GAS MALAYSIA

A Member of MMC Group

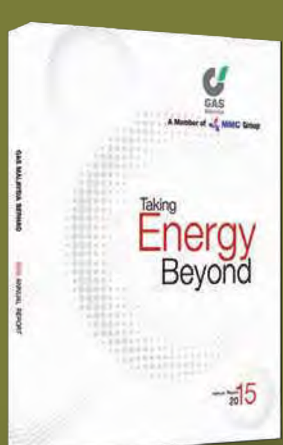
Taking Energy Beyond

Annual Report 2015

ENERGY SOLUTIONS PROVIDER
FOR THE 21st CENTURY

CONTENTS

COVER RATIONALE



The crescent halftone design on the cover creatively represents the thermal expansion of gas molecules. In its abstract form, it symbolises our expansion plan through growing the existing business and diversifying into the non-regulated sphere of the gas distribution business.

Our aim is to take natural gas beyond the ambit of regulated business by creating new demand in a more commercially driven business platform, effectually positioning ourselves through the evolutionary phase of the gas industry.


58


74


104


118

A component in Virtual Pipeline's mother station which compresses natural gas into the tube skid trailer.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting of Gas Malaysia Berhad ("the Company") will be held at the **Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia** on **Wednesday, 11 May 2016 at 3.00 p.m.** or any adjournment thereof, for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. (Please refer to Note A)

2. To declare a single-tier final dividend of 4.77 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2015. (Ordinary Resolution 1)

3. To re-elect the following Directors who are retiring pursuant to Article 95 (2) of the Company's Articles of Association:-
   (i) Encik Tan Lye Chong; (Ordinary Resolution 2)
   (ii) Datuk Syed Abu Bakar bin S Mohsin Almohdzar; and (Ordinary Resolution 3)
   (iii) Datuk Ooi Teik Huat. (Ordinary Resolution 4)

4. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company for the ensuing financial year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

SPECIAL BUSINESS

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

5. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH PETROLIAM NASIONAL BERHAD, PETRONAS GAS BERHAD AND PETRONAS DAGANGAN BERHAD** (Ordinary Resolution 6)

   "That subject to the provisions of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties, as set out in Section 2.4 of the Circular to Shareholders dated 18 April 2016, which are necessary for the day-to-day operations; and are undertaken in the ordinary course of business of the Company and its subsidiaries, on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

   i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;

   ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

   iii) revoked or varied by resolution passed by the shareholders at a general meeting,

   whichever is the earlier.

   And that the Directors of the Company be 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."

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that a single-tier final dividend of 4.77 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2015, if approved by the shareholders at the Annual General Meeting, will be paid on 16 June 2016 to the shareholders whose name appear in the Record of Depositors of the Company at the close of business on 27 May 2016.

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 27 May 2016 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
18 April 2016

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

2. 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.

3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. Where there are two or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.

5. The instrument appointing a proxy or corporate representative or the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.

6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 4 May 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

EXPLANATORY NOTES:

A. Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 ("Act") does not require shareholders' approval for the Audited Financial Statements. Hence, this item on the Agenda will not be put forward for voting.

B. The Ordinary Resolution 6, if passed, will benefit the Company by facilitating the Company and its subsidiaries ("the Group") to enter into transactions with Related Parties specified in Section 2.4 of the Circular to Shareholders dated 18 April 2016 in the ordinary course of the Group's business on commercial terms, in a timely manner and will enable the Group to continue to carry out recurrent related party transactions necessary for the Group's day-to-day operations.

An inspection by a technician at the BioCNG facility.

CORPORATE PROFILE

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.

OUR CUSTOMER BASE STOOD AT

38,690

Gas Malaysia ("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 ("NGDS") within Peninsular Malaysia. We are licensed under the Gas Supply Act, 1993 ("GSA") by Suruhanjaya Tenaga ("ST" or "the EC"), with the approval of the Minister, to supply and sell reticulated natural gas in Peninsular Malaysia.

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

As at 31 December 2015, Gas Malaysia operated and maintained 2,139 kilometres of gas pipeline across Peninsular Malaysia, supplying natural gas to 795 industrial customers, 862 commercial customers and 12,571 residential customers; supplying LPG to 1,287 commercial and 23,175 residential customers. In total, our customer base stood at 38,690 in the same period.

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

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

In line with the vision to be an innovative energy solutions provider, Gas Malaysia constantly aims to stay ahead in the gas industry through the course of its liberalisation. Gas industry liberalisation has paved the way for Gas Malaysia to enhance its commercial potential by diversifying into the non-regulated sphere of the gas distribution business. To date, we have rigorously laid out the foundation for three new businesses - the Combined Heat and Power ("CHP"), Virtual Pipeline and our recent addition, Bio-Compressed Natural Gas ("BioCNG") – which are aimed at expanding the customer base further and strengthening future growth for the Group.

A technician conducting routine check on a service station's physical condition.

CORPORATE MILESTONES

1992

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

16 MAY - Incorporated as a private company

1997

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

1998

1 SEP - Obtained the Gas Utility Licence ("GUL")

2003

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

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

2007

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

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

2009

1 NOV - 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

2010

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.

2011

19 AUG - Converted into a public company

2012

23 FEB - Signed the new Gas Supply Agreement with PETRONAS

11 JUNE - Listed on the Main Board of Bursa Malaysia

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

2014

24 FEB - Signed the Joint Venture Agreement with Tokyo Gas Engineering Solutions Corporation ("TGES") 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 certificate for implementing Information Security Management System by SIRIM which comply with ISO/IEC 27001:2005 and ISO/IEC 27001:2007

19 NOV - Signed the Collaboration Proposal with Malaysian Biotechnology Corporation Sdn. Bhd. to work together in the implementation of Bio-Renewable Energy Project

2015

25 AUG - Teamed up with Sime Darby Offshore Engineering Sdn. Bhd. ("SDOE") to set up a JV Company, Sime Darby Gas Malaysia BioCNG Sdn. Bhd. ("SDGMBioCNG")

7 DEC - Signed a Memorandum of Understanding ("MOU") with Sabah Energy Corporation to explore the opportunities in harnessing and distributing BioCNG in Sabah.

SUPPLY AREA

NORTHERN REGION

PERAK
Bercham
Ipoh
Kampar
Kamunting
Lumut
Parit Buntar
Seri Iskandar
Seri Manjung
Sitiawan
Taiping
Tambun
Teluk Intan
Tronoh

PERLIS
Arau
Kangar
Chuping

PULAU PINANG
Bayan Lepas
Bukit Mertajam
Georgetown
Jelutung
Mak Mandin
Nibong Tebal
Prai
Sungai Dua
Simpang Ampat
Tanjung Pinang

KEDAH
Kulim
Mergong
Sungai Petani
Padang Terap
Kuala Ketil

CENTRAL REGION

SELANGOR
Ampang
Balakong
Bandar Sultan Sulaiman
Bangi
Batu Caves
Banting
Beranang
Bestari Jaya
Cyberjaya
Damansara
Dengkil
Ijok
Jeram
Kajang
Kelana Jaya
Klang
KLIA
Kundang
North Port
Pandamaran
Petaling Jaya
Puchong
Pulau Indah
Rawang
Salak Tinggi
Selayang
Semenyih
Sepang
Serdang
Seri Kembangan
Shah Alam
Subang
Sungai Buloh
Teluk Panglima Garang

FEDERAL TERRITORY OF PUTRAJAYA

FEDERAL TERRITORY OF KUALA LUMPUR

HEADQUARTERS (HQ)

REGIONAL OFFICE

BRANCH OFFICE

EASTERN REGION

PAHANG
Gambang
Gebeng
Kuantan
Kuantan Port

TERENGGANU
Teluk Kalong
Kerteh

SOUTHERN REGION

JOHOR
Air Hitam
Gelang Patah
Johor Bahru
Kluang
Kulai
Larkin
Masai
Nusajaya
Pasir Gudang
Plentong
Senai
Tampoi
Tanjung Langsat
Tebrau
Yong Peng

MELAKA
Alor Gajah
Ayer Keroh
Bandar Melaka
Batu Berendam
Bachang
Bukit Rambai
Cheng
Tangga Batu
Lipat Kajang

NEGERI SEMBILAN
Nilai
Senawang
Sendayan
Seremban
Seremban 2

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK HAJI HASNI BIN HARUN
Chairman
Non-Independent Non-Executive

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
Non-Independent Non-Executive Director

SHIGERU MURAKI
Non-Independent Non-Executive Director

YUSA' BIN HASSAN
Non-Independent Non-Executive Director

SHAZALI BIN DATO' HAJI SHAHRANI
Non-Independent Non-Executive Director

TAN LYE CHONG
Independent Non-Executive Director

DATUK PUTEH RUKIAH BINTI ABD. MAJID
Independent Non-Executive Director

DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR
Independent Non-Executive Director

DATUK OOI TEIK HUAT
Independent Non-Executive Director

DATO' ROSTHMAN BIN IBRAHIM
Alternate Director to Shazali bin Dato' Haji Shahrani
Non-Independent Non-Executive Director

AIDA AZIZA BINTI MOHD JAMALUDIN
Alternate Director to Yusa' bin Hassan
Non-Independent Non-Executive Director

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

HISASHI NAKAMURA
Alternate Director to Shigeru Muraki
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)*

YUSA' BIN HASSAN

SHAZALI BIN DATO' HAJI SHAHRANI

COMPANY SECRETARIES

YANTI IRWANI BINTI ABU HASSAN
(MACS 01349)

NOOR RANIZ BIN MAT NOR
(MAICSA 7061903)

INVESTOR RELATIONS

ZULKIFLI BIN MAWARDI
Email : 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 : www.gasmalaysia.com
Email : enquiries@gasmalaysia.com

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7849 0777
Fax : (603) 7841 8151/52

AUDITORS AND REPORTING ACCOUNTANTS

Messrs. PricewaterhouseCoopers
(Chartered Accountants)
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
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

DIVIDEND SERVICE PROVIDER

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7849 0777
Fax : (603) 7841 8151/52

FINANCIAL CALENDAR

ANNUAL GENERAL MEETING	ENTITLEMENT TO 2015 FINAL DIVIDEND	PAYMENT OF 2015 FINAL DIVIDEND
11 May 2016	27 May 2016*	16 June 2016*

Announcement of Results for Financial Year Ended 31 December 2015:

1ST QUARTER 7 MAY 2015

2ND QUARTER 13 AUGUST 2015

3RD QUARTER 26 NOVEMBER 2015

4TH QUARTER 23 FEBRUARY 2016

*These dates are subject to shareholders' approval on 11 May 2016

FINANCIAL SUMMARY

PROFIT BEFORE ZAKAT AND TAX

RM 143.6 MILLION

REVENUE

RM 3,619.0 MILLION

TOTAL ASSETS

RM 2,091.8 MILLION

SHAREHOLDERS' FUNDS

RM 970.7 MILLION

5 YEARS FINANCIAL SUMMARY

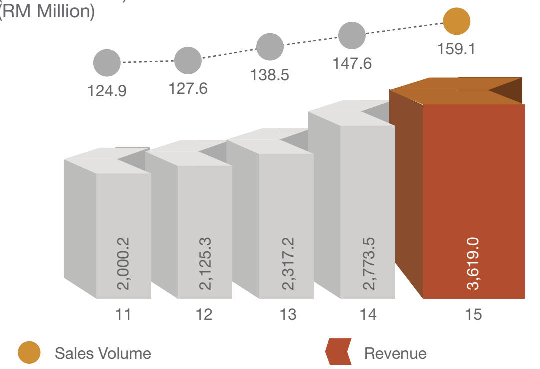
	2011	2012	2013	2014	2015
MMBtu MILLION					
Sales Volume	124.9	127.6	138.5	147.6	**159.1**
RM MILLION					
Revenue	2,000.2	2,125.3	2,317.2	2,773.5	**3,619.0**
Profit before Zakat and Tax	294.7	214.1	220.9	213.1	**143.6**
Profit after Zakat and Tax	229.2	162.8	171.4	167.6	**106.1**
Total Assets	1,474.4	1,513.5	1,507.2	1,791.1	**2,091.8**
Shareholders' Funds	1,009.5	1,008.4	1,004.1	1,013.0	**970.7**
Total Liabilities	465.0	505.1	503.2	778.1	**1,119.9**
Paid-up Capital	642.0	642.0	642.0	642.0	**642.0**
PROFIT AS % REVENUE					
Profit before Zakat and Tax	15%	10%	10%	8%	**4%**
Profit after Zakat and Tax	11%	8%	7%	6%	**3%**
Earnings Per Share (RM)	356.9*	0.13#	0.13#	0.13#	**0.08#**
Net Tangible Assets Per Share (RM)	1,572.4*	0.79#	0.78#	0.79#	**0.76#**
HUMAN RESOURCE					
Employees (Number)	358	364	385	402	**451**
RM MILLION					
Revenue Per Employee	5.587	5.839	6.019	6.899	**8.024**
Profit before Zakat and Tax Per Employee	0.823	0.588	0.574	0.530	**0.318**
Profit after Zakat and Tax Per Employee	0.640	0.447	0.445	0.417	**0.235**

Note:

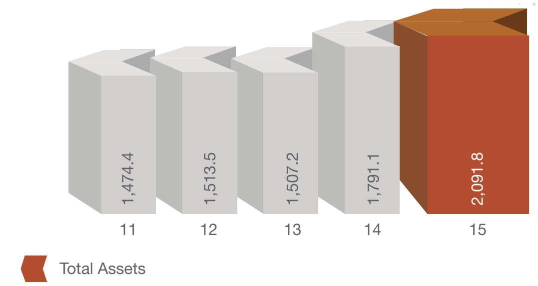
* Based on paid-up capital of 642,000 shares at RM1,000 per share

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

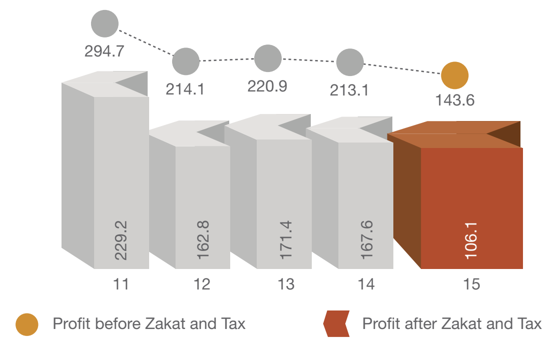
SALES VOLUME & REVENUE
(MMBtu Million)
(RM Million)



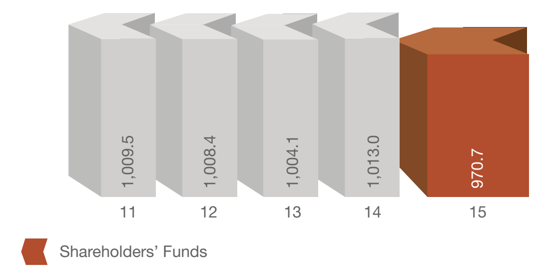
TOTAL ASSETS
(RM Million)



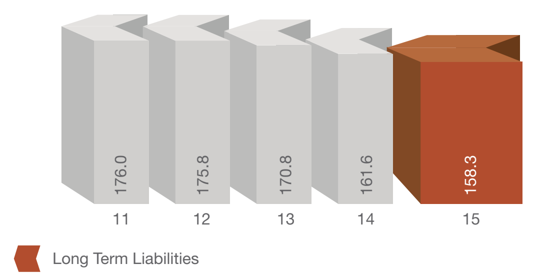
PROFIT
(RM Million)



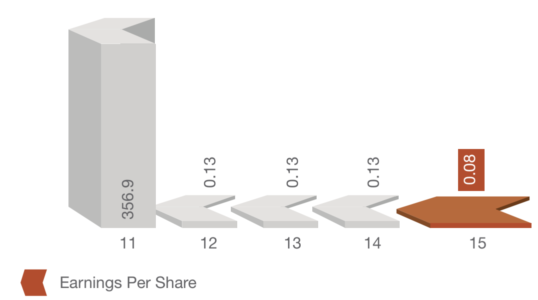
SHAREHOLDERS' FUNDS
(RM Million)



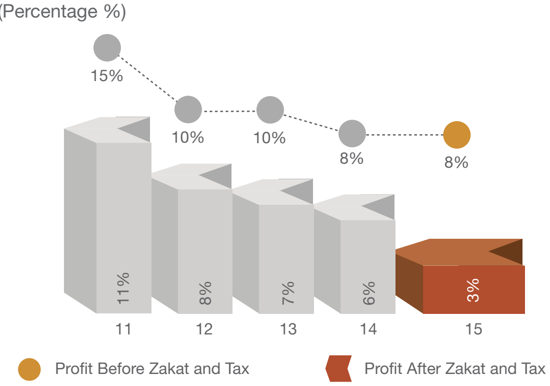
LONG TERM LIABILITIES
(RM Million)



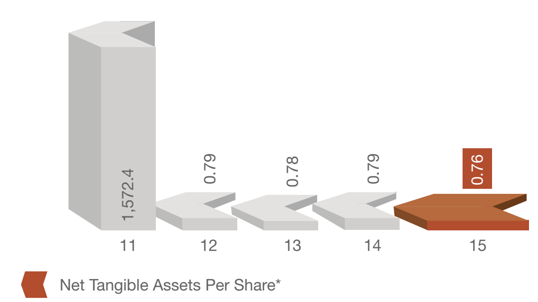
EARNINGS PER SHARE*
(RM)



PROFIT AS % REVENUE
(Percentage %)



NET TANGIBLE ASSETS PER SHARE*
(RM)



* FY2011 is based on paid-up capital of 642,000 shares at RM1,000 per share
FY2012 - FY2015 is based on paid-up capital of 1,284,000,000 shares at RM0.50 per share

INVESTOR RELATIONS

As a public listed company, Gas Malaysia is focused on delivering equitable shareholders' return and creating value for our shareholders. On that account, Investor Relations ("IR") forms a significant role in ensuring that shareholders, investors and other stakeholders are well informed of the business developments in order to help them understand the underlying drivers of the Group's performance.

RESULTS ANNOUNCEMENTS

In accordance with guidelines under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), we issue timely announcements of the quarterly financial results to Bursa Malaysia. These announcements are subsequently posted on our corporate website.

DATE	EVENT
7 May 2015	Quarterly report on consolidated results for the financial period ended 31 March 2015
13 August 2015	Quarterly report on consolidated results for the financial period ended 30 June 2015
26 November 2015	Quarterly report on consolidated results for the financial period ended 30 September 2015
23 February 2016	Quarterly report on consolidated results for the financial period ended 31 December 2015

INVESTOR ENGAGEMENT

We value the importance of maintaining strong relationship with our investors. In the most practical way possible, we endeavour to effectively communicate with the investing community and other stakeholders, in relation to the dissemination of timely, relevant and accurate information pertaining to the Group. This is to ensure that the investing community is well aware of its performance and latest corporate development.

Our IR strategy which is formulated at the beginning of each financial year, is designed to ensure effective engagement with our investors pragmatically.

CORPORATE PRESENTATION

As part of our effort to maintain good rapport with the investing community, on 25 February 2016, Gas Malaysia participated in the Stratum Series II, titled, Powering the Energy Sector in Malaysia, which was jointly organised by Hong Leong Investment Bank and Bursa Malaysia. The event discusses issues, opportunities and future outlook of the energy sector in Malaysia, discussing the role of natural gas and LNG in powering the energy sector.

Participating in the event which drew attendance by more than 120 buy-side investors and other stakeholders, we presented a case on the CHP business, showcasing its potential in strengthening Gas Malaysia's future growth.

Q&A and engagement sessions during the Stratum Series II.

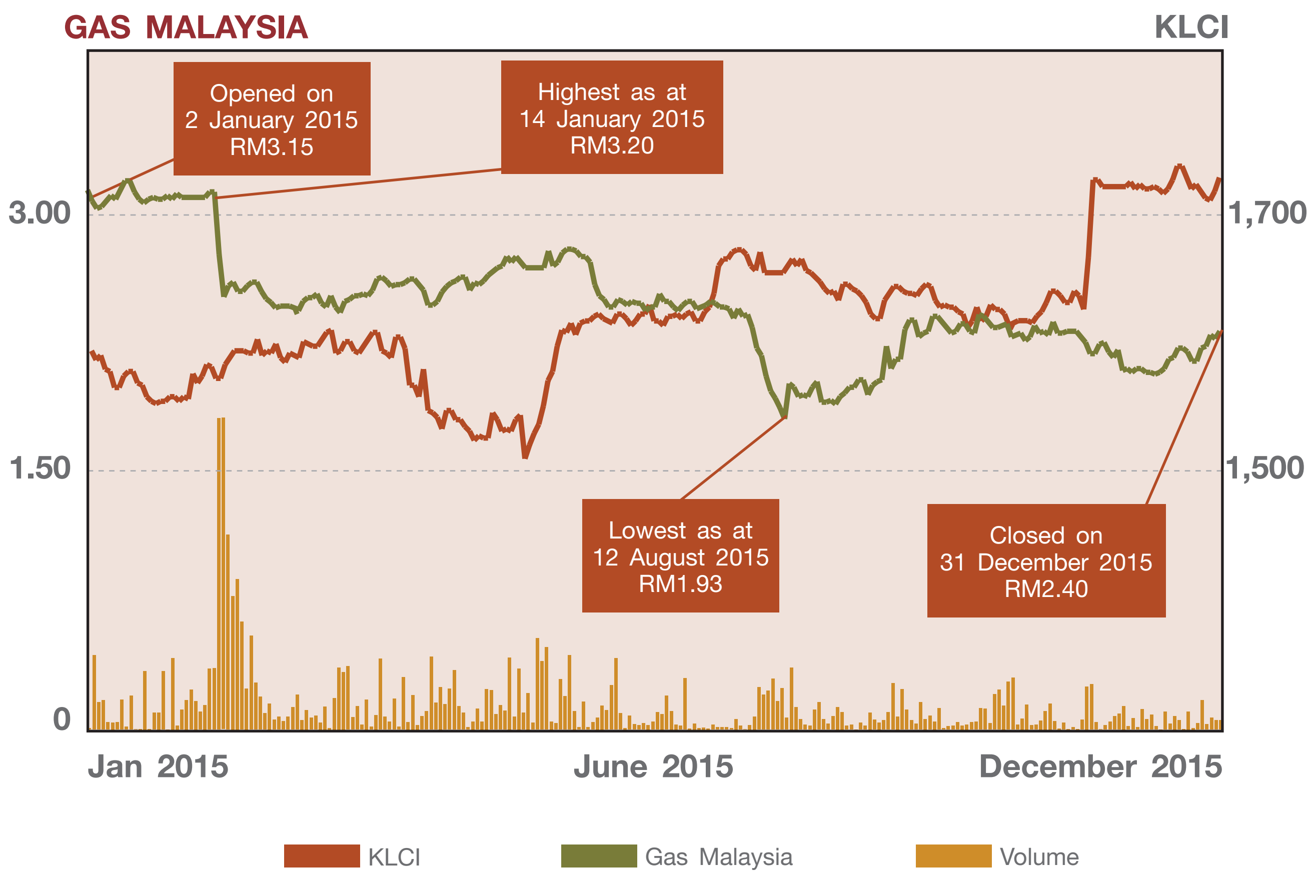
ANALYST COVERAGE

Amongst local research houses that provide coverage on Gas Malaysia are as follows:

RESEARCH
HOUSE

- Affin Hwang Capital
- BIMB Securities
- CIMB Bank
- DBS Vickers Securities
- KAF Investment Bank
- Kenanga Investment Bank
- Maybank Kim Eng
- MIDF Investment
- UOB KayHian

SHARE PRICE PERFORMANCE



Our 2015 share price performance depicted above reflects the earnings normalisation that was due to the full impact of margin compression that we experienced this year. Gas Malaysia shares opened trading at RM3.15 on 2 January 2015 and peaked at RM3.20 on 14 January 2015. It then slowly retraced throughout the year and closed at RM2.40 on 31 December 2015.

The shares were moderately traded throughout the year with the highest transaction at 12,700,000 shares on 16 February 2015.

KEY NOTABLES

MARKET CAPITALISATION

FY2015
RM 3.08 BILLION

FY2014
RM 4.13 BILLION

EARNINGS PER SHARE

FY2015
8.27 SEN

FY2014
13.06 SEN

TOTAL SHAREHOLDERS RETURN

FY2015
-23%

FY2014
-13%

SHARE PRICE

FY2015
RM 2.40

FY2014
RM 3.22

DIVIDEND PER SHARE

FY2015
8.27 SEN

FY2014
13.06 SEN

FINANCIAL CALENDAR

RESULT	DIVIDENDS	AGM
First Quarter ended 31 March 2015	Second Interim Dividend 4.00 sen Payment date: 25 March 2015	Notice of Annual General Meeting 18 April 2016
Second Quarter ended 30 June 2015	Final Dividend 4.06 sen Payment date: 12 June 2015	Annual General Meeting 11 May 2016
Third Quarter ended 30 September 2015	First Interim Dividend 3.50 sen Payment date: 15 September 2015	
Fourth Quarter ended 31 December 2015		

GAS MALAYSIA IN THE MEDIA


GAS MALAYSIA BERHAD
Sime, Gas Malaysia set up JV
JV to deliver sustainable growth in near future
Appeal to delay gas tariff increase on July 1


A BioCNG upgrading facility.

MEETING CHANGING DEMANDS

CHAIRMAN'S STATEMENT

TAKING ENERGY BEYOND

Datuk Haji Hasni bin Harun
Chairman

DEAR SHAREHOLDERS,

A year back, the expectations were for the economy to moderate in 2015 on the backdrop of slower domestic and external demand. As it turned out, the year was tested by a slew of macro-economic concerns that had shaken up sentiment amongst businesses and households; a challenging 2015 indeed.

74 KILOMETRES NGDS EXPANDED IN 2015

Bringing the total pipeline length to 2,139 kilometres in operation.

VOLUME GROWTH CONTRIBUTION

Gas Malaysia sales volume grew by 7.8% to 159.07 million MMBtu in 2015.

PROPER ALIGNMENT

Ongoing measures to ensure talent development to support our new direction and growth remain intact.

STAYING AHEAD

We have rigorously laid out the foundation for three new businesses - the CHP, Virtual Pipeline and our recent addition, BioCNG – which are aimed at strengthening the Group's future growth.

CHAIRMAN'S STATEMENT

The low level of crude oil prices seen in 2015 had inevitably taken a toll on Malaysia's overall economy. From as high as USD66.37 per barrel in May, the Brent slid by 47.59% to USD34.78 per barrel, the lowest for the year in December. As the Government's 2015 budget was premised on Brent at USD55 per barrel, trending below that level had resulted in budget deficit for the country, whose effect ultimately decelerated overall economic activities.

Then there were sharp depreciation of Ringgit and the introduction of Goods & Services Tax ("GST"). The Ringgit had weakened by 27.47% from the beginning of the year, from RM3.4965 per USD, to as low as RM4.4570 per USD, a level not seen since the Asian Financial Crisis in 1997. Coupled, the weak Ringgit and GST had caused higher cost in doing business for most companies.

Externally, the deceleration of economic growth in China had yielded weaker exports while the US interest rate hike resulted in capital outflow from Malaysia which indirectly put further pressure on the Ringgit. The internal and external headwinds had caused the Gross Domestic Product ("GDP") to moderate at 5.00% in 2015, affirming the cautious tone that we had anticipated.

Specific to Gas Malaysia, the macroeconomic headwinds that we were facing interspersed with regulatory challenges that resulted in reduced gross contribution for every MMBtu of gas that we sold. It was a tough period for us because as the earnings normalised to a level reflecting the margin compression, our market capitalisation corrected by a staggering 25.42% from RM4.13 billion at the beginning of the year to RM3.08 billion as at 31 December 2015.

Nevertheless, I am pleased to report that despite all these challenges, we remained resolute and were able to register equitable business performance, meeting internal expectations both operationally and financially.

During the year, we expanded the NGDS by 74 kilometres to 2,139 kilometres, delivering stable supply of natural gas and LPG to more homes, commercial businesses and industries in Peninsular Malaysia. This is in line with the commitment to strengthen and extend our reach to better serve and grow with our customers. With the wider network, we successfully increased our customer base to 38,690 customers. There were 3,482 new customers in total to whom we extended our services.

In line with the vision to be an innovative energy solutions provider, we constantly aim to stay ahead in the gas industry through the course of its liberalisation. Gas industry liberalisation has paved the way for Gas Malaysia to enhance its commercial potential by diversifying into the non-regulated sphere of the gas distribution business. To date, we have rigorously laid out the foundation for three new businesses - the CHP, Virtual Pipeline and our recent addition, BioCNG – which are aimed at strengthening the Group's future growth.

We managed to achieve a 16.31% improvement in overall productivity,

yielding a commendable revenue per employee ratio of approximately **RM8.0 million.**

FINANCIAL RESULTS

I am pleased to share with you that driven by growing customer base and resilient demand, our sales volume grew by 7.8% to 159.07 million MMBtu in 2015, against 147.62 million MMBtu in the previous year. On this note, the Group accumulated approximately RM3.62 billion in revenue, a commendable 30.68% growth from the RM2.77 billion last year. However, due to the reduction in gross contribution per MMBtu that was set by the Regulator, Gross Profit came in 21.28% lower at RM196.66 million.

Adjusting for operating expenses, depreciation, finance charges and other income, Profit before Zakat and Tax ("PBZT") came in at RM143.56 million. After deducting the zakat and tax, we registered a Profit after Zakat and Tax ("PAZT") of RM106.06 million. I wish to highlight that, the PBZT and PAZT were respectively 32.64% and 36.73% lower than what had been reported the previous year, attributed mainly to the full impact of margin compression.

DIVIDEND

Our stated dividend policy of no less than 75% payout of profits is testament to our commitment to providing our shareholders with a strong and stable yield flow on their investment. In view of the Group's performance this year, the Board has recommended a final cash dividend of 4.77 sen per ordinary share. Combined with the first interim dividend of 3.50 sen, it brings the total dividend payment per share to 8.27 sen. The allocation for dividends amounts to approximately RM106.19 million, reaching a dividend pay-out ratio of 100%. We are pleased to have again delivered on our financial commitment and returned value to our shareholders.

HUMAN CAPITAL AND PRODUCTIVITY

Our resilient performance this year is mainly attributed to our investment in human capital and an efficient workforce. The Group considers human capital planning a critical process because of the transformational impact it has on the business function. In fact, some of the most important strategic decisions we have made were in the selection, training and promotion of human capital, given the deep implications they have on corporate strategy.

However, there must also be proper alignment between people and business strategies in determining the mix of technical and managerial competencies that are critical for competitive success. Conscious of the need to position Gas Malaysia as an employer of choice whilst enhancing competitive working environment, ongoing measures to ensure talent development to support our new direction and growth remain intact.

These measures were proven to be effective because with only 12.18% addition to our human capital which translates into a lean workforce of 451 employees, we managed to achieve a 16.31% improvement in overall productivity, yielding a commendable revenue per employee ratio of approximately RM8.0 million.

CHAIRMAN'S STATEMENT

CORPORATE SOCIAL RESPONSIBILITY

At Gas Malaysia, our Corporate Social Responsibility ("CSR") programmes are targeted to ensure that our business ambitions are balanced with responsible corporate practices. The objective is to deliver sustainable value to society at large by emphasising economic, social and environmental wellness, at the same time working on a framework that looks at four main focal areas: Community, Education, Environment and Sports.

During the year, Gas Malaysia supported a number of initiatives focusing on community development. Amongst the organisations and associations that we supported were the welfare fund of the *Persatuan Bekas Kastam Malaysia* that focuses on educational and community development activities for retired servicemen, and *Kesatuan Kakitangan Perkhidmatan Tadbir dan Awam Pasukan Polis Semenanjung Malaysia* which organises crime prevention awareness campaigns and community welfare activities.

We have also played a role in ensuring the growth of Malaysian educational standard. For the year under review, we helped with the refurbishment of *Kolej Tunku Kursiah*'s library by financially aiding the purchase of new computers for the students. In the same spirit, we supported the Malaysian Gas Association's educational initiative, namely the Energy Efficiency Science Fair at Petrosains in Suria Kuala Lumpur City Centre.

Playing our part in the conservation and preservation of the environment, we have been using the innovative Gas Heat Pump ("GHP") air conditioning system in our headquarters to promote a more sustainable green energy usage. Additionally, we were pleased to partner with the Forestry Department to plant *Rhu Pantai* saplings along the coastline of *Kampung Pantai Sungai Ular,* Kuantan, Pahang, to help control coastal erosion in the area.

Finally on sports, last year, we partnered with the National Sports Council of Malaysia via sponsorship to facilitate the latter's initiative entitled the National Football Development Programme ("NFDP"). The NFDP programme entails measures that systematically improve Malaysia's football standards. Last June, the Malaysian Under-13 Boys team from the NFDP won the U-13 category of the prestigious Iber Cup Costa del Sol in Spain, when it beat Portugal 2-1. Iber Cup is one of the largest and most renowned international youth football tournament in the world.

LOOKING AHEAD

It is widely expected that the macroeconomic headwinds that we have experienced this year would be as prevalent in the coming year, given the degree of confluence of so many challenges. Economic consensus expects domestic demand to continue to decelerate, given moderating consumer spending, while external demand to turn sluggish due to further slowing of China economy. Moreover, given the fluidity of the concerns emanating from the crude oil prices and the Ringgit, economists expect Malaysia's GDP to continue to moderate to between 4.0% and 4.5% in 2016.

Hence, we look to 2016 with guarded optimism.

With regards to our core business which will continue to contribute significantly to the Group's growth, the move to expand customer base will be matched by a revised pipeline expansion in meeting the future needs of our customers. Gas Malaysia will continue to pursue extension into other industrial clusters that have not used natural gas. Similar strategy will be adopted to grow the business in the commercial and residential areas.

Parallel to the strategy of the core business is the sedulous effort in ensuring stronger foundation for our new ventures. Measures are, and will continue to be taken to ensure that the CHP, Virtual Pipeline and BioCNG businesses are on track in providing traction to the Group by end of 2016. Barring any shock to the dynamics of the Malaysian economy, the diversification into these new ventures is expected to contribute significantly to the bottom line over the long run.

Apart from the core business and new ventures, we are excited about the development in the regulatory framework, as we view regulatory changes as opportunities to increase competitive advantage and possibly, create new value for our business. The Incentive-Based Regulation Framework ("IBR") that will commence on a trial basis in 2016, and subsequently on the first regulatory period from 2017 until 2019, will provide earnings clarity, certainty and stability for Gas Malaysia. It is also programmed to incentivise us for attaining operational, financial and capital structure efficiencies.

We have taken steps towards ensuring system readiness with regards to technical, commercial and financial aspects of the requirement, as well as capacity building towards the implementation of the IBR.

At macro level, the business outlook in 2016 and for the ensuing years will reflect the economic scenarios and regulatory milieu in which we operate. To address this challenges, we have carved a strategic route to follow, one that is rooted to our core strength: our people. To this end, a five-year business plan has been formulated, with the aim to take natural gas beyond the ambit of regulated business and diversify its use by creating new demand in more commercially driven business platforms. We shall continue to be organisationally resilient and prudent, and sustain an equitable performance for our shareholders.

APPRECIATION AND RECOGNITION

The changing dynamics in the macroeconomics and regulatory framework places great responsibility on the Board and the Management to ensure that Gas Malaysia is fit for evermore challenging future.

Thus, I would like to thank the Board members for their vision and immense contribution in providing the required counsel, direction and corporate oversight in order to continue leading Gas Malaysia forward as it steers its business trajectory in the evolving gas industry.

On behalf of your Board of Directors and the Management team, I wish to extend my sincere thanks and humble appreciation to the shareholders, customers, business partners, regulatory bodies and authorities, for their continued support. Paramount of all, I would like to thank our diligent and dedicated employees for their unremitting commitment, teamwork and support in growing Gas Malaysia to what it is today.

Datuk Haji Hasni bin Harun
Chairman

GMEA's CHP plant in Prai, Penang.


H2
EFFICIENT ENERGY
SOLUTIONS PROVIDER

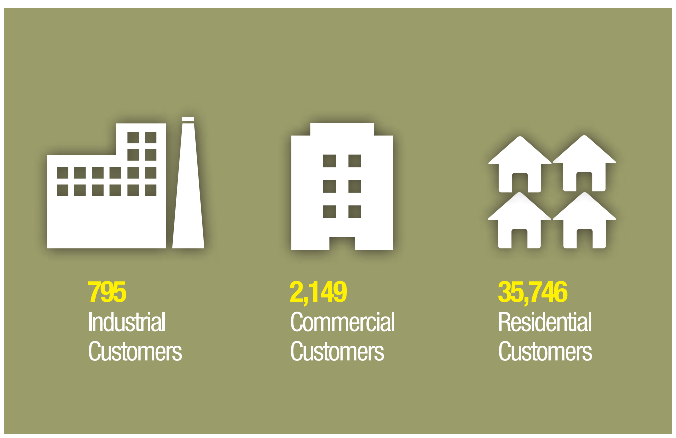
MANAGEMENT DISCUSSION & ANALYSIS

TAKING ENERGY BEYOND

The year began with a slew of macroeconomic concerns such as the deceleration of global and regional economic growth and more dauntingly, continued low commodity prices. The world economy registered a slower growth in 2015 with a GDP of 3.1%, compared to 3.4% previously: US came in flat at 2.4%, while China pressed the brakes at 6.9%.

Mired by the weaker Ringgit and GST, the cost of doing business has risen, affecting many industries. The antipathy towards the aforementioned concerns gave rise to unfavourable sentiment throughout the year, affecting growth in public and private investments. As we had anticipated last year, Malaysia's GDP growth came in weaker at 5.0%, compared to 6.0% that had been reported the year before.

Consequently, the less sanguine economic backdrop was reflected on Gas Malaysia's 2015 business performance.



Notwithstanding that, we continued to fortify our infrastructure to support the resilient demand for natural gas. With the expansion, our customer base which is represented by the industrial, commercial and residential sectors grew to 38,690 in total. Our supply was extended to 37 new industrial customers, bringing the total number of industrial customers served to 795. There were 437 new commercial customers, bringing the sector total to 2,149. We now serve 35,746 residential customers, after adding 3,008 new users.

It was yet another year where we manifested the strength of the Group's fundamentals in achieving operational excellence, with safety and asset integrity being the highest priority. Concurrently, we further diversified our activities beyond the regulated business.

Given the certainty and supply visibility of natural gas, we had continued to create new demand. For example, we have made marked progress with respect to our CHP and Virtual Pipeline projects that are undertaken by the Joint Venture Company, GMEA, and by our subsidiary GMIEV, respectively. Furthermore, we have also included the BioCNG projects, undertaken by SDGMBioCNG.

FINANCIAL RESULTS

The profitability of the Group for the financial year ended 31 December 2015 was in tandem with the level reflecting the prevailing tariff setting framework that has governed the regulated business since May 2014. As a result, we saw lower gross contribution for every MMBtu of natural gas sold. Consequently, we experienced the full impact of margin compression which had left a dent to the hitherto stronger profitability. On this note, we showed moderate profits that were equitable given the circumstances.

Other set of financial numbers, however, was commendable. Gas volume grew by 7.8%, or 159.07 million MMBtu, compared to 147.62 million MMBtu in 2014, driven primarily by the increase of gas consumption from the industrial customers. In addition, due to the higher tariff (RM19.77/MMBtu for 1H2015 and RM21.80/MMBtu for 2H2015) the gas consumption translated into an impressive 30.68% revenue growth which is tantamount to approximately RM3.62 billion compared to RM2.77 billion recorded in 2014.

"We manifested the strength of the Group's fundamentals in achieving operational excellence, with safety and asset integrity being the highest priority."

MANAGEMENT DISCUSSION & ANALYSIS

Gross profit retracted year on year to register at RM196.66 million. Netting off operating expenditure of RM68.37 million and adding back finance and other income of RM15.28 million, PBZT came in at RM143.56 million. Finally, adjusting for Zakat and Tax, we registered PAZT at RM106.06 million, 36.73% lower compared to that from last year.

CAPTURING GROWTH

To facilitate the growing number of new customers, Gas Malaysia continued to expand the NGDS network. We extended the network by 74 kilometres in 2015, bringing the total length of pipeline in operation to 2,139 kilometres. With this expansion, we managed to reach more customers in Kapar, Pulau Indah, Sepang, Teluk Panglima Garang and Westport in the Central region; Gebeng and Kuantan Port in the Eastern region; Kamunting, Kuala Ketil, Kulim, Nibong Tebal and Prai in the Northern region; and Lipat Kajang and Tanjung Langsat in the Southern region.

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 42.8%, 28.1%, 21.6% and 7.4%, respectively. At 7.4% contribution, the Eastern region showed the most encouraging improvement in terms of gas consumption, compared to just 6.3% last year.

Our marketing efforts continued to explore further opportunities in potential areas not currently served. These efforts are in line with the strategy to leverage on existing industrial areas and expanding customers, new potential customers currently not using natural gas, new industrial areas and new areas of growth for natural gas utilisation.

NEW BUSINESSES - CATALYST FOR GROWTH

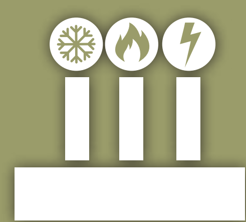
Gas Malaysia has taken further steps in finding new areas of growth and diversifying its income streams. While our core business continues to support the organic growth and contribute significantly towards the Group's earnings, we remain optimistic that the three new ventures will complement the core business from medium to long term. Our strategy is to diversify from the regulated business and navigate into more commercially driven endeavours through the evolutionary phase of the gas industry.

COMBINED HEAT AND POWER

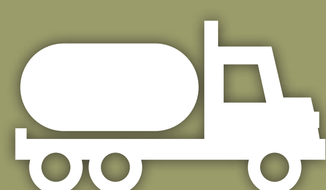
GMEA was incorporated in 2014 as a Joint Venture between Gas Malaysia at 66% shareholding, and TGES at 34%. It was formed to generate and sell electricity and steam using the CHP system from a single fuel source at an up to 90% efficiency level. Moreover, as the system captures and makes productive use of the waste heat on-site, it provides savings of between 15% and 20%.

As its first project, GMEA is constructing a CHP plant for a major manufacturing company in Prai, Penang, to replace the latter's existing conventional system. The plant which is expected to be fully operational by the third quarter of 2016 will reduce the customer's annual electricity consumption by 301 GWh, providing 21.3% of energy saving. The CHP plant is projected to consume approximately 1.10 million MMBtu per year of natural gas, supplied by Gas Malaysia through the NGDS.

"Our marketing efforts continued to explore further opportunities in potential areas not currently served."



CHP
Simultaneous generation of electricity and steam from a single fuel source.



VIRTUAL PIPELINE
Supply of compressed natural gas via land transportation to areas beyond the reach of our NGDS.

BIOCNG
Undertaking the Biogas CNG distribution business.

VIRTUAL PIPELINE

To further address the increasing demand for natural gas supply, Gas Malaysia partnered with IEV Energy Sdn Bhd to introduce the Virtual Pipeline business, for the supply of compressed natural gas ("CNG") via land transportation to areas beyond the reach of our NGDS.

In October 2015, we held a ground breaking ceremony to mark the start of construction for our CNG Mother Station in Gebeng Industrial Area, Pahang. This business venture stands to benefit industries within 200 kilometre-radius from the Mother Station which would otherwise have no access to natural gas supply. Presently, we have identified five potential customers, who are currently using fuel such as Liquefied Petroleum Gas, Diesel, Medium Fuel Oil or Light Fuel Oil. The potential gas volume consumption is expected to be approximately 420,000 MMBtu per year.

BIOCNG

As Malaysia's palm oil industry is one of the largest contributors to the national economy, it boasts a vast potential for utilising biogas resources from palm oil mills. Coupled with the government's focus on green and renewable technologies, Malaysia stands to emerge as the frontrunner in the commercialisation of BioCNG in Asia.

MANAGEMENT DISCUSSION & ANALYSIS

As one of the eight Entry Point Projects ("EPP") of the Palm Oil National Key Economic Area ("NKEA"), biogas from the Palm Oil Mill Effluent ("POME") has already attracted keen interest in the palm oil industry given such benefits as displacement of diesel as boiler fuel, grid-connected electricity generation and wastewater management for the palm oil mills, all of which reduces greenhouse gases ("GHG") emission.

Recognising the potential of BioCNG beyond the palm oil industry, in April 2015, we entered into a Joint Venture Agreement with Sime Darby Offshore Engineering Sdn Bhd to undertake the Biogas CNG distribution business. The signing of the JV Agreement marks another milestone towards greater synergies of expertise between Sime Darby and Gas Malaysia to capture opportunities within the BioCNG business.

Pioneering the commercialisation of BioCNG in Peninsular Malaysia, SDGMBioCNG had successfully signed a Gas Purchase Agreement with Felda Palm Industries Sdn. Bhd. ("FPISB"), affirming FPISB's role as the BioCNG supplier. FPISB shall provide stable supply of BioCNG from its mill located at Sungai Tengi, Kuala Kubu Baru, Selangor.

RAISING THE BAR FOR OPERATIONAL EXCELLENCE AND SAFETY

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

It is of paramount importance that a high maintenance standard is in place so as to protect the integrity of the system that steadily supplies natural gas and LPG to the customers, and avert unnecessary interruption. Preventive initiatives taken to limit system and facilities breakdown include adopting stringent standards for pipeline design, material selection, construction procedures, daily pipeline patrolling to detect unauthorised third party working near gas facilities, and deploying preventive maintenance programme to upkeep the facilities.

The System Average Interruption Duration Index ("SAIDI"), commonly used by utility companies around the world to measure service reliability, has shown an impressive scorecard for Gas Malaysia's service. In 2015, we managed to reduce the duration of interruption per customer significantly; the SAIDI index improved to 0.0903 minutes of interruption per customer from 0.1455 minutes, which was one of our highest achievements to date.

In addition, in the event of any such disruption the average response time was 26.83 minutes which is, an improvement from last year's 27.92 minutes, far surpassing our standard response time of 90 minutes. To further improve on our operations, we continue to take serious measures to effectively manage the level of unaccounted-for gas ("UFG") from our 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, has remained steadily low. In 2015, at a total of lower than 1.00%, we continue to set another excellent record among other utility players.

I wish to stress that Gas Malaysia's economic success also hinges closely upon its achievements in the areas of Health, Safety, Environment and Quality ("HSEQ"). Our HSEQ management systems, procedures and practices are well integrated, contributing to the overall business growth as integral elements to ensure the Group is able to evolve and succeed in a safe and healthy manner. To this end, we have created a well-honed safety environment, with dedicated personnel conducting regular awareness programmes for our staff, relevant authorities and third-party

contractors.

As a necessary corollary, the Group has adopted these principles and lays great emphasis upon the internationally recognised management system standards to ensure that we meet the needs of the customers and other stakeholders, whilst meeting statutory and regulatory requirements that are related to our services. Having achieved the accreditation, a sustained programme is in place to ensure the maintenance of the certification of ISO standards, including: ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health & Safety Management System). It should be highlighted that during the year, a transition and upgrade was successfully made from ISO/IEC 27001:2005 to ISO/IEC 27001:2013, the international standard for information security management system.

TALENT MANAGEMENT AND EMPLOYEE ENGAGEMENT

As we grow, we are cognisant of the importance of strengthening our existing workforce in order to catapult Gas Malaysia forward. We have taken human capital development initiatives on a holistic manner, balancing skills and capabilities against the Group's requirements.

For the year under review, we embarked on a succession planning initiative. With careful preparation, we are managing the changes that result from transfer of leadership, namely our Head of Departments, as well as the vacancies that occur when key employees leave. We are already identifying successors for these main positions, as we expect this programme to be successfully executed in 2016.

Quite simply, our building and enhancing the talent pool are aimed at leveraging human capital in ways that will shape Gas Malaysia into becoming a sustainable organisation that meets its tactical, operational and financial objectives. However, in view of the regulatory and economic challenges that we experienced this year, we have adopted a very cautious approach to hiring and optimising the workforce. In the interest of being prudent, the guarded approach shall continue in the short term.

MANAGEMENT DISCUSSION & ANALYSIS

We have the right people with strong fundamentals as our technical employees, which make up about 50.0% of our workforce, are certified "Competent Person" by the Department of Occupational Safety And Health ("DOSH") and ST. For the year under review, 243 of our technical staff attended the following courses accredited by DOSH and ST:

1) Authorised Gas Tester & Entry Supervisor for Confined Space by DOSH;

2) Authorised Entrant & Standby Person for Confined Space by DOSH;

3) Gas Engineers & Gas Engineering Supervisors Course by ST; and

4) Gas Fitters Course by ST.

On a separate note, we recorded a commendably low attrition rate of 3.77% in 2015, lower than the 4.28% reported last year. As a comparison, in 2015, the oil and gas industry reported an average attrition rate of 13.8%.

DIVERSITY

Gas Malaysia is committed to creating an inclusive workplace that embraces and promotes diversity. We value, respect and leverage the unique contributions from all with diverse background, experience and perspectives.

As at the date of this Annual Report, no formal policy formalising our practice on diversity has been set. In this regard, as part of the selection process, the Management will continue to consider candidates with appropriate skills, experience and characteristics, regardless of gender, ethnicity and age.

LOOKING INTO 2016

It is expected that the less sanguine economic outlook would remain in 2016 as downside risks from external and local fronts persist. As reported by Bloomberg, the world economic growth is expected to moderate slightly to 3.0%, weighed down by slightly weaker performance in the US at 2.1%, and China's transitioning to a new growth model at 6.5%.

Malaysia's economic outlook would be placed, among others, on the pivots of the commodity prices and health of the Ringgit, all of which will dictate the sentiment of the Malaysian businesses. With the expectation of slowing economic activities, GDP is expected to ease. Taking into account moderating consumer spending and domestic demand, consensus estimate points 2016 economic growth at between 4.0% and 4.5%.

We remain hopeful that the recalibrated 2016 Budget will continue to be supportive of growth. Hence, our guarded optimism in our growth and expansion plan in 2016.

We have embarked on a five-year business plan that is designed to ensure our future sustainability. Critical to our future success is a pragmatic tactical responses and a long-range business strategy to enable us to adapt and rise above macro-economic and regulatory challenges, whilst strengthening our fundamentals and businesses.

Our core business, that is selling and marketing of natural gas, will continue to have a strong foothold in our earnings stream. We shall stay resilient and remain committed to safeguarding the business. Notwithstanding that, in view of less moderate economic growth in 2016, it is important for us to gauge the strength of demand for gas accurately and relook at our capital expenditure realistically.

In addition, with the gas industry liberalisation steadily running its course, there is a need to re-position ourselves to diversify into other commercially viable ventures. Therefore, we shall further facilitate the future growth of our CHP, Virtual Pipeline and BioCNG businesses, as well as of other potential new businesses that we may venture into in the future, thereupon taking energy beyond our existing presence. More efforts will be exerted to capture these potentials.

The construction phase of the first CHP plant is almost completed and will start its commissioning phase by March 2016. The commercial operation date is targeted in August 2016 which is almost two months ahead of schedule.

INCENTIVE BASED REGULATION

Providing earnings clarity, certainty and stability for Gas Malaysia. Through Gas Cost Pass Through, The Group will remain financially neutral with respect to variations in gas cost.

Upon completion, the CHP plant will enhance the competitive edge of our customer against its regional competitors with operational cost savings, besides contributing to the conservation of the environment. Going forward, GMEA has identified potentially high application of CHP for industries such as Paper Products, Oleochemical and Food & Beverage.

With respect to our Virtual Pipeline business, we have sought approvals from authorities, in particular, the *Majlis Perbandaran Kuantan*. We target the entire project to be fully operational by the second half of 2016, ready to supply gas to secured customers. Succeeding which, we plan to continue negotiating with other prospective customers in the Northern region. With a strategic business plan, we anticipate a promising outlook for the Virtual Pipeline project.

For the third foray of our new business venture, BioCNG, we expect to make our first delivery to our customer in the second quarter of 2016, with a gas volume of 25,000 MMBtu per year. Currently, we have identified three potential customers. As we navigate through 2016, we expect to intensify negotiations with other potential mills and customers to expand the area of supply.

It is comforting to know that according to a research by the Malaysian Palm Oil Board, Malaysia has approximately five million hectares of palm oil plantation and 439 mills. As of June 2015, 75 mills are ready with biogas capture facilities, 12 of which are already under construction. It is estimated that there are potential 1.90 billion cubic meters or 182 MMscfd of BioCNG are extractable from POME, a significant portion of which could be tapped by SDGMBioCNG.

On the regulatory front, 2016 will be an interesting year for Gas Malaysia, as it will see the implementation of IBR. In a nutshell, IBR is a form of regulatory intervention for public utility to operate efficiently and is typically applied to natural monopolies, often in transmission and distribution networks in electricity, gas and water sectors. This new regulatory framework shall be administered by ST based on a set of Regulatory Implementation Guidelines.

The IBR will be in effect for a trial period beginning January 2016. Subsequently, it shall enter into the first Regulatory Period from 2017 to 2019. It is endeavoured that the IBR will provide better earnings clarity, certainty as well as stability for Gas Malaysia, particularly through the implementation of the Gas Cost Pass Through mechanism which ensures that the Group will remain financially neutral with respect to variations in gas costs. In addition, the determination of natural gas tariff under the IBR will be based on cost efficiency and improved transparency reflecting its costs and returns requirement.

In anticipation of the implementation, Gas Malaysia has embarked upon a number of initiatives to ensure a smooth transition to this new regulatory framework. In summary, steps have been taken to ensure system readiness with regards to technical, commercial and financial aspects as well as capacity building towards enabling the full IBR implementation.

Undoubtedly, the path for progress is not without its own set of hurdles. However, our objective remains. That is, to build a culture of organisational resilience and manage the transient challenges with the strength of our most valuable asset – our people. I am confident that with a clear sense of purpose and unwavering teamwork in setting the foundation on which our future business targets are laid upon, we can ensure the long term sustainability of our business and deliver equitable return to our shareholders.

On behalf of the Managament and entire staff of Gas Malaysia, I wish to extend my gratitude to the Board members for their business direction, to Government agencies and other authorities for their unrelenting assistance and to you - our shareholders - for your trust and continuing support. We would also like to sincerely thank our customers from various industries and sectors for the relationships that we have built together. We thank all of you for the confidence in us, and above all, for the loyalty that you have lent to Gas Malaysia brand.

Ahmad Hashimi bin Abdul Manap
Chief Executive Officer

BOARD OF DIRECTORS' PROFILE

DATUK HAJI HASNI BIN HARUN

Age 58, Malaysian
Chairman
Non-Independent Non-Executive Director
Chairman of Nomination & Remuneration Committee
Date of Appointment : Director - 11 April 2008
Chairman - 15 May 2013

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

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

Datuk Haji Hasni attended all six Board meetings held for the financial year ended 31 December 2015.

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

BOARD OF DIRECTORS' PROFILE

DATO' SRI CHE KHALIB BIN MOHAMAD NOH

Age 51, Malaysian
Non-Independent Non-Executive Director
Date of Appointment : Director - 1 July 2013

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

Dato' Sri Che Khalib began his career with Messrs. Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group. 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.

At present, Dato' Sri Che Khalib is a Group Managing Director of MMC Corporation Berhad.

Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad from year 2000 to 2004. He also served as a Board member within the United Engineers Malaysia Group of companies and Bank Industri & Teknologi Malaysia Berhad.

Dato' Sri Che Khalib currently sits on the Board of MMC Corporation Berhad, Zelan Berhad, Malakoff Corporation Berhad, Johor Port Berhad, MMC Engineering Group Berhad, Aliran Ihsan Resources Berhad, Bank Muamalat Malaysia Berhad, Port Dickson Power Berhad, NCB Holdings Berhad, Kontena Nasional Berhad, Northport (Malaysia) Bhd and several private limited companies.

Dato' Sri Che Khalib attended five out of six Board meetings for the financial year ended 31 December 2015.

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

SHIGERU MURAKI

Age 66, Japanese
Non-Independent Non-Executive Director
Chairman of Risk & Compliance Committee
Date of Appointment : Director - 1 April 2014

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

Shigeru Muraki's experience and activities are not limited in gas industry. Since 2007, he has been Vice Chairman of Japan District Heating & Cooling Association, and from 2011 to 2013, he served as Chairman of Japan Institute of Energy. In 2013, he was appointed as a Policy Advisor of Japanese Government assuming the 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.

He has attended four out of six Board meetings for the financial year ended 31 December 2015.

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

BOARD OF DIRECTORS' PROFILE

YUSA' BIN HASSAN

Age 53, Malaysian
Non-Independent Non-Executive Director
Member of Risk & Compliance Committee
Date of Appointment : Director - 2 August 2013

Yusa' bin Hassan has a career which spans over 29 years in PETRONAS. He started his career in 1985 as an Engineer in the Technical Department as part of the pioneer team of PETRONAS Chemical Group's maiden plant, ASEAN Bintulu Fertiliser Sdn Bhd. From 1998 to 2011, he held various plant senior and top management positions in various PETRONAS operating units.

During the inception of PETRONAS Chemicals Group Berhad in 2010, he was appointed as Head of Fertilizer and Methanol Business Division followed with an appointment as Head of Olefin & Derivatives Business Division in June 2011.

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

He has attended all six Board meetings for the financial year ended 31 December 2015.

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

SHAZALI BIN DATO' HAJI SHAHRANI

Age 41, Malaysian
Non-Independent Non-Executive Director
Member of Risk & Compliance Committee
Date of Appointment : Director - 13 August 2009

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

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

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

He attended five out of six Board meetings for the financial year ended 31 December 2015.

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

BOARD OF DIRECTORS' PROFILE

DATUK PUTEH RUKIAH BINTI ABD. MAJID

Age 63, Malaysian
Independent Non-Executive Director
Member of Audit Committee
Member of Nomination & Remuneration Committee
Date of Appointment : Director - 16 August 2011

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

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

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

Datuk Puteh Rukiah attended five out of six Board meetings for the financial year ended 31 December 2015.

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

DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

Age 65, Malaysian
Independent Non-Executive Director
Member of Nomination & Remuneration Committee
Date of Appointment : Director - 16 August 2011

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

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

Datuk Syed Abu Bakar attended all six Board meetings for the financial year ended 31 December 2015.

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

BOARD OF DIRECTORS' PROFILE

TAN LYE CHONG

Age 60, Malaysian
Independent Non-Executive Director
Chairman of Audit Committee
Date of Appointment : Director - 16 August 2011

Tan Lye Chong 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 30 years of working experience; primarily in the accounting profession and has extensive experience in auditing, financial reporting and corporate finance.

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

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

He attended all six Board meetings for the financial year ended 31 December 2015.

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

DATUK OOI TEIK HUAT

Age 56, Malaysian
Independent Non-Executive Director
Member of Audit Committee
Date of Appointment : Director -16 May 2013

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

He began his career with Messrs. Hew & Co., 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.

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

He attended all six Board meetings of the Company held in the financial year ended 31 December 2015.

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

BOARD OF DIRECTORS' PROFILE

HISASHI NAKAMURA

Age 56, Japanese
Alternate Director to Shigeru Muraki
Non-Independent Non-Executive Director
Date of Appointment: 1 April 2014

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

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

YASUSHI SAKAKIBARA

Age 44, Japanese
Alternate Director to Shigeru Muraki
Non-Independent Non-Executive Director
Date of Appointment: Director – 1 April 2014

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

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

He has attended two Board meetings in place of Shigeru Muraki for the financial year ended 31 December 2015.

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

AIDA AZIZA BINTI MOHD JAMALUDIN

Age 43, Malaysian
Alternate Director to Yusa' bin Hassan
Non-Independent Non-Executive Director
Date of Appointment: 2 August 2013

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

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

She has acquired more than 18 years of experience in accounting and finance related assignments. She has led several Financial Reporting Standard ("FRS") and Malaysian Financial Reporting Standard ("MFRS") implementations for PETRONAS Group of Companies. She has also led the implementation of the SAP ECC6.0 for PETRONAS Holding Company.

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

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

DATO' ROSTHMAN BIN IBRAHIM

Age 43, Malaysian
Alternate Director to Shazali Dato' Haji Shahrani
Non-Independent Non-Executive Director
Date of Appointment: Director - 16 June 2011

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

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

He has attended one Board meeting in place of Shazali bin Dato' Haji Shahrani for the financial year ended 31 December 2015.

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

A shift personnel and an engineer from the Gas System Management Department monitoring the gas supply pressure from the Operation Control Centre in our HQ.

ENHANCING SERVICES
IMPROVING RELATIONSHIP

MANAGEMENT PROFILE

AHMAD HASHIMI BIN ABDUL MANAP

Age 52, Malaysian
Chief Executive Officer

As the Head of the Group, Ahmad Hashimi provides the strategic direction of the overall business which includes but not limited to financial, operational, regulatory, stakeholders, crisis management and other administrative affairs. He has 30 years of working experience, 23 years of which are in Gas Malaysia.

Preceding to his current role, he was the Senior General Manager, Operations & Maintenance, a position he had managed excellently since 2007. He had also held other pivotal positions in the Group. Before joining Gas Malaysia in 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, Tokyo Gas-Mitsui and PETRONAS.

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.

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

In addition to his role in Gas Malaysia, Ahmad Hashimi holds office as Chairman in GMEA, GMIEV and Gas Malaysia (LPG) Sdn Bhd. He is also a Director in Pelantar Teknik (M) Sdn Bhd, Gas Malaysia Ventures Sdn Bhd, Gas Malaysia Venture 1 Sdn Bhd and Gas Malaysia Venture 2 Sdn Bhd.

Ahmad Hashimi holds 21,500 ordinary shares of RM0.50 each in the Company as at 31 December 2015.

He has no family relationship with any Director and/or major shareholder of the Company, nor does he hold directorship in any public companies. Ahmad Hashimi has not been convicted of any offences within the past 10 years.

MANAGEMENT PROFILE

SHAHRIR BIN SHARIFF
Director of Commercial

Shahrir bin Shariff is the Director of Commercial since 2 October 2015. Prior to this role, he was the Chief Operating Officer, Commercial. He strategises and leads marketing and business development plans, focusing on creating opportunities for Gas Malaysia business growth. He is also involved in setting the scope of regulatory negotiations with respect to the 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 the Chief Operating Officer in GIIG Holdings Sdn Bhd from 2002 until 2006. During this tenure, he spearheaded the Hydroelectric Power and Aluminum Smelter projects. He was also one of the key executives involved in the proposed takeover of the Bakun hydroelectric project in Sarawak.

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 ("MIA").

In addition to his role in Gas Malaysia, Shahrir also holds office as Director in the following six subsidiaries: Gas Malaysia (LPG) Sdn Bhd, GMEA, GMIEV, Gas Malaysia Ventures Sdn Bhd, Gas Malaysia Venture 1 Sdn Bhd and Gas Malaysia Venture 2 Sdn Bhd.

MOHAMED SOPHIE BIN MOHAMED RASHIDI

Chief Financial Officer

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

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

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

He joined Gas Malaysia as a Finance Manager in 1999 and was later transferred to MMC in 2003. In the same year, he was promoted to General Manager of Finance. Subsequently in 2008, he was reassigned to Gas Malaysia in his current position. Prior to joining Gas Malaysia, 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, he moved to Lang Education Sdn Bhd, a subsidiary of Land & General Berhad, as an Accountant.

He holds an Advanced Diploma in Accounting from *Universiti Teknologi Mara* ("UiTM"). 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, Mohamed Sophie also holds office as Director in Pelantar Teknik (M) Sdn Bhd.

MANAGEMENT PROFILE

MOHD NISHARUDDIN BIN MOHD NOOR

General Manager, Operations & Maintenance

Mohd Nisharuddin bin Mohd Noor was appointed General Manager in the Operations and Maintenance Department on 1 June 2014. In this capacity, he oversees and manages Gas Malaysia's gas distribution system assets which ensure continued supply of natural gas and LPG to customers whilst safeguarding safety, reliability and integrity of the gas distribution system. Prior to 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 & 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 the fuel terminals and the implementation of projects. Earlier in 1988, he joined Perbadanan Kilang Felda as a Mill Engineer and assumed a role as an Assistant Mill Manager.

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

Mohd Nisharuddin completed the Management Development Program from Asian Institute of Management, Manila, Philippines in the year 2007. 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, Mohd Nisharuddin also holds office as Director in GMEA and GMIEV.

MOHAMAD FARID BIN GHAZALI

General Manager, Marketing

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

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

In 2011, Mohamad Farid was again promoted to his current position and is responsible for implementing the marketing objectives and plans 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, Manila, Philippines in 2009. He also holds a Certificate of Competency as the Gas Engineering Supervisor issued by the EC.

MANAGEMENT PROFILE

RAJA ISKANDAR BIN RAJA MUKHTARUDDIN

General Manager, Human Resource & Administration

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

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

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

He began his working life 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 the Philippines. He holds a membership as Fellow, Malaysian Institute of Management.

IKHWAN NASIR BIN ABDUL MANAF

Deputy General Manager, Gas System Management

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

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

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.

At his current capacity, Ikhwan Nasir leads a newly formed Gas System Management Department. In this new role, his responsibility entails the overall management of the Operation Control Centre as well as the development, operation and maintenance of the Gas Supply and Network Monitoring System such as Supervisory Data Acquisition System (SCADA) and Gas Chromatograph.

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

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

MANAGEMENT PROFILE

SHAHREL AMIR BIN MOHD RASHID

Deputy General Manager, Gas Networks & Infrastructure

Shahrel Amir bin Mohd Rashid was appointed Deputy General Manager of the Gas Networks & Infrastructure Department on 1 June 2014. In this capacity, he is responsible for the management of the overall network planning and design, and development and execution of the NGDS and Geographical Information System ("GIS") projects. Parallel to the management of these projects, he plans and implements the strategic efforts in strengthening the network delivery system and enhancing the reliability of the NGDS.

He started his career in Gas Malaysia as 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.

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

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

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

AZRINA BINTI ABDUL SAMAT

Deputy General Manager, Regulatory Affairs and Stakeholders Engagement

Azrina binti Abdul Samat is the Deputy General Manager of the new Regulatory Affairs and Stakeholders Engagement Department. The department strives towards safeguarding and ensuring Gas Malaysia's seamless transition into the newly introduced IBR framework.

Prior to joining Gas Malaysia, Azrina was with TNB working under various portfolios including the Regulatory Economics. Her team spearheaded efforts towards the establishment of the IBR, culminating in a landmark base tariff review in 2014 as well as the Macro Policy & Pricing, charting TNB's long and medium term strategic business direction. Her 18-year stint also showcased her capability in the area of Fuel Procurement Management, having formulated macro policies on fuel such as reticulated gas, coal and LNG for the power sector.

She was also integral in the area of Energy Procurement where the Power Purchase Agreements between TNB and the Independent Power Producers, as well as cross-border agreements with Thailand, Indonesia and Singapore, were established and operationalised.

Through her wide-ranging experience in the energy sector, particularly in the regulatory perspective, Gas Malaysia is set to grow 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, UK.

MANAGEMENT PROFILE

JEKRIA BIN IBRAHIM

Senior Manager, Health, Safety, Environmental & Quality

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

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

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

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

MOHD DAHARIE BIN CHE DIN

Senior Manager, Procurement & Contract

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

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

He started his career in 1990 when he joined Yusof and Hoe Associates Jurukur Bahan as a trainee Assistant Quantity Surveyor as part of Industrial Training 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 UiTM.

MANAGEMENT PROFILE

ZULKIFLI BIN MAWARDI
Senior Manager, Corporate Affairs

Zulkifli bin Mawardi is the Senior Manager, Corporate Affairs Department. Since 2013, in this capacity he strategises and manages investor relations and corporate communications plans, whose implementation is aimed at providing accurate portrayal of the Group performance and prospects, creating conditions for fair assessment of its value and marketability, as well as for favourable awareness and perception by all stakeholders. He is also responsible for undertaking industry and strategic research in areas where Gas Malaysia conducts business.

Prior to joining Gas Malaysia, Zul was an Investment Manager licensed by the Securities Commission, undertaking research and portfolio management functions in various investment management companies. His last tenure was with AmMetLife Berhad, where he was responsible in the formulation and execution of in-house investment strategies.

He started his career in 1994 with Motorola Semiconductor as the Quality Control Engineer before transitioning into the local investment industry in 1995. From 1995 to 2012, he held Investment Manager positions in various Fund Management companies and Investment Banks including KAF Fund Management, CIMB Private Banking, Citibank Berhad, Libra Invest Berhad and AmInvestment Management Sdn Bhd.

Through his long working experience in the investment industry, he had developed the expertise in engaging and fostering good rapport with major institutional investors and the general investment community. He brings with him the aptitude required to effectively communicate to stakeholders the message and appeal of the Group.

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

AZWIN BINTI NOH
Manager, Internal Audit

Azwin binti Noh is the Manager, Internal Audit Department since 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 system. 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 and making it more condusive to conduct audit and implement recommendations, Azwin had successfully built relationships with ARB's Head of Departments, assisting them understand issues and identify areas for operational improvements. She also provided support in adhering to regulatory requirements, kept abreast of developments in Corporate Governance practices and advised the Management accordingly.

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

Azwin graduated from International Islamic University, Malaysia with a Bachelor of Accounting (Honours) in 2001. She later obtained a Master's Degree in Business Administration from University of Sunderland, United Kingdom in 2011. She is a Fellow of the Association of Chartered Certified Accountants (FCCA) United Kingdom and a member of MIA.

MANAGEMENT PROFILE

SHAHRIN ALBAKRI BIN MUSTAFA ALBAKRI
Head, Legal & Compliance

Shahrin Albakri bin Mustafa Albakri is the Head of Legal & Compliance Department. In this capacity, he is tasked to protect the Group's and its subsidiaries' interest in the various ventures they undertake. In the performance of this role, Shahrin drives various negotiations with counter parties to ensure the preservation of the Group's rights and interests. Shahrin also ensures that Gas Malaysia is in strict adherence to statutes as well as rules and licence regulating its business.

Prior to joining Gas Malaysia, Shahrin was attached with Pelabuhan Tanjung Pelepas Sdn Bhd. In his role as the Head of Legal & Compliance, Shahrin led to conclusion negotiations with the Port's various customers comprising of international shipping lines as well as renowned logistics providers. He was also responsible for the management of the Free Zone Authority which is the regulatory body tasked with the overall management of the Port's Free Zone.

Shahrin started his career in 1999 as a legal practitioner, after which he joined Sime Darby Property Berhad in 2006 as the Head of Legal. In this role, Shahrin was the legal lead in the merger exercise which saw the merger of Sime UEP Properties Berhad and Guthrie Properties Berhad and the subsequent acquisition of Negara Properties Berhad. Shahrin also established the structure of the Legal Department and consolidated the legal function of all three entities as well as ensuring the Department was fully equipped to forge ahead following the merger exercise.

Through his vast working experience in the corporate legal field, Shahrin had developed the expertise in understanding the requirements of different industries while at the same time maintaining the legal perspective essential to the effective performance of his role.

Shahrin holds a Bachelor of Laws with Honours from the University of Malaya.

YANTI IRWANI BINTI ABU HASSAN
Company Secretary

Yanti Irwani binti Abu Hassan was appointed as the Joint Company Secretary of Gas Malaysia in March 2013. She is a member of the Malaysian Association of Company Secretaries and holds a Bachelor Degree in Corporate Administration from UiTM in 1999.

Yanti Irwani started her career at TNB in 2001 as an Assistant Company Secretary. She subsequently joined Puncak Niaga Holdings Berhad from the year 2007 before joining Pharmaniaga Berhad in September 2010.

She later made a strategic career move and joined MMC, a holding company of Gas Malaysia in September 2012 following which she was appointed as the Joint Company Secretary of Gas Malaysia on 20 March 2013. In October 2015, she achieved another milestone in her career, as she was appointed to her current position to head the Corporate Secretarial Department of Gas Malaysia. In this capacity, she is responsible for company secretarial services for the Group.

CORPORATE SOCIAL RESPONSIBILITY

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

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

CORPORATE SOCIAL RESPONSIBILITY

"Our business ambitions are adequately balanced with responsible corporate practices"

CEO of Gas Malaysia, Encik Ahmad Hashimi Abdul Manap (left) together with Encik Rosilan Said, Deputy Director of Hutan Lipur of Pahang Forestry Department, planting a Rhu sapling at Kampung Pantai Sg. Ular, Kuantan.

As our presence in Malaysia has expanded, so has our efforts in operating in an economic, social and environmentally sustainable manner. We strive to accomplish greater level of importance in what we do by giving back to the community. With this in mind, our CSR programmes are designed as an extension of the Group's intention to make a difference in the community.

With active support and participation of our employees, we continuously endeavour to balance the business ambitions with responsible corporate practices. Keeping in mind that it is an ongoing commitment, we have set the pace well by focusing on CSR programmes which are based on four key pillars of Community, Sports, Education and the Environment.

COMMUNITY

As we grow, it is important for us to take the time to share our success with the underprivileged members of society. Over the past year, just as in the previous years, we have remained committed to supporting those in need by reaching out to the disadvantaged.

During the year, Gas Malaysia supported a number of initiatives focusing on community engagement and development. Amongst the organisations and associations supported this year were the welfare fund of the *Persatuan Bekas Kastam Malaysia* that focuses mainly on educational and community development activities for retired servicemen. In addition, we made positive contributions to them who have dedicated their lives in public service and now may need our support. In September 2015, Gas Malaysia contributed to *Kesatuan Kakitangan Perkhidmatan Tadbir dan Awam Pasukan Polis, Semenanjung Malaysia* who organises crime prevention awareness campaigns and community welfare activities.

The tradition of giving alms is a tenet of every religious creed. Our *Zakat Asnaf* programme has been an ongoing initiative that actively supports the social development of the underprivileged and the economically challenged for a brighter future. Throughout the year we addressed appeals from specific communities for a variety of urgent contingencies.

At the newly refurbished Kolej Tunku Kurshiah's Resource Centre.

SPORTS

Last year, we partnered with the National Sports Council of Malaysia, an agency under the Ministry of Youth and Sports, to sponsor the National Football Development Programme initiative. This partnership was aimed at achieving long term benefits. Hence, this year, we continued to monitor the development and progress of its five strategic objectives: the synthesis of a "Football DNA" in the creation of a unique playing philosophy; the broad participation of players from ages seven to 17 to encourage and expand the participation of young talent; increasing the number and standard of training centres; the quantity and quality of coaches; and expanding and diversifying competitive championships.

During the year under review, another 4,050 participants joined the programme, bringing the total to 16,650. 15 more centres were added for players within the seven to 12 age group for the *Akademi Tunas* centres and 10 more centres were added for players within the 13 to 17 age bracket for the *Pusat Latihan Daerah* centres. An additional 190 new coaches were trained, bringing the total complement of coaching staff to 808.

Encouraging results are already evident as in June 2015 the Malaysian Under-13 Boys team from the NFDP programme won the U-13 category of the prestigious Iber Cup Costa del Sol in Spain. We are confident we are helping to take a positive step towards elevating the standard of local football by creating a wider pool of quality players from the grassroots level up.

EDUCATION

The Malaysian Transformation Education Plan by the Ministry of Education known as "*Anjakan 7*" is a noble effort to improve the quality of learning and provide equal access to quality education of an international standard. Gas Malaysia has been supportive of this initiative which raises educational standards in Malaysia. In that manner, this year, Gas Malaysia lent a hand in the refurbishment of *Kolej Tunku Kurshiah*'s library and contributed financially for the purchase of new computers for its students.

Senior Manager, Corporate Affairs of Gas Malaysia receiving a token of appreciation from YBhg Dr Ruhaya binti Hassan of Kementerian Pendidikan Malaysia at the officiation of Kolej Tunku Kurhsiah's Resource Centre.

Gas Malaysia's volunteers together with participants from the Foresty Department of Pahang at our CSR Programme in Kg. Sungai Ular, Kuantan.

In addition, in August this year, being represented as a Council Member, we supported the MGA's educational initiative - the Energy Efficiency Science Fair - at Suria Kuala Lumpur City Centre. The event drew the participation of 120 students plus teachers from schools in the Klang Valley. Students participated in a variety of interactive sessions including science shows, demonstrations, talks by energy sector professionals, workshops and quiz sessions. Gas Malaysia fielded a speaker to this educational workshop to share our knowledge and deep experience in the energy sector for the benefit of the participants.

ENVIRONMENT

Advancing technology has created new opportunities for gas to be used for cooling that has substantial environmental and energy benefits. In an effort to promote energy efficiency, Gas Malaysia had embarked on installing the GHP air conditioning technology at our headquarters in Shah Alam since 2005, providing a high efficiency and cost effective energy solutions.

Currently, we have 11 air conditioning units with 20HP per unit at our headquarters. The GHP system gives 50% lower running costs, reduces carbon dioxide emissions by 32% and removes the need for expensive electricity supply upgrades.

On a similar effort on environment, we helped to protect the coastline with a coastal protection initiative, partnering with the Forestry Department of Pahang, by planting Rhu Pantai saplings along the coastline of *Kampung Pantai Sungai Ular*, Kuantan, Pahang. 50 staff and friends of Gas Malaysia as well as the Forestry Department were on site to plant 150 Rhu saplings across an area of 0.25 hectare. The *Rhu Pantai* is an evergreen coastal tree or shrub that can grow up to 35 metres tall. In its natural habitat Rhu serves as a control to coastal erosion caused waves and wind.

The initiative in Pahang was an appropriate CSR programme by Gas Malaysia, given our long-standing relationship with the state. Since 1993, we have built 36.6 kilometres of NGDS throughout Pahang, supplying natural gas to 29 industrial customers.

CORPORATE EVENTS

13 FEB 2015

Information Meeting & Long Service Award at Holiday Inn Kuala Lumpur Glenmarie

DESCRIPTION

- This event was held at Holiday Inn Kuala Lumpur Glenmarie, Shah Alam.
- In appreciation and acknowledgement of the contribution of the employees, a "Long Service Award" ceremony was held to honour 37 employees who have completed 10 & 15 years of service in the Company. This event was part of 2015 Information Meeting.

28-30 APR 2015

Biogas Asia Pacific Forum at Sunway Pyramid Convention Center

30 APR 2015

Latihan Kecemasan Gas Bersama 2015 Latigas 11 at Persiaran Jaya, Selaman Industrial Park, Bandar Baru Bangi

11 MAY 2015

Officiating GMEA and GMIEV new office building.

DESCRIPTION

- The new office features the latest design and is well equipped with modern office facilities, providing a healthy and conducive office environment.

07 MAY 2015

Annual General Meeting at Hotel Istana Kuala Lumpur

CORPORATE EVENTS

13 MAY 2015

Seminar Kesedaran Keselamatan Sistem Pengagihan Gas at M Suites Hotel, Johor Bahru

DESCRIPTION

- Organised by our Pasir Gudang branch office, this seminar aimed to create awareness for the local authorities, agencies and utility companies, on the presence of our gas pipelines and facilities in Johor, as well as on the legal requirements therein.
- The seminar was graced by 67 participants in total.

15 MAY 2015

Gas Malaysia's 23rd Anniversary & Staff Engagement Session at Gas Malaysia HQ.

DESCRIPTION

- The celebration was held to mark Gas Malaysia's continued growth and excellence in the industry.
- Provides an opportunity for Gas Malaysia's workforce to integrate and strengthen relationships.
- It also included the "Session with CEO", with Ahmad Hashimi bin Abdul Manap spending valuable time and sharing his experience.

30 JULY 2015

Majlis Kesyukuran Hari Raya at Gas Malaysia HQ

DESCRIPTION

- In the spirit of festivity and as part of our yearly initiative, we organised the *Majlis Kesyukuran Hari Raya* in a small scale, yet meaningful manner.

- The event provided an opportunity to bring all staff together as one family and instill sense of belonging.

17 AUG 2015

Energy Efficiency Science Fair at Petrosains, Suria KLCC

DESCRIPTION

- The MGA together with Petrosains Sdn. Bhd., organised the Energy Efficiency Science Fair on 17 August 2015. The one day event held at Suria KLCC was participated by 120 students and 8 teachers from two schools in the Klang Valley.

- During the Science Fair, the students were exposed to different interactive activities including science show demonstrations, talks by energy professionals, a workshop and quiz session.

- In an effort to support this initiative, Gas Malaysia sent a speaker to the workshop to share their knowledge and experience in the energy sector for the benefit of the students.

CORPORATE EVENTS

25 AUG 2015

Biogas Plant Visit at Felda Sungai Tengi, Kuala Kubu Bharu

DESCRIPTION

- In relation to the Joint Venture Agreement with Sime Darby Offshore Engineering Sdn Bhd in April 2015 to undertake the business of BioCNG distribution, Gas Malaysia's team organised a visit to the Felda Sungai Tengi plant at Kuala Kubu Bharu, Selangor.
- The main objective of this visit was to familiarise the team with the bio-gas processes.

09-11 SEPT 2015

International Construction Week ("ICW") at Dewan Tun Hussein Onn, PWTC, Kuala Lumpur

DESCRIPTION

- ICW is a premier event for the construction industry. Over the years ICW has brought together construction industry players in Malaysia and South East Asia under one roof, to showcase, learn, build partnership and share innovative ideas.
- The event was officially launched by YAB Dato' Sri Najib bin Tun Abdul Razak, Malaysia's Prime Minister.
- Gas Malaysia supported this initiative, which was led by MMC, by sending senior technical personnel to assist at the booth.

06 OCT 2015

GMIEV Groundbreaking Ceremony at Gebeng, Kuantan, Pahang

DESCRIPTION

- GMIEV held a groundbreaking ceremony to mark the start of the construction of its CNG Mother Station in Gebeng, Kuantan.
- This ceremony which is in relation to GMIEV's Virtual Pipeline business, is expected to be fully operational by the second half of 2016.

07 OCT 2015

Coastal Protection Programme at *Pantai Kampung Sungai Ular,* Kuantan, Pahang

DESCRIPTION

- In an effort to protect the coastline, Gas Malaysia in collaboration with the Forestry Department of Pahang held a Corporate Social Responsibility initiative by planting saplings of *Rhu Pantai* along the coastline of *Kampung Pantai Sungai Ular,* Kuantan, Pahang.
- About 50 people were present on site to plant 150 saplings of *Rhu Pantai* across an area of 0.25 hectare.

07 DEC 2015

DESCRIPTION

- On 7 December 2015, in conjunction with the "Unlocking Oil & Gas Opportunities in Sabah" Symposium, Gas Malaysia signed an MOU with Sabah Energy Corporation.
- The MOU signals the intention of both parties to collaborate in exploring opportunities in harnessing and distributing BioCNG in Sabah.

CORPORATE GOVERNANCE STATEMENT

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

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

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

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board's Roles and Responsibilities

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

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

- Reviewing and adopting strategic plans for the Group;
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed;

- Identifying principal risks and ensuring the implementation of appropriate control systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
- 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 Company adheres to high standards of ethics and corporate behavior.

The day-to-day management of the Group is delegated to the Chief Executive Officer ("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.

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

Ethical Standards through the Code of Conduct

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.

It is formulated to enhance the standards of corporate governance and corporate behavior with the intention of achieving the following objectives:

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

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

Company's Strategies for Sustainability

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

CORPORATE GOVERNANCE STATEMENT
(CONTINUED)

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

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

The Company's commitment to health, safety, environment and quality is shared by all employees throughout Gas Malaysia and it has been embedded into their work environment. This is clearly evident through the achievements of MS ISO 9001:2008, MS ISO 14001:2004 and OHSAS 18001:2007 certifications for its health, safety, environment and quality management systems. The Company's Health, Safety, Environment & Quality ("HSEQ") Policy is available in the Company's website (http://www.gasmalaysia.com). The Company had recorded 842,555 hours of Zero-Lost Working Days as of 17 March 2016.

Further details on the Company's Corporate Social Responsibility activities for the year under review are disclosed in the Corporate Social Responsibility Statement on page 74 of this Annual Report.

Board Members' Supply and Access to Information

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

- All Directors are furnished with the meeting agenda and other documents on matters requiring their consideration prior to and in advance of each meeting. The documents are comprehensive and include qualitative and quantitative information to enable the Board members to make an informed decision and to deal with matters arising from such meetings;
- Senior Management may be invited to attend the Board and Board Committees' meetings to present or further explain on matters being tabled at the respective meeting;
- Certain reports, such as those relating to the Company's financial results (including quarterly results) are circulated and presented to the Audit Committee ("AC") for their review and recommendation to the Board for approval thereafter;
- Directors have ready and unrestricted access to the advice and services of the Company Secretaries on procedural and regulatory requirements i.e. they will be regularly updated on the new statutory and regulatory requirements concerning their duties and responsibilities as and when necessary; and
- If required, the Directors may obtain independent professional advice at the Company's expense in furtherance of their duties, after consultation with the Chairman and other Board members.

Company Secretaries

The key roles of the Company Secretaries are to provide unhindered advice and services to the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure statutory and regulatory compliance. They are suitably qualified, competent and capable of carrying out the duties required of the role.

The Company Secretaries constantly keep themselves abreast of relevant updates on statutory and regulatory requirements through continuous training. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.

Board Charter

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

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

2. STRENGTHEN COMPOSITION

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

These Board Committees assist the Board in making informed decisions through in-depth discussions on issues pertaining to the respective Committees' terms of reference. Subsequently, the Committees report the deliberations to the Board and the ultimate responsibility for the final decision on all matters lies with the Board.

Nomination & Remuneration Committee

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

The NRC's functions are as follows:

Nomination Function

i) To consider and recommend to the Board suitable persons for appointment as Board Members and CEO/Executive Director of Gas Malaysia, its Committees and its Subsidiaries;

ii) To annually review the performance of the Board Members, its Committees and Boards of Subsidiaries as well as the required mix of skills and experience and other qualities of the Board Members, including core competencies which Non-Executive Directors should bring to the Board;

iii) 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;

iv) To consider and recommend a policy regarding the period of service of Gas Malaysia's Executive and Non-Executive Directors and its Subsidiaries;

v) To consider and recommend any other measures to upgrade the effectiveness of Gas Malaysia Board, its Committees and Boards of Subsidiaries;

vi) To consider and recommend solution on issues of conflict of interest affecting Gas Malaysia's Directors and Boards of Subsidiaries;

vii) To recommend the appointment of Nominees of Gas Malaysia to the Boards of Subsidiaries. The Chairman of Gas Malaysia is given the mandate to finalise and recommend Nominee Directors of the Company to the respective Board of Subsidiaries;

viii) To review and recommend to the Board the succession plan of Gas Malaysia Group;

ix) To carry out such other assignments as may be delegated by Gas Malaysia Board;

x) Review and recommend plan for succession of Chairman of the Board and CEO as well as certain other senior management positions in the Gas Malaysia Group; and

xi) Review the performance of the CEO and Senior Management.

CORPORATE GOVERNANCE STATEMENT
(CONTINUED)

Remuneration Function

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

ii) Review and recommend the appointment and promotion of senior management of Gas Malaysia. Senior management would comprise executive at Grade 17 (i.e. General Manager) and above within the Gas Malaysia Group, determine their salaries and recommend salary revisions and improvements as are considered necessary together with fringe benefits, perquisites and bonus programmes;

iii) Review annually the compensation of directors;

iv) Recommend suitable short and long-term incentive plans including the setting of appropriate performance targets as well as a programme for management development; and

v) Carry out such other assignments as may be delegated by the Board.

The NRC met three times during the course of the financial year ended 31 December 2015. The NRC members and the details of attendance of each individual member in respect of meetings held during the financial year ended 31 December 2015, are as follows:

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

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

(i) Reviewed and assessed the size, required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of each individual Director;

(ii) Reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Articles of Association;

(iii) Assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment;

(iv) Reviewed and recommended to the Board on matters regarding Key Performance Indicators of CEO; and

(v) Recommended to the Board regarding annual increment and performance bonus for employees.

Criteria for Recruitment and Annual Assessment of Directors

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

a. Skills, knowledge, expertise and experience;

b. Professionalism;

c. Commitment (including time commitment), contribution and performance;

d. Integrity;

e. In the case of candidates for the position of Independent Non-Executive Directors, the NRC will evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors; and

f. Boardroom diversity.

Boardroom Diversity

The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group and acknowledges the importance of boardroom diversity and the recommendation of the Code pertaining to the establishment of a gender diversity policy. As of the date of this Annual Report, no formal policy formalising its approach to boardroom diversity has been set. In this regard, the Board, through the NRC will continue to consider candidates of different gender, ethnic and age with the appropriate skills, experience and characteristics, as part of its selection exercise. Currently the Board has one female Independent Non-Executive Director on Board namely Datuk Puteh Rukiah binti Abd. Majid. The Board's policy does not set specific target on the number of female candidates to be appointed on the Board.

The evaluation of the suitability of candidates is solely based on candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including where appropriate, the ability of the candidates to act as Independent Non-Executive Directors as the case may be.

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

Remuneration Policies and Procedures

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

The details of remuneration of the Chairman and Directors of the Company for the financial year ended 31 December 2015 are as follows:

	Executive RM'000	Non-Executive RM'000
Directors' Fees	-	924
Other Allowances & Benefits	-	734
Total	**-**	**1,658**

The remuneration paid to the Directors within bands of RM50,000 is as follows:

RM	Executive	Non-Executive
0 – 50,000	-	2
50,001– 100,000	-	-
100,001 – 150,000	-	4
150,001 – 200,000	-	4
200,001 – 350,000	-	-
350,001 – 400,000	-	1
Total	**0**	**11**

3. REINFORCE INDEPENDENCE

Annual Assessment of Independent Directors

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

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

CORPORATE GOVERNANCE STATEMENT
(CONTINUED)

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

The Board in its Charter provided that the tenure of an Independent Director shall not exceed a cumulative term of nine years. The Board may, in exceptional cases and subject to the assessment of the NRC on an annual basis, recommend for an Independent Director who has served a consecutive or cumulative term of nine years to remain as an Independent Director subject to shareholders' approval. As 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.

Separation of Positions of the Chairman and the CEO

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

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

i) maintaining regular dialogue with the CEO over significant operational matters and consulting with the remainder of the Board promptly over any matters that gives him cause for major concern;

ii) functioning as a facilitator at meetings of the Board to ensure that no member dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming; and

iii) ensuring that all Directors are enabled and encouraged to participate in its meeting/activities.

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

Composition of the Board

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

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

A brief profile of each Director is presented on pages 44 to 55 of this Annual Report.

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

4. FOSTER COMMITMENT

Time Commitment

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

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

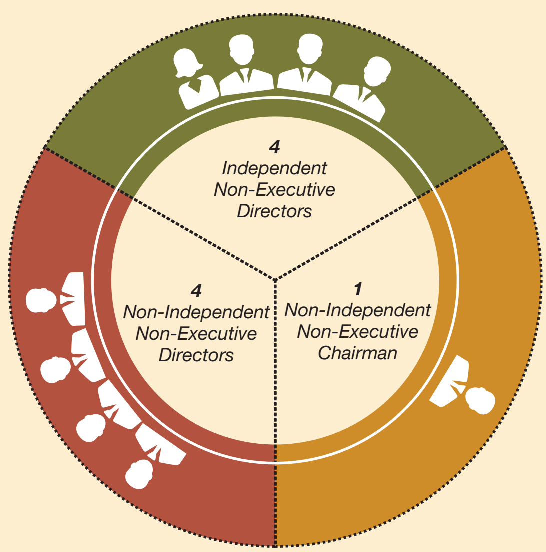
During the financial year ended 31 December 2015, the Board met six times and the details of Directors' attendance are as follows:

Datuk Puteh Rukiah binti Abd. Majid
Attendance 5/6

Datuk Syed Abu Bakar bin S Mohsin Almohdzar
Attendance 6/6

Tan Lye Chong
Attendance 6/6

Datuk Ooi Teik Huat
Attendance 6/6



Datuk Haji Hasni bin Harun
Attendance 6/6

Dato' Sri Che Khalib bin Mohamad Noh
Attendance 5/6

Shigeru Muraki
Attendance 4/6
Hisashi Nakamura
Alternate Director
Attendance N/A
Yasushi Sakakibara
Alternate Director
Attendance 2/6

Yusa' bin Hassan
Attendance 6/6
Aida Aziza binti Mohd Jamaludin
Alternate Director
Attendance N/A

Shazali bin Dato' Haji Shahrani
Attendance 5/6
Dato' Rosthman bin Ibrahim
Alternate Director
Attendance 1/6

CORPORATE GOVERNANCE STATEMENT
(CONTINUED)

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

Directors' Training

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

- MIA Conference 2015;
- Audit Committee Conference 2015 - Rising to New Challenges;
- MAICSA Annual Conference 2015 – Integrity & Professionalism – Key to Business Success;
- World Capital Markets Symposium;
- 18th Asia Oil & Gas Conference 2015;
- 28th GASTECH Conference & Exhibition, Singapore EXPO, Singapore;
- Bursa Malaysia Corporate Governance Breakfast Series : Future of Auditor Reporting – The Game Changer for Boardroom;
- Bursa Malaysia Corporate Governance Breakfast Series – "How to Maximise Internal Audit";
- Bursa Malaysia Focus Group Session on AGM Guide;
- Corporate Directors Advance Programme (CDAP) - Strategy & Risk – Managing Uncertainty;
- Corporate Directors Advanced Programme (CDAP) 2015 - "Financial Language In The Boardroom";
- Advanced Leaders Development Programme (ALDP) for Leaders Presence : Master Class #1 by PETRONAS Leadership Centre (PLC);
- Advanced Leaders Development Programme (ALDP) for Leaders Presence : Master Class #2 by PETRONAS Leadership Centre (PLC);
- International Directors Summit 2015 – 'Inculcating Innovation, Catalysing Growth Through Public-Private Partnership';
- Remuneration Reward Practices Seminar;
- 11th World Islamic Economic Forum: Building Resilience for Equitable Growth; and
- Rabobank Business Forum: Financial Markets Outlook 2016; Asean Economic Community; Market Hedging.

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

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

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

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

The AC comprises three members, all of whom are Non-Executive and Independent Directors. The composition of the AC, including its roles and responsibilities and the activities carried out are as indicated on pages 104 to 108 under AC Report of this Annual Report.

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

6. RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risk

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

The composition of the RCC is as follows:

1. Shigeru Muraki
   (Chairman, Non-Independent Non-Executive Director)
2. Yusa' bin Hassan
   (Member, Non-Independent Non-Executive Director)
3. Shazali bin Dato' Haji Shahrani
   (Member, Non-Independent Non-Executive Director)

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

i) To provide regular and timely reporting and update the Board on key risk management;

ii) To ensure the effective implementation of risk treatment policy and procedures;

iii) To ensure that a short and long term risk management strategy, framework and methodology have been implemented and consistently applied by the Group;

iv) To review management's assessment of risks at least annually and to provide an update to the Board in this regard; and

v) To ensure full compliance with all applicable laws and regulations in its day to day businesses and operations.

During the financial year ended 31 December 2015, two RCC meetings were held and the attendance is as follows:

No.	Name of Committee Members	Number of meetings attended/held
1.	Shigeru Muraki	2/2
2.	Yusa' bin Hassan	1/2
3.	Shazali bin Dato' Haji Shahrani	1/2

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

The key features of the risk and compliance management framework are set out in the Statement on Risk Management and Internal Control of the Company as set out on pages 97 to 102 of this Annual Report.

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

Internal Audit Function

The Board and the AC are assisted by the in-house Internal Audit Department which is led by an Internal Audit Manager who reports directly to the AC in the performance of her duties. In addition, the internal audit function is supported by the Head of MMC Corporation Berhad's Group Internal Audit.

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

The key activities covered by the internal audit function during the financial year under review are provided in the AC Report of the Company as set out on pages 104 to 108 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT
(CONTINUED)

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies

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

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

Leverage on Information Technology for Effective Dissemination of Information

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

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

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

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

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

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

8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

Annual General Meeting

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

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

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

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

This Corporate Governance Statement is made in accordance with the resolution of the Board of Directors dated 17 March 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Gas Malaysia Berhad ("Gas Malaysia") and its Group of Companies' ("Group") are operating in a dynamic and challenging corporate environment. This situation is acknowledged by the Board of Directors ("Board"). Therefore, the Board upholds their responsibility of ensuring an effective as well as efficient administration of risk and compliance management along with internal control systems throughout the Group. In order to achieve this objective, the Management is in charge of administering the Board's policies and procedures. Constant monitoring of risks and internal controls within the Group's activities by the Board and Management will ensure numerous benefits for stakeholders. To begin with, the Group's various assets are safeguarded from any hazard. Additionally, it will make certain that relevant laws and regulations are adhered and complied to. All these will add a paramount value among the shareholders' as their investments are secured.

In regards to joint venture entity where the Group does not have full management control, the risk compliance management and internal control systems of the Group do not cover such entity for the purpose of this statement. Nevertheless, the Group's interest shall be advocated by Directors nominated by the Group to the Board of the joint venture entity.

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 for managing risk.

Constant supervision and reassessment are practiced to ensure that the systems of internal control remain effective at all time. In addition to that, 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:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Note 1:

RISK AND COMPLIANCE MANAGEMENT COMMITTEE

The Risk and Compliance Management Committee ("RCMC") is responsible to assist the Risk and Compliance Committee ("RCC") in carrying out the implementation of risk management in the respective GMB and 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:

a) Responsible for the 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.

b) Conduct RCMC meetings on a half yearly basis.

c) Ensure that risks identified are reviewed prior to reporting to the RCC.

d) Decide on the status and further action on matters arising with regards to the identified risks.

e) Identify key risks at the Group that need to be escalated to the RCC.

f) Review and enhance the Group's risk management structure to sustain the ERM framework and support the on-going delivery of risk management objectives.

g) Review and enhance the Group's Risk Assessment process.

h) To 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 to that, the Management are 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 on twice a year basis. 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 of Directors 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 safe guarded.

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

a) To review the processes for determining and communicating the Group's risk appetite.

b) 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.

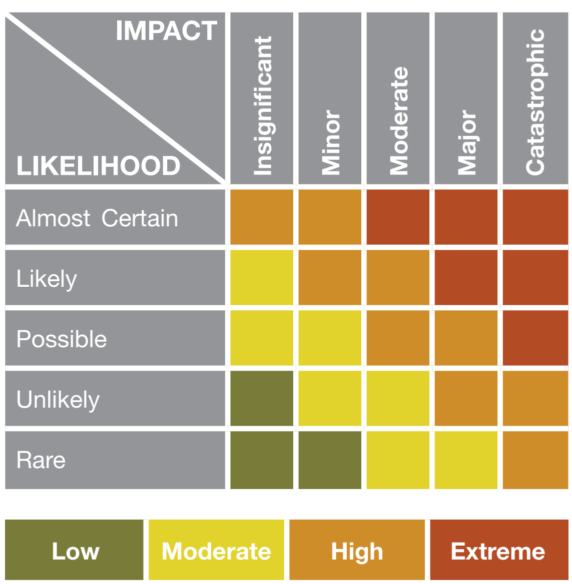
f) To report to the Board on the key risks of the Group and the action plans to mitigate these risks.

g) To carry out such other assignments as may be delegated by the Board.

The RCC presents its reports to the Board of Directors twice a year. This allows the Board to keep abreast and updated about the 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 seeks 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 PLAN

Emergency and Crisis Management Plan ("ECMP") 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 performed even in an emergency situation.

ECMP can be divided under two major elements which are Emergency Management ("EM") and Crisis Management ("CM"). 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.

On the other hand, CM'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. CM shall underline 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, CM 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

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

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 steps identified will be considered and monitored by the HSEQ 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 Financial 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 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and ISO/IEC 27001:2013 are accreditations 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 review on the adequacy, efficiency and effectiveness of the internal controls of the Group. Subsequently, suggestion 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, the monthly performance will be analysed against the budget and compared to previous 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 in an on-going basis to ensure that all probable impacts of the identified risks can be alleviated.

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 is any new risks which need to be addressed as well as highlight elements of action plans and internal controls which must be enhanced for better results.

- Afterwards, all the improvements required will be addressed appropriately. These actions were carried out based on the result of reviews by the internal auditor. 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 in 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

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 Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This Statement is made in accordance with a resolution of the Board of Directors dated 17 March 2016.

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, 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, 1965 (the "Act") requires the Directors to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards and the requirements of the Act in Malaysia and the 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 2015, and of the financial performance and cash flows of the Group and the Company for the financial year ended 31 December 2015.

In preparing the financial statements, the Directors have:

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

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

This Statement is made in accordance with the resolution of the Board of Directors dated 17 March 2016.

AUDIT COMMITTEE REPORT

From left to right:

Datuk Puteh Rukiah binti Abd. Majid

Tan Lye Chong

Datuk Ooi Teik Huat

The Board of Directors of the Company is pleased to present the Audit Committee Report for the financial year ended 31 December 2015.

Composition

The Audit Committee ("AC") comprises three members as follows:

1. **Tan Lye Chong**
   (Chairman, Independent Non-Executive Director)

2. **Datuk Puteh Rukiah binti Abd. Majid**
   (Member, Independent Non-Executive Director); and

3. **Datuk Ooi Teik Huat**
   (Member, Independent Non-Executive Director)

As at the reporting date, the composition of the AC complied with Chapter 15.09 of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Meetings

During the financial year ended 31 December 2015, the AC held five (5) meetings. The meeting attendance record of the members are as follows:

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

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

TERMS OF REFERENCE

Purpose

The primary objectives of the AC are as follows:

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

Membership

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

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

The AC shall have no executive powers.

Authority

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

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

Meetings and Minutes

Meetings shall be held at least four (4) times a year or more frequently as circumstances dictate. Additional meetings shall be scheduled as considered necessary by the AC and the Chairman. The AC may establish any procedure from time to time to govern its meetings, keeping of minutes and its administration.

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

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

AUDIT COMMITTEE REPORT
(CONTINUED)

The AC shall meet at least twice a year with the internal auditors and external auditors without the presence of the Management of the Company.

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

Key Functions and Duties

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

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

Summary of Activities of the AC During The Financial Year 2015

During the financial year ended 31 December 2015, the following activities were carried out by the AC:

- Reviewed the quarterly financial results and annual audited financial statements with the external auditors before recommending for the Board's consideration and approval and subsequent release of the results to Bursa Malaysia;

- Reviewed the Audit Planning Memorandum with the external auditors;
- Reviewed the external auditors' reports and areas of concern and recommended solutions to address the concerns to ensure that all material issues are appropriately dealt with;
- Reviewed the independence of the external auditors, evaluated their performance and recommended their re-appointment;
- Reviewed the Internal Audit Plan with the internal auditors to ensure adequacy of coverage on key risk areas;
- Reviewed the internal auditors' reports and the status of past internal audit recommendations to ensure that the Management addresses and resolves the issues highlighted;
- Met with the internal auditors and external auditors without the presence of the Executive Directors and Management;
- Approved the appointment of Internal Audit Manager of the Company;
- Reviewed all the Related Party Transactions and Recurrent Related Party Transactions entered into by the Group to ensure compliance with the MMLR of Bursa Malaysia; and
- Reviewed and recommended for Board's approval the Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control for financial year ended 31 December 2015.

Internal Audit

The internal audit function of the Company was carried out by the in-house Internal Audit Department ("IAD") and is supported by the Head of MMC Corporation Berhad's Group Internal Audit. IAD maintained at all times their impartiality, proficiency and due professional care by reporting directly to the AC, and to provide the AC and the Board with sufficient independent assurance that the system of internal control is operating adequately and effectively.

The internal audits were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control systems in anticipating potential risks exposures over key business processes within the Company. The AC has full access to internal auditors and received reports on all audits performed.

During the year, the internal auditors had carried out audits according to the Internal Audit Plan which had been approved by the AC. Internal audits were carried out to provide assurance that the internal controls are established and operating as intended to assist in the achievement of operations objectives and adherence to applicable policies, guidelines and procedures.

The internal audit activities carried out during the year were amongst others, the following:

- Developed Internal Audit Plan for the Group which was discussed with and approved by the AC;
- Reviewed the system of governance, risk management and controls based on approved Internal Audit Plan;
- The internal audits reviewed of internal controls in areas of related party transactions, business development, stakeholders' management, procurement and contracts, human resources, risk management and accounting and finance; and
- Presented the Internal Audit Reports highlighting the audit findings, recommendations, management responses and action plans, arising from the internal audit performed, to the AC.

The resulting reports from the internal audits were reviewed by the AC and subsequently forwarded to the Management for the necessary corrective actions. The Management is responsible for ensuring that corrective actions are taken within the required time frame and all outstanding items are reported to the AC.

The total cost for the internal audit function for the financial year ended 31 December 2015 was RM455,760.48.

AUDIT COMMITTEE REPORT
(CONTINUED)

AC Training and Education

The AC members have attended various relevant development and training programmes which are set out in page 94 of the Corporate Governance Statement in the Annual Report.

Independent Advisor Opinion on the Review of Methods or Procedures in Determining the Prices and Terms of the Recurrent Related Party Transaction

In the course of doing its business operations, Gas Malaysia conducts a number of transactions with Petroliam Nasional Berhad ("PETRONAS"). Bursa Malaysia 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 of Bursa Malaysia in respect 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 ("the RRPT"), subject to certain conditions ("the Waiver").

As part of Bursa Malaysia's conditions for Waiver, an Independent Advisor's review of the transactions have been undertaken. Gas Malaysia has engaged Messrs. Ernst & Young Advisory Services Sdn Bhd ("Independent Advisor") 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 Independent Advisor's opinion report was presented to the AC on 18 February 2016 where the Independent Advisor was of the opinion that the methods or procedures in determining the prices and terms of the RRPT in all material respect are carried out on normal commercial terms between Gas Malaysia and PETRONAS and are not to the detriment of Gas Malaysia's minority shareholders.

The full report of the Independent Advisor is set out under pages 109 to 111 of this Annual Report.

In respect of the Waiver, the Audit Committee concurred with the Independent Advisor's opinion as elaborated above and is of the view that the RRPT is:

- In the best interest of Gas Malaysia;
- Based on normal commercial terms including transaction prices or charges which are applied consistently to all customers and no more favourable to the related party; and
- Not detrimental to the interest of the minority shareholders.

The Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 17 March 2016.

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INDEPENDENT ADVISOR OPINION ON THE REVIEW OF METHODS OR PROCEDURES IN DETERMINING THE PRICES AND TERMS OF THE RECURRENT RELATED PARTY TRANSACTION

Gas Malaysia Berhad ("GMB") is listed on the Main Market of Bursa Malaysia. In the course of its operations, GMB conducts a number of transactions with Petroliam Nasional Berhad ("PETRONAS"). In its letter dated 13 April 2015, Bursa Malaysia Securities Berhad granted GMB a waiver from complying with the requirement to procure shareholders' approval pursuant to paragraphs 10.08 and 10.09 of the Main Market Listing Requirements in respect of the transaction described below, subject to certain conditions ("the Waiver"). This letter has been prepared for inclusion in GMB's Annual Report for the financial year ended 31 December 2015 to assist GMB in complying with a condition for the Waiver.

SUBJECT MATTER

The Waiver is in relation to the cash contribution paid by GMB to PETRONAS ("the Recurrent Related Party Transaction or RRPT") for the following performed by PETRONAS' subsidiary PETRONAS Gas Berhad ("PGB"):

- The construction of new city gate stations and all necessary facilities; and
- The upgrading of existing facilities

The scope and activities for the construction and upgrading are defined in a Service Agreement between PETRONAS and GMB, with PGB acting as the agent of PETRONAS in executing the work. Hence all the procedures performed, as defined below, are related to PGB.

As part of the Waiver, GMB is required to disclose in its Annual Report, an independent advisor's opinion that 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 DIRECTORS' RESPONSIBILITIES

The Directors' of GMB are responsible for ascertaining that the RRPT is in the best interest of GMB and is based on terms, including transaction prices or charges which are applied consistently and no more favorable to the related party.

THE INDEPENDENT ADVISOR'S RESPONSIBILITY

Our responsibility is to express a limited assurance opinion based on the procedures we have performed and the evidence we have obtained as to whether any matters have come to our attention that causes us to believe that the methods or procedures in determining the prices and terms of the RRPT, in all materials respects, are not carried out on normal commercial terms between GMB and PETRONAS and are not to the detriment of GMB's minority shareholders.

ASSURANCE STANDARD USED AND LEVEL OF ASSURANCE

We conducted our limited assurance engagement in accordance with Malaysian Approved Standard on Assurance Engagements, *ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

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This standard requires that we comply with the ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

A limited assurance engagement consists of making enquiries and applying analytical and other limited assurance procedures. Our procedures were designed for a limited assurance engagement and thus the level of assurance is lower than that which would have been obtained from a reasonable assurance engagement. The procedures performed depend on the assurance practitioner's judgment including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal control when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

SUMMARY OF WORK PERFORMED

The procedures performed comprised the following:

1. Read documentation to understand the basis for the RRPT including the Service Agreement between PETRONAS and GMB for the construction of new city gate stations and all necessary facilities, and the upgrading of existing facilities.

2. Conducted interviews with relevant process owners and stakeholders, from both GMB and PETRONAS' subsidiary responsible for the work, PGB, to gain an understanding of the RRPT.

3. Assessed the application of the basis of the RRPT, on sampling basis, through the testing of each of the following transaction components for the RRPTs:

   i) <u>Engineering Procurement, Construction and Commissioning (EPCC) cost</u>

   Verified that the value and scope of EPCC costs awarded to contractors via PGB's competitive bidding process, and the consequent Letter of Award to the said contractors for the construction of new city gate stations and all necessary facilities and the upgrading of existing facilities were in agreement with the Letter of Notification of Award submitted to GMB by PGB in respect of the same.

   ii) <u>Project Management cost</u>

   Project Management cost charged consist of PGB manpower cost, which are derived from PGB personnel hours multiplied by relevant PGB man hour rates, and travelling costs incurred by the said PGB personnel:

   - Agreed the man hour rates in the Service Agreement between PETRONAS and GMB to the standard rates approved by PGB Management Committee for all projects undertaken by PGB.

   - Reviewed the timesheets of the PGB personnel involved in respect of the projects to assess the accuracy of manpower cost charged to GMB as per the standard rates noted above.

   - Matched the travelling costs incurred and charged to GMB, to PGB's records.

   GMB formally agreed with PGB for access by PGB, to the information and documentation necessary for the completion of the review. No commercially sensitive information or personal data was necessary or provided by PGB for this review.

We believe that our procedures provide us with sufficient and appropriate basis for our conclusion.

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working world

OUR INDEPENDENCE

In conducting our assurance engagement we have met the independence requirements of the Malaysian Institute of Accountants Bye-Laws, Code of Professional Conduct and Ethics. Our independence policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

CONCLUSION

Based on our limited assurance procedures performed and evidence obtained for the Subject Matter, nothing has come to our attention that causes us to believe that the methods or procedures in determining the prices and terms of the RRPT for new city gate stations and upgrading of existing facilities, in all material respects, are not carried out on normal commercial terms between GMB and PETRONAS and are not to the detriment of GMB's minority shareholders.

RESTRICTION ON DISTRIBUTION OR USE

In accordance with the terms of our engagement, this independent limited assurance report on the RRPT between GMB and PETRONAS has been prepared solely in connection with the Waiver granted by Bursa Malaysia Securities Berhad and for no other purpose or in any other context. Any party other than GMB who chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than GMB for our work, for this independent limited assurance report or for the conclusion we have reached.

Yours faithfully

Ernst & Young

Ernst &Young Advisory Services Sdn Bhd
Kuala Lumpur, Malaysia
18 February 2016

ADDITIONAL COMPLIANCE INFORMATION

CONVICTIONS FOR OFFENCES

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

UTILISATION OF PROCEEDS

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

SHARE BUYBACKS

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

OPTIONS OR CONVERTIBLE SECURITIES

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

DEPOSITORY RECEIPT PROGRAMME

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

IMPOSITIONS OF MATERIAL SANCTIONS/PENALTIES

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

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company for the financial year by the Company's auditors amounted to RM8,639.

PROFIT ESTIMATE, FORECAST OR PROJECTION

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

PROFIT GUARANTEE

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

VARIATION IN RESULTS

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

MATERIAL CONTRACT

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involve Directors' and major shareholders' interests during the financial year ended 31 December 2015.

CONTRACTS RELATING TO LOAN

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

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

At the Twenty-Fourth AGM held on 7 May 2015, 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-Fifth AGM of the Company to be held on 11 May 2016.

In accordance with the Practice Note 12 of the MMLR of Bursa Malaysia, the details of the RRPT conducted during the financial year ended 31 December 2015 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 2015 RM'000	Nature of transactions
PDB	Gas Malaysia (LPG) Sdn Bhd	MOF[(a)], PETRONAS[(b)], PGB[(c)], Yusa' bin Hassan[(d)]	11,948	Purchase of liquefied petroleum gas from PDB.
PDB	Gas Malaysia	MOF[(a)], PETRONAS[(b)], PGB[(c)], Yusa' bin Hassan[(d)]	1	Lease of land from PDB by Gas Malaysia for placement of gas district station at Lot 12911, Jalan Haji Sirat, Taman Klang Utama, Klang measuring 260 square feet. The payment is made annually.
PETRONAS	Gas Malaysia	MOF[(a)], PGB[(c)], Yusa' bin Hassan[(d)]	14,473	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[(a)], PETRONAS[(b)], PGB[(c)], Yusa' bin Hassan[(d)]	30	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 metres to 2,000 square metres. The payment is made annually and the tenancy agreement is automatically renewed every 3 years.

Notes:

(a) Minister of Finance (Incorporated) ("MOF") is deemed interested in Gas Malaysia through its shareholding in PETRONAS pursuant to Section 6A of the Companies Act, 1965 ("Act").

(b) PETRONAS is deemed interested in Gas Malaysia through its shareholding in PGB pursuant to Section 6A of the Act.

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

(d) Yusa' bin Hassan is the Director of Gas Malaysia and Managing Director / Chief Executive Officer of PGB.

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

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 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:

- (a) Construction of new city stations and all other necessary facilities; and
- (b) The upgrading of existing facilities by PETRONAS.

As part of Bursa Malaysia'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 is set out under pages 109 to 111 of this Annual Report. The details of the RRPT pursuant to Paragraph 3.1.5 of Practice Note 12 of the MMLR conducted from the date of listing to the financial year ended 31 December 2015 are as follows:

Related Parties	Companies within our Group	Name of Interested Related Parties	Value of transactions from 11 June 2012 (date of listing) to FYE 2015 RM'000	Nature of transactions
PETRONAS	Gas Malaysia	MOF[(a)], PGB[(c)], Yusa' bin Hassan[(d)]	32,800	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:

[(a)] Minister of Finance (Incorporated) ("MOF") is deemed interested in Gas Malaysia through its shareholding in PETRONAS pursuant to Section 6A of the Companies Act, 1965 ("Act").

[(b)] PETRONAS is deemed interested in Gas Malaysia through its shareholding in PGB pursuant to Section 6A of the Act.

[(c)] PGB is the major shareholder of Gas Malaysia with a direct shareholding of 14.8%.

[(d)] Yusa' bin Hassan is the Director of Gas Malaysia and Managing Director / Chief Executive Officer of PGB.

STATUS OF COMPLIANCE OF THE NINE 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 (9) outstanding Affected Stations;

(b) Gas Malaysia is to disclose the efforts taken by them and status of compliance of the nine (9) outstanding Affected Stations in the annual report until such time the non-compliance are resolved; and

(c) Maybank Investment Bank/Gas Malaysia is to update the SC when disclosure is made in the annual report.

The efforts taken by Gas Malaysia and the status of compliance of the Affected Stations are 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 is unable to obtain the necessary authorities' approval on the conversion of the land use category and land use condition for the use of gas station. Hence, Gas Malaysia is considering dismantling the station and delivering natural gas to the customer directly from its city gate station. Initial studies have been carried out to analyse and evaluate the feasibility of the proposal. However, this proposal is still at preliminary stage which requires further evaluation.
2.	Jalan Haji Sirat, Taman Klang Utama, Klang, Selangor	HS(D) 27497, PT 12911, Mukim Kapar, District Klang, Selangor	District station	Gas Malaysia decided to dismantle the station and supply natural gas to the affected customers from another district station located at a customer's premises. However, due to the pipeline capacity of the affected station, immediate rectification work needs to be carried out to increase the pipeline capacity of the station. The rectification work is expected to be completed by 4th quarter of 2016. Upon completion of the rectification work and actual on-site simulation, Gas Malaysia will proceed to dismantle the station.

ADDITIONAL COMPLIANCE INFORMATION
(CONTINUED)

No.	Location	Title particulars of the land	Existing use	Efforts taken and status of compliance
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 obtain consent for the erection of gas station from the land office. Hence, Gas Malaysia has been actively seeking advice from several parties/authorities to resolve this issue. Upon advice from Pengarah, Pejabat Ketua Tanah dan Galian Selangor, Gas Malaysia will prepare applications to land office and other authorities to resolve this issue. However, as it is beyond Gas Malaysia's control, it is unable to ascertain when this issue will be resolved.
4.	Tebrau IV, Tebrau Industrial Estate	HS(D)472167, PTD 138472, Mukim Tebrau, Tempat Kawasan Perindustrian Tebrau IV, Daerah Johor Bahru	District station	Gas Malaysia has yet to obtain consent for the erection of gas station from the land office. Hence, Gas Malaysia has been actively seeking advice from several parties/authorities to resolve this issue. Upon advice from Pengarah, Pejabat Ketua Tanah dan Galian Selangor, Gas Malaysia will prepare applications to land office and other authorities to resolve this issue. However, as it is beyond Gas Malaysia's control, it is unable to ascertain when this issue will be resolved.
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. Hence, Gas Malaysia has been actively seeking advice from several parties/authorities to resolve this issue. Upon advice from Pengarah, Pejabat Ketua Tanah dan Galian Selangor, Gas Malaysia will prepare applications to land office and other authorities to resolve this issue. However, as it is beyond Gas Malaysia's control, it is unable to ascertain when this issue will be resolved.
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	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 and subsequently lease the land to Gas Malaysia. PKNM has made the necessary application to the land office and the application is pending decision from land office. Gas Malaysia will follow-up with PKNM on the status of the application.

No.	Location	Title particulars of the land	Existing use	Efforts taken and status of compliance
7.	Jalan Tun Sambathan, Kuala Lumpur	N/A	District station	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. Gas Malaysia will continuously follow-up with the landlord on the status of the issuance of title.
8.	Lot 11, Mukim Tanjung 12, Teluk Panglima Garang, Kuala Langat, Klang	N/A	District station	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. Gas Malaysia will continuously follow up with the landlord on the status of the issuance of title.
9.	Lot 4214, Jalan Bukit Kemuning, Shah Alam, Selangor	No. Hakmilik 52774, Lot 4214, Mukim Klang, Daerah Klang, Selangor	District station	Gas Malaysia decided to dismantle the station and supply natural gas to the affected customers from another located on a piece of industrial land within close proximity to the area. The dismantling of the district station and procurement of direct tapping from the said station was completed on 17 February 2016. Hence, the condition has been complied with in respect of this station.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 2015.

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 and property holding.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	106,055	106,306
Attributable to:		
- Owners of the Parent	106,162	106,306
- Non-Controlling Interest	(107)	0
	106,055	106,306

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2014 are as follows:

In respect of the financial year ended 31 December 2014:

	RM'000
Second interim dividend paid on 25 March 2015: 4.00 sen per ordinary share, single-tier	51,360
Final dividend paid on 12 June 2015: 4.06 sen per ordinary share, single-tier	52,130
	103,490

In respect of the financial year ended 31 December 2015:

	RM'000
Interim dividend paid on 15 September 2015: 3.50 sen per ordinary share, single-tier	44,940

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

DIVIDENDS (CONTINUED)

The Directors recommend the payment of a single-tier final dividend of 4.77 sen per share on the 1,284,000,000 ordinary shares of RM0.50 each amounting to RM61,246,800 in respect of financial year ended 31 December 2015. This proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Datuk Haji Hasni bin Harun	
Dato' Sri Che Khalib bin Mohamad Noh	
Shigeru Muraki	*(Alternate Yasushi Sakakibara)* *(Alternate Hisashi Nakamura)*
Yusa' bin Hassan	*(Alternate Aida Aziza binti Mohd Jamaludin)*
Shazali bin Dato' Haji Shahrani	*(Alternate Dato' Rosthman bin Ibrahim)*
Datuk Puteh Rukiah binti Abd. Majid	
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	
Tan Lye Chong	
Datuk Ooi Teik Huat	

In accordance with Article 95(2) of the Company's Articles of Association, Tan Lye Chong, Datuk Syed Abu Bakar bin S Mohsin Almohdzar and Datuk Ooi Teik Huat shall retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election as Director.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

SHARE CAPITAL

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

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.50 each in the Company			
Director with direct interest in the Company	**Balance at 01.01.2015**	**Bought**	**Sold**	**Balance at 31.12.2015**
Tan Lye Chong	50,000	0	0	50,000

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment for impaired receivables and satisfied themselves that all known bad debts had been written off and that adequate impairment had been made for impaired receivables; and

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

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

(a) which would render the amounts written off for bad debts or the amount of the impairment for impaired receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

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

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 17 March 2016.

DATUK HAJI HASNI BIN HARUN
CHAIRMAN

TAN LYE CHONG
DIRECTOR

STATEMENT BY DIRECTORS

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

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 128 to 174 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 2015 and of the financial performance and cash flows of the Group and Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The supplementary information set out in Note 31 on page 174 to the financial statements have been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 17 March 2016.

DATUK HAJI HASNI BIN HARUN
CHAIRMAN

TAN LYE CHONG
DIRECTOR

STATUTORY DECLARATION

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

I, Mohamed Sophie bin Mohamed Rashidi, the Officer primarily responsible for the financial management of Gas Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 128 to 174 and the supplementary disclosure on page 174 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, Malaysia on 17 March 2016, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Gas Malaysia Berhad on pages 128 to 173 which comprise the statements of financial position of the Group and of the Company as at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out from Notes 1 to 30.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and 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, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 31 on page 174 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

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

Kuala Lumpur
17 March 2016

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	4	3,618,969	2,773,462	3,594,520	2,745,024
Cost of sales	5	(3,422,314)	(2,523,631)	(3,402,493)	(2,499,856)
Gross profit		196,655	249,831	192,027	245,168
Administrative expenses	5	(62,299)	(43,905)	(59,587)	(41,896)
Other operating income		2,639	801	2,456	703
Profit from operations	6	136,995	206,727	134,896	203,975
Finance costs	9	(6,077)	(618)	(5,890)	(414)
Share of results in a Joint Venture		(1,484)	(500)	0	0
Finance income		14,126	7,512	13,976	7,384
Profit before zakat and taxation		143,560	213,121	142,982	210,945
Zakat		(3,500)	(3,500)	(3,500)	(3,500)
Tax expense	10	(34,005)	(41,993)	(33,176)	(41,528)
Net profit/Total comprehensive income for the financial year		106,055	167,628	106,306	165,917
Attributable to:					
Owners of the Parent		106,162	167,628	106,306	165,917
Non-controlling interest		(107)	0	0	0
		106,055	167,628	106,306	165,917
Earnings per ordinary share attributable to the equity holders of the Company:					
- Basic and diluted earnings per share (RM)	11	0.08	0.13	0.08	0.13

The notes on pages 135 to 174 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	1,045,124	1,021,246	1,042,673	1,018,542
Investment in subsidiaries	13	0	0	13,912	10,005
Investment in a joint venture	14	25,274	11,547	27,258	12,047
Amounts due from subsidiaries	15	0	0	8,303	11,736
Prepaid lease payments	16	17,225	17,628	12,972	13,320
Deferred taxation	22	1,179	1,937	0	0
		1,088,802	1,052,358	1,105,118	1,065,650
CURRENT ASSETS					
Trade and other receivables	17	641,019	308,257	636,777	304,460
Cash and cash equivalents	18	361,954	430,472	346,231	420,902
		1,002,973	738,729	983,008	725,362
Total assets		2,091,775	1,791,087	2,088,126	1,791,012
EQUITY AND LIABILITIES					
Share capital	19	642,000	642,000	642,000	642,000
Retained profits	20	328,726	370,994	342,543	384,667
		970,726	1,012,994	984,543	1,026,667
Non-controlling interest		1,195	0	0	0
Total equity		971,921	1,012,994	984,543	1,026,667
NON-CURRENT LIABILITIES					
Redeemable preference share	21	0*	0*	0*	0*
Deferred taxation	22	158,291	161,630	158,291	161,630
		158,291	161,630	158,291	161,630

* Denotes RM0.50

The notes on pages 135 to 174 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015 (CONTINUED)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CURRENT LIABILITIES					
Trade and other payables	23	826,145	540,553	809,871	526,781
Borrowing	24	130,000	70,000	130,000	70,000
Taxation		5,418	5,910	5,421	5,934
		961,563	616,463	945,292	602,715
Total liabilities		1,119,854	778,093	1,103,583	764,345
Total equity and liabilities		2,091,775	1,791,087	2,088,126	1,791,012

The notes on pages 135 to 174 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
GROUP						
At 1 January 2015		642,000	370,994	1,012,994	0	1,012,994
Net profit for the financial year		0	106,162	106,162	(107)	106,055
Transactions with owners:						
Dividend: financial year ended 31 December 2015	25	0	(44,940)	(44,940)	0	(44,940)
Dividend: financial year ended 31 December 2014	25	0	(103,490)	(103,490)	0	(103,490)
Total transactions with owners		0	(148,430)	(148,430)	0	(148,430)
Equity contribution from non-controlling interest		0	0	0	1,302	1,302
At 31 December 2015		642,000	328,726	970,726	1,195	971,921
At 1 January 2014		642,000	362,068	1,004,068	0	1,004,068
Net profit for the financial year		0	167,628	167,628	0	167,628
Transactions with owners:						
Dividend: financial year ended 31 December 2014	25	0	(64,200)	(64,200)	0	(64,200)
Dividend: financial year ended 31 December 2013	25	0	(94,502)	(94,502)	0	(94,502)
Total transactions with owners		0	(158,702)	(158,702)	0	(158,702)
At 31 December 2014		642,000	370,994	1,012,994	0	1,012,994

The notes on pages 135 to 174 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000
COMPANY				
At 1 January 2015		642,000	384,667	1,026,667
Net profit for the financial year		0	106,306	106,306
Transactions with owners:				
Dividend: financial year ended 31 December 2015	25	0	(44,940)	(44,940)
Dividend: financial year ended 31 December 2014	25	0	(103,490)	(103,490)
Total transactions with owners		0	(148,430)	(148,430)
At 31 December 2015		642,000	342,543	984,543
At 1 January 2014		642,000	377,452	1,019,452
Net profit for the financial year		0	165,917	165,917
Transactions with owners:				
Dividend: financial year ended 31 December 2014	25	0	(64,200)	(64,200)
Dividend: financial year ended 31 December 2013	25	0	(94,502)	(94,502)
Total transactions with owners		0	(158,702)	(158,702)
At 31 December 2014		642,000	384,667	1,026,667

The notes on pages 135 to 174 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
OPERATING ACTIVITIES				
Profit before zakat and taxation	143,560	213,121	142,982	210,945
Adjustments for:				
Depreciation	53,600	50,934	53,309	50,650
Impairment of trade receivables	17,946	360	17,884	327
Gain on disposal of property, plant and equipment	(60)	(81)	(60)	(81)
Amortisation of prepaid lease payments	403	402	348	348
Share of result in a joint venture	1,484	500	0	0
Finance income	(14,126)	(7,512)	(13,976)	(7,384)
	202,807	257,724	200,487	254,805
Changes in working capital:				
Receivables	(350,708)	(77,523)	(350,201)	(78,652)
Payables	285,592	214,152	283,090	214,162
Cash generated from operations	137,691	394,353	133,376	390,315
Zakat paid	(3,500)	(3,500)	(3,500)	(3,500)
Income tax paid	(37,078)	(50,775)	(37,028)	(50,738)
Net cash generated from operating activities	97,113	340,078	92,848	336,077
INVESTING ACTIVITIES				
Investment in a joint venture	(15,211)	(12,047)	(15,211)	(12,047)
Proceeds from disposal of property, plant and equipment	60	611	60	611
Purchase of property, plant and equipment	(77,478)	(111,198)	(77,440)	(111,175)
Finance income	14,126	7,512	13,976	7,384
Investment in subsidiary	0	0	(3,907)	0
Repayment from subsidiary	0	0	3,433	3,260
Net cash used in investing activities	(78,503)	(115,122)	(79,089)	(111,967)

The notes on pages 135 to 174 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
FINANCING ACTIVITIES					
Dividends paid		(148,430)	(158,702)	(148,430)	(158,702)
Drawdown of Medium-Term Note ("MTN")		130,000	70,000	130,000	70,000
Repayment of MTN		(70,000)	0	(70,000)	0
Equity contribution from non-controlling interest		1,302	0	0	0
Net cash used in financing activities		(87,128)	(88,702)	(88,430)	(88,702)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(68,518)	136,254	(74,671)	135,408
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		430,472	294,218	420,902	285,494
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	18	361,954	430,472	346,231	420,902

The notes on pages 135 to 174 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

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

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

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

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

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 17 March 2016.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Profit rate risk

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

(b) Credit risk

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

The carrying amount of all financial assets represents the maximum exposure to credit risk except for the financial guarantee extended to a subsidiary. The maximum exposure to credit risk of this financial guarantee amounts to RM6,450,000 (2014: RM5,100,000) at the end of the reporting period.

As the likelihood of this financial guarantee would be crystallised is remote, the Company has determined that the fair value of the financial guarantee extended to the subsidiary to be nil (2014: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk

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

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

	Less than 3 months	Between 4 months to 1 year	Total
At 31 December 2015:			
Group (RM'000)			
Trade and other payables	788,054	395	788,449
Company (RM'000)			
Trade and other payables	771,965	210	772,175
Financial guarantee contracts	650	5,800	6,450
Borrowing	0	130,856	130,856
At 31 December 2014:			
Group (RM'000)			
Trade and other payables	524,008	735	524,743
Company (RM'000)			
Trade and other payables	510,236	735	510,971
Financial guarantee contracts	650	4,450	5,100
Borrowing	0	70,230	70,230

(d) Capital management

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and 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(w).

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

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and Company's financial year beginning on or after 1 January 2015 are as follows:

- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle
- Amendments to MFRS 119 "Defined Benefit Plans: Employees Contributions"

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

(ii) Standards early adopted by the Group and 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 the Company but not yet effective

The new accounting standards, amendments and interpretations which are effective for annual periods beginning on or after 1 January 2016 are set out below:

Effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"
- Amendments to MFRS 116 and MFRS 138 "Clarification of Acceptable Methods of Depreciation and Amortisation"

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

The new accounting standards, amendments and interpretations which are effective for annual periods beginning on or after 1 January 2016 are set out below (continued):

Effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 10 "Consolidated Financial Statements" and MFRS 128 "Investment in associates and joint ventures - Sale or contribution of assets between an investor and its associates/joint ventures"
- Amendments to MFRS 127 "Separate Financial Statements - Equity accounting in separate financial statements"
- Annual Improvements to MFRSs 2012 - 2015 Cycle (Amendments to MFRS 5 "Non-current Assets Held for sale and Discontinued Operations", MFRS 7 "Financial Instruments: Disclosures", MFRS 119 "Employee Benefits", MFRS 134 "Interim Financial Reporting"

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9 "Financial instruments"
- MFRS 15 "Revenue from Contracts with Customers"

The initial application of the abovementioned MFRSs and amendments are not expected to have a material impact to the financial statements of the Group and the Company, except the following set out below:

- MFRS 9 "Financial Instruments" (effective from 1 January 2018) 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.

- For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

- MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

The new accounting standards, amendments and interpretations which are effective for annual periods beginning on or after 1 January 2016 are set out below (continued):

<u>Effective for annual periods beginning on or after 1 January 2018</u> (continued)

The initial application of the abovementioned MFRSs and amendments are not expected to have a significant impact to the financial statements of the Group and the Company, except the following set out below (continued):

- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018) replaces MFRS 118 "Revenue" and MFRS 111 "Construction contracts" and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. 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.

The Group is currently assessing the impact of adopting MFRS 9 and MFRS 15.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation (continued)

Subsidiaries (continued)

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

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 income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

When necessary, amounts reported by 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 proceeds with carrying amount and are included in profit from operations.

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

(e) Depreciation

Freehold land is not depreciated as it has an 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 systems	20 to 30 years

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) 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.

(h) Investments

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

On disposal of investments in subsidiaries and joint ventures, the difference between 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.

(i) Trade and other receivables

Trade receivables are amounts due from customers for sale of gas, tolling fee and contributions receivable from customers in respect of construction of pipelines performed in the ordinary course of business. 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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective profit rate method, less provision for impairment.

(j) Share capital

(i) Classification

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Share capital (continued)

(ii) Dividend distribution

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

(k) Trade payables

Trade payables 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.

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

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

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

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

(m) Current and deferred income tax

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 venture operate and generate taxable income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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) Accounting for lessee - operating lease and prepaid lease payments

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

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

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

(o) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia, which is the Company’s functional and presentation currency. The Group’s presentation currency is Ringgit Malaysia.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue 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.

(i) Sale of natural gas and LPG

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

(ii) Tolling fee

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

(iii) Finance income

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

(iv) Cash contribution for pipelines construction

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

(q) Accounting for zakat

The Group and Company recognise its obligations towards the payment of zakat on business. Zakat for the current 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".

Zakat rates enacted or substantively enacted by the end of each reporting period are used to determine the zakat expense. The rate of zakat on business as determined by zakat authority under Pusat Pungutan Zakat Majlis Agama Islam Selangor for 2015 is 2.5% of the zakat base. The zakat base of the Group is determined based on the profit after tax of eligible companies within the Group after deducting certain non-operating income and expenses. Zakat on business is calculated by multiplying the zakat rate with zakat base. The amount of zakat assessed is recognised as an expense in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Contingent liabilities

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

(s) Financial instruments

(i) Financial assets

(a) Classification

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

<u>Financial assets at fair value through profit or loss</u>

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.

<u>Loans and receivables</u>

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 and Company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position (Notes 3(i) and 3(g)).

(b) Recognition and initial measurement

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

Financial assets are initially recognised at fair value plus transaction costs 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments (continued)

(i) Financial assets (continued)

(d) Subsequent measurement – impairment of financial assets

Assets carried at amortised cost

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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 Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

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

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

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

(t) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (continued)

(i) Short-term employee benefits (continued)

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

(ii) Post-employment benefits

A defined contribution plan is a pension under which the Group pays fixed contributions into a separate entity (a fund) 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.

(u) Earnings per share

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

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

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

(v) Segment reporting

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

(w) Critical accounting estimates and 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 and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Critical accounting estimates and judgements (continued)

(ii) Critical judgement in applying accounting policies

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.

4. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of natural gas	3,564,819	2,713,598	3,564,819	2,713,598
Sale of LPG	24,449	28,438	0	0
Tolling fee	14,473	15,087	14,473	15,087
Cash contribution for pipelines construction	15,228	16,339	15,228	16,339
	3,618,969	2,773,462	3,594,520	2,745,024

5. EXPENSES BY NATURE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost of natural gas	3,316,928	2,416,076	3,316,928	2,416,076
Cost of LPG	18,196	22,383	0	0
Staff costs (Note 7)	51,316	48,244	48,256	45,799
Depreciation	53,600	50,934	53,309	50,650
Impairment of trade receivables	17,946	360	17,884	327
Gas licence fee	1,661	1,528	1,630	1,518
Other expenses	24,966	28,011	24,073	27,382
	3,484,613	2,567,536	3,462,080	2,541,752

Staff costs (technical service salaries and bonuses) amounting to RM5,941,000 (2014: RM6,729,000) incurred in construction of pipelines have been capitalised in the construction of the pipelines.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

6. PROFIT FROM OPERATIONS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit from operations is arrived at after crediting:				
Gain on disposal of property, plant and equipment	60	81	60	81
Rental income	25	67	22	67
Write back of impairment of trade receivables (Note 17)	11	16	0	5
and after charging:				
Auditors' remuneration:				
- statutory audit	171	147	127	117
- other audit related services	115	112	115	112
- non-audit services	9	0	9	0
Amortisation of prepaid lease payments (Note 16)	403	402	348	348
Impairment of trade receivables (Note 17)	17,946	360	17,884	327
Rental of equipment	70	67	62	61
Rental of premises	727	723	604	669

7. STAFF COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages, bonuses and salaries	45,717	42,725	43,053	40,562
Defined contribution plan - contributions	5,897	5,470	5,518	5,210
Other employee benefits	5,643	6,778	5,626	6,756
	57,257	54,973	54,197	52,528

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

8. DIRECTORS' REMUNERATION

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

	Group and Company	
	2015 RM'000	2014 RM'000
Salaries and bonuses	0	666
Fees	924	914
Defined contribution plan - contributions	0	100
Other benefits	734	725
	1,658	2,405

9. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bank guarantee fee	30	33	30	33
Bank charges	358	355	171	151
Medium Term Note profit rate	5,689	230	5,689	230
	6,077	618	5,890	414

10. TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current taxation:				
- current financial year	34,989	52,153	34,861	52,105
- under/(over) accrual in prior financial year	1,597	(1,474)	1,654	(1,444)
	36,586	50,679	36,515	50,661
Deferred taxation (Note 22)	(2,581)	(8,686)	(3,339)	(9,133)
	34,005	41,993	33,176	41,528

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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 the Company is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation and after zakat	140,060	209,621	139,482	207,445
Tax calculated at the Malaysian income tax rate of 25% (2014: 25%)	35,015	52,405	34,871	51,861
Tax effects of:				
Income not subject to tax	(5,592)	(4,284)	(5,592)	(4,105)
Expenses not deductible for tax	1,283	1,908	912	1,903
Share of result in a joint venture	371	125	0	0
Origination and reversal of temporary differences	1,331	0	1,331	0
Change in income tax rate	0	(6,687)	0	(6,687)
Under/(over) accrual in prior financial year	1,597	(1,474)	1,654	(1,444)
Tax expense	34,005	41,993	33,176	41,528

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.

	Group	
	2015	2014
Net profit for the financial year attributable to equity holder of the Company (RM'000)	106,162	167,628
Weighted average number of ordinary shares ('000)	1,284,000	1,284,000
Basic earnings per share (RM)	0.08	0.13
Diluted earnings per share (RM)	0.08	0.13

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (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 systems RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2015	9,894	19,531	6,168	50,613	2,007	12,518	1,372,232	102,247	1,575,210
Additions	0	0	3,440	1,669	24	15	11,585	60,745	77,478
Disposals	0	0	(193)	0	0	0	0	0	(193)
Reclassifications	0	0	0	28	0	0	73,213	(73,241)	0
At 31 December 2015	9,894	19,531	9,415	52,310	2,031	12,533	1,457,030	89,751	1,652,495
Accumulated depreciation									
At 1 January 2015	0	6,422	5,114	44,392	1,816	12,365	483,855	0	553,964
Charge for the financial year	0	447	564	2,687	92	128	49,682	0	53,600
Disposals	0	0	(193)	0	0	0	0	0	(193)
At 31 December 2015	0	6,869	5,485	47,079	1,908	12,493	533,537	0	607,371
Net book value									
At 31 December 2015	9,894	12,662	3,930	5,231	123	40	923,493	89,751	1,045,124

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (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 system RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2015	9,894	19,531	6,056	48,871	1,872	12,182	1,367,945	102,247	1,568,598
Additions	0	0	3,440	1,631	24	15	11,585	60,745	77,440
Disposals	0	0	(193)	0	0	0	0	0	(193)
Reclassifications	0	0	0	28	0	0	73,213	(73,241)	0
At 31 December 2015	9,894	19,531	9,303	50,530	1,896	12,197	1,452,743	89,751	1,645,845
Accumulated depreciation									
At 1 January 2015	0	6,422	5,002	42,650	1,681	12,029	482,272	0	550,056
Charge for the financial year	0	447	564	2,679	92	128	49,399	0	53,309
Disposals	0	0	(193)	0	0	0	0	0	(193)
At 31 December 2015	0	6,869	5,373	45,329	1,773	12,157	531,671	0	603,172
Net book value									
At 31 December 2015	9,894	12,662*	3,930	5,201	123	40	921,072	89,751	1,042,673

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (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 system RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2014	9,894	19,531	6,176	46,689	1,875	12,164	1,305,164	57,364	1,458,857
Additions	0	0	1,003	1,097	24	18	9,641	99,392	111,175
Disposals	0	0	(1,123)	(284)	(27)	0	0	0	(1,434)
Reclassifications	0	0	0	1,369	0	0	53,140	(54,509)	0
At 31 December 2014	9,894	19,531	6,056	48,871	1,872	12,182	1,367,945	102,247	1,568,598
Accumulated depreciation									
At 1 January 2014	0	5,975	5,177	40,498	1,618	11,678	435,364	0	500,310
Charge for the financial year	0	447	422	2,432	90	351	46,908	0	50,650
Disposals	0	0	(597)	(280)	(27)	0	0	0	(904)
At 31 December 2014	0	6,422	5,002	42,650	1,681	12,029	482,272	0	550,056
Net book value									
At 31 December 2014	9,894	13,109*	1,054	6,221	191	153	885,673	102,247	1,018,542

* Includes a leasehold building with a net book value of RM6,482,122 (2014: RM6,878,002) which resides on leasehold land owned by a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	13,912	10,005

Details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest 2015 %	2014 %
Gas Malaysia (LPG) Sdn. Bhd.	Selling of liquefied petroleum gas via a reticulation system	Malaysia	100	100
Pelantar Teknik (M) Sdn. Bhd.	Property holding	Malaysia	100	100
Gas Malaysia IEV Sdn. Bhd. ("GMIEV")	Virtual pipeline	Malaysia	75	75*
Gas Malaysia Ventures Sdn. Bhd.	Investment holding	Malaysia	100	100
Gas Malaysia Venture 1 Sdn. Bhd.	Investment holding company for Combined, Heat and Power system	Malaysia	100	100
Gas Malaysia Venture 2 Sdn. Bhd.	Investment holding company for Virtual Pipeline related business	Malaysia	100	100

* As at 31 December 2014, IEV Energy Sdn. Bhd. ("IEV") has yet to subscribe to the shares in GMIEV. IEV has subsequently subscribed to 219,790 and 1,082,519 ordinary shares of RM1 each in GMIEV on 6 May 2015 and 28 October 2015 respectively, representing its allotment, during the current financial year.

14. INVESTMENT IN A JOINT VENTURE

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	27,258	12,047	27,258	12,047
Share of post–acquisition reserves	(1,984)	(500)	0	0
	25,274	11,547	27,258	12,047

14. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest 2015	2014
			%	%
Gas Malaysia Energy Advance Sdn. Bhd. ("GMEA")	Combined Heat and Power	Malaysia	66	66

The Group has applied the equity method of accounting for this joint venture. The joint venture is a private company and therefore there is no quoted market price available for its shares.

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

	2015 RM'000	2014 RM'000
Summarised statement of financial position		
As at 31 December		
Non-current assets	72,807	13,841
Non-current liabilities	(55,000)	0
Current assets	25,401	8,957
Current liabilities	(4,915)	(5,302)
Net current assets	20,486	3,655
Net assets	38,293	17,496
Summarised income statement		
Year ended 31 December		
Cost of sales	(5)	(462)
Administrative expenses	(3,095)	(296)
Other income	851	0
Loss after tax	(2,249)	(758)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

14. INVESTMENT IN A JOINT VENTURE (CONTINUED)

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

	2015 RM'000	2014 RM'000
Reconciliation of net assets to carrying amount		
As at 31 December		
Group's share of net assets/ Carrying amount in the statement of financial position	25,274	11,547
Group's share of result		
Year ended 31 December		
Group's share of loss for the financial year	(1,484)	(500)

15. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Amounts due from subsidiaries: Non-current	8,303	11,736

The amount due from Gas Malaysia (LPG) Sdn. Bhd. of RM2,678,000 (2014: RM6,149,000) 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 RM5,472,000 (2014: RM5,572,000) is unsecured, profit rate free and does not have a fixed term of repayments. Repayment is, however, not expected within the next twelve months as it is the intention of the Company to treat this amount as a long term source of funding to the subsidiary.

The amount due from Gas Malaysia IEV Sdn. Bhd. of RM153,000 (2014: RM15,000) 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At beginning of reporting period	17,628	18,030	13,320	13,668
Amortisation for the financial year	(403)	(402)	(348)	(348)
At end of reporting period	17,225	17,628	12,972	13,320

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	407,098	304,389	403,749	301,516
Impairment loss on trade receivables	(18,269)	(359)	(18,207)	(326)
	388,829	304,030	385,542	301,190
Other receivables, deposits and prepayments	252,190	4,227	251,235	3,270
	641,019	308,257	636,777	304,460

Included in other receivables is RM236,127,000, being the differences between the market prices and the regulated prices on the gas supplied arising from its contractual obligations to its gas supplier, for which the Government has confirmed its support to the Company under the Gas Cost Pass Through ("GCPT") mechanism.

As at 31 December 2015, trade receivables of RM64,173,000 (2014: RM30,756,000) for the Group and of RM63,528,000 (2014: RM30,030,000) for the Company were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The aging analysis of these trade receivables (excluding other receivables, deposits and prepayments) are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Neither past due nor impaired	324,656	273,274	322,014	271,160
Past due but not impaired:				
Up to 2 months (overdue)	59,741	30,376	59,174	29,716
Over 2 months (overdue)	4,432	380	4,354	314
Impaired	18,269	359	18,207	326
	407,098	304,389	403,749	301,516

As at 31 December 2015, trade receivables amounting to RM18,269,000 (2014: RM359,000) for the Group and RM18,207,000 (2014: RM326,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At beginning of reporting period	359	36	326	7
Impairment of trade receivables during the financial year	17,946	360	17,884	327
Write back of impairment of trade receivables	(11)	(16)	0	(5)
Trade receivables written-off during the financial year	(25)	(21)	(3)	(3)
At end of reporting period	18,269	359	18,207	326

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with:				
Licensed banks	95,158	108,895	94,421	108,895
Other financial institutions	258,230	300,346	244,201	291,046
	353,388	409,241	338,622	399,941
Cash and bank balances	8,566	21,231	7,609	20,961
	361,954	430,472	346,231	420,902

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	
	2015 % per annum	2014 % per annum	2015 % per annum	2014 % per annum
Deposits placed with:				
Licensed banks	4.66	3.84	4.66	3.84
Other financial institutions	4.82	4.37	4.85	4.37

Deposits placed with licensed banks and other financial institutions of the Group and Company have an average maturity period of 20 days (2014: 22 days). Bank balances are deposits held at call with licensed banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

19. SHARE CAPITAL

	Group and Company 2015 RM'000	2014 RM'000
Authorised:		
1,999,999,900 (2014: 1,999,999,900) ordinary shares of RM0.50 each	1,000,000	1,000,000
100 (2014: 100) preference shares of RM0.50 each	0*	0*
	1,000,000	1,000,000
Issued and fully paid:		
1,284,000,000 (2014: 1,284,000,000) ordinary shares of RM0.50 each	642,000	642,000
	642,000	642,000

* Denotes RM50

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 Petroliam Nasional Berhad ("Special Shareholder" or "PETRONAS") which adopted the special rights attached to the RPS via amendments to the Memorandum and Articles of Association of the Company ("Articles").

Salient points of the RPS stated in the Articles are:

(a) The holder of the RPS or any holder acting on behalf of the Special Shareholder shall have the same rights as ordinary shareholders with regard to receiving notices of general meetings, reports and audited financial statements of the Company but shall carry no right to vote nor any other rights at any such meeting save and except where the right to vote is expressly provided in the Articles and/or the Bursa Malaysia Securities Berhad Listing Requirements ("the Listing Requirements");

(b) The Special Shareholder shall have the right to vote at any meeting convened in each of the following circumstances as provided for under the Listing Requirements:

- (i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months, if applicable;
- (ii) on a proposal to reduce the Company's share capital;
- (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (iv) on a proposal that affects rights attached to the RPS;
- (v) on a proposal to wind-up the Company; and
- (vi) during the winding-up of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

21. REDEEMABLE PREFERENCE SHARE (CONTINUED)

(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 (continued):

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

(i) Each of the following matters may only be effected with the consent in writing of the Special Shareholder:

(i) The amendment, or removal, or alteration of the effect of all or any of the following Articles:

(a) The definitions of RPS and Special Shareholder; and
(b) The rights of the RPS and Special Shareholder;

(ii) The voluntary winding-up, liquidation or dissolution of the Company;

(iii) The creation of a new category of shares in the Company;

(iv) Any proposal to reduce the share capital of the Company;

(v) A sale or disposal of the Company's assets where any of the percentage ratios of such transaction is 25% or more, such percentage ratios are to be calculated in accordance with the definition of "percentage ratios" as defined in the Listing Requirement;

(vi) Any acquisition of assets by the Company where any of the percentage ratios of such transaction is 25% or more, such percentage ratios are to be calculated in accordance with the definition of "present ratios" as defined in the Listing Requirements;

(vii) The change in nature of business and principal activities of the Company; and

(viii) The suspension of the whole of the Company's operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

22. DEFERRED TAXATION

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax assets:				
- Deferred tax assets to be recovered within 12 months	(36)	(13)	0	0
- Deferred tax assets to be recovered after more than 12 months	(1,143)	(1,924)	0	0
Total deferred tax assets	(1,179)	(1,937)	0	0
Deferred tax liabilities:				
- Deferred tax liabilities to be utilised within 12 months	1,058	9,133	1,058	9,133
- Deferred tax liabilities to be utilised after more than 12 months	157,233	152,497	157,233	152,497
Total deferred tax liabilities	158,291	161,630	158,291	161,630
Deferred tax liabilities (net)	157,112	159,693	158,291	161,630
At beginning of reporting period	159,693	168,379	161,630	170,763
Charged/(credited) to profit or loss (Note 10):				
- Unutilised tax losses	848	434	0	0
- Property, plant and equipment	929	(8,745)	1,017	(8,759)
- Provisions	(4,358)	(375)	(4,356)	(374)
	(2,581)	(8,686)	(3,339)	(9,133)
At end of reporting period	157,112	159,693	158,291	161,630
Subject to income tax:				
Deferred tax assets (before offsetting)				
- Unutilised tax losses	1,716	2,564	0	0
- Provisions	7,797	3,439	7,781	3,425
	9,513	6,003	7,781	3,425
Offsetting	(8,334)	(4,066)	(7,781)	(3,425)
Deferred tax assets (after offsetting)	1,179	1,937	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

22. DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	166,625	165,696	166,072	165,055
Offsetting	(8,334)	(4,066)	(7,781)	(3,425)
Deferred tax liabilities (after offsetting)	158,291	161,630	158,291	161,630

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	724,738	471,160	720,668	467,931
Other payables	10,672	5,749	8,213	4,594
Customers' deposits	67,947	40,948	58,202	31,563
Accruals	22,788	22,696	22,788	22,693
	826,145	540,553	809,871	526,781

Included in customers' deposits of the Group and Company is deferred revenue relating to capital contribution for pipelines construction amounting to RM37,696,275 (2014: RM15,810,056).

24. BORROWING (UNSECURED)

	Group and Company	
	2015 RM'000	2014 RM'000
Al-Murabahah Medium Term Notes ("MTN")	130,000	70,000
Analysis of repayment schedule:		
- Within 1 year	130,000	70,000

The MTN is constituted by a Trust Deed dated 12 August 2004 entered into by the Company and the trustee for the holders of the MTN.

On 30 April 2015, the Company completed the issuance of RM130,000,000 pursuant to the MTN programme under the Syariah principle of Al-Murabahah. The MTN issued has a tenure of one (1) year from the date of issuance with a profit rate of 3.95% per annum and is due on 29 April 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

24. BORROWING (UNSECURED) (CONTINUED)

On 27 November 2015, the Company completed the repayment of RM70,000,000 in nominal value of MTN pursuant to the MTN programme under the Syariah Principle of Al-Murabahah.

25. DIVIDENDS

Company	Per share 2015 sen	Per share 2014 sen	Total amount 2015 RM'000	Total amount 2014 RM'000
Dividends paid during the financial year:				
1) Interim dividend per ordinary share, single-tier – in respect of financial year ended 2015/14	3.50	5.00	44,940	64,200
2) Second interim dividend per ordinary share, single-tier – in respect of financial year ended 2014/13	4.00	3.00	51,360	38,520
3) Final dividend per ordinary share, single-tier – in respect of financial year ended 2014/13	4.06	4.36	52,130	55,982
	11.56	12.36	148,430	158,702
Dividends declared/proposed subsequent to year end:				
1) Second interim dividend per ordinary share, single-tier – in respect of financial year ended 2015/14	-	4.00	-	51,360
2) Final dividend per ordinary share, single-tier – in respect of financial year ended 2015/14	4.77	4.06	61,247*	52,130

At the forthcoming Annual General Meeting, the proposed final dividend in respect of the financial year ended 31 December 2015 will be proposed for shareholders' approval.

* The above proposed final dividend, upon approval by the shareholders, subsequent to year-end will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2016.

26. CAPITAL COMMITMENTS

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
In respect of purchase of property, plant and equipment:				
Authorised by the Board:				
- Not contracted for	86,245	117,169	86,245	117,169
- Contracted but not provided for in the financial statements	66,522	73,647	51,222	73,647

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

27. SIGNIFICANT RELATED PARTIES DISCLOSURES

The following transactions were carried out with related parties in addition to related parties disclosures mentioned elsewhere in the financial statements:

Related parties with which the Group and the Company transacted with and their relationship with the Group and the Company are as follows:

Related parties	Relationship	Country of incorporation
Indra Cita Sdn. Bhd.	Controlling party of MMC	Malaysia
MMC Corporation Berhad ("MMC")	Indirect substantial shareholder	Malaysia
Petronas Gas Berhad ("PGB")	Shareholder with significant influence over the Group	Malaysia
Petronas Dagangan Berhad ("PDB")	Fellow subsidiary of a shareholder with significant influence over the Group	Malaysia
Central Sugar Refinery Sdn. Bhd. ("CSR")	A subsidiary of Tradewinds (Malaysia) Berhad, a related company to controlling party of MMC	Malaysia
Petroliam Nasional Berhad ("PETRONAS")*	Holding company of a shareholder with significant influence over the Group	Malaysia
Johor Port Berhad ("Johor Port")	Subsidiary of MMC	Malaysia
Gula Padang Terap Sdn. Bhd. ("GPT")	A subsidiary of Tradewinds (Malaysia) Berhad, a related company to controlling party of MMC	Malaysia
Honda Malaysia Sdn. Bhd. ("Honda")	An associate of DRB-HICOM Berhad	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 related company to controlling party of MMC	Malaysia
Tradewinds International Insurance Brokers Sdn. Bhd. ("Tradewinds Insurance Broker")	A subsidiary of Tradewinds Corporation Berhad, a related company to controlling party of MMC	Malaysia
Tradewinds Travel Services Sdn. Bhd. ("Tradewinds Travel")	A subsidiary of Tradewinds Corporation Berhad, a related company to controlling party of MMC	Malaysia
Edaran Otomobil Nasional Berhad ("EON")	A subsidiary of DRB-HICOM Berhad, a related company to controlling party of MMC	Malaysia
Pos Malaysia Berhad ("Pos Malaysia")	A subsidiary of DRB-HICOM Berhad, a related company to controlling party of MMC	Malaysia

* PETRONAS owns 1 RPS in the Company. The rights of this RPS state that any variation to the matters within the Articles shall be effective only with written consent of the holder of the RPS as disclosed in Note 21.

PETRONAS is wholly owned by Government of Malaysia. Therefore, by virtue of PGB being a subsidiary of PETRONAS, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group and the Company.

There were no individually significant transactions and commitments with Government-related entities other than those that have been disclosed in the financial statements.

In addition to the above, the Group and the Company have transactions that are collectively, but not individually significant with other Government-related entities in respect of the provision of sales of natural gas as well as LPG in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

27. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(a) Sales and purchases of goods and services

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-trade expenses payable to MMC**	136	17	136	303
Gas sales to:				
CSR***	52,905	49,629	52,905	49,629
GPT***	16,757	26,819	16,757	26,819
Cash contribution for pipeline construction received from:				
SACSB**	4,408	0	4,408	0
Honda**	4,424	0	4,424	0
Purchase of LPG from PDB**	11,948	16,349	0	0
Purchase of natural gas from PETRONAS***	3,080,801	2,416,076	3,080,801	2,416,076
Tolling fee income earned from PETRONAS**	14,473	15,087	14,473	15,087
Cash contribution for Citygate construction paid to PETRONAS**	10,857	7,961	10,857	7,961
Wayleaves fee payable to Johor Port**	4	4	4	4
Rental fee on leased land payable to PGB**	30	30	30	30
Rental fee on lease of gas district station payable to PDB**	1	1	1	1
Purchase of airline tickets from Tradewinds Travel**	6	9	6	9
Provision for repair and purchase of motor vehicle from EON**	1,631	452	1,631	452
Provision for postage services from Pos Malaysia**	54	37	54	37

** The transactions have been entered into the normal course of business and have been established under negotiated terms agreed by both parties.

*** The transactions have been entered into based on regulated prices in Peninsular Malaysia which are set by Energy Commission of Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

27. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) Key management compensation

	Group and Company 2015 RM'000	Group and Company 2014 RM'000
Salaries and bonuses	9,651	8,305
Directors' fees	924	914
Defined contribution plan - contributions	1,240	1,167
Other benefits	741	730
	12,556	11,116

Key management compensation includes remuneration of Directors (Executive and Non-Executive) and senior management of the Group and Company.

28. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of all financial assets and liabilities of the Group and the Company at the end of the reporting period approximated their fair values.

29. SEGMENT REPORTING

The chief operating decision-maker, which consists of members of the Management Committee consider that its business consists of three operating segments which are the selling of natural and liquefied petroleum gas to industrial users and tolling fee for transportation of gas within Peninsular Malaysia. The reportable operating segment (which is an aggregation of the three operating segments) primarily derives its revenue from sales of natural gas as well as contribution from liquefied petroleum gas and tolling fee for transportation of gas. Others consist mainly of rental income earned which is within the Group. The Board assess the performance of the operating segment based on a measure of earnings before finance income, zakat, taxation, depreciation and amortisation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

29. SEGMENT REPORTING (CONTINUED)

	Natural Gas & LPG RM'000	Others RM'000	Total RM'000
31 December 2015			
Revenue:			
Total segment revenue - external	3,618,969	0	3,618,969
Results:			
Profit/(loss) before zakat and taxation	145,180	(1,620)	143,560
Finance income	(14,126)	0	(14,126)
Depreciation and amortisation	53,948	55	54,003
Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results)	185,002	(1,565)	183,437
Other information:			
Segment assets	2,086,343	4,253	2,090,596
Unallocated assets – taxation			1,179
Total assets			2,091,775
Segment liabilities	(956,134)	(11)	(956,145)
Unallocated liabilities - taxation			(163,709)
Total liabilities			(1,119,854)
Other disclosure:			
Capital expenditure	77,478	0	77,478
Depreciation	53,600	0	53,600
Amortisation of prepaid lease payments	348	55	403

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

29. SEGMENT REPORTING (CONTINUED)

	Natural Gas & LPG RM'000	Others RM'000	Total RM'000
31 December 2014			
Revenue:			
Total segment revenue - external	2,773,462	0	2,773,462
Results:			
Profit/(loss) before zakat and taxation	213,755	(634)	213,121
Finance income	(7,512)	0	(7,512)
Depreciation and amortisation	51,282	54	51,336
Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results)	257,525	(580)	256,945
Other information:			
Segment assets	1,784,842	4,308	1,789,150
Unallocated assets – taxation			1,937
Total assets			1,791,087
Segment liabilities	(610,544)	(9)	(610,553)
Unallocated liabilities - taxation			(167,540)
Total liabilities			(778,093)
Other disclosure:			
Capital expenditure	111,198	0	111,198
Depreciation	50,934	0	50,934
Amortisation of prepaid lease payments	348	54	402

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

30. EVENTS DURING THE FINANCIAL YEAR

a) On 28 April 2015, the Company entered into a Joint Venture Agreement ("JVA") with Sime Darby Offshore Engineering Sdn. Bhd. to undertake Biogas Compressed Natural Gas ("BioCNG") Distribution Business extracted from the palm oil mill effluent. The Company announced on 8 January 2016, that both parties have mutually agreed to extend the fulfillment of the Conditions Precedent of the JVA for another 90 days from 27 November 2015 to 26 February 2016. Consequently, on 16 March 2016, on announcement was made that both parties have mutually agreed to extend the period for the fulfillment of the Conditions Precedent of the JVA for another 90 days from 27 February 2016 to 26 May 2016.

b) On 29 June 2015, the Company acquired 2 ordinary shares of RM1 each, representing the entire issued and paid-up share capital of Gas Malaysia Ventures Sdn. Bhd., for a total cash consideration of RM2.

c) On 10 July 2015 and 23 November 2015, the Company subscribed 659,368 and 3,247,560 ordinary shares of RM1 each in Gas Malaysia IEV Sdn. Bhd. ("GMIEV"), an existing subsidiary of the Company. There is no changes in the percentage of ownership in GMIEV after the subscription of additional shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

31. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of retained profits or accumulated losses into realised and unrealised on Group and Company basis, in the annual audited financial statements. The retained profits as at reporting date are analysed as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits of the Company and its subsidiary companies:				
- Realised	487,822	531,187	500,834	546,297
- Unrealised	(157,112)	(159,693)	(158,291)	(161,630)
Total accumulated losses from joint venture:				
- Realised	(1,984)	(500)	0	0
	328,726	370,994	342,543	384,667

The determination of realised and unrealised profits is compiled based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for purposes of complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities and should not be applied for other purposes.

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2016

Class of Securities	:	Ordinary shares of RM0.50 each and preference shares of RM0.50 each
Authorised Share Capital	:	RM1,000,000,000.00 divided into 1,999,999,900 ordinary shares of RM0.50 each and 100 preference shares of RM0.50 each
Issued Paid-up Capital	:	RM642,000,000.50 divided into 1,284,000,000 ordinary shares of RM0.50 each and 1 redeemable preference share of RM0.50 each
Voting Rights	:	(i) One vote for every ordinary share (ii) No voting right for redeemable preference share save as circumstances as provided in the Articles of Association of the Company
No. of Shareholders	:	6,130

SUBSTANTIAL SHAREHOLDERS (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Shares			
	Direct	%	Indirect	%
Anglo – Oriental (Annuities) Sdn Bhd	397,179,040	30.93	-	-
Tokyo Gas – Mitsui & Co Holdings Sdn Bhd	237,546,000	18.50	-	-
PETRONAS Gas Berhad	190,010,000	14.80	-	-
Lembaga Tabung Haji	95,608,400	7.45	-	-
MMC Corporation Berhad[(1)]	-	-	397,179,040	30.93
Tokyo Gas International Holdings B.V.[(2)]	-	-	237,546,000	18.50
Mitsui & Co. (Asia Pacific) Pte Ltd[(3)]	-	-	237,546,000	18.50
Petroliam Nasional Berhad[(4)]	-	-	190,010,000	14.80
Minister of Finance (Incorporated)[(5)]	-	-	190,010,000	14.80

Notes:

(1) Deemed interest through its shareholding in Anglo – Oriental (Annuities) Sdn Bhd
(2) Deemed interest through its shareholding in Tokyo Gas – Mitsui & Co Holdings Sdn Bhd
(3) Deemed interest through its shareholding in Tokyo Gas – Mitsui & Co Holdings Sdn Bhd
(4) Deemed interest through its shareholding in PETRONAS Gas Berhad
(5) Deemed interest through its shareholding in Petroliam Nasional Berhad

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Held
Less than 100 shares	48	0.78	445	0.00
100 to 1,000	1,358	22.15	1,141,806	0.09
1,001 to 10,000	3,544	57.82	15,320,700	1.19
10,001 to 100,000	1,014	16.54	26,667,375	2.08
100,001 to less than 64,199,999 issued shares	162	2.64	320,526,234	24.96
64,200,000 and above of issued shares	4	0.07	920,343,440	71.68
TOTAL	**6,130**	**100.00**	**1,284,000,000**	**100.00**

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2016 (CONTINUED)

DIRECTORS' SHAREHOLDING (AS PER REGISTER OF DIRECTORS' SHAREHOLDING)

	No. of Shares			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Datuk Haji Hasni bin Harun	-	-	-	-
Dato' Sri Che Khalib bin Mohamad Noh	-	-	-	-
Shigeru Muraki	-	-	-	-
Hisashi Nakamura (Alternate Director to Shigeru Muraki)	-	-	-	-
Yasushi Sakakibara (Alternate Director to Shigeru Muraki)	-	-	-	-
Yusa' bin Hassan	-	-	-	-
Aida Aziza binti Mohd Jamaludin (Alternate Director to Yusa' bin Hassan)	-	-	-	-
Shazali bin Dato' Haji Shahrani	-	-	-	-
Dato' Rosthman bin Ibrahim (Alternate Director to Shazali bin Dato' Haji Shahrani)	-	-	-	-
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	397,179,040	30.93
2.	Tokyo Gas – Mitsui & Co. Holdings Sdn Bhd	237,546,000	18.50
3.	PETRONAS Gas Berhad	190,010,000	14.80
4.	Lembaga Tabung Haji	95,608,400	7.45
5.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	44,231,800	3.44
6.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Shapadu Corporation Sdn Bhd	41,450,778	3.23
7.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	35,878,800	2.79
8.	Kumpulan Wang Persaraan (Diperbadankan)	16,981,000	1.32
9.	Amanahraya Trustees Berhad AS 1Malaysia	16,932,300	1.32
10.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	15,870,700	1.24

SHAREHOLDING STATISTICS
AS AT 15 MARCH 2016 (CONTINUED)

TOP 30 SECURITIES ACCOUNT HOLDERS (CONTINUED)

(Without aggregating the securities from different securities accounts belonging to the same Depositor) (continued)

No.	Name	No. of Shares Held	% of Shares Held
11.	Shapadu Corporation Sdn Bhd	15,382,401	1.20
12.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	10,869,000	0.85
13.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	9,744,400	0.76
14.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt an for AIA Bhd.	6,942,600	0.54
15.	Amanahraya Trustees Berhad Public Islamic Equity Fund	5,175,000	0.40
16.	Amanahraya Trustees Berhad Public Dividend Select Fund	4,835,100	0.38
17.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AMUNDI)	4,000,000	0.31
18.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (U.S.A.)	3,856,974	0.30
19.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt an for Eastspring Investments Berhad	3,750,900	0.29
20.	Koperasi Permodalan Felda Malaysia Berhad	3,451,000	0.27
21.	Goh Choon Kim	3,323,800	0.26
22.	CIMB Commerce Trustee Berhad Public Focus Select Fund	3,059,600	0.24
23.	HSBC Nominees (Asing) Sdn Bhd Exempt an for Credit Suisse (SG BR-TST-ASING)	3,028,800	0.24
24.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)	2,970,300	0.23
25.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	2,788,100	0.22
26.	PM Nominees (Tempatan) Sdn Bhd For Bank Kerjasama Rakyat Malaysia Berhad	2,536,500	0.20
27.	Shapadu Corporation Sdn Bhd	2,450,981	0.19
28.	Amanahraya Trustees Berhad Public Equity Fund	2,406,400	0.19
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Goh Leng Pheow	2,026,200	0.16
30.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHBISLAMIC)	2,000,000	0.16
	TOTAL	**1,186,286,874**	**92.39**

LIST OF PROPERTIES

Pursuant to Appendix 9C Part A (25) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

No.	Location	Description/ Existing use	Tenure	Area (Acres)	Net book value as at 31 December 2015 (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	6,667	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	282	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	1,866	21	2009
4.	No. Hakmilik : 26774, Lot No. 85 No. 20, Jalan Gurney 54100 Kuala Lumpur	Office	Freehold	0.017767	4,167	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	2,135	20	1995

LIST OF PROPERTIES (CONTINUED)

Pursuant to Appendix 9C Part A (25) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Continued)

No.	Location	Description/ Existing use	Tenure	Area (Acres)	Net book value as at 31 December 2015 (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	9,531	-	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	232	-	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	1,376	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	167	19	1995
10.	HS(M) 1457 PT 2957 Mukim 06 Seberang Perai Tengah Pulau Pinang	Vacant land	Freehold	3.02	7,732	-	2012

ADMINISTRATIVE DETAILS

Administrative details for the Twenty-Fifth Annual General Meeting ("25th AGM") of Gas Malaysia

Date : 11 May 2016
Time : 3.00 p.m.
Venue : Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia

PARKING

Parking for visitors is available at the parking bays of the Hotel. Parking fee will be borne by Gas Malaysia. Visitors are to exchange their entry tickets with exit tickets at the designated counter outside the Ballroom.

REGISTRATION

- Registration will start at 1.00 p.m. and registration counters will remain open until the conclusion of the 25th AGM or such time as may be determined by the Chairman of the meeting.
- Please read the signage placed around the Hotel to ascertain where you should register for the meeting and join the queue accordingly.
- Please produce your original Identity Card ("IC") during the registration for verification and ensure that you collect your IC thereafter.
- After the verification and registration, you will be given an identification tag. No person will be allowed to enter the Ballroom without the identification tag.

REFRESHMENTS

- Light refreshment will be served outside Mahkota II before the commencement of the 25th AGM.

DOOR GIFTS/MEAL VOUCHER

- Meal vouchers will be distributed at the 25th AGM.

GENERAL MEETING RECORD OF DEPOSITORS

- For the purpose of determining members who shall be entitled to attend the 25th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 4 May 2016. Only depositors whose names appear on the Record of Depositors as at 4 May 2016 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on their behalf.

PROXY FORM

TWENTY-FIFTH ANNUAL GENERAL MEETING

Number of Ordinary Share(s) held	
CDS Account No.	

A Member of MMC Group

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

I/We, ______________________________ NRIC No./Passport No./Company No. ______________________
(FULL NAME OF SHAREHOLDER IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being a member/members of GAS MALAYSIA BERHAD, hereby appoint:

	Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy 1				or failing him/her
Proxy 2				or failing him/her

*the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company, to be held at Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Wednesday, 11 May 2016 at 3.00 p.m. and, at any adjournment thereof, on the following resolutions referred to in the notice of the Annual General Meeting:

(Please indicate "X" in the appropriate box against each Resolution as to how you wish your proxy/proxies to vote. If you do not do so, the proxy may vote or abstain from voting at his/her discretion.)

AGENDA

1.	To receive the Audited Financial Statements and the Reports of the Directors and Auditors			
	Ordinary Business		**For**	**Against**
2.	Declaration of Dividend	Ordinary Resolution 1		
3.	Re-election of Director – Encik Tan Lye Chong	Ordinary Resolution 2		
4.	Re-election of Director – Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Ordinary Resolution 3		
5.	Re-election of Director – Datuk Ooi Teik Huat	Ordinary Resolution 4		
6.	Re-appointment of Auditors	Ordinary Resolution 5		
	Special Business			
7.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 6		

* Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.

Dated this ____________ day of ____________ 2016.

Contact No. ______________________________

____
Signature of Member and/or Common Seal

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. 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.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. Where there are two or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5. The instrument appointing a proxy or corporate representative or the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 4 May 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

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EXPLANATORY NOTES:

A. Agenda item no.1 is meant for discussion only as the provision of Section 169(1) of the Act, does not require shareholders' approval for the Audited Financial Statements. Hence, this item on the Agenda will not be put forward for voting.

B. The Ordinary Resolution 6, if passed, will benefit the Company by facilitating the Company and its subsidiaries ("the Group") to enter into transactions with Related Parties specified in Section 2.4 of the Circular to Shareholders dated 18 April 2016 in the ordinary course of the Group's business on commercial terms, in a timely manner and will enable the Group to continue to carry out recurrent related party transactions necessary for the Group's day-to-day operations.

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Gas Malaysia Berhad
Annual General Meeting
11 May 2016

STAMP
HERE

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

fold here

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