



Pg 20 | Message from the Chairman

We had been able to increase our total customer base, growing by 2.2% to 38,318 customers.

Pg 26 | Management Discussion & Analysis

We sold 147.6 million MMBtu of natural gas as compared to 138.5 million MMBtu in the previous year.

Pg 55 | Corporate Social Responsibility

At Gas Malaysia, we are committed to upholding the highest level of integrity in our dealings with all our stakeholders.



ANNUAL REPORT 2014



RESHAPING OUR FUTURE

CONTENTS

Message from the Chairman

2014 was a year of two halves for the local economy. Stronger economic growth dominated the first half, driven by domestic demand which saw 6.6% growth. During the second half, domestic demand moderated to 5.4%, triggered by a shift in sentiment that resulted from weaker energy prices.



The Company strives to provide efficient operations as well as effective customer service, driven by the mission to provide the cleanest, safest, cost-effective and reliable energy solutions to end users.

Management Discussion & Analysis



In 2014, the Company's long-term strategy and strong fundamentals guided us through the opportunities and challenges presented by the economic and regulatory forces.

Notice of Annual General Meeting	Pg 2
Company's Profile	Pg 4
Corporate Milestones	Pg 6
Supply Area	Pg 8
Corporate Information	Pg 10
Financial Calendar	Pg 11
Financial Summary	Pg 12
Five Year Financial Summary	Pg 13
Share Price Performance	Pg 16
Media	Pg 17



Message from the Chairman	Pg 20
Management Discussion & Analysis	Pg 26
Board of Directors' Profile	Pg 32
Management Profile	Pg 42
Corporate Social Responsibility	Pg 55
Corporate Events	Pg 58
Sports & Recreational Activities	Pg 60

Financial Statements



Our well carved business strategy had reflected equitable financial performance in 2014.



Find out more

Our annual report provides information about our progress and performance. We wish to keep you updated by providing information that matters to you. For the online feedback form, simply download a QR reader to your smartphone, scan and give us your comments. You can also email to investor@gasmalaysia.com.



Community



Sports



Education



Environment

CORPORATE SOCIAL RESPONSIBILITY



Corporate Governance Statement	Pg 62
--------------------------------------	-------

Statement on Risk Management and Internal Control	Pg 71
---	-------

Directors' Responsibility Statement	Pg 76
---	-------

Audit Committee Report	Pg 77
------------------------------	-------

Additional Compliance Information	Pg 81
---	-------

Financial Statements	Pg 82
----------------------------	-------

Shareholding Statistics	Pg 135
-------------------------------	--------

List of Properties	Pg 138
--------------------------	--------

Administrative Details	Pg 140
------------------------------	--------

Proxy Form

Cover Rationale

Reshaping Our Future



The pipeline symbolises Gas Malaysia reaching out to its customers, supplying steady and reliable energy solutions. Our assets – our pipeline and our people – are the very foundation from which we shall grow, diversify and reshape our business in the future, whilst embracing our ambitious vision of being the innovative value added energy solutions provider.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of Gas Malaysia Berhad ("Gas Malaysia" or "the Company") will be held at the Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Thursday, 7 May 2015 at 3.00 p.m. or any adjournment thereof, for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.
Please refer to Note A
2. To declare a single-tier final dividend of 4.06 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2014.
(Ordinary Resolution 1)
3. To re-elect the following Directors who are retiring pursuant to Article 95(2) of the Company's Articles of Association:
 - (i) Datuk Haji Hasni bin Harun
(Ordinary Resolution 2)
 - (ii) Encik Shazali bin Dato' Haji Shahrani
(Ordinary Resolution 3)
 - (iii) Datuk Puteh Rukiah binti Abd. Majid
(Ordinary Resolution 4)
4. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company for the ensuing financial year and to authorise the Directors to fix their remuneration.
(Ordinary Resolution 5)

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution:

5. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH PETROLIAM NASIONAL BERHAD, PETRONAS GAS BERHAD AND PETRONAS DAGANGAN BERHAD

(Ordinary Resolution 6)

"That subject to the provisions of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties, as set out in Section 2.4 of the Circular to Shareholders dated 14 April 2015, which are necessary for the day-to-day operations; and are undertaken in the ordinary course of business of the Company and its subsidiaries, on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier.

And that the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to such transactions as authorised by this Ordinary Resolution."

Notice of Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that a single-tier final dividend of 4.06 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2014, if approved by the shareholders at the AGM, will be paid on 12 June 2015 to the shareholders whose name appear in the Record of Depositors of the Company at the close of business on 22 May 2015.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 22 May 2015 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

YANTI IRWANI BINTI ABU HASSAN (MACS 01349)
Company Secretary

Shah Alam, Selangor Darul Ehsan
14 April 2015

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Act, shall not apply.
2. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. Where there are two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5. The instrument appointing a proxy or corporate representative or the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 28 April 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

EXPLANATORY NOTES:

- A. Agenda item no.1 is meant for discussion only as the provisions of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda will not be put forward for voting.
- B. The Ordinary Resolution 6, if passed, will benefit the Company by facilitating the Company and its subsidiaries ("the Group") to enter into transactions with Related Parties specified in Section 2.4 of the Circular to Shareholders dated 14 April 2015 in the ordinary course of the Group's business on commercial terms, in a timely manner and will enable the Group to continue to carry out recurrent related party transactions necessary for the Group's day-to-day operations.

Company's Profile

Gas Malaysia operated and maintained 2,065 kilometres of gas pipeline



Gas Malaysia was established on 16 May 1992 to sell, market and distribute natural gas as well as to construct, operate and maintain the Natural Gas Distribution System ("NGDS") within Peninsular Malaysia. We are the only company licensed under the Gas Supply Act, 1993 ("GSA") by the Energy Commission ("EC"), with the approval of the Minister, to supply and sell reticulated natural gas in Peninsular Malaysia. The licence to supply and sell reticulated natural gas was granted on 1 September 1998 and shall expire on 1 September 2028.

Subsequently, on 15 December 2000, we were granted the licence to supply and sell reticulated Liquefied Petroleum Gas ("LPG"). With this licence, we expanded the business to include the supply of reticulated LPG to the commercial and residential sectors within the Peninsula. The licence to supply and sell LPG expires on 15 December 2020.

As at 31 December 2014, Gas Malaysia operated and maintained 2,065 kilometres of gas pipeline across Peninsular Malaysia, supplying natural gas to 771 industrial customers, 799 commercial customers and 12,568 residential customers; supplying LPG to 1,195 commercial and 22,985 residential customers. In total, our customer base stood at 38,318 in the same period.

The industrial customers represent a diverse range of industries that includes food, beverage and tobacco, rubber, non-metallic minerals, glass, fabricated and basic metals, chemicals, electric and electronics, paper, printing and publishing, textiles and retails.

WHILST PROMOTING CHP AND VIRTUAL PIPELINE,

GAS MALAYSIA CONTINUES TO EXPLORE OTHER INNOVATIVE ENERGY SOLUTIONS FOR THE BENEFIT OF ITS CUSTOMERS AND ULTIMATELY, THE NATION.

OUR VISION

To be an innovative value-added energy solutions provider.

OUR MISSION

To provide the cleanest, safest, cost effective and reliable energy solutions to the nation.



GAS MALAYSIA'S
CUSTOMER
BASE STOOD AT
38,318

Headquartered in Shah Alam, Gas Malaysia has three regional offices in Prai, Gebeng and Pasir Gudang, and seven branch offices in Kuala Lumpur, Shah Alam, Bangi, Putrajaya, Senawang, Kluang and Sri Manjung. We strive to provide efficient operations as well as effective customer service, driven by the mission to provide the cleanest, safest, cost-effective and reliable energy solutions to end users.

In line with the vision to be an innovative energy solutions provider and in support of the Government's effort to improve energy efficiency, Gas Malaysia has taken the initiative to introduce and promote the Combined Heat and Power ("CHP") system and Virtual Pipeline.

Due to its high efficiency, the CHP system will enable customers to utilise more energy from the same volume of gas consumed, thus significantly reducing their total energy cost. Virtual Pipeline on the other hand, will deliver natural gas to remotely located customers that do not have access to our pipelines.

Whilst promoting CHP and Virtual Pipeline, Gas Malaysia continues to explore other innovative energy solutions for the benefit of its customers and ultimately, the nation.

Corporate Milestones

19
92

30
MAR

Signed the Joint Venture Agreement between MMC-Shapadu, Tokyo Gas-Mitsui and Petroliam Nasional Berhad ("PETRONAS") ("JVA")

16
MAY

Incorporated as a private company

20
03

19
97

18
AUG

Signed the Gas Supply Agreement between PETRONAS as the seller and the Company as the buyer for the supply of gas



01
FEB

Awarded the certificate for implementing Environmental Management System which complies with ISO 14001:1997 (upgraded to ISO 14001:2004)

19
98

2
0
0
0

01
FEB

Awarded the certificate for implementing a Quality Management System which complies with ISO 9002:1994 (upgraded to ISO 9001:2008)

01
SEP

Obtained a Gas Utility Licence ("GUL")

15
DEC

Obtained the GUL for LPG



01
JUNE

Achieved two million man hours without lost time injury

28
FEB

Signed the Supplemental Agreement to the JVA entered into following the transfer of PETRONAS' legal and beneficial ownership of all of its 8,559 ordinary shares of RM1,000.00 each in the Company to its subsidiary, PETRONAS Gas Berhad ("PGB"), save for the Special Share retained by PETRONAS

24
OCT

Awarded the certificate for implementing an Occupational Health and Safety Management System which complies with OHSAS 18001:1999 (upgraded to OHSAS 18001:2007)

20
07

Corporate Milestones

2009

01
NOV 

Signed the first Supplemental Agreement to the existing Gas Supply Agreement between PETRONAS as the seller and the Company as the buyer for the increase of gas supply from 150 MMscfd to 300 MMscfd

2010

12
JULY 

Signed the second Supplemental Agreement to the existing Gas Supply Agreement between PETRONAS as the seller and the Company as the buyer for the increase of gas supply from 300 MMscfd to 382 MMscfd

2011

19
AUG

Converted into a public company



2012

23 FEB 

Signed the new Gas Supply Agreement with PETRONAS

11 JUNE 

Listed on the Main Board of Bursa Malaysia

26 NOV 

Signed the first Pipeline Construction and Operating Agreement with a developer, BSS Development Sdn Bhd, to supply natural gas to the designated zone for the Sendayan Tech Valley Project

2014

24 FEB 

Signed the Joint Venture Agreement with Energy Advance Co., Ltd. and IEV Energy Sdn Bhd

8 MAY 

Awarded the certificate for implementing Information Security Management System by SIRIM which comply with ISO/IEC 27001:2005 and ISO/IEC 27001:2007

19 NOV 

Signed the Collaboration Proposal with Malaysian Biotechnology Corporation Sdn Bhd to collaborate in the implementation of Bio-Renewable Energy Project

Supply Area

NORTHERN REGION

PERAK

BERCHAM
IPOH
KAMPAR
KEMUNTING
LUMUT
PARIT BUNTAR
SERI ISKANDAR
SERI MANJUNG
SITIAWAN
TAIPING
TAMBUN
TELUK INTAN
TRONOH

PERLIS

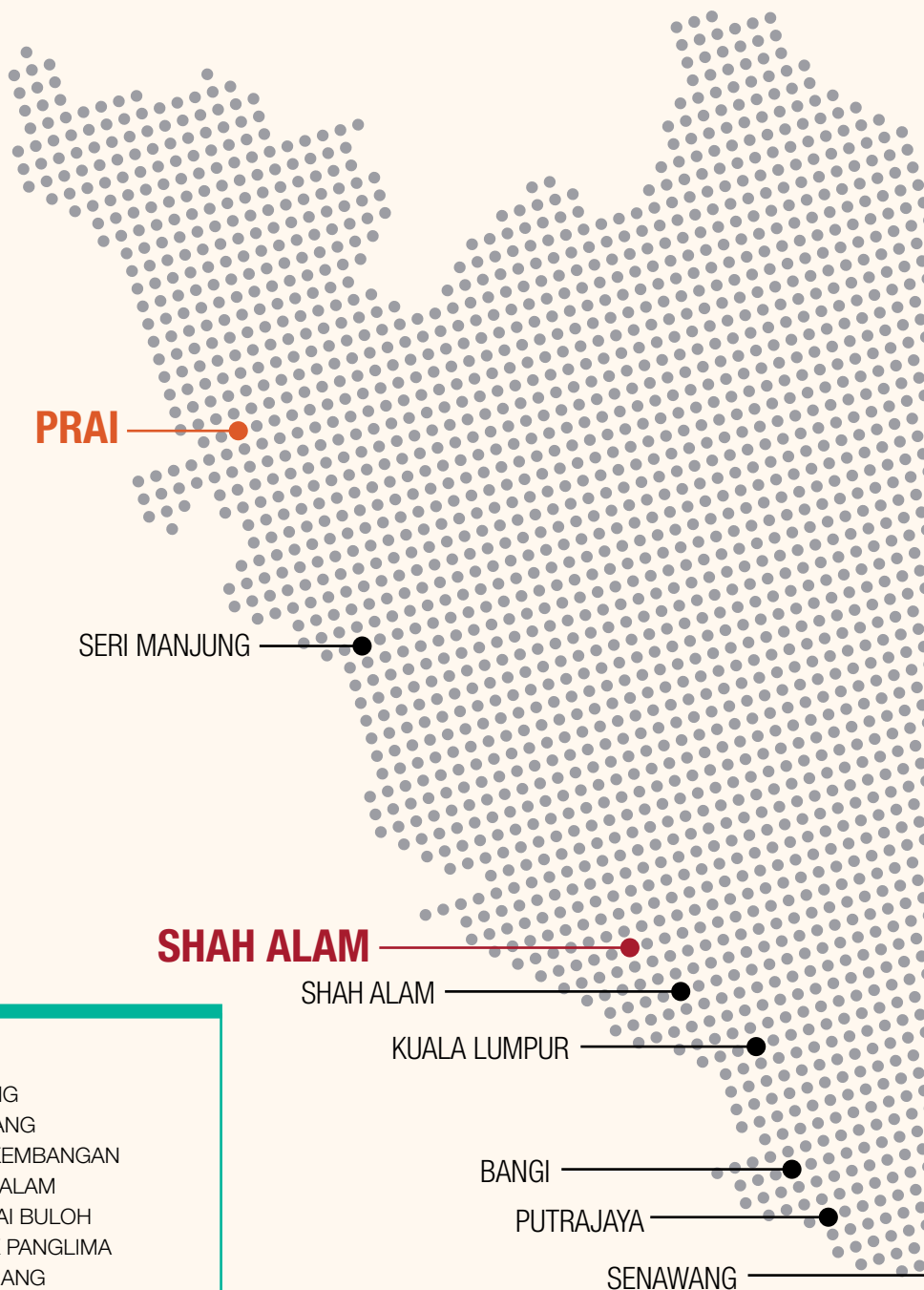
ARAU
KANGAR
CHUPING

PENANG

BAYAN LEPAS
BUKIT MERTA JAM
GEORGETOWN
JELUTUNG
MAK MANDIN
NIBONG TEBAL
PRAI
SUNGAI DUA
TANJUNG PINANG

KEDAH

KULIM
MERGONG
SUNGAI PETANI
PADANG TERAP



CENTRAL REGION

SELANGOR

AMPANG
BALAKONG
BANDAR SULTAN
SULAIMAN
BANGI
BANTING
BERANANG
BESTARI JAYA
CYBERJAYA
DAMANSARA
DENGKIL
IJOK
JERAM

KAJANG
KELANA JAYA
KLANG
KLIA
KUNDANG
NORTH PORT
PANDAMARAN
PETALING JAYA
PUCHONG
PULAU INDAH
RAWANG
SALAK TINGGI
SELAYANG
SEMENYIH

SEPANG
SERDANG
SERI KEMBANGAN
SHAH ALAM
SUNGAI BULOH
TELUK PANGlima
GARANG

FEDERAL TERRITORY OF PUTRAJAYA

FEDERAL TERRITORY OF KUALA LUMPUR

SHAH ALAM

SHAH ALAM

KUALA LUMPUR

BANGI

PUTRAJAYA

SENAWANG

Supply Area

HEADQUARTERS

REGIONAL
OFFICEBRANCH
OFFICEEASTERN
REGIONPAHANG
GAMBANG
GEBENG
KUANTAN
KUANTAN PORTTERENGGANU
KEMAMAN
KERTEH

GEBENG

SOUTHERN
REGION

JOHOR

AIR HITAM
GELANG PATAH
JOHOR BAHRU
KLUANG
KULAI
LARKIN
NUSAJAYA
PASIR GUDANG
PLENTONG
SENAITAMPOI
TANJUNG LANGSAT
TEBRAU
YONG PENG

MELAKA

ALOR GAJAH
AYER KEROH
BANDAR MELAKA
BATU BERENDAMBUKIT RAMBAI
CHENG
TANGGA BATU

NEGERI SEMBILAN

NILAI
SENAWANG
SENDAYAN
SEREMBAN
SEREMBAN 2

KLUANG

PASIR GUDANG

Corporate Information

BOARD OF DIRECTORS

DATUK HAJI HASNI BIN HARUN

Chairman
Non-Independent Non-Executive

DATO' SRI CHE KHALIB BIN MOHAMAD NOH

Non-Independent Non-Executive Director

SHIGERU MURAKI

Non-Independent Non-Executive Director

YUSA' BIN HASSAN

Non-Independent Non-Executive Director

SHAZALI BIN DATO' HAJI SHAHRANI

Non-Independent Non-Executive Director

TAN LYE CHONG

Independent Non-Executive Director

DATUK PUTEH RUKIAH BINTI ABD. MAJID

Independent Non-Executive Director

DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

Independent Non-Executive Director

DATUK OOI TEIK HUAT

Independent Non-Executive Director

ALTERNATE DIRECTORS

DATO' ROSTHMAN BIN IBRAHIM

Alternate Director to Shazali bin Dato' Haji Shahrani
Non-Independent Non-Executive Alternate Director

AIDA AZIZA BINTI MOHD JAMALUDIN

Alternate Director to Yusa' bin Hassan
Non-Independent Non-Executive Alternate Director

YASUSHI SAKAKIBARA

Alternate Director to Shigeru Muraki
Non-Independent Non-Executive Alternate Director

HISASHI NAKAMURA

Alternate Director to Shigeru Muraki
Non-Independent Non-Executive Alternate Director

AUDIT COMMITTEE

Tan Lye Chong (Chairman)

Datuk Puteh Rukiah binti Abd. Majid

Datuk Ooi Teik Huat

NOMINATION & REMUNERATION COMMITTEE

Dato' Haji Hasni bin Harun (Chairman)

Datuk Puteh Rukiah binti Abd. Majid

Datuk Syed Abu Bakar bin S Mohsin
Almohdzar

RISK AND COMPLIANCE COMMITTEE

Shigeru Muraki (Chairman)

Yusa' bin Hassan

Shazali bin Dato' Haji Shahrani

CHIEF EXECUTIVE OFFICER

Ahmad Hashimi bin Abdul Manap

COMPANY SECRETARY

Yanti Irwani binti Abu Hassan

(MACS 01349)

INVESTOR RELATIONS

Zulkifli bin Mawardi

Email address : investor@gasmalaysia.com

REGISTERED OFFICE

No. 5, Jalan Serendah 26/17

Seksyen 26

40732 Shah Alam

Selangor Darul Ehsan

Malaysia

Tel : (603) 5192 3000

Fax : (603) 5192 6766 / 6749

Website : www.gasmalaysia.com

Email : enquiries@gasmalaysia.com

HEAD OFFICE

No. 5, Jalan Serendah 26/17

Seksyen 26, Peti Surat 7901

40732 Shah Alam

Selangor Darul Ehsan

Malaysia

Tel : (603) 5192 3000

Fax : (603) 5192 6766 / 6749

Website : www.gasmalaysia.com

Email : enquiries@gasmalaysia.com

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Malaysia

Tel : (603) 7849 0777

Fax : (603) 7841 8151/52

AUDITORS AND REPORTING

ACCOUNTANTS

Messrs. PricewaterhouseCoopers

(Chartered Accountants)

Level 10, 1 Sentral

Jalan Travers

Kuala Lumpur Sentral

50706 Kuala Lumpur

Wilayah Persekutuan

Malaysia

Tel : (603) 2173 1188

Fax : (603) 2173 1288

PRINCIPAL BANKER

Malayan Banking Berhad

Seksyen 20 Shah Alam

No. 19 & 21, Jalan Singa 20/C

40000 Shah Alam

Selangor Darul Ehsan

Malaysia

Tel : (603) 5032 0808

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

(Main Market)

Listed since 11 June 2012

Stock Name : GASMSIA

Stock Code : 5209

DIVIDEND SERVICE PROVIDER

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Malaysia

Tel : (603) 7849 0777

Fax : (603) 7841 8151/52

Financial Calendar



**ANNUAL
GENERAL
MEETING**

7 May 2015



**ENTITLEMENT
TO 2014 FINAL
DIVIDEND**

22 May 2015*



**PAYMENT OF
2014 FINAL
DIVIDEND**

12 June 2015*

Announcement of Results for Financial Year Ended 31 December 2014:

1st Quarter - 15 May 2014

2nd Quarter - 20 August 2014

3rd Quarter - 12 November 2014

4th Quarter - 12 February 2015

* These dates are subject to shareholders' approval on 7 May 2015

Financial Summary



Profit Before Zakat and Tax

RM213.1 Million

Revenue

RM2,773.5 Million

Total Assets

RM1,791.1 Million

Shareholders' Funds

RM1,013.0 Million

Five Year Financial Summary

For The Financial Year Ended 31 December

	2010	2011	2012	2013	2014
MMBtu MILLION					
Sales Volume	117.8	124.9	127.6	138.5	147.6
RM MILLION					
Revenue	1,807.5	2,000.2	2,125.3	2,317.2	2,773.5
Profit Before Zakat and Tax	388.4	294.7	214.1	220.9	213.1
Profit After Zakat and Tax	298.3	229.2	162.8	171.4	167.6
Total Assets	1,616.0	1,474.4	1,513.5	1,507.2	1,791.1
Shareholders' Funds	1,167.6	1,009.5	1,008.4	1,004.1	1,013.0
Total Liabilities	448.5	465.0	505.1	503.2	778.1
Paid-up Capital	642.0	642.0	642.0	642.0	642.0
PROFIT AS % REVENUE					
Profit Before Zakat and Tax	21%	15%	10%	10%	8%
Profit After Zakat and Tax	17%	11%	8%	7%	6%
Earnings Per Share (RM)	464.6*	356.9*	0.13 [#]	0.13 [#]	0.13[#]
Net Tangible Assets Per Share (RM)	1,818.6*	1,572.4*	0.79 [#]	0.78 [#]	0.79[#]
HUMAN RESOURCES					
Employees (Number)	359	358	364	385	402
RM MILLION					
Revenue Per Employee	5.035	5.587	5.839	6.019	6.899
Profit Before Zakat and Tax Per Employee	1.082	0.823	0.588	0.574	0.530
Profit After Zakat and Tax Per Employee	0.831	0.640	0.447	0.445	0.417

Note:

* Based on paid-up capital of 642,000 shares at RM1,000 per share

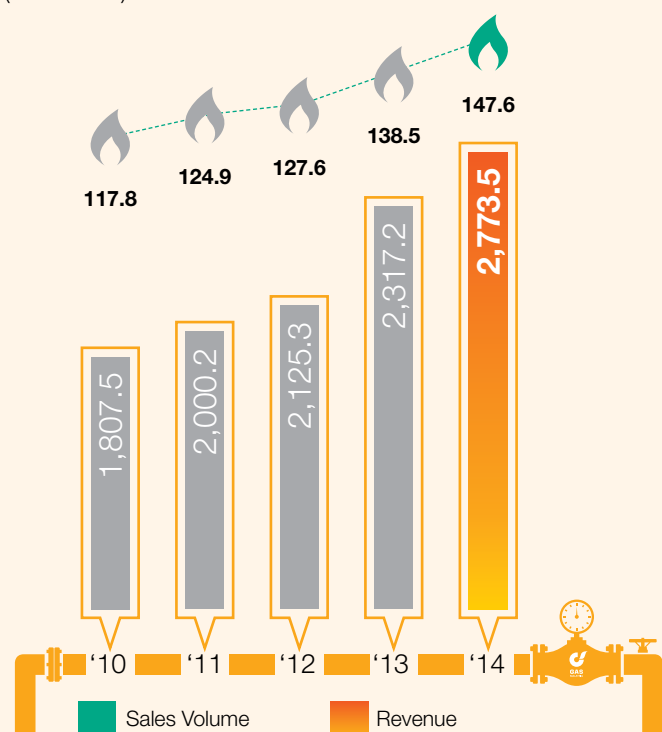
[#] Based on paid-up capital of 1,284,000,000 shares at RM0.50 per share

Five Year Financial Summary

For The Financial Year Ended 31 December

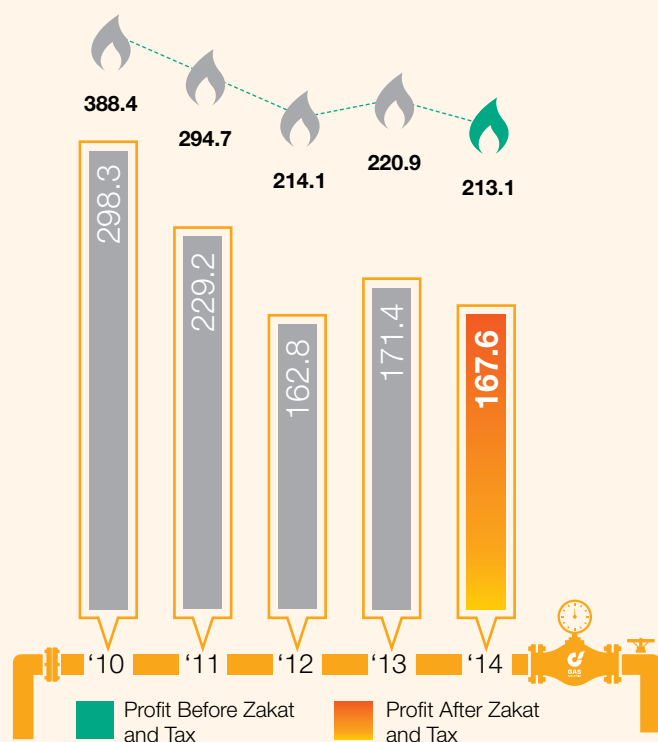
SALES VOLUME & REVENUE

(MMBtu Million)
(RM Million)



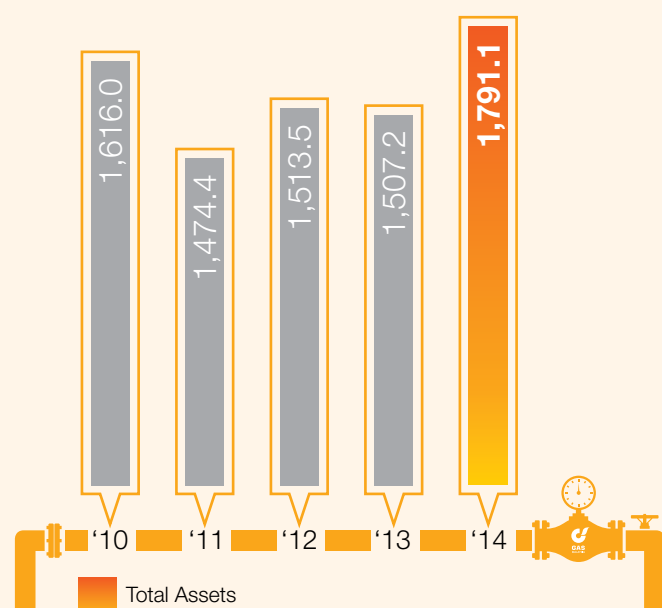
PROFIT

(RM Million)



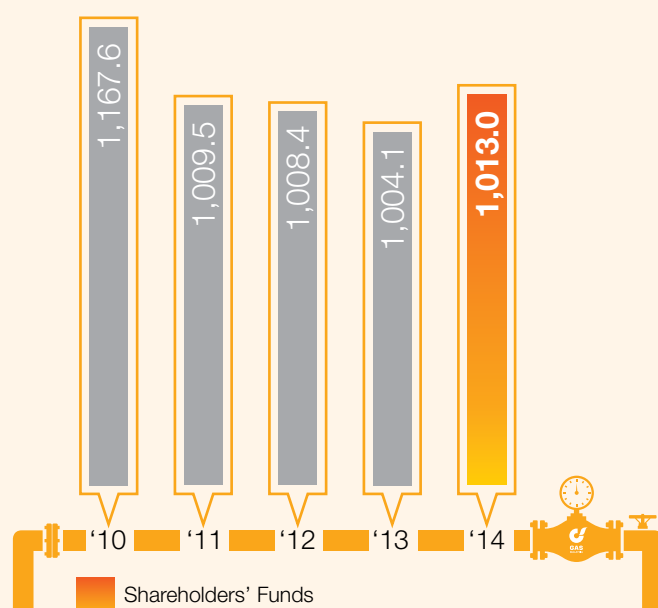
TOTAL ASSETS

(RM Million)



SHAREHOLDERS' FUNDS

(RM Million)

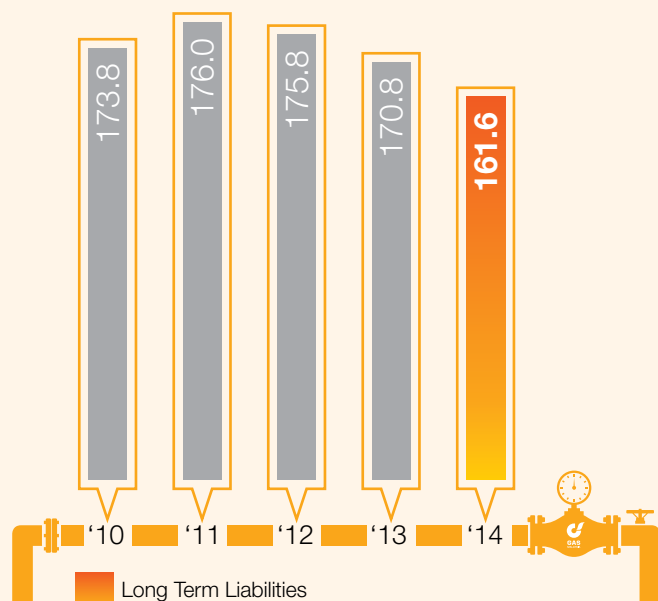


Five Year Financial Summary

For The Financial Year Ended 31 December

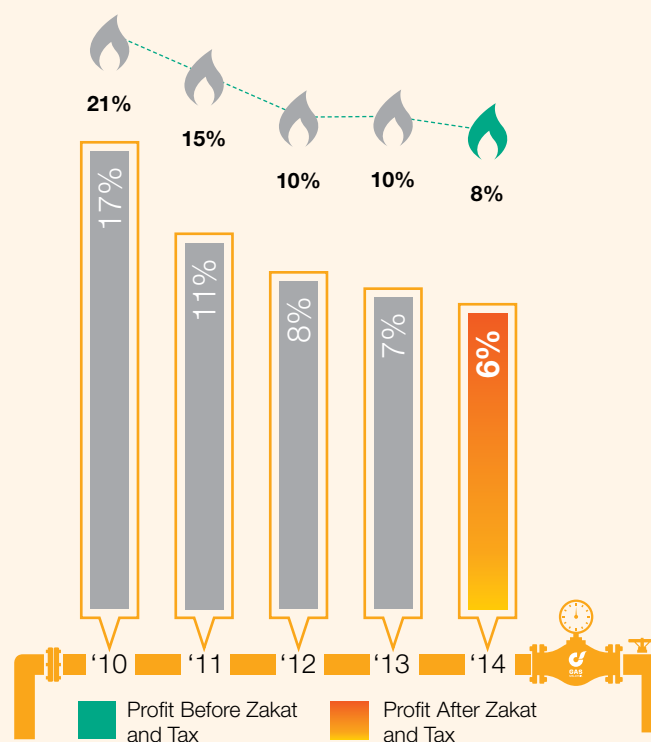
LONG TERM LIABILITIES

(RM Million)



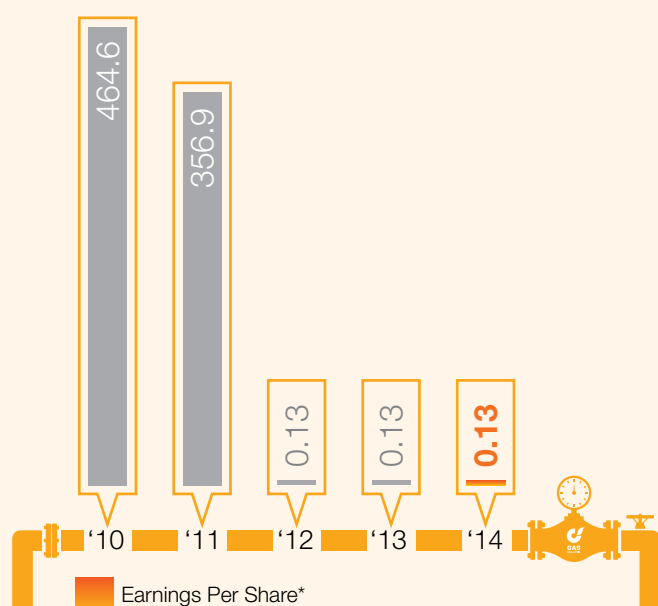
PROFIT AS % REVENUE

(Percentage %)



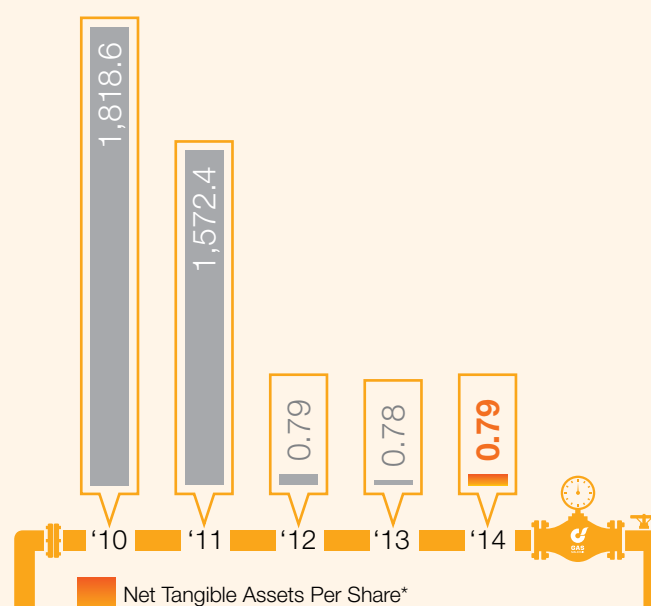
EARNINGS PER SHARE*

(RM)



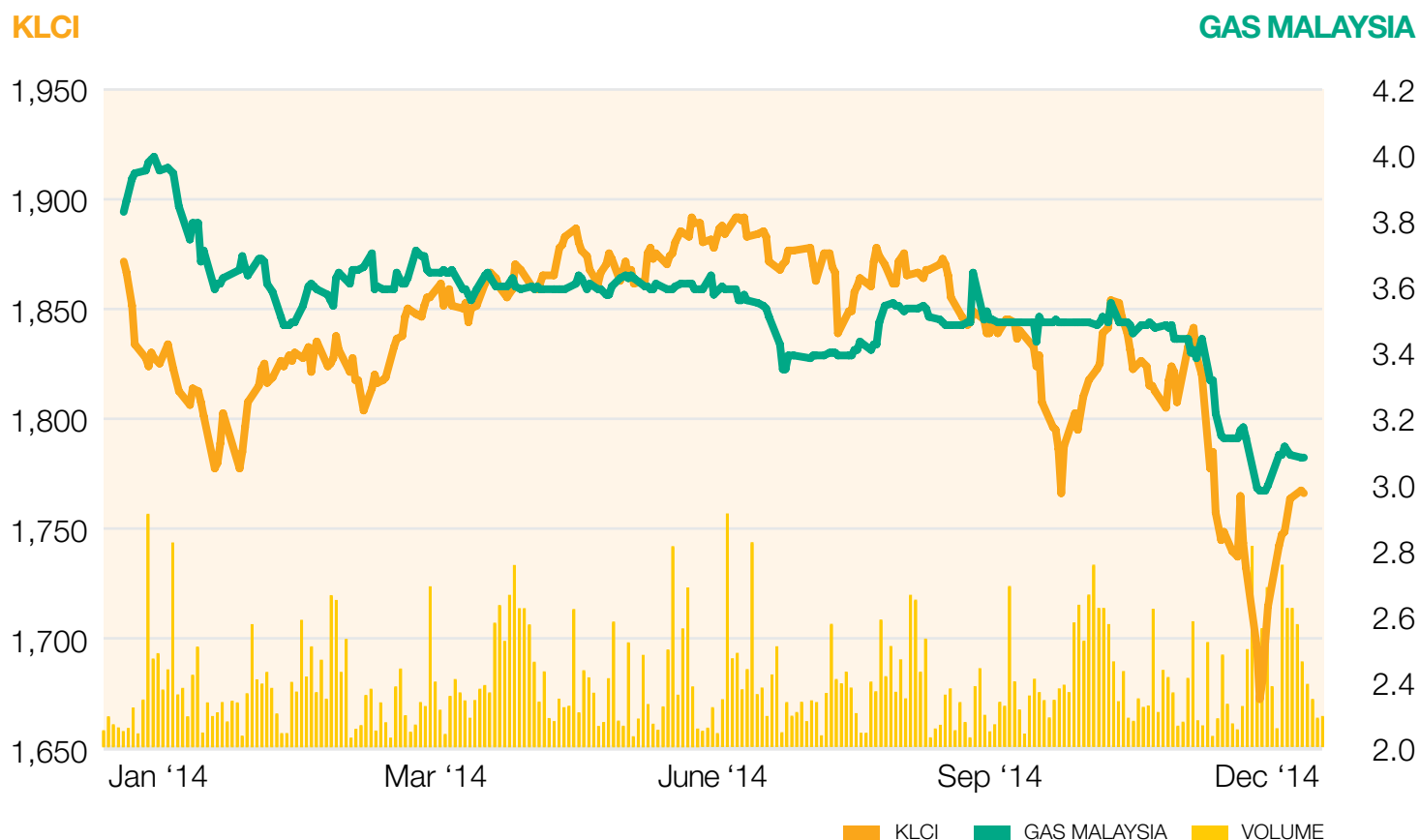
NET TANGIBLE ASSETS PER SHARE*

(RM)



* FY2010 - FY2011 is based on paid-up capital of 642,000 shares at RM1,000 per share
 FY2012 - FY2014 is based on paid-up capital of 1,284,000,000 shares at RM0.50 per share

Share Price Performance



Share Price Analysis

COUNTER	1-YEAR RETURN	PRICE	WHEN
Gas Malaysia	-18%	52w Hi - RM4.00	9 JAN 2014
KLCI	-5%	52w Lo - RM2.99	16 DEC 2014

Historical Prices

GAS MALAYSIA	MARKET CAPITALISATION	KLCI	WHEN
RM3.87	RM4.96 billion	1,866.96	31 DEC 2013
RM3.22	RM4.13 billion	1,761.25	31 DEC 2014

Source: Bloomberg as at 31 December 2014

Media

New tariff a bane for Gas Malaysia margins?

Analysts are mulling over whether higher gas prices will work in the company's favour

By JOHN LOH
johnlo@theedgemy.com

APOTENTIAL squeeze on its margins from the recent hike in gas tariffs may unsettle investors of Gas Malaysia Bhd. at least until it clears the air. In the meantime, analysts have had to do a bit of guesswork on whether the higher gas prices will work in Gas Malaysia's favour. The company announced two weeks ago that it had secured the government's approval to raise the tariff for natural gas to the non-power sector in Peninsular Malaysia by an average of RM3.24/mmbtu, or 20%, to RM19.32/mmbtu from RM16.07/mmbtu, effective May 1.

The increase hits industrial users of gas the hardest, with those consuming an average of 601 mmbtu to 5,000 mmbtu annually seeing their costs rise by 26%.

Gas Malaysia had also said its own cost of gas to be procured from Petronas will be "adjusted upwards accordingly" and that the purchase price will take into account the price of regulated natural gas from Petronas' domestic resources as well as imported, market-price liquefied natural gas (LNG).

Although it did not reveal the new price at which it would buy gas from Petronas, Gas Malaysia said that assuming it continues to supply gas based on existing volumes, the impact of the tariff revision to its bottom line would be immaterial for the current financial year ending Dec 31, 2014.

The new tariff is not applicable to residential and retail commercial customers of the liquefied petroleum gas and natural gas for vehicle categories.

Gas Malaysia had also

expressed confidence that its long-term profitability will remain healthy, and that it is poised for growth on the back of pent-up demand and rising gas consumption.

An analyst who tracks Gas Malaysia, however, is less upbeat, telling *StratWeek* that while the company's existing customers are unlikely to renege on their gas deals, he believes its margins could come under pressure.

In spite of the price hike, Gas Malaysia probably won't lose sales because it has a virtual monopoly on the supply of natural gas to the non-power sector in Peninsular Malaysia, the analyst says. Heavy industrial users of gas will also need time to shift to other sources of fuel, coupled with the fact that locally-sourced gas, following the tariff adjustment, is still half the market price of imported LNG.

According to the analyst, Gas Malaysia's management has dropped hints that its returns may no longer be as predictable with the new regime.

This could dent its main appeal as a stock, which comes from its ability to draw a fixed return under a stable and regulated tariff structure, providing certainty for investors.

Gas Malaysia is also cash-rich and a dividend stock, yielding between 3% and 4% each year. It has a policy to pay out at least 75% of its profit as dividends.

But without a 100% cost-pass-through mechanism, Gas Malaysia now looks like it's in the same boat as Tenaga Nasional Bhd, opines an analyst.

The absence of a full cost-pass-through will mean that Gas

Malaysia gets the short end of the stick from fluctuations in the market price of LNG, which is set to make up a larger proportion of its fuel mix in the near future.

According to an industry observer, the firm is still in talks with Petronas on its gas purchase price, which will ultimately determine whether it gets to maintain its margin spread, currently at RM2.02/mmbtu.

Both parties are also said to be discussing Gas Malaysia's supply for 2016 and beyond.

Even so, an analyst points out that Gas Malaysia has a good chance of securing a fair return given that Petronas Gas Bhd, the listed gas subsidiary of the national oil firm, is its third largest shareholder with a 14.8% stake.

An analyst with MIDE Research believes that the new tariff will be neutral to Gas Malaysia as any increases to its end user prices should be netted off against a similar adjustment to its purchase price from Petronas.

"We expect its margin to remain intact at RM2.02/mmbtu (difference between Gas Malaysia's existing average tariff of RM16.07/mmbtu and gas cost of RM14.05/mmbtu) post-tariff hike," he says.

Gas Malaysia is the only entity in the country licensed under the Gas Supply Act 1993 by the Energy Commission to supply and sell reticulated natural gas through September 2028.

The last time Gas Malaysia raised gas prices was in June 2011 under a plan by the government to cut subsidies for gas by RM3/mmbtu every six months until it reaches market parity.

Gas Malaysia had then upped

Industries to pay more for gas

The scheduled rate hike will take effect from May 1, says Gas Malaysia

PETALING JAYA: Gas prices to industry are going up by an average of around RM3 per million British thermal unit (MMBtu), which will among others impact cement manufacturers, steel producers and glove makers.

The scheduled rate hike would take effect from May 1, under a tariff revision that was approved by the Government, said Gas Malaysia Bhd.

In a statement to Bursa Malaysia yesterday, the company said the natural gas prices would increase by an average 20%, from RM16.07 MMBtu to RM19.32, for the non-power sector in Peninsular Malaysia.

This tariff revision does not apply

to liquefied petroleum gas (LPG) and natural gas for vehicle (NGV). Gas Malaysia said the residential and retail commercial segments that used below 600 MMBtu would have no change in their tariff rates. It added that industries that consumed from 601 to more than 750,000 MMBtu would see an increase ranging between 18.2% and 26.8%.

Gas Malaysia highlighted that the purchase price of gas it procured from Petronas Nasional Bhd would be adjusted upwards accordingly.

"The purchase price shall take into account the prices of domestic (regulated) natural gas and the LNG," it said.

Gas Malaysia said the impact on its earnings was dependent on the cost of natural gas purchased as well as the volume sold to customers.

"On the assumption that the company continues to supply natural gas to customers based on volume at prevailing levels, the impact of this tariff revision to the company's earnings is not expected to be material for financial year 2014," it said.

Gas Malaysia added that it was confident its long-term profitability would remain healthy, and was poised for better position on the back of pent-up demand, which would result in higher overall gas consumption.

New ASP no significant impact on Gas M'sia

► Recommendation:
Reduce
TARGET Price: RM3.35
by Affin Investment Bank Bhd (April 29)

Highlights
EFFECTIVE May 1, 2014, the single-line average selling price (ASP) will rise by 20.2% as the Malaysian government raises industrial gas prices from RM16.07/mmbtu to RM19.32/mmbtu.

Importantly, we understand that the government remains committed to a gas subsidy rationalisation programme. As such, we believe the government will continue to raise industrial gas prices by RM1.50/mmbtu every six months until it reaches a spot equilibrium price of between RM45-RM50/mmbtu.

Buying prices are fixed by

(Petronas) will be adjusted upward accordingly. From our recent discussions with management, we gathered that the purchase price will take into account the price of domestic (regulated) natural gas and the liquefied natural gas (LNG) (at spot prices).

And based on the RM19.32/mmbtu ASP effective May 1, 2014, the gas purchase price for GMB is RM17.30 (domestic gas price fixed at RM15.55/mmbtu; LNG fixed at RM44.88/mmbtu).

Margins are intact but there is an annual volume capped.

Based on a purchase price for natural gas of RM17.30/mmbtu, GMB's profit margin of 36.2% is maintained. Thus, it appears the recent change in ASP and gas purchase prices will not change

GMB's purchase price from Petronas is capped at 155t btu annually — with 6% of the total 155t btu gas volume priced at LNG. That is how GMB derived at purchase price of RM17.30/mmbtu (the weighted average of 94% domestic gas priced at RM15.55/mmbtu and 6% LNG priced at RM44.88/mmbtu). Based on the above pricing formula spelled out higher than expected gas volumes will be detrimental to near-term earnings.

GMB, we gathered, will however be allowed a clawback in following year's gas volume agreement with Petronas.

Earnings visibility intact, three-year (FY13-FY16) EPS CAGR of 8%. All in, we maintain our three-year (FY13-FY16) EPS CAGR of 8% as our model assumes a 154t btu gas volume growth for FY14 (im-

housekeeping as we updated actual earnings for FY13).

Valuation
Maintain 'Reduce' with a DDM-based TP of RM3.35/share (discount rate of 8%, growth rate of 3%). Our TP already factors in a blue-sky scenario of 100% dividend payout over the next two years.

The stock yields 4% in FY14 but we caution that the yields come expensive — lofty valuations are unwarranted.

We recommend a switch to Tenaga Nasional Bhd ('Buy', RM14.70 TP) as a key beneficiary to the government's subsidy rationalisation exercise.

Key Upside Risks
• A larger quantum of gas volume growth
• Government providing a

Govt nod for Gas Malaysia's tariff revision

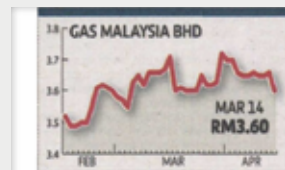
KUALA LUMPUR: The government has approved Gas Malaysia Bhd's natural gas tariff revision for the non-power sector in Peninsular Malaysia, which will take effect on May 1.

For residential households and retail commercial segments consuming between 0 and 600 million British thermal unit (MMBtu), the tariff of RM19.52 and RM20.61 per MMBtu, respectively, will remain.

The tariff for consumption of between 601 and 5,000 MMBtu will be revised from RM13.98 to RM17.64 while for consumption of between 50,001 and 200,000 MMBtu, the rate will increase to RM19 from RM16.07 currently.

The tariff revision does not apply to liquefied petroleum gas and natural gas for vehicles.

The new consumption tariff for the 200,001 to 750,000 MMBtu range is RM19.18, up from RM16.07 currently, while those consuming above 750,000 MMBtu will pay RM19.65 from RM16.45 now.



Maybank IB maintains 'hold' on Gas Malaysia

MAYBANK Investment Bank Bhd (Maybank IB) has maintained its "hold" call on Gas Malaysia Bhd following the company's announcement that the government has approved a 20 per cent increase in blended gas tariffs to RM19.32/mmbtu (million metric British thermal unit) from RM16.07/mmbtu, effective May 1.

In a research note yesterday, the investment bank said the hike appeared to reflect a pass-through of higher gas cost based on last year's gas volumes. Thus, any incremental gas sales this year would be earnings-dilutive.

"Our forecast presently implies no change in Gas Malaysia's RM2.02/mmbtu margin spread for both regulated and liquefied natural gas-sourced gas going forward, as the company didn't mention any changes to its spread from the hike.

"We lowered our earnings forecast by 12.2 per cent to account for lower volume assumptions after a change in analyst coverage. Our new target price of RM3.50 from RM3.90 previously is based on discounted cash flow, assuming 7.3 per cent weighted average cost of capital and two per cent long-term growth," it said.

The revised 2014 earnings forecast was based on a 1.8 per cent gas volume growth and took into account the new gas price of RM19.32/mmbtu, it added.

From next year onwards, Maybank IB said Gas Malaysia will be able to get the required price hikes to keep spreads constant at RM2.02/mmbtu and it had assumed a 4.5-6.0 per cent annual gas volume growth. **Bernama**

Another strong year seen for Gas Malaysia

HIGHER SALES VOLUME: AmResearch maintains target price of RM3.54 per discounted cash-flow share

KUALA LUMPUR
GAS Malaysia Bhd is expected to record another strong year in 2014, to be contributed by higher gas supply from the Melaka Regasification Terminal (RGTT).

The company has had a deal with Petronas Nasional Bhd to receive 40 million standard cu ft per day (mmscfd), which has started since July last year, and additional 30 mmscfd from January this year from the RGTT.

the company.

Gas Malaysia's third-quarter 2014 net profit rose 10 per cent sequentially to RM53.8 million, the strongest quarterly earnings since the fourth quarter 2011 from RM48.5 million. Its revenue increased eight per cent to RM734.4 million from RM678 million in the preceding quarter.

The growth was partly driven by higher sales volume and the new gas tariff structure that took effect in May.

On a year-on-year comparison, the third-quarter net profit leapt 16 per cent from

Source:

1. The Star, 19 Apr 2014
2. The Star, 14 Apr 2014
3. The Malaysian Reserve, 30 Apr 2014
4. New Straits Times, 12 Apr 2014
5. New Straits Times, 15 Apr 2014
6. New Straits Times, 14 Nov 2014



We have significantly **expanded our gas pipeline network and customer base** across the Peninsula, with our industrial customers contributing 99.1% to total volume sold.



771

Industrial
Customers

Message from the Chairman

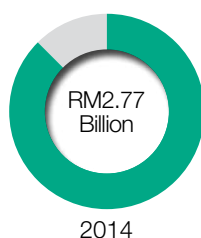
A portrait of the Chairman, a middle-aged man with short dark hair and glasses, wearing a dark blue suit, white shirt, and patterned tie. He is smiling and standing in front of a large window with a blurred view of a modern building.

DEAR SHAREHOLDERS,

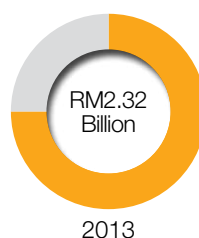
2014 was a year of two halves for the local economy. Stronger economic growth dominated the first half, driven by domestic demand which saw 6.6% growth. During the second half, domestic demand moderated to 5.4%, triggered by a shift in sentiment that resulted from weaker energy prices.

Message from the Chairman

REVENUE



2014



2013

SALES VOLUME 6.6%
147.6 million MMBtu

Taking both into account, Malaysia's overall economic growth remained healthy, with Gross Domestic Product ("GDP") growth held steady at 6.0% year-on-year. Backed by the conducive economic momentum, Gas Malaysia continued to strengthen its infrastructure to support the demand for natural gas throughout the Peninsula.

“ We are making a steady progress in evolving the Human Resources' overall function as a strategic function, making the people agenda as important to the Company as the income statement. ”

We successfully navigated changing industry landscape with effective strategies that enabled us to register a modest business performance, meeting internal expectations both operationally and financially.

During the year, we expanded the NGDS by 86 kilometres to 2,065 kilometres, delivering stable supply of Natural Gas and LPG to more homes, commercial businesses and industries in Peninsular Malaysia. This is in line with the commitment to strengthen and extend our reach to better serve and grow with our customers.

With wider network of distribution pipelines, we had been able to increase our total customer base, growing by 2.2% to 38,318 customers. In quantum, there were 809 additional customers to whom we extended our services. Underpinned by higher capital spending in the manufacturing sectors, which led to increased manufacturing activities, our sales volume grew commendably at 6.6% to 147.6 million MMBtu in 2014, against 138.5 million MMBtu in the previous year.

Financial Results

For the year under review, Gas Malaysia fared well in managing the changing industry landscape, which was caused by higher consumption of Liquefied Natural Gas ("LNG"), falling crude oil prices and bleaker oil & gas industry outlook. In spite of these macro changes, we achieved a fair set of financial results for the full year.

I am pleased to share with you that driven by higher volume of gas sold due to higher number of customers and their pent-up demand, the Group accumulated RM2.77 billion in revenue, a commendable 19.7% growth from RM2.32 billion recorded in the previous year.

However, profit before zakat and tax ("PBZT") came in 3.5% lower at RM213.1 million, compared to RM220.9 million previously, following the increase in gas cost which resulted from higher LNG price. On a similar note, due to higher LNG consumption in the fourth quarter of 2014, profit after zakat and tax ("PAZT") experienced a slight dip of 2.2% to close the year at RM167.6 million, compared to RM171.4 million registered in 2013.

Datuk Haji Hasni bin Harun
Chairman

Message from the Chairman

We achieved 14.6% enhancement in overall productivity:

Gas Malaysia's lean workforce of 402 employees had resulted in a commendable revenue per employee ratio of RM6.9 million, compared to the previous year's ratio of RM6.0 million.

Dividend

We are pleased to have again delivered on our financial commitment and returned value to our shareholders. The Board has proposed a final cash dividend of 4.06 sen per ordinary share. Combined with the first two interim dividends of 5.00 sen and 4.00 sen, respectively, it brings the total dividend per share to 13.06 sen for the financial year ended 31 December 2014. This amounts to a total dividend payment of RM167.6 million, which is equivalent to dividend payout ratio of 100%. This is over and above the dividend policy of no less than 75% payout as disclosed in the Company prospectus in its listing exercise in 2012.



a commendable revenue per employee ratio of RM6.9 million, compared to the previous year's ratio of RM6.0 million.

Human Capital and Productivity

As gas industry evolves, we acknowledge the requisite placed on our Human Resources team to manage human capital in such a manner that it ensures value creation for the Company, as well as to keep pace with the fast changing requirements of the business. We are making steady progress in evolving the Human Resources' overall role as a strategic function, making the people agenda as important to the Company as the income statement.

We have introduced two key structures to better the organisational operations: The Internal Audit Department, to monitor and improve the governance process of the Company in meeting its business objectives, and the Regulatory Economics & Stakeholders Engagement Department, whose function is to bolster our communication and engagement with the Regulator and other key stakeholders.

On a different note, our effort in developing our human capital has yielded marked improvement in the Group's productivity. I am very pleased to share with you that in 2014, we achieved 14.6% enhancement in overall productivity: Gas Malaysia's lean workforce of 402 employees had resulted in

Corporate Social Responsibility

The commitment we uphold in our Corporate Social Responsibility ("CSR") framework is best understood through the four key pillars - Community, Sports, Education and the Environment - which are targeted to ensure that our business ambitions are balanced with responsible corporate practices. Through CSR, we are able to realise our corporate values whilst attaining greater level of achievement and importance in what we do.

We were actively involved in MMC Corporation Berhad ("MMC") Group Flood Relief Programme, an initiative organised at the MMC Group level in response to one of the worst catastrophe in the East Coast of Peninsular Malaysia in December 2014. We mobilised volunteers from our workforce to the affected areas in support of this noble cause.

Our collaboration with *Pusat Zakat Negeri Selangor* was another initiative we took in the effort to make a real difference in the community. In November 2014, we carried out housing rehabilitation programme for selected underprivileged families in the *Perkampungan Orang Asli* in Kuang, Selangor.



Throughout the year, our programmes also addressed Sports, Education and Environment CSR pillars. Detailed narratives of all programmes are discussed in the CSR section of this Annual Report.

Looking Ahead

Consensus numbers are pointing to a moderate economic growth in 2015, with the GDP forecast to range between 4.5% and 5.5% on the back of slower domestic and external demand.

With this scenario painted on the backdrop, we look to 2015 with cautious optimism. However, we take comfort in a healthy volume growth, anticipated on the basis of steady pent-up demand from our customers. Getting in on the volume game is important for us as it catalyses future growth.

Message from the Chairman



Supporting this catalyst is our positioning in the gas distribution business that allows us to capture new growth opportunities.

Essential to the organic growth strategy is the greater visibility of gas supply. Furthermore, the move to expand customer base will be matched by sufficient pipeline expansion to meet the current and future needs of our customers. Gas Malaysia will also strive to pursue expansion into other industrial clusters that have not used natural gas. Similar strategy will be adopted to grow the business in the commercial and residential sectors.

Since the signing of joint venture agreements in February 2014, our jointly-controlled Gas Malaysia Energy Advance Sdn Bhd ("GMEA"), and subsidiary, Gas Malaysia IEV

Sdn Bhd ("GMIEV"), have taken steps to streamline operational preparations prior to commencing the CHP and Virtual Pipeline businesses, respectively. These are two first endeavours in enhancing our business model in support of having a more diversified long-term growth, which will be the overarching theme for Gas Malaysia going forward.

At macro level, the business outlook of the Company in 2015 and the ensuing years will reflect the economic scenario and regulatory milieu in which we operate. Fully aware of the new regulatory framework that will govern the way we run our business operationally and financially, we have carved a strategic route to follow, one that is rooted down to our core strength: our people. We shall continue to be organisationally resilient and sustain an equitable performance for our shareholders.

Appreciation and Recognition

We wish to express our gratitude to Tadaaki Maeda and Tsuneaki Nakamura who have resigned and relinquished their functions as Board member and Alternate Board member, respectively. On behalf of the Board, I would like to thank them for their immense contribution to the growth of this Company. At the same time, I am delighted to welcome Shigeru Muraki and Hisashi Nakamura to the Board, as Board member and Alternate Board member, respectively.

I'm very pleased to welcome Encik Ahmad Hashimi bin Abdul Manap who has recently been appointed as Chief Executive Officer ("CEO"). He is well equipped with more than 22 years of experience in gas distribution operations and has held various senior positions. The Board is confident that with his vast experience in the business, together with the support of his Management team and staff, he will take Gas Malaysia to a new trajectory of success. I would also like to thank Dato' Sri Syed Faisal Albar, who had earlier served as the Company's CEO from 2 January 2014 until 1 July 2014.

On behalf of your Board of Directors and Management team, I wish to extend my sincere thanks and humble appreciations to the shareholders, customers, business partners, regulatory bodies and authorities for their continued support in the Company. I also want to express my gratitude to our Board of Directors for offering steadfast direction and guidance over the last year. Most of all, I would like to thank our assiduous employees for their unrelenting commitment. Their dedication has made Gas Malaysia what it is today. By the same reason, I am assured that they will continue to work well together, support and achieve our goal to reshape the future of Gas Malaysia.

Datuk Haji Hasni bin Harun
Chairman



Gas Malaysia supplies gas to businesses throughout Peninsular Malaysia via pipelines, **ensuring a safe, stable and continuous supply.**

A background image of a commercial kitchen. In the foreground, a hand is pouring a dark liquid from a large metal pot into another pot. Steam is rising from the pots, and a flame is visible under one of the pots. In the background, there are more pots, a sink with water running, and various kitchen equipment. The overall atmosphere is warm and busy.

1,994
Commercial
Customers

Management Discussion & Analysis



In 2014, the Company's long-term strategy and strong fundamentals guided us through the opportunities and challenges presented by the economic and regulatory forces.

“We continued to strengthen our infrastructure to support a healthy demand for natural gas.”

Despite the asymmetric global economic growth and plunge of the crude oil prices in the second half of 2014, the wheels of the local economy had enough momentum to weather the downside risk and registered a laudable GDP growth of 6.0%.

Ahmad Hashimi bin Abdul Manap
Chief Executive Officer

Supported by this growth, our business grew unabated. We continued to strengthen our infrastructure to support a healthy demand for natural gas. 2014 was yet another year where we manifested the strength of our core fundamentals in serving the common goal of business and operational excellence. Over the course of the year, Gas Malaysia demonstrated a commendable growth in customer base and revenue.

Financial Results

For the financial year ended 31 December 2014, overall customer base comprising the industrial, commercial and residential sectors grew by 2.2% to 38,318 customers. We had in total 771 industrial customers from the rubber industries to food & beverages companies to oleo-chemicals sectors, 1,994 commercial customers and 35,553 residential customers.

Hand in hand with the increase in customer base was the rise in gas volume sold which saw a decent growth of 6.6%. We sold 147.6 million MMBtu of natural gas as compared to 138.5 million MMBtu in the previous year. The growth in volume sold came on the back of the expansion in the NGDS by 86 kilometres. With this expansion, we currently operate and maintain 2,065 kilometres of pipelines throughout the Peninsula.

Our well carved business strategy had reflected equitable financial performance in 2014. Supported by strong customer base, expansive infrastructure and higher gas tariff, we closed the financial year with 19.7% year-on-year increase to RM2.77 billion in revenue. However, due to higher volume of LNG purchased at market price, our gas cost increased to RM2.44 billion, against RM1.98 billion in the preceding year.

On higher gas cost, gross profit marginally retraced to RM249.8 million from RM251.1 million. Similarly, operating profit and PBZT tapered by 3.4% and 3.5%, to RM206.7 million and RM213.1 million, respectively. As a result, PAZT slid marginally by 2.2% to RM167.6 million.

Capturing Growth

We have expanded our supply network to reach more industrial, commercial and residential customers in the following areas:

- (1) Central Region:
Balakong, Bangi, Bestari Jaya, Bukit Kemuning, Glenmarie, Klang, Putrajaya, Rawang, Shah Alam, Sepang, Subang Jaya and Westport.
- (2) Southern Region:
Ayer Keroh, Bukit Rambai, Kulai, Nilai, Pasir Gudang, Plentong, Senai, Senawang, Sendayan, Tampoi, Tanjung Langsat, Tebrau, Yong Peng, Ampangan and Plentong.
- (3) Northern Region:
Prai, Kamunting, Kulim Hitech, Lumut, Mak Mandin.
- (4) Eastern Region:
Gebeng.

Our industrial customer profile remained very much the same, with most of the customers concentrated in the Central region, followed by the Southern, Northern and Eastern regions. In terms of gas volume sold, each of the region contributed 42.1%, 30.0%, 21.6% and 6.3% respectively. At 6.3% contribution, the Eastern region continued to show encouraging improvement in terms of gas consumption compared to last year's 5.1%.

Our marketing efforts continued to explore further penetration in areas not currently served. This is in line with our marketing strategy that focuses on five key approaches:

- (1) Existing industrial areas that have not been supplied by natural gas;
- (2) New customers within supply areas who do not currently utilise natural gas;
- (3) Existing customers expansion potential;
- (4) New industrial areas; and
- (5) New areas of growth for natural gas consumption.

Management Discussion & Analysis

Based on our track record, we have been maintaining service reliability

rate of **99.9%**

The Company has also taken further steps in finding new areas of growth and diversifying its income streams by moving into CHP and Virtual Pipeline. GMEA, a jointly-controlled entity, was incorporated to provide customers with CHP systems that integrate the production of usable heat and electricity in a single and efficient process. GMIEV on the other hand, was formed to supply compressed natural gas via land transportation to customers who have no access to our gas pipelines.

GMEA has successfully secured its first customer with a capacity requirement of 33 Megawatts of electricity and 128 tonnes per hour of steam generation. GMIEV has made similar progress with eight identified customers that can benefit from the supply of compressed natural gas. It is now in the process of streamlining its operations in preparation for commencing its business.

Raising the Bar for Operational Excellence and Safety

Safety and reliability have long been the crux of our business operations. We strive to ensure safe and timely delivery of natural gas to homes, commercial businesses and local industries. Based on our track record, we have been maintaining service reliability rate of 99.9%.

Regular preventive maintenance and troubleshooting are performed to ensure facilities are well-maintained. Our Operations & Maintenance team carries out day-to-day operations and maintenance to ensure stable supply of natural gas and LPG to customers whilst safeguarding the safety, reliability and integrity of the NGDS.

For instance, the System Average Interruption Duration Index ("SAIDI"), commonly used by utilities companies around the world to measure service reliability, has shown remarkable scorecard for our service. In 2014, we managed to improve our SAIDI further to 0.1455 minutes of interruption per customer, which is one of the highest achievement in the utilities industry. Furthermore, in the event of such disruption, the average response time was 27.92 minutes, far surpassing our standard response time of 90.00 minutes.



To further improve on our operations, we have also taken serious measure to reduce the unaccounted-for natural gas within our distribution system, with the aim to incur the lowest possible economic loss. Throughout the year, the unaccounted-for gas, which is the inevitable imbalance that exists at any given time between the measured natural gas coming into and going out of our NGDS, has remained low. At below 1.00%, we have yet set an excellent record in managing the issue effectively.

IN 2014, WE MANAGED TO IMPROVE OUR SAIDI FURTHER TO

0.1455 MINUTES

OF INTERRUPTION PER CUSTOMER



I wish to stress that Gas Malaysia's continuing economic success is also premised on its achievements in the areas of Health, Safety, Environment and Quality ("HSEQ"). Our HSEQ management systems, procedures and practices are well integrated and contributes to the overall business growth, as they are meant to help Gas Malaysia evolve and succeed in a safe and healthy manner. To this end, we have created a well-honed safety environment within the Company, with dedicated personnel conducting regular awareness programmes and seminars for our staff, relevant authorities and third-party contractors.



I am pleased to report that in addition to the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications for the HSEQ management system, we have also been certified for the ISO/IEC 27001:2005 in our efforts to protect the confidentiality and integrity of our corporate information and mitigate information security risks.

Talent Management and Employee Engagement

Our Talent Management Programme focuses on strategies designed to attract, develop, motivate and retain suitable, productive and engaged employees. We continue to equip our talent pool with necessary skills as we strive to reduce or eliminate entirely any potential skills gap that we may encounter.

These strategies are aimed at leveraging human capital in ways that shape the Company into becoming a sustainable organisation that meets its tactical, operational and financial objectives. At the same time, we have undergone series of skills development programmes for our workforce of over 402 employees. It is envisaged that these programmes will help

Management Discussion & Analysis

New businesses shall be the additional thrust to complement the core business from the medium to long term.



ensure continued development of manpower, from executives to mid-level and senior managers.

We are also embarking on succession planning programme to ensure a controlled and continuous delivery of Gas Malaysia's strategic growth plans. To support the Company's growth, we have also formed two new departments - Internal Audit and Regulatory Economics and Stakeholders Engagement - which will allow us to improve the Company's corporate governance and engagement with the relevant stakeholders and the Regulator.

As part of the continuous effort to ensure that our employees - our biggest assets - are committed to the Company's objectives, motivated to contribute to its success and able to enhance their own sense of well-being, we have rolled out an Employee Engagement survey. We are pleased to learn that a high percentage of our employees are engaged, higher than the market norm. Action plans are being drafted to address areas for improvement as we strive to increase the level of commitment in each of our employees.

We are confident that together with the ongoing talent management programme that is already in practice, we will be able to forge clear sense of trust and fairness that is based on mutual respect, where promises and commitments between employees and the Company are clearly understood and equitably fulfilled.

Looking to the Future

With the backdrop of less upbeat economic outlook in 2015, our optimism in the business outlook is guarded by the implied softer performance in the oil and gas industry resulting from easing commodity prices that had taken place since the second half of 2014. Besides, the changing landscape of the gas industry has engendered new regulatory framework to emerge. This framework has navigated us to embrace some changes in the business environment; but more importantly, in the way we do business.

Having said this, going forward, critical to our future success is a mix of agile tactical responses and long-range strategy to enable us to adapt to these challenges whilst strengthening our fundamentals and evolving our business.

However, on the back of moderate economic growth, we are optimistic about our core business of selling, marketing and distributing of natural gas. Pent-up demand from our existing customers is expected to hold our volume game steady. In 2015, sales volume growth is expected to remain propitious, growing at slightly higher pace, underpinned by concerted growth in our customer base from the industrial, commercial and residential sectors. This will augur well for Gas Malaysia in generating its revenue.

To support growth in sales volume, we are poised to strengthen our infrastructure further. Over the next five years, we are looking at expanding the NGDS by approximately 700 kilometres. Southern region shall see the most

expansion in pipelines, followed by the Central, Northern and to a lesser extent, Eastern region. This is in line with our strategy of broadening the reach of pipelines to serve our customers better.

While our core business will continue to support the organic growth in revenue and contribute significantly towards the Company's earnings, new businesses shall be the additional thrust to complement the core business from the medium to long term. We shall put more efforts to leverage on the potential of the CHP and Virtual Pipeline business, and on other potential ventures that we may be eyeing in the future. We are confident that notwithstanding their long gestation period, GMEA and GMIEV will together provide traction to the Company's bottomline from medium term onwards.

Admittedly, the path to progress and sustained growth is not without its own set of hurdles. In view of the new regulatory framework that will govern our business this year forward, we are taking multifarious efforts to ensure that we deliver equitable earnings stream for the Company, with the profitability expected to move in tandem with the level reflecting the said framework. Our aim for the ensuing years is to build a culture of organisational resilience and manage the short term business challenges with our strongest and most valuable asset - our people.

I am confident that with a clear sense of purpose, unity of vision and direction as well as unwavering teamwork from my diligent colleagues, we can reshape the future of Gas Malaysia!

Ahmad Hashimi bin Abdul Manap
Chief Executive Officer



Our gas for homes **offers a considerable advantage,**
as it is safe, clean and efficient.



35,553

**Residential
Customers**

Board of Directors' Profile



**DATUK HAJI HASNI
BIN HARUN**

Aged 57, Malaysian

Chairman
Non-Independent Non-Executive Director
Chairman of Nomination & Remuneration Committee

Date of Appointment:

Director - 11 April 2008
Chairman - 15 May 2013

Datuk Haji Hasni is a member of the Malaysian Institute of Accountants ("MIA"). He holds a Masters degree in Business Administration from United States International University San Diego, California and a Bachelor of Accounting (Honours) degree from University of Malaya.

Datuk Haji Hasni held several senior positions in the Accountant General's Office from 1980 to 1994. He was the Senior General Manager of the Investment Department at the Employees Provident Fund from 1994 to 2001, and the Managing Director of RHB Asset Management Sdn Bhd from 2001 until 2006. He then joined DRB-HICOM Berhad as Group Chief Financial Officer until December 2006. In January 2007, he joined MMC as the Group Chief Operating

Officer. In March 2008, he was appointed as the CEO Malaysia, prior to his appointment as the Group Managing Director of MMC in May 2010 until May 2013. He is currently a Director of Permodalan Felcra Sdn Bhd.

Datuk Haji Hasni attended all seven Board meetings held for the financial year ended 31 December 2014.

Datuk Haji Hasni has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Board of Directors' Profile



**DATO' SRI CHE KHALIB
BIN MOHAMAD NOH**

Aged 50, Malaysian

Non-Independent Non-Executive Director

Date of Appointment:

Director - 1 July 2013

Dato' Sri Che Khalib is a member of the Malaysian Institute of Accountants (CA, M) and also a Fellow of the Association of Chartered Certified Accountants (FCCA, UK) United Kingdom.

Dato' Sri Che Khalib began his career with Messrs. Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group. This includes involvement in Projek Lebuhraya Utara Selatan, HBN Management Services Sdn Bhd, Renong Overseas Corporation Sdn Bhd and Merak Unggul Sdn Bhd, which is the consortium responsible for the management of Keretapi Tanah Melayu Berhad ("KTMB").

In June 1999, Dato' Sri Che Khalib joined Ranhill Utilities Berhad as CEO. He then assumed the position of Managing Director and CEO of KUB Malaysia Berhad. Dato' Sri Che Khalib was then appointed as the President/CEO of Tenaga Nasional Berhad ("TNB") on 1 July 2004 where he served TNB for eight years until the completion of his contract on 30 June 2012. During his tenure at TNB, Dato' Sri Che Khalib drove many improvement initiatives that resulted in TNB becoming one of the success stories in the GLC Transformation Programme. He shaped and set the corporate strategies for TNB when he came up with its 20 year strategic plan in September 2005.

At present, Dato' Sri Che Khalib is a Group Managing Director of MMC. Prior to his current role, Dato' Sri Che Khalib served as Chief Operating Officer of Finance, Strategy and Planning at DRB HICOM Berhad.

Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad from year 2000 to 2004. He also served as a Board member within the United Engineers Malaysia Group of companies and Bank Industri & Teknologi Malaysia Berhad. He currently sits on the Board of MMC, Zelan Berhad, Malakoff Corporation Berhad, Johor Port Berhad, MMC Engineering Group Berhad, Aliran Ihsan Resources Berhad, Pos Malaysia Berhad, Bank Muamalat Malaysia Berhad, Port Dickson Power Berhad Group, NCB Holdings Berhad and several private limited companies.

Dato' Sri Che Khalib has received many accolades in recognition of his strong leadership including being named Malaysia's CEO of the year in 2008, the highest level of recognition given to corporate leaders in Malaysia, organised by the New Straits Times and American Express. He was also named the CEO of the Year at the inaugural Asia Power and Electricity Awards 2010 and was the recipient of the Lifetime Achievement Award at the Asian Utility Industry Awards 2012.

Dato' Sri Che Khalib attended five out of seven Board meetings for the financial year ended 31 December 2014.

Dato' Sri Che Khalib has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Board of Directors' Profile



SHIGERU MURAKI

Aged 65, Japanese

Non-Independent Non-Executive Director
Chairman of Risk and Compliance Committee

Date of Appointment:

Director - 1 April 2014

Shigeru Muraki is currently Vice Chairman of Tokyo Gas Co., Ltd ("Tokyo Gas") and President of Tokyo Gas-Mitsui & Co Holdings Sdn Bhd. After graduating from Graduate School of Engineering in Applied Chemistry, the University of Tokyo, he joined Tokyo Gas in 1972. He was appointed as the Chief Representative of New York Office from 1991 until 1994; and in 2000 was appointed as General Manager of Gas Resources Department and subsequently, in 2002 as Executive Officer of Tokyo Gas. In 2004, he assumed the role of Senior Executive Officer and Chief Executive of Technology Development Division of Tokyo Gas, and in 2007 as Senior Executive Officer and Chief Executive of Energy Solutions Division. Then in 2010, he was appointed to Representative Director, Executive Vice President. Whilst, at the same time, also assumed to position of Chief Executive of Energy Solutions Division of Tokyo Gas. In 2014, he was appointed to his current position in Tokyo Gas.

Shigeru Muraki's experience and activities are not limited in gas industry. Since 2007, he has been Vice Chairman of Japan District Heating & Cooling Association, and from 2011 to 2013, he served as Chairman of Japan Institute of Energy. In 2013, he was appointed as a Policy Advisor of Japanese Government assuming to role as Project Director of Energy Carrier Project of Strategic Innovation Promotion Programme of Japan. He delivered keynote speeches and participated in strategic panel discussions of several major gas and energy related conferences such as World Gas Conference, World Energy Congress, LNG Conference and Gastech.

He has attended three out of *five Board meetings for the financial year ended 31 December 2014 (*from his date of appointment).

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Board of Directors' Profile



Aged 52, Malaysian

Non-Independent Non-Executive Director
Member of Risk and Compliance Committee

Date of Appointment:

Director - 2 August 2013

Yusa' bin Hassan has a career which spans over 29 years in PETRONAS Refining and Petrochemical businesses, covering plant, technical and operations areas. He started his career in 1985 as an Engineer in the Technical Department as part of the pioneer team of PETRONAS Chemical Group's maiden plant, ASEAN Bintulu Fertiliser Sdn Bhd. From 1998 to 2011, he held various plant senior and top management positions in PETRONAS Ammonia Sdn Bhd (now known as PETRONAS Chemicals Ammonia), PETRONAS Penapisan (Terengganu) Sdn Bhd and MTBE Malaysia Sdn Bhd (now known as PETRONAS Chemicals MTBE) and Polypropylene Malaysia Sdn Bhd.

He joined PETRONAS Chemicals Group Berhad in July 2010 as the Head of Fertiliser and Methanol Business Division. In June 2011, Yusa' assumed the position of Head of Olefins and Derivatives Business Division for PETRONAS Chemicals Group Berhad. During the same period, he also assumed the position of Managing Director/CEO of PETRONAS Chemicals Aromatics.

On 1 July 2013, he was appointed as the Managing Director/CEO of PETRONAS Gas Berhad.

He has attended six out of seven Board meetings for the financial year ended 31 December 2014.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Board of Directors' Profile



**SHAZALI
BIN DATO' HAJI SHAHRANI**

Aged 40, Malaysian

Non-Independent Non-Executive Director
Member of Risk and Compliance Committee

Date of Appointment:

Director - 13 August 2009

Shazali bin Dato' Haji Shahrani is the Chairman for Shapadu Energy and Engineering Sdn Bhd. After completing his Diploma in Business Administration from Bond University, Australia in 1998, he joined the Group Corporate Office and served as an Audit Executive in Shapadu Energy and Engineering Sdn Bhd in January 1999.

A year later, he was transferred to the position of Procurement Executive and was then promoted as a Procurement Manager in March 2003. His success in forging the growth of Shapadu Energy and Engineering Sdn Bhd as an important player in national oil and gas and petrochemical industry saw him being appointed as the General Manager in 2004. He was recognised and acknowledged for his experience and vast knowledge where amongst his achievements for onshore and offshore contracts were the British Gas Explorations and Production India Limited, extension of PETRONAS Carigali Sdn Bhd's umbrella contracts, Petro Vietnam Petroleum Technical Services Company, Talisman Malaysia Limited, ExxonMobil Exploration and Production Malaysia Inc.

He was nominated to attend the Asean Senior Management Development Programme organised by Harvard Business School Alumni Club of Malaysia in 2007 and subsequently was designated as the CEO of Shapadu Energy and Engineering Sdn Bhd and assumes greater responsibilities, primarily in strategic planning, business expansion and development, both locally and internationally.

He attended six out of seven Board meetings for the financial year ended 31 December 2014.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Board of Directors' Profile



**DATUK PUTEH RUKIAH
BINTI ABD. MAJID**

Aged 62, Malaysian

Independent Non-Executive Director
Member of Audit Committee
Member of Nomination and Remuneration Committee

Date of Appointment:

Director - 16 August 2011

Datuk Puteh Rukiah holds a Bachelor of Economics (Honours) degree from University of Malaya and a Master of Economics from Western Michigan University, United States of America.

Datuk Puteh Rukiah held various posts in the Government since 1976. Her various appointments included being the Principal Assistant Director in the Economic Planning Unit, Prime Minister's Department until 1992 and subsequently, until 2006, served as Principal Director of the Budget Division in Ministry of Finance and as Undersecretary, Investment and Privatisation and Minister of Finance Incorporated Division of the Ministry of Finance. From 2006 until March 2011, she was the Deputy Secretary General (Systems and Controls), at the Ministry of Finance.

Datuk Puteh Rukiah also sits on the boards of Mimos Berhad, Pelaburan Hartanah Berhad, Zelan Berhad, Pos Malaysia Berhad and several unlisted companies.

Datuk Puteh Rukiah attended five out of seven Board meetings for the financial year ended 31 December 2014.

Datuk Puteh Rukiah has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Board of Directors' Profile



**DATUK SYED ABU BAKAR
BIN S MOHSIN ALMOHDZAR**

Aged 64, Malaysian

Independent Non-Executive Director
Member of Nomination and Remuneration Committee

Date of Appointment:

Director - 16 August 2011

Datuk Syed Abu Bakar is currently the Managing Director of the World Islamic Economic Forum Foundation. He is also a Fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

Datuk Syed Abu Bakar held various senior positions in public listed companies in Malaysia. He was formerly the Managing Director of Tradewinds (M) Berhad and Executive Vice President of Tradewinds Corporation Berhad. At present, he is an Independent and Non-Executive Director of Allied Hotels Properties Inc. and King George Financial Corp. which are listed on TSX Venture Exchange in

Canada. He is also an Independent Non-Executive Director of Healthway Medical Corporation Limited, a public listed company listed on SGX.

Datuk Syed Abu Bakar attended six out of seven Board meetings for the financial year ended 31 December 2014.

Datuk Syed Abu Bakar has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Board of Directors' Profile

**TAN LYE CHONG**

Aged 59, Malaysian

Independent Non-Executive Director
Chairman of Audit Committee

Date of Appointment:

Director - 16 August 2011

Tan Lye Chong is currently practicing as an Approved Company Auditor. Prior to that, he had served as a Partner and the Head of the Audit Division of an international accounting firm, BDO; and was with the firm for over 22 years until October 2010. He has more than 30 years of working experience; primarily in the accounting profession and has extensive experience in auditing, financial reporting and corporate finance.

He is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and is a member of the Malaysian Institute of Accountants. He is formerly a member of the Public Practice Committee of Malaysian Institute of Accountants from 2001 to 2008 and a former member of the Audit/Liquidator Licensing Interview Panel from 2006 to 2008.

For several years up to 29 February 2012, he had been a member of the Investigating Tribunal Panel of the Bar Council and on 29 February 2012, he was appointed as a member of the Disciplinary Committee Panel of the Bar Council.

He attended all seven Board meetings for the financial year ended 31 December 2014.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Board of Directors' Profile



DATUK OOI TEIK HUAT

Aged 55, Malaysian

Independent Non-Executive Director
Member of Audit Committee

Date of Appointment:

Director -16 May 2013

Datuk Ooi Teik Huat is a member of Malaysian Institute of Accountants and CPA Australia, and holds a Bachelor Degree in Economics from Monash University, Australia.

He began his career with Messrs Hew & Co. (now known as Messrs Mazars), Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad (now known as Hong Leong Investment Bank Berhad). He subsequently joined Pengkalen Securities Sdn Bhd (now known as PM Securities Sdn Bhd) as Head of Corporate Finance, before leaving to set up Meridian Solutions Sdn Bhd where he is presently a director.

He sits on the Boards of Tradewinds (M) Berhad, Tradewinds Plantation Berhad, MMC, DRB-Hicom Berhad, Zelan Berhad, Johor Port Berhad, Malakoff Corporation Berhad, Padiberas Nasional Berhad and Mardec Berhad.

He attended all seven Board meetings of the Company held in the financial year ended 31 December 2014.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offence within the past 10 years.

Board of Directors' Profile

HISASHI NAKAMURA

Aged 55, Japanese
 Non-Independent Non-Executive Alternate Director
 Date of Appointment : 1 April 2014
 (Alternate Director to Shigeru Muraki)

After **Hisashi Nakamura** graduated from the Faculty of Agriculture, University of Tokyo, he joined Tokyo Gas Co., Ltd. ("Tokyo Gas") in 1985. In 2002, he was appointed to General Manager of General Administration & Corporate Relations Section of Kanagawa Service Branch of Tokyo Gas. During 2004 to 2010, he was seconded to Tokyo Gas Energy Co., Ltd. ("Tokyo Gas Energy"). Then in 2009, he was appointed to Director of Tokyo Gas Energy. In 2010, he was appointed to Managing Director of Tokyo Gas Energy. In 2011, he was appointed to Deputy General Manager of Finance Department. In 2014, he was appointed to his current position, the General Manager of Business Development Department in Tokyo Gas. He is also a Director of Tokyo Gas-Mitsui & Co Holdings Sdn Bhd and a member of the board of Tokyo Gas International Holdings B.V., Tokyo Gas Australia Pty Ltd, MT Falcon Holdings Company, S.A.P.I. DE C.V., Tokyo Gas America Ltd, TG Barnett Resources LP and Tokyo Gas Asia Pte Ltd.

He is currently the alternate member to Shigeru Muraki.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

YASUSHI SAKAKIBARA

Aged 43, Japanese
 Non-Independent Non-Executive Alternate Director
 Date of Appointment : Director – 1 April 2014
 (Alternate Director to Shigeru Muraki)

Yasushi Sakakibara has joined Tokyo Gas Co. Ltd. since 1996 and served at East District Business Division, Industrial Gas Sales Department. He has been appointed as the Chief Representative of Tokyo Gas Co., Ltd., Asia Pacific Regional Office since April 2013. Prior to that, Yasushi Sakakibara served as an Assistant Manager of Energy Sales & Service Planning Department from 2005 - 2011. In 2011, he served as Manager of Strategy & Planning, Gas Resources Department of Tokyo Gas Co., Ltd. He then served as Deputy General Manager, LNG Contracts, Gas Resources Department in 2012.

He holds Master of Business Administration from University of Southern California; Master of Nuclear Engineering from University of Tokyo and Bachelor of Nuclear Engineering from University of Tokyo.

He is currently the alternate director to Shigeru Muraki.

He has attended two Board meetings in replaced of Shigeru Muraki for the financial year ended 31 December 2014.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

AIDA AZIZA BINTI MOHD JAMALUDIN

Aged 42, Malaysian
 Non-Independent Non-Executive Alternate Director
 Date of Appointment : 2 August 2013
 (Alternate Director to Yusa' bin Hassan)

Aida Aziza binti Mohd Jamaludin, graduated with a Bachelor of Accounting and Finance from the University of Lancaster. She is also a Fellow of the Association of Chartered Certified Accountants of United Kingdom. She was appointed as an Alternate Director to Yusa' bin Hassan on 2 August 2013.

She began her career with PETRONAS in October 1996 as an executive in the PETRONAS Holding Company Budget Department and in the ensuing years, has held various positions in the PETRONAS Group, including serving as the General Manager for the Finance and Accounts Services Department, prior to her current appointment. She is also Director of Kimanis Power Sdn. Bhd, Kimanis O&M Sdn Bhd and PLNG (Two) Sdn Bhd, subsidiaries of PGB and Gas District Cooling (UTP) Sdn Bhd, a subsidiary of PETRONAS.

She has acquired more than 17 years of experience in accounting and finance related assignments. She has leaded several Financial Reporting Standard ("FRS") and Malaysian Financial Reporting Standard ("MFRS") implementations for PETRONAS Group of Companies. She has also leaded the implementation of the SAP ECC6.0 for PETRONAS Holding Company.

She is currently the General Manager of Finance Division, PGB and responsible to lead and drive the production of statutory and management reporting, taxation, financial services, procurement and investors relation for PGB and its subsidiaries.

She has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

DATO' ROSTHMAN BIN IBRAHIM

Aged 42, Malaysian
 Non-Independent Non-Executive Alternate Director
 Date of Appointment : Director - 16 June 2011
 (Alternate Director to
 Shazali Dato' Haji Shahrani)

Dato' Rosthman bin Ibrahim is currently the Group Executive Director of Shapadu Corporation Sdn Bhd. He holds a Bachelor of Science in Management (Finance) degree from Case Western Reserve University, Cleveland Ohio, United States of America and Diploma in Business Studies from MARA Institute of Technology (now known as University Technology of MARA).

He started his career with Chung Khiaw Bank (M) Berhad in March 1996 as a Corporate Banking Officer. He then moved to Business Focus Sdn Bhd as a Corporate Finance Manager in August 1996. In 1999, he joined Pengurusan Danaharta Nasional Berhad as an Executive; responsible for the acquisition and restructuring of non-performing loans of Bank Bumiputra Malaysia Berhad. He later joined Bostonweb Academy Sdn Bhd in 2004 as Chief Financial Officer. In September 2006, he was appointed as an Independent Non-Executive Director of ARK Resources Berhad where he is also now the Chairman of Audit Committee. In November 2008, he joined Crowe Horwath Advisory Sdn Bhd as a Director. In February 2010, he moved to Shapadu Corporation Sdn Bhd. He also sits on the board of Kumpulan Jetson Berhad.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Management Profile

AHMAD HASHIMI BIN ABDUL MANAP

Chief Executive Officer
Age 51, Malaysian

Ahmad Hashimi bin Abdul Manap is no stranger to Gas Malaysia prior to his official appointment as CEO on 12 February 2015. With vast working experience of 29 years under his belt, of which 22 years are with Gas Malaysia, Ahmad Hashimi oversees the Company performance with respect to its business, financial, operational, stakeholders and other administrative affairs.

Preceding to his current role, he was the Acting Chief Executive Officer and Chief Operating Officer, Technical, both since July 2014 and January 2014 respectively. Formerly, Ahmad Hashimi was the Senior General Manager, Operations & Maintenance Department, a position he managed excellently since 2007.

He joined Gas Malaysia since its inception in 1992 and had held various positions of General Manager, Deputy General Manager, Regional Manager and Engineering Manager. He was also part of the team that undertook the feasibility study for the implementation of the NGDS in Peninsular Malaysia for the joint venture between MMC-Shapadu, PETRONAS and Tokyo Gas-Mitsui between periods of 1991 to 1992.

Prior to that in 1989, Ahmad Hashimi worked with MMC Engineering Sdn Bhd as a Pipeline Engineer undertaking the Engineering, Procurement, Construction and Commissioning of Stage II of PETRONAS Peninsular Gas Utilisation Project. The project consisted of over 750 kilometres of 36 inch and 30 inch diameter of gas transmission pipeline.

His career began in 1986 when he joined a local consulting firm as a Structural/Civil Engineer to perform structural design for building complexes which include residential, commercial and schools.



Ahmad Hashimi is currently a Council Member of Malaysian Gas Association and a member of the Institution of Engineers Malaysia and International Gas Union's Working Committee 4 on Distribution. In 2004, he attended the Advanced Management Programme at Wharton Business School, USA. He holds a Bachelor of Science in Civil Engineering from Oklahoma State University, USA.

In addition to his role in Gas Malaysia, Ahmad Hashimi also holds office as Chairman in GMEA and GMIEV, as well as Director in Gas Malaysia (LPG) Sdn Bhd and Pelantar Teknik (M) Sdn Bhd.

Ahmad Hashimi holds 21,500 ordinary shares of RM0.50 each in the Company as at 17 March 2015.

He has no family relationship with any Director and/or major shareholder of the Company, has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

Management Profile

SHAHRIR BIN SHARIFF

Chief Operating Officer, Commercial



Shahrir bin Shariff is the Chief Operating Officer, Commercial. He has 30 years of working experience, mainly in project development-related works.

Prior to joining Gas Malaysia, Shahrir was a Director in MMC's Project Development and International Business units. His experience encompassed a wide range of project development functions; from the formulation of guidelines to conceptualisation of business executions. It also entailed marketing, feasibility studies, funding, business liaison, project monitoring and coordination.

During his tenure in MMC from 2006 to 2012, Shahrir was instrumental in the start-up and development of the Jazan Economic City Project, a new industrial city in the Kingdom of Saudi Arabia. Other works were the Development Project proposals to the Government including Build-Operate-Transfer ("BOT") on sewerage treatment complex, BOT on a few highway projects, Public-Private Partnerships on KTMB and BOT on KL-Singapore high speed rail project.

Before his stint in MMC, Shahrir was attached to GILG Holdings Sdn Bhd ("GILG") from 2002 until 2006. As the Chief Operating Officer in one of GILG's subsidiaries, he spearheaded the Hydroelectric Power and Aluminum Smelter projects. He was also one of the key executives involved in the proposed takeover of the Bakun hydroelectric project in Sarawak.

He started his career in 1985 as a Trainee Auditor in KPMG Peat Marwick, London, before progressing to the Audit Senior position with Arthur Andersen & Co in 1990. Subsequently, he joined PETRONAS in 1992 and over the next seven years was involved in the development of KLCC and later Putrajaya.

Shahrir graduated with a Bachelor of Science in Economics and Accountancy from the City University, London in 1985. He was subsequently admitted to the membership of the Institute of Chartered Accountants in England & Wales upon completing his articleship in London in 1990. Shahrir is also a member of the Malaysian Institute of Accountants.

In addition to his role in Gas Malaysia, Shahrir also holds office as Director in Gas Malaysia (LPG) Sdn Bhd, GMEA & GMIEV.

Management Profile

**MOHAMED SOPHIE
BIN MOHAMED RASHIDI**
Chief Financial Officer



Mohamed Sophie bin Mohamed Rashidi is the Chief Financial Officer since July 2012.

In this capacity, Mohamed Sophie manages and supervises a team of managers under Accounting & Finance department which also includes Residential Billing and Management Information System. He implements various financial plans from the Management, prompts budgetary planning and maintains suitable relations with investors and stakeholders. His professional duties has also encompassed the area of corporate financial operations.

Mohamed Sophie is relied upon to convey essential financial data to all levels of the Management and external stakeholders.

He joined Gas Malaysia as a Finance Manager in 1999 and was later transferred to MMC in 2003. In the same year, he was promoted to General Manager of Finance. Subsequently in 2008, he was reassigned to Gas Malaysia in his current position. Prior to joining Gas Malaysia, Mohamad Sophie was attached with Dewina Food Services Sdn Bhd in 1998.

Mohamad Sophie started his career with Hanafiah Raslan & Mohamad as an Audit Senior in 1983. In 1990, he joined Golden Hope Plantations Berhad as an Internal Audit Executive. Then in 1994, he joined CIMB Securities Sdn Bhd as an Executive, Institutional Business and a year later, he moved to Lang Education Sdn Bhd, a subsidiary of Land & General Berhad, as an Accountant.

He holds an Advance Diploma in Accounting from MARA Institute of Technology (now known as University Teknologi MARA). He later obtained a Master's degree in Business Administration from Universiti Kebangsaan Malaysia in 2000. He is also a member of Malaysian Institute of Accountants since 1993.

In addition to his role in Gas Malaysia, Mohamad Sophie also holds office as Director in Pelantar Teknik (M) Sdn Bhd.

Management Profile

Mohd Nisharuddin bin Mohd Noor

was appointed as General Manager in the Operations and Maintenance Department on 1 June 2014. In this capacity, he oversees and manages Gas Malaysia's gas distribution system assets which ensure continued supply of natural gas and LPG to customers whilst safeguarding safety, reliability and integrity of the gas distribution system. Prior to his current appointment, he was the General Manager in Technical Services Department since 1 January 2011. Here, he was responsible for strategising the overall

planning, development and execution of the NGDS projects to strengthen the delivery system and improve the reliability of the NGDS.

He joined Gas Malaysia on 6 January 1994 as an Engineer, Engineering and Design in Technical & Operations Department. He rose through the ranks and was appointed as the Manager, Engineering & Construction in Technical Services Department on 15 December 2000. On 1 January 2008, he was promoted to Senior Manager, Technical.

MOHD NISHARUDDIN BIN MOHD NOOR

General Manager,
Operations and Maintenance



Before joining Gas Malaysia, Mohd Nisharuddin was the Operations Engineer of Esso Malaysia Berhad since 1988, a subsidiary of multinational oil and gas corporation in the country. He was primarily responsible for providing engineering and maintenance support to the fuel terminals and the implementation of projects. Earlier in 1988, he joined Perbadanan Kilang Felda as a Mill Engineer and assumed a role as an Assistant Mill Manager, where he primarily focused on the daily operations of palm oil mill processing fresh fruit bunches to produce crude palm oil.

He started his career when he joined Malaysia Shipyard and Engineering Sdn Bhd as a Graduate Trainee in 1987, where he was involved in the fabrication of process piping for the offshore oil production platform project.

Mohd Nisharuddin completed the Management Development Programme from Asian Institute of Management, Manila, Philippines in 2007. He graduated from Syracuse University, New York, USA in 1987 with a Bachelor of Science in Mechanical Engineering. He also holds a Certificate of Competency as the Gas Engineering Supervisor issued by EC.

In addition to his role in Gas Malaysia, Mohd Nisharuddin also serves as a Director in GMEA and GMIEV.

Management Profile

MOHAMAD FARID BIN GHAZALI

General Manager, Marketing

Mohamad Farid bin Ghazali is the General Manager for the Marketing Department since 2011.

In 1992, he joined Gas Malaysia as Technical Support Engineer in the Marketing Department. He was subsequently promoted to Assistant Manager of Technical Support in 1995. In 1997, he progressed to assume the Industrial Sales Manager to oversee planning and implementation of natural gas sales activities for the industrial market.

In 2011, Mohamad Farid was again promoted to his current position and is responsible for implementing the marketing objectives and plans of the Company.

He started his career as a Service Executive with Tractors Malaysia Sdn Bhd in 1988, where he was involved in the service operations and offshore maintenance contract.

Mohamad Farid graduated from Fairleigh Dickinson University, New Jersey, USA in 1988 with a Bachelor of Science in Mechanical Engineering. He completed the Management Development Programme from Asian Institute of Management, Manila, Philippines in 2009. He also holds a Certificate of Competency as the Gas Engineering Supervisor issued by the EC.



Management Profile

RAJA ISKANDAR BIN RAJA MUKHTARUDDIN

General Manager, Human Resource & Administration



Raja Iskandar bin Raja Mukhtaruddin is the General Manager, Human Resource & Administration since 2012.

Raja Iskandar joined Gas Malaysia in 1997 as Assistant Manager in our Residential & Commercial Sales section. He was subsequently promoted to Manager of Marketing Support & Communications in 2000. Later in 2001, he was assigned to a new responsibility as Industrial Sales Manager for the Northern Regional Office to manage the new natural gas industrial market in the northern states. Successively in 2005, he assumed the post of Industrial Sales Manager for the Southern Regional Office.

In 2007, he was made a Department Head of Human Resource Department where he was responsible for the overall function of human resource management ranging from manpower planning, compensation and benefits as well as training and development. Raja Iskandar was promoted to his current post in 2012 to lead the newly combined Human Resource & Administration Department.

He began his career in 1988 when he joined Mobil Oil Corporation (M) Sdn Bhd as a Sales Representative under its Graduate Programme. He later joined Malaysia Tourism Promotion Board ("MPTB") in 1990 and was later made the Assistant Director for the MPTB Office in London, United Kingdom in 1992.

Raja Iskandar graduated in 1987 with a Bachelor of Science degree in Business Administration, majoring in Management from California State University, Sacramento, USA. In 2009, he completed the Management Development Programme from Asian Institute of Management in the Philippines. He holds a membership as Fellow, Malaysian Institute of Management and currently sits on the Panel of Industrial Court, Malaysia.

Management Profile

IKHWAN NASIR BIN ABDUL MANAF

Deputy General Manager
Gas System Management

Ikhwan Nasir bin Abdul Manaf is the Deputy General Manager, Gas System Management since June 2014.

Ikhwan Nasir joined Gas Malaysia in 1992 as Project Development Engineer where he was involved in the development of the NGDS in HICOM industrial area, Gas Malaysia's first NGDS network. He was later tasked to manage a few more NGDS projects as Project Manager.

In 1997 he was promoted to Assistant Manager and assigned to the Operations and Maintenance Section, having purview on the operation and maintenance of NGDS facilities within the central region. Ikhwan assumed a Manager position in 2001 when he was in charge of the Operation Control Centre Section, following which in 2005 he was reassigned to the Operations and Maintenance Section as Operations and Maintenance Manager. Whilst in this capacity, he was promoted to Senior Manager in 2012.

Ikhwan Nasir was promoted to his current position in June 2014 to lead a newly formed Gas System Management Department. In this new role, his responsibility entails the overall management of the Operation Control Centre as well as the development, operation and maintenance of the Gas Supply and



Network Monitoring System; such as Supervisory Data Acquisition System, better known as SCADA, and Gas Chromatograph.

Upon his graduation from MARA University of Technology with a Diploma in Civil Engineering in 1986, Ikhwan began his working career as Technical Assistant in Dewan Bandaraya Kuala Lumpur, involved in the planning, design and construction of Drainage and Sewerage System within Kuala Lumpur.

Complementing his Advanced Diploma in Civil Engineering from MARA University of Technology which he earned in 1990, he is also accoutered with a certificate of Competency as the Gas Engineering Supervisor issued by EC of Malaysia.

Ikhwan Nasir completed the Management Development Programme from Asian Institute of Management in the Philippines in 2007.

Management Profile

SHAHREL AMIR BIN MOHD RASHID

Deputy General Manager, Gas Networks & Infrastructure



Shahrel Amir bin Mohd Rashid was appointed as Deputy General Manager of the Gas Networks & Infrastructure Department on 1 June 2014.

In this capacity, he is responsible for the management of the overall network planning and design, and development and execution of the NGDS and Geographical Information System projects. Parallel to the management of these projects, he plans and implements the strategic efforts in strengthening the network delivery system and enhancing the reliability of the NGDS.

He started his career in Gas Malaysia as Pipeline Network Planning Engineer, Technical Planning Section, under the Technical & Operations Department from 1 May 1993. Subsequent to this period in 1996, riding on the Confederation of British Industry Overseas Scholarship Scheme, Shahrel Amir was attached to Ove Arup Partnership of London, an engineering consulting firm where he was involved in the planning, engineering and design of the Natural Gas Pipeline and Above Ground Installation project.

He was appointed as Technical Planning Manager in the Technical Services Department on 1 January 2001 and later as Senior Manager, Technical Planning on 1 July 2012 prior to his current position.

He graduated in 1991 with Bachelor of Engineering (BEng) in Civil Engineering and in 1993 with Master of Engineering (MEng) in Civil Engineering, from the Kyushu Institute of Technology ("Kyutech"), Kitakyushu, Fukuoka, Japan.

In addition to his completing the Management Development Programme from Asian Institute of Management in the Philippines in 2011, Shahrel Amir also holds a Certificate of Competency as the Gas Engineering Supervisor issued by the EC.

Management Profile

AZRINA BINTI ABDUL SAMAT

Deputy General Manager
Regulatory Economics & Stakeholders
Engagement Department

Azrina binti Abdul Samat is the Deputy General Manager of the new Regulatory Economics & Stakeholders Engagement Department. The department strives towards safeguarding and ensuring Gas Malaysia Berhad's seamless transition into the newly introduced Incentive Based Regulation ("IBR") environment by ensuring sustainability, fair returns and incentivising maximum efficiency whilst navigating through the regulatory landscape of the gas sector.

Prior to joining Gas Malaysia, Azrina was with TNB working under various portfolios including the Regulatory Economics; her team spearheaded efforts towards the establishment of the IBR Tariff Framework, culminating in a landmark base tariff review in 2014 as well as the Macro Policy & Pricing, charting TNB's long and medium term strategic business direction's. Her 18-year stint also showcased her capability in the area of Fuel Procurement Management, having formulated macro policies on fuel such as reticulated gas, coal and LNG for the power sector. She was also integral in the area of Energy Procurement where the Power Purchase Agreements between TNB and the Independent Power Producers, as well as cross-border agreements with Thailand, Indonesia and Singapore, were established and operationalised.



Azrina was actively involved in the Malaysian Electricity Supply Industry Reform Initiatives led by the MyPower as well as TNB's landmark Transformation Programme through to 2014. In 2011, she emerged as one of the recipients of the Malaysia Institute of Management-Public Bank "Manager of the Year" Award for her outstanding management leadership competencies in building Malaysian industries.

Through her wide-ranging experience in the energy sector, particularly in the regulatory

perspective, Gas Malaysia is set to build sufficient capacity and capability across all key stakeholders in an environment of increasing regulatory complexity. Azrina holds a Master of Science in Engineering Management from the University of Warwick, UK as well as the Bachelor of Science in Computation from the University of Manchester Institute of Science and Technology, UK.

Management Profile

JEKRIA BIN IBRAHIM

Senior Manager, Health, Safety, Environmental & Quality



Jekria bin Ibrahim is the Senior Manager of the HSEQ. In this capacity, he initiates, formulates and implements the HSEQ Management Systems. As the expert on matters concerning HSEQ, he is responsible to ensure that Gas Malaysia comply with all pertaining regulations and statutory requirements.

Jekria joined Gas Malaysia in April 1999 as Manager, Occupational Safety & Health Department ("OSH"). After heading the department for five years, the Management in 2004 decided to make OSH functions more holistic and infuse the quality and environmental functions and subsequently adopted the department's present name. In July 2012, he was promoted to the position of Senior Manager, HSEQ.

Prior to joining Gas Malaysia, Jekria was employed by Amoco Chemical (M) Sdn Bhd ("Amoco") in Kuantan as Safety Officer from February 1995 where he was responsible to set up and manage its OSH Management System. Preceding Amoco, he assumed the role of Safety Officer and later Technical/Safety Trainer position in Shapadu Energy & Engineering Sdn Bhd, which involved in offshore platform maintenance services; both functions were for the period between October 1992 and January 1995.

Jekria started his career in 1981 when he joined Sabah Shipyard Sdn Bhd in Labuan as Safety Promoter. He later progressed to accept the position of Safety Foreman in ASEAN Bintulu Fertilizer Sdn Bhd, a subsidiary of PETRONAS, in November 1987.

Jekria holds an International Diploma in Occupational Safety & Hygiene from Edith Cowan University, Perth, Australia. He is also a registered Safety & Health Officer with the Department of Occupational Safety & Health, Malaysia.

Management Profile

MOHD DAHARIE BIN CHE DIN

Senior Manager, Procurement & Contract

Mohd Daharie bin Che Din is the Senior Manager for the Procurement & Contracts Department since 2012.

Mohd Daharie joined Gas Malaysia in 1997 as Contract Executive and was subsequently promoted to Senior Contract Executive in 2000, Assistant Manager in 2002, Acting Manager in 2007 and Manager of Procurement & Contracts in 2011. As the Head of Department, he was responsible for the Procurement, Contracts and Warehouse sections.

He started his career in 1990 when he joined Yusof and Hoe Associates Jurukur Bahan as a trainee Assistant Quantity Surveyor as part of Industrial Training programme. In 1991, he joined Jurukur Bahan Perdana as Assistant Quantity Surveyor before furthering his studies at Glasgow Caledonian University. Upon his graduation in 1995, he joined RM Associates as Quantity Surveyor.

Mohd Daharie graduated from Glasgow Caledonian University, Glasgow, Scotland in 1995 with a Bachelor of Science in Quantity Surveying. He had earlier obtained his Diploma in Quantity Surveying in 1991 from University Teknologi MARA (formerly known as MARA Institute of technology).



Management Profile

ZULKIFLI BIN MAWARDI

Senior Manager, Corporate Affairs



Zulkifli bin Mawardi is the Senior Manager, Corporate Affairs Department. In this capacity, he strategises investor relations and corporate communications functions, whose implementation is aimed at providing accurate portrayal of Gas Malaysia's performance and prospects; creating conditions for fair assessment of its value and marketability, as well as for favourable awareness and perception by all stakeholders.

Prior to joining Gas Malaysia, Zulkifli was an Investment Manager licensed by the Securities Commission, undertaking research and portfolio management functions in various investment management companies. His last tenure was with AmMetLife (formerly known as AmLife Insurance Berhad), where he was responsible in the formulation and execution of in-house investment strategies. With the target of delivering consistent portfolio returns within the constraints of regulatory framework, he managed equity portfolios for AmLife Insurance, AmG Insurance and AmFamily Takaful.

Zulkifli joined Motorola Semiconductor in Seremban as the Quality Control Engineer in 1994 before progressing his career in the local investment industry in 1995. From 1995 to 2013, Zulkifli had held a few Investment Manager positions in various Fund Management companies and Investment Banks including KAF Fund Management, CIMB Private Banking, Citibank Berhad, Libra Invest Berhad (formerly known as Avenue Invest Berhad) and AmInvestment Management Sdn Bhd (formerly known as AMMB Asset Management Sdn Bhd).

Through his vast working experience in the investment industry, during which he received two Fund Performance awards from the Standard & Poor's in 2005, he had developed the expertise in engaging and fostering good rapport with major institutional investors and the general investment community. He brings with him the aptitude required to effectively communicate to the stakeholders the message and appeal of Gas Malaysia.

Zulkifli holds a Bachelor of Science in Statistics with High Distinction from the University of Illinois at Urbana-Champaign, USA.

Management Profile

AZWIN BINTI NOH

Manager, Internal Audit

Azwin binti Noh is the Manager, Internal Audit Department since 2015. In this capacity, she is responsible for the planning, executing and reporting of operational, financial, regulatory and compliance related audits and reviews. She is also tasked to provide advice on internal controls and participate objectively in enhancing internal audit standards and practices within Gas Malaysia Berhad.

She reports to the Audit Committee at the required intervals on Internal Audit assignments, including planned reviews, investigations risk advisory work and any other ad-hoc audit activity as required.

Prior to joining Gas Malaysia, she was the Head of Group Internal Audit Department of Amanah Raya Berhad ("ARB") for 6 years. Playing a pivotal role in improving the audit practice, making it more conducive to request audit and implement recommendations, Azwin had successfully built relationships with ARB's Head of Departments; assisting them understand issues and identify areas for operational improvements. She also provided support in adhering to regulatory requirements, kept abreast of developments in Corporate Governance practices and advised the Management accordingly.



She started her career with a public accounting firm as an Audit Assistant in 2001. In 2003, she joined Malaysia Building Society Berhad as an Internal Audit Executive.

Azwin graduated from International Islamic University, Malaysia with a Bachelor of Accounting (Honours) in 2001. She later obtained a Master's Degree in Business Administration from University of Sunderland, United Kingdom in 2011. She is a Fellow

of the Association of Chartered Certified Accountants (ACCA) United Kingdom and a member of MIA.

Corporate Social Responsibility

“

At Gas Malaysia, we are committed to upholding the highest level of integrity in our dealings with all our stakeholders from customers and business partners to employees and the community at large.

We realise our own corporate values through our CSR programmes, attaining greater level of confidence and importance in what we do.

”



The Company participated in MMC Group's Group Flood Relief Programme in response to the flood disaster in the East Coast of Peninsular Malaysia.

Ingrained in us is the precept that in order for the Company to be more successful and sustainable, our business must be built on ethical practices. Therefore, we strive to balance our business ambitions with corporate social responsibilities; with the understanding that engaging in CSR programmes gives greater meaning to our mission of providing the cleanest, safest, cost-effective and reliable energy solutions to the nation.

The CSR programmes that we espouse are best understood through the four pillars that guide our actions; namely, Community, Sports, Education and Environment. We attempt to undertake programmes that accords for lasting positive impact towards the general betterment of the society, as well as the lives of those whom we reach out to.

Corporate Social Responsibility

Our business ambitions are adequately balanced with responsible corporate practices



COMMUNITY

Flood Relief Programme for East Coast Floods

In response to the flood that ravaged major parts of the East Coast in December 2014, the Company was actively involved in MMC Group Flood Relief Programme, an initiative that was organised at the MMC Group level. The immediate relief effort consisted of donation drive and post-calamity rehabilitation assistance to help the victims to some extent return their lives to normalcy. Volunteers were mobilised from within the MMC Group, distributing basic items such as food supplies, stoves, LPG gas cylinders, milk powder and diapers.

The Programme also involved the cleaning of homes and schools that were affected by the flood.

We also went an extra mile by separately making similar contribution to the flood victims by donating more than 100 units of 14kg LPG cylinders to a few relief centres



Gas Malaysia staff being part of the relief mission to help clean up flood-hit areas.

in Pahang as well as providing more than 700 raincoats to several NGOs in their relief programmes.

Building Homes for the Underprivileged

To help ensure that certain local communities that are stricken by poverty improve their lives, the Company continued to collaborate with *Pusat Zakat Negeri Selangor* to better the living conditions of the underprivileged. In November 2014, we carried out a house rehabilitation programme in the *Perkampungan Orang Asli* in Kuang, Selangor, where three families received keys to their new homes.

Occupational Safety

We strongly believe in the importance of keeping our staff and operations safe in every aspect of our business. Therefore, we take on holistic approach to health and safety by running programmes that are designed to create awareness amongst the employees,



With a collective effort from the staff, Gas Malaysia successfully provided assistance to flood victims in the worst-hit areas in Kelantan.

contractors, customers and other relevant stakeholders such as EC, *Polis Di Raja Malaysia*, *Jabatan Bomba dan Penyelamat*, *Jabatan Alam Sekitar*, *Majlis Bandaraya Shah Alam* and *Jabatan Keselamatan & Kesihatan Pekerja Malaysia*.

Our efforts in developing a robust safety culture include conducting regular safety programmes and attaining certifications in the area of HSEQ. For example, we conducted Joint Emergency Drill 2014 Latigas 10 and Occupational Health & Safety Campaign.

Corporate Social Responsibility



EDUCATION

We advocate the importance of education towards supporting societal development and ensuring the wellbeing of the communities. An educated member in a community certainly has a greater chance to actively participate in the ongoing changes and developments of their surroundings.

In an effort to provide quality education to prepare young Malaysians adapt to growingly demanding social needs, this year we extended a contribution to the Tok Kenali Learning Institute in Kota Bharu, Kelantan. This contribution was made to financially aid the construction of 15 new classrooms in the institute. By supporting efforts like these, Gas Malaysia shall continue to play a significant role in addressing educational needs in communities even beyond areas it conducts business.



ENVIRONMENT

We believe that our business operations is carried out in a manner that minimises the negative impact to the environment. Our core business, that is of the selling, marketing and distributing of natural gas to the industrial, commercial and residential customers, upholds this belief by virtue of natural gas being a highly efficient and clean form of energy. When compared to other fuel such as coal and crude oil, natural gas produces lesser carbon dioxide, which is the primary greenhouse effect.

In addition, our CHP business avails the platform to promote sustainable energy use, reduced energy costs and lower pollution. Because CHP systems concurrently produce electricity and useful thermal energy from a single fuel, they require less fuel to produce the same amount of energy.



SPORTS

Gas Malaysia partnered with the National Sports Council of Malaysia, an agency under the Ministry of Youth and Sports, to participate through sponsorship to facilitate the latter's initiative called the National Football Development Programme ("NFDP"). The programme entails measures that systematically improve Malaysia's football standards and is aimed at enhancing the quality of potential national football players.

At state level too, we came forward to offer sponsorship in commitment to make the 2014 Sultan of Selangor's Cup a success.



CEO of Gas Malaysia (right) presenting the cheque to the representative from Tok Kenali Learning Institute.



Goodwill gesture: Zul Mawardi (right), from the Corporate Affairs Department of Gas Malaysia extending a warm handshake with the Project Director of NFDP, Lim Teong Kim (left).



Gas Malaysia is one of the key sponsors of the NFDP, contributing to making Malaysia a football powerhouse in the international arena.

Corporate Events



19
FEB 2014

Information
Meeting & Long
Service Award

15 MAY 2014



Gas Malaysia 23rd Annual General Meeting

16
JUNE
2014

Visit from
China's
ENN Energy
Holdings
Limited

Corporate Events



25
JUNE
2014

Visit from
Abu Dhabi
National Oil
Company

15
AUG
2014

Visit
from
Ghana
Energy
Commission

6 DEC 2014



Gas Malaysia
Stakeholders' Golf
Invitational Tournament

9 DEC 2014

Joint Emergency
Drill - Latigas 10



Sports & Recreational Activities

Inter Department Volleyball Tournament



3 May 2014
at Dewan Besar
Tanjung,
Seksyen 19,
Shah Alam



Back to Nature Royal Belum

17 to 19 May 2014
at Tasik Banding,
Perak



Inter Department Bowling Tournament



9 August
& 13 September
2014
at Ampang
Superbowl,
IOI Mall,
Puchong,
Selangor



Treasure Hunt "Super Heroes to Balok"

6 & 7 September 2014
at Balok, Kuantan



Sports & Recreational Activities



Futsal Open Championship



20 September 2014
at KSL Sports
Puchong



Inter Department Table Tennis Tournament



18 October 2014
at Taman
Puchong Utama,
Selangor

Corporate Governance Statement



The Board of Directors (the “Board”) of **GAS MALAYSIA BERHAD** is continuously committed to uphold the highest standards of corporate governance throughout the Company as expressed in the Malaysian Code on Corporate Governance 2012 (“the MCCG 2012”).

MCCG 2012 has set out the broad principles and specific recommendations on structure and process which a company should adopt in making good corporate governance an integral part of the business dealings and culture. In this respect, the Board acknowledges the importance of corporate governance practice in enhancing shareholders’ value by implementing and maintaining high standards of corporate governance principles at all levels within the Group whilst ensuring the long-term sustainability of the Group’s businesses and operations.

The Board believes that the principles and recommendations set out in the MCCG 2012 have, in all material respects, been adhered to and complied with as set out in this statement and to the extent that they were found to be suitable and appropriate to the Company’s circumstances.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board’s Roles and Responsibilities

The Board is responsible for the governance and conduct of the Company’s strategic plans, including its implementation, and is accountable for the performance of the Company and the Group. In discharging its duties, the Board is guided by its Charter which outlines high level duties and responsibilities of the Board.

The Board assumes, amongst others, the following roles and responsibilities for effective discharge of its functions as set out in its Board Charter:

- Reviewing and adopting strategic plans for the Group;
- Overseeing the conduct of the Group’s businesses to evaluate whether the businesses are properly managed;
- Identifying principal risks and ensuring the implementation of appropriate control systems to manage these risks;

Corporate Governance Statement

- Succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
- Developing and implementing an investor relations programme or shareholders' communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
- Monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- Ensuring that the Company's and the Group's financial statements are true and fair and conform with the accounting standards;
- Monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- Ensuring that the Group adheres to high standards of ethics and corporate behaviour.

The day-to-day management of the Group is delegated to the CEO within the prescribed limits of authority pursuant to the Company's Articles of Association. This formal structure of delegation is further cascaded by the CEO to the Senior Management team within the Group. The CEO and the Senior Management team are accountable to the Board for the authority that is delegated and for the performance of the Group.

On this aspect, the Management circulates Monthly Progress Report to the Board Members on monthly basis. The Board assesses the performance of the Management through performance of the financial results, customers' feedback and sales revenue of the Group.

Ethical Standards through the Code of Conducts

The Company's Code of Ethics for Directors and Code of Conduct and Discipline for Employees (hereinafter collectively referred to as "Code of Conducts") continue to govern the standards of ethics and good conduct expected from Directors and employees. This Code of Conducts is based on the principles of sincerity, integrity, responsibility and corporate social responsibility. It is formulated to enhance the standards of corporate governance and corporate behaviour with the intention of achieving the following objectives:

- To establish a standard of ethical behaviour for Directors, Senior Management and employees of the Group based on trustworthiness and values that can be accepted, are held or upheld by any one person; and
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company.

All Directors and employees are briefed and provided with a copy of the Code of Conducts on the commencement of their directorship/employment under new employee induction programme.

Company's Strategies for Sustainability

The Company is committed to become significant as the sole natural gas distributor in the industry as well as being a good corporate citizen for the nation. It believes that for sustainability, there is a need for balance with the growth in corporate responsibility, conserving resources for future generations by minimising activities that may have a negative impact on the environment and driving efficiency and productivity in carrying its business.

The Company has internal guidelines and requirements to adhere to its environmental, social and governance responsibilities in line with its mission to provide the cleanest, safest, cost effective and reliable energy solutions to the nation. The Company has established a Corporate Social Responsibility Policy and Guidelines which focuses on contribution to nation building, at the same time making a difference to the community and having a positive impact on the lives of people. The strategy is built on the four key areas i.e. Education, Community, Environment and Sports.

As part of its compliance with the conditions under its GUL, the Company submits monthly and quarterly reports to the EC, outlining issues relating to operating and maintaining the gas distribution systems and customer service. Under the terms of the GUL, various Codes and Statements of Performance have been submitted to the EC and are updated and modified on a continuous basis in line with market changes and international best practices.

The Company's commitment to health, safety, environment and quality is shared by all employees throughout Gas Malaysia and it has been embedded into their work environment. This is clearly evident through the achievements of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications for its health, safety, environment and quality management systems. The Company's HSEQ Policy is available in the Company's website (www.gasmalaysia.com). The Company had recorded 657,492 hours of Zero-Lost Working Days as of 31 December 2014.

Further details on the Company's CSR activities for the year under review are disclosed in the Corporate Social Responsibility Statement on page 55 of this Annual Report.

Board Members' Supply and Access to Information

The Board has unrestricted access to all information to allow them to discharge their duties effectively and efficiently, through the following means:

- All Directors are furnished with the meeting agenda and other documents on matters requiring their consideration prior to and in advance of each meeting. The documents are comprehensive and include qualitative and quantitative information to enable the Board members to make an informed decision and to deal with matters arising from such meetings;
- Senior Management may be invited to attend the Board and Board Committees' meetings to present or further explain on matters being tabled at the respective meeting;

Corporate Governance Statement

- Certain reports, such as those relating to the Company's financial results (including quarterly results) are circulated and presented to the Audit Committee ("AC") for their review and recommendation to the Board for approval thereafter;
- Directors have ready and unrestricted access to the advice and services of the Company Secretaries on procedural and regulatory requirements i.e. they will be regularly updated on the new statutory and regulatory requirements concerning their duties and responsibilities as and when necessary; and
- If required, the Directors may obtain independent professional advice at the Company's expense in furtherance of their duties, after consultation with the Chairman and other Board members.

Company Secretaries

The key roles of the Company Secretaries are to provide unhindered advice and services to the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance. They are suitably qualified, competent and capable of carrying out the duties required of the role. They have also attended training and seminars conducted by Companies Commission of Malaysia and The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") to keep abreast with the relevant updates on statutory and regulatory requirements such as updates on Main Market Listing Requirements ("MMLR") of Bursa Securities Malaysia Berhad ("Bursa Malaysia"), compliance with the Capital Markets and Services Act 2007 and Companies Act, 1965 ("the Act") and to ensure the Company's adherence to the MCGG 2012.

Board Charter

The Board has adopted a Board Charter which sets out the roles and responsibilities of the Board and Committees, and the right, process and procedures of the Board. It is drafted in accordance with the principles and recommendations of MCGG 2012, fundamental requirements of provisions in the Act, Bursa Malaysia MMLR, Articles of Association of the Company and other applicable rules and regulations.

The abridged version of the Board Charter is available on the Company's website www.gasmalaysia.com.

2. STRENGTHEN COMPOSITION

The Board has delegated specific responsibilities to the respective Board Committees namely, the AC, the Nomination & Remuneration Committee ("NRC") and the Risk and Compliance Committee ("RCC"), all of which have their own terms of reference to govern their respective scope and responsibilities. The terms of reference shall be periodically reviewed, as and when necessary, and the Board appoints the Chairman and members of the said respective committees.

These Board Committees assist the Board in making informed decisions through in-depth discussions on issues pertaining to the respective Committees' terms of reference. Subsequently, the

Committees report the deliberations to the Board and the ultimate responsibility for the final decision on all matters lies with the Board.

Nomination & Remuneration Committee

The NRC consists entirely of Non-Executive Directors, with a majority being Independent Directors and is chaired by the Board's Chairman.

The NRC's functions are as follows:

Nomination Function

- To consider candidates for directorships proposed by the Managing Director/CEO and within the bounds of practicality, by any other senior executive or any director or shareholder within the Group;
- To consider and recommend to the Board suitable persons for appointment as Board Members and/or CEO/Executive Director of Gas Malaysia, its Committees and its Subsidiaries;
- To annually review the performance of the Board Members, its Committees and Boards of Subsidiaries as well as the required mix of skills and experience and other qualities of the Board Members, including core competencies which Non-Executive Directors should bring to the Board;
- To annually assess the size and effectiveness of the Board as a whole, its Committees, the contribution of each individual Director, including Independent Non-Executive Directors, as well as the CEO;
- To consider and recommend a policy regarding the period of service of Gas Malaysia's Executive and Non-Executive Directors and its Boards of Subsidiaries;
- To consider and recommend any other measures to upgrade the effectiveness of Gas Malaysia's Board, its Committees and Boards of Subsidiaries;
- To consider and recommend solution on issues of conflict of interest affecting Gas Malaysia's Directors and Boards of Subsidiaries;
- To recommend the appointment of Nominees of Gas Malaysia to the Boards of Subsidiaries. The Chairman of Gas Malaysia is given the mandate to finalise and recommend Nominee Directors of the Company to the respective Board of Subsidiaries;
- To review and recommend to the Board the succession plan of Gas Malaysia Group;
- To carry out such other assignments as may be delegated by Gas Malaysia Board;
- Review and recommend plan for succession of Chairman of the Board and Managing Director/CEO as well as certain other senior management positions in the Gas Malaysia Group; and
- Review the performance of the Managing Director/CEO, Chief Financial Officer ("CFO") and Chief Operating Officers.

Remuneration Function

- Review and recommend the general remuneration policy of Gas Malaysia. The level of remuneration should be aligned with the business strategy and long term objectives of the Company, complexity of the Company's activities, and reflects the experience and level of responsibilities undertaken by the Directors and senior management;

Corporate Governance Statement

- ii) Review and recommend the appointment and promotion of senior management of Gas Malaysia. Senior management would comprise executive at Grade 17 (i.e. General Manager) and above within the Gas Malaysia Group, determine their salaries and recommend salary revisions and improvements as are considered necessary together with fringe benefits, perquisites and bonus programmes;
- iii) Review annually the compensation of directors;
- iv) Recommend suitable short and long-term incentive plans including the setting of appropriate performance targets as well as a programme for management development; and
- v) Carry out such other assignments as may be delegated by the Board.

The NRC met twice during the course of the financial year ended 31 December 2014. The NRC Members and the details of attendance of each individual member in respect of meetings held during the financial year ended 31 December 2014, are as follows:

No.	Name of Members	Number of NRC meetings attended/held
1.	Datuk Haji Hasni bin Harun (Chairman)	2/2
2.	Datuk Syed Abu Bakar bin S Mohsin Almohdzar	2/2
3.	Datuk Puteh Rukiah binti Abd. Majid	2/2

During the financial year under review, the NRC carried out the following activities:

- i) Reviewed and assessed the size, required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of each individual Director;
- ii) Reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Articles of Association;
- iii) Assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment; and
- iv) Reviewed and assessed the character, experience, integrity and competency of the CFO.

Criteria for Recruitment and Annual Assessment of Directors

For the assessment and selection of Directors, the NRC shall consider the prospective Directors' character, experience, competence, integrity and time availability, as well as the following factors:

- a. Skills, knowledge, expertise and experience;
- b. Professionalism;
- c. Commitment (including time commitment), contribution and performance;
- d. Integrity;
- e. In the case of candidates for the position of independent non-executive directors, the nomination committee will evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors; and

- f. Boardroom diversity.

The results of the assessment would form the basis of the NRC's recommendation to the Board for the re-election of Directors at the next AGM.

Boardroom Diversity

The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group and acknowledges the importance of boardroom diversity and the recommendation of the Code pertaining to the establishment of a gender diversity policy. As of the date of this Annual Report, no formal policy formalising its approach to boardroom diversity has been set. In this regard, the NRC will continue to ensure that suitable female candidates are sought and considered as part of its recruitment exercise. Currently the Board has one female Independent Non-Executive Director on Board namely Datuk Puteh Rukiah binti Abd. Majid. However, the Board's policy does not set specific target on the number of female candidates to be appointed on the Board. The evaluation of the suitability of candidates is solely based on candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including where appropriate, the ability of the candidates to act as Independent Non-Executive Directors as the case may be.

The Articles of Association of the Company provide that one third of the Board members are required to retire at every AGM and be subjected to re-election by shareholders. The newly appointed Director shall hold office until the next AGM and shall be subjected to re-election by the shareholders. The Articles of Association provided that all Directors shall retire once every three years.

Remuneration Policies and Procedures

The level of remuneration should be aligned with the business strategy and long term objectives of the Company, complexity of the Company's activities, and reflects the experience and level of responsibilities undertaken by the Directors and Senior Management.

The details of remuneration of the Chairman and Directors of the Company for the financial year ended 31 December 2014 are as follows:

	Executive RM'000	Non-Executive RM'000
Directors' Fees	-	914
Ex-gratia*	766	-
Other Allowances & Benefits	-	725
Total	766	1,639

* Ex-gratia payment made to former Managing Director who retired on 31 December 2013.

Corporate Governance Statement

The number of Directors of the Company in each remuneration band is as follows:

RM	Executive	Non-Executive
0 – 50,000	-	1
50,001 – 100,000	-	1
100,001 – 150,000	-	2
150,001 – 200,000	-	5
400,001 – 450,000	-	1
750,000 – 800,000	1	-
Total	1	10

3. REINFORCE INDEPENDENCE

Annual Assessment of Independent Directors

The Independent Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Non-Executive Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

The assessment on the independence of the Directors based on the provisions of the MMLR covers a series of objective tests and is carried out before the appointment of the Independent Directors. Further, the Board with assistance from NRC will undertake to carry out annual assessment of the independence of its Independent Directors and focus beyond the Independent Directors' background, economic and family relationships and consider whether the Independent Directors can continue to bring independent and objective judgment to board deliberations.

The evaluation of level of independence of the Independent Non-Executive Directors of the Company was conducted by the NRC in addition to the Directors' self-evaluation. The Board is satisfied with the level of independence of the Independent Non-Executive Directors of the Company.

The Board in its Charter provided that the tenure of an Independent Director shall not exceed a cumulative term of nine years. The Board may, in exceptional cases and subject to the assessment of the NRC on an annual basis, recommend for an Independent Director who has served a consecutive or cumulative term of nine years to remain as an Independent Director subject to shareholders' approval. As to date, none of the Independent Directors of the Company has reached or exceeded a cumulative term of nine years.

Separation of Positions of the Chairman and the CEO

Gas Malaysia recognises the importance of having clear separation and division of roles and responsibility between the Chairman and the CEO. This is to ensure that no person has unfettered powers of decision making. The division of their roles and responsibilities is reflected clearly in the Board's Charter.

The Chairman is presently a Non-Independent Non-Executive Director. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, and assumes the formal role as the leader of the Board and chairs all Board Meetings and Shareholders' Meeting. He also leads the Board in Management Oversight. The specific responsibilities of the Chairman, amongst others are as follows:

- maintaining regular dialogue with the CEO over significant operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;
- functioning as a facilitator at meetings of the Board to ensure that no member dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming; and
- ensuring that all Directors are enabled and encouraged to participate in its meeting/activities.

The CEO is the Head of Management and is primarily responsible for the performance of the Group. The CEO is responsible for the day-to-day running of the business including organisational effectiveness, implementation of Board policies, decision making on operational matters and strategies and clarifies matters relating to the Group's business to the Board. In managing the business affairs, the CEO is assisted by the Management Committee, which meets twice a month.

Composition of the Board

The Board currently has nine Directors, comprising one Non-Independent Non-Executive Chairman, four Non-Independent Non-Executive Directors and four Independent Non-Executive Directors. The composition of the Board complies with Paragraph 15.02(1) of the MMLR and the Independent Directors provide an effective check and balance in the functioning of the Board.

The current Board composition fairly reflects the interests of its shareholders to provide the effective leadership, strategic direction and necessary governance to the Group at optimum level. The Company's Articles of Association allows a minimum of two and maximum of thirteen Directors.

A brief profile of each Director is presented on pages 32 to 41 of this Annual Report.

The Code recommends that the Board must comprise a majority of Independent Directors if the Chairman is not an Independent Director. The Non-Executive Chairman of the Board, Datuk Haji Hasni bin Harun, although not an Independent Director, provides strong leadership and objective judgement with regard to ensuring the adequacy and effectiveness of the Board's governance process. The Board is of the view that the separation of the offices of the Chairman and the CEO together with the Independent Directors, provide further safeguards that there is a balance of power and authority on the Board to ensure independent judgement in the best interests of the Company and effective stewardship of the Company in terms of strategies and business performance. The Board also opines that the current size and composition of the Board is at its optimum level and is functioning effectively.

Corporate Governance Statement

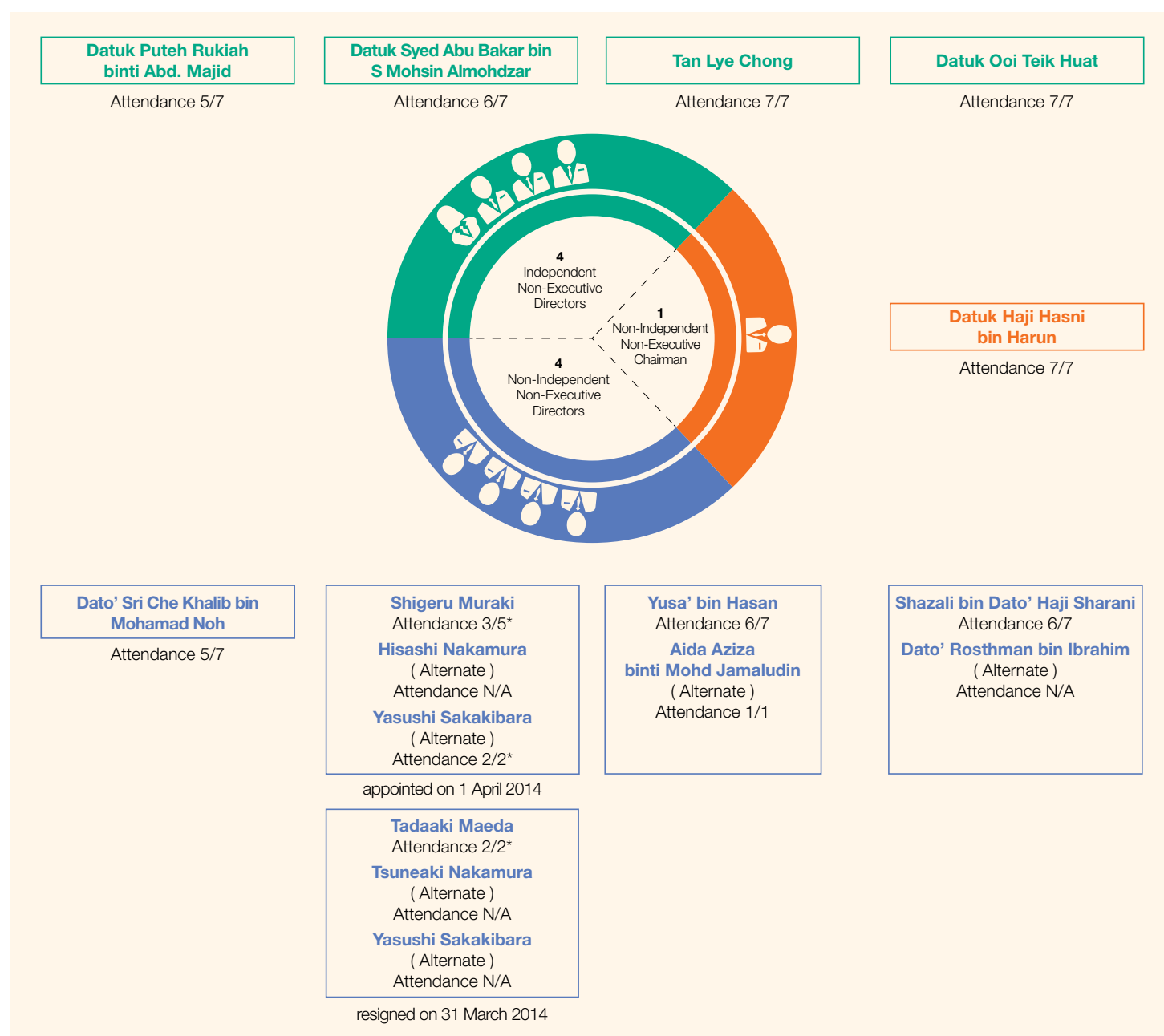
4. FOSTER COMMITMENT

Time Commitment

The Board meets at least four times a year, at quarterly intervals which are scheduled at the onset of the financial calendar year to help facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when decisions on urgent matters are required between scheduled meetings. Upon consultation with the Chairman and the CEO, the Notices and Agenda of meetings together with the board papers are normally given at least five days prior to meetings. Normally, Board Committee meetings are held at least one day before the Board meetings, to allow sufficient time to properly deliberate on matters.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings. The Directors shall also notify the Chairman before accepting any new directorships in other Public Listed Companies.

During the financial year ended 31 December 2014, the Board met seven times and the details of Directors' attendance are as follows:



* Total number of meetings held subsequent to their appointment or prior to resignation.

All Directors have complied with the minimum 50% requirement on attendance at Board meetings as provided for in the MMLR.

Corporate Governance Statement

Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia. During the financial year under review, all Directors attended at least one training session, either organized internally by the Company or externally, as follows:

- MIA Conference 2014;
- 2014 Audit Committee Conference;
- Planning Corporate Mergers and Acquisition for Execution Excellence;
- Evaluating Overseas Investment Strategies;
- Malaysian Code For Institutional Investors;
- Money Services Business Act 2011 and Anti-Money Laundering and Anti-Terrorism Act 2001;
- Nominating Committee Programme 2 : Board Effectiveness and Succession Planning;
- Audit Committee Breakfast Series : "Enhancing Internal Audit Practice";
- 6th Annual Corporate Governance Summit; and
- Innovating Malaysia Conference 2014.

The Board acknowledges the importance of continuing education and the need to enhance knowledge and expertise to keep abreast of latest developments in the industry and meet the challenges in a dynamic and complex business environment. This will also enable Directors to have more meaningful deliberations.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Board upholds integrity in financial reporting by ensuring that shareholders, investors and regulatory authorities are provided with reliable information on the Company's and the Group's financial position, financial performance and future prospects, in the Annual Audited Financial Statements and quarterly financial reports.

The AC is entrusted with the responsibility of assisting the Board in dealing with matters relating to the Company's internal and external audit functions, financial statements and internal accounting and control systems, matters that may significantly impact the financial condition or affairs of the business and to ensure that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia. The AC also reviews the integrity and reliability of the quarterly financial statements and audited financial statements prior to recommending to the Board.

The AC comprises three members, all of whom are Non-Executive and Independent Directors. The composition of the AC, including its roles and responsibilities and the activities carried out are as indicated on pages 77 to 80 under AC Report of this Annual Report.

The AC members have met with the External Auditors without the presence of any Executive Directors and Management twice during the financial year to discuss issues arising from any audit exercises or other matters, which the External Auditors may wish to raise. The External Auditors have also given a written assurance to the AC to confirm that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

6. RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risk

The Board understands the importance of identifying and dealing with relevant risks in the business decision making process, and has established the RCC which comprises three Board members where the Chairman is a Non-Executive Director.

The composition of the RCC is as follows:

1. Shigeru Muraki
(Chairman, Non-Independent Non-Executive Director; appointed on 15 May 2014)
2. Tadaaki Maeda
(Chairman, Non-Independent Non-Executive Director; appointed on 7 November 2012 and resigned on 31 March 2014)
3. Yusa' bin Hassan
(Member, Non-Independent Non-Executive Director)
4. Shazali bin Dato' Haji Shahrani
(Member, Non-Independent Non-Executive Director; appointed on 13 February 2014).

The RCC meets at least twice a year, and is responsible:

- i) To provide regular and timely reporting and update the Board on key risk management;
- ii) To ensure the effective implementation of risk treatment policy and Procedures;
- iii) To ensure that a short and long term risk management strategy, framework and methodology have been implemented and consistently applied by the Group;
- iv) To review management's assessment of risks at least annually and to provide an update to the Board in this regard; and
- v) To ensure full compliance with all applicable laws and regulations in its day to day businesses and operations.

Corporate Governance Statement

During the financial year ended 31 December 2014, two RCC meetings were held and the attendance is as follows:

No.	Name of Committee Members	Number of meetings attended/held
1.	Shigeru Muraki (Chairman, Non-Independent Non-Executive Director; appointed on 15 May 2014)	1/1*
2.	Tadaaki Maeda (Chairman, Non-Independent Non-Executive Director; resigned on 31 March 2014)	1/1
3.	Yusa' bin Hassan (Member, Non-Independent Non-Executive)	2/2
4.	Shazali bin Dato' Haji Shahrani (Member, Non-Independent Non-Executive; appointed on 13 February 2014)	1/1*

* Number of meetings held subsequent to their appointment.

There is an on-going review process by the Board to ensure the adequacy and integrity of the internal control system as guided under the Risk and Compliance Management Policies and Procedures Framework which was introduced in February 2013. The said framework provides guidance and reference in identifying, evaluating and developing processes and techniques for managing risks and compliance within the Group.

The key features of the risk and compliance management framework are set out in the Statement on Risk Management and Internal Control of the Group as set out on pages 71 to 75 of this Annual Report.

The RCC also oversees the risk of Occupational Injury and Health Illness of personnel and damage to environment to ensure compliance with HSEQ Policy.

Internal Audit Function

In May 2014, the Company has embarked on the process of setting up its own in-house Internal Audit Department ("IAD"). The Company has engaged the Group Internal Auditors of MMC to assist in setting up of this IAD and to carry out the internal audit function until such time that it is adequately equipped and fully operational. On 5 January 2015, the IAD of the Company was established and the Head of IAD was appointed.

Prior to this, the internal audit function was outsourced to an independent internal audit service provider, Messrs. Ernst & Young.

The Internal Auditors had carried out their internal audit functions according to the standards set by recognised professional bodies. Internal auditors will also conduct regular reviews and appraisal of the effectiveness of the governance, risk management and internal control processes within the Group.

The appointed Internal Auditors report directly to the AC and the AC has also met with the Internal Auditors twice without the presence of the Management during the financial year.

The key activities covered by the internal audit function during the financial year under review are provided in the AC Report of the Company as set out on pages 77 to 80 of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies

The Company has established an internal Corporate Disclosure Policies and Procedures to facilitate disclosure of accurate, timely, consistent and fair disclosure of corporate information to enable informed and orderly market decision by investors. This information is directed to a diverse audience of shareholders, stakeholders and the public generally.

In formulating this policy, the Company has taken into account the recommendations prescribed by the Code and its disclosure obligations contained in the MMLR of Bursa Malaysia.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website has a dedicated section which provides investors with detailed information on the Group's business, commitments and latest developments.

To ensure comprehensive, accurate and timely disclosures, the Company has put in place the following initiatives in the Company's website (www.gasmalaysia.com):

- maintaining an investor relations platform;
- updating all announcements made to Bursa Malaysia;
- updating the latest news, highlights and press releases of Gas Malaysia;
- providing an online enquiries/feedback feature for investors;
- providing corporate information to the current shareholders, potential investors and stakeholders; and
- uploading the Annual Report of Gas Malaysia.

Internally, the Company has identified persons authorised and responsible for approving, verifying and disclosing material information to shareholders and stakeholders to ensure compliance with the MMLR.

Corporate Governance Statement

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Malaysia, which is in line with Bursa Malaysia's objectives of ensuring transparency and good corporate governance practices, through dialogue with analysts and the media.

The Management communicates with the institutional shareholders regularly. Minority shareholders may communicate with the Company through the Company's website (www.gasmalaysia.com).

8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS



Annual General Meeting

The AGM is the principal forum for dialogue between the Company and its shareholders and investors. At the AGM, the Board briefs the shareholders on the status of the Group's business and operations.

The Board had taken active step to encourage the shareholders participation by serving the Notice of AGM at least twenty-one days before the date of the meeting to enable shareholders sufficient time to peruse the Annual Report and papers supporting the resolutions proposed.

At the AGM, shareholders are given the opportunity to raise questions on the Company's activities and prospects as well as to communicate their expectations and concerns to the Company before putting the resolutions to vote. The Board will generally carry out resolutions by show of hand and unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company.

While the Company endeavors to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

This Corporate Governance Statement is made in accordance with the resolution of the Board of Directors dated 12 March 2015.

Statement on Risk Management and Internal Control

INTRODUCTION

The ever-changing and challenges faced in the corporate environment that Gas Malaysia and the Group is operating in is fully recognised by the the Board. The Board is fully aware of their responsibility in maintaining a sound risk and compliance management and internal control throughout the Group. The Management is responsible for administering the Board's policies and procedures in order to achieve the above said objectives. In ensuring that the Group's assets are well protected, relevant laws, regulations and requirements, are adhered and complied to, shareholders' value are enhanced and their investments are safeguarded, both the Board and Management are responsible for continuous monitoring of risks and internal controls within the Group's activities.

The risk and compliance management and internal control systems of the Group do not apply to jointly controlled entity where the Group does not have full management control. However, the Group's interest is served by Directors nominated by the Group to the Board of the jointly controlled entity.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM DESCRIPTION

The Board is assisted by the Management, internal auditors and external auditors to identify and assess the potential risks as well as monitor and take actions to strengthen the internal control system within the Group. This is to ensure that the objectives set are achieved. However, these controls are planned to provide reasonable, but not absolute assurance against the risk of occurrence of material errors, fraud or losses. Stated below is a description of the key elements of Group's risk management, internal control and business continuity practices.

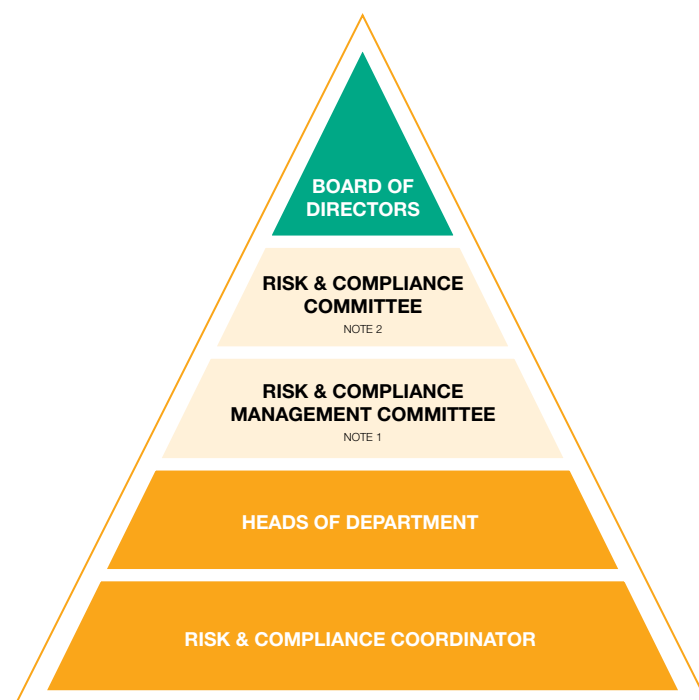
A) RISK MANAGEMENT

1) GROUP'S RISK AND COMPLIANCE MANAGEMENT POLICIES AND PROCEDURES FRAMEWORK

In order to manage risks and compliance in the Group, the Board has developed its own risk and compliance management policies and procedures framework which provide guidance and reference in identifying, evaluating and developing processes and techniques. To ensure that the systems of internal control remain effective at all times, this framework is monitored and reviewed continuously. Besides, it is also purported to reduce the impact of risks rather than eliminating the opportunity because of the inherent risk and preventing the Group from achieving its objectives and goals. For good governance, the Management has established a perpetual process for identifying, evaluating and managing any significant risks faced by the Group and always be aware of the events taking place which might impact the well-being of the Group, its employees, assets, profits and also its stakeholders.

2) REPORTING STRUCTURE

The management of risks is an integral part of the Group's management process hence, the process for managing risks is therefore embedded into the operational processes of the Group. The reporting structure is as follows:



Statement on Risk Management and Internal Control

Note 1:

RISK AND COMPLIANCE MANAGEMENT COMMITTEE ("RCMC")

The RCMC is set up with a comprehensive responsibility for monitoring the Risk and Compliance Management ("RCM") activities of the Group. These responsibilities include approving appropriate RCM procedures and measurement methodologies across the organisation.

The responsibilities and duties of RCMC are as follows:

- a) To review, assess and ensure that there is adequate framework for risk identification, risk measurement, risk monitoring and the extent to which it is operating effectively;
- b) To ensure that the risk and compliance policies and procedures are aligned and integrated to the business strategies and plans;
- c) To review the development of the RCM policies to ensure that the key business risks and compliance issues are effectively addressed by the Management;
- d) To review the risk and compliance assessments and implementation of action plans effectively;
- e) To ensure that infrastructure, resources and/or systems are in place for RCM; and
- f) To report to the RCC the key risks and compliance issues and the respective management action plans.

The CEO is the Chairman for the Committee and the member comprises of all Head of Departments ("HOD"). The HODs are responsible to manage and control all identified risks and compliance issues relating to their respective departments. Furthermore, the Management also needs to ensure that the risk and compliance policies and procedures are aligned and are integrated with the business strategies and plans. Both these risk and compliance related matters shall be reported to the RCMC twice a year. Subsequently, the RCMC will table it to the RCC.

Note 2:

RISK AND COMPLIANCE COMMITTEE ("RCC")

In order to maintain a good corporate governance, RCC has become an integral part of the Group's business dealings and culture. The RCC comprises of at least three Board members including the Chairman, who is a non-executive Director. This committee is required to determine the Group's level of risk and to also assess and monitor key business risks to safeguard shareholders' investments and the Group's assets.

The scope, duties and responsibilities of RCC are as follows:

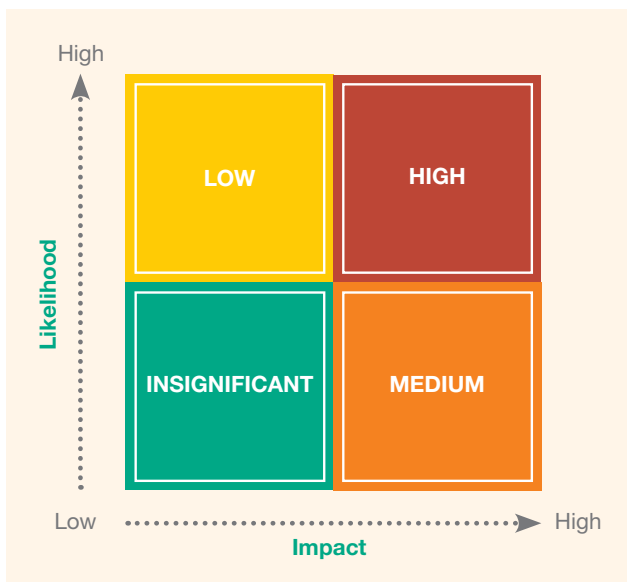
- a) To prepare regular and timely report and to update the Board on key risk management issues;
- b) To ensure an effective implementation of risk treatment policies and procedures;
- c) To ensure that short and long term risk management strategy, framework and methodology have been implemented and consistently applied by the Group;
- d) To review Management's assessment of risk at least twice a year and to update the Board in this regard;
- e) To ensure that the Management has proper supervision and compliance over financial and non-financial matters including auditing financial reporting, disclosures to investors, overall compliance programs, policies and procedures, significant legal or regulatory compliance exposure and material reports or inquiries from government or regulatory authorities; and
- f) To review the Group's risk and compliance assessment plan.

The RCC presents its report to the Board twice a year, so that the Board is aware of the major risks within the Group and is able to ensure prompt actions are taken by the Management to mitigate the risks.

Statement on Risk Management and Internal Control

3) RISK IDENTIFICATION PROCESS AND ANALYSIS

Risk identification begins with the coordinators in each department to identify risks which may impact the Group's objectives, including economic, reputation and compliance objectives. It is measured and registered in terms of likelihood and impact of occurrence. The goal is to identify, evaluate and respond appropriately to risks identified so that the Group is protected from loss, uncertainty and lost opportunity.



The risk coordinators are responsible in identifying risks which will then be mapped to the risk register. The compiled risks will be communicated to their respective HOD. Subsequently, only significant risks identified will be brought to the RCMC.

4) GAS MALAYSIA RISK REGISTER ("GRR")

Upon revision of the risk identification, all risks detected will be registered and compiled in the GRR which will be reviewed by the RCMC.

The RCC will then be briefed on the most significant risks identified based on the score which was derived upon based on the consequences, root cause and the current controls in place to mitigate its impact.

5) BUSINESS CONTINUITY PLAN

Emergency and Crisis Management Plan ("ECMP") was developed to achieve the Group's objectives to minimise the effect of any incident on employees, business partners, local community and environment. It is essential in ensuring that the crucial business functions are able to perform even in an emergency situation.

There are two major constituents under ECMP namely, Emergency Management ("EM") and Crisis Management ("CM"). EM is a programme to control the culmination of a physical incident within a business unit. It incorporates both the operations response to the triggering emergency and the supporting staff functions such as law, insurance, public affairs and human resources.

Furthermore, CM protects corporate assets from an actual or potential threat posed by a catastrophic incident, a non-physical event, or series of negative developments that escalate to crisis proportions by underlining the strategy and actions undertaken during the incident. It relies on a balanced assessment of potential impact on Group's operations, image and liability. Its goal is to manage those impacts so as to expedite business recovery.

To ensure that adequate resources are readily available, the plan is continuously reviewed, tested and audited in ensuring that the plans remain relevant. This is to allow Gas Malaysia to meet the challenges posed by any incidents.

In order to support the above, the Group prepared:

a) Emergency Response Plan ("ERP")

The Group's commitment towards responding effectively to all emergencies that affect the Group's facilities. Thus, the ERP is constructed. ERP is a part of an immediate and effective response accomplished through planning for emergency situations, maintaining resources capable of dealing with emergencies and training to respond to emergencies. The goal is to minimise consequences of an emergency by minimising risk to the public and employees, protecting property and limiting damages to the environment.

The ERP outline deals with actions to be taken by personnel to provide on-site response to an emergency. These procedures will ensure employees are safe, the public is protected and environmental disturbance is minimised. Due to the unpredictable nature of emergencies, most procedures are presented as general guidelines rather than rigid rules.

Statement on Risk Management and Internal Control

b) Computer Disaster Recovery Centre ("CDRC")

A disaster recovery is a coordinated process of restoring systems, data and infrastructure required to support key on-going business operations during a disaster. For this purpose, the Group has set up its own CDRC, where critical servers for the Group's IT operations are replicated outside the main operation buildings. This centre also hosts backup Operation Control Room ("OCR"), which has a similar function as the main OCR at Head Office, and it will ensure critical data remain safely intact even when disaster occurs.

c) Health, Safety, Environmental and Quality Policy

The HSEQ Policy outlines the commitment to employees, business partners and the public. Every reasonable and practicable steps identified will be taken and monitored by the HSEQ committee to prevent and eliminate the risk of occupational injury and health illness to personnel, damage to environment and to enhance the quality of services.

B) KEY ELEMENTS OF INTERNAL CONTROL SYSTEM ("ICS")

Summarised below are the other key elements of the Group's internal control system:

1) GOVERNANCE AND CONTROL ENVIRONMENT

- Delegations of responsibilities are clearly defined to the Board and the Management. This is achieved by proper documentation of authorisation procedures and line of accountability for proper authorisation, approval and control procedures within the Board and Management. For this purpose, Financial Authority frameworks are in place to ensure that proper approvals are obtained for all transactions. Major tenders, acquisitions and disposals and other significant transactions are approved by the Board.
- Continuous update of Standard Operating Procedures ("SOP") is done based on the latest developments in the Group to ensure that it will be relevant at all times. This SOP would document the internal control procedures and encompass established guidelines in achieving its specific objectives depending on respective processes.
- ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and ISO/IEC 27001:2005 are accreditations obtained for operational processes.

2) RISK ASSESSMENT

Regular discussions are held with the Heads of each department on any current significant issues impacting the Group. This would not only ensure quality decisions are made but it also encourages team work in solving all major issues.

3) CONTROL ACTIVITIES

A budgeting process where budgets and business plan for five years are prepared and tabled to the Board for approval.

4) INFORMATION AND COMMUNICATION

The implementation of Enterprise Resource Planning System facilitates the smooth flow of information between critical business functions inside the Group; thus increasing the quality of control and efficiency of operations.

5) MONITORING

- The appointed internal auditor conducts its review on internal controls of the Group and advises the Management on areas for improvement. The findings will then be reported to the AC, which acts on behalf of the Board, for consideration on their effectiveness and sufficiency for the Group's operations.
- Monthly performance against budget and the previous corresponding period are tabled to the Management during the monthly Management Committee meeting before it is presented to the AC and the Board on a quarterly basis. This enables continuous performance monitoring and any issues affecting the budget achievement can be addressed early and effectively.

The Board and Management is completely aware that the Group requires continuous reviewing process, enhancement and improvement of its existing internal controls systems due to the continuously changing risks faced by the Group. This is important so that an adequate level of internal control is maintained in ensuring that all potential impacts from occurrence of the identified risks can be mitigated or reduced.

Statement on Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

Continuous review by the Board in ensuring the effective risk management and internal control systems of the Group is done through the following monitoring and assessment mechanisms:

- The Board utilises the Group's actual versus planned performance and other key financial and operational performance indicators as a gauge to determine if the underlying risk management and internal control systems continues to be effective and applicable with the current situation.
- The Management updates the Board on the Group's performance against plans and developments both internally and externally for discussions on a quarterly basis. Specific transactions, projects or opportunities are also discussed with the Board as and when it is required. This allows the Board to determine if new risks have arisen and need to be addressed or action plans and internal controls need to be enhanced to improve the expected results.
- The result of reviews carried out by the internal auditors' function, where internal control weaknesses identified are addressed as appropriate. Outcome of the reviews are discussed by the Audit Committee with follow-up monitoring being undertaken by the Management and internal auditors.
- Risk management activities and risk registers will be reported to the Board at least twice yearly to provide an overview of the Group's key risks and how they are being addressed.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEMS

The Board agrees that the risk management and system of internal control practices as described above is effective and covers up to the date of the approval for inclusion in the annual report. For the financial year under review, the Board is satisfied that the system of internal controls and risk management processes are adequate and sound in providing reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of the Group. There was no major internal control weakness identified that may result in any material loss or uncertainty that would require disclosure in this annual report.

CONCLUSION

For the financial year under review, based on inquiries, information and assurances provided by the Chief Executive Officer and Chief Financial Officer, the Board is of the view that the Group's risk management and system of internal controls are operating adequately and effectively, in all material respects, based on the risk management framework and internal controls system adopted by the Group.

This Statement on Risk Management and Internal Control has been prepared in line with the MMLR of Bursa Malaysia and guided by the Statement on Risk Management and Internal Control Guidance for Directors of Listed Issuers. This Statement is made in accordance with a resolution of the Board of Directors dated 12 March 2015.

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia's MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants, which does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company and that of the Group.

Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

Directors' Responsibility Statement

The Companies Act, 1965 (the "Act") requires the Directors to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards and the requirements of the Act in Malaysia and the MMLR of Bursa Malaysia.

The Directors are responsible to ensure that the financial statements provide a true and fair view of the state of financial position of the Group and the Company as at 31 December 2014, and of the financial performance and cash flows of the Group and the Company for the financial year ended 31 December 2014.

In preparing the financial statements, the Directors have:

- adopted suitable and appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- used the going concern basis for the preparation of the financial statements.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company in accordance with the Act. The Directors are also responsible for taking reasonable steps to ensure that proper internal controls are in place to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board dated 12 March 2015.

Audit Committee Report

From left to right:

Datuk Puteh Rukiah binti Abd. Majid
Member, Independent Non-Executive Director

Tan Lye Chong
Chairman, Independent Non-Executive Director

Datuk Ooi Teik Huat
Member, Independent Non-Executive Director



The Board of Directors of the Company is pleased to present the Audit Committee Report for the financial year ended 31 December 2014.

Composition

The AC comprises three members as follows:

1. **Tan Lye Chong** (*Chairman, Independent Non-Executive Director*);
2. **Datuk Puteh Rukiah binti Abd. Majid** (*Member, Independent Non-Executive Director*); and
3. **Datuk Ooi Teik Huat** (*Member, Independent Non-Executive Director*).

As at the reporting date, the composition of the AC complied with Chapter 15.09 of MMLR of Bursa Malaysia.

Audit Committee Report

AC Meetings

During the financial year ended 31 December 2014, five AC meetings were held and the attendances are set out below:

No.	Name of Committee Members	Number of meetings attended/held
1.	Tan Lye Chong (Chairman, Independent Non-Executive Director)	5/5
2.	Datuk Puteh Rukiah binti Abd. Majid (Member, Independent Non-Executive Director)	5/5
3.	Datuk Ooi Teik Huat (Member, Independent Non-Executive Director)	5/5

The meetings were appropriately structured through the use of agendas which were distributed to members with sufficient notification.

TERMS OF REFERENCE

Purpose

The primary objectives of the AC are as follows:

- Assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries' (the "Group") management of business, financial risk processes, accounting and financial reporting practices;
- Determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, code of conduct and applicable legal and regulatory requirements;
- Serve as an independent and objective party from management in the review of the financial information of the Company and the Group presented by management for the distribution to shareholders and the general public;
- Provide direction and oversight over the Internal and External Auditors of the Company to ensure their independence from Management; and
- Evaluate the quality of audits conducted by the Internal and External Auditors of the Company and the Group.

Membership

The AC of the Company shall comprise at least three members, a majority of whom shall be Independent Directors and shall all be Non-Executive Directors, and at least one member must be a member of the Malaysian Institute of Accountants, or if he is not, then he must comply with paragraph 15.09(1)(c)(ii) of the MMLR of Bursa Malaysia. The Chairman of the AC shall be an Independent Non-Executive Director elected by the AC amongst its members. No Alternate Director can be appointed as a member of the AC.

In the event of any vacancy which results in non-compliance with the requirements above, the Board shall within three months of the event date appoint such number of new members as may be required.

The AC shall have no executive powers.

Authority

The AC wherever necessary and reasonable for the performance of its duties shall be in accordance with the procedures determined by the Board be granted the following:

- Authority to investigate any matter within its terms of reference;
- Resources to perform its duties and responsibilities;
- Full and unrestricted access to any information pertaining to the Company and the Group;
- Direct communication channels to the Internal Auditors and External Auditors and person(s) carrying out the internal audit function or activity, if any;
- Be able to obtain, at the expense of the Company, external legal or other independent professional advice if it considers necessary; and
- Be able to convene meetings with the External Auditors and Internal Auditors without the attendance of the executive members of the Group, whenever deemed necessary.

Meetings and Minutes

Meetings shall be held at least four times a year or more frequently as circumstances dictate. Additional meetings shall be scheduled as considered necessary by the AC and the Chairman. The AC may establish any procedure from time to time to govern its meetings, keeping of minutes and its administration.

The quorum for AC meeting shall be two members present and both of whom must be Independent Non-Executive Directors.

The Committee may request other Directors, members of Management, Internal Auditors and External Auditors, as applicable, to participate in the AC meeting, where necessary. The Internal Auditors or External Auditors may at any time request a meeting with the AC, with or without the presence of the Management.

Audit Committee Report

The AC shall meet at least twice a year with the Internal Auditors and External Auditors without the presence of the Executive Directors and the Management of the Company.

The Company Secretary shall be the Secretary of the AC. AC meeting agendas shall be the responsibility of the Chairman with input from the AC members. The Chairman may request the Management to participate in this process. Written reports including information requested by the AC from the Management, Internal Auditors and External Auditors shall be received together with the agenda for the meetings.

Key Functions and Duties

The key functions and duties of the AC shall include the following:

- Consider the appointment and re-appointment of External Auditors, the audit fee and any questions of resignation or dismissal, and enquire into the independence, resources and competency of the External Auditors in performing their work;
- Discuss the audit plan, nature and scope of audit and any significant problems that may be foreseen with the External Auditors before the audit commences and ensure that the audit is carried out effectively and efficiently for the Company and the Group;
- Discuss the impact of any proposed changes in accounting policies on future financial statements with the Management and External Auditors;
- Review the quarterly interim financial information and year-end financial statements before submission to the Board for approval;
- Discuss problems and reservations arising from the interim and final audits, and any other matters that the External Auditors may wish to discuss (in the absence of Management where necessary);
- Review the External Auditors' management letter and management's response, and monitor the implementation of any recommendation thereon;
- Review the adequacy of the scope of works and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Review the internal audit programme and ensure effective co-ordination between the Internal Auditors and External Auditors;
- Review any appraisal or assessment of the performance of the internal audit function;
- Consider the key findings of internal audits review and management's response, and monitor the implementation of any recommendations made thereon;
- Keep under review the effectiveness of internal control systems;
- Review any related party transactions that may arise within the Company or the Group;
- Report promptly to Bursa Securities on matters reported by AC to the Board which have not been satisfactorily resolved, resulting in a breach of listing requirements;
- Review procedures established by Management for compliance with any regulatory or other external reporting requirements, by-laws and regulations related to the Group's operations;
- Review any non-audit services, if any, provided by the External Auditors to ensure that the nature and extent of such services will not compromise the independence and objectivity of the External Auditors; and
- Carry out such other assignments as defined by the Board.

Summary of Activities of the AC

The activities of the AC during the financial year ended 31 December 2014 encompassed the following:

- Reviewed the quarterly financial results and annual audited financial statements with the External Auditors before recommending for the Board's consideration and approval and subsequent release of the results to Bursa Securities;
- Reviewed the Audit Planning Memorandum with the External Auditors;
- Reviewed the External Auditors' report and areas of concern and recommended solutions to address the concerns to ensure that all material issues are appropriately dealt with;
- Reviewed the independence of the External Auditors, evaluated their performance and recommended their re-appointment;
- Reviewed the Internal Audit Plan with the Internal Auditors to ensure adequacy of coverage on key risk areas;
- Reviewed the Internal Auditors' report and the status of internal audit recommendations to ensure that the Management addresses and resolves the issues highlighted;
- Met with the Internal Auditors and External Auditors without the presence of the Executive Directors and Management;
- Approved the appointment of Head of Internal Audit of the Company; and
- Reviewed the Recurrent Related Party Transactions entered into by the Group to ensure compliance with the MMLR of Bursa Malaysia.

Audit Committee Report

Internal Audit Function

During the financial year ended 31 December 2014, the Company embarked on the process of setting up its own in-house IAD. The IAD of the Company was established and the Head of Internal Audit was appointed on 5 January 2015. The Head of Internal Audit reports directly to the AC to ensure its impartiality and independence.

Prior to this, the internal audit function was outsourced to an independent internal audit service provider, i.e. Messrs. Ernst & Young to undertake regular and systematic reviews of the system of internal controls. Subsequently, in May 2014, the Company has engaged the Group Internal Auditor of MMC to assist in setting up the IAD and to carry out the internal audit function until such time that the IAD is adequately equipped and fully operational.

The IAD is an integral part of the assurance structure of the Company. The primary responsibility is to provide an independent and reasonable assurance on the adequacy, integrity, effectiveness and efficiency of the Company's overall system of internal control, risk management and governance process.

The internal audit activities carried out for the financial year ended 31 December 2014 included, amongst others, the following:

- Developed Internal Audit Plan for the Group which was discussed with and approved by the AC;
- Reviewed the system of internal controls and key operating processes based on approved Internal Audit Plan. The internal audits covered risk management, review of internal controls in areas of information technology, procurement and contracts, operations and maintenance, inventories, accounting and finance, and related party transactions;
- Presented the Internal Audit Reports highlighting the audit findings, recommendations, management responses and action plans, arising from the internal audit performed, to the AC; and
- Private meetings with the AC twice during the year without the presence of the Management.

For financial year ended 31 December 2014, the total cost of the internal audit function was RM207,259.13.

AC Training and Education

The AC members have attended various relevant development and training programmes which are set out in page 68 of the Corporate Governance Statement in the Annual Report.

The AC Report is made in accordance with the resolution of the Board of Directors dated 12 March 2015.

Additional Compliance Information

CONVICTIONS FOR OFFENCES

None of the directors has been convicted for offences within the past 10 years other than traffic offences, if any.

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal.

SHARE BUYBACKS

During the financial year, there were no share buybacks by the Company.

OPTIONS OR CONVERTIBLE SECURITIES

During the financial year, no options, warrants or convertible securities were issued by the Company.

DEPOSITORY RECEIPT PROGRAMME

During the financial, the Company did not sponsor any Depository Receipt programme.

IMPOSITIONS OF MATERIAL SANCTIONS/PENALTIES

There were no material sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

NON-AUDIT FEES

There were no non-audit fees incurred during the financial year.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not make any release on the profit estimate, forecast or projection for the financial year.

PROFIT GUARANTEE

During the year, there was no profit guarantee given by the Company.

VARIATION IN RESULTS

There is no variation of 10% or more between the results for financial year and the unaudited results.

MATERIAL CONTRACT

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involve Directors' and major shareholders' interests during the financial year ended 31 December 2014.

CONTRACTS RELATING TO LOAN

There were no contracts relating to loans by the Company involving directors and major shareholders.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

At the Twenty-Third AGM held on 15 May 2014, Gas Malaysia had obtained shareholders' mandate to allow the Gas Malaysia Group to enter into RRPT with related parties that are necessary for the day-to-day operations. The RRPT mandate is valid until the conclusion of the forthcoming Twenty-Fourth AGM of the Company to be held on 7 May 2015.

In accordance with the Practice Note 12 of the MMLR of Bursa Malaysia, the details of the RRPT conducted during the financial year ended 31 December 2014 pursuant to the said shareholders' mandate are as follows:

Related Parties	Companies within our Group	Name of Interested Related Parties	Value of transactions for FYE 2014 RM'000 ^(e)	Nature of transactions
PDB	Gas Malaysia (LPG)	MOF Inc. ^(a) , PETRONAS ^(b) , PGB ^(c) , Yusa' bin Hassan ^(d)	16,349	Purchase of Liquefied Petroleum Gas from PDB.
PDB	Gas Malaysia	MOF Inc. ^(a) , PETRONAS ^(b) , PGB ^(c) , Yusa' bin Hassan ^(d)	1	Lease of land from PDB by Gas Malaysia for placement of gas district station at Lot 12911, Jalan Haji Sirat, Taman Klang Utama, Klang measuring 260 square feet. The payment is made annually.
PETRONAS	Gas Malaysia	MOF Inc. ^(a) , PGB ^(c) , Yusa' bin Hassan ^(d)	15,087	Tolling fees paid by PETRONAS to Gas Malaysia for the transportation of gas to their customers. The payment is received every fortnightly.
PGB	Gas Malaysia	MOF Inc. ^(a) , PETRONAS ^(b) , PGB ^(c) , Yusa' bin Hassan ^(d)	30	Tenancy of land from PGB by Gas Malaysia for odouriser station and right of way for a total of 30 stations and the size ranges from 50 square meters to 2,000 square meters. The payment is made annually and the tenancy agreement is automatically renewed every 3 years.

Notes:

- (a) Minister of Finance, Incorporated ("MOF Inc.") is deemed interested in Gas Malaysia through its shareholding in PETRONAS pursuant to Section 6A of the Companies Act, 1965 ("Act").
- (b) PETRONAS is deemed interested in Gas Malaysia through its shareholding in PGB pursuant to Section 6A of the Act.
- (c) PGB is the major shareholder of Gas Malaysia with a direct shareholding of 14.8%.
- (d) Yusa' bin Hassan is the Director of Gas Malaysia and Managing Director / Chief Executive Officer of PGB.

Financial Statements

84	Directors' Report
88	Statement by Directors
89	Statutory Declaration
90	Independent Auditors' Report
92	Statements of Comprehensive Income
93	Statements of Financial Position
94	Consolidated Statement of Changes in Equity
95	Company Statement of Changes in Equity
96	Statements of Cash Flows
97	Notes to the Financial Statements
134	Supplementary Information



DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Directors have pleasure in presenting their report with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company consists of the sale and distribution of natural gas to the industrial, commercial and residential sectors as well as the construction and operation of the Natural Gas Distribution System in Peninsular Malaysia. The principal activities of the subsidiaries consist of the selling of liquefied petroleum gas ("LPG") via a reticulation system, selling and transportation of Compressed Natural Gas, and property holding.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	167,628	165,917

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2013 are as follows:

In respect of the financial year ended 31 December 2013:

	RM'000
Second interim dividend paid on 21 March 2014: 3.00 sen per ordinary share, single-tier	38,520
Final dividend paid on 20 June 2014: 4.36 sen per ordinary share, single-tier	55,982

In respect of the financial year ended 31 December 2014:

	RM'000
Interim dividend paid on 30 September 2014: 5.00 sen per ordinary share, single-tier	64,200

The Directors have declared on 12 February 2015, a single-tier second interim dividend of 4.00 sen per share on the 1,284,000,000 ordinary shares of RM0.50 each, amounting to RM51,360,000 in respect of financial year ended 31 December 2014.

The Directors recommend the payment of a single-tier final dividend of 4.06 sen per share on the 1,284,000,000 ordinary shares of RM0.50 each amounting to RM52,130,400 in respect of financial year ended 31 December 2014. This proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Datuk Hj. Hasni bin Harun, Chairman	
Dato' Sri Che Khalib bin Mohamad Noh	
Tadaaki Maeda	(Resigned w.e.f. 31 March 2014)
	(Alternate Tsuneaki Nakamura – Resigned w.e.f. 31 March 2014)
	(Alternate Yasushi Sakakibara – Resigned w.e.f. 31 March 2014)
Shigeru Muraki	(Appointed w.e.f. 1 April 2014)
	(Alternate Hisashi Nakamura – Appointed w.e.f. 1 April 2014)
	(Alternate Yasushi Sakakibara – Appointed w.e.f. 1 April 2014)
Yusa' bin Hassan	(Alternate Aida Aziza binti Mohd Jamaludin)
Shazali bin Dato' Haji Shahrani	(Alternate Dato' Rosthman bin Ibrahim)
Datuk Puteh Rukiah binti Abd. Majid	
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	
Tan Lye Chong	
Datuk Ooi Teik Huat	

*w.e.f. = with effect from

In accordance with Article 95(2) of the Company's Articles of Association, Datuk Haji Hasni bin Harun, Encik Shahzali bin Dato' Haji Shahrani and Datuk Puteh Rukiah bin Abd. Majid shall retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election as Director.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects 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.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the Directors' remuneration as disclosed in Note 8 to 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 he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

SHARE CAPITAL

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

DIRECTORS' INTERESTS IN SHARES

Other than stated below, none of the other Directors in office at the end of the financial year have interests in the shares of the Company and of its related corporations (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company pursuant to Section 134(12)(c) of the Companies Act, 1965) other than wholly owned subsidiaries as recorded in the Register of Directors' Shareholdings:

<u>Number of ordinary shares of RM0.50 each in the Company</u>				
<u>Director with direct interest in the Company</u>	<u>Balance at 1.1.2014</u>	<u>Bought</u>	<u>Sold</u>	<u>Balance at 31.12.2014</u>
Tan Lye Chong	50,000	0	0	50,000

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment for impaired receivables and satisfied themselves that all known bad debts had been written off and that adequate impairment had been made for impaired receivables; and
- to ensure that any current assets, other than debts, 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:

- which would render the amounts written off for bad debts or the amount of the impairment for impaired receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- 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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

No contingent or other liability 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 affect the ability of the Group or of the Company to meet their obligations when they fall due.

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

- (a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 12 March 2015.

DATUK HJ. HASNI BIN HARUN
CHAIRMAN

TAN LYE CHONG
DIRECTOR

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Datuk Hj. Hasni bin Harun and Tan Lye Chong, the Directors of Gas Malaysia Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 92 to 134 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of the financial performance and cash flows of the Group and Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

The supplementary information set out in Note 31 on page 134 to the financial statements have been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 12 March 2015.

DATUK HJ. HASNI BIN HARUN
CHAIRMAN

TAN LYE CHONG
DIRECTOR

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Mohamed Sophie bin Mohamed Rashidi, the officer primarily responsible for the financial management of Gas Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 92 to 134 and the supplementary disclosure on page 134 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtues of the provisions of the Statutory Declarations Act, 1960.

MOHAMED SOPHIE BIN MOHAMED RASHIDI

Subscribed and solemnly declared by the abovenamed Mohamed Sophie bin Mohamed Rashidi at Kuala Lumpur in Malaysia on 12 March 2015, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GAS MALAYSIA BERHAD
(Incorporated in Malaysia)
(Company No. 240409-T)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Gas Malaysia Berhad on pages 92 to 134 which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out from Notes 1 to 30.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 entity's preparation of the financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements 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.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GAS MALAYSIA BERHAD (CONTINUED)

(Incorporated in Malaysia)
(Company No. 240409-T)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 31 on page 134 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

TIANG WOON MENG
(No. 2927/05/16 (J))
Chartered Accountant

Kuala Lumpur
12 March 2015

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	4	2,773,462	2,317,219	2,745,024	2,288,465
Cost of sales	5	(2,523,631)	(2,066,077)	(2,499,856)	(2,042,315)
Gross profit		249,831	251,142	245,168	246,150
Administrative expenses	5	(43,905)	(38,359)	(41,896)	(36,228)
Other operating income		801	588	703	471
Profit from operations	6	206,727	213,371	203,975	210,393
Finance costs	9	(618)	(342)	(414)	(176)
Share of results of joint venture		(500)	0	0	0
Finance income		7,512	7,848	7,384	7,769
Profit before zakat and taxation		213,121	220,877	210,945	217,986
Zakat		(3,500)	(3,500)	(3,500)	(3,500)
Tax expense	10	(41,993)	(45,941)	(41,528)	(45,237)
Net profit/Total comprehensive income for the financial year		167,628	171,436	165,917	169,249
Attributable to:					
Owners of the Parent		167,628	171,436	165,917	169,249
Non-controlling interest		0	0	0	0
		167,628	171,436	165,917	169,249
Earnings per ordinary share attributable to the equity holders of the Company:					
- Basic and diluted earnings per share (RM)	11	0.13	0.13	0.13	0.13

The notes on pages 97 to 134 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	1,021,246	961,512	1,018,542	958,547
Investment in subsidiaries	13	0	0	10,005	10,005
Investment in joint venture	14	11,547	0	12,047	0
Amounts due from subsidiaries	15	0	0	11,736	14,981
Prepaid lease payments	16	17,628	18,030	13,320	13,668
Deferred taxation	22	1,937	2,384	0	0
		1,052,358	981,926	1,065,650	997,201
CURRENT ASSETS					
Trade and other receivables	17	308,257	231,094	304,460	226,150
Cash and cash equivalents	18	430,472	294,218	420,902	285,494
		738,729	525,312	725,362	511,644
Total assets		1,791,087	1,507,238	1,791,012	1,508,845
EQUITY AND LIABILITIES					
Share capital	19	642,000	642,000	642,000	642,000
Retained profits	20	370,994	362,068	384,667	377,452
Total equity		1,012,994	1,004,068	1,026,667	1,019,452
NON-CURRENT LIABILITIES					
Redeemable preference share	21	0*	0*	0*	0*
Deferred taxation	22	161,630	170,763	161,630	170,763
		161,630	170,763	161,630	170,763
CURRENT LIABILITIES					
Trade and other payables	23	540,553	326,401	526,781	312,619
Borrowing	24	70,000	0	70,000	0
Taxation		5,910	6,006	5,934	6,011
		616,463	332,407	602,715	318,630
Total liabilities		778,093	503,170	764,345	489,393
Total equity and liabilities		1,791,087	1,507,238	1,791,012	1,508,845

* Denotes RM0.50

The notes on pages 97 to 134 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000
GROUP				
At 1 January 2014		642,000	362,068	1,004,068
Net profit for the financial year		0	167,628	167,628
Transactions with owners:				
Dividend: financial year ended 31 December 2014	25	0	(64,200)	(64,200)
Dividend: financial year ended 31 December 2013	25	0	(94,502)	(94,502)
Total transactions with owners		0	(158,702)	(158,702)
At 31 December 2014		642,000	370,994	1,012,994
At 1 January 2013		642,000	366,412	1,008,412
Net profit for the financial year		0	171,436	171,436
Transactions with owners:				
Dividend: financial year ended 31 December 2013	25	0	(77,040)	(77,040)
Dividend: financial year ended 31 December 2012	25	0	(98,740)	(98,740)
Total transactions with owners		0	(175,780)	(175,780)
At 31 December 2013		642,000	362,068	1,004,068

The notes on pages 97 to 134 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

COMPANY

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000
At 1 January 2014		642,000	377,452	1,019,452
Net profit for the financial year		0	165,917	165,917
Transactions with owners:				
Dividend: financial year ended 31 December 2014	25	0	(64,200)	(64,200)
Dividend: financial year ended 31 December 2013	25	0	(94,502)	(94,502)
Total transactions with owners		0	(158,702)	(158,702)
At 31 December 2014		642,000	384,667	1,026,667
At 1 January 2013		642,000	383,983	1,025,983
Net profit for the financial year		0	169,249	169,249
Transactions with owners:				
Dividend: financial year ended 31 December 2013	25	0	(77,040)	(77,040)
Dividend: financial year ended 31 December 2012	25	0	(98,740)	(98,740)
Total transactions with owners		0	(175,780)	(175,780)
At 31 December 2013		642,000	377,452	1,019,452

The notes on pages 97 to 134 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Note	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES				
Profit before zakat and taxation	213,121	220,877	210,945	217,986
Adjustments for:				
Depreciation	50,934	47,162	50,650	46,894
Gain on disposal of property, plant and equipment	(81)	(11)	(81)	(11)
Amortisation of prepaid lease payments	402	403	348	348
Share of result of joint venture	500	0	0	0
Finance income	(7,512)	(7,848)	(7,384)	(7,769)
	257,364	260,583	254,478	257,448
Changes in working capital:				
Receivables	(77,163)	(7,501)	(78,325)	(6,743)
Payables	214,152	4,610	214,162	3,366
Cash generated from operations	394,353	257,692	390,315	254,071
Zakat paid	(3,500)	(3,500)	(3,500)	(3,500)
Net income tax paid	(50,775)	(51,752)	(50,738)	(51,736)
Net cash generated from operating activities	340,078	202,440	336,077	198,835
INVESTING ACTIVITIES				
Investment in joint venture	(12,047)	0	(12,047)	0
Proceeds from disposal of property, plant and equipment	611	11	611	11
Purchase of property, plant and equipment	(111,198)	(85,439)	(111,175)	(85,001)
Finance income	7,512	7,848	7,384	7,769
Repayment from subsidiary	0	0	3,260	2,127
Net cash used in investing activities	(115,122)	(77,580)	(111,967)	(75,094)
FINANCING ACTIVITY				
Dividends paid	(158,702)	(175,780)	(158,702)	(175,780)
Drawdown of Medium Term Notes	70,000	0	70,000	0
Net cash used in financing activity	(88,702)	(175,780)	(88,702)	(175,780)
NET CHANGE IN CASH AND CASH EQUIVALENTS	136,254	(50,920)	135,408	(52,039)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	294,218	345,138	285,494	337,533
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	430,472	294,218	420,902	285,494

18

The notes on pages 97 to 134 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

1 GENERAL INFORMATION

The principal activities of the Company consist of the sale and distribution of natural gas to the industrial, commercial and residential sectors as well as the construction and operation of the Natural Gas Distribution System in Peninsular Malaysia. The principal activities of the subsidiaries consist of the sale of liquefied petroleum gas ("LPG") via a reticulation system, selling and transportation of Compressed Natural Gas and property holding.

There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The address of the registered office and the principal place of business of the Company is 5, Jalan Serendah 26/17, Seksyen 26, 40732 Shah Alam, Selangor Darul Ehsan.

The financial statements are expressed in thousands of Ringgit Malaysia unless otherwise stated.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 12 March 2015.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including profit rate risk, credit risk and liquidity risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control systems, an insurance programme and adherence to Group financial risk management policies.

(a) Profit rate risk

The Group's and Company's income and operating cash flows are substantially independent of changes in market profit rates. The profit rates exposure arises from the Group's and Company's deposits is not material to the operations of the Group and Company.

(b) Credit risk

The Group seeks to invest cash assets safely and profitably. Credit risk arises from cash and cash equivalents and deposit with financial institutions, as well as credit exposures to customers, including outstanding receivable balances. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on customers, assessing the credit quality of the customers, taking into account its financial positions, past experience and other factors. Collection risk is minimised as there is a requirement for a 2-month financial guarantee imposed on its customers. A credit review committee meets regularly and closely monitors the trade receivables. Fixed deposits are placed only with established banks or financial institutions.

The carrying amount of all financial assets represents the maximum exposure to credit risk except for the financial guarantee extended to a subsidiary. The maximum exposure to credit risk of this financial guarantee amounts to RM5,100,000 (2013: RM5,000,000) at the end of the reporting period.

As the likelihood of this financial guarantee would be crystallised is remote, the Company has determined that the fair value of the financial guarantee extended to the subsidiary to be nil (2013: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

Liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the Group and Company's non-derivative financial liabilities into relevant maturity groupings based on remaining period at the reporting date to the maturity date. The amounts disclosed in the table are contractual undiscounted cash flow:

	Less than 3 months	Between 4 months to 1 year	Total
At 31 December 2014:			
Group (RM'000)			
Trade and other payables	524,008	735	524,743
Company (RM'000)			
Trade and other payables	510,236	735	510,971
Financial guarantee contracts	650	4,450	5,100
At 31 December 2013:			
Group (RM'000)			
Trade and other payables	314,702	696	315,398
Company (RM'000)			
Trade and other payables	300,920	696	301,616
Financial guarantee contracts	650	4,350	5,000

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while seeking to maximise benefits to shareholders and other stakeholders. Capital comprise equity as shown in the consolidated statement of financial position and debt less cash balances.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders. The Group targets a dividend ratio of not less than 75% of profit after tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3(w).

(i) Standards, amendments to published standards and interpretations that are effective and relevant to the Group and Company:

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and Company's financial year beginning on or after 1 January 2014 are as follows:

- Amendment to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendment to MFRS 136, Recoverable Amount Disclosures for Non-Financial Assets

The adoption of the above MFRSs has not had a material impact on the financial performance and financial position of the Group and the Company.

(ii) Standards early adopted by the Group and Company

There were no standards early adopted by the Group and Company.

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective

The new accounting standards, amendments and interpretations which are effective for annual periods beginning on or after 1 January 2015 are set out below:

Effective for annual periods beginning on or after 1 January 2015

- Annual Improvements to MFRSs 2010-2012 Cycle (*Amendments to MFRS 2 Share-based Payment, MFRS 3 Business Combinations, MFRS 8 Operating Segments, MFRS 13 Fair Value Measurement, MFRS 116 Property, Plant and Equipment, MFRS 124 Related Party Disclosures & MFRS 138 Intangible Assets*).
- Annual Improvements to MFRSs 2011-2013 Cycle (*Amendments to MFRS 1 First-time Adoption of Financial Reporting Standards, MFRS 3 Business Combinations, MFRS 13 Fair Value Measurement & MFRS 140 Investment Property*).
- Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

- (iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective (continued)

The new accounting standards, amendments and interpretations which are effective for annual periods beginning on or after 1 January 2015 are set out below (continued):

Effective for annual periods beginning on or after 1 January 2016

- MFRS 14 *Regulatory Deferral Accounts*.
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*.
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*.
- Amendments to MFRS 10 Consolidated Financial Statements & MFRS 128 Investment in associates and joint ventures - *Sale or contribution of assets between an investor and its associates/ joint ventures*.
- Amendments to MFRS 127 Separate Financial Statements - *Equity accounting in separate financial statements*.
- Annual Improvements to MFRSs 2012 - 2014 Cycle (*Amendments to MFRS 5 Non-current Assets Held for sale and Discontinued Operations, MFRS 7 Financial Instruments: Disclosures, MFRS 119 Employee Benefits, MFRS 134 Interim Financial Reporting*).

Effective for annual periods beginning on or after 1 January 2017

- MFRS 15 *Revenue*.

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9 *Financial instruments*.

The adoption of the above standards, amendments and interpretations when they become effective are not expected to have a material impact on the Group's and the Company's financial statements.

(b) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (continued)

Subsidiaries (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(c) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit from operations.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(f) on impairment of non-financial assets.

(e) Depreciation

Freehold land is not depreciated as it has an infinite life. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Other property, plant and equipment are depreciated on the straight-line method to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

Buildings	50 years
Motor vehicles	5 years
Office and gas equipment	3 to 5 years
Furniture and fittings	5 years
Office renovation	3 years
Pipelines system	30 years

Residual values, useful lives and the depreciation method of property, plant and equipment are reviewed and adjusted if appropriate, at the end of each reporting period.

(f) Impairment of non-financial asset

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents

For the purpose of the statements of cash flows, cash equivalents held for the purpose of meeting short-term cash commitment rather than for investment or other purposes. Cash and cash equivalents comprise cash in hand, bank balances, deposit held at call with banks and other financial institutions, other short term and highly liquid investments with original maturities of 3 months or less which have an insignificant risk of changes in value.

(h) Investments

In the Company's separate financial statements, investment in subsidiaries and joint ventures are carried at cost less accumulated impairment losses.

On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit and loss.

The amount due from subsidiary which the Company does not expect repayment in the foreseeable future is considered as part of the Company's investment in the subsidiary.

(i) Trade and other receivables

Trade receivables are amounts due from customers for sale of gas, tolling fee and contributions receivable from customers in respect of construction of pipelines performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets; otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective profit rate method, less provision for impairment.

(j) Share capital

(i) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(ii) Dividend distribution

Distributions to holders of an equity instrument are recognised directly in equity and the corresponding liability is recognised in the period in which the dividends are approved.

(k) Trade payables

Trade payables are obligations to pay for natural gas and LPG that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less; otherwise, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective profit rate method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective profit rate method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(m) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the parent and joint venture and it is probable that the temporary difference will not be reversed in the foreseeable future. Generally the investor and joint venture are unable to control the reversal of the temporary difference for associates and joint ventures. Only where there is an agreement in place that gives the investor and joint venture the ability to control the reversal of temporary differences, a deferred tax liability is not recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Current and deferred income tax (continued)

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Accounting for lessee - operating lease and prepaid lease payments

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases are charged to profit or loss on the straight-line basis over the lease period. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

The up-front payment represents prepaid lease payments for lease of land and are amortised on the straight-line basis over the lease period of 20 to 99 years.

(o) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency. The Group does not have functional currency. The Group's presentation currency is Ringgit Malaysia.

(p) Revenue recognition

Revenue comprises the fair value of the consideration received and receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of goods and services tax, returns, rebates and discounts after eliminating sales within the Group.

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and the Company's activities as described below. The Group and the Company base their estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of natural gas and LPG

Revenue from sale of gas represents gas consumption by customers and is measured at the fair value of consideration received and receivable from customers during the financial year.

(ii) Tolling fee

Tolling fee represents fee received from Petroliam Nasional Berhad for the transportation of gas to Petronas NGV Sdn. Bhd. stations and Gas District Cooling (M) Sdn. Bhd. stations.

(iii) Finance income

Finance income is recognised in the profit or loss as it accrues, using the effective profit rate method of the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition (continued)

(iv) Cash contribution for pipelines construction

The Group and Company recognises cash contribution from customers in respect of construction of pipelines as revenue when the pipelines are connected to customers.

(q) Accounting for zakat

The Group and Company recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Group has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when a company has been in operation for at least 12 months, i.e. for the period known as "haul".

Zakat rates enacted or substantively enacted by the end of each reporting period are used to determine the zakat expense. The rate of zakat on business as determined by zakat authority under Pusat Pungutan Zakat Majlis Agama Islam Selangor for 2014 is 2.5% of the zakat base. The zakat base of the Group is determined based on the profit after tax of eligible companies within the Group after deducting certain non-operating income and expenses. Zakat on business is calculated by multiplying the zakat rate with zakat base. The amount of zakat assessed is recognised as an expense in the year in which it is incurred.

(r) Contingent liabilities

The Group does not recognise a contingent liability other than those arising from business, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

(s) Financial instruments

(i) Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at fair value through profit or loss

Financial assets held for trading are categorized as financial assets at fair value through profit or loss. Financial assets held for trading are assets that are acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group and Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Notes 3(i) and 3(g)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments (continued)

(i) Financial assets (continued)

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(c) Subsequent measurement – gains and losses

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective profit rate method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, profit rate and dividend income are recognised in profit or loss in the period in which the changes arise.

(d) Subsequent measurement – impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in profit or principal payments; or
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; or
- disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 1. adverse changes in the payment status of borrowers in the portfolio; and
 2. national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group and the Company first assess whether objective evidence of impairment exists.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments (continued)

(i) Financial assets (continued)

(d) Subsequent measurement – impairment of financial assets (continued)

Assets carried at amortised cost (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective profit rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If loans and receivables has a variable profit rate, the discount rate for measuring any impairment loss is the current effective profit rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(e) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(ii) Financial liability

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments (continued)

(iv) Financial guarantee contract

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

(t) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where is a past practice that has created a constructive obligation.

(ii) Post-employment benefits

A defined contribution plan is a pension under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constitute obligations to pay further contributions if fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted to employees, if any.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee that makes strategic decisions.

(w) Critical accounting estimates and judgments

Estimates and judgments are continually being evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The depreciation policy of the pipelines system adopted by the Directors is on the basis that the Group and the Company will continue to obtain their supply of gas to sell and the gas supply licence will be renewed on expiry.

(ii) Critical judgment in applying accounting policies

The Directors have applied judgment in applying the revenue recognition policy based on the Group's business model and its relationships and contracts with its customers. The judgment includes assessment of the obligation that the Group has in dealing with its customers, in which the Group is responsible for securing and expanding its customer base and bears the credit risks. The Directors have also taken into account the terms of business which the Group has with its gas suppliers where the title and ownership of the gas shall be transferred to the Group after delivery to the Group's pipeline. The Directors, having considered the above factors, are of the view that the revenue is recognised upon the sale of gas.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

4 REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of natural gas	2,713,598	2,240,390	2,713,598	2,240,390
Sale of LPG	28,438	28,754	0	0
Tolling fee	15,087	16,592	15,087	16,592
Cash contribution for pipelines construction	16,339	31,483	16,339	31,483
	2,773,462	2,317,219	2,745,024	2,288,465

5 EXPENSES BY NATURE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost of natural gas	2,416,076	1,962,031	2,416,076	1,962,031
Cost of LPG	22,383	22,325	0	0
Staff costs (Note 7)	48,244	44,715	45,799	42,364
Depreciation	50,934	47,162	50,650	46,894
Gas licence fee	1,528	1,439	1,518	1,432
Other expenses	28,371	26,764	27,709	25,822
	2,567,536	2,104,436	2,541,752	2,078,543

Staff costs (technical service salaries and bonuses) amounting to RM6,729,000 (2013: RM7,337,000) incurred in construction of pipelines have been capitalised in the construction of the pipelines.

6 PROFIT FROM OPERATIONS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit from operations is arrived at after crediting:				
Gain on disposal of property, plant and equipment	81	11	81	11
Rental income	67	22	67	22
Write back of impairment of trade receivables (Note 17)	16	11	5	3
and after charging:				
Auditors' remuneration:				
- statutory audit	147	145	117	117
- other audit related services	112	108	112	108
Amortisation of prepaid lease payments (Note 16)	402	403	348	348
Impairment of trade receivables (Note 17)	360	36	327	7
Rental of equipment	67	74	61	69
Rental of premises	723	539	669	495

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

7 STAFF COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages, bonuses and salaries	42,725	41,362	40,562	39,282
Defined contribution plan - contributions	5,470	4,398	5,210	4,147
Other employee benefits	6,778	6,292	6,756	6,272
	54,973	52,052	52,528	49,701

Staff costs include the remuneration of Executive and Non-Executive Directors (Note 8).

8 DIRECTORS' REMUNERATION

The aggregate amount of emoluments received by Directors of the Company during the financial year is as follows:

Directors of the Company

	Group and Company	
	2014 RM'000	2013 RM'000
Executive and Non-Executive Directors:		
- Salaries and bonuses	666	1,441
- Directors' fees	914	719
- Defined contribution plan - contributions	100	216
- Other benefits	725	686
	2,405	3,062

9 FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bank guarantee fee	33	31	33	31
Bank charges	355	311	151	145
Medium Term Notes profit rate	230	0	230	0
	618	342	414	176

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

10 TAX EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current taxation:				
- current financial year	52,153	47,064	52,105	47,037
- over accrual in prior financial year	(1,474)	3,247	(1,444)	3,267
	50,679	50,311	50,661	50,304
Deferred taxation (Note 22)	(8,686)	(4,370)	(9,133)	(5,067)
	41,993	45,941	41,528	45,237

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation and after zakat	209,621	217,377	207,445	214,486
Tax calculated at the Malaysian income tax rate of 25% (2013: 25%)	52,405	54,344	51,861	53,622
Tax effects of:				
Income not subject to tax	(4,284)	(7,871)	(4,105)	(7,871)
Expenses not deductible for tax	1,908	764	1,903	762
Share of result of joint venture	125	0	0	0
Utilisation of capital allowances	1,999	(173)	2,446	524
Origination and reversal of temporary differences	(1,999)	(3,094)	(2,446)	(3,791)
Change in income tax rate	(6,687)	(1,276)	(6,687)	(1,276)
Over accrual in prior financial year	(1,474)	3,247	(1,444)	3,267
Tax expense	41,993	45,941	41,528	45,237

11 EARNINGS PER SHARE

Basic earnings per ordinary share and diluted earnings per share are calculated by dividing the net profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014	2013
Net profit for the financial year attributable to equity holder of the Company (RM'000)	167,628	171,436
Weighted average number of ordinary shares ('000)	1,284,000	1,284,000
Basic earnings per share (RM)	0.13	0.13
Diluted earnings per share (RM)	0.13	0.13

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipelines system RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2014	9,894	19,531	6,288	48,443	2,010	12,500	1,309,428	57,364	1,465,458
Additions	0	0	1,003	1,097	24	18	9,664	99,392	111,198
Disposals	0	0	(1,123)	(296)	(27)	0	0	0	(1,446)
Reclassifications	0	0	0	1,369	0	0	53,140	(54,509)	0
At 31 December 2014	9,894	19,531	6,168	50,613	2,007	12,518	1,372,232	102,247	1,575,210
Accumulated depreciation									
At 1 January 2014	0	5,975	5,289	42,252	1,753	12,014	436,663	0	503,946
Charge for the financial year	0	447	422	2,432	90	351	47,192	0	50,934
Disposals	0	0	(597)	(292)	(27)	0	0	0	(916)
At 31 December 2014	0	6,422	5,114	44,392	1,816	12,365	483,855	0	553,964
Net book value									
At 31 December 2014	9,894	13,109	1,054	6,221	191	153	888,377	102,247	1,021,246

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipelines system RM'000	Capital work-in- progress RM'000	Total RM'000
Cost									
At 1 January 2013	2,312	19,531	5,848	46,683	1,799	12,675	1,230,779	61,545	1,381,172
Additions	7,582	0	452	886	10	102	12,369	64,038	85,439
Disposals	0	0	(12)	(91)	0	0	(1,050)	0	(1,153)
Reclassifications	0	0	0	965	201	(277)	67,330	(68,219)	0
At 31 December 2013	9,894	19,531	6,288	48,443	2,010	12,500	1,309,428	57,364	1,465,458
Accumulated depreciation									
At 1 January 2013	0	5,527	4,327	39,984	1,624	11,717	394,758	0	457,937
Charge for the financial year	0	448	974	2,359	129	297	42,955	0	47,162
Disposals	0	0	(12)	(91)	0	0	(1,050)	0	(1,153)
At 31 December 2013	0	5,975	5,289	42,252	1,753	12,014	436,663	0	503,946
Net book value									
At 31 December 2013	9,894	13,556	999	6,191	257	486	872,765	57,364	961,512

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipelines system RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2014	9,894	19,531	6,176	46,689	1,875	12,164	1,305,164	57,364	1,458,857
Additions	0	0	1,003	1,097	24	18	9,641	99,392	111,175
Disposals	0	0	(1,123)	(284)	(27)	0	0	0	(1,434)
Reclassifications	0	0	0	1,369	0	0	53,140	(54,509)	0
At 31 December 2014	9,894	19,531	6,056	48,871	1,872	12,182	1,367,945	102,247	1,568,598
Accumulated depreciation									
At 1 January 2014	0	5,975	5,177	40,498	1,618	11,678	435,364	0	500,310
Charge for the financial year	0	447	422	2,432	90	351	46,908	0	50,650
Disposals	0	0	(597)	(280)	(27)	0	0	0	(904)
At 31 December 2014	0	6,422	5,002	42,650	1,681	12,029	482,272	0	550,056
Net book value									
At 31 December 2014	9,894	13,109*	1,054	6,221	191	153	885,673	102,247	1,018,542

* Includes a leasehold building with a net book value of RM6,680,062 (2013: RM6,878,002) which resides on leasehold land owned by a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipelines system RM'000	Capital work-in- progress RM'000	Total RM'000
Cost									
At 1 January 2013	2,312	19,531	5,736	44,929	1,664	12,339	1,226,953	61,545	1,375,009
Additions	7,582	0	452	886	10	102	11,931	64,038	85,001
Disposals	0	0	(12)	(91)	0	0	(1,050)	0	(1,153)
Reclassifications	0	0	0	965	201	(277)	67,330	(68,219)	0
At 31 December 2013	9,894	19,531	6,176	46,689	1,875	12,164	1,305,164	57,364	1,458,857
Accumulated depreciation									
At 1 January 2013	0	5,527	4,215	38,258	1,489	11,381	393,699	0	454,569
Charge for the financial year	0	448	974	2,331	129	297	42,715	0	46,894
Disposals	0	0	(12)	(91)	0	0	(1,050)	0	(1,153)
At 31 December 2013	0	5,975	5,177	40,498	1,618	11,678	435,364	0	500,310
Net book value									
At 31 December 2013	9,894	13,556	999	6,191	257	486	869,800	57,364	958,547

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	10,005	10,005

Details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			2014 %	2013 %
Gas Malaysia (LPG) Sdn. Bhd.	Selling of liquefied petroleum gas via a reticulation system	Malaysia	100	100
Pelantar Teknik (M) Sdn. Bhd.	Property holding	Malaysia	100	100
Gas Malaysia IEV Sdn. Bhd.	Virtual pipeline	Malaysia	75	0
Gas Malaysia Venture 1 Sdn. Bhd.	Investment holding company for Combined, Heat and Power system	Malaysia	100	0
Gas Malaysia Venture 2 Sdn. Bhd.	Investment holding company for Virtual Pipeline related business	Malaysia	100	0

14 INVESTMENT IN JOINT VENTURE

The investment in joint venture has a financial year ending 31 December, which is the Group's financial year end.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	11,547	0	12,047	0

Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			2014 %	2013 %
Gas Malaysia Energy Advance Sdn. Bhd. ("GMEA")	Combined Heat and Power	Malaysia	66	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

14 INVESTMENT IN JOINT VENTURE (CONTINUED)

The Group has applied the equity method of accounting for this joint venture.

The following table summarises the financial information of the Group's material joint venture, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint venture:

	2014 RM'000
Summarised statement of financial position	
As at 31 December	
Non-current assets	13,841
Current assets	8,957
Current liabilities	(5,302)
Net current assets	3,655
Net assets	17,496

Summarised income statement

Year ended 31 December	
Cost of Sales	(462)
Administrative expenses	(296)
Loss after tax	(758)

The information above reflects the amount presented in the financial statements of the joint venture (and not the Group's share of those amounts) adjusted for differences in accounting policies applied between the Group and the joint venture.

	2014 RM'000
Reconciliation of net assets to carrying amount	
As at 31 December	
Group's share of net assets/Carrying amount in the statement of financial position	11,547

Group's share of result

Year ended 31 December	
Group's share of loss for the financial year	(500)

The Group's share of capital commitment in the joint venture is as set out below:

	2014 RM'000
In respect of purchase of property, plant and equipment:	
Authorised by the Board: Contracted but not provided for in the financial statements	35,739

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

15 AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Amounts due from subsidiaries: Non-current	11,736	14,981

The amount due from Gas Malaysia (LPG) Sdn. Bhd. of RM6,149,000 (2013: RM9,362,000) is unsecured, profit rate free and the non-current portion is based on the expected period of repayment by the subsidiary.

The amount due from Pelantar Teknik (M) Sdn. Bhd. of RM5,572,000 (2013: RM5,619,000) is unsecured, profit rate free and does not have a fixed term of repayments. Repayment is, however, not expected within the next twelve months as it is the intention of the Company to treat this amount as a long term source of funding to the subsidiary.

The amount due from Gas Malaysia IEV Sdn. Bhd. of RM15,000 (2013: RM0) is unsecured, profit rate free and the non-current portion is based on the expected period of repayment by the subsidiary.

16 PREPAID LEASE PAYMENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At beginning of reporting period	18,030	18,433	13,668	14,016
Amortisation for the financial year	(402)	(403)	(348)	(348)
At end of reporting period	17,628	18,030	13,320	13,668

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	304,389	227,719	301,516	223,814
Impairment loss on trade receivables	(359)	(36)	(326)	(7)
	304,030	227,683	301,190	223,807
Other receivables, deposits and prepayments	4,227	3,411	3,270	2,343
	308,257	231,094	304,460	226,150

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2014, trade receivables of RM30,756,000 (2013: RM31,705,000) for the Group and of RM30,030,000 (2013: RM30,661,000) for the Company were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The aging analysis of these trade receivables (excluding other receivables, deposits and prepayments) is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Neither past due nor impaired	273,274	195,978	271,160	193,146
Past due but not impaired:				
Up to 2 months (overdue)	30,376	26,287	29,716	25,320
Over 2 months (overdue)	380	5,418	314	5,341
Impaired	359	36	326	7
	304,389	227,719	301,516	223,814

As at 31 December 2014, trade receivables amounting to RM359,000 (2013: RM36,000) for the Group and RM326,000 (2013: RM7,000) for the Company were impaired and provided for. The individually impaired receivables mainly related to customers which have defaulted in payment.

Trade receivables that are neither past due nor impaired mainly relate to industrial users, which are nationally dispersed and covers a spectrum of industries with a variety of end markets and have high credit worthiness. As described in Note 2(b), the Group requires the customers to pledge a bank guarantee or place a cash deposit as collateral. Due to these factors, the Group's historical experience shows that the impairment loss on trade receivables has been adequate.

Movements on the impairment loss on trade receivables are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At beginning of reporting period	36	37	7	17
Impairment of trade receivables during the financial year	360	36	327	7
Write back of impairment of trade receivables	(16)	(11)	(5)	(3)
Trade receivables written-off during the financial year	(21)	(26)	(3)	(14)
At end of reporting period	359	36	326	7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits placed with:				
Licensed banks	108,895	145,443	108,895	137,240
Other financial institutions	300,346	110,512	291,046	110,512
	409,241	255,955	399,941	247,752
Cash and bank balances	21,231	38,263	20,961	37,742
	430,472	294,218	420,902	285,494

The weighted average profit rates per annum of deposits placed with licensed banks and other financial institutions that were effective as at the end of the reporting period are as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
	per annum	per annum	per annum	per annum
Deposits placed with:				
Licensed banks	3.84	3.41	3.84	3.41
Other financial institutions	4.37	3.52	4.37	3.52

Deposits placed with licensed banks and other financial institutions of the Group and Company have an average maturity period of 22 days (2013: 26 days). Bank balances are deposits held at call with licensed banks.

19 SHARE CAPITAL

	Group and Company	
	2014 RM'000	2013 RM'000
Authorised:		
1,999,999,900 (2013: 1,999,999,900) ordinary shares of RM0.50 each	1,000,000	1,000,000
100 (2013: 100) preference shares of RM0.50 each	0*	0*
	1,000,000	1,000,000
Issued and fully paid:		
1,284,000,000 (2013: 1,284,000,000) ordinary shares of RM0.50 each	642,000	642,000
	642,000	642,000

* Denotes RM50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

20 RETAINED PROFITS

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

21 REDEEMABLE PREFERENCE SHARE

On 23 April 2013, the Company issued one Special Rights Redeemable Preference Share ("RPS") at an issue price of RM0.50 to Petroliam Nasional Berhad ("Special Shareholder" or "PETRONAS") which adopted the special rights attached to the RPS via amendments to the Memorandum and Articles of Association of the Company ("Articles").

Salient points of the RPS stated in the Articles are:

- (a) The holder of the RPS or any holder acting on behalf of the Special Shareholder shall have the same rights as ordinary shareholders with regard to receiving notices of general meetings, reports and audited financial statements of the Company but shall carry no right to vote nor any other rights at any such meeting save and except where the right to vote is expressly provided in the Articles and/or the Bursa Malaysia Securities Berhad Listing Requirements ("the Listing Requirements");
- (b) The Special Shareholder shall have the right to vote at any meeting convened in each of the following circumstances as provided for under the Listing Requirements:
 - (i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months, if applicable;
 - (ii) on a proposal to reduce the Company's share capital;
 - (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (iv) on a proposal that affects rights attached to the RPS;
 - (v) on a proposal to wind-up the Company; and
 - (vi) during the winding-up of the Company.

A resolution in writing signed by or on behalf of the Special Shareholder, for this purpose, be treated as a resolution duly passed by the Special Shareholder in respect of the matters stated above;

- (c) The Special Shareholder shall have no right to appoint or nominate any Directors;
- (d) The RPS shall confer no right to dividend;
- (e) The RPS is not transferable and is to be held by PETRONAS. Notwithstanding this, the RPS may be transferred to an entity wholly-owned by the Government of Malaysia;
- (f) The Special Shareholder may, subject to the requirement of the Companies Act, 1965, require the Company to redeem the RPS at par at any time by serving written notice upon the Company and delivering the relevant share certificate;
- (g) In a distribution of capital in a winding-up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid-up on the RPS in priority to any other shareholders. Save as otherwise provided in the Articles, the RPS shall confer no other rights to participate in the capital or profits of the Company;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

21 REDEEMABLE PREFERENCE SHARES (CONTINUED)

Salient points of the RPS stated in the Articles are: (continued)

- (h) In the Articles, the provisions relating to the general meetings, votes of shareholders, notices of meeting and the appointment of proxy(ies) shall, unless expressly provided to the contrary, apply mutatis mutandis, in respect of the Special Shareholder where applicable; and
- (i) Each of the following matters may only be effected with the consent in writing of the Special Shareholder:
 - (i) The amendment, or removal, or alteration of the effect of all or any of the following Articles:
 - (a) The definitions of RPS and Special Shareholder; and
 - (b) The rights of the RPS and Special Shareholder;
 - (ii) The voluntary winding-up, liquidation or dissolution of the Company;
 - (iii) The creation of a new category of shares in the Company;
 - (iv) Any proposal to reduce the share capital of the Company;
 - (v) A sale or disposal of the Company's assets where any of the percentage ratios of such transaction is 25% or more, such percentage ratios are to be calculated in accordance with the definition of "percentage ratios" as defined in the Listing Requirement;
 - (vi) Any acquisition of assets by the Company where any of the percentage ratios of such transaction is 25% or more, such percentage ratios are to be calculated in accordance with the definition of "present ratios" as defined in the Listing Requirements;
 - (vii) The change in nature of business and principal activities of the Company; and
 - (viii) The suspension of the whole of the Company's operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

22 DEFERRED TAXATION

Deferred tax assets and liabilities 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 shown in the statement of financial position:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax assets:				
- Deferred tax assets to be recovered within 12 months	(13)	(13)	0	0
- Deferred tax assets to be recovered after more than 12 months	(1,924)	(2,371)	0	0
Total deferred tax assets	(1,937)	(2,384)	0	0
Deferred tax liabilities:				
- Deferred tax liabilities to be utilised within 12 months	9,133	5,067	9,133	5,067
- Deferred tax liabilities to be utilised after more than 12 months	152,497	165,696	152,497	165,696
Total deferred tax liabilities	161,630	170,763	161,630	170,763
Deferred tax liabilities (net)	159,693	168,379	161,630	170,763
At beginning of reporting period	168,379	172,749	170,763	175,830
Charged/(credited) to profit or loss (Note10):				
- Unutilised tax losses	434	435	0	0
- Property, plant and equipment	(8,745)	(3,829)	(8,759)	(4,091)
- Payables	(35)	(49)	(35)	(49)
- Accrual for bonus	(340)	(927)	(339)	(927)
	(8,686)	(4,370)	(9,133)	(5,067)
At end of reporting period	159,693	168,379	161,630	170,763
Subject to income tax:				
Deferred tax assets (before offsetting)				
- Unutilised tax losses	2,564	2,998	0	0
- Accrual for bonus	3,355	3,015	3,341	3,002
- Payables	84	49	84	49
	6,003	6,062	3,425	3,051
Offsetting	(4,066)	(3,678)	(3,425)	(3,051)
Deferred tax assets (after offsetting)	1,937	2,384	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

22 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	165,696	174,441	165,055	173,814
Offsetting	(4,066)	(3,678)	(3,425)	(3,051)
Deferred tax liabilities (after offsetting)	161,630	170,763	161,630	170,763

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables	471,160	266,746	467,931	262,262
Other payables	5,749	3,936	4,594	2,841
Customers' deposits	40,948	37,649	31,563	29,446
Accruals	22,696	18,070	22,693	18,070
	540,553	326,401	526,781	312,619

Credit terms of trade payables granted to the Group and Company vary from 30 to 45 days (2013: 30 to 45 days).

Included in customers' deposits of the Group and Company is deferred revenue relating to capital contribution for pipelines construction amounting to RM15,810,056 (2013: RM11,002,748).

24 BORROWING (UNSECURED)

	Group and Company	
	2014 RM'000	2013 RM'000
Al-Murabahah Medium Term Notes ("MTN")	70,000	0
Analysis of repayment schedule:		
- Within 1 year	70,000	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

24 BORROWING (UNSECURED) (CONTINUED)

The MTN is constituted by a Trust Deed dated 12 August 2004 entered into by the Company and the trustee for the holders of the MTN. On 27 November 2014, the Company completed the issuance of RM70.0 million pursuant to the MTN programme under the Syariah principle of Al-Murabahah. The MTN issued have a tenure of one (1) year from the date of issuance with a profit rate of 3.95% per annum and is due on 27 November 2015.

25 DIVIDENDS

Company	Per share		Total amount	
	2014 sen	2013 sen	2014 RM'000	2013 RM'000
Dividends paid during the financial year:				
1) Interim dividend per ordinary share, single-tier - in respect of financial year ended 2014/13	5.00	6.00	64,200	77,040
2) Second interim dividend per ordinary share, single-tier - in respect of financial year ended 2013	3.00	0	38,520	0
3) Final dividend per ordinary share, single-tier - in respect of financial year ended 2013/12	4.36	7.69	55,982	98,740
	12.36	13.69	158,702	175,780
Dividends declared/proposed subsequent to year end:				
1) Second interim dividend per ordinary share, single-tier - in respect of financial year ended 2014/13	4.00	3.00	51,360*	38,520
2) Final dividend per ordinary share, single-tier - in respect of financial year ended 2014/13	4.06	4.36	52,130*	55,982

At the forthcoming Annual General Meeting, the proposed final dividend in respect of the financial year ended 31 December 2014 will be proposed for shareholders' approval.

* The above second interim dividend declared and the proposed final dividend (upon approval by the shareholders) subsequent to year-end will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

26 CAPITAL COMMITMENTS

	Group and Company	
	2014 RM'000	2013 RM'000
In respect of purchase of property, plant and equipment:		
Authorised by the Board:		
Not contracted for	117,169	55,437
Contracted but not provided for in the financial statements	73,647	78,613

27 SIGNIFICANT RELATED PARTIES DISCLOSURES

The following transactions were carried out with related parties in addition to related parties disclosures mentioned elsewhere in the financial statements:

Related parties with which the Group and the Company transacted with and their relationship with the Group and the Company are as follows:

Related parties	Relationship	Country of incorporation
Indra Cita Sdn. Bhd.	Controlling party of MMC	Malaysia
MMC Corporation Berhad ("MMC")	Indirect substantial shareholder	Malaysia
Petronas Gas Berhad ("PGB")	Shareholder with significant influence over the Group	Malaysia
Petronas Dagangan Berhad ("PDB")	Fellow subsidiary of a shareholder with significant influence over the Group	Malaysia
Central Sugar Refinery Sdn. Bhd. ("CSR")	A subsidiary of Tradewinds (Malaysia) Berhad, a related company to controlling party of MMC	Malaysia
Petroleum Nasional Berhad (PETRONAS)*	Holding company of a shareholder with significant influence over the Group	Malaysia
Gula Padang Terap Sdn. Bhd. ("GPT")	A subsidiary of Tradewinds (Malaysia) Berhad, a related company to controlling party of MMC	Malaysia
Johor Port Berhad ("Johor Port")	Subsidiary of MMC	Malaysia

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

27 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

Related parties with which the Group and the Company transacted with and their relationship with the Group and the Company are as follows: (continued)

Related parties	Relationship	Country of incorporation
Tradewinds International Insurance Brokers Sdn. Bhd. ("Tradewinds Insurance Broker")	A subsidiary of Tradewinds Corporation Berhad, a related company to controlling party of MMC	Malaysia
Tradewinds Travel Services Sdn. Bhd. ("Tradewinds Travel")	A subsidiary of Tradewinds Corporation Berhad, a related company to controlling party of MMC	Malaysia
Edaran Otomobil Nasional Berhad ("EON")	A subsidiary of DRB-Hicom Berhad, a related company to controlling party of MMC	Malaysia
Pos Malaysia Berhad ("Pos Malaysia")	A subsidiary of DRB-Hicom Berhad, a related company to controlling party of MMC	Malaysia

- * PETRONAS owns 1 RPS in the Company. The rights of this RPS state that any variation to the matters within the Articles shall be effective only with written consent of the holder of the RPS as disclosed in Note 21.

PETRONAS is wholly owned by Government of Malaysia. Therefore, by virtue of PGB being a subsidiary of PETRONAS, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group and the Company.

There were no individually significant transactions and commitments with Government-related entities other than those that have been disclosed in the financial statements.

In addition to the above, the Group and the Company have transactions that are collectively, but not individually significant with other Government-related entities in respect of the provision of sales of natural gas as well as LPG in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

27 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(a) Sales and purchases of goods and services

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-trade expenses payable to MMC**	17	303	17	303
Gas sales to:				
CSR***	49,629	42,649	49,629	42,649
GPT***	26,819	12,021	26,819	12,021
Cash contribution for pipeline construction received from GPT**	0	3,160	0	3,160
Purchase of LPG from PDB**	16,349	16,208	0	0
Purchase of natural gas from PETRONAS***	2,416,076	1,962,031	2,416,076	1,962,031
Tolling fee income earned from PETRONAS**	15,087	16,592	15,087	16,592
Cash contribution for Citygate construction paid to PETRONAS**	7,961	11,932	7,961	11,932
Wayleaves fee payable to Johor Port**	4	4	4	4
Rental fee on leased land payable to PGB**	30	30	30	30
Rental fee on lease of gas district station payable to PDB**	1	1	1	1
Provision for brokerage in relation to third party insurance from Tradewinds Insurance Broker**	0	100	0	100
Purchase of airline tickets from Tradewinds Travel**	9	17	9	17
Provision for repair and purchase of motor vehicle from EON**	452	17	452	17
Provision for postage services from Pos Malaysia**	37	52	37	52

** The transactions have been entered into the normal course of business and have been established under negotiated terms agreed by both parties.

*** The transactions have been entered into based on regulated prices in Peninsular Malaysia which are set by Energy Commission of Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

27 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) Key management compensation

	Group and Company	
	2014 RM'000	2013 RM'000
- Salaries and bonuses	8,305	7,001
- Directors' fees	914	719
- Defined contribution plan - contributions	1,167	873
- Other benefits	730	686
	11,116	9,279

Key management compensation includes remuneration of Directors (Executive and Non-Executive) and senior management of the Group and Company.

28 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of all financial assets and liabilities of the Group and the Company at the end of the reporting period approximated their fair values.

29 SEGMENT REPORTING

The chief operating decision-maker, which consists of members of the Management Committee consider that its business consists of three operating segments which are the selling of natural and liquefied petroleum gas to industrial users and tolling fee for transportation of gas within Peninsular Malaysia. The reportable operating segment (which is an aggregation of the three operating segments) primarily derives its revenue from sales of natural gas as well as contribution from liquefied petroleum gas and tolling fee for transportation of gas. Others consist mainly of rental income earned which is within the Group. The Board assess the performance of the operating segment based on a measure of earnings before finance income, zakat, taxation, depreciation and amortisation.

	Natural Gas & LPG RM'000	Others RM'000	Total RM'000
31 December 2014			
Revenue:			
Total segment revenue - external	2,773,462	0	2,773,462
Results:			
Profit/(loss) before zakat and taxation	213,755	(634)	213,121
Finance income	(7,512)	0	(7,512)
Depreciation and amortisation	51,282	54	51,336
Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results)	257,525	(580)	256,945

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

29 SEGMENT REPORTING (CONTINUED)

Other information:

Segment assets
Unallocated assets – taxation
Total assets

Segment liabilities
Unallocated liabilities - taxation
Total liabilities

Other disclosure:

Capital expenditure
Depreciation
Amortisation of prepaid lease payments

	Natural Gas & LPG RM'000	Others RM'000	Total RM'000
Segment assets	1,784,842	4,308	1,789,150
Unallocated assets – taxation			1,937
Total assets			1,791,087
Segment liabilities	(610,544)	(9)	(610,553)
Unallocated liabilities - taxation			(167,540)
Total liabilities			(778,093)
Capital expenditure	111,198	0	111,198
Depreciation	50,934	0	50,934
Amortisation of prepaid lease payments	348	54	402

31 December 2013

Revenue:

Total segment revenue - external

	2,317,219	0	2,317,219
--	-----------	---	-----------

Results:

Profit/(loss) before zakat and taxation
Finance income
Depreciation and amortisation
Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results)

	220,914	(37)	220,877
	(7,848)	0	(7,848)
	47,510	55	47,565
	260,576	18	260,594

Other information:

Segment assets
Unallocated assets – taxation
Total assets

Segment liabilities
Unallocated liabilities - taxation
Total liabilities

	1,500,492	4,362	1,504,854
			2,384
			1,507,238
	(326,393)	(8)	(326,401)
			(176,769)
			(503,170)

Other disclosure:

Capital expenditure
Depreciation
Amortisation of prepaid lease payments

	85,439	0	85,439
	47,162	0	47,162
	348	55	403

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

30 EVENTS DURING THE FINANCIAL YEAR

- a) On 18 April 2014, a joint venture company, Gas Malaysia Energy Advance Sdn. Bhd., was incorporated under the Companies Act, 1965.
- b) On 23 September 2014, the Company had acquired Gas Malaysia Venture 1 Sdn. Bhd. ("GMV1") for a total cash consideration of RM2.00. Currently, GMV1 is a dormant company with an authorized share capital of RM100,000 ordinary shares of RM1.00 each.
- c) On 23 September 2014, the Company had acquired Gas Malaysia Venture 2 Sdn. Bhd. ("GMV2") for a total cash consideration of RM2.00. Currently, GMV2 is a dormant company with an authorized share capital of RM100,000 ordinary shares of RM1.00 each.
- d) On 21 October 2014, a joint venture company, Gas Malaysia IEV Sdn. Bhd., was incorporated under the Companies Act, 1965. The Group treat this investment as a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

31 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of retained profits or accumulated losses into realised and unrealised on Group and Company basis, in the annual audited financial statements.

The retained profits as at reporting date are analysed as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained profits of the Company and its subsidiary companies:				
- Realised	531,187	530,447	546,297	548,215
- Unrealised	(159,693)	(168,379)	(161,630)	(170,763)
Total accumulated losses from joint venture				
- Realised	(500)	0	0	0
- Unrealised	0	0	0	0
	370,994	362,068	384,667	377,452

SHAREHOLDING STATISTICS

AS AT 17 MARCH 2015

Class of securities	: Ordinary Shares of RM0.50 each and preference shares of RM0.50 each
Authorised Share Capital	: RM1,000,000,000.00 divided into 1,999,999,900 ordinary shares of RM0.50 each and 100 preference shares of RM0.50 each
Issued paid-up Capital	: RM642,000,000.50 divided into 1,284,000,000 ordinary shares of RM0.50 each and 1 Redeemable Preference Share of RM0.50 each
Voting rights	: (i) One vote for every ordinary share (ii) No voting right for Redeemable Preference Share save as circumstances as provided in the Articles of Association of the Company
No. of shareholders	: 6,794

SUBSTANTIAL SHAREHOLDERS (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Shares			
	Direct	%	Indirect	%
Anglo-Oriental (Annuities) Sdn Bhd	397,179,040	30.93	-	-
Tokyo Gas – Mitsui & Co. Holdings Sdn Bhd	237,546,000	18.50	-	-
PETRONAS Gas Berhad	190,010,000	14.80	-	-
Lembaga Tabung Haji	95,608,400	7.45	-	-
Shapadu Corporation Sdn Bhd	79,435,620	6.18	-	-
MMC Corporation Berhad ⁽¹⁾	-	-	397,179,040	30.93
Tokyo Gas International Holdings B.V. ⁽²⁾	-	-	237,546,000	18.50
Mitsui & Co. (Asia Pacific) Pte Ltd ⁽³⁾	-	-	237,546,000	18.50
Petroleum Nasional Berhad ⁽⁴⁾	-	-	190,010,000	14.80
Minister of Finance, Incorporated ⁽⁵⁾	-	-	190,010,000	14.80

Notes:

- (1) Deemed interest through its shareholding in Anglo-Oriental (Annuities) Sdn Bhd
- (2) Deemed interest through its shareholding in Tokyo Gas - Mitsui & Co Holdings Sdn Bhd
- (3) Deemed interest through its shareholding in Tokyo Gas - Mitsui & Co Holdings Sdn Bhd
- (4) Deemed interest through its shareholding in PETRONAS Gas Berhad
- (5) Deemed interest through its shareholding in PETRONAS Gas Berhad

ANALYSIS BY SIZE SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Held
less than 100 shares	39	0.58	337	0.00
100 to 1,000	1,427	21.00	1,236,221	0.10
1,001 to 10,000	4,051	59.63	17,520,600	1.36
10,001 to 100,000	1,113	16.38	29,634,875	2.31
100,001 to less than 64,199,999 issued shares	159	2.34	235,828,907	18.37
64,200,000 and above of issued shares	5	0.07	999,779,060	77.86
TOTAL	6,794	100.00	1,284,000,000	100.00

SHAREHOLDING STATISTICS

AS AT 17 MARCH 2015 (CONTINUED)

DIRECTORS' SHAREHOLDING (AS PER REGISTER OF DIRECTORS' SHAREHOLDING)

Name of Directors	No. of Shares			
	Direct	%	Indirect	%
Datuk Haji Hasni bin Harun	-	-	-	-
Dato' Sri Che Khalib bin Mohamad Noh	-	-	-	-
Shazali bin Dato' Haji Shahrani	-	-	-	-
Dato' Rosthman bin Ibrahim (Alternate to Shazali bin Dato' Haji Shahrani)	-	-	-	-
Yusa' bin Hassan	-	-	-	-
Aida Aziza binti Mohd Jamaludin (Alternate to Yusa' bin Hassan)	-	-	-	-
Shigeru Muraki	-	-	-	-
Hisashi Nakamura (Alternate to Shigeru Muraki)	-	-	-	-
Yasushi Sakakibara (Alternate to Shigeru Muraki)	-	-	-	-
Tan Lye Chong	50,000	0.00	-	-
Datuk Puteh Rukiah binti Abd. Majid	-	-	-	-
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	-	-	-	-
Datuk Ooi Teik Huat	-	-	-	-

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	Numbers of Shares	% of Issued Shares
1	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Anglo-Oriental (Annuities) Sdn Bhd (426623)	397,179,040	30.93
2	Tokyo Gas - Mitsui & Co. Holdings Sdn Bhd	237,546,000	18.50
3	PETRONAS Gas Berhad	190,010,000	14.80
4	Lembaga Tabung Haji	95,608,400	7.45
5	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	35,849,100	2.79
6	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Shapadu Corporation Sdn Bhd	31,746,032	2.47
7	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Shapadu Corporation Sdn Bhd (EDG&CBM)	25,357,822	1.97
8	Shapadu Corporation Sdn Bhd	22,331,766	1.74
9	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	19,330,000	1.51
10	Amanahraya Trustees Berhad AS 1Malaysia	16,932,300	1.32
11	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	15,870,700	1.24
12	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	14,651,140	1.14

SHAREHOLDING STATISTICS

AS AT 17 MARCH 2015 (CONTINUED)

TOP THIRTY SECURITIES ACCOUNT HOLDERS (CONTINUED)

(Without aggregating the securities from different securities accounts belonging to the same Depositor) (continued)

No.	Name	Numbers of Shares	% of Issued Shares
13	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	11,446,900	0.89
14	Amanahraya Trustees Berhad Public Islamic Dividend Fund	10,869,000	0.85
15	Citigroup Nominees (Tempatan) Sdn Bhd Exempt an for AIA Bhd	8,042,100	0.63
16	Amanahraya Trustees Berhad Public Islamic Equity Fund	5,560,000	0.43
17	Kumpulan Wang Persaraan (Diperbadankan)	4,705,100	0.37
18	Lembaga Tabung Angkatan Tentera	4,519,700	0.35
19	Koperasi Permodalan Felda Malaysia Berhad	4,500,000	0.35
20	Amanahraya Trustees Berhad Public Dividend Select Fund	4,334,100	0.34
21	Cartaban Nominees (Tempatan) Sdn Bhd Exempt an for Eastspring Investments Berhad	3,250,900	0.25
22	CIMB Commerce Trustees Berhad Public Focus Select Fund	3,019,600	0.24
23	Amanahraya Trustees Berhad Public Islamic Select Enterprises Fund	2,940,200	0.23
24	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	2,934,800	0.23
25	HSBC Nominees (Asing) Sdn Bhd Exempt an for JP Morgan Chase Bank, National Association (U.S.A.)	2,548,574	0.20
26	PM Nominees (Tempatan) Sdn Bhd For Bank Kerjasama Rakyat Berhad	2,536,500	0.20
27	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)	2,327,600	0.18
28	Amanahraya Trustees Berhad Public Equity Fund	2,306,400	0.18
29	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund WTAU for Wisdomtree Emerging Markets Smallcap Dividend Fund	2,197,160	0.17
30	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for Pacific Dividend Fund (UT-PM-DIV)	2,115,400	0.16

LIST OF PROPERTIES

PURSUANT TO APPENDIX 9C PART A (25) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

No.	Location	Description/ Existing use	Tenure	Area (Acres)	Net book value as at 31 December 2014 (RM'000)	Age of building (years)	Year of acquisition
1	No. Hakmilik: 89023, Lot 52547 PT No.: 15752 Headquarters No. 5, Jalan Serendah 26/17, Seksyen 26, 40000 Shah Alam Selangor Darul Ehsan	Headquarters, warehouse and regulating station	Leasehold expiring in 2094	5.273	6,871	19	1994
2	No. Hakmilik: 33555 Lot No. 41387 No. 30, Jalan 4/12B Seksyen 4 43650 Bandar Baru Bangi Selangor Darul Ehsan	Office	Leasehold expiring in 2097	0.044	289	15	2000
3	No. Hakmilik: 13007 Lot No.: 813 No.1, 1A & 1B Jalan Bola Jaring 13/15 Seksyen 13, Shah Alam Selangor Darul Ehsan	Office	Leasehold expiring in 2100	0.08	1,894	20	2009
4	No. Hakmilik: 26774, Lot No. 85 No. 20, Jalan Gurney 54100 Kuala Lumpur	Office	Freehold	0.017767	4,211	8	2011
5	No. Hakmilik: 7115 Lot No.: 8938 Eastern Regional Office Mukim Sungai Karang Kuantan, Pahang Darul Makmur	Office and warehouse	Leasehold expiring in 2064	2.9999	2,196	19	1995

LIST OF PROPERTIES

(CONTINUED)

PURSUANT TO APPENDIX 9C PART A (25) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

No.	Location	Description/ Existing use	Tenure	Area (Acres)	Net book value as at 31 December 2014 (RM'000)	Age of building (years)	Year of acquisition
6	HS(D) 359331 PTD 3527 Mukim Sungai Tiram Daerah Johor Bahru Johor Darul Takzim	Vacant land	Leasehold expiring in 2063	27.8225	9,731	-	2003
7	No. Hakmilik: 3272 Lot No.: 6462 No. Hakmilik : 6545 Lot No.: 5810 No. Hakmilik : 6546 Lot No.: 6461 HS(D) 34458 PT No.: 4101 No. Hakmilik: 5928 Lot No.: 5809 HS(D) 34510 PT No.: 1654 Prai Industrial Park Pulau Pinang	District station land	Leasehold expiring in 2061	0.0375 0.565 0.115 0.0375 0.0375 0.07825	238	-	2000
8	HS(D) 221664 PTD 115555 PLO 343, Jalan Emas Tiga 81700 Pasir Gudang Johor Darul Takzim	Office	Leasehold expiring in 2055	3.0352	1,542	15	1993
9	HS(D) 108992 LOT No.: 4228 No.26, Jalan Bunga Raya 6 Pusat Perniagaan Senawang 70400 Seremban Negeri Sembilan	Office	Freehold	0.0378	172	18	1995
10	HS(M) 1457 PT 2957 Mukim 06 Seberang Perai Tengah Pulau Pinang	Vacant land	Freehold	3.02	7,732	-	2012

ADMINISTRATIVE DETAILS

ADMINISTRATIVE DETAILS FOR THE TWENTY-FOURTH ANNUAL GENERAL MEETING ("24TH AGM") OF GAS MALAYSIA

Date : 7 May 2015

Time : 3.00 p.m.

Venue : Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia

PARKING

- Parking for visitors is available at the parking bays of the Hotel. Parking fee will be borne by Gas Malaysia. Visitors are to validate their entry tickets at the designated counter outside the Ballroom.

REGISTRATION

- Registration will start at 1.00 p.m. and registration counters will remain open until the conclusion of the 24th AGM or such time as may be determined by the Chairman of the meeting.
- Please read the signage placed around the Hotel to ascertain where you should register for the meeting and join the queue accordingly.
- Please produce your original Identity Card ("IC") during the registration for verification and ensure that you collect your IC thereafter.
- After the verification and registration, you will be given an identification tag. No person will be allowed to enter the Ballroom without the identification tag.

REFRESHMENTS

- Light refreshment will be served outside Mahkota II before the commencement of the 24th AGM.
- Hi-tea will be served at outside Mahkota II upon conclusion of the meeting.

DOOR GIFTS/MEAL VOUCHER

- No door gifts or meal vouchers will be distributed at the 24th AGM.

GENERAL MEETING RECORD OF DEPOSITORS

- For the purpose of determining members who shall be entitled to attend the 24th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 28 April 2015. Only depositors whose names appear on the Record of Depositors as at 28 April 2015 shall be entitled to attend the 24th AGM or appoint proxies to attend and/or vote on their behalf.

PROXY FORM

TWENTY-FOURTH ANNUAL GENERAL MEETING



GAS
MALAYSIA

(Company No. : 240409-T)
(Incorporated in Malaysia)

Number of Ordinary Share(s) held	
CDS Account No.	

I/We, _____ NRIC No./Passport No./Company No. _____
(FULL NAME OF SHAREHOLDER IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a member/members of GAS MALAYSIA BERHAD, hereby appoint:

	Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy 1	_____	_____	_____	or failing him/her
Proxy 2	_____	_____	_____	or failing him/her

* the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company, to be held at the Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Thursday, 7 May 2015 at 3.00 p.m. and, at any adjournment thereof, on the following resolutions referred to in the notice of the Annual General Meeting:

(Please indicate "X" in the appropriate box against each Resolution as to how you wish your proxy/proxies to vote. If you do not do so, the proxy may vote or abstain from voting at his/her discretion.)

AGENDA

1	To receive the Audited Financial Statements and the Reports of the Directors and Auditors			
	Ordinary Business		For	Against
2	Declaration of Dividend	Ordinary Resolution 1		
3 (i)	Re-election of Director – Datuk Haji Hasni bin Harun	Ordinary Resolution 2		
3 (ii)	Re-election of Director – Encik Shazali bin Dato' Haji Shahrani	Ordinary Resolution 3		
3 (iii)	Re-election of Director – Datuk Puteh Rukiah binti Abd. Majid	Ordinary Resolution 4		
4	Re-appointment of Auditors	Ordinary Resolution 5		
	Special Business			
5	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 6		

* Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.

Dated this _____ day of _____ 2015.
Contact No. _____

Signature of Member and/or Common Seal

NOTES :

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Act, shall not apply.
2. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. Where there are two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5. The instrument appointing a proxy or corporate representative or the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 28 April 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

fold here

EXPLANATORY NOTES:

- A. Agenda item no.1 is meant for discussion only as the provisions of Section 169(1) of the Act, does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda will not be put forward for voting.
- B. The Ordinary Resolution 6, if passed, will benefit the Company by facilitating the Company and its subsidiaries ("the Group") to enter into transactions with Related Parties specified in Section 2.4 of the Circular to Shareholders dated 14 April 2015 in the ordinary course of the Group's business on commercial terms, in a timely manner and will enable the Group to continue to carry out recurrent related party transactions necessary for the Group's day-to-day operations.

fold here

Gas Malaysia Berhad
Annual General Meeting
7 May 2015

STAMP
HERE

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

fold here

www.gasmalaysia.com



A Member of the MMC Group



GAS MALAYSIA BERHAD

No.5 Jalan Serendah 26/17, Seksyen 26, Peti Surat 7901, 40732 Shah Alam, Selangor Darul Ehsan

Tel : 603 5192 3000 Fax : 603 5192 6766