GAS MALAYSIA

A Member of MMC Group

EMBRACING CHALLENGES AND STANDING TALL

ANNUAL REPORT 2018

VISION

TO BE AN INNOVATIVE VALUE-ADDED
ENERGY SOLUTIONS PROVIDER

MISSION

TO PROVIDE THE CLEANEST, SAFEST,
COST-EFFECTIVE AND RELIABLE ENERGY SOLUTIONS
TO THE NATION

WHAT'S INSIDE

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting ("AGM") of Gas Malaysia Berhad ("the Company") will be held at the **Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia** on **Thursday, 16 May 2019 at 3.00 p.m.** or any adjournment thereof, for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon. **(Refer Explanatory Note A)**

2. To declare a single-tier final dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 December 2018. **(Refer Explanatory Note B)** **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire in accordance with Article 95(1) of the Company's Articles of Association and who being eligible offer themselves for re-election:

   (i) Sharifah Sofia binti Syed Mokhtar Shah **(Ordinary Resolution 2)**
   (ii) Nobuhisa Kobayashi **(Ordinary Resolution 3)**

4. To re-elect the following Directors who retire by rotation in accordance with Article 95(2) of the Company's Articles of Association and who being eligible offer themselves for re-election:

   (i) Tan Lye Chong **(Ordinary Resolution 4)**
   (ii) Datuk Syed Abu Bakar bin S Mohsin Almohdzar **(Ordinary Resolution 5)**
   (iii) Datuk Ooi Teik Huat **(Ordinary Resolution 6)**

5. To approve the payment of Directors' fees and any benefits payable to the Directors from 17 May 2019 to the next AGM of the Company of an amount up to RM2,000,000.00. **(Refer Explanatory Note C)** **(Ordinary Resolution 7)**

6. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

AS SPECIAL BUSINESS

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

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES** **(Ordinary Resolution 9)**

   "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 2.4.1 of Part A of the Circular to Shareholders dated 17 April 2019, 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 AGM of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

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

whichever is the earlier.

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

8. PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY (PROPOSED ADOPTION) **(Special Resolution)**
"That approval be and is hereby given for the Company to adopt the new Constitution in the form and manner as set out in Appendix II of the Circular to Shareholders dated 17 April 2019, in place of the existing Constitution AND That the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."
(Refer Explanatory Note E)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a single-tier final dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 December 2018, if approved by the shareholders at the AGM, will be paid on 3 July 2019 to the shareholders whose name appear in the Record of Depositors of the Company at the close of business on 10 June 2019.

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 10 June 2019 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
17 April 2019

NOTICE OF
ANNUAL GENERAL MEETING

NOTES:

APPOINTMENT OF PROXY

1. In respect of deposited securities, only members whose names appear on the Record of Depositors on 10 May 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

2. A member of the Company shall be entitled to appoint another person as his/her proxy to attend, participate, speak and vote at the meeting in his stead. A proxy need not be a member of the Company.

3. A member shall not be entitled to appoint more than two proxies. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

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

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

6. The instrument appointing a proxy or corporate representative or the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than Wednesday, 15 May 2019 at 3.00 p.m.

EXPLANATORY NOTES:

A. The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act and does not require approval of shareholders. This item is meant for discussion only under the Agenda and hence, will not be put for voting.

B. Pursuant to Section 131 of the Act, the distribution to the shareholders (Final Dividend) can only be made out of profits of the company available if the company is solvent.

   The Board had on 14 March 2019 considered the amount of final dividend and decided to recommend the same for the shareholders' approval.

   The Directors of Gas Malaysia are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made on 3 July 2019 in accordance with the requirements under Section 132(2) and (3) of the Act.

C. Section 230(1) of the Act provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 28th AGM on the Directors' remuneration as follows:

   - Ordinary Resolution 7 on payment of Directors' fees and any benefits payable to the Directors in respect of period commencing from 17 May 2019 to the next AGM of the Company tentatively to be held in May 2020.

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

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

- Shareholders had approved the payment of Directors' fees and any benefits payable to the Directors for the period commencing 11 May 2018 to 16 May 2019 of an amount up to RM2,000,000.00 at the 27th AGM of the Company which was held on 10 May 2018. The total Directors' fees and any benefits paid for the financial year 2018 was RM889,333.00 and RM707,167.00 respectively.

D. **Ordinary Resolution 9 – Proposed Renewal of Existing Shareholders' Mandate**
The Ordinary Resolution 9, 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 2.4.1 of Part A of the Circular to Shareholders dated 17 April 2019 in the ordinary course of the Group's business on normal commercial terms, in a timely manner and will enable the Group to continue to carry out recurrent related party transactions necessary for the Group's day-to-day operations.

E. **Special Resolution – Proposed Adoption of a New Constitution of the Company (Proposed Adoption)**
The Proposed Adoption is to be in line with the Act, the updated provisions of the Listing Requirements and other prevailing statutory and regulatory requirements. The new Constitution shall take effect once the proposed Special Resolution is approved by a majority of not less than 75% of such members who are entitled to attend and vote at the Company's 28th AGM.

STATEMENT ACCOMPANYING **NOTICE OF ANNUAL GENERAL MEETING**

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

The Directors who are standing for re-election in accordance with Article 95(1) of the Company's Articles of Association:

(a) Cik Sharifah Sofia binti Syed Mokhtar Shah; and
(b) Encik Nobuhisa Kobayashi.

The profiles of the abovenamed Directors are stated in the Directors' Profile on pages 42 and 43 of this Annual Report. None of the abovenamed Directors has any interest in the securities of the Company or its subsidiaries.

ABOUT **US**

Gas Malaysia Berhad ("Gas Malaysia" or "the Group") was established on 16 May 1992 to sell, market and distribute natural gas as well as to develop, operate and maintain the Natural Gas Distribution System within Peninsular Malaysia. We are licensed under the Gas Supply Act 1993 to supply and sell reticulated natural gas in Peninsular Malaysia. Successively, on 15 December 2000, we were granted the licence to supply and sell reticulated Liquefied Petroleum Gas ("LPG").

Over the years, Gas Malaysia has progressed to providing industry leadership in meeting the nation's growing energy needs. As at 31 December 2018, Gas Malaysia operates and maintains 2,334 kilometres of gas pipeline across Peninsular Malaysia, supplying natural gas to 888 industrial customers, 1,021 commercial customers and 12,690 residential customers; and supplying LPG to 1,310 commercial customers and 22,013 residential customers. In total, our customer base stands at 37,922.

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

ABOUT **US**

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

Over the years, Gas Malaysia has enhanced its commercial potential by diversifying into the non-regulated sphere of the gas distribution business. To date via our subsidiary and joint venture companies, namely Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Virtual Pipeline Sdn Bhd, Sime Darby Gas Malaysia BioCNG Sdn Bhd and the latest addition Gas Malaysia Synergy Drive Sdn Bhd, we are focused on creating new demand for natural gas and fulfilling customers' energy requirements, ultimately expanding our customer base ensuring sustainable growth.

In aligning to our well-balanced sustainable growth strategy, the core business will continue to be the main driver in spearheading Gas Malaysia to greater heights while the non-core business, via our subsidiary and joint venture companies, shall continue to provide an additional thrust to Gas Malaysia's business growth.

CORPORATE **MILESTONES**

1992

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

16 MAY
Incorporated as a private company

1997

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

1998

1 SEPTEMBER
Obtained the Gas Utility License

2003

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

1 JUNE
Achieved two million man hours without lost time injury

2007

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

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

2009

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

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

CORPORATE MILESTONES

2011

19 AUGUST
Converted into a public company

2012

23 FEBRUARY
Signed the new Gas Supply Agreement with PETRONAS

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

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

2014

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

8 MAY
Awarded the certificate for implementing Information Security Management System by SIRIM which comply with ISO/IEC 27001:2007 and ISO/IEC 27001:2013

2015

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

7 DECEMBER
Signed the Memorandum of Understanding ("MoU") with Sabah Energy Corporation to explore the opportunities in harnessing and distributing Bio Compressed Natural Gas ("BioCNG") in Sabah

2016

10 JULY
SDGMBioCNG started supplying BioCNG to its first customer

24 OCTOBER
GMIEV started supplying Compressed Natural Gas to its first customer

2017

20 JANUARY
GMEA commenced operations supplying to its first customer in Perai

7 NOVEMBER
Signed a JVA between Gas Malaysia Venture 1 Sdn Bhd and Sime Darby Offshore Engineering Sdn Bhd to undertake another business of Combined Heat and Power system to industries in Malaysia

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

2018

22 FEBRUARY
Entered into a Pipeline Development Agreement with the Perak State Government for Gas Malaysia to develop, operate and own the Natural Gas Distribution System network measuring approximately 140 kilometres in the Kinta Valley region

12 JULY
Signed the MoU with Tokyo Gas Co. Ltd. to establish a mutual-beneficial cooperation and collaboration between both parties in relation to any new investment in the development of natural gas value chain in the entire South East Asia, except Vietnam

4 DECEMBER
The incorporation of Gas Malaysia Synergy Drive Sdn Bhd ("GMSD"). GMSD is part of a business venture which began in the last quarter of 2017, where we entered into a JVA with our business partner Sime Darby Energy Solutions Sdn Bhd (previously known as Sime Darby Offshore Engineering Sdn Bhd)

SUPPLIED AREAS

NORTHERN REGION

PERLIS
Arau
Chuping

KEDAH
Kulim
Kuala Ketil
Kuala Nerang

PENANG
Bukit Minyak
Mak Mandin
Nibong Tebal
Perai
Simpang Ampat

PERAK
Kamunting
Lumut
Parit Buntar
Sitiawan
Teluk Intan

EASTERN REGION

PAHANG
Gebeng
Kuantan Port

TERENGGANU
Kerteh
Teluk Kalong

CENTRAL REGION

NEGERI SEMBILAN
Enstek
Nilai
Senawang
Sendayan
Seremban 2

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

FEDERAL TERRITORY OF KUALA LUMPUR

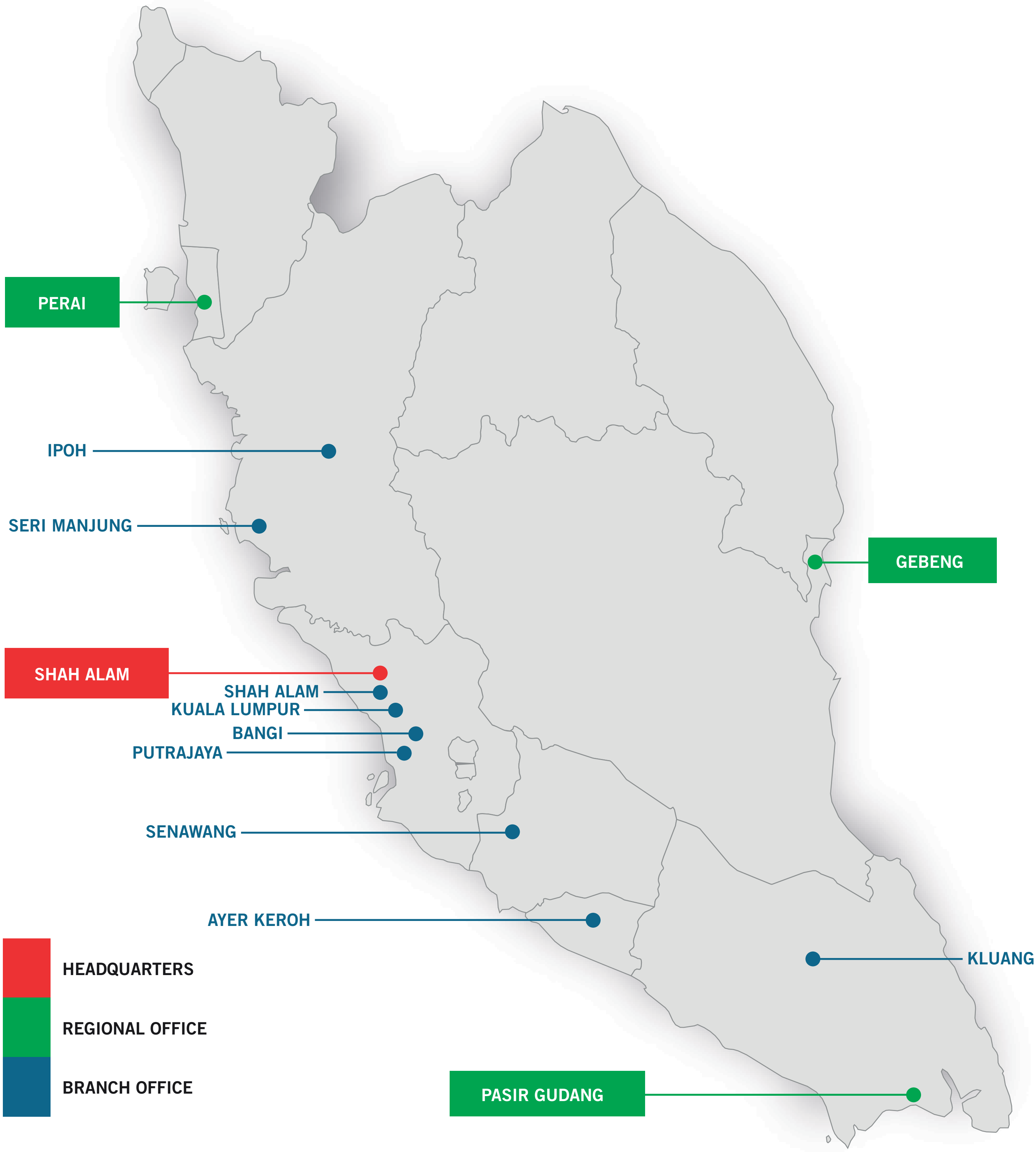
FEDERAL TERRITORY OF PUTRAJAYA

SOUTHERN REGION

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

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

SUPPLIED **AREAS**



CORPORATE **INFORMATION**

BOARD OF DIRECTORS

DATUK HAJI HASNI BIN HARUN
Chairman
Independent Non-Executive Director

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

SHARIFAH SOFIA BINTI SYED MOKHTAR SHAH
Non-Independent Non-Executive Director

NOBUHISA KOBAYASHI
Non-Independent Non-Executive Director

KAMALBAHRIN BIN AHMAD
Non-Independent Non-Executive Director

TAN LYE CHONG
Independent Non-Executive Director

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

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

DATUK OOI TEIK HUAT
Independent Non-Executive Director

TOMOAKI YOKOYAMA
Alternate Director to Nobuhisa Kobayashi
Non-Independent Non-Executive Director

SHARIZA SHARIS BINTI MOHD YUSOF
Alternate Director to Kamalbahrin bin Ahmad
Non-Independent Non-Executive Director

AUDIT COMMITTEE

TAN LYE CHONG
(Chairman)

DATUK PUTEH RUKIAH BINTI ABD. MAJID

DATUK OOI TEIK HUAT

NOMINATION & REMUNERATION COMMITTEE

DATUK HAJI HASNI BIN HARUN
(Chairman)

DATUK PUTEH RUKIAH BINTI ABD. MAJID

DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

RISK & COMPLIANCE COMMITTEE

NOBUHISA KOBAYASHI
(Chairman)

DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

KAMALBAHRIN BIN AHMAD

CORPORATE INFORMATION

CHIEF EXECUTIVE OFFICER

AHMAD HASHIMI BIN ABDUL MANAP

COMPANY SECRETARIES

YANTI IRWANI BINTI ABU HASSAN (MACS 01349)

NOOR RANIZ BIN MAT NOR (MAICSA 7061903)

INVESTOR RELATIONS

ABDUL HALIM BIN ALIAS
Email address : investor@gasmalaysia.com

REGISTERED OFFICE & HEAD OFFICE

No. 5, Jalan Serendah 26/17
Seksyen 26
40732 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : (603) 5192 3000
Fax : (603) 5192 6766 / 6749
Website address : www.gasmalaysia.com
Email address : enquiries@gasmalaysia.com

SHARE REGISTRAR & DIVIDEND SERVICE PROVIDER

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Helpdesk Tel : (603) 7849 0777
Fax : (603) 7841 8151 / 52
Email address : BSR.Helpdesk@boardroomlimited.com

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
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

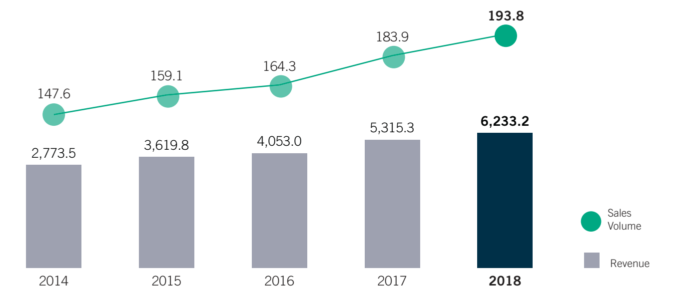
Bursa Malaysia Securities Berhad
(Main Market)
Listed since 11 June 2012
Stock Name : GASMSIA
Stock Code : 5209

FIVE-YEAR **FINANCIAL SUMMARY**

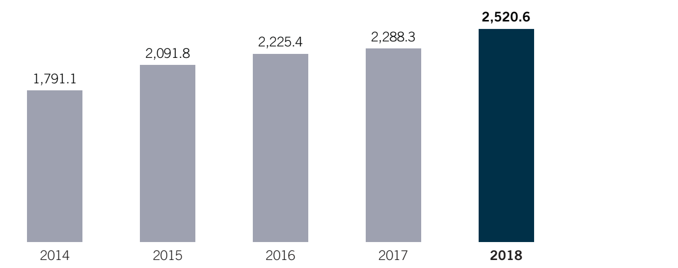
	2014	2015	2016	2017 Restated	2018
Sales Volume (MMBtu Million)	147.6	159.1	164.3	183.9	**193.8**
KEY OPERATING RESULTS (RM Million)					
Revenue	2,773.5	3,619.8	4,053.0	5,315.3	**6,233.2**
Profit Before Zakat and Tax (“PBZT”)	213.1	143.6	212.8	214.7	**234.1**
Profit After Zakat and Tax (“PAZT”)	167.6	106.1	164.4	160.7	**180.4**
Profit After Zakat, Tax and Minority Interests	167.6	106.2	165.1	161.1	**180.4**
PROFIT AS % OF REVENUE					
PBZT	8%	4%	5%	4%	**4%**
PAZT	6%	3%	4%	3%	**3%**
KEY FINANCIAL POSITION DATA (RM Million)					
Total Assets	1,791.1	2,091.8	2,225.4	2,288.3	**2,520.6**
Shareholders’ Funds	1,013.0	970.7	1,020.2	1,016.8	**1,024.1**
Total Liabilities	778.1	1,119.9	1,204.8	1,271.5	**1,496.4**
Paid-up Capital	642.0	642.0	642.0	642.0	**642.0**
KEY FINANCIAL RATIOS					
Revenue per Employee (RM Million)	6.899	8.026	8.773	10.914	**12.367**
PBZT per Employee (RM Million)	0.530	0.318	0.461	0.441	**0.464**
PAZT per Employee (RM Million)	0.417	0.235	0.356	0.330	**0.358**
Earnings per Share (Sen)	13.1	8.3	12.9	12.5	**14.0**
Dividend per Share (Sen)	13.1	8.3	12.9	13.0	**13.5**
Net Tangible Assets per Share (Sen)	78.9	75.6	79.5	79.2	**79.8**
HUMAN RESOURCE					
Number of Employees	402	451	462	487	**504**

FIVE-YEAR FINANCIAL SUMMARY

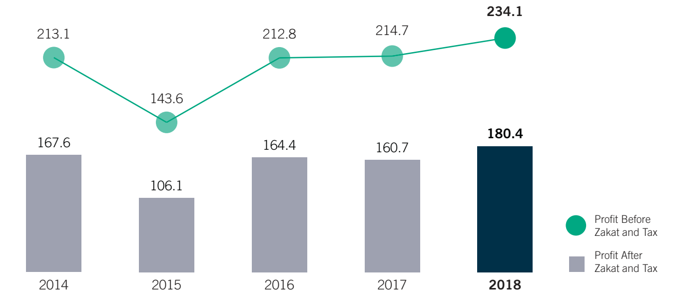
SALES VOLUME (MMBtu Million)
REVENUE (RM Million)



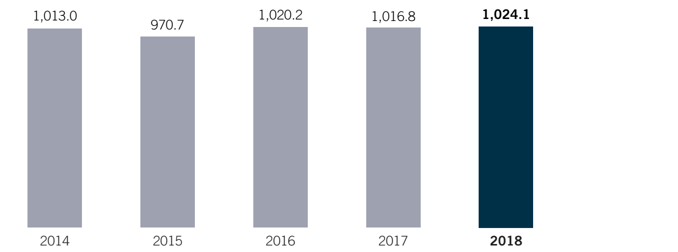
TOTAL ASSETS (RM Million)



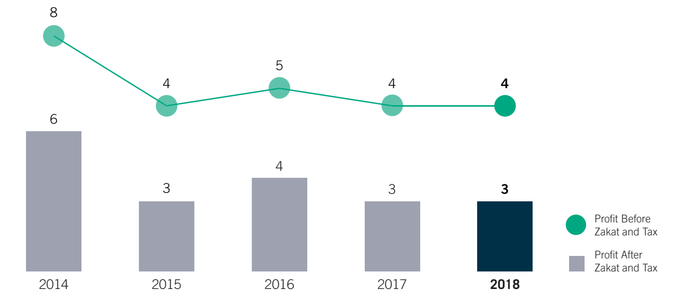
PROFIT (RM Million)



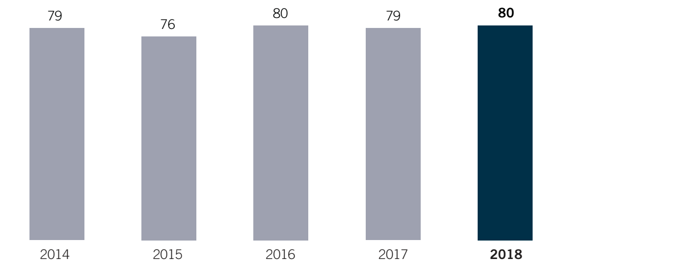
SHAREHOLDERS' FUNDS (RM Million)



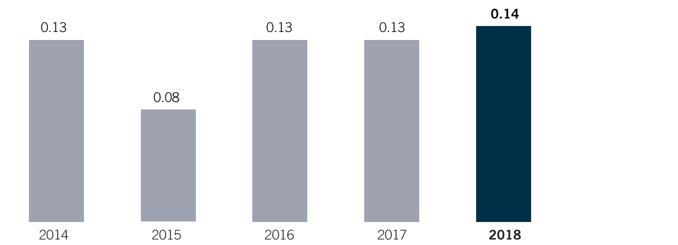
PROFIT AS % OF REVENUE (%)



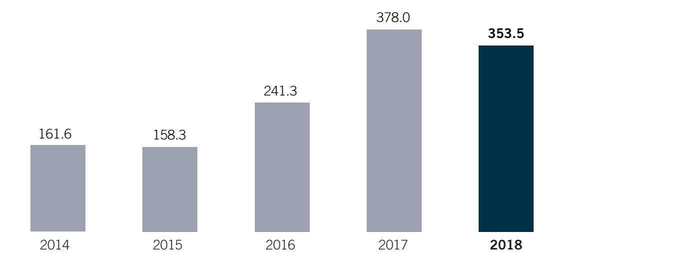
NET TANGIBLE ASSETS PER SHARE (Sen)



EARNINGS PER SHARE (RM)



LONG TERM LIABILITIES (RM Million)



Note: The 2017 financials have been restated following the adoption of MFRS 15.

INVESTOR **RELATIONS**

FINANCIAL CALENDAR

16 May 2019
Annual General Meeting

10 June 2019*
Entitlement to 2018 Final Dividend

3 July 2019*
Payment of 2018 Final Dividend

* These dates are subject to shareholders' approval on 16 May 2019.

FINANCIAL YEAR ENDED 31 DECEMBER 2018

Announcement of results:

1st quarter
28 MAY 2018

2nd quarter
8 AUGUST 2018

3rd quarter
14 NOVEMBER 2018

4th quarter
14 FEBRUARY 2019

DIVIDENDS

	Quantum (sen)	Entitlement Date	Payment Date
First Interim	4.5	30 August 2018	26 September 2018
Second Interim	4.5	11 March 2018	28 March 2018
Final Dividend	4.5*	10 June 2019	3 July 2019

INVESTMENT INDICATORS

	FY2017	FY2018
Total Assets (RM million)	2,288.3	2,520.6
Shareholders' Funds (RM million)	1,016.8	1,024.1
Revenue (RM million)	5,315.3	6,233.2
Profit Before Zakat and Tax (RM million)	214.7	234.1
Profit After Zakat, Tax and Minority Interests (RM million)	161.1	180.4
Earnings per Share (sen)	12.5	14.0
Dividend per Share (sen)	13.0	13.5*
Net Tangible Assets per Share (sen)	79.2	79.8
Share Price (RM)	2.89	2.83
Market Capitalisation (RM billion)	3.71	3.63

* Subject to shareholders' approval of Ordinary Resolution 1 at the 28th Annual General Meeting on 16 May 2019.

COMMUNICATING WITH OUR STAKEHOLDERS

Gas Malaysia through its Investor Relations Unit, under Corporate Affairs Department, plays a significant role in ensuring effective communication between Gas Malaysia and its stakeholders. In the most practical way possible, we maintain continuous engagement with the investment fraternity and other stakeholders, disseminating timely, relevant and accurate information on the Group's performance, strategies and prospect.

What our stakeholders have asked us this year

- Overseas expansion plan and its debt/equity structure
- Prospect of the core business (regulated business)
- Guidance on gas volume growth
- Earnings and risk profile of the unbundled business (regulated business) i.e. the distribution and shipper functions under the TPA
- Prospect of the non-core business: Virtual Pipeline, Combined Heat & Power and BioCNG
- Sustainability of high dividend payout ratio
- Third Party Access ("TPA")
- Gas price position post TPA
- Tariff structure
- Incentive-Based Regulation ("IBR") Framework post TPA

ENGAGEMENT ACTIVITIES IN 2018

Plant Visit

Plant visit to Gas Malaysia Energy Advance Sdn Bhd ("GMEA")'s Combined Heat and Power ("CHP") Plant with investors.

One-on-one Meetings (54)
Group Meetings (15)

ANALYSTS

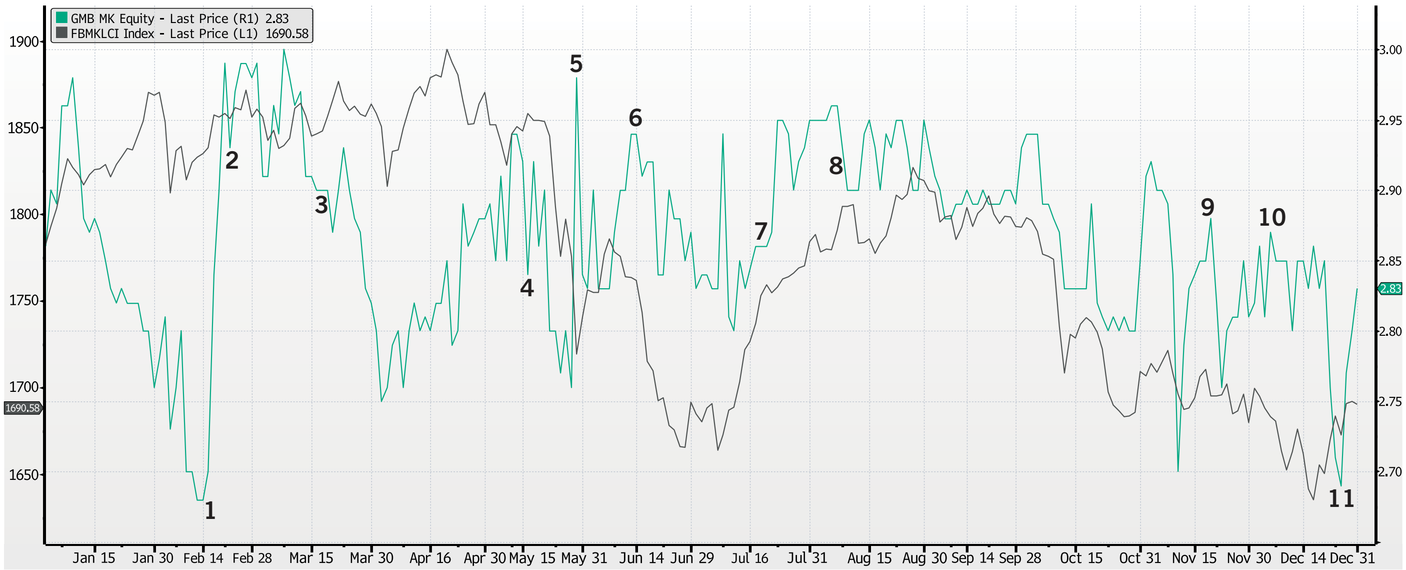
- Affin Capital
- Alliance DBS
- BIMB Securities
- CIMB Investment Bank
- CLSA Securities
- Kenanga Investment Bank
- Maybank Kim Eng
- Macquarie Capital
- MIDF Investment
- UOB Kay Hian

FUND MANAGERS

- Aiiman Asset Management
- Capital Dynamics
- CIMB Principal
- DBS Vickers
- Eastspring
- EPF
- Hong Leong
- HSBC
- InterPac Asset Management
- KAF Research
- KWAP
- LTH
- Maybank
- PNB
- Pacific Mutual
- Public Mutual
- TA Securities
- Valuecap

INVESTOR RELATIONS

GAS MALAYSIA BERHAD VS FBMKLCI INDEX



SIGNIFICANT EVENTS THROUGHOUT 2018

	Date	Events
1	15 Feb 2018	4Q FY2017 Financial Results and second interim dividend for FY2017
2	22 Feb 2018	Pipeline Development Agreement between Gas Malaysia Berhad and Perak State Government
3	15 Mar 2018	Final dividend for FY2017
4	10 May 2018	27th Annual General Meeting
5	28 May 2018	1Q FY2018 Financial Results
6	13 Jun 2018	Natural Gas Tariff revision for Non-Power sector
7	12 July 2018	MoU between Gas Malaysia Berhad and Tokyo Gas Co. Ltd.
8	8 Aug 2018	2Q FY2018 Financial Results and first interim dividend for FY2018
9	14 Nov 2018	3Q FY2018 Financial Results
10	4 Dec 2018	The incorporation of Gas Malaysia Synergy Drive Sdn Bhd
11	26 Dec 2018	Natural Gas Tariff revision for Non-Power sector

2018 MONTHLY TRADING VOLUME & HIGHEST-LOWEST SHARE PRICE OF GAS MALAYSIA BERHAD

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Average Volume ('000)	302,250	669,471	270,440	401,320	579,541	187,252	192,120	538,320	513,707	294,272	160,205	155,600
Highest (RM)	2.98	2.99	3.00	2.89	2.98	2.94	2.95	2.96	2.93	2.94	2.92	2.87
Lowest (RM)	2.76	2.68	2.82	2.75	2.76	2.83	2.80	2.90	2.88	2.80	2.70	2.69

ANALYST COVERAGE

As at 31 December 2018, there were 10 research houses that provided active coverage on Gas Malaysia. The summary is as follows:

	Broker/Analysts	Recommendation	Target Price (RM)
1	Affin Hwang Capital	Hold	3.00
2	Alliance DBS	Hold	2.85
3	BIMB Securities	Buy	3.50
4	CIMB Securities	Buy	3.18
5	CLSA	Hold	2.90
6	Kenanga Investment Bank	Hold	3.05
7	Macquarie Capital	Hold	2.80
8	Maybank Kim Eng	Hold	3.00
9	MIDF Amanah	Buy	3.50
10	UOB Kay Hian	Hold	2.90

SHARE PRICE PERFORMANCE

Opening Price on 2 Jan 2018	Closing Price on 29 Dec 2018	Lowest Price on 13 Feb 2018	Highest Price on 8 Mar 2018
RM2.86	RM2.83	RM2.68	RM3.00

IN THE **MEDIA**

Gas Malaysia 4Q earnings a positive surprise on gas sales

Gas Malaysia Bhd (Feb 19, RM2.84)

Upgrade to buy with a higher target price (TP) of RM2.97: Gas Malaysia Bhd's headline profit surged 57% year-to-year (y-o-y) to RM77 million in the fourth quarter of 2017 (4QFY17) due to an increase in gas sales volume and an upward revision of gas tariff. For the full year, the higher core net profit (+18% y-o-y) was attributable to: an increase in gas sales volume on the back of robust manufacturing activities, an upward revision of gas tariff and a stable gas-margin spread.

Its 4QFY17 results were above expectations as a co... RM77 million (+57% y... in ahead of both ou... sensus estimates, an... ed 124% and 117% ... respectively. The po... ings surprise against ... was due to better-th... ed gas sales volume ... recognised from the ... heat and power (C... ness. Gas Malaysi... another four sen in... dend per share (DPS... year-to-date DPS to... Higher volume and ... drove profitability, w... revenue surging 40...

RM1.4 billion on higher natural gas sales volume and tariff. Its gross profit margin came in at 7.7% in 4QFY17 (+0.3 percentage point [ppt] y-o-y, ... quarter-to-quarter). ... tions from joint ven... also recorded a positi... as it posted the hi... profit of RM2.9 milli... change in accounting... of its CHP business. ... tive tax rate was als... 4.3ppts y-o-y. All in, ... a 57% y-o-y increase ... core net profit.

In addition to ou... profit forecast of RM...

Gas Malaysia-Tokyo Gas JV commissions second CHP plant

BY TAN XUE YING

KUALA LUMPUR: Gas Malaysia Bhd announced the commissioning of its second gas engine co-generation plant operated with its joint venture (JV) partner Tokyo Gas Engineering Solutions Corp.

In a Bursa Malaysia filing yes...

...and 34% by Tokyo Gas. It was set up to generate and sell electricity and steam through the combined heat and power (CHP) system to the industrial sector.

The system is a simultaneous production of electricity and usable thermal energy from one single fuel source.

...d in January 2017 com... ...s first CHP plant for a ...g firm in Prai, Penang. ...ysia said that with the ...i, Panasonic's plant ...ce energy inputs by ...l carbon dioxide emis... ...e 11%.

Gas Malaysia profit jumps in 2Q on higher tariff, gas volume sold

BY SUPRIYA SURENDRAN

KUALA LUMPUR: Gas Malaysia Bhd reported a 42% jump in its net profit for the second quarter ended June 30, 2018 (2QFY18) to RM48.07 million from RM33.76 million in the year-ago quarter, thanks to a higher volume of natural gas sold and a higher natural gas tariff.

Earnings per share for 2QFY18 rose to 3.74 sen from 2.63 sen a year ago. The group's quarterly revenue was up 17% to RM1.5 billion from RM1.28 billion previously.

It declared a first interim dividend of 4.5 sen for the quarter, to be paid on Sept 26, its stock exchange filing yesterday showed.

For the cumulative six months ended June 30, 2018, Gas Malaysia reported a 33% rise in net profit to RM88.29 million from RM66.19 million a year ago, mainly due to an increase in volume of natural gas sold. Revenue was up 19% to RM2.94 billion from RM2.47 billion, on the higher volume as well as the higher natural gas tariff.

Gas Malaysia's board anticipates that it will be able to sustain its yearly growth in terms of sale of natural gas and customer base for FY18.

"The profitability of the group for FY18 is expected to be in tandem with the level reflecting the prevailing tariff setting mechanism framework," it said.

Gas Malaysia shares slid three sen or 1.01% yesterday to settle at RM2.93, with a market capitalisation of RM3.76 billion.

IN THE **MEDIA**

Natural gas tariff to go up by 0.7% in 1H 2019 in peninsula

BY CHESTER TAY

KUALA LUMPUR: Gas Malaysia Bhd will raise the average natural gas base tariff for the non-power sector in Peninsular Malaysia to RM32.69 per million British thermal units (MMBtu) from Jan 1 to June 30 next year, up from the current RM31.92 per MMBtu.

The revision, along with a 23 sen per MMBtu gas cost pass through surcharge, translates to an average effective tariff of RM32.92 per MMBtu — up 0.7% from the current average tariff after surcharge.

"While the tariff revision has no material impact on Gas Malaysia's business operations, it is expected to contribute positively towards the group's financial position for the financial year ending Dec 31, 2019," Gas Malaysia said in a filing with Bursa Malaysia yesterday.

In a separate statement, the Malaysian Gas Association (MGA) secretary-general Rosmin Hamzah said it supports the government's long-term vision to create a level playing field, increase participation and pave the way for stronger socio-economic progress in the country.

"MGA is committed to work together with policymakers and industry players to further develop a vibrant gas market. Natural gas offers integrated, innovative gas solutions for the country's long-term energy mix at significantly lower economic and environmental costs.

"As such, MGA firmly advocates expanding the use of natural gas for fuelling a sustainable future," he added.

Gas Malaysia ups natural gas tariff

by NG MIN SHEN

GAS Malaysia Bhd has raised the natural gas tariff for the non-power sector in Peninsular Malaysia to RM31.92 per million British thermal units (MMBtu) from RM30.90 per MMBtu, from July 1, 2018, to Dec 31, 2018.

... stated that it had received approval from the government via a letter from the Energy Commission dated June 12, 2018, to effect the natural gas tariff revision.

Under the incentive based regulation framework prescribed by the government, the base tariff is set for a regula-...

"The average natural gas base tariff is set at RM31.92 per MMBtu for the period of July-December 2018, in line with Gas Malaysia's announcement on Dec 28, 2016.

"In addition, under the GCPT mechanism, a surcharge of 77 sen per MMBtu will apply to all tariff categories due to ...

Gas Malaysia added that while the tariff revision has no material impact on the group's business operations, it is expected to contribute positively towards the financial position of the company for the financial year ending Dec 31, 2018.

Shares of Gas Malaysia ... sen, or 1.38%, ... 2.94 yesterday ... previous day's ... 90, giving it a ... capitalisation of ... The stock saw ... changing hands.

Gas Malaysia upgraded after strong results

PETALING JAYA: Shares of Gas Malaysia rose following upgrades on the stock by some analysts after it recorded one of its best quarterly results ever.

At market close yesterday, the stock gained 14 sen, or 5.18%, to RM2.84 with 2.04 million shares traded.

Before that, it had risen to an intra-day high of RM2.90.

CIMB Research, which has upgraded the stock to an "add" from a "hold", noted that the company expected gas volume growth in the near term to range between 6% and 6.5% per year.

This is in line with gross domestic product growth and improved demand from existing and new industrial customers.

"We believe the volume target is achievable as the group's average gas volume growth was around 8% for the 2013-2017 period," it said in a report.

"We have raised our financial year 2018 (FY18)-FY19 forecast earnings per share (EPS) estimates by 12%-14% after reflecting the higher-than-expected gas volume (11.9% year-on-year (y-o-y) growth versus 6% y-o-y estimated growth in FY17)."

> "We have raised our financial year 2018-2019 forecast earnings per share estimates by 12%-14%."
>
> CIMB Research

The research firm has raised the stock's target price to RM3.30 based on 20.5 times FY19 price earnings.

To recap, in the fourth quarter of FY17, Gas Malaysia's revenue increased 40% y-o-y to RM1.47bil, driven by the higher volume of gas sold and increased natural gas tariffs. Net profit rose 49.22% to RM76.98mil.

For the full year of FY17, net profit improved 17.80% to RM194.64mil.

The company declared a 4 sen interim dividend per share (DPS), bringing year-to-date DPS to 8 sen.

The research firm also sees limited earnings impact from third-party access (TPA) when the regulators review the current tariff under the TPA in 2019.

With this, Gas Malaysia's earnings profile may change, with the pipeline and retail distribution likely to be split into the distribution division (pipeline assets which are regulated) and shipping division (retailing arm which is not regulated).

However, the shipping business will be a new source of earnings for the company, which CIMB Research said could offset the decline in regulatory earnings.

Meanwhile, Affin Hwang Capital Research, which has upgraded the stock to a "buy" and raised its target price to RM2.97 (from RM2.89 previously), released its FY20 net profit forecast of RM207mil and raised its EPS forecast for 2018-2019 by 8% and 9% respectively.

This is to incorporate the better performance from its combined heat and power business and better gas margin spread.

Going forward, Kenanga Research believes that Gas Malaysia should be able to secure additional gas supply to support future earnings growth as the regasification terminal in Melaka is currently under utilised.

CHAIRMAN'S **STATEMENT**

THE GROUP REMAINED STEADFAST AND PERFORMED EXCEPTIONALLY WELL

CHAIRMAN'S
STATEMENT

DEAR SHAREHOLDERS,

The Malaysian economy grew by 4.7% in 2018. All the economic indicators are pointing towards a moderation in growth compared with the GDP growth of 5.9% recorded in 2017. The softer external and domestic demand, volatile commodity prices and slowdown in manufacturing activities albeit weaker export have all contributed to a weakening business sentiment.

Amidst this challenging operating environment, the demand for natural gas remained on the uptrend. In view of that factor, I am pleased to inform that Gas Malaysia Berhad ("Gas Malaysia" or "the Group") has performed satisfactorily during the financial year under review. The Group has achieved this despite the backdrop of a global economic slowdown that has impacted some of the industries that we serve.

On this note, I am glad to present to you our Annual Report for the financial year ended 31 December 2018.

FINANCIAL HIGHLIGHTS

For the year 2018, I am pleased to announce that Gas Malaysia turned in a commendable financial performance on the back of stronger demand for gas. The Group recorded a revenue of RM6.23 billion compared with RM5.32 billion recorded in the preceding year. This represented an increase of 17.3%.

As for the Profit after Zakat, Tax and Minority Interest, the Group recorded an improvement in earnings by 11.9%, registering RM180.39 million compared with RM161.14 million recorded in the preceding year.

The higher revenue recorded was mainly due to two key factors. The first being an increase in the volume of gas sold to customers. This was achieved through the Group's keen effort and commitment in completing the construction of the Natural Gas Distribution System ("NGDS") network in a timely manner allowing us to cater to the demand for gas from our new industrial customers. In addition, there was also an increase in gas demand from our existing customers to meet their business requirements. The second factor that attributed to the higher revenue was the two gas tariff revisions that transpired in 2018.

For the year under review, volume of gas sold increased by 5.4% to 193.85 million MMBtu from 183.90 million MMBtu in the preceding year.


GAS
MALAYSIA
A Member of MMC Group

KEY ACHIEVEMENTS

Guided by our vision to be an innovative value-added energy solutions provider, the Group continued to register improvement on its achievements for the year under review.

On the back of our fundamentally strong balance sheet, we continued to expand the NGDS network by another 91 kilometres, bringing the total length of NGDS network in operation to 2,334 kilometres. Subsequent to this achievement, we are pleased to highlight the inclusion of 45 new industrial customers for the year under review due to our strong marketing efforts. To date, industrial customers account for 99.2% of the Group's total gas volume sold and remained as the key driver for the Group's growth.

Supported by our strong fundamentals, supply reliability has long been our benchmark in sustaining the quality of our business operations and has never been compromised under any circumstances. Premised on this, we are pleased to share that we have successfully maintained our supply reliability rate of approximately 99%.

Propelled by our strong efforts in expanding the NGDS network, in February 2018, a ground-breaking ceremony was held in Kinta Valley, Perak Darul Ridzuan. The ceremony involved Gas Malaysia together with the Ministry of International Trade and Industry and the Perak State Government. The ceremony was to mark the construction of 140 kilometres of new NGDS network, to enhance the natural gas network infrastructure and in turn improve the investment prospect of the Perak state.

Supported by a strong partnership with Tokyo Gas Co. Ltd ("Tokyo Gas") since 1992, the Group signed a Memorandum of Understanding ("MoU") with Tokyo Gas. The MoU was signed to establish a mutual-beneficial cooperation and collaboration between both parties in relation to any new investment in the development of natural gas value chain covering most of the South East Asia region.

In line with our efforts to continue exploring business potential, in December 2018, a joint venture company was incorporated and designated as Gas Malaysia Synergy Drive Sdn Bhd. This effort is in line with the Group's aim to continue strengthening its diversification agenda in the non-regulated sphere by replicating similar efforts in existing ventures such as Combined Heat and Power system.

Further to this, we are also diligently preparing the Group for the changing business landscape under the Third Party Access ("TPA") framework. In order to comply with the TPA framework which is expected to commence in the 4th quarter of this year, the Group has incorporated two wholly-owned subsidiaries. The incorporations of these two subsidiaries are necessary for the Group to functionally and legally separate its gas distribution and shipping activities as required by the TPA framework. In addition, other measures are concurrently being taken to ensure our transition and readiness in embracing the TPA framework and chart the transformation of the Group in a TPA-compliant environment.

The above key achievements are testament that despite the backdrop of uncertain external conditions, the Group remained steadfast and performed exceptionally well in 2018, thus the theme for our 2018 Annual Report is ***Embracing Challenges and Standing Tall***.

CHAIRMAN'S **STATEMENT**

SUSTAINABLE VALUE CREATION

Over the years, the Group has always remained steadfast and committed in delivering the best value to our shareholders via dividend payouts. For the year under review, the Group will continue to deliver attractive dividends to its shareholders.

The Board has proposed a single tier final dividend of 4.5 sen per share on 14 March 2019. Combined with the two interim dividends per share of 4.5 sen each, the total dividend per share would be 13.5 sen. In total, this is equivalent to a total dividend amount of RM173.34 million, which is approximately 96% of the Group's PAZTMI. This is higher than our stated dividend payout policy of 75% of PAZTMI.

RM12.37m

Revenue per Employee Ratio

THE MANAGEMENT OF HUMAN CAPITAL & PRODUCTIVITY

The Group's excellent operational and financial results were mainly due to our highly competent workforce. In an effort to cultivate a strong talent pool, we focused on implementing employee driven development programmes to further refine our employees' capabilities and skills.

For the year under review, we launched a Mentor and Mentee Programme. The objective of the programme is to provide a collaborative learning relationship between two individuals in which a mentor shall assist in the personal and professional development of a mentee. This includes providing advice, guidance and moral support.

Further to this, an employee engagement survey was conducted with an aim to establish the employees' level of satisfaction on their job engagements and to pursue guiding efforts in improving employees' engagement as well as retention of the workforce. The survey achieved an engagement result of 70% which is above the national standard of 63%. This result indicates that our employees are well committed and supported.

Similarly, on a quarterly basis, an engagement session between the Chief Executive Officer ("CEO") and employees was organised, entitled "Light & Easy With CEO". This session provided a platform for the CEO to share his aspiration and experiences as well as enabling a two-way communication with fellow employees. The session was organised with an aim to foster better engagement, enhance morale and promote a healthier working environment.

To encourage a healthy lifestyle among employees, we conducted stress management training and health talks throughout the year under review. It is hoped that this initiative will help raise the awareness and knowledge of our employees on the importance of sustaining a healthy lifestyle.

Further to this, in preparation for the Group's future growth and sustainability, our ongoing succession planning initiative saw the Group taking a proactive approach in sending 3 successors for professional training to develop their potential for future responsibilities. This strategic initiative by the Group will ensure continuity of leadership especially in key positions as well as systematically develop knowledge capital for the Group in the challenging future.

Another key achievement was our ongoing efforts to continue investing in measures to drive improvement in the Group's productivity. For the year under review, I am pleased to share that we have achieved 13.4% improvement in our overall productivity. This was on the back of Gas Malaysia's lean workforce of 504 employees, which has resulted in a commendable revenue per employee ratio of RM12.37 million, compared with the previous year of RM10.91 million.

SUSTAINABILITY

This will be Gas Malaysia's third consecutive year in reporting its sustainability initiatives. Besides the ongoing commitment to our shareholders, the Group is also equally dedicated towards our sustainability efforts in the three key areas of Economic, Environment and Social sphere.

We have in place a well-established governance structure to drive forth our sustainability efforts. This demonstrates the Group's leadership commitment in embedding sustainable business practices in all aspects of its operations. As we move forward, it is my hope that the Group's sustainability efforts will translate into meaningful results, as we continue on our sustainable journey.

On that note, we appreciate the opportunity given to share progress updates on the Group's sustainability efforts for the year under review, which is incorporated on pages 68 to 81 of this Annual Report.

PROSPECTS

The ensuing years will reflect the impact of the structural and regulatory changes brought about by TPA framework on the Group and the way we operate our business. Nevertheless, we remain optimistic since the Group is on track to chart it's transformation to comply with the TPA framework requirements. On top of this, it is also hoped that our experience, credibility and reputable performance will give us an added advantage in this new TPA environment.

Further to this, we anticipate steady volume growth for the gas distribution business on the back of improved demand from the existing and new industrial customers. Coupled with this, the Group will continue to increase its efforts in building more pipelines in a timely manner as it anticipates healthy growth in gas volume driven by steady gas consumption from customers.

Even though our regulated business will continue to be the key contributor to the growth of the Group, as we surge ahead, efforts will be redoubled to further build on our subsidiary and joint venture companies.

While future economic landscape may introduce some degree of uncertainties to the operating environment, we remain confident that the Group is well-positioned to capitalise on any available opportunities and overcome challenges that may lie ahead.

APPRECIATION AND RECOGNITION

I would like to convey my deepest appreciation to our Board members for their wise counsel, invaluable expertise and active guidance in leading the Group forward. I would also like to take this opportunity to express my gratitude to Shigeru Muraki who has resigned and relinquished his function as a Board member. On behalf of the Board, I would like to thank him for his immense contribution to the growth of the Company. At the same time, I am delighted to welcome Sharifah Sofia binti Syed Mokhtar Shah and Nobuhisa Kobayashi to the Board, as Board members. With their corporate experiences and knowledges, we believe they will contribute positively towards Gas Malaysia's future growth.

On behalf of the Board, I would also like to thank all our stakeholders for their unwavering support and confidence towards the Group. As always, my heartfelt appreciation and thanks to the Management team and all employees for your commitment and dedicated efforts in ensuring the success of the Group.

Datuk Haji Hasni bin Harun
Chairman

MANAGEMENT DISCUSSION **& ANALYSIS**

Dear Shareholders,

The year 2018 was filled with challenges and equal opportunities alike. Despite the less optimistic outlook in 2018, we are pleased to note that in this financial year, Gas Malaysia Berhad ("Gas Malaysia" or "the Group") strengthened its resolve and leveraged on sound fundamentals, as well as capitalised on its prudent strategy to overcome the challenges and achieve commendable success.

The year 2018 has been a remarkable one for the Group. Amidst the challenges faced, we reaffirmed our resolve and focused on delivering sterling results. As such, the selected theme, ***Embracing Challenges and Standing Tall*** for our 2018 Annual Report complements well as it clearly reflects on our efforts to address the challenges and yet delivered commendable performance for the year.

DELIVERED COMMENDABLE PERFORMANCE

OVERALL DESCRIPTION OF THE BUSINESS & STRATEGY

Our business strategy is underpinned by an astute vision to be an innovative value-added energy solutions provider. Guided by this strong sense of purpose, Gas Malaysia continues its mission to provide the cleanest, safest, cost-effective and reliable energy solutions to the nation.

We procure, distribute, market and sell reticulated natural gas and Liquefied Petroleum Gas ("LPG"), as well as develop, operate and maintain the Natural Gas Distribution System ("NGDS") network for the non-power sector in Peninsular Malaysia, serving industrial, commercial and residential customers. These are our core businesses and will continue to be the main contributor towards our sustainable growth.

In an effort to solidify our position in the industry, we have further broadened our business portfolio by diversifying into the non-regulated sphere of the gas distribution business. The Group via its subsidiary and joint-venture entities, has channelled its business focus to non-core activities such as the Combined Heat and Power ("CHP") system, Virtual Pipeline and Bio-Compressed Natural Gas ("BioCNG"). These business ventures aim to create new demand for natural gas and fulfil customers' energy requirements, simultaneously expanding our customer base.

We remain optimistic of our business strategy as an ideal arrangement for us to continue seizing business opportunities that lie ahead ensuring sustainable growth for the Group.

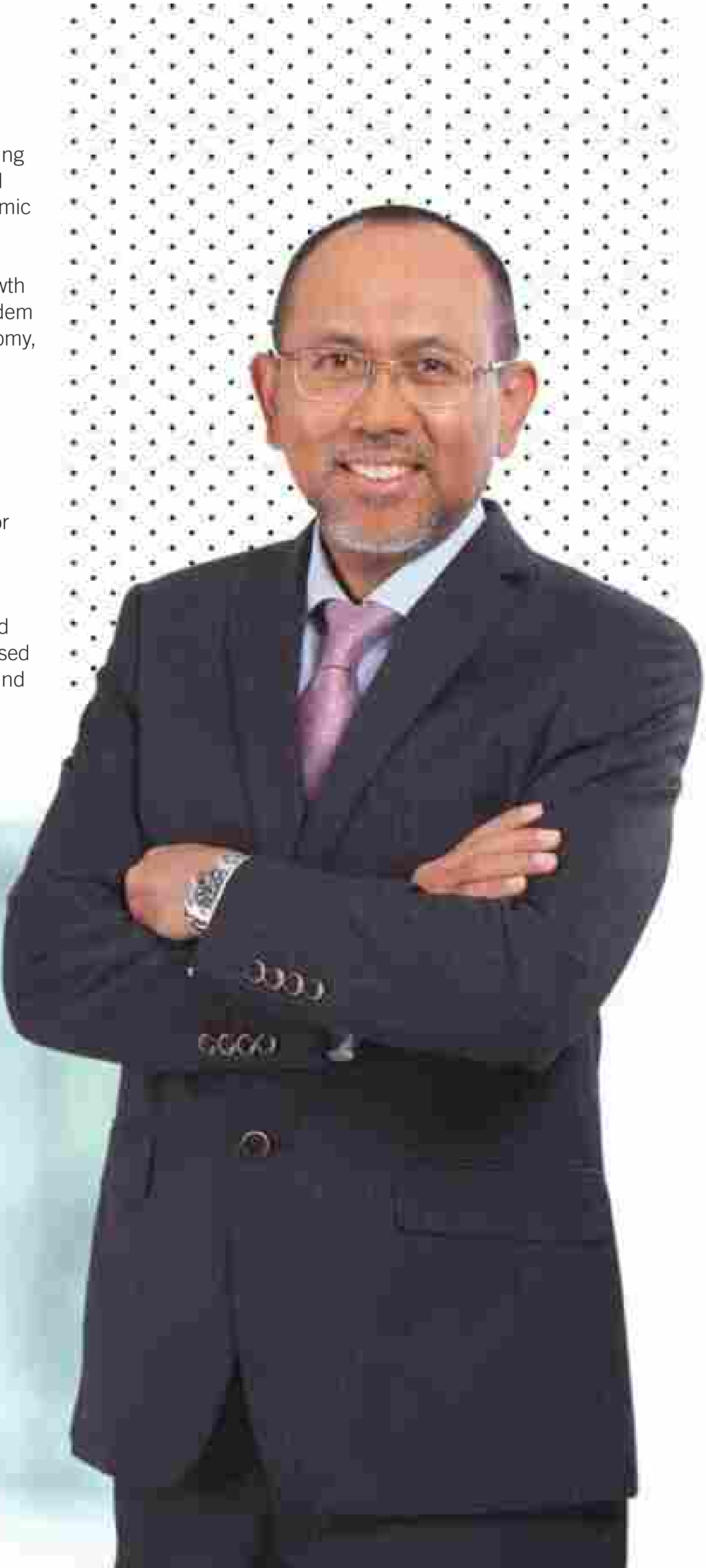
FINANCIAL REVIEW

The year under review saw a weaker macro environment characterised by sluggish economic growth. The uncertain oil and gas industry outlook, volatile commodity prices, coupled with the ongoing US-China trade war and uncertainty surrounding the United Kingdom's exit from the European Union has soured business and consumer sentiment as well as dampened economic outlook.

On the back of these challenging environment, global GDP growth slowed to 3.5% in 2018 from 3.7% in the previous year. In tandem with the global economic slowdown, Malaysia as an open economy, also registered a lower GDP growth of 4.7% in 2018 compared with 5.9% in 2017.

Despite the much softer macro-economic backdrop globally and domestically, the general business sentiment for the Group remained upbeat with the manufacturing sector continued to register positive development during the year, paving the way for us to secure stronger demand for natural gas.

Notwithstanding the external condition, we strengthened our resolve to improve efficiencies and most importantly, maintained a keen focus to grow our bottom line. On that note, we are pleased to announce that the Group has delivered admirable earnings and our financial indicators resonate that the Group has performed commendably.



MANAGEMENT DISCUSSION
& ANALYSIS

REVENUE

For the year under review, the Group's revenue grew by 17.3% compared with the preceding year, registering a commendable RM6.23 billion.

The increase in revenue was attributable to a number of contributing factors and key among which was the increase in volume of gas sold to customers. For the year under review, volume of gas sold increased by 5.4% to 193.85 million MMBtu from 183.90 million MMBtu in the previous year.

The increase in gas sold was mainly attributed by our commitment in ensuring the completion of all planned infrastructure development in a timely manner, and thus allowing us to cater to the demand for gas from our new customers predominantly from the industrial sector. As for our existing industrial customers, we saw an improved demand for gas to meet their existing clients' requirements, particularly from the rubber and chemical industries.

In addition to the increase in gas volume sold, the other contributing factor to the higher revenue was the two effective tariff revisions in 2018:

- RM32.52/MMBtu effective from 1 January 2018; and
- RM32.69/MMBtu effective from 1 July 2018.

Under this premise, we registered a commendable improvement in revenue for the year under review.

COSTS AND EXPENSES

The total costs and expenses incurred by the Group were primarily driven by higher gas cost due to a higher mix of Liquefied Natural Gas ("LNG"), purchased at market price. As a result, total costs and expenses, before finance costs, amounted to RM6.0 billion, compared with RM5.11 billion in the previous year.

Additional details about the Group's cost of sales and expenses are detailed below:

a) Cost of Sales

- Gas cost amounted to RM5.83 billion which constituted approximately 98% of the total cost of sales of RM5.94 billion.
- The remaining 2% was primarily made up of depreciation and amortisation, as well as overheads for carrying out core business operations. Depreciation and amortisation came in at RM64.57 million whereas overheads amounted to RM50.27 million.

b) Operating Expenses

- Operating expenses were mainly made up of human resource expenses, professional services, public relations and office expenditures. The total operating expenses for the year under review was RM59.49 million.

Other Income
Other income came in at RM8.36 million. This was mainly made up of finance income generated from investment which amounted to RM6.82 million representing 81.6% of other income.

EBIZTDA
Due to the improved revenue registered in 2018, EBIZTDA came in higher at RM293.83 million compared with the previous year of RM265.93 million.

Finance Costs
Finance costs came in at RM12.31 million. Finance cost were primarily profit payment for the Islamic Medium-Term Note ("IMTN") and Islamic Commercial Paper ("ICP"). These SUKUK instruments are aimed towards financing our capital expenditure ("CAPEX") projects and working capital.

Taxation
The Group registered an effective tax rate of 21.8%, which is lower than both the 2017 effective tax rate and the statutory income tax rate in Malaysia. This was due to the effect of non-taxable items as well as reversals made for over-provision of tax for the previous year.

In tandem with the lower effective tax rate, the Group's tax expenses was lower at RM50.23 million, compared with RM50.53 million for the previous year.

PAZTMI
Net profit attributable to equity holders of the Group came in commendably at RM180.39 million. This was an increase of 11.9% from RM161.14 million recorded in the preceding year. The increase in net profit was primarily attributable to the higher volume of gas sold during the year under review.

BUSINESS PERFORMANCE

Capturing Growth by Enhancing Gas Infrastructure
Our commitment towards sustainable growth for our regulated and non-regulated businesses is relentless, and we continuously resolve to strengthen the Group's position as an energy solutions provider. Our strategy to grow the core business is premised upon in-depth commercial assessment of future gas demand as well as robust demand forecasting and network planning methodologies in the execution of gas infrastructure expansion programme.

In reflection of this, for the year under review, we have awarded new projects equivalent to about 127 kilometres of new gas pipelines, to be constructed in both existing and new industrial areas. This effort is in line with our supply driven model, where we remain steadfast in expanding the NGDS network to more areas within Peninsular Malaysia to meet potential gas demand.

In an effort to strengthen our core business and improve competitive edge, we continuously and proactively deployed measures to expand the NGDS network substantially. This is evident in our NGDS network expansion whereby an additional 135 kilometres of pipeline was physically completed by end 2018.

Given the Group's extensive reach and consistency, significant opportunities to achieve healthier economies of scale have come to fruition. Notably, a ground-breaking ceremony involving Gas Malaysia, the Ministry of International Trade and Industry ("MITI") and the State Government of Perak Darul Ridzuan was held in Kinta Valley, Perak in February 2018.

The ceremony marked the commencement of the construction of 140 kilometres of NGDS pipelines, aimed towards enhancing the natural gas network infrastructure and subsequently opening up investment prospect of the state of Perak. We have since collaborated closely with MITI and Perak State Government as this venture is a testament of our achievement in mobilising public-private partnership with state governments.

As of 31 December 2018, we have successfully constructed 78 kilometres of NGDS network for the aforementioned project in Kinta Valley. The NGDS pipelines will cover areas such as Chemor, Meru, Ipoh, Lahat, Bemban, Seri Iskandar, Desa Seri, Bayu, Ayer Tawar, Bercham and Simpang Pulai. In total, 44 potential industrial customers have already been identified and we expect to complete this project progressively by end 2019.

Tapping on the prospects of synergistic partnership with our strategic shareholders, the Group signed a Memorandum of Understanding ("MoU") with Tokyo Gas Co. Ltd ("Tokyo Gas"), in July 2018. The MoU was signed to establish a mutual-beneficial cooperation and collaboration between both parties in relation to any new investment in the development of natural gas value chain covering most of the countries in the South East Asia region. This synergistic partnership with Tokyo Gas which was built since 1992, yet again manifested the firm and long-standing business relationship forged between both business entities.

Gas Malaysia and Tokyo Gas will collaborate in the following areas:

- Technical and commercial information exchange
- Collaborative investments in new projects
- Personnel exchange for educational and training purposes
- Other areas to be mutually agreed upon by both parties

In our efforts to reinforce our presence within the operation areas, we successfully established a new branch office in Ipoh to improve services within the region. This is part of our ongoing efforts to increase service level and commitment towards our customers. In October, we relocated the northern regional office to our new office building in Perai to ensure better service for our customers.

Customer Base
Our relentless value-added marketing efforts has resulted in us having a wider industrial customer base for the year under review. As at 31 December 2018, our total customer base across industrial, commercial and residential sectors stands at 37,922.

888
Total Industrial Customers

MANAGEMENT DISCUSSION
& ANALYSIS

Gas supply was commissioned to 45 new industrial customers, 448 new commercial customers and 2,569 new residential customers.

Customer Segmentation	Natural Gas	LPG	Sector Total
Industrial	888	–	888
Commercial	1,021	1,310	2,331
Residential	12,690	22,013	34,703
Total	**14,599**	**23,323**	**37,922**

Volume Contribution

In terms of gas volume sold, our industrial customers are the largest consumers, making up 99.2%, with the remaining volume coming from the commercial and residential customers.

Customer Segmentation	Number of Customers (Natural Gas & LPG)	Volume of Gas Sold (%)
Industrial	888	99.2
Commercial	2,331	0.7
Residential	34,703	0.1
Total	**37,922**	**100.0**

Most of the Group's industrial customers are concentrated in the Central region, followed by the Southern, Northern and Eastern regions. In terms of gas volume sold, the regions contributed 47.0%, 24.6%, 20.3% and 8.1%, respectively.

Our industrial customers represent a diverse range of industries that include rubber products, food, beverages & tobacco, chemical products, fabricated and basic metals and glass products, among others.

Sectors such as rubber products, food, beverages & tobacco industries contribute more than 50% of the total sectoral volume.

Summary of sectoral contribution to volume of gas sold

Rubber Products
33%

Food, Beverages & Tobacco
24%

Chemical Products
10%

Fabricated & Basic Metal
8%

Glass Products
8%

Others
17%
(Some of which are Automobile, Ceramics, Electrical & Electronics, Machinery & Equipment, Pulp & Paper, Plastic, Textiles etc.)

Moving forward, we will continue our efforts to further improve the Group's position as a reliable energy solutions provider and capitalise on gas demand at potential industrial areas.

Operational Excellence
With 26 years of experience in the industry, supply reliability has been the forefront in sustaining the quality of our business. We continue to strive to ensure safe and reliable delivery of gas to local industries, commercial businesses and homes.

For the current year, a System Average Interruption Duration Index ("SAIDI") of 0.3299 minutes of interruption per customer was registered against the preceding year of 0.1067 minutes of interruption per customer. SAIDI is a commonly used performance metric by utility companies worldwide to measure the duration of interruption per customer. The higher SAIDI was on the back of two major supply interruptions due to gas leak incidents caused by third-party contractors working within the vicinity of our pipelines.

Nevertheless, despite the higher SAIDI number, we are pleased to report that we have successfully sustained a supply reliability rate of approximately 99%.

The average response time of our emergency response team administering to any disruption, registered at 26.82 minutes, far below our regulatory target of 90 minutes.

This is a testament to our efforts in efficiently managing the overall flow and supply of gas through our gas distribution system. In 2018, the Unaccounted for Gas remained below 1%, and this is a strong indicator of the Group's effort towards ensuring an efficient gas distribution system management.

Health, Safety, Environment and Quality
Over the past 26 years, the Group's success corresponds closely against the various accomplishments in the areas of Health, Safety, Environment and Quality ("HSEQ"). "Safety First" has always been our top priority and we are committed in conducting our business activities in a responsible manner.

For the year under review, in line with our commitment to ensure a safe and healthy working environment, we conducted a total of 71 occupational safety and health ("OSH") inspections and performed 11 second-party audit sessions at workplaces.

Further to this, with an aim to enhance our employees' knowledge, skills and competency on health and safety matters, 13 OSH training sessions were conducted together with 33 induction briefings for new employees. In addition, the Group also conducted emergency evacuation drills at its head office, regional and branch offices as well as subsidiaries and joint venture companies.

Moving forward, efforts will constantly be made to improve the health and safety performance of the Group, to reduce the environmental impact in all of our operational activities and to inculcate a culture of continuous improvement to a greater extent.

Certification of Management System
We strive to adhere to the internationally recognised management system standards in improving our operational efficiency and in complying with statutory and regulatory requirements relevant to our services.

This year, we are pleased to announce that the Group has been audited by SIRIM, Malaysia's leading certification, inspection and testing body, and Gas Malaysia has successfully retained its certification of:

- ISO 9001:2015 (Quality Management System);
- ISO 14001:2015 (Environmental Management System);
- OHSAS 18001:2007 (Occupational Health & Safety Management System); and
- ISO/IEC 27001:2013 (Information Security Management System).

Interestingly, we have successfully sustained our internationally recognised management system standards for the past 19 years, from the year 2000.

SUBSIDIARIES AND JOINT VENTURE COMPANIES

We continue to ramp up our efforts to continue exploring potential within the gas industry value chain. We remain optimistic of our new ventures, namely our CHP, Virtual Pipeline and BioCNG businesses, and are optimistic for their better performance within an improved operating environment.

In addition, the incorporation of Gas Malaysia Synergy Drive Sdn Bhd this year is a manifest of the Group's continuous effort to strengthen its diversification strategy outside of the regulated business sphere.

Gas Malaysia Virtual Pipeline Sdn Bhd
Despite the challenging operating environment brought on as a consequence of cheaper alternative fuels such as LPG, diesel and MFO (medium fuel oil); Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP") remained focused in its business objective and continued its resolve to market its business model to potential customers.

It was a challenging year for GMVP. Undeterred by the challenging operating environment, GMVP continued to increase its marketing efforts in the Central, Southern and Eastern regions, targeting those who are remotely located from the NGDS network.

From its Mother Station in Gebeng, Kuantan, GMVP continued to supply its customer in Pekan, at an approximate 47,000 MMBtu per year of compressed natural gas.

Earlier in the year, GMVP underwent an internal re-organisation exercise which culminated in it being a wholly-owned subsidiary of Gas Malaysia Ventures 2 Sdn Bhd and indirectly a wholly-owned subsidiary of Gas Malaysia.

Gas Malaysia Energy Advance Sdn Bhd
Gas Malaysia Energy Advance Sdn Bhd ("GMEA") has started realising its potential and has commenced meaningful earnings contribution to the Group. This year in October, GMEA has successfully completed and commissioned the CHP plant for its second customer in the central region. The 2MW CHP plant was constructed in a timely manner to meet the customer's energy and cooling requirements accordingly.

Despite the challenges of embarking on CHP projects given the stay in electricity base tariff, GMEA still managed to show progress for the year under review.

In respect of its first customer, a major manufacturing group in Perai, GMEA continued to meet their energy requirements. The 33MW, 130-tonne capacity cogeneration plant in Perai consumes approximately 3.14 million MMBtu of natural gas per annum. Taken together, both cogeneration plants consume approximately 3.5 million MMBtu of natural gas per annum.

Moving forward, we foresee potential in this business venture as more companies are now looking at CHP as a viable alternative to conventional energy supply.

Sime Darby Gas Malaysia BioCNG Sdn Bhd
Progress has been made by our joint venture company Sime Darby Gas Malaysia BioCNG Sdn Bhd ("SDGMBioCNG"). The company was formed to undertake the supply of compressed Biomethane via land transportation to customers that are not served by the NGDS network.

SDGMBioCNG's existing customer has increased its consumption from 15,000 MMBtu of compressed Biomethane in 2017 to 30,000 MMBtu in 2018.

The business opportunities for SDGMBioCNG is slowly emerging amidst a competitive business environment and the company is continuing its discussions with other palm oil mill owners to potentially increase the supply capacity as well as increasing marketing efforts for new customers.

Gas Malaysia Synergy Drive Sdn Bhd
In November 2018, a signing ceremony (Energy Service Agreement & Tenancy Agreement) took place between three parties, namely Gas Malaysia wholly-owned subsidiary, Gas Malaysia Venture 1 Sdn Bhd, Sime Darby Energy Solutions Sdn Bhd and a potential customer. This milestone marked the collective effort of the three business entities in strengthening cooperation and leveraging on business opportunities in the energy sector.

This business venture began in the last quarter of 2017 where we entered into a Joint Venture ("JV") agreement with our business partner Sime Darby Energy Solutions Sdn Bhd (previously known as Sime Darby Offshore Engineering Sdn Bhd). The signing of the JV agreement marked the first step towards greater synergies of expertise between both business entities.

Subsequently, we extended a proposal to the potential customer by offering value-added services via CHP, which would reduce the potential customer's operating cost while being predominantly environmental friendly.

After securing the customer, a JV Company was incorporated with the name, Gas Malaysia Synergy Drive Sdn Bhd ("GMSD") on 4 December 2018. GMSD targets to supply energy to its first customer by early 2020. From a strategic perspective, this is another effort by the Group aimed to continue strengthening our diversification agenda in the non-regulated sphere.

LIQUIDITY & CAPITAL RESOURCES

As at 31 December 2018, our cash and cash equivalents improved to RM232.75 million from RM218.20 million previously mainly due to higher volume of gas sold.

In 2018, RM158.1 million of CAPEX was incurred. This was mainly due to construction projects awarded in relation to the NGDS network coupled with non-NGDS related projects. Projects under the NGDS network development are specific towards construction of gas pipelines and metering stations while non-NGDS projects include among others, gas and office equipment as well as motor vehicles.

GEARING RATIO

For the year under review, gross gearing ratio stood at 21.5% compared against 17.2% recorded in the previous year. The increase was due to further drawdown of the Sukuk facility to partly finance working capital, operating and capital expenditure.

OPERATIONAL RISKS

The Group continues to demonstrate its resilience amidst an increasingly competitive operating environment. We are cognisant of the operational risks associated with the running of our business. In fostering business sustainability, we shall continue to mitigate these risks.

As supply visibility is no longer a concern with the importation of LNG, operational risks are reflected primarily in the form of service disruption that will prevent Gas Malaysia from continuous gas delivery to our customers. In order to ensure continuous gas supply reliability, comprehensive preventive maintenance programme is in place to uphold the integrity of our gas network infrastructure and prevent possible service disruption.

Ongoing efforts to curb facilities breakdown include daily pipeline inspection for detection of unauthorised third party works within the vicinity of our gas facilities, pipeline integrity inspection, deployment of periodical maintenance programme to upkeep the facilities, and dedicated on-call and emergency response teams to physically respond to emergencies within 90 minutes of notification. In addition, we also conducted a gas distribution system safety awareness seminar and a joint emergency drill with government agencies.

THIRD PARTY ACCESS FRAMEWORK

The year 2018 held a new mix of challenges and opportunities with a more competitive operating environment in respect of our transition and readiness in embracing the Third Party Access ("TPA") framework. The Group is committed to ensure that the readiness of the gas distribution and shipping businesses is fully realised to maximise our full potential within the TPA regulatory landscape.

We have already initiated efforts towards functional separation of Gas Malaysia's businesses by incorporating two wholly-owned subsidiaries known as Gas Malaysia Distribution Sdn Bhd and Gas Malaysia Energy and Services Sdn Bhd.

Taking cognisance of the situation, internal communication programmes are aimed towards educating and creating awareness on TPA and its impacts on Gas Malaysia, as well as the transformation of Gas Malaysia into gas distribution and shipping entities under the TPA.

In brief, the TPA aims to encourage entry of new players into the natural gas sector by providing a level playing field, thereby ensuring sufficient and reliable gas supply to meet growing demand. From Gas Malaysia's perspective, controls are already in place to address all pertinent issues resulting from regulatory changes.

21.5%

Gross Gearing Ratio

MANAGEMENT DISCUSSION
& ANALYSIS

SUSTAINABILITY

Sustainability is key in the Group's strategic effort towards long-term value creation. Guided by our vision to be an innovative value-added energy solutions provider, the Group aims to foster sustainable development in its business activities.

Our evolution towards sustainability is steered by our stakeholders. In addition, as responsible corporate citizens, we are committed in showcasing our progress in this year's sustainability reporting. We have objectively assessed our sustainability practices in three segments, namely Economic, Environment and Social. Efforts are ongoing to further improve on our reporting and subsequently to highlight key sustainable initiatives undertaken by the Group.

As we move forward in our sustainable journey, our strong efforts and dedication towards being a responsible business entity will be reinforced as we tactfully address the key material issues under the Economic, Environment and Social sphere.

Future Commitment
A capital commitment for the development of the Group's NGDS network, amounting to approximately RM188 million will be spent in the remaining year of Incentive-Based Regulation's 1st Regulatory Period from 2017 to 2019. In addition, the capital commitment for non-NGDS, focusing on enhancement of current operations is targeted at approximately RM5 million.

Capital Management
Reflecting on our commendable results, we are committed to remunerate our shareholders via attractive dividends. Given our prudent cash flow management and our commitment in delivering the best value to our shareholders via dividend payout, we are proposing a single tier final dividend of 4.5 sen per share. Combined with the two interim dividends per share of 4.5 sen each, the total dividends per share would be 13.5 sen for the financial year 2018.

LOOKING AHEAD

Strategies for Continued Success
We are encouraged by the strong prospects that the Group is poised to leverage upon. The year ahead will certainly bring its fair share of challenges and opportunities. In particular, the Group's transformation in a TPA-compliant environment. To this end, we are on track in charting the transformation of the Group in complying with the TPA framework regulatory requirements.

As for the core business, we anticipate steady gas volume growth on the back of stable demand from the industrial sector, supported by the commercial and residential sectors respectively. We will continue to explore new opportunities and mobilise our marketing efforts to capitalise on gas demand in existing and new industrial areas more aggressively.

Similarly, we foresee continuing growth of our subsidiaries and joint venture companies (GMVP, GMEA, SDGMBioCNG and the newly added GMSD), collectively targeting them to generate more meaningful contribution to Gas Malaysia's profit in the long-term.

In aligning to our well-balanced growth strategy, the core business will continue to be the main contributor towards our business growth and efforts will be substantially increased in the non-regulated sphere (non-core business).

To conclude, we remain optimistic of our track record and strong fundamentals, in leading Gas Malaysia to meet its business goals and ensuring the best year yet.

Challenges are common in any business undertaking, as an energy solutions provider with strong fundamentals backed by a solid history of 26 years, we have grown accustomed in weathering the receding tide and flow of business cycles. We will face the year ahead with optimism.

In respect of our shareholders who have been loyal to us over these many years, we will intensify our efforts and remain focused to deliver encouraging performance as we surge forward.

APPRECIATION

Our Board members have been invaluable in providing their wise counsel and leadership in guiding the Group to greater heights. Equally, the Management team and staff have demonstrated commitment and drive in shaping the Group's path towards success. I would also like to express my appreciation to our shareholders, for their utmost trust and confidence. We are also deeply grateful to our regulatory bodies, government agencies, authorities, financiers and business associates for their ongoing support and encouragement.

In closing, my sincere appreciation to all parties who have contributed to the Group's sustainable growth. As we venture forth to embrace new opportunities and stay resilient amidst challenges, we ask that all our stakeholders continue to lend us their unwavering support.

Thank you.

Ahmad Hashimi bin Abdul Manap
Chief Executive Officer

BOARD OF **DIRECTORS**

1 **DATUK HAJI HASNI BIN HARUN**
Chairman
Independent Non-Executive Director

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

3 **SHARIFAH SOFIA BINTI SYED MOKHTAR SHAH**
Non-Independent Non-Executive Director

4 **NOBUHISA KOBAYASHI**
Non-Independent Non-Executive Director

1 2 3 4

BOARD OF DIRECTORS

5 **KAMALBAHRIN BIN AHMAD**
Non-Independent Non-Executive Director

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

7 **TAN LYE CHONG**
Independent Non-Executive Director

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

9 **DATUK OOI TEIK HUAT**
Independent Non-Executive Director

5 6 7 8 9

BOARD OF **DIRECTORS' PROFILE**

DATUK HAJI HASNI BIN HARUN

Chairman,
Independent Non-Executive Director
Malaysian, Age 61, Male
Chairman of Nomination & Remuneration Committee

Date of Appointment:

Director – 11 April 2008

Chairman – 15 May 2013

Board Meeting Attendance in 2018: 5/5

Qualification:

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

Relevant Experience:
Held several senior positions in the Accountant General's Office from 1980 to 1994. He was the Senior General Manager of the Investment Department at the Employees Provident Fund from 1994 to 2001, and the Managing Director of RHB Asset Management Sdn Bhd from 2001 until 2006. He then joined DRB-HICOM Berhad as Group Chief Financial Officer until December 2006. In January 2007, he joined MMC Corporation Berhad ("MMC") as the Group Chief Operating Officer. In March 2008, he was appointed as the Chief Executive Officer Malaysia, prior to his appointment as the Group Managing Director of MMC in May 2010 until May 2013.

Other Present Directorships:

- Listed Issuer:
  Malakoff Corporation Berhad
- Other Public Companies: None

Declaration:
He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

DATO' SRI CHE KHALIB BIN MOHAMAD NOH

Non-Independent Non-Executive Director
Malaysian, Age 54, Male

Date of Appointment:
Director – 1 July 2013

Board Meeting Attendance in 2018: 5/5

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

Relevant Experience:
Began his career with Messrs. Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group. In June 1999, Dato' Sri Che Khalib joined Ranhill Utilities Berhad as Chief Executive Officer. He then assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad. Dato' Sri Che Khalib was then appointed as the President/Chief Executive Officer of Tenaga Nasional Berhad ("TNB") on 1 July 2004 where he served TNB for eight years until the completion of his contract on 30 June 2012. He later joined DRB-HICOM Berhad as the Chief Operating Officer of Finance, Strategy and Planning in July 2012. Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad from year 2000 to 2004. He also served as a Board member within the United Engineers Malaysia Group of Companies and Bank Industri & Teknologi Malaysia Berhad.

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

Declaration:
He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

BOARD OF
DIRECTORS' PROFILE

SHARIFAH SOFIA BINTI SYED MOKHTAR SHAH

Non-Independent Non-Executive Director
Malaysian, Age 25, Female

Date of Appointment:
Director – 11 June 2018

Board Meeting Attendance in 2018: 2/2
(*from the date of her appointment)

Qualification:
- Master of Science in Development Management – London School of Economics and Political Science, United Kingdom ("UK")
- Bachelor of Science in Economics – University of York, UK

Relevant Experience:
Sharifah Sofia started her career as a summer analyst in Morgan Stanley, Singapore in June 2014, where she gained a sound understanding of the economic climate and political situation of the region. She was an External Consultant to the Bill and Melinda Gates Foundation from October 2015 to May 2016, working closely with the Ethiopian country team, where she and her team produced an integrated index to measure women's empowerment and a set of realistic recommendations unique to the Ethiopian context. Sharifah Sofia joined Pos Malaysia Berhad ("Pos Malaysia") as Special Officer to the Group Chief Executive Officer ("CEO") from January to October 2017. In Pos Malaysia, shadowing the Group CEO, she completed a rotational placement within the organisation where she learned the operations and achieved a greater understanding of the postal and courier, logistics and aviation industries. She was attached to the eCommerce team and separately, had spearheaded and lead a small team of individuals from different departments to foster the spirit of innovation based on root cause analysis, covering the topics of operational excellence, automation, customer centricity, and so on.

Sharifah Sofia was on a stint with the Grameen Bank in Bangladesh, where she acquired a greater understanding of microfinance and the operation of social businesses, and was also a Congressional Intern in Washington DC, USA. She received the Gold Duke of Edinburgh Award and subsequently in 2015, was accorded the York Award in recognition of her involvement in the student community at the University of York. She is currently a Director of Lotus Advanced Technologies Sdn Bhd.

Other Present Directorships:
- Listed Issuers:
  DRB-HICOM Berhad, Malakoff Corporation Berhad, MMC Corporation Berhad and Pos Malaysia Berhad
- Other Public Companies: None

Declaration:
She is the daughter to YBhg. Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor, an indirect major shareholder of Anglo Oriental (Annuities) Sdn Bhd, which is a major shareholder of the Company. She has no family relationship with any Director of the Company. She has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year.

NOBUHISA KOBAYASHI

Non-Independent Non-Executive Director
Japanese, Age 61, Male
Chairman of Risk & Compliance Committee

Date of Appointment:
Director – 1 April 2019

Board Meeting Attendance in 2018: n/a

Qualification:
- Bachelor of Commerce and Management, Hitotsubashi University

Relevant Experience:
Nobuhisa Kobayashi is currently an Advisor of Tokyo Gas Co., Ltd. ("Tokyo Gas") and Chairman of Tokyo Gas Asia.

He joined Tokyo Gas in 1981 and was appointed as the Deputy Chief Representative, Kuala Lumpur Office in 1992 and Deputy Chief Representative, Singapore Office in 1995, respectively. In 1996, he was appointed as General Manager, Seibu Office, Commercial Sales Department and subsequently in 1999 was appointed as General Manager, Section 2, Commercial Sales Department. In 2004 he assumed the role of General Manager, Strategy Planning Section, Home Service Planning Department. Subsequently, in 2006 he was appointed as Senior General Manager, Home Service Planning Department and in 2007 was appointed as Senior General Manager, Living Planning Department.

In 2009, he assumed the role of General Manager, General Administration Department, Japan Gas Association and in 2012 he was appointed as Senior General Manager, Energy Planning Department. Then in 2014, he was appointed to Managing Director, Tokyo Gas Asia and subsequently in 2015 was appointed as Executive Officer, Asia Region, Tokyo Gas/Managing Director, Tokyo Gas Asia. In 2019, he was appointed to his current position in Tokyo Gas.

Other Present Directorships:
- Listed Issuers: None
- Other Public Companies: None

Declaration:
He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

BOARD OF
DIRECTORS' PROFILE

KAMALBAHRIN BIN AHMAD

Non-Independent Non-Executive Director
Malaysian, Age 55, Male
Member of Risk & Compliance Committee

Date of Appointment:
Director – 19 July 2017

Board Meeting Attendance in 2018: 4/5

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

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

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

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

With his 15 years of experience running all three PETRONAS refineries – Terengganu, Melaka and Durban, he went on to become MD/CEO of PPMSB in 2014. Kamalbahrin steered a smooth transition of the refinery operation post full acquisition of the asset from a joint venture with Philips66 to PETRONAS wholly-owned.

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

Other Present Directorships:
- Listed Issuer:
  PETRONAS Gas Berhad
- Other Public Companies: None

Declaration:
He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

DATUK PUTEH RUKIAH BINTI ABD. MAJID

Independent Non-Executive Director
Malaysian, Age 66, Female
Member of Audit Committee
Member of Nomination & Remuneration Committee

Date of Appointment:
Director – 16 August 2011

Board Meeting Attendance in 2018: 5/5

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

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

Other Present Directorships:
- Listed Issuers:
  Zelan Berhad and Pos Malaysia Berhad
- Other Public Companies:
  Pelaburan Hartanah Berhad

Declaration:
She has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year.

BOARD OF
DIRECTORS' PROFILE

TAN LYE CHONG

Independent Non-Executive Director
Malaysian, Age 63, Male
Chairman of Audit Committee

Date of Appointment:
Director – 16 August 2011

Board Meeting Attendance in 2018: 5/5

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

Relevant Experience:
He is formerly a member of the Public Practice Committee of Malaysian Institute of Accountants from 2001 to 2008 and a former member of the Audit/Liquidator Licensing Interview Panel from 2006 to 2008. For several years up to 29 February 2012, he had been a member of the Investigating Tribunal Panel of the Bar Council and on 29 February 2012, he was appointed as a member of the Disciplinary Committee Panel of the Bar Council.

He is currently practicing as an Approved Company Auditor. Prior to that, he had served as a Partner and the Head of the Audit Division of an international accounting firm, BDO; and was with the firm for over 22 years until October 2010. He has more than 31 years of working experience; primarily in the accounting profession and has extensive experience in auditing, financial reporting and corporate finance.

Other Present Directorships:
- Listed Issuers: None
- Other Public Companies: None

Declaration:
He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

DATUK SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

Independent Non-Executive Director
Malaysian, Age 68, Male
Member of Nomination & Remuneration Committee
Member of Risk & Compliance Committee

Date of Appointment:
Director – 16 August 2011

Board Meeting Attendance in 2018: 5/5

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

Relevant Experience:
Held various senior positions in public listed companies in Malaysia. He was formerly the Managing Director of Tradewinds (M) Berhad and Executive Vice President of Tradewinds Corporation Berhad. He is currently the Managing Director of the World Islamic Economic Forum Foundation, Independent Non-Executive Director of the Allied Hotels and Properties (Inc) (Canada) and King George Financial Corp. (Inc) (Canada).

Other Present Directorships:
- Listed Issuers: None
- Other Public Companies: None

Declaration:
He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

BOARD OF
DIRECTORS' PROFILE

DATUK OOI TEIK HUAT

Independent Non-Executive Director
Malaysian, Age 59, Male
Member of Audit Committee

Date of Appointment:
Director – 16 May 2013

Board Meeting Attendance in 2018: 5/5

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

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

Other Present Directorships:
- Listed Issuers:
  MMC Corporation Berhad, DRB-HICOM Berhad, Zelan Berhad and Malakoff Corporation Berhad
- Other Public Companies:
  Johor Port Berhad and Tradewinds (M) Berhad

Declaration:
He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

SHARIZA SHARIS BINTI MOHD YUSOF

Non-Independent Non-Executive Director
Malaysian, Age 45, Female

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

Board Meeting Attendance in 2018: 1/1

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

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

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

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

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

Other Present Directorships:
- Listed Issuers: None
- Other Public Companies: None

Declaration:
She has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year.

TOMOAKI YOKOYAMA

Non-Independent Non-Executive Director
Japanese, Age 62, Male

Date of Appointment:
Director – 1 April 2019
(Alternate Director to Nobuhisa Kobayashi)

Board Meeting Attendance in 2018: n/a

Qualification:
- National Certificate:
  - i) Gas Chief Engineer (Grade A)
  - ii) Manager in charge of pollution control
- Master Degree in Architecture and Civil Engineering, Waseda University, Japan
- Bachelor Degree in Mining Engineering, Waseda University, Japan

Relevant Experience:
He joined Tokyo Gas Co., Ltd. since April 1982 as a Designer for Gas Mains, Pipeline Dispatch Center. He has been appointed as the Chief Representative of Tokyo Gas Asia Pte. Ltd. in April 2018.

Prior to that, he was on the managerial position of Transmission Pipeline O&M, Transmission Pipeline Department of Tokyo Gas Co., Ltd. from 1987 – 1991. In July 1991, he was appointed as Technical Advisor for Gas Malaysia Sdn Bhd and subsequently, in January 1994, he served as a Senior Engineer of Transmission Pipeline Department. In April 1998, he served as Manager of Pipeline Planning Department and in July 2002 as Chief of Pipeline Research and Development Center. In April 2006, he was appointed as General Manager of Fundamental Technology Department. Then in 2009, he was appointed as General Manager of District Pipeline Division of Tokyo Gas Co., Ltd. He then served as Executive Officer in Tokyo Gas Engineering Solutions Co., Ltd in April 2013 until March 2018.

Other Present Directorships:
- Listed Issuers: None
- Other Public Companies: None

Declaration:
He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has not been convicted for any offences within the past five years. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year.

MANAGEMENT **TEAM**

1 **AHMAD HASHIMI BIN ABDUL MANAP**
Chief Executive Officer

2 **SHAHRIR BIN SHARIFF**
Director of Commercial

3 **ZAFIAN BIN SUPIAT**
Chief Financial Officer

4 **MOHD NISHARUDDIN BIN MOHD NOOR**
General Manager, Operations & Maintenance

5 **MOHAMAD FARID BIN GHAZALI**
General Manager, Marketing

6 **YM RAJA ISKANDAR BIN RAJA MUKHTARUDDIN**
General Manager, Human Resource & Administration

7 **SHAHREL AMIR BIN MOHD RASHID**
Deputy General Manager, Gas Networks & Infrastructure

MANAGEMENT **TEAM**

8 **IKHWAN NASIR BIN ABDUL MANAF**
Deputy General Manager, Gas System Management

9 **AZRINA BINTI ABDUL SAMAT**
Deputy General Manager, Regulatory Economics & Stakeholders Engagement

10 **JEKRIA BIN IBRAHIM**
Senior Manager, Health, Safety, Environment & Quality

11 **ABDUL HALIM BIN ALIAS**
Head, Investor Relations & Corporate Communications

12 **MOHD DAHARIE BIN CHE DIN**
Senior Manager, Procurement & Contracts

13 **YANTI IRWANI BINTI ABU HASSAN**
Company Secretary

14 **NORAISHAH BINTI MOHD RADZI**
Head, Legal & Compliance

15 **AZWIN BINTI NOH**
Head, Internal Audit

MANAGEMENT **PROFILE**

AHMAD HASHIMI BIN ABDUL MANAP

Chief Executive Officer
Age 55, Male, Malaysian

Date of Appointment to Present Position:
- 12 February 2015

Working Experience:
- Ahmad Hashimi is currently the Chief Executive Officer and provides strategic direction with full oversight of the overall business which includes but not limited to financial, operational, regulatory, stakeholders, crisis management and administrative affairs. He has 33 years of working experience, 26 years of which are in Gas Malaysia.
- He joined Gas Malaysia Berhad in 1992.
- Preceding to his current role, he was Chief Operating Officer, Technical, and prior to that, Senior General Manager, Operations & Maintenance Department, a position he had held since 1 January 2007.
- Prior to that in 1989, Ahmad Hashimi worked with MMC Engineering Sdn Bhd as a Pipeline Engineer. He began his career as a Structural/Civil Engineer in a local consulting firm.
- Ahmad Hashimi is currently a Council Member of Malaysian Gas Association and a member of the Institution of Engineers Malaysia.
- In addition to his role in Gas Malaysia Berhad, Ahmad Hashimi holds office as Chairman in Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Virtual Pipeline Sdn Bhd and Gas Malaysia (LPG) Sdn Bhd.
- He is also a Director in Gas Malaysia Energy and Services Sdn Bhd, Gas Malaysia Ventures Sdn Bhd, Gas Malaysia Venture 1 Sdn Bhd, Gas Malaysia Venture 2 Sdn Bhd, Sime Darby Gas Malaysia BioCNG Sdn Bhd, Gas Malaysia Synergy Drive Sdn Bhd and Pelantar Teknik (M) Sdn Bhd.

Qualification:
- He holds a Bachelor of Science in Civil Engineering from Oklahoma State University, USA.
- In 2004, he attended the Advanced Management Program at Wharton Business School, USA.

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Ahmad Hashimi holds 21,500 ordinary shares in the Company as at 31 December 2018.

SHAHRIR BIN SHARIFF

Director of Commercial
Age 54, Male, Malaysian

Date of Appointment to Present Position:
- 2 October 2015

Working Experience:
- Shahrir is the Director of Commercial since 2 October 2015. Prior to this role, he was Chief Operating Officer, Commercial. He strategises and leads marketing and business development plans, focusing on creating opportunities for Gas Malaysia's business growth. He is also involved in setting the scope of regulatory negotiations with respect to commercial viability of the tariff structure, which are aimed at enhancing the Group's profitability.
- Prior to joining Gas Malaysia in October 2012, Shahrir was with MMC as a Director in the Project Development and International Business unit. His experience encompassed a wide range of project development functions.
- During his seven-year tenure in MMC, Shahrir was instrumental in the start-up and development of the Jazan Economic City Project in Saudi Arabia. His other works were the development project proposals to the government on sewerage treatment complex, a few highway projects and KL-Singapore high speed rail project.
- Before MMC, he was Chief Operating Officer in GIIG Holdings Sdn Bhd from 2002 until 2006. During this tenure, he spearheaded the Hydroelectric Power and 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.
- In addition to his role in Gas Malaysia Berhad, Shahrir also holds office as Director in the following companies: Gas Malaysia Energy Advance Sdn Bhd, Gas Malaysia Energy and Services Sdn Bhd, Gas Malaysia (LPG) Sdn Bhd, Gas Malaysia Ventures Sdn Bhd, Gas Malaysia Venture 1 Sdn Bhd, Gas Malaysia Venture 2 Sdn Bhd, Gas Malaysia Virtual Pipeline Sdn Bhd, Sime Darby Gas Malaysia BioCNG Sdn Bhd and Gas Malaysia Synergy Drive Sdn Bhd.

Qualification:
- 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.

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Shahrir bin Shariff does not hold any shares in the Company as at 31 December 2018.

MANAGEMENT
PROFILE

ZAFIAN BIN SUPIAT

Chief Financial Officer
Age 44, Male, Malaysian

Date of Appointment to Present Position:
- 3 January 2019

Working Experience:
- Zafian was trained as a professional accountant where he commenced his career with Ernst & Young, Malaysia. Prior to joining Gas Malaysia Berhad, he was the General Manager, Finance in MMC Corporation Berhad, Chief Financial Officer of Johor Port Berhad and Group Accountant in Pos Malaysia Berhad.
- In his capacity, Zafian manages and supervises a team of managers under Accounting & Finance department which also includes Billing and Management Information System. He implements various financial plans, prompts budgetary planning and maintains suitable relations with investors and stakeholders. His professional duties have also encompassed the area of corporate financial operations.

Qualification:
- He holds a Bachelor of Science in Accounting and Finance from London School of Economics and Political Science, United Kingdom and is a member of the Institute of Chartered Accountants in England and Wales.

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Zafian does not hold any shares in the Company as at 31 December 2018.

MANAGEMENT **PROFILE**

MOHD NISHARUDDIN BIN MOHD NOOR

General Manager, Operations & Maintenance
Age 54, Male, Malaysian

Date of Appointment to Present Position:
- 1 June 2014

Working Experience:
- Mohd Nisharuddin was appointed as General Manager in the Operations & Maintenance Department on 1 June 2014. In this capacity, he oversees and manages Gas Malaysia's gas distribution system assets which ensure continued supply of natural gas and LPG to customers whilst maintaining safety, reliability and integrity of the gas distribution system.
- Prior to this, he was the General Manager in Technical Services Department, responsible for strategising the overall planning, development and execution of the NGDS projects.
- His career began at Malaysia Shipyard and Engineering Sdn Bhd as a Graduate Trainee in 1987, where he was involved in the fabrication of process piping for the offshore oil production platform project.
- Before joining Gas Malaysia, Mohd Nisharuddin was an Operations Engineer in Esso Malaysia Berhad since 1988. He was primarily responsible for providing engineering and maintenance support to fuel terminals and project implementation. Prior to this, he had joined Perbadanan Kilang Felda as a Mill Engineer and assumed a role as an Assistant Mill Manager, where he primarily focused on the daily operations of palm oil mill.
- He joined Gas Malaysia on 6 January 1994 as an Engineer and over a span of six years, he rose through the ranks and was appointed as Manager, Engineering & Construction in Technical Services Department. In January 2008, he was promoted to the position of Senior Manager, Technical.
- In addition to his role in Gas Malaysia Berhad, Mohd Nisharuddin serves as a Director in Gas Malaysia Energy Advance Sdn Bhd and Gas Malaysia Virtual Pipeline Sdn Bhd.

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

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Mohd Nisharuddin holds 15,000 ordinary shares in the Company as at 31 December 2018.

MANAGEMENT
PROFILE

MOHAMAD FARID BIN GHAZALI

General Manager, Marketing
Age 53, Male, Malaysian

Date of Appointment to Present Position:
- 1 August 2011

Working Experience:
- Mohamad Farid 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.
- On 1 December 1992, he joined Gas Malaysia as Technical Support Engineer in the Marketing Department. He was subsequently promoted to Assistant Manager of Technical Support in 1995.
- In 1997, he progressed to assume the position of Industrial Sales Manager, overseeing the planning and implementation of natural gas sales activities for the industrial market. In 2011, Mohamad Farid was again promoted to his current position which is responsible for the implementation of marketing objectives and plans for Gas Malaysia.

Qualification:
- He graduated from Fairleigh Dickinson University, New Jersey, USA in 1988 with a Bachelor of Science in Mechanical Engineering.
- He completed the Management Development Program from Asian Institute of Management in Manila, the Philippines, in 2009.
- He also holds a Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga.

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Mohamad Farid holds 45,000 ordinary shares in the Company as at 31 December 2018.

YM RAJA ISKANDAR BIN RAJA MUKHTARUDDIN

General Manager, Human Resource & Administration
Age 54, Male, Malaysian

Date of Appointment to Present Position:
- 1 January 2012

Working Experience:
- Raja Iskandar began his career in 1988 when he joined Mobil Oil Corporation (M) Sdn Bhd as a Sales Representative under its Graduate Program. He later joined Malaysia Tourism Promotion Board ("MTPB") in 1990 and was later made the Assistant Director for the MTPB Office in London, United Kingdom in 1992.
- He joined Gas Malaysia on 1 August 1997 as an Assistant Manager in the Residential & Commercial Sales Section. He was subsequently promoted to Manager of Marketing Support & Communications in 2000. In 2001, he was assigned a new responsibility as Industrial Sales Manager for the Northern Regional Office. Subsequently in 2005, he was reassigned as Industrial Sales Manager for the Southern Regional Office.
- In 1 August 2007, he was made the Department Head of Human Resource Department where he was responsible for the overall function of human resource management, ranging from manpower planning to compensation and benefits, as well as training and development. Raja Iskandar was promoted to his current post on 1 January 2013 to lead the combined Human Resource & Administration Department.
- In addition to his role in Gas Malaysia Berhad, Raja Iskandar also holds office as a Director in Gas Malaysia Distribution Sdn Bhd.

Qualification:
- He graduated in 1987 with a Bachelor of Science degree in Business Administration, majoring in Management from California State University, Sacramento, USA.
- In 2009, he completed the Management Development Program from Asian Institute of Management in Manila, the Philippines. He currently holds a membership as Fellow, Malaysian Institute of Management.

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Raja Iskandar does not hold any shares in the Company as at 31 December 2018.

MANAGEMENT
PROFILE

SHAHREL AMIR BIN MOHD RASHID

Deputy General Manager, Gas Networks & Infrastructure
Age 51, Male, Malaysian

Date of Appointment to Present Position:
- 1 June 2014

Working Experience:
- 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 as well as Above Ground Installation project.
- 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.
- Subsequently, on 1 January 2001, he was appointed as the Technical Planning Manager in the Technical Services Department before going on to assume the position of Senior Manager, under the Technical Planning Section on 1 July 2012.
- On 1 June 2014, he was appointed to his current position as Deputy General Manager of the Gas Networks & Infrastructure Department. As Department Head, he is responsible for the management of the overall network planning and design, development and execution of the Natural Gas Distribution System ("NGDS") network and Geographical Information System projects. Parallel to the management of these projects, he plans and implements strategic efforts in strengthening the network delivery system and enhancing the reliability of the NGDS network.
- In addition to his role in Gas Malaysia Berhad, Shahrel Amir also serves as Director in Gas Malaysia Synergy Drive Sdn Bhd.

Qualification:
- He graduated in 1991 with a Bachelor of Engineering (BEng) in Civil Engineering, and subsequently in 1993, received his Master of Engineering (MEng) in Civil Engineering, from the Kyushu Institute of Technology ("Kyutech"), Kitakyushu, Fukuoka, Japan.
- He also holds a Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga.
- In 2011, he completed the Management Development Program from Asian Institute of Management in Manila, the Philippines.

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Shahrel Amir holds 100 ordinary shares in the Company as at 31 December 2018.

MANAGEMENT
PROFILE

IKHWAN NASIR BIN ABDUL MANAF

Deputy General Manager, Gas System Management
Age 55, Male, Malaysian

Date of Appointment to Present Position:
- 1 June 2014

Working Experience:
- Ikhwan Nasir's career began in 1990 as a Technical Assistant in Dewan Bandaraya Kuala Lumpur. He later joined Gas Malaysia on 1 September 1992 as a Project Development Engineer where he was involved in the development of the Natural Gas Distribution System ("NGDS") in HICOM industrial area, which was Gas Malaysia's first NGDS network. Then after, he was tasked to manage a few more NGDS projects as Project Manager.
- Subsequently, he assumed a bigger responsibility within the Operations and Maintenance Department, this includes having purview on the operation and maintenance of NGDS facilities within the central region and taking charge of the Operations Control Centre.
- On 1 June 2014, Ikhwan Nasir was promoted to his current position as the Deputy General Manager, Gas System Management, where he is responsible for the overall management of the Operations 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.

Qualification:
- He holds an Advanced Diploma in Civil Engineering from MARA University of Technology in 1990, as well as a Certificate of Competency as the Gas Engineering Supervisor issued by Suruhanjaya Tenaga.
- He has also completed the Management Development Program from Asian Institute of Management in Manila, the Philippines in 2007.

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Ikhwan Nasir holds 200 ordinary shares in the Company as at 31 December 2018.

MANAGEMENT
PROFILE

AZRINA BINTI ABDUL SAMAT

Deputy General Manager,
Regulatory Economics & Stakeholders Engagement
Age 45, Female, Malaysian

Date of Appointment to Present Position:

- 2 February 2015

Working Experience:

- Prior to joining Gas Malaysia, Azrina was attached with Tenaga Nasional Berhad ("TNB") holding various portfolios including Regulatory Economics and Macro Policy & Pricing; with focused efforts towards establishing TNB's Incentive-Based Regulation ("IBR") Tariff Framework, which culminated in an inaugural base tariff review in 2014 for the 1st Regulatory Period. She also contributed positively towards TNB's long and medium term strategic business and transformation aspirations.
- Her 18-year stint in TNB further showcased her capability in the area of fuel procurement management, primarily in power sector's macro fuel policies for natural gas, coal and LNG. In addition, her experience in the energy procurement spans across Power Purchase Agreements with Independent Power Producers to the international cross-border power purchase agreements with Thailand, Indonesia and Singapore.
- Azrina currently heads the Regulatory Economics & Stakeholders Engagement Department. The department strives towards safeguarding and ensuring Gas Malaysia's seamless transition into new economic regulatory framework, such as the IBR and spearheads initiatives towards the Company's readiness for the landmark changes in the regulatory landscape with the introduction of the Third Party Access in 2017.
- Her versatility and her broad spectrum experience in the energy sector, particularly within the regulatory perspective, complements Gas Malaysia with the necessary capacity and capability in order to engage various key stakeholders in an environment of increasing regulatory complexity.

Qualification:

- Azrina holds a Master of Science in Engineering Management from the University of Warwick, UK as well as the Bachelor of Science in Computation from the University of Manchester Institute of Science and Technology (UMIST), UK.

Present Directorship in Listed Issuers:

- Nil

Present Directorship in Public Companies:

- Nil

Shares Held:

- Azrina does not hold any shares in the Company as at 31 December 2018.

MANAGEMENT
PROFILE

JEKRIA BIN IBRAHIM

Senior Manager, Health, Safety, Environment & Quality
Age 56, Male, Malaysian

Date of Appointment to Present Position:
- 1 July 2012

Working Experience:
- 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.
- 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 in the setting up and management of its Occupational Safety & Health ("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 was involved in offshore platform maintenance services. Both roles were for the period between October 1992 and January 1995.
- Jekria joined Gas Malaysia on 1 April 1999 as Manager, OSH Department. After heading the department for five years, the Management in 2004, decided to make OSH functions more holistic by infusing 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, Health, Safety, Environment & Quality ("HSEQ").
- In February 2015, Jekria was appointed Management Representative for Quality (ISO 9001), Environmental (ISO 14001) and Occupational Health & Safety (OHSAS 18001) Management Systems. In his capacity as the Management Representative, he was responsible in ensuring the relevant management systems are established, implemented and maintained in accordance with the required standards. Subsequently, in October 2016, he was given the added responsibility as the Secretariat for Risk & Compliance Management Committee. In this new role, he is entrusted with ensuring the Group's business risks were properly monitored and reviewed accordingly.
- He is currently the Senior Manager of HSEQ Department. 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.

Qualification:
- International Diploma in Occupational Safety & Hygiene, Edith Cowan University, Perth, Australia

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Jekria does not hold any shares in the Company as at 31 December 2018.

MANAGEMENT
PROFILE

ABDUL HALIM BIN ALIAS

Head, Investor Relations & Corporate Communications
Age 50, Male, Malaysian

Date of Appointment to Present Position:
- 3 December 2018

Working Experience:
- Abdul Halim started his career as Staff Assistant in 1991 with Arthur Andersen & Co. He went on to join Mayban Securities as an Investment Analyst in 1994 before proceeding to become a Syariah Equity Fund Manager with Abrar Unit Trust Management in 1997.
- In 2002, he was recruited by Lembaga Tabung Haji as Senior Equity Fund Manager to restructure the pilgrimage fund's portfolio of listed equities and transform the fund management activities. He was promoted as the General Manager of Equity Portfolio in 2005 and as Senior General Manager of the Investment Department in 2010. During his tenure, Lembaga Tabung Haji's listed equity portfolio was ranked No. 3 in terms of 1-year "Time Weighted Rate of Return" in 2009, out-performing 13 other "Islamic Syariah Based Equity Fund" based on Measurement of Investment Performance Survey conducted by Towers Watson.
- He then decided to venture on his own as an investment advisor. He went on to team up with his ex-colleague to become an Independent Non-Executive Director with Hajj Finance Company Limited in Bangladesh in 2013. In 2018, he decided to make a comeback and joined Minority Shareholders Watch Group as an analyst in the Corporate Monitoring Department before moving to Gas Malaysia Berhad to head the Corporate Affairs Department.
- In his current role, he is responsible for managing both the Investor Relations and Corporate Communications units of Gas Malaysia.
- Through his working experience in all facets of the investment industry, he brings with him the understanding of how the investment fraternity works to enable him to communicate effectively to the investment community on the value and appeal of Gas Malaysia as an investment vehicle.

Qualification:
- Abdul Halim holds a Bachelor of Science Degree with Honours in Land Management specialising in Valuation from University of Reading, England.
- He has also passed Module 9 (Fund Management Regulation) and Module 10 (Asset and Funds Management) of the Securities Commission Licensing Examination in 2001.
- In 2008, he completed the Top Management Program entitled "Building for Organic Growth" organised by Asian Institute of Management in Bali, Indonesia.

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Abdul Halim does not hold any shares in the Company as at 31 December 2018.

MANAGEMENT
PROFILE

MOHD DAHARIE BIN CHE DIN

Senior Manager, Procurement & Contracts
Age 49, Male, Malaysian

Date of Appointment to Present Position:
- 1 July 2012

Working Experience:
- Mohd Daharie started his career in 1990 at Yusof and Hoe Associates Jurukur Bahan as a trainee Assistant Quantity Surveyor, as part of the Industrial Training program.
- In 1991, he joined Jurukur Bahan Perdana as Assistant Quantity Surveyor before furthering his studies at Glasgow Caledonian University. Upon his graduation in 1995, he joined RM Associates as Quantity Surveyor.
- Mohd Daharie joined Gas Malaysia on 3 February 1997 as Contract Executive and was subsequently promoted to Senior Contract Executive in 2000, Assistant Manager in 2002, Acting Manager in 2007 and Manager of Procurement & Contracts in 2011.
- He is currently the Senior Manager for the Procurement & Contracts Department.
- In synergising the procurement's function, the Company on October 2015, has entrusted him to develop and manage another section namely purchasing section.
- With the inclusion of that section, he is now responsible for procurement, contracts, purchasing and warehouse section which falls under the Procurement and Contracts Department.

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

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Mohd Daharie does not hold any shares in the Company as at 31 December 2018.

MANAGEMENT
PROFILE

YANTI IRWANI BINTI ABU HASSAN

Company Secretary
Age 41, Female, Malaysian

Date of Appointment to Present Position:
- 1 October 2015

Working Experience:
- Yanti Irwani started her career in Tenaga Nasional Berhad as an Assistant Company Secretary. In 2007, she joined Puncak Niaga Holdings Berhad before moving on to Pharmaniaga Berhad in September 2010.
- With the experience thereby acquired, she made a strategic career move by joining MMC Corporation Berhad, a holding company of Gas Malaysia, during which she was appointed Joint Company Secretary of Gas Malaysia on 20 March 2013.
- She assumed her current role as Company Secretary of Gas Malaysia on 1 October 2015. In this capacity, she is responsible for company secretarial services for the Group.

Qualification:
- She is a Member of the Malaysian Association of Company Secretaries.
- She holds a Bachelor Degree in Corporate Administration, MARA University of Technology.

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Yanti Irwani does not hold any shares in the Company as at 31 December 2018.

NORAISHAH BINTI MOHD RADZI

Head, Legal & Compliance
Age 46, Female, Malaysian

Date of Appointment to Present Position:
- 14 February 2017

Working Experience:
- Noraishah has accumulated 22 years of working experience in various corporate and operations functional roles, mainly in legal, corporate affairs, human resources management and procurements.
- Prior to joining Gas Malaysia, she was the Head of Group Legal, DRB-Hicom Berhad ("DRB"). With more than 16 years tenure in DRB, it has exposed her to various legal aspects such as corporate exercises, merger and acquisition including banking and fund raising exercises, land matters, joint ventures, commercial, technical and operational agreements, construction, disputes and litigations, for which she provided advice on various legal matters.
- Prior to this, she assumed the role of Head of Corporate Affairs for DRB subsidiaries, having purview on procurement, human resource and legal functions.

Qualification:
- She holds a Bachelor of Laws and Master in Comparative Laws from International Islamic University. She was called to the Bar in 1996.

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Noraishah does not hold any shares in the Company as at 31 December 2018.

MANAGEMENT
PROFILE

AZWIN BINTI NOH

Head, Internal Audit
Age 41, Female, Malaysian

Date of Appointment to Present Position:
- 5 January 2015

Working Experience:
- 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.
- Prior to joining Gas Malaysia Berhad, she was the Head of Group Internal Audit Department of Amanah Raya Berhad ("ARB"). There she played a pivotal role in improving the audit practices by making it more condusive to conduct audit and implement recommendations. She had also built a professional relationship with ARB's Head of Departments, assisting them in understanding issues and identifying areas for improvements. She also provided support in adhering to regulatory requirements, kept abreast of developments in Corporate Governance practices and advised the Management accordingly.
- She is currently the Head of Internal Audit Department. In this capacity, she leads the independent and objective assurance activities designed to add value and improve the Group's operations. It helps the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- Reporting to the Audit Committee, she is committed in providing objective and independent assurance as well as value-added services to the Group in accordance with the International Professional Practices Framework on Internal Auditing.

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

Present Directorship in Listed Issuers:
- Nil

Present Directorship in Public Companies:
- Nil

Shares Held:
- Azwin does not hold any shares in the Company as at 31 December 2018.

None of the Management has:

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

SUSTAINABLE **DEVELOPMENT**

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

SUSTAINABILITY **STATEMENT**

TABLE OF CONTENTS

1. WHAT'S INSIDE

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

The three core pillars are:

Economic – Our role in developing the local economy and the interaction with the economic system;

Environment – The impact of our business operations on the environment and the efforts to minimise our environmental footprint; and

Social – Our interaction with the social system including our responsibilities to the surrounding communities and our stakeholders.

This Statement is to be read together with the other sections of Gas Malaysia Berhad's 2018 Annual Report, which highlights the financial and non-financial aspects of our business operations.

2. SCOPE & BOUNDARY

The scope and boundary of this year's Statement has not changed from that of the previous year. It still covers quantitative and qualitative information for the year under review on Gas Malaysia Berhad ("Gas Malaysia" or "the Group") and its subsidiaries as well as joint venture companies, namely, Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP"), Gas Malaysia Energy Advance Sdn Bhd ("GMEA"), Sime Darby Gas Malaysia BioCNG Sdn Bhd ("SDGMBioCNG") and the newly incorporated Gas Malaysia Synergy Drive Sdn Bhd ("GMSD"). However, this Statement does not include the Group's value chain, which consists of contractors, suppliers and vendors.

REPORTING PERIOD	1 January 2018 to 31 December 2018
REPORTING CYCLE	Annually
PRINCIPLE GUIDELINES	• Bursa Sustainability Guideline • Bursa Main Market Listing Requirements Practice Note 9 Paragraph 6

SUSTAINABILITY
STATEMENT

3. DRIVING SUSTAINABILITY

The Group's Board of Directors, together with the Senior Management team acknowledge the importance of pursuing sustainability practices within the business and as such, are committed to investing in measures that provide the Group with sustainable growth and value creation for our stakeholders whilst managing business risks and opportunities derived from economic, environmental and social factors.

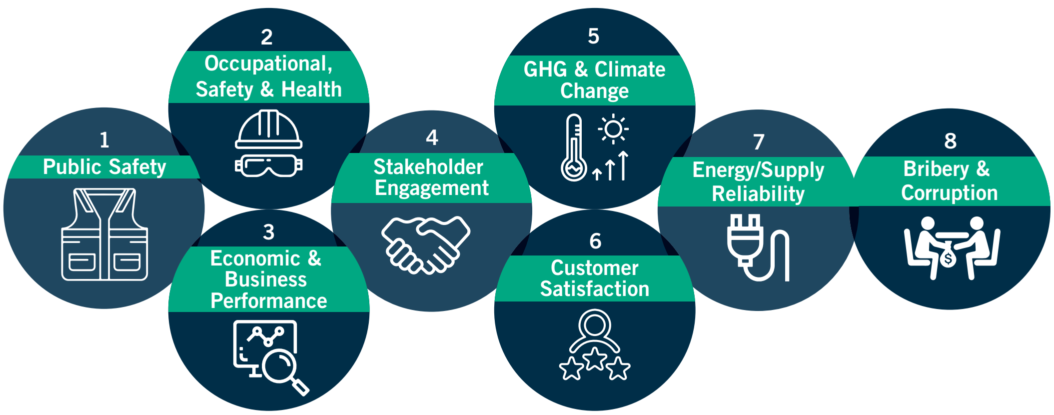
A Sustainability Reporting Committee ("SRC") was formed in 2016 to deliberate on sustainability areas that impact our stakeholders, and they have since identified and prioritised on relevant matters that are material to the Group's delivery of sustainable growth. The SRC consists of Departmental Heads as well as Heads of subsidiaries and joint venture companies. The SRC reports to the Chief Executive Officer.

4. MATERIAL MATTERS

Given our wide reach throughout Peninsular Malaysia, we are conscious of the acute need to balance our economic, environment and social responsibilities. We take into consideration our stakeholders' perspectives and expectations, and align them with the Group's strategic vision to identify what is material to us.

Back in 2016, an external survey on 30 material areas was conducted and extended to six groups of stakeholders. The survey was rolled out to identify the material matters for our inaugural Statement.

Filtering through the survey results, key material matters to the stakeholders and the Group are as follows:



We assessed the material matters based on stakeholders' priorities. These material matters were determined based on their impact to the operations of the Group, and how they help create value for us as well as for the relevant stakeholders.

The abovementioned material matters are considered relevant in 2018. Accordingly, in the subsequent part of this Statement, we continued to demonstrate our keen effort in addressing every single one of them.

5. ECONOMIC

Sustaining the Nation's Energy Growth and Energy Efficiency through Gas Distribution System

Advancing the Gas Industry through Active Engagement

In tandem with the Group's pursuit of sustainable economic growth, Gas Malaysia strives to meet the nation's energy needs by contributing to the Malaysian economy in a sustainable matter. The Group aims to be an innovative value-added energy solutions provider that provides the cleanest, safest, cost-effective and reliable energy solutions to the nation.

To-date, Gas Malaysia has made significant contribution to the economic development, first, by building natural gas infrastructures and providing innovative energy solutions; and second, by advancing the gas industry through active engagement.

SUSTAINABILITY STATEMENT

5.1 Sustaining the Nation's Energy Growth and Energy Efficiency through Gas Distribution System

For the year under review, we expanded the Natural Gas Distribution System ("NGDS") network by another 91 kilometres, bringing the total length of gas pipeline in operation to 2,334 kilometres.

We continued our ongoing effort to increase the supply capacity by reinforcing the network in Kluang, Gebeng, Bestari Jaya, Subang Bestari and Elkay Industrial Park in Lipat Kajang.

Attributed by our commitment in completing all our planned gas infrastructure development in a timely manner, we were able to further strengthen our position in the gas distribution industry and managed to supply to more industrial and commercial customers. In 2018, through our extended NGDS network, we managed to supply to 37,922 customers, delivering 193.85 million MMBtu of gas.

	2016	2017	2018
NGDS (kilometre)	2,186	2,243	2,334
No. of Customers:			
Industrial	819	853	888
Commercial	2,260	2,310	2,331
Residential	35,298	35,720	34,703
Total	**38,377**	**38,883**	**37,922**
Volume of Gas Sold (mil MMBtu) for Natural Gas & LPG	164.26	183.90	193.85

As part of our commitment in promoting and advocating the use of natural gas, Gas Malaysia has entered into a collaboration with the Ministry of International Trade and Industry ("MITI") and the State Government of Perak, to construct 140 kilometres of NGDS network in Kinta Valley, Perak Darul Ridzuan. This new NGDS network is expected to improve the investment prospect of the State of Perak and act as catalysts for economic growth as well as creation of job opportunities.

In line with our supply driven model, we remain steadfast in expanding the NGDS network to more areas within Peninsular Malaysia. To this end, we have awarded new contracts for the construction of an additional 127 kilometres of NGDS network for existing and new industrial areas to meet potential demand for natural gas.

Further to this, we also strive to ensure reliable delivery of gas to local industries, commercial businesses and homes. For the year 2018, we have successfully maintained a supply reliability rate of approximately 99%.

99%

Supply Reliability Rate

5.2 Advancing the Gas Industry through Active Engagement

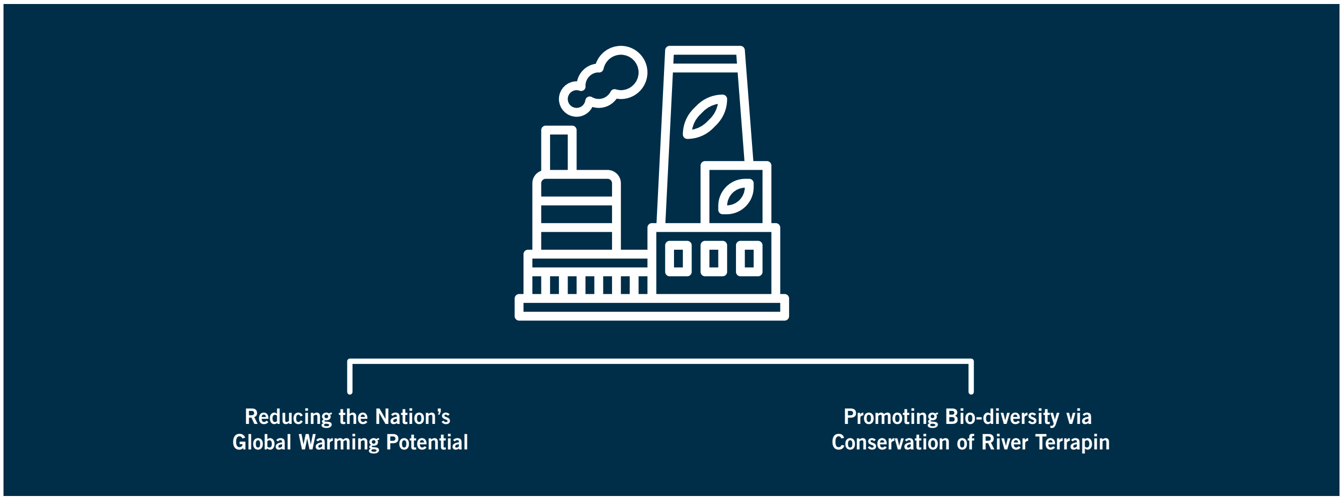
At Gas Malaysia, we firmly believe that continuous engagement with our stakeholders and authorities is imperative for the Group to develop comprehensive sustainable business strategies.

Since we value feedback from our stakeholders and authorities, we have engaged with a diverse group that are relevant to the industry. Through these meaningful engagements, we were able to bring together various expertise and knowledge which can help us manage potentials and mitigate risks thus ensuring a sustainable rate of growth for the Group.

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

Engagement Group	Type of Engagement
Regulatory Bodies & Government Agencies	Dialogue sessions, regular meetings, correspondences, on-site inspections and joint emergency response exercise
Board of Directors	Meetings and correspondences
Shareholders	Analyst meetings, quarterly briefings and visits, and annual general meeting
Customers	Dialogue sessions, customer engagement visits, relationship building programmes and regular meetings
Authorities	Regular meetings and dialogue sessions
Business Partners	Regular meetings and dialogue sessions
Employees	Employee surveys, internal communications, engagement sessions, sports & recreational activities
Local Communities	Dialogue sessions

6. ENVIRONMENT



Environmental conservation is becoming more significant today and, more companies globally are including it as part of their business strategies. The Malaysian government is also being very proactive in pushing the environmental agenda, particularly in the area of climate change.

The Government, through Ministry of Energy, Science, Technology, Environment & Climate Change ("MESTECC") is looking at drafting a Climate Change Act in the near future to institutionalise climate change actions in business processes and is also targeting to announce a national level climate change adaptation and mitigation plan in the upcoming year.

We are supportive of the Government's efforts, since natural gas in itself is classified as one of the cleanest burning fossil fuels and it contributes positively to the green energy initiatives.

These efforts include:

- Promoting the use of natural gas;
- Further extending the NGDS network to existing and new areas;
- Supplying compressed natural gas to areas currently not served by the NGDS network through GMVP;
- Pushing the Combine Heat and Power ("CHP") business to serve the requirements of industries through GMEA and the newly incorporated GMSD; and
- Supplying compressed bio-methane through SDGMBioCNG.

The conservation of our environment is a vital responsibility to ensure a sustainable future. In line with our mission and our Health, Safety, Environment & Quality ("HSEQ") Policy to minimise the environmental impacts of our business activities, we have observed the value of eco-efficiency and bio-diversity.

6.1 Reducing the Nation's Global Warming Potential

As one of the cleanest form of fossil fuels that produces fewer pollutants and lower greenhouse gas emissions, natural gas reduces formation of smog in the air. In addition to encouraging the use of natural gas, which emits up to 50% less carbon dioxide than coal, we also promote energy efficiency via the use of CHP system, which can boast operational efficiency up to approximately 85% through simultaneous production of electricity and steam.

Further to this, we continued to explore other potentials to create new demand for natural gas through our virtual pipeline initiative. Both our wholly-owned subsidiary, GMVP and joint venture company, SDGMBioCNG, were formed to undertake the gas distribution business via land transportation for customers that are currently not served by the NGDS network.

In line with our focus to address the issue of global warming, we embraced the waste-to-energy technology via our joint venture company, SDGMBioCNG. The company is involved in the distribution of BioCNG, that has already gone through a biogas upgrading process. The process essentially entails the capture of biogas which consists of about 60% methane in a storage tank upon its release from Palm Oil Mill Effluent ("POME"). If the methane gas produced is released into the atmosphere, it becomes 25 times* more hazardous than carbon dioxide in posing greenhouse effect. POME is a non-toxic, oily waste water generated by palm oil processing mills.

	2016	2017	2018
Volume of BioCNG Delivered to Customer (MMBtu)	2,500	15,000	30,000

* Source: www.epa.gov

6.2 Promoting Bio-diversity via Conservation of River Terrapin

Since 1999, Gas Malaysia has been supplying natural gas to industrial customers in Perak and to-date, we operate and maintain about 119 kilometres of NGDS network and serve 47 industrial customers in that state alone.

As part of our efforts on bio-diversity, we collaborated with the Department of Wildlife and National Parks ("PERHILITAN") to tackle bio-diversity issues in Perak, particularly on protecting river terrapin, which has been classified as endangered species.

Conducted through a Corporate Social Responsibility ("CSR") programme at the River Terrapin Conservation Centre in Bota Kanan, Parit, Perak, Gas Malaysia donated an egg-hatching incubator to the conservation centre to help with population recovery efforts and eventually improve the success rate of hatching. Additionally, we also donated several water pumps and filter machines to improve water clarity and remove suspended solids and other sediments at the breeding ponds.

As a result of our committed efforts, with the availability of the egg-hatching incubator, 187 eggs were successfully hatched from a total of 230 eggs incubated during the 2017/2018 period. This translated into a success rate of approximately 81%.

As for the water pumps and filter machines, they are still in good working condition and remains highly effective.

Year	Natural Soil		Using Incubator Machine		Total Hatchlings	Success Rate of Hatchlings
	Total Incubated	Total Hatchlings	Total Incubated	Total Hatchlings		
2016/2017	499	155	–	–	**155**	**31%**
2017/2018	–	–	230	187	**187**	**81%**

SUSTAINABILITY
STATEMENT

7. SOCIAL

At Gas Malaysia, we believe that building effective relationships with key stakeholders are crucial to the success of the Group. This section highlights our social commitment to stakeholders such as our employees, our customers and the society at large in three parts – product responsibility, labour practices and decent work and society.

7.1 Product Responsibility

7.1.1 Public Safety

Public safety is of utmost importance to us and one that we will never compromised under any situation. We implement comprehensive safety measures across our operations by upholding and practicing stringent policies and procedures to ensure safe and reliable delivery of natural gas to our customers. Further to this, we adhere to strict quality control and safety measures at all stages of our business, beginning from the planning and construction of new NGDS pipelines, right down to its operations and maintenance in ensuring safety of our employees and the general public.

7.1.1.1 Safety Measures at Gas Networks Infrastructure

Safety considerations are embedded in all the things that we do. At the initial planning stage, strategic pipeline routes and locations of isolation valves are carefully selected with future infrastructure expansion in mind.

Subsequently, comes the engineering stage where design and material specifications are made in accordance with the Gas Supply Act 1993, Gas Supply Regulations 1997 (and their amendments) and internationally accepted codes and standards. This is vital, since materials are specified to withstand the operating pressure and other external loads, as well as protection against corrosion and over pressurisation.

We then appoint competent contractors during the construction stage to design, engineer, procure, construct and commission the gas pipelines. As we are mindful of safety measures, our steel pipes are sourced from manufacturers licensed by the American Petroleum Institute (“API”) to produce pipes according to verified specifications. On top of this, inspection of the steel pipes is then carried out by a third-party agency that provides us with further assurance that the steel pipes procured are of acceptable quality.

7.1.1.2 Safety Measures at Operations & Maintenance

Our Operations & Maintenance team carry out daily systematic operations and maintenance of gas facilities with an aim to ensure the safe, stable and continuous supply of gas. To ensure the gas facilities are well maintained, periodic preventive maintenance and systematic troubleshooting are performed, which includes monitoring underground steel gas pipeline conditions via cathodic protection inspection, valve inspection, pipeline leakage survey, pipeline integrity inspection as well as odorant intensity level check.

Daily inspections are also carried out to detect abnormalities and monitor unauthorised third-party work within the vicinity of our gas facilities.

Further to this, all third party works within the vicinity of the gas facilities will require permits and are supervised by our Operations & Maintenance team to prevent any damages to our gas facilities. There are also dedicated on-call and emergency response teams on standby to physically respond to emergencies within 90 minutes upon notification to minimise the risk to the public and limit the potential damages to property and the environment.

The year under review also saw the execution of a safety awareness seminar in Ipoh with local authorities, utility companies and contractors with an aim to increase awareness on the safety aspects of conducting work near our gas distribution system as well as sharing information with regard to our gas facilities.

In addition, a joint emergency drill was conducted in Pasir Gudang, in collaboration with government agencies such as *Jabatan Bomba dan Penyelamat Malaysia, Polis Diraja Malaysia* and local paramedics team with an aim to gauge the effectiveness of the emergency response plan involving government agencies and Gas Malaysia, in handling gas related emergencies.

7.1.2 Customer Satisfaction

The sustainable growth of the Group depends largely on our ability to satisfy our customers. As such, we strive to offer them products and services that meet their expectations and needs. We always attempt to understand our customers' demand trend, provide continuous consultation on our product and services, as well as keep abreast of new processes and technological development in the gas industry to better meet their operational requirements and expectations.

7.1.2.1 Providing Operational Excellence

Our Operations Control Centre ("OCC") serves as a focal point in handling any emergency calls. Operating around the clock from our headquarters in Shah Alam, the OCC is responsible for managing and providing appropriate response during emergencies, as well as attending to other enquiries. This includes gas facilities related issues, providing daily gas information to customers as well as monitoring gas pressure.

In addition to our headquarters, we also have three regional offices and nine branch offices throughout Peninsular Malaysia. This allows us to provide efficient and quick response to our customers in the event of a service disruption.

In 2018, we registered a higher System Average Interruption Duration Index ("SAIDI") of 0.3299 minutes of interruption per customer compared with the preceding year of 0.1067 minutes of interruption per customer. The higher SAIDI score registered came on the back of two major supply interruptions that we experienced due to gas pipeline damage incidents caused by third party contractors working in the vicinity of our pipelines. Even though the SAIDI numbers were higher compared with the previous year, nevertheless it was still within our targeted benchmark of below 3.0 minutes of interruption per customer. SAIDI is commonly used by utilities companies around the world to measure supply reliability.

For the year under review, the average response time, in the event of such emergencies, was higher, at 26.82 minutes compared with the preceding year. The response time depends on the distance from the incident site to the branch office. Despite the results, it is still far below our standard response time of 90 minutes.

Performance Indicator	2016	2017	2018
SAIDI (Average Minute of Interruption per Customer)	0.6083	0.1067	**0.3299**
Response Time (Average Minute taken to Respond at Site)	24.44	23.93	**26.82**

The aforementioned operational initiatives further strengthened the trust and loyalty placed in the Gas Malaysia brand by our customers.

SUSTAINABILITY
STATEMENT

7.1.2.2 Creating Excellent Customer Experience

Our Customer Care Unit ("CCU"), which operates from Monday to Friday, 8.30am to 5.30pm, was established to provide our customers with assistance in resolving issues related to billing enquiries, account registration and service activation in a courteous and timely manner.

In 2018, our CCU team continued to improve its customer feedback services by successfully addressing all customers' complaints within the three-day threshold target. This translated into a success rate of 100% compared with the preceding year's achievement of 95.9%.

7.1.2.3 E-Services

As part of our efforts to prioritise and enhance customer convenience, we have introduced Gas Malaysia's E-Services portal. It is a secured web-portal that allows both our industrial and large commercial customers to:

- View account details whilst maintaining the security of the information;
- View and print latest and historical billing information;
- Track daily and monthly gas consumption;
- View payment records;
- Receive latest service notification;
- Download relevant information; and
- Communicate with sales personnel on any enquiry.

Similarly, in the E-Services portal there is also a separate section to address the needs of our residential and retail customers.

As at 31 December 2018, 97.8% of our industrial and large commercial customers have registered with our E-Services, marking a 2.8% improvement compared with the previous year. We have also commenced effort to improve the interface speed of the portal to make it easier for our end users.

7.2 Labour Practices and Decent Work

7.2.1 Health, Safety & Environment

Adhering to our HSEQ Policy, we are committed in conducting our business activities in a responsible manner to ensure the health and safety of our employees, business partners and the public are not compromised, in addition to preserving the environment.

We continuously strive to prevent and eliminate the risk of occupational injury and illness to personnel as well as damage to the environment thereby allowing us to collectively enhance the quality of our services.

There are three key objectives under HSE. Firstly, is to maintain zero non-compliance with Occupational Safety & Health Act 1994, Environmental Quality Act 1974 and other related regulations. Secondly, is to strive for zero lost workday and thirdly, is to ensure effective implementation and continual improvement of HSEQ Management System (ISO 9001, ISO 14001 and OHSAS 18001).

In relation to the abovementioned key objectives, for the year under review we conducted a total of 71 inspections on our contractors working at our pipeline construction sites and fabrication yard.

7.2.2 Bribery & Corruption

We are committed to maintain the highest standards of integrity and professionalism in all business dealings as ethical business practices are critical and crucial to the sustainability of our business.

As per the Code of Conduct and Discipline prescribed in our Employee Handbook, we strive towards practicing high standards of work ethics and professionalism including operating our business in a fair, ethical and legal manner, avoiding corruption of any form including bribery, and complying with the anti-corruption and governing laws.

There was no incident of bribery and corruption reported in 2018.

In 2018, a Whistleblowing Policy has been established to provide employees and third parties with proper internal procedures in disclosing cases of improper conduct as well as to provide protection to the whistleblower from reprisal as a consequence for making a disclosure.

In this respect, there was no disclosure of improper conduct reported for the year under review.

SUSTAINABILITY
STATEMENT

7.3 Society

We subscribe to the view that our corporate ambitions and corporate social responsibility are interdependent for our business to be sustainable.

As such, Gas Malaysia strives to improve the quality of life of the underprivileged through an agenda that cultivates better communities tomorrow.

Listed below are our ongoing initiatives undertaken from the preceding year:

ENGAGEMENTS	FOCUS AREAS	RESULTS
An-Nur Dialysis Centre	Renal Disease	In 2016, a dialysis machine was purchased to help the centre cope with the increasing number of patients with renal disease and has since been able to accommodate more patients. The year 2018 saw 864 dialysis sessions, benefitting about 93 patients.
Islamic Relief Malaysia	Flood Victim	Previously, a proper shelter was built to house flood victims in Rantau Panjang, Kelantan during monsoon season. To-date, the shelter has already been used 3 times by the villagers since its establishment. In 2018, there was no flood incidents reported in the vicinity. However, with a capacity to house approximately 180 individuals during flood incident, the shelter is well-maintained to ensure its sustainability.
Department of Wildlife and National Parks Peninsular Malaysia ("PERHILITAN")	River Terrapin Conservation	An egg hatching incubator was purchased to improve the river terrapin population recovery efforts. With the help of the incubator, the success rate of hatching could improve up to 85% compared with the common method of using natural soil, which has a success rate of about 50% or less. Since it is an initiative which requires a certain time span, for the period 2017/2018, 187 eggs were successfully hatched from the total 230 eggs incubated. This translated into a success rate of approximately 81%.

Subsequently, for the year under review we did commence new initiatives to further expand on our CSR efforts. Listed below are the new initiatives undertaken:

ENGAGEMENTS	FOCUS AREAS	RESULTS
Malaysian AIDS Foundation	AIDS	The financial assistance was provided to address the growing need for HIV prevention as well as for AIDS care and support for more than 100,000 people living with HIV infection in Malaysia.
Malaysian Institute of Management	The Tunku Abdul Rahman Lecture Series (Leadership)	The financial assistance was provided to commemorate the premiership of Malaysia's first Prime Minister YTM Tunku Abdul Rahman Putra Al-Haj. The aim of the lecture series was to foster thought leadership among present prominent leaders.
Islamic Relief Malaysia	Visually Impaired	Distributed household items which benefitted 65 visually impaired individuals. The recipients were members from the *Persatuan Orang-Orang Cacat Penglihatan Islam Malaysia*.
Tahfiz schools and mosques	Welfare	Financial assistance channelled for building's upgrade and expansion work.
Unions such as: • Peninsular Malaysia Fire and Rescue Services Workers Union • Police Administrative and Civilian Staff Union	Welfare of the Unions	Financial assistance was provided for the various initiatives undertaken by the uniformed body's unions. Eventually, our contribution was channelled to their awareness programmes, welfare, educational fund and other similar initiatives.
Underprivileged individuals	Medical Assistance	Financial assistance was provided to ease the burden of the underprivileged individuals with medical conditions.

8. MOVING FORWARD

As the Group surge forward, we will lay emphasis on the importance of ensuring that we develop in a sustainable manner. This is all the more pertinent given our role as a total energy solutions provider. True to our mission, we will continue converging sustainability into our business activities and decision making.

From the Group's perspective, our sustainability initiatives are spearheaded by our concerted efforts to create value for our stakeholders. We will continue to focus on expanding our gas distribution business and create new demand for natural gas, in line with our business strategy. Further to this, given our extensive reach throughout Peninsular Malaysia, we will continue to remain mindful of the need to balance our economic, environmental and social responsibilities.

2018 CORPORATE **HIGHLIGHTS**

INFORMATION MEETING & LONG SERVICE AWARD 2018

On 14 February, the Group held its annual Information Meeting & Long Service Award Ceremony at Holiday Inn Kuala Lumpur Glenmarie. The main objective of this event was to update employees on the Group's 2018 performance and future business direction. It was also a platform used to extend the Board's appreciation for the contribution rendered by employees in 2018 and to honour long serving employees.

GROUND BREAKING CEREMONY AT KINTA VALLEY, PERAK DARUL RIDZUAN

On 22 February, a ground breaking ceremony was held in Kinta Valley, Perak Darul Ridzuan. The ceremony involved Gas Malaysia together with the Ministry of International Trade and Industry and the State Government of Perak. The ceremony was to mark the construction of 140 kilometres of Natural Gas Distribution System network to improve the investment prospect of Perak Darul Ridzuan.

LIGHT & EASY WITH CEO

With an aim to foster better engagement, enhance morale and promote a healthier working environment, the "Light & Easy With CEO" session was held quarterly. The relaxed session, provided a platform for the Chief Executive Officer, to share his experience and aspirations as well as have a two way communication with fellow employees.

STRESS MANAGEMENT TRAINING

On 23 April, we commenced a two day training session for all employees on stress management. The training session was organised in 12 batches, and was conducted up until 4 September.

ANNUAL GENERAL MEETING

As part of our yearly initiative and regulatory obligation, Gas Malaysia's Annual General Meeting was held on 11 May at Holiday Inn Kuala Lumpur Glenmarie.

GAS MALAYSIA'S 26TH ANNIVERSARY

On 16 May, Gas Malaysia commemorated its 26th anniversary with a birthday celebration at its headquarters with all employees gathered to celebrate the achievements of the Company from its humble beginnings.

MAJLIS BERBUKA PUASA

In embracing the spirit of fellowship and honouring the month of Ramadan, on 1 June, the Group organised a Majlis Berbuka Puasa event at its headquarters in Shah Alam.

2018 CORPORATE
HIGHLIGHTS

HEALTH TALKS

In an effort to encourage a healthy lifestyle among employees, the Group commenced health talks on 27 June for its employees. Various topics were addressed, mostly present-day widely held ailments faced by the masses.

MEMORANDUM OF UNDERSTANDING ("MoU") SIGNING CEREMONY BETWEEN GAS MALAYSIA BERHAD AND TOKYO GAS CO. LTD

On 12 July, a MoU was signed between Gas Malaysia and Tokyo Gas Co. Ltd. The MoU was signed to establish a mutual-beneficial cooperation and collaboration between both parties in relation to any new investment in the development of natural gas value chain in most part of South East Asia region.

HARI RAYA AIDILFITRI CELEBRATION

As the month of Ramadan came to a close, on 13 July, we held a Hari Raya Aidilfitri celebration ceremony at our headquarters in Shah Alam.

JOINT EMERGENCY DRILL

On 1 August, we conducted a joint emergency drill in Pasir Gudang, in collaboration with local authorities, government agencies such as *Jabatan Bomba dan Penyelamat Malaysia* and *Polis Diraja Malaysia* together with the local paramedics team.

SAFETY AWARENESS SEMINAR

On 25 October, we conducted a safety awareness seminar in Ipoh with local authorities, utility companies and contractors.

MANAGEMENT VISIT TO GAS MALAYSIA ENERGY ADVANCE SDN BHD'S ("GMEA") FIRST GAS ENGINE COMBINED HEAT AND POWER PROJECT

We successfully achieved commercial operation for GMEA's first gas engine combined heat and power project on 17 November. The plant is supplying 2MW of electricity and 2,053kW of hot water that is coupled with our customer's hybrid chiller.

BUSINESS CONTINUITY MANAGEMENT SIMULATION DRILL

On 27 November, a business continuity management simulation drill was conducted at our Shah Alam branch office. The drill was conducted with an objective of testing the state of readiness of the facilities and IT systems at our alternate site in taking over the role as head office in the event of a disaster.

2018 CORPORATE **HIGHLIGHTS**

GOLF GET TOGETHER WITH CUSTOMERS

To further strengthen the relationship and appreciate the support rendered by our industrial customers, we hosted several golf sessions for the year 2018, titled "Golf Get Together With Customers". In total, three golf events were organised.

THE INCORPORATION OF GAS MALAYSIA SYNERGY DRIVE SDN BHD

On 4 December, a joint venture company was incorporated and designated as Gas Malaysia Synergy Drive Sdn Bhd ("GMSD"). GMSD is part of a business venture which began in the last quarter of 2017, where we entered into a joint venture agreement with our business partner Sime Darby Energy Solutions Sdn Bhd (previously known as Sime Darby Offshore Engineering Sdn Bhd).

THIRD PARTY ACCESS ("TPA") TOWN HALL ENGAGEMENT WITH EMPLOYEES

On 19 December, a TPA town hall engagement was organised for our employees. This engagement session was organised with an aim to impart information and raise awareness to our employees as well as address their uncertainties in respect of the company-wide TPA compliance exercise.

SPORTS & RECREATIONAL ACTIVITIES

For the year under review, Gas Malaysia's Sports & Recreational Club organised several exciting and beneficial activities for participants. Key activities organised are presented below.

FARDHU AIN CLASSES

We held Fardhu Ain classes once every month. The classes which were intended to essentially prepare the Muslimah towards better understanding of Islam holistically as well as their duties and responsibilities as Muslims, in performing their daily obligatory acts as decreed by the holy Qur'an and Al-Sunnah.

ZUMBA FITNESS WORKOUT

Specifically tailored for the ladies, the dance inspired fitness workout session, better known as Zumba, was organised twice a month throughout the year with an aim to encourage a healthy life style for our women employees.

FOOTBALL & FUTSAL TOURNAMENTS

We organised two football tournaments precisely on 14 March and 11 August. The former was a friendly match between Gas Malaysia Berhad FC against Transwater FC whereas the latter was an inter-departmental tournament. Similarly, on 21 July, we organised a futsal tournament.

2018 CORPORATE
HIGHLIGHTS

FISHING COMPETITION

On 5 May, we organised a fishing competition at Kolam Memancing Air Masin, Seksyen 13, Kota Kemuning, Shah Alam, Selangor Darul Ehsan.

INTER-DEPARTMENTAL BOWLING TOURNAMENT

On 14 July, an inter-departmental bowling tournament was organised at Wangsa Bowl, IOI City Mall, Putrajaya.

GOLF CLINIC

From August until October, a golf clinic was organised at Kota Permai Golf and Country Club for beginners to help them learn the fundamentals of golf such as full swing, chipping, putting, basic golf etiquette and the rules of the game. All participants received training and guidance from a professional golfer.

BROGA HILL HIKE

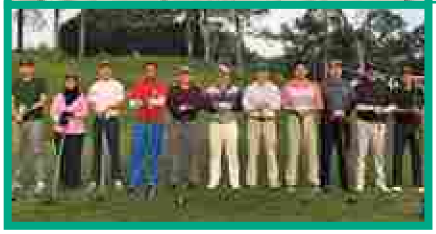
On 8 September, we organised a hiking trip to Bukit Broga, Semenyih, Selangor Darul Ehsan.

INTER-DEPARTMENTAL TABLE TENNIS TOURNAMENT

On 3 November, an inter-departmental table tennis tournament was organised at i-City Table Tennis Trading, Seksyen U13, Bandar Setia Alam, Shah Alam, Selangor Darul Ehsan.

HOUSEBOAT CRUISE

From 22 to 24 December, we organised a houseboat cruising trip at Temenggor Lake, Perak Darul Ridzuan.



GOLF COMPETITION

On 29 December, we organised a golf competition titled “Friendly Golf Medal” at Tasik Puteri Golf & Country Club, Bandar Tasik Puteri, Rawang, Selangor Darul Ehsan.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (THE "BOARD")

The Board acknowledges the importance of corporate governance practice in enhancing shareholders' value by implementing and maintaining high standards of corporate governance principles at all levels within the Group whilst ensuring the long-term sustainability of the Group's businesses and operations.

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

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

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

- Reviewing and adopting strategic plans for the Group;
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed;
- Identifying principal risks and ensuring the implementation of appropriate control systems to manage these risks with the assistance from Risk & Compliance Committee ("RCC");
- Succession planning through annual evaluation on Senior Management by its Nomination & Remuneration Committee ("NRC");
- Developing and implementing an investor relations program or shareholders' communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
- Monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- Ensuring that the Company's and the Group's financial statements are true and fair and conform with the accounting standards;
- Monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- Ensuring that the Group adheres to high standards of ethics and corporate behaviour.

The day-to-day management of the Group is delegated to the 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.

Board Charter
The Board has adopted a Board Charter which sets out the roles and responsibilities of the Board and Board Committees. Our Charter is drafted in accordance with the Principles and Recommendations of MCCG 2012, fundamental requirements of provisions in the Companies Act 2016 ("CA 2016"), Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), Articles of Association of the Company and other applicable rules and regulations.
On 14 November 2018, the Board Charter has been reviewed to encompass changes made to the Act, MMLR and Principles under MCCG 2017. The Board Charter is made available on Gas Malaysia's website at www.gasmalaysia.com.

II. Board Composition

Composition of the Board
The Board currently has nine Directors, comprising of five Independent Directors and four Non-Independent Directors, all of whom are Non-Executive Directors, with a broad range of experience and mix of skills.

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

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

During the financial year under review, all Directors attended training/seminar/conference, as follows:

Name of Director	Training/Seminar/Conference Attended	Date
Datuk Haji Hasni bin Harun	• MIA International Accountants Conference 2018 • Energy Sector Outlook – presentation by RHB Research Institute • Energy Transition: Trends and Opportunities – presentation by A.T. Kearney • Remuneration Committee: Attracting and Retaining The Best Talents	• 9 to 10 October 2018 • 18 October 2018 • 18 October 2018 • 13 November 2018
Datuk Puteh Rukiah binti Abd. Majid	• Corporate Governance Briefing Session: MSSG Reporting and CG Guide • Sustainability Engagement Series for Directors / Chief Executive Officers • Sustainability Directors Programme: The Essence of Independence • Anti-Corruption Summit 2018: Good Governance And Integrity For Sustainable Business Growth • Board Evaluation and Board Effectiveness Assessment Seminar	• 1 March 2018 • 5 July 2018 • 29 October 2018 • 30 October 2018 • 28 November 2018
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	• The 4th Doha Islamic Finance Conference 2018, Doha Qatar • 8th WIEF Global Discourse on Quantum Computing, KL Malaysia • WIEF Idealab 2018, Goa India • AKEPT-WIEF Social Enterprise Forum, KL Malaysia	• 9 March 2018 • 20 September 2018 • 16 to 17 October 2018 • 22 October 2018

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Name of Director	Training/Seminar/Conference Attended	Date
Tan Lye Chong	• MFRS 15 Revenue from Contracts with Customers & MFRS 16 Leases • MIA International Accountants Conference 2018 • A Comprehensive Review of Latest Development in MFRS • Understanding Blockchain Technology and Its Potential within the Context of MMC's Business Portfolio • Budget 2019 Key Updates and Changes for Corporate Accountants	• 26 April 2018 • 9 to 10 October 2018 • 16 to 17 October 2018 • 29 October 2018 • 15 November 2018
Datuk Ooi Teik Huat	• Energy Transition – Trends and Opportunities by AT Kearney • Energy Sector Outlook by RHB Research Institute • Understanding Blockchain Technology and Its Potential within the Context of MMC's Business Portfolio	• 18 October 2018 • 18 October 2018 • 29 October 2018
Shigeru Muraki	• Global Gas Centre R&D Conference • World Energy Council Asia Regional Meeting • IGU R&D and Innovation Committee • 15th International Conference on Northeast Asian Natural Gas and Pipeline • World Energy Week, Milan • NH3 Energy Implementation Conference in 2018 • The GIIGNL General Assembly, Fukuoka	• 17 to 18 May 2018 • 31 May 2018 • 27 September 2018 • 4 to 5 October 2018 • 8 to 11 October 2018 • 1 November 2018 • 12 November 2018
Dato' Sri Che Khalib bin Mohamad Noh	• Invest Malaysia 2018 – Connecting Strengths, Advancing Performance • Talk by YBhg. Tan Sri Datuk Muhammad Ibrahim, Governor Bank Negara Malaysia @ 40th HBSACM Anniversary Dinner • Dialogue & Luncheon Session with Malaysian Captains of Industry & Business Forum with the China Entrepreneur Club in Beijing, China • Khazanah Megatrends Forum 2018 – On Balance : Recalibrating Markets, Firms, Society and People • MIA International Accountants Conference 2018 • Understanding Blockchain Technology and its Potential within the context of MMC's Business Portfolio • Risk Culture Awareness Program	• 23 January 2018 • 9 February 2018 • 19 August 2018 • 8 October 2018 • 9 to 10 October 2018 • 29 October 2018 • 3 December 2018

Name of Director	Training/Seminar/Conference Attended	Date
Kamalbahrin bin Ahmad	• Invest Malaysia 2018, Connecting Strengths, Advancing Performance • Corporate Governance Briefing • Effective Media Handling • World Gas Conference 2018 • National Energy Forum 2018	• 23 to 24 January 2018 • 1 March 2018 • 3 April 2018 • 25 to 29 June 2018 • 27 November 2018
Sharifah Sofia binti Syed Mokhtar Shah	• Enhancing Board Leadership • Corporate Liability Provision • Mandatory Accreditation Programme • Understanding Blockchain Technology and its Potential within the context of MMC's Business Portfolio	• 16 to 17 April 2018 • 19 July 2018 • 23 to 24 July 2018 • 29 October 2018

All Directors have attended the MAP prescribed by Bursa Securities.

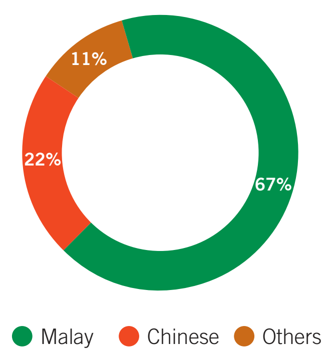
Tenure of Independent Directors
As of the date of this Annual Report, none of the Independent Directors of the Company has reached or exceeded a cumulative term of nine years.

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

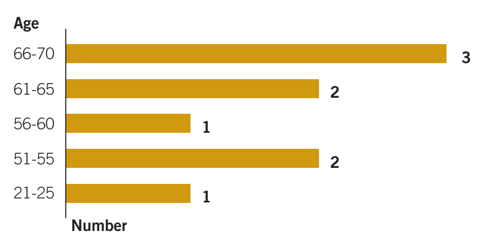
Boardroom Diversity
The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group and acknowledges the importance of boardroom diversity in terms of age, gender, nationality and ethnicity. The Board also believes that the appointments of the existing Directors were guided by their skills, experience, competency, commitment and knowledge while taking into consideration gender diversity. The skills and experience of each Director are stipulated in our Annual Report on pages 40 to 49.

The Company's boardroom diversity is illustrated below:

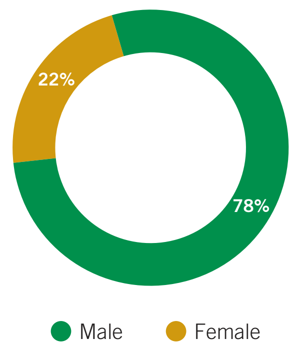
ETHNICITY



AGE DIVERSITY



GENDER DIVERSITY



CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Attendance of Meetings
The number of Board and Committee Meetings held in FY2018 and the attendance of each member of the Board at the respective Board and Committee meetings are as follows:

Name	Designation	Meeting Attendance			
		Board of Directors	Nomination & Remuneration Committee	Audit Committee	Risk & Compliance Committee
Datuk Haji Hasni bin Harun	Chairman of Board of Directors, Chairman of NRC, Independent, Non-Executive	5/5	4/4	–	–
Datuk Puteh Rukiah binti Abd. Majid	Independent, Non-Executive	5/5	4/4	5/5	–
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Independent, Non-Executive	5/5	4/4	–	2/2
Tan Lye Chong	Chairman of AC, Independent, Non-Executive	5/5	–	5/5	–
Datuk Ooi Teik Huat	Independent, Non-Executive	5/5	–	5/5	–
Shigeru Muraki	Chairman of RCC, Non-Independent, Non-Executive	5/5	–	–	2/2
Dato' Sri Che Khalib bin Mohamad Noh	Non-Independent, Non-Executive	5/5	–	–	–
Kamalbahrin bin Ahmad	Non-Independent, Non-Executive	4/5	–	–	2/2
Sharifah Sofia binti Syed Mokhtar Shah (Appointed on 11 June 2018)	Non-Independent, Non-Executive	2/2	–	–	–

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

Meanwhile the Board is guided by a high standard of ethical conduct in accordance with the Code of Ethics for Company Directors as established by the Companies Commission of Malaysia, which was provided upon their appointment.

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

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

The Company's Whistleblowing Policy is available on Gas Malaysia's website at www.gasmalaysia.com.

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

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

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

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

III. Board Remuneration

The Board has established practices, policies and procedures on the remuneration for the Board and the Senior Management in its Directors' Remuneration Policy which takes into account several factors, including competitiveness to ensure long-term success of the Group.

Nomination & Remuneration Committee
The NRC comprises of:

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

The NRC's key roles, among others are:

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

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

- Reviewed the succession planning for Critical Management Positions;
- Reviewed and assessed the size, required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole, the Board Committees and each individual Director;
- Assessed the performance of the Board and independence of each of the existing Independent Directors;
- Reviewed and recommended to the Board the re-designation of Chairman as Independent Director;
- Reviewed and recommended to the Board the compensation package on new appointment and extension of contract for Senior Management;
- Reviewed and recommended to the Board on matters regarding Key Performance Indicators of CEO for the financial year under review; and
- Recommended to the Board regarding annual increment and performance bonus for employees.

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

Written terms of reference of the NRC is available on Gas Malaysia's website at www.gasmalaysia.com.

Criteria for Recruitment and Annual Assessment of Directors
For the assessment and selection of Directors, the NRC shall consider the following factors of the prospective Directors:

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

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

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

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

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

- The Company has a well-balanced Board. It comprises of nine members all of whom are Non-Executive Directors, and five are Independent Directors. The Independent Directors make up more than half of the Board composition;
- The Board is of the right size and comprises of individuals who have diverse skills, knowledge, experience and expertise that combines to provide different perspectives and effective board dynamics. Thus, it enables effective and constructive deliberations whereby any decision made is founded on detailed and balance considerations;

- The Board understands their role and responsibilities and is committed in discharging their fiduciary duties; and
- The Board has sound knowledge and understanding of the Group's business and challenges as well as the industry in which the Group operates and able to chart strategic direction of the Group.

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

Directors' Remuneration
The details of the Directors' remuneration comprising remuneration received/receivable from the Company and subsidiaries respectively for the financial year ended 31 December 2018 are as follows:

Name of Director	Directors' Fees (in RM'000)	Other allowances [Note (a)] (in RM'000)	Total (in RM'000)
Datuk Haji Hasni bin Harun	300	91	391
Datuk Puteh Rukiah binti Abd. Majid	78	104	182
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	78	96.5	174.5
Tan Lye Chong	78	103.5	181.5
Datuk Ooi Teik Huat	78	77	155
Shigeru Muraki	78	93.5	171.5
Dato' Sri Che Khalib bin Mohamad Noh	78 [Note (b)]	40.5 [Note (c)]	118.5
Kamalbahrin bin Ahmad	78	67	145
Sharifah Sofia binti Syed Mokhtar Shah (Appointed on 11 June 2018)	43.3	31.7	75
Shariza Sharis binti Mohd Yusof (Alternate Director to Kamalbahrin bin Ahmad)	N/A	2.5	2.5
Total	**889.3**	**707.2**	**1,596.5**

Notes:

(a) Other allowances comprise the meeting allowances, telephone allowance, annual token and annual leave passage.

(b) Dato' Sri Che Khalib bin Mohamad Noh received half of the Directors' Fees, another half amounting to RM39,000 was paid to MMC Corporation Berhad.

(c) Dato' Sri Che Khalib bin Mohamad Noh received half of the meeting allowance, another half amounting to RM6,500 was paid to MMC Corporation Berhad.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

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

Name of Senior Management	Designation	Total Remuneration Range in Year 2018 (in RM'000)	
		700 – 750	Above 1,000
Ahmad Hashimi bin Abdul Manap	Chief Executive Officer		•
Shahrir bin Shariff	Director of Commercial		•
Mohamed Sophie bin Mohamed Rashidi (Retired on 3 January 2019)	Chief Financial Officer	•	
Mohd Nisharuddin bin Mohd Noor	General Manager, Operations & Maintenance	•	
Mohamad Farid bin Ghazali	General Manager, Marketing	•	

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The AC's key roles are:

- To assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries' ("the Group") management of business, financial risk processes, accounting and financial reporting practices;
- To determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, codes of conduct and applicable legal and regulatory requirements;
- To review related party transactions and recurrent related party transactions to ensure the transactions are carried out on arm-length basis, on normal commercial terms, in the best interest of the Group and are not detrimental to the minority shareholders;
- Serve as an independent and objective party from Management in the review of the financial information of the Company and Group presented by Management for the distribution to shareholders and the general public;
- Provide direction and oversight over the internal and external auditors of the Company to ensure their independence from Management; and
- To evaluate the quality of audits conducted by the internal and external auditors on the Company and Group.

The AC comprises three Independent Directors:

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

Details of AC activities are reported in Audit Committee Report on pages 105 to 108.

II. Risk Management and Internal Control

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

Risk & Compliance Committee
The RCC's key roles, among others are:

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

The RCC comprises:

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

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

The Group's key risks and further information on the Group's system of risk management are outlined in the Statement of Risk Management and Internal Controls on pages 98 to 103.

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

I. Communication with stakeholders

The Board believes that regular communication with investors is essential to enhance shareholders' value. To this purpose, the Board delegated the investor communications to the Investor Relations & Corporate Communications Department ("IRCC"). IRCC prepared the following in relation to investor communications:

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

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

II. Conduct of General Meetings

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

Notice for the 27th AGM held on 10 May 2018 was sent to shareholders on 11 April 2018. The notice includes details of the resolutions to be tabled and details explanation on the resolutions. Details of the resolutions proposed along with any background information and reports or recommendations that are relevant were also provided with the notice for AGM.

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

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Key Focus Areas and Future Priorities
With the release of the MCCG 2017 in April 2017, the key focus during the year was to comprehend and understand the Principles and Practices introduced for the subsequent application and disclosure in the annual report for the financial year ended 31 December 2018. The Company has applied and adopted all the Practices under MCCG 2017, with the exceptions of Practices that are listed in the table below. Nevertheless, the Board endeavours to achieve full application and adoption in the future.

The summary of the Practice that was in departure from the practices listed in MCCG 2017, its alternative and action plan to address this departure are as follows:

Principal	Practice	Gap Summary
A – Board Leadership and Effectiveness	Practice 4.5 The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.	The percentage of women on the Board is 22%, lower than the 30% as prescribed in this Practice. Currently the Board has two female Directors. The Board has yet to set a formal policy formalising its approach to boardroom diversity. The Board is supportive of the gender diversity in the boardroom as recommended by MCCG 2017. The Board endeavours to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board.
C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	Practice 11.2 Large Companies are encouraged to adopt integrated reporting based on a globally recognised framework.	The Board acknowledges that integrated reporting goes beyond a mere combination of a financial statement and sustainability report into a single document. Nevertheless, there are coordination efforts among cross-functional departments in preparing the various statements and reports in the Annual Report. The Board believes that the current reporting structure and depth of disclosures in the Annual Report is sufficient to enable stakeholders to make informed decision. The Board will look into integrated reporting based on a globally recognised framework in the future.

Principal	Practice	Gap Summary
C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	Practice 12.3 Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate – • including voting in absentia; and • remote shareholders' participation at General Meetings.	Although the Company is not able to immediately comply with the recommended approach under Practice 12.3, the Board has taken the necessary steps to enable shareholders to participate, engage the Board and Gas Malaysia's Management effectively and make informed voting decisions at General Meetings by organising shareholders' meetings in Kuala Lumpur/ Selangor to provide the opportunity for shareholders to attend. To encourage shareholders participation, those shareholders who are unable to attend the General Meetings could appoint a proxy to represent and exercise their votes. All resolutions put to General Meetings have been voted by e-polling to be in line with Paragraph 8.29A of the MMLR. The e-polling at the AGM is facilitated by Boardroom e-Voting system.

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

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

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 14 March 2019.

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

The Risk & Compliance Committee ("RCC") in its meeting on 13 February 2019 had reviewed and accepted the business risk presented by a subsidiary company, Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP") and a jointly controlled company, Gas Malaysia Energy Advance Sdn Bhd ("GMEA"). The Management will continuously monitor the Group's subsidiary and joint venture company risks and will present to the RCC during its half-yearly meetings.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM DESCRIPTION

As a means to assure that the objectives are fulfilled, the Board is assisted by the Management, internal auditors and external auditors. 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 designed to provide a practical and realistic assurance instead of the absolute affirmation against the risk of occurrence of material errors, fraud or losses. The description of related key elements of the Group's risk management, internal control and business continuity practices are as follows:

A) RISK MANAGEMENT

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

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

Constant supervision and reassessment are practised to ensure that the systems of internal control remain effective at all times. In addition to that, it is also designed to minimise the impact of risks rather than stifle new opportunities that come with inherent risks. Otherwise, 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 stakeholders.

2) REPORTING STRUCTURE

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

NOTE 1:

RISK AND COMPLIANCE MANAGEMENT COMMITTEE

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

The responsibilities and duties of RCMC are as follows:

a) Ensure continuous development of risk management system in the Group and supervise the implementation of risk management in compliance with the Enterprise Risk Management ("ERM") Policy and Framework.
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) Ensure that the ERM Policy and Framework have been adopted accordingly.

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

NOTE 2:

RISK AND COMPLIANCE COMMITTEE

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

The RCC consists of at least three (3) Board members including the Chairman, who is a Non-Executive Director. This RCC is required to determine the Group's level of risk. Furthermore, they are to assess and examine key business risks so that the shareholders' investments and the Group's assets are safeguarded.

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

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 twice (2) 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

3) RISK IDENTIFICATION PROCESS AND ANALYSIS

Risk identification starts with the coordinators in each department. The appointed personnel seek to identify risks which may in any way affect the Group's objectives. The consideration shall include economic, reputation and compliance objectives. The risks will then be measured and registered in terms of likelihood and impact of incidence.

The main objective of this process is to appropriately identify, evaluate and respond to the risks identified in order to protect the Group from loss, uncertainty and loss of opportunities.

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

Legend :
- Low
- Moderate
- High
- Extreme

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 for their deliberation.

4) GAS MALAYSIA RISK REGISTER ("GRR")

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

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

5) BUSINESS CONTINUITY MANAGEMENT MANUAL ("BCMM")

BCMM was created with the objective of achieving the Group's goal which is to minimise the effect of any incident on employees, business partners, local community and environment. It is of utmost importance that business functions will continue to function even in the event of a crisis.

BCMM covers two (2) major elements, which are Emergency Management ("EM") and Business Continuity Management ("BCM"). EM is a programme created to control the overall culmination of a physical incident within a business unit. The programme integrates both operations response to emergency as well as supporting staff functions such as law, insurance, public affairs and human resources.

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

In order to ensure that sufficient resources are readily accessible, the plan undergoes constant reassessment, testing and auditing process. These continuous updates and improvements are significant to ensure that it remains relevant and allows the Group to effectively and efficiently face the challenges posed by any incidents.

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

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

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

b) **Computer Disaster Recovery Centre ("CDRC")**
CDRC is a coordinated process of restoring crucial systems, data and infrastructures that are required to sustain the key on-going business operations during a crisis. The Group has set up its own CDRC, where core and main servers for the Group's IT operations are replicated outside the main operation buildings. The centre will also host the backup Operation Control Room ("OCR") in which, it has a similar function as the main OCR located at the Head Office. All these will make it possible for the critical data to remain safely intact and uncorrupted when disaster occurs.

c) **Health, Safety, Environment and Quality ("HSEQ") Policy**
The HSEQ Policy outlines the strong commitment of the Group towards the employees, business partners and the general public. Each and every practical and possible step identified will be considered and monitored by the HSEQ committee. As a result, risks of occupational injury and health illness amongst personnel and damages to the environment can be prevented and minimised. 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

- Delegation 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 authorisation, approval and control procedures. In line with that, relevant Limits of Authority framework is prepared to establish the availability of limits to govern the function within the scope. Significant transactions such as major tenders, acquisitions and disposals must be approved by the Board.

- The Standard Operating Procedures ("SOP") are regularly updated parallel with the latest developments in the Group to guarantee that it will be relevant at all times. The SOP would document the internal control procedures including how specific objective can be achieved based on respective processes.

- ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and ISO/IEC 27001:2013 are certifications obtained for the Group's 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 are performed at all levels within the Group through policies and procedures to ensure that Management's directives to mitigate risks in achieving business objectives are carried out. Relevant control activities within the Group include operational controls, financial reporting controls, internal & external audit and whistleblowing policy.

4) INFORMATION AND COMMUNICATION

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

5) MONITORING

- The Internal Audit Department has been assigned the responsibility to conduct reviews on the governance, risk management and internal controls of the Group. Subsequently, recommendations will be proposed to the Management should there be any room for improvements. The findings will then be reported to the Audit Committee. The Committee shall act as the representative of the Board to put all the notions into consideration in regard to the efficiency and sufficiency of the Group's internal controls.

- Every month, the monthly performance will be analysed against the budget and compared to previous allocated timeline. The findings will 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 is 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 constant monitoring of the Group. This is due to the ever-changing nature of risks faced by the Group. Hence, to ensure the process is up to date, improvement and enhancement of the internal control must be done on an on-going basis to ensure that all probable impact of the identified risks can be mitigated timely.

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.

- Subsequently, the Management shall keep the Board updated about the Group's performance in relation to the plans and developments of both internal and external aspects. These discussions will be held on a quarterly basis. In addition, specific transactions, projects or opportunities will be discussed with the Board when the need arises. This allows the Board to determine if there are any new risks which need to be addressed as well as highlight elements of action plans and internal controls which must be enhanced for better results.

- Afterwards, all the improvements required will be addressed appropriately. These actions were carried out based on the results of reviews by the internal auditors. The outcome of the reviews will be discussed with the Audit Committee while the follow-up monitoring tasks will be carried out by the Management and internal auditors.

- Ultimately, the overall risk management activities and risk registers will be presented to the Board at least twice a year. This is done to provide a complete overview of the Group's key risks and how they are being managed.

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

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

CONCLUSION

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

This Statement on Risk Management and Internal Control ("Statement") has been prepared in line with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance ("MCCG") 2017. This Statement is made in accordance with a resolution of the Board of Directors dated 14 March 2019.

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 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 has come to their attention that causes them to believe that this Statement is 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 is the Statement factually inaccurate.

DIRECTORS' RESPONSIBILITY STATEMENT
IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Companies Act 2016 (the "Act") requires the Directors to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements provide a true and fair view of the state of financial position of the Group and the Company as at 31 December 2018, and of the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2018.

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 of the Company, and to detect and prevent fraud and other irregularities.

This Statement is made in accordance with the resolution of Board of Directors dated 14 March 2019.

AUDIT COMMITTEE **REPORT**

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

The Board of Directors of the Company is pleased to present the Audit Committee Report for the financial year ended 31 December 2018.

COMPOSITION

The AC composition and type of directorship are as follows:

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

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

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

As at the reporting date, the composition of the AC is in line with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"); where:

- All AC members are Independent Non-Executive Directors.
- No alternate director is appointed as a member.
- Two (2) members of the AC are Malaysian Institute of Accountants ("MIA") members and fulfill the requirement of Paragraph 15.09 (1)(c)(i) of the MMLR.

MEETINGS

During the financial year ended 31 December 2018, the AC held five (5) meetings. The meeting attendance record of the members is as follows:

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

- The meetings are normally attended by the Chief Executive Officer ("CEO"), Director of Commercial, Chief Financial Officer ("CFO"), Internal Auditors and upon invitation the External Auditors.
- Four (4) of the meetings held were planned quarterly meetings while one (1) was Special AC meeting.
- The Company Secretary acts as secretary to the AC. Minutes of each meeting are distributed to each AC member. The Chairman of the AC reports key matters discussed at each AC meeting to the Board.

TERMS OF REFERENCE

The TOR of the AC were also amended and approved by the Board on 8 August 2018 to reflect the requirements of the applicable practices and guidance of the Malaysian Code on Corporate Governance ("MCCG") 2017. The TOR of the AC are accessible to the public for reference on Gas Malaysia's website.

AUDIT COMMITTEE
REPORT

SUMMARY OF WORK DONE BY AC

During the financial year ended 31 December 2018, the AC discharged its functions and carried out its duties by undertaking the following work as provided below:

Internal Control

- Reviewed the adequacy and effectiveness of the system of internal controls based on the findings from internal and external auditors' reports presented during the AC meetings. The AC was satisfied with the internal auditors' and external auditors' recommendations and the management responses to mitigate and overcome the weaknesses highlighted. The AC will continue to monitor the implementation of any recommendations thereon.

- Reviewed the Statement on Risk Management and Internal Control ("SORMIC"), which was included in the Annual Report. The AC was satisfied with the adequacy and effectiveness of the internal control systems. In connection with the SORMIC, the CEO and the CFO had given their assurance to the Board that the risk management and internal control systems of the Group for the financial year ended 31 December 2018 were operating effectively and efficiently in all material respects. As required by Paragraph 15.23 of the Bursa Malaysia MMLR, the external auditors have reviewed the SORMIC, and their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the MIA, which does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on the procedures performed by the external auditors, they have reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the SORMIC; Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

Financial Reporting

- Reviewed the quarterly financial results for announcement to Bursa Malaysia before recommending the same for approval by the Board upon being satisfied that, it complies with applicable approved Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards, MMLR and the requirements of Companies Act 2016.

- Reviewed the annual consolidated statutory financial statements of the Company prior to submission to the Board for its consideration and approval, upon being satisfied that, they were drawn up in accordance with the applicable approved MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016. The AC had reviewed the external auditors' report to the AC on their audit of the statutory financial statements and discussed the key audit matters included in the external auditors' report on the statutory financial statements, and was satisfied that all significant matters highlighted had been satisfactorily dealt with.

- Deliberated on changes or implementation of major accounting policies and compliance with accounting standards and other legal requirements.

Annual Reporting

- The Corporate Governance Overview Statement, Audit Committee Report, Management Discussion & Analysis and Statement on Risk Management and Internal Control for financial year ended 31 December 2018 for inclusion in the Company's Annual Report 2018 were reviewed and recommended for Board approval by the AC on 12 March 2019. The AC had obtained assurance from the Management that all the statements and reports have complied with MMLR.

- The Corporate Governance Report for financial year ended 31 December 2018 was reviewed and recommended for Board approval by the AC on 12 March 2019.

Related Party Transaction and Conflict of Interest

- Reviewed all the Related Party Transactions ("RPTs") and Recurrent Related Party Transactions ("RRPTs") entered into by the Group in accordance with the Group's RPT Policies & Procedures to monitor, track and identify RPTs and RRPTs so as to ensure the transactions are at all times carried out on arms-length basis, on normal commercial terms, in the best interest of the Group and are not to the detriment of minority shareholders.

- Reviewed on a quarterly basis, the status update on RPTs and RRPTs, and to monitor that RRPTs transacted were within the approved shareholders' mandate obtained. The AC ensured that any conflict of interests in the deliberation of a transaction was appropriately declared in advance.

Internal Audit

- Reviewed and approved the Annual Internal Audit Plan including its scope, basis of assessments and risk ratings of the proposed areas of audit, and adequacy of internal audit's staffing.

- Reviewed and deliberated on the internal auditors' reports issued on the effectiveness and adequacy of governance, risk management and controls processes.

- Reviewed and deliberated on follow-up audits on the adequacy and effectiveness of agreed corrective actions undertaken and implemented by Management on prior year audit issues to ensure non-recurrence.

- Reviewed and recommended the revised Internal Audit Charter for Board's approval.

- Reviewed and recommended for Board's approval the Whistleblowing Policy.

- Evaluated and discussed the effectiveness of the internal audit functions and recommended areas for improvement.

- Approved the Quality Assurance and Improvement Program ("QAIP") Guideline of the Company.

- Commissioned an external Quality Assurance Review ("QAR") on the internal audit function.

- Met with the internal auditors without the presence of the Management to ensure there was no restrictions on the scope of work and to discuss any other matters that the internal auditors wish to escalate to the AC.

External Audit

- Reviewed the Audit Planning Memorandum with the external auditors to ensure that the audit is carried out effectively and efficiently for the Company and the Group.

- Reviewed the external auditors' reports on the statutory audit and the quarterly interim financial information and areas of concern and recommended solutions to address the concerns to ensure that all material issues were appropriately dealt with.

- Conducted an assessment on the external auditors, Messrs. PricewaterhouseCoopers PLT, for the financial year ended 31 December 2018. The assessment was based on independence and objectivity, effectiveness and timely completion of audit, communication skills, technical competencies, and adequacy of resources. On the basis of the assessment results, the AC had recommended to the Board to re-appoint Messrs. PricewaterhouseCoopers PLT for the ensuing financial year.

- Reviewed the External Auditors' fees prior to recommending it to the Board for approval.

- In relation to the auditors' remuneration for audit related fee and non-audit related fee of the Group for the financial year ended 31 December 2018, the amounts incurred for statutory audit was RM180,000, other audit related service was RM116,000 and non-audit related service was RM4,000. The other audit related service was in respect of review of the quarterly announcements. The AC had received confirmation from the external auditors that they were not aware of any non-audit related services that had compromised their independence as external auditors of the Group. The AC, based on its review, was satisfied that the other audit related and non-audit related services did not impair the independence and objectivity of the external auditors.

- Obtained written assurance from the external auditors that they were independent according to the By-Laws on Professional Independence of the MIA.

- Met with the external auditors without the presence of management to ensure an adequate level of cooperation between the external auditors and management, and for the external auditors to highlight any issues encountered during the course of audit.

Others

- Reviewed the Gap Analysis on Corporate Governance Practice for the Group in accordance with MCCG 2017, as presented by the external consultant.

- Reviewed and recommended the revised TOR of AC for Board's approval.

- The AC members have attended various relevant development and training programmes which are set out in pages 87 to 89 of the Corporate Governance Overview Statement in the Annual Report.

- The AC conducted an evaluation of its own performance for the financial year ended 31 December 2018, and the evaluation results were tabled and discussed at the AC and Board meetings.

- During the financial year under review, the Board assessed the performance of the AC through an annual assessment evaluation.

- The AC and the Board were satisfied and were of the view that the AC members have discharged their functions, duties and responsibilities in accordance with the TOR.

INTERNAL AUDIT FUNCTION

- The internal audit function of the Group is carried out by the in-house Internal Audit Department ("IAD") and is supported by Ms Lucy Wong Kam Yang, the Chief Internal Auditor of MMC Corporation Berhad's Group Internal Audit Department. Ms Lucy Wong Kam Yang has a Master in Business Administration from Charles Sturt University, Australia, a fellow member and Chartered Global Management Accountant of the Chartered Institute of Management Accountants, a Chartered Accountant with the MIA and a chartered member of the Institute of Internal Auditors Malaysia. She is also a Certified Internal Auditor and has a Certification in Risk Management Assurance from the Institute of Internal Auditors Inc, USA.

- The in-house IAD is headed by Ms Azwin Noh, who is a Fellow of the Association of Chartered Certified Accountants (FCCA), holds a Master in Business Administration and also a Bachelor of Accounting (Honours). She is also a Chartered Accountant with the MIA and a chartered member of the Institute of Internal Auditors Malaysia.

- IAD's purpose, objectives, authority and responsibilities are spelt out in the Internal Audit Charter which is approved by the Board.

- IAD's mission is to provide the AC and the Board with sufficient independent assurance that the system of internal controls is operating adequately and effectively.

- The internal audits were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control systems in anticipating potential risks exposures over key financial and business processes within the Group.

- IAD maintained at all times their impartiality, proficiency and due professional care as outlined in its Internal Audit Charter, by reporting directly to the AC and an administrative reporting to the CEO.

- The Company is a corporate member of The Institute of Internal Auditors.

- Updates are obtained on the developments in the internal audit profession and staff are sent for internal audit training to enable them to be competent and adequately equipped in carrying out their duties and responsibilities.

- IAD adopts the Standards and Principles outlined in the International Professional Practices Framework ("IPPF") of The Institute of Internal Auditors and Committee of Sponsoring Organisation of the Treadway Commission ("COSO") Internal Control Framework, a comprehensive, structured and widely used auditing approach, in conducting the audit activities.

- IAD is also responsible for the administration of the Group's Whistleblowing Policy which provides an avenue for employees and third parties dealing with the Group to disclose cases of improper conduct.

- There were five (5) staff in IAD during the financial year.

- None of the internal audit staff has any family relationship with any Director and/or Major Shareholder of Gas Malaysia and its subsidiaries, nor any conflict of interest with Gas Malaysia and its subsidiaries.

- All internal audit staff had confirmed that they had been independent and objective in carrying out their function and work for the financial year 2018 in accordance with the terms of the relevant professional and regulatory requirements.

- The total cost incurred by IAD during the financial year ended 31 December 2018 is RM971,982.

SUMMARY OF WORK DONE BY INTERNAL AUDITORS DURING FINANCIAL YEAR 2018

- IAD prepared a risk based Annual Internal Audit Plan 2018 for the Group. The Plan was reviewed by the AC and approved for implementation.

- A total of seven (7) planned internal audit assignments were conducted covering control environment, risk management and internal controls in the areas of gas demand management, gas supply reliability, scheduled wastes management, management of infrastructure development, purchasing, management of inventories and insurance, and related party transactions.

- Eleven (11) follow-up audits were also performed to monitor and assess the closure of governance, risk management and control matters reported earlier, covering the areas of human resource & administration, gas system management, incentive based regulation, network development, procurement & contracts, related party transactions, management & engineering, management of Gas Malaysia Energy Advance Sdn. Bhd. and management of Gas Malaysia Virtual Pipeline Sdn. Bhd.

- One (1) ad-hoc assignment was performed covering the area of management of stock take.

- Internal Audit Reports were presented to AC for all the audits conducted by IAD.

- IAD also conducted a review of the Group's RPT Policies & Procedures so as to provide assurance to the AC that the Policies & Procedures conforms to the requirements of Bursa Malaysia and operations adhered to the Policies & Procedures.

- IAD develops and maintains a QAIP that covers all aspect of internal audit activities are perform in accordance with Internal Audit Charter, which is consistent with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards), Definition of Internal Auditing and Code of Ethics.

The Audit Committee Report has been approved by the Board of Directors at its meeting on 14 March 2019.

ADDITIONAL COMPLIANCE **INFORMATION**

UTILISATION OF PROCEEDS

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

NON-AUDIT FEES

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

MATERIAL CONTRACT

There was no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involve Directors' and major shareholders' interests during the financial year ended 31 December 2018.

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 27th AGM held on 10 May 2018, 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 28th AGM of the Company to be held on 16 May 2019.

In accordance with Paragraph 3.1.5 of Practice Note 12 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the details of the RRPT conducted during the financial year ended 31 December 2018 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 2018 RM'000	Nature of Transactions
Petronas Dagangan Berhad ("PDB")	Gas Malaysia (LPG) Sdn Bhd	MOF (Inc.)[(a)], PETRONAS[(b)], PGB[(c)], Kamalbahrin bin Ahmad[(d)]	14,138	Purchase of liquefied petroleum gas from PDB.
PDB	Gas Malaysia	MOF (Inc.)[(a)], PETRONAS[(b)], PGB[(c)], Kamalbahrin bin Ahmad[(d)]	1.3	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.
Petroliam Nasional Berhad ("PETRONAS")	Gas Malaysia	MOF (Inc.)[(a)], PGB[(c)], Kamalbahrin bin Ahmad[(d)]	14,193	Tolling fees paid by PETRONAS to Gas Malaysia for the transportation of gas to their customers. The payment is received every fortnightly.
Petronas Gas Berhad ("PGB")	Gas Malaysia	MOF (Inc.)[(a)], PETRONAS[(b)], PGB[(c)], Kamalbahrin bin Ahmad[(d)]	230	Tenancy of land from PGB by Gas Malaysia for odoriser station and right of way for a total estimated stations of 30 and the size ranges from 50 square meters to 2,000 square meters. The payment is made annually and the tenancy agreement is automatically renewed every three years.

ADDITIONAL COMPLIANCE **INFORMATION**

Related Parties	Companies within Our Group	Name of Interested Related Parties	Value of Transactions for FYE 2018 RM'000	Nature of Transactions
PETRONAS	Gas Malaysia	MOF (Inc.)[a], PGB[c], Kamalbahrin bin Ahmad[d]	19,859	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.
JPL[n]	Gas Malaysia Virtual Pipeline Sdn Bhd ("GMVP")	Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor[e], ICSB[f], STJSB[g], MMC[h], AOA[j], Dato' Sri Che Khalib bin Mohamad Noh[k], Sharifah Sofia binti Syed Mokhtar Shah[l] and Datuk Ooi Teik Huat[m]	480	Provision of logistics service by JPL for GMVP to supply Compressed Natural Gas to its customers in Gebeng, Pahang. The payment is made on monthly basis.

Notes:

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

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

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

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

(e) Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor is deemed interested in Gas Malaysia through his shareholding in Indra Cita Sdn Bhd ("ICSB") pursuant to Section 8 of the Act.

(f) ICSB is deemed interested in Gas Malaysia through its shareholding in Seaport Terminal (Johore) Sdn Bhd ("STJSB") pursuant to Section 8 of the Act.

(g) STJSB is deemed interested in Gas Malaysia through its shareholding in MMC Corporation Berhad ("MMC") pursuant to Section 8 of the Act.

(h) MMC is deemed interested in Gas Malaysia through its shareholding in Anglo-Oriental (Annuities) Sdn Bhd ("AOA") pursuant to Section 8 of the Act.

(j) AOA is the major shareholder of Gas Malaysia with a direct shareholding of 30.93%.

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

(l) Sharifah Sofia binti Syed Mokhtar Shah is the daughter of Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor, the major shareholder of the Company.

(m) Datuk Ooi Teik Huat is a Director of Gas Malaysia and nominee director of MMC in Johor Port Berhad.

(n) JP Logistics Sdn Bhd ("JPL") is a wholly-owned subsidiary of Johor Port Berhad which in turn is a wholly-owned subsidiary of MMC.

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

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

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

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

No.	Location	Title particulars of the land	Existing use	Efforts taken and status of compliance
1.	Tampoi Industrial Estate, Johor	HS(D)10305, Lot 1000, Mukim Tebrau, Johor Bahru	District station	Gas Malaysia has terminated the gas supply to the industrial customer on 22 December 2018 following their decision to cease the operation. As such, there is no necessity for the district station and Polyethylene Pipes (PE) distribution line in the future. Thereafter, the district station will be terminated and dismantled.
2.	Jalan Haji Sirat, Taman Klang Utama, Klang, Selangor	HS(D) 27497, PT 12911, Mukim Kapar, District Klang, Selangor	District station	The supply to the customer will be sourced from another district station within the customer premise. The affected district station will be terminated and dismantled by 2nd quarter 2019.
3.	PLO 171A, Jalan Angkasa Mas, Tebrau II Industrial area, Johor	HS(D) 281750, PTD 64065, Mukim Tebrau, Daerah Johor Bahru, Johor	District station	Johor Corporation Berhad has agreed to assist Gas Malaysia in the land conversion process with the local authority and Land Office. In the meeting with Johor Corporation Berhad on 19 February 2019, they are in the midst of compiling the documents for onward submission to local authority and land office.

ADDITIONAL COMPLIANCE **INFORMATION**

No.	Location	Title particulars of the land	Existing use	Efforts taken and status of compliance
4.	Tebrau IV, Tebrau Industrial Estate	HS(D)472167, PTD 138472, Mukim Tebrau, Tempat Kawasan Perindustrian Tebrau IV, Daerah Johor Bahru, Johor	District station	Johor Corporation Berhad has agreed to assist Gas Malaysia in the land conversion process with the local authority and land office. In the meeting with Johor Corporation Berhad on 19 February 2019, they are in the midst of compiling the documents for onward submission to local authority and land office.
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 land acquisition from the Johor Bahru land office. Hence, Gas Malaysia has been actively seeking advice from several parties/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 is in the midst of finalising a purchase of a new land in Tangga Batu Industrial Area and subsequently Gas Malaysia will construct the pipeline and a new station on the said industrial land. The Sale and Purchase Agreement is targeted to be executed by end March 2019.
7.	Jalan Tun Sambanthan, 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.

Financial **Statements**

DIRECTORS' **REPORT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

DIRECTORS

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

Datuk Haji Hasni bin Harun	
Dato' Sri Che Khalib bin Mohamad Noh	
Shigeru Muraki	(Alternate Satoshi Honjo – Resigned on 4 June 2018) (Alternate Akira Inukai – Resigned on 4 June 2018) (Alternate Tomoaki Yokoyama – Appointed on 4 June 2018)
Kamalbahrin bin Ahmad	(Alternate Shariza Sharis binti Mohd Yusof)
Datuk Puteh Rukiah binti Abd. Majid	
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	
Tan Lye Chong	
Datuk Ooi Teik Huat	
Sharifah Sofia binti Syed Mokhtar Shah	(Appointed on 11 June 2018)

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

In accordance with Article 95(1) of the Company's Articles of Association, Cik Sharifah Sofia binti Syed Mokhtar Shah shall retire at the forthcoming Annual General Meeting and being eligible, offers herself for re-election as a Director.

DIRECTORS OF SUBSIDIARIES

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

Ahmad Hashimi bin Abdul Manap	
Shahrir bin Shariff	
Mohd Nisharuddin bin Mohd Noor	
Raja Iskandar bin Raja Mukhtaruddin	
Zafian bin Supiat	(Appointed on 25 February 2019)
Mohamed Sophie bin Mohamed Rashidi	(Resigned on 26 February 2019)

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	180,392	176,935

RESERVES AND PROVISIONS

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

SHARE CAPITAL

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the Directors' remuneration as disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a liability insurance for the Directors and Officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Group. The amount of insurance premium paid for the financial year ended 31 December 2018 was RM23,000.

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	Balance at 01.01.2018	**Acquired**	**Disposed**	**Balance at 31.12.2018**
Director with direct interest in the Company				
Tan Lye Chong	50,000	0	0	50,000
Director of the subsidiaries with direct interest in the Company				
Ahmad Hashimi bin Abdul Manap	21,500	0	0	21,500
Mohamed Sophie bin Mohamed Rashidi	16,000	0	0	16,000
Mohd Nisharuddin bin Mohd Noor	15,000	0	0	15,000

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2017 are as follows:

In respect of the financial year ended 31 December 2017, as reported in the Directors' Report for the previous financial year:

	RM'000
Single-tier second interim dividend paid on 27 March 2018:	
- 4.00 sen per ordinary share	51,360
Single-tier final dividend paid on 26 June 2018:	
- 5.00 sen per ordinary share	64,200
	115,560

In respect of the financial year ended 31 December 2018:

	RM'000
Single-tier interim dividend paid on 26 September 2018:	
- 4.50 sen per ordinary share	57,780
Single-tier second interim dividend declared on 14 February 2019*:	
- 4.50 sen per ordinary share	57,780
	115,560

* The above single-tier second interim dividend declared subsequent to the financial year ended 31 December 2018 will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2019.

The Directors recommend the payment of a single-tier final dividend of 4.50 sen per share on the 1,284,000,000 ordinary shares amounting to RM57,780,000 in respect of the financial year ended 31 December 2018. This proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 9 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

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

OTHER STATUTORY INFORMATION (CONTINUED)

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

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statement of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

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

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

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARIES

(a) Details of subsidiaries

Details of subsidiaries are set out in Note 14 to the financial statements.

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

None of the subsidiaries' financial statements were qualified for the financial year ended 31 December 2018.

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

None of the subsidiaries hold any shares in the holding company and other related corporations for the financial year ended 31 December 2018.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the financial statements.

AUDITORS

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

This report was approved by the Board of Directors on 14 March 2019. Signed on behalf of the Board of Directors:

DATUK HAJI HASNI BIN HARUN
CHAIRMAN

TAN LYE CHONG
DIRECTOR

Kuala Lumpur

STATEMENT **BY DIRECTORS**

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

We, Datuk Haji Hasni bin Harun and Tan Lye Chong, the Directors of Gas Malaysia Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 124 to 191 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 2018 and of the financial performance of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 14 March 2019.

DATUK HAJI HASNI BIN HARUN
CHAIRMAN

TAN LYE CHONG
DIRECTOR

Kuala Lumpur

STATUTORY **DECLARATION**

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

I, Zafian bin Supiat, 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 124 to 191 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.

ZAFIAN BIN SUPIAT
Subscribed and solemnly declared by the abovenamed Zafian bin Supiat at Kuala Lumpur, in the State of Wilayah Persekutuan on 14 March 2019.

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' **REPORT**

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion
In our opinion, the financial statements of Gas Malaysia Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited
We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position of the Group and of the Company as at 31 December 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 124 to 191.

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

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

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

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impact of Gas Cost Pass-Through ("GCPT") mechanism A significant portion of the Group's and of the Company's revenue is regulated by tariffs imposed by the Regulator, the Energy Commission ("EC"). As explained in Note 3(aa)(i) to the financial statements, the EC implemented the Incentive Based Regulation ("IBR") framework on 1 January 2017 (with 2016 as the trial period), whereby tariffs are revised every six months using the GCPT mechanism. We focused on this area to obtain an understanding of the Group's and of the Company's rights and obligations under the IBR framework and its impact on revenue recognition of the Group and of the Company.	We performed the following procedures: • We obtained an understanding of the rights and obligations between the Group and the Company with the customers and the Government under the IBR framework and the application of GCPT mechanism by reading supporting documentations such as the relevant meetings' minutes, licensing conditions, and applicable legislation governing the IBR framework. In addition, we discussed with the Group's senior management, external legal counsel and Audit Committee members to ascertain the Group's and the Company's legal rights and obligations with the customers and the Government that established the basis for the recognition of revenue. • We tested the design and operating effectiveness of relevant controls over revenue recognition, focusing on controls over price changes arising from tariff revisions. • We obtained the estimates on gas volume consumed, gas cost and the related contributions to be earned by the Group from management, and agreed these to the submissions to the EC. • We checked the gas cost variance between the estimates used for determining tariffs and the actual gas cost incurred by the Group and by the Company and the related contributions. Based on the above procedures performed, there were no material exceptions.
Accrual for gas costs The Group and the Company recognised gas cost accrual of RM430.0 million as at 31 December 2018 as disclosed in Note 26 to the financial statements. As there is a timing difference between the supply of gas and the receipt of the actual billing from the gas supplier as at the end of the reporting period, the unbilled gas cost is accrued based on management's estimates made on the gas volume supplied by its gas supplier to its gas network. Management's judgement used in determining the estimates is set out in Note 3(aa)(i) to the financial statements.	We performed the following procedures: • We tested the design and operating effectiveness of management's key controls on the comparison between the total customers' meter readings against the total natural gas supplied to determine the volume of gas supplied but had not been billed by the supplier as at the end of the reporting period. • In addition, we tested management's steps to address variances in gas volume above the threshold set by management, which is based on historical data for the gas losses in-transit between the supply pipeline and the pipeline connection at the customers' premise. • We compared the data inputs used in deriving the market price by referencing these to the defined data inputs used by the formulae specified by the Gas Supply Agreement. The sources for these inputs were cross-checked to the Department of Statistics of Malaysia and Bank Negara Malaysia to assess the reasonableness of the data used by management to estimate the gas cost accrual. • We performed back-testing on the estimates used by management in the prior year, and compared these to actual results. Based on the above procedures performed, there were no material exceptions.

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprise the Directors' Report, Statement on Risk Management and Internal Control, Audit Committee Report, Management Discussion and Analysis, Sustainability Report and Chairman's Statement, which we have obtained prior to the date of this auditors' report and the other sections of the 2018 annual report, which are expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

INDEPENDENT AUDITORS'
REPORT
TO THE MEMBERS OF GAS MALAYSIA BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 240409-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

HEW CHOOI YOKE
03203/07/2019 J
Chartered Accountant

Kuala Lumpur
14 March 2019

STATEMENTS OF
COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated
Revenue	5	**6,233,243**	5,315,324	**6,197,479**	5,280,251
Cost of sales	6	**(5,940,538)**	(5,041,055)	**(5,911,442)**	(5,012,459)
Gross profit		**292,705**	274,269	**286,037**	267,792
Administrative expenses	6	**(58,220)**	(68,567)	**(53,542)**	(64,058)
Selling and distribution expenses	6	**(1,273)**	(1,079)	**0**	0
Other operating income		**1,542**	2,243	**2,461**	2,022
Profit from operations	7	**234,754**	206,866	**234,956**	205,756
Finance costs	10	**(12,310)**	(5,622)	**(11,609)**	(4,908)
Share of results in joint ventures		**4,853**	3,317	**0**	0
Finance income		**6,822**	10,123	**6,140**	9,847
Profit before zakat and taxation		**234,119**	214,684	**229,487**	210,695
Zakat		**(3,500)**	(3,500)	**(3,500)**	(3,500)
Tax expense	11	**(50,227)**	(50,530)	**(49,052)**	(49,940)
Net profit for the financial year		**180,392**	160,654	**176,935**	157,255
Other comprehensive income (net of tax):					
Items that will be reclassified to profit or loss					
Share of other comprehensive income of a joint venture					
- Cash flow hedge		**234**	816	**0**	0
Total comprehensive income for the financial year		**180,626**	161,470	**176,935**	157,255
Net profit attributable to:					
- Owners of the Parent		**180,392**	161,141	**176,935**	157,255
- Non-controlling Interest		**0**	(487)	**0**	0
		180,392	160,654	**176,935**	157,255
Total comprehensive income attributable to:					
- Owners of the Parent		**180,626**	161,957	**176,935**	157,255
- Non-controlling Interest		**0**	(487)	**0**	0
		180,626	161,470	**176,935**	157,255
Earnings per ordinary share attributable to the equity holders of the Company:					
- Basic and diluted earnings per share (RM)	12	**0.14**	0.13		

STATEMENTS OF
FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated
NON-CURRENT ASSETS					
Property, plant and equipment	13	**1,313,169**	1,225,951	**1,297,082**	1,209,258
Investment in subsidiaries	14	**0**	0	**20,005**	24,054
Investment in joint ventures	15	**36,120**	31,033	**33,000**	33,490
Amounts due from subsidiaries	16	**0**	0	**28,956**	10,206
Prepaid lease payments	17	**16,026**	16,420	**11,936**	12,276
Deferred tax assets	24	**0**	218	**0**	0
		1,365,315	1,273,622	**1,390,979**	1,289,284
CURRENT ASSETS					
Trade and other receivables	18	**750,735**	791,335	**744,943**	785,558
Tax recoverable		**0**	5,163	**0**	5,134
Investment funds with a licensed financial institution	19	**171,750**	0	**170,470**	0
Cash and cash equivalents	20	**232,754**	218,198	**218,741**	189,867
		1,155,239	1,014,696	**1,134,154**	980,559
Total assets		**2,520,554**	2,288,318	**2,525,133**	2,269,843
EQUITY AND LIABILITIES					
Share capital	21	**642,000**	642,000	**642,000**	642,000
Cash flow hedge reserve		**(2,044)**	(2,278)	**0**	0
Retained profits	22	**384,176**	377,124	**391,167**	387,572
Total equity		**1,024,132**	1,016,846	**1,033,167**	1,029,572
NON-CURRENT LIABILITIES					
Redeemable preference share	23	**0***	0*	**0***	0*
Deferred tax liabilities	24	**157,322**	155,496	**156,871**	155,496
Contract liabilities	25	**15,205**	13,502	**15,205**	13,502
Borrowings	27	**181,000**	208,970	**181,000**	200,000
		353,527	377,968	**353,076**	368,998

* Denotes RM0.50

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (CONTINUED)

		Group		Company	
	Note	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
CURRENT LIABILITIES					
Trade and other payables	26	**1,026,082**	887,139	**1,008,565**	867,898
Contract liabilities	25	**4,655**	3,375	**4,655**	3,375
Amount due to a subsidiary	16	**0**	0	**13,605**	0
Borrowings	27	**100,000**	2,990	**100,000**	0
Tax payable		**12,158**	0	**12,065**	0
		1,142,895	893,504	**1,138,890**	871,273
Total liabilities		**1,496,422**	1,271,472	**1,491,966**	1,240,271
Total equity and liabilities		**2,520,554**	2,288,318	**2,525,133**	2,269,843

STATEMENTS OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital RM'000	Cash flow hedge reserve* RM'000	Retained profits RM'000	Total RM'000
Group					
At 1 January 2018, as previously reported		642,000	(2,278)	410,621	1,050,343
Effects of adoption of new MFRS	4	0	0	(33,497)	(33,497)
At 1 January 2018, as restated		642,000	(2,278)	377,124	1,016,846
Net profit for the financial year		0	0	180,392	180,392
Other comprehensive income for the financial year		0	234	0	234
Total comprehensive income for the financial year		0	234	180,392	180,626
Transactions with owners:					
Dividend: financial year ended 31 December 2018	28	0	0	(57,780)	(57,780)
Dividend: financial year ended 31 December 2017	28	0	0	(115,560)	(115,560)
Total transactions with owners		0	0	(173,340)	(173,340)
At 31 December 2018		642,000	(2,044)	384,176	1,024,132

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

STATEMENTS OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

	Note	Share capital RM'000	Cash flow hedge reserve* RM'000	Retained profits RM'000 Restated	Total RM'000 Restated	Non-controlling interest RM'000	Total equity RM'000 Restated
Group							
At 1 January 2017		642,000	(3,094)	381,257	1,020,163	477	1,020,640
Net profit for the financial year		0	0	161,141	161,141	(487)	160,654
Other comprehensive income for the financial year		0	816	0	816	0	816
Total comprehensive income/(loss) for the financial year		0	816	161,141	161,957	(487)	161,470
Effect of changes in composition of the Group		0	0	(152)	(152)	10	(142)
Transactions with owners:							
Dividend: financial year ended 31 December 2017	28	0	0	(51,360)	(51,360)	0	(51,360)
Dividend: financial year ended 31 December 2016	28	0	0	(113,762)	(113,762)	0	(113,762)
Total transactions with owners		0	0	(165,122)	(165,122)	0	(165,122)
At 31 December 2017		642,000	(2,278)	377,124	1,016,846	0	1,016,846

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

STATEMENTS OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000
Company				
At 1 January 2018, as previously reported		**642,000**	**421,069**	**1,063,069**
Effects of adoption of new MFRS	4	**0**	**(33,497)**	**(33,497)**
At 1 January 2018, as restated		**642,000**	**387,572**	**1,029,572**
Net profit for the financial year/Total comprehensive income for the financial year		**0**	**176,935**	**176,935**
Transactions with owners:				
Dividend: financial year ended 31 December 2018	28	**0**	**(57,780)**	**(57,780)**
Dividend: financial year ended 31 December 2017	28	**0**	**(115,560)**	**(115,560)**
Total transactions with owners		**0**	**(173,340)**	**(173,340)**
At 31 December 2018		**642,000**	**391,167**	**1,033,167**

	Note	Share capital RM'000	Retained profits RM'000 Restated	Total RM'000 Restated
At 1 January 2017		642,000	395,439	1,037,439
Net profit for the financial year/Total comprehensive income for the financial year		0	157,255	157,255
Transactions with owners:				
Dividend: financial year ended 31 December 2017	28	0	(51,360)	(51,360)
Dividend: financial year ended 31 December 2016	28	0	(113,762)	(113,762)
Total transactions with owners		0	(165,122)	(165,122)
At 31 December 2017		642,000	387,572	1,029,572

STATEMENTS OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated
OPERATING ACTIVITIES					
Profit before zakat and taxation		**234,119**	214,684	**229,487**	210,695
Adjustments for:					
Depreciation		**66,127**	60,962	**65,271**	60,152
Impairment of trade receivables		**20**	10,292	**0**	10,270
Write back of impairment of trade receivables		**(9,407)**	(5,792)	**(9,407)**	(5,783)
Gain on disposal of property, plant and equipment		**(295)**	0	**(272)**	0
Gain on disposal of a subsidiary		**0**	0	**(1,160)**	0
Amortisation of prepaid lease payment		**403**	402	**349**	348
Share of results in joint ventures		**(4,853)**	(3,317)	**0**	0
Finance costs		**12,310**	5,622	**11,609**	4,908
Finance income		**(6,822)**	(10,123)	**(6,140)**	(9,847)
		291,602	272,730	**289,737**	270,743
Changes in working capital:					
Receivables		**50,109**	(321,088)	**50,116**	(319,981)
Payables and contract liabilities		**135,917**	(37,645)	**151,246**	(37,445)
Cash flows generated from/(used in) operations		**477,628**	(86,003)	**491,099**	(86,683)
Zakat paid		**(3,500)**	(3,500)	**(3,500)**	(3,500)
Income tax paid		**(30,862)**	(77,836)	**(30,478)**	(77,668)
Net cash flows generated from/(used in) operating activities		**443,266**	(167,339)	**457,121**	(167,851)
INVESTING ACTIVITIES					
Government grant received		**10,000**	5,000	**10,000**	5,000
Proceeds from disposal of property, plant and equipment		**313**	0	**290**	0
Purchase of property, plant and equipment		**(158,106)**	(144,791)	**(157,856)**	(141,689)
Additions of prepaid lease payment		**(9)**	0	**(9)**	0
Finance income		**6,700**	10,123	**6,046**	9,847
Addition of investment funds with a licensed financial institution		**(171,750)**	0	**(170,470)**	0
Acquisition of non-controlling interest		**0**	(142)	**0**	(142)
Advances to subsidiaries		**0**	0	**(13,051)**	(1,292)
Investment in subsidiaries		**0**	0	**0**	(10,000)
Net cash flows used in investing activities		**(312,852)**	(129,810)	**(325,050)**	(138,276)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000 Restated
FINANCING ACTIVITIES					
Dividends paid		**(173,340)**	(165,122)	**(173,340)**	(165,122)
Drawdown of loan and issuance of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP")		**631,000**	163,970	**631,000**	160,000
Repayment of loan, IMTN and ICP		**(561,960)**	(63,040)	**(550,000)**	(61,000)
Finance cost paid		**(11,558)**	(5,574)	**(10,857)**	(4,860)
Net cash flows used in financing activities		**(115,858)**	(69,766)	**(103,197)**	(70,982)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**14,556**	(366,915)	**28,874**	(377,109)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**218,198**	585,113	**189,867**	566,976
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	20	**232,754**	218,198	**218,741**	189,867

Notes to the statements of cash flows:

a. The following principal non-cash transactions during the financial year have been set-off against other receivables, other payables and amounts due from subsidiaries respectively:

		Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
(i)	Finance income receivable arising from deposits with financial institutions	**122**	0	**94**	0
(ii)	Finance cost payable in respect of the IMTN	**2,966**	1,751	**2,966**	1,751
(iii)	Proceeds from disposal of investments in unquoted shares in a subsidiary and a joint venture	**0**	0	**5,699**	0

STATEMENTS OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Notes to the statements of cash flows: (continued)

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

	Finance cost payable RM'000	Short-term borrowings RM'000	Long-term borrowings RM'000	Dividend payable RM'000	Total RM'000
Group					
At 1 January 2018	**1,751**	**2,990**	**208,970**	**0**	**213,711**
Cash flows	**(11,558)**	**97,010**	**(27,970)**	**(173,340)**	**(115,858)**
Non-cash items:					
- Dividends declared	**0**	**0**	**0**	**173,340**	**173,340**
- Finance cost accretion	**12,773**	**0**	**0**	**0**	**12,773**
At 31 December 2018	**2,966**	**100,000**	**181,000**	**0**	**283,966**
At 1 January 2017	694	3,040	107,990	0	111,724
Cash flows	(5,574)	(50)	100,980	(165,122)	(69,766)
Non-cash items:					
- Dividends declared	0	0	0	165,122	165,122
- Finance cost accretion	6,631	0	0	0	6,631
At 31 December 2017	1,751	2,990	208,970	0	213,711

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Notes to the statements of cash flows: (continued)

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

	Finance cost payable RM'000	Short-term borrowings RM'000	Long-term borrowings RM'000	Dividend payable RM'000	Total RM'000
Company					
At 1 January 2018	**1,751**	**0**	**200,000**	**0**	**201,751**
Cash flows	**(10,857)**	**100,000**	**(19,000)**	**(173,340)**	**(103,197)**
Non-cash items:					
- Dividends declared	**0**	**0**	**0**	**173,340**	**173,340**
- Finance cost accretion	**12,072**	**0**	**0**	**0**	**12,072**
At 31 December 2018	**2,966**	**100,000**	**181,000**	**0**	**283,966**
At 1 January 2017	694	1,000	100,000	0	101,694
Cash flows	(4,860)	(1,000)	100,000	(165,122)	(70,982)
Non-cash items:					
- Dividends declared	0	0	0	165,122	165,122
- Finance cost accretion	5,917	0	0	0	5,917
At 31 December 2017	1,751	0	200,000	0	201,751

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

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

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

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

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

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 14 March 2019.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Profit rate risk

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

(b) Credit risk

Risk management

The Group's exposure to credit risk arises from cash and cash equivalents, deposit with financial institutions and investment funds in a licensed financial institution, as well as credit exposures to customers, including outstanding receivable balances. The Company's exposure to credit risk arises from amounts due from subsidiaries and joint ventures, cash and cash equivalents, deposit with financial institutions and investment funds in a financial institution, as well as credit exposures to customers, including outstanding receivable balances. Risks arising therefrom are minimised through:

- Performing regular reviews of the aging profiles of amounts due from subsidiaries and joint ventures.
- Investing cash assets safely and profitably, which involves placement of cash and cash equivalents and short-term deposits with established banks or financial institutions. In addition, the Group and the Company set exposure limits as well as limiting placement tenures to less than one year for each of the financial institutions.
- Performing credit evaluations on customers and assessing the credit quality of the customers by taking into account their financial positions, past experience and other factors.
- Ensuring the collection risk arising from trade receivables is minimised by imposing a requirement for a 2-month financial guarantee on its customers. A credit review committee meets regularly and closely monitors the trade receivables.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL")

The Group and the Company set out two categories of receivables that reflect their credit risks and loss allowance is determined for these categories.

(i) Trade receivables using simplified approach
The expected loss rates are based on the payment profiles of sales over a period of 12 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as crude oil prices and gross domestic product growth) affecting the ability of the customers to settle the receivables. The historical loss rates will be adjusted based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

In determining the expected loss rates, the Group and the Company also takes into consideration the following:

- The collection of a 2-month financial guarantee (e.g. collection in the form of cash deposits, issuance of bank guarantees by the customers in the name of the Group, etc.) from the customers prior to the commencement of supply of gas. These financial guarantees are reviewed periodically to ensure that the amounts remain appropriate vis-à-vis the value of the gas supplied.
- Issuance of suspension notice to the customers with payments past due 28 days from the credit terms. Thereafter, customers are given a grace period of 7 days from the issuance of the suspension notice, and failure to make payments will entail the disconnection of gas supply to the customer's premise.

In respect of the previous financial years, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables were assessed to determine whether there was objective evidence that a loss event had occurred and an allowance for impairment was recognised accordingly when the loss event occurred. Information in respect of the loss allowance is disclosed in Note 18.

The Group's and the Company's maximum exposure to credit risk and loss allowance recognised as at 31 December 2018 is disclosed in Note 18. The remaining amount in which no ECL allowance was recognised is deemed to be recoverable, with low probability of default.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(ii) Debt instruments at amortised cost other than trade receivables, using the 3-stage general approach
The Group and the Company use four categories to reflect their credit risk and how the loss allowance is determined for each of the categories. A summary of the assumptions underpinning the Group's and the Company's expected credit loss is as follows:

Category	Definition of category	Basis of recognition of ECL provision
Performing	Customers have a low risk of default and a strong capacity to meet the contractual cash flows.	12 months expected losses. Where the expected lifetime on an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Debtors for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation.	Lifetime expected losses
Non-performing	There is evidence indicating the assets is credit-impaired.	Lifetime expected losses
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written-off

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD ("Probability of Default") x LGD ("Loss Given Default") x EAD ("Exposure at Default") methodology.

In deriving the PD and the LGD, the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as crude oil prices and gross domestic product growth) affecting the ability of the customers to settle the receivables. The historical loss rates will be adjusted based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

For intercompany balances that are repayable on demand, the Company's ECL is based on the following assumptions:

- If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the ECL is likely to be immaterial.
- If the borrower could not repay the loan if demanded at the reporting date, the Company considers the expected manner of recovery to measure the ECL. The recovery manner could be either through 'repayment over time' or a fire sale of less liquid assets by the borrower.
- If the recovery strategies indicate that the Company would fully recover the outstanding balance of the loan, the ECL would be limited to the effect of the discounting of the amount due on the loan, at the loan's effective interest rates, over the period until the amount is fully recovered.

All of the Group's and of the Company's debt instruments at amortised cost other than trade receivables are considered to have low credit risks, as these were considered to be performing, have low risks of default and historically there were minimal instances where contractual cash flow obligations have not been met.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

Measurement of Expected Credit Loss ("ECL") (continued)

(ii) Debt instruments at amortised cost other than trade receivables, using the 3-stage general approach (continued)
The maximum exposure to credit risks for debt instruments at amortised cost other than trade receivables are represented by the carrying amounts recognised in the statements of financial position.

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks and investments funds with a licensed financial institution that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default.

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

	Less than 3 months RM'000	Between 4 months to 1 year RM'000	More than 1 year RM'000	Total RM'000
2018				
Group				
Trade and other payables	**891,570**	**134,512**	**0**	**1,026,082**
Borrowings	**0**	**111,323**	**190,072**	**301,395**
Company				
Trade and other payables	**888,905**	**119,660**	**0**	**1,008,565**
Amount due to a subsidiary	**9,991**	**3,614**	**0**	**13,605**
Borrowings	**0**	**111,323**	**190,072**	**301,395**
2017				
Group				
Trade and other payables	874,958	12,181	0	887,139
Borrowings	0	14,946	229,667	244,613
Company				
Trade and other payables	856,457	11,441	0	867,898
Borrowings	0	8,440	210,966	219,406

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while seeking to maximise benefits to shareholders and other stakeholders.

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

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

The gearing ratios as at 31 December 2018 and 2017 are as follows:

	Group	
	2018 RM'000	**2017 RM'000 Restated**
Total debt	**281,000**	211,960
Total equity	**1,024,132**	1,016,846
Total capital	**1,305,132**	1,228,806
Gearing ratio	**22%**	17%

There were no changes in the Group's approach to capital management during the current financial year. The Group is not subject to any externally imposed capital requirements for the financial years ended 31 December 2018 and 2017.

(e) Fair value hierarchy

The assets and liabilities carried at fair value are categorised into different levels of fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The carrying amounts of all financial assets and liabilities of the Group and of the Company at the end of the reporting period approximated their fair values.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value hierarchy (continued)

As at 31 December 2018, the Group's and the Company's financial instruments measured and recognised at fair value are presented in the table below:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
Financial asset				
- Investment funds with a licensed financial institution	**0**	**171,750**	**0**	**171,750**
Company				
Financial asset				
- Investment funds with a licensed financial institution	**0**	**170,470**	**0**	**170,470**

There were no transfers between Level 1 and Level 2 during the current financial year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

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

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

The Group has applied the following amendments for the first time for the financial year beginning on 1 January 2018:

- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers"
- Amendments to MFRS 140 "Investment Property – Transfers of Investment Property"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 128 "Investments in Associates and Joint Ventures"

The Group has adopted MFRS 9 and MFRS 15 for the first time in the 2018 financial statements, which resulted in changes in the accounting policies. The detailed impact arising from the adoption of MFRS 9 and MFRS 15 are set out in Note 4.

Other than that, the adoption of the amendments to existing standards and interpretation listed above did not have any financial impact on the current period or any other period and is not likely to affect future periods.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

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

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

- MFRS 16 "Leases" supersedes MFRS 117 "Leases" and the related interpretations.

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

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

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

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

  The Group and the Company have reviewed all of the Group's and of the Company's leasing arrangements in light of the new lease accounting rules in MFRS 16. The standard will affect primarily the accounting for the Group's and the Company's operating leases, which comprise mainly the operating leases for land and building and office equipment.

  The Group and the Company will apply the standard from its mandatory adoption date on 1 January 2019. The Group and the Company intend to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

  For the lease commitments, the Group and the Company expects to recognise right-of-use assets of approximately RM1.0 million and RM1.0 million respectively, and lease liabilities of RM1.0 million and RM1.0 million respectively on 1 January 2019. The Group and the Company do not expect a material impact to the net profit after tax for the financial year ending 31 December 2019 as a result of adopting the new rules.

  The Group's and the Company's activities as a lessor are not material and hence the Group and the Company do not expect any significant impact on the financial statements. However, some additional disclosures will be required effective from next year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

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

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

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 "Long-term Interests in Associates and Joint Ventures" (effective from 1 January 2019) clarify that an entity should apply MFRS 9 "Financial Instruments" (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

  In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 9 "Prepayment features with negative compensation" (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

  The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:
  - Amendments to MFRS 3 "Business Combinations" (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account for the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

  - Amendments to MFRS 11 "Joint Arrangements" (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

  - Amendments to MFRS 112 "Income Taxes" (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (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 to the Company but not yet effective and have not been adopted by the Group and by the Company (continued)

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

- Annual Improvements to MFRSs 2015 – 2017 Cycle: (continued)
    - Amendments to MFRS 123 "Borrowing Costs" (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.
- Amendments to MFRS 119 "Plan amendment, curtailment or settlement" (effective 1 January 2019) requires an entity to use the updated actuarial assumptions from remeasurement of its net defined benefit liability or assets arising from the plan amendment, curtailment or settlement, to determine current service cost and net interest for the remaining period after the change to the plan. The amendments will be applied prospectively.

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2020. The Group and the Company intend to adopt the following pronouncements when they become effective:

- Amendments to MFRS 3 "Definition of a Business" revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  In addition, the revised definition of the term 'outputs' is however narrower, focuses on goods and services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2020. The Group and the Company intend to adopt the following pronouncements when they become effective: (continued)

The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

The amendments shall be applied prospectively.

Except for the application of MFRS 16 described above, there are no other standards that are not yet effective and that would be expected to have a material financial impact on the Group and on the Company in the current or future reporting periods.

(b) Consolidation

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.

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

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

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

(d) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes 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.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Depreciation

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

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

Buildings	50 years
Motor vehicles	5 years
Office and gas equipment	3 to 5 years
Furniture and fittings	5 years
Office renovation	3 years
Pipeline and distribution systems	10 to 30 years

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

Depreciation on assets under construction commences when the assets are ready for their intended use.

(f) Impairment of non-financial asset

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

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

(g) Investments

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Trade and other receivables

Trade receivables are amounts due from customers for sale of gas, tolling fee and contributions receivable from customers in respect of construction of pipelines performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less, they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 3(t) on impairment of financial assets.

(i) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents are 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.

(j) Share capital

(i) Classification

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

(ii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(k) Trade payables

Trade payables represent liabilities to pay for natural gas and LPG that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period, in which they are presented as non-current liabilities.

Trade payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties. Trade payables are subsequently measured at amortised cost using the effective profit rate method.

(l) Borrowings and borrowing costs

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Borrowings and borrowing costs (continued)

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

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

(m) Current and deferred income tax

Tax expense for the financial year comprises current and deferred income tax. The income tax expense or credit for the financial year is the tax payable on the current financial year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

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

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

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

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

(n) Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Accounting for lessee – operating lease and prepaid lease payments

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

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

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

(p) Functional and presentation currency

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

(q) Revenue recognition

Revenue from contracts with customers
Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers controls of the goods or services promised in a contract and the customer obtains control of the goods and services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of indirect taxes, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Sale of Gas
The Group's and the Company's revenue is mainly derived from the sales of gas to industrial, commercial and residential customers. The Group and the Company sell gas to the customers in various forms, namely natural gas, LPG and CNG.

As part of the customer's process to obtain gas supply from the Group and the Company, customers may be required to pay a connectivity charge to the Group and the Company (i.e. payment of capital contribution in order for the Group and the Company to connect the customer's premise to the Natural Gas Distribution System ("NGDS") network). In the case of the Group and the Company, as the connectivity charge and the supply of gas are highly interdependent on one another to produce the output that the customer requires (i.e. the supply of gas), hence, it is not being capable to be distinct in the context of the supply of goods and services. Therefore, it is treated as one single performance obligation.

Revenue from gas sales is recognised (net of discount and taxes collected on behalf) as and when the Group's and the Company's customers simultaneously receive and consume the benefits (i.e. the customers are able to utilise the gas for their benefit as and when the gas is being supplied) arising from the Group and the Company performing their obligations based on the terms of the contracts with the customers. Accordingly, revenue from the supply of gas is recognised over time; i.e. as and when the gas supplied is consumed by the customers.

There is no element of financing present as the Group's sales is based on a credit term of 25 days from the date of the invoice.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue recognition (continued)

Provision for tolling services
Revenue from provision of tolling services is recognised in the period in which the tolling activities are performed. There is no element of financing present as sales is based on a credit term of 30 days from the date of invoice.

Revenue from other sources
(i) Finance income

Finance income is recognised in profit or loss on an accrual basis, using the effective profit rate method of the underlying asset.

Accounting policies applied from 1 January 2018
Interest income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Accounting policies applied until 31 December 2017
When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective profit rate of the instrument, and continues unwinding the discount as finance income. Finance income on impaired loans and receivables are recognised using the original effective profit rate.

(ii) Other income

Other income includes rental income, tender related income, gain/(loss) on disposal of assets and late payment charges, which is recognised on an accrual basis.

(r) Accounting for zakat

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

Zakat rates enacted or substantively enacted by the end of each reporting period are used to determine the zakat expense. The rate of zakat on business as determined by zakat authority under Lembaga Zakat Selangor for 2018 is 2.5% of the zakat base. The zakat base of the Group is determined based on the profit after tax of eligible companies within the Group after deducting certain non-operating income and expenses. Zakat on business is calculated by multiplying the zakat rate with zakat base. The amount of zakat assessed is recognised as an expense in the financial year in which it is incurred.

(s) Contingent liabilities

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

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments

(i) Financial assets

Accounting policy applied from 1 January 2018

(a) Classification

From 1 January 2018, the Group and the Company classify the financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on Group's and on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The Group and the Company reclassify the debt investments when and only when the business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

(b) Recognition and initial measurement

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

At initial recognition, the Group and the Company measure a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

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

(c) Subsequent measurement – gains and losses

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are two measurement categories into which the Group and the Company classify the debt instruments:

- Amortised cost:
  Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income/(expense).

- FVTPL:
  Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. Gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other operating income/(expense) in the period in which it arises.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policy applied from 1 January 2018 (continued)
(d) Subsequent measurement – impairment

Impairment for debt instruments

From 1 January 2018, the Group the Company assess on a forward looking basis the ECL associated with its debts instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group and the Company have two types of financial assets that are subject to the ECL model:

- Trade receivables for sales of goods and services; and
- Debt instruments carried at amortised cost.

In the Company's separate financial statements, intercompany balances are also subject to ECL.

While cash and cash equivalents are also subject to the impairment requirements as set out in MFRS 9, there is no impairment loss identified given the financial strength of the financial institutions in which the Group and the Company have a relationship with.

ECL represent a probability-weighted estimate of the difference between the present value of cash flows according to the contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument.

The measurement of the ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The financial assets of the Group and the Company and the related ECL measurement models are set out below:

Trade receivables using the simplified approach
The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Note 2(b) sets out the measurement details of the ECL.

Debt instruments at amortised cost other than trade receivables, using the 3-stage general approach
At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if the credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 2(b) sets out the measurement details of the ECL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policy applied from 1 January 2018 (continued)

(d) Subsequent measurement – impairment (continued)

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information, such as:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; or
- significant changes in the expected performance or behaviour of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:
The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants.
- concessions have been made by the lender relating to the debtor's financial difficulty.
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on an individual basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policy applied from 1 January 2018 (continued)
(d) Subsequent measurement – impairment (continued)

Groupings of instruments for ECL measured on collective basis

Collective assessment
To measure ECL, trade receivables arising from the sale of gas have been grouped based on shared risk characteristics and the days past due.

Individual assessment
Trade receivables which are in default or credit-impaired are assessed individually.

Write-off

Trade receivables
Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

Debt instruments at amortised cost other than trade receivables
The Group and the Company write off financial assets, in whole or in part, when all partial recovery efforts have been exhausted and there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtors' sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Accounting policy applied until 31 December 2017
The Group and the Company have applied MFRS 9 retrospectively, but have elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy, as follows:

(a) Classification

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

Financial assets at fair value through profit or loss
The Group and the Company classify financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. Otherwise, they are presented as non-current assets. The Group's and the Company's loans and receivables comprise "amounts due from subsidiaries" (Note 16), "trade and other receivables" (excluding deposits and prepayments) (Note 18) and "cash and cash equivalents" (Note 20) in the statements of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policy applied until 31 December 2017 (continued)

(b) Recognition and initial measurement

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

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(c) Subsequent measurement – gains and losses

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

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

(d) Subsequent measurement – impairment of financial assets

Assets carried at amortised cost

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

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

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

  1. adverse changes in the payment status of borrowers in the portfolio; and
  2. national or local economic conditions that correlate with defaults on the assets in the portfolio.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial instruments (continued)

(i) Financial assets (continued)

Accounting policy applied until 31 December 2017 (continued)

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

Assets carried at amortised cost (continued)

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

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

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

(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 and the Company have transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group and the Company 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 liabilities

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.

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities for those having maturity dates of less than twelve months after the reporting date, otherwise, the balances are classified as non-current.

(iii) Offsetting financial instruments

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

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The Group and the Company recognise 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 and the Company recognise 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 and the Company pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group and the Company have no legal or constitute obligations to pay further contributions if fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and the Company'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 and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(v) Earnings per share

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

Basic EPS is calculated by dividing the profit 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 attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted to employees, if any.

(w) Segment reporting

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for at fair value through profit or loss. Changes in the fair value are recognised immediately in profit or loss and are included in other gains/(losses). Derivatives that qualify for hedge accounting are designated as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
(c) Hedges of a net investment in a foreign operation (net investment hedge).

Since the adoption of MFRS 9, the Group documents at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. Prior to 1 January 2018, the Group documented at the inception of the transaction, the relationship between hedging instruments and hedged items and its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that were used in hedging transactions have been, and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance income/cost at the same time as the interest expense on the hedged borrowings.

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, the accounting of any cumulative deferred gain or loss and deferred cost of hedging included in equity depends on the nature of the underlying hedged transaction. For cash flow hedge which resulted in the recognition of a non-financial asset, the cumulative amount in equity shall be included in the initial cost of the asset. For other cash flow hedges, the cumulative amount in equity is reclassified to profit or loss in the same period that the hedged cash flows affect profit or loss. When hedged future cash flows or forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that was reported in equity is immediately reclassified to profit or loss within other gains/(losses).

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Contract liabilities

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or have billed the customer. In the case of the supply of gas, contract liabilities represents the consideration received from customers which had made contributions to the Group and to the Company for the connecting the premises to the Group's and to the Company's natural gas distribution network.

(z) Government grant

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group and the Company will comply with all attached conditions.

Government grants relating to the purchase of assets are presented as a reduction of the carrying amount of the related assets. The Government grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(aa) Critical accounting estimates and judgements

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

(i) Critical accounting estimates, assumptions and judgements

<u>Depreciation policy</u>
The depreciation policy of the pipelines system adopted by the Directors is on the basis that the Group and the Company will continue to obtain their supply of gas to sell and the gas supply licence will be renewed on expiry. Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

<u>Accrual for unbilled gas costs</u>
In determining the accrual for unbilled gas costs as disclosed in Note 26 to the financial statements, estimates are made by management on the gas volume supplied to its gas network as at the reporting date. These estimates are based on past experience of the customers' consumption patterns in the prior financial years.

<u>Revenue recognition</u>
The Directors have applied judgement in applying the revenue recognition policy based on the Group's and the Company's business model and its relationships and contracts with its customers. The judgement includes assessment of the obligation that the Group and the Company have in dealing with its customers, in which the Group and the Company are 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 and the Company have with its gas suppliers where the title and ownership of the gas shall be transferred to the Group and the Company after delivery to the Group's and to the Company's pipeline.

<u>Rights and obligations under the Incentive Based Regulation ("IBR") framework</u>
The Energy Commission ("EC") implemented the IBR framework on 1 January 2017 (with 2016 as the trial period) whereby the tariffs are revised every six months using the Gas Cost Pass-Through ("GCPT") mechanism. The GCPT mechanism is used by the EC to ensure that the Group and the Company remain financially neutral from fluctuations in gas price. Under the IBR framework, tariffs are determined by estimating the gas volume consumption and its estimated cost for the next six months. As the actual gas volume consumed and gas cost are different from the estimates used in determining tariffs, this results in gas cost under or over-recovered which will be adjusted against revenue in the reporting period in which the cost differential occurred. The Directors have ascertained the extent of the Group's and of the Company's rights and obligations with the customers and the Government under the IBR framework and determined its implication to revenue recognition.

4. EFFECTS OF ADOPTION OF MFRS 9 "FINANCIAL INSTRUMENTS" AND MFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

(a) Adoption of MFRS 9 "Financial Instruments"

MFRS 9 replaces MFRS 139 and amends the previous requirements in three main areas: (i) classification and measurement of financial assets; (ii) impairment of financial assets, mainly by introducing a forward looking expected loss impairment model; and (iii) hedge accounting including removing some of the restrictions on applying hedge accounting in MFRS 139. The impact of MFRS 9 adoption is described below:

Classification and measurement
Under MFRS 9, financial assets are classified according to their cash flow characteristics and the business model which they are managed. The Group and the Company have categorised its financial assets as financial assets measured at amortised cost and financial assets measured at FVTPL.

The financial assets held by the Group and the Company include trade and other receivables, which is currently accounted for at amortised cost as it continues to meet the conditions for classification as amortised cost under MFRS 9.

There is no impact on the Group and the Company for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group and the Company do not have such liabilities.

Impairment
MFRS 9 changes the recognition of impairment provision for financial assets by introducing an ECL model. Upon the adoption of MFRS 9, the Group and the Company have revised the impairment methodology which depends on whether there has been a significant increase in credit risk. The Group and the Company assess possible increase in credit risk for financial assets measured at amortised cost and lease receivables at the end of each reporting period. The impairment provision is estimated at an amount equal to a 12 months expected credit loss at the current reporting date if there has not been a significant increase in credit risk. Based on the assessment undertaken, there is no significant increase in credit risk to the Group and to the Company as a result of the adoption of the ECL model.

Hedge accounting
The new hedge accounting guidance in MFRS 9 aligns the hedge accounting treatment more closely with the Group's and the Company's risk management practices. The Group and the Company have applied the new hedge accounting requirements prospectively. The adoption of the new accounting requirements did not have any material impact on the reporting period.

The Group and the Company have applied MFRS 9 retrospectively with the date of initial application on 1 January 2018. In accordance with the transitional provision provided in MFRS 9, comparative information was not restated and continued to be reported under the previous accounting policies governed under MFRS 139.

The adoption of MFRS 9 did not result in any material financial impact to the equity of the Group and of the Company as at 1 January 2018.

4. EFFECTS OF ADOPTION OF MFRS 9 “FINANCIAL INSTRUMENTS” AND MFRS 15 “REVENUE FROM CONTRACTS WITH CUSTOMERS” (CONTINUED)

(b) Adoption of MFRS 15 “Revenue from Contracts with Customers”

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group and the Company have applied this standard retrospectively and have elected to apply the practical expedient in MFRS 15 in not restating completed contracts that began and ended in the same comparative reporting period as well as completed contracts as at the transition date.

The impact arising from the adoption of MFRS 15 to the Group and to the Company is set out below:

(i) Capital contribution from customers is considered as part of the process to obtain gas supply from the Group and from the Company and therefore, this is considered as one performance obligation. Accordingly, the capital contribution will be accounted for as a contract liability which will be recognised as revenue over the contract of gas supply with customer.

Arising therefrom, revenue from capital contribution received from customers amounting to RM16.9 million for the financial year ended 31 December 2017 have been reversed and the comparatives were restated. No adjustments were made to reverse the revenue from capital contribution received from customers as at the date of transition as all of the contracts were deemed to be completed under the previous accounting policies adopted.

(ii) Contribution from the Government in respect of the extension of the Group’s and of the Company’s NGDS network is considered to be a grant, and therefore the contribution will be accounted for in accordance with MFRS 120 “Accounting for Government Grants and Disclosures of Government Assistance”. Arising therefrom, revenue from capital contribution received from customers amounting to RM16.6 million for the financial year ended 31 December 2017 have been reversed and the comparatives have been restated. The Government grants will be recognised when there is reasonable assurance that the Group and the Company will comply with the conditions attached and the grants will be received.

(c) Effects of the adoption of MFRS 15

	As previously reported RM’000	Effects of adoption of MFRS 15 RM’000	Reclassification* RM’000	As restated RM’000
Group				
Statements of comprehensive income for the financial year ended 31 December 2017				
Revenue	5,348,821	(33,497)	0	5,315,324
Gross profit	307,766	(33,497)	0	274,269
Profit before zakat and taxation	248,181	(33,497)	0	214,684
Net profit for the financial year	194,151	(33,497)	0	160,654
Total comprehensive income	194,967	(33,497)	0	161,470
Net profit attributable to:				
- Owners of Parent	194,638	(33,497)	0	161,141
Total comprehensive income attributable to:				
- Owners of Parent	195,454	(33,497)	0	161,957

4. EFFECTS OF ADOPTION OF MFRS 9 "FINANCIAL INSTRUMENTS" AND MFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS" (CONTINUED)

(c) Effects of adoption of MFRS 15 (continued)

	As previously reported RM'000	Effects of adoption of MFRS 15 RM'000	Reclassification* RM'000	As restated RM'000
Group				
Statements of financial position as at 31 December 2017				
Property, plant and equipment	1,230,951	(5,000)	0	1,225,951
Trade and other receivables	802,955	(11,620)	0	791,335
Contract liabilities:				
- Current	0	3,375	0	3,375
- Non-current	0	13,502	0	13,502
Retained earnings	410,621	(33,497)	0	377,124
Statements of cash flows for the financial year ended 31 December 2017				
Profit before zakat and taxation	248,181	(33,497)	0	214,684
<u>Net cash flows generated from/(used in) operating activities:</u>				
Changes in working capital:				
- Receivables	(332,708)	11,620	0	(321,088)
- Payables and contract liabilities	(29,554)	16,877	(24,968)	(37,645)
<u>Net cash flows used in investing activities:</u>				
Government grant received	0	5,000	0	5,000
Purchase of property, plant and equipment	(170,768)	0	25,977	(144,791)
<u>Net cash flows used in financing activities:</u>				
Finance cost paid	(4,565)	0	(1,009)	(5,574)

* The comparatives were adjusted to better reflect the nature and substance of the transactions.

	As previously reported RM'000	Effects of adoption of MFRS 15 RM'000	Reclassification* RM'000	As restated RM'000
Company				
Statements of comprehensive income for the financial year ended 31 December 2017				
Revenue	5,313,748	(33,497)	0	5,280,251
Gross profit	301,289	(33,497)	0	267,792
Profit before zakat and taxation	244,192	(33,497)	0	210,695
Net profit/Total comprehensive income for the financial year	190,752	(33,497)	0	157,255
Net profit attributable to:				
- Owners of Parent	190,752	(33,497)	0	157,255
Total comprehensive income attributable to:				
- Owners of Parent	190,752	(33,497)	0	157,255

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

4. EFFECTS OF ADOPTION OF MFRS 9 "FINANCIAL INSTRUMENTS" AND MFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS" (CONTINUED)

(c) Effects of adoption of MFRS 15 (continued)

	As previously reported RM'000	Effects of adoption of MFRS 15 RM'000	Reclassification* RM'000	As restated RM'000
Company				
Statements of financial position as at 31 December 2017				
Property, plant and equipment	1,214,258	(5,000)	0	1,209,258
Trade and other receivables	797,178	(11,620)	0	785,558
Contract liabilities:				
- Current	0	3,375	0	3,375
- Non-current	0	13,502	0	13,502
Retained earnings	421,069	(33,497)	0	387,572
Company				
Statements of cash flows for the financial year ended 31 December 2017				
Profit before zakat and taxation	244,192	(33,497)	0	210,695
<u>Net cash flows generated from/(used in) operating activities:</u>				
Changes in working capital:				
- Receivables	(331,601)	11,620	0	(319,981)
- Payables and contract liabilities	(29,354)	16,877	(24,968)	(37,445)
<u>Net cash flows used in investing activities:</u>				
Government grant received	0	5,000	0	5,000
Purchase of property, plant and equipment	(167,666)	0	25,977	(141,689)
<u>Net cash flows used in financing activities:</u>				
Finance cost paid	(3,851)	0	(1,009)	(4,860)

* The comparatives were adjusted to better reflect the nature and substance of the transactions.

(d) Reconciliation of equity

The reconciliation of equity arising from the adoption of MFRS 15 is disclosed in the statements of changes in equity.

5. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Sale of gas:				
- Sale of natural gas	**6,178,726**	5,260,870	**6,177,129**	5,259,194
- Sale of LPG	**34,167**	33,397	**0**	0
- Cash contribution for pipelines construction	**6,157**	1,508	**6,157**	1,508
Provision for tolling services	**14,193**	19,549	**14,193**	19,549
	6,233,243	5,315,324	**6,197,479**	5,280,251
Timing of revenue from contracts with customers – over time	**6,233,243**	5,315,324	**6,197,479**	5,280,251

6. EXPENSES BY NATURE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cost of natural gas	**5,800,220**	4,902,597	**5,800,220**	4,902,597
Cost of LPG	**25,473**	24,569	**0**	0
Staff costs (Note 8)	**69,663**	66,044	**64,563**	60,736
Depreciation	**66,127**	60,962	**65,271**	60,152
(Write back of impairment)/Impairment allowance of trade receivables	**(9,387)**	4,500	**(9,407)**	4,487
Gas licence fee	**2,149**	2,025	**2,137**	2,016
Sales commission expenses	**1,273**	1,073	**0**	0
Other expenses	**44,513**	48,931	**42,200**	46,529
	6,000,031	5,110,701	**5,964,984**	5,076,517

The above is a combination of cost of sales, administrative expenses and selling and distribution expenses in the statements of comprehensive income.

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7. PROFIT FROM OPERATIONS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Profit from operations is arrived at after crediting:				
Gain on disposal of property, plant and equipment	**295**	0	**272**	0
Gain on disposal of a subsidiary	**0**	0	**1,160**	0
Rental income	**3**	3	**0**	0
Write back of impairment of trade receivables (Note 18)	**9,407**	5,792	**9,407**	5,783
and after charging:				
Auditors' remuneration:				
- statutory audit	**180**	163	**134**	127
- other audit related services	**116**	129	**116**	129
- non-audit services	**4**	4	**4**	4
Amortisation of prepaid lease payments (Note 17)	**403**	402	**349**	348
Impairment of trade receivables (Note 18)	**20**	10,292	**0**	10,270
Rental of equipment	**86**	71	**75**	63
Rental of premises	**1,383**	1,084	**1,169**	850

8. STAFF COSTS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Wages, bonuses and salaries	**59,444**	57,992	**55,513**	53,476
Defined contribution plan - contributions	**8,836**	8,778	**8,227**	8,100
Other employee benefits	**9,177**	6,250	**8,617**	6,136
	77,457	73,020	**72,357**	67,712
Less: Staff costs capitalised in property, plant and equipment	**(7,794)**	(6,976)	**(7,794)**	(6,976)
	69,663	66,044	**64,563**	60,736

9. DIRECTORS' REMUNERATION

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

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
Fees	**889**	849
Other benefits	**707**	704
Indemnity insurance paid	**23**	30
	1,619	1,583

10. FINANCE COSTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Bank charges	**580**	339	**366**	144
Profit rate:				
- IMTN	**9,723**	5,196	**9,723**	5,196
- ICP	**1,983**	577	**1,983**	577
Term loan	**487**	519	**0**	0
	12,773	6,631	**12,072**	5,917
Less: Finance costs capitalised in property, plant and equipment	**(463)**	(1,009)	**(463)**	(1,009)
	12,310	5,622	**11,609**	4,908

11. TAX EXPENSE

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax:				
- current financial year	**50,087**	32,335	**49,581**	32,216
- over accrual in prior financial year	**(1,904)**	(4,486)	**(1,904)**	(4,486)
	48,183	27,849	**47,677**	27,730
Deferred taxation (Note 24)				
- origination and reversal of temporary difference	**2,044**	22,681	**1,375**	22,210
	50,227	50,530	**49,052**	49,940

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11. TAX EXPENSE (CONTINUED)

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

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000 Restated**
Profit before taxation and after zakat	**230,619**	211,184	**225,987**	207,195
Tax calculated at the Malaysian income tax rate of 24% (2017: 24%)	**55,349**	50,684	**54,237**	49,727
Tax effects of:				
Income not subject to tax	**(1,991)**	(1,338)	**(2,140)**	(1,338)
Expenses not deductible for tax	**2,994**	6,466	**2,752**	6,037
Share of results in joint ventures	**(1,165)**	(796)	**0**	0
Over accrual of taxes in prior financial year	**(5,139)**	(4,486)	**(5,797)**	(4,486)
Temporary differences for which no deferred tax had been recognised	**179**	0	**0**	0
Tax expense	**50,227**	50,530	**49,052**	49,940

12. 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	
	2018	**2017 Restated**
Net profit for the financial year attributable to equity holders of the Company (RM'000)	**180,392**	161,141
Weighted average number of ordinary shares ('000)	**1,284,000**	1,284,000
Basic earnings per share (RM)	**0.14**	0.13
Diluted earnings per share (RM)	**0.14**	0.13

The Group has no dilutive potential ordinary shares and therefore the diluted EPS is the same as the basic EPS.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
2018									
At 1 January	9,894	19,531	8,727	55,306	2,037	10,643	1,620,460	220,728	1,947,326
Additions*	0	0	637	2,045	0	0	23,755	126,926	153,363
Disposals	0	0	(1,098)	0	0	0	0	0	(1,098)
Reclassifications	0	0	0	8,560	0	6,201	131,752*	(146,513)	0
At 31 December	9,894	19,531	8,266	65,911	2,037	16,844	1,775,967	201,141	2,099,591
Accumulated depreciation									
At 1 January	0	7,763	5,058	50,892	2,010	10,642	645,010	0	721,375
Charge for the financial year	0	447	1,257	2,088	12	88	62,235	0	66,127
Disposals	0	0	(1,080)	0	0	0	0	0	(1,080)
At 31 December	0	8,210	5,235	52,980	2,022	10,730	707,245	0	786,422
Net book value									
At 31 December	9,894	11,321	3,031	12,931	15	6,114	1,068,722	201,141	1,313,169

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
2017									
At 1 January	9,894	19,531	7,630	53,131	2,031	10,643	1,545,061	133,637	1,781,558
Additions*	0	0	1,097	2,175	6	0	10,865	151,625	165,768
Reclassifications	0	0	0	0	0	0	64,534*	(64,534)	0
At 31 December	9,894	19,531	8,727	55,306	2,037	10,643	1,620,460	220,728	1,947,326
Accumulated depreciation									
At 1 January	0	7,316	3,998	49,115	1,997	10,635	587,352	0	660,413
Charge for the financial year	0	447	1,060	1,777	13	7	57,658	0	60,962
At 31 December	0	7,763	5,058	50,892	2,010	10,642	645,010	0	721,375
Net book value									
At 31 December	9,894	11,768	3,669	4,414	27	1	975,450	220,728	1,225,951

* Included in the Group's addition of pipeline and distribution systems during the financial year was finance costs capitalised amounting to RM463,000 (2017: RM1,009,000).

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
2018									
At 1 January	9,894	19,531	8,615	53,523	1,902	10,307	1,602,848	218,676	1,925,296
Additions*	0	0	637	2,040	0	0	23,510	126,926	153,113
Disposals	0	0	(987)	0	0	0	0	0	(987)
Reclassifications	0	0	0	8,560	0	6,201	131,752*	(146,513)	0
At 31 December	9,894	19,531	8,265	64,123	1,902	16,508	1,758,110	199,089	2,077,422
Accumulated depreciation									
At 1 January	0	7,763	4,946	49,123	1,875	10,306	642,025	0	716,038
Charge for the financial year	0	447	1,257	2,077	12	88	61,390	0	65,271
Disposals	0	0	(969)	0	0	0	0	0	(969)
At 31 December	0	8,210	5,234	51,200	1,887	10,394	703,415	0	780,340
Net book value									
At 31 December	9,894	11,321**	3,031	12,923	15	6,114	1,054,695	199,089	1,297,082

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Office and gas equipment RM'000	Furniture and fittings RM'000	Office renovation RM'000	Pipeline and distribution systems RM'000	Capital work-in-progress RM'000	Total RM'000
2017									
At 1 January	9,894	19,531	7,518	51,348	1,896	10,307	1,530,151	131,985	1,762,630
Additions*	0	0	1,097	2,175	6	0	10,834	148,554	162,666
Reclassifications	0	0	0	0	0	0	61,863*	(61,863)	0
At 31 December	9,894	19,531	8,615	53,523	1,902	10,307	1,602,848	218,676	1,925,296
Accumulated depreciation									
At 1 January	0	7,316	3,886	47,356	1,862	10,299	585,167	0	655,886
Charge for the financial year	0	447	1,060	1,767	13	7	56,858	0	60,152
At 31 December	0	7,763	4,946	49,123	1,875	10,306	642,025	0	716,038
Net book value									
At 31 December	9,894	11,768**	3,669	4,400	27	1	960,823	218,676	1,209,258

* Included in the Company's addition of pipeline and distribution systems during the financial year was finance costs capitalised amounting to RM463,000 (2017: RM1,009,000).

** Includes a leasehold building with a net book value of RM5,888,302 (2017: RM6,086,000) which resides on leasehold land owned by a subsidiary company.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net cash outflows for the acquisition of property, plant and equipment during the financial year is as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Acquisition during the financial year	**153,363**	165,768	**153,113**	162,666
Add:				
- Payment for property, plant and equipment acquired in the prior financial year	**33,937**	20,969	**33,937**	20,969
- Government grant received during the current financial year, which was offsetted against the additions of property, plant and equipment	**10,000**	5,000	**10,000**	5,000
Less:				
- Acquisition of property, plant and equipment not paid as at the reporting date	**(38,731)**	(45,937)	**(38,731)**	(45,937)
- Finance cost capitalised during the financial year	**(463)**	(1,009)	**(463)**	(1,009)
Net cash outflows for the acquisition of property, plant and equipment	**158,106**	144,791	**157,856**	141,689

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14. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost	**20,005**	24,054

Details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest 2018 %	Group's effective interest 2017 %
Direct subsidiaries				
Gas Malaysia (LPG) Sdn. Bhd. ("GMLPG")*	Selling of liquefied petroleum gas via a reticulation system	Malaysia	**100**	100
Pelantar Teknik (M) Sdn. Bhd. ("PTSB")*	Property holding	Malaysia	**100**	100
Gas Malaysia Ventures Sdn. Bhd.*	Investment holding	Malaysia	**100**	100
Gas Malaysia Distribution Sdn. Bhd. ("GMD")*	Developing, operating and maintaining the distribution pipeline and to deliver gas through the distribution pipeline	Malaysia	**100**	100
Gas Malaysia Energy and Services Sdn. Bhd. ("GMES")*	Selling, marketing and promotion of natural gas, liquefied petroleum gas and other gaseous fuel and providing related services and energy solution to industrial, commercial and residential sector	Malaysia	**100**	100
Indirect subsidiaries				
Gas Malaysia Virtual Pipeline Sdn. Bhd. ("GMVP")*	Virtual pipeline	Malaysia	**100**	100
Gas Malaysia Venture 1 Sdn. Bhd.*	Investment holding	Malaysia	**100**	100
Gas Malaysia Venture 2 Sdn. Bhd. ("GMV2")*	Investment holding	Malaysia	**100**	100

* Audited by PricewaterhouseCoopers PLT, Malaysia.

During the current financial year, the Company had, on 9 February 2018, disposed all of its equity interest in GMVP, comprising 5,209,240 ordinary shares, representing the entire issued share capital of GMVP, to its wholly-owned subsidiary, GMV2, for a cash consideration of RM5,209,240.

In the previous financial year:

(i) the Company had, on 3 November 2017, entered into an arrangement to acquire the remaining equity interest in GMVP from a third party for a cash consideration of RM141,866;
(ii) the Company had, on 21 November 2017, subscribed to 5,000,000 ordinary shares amounting to RM5,000,000, representing the entire share capital of GMD; and
(iii) the Company had, on 21 November 2017, subscribed to 5,000,000 ordinary shares amounting to RM5,000,000, representing the entire share capital of GMES.

15. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares, at cost	**33,490**	33,490	**33,000**	33,490
Share of post–acquisition reserves	**2,630**	(2,457)	**0**	0
	36,120	31,033	**33,000**	33,490

Details of the joint ventures are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest 2018 %	Group's effective interest 2017 %
Gas Malaysia Energy Advance Sdn. Bhd. ("GMEA")	Combined Heat and Power	Malaysia	**66**	66
Sime Darby Gas Malaysia BioCNG Sdn. Bhd. ("SDGMB")	Sale and supply of bio-compressed natural gas	Malaysia	**49**	49
Gas Malaysia Synergy Drive Sdn. Bhd. ("GMSD")	Combined Heat and Power	Malaysia	**50**	0

During the current financial year:

(i) the Company had, on 18 January 2018, disposed all of its equity interest in SDGMB of 490,000 ordinary shares, representing the Company's 49% equity interest in SDGMB, to GMV2 for a cash consideration of RM490,000; and
(ii) the Company had, on 4 December 2018, subscribed for 1 ordinary share in GMSD, representing 50% of the issued and paid-up capital of GMSB, for a cash consideration of RM1.

The Group has applied the equity method of accounting for these joint ventures. The joint ventures are unquoted companies and therefore there are no quoted market prices available for their shares.

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15. INVESTMENT IN JOINT VENTURES (CONTINUED)

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

	SDGMB		GMEA	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Summarised statement of financial position				
As at 31 December				
Non-current assets	**397**	449	**164,639**	167,326
Non-current liabilities	**0**	0	**(99,771)**	(115,309)
Current assets	**976**	556	**50,623**	52,721
Current liabilities	**(720)**	(239)	**(61,249)**	(58,287)
Net current assets/(liabilities)	**256**	317	**(10,626)**	(5,566)
Net assets	**653**	766	**54,242**	46,451
Included in the statement of financial position are:				
- Deposits, cash and bank balances	**793**	283	**13,953**	18,272
- Current financial liabilities (excluding trade and other payables and provisions)	**0**	0	**30,251**	15,496
- Non-current financial liabilities (excluding trade and other payables and provisions)	**0**	0	**99,771**	115,309
Summarised income statement				
Financial year ended 31 December				
Revenue	**1,747**	856	**151,452**	106,566
Cost of sales (excluding depreciation)	**(1,619)**	(819)	**(134,525)**	(102,647)
Administrative expenses	**(192)**	(203)	**(2,839)**	(2,201)
Depreciation	**(53)**	(57)	**(28)**	(21)
Finance cost	**0**	0	**(6,854)**	(7,244)
Finance income	**5**	6	**302**	10,790
Other income	**0**	0	**0**	18
Taxation	**(1)**	(2)	**(72)**	(74)
(Loss)/profit after taxation	**(113)**	(219)	**7,436**	5,187
Other comprehensive income	**0**	0	**355**	1,238
Total comprehensive (loss)/income	**(113)**	(219)	**7,791**	6,425
Reconciliation of net assets to carrying amount				
Group's share of net assets/Carrying amount in the statement of financial position at 31 December	**320**	375	**35,800**	30,658
Group's share of result				
Group's share of (loss)/profit for the financial year	**(55)**	(106)	**4,908**	3,423
Group's share of other comprehensive income/(loss) for the financial year	**0**	0	**234**	816

The financial position and financial results of GMSD are not material to the Group.

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2018	**2017**
	RM'000	**RM'000**
Amounts due from subsidiaries		
- Non-current	**28,956**	10,206
Amount due to a subsidiary		
- Current	**(13,605)**	0

During the financial year, the Company has provided an advance to a subsidiary. The advance of RM11,000,000 is unsecured and carries a profit rate at 4.56% as at the reporting date for a tenure of 5 years. The remaining amounts due from subsidiaries are unsecured, profit rate free and repayable on demand. The Company does not expect any repayment within the next twelve months.

17. PREPAID LEASE PAYMENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**16,420**	16,822	**12,276**	12,624
Addition	**9**	0	**9**	0
Amortisation for the financial year	**(403)**	(402)	**(349)**	(348)
At 31 December	**16,026**	16,420	**11,936**	12,276
Cost	**23,167**	23,158	**17,775**	17,766
Accumulated amortisation	**(7,141)**	(6,738)	**(5,839)**	(5,490)
Net book value	**16,026**	16,420	**11,936**	12,276

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18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	**2017 RM'000 Restated**	**2018 RM'000**	**2017 RM'000 Restated**
Trade receivables	**596,917**	513,337	**592,683**	508,855
Accumulated impairment loss allowance on trade receivables	**(8,346)**	(17,733)	**(8,304)**	(17,711)
	588,571	495,604	**584,379**	491,144
Other receivables	**135,952**	280,753	**135,917**	280,739
Prepayments	**2,232**	1,950	**2,232**	1,950
Deposits	**2,178**	2,044	**836**	753
GST input tax	**21,802**	10,984	**21,579**	10,972
	750,735	791,335	**744,943**	785,558

Included in the Group's and the Company's trade and other receivables as at the reporting date is an amount of RM981,000 (2017: RM1,208,000) due from joint venture companies, GMEA and SDGMB.

Included in the Group's and the Company's other receivables is an amount of RM131,078,000 (2017: RM278,168,000) which arises from the differences between the market prices on the gas supplied arising from the Group's and the Company's contractual obligations to the gas supplier and the forecast market prices applied in the determination of the tariff, for which the Government has confirmed its support to the Group and to the Company under the Gas Cost Pass Through ("GCPT") mechanism. See Note 3(aa)(i) for the rights and obligations of the Group and of the Company under the IBR framework. There is minimal risk of default in payment in respect of this amount.

As at 31 December 2018, trade receivables of RM31,215,000 (2017: RM35,521,000) for the Group and of RM29,774,000 (2017: RM34,347,000) for the Company were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The aging analysis of these trade receivables (excluding other receivables) are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Neither past due nor impaired	**557,356**	460,083	**554,605**	456,797
Past due but not impaired:				
Up to 2 months (overdue)	**30,343**	34,413	**29,664**	33,429
Over 2 months (overdue)	**872**	1,108	**110**	918
Impaired	**8,346**	17,733	**8,304**	17,711
	596,917	513,337	**592,683**	508,855

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2018, trade receivables amounting to RM8,346,000 (2017: RM17,733,000) for the Group and RM8,304,000 (2017: RM17,711,000) for the Company were impaired and provided for. The individually impaired receivables mainly relate 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 cash deposit as collateral. Due to these factors, the Group's historical experience shows that the impairment loss on trade receivables has been adequate.

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

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At 1 January	**17,733**	13,242	**17,711**	13,225
Impairment of trade receivables	**20**	10,292	**0**	10,270
Write back of impairment of trade receivables	**(9,407)**	(5,792)	**(9,407)**	(5,783)
Trade receivables written off	**0**	(9)	**0**	(1)
At 31 December	**8,346**	17,733	**8,304**	17,711

Other than as disclosed above, the remaining other receivables were neither past due nor impaired, and are deemed to be performing.

19. INVESTMENT FUNDS WITH A LICENSED FINANCIAL INSTITUTION

The investments are in relation to the following:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Investment funds with a licensed financial institution - Unquoted	**171,150**	0	**170,470**	0

The unquoted investment funds with a licensed financial institution are measured at fair value and classified as financial assets at fair value through profit or loss. The fair values of these financial assets are based on dealers' quote as at the reporting date.

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20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Deposits placed with:				
Licensed banks	**213,771**	108,301	**205,366**	108,301
Other financial institutions	**0**	87,577	**0**	77,214
	213,771	195,878	**205,366**	185,515
Cash and bank balances	**18,983**	22,320	**13,375**	4,352
	232,754	218,198	**218,741**	189,867

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	
	2018 % per annum	**2017 % per annum**	**2018 % per annum**	**2017 % per annum**
Deposits placed with:				
Licensed banks	**3.56**	3.42	**3.57**	3.42
Other financial institutions	**0.00**	3.46	**0.00**	3.43

Deposits placed with licensed banks and other financial institutions of the Group and of the Company have an average maturity period of 14 days (2017: 11 days). Bank balances are deposits held at call with licensed banks.

21. SHARE CAPITAL

	Company			
	2018		2017	
	Number of shares '000	Value RM'000	Number of shares '000	Value RM'000
Authorised share capital:				
At 1 January – Ordinary shares of RM0.50 each	**0**	0	**1,284,000**	642,000
Effects of transition to no authorised share capital regime on 31 January 2017 under the Companies Act 2016*	**0**	0	**(1,284,000)**	(642,000)
At 31 December – Ordinary shares of RM0.50 each	**0**	0	**0**	0
Ordinary shares issued and fully paid:				
At 1 January/31 December – Ordinary shares with no par value (with effect from 31 January 2017)	**1,284,000**	642,000	**1,284,000**	642,000

* The new Companies Act 2016 ("the Act") which came into operation on 31 January 2017, has repealed the Companies Act, 1965. The Act has abolished the concept of par or nominal value of shares and hence, the authorised capital is abolished. There was no impact on the number of ordinary shares in issue on the entitlement of the holders of the Company's shares.

22. RETAINED PROFITS

The Company may distribute dividends from its entire retained profits under the single-tier tax system. Dividends paid under this system are tax exempt in the hands of shareholders.

23. 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");

23. 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:

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

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

(c) The Special Shareholder shall have no right to appoint or nominate any Directors;

(d) The RPS shall confer no right to dividend;

(e) The RPS is not transferable and is to be held by PETRONAS. Notwithstanding this, the RPS may be transferred to an entity wholly-owned by the Government of Malaysia;

(f) The Special Shareholder may 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 "percentage ratios" as defined in the Listing Requirements;
(vii) The change in nature of business and principal activities of the Company; and
(viii) The suspension of the whole of the Company's operation.

24. DEFERRED TAXATION

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

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Deferred tax assets:				
- Deferred tax assets to be recovered within 12 months	**0**	(218)	**0**	0
- Deferred tax assets to be recovered after more than 12 months	**0**	0	**0**	0
Total deferred tax assets	**0**	(218)	**0**	0
Deferred tax liabilities:				
- Deferred tax liabilities to be utilised within 12 months	**0**	617	**0**	617
- Deferred tax liabilities to be utilised after more than 12 months	**157,322**	154,879	**156,871**	154,879
Total deferred tax liabilities	**157,322**	155,496	**156,871**	155,496
Deferred tax liabilities (net)	**157,322**	155,278	**156,871**	155,496
At beginning of reporting period	**155,278**	132,597	**155,496**	133,286
Charged/(credited) to profit or loss (Note 11):				
- Unutilised tax losses	**198**	500	**0**	0
- Property, plant and equipment	**4,232**	(2,672)	**3,758**	(2,646)
- Provisions	**(2,386)**	24,853	**(2,383)**	24,856
	2,044	22,681	**1,375**	22,210
At end of reporting period	**157,322**	155,278	**156,871**	155,496
Subject to income tax:				
Deferred tax assets (before offsetting)				
- Unutilised tax losses	**0**	198	**0**	0
- Provisions	**7,993**	5,607	**7,970**	5,587
	7,993	5,805	**7,970**	5,587
Offsetting	**(7,993)**	(5,587)	**(7,970)**	(5,587)
Deferred tax assets (after offsetting)	**0**	218	**0**	0

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

24. DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**165,315**	161,083	**164,841**	161,083
Offsetting	**(7,993)**	(5,587)	**(7,970)**	(5,587)
Deferred tax liabilities (after offsetting)	**157,322**	155,496	**156,871**	155,496

Subject to the agreement of the Inland Revenue Board, the estimated amount of deferred tax assets calculated at the current tax rate which have not been recognised in the Group's and the Company's financial statements, as the Directors are of the view that it is not probable that sufficient future taxable profits will be available against which the temporary differences and tax losses can be utilised, are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Unutilised tax losses	**3,234**	2,922	**0**	0
Unabsorbed capital allowances	**6,739**	6,063	**0**	0
Other deductible temporary difference	**161**	405	**0**	0
	10,134	9,390	**0**	0

During the current financial year, as a consequence of the announcement of the 2018 Finance Bill by the Government of Malaysia, the unutilised tax losses of RM3,234,000 (2017: RM2,922,000) relating to a Malaysian subsidiary of the Group is now subject to a 7-year time limit on carry forward tax losses, whilst unabsorbed capital allowances and unabsorbed investment tax allowances is not subject to the proposed time limit.

25. CONTRACT LIABILITIES

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
Contract liabilities:		
- Capital contribution received from customers	**19,860**	16,877
Analysed as follows:		
- Current liabilities	**4,655**	3,375
- Non-current liabilities	**15,205**	13,502
	19,860	16,877

Capital contribution received from customers is considered as part of the process to obtain gas supply from the Group and the Company and therefore, this is considered as one performance obligation. The capital contribution received from the customer will be accounted for as a contract liability which will be recognised as revenue over the contract of the gas supply with the customers.

Movement in the contract liabilities balances are set out below:

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
As at 1 January	**16,877**	0
Revenue recognised that was included in the contract liability balance at the beginning of the financial year	**(3,375)**	0
Increases due to cash received, excluding amounts recognised as revenue during the financial year	**6,358**	16,877
As at 31 December	**19,860**	16,877

There is no unsatisfied performance obligation as the customers simultaneously receive and consume the benefits as and when the Group and the Company perform the obligation arising from the contracts entered into with the customers.

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26. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Trade payables	**893,499**	737,877	**888,905**	731,537
Other payables	**6,301**	3,521	**4,561**	1,933
Customers' deposits	**48,766**	61,120	**38,573**	50,860
Accruals	**77,516**	84,621	**76,526**	83,568
	1,026,082	887,139	**1,008,565**	867,898

Included in the trade payables of the Group and of the Company at the end of the reporting period is an amount of RM429,997,000 (2017: RM317,836,000) in respect of the accruals due to the Group's and the Company's gas supplier, which is a related party, for the purchase of natural gas.

27. BORROWINGS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current (unsecured):				
- IMTN	**100,000**	0	**100,000**	0
- Term loan	**0**	2,990	**0**	0
	100,000	2,990	**100,000**	0
Non-current (unsecured):				
- IMTN	**181,000**	200,000	**181,000**	200,000
- Term loan	**0**	8,970	**0**	0
	181,000	208,970	**181,000**	200,000
	281,000	211,960	**281,000**	200,000
Analysis of repayment schedule:				
- not later than 1 year	**100,000**	2,990	**100,000**	0
- later than 1 year but not later than 2 years	**100,000**	102,990	**100,000**	100,000
- later than 2 years	**81,000**	105,980	**81,000**	100,000
	281,000	211,960	**281,000**	200,000

27. BORROWINGS (CONTINUED)

On 10 January 2018 and 9 February 2018, the Company issued Islamic Commercial Papers ("ICPs") under the Sukuk Murabahah Programme ("SMP") amounting to RM200.0 million and RM250.0 million respectively for a tenure of one month.

On 9 March 2018, the Company issued RM50.0 million ICPs and RM30.0 million IMTNs under the SMP for a tenure of three months and three years respectively.

On 8 June 2018, the Company issued RM50.0 million ICPs under the SMP for a tenure of one month. All ICPs issued during the financial year were repaid during the same financial year.

On 12 December 2018, the Company issued two IMTNs under the SMP amounting to RM40.0 million and RM11.0 million for a tenure of 3 years and 5 years respectively.

The ICPs and IMTNs carry profit rate ranges from 3.63% to 3.98% (2017: 3.90%) and 4.15% to 4.56% (2017: 4.15% to 4.29%) respectively as at the reporting date. The term loan carried a profit rate of 4.97% as at 31 December 2017.

28. DIVIDENDS

Company	**Per share**		**Total amount**	
	2018	**2017**	**2018**	**2017**
	sen	**sen**	**RM'000**	**RM'000**
Dividends paid during the financial year:				
1) Interim dividend per ordinary share, single-tier – in respect of:				
- financial year ended 2018	**4.50**	0.00	**57,780**	0
- financial year ended 2017	**0.00**	4.00	**0**	51,360
2) Second interim dividend per ordinary share, single-tier – in respect of:				
- financial year ended 2017	**4.00**	0.00	**51,360**	0
- financial year ended 2016	**0.00**	4.00	**0**	51,360
3) Final dividend per ordinary share, single-tier – in respect of:				
- financial year ended 2017	**5.00**	0.00	**64,200**	0
- financial year ended 2016	**0.00**	4.86	**0**	62,402
	13.50	12.86	**173,340**	165,122
Dividends declared/proposed subsequent to year end:				
1) Second interim dividend per ordinary share, single-tier – in respect of:				
- financial year ended 2018*	**4.50**	0.00	**57,780**	0
- financial year ended 2017	**0.00**	4.00	**0**	51,360
2) Final dividend per ordinary share, single-tier – in respect of:				
- financial year ended 2018*	**4.50**	0.00	**57,780**	0
- financial year ended 2017	**0.00**	5.00	**0**	64,200

* The above second interim dividend declared and proposed final dividend (upon approval by the shareholders) subsequent to the financial year ended 31 December 2018 will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2019.

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29. CAPITAL COMMITMENTS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
In respect of purchase of property, plant and equipment:				
Authorised by the Board:				
- Not contracted for	**16,534**	73,943	**16,534**	73,943
- Contracted but not provided for in the financial statements	**171,949**	147,373	**171,949**	147,373

30. SIGNIFICANT RELATED PARTIES DISCLOSURES

Related parties with which the Group and the Company transacted with and their relationships with the Group and the Company are as follows:

Related parties	**Relationship**	**Country of incorporation**
Petronas Gas Berhad ("PGB")	Shareholder with significant influence over the Group	Malaysia
Petronas Dagangan Berhad ("PDB")	A related party to PGB, a shareholder with significant influence over the Group	Malaysia
Central Sugar Refinery Sdn. Bhd. ("CSR")	A subsidiary of Tradewinds (Malaysia) Berhad, a related company to MMC Corporation Berhad ("MMC"), an indirect substantial shareholder	Malaysia
Petroliam Nasional Berhad ("PETRONAS")*	Holding company of PGB, a shareholder with significant influence over the Group	Malaysia
Gula Padang Terap Sdn. Bhd. ("GPT")	A subsidiary of Tradewinds (Malaysia) Berhad, a related company to MMC	Malaysia
HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. ("HICOM")	A wholly owned subsidiary of DRB-Hicom Berhad, a related company to MMC	Malaysia
Honda Malaysia Sdn. Bhd. ("Honda")	An associate of DRB-HICOM Berhad, a related company to MMC	Malaysia
Senai Airport City Sdn. Bhd. ("SACSB")	A wholly-owned subsidiary of Senai Airport Terminal Services Sdn. Bhd., a subsidiary of MMC	Malaysia
Edaran Otomobil Nasional Berhad ("EON")	A subsidiary of DRB-HICOM Berhad, a related company to MMC	Malaysia
JP Logistics Sdn. Bhd. ("JPL")	A wholly owned subsidiary of Johor Port Berhad, a subsidiary of MMC	Malaysia

* PETRONAS owns 1 RPS in the Company. The rights of this RPS state that any variation to the matters within the Articles shall be effective only with written consent of the holder of the RPS as disclosed in Note 23.

PETRONAS is wholly owned by the Government of Malaysia. Therefore, by virtue of PGB being a subsidiary of PETRONAS, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group and the Company.

The Group and the Company have transactions that are not significant with other Government-related entities in respect of the provision of sales of natural gas as well as LPG in the normal course of business.

30. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

The following transactions were carried out with related parties in addition to related parties disclosures mentioned elsewhere in the financial statements:

(a) Transactions with a subsidiary

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Gas sales to:				
GMVP***	**0**	0	**1,476**	1,181
Advances to:				
GMVP**	**0**	0	**16,000**	2,408

(b) Transactions with a joint venture

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Gas sales to:				
GMEA***	**117,571**	84,619	**117,571**	84,619

(c) Transactions with other related parties

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Gas sales to:				
CSR***	**79,628**	71,660	**79,628**	71,660
GPT***	**24,469**	25,737	**24,469**	25,737
HICOM***	**3,072**	2,837	**0**	0
Purchase of LPG from PDB**	**14,138**	14,502	**0**	0
Purchase of natural gas from PETRONAS****	**5,800,220**	4,902,597	**5,800,220**	4,902,597
Tolling fee income earned from PETRONAS**	**14,193**	19,549	**14,193**	19,549
Cash contribution for Citygate construction paid to PETRONAS**	**19,859**	14,607	**19,859**	14,607
Provision for repair and purchase of motor vehicle from EON**	**60**	71	**60**	71
Rental fee on leased land payable to PGB**	**230**	230	**230**	230
Logistic services by JPL**	**480**	897	**0**	0

The significant outstanding balances with a related party is disclosed in Note 26.

** 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 EC of Malaysia.

**** The transactions have been entered into based on regulated and market prices.

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30. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(d) Key management compensation

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries and bonuses	**10,779**	10,281	**9,954**	10,281
Directors' fees	**889**	849	**889**	849
Defined contribution plan - contributions	**1,799**	1,556	**1,659**	1,556
Other benefits	**723**	712	**721**	712
Indemnity insurance paid	**23**	30	**23**	30
	14,213	13,428	**13,246**	13,428

Key management compensation includes remuneration of the Directors and senior management of the Group and of the Company.

31. SEGMENT REPORTING

The chief operating decision-maker, which consists of members of the Management Committee consider that the Group's business consists of two operating segments. The reportable operating segment is an aggregation of the two operating segments as these segments primarily derive the revenue from sales of natural gas as well as contribution from liquefied petroleum gas and tolling fee for transportation of gas. The Board assesses the performance of the operating segment based on a measure of earnings before finance income, zakat, taxation, depreciation and amortisation.

	Natural Gas & LPG RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group				
2018				
Revenue:				
Total segment revenue - external	**6,233,243**	**0**	**0**	**6,233,243**
Inter-segment revenue	**0**	**140**	**(140)**	**0**
	6,233,243	**140**	**(140)**	**6,233,243**
Results:				
Profit before zakat and taxation	**230,289**	**4,990**	**(1,160)**	**234,119**
Finance income	**(6,548)**	**(274)**	**0**	**(6,822)**
Depreciation and amortisation	**66,476**	**54**	**0**	**66,530**
Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results)	**290,217**	**4,770**	**(1,160)**	**293,827**

NOTES TO THE
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

31. SEGMENT REPORTING (CONTINUED)

	Natural Gas & LPG RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group				
2018				
Other information:				
Segment assets	2,469,577	14,857	0	2,484,434
Investment in joint ventures	0	36,120	0	36,120
Total assets				2,520,554
Segment liabilities	(1,326,923)	(19)	0	(1,326,942)
Tax payable	(12,157)	(1)	0	(12,158)
Deferred tax liabilities	(157,322)	0	0	(157,322)
Total liabilities				(1,496,422)
Other disclosure:				
Capital expenditure incurred	153,372	0	0	153,372
Depreciation	66,127	0	0	66,127
Amortisation of prepaid lease payments	349	54	0	403
Impairment of trade receivables	20	0	0	20
Write back of impairment of trade receivables	(9,407)	0	0	(9,407)
Share of results in joint ventures	0	4,853	0	4,853
Finance costs	12,310	0	0	12,310

31. SEGMENT REPORTING (CONTINUED)

	Natural Gas & LPG RM'000	Others RM'000	Elimination RM'000	Total RM'000
Group				
2017 (Restated)				
Revenue:				
Total segment revenue - external	5,315,324	0	0	5,315,324
Inter-segment revenue	0	140	(140)	0
	5,315,324	140	(140)	5,315,324
Results:				
Profit before zakat and taxation	211,501	3,183	0	214,684
Finance income	(10,123)	0	0	(10,123)
Depreciation and amortisation	61,309	55	0	61,364
Earnings before finance income, zakat, taxation, depreciation and amortisation (segment results)	262,687	3,238	0	265,925
Other information:				
Segment assets	2,237,759	14,145	0	2,251,904
Investment in joint ventures	375	30,658	0	31,033
Tax recoverable	5,164	(1)	0	5,163
Deferred tax assets	218	0	0	218
Total assets				2,288,318
Segment liabilities	(1,115,950)	(26)	0	(1,115,976)
Deferred tax liabilities	(155,496)	0	0	(155,496)
Total liabilities				(1,271,472)
Other disclosure:				
Capital expenditure incurred	165,768	0	0	165,768
Depreciation	60,962	0	0	60,962
Amortisation of prepaid lease payments	347	55	0	402
Impairment of trade receivables	10,292	0	0	10,292
Write back of impairment of trade receivables	(5,792)	0	0	(5,792)
Share of results in joint ventures	(108)	3,425	0	3,317
Finance costs	5,622	0	0	5,622

There is no revenue derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue during the current financial year (2017: nil).

The Group operations are conducted within Peninsular Malaysia.

SHAREHOLDING **STATISTICS**

AS AT 18 MARCH 2019

Share Capital : RM642,000,000.50 divided into 1,284,000,000 ordinary shares and 1 redeemable preference share

Voting Rights : (i) One vote for every ordinary share (on a poll)
(ii) No voting right for redeemable preference share save as circumstances as provided in the Articles of Association of the Company

No. of Shareholders : 5,270

SUBSTANTIAL SHAREHOLDERS (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Shares Held			
	Direct	%	Indirect	%
Anglo-Oriental (Annuities) Sdn Bhd	397,179,040	30.93	–	–
Tokyo Gas – Mitsui & Co Holdings Sdn Bhd	237,546,000	18.50	–	–
PETRONAS Gas Berhad	190,010,000	14.80	–	–
Lembaga Tabung Haji	100,000,000	7.79	–	–
MMC Corporation Berhad(1)	–	–	397,179,040	30.93
Seaport Terminal (Johore) Sdn Bhd(2)	–	–	397,179,040	30.93
Indra Cita Sdn Bhd(3)	–	–	397,179,040	30.93
Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor(4)	–	–	397,179,040	30.93
Tokyo Gas International Holdings B.V.(5)	–	–	237,546,000	18.50
Mitsui & Co. (Asia Pacific) Pte Ltd(6)	–	–	237,546,000	18.50
Petroliam Nasional Berhad(7)	–	–	190,010,000	14.80
Minister of Finance (Incorporated)(8)	–	–	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 MMC Corporation Berhad
(3) Deemed interest through its shareholding in Seaport Terminal (Johore) Sdn Bhd
(4) Deemed interest through his shareholding in Indra Cita Sdn Bhd
(5) Deemed interest through its shareholding in Tokyo Gas - Mitsui & Co Holdings Sdn Bhd
(6) Deemed interest through its shareholding in Tokyo Gas - Mitsui & Co Holdings Sdn Bhd
(7) Deemed interest through its shareholding in PETRONAS Gas Berhad
(8) Deemed interest through its shareholding in Petroliam Nasional Berhad

SHAREHOLDING
STATISTICS
AS AT 18 MARCH 2019

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100 shares	227	4.31	2,048	0.00
100 to 1,000	1,286	24.40	1,002,268	0.08
1,001 to 10,000	2,784	52.83	11,791,425	0.92
10,001 to 100,000	830	15.75	21,798,519	1.70
100,001 to less than 5% of issued shares	139	2.64	324,670,700	25.28
5% and above of issued shares	4	0.07	924,735,040	72.02
TOTAL	**5,270**	**100.00**	**1,284,000,000**	**100.00**

DIRECTORS' SHAREHOLDING (AS PER REGISTER OF DIRECTORS' SHAREHOLDING)

Name of Directors	No. of Shares Held			
	Direct	%	Indirect	%
Datuk Haji Hasni bin Harun	–	–	–	–
Dato' Sri Che Khalib bin Mohamad Noh	–	–	–	–
Sharifah Sofia binti Syed Mokhtar Shah	–	–	–	–
Nobuhisa Kobayashi	–	–	–	–
Tomoaki Yokoyama (Alternate Director to Nobuhisa Kobayashi)	–	–	–	–
Kamalbahrin bin Ahmad	–	–	–	–
Shariza Sharis binti Mohd Yusof (Alternate Director to Kamalbahrin bin Ahmad)	–	–	–	–
Tan Lye Chong	50,000	0.00*	–	–
Datuk Puteh Rukiah binti Abd. Majid	–	–	–	–
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	–	–	–	–
Datuk Ooi Teik Huat	–	–	–	–

*Negligible

SHAREHOLDING STATISTICS

AS AT 18 MARCH 2019

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	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	100,000,000	7.79
5	Amanahraya Trustees Berhad Amanah Saham Bumiputera	46,000,000	3.58
6	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	42,423,900	3.30
7	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	24,663,400	1.92
8	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	17,500,000	1.36
9	Permodalan Nasional Berhad	16,283,900	1.27
10	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd.	14,607,300	1.14
11	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	13,487,300	1.05
12	Amanahraya Trustees Berhad Amanah Saham Malaysia	10,577,900	0.82
13	Amanahraya Trustees Berhad Public Islamic Dividend Fund	10,384,000	0.81
14	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	6,903,600	0.54
15	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	6,500,000	0.51

SHAREHOLDING STATISTICS

AS AT 18 MARCH 2019

No.	Name	No. of Shares Held	% of Shares Held
16	Affin Hwang Nominees (Tempatan) Sdn Bhd Shapadu Corporation Sdn Bhd	5,582,888	0.43
17	Amanahraya Trustees Berhad Public Islamic Equity Fund	5,100,000	0.40
18	Valuecap Sdn Bhd	5,013,100	0.39
19	DB (Malaysia) Nominees (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	4,200,200	0.33
20	Maybank Nominees (Tempatan) Sdn Bhd Bank Kerjasama Rakyat (M) Berhad (412803)	4,200,000	0.33
21	Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	3,890,700	0.30
22	Amanahraya Trustees Berhad Public Dividend Select Fund	3,637,200	0.28
23	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (SHF)	3,300,000	0.26
24	Koperasi Permodalan Felda Malaysia Berhad	3,246,000	0.25
25	Amanahraya Trustees Berhad Public Islamic Treasures Growth Fund	3,169,400	0.25
26	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Non Par 1)	3,100,000	0.24
27	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For PRULINK Equity Income Fund	3,097,300	0.24
28	CIMB Commerce Trustee Berhad Public Focus Select Fund	3,059,600	0.24
29	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DG)	2,454,700	0.19
30	Shapadu Corporation Sdn Bhd	2,450,981	0.19
	TOTAL	**1,189,568,409**	**92.64**

LIST OF **PROPERTIES**

Pursuant to Appendix 9C Part A (25) of the Listing Requirements of Bursa Malaysia Securities Berhad

No.	Location	Description/ Existing use	Tenure	Area (Acres)	Net book value as at 31 December 2018 (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	6,023	21	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	257	17	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	1,778	22	2009
4	No. Hakmilik: 26774, Lot No. 85, No. 20, Jalan Gurney, 54100 Kuala Lumpur	Office	Freehold	0.017767	4,025	10	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	1,942	21	1995

LIST OF
PROPERTIES

No.	Location	Description/ Existing use	Tenure	Area (Acres)	Net book value as at 31 December 2018 (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	8,897	–	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, Perai Industrial Park, Pulau Pinang	District station land	Leasehold expiring in 2061	0.0375 0.565 0.115 0.0375 0.0375 0.07825	216	–	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	851	17	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	148	20	1995
10	HS(M) 1457, PT 2957, Mukim 06, Seberang Perai Tengah, Pulau Pinang	Vacant land	Freehold	3.02	7,732	–	2013

ADMINISTRATIVE **DETAILS**

Administrative details for the 28th Annual General Meeting ("AGM") of Gas Malaysia Berhad

Date : 16 May 2019
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 Berhad. Visitors are to exchange their entry tickets with exit tickets at the designated counter outside Mahkota II.

REGISTRATION

- Registration will start at 1.00 p.m. and registration counters will remain open until the conclusion of the 28th 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 Mahkota II without the identification tag.

REFRESHMENTS

- Light refreshment will be served before the commencement of the 28th AGM.

GENERAL MEETING RECORD OF DEPOSITORS

- For the purpose of determining members who shall be entitled to attend the 28th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 10 May 2019. Only depositors whose names appear on the Record of Depositors as at 10 May 2019 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on their behalf.

PROXY **FORM**

28TH ANNUAL GENERAL MEETING

GAS MALAYSIA

A Member of MMC Group

Number of Ordinary Share(s) held	
CDS Account No.	

I/We, ____ NRIC No./Passport No./Company No. ____________________

(FULL NAME OF SHAREHOLDER IN BLOCK LETTERS)

of ____

(FULL ADDRESS)

being a member/members of **GAS MALAYSIA BERHAD**, hereby appoint:

	Name	NRIC No.	No. of 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 28th Annual General Meeting of the Company, to be held at Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Thursday, 16 May 2019 at 3.00 p.m. or at any adjournment thereof, on the following resolutions referred to in the Notice of the Annual General Meeting:

(Please indicate "X" in the appropriate box against each Resolution as to how you wish your proxy/proxies to vote. If you do not do so, the proxy may vote or abstain from voting at his/her discretion.)

AGENDA

1.	To receive the Audited Financial Statements and the Reports of the Directors and Auditors			
	As Ordinary Business		**For**	**Against**
2.	Declaration of Dividend	Ordinary Resolution 1		
3.	Re-election of Director – Cik Sharifah Sofia binti Syed Mokhtar Shah	Ordinary Resolution 2		
4.	Re-election of Director – Encik Nobuhisa Kobayashi	Ordinary Resolution 3		
5.	Re-election of Director – Encik Tan Lye Chong	Ordinary Resolution 4		
6.	Re-election of Director – Datuk Syed Abu Bakar bin S Mohsin Almohdzar	Ordinary Resolution 5		
7.	Re-election of Director – Datuk Ooi Teik Huat	Ordinary Resolution 6		
8.	Payment of Directors' fees and any benefits payable to the Directors from 17 May 2019 to the next AGM	Ordinary Resolution 7		
9.	Re-appointment of Auditors	Ordinary Resolution 8		
	As Special Business			
10.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties	Ordinary Resolution 9		
11.	Proposed Adoption of a New Constitution of the Company	Special Resolution		

* 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 ________________ 2019.

____

Signature of Member and/or Common Seal

Contact No. ____________________

NOTES:

1. In respect of deposited securities, only members whose names appear on the Record of Depositors on 10 May 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
2. A member of the Company shall be entitled to appoint another person as his/her proxy to attend, participate, speak and vote at the meeting in his stead. A proxy need not be a member of the Company.
3. A member shall not be entitled to appoint more than two proxies. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. Where there are two or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer or attorney so authorised.
6. The instrument appointing a proxy or corporate representative or the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited with the Share Registrar of the Company at Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia no later than Wednesday, 15 May 2019 at 3.00 p.m.

fold here

Gas Malaysia Berhad
Annual General Meeting
16 May 2019

STAMP HERE

Boardroom Share Registrars Sdn Bhd
(Formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

fold here

www.gasmalaysia.com

A Member of MMC Group

GAS MALAYSIA BERHAD (240409-T)

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Seksyen 26, Peti Surat 7901
40732 Shah Alam
Selangor Darul Ehsan
MALAYSIA

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