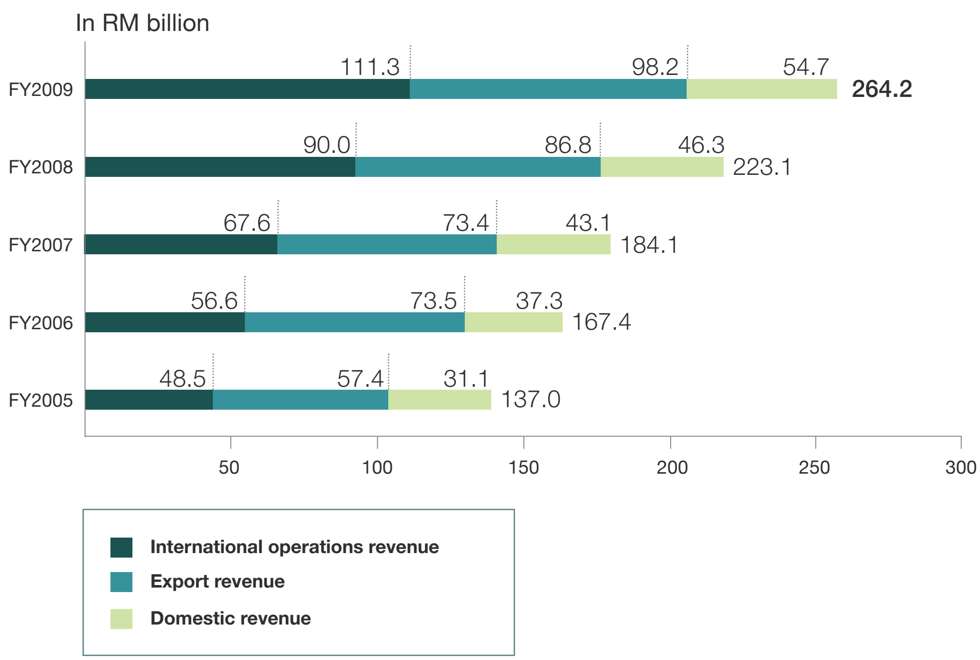
COMPOUND ANNUAL GROWTH RATE (CAGR)

MANUFACTURING ACTIVITIES

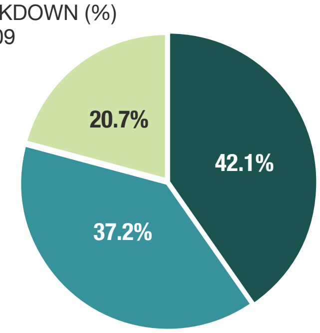
16.0%

Strong International Business

Revenue from international operations was the Group's fastest-growing segment, as the Group continues to reap the benefits of its globalisation strategy.



REVENUE BREAKDOWN (%) FY2009



COMPOUND ANNUAL GROWTH RATE (CAGR)

INTERNATIONAL OPERATIONS REVENUE

23.1%

Exploration and Production Business

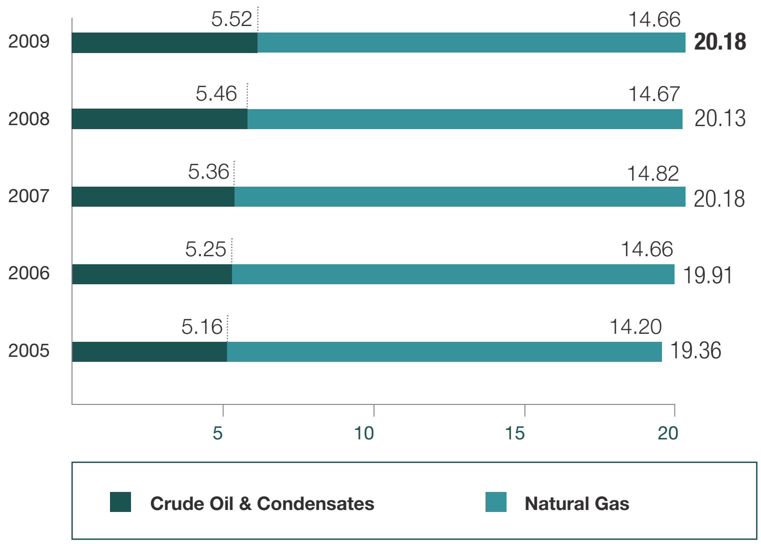
Highlights

- Strong total reserves at 27.02 billion barrels of oil equivalent (boe). International reserves account for 25.3% of the Group's total reserves
- Reserves Replacement Ratio (RRR) of 1.8 times for the Group, with an RRR of 1.1 times in Malaysia and 4.1 times internationally, amongst the highest in the industry
- Total production of 1.80 million boe per day. International production rose to 629.0 thousand boe per day, equivalent to 35.0% of the Group's total production
- Promising discovery after drilling the first High Pressure High Temperature (HPHT) well in Malaysia, paving the way for more exploration of the nation's deeper reservoirs
- Awarded six new Production Sharing Contracts (PSCs) in Malaysia
- Secured six new PSCs abroad, bringing the number of international upstream ventures to 66 in 22 countries

DOMESTIC EXPLORATION AND PRODUCTION

Malaysia's Oil and Gas Reserves

As at 1 January in billion barrels of oil equivalent



As at 1 January 2009, Malaysia's total reserves had increased by 0.2%.

RESERVES REPLACEMENT RATIO

MALAYSIA
1.1x

CRUDE OIL AND CONDENSATES

2009	5.52
	1.1%
2008	5.46

Discoveries from exploration activities contributed to the increase in oil reserves.

TOTAL OIL AND GAS

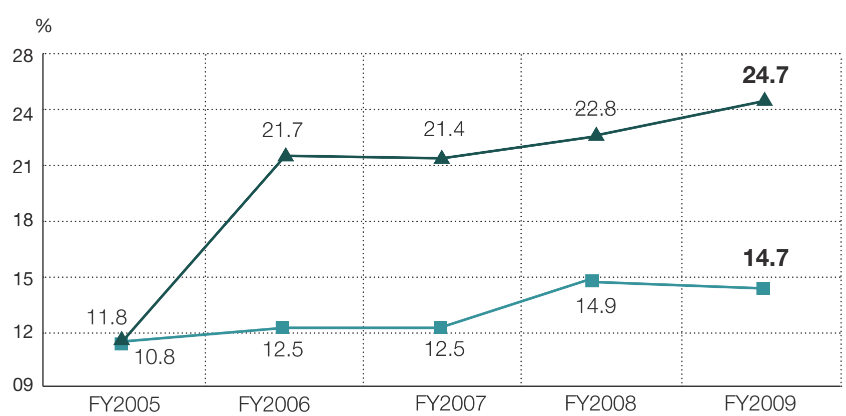
2009	20.18
	0.2%
2008	20.13

NATURAL GAS

2009	14.66
	-0.1%
2008	14.67

Marginal decline due to reassessment of reserves.

GROWING GEOLOGICAL COMPLEXITY OF MALAYSIA'S RESERVES



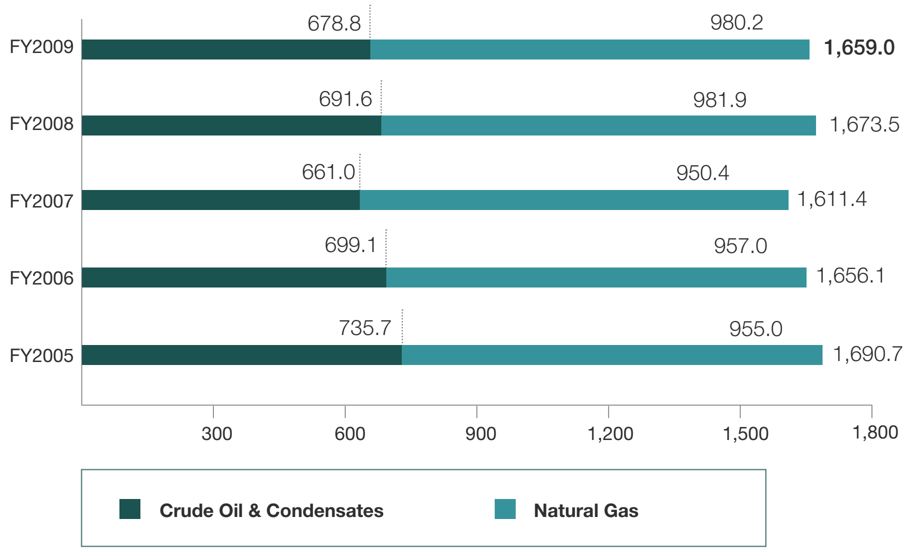
Malaysia's oil and gas reserves are located in geologically complex frontier acreages. 14.7% of total reserves exist in deepwater blocks, and 24.7% of gas reserves have a high content of carbon dioxide (CO_2).

Deepwater reserves as % of total reserves

High CO_2 gas reserves as % of total gas reserves

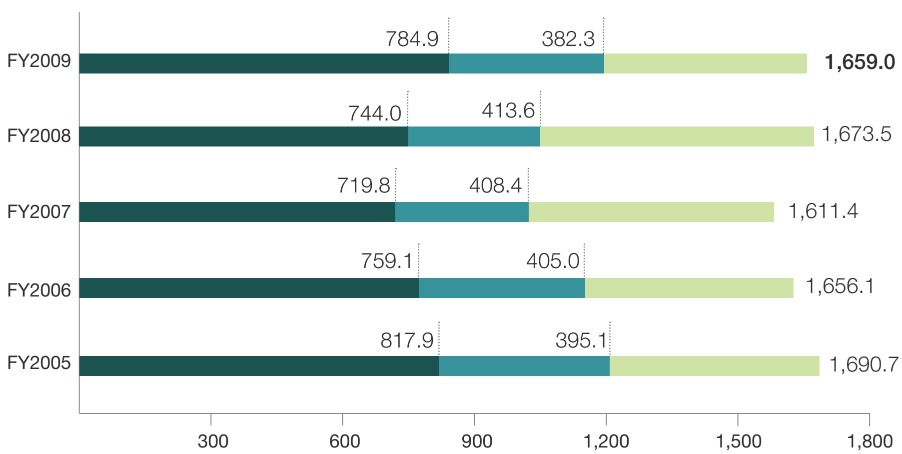
Malaysia's Oil and Gas Production

In '000 barrels of oil equivalent per day

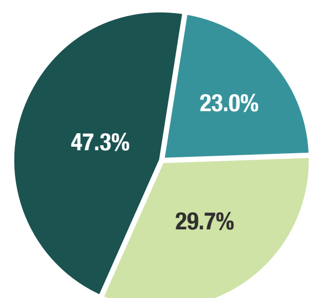


Malaysia's total average production recorded a decline of 0.9%, due to maturity of domestic fields, after years of steady and continuous production.

BREAKDOWN OF MALAYSIA'S PRODUCTION



PRODUCTION SHARE FY2009



PETRONAS ENTITLEMENT OF AVERAGE DOMESTIC PRODUCTION

FY2009	**784.9**
	5.5%
FY2008	744.0

PETRONAS CARIGALI'S AVERAGE DOMESTIC PRODUCTION

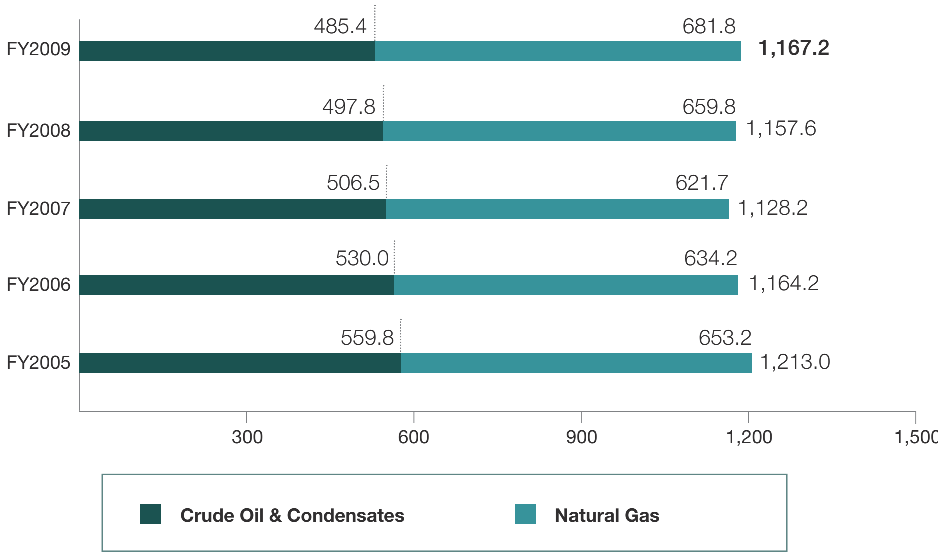
FY2009	**382.3**
	-7.6%
FY2008	413.6

COMBINED PETRONAS SHARE OF DOMESTIC PRODUCTION

FY2009	**1,167.2**
	0.8%
FY2008	1,157.6

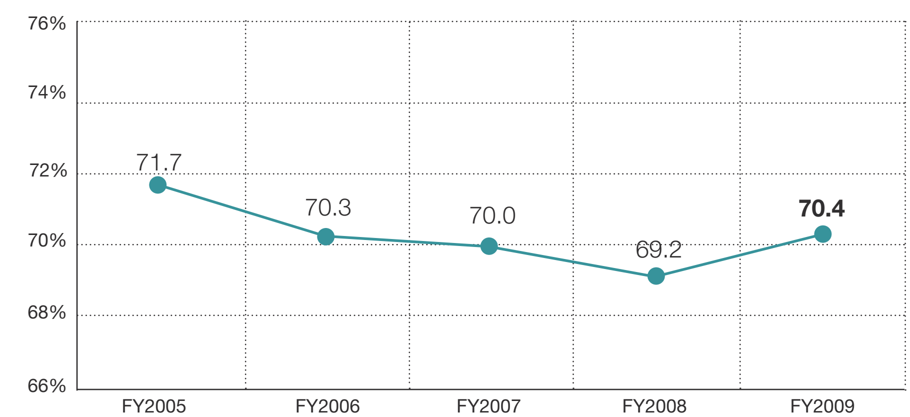
PETRONAS’ Share of Malaysia’s Production

In ‘000 barrels of oil equivalent per day



PETRONAS’ average domestic production increased to 1.17 million boe per day on the back of higher entitlements, amounting to 70.4% of Malaysia’s total production.

PETRONAS
SHARE AS A %
OF MALAYSIA’S
PRODUCTION



Developments In The Malaysian Upstream Sector

Malaysia's E&P sector remained vibrant despite the challenging environment characterised by a multitude of above and below-ground risks, including maturing hydrocarbon acreages, increasing geological complexity of remaining reserves, the sharp fall in crude oil prices, and the continuing tightness in the supply of materials, equipment and experienced human capital.

New Production Sharing Contracts (PSC)

Six new PSCs were awarded during the year, bringing the total up to 71 PSCs in operation in Malaysia, with 25 in Peninsular Malaysia, 22 in Sarawak and 24 in Sabah.

PM308A	PM308B	PM303 & PM324	PM329	SK310	SB303
• Lundin : 35% • PETRONAS Carigali : 25% • Nippon Oil : 20% • Japan Energy : 20%	• Lundin : 75% • PETRONAS Carigali : 25%	• Total E&P : 70% • PETRONAS Carigali : 30%	• Newfield : 70% • PETRONAS Carigali : 30%	• Newfield : 30% • Mitsubishi : 30% • PETRONAS Carigali : 40%	• Lundin : 75% • PETRONAS Carigali : 25%

New Fields in Production

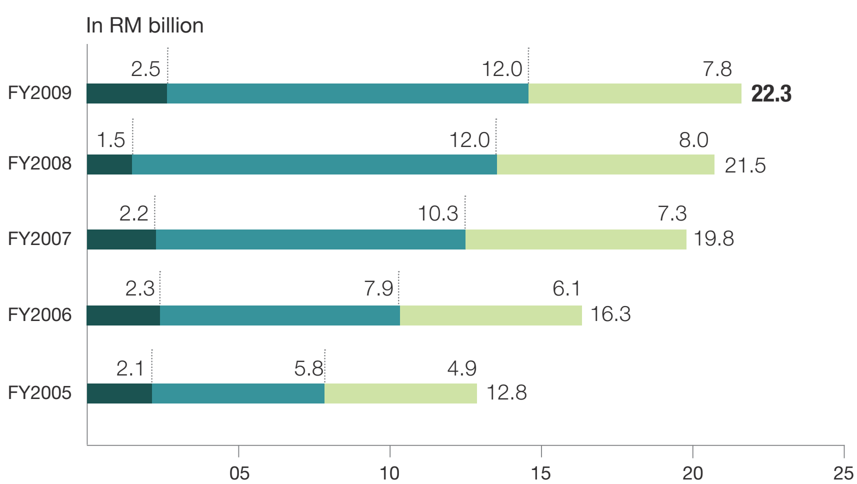
Sixteen new fields came onstream increasing the total number of producing fields in Malaysia to 104, of which 68 are oil fields and 36 are gas fields.

NEW OIL FIELDS	
Chermingat	Abu Kecil
East Belumut	Sumandak Tepi
Puteri	Bunga Orkid
J4	

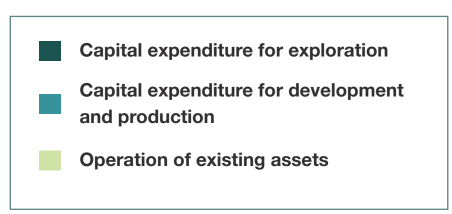
NEW GAS FIELDS	
Bunga Orkid	M3 South
Tapis F	Saderi
Jerneh B	G7
F13W	E11W
F13E	

Upstream Expenditure

Expenditure in the Malaysian E&P sector has nearly doubled over the past 5 years.



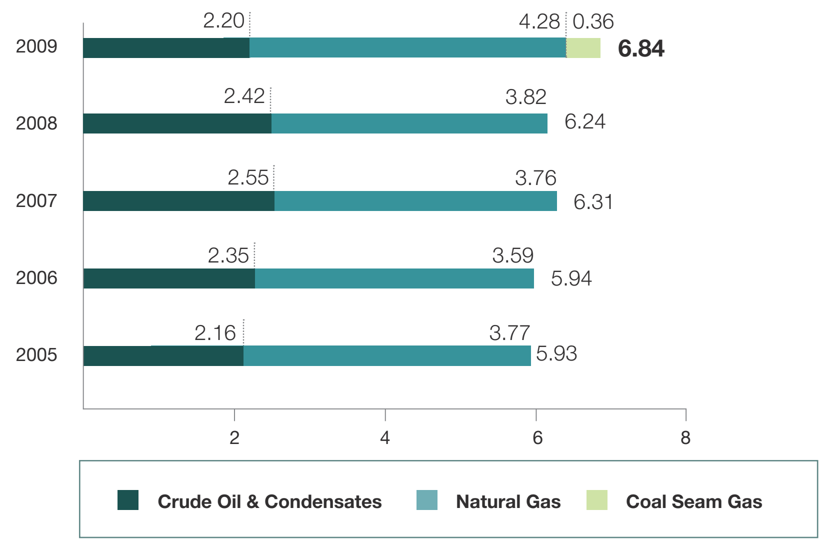
A total of RM22.31 billion was spent in Malaysia's upstream sector during the year, about 3.6% higher than the previous year's expenditure of RM21.54 billion. Of this, RM12.01 billion or 53.8% was spent on development and production projects, RM2.54 billion or 11.4% was spent on exploration activities, and the balance on operations.



INTERNATIONAL EXPLORATION AND PRODUCTION

International Oil and Gas Reserves

As at 1 January in billion barrels of oil equivalent



The Group's international reserves increased by 9.6%, mainly due to a number of significant gas discoveries during the year, particularly in Turkmenistan and Mozambique.

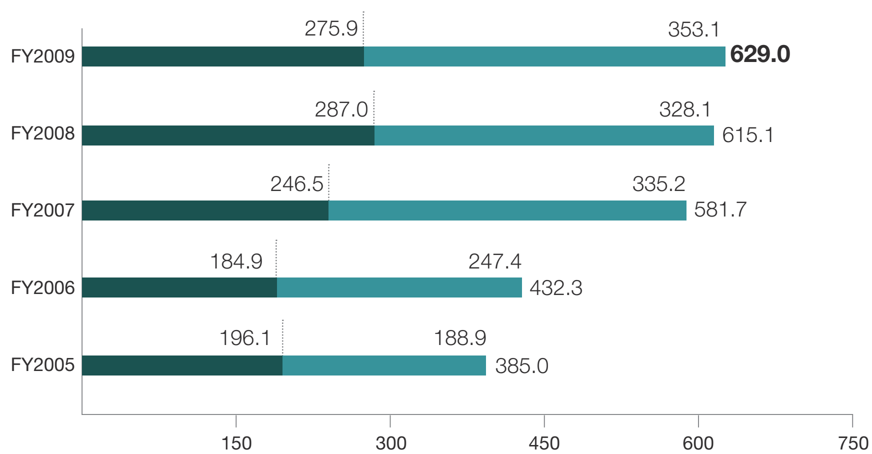
The acquisition of coal seam gas assets marked the Group's first venture into unconventional hydrocarbons.

RESERVES REPLACEMENT RATIO

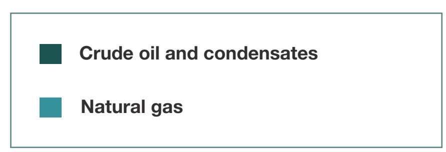
INTERNATIONAL
4.1x

International Oil And Gas Production

In '000 barrels of oil equivalent per day



Total average production from PETRONAS' international operations continues to rise, with an increase of 2.3% from the previous year.



CRUDE OIL AND CONDENSATES

FY2009	**275.9**
	-3.9%
FY2008	287.0

Lower production was recorded due to fall in production from Sudan, especially from Block 1, 2 & 4.

TOTAL OIL AND GAS

FY2009	**629.0**
	2.3%
FY2008	615.1

NATURAL GAS

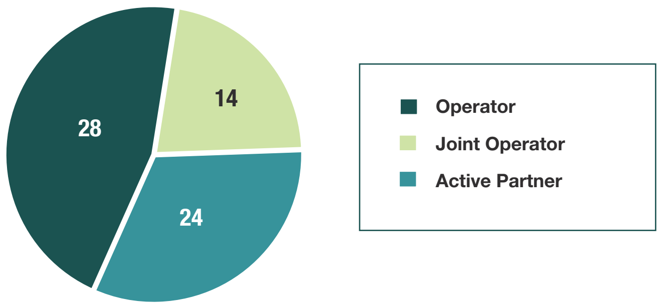
FY2009	**353.1**
	7.6%
FY2008	328.1

Production was significantly higher due to increases in production from the Group's operations in the Malaysia-Thailand Joint Development Area and Egypt.

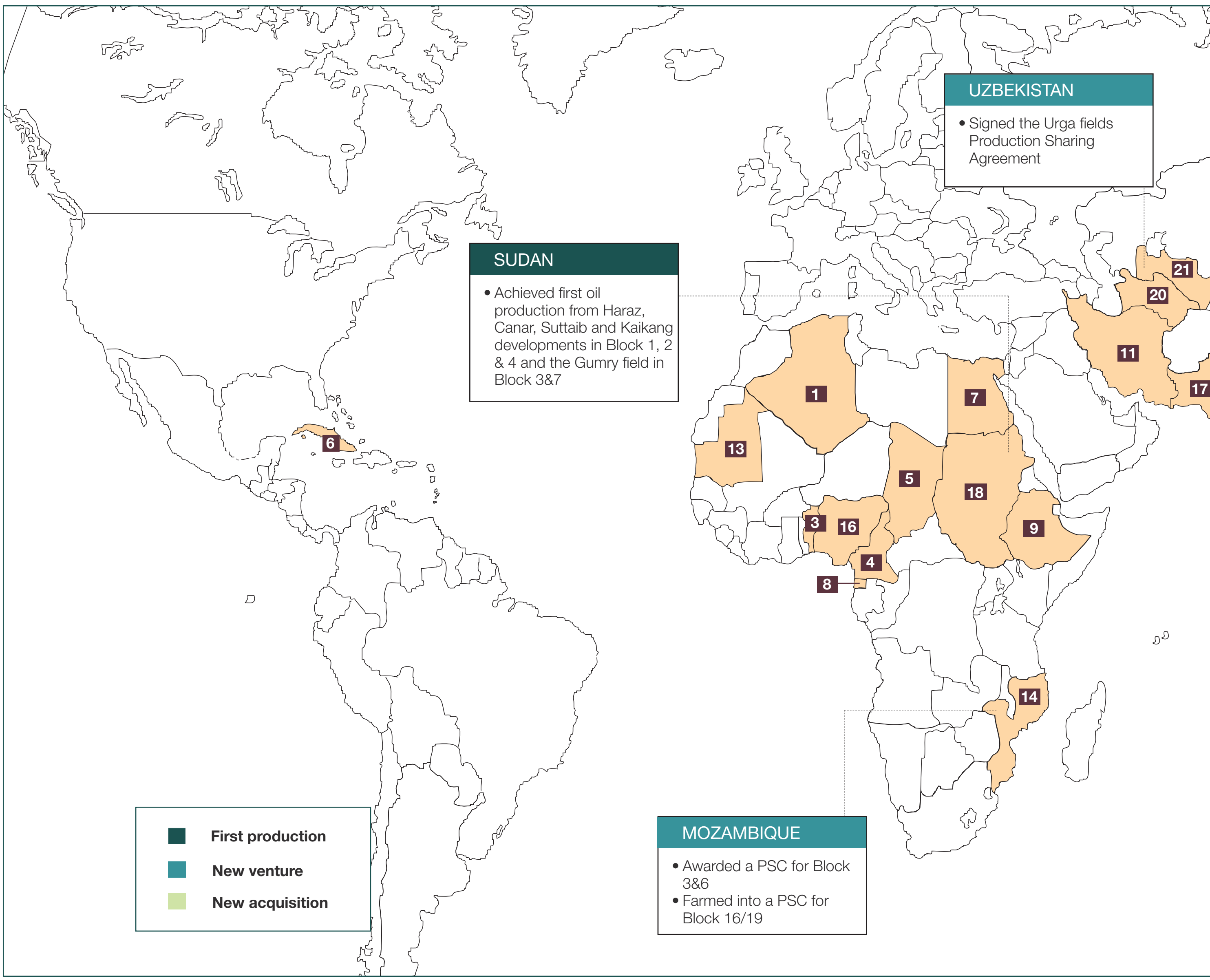
International Upstream Activities

PETRONAS' international upstream ventures are undertaken by its E&P arm, PETRONAS Carigali Sdn Bhd (PCSB).

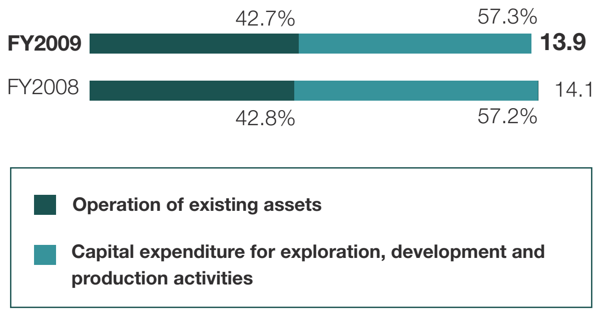
PCSB's
ROLE IN ITS
INTERNATIONAL
VENTURES



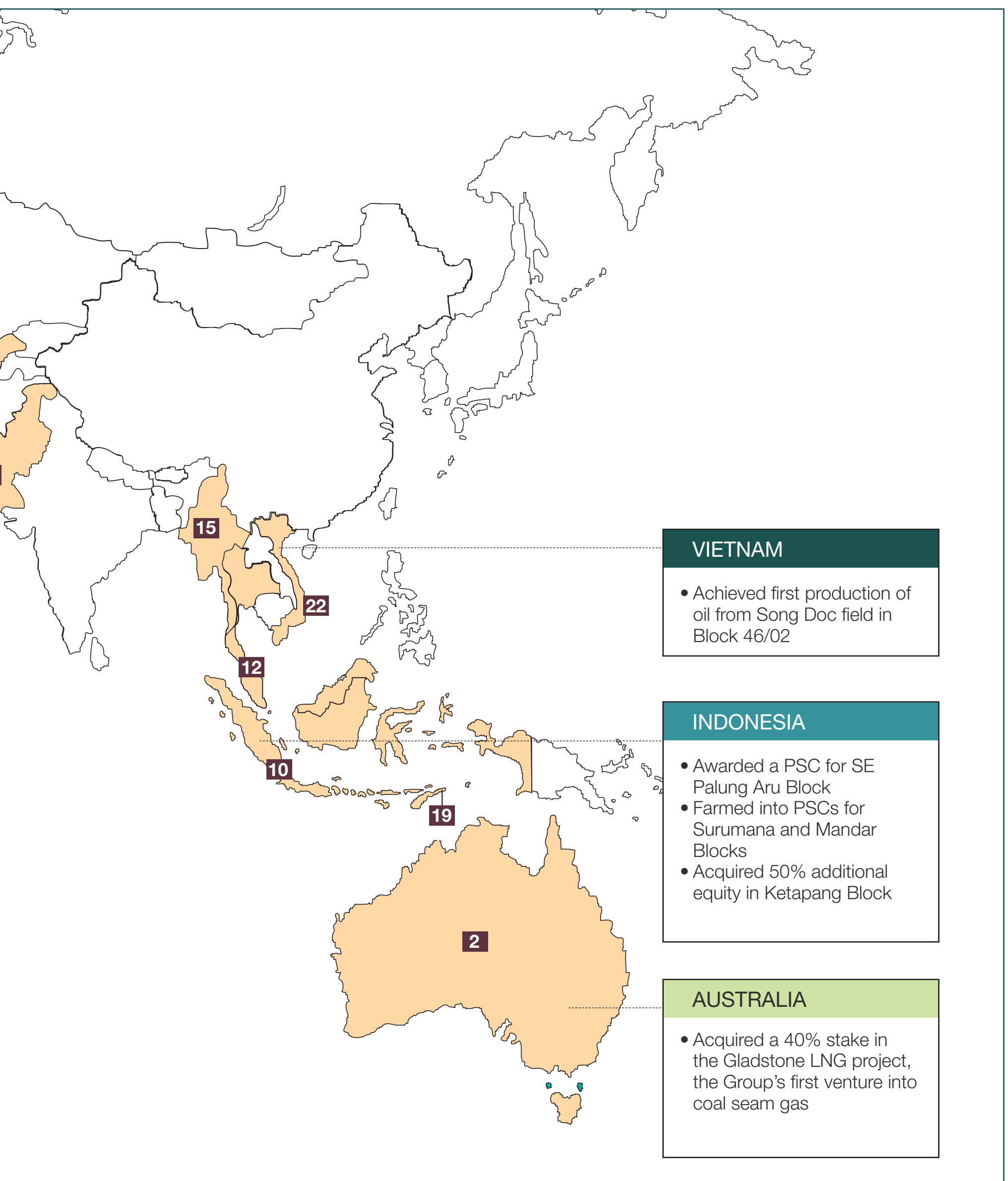
The Group successfully secured six new ventures abroad during the year, bringing the number of international ventures to 66 in 22 countries.



INTERNATIONAL E&P EXPENDITURE
(RM billion)



PETRONAS' international E&P expenditure reflects the Group's effort to build a robust and diversified international upstream portfolio.



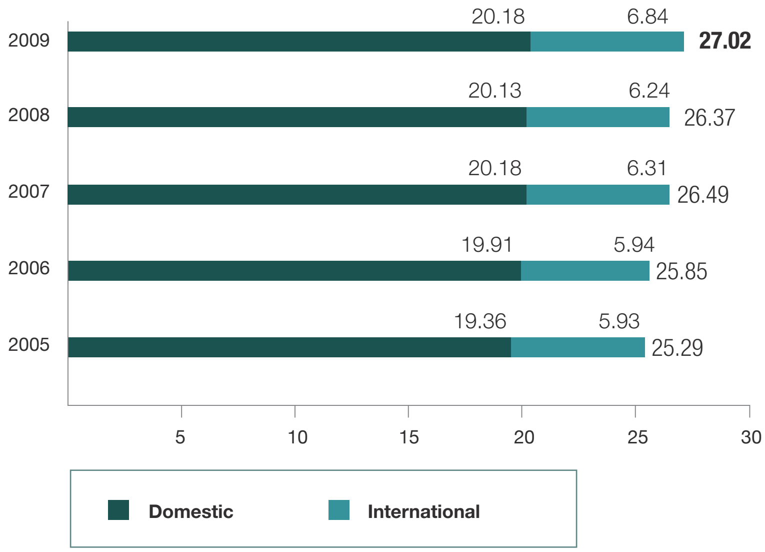
INTERNATIONAL UPSTREAM OPERATIONS

1	Algeria
2	Australia
3	Benin
4	Cameroon
5	Chad
6	Cuba
7	Egypt
8	Equatorial Guinea
9	Ethiopia
10	Indonesia
11	Iran
12	Malaysia-Thailand Joint Development Area
13	Mauritania
14	Mozambique
15	Myanmar
16	Nigeria
17	Pakistan
18	Sudan
19	Timor Leste Joint Production & Development Area
20	Turkmenistan
21	Uzbekistan
22	Vietnam

PETRONAS GROUP OIL EXPLORATION AND PRODUCTION

PETRONAS Group Oil and Gas Reserves

As at 1 January in billion barrels of oil equivalent



Overall, the Group's total reserves increased by 2.5% in the year.

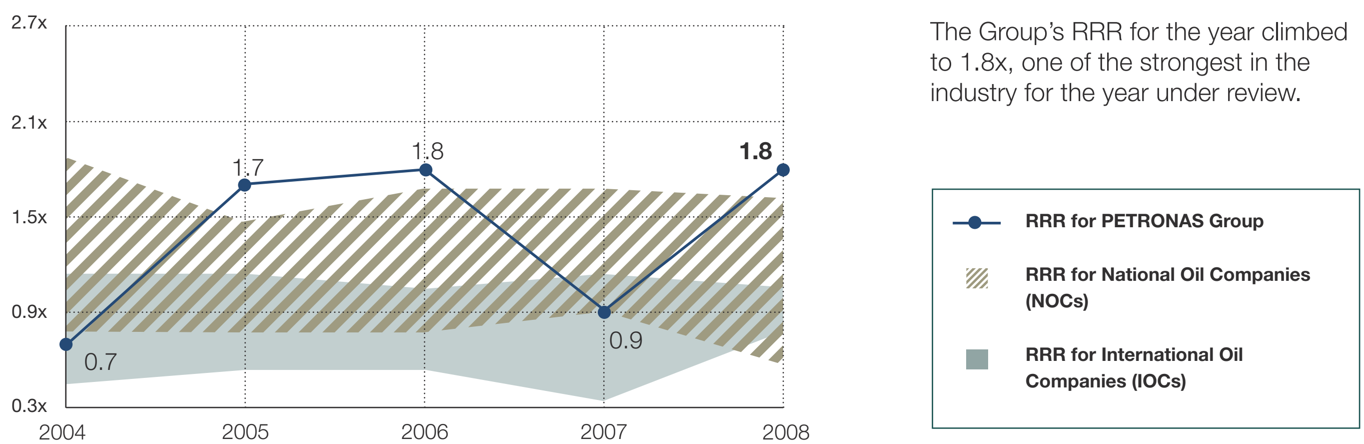
International reserves now comprise 25.3% of the Group's total reserves, up from 23.7% in the last financial year.

RESERVES REPLACEMENT RATIO (RRR)

PETRONAS Group

1.8x

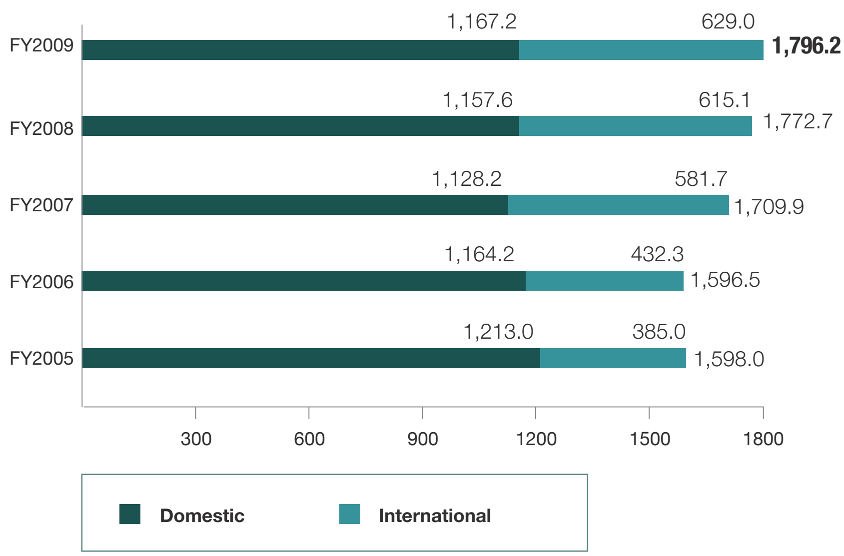
PETRONAS GROUP RRR COMPARED TO OTHER OIL MAJORS



The Group's RRR for the year climbed to 1.8x, one of the strongest in the industry for the year under review.

PETRONAS Group Oil and Gas Production

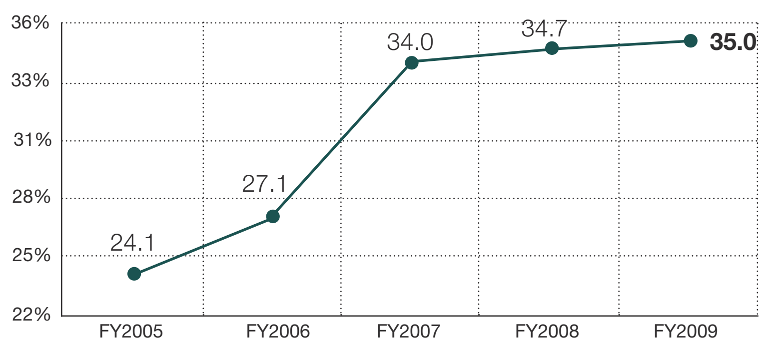
In '000 barrels of oil equivalent per day



PETRONAS Group's total average production increased by 1.3%.

Crude oil and condensates production showed a 3.0% decrease but this was offset by natural gas production which had risen by 4.8%.

INTERNATIONAL PRODUCTION AS A % OF PETRONAS GROUP PRODUCTION



Over the past five years, international production has continuously grown to now account for 35% of PETRONAS' total production.

The contribution is a reflection of the Group's growing success in the international E&P arena.

Emphasis on Operational Excellence

Ensuring the efficiency and reliability of our plants and operations is a vital element in sustaining our competitiveness – this would not be possible without the strong emphasis we place on operational excellence. Indeed, many of our facilities have been accorded national and international recognition for their world-class operating standards.

To sustain this good track record, we will continue to develop the competencies and capabilities of our people, while upgrading our facilities in timely fashion to ensure a reliable and uninterrupted supply to our customers.

1. Monitoring operation at the PETRONAS Methanol Labuan control room
2. Plant inspection at Phu My Plastics and Chemicals Co Ltd petrochemical plant, Vietnam
3. Aerial view of production trains at PETRONAS LNG Complex in Bintulu
4. Quality assurance for ETRO™ Group III base oils produced at the MG3 plant, Melaka Refinery

Oil Business

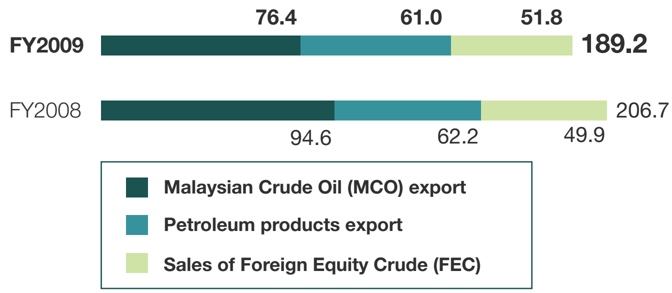
Highlights

- Expansion in the Group's crude oil marketing portfolio with the debut of new Foreign Equity Crude (FEC) Song Doc from Vietnam
- Capacity utilisation of the Group's domestic refineries improved to 97.3% while reliability was at 98.2%, resulting in higher throughput
- Strengthened retail market presence in Africa through acquisitions of competitors' operations in Lesotho, Gabon, Rwanda, Guinea Bissau and Burundi
- Higher crude and petroleum products trading of 47.1%, driven by expansion in trading portfolio in both crude oil and petroleum products
- Commissioned the first base oil plant in Malaysia, the Melaka Group III Base Oil (MG3) plant which produces ETRO™ - one of the world's highest quality Group III base oils

OIL BUSINESS INTEGRATED ACTIVITIES

In million barrels

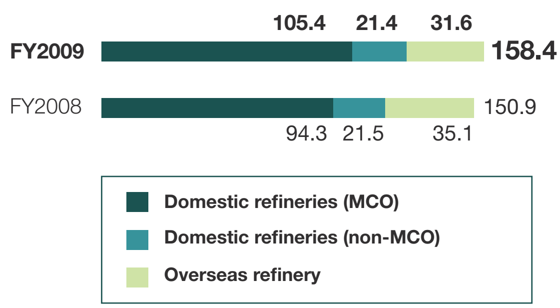
MARKETING



The Group's total marketing volume for MCO and petroleum products declined by 12.4%, as a result of lower MCO exports and lower liquid petroleum gas (LPG) sales.

The FEC sales volume from the Group's international production increased by 3.8%, mainly due to higher crude entitlement from the Group's Mauritania operations. The year also saw the introduction of a new crude from the Group's international venture in Vietnam, the Song Doc crude oil.

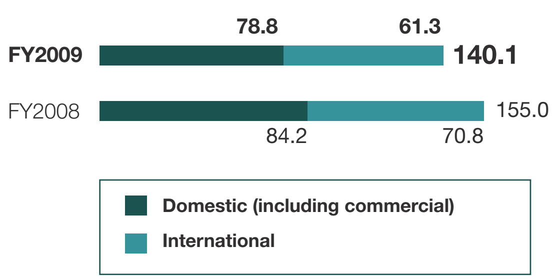
REFINING



The Group's refining business, comprising three refineries in Malaysia and one in South Africa, delivered 5% higher throughput compared to last year.

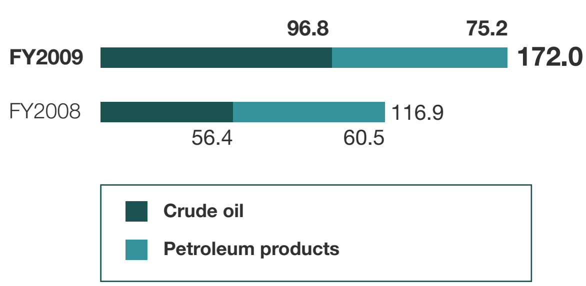
The Group's domestic refineries collectively delivered a higher throughput of 126.8 million barrels.

PETROLEUM PRODUCTS RETAIL



Total sales volume from the Group's petroleum products retail business decreased by 9.6%, resulting from significant price increases experienced at the beginning of the year coupled with the economic downturn which impacted sales volume in general.

TRADING



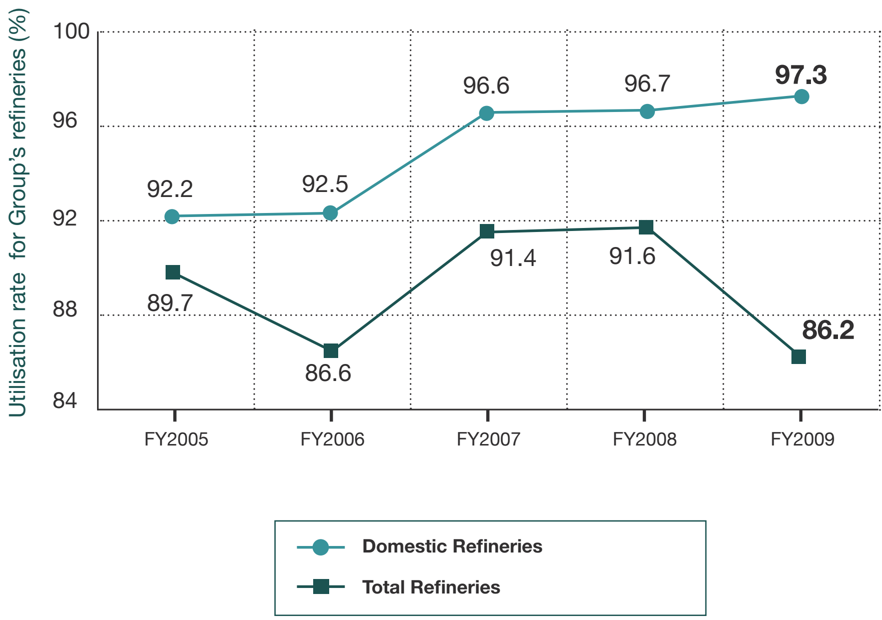
During the year, our crude oil and petroleum products trading volume increased by 47.1% from the previous year.

The total volume of crude oil traded increased by 71.6%, strengthened by higher trade volumes of Asia Pacific, Persian Gulf/Red Sea, West Africa and Mediterranean/Caspian crude grades.

REFINING

Refinery Performance

Continuous Operational Performance Improvement (OPI) initiatives resulted in an increase in the domestic refineries' utilisation rates to 97.3% while maintaining plant reliability at 98.2%. In addition, all three domestic refineries won the Gold (Class 1) Award from the Malaysian Society for Occupational Safety and Health (MSOSH) during the year.



The Group's overall refinery utilisation rate eased to 86.2% as a result of an unplanned shutdown of its South African refinery.

Achieving Top Tier Product and Performance

In line with its value-adding strategy, the Group embarked upon and successfully delivered its Group III base oil production facility, one of only ten such facilities in the world producing highest quality Group III base oils.

Melaka Group III Base Oil (MG3) Plant

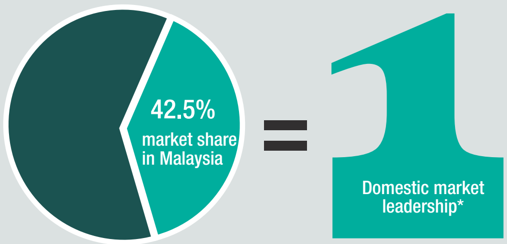
The MG3 plant in the Melaka Refinery was succesfully commissioned in October 2008 with base oil production of 6,500 barrels per day. The plant is the first base oil plant in Malaysia which produces one of the highest quality Group III base oils for top-tier automotive and industrial lubricant manufacturers in domestic and international markets.

ETRO™ range of Group III Base Oils

PETRONAS' range of Group III base oils marketed under the brand name ETRO™ have demonstrated high viscosity index values and low volatility (Noack) properties, a prerequisite for excellent lubricant formulation. Sales and delivery to worldwide destinations are streamlined by direct distribution through the end-to-end supply chain network of PETRONAS Base Oil (M) Sdn Bhd.

PETROLEUM PRODUCTS RETAIL

Amidst the difficult operating environment, the Group's domestic retail arm, PETRONAS Dagangan Berhad, maintained its leadership position in Malaysia.



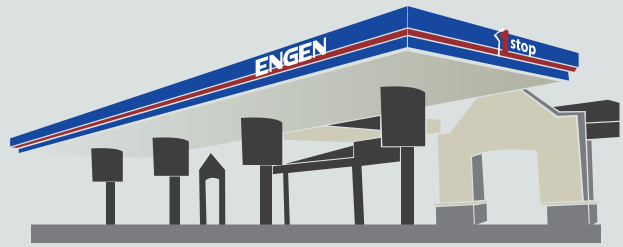
NUMBER OF RETAIL STATIONS NATIONWIDE

Mesra

FY2009	912
↑	20
FY2008	892

* Combined retail, commercial and LPG sectors

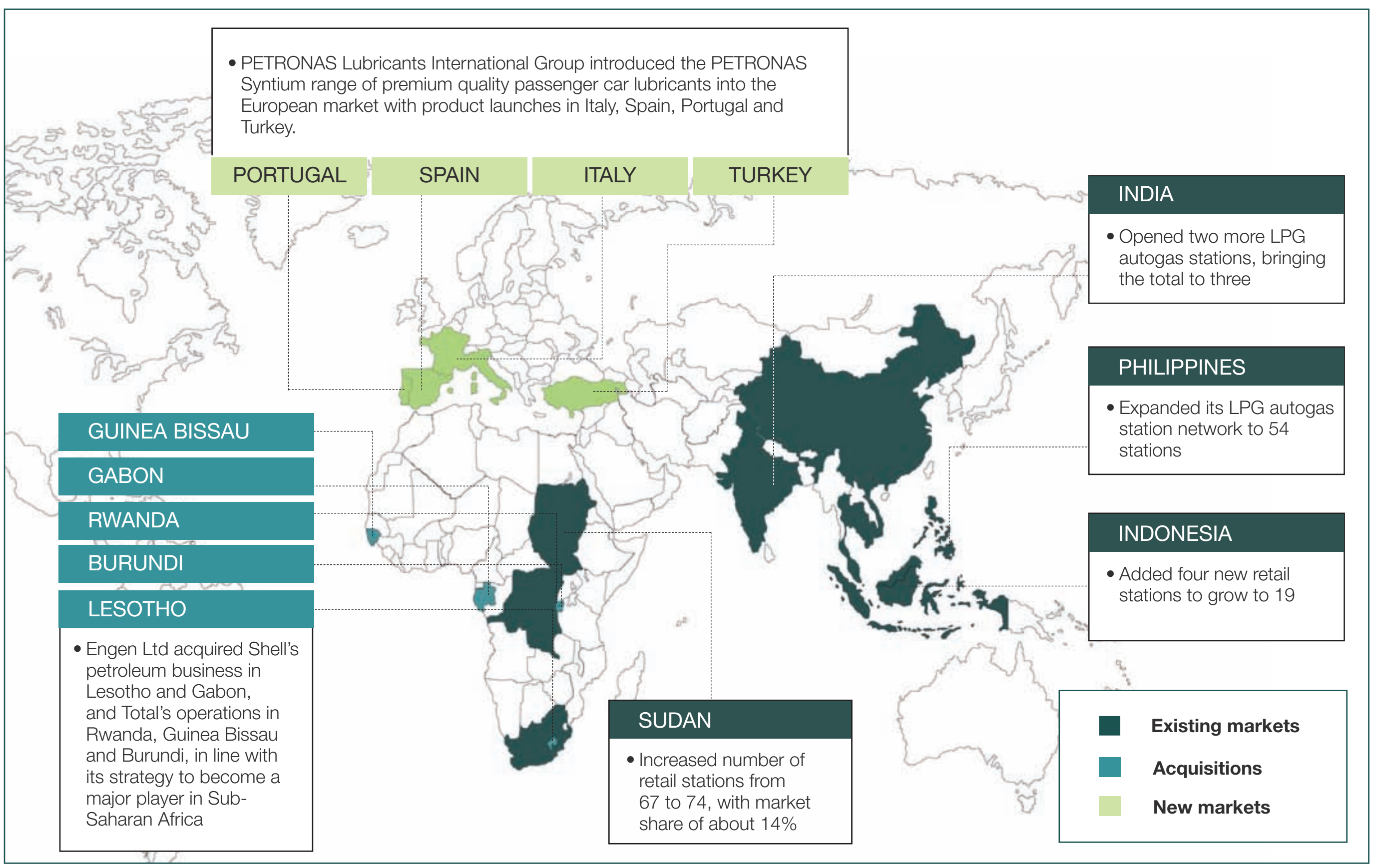
Our subsidiary, ENGEN Ltd, retained its market dominance in South Africa, despite aggressive competition from other players.



NUMBER OF RETAIL STATIONS ACROSS AFRICA

ENGEN

FY2009	1,473
↑	44
FY2008	1,429



- PETRONAS Lubricants International Group introduced the PETRONAS Syntium range of premium quality passenger car lubricants into the European market with product launches in Italy, Spain, Portugal and Turkey.

PORTUGAL | SPAIN | ITALY | TURKEY

INDIA
- Opened two more LPG autogas stations, bringing the total to three

PHILIPPINES
- Expanded its LPG autogas station network to 54 stations

INDONESIA
- Added four new retail stations to grow to 19

GUINEA BISSAU
GABON
RWANDA
BURUNDI
LESOTHO
- Engen Ltd acquired Shell's petroleum business in Lesotho and Gabon, and Total's operations in Rwanda, Guinea Bissau and Burundi, in line with its strategy to become a major player in Sub-Saharan Africa

SUDAN
- Increased number of retail stations from 67 to 74, with market share of about 14%

Existing markets
Acquisitions
New markets

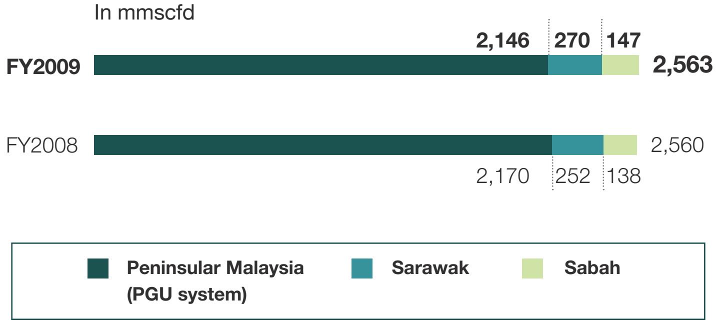
Gas Business

Highlights

- Domestic natural gas sales volume of 2,563 million standard cubic feet per day (mmscfd)
- Maintained a reliability rate of 99.99% for gas pipeline network, exceeding the world-class standard of 99.90%
- LNG sales volume of 25.0 million tonnes, with 22.3 million tonnes from PETRONAS LNG Complex, 1.8 million tonnes from Egyptian LNG (ELNG) and 0.9 million tonnes from trading activities
- Acquired 40% of Santos Ltd's interest in the integrated LNG project in Gladstone, Australia, marking PETRONAS' first investment in coal seam gas (CSG) assets

GAS PROCESSING AND TRANSMISSION

The Group's gas processing and transmission business recorded a marginal 0.1% higher total average sales gas volume.

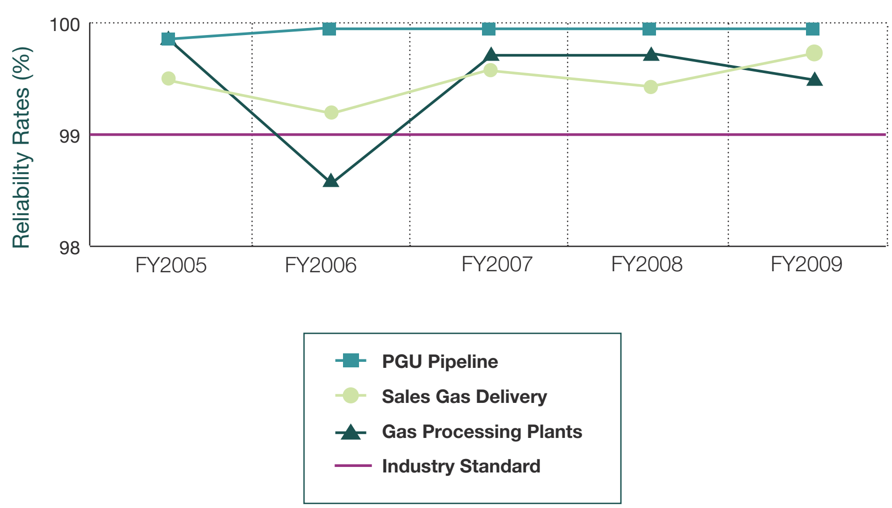


TOTAL AVERAGE SALES GAS VOLUME IN PENINSULAR MALAYSIA (PGU SYSTEM)

FY2009	**2,146**
	-1.1%
FY2008	2,170

Lower demand in Peninsular Malaysia was offset by higher volumes in Sarawak and Sabah.

PGU SYSTEM EFFICIENCY



PETRONAS GAS

SUSTAINED WORLD-CLASS RELIABILITY RATES OF

99.99%

FOR PENINSULAR GAS UTILISATION SYSTEM (PGU) PIPELINE NETWORK, AND

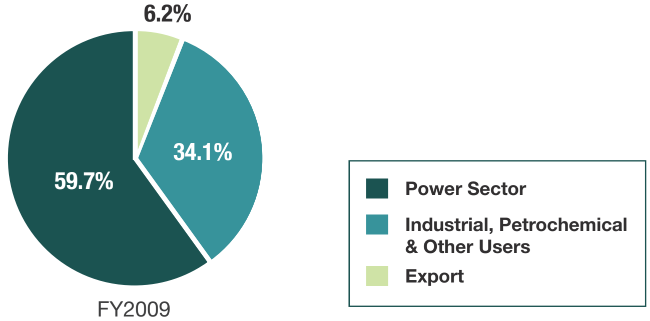
99.5%

FOR GAS PROCESSING PLANTS

The power sector continued to be the biggest consumer of gas, while demand from industrial consumers also grew during the year.

SALE OF GAS TO PENINSULAR MALAYSIA THROUGH THE PENINSULAR GAS UTILISATION (PGU) SYSTEM

In mmscfd	**FY2009**	+/-	FY2008
Power Sector	**1,280 (59.7%)**	-2.3%	1,310 (60.4%)
Industrial, Petrochemical & Other Users	**732 (34.1%)**	4.1%	703 (32.4%)
Export	**134 (6.2%)**	-14.6%	157 (7.2%)
TOTAL	**2,146 (100%)**	-1.1%	2,170 (100%)

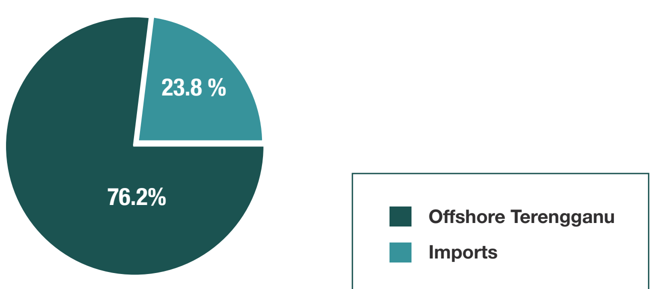


FY2009

Higher gas imports into the PGU system were necessary to ensure reliable gas supplies to customers amidst lower supply from fields offshore Terengganu.

PGU SYSTEM SUPPLY SOURCES

In mmscfd	**FY2009**	+/-	FY2008
Offshore Terengganu	**1,635**	-3.5%	1,695
Imports	**511**	7.6%	475
Imports as % of total supply	**23.8%**		21.9%
TOTAL	**2,146**	-1.1%	2,170



FY2009

The Group increased its equity holding to become the single largest shareholder in the APA Group, Australia's leading gas transmission and distribution network operator.

APA Group

Through its acquisition of 40% equity interest in the Gladstone LNG Project in Queensland, Australia, PETRONAS and its joint venture partner Santos will build and operate a liquefaction facility and a 450 km pipeline from jointly-owned upstream coal seam gas assets to the project site.

LIQUEFIED NATURAL GAS (LNG)

The Group's LNG sales volume decreased marginally as a result of lower production from the PETRONAS LNG Complex in Bintulu.

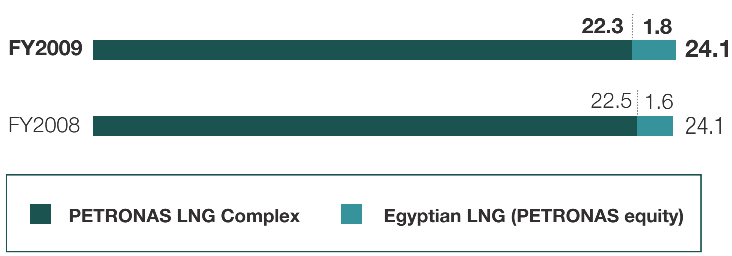
Its trading arm, ASEAN LNG Trading Company (ALTCO), delivered 14 cargoes from Egypt, Oman, Belgium and Trinidad & Tobago.

LNG SALES VOLUME

million tonnes	FY2009	+/-	FY2008
Malaysia LNG (MLNG)	**22.3**	-0.9%	22.5
Egyptian LNG (ELNG)	**1.8**	12.5%	1.6
ASEAN LNG Trading Company (ALTCO)	**0.9**	-10.0%	1.0
TOTAL	**25.0**	-0.4%	25.1

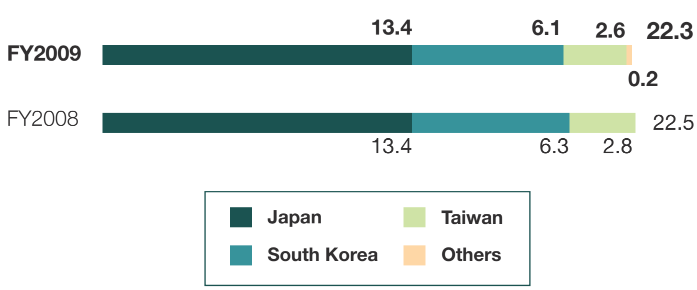
Marginally lower production from the PETRONAS LNG Complex was balanced by higher equity production from Egyptian LNG.

LNG PRODUCTION



Decline in exports to South Korea and Taiwan were offset by sales to new markets. However, we retained significant market share in each of those markets, with 19% in Japan, 22% in South Korea, and 30% in Taiwan.

EXPORT OF LNG FROM PETRONAS LNG COMPLEX



THE PETRONAS LNG COMPLEX IN BINTULU, MALAYSIA RECORDED LNG PLANT RELIABILITY OF

96.1%

The de-bottlenecking of the MLNG Dua plant to increase the Complex's combined capacity by 1.2 million tonnes per annum (mtpa) to 24.2 mtpa is expected to be completed in 2009.

Resilience

Persevering through this difficult and increasingly competitive industry environment calls for us to remain resilient. In this regard, we believe our strategy of integration, adding value and globalisation serves us well to confront many of today's complex challenges. Together with a proven track record of bringing to fruition a wide range of integrated oil and gas projects and sustained efforts to develop technological and human capabilities, this has allowed us not only to weather the extremes of industry volatility but also to turn challenges into opportunities for future growth.

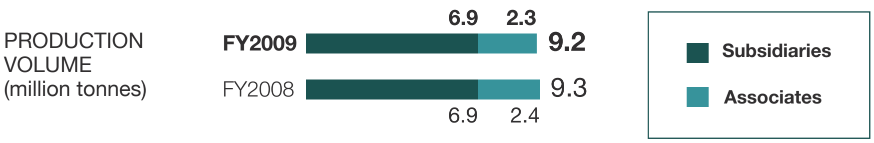
1. LPG storage tank at Gas Processing Plant 3, Kertih
2. Deepwater production at Kikeh field, offshore Sabah
3. Aerial view of the PETRONAS Petroleum Industry Complex, Kertih
4. Storage tanks at PETRONAS Lubricants International manufacturing facility in Turin, Italy

Petrochemical Business

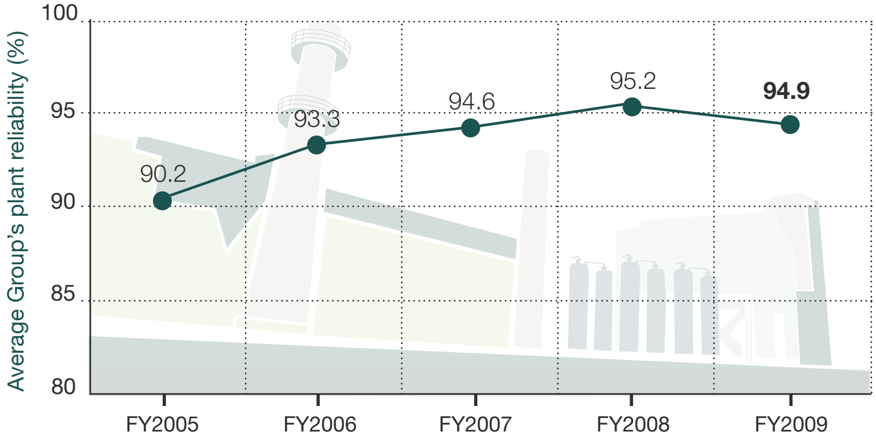
Highlights

- The Group's production of petrochemical products dropped marginally to 9.2 million tonnes from 9.3 million tonnes
- Petrochemical plants continued to operate at a high reliability rate of 94.9%
- Successful commissioning of Mega Methanol Plant in Labuan
- Launched the latest polyvinyl chloride compound, Polinas DST PP628 for pressure pipe application

Plant Performance



The Group's total production of petrochemical products for financial year 2009 experienced a slight decrease due to the industry downturn.



The Group's petrochemical plants sustained its high reliability rate despite downtime associated with the unfavourable economic conditions faced by the petrochemical industry.

Product Differentiation

Vinyl Chloride (M) Sdn Bhd and PETRONAS Polymer Technology Centre jointly introduced Polinas DST PP628, a modified polyvinyl chloride dry blend compound for pressure pipe application.

The compound is specially formulated for superior performance, having excellent resistance against extreme load while in use.

PETRONAS VINYL CHLORIDE

Expanding Production Capacity

The Group celebrated the successful commissioning of the Mega Methanol Plant. The additional capacity of 1.7 million tonnes per annum (mtpa) makes PETRONAS Methanol Labuan one of the biggest methanol production facilities in the world with a combined capacity of 7,000 tonnes per day.

PETRONAS METHANOL LABUAN

Logistics and Maritime Business

Highlights

- Strengthened position as the world's largest owner/operator of LNG carriers through delivery of three new LNG tankers - Seri Bijaksana, Seri Balhaf and Seri Balqis
- Maintained strong vessel utilisation of 97.2% during the year, despite a weakening in slot utilisation in the Liner Business
- Took delivery of three offshore facilities - one Floating Production, Storage and Offloading (FPSO) unit - FPSO Espirito Santo; and two Floating Storage and Offloading (FSO) units - FSO Puteri Dulang and FSO Orkid
- MISC's subsidiary, Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) also sustained its performance in the marine and heavy engineering business, with the completion of two fabrication projects, two marine conversion projects, as well as dry docking and repair works for 68 vessels

Fleet Size

MISC-owned Fleet by business		FY2009	FY2008
LNG			
- No. of vessels		**29**	26
- Capacity ('000 deadweight tonnes)		**2,086**	1,814
Petroleum			
- No. of vessels		**45**	45
- Capacity ('000 deadweight tonnes)		**6,445**	6,445
Chemical			
- No. of vessels		**17**	17
- Capacity ('000 deadweight tonnes)		**461**	461
Liner			
- No. of vessels		**19**	19
- Capacity ('000 deadweight tonnes)		**621**	621
FPSO			
- No. of facilities		**4**	3
- Production Capacity ('000 barrels per day)		**430**	330
- Storage Capacity ('000 barrels)		**6,339**	4,319
FSO			
- No. of facilities		**5**	3
- Storage Capacity ('000 barrels)		**3,303**	1,653
TOTAL		**119**	113

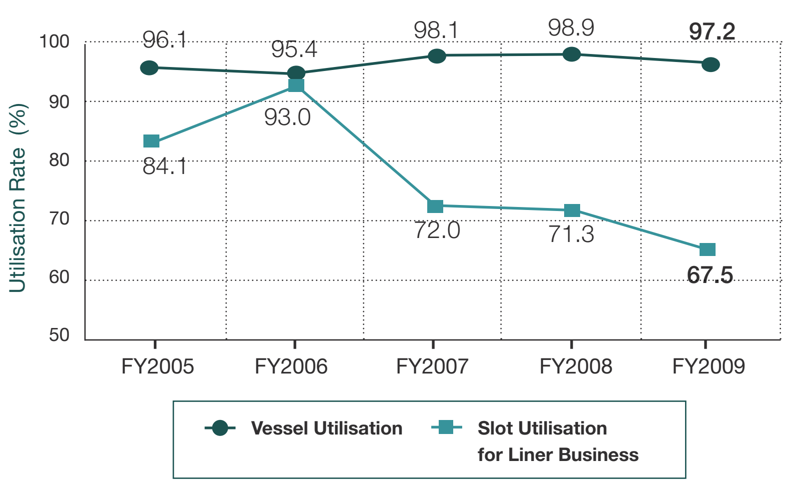
- Three new LNG tankers, Seri Bijaksana, Seri Balhaf and Seri Balqis were delivered during the year, bringing MISC's LNG fleet size to 29, further strengthening its position as the world's largest single owner-operator of LNG carriers.

- MISC's engineering and fabrication subsidiary MMHE Sdn Bhd completed and delivered the FPSO Espirito Santo - MISC's second FPSO to be deployed in Brazil's deepwater fields.

- FSO Puteri Dulang was deployed in the Dulang field offshore Peninsular Malaysia.

- FSO Orkid was delivered to PM3 CAA, a joint development area between Malaysia and Vietnam.

Stable Vessel Utilisation Rate



Overall vessel utilisation rates held steady at 97.2% compared to 98.9% in the previous year, although slot utilisation rates in the Liner Business suffered a decline to 67.5% on the back of falling trade volumes.

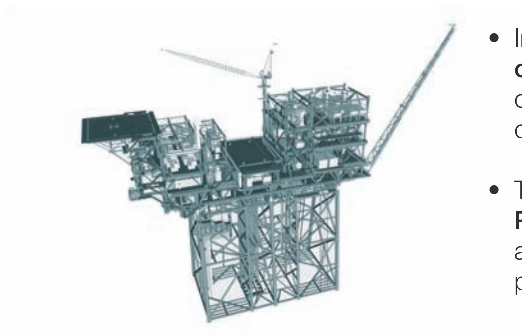
Technology Development

PETRONAS formulated its Technology Agenda to focus on technologies to gain a competitive advantage and develop superior technical credentials. The Research and Technology Division spearheads and operationalises the Technology Agenda in close collaboration with the core businesses.

We continue to apply technology in enhancing our business and improving our operational performance. We are also committed to investing in research and development to develop and apply niche and frontier technologies across the Group.

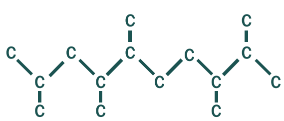
Since the formation of the Research and Technology Division in 2006, significant achievements have been made across the Group in our continued efforts to deliver the PETRONAS Technology Agenda and add value to our hydrocarbon resources. Here are some of the highlights during the financial year.

Exploration and Production Business



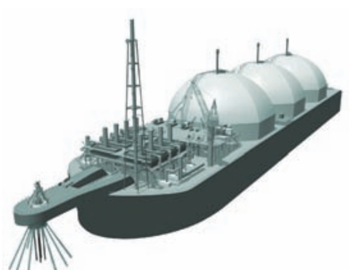
- In the area of Enhanced Oil Recovery (EOR), the Group's pilot application of its **offshore chemical EOR project** at Angsi field to extract previously unrecoverable oil has returned promising results and is currently being evaluated for full field development.
- The discovery of gas reserves by PETRONAS Carigali from the nation's first **High Pressure High Temperature (HPHT)** well in the Kinabalu field offshore Sabah at a total vertical depth of 4,800 metres is expected to open up new exploration prospectivity for deeper reservoirs in the country.

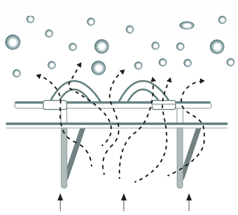
Oil Business



- Technology advances have been made with the commissioning of the new **Melaka Group III Base Oil (MG3) plant** in October 2008. The MG3 base oil plant transforms crude residue into top-tier Group III base oil utilising a new catalytic conversion process.

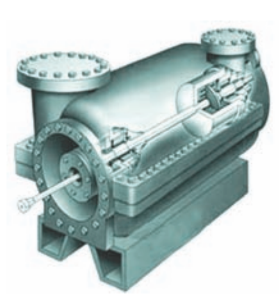
Gas Business





- PETRONAS has laid the foundation to become among the world's first **Floating Liquefied Natural Gas (LNG)** plant owner and operator. Detailed studies on the feasibility of related new technologies to be used on the Floating LNG plant have been completed. This will enable PETRONAS to monetise small and stranded gas fields in offshore environments.
- PETRONAS has developed and applied its own **Advanced Dispersion Valve (ADV-P) distillation tray and downcomer distributor** at one of its gas processing plants, which has significantly improved distillation efficiency and propane and butane product recovery. Plans are ongoing to fit this mass transfer technology at PETRONAS' other domestic operations.

Operational Excellence



PETRONAS has continued to focus on enhancing operational excellence through technical improvements which has resulted in revenue and cost savings at its facilities. Among the areas in which various initiatives have been put in place are equipment efficiency, energy loss management, yield improvement and throughput increase, asset integrity and process safety management using web-based software for remote monitoring to reduce downtime.

Cohesiveness

As our global operations continue to expand and our workforce becomes increasingly multinational in character, cohesiveness at every level of the organisation is essential to achieve breakthrough performance. Reflecting this conviction, we place great emphasis on cohesiveness as one of our four Shared Values, calling for all staff to be united in purpose and fellowship in helping to realise our vision and aspirations for the benefit of the people and the nations wherever we operate.

This is all the more crucial in these difficult times when concerted efforts and innovative ideas need to be shared to enable us to respond effectively and in a proactive and dynamic manner.

1. Staff at PETRONAS Twin Towers, Malaysia
2. Plant staff at Vinyl Chloride (M) Sdn Bhd
3. Drilling team in Baisun, Uzbekistan
4. Production team onboard Mobile Offshore Production Unit (MOPU), Turkmenistan

Our People

The global oil and gas industry is still facing the challenge of acquiring and retaining skilled and experienced oil and gas personnel.

We continue to invest in developing and enriching our pool of talent, not only through the establishment of academic institutions and provisions of sponsorships, but also by ensuring that our employees are supported by structured professional and leadership development programmes.

Programmes to strengthen our employees' key competencies and cultivate a proactive mindset and behaviour are carried out in all our countries of operations to build a committed and progressive workforce, united even in our diverse cultures towards delivering breakthrough performance.

Meeting Present and Future Workforce Needs

Growth in workforce in line with business operations expansion.

Pursuing Progress through People

Our employees are a key element in realising the full potential of our business. We support our employees in delivering breakthrough performance by pursuing leadership development, capability building, and mindset and behaviour change.

Leadership Development

We continue to develop leadership excellence at all levels, from the annual Young Leaders Forum to Senior Management Development Programmes at executive business schools worldwide.

Accelerating Capability Through Specialisation

The new Accelerated Capability Development programme was implemented Groupwide during the year under review to accelerate the transition of executives into effective leaders. Training and skills development modules are enhanced to emphasise functional competence, including through early specialisation in selective areas.

Promoting Integrity

The Group continues to run our Value of Integrity programme for all employees, which gives a detailed understanding of integrity, offers tools to guide staff in their decision-making and to underpin best practices in line with the best interests of the organisation, our stakeholders and our employees.

Diverse Multinational Workforce

As a multinational company with operations in more than 30 countries, we value the insights and expertise of our diverse yet united workforce. Currently, about 20% of our workforce comprise of multinational staff.

We pursue localisation in our global operations, believing in developing local capability and expertise. In the countries where we have established our operations, our initiatives in attracting local talents are bearing success, coupled with setting up training programmes locally and sponsoring host country nationals pursuing higher education abroad.

PETRONAS & Society

With the environment growing more dynamic and challenging, conducting business with consideration to sustainable development is imperative. For PETRONAS, our operations and business decisions are always guided by the PETRONAS Guidelines for Business Conduct and PETRONAS Corporate Sustainability Framework, which also takes into account our internal and external stakeholders' interests. The triple bottom line of commercial, environmental and social performance is a balance we constantly strive to achieve.

In pursuing long-term growth and sustainable future, we continue with our efforts to streamline our role as a commercial business entity responding to the growing energy demand with our responsibility towards the integrity, safety and reliability of our assets, environment and meeting societal needs in all our areas of operation.

Safety in the Workplace

FATAL ACCIDENT RATE (FAR) per 100,000 man hours

FY2009	**4.96**	
	-14%	
FY2008	5.8	

TOTAL REPORTABLE CASE FREQUENCY (TRCF) per million man hours

FY2009	**0.88**	
	0%	
FY2008	0.88	

LOST TIME INJURY FREQUENCY (LTIF) per million man hours

FY2009	**0.44**	
	26%	
FY2008	0.35	

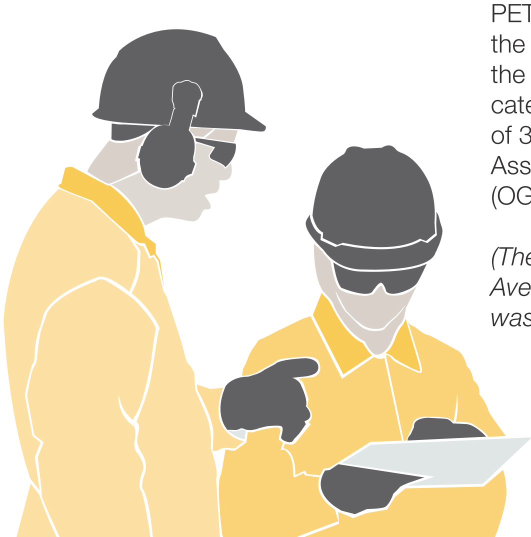
We remain committed to inculcating an excellent HSE culture, not only throughout the Group but also to all major contractors under the Group's HSE Assurance Programme.

Emphasis is also placed on continuously improving our HSE Management System, including adoption of new standards, programmes and intervention measures to enhance the overall HSE management and performance, which will also translate into improvements in safety indicator figures.

RoSPA 2008 GOLD Award

ASEAN BINTULU FERTILIZER SDN. BHD.

ASEAN Bintulu Fertilizer Sdn Bhd received UK-based Royal Society for the Prevention of Accidents (RoSPA) Gold Award for excellence in health and safety performance.



PETRONAS Carigali Sdn Bhd achieved the best result for TRCF of 0.81 for the companies with contractors category in 2007, topping the list of 36 members of the International Association of Oil and Gas Producers (OGP).

(The results were announced in 2008. Average TRCF among the participants was 2.68)

ASEAN BINTULU FERTILIZER SDN. BHD.

PETRONAS AMMONIA

PETLIN

PETRONAS GAS

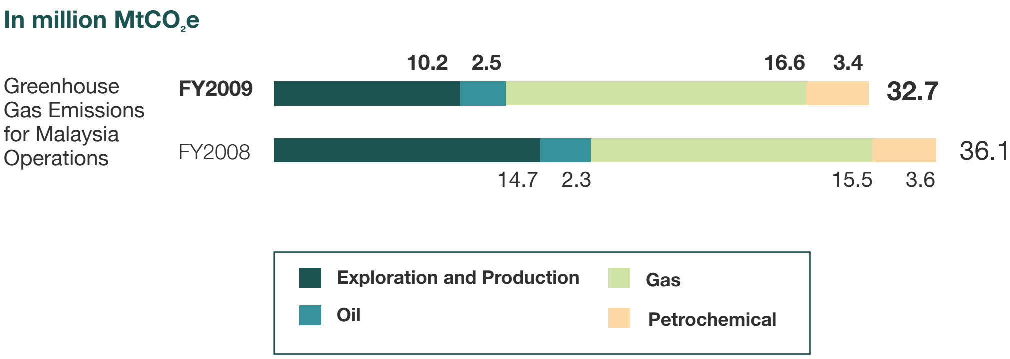
Four other subsidiaries received the Malaysian Society for Occupational Safety and Health (MSOSH) Grand Award 2007.

Environmental Management

Addressing Climate Change

PETRONAS as the national oil company is involved in Malaysia's efforts in addressing climate change and is contributing to national databases of carbon footprint assessments related to the oil and gas industries.

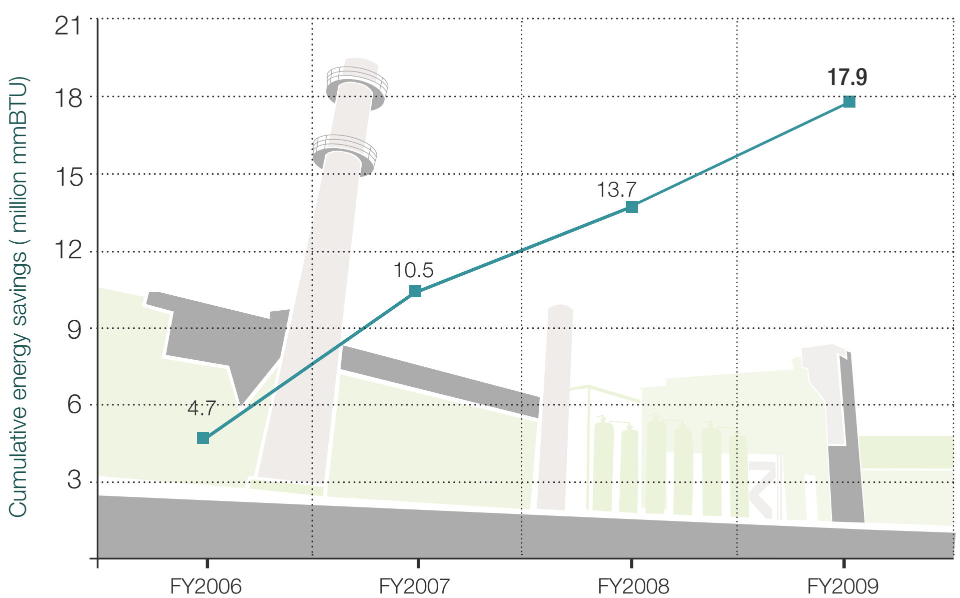
A Climate Change and Clean Development Mechanism Workshop was held this year where our Greenhouse Gas (GHG) reduction measures and targets were formulated and proposed. The Group is also looking at recording a complete inventory of the GHG emissions in our global operations.



We succeeded in lowering our GHG emissions for Malaysia operations for financial year 2009 by 3.4 million metric tonnes of CO_2 equivalent (million $MtCO_2e$) as a result of our continuous efforts and initiatives.

Energy Loss Management

Our Energy Loss Management initiative implemented Groupwide continues to show significant reduction of energy loss. This contributes to lower greenhouse gas emissions, thereby reducing our carbon footprint.



Working Together with the Community for the Environment

PETRONAS also engages with the communities in the areas of its operations in creating awareness of the ways in which we can work together to sustain and conserve the environment. Here are some of the activities we carried out during the year.

THANINTHAYI NATURE RESERVE PROJECT, MYANMAR

The Yetagun Pipeline Project partners, together with the Myanmar Ministry of Forestry's Nature and Wildlife Conservation Department, established the Thaninthayi Nature Reserve Project (TNRP). Its aim is to protect the flora and fauna found in the Thaninthayi region while supporting the livelihood and environmentally sustainable needs of the surrounding villages.

MANGROVE TREE PLANTING IN CAN GIO DISTRICT, VIETNAM

With the objective of promoting public awareness in environmental protection, the PETRONAS Group of companies in Vietnam organised a mangrove tree planting programme in Ho Chi Minh City's coastal district of Can Gio. Hundreds of new mangrove trees were planted with the participation of members from the district's youth association.

TREE PLANTING IN TURKMENBASHY, TURKMENISTAN

PETRONAS staff together with PETRONAS Adventure Team (PAT) and members of the local community took part in a tree planting event.

Improving Health for Quality Life

The Group carries out its Corporate Wellness initiative every year, implementing programmes to create awareness of chronic illnesses and its prevention measures. Activities this year included events in conjunction with World Cancer Day and World Chronic Obstructive Pulmonary Disease Day.

Talks on the illnesses, exhibitions, medical tests and personal consultations by health practitioners from Prince Court Medical Centre were held, as well as blood donation drives and charity walks.

Values and Integrity

Our sound track record is founded on a philosophy of balancing our business and social objectives in fulfilling our role as a socially responsible corporate citizen. Towards this end, we are committed to maintaining high standards of integrity based on our core values and code of business ethics as well as to contribute to the well-being of the people and nations, wherever we operate.

We believe that education and capability-building are the main drivers of sustainable growth, allowing people to be actively involved in contributing to the development of their own nation and to capitalise on the opportunities afforded by the economic activities created by the natural wealth of the land.

While the development of skills and expertise is vital, what is more crucial are the values of hard work, determination, selflessness and integrity that will contribute towards the building of a truly resilient and successful nation.

1. Early Childhood Care and Development Programme, Kanbauk, Myanmar
2. School adoption programme Bakti Pendidikan PETRONAS, Malaysia
3. Natural Science nationwide school contest, Vietnam
4. Air-conditioning and refrigeration technology lessons at Khartoum Vocational Training Centre, Sudan

Education and Capability Building

We believe that communities can achieve exponential growth once equipped with the tools of learning, opening up new worlds of possibilities and progress. Education and capability building thus form the thrust of our initiatives in our social investments, be it the establishment of formal academic institutions or through the provision of education sponsorships and skills training.

Institutions of Learning

We continue to own and operate the Institut Teknologi PETRONAS (INSTEP) and the Malaysian Maritime Academy (ALAM), offering specialised technical courses relevant to the petroleum industry. Our establishment of the Universiti Teknologi PETRONAS (UTP), offering undergraduate and postgraduate engineering courses, further advances the pool of knowledge on oil and gas technology through its research and development activities.

UTP STUDENT ENROLMENT

UNIVERSITI TEKNOLOGI PETRONAS

	Malaysian	International
FY2009	**11,669**	**1,426**
cumulative as at 31st March since 1995	1,222	311
FY2008	10,447	1,115

INSTEP STUDENT ENROLMENT

PERMATA · INSTEP

	Malaysian	International
FY2009	**7,594**	**333**
cumulative as at 31st March since 1983	749	50
FY2008	6,845	283

ALAM STUDENT ENROLMENT (CADETS AND RATINGS)

ALAM AKADEMI LAUT MALAYSIA MALAYSIAN MARITIME ACADEMY

	Malaysian	International
FY2009	**9,935**	**557**
cumulative as at 31st March since 1997	541	129
FY2008	9,394	428

Sponsorship Programmes

We continue to sponsor scholars pursuing tertiary education locally and overseas in a range of disciplines as well as school children who excel in their academic and co-curricular performance through the award of scholarships.

Tertiary Education

	Malaysian	International
FY2009	**19,228**	**809**
cumulative as at 31st March since 1975	898	108
FY2008	18,330	701

Primary and Secondary Education

FY2009	**13,823**
cumulative as at 31st March since 1975	1,035
FY2008	12,788

Skills Training

We find it rewarding to witness the numbers of skilled technicians and tradesmen who have found employment after graduating from the courses we support through collaborations with various institutions, some going on to set up successful businesses of their own.

- Our two Khartoum Vocational Training Centres established with the Khartoum State Ministry in 2004 provide systematic and up-to-date vocational training in automotive, electrical and air-conditioning/refrigeration technology, as well as building and plumbing to develop skilled technicians among young Sudanese school leavers. A hundred and forty one students have since graduated and are currently employed.

- The second batch of 45 trainees successfully graduated from the Turkmenistan Technician Training Programme in December 2008. The programme was conducted locally for one year at the Technician Training Centre in Turkmenbashy, followed by one year at INSTEP Malaysia and on-the-job training at various PETRONAS operating units in Malaysia.

- To improve access to higher education and better job opportunities for children and youth from deprived backgrounds, PETRONAS together with its partners in Yetagun, Myanmar continues to run its computer training courses. The programme has trained almost 3,000 students since its inception in 1997.

Outreach Programmes

We engage directly with the public in our Outreach initiatives to inspire the children and adults who participate in our programmes to learn something new that will bring value to their lives and empower them with new knowledge and skills, be it in science and technology or in volunteering to help the less fortunate and make a difference in someone's life.

Continued Recognition for School Adoption Programme

- The PETRONAS Bakti Pendidikan School Adoption Programme continued to receive recognition when it was awarded 'Best Community Programme of the Year' at the Platts Global Energy Awards 2008.
- We were also pleased that studies by a university have shown that a majority of the more than 3,000 students who had participated in the programme since 2002 have demonstrated improvement in their academic performance and/or character.

Disaster Relief: Cyclone Nargis

- In the immediate aftermath of Cyclone Nargis, PETRONAS staff in Myanmar were able to provide humanitarian aid to the local community.
- These efforts were boosted by our long-time partnership with MERCY Malaysia, and was followed by a further village reconstruction and rehabilitation initiative.

Developing Appreciation for Art and Music

- The GALERI PETRONAS attracted 2,815 participants in outreach programmes and was presented awards for providing an excellent arts and culture experience by two Malaysian publications.
- The Malaysian Philharmonic Orchestra's Encounter programmes saw the participation of 10,886 students and teachers in its Schools' Concert series, open rehearsals, concert hall visits, workshops and master classes and community outreach programmes to increase awareness, understanding and enjoyment of classical music.

Sahabat PPDa-PETRONAS Drug Prevention Programme

- A total of 1,600 students graduated from the Sahabat PPDa-PETRONAS Facilitator Course which enhanced their knowledge, understanding and skills on drug abuse prevention education among their peers.

- PETRONAS volunteer staff and Education Department officers also participated in training sessions to further enhance leadership and motivational skills to better conduct the programme's activities.

Inspiring Interest in English and Science

- PETRONAS continues to sponsor various academic competitions to spark interest in the study of English and Science, for example the Natural Science Contest in Vietnam, and the PETRONAS Debate & Quiz Trophy in Sudan which attract nationwide participation.

- Our science discovery centre for children, PETROSAINS, recorded 371,976 visitors in the financial year and successfully carried out its annual programme of activities for school children and teachers, aimed at promoting interest in science in a fun and educational way.

Medical Aid

- PETRONAS and its joint venture partners in the Greater Nile Petroleum Operating Company in Sudan completed the construction of the Salamt El Adlanab Health Centre and a school.

- We also contributed medical equipment to the Ministry of Health in Mauritania and the Tashkent Paediatric Medical Institute in Uzbekistan.

Charity Adoption Programmes

- The Ladies' Association of PETRONAS (PETRONITA) raised funds for various childen's charities including the National Kidney Foundation Children's Dialysis Foundation, the Prince Court Medical Centre's Cleft Lip & Palate Deformity Treatment and MERCY Malaysia's humanitarian relief efforts.

- We continued to run our annual 'Sentuhan Kasih' programme which provides staff an avenue to reach out and contribute to the underprivileged during festive seasons. The programme is spreading its wings to various PETRONAS offices worldwide.

Main Events

E&P BUSINESS

7 April 2008

Awarded a PSC for Block PM308A to Lundin Malaysia, PETRONAS Carigali Sdn Bhd, Nippon Oil Exploration (Peninsula Malaysia) Limited and Japan Energy Malaysia E&P Co Ltd; and two PSCs for Block PM308B and Block SB303 to Lundin Malaysia and PETRONAS Carigali Sdn Bhd. Lundin Malaysia will operate all three blocks.

13 May 2008

Signed a Production Sharing Agreement (PSA) for the Urga, Kuanish and Akhchalak fields with the Government of Uzbekistan, and a Heads of Agreement (HOA) for a gas-to-liquid (GTL) project with the Uzbek national oil company, Uzbekneftegaz National Holding Company (UNG).

22 May 2008

Awarded a PSC for Blocks PM303 and PM324 offshore Peninsular Malaysia to Total E&P Malaysia and PETRONAS Carigali Sdn Bhd.

17 June 2008

Awarded a PSC for Block SK310 offshore Sarawak to Newfield Sarawak Malaysia Inc, Mitsubishi Corporation and PETRONAS Carigali Sdn Bhd.

7 August 2008

PETRONAS achieved another breakthrough with the discovery of Malaysia's first High Pressure High Temperature (HPHT) well in the Kinabalu field, located 55 km from Labuan, offshore Sabah. The exploration well was drilled to a total vertical depth of 4,800 m, the first such drilling undertaken by PETRONAS Carigali Sdn Bhd in a HPHT environment.

10 October 2008

PETRONAS, together with Empresa Nacional de Hidrocarbonetos de Moçambique (ENH), the national oil company of Mozambique, were awarded the exploration and production concession contract (EPCC) for offshore Blocks 3 and 6 by the Government of Mozambique.

OIL BUSINESS

1 July 2008

Engen Petroleum Ltd, PETRONAS' subsidiary in South Africa, completed its acquisition of Shell's downstream petroleum business in Gabon, in line with its growth strategy in Africa. During the year, Engen also acquired Shell's downstream operations in Lesotho and Total's downstream operations in Guinea Bissau, Rwanda and Burundi.

8 September 2008

PETRONAS Lubricants International (PLI), the Group's international lubricants development and marketing subsidiary, launched the Syntium range of premium quality passenger car lubricants in Italy and Spain, leveraging on synergies gained through the acquisition of FL Selenia S.p.A of Italy. During the year, PLI also launched the Syntium range in Portugal and Turkey.

24 September 2008

PETRONAS Dagangan Berhad (PDB), the Group's petroleum products retail and marketing arm in Malaysia opened its first Mesra Drive-Through Convenience Store to further strengthen its market leader position through innovative marketing practices. This was followed by the opening of its first stand-alone Mesra Convenience Store at the premises of Universiti Teknologi PETRONAS.

23 October 2008

Successfully commissioned the Melaka Group III Base Oil (MG3) plant at the Melaka Refinery Complex, marking PETRONAS' entry into base oil production with a capacity of 6,500 barrels per day. The MG3 plant is the first base oil plant in Malaysia producing top quality Group III base oil.

8 November 2008

PETRONAS Base Oil (M) Sdn Bhd, the marketing arm for PETRONAS' top quality Group III base oil product ETRO™, shipped its maiden cargo to its distribution company in the Netherlands.

3 February 2009

PETRONAS Dagangan Berhad marked its first biodiesel (B5) delivery to Ministry of Defense (MINDEF) and Dewan Bandaraya Kuala Lumpur (DBKL), an initiative in support of the Malaysian Biofuel Industry Act 2007.

GAS BUSINESS

29 May 2008

Completed the acquisition of 40% equity in the Gladstone LNG project, a joint venture with Santos Ltd to develop and operate a gas liquefaction facility at Gladstone in Queensland, Australia and a 450 km pipeline from jointly-owned upstream coal seam gas (CSG) assets to the project site.

14 June 2008

Commemoration of the 30th anniversary of the incorporation of Malaysia LNG Sdn Bhd.

24 November 2008

PETRONAS Gas Berhad (PGB) entered into a Shareholders Agreement (SHA) with Yayasan Sabah (YS) to jointly develop a 300 megawatt power plant project in Kimanis, Papar, Sabah. Under the SHA, the partners also formed a joint venture company to develop, operate and maintain the power plant and its related facilities and infrastructure.

27 March 2009

PETRONAS Australia Pty Ltd increased its equity holding to 17.23% in the APA Group, making it the single largest shareholder in Australia's leading gas transmission and distribution company.

PETROCHEMICAL BUSINESS

19 January 2009

Successfully commissioned the Mega Methanol Plant, adding production capacity of 1.7 million tonnes per annum (mtpa) to PETRONAS Methanol Labuan Sdn Bhd's 2.0 mtpa, making it one of the largest methanol production facilities in the world.

2 December 2008

Launched the PETRONAS Polymer Technology Centre (PPTC) as well as the Polinas DST PP628, a superior performance modified polyvinyl chloride dry blend compound for pressure pipe application. Both were launched in conjunction with the Kertih Plastics Park Launch Ceremony in Kertih, Terengganu.

LOGISTICS AND MARITIME BUSINESS

13 August 2008

PCPP Operating Company Sdn Bhd, a joint venture between Pertamina and PetroVietnam Investment and Development Company, awarded MISC a contract for the lease of two MOPU facilities to be deployed in Block SK305 offshore Sarawak for a contractual period of 10 years.

19 September 2008

MISC was awarded contracts by PETRONAS Carigali Sdn Bhd for the provision of Bareboat Charter and Operations & Maintenance Services for FSO Puteri Dulang in the Dulang Field for a contractual period of 10 years.

24 October 2008

PETRONAS Carigali Sdn Bhd awarded MMHE Sdn Bhd, a wholly-owned subsidiary of MISC, two contracts for the Integrated Procurement and Construction of Tangga Barat Cluster Development Project (Phase 1) and the Kinabalu Non-Associated Gas Development Project (Phase 2).

24 November 2008

Malaysia Vietnam Offshore Terminal (L) Limited, a joint venture company between MISC and Petroleum Technical Services Corporation of Vietnam entered into a 10-year Lease Agreement with Talisman Malaysia Limited for the provision of an FSO facility, FSO Orkid at Block PM3 CAA, a commercial arrangement area between Malaysia and Vietnam. The FSO received its first oil in March 2009.

31 December 2008

MISC delivered the FPSO Espirito Santo to Shell Brazil, its second FPSO for deployment in Brazil's offshore deepwater fields. The FPSO is currently undergoing installation at BC-10 field of the Campos Basin, offshore Brazil.

27 February 2009

MISC took delivery of its 29th LNG carrier, Seri Balqis. Along with sister vessels Seri Balhaf and Seri Bijaksana delivered earlier in the financial year, MISC's total gross handling capacity of 2.09 million deadweight tonnes of LNG reinforces its status as a leading provider of LNG transportation services.

CORPORATE

17 April 2008

The PETRONAS Laboratory at Queen's University Ionic Liquids Laboratories (QUILL) Research Centre in Belfast, Ireland was officially opened by the UK Minister for Employment and Learning, Sir Reg Empey. The PETRONAS Laboratory is funded by Universiti Teknologi PETRONAS and will focus on the development of ionic liquids technology.

6 February 2009

Signed a Memorandum of Understanding (MOU) with Tenaga Nasional Berhad (TNB) to collaborate on Research and Development to create high-impact intellectual property leading to technology commercialisation opportunities.

20 March 2009

Launched the South-East Asia Carbonate Research Laboratory (SEACARL) at Universiti Teknologi PETRONAS (UTP) with Shell, the culmination of a Memorandum of Understanding (MOU) signed in 2006 between the two parties.

CORPORATE SOCIAL RESPONSIBILITY

8 May 2008

PETRONAS worked closely with MERCY Malaysia to channel humanitarian aid to the victims of Cyclone Nargis in Myanmar in the form of volunteers, relief goods and medical supplies, followed by village reconstruction and rehabilitation efforts.

28 August 2008

Inaugurated the Wadi Alaros Basic School and Salamt El Adlanab Health Centre, constructed with its partner companies in the joint venture Greater Nile Petroleum Operating Company in Sudan.

3 December 2008

Program Bakti Pendidikan PETRONAS, the Group's adopt-a-school programme, received the Platts Global Energy Award 2008 for 'Community Programme of the Year'.

Glossary of Terms

- **Additives**
  Chemicals added in small quantities to fuel or lubricants to control engine deposits and improve lubricating performance.

- **Barrels of oil equivalent (boe)**
  A unit of measure to quantify crude oil and natural gas amounts using the same basis. Natural gas volumes are converted to barrels on the basis of energy content.

- **Base oil**
  An oil to which other oils or additives are added to produce a lubricant.

- **Brent price**
  The benchmark crude oil price in Europe, as traded on the International Petroleum Exchange in London. Brent Crude refers to a particular grade of crude oil, which is slightly heavier than WTI crude. See 'WTI price'.

- **Coal seam gas**
  A form of natural gas extracted from coal beds, as opposed to more conventional natural gas occuring in reservoirs.

- **Condensate**
  Liquid hydrocarbons produced with natural gas, separated by cooling and other means.

- **Deadweight tonne (dwt)**
  A ship's maximum carrying capacity in tonnes of cargo, including passengers, crew, stores, ballast and fuel.

- **Deepwater**
  In offshore exploration, deepwater is demarcated at water depths exceeding 200 metres. Unique methods are required to produce the oil and gas from the ocean bed at such depths. See 'Floating Production Unit'.

- **Development**
  Drilling, construction and related activities following discovery that are necessary to begin production and transportation of crude oil and natural gas.

- **Downstream**
  All activities that add value to the crude oil and natural gas produced, for example, oil refining, gas processing, gas liquefaction, petrochemical manufacturing, marketing of petroleum and petrochemical products, storage and transportation. See 'Upstream'.

- **Exploration**
  The search for crude oil and/or natural gas by utilising geologic and topographical studies, geophysical and seismic surveys, and drilling of wells.

- **Exploration and Production (E&P)**
  See 'Upstream'.

- **Floating Production Unit (FPU)**
  Floating structures of various designs used in deepwater production. These 'floaters' replace traditional offshore shallow water platforms that are able to sit on the ocean bed. See 'Deepwater'.

- **Floating Production, Storage and Offloading (FPSO)**
  A converted or custom-built ship-like structure, with modular facilities to process oil and gas and for temporary storage of the oil prior to transfer to tankers.

- **Greenhouse gases (GHG)**
  Gases that trap heat in the Earth's atmosphere e.g. carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

- **Group III base oil**
  Base oil that has been subjected to the highest level of refining of the base oil groups, offering very high viscosity index to produce premium quality lubricants.

- **High Pressure High Temperature well**
  Well with a surface shut-in pressure greater than 10,000 psi and a bottomhole temperature greater than 150ºC.

- **Integrated oil and gas company**
  A company engaged in all aspects of the oil and gas industry: exploring for and producing crude oil and natural gas (upstream); refining, marketing and transporting crude oil, natural gas and refined products (downstream); as well as manufacturing and distributing petrochemicals.

- **Ionic liquids**
  Liquids that consist entirely of positive and negatively charged ions. Ionic liquids are being explored for an array of applications, for example, as environmentally friendly substitutes for volatile organic compounds in the oil and gas industry.

- **Liquefied natural gas (LNG)**
  Natural gas that is liquefied under extremely cold temperatures to facilitate storage or transportation in specially designed vessels.

- **Liquefied petroleum gas (LPG)**
  Light gases, such as butane and propane that can be maintained as liquids while under pressure.

- **Natural gas**
  A clean burning, odourless, colourless, highly compressible mixture of hydrocarbons occurring naturally in gaseous form. Natural gas is primarily comprised of methane but can also include ethane, propane and butane.

- **Petrochemicals**
  Organic and inorganic compounds and mixtures derived from petroleum; used principally for the manufacture of chemicals, plastics and resins, synthetic fibres, detergents, adhesives and synthetic motor oils.

- **Production sharing contract (PSC)**
  A contractual agreement between a company and a host government whereby the company bears all exploration, development and production costs in return for an agreed-upon share of production.

- **Reserves Replacement Ratio (RRR)**
  The ratio of new reserves discovered to volume of production, an indication of a company's track record in maintaining a stable reserve of oil and gas.

- **Reserves**
  Crude oil or natural gas contained in underground rock formations called reservoirs. Proved reserves are the estimated quantities that geologic and engineering data demonstrate can be produced with reasonable certainty from known reservoirs under existing economic and operating conditions. Estimates change as additional information becomes available.

- **Seismic data**
  Visual rendering of the sub-surface geology of an area composed by reflecting sound waves off underground strata. Useful in determining the possible existence of hydrocarbons.

- **Throughput**
  The amount of output that is produced by a system, for example, a refinery, plant, or pipeline, in a given period of time.

- **Upstream**
  All activities concerned with finding and producing crude oil and natural gas. These include oil and gas exploration, development and production operations. Also known as Exploration and Production (E&P). See also 'Downstream'.

- **WTI price**
  Stands for West Texas Intermediate, the benchmark crude oil price in the US measured in USD/barrel, which refers to a type of high quality, light in gravity crude oil.

Financial Statements

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the financial year remained unchanged and consist of exploitation of oil and gas through production sharing contracts, the marketing of petroleum and petroleum products and investment holding. The principal activities of significant subsidiaries, associates and jointly controlled entities are stated in note 43, note 44 and note 45 to the financial statements respectively.

RESULTS

	Group RM Mil	Company RM Mil
Profit for the year	59,064	49,836
Attributable to:		
Shareholders of the Company	52,546	49,836
Minority interest	6,518	-

DIVIDENDS

Since the end of the previous financial year, the Company paid:

i) a second tax exempt interim dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM60,000 per ordinary share amounting to RM6 billion in respect of the financial year ended 31 March 2008;

ii) a tax exempt final dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM100,000 per ordinary share amounting to RM10 billion in respect of the financial year ended 31 March 2008;

iii) a tax exempt special dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM60,000 per ordinary share amounting to RM6 billion in respect of the financial year ended 31 March 2009; and

iv) a first tax exempt interim dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM80,000 per ordinary share amounting to RM8 billion in respect of the financial year ended 31 March 2009.

A second tax exempt interim dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM60,000 per ordinary share amounting to RM6 billion has been declared in respect of the financial year ended 31 March 2009 and will be paid in the financial year ending 31 March 2010.

The Directors propose a tax exempt final dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM100,000 per ordinary share amounting to RM10 billion in respect of the financial year ended 31 March 2009.

The financial statements for the current financial year do not reflect this proposed final dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2010.

RESERVES AND PROVISIONS

There were no material movements to and from reserves and provisions during the year other than as disclosed in the financial statements.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Directors	Alternates
Tan Sri Mohd. Hassan bin Marican (Acting Chairman, President and CEO)	
Datuk Anuar bin Ahmad (Vice-President)	
Tan Sri Khalid bin Ramli	
Datuk Nasarudin bin Md Idris (Vice-President)	
Tan Sri Dr. Sulaiman bin Mahbob	Dr. Rosli bin Mohamed
Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah	Datuk Aziyah binti Bahauddin
Wan Zulkiflee bin Wan Ariffin (Vice-President)	
Abdul Kadir bin Md Kassim	

In accordance with Article 71(1) of the Company's Articles of Association, Tan Sri Dr. Sulaiman bin Mahbob retires by rotation from the Board at the forthcoming Annual General Meeting. Tan Sri Dr. Sulaiman bin Mahbob does not offer himself for re-election.

In accordance with Article 71(2) of the Company's Articles of Association, the Chairman, President and Vice-Presidents shall not be subject to retirement by rotation except in the first year of appointment where they are required to retire in accordance with Article 68.

DIRECTORS' INTERESTS

The Directors in office at the end of the year who have interests in the shares of the Company's related corporations other than wholly owned subsidiaries as recorded in the Register of Directors' Shareholdings are as follows:

	Number of shares in PETRONAS Dagangan Berhad			
Name	**Balance at 1.4.2008**	**Bought**	**Sold**	**Balance at 31.3.2009**
Tan Sri Mohd. Hassan bin Marican	2,000	-	-	2,000
Datuk Anuar bin Ahmad	2,000	-	-	2,000

	Number of shares in PETRONAS Gas Berhad			
Name	**Balance at 1.4.2008**	**Bought**	**Sold**	**Balance at 31.3.2009**
Tan Sri Mohd. Hassan bin Marican	5,166	-	-	5,166
Datuk Nasarudin bin Md Idris	3,000	-	-	3,000

	Number of shares in KLCC Property Holdings Berhad			
Name	**Balance at 1.4.2008**	**Bought**	**Sold**	**Balance at 31.3.2009**
Tan Sri Mohd. Hassan bin Marican	50,000	-	-	50,000
Datuk Nasarudin bin Md Idris	5,000	-	-	5,000

None of the other Directors holding office at 31 March 2009 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements), by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than legal fees of RM420,476 (2008: RM234,400) and RMNil (2008: RM52,800) paid/payable by the Group and the Company respectively to a firm in which a Director is a partner.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

There were no changes in the issued and paid up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to realise, in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 March 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG Desa Megat & Co., have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors
in accordance with a resolution of the Directors:

....

Tan Sri Mohd. Hassan bin Marican

....

Datuk Anuar bin Ahmad

Kuala Lumpur,

Date: 27 May 2009

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 81 to 189, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2009 and of the results of their operations and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors
in accordance with a resolution of the Directors:

....
Tan Sri Mohd. Hassan bin Marican

....
Datuk Anuar bin Ahmad

Kuala Lumpur,

Date: 27 May 2009

STATUTORY DECLARATION

I, **Manharlal Ratilal**, the officer primarily responsible for the financial management of **PETROLIAM NASIONAL BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 81 to 189, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
Manharlal Ratilal at **Kuala Lumpur** in
Wilayah Persekutuan on 27 May 2009.

BEFORE ME:

PESURUHJAYA SUMPAH
No: W 398
Name: ZULKIFLY BIN ABDULLAH
MALAYSIA

Lot 2.42, Tingkat 2, The Mall
100, Jalan Putra
50350 Kuala Lumpur, Malaysia
H/P: 019-283 9000

REPORT OF THE AUDITORS TO THE MEMBERS

Report on the Financial Statements

We have audited the financial statements of Petroliam Nasional Berhad, which comprise the balance sheets as at 31 March 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 81 to 189.

Directors' Responsibility for the Financial Statements
The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Appendix I to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG Desa Megat & Co.
Firm Number: AF 0759
Chartered Accountants

Abdullah Abu Samah
Partner
Approval Number: 2013/06/10(J)
Chartered Accountant

Petaling Jaya,
Date: 27 May 2009

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2009

	Note	2009 RM Mil	2008 RM Mil (Restated)
ASSETS			
Property, plant and equipment	3	**161,948**	130,253
Properties	4	**7,369**	7,167
Investment properties	5	**8,558**	8,735
Land held for development	6	**1,767**	1,761
Prepaid lease payments	7	**2,241**	2,232
Investments in associates	9	**5,912**	5,714
Investments in jointly controlled entities	10	**3,716**	1,889
Intangible assets	11	**17,012**	15,249
Long term receivables	12	**2,428**	3,341
Fund and other investments	13	**10,571**	9,497
Deferred tax assets	15	**2,419**	1,284
Cash and cash equivalents	17	**416**	210
TOTAL NON-CURRENT ASSETS		**224,357**	187,332
Property development costs	18	**923**	744
Trade and other inventories	19	**6,290**	8,915
Trade and other receivables	20	**24,726**	30,856
Tax recoverable		**594**	312
Assets classified as held for sale	21	**170**	189
Fund and other investments	13	**40,338**	30,481
Cash and cash equivalents	17	**90,731**	80,444
TOTAL CURRENT ASSETS		**163,772**	151,941
TOTAL ASSETS		**388,129**	339,273
EQUITY			
Share capital	22	**100**	100
Reserves	23	**231,983**	201,590
Total equity attributable to shareholders of the Company		**232,083**	201,690
Minority shareholders' interests	24	**25,006**	22,612
TOTAL EQUITY		**257,089**	224,302
LIABILITIES			
Borrowings	25	**35,108**	29,799
Deferred tax liabilities	15	**10,654**	9,748
Other long term liabilities and provisions	27	**22,566**	17,584
TOTAL NON-CURRENT LIABILITIES		**68,328**	57,131
Trade and other payables	28	**29,344**	24,428
Borrowings	25	**7,180**	8,183
Taxation		**20,188**	19,229
Dividend payable		**6,000**	6,000
TOTAL CURRENT LIABILITIES		**62,712**	57,840
TOTAL LIABILITIES		**131,040**	114,971
TOTAL EQUITY AND LIABILITIES		**388,129**	339,273

The notes set out on pages 91 to 189 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 RM Mil	2008 RM Mil (Restated)
Revenue		**264,175**	223,078
Cost of revenue		**(157,534)**	(119,046)
Gross profit	29	**106,641**	104,032
Selling and distribution expenses		**(3,744)**	(3,302)
Administration expenses	30	**(11,334)**	(5,664)
Other expenses		**(4,003)**	(2,822)
Other income		**4,010**	5,113
Operating profit	30	**91,570**	97,357
Financing costs		**(3,445)**	(3,274)
Share of profit after tax and minority interest of equity accounted associates and jointly controlled entities		**1,014**	1,464
Profit before taxation		**89,139**	95,547
Tax expense	32	**(30,075)**	(28,248)
PROFIT FOR THE YEAR		**59,064**	67,299
Attributable to:			
Shareholders of the Company		**52,546**	60,964
Minority interest		**6,518**	6,335
PROFIT FOR THE YEAR		**59,064**	67,299

The notes set out on pages 91 to 189 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

		<------------------------ Attributable to shareholders of the Company ---------------->							
		<-----------Non-distributable ---------->			<------Distributable---->				
	Note	Share Capital RM Mil	Capital Reserves RM Mil	Foreign Currency Translation Reserve RM Mil	General Reserve RM Mil	Retained Profits RM Mil	Total RM Mil	Minority Interest RM Mil	Total Equity RM Mil
Balance at 1 April 2007									
- as previously reported		100	13,233	(4,046)	12,000	149,600	170,887	20,332	191,219
- effects of adopting FRS 112		-	-	-	-	789	789	220	1,009
At 1 April 2007, restated		100	13,233	(4,046)	12,000	150,389	171,676	20,552	192,228
Net movements from exchange differences representing net income/(expense) recognised directly in equity		-	84	(6,967)	-	-	(6,883)	(791)	(7,674)
Profit for the year		-	-	-	-	60,964	60,964	6,335	67,299
Total recognised (expense)/income for the year		-	84	(6,967)	-	60,964	54,081	5,544	59,625
Share of reserves of associates and jointly controlled entities		-	(47)	-	-	-	(47)	-	(47)
Transfer to capital reserves		-	61	-	-	(81)	(20)	20	-
Redemption of preference shares		-	1	-	-	(1)	-	(14)	(14)
Dividends	33	-	-	-	-	(24,000)	(24,000)	(3,490)	(27,490)
Balance at 31 March 2008		100	13,332	(11,013)	12,000	187,271	201,690	22,612	224,302

The notes set out on pages 91 to 189 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009 (continued)

	<------------------------ Attributable to shareholders of the Company ------------------------->								
	<---------------Non-distributable ---------------->				<-------Distributable------>				
	Share Capital RM Mil	**Capital Reserves RM Mil**	**Foreign Currency Translation Reserve RM Mil**	**Available-for-sale Reserve RM Mil**	**General Reserve RM Mil**	**Retained Profits RM Mil**	**Total RM Mil**	**Minority Interest RM Mil**	**Total Equity RM Mil**
Balance at 1 April 2008									
- as previously reported	100	13,332	(11,013)	-	12,000	186,556	200,975	22,404	223,379
- effects of adopting FRS 112	-	-	-	-	-	715	715	208	923
At 1 April 2008, restated but before opening balance adjustment	100	13,332	(11,013)	-	12,000	187,271	201,690	22,612	224,302
- effects of adopting FRS 139	-	-	-	3,753	-	287	4,040	13	4,053
Balance at 1 April 2008, restated	100	13,332	(11,013)	3,753	12,000	187,558	205,730	22,625	228,355
Net movements from exchange differences	-	-	9,517	-	-	-	9,517	1,576	11,093
Changes in fair value of available-for-sale financial assets, net of tax	-	-	-	(5,676)	-	-	(5,676)	29	(5,647)
Net income/(expense) recognised directly in equity carried forward	-	-	9,517	(5,676)	-	-	3,841	1,605	5,446

The notes set out on pages 91 to 189 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009 (continued)

		<---------------- Attributable to shareholders of the Company ------------------>								
		<---------------Non-distributable ------------>				<----Distributable---->				
	Note	Share Capital RM Mil	Capital Reserves RM Mil	Foreign Currency Translation Reserve RM Mil	Available-for-sale Reserve RM Mil	General Reserve RM Mil	Retained Profits RM Mil	Total RM Mil	Minority Interest RM Mil	Total Equity RM Mil
Net income/(expense) recognised directly in equity brought forward		-	-	9,517	(5,676)	-	-	3,841	1,605	5,446
Profit for the year		-	-	-	-	-	52,546	52,546	6,518	59,064
Total recognised income/(expense) for the year		-	-	9,517	(5,676)	-	52,546	56,387	8,123	64,510
Share of reserves of associates and jointly controlled entities		-	(34)	-	-	-	-	(34)	-	(34)
Transfer to capital reserves		-	2	-	-	-	(2)	-	-	-
Acquisition of minority interest		-	-	-	-	-	-	-	(31)	(31)
Dividends	33	-	-	-	-	-	(30,000)	(30,000)	(5,711)	(35,711)
Balance at 31 March 2009		100	13,300	(1,496)	(1,923)	12,000	210,102	232,083	25,006	257,089

The notes set out on pages 91 to 189 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 RM Mil	2008 RM Mil
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**265,851**	216,452
Cash paid to suppliers and employees		**(139,635)**	(122,520)
		126,216	93,932
Interest income from fund and other investments		**3,257**	4,273
Interest expenses paid		**(2,504)**	(2,279)
Taxation paid		**(30,015)**	(25,064)
Net cash generated from operating activities		**96,954**	70,862
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities	34	**(48,847)**	(44,154)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities	35	**(33,982)**	(24,598)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**14,125**	2,110
(INCREASE)/DECREASE IN DEPOSITS RESTRICTED		**(11)**	80
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**80,661**	78,471
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**94,775**	80,661
CASH AND CASH EQUIVALENTS			
Cash and bank balances and deposits	17	**91,147**	80,654
Negotiable certificate of deposits	13	**4,571**	805
Bank overdrafts	25	**(155)**	(21)
		95,563	81,438
Less: Deposits restricted	17	**(788)**	(777)
		94,775	80,661

The notes set out on pages 91 to 189 are an integral part of these financial statements.

BALANCE SHEET AT 31 MARCH 2009

	Note	2009 RM Mil	2008 RM Mil
ASSETS			
Property, plant and equipment	3	**1,932**	1,915
Prepaid lease payments	7	**68**	70
Investments in subsidiaries	8	**28,942**	20,802
Investments in associates	9	**1,038**	1,042
Investments in jointly controlled entities	10	**1,904**	1,058
Long term receivables	12	**67,278**	54,137
Fund and other investments	13	**76**	103
Deferred tax assets	15	**1,416**	890
TOTAL NON-CURRENT ASSETS		**102,654**	80,017
Trade and other inventories	19	**34**	98
Trade and other receivables	20	**9,674**	15,213
Fund and other investments	13	**41,065**	30,727
Cash and cash equivalents	17	**45,597**	45,479
TOTAL CURRENT ASSETS		**96,370**	91,517
TOTAL ASSETS		**199,024**	171,534
EQUITY			
Share capital	22	**100**	100
Reserves	23	**137,130**	114,267
TOTAL EQUITY		**137,230**	114,367
LIABILITIES			
Borrowings	25	**15,192**	15,689
Other long term liabilities and provisions	27	**19,468**	16,239
TOTAL NON-CURRENT LIABILITIES		**34,660**	31,928
Trade and other payables	28	**4,516**	7,663
Borrowings	25	**2,342**	549
Taxation		**14,276**	11,027
Dividend payable		**6,000**	6,000
TOTAL CURRENT LIABILITIES		**27,134**	25,239
TOTAL LIABILITIES		**61,794**	57,167
TOTAL EQUITY AND LIABILITIES		**199,024**	171,534

The notes set out on pages 91 to 189 are an integral part of these financial statements.

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 RM Mil	2008 RM Mil
Revenue		**115,348**	101,703
Cost of revenue		**(48,238)**	(43,415)
Gross profit	29	**67,110**	58,288
Selling and distribution expenses		**(392)**	(432)
Administration expenses		**(2,623)**	(3,160)
Other expenses		**(2,528)**	(3,214)
Other income		**8,777**	2,584
Operating profit	30	**70,344**	54,066
Financing costs		**(1,325)**	(967)
Profit before taxation		**69,019**	53,099
Tax expense	32	**(19,183)**	(17,441)
PROFIT FOR THE YEAR		**49,836**	35,658

The notes set out on pages 91 to 189 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009

		<---------Non-distributable-------->		<-------Distributable---------->		
	Note	Share Capital RM Mil	Available-for-sale Reserve RM Mil	General Reserve RM Mil	Retained Profits RM Mil	Total Equity RM Mil
Balance at 1 April 2007		100	-	12,000	90,609	102,709
Profit for the year		-	-	-	35,658	35,658
Dividends	33	-	-	-	(24,000)	(24,000)
Balance at 31 March 2008		100	-	12,000	102,267	114,367
Balance at 1 April 2008						
- as previously reported		100	-	12,000	102,267	114,367
- effects of adopting FRS 139		-	10	-	3,039	3,049
Balance at 1 April 2008, restated		100	10	12,000	105,306	117,416
Changes in fair value of available-for-sale financial assets net of tax, representing net expense recognised directly in equity		-	(22)	-	-	(22)
Profit for the year		-	-	-	49,836	49,836
Total recognised (expense) /income for the year		-	(22)	-	49,836	49,814
Dividends	33	-	-	-	(30,000)	(30,000)
Balance at 31 March 2009		100	(12)	12,000	125,142	137,230

The notes set out on pages 91 to 189 are an integral part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 RM Mil	2008 RM Mil
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**102,564**	78,852
Cash paid to suppliers and employees		**(47,328)**	(48,654)
		55,236	30,198
Interest income from fund and other investments		**3,083**	2,978
Interest expenses paid		**(30)**	(18)
Taxation paid		**(15,266)**	(12,942)
Net cash generated from operating activities		**43,023**	20,216
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities	34	**(8,523)**	(1,816)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities	35	**(30,616)**	(24,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,884**	(5,600)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**46,284**	51,884
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**50,168**	46,284
CASH AND CASH EQUIVALENTS			
Cash and bank balances and deposits	17	**45,597**	45,479
Negotiable certificate of deposits	13	**4,571**	805
		50,168	46,284

The notes set out on pages 91 to 189 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

As of 1 April 2008, the Group and the Company have adopted the following FRSs:

(i) FRS 107, *Cash Flow Statements;*

(ii) FRS 111, *Construction Contracts;*

(iii) FRS 112, *Income Taxes;*

(iv) FRS 118, *Revenue;*

(v) FRS 134, *Interim Financial Reporting; and*

(vi) FRS 137, *Provisions, Contingent Liabilities and Contingent Assets.*

As of 1 April 2008, the Group and the Company have also early adopted the following FRS and Statements of Interpretation which are effective for annual periods beginning on or after 1 January 2010:

(i) FRS 139, *Financial Instruments: Recognition and Measurement;*

(ii) IC Interpretation 9, *Reassessment of Embedded Derivatives;* and

(iii) IC Interpretation 10, *Interim Financial Reporting and Impairment.*

The adoption of these standards other than FRS 112 and FRS 139, did not have material impact on these financial statements.

The principal changes in accounting policies and their effects resulting from the adoption of FRS 112 and FRS 139 are set out in note 37 and note 46.

In this set of financial statements, the Group and the Company have not chosen to early adopt the following FRSs, Amendments to FRS and Statements of Interpretations which are effective for annual periods beginning on or after 1 January 2010:

(i) FRS 4, *Insurance Contracts;*

(ii) FRS 7, *Financial Instruments: Disclosures;*

(iii) FRS 123, *Borrowing Costs;*

(iv) Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate;*

(v) IC Interpretation 13, *Customer Loyalty Programme*; and

(vi) IC Interpretation 14 FRS 119, *The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction.*

Initial application of these FRSs, Amendments to FRS and Statements of Interpretation for the Group and the Company will be effective from annual period beginning 1 April 2010. By virtue of the exemption in paragraph 41AA of FRS 4 and paragraph 44AB of FRS 7, the impact of applying FRS 4 and FRS 7 respectively on the financial statements upon first adoption of these standards as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed.

The adoption of other FRS, Amendments to FRS and Statements of Interpretation are not expected to have any material impact on the financial statements of the Group and of the Company in the period of initial application.

The Malaysian Accounting Standards Board has also issued the following FRS, Amendments to FRS and Statement of Interpretation which are effective for annual periods beginning on or after 1 January 2010 (unless otherwise stated), but for which are not relevant to the operations of the Group and the Company and hence, no further disclosure is warranted:

(i) FRS 8, *Operating Segments* (effective for annual periods beginning on or after 1 July 2009);

(ii) Amendments to FRS 2, *Share-based Payment; Vesting Conditions and Cancellations*; and

(iii) IC Interpretation 11 FRS 2, *Group and Treasury Transactions.*

The financial statements were approved and authorised for issue by the Board of Directors on 27 May 2009.

1.2 Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis except that, as disclosed in the accounting policies below, certain items are measured at fair value.

1.3 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group and the Company's financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

1.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

(i) Note 3 : Property, Plant and Equipment;

(ii) Note 11 : Intangible Assets;

(iii) Note 15 : Deferred Tax;

(iv) Note 16 : Retirement Benefits;

(v) Note 27 : Other Long Term Liabilities and Provisions; and

(vi) Note 42 : Financial Instruments.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

2.1 Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All inter-company transactions are eliminated on consolidation and revenue and profits relate to external transactions only. Unrealised losses resulting from intercompany transactions are also eliminated unless cost cannot be recovered.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

2.2 Associates

Associates are entities in which the Group has significant influence including representation on the Board of Directors, but not control or joint control, over the financial and operating policies of the investee company.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of post-acquisition profits or losses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of post-acquisition reserves and retained profits less losses is added to the carrying value of the investment in the consolidated balance sheet. These amounts are taken from the latest audited financial statements or management financial statements of the associates.

When the Group's share of post-acquisition losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Unrealised profits arising from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially, unless cost cannot be recovered.

2.3 Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in note 2.2.

2.4 Property, plant and equipment and depreciation

Freehold land and projects-in-progress are stated at cost and are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the assets to working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The net book value of the replaced item of property, plant and equipment is derecognised with any corresponding gain or loss recognised in the income statement accordingly. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property at cost.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at cost.

Depreciation for property, plant and equipment other than freehold land, oil and gas properties and projects-in-progress, is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Depreciation of producing oil and gas properties is computed based on the unit of production method using total proved reserves for capitalised acquisition costs and total proved and probable developed reserves for capitalised exploration and development costs.

Lease properties are depreciated over the lease term or the estimated useful lives, whichever is shorter.

The estimated useful lives of the other property, plant and equipment are as follows:

Buildings	14 - 50 years
Plant	3 - 67 years
Expendable capital improvements	3 years
Office equipment, furniture and fittings	5 - 10 years
Other plant and equipment	3 - 50 years
Computer software and hardware	5 years
Motor vehicles	3 - 5 years
Vessels	20 years

Estimates in respect of certain items of property, plant and equipment were revised during the year (refer note 3).

Property, plant and equipment individually costing less than RM5,000 are expensed off in the year of purchase.

The depreciable amount is determined after deducting residual value. The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, period and method of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

2.5 Investment properties

Investment properties are properties which are owned either to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Freehold land and land improvements are stated at cost and are not depreciated. Other investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in note 2.4.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of 10 to 50 years for buildings.

2.6 Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses, if any. Cost includes acquisition cost of land and attributable development expenditure.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate costs as allowed by FRS 201_{2004}, *Property Development Activities.*

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land, all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities and interest expenses incurred during the period of active development.

Property development cost not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is shown as amount due from contract customers under trade and other receivables and the excess of billings to purchasers over revenue recognised in the income statement is shown as amount due to contract customers under trade and other payables.

2.7 Leased assets

(i) Finance lease

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the balance sheet as borrowings.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Contingent lease payments, if any, are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

All leases that do not transfer substantially to the Group and the Company all the risks and rewards incidental to ownership are classified as operating leases.

Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(iii) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

Leasehold land is classified into long lease and short lease. Long lease is defined as a lease with an unexpired lease period of fifty years or more. Short lease is defined as a lease with an unexpired lease period of less than fifty years.

2.8 Investments

Long term investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment loss, if any, in the Company's financial statements.

The carrying amount of these investments includes fair value adjustments on shareholder's loans and advances, if any (note 2.12(i)).

2.9 Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and jointly controlled entities.

Goodwill arising from acquisitions prior to 1 April 2006 represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities of the acquiree.

Goodwill arising from acquisitions beginning 1 April 2006 represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities and contingent liabilities of the acquiree.

When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

Goodwill is initially measured at cost. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is reviewed for impairment when there is objective evidence of impairment.

(ii) Purchased goodwill

Purchased goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets acquired.

Purchased goodwill is initially measured at cost. Following the initial recognition, purchased goodwill is measured at cost less any accumulated impairment losses. Purchased goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(iii) Exploration expenditure

Intangible assets also include expenditure on the exploration for and evaluation of oil and natural gas resources (hereinafter collectively referred to as "exploration expenditure"). The accounting policy for exploration expenditure is described separately in note 2.10.

(iv) Other intangible assets

Intangible assets other than goodwill, purchased goodwill and exploration expenditure are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair values as at the date of acquisition.

Following initial recognition, intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised in the income statement on a straight line basis over the estimated economic useful lives, other than certain recoverable expenditure which is amortised based on actual costs recovered. The amortisation method and the useful life for intangible assets are reviewed at least at each balance sheet date. Intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses. These intangible assets are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

2.10 Exploration and development expenditure

The Group follows the successful efforts method of accounting for the exploration and development expenditure.

(i) Exploration expenditure

Costs directly associated with an exploration well, including license acquisition and drilling costs, are initially capitalised as intangible assets until the results have been evaluated.

If a well does not result in successful discovery of economically recoverable volume of hydrocarbons, such costs are written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells, are likely to be capable of commercial development under prevailing economic conditions, the costs continue to be carried as intangible assets. All such carried costs are reviewed at least once a year to determine whether the reserves found or appraised remain economically viable. When this is no longer the case, the costs are written off.

Where development plan is commercially viable and approved by the relevant authorities, the related exploration and evaluation costs are transferred to projects-in-progress in property, plant and equipment.

(ii) Development expenditure

Development expenditure comprises all costs incurred in bringing a field to commercial production and is capitalised as incurred. The amount capitalised includes attributable interests and other financing costs incurred on significant exploration and development before commencement of production.

Upon commencement of production, the exploration and development expenditure initially capitalised as projects-in-progress are transferred to oil and gas properties, and are depreciated as described in the accounting policy for property, plant and equipment (note 2.4).

2.11 Non-current assets held for sale

Non-current assets and disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Immediately before classification as held for sale, the assets (or all the assets and liabilities in a disposal group) are remeasured in accordance with the Group's applicable accounting policies. Thereafter, on initial classification as held for sale, the assets or disposal groups are measured at the lower of carrying amount and fair value less cost to sell. Any differences are charged to the income statement.

Property, plant and equipment and investment properties once classified as held for sale are not depreciated.

2.12 Non-derivative financial instruments

(i) Financial assets

Initial recognition

Financial assets within the scope of FRS 139 are classified as loans and receivables, available-for-sale financial assets, financial assets at fair value through profit or loss, held-to-maturity investments or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of financial assets at initial recognition.

Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, any directly attributable transaction costs.

Purchases or sales that require delivery of assets within a timeframe established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

Fair value adjustments on shareholder's loans and advances at initial recognition, if any, are added to the carrying value of investments in the Company's financial statements.

The Group's and the Company's financial assets include cash and cash equivalents, trade and other receivables, loans and advances, investments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group and the Company, including separated embedded derivatives, unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with gains or losses recognised in the income statement. The methods used to measure fair values are stated in note 2.12(v).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are carried at amortised cost, using the effective interest rate method (note 2.12(vi)), less impairment losses.

Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group and the Company have positive intention and ability to hold the assets to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

The Group and the Company did not have any held-to-maturity investments during the year ended 31 March 2009.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. Subsequent to initial recognition, such financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recorded in equity is recognised in the income statement.

(ii) Financial liabilities

Initial recognition

Financial liabilities within the scope of FRS 139 are classified as loans and borrowings, financial liabilities at fair value through profit or loss, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value less, in the case of loans and borrowings, any directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group and the Company that do not meet the hedge accounting criteria as defined by FRS 139.

Financial liabilities at fair value through profit or loss are carried on the balance sheet at fair value with gains or losses recognised in the income statement.

Loans and borrowings

Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(iii) Financial guarantee contracts

Financial guarantee contracts issued by the Group and the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the balance sheet date and the amount recognised less cumulative amortisation.

Financial guarantee contracts are amortised on a straight-line basis over the contractual period of the debt instrument. Where the guarantee does not have a specific period, the guarantee will only be recognised when the underlying facilities are withdrawn.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment.

(vi) Amortised cost of financial instruments

Amortised cost is computed using the effective interest rate method. This method uses effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

(vii) Derecognition of financial instruments

Financial assets

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or, the Group and the Company have transferred their rights to receive cash flows from the asset or have assume an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement without retaining control of the asset or substantially all the risks and rewards of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.13 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group and the Company use derivative financial instruments such as interest rate and foreign currency swaps, forward rate contracts, futures and options, to manage certain exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the income statement.

In general, contracts to sell or purchase non–financial items to meet expected own use requirements are not accounted for as financial instruments. However, contracts to sell or purchase commodities that can be net settled or which contain written options are required to be recognised at fair value, with gains and losses taken to the income statement.

Hedge accounting

For the purpose of hedge accounting, hedges are classified as:
- fair values hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging exposure to variability in cash flows to be received or paid relating to a recognised asset or liability or a highly probable forecasted transaction; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group and the Company formally designates and documents all relationships between hedging instruments and hedged items, as well as risk management objectives and strategies for undertaking hedge transactions. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges meeting the criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity until the hedged transaction occurs, while the ineffective portion is recognised in the income statement.

Where the hedged item is a non-financial asset or liability, the amount taken to equity is transferred to the initial carrying amount of the asset or liability. For other hedged item, the amount in equity is recognised in the income statement when the hedged transaction affects profit or loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement.

Fair value hedges

A change in the fair value of a hedging instrument designated as a fair value hedge, is taken to the income statement, together with the consequential adjustment to the carrying amount of the hedged item.

For fair value hedges relating to items carried at amortised cost, the adjustment to the carrying value of the hedged item is amortised through the income statement over the remaining term to maturity. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the income statement.

Hedges of a net investment in a foreign operation

For hedges of a net investment in a foreign operation, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement when the foreign operation is sold or partially disposed.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract. Contracts are assessed for embedded derivatives when the Group or the Company becomes a party to them, including at the date of a business combination.

Embedded derivatives are measured at fair value at each balance sheet date. Any gains or losses arising from changes in fair value are taken directly to the income statement.

2.14 Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Loans and receivables

For loans and receivables carried at amortised cost, individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

Available-for-sale financial investments

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount comprising the difference between its cost and its fair value is transferred from equity to the income statement.

If, in a subsequent period, the fair value of an available for sale financial investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income statement, the impairment loss is reversed, with the amount of the reversal recognised in income statement.

Impairment losses recognised in income statement for an investment in an equity instrument classified as available for sale is not to be reversed through income statement.

(ii) Non-financial assets

The carrying amounts of assets, other than inventories, property development costs, deferred tax assets and financial assets (financial assets in this context exclude investments in subsidiaries, associates and jointly controlled entities), are reviewed at each balance sheet date to determine whether there is any indication of impairment. For certain classes of assets, the carrying amounts are reviewed more frequently if events or changes in circumstances indicate that the carrying value may be impaired, as described in the respective assets' accounting policies.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

A cash-generating-unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. An impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed in a subsequent period. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

2.15 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances, deposits with licensed financial institutions and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and deposits restricted, if any.

2.16 Amount due from contract customers

Amount due from contract customers on construction contracts is included in trade and other receivables and is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is included in trade and other payables as amount due to contract customers.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of crude oil and condensates includes costs of bringing the inventories to their present location and condition and is determined on a weighted average basis.

Cost of petroleum products includes crude oil costs, export duty, transportation charges and processing costs and is determined on a weighted average basis.

Cost of liquefied natural gas (LNG) and petrochemical products includes raw gas costs and production overheads and is determined on a weighted average basis.

Cost of material stores and spares consists of the invoiced value from suppliers and import duty charges and is determined on a weighted average basis.

Cost of developed properties held for sale consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

2.18 Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the accretion in the provision due to the passage of time is recognised as finance cost.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In particular, information about provisions that have the most significant effect on the amount recognised in the financial statements is described in note 27.

2.19 Employee benefits

(i) Short term benefits

Wages and salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes and certain other independently- administered funds which are defined contribution plans.

Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plans

The Group and the Company, other than foreign subsidiaries, contribute monthly to the PETRONAS Retirement Benefit Fund ("PETRONAS Fund") which is a funded defined benefit plan.

Contributions to the PETRONAS Fund are based on eligible employees' monthly emoluments less statutory contribution, to finance the retirement benefits payable to eligible employees. The monthly maximum tax allowable contribution is paid to the PETRONAS Fund. The excess is paid to a special account in the Company as a provision for retirement benefits.

The assets of the PETRONAS Fund are held separately from the Group and Company. The net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds. The calculation is performed by an independent actuary using the Projected Unit Credit Method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

As the eligible members of the PETRONAS Fund are mainly contracted to the Company, any shortfall of the Fund will be borne by the Company. The Company as well as its participating subsidiaries have agreed with the Trustees of the Fund to undertake such liability in respect of future contributions to the Fund which may be adjusted by the Trustees to recover such shortfall.

During the financial year, the Trustees commenced dissolution of the PETRONAS Fund and the Group and the Company ceased to contribute to the PETRONAS Fund.

Certain foreign subsidiaries also make contributions to separate retirement benefit plans, which are funded defined benefit plans and are accounted for in accordance with the above accounting policy.

(iv) Post retirement benefits

Some of the Group's foreign subsidiaries provide certain post retirement medical benefits and after service employment benefits for their eligible retired employees. These post retirement benefit plans are unfunded defined benefit plans. Actuarial valuations are performed annually with the most recent valuations being 31 March 2009.

2.20 Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current tax

Current tax expense is the expected tax payable on the taxable income for the year, using the statutory tax rates at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unused reinvestment allowances, investment tax allowances, tax losses and tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances and unused reinvestment allowances, investment tax allowances, tax losses and tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on statutory tax rates at the balance sheet date.

Deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.21 Foreign currency transactions

In preparing the financial statements of individual entities in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are translated to the functional currencies at rates of exchange ruling on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date have been retranslated to the functional currency at rates ruling on the balance sheet date.

Non-monetary assets and liabilities denominated in foreign currencies, which are measured at fair value, are retranslated to the functional currency at the foreign exchange rates ruling at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses on exchange arising from retranslation are recognised in the income statement.

On consolidation, the assets and liabilities of subsidiaries with functional currencies other than Ringgit Malaysia, are translated into Ringgit Malaysia at the exchange rates approximating those ruling at balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 April 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses are translated at the average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operation, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements only when the loan is denominated in either the functional currency of the Company or the foreign operation. These exchange differences are recognised in the consolidated income statement upon the disposal of the investment.

2.22 Financing costs

Finance costs comprise interest payable on borrowings and profit share margin on Islamic Financing Facilities, as well as any accretion in provision due to the passage of time.

All interest and other costs incurred in connection with borrowings are expensed as incurred, other than capitalised in accordance with note 2.6, note 2.10 and note 2.23. The interest component of finance lease payments is accounted for in accordance with the policy set out in note 2.7(i).

2.23 Borrowing costs and foreign currency exchange differences relating to projects-in-progress

Borrowing costs incurred on projects-in-progress which are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use, are capitalised. Capitalisation of borrowing costs will cease when the property, plant and equipment are ready for their intended use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowings will be capitalised.

Exchange differences arising from foreign currency borrowings, although regarded as an adjustment to interest costs, are not capitalised but instead recognised in the income statement in the year in which they arise.

2.24 Revenue

Revenue from sale of oil and gas and their related products are recognised in the income statement when the risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered is recognised in the income statement based on actual and estimates of work done in respect of services rendered for long term project management contracts. Work done is measured based on internal certification of project activities. Full provision is made for any foreseeable losses.

Revenue arising from shipping activities are mainly from freight income and charter income. Freight income and the relevant discharged costs of cargoes loaded onto vessels up to the balance sheet date are accrued for in the income statement based on percentage of completion method. Charter income is accrued on time accrual basis.

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to-date, bear to the estimated total property development costs. Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred. Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the income statement.

Revenue arising from assets yielding interest is recognised on a time proportion basis that takes into account the effective yield on the assets.

Revenue arising from investments yielding dividend are recognised when the shareholders' right to receive payment is established.

3. PROPERTY, PLANT AND EQUIPMENT

Group	At 1.4.2008 RM Mil	Additions RM Mil	Acquisition of subsidiaries RM Mil	Disposals/ write offs RM Mil	Transfers/ reclass RM Mil	Translation exchange difference RM Mil	At 31.3.2009 RM Mil
At cost :							
Freehold land	1,192	40	-	(11)	60	(11)	**1,270**
Lease properties	1,178	1	-	-	-	2	**1,181**
Oil and gas properties	71,723	9,722	-	(2,057)	7,477	4,140	**91,005**
Buildings	7,437	205	89	(21)	430	(58)	**8,082**
Plant	48,495	263	8	(52)	2,741	2,657	**54,112**
Expendable capital improvements	58	1	1	-	(1)	1	**60**
Office equipment, furniture and fittings	1,548	114	25	(33)	126	-	**1,780**
Other plant and equipment	13,474	786	42	(146)	498	(90)	**14,564**
Computer software and hardware	1,760	122	5	(14)	145	36	**2,054**
Motor vehicles	405	58	11	(19)	5	(5)	**455**
Vessels	29,670	1,722	-	(11)	1,325	4,397	**37,103**
Projects-in-progress							
- oil and gas properties	21,445	20,232	-	(14)	(6,261)	882	**36,284**
- other projects	8,247	6,757	9	(53)	(5,382)	564	**10,142**
	206,632	40,023	190	(2,431)	*1,163	12,515	**258,092**

* Comprises transfer from intangible assets of RM1,195,000,000 and transfer to prepaid lease payment of (RM32,000,000).

The fair value of property, plant and equipment of subsidiaries acquired during the year is presented on a gross basis, where cost is separately presented from accumulated depreciation and impairment losses.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group Accumulated depreciation and impairment losses:	At 1.4.2008 RM Mil	Charge for the year RM Mil	Acquisition of subsidiaries RM Mil	Impairment RM Mil	Disposals/ write offs RM Mil	Transfers/ reclass RM Mil	Translation exchange difference RM Mil	At 31.3.2009 RM Mil
At cost :								
Freehold land	22	-	-	-	-	-	-	**22**
Lease properties	569	53	-	(2)	-	-	(6)	**614**
Oil and gas properties	27,593	7,007	-	1,995	(676)	-	929	**36,848**
Buildings	2,134	245	43	12	(12)	3	(15)	**2,410**
Plant	25,887	2,207	8	12	(49)	(14)	1,528	**29,579**
Expendable capital improvements	52	5	-	-	-	-	1	**58**
Office equipment, furniture and fittings	1,262	105	6	-	(29)	5	-	**1,349**
Other plant and equipment	5,850	787	40	132	(116)	2	9	**6,704**
Computer software and hardware	1,367	182	4	-	(8)	2	8	**1,555**
Motor vehicles	228	46	6	3	(13)	2	(1)	**271**
Vessels	11,415	1,597	-	-	-	-	1,837	**14,849**
Projects-in-progress								
- oil and gas properties	-	-	-	1,818	-	-	-	**1,818**
- other projects	-	-	-	67	-	-	-	**67**
	76,379	12,234	107	4,037	(903)	-	4,290	**96,144**

3. **PROPERTY, PLANT AND EQUIPMENT (continued)**

Group	At 1.4.2007 RM Mil	Additions RM Mil	Acquisition of subsidiaries RM Mil	Disposals/ write offs RM Mil	Transfers/ reclass RM Mil	Adjustments RM Mil	Translation exchange difference RM Mil	At 31.3.2008 RM Mil
At cost :								
Freehold land	976	21	54	(4)	166	(2)	(19)	1,192
Lease properties	1,220	-	1	(28)	-	(4)	(11)	1,178
Oil and gas properties	59,872	2,576	3,999	(692)	8,013	107	(2,152)	71,723
Buildings	6,157	175	365	(45)	872	53	(140)	7,437
Plant	49,263	137	466	(20)	490	-	(1,841)	48,495
Expendable capital improvements	58	-	-	-	-	-	-	58
Office equipment, furniture and fittings	1,459	68	36	(75)	90	(6)	(24)	1,548
Other plant and equipment	10,583	462	1,871	(91)	848	(17)	(182)	13,474
Computer software and hardware	1,679	103	31	(80)	97	11	(81)	1,760
Motor vehicles	387	33	29	(18)	-	(3)	(23)	405
Vessels	28,115	1,050	-	(855)	3,521	(9)	(2,152)	29,670
Projects-in-progress								
- oil and gas properties	16,962	12,571	88	(3)	(7,849)	2	(326)	21,445
- other projects	8,266	6,549	86	(29)	(6,072)	(46)	(507)	8,247
	184,997	23,745	7,026	(1,940)	*176	86	(7,458)	206,632

* Comprises transfer from intangible assets of RM176,000,000.

The fair value of property, plant and equipment of subsidiaries acquired during the year is presented on a gross basis, where cost is separately presented from accumulated depreciation and impairment losses.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group Accumulated depreciation and impairment losses:	At 1.4.2007 RM Mil	Charge for the RM Mil	Acquisition of subsidiaries RM Mil	Disposals/ write offs RM Mil	Transfers/ reclass RM Mil	Adjustments RM Mil	Translation exchange difference RM Mil	At 31.3.2008 RM Mil
At cost :								
Freehold land	22	-	-	-	-	-	-	22
Lease properties	533	49	-	(7)	-	(1)	(5)	569
Oil and gas properties	22,214	5,433	942	(509)	-	(2)	(485)	27,593
Buildings	1,860	203	138	(18)	(1)	6	(54)	2,134
Plant	24,559	2,060	266	(11)	20	(20)	(987)	25,887
Expendable capital improvements	46	6	-	-	-	-	-	52
Office equipment, furniture and fittings	1,189	95	28	(37)	2	-	(15)	1,262
Other plant and equipment	5,086	733	172	(44)	(15)	14	(96)	5,850
Computer software and hardware	1,286	174	25	(50)	(2)	(1)	(65)	1,367
Motor vehicles	204	32	15	(13)	(4)	-	(6)	228
Vessels	11,463	1,346	-	(429)	-	-	(965)	11,415
Projects-in-progress								
- oil and gas properties	-	-	-	-	-	-	-	-
- other projects	-	-	-	-	-	-	-	-
	68,462	10,131	1,586	(1,118)	-	(4)	(2,678)	76,379

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	**At 1.4.2008**	**Additions**	**Disposals/ Write off**	**Transfers**	**At 31.3.2009**
At cost :	**RM Mil**	**RM Mil**	**RM Mil**	**RM Mil**	**RM Mil**
Freehold land	53	-	-	-	**53**
Lease properties	367	-	-	-	**367**
Oil and gas properties	5,345	1,353	(885)	-	**5,813**
Buildings	180	-	-	-	**180**
Expendable capital improvements	11	-	-	-	**11**
Office equipment, furniture and fittings	46	3	-	49	**98**
Other plant and equipment	10	-	-	-	**10**
Computer software and hardware	212	37	-	57	**306**
Motor vehicles	14	-	(1)	-	**13**
Projects-in-progress - other projects	268	118	(74)	(106)	**206**
	6,506	1,511	(960)	-	**7,057**

Accumulated depreciation	At 1.4.2008	Charge for the year	Disposals/ Write off	Transfers	**At 31.3.2009**
At cost :	RM Mil	RM Mil	RM Mil	RM Mil	**RM Mil**
Freehold land	-	-	-	-	-
Lease properties	293	9	-	-	**302**
Oil and gas properties	4,026	1,181	(679)	-	**4,528**
Buildings	32	3	-	-	**35**
Expendable capital improvements	11	-	-	-	**11**
Office equipment, furniture and fittings	30	5	-	-	**35**
Other plant and equipment	8	1	-	-	**9**
Computer software and hardware	181	13	-	-	**194**
Motor vehicles	10	2	(1)	-	**11**
Projects-in-progress - other projects	-	-	-	-	**-**
	4,591	1,214	(680)	-	**5,125**

3. **PROPERTY, PLANT AND EQUIPMENT (continued)**

Company **At cost :**	At 1.4.2007 RM Mil	Additions RM Mil	Disposals RM Mil	Transfers RM Mil	At 31.3.2008 RM Mil
Freehold land	53	-	-	-	53
Lease properties	367	-	-	-	367
Oil and gas properties	4,529	1,507	(691)	-	5,345
Buildings	174	-	-	6	180
Expendable capital improvements	11	-	-	-	11
Office equipment, furniture and fittings	41	5	-	-	46
Other plant and equipment	10	-	-	-	10
Computer software and hardware	243	20	(51)	-	212
Motor vehicles	16	-	(2)	-	14
Projects-in-progress - other projects	87	187	-	(6)	268
	5,531	1,719	(744)	-	6,506

Accumulated depreciation **At cost :**	At 1.4.2007 RM Mil	Charge for the year RM Mil	Disposals RM Mil	Transfers RM Mil	At 31.3.2008 RM Mil
Freehold land	-	-	-	-	-
Lease properties	283	10	-	-	293
Oil and gas properties	3,148	1,387	(509)	-	4,026
Buildings	29	3	-	-	32
Expendable capital improvements	11	-	-	-	11
Office equipment, furniture and fittings	26	4	-	-	30
Other plant and equipment	7	1	-	-	8
Computer software and hardware	197	14	(30)	-	181
Motor vehicles	9	2	(1)	-	10
Projects-in-progress - other projects	-	-	-	-	-
	3,710	1,421	(540)	-	4,591

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group Net Book Value		Company Net Book Value	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
At cost :				
Freehold land	**1,248**	1,170	**53**	53
Lease properties	**567**	609	**65**	74
Oil and gas properties	**54,157**	44,130	**1,285**	1,319
Buildings	**5,672**	5,303	**145**	148
Plant	**24,533**	22,608	-	-
Expendable capital improvements	**2**	6	-	-
Office equipment, furniture and fittings	**431**	286	**63**	16
Other plant and equipment	**7,860**	7,624	**1**	2
Computer software and hardware	**499**	393	**112**	31
Motor vehicles	**184**	177	**2**	4
Vessels	**22,254**	18,255	-	-
Projects-in-progress				
- oil and gas properties	**34,466**	21,445	-	-
- other projects	**10,075**	8,247	**206**	268
	161,948	130,253	**1,932**	1,915

Security

Property, plant and equipment of certain subsidiaries costing RM5,283,604,000 (2008: RM4,819,841,000) have been pledged as securities for loan facilities as set out in note 25 and note 26 to the financial statements.

Projects-in-progress

Included in additions to projects-in-progress is finance costs capitalised during the year of RM466,763,000 (2008: RM153,322,000).

The interest rate on borrowings capitalised ranges from 5.67% to 5.90% (2008: 4.45% to 7.25%) per annum.

Restriction of land title

The titles to certain freehold land are in the process of being registered in the subsidiaries' name.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Change in estimates

During the year, the Group revised the estimated future cost of dismantlement, removal or restoration of certain property, plant and equipment. The revision was accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year have increased by RM932,000,000 (2008: RM1,124,000,000).

Estimation of oil and gas reserves

Oil and gas reserves are key elements in the Group and the Company investment decision-making process. They are also an important element in testing for impairment. The term "reserves" describes the recoverable quantity of oil and gas volumes that are commercially viable for development given the prevailing economic situation present at the time of estimation. While it is crucial to know the quantity of these oil and gas reserves to the exact volume, in all cases, oil and gas reserves are only estimates.

Estimation of oil and gas reserves are normally conducted using industry-recognised method. Sufficient availability of key technical information are critical to ensure reserves estimates are technically sound while recognising the existence of uncertainties present in the oil and gas reservoirs. Reserves estimates are normally presented alongside the range of level of certainties namely the P1 (proved reserves; high level of certainty), P2 (probable reserves; mean level of certainty) and P3 (possible reserves; low level of certainty). Level of certainties are related to the availability and understanding of the geological and reservoir data available at the time of estimation and is normally represented in the form of probability distribution.

The Group adopts the 2P (or P1 + P2) reserves estimation approach for its reporting and investment decision making purposes. This approach is in line with the general industry-wide applications supported by the Society of Petroleum Engineers (SPE), World Petroleum Congress (WPC) and Society of Petroleum Evaluators and Estimators (SPEE).

The reserves are further subdivided into developed and undeveloped category. Developed reserves are reserves expected to be recovered through existing wells and facilities under the operating conditions that have been designed for. Whereas the undeveloped reserves are reserves to be recovered from approved and sanctioned projects and remain so until the wells are drilled and completed and ready for production which would by then be classified as developed.

In the annual reporting, these reserves may be revised based on new data that may become available (e.g. additional wells, actual production) or changes in economic parameters (e.g. cost, oil prices). These changes will eventually affect the financial and accounting measures such as the standardised measure of discounted cash flow, depreciation and amortisation charges and decommissioning provisions. Ultimately, these changes will also affect profit.

Impairment

In 2009, the Group recognised impairment losses on certain property, plant and equipment amounting to RM4,037,000,000 (2008: RMNil).

In assessing whether property, plant and equipment have been impaired, the carrying amount of each cash generating unit is compared with the recoverable amount of the cash generating unit. The recoverable amount is determined from the value in use calculations, using cash flow projections.

The Group uses a range of long term assumptions including prices, volumes, margins and costs based on past performance and management's expectations of market development. The projected cash flows were discounted using a discount rate which is typically at 10%.

4. PROPERTIES

Group	At 1.4.2008	Additions	Disposals	Transfer to investment properties	At 31.3.2009
	RM Mil	RM Mil	RM Mil	RM Mil	**RM Mil**
At cost :					
Freehold land	1,283	-	(10)	-	**1,273**
Buildings	6,140	68	(5)	-	**6,203**
Projects-in-progress	644	463	-	(203)	**904**
	8,067	531	(15)	(203)	**8,380**

	At 1.4.2008	Charge for the year	Disposals	Transfers	At 31.3.2009
	RM Mil	RM Mil	RM Mil	RM Mil	**RM Mil**
Accumulated depreciation :					
Freehold land	-	-	-	-	-
Buildings	900	112	(1)	-	**1,011**
Projects-in-progress	-	-	-	-	-
	900	112	(1)	-	**1,011**

4. **PROPERTIES (continued)**

Group	At 1.4.2007 RM Mil	Additions RM Mil	Disposals RM Mil	Transfers RM Mil	Adjustments RM Mil	At 31.3.2008 RM Mil
At cost :						
Freehold land	1,241	43	(1)	-	-	1,283
Buildings	6,090	18	(3)	13	22	6,140
Projects-in-progress	709	580	-	(632)	(13)	644
	8,040	641	(4)	*(619)	9	8,067

	At 1.4.2007 RM Mil	Charge for the year RM Mil	Disposals RM Mil	Transfers RM Mil	Adjustments RM Mil	At 31.3.2008 RM Mil
Accumulated depreciation :						
Freehold land	-	-	-	-	-	-
Buildings	783	117	-	-	-	900
Projects-in-progress	-	-	-	-	-	-
	783	117	-	-	-	900

* Comprises transfers to investment properties (RM461,000,000), assets classified as held for sale (RM151,000,000) and property development cost (RM7,000,000).

4. **PROPERTIES (continued)**

Group	Net Book Value 2009 RM Mil	Net Book Value 2008 RM Mil
At cost :		
Freehold land	**1,273**	1,283
Buildings	**5,192**	5,240
Projects-in-progress	**904**	644
	7,369	7,167

Certain properties with net book value of RM556,698,000 (2008: RM566,717,000) have been pledged as securities for loan facilities as set out in note 25 and note 26 to the financial statements.

Included in additions to projects-in-progress is finance costs capitalised during the year of RM41,459,000 (2008: RM30,624,000).

The interest rate on borrowings capitalised ranges from 5.67% to 5.90% (2008: 5.73% to 5.78%) per annum.

5. INVESTMENT PROPERTIES

Group	At 1.4.2008 RM Mil	Additions RM Mil	Acquisition of subsidiaries RM Mil	Disposal of subsidiaries RM Mil	Transfers/ reclass RM Mil	Translation exchange difference RM Mil	**At 31.3.2009 RM Mil**
At cost :							
Freehold land	984	8	2	(78)	141	1	**1,058**
Buildings	9,120	3	22	-	284	38	**9,467**
Land improvements	221	-	-	-	(221)	-	-
	10,325	11	24	(78)	*204	39	10,525

Group	At 1.4.2008 RM Mil	Charge for the year RM Mil	Acquisition of subsidiaries RM Mil	Disposal of subsidiaries RM Mil	Transfers/ reclass RM Mil	Translation exchange difference RM Mil	**At 31.3.2009 RM Mil**
Accumulated depreciation :							
Freehold land	-	-	-	-	-	-	-
Buildings	1,590	356	-	-	-	21	**1,967**
Land improvements	-	-	-	-	-	-	-
	1,590	356	-	-	-	21	**1,967**

* Comprises transfers from properties RM203,000,000 and land held for development RM1,000,000.

5. **INVESTMENT PROPERTIES (continued)**

Group	At 1.4.2007 RM Mil	Additions RM Mil	Disposals RM Mil	Transfer from properties RM Mil	Adjustments RM Mil	Translation exchange difference RM Mil	At 31.3.2008 RM Mil
At cost :							
Freehold land	931	62	(31)	23	-	(1)	984
Buildings	8,748	1	(49)	438	5	(23)	9,120
Land improvements	222	-	-	-	(1)	-	221
	9,901	63	(80)	461	4	(24)	10,325

	At 1.4.2007 RM Mil	Charge for the year RM Mil	Disposals RM Mil	Transfers RM Mil	Adjustments RM Mil	Translation exchange difference RM Mil	At 31.3.2008 RM Mil
Accumulated depreciation :							
Freehold land	-	-	-	-	-	-	-
Buildings	1,288	340	(31)	-	6	(13)	1,590
Land improvements	-	-	-	-	-	-	-
	1,288	340	(31)	-	6	(13)	1,590

5. INVESTMENT PROPERTIES (continued)

Group	Net Book Value 2009 RM Mil	2008 RM Mil
Freehold land	**1,058**	984
Buildings	**7,500**	7,530
Land improvements	**-**	221
	8,558	8,735

The Directors have estimated the fair values of investment properties as at 31 March 2009 to be RM17,659,875,000 (2008: RM15,547,012,000). The fair values have been determined by discounting the estimated future cash flows or by reference to market evidence of transaction prices for similar properties.

Certain investment properties with net book value of RM3,417,243,000 (2008: RM3,565,268,000) have been pledged as securities for loan facilities as set out in note 25 and note 26 to the financial statements.

The titles to certain freehold land are in the process of being registered in the subsidiaries' name.

6. LAND HELD FOR DEVELOPMENT

Group **2009**	Opening balance RM Mil	Additions RM Mil	Disposals/ write offs RM Mil	Transfers/ reclass RM Mil	Translation exchange difference RM Mil	**Closing balance** **RM Mil**
At cost :						
Freehold land	1,338	-	-	(17)	16	**1,337**
Leasehold land	-	2	-	48	-	**50**
Infrastructure development	423	39	-	(84)	2	**380**
	1,761	41	-	*(53)	18	**1,767**
2008						
At cost :						
Freehold land	1,407	11	(52)	(19)	(9)	1,338
Infrastructure development	445	119	(44)	(97)	-	423
	1,852	130	(96)	**(116)	(9)	1,761

The Group, through a partly-owned subsidiary, has an obligation to the Government of Malaysia (the "Government") to construct the main infrastructure for Putrajaya in consideration for the Government's transfer of freehold land to the Group, up to the equivalent value of the residential and commercial land transferred by the Government.

Infrastructure development represents the costs incurred to date on the development of the main infrastructure for Putrajaya. The Group has netted off the infrastructure development costs incurred to date amounting to RM2,086,000,000 (2008: RM2,047,000,000) with the obligation to the Government valued at RM1,462,000,000 (2008: RM1,462,000,000).

Infrastructure costs in excess of the obligation are attributed to the Group's land held for development as common development costs.

* Comprises transfers to property development costs (RM16,000,000), investment properties (RM1,000,000) and other receivables (RM36,000,000).

** Comprises transfers to property development costs (RM97,000,000) and assets held for sale (RM19,000,000).

7. PREPAID LEASE PAYMENTS

Group	At 1.4.2008 RM Mil	Additions RM Mil	Acquisition of subsidiaries RM Mil	Disposals RM Mil	Transfers/ reclass RM Mil	Translation exchange difference RM Mil	At 31.3.2009 RM Mil
At cost :							
Leasehold land							
- long lease	1,807	84	11	(13)	23	21	**1,933**
- short lease	964	9	-	(1)	(83)	2	**891**
	2,771	93	11	(14)	*(60)	23	**2,824**

	At 1.4.2008 RM Mil	Charge for the year RM Mil	Impairment RM Mil	Disposals RM Mil	Transfers/ reclass RM Mil	Translation exchange difference RM Mil	At 31.3.2009 RM Mil
Accumulated amortisation and impairment losses :							
Leasehold land							
- long lease	239	32	-	(12)	-	11	**270**
- short lease	300	28	(16)	(1)	-	2	**313**
	539	60	(16)	(13)	-	13	**583**

* Comprises transfer from property, plant and equipment RM32,000,000 and transfer to trade and other receivables (RM92,000,000).

7. PREPAID LEASE PAYMENTS (continued)

Group	At 1.4.2007 RM Mil	Additions RM Mil	Disposals RM Mil	Transfer to long term receivables RM Mil	Adjustments RM Mil	Translation exchange difference RM Mil	At 31.3.2008 RM Mil
At cost :							
Leasehold land							
- long lease	1,731	116	(1)	(24)	1	(16)	1,807
- short lease	932	75	(4)	(37)	6	(8)	964
	2,663	191	(5)	(61)	7	(24)	2,771

	At 1.4.2007 RM Mil	Charge for the year RM Mil	Disposals RM Mil	Transfers RM Mil	Adjustments RM Mil	Translation exchange difference RM Mil	At 31.3.2008 RM Mil
Accumulated amortisation :							
Leasehold land							
- long lease	205	23	-	-	17	(6)	239
- short lease	294	29	(3)	-	(14)	(6)	300
	499	52	(3)	-	3	(12)	539

7. PREPAID LEASE PAYMENTS (continued)

Company	At 1.4.2008 RM Mil	Additions RM Mil	**At 31.3.2009 RM Mil**
At cost :			
Leasehold land			
- long lease	69	-	**69**
- short lease	30	-	**30**
	99	-	**99**

	At 1.4.2008 RM Mil	Charge for the year RM Mil	**At 31.3.2009 RM Mil**
Accumulated amortisation :			
Leasehold land			
- long lease	10	1	**11**
- short lease	19	1	**20**
	29	2	**31**

	At 1.4.2007 RM Mil	Additions RM Mil	At 31.3.2008 RM Mil
At cost :			
Leasehold land			
- long lease	69	-	69
- short lease	30	-	30
	99	-	99

	At 1.4.2007 RM Mil	Charge for the year RM Mil	At 31.3.2008 RM Mil
Accumulated amortisation :			
Leasehold land			
- long lease	9	1	10
- short lease	18	1	19
	27	2	29

	Group		Company	
	2009 RM Mil	2008 RM Mil	**2009 RM Mil**	2008 RM Mil
Carrying amount :				
Leasehold land				
- long lease	**1,663**	1,568	**58**	59
- short lease	**578**	664	**10**	11
	2,241	2,232	**68**	70

The titles to certain leasehold land are in the process of being registered in the subsidiaries' name. Certain long term leasehold land of the Group cannot be disposed of, charged or sub-leased without the prior consent of the Johor State Government.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2009 RM Mil	Company 2008 RM Mil
Investments at cost		
- quoted shares		
- in Malaysia	**4,116**	4,116
- unquoted shares	**18,297**	17,230
Fair value adjustments on loans and advances and financial guarantee	**6,958**	-
	29,371	21,346
Less: Impairment losses		
- unquoted shares	**(429)**	(544)
	28,942	20,802
Market value of quoted shares	**37,052**	39,442

Details of significant subsidiaries are stated in note 43 to the financial statements.

9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2009 RM Mil	2008 RM Mil	**2009 RM Mil**	2008 RM Mil
Investments at cost				
- quoted shares				
- in Malaysia	**256**	256	**302**	302
- unquoted shares	**2,897**	3,097	**736**	740
Share of post-acquisition profits and reserves	**2,835**	2,420	-	-
	5,988	5,773	**1,038**	1,042
Less: Impairment losses				
- unquoted shares	**(76)**	(59)	-	-
	5,912	5,714	**1,038**	1,042
Market value of quoted shares	**754**	800	**754**	800
Summary of financial information on associates :				
Total assets (100%)	**30,533**	26,931	**3,815**	4,266
Total liabilities (100%)	**(16,018)**	(15,179)	**(660)**	(810)
Revenue (100%)	**12,804**	13,994	**3,594**	4,642
Profit/ (Loss) (100%)	**3,107**	3,483	**(3)**	548
Contingent liabilities:				
Guarantees extended to third parties	**(5)**	(4)	-	-

Details of significant associates are stated in note 44 to the financial statements.

10. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Investments at cost				
- unquoted shares	**1,510**	1,366	**1,160**	1,142
Fair value adjustments on loans and advances and financial guarantee	**1,419**	-	**837**	-
Share of post-acquisition profits and reserves	**800**	523	**-**	-
	3,729	1,889	**1,997**	1,142
Less: Impairment losses	**(13)**	-	**(93)**	(84)
	3,716	1,889	**1,904**	1,058

	Group		Company	
	2009	2008	**2009**	2008
Summary of financial information on jointly controlled entities :				
Total assets (100%)	**15,126**	11,903	**8,425**	8,289
Total liabilities (100%)	**(11,273)**	(8,603)	**(4,674)**	(4,993)
Revenue (100%)	**6,796**	6,492	**6,404**	6,222
Profit (100%)	**244**	599	**220**	562
Contingent liabilities:				
Guarantees extended to third parties	**-**	(1)	**-**	(1)
Claims filed by/disputes with various parties	**(2)**	-	**(2)**	-

The Group's share of the current year and cumulative losses of certain jointly controlled entities amounting to RM27,389,000 (2008: RM20,382,000) and RM168,025,000 (2008: RM140,636,000) respectively have not been recognised in the Group's income statement as equity accounting has ceased when the Group's share of losses of these jointly controlled entities exceeded the carrying amount of its investment in these jointly controlled entities. The investments in these jointly controlled entities have been fully impaired for in the income statement.

Details of significant jointly controlled entities are stated in note 45 to the financial statements.

11. INTANGIBLE ASSETS

Group At cost :	At 1.4.2008 RM Mil	Additions RM Mil	Write-offs RM Mil	Transfer to property, plant and equipment RM Mil	Translation exchange difference RM Mil	At 31.3.2009 RM Mil
Goodwill on consolidation	5,497	40	-	-	(50)	**5,487**
Purchased goodwill	34	-	-	-	-	**34**
Exploration expenditure	8,449	4,875	(2,327)	(1,195)	667	**10,469**
Other intangible assets	4,259	98	(164)	-	(31)	**4,162**
	18,239	5,013	(2,491)	(1,195)	586	**20,152**

Accumulated amortisation and impairment losses :	At 1.4.2008 RM Mil	Amortisation for the year RM Mil	Write-offs RM Mil	Impairment loss RM Mil	Translation exchange difference RM Mil	At 31.3.2009 RM Mil
Goodwill on consolidation	157	-	-	-	(1)	**156**
Purchased goodwill	7	-	-	2	-	**9**
Exploration expenditure	21	-	(21)	-	-	-
Other intangible assets	2,805	188	(1)	-	(17)	**2,975**
	2,990	188	(22)	2	(18)	**3,140**

11. INTANGIBLE ASSETS (continued)

Group **At cost :**	At 1.4.2007 RM Mil	Additions RM Mil	Acquisition of subsidiaries RM Mil	Write-offs RM Mil	Transfer to property, plant and equipment RM Mil	Adjustments RM Mil	Translation exchange difference RM Mil	At 31.3.2008 RM Mil
Goodwill on consolidation	1,324	4,364	-	-	-	(156)	(35)	5,497
Purchased goodwill	35	-	-	-	-	-	(1)	34
Exploration expenditure	5,505	4,021	242	(813)	(176)	(1)	(329)	8,449
Other intangible assets	3,001	15	1,418	(12)	-	(1)	(162)	4,259
	9,865	8,400	1,660	(825)	(176)	(158)	(527)	18,239

Accumulated amortisation and impairment losses :	At 1.4.2007 RM Mil	Amortisation for the year RM Mil	Acquisition of subsidiaries RM Mil	Write-offs RM Mil	Impairment loss RM Mil	Adjustments RM Mil	Translation exchange difference RM Mil	At 31.3.2008 RM Mil
Goodwill on consolidation	325	-	-	-	-	(164)	(4)	157
Purchased goodwill	6	-	-	-	1	-	-	7
Exploration expenditure	-	-	-	-	21	-	-	21
Other intangible assets	2,004	418	515	(9)	-	-	(123)	2,805
	2,335	418	515	(9)	22	(164)	(127)	2,990

11. INTANGIBLE ASSETS (continued)

	Carrying Amounts	
	2009	2007
	RM Mil	**RM Mil**
Group		
Goodwill on consolidation	**5,331**	5,340
Purchased goodwill	**25**	27
Exploration expenditure	**10,469**	8,428
Other intangible assets	**1,187**	1,454
	17,012	15,249

Impairment review of goodwill on consolidation

Included in goodwill on consolidation is an amount of RM3,986,000,000 (2008: RM3,986,000,000) arising from the acquisition of PETRONAS Lubricants Italy S.p.A Group in the previous year. The recoverable amount of this goodwill on consolidation is determined based on a “value in use” calculation. The “value in use” was determined by using the discounted cash flow method based on management’s business plan cash flow projections for 5 financial years from 2010 to 2014, adjusted with an estimated terminal value. The cash flow assumes a long term growth rate of 2.4% and is discounted to present value using discount rate of between 7.7% and 8.5%.

The “value in use” of other goodwill on consolidation is derived from the respective acquired subsidiaries’ business plan cash flow projections for 5 financial years and extrapolated using long term average growth rate of the respective industries those subsidiaries are engaged in. These cash flows are discounted to present value using discount rate of 10%.

12. LONG TERM RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Term loans and advances:				
Loans and advances due from subsidiaries	-	-	**62,810**	49,453
Derivative assets (note 14)	-	-	**418**	-
Derivative liabilities (note 14)	-	-	**(142)**	-
Term loans due from subsidiaries	-	-	**4,153**	4,768
Loans and advances due from associates and jointly controlled entities	**1,343**	2,200	**204**	151
Term loans due from associates and jointly controlled entities	**205**	223	**202**	220
	1,548	2,423	**67,645**	54,592
Retirement benefits (note 16)	**124**	147	-	-
Other receivables	**1,197**	851	-	-
	2,869	3,421	**67,645**	54,592
Less: Impairment losses				
- Term loans and advances	**(14)**	(5)	**(199)**	(331)
- Other receivables	**(315)**	-	-	-
	2,540	3,416	**67,446**	54,261
Repayable within twelve months (note 20)	**112**	75	**168**	124
Repayable after twelve months	**2,428**	3,341	**67,278**	54,137
	2,540	3,416	**67,446**	54,261

Included in the Company's loans and advances due from subsidiaries is an amount of RM31,419,890,000 (2008: RM25,588,295,000), which bears interest at rates ranging from 2.94% to 8.64% (2008: 4.00% to 8.38%) per annum.

Included in the Company's loans and advances due from associates and jointly controlled entities is an amount of RM189,744,000 (2008: RM137,852,000), which bears interest at rates ranging from 1.88% to 6.17% (2008: 4.14% to 6.82%) per annum.

Included in the Group's loans and advances due from associates and jointly controlled entities is an amount of RM1,001,607,000 (2008: RM1,324,176,000), which bears interest at rates ranging from 1.88% to 10.00% (2008: 3.33% to 10.00%) per annum.

Term loans due from subsidiaries, associates and jointly controlled entities were on-lending of term loans obtained by the Company, on terms and conditions similar as those of the principal loan agreements entered into by the Company.

13. FUND AND OTHER INVESTMENTS

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Non current				
Other investments				
Loans and receivables				
Other unquoted securities	**536**	468	-	-
Available-for-sale				
Quoted shares				
- in Malaysia	**295**	200	-	-
- outside Malaysia	**9,365**	8,510	-	-
Unquoted shares	**375**	331	**76**	103
	10,035	9,041	**76**	103
Less: Impairment losses				
Unquoted shares	-	(12)	-	-
	10,035	9,029	**76**	103
	10,571	9,497	**76**	103
Current				
Other investments				
Available-for-sale				
Quoted shares				
- in Malaysia	**171**	282	**174**	285
Negotiable Certificate of Deposits	**4,055**	320	**4,055**	320
Unquoted Corporate Commercial Papers	**102**	2,078	**102**	2,078
	4,328	2,680	**4,331**	2,683
Fair value through profit or loss				
Negotiable Certificate of Deposits	**516**	485	**516**	485
Loan Stock	**26**	-	-	-
Unquoted Corporate Private Debt Securities	**1,368**	1,157	**2,577**	2,288
Other unquoted securities	**515**	869	**168**	110
	2,425	2,511	**3,261**	2,883
Balance carried forward	**6,753**	5,191	**7,592**	5,566

13. FUND AND OTHER INVESTMENTS (continued)

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Balance brought forward	**6,753**	5,191	**7,592**	5,566
Fund investments				
Available-for-sale				
Treasury Bills	**27,223**	20,424	**27,223**	20,424
Fair value through profit or loss				
Quoted shares				
- in Malaysia	**314**	210	**314**	210
- outside Malaysia	**53**	82	-	-
Quoted securities				
- outside Malaysia	**1,140**	1,033	**1,126**	1,021
Malaysian Government Securities	**4,855**	3,541	**4,810**	3,506
	6,362	4,866	**6,250**	4,737
	33,585	25,290	**33,473**	25,161
	40,338	30,481	**41,065**	30,727
Market value of quoted investments:				
Non current other investments				
Quoted shares	**9,660**	12,611	-	-
Current other investments				
Quoted shares	**171**	292	**174**	294
Current fund investments				
Quoted shares	**367**	312	**314**	231
Quoted securities	**1,140**	1,036	**1,126**	1,022
Malaysian Government Securities	**4,855**	3,550	**4,810**	3,515
Treasury Bills	**27,223**	20,424	**27,223**	20,424

14. DERIVATIVE ASSETS/LIABILITIES

	Note	Group 2009 RM Mil	Group 2008 RM Mil	Company 2009 RM Mil	Company 2008 RM Mil
Derivative assets					
Derivatives designated as hedging instruments					
Commodity swaps		**5**	-	-	-
Forward foreign exchange		**1,677**	-	**2,078**	-
		1,682	-	**2,078**	-
Included within:					
Trade and other receivables	20	**24**	-	**2**	-
Long term receivables	12	-	-	**418**	-
Borrowings	25	**1,658**	-	**1,658**	-
		1,682	-	**2,078**	-
Derivative liabilities					
Derivatives designated as hedging instruments					
Commodity swaps		**(146)**	-	-	-
Interest rate swaps		**(106)**	-	-	-
Forward foreign exchange		**(42)**	-	**(147)**	-
Forward oil price contracts		**(28)**	-	-	-
		(322)	-	**(147)**	-
Included within:					
Trade and other payables	28	**(216)**	-	**(5)**	-
Long term receivables	12	-	-	**(142)**	-
Other long term liabilities and provisions	27	**(106)**	-	-	-
		(322)	-	**(147)**	-

In the normal course of business, the Group and the Company enter into derivative financial instruments to manage their normal business exposures in relation to commodity prices, foreign currency exchange rates and interest rates, including management of the balance between floating rate and fixed rate debt, consistent with risk management policies and objectives.

The calculation of fair value for derivative financial instruments depends on the type of instruments. The fair value of derivative interest rate contract (e.g. interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward foreign currency exchange contracts is based on forward exchange rates.

14. DERIVATIVE ASSETS/LIABILITIES (continued)

An analysis of the maturity period of the Group's and the Company's derivative financial instruments are represented in the following table:

Group	Total RM Mil	Under 1 year RM Mil	1 - 2 years RM Mil	2 - 5 years RM Mil	Over 5 years RM Mil
2009					
Derivative assets	1,682	1,299	-	383	-
Derivative liabilities	(322)	(216)	-	-	(106)
	1,360	1,083	-	383	(106)

2008: Nil

Company	Total RM Mil	Under 1 year RM Mil	1 - 2 years RM Mil	2 - 5 years RM Mil	Over 5 years RM Mil
2009					
Derivative assets	2,078	1,277	-	801	-
Derivative liabilities	(147)	(5)	-	(142)	-
	1,931	1,272	-	659	-

2008: Nil

15. DEFERRED TAX

The components and movements of deferred tax liabilities and assets during the the financial year prior to offsetting are as follows:

Group	At 1.4.2008 Opening balance RM Mil	At 1.4.2008 Effect of adopting FRS 139 RM Mil	At 1.4.2008 Restated RM Mil	Charged/ (credited) to income statement RM Mil	Acquisition of subsidiaries RM Mil	Translation exchange difference RM Mil	At 31.3.2009 RM Mil
Deferred tax liabilities							
Property, plant and equipment	11,456	-	11,456	239	-	239	**11,934**
Properties	49	-	49	96	-	3	**148**
Other items	20	87	107	36	16	(108)	**51**
	11,525	87	11,612	371	16	134	**12,133**
Deferred tax assets							
Property, plant and equipment	(386)	-	(386)	361	-	-	**(25)**
Unused tax losses	(954)	-	(954)	(889)	-	19	**(1,824)**
Unabsorbed capital allowances	(477)	(19)	(496)	(345)	-	-	**(841)**
Unused reinvestment allowances	(219)	-	(219)	146	-	-	**(73)**
Unused investment tax allowances	(492)	-	(492)	116	-	-	**(376)**
Other items	(533)	(24)	(557)	(351)	(1)	150	**(759)**
	(3,061)	(43)	(3,104)	(962)	(1)	169	**(3,898)**

15. DEFERRED TAX (continued)

	At 1.4.2007 RM Mil	Charged/ (credited) to income statement RM Mil	Acquisition of subsidiaries RM Mil	Translation exchange differences RM Mil	Adjustments RM Mil	At 31.3.2008 RM Mil (Restated)
Group						
Deferred tax liabilities						
Property, plant and equipment	10,128	724	897	(255)	(38)	11,456
Properties	54	(10)	-	(2)	7	49
Other items	-	102	20	8	(110)	20
	10,182	816	917	(249)	(141)	11,525
Deferred tax assets						
Property, plant and equipment	(448)	(3)	(16)	1	80	(386)
Unused tax losses	(403)	(706)	(11)	2	164	(954)
Unabsorbed capital allowances	(666)	162	-	-	27	(477)
Unused reinvestment allowances	(368)	149	-	-	-	(219)
Unused investment tax allowances	(429)	(63)	-	-	-	(492)
Other items	(347)	4	(103)	27	(114)	(533)
	(2,661)	(457)	(130)	30	157	(3,061)

15. DEFERRED TAX (continued)

Company	At 1.4.2008 RM Mil	Charged/ (credited) to income statement RM Mil	**At 31.3.2009 RM Mil**
Deferred tax assets			
Property, plant and equipment	(9)	21	**12**
Unused tax losses	(777)	(528)	**(1,305)**
Other provisions	(97)	(33)	**(130)**
Other items	(7)	14	**7**
	(890)	(526)	**(1,416)**

	At 1.4.2007 RM Mil	Charged/ (credited) to income statement RM Mil	At 31.3.2008 RM Mil
Deferred tax liabilities			
Other items	4	(4)	-
Deferred tax assets			
Property, plant and equipment	(18)	9	(9)
Unused tax losses	-	(777)	(777)
Other provisions	(75)	(22)	(97)
Other items	(29)	22	(7)
	(122)	(768)	(890)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting, are as follows:

	Group		Company	
	2009 RM Mil	2008 RM Mil (Restated)	**2009 RM Mil**	2008 RM Mil
Deferred tax assets				
Deferred tax liabilities	**1,309**	17	-	-
Deferred tax assets	**(3,728)**	(1,301)	**(1,416)**	(890)
	(2,419)	(1,284)	**(1,416)**	(890)
Deferred tax liabilities				
Deferred tax liabilities	**10,824**	11,508	-	-
Deferred tax assets	**(170)**	(1,760)	-	-
	10,654	9,748	-	-

15. DEFERRED TAX (continued)

No deferred tax has been recognised for the following items:

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
		(Restated)		
Deductible temporary differences	**-**	276	**-**	-
Unabsorbed capital allowances	**436**	642	**-**	-
Unused tax losses	**488**	1,102	**-**	-
Unused investment tax allowances	**2**	-	**-**	-
	926	2,020	**-**	-

The unabsorbed capital allowances, unused tax losses and unused investment tax allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

The Group and the Company have unused tax losses carried forward of RM7,784,000,000 (2008: RM4,918,000,000) and RM5,220,000,000 (2008: RM3,108,000,000) respectively which give rise to the recognised and unrecognised deferred tax assets above.

The Group also has unused investment tax allowances and unused reinvestment allowances of RM1,506,000,000 (2008: RM1,968,000,000) and RM292,000,000 (2008: RM876,000,000) respectively, which give rise to the recognised and unrecognised deferred tax assets above.

16. RETIREMENT BENEFITS

The amounts recognised in the balance sheet are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Present value of funded defined benefit obligations				
- defined benefit	**740**	2,547	-	1,932
Present value of unfunded defined benefit obligations				
- retirement and after service employment benefits	**52**	57	-	-
- post retirement medical aid	**152**	158	-	-
Deferred fund	-	(5)	-	(5)
Fair value of plan assets	**(963)**	(2,648)	-	(1,484)
	(19)	109	-	443
Unrecognised surplus over fair value of plan assets	-	239	-	-
Unrecognised actuarial losses	**100**	164	-	-
Net liabilities	**81**	512	-	443
Amounts in the balance sheet:				
Liabilities (note 27)	**205**	659	-	443
Assets (note 12)	**(124)**	(147)	-	-
Net liabilities	**81**	512	-	443

The amounts recognised in the income statement are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Current service cost	**84**	127	**16**	29
Interest cost	**121**	155	**15**	26
Expected return on plan assets	**(115)**	(207)	**(2)**	(29)
Payments shortfall by participating companies/(in excess) of actual obligations	-	-	**10**	(2)
Net actuarial (gains)/losses recognised in the financial year	**(407)**	173	**(388)**	165
Movement of unrecognised surplus over fair value of plan assets	**75**	(50)	-	-
Total included in employee benefits expense	**(242)**	198	**(349)**	189

16. RETIREMENT BENEFITS (continued)

Changes in the present value of defined benefit obligations are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Defined benefit obligations as at 1 April	**2,762**	2,614	**1,932**	1,676
Service cost	**84**	174	**60**	110
Interest cost	**121**	155	**57**	95
Benefits paid	**(147)**	(147)	**(81)**	(81)
Actuarial (gain)/losses	**(221)**	127	**(350)**	132
Settlement	**(1,618)**	-	**(1,618)**	-
Translation difference	**(37)**	(161)	-	-
Defined benefit obligations as at 31 March	**944**	2,762	-	1,932

Changes in the fair value of plan assets are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Fair value of plan assets at 1 April	**2,653**	2,741	**1,489**	1,397
Contributions received	**99**	106	**92**	100
Expected return on plan assets	**115**	207	**8**	106
Benefits paid	**(131)**	(144)	**(81)**	(81)
Actuarial (losses)/gains	**(177)**	(27)	**38**	(33)
Realisation	**(1,546)**	-	**(1,546)**	-
Translation difference	**(50)**	(230)	-	-
Fair value of plan assets at 31 March	**963**	2,653	-	1,489
Actual return on plan assets	**108**	180	**8**	74

16. RETIREMENT BENEFITS (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	%	%	**%**	%
Equities	**52.1**	42.2	-	25.2
Bonds	**9.6**	22.5	-	33.3
Real estate	**5.3**	1.4	-	0.3
Cash	**15.0**	26.6	-	40.9
Others	**18.0**	7.3	-	0.3
	100.0	100.0	-	100.0

In calculating the defined benefit obligations and the related current service cost and past service cost using the Projected Unit Credit Method for the Group, the following assumptions were used. The assumptions were calculated on a weighted average basis.

	2009	2008
	%	%
Discount rate	**8.8**	6.5
Expected return on plan assets	**10.0**	7.9
Expected rate of salary increase	**6.5**	6.9
Future pension cost increase	**5.3**	4.8
Inflation rate	**4.8**	3.1
Medical inflation	**7.3**	7.5

The effect of a one percentage point increase/(decrease) in medical inflation rate would be to increase/(decrease) the aggregate service cost and interest cost by approximately RM3,400,000/(RM2,700,000) (2008: RM3,000,000/(RMNil)) and the defined benefit obligation by approximately RM28,500,000/(RM23,100,000) (2008: RM30,000,000/ (RM24,000,000)).

The history of (deficit)/surplus and of experience (losses)/gains for the current and previous four financial years are as follows:

	2009	2008	2007	2006	2005
Group	**RM Mil**	RM Mil	RM Mil	RM Mil	RM Mil
Defined benefit obligation	**(944)**	(2,762)	(2,614)	(2,229)	(1,888)
Plan assets	**963**	2,653	2,741	2,790	2,392
Surplus/(deficit) in the plan	**19**	(109)	127	561	504
Experience gains/(losses)	**407**	(173)	(434)	83	109
Company					
Defined benefit obligation	-	(1,932)	(1,676)	(1,073)	(1,010)
Plan assets	-	1,489	1,397	1,333	1,218
(Deficit)/surplus in the plan	-	(443)	(279)	260	208
Experience gains/(losses)	**388**	(165)	(569)	81	86

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Non-current				
Deposits placed	**416**	210	-	-
Current				
Cash and bank balances	**4,739**	5,162	**29**	12
Deposits placed	**85,992**	75,282	**45,568**	45,467
	90,731	80,444	**45,597**	45,479
	91,147	80,654	**45,597**	45,479
Deposits with licensed financial institutions:				
Non-current				
Banks	**416**	210	-	-
Current				
Banks	**80,427**	70,090	**41,192**	43,223
Finance companies	**242**	926	**233**	213
Other corporations	**5,323**	4,266	**4,143**	2,031
	85,992	75,282	**45,568**	45,467
	86,408	75,492	**45,568**	45,467

Included in cash and bank balances of the Group are amounts of RM38,287,000 (2008: RM45,941,000) held pursuant to the requirement of the Housing Development (Housing Development Account) Regulations 2002 and are therefore restricted for certain payments only.

Included in deposits placed with licensed financial institutions of the Group is an amount of RM788,000,000 (2008: RM777,000,000) being deposits held under designated accounts for repayment of term loan and redemption of Islamic Financing Facilities. Amounts restricted or held for certain payments only, for which payments are not due within the next 12 months are presented as non-current.

18. PROPERTY DEVELOPMENT COSTS

Group	At 1.4.2008 RM Mil	Costs incurred during the year RM Mil	Costs charged to income statement RM Mil	Transfer from properties RM Mil	Transfer from land held for development RM Mil	Reversal of completed projects RM Mil	Translation exchange differences RM Mil	**At 31.3.2009 RM Mil**
Freehold land	537	-	-	-	4	(4)	-	**537**
Development costs	199	245	-	-	12	(40)	1	**417**
Less: Accumulated costs charged to income statement	8	(83)	-	-	-	44	-	**(31)**
	744	162	-	-	16	-	1	**923**

	At 1.4.2007 RM Mil	Costs incurred during the year RM Mil	Costs charged to income statement RM Mil	Transfer from properties RM Mil	Transfer from land held for development RM Mil	Reversal of completed projects RM Mil	Adjustments RM Mil	At 31.3.2008 RM Mil
Freehold land	580	6	-	-	-	(2)	(47)	537
Development costs	7	114	(10)	7	97	(11)	(5)	199
Less: Accumulated costs charged to income statement	(26)	(3)	(32)	-	-	13	56	8
	561	117	(42)	7	97	-	4	744

Included in property development costs incurred during the year is finance costs capitalised during the year of RM19,406,000 (2008: RM16,556,000).

The interest rate on the borrowings capitalised is 4.78% (2008: 6.00%) per annum.

19. TRADE AND OTHER INVENTORIES

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Crude oil and condensate	**1,440**	3,097	-	-
Petroleum products	**2,432**	3,662	**34**	98
Petrochemical products	**292**	367	-	-
Liquefied natural gas	**135**	145	-	-
Stores, spares and others	**1,978**	1,627	-	-
Developed properties held for sale	**13**	17	-	-
	6,290	8,915	**34**	98

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Trade receivables	**16,713**	22,423	**2,366**	3,364
Staff housing and vehicle loans	**1,090**	1,025	**1,088**	1,023
Other receivables, deposits and prepayments	**6,083**	6,870	**684**	511
Derivative assets (note 14)	**24**	-	**2**	-
Amount due from:				
- contract customers	**1,055**	985	-	-
- subsidiaries*	-	-	**6,068**	10,819
- associates and jointly controlled entities*	**400**	478	**31**	35
Term loans due from:				
- subsidiaries (note 12)	-	-	**56**	49
- associates and jointly controlled entities (note 12)	**112**	75	**112**	75
	25,477	31,856	**10,407**	15,876
Less: Impairment losses				
Trade receivables	**(707)**	(966)	**(411)**	(449)
Amount due from subsidiaries	-	-	**(286)**	(187)
Other receivables, deposits and prepayments	**(44)**	(34)	**(36)**	(27)
	24,726	30,856	**9,674**	15,213

* Amount due from subsidiaries, associates and jointly controlled entities arose in the normal course of business.

20. TRADE AND OTHER RECEIVABLES (continued)

Amount due from contract customers:

	Group	
	2009	2008
	RM Mil	RM Mil
Aggregate costs incurred to date	**8,008**	4,998
Add : Attributable profit	**766**	611
	8,774	5,609
Less : Progress billings	**(7,719)**	(4,624)
	1,055	985

Included in trade receivables of the Group are rental receivables amounting to RM11,382,000 (2008: RM12,210,000), which have been pledged for loan facilities as set out in note 25 and note 26 to the financial statements.

The staff housing and vehicle loans are given in accordance with the terms and conditions of the staff housing and motor vehicle loan schemes approved by shareholders.

Also included in other receivables of the Group and the Company are loans to Directors of the Company amounting to RM120,000 (2008: RM149,000) relating to housing and motor vehicle loans given to certain executive Directors on terms and conditions as approved by shareholders.

Credit terms of trade receivables of the Group ranges from 8 to 180 days (2008: 8 to 180 days).

21. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2009	2008
	RM Mil	RM Mil
Land and building	**170**	189

The above amount represents carrying values of properties owned by the Group with the intention of disposing of in the immediate future. The carrying amounts of these assets immediately before reclassification are not materially different from their fair values.

22. SHARE CAPITAL

	Company	
	2009	2008
	RM Mil	RM Mil
Authorised:		
500,000 ordinary shares of RM1,000 each	**500**	500
Issued and fully paid:		
100,000 ordinary shares of RM1,000 each	**100**	100

23. RESERVES

Pursuant to Section 84 of the Petroleum (Income Tax) Act 1967, dividends paid out on income derived from petroleum operations are not chargeable to income tax. Subject to agreement by the Inland Revenue Board, the Company has sufficient income derived from petroleum operations, Section 108 tax credit and tax exempt income to distribute all its distributable reserves at 31 March 2009, if paid out as dividends.

The Financial Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 March 2009 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

Capital Reserves

Capital reserves represent primarily reserves created upon redemption of preference shares and the Group's share of its associate companies' reserves.

Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency.

Available-for-sale Reserve

This reserve records the changes in fair value of available-for-sale investments. On disposal or impairment, the cumulative changes in fair value are transferred to the income statement.

General Reserve

General reserve represents appropriation of retained profits for general purposes rather than for a specific item of future loss or expense. In effect, it is a reserve for unspecified possible events.

24. MINORITY SHAREHOLDERS' INTERESTS

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries.

25. BORROWINGS

	Note	Group		Company	
		2009	2008	**2009**	2008
		RM Mil	RM Mil	**RM Mil**	RM Mil
Current					
Secured					
Term loans		**510**	782	-	-
Islamic financing facilities	26	**386**	454	-	-
		896	1,236	-	-
Unsecured					
Term loans		**445**	4,615	-	-
Notes and Bonds		**5,099**	549	**3,617**	549
Islamic financing facilities	26	**1,220**	592	-	-
Revolving credits		**592**	878	-	-
Bankers' acceptances		**48**	292	-	-
Bank overdrafts		**155**	21	-	-
Derivative assets	14	**(1,275)**	-	**(1,275)**	-
		6,284	6,947	**2,342**	549
		7,180	8,183	**2,342**	549
Non-current					
Secured					
Term loans		**3,243**	3,124	-	-
Islamic financing facilities	26	**1,481**	1,907	-	-
		4,724	5,031	-	-
Unsecured					
Term loans		**9,872**	1,705	-	-
Notes and Bonds		**18,183**	19,134	**15,575**	15,689
Islamic financing facilities	26	**2,712**	3,929	-	-
Derivative assets	14	**(383)**	-	**(383)**	-
		30,384	24,768	**15,192**	15,689
		35,108	29,799	**15,192**	15,689

The carrying amounts of certain Notes and Bonds and their derivative instruments of the Group and the Company have been presented separately and translated at the closing foreign exchange rate prevailing at the balance sheet date following the adoption of FRS 139.

25. BORROWINGS (continued)

In the previous year, these Notes and Bonds are translated using contracted foreign exchange rates at the balance sheet date.

Terms and debt repayment schedule

Group	Total RM Mil	Under 1 year RM Mil	1-2 years RM Mil	2-5 years RM Mil	Over 5 years RM Mil
Secured					
Term loans	3,753	510	446	1,476	1,321
Islamic financing facilities	1,867	386	439	754	288
	5,620	896	885	2,230	1,609
Unsecured					
Term loans	10,317	445	1,382	7,461	1,029
Notes and Bonds	23,282	5,099	-	7,856	10,327
Islamic financing facilities	3,932	1,220	90	530	2,092
Revolving credits	592	592	-	-	-
Bankers' acceptances	48	48	-	-	-
Bank overdrafts	155	155	-	-	-
Derivative assets	(1,658)	(1,275)	-	(383)	-
	36,668	6,284	1,472	15,464	13,448
	42,288	7,180	2,357	17,694	15,057

Included in the Group's unsecured term loans is an amount of RM23,038,000 (2008: RM41,485,000) which was obtained from the corporate share-holders of the subsidiaries.

The unsecured revolving credits, bankers' acceptances and bank overdrafts are obtained by the subsidiaries and primarily bear interest at rates ranging from 2.35% to 7.90% (2008: 0.75% to 6.65%) per annum.

Terms and debt repayment schedule

Company	Total RM Mil	Under 1 year RM Mil	1-2 years RM Mil	2-5 years RM Mil	Over 5 years RM Mil
Unsecured					
Notes and Bonds	19,192	3,617	-	7,856	7,719
Derivative assets	(1,658)	(1,275)	-	(383)	-
	17,534	2,342	-	7,473	7,719

25. BORROWINGS (continued)

The unsecured term loans obtained by the subsidiaries comprise:

	2009	2008
USD Term loans	**US$385 million**	US$323 million
RM Term loans	**RM2,694 million**	RM2,500 million
BAHT Term loans	**BAHT1,000 million**	BAHT1,000 million
EURO Term loans	**904 million**	832 million

These unsecured term loans bear interest at rates ranging from 2.35% to 13.49% (2008: 3.70% to 11.25%) per annum and are fully repayable at their various due dates from 2009 to 2017.

The unsecured Notes and Bonds comprise:

				2009		2008
USD Notes and Bonds						
5%	Notes*	Due 2009	**US$**	**400 million**	US$	400 million
7%	Notes*	Due 2012	**US$**	**2,000 million**	US$	2,000 million
6 1/8%	Notes*	Due 2014	**US$**	**700 million**	US$	700 million
7 3/4%	Bonds	Due 2015	**US$**	**625 million**	US$	625 million
7 7/8%	Notes*	Due 2022	**US$**	**1,000 million**	US$	1,000 million
7 5/8%	Bonds	Due 2026	**US$**	**500 million**	US$	500 million
Samurai Bonds						
11th	Series 7.20%	Due 2009		-		¥17 billion
6th	Series 3.40%	Due 2013		**¥16 billion**		¥16 billion
EURO Notes						
6 3/8%	Notes*	Due 2009		750 million		750 million

* Obtained by a subsidiary.

25. BORROWINGS (continued)

The secured term loans comprise:

	In million 2009	In million 2008	Securities
USD Term loans	**US$1,965**	US$2,054	Secured by way of mortgages over certain vessels, property, plant and equipment, together with assignments of earnings, charter agreements and insurance of the relevant vessels, property, plant and equipment of certain subsidiaries.
RM Term loans	**RM1,232**	RM1,323	Secured by way of a charge over certain vessels, property, plant and equipment and investment properties, together with assignments of earnings, charter agreements and insurance of the relevant vessels, property, plant and equipment of certain subsidiaries.

The secured term loans bear interest at rates ranging from 4.09% to 8.50% (2008: 4.00% to 8.75%) per annum and are fully repayable at their various due dates from 2009 to 2015.

Certain borrowings obtained by the Company are on-lent to subsidiaries, associates and jointly controlled entities. At balance sheet date, the outstanding amounts on-lent to subsidiaries, associates and jointly controlled entities are as follows:

		Company 2009 RM Mil	Company 2008 RM Mil
Subsidiaries	- within twelve months	**56**	50
	- after twelve months	**4,097**	4,718
		4,153	4,768
Associates and jointly controlled entities	- within twelve months	**112**	74
	- after twelve months	**90**	146
		202	220

25. BORROWINGS (continued)

In connection with the long term borrowing facility agreements, the Group and the Company have agreed on the following significant covenants with the lenders:

(a) not to allow any material indebtedness (the aggregate amount exceeding US$30,000,000 or its equivalent in any other currency) for borrowed money of the Company to become due or capable of being declared due before its stated maturity, any material guarantee of the Company is not discharged at maturity or when validly called or the Company goes into default under, or commits a breach of, any instrument or agreement relating to any such indebtedness for borrowed money or guarantee and such default or breach remains unpaid or unremedied for a period of thirty (30) days;

(b) the Company (not including any of its subsidiaries) not to create, incur or have outstanding any mortgage, pledge, lien, charge, encumbrance or any other lien upon the whole or any part of its property or assets, present or future indebtedness of itself or any other person, unless the aggregate outstanding principal amount of all such secured indebtedness (other than indebtedness secured by the liens already in existence) plus attributable debt of the Company in respect of sales and leaseback transactions would not exceed ten per cent (10%) of the consolidated net tangible assets; and

(c) the Company (not including any of its subsidiaries) not to enter into any sale and leaseback transaction, unless the attributable debt in respect of such sale and leaseback transaction and all other sale and leaseback transaction plus the aggregate outstanding principal amount of indebtedness for borrowed money secured by security interests (other than permitted security interests) then outstanding which have not equally and rateably secured the total outstandings would not exceed ten per cent (10%) of the Company's tangible net worth provided that, within 12 months after such sale and leaseback transaction, it applies to the retirement of indebtedness for borrowed money the repayment obligations in respect of which are at least pari passu with its repayment obligations hereunder and which are not secured by any security interest, an amount equal to the greater of:

    (i) the net proceeds of the sale or transfer of the property or other assets which are the subject of such sale and leaseback transaction as determined by the Company; or

    (ii) the fair market value of the property or other assets so leased as determined by the Company.

26. ISLAMIC FINANCING FACILITIES

The Malaysian Islamic financing facilities obtained by the subsidiaries comprise:

Secured	**2009** **RM Mil**	**2008** **RM Mil**
Al Bai'bithaman Ajil long term facilities	**3,135**	3,180
Bai Al-Dayn Note Issuance Facilities	**553**	723

The secured Islamic financing facilities bear a yield payable ranging from 3.4% to 8.3% (2008: 4.22% to 8.30%) per annum and are fully repayable at their various due dates from 2009 to 2022.

The Islamic financing facilities are secured by way of a charge over certain property, plant and equipment and investment properties.

Unsecured	**2009** **RM Mil**	2008 RM Mil
Murabahah Note Issuance Facilities	**1,500**	1,500
Al Murabahah Medium Term Notes	**3,200**	3,800

The unsecured Islamic financing facilities bear a yield payable ranging from 3.80% to 6.25% (2008: 3.64% to 6.25%) per annum and are fully repayable at their various due dates from 2009 to 2018.

27. OTHER LONG TERM LIABILITIES AND PROVISIONS

	Group		Company	
	2009 **RM Mil**	2008 RM Mil	**2009** **RM Mil**	2008 RM Mil
Dismantlement, removal or restoration of property, plant and equipment	**18,649**	15,884	**18,368**	15,721
Retirement benefits (note 16)	**205**	659	-	443
Financial guarantees	**722**	-	**1,054**	-
Derivative liabilities (note 14)	**106**	-	-	-
Others	**2,884**	1,041	**46**	75
	22,566	17,584	**19,468**	16,239

27. OTHER LONG TERM LIABILITIES AND PROVISIONS (continued)

The movement of provision for dismantlement, removal or restoration of property, plant and equipment during the financial year are as follows:

	Group RM Mil	Company RM Mil
At 1 April 2008	15,884	15,721
Additional provision	2,432	2,309
Provision utilised	(10)	-
Unwinding of discount	357	338
Translation exchange difference	(14)	-
At 31 March 2009	18,649	18,368

Provision for dismantlement, removal or restoration of property, plant and equipment is recognised when there is an obligation to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The amount recognised is the present value of the estimated future costs determined in accordance with local conditions and requirements.

A corresponding asset of an amount equivalent to the provision is also created. This asset is depreciated in accordance with the policy set out in note 2.4.

The increase in the present value of the provision for the expected costs due to the passage of time, is included within finance costs.

Most of these removal events are many years in the future and the precise requirements that will have to be met when the removal event actually occurs are uncertain. Because actual timing and cash outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, the carrying amounts of provisions, together with the interest rate used in discounting the cash flows, are regularly reviewed and adjusted to take account of such changes. The interest rate used to determine the balance sheet obligation as at 31 March 2009 was 4.42% (2008: 4.33%). Changes in the expected future costs are reflected in both the provision and the asset.

During the year, the Group and the Company revised estimated future costs of dismantlement, removal or restoration of property, plant and equipment. The revision was accounted for prospectively as a change in accounting estimates resulting in the following increases:

(i) provisions by RM2,226,000,000;
(ii) net book value of property, plant and equipment by RM337,000,000;
(iii) depreciation expense by RM932,000,000; and
(iv) finance costs by RM957,000,000.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Trade payables	**15,749**	12,382	**1,089**	1,284
Other payables	**12,545**	11,736	**2,553**	5,862
Derivative liabilities (note 14)	**216**	-	**5**	-
Amount due to:				
Subsidiaries*	-	-	**860**	508
Associates and jointly controlled entities*	**834**	310	**9**	9
	29,344	24,428	**4,516**	7,663

Included in other payables of the Group are security deposits of RM62,769,000 (2008: RM49,657,000) mainly held in respect of tenancies of a shopping centre and office buildings. These deposits are refundable upon termination of the respective lease agreements.

Also included in trade payables and amount due to associates of the Group are retention sums on construction contracts amounting to RM162,562,000 (2008: RM136,186,000).

Credit terms of trade payables for the Group ranges from 8 to 60 days (2008: 8 to 60 days).

* Amount due to subsidiaries, associates and jointly controlled entities arose in the normal course of business.

29. GROSS PROFIT

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Revenue				
- sales of oil and gas	**241,610**	202,218	**95,364**	81,542
- others	**3,306**	2,530	-	-
	244,916	204,748	**95,364**	81,542
- rendering of services	**3,975**	2,777	**39**	32
- shipping and shipping related services	**11,204**	10,007	-	-
- sale and rental of properties	**29**	1,353	-	-
	15,208	14,137	**39**	32
- dividend income				
in Malaysia (Quoted)				
- subsidiaries	-	-	**1,746**	1,596
- associates	-	-	**62**	65
- investments	**18**	17	**18**	17
in Malaysia (Unquoted)				
- subsidiaries	-	-	**15,276**	15,928
- associates	-	-	**62**	102
- investments	**15**	5	**15**	5
outside Malaysia (Quoted)				
- investments	**226**	214	-	6
	259	236	**17,179**	17,719
- interest income	**3,792**	3,957	**2,766**	2,410
	264,175	223,078	**115,348**	101,703
Cost of revenue				
- cost of sales	**(145,431)**	(108,931)	**(48,238)**	(43,415)
- cost of services	**(12,103)**	(10,115)	-	-
	(157,534)	(119,046)	**(48,238)**	(43,415)
Gross profit	**106,641**	104,032	**67,110**	58,288

30. OPERATING PROFIT

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Included in operating profit are the following charges:				
Audit fees	**25**	20	**1**	1
Amortisation of:				
- intangible assets	**188**	418	-	-
- prepaid lease payments	**60**	52	**2**	2
Bad debts written off:				
- subsidiaries	-	-	-	442
- associates and jointly controlled entities	-	8	-	-
- others	**19**	5	-	-
Contribution to retirement benefits	**99**	106	**21**	26
Contribution to Tabung Amanah Negara	**100**	100	**100**	100
Depreciation of property, plant and equipment and investment properties	**12,702**	10,588	**1,214**	1,421
Impairment losses on:				
- property, plant and equipment	**4,037**	-	-	-
- intangible assets	**2**	22	-	-
- trade and other receivables	**66**	106	-	110
- loan and advances to associates	**9**	-	-	-
- investments in subsidiaries	-	-	-	264
- investments in associates and jointly controlled entities	**30**	-	**9**	-
Inventories:				
- written down to net realisable value	**151**	26	-	-
- written off	**23**	50	-	38
- adjustment	**1,547**	-	-	-
Loss on disposal of property, plant and equipment	**86**	10	-	1
Loss on foreign exchange:				
- realised	**1,741**	1,782	-	1,040
- unrealised	**1,624**	862	-	635

Included in administration expenses for the year is impairment losses on property, plant and equipment of RM4,037,000,000 (2008: RMNil) and inventory adjustment of RM1,547,000,000 (2008: RMNil). The inventory adjustment for the year represents an adjustment affected by a subsidiary to reflect a fair valuation of its inventory.

30. OPERATING PROFIT (continued)

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Included in operating profit are the following charges (continued):				
Operating lease rental	**472**	486	**325**	369
Property, plant and equipment:				
- written off	**225**	26	-	-
- expensed off	**21**	44	**2**	2
Rental of:				
- land and buildings	**312**	295	**37**	26
- plant, machinery, equipment and motor vehicles	**595**	447	**51**	48
Research and development expenditure	**55**	60	**6**	48
Staff costs	**5,926**	4,945	**656**	551
and credits:				
Bad debts recovered	-	3	-	-
Gain on disposal of:				
- property, plant and equipment	**12**	258	-	-
- subsidiaries, associates and jointly controlled entities	**9**	64	**5**	1
- other investments	**2**	144	-	129
Gain on foreign exchange:				
- realised	**1,586**	780	**436**	-
- unrealised	**240**	1,746	**2,561**	-
Interest income - others	**227**	198	**2,340**	638
Negative goodwill	-	487	-	-
Reversal of write down of inventories to net realisable value	**43**	18	-	-
Rental income on land and buildings	**248**	468	**199**	316
Write back of impairment losses on:				
- trade and other receivables	-	-	**29**	-
- receivables from subsidiaries	-	-	**33**	192
- investments in subsidiaries	-	-	**115**	-
-prepaid lease payments	**16**	-	-	-

31. OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Less than one year	**2,191**	1,200	**160**	320
Between one and five years	**3,961**	2,851	**1,048**	1,033
More than five years	**2,683**	1,688	-	174
	8,835	5,739	**1,208**	1,527

32. TAX EXPENSE

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
		(Restated)		
Current tax expenses				
Malaysia				
Current year	**30,387**	27,642	**19,709**	18,213
Prior year	**(1,027)**	(1,652)	-	-
Overseas				
Current year	**1,338**	1,930	-	-
Prior year	**(32)**	(31)	-	-
	30,666	27,889	**19,709**	18,213
Deferred tax expense				
Origination and reversal of temporary differences	**(319)**	393	**(25)**	(772)
Over provision in prior year	**(272)**	(34)	**(501)**	-
	(591)	359	**(526)**	(772)
	30,075	28,248	**19,183**	17,441

32. TAX EXPENSE (continued)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	%	2009 RM Mil	%	2008 RM Mil (Restated)
Group				
Profit before taxation		**89,139**		95,547
Taxation at Malaysian statutory tax rate	25	**22,285**	26	24,842
Effect of different tax rates in foreign jurisdictions	-	**274**	-	185
Effect of different tax rates between corporate income tax and petroleum income tax	9	**7,902**	7	7,032
Effect of changes in tax rates	-	**(5)**	(1)	(417)
Non deductible expenses, net of non assessable income	7	**6,025**	2	2,197
Tax exempt income	(6)	**(5,344)**	(3)	(3,240)
Tax incentives	-	**(28)**	-	(166)
Utilisation of deferred tax benefits previously not recognised	-	**(274)**	-	(226)
Foreign exchange translation difference	-	**571**	-	(242)
	35	**31,406**	31	29,965
Over provision in prior years		**(1,331)**		(1,717)
Tax expense		**30,075**		28,248
Company				
Profit before taxation		**69,019**		53,099
Taxation at Malaysian statutory tax rate	25	**17,255**	26	13,806
Effect of different tax rates between corporate income tax and petroleum income tax	9	**6,341**	10	5,123
Non deductible expenses, net of non assessable income	-	**83**	2	1,269
Effect of Group tax relief	-	**86**	-	-
Tax exempt income	(6)	**(4,081)**	(5)	(2,757)
	28	**19,684**	33	17,441
Over provision in prior years		**(501)**		-
Tax expense		**19,183**		17,441

33. DIVIDENDS

	Group and Company	
	2009	2008
	RM Mil	RM Mil
Ordinary:		
Final:		
2008 - Tax exempt dividend of RM100,000 (2007 : RM100,000) per ordinary share under Section 84 of the Petroleum (Income Tax) Act, 1967		
	10,000	10,000
Special:		
2009 - Tax exempt dividend of RM60,000 (2008: RMNil) per ordinary share under Section 84 of the Petroleum (Income Tax) Act, 1967		
	6,000	-
Interim:		
2009 - First tax exempt dividend of RM80,000 (2008 : RM80,000) per ordinary share under Section 84 of the Petroleum (Income Tax) Act, 1967	**8,000**	8,000
2009 - Second tax exempt dividend of RM60,000 (2007 : RM60,000) per ordinary share under Section 84 of the Petroleum (Income Tax) Act, 1967	**6,000**	6,000
	30,000	24,000
Proposed:		
Final:		
2009 - Tax exempt dividend of RM100,000 (2008: RM100,000) per ordinary share under Section 84 of the Petroleum (Income Tax) Act, 1967	**10,000**	10,000

The proposed tax exempt final dividend under Section 84 of the Petroleum (Income Tax) Act, 1967 of RM100,000 per ordinary share amounting to RM10 billion in respect of the financial year ended 31 March 2009, has not been accounted for in the financial statements.

34. NET CASH USED IN INVESTING ACTIVITIES

The cash used in investing activities comprise:

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Acquisition of:				
- subsidiaries, net of cash acquired (note 36)	**(102)**	(8,431)	**-**	-
- additional shares in subsidiaries	**-**	-	**(280)**	(767)
Dividends received	**259**	236	**15,985**	12,692
Investment in:				
- associates, jointly controlled entities and unquoted companies	**(163)**	(51)	**(18)**	(13)
- securities	**(10,340)**	(19,804)	**(8,931)**	(18,040)
Long term receivables and advances (to)/ repaid from:				
- subsidiaries	**-**	-	**(18,529)**	(5,705)
- associates and jointly controlled entities	**905**	51	**(6)**	287
Net cost incurred in property development cost	**(162)**	(117)	**-**	-
Other long term receivables	**(257)**	161	**-**	-
Proceeds from disposal of:				
- investment in associates and jointly controlled entities	**5**	40	**9**	61
- property, plant and equipment, prepaid lease payments and intangible assets	**1,469**	1,221	**-**	21
- other investments	**-**	173	**-**	163
- securities	**5,023**	11,105	**3,280**	9,520
- assets held for sale	**19**	-	**-**	-
Purchase of:				
- property, plant and equipment, prepaid lease payments and intangible assets	**(43,953)**	(28,805)	**(90)**	(214)
- other investments	**(1,839)**	(185)	**-**	(3)
Redemption of preference shares in:				
- subsidiaries	**-**	-	**30**	150
- associates	**262**	220	**-**	-
- investments and loan stocks	**27**	32	**27**	32
	(48,847)	(44,154)	**(8,523)**	(1,816)

35. NET CASH USED IN FINANCING ACTIVITIES

The cash used in financing activities comprise:

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Dividends paid	**(30,000)**	(24,000)	**(30,000)**	(24,000)
Dividends paid to minority	**(5,711)**	(3,618)	-	-
Drawdown of:				
- Islamic financing facilities	-	1,578	-	-
- term loans, notes and bonds	**9,290**	4,384	-	-
- revolving credits and bankers' acceptance	**5,059**	4,972	-	-
Repayment of:				
- Islamic financing facilities	**(1,071)**	(1,249)	-	-
- term loans, notes and bonds	**(6,153)**	(2,328)	**(616)**	-
- revolving credits and bankers' acceptance	**(5,396)**	(4,337)	-	-
	(33,982)	(24,598)	**(30,616)**	(24,000)

36. ACQUISITIONS AND DISPOSALS OF ASSETS / SUBSIDIARIES

Acquisition of assets

On 29 May 2008, the Group acquired 40% participating interest in the integrated liquefied natural gas (LNG) project in Gladstone, Australia for a total consideration of approximately USD2.5 billion via a sale and purchase deed with Santos Limited of Australia. This comprises an initial payment of US$2 billion and a further payment of up to US$500 million upon approval of final investment decision for a second LNG train.

Acquisitions and disposals of subsidiaries

During the year, the Group acquired several companies for a total purchase consideration of RM142,000,000. As a result, these companies became subsidiaries of the Group. The net profit contributed by these companies from the date of acquisition to the year ended 31 March 2009 is not material in relation to the consolidated net profit for the year.

During the year, the Group also disposed of several subsidiaries. The net profit contributed by these subsidiaries from 1 April 2008 to the date of disposal is not material in relation to the consolidated net profit of the Group for the year.

36. ACQUISITIONS AND DISPOSALS OF ASSETS / SUBSIDIARIES (continued)

The net effect of acquisitions and disposals of subsidiaries on the cash flows and fair values of assets and liabilities acquired are as follows:

	Carrying amount RM Mil	Fair value adjustments RM Mil	Fair value at acquisition date RM Mil
Property, plant and equipment	83	-	83
Investment properties	(54)	-	(54)
Prepaid lease payments	11	-	11
Other investments	13	5	18
Other assets	216	-	216
Cash and cash equivalents	40	-	40
Deferred taxation	(15)	-	(15)
Other liabilities	(169)	-	(169)
Minority shareholders' interest at the date of acquisitions	(19)	-	(19)
	106	5	111
Less : Interest previously held as jointly controlled entity			(9)
Add: Goodwill on consolidation			40
Purchase consideration			142
Less: Cash and cash equivalents of subsidiaries acquired			(40)
Cash flow on acquisition, net of cash acquired (note 34)			102

37. CHANGES IN ACCOUNTING POLICIES

As of 1 April 2008, the Group and the Company had adopted/early adopted new and revised Financial Reporting Standards (FRSs) and Amendment to FRS issued by the Malaysian Accounting Standards Board ("MASB") as disclosed in note 1.1.

The principal changes in accounting policies and their effects resulting from the above are as follows:

(i) Revised FRS 112, Income Taxes

The adoption of revised FRS 112 has resulted in a change in the accounting policy relating to unused reinvestment allowance and unused investment tax allowance (hereinafter collectively referred to as "unused tax incentives").

Prior to the adoption of the revised FRS 112, no deferred tax has been recognised on these unused tax incentives.

Following the adoption of revised FRS 112, the Group and the Company account for these unused tax incentives by applying the analogy of the accounting treatment for unused tax losses. Deferred tax assets are recognised for any unused tax incentives to the extent that it is probable that future taxable profit will be available against which the unused tax incentives can be utilised.

The effects of adopting the revised FRS 112 had been accounted for retrospectively in accordance with the transitional provisions of the standard. Comparatives have been restated as disclosed in note 46. This change in accounting policy has resulted in an increase of retained profits for the Group as at 1 April 2008 by RM715,000,000.

37. CHANGES IN ACCOUNTING POLICIES (continued)

(ii) FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in a change in the accounting policy relating to the recognition and measurement of financial instruments.

Prior to the adoption of FRS 139, the Group and the Company had previously measured financial assets at the lower of cost and market value. Loans and advances due from subsidiaries, associates and jointly controlled entities ("shareholder's loans and advances"), are stated at cost in the Company's financial statements.

Following the adoption of FRS 139, financial assets are generally required to be measured at fair values, except for certain categories of financial assets which are measured at amortised cost. Unrealised gains and losses arising from the change in fair values are recognised in the income statement or equity, depending on the classifications of the financial assets.

Where financial assets are categorised as available-for-sale, unrealised gains and losses arising from changes in fair value are recognised in equity as available-for-sale reserve. These gains or losses are only brought to income statement if the asset is derecognised or assessed to be impaired.

The carrying amount of certain shareholder's loans and advances are adjusted to fair values by imputing interest costs. These fair value adjustments are added to the carrying amount of investments. Interest income is recognised in the income statement of the Company progressively over the period of the shareholder's loans and advances.

The effects of adopting FRS 139 had been accounted for prospectively in accordance with the transitional provisions of the standard, by adjusting the opening balance of certain equity items as disclosed below. The Group and the Company have not restated comparative figures and therefore, certain figures are not directly comparable to the comparative figures.

	Group RM Mil	Company RM Mil
Available-for-sale reserve		
Opening balance	-	-
Effect of adopting FRS 139	3,753	10
Opening balance, restated	3,753	10
Retained profits		
Opening balance	187,271	102,267
Effect of adopting FRS 139	287	3,039
Opening balance, restated	187,558	105,306
Minority interest		
Opening balance	22,612	-
Effect of adopting FRS 139	13	-
Opening balance, restated	22,625	-

38. COMMITMENTS

Outstanding commitments in respect of capital expenditure at balance sheet date not provided for in the financial statements are:

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Property, plant and equipment				
Approved and contracted for				
Less than one year	**20,832**	18,302	**223**	127
Between one and five years	**7,488**	4,358	**35**	202
	28,320	22,660	**258**	329
Approved but not contracted for				
Less than one year	**23,560**	16,550	**22**	-
Between one and five years	**17,709**	15,303	**59**	40
	41,269	31,853	**81**	40
	69,589	54,513	**339**	369
Share of capital expenditure				
Approved and contracted for				
Less than one year	**3,855**	2,405	-	-
Between one and five years	**788**	370	-	-
	4,643	2,775	-	-
Approved but not contracted for				
Less than one year	**4,170**	4,571	-	-
Between one and five years	**10,243**	10,164	-	-
	14,413	14,735	-	-
	19,056	17,510	-	-
Investment in shares				
Approved but not contracted for				
Less than one year	**7**	2	-	-
	88,652	72,025	**339**	369

39. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2009	2008	**2009**	2008
	RM Mil	RM Mil	**RM Mil**	RM Mil
Guarantees for loan facilities given to subsidiaries and associates	**-**	1,103	**-**	1,179
Guarantees extended to third parties	**724**	673	**-**	-
Claims filed by/disputes with various parties	**483**	354	**-**	-
Contingent payments	**49**	-	**-**	-
	1,256	2,130	**-**	1,179

The Terengganu State Government filed a legal suit against the Company in the year 2000 claiming that it was entitled to certain cash payments arising out of the production of crude oil and gas beyond the territorial waters of the State concerned. The amount of the cash payments has been fully accounted for in the financial statements. The legal suit is still on-going as at year end.

40. RELATED PARTY DISCLOSURES

Key management personnel compensation

	Company	
	2009	2008
	RM Mil	RM Mil
Directors remuneration:		
- Emoluments	**9**	7

The Company also paid fees to certain Directors amounting to RM174,000 (2008: RM176,000).

The estimated monetary value of Directors' benefits-in-kind is RM176,000 (2008: RM344,000).

The Group and the Company incurred legal fees of RM420,476 (2008: RM234,400) and RMNil (2008: RM52,800) which are paid/payable to a firm in which a Director is a partner.

Significant transactions with related parties

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities.

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Company	
	2009	2008
	RM Mil	RM Mil
Subsidiaries:		
Sales of crude oil, petroleum products and natural gas	**53,848**	42,161
Interest receivable from subsidiaries	**1,297**	568
Purchase of crude oil and natural gas	**(20,498)**	(20,241)
Gas processing fee payable	**(2,109)**	(2,275)
Research cess	**124**	110
Supplemental payments	**4,988**	3,732
Handling and storage fees	**(31)**	(31)
Associate companies:		
Interest receivable from associates	-	13
Jointly controlled entities:		
Interest receivable from jointly controlled entities	**19**	21
Gas processing fee payable	**(323)**	(249)

40. RELATED PARTY DISCLOSURES (continued)

Information regarding outstanding balances arising from related party transactions as at 31 March 2009 are disclosed in note 12, note 20 and note 28.

Information regarding impairment losses on receivables and bad debts written off during the financial year are disclosed in note 30.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a commercial basis. The above has been stated at contracted amount.

41. PRODUCTION SHARING CONTRACTS (the "PSC")

The Petroleum Development Act, 1974 vests the entire ownership, rights, powers, liberties and privileges of exploiting petroleum resources on land and offshore Malaysia in PETRONAS. The exploitation by PETRONAS of petroleum resources is carried out by means of production sharing contracts with international oil and gas companies and with its subsidiaries. Under the terms of the various PSCs that PETRONAS has entered into, the PSC Contractors bear all costs. The PSC Contractors may recover their costs in barrels of crude oil or gas equivalent in accordance with the terms of their respective PSCs.

Certain terms of the PSCs are:

41.1 Research Cess, Supplemental Payments and Crude Oil or Gas Entitlement

The determination of research cess, supplemental payments, and PETRONAS' and the contractors' entitlements to crude oil or gas produced subsequent to 31 December 1992 have been based on the returns submitted by contractors and is dependent on agreement being reached on the method of valuation of crude oil or gas and the quantum of costs incurred and claimed by contractors subject to the maximum rate provided under the production sharing contracts for the year. PETRONAS' entitlements to crude oil and natural gas are taken up as income on the basis of liftings and sales respectively made by the Company.

41.2 Property, plant and equipment

Title to all equipment and other assets purchased or acquired by PSC Contractors exclusively for the purpose of petroleum operations, and which costs are recoverable in barrels of cost oil or gas equivalent, vested with PETRONAS. However, the values of these assets are not taken up in the financial statements of PETRONAS other than:

i) the property, plant and equipment of a subsidiary which is also a contractor to PETRONAS under certain PSCs; and

ii) the costs of dismantling and removing the assets and restoring the site on which they are located where there is an obligation to do so.

41.3 Inventories

Title to all crude oil held in inventories by the PSC Contractors lies with PETRONAS and title to the contractors' entitlement passes only upon delivery at point of export. However, the values of these inventories are not taken up in the financial statements of PETRONAS.

42. FINANCIAL INSTRUMENTS

Financial risk management

As an integrated oil and gas company, the Group and the Company are exposed to various risks that are particular to its core business of exploration and production, logistics and maritime, gas, petrochemical and oil business. These risks arise in the normal course of the Group and the Company's business.

The Group has a Group Risk Management Framework and Guideline that sets the foundation for the establishment of effective risk management across the PETRONAS Group.

The Group and the Company's goal in risk management are to ensure that the management understands, measures and monitors the various risks that arise in connection with their operations. Policies and guidelines have been developed to identify, analyse, appraise and monitor the dynamic risks facing the Group and the Company. Based on this assessment, each business unit adopts appropriate measures to mitigate these risks in accordance with the business unit's view of the balance between risk and reward.

The main financial risks faced by the Group and the Company through their normal activities are credit risk, interest rate risk, foreign currency risk and liquidity risk.

Credit risk

Credit risk is the potential exposure of the Group and the Company to losses in the event of non-performance by counterparties. The credit risk arising from the Group and the Company's normal operations are controlled by individual operating units within the Group Risk Management Framework and Guideline.

The Group and the Company minimise credit risk by entering into contracts with highly credit rated counterparties and through credit approval, financial limits and on-going monitoring procedures. Counterparties credit evaluation is done systematically using quantitative and qualitative criteria on credit risks specified by individual operating units.

At balance sheet date, there was no significant concentration of credit risk.

The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

42. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The Group and the Company are exposed to interest rate risk on short and long term floating rate instruments as a result of their investing and financing activities. Consequently, in managing the risks, the Group and the Company manage interest expense through a balanced portfolio of fixed and floating rate instruments. The Group also enters into hedging transactions with respect to interest rate on selected long term borrowings and other debts.

Foreign currency risk

The Group and the Company's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements. The Group coordinates the handling of foreign exchange risks centrally. The Group and the Company mainly rely on the natural hedge generated by the fact that most of their revenue and expenses are currently denominated in US Dollar. In addition, the Group and the Company where applicable, hedge using derivative instruments in respect of current and forecasted transactions.

Liquidity risk

Liquidity risk arises due to inability to liquidate an asset and from the requirement to raise funds for the business on an ongoing basis as a result of existing and future commitments which are not funded from internal resources. The Group manages assets liquidity risk by maintaining sufficient cash and liquid marketable assets. PETRONAS current credit rating enables it to access banking facilities in excess of current and anticipated future requirements of the Group and the Company. The Group's borrowing powers are not limited by its Articles of Association. However, certain covenants included in agreements impose limited restrictions on some of the debt level of PETRONAS' subsidiaries.

Fair value

The Group's and the Company's financial instruments consist of cash and cash equivalents, investments and loans, trade and other receivables, borrowings, trade and other payables and various debt and currency management instruments.

Cash and cash equivalents, trade and other receivables and trade and other payables are carried at amortised costs, which are not materially different from the fair values.

42. FINANCIAL INSTRUMENTS (continued)

The aggregate fair values of the other financial assets and liabilities carried on the balance sheet as at 31 March 2009 are represented in the following table:

Group	Note	2009 Carrying amount RM Mil	2009 Fair value RM Mil	2008 Carrying amount RM Mil	2008 Fair value RM Mil
Financial assets					
Available-for-sale					
Treasury bills	13	**27,223**	**27,223**	20,424	20,424
Quoted shares	13	**9,831**	**9,831**	8,992	12,903
Negotiable Certificate of Deposits	13	**4,055**	**4,055**	320	320
Fair value through profit or loss					
Malaysian Government Securities	13	**4,855**	**4,855**	3,541	3,550
Quoted shares	13	**367**	**367**	292	312
Quoted securities	13	**1,140**	**1,140**	1,033	1,036
Negotiable Certificate of Deposits	13	**516**	**516**	485	485
Loan Stock	13	**26**	**26**	-	-
Derivative assets	14	**1,682**	**1,682**	-	-
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	14	**322**	**322**	-	-
Loans and borrowings					
Notes and Bonds	25	**23,282**	**24,515**	19,683	22,381
Term loans	25	**14,070**	**13,649**	10,226	9,949

42. FINANCIAL INSTRUMENTS (continued)

Company	Note	2009 Carrying amount RM Mil	2009 Fair value RM Mil	2008 Carrying amount RM Mil	2008 Fair value RM Mil
Financial assets					
Available-for-sale					
Treasury bills	13	**27,223**	**27,223**	20,424	20,424
Quoted shares	13	**174**	**174**	285	294
Negotiable Certificate of Deposits	13	**4,055**	**4,055**	320	320
Fair value through profit or loss					
Malaysian Government Securities	13	**4,810**	**4,810**	3,506	3,515
Quoted shares	13	**314**	**314**	210	231
Quoted securities	13	**1,126**	**1,126**	1,021	1,022
Negotiable Certificate of Deposits	13	**516**	**516**	485	485
Derivative assets	14	**2,078**	**2,078**	-	-
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	14	**147**	**147**	-	-
Loans and borrowings					
Notes and Bonds	25	**19,192**	**20,459**	16,238	18,755

The fair value of quoted securities is their bid price at the balance sheet date. For other financial instruments listed above, fair values have been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date or, in the case of unquoted securities, based on discounted price earning multiples as compared to the quoted bid prices for similar securities or discounted cash flows or comparative yields. Certain unquoted equity instruments are stated at cost less impairment as the fair value cannot be reliably measured.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

42. FINANCIAL INSTRUMENTS (continued)

2009 Group	Effective interest rates per annum %	Total RM Mil	Within 1 year RM Mil	1-2 years RM Mil	2-3 years RM Mil	3-4 years RM Mil	4-5 years RM Mil	More than 5 years RM Mil
Financial assets								
Available-for-sale								
Negotiable Certificate of Deposits	2.75	4,055	4,055	-	-	-	-	-
Unquoted Corporate Commercial Papers	2.35	102	102	-	-	-	-	-
Treasury Bills	2.24	27,223	27,223	-	-	-	-	-
Fair value through profit or loss								
Negotiable Certificate of Deposits	3.62	516	-	-	-	-	516	-
Malaysian Government Securities	3.03	4,855	1,775	698	1,130	798	452	2
Quoted securities	2.84	1,140	384	60	45	390	-	261
Unquoted Corporate Private Debt Securities	4.01	1,368	564	35	93	312	101	263
Other unquoted securities	5.25	515	475	10	30	-	-	-
Loans and receivables								
Other unquoted securities	2.92	536	-	-	-	-	-	536
Deposits with licensed financial institutions	2.10	86,408	86,408	-	-	-	-	-

42. FINANCIAL INSTRUMENTS (continued)

2009 Group	Effective interest rates per annum %	Total RM Mil	Within 1 year RM Mil	1-2 years RM Mil	2-3 years RM Mil	3-4 years RM Mil	4-5 years RM Mil	More than 5 years RM Mil
Financial liabilities								
Loans and borrowings								
Secured Term Loans								
USD fixed rate loan	5.23	2,767	472	411	424	437	450	573
RM fixed rate loan	5.25	980	32	35	35	35	95	748
Other fixed rate loan	8.61	6	6	-	-	-	-	-
Unsecured Term Loans								
USD floating rate loan	5.03	4,004	4,004	-	-	-	-	-
RM fixed rate loan	4.75	2,007	269	504	387	235	408	204
EURO floating rate loan	8.31	103	103	-	-	-	-	-
EURO fixed rate loan	6.38	4,100	-	820	820	820	820	820
BAHT floating rate loan	3.89	103	103	-	-	-	-	-
Unsecured Notes and Bonds								
USD Notes	6.87	14,987	1,482	-	-	7,265	-	6,240
USD Bonds	6.27	4,087	-	-	-	-	-	4,087
EURO Notes	3.68	3,617	3,617	-	-	-	-	-
JPY Bonds	4.10	591	-	-	-	591	-	-
Unsecured revolving credits								
BAHT revolving credits	4.11	101	101	-	-	-	-	-
USD revolving credits	7.45	79	79	-	-	-	-	-
RM revolving credits	2.70	412	412	-	-	-	-	-
Unsecured bankers' acceptances								
RM bankers' acceptances	2.68	48	48	-	-	-	-	-
Unsecured bank overdrafts								
ZAR bank overdrafts	8.31	113	113	-	-	-	-	-
EURO bank overdrafts	8.44	42	42	-	-	-	-	-

42. FINANCIAL INSTRUMENTS (continued)

2008 Group	Effective interest rates per annum %	Total RM Mil	Within 1 year RM Mil	1-2 years RM Mil	2-3 years RM Mil	3-4 years RM Mil	4-5 years RM Mil	More than 5 years RM Mil
Financial assets								
Available-for-sale								
Negotiable Certificate of Deposits	3.39	320	320	-	-	-	-	-
Unquoted Corporate Commercial Papers	3.50	2,078	2,078	-	-	-	-	-
Treasury bills	3.40	20,424	20,424	-	-	-	-	-
Fair value through profit or loss								
Negotiable Certificate of Deposits	3.85	485	-	-	-	-	-	485
Malaysian Government Securities	3.41	3,541	1,732	917	316	72	-	504
Quoted securities	4.20	1,033	215	49	180	63	172	354
Unquoted Corporate Private Debt Securities	4.54	1,157	230	85	105	103	283	351
Other unquoted securities	4.25	869	732	76	32	-	-	29
Loans and receivables								
Other unquoted securities	5.54	468	-	-	-	-	-	468
Deposits with licensed financial institutions	3.58	75,492	75,492	-	-	-	-	-

42. FINANCIAL INSTRUMENTS (continued)

2008 Group	Effective interest rates per annum %	Total RM Mil	Within 1 year RM Mil	1-2 years RM Mil	2-3 years RM Mil	3-4 years RM Mil	4-5 years RM Mil	More than 5 years RM Mil
Financial liabilities								
Loans and borrowings								
Secured Term Loans								
USD fixed rate loan	5.49	2,637	473	376	314	314	314	846
RM fixed rate loan	5.71	746	115	21	27	26	26	531
RM floating rate loan	5.67	158	158	-	-	-	-	-
GBP fixed rate loan	7.80	356	32	32	32	260	-	-
Other fixed rate loans	9.90	9	4	3	2	-	-	-
Unsecured Term Loans								
USD floating rate loan	5.02	239	239	-	-	-	-	-
RM fixed rate loan	5.48	1,861	389	17	330	367	224	534
EURO floating rate loan	7.10	85	85	-	-	-	-	-
EURO fixed rate loan	4.47	4,038	4,038	-	-	-	-	-
BAHT floating rate loan	3.89	97	97	-	-	-	-	-
Unsecured Notes and Bonds								
USD Notes	5.42	13,087	-	1,278	-	-	6,428	5,381
USD Bonds	4.89	3,616	-	-	-	-	-	3,616
EURO Notes	4.68	2,268	-	2,268	-	-	-	-
JPY Bonds	1.46	712	549	-	-	-	-	163
Unsecured revolving credits								
RM revolving credits	4.10	33	33	-	-	-	-	-
USD revolving credits	3.72	51	51	-	-	-	-	-
BAHT revolving credits	4.50	37	37	-	-	-	-	-
EURO revolving credits	4.47	757	757	-	-	-	-	-
Unsecured bankers' acceptances								
USD bankers' acceptances	3.24	196	196	-	-	-	-	-
RM bankers' acceptances	3.95	96	96	-	-	-	-	-
Unsecured bank overdrafts								
ZAR bank overdrafts	7.97	14	14	-	-	-	-	-
EURO bank overdrafts	8.41	7	7	-	-	-	-	-

42. FINANCIAL INSTRUMENTS (continued)

2009 Company	Effective interest rates per annum %	Total RM Mil	Within 1 year RM Mil	1-2 years RM Mil	2-3 years RM Mil	3-4 years RM Mil	4-5 years RM Mil	More than 5 years RM Mil
Financial assets								
Available-for-sale								
Negotiable Certificate of Deposits	2.75	4,055	4,055	-	-	-	-	-
Unquoted Corporate Commercial Papers	2.35	102	102	-	-	-	-	-
Treasury Bills	2.24	27,223	27,223	-	-	-	-	-
Fair value through profit or loss								
Negotiable Certificate of Deposits	3.62	516	-	-	-	-	516	-
Malaysian Government Securities	3.02	4,810	1,775	698	1,100	783	452	2
Quoted securities	2.86	1,126	370	60	45	390	-	261
Unquoted Corporate Private Debt Securities	4.01	2,577	585	75	346	529	779	263
Other unquoted securities	9.19	168	138	-	30	-	-	-
Loans and receivables								
Deposits with licensed financial institutions	2.30	45,568	45,568	-	-	-	-	-

42. FINANCIAL INSTRUMENTS (continued)

2009 Company	Effective interest rates per annum %	Total RM Mil	Within 1 year RM Mil	1-2 years RM Mil	2-3 years RM Mil	3-4 years RM Mil	4-5 years RM Mil	More than 5 years RM Mil
Financial liabilities								
Unsecured Notes and Bonds								
USD Notes	5.13	10,897	-	-	-	7,265	-	3,632
USD Bonds	6.27	4,087	-	-	-	-	-	4,087
EURO Notes	3.68	3,617	3,617	-	-	-	-	-
JPY Bonds	4.10	591	-	-	-	591	-	-

42. FINANCIAL INSTRUMENTS (continued)

2008 Company	Effective interest rates per annum %	Total RM Mil	Within 1 year RM Mil	1-2 years RM Mil	2-3 years RM Mil	3-4 years RM Mil	4-5 years RM Mil	More than 5 years RM Mil
Financial assets								
Available-for-sale								
Negotiable Certificate of Deposits	3.39	320	320	-	-	-	-	-
Unquoted Corporate Commercial Papers	3.50	2,078	2,078	-	-	-	-	-
Treasury bills	3.40	20,424	20,424	-	-	-	-	-
Fair value through profit or loss								
Negotiable Certificate of Deposits	3.85	485	-	-	-	-	-	485
Malaysian Government Securities	3.46	3,506	1,697	917	316	72	-	504
Quoted securities	4.21	1,021	216	49	167	63	172	354
Unquoted Corporate Private Debt Securities	4.54	2,288	265	95	145	345	482	956
Other unquoted securities	3.61	110	2	76	32	-	-	-
Loans and receivables								
Deposits with licensed financial institutions	3.48	45,467	45,467	-	-	-	-	-

42. FINANCIAL INSTRUMENTS (continued)

2008 Company	Effective interest rates per annum %	Total RM Mil	Within 1 year RM Mil	1-2 years RM Mil	2-3 years RM Mil	3-4 years RM Mil	4-5 years RM Mil	More than 5 years RM Mil
Financial liabilities								
Unsecured Notes and Bonds								
USD Notes	4.32	9,642	-	-	-	-	6,428	3,214
USD Bonds	4.89	3,616	-	-	-	-	-	3,616
EURO Notes	4.68	2,268	-	2,268	-	-	-	-
JPY Bonds	1.46	712	549	-	-	-	-	163

43. SIGNIFICANT SUBSIDIARIES AND ACTIVITIES

The significant subsidiary undertakings of the Company at 31 March 2009 and the Group percentage of share capital are set out below.

		Effective Percentage Holding 2009 %	2008 %	Country of Incorporation	Principal Activities
	AET Inc. Limited	62.4	62.4	Bermuda	Ship-owning and operations.
*	Aromatics Malaysia Sdn. Bhd.	70.0	70.0	Malaysia	Production and sale of aromatics products.
*	Asean Bintulu Fertilizer Sdn. Bhd.	63.5	63.5	Malaysia	Production and sale of urea and ammonia.
∞	Asean LNG Trading Co. Ltd.	100.0	100.0	Malaysia	Trading of liquefied natural gas (“LNG”).
	Engen Limited	80.0	80.0	South Africa	Refining of crude oil and marketing of refined petroleum products.
	Engen Petroleum Ltd.	80.0	80.0	South Africa	Refining and distribution of petroleum products.
*	Ethylene Malaysia Sdn. Bhd.	72.5	72.5	Malaysia	Production and sale of ethylene.
*	Institute of Technology PETRONAS Sdn. Bhd.	100.0	100.0	Malaysia	Institute of higher learning.
*	KLCC (Holdings) Sdn. Bhd.	100.0	100.0	Malaysia	Property investment related activities and property development.
*@	KLCC Property Holdings Berhad	51.0	51.0	Malaysia	Property investment, hotel and recreation.
	Kuala Lumpur Convention Centre Sdn. Bhd.	100.0	100.0	Malaysia	Property investment related activities and property development.
	Malaysia Deepwater Floating Terminal (Kikeh) Limited	31.8	31.8	Malaysia	Floating, production, storage and off-loading (“FPSO”) owner.
*	Malaysia LNG Sdn. Bhd.	90.0	90.0	Malaysia	Liquefaction and sale of liquefied natural gas.
*	Malaysia LNG Dua Sdn. Bhd.	60.0	60.0	Malaysia	Liquefaction and sale of liquefied natural gas.

43. SIGNIFICANT SUBSIDIARIES AND ACTIVITIES (continued)

		Effective Percentage Holding 2009 %	Effective Percentage Holding 2008 %	Country of Incorporation	Principal Activities
*	Malaysia LNG Tiga Sdn. Bhd.	60.0	60.0	Malaysia	Liquefaction and sale of liquefied natural gas.
*	Malaysian International Trading Corporation Sdn. Bhd.	100.0	100.0	Malaysia	Petrochemicals and general trading.
	Malaysian International Trading Corporation (Japan) Sdn. Bhd.	100.0	100.0	Malaysia	Trading and procurement of equipment spares and materials.
*	Malaysian Refining Company Sdn. Bhd.	53.0	53.0	Malaysia	Refining of crude oil.
	Midciti Resources Sdn. Bhd.	75.3	75.3	Malaysia	Property investment.
*@	MISC Berhad	62.4	62.4	Malaysia	Shipping and shipping related activities.
∞	MITCO Labuan Co. Ltd.	100.0	100.0	Malaysia	Petrochemicals and general merchandise trading.
	MSE Holdings Sdn. Bhd.	62.4	62.4	Malaysia	Investment holding.
*	MTBE Malaysia Sdn. Bhd.	100.0	100.0	Malaysia	Production and sale of methyl tertiary butyl ether and propylene.
*	Optimal Olefins (Malaysia) Sdn. Bhd.	64.3	64.3	Malaysia	Manufacturing and marketing of ethylene, propylene and other hydrocarbon products.
	PAPL (Upstream) Pty. Ltd.	100.0	-	Australia	Exploration and production of coal seam gas.
	PC JDA Ltd.	100.0	100.0	Republic of Mauritius	Petroleum operations.
	PC Mauritania I Pty. Ltd.	100.0	100.0	Australia	Petroleum operations.
	PC Myanmar Holdings Ltd.	100.0	100.0	Hong Kong	Investment holding.
	PC Vietnam Ltd.	100.0	100.0	Republic of Mauritius	Petroleum operations.
*	PETLIN (M) Sdn. Bhd.	60.0	60.0	Malaysia	Production and sale of low-density polyethylene pellets.

43. SIGNIFICANT SUBSIDIARIES AND ACTIVITIES (continued)

		Effective Percentage Holding 2009 %	Effective Percentage Holding 2008 %	Country of Incorporation	Principal Activities
*	PETRONAS Ammonia Sdn. Bhd.	100.0	100.0	Malaysia	Production and sale of ammonia, syngas and carbon monoxide.
	PETRONAS Australia Pty. Ltd.	100.0	100.0	Australia	Investment holding.
*	PETRONAS Carigali Sdn. Bhd.	100.0	100.0	Malaysia	Exploration and production of oil and gas.
	PETRONAS Carigali (Chad EP) Inc.	100.0	100.0	Cayman Islands	Petroleum operations.
	PETRONAS Carigali (Jabung) Ltd.	100.0	100.0	Bahamas	Petroleum operations.
	PETRONAS Carigali Myanmar Inc.	100.0	100.0	Liberia	Petroleum and gas operations.
	PETRONAS Carigali Myanmar III Inc.	100.0	100.0	Cayman Island	Investment holding.
	PETRONAS Carigali Nile Ltd.	100.0	100.0	Republic of Mauritius	Petroleum operations.
	PETRONAS Carigali Overseas Sdn. Bhd.	100.0	100.0	Malaysia	Investment holding and petroleum operations.
	PETRONAS Carigali (Turkmenistan) Sdn. Bhd.	100.0	100.0	Malaysia	Petroleum operations.
*@	PETRONAS Dagangan Berhad	69.9	69.9	Malaysia	Marketing of petroleum products and operation of service stations.
*	PETRONAS Fertilizer (Kedah) Sdn. Bhd.	100.0	100.0	Malaysia	Production and sale of urea, ammonia and methanol.
*@	PETRONAS Gas Berhad	60.6	60.6	Malaysia	Processing and transmission of natural gas.
*	PETRONAS Hartabina Sdn. Bhd.	100.0	100.0	Malaysia	Acquisition, development and renting of properties.
*∞	PETRONAS International. Corporation Ltd	100.0	100.0	Malaysia	Investment holding.
	PETRONAS Lubricants Italy S.p.A	100.0	100.0	Italy	Manufacturing and distribution of lubricants and system fluids for motor vehicles and industrial applications.

43. SIGNIFICANT SUBSIDIARIES AND ACTIVITIES (continued)

		Effective Percentage Holding 2009 %	Effective Percentage Holding 2008 %	Country of Incorporation	Principal Activities
*	PETRONAS Lubricants International Sdn. Bhd.	100.0	100.0	Malaysia	Investment holding.
	PETRONAS Marketing Sudan Ltd.	100.0	100.0	Sudan	Marketing of petroleum products.
*	PETRONAS Methanol (Labuan) Sdn. Bhd.	100.0	100.0	Malaysia	Production and sale of methanol.
*	PETRONAS Penapisan (Melaka) Sdn. Bhd.	100.0	100.0	Malaysia	Refining and condensation of crude oil.
*	PETRONAS Penapisan (Terengganu) Sdn. Bhd.	100.0	100.0	Malaysia	Refining and condensation of crude oil.
	PETRONAS Tankers Sdn. Bhd.	62.4	62.4	Malaysia	Investment holding and provision of management services.
*	PETRONAS Trading Corporation Sdn. Bhd.	100.0	100.0	Malaysia	Trading of crude oil and petroleum products.
∞	PICL (Egypt) Corporation Ltd.	100.0	100.0	Malaysia	Investment holding, exploration, production and marketing of oil and gas.
	Putrajaya Holdings Sdn. Bhd.	64.4	64.4	Malaysia	Property owner and developer.
	Star Energy Group Plc	100.0	100.0	United Kingdom	Provision of gas storage facilities, exploration, development and production of crude oil, sale of natural gas and electricity generation.
	Suria KLCC Sdn. Bhd.	30.6	30.6	Malaysia	Property investment.

* Subsidiaries held directly by the Company.
@ The shares of these subsidiaries are quoted on the Main Board of Bursa Malaysia.
∞ Companies incorporated under the Labuan Offshore Companies Act 1990.
γ Consolidated based on management financial statements.

44. SIGNIFICANT ASSOCIATES AND ACTIVITIES

	Effective Percentage Holding 2009 %	Effective Percentage Holding 2008 %	Country of Incorporation	Principal Activities
BASF PETRONAS Chemicals Sdn. Bhd.	40.0	40.0	Malaysia	Own and operate acrylic acid and oxo plants.
Bintulu Port Holdings Berhad	32.8	32.8	Malaysia	Port management.
Cameroon Oil Transportation Company SA	29.8	29.8	Republic of Cameroon	Pipeline projects.
El Behera Natural Gas Liquefaction Company S.A.E.	35.5	35.5	Egypt	Liquefaction and sale of liquefied natural gas ("LNG").
Gas Malaysia Sdn. Bhd.	20.0	20.0	Malaysia	Selling, marketing, distribution and promotion of natural gas.
IDKU Natural Gas Liquefaction Company S.A.E.	38.0	38.0	Egypt	Manufacturing and production of LNG.
PP Oil & Gas (Indonesia-Jabung) Limited	50.0	50.0	United Kingdom	Exploration and production of oil and gas.
Taninthayi Pipeline Co. LLC	40.9	40.9	Cayman Islands	Construction and development of pipeline and transportation of gas.
Tchad Oil Transportation Company SA	30.2	30.2	Republic of Chad	Pipeline projects.
The Egyptian LNG Company S.A.E.	35.5	35.5	Egypt	Owning, managing and developing the land and the common facilities related to the Egyptian LNG facility.

45. SIGNIFICANT JOINTLY-CONTROLLED ENTITIES AND ACTIVITIES

	Effective Percentage Holding 2009 %	Effective Percentage Holding 2008 %	Country of Incorporation	Principal Activities
BP PETRONAS Acetyls Sdn. Bhd.	30.0	30.0	Malaysia	Manufacture, sell and distribute acetic acid.
Dragon LNG Group Ltd.	30.0	30.0	United Kingdom	Construction and future operation of a LNG terminal.
Optimal Chemicals (M) Sdn. Bhd.	50.0	50.0	Malaysia	Manufacture and sell ethylene and propylene derivative products.
Optimal Glycols (M) Sdn. Bhd.	50.0	50.0	Malaysia	Manufacture and sell ethylene oxide, ethylene glycol and other glycols.
Trans Thai-Malaysia (Thailand) Ltd.	50.0	50.0	Thailand	Storing, transporting, distributing and selling of natural gas.
Indianoil Petronas Private Limited	50.0	50.0	India	Manufacture and bottling services of LPG.

46. COMPARATIVE FIGURES

Comparative figures of the Group have been restated as a result of changes in accounting policies as stated in note 37.

Group	As restated RM Mil	As previously stated RM Mil
Balance Sheet		
Deferred tax liabilities	9,748	10,671
Income Statement		
Tax expense	28,248	28,162
Minority interest	6,335	6,347

Certain other comparative figures have been restated to conform with current year's presentation.

APPENDIX I

SUBSIDIARIES AUDITED BY OTHER FIRMS OF ACCOUNTANTS

Gas District Cooling (Holdings) Sdn. Bhd. and its subsidiaries:

- Gas District Cooling (KLIA) Sdn. Bhd.
- Gas District Cooling (UTP) Sdn. Bhd.

KLCC (Holdings) Sdn. Bhd. and its subsidiaries:

- Aliran Moden Sdn. Bhd.
- Cititower Sdn. Bhd.
- Convex Malaysia Sdn. Bhd.
- Gas District Cooling (M) Sdn. Bhd.
- Gilang Cendana Sdn. Bhd.
- Hasrat Intisari (M) Sdn. Bhd.
- HLP Bina Sdn. Bhd.
- Impian Bebas Sdn. Bhd.
- Indah Putrajaya Sdn. Bhd.
- Kenyalang Murni Sdn. Bhd.
- KLCC Projeks Sdn. Bhd.
- KLCC Real Estate Management Sdn. Bhd.
- Kuala Lumpur City Centre Development Berhad
- Kuala Lumpur City Park Berhad
- Layar Intan Sdn. Bhd.
- Menara Putrajaya Sdn. Bhd.
- Pedoman Purnama Sdn. Bhd.
- Purnama Sepi Sdn. Bhd.
- Putrajaya Corporate Services Sdn. Bhd.
- Putrajaya Group Sdn. Bhd.
- Putrajaya Homes Sdn. Bhd.
- Putrajaya Projects Sdn. Bhd.
- Putrajaya Resources Sdn. Bhd.
- Senandung Asli Sdn. Bhd.
- Tapak Senja Sdn. Bhd.
- Arah Moden Sdn. Bhd.
- City Centre Convention Centre Sdn. Bhd.
- Gagasan Ria Sdn. Bhd.
- Gas District Cooling (Putrajaya) Sdn. Bhd.
- Heritage Lane Sdn. Bhd.
- Ilham Merpati Sdn. Bhd.
- Idaman Putrajaya Sdn. Bhd.
- Impian Moden Sdn. Bhd.
- Kelana Perkasa Sdn. Bhd.
- KLCC Convention Centre Sdn. Bhd.
- KLCC Properties Sdn. Bhd.
- Komponen Abadi Sdn. Bhd.
- Kuala Lumpur City Centre Holdings Sdn. Bhd.
- Kuala Lumpur Convention Centre Sdn. Bhd.
- Lembah Putrajaya Sdn. Bhd.
- Metro Kemasik Sdn. Bhd.
- Pedoman Semarak Sdn. Bhd.
- Putrajaya Capital Management Sdn. Bhd.
- Putrajaya Development Sdn. Bhd.
- Putrajaya Holdings Sdn. Bhd.
- Putrajaya Management Sdn. Bhd.
- Putrajaya Properties Sdn. Bhd.
- Putrajaya Ventures Sdn. Bhd.
- Serba Harapan (M) Sdn. Bhd.

KLCC Property Holdings Berhad and its subsidiaries:

- Arena Johan Sdn. Bhd.
- Asas Klasik Sdn. Bhd.
- KLCC Parking Management Sdn. Bhd.
- Kompleks Dayabumi Sdn. Bhd.
- Suria KLCC Sdn. Bhd.
- Arena Merdu Sdn. Bhd.
- Impian Cemerlang Sdn. Bhd.
- KLCC Urusharta Sdn. Bhd.
- Midciti Resources Sdn. Bhd.

APPENDIX I

SUBSIDIARIES AUDITED BY OTHER FIRM OF ACCOUNTANTS (continued)

Marmel Incorporated and its subsidiaries:

- Darton Ltd.
- GCB Associates Ltd.
- Sparknight (U.S.) Inc.
- WG Parcel B LLC
- World Gateway Investments Inc.
- Darton U.S. Holdings Inc.
- Grabhorn Properties LLC
- Sparknight Inc.
- WG Parcel B Management LLC
- World Gateway Property Owners Association

MISC Berhad and its subsidiaries:

- AET Agencies Inc.
- AET Inc. Limited
- AET Offshore Services Inc.
- AET Shipmanagement (India) Private Limited
- AET Shipmanagement (Singapore) Pte. Ltd.
- AET Tankers Pte. Ltd.
- American Marine Offshore Services Limited
- Asia LNG Transport Dua Sdn. Bhd.
- FPSO Ventures Sdn. Bhd.
- Malaysia Deepwater Floating Terminal (Kikeh) Limited
- Malaysian Maritime Academy Sdn. Bhd.
- Malaysia Marine and Heavy Engineering (Turkmenistan) Sdn. Bhd.
- MILS - Seafrigo Sdn. Bhd.
- MILS - SterilGamma Sdn. Bhd.
- MISAN Logistics B.V.
- MISC Agencies (Australia) Pty. Ltd.
- MISC Agencies (Netherlands) B.V.
- MISC Agencies (Sarawak) Sdn. Bhd.
- MISC Agencies (U.K.) Ltd.
- MISC Capital (L) Limited
- MISC Ferry Services Sdn. Bhd.
- MISC Haulage Services Sdn. Bhd.
- MISC International (L) Limited
- M.I.S.C. Nigeria Ltd.
- MISC Offshore Holdings (Brazil) Sdn. Bhd.
- MISC Ship Management Sdn. Bhd.
- MISC Tanker Holdings (Bermuda) Limited
- MMHE-ATB Sdn. Bhd.
- PETRONAS Tankers Sdn. Bhd.
- Puteri Delima Satu (L) Private Limited
- Puteri Firus Satu (L) Private Limited
- Puteri Intan Satu (L) Private Limited
- Puteri Nilam Satu (L) Private Limited
- Puteri Zamrud Satu (L) Private Limited
- Techno Indah Sdn. Bhd.
- AET Holdings (L) Pte. Ltd.
- AET Lightering Services LLC
- AET Petroleum Tanker (M) Sdn. Bhd.
- AET Shipmanagement (Malaysia) Sdn. Bhd.
- AET Tanker Holdings Sdn. Bhd.
- AET U.K. Limited
- Asia LNG Transport Sdn. Bhd.
- Bunga Kasturi (L) Pte. Ltd.
- Leo Launches Private Limited
- Malaysia Deepwater Production Contractors Sdn. Bhd.
- Malaysia Marine and Heavy Engineering Sdn. Bhd.
- Malaysia Offshore Mobile Production (Labuan) Ltd.
- MILS - Seafrigo Cold Chain Logistics Sdn. Bhd.
- MISA (B) Sdn. Bhd.
- MISC Agencies Sdn. Bhd.
- MISC Agencies (Japan) Ltd.
- MISC Agencies (New Zealand) Limited
- MISC Agencies (Singapore) Private Limited
- MISC Enterprises Holdings Sdn. Bhd.
- MISC Floating Production System (Gumusut) Ltd.
- MISC Information Technology Sdn. Bhd.
- MISC Integrated Logistics Sdn. Bhd.
- MISC Offshore Floating Terminals (L) Limited
- MISC Properties Sdn. Bhd.
- MISC Tanker Holdings Sdn. Bhd.
- MISC Trucking and Warehousing Services Sdn. Bhd.
- MMHE-SHI LNG Sdn. Bhd.
- MSE Corporation Sdn. Bhd.
- MSE Holdings Sdn. Bhd.
- Puteri Delima Sdn. Bhd.
- Puteri Firus Sdn. Bhd.
- Puteri Intan Sdn. Bhd.
- Puteri Mutiara Satu (L) Private Limited
- Puteri Nilam Sdn. Bhd.
- Puteri Zamrud Sdn. Bhd.

APPENDIX I

SUBSIDIARIES AUDITED BY OTHER FIRM OF ACCOUNTANTS (continued)

PETRONAS Carigali Sdn. Bhd. and its subsidiaries:

- Doba Pipeline Investment Inc.
- PC Gulf Ltd.
- PC (North East Madura IV) Ltd.
- PC (SE Palung Aru) Ltd. (fka PETRONAS Carigali Bahrain Ltd.)
- PC (Timor Sea 06-102) Ltd.
- PETRONAS Carigali (Australia) Pty. Ltd.
- PETRONAS Carigali (Chad EP) Inc.
- PETRONAS Carigali (Ketapang) Ltd.
- PETRONAS Carigali (Rovuma Basin) Ltd.
- PETRONAS Carigali (Surumana) Ltd.
- PETRONAS Carigali (Tanjung Jabung) Ltd.
- PETRONAS Carigali Equatorial Guinea Ltd.
- PETRONAS Chad Marketing Inc.
- PETRONAS Carigali Myanmar II Inc.
- PETRONAS Carigali Niger Exploration & Production Ltd.
- PETRONAS Carigali White Nile (5B) Ltd.
- PC Algeria Ltd. (ϒ)
- PC Lampung II Ltd.
- PC Randugunting Ltd.
- PC South Pars 11 Ltd.
- PC Venezuela Ltd.
- PETRONAS Carigali (Baisun) Operating Company LLC
- PETRONAS Carigali (Karapan) Ltd.
- PETRONAS Carigali Ketapang II Ltd.
- PETRONAS Carigali (Surkhanski) Operating Company LLC
- PETRONAS Carigali (Tanjung Aru) Ltd.
- PETRONAS Carigali Chad Exploration & Production Inc.
- PETRONAS Carigali International Sdn. Bhd.
- PETRONAS Carigali Mozambique E&P Ltd.
- PETRONAS Carigali Nigeria Limited
- PETRONAS Carigali Overseas Sdn. Bhd.
- Seerat Refinery Investment Inc.

PETRONAS Hartabina Sdn. Bhd. and its subsidiaries:

- Prince Court Medical Centre Sdn. Bhd.
- PRBF Properties Corporation Sdn. Bhd.
- PRBF Holdings Corporation Sdn. Bhd.

PETRONAS International Corporation Ltd. and its subsidiaries:

- Aktol Chemicals (Pty.) Ltd.
- Azania Petroleum (Pty.) Ltd.
- BGI Maun (Pty.) Ltd.
- BGI Properties Ltd.
- Citycat Trading 4 (Pty.) Ltd.
- East Australia Pipeline Marketing Pty. Limited
- Engen African Minority Holdings
- Engen Gabon S.A. (Piza Shell S.A.)
- Engen Group Funding Trust
- Engen Holdings (Ghana) Ltd.
- Engen International Holdings (Mauritius) Ltd.
- Engen Lesotho (Pty.) Ltd.
- Engen Management Services (Pty.) Ltd.
- Engen Marketing Botswana (Pty.) Ltd.
- Engen (Nigeria) Ltd.
- Engen Offshore Holdings (Mauritius) Ltd.
- Engen Swaziland (Pty.) Ltd.
- Engen Rwanda Ltd.
- Engen Zimbabwe (PVT) Ltd.
- Engen Petroleum (DRC) (IOM) Ltd.
- Engen Petroleum International Ltd.
- Asean LNG Trading Co. Ltd.
- BGI Mahalpye (Pty.) Ltd.
- BGI Palapye (Pty.) Ltd.
- Cavallo Engineering & Construction (Pty.) Ltd.
- Chemico (Pty.) Ltd.
- Engen African Holdings
- Engen Botswana Limited (β)
- Engen Ghana Ltd.
- Engen Holdings (Pty.) Ltd.
- Engen Holdings Zimbabwe (PVT) Ltd.
- Engen Kenya Ltd.
- Engen Limited
- Engen Marketing Ltd.
- Engen Marketing Zimbabwe Ltd.
- Engen Namibia (Pty.) Ltd.
- Engen Producing (Nigeria) Ltd.
- Engen Uganda Ltd.
- Engen Petroleum (Burundi) Ltd.
- Engen Petroleum (DRC) Ltd.
- Engen Petroleum Ltd.
- Engen Petroleum Ltd. (Malawi)

APPENDIX I

SUBSIDIARIES AUDITED BY OTHER FIRM OF ACCOUNTANTS (continued)

PETRONAS International Corporation Ltd. and its subsidiaries: (continued)

- Engen Petroleum (Mocambique) Limitada
- Engen Petroleum Zambia Ltd.
- Enpet Africa Insurance Ltd.
- Federico Trading (Pty.) Ltd.
- Gameskin Manufacturers
- Global Resources Ltd. (ϒ)
- Ivory Properties (Pty) Ltd.
- MITCO Labuan Co. Limited.
- Myanmar PETRONAS Trading Co. Ltd.
- Namibia Petroleum (Pty.) Ltd.
- New Jack Trading (Pty.) Ltd.
- Overseas Gas Storage Limited
- PAPL (Upstream) Pty Limited
- PC JDA Ltd.
- PC Mauritania I Pty. Ltd. (ϒ)
- PC Muriah Ltd.
- PC Myanmar (Hong Kong) Ltd. (ϒ)
- PETGAS Trading (UK) Ltd. (ϒ)
- Petroleum Investment Holding Ltd.
- PETRONAS Carigali Gas Ltd.
- PETRONAS Carigali Myanmar Inc.
- PETRONAS Carigali Nile Ltd.
- PETRONAS Carigali (Pakistan) Ltd.
- PETRONAS Carigali (Urga) Ltd.
- PETRONAS China Co. Ltd. (α)
- PETRONAS Marketing (China) Co. Ltd. (ϒ)
- PETRONAS Marketing Sudan Ltd.
- PETRONAS Myanmar Limited.
- PETRONAS Philippines Inc. (α)
- PETRONAS (Thailand) Co. Ltd.
- PETRONAS Vietnam Co. Ltd.
- PICL Siri Company Limited
- Phu My Plastics and Chemicals Company Ltd. (α)
- PT PETRONAS Niaga Indonesia (ϒ)
- Quickstep 285 (Pty.) Ltd.
- Renaissance Petroleum (Pty.) Ltd.
- SEP Burundi
- Shell Republique Democratique Du Congo
- Star Energy (East Midlands) Limited
- Star Energy Group Plc
- Star Energy Limited
- Star Energy Oil UK Limited
- The Fifth Retail Ltd.
- Trek Petroleum (Pty.) Ltd.
- Valais Investments (Pty.) Ltd.
- Zenex Oil (Pty.) Ltd.
- Engen Petroleum Tanzania Ltd.
- Engen Petroleum Zimbabwe (PVT) Ltd.
- Enpet Insurance Ltd.
- Gedney Properties (Pty.) Ltd.
- Gas Storage Limited
- Imtrasel (Pty) Ltd.
- Labuan Energy Corporation Limited
- MITCO Labuan India Private Ltd.
- Nada Properties Co. Ltd. (ϒ)
- Natuna 1 B.V.
- Oil Tanking EPZ (Pty.) Ltd.
- Pakenzyl (Pty.) Ltd.
- Parsi International Ltd.
- PC Madura Ltd.
- PC Mauritania II B.V. (ϒ)
- PC Myanmar Holdings Ltd. (ϒ)
- PC Vietnam Ltd.
- Petrarch Petroleum (Pty.) Ltd.
- PETRONAS Argentina S.A. (ϒ)
- PETRONAS Australia Pty. Ltd. (ϒ)
- PETRONAS Carigali (Jabung) Ltd.
- PETRONAS Carigali Myanmar III Inc.
- PETRONAS Carigali (Turkmenistan) Sdn. Bhd.
- PETRONAS Carigali (Urga) Operating Company LLC (ϒ)
- PETRONAS Energy Philippines, Inc.
- PETRONAS Marketing (India) Private Ltd.
- PETRONAS Marketing (Thailand) Co. Ltd.
- PETRONAS Natuna Sdn. Bhd.
- PETRONAS Retail (Thailand) Co. Ltd.
- PETRONAS Retail Property (Thailand) Co. Ltd.
- PICL Marketing Thailand Ltd. (ϒ)
- PICL (Egypt) Corporation Ltd.
- PSE Ireland Limited
- Quickstep 284 (Pty.) Ltd.
- Quickstep 286 (Pty.) Ltd.
- Rockyhill Properties (Pty.) Ltd.
- Sirri International Ltd.
- Sonap Petroleum (South Africa) (Pty.) Ltd.
- Star Energy Gas Storage Services Limited
- Star Energy HG Gas Storage Limited
- Star Energy Oil and Gas Limited
- Star Energy Weald Basin Limited
- Total Guinea – Bissau Ltd.
- Universal Property Company Limited
- Ximex Energy Holdings (PVT) Ltd.

APPENDIX I

SUBSIDIARIES AUDITED BY OTHER FIRM OF ACCOUNTANTS (continued)

PETRONAS Maritime Services Sdn. Bhd. and its subsidiaries:

- Kertih Port Sdn. Bhd.
- Sungai Udang Port Sdn. Bhd.

PLI (Netherlands) B.V. and its subsidiaries:

- PETRONAS Lubricants Italy S.p.A (α)
- Finco (UK) Ltd. (α)
- Sole Finco S.A. (α)
- PETRONAS Lubricants Belgium N.V. (formerly known as Sun Oil Company N.V.) (α)
- PETRONAS Lubricants Brasil S.A. (formerly known as FL Brasil S.A.) (α)
- Viscosity Oil Co.(formerly known as FL Viscosity Oil Co.) (α)
- FL Nominees Ltd. (α)
- PETRONAS Lubricants Poland Sp.Zo.o (FL Poland Sp Zo.o) (α)
- Petronas Lubrificantes Brasil S.A. (formerly known as Brasil S.A.) (α)
- PETRONAS Lubricants Argentina S.A. (formerly known as FL Argentina S.A.) (α)
- PETRONAS Lubricants France S.a.s. (formerly known as FL France S.a.s) (α)
- PETRONAS Lubricants Great Britain Ltd. (formerly known as FL Great Britain Ltd.) (α)
- PETRONAS Lubricants Netherlands B.V. (formerly known as Sunoco Holland B.V.) (α)
- PETRONAS Lubricants Deutschland GmbH (formerly knows as FL Schmierstoffe GmbH) (α)
- PETRONAS Madeni Yaglar TIC LTD STI (formerly known as FL Madeni Yaglar Ticaret Limited) (α)
- Viscosity Oil Finco LLC (α)
- PETRONAS Lubricants Spain S.L.U. (formerly known as Nueva FL Iberica S.L.) (α)
- PETRONAS Lubricants Portugal Lda (formerly known as FL Portugal Lda) (α)
- FL Maroc S.A. (α)

Subsidiaries held directly by the Company:

- Energas Insurance (L) Limited
- PETLIN (M) Sdn. Bhd.
- PETRONAS Assets Sdn. Bhd.
- PETRONAS Cambodia Tankage Services Co. Ltd. (α)
- PETRONAS Fertilizer (Kedah) Sdn. Bhd.
- PETRONAS Management Training Sdn. Bhd.
- PETRONAS South Africa (Pty.) Ltd. (α)
- Vinyl Chloride (Malaysia) Sdn. Bhd.
- Optimal Olefins (Malaysia) Sdn. Bhd.
- Institute of Technology PETRONAS Sdn. Bhd.
- PETRONAS Ammonia Sdn. Bhd.
- PETRONAS Cambodia Co. Ltd. (α)
- PETRONAS e-Learning Solutions Sdn. Bhd.
- PETRONAS India (Holdings) Co. Pte. Ltd. (α)
- PETRONAS NGV Sdn. Bhd.
- Styrene Monomer (Malaysia) Sdn. Bhd.
- SPE Engine Solutions Sdn. Bhd.

ϒ Consolidated based on management financial statements.
α Audited by overseas office of KPMG.
@ The shares of this subsidiary are quoted on the Main Board of Bursa Malaysia.
β The shares of this subsidiary are quoted on the Botswana Stock Exchange.

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