

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

	3 months ended 30.09.2020 RM'000 (Unaudited)	3 months ended 30.09.2019 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.2020 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.2019 RM'000 (Unaudited)
Revenue	1,722,101	1,755,872	4,867,946	5,208,183
Cost of sales	(1,632,256)	(1,678,081)	(4,621,048)	(4,982,139)
Gross profit	89,845	77,791	246,898	226,044
Finance income	2,530	757	6,571	3,198
Other operating income	517	278	1,699	2,065
Administrative expenses	(18,012)	(17,949)	(45,368)	(43,706)
Selling & distribution expenses	(328)	(292)	(957)	(937)
Finance costs	(4,932)	(4,764)	(12,186)	(11,289)
Share of results in joint ventures	188	(2,664)	(259)	(1,475)
Profit before zakat and taxation	69,808	53,157	196,398	173,900
Zakat expenses	(875)	(875)	(2,625)	(2,625)
Tax expense	(18,027)	(10,285)	(50,380)	(39,098)
Net profit for the financial period	50,906	41,997	143,393	132,177
Other comprehensive (loss)/income (net of tax):				
<i>Items that will be reclassified to profit or loss</i>				
Cash flow hedge of a joint venture	(234)	4,487	(2,221)	6,626
Total comprehensive income for the financial period	50,672	46,484	141,172	138,803
Net profit attributable to owners of the Parent	50,906	41,997	143,393	132,177
Total comprehensive income attributable to owners of the Parent	50,672	46,484	141,172	138,803
Earnings per share				
Basic (Sen)	3.96	3.27	11.17	10.29
Diluted (Sen)	3.96	3.27	11.17	10.29

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 September 2020**

	As at 30.09.2020 RM'000 (Unaudited)	As at 31.12.2019 RM'000 (Audited)
Non-Current Assets		
Property, plant and equipment	1,410,177	1,361,431
Right-of-use of lease assets	19,454	16,903
Investment in joint ventures	64,735	67,308
Other receivables	16,235	87,612
	<u>1,510,601</u>	<u>1,533,254</u>
Current Assets		
Trade and other receivables	799,990	796,384
Investment funds with licensed financial institutions	55,000	123,281
Deposits, bank and cash balances	345,265	169,145
	<u>1,200,255</u>	<u>1,088,810</u>
Total Assets	<u>2,710,856</u>	<u>2,622,064</u>
Equity		
Equity attributable to owners of the Parent		
Share capital	642,000	642,000
Cash flow hedge reserve	2,193	4,414
Retained profits	366,052	396,641
Total Equity	<u>1,010,245</u>	<u>1,043,055</u>
Non-Current Liabilities		
Redeemable preference share	-	-
Deferred tax liabilities	172,696	163,535
Contract liabilities	9,346	11,911
Borrowings	151,000	181,000
Lease liabilities	3,581	1,778
	<u>336,623</u>	<u>358,224</u>
Current Liabilities		
Trade and other payables	994,521	1,010,641
Contract liabilities	4,529	4,529
Borrowings	303,952	201,839
Lease liabilities	1,125	494
Tax payable	5,291	3,282
Dividend payable	54,570	-
	<u>1,363,988</u>	<u>1,220,785</u>
Total Liabilities	<u>1,700,611</u>	<u>1,579,009</u>
Total Equity and Liabilities	<u>2,710,856</u>	<u>2,622,064</u>
Net assets per share attributable to ordinary equity holders of the Parent (Sen)	78.68	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 September 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	-	-	-	143,393	143,393
Other comprehensive loss for the financial period	-	-	(2,221)	-	(2,221)
Total comprehensive income for the financial period	-	-	(2,221)	143,393	141,172
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)
- First interim dividend for the financial year ending 31 December 2020	-	-	-	(54,570)	(54,570)
	-	-	-	(173,982)	(173,982)
At 30 September 2020	1,284	642,000	2,193	366,052	1,010,245

* 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 September 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	-	-	-	132,177	132,177
Other comprehensive income for the financial period	-	-	6,626	-	6,626
Total comprehensive income for the financial period	-	-	6,626	132,177	138,803
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)
- First interim dividend for the financial year ended 31 December 2019	-	-	-	(61,632)	(61,632)
	-	-	-	(177,192)	(177,192)
At 30 September 2019	1,284	642,000	4,582	338,713	985,295

* 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 September 2020**

	9 months ended 30.09.2020 RM'000 (Unaudited)	9 months ended 30.09.2019 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	196,398	173,900
Adjustments for:		
Depreciation and amortisation	65,054	58,755
Gain on disposal of property, plant and equipment	-	(43)
Property, plant and equipment written off	3,382	-
Impairment/(write back of loss allowance) on trade and other receivables	727	(1,814)
Share of results in joint ventures	259	1,475
Impairment of investment in a joint venture	490	-
Finance income	(6,571)	(3,198)
Finance costs	12,186	11,289
Operating profit before working capital changes	<u>271,925</u>	<u>240,364</u>
Changes in working capital:		
Receivables	67,633	(253,364)
Payables and contract liabilities	(18,826)	2,611
Cash generated from/(used in) operations	320,732	(10,389)
Zakat paid	(2,625)	(2,625)
Tax paid	(39,212)	(31,489)
Tax refund	2	171
Net cash flows generated from/(used in) operating activities	<u>278,897</u>	<u>(44,332)</u>
Cash flows from investing activities		
Investment in a joint venture	(1,057)	(3,500)
Purchase of property, plant and equipment	(116,328)	(56,427)
Government grant received	-	20,000
Proceeds from disposal of property, plant and equipment	-	61
Finance income received	6,642	3,230
Withdrawal of investment funds with licensed financial institutions	68,281	101,652
Net cash flows (used in)/generated from investing activities	<u>(42,462)</u>	<u>65,016</u>
Cash flows from financing activities		
Dividends paid	(119,412)	(115,560)
Issuance of Islamic Medium Term Notes and Islamic Commercial Papers	1,250,000	350,000
Repayment of Islamic Medium Term Notes and Islamic Commercial Papers	(1,180,000)	(350,000)
Lease liabilities paid	(1,000)	(1,130)
Finance cost paid	(9,903)	(8,595)
Net cash flows used in financing activities	<u>(60,315)</u>	<u>(125,285)</u>
Net change in cash and cash equivalents	176,120	(104,601)
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><u>345,265</u></u>	<u><u>128,153</u></u>

Non-cash transactions:

Finance income receivable arising from deposits with financial institution amounting to RM16,000 (30 September 2019: RM90,000) 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 September 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/payment	60,097	(119,412)	(1,000)	(60,315)
Non-cash items:				
- Dividends declared	-	173,982	-	173,982
- Finance cost	12,016	-	170	12,186
- Addition of lease liabilities	-	-	3,405	3,405
- Accrual for unpaid lease liabilities	-	-	(141)	(141)
At 30 September 2020	<u>454,952</u>	<u>54,570</u>	<u>4,706</u>	<u>514,228</u>
At 1 January 2019	283,966	-	2,708	286,674
Cash flows - net of drawdown and repayment/payment	(8,595)	(115,560)	(1,130)	(125,285)
Non-cash items:				
- Dividends declared	-	177,192	-	177,192
- Finance cost	10,319	-	970	11,289
- Addition of lease liabilities	-	-	18	18
- Accrual for unpaid lease liabilities	-	-	(162)	(162)
At 30 September 2019	<u>285,690</u>	<u>61,632</u>	<u>2,404</u>	<u>349,726</u>

Notes to the interim financial statements

1. Basis of preparation

The condensed consolidated interim financial statements for the financial period ended 30 September 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

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 June 2020:
 - Amendments to MFRS 16 "COVID-19-Related Rent Concessions"

- (ii) Financial year beginning on or after 1 January 2021:
 - Amendments to MFRS 9, 139, 7 and 16 on Interest Rate Benchmark Reform - Phase 2

- (iii) Financial year beginning on or after 1 January 2022:
 - 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 9 "Fees in the '10 per cent' test for Derecognition of Financial Liabilities"
 - Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract"

- (iv) Financial year beginning on or after 1 January 2023:
 - Amendments to MFRS 101 "Classification of liabilities as current or non-current"

(v) 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 has early adopted the amendments to MFRS 16 "COVID-19 Related Rent Concessions" in the current financial year and it has no financial impact to the Group upon its initial application. Other than the foregoing, the Group did not early adopt any of the other 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 other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 30 September 2020.

On 9 July 2020, the Company issued two Islamic Commercial Papers ("ICP") under the Sukuk Murabahah Programme amounting to RM50.0 million and RM150.0 million respectively for a tenure of one month. These ICPs were all repaid during the current quarter.

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 Islamic Medium Term Notes ("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 programmes 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. finance the present and future Shariah-compliance investments of GMD and of the Company;
3. finance the Shariah-compliant working capital and capital expenditure requirements of GMD and of the Company; and/or
4. 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 its 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.

On 7 August 2020 and 7 September 2020, GMD issued ICPs under the Sukuk Murabahah Programme amounting to RM180.0 million and RM170.0 million respectively for a tenure of one month, for which the ICPs amounting to RM180.0 million was repaid during the current quarter.

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 September 2020 is as follows:

	Natural		
	<u>Gas & LPG</u>	<u>Others</u>	<u>Total</u>
	RM' 000	RM' 000	RM' 000
<u>30 September 2020</u>			
<u>Revenue:</u>			
Total segment revenue			
- external	4,867,946	-	4,867,946
a) Sale of natural gas and LPG:			
- over time	4,860,465	-	4,860,465
b) Tolling fee:			
- over time	7,481	-	7,481
	4,867,946	-	4,867,946
<u>Results:</u>			
Profit before zakat and taxation	195,009	1,389	196,398
Finance income	(6,571)	-	(6,571)
Depreciation and amortisation	65,013	41	65,054
Earnings before finance income, zakat, taxation, depreciation and amortisation	253,451	1,430	254,881

	Natural		
	<u>Gas & LPG</u>	<u>Others</u>	<u>Total</u>
	RM' 000	RM' 000	RM' 000
<u>Assets and liabilities:</u>			
Segment assets	2,642,081	4,040	2,646,121
Investment in joint ventures	185	64,550	64,735
Total assets	<u>2,642,266</u>	<u>68,590</u>	<u>2,710,856</u>
Segment liabilities	1,522,604	20	1,522,624
Taxation	5,303	(12)	5,291
Deferred tax liabilities	172,696	-	172,696
Total liabilities	<u>1,700,603</u>	<u>8</u>	<u>1,700,611</u>

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

	Natural		
	<u>Gas & LPG</u>	<u>Others</u>	<u>Total</u>
	RM' 000	RM' 000	RM' 000
<u>30 September 2019</u>			
<u>Revenue:</u>			
Total segment revenue			
- external	<u>5,208,183</u>	<u>-</u>	<u>5,208,183</u>
a) Sale of natural gas and LPG:			
- over time	5,199,719	-	5,199,719
b) Tolling fee:			
- over time	8,464	-	8,464
	<u>5,208,183</u>	<u>-</u>	<u>5,208,183</u>

	Natural		
	<u>Gas & LPG</u>	<u>Others</u>	<u>Total</u>
	RM' 000	RM' 000	RM' 000
<u>Results:</u>			
Profit before zakat and taxation	175,351	(1,451)	173,900
Finance income	(3,198)	-	(3,198)
Depreciation and amortisation	58,714	41	58,755
Earnings before finance income, zakat, taxation, depreciation and amortisation	<u>230,867</u>	<u>(1,410)</u>	<u>229,457</u>
<u>Assets and liabilities:</u>			
Segment assets	2,529,073	4,044	2,533,117
Investment in joint ventures	210	44,561	44,771
Total assets	<u>2,529,283</u>	<u>48,605</u>	<u>2,577,888</u>
Segment liabilities	1,415,462	13	1,415,475
Taxation	12,905	(12)	12,893
Deferred tax liabilities	164,225	-	164,225
Total liabilities	<u>1,592,592</u>	<u>1</u>	<u>1,592,593</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 September 2020 except for the issuance and repayment of IMTN and ICPs by the Group as disclosed below:

- (i) On 2 October 2020, the Group repaid an IMTN amounting to RM100.0 million which was previously issued on 4 October 2017.
- (ii) On 7 October 2020 and 6 November 2020, the Group issued ICPs under the Sukuk Murabahah Programme amounting to RM240.0 million and RM230.0 million respectively for a tenure of one month.
- (iii) On 7 October 2020 and 6 November 2020, the Group repaid the outstanding ICPs of RM170.0 million and RM240.0 million which were previously issued on 7 September 2020 and 7 October 2020 respectively.

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 30.09.20 RM' 000
Property, plant and equipment:	
Authorised and contracted for	111,629
Authorised but not contracted for	125,274
	<hr/> 236,903 <hr/>

14. Related party transactions

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

	Cumulative 9 months ended 30.09.20 RM' 000	Cumulative 9 months ended 30.09.19 RM' 000
Parties transacted with:		
Petronas Energy & Gas Trading Sdn Bhd		
- Purchase of natural gas**	(4,500,647)	(4,878,762)
- Tolling fee income*	7,481	8,463
Petroliam Nasional Berhad		
- Cash contribution for Citygate construction paid*	(20,630)	(11,876)
Petronas Dagangan Berhad		
- Purchase of liquefied petroleum gas*	(6,101)	(8,566)

Central Sugar Refinery Sdn Bhd		
- Sale of natural gas***	63,016	66,747
Central Sugar Refinery (Padang Terap) Sdn Bhd		
- Sale of natural gas***	24,803	20,301
HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.	831	2,077
- Sale of natural gas***		
Gas Malaysia Energy Advance Sdn. Bhd.		
- Sale of natural gas***	76,667	85,254
Johor Port Logistic Sdn. Bhd.		
- Logistic services*	1,053	598

* 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 September 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	-	55,000	-	55,000

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

	Third quarter ended		
	30.09.2020	30.09.2019	Variance
	RM'000	RM'000	%
Revenue	1,722,101	1,755,872	(1.9)
Operating profit	66,573	54,786	21.5
Profit before finance income, zakat and taxation	67,278	52,400	28.4
Profit before zakat and taxation	69,808	53,157	31.3
Profit after zakat and taxation	50,906	41,997	21.2
Profit attributable to ordinary equity holders of the Parent	50,906	41,997	21.2

The Group's revenue for the third quarter ended 30 September 2020 was RM1,722.1 million compared to RM1,755.9 million in the corresponding period in 2019, representing a decrease of 1.9%. This was in line with lower average natural gas tariff despite higher volume of natural gas sold.

The profit before zakat and taxation for the third quarter ended 30 September 2020 was RM69.8 million, an increase of 31.3% as compared to RM53.2 million in the corresponding period last year. This was mainly due to higher gross profit in line with higher volume of natural gas sold coupled with higher gas contribution margin and mitigated by higher overheads and depreciation being part of cost of sales. In addition, higher finance income and share of profit from joint venture companies also contributed to the increase in profit before zakat and taxation.

	Financial period ended		
	30.09.2020	30.09.2019	Variance
	RM'000	RM'000	%
Revenue	4,867,946	5,208,183	(6.5)
Operating profit	188,387	170,112	10.7
Profit before finance income, zakat and taxation	189,827	170,702	11.2
Profit before zakat and taxation	196,398	173,900	12.9
Profit after zakat and taxation	143,393	132,177	8.5
Profit attributable to ordinary equity holders of the Parent	143,393	132,177	8.5

The Group's revenue for the financial period ended 30 September 2020 was RM4,867.9 million compared to RM5,208.2 million in the corresponding period in 2019, representing a decrease of 6.5%. 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 September 2020 was RM196.4 million, an increase of 12.9% as compared to RM173.9 million in the corresponding period last year. This was mainly due to higher gross profit in line with higher gas contribution margin despite lower volume of natural gas sold, mitigated by higher overheads and depreciation being part of cost of sales. In addition, higher finance income and lower losses from share of results from joint venture companies, which were partially offset by higher operating expenses, also contributed to the increase in profit before zakat and taxation.

17. Variation of results against preceding quarter

The Group recorded a higher profit before zakat and taxation of RM69.8 million in the current quarter as compared to RM59.2 million in the preceding quarter. This was mainly attributed to higher gross profit in line with higher volume of natural gas sold, coupled with higher gas contribution margin and lower overheads being part of cost of sales. In addition, the current quarter also showed higher finance and other income and share of profit from joint venture companies. However, the increase in profit before zakat and taxation was partially offset by higher 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 a series of Movement Control Order ("MCO") in a bid to contain the spread of Covid-19.

Whilst the Group's customers are able to fully resume their operation under the Recovery MCO effective from 19 June 2020, the Group's financial performance for the financial year ending 31 December 2020 will be affected by the duration and the extent of the economic stimulus packages given/offered by the Government during the Covid-19 pandemic, coupled with the pace of economic recovery in Malaysia and globally.

The Board will continue to exercise caution in managing the Group's businesses for the rest of the financial year.

19. Profit before zakat and taxation

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

	Third quarter ended		Financial period ended	
	30.09.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
Depreciation and amortisation	22,351	19,947	65,054	58,755
Property, plant and equipment written off	3,256	-	3,382	-
Impairment/(write back of loss allowance) on trade and other receivables	727	-	727	(1,814)
Impairment of investment in a joint venture	490	-	490	-

Included in the revenue for the financial period ended 30 September 2020 is an amount relating to assets contributed by customers amounting to RM2.6 million (30 September 2019: RM2.6 million), of which the remaining amount of RM13.9 million (30 September 2019: RM17.3 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 30.09.20 <u>RM' 000</u>	3 months ended 30.09.19 <u>RM' 000</u>	Cumulative 9 months ended 30.09.20 <u>RM' 000</u>	Cumulative 9 months ended 30.09.19 <u>RM' 000</u>
Income tax:				
- Current financial period	(11,901)	(8,507)	(41,824)	(35,285)
- Over accrual in prior financial period	<u>-</u>	<u>3,232</u>	<u>605</u>	<u>3,232</u>
	(11,901)	(5,275)	(41,219)	(32,053)
Deferred tax:				
- Origination and reversal of temporary timing differences	(6,126)	(5,010)	(9,161)	(7,045)
	<u>(18,027)</u>	<u>(10,285)</u>	<u>(50,380)</u>	<u>(39,098)</u>

The Group's effective tax rate for the quarter ended 30 September 2020 of 26.2%, which is higher than the statutory income tax rate in Malaysia, was mainly attributed to expenses not deductible for tax purpose.

The Group's effective tax rate for the financial period ended 30 September 2020 of 26.0%, 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.

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. Consequently, 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.

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 30.09.20 RM' 000	As at 31.12.19 RM' 000
<u>Current (unsecured):</u>		
Islamic Commercial Papers	173,952	100,000
Islamic Medium Term Notes	130,000	101,839
	<u>303,952</u>	<u>201,839</u>
 <u>Non-current (unsecured):</u>		
Islamic Medium Term Notes	151,000	181,000
Total borrowings	<u>454,952</u>	<u>382,839</u>

25. Material litigation

As at 30 September 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>30.09.20</u>	3 months ended <u>30.09.19</u>	Cumulative 9 months ended <u>30.09.20</u>	Cumulative 9 months ended <u>30.09.19</u>
Profit for the period attributable to owners of the Parent (RM'mil)	50.9	42.0	143.4	132.2
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)	3.96	3.27	11.17	10.29
Diluted earnings per ordinary share (Sen)	3.96	3.27	11.17	10.29

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, which was paid on 8 October 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 12 November 2020.

By Order of the Board,

Yanti Irwani Binti Abu Hassan (MACS 01349)

Company Secretary

Shah Alam

Dated: 12 November 2020