

**Condensed Consolidated Statement of Comprehensive Income
for the financial period ended 30 June 2020**

	3 months ended 30.06.2020 RM'000 (Unaudited)	3 months ended 30.06.2019 RM'000 (Unaudited)	Cumulative 6 months ended 30.06.2020 RM'000 (Unaudited)	Cumulative 6 months ended 30.06.2019 RM'000 (Unaudited)
Revenue	1,539,640	1,736,740	3,145,845	3,452,310
Cost of sales	(1,466,471)	(1,655,754)	(2,988,792)	(3,304,057)
Gross profit	73,169	80,986	157,053	148,253
Finance income	1,600	518	4,041	2,440
Other operating income	340	603	1,182	1,787
Administrative expenses	(11,183)	(12,082)	(27,356)	(25,425)
Selling & distribution expenses	(329)	(653)	(629)	(977)
Finance costs	(4,171)	(3,007)	(7,254)	(6,526)
Share of results in joint ventures	(200)	(604)	(447)	1,188
Profit before zakat and taxation	59,226	65,761	126,590	120,740
Zakat expenses	(875)	(875)	(1,750)	(1,750)
Tax expense	(13,727)	(15,877)	(32,353)	(28,813)
Net profit for the financial period	44,624	49,009	92,487	90,177
Other comprehensive income/(loss) (net of tax):				
<i>Items that will be reclassified to profit or loss</i>				
Cash flow hedge of a joint venture	491	2,237	(1,987)	2,140
Total comprehensive income for the financial period	45,115	51,246	90,500	92,317
Net profit attributable to owners of the Parent	44,624	49,009	92,487	90,177
Total comprehensive income attributable to owners of the Parent	45,115	51,246	90,500	92,317
Earnings per share				
Basic (Sen)	3.48	3.82	7.20	7.02
Diluted (Sen)	3.48	3.82	7.20	7.02

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

**Condensed Consolidated Statement of Financial Position
as at 30 June 2020**

	As at 30.06.2020 RM'000 (Unaudited)	As at 31.12.2019 RM'000 (Audited)
Non-Current Assets		
Property, plant and equipment	1,385,206	1,361,431
Right-of-use of lease assets	19,854	16,903
Investment in joint ventures	64,214	67,308
Other receivables	35,421	87,612
	<u>1,504,695</u>	<u>1,533,254</u>
Current Assets		
Trade and other receivables	803,214	796,384
Investment funds with licensed financial institutions	63,207	123,281
Deposits, bank and cash balances	103,049	169,145
	<u>969,470</u>	<u>1,088,810</u>
Total Assets	<u>2,474,165</u>	<u>2,622,064</u>
Equity		
Equity attributable to owners of the Parent		
Share capital	642,000	642,000
Cash flow hedge reserve	2,427	4,414
Retained profits	369,716	396,641
Total Equity	<u>1,014,143</u>	<u>1,043,055</u>
Non-Current Liabilities		
Redeemable preference share	-	-
Deferred tax liabilities	166,570	163,535
Contract liabilities	10,201	11,911
Borrowings	151,000	181,000
Lease liabilities	3,879	1,778
	<u>331,650</u>	<u>358,224</u>
Current Liabilities		
Trade and other payables	925,083	1,010,641
Contract liabilities	4,529	4,529
Borrowings	131,753	201,839
Lease liabilities	1,125	494
Tax payable	8,102	3,282
Dividend payable	57,780	-
	<u>1,128,372</u>	<u>1,220,785</u>
Total Liabilities	<u>1,460,022</u>	<u>1,579,009</u>
Total Equity and Liabilities	<u>2,474,165</u>	<u>2,622,064</u>
Net assets per share attributable to ordinary equity holders of the Parent (Sen)	78.98	81.23

Denotes RM0.50

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

Unaudited Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2020

	Number of Shares Million	Share Capital RM'000	Cash Flow Hedge Reserve* RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 January 2020	1,284	642,000	4,414	396,641	1,043,055
Net profit for the financial period	-	-	-	92,487	92,487
Other comprehensive loss for the financial period	-	-	(1,987)	-	(1,987)
Total comprehensive income for the financial period	-	-	(1,987)	92,487	90,500
Dividends:					
- Second interim dividend for the financial year ended 31 December 2019	-	-	-	(61,632)	(61,632)
- Final dividend for the financial year ended 31 December 2019	-	-	-	(57,780)	(57,780)
	-	-	-	(119,412)	(119,412)
At 30 June 2020	1,284	642,000	2,427	369,716	1,014,143

* This is related to the cash flow hedge reserve of a joint venture.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

Unaudited Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2019

	Number of Shares Million	Share Capital RM' 000	Cash Flow Hedge Reserve* RM' 000	Retained Profits RM' 000	Total Equity RM' 000
At 1 January 2019	1,284	642,000	(2,044)	383,728	1,023,684
Net profit for the financial period	-	-	-	90,177	90,177
Other comprehensive income for the financial period	-	-	2,140	-	2,140
Total comprehensive income for the financial period	-	-	2,140	90,177	92,317
Dividends:					
- Second interim dividend for the financial year ended 31 December 2018	-	-	-	(57,780)	(57,780)
- Final dividend for the financial year ended 31 December 2018	-	-	-	(57,780)	(57,780)
	-	-	-	(115,560)	(115,560)
At 30 June 2019	1,284	642,000	96	358,345	1,000,441

* This is related to the cash flow hedge reserve of a joint venture.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

**Condensed Consolidated Statement of Cash Flows
for the financial period ended 30 June 2020**

	6 months ended 30.06.2020 RM'000 (Unaudited)	6 months ended 30.06.2019 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	126,590	120,740
Adjustments for:		
Depreciation and amortisation	42,703	38,808
Gain on disposal of property, plant and equipment	-	(46)
Property, plant and equipment written off	126	-
Write back of impairment loss on trade receivables	-	(1,814)
Share of results in joint ventures	447	(1,188)
Finance income	(4,041)	(2,440)
Finance costs	7,254	6,526
Operating profit before working capital changes	<u>173,079</u>	<u>160,586</u>
Changes in working capital:		
Receivables	45,942	(179,501)
Payables and contract liabilities	<u>(87,337)</u>	<u>(91,179)</u>
Cash generated from/(used in) operations	131,684	(110,094)
Zakat paid	(1,750)	(1,750)
Tax paid	<u>(24,498)</u>	<u>(19,629)</u>
Net cash flows generated from/(used in) operating activities	<u>105,436</u>	<u>(131,473)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(66,150)	(22,044)
Government grant received	-	20,000
Proceeds from disposal of property, plant and equipment	-	46
Finance income received	4,120	2,451
Withdrawal of investment funds with licensed financial institutions	<u>60,074</u>	<u>87,648</u>
Net cash flows (used in)/generated from investing activities	<u>(1,956)</u>	<u>88,101</u>
Cash flows from financing activities		
Dividends paid	(61,632)	(57,780)
Issuance of Islamic Medium Term Notes and Islamic Commercial Papers	700,000	-
Repayment of Islamic Medium Term Notes and Islamic Commercial Papers	(800,000)	-
Lease liabilities paid	(719)	(753)
Finance cost paid	<u>(7,225)</u>	<u>(6,507)</u>
Net cash flows used in financing activities	<u>(169,576)</u>	<u>(65,040)</u>
Net change in cash and cash equivalents	(66,096)	(108,412)
Cash and cash equivalents at beginning of financial period	<u>169,145</u>	<u>232,754</u>
Cash and cash equivalents at end of financial period	<u>103,049</u>	<u>124,342</u>

Non-cash transactions:

Finance income receivable arising from deposits with financial institution amounting to RM8,000 (30 June 2019: RM111,000) had been included within other receivables as at the end of the reporting period.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

**Condensed Consolidated Statement of Cash Flows
for the financial period ended 30 June 2020**

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

	Borrowings RM' 000	Dividends payable RM' 000	Lease liabilities RM' 000	Total RM' 000
At 1 January 2020	382,839	-	2,272	385,111
Cash flows - net of drawdown and repayment	(107,225)	(61,632)	(719)	(169,576)
Non-cash items:				
- Dividends declared	-	119,412	-	119,412
- Finance cost	7,139	-	115	7,254
- Addition of lease liabilities	-	-	3,405	3,405
- Accrual for unpaid lease liabilities	-	-	(69)	(69)
At 30 June 2020	<u>282,753</u>	<u>57,780</u>	<u>5,004</u>	<u>345,537</u>
At 1 January 2019	283,966	-	2,708	286,674
Cash flows - net of drawdown and repayment	(6,507)	(57,780)	(753)	(65,040)
Non-cash items:				
- Dividends declared	-	115,560	-	115,560
- Finance cost	5,869	-	657	6,526
- Addition of lease liabilities	-	-	18	18
- Accrual for unpaid lease liabilities	-	-	(108)	(108)
At 30 June 2019	<u>283,328</u>	<u>57,780</u>	<u>2,522</u>	<u>343,630</u>

Notes to the interim financial statements

1. Basis of preparation

The condensed consolidated interim financial statements for the financial period ended 30 June 2020 have been prepared in accordance with MFRS 134 "Interim Financial Reporting" and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia. The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019, which have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2. Changes in Accounting Policies

The significant accounting policies, method of computation and basis of consolidation applied in the condensed consolidated interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019.

The adoption of the following amendments to existing accounting standards that came into effect on or after 1 January 2020 which are applicable to the Group, did not have any significant financial impact on the condensed consolidated interim financial statements upon their initial application:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 "Definition of Material"
- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 9, 139 and 7 on Interest Rate Benchmark Reform

- Amendments to MFRS 16 "COVID-19-Related Rent Concessions"

The Malaysian Accounting Standards Board had issued the following amendments and annual improvements to existing accounting standards which are relevant to the Group and effective for the following financial years:

(i) Financial year beginning on or after 1 January 2022:

- Amendments to MFRS 101 "Classification of liabilities as current or non-current"
- Amendments to MFRS 116 "Proceeds before Intended Use"
- Amendments to MFRS 3 "Reference to the Conceptual Framework"
- Annual Improvements to MFRS 1 "Subsidiary as First-time Adopter"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Annual Improvements to MFRS 141 "Taxation in Fair Value Measurements"
- Annual Improvements to MFRS 9 "Fees in the '10 per cent' test for Derecognition of Financial Liabilities"
- Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract"

(ii) Effective date yet to be determined:

- Amendments to MFRS 10 "Consolidated Financial Statements" and MFRS 128 "Investment in associates and joint ventures - Sale or contribution of assets between an investor and its associates/joint ventures"

The Group did not early adopt the above amendments and annual improvements to the published accounting standards. The Group is in the midst of assessing the impact arising from the adoption of the above amendments and annual improvements to the published accounting standards in the year of initial application.

3. Auditors' report on preceding annual financial statements

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2019 was unqualified.

4. Seasonal or cyclical factors

The Group's operations are not significantly affected by seasonal or cyclical factors.

5. Unusual or significant event/transactions

Other than the impact of Covid-19 that is disclosed further in Note 18, there was no unusual or significant event/transaction which has taken place which materially affects the financial performance or financial position of the Group since the end of the previous annual reporting period.

6. Changes in estimates

There was no material change in financial estimates reported in prior interim periods that could materially affect the current interim period's financial statements.

7. Debt and equity securities

Save as disclosed below, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 30 June 2020.

On 17 April 2020, the Company issued Islamic Commercial Papers ("ICP") under the Sukuk Murabahah Programme amounting to RM160.0 million for a tenure of one month. On 15 May 2020, the Company issued ICPs under the Sukuk Murabahah Programme amounting to RM160.0 million for a tenure of one and a half month. All of the ICPs issued amounting to RM320.0 million were subsequently repaid in the current quarter of the financial year.

8. Dividends paid

On 31 March 2020, the Company paid a second interim dividend of 4.80 sen per share on the 1,284,000,000 ordinary shares in issue, amounting to RM61,632,000 in respect of the financial year ended 31 December 2019.

On 21 July 2020, the Company paid a final dividend of 4.50 sen per share on the 1,284,000,000 ordinary shares in issue, amounting to RM57,780,000 in respect of the financial year ended 31 December 2019.

9. Segment Reporting

The Group's segmental report for the financial period ended 30 June 2020 is as follows:

	Natural		
	<u>Gas & LPG</u>	<u>Others</u>	<u>Total</u>
	RM' 000	RM' 000	RM' 000
<u>30 June 2020</u>			
<u>Revenue:</u>			
Total segment revenue			
- external	3,145,845	-	3,145,845
	<u>3,145,845</u>	<u>-</u>	<u>3,145,845</u>

	Natural		
	<u>Gas & LPG</u>	<u>Others</u>	<u>Total</u>
	RM' 000	RM' 000	RM' 000
a) Sales of natural gas and LPG:			
- over time	3,140,600	-	3,140,600
b) Tolling fee:			
- over time	5,245	-	5,245
	<u>3,145,845</u>	<u>-</u>	<u>3,145,845</u>
<u>Results:</u>			
Profit before zakat and taxation	125,731	859	126,590
Finance income	(4,041)	-	(4,041)
Depreciation and amortisation	42,676	27	42,703
Earnings before finance income, zakat, taxation, depreciation and amortisation	<u>164,366</u>	<u>886</u>	<u>165,252</u>
<u>Assets and liabilities:</u>			
Segment assets	2,401,916	8,035	2,409,951
Investment in joint ventures	163	64,051	64,214
Total assets	<u>2,402,079</u>	<u>72,086</u>	<u>2,474,165</u>
Segment liabilities	1,285,336	14	1,285,350
Taxation	8,109	(7)	8,102
Deferred tax liabilities	166,570	-	166,570
Total liabilities	<u>1,460,015</u>	<u>7</u>	<u>1,460,022</u>

The Group's segmental report for the corresponding financial period ended 30 June 2019 is as follows:

	Natural		
	<u>Gas & LPG</u>	<u>Others</u>	<u>Total</u>
	RM' 000	RM' 000	RM' 000
<u>30 June 2019</u>			
<u>Revenue:</u>			
Total segment revenue			
- external	3,452,310	-	3,452,310
a) Sale of natural gas and LPG:			
- over time	3,446,494	-	3,446,494
b) Tolling fee:			
- over time	5,816	-	5,816
	<u>3,452,310</u>	<u>-</u>	<u>3,452,310</u>
<u>Results:</u>			
Profit before zakat and taxation	119,594	1,146	120,740
Finance income	(2,440)	-	(2,440)
Depreciation and amortisation	38,781	27	38,808
Earnings before finance income, zakat, taxation, depreciation and amortisation	<u>155,935</u>	<u>1,173</u>	<u>157,108</u>

	Natural		
	<u>Gas & LPG</u>	<u>Others</u>	<u>Total</u>
	RM' 000	RM' 000	RM' 000
<u>Assets and liabilities:</u>			
Segment assets	2,450,998	4,052	2,455,050
Investment in joint ventures	298	39,150	39,448
Total assets	<u>2,451,296</u>	<u>43,202</u>	<u>2,494,498</u>
Segment liabilities	1,315,525	10	1,315,535
Taxation	19,315	(8)	19,307
Deferred tax liabilities	159,215	-	159,215
Total liabilities	<u>1,494,055</u>	<u>2</u>	<u>1,494,057</u>

The Group's operations are conducted within Peninsular Malaysia.

10. Events subsequent to the end of reporting period

There was no material event which occurred subsequent to the end of the three months financial period ended 30 June 2020 except for the issuance of Islamic Medium Term Notes ("IMTN") by the Group as disclosed below.

The Company had on 6 August 2020 announced that its wholly-owned subsidiary, Gas Malaysia Distribution Sdn Bhd ("GMD") has established the following programmes:

- (i) an IMTN programme of up to RM1 billion in nominal value; and
- (ii) an ICP programme of up to RM1 billion in nominal value.

Both the IMTN and ICP programme shall have a combined issuance limit of up to RM1 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (collectively known as the "Sukuk Murabahah programme"). The Sukuk Murabahah programme also includes the Shariah principle of Kafalah in respect of the guarantee provided by the Company for all ICPs and iMTNs issued by GMD.

The IMTN and the ICP programmes have a tenure of fifteen (15) years and seven (7) years respectively, from the date of the first issuance. Both the IMTN and ICP programmes are unsecured and are not listed on Bursa Securities or on any other stock exchange.

The proceeds raised from the issuance under the Sukuk Murabahah programme shall be utilised by GMD to:

1. refinance the financing of GMD and of the Company;
2. to finance the present and future Shariah-compliance investments of GMD and of the Company;
3. to finance the Shariah-compliant working capital and capital expenditure requirements of GMD and of the Company; and/or
4. to pay fees, expenses, costs and all other amounts payable in relation to the Sukuk Murabahah programme, all of which shall be Shariah-compliant.

On the same date, GMD had issued its first IMTN amounting to RM281.0 million under GMD's IMTN programme. This issuance was subsequently exchanged with the Company's outstanding IMTN amounting to RM281.0 million and consequently, the Company's IMTN was cancelled upon the completion of the exchange.

11. Changes in the composition of the Group

There was no change in the composition of the Group during the current quarter.

12. Changes in contingent liabilities or contingent assets

There was no contingent liability or contingent asset since the last audited financial statements for the financial year ended 31 December 2019.

13. Capital commitments

Capital commitments of the Group not provided for in the condensed consolidated interim financial statements are as follows:

	As at
	30.06.20
	RM' 000
Property, plant and equipment:	
Authorised and contracted for	77,583
Authorised but not contracted for	159,320
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	236,903
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14. Related party transactions

Significant related party transactions for the financial period ended 30 June 2020:

	Cumulative 6 months ended 30.06.20 RM' 000	Cumulative 6 months ended 30.06.19 RM' 000
Parties transacted with:		
Petronas Energy & Gas Trading Sdn Bhd		
- Purchase of natural gas**	(2,909,502)	(3,237,957)
- Tolling fee income*	5,245	5,816
Petroliam Nasional Berhad		
- Cash contribution for Citygate construction paid*	(17,209)	(7,046)
Petronas Dagangan Berhad		
- Purchase of liquefied petroleum gas*	(1,947)	(3,639)
Central Sugar Refinery Sdn Bhd		
- Sale of natural gas***	41,747	43,475
Central Sugar Refinery (Padang Terap) Sdn Bhd		
- Sale of natural gas***	15,889	12,224
HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.		
- Sale of natural gas***	485	1,422
Gas Malaysia Energy Advance Sdn. Bhd.		
- Sale of natural gas***	49,857	55,403
Johor Port Logistic Sdn. Bhd.		
- Logistic services*	661	385

* The transactions have been entered into in the normal course of business and have been established under negotiated terms agreed by both parties.

** The transactions have been entered into in the normal course of business and have been established under negotiated terms agreed by both parties (2019: regulated price and market prices).

*** The sales of natural gas have been entered into based on regulated price.

15. Fair Value of Financial Instruments

The Group uses the following measurement hierarchy for determining the fair value of all financial instruments carried at fair value:

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).

As at 30 June 2020, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

	Level 1 RM' 000	Level 2 RM' 000	Level 3 RM' 000	Total RM' 000
Financial assets				
Financial assets at fair value through profit or loss	-	63,207	-	63,207

The above financial assets at fair value through profit or loss represent the Group's investment funds with licensed financial institutions.

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

	Second quarter ended		
	30.06.2020	30.06.2019	Variance
	RM'000	RM'000	%
Revenue	1,539,640	1,736,740	(11.3)
Operating profit	57,486	65,244	(11.9)
Profit before finance income, zakat and taxation	57,626	65,243	(11.7)
Profit before zakat and taxation	59,226	65,761	(9.9)
Profit after zakat and taxation	44,624	49,009	(8.9)
Profit attributable to ordinary equity holders of the Parent	44,624	49,009	(8.9)

The Group's revenue for the second quarter ended 30 June 2020 was RM1,539.6 million compared to RM1,736.7 million in the corresponding period in 2019, representing a decrease of 11.3%. This was in line with lower volume of natural gas sold and lower average natural gas tariff.

The profit before zakat and taxation for the second quarter ended 30 June 2020 was RM59.2 million, a decrease of 9.9% as compared to the profit before zakat and taxation of RM65.8 million in the corresponding period last year. This was due to lower gross profit in line with lower volume of natural gas sold coupled with higher overheads and depreciation being part of cost of sales, and mitigated by higher gas contribution margin. This was partially offset by higher finance income and lower share of losses from joint venture companies.

	Financial period ended		
	30.06.2020	30.06.2019	Variance
	RM'000	RM'000	%
Revenue	3,145,845	3,452,310	(8.9)
Operating profit	121,814	115,325	5.6
Profit before finance income, zakat and taxation	122,549	118,300	3.6
Profit before zakat and taxation	126,590	120,740	4.9
Profit after zakat and taxation	92,487	90,177	2.6
Profit attributable to ordinary equity holders of the Parent	92,487	90,177	2.6

The Group's revenue for the financial period ended 30 June 2020 was RM3,145.8 million compared to RM3,452.3 million in the corresponding period in 2019, representing a decrease of 8.9%. This was in line with lower volume of natural gas sold and lower average natural gas tariff.

The profit before zakat and taxation for the financial period ended 30 June 2020 was RM126.6 million, an increase of 4.9% as compared to the profit before zakat and taxation of RM120.7 million in the corresponding period last year. This was due to higher gross profit in line with higher gas contribution margin despite lower volume of natural gas sold, and mitigated by higher overheads and depreciation being part of cost of sales, and higher finance income. This was partially offset by higher operating expenses and lower share of result from joint venture companies.

17. Variation of results against preceding quarter

The Group recorded a lower profit before zakat and taxation of RM59.2 million in the current quarter as compared to RM67.4 million in the preceding quarter. This was mainly attributed to lower gross profit in line with lower volume of natural gas sold, coupled with higher overheads and depreciation being part of cost of sales, and mitigated by higher gas contribution margin, and lower finance and other income. This was partially offset by lower operating expenses.

18. Current prospects

The widespread of Covid-19 since the beginning of 2020 is a challenging situation facing all industries, some of which are customers of the Group. The Government of Malaysia has announced seven phases of Movement Control Order ("MCO") between 18 March 2020 to 31 August 2020 in a bid to contain the spread of Covid-19. As a result, some of the Group's customers have been operating on a reduced capacity, thereby affecting the volume of gas consumed. Pursuant to the Government of Malaysia's announcement on 7 June 2020 which eased restrictions under the Recovery MCO, the Group's customers have fully resumed their operations, which in return show the higher consumption of natural gas.

Overall, the Group expects the Covid-19 pandemic to have an impact to the performance of the Group for the financial year ending 31 December 2020.

19. Profit before zakat and taxation

Profit before zakat and taxation is stated after charging the following items:

	Second quarter ended		Financial period ended	
	30.06.20 RM' 000	30.06.19 RM' 000	30.06.20 RM' 000	30.06.19 RM' 000
Depreciation and amortisation	21,615	19,456	42,703	38,808
Property, plant and equipment written off	126	-	126	-
Write back of loss allowance on trade receivables	-	(1,814)	-	(1,814)

Included in the revenue for the financial period ended 30 June 2020 is an amount relating to assets contributed by customers amounting to RM1.7 million (30 June 2019: RM1.7 million), of which the remaining amount of RM14.7 million (30 June 2019: RM18.2 million) of deferred revenue had been recognised as contract liabilities in the statement of financial position as at the end of the reporting period.

20. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the reporting period in a public document.

21. Tax expense

	3 months ended 30.06.20 <u>RM'000</u>	3 months ended 30.06.19 <u>RM'000</u>	Cumulative 6 months ended 30.06.20 <u>RM'000</u>	Cumulative 6 months ended 30.06.19 <u>RM'000</u>
Income tax:				
- Current financial period	(13,675)	(15,160)	(29,923)	(26,778)
- Over accrual in prior financial period	<u>-</u>	<u>-</u>	<u>605</u>	<u>-</u>
	(13,675)	(15,160)	(29,318)	(26,778)
Deferred tax:				
- Origination and reversal of temporary timing differences	(52)	(717)	(3,035)	(2,035)
	<u>(13,727)</u>	<u>(15,877)</u>	<u>(32,353)</u>	<u>(28,813)</u>

The Group's effective tax rate for the quarter ended 30 June 2020 of 23.5%, which is lower than the statutory income tax rate in Malaysia, was mainly attributed to items not subject to tax.

The Group's effective tax rate for the financial period ended 30 June 2020 of 25.9%, which is higher than the statutory income tax rate in Malaysia, was mainly attributed to the under recognition of deferred tax liabilities arising from prior financial year.

22. Gas Cost Pass Through ("GCPT") in tariff revision

Included in the "Trade and other receivables" of the Group is a receivable for the recovery of natural gas cost arising from the variance between the actual market price and the forecast market price, which was used for determining the tariffs under the Incentive-Based Regulation ("IBR") framework. This receivable is recognised on the basis of the Government's undertaking to the Company that it remains financially neutral from the resultant gas price fluctuations following the GCPT mechanism which was implemented on 1 January 2017.

Pursuant to the implementation of the Third Party Access ("TPA") regime on 1 January 2020, the Government has issued a directive, via letter from ST dated 6 December 2019 for the Company to effect the approval of the average Base Tariff of RM1.88 per MMBtu for the utilisation of the natural gas distribution system of Gas Malaysia's wholly-owned subsidiary, Gas Malaysia Distribution Sdn Bhd ("GMD") under the TPA framework. The average Base Tariff will be applicable for the Regulatory Period for the next three years beginning from 1 January 2020 to 31 December 2022. In addition, the Company will be recovering its GCPT amount for the variation in gas cost incurred up to 31 December 2019 through a surcharge to GMD's average Base Tariff over the next two years. The approved surcharge to GMD's average Base Tariff for the period beginning 1 January 2020 to 31 December 2021 is RM0.62 per MMBtu.

Consequently, the Government had also provided an undertaking to the Company that it will be able to recover the variance between the actual market price and the forecast market price, for amount of variances up to 31 December 2019.

23. Status of corporate proposals

There was no corporate proposal announced and pending completion by the Group during the current quarter.

24. Borrowings

The outstanding borrowings of the Group are analysed as follows:

	As at 30.06.20 RM' 000	As at 31.12.19 RM' 000
<u>Current (unsecured):</u>		
Islamic Commercial Papers	-	100,000
Islamic Medium Term Notes	131,753	101,839
	<u>131,753</u>	<u>201,839</u>
<u>Non-current (unsecured):</u>		
Islamic Medium Term Notes	151,000	181,000
Total borrowings	<u>282,753</u>	<u>382,839</u>

25. Material litigation

As at 30 June 2020, neither the Company nor its subsidiaries is engaged in any material litigation or arbitration, either as plaintiff or defendant.

26. Earnings per ordinary share

Basic/Diluted Earnings per Ordinary Share ("EPS"):

	3 months ended <u>30.06.20</u>	3 months ended <u>30.06.19</u>	Cumulative 6 months ended <u>30.06.20</u>	Cumulative 6 months ended <u>30.06.19</u>
Profit for the period attributable to owners of the Parent (RM'mil)	44.6	49.0	92.5	90.2
Number of ordinary shares in issue (mil)	1,284.0	1,284.0	1,284.0	1,284.0
Basic earnings per ordinary share (Sen)	3.48	3.82	7.20	7.02
Diluted earnings per ordinary share (Sen)	3.48	3.82	7.20	7.02

The Group has no dilutive potential ordinary shares and therefore the diluted EPS is the same as the basic EPS.

27. Dividend declared

The Directors have declared on 13 August 2020, a first interim dividend of 4.25 sen per share on the 1,284,000,000 ordinary shares in issue, amounting to RM54,570,000 in respect of the financial year ending 31 December 2020, payable on 8 October 2020. The entitlement to dividend will be determined based on the Record of Depositors as at 22 September 2020.

28. Authorisation for issue

The condensed consolidated interim financial statements have been authorised for issue by the Board of Directors in accordance with their resolution on 13 August 2020.

By Order of the Board,

Yanti Irwani Binti Abu Hassan (MACS 01349)

Company Secretary

Shah Alam

Dated: 13 August 2020