



A Member of  MMC Group

**GAS MALAYSIA BERHAD** (240409-T)  
A Member of MMC Group

No. 5, Jalan Serendah 26/17  
Seksyen 26, Peti Surat 7901  
40732 Shah Alam  
Selangor Darul Ehsan  
MALAYSIA

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☎: 603-5192 6766

🌐: [www.gasmalaysia.com](http://www.gasmalaysia.com)

YEARS OF  
**SERVICE EXCELLENCE**



*Celebrating*

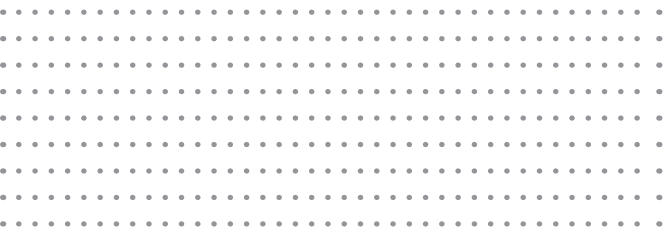


**Years**

Energising  
the Nation, **Naturally**

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Silver Jubilee 1992 - 2017





# 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



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	• PROXY FORM

NOTICE  
OF ANNUAL  
GENERAL  
MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Seventh Annual General Meeting of Gas Malaysia Berhad (“the Company”) will be held at the Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 10 May 2018 at 3.00 p.m. or any adjournment thereof, for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of the Directors and Auditors thereon. **(Refer Explanatory Note A)**
2. To declare a single-tier final dividend of 5.00 sen per ordinary share in respect of the financial year ended 31 December 2017. **(Ordinary Resolution 1)**  
**(Refer Explanatory Note B)**
3. To re-elect Encik Kamalbahrin bin Ahmad who retires in accordance with Article 95(1) of the Company's Articles of Association and who being eligible offers himself for re-election. **(Ordinary Resolution 2)**
4. To re-elect the following Directors who retire by rotation in accordance with Article 95(2) of the Company's Articles of Association and who being eligible offer themselves for re-election:
  - (i) Datuk Haji Hasni bin Harun **(Ordinary Resolution 3)**
  - (ii) Datuk Puteh Rukiah binti Abd. Majid **(Ordinary Resolution 4)**
5. To approve the payment of Directors' fees and any benefits payable to the Directors from 11 May 2018 to the next AGM of the Company of an amount up to RM2,000,000.00. **(Ordinary Resolution 5)**  
**(Refer Explanatory Note C)**
6. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

**AS SPECIAL BUSINESS**

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

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES** (Ordinary Resolution 7)

"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 11 April 2018, 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 340(2) of the Companies Act 2016 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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 and are 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."

**(Refer Explanatory Note D)**

#### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN** that a single-tier final dividend of 5.00 sen per ordinary share in respect of the financial year ended 31 December 2017, if approved by the shareholders at the Annual General Meeting, will be paid on 26 June 2018 to the shareholders whose name appear in the Record of Depositors of the Company at the close of business on 31 May 2018.

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 31 May 2018 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Yanti Irwani binti Abu Hassan (MACS 01349)  
Noor Raniz bin Mat Nor (MAICSA 7061903)  
Company Secretaries

Shah Alam, Selangor Darul Ehsan  
11 April 2018

#### NOTES:

1. In respect of deposited securities, only members whose names appear on the Record of Depositors on 4 May 2018 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
2. A member of the Company shall be entitled to appoint another person as his/her proxy to attend, participate, speak and vote at the meeting in his stead. A proxy need not be a member of the Company.
3. A member shall not be entitled to appoint more than two proxies. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. 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 or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. 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 seal or signed by an officer or attorney so authorised.
6. 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 no later than Wednesday, 9 May 2018 at 3.00 p.m.



**EXPLANATORY NOTES:**

- A. The Audited Financial Statements are laid in accordance with Section 340(1) of the Companies Act 2016 (“Act”) and does not require approval of shareholders. This item is meant for discussion only under the Agenda and hence, will not be put forward for voting.
- B. Pursuant to Section 131 of the Act, the distribution to the shareholders (Final Dividend) can only be made out of profits of the company available if the company is solvent.

The Board had on 15 March 2018 considered the amount of final dividend and decided to recommend the same for the shareholders’ approval.

The Directors of Gas Malaysia are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made on 26 June 2018 in accordance with the requirements under Section 132(2) and (3) of the Act.

- C. Section 230(1) of the Act provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders’ approval shall be sought at the 27th AGM on the Directors’ remuneration as follows:
  - Ordinary Resolution 5 on payment of Directors’ fees and any benefits payable to the Directors in respect of period commencing from 11 May 2018 to the next AGM of the Company tentatively to be held in May 2019.

In determining the estimated total amount of other benefits payable, the Board considered various factors including the number of scheduled and special meetings for the Board and Board Committees.

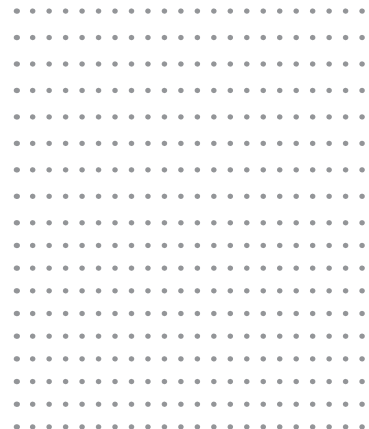
Payment of Directors’ fees and any benefits payable will be made by the Company on a monthly basis or as and when incurred. The Board is of the view that it is just and equitable for the Directors’ fees to be paid on monthly basis or as and when incurred, after the Directors have discharged their responsibilities and rendered their services to the Company.

Shareholders had approved the payment of Directors’ Fees and any benefits payable to the Directors for the period commencing 1 January 2017 to 2018 AGM of an amount up to RM2,210,000 at the 26th AGM of the Company which was held on 9 May 2017. The total Directors’ Fees and any benefits paid for the financial year 2017 was RM848,726 and RM703,605 respectively.

- D. Ordinary Resolution 7

Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate

The Ordinary Resolution 7, 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 11 April 2018 in the ordinary course of the Group’s business on normal 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.







# MEETING THE NATION'S ENERGY NEEDS



Gas Malaysia operates and maintains over 2,200 kilometres of gas pipeline across Peninsular Malaysia, ensuring reliable supply of gas to all our customers

ABOUT  
US



Gas Malaysia Berhad (“Gas Malaysia” or “the Group”) 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 within Peninsular Malaysia. We are licensed under the Gas Supply Act 1993 to supply and sell reticulated natural gas in Peninsular Malaysia. Successively, on 15 December 2000, we were granted the licence to supply and sell reticulated Liquefied Petroleum Gas (“LPG”).

Over the years, Gas Malaysia has progressed to providing industry leadership in meeting the nation's growing energy needs. As at 31 December 2017, Gas Malaysia operates and maintains 2,243 kilometres of gas pipeline across Peninsular Malaysia, supplying natural gas to 853 industrial customers, 1,017 commercial customers and 12,818 residential customers; and supplying LPG to 1,293 commercial and 22,902 residential customers. In total, our customer base stands at 38,883.

Our industrial customers contributes about 99.2% of the total gas volume sold. They represent a diverse range of industries that includes rubber products, food, beverage & tobacco, chemical products, fabricated and basic metals and glass products, among others.

Headquartered in Shah Alam, Gas Malaysia has three regional offices in Prai, Gebeng and Pasir Gudang, and eight branch offices in Kuala Lumpur, Shah Alam, Bangi, Putrajaya, Senawang, Kluang, Sri Manjung and Ayer Keroh. This is a testament to our continuous effort in providing service excellence to meet the growing needs and expectations of our varied customers.

Gas Malaysia has enhanced its commercial potential by diversifying into the non-regulated sphere of the gas distribution business. To date, Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Virtual Pipeline Sdn Bhd (formerly known as Gas Malaysia IEV Sdn Bhd) and Sime Darby Gas Malaysia BioCNG Sdn Bhd (SDGMBioCNG) have all commenced operations and are targeted to further expand their customer base, ensuring sustainable growth for the Group.

While our core business continues to drive Gas Malaysia's organic growth, the non-core business – CHP, Virtual Pipeline and BioCNG – shall continue to provide additional thrust to the Group's business growth.

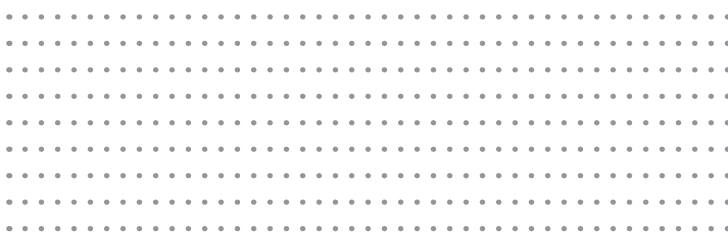
**853**  
INDUSTRIAL CUSTOMERS



**2,310**  
COMMERCIAL CUSTOMERS



**35,720**  
RESIDENTIAL CUSTOMERS



## CORPORATE MILESTONES

**30 MARCH**  
Signed the Joint Venture Agreement ("JVA") between MMC-Shapadu (Holdings) Sdn Bhd, Tokyo Gas – Mitsui & Co Holdings Sdn Bhd and Petroliam Nasional Berhad ("PETRONAS")

**16 MAY**  
Incorporated as a private company

**18 AUGUST**  
Signed the Gas Supply Agreement between PETRONAS as the seller and Gas Malaysia as the buyer for the supply of gas

**1 SEPTEMBER**  
Obtained the Gas Utility Licence

**1 FEBRUARY**  
Awarded the certificate for implementing Environmental Management System which complies with ISO 14001:1997 (upgraded to ISO 14001:2015)

**1 JUNE**  
Achieved two million man hours without lost time injury

**28 FEBRUARY**  
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 Gas Malaysia to its subsidiary, PETRONAS Gas Berhad, save for the Special Share retained by PETRONAS

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

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

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

1992

1997

1998

2003

2007

2009

2010



**19 AUGUST**  
Converted to a public company

**23 FEBRUARY**  
Signed the new Gas Supply Agreement with PETRONAS

**11 JUNE**  
Listed on the Main Board of Bursa Malaysia Securities Berhad

**26 NOVEMBER**  
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

**24 FEBRUARY**  
Signed the JVA with Tokyo Gas Engineering Solutions Corporations and IEV Energy Sdn Bhd to set up Gas Malaysia Energy Advance Sdn Bhd ("GMEA") and Gas Malaysia IEV Sdn Bhd ("GMIEV"), respectively

**8 MAY**  
Awarded the certification for implementing Information Security Management System by SIRIM which comply with ISO/IEC 27001:2007 (upgraded to ISO/IEC 27001:2013)

**25 AUGUST**  
Teamed up with Sime Darby Offshore Engineering Sdn Bhd to set up a joint venture company, Sime Darby Gas Malaysia BioCNG Sdn Bhd ("SDGMBioCNG")

**7 DECEMBER**  
Signed the Memorandum of Understanding with Sabah Energy Corporation to explore the opportunities in harnessing and distributing BioCNG in Sabah

**10 JULY**  
SDGMBioCNG started supplying BioCNG to its first customer

**24 OCTOBER**  
GMIEV started supplying CNG to its first customer

**20 JANUARY**  
GMEA commenced operations with its first customer in Prai

**7 NOVEMBER**  
Joint Venture Agreement between Gas Malaysia Venture 1 Sdn Bhd and Sime Darby Offshore Engineering Sdn Bhd to undertake another business of Combined Heat and Power (CHP) System to industries in Malaysia

**21 NOVEMBER**  
The incorporation of Gas Malaysia Distribution Sdn Bhd and Gas Malaysia Energy and Services Sdn Bhd

2011

2012

2014

2015

2016

2017

## SUPPLIED AREAS

### NORTHERN REGION

**PERLIS**

Arau  
Chuping

**KEDAH**

Kulim  
Kuala Ketil  
Kuala Nerang

**PENANG**

Bukit Minyak  
Mak Mandin  
Nibong Tebal  
Prai  
Simpang Ampat

**PERAK**

Kamunting  
Lumut  
Parit Buntar  
Sitiawan

### CENTRAL REGION

**NEGERI SEMBILAN**

Enstek  
Nilai  
Senawang  
Sendayan  
Seremban 2

**SELANGOR**

Balakong  
Bandar Sultan  
Sulaiman  
Bangi  
Batu Caves  
Banting  
Beranang  
Bestari Jaya  
Cyberjaya  
Damansara  
Dengkil  
Ijok  
Jeram

Kajang  
Kapar  
Kelana Jaya  
Klang  
KLIA  
Kundang  
Meru  
North Port  
Pandamaran  
Petaling Jaya  
Puchong  
Pulau Indah  
Rawang  
Salak Tinggi  
Selayang  
Semenyih

Sepang  
Serdang  
Seri Kembangan  
Shah Alam  
Subang  
Sungai Buloh  
Teluk Panglima  
Garang

Federal Territory  
Of Kuala Lumpur

Federal Territory  
Of Putrajaya



SERI MANJUNG



SHAH ALAM  
KUALA LUMPUR

BANGI  
PUTRAJAYA

SENAWANG

AYER KEROH

**EASTERN REGION**

**PAHANG**

Gebeng  
Kuantan Port

**TERENGGANU**

Kerteh  
Teluk Kalong

**SOUTHERN REGION**

**MELAKA**

Alor Gajah  
Ayer Keroh  
Batu Berendam  
Bukit Rambai  
Cheng  
Lipat Kajang  
Pegoh  
Tangga Batu

**JOHOR**

Ayer Hitam  
Kluang  
Kulai  
Larkin  
Masai  
Pasir Gudang  
Permas Jaya  
Plentong  
Senai  
Tampoi  
Tanjung Langsat  
Tebrau  
Yong Peng

GEBENG

KLUANG

PASIR  
GUDANG

HEADQUARTERS

REGIONAL  
OFFICE

BRANCH  
OFFICE

**CORPORATE  
INFORMATION**

**BOARD OF DIRECTORS**

**DATUK HAJI HASNI BIN HARUN**

Chairman

Non-Independent Non-Executive Director

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

Non-Independent Non-Executive Director

**SHIGERU MURAKI**

Non-Independent Non-Executive Director

**KAMALBAHRIN BIN AHMAD**

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

**SATOSHI HONJO**

Alternate Director to Shigeru Muraki

Non-Independent Non-Executive Director

**AKIRA INUKAI**

Alternate Director to Shigeru Muraki

Non-Independent Non-Executive Director

**SHARIZA SHARIS BINTI MOHD YUSOF**

Alternate Director to Kamalbahrin bin Ahmad

Non-Independent Non-Executive Director

**AUDIT COMMITTEE**

**TAN LYE CHONG**

Chairman

**DATUK PUTEH RUKIAH**

**BINTI ABD. MAJID**

**DATUK OOI TEIK HUAT**

**NOMINATION & REMUNERATION  
COMMITTEE**

**DATUK HAJI HASNI BIN HARUN**

Chairman

**DATUK PUTEH RUKIAH**

**BINTI ABD. MAJID**

**DATUK SYED ABU BAKAR**

**BIN S MOHSIN ALMOHDZAR**

**RISK & COMPLIANCE COMMITTEE**

**SHIGERU MURAKI**

Chairman

**DATUK SYED ABU BAKAR**

**BIN S MOHSIN ALMOHDZAR**

**KAMALBAHRIN BIN AHMAD**



#### CHIEF EXECUTIVE OFFICER

AHMAD HASHIMI BIN ABDUL MANAP

#### COMPANY SECRETARIES

YANTI IRWANI BINTI ABU HASSAN  
(MACS 01349)

NOOR RANIZ BIN MAT NOR  
(MAICSA 7061903)

#### INVESTOR RELATIONS

ZULKIFLI BIN MAWARDI  
Email address:  
investor@gasmalaysia.com

#### REGISTERED OFFICE & HEAD 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 address:  
www.gasmalaysia.com  
Email address:  
enquiries@gasmalaysia.com

#### SHARE REGISTRAR & 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  
Helpdesk Tel : (603) 7849 0777  
Fax : (603) 7841 8151/52  
Email address :  
ssr.helpdesk@symphony.com.my

#### AUDITORS AND REPORTING ACCOUNTANTS

PricewaterhouseCoopers PLT  
Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
50706 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia  
Tel : (603) 2173 1188  
Fax : (603) 2173 1288

#### PRINCIPAL BANKERS

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

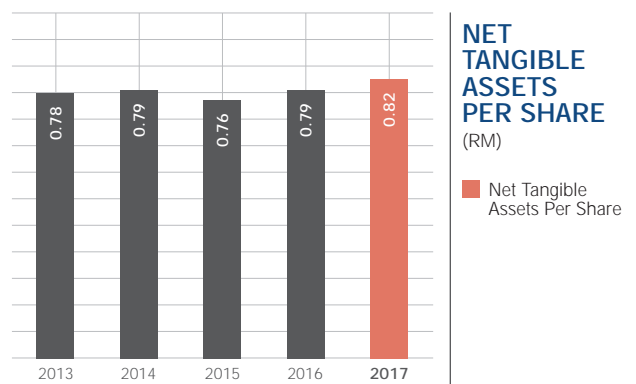
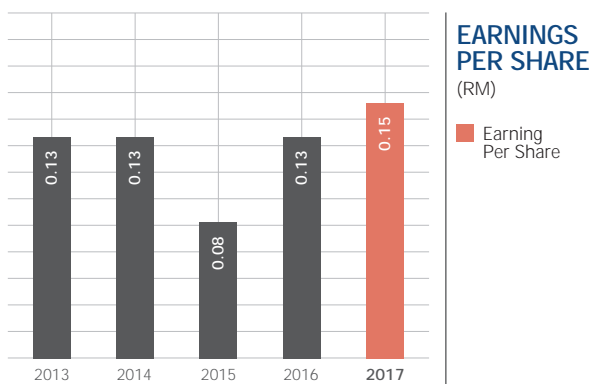
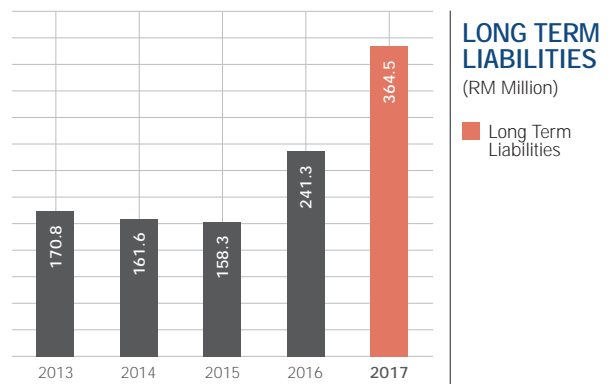
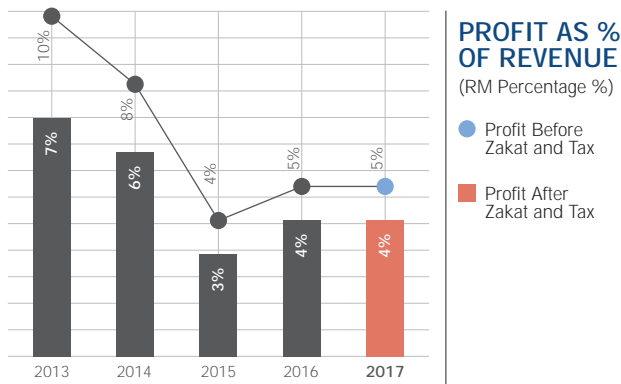
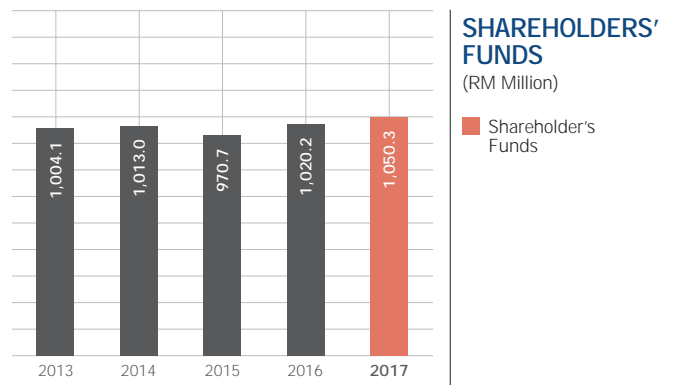
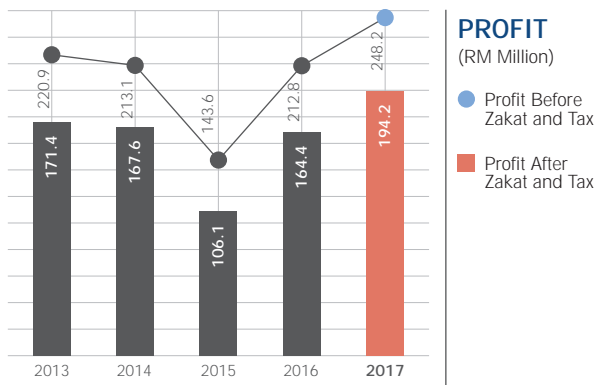
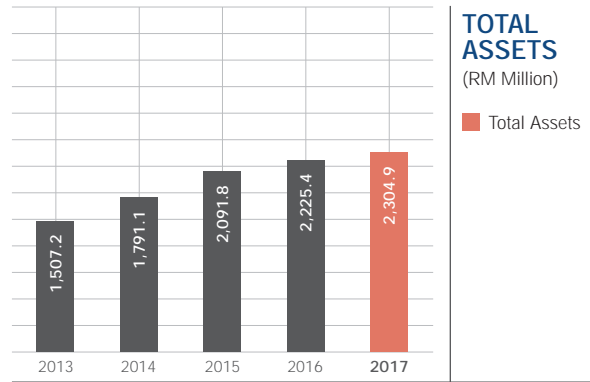
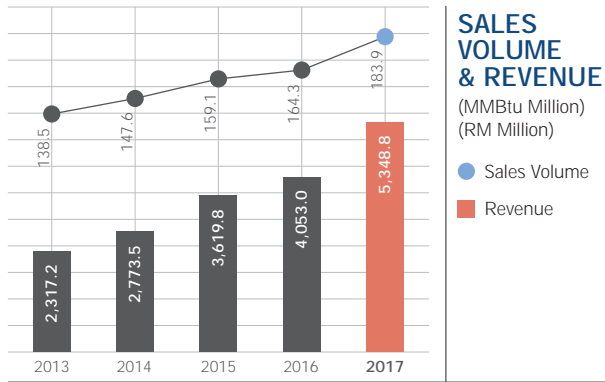
#### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
(Main Market)  
Listed since 11 June 2012  
Stock Name : GASMSIA  
Stock Code : 5209

## FIVE-YEAR FINANCIAL SUMMARY

	2013	2014	2015	2016	2017
Sales Volume (MMBtu Million)	138.5	147.6	159.1	164.3	183.9
<b>KEY OPERATING RESULTS (RM Million)</b>					
Revenue	2,317.2	2,773.5	3,619.8	4,053.0	5,348.8
Profit before Zakat and Tax	220.9	213.1	143.6	212.8	248.2
Profit after Zakat and Tax	171.4	167.6	106.1	164.4	194.2
Profit after Zakat, Tax and Minority Interests	171.4	167.6	106.2	165.1	194.6
<b>PROFIT AS % OF REVENUE</b>					
Profit before Zakat and Tax ("PBZT")	10%	8%	4%	5%	5%
Profit after Zakat and Tax ("PAZT")	7%	6%	3%	4%	4%
<b>KEY FINANCIAL POSITION DATA (RM Million)</b>					
Total Assets	1,507.2	1,791.1	2,091.8	2,225.4	2,304.9
Shareholders' Funds	1,004.1	1,013.0	970.7	1,020.2	1,050.3
Total Liabilities	503.2	778.1	1,119.9	1,204.8	1,254.6
Paid-up Capital	642.0	642.0	642.0	642.0	642.0
<b>KEY FINANCIAL RATIOS</b>					
Revenue per Employee (RM Million)	6.019	6.899	8.026	8.773	10.983
PBZT per Employee (RM Million)	0.574	0.530	0.318	0.461	0.510
PAZT per Employee (RM Million)	0.445	0.417	0.235	0.356	0.399
Earnings per Share (RM)	0.13	0.13	0.08	0.13	0.15
Net Tangible Assets per Share (RM)	0.78	0.79	0.76	0.79	0.82
<b>HUMAN RESOURCE</b>					
Number of Employees	385	402	451	462	487





## INVESTOR RELATIONS

### ANNOUNCEMENTS OF QUARTERLY RESULTS



### DIVIDENDS

	Quantum (sen)	Entitlement Date	Payment Date
First Interim	4.00	18 September 2017	6 October 2017
Second Interim	4.00	6 March 2018	27 March 2018
Final Dividend	5.00*	31 May 2018	26 June 2018

\* Subject to shareholders' approval of Ordinary Resolution 1 at the 27<sup>th</sup> Annual General Meeting on 10 May 2018.

### ANNUAL GENERAL MEETING

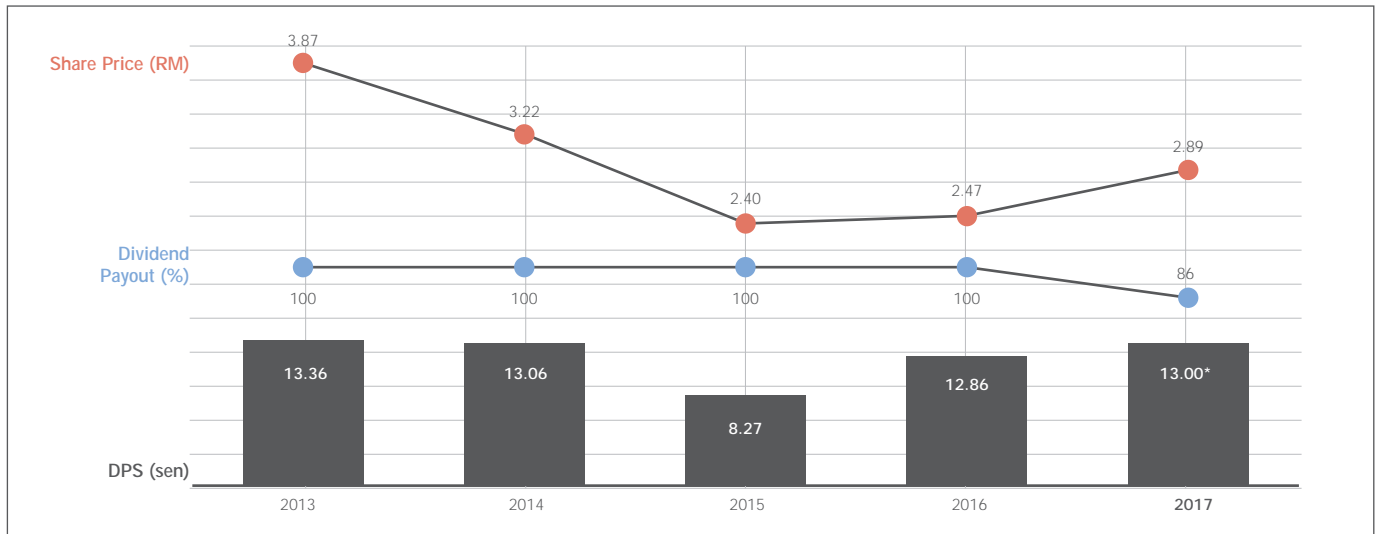
27 <sup>th</sup> AGM
10 May 2018

GB MK MYR ↑ 2.90 -0.03  
At 11:52 d Vol 45,000 K2.90 / 2.92K 32500x5700  
99 Compare 0 2.87K H 2.90K L 2.87K Val 129,600  
90 Actions 97 Edit Mov Avg Convergence/Divergence  
Study Last Price MYR Mov Avgs Key Events  
Period 1 Period 2 26 Signal 9 MACD 2  
3D 3D 2M 6M YTD 1Y 5Y Max Daily Table Chart Content



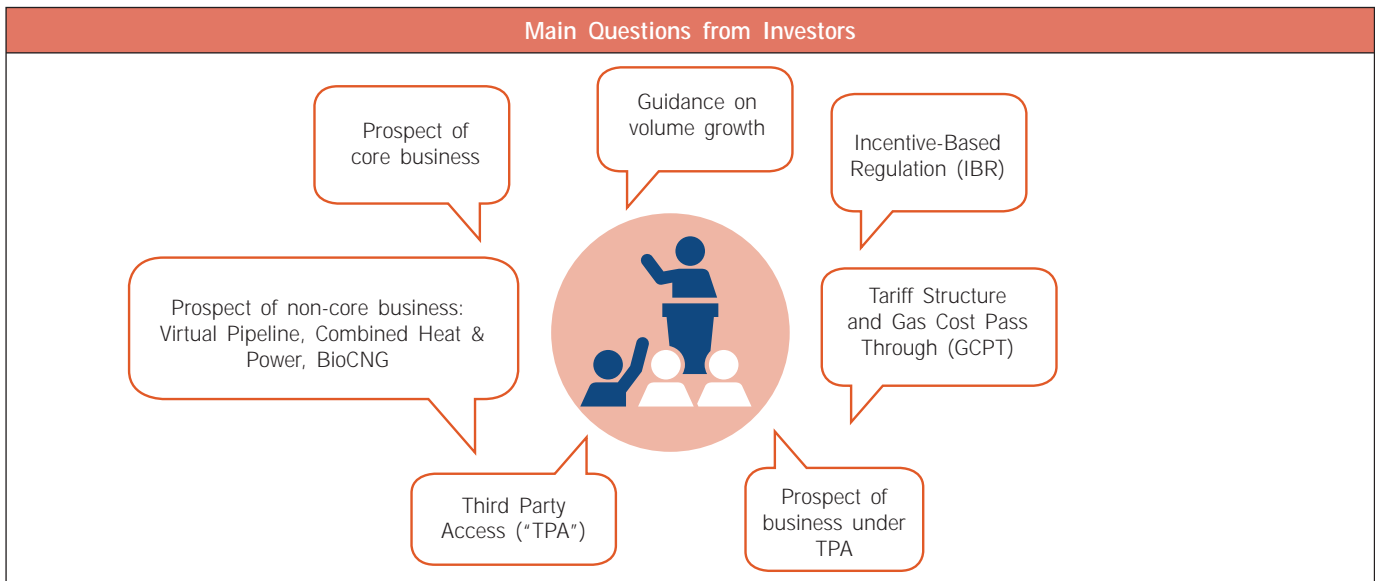
Functions for the Market: Actionable insights & function knowledge. FFM!

**HISTORICAL SHARE PRICE AND DIVIDEND**



\* Subject to shareholders' approval of Ordinary Resolution 1 at the 27<sup>th</sup> Annual General Meeting on 10 May 2018.

**COMMUNICATING WITH INVESTORS**



## ENGAGEMENT ACTIVITIES IN 2017

**Plant Visit**

Visit to GMEA's  
CHP plant in Prai

**Group Meetings****In-house Meetings****One-on-one Meetings****Analysts:**

- Affin Hwang Investment Bank
- BIMB Securities
- CIMB Research
- CLSA Securities
- DBS Vickers Securities
- Hong Leong Investment Bank
- HSBC Global Research
- KAF Research
- Kenanga Investment Bank
- Maybank Investment Bank
- MIDF Amanah Investment Bank
- Nomura Securities
- TA Securities
- UOB Kay Hian

**Fund Managers:**

- |                                    |                                  |
|------------------------------------|----------------------------------|
| • AmanahRaya Investment Management | • Kumpulan Wang Persaraan (KWAP) |
| • AIIIMAN Asset Management         | • Lembaga Tabung Haji            |
| • CIMB Principal                   | • Maybank Asset Management       |
| • Eastspring Investment            | • Pacific Mutual Fund            |
| • Employee Provident Fund          | • Permodalan Nasional Berhad     |
| • Etiqa Insurance and Takaful      | • Public Mutual                  |
| • Hong Leong Asset Management      |                                  |
| • Hong Leong Assurance             |                                  |

**ANALYST COVERAGE**

As at 31 December 2017, there were 10 research houses that provided active coverage on Gas Malaysia. The summary of the coverage is as follows:

	Broker/Analysts	Recommendation	Target Price (RM)
1	Affin Hwang Investment Bank	Hold	2.89
2	BIMB Securities	Buy	3.40
3	CIMB Research	Hold	2.99
4	CLSA Securities	Buy	3.45
5	DBS Vickers Securities	Hold	2.90
6	Kenanga Investment Bank	Buy	3.18
7	Macquarie Research	Hold	2.80
8	Maybank Investment Bank	Hold	3.00
9	MIDF Amanah Investment Bank	Buy	3.50
10	UOB Kay Hian	Hold	2.90

Source: Bloomberg

**SHARE PERFORMANCE**

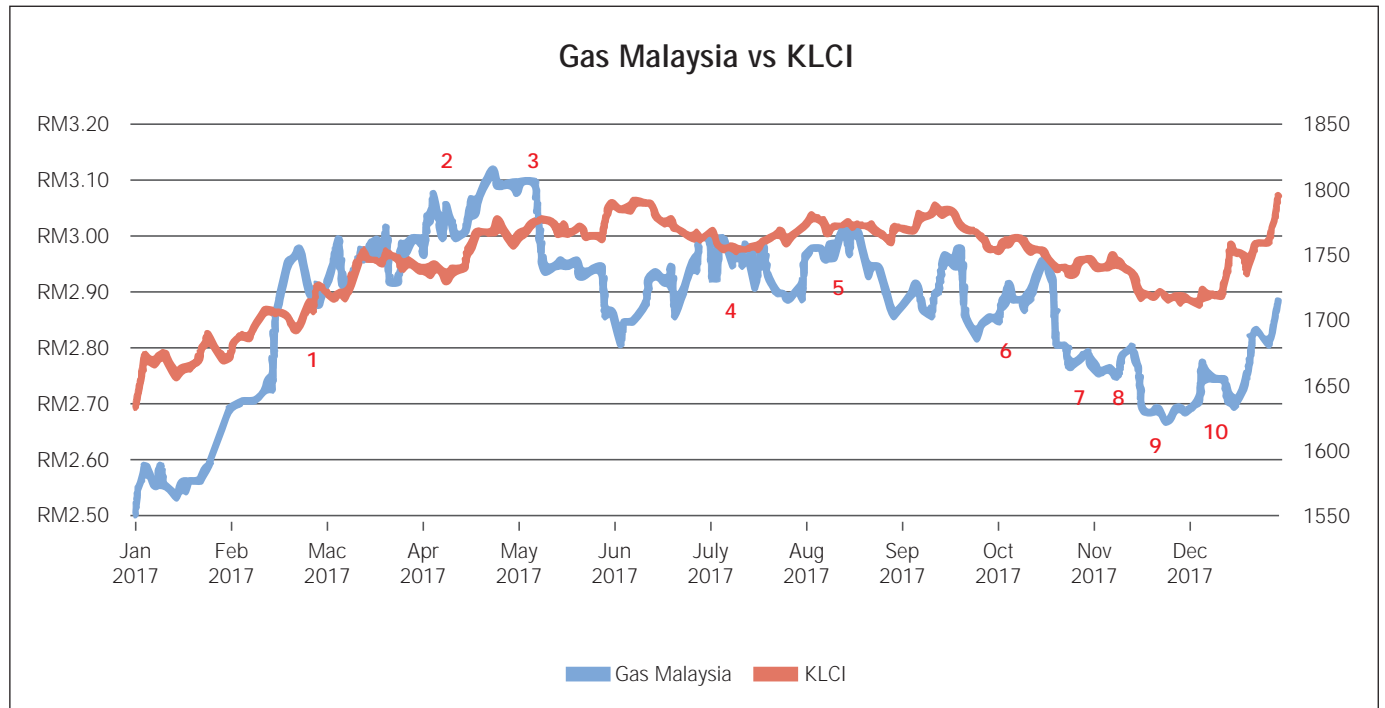
Opened Trading on 3 Jan 2017	Closed The Year on 29 Dec 2017	Low on 3 Jan 2017	High on 28 April 2017
RM2.51	RM2.89	RM2.51	RM3.12

Source: Bloomberg

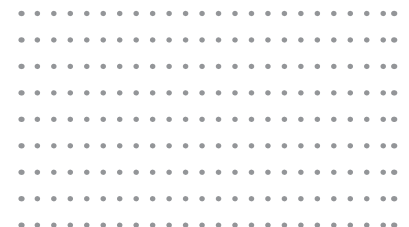




Some significant events throughout 2017 and Gas Malaysia's share performance are indicated as follows:



	Date	Significant Events
1	16 Feb 2017	4Q16 Consolidated Results
2	13 Apr 2017	FY2016 Final Dividend
3	9 May 2017	1Q17 Consolidated Results
4	14 July 2017	Natural Gas Tariff revision for Non-Power sector
5	10 Aug 2017	2Q17 Consolidated Results
6	3 Oct 2017	Internal Re-organisation of Group Structure
7	9 Nov 2017	Joint Venture agreement between Gas Malaysia Venture 1 & Sime Darby Offshore Engineering Sdn Bhd
8	9 Nov 2017	3Q17 Consolidated Results
9	21 Nov 2017	Incorporation of Gas Malaysia Distribution Sdn Bhd & Gas Malaysia Energy and Services Sdn Bhd
10	29 Nov 2017	Natural Gas Tariff revision for Non-Power sector



IN THE MEDIA

**Gas Malaysia  
Untung meningkat**

Gas Malaysia Bhd mencatatkan keuntungan sebelum zakat dan cukai RM45.2 juta bagi suku pertama berakhir 31 Mac 2017, naik 13.9 peratus berbanding RM39.7 juta pada tempoh sama tahun sebelumnya.

Dalam makluman kepada Bursa Malaysia, ia menyatakan peningkatan itu disebabkan keuntungan kasar lebih tinggi. Pendapatan kumpulan turut meningkat 23.5 peratus kepada RM1,187.0 juta.

**BERNAMA**

**Gas Malaysia sets aside RM500m**

**KUALA LUMPUR:** Gas Malaysia Bhd is allocating RM500 million in capital expenditure (capex) this year to extend its natural gas distribution system network in the next three years.

Chief executive officer Ahmad Hashimi Abdul Manap said this was in line with the company's goal of achieving higher sales volume growth.

An additional RM1 million in capex would be allocated after five years as he is optimistic that the natural gas industry outlook will continue to remain bright.

"We believe the picture of the natural gas industry was good, even though we have had a very challenging year, but for this year we still registered a volume

growth of 3.3 per cent, so given a better situation I believe the volume would grow bigger," he said, here, yesterday.

This year, Ahmad Hashimi expects a volume growth of 3.4 to 4.0 per cent, higher than last year's 3.26 per cent.

"More and more customers and industry players are using gas. Gas is not just cheap but a good alternative fuel which is environmentally-friendly, safe and clean," he said.

Ahmad Hashimi said the company plans to continue its public-private partnership concept,

similar to the RM180 million Kinta Valley natural gas distribution pipeline project in Perak, Negeri Sembilan, Kedah and Perlis.

To date, he said the company has extended its gas distribution network to 2,186km, servicing more areas while maintaining its 99 per cent reliability.

Ahmad Hashimi said the company's new venture in the areas of combined heat and power, virtual pipeline and bio compressed natural gas will also start contributing positively to the company's revenue. **Myriad Razid**



Ahmad Hashimi Abdul Manap

**Gas price hike in 2018**

Glovmakers, F&B sector among businesses to be hit by higher gas charges

By R. RAJIA  
rajia@bernama.com.my

**SEYALING JAYA:** The price of gas used for cooking and fuel by the industrial and commercial sectors will be increased next year, reflecting the higher price of natural gas in the international market.

This will be the first gas tariff hike since July 2016.

The increase in the effective tariff rate is significant, at an average of RM4.47 per million litres thermal unit (mmtu) or 19%, as it includes a surcharge under the new gas cost pass-through (GCPT) mechanism.

Affecting the sectors that will be heavily impacted is the rubber glove industry, which is set to see costs increase by an average of US\$0.30 to US\$0.75 per 1,000 pieces of gloves, depending on the type of gloves and efficiency of the factories.

The Malaysian Rubber Glove Manufacturers Association told StarBiz that Malaysian glove-makers were within the category of low-cost areas, currently paying RM20.11 per mmtu, and would be subject to a 14.2% increase following the tariff hike.



**Tariff up:** Contract workers patching on a gas pipe at the Kluang Porton natural gas station. From next year, the effective gas tariff rate will be increased by an average of 19%. — Bernama

Gas Malaysia announced yesterday that the government had approved, via a letter from the Energy Commission dated May 25, the revision of the natural gas tariff for the non-govt sector in Peninsular Malaysia from Jan 1 to June 30, 2018.

It told the stock exchange that the government had provided the incentive-based regulation (IBR) framework which set the base tariff for a regulatory period of three years from January 2017 and allows changes in the gas costs to be passed through via the GCPT mechanism every six months.

The average natural gas base tariff was set at RM30.96 per mmtu for the period beginning January to

June 2018.

In addition to this, under the GCPT mechanism, a surcharge of RM1.52 per mmtu will apply to all tariff categories due to the higher indexed natural gas price against the reference price at the base tariff during this period, the group said.

This translates to an average effective tariff of RM32.52 per mmtu across all categories, which also includes gas for residential use.

Although there had been a 2% increase in average base tariff for the period from July 1 to Dec 31, 2017, a government subsidy had resulted in lower effective tariff rates for all tariff categories for the period.

The Glaxo Corp. that oversees chairman Tan Sri Lim Wee Chai told

further that its gas costs would increase by 23% following the tariff hike.

He said it planned to appeal to the government to not increase tariff rates so significantly at this juncture. Lim suggested that the increase should instead be done in two steps, 10% of the increase in January and 50% in July 2018.

"For now, we may have to explore working with our customers to share this cost."

"In doing this, we will also factor in currency exchange and the downward trend in raw material prices."

"However, we believe that our internal improvement initiatives,

» TURN TO PAGE 2

**MALAYSIA REVISES TARIFFS**

Higher liquefied natural gas prices as reason for increase



**KUALA LUMPUR:** The price of gas used for cooking and fuel by the industrial and commercial sectors will be increased next year, reflecting the higher price of natural gas in the international market.

This will be the first gas tariff hike since July 2016.

The increase in the effective tariff rate is significant, at an average of RM4.47 per million litres thermal unit (mmtu) or 19%, as it includes a surcharge under the new gas cost pass-through (GCPT) mechanism.

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The Malaysian Rubber Glove Manufacturers Association told StarBiz that Malaysian glove-makers were within the category of low-cost areas, currently paying RM20.11 per mmtu, and would be subject to a 14.2% increase following the tariff hike.

**GLAXO:** The price of gas used for cooking and fuel by the industrial and commercial sectors will be increased next year, reflecting the higher price of natural gas in the international market.

This will be the first gas tariff hike since July 2016.

The increase in the effective tariff rate is significant, at an average of RM4.47 per million litres thermal unit (mmtu) or 19%, as it includes a surcharge under the new gas cost pass-through (GCPT) mechanism.

Affecting the sectors that will be heavily impacted is the rubber glove industry, which is set to see costs increase by an average of US\$0.30 to US\$0.75 per 1,000 pieces of gloves, depending on the type of gloves and efficiency of the factories.

While the tariff would increase gas costs, the company said it planned to appeal to the government to not increase tariff rates so significantly at this juncture.

**GET READY TO GO PLACES**

## Gas Malaysia earnings not affected by base tariff

► GAS MALAYSIA BHD				
FY5 DEC	FY15A	FY16E	FY17E	FY18E
REVENUE (RM mil)	3,039	4,172	4,923	5,398
CORE NET PROFIT (RM mil)	106	344	455	366
CORE EPS (sen)	8.3	11.2	12.1	12.9
CORE PE (x)	31.4	23.1	21.5	20.1

**► Recommendation:**  
**Buy**  
**TARGET Price:** RM3 by Maybank Investment Bank Bhd (Jan 9)

**Highlights**  
OUR analysis of Gas Malaysia Bhd's (GMB) recently

not been disclosed. Assuming: 1) Spread of RM180/mmBtu (same per our estimate for 2016); 2) 4% volume compound annual growth rate; and 3) subsidised gas cost continues to be raised by RM1.50/mmBtu every six months, we estimate the liquefied natural gas (LNG) reference cost at c.RM30/mmBtu in 2017 and c.RM34/mmBtu in 2018. A lower set of reference LNG cost would pose upside risk to our earnings forecasts.

Profitability seemingly intact. Our derived LNG reference cost (based on a RM1.80/mmBtu spread) is higher than GMB's current cost (below RM30/mmBtu in 3Q16). This suggests our spread assumption is not aggressive, which in turn implies that the transition from the trial year (2016) to the first regulatory period of the IRR has not adversely affected GMB's profitability.

The validation of our view through upcoming results released would remove a significant overhang, thus possibly triggering a rerating of the stock. Reiterate 'Buy'. We believe IRR has elevated GMB's earnings. In addition, GMB would report base earnings going forward, thus reducing earnings volatility on a quarterly basis. Our forecasts and TP are unchanged. We value GMB's 11 Core Assets on a DCF assumption

(through upcoming results released) would remove a significant overhang, thus possibly triggering a rerating of the stock.

We value GMB's 11 Core Assets on a DCF assumption

### CorporateBrief

## Gas Malaysia to diversify into energy sector

GAS Malaysia Bhd's wholly owned unit, Gas Malaysia Venture 1 Sdn Bhd (GMV1), has entered into a joint-venture (JV) agreement with Sime Darby Offshore Engineering Sdn Bhd (SDOE) to undertake the utilities precision business through combined heat and power (CHP) to industries in Malaysia.

The JV involves providing electricity, steam, chilled water, hot water, hot air and/

tomers through CHP, by way of designing, constructing, installing, commissioning and operating CHP at each customer's premises.

GMV1 and SDOE will hold 70% and 30% respectively in the JV company, which will have an initial issued and paid-up capital of RM5 million.

Gas Malaysia told Bursa Malaysia yesterday the JV will diversify its business from gas distribution into the energy

period of the regulation could remove a risk on the stock, triggering a 'buy' with an 3TP

costs not disclosed. GMB had a base tariff in 2016. To date, gas costs (for steel) have still

not been disclosed.

## Gas Malaysia partners Sime Darby in new energy venture

BY SANGEETHA AMARHALINGAM

KUALA LUMPUR: Gas Malaysia Bhd and Sime Darby Bhd are partnering to set up a joint-venture (JV) company to provide electricity, steam, chilled water, hot water, hot air and/ or any other utilities to customers.

The partnership would diversify Gas Malaysia's business from gas distribution to the energy business in the future, Gas Malaysia said in

a Bursa Malaysia filing yesterday. Gas Malaysia said the provision of services under the JV would be through a combined heat and power (CHP) system to industries in Malaysia.

"The JV is in line with the group's overall strategy of maintaining its key position to be an innovative value-added energy solution provider," it added. Gas Malaysia said the JV is formed between its wholly-owned

subsidiary Gas Malaysia Venture 1 Sdn Bhd (GMV1) and Sime Darby's indirect wholly-owned unit Sime Darby Offshore Engineering Sdn Bhd on a 70:30 ratio respectively.

The JV is also expected to design,

## Gas Malaysia earnings seen to improve in coming quarters

Gas Malaysia Bhd (May 11, 2016) has a higher target price (TP) of RM2.96 Gas Malaysia Bhd's share price of RM2.96 on 2017 (QFY17) not profit expanded. 18% year-on-year (y-o-y) to RM34 million, due mainly to write back of intangible impairment and higher sales volume. It wrote back RM1 million of impairment on trade receivables in 3QFY17 against a charge of RM6.5 million in 1QFY16. Its gross profit margin of 4.7% is in line with our estimate of 4.5% given its sales volume in the quarter.

We expect Gas Malaysia earnings to improve in the coming quarters, driven mainly by seasonally higher sales volume. On top of that, its other revenue streams, such as selling fees and sales of liquefied petroleum gas, should also improve in the coming months due to seasonality.

While its sales volume causes fluctuations in quarterly earnings, Gas Malaysia's longer-term earnings are driven by its core assets. The latter are

intrinsic-based regulators (IBR) framework, its pipeline earnings are a function of rate of return allowed and the size of the assets (regulatory capital value). The company has to date committed to a total of RM700 million (equivalent to 20% of its property, plant, equipment book value) for capital expenditure. This should raise its asset size and increase the absolute profit under the IBR framework.

Despite the seemingly stable earnings outlook, its earnings profile may change in 2018 once the third party system (TPA) is implemented. Currently, Gas Malaysia is the owner of its pipeline assets and the sole gas distributor to users that consume less than five million standard cu ft per day of gas. Its regulatory capital includes both the book value of its pipeline assets as well as an occupancy cost of working capital required for its distribution business.

After the TPA is implemented, Gas Malaysia's distribution business will be

the company's distribution business could cease to be regulated by the IBR. As such, its regulatory capital should decline as the working capital that belongs to the distribution business will be separated from the pipeline assets, which should lower its regulatory earnings. However, the distribution business will be a new source of earnings for the company, so this could offset the decline in regulatory earnings.

The gas distribution business will face competition eventually due to new entrants. In the long term, the stock's price average (P/A) could decline as Gas Malaysia currently holds the monopoly. In the short term, however, we think the risk of a P/A decline is low because the company will still be the sole gas distributor to its existing customers in the near future. This is the reason for us to retain our 'hold' call. The key upside/downside risk to our 'hold' call is higher/lower than expected earnings after the TPA implementation.

—PRIMA Research, 14 Jan 17

## Harga gas lebih tinggi tahun depan

KUALA LUMPUR 29 Nov. - Pengguna di Semenanjung akan membayar harga gas asli lebih tinggi bagi tempoh 1 Januari hingga 30 Jun 2018 setelah mendapat kelulusan daripada Suruhanjaya Tenaga (ST).

Menurut Gas Malaysia Bhd. (Gas Malaysia), tarif asas bagi tempoh tersebut meningkat kepada RM22.30 untuk setiap juta unit termal British (MMBtu) berbanding RM20.23 sebelum itu.

Katanya, tarif efektif selepas mekanisme kos gas untuk dilepaskan (GCPT) akan menjadi RM23.92. "Purata tarif asas gas asli ditetapkan pada RM30.90 untuk setiap MMBtu bagi tempoh bermula Januari hingga Jun depan seperti diumumkan Gas Malaysia pada 28 Disember 2016.

"Di bawah mekanisme GCPT pula, bayaran tambahan RM1.62 untuk setiap MMBtu akan digunakan pakai kepada semua tarif kategori berikutan peningkatan harga LNG berbanding harga rujukan bagi tarif asas dalam tempoh berkenaan," katanya dalam makluman kepada Bursa Malaysia di sini hari ini.

Kerajaan memberi kelulusan kenaikan tersebut dalam surat memorasi SE bertarikh 28 November 2017 bagi membolehkan Gas Malaysia melaksanakan semakan tarif gas asli bagi sektor bukan tenaga.

Pada 28 Disember lalu, Gas Malaysia mendapat kelulusan kerajaan untuk menyenak semula tarif gas asli bagi sektor bukan tenaga di Semenanjung bermula 1 Januari 2017 hingga 31

Disember 2019. Tarif asas purata pada 2019 akan diluluskan ialah RM32.69 MMBtu untuk enam bulan pertama dan RM32.74 bagi enam bulan berikutnya.

Gas Malaysia memberitahu, kerajaan telah menetapkan rangka kerja Peraturan Berasaskan Kerja Insentif (IBR) yang menetapkan Tarif Asas untuk Tempoh Pengawalselatan selama tiga tahun mulai Januari 2017 dan membenarkan perubahan dalam kos gas yang akan melalui mekanisme GCPT setiap enam bulan.

Katanya, walaupun semakan tarif itu tidak memberi kesan kepada operasi perniagaan tetapi ia dijangka menyumbang secara positif kepada kedudukan kewangan syarikat bagi tahun kewangan berakhir 31 Disember 2018.







# GROWING OPPORTUNITIES



Our commitment to timely completion of pipeline construction has helped us deliver gas as planned, hence supporting the increase in gas consumption from existing and new customers

**CHAIRMAN'S  
STATEMENT**



**DEAR SHAREHOLDERS,**

Economic growth rebounded this year, driven by the recovery in commodities prices, turnaround in external demand and improvement in business climate and sentiment. Gross Domestic Product (GDP) grew stronger at 5.9%, compared to just 4.2% in the preceding year. Higher growth in manufacturing activities was also recorded, leading to higher demand for gas.

Your Company successfully capitalised on the improved macro-economic landscape, registering commendable business performance, not only meeting but exceeding internal expectations, both operationally and financially.

**KEY ACHIEVEMENTS**

Gas Malaysia Berhad ("Gas Malaysia" or "the Group") has built more gas pipeline to reach out to larger areas and support wider customer base. By adding another 57 kilometres of pipeline to the Natural Gas Distribution System ("NGDS") network, we extended the gas distribution infrastructure to 2,243 kilometres. With the enhanced infrastructure, we further strengthened the core business, successfully delivering stable supply of natural gas and Liquefied Petroleum Gas ("LPG") to more homes, commercial businesses and industries in Peninsular Malaysia. In 2017, we grew the total customer base to 38,883.



The non-core business, namely Virtual Pipeline, Combined Heat & Power ("CHP") and Bio Compressed Natural Gas ("BioCNG"), have all been commissioned: from its mother station in Gebeng, Kuantan, Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP") delivered approximately 45,000 MMBtu of CNG to its customer in Pekan; Gas Malaysia Energy Advance Sdn Bhd ("GMEA") successfully commissioned its first CHP plant for a major manufacturing company in Prai, which consumed about 3.14 million MMBtu of natural gas; and from the mill operation in Sungai Tenggi, Sime Darby Gas Malaysia BioCNG Sdn Bhd ("SDGMBioCNG") delivered around 15,000 MMBtu of BioCNG to its customer in Rawang.

Regulatory-wise, we have succeeded in implementing the first regulatory period ("RP1") of the Incentive-Based Regulation ("IBR") framework, having established and streamlined the Gas Cost Pass Through ("GCPT") mechanism and procedures with the Suruhanjaya Tenaga (ST). This showed how agile we were in transitioning our business model to adapt to the changing regulatory requirement.

## FINANCIAL HIGHLIGHTS

I am pleased to announce that Gas Malaysia turned in a commendable financial performance on the back of strong demand. Volume of gas sold grew by 11.9% to 183.90 million MMBtu compared to 164.26 million MMBtu in the previous year. Our commitment to timely completion of pipeline construction has helped us deliver gas as planned, hence supporting the increase in gas consumption from existing and new customers from the industrial sector, as well as those from the commercial and residential sectors.

On the back of strong volume growth and given the implementation of two natural gas tariff revisions (RM26.71/MMBtu in January and RM28.05/MMBtu in July), the Group registered a stellar revenue. At 32.1% growth, we recorded RM5.35 billion in revenue, increasing from RM4.05 billion last year. Adjusting for costs, expenses, other income and taxation, Profit after Zakat, Tax and Minority Interest ("PAZTMI") came in at RM194.64 million, which was 17.9% increase from RM165.14 million achieved in the previous year.



57 KILOMETRES OF GAS PIPELINE ADDED TO THE NGDS NETWORK IN 2017



VOLUME OF GAS SOLD GREW BY 11.9%



32.1% REVENUE GROWTH



17.9% INCREASE IN PAZTMI



Our effort in providing healthy and conducive working environment for our staff – our greatest asset – led us to initiate a health programme for all staff to undergo health screenings at panel hospitals. We understand that the staff may find themselves absorbed in daily responsibilities and caught up with occupational stress. Very few perhaps take the time to look after themselves. If left unchecked, this could lead to serious health issues that could affect not only their performance at work but also their personal lives.

In addition to ensuring healthy and conducive working environment, we also strived to create harmonious working environment for our personnel. To this end, we rolled out teambuilding programmes to foster teamwork spirit amongst the staff, emphasizing clear understanding of one's role in the Group. It is hoped that the programmes will help our staff resolve conflicts at the workplace constructively, maintaining the ability to work under pressure without losing team spirit.

Our effort in human capital management thus far has yielded marked improvement in the Group's productivity. I am very pleased to share with you that this year, we achieved 25% improvement in overall productivity: Gas Malaysia's lean workforce of 487 employees had resulted in a commendable revenue per employee ratio of RM10.98 million, compared to the previous year's RM8.77 million.

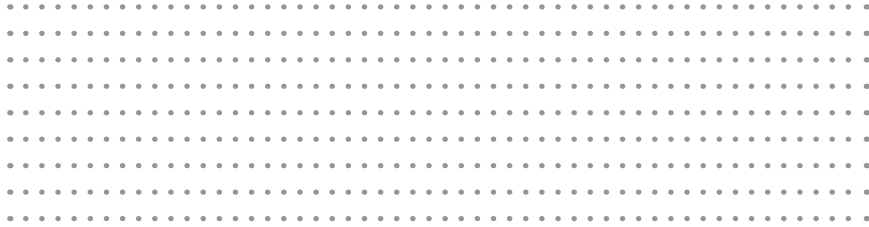
### RESPONSIBLE CORPORATE PRACTICES

Through Corporate Social Responsibility ("CSR") programmes, we attain greater confidence and importance in what we do. We strongly believe 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. With active support and participation from our employees, we have set the pace well by focusing on programmes which improve the quality of life of those in the community.

In 2017, in addition to the new environment project – the Conservation of River Terrapin in Bota Kanan, Perak - which we collaborated with the Department of Wildlife & National Parks ("PERHILITAN"), we also rolled out other programmes with the Islamic Relief Malaysia and National Cancer Society Malaysia. Details of our CSR programmes and how they have improved the quality of life of those in the community are documented in the Sustainability Statement section of this Annual Report.



**25% IMPROVEMENT  
IN OVERALL  
PRODUCTIVITY**



**PROSPECTS**

We anticipate steady volume growth for the distribution business on the back of stable demand for manufactured goods, as the macro-economic setting is expected to remain accommodative. While the core business continues to be the main contributor to business growth of the Group, more efforts will be put to ensure greater success from the non-core business. We shall build further on the achievements from GMVP, GMEA and SDGMBioCNG thus far, collectively targeting them to contribute more meaningfully to the Gas Malaysia's revenue in the long-term.

The ensuing years will yet again reflect our ability to adjust to the structural changes brought about by the Third Party Access ("TPA") framework. Having initiated the functional separation with the incorporation of Gas Malaysia Distribution Sdn Bhd, which is responsible for the development, operation and maintenance of the NGDS, and Gas Malaysia Energy and Services Sdn Bhd, which is responsible for procuring gas from suppliers and supplying it to customers, we are taking the necessary actions to ensure capacity building for each of the new business, adapting our skills and experience to function as efficiently and competitively under the TPA.

Whilst aware of both challenges and opportunities going forward, we welcome 2018 with a clear business strategy, staying committed towards achieving our business objectives and delivering greater value to our shareholders.

**APPRECIATION AND RECOGNITION**

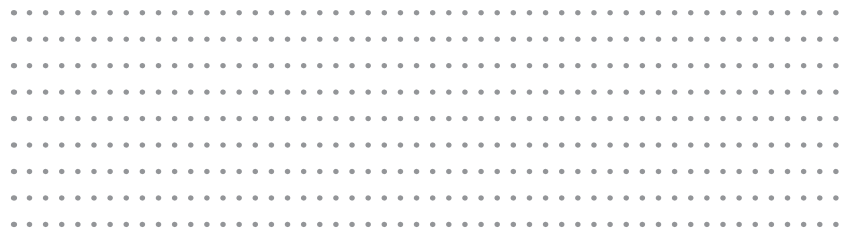
The Board is responsible for setting the right tone from the top and ensuring that a robust governance structure is in place to enable the business to grow and set new trajectory of success. Thus, I extend my deep appreciation to the Board for its vision, wise counsel and astute insights in guiding the Group. I also wish to extend my sincere gratitude and appreciation to our shareholders, customers, regulatory bodies, authorities and business partners for their continued support.

I take this opportunity to thank our former Director, Encik Yusa' bin Hassan, who resigned from the Board on 19 July 2017 due to inter-group transfer within PETRONAS. In relation to this, I would like to welcome Encik Kamalbahrin bin Ahmad on his appointment as Board member effective 19 July 2017. He brings with him a wide ambit of corporate experience which will contribute positively towards Gas Malaysia's future growth.

It has been a year of further progress – strategically, operationally and financially. However, in a such rapidly changing operating environment, Gas Malaysia shall continue to focus its energy on translating the vision into business results. We can only do this successfully with the help from our people, the ever committed. On behalf of the Board, I would like to express my appreciation and thanks to the Management team and all our employees for their unrelenting efforts and teamwork.

As we plan to seize more opportunities and set new milestones in the coming years, it is my hope that all stakeholders continue to lend us their unwavering support, confidence and trust in Gas Malaysia Berhad.

**Datuk Haji Hasni bin Harun**  
Chairman











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## OPERATIONAL EXCELLENCE

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Service reliability has long been the core of our business operations. We have been maintaining a service reliability rate of 99%

MANAGEMENT  
DISCUSSION  
& ANALYSIS



GEARING TOWARDS  
NEW OPPORTUNITIES

DEAR SHAREHOLDERS,

*Salam Sejahtera & Salam 1M alaysia*

**GENERAL DESCRIPTION OF THE BUSINESS & STRATEGY**

Guided by the vision to be an innovative value-added energy solutions provider for the nation, Gas Malaysia Berhad ("Gas Malaysia" or "the Group") provides the cleanest, safest, cost effective and reliable energy solutions to meet the nation's growing energy needs. As part of our core business, we distribute, market and sell reticulated natural gas and Liquefied Petroleum Gas ("LPG"), as well as develop, operate and maintain the Natural Gas Distribution System ("NGDS") network for the non-power sector in Peninsular Malaysia, serving industrial, commercial and residential customers.

To unlock its commercial potential further, Gas Malaysia diversifies into the non-regulated sphere of the gas distribution business. Via our subsidiary and joint-venture entities, we channel our business focus to non-core activities such as the Combined Heat and Power ("CHP"), Virtual Pipeline and Bio-Compressed Natural Gas ("BioCNG"). Having commenced operations this year, these business ventures are aimed at creating new demand for natural gas and expanding the customer base, ultimately enhancing the value creation for the Group by ensuring sustainable growth.

**FINANCIAL REVIEW**

Supported by better performance in commodity prices, stronger external demand for manufactured goods and higher domestic consumption and investment activities, the nation registered better than expected GDP growth of 5.9% (2016: 4.2%). With much improved macro-economic set-up, the manufacturing sector grew more vigorously, making way for us to secure stronger demand for natural gas.

**Revenue**

Revenue grew by 32.1% to RM5.35 billion, from RM4.05 billion in the previous year.

The increase in revenue was in tandem with two tariff revisions taken place in 2017: RM26.71/MMBtu in January and RM28.05/MMBtu in July. Supplementing these tariff revisions was the growth in volume of gas sold, which increased by 11.9% to 183.90 million MMBtu from 164.26 million MMBtu in the previous year. With the timely completion of all our planned infrastructure development, we managed to supply more gas and increase consumption from existing and new customers mainly from the industrial sector, and followed by those from the commercial and residential sectors.

Also contributing to the strong revenue stream was tolling fees of RM19.55 million, received from the transportation of natural gas to Natural Gas Vehicle (NGV) stations and Gas District Cooling (GDC) plants at an average rate of RM1.86 per MMBtu. Due to early completion of pipeline, capital contribution from customers increased the revenue further by RM35.00 million. Finally, our subsidiary company, Gas Malaysia Virtual Pipeline Sdn Bhd (“GMVP”) contributed about RM2.84 million to the Group’s revenue for the current year.

**Costs and Expenses**

Total costs and expenses before finance costs amounted to RM5.11 billion, compared to RM3.85 billion previously. The increase in total costs and expenses were mainly driven by higher volume of gas sold, which comprised higher mix of Liquefied Natural Gas (“LNG”) purchased at market price. Details of cost of sales and expenses are given below:

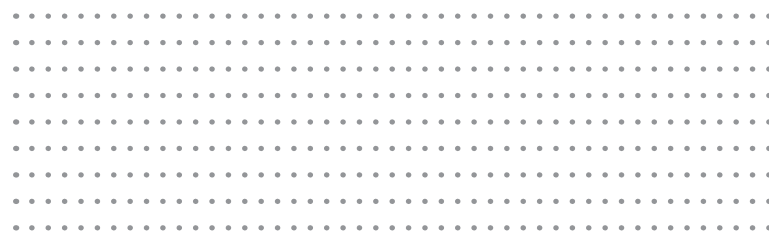
- a) Cost of sales. From the total RM5.04 billion, gas cost made up about 98%, or RM4.93 billion, of the total cost of sales. The remaining 2% was primarily made up of depreciation and amortisation, totalling to RM59.54 million, and overheads for carrying out core business operations amounting to RM54.35 million.
- b) Operating expenses. Totalled at RM69.65 million, operating expenses were made up mainly of human resources-related expenses, consultancy services and provisions for doubtful debts.

**Other Income**

The total of RM12.37 million was made up of RM10.12 million from finance income and RM2.24 million from other operating income.

**EBIZTDA**

Due to higher revenue registered this year, EBIZTDA came in higher at RM299.42 million, compared to RM257.36 million in the previous year.





### Finance Costs

Totalled at RM5.62 million, finance costs were primarily due to profits payments for the Islamic Medium-Term Note (IMTN) and Islamic Commercial Paper (ICP), which were used to finance our capital expenditure (“CAPEX”) and working capital.

### Taxation

The effective tax rate was 20.7%, which is lower than the statutory income tax rate in Malaysia due to the effects of items not subject to tax and reversal made for over-provision of tax in the prior years. In line with the increase in profit, the tax expense for the Group was RM50.53 million, compared to RM44.93 million in the previous year.

### PAZTMI

Net profit attributable to equity holders of the Group came in a lot stronger at RM194.64 million, which was an increase of 17.9% from RM165.14 million in the previous year.

## BUSINESS PERFORMANCE

### Capturing Growth by Enhancing Gas Infrastructure

Our strategy to grow the core business is backed by thorough commercial study on future gas demand and technical planning on the execution of gas infrastructure expansion programme. Having the commercial and technical planning in place, we continued to expand the NGDS network.

With adequate regulatory CAPEX, we extended the network by another 57 kilometres in 2017, bringing the total length of gas pipeline in operation to 2,243 kilometres. Supply driven, we also took proactive measures in expanding the NGDS. To this end, we have also awarded new projects equivalent to about 180 kilometres of gas pipelines, to be constructed in existing and new industrial areas in the future.

For the year under review, the timely completion of the said extension in our NGDS has facilitated customer expansion programmes in Bangsar, Banting, Beranang, Bestari Jaya, Bukit Raja, Cyberjaya, Enstek, Ijok, Kapar, Kuala Lumpur City Centre, Meru, Nilai, Putrajaya, Pulau Indah, Petaling Jaya, Rawang, Salak Tinggi, Shah Alam, Senawang, Sendayan, Subang and Teluk Panglima Garang in the Central region; Alor Gajah, Ayer Hitam, Ayer Keroh, Batu Berendam, Bukit Rambai, Kluang, Kulai, Pasir Gudang, Senai and Tanjung Langsat in the Southern region; Kamunting, Kulim, Prai and Sitiawan in the Northern region; and Gebeng in the Eastern region. In addition to this extension, we have made further inroads towards enhancing our gas infrastructure in new areas such as Teluk Intan and Kinta Valley in Perak.

Our presence in the Kinta Valley was a result of replicating our previous success in mobilising Public-Private-Partnership (PPP) with State Governments. Working with the Perak State Government and Federal Government, the NGDS project in Kinta Valley was aimed at developing industrial activities along the area. With adequate gas infrastructure in place, it is envisioned that more investments can be attracted, catalysing the economic growth and subsequently creating more job opportunities in Kinta Valley and nearby areas.

About RM180 million of CAPEX has been set aside for the Kinta Valley project, collectively by Gas Malaysia, the Federal Government and the Perak State Government. The CAPEX will finance new stretch of 140 kilometre-long NGDS, traversing from Ayer Tawar to Chemor and Bercham, as well as Simpang Pulai. As at 31 December 2017, about 28 kilometres of gas pipeline have been constructed, covering areas such as Bemban, Lahat, Meru and Pengkalan. A total of 44 potential industrial customers have been identified to benefit from the Kinta Valley project whereby full completion is expected to be in the fourth quarter of 2019.



**Customer Base**

As at 31 December 2017, our total customer base, which is represented by the industrial, commercial and residential sectors, grew to 38,883. Gas supply was extended to 49 new industrial customers, bringing the total number of industrial customers served to 853. There were 489 new commercial customers, bringing the sector total to 2,310. We now serve 35,720 residential customers, after adding 3,182 new users.

Customer Segmentation	Natural Gas	LPG	Sector Total
Industrial	853	-	853
Commercial	1,017	1,293	2,310
Residential	12,818	22,902	35,720
<b>Total</b>	<b>14,688</b>	<b>24,195</b>	<b>38,883</b>

**Volume Contribution**

In terms of volume of gas sold, contribution from the industrial customers was the largest, making up about 99.2% of total volume of gas sold, with the remaining contribution from the commercial and residential customers.

Customer Segmentation	Number of Customers	% Contribution to Volume of Gas Sold
Industrial	853	99.2
Commercial	2,310	0.7
Residential	35,720	< 0.1
<b>Total</b>	<b>38,883</b>	<b>100.0</b>

The industrial customer profile exhibited consistent demographic, with most of the customers concentrated in the Central region, followed by the Southern, Northern and Eastern regions. In terms of gas volume sold, the regions contributed 47.0%, 24.6%, 20.8% and 7.6%, respectively. Our industrial customers represent a diverse range of industries that include rubber products, food, beverage & tobacco ("F&B"), chemical products, fabricated and basic metals and glass products, among others.



**INDUSTRIAL CUSTOMERS**

For Natural Gas:

**853**



**COMMERCIAL CUSTOMERS**

For Natural Gas:

**1,017**

For LPG:

**1,293**



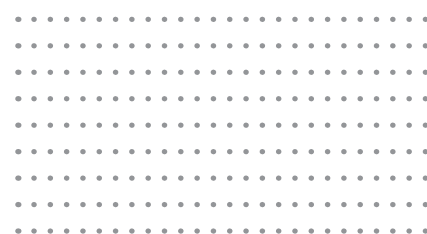
**RESIDENTIAL CUSTOMERS**

For Natural Gas:

**12,818**

For LPG:

**22,902**





While volume growth from the rubber, F&B, chemical, fabricated and basic metal sectors has been consistently integral and anchored the volume contribution, the glass sector in particular showed a major uptick in 2017, contributing about 8% to total volume of gas sold. The glass industry has been showing strong growth rate and is expected to maintain a healthy growth with developing countries' continued investment in the construction sector.

**Summary of sectoral contribution to volume of gas sold:**



We continued to explore opportunities and mobilise our marketing efforts to capitalise gas demand in existing and new industrial areas.

**Operational Excellence**

Service reliability has long been the core of our business operations and will not be compromised in any circumstances. Premised on this, we strive to ensure safe and reliable delivery of natural gas to homes, commercial businesses and local industries, for which we have been maintaining service reliability rate of 99%.

For the current year, we managed to reduce the duration of interruption per customer significantly. The System Average Interruption Duration Index (SAIDI), commonly used by utility companies around the world to measure service reliability, improved to 0.1067 minutes of interruption per customer from 0.6083 minutes last year. In addition, in the event of any such disruption, the average response time was 23.93 minutes, which is an improvement from last year's 24.44 minutes, far surpassing our benchmark response time of 90 minutes.





To further improve on our operations, we continue to take measures to effectively manage the level of unaccounted-for gas (“UFG”) from the distribution system, with the aim to minimise the costs associated with the UFG. Throughout the year, the UFG, which results from the inevitable imbalance that exists at any given time between measured gas coming into and going out of our NGDS, remained steadily below 1%.

#### Operational Safety

Our economic success hinges closely on the achievements in the areas of Health, Safety, Environment and Quality (“HSEQ”). With this in mind, we are committed to conducting our business activities in a responsible manner, which ensures the health and safety of our employees, business partners and the public, and the preservation of the environment. Our HSEQ management systems and procedures include reasonable and practicable steps to prevent and mitigate the risk of occupational hazards and injury. To this end, we have created a well-honed safety environment, with dedicated personnel conducting regular awareness programmes for staff, relevant authorities and third-party contractors.

#### Certification of Management System

We place great emphasis on the internationally recognised management system standards in improving our operational efficiency and in complying with statutory and regulatory requirements that are related to our services. Having achieved such certification as ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), OHSAS 18001:2007 (Occupational Health & Safety Management System) and ISO/IEC 27001:2013 (Information Security Management System), improvement programmes are continually monitored and implemented to ensure conformity to the subscribed standards.

### SUBSIDIARY & JV COMPANIES

#### GMVP

Despite the challenging operating environment as a consequence of low prices of alternative fuels such as LPG, diesel and Medium Fuel Oil, GMVP remained steadfast in its business objective and made some progress in 2017. From the Mother Station in Gebeng, Kuantan, GMVP sold approximately 45,000 MMBtu of CNG to its customer in Pekan. Undeterred by the challenging operating environment, GMVP continues to toil in its marketing efforts to cement more customers, setting the groundwork to supply to a few of new potential customers near Bentong, Pekan and Semambu in Pahang. Plan had also been drawn to grow customer base in the Central and Southern regions.

#### GMEA

GMEA successfully completed and commissioned its first CHP plant for a major manufacturing company in Prai, Penang in January 2017. The 33MW and 130-tonne capacity cogeneration plant consumes approximately 3.14 million MMBtu of natural gas per annum, simultaneously producing electricity and steam to meet the customer’s energy requirements. Despite the challenges of embarking on CHP projects given the stay in electricity base tariff, GMEA still managed to secure another customer in the central region. The 2-MW CHP plant for the new customer is currently being constructed and expected to be operational in the first half of 2018.



### SDGMBioCNG

Through SDGMBioCNG, we are able to capitalise on opportunities within the BioCNG distribution business. From the mill operation in Sungai Tinggi, SDGMBioCNG delivered about 15,000 MMBtu of BioCNG to its customer in Rawang. In anticipation of increase in demand from new potential customers that it had earlier identified, SDGMBioCNG is currently in discussions with other mill owners to potentially increase the supply capacity.

### LIQUIDITY & CAPITAL RESOURCES

As at 31 December 2017, our cash and cash equivalents moderated to RM218.20 million from RM585.11 million previously. The decrease of RM366.91 million was due to higher payment of gas cost (brought about by higher volume of gas sold and LNG mix) and capital expenditure. RM170.77 million of CAPEX was incurred, attributable mainly to NGDS development such as gas pipeline and metering stations, and non-NGDS expenditures such as gas and office equipment, and motor vehicles. This was higher than the CAPEX incurred in 2016, which was RM133.45 million.

### GEARING RATIO

Aiming for a more efficient capital structure, gearing ratio stood at 16.8%, compared to 9.8% in the previous year. The increase was due to further drawdown of the Sukuk facility to partly finance working capital, operating and capital expenditure.

### OPERATIONAL RISKS

Gas Malaysia continues to demonstrate its resiliency amidst increasingly competitive operating environment. We are aware of the operational risks that are associated with running our business. However, with business sustainability in mind, we shall continue to mitigate these risks.

As supply visibility is no longer an issue with the importation of LNG, operational risks come mainly in form of service disruption that would hinder us from delivering gas to our customers. To ensure continued supply reliability, comprehensive preventive maintenance programme is in place to protect the integrity of our gas infrastructure and avoid unnecessary service interruption. Measures taken to limit facilities breakdown include adopting stringent standards for pipeline design, material selection and construction procedures, daily pipeline inspection to detect unauthorised third party working near gas facilities, and deploying periodical maintenance programme to upkeep the facilities.



### THIRD PARTY ACCESS

To transition us to the Third Party Access (“TPA”) framework, we had earlier undertaken efforts to ensure system readiness by reaching critical decisions with key stakeholders on commercial, financial, legal, operational, regulatory and technical matters, prior to the actual implementation of the regulatory framework. Moreover, internal communication programmes have been planned to create further awareness of TPA amongst our Board members, Management team and the entire workforce.

In 2017, we have initiated functional separation of Gas Malaysia businesses by incorporating two companies for licence application purposes:

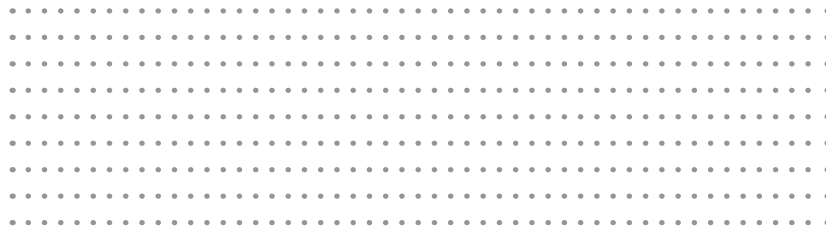
- 1) Gas Malaysia Distribution Sdn Bhd (“DistCo”), responsible for the development, operation and maintenance of the NGDS; and
- 2) Gas Malaysia Energy and Services Sdn Bhd (“ShipCo”), responsible for procuring gas from suppliers and supplying it to customers.

### LOOKING AHEAD

#### Strategies for Continued Success

The prospect for the Group’s business growth, to some extent, would trail the economic outlook, which is expected to moderate in 2018. While future economic landscape may introduce some degree of uncertainties to the operating environment, we expect demand for export-oriented goods to remain favourable, hence sustaining growth in the manufacturing sectors. Couple this with the commitment to building more pipeline and ensure timely completion of infrastructure expansion, we take comfort in healthy anticipated volume growth in the core business, driven by steady gas consumption from our industrial customers.

While our core business continues to drive the organic growth of the Group and contribute significantly to its earnings, the non-core business – Virtual Pipeline, CHP and BioCNG – shall continue to provide additional thrust to the business growth of the Group. We believe that opportunities are slowly re-emerging for GMVP and SDGMBioCNG to widen their customer base, given the expected sustained recovery in commodity prices, which will result in more savings for potential customers when they switch to natural gas. Via GMEA, we shall continue to put more efforts to explore other potentials in the CHP business, as well as improve operational efficiency.

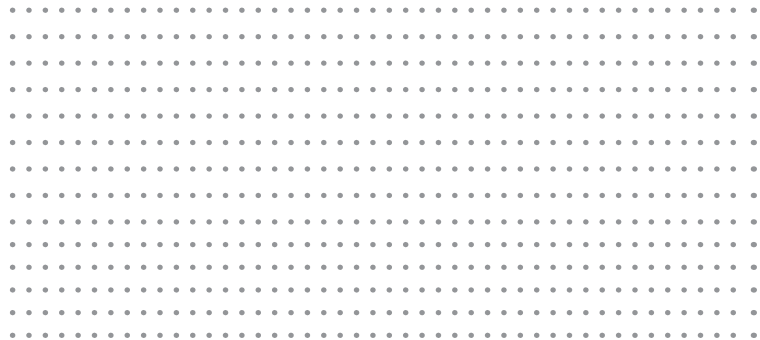


**Future Commitment**

Capital commitment for NGDS network for the remaining years in the first regulatory cycle of the IBR is around RM350 million, while that for non-NGDS, which will be used for current operations, is around RM14 million.

**Capital Management**

The Group's view on capital management is centred on protecting its ability to continue as going concern and maintain an optimum capital structure to maximise shareholder's value. For the financial year ended 31 December 2017, we have declared a total dividend of RM166.92 million, which is equivalent to 86% of the PAZTMI.



**Preparation for TPA Implementation**

Having established DistCo's and ShipCo's functional activities and their business dynamics, the next step is to strategise the functional separation within the Company. It has become more critical to ensure that DistCo continues to enhance the NGDS network coverage to capture new customers. Equally important is to continue demonstrating operational excellence in network efficiency, reliability and customer service. In addition, given the market-driven business environment in which it will be operating, ShipCo will need to relook at its gas procurement strategy through product segmentation in satisfying its customers' demand.

We shall also continue to maintain close consultation with the Suruhanjaya Tenaga ("ST"), so as to ensure that the new regulatory framework help us gear for new business opportunities and unlock new value for Gas Malaysia. We believe that effective engagement with ST will help us shape regulatory outcome, enabling us to anticipate the key issues that may affect not only the industry but also the Group.





## APPRECIATION

Many parties contribute to the Group's sustainable growth and I am sincerely appreciative of their pivotal roles.

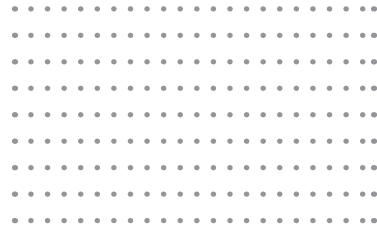
On behalf of the Management and staff of the Group, I wish to convey my gratitude to the members of the Board for their wise counsel and astute insights in helping steer the Group and guiding us through the challenges and opportunities in running the business; to the Government agencies and authorities for their unwavering assistance and cooperation; and to our loyal customers from diverse industries and sectors for their continued patronage and trust in the Gas Malaysia brand.

As we venture forth to embrace new opportunities and take on new challenges, we ask that all our stakeholders continue to lend us their unwavering support.

Thank you.

**Ahmad Hashimi bin Abdul Manap**  
Chief Executive Officer

**BOARD OF  
DIRECTORS**



1. **DATUK HAJI HASNI BIN HARUN**  
Chairman  
Non-Independent Non-Executive Director  
Chairman of Nomination & Remuneration Committee
2. **DATO' SRI CHE KHALIB BIN MOHAMAD NOH**  
Non-Independent Non-Executive Director
3. **SHIGERU MURAKI**  
Non-Independent Non-Executive Director  
Chairman of Risk & Compliance Committee
4. **KAMALBAHRIN BIN AHMAD**  
Non-Independent Non-Executive Director  
Member of Risk & Compliance Committee



1.

2.

3.

4.

5. **DATUK PUTEH RUKIAH BINTI ABD. MAJID**  
Independent Non-Executive Director  
Member of Audit Committee  
Member of Nomination & Remuneration Committee
6. **DATUK SYED ABU BAKAR  
BIN S MOHSIN ALMOHDZAR**  
Independent Non-Executive Director  
Member of Nomination & Remuneration Committee  
Member of Risk & Compliance Committee

7. **TAN LYE CHONG**  
Independent Non-Executive Director  
Chairman of Audit Committee
8. **DATUK OOI TEIK HUAT**  
Independent Non-Executive Director  
Member of Audit Committee



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## BOARD OF DIRECTORS' PROFILE



### DATUK HAJI HASNI BIN HARUN

Malaysian, Age 60, Male

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

**Date of Appointment:** Director - 11 April 2008  
Chairman - 15 May 2013

**Board Meeting Attendance in 2017:** 5/5

#### Qualification:

- Member of the Malaysian Institute of Accountants
- Masters Degree in Business Administration, United States International University San Diego, California
- Bachelor of Accounting (Honours) degree, University of Malaya

#### Relevant Experience:

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 Corporation Berhad ("MMC") as the Group Chief Operating Officer. In March 2008, he was appointed as the Chief Executive Officer Malaysia, prior to his appointment as the Group Managing Director of MMC in May 2010 until May 2013. Apart from disclosed below, Datuk Haji Hasni is currently a director of Permodalan Felcra Sdn Bhd.

#### Other Present Directorships:

- **Listed Issuers:** Malakoff Corporation Berhad
- **Other Public Companies:** None

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

Malaysian, Age 53, Male

Non-Independent Non-Executive Director

**Date of Appointment:** Director - 1 July 2013

**Board Meeting Attendance in 2017:** 4/5

**Qualification:**

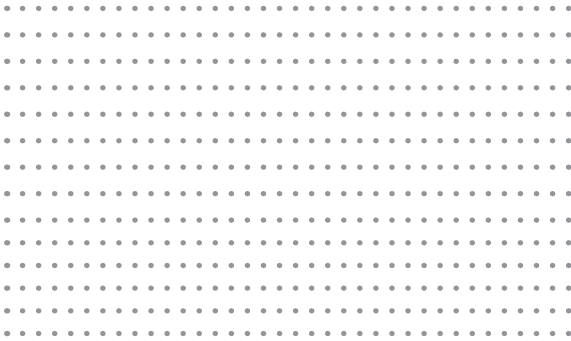
- Member of the Malaysian Institute of Accountants (CA, M)
- Fellow of the Association of Chartered Certified Accountants (FCCA, UK) United Kingdom

**Relevant Experience:**

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. In June 1999, Dato' Sri Che Khalib joined Ranhill Utilities Berhad as Chief Executive Officer. He then assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad. Dato' Sri Che Khalib was then appointed as the President/ Chief Executive Officer 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. He later joined DRB-HICOM Berhad as the Chief Operating Officer of Finance, Strategy and Planning in July 2012. 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.

**Other Present Directorships:**

- **Listed Issuers:** MMC Corporation Berhad and Malakoff Corporation Berhad
- **Other Public Companies:** NCB Holdings Berhad, Aliran Ihsan Resources Berhad, MMC Engineering Group Berhad, Johor Port Berhad, Bank Muamalat Malaysia Berhad, Kontena Nasional Berhad, Northport (Malaysia) Bhd





**SHIGERU MURAKI**

Japanese, Age 68, Male

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

**Date of Appointment:** Director - 1 April 2014

**Board Meeting Attendance in 2017:** 5/5

**Qualification:**

- Graduated from Graduate School of Engineering in Applied Chemistry, the University of Tokyo

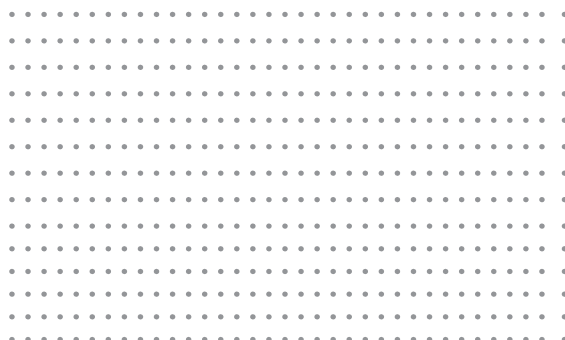
**Relevant Experience:**

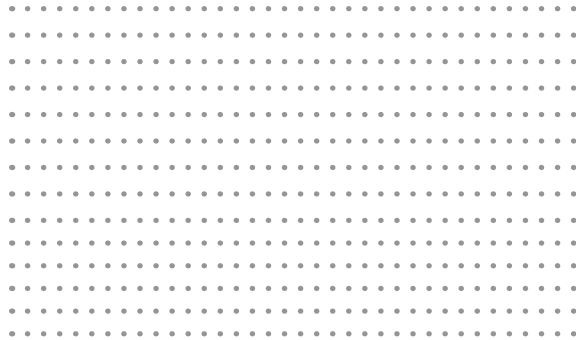
He joined Tokyo Gas Co., Ltd (“Tokyo Gas”) in 1972 and is currently a President of Tokyo Gas-Mitsui & Co Holdings Sdn Bhd. He was appointed as the Chief Representative of New York Office from 1991 until 1994; and in 2000 was appointed as General Manager of Gas Resources Department and subsequently, in 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 as Representative Director, Executive Vice President. Whilst, at the same time, also assumed the position of Chief Executive of Energy Solutions Division of Tokyo Gas. In 2014, he was appointed to his current position in Tokyo Gas. Since April 2015, he has been Executive Adviser for 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 Program 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.

**Other Present Directorships:**

- **Listed Issuers:** None
- **Other Public Companies:** None





**KAMALBAHRIN BIN AHMAD**

Malaysian, Age 54, Male

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

**Date of Appointment:** Director – 19 July 2017

**Board Meeting Attendance in 2017:** 2/2 (\*from the date of his appointment)

**Qualification:**

- Bachelor's Degree in Chemical Engineering, University of Texas at Austin, USA
- Attended Advanced Management Program, Harvard Business School

**Relevant Experience:**

He joined PETRONAS in 1987 as a Project Engineer for PETRONAS Penapisan Terengganu expansion project. In 1990, Kamalbahrin moved to PETRONAS Penapisan Melaka for commissioning and operation of the 100% PETRONAS owned Phase 1 assets of the refinery, and a Joint Venture Phase 2 asset later. He spent his career in Melaka for almost 10 years with his last position as the General Manager (Production) before mobilised to PETRONAS Gas Berhad ("PGB") as the Senior General Manager, Plant Operation Division.

During his stint in PGB, Kamalbahrin led the "Plant Operational Performance Improvement Program" and also successful implementation of the Gas Processing Plant new business model from Tolling to Performance Based Business Model.

In 2009, Kamalbahrin moved to upstream business, being appointed as the Senior General Manager, Development Division PETRONAS Carigali where he managed drilling activities and projects for both domestic and internationally. In 2011, Kamalbahrin was seconded to Durban, South Africa to spearhead a transformation program of PETRONAS owned Engen Refinery.

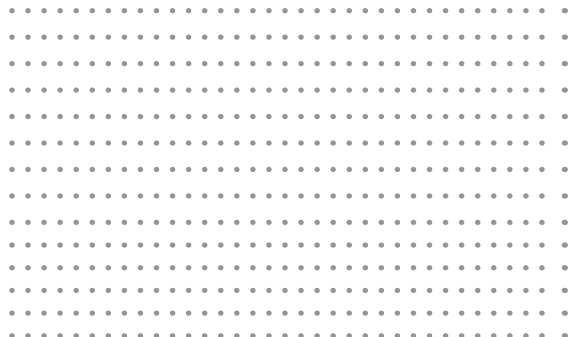
With his 15 years of experience running all three PETRONAS refineries – Terengganu, Melaka and Durban, he went on to become MD/CEO of PPMSB in 2014. Kamalbahrin steered a smooth transition of the refinery operation post full acquisition of the asset from a joint venture with ConocoPhillips to PETRONAS wholly owned.

Kamalbaharin is currently the Vice President and MD/CEO of PETRONAS Gas Berhad. Apart from disclosed below, he is also a Board Member for various companies in PETRONAS.

**Other Present Directorships:**

- **Listed Issuers:** PETRONAS Gas Berhad
- **Other Public Companies:** None





**DATUK PUTEH RUKIAH BINTI ABD. MAJID**

Malaysian, Age 65, Female

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

**Date of Appointment:** Director – 16 August 2011

**Board Meeting Attendance in 2017:** 5/5

**Qualification:**

- Master of Economics from Western Michigan University, United States of America
- Bachelor of Economics (Honours) Degree from University of Malaya

**Relevant Experience:**

Began her career in the civil service in 1976 as an Assistant Director in the Economic Planning Unit, Prime Minister's Department. She continued to serve the Government in the Ministry of Finance from 1992 and held various posts in the Ministry. Her various appointments included being the Principal Director of the Budget Division and as Undersecretary, Investment, Privatisation and Minister of Finance Incorporated Division. From 2006 until March 2011, she was the Deputy Secretary General (Systems and Controls), at the Ministry of Finance. Apart from disclosed below, Datuk Puteh Rukiah is currently a Director of MIF Investment Ltd.

**Other Present Directorships:**

- **Listed Issuers:** Zelan Berhad and Pos Malaysia Berhad
- **Other Public Companies:** MIMOS Berhad and Pelaburan Hartanah Berhad

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

Malaysian, Age 67, Male

Independent Non-Executive Director  
Member of Nomination & Remuneration Committee  
Member of Risk & Compliance Committee

**Date of Appointment:** Director – 16 August 2011

**Board Meeting Attendance in 2017:** 5/5

**Qualification:**

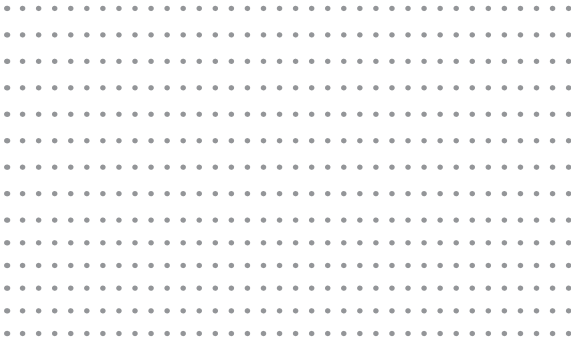
- Fellow Member of the Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Accountants

**Relevant Experience:**

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. He is currently the Managing Director of the World Islamic Economic Forum Foundation, Independent Non-Executive Director of the Allied Hotels and Properties (Inc) (Canada) and King George Financial Corp. (Inc) (Canada).

**Other Present Directorships:**

- **Listed Issuers:** None
- **Other Public Companies:** None







**TAN LYE CHONG**

Malaysian, Age 62, Male

Independent Non-Executive Director  
Chairman of Audit Committee

**Date of Appointment:** Director - 16 August 2011

**Board Meeting Attendance in 2017:** 5/5

**Qualification:**

- Fellow Member of the Association of Chartered Certified Accountants, United Kingdom
- Member of the Malaysian Institute of Accountants

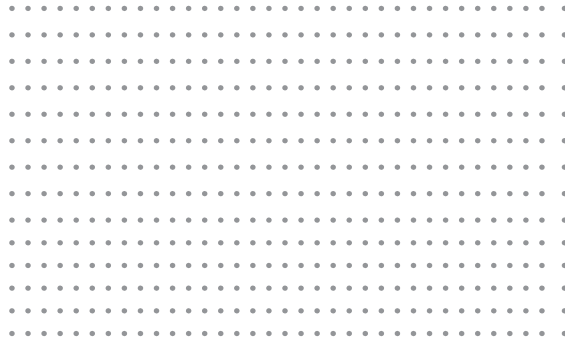
**Relevant Experience:**

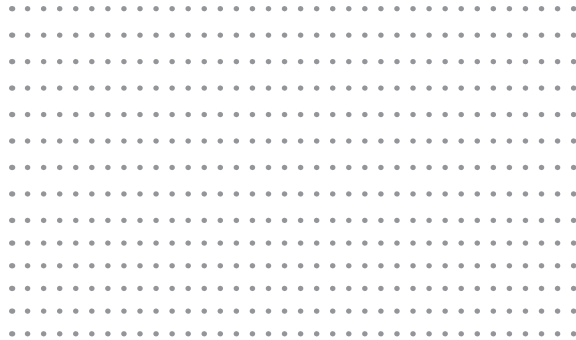
He is formerly a member of the Public Practice Committee of Malaysian Institute of Accountants from 2001 to 2008 and a former member of the Audit/Liquidator Licensing Interview Panel from 2006 to 2008. For several years up to 29 February 2012, he had been a member of the Investigating Tribunal Panel 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 is currently practising 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 31 years of working experience; primarily in the accounting profession and has extensive experience in auditing, financial reporting and corporate finance.

**Other Present Directorships:**

- **Listed Issuers:** None
- **Other Public Companies:** None





**DATUK OOI TEIK HUAT**

Malaysian, Age 58, Male

Independent Non-Executive Director  
Member of Audit Committee

**Date of Appointment:** Director – 16 May 2013

**Board Meeting Attendance in 2017:** 5/5

**Qualification:**

- Member of Malaysian Institute of Accountants and CPA Australia
- Bachelor Degree in Economics from Monash University, Australia

**Relevant Experience:**

Began his career with Messrs. Hew & Co., Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad. He subsequently joined Pengkalen Securities Sdn. Bhd. as Head of Corporate Finance, before leaving to set up Meridian Solutions Sdn Bhd where he is presently a Director.

**Other Present Directorships:**

- **Listed Issuers:** MMC Corporation Berhad, DRB-HICOM Berhad, Zelan Berhad and Malakoff Corporation Berhad
- **Other Public Companies:** Tradewinds (M) Berhad, Tradewinds Plantation Berhad, Tradewinds Corporation Berhad, Johor Port Berhad, Padiberas Nasional Berhad and Mardec Berhad



**SATOSHI HONJO**

Japanese, Age 49, Male

Non-Independent Non-Executive Director

**Date of Appointment:** Director – 11 May 2016  
(Alternate Director to Shigeru Muraki)

**Board Meeting Attendance in 2017:** n/a

**Qualification:**

- Master of Business Administration, Waseda University, Japan
- Bachelor of Arts in Human Science, Waseda University, Japan

**Relevant Experience:**

He joined Tokyo Gas Co., Ltd. since April 1992 and was appointed as the Chief Representative of Tokyo Gas Co., Ltd., Asia Pacific Regional Office since April 2016.

Prior to that, he served as a Deputy Manager of Commercial Sales Planning Section from 2002 to 2007. In 2007, he served as Manager of General Administration Section of General Administration Department in Japan Gas Association. From 2010 to 2013, he was appointed as Deputy General Manager of Planning Section of Regional Development Planning Department in Tokyo Gas Co., Ltd. He then served as Chief Manager of Energy Resources Planning Section of Gas Resources Department in Tokyo Gas Co., Ltd. in April 2013 till March 2016.

He was appointed as a Director of Tokyo Gas-Mitsui & Co Holdings Sdn Bhd in April 2016.

**Other Present Directorships:**

- **Listed Issuers:** None
- **Other Public Companies:** None

**AKIRA INUKAI**

Japanese, Age 51, Male

Non-Independent Non-Executive Director

**Date of Appointment:** Director – 1 April 2017  
(Alternate Director to Shigeru Muraki)

**Board Meeting Attendance in 2017:** n/a

**Qualification:**

- Graduated from the Graduate School of Mechanical Engineering, Tohoku University

**Relevant Experience:**

He joined Tokyo Gas Co., Ltd. in 1991. He was then appointed as Manager of Upstream Group at Gas Resources Department in 2005, and thereafter was appointed as Manager of Ohgishima LNG Terminal Construction Section. Subsequently in 2009, he was appointed as Manager of Hitach LNG Terminal Construction Section at Energy Production Department. He is currently the General Manager of Global Business Planning Department at Tokyo Gas Co., Ltd.

He was assigned as Chief Manager of Maintenance & Engineering Department at Sodegaura LNG Terminal from 2011 to 2014; and in 1 April 2014, was appointed as Chief Manager of Operation Maintenance Management Section in Regasification & Power Generation Department.

He is a new Board of Directors of Tokyo Gas-Mitsui & Co Holdings Sdn Bhd and also a Board of Directors of Tokyo Gas International Holdings B.V., Tokyo Gas Australia Pty Ltd, Tokyo Gas America Ltd, TG Barnett Resources LP, TG Eagle Ford Resources LP, and Tokyo Gas Asia Pte Ltd.

**Other Present Directorships:**

- **Listed Issuers:** None
- **Other Public Companies:** None

**SHARIZA SHARIS BINTI MOHD YUSOF**

Malaysian, Age 44, Female

Non-Independent Non-Executive Director

**Date of Appointment:** Director – 9 November 2017  
(Alternate Director to Kamalbahrin bin Ahmad)

**Board Meeting Attendance in 2017:** n/a

**Qualification:**

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants
- Bachelor of Science Degree in Economics & Accounting from University of Bristol, United Kingdom

**Relevant Experience:**

Started her career with PETRONAS in 2001 as an Executive in PETRONAS Corporate Finance. A year later, she was assigned to PETRONAS President/CEO's Office as an analyst before joining PETRONAS Dagangan Berhad as Financial Accounting Manager in 2005.

In 2007, she was seconded overseas to Dragon LNG, a PETRONAS joint venture in United Kingdom, as Head of Finance & Administration. Upon her return to Malaysia in 2008, she was appointed as Senior Manager for Strategic Planning (Corporate and Americas) at PETRONAS Group Strategic Planning. In 2011, she joined PETRONAS Chemicals Group Berhad as Head of Group Accounts and Performance Planning and assumed the position of Financial Controller the following year.

With close to 17 years of experience in finance and planning across PETRONAS's businesses, she was appointed as Chief Financial Officer of PETRONAS Gas Berhad ("PGB") on 1 September 2017.

She is presently responsible for the overall fiscal and financial management as well as investor relations for PGB Group of Companies. She also sits on the Boards of several PETRONAS subsidiaries and joint venture companies.

**Other Present Directorships:**

- **Listed Issuers:** None
- **Other Public Companies:** None

None of the Directors has:

- Any family relationship with any Director and/or Major Shareholder of Gas Malaysia.
- Any conflict of interest with Gas Malaysia.
- Any conviction for offences within the past five years other than traffic offences, public sanction or penalty imposed by the relevant regulatory bodies during the financial year under review.

MANAGEMENT  
TEAM



Ahmad Hashimi  
bin Abdul  
Manap

YM Raja  
Iskandar bin Raja  
Mukhtaruddin

Ikhwan Nasir  
bin Abdul  
Manaf

Mohd  
Nisharuddin bin  
Mohd Noor

Mohamed  
Sophie bin  
Mohamed Rashidi

Mohamad Farid  
bin Ghazali

Shahrir bin  
Shariff



Mohd Daharie  
bin Che Din

Shahrel Amir  
bin Mohd  
Rashid

Jekria bin  
Ibrahim

Zulkifli  
bin Mawardi

Yanti Irwani  
binti Abu  
Hassan

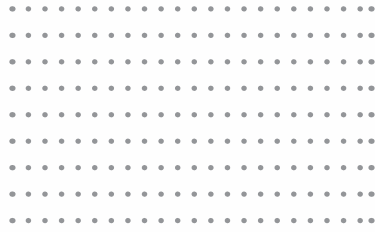
Azrina binti  
Abdul Samat

Noraishah binti  
Mohd Radzi

Azwin  
binti Noh



MANAGEMENT  
PROFILE



**AHMAD HASHIMI BIN ABDUL MANAP**

Malaysian, Age 54, Male,  
Chief Executive Officer

**Ahmad Hashimi bin Abdul Manap** is the Chief Executive Officer since 12 February 2015.

Ahmad Hashimi provides strategic direction with full oversight of the overall business which includes but not limited to financial, operational, regulatory, stakeholders, crisis management and administrative affairs. He has 32 years of working experience, 25 years of which are in Gas Malaysia.

Preceding to his current role, he was Chief Operating Officer, Technical, and prior to that, Senior General Manager, Operations & Maintenance Department, a position he had held since 1 January 2007. He had also held other positions within the Group. Before joining Gas Malaysia on 1 September 1992, he was part of the team that undertook the feasibility study for the implementation of the Natural Gas Distribution System network in Peninsular Malaysia for the joint venture of MMC-Shapadu, PETRONAS and Tokyo Gas-Mitsui.

Prior to that in 1989, Ahmad Hashimi worked with MMC Engineering Sdn Bhd as a Pipeline Engineer. He began his career in 1986 as a Structural/Civil Engineer in a local consulting firm.

He graduated with a Bachelor of Science in Civil Engineering from Oklahoma State University, USA. In addition, Ahmad Hashimi completed the Advanced Management Program at Wharton Business School, USA, in 2004. He is currently a Council Member of Malaysian Gas Association and a member of the Institution of Engineers Malaysia.

In addition to his role in Gas Malaysia Berhad, Ahmad Hashimi holds office as Chairman in Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Virtual Pipeline Sdn Bhd (formerly known as Gas Malaysia IEV Sdn Bhd) and Gas Malaysia (LPG) Sdn Bhd. He is also a Director in Gas Malaysia Energy and Services Sdn Bhd, Gas Malaysia Ventures Sdn Bhd, Gas Malaysia Venture 1 Sdn Bhd, Gas Malaysia Venture 2 Sdn Bhd, Pelantar Teknik (M) Sdn Bhd and Sime Darby Gas Malaysia BioCNG Sdn Bhd.

Ahmad Hashimi holds 21,500 ordinary shares of RM0.50 each in the Company as at 31 December 2017.



### SHAHRIR BIN SHARIFF

Malaysian, Age 53, Male,

Director of Commercial

**Shahrir bin Shariff** is the Director of Commercial since 2 October 2015. Prior to this role, he was Chief Operating Officer, Commercial. He strategises and leads marketing and business development plans, focusing on creating opportunities for Gas Malaysia's business growth. He is also involved in setting the scope of regulatory negotiations with respect to commercial viability of the tariff structure, which are aimed at enhancing the Group's profitability.

Prior to joining Gas Malaysia in October 2012, Shahrir was with MMC as a Director in the Project Development and International Business unit. His experience encompassed a wide range of project development functions.

During his seven-year tenure in MMC, Shahrir was instrumental in the start-up and development of the Jazan Economic City Project in Saudi Arabia. His other works were the development project proposals to the government on sewerage treatment complex, a few highway projects and KL-Singapore high speed rail project.

Before MMC, he was Chief Operating Officer in GIIG Holdings Sdn Bhd from 2002 until 2006. During this tenure, he spearheaded the Hydroelectric Power and Aluminium Smelter projects. He was also one of the key executives involved in the proposed takeover of the Bakun hydroelectric project in Sarawak.

Shahrir 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.

He 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 Berhad, Shahrir also holds office as Director in the following companies: Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Energy and Services Sdn Bhd, Gas Malaysia (LPG) Sdn Bhd, Gas Malaysia Ventures Sdn Bhd, Gas Malaysia Venture 1 Sdn Bhd, Gas Malaysia Venture 2 Sdn Bhd, Gas Malaysia Virtual Pipeline Sdn Bhd (formerly known as Gas Malaysia IEV Sdn Bhd) and Sime Darby Gas Malaysia BioCNG Sdn Bhd.

Shahrir does not hold any shares in the Company as at 31 December 2017.





#### **MOHAMED SOPHIE BIN MOHAMED RASHIDI**

Malaysian, Age 58, Male,  
Chief Financial Officer

**Mohamed Sophie bin Mohamed Rashidi** is the Chief Financial Officer since 1 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, prompts budgetary planning and maintains suitable relations with investors and stakeholders. His professional duties have also encompassed the area of corporate financial operations.

He joined Gas Malaysia as a Finance Manager on 1 September 1999 and was later transferred to MMC Corporation Berhad in 2003. In the same year, he was promoted to General Manager of Finance. Subsequently in 2008, he was reassigned to Gas Malaysia to his current position. Prior to joining Gas Malaysia, Mohamed Sophie was attached with Dewina Food Services Sdn Bhd in 1998.

Mohamed 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, moved to Lang Education Sdn Bhd, a subsidiary of Land & General Berhad, as an Accountant. He holds an Advanced Diploma in Accounting from MARA University of Technology. 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 Berhad, Mohamed Sophie also holds office as Director in Gas Malaysia Distribution Sdn Bhd and Pelantar Teknik (M) Sdn Bhd.

Mohamed Sophie holds 16,000 ordinary shares in the Company as at 31 December 2017.



**MOHD NISHARUDDIN BIN MOHD NOOR**

Malaysian, Age 53, Male,

General Manager, Operations & Maintenance

**Mohd Nisharuddin bin Mohd Noor** was appointed General Manager in the Operations & 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 maintaining safety, reliability and integrity of the gas distribution system. Prior to this, he was the General Manager in Technical Services Department, responsible for strategising the overall planning, development and execution of the NGDS projects.

His career began at 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.

Before joining Gas Malaysia, Mohd Nisharuddin was an Operations Engineer in Esso Malaysia Berhad since 1988. He was primarily responsible for providing engineering and maintenance support to fuel terminals and project implementation. Prior to this, he had joined Perbadanan Kilang Felda as a Mill Engineer and assumed a role as an Assistant Mill Manager.

He joined Gas Malaysia on 6 January 1994 as an Engineer and over a span of six years rose through the ranks and was appointed Manager, Engineering & Construction in Technical Services Department. In January 2008, he was promoted to the position of Senior Manager, Technical.

In 2017, Mohd Nisharuddin completed the Management Development Program from Asian Institute of Management in Manila the Philippines. He also graduated from Syracuse University, New York, USA in 1987 with a Bachelor of Science in Mechanical Engineering. He holds a Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga.

In addition to his role in Gas Malaysia Berhad, Mohd Nisharuddin also serves as Director in Gas Malaysia Energy Advance Sdn Bhd and Gas Malaysia Virtual Pipeline Sdn Bhd (formerly known as Gas Malaysia IEV Sdn Bhd).

Mohd Nisharuddin holds 15,000 ordinary shares in the Company as at 31 December 2017.



**MOHAMAD FARID BIN GHAZALI**

Malaysian, Age 52, Male,

General Manager, Marketing

**Mohamad Farid bin Ghazali** is the General Manager for the Marketing Department since 1 August 2011.

On 1 December 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 Industrial Sales Manager position, overseeing the planning and implementation of natural gas sales activities for the industrial market.

In 2011, Mohamad Farid was again promoted to his current position, responsible for implementing marketing objectives and plans for Gas Malaysia.

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 Program from Asian Institute of Management in Manila, the Philippines, in 2009. He also holds a Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga.

Mohamad Farid holds 45,000 ordinary shares in the Company as at 31 December 2017.



**YM RAJA ISKANDAR BIN RAJA MUKHTARUDDIN**

Malaysian, Age 53, Male,  
General Manager, Human  
Resource & Administration

**YM Raja Iskandar bin Raja Mukhtaruddin** is the General Manager, Human Resource & Administration since 1 January 2012.

He joined Gas Malaysia on 1 August 1997 as an Assistant Manager in the 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. Successively in 2005, he assumed the post of Industrial Sales Manager for the Southern Regional Office.

In 1 August 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 to compensation and benefits, as well as training and development. Raja Iskandar was promoted to his current post on 1 January 2013 to lead the 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 Program. He later joined Malaysia Tourism Promotion Board ("MTPB") in 1990 and was later made the Assistant Director for the MTPB 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 Program from Asian Institute of Management in Manila, the Philippines. He currently holds a membership as Fellow, Malaysian Institute of Management.

In addition to his role in Gas Malaysia Berhad, Raja Iskandar also holds office as Director in Gas Malaysia Distribution Sdn Bhd.

Raja Iskandar does not hold any shares in the Company as at 31 December 2017.



**IKHWAN NASIR BIN ABDUL MANAF**

Malaysian, Age 54, Male,  
Deputy General Manager, Gas  
System Management

**Ikhwan Nasir bin Abdul Manaf** is the Deputy General Manager, Gas System Management since 1 June 2014.

Ikhwan Nasir joined Gas Malaysia on 1 September 1992 as a Project Development Engineer where he was involved in the development of the Natural Gas Distribution System ("NGDS") in HICOM industrial area, which was Gas Malaysia's first NGDS network. He was later tasked to manage a few more NGDS projects as Project Manager.

He later assumed bigger responsibility within the Operations and Maintenance Department, including having purview on the operation and maintenance of NGDS facilities within the central region and taking charge of the Operation Control Centre Section.

In June 2014, Ikhwan Nasir was promoted to his current position where he is responsible for 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 (SCADA) and Gas Chromatograph.

He began his career in 1990 as a Technical Assistant in Dewan Bandaraya Kuala Lumpur.

Ikhwan holds an Advanced Diploma in Civil Engineering from MARA University of Technology in 1990, as well as a certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga. Additionally, he completed the Management Development Program from Asian Institute of Management in Manila, the Philippines in 2007.

Ikhwan Nasir holds 200 ordinary shares in the Company as at 31 December 2017.





**SHAHREL AMIR  
BIN MOHD RASHID**

Malaysian, Age 50, Male,

Deputy General Manager,  
Gas Networks & Infrastructure

**Shahrel Amir bin Mohd Rashid** was appointed 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, development and execution of the Natural Gas Distribution System (NGDS) and Geographical Information System (GIS) projects. Parallel to the management of these projects, he plans and implements strategic efforts in strengthening the network delivery system and enhancing the reliability of the NGDS.

He started his career in Gas Malaysia as a Pipeline Network Planning Engineer, Technical Planning Section, under the Technical & Operations Department on 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.

On 1 January 2001, he was appointed Technical Planning Manager in the Technical Services Department and on 1 July 2012, he was promoted to the position of Senior Manager, under the Technical Planning Section, prior to his current position.

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

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

Shahrel Amir holds 100 ordinary shares in the Company as at 31 December 2017.



**Azrina binti Abdul Samat** heads the Regulatory Economics & Stakeholders Engagement Department since 2 February 2015. The department strives towards safeguarding and ensuring Gas Malaysia's seamless transition into new economic regulatory framework, such as the Incentive-Based Regulation ("IBR") and spearheads initiatives towards the Company's readiness for the landmark changes in the regulatory landscape with the introduction of the Third Party Access in 2017.

Prior to joining Gas Malaysia, Azrina was attached with Tenaga Nasional Berhad ("TNB") holding various portfolios including Regulatory Economics and Macro Policy & Pricing; with focused efforts towards establishing TNB's IBR Tariff Framework, which culminated in an inaugural base tariff review in 2014 for the 1<sup>st</sup> Regulatory Period. She also contributed positively towards TNB's long and medium term strategic business and transformation aspirations.

**AZRINA BINTI ABDUL SAMAT**

Malaysian, Age 44, Female,

Deputy General Manager,  
Regulatory Economics &  
Stakeholders Engagement

Her 18-year stint in TNB further showcased her capability in the area of fuel procurement management, primarily in power sector's macro fuel policies for natural gas, coal and LNG. In addition, her experience in the energy procurement spans across Power Purchase Agreements with Independent Power Producers to the international cross-border power purchase agreements with Thailand, Indonesia and Singapore.

Her versatility and her broad spectrum experience in the energy sector, particularly within the regulatory perspective, complements Gas Malaysia with the necessary capacity and capability in order to engage various 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 (UMIST), UK.

Azrina does not hold any shares in the Company as at 31 December 2017.





### MOHD DAHARIE BIN CHE DIN

Malaysian, Age 48, Male,

Senior Manager, Procurement  
& Contracts

**Mohd Daharie bin Che Din** is the Senior Manager for the Procurement & Contracts Department since 1 July 2012.

Mohd Daharie joined Gas Malaysia on 3 February 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 is responsible for the Procurement, Contracts and Warehouse sections.

He started his career in 1990 at Yusof and Hoe Associates Jurukur Bahan as a trainee Assistant Quantity Surveyor, as part of the Industrial Training program. 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 MARA University of Technology.

Mohd Daharie does not hold any shares in the Company as at 31 December 2017.



### JEKRIA BIN IBRAHIM

Malaysian, Age 55, Male,

Senior Manager, Health, Safety,  
Environment & Quality

**Jekria bin Ibrahim** is the Senior Manager of the Health, Safety, Environment & Quality Department ("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 on 1 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.

In February 2015, Jekria was appointed Management Representative for Quality (ISO 9001), Environmental (ISO 14001) and Occupational Health & Safety (OHSAS 18001) Management Systems. In the capacity as the Management Representative, he was responsible to ensure the relevant management systems are established, implemented and maintained in accordance with the required standards. Successively, in October 2016, he was further given the responsibility as the Secretariat for Risk & Compliance Management Committee. In this new role, he ensured the Group's business risks were properly monitored and reviewed accordingly.

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 does not hold any shares in the Company as at 31 December 2017.

**ZULKIFLI BIN MAWARDI**

Malaysian, Age 47, Male,  
Senior Manager, Corporate  
Affairs

**Zulkifli bin Mawardi** is the Senior Manager, Corporate Affairs Department since 22 April 2013. In this capacity, he strategises and manages investor relations and corporate communications plans, 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 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 banks and firms. His last tenure was with AmMetLife Berhad, preceeding which, he was with KAF Fund Management, CIMB Private Banking, Citibank Berhad, Libra Invest Berhad and AmInvestment Management Sdn Bhd.

Through his working experience in the investment industry, he brings with him the aptitude required to effectively communicate the message and appeal of Gas Malaysia to the investment community.

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

Zulkifli does not hold any shares in the Company as at 31 December 2017.

**YANTI IRWANI  
BINTI ABU HASSAN**

Malaysian, Age 40, Female,  
Company Secretary

**Yanti Irwani binti Abu Hassan** joined Gas Malaysia on and assumed her current role since 1 October 2015. In this capacity, she is responsible for company secretarial services for Gas Malaysia Group.

Yanti Irwani started her career in Tenaga Nasional Berhad as an Assistant Company Secretary. She subsequently joined Puncak Niaga Holdings Berhad from the year 2007 until September 2010, before joining Pharmaniaga Berhad. With the experience thereby acquired, she made a strategic career move and joined MMC Corporation Berhad, a holding company of Gas Malaysia, during which she was appointed Joint Company Secretary of Gas Malaysia on 20 March 2013.

She is a member of the Malaysian Association of Company Secretaries and holds a Bachelor Degree in Corporate Administration from MARA University of Technology in 1999.

Yanti Irwani does not hold any shares in the Company as at 31 December 2017.



**NORAISHAH  
BINTI MOHD RADZI**

Malaysian, Age 46, Female,  
Head, Legal & Compliance

**Noraishah binti Mohd Radzi** heads the Legal & Compliance Department since 14 February 2017. She has accumulated 22 years of working experience in various corporate and operations functional roles, mainly in legal, corporate affairs, human resources management and procurements.

Prior to joining Gas Malaysia, she was Head of Group Legal, DRB-Hicom Berhad (“DRB”). Her more than 16 years tenure in DRB has exposed her to various legal aspects such as corporate exercises, merger and acquisition including banking and fund raising exercises, land matters, joint ventures, commercial, technical and operational agreements, construction, disputes and litigations, for which she provided advice on various legal matters. Prior to this, she assumed the role of Head of Corporate Affairs for DRB subsidiaries, having purview on procurement, human resource and legal functions.

She holds a Master in Comparative Laws from International Islamic University as well as a Bachelor of Laws from the same university. She was called to the Bar in October 1996.

Noraishah does not hold any shares in the Company as at 31 December 2017.



**AZWIN BINTI NOH**

Malaysian, Age 40, Female,  
Manager, Internal Audit

**Azwin binti Noh** is the Manager, Internal Audit Department since 5 January 2015. In this capacity, she leads the independent audit exercise for the Group’s operations to reasonably ensure the adequacy and effectiveness of its governance, risk management and internal control processes. Reporting to the Audit Committee, she is also tasked to enhance the internal audit standards and practices within the Group.

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 conduct audit and implement recommendations, Azwin had successfully built relationships with ARB’s Head of Departments, assisting them in understanding issues and identifying 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 in a public accounting firm as an Audit Assistant in 2001. In 2003, she joined Malaysia Building Society Berhad as an Internal Audit Executive.

Azwin holds a Master in Business Administration from the University of Sunderland, United Kingdom as well as a Bachelor of Accounting (Honours) from the International Islamic University, Malaysia. She is a Fellow of the Association of Chartered Certified Accountants (FCCA) United Kingdom, a Chartered Member of Malaysian Institute of Accountants (MIA) and The Institute of Internal Auditors Malaysia (CMIIA).

Azwin does not hold any shares in the Company as at 31 December 2017.

*None of the Management has:*

1. Any family relationship with any Director and/ or Major Shareholder of Gas Malaysia.
2. Any conflict of interest with Gas Malaysia.
3. Any conviction for offences within the past five years other than traffic offences, public sanction or penalty imposed by the relevant regulatory bodies during the financial year under review.



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# SUSTAINABLE DEVELOPMENT

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As we continue to grow, we shall stay committed to evaluating the impact our business has on economic, environmental and social risks and opportunities with our vision and mission as the enablers for sustainable development

## SUSTAINABILITY STATEMENT

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	5.2 Advancing the Gas Industry through Active Engagement
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# WHAT'S INSIDE



This Sustainability Statement ("the Statement") outlines our effort in embedding sustainable development practices within all our business activities. It contains our address on the three core sustainability pillars prescribed by the Bursa Malaysia Securities Berhad ("Bursa Securities") Sustainability Reporting Guide ("Bursa Guideline") and is in compliance with Bursa Securities' Main Market Listing Requirements.

The Economic section discusses our role in developing the local economy and interaction with economic system. In the Environment section, we share the impact our business operations have on the environment and efforts to minimise environmental footprint. The Social section outlines our interaction with the social system, including our responsibilities to the surrounding communities and our stakeholders.

This Statement is to be read together with other sections of Gas Malaysia's 2017 Annual Report, which highlights financial and other non-financial aspects of our business operations.



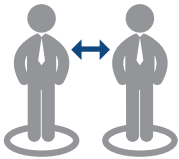
## 2. SCOPE & BOUNDARY

This annual Statement includes quantitative and qualitative data, or information, on Gas Malaysia Berhad ("Gas Malaysia" or "the Group"). It also includes information on Gas Malaysia's subsidiaries, namely, Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP"), Gas Malaysia Energy Advance Sdn Bhd ("GMEA") and Sime Darby Gas Malaysia BioCNG Sdn Bhd ("SDGMBioCNG"). This Statement does not, however, include the Group's value chain which consists of contractors, suppliers and vendors.

The scope and boundary of this year's reporting have not changed from that of the previous year.

<b>REPORTING PERIOD:</b>	1 January 2017 to 31 December 2017
<b>REPORTING CYCLE:</b>	Annually
<b>PRINCIPLE GUIDELINES:</b>	<ul style="list-style-type: none"> <li>Bursa Securities' Sustainability Reporting Guide</li> <li>Main Market Listing Requirement Practice Note 9 Article 6</li> </ul>





**3. DRIVING SUSTAINABILITY**

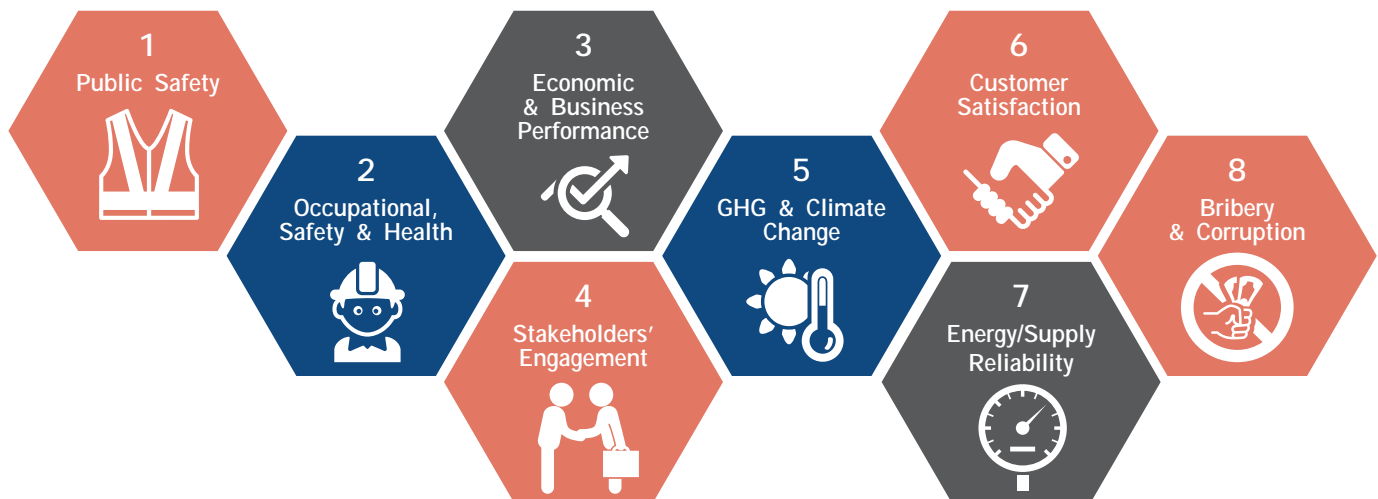
Our commitment towards business sustainability is evident throughout all levels of the Group. Gas Malaysia's Board of Directors, together with the Senior Management team, acknowledge the importance of pursuing sustainability practices, and is committed to investing in measures that help provide the Group with sustainable growth and value creation for all stakeholders whilst managing business risks and opportunities derived from economic, environmental and social factors.

The Sustainability Reporting Committee ("SRC") was formed during our inaugural reporting period in 2016 to deliberate on sustainability areas that impact our stakeholders. It is represented by all Department Heads and reports to the Chief Executive Officer. For performance monitoring, the SRC has since identified and prioritised on relevant matters that are material to Gas Malaysia's delivery of sustainable growth.



**4. MATERIALITY MATTERS**

In identifying materiality matters, we balance stakeholders' perspectives and the strategic vision of the Group. In 2016, an external survey on 30 material areas was conducted and extended to six groups of stakeholders. The survey was rolled out to identify the materiality matters for our inaugural Sustainability Statement. Filtering through the survey results, key material matters to the stakeholders and the Group are as follows:



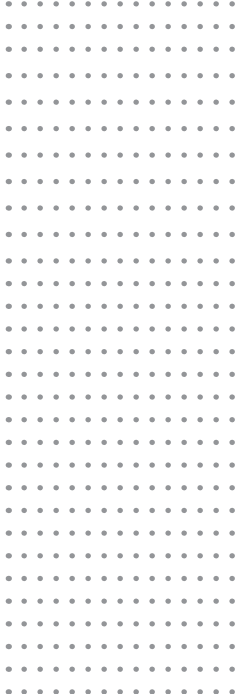
We are of the opinion that the abovementioned materiality matters are still relevant in 2017. Thus, in the subsequent part of this Statement, we shall continue to demonstrate our effort in addressing each of them and its current performance. Our efforts are outlined here as per the three sustainability pillars prescribed by Bursa Guideline: economy, environment and social.

5. ECONOMIC



Rising population and urbanisation has led to consistent growth in gas demand in the country. However, in view of finite gas resources, prudent gas consumption and efficient management of resources have been a major focus. Embracing our vision that is to be an innovative value-added energy solutions provider and carrying out our mission that is to provide the cleanest, safest, cost effective and reliable energy solutions to the nation, Gas Malaysia strives to meet the nation’s energy need by sustainably powering the Malaysian economy.

To this end, we have made a significant contribution to the economic development of the country; first by building natural gas infrastructure and providing innovative energy solutions, and second, by advancing the gas industry through active engagement.





### 5.1 Building the Nation through Gas Distribution

In 2017, we added another 57 kilometres of gas pipeline to our Natural Gas Distribution System ("NGDS") network, totalling to 2,243 kilometres. We also reinforced the network in areas such as Kluang, Gebeng, Bestari Jaya, and Subang Bestari to increase the supply capacity. As for new areas of supply, we have expanded our network to Lipat Kajang Industrial Area in Melaka.

Due to the timely completion of the enhanced gas infrastructure, we further strengthened our position in the gas distribution industry and managed to supply gas to more industrial, commercial and residential customers. In 2017, our NGDS network has helped us supply to 38,883 customers, delivering 183.90 million MMBtu of gas.

	2015	2016	2017
<b>NGDS (kilometre)</b>	2,139	2,186	2,243
<b>Customer Base:</b>			
Industrial	795	819	853
Commercial	2,149	2,260	2,310
Residential	35,746	35,298	35,720
<b>Total</b>	<b>38,690</b>	<b>38,377</b>	<b>38,883</b>
<b>Volume of Gas Sold (mil MMBtu)</b>	159.07	164.26	183.90

Our efforts in providing the nation with natural gas infrastructure also involved our collaboration with the Perak State Government and the federal government to build an additional 140 kilometres of gas pipeline in Kinta Valley. The natural gas pipeline network is expected to help attract direct investments, catalyse industrial growth and create new job opportunities along the area, subsequently enhancing the state's economy.

Supply driven, we also take proactive measures in expanding the NGDS in other areas. To this end, we have awarded new NGDS projects to construct about 180 kilometres of future gas pipelines in existing and new areas of supply.

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### 5.2 Advancing the Gas Industry through Active Engagement

Not only does stakeholder engagement enable us to respond to our stakeholders' expectations but it also brings together the expertise and knowledge from the industry to help us manage the potentials and risks in ensuring sustainable growth for the Group. We have been engaging, at various modes and frequency, diverse stakeholder groups such as the regulators, authorities, customers, employees, shareholders, business partners and representatives from the community.

Some of the focus areas during these engagements were, but not limited to, macro policy matters, tariff-related matters, technical requirement for pipeline construction and safety issues, customer experience, business performance and outlook, as well as career development.

6. ENVIRONMENT

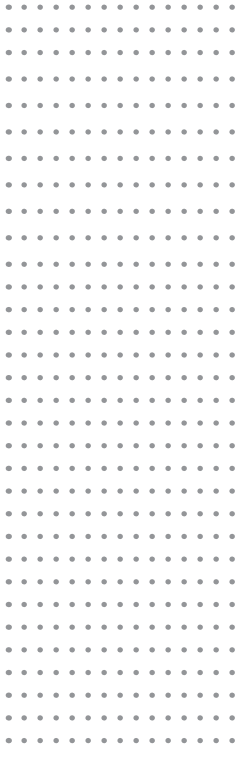


**Reducing the Nation's  
Global Warming Potential**

**Promoting Bio-diversity via  
Conservation of River Terrapin**

It has become evident that economic progress comes hand in hand with environmental degradation. In whatever form, whether it is water, land or air, pollution gives rise to environment threat facing our society today. In line with our mission and our HSEQ Policy and to ensure the environmental impacts of our business activities is minimum, we observe the value of eco-efficiency and bio-diversity.

Eco-efficiency, which promotes the improvement in economic benefits of energy by reducing waste and pollution, is one of the tools to promote the transformation from an unsustainable development to a sustainable one; while bio-diversity, the variability among living organisms from all sources including terrestrial, marine, and aquatic, forms the foundation of the vast array of ecosystem critically contributing to human well-being.



### 6.1 Reducing the Nation's Global Warming Potential

Given that natural gas is the cleanest version of fossil fuels, it offers significant environmental benefits as it produces fewer pollutants and lower emissions of greenhouse gasses, and contributes to less smog formation in the air. Besides marketing the use of natural gas, which emits up to 50% less CO<sub>2</sub> than coal, we have also been promoting energy efficiency via the Combined Heat and Power ("CHP") systems. Through simultaneous production of electricity and steam, CHP boasts operational efficiency of up to approximately 85%.

Over the years, we have also ramped up our resources to continue exploring new potentials and create new demand for natural gas, such as virtual pipeline. The BioCNG venture, via our JV company Sime Darby Gas Malaysia BioCNG Sdn Bhd ("SDGMBioCNG"), was formed to undertake the BioCNG distribution business via land transportation for customers that are currently not served by the NGDS.

The BioCNG distributed by SDGMBioCNG is a result from a hitherto biogas upgrading process, prior to which, methane that significantly contributes to greenhouse gas ("GHG") effect is captured from Palm Oil Mill Effluent ("POME"). POME is a non-toxic, oily wastewater generated by palm oil processing mills. This waste-to-energy technology is one of the key efforts to tackling the issue of global warming: if released into the atmosphere, methane is more than 25 times\* more hazardous than carbon dioxide in posing greenhouse effect.



Volume of BioCNG  
DELIVERED

**15,000**  
**MMBtu**

	2015	2016	2017
Volume of BioCNG Delivered (MMBtu)	N/A	2,500	15,000

\* Source : [www.epa.gov](http://www.epa.gov)



### 6.2 Promoting Bio-diversity via Conservation of River Terrapin

Taking place in Perak, the Conservation of River Terrapin Programme ("the Programme") was a part of our Corporate Social Responsibility ("CSR") plan in 2017. With a clear corporate conscience, this is our effort to give back to the community in which we conduct business. Gas Malaysia has been conducting business in Perak since 1999 by supplying natural gas to industrial customers near Taiping, Parit Buntar and Sitiawan. Currently, we operate and maintain about 90 kilometres of natural gas distribution pipeline, serving close to 50 industrial customers in the state of Perak alone.

In our first attempt in tackling the issue of bio-diversity in Perak, we engaged and collaborated with the Department of Wildlife and National Parks ("PERHILITAN") and held the Programme at the River Terrapin Conservation Centre in Bota Kanan. River Terrapin has been classified an endangered species by PERHILITAN.

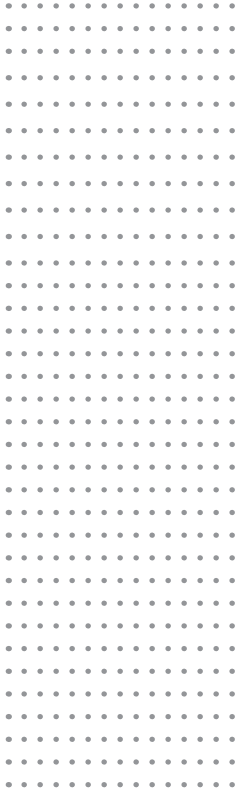
As part of the Programme which brought participation from Gas Malaysia and PERHILITAN, we donated an egg hatching incubator to the conservation centre to help with population recovery efforts in the area. With the incubator, the success rate of hatching could improve to 85%. We also contributed to the Centre several water pumps and filter machines to improve water clarity and remove suspended solids and other sediments at the breeding ponds.



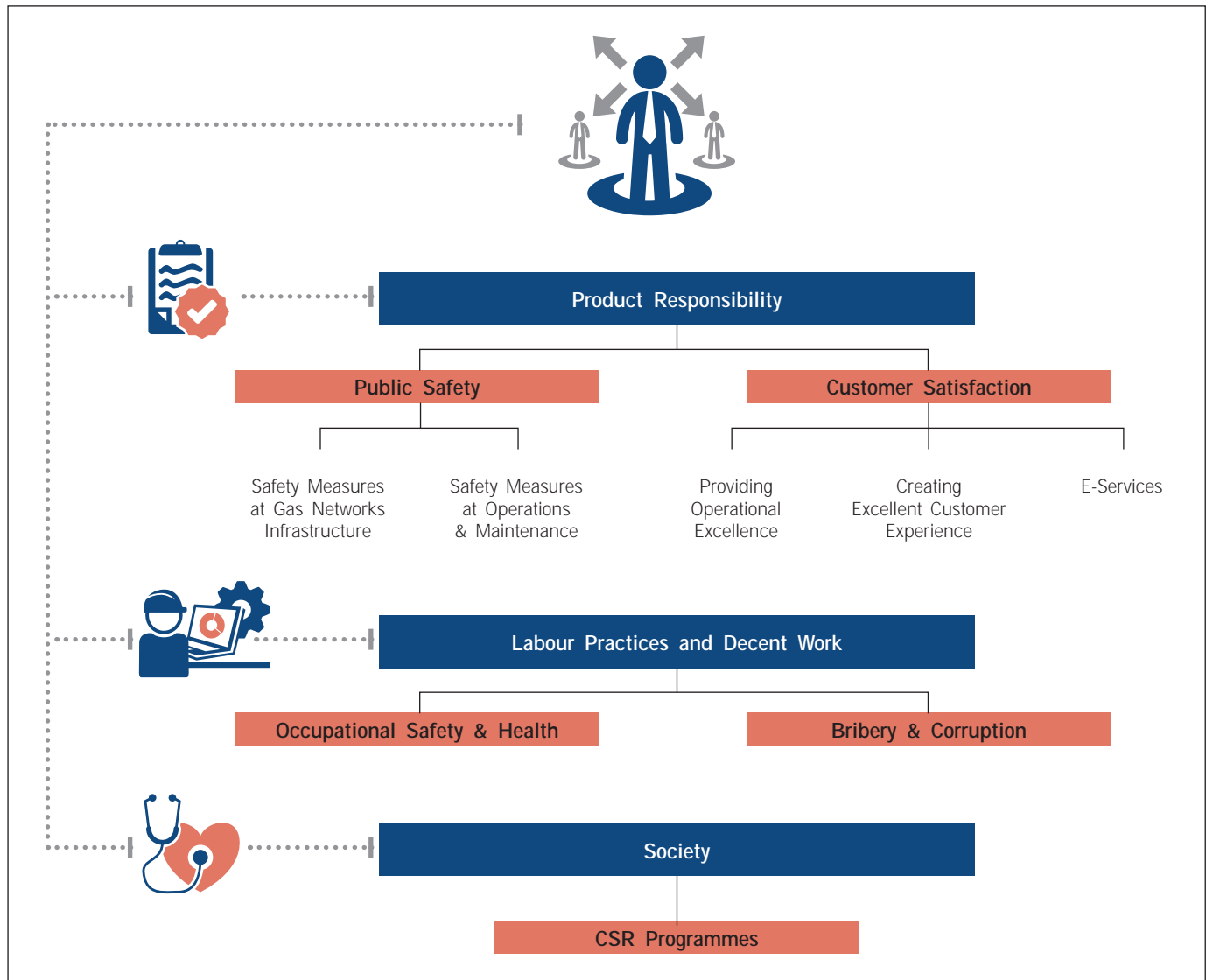


**7. SOCIAL**

We understand that building effective relationships with our key stakeholders—such as the public, customers, employees and the communities — is crucial to the success of the Group. This section highlights our efforts in delivering social commitment to all our stakeholders including employees, society, customers and the public at large. It is further divided into three sub-sections of product responsibility, labour practices & decent work, and society.







**7.1 Product Responsibility**

**7.1.1 Public Safety**

We uphold and practise stringent policies and procedures to ensure safe and reliable delivery of natural gas to the customers. In managing our operations in the way that protects the safety of our employees, customers and the public, we adhere to strict quality control and safety measures at all stages of our business, from the planning and construction of the new NGDS to its operations and maintenance.

#### 7.1.1.1 Safety Measures at Gas Networks Infrastructure

At the planning stage, strategic pipeline routes and locations of isolation valves are selected with future infrastructure expansion taken into consideration. This is followed by the engineering stage where design and material specifications are made in accordance with the Gas Supply Act 1993, Gas Supply Regulations 1997 and international accepted codes and standards. Materials are specified to withstand operating pressure and other external loads, as well as protection against corrosion and over pressurisation.

At the construction stage, we appoint competent contractors to design, engineer, procure, construct and commission the gas pipelines. Our steel pipes are sourced from manufacturers who are licensed by the American Petroleum Institute (API) to produce pipes according to verified specifications. Moreover, inspection of the steel pipes is carried out by a third-party inspection agency, providing us with further assurance that the steel pipes procured are of acceptable quality.

#### 7.1.1.2 Safety Measures at Operations & Maintenance

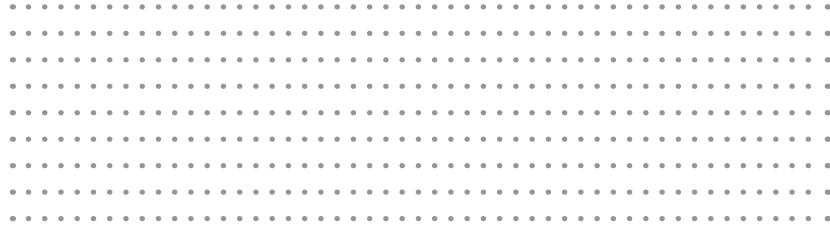
With the primary objective to ensure the safe and stable supply of gas, the Operations & Maintenance team carries out systematic day-to-day operations and maintenance of gas facilities.

Periodic preventive maintenance and troubleshooting are performed to ensure gas facilities are well maintained. The preventive maintenance activities include cathodic protection inspection (to monitor underground steel pipe condition), valve inspection, pipeline leakage survey, pipeline integrity inspection and odorant intensity level check.

Pipeline integrity inspection is carried out on the 1<sup>st</sup> year, followed by the 10th year and thereafter, every 5 years. Daily pipeline inspection is carried out to detect any abnormality of the gas facilities and monitor unauthorised third party works within the vicinity of the gas facilities.

All third party works within the vicinity of the gas facilities require a permit and are supervised on site by the Operations & Maintenance team to prevent damage to our gas facilities. On top of this, dedicated on-call response teams are established to physically respond to emergencies within 90 minutes upon notification. This is to minimise the risk to the public and limiting damage to properties and environment.





### How to Reach Us

 **customer service hotline**  
**1-300-88-4276**

 **24-hour toll-free number**  
**1-800-88-9119**



#### 7.1.2 Customer Satisfaction

We strive to offer our customers products and services that meet their needs and expectations, creating a unique business experience for them when dealing with Gas Malaysia. The reason behind it is simple: the sustainable growth of the Group depends largely on the ability to satisfy our customers.

In ensuring customer satisfaction in all our services, we always attempt to understand customers' demand trend and provide continuous consultation on our product and services, as well as keep abreast of new processes and technological development in the gas industry to better meet their operational requirements and expectations

##### 7.1.2.1 Providing Operational Excellence

Our Operations Control Centre ("OCC"), which operates around the clock from our HQ in Shah Alam, serves as a focal point in handling emergency calls. The OCC is responsible in managing and providing appropriate response during emergency, as well as attending and replying to enquiries on gas facilities issues, providing daily gas information to customers and monitoring gas pressure.

With our HQ being complemented by three regional offices and eight branch offices throughout the Peninsular, it allows us further to provide efficient and fast response to our customers in the event of service disruption.

The System Average Interruption Duration Index (“SAIDI”), commonly used by utilities companies around the world to measure service reliability, showed remarkable scorecard for our service this year. In 2017, we managed to improve our SAIDI further to 0.1067 minutes of interruption per customer. Furthermore, in the event of such disruption, the average response time was 23.93 minutes, far surpassing our standard response time of 90.00 minutes.

Performance Indicator	2015	2016	2017
SAIDI (Average Minute of Interruption per Customer)	0.1786	0.6083	0.1067
Response Time (Average Minute Taken to Respond at Site)	26.83	24.44	23.93

All the aforementioned operational excellence came hand in hand with the growth in our customer base, which coupled together, further strengthened the trust and loyalty placed in the Gas Malaysia brand.

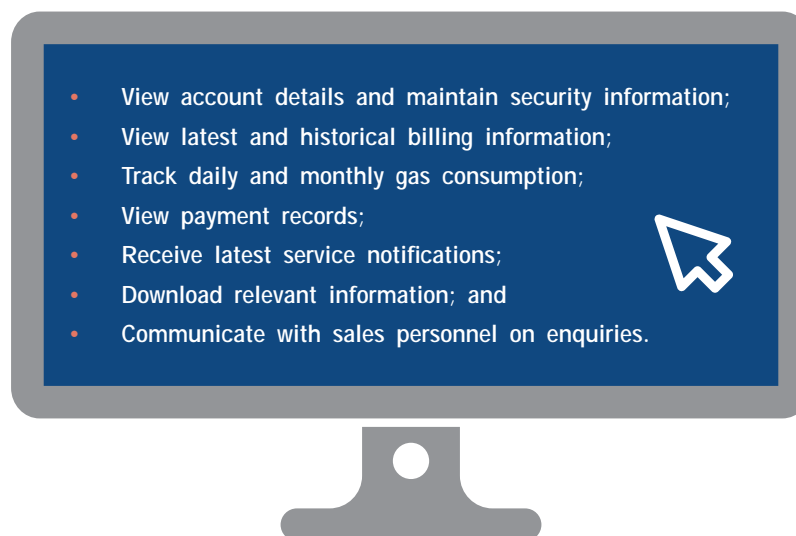
#### 7.1.2.2 Creating Excellent Customer Experience

We continue to provide high standard of customer experience by establishing a Customer Care Unit (“CCU”), set up to provide our customers with the assistance for resolving issues related to billing enquiries, account registration and service activation in a courteous and timely manner. Our CCU operates from 8:30 am to 5:30 pm dedicated to handling feedbacks efficiently.

In 2017, our CCU team improved its customer feedback services by successfully addressing customer’s complaints within the three-day target. In total, there were 74 complaints raised by our customers and successively, our CCU team managed to address 71 of those complaints within three days. That translated to a success rate of 95.94% compared with the preceding year of 87.84%.

#### 7.1.2.3 E-Services

Aimed at enhancing customer experience, E-Services provides convenience to our industrial and large commercial customers. From this secured web-based portal, customers can:



As at 31 December 2017, about 95% of our industrial and large commercial customers have registered with the E-Services.



## 7.2 Labour Practices and Decent Work

### 7.2.1 Health, Safety & Environment

As per our Health, Safety, Environment & Quality ("HSEQ") Policy, we are committed to conducting our business activities in a responsible manner that ensures the health and safety of our employees, business partners and the public and further preservation of the environment. Reasonable and practicable steps are taken to prevent and eliminate the risk of occupational injury and health illness to personnel and damage to the environment, subsequently enhancing the quality of services.

Among the key objectives under HSE are:

- 1) Maintain zero non-compliance with Occupational Safety & Health Act 1994, Environmental Quality Act 1974 and related regulations;
- 2) Strive for zero lost workday case; and
- 3) Ensure effective implementation and continual improvement of HSEQ Management System (ISO 9001, ISO 14001 and OHSAS 18001).

### 7.2.2 Bribery & Corruption

Ethical business practices are critical to business sustainability as it promotes social and economic growth. Unethical business practices, such as corruption and bribery, adversely affect the economy by distorting fair competition and raising the cost of procurement contract and that of doing business.

Because in all its form, corruption poses a real business risk to Gas Malaysia; hence, we are committed to doing business with integrity. As per the code of conduct and discipline prescribed in the Employee Handbook, as employees, we strive towards highest standard of work ethics and professionalism. This encompasses operating our business in a fair, ethical and legal manner, avoiding corruption in any form, including bribery, and complying with the anti-corruption and other governing laws.

In 2017, there was no incident of bribery and corruption reported.

As we continue to uphold a culture of integrity and curb unethical business conduct amongst all our employees and business partners, we have adopted a whistleblowing policy. There is now a proper channel to facilitate disclosure on improper conduct. The policy also ensures fair treatment to both the whistleblower and alleged wrongdoer when the disclosure is made.



### 7.3 Society

We believe that in order for our business to be sustainable, we must balance our corporate ambitions with CSR. On this premise, Gas Malaysia targets to improve the quality of lives of the under-privileged in the communities. We endeavour to roll out an agenda that touches the lives today for better communities tomorrow. Details of CSR programmes that we have undertaken and their positive impact to the community are listed below:

Engagements	Focus Areas	Results
National Cancer Society Malaysia	<b>PAEDIATRIC CANCER</b> 	116 children benefited, as our contribution was used to enhance the care unit to accommodate the patients. In addition, the contribution was also used for supplements, medication as well as transportation cost to ease the care taker's burden.
An-Nur Dialysis Centre	<b>RENAL DISEASE</b> 	A dialysis machine was purchased for the centre in 2016 to cope with the increase in the number of patients with renal disease. With the availability of this new machine, it is now possible to accommodate more patients, amounting to about 864 additional dialysis sessions for the year 2017.
Islamic Relief Malaysia	<b>FLOOD VICTIMS</b> 	A proper shelter was built to house flood victims in Rantau Panjang, Kelantan during monsoon season. In 2017, about 60 families were relocated to the shelter for temporary accommodation.
PERHILITAN	<b>RIVER TERRAPIN CONSERVATION</b> 	An egg hatching incubator was purchased to enhance river terrapin population recovery efforts. With the incubator, the success rate of hatching could improve to 85%, from about 50% currently. Also, the contribution was used for infrastructure refurbishment at the conservation centre.



## 8. MOVING FORWARD

We take comfort in the over-arching strategy of the Group and shall further develop our distribution business and work on creating new demand for natural gas via Virtual Pipeline, CHP and BioCNG ventures. We shall also seek to expand these ventures within the natural gas value chain, new markets, and within customer segments or location where we lack presence. As we continue to grow, we shall stay committed to evaluating the impact our business has on economic, environmental and social risks and opportunities with our vision and mission as the enablers for sustainable development.





# HOTEL ISTANA KUALA LUMPUR



*An Evening of Splendour*



GAS MALAYSIA IEV SDN BHD





**CORPORATE  
EVENTS**



**11 FEBRUARY 2017**  
SPORTS AND RECREATION  
CLUB

In promoting an inclusive environment among employees, *Kelab Sukan dan Rekreasi* Gas Malaysia organised a Go-Kart tournament on 11 February 2017 for fellow employees. The fun filled racing tournament was held at Shah Alam Stadium, joined by 70 employees.



**16 FEBRUARY 2017**  
INFORMATION MEETING  
& LONG SERVICE AWARD  
2017

The objective of the Information Meeting & Long Service Award ceremony was to update employees on the Group's performance for 2017 and future business direction. It was also used as a platform to extend the Board's appreciation for the contribution rendered in 2016.



**18 APRIL 2017**  
GMVP'S MOTHER STATION  
OFFICIATING CEREMONY

Gas Malaysia Virtual Pipeline Sdn Bhd (formerly known as Gas Malaysia IEV Sdn Bhd), officiated its CNG Mother Station in Gebeng, Kuantan. Also present, was the honourable Datuk Seri Jebasingam Issace John, Chief Executive Officer, East Coast Economic Region Development Council as well as other representatives from government bodies and local authorities.





9 MAY 2017  
ANNUAL GENERAL MEETING

As part of our yearly initiative and regulatory obligation, Gas Malaysia's Annual General Meeting ("AGM") was held at Hotel Istana Kuala Lumpur. The AGM was held in a well organised manner with accommodation and services being improved to better cater for our shareholders.



24 MAY 2017  
OCCUPATIONAL SAFETY  
AND HEALTH DAY 2017

The Occupational Safety and Health Day was held at Gas Malaysia's headquarters. This event was held in line with our strong commitment, towards ensuring the safety and health of its employees are always guarded.



22 JULY 2017  
GAS MALAYSIA'S  
25<sup>TH</sup> ANNIVERSARY  
CELEBRATION

Gas Malaysia commemorated its 25<sup>th</sup> anniversary with a celebration at Hotel Istana Kuala Lumpur. It was indeed a proud moment as all employees congregated to reflect on the historical journey of the Group from its humble beginnings and celebrate its achievements.



5 AUGUST 2017

GOLF-GET-TOGETHER WITH CUSTOMERS

To further strengthen the relationship with and appreciate the support rendered by our industrial customers, we hosted several golf competitions for the year 2017, titled "Golf Get Together With Customers". Our efforts to organise the competition were well received by our customers. Highlighted here is the event held at Amverton Cove Golf & Island Resort at Pulau Carey.



27 SEPTEMBER 2017

SAFETY AWARENESS SEMINAR ON PIPELINE DISTRIBUTION SYSTEM

We organised a safety awareness seminar at Hotel Equatorial in Melaka. The seminar is part of our continuous effort to instil awareness on safety matters, specifically on the pipeline distribution system. The seminar saw participation from stakeholders in the state of Melaka particularly, Royal Malaysia Police, Fire and Rescue Department, government agencies, local authorities, utility companies as well as third-party contractors.



17 OCTOBER 2017

RIVER TERRAPIN CONSERVATION PROJECT

In an effort to protect the critically endangered river terrapins, we collaborated with the Department of Wildlife and National Parks ("PERHILITAN"), and held a Corporate Social Responsibility ("CSR") programme at River Terrapin Conservation Centre in Bota Kanan, Perak. The programme saw participation from Gas Malaysia staff as well as representatives from PERHILITAN. More than 30 people were present at the conservation centre for the CSR programme, which was led by Gas Malaysia's Chief Executive Officer, Encik Ahmad Hashimi Abdul Manap and PERHILITAN's Deputy Director-General I, Encik Fakhru bin Musa.



**7 NOVEMBER 2017**

**JOINT VENTURE AGREEMENT  
BETWEEN GAS MALAYSIA  
VENTURE 1 SDN BHD AND  
SIME DARBY OFFSHORE  
ENGINEERING SDN BHD**

Our wholly-owned subsidiary, Gas Malaysia Venture 1 Sdn Bhd, entered into Joint Venture Agreement with Sime Darby Offshore Engineering Sdn Bhd to undertake another business of Combined Heat and Power.



**14 NOVEMBER 2017**

**HEALTH AND SAFETY  
FORUM 2017**

A health and safety forum for third party contractors was held at Nexus Business Suite Hotel, Shah Alam. The forum discussed matters related to safety issues and health issues, such as untoward recorded incidents, preventive action plans, most importantly, revising the safety procedures involved.



**8 DECEMBER 2017**

**CUSTOMER APPRECIATION  
CEREMONY**

In conjunction with our 25<sup>th</sup> anniversary celebrations, we organised a Customer Appreciation Ceremony at Holiday Inn Kuala Lumpur Glenmarie. The ceremony was organised to honour and appreciate our customers for their support over the past 25 years in steering Gas Malaysia to be a market leader in the natural gas distribution business.



**CORPORATE  
GOVERNANCE  
OVERVIEW  
STATEMENT**

**THE BOARD OF DIRECTORS (THE “BOARD”)**

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 Practices set out in the Malaysian Code on Corporate Governance released in April 2017 (“MCCG 2017”) have, in all material respects, been applied to achieve their Intended Outcomes as set out in this statement and to the extent that they were found to be suitable and appropriate to the Group’s circumstances.

**PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS**

**1) Board Responsibilities**

The Board is responsible for the governance and conduct of the Group’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 duties and responsibilities of the Board are as follows:

- 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 with the assistance from Risk & Compliance Committee (“RCC”);
- Succession planning through annual evaluation on Senior Management by its Nomination & Remuneration Committee (“NRC”);
- Developing and implementing an investor relations program 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 as approved by the Board. 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.

### Board Charter

The Board has adopted a Board Charter which sets out the roles and responsibilities of the Board and Board Committees. Our Charter is drafted in accordance with the Principles and Recommendations of MCCG 2012, fundamental requirements of provisions in the Companies Act 1965, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”), Articles of Association of the Company and other applicable rules and regulations. The Board acknowledges and takes note of the revised MCCG 2017 released on 26 April 2017. In regard to this, the Board plans to review the Board Charter in year 2018 to align the Board Charter with MCCG 2017 and Companies Act 2016.

## II) Board Composition

### Composition of the Board

The Board has eight Directors, comprising four Independent Non-Executive Directors and four Non-Independent Non-Executive Directors. The Board will continue to look for potential candidates based on their competency, character, time commitment, integrity and experience in meeting the needs of the Company and ensure compliance with the code requirements.

In accordance with the MMLR, none of the members of the Board holds more than five directorships in listed companies.

### Directors’ Training

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 enable Directors to have more meaningful deliberations.

During the financial year under review, all Directors attended at least one training/seminar/workshop, as follows:

Name	Trainings
Datuk Haji Hasni bin Harun	<ul style="list-style-type: none"> <li>• Cyber Security Board Awareness Session – Cyber Security from the Front Line by KPMG, 30 August 2017</li> <li>• Awareness program on Malaysian Code on Corporate Governance (MCCG) &amp; latest updates on Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad by Malakoff Corporation Berhad, 3 November 2017</li> <li>• MIA Conference 2017 by the Malaysian Institute of Accountants, 7-8 November 2017</li> </ul>
Datuk Puteh Rukiah binti Abd. Majid	<ul style="list-style-type: none"> <li>• Combatting Procurement Fraud in the Public &amp; Private Sectors Forum 2017 by ARAM Global Sdn Bhd, 24 January 2017</li> <li>• 6th Annual National Conference 2017 – Mitigating Risk In Procurement by Malaysian Institute of Corporate Governance, 9 March 2017</li> <li>• Highlights of The Companies Act 2016 - Changes &amp; Implications by Bursatra Sdn Bhd, 28 March 2017</li> <li>• Seminar on Implementing A Risk Management &amp; Internal Control Framework Based On The Malaysian Code on Corporate Governance 2017 by ARAM Global Sdn Bhd, 26 July 2017</li> <li>• Corporate Directors Advanced Programme (CDAP) – Financial Language in The Board Room by Malaysian Directors Academy (MINDA), 19-20 September 2017</li> <li>• Effective Internal Audit Function for Audit Committee Workshop – A Programme for Audit Committee Members by Bursa Malaysia Berhad &amp; The Institute of Internal Auditors Malaysia, 20 October 2017</li> </ul>

Name	Trainings
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	<ul style="list-style-type: none"> <li>• Global Transformation Forum 2017 by Performance Management and Delivery Unit (PEMANDU), 22-23 March 2017</li> <li>• 7th World Islamic Economic Forum Global Discourse On Artificial Intelligence by WIEF Foundation, 15 May 2017</li> <li>• Team Building Exercise by Momentum Assessor, 22 May 2017</li> <li>• Media Training by Hill+Knowlton Strategies, 22 September 2017</li> <li>• Crisis Management Team Training by Hill+Knowlton Strategies, 8 November 2017</li> <li>• 13th World Islamic Economic Forum, Kuching by WIEF Foundation, 21-23 November 2017</li> </ul>
Tan Lye Chong	<ul style="list-style-type: none"> <li>• Companies Act 2016 - Shares with No Par Value, Shares Buybacks and Redeemable Preference Share by Malaysian Institute of Accountants, 16 January 2017</li> <li>• Global Transformation Forum 2017 by Performance Management and Delivery Unit (PEMANDU), 22-23 March 2017</li> <li>• 2017 National Conference - Audit Committee Leadership Track by The Institute of Internal Auditors Malaysia, 9 October 2017</li> <li>• 2018 Budget Seminar : Updates and Insights for Corporate Accountants by Malaysian Institute of Accountants, 14 November 2017</li> <li>• Key Proposed Amendments to Listing Requirements Arising from the Companies Act 2016 by Malaysian Institute of Accountants, 21 November 2017</li> <li>• Financial Instruments Updates – A Review of MFRS9 (2014) Version by Malaysian Institute of Accountants, 20 December 2017</li> </ul>
Datuk Ooi Teik Huat	<ul style="list-style-type: none"> <li>• Cyber Security Board Awareness Session by KPMG, 26 July 2017</li> <li>• Insights Into The Energy Transition - Presentation by Bloomberg by Malakoff Corporation Berhad, 16 October 2017</li> <li>• Awareness Program on Malaysian Code on Corporate Governance (MCCG) and latest updates on Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad by Malakoff Corporation Berhad, 3 November 2017</li> <li>• The Impact of Companies Act 2016 On The Malaysian Code on Corporate Governance 2017 and Directors' Duties by MMC Corporation Berhad, 13 November 2017</li> </ul>
Shigeru Muraki	<ul style="list-style-type: none"> <li>• Speaker for VIP Program at Gastech 2017 Japan by Japan Gastech Consortium, 4-5 April 2017</li> <li>• Panelist for Session 5 of Gas Acceleration Transition, Fulfilling Potential at 19th Asia Oil &amp; Gas Conference, Kuala Lumpur, Hosted by: PETRONAS, 9 May 2017</li> <li>• Speaker for the 7th World Hydrogen Technology Convention, Praha by Czech Hydrogen Technology Platform and International Association for Hydrogen Energy, 9-12 July 2017</li> <li>• Panelist for World Energy Leaders' Summit of World Energy Council, Lisbon, 19 October 2017</li> <li>• Panelist for International Gas Union Council Workshop, Tokyo by IGU Council, 26 October 2017</li> </ul>

Name	Trainings
Dato' Sri Che Khalib bin Mohamad Noh	<ul style="list-style-type: none"> <li>Panelist for Majlis Perundingan Melayu Townhall entitled: Belt &amp; Road Initiative: Impak ke atas Agenda PPEB by Majlis Perundingan Melayu, 17 February 2017</li> <li>IWK Retreat: Sesi Sumbang Saran – Hala Tuju Industri Pembedungan Nasional by Indah Water Konsortium Sdn Bhd, 14 April 2017</li> <li>Cyber Security Board Awareness Session by KPMG, 6 June 2017</li> <li>Invest Malaysia 2017: "Malaysia at 60: Maximising Potential" by Bursa Malaysia Securities Berhad, 25-26 July 2017</li> <li>Speaker: IWK Innovation Month: Innovation in Business – The MMC and TNB Experience by Indah Water Konsortium Sdn Bhd, 17 October 2017</li> <li>MIA Conference 2017: Expanding Horizons. Be Future Relevant by Malaysian Institute of Accountants, 7 November 2017</li> <li>MMC Programme: The Impact of Companies Act 2016 on Corporate Governance 2017 and Directors Duties by ARAM Global Sdn Bhd, 13 November 2017</li> </ul>
Kamalbahrin bin Ahmad	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme (MAP) by The ICLIF Leadership and Governance Centre, 25-26 September 2017</li> </ul>

All Directors have attended the MAP prescribed by Bursa Securities.

#### Tenure of Independent Directors

As of the date of this Annual Report, none of the Independent Directors of the Company has reached or exceeded a cumulative term of nine years as shown in the table below:

Name of Independent Director	Date of Appointment	Length of Service
Tan Lye Chong	16 August 2011	6 Years 4 months
Datuk Puteh Rukiah binti Abd. Majid	16 August 2011	6 Years 4 months
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	16 August 2011	6 Years 4 months
Datuk Ooi Teik Huat	16 May 2013	4 Years 6 months

The Board Charter has a policy limiting the tenure of Independent Directors to nine years. The policy allows exceptions, subject to the assessment of the NRC and on an annual basis subject to shareholders' approval.

#### 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 in terms of age, gender, nationality and ethnicity. The Board also believes that the appointments of the existing Directors were guided by their skills, experience, competency, commitment and knowledge while taking into consideration gender diversity. The skills and experience of each Director are stipulated in our Annual Report pages 50 to 59.

The Company's boardroom diversity profiles are as follows:



The Company has one female Independent Non-Executive Director on Board namely Datuk Puteh Rukiah binti Abd. Majid. The Board endeavours to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board by establishing a formal boardroom diversity policy in year 2018.

#### Attendance of Meetings

The number of Board and Committee Meetings held in FY2017 and the attendance of each member of the Board at the respective Board and Committee meetings are as follows:

Name	Designation	Meeting Attendance			
		Board of Directors	Nomination & Remuneration Committee	Audit Committee	Risk & Compliance Committee
Datuk Haji Hasni bin Harun	Chairman of Board of Directors, Chairman of NRC, Non-Independent, Non-Executive	5/5	4/4	N/A	N/A
Datuk Puteh Rukiah binti Abd. Majid	Independent, Non-Executive	5/5	4/4	5/5	N/A
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Independent, Non-Executive	5/5	4/4	N/A	3/3
Tan Lye Chong	Chairman of AC, Independent, Non-Executive	5/5	N/A	5/5	N/A
Datuk Ooi Teik Huat	Independent, Non-Executive	5/5	N/A	5/5	N/A
Dato' Sri Che Khalib bin Mohamad Noh	Non-Independent, Non-Executive	4/5	N/A	N/A	N/A
Shigeru Muraki	Chairman of RCC, Non-Independent, Non-Executive	5/5	N/A	N/A	3/3
Kamalbahrin bin Ahmad (Appointed on 19 July 2017)	Non-Independent, Non-Executive	2/2	N/A	N/A	1/1
Yusa' bin Hassan (Resigned on 19 July 2017)	Non-Independent, Non-Executive	3/3	N/A	N/A	2/2

### Code of Conduct and Ethics

The Company's Code of Ethics for Directors and Code of Conduct and Discipline for Employees (hereinafter collectively referred to as "Code of Conduct") continue to govern the standards of ethics and good conduct expected from Directors and employees. This Code of Conduct is based on the principles of sincerity, integrity, responsibility and corporate social responsibility.

Meanwhile the Board is guided by a high standard of ethical conduct in accordance with the Code of Ethics for Company Directors as established by the Companies Commission of Malaysia, which was provided upon their appointment. Nevertheless, in the view of MCCG 2017, the Board plans to review the Code of Conduct and Ethics of the Company in year 2018 to ensure the Code of Conduct and Ethics is in line with MCCG 2017.

### Whistleblowing Policy

The Whistleblowing Policy encourage employees to report genuine concerns in relation to breach of a legal obligation; including negligence, criminal activity, breach of contract and breach of law, miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace.

The Whistleblowing Policy establish a clear channel of communication between the Board and the employees and employees are well-informed on the whistleblowing policy as well as the relevant procedures including the whistleblowing avenues available for them.

The Company's Whistleblowing Policy was approved by the Board on 14 February 2018.

### Company Secretaries

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 statutory and regulatory compliance. They are suitably qualified, competent and capable of carrying out the duties required of the role.

### Board Committees

The Board has delegated some of its responsibilities to the respective Board Committees namely, the Audit Committee, NRC, and RCC, all of which have their own terms of reference to govern their respective scopes and responsibilities.

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.

Based on the annual assessment conducted on the Board and its Committees for the financial year under review, the Board unanimously resolved that each of its committees has effectively discharged its duties and functions as guided by its respective Terms of Reference.

### III) Board Remuneration

The Group has established a Remuneration Policy which takes into account several factors, including competitiveness and to ensure long-term success of the Group. The policy was reviewed during the year and a human resource consultancy company, Korn Ferry Hay Group was engaged to perform the employees remuneration competitiveness study. Following this review, a revised new remuneration policy was instituted to ensure the Group remuneration remains competitive to attract talented and highly skilled employees.

### Nomination & Remuneration Committee ("NRC")

The NRC comprises of:

Name of Director	Designation
Datuk Haji Hasni bin Harun	Chairman of Board of Directors, Chairman of NRC, Non-Independent, Non-Executive
Datuk Puteh Rukiah binti Abd. Majid	Independent, Non-Executive
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Independent, Non-Executive



The NRC's key roles, among others are:

- To consider and recommend to the Board suitable persons for appointment as Board Members and CEO/Executive Director of the Company, its Committees and its Subsidiaries;
- To annually review the performance of the Board Members, its Committees and Boards of Subsidiaries;
- 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 review and recommend to the Board the succession plan of the Group;
- To review and recommend the general remuneration policy of the Company;
- To review and recommend the appointment and promotion of Senior Management of the Company;
- To review annually the compensation of Directors; and
- To recommend suitable short and long-term incentive plans including the setting of appropriate performance targets.

During the financial year under review, the NRC met four times and carried out, among others, the following activities:

- Reviewed the succession planning for Critical Management Positions;
- 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 each individual Director;
- Assessed the performance of the Board and independence of each of the existing Independent Directors;
- Reviewed and recommended to the Board on matters regarding Key Performance Indicators of CEO for the financial year under review;
- Reviewed the remuneration and proposed a new salary structure for employees; and
- Recommended to the Board regarding annual increment and performance bonus for employees.

The Board will evaluate the need to engage an independent experts to perform a periodic independent assessment of the Board.

Written terms of reference of the NRC is available on Gas Malaysia's website: [www.gasmalaysia.com](http://www.gasmalaysia.com)

#### **Criteria for Recruitment and Annual Assessment of Directors**

For the assessment and selection of Directors, the NRC shall consider the following factors of the prospective Directors:

- Character, experience, skills, knowledge, expertise and competence;
- Professionalism;
- Commitment (including time commitment), contribution and performance;
- Integrity;
- In the case of candidates for the position of independent non-executive directors, the NRC will evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors; and
- Boardroom diversity.

The Board assisted by NRC undertakes an annual assessment on the effectiveness of the Board as a whole, its Committees, the contribution of each individual director, including Independent Directors, as well as the required mix of skills, experience and other qualities of the Board members, including core competencies which non-executive directors should bring to the Board.

The assessment is conducted through questionnaires circulated to the Board covering various aspects pertaining to Board effectiveness such as Board composition and structure, principal responsibilities of the Board, Board process, Board governance and CEO performance and succession planning.

Additional questionnaires on Independent Director were provided to all Independent Directors. Outcomes of the evaluations are generated based on the Directors' feedbacks on the questionnaires. Upon assessment, the NRC will consider and recommend measures to upgrade the effectiveness of the Board and its Committees. All assessments and evaluations carried out by the NRC in the discharge of all its function are properly documented.

Based on the assessment conducted for the financial year under review, the Board opined that the existing structure of the Board is highly effective due to the following:

- The Company has a well-balanced Board. It comprises of eight members all of whom are Non-Executive Directors, and four are Independent Directors. The Independent Directors make up half of the Board;
- The Board is of the right size and comprises of individuals who have diverse skills, knowledge, experience and expertise that combines to provide different perspectives and effective board dynamics. Thus, it enables effective and constructive deliberations whereby any decision made is founded on detailed and balance considerations;
- The Board understands its role and responsibilities and is committed in discharging its fiduciary duties; and
- The Board has sound knowledge and understanding of the Group's business and challenges as well as the industry in which the Group operates and able to chart strategic direction of the Group.

In conclusion, the Board is satisfied of its existing number and composition and of the view that, with the current mix of skills, knowledge, experience and strength, the Board as a whole is able to discharge its duties effectively.

#### Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and subsidiaries respectively for the financial year ended 31 December 2017 are as follows:

Name	Directors' Fees (in RM'000)	Other allowances (Note a) (in RM'000)	Total (in RM'000)
Datuk Haji Hasni bin Harun	300	89.5	389.5
Datuk Puteh Rukiah binti Abd. Majid	78	105	183
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	78	100	178
Tan Lye Chong	78	101	179
Datuk Ooi Teik Huat	78	77	155
Dato' Sri Che Khalib bin Mohamad Noh	78 (Note b)	38 (Note c)	116
Shigeru Muraki	78	96	174
Kamalbahrin bin Ahmad (Appointed on 19 July 2017)	35.2	43.9	79.1
Yusa' bin Hassan (Resigned on 19 July 2017)	45.5	53.3	98.8
<b>Total</b>	<b>848.7</b>	<b>703.7</b>	<b>1,552.4</b>

#### Notes:

- Other allowances comprise the meeting allowances, telephone allowance, annual token of appreciation and annual leave passage.
- Dato' Sri Che Khalib bin Mohamad Noh received half of the Directors' Fees, another half amounting to RM39,000 was paid to MMC Corporation Berhad.
- Dato' Sri Che Khalib bin Mohamad Noh received half of the meeting and telephone allowances, another half amounting to RM6,500 was paid to MMC Corporation Berhad.

**Remuneration of top five Senior Management**

Details of top five Senior Management remuneration on a named basis (including benefits-in-kind) in respective band of RM50,000 are as follows:

Name	Designation	Total Remuneration Range in Year 2017 (in RM'000)			
		500 – 550	650 – 700	700 – 750	Above 1,000
Ahmad Hashimi bin Abdul Manap	Chief Executive Officer				x
Shahrir bin Shariff	Director of Commercial				x
Mohamed Sophie bin Mohamed Rashidi	Chief Financial Officer			x	
Mohd Nisharuddin bin Mohd Noor	General Manager, Operations & Maintenance		x		
Mohamad Farid bin Ghazali	General Manager, Marketing	x			

**PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT****I) Audit Committee ("AC")**

The AC's key roles are:

- To 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;
- To 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, codes of conduct and applicable legal and regulatory requirements;
- To review related party transactions and recurrent related party transactions to ensure the transactions are carried out on arm-length basis, on normal commercial terms, in the best interest of the Group and are not detrimental to the minority shareholders;
- Serve as an independent and objective party from Management in the review of the financial information of the Company and 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
- To evaluate the quality of audits conducted by the internal and external auditors on the Company and Group.

The AC comprises of three Independent Directors:

Name of Director	Designation
Tan Lye Chong	Chairman of AC, Independent, Non-Executive
Datuk Puteh Rukiah binti Abd. Majid	Independent, Non-Executive
Datuk Ooi Teik Huat	Independent, Non-Executive

Details of AC activities are reported in Audit Committee Report in pages 111 to 114.

## II) Risk Management and Internal Control

The Board manages and performs its risk management and internal control through Risk & Compliance Committee. The Risk & Compliance Committee assessed, reviewed and monitored the Group's risk profile, the controls enforced in managing and mitigating those risks and ensuring those controls are adequate and effective by challenging management actions and control activities.

### Risk & Compliance Committee ("RCC")

The RCC's key roles, among others are:

- To oversee the establishment and implementation of the risk management system of the Group of which the effectiveness of the system is reviewed annually; and
- To review and approve the risk management framework and policies to be adopted by the Group.

The RCC comprises:

Name of Director	Designation
Shigeru Muraki	Chairman of RCC, Non-Independent, Non-Executive
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Independent, Non-Executive
Kamalbahrin bin Ahmad	Non-Independent, Non-Executive

During the year, RCC met three times to discuss the risk profiles and review the adequacy and effectiveness of internal controls. The RCC also discussed the financial resilience and examined the ability of the Group to respond to changing business, political, economy and social environment.

The Group's key risks and further information on the Group's system of risk management are outlined in the Statement on Risk Management and Internal Controls in pages 104 to 109.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I) Communication with stakeholders

The Board believes that regular communication with investors is essential to enhance shareholder value. To this purpose, the Board delegated the investor communications to the Corporate Affairs Department ("CAD"). CAD prepared the following in relation to investor communications:

- Investor Relations presentations and Investor brief;
- Monthly Investor Relations updates;
- Quarterly Investor Relations updates; and
- Online enquiries/ feedback for investors.

As per work programme, investor focus engagements are also planned and implemented for shareholders at various modes and frequencies. The Head of CAD serves as the lead facilitator and key engagement personnel for the said engagement for effective communication.

### II) Conduct of General Meetings

To ensure that shareholders are able to participate, engage the Board and Senior Management effectively, and make informed voting decisions at general meetings, the Board, with the assistance of the Company Secretaries, has provided shareholders with sufficient notice and time to consider the resolutions that will be discussed and decided at the Annual General Meeting ("AGM") by issuing notice for AGM at least 28 days before the Meeting.

Notice for the 26th AGM held on 9 May 2017 was sent to shareholders on 14 April 2017. The notice includes details of the resolutions to be tabled and details explanation on the resolutions. Details of the resolutions proposed along with any background information and reports or recommendations that were relevant were also provided with the notice for AGM.

During the AGM, shareholders were given opportunity to engage with the Board members including Senior Management. All resolutions were passed by the shareholders through e-voting system to ensure full participation of shareholders.

### Key Focus Areas and Future Priorities

With the release of the MCCG 2017 in April 2017, the key focus during the year was to comprehend and understand the Principles and Practices introduced for the subsequent application and disclosure in the annual report for the financial year ended 31 December 2017. The Company has applied and adopted all the Practices under MCCG 2017, with the exceptions of three Practices that are listed in the table below. Nevertheless, the Board endeavours to achieve full application and adoption in the future.

The summary of three Practices that were in departure from the Practices listed in MCCG 2017, its alternatives and action plans to address these departures are as follow:

Principal	Practice	Gap Summary
A - Board Leadership and Effectiveness	Practice 4.1 At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.	The Directors composition complies with the Paragraph 15.02(1) of the MMLR and the Independent Directors provide an effective check and balance in the functioning of the Board.
		<p>The Company, being defined as Large Company, has yet to conform to Practice 4.1 of the MCCG 2017 on having a majority Independent Directors in its Board.</p> <p>The Non-Executive Chairman of the Board, Datuk Haji Hasni bin Harun, although not an Independent Director, provides a strong leadership and objective judgement to ensure adequacy and effectiveness of the Board's governance process, and the Board unanimously concurred the Chairmanship should remain with a Non-Independent Non-Executive Director.</p> <p>The Board will review the Board profile and composition which includes a review of the number of Independent and Non-Executive Directors.</p>
	Practice 4.5 The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.	<p>The percentage of women in the Board is 12.5% represented by a woman Director, lower than the 30% as prescribed in this Practice.</p> <p>The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group and acknowledges the importance of boardroom diversity in terms of age, gender, nationality and ethnicity. The Board also believes that the appointments of the existing Directors were guided by their skills, experience, competency, commitment and knowledge while taking into consideration gender diversity.</p> <p>For any casual vacancy in the future, the Board, in considering the potential candidates, will source for more female candidates with suitable skills, experience, and qualifications.</p> <p>The Board will enhance the Terms of Reference for the NRC on the topics of diversity and equal opportunity employment.</p>

Principal	Practice	Gap Summary
	Practice 4.7 The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.	<p>The Chairman of the NRC is a Non-Independent Director which does not conform to Practice 4.7 of MCCG 2017. In this regard, the Board has determined that Datuk Hj Hasni bin Harun's expertise, familiarity and experience with the Company have been valuable and critical for his role as Chairman of NRC.</p> <p>The NRC comprises a majority of Independent Directors, two are Independent Directors out of three members, and thus, retains a high degree of independence.</p> <p>The Board will review the Chairmanship and the composition of the NRC in the future.</p>

**STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA SECURITIES IN RELATION TO APPLICATION OF PRINCIPLES OF MCCG 2017 PURSUANT TO PARAGRAPH 15.25 OF THE MMLR**

The Board has reviewed, deliberated and approved this Corporate Governance Overview Statement and is pleased to report to its shareholders that to the best of its knowledge, the Company has complied with and shall remain committed to continuously apply the Principles laid down in the MCCG 2017.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 15 March 2018.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

Gas Malaysia Berhad ("Gas Malaysia") and its Group of Companies ("the Group") are operating in a dynamic and challenging corporate environment. Acknowledging this, the Board of Directors ("Board") upholds its responsibility of ensuring effective and efficient administration of risk and compliance management, and internal control systems throughout the Group, via administering pertinent policies and procedures. Constant monitoring of risks and internal controls by the Board and Management will ensure adherence to and compliance with relevant laws and regulations. It shall also ensure that various assets and investments of the Group, as well as interests of other stakeholders, are safeguarded.

The Risk & Compliance Committee ("RCC") in its meeting on 13 February 2018 had reviewed and accepted the business risk presented by a subsidiary company, Gas Malaysia Virtual Pipeline ("GMVP") and jointly controlled company, Gas Malaysia Energy Advance Sdn Bhd ("GMEA"). The management will continuously monitor the Group's subsidiary and joint venture entity risks and will present to the RCC during its half-yearly meetings.

### RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM DESCRIPTION

As a means to assure that the objectives are fulfilled, the Board is assisted by the Management, internal auditors and external auditors. Together, we strive to identify and estimate the potential risks while at the same time, perform monitoring role and continuously improve the internal control system within the Group. All the controls are strategised to provide a practical and realistic assurance instead of the absolute affirmation against the risk of occurrence of material errors, fraud or losses. The description of related key elements of the Group's risk management, internal control and business continuity practices are as follows:

#### A) RISK MANAGEMENT

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

The Board has devised its own risk and compliance management policies and procedures framework with the purpose of managing risks and compliance in the Group. It shall act as a guiding manual and reference in identifying, evaluating, monitoring and developing processes and techniques for managing risk.

Constant supervision and reassessment are practiced to ensure that the systems of internal control remain effective at all times. In addition, it is also designed to minimise the impact of risks rather than totally eradicating the opportunities that come with inherent risks. Such prevention may disrupt the Group from achieving its objectives and goals.

For efficiency, the Management formulated continual processes for identifying, evaluating and managing any major risks faced by the Group. The Management remains vigilant of any situations which may affect the well-being of the Group, its employees, assets, profits as well as its stakeholders.

## 2) REPORTING STRUCTURE

The management of risks is considered as an integral part of the Group's management process. Accordingly, it is incorporated into the operational processes of the Group. The reporting structure can be described as follows:



### NOTE 1:

#### RISK AND COMPLIANCE MANAGEMENT COMMITTEE

The Risk and Compliance Management Committee ("RCMC") is responsible to assist the RCC in carrying out the implementation of risk management in Gas Malaysia as well as its operating companies. It is formed with a comprehensive responsibility of monitoring the risk and compliance management activities of the Group. The function includes executing appropriate risk management procedures and measurement methodologies across the Group.

The responsibilities and duties of RCMC are as follows:

- Ensure continuous development of risk management system in the Group and supervise the implementation of risk management in compliance with the Enterprise Risk Management ("ERM") Policy and Framework.
- Conduct RCMC meetings on a half yearly basis.
- Ensure that risks identified are reviewed prior to reporting to the RCC.
- Decide on the status and further action on matters arising with regards to the identified risks.

- Identify key risks at the Group that need to be escalated to the RCC.
- Review and enhance the Group's risk management structure to sustain the ERM framework and support the on-going delivery of risk management objectives.
- Review and enhance the Group's Risk Assessment process.
- Ensure that the ERM Policy and Framework have been adopted accordingly.

The Chief Executive Officer leads the RCMC as the Chairman with all Head of Departments ("HODs") as members. The HODs play a significant role in both managing and controlling all the identified risks and compliance issues that are related to their particular departments. In addition, the Management is required to assure that the risk and compliance policies as well as procedures are incorporated and go hand in hand with the business strategies and plans. All these risk and compliance related matters shall be reported to the RCMC twice a year. Following that, the report shall be tabulated by the RCMC and forwarded to the RCC.

### NOTE 2:

#### RISK AND COMPLIANCE COMMITTEE

The RCC is responsible to assist the Board to oversee the establishment and implementation of an enterprise risk management system. The RCC is also responsible to review the effectiveness of the system annually.

The RCC consists of at least three Board members including the Chairman, who is a non-executive Director. This RCC is required to determine the Group's level of risk. Furthermore, they are to assess and examine key business risks so that the shareholders' investments and the Group's assets are safeguarded.

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

- To review the processes for determining and communicating the Group's risk appetite.
- To oversee the establishment and implementation of the risk management system of the Group of which the effectiveness of the system is reviewed annually.

- c) To review and approve the risk management framework and policies to be adopted by the Group. The framework is constantly monitored and reviewed to ensure risks and controls are updated to reflect current situation and ensure relevance at any given time.
- d) To review Management’s processes for identifying, analysing, evaluating and treating risks, as well as communicating the identified risks across the Group.
- e) To review periodic reports on risk management of the Group and deliberate on key risk issues highlighted by the Risk Management Committee.
- f) To report to the Board on the key risks of the Group and the action plans to mitigate these risks.
- g) To carry out such other assignments as may be delegated by the Board.

The RCC presents its reports to the Board twice a year. This allows the Board to keep abreast and be updated on major risks within the Group. At the same time, they will be able to ensure that timely actions are taken by the Management to alleviate the risks.

**3) RISK IDENTIFICATION PROCESS AND ANALYSIS**

Risk identification starts with the coordinators in each department. The appointed personnel seek to identify risks which may in any way affect the Group’s objectives. The consideration shall include economic, reputation and compliance objectives. The risks will then be measured and registered in terms of likelihood and impact of incidence. The main objective of this process is to appropriately identify, evaluate and respond to the risks identified in order to protect the Group from loss, uncertainty and loss of opportunities.

The main responsibility of risk coordinators would be to identify risks and subsequently map them to the risk register. Next, the compiled risks will be communicated to their respective HODs. Risks that are categorised as major will be forwarded to the RCMC.

**4) GAS MALAYSIA RISK REGISTER (“GRR”)**

All risks previously detected will be recorded in the GRR. The compilation will then be reviewed by the RCMC.

After the completion of the reviewing process, the RCC will be informed about the most significant risks identified. The rating or score is determined based on the consequences, root cause and the current capability of controls the Group has to mitigate the resultant impact.

**5) BUSINESS CONTINUITY MANAGEMENT MANUAL (“BCMM”)**

BCMM was created with the objective of achieving the Group’s goal which is to minimise the effect of any incident on employees, business partners, local community and environment. It is of high priority that business functions must still be able to be carried out even in an emergency situation.

BCMM encompasses two major elements, which are made up of Emergency Management (“EM”) and Business Continuity Management (“BCM”). EM is a programme created to control the overall culmination of a physical incident within a business unit. The programme integrates both operations response to emergency as well as supporting staff functions such as law, insurance, public affairs and human resources.

IMPACT \ LIKELIHOOD	IMPACT					
	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC	
Almost Certain	High	High	Extreme	Extreme	Extreme	Low
Likely	Moderate	Moderate	High	High	High	Moderate
Possible	Moderate	Moderate	High	High	High	High
Unlikely	Low	Moderate	High	High	High	High
Rare	Low	Moderate	High	High	High	High

On the other hand, BCMM's main function is to protect corporate assets from an actual or potential threat caused by either a catastrophic incident, a non-physical event or series of negative developments which escalate to crisis proportions. BCMM underlines the strategies and actions to be taken during the incident. It relies on an equalised evaluation of probable impact on Group's operations, image and liability. Via systematic management, BCMM strives to handle those impacts so that the business recovery can be accelerated.

In order to ensure that sufficient resources are readily accessible, the plan undergoes constant reassessment, testing and auditing process. This continuous update and improvement is significant to make sure that it remains relevant and allow the Group to effectively and efficiently face the challenges posed by any incidents.

As means to facilitate the above, the Group prepared the following:

**a) Emergency Response Plan ("ERP")**

The creation of ERP is an embodiment of the Group's commitment towards responding effectively to all emergencies that affect the Group. The plan strives to assure that immediate and effective response can be taken during emergency situations. This is achieved via the means of providing training as well as maintaining adequate resources in dealing with crisis. The main goal of ERP is to minimise the after-effect of an emergency by minimising the risk to the public and employees and at the same time, protecting property and limiting damages to the environment.

Generally, the ERP revolves around on site procedures which are to be taken by related personnel when an emergency occurs. The main priority of this measure would be the safety of the employees, the protection of the public as well as the conservation of the environment wherein the damage must be kept as minimal as possible. However, it is important to note that due to the volatile and irregular nature of emergencies, most procedures are presented as general guidelines rather than inflexible rules.

**b) Computer Disaster Recovery Centre ("CDRC")**

CDRC is a coordinated process of restoring crucial systems, data and infrastructures that are required to sustain the key on-going business operations during a crisis.

The Group has set up its own CDRC, where core and main servers for the Group's IT operations are replicated outside the main operation buildings. The centre will also host the backup Operation Control Room ("OCR") in which, it has a similar function as the main OCR located at the Head Office. All these will make it possible for the critical data to remain safely intact and uncorrupted when disaster occurs.

**c) Health, Safety, Environment and Quality ("HSEQ") Policy**

The HSEQ Policy outlines the strong commitment of the Group towards the employees, business partners and the general public. Each and every practical and possible step identified will be considered and monitored by the Steering Occupational Safety & Health Committee. As a result, risks of occupational injury and health illness amongst personnel and damages to the environment can be prevented and eliminated. At the same time, the quality of services will be enhanced as well.

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

Outlined below are the other essential components of the Group's internal control system:

**1) GOVERNANCE AND CONTROL ENVIRONMENT**

- Delegations of responsibilities between both the Board and the Management are clearly defined. This is done via proper documentation of authorisation procedures as well as line of accountability for right authorisation, approval and control procedures. In line with that, relevant Limits of Authority framework are prepared to ensure that correct approvals are obtained for all transactions. Significant transactions such as major tenders, acquisitions and disposals must be approved by the Board.
- The Standard Operating Procedures ("SOP") are regularly updated parallel with the latest developments in the Group to guarantee that it will be relevant at all times. The SOP would document the internal control procedures including how specific objective can be achieved based on respective processes.
- ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and ISO/IEC 27001:2013 are certifications obtained for operational processes.

**2) RISK ASSESSMENT**

Regular meetings will be held amongst the HODs to discuss any recent major issues affecting the Group. These meetings allow quality decisions to be made and at the same time, promoting teamwork in problem solving.

**3) CONTROL ACTIVITIES**

Control activities is a budgeting process wherein budgets and business plans for the allocation of five years are prepared and tabled to the Board for endorsement.

**4) INFORMATION AND COMMUNICATION**

The implementation of Enterprise Resource Planning System facilitates a smooth flow of information among critical business functions inside the Group. In return, it increases the quality of control and efficiency of operations.

**5) MONITORING**

- The Internal Audit Department has been assigned the responsibility to conduct reviews on the adequacy, efficiency and effectiveness of the internal controls of the Group. Subsequently, recommendations will be proposed to the Management should there be any room for improvements. The findings will then be reported to the Audit Committee. The committee shall act as the representative of the Board to put all the notions into consideration in regards to the efficiency and sufficiency of the Group's operations.
- Every month, monthly performance will be analysed against the budget and compared to previously allocated timeline. The findings will next be tabled to the Management during the monthly Management Committee meeting. This is to be done prior to the data being reported to the Audit Committee and the Board, which will be held on a quarterly basis. This allows constant and timely performance monitoring. As such, any issues which impede the budget achievement goal is addressed early in an effective manner.

The Board and Management acknowledge the importance of a constant monitoring of the Group. This is due to the ever changing nature of risks faced by the Group. Hence, to ensure the process is up to date, improvement and enhancement of the internal control must be done on an on-going basis to ensure that all probable impacts of the identified risks can be mitigated.

**RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS**

The regular assessment by the Board to ensure the effective risk management and internal control systems of the Group is done via the following mechanisms:

- To begin with, the Board utilises numerous data and tools to measure whether the current risk management and internal control systems are still effective and relevant with the current condition. The data and tools include comparison between actual and planned performance, key financial as well as operational performance.
- Next, the Management shall keep the Board updated about the Group's performance in relation to the plans and developments of both internal and external aspects. These discussions will be held on a quarterly basis. In addition, specific transactions, projects or opportunities will be discussed with the Board when the need arises. This allows the Board to determine if there are any new risks which need to be addressed as well as highlight elements of action plans and internal controls which require enhancement for better results.
- Following on from the above, all the improvements required will be addressed appropriately. These actions are carried out based on the results of reviews by the internal auditors. The outcome of the reviews will be discussed by the Audit Committee while the follow-up monitoring task will be carried out by the Management and internal auditors.
- Ultimately, the overall risk management activities and risk registers will be presented to the Board at least twice a year. This is done to provide a complete overview of the Group's key risks and how they are being managed.



#### 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 are effective and cover up to the date of the approval of this statement 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 Main Market Listing Requirements ("MMLR") of Bursa Malaysia, guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance (MCCG) 2017. This Statement is made in accordance with a resolution of the Board of Directors dated 15 March 2018.

#### REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia 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 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 2016 (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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 2017, and of the financial performance and cash flows of the Group and the Company for the financial year ended 31 December 2017.

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 Board of Directors dated 15 March 2018.

## AUDIT COMMITTEE REPORT

The Audit Committee ("AC") provides critical oversight of the Group financial reporting process, monitoring the external and internal auditing process, compliance with relevant legal and statutory matters and other matters delegated by the Board to the AC through its approved Terms of Reference.

The Board of Directors of the Company is pleased to present the Audit Committee Report for the financial year ended 31 December 2017.

### COMPOSITION

The AC composition and type of directorship are 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 is in line with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"); where:

- All AC members are Independent Non-Executive Directors.
- No alternate director is appointed as a member.
- Two members of the AC are Malaysian Institute of Accountants ("MIA") member and fulfill the requirement of Paragraph 15.09 (1)(c)(i) of the MMLR.

### MEETINGS

During the financial year ended 31 December 2017, the AC held five meetings. The meeting attendance record of the members are as follows:-

No.	Name of Members	Number of meetings attended
1.	Tan Lye Chong	5/5
2.	Datuk Puteh Rukiah binti Abd. Majid	5/5
3.	Datuk Ooi Teik Huat	5/5

- The meetings are normally attended by the Chief Executive Officer, Director of Commercial, Chief Financial Officer, Internal Auditors and upon invitation the External Auditors.
- Four of the meetings held were planned quarterly meetings while one was Special AC meeting.
- The Company Secretary acts as secretary to the AC. Minutes of each meeting are distributed to each AC member. The Chairman of the AC reports key matters discussed at each AC meeting to the Board.

### TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are accessible to the public for reference on Gas Malaysia's website.

**SUMMARY OF WORK DONE BY AC**

During the financial year ended 31 December 2017, the AC discharged its functions and carried out its duties by undertaking the following work as provided below:-

**Internal Control**

- Reviewed the adequacy and effectiveness of the system of internal controls based on the findings from internal and external auditors' reports presented during the AC meetings. The AC was satisfied with the internal auditors' and external auditors' recommendations and the management responses to mitigate and overcome the weaknesses highlighted. The AC will continue to monitor the implementation of any recommendations thereon.
- Reviewed the Statement on Risk Management and Internal Control (SORMIC), which was included in the Annual Report. The AC was satisfied with the adequacy and effectiveness of the internal control systems. In connection with the SORMIC, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") had given their assurance that the risk management and internal control systems of the Group for the financial year ended 31 December 2017 were operating effectively and efficiently in all material aspects. As required by Paragraph 15.23 of the Bursa Malaysia MMLR, the external auditors have reviewed the SORMIC, and their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the MIA, 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 Group.

**Financial Reporting**

- Reviewed the quarterly financial results for announcement to Bursa Malaysia before recommending the same for approval by the Board upon being satisfied that, it complies with applicable approved Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board, MMLR and the requirements of Companies Act, 2016.
- Reviewed the annual consolidated financial statements of the Company prior to submission to the Board for its consideration and approval, upon being satisfied that, they were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved MFRS issued by the Malaysian Accounting Standards Board. The AC had reviewed the external auditors' report to the AC on their audit of the statutory financial statements and was satisfied that all significant matters highlighted had been satisfactorily dealt with.

- Evaluated the impact and issues on the implementation of MFRS 9 and MFRS 15 as presented by the management.

**Annual Reporting**

- The Corporate Governance Overview Statement, Audit Committee Report, Management Discussion & Analysis and Statement on Risk Management and Internal Control for financial year ended 31 December 2017 for inclusion in the Company Annual Report 2017 were reviewed and recommended for Board approval by the AC on 13 March 2018. The AC had obtained assurance from the management that all the statements and reports have complied with MMLR.
- The Corporate Governance Report for financial year ended 31 December 2017 were reviewed and recommended for Board approval by the AC on 13 March 2018.

**Related Party Transaction and Conflict of Interest**

- Reviewed all the Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs) entered into by the Group in accordance with the Group's RPT Policies & Procedures to monitor, track and identify RPTs and RRPTs so as to ensure the transactions are at all times carried out on arms-length basis, on normal commercial terms, in the best interest of the Group and are not to the detriment of minority shareholders.
- Reviewed on a quarterly basis, the status update on RPTs and RRPTs, and to monitor that RRPTs transacted were within the approved shareholders' mandate obtained. The AC ensured that any conflict of interests in the deliberation of a transaction was appropriately declared in advance.

**Internal Audit**

- Reviewed the internal auditors' reports and the status of past internal audit recommendations to ensure that the Management addressed and resolved the issues highlighted.
- Reviewed and approved the Annual Internal Audit Plan including its scope, basis of assessments and risk ratings of the proposed areas of audit, and adequacy of internal audit's staffing.
- Evaluated and discussed the effectiveness of the internal audit functions and recommended areas for improvement.
- Met with the internal auditors without the presence of the Management.

### External Audit

- Reviewed the Audit Planning Memorandum with the external auditors to ensure that the audit is carried out effectively and efficiently for the Company and the Group.
- Reviewed the external auditors' reports on the statutory audit and the quarterly interim financial information and areas of concern and recommended solutions to address the concerns to ensure that all material issues were appropriately dealt with.
- Conducted an assessment on the external auditors, Messrs. PwC, for the financial year ended 31 December 2017. The assessment was based on independence and objectivity, effectiveness and timely completion of audit, communication skills, technical competencies, and adequacy of resources. On the basis of the assessment results, the AC had recommended to the Board to re-appoint Messrs. PwC for the ensuing financial year.
- Reviewed the External Auditors' fees prior to recommending it to the Board for approval.
- In relation to audit related fee and non-audit related fee, during the financial year, the amounts incurred for statutory audit was RM 163,000, other audit related service was RM 129,000 and non-audit related service was RM 4,000. The other audit related service was in respect of review of the quarterly announcements. The AC had received confirmation from the external auditors that they were not aware of any non-audit services that had compromised their independence as external auditors of the Group. The AC, based on its review, was satisfied that the other audit related and non-audit related services did not impair the independence and objectivity of the external auditors.
- Obtained written assurance from the external auditors that they were independent according to the By-Laws on Professional Independence of the MIA.
- Met with the external auditors without the presence of management to ensure an adequate level of cooperation between the external auditors and management, and for the external auditors to highlight any issues encountered during the course of audit.

### Others

- The AC members have attended various relevant development and training programmes which are set out in pages 93 to 95 of the Corporate Governance Overview Statement in the Annual Report.
- The AC conducted an evaluation of its own performance for the financial year ended 31 December 2017, and the evaluation results were tabled and discussed at the AC and Board meetings.
- During the financial year under review, the Board assessed the performance of the AC through an annual assessment evaluation.
- The AC and the Board were satisfied and were of the view that the AC members have discharged their functions, duties and responsibilities in accordance with the Terms of Reference.

### INTERNAL AUDIT FUNCTION

- The internal audit function of the Group is carried out by the in-house Internal Audit Department ("IAD") and is supported by Ms Lucy Wong Kam Yang, the Chief Internal Auditor of MMC Corporation Berhad's Group Internal Audit Department. Ms Lucy Wong Kam Yang has a Master in Business Administration from Charles Sturt University, Australia, a fellow member and Chartered Global Management Accountant of the Chartered Institute of Management Accountants, a Chartered Accountant with the MIA and a chartered member of the Institute of Internal Auditors Malaysia. She is also a Certified Internal Auditor and has a Certification in Risk Management Assurance from the Institute of Internal Auditors Inc, USA.
- The in-house IAD is headed by Ms Azwin Noh, who is a Fellow of the Association of Chartered Certified Accountants (FCCA), holds a Master in Business Administration and also a Bachelor of Accounting (Honours).
- IAD's purpose, objectives, authority and responsibilities are spelt out in the Internal Audit Charter which is approved by the AC.
- IAD's mission is to provide the AC and the Board with sufficient independent assurance that the system of internal controls is operating adequately and effectively.
- The internal audits were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control systems in anticipating potential risks exposures over key business processes within the Group.
- IAD maintained at all times their impartiality, proficiency and due professional care as outlined in its Internal Audit Charter, by reporting directly to the AC and an administrative reporting to the Chief Executive Officer.

- The Company is a corporate member of The Institute of Internal Auditors.
- Updates are obtained on the developments in the internal audit profession and staff are sent for internal audit training to enable them to be competent and adequately equipped in carrying out their duties and responsibilities.
- IAD adopts the Standards and Principles outlined in the International Professional Practices Framework (IPPF) of The Institute of Internal Auditors and Committee of Sponsoring Organisation of the Treadway Commission (COSO) Internal Control Framework, a comprehensive, structured and widely used auditing approach, in conducting the audit activities.
- There were five staff in IAD during the financial year.
- None of the internal audit staff has any family relationship with any Director and/or Major Shareholder of Gas Malaysia and its subsidiaries, nor any conflict of interest with Gas Malaysia and its subsidiaries.
- All internal audit staff had confirmed that they had been independent and objective in carrying out their function and work for the financial year 2017 in accordance with the terms of the relevant professional and regulatory requirements.
- The total amount incurred by IAD during the financial year ended 31 December 2017 is RM657,088.

#### **SUMMARY OF WORK DONE BY INTERNAL AUDITORS DURING FINANCIAL YEAR 2017**

- IAD prepared a risk based Annual Internal Audit Plan 2017 for the Group. The Plan was reviewed by the AC and approved for implementation.
- A total of seven planned internal audit assignments were conducted covering control environment, risk management and internal controls in the areas of gas system management, procurement and contracts, management of network development, management of information system, related party transactions and subsidiaries' operations.
- Eight follow-up audits were also performed to monitor and assess the closure of governance, risk management and control matters reported earlier, covering the areas of operations & maintenance, business development, health, safety, environment & quality, incentive based regulation, marketing, accounting & finance, legal & compliance and human resource & administration.
- Internal Audit Reports were presented to AC for all the audits conducted by IAD.
- IAD also conducted a review of the Group's RPT Policies & Procedures so as to provide assurance to the AC that the Policies & Procedures conforms to the requirements of Bursa Malaysia and operations adhered to the Policies & Procedures.

The Audit Committee Report has been approved by the Board of Directors at its meeting on 15 March 2018.





## **ADDITIONAL COMPLIANCE INFORMATION**



### **UTILISATION OF PROCEEDS**

No proceed was raised by the Company from any corporate proposal.

### **NON-AUDIT FEES**

The amount of non-audit fees incurred for services rendered to the Company or its subsidiaries for the financial year by the Company's auditors amounted to RM4,000.00.

### **MATERIAL CONTRACT**

There was 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 2017.

### **CONTRACTS RELATING TO LOAN**

There was 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-Sixth AGM held on 9 May 2017, 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-Seventh AGM of the Company to be held on 10 May 2018.

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

In accordance with Paragraph 3.1.5 of Practice Note 12 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the details of the RRPT conducted during the financial year ended 31 December 2017 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 2017 (RM)	Nature of transactions
PDB	Gas Malaysia (LPG)	MOF <sup>(a)</sup> , PETRONAS <sup>(b)</sup> , PGB <sup>(c)</sup> , Kamalbahrin bin Ahmad <sup>(d)</sup>	14,502,000	Purchase of liquefied petroleum gas from PDB
PDB	Gas Malaysia	MOF <sup>(a)</sup> , PETRONAS <sup>(b)</sup> , PGB <sup>(c)</sup> , Kamalbahrin bin Ahmad <sup>(d)</sup>	1,300	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 <sup>(a)</sup> , PGB <sup>(c)</sup> , Kamalbahrin bin Ahmad <sup>(d)</sup>	19,549,000	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 <sup>(a)</sup> , PETRONAS <sup>(b)</sup> , PGB <sup>(c)</sup> , Kamalbahrin bin Ahmad <sup>(d)</sup>	215,000	Tenancy of land from PGB by Gas Malaysia for odoriser 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 three years.
JPL <sup>(g)</sup>	Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP") (formerly known as Gas Malaysia IEV Sdn Bhd)	MMC <sup>(e)</sup> , AOA <sup>(f)</sup> , Datuk Haji Hasni bin Harun <sup>(h)</sup> , Dato' Sri Che Khalib bin Mohamad Noh <sup>(i)</sup> and Datuk Ooi Teik Huat <sup>(k)</sup>	897,000	Provision of logistics service by JPL for GMVP to supply CNG to its customers in Gebeng, Pahang. The payment is made on monthly basis.

**Notes:**

<sup>(a)</sup> Minister of Finance, Incorporated ("MOF") is deemed interested in Gas Malaysia through its shareholding in PETRONAS pursuant to Section 8 of the Companies Act 2016 ("Act").

<sup>(b)</sup> PETRONAS is deemed interested in Gas Malaysia through its shareholding in PGB pursuant to Section 8 of the Act.

<sup>(c)</sup> PGB is the major shareholder of Gas Malaysia with a direct shareholding of 14.8%.

<sup>(d)</sup> Kamalbahrin bin Ahmad is the Director of Gas Malaysia and Managing Director/Chief Executive Officer of PGB.

<sup>(e)</sup> MMC is deemed interested in Gas Malaysia through its shareholding in AOA pursuant to Section 8 of the Act.

<sup>(f)</sup> Anglo-Oriental (Annuities) Sdn Bhd ("AOA") is the major shareholder of Gas Malaysia with a direct shareholding of 30.93%.

<sup>(g)</sup> JP Logistics Sdn Bhd ("JPL") is a wholly owned subsidiary of Johor Port Berhad which in turn is a wholly owned subsidiary of MMC.

<sup>(h)</sup> Datuk Haji Hasni bin Harun is the Chairman of Gas Malaysia and a nominee director of MMC in Gas Malaysia.

<sup>(i)</sup> Dato' Sri Che Khalib bin Mohamad Noh is a Director of Gas Malaysia and Group Managing Director of MMC and Chairman of Johor Port Berhad.

<sup>(k)</sup> Datuk Ooi Teik Huat is a Director of Gas Malaysia and nominee director of MMC in Johor Port Berhad.

**WAIVER GRANTED FOR APPLICATION TO DEEM CASH CONTRIBUTIONS PAID BY GAS MALAYSIA TO PETRONAS FOR THE FOLLOWING:**

- I) CONSTRUCTION OF NEW CITY GATE STATIONS AND ALL OTHER NECESSARY FACILITIES (“FACILITIES”); AND  
II) THE UPGRADING OF EXISTING FACILITIES BY PETRONAS,**

**AS AN EXEMPTED TRANSACTION PURSUANT TO PARAGRAPH 10.08(11)(G) OF THE MAIN MARKET LISTING REQUIREMENTS (“MMLR”) OF BURSA MALAYSIA SECURITIES BERHAD (“APPLICATION”)**

Bursa Malaysia Securities Berhad had on 13 April 2015 granted Gas Malaysia a waiver from complying with the requirement to procure shareholders’ approval pursuant to Paragraphs 10.08 and 10.09 of the MMLR in respect of the transaction set out below (“Waiver”) (hereinafter referred to as “the RRPT”):

- i) Cash contribution paid by Gas Malaysia to PETRONAS for the following:
- Construction of new city gate stations and all other necessary facilities; and
  - The upgrading of existing facilities by PETRONAS.

As part of Bursa Securities’s conditions for Waiver, an Independent Advisor’s review of the transactions has been undertaken to carry out the review on the methods or procedures in determining the prices and terms of the RRPT are sufficient to ensure that the RRPT will be carried out on normal commercial terms and will not be to the detriment of the minority shareholders.

The full report of the Independent Advisor was disclosed in 2015 Annual Report.

Pursuant to Bursa Securities’s approval letter dated 13 April 2015, in respect of subsequent annual reports, the independent adviser’s opinion must be incorporated in the subsequent annual report unless the Audit Committee confirms and states in the subsequent annual report that:

- The methods or procedures for determining the prices and terms of the RRPT have not changed since the last independent adviser’s report in the annual report pertaining to the same; and
- The methods or procedures in (a) above are sufficient to ensure that the RRPT will be carried out on normal commercial terms and are not to the detriment of its minority shareholders.

The Audit Committee after making due enquiries and being satisfied, hereby confirms that:

- The methods or procedures for determining the prices and terms of the RRPT have not changed since the last independent adviser’s report in the annual report pertaining to the same; and
- The methods or procedures in (a) above are sufficient to ensure that the RRPT will be carried out on normal commercial terms and are not to the detriment of its minority shareholders.

The above Statement is made in accordance with the resolution of the Board of Directors dated 15 March 2018.

The details of the RRPT pursuant to Paragraph 3.1.5 of Practice Note 12 of the MMLR conducted during the financial year under review are as follows:

Related Parties	Company within our Group	Name of Interested Related Parties	Value of transaction from 1 January 2017 to 31 December 2017	Nature of transactions
PETRONAS <sup>(b)</sup>	Gas Malaysia	MOF <sup>(a)</sup> , PGB <sup>(c)</sup> , Kamalbahrin bin Ahmad <sup>(d)</sup>	RM14,607,000	Cash contribution paid by Gas Malaysia to PETRONAS for the construction of new city gate stations and all other necessary facilities and the upgrading of existing facilities by PETRONAS.

**Notes:**

<sup>(a)</sup> Ministry of Finance, Incorporated (“MOF”) is deemed interested in Gas Malaysia through its shareholding in PETRONAS pursuant to Section 8 of the Companies Act 2016 (“Act”).

<sup>(b)</sup> PETRONAS is deemed interested in Gas Malaysia through its shareholding in PGB pursuant to Section 8 of the Act.

<sup>(c)</sup> PGB is a major shareholder of Gas Malaysia with direct shareholding of 14.8%.

<sup>(d)</sup> Kamalbahrin bin Ahmad is the Director of Gas Malaysia and Managing Director/Chief Executive Officer of PGB.

**STATUS OF COMPLIANCE ON PLOTS OF LAND ERECTED WITH GAS MALAYSIA'S STATIONS WHICH ARE NOT DESIGNATED FOR GAS STATION USE**

The Securities Commission Malaysia ("SC"), vide its letter dated 5 January 2016, decided that Gas Malaysia will no longer be required to observe the stipulated timeframe in resolving the conditions imposed by the SC, i.e. rectifying those plots of land erected with stations which are not designated for gas station use ("Affected Stations"). Instead, Gas Malaysia is required to continue to pursue the matter with the relevant authorities subject to the following:

- a) Gas Malaysia is to provide an undertaking that they will resolve the non-compliances of the nine outstanding Affected Stations;
- b) Gas Malaysia is to disclose the efforts taken by them and status of compliance of the nine outstanding Affected Stations in the annual report until such time the non-compliance are resolved; and
- c) Maybank IB/Gas Malaysia is to update the SC when disclosure is made in the annual report.

To date, there are eight remaining Affected Stations with their status of compliance as follows:

No.	Location	Title particulars of the land	Existing use	Efforts taken and status of compliance
1.	Tampoi Industrial Estate, Johor	HS(D)10305, Lot 1000, Mukim Tebrau, Johor Bahru	District station	Gas Malaysia has decided to alter the natural gas supply pipelines from distributions line to a feeder line and thereafter dismantled the affected station.  The project has been awarded to a local contractor and currently at the engineering stage.  The project is targeted to be completed by third quarter 2018.
2.	Jalan Haji Sirat, Taman Klang Utama, Klang, Selangor	HS(D) 27497, PT 12911, Mukim Kapar, District Klang, Selangor	District station	Gas Malaysia has decided to dismantle the station and supply natural gas to the affected customers from another district station located at a customer's premises.  Gas Malaysia is in its tendering stage to appoint a contractor to dismantle the affected district station.  The project is targeted to be awarded in April 2018 and completed in third quarter 2018.
3.	PLO 171A, Jalan Angkasa Mas, Tebrau II Industrial area, Johor	HS(D) 281750, PTD 64065, Mukim Tebrau, Daerah Johor Bahru, Johor	District station	Gas Malaysia has yet to receive any feedback/consent from Johor Bahru Land Office to proceed with the land acquisition, thus Gas Malaysia has decided to approach Johor Corporation to resolve this matter.  In the meeting with Johor Corporation on 24 January 2018, Johor Corporation has agreed to assist Gas Malaysia in the land conversion process with the Local Authorities and Land Office.
4.	Tebrau IV, Tebrau Industrial Estate	HS(D)472167, PTD 138472, Mukim Tebrau, Tempat Kawasan Perindustrian Tebrau IV, Daerah Johor Bahru, Johor	District station	Gas Malaysia has yet to receive any feedback/consent from Johor Bahru Land Office to proceed with the land acquisition thus Gas Malaysia has decided to approach Johor Corporation to resolve this matter.  In the meeting with Johor Corporation on 24 January 2018, Johor Corporation has agreed to assist Gas Malaysia in the land conversion process with the Local Authorities and Land Office.

No.	Location	Title particulars of the land	Existing use	Efforts taken and status of compliance
5.	Jln Petaling, Off Jalan Tampoi (Perisind Auto)	HS(D) 29209, PTB 12374, Bandar Johor Bahru, Daerah Johor Bahru, Johor	District station	Gas Malaysia has yet to obtain consent for the erection of gas station from the land office. Gas Malaysia is actively seeking advice from several parties/authorities to resolve this issue.
6.	Lot 1202, Batu 31/2, Pantai Kundur, Tangga Batu, 76400 Melaka	GMN 556, Lot 1202, Mukim Tangga Batu, Daerah Melaka Tengah, Melaka	District station	<p>Gas Malaysia intends to relocate the station to another piece of land within Tangga Batu industrial area. Hence, Gas Malaysia sought the assistance of Perbadanan Kemajuan Negeri Melaka ("PKNM") to identify and locate a piece of land within the said industrial area</p> <p>Gas Malaysia received the final Letter of Offer from PKNM on 20 December 2017 and currently in the process of purchasing the land from PKNM.</p> <p>Upon mutual agreement, Gas Malaysia will construct the pipeline and a new station on the said industrial area before dismantling and terminating the existing district station.</p> <p>This project is expected to be completed by first quarter 2019.</p>
7.	Jalan Tun Sambathan, Kuala Lumpur	N/A	District station	<p>Gas Malaysia is unable to ascertain the land use condition of the tenanted land as the said land is in the midst of being transferred from Pesuruhjaya Tanah Persekutuan to the landlord. Hence, a title to the land stipulating the land use condition has yet to be issued.</p> <p>Gas Malaysia will continuously follow-up with the landlord on the status of the issuance of title.</p>
8.	Lot 11, Mukim Tanjung 12, Teluk Panglima Garang, Kuala Langat, Klang	N/A	District station	<p>Gas Malaysia is unable to ascertain the land use condition of the tenanted land as the said land is in the midst of being transferred from Pesuruhjaya Tanah Persekutuan to the landlord. Hence, a title to the land stipulating the land use condition has yet to be issued.</p> <p>Gas Malaysia will continuously follow up with the landlord on the status of the issuance of title.</p>







## FINANCIAL STATEMENTS



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## DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017.

### DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Haji Hasni bin Harun

Dato' Sri Che Khalib bin Mohamad Noh

Shigeru Muraki

(Alternate Hisashi Nakamura – Resigned on 4 July 2017)

(Alternate Akira Inukai – Appointed on 4 July 2017)

(Alternate Satoshi Honjo)

Kamalbahrin bin Ahmad – Appointed on 19 July 2017

(Alternate Aida Aziza binti Mohd Jamaludin – Appointed on 19 July 2017 and resigned on 9 November 2017)

(Alternate Shariza Sharis binti Mohd Yusof – Appointed on 9 November 2017)

Datuk Puteh Rukiah binti Abd. Majid

Datuk Syed Abu Bakar bin S Mohsin Almohdzar

Tan Lye Chong

Datuk Ooi Teik Huat

Yusa' bin Hassan – Resigned on 19 July 2017

(Alternate Aida Aziza binti Mohd Jamaludin – Resigned on 19 July 2017)

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

In accordance with Article 95(1) of the Company's Articles of Association, Encik Kamalbahrin bin Ahmad shall retire at the forthcoming Annual General Meeting and being eligible, offers himself for re-election as a Director.

### DIRECTORS OF SUBSIDIARIES

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report for the subsidiaries in the Group are:

Ahmad Hashimi bin Abdul Manap

Shahrir bin Shariff

Mohamed Sophie bin Mohamed Rashidi

Mohd Nisharuddin bin Mohd Noor

Raja Iskandar bin Raja Mukhtaruddin

Christopher Nghia Do – Resigned on 17 November 2017

### PRINCIPAL ACTIVITIES

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 selling of liquefied petroleum gas ("LPG") via a reticulation system, selling and transportation of Compressed Natural Gas ("CNG") 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

	<b>GROUP RM'000</b>	<b>COMPANY RM'000</b>
Net profit for the financial year	194,151	190,752
Attributable to:		
- Owners of the Parent	194,638	190,752
- Non-Controlling Interest	(487)	0
	194,151	190,752

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL

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

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive 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.

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.

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a liability insurance for the Directors and Officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Group. The amount of insurance premium paid for the financial year ended 31 December 2017 was RM30,000.

## DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	<b>Number of ordinary shares</b>			
	<b>Balance at 01.01.2017</b>	<b>Acquired</b>	<b>Disposed</b>	
<b>Director with direct interest in the Company</b>				
Tan Lye Chong	50,000	0	0	50,000
<b>Directors of the subsidiaries with direct interest in the Company</b>				
Ahmad Hashimi bin Abdul Manap	21,500	0	0	21,500
Mohamed Sophie bin Mohamed Rashidi	16,000	0	0	16,000
Mohd Nisharuddin bin Mohd Noor	15,000	0	0	15,000

**DIVIDENDS**

The dividends paid or declared by the Company since 31 December 2016 are as follows:

In respect of the financial year ended 31 December 2016, as reported in the Directors' Report for the previous financial year:

	<b>RM'000</b>
Single-tier second interim dividend paid on 20 March 2017:	
- 4.00 sen per ordinary share	51,360
Single-tier final dividend paid on 16 June 2017:	
- 4.86 sen per ordinary share	62,402
	113,762

In respect of the financial year ended 31 December 2017:

	<b>RM'000</b>
Single-tier interim dividend paid on 6 October 2017:	
- 4.00 sen per ordinary share	51,360
Single-tier second interim dividend declared on 14 February 2018*:	
- 4.00 sen per ordinary share	51,360
	102,720

\* The above single-tier second interim dividend declared subsequent to the financial year ended 31 December 2017 will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2018.

The Directors recommended the payment of a single-tier final dividend of 5.00 sen per share on the 1,284,000,000 ordinary shares amounting to RM64,200,000 in respect of the financial year ended 31 December 2017. This proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

**DIRECTORS' REMUNERATION**

Details of Directors' remuneration are set out in Note 8 to the financial statements.

**OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

**OTHER STATUTORY INFORMATION (CONTINUED)**

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**SUBSIDIARIES**

- (a) Details of subsidiaries

Details of subsidiaries are set out in Note 13 to the financial statements.

- (b) Auditors' reports on the financial statements of the subsidiaries

None of the subsidiaries' financial statements were qualified for the financial year ended 31 December 2017.

- (c) Subsidiaries' holding of shares in the holding company and other related corporations

None of the subsidiaries hold any shares in the holding company and other related corporations for the financial year ended 31 December 2017.

**AUDITORS' REMUNERATION**

Details of auditors' remuneration are set out in Note 6 to the financial statements.

**AUDITORS**

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) have expressed their willingness to accept re-appointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership, was converted to a limited liability partnership.

This report was approved by the Board of Directors on 15 March 2018. Signed on behalf of the Board of Directors:

**DATUK HAJI HASNI BIN HARUN**  
CHAIRMAN

Kuala Lumpur

**TAN LYE CHONG**  
DIRECTOR





## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Haji 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 132 to 184 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 2017 and of the financial performance of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 15 March 2018.

**DATUK HAJI HASNI BIN HARUN**  
CHAIRMAN

Kuala Lumpur

**TAN LYE CHONG**  
DIRECTOR



## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

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 132 to 184 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 the State of Wilayah Persekutuan on 15 March 2018.

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 AUDIT OF THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, the financial statements of Gas Malaysia Berhad (“the Company”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position of the Group and of the Company as at 31 December 2017, and the statements of comprehensive income, of changes in equity and cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out in pages 132 to 184.

#### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

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

#### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Key audit matters (continued)**

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
<p><b>Impact of Gas Cost Pass-Through (“GCPT”) mechanism</b></p> <p>A significant portion of the Group’s and of the Company’s revenue is regulated by tariffs imposed by the Regulator, the Energy Commission (“EC”). As explained in Note 3(y)(i) to the financial statements, the EC implemented the Incentive Based Regulation (“IBR”) framework on 1 January 2017 (with 2016 as the trial period), whereby tariffs are revised every six months using the GCPT mechanism.</p> <p>We focused on this area to obtain an understanding of the Group and of the Company’s rights and obligations under the IBR framework and its impact on revenue recognition of the Group and of the Company.</p>	<p>Our work done were as follows:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the rights and obligations between the Group and the Company with the customers and the Government under the IBR framework and the application of GCPT mechanism by reading supporting documentations such as the relevant meetings’ minutes, licensing conditions, and applicable legislation governing the IBR framework. In addition, we discussed with the Group’s senior management, external legal counsel and Audit Committee members to ascertain the Group’s and the Company’s legal rights and obligations with the customers and the Government that establish the basis for the recognition of revenue.</li> <li>• We tested the design and operating effectiveness of relevant controls over revenue recognition, focusing on controls over price changes arising from tariff revisions.</li> <li>• We obtained from management, the estimates on gas volume consumed and gas cost and agreed these to the submissions to the EC.</li> <li>• We checked the gas cost variance between the estimates used for determining tariffs and actual gas cost incurred by the Group and the Company to determine the over or under recovery of gas costs during the financial year.</li> </ul> <p>Based on the above work performed, there were no material exceptions.</p>
<p><b>Accrual for gas costs</b></p> <p>The Group and the Company recognised gas cost accrual of RM317.8 million as at 31 December 2017 as disclosed in Note 23 to the financial statements. As there is a timing difference between the supply of gas and the receipt of the actual billing from the gas supplier as at the end of the reporting period, the unbilled gas cost is accrued based on management’s estimates made on the gas volume supplied by its gas supplier to its gas network.</p> <p>Management’s judgement used in determining the estimates is set out in Note 3(y)(i) to the financial statements.</p>	<p>We performed the following:</p> <ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of management’s key controls on the comparison between the total customers’ meter readings against the total natural gas supplied to determine the volume of gas supplied but had not been billed by the supplier as at the end of the reporting period. In addition, we tested management’s steps to address variances in gas volume above the threshold set by management, which is based on historical data for the gas losses in-transit between the supply pipeline and the pipeline connection at the customers’ premise.</li> <li>• We compared the data inputs used in deriving the market price by referencing these to the defined data inputs used by the formulae specified by the Gas Supply Agreement. The sources for these inputs were cross-checked to the Department of Statistics of Malaysia and Bank Negara Malaysia to assess the reasonableness of the data used by management to estimate the gas cost accrual.</li> <li>• We performed back-testing on the estimates used by management in the prior year, and compared these to actual results.</li> </ul> <p>Based on the above work performed, there were no material exceptions.</p>

**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF GAS MALAYSIA BERHAD (CONTINUED)  
(INCORPORATED IN MALAYSIA)  
(COMPANY NO. 240409-T)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Information other than the financial statements and auditors' report thereon**

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Statement on Risk Management and Internal Control, Chairman's Statement, Management's Discussion and Analysis, Sustainability Report and other sections of the 2017 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the financial statements**

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Auditors' responsibilities for the audit of the financial statements (continued)**

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**OTHER MATTER**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants

**HEW CHOOI YOKE**  
03203/07/2019 J  
Chartered Accountant

Kuala Lumpur  
15 March 2018

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	4	5,348,821	4,052,969	5,313,748	4,025,886
Cost of sales	5	(5,041,055)	(3,797,619)	(5,012,459)	(3,775,406)
Gross profit		307,766	255,350	301,289	250,480
Administrative expenses	5	(68,567)	(52,069)	(64,058)	(49,008)
Selling and distribution expenses	5	(1,079)	(874)	0	0
Other operating income		2,243	1,739	2,022	1,521
Profit from operations	6	240,363	204,146	239,253	202,993
Finance costs	9	(5,622)	(3,110)	(4,908)	(2,680)
Share of results in joint ventures		3,317	(1,512)	0	0
Finance income		10,123	13,321	9,847	13,045
Profit before zakat and taxation		248,181	212,845	244,192	213,358
Zakat		(3,500)	(3,500)	(3,500)	(3,500)
Tax expense	10	(50,530)	(44,925)	(49,940)	(44,355)
Net profit for the financial year		194,151	164,420	190,752	165,503
Other comprehensive income/(loss) (net of tax): <i>Items that will be reclassified to profit or loss</i>					
Share of other comprehensive income/(loss) of a joint venture					
- Cash flow hedge		816	(3,094)	0	0
Total comprehensive income for the financial year		194,967	161,326	190,752	165,503
Net profit attributable to:					
- Owners of the Parent		194,638	165,138	190,752	165,503
- Non-controlling Interest		(487)	(718)	0	0
		194,151	164,420	190,752	165,503
Total comprehensive income attributable to:					
- Owners of the Parent		195,454	162,044	190,752	165,503
- Non-controlling Interest		(487)	(718)	0	0
		194,967	161,326	190,752	165,503
Earnings per ordinary share attributable to the equity holders of the Company:					
- Basic and diluted earnings per share (RM)	11	0.15	0.13		



## STATEMENTS OF FINANCIAL POSITION

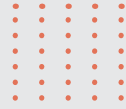
AS AT 31 DECEMBER 2017

	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	12	1,230,951	1,121,145	1,214,258	1,106,744
Investment in subsidiaries	13	0	0	24,054	13,912
Investment in joint ventures	14	31,033	26,900	33,490	33,490
Amounts due from subsidiaries	15	0	0	10,206	8,914
Prepaid lease payments	16	16,420	16,822	12,276	12,624
Deferred taxation	22	218	689	0	0
		1,278,622	1,165,556	1,294,284	1,175,684
<b>CURRENT ASSETS</b>					
Trade and other receivables	17	802,955	474,747	797,178	470,064
Tax recoverable		5,163	0	5,134	0
Cash and cash equivalents	18	218,198	585,113	189,867	566,976
		1,026,316	1,059,860	992,179	1,037,040
Total assets		2,304,938	2,225,416	2,286,463	2,212,724
<b>EQUITY AND LIABILITIES</b>					
Share capital	19	642,000	642,000	642,000	642,000
Cash flow hedge reserve		(2,278)	(3,094)	0	0
Retained profits	20	410,621	381,257	421,069	395,439
		1,050,343	1,020,163	1,063,069	1,037,439
Non-controlling interest		0	477	0	0
Total equity		1,050,343	1,020,640	1,063,069	1,037,439
<b>NON-CURRENT LIABILITIES</b>					
Redeemable preference share	21	0*	0*	0*	0*
Deferred taxation	22	155,496	133,286	155,496	133,286
Borrowings	24	208,970	107,990	200,000	100,000
		364,466	241,276	355,496	233,286

\* Denotes RM0.50

**STATEMENTS OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2017 (CONTINUED)

	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CURRENT LIABILITIES</b>					
Trade and other payables	23	887,139	915,636	867,898	896,195
Borrowings	24	2,990	3,040	0	1,000
Taxation		0	44,824	0	44,804
		890,129	963,500	867,898	941,999
Total liabilities		1,254,595	1,204,776	1,223,394	1,175,285
Total equity and liabilities		2,304,938	2,225,416	2,286,463	2,212,724



## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Share capital RM'000	Cash flow hedge reserve* RM'000	Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
<b>GROUP</b>							
At 1 January 2017		642,000	(3,094)	381,257	1,020,163	477	1,020,640
Net profit for the financial year		0	0	194,638	194,638	(487)	194,151
Other comprehensive income for the financial year		0	816	0	816	0	816
Total comprehensive income/(loss) for the financial year		0	816	194,638	195,454	(487)	194,967
Effect of changes in composition of the Group		0	0	(152)	(152)	10	(142)
Transactions with owners:							
Dividend: financial year ended 31 December 2017	25	0	0	(51,360)	(51,360)	0	(51,360)
Dividend: financial year ended 31 December 2016	25	0	0	(113,762)	(113,762)	0	(113,762)
Total transactions with owners		0	0	(165,122)	(165,122)	0	(165,122)
At 31 December 2017		642,000	(2,278)	410,621	1,050,343	0	1,050,343

\* The cash flow hedge reserve is in respect of the Group's share of its joint venture.

	Note	Share capital RM'000	Cash flow hedge reserve* RM'000	Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
<b>GROUP</b>							
At 1 January 2016		642,000	0	328,726	970,726	1,195	971,921
Net profit for the financial year		0	0	165,138	165,138	(718)	164,420
Other comprehensive loss for the financial year		0	(3,094)	0	(3,094)	0	(3,094)
Total comprehensive income for the financial year		0	(3,094)	165,138	162,044	(718)	161,326
Transactions with owners:							
Dividend: financial year ended 31 December 2016	25	0	0	(51,360)	(51,360)	0	(51,360)
Dividend: financial year ended 31 December 2015	25	0	0	(61,247)	(61,247)	0	(61,247)
Total transactions with owners		0	0	(112,607)	(112,607)	0	(112,607)
At 31 December 2016		642,000	(3,094)	381,257	1,020,163	477	1,020,640

\* The cash flow hedge reserve is in respect of the Group's share of the cash flow hedge reserve of its joint venture.

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000
<b>COMPANY</b>				
At 1 January 2017		642,000	395,439	1,037,439
Net profit for the financial year/Total comprehensive income for the financial year		0	190,752	190,752
Transactions with owners:				
Dividend: financial year ended 31 December 2017	25	0	(51,360)	(51,360)
Dividend: financial year ended 31 December 2016	25	0	(113,762)	(113,762)
Total transactions with owners		0	(165,122)	(165,122)
At 31 December 2017		642,000	421,069	1,063,069
At 1 January 2016		642,000	342,543	984,543
Net profit for the financial year/Total comprehensive income for the financial year		0	165,503	165,503
Transactions with owners:				
Dividend: financial year ended 31 December 2016	25	0	(51,360)	(51,360)
Dividend: financial year ended 31 December 2015	25	0	(61,247)	(61,247)
Total transactions with owners		0	(112,607)	(112,607)
At 31 December 2016		642,000	395,439	1,037,439

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>OPERATING ACTIVITIES</b>					
Profit before zakat and taxation		248,181	212,845	244,192	213,358
Adjustments for:					
Depreciation		60,962	57,433	60,152	57,105
Impairment of trade receivables		10,292	7,509	10,270	7,492
Write back of impairment of trade receivables		(5,792)	(12,526)	(5,783)	(12,469)
Gain on disposal of property, plant and equipment		0	(789)	0	(789)
Amortisation of prepaid lease payments		402	403	348	348
Share of results in joint ventures		(3,317)	1,512	0	0
Finance income		(10,123)	(13,321)	(9,847)	(13,045)
Finance costs		5,622	3,110	4,908	2,680
		306,227	256,176	304,240	254,680
Changes in working capital:					
Receivables		(332,708)	171,289	(331,601)	171,690
Payables		(29,554)	88,797	(29,354)	85,630
Cash flows (used in)/generated from operations		(56,035)	516,262	(56,715)	512,000
Zakat paid		(3,500)	(3,500)	(3,500)	(3,500)
Income tax paid		(77,836)	(30,034)	(77,668)	(29,977)
Net cash flows (used in)/generated from operating activities		(137,371)	482,728	(137,883)	478,523
<b>INVESTING ACTIVITIES</b>					
Investment in joint ventures		0	(6,232)	0	(6,232)
Proceeds from disposal of property, plant and equipment		0	789	0	789
Purchase of property, plant and equipment		(170,768)	(133,454)	(167,666)	(121,176)
Finance income		10,123	13,321	9,847	13,045
Acquisition of non-controlling interest		(142)	0	(142)	0
Investment in subsidiary		0	0	(10,000)	0
Repayment from subsidiary		0	0	(1,292)	(611)
Net cash flows used in investing activities		(160,787)	(125,576)	(169,253)	(114,185)



	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>FINANCING ACTIVITIES</b>					
Dividends paid		(165,122)	(112,607)	(165,122)	(112,607)
Drawdown of loan and issuance of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP")		163,970	111,030	160,000	101,000
Repayment of loan, IMTN and ICP		(63,040)	(130,000)	(61,000)	(130,000)
Finance cost paid		(4,565)	(2,416)	(3,851)	(1,986)
Net cash used in financing activities		(68,757)	(133,993)	(69,973)	(143,593)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		(366,915)	223,159	(377,109)	220,745
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>		585,113	361,954	566,976	346,231
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	18	218,198	585,113	189,867	566,976

Notes to the statements of cash flows:

(a) Non-cash transaction:

During the financial year, finance cost payable in respect of the IMTN of the Group and the Company amounting to RM1,751,000 (2016: RM694,000) was included in other payables as at end of the reporting period.

(b) The changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes are as follows:

	Finance cost payable RM'000	Short-term borrowings RM'000	Long-term borrowings RM'000	Dividend payable RM'000	Total RM'000
<b>GROUP</b>					
At 1 January 2017	694	3,040	107,990	0	111,724
Cash flows	(4,565)	(50)	100,980	(165,122)	(68,757)
Non-cash items:					
- Dividends declared	0	0	0	165,122	165,122
- Finance cost accretion	5,622	0	0	0	5,622
At 31 December 2017	1,751	2,990	208,970	0	213,711

**STATEMENTS OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

Note to the statement of cash flows (continued):

- (b) The changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes are as follows: (continued)

	Finance cost payable RM'000	Short-term borrowings RM'000	Long-term borrowings RM'000	Dividend payable RM'000	Total RM'000
<b>COMPANY</b>					
At 1 January 2017	694	1,000	100,000	0	101,694
Cash flows	(3,851)	(1,000)	100,000	(165,122)	(69,973)
Non-cash items:					
- Dividends declared	0	0	0	165,122	165,122
- Finance cost accretion	4,908	0	0	0	4,908
At 31 December 2017	1,751	0	200,000	0	201,751





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 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, sale, supply and transport of Compressed Natural Gas (“CNG”) 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 have been approved for issue in accordance with a resolution of the Board of Directors on 15 March 2018.

### 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 the 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 the Company’s deposits and borrowings are not material to the operations of the Group and of the 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 RM8,610,000 (2016: RM8,210,000) at the end of the reporting period.

As the likelihood of the crystallisation of this financial guarantee is remote, the Company has determined that the fair value of the financial guarantee extended to the subsidiary to be nil (2016: nil).

## 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 the 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 flows:

	Less than 3 months RM'000	Between 4 months to 1 year RM'000	More than 1 year RM'000	Total RM'000
<b>2017</b>				
<b>GROUP</b>				
Trade and other payables	874,958	1,590	0	876,548
Borrowings	0	14,946	229,667	244,613
<b>COMPANY</b>				
Trade and other payables	856,457	850	0	857,307
Financial guarantee contracts	650	7,960	0	8,610
Borrowings	0	8,440	210,966	219,406
<b>2016</b>				
<b>GROUP</b>				
Trade and other payables	885,361	1,083	0	886,444
Borrowings	0	7,630	117,011	124,641
<b>COMPANY</b>				
Trade and other payables	866,663	340	0	867,003
Financial guarantee contracts	650	7,560	0	8,210
Borrowings	0	5,187	108,300	113,487

### (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.

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.

The Group monitors capital utilisation based on the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total borrowings (comprising 'short term and long term borrowings' as shown in the statements of financial position). Total capital is calculated as the sum of total equity and total debt.

**2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(d) Capital management (continued)**

The gearing ratios as at 31 December 2017 and 2016 are as follows:

	GROUP	
	2017 RM'000	2016 RM'000
Total debt	211,960	111,030
Total equity	1,050,343	1,020,640
Total capital	1,262,303	1,131,670
Gearing ratio	17%	10%

There was no change in the Group's approach to capital management during current financial year.

**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 of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 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 judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3(y).

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

The Group has applied the following amendments for the first time for the financial year beginning on 1 January 2017:

- Amendments to MFRS 107 "Statement of Cash Flows – Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses"
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 12 "Disclosures of Interests in Other Entities"



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of preparation (continued)

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

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities which is disclosed in the Statements of Cash Flows to the financial statements. Other than that, the adoption of these amendments and annual improvements did not have any financial impact on the current period or any prior period and is not likely to affect future periods.

- (ii) Standards early adopted by the Group and the Company

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

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

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2018. The Group intends to adopt the following pronouncements when they become effective:

- Amendments to MFRS 140 “Classification on ‘Change in Use’ – Assets transferred to, or from, Investment Properties” clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meets, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management’s intention in isolation is not sufficient to support a transfer of property.

The amendments also clarify the same principle applies to assets under construction.

No financial impact is expected to the Group or to the Company with the adoption of the above.

- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration” applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the ‘date of the transaction’ to record foreign currency transactions.

IC Interpretation 22 provides guidance on how to determine ‘the date of transaction’ when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

IC Interpretation 22 is applied prospectively to the Group and to the Company.

No major financial impact is expected to the Group or to the Company with the adoption of the above.

### 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 to the Company but not yet effective and have not been adopted by the Group and by the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2018. The Group intends to adopt the following pronouncements when they become effective: (continued)

- MFRS 9 “Financial Instruments” will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

The Group does not expect the new guidance to affect the classification and measurement of these financial assets. There will be no financial impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from MFRS 139 “Financial Instruments: Recognition and Measurement” and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group’s risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of MFRS 9.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (“ECL”) rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under MFRS 15 “Revenue from Contracts with Customers”, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessment undertaken to-date, the Group does not expect any significant increase in the loss allowance for trade receivables.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated. The Group has reviewed its financial assets and liabilities and is not expecting any significant impact arising from the adoption of the new standard on 1 January 2018.

### 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 to the Company but not yet effective and have not been adopted by the Group and by the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2018. The Group intends to adopt the following pronouncements when they become effective: (continued)

- MFRS 15 “Revenue from Contracts with Customers” replaces MFRS 118 “Revenue” and MFRS 111 “Construction contracts” and related interpretations.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

The Group has assessed the effects of applying the new standard on the Group’s financial statements and has identified the following areas that will be affected:

Under MFRS 15, capital contribution from customer is considered as part of the process to obtain gas supply from the Group and therefore, this is considered as one performance obligation. Accordingly, the capital contribution will be accounted for as a contract liability which will be recognised as revenue over time. The impact of the change in the timing of revenue recognition would result in a reduction in revenue and profit before tax of the Group by RM31 million in respect of the financial year ended 31 December 2017.

The Group intends to adopt the standard using full retrospective approach which means that the cumulative impact of the adoption will be reflected in the opening retained earnings as at 1 January 2017 and that comparatives will be restated accordingly.

### 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 to the Company but not yet effective and have not been adopted by the Group and by the Company (continued)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2019. The Group intends to adopt the following pronouncements when they become effective:

- MFRS 16 “Leases” supersedes MFRS 117 “Leases” and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 “Property, Plant and Equipment” and the lease liability is accreted over time with interest expense recognised in profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group is in the process of making an assessment of the financial impact of this standard on the financial statements.

- IC Interpretation 23 “Uncertainty over Income Tax Treatments” (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively and is not expected to have significant impact to the Group and the Company.

#### (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 to direct the relevant activities of 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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Consolidation (continued)

##### Subsidiaries (continued)

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 and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, 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.

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 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 unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

When necessary, amounts reported by the subsidiaries have been adjusted to conform with the Group's accounting policies.

#### (c) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Joint ventures (continued)**

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

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 includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Property, plant and equipment are initially stated at cost, net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment.

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 the net proceeds with the 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 indefinite 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
Pipeline and distribution systems	10 to 30 years



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Depreciation (continued)

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.

Depreciation on assets under construction commences when the assets are ready for their intended use.

#### (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 of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (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.

#### (g) 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 the net 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.

#### (h) 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. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less, they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value, with the amount of GST included. The net amount of GST recoverable from the government is presented as other receivables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows which are recoverable from, or payable to, the government are classified as operating cash flows.

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

#### (i) 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 on hand, bank balances, deposit held at call with financial institutions, other short term and highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

#### (k) Trade payables

Trade payables represent liabilities to pay for natural gas and LPG that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. 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.

#### (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.

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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

#### (m) Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. 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 joint ventures operate and generate taxable income.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Current and deferred income tax (continued)

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 provided in full, 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 reverse 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.

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) Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

#### (o) 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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (o) Accounting for lessee - operating lease and prepaid lease payments (continued)

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.

#### (p) 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's presentation currency is Ringgit Malaysia.

#### (q) Revenue and other income recognition

Revenue is measured at 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.

#### **Revenue**

##### (i) Sale of natural gas and LPG

Revenue from sale of gas is recognised upon 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 is recognised upon the transportation of gas to Petronas NGV Sdn. Bhd.'s stations and Gas District Cooling (M) Sdn. Bhd.'s stations.

##### (iii) Cash contribution for pipelines construction

The Group and the Company recognise cash contribution from customers in respect of construction of pipelines as revenue when the pipelines are connected to the customers or based on percentage of completion if the pipeline is built as common facilities rather than specific demand by customers.

#### **Other income**

##### (iv) Finance income

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

##### (v) Other income

Other income includes rental income, tender related income, gain/(loss) on disposal of assets and late payment charges. It will be recognised as income on an accrual basis.

#### (r) Accounting for zakat

The Group and the Company recognise the obligations towards the payment of zakat on business. Zakat for the current financial year 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".

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (r) Accounting for zakat (continued)

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 Lembaga Zakat Selangor for 2017 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 financial year in which it is incurred.

#### (s) 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.

#### (t) 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

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. Otherwise, they are presented as non-current assets. The Group's and the Company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statements of financial position (Notes 17 and 18).

##### (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 the Company commit to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(t) Financial instruments (continued)**

## (i) Financial assets (continued)

## (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 and the Company assess 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 and the Company use 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 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 and the Company 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.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (t) Financial instruments (continued)

##### (i) Financial assets (continued)

##### (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.

##### (iv) Financial guarantee contract

Financial guarantee contracts are contracts that require the Group or the 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.

#### (u) Employee benefits

##### (i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (u) Employee benefits (continued)

##### (ii) Post-employment benefits

A defined contribution plan is a pension under which the Group pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group has 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.

#### (v) 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.

#### (w) 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.

#### (x) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 3(t). Derivatives that qualify for hedge accounting are designated as either:

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (c) Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

##### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (x) Derivatives and hedging activities (continued)

##### Cash flow hedge (continued)

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss other gains/(losses).

#### (y) Critical accounting estimates and judgements

Estimates and judgements 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, assumptions and judgements

###### Depreciation policy

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. Estimates and judgements are continually 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.

###### Accrual for unbilled gas costs

In determining the accrual for unbilled gas costs as disclosed in Note 23 to the financial statements, estimates are made by management on the gas volume supplied to its gas network as at the reporting date. These estimates are based on past experience of the customers' consumption patterns during the year.

###### Revenue recognition

The Directors have applied judgement in applying the revenue recognition policy based on the Group's business model and its relationships and contracts with its customers. The judgement 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.

###### Rights and obligations under the Incentive Based Regulation ("IBR") framework

The Energy Commission ("EC") implemented the IBR framework on 1 January 2017 (with 2016 as the trial period) whereby the tariffs are revised every six months using the Gas Cost Pass-Through ("GCPT") mechanism. The GCPT mechanism is used by the EC to ensure that the Group and the Company remain financially neutral from fluctuations in gas price. Under the IBR framework, tariffs are determined by estimating the gas volume consumption and its estimated cost for the next six months. As the actual gas volume consumed and gas cost are different from the estimates used in determining tariffs, this results in gas cost under or over-recovered which will be adjusted against revenue in the reporting period in which the cost differential occurred. The Directors have ascertained the extent of the Group's and of the Company's rights and obligations with the customers and the Government under the IBR framework and determined its implication to revenue recognition.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

## 4. REVENUE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of natural gas	5,260,870	3,974,463	5,259,194	3,974,431
Sale of LPG	33,397	27,051	0	0
Tolling fee	19,549	25,827	19,549	25,827
Cash contribution for pipelines construction	35,005	25,628	35,005	25,628
	5,348,821	4,052,969	5,313,748	4,025,886

## 5. EXPENSES BY NATURE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cost of natural gas	4,902,597	3,676,426	4,902,597	3,676,426
Cost of LPG	24,569	18,864	0	0
Staff costs (Note 7)	66,044	53,756	60,736	50,084
Depreciation	60,962	57,433	60,152	57,105
Impairment of trade receivables	10,292	7,509	10,270	7,492
Gas licence fee	2,025	1,686	2,016	1,683
Sales commission expenses	1,073	874	0	0
Other expenses	43,139	34,014	40,746	31,624
	5,110,701	3,850,562	5,076,517	3,824,414

The above is a combination of cost of sales, administrative expenses and selling and distribution expenses in the statements of comprehensive income.

**6. PROFIT FROM OPERATIONS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Profit from operations is arrived at after crediting:				
Gain on disposal of property, plant and equipment	0	789	0	789
Rental income	3	3	0	0
Write back of impairment of trade receivables (Note 17)	5,792	12,526	5,783	12,469
and after charging:				
Auditors' remuneration:				
- statutory audit	163	157	127	121
- other audit related services	129	107	129	107
- non-audit services	4	4	4	4
Amortisation of prepaid lease payments (Note 16)	402	403	348	348
Impairment of trade receivables (Note 17)	10,292	7,509	10,270	7,492
Rental of equipment	71	81	63	73
Rental of premises	1,084	908	850	673

**7. STAFF COSTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Wages, bonuses and salaries	57,992	46,620	53,476	43,348
Defined contribution plan - contributions	8,778	6,661	8,100	6,348
Other employee benefits	6,250	6,129	6,136	6,042
	73,020	59,410	67,712	55,738
Less: Staff costs capitalised in property, plant and equipment	(6,976)	(5,654)	(6,976)	(5,654)
	66,044	53,756	60,736	50,084

**8. DIRECTORS' REMUNERATION**

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

	GROUP AND COMPANY	
	2017 RM'000	2016 RM'000
Fees	849	885
Other benefits	704	735
Indemnity insurance paid	30	23
	1,583	1,643

**9. FINANCE COSTS**

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bank charges	339	206	144	0
IMTN profit rate	5,196	2,674	5,196	2,674
ICP profit rate	577	6	577	6
Term loan	519	224	0	0
	6,631	3,110	5,917	2,680
Less: Finance costs capitalised in property, plant and equipment	(1,009)	0	(1,009)	0
	5,622	3,110	4,908	2,680

**10. TAX EXPENSE**

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income tax:				
- current financial year	32,335	69,433	32,216	69,360
- (over)/under accrual in prior financial year	(4,486)	7	(4,486)	0
	27,849	69,440	27,730	69,360
Deferred taxation (Note 22)				
- current financial year	22,681	(24,088)	22,210	(25,005)
- over accrual in prior financial year	0	(427)	0	0
	22,681	(24,515)	22,210	(25,005)
	50,530	44,925	49,940	44,355



**10. TAX EXPENSE (CONTINUED)**

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 of the Company is as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Profit before taxation and after zakat	244,681	209,345	240,692	209,858
Tax calculated at the Malaysian income tax rate of 24% (2016: 24%)	58,723	50,243	57,766	50,366
Tax effects of:				
Income not subject to tax	(9,377)	(7,695)	(9,377)	(7,695)
Expenses not deductible for tax	6,466	2,434	6,037	1,684
Share of results in joint ventures	(796)	363	0	0
Over accrual in prior financial year	(4,486)	(420)	(4,486)	0
Tax expense	50,530	44,925	49,940	44,355

**11. EARNINGS PER SHARE**

Basic earnings per ordinary share and diluted earnings per ordinary 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.

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
Net profit for the financial year attributable to equity holders of the Company (RM'000)	194,638	165,138
Weighted average number of ordinary shares ('000)	1,284,000	1,284,000
Basic earnings per share (RM)	0.15	0.13
Diluted earnings per share (RM)	0.15	0.13

The Group has no dilutive potential ordinary shares and therefore the diluted EPS is the same as the basic EPS.

**164** NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

**12. PROPERTY, PLANT AND EQUIPMENT**

Group	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2017	9,894	19,531	7,630	53,131	2,031	10,643	1,545,061	133,637	1,781,558
Additions	0	0	1,097	2,175	6	0	10,865	156,625	170,768
Reclassifications	0	0	0	0	0	0	64,534*	(64,534)	0
At 31 December 2017	9,894	19,531	8,727	55,306	2,037	10,643	1,620,460	225,728	1,952,326
<b>Accumulated depreciation</b>									
At 1 January 2017	0	7,316	3,998	49,115	1,997	10,635	587,352	0	660,413
Charge for the financial year	0	447	1,060	1,777	13	7	57,658	0	60,962
At 31 December 2017	0	7,763	5,058	50,892	2,010	10,642	645,010	0	721,375
<b>Net book value</b>									
At 31 December 2017	9,894	11,768	3,669	4,414	27	1	975,450	225,728	1,230,951

\* Included in the Group's addition of pipeline and distribution systems during the financial year was finance costs capitalised amounting to RM1,009,000 (2016: nil).

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2016	9,894	19,531	9,415	52,310	2,031	12,533	1,457,030	89,751	1,652,495
Additions	0	0	716	821	0	0	18,747	113,170	133,454
Disposals	0	0	(2,501)	0	0	(1,890)	0	0	(4,391)
Reclassifications	0	0	0	0	0	0	69,284	(69,284)	0
At 31 December 2016	9,894	19,531	7,630	53,131	2,031	10,643	1,545,061	133,637	1,781,558
<b>Accumulated depreciation</b>									
At 1 January 2016	0	6,869	5,485	47,079	1,908	12,493	533,537	0	607,371
Charge for the financial year	0	447	1,014	2,036	89	32	53,815	0	57,433
Disposals	0	0	(2,501)	0	0	(1,890)	0	0	(4,391)
At 31 December 2016	0	7,316	3,998	49,115	1,997	10,635	587,352	0	660,413
<b>Net book value</b>									
At 31 December 2016	9,894	12,215	3,632	4,016	34	8	957,709	133,637	1,121,145

**166** NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

**12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Company	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2017	9,894	19,531	7,518	51,348	1,896	10,307	1,530,151	131,985	1,762,630
Additions	0	0	1,097	2,175	6	0	10,834	153,554	167,666
Reclassifications	0	0	0	0	0	0	61,863*	(61,863)	0
At 31 December 2017	9,894	19,531	8,615	53,523	1,902	10,307	1,602,848	223,676	1,930,296
<b>Accumulated depreciation</b>									
At 1 January 2017	0	7,316	3,886	47,356	1,862	10,299	585,167	0	655,886
Charge for the financial year	0	447	1,060	1,767	13	7	56,858	0	60,152
At 31 December 2017	0	7,763	4,946	49,123	1,875	10,306	642,025	0	716,038
<b>Net book value</b>									
At 31 December 2017	9,894	11,768**	3,669	4,400	27	1	960,823	223,676	1,214,258

\* Included in the Company's addition of pipeline and distribution systems during the financial year was finance costs capitalised amounting to RM1,009,000 (2016: nil).

\*\* Includes a leasehold building with a net book value of RM6,086,000 (2016: RM6,284,000) which resides on leasehold land owned by a subsidiary company.

**12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>Company</b>	<b>Freehold land RM'000</b>	<b>Leasehold buildings RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Office and gas equipment RM'000</b>	<b>Furniture and fittings RM'000</b>	<b>Office renovation RM'000</b>	<b>Pipeline and distribution systems RM'000</b>	<b>Capital work-in-progress RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>									
At 1 January 2016	9,894	19,531	9,303	50,530	1,896	12,197	1,452,743	89,751	1,645,845
Additions	0	0	716	818	0	0	8,124	111,518	121,176
Disposals	0	0	(2,501)	0	0	(1,890)	0	0	(4,391)
Reclassifications	0	0	0	0	0	0	69,284	(69,284)	0
At 31 December 2016	9,894	19,531	7,518	51,348	1,896	10,307	1,530,151	131,985	1,762,630
<b>Accumulated depreciation</b>									
At 1 January 2016	0	6,869	5,373	45,329	1,773	12,157	531,671	0	603,172
Charge for the financial year	0	447	1,014	2,027	89	32	53,496	0	57,105
Disposals	0	0	(2,501)	0	0	(1,890)	0	0	(4,391)
At 31 December 2016	0	7,316	3,886	47,356	1,862	10,299	585,167	0	655,886
<b>Net book value</b>									
At 31 December 2016	9,894	12,215**	3,632	3,992	34	8	944,984	131,985	1,106,744

## 13. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	24,054	13,912

Details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			2017	2016
			%	%
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 Virtual Pipeline Sdn. Bhd. (formerly known as Gas Malaysia IEV Sdn. Bhd.) ("GMVP")	Virtual pipeline	Malaysia	100	75
Gas Malaysia Ventures Sdn. Bhd.	Investment holding	Malaysia	100	100
Gas Malaysia Venture 1 Sdn. Bhd.	Investment holding	Malaysia	100	100
Gas Malaysia Venture 2 Sdn. Bhd.	Investment holding	Malaysia	100	100
Gas Malaysia Distribution Sdn. Bhd.	Developing, operating and maintaining the distribution pipeline and to deliver gas through the distribution pipeline	Malaysia	100	0
Gas Malaysia Energy and Services Sdn. Bhd.	Selling, marketing and promotion of natural gas, liquefied petroleum gas and other gaseous fuel and providing related services and energy solution to industrial, commercial and residential sector	Malaysia	100	0



**13. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Acquisition of additional equity interest in an existing subsidiary

The additional equity interest acquired by the Company during the financial year is set out below:

Name of subsidiary	Purchase consideration	Group's additional effective equity interest acquired	Effective acquisition date
Gas Malaysia Virtual Pipeline Sdn. Bhd. <i>(formerly known as Gas Malaysia IEV Sdn. Bhd.)</i>	RM141,866	25%	3 November 2017

On 3 November 2017, the Company entered into an arrangement to acquire the remaining 25% equity interest in the above subsidiary for a cash consideration of RM141,866.

During the financial year the Company had also made the following investments:

- (i) Subscription of 5,000,000 ordinary shares amounting to RM5,000,000, representing the entire share capital of Gas Malaysia Distribution Sdn. Bhd.; and
- (ii) Subscription of 5,000,000 ordinary shares amounting to RM5,000,000, representing the entire share capital of Gas Malaysia Energy and Services Sdn. Bhd.

**14. INVESTMENT IN JOINT VENTURES**

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost:				
At the beginning of reporting period	33,490	27,258	33,490	27,258
Additions	0	6,232	0	6,232
Share of post-acquisition reserves	33,490 (2,457)	33,490 (6,590)	33,490 0	33,490 0
	31,033	26,900	33,490	33,490

**14. INVESTMENT IN JOINT VENTURES (CONTINUED)**

Details of the joint ventures are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest	
			2017	2016
			%	%
Gas Malaysia Energy Advance Sdn. Bhd. ("GMEA")	Combined Heat and Power	Malaysia	66	66
Sime Darby Gas Malaysia BioCNG Sdn. Bhd. ("SDGMB")	Sale and supply of bio-compressed natural gas	Malaysia	49	49

The Group has applied the equity method of accounting for these joint ventures. The joint ventures are unquoted companies and therefore there are no quoted market prices available for their shares.

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

	SDGMB		GMEA	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Summarised statement of financial position</u>				
As at 31 December				
Non-current assets	449	507	167,326	191,598
Non-current liabilities	0	0	(115,309)	(144,380)
Current assets	556	618	52,721	17,536
Current liabilities	(239)	(142)	(58,287)	(24,728)
Net current assets/(liabilities)	317	476	(5,566)	(7,192)
Net assets	766	983	46,451	40,026
Included in the statement of financial position are:				
Deposits, cash and bank balances	283	582	18,272	6,083
Current financial liabilities (excluding trade and other payables and provisions)	0	0	15,496	13,852
Non-current financial liabilities (excluding trade and other payables and provisions)	0	0	115,309	144,380

**14. INVESTMENT IN JOINT VENTURES (CONTINUED)**

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

	<b>SDGMB</b>		<b>GMEA</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
<u>Summarised statement of comprehensive income</u>				
Financial year ended 31 December				
Revenue	857	136	106,566	11,155
Cost of sales (excluding depreciation)	(818)	(137)	(102,647)	(11,155)
Administrative expenses	(203)	(3)	(2,201)	(4,834)
Depreciation	(57)	(22)	(21)	(26)
Interest expense	0	0	(7,244)	(14)
Interest income	6	12	10,790	456
Other income	0	0	18	2,160
Taxation	(2)	(3)	(74)	(21)
(Loss)/profit after taxation	(217)	(17)	5,187	(2,279)
Other comprehensive income/(loss)	0	0	1,238	(4,688)
<b>Total comprehensive income/(loss)</b>	<b>(217)</b>	<b>(17)</b>	<b>6,425</b>	<b>(6,967)</b>

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

	<b>SDGMB</b>		<b>GMEA</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
<u>Reconciliation of net assets to carrying amount</u>				
As at 31 December				
Group's share of net assets/Carrying amount in the statement of financial position	375	482	30,658	26,418
<u>Group's share of result</u>				
Financial year ended 31 December				
Group's share of (loss)/profit for the financial year	(106)	(8)	3,423	(1,504)
Group's share of other comprehensive income/(loss) for the financial year	0	0	816	(3,094)

## 15. AMOUNTS DUE FROM SUBSIDIARIES

	COMPANY	
	2017 RM'000	2016 RM'000
Amounts due from subsidiaries: Non-current	10,206	8,914
Less: Non-current portion	(10,206)	(8,914)
Current portion	0	0

Included in the amounts due from subsidiaries are the following:

The amount due from Gas Malaysia (LPG) Sdn. Bhd. of RM1,125,000 (2016: RM2,174,000) 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 RM5,433,000 (2016: RM5,477,000) 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 Virtual Pipeline Sdn. Bhd. (formerly known as Gas Malaysia IEV Sdn. Bhd.) of RM3,636,000 (2016: RM1,255,000) 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At beginning of reporting period	16,822	17,225	12,624	12,972
Amortisation for the financial year	(402)	(403)	(348)	(348)
At end of reporting period	16,420	16,822	12,276	12,624

## 17. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables	513,337	475,049	508,855	471,646
Impairment loss on trade receivables	(17,733)	(13,242)	(17,711)	(13,225)
Other receivables	495,604	461,807	491,144	458,421
	307,351	12,940	306,034	11,643
	802,955	474,747	797,178	470,064

**17. TRADE AND OTHER RECEIVABLES (CONTINUED)**

Included in trade and other receivables in the current financial year was RM1,208,000 (2016: RM2,890,000) being the total amount due from joint venture companies, GMEA and SDGMB.

Included in other receivables is an amount of RM278,168,000 (2016: nil) which arises from the differences between the market prices on the gas supplied arising from its contractual obligations to its gas supplier and the forecast market prices applied in the determination of the tariff, for which the Government has confirmed its support to the Group and to the Company under the Gas Cost Pass Through (“GCPT”) mechanism. See Note 3(y)(i) for the rights and obligations of the Group and of the Company under the IBR framework.

As at 31 December 2017, trade receivables of RM35,521,000 (2016: RM43,128,000) for the Group and of RM34,347,000 (2016: RM42,397,000) 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) are as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Neither past due nor impaired	460,083	418,679	456,797	416,024
Past due but not impaired:				
Up to 2 months (overdue)	34,413	42,486	33,429	41,859
Over 2 months (overdue)	1,108	642	918	538
Impaired	17,733	13,242	17,711	13,225
	<b>513,337</b>	<b>475,049</b>	<b>508,855</b>	<b>471,646</b>

As at 31 December 2017, trade receivables amounting to RM17,733,000 (2016: RM13,242,000) for the Group and RM17,711,000 (2016: RM13,225,000) 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:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
At beginning of reporting period	13,242	18,269	13,225	18,207
Impairment of trade receivables	10,292	7,509	10,270	7,492
Write back of impairment of trade receivables	(5,792)	(12,526)	(5,783)	(12,469)
Trade receivables written off	(9)	(10)	(1)	(5)
At end of reporting period	<b>17,733</b>	<b>13,242</b>	<b>17,711</b>	<b>13,225</b>

Other than as disclosed above, the remaining other receivables were neither past due nor impaired.

## 18. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits placed with:				
Licensed banks	108,301	295,582	108,301	285,582
Other financial institutions	87,577	274,124	77,214	274,124
Cash and bank balances	195,878 22,320	569,706 15,407	185,515 4,352	559,706 7,270
	218,198	585,113	189,867	566,976

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	
	2017 RM'000 % per annum	2016 RM'000 % per annum	2017 RM'000 % per annum	2016 RM'000 % per annum
Deposits placed with:				
Licensed banks	3.42	4.00	3.42	4.00
Other financial institutions	3.46	4.03	3.43	4.03

Deposits placed with licensed banks and other financial institutions of the Group and of the Company have an average maturity period of 11 days (2016: 28 days). Bank balances are deposits held at call with licensed banks.

## 19. SHARE CAPITAL

	COMPANY			
	Number of shares '000	2017 Value RM'000	Number of shares '000	2016 Value RM'000
Authorised share capital:				
At 1 January – Ordinary shares of RM0.50 each	1,284,000	642,000	1,284,000	642,000
Effects of transition to no authorised share capital regime on 31 January 2017 under the Companies Act 2016*	(1,284,000)	(642,000)	0	0
At 31 December – Ordinary shares of RM0.50 each	0	0	1,284,000	642,000
Ordinary shares issued and fully paid:				
At 1 January/31 December – Ordinary shares with no par value (2016: ordinary shares of RM0.50 each)	1,284,000	642,000	1,284,000	642,000

\* The new Companies Act 2016 ("the Act") which came into operation on 31 January 2017, has repealed the Companies Act, 1965. The Act has abolished the concept of par or nominal value of shares and hence, the authorised capital is abolished. There is no impact on the number of ordinary shares in issue on the entitlement of the holders of the Company's shares.

## 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 2012, the Company issued one Special Rights Redeemable Preference Share (“RPS”) at an issue price of RM0.50 to Petroliaam 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;
- (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



## 21. REDEEMABLE PREFERENCE SHARE (CONTINUED)

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

- (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 "percentage 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.

## 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 statements of financial position:

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax assets:				
- Deferred tax assets to be recovered within 12 months	(218)	(17)	0	0
- Deferred tax assets to be recovered after more than 12 months	0	(672)	0	0
Total deferred tax assets	(218)	(689)	0	0
Deferred tax liabilities:				
- Deferred tax liabilities to be utilised within 12 months	617	25,368	617	25,368
- Deferred tax liabilities to be utilised after more than 12 months	154,879	107,918	154,879	107,918
Total deferred tax liabilities	155,496	133,286	155,496	133,286
Deferred tax liabilities (net)	155,278	132,597	155,496	133,286

**22. DEFERRED TAXATION (CONTINUED)**

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 statements of financial position (continued):

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
At beginning of reporting period	132,597	157,112	133,286	158,291
Charged/(credited) to profit or loss (Note 10):				
- Unutilised tax losses	500	1,018	0	0
- Property, plant and equipment	(2,672)	(2,869)	(2,646)	(2,342)
- Provisions	24,853	(22,664)	24,856	(22,663)
	22,681	(24,515)	22,210	(25,005)
At end of reporting period	155,278	132,597	155,496	133,286
Subject to income tax:				
Deferred tax assets (before offsetting)				
- Unutilised tax losses	198	698	0	0
- Provisions	5,607	30,460	5,587	30,443
	5,805	31,158	5,587	30,443
Offsetting	(5,587)	(30,469)	(5,587)	(30,443)
Deferred tax assets (after offsetting)	218	689	0	0
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	161,083	163,755	161,083	163,729
Offsetting	(5,587)	(30,469)	(5,587)	(30,443)
Deferred tax liabilities (after offsetting)	155,496	133,286	155,496	133,286

**23. TRADE AND OTHER PAYABLES**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Trade payables	737,877	669,885	731,537	665,455
Other payables	3,521	108,036	1,933	105,216
Customers' deposits	61,120	79,413	50,860	69,331
Accruals	84,621	58,302	83,568	56,193
	887,139	915,636	867,898	896,195

**23. TRADE AND OTHER PAYABLES (CONTINUED)**

Included in the trade payables of the Group and of the Company at the end of the reporting period is an amount of RM317,836,000 (2016: RM328,879,000) in respect of the accruals due to the Group's gas supplier, which is a related party, for the purchase of natural gas.

Included in other payables balance in the prior financial year is an amount of RM97,534,000, representing an accrual for over-recovery of gas cost arising from the variance between the actual market price and the forecast market price which was used for determining the current tariffs. This accrual is based on the Government's undertaking to the Company that it remains financially neutral from the resultant gas price fluctuations following the GCPT mechanism which was implemented on 1 January 2017 (with 2016 as the trial period). See Note 3(y)(i) for the rights and obligations of the Group and the Company under the IBR framework.

Included in customers' deposits of the Group and of the Company is deferred revenue relating to capital contribution for pipelines construction amounting to RM10,591,000 (2016: RM29,191,000).

**24. BORROWINGS**

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current (unsecured):				
- ICP	0	1,000	0	1,000
- Term Loan	2,990	2,040	0	0
	2,990	3,040	0	1,000
Non-current (unsecured):				
- IMTN	200,000	100,000	200,000	100,000
- Term Loan	8,970	7,990	0	0
	208,970	107,990	200,000	100,000
	211,960	111,030	200,000	101,000

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Analysis of repayment schedule:				
- not later than 1 year	2,990	3,040	0	1,000
- later than 1 year but not later than 5 years	102,990	2,040	100,000	0
- later than 5 years	105,980	105,950	100,000	100,000
	211,960	111,030	200,000	101,000

The Company had issued ICPs under the Sukuk Murabahah Programme ("SMP") amounted to RM60.0 million for a tenure of 3 months on 22 June 2017. An additional IMTNs under SMP amounted to RM100.0 million for a tenure of 3 years was issued on 4 October 2017.

On 31 July 2017 and 20 September 2017, the Company repaid ICPs issued under the SMP amounting to RM1.0 million and RM60.0 million respectively, which were previously issued for a tenure of 9 months and 3 months respectively.

**25. DIVIDENDS**

<b>COMPANY</b>	<b>Per share</b>		<b>Total amount</b>	
	<b>2017 sen</b>	<b>2016 sen</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Dividends paid during the financial year:				
(a) Interim dividend per ordinary share, single-tier – in respect of:				
- financial year ended 2017	4.00	0.00	51,360	0
- financial year ended 2016	0.00	4.00	0	51,360
(b) Second interim dividend per ordinary share, single-tier – in respect of financial year ended 2016	4.00	0.00	51,360	0
(c) Final dividend per ordinary share, single-tier – in respect of:				
- financial year ended 2016	4.86	0.00	62,402	0
- financial year ended 2015	0.00	4.77	0	61,247
	<b>12.86</b>	<b>8.77</b>	<b>165,122</b>	<b>112,607</b>
Dividends declared/proposed subsequent to year end:				
(a) Second interim dividend per ordinary share, single-tier – in respect of:				
- financial year ended 2017*	4.00	0.00	51,360	0
- financial year ended 2016	0.00	4.00	0	51,360
(b) Final dividend per ordinary share, single-tier – in respect of:				
- financial year ended 2017*	5.00	0.00	64,200	0
- financial year ended 2016	0.00	4.86	0	62,402

\* The above second interim dividend declared and proposed final dividend (upon approval by the shareholders) subsequent to the financial year ended 31 December 2017 will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2018.

**26. CAPITAL COMMITMENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
In respect of purchase of property, plant and equipment:				
Authorised by the Board:				
- Not contracted for	73,943	38,944	73,943	38,944
- Contracted but not provided for in the financial statements	147,373	103,850	147,373	103,850

**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 relationships with the Group and the Company are as follows:

<b>Related parties</b>	<b>Relationship</b>	<b>Country of incorporation</b>
Petronas Dagangan Berhad ("PDB")	A related party to Petronas Gas Berhad ("PGB"), 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 MMC Corporation Berhad ("MMC"), an indirect substantial shareholder	Malaysia
Petroleum Nasional Berhad ("PETRONAS")*	Holding company of PGB, 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 MMC	Malaysia
HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. ("HICOM")	A wholly owned subsidiary of DRB-Hicom Berhad, a related company to MMC	Malaysia
Honda Malaysia Sdn. Bhd. ("Honda")	An associate of DRB-HICOM Berhad, a related company to MMC	Malaysia
Senai Airport City Sdn. Bhd. ("SACSB") (formerly known as Enigma Harmoni Sdn. Bhd.)	A wholly owned subsidiary of Senai Airport Terminal Services Sdn. Bhd., a subsidiary of MMC	Malaysia
Edaran Otomobil Nasional Berhad ("EON")	A subsidiary of DRB-HICOM Berhad, a related company to MMC	Malaysia
Johor Port Logistic Sdn. Bhd. ("JPL")	A wholly owned subsidiary of Johor Port Berhad, a subsidiary 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 the 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.

The Group and the Company have transactions that are not 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.

**27. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)**

(a) Transactions with a subsidiary

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Gas sales to: GMVP***	0	0	1,181	170

(b) Transactions with a joint venture

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Gas sales to: GMEA***	84,619	11,155	84,619	11,155

(c) Transactions with other related parties

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Gas sales to: CSR***	71,660	71,309	71,660	71,309
GPT***	25,737	28,179	25,737	28,179
HICOM***	2,837	213	0	0
Purchase of LPG from PDB**	14,502	10,319	0	0
Purchase of natural gas from PETRONAS****	4,902,597	3,676,426	4,902,597	3,676,426
Tolling fee income earned from PETRONAS**	19,549	25,827	19,549	25,827
Cash contribution for Citygate construction paid to PETRONAS**	14,607	6,182	14,607	6,182
Provision for repair and purchase of motor vehicle from EON**	71	89	71	89
Logistic services by JPL**	897	665	0	0

The significant outstanding balances with a related party is disclosed in Note 23.

\*\* 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.

\*\*\*\* The transactions have been entered into based on regulated and market prices.

**27. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)**

(d) Key management compensation

	GROUP AND COMPANY	
	2017 RM'000	2016 RM'000
Salaries and bonuses	10,281	8,671
Directors' fees	849	885
Defined contribution plan - contributions	1,556	1,296
Other benefits	712	742
Indemnity insurance paid	30	23
	13,428	11,617

Key management compensation includes remuneration of the Directors and senior management of the Group and of the Company.

**28. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The carrying amounts of all financial assets and liabilities of the Group and of 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 the Group's business consists of two operating segments. The reportable operating segment is an aggregation of the two operating segments as these segments primarily derive the revenue from sales of natural gas as well as contribution from liquefied petroleum gas and tolling fee for transportation of gas. The Board assesses the performance of the operating segment based on a measure of earnings before finance income, zakat, taxation, depreciation and amortisation.

GROUP	Natural Gas & LPG RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>2017</b>				
<u>Revenue:</u>				
Total segment revenue - external	5,348,821	0	0	5,348,821
Inter-segment revenue	0	140	(140)	0
	5,348,821	140	(140)	5,348,821
<u>Results:</u>				
Profit before zakat and taxation	244,998	3,183	0	248,181
Finance income	(10,123)	0	0	(10,123)
Depreciation and amortisation	61,309	55	0	61,364
Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results)	296,184	3,238	0	299,422



**29. SEGMENT REPORTING (CONTINUED)**

<b>GROUP (CONTINUED)</b>	<b>Natural Gas &amp; LPG RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>2017 (continued)</b>				
<u>Other information:</u>				
Segment assets	2,254,379	14,145	0	2,268,524
Investment in joint ventures	0	31,033	0	31,033
Tax recoverable	5,164	(1)	0	5,163
Deferred tax assets	218	0	0	218
<b>Total assets</b>				<b>2,304,938</b>
Segment liabilities	(1,099,073)	(26)	0	(1,099,099)
Deferred tax liabilities	(155,496)	0	0	(155,496)
<b>Total liabilities</b>				<b>(1,254,595)</b>
<u>Other disclosure:</u>				
Capital expenditure	170,768	0	0	170,768
Depreciation	60,962	0	0	60,962
Amortisation of prepaid lease payments	347	55	0	402
Impairment of trade receivables	10,292	0	0	10,292
Write back of impairment of trade receivables	(5,792)	0	0	(5,792)
Share of results in joint ventures	0	(3,317)	0	(3,317)
Finance costs	5,622	0	0	5,622
<b>GROUP</b>				
	<b>Natural Gas &amp; LPG RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>2016</b>				
<u>Revenue:</u>				
Total segment revenue - external	4,052,969	0	0	4,052,969
Inter-segment revenue	0	140	(140)	0
	4,052,969	140	(140)	4,052,969
<u>Results:</u>				
Profit/(loss) before zakat and taxation	214,491	(1,646)	0	212,845
Finance income	(13,321)	0	0	(13,321)
Depreciation and amortisation	57,781	55	0	57,836
Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results)	258,951	(1,591)	0	257,360

## 29. SEGMENT REPORTING (CONTINUED)

GROUP (CONTINUED)	Natural Gas & LPG RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>2016 (continued)</b>				
<i>Other information:</i>				
Segment assets	2,193,628	4,199	0	2,197,827
Investment in joint ventures	0	26,900	0	26,900
Deferred tax assets	689	0	0	689
Total assets				2,225,416
Segment liabilities	(1,026,653)	(13)	0	(1,026,666)
Taxation	(44,823)	(1)	0	(44,824)
Deferred tax liabilities	(133,286)	0	0	(133,286)
Total liabilities				(1,204,776)
<i>Other disclosure:</i>				
Capital expenditure	133,454	0	0	133,454
Depreciation	57,433	0	0	57,433
Amortisation of prepaid lease payments	348	55	0	403
Impairment of trade receivables	7,509	0	0	7,509
Write back of impairment of trade receivables	(12,526)	0	0	(12,526)
Share of results in joint ventures	0	1,512	0	1,512
Finance costs	3,110	0	0	3,110

There is no revenue derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue during the current financial year (2016: nil).

The Group operations are conducted within Peninsular Malaysia.



## SHAREHOLDING STATISTICS

AS AT 14 MARCH 2018

Share Capital	: RM642,000,000.50 divided into 1,284,000,000 ordinary shares and 1 redeemable preference share
Voting Rights	: (i) One vote for every ordinary share (on a poll) (ii) No voting right for redeemable preference share save as circumstances as provided in the Articles of Association of the Company
No. of Shareholders	: 5,418

### SUBSTANTIAL SHAREHOLDERS (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Shares Held			
	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	102,320,200	7.97	-	-
MMC Corporation Berhad <sup>(1)</sup>	-	-	397,179,040	30.93
Tokyo Gas International Holdings B.V. <sup>(2)</sup>	-	-	237,546,000	18.50
Mitsui & Co. (Asia Pacific) Pte Ltd <sup>(3)</sup>	-	-	237,546,000	18.50
Petroliam Nasional Berhad <sup>(4)</sup>	-	-	190,010,000	14.80
Minister of Finance (Incorporated) <sup>(5)</sup>	-	-	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 Petroliam Nasional Berhad

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100 shares	198	3.66	1,878	0.00
100 to 1,000	1,269	23.42	1,009,854	0.08
1,001 to 10,000	2,949	54.43	12,596,492	0.98
10,001 to 100,000	860	15.87	22,661,056	1.77
100,001 to less than 5% of issued shares	138	2.55	320,675,480	24.97
5% and above of issued shares	4	0.07	927,055,240	72.20
<b>TOTAL</b>	<b>5,418</b>	<b>100.00</b>	<b>1,284,000,000</b>	<b>100.00</b>

**DIRECTORS' SHAREHOLDING (AS PER REGISTER OF DIRECTORS' SHAREHOLDING)**

Name of Directors	No. of Shares Held			
	Direct	%	Indirect	%
Datuk Haji Hasni bin Harun	-	-	-	-
Dato' Sri Che Khalib bin Mohamad Noh	-	-	-	-
Shigeru Muraki	-	-	-	-
Satoshi Honjo (Alternate Director to Shigeru Muraki)	-	-	-	-
Akira Inukai (Alternate Director to Shigeru Muraki)	-	-	-	-
Kamalbahrin bin Ahmad	-	-	-	-
Shariza Sharis binti Mohd Yusof (Alternate Director to Kamalbahrin bin Ahmad)	-	-	-	-
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	-	-	-	-

\* Negligible

**TOP 30 SECURITIES ACCOUNT HOLDERS**

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares Held	% of Shares Held
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	102,320,200	7.97
5.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	40,819,400	3.18
6.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	39,014,300	3.04
7.	AmanahRaya Trustees Berhad AS 1Malaysia	21,553,400	1.68
8.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	17,500,000	1.36
9.	Permodalan Nasional Berhad	16,000,000	1.25
10.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd.	14,934,300	1.16

## TOP 30 SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor) (continued)

No.	Name	No. of Shares Held	% of Shares Held
11.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Shapadu Corporation Sdn Bhd	14,603,888	1.14
12.	AmanahRaya Trustees Berhad Public Islamic Select Treasures Fund	13,487,300	1.05
13.	AmanahRaya Trustees Berhad Public Islamic Dividend Fund	10,794,000	0.84
14.	AmanahRaya Trustees Berhad Amanah Saham Nasional	7,584,300	0.59
15.	AmanahRaya Trustees Berhad Amanah Saham Didik	6,903,600	0.54
16.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	6,500,000	0.51
17.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	5,532,400	0.43
18.	AmanahRaya Trustees Berhad Public Islamic Equity Fund	5,100,000	0.40
19.	Valuecap Sdn Bhd	5,013,100	0.39
20.	AmanahRaya Trustees Berhad Public Dividend Select Fund	4,814,200	0.37
21.	Maybank Nominees (Tempatan) Sdn Bhd Bank Kerjasama Rakyat (M) Berhad (412803)	4,200,000	0.33
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Choon Kim	3,936,300	0.31
23.	AmanahRaya Trustees Berhad Public Islamic Optimal Growth Fund	3,890,700	0.30
24.	Koperasi Permodalan Felda Malaysia Berhad	3,246,000	0.25
25.	AmanahRaya Trustees Berhad Public Islamic Treasures Growth Fund	3,169,400	0.25
26.	CIMB Commerce Trustee Berhad Public Focus Select Fund	3,059,600	0.24
27.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	2,703,600	0.21
28.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	2,700,000	0.21
29.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Family Takaful Berhad (Family PRF)	2,575,900	0.20
30.	Shapadu Corporation Sdn Bhd	2,450,981	0.19
<b>TOTAL</b>		<b>1,189,141,909</b>	<b>92.61</b>

## LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017 (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	6,261	20	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	267	16	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	1,810	21	2009
4.	No. Hakmilik: 26774, Lot No. 85 No. 20 Jalan Gurney 54100 Kuala Lumpur	Office	Freehold	0.017767	4,077	9	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	2,013	20	1994



## LIST OF PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 2017 (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	9,097	-	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	222	-	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	1,044	16	1993
9.	HS(D) 108992 LOT No.: 4228 No. 34 Jalan Bunga Raya 6 Pusat Perniagaan Senawang 70400 Seremban Negeri Sembilan	Office	Freehold	0.0378	155	19	1995
10.	HS(M) 1457 PT 2957 Mukim 06 Seberang Perai Tengah Pulau Pinang	Vacant land	Freehold	3.02	7,732	-	2013



## ADMINISTRATIVE DETAILS

Administrative details for the 27th Annual General Meeting of Gas Malaysia Berhad

Date : 10 May 2018

Time : 3.00 p.m.

Venue : Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, Malaysia

### PARKING

- Parking for visitors is available at the parking bays of the Hotel.

### REGISTRATION

- Registration will start at 1.00 p.m. and registration counters will remain open until the conclusion of the 27th 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 Glenmarie Ballroom without the identification tag.

### REFRESHMENTS

- Light refreshment will be served outside Glenmarie Ballroom before the commencement of the 27th AGM.

### GENERAL MEETING RECORD OF DEPOSITORS

- For the purpose of determining members who shall be entitled to attend the 27th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 4 May 2018. Only depositors whose names appear on the Record of Depositors as at 4 May 2018 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on their behalf.

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# PROXY FORM

27TH ANNUAL GENERAL MEETING



A Member of MMC Group

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 Share	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 27th Annual General Meeting of the Company, to be held at Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 10 May 2018 at 3.00 p.m. or 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.	Re-election of Director – Encik Kamalbahrin bin Ahmad	Ordinary Resolution 2		
4.	Re-election of Director – Datuk Haji Hasni bin Harun	Ordinary Resolution 3		
5.	Re-election of Director – Datuk Puteh Rukiah binti Abd. Majid	Ordinary Resolution 4		
6.	Payment of Directors' Fees and any benefits payable to the Directors from 11 May 2018 to the next AGM	Ordinary Resolution 5		
7.	Re-appointment of Auditors	Ordinary Resolution 6		
Special Business				
8.	Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for the Company and/or its Subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties	Ordinary Resolution 7		

\* 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 \_\_\_\_\_ 2018.

\_\_\_\_\_  
Signature of Member and/or Common Seal

Contact No. \_\_\_\_\_

## NOTES:

- In respect of deposited securities, only members whose names appear on the Record of Depositors on 4 May 2018 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
- A member of the Company shall be entitled to appoint another person as his/her proxy to attend, participate, speak and vote at the meeting in his stead. A proxy need not be a member of the Company.
- A member shall not be entitled to appoint more than two proxies. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 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 or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 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 seal or signed by an officer or attorney so authorised.
- 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 no later than Wednesday, 9 May 2018 at 3.00 p.m.

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**Gas Malaysia Berhad**  
Annual General Meeting  
10 May 2018

**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

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