



converging strengths

ANNUAL REPORT 2009



PETRONAS Gas Berhad remains committed to adding value to Malaysia's natural gas resource. Weaving together strong operational and people excellence for over 25 years, we continue to forge ahead with resilience amidst an increasingly challenging environment.



...& growing together

Through the years, the Company grew with the community where it operates. With our 25th Anniversary theme of *"Bakti Dihulur, Kasih Disemai"*, staff and their family members contributed time, energy and resources to programmes involving the community, focusing especially on those in need.







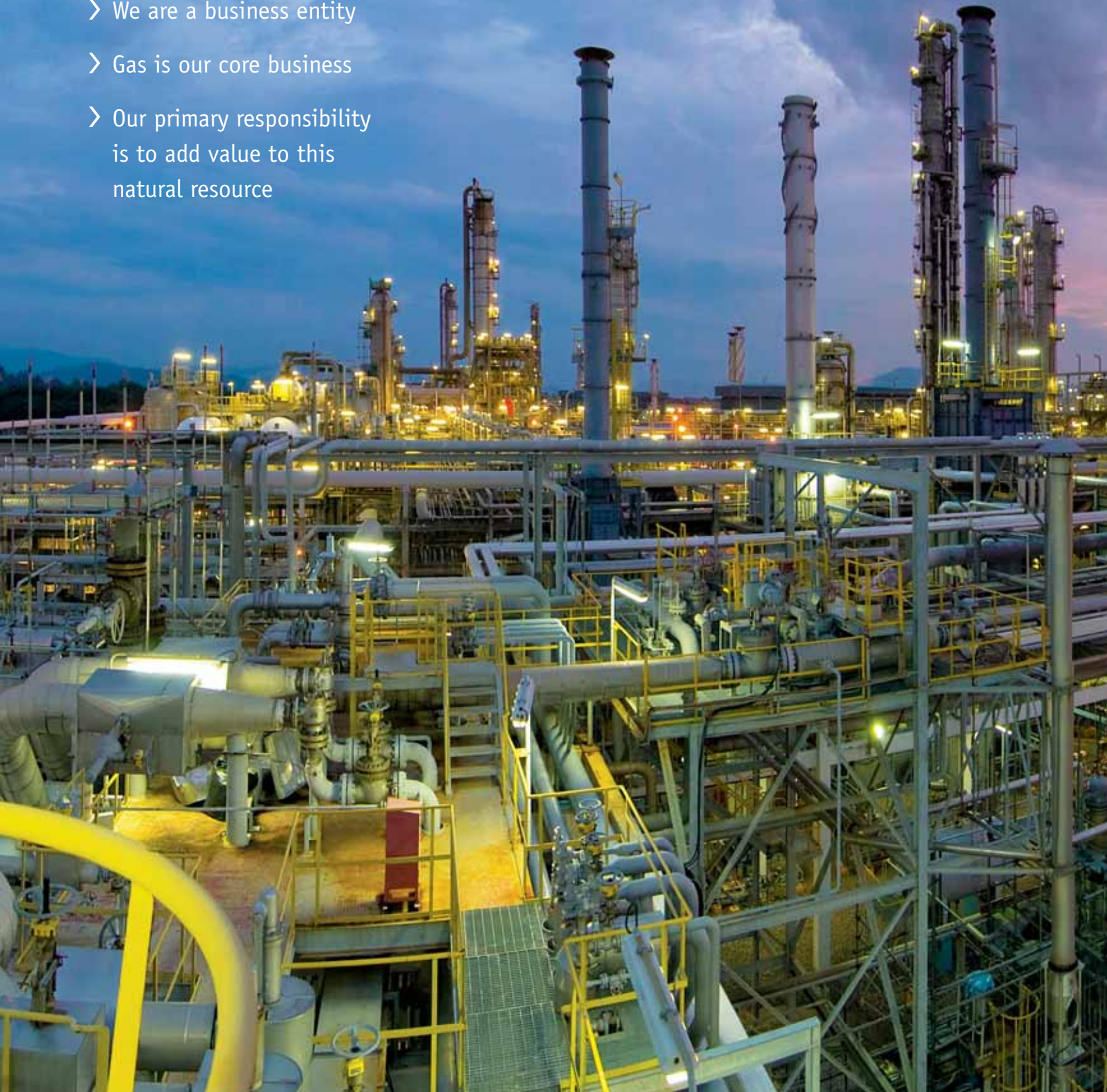
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NOTICE IS HEREBY GIVEN THAT the **Twenty Sixth Annual General Meeting** of the Company will be held at **Ballroom 1 and 2, Level 2, Nikko Hotel, 165, Jalan Ampang, 50450 Kuala Lumpur** on **Wednesday, 22 July 2009** at **10.00 a.m.**

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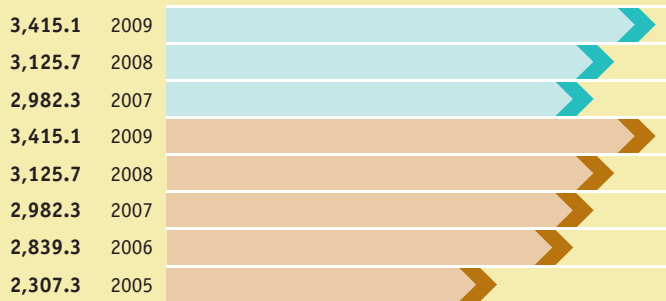
Corporate Mission

- › We are a business entity
- › Gas is our core business
- › Our primary responsibility is to add value to this natural resource

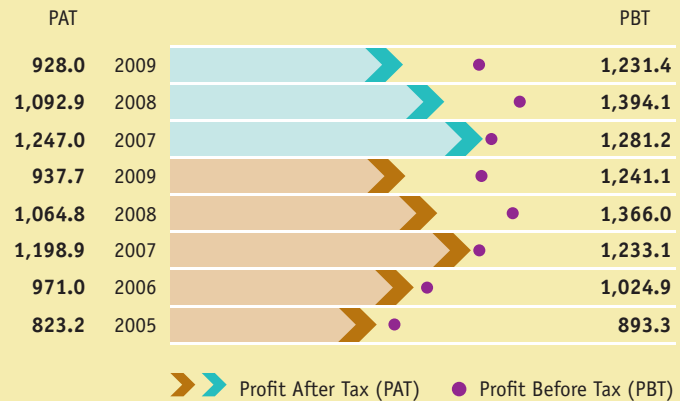




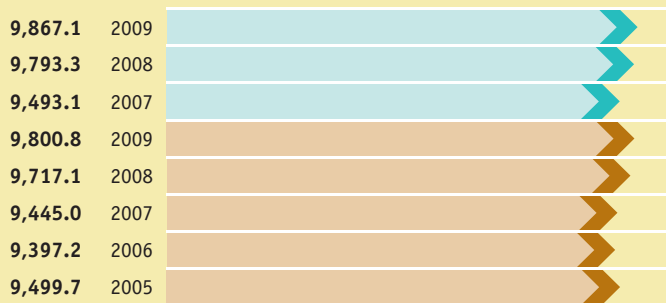
Revenue RM million



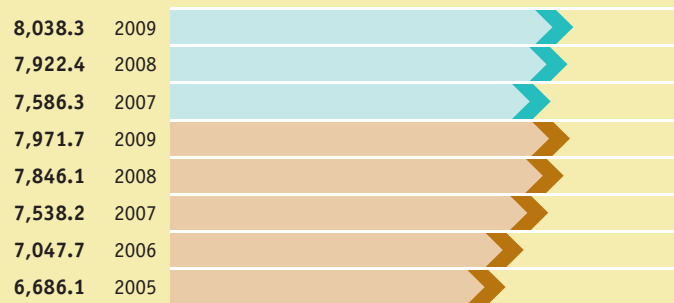
Profit RM million



Total Assets RM million

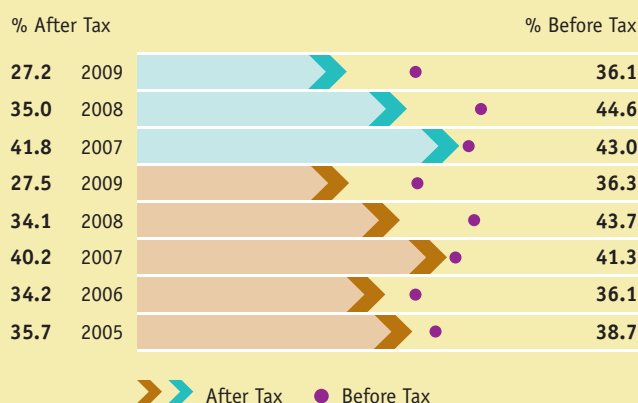


Total Equity RM million



Five Year Financial Summary

Profit as % Revenue Percent



Earnings per Share Sen



Long Term Liabilities RM million



Net Assets per Share Sen

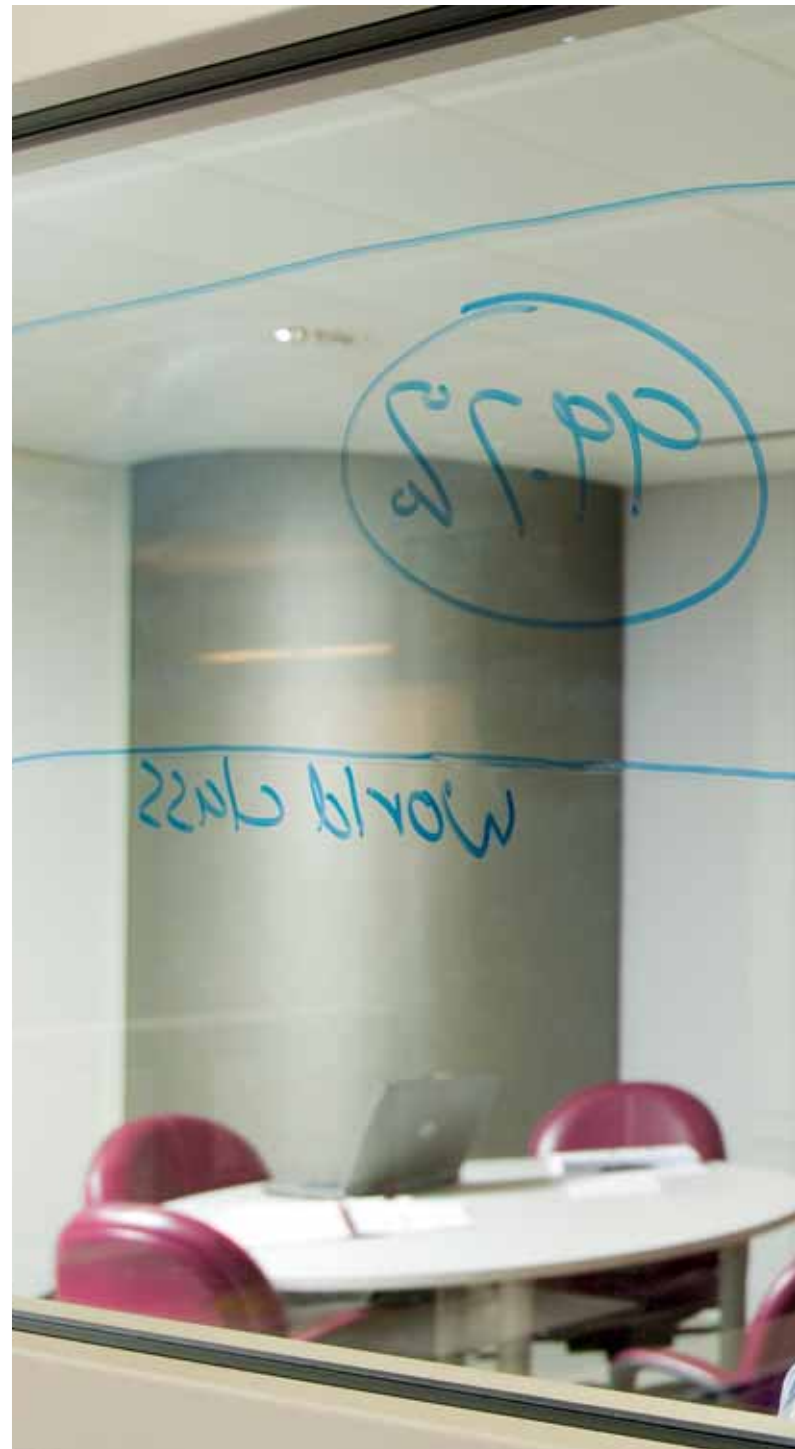


> Company > Group

	Company					Group		
RM Million/Year Ended 31 March	2005	2006	2007	2008	2009	2007	2008	2009
Revenue	2,307.3	2,839.3	2,982.3	3,125.7	3,415.1	2,982.3	3,125.7	3,415.1
Profit Before Tax	893.3	1,024.9	1,233.1	1,366.0	1,241.1	1,281.2	1,394.1	1,231.4
Profit After Tax	823.2	971.0	1,198.9	1,064.8	937.7	1,247.0	1,092.9	928.0
Total Assets	9,499.7	9,397.2	9,445.0	9,717.1	9,800.8	9,493.1	9,793.3	9,867.1
Total Equity	6,686.1	7,047.7	7,538.2	7,846.1	7,971.7	7,586.3	7,922.4	8,038.3
Long Term Liabilities	2,207.1	1,849.5	1,715.6	1,636.5	1,610.9	1,715.6	1,636.5	1,610.9
Profit as % Revenue								
- Before Tax	38.7	36.1	41.3	43.7	36.3	43.0	44.6	36.1
- After Tax	35.7	34.2	40.2	34.1	27.5	41.8	35.0	27.2
Earnings Per Share (sen) - Basic	41.6	49.1	60.6	53.8	47.4	63.0	55.2	46.9
Net Assets Per Share (sen)	337.9	356.2	381.0	396.5	402.9	383.4	400.4	406.3

leading

We are committed to leading the industry and solidifying our position as a key player through harnessing the strengths and capabilities of our high performance workforce. Amongst others, the PETRONAS Accelerated Capability Development (ACD) programme helps to intensify staff leadership and competency levels and ensure our people perform to the best of their abilities.





Corporate Information

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Corporate and Management Directory

Directors

Datuk Wan Zulkiflee bin Wan Ariffin
(Chairman)

Samsudin bin Miskon
(Managing Director/Chief Executive Officer)

Dato' Sadasivan s/o N.N. Pillay

Dato' Chew Kong Seng

Datuk Mohd Zain bin Haji Abdul Majid

Muri bin Muhammad

Mohammed Azhar bin Osman Khairuddin

Datuk (Dr) Abdul Rahim bin Haji Hashim
(resigned on 27 April 2009)

Farehana binti Hanapiah
(appointed on 27 April 2009)

Board Audit Committee

Dato' Sadasivan s/o N.N. Pillay
(Chairman)

Dato' Chew Kong Seng

Datuk Mohd Zain bin Haji Abdul Majid

Mohammed Azhar bin Osman Khairuddin

Secretaries

Noryati binti Mohd Noor
(LS0008877)

Yeap Kok Leong
(MAICSA 0862549)

Registrar

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2721 2222
Fax : 03-2721 2530 / 03-2721 2531

Registered Office and Business Address

Tower 1, PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Tel : 03-2051 5000
Fax : 03-2051 6987

Auditors

KPMG Desa Megat & Co.

Principal Banker

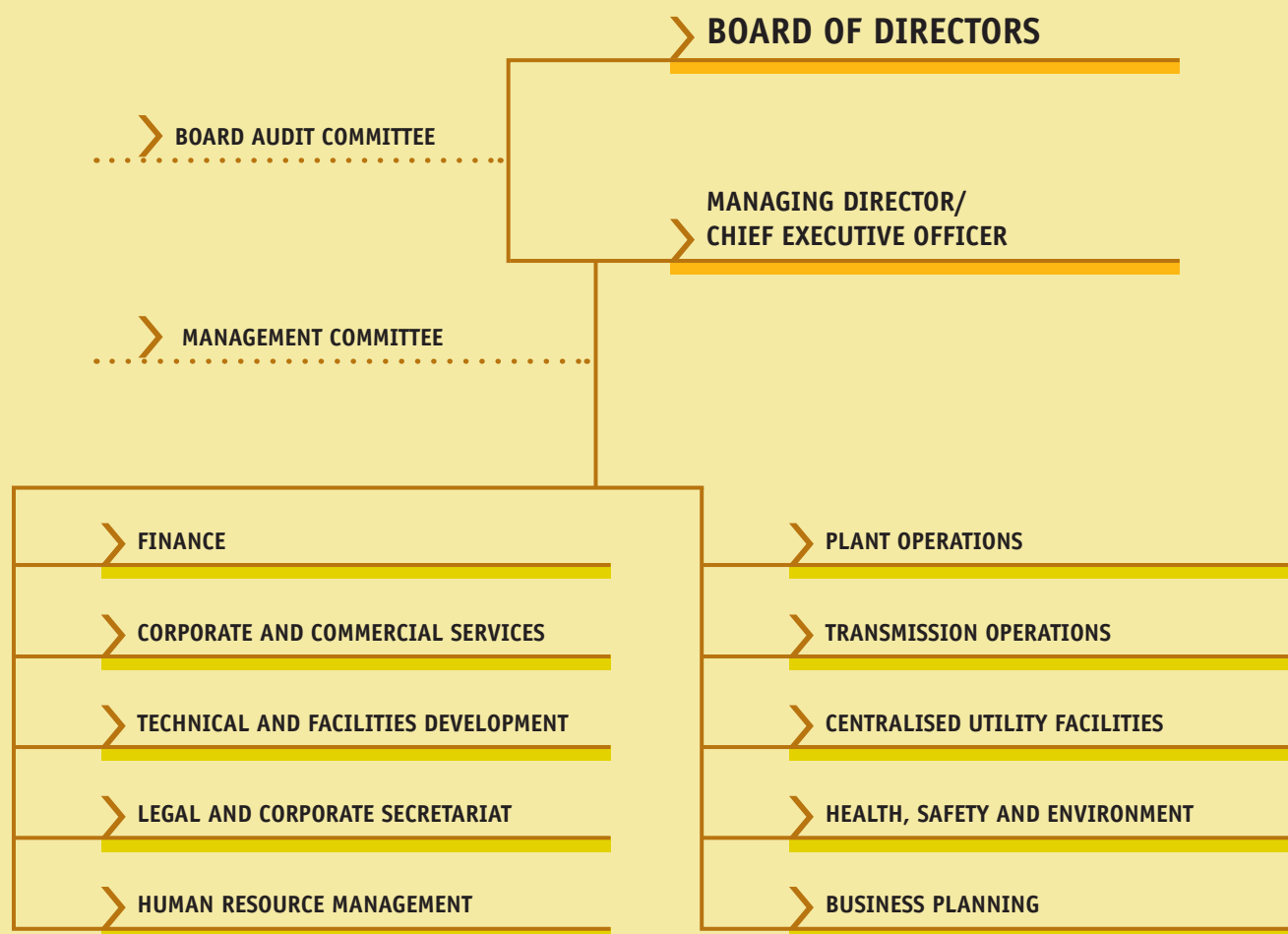
CIMB Bank Berhad

Stock Exchange Listing

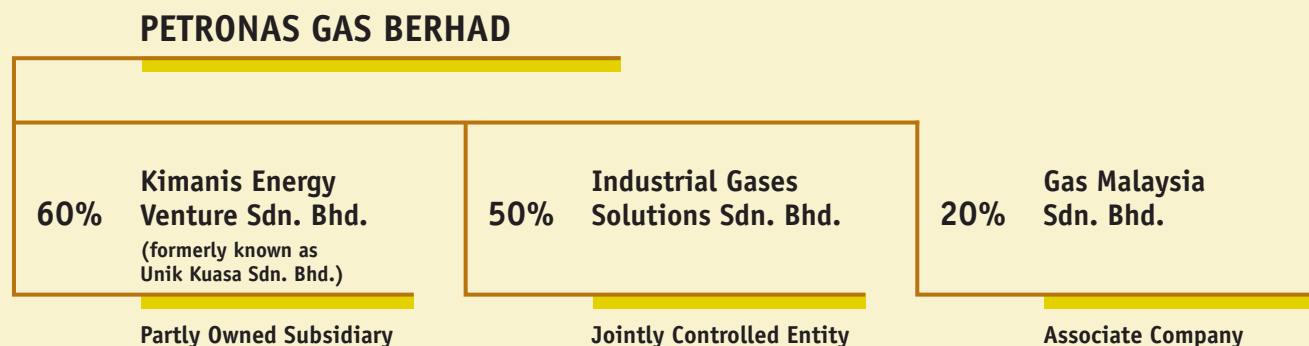
Main Board of Bursa Malaysia
Securities Berhad



Organisational Structure



Corporate Structure



Our Operations

NATURAL GAS PROCESSING AND UTILISATION

FEEDGAS

Offshore Gas



PROCESSED GAS

Gas Processing Plants



METHANE

Residential



Natural Gas For Vehicles



Power Stations



Centralised Utility Facilities



Industries



ETHANE/PROPANE/BUTANE

Export Terminal



Petrochemical Manufacturing



CONDENSATE

Oil Refineries



SUPPLY OF INDUSTRIAL UTILITIES

Centralised Utility
Facilities



ELECTRICITY

STEAM

INDUSTRIAL GASES

OTHERS

Liquid oxygen, liquid nitrogen,
demineralised water, raw water, cooling water,
boiled feed water and effluent treatment.

Kertih Integrated
Petrochemical Complex



Gebeng Industrial Area



OUR PRESENCE

PGB Total Pipeline Length (in operation)

Main	1,658 km
Lateral	374 km
C2, C3 and C4	357 km
GPP Interconnect	116 km
Sarawak	45 km
Total	2,550 km

Complex GPP Capacity mmscfd

GPP A	1	310
	2	250
	3	250
	4	250
GPP B	5	500
	6	500
Total		2,060

Power Stations

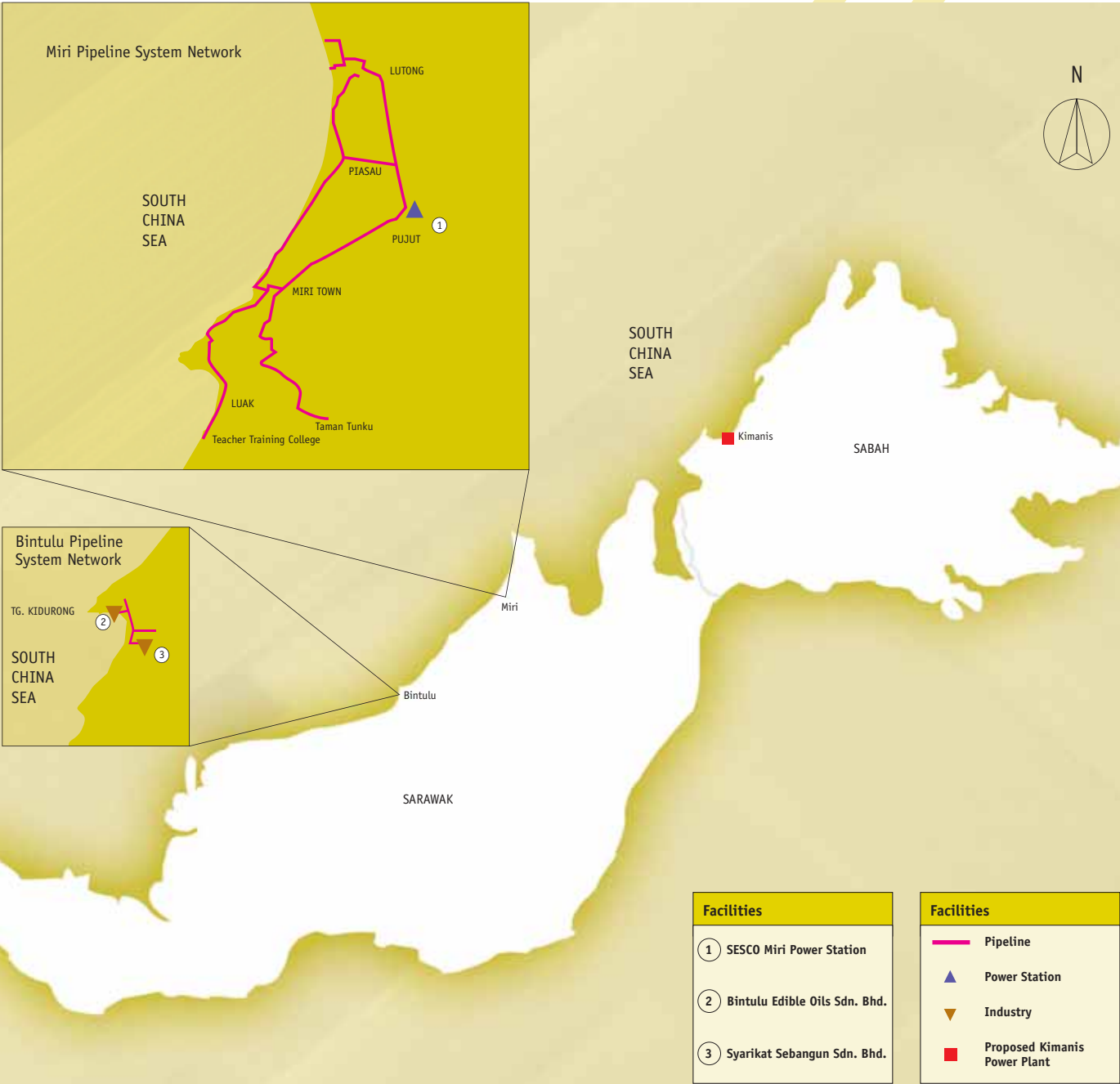
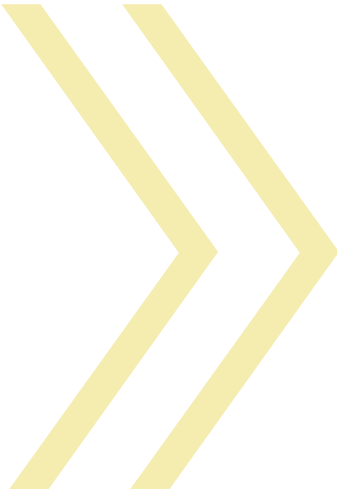
- | | |
|-------------------------------|---|
| 1. TNB Paka | 10. TNB Tuanku Jaafar |
| 2. YTL Paka | 11. Port Dickson Power |
| 3. TNB Pasir Gudang | 12. Genting Sanyen Power |
| 4. YTL Pasir Gudang | 13. TNB Serdang |
| 5. Senoko Power | 14. TNB Connaught Bridge |
| 6. Keppel Power | 15. TNB Kapar |
| 7. Pahlawan Power, Tg. Kling | 16. GB3 Lumut |
| 8. Panglima Power, Teluk Gong | 17. Segari Energy Ventures |
| 9. Powertek, Teluk Gong | 18. Prai Power |
| | 19. TNB Gelugor |
| | 20. Technology Tenaga Perlis Consortium |

Main Pipeline

Gas - in

PGU I	32 km	
Kertih - Teluk Kalong		1984
PGU II	685 km	
Sector I : 233 km		
Teluk Kalong - Segamat		1991
Sector II : 241 km		
Segamat - Kapar		1991
Sector III : 211 km		
Segamat - Singapore		1991
PGU III	450 km	
Sector I : 184 km		
Meru - Lumut		1996
Sector II : 176 km		
Lumut - Gurun		1998
Sector III : 90 km		
Gurun - Pauh		1998
Loop 1	265 km	
Kertih - Segamat		1999
Loop 2	226 km	
Segamat - Meru		2001







Board of Directors



FROM LEFT:

Yeap Kok Leong (Company Secretary), Noryati binti Mohd Noor (Company Secretary), Mohammed Azhar bin Osman Khairuddin, Dato' Sadasivan s/o N.N. Pillay, Datuk (Dr) Abdul Rahim bin Haji Hashim, Muri bin Muhammad, Samsudin bin Miskon (Managing Director/Chief Executive Officer), Datuk Mohd Zain bin Haji Abdul Majid, Datuk Wan Zulkiflee bin Wan Ariffin (Chairman), Dato' Chew Kong Seng, Farehana binti Hanapiah

Board of Directors' Profiles



Datuk Wan Zulkiflee bin Wan Ariffin, a Malaysian aged 48, is a Non-Independent Non-Executive Director. He was appointed as the Chairman of PETRONAS Gas Berhad in August 2008. He is currently the Vice President of Gas Business of PETRONAS.

Datuk Wan Zulkiflee graduated in Chemical Engineering from the University of Adelaide, South Australia. He joined PETRONAS in 1983 as a process engineer and was involved in the project implementation and operations of several gas processing facilities up to 1995.

In the ensuing years, Datuk Wan Zulkiflee has held several positions in the PETRONAS Group including serving in the Office of the President as Senior Manager (Downstream Business)/Executive Assistant to the President and as General Manager, International Projects Management Division of OGP Technical Services Sdn. Bhd. He was the General Manager for the Strategy and Business Development Unit of PETRONAS before assuming the position of Managing Director/Chief Executive Officer of PETRONAS Gas Berhad from 2003 to 2007.

Datuk Wan Zulkiflee is a member of PETRONAS Board of Directors and the Management Committee and presently sits on the Board of several companies in the PETRONAS Group. He is a member of the Executive Committee of the International Gas Union. He was conferred the Honorary Fellowship by the Institution of Chemical Engineers United Kingdom in November 2005 and was on the council for the Project Management Institute, Malaysian Chapter until end 2003.

He has attended the Advanced Management Program at Harvard Business School and is the Industry Advisor to the Engineering Faculty, University Putra Malaysia.

Datuk Wan Zulkiflee has attended four (4) Board meetings in the financial year.



Samsudin bin Miskon, a Malaysian aged 48, is the Managing Director/Chief Executive Officer of PETRONAS Gas Berhad. He graduated in Chemical Engineering from the University of Aston, UK.

Samsudin began his career with PETRONAS in 1983 as a process engineer and was involved in the operations, design and project implementation of gas processing facilities in PETRONAS Gas Berhad until 1992.

He has held several positions in the PETRONAS Group including serving as General Manager in the Plant Division of OGP Technical Services Sdn. Bhd., who was responsible for the project management of gas processing and petrochemical plants until 2000. He then served as General Manager of Malaysia LNG Dua Sdn. Bhd., and later as Senior General Manager of Malaysia LNG Sdn. Bhd., managing the operations of the PETRONAS LNG Complex in Bintulu, Sarawak until 2005.

Prior to his current appointment, Samsudin was the Senior General Manager of Leadership and Capability Development Department of Human Resource Management Division in PETRONAS where he was responsible to steer the development of leadership and capability of personnel throughout PETRONAS.

He obtained Masters of Science in Project Management from Reading University, UK in 1994 and earned a Diploma in International Management from INSEAD, France. In 2005, Samsudin attended the Advanced Management Program at Harvard Business School.

Samsudin currently sits on the Board of several companies in the PETRONAS Group. He has attended four (4) Board meetings in the financial year.



Dato' Sadasivan s/o N.N. Pillay, a Malaysian aged 69, is an Independent Non-Executive Director and the Chairman of the Board Audit Committee. He graduated in Economics from University of Malaya in 1963 and started his career with the Economic Development Board Singapore till 1967.

In 1968, Dato' Sadasivan joined the Malaysian Industrial Development Authority (MIDA) and was appointed the Director-General of MIDA in 1984. He served in that capacity until his retirement in 1995. Upon retirement, he set up SKA Management Consultants Sdn. Bhd. where he is the Executive Chairman.

Dato' Sadasivan holds directorship in Chemical Company of Malaysia Berhad, APM Automotive Holdings Berhad, Leader Universal Holdings Berhad, Malaysian Airline System Berhad and Yeo Hiap Seng (Malaysia) Berhad, as well as nine other private companies and Bank Negara Malaysia.

He was appointed to the Board of PETRONAS Gas Berhad on 29 August 1995 and has attended four (4) Board meetings in the financial year.



Dato' Chew Kong Seng, a Malaysian aged 71, is an Independent Non-Executive Director and a member of the Board Audit Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

Dato' Chew Kong Seng started his career as a tax officer in the Inland Revenue Department and subsequently at the Stoy Hayward & Co. in the UK from 1964 to 1970. He returned to Malaysia to join Turquand Young & Co. (now known as Ernst & Young) and then transferred to Sarawak office in 1973, first as Manager-in-Charge and later as Partner-in-Charge. He served as the Managing Partner of Ernst & Young for six (6) years before retiring from professional practice in 1996. From May 1999 to June 2005, he was an Executive Director of Sarawak Enterprise Corporation Bhd.

His experience covers a wide variety of industries including utilities, banking and financial institutions, timber-based, manufacturing, trading and advisory services to local and foreign investors.

He is also an Independent Director and Audit Committee Chairman of three (3) other public listed companies, namely PETRONAS Dagangan Berhad, AEON Co. (M) Berhad and PBA Holdings Berhad. He also acts as Independent Director in other public limited companies.

He was appointed to the Board of PETRONAS Gas Berhad on 18 March 1999 and has attended four (4) Board meetings in the financial year.

Board of Directors' Profiles



Datuk Mohd Zain bin Haji Abdul Majid,

a Malaysian aged 70, is an Independent Non-Executive Director and a member of the Board Audit Committee. He graduated in Economics from the University of Glasgow and in Law from the University of London. He is a Fellow of the Economic Development Institute of the World Bank in Washington. He also attended the Senior Executive Programme at London Business School.

Datuk Mohd Zain has served for 37 years in several positions in the public and private sectors before retiring at the end of 1999. He was the Director-General of the Malaysian Industrial Development Authority (MIDA), Executive Chairman of the Urban Development Authority, Chief Executive of the Malaysian Employers Federation and was Executive and Non-Executive Director of various companies in the manufacturing, finance and property sectors. He has been a Director of Malaysia LNG Sdn. Bhd. since 1982 and is also a Director of Malaysia LNG Dua Sdn. Bhd. and Malaysia LNG Tiga Sdn. Bhd.

He was appointed to the Board of PETRONAS Gas Berhad on 6 March 2002 and has attended four (4) Board meetings in the financial year.

Muri bin Muhammad, a Malaysian aged 66, is an Independent Non-Executive Director.

He holds a Master of Science in Biological Oceanography from Dalhousie University, Halifax, Canada and he started his career with PETRONAS in 1975. He has served for 27 years in various capacities, including the Managing Director/Chief Executive Officer of ASEAN Bintulu Fertilizer Sdn. Bhd., Managing Director/Chief Executive Officer of Malaysia LNG Sdn. Bhd. and Vice President, Gas Business of PETRONAS. On his retirement in 2002, he was appointed Advisor to Gas Business until end of March 2005.

Currently, Muri serves as Director of various gas pipeline companies, namely APA Group, a public listed Australian gas transmission and energy company, Transportadora de Gas del Norte and Transportadora de Gas del Mercosur, both gas transmission companies of Argentina.

On 1 September 2005, he was appointed by the Government as a member of the Energy Commission of Malaysia and continues to serve in this capacity at present.

Muri has been on the Board of several companies in the PETRONAS Group including PETRONAS NGV Sdn. Bhd., Bekalan Air KIPC Sdn. Bhd. and OGP Technical Services Sdn. Bhd. as well as Chairman of the Board for Gas District Cooling Group of Companies.

He was appointed to the Board of PETRONAS Gas Berhad on 25 November 1996 and has attended three (3) Board meetings in the financial year.

Datuk (Dr) Abdul Rahim bin Haji Hashim,

a Malaysian aged 55, is a Non-Independent Non-Executive Director.

He holds a Bachelor of Science Electrical and Electronic Engineering Degree from the University of Birmingham, UK. He is registered with the Board of Engineers and the Institution of Engineers Malaysia, and an associate member of the American Institute of Chemical Engineers. He completed the Advanced Management Program at Harvard Business School.

Datuk (Dr) Abdul Rahim has held various senior positions in the PETRONAS Group including the Managing Director/Chief Executive Officer of PETRONAS Penapisan (Melaka) Sdn. Bhd., Managing Director/Chief Executive Officer of Malaysian Refining Company Sdn. Bhd., Vice President of Human Resource Management Division, PETRONAS, Vice President of Gas Business, PETRONAS and Vice President of Research and Technology Division, PETRONAS.

He currently holds several key positions in local and international gas industry organisations. These include President of the Malaysian Gas Association and President of the Asia Pacific Natural Gas Vehicle Association. He is also the Vice President of the International Gas Union (IGU) for triennium 2006-2009 before assuming IGU Presidency for triennium 2009-2012.

He was appointed to the Board of PETRONAS Gas Berhad on 1 October 2002 and has attended four (4) Board meetings in the financial year. He resigned as Director of the Company on 27 April 2009.



Mohammed Azhar bin Osman Khairuddin, a Malaysian aged 53, is a Non-Independent Non-Executive Director and a member of the Board Audit Committee. He is the Company Secretary of PETRONAS and a member of PETRONAS Management Committee.

Mohammed Azhar holds a Bachelor of Law (Honours) Degree from the University of Malaya. He is also a member of the International Bar Association as well as the Inter-Pacific Bar Association.

He started his career with PETRONAS in 1979 as a legal officer. In the ensuing year, he has held several positions in the PETRONAS Group including as Senior Legal Counsel/Company Secretary of PETRONAS Carigali Sdn. Bhd., General Counsel for Petroleum Resources Sector, PETRONAS and Group General Counsel, PETRONAS. Under his current position as Senior General Manager of Legal and Corporate Affairs Division, he is responsible for two main areas of PETRONAS operations namely, Legal Services Unit and Group Corporate Affairs.

He was appointed to the Board of PETRONAS Gas Berhad on 9 May 1995 and has attended four (4) Board meetings in the financial year.

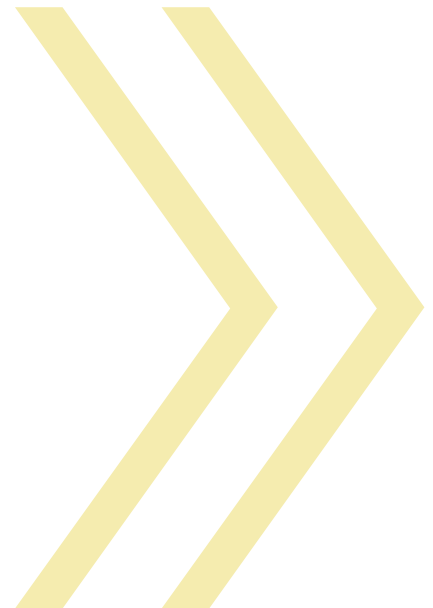


Farehana binti Hanapiah, a Malaysian aged 41, is a Non-Independent Non-Executive Director. She holds a Degree in Commerce and Administration from Victoria University of Wellington, New Zealand and is a member of the Institute of Chartered Accountants of New Zealand. She also holds a Diploma in International Management Program from INSEAD, France.

Farehana started her career with PETRONAS in 1990 as an internal auditor and was involved in the development of PETRONAS Information Systems' internal controls and auditing capabilities with KPMG London. She was also involved in many corporate strategic initiatives for PETRONAS where one of her key achievements is in pioneering the development of the Enterprise-wide Risk Management methodology which is currently being used in all PETRONAS public listed companies.

She is currently serving as the General Manager of Group Strategic Planning where she is responsible for the PETRONAS Group strategies, business plans and budget and also performance reviews.

She currently sits on the Board of several companies in the PETRONAS Group and was appointed to the Board of PETRONAS Gas Berhad on 27 April 2009.



None of the Directors has:

Any family relationship with any other Director and/or major shareholder

Any conflict of interest with PETRONAS Gas Berhad

Any conviction for offences within the past 10 years other than traffic offences

Management Committee



FIRST ROW, FROM LEFT:

Samsudin bin Miskon, Liza binti Mustapha, Rashid bin Muhamad, Nordin bin Ab Ghani

SECOND ROW, FROM LEFT:

Basharuddin bin Saad, Ir. Hudal Firdaus bin Dimyati, Zilfalilah binti Abdul Aziz, A Aziz bin Othman

THIRD ROW, FROM LEFT:

Ozair bin Saidin, Raja Iskandar Arifin bin Raja Azman, Noryati binti Mohd Noor,
Muhammed Ali bin Hashim Mohamed, Zakiah binti Ahmad (Secretary to Management Committee)



Management Committee's

Samsudin bin Miskon, aged 48, is the Managing Director/Chief Executive Officer of PETRONAS Gas Berhad. He graduated with a Degree in Chemical Engineering from the University of Aston, UK and obtained his Masters of Science in Project Management from Reading University, UK in 1994. He also holds a Diploma in International Management from INSEAD, France and attended the Advanced Management Programme at Harvard Business School.

Samsudin joined PETRONAS in 1983 as a process engineer and was involved in the operations, design and project implementation of gas processing facilities until 1992. In the ensuing years, he has held several positions in the PETRONAS Group including as General Manager in the Plant Division of OGP Technical Services Sdn. Bhd. where he was responsible for the project management of gas processing and petrochemical plants until 2000. He then served as General Manager of Malaysia LNG Dua Sdn. Bhd. and Senior General Manager of Malaysia LNG Sdn. Bhd. until 2005, during which, he was responsible for managing the operations of the PETRONAS LNG Complex in Bintulu, Sarawak.

Prior to his current appointment, Samsudin was the Senior General Manager of Leadership and Capability Development Department of Human Resource Management Division in PETRONAS where he was responsible to steer the leadership development and personnel capability throughout PETRONAS.

He currently sits on the Board of several companies in the PETRONAS Group. He assumed his current position in March 2007.

Rashid bin Muhamad, aged 50, is the Senior General Manager of Plant Operations Division. He graduated from Texas A & M University, USA with a Bachelor of Science in Mechanical Engineering.

Rashid started his career in January 1980 with PETRONAS Gas Berhad and was involved in engineering, operations and projects relating to gas processing plants and transmission pipelines for 14 years.

In 1994, he was appointed as Project and Technical Service Manager of Gas District Cooling Sdn. Bhd. to develop centralised gas district cooling and cogeneration systems in Kuala Lumpur City Centre, Kuala Lumpur International Airport and Putrajaya.

Subsequently, he was appointed as a Senior Project Manager and then Senior Plant Manager with PETLIN (M) Sdn. Bhd., managing the development and operations of high pressure Low Density Polyethylene plant.

In 2003, he was assigned to an overseas posting for 1 1/2 years at SASOL Polymer Business in Johannesburg, South Africa, and upon returning was involved in the Mega Methanol Project as Team Leader.

Prior to his current position, Rashid served PETRONAS Fertilizer (Kedah) Sdn. Bhd. as Plant General Manager for more than three (3) years. He assumed his current position in January 2009.

Nordin bin Ab Ghani, aged 52, is the General Manager of Transmission Operations Division. He holds a Degree in Civil Engineering from the University of Malaya.

Nordin joined PETRONAS in September 1983 after serving in Public Works Department for three (3) years. He started as a Civil Engineer and was involved in the Project Implementation and Operations of the Peninsular Gas Transmission System until December 2002.

In January 2003, he was appointed as the Director of Operations of PT Transportasi Gas Indonesia, a joint venture company based in Jakarta, Indonesia. He assumed his current position in August 2005.



Profiles



Liza binti Mustapha, aged 38, is the General Manager of Finance Division. She holds a Degree in Economics, majoring in Accounting and Finance from the London School of Economics and Political Science, University of London, UK. She is also a Fellow of the Association of Chartered Certified Accountants.

Liza joined PETRONAS in 1995 as a Finance Executive in PETRONAS Carigali Sdn. Bhd. (PCSB) and in the ensuing years, she has held various positions within the Finance and Accounts Department of PCSB.

In May 2005, she joined PETRONAS Gas Berhad as Senior Manager of Financial and Management Accounting Department. She assumed her current position in August 2007.



Basharuddin bin Saad, aged 54, is the General Manager of Corporate and Commercial Services Division. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He also holds a Degree in Law from the University of London and a Certificate of Legal Practice from the Qualifying Board, Malaysia.

Basharuddin started his career in a utility company and financial institution prior to joining PETRONAS. He joined PETRONAS in 1980 and has held various positions in the areas of Finance and Accounts, Planning, Treasury, Project Management, Procurement and Systems Development.

Basharuddin served as Senior Manager, Finance and Accounts of PETRONAS Carigali Sdn. Bhd. from 1990 to 1996 and General Manager of Finance Division of PETRONAS Gas Berhad until 2004. He assumed his current position in September 2004.



Ir. Hudal Firdaus bin Dimyati, aged 45, is the General Manager of Technical and Facilities Development Division. He is a member of the Board of Engineers, Malaysia and also the Institution of Engineers, Malaysia. He holds a Degree in Civil Engineering from the University of Toledo, Ohio, USA.

Hudal Firdaus joined PETRONAS in September 1993 as Deputy Project Services Manager of OGP Technical Services Sdn. Bhd. after working in a multinational oil and gas company for six (6) years. He was involved in the implementation of various cross-border pipeline projects in Malaysia, Thailand and Sudan.

In 1999, Hudal Firdaus served in the Group Internal Audit Division, PETRONAS as Audit Manager and later as Senior Manager where he was responsible for the audits on gas and petrochemical companies in PETRONAS.

In 2003, he was appointed as Head of Business Development under the Gas Business Unit, PETRONAS, pursuing gas business opportunities in Myanmar and Thailand.

Hudal Firdaus joined PETRONAS Gas Berhad in April 2005 as Senior Manager, Engineering Management Department, Technical and Facilities Development Division and was promoted to his current position in January 2006.



Management Committee's Profiles



A Aziz bin Othman, aged 43, is the General Manager of Centralised Utility Facilities Division. He holds a Degree in Mechanical Engineering from the George Washington University, USA.

He joined PETRONAS in 1987 as a rotating equipment engineer in PETRONAS Gas Berhad and was involved in the project implementation of several gas plants up to 1996. From 1997 to March 2000, he was assigned as the Manager of Project Control and System Planning in the Pipeline Gas Utilisation project.

From April 2000 to July 2005, A Aziz was assigned to the Gas Business Unit, PETRONAS, where he was responsible for the strategy formulation and business development of gas business.

In September 2002, he was appointed as a member of the PETRONAS Corporate Strategic Study team, a think-tank group formulating the PETRONAS Corporate Agenda. He assumed his current position in August 2005.

Ozair bin Saidin, aged 49, is the Senior Manager of Health, Safety and Environment Department. He graduated with Honours from Universiti Kebangsaan Malaysia with a Degree in Chemistry.

Ozair began his career with PETRONAS in 1982 as a Chemist at PETRONAS Laboratory and later moved to Plant Operations Division of PETRONAS Gas Berhad in 1984. He served in various capacities in Plant Operations Division including Operations Shift Supervisor, Head of Quality Control, and Integrity and Reliability Manager.

Prior to his current position, Ozair was the Senior Manager of Process Operations at Gas Processing Plant Complex B. He assumed his current position in April 2006.

Noryati binti Mohd Noor, aged 43, is the Senior Manager of Legal and Corporate Secretariat Department. She holds a Bachelor of Law (Honours) from the International Islamic University Malaysia.

Her career in PETRONAS started in 1990 as Legal Executive for PETRONAS Dagangan Berhad. She continued to serve PETRONAS Dagangan Berhad until 1997 when she joined Gas District Cooling (M) Sdn. Bhd. as Senior Legal Counsel.

Noryati assumed her current position in October 2005.



Zilfalilah binti Abdul Aziz, aged 42, is the General Manager of Human Resource Division. She graduated with a Degree in Computer Science and Mathematics from New Mexico Institute of Mining and Technology, New Mexico, USA.

She began her career in PETRONAS in 1990 where she was assigned to develop the Human Resource Information System that is being used in the organisation until today. Since then, Zilfalilah has served in various capacities in the field of human resource management. Amongst others, she has been responsible for the development of PETRONAS leadership dimensions, Leadership and Performance Management System, and employees' reward programmes for PETRONAS. She had also served Vinyl Chloride (Malaysia) Sdn. Bhd., a subsidiary of PETRONAS.

She assumed her current position in January 2009.



Raja Iskandar Arifin bin Raja Azman, aged 41, is the Senior Manager of Business Planning Department. He graduated from the University of Illinois at Urbana-Champaign, USA with a Bachelor of Science in Business Administration, majoring in Management Information System. He also holds a Masters of Business Administration in International Management from the University of East London, UK.

Raja Iskandar Arifin began his career in PETRONAS as a Systems Programmer in 1991. Subsequently, he joined the Group Tenders and Contracts Division where he was mainly involved in developing Small and Medium Industry through the PETRONAS Vendor Development Programme. Later, he continued to serve PETRONAS under the Corporate Risk Management Unit.

Prior to his current position, Raja Iskandar Arifin gained business development experience through his tenure in the Integrated Transition Programme and Gas Business Unit of PETRONAS. He assumed his current position in September 2006.



Muhammed Ali bin Hashim Mohamed, aged 52, is the Managing Director of Kimanis Energy Venture Sdn. Bhd., a joint venture company between PETRONAS Gas Berhad and Yayasan Sabah. He graduated from Middlesex Polytechnic, UK with a Bachelor of Science (Honours) Civil Engineering in 1983.

Muhammed Ali began his career in PETRONAS as a Project Engineer in 1983. His experience expanded from the management of pipeline system integrity to plant constructions. He also has had vast experience in managing projects including the Malaysia LNG Tiga project in Bintulu, Sarawak, the Pars LNG project in Iran and the Kakinada LNG project in India.

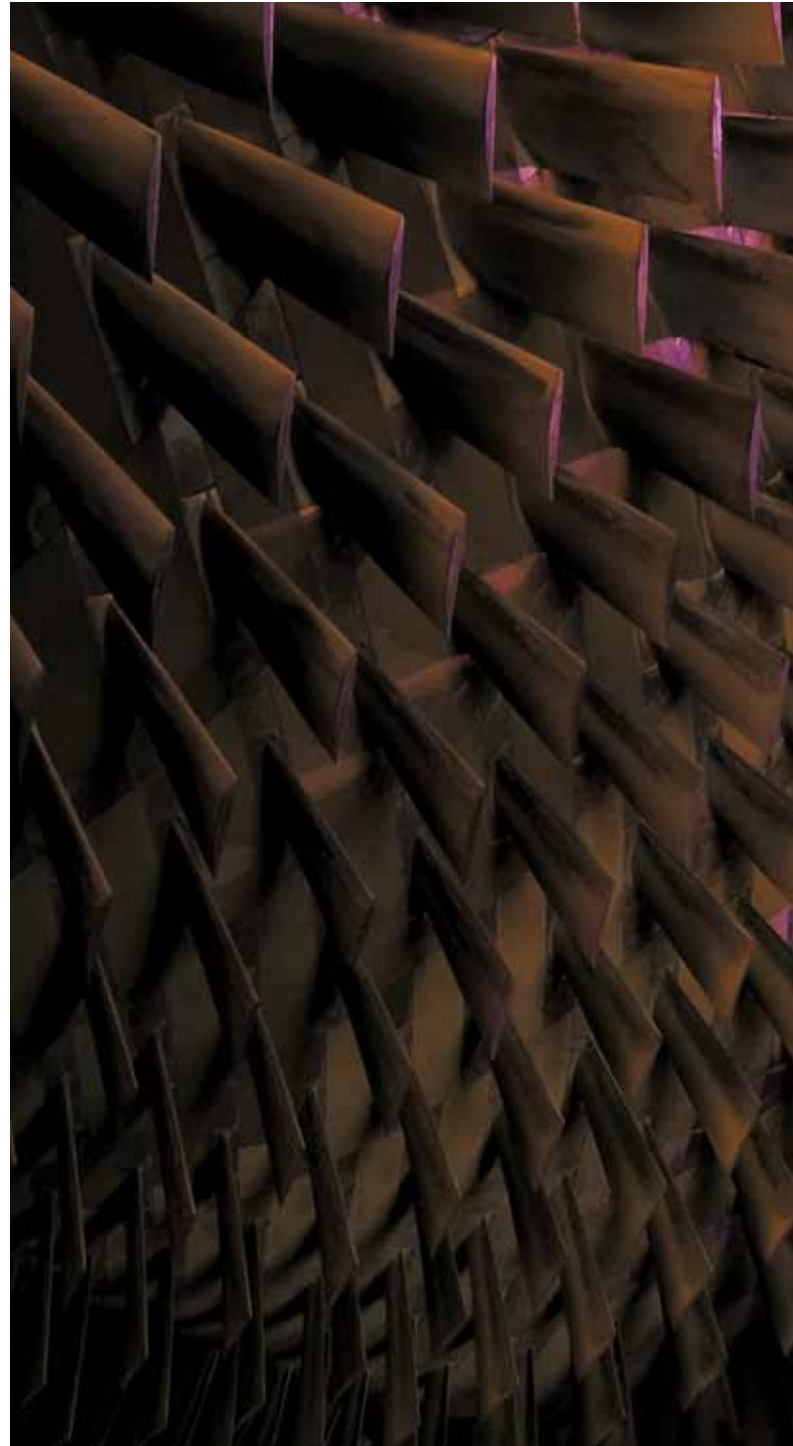
Prior to his current position, Muhammed Ali headed the Business Development of LNG, in the Gas Business Unit, PETRONAS. His responsibility was to manage the entry strategy for PETRONAS global LNG ventures through joint venture partnerships or acquisitions of new assets.

He assumed his current position in January 2009.



innovating

Our commitment to innovation is manifested in the way we are open to exploring new growth opportunities and strategic alliances. Our venture into the Kimanis power plant project demonstrates our pioneering spirit and determination to explore new horizons.





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Chairman's Statement



The year under review also witnessed a major milestone with the Company's investment of 60% equity interest in a new subsidiary company, Kimanis Energy Venture Sdn. Bhd. Through this subsidiary, the Group will undertake the Kimanis power plant project in Sabah.

Dear Shareholders,

On behalf of the Board of Directors (Board), I am pleased to present the Annual Report of PETRONAS Gas Berhad for the financial year ended 31 March 2009.

The Company's 25th year of incorporation proved to be an eventful year with an equal mix of external and internal challenges. Externally, we witnessed an unprecedented global economic downturn resulting from synchronised recessions in advanced economies which significantly impacted

growth prospects for the rest of the world, coupled with widespread credit crunch, leading to contraction in global trade and foreign direct investments. Domestically, the Gross Domestic Product (GDP) saw a moderation in growth, averaging at 4.6% compared to the 6.3% average in the previous year. Accordingly, demand for electricity experienced slowing growth with dependency on gas sources contributing to around 67% of the power generation mix.

Chairman's Statement

Results/Performance

The throughput business delivered an average of 2,234 million standard cubic feet per day (mmscfd) of sales gas as compared to 2,257 mmscfd in the previous year, in view of tight feedgas supply and lower demand. Notwithstanding this, operational performance was maintained at world class standards with the Gas Processing Plants (GPPs) attaining sales gas reliability rate of 99.5% whilst transmission facilities achieved a reliability rate of 100.0%. Revenue from liquid by-products however, was adversely impacted due to leaner feedgas composition and declining export prices for propane and butane due to the global economic downturn.

For the utilities business, sales volume for steam and industrial gases was higher by 15.4% and 9.9%, respectively. Furthermore, our industrial gases plant has also accomplished its highest reliability rate since its commissioning at 99.7%. This achievement is mainly due to effective execution of maintenance activities and improvement in operational efficiency. In addition, several extensions of Certificate of Fitness were received from the Department of Safety and Health for our utilities facilities.

The financial results for the year under review are derived from the performance of the Company and its subsidiary, and the Group's interest in an associate company and a jointly controlled entity.

Despite the significant increase in fuel gas cost during the year, the Group's overall financial performance was not severely impacted. This was made possible due to our good long-term relationship with our customers, namely PETRONAS and the utilities customers, who have agreed to ride out the challenging times together with us. As a result, the impact of variations in fuel gas cost, which would have otherwise severely affected our financial performance, has been mitigated.

The Group recorded an increase in revenue by 9.3% to RM3,415.1 million during the year, due to higher throughput revenue and utilities sales. However, cost of revenue increased by 23.3% to RM2,194.4 million mainly as a result of higher fuel gas cost. In line with the PETRONAS Group of Companies, the Company also early adopted a new accounting standard namely Financial Reporting Standards (FRS) 139 pertaining to the recognition and measurement of financial instruments. Due to FRS 139 implementation, the revaluation of our term loan resulted in a net unrealised loss of RM34.0 million. Profit before tax for the Group decreased by 11.7% to RM1,231.4 million whilst the Group's profit after tax decreased by 15.1% to RM928.0 million. After adjusting for the minority interest, earnings per share attributable to the shareholders of the Company declined from 55.2 sen to 46.9 sen.



We will not cease from looking for growth opportunities and developing the Group's capabilities, experience and expertise.



Chairman's Statement

We have reached
a major milestone
as we commemorate
our 25th Anniversary
on 23 May 2008
which was celebrated
with the spirit of giving
back to the community.

The Board is recommending a final dividend of 20% per share tax exempt, 5.1% per share less 25% tax and 9.9% per share tax exempt under the single tier tax system. Together with the interim dividend of 15% less 25% tax paid out on 18 December 2008, total gross dividend for the financial year ended 31 March 2009 will amount to 50.0 sen per share. The resultant total net dividend is 45.0 sen per share which represents a dividend payout ratio of 95.8%.

Other Interests

Owing to the Company's vast expertise and experience in pipeline project management, the 500km Sabah Sarawak Gas Pipeline project from Kimanis in Sabah to Bintulu in Sarawak has progressed into its initial execution phase. The Company also, together with Yayasan Sabah, agreed to develop a 300 megawatt gas power plant and its related facilities in Kimanis to meet the growing demand for electricity requirement in Sabah. This led to the setting up of a joint venture company between the Company and Yayasan Sabah with equity participation of 60% and 40%, respectively.

Corporate Responsibilities

The Company continued its efforts in driving and maintaining a safe and conducive working environment. Health, Safety and Environment (HSE) remains at the forefront of our business with pervasive implementation of HSE programmes at all levels. We have been recognised for our good HSE practices by the Malaysian Society of Occupational Safety and Health through the numerous

awards received for our operating divisions. The Company had also successfully secured the re-certification of Occupational Health and Safety Assessment Series (OHSAS) 18001, and the International Organization for Standardization (ISO) 14000 certification for the Centralised Utility Facilities division during the year.

The Company remains committed in instilling a high performance culture through the enhancement of staff capabilities. In this regard, the Company has put in place programmes to further intensify staff leadership and competency levels to achieve a higher degree of performance at an accelerated pace. Along with these programmes, the strong commitment and drive from our staff will propel the Company to greater heights.

We have reached a major milestone as we commemorate our 25th Anniversary on 23 May 2008 which was celebrated with the spirit of giving back to the community. With contribution from the Management and staff who volunteered their time, energy and resources, various corporate social responsibility programmes were carried out, ranging from interactions with the communities in need and the less fortunate, to environment related programmes including beach cleaning and *gotong-royong* activities. The *Program Bakti Pendidikan* PETRONAS that was first implemented in the Company three (3) years ago had also continued to be impressive and rewarding, with the first batch of students that were involved in the programme producing remarkable *Ujian Penilaian Sekolah Rendah* (UPSR) results.

I applaud our staff who have committed their personal time and energy to be involved in these voluntary activities and I hope that this commitment will continue in the years to come.

Looking Ahead

The global economic environment for the rest of 2009 is likely to be difficult with the International Monetary Fund (IMF) revising its forecast of world economic growth in April 2009 to -1.3%. Accordingly in May 2009, the Malaysian Government also revised its initial GDP growth forecast to a range between -4.0% and -5.0%. While there are considerable uncertainties in the near term prospects of global economic recovery, the aggressive fiscal and monetary policy measures being implemented across the globe, Malaysia included, are expected to contribute to improving conditions. The IMF has projected that the world growth will slowly recover in 2010.

Looking ahead, we can expect challenging times in the year to come as our earnings have always remained heavily correlated with power and industrial growth. Against this backdrop, the Group must position itself favourably to ride this storm of uncertainties. Prudence in expenditure and cost containment measures have always been an integral part of our business operations. Notwithstanding this, we will not cease from looking for growth opportunities and developing the Group's capabilities, experience and expertise. This is to ensure we strive towards achieving our mission and continue to add value to the Group and its shareholders.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to thank YBhg. Tan Sri Mohd Hassan Marican for his leadership and tremendous contribution during his 17-year tenure as Chairman of PETRONAS Gas Berhad since his appointment to the Board in August 1991.

My appreciation also goes to YBhg. Datuk Abdul Rahim Haji Hashim who retired from the Board in April 2009 for his contribution and I wish him the best in his future endeavours. On the same note, I am pleased to welcome his successor, Puan Farehana Hanapiah and look forward to her active participation on the Board.

I also wish to record my sincere appreciation to our valued shareholders for their continuous support and confidence. A special appreciation goes to PETRONAS and the utilities customers for their unwavering support particularly during these turbulent times. My gratitude further extends to the Board of Directors for their wisdom and guidance and the Management and staff for their continuous professionalism, loyalty, cohesiveness and integrity.

I look forward to the continuing strong support from all stakeholders for the future growth and success of the Group.



Datuk Wan Zulkiflee bin Wan Ariffin
Chairman



The Company strives towards achieving our mission and is ever ready to face challenges.

Through persistent efforts and strong support by all stakeholders, we are thankful that the Company continues to progress during this difficult time.



Introduction

The financial year 2008/2009 marks the 25th year of incorporation for PETRONAS Gas Berhad. At this relatively young age, the Company is putting up a tough front facing the global economic slowdown which had impacted its operations mainly during the last two quarters of the financial year.

Through persistent efforts and strong support by all stakeholders, we are thankful that the Company continues to progress during this difficult time. Given the capabilities and strengths that the Company has developed over the last 25 years, I am confident that we will continue to remain relevant and reliable both operationally and financially.



Chief Executive Officer's Report

Chief Executive Officer's Report



The Company's strength comes from synergistic combination of experienced staff and fresh young talents.

Financial Performance

Our financial performance faced significant challenges during the year. The world economic downturn has resulted in, amongst others, a slowdown to the nation's economy, thus impacting customer demand for both the throughput services business and utilities business. In addition, effective July 2008, domestic fuel gas prices and electricity tariff increased significantly, thereby impacting our operating costs.

To mitigate the increase in operating costs arising from the revised fuel gas price, negotiations were carried out with our customers, namely PETRONAS and the utilities customers, which resulted in the implementation of a cost pass-through arrangement with PETRONAS for gas internally consumed, and the execution of revised pricing agreements with our utilities customers.

During the year, the Company also ventured into generation of electricity through a joint venture company set up with Yayasan Sabah. The joint venture company, known as Kimanis Energy Venture Sdn. Bhd. was incorporated to undertake the Kimanis power plant project in Kimanis, Sabah, with

60% equity participation. Accordingly, our financial results for the financial year ended 31 March 2009 comprises the Company and its subsidiary, and the Group's interest in an associate, i.e. Gas Malaysia Sdn. Bhd., and in a jointly controlled entity, i.e. Industrial Gases Solutions Sdn. Bhd.

The Group recorded overall revenue of RM3,415.1 million, an increase of 9.3% compared to RM3,125.7 million in the previous year. The increase was attributed to higher throughput services income mainly due to the pass-through of variations in cost of gas, as well as higher utilities sales mainly due to the execution of revised pricing agreements with our utilities customers. Throughput services revenue increased by 5.7% to RM2,657.9 million while revenue from the utilities business increased by 23.7% to RM757.2 million. On the other hand, cost of revenue increased by 23.3% to RM2,194.4 million mainly due to higher fuel gas price.

In line with PETRONAS Group of Companies, effective 1 April 2008, we voluntarily undertook early adoption of Financial Reporting Standards (FRS) 139, Financial Instruments, to enable our financial statements to be comparable with other multinational



Non-stop operations, 24 hours a day
to ensure reliable supply to the nation.

companies, and to be in accordance with International Financial Reporting Standards (IFRS). FRS 139 provides guidance for the recognition and measurement of financial instruments. The adoption of FRS 139 affects the unsecured term loan comprising the 6th series 3.4% Samurai Bond which was on lent from PETRONAS to the Company in April 1997. Under FRS 139, the underlying Yen 16 billion term loan and the Currency Exchange Agreement (CEA) are valued and accounted for separately at each reporting date. During the year, the Company recorded an unrealised loss of RM34.0 million arising from retranslation of the term loan and revaluation of the CEA.

The Group's overall profit before tax decreased by 11.7% from RM1,394.1 million to RM1,231.4 million, whilst profit after tax declined by 15.1%, from RM1,092.9 million to RM928.0 million. Earnings per share attributable to the shareholders of the Company fell from 55.2 sen to 46.9 sen.

Throughput Services Business

Our Gas Processing Plants (GPPs) in Kertih and Paka faced several operational challenges in the form of tight feedgas supply, leaner feedgas composition and some plant equipment problems. During the year, an average of 2,247 million standard cubic feet per day (mmscfd) of feedgas was processed including imported gas of 199 mmscfd. This represents a 1.3% decline compared to 2,277 mmscfd which was processed in the last financial year. Our Peninsular Gas Utilisation network also received 295 mmscfd of gas from the Malaysia-Thailand Joint Development Area. Consequently, sales gas delivered to customers at 2,234 mmscfd was lower than the previous year of 2,257 mmscfd.

Our GPPs' sales gas reliability at 99.5% registered a slight decline of 0.2% compared to 99.7%, mainly due to some plant equipment problems. Nevertheless, the Company's pipeline network continue

The Company continued to implement rigorous cost containment efforts especially in reducing its internal gas consumption.

Chief Executive Officer's Report

to maintain its excellent reliability record by achieving 100.0% reliability, exceeding world class standards.

Leaner feedgas composition, slowing demand due to the global economy slowdown, coupled with some plant equipment problems have impacted the production of our liquid by-products. Ethane production decreased from 1.43 million Metric Tonnes (MT) to 1.31 million MT. Similarly, propane and butane production also declined from 1.42 million MT to 1.34 million MT for propane, and from 1.02 million MT to 0.92 million MT for butane. Furthermore, owing to global slowdown in the petrochemical sector, prices for propane and butane have fallen sharply during the last two quarters of the financial

year. The average selling prices for propane and butane during the above mentioned period was lower by almost 30% compared to the average prices in the previous year.

Ethane plant reliability improved by 2.1% from 95.3% to 97.4%. However the propane and butane plants recorded a decrease in reliability by 0.5% from 99.3% to 98.8%.

The Company continued to implement rigorous cost containment efforts especially in reducing its internal gas consumption (IGC). Our plant operations, through its value improvement programme, have carried out relentless efforts and consequently managed to reduce the volume of gas used for internal consumption from an average of 78.3 mmscfd to an average of 77.6 mmscfd.

The pipeline network is maintained at world class standards to ensure reliable supply to customers.





In addition, Specific Equipment Reliability Plan (SERP) was introduced to further improve plant equipment reliability through close monitoring of plant equipments. The SERP will enhance the maintenance strategy of plant equipment by identifying problematic equipments and formulating specific maintenance plans to ensure smooth running of the plant.

Utilities Business

With regards to our utilities plants, reliability for both steam and industrial gases showed commendable improvements, with steam reliability increasing by 0.3% from 97.1% to 97.4%, and our industrial gases recording its highest ever reliability rate at 99.7%, a 3.1% improvement from 96.6% in the previous year. These improvements were mainly attributed to the comprehensive maintenance activities conducted at our utilities plants. However, electricity reliability declined by 1.1% from 98.4% to 97.3% mainly due to rotor blade damage at one of the gas turbines and several trips caused by instrument hardware failure.

We had also safely and successfully completed six (6) major inspections at our utilities plants to meet regulatory requirements without

interrupting supply to customers. As a result of good maintenance practice, extensions in Certificates of Fitness (CF) were received from the Department of Safety and Health from 36 to 51 months for Air Separation Unit 2 in Kertih and both the Nitrogen Generation Unit 1 and Demineralised Water Plant in Gebeng. We also received extensions of CF from 15 to 36 months for our Gas Turbine and Heat Recovery Steam Generator in Kertih.

Other Involvements

The Sabah Sarawak Gas Pipeline (SSGP) project, where we provide project execution services for PETRONAS Carigali Sdn. Bhd., has progressed to the detailed engineering stage of development. We have also carried out site engineering survey works and clearing activities along the planned 500 km pipeline route which will run from the Sabah Oil and Gas Terminal in Komanis, Sabah to the PETRONAS Liquefied Natural Gas Complex in Bintulu, Sarawak. The project execution services is led by our in-house engineering arm, namely Technical Facilities and Development Division (TFDD).

In June 2008, in view of the growing demand for electricity supply in Sabah, the Company entered into a Joint Development Agreement

Comprehensive maintenance activities are planned and executed to ensure efficient plant operations.



Chief Executive Officer's Report

The Company's safety measures focuses on the well-being of employees, communities and the environment.



with Yayasan Sabah to develop a 300 megawatt gas power plant and its related facilities and infrastructure, in Kimanis, Sabah. Subsequently in November 2008, a Shareholders Agreement with Yayasan Sabah was signed to this effect.

Health, Safety and Environment (HSE)

Underlying all activities within the Company is its HSE Policy. The HSE Policy describes our priority in ensuring safety of our operations, caring for the well-being of our employees, the surrounding local communities and the environment, and safeguarding our investments at all times. Accordingly, various activities were carried out to improve HSE practices and to further internalise HSE culture among employees and contractors.

The PETRONAS HSE Management System (HSEMS) continues to be the set standard which is used as an internal benchmark when assessing the effectiveness of HSE implementation. During the year, the Company carried out a HSEMS Tier 2 audit as part of its efforts to ensure continuous improvements and compliance to the HSEMS. The audit was conducted by the Company's HSEMS auditors. The audit scope also included Process Safety Management (PSM) to ensure a more holistic implementation of HSE since PSM not only focuses on the safety

of the people within the organisation, but also on the safety of our equipments and processes. Various PSM engagement sessions were conducted among the operations and maintenance teams to increase awareness on the subject and to ensure pervasive implementation at the plants. Through these efforts, we achieved "HSE in the Heart" level of HSEMS implementation which demonstrates internalisation of HSE practices throughout the organisation.

Our concern and priority on safety also extends to our contractors who work within our facilities. To this effect, two engagement programmes with contractors were carried out. The Company's annual Contractors Forum was conducted with a HSE theme, hence providing a platform for our contractors to strengthen their understanding of our HSE requirements. The contractors were also given the opportunity to share best practices and concerns amongst their peers to improve their service levels to the Company. Another session that was carried out with our contractors was the TFDD Contractors Engagement Session. Topics discussed during this inaugural session centred on the subject of HSE where open communications were encouraged to foster better understanding between both parties and to overcome all work related issues that exist during project execution.