



**PETRONAS**

# **PETRONAS GAS BERHAD**

## **Quarterly Report**

For Second Quarter ended 30 June 2020

# Quarterly Report

For Second Quarter ended 30 June 2020

Key Financial Highlights (in RM'000)	6 months ended		Variance %
	2020	30 June 2019	
Revenue	2,795,954	2,747,810	1.8
Gross profit	1,284,358	1,249,474	2.8
Profit before taxation (PBT)	1,160,881	1,321,320	-12.1
Profit for the period	921,734	1,045,607	-11.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	1,629,813	1,796,323	-9.3
Earnings per share (EPS) (sen)	46.25	51.47	-10.1
Declared dividends per share (sen)	82.00	32.00	156.3

- **PETRONAS Gas Berhad continued to record resilient financial results with revenue of RM2,796.0 million, an increase of 1.8% or RM48.2 million.** The higher revenue was contributed by Regasification and Gas Transportation segments in line with new tariffs for Regulatory Period 1 (RP1) effective 1 January 2020 and Gas Processing segment due to higher performance incentive. These were offset by lower revenue from Utilities segment due to lower electricity sales volume.
- **Gross profit was higher by 2.8% or RM34.9 million** with higher contribution from Gas Processing and Regasification segments following lower operating costs and higher RP1 tariff for LNG Regasification Terminal Pengerang respectively. These were offset by lower contribution from Utilities and Gas Transportation segments.
- **PBT at RM1,160.9 million was lower by 12.1% or RM160.4 million** due to unrealised foreign exchange loss on translation of USD-denominated liabilities totalling RM131.4 million, as RM softened against USD. This compared to unrealised foreign exchange gain of RM52.9 million recognised in the corresponding period.
- **Profit for the period was lower by 11.8% or RM123.9 million** in tandem with lower PBT.
- **EBITDA was lower by 9.3% or RM166.5 million at RM1,629.8 million** in line with lower profit before tax. Excluding the impact of the unrealised foreign exchange movement, EBITDA would be higher in line with gross profit.
- **EPS decreased by 10.1%**, reflecting lower profit attributable to shareholders of the Company.
- **The Board of Directors has approved a second interim dividend** of 16 sen per ordinary share amounting to RM316.6 million **and a special interim dividend** of 50 sen per ordinary share amounting to RM989.4 million in respect of the financial year ending 31 December 2020.

# Quarterly Report

For Second Quarter ended 30 June 2020

The Board of Directors of PETRONAS Gas Berhad (PGB or the Company) is pleased to announce the following unaudited condensed consolidated financial statements of PGB Group for the second quarter ended 30 June 2020 that should be read in conjunction with the accompanying explanatory notes on pages 5 to 23.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In RM'000</i>	Note	As at 30 June 2020	As at 31 December 2019
<b>ASSETS</b>			
Property, plant and equipment		13,089,050	13,246,513
Investment in joint ventures		615,474	547,361
Investment in associate		145,326	137,771
Deferred tax assets		264,480	273,814
Long term receivables		263,028	263,569
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,377,358</b>	14,469,028
Trade and other inventories		79,821	78,153
Trade and other receivables	25	890,894	954,875
Tax recoverable		-	59,769
Cash and cash equivalents		4,254,903	4,021,696
<b>TOTAL CURRENT ASSETS</b>		<b>5,225,618</b>	5,114,493
<b>TOTAL ASSETS</b>		<b>19,602,976</b>	19,583,521
<b>EQUITY</b>			
Share capital		3,165,204	3,165,204
Reserves		10,044,488	10,080,158
<b>Total equity attributable to the shareholders of the Company</b>		<b>13,209,692</b>	13,245,362
Non-controlling interests		292,466	319,813
<b>TOTAL EQUITY</b>		<b>13,502,158</b>	13,565,175
<b>LIABILITIES</b>			
Borrowings	27	2,041,602	3,792,264
Deferred tax liabilities		1,246,938	1,233,482
Deferred income		2,599	3,072
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,291,139</b>	5,028,818
Trade and other payables		801,379	882,876
Borrowings	27	1,976,456	106,652
Tax payable		31,844	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,809,679</b>	989,528
<b>TOTAL LIABILITIES</b>		<b>6,100,818</b>	6,018,346
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,602,976</b>	19,583,521
<b>Net assets per share attributable to the shareholders of the Company (RM)</b>		<b>6.6758</b>	6.6939

The unaudited condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

# Quarterly Report

For Second Quarter ended 30 June 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	3 months ended		6 months ended	
		2020	30 June 2019	2020	30 June 2019
<i>In RM'000</i>					
Revenue		1,399,818	1,380,220	2,795,954	2,747,810
Cost of revenue		(725,044)	(729,731)	(1,511,596)	(1,498,336)
<b>Gross profit</b>		<b>674,774</b>	650,489	<b>1,284,358</b>	1,249,474
Administration expenses		(27,720)	(20,537)	(57,430)	(46,047)
Other expenses		(3,825)	(15,845)	(131,438)	(10,684)
Other income		66,535	47,373	72,393	159,812
<b>Operating profit</b>	32	<b>709,764</b>	661,480	<b>1,167,883</b>	1,352,555
Financing costs		(56,157)	(56,532)	(110,540)	(116,786)
Share of profit after tax of equity-accounted joint ventures and associate		58,316	46,341	103,538	85,551
<b>Profit before taxation</b>		<b>711,923</b>	651,289	<b>1,160,881</b>	1,321,320
Tax expense	21	(138,208)	(136,456)	(239,147)	(275,713)
<b>PROFIT FOR THE PERIOD</b>		<b>573,715</b>	514,833	<b>921,734</b>	1,045,607
<b>Other comprehensive income/(expenses)</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net movement from exchange differences		(743)	7,267	6,862	(3,396)
Cash flow hedge:					
- Changes in fair value of derivatives		(1,683)	(12,555)	(15,509)	(23,909)
- Transfer to profit or loss		-	-	-	(36,458)
Share of cash flow hedge of an equity- accounted joint venture		(1,040)	2,681	7,548	4,593
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>570,249</b>	512,226	<b>920,635</b>	986,437
<b>Profit attributable to:</b>					
Shareholders of the Company		547,097	502,897	915,220	1,018,358
Non-controlling interests		26,618	11,936	6,514	27,249
<b>PROFIT FOR THE PERIOD</b>		<b>573,715</b>	514,833	<b>921,734</b>	1,045,607
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		543,631	495,413	914,121	960,642
Non-controlling interests		26,618	16,813	6,514	25,795
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>570,249</b>	512,226	<b>920,635</b>	986,437
<b>Basic and diluted earnings per ordinary share (sen)</b>		<b>27.65</b>	25.42	<b>46.25</b>	51.47

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

# Quarterly Report

For Second Quarter ended 30 June 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In RM'000	Attributable to shareholders of the Company								
	Non-distributable					Distributable		Non-controlling interests	Total
	Share capital	Hedging reserve	Foreign currency translation reserve	Other reserves	Retained profits	Total			
<b>Period ended 30 June 2019</b>									
<b>At 1 January 2019</b>	3,165,204	101,803	25,962	57,090	9,459,579	12,809,638	369,281	13,178,919	
Net movement from exchange differences	-	-	(1,942)	-	-	(1,942)	(1,454)	(3,396)	
Cash flow hedge	-	(60,367)	-	-	-	(60,367)	-	(60,367)	
Share of cash flow hedge of an equity-accounted joint venture	-	4,593	-	-	-	4,593	-	4,593	
Profit for the period	-	-	-	-	1,018,358	1,018,358	27,249	1,045,607	
<b>Total comprehensive (expenses) /income for the period</b>	-	(55,774)	(1,942)	-	1,018,358	960,642	25,795	986,437	
Redemption of redeemable preference share in subsidiary	-	-	-	354,111	(354,111)	-	(73,320)	(73,320)	
Interim dividend declared and paid in respect of previous year	-	-	-	-	(435,321)	(435,321)	-	(435,321)	
Interim dividend declared and paid in respect of current year	-	-	-	-	(316,597)	(316,597)	(19,656)	(336,253)	
<b>Total transactions with shareholders of the Company</b>	-	-	-	354,111	(1,106,029)	(751,918)	(92,976)	(844,894)	
<b>Balance at 30 June 2019</b>	3,165,204	46,029	24,020	411,201	9,371,908	13,018,362	302,100	13,320,462	
<b>Period ended 30 June 2020</b>									
<b>Balance at 1 January 2020</b>	3,165,204	37,786	15,132	411,201	9,616,039	13,245,362	319,813	13,565,175	
Net movement from exchange differences	-	-	6,862	-	-	6,862	-	6,862	
Cash flow hedge	-	(15,509)	-	-	-	(15,509)	-	(15,509)	
Share of cash flow hedge of an equity-accounted joint venture	-	7,548	-	-	-	7,548	-	7,548	
Profit for the year	-	-	-	-	915,220	915,220	6,514	921,734	
<b>Total comprehensive (expenses) /income for the period</b>	-	(7,961)	6,862	-	915,220	914,121	6,514	920,635	
Redemption of redeemable preference share in subsidiary	-	-	-	109,600	(109,600)	-	-	-	
Interim dividend declared and paid in respect of previous year	-	-	-	-	(633,194)	(633,194)	-	(633,194)	
Interim dividend declared and paid in respect of current year	-	-	-	-	(316,597)	(316,597)	(33,861)	(350,458)	
<b>Total transactions with shareholders of the Company</b>	-	-	-	109,600	(1,059,391)	(949,791)	(33,861)	(983,652)	
<b>Balance at 30 June 2020</b>	3,165,204	29,825	21,994	520,801	9,471,868	13,209,692	292,466	13,502,158	

# Quarterly Report

For Second Quarter ended 30 June 2020

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		6 months ended	
	Note	2020	30 June 2019
<i>In RM'000</i>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit Before Taxation		1,160,881	1,321,320
<i>Adjustments for:</i>			
Depreciation and amortisation	32	525,645	551,401
Financing costs		110,540	116,786
Interest income	32	(63,715)	(71,175)
Share of profit after tax of equity-accounted joint ventures and associate		(103,538)	(85,551)
Unrealised loss/(gain) on foreign exchange	32	131,438	(52,895)
Other non-cash items		24	(220)
<b>Operating profit before changes in working capital</b>		<b>1,761,275</b>	1,779,666
Change in trade and other receivables		65,775	125,705
Change in trade inventories		(1,668)	(4,964)
Change in trade and other payables		29,199	(17,909)
<b>Cash generated from operations</b>		<b>1,854,581</b>	1,882,498
Interest income from fund and other investments		63,715	71,175
Taxation paid		(124,764)	(155,977)
<b>Net cash generated from operating activities</b>		<b>1,793,532</b>	1,797,696
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Dividend received from associate and joint ventures		42,280	10,800
Investment in joint venture		-	(31,031)
Purchase of property, plant and equipment		(434,104)	(347,278)
Proceeds from disposal of property, plant and equipment		8,447	56
<b>Net cash used in investing activities</b>		<b>(383,377)</b>	(367,453)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid to shareholders of the Company	9	(949,791)	(751,918)
Dividends paid to non-controlling interest		(33,861)	(19,656)
Drawdown of term loan		-	7,226
Repayment of loan from corporate shareholder of a subsidiary	27	(29,081)	(26,322)
Financing costs paid		(110,392)	(116,564)
Repayment of lease liabilities	27	(53,823)	(49,498)
Payment on redemption of preference shares to non-controlling interest		-	(73,320)
<b>Net cash used in financing activities</b>		<b>(1,176,948)</b>	(1,030,052)
<b>Net increase in cash and cash equivalents</b>		<b>233,207</b>	400,191
Net foreign exchange difference		-	(297)
Cash and cash equivalents at beginning of the period		4,021,696	3,616,028
<b>Cash and cash equivalents at end of the period</b>		<b>4,254,903</b>	4,015,922

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated financial statements.

# Quarterly Report

For Second Quarter ended 30 June 2020

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The condensed consolidated financial statements are unaudited and have been prepared in accordance with the requirements of IAS 34, *Interim Financial Reporting*, MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

They should also be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2019. The explanatory notes attached to the condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries and the Group's interest in an associate and its joint ventures as at and for the period ended 30 June 2020.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for the year ending 31 December 2020 under the Malaysian Financial Reporting Standards (MFRS) framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the year ended 31 December 2019 except as described below.

As of 1 January 2020, the Group has adopted the following amendments to MFRSs (pronouncements) which are effective for annual periods beginning on or after 1 January 2020.

Amendments to MFRS 3 *Business Combinations (Definition of a Business)*

Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

Amendments to MFRS 101 *Presentation of Financial Statements (Definition of Material)*

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)*

The Group has also early adopted the Amendment to MFRS 16 *Leases (Covid-19 Related Rent Concessions)* issued by the Malaysian Accounting Standards Board in June 2020, in response to the Covid-19 pandemic. The amendment is effective for annual periods beginning on or after 1 June 2020.

The initial application and adoption of the above-mentioned pronouncements is not expected to have any material impact to the financial statements of the Group.

### 3. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the year ended 31 December 2019 were not subject to any audit qualification.

### 4. SEASONAL OR CYCLICAL FACTORS

The Group's operations are not significantly affected by seasonal or cyclical fluctuations of the business/ industry.

### 5. EXCEPTIONAL ITEMS

There were no exceptional items during the quarter under review.

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For Second Quarter ended 30 June 2020

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the year ended 31 December 2019 that may have a material effect on the results of the quarter under review.

### 7. PROPERTY, PLANT AND EQUIPMENT

Freehold land and projects-in-progress are stated at cost less accumulated impairment losses and are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

### 8. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the period ended 30 June 2020, other than as disclosed in these condensed consolidated financial statements.

### 9. DIVIDENDS

The following dividends were declared and paid by the Company:

<i>In RM'000</i>	<b>6 months ended</b>	
	<b>2020</b>	<b>30 June 2019</b>
<b>Ordinary</b>		
Interim paid:		
2018 - Fourth interim dividend of 22 sen per ordinary share	-	435,321
2019 - First interim dividend of 16 sen per ordinary share	-	316,597
2019 - Fourth interim dividend of 22 sen per ordinary share	<b>435,321</b>	-
2019 - Special interim dividend of 10 sen per ordinary share	<b>197,873</b>	-
2020 - First interim dividend of 16 sen per ordinary share	<b>316,597</b>	-
	<b>949,791</b>	751,918

On 19 August 2020, the Directors of the Company approved a second interim dividend of 16 sen per ordinary share amounting to RM316.6 million and a special interim dividend of 50 sen per ordinary share amounting to RM989.4 million in respect of the financial year ending 31 December 2020.

The dividends are payable on 1 October 2020 to depositors registered in the Records of Depositors at the close of business on 9 September 2020.

A Depositor shall qualify for entitlement to the dividends only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.30 pm on 9 September 2020 in respect of ordinary transfers.
- b) Shares brought on the Bursa Malaysia Securities Berhad on a cum entitlement basis accordingly to the rules of the Bursa Malaysia Securities Berhad.

The financial statements for the current quarter do not reflect these approved interim dividends. The dividends will be accounted for in equity as an appropriation of retained profits in the financial statements for the financial year ending 31 December 2020.

### 10. CHANGES IN THE COMPOSITION OF THE GROUP

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



# Quarterly Report

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## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 11. FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short nature of these financial instruments.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The fair value hierarchy in the valuation technique are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are, observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The Group recognises transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and 3 of the fair value valuation hierarchy during the financial period.

<i>In RM'000</i>	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amounts
<b>30 June 2020</b>				
<b>Financial assets</b>				
<i>Current</i>				
Derivative assets	80	-	80	80
<i>Non-Current</i>				
Long term receivables	-	249,704	249,704	249,704
Derivative assets	13,324	-	13,324	13,324
<b>Total financial assets</b>	<b>13,404</b>	<b>249,704</b>	<b>263,108</b>	<b>263,108</b>
<b>Financial liabilities</b>				
<i>Current</i>				
Term loan	-	(1,861,843)	(1,861,843)	(1,861,843)
Loan from corporate shareholder of a subsidiary	-	(58,372)	(58,372)	(58,372)
Derivative liabilities	(13,533)	-	(13,533)	(13,533)
	(13,533)	(1,920,215)	(1,933,748)	(1,933,748)
<i>Non-Current</i>				
Loan from corporate shareholder of a subsidiary	-	(394,889)	(394,889)	(394,889)
	-	(394,889)	(394,889)	(394,889)
<b>Total financial liabilities</b>	<b>(13,533)</b>	<b>(2,312,104)</b>	<b>(2,328,637)</b>	<b>(2,328,637)</b>

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For Second Quarter ended 30 June 2020

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 11. FAIR VALUE INFORMATION (continued)

<i>In RM'000</i>	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amounts
<b>31 December 2019</b>				
<b>Financial assets</b>				
<i>Current</i>				
Derivative assets	952	-	952	952
<i>Non-Current</i>				
Long term receivables	-	261,589	261,589	261,589
Derivative assets	1,980	-	1,980	1,980
<b>Total financial assets</b>	<b>2,932</b>	<b>261,589</b>	<b>264,521</b>	<b>264,521</b>
<b>Financial liabilities</b>				
<i>Current</i>				
Loan from corporate shareholder of a subsidiary	-	(54,687)	(54,687)	(54,687)
Derivative liabilities	(1,329)	-	(1,329)	(1,329)
	(1,329)	(54,687)	(56,016)	(56,016)
<i>Non-Current</i>				
Term loan	-	(1,781,242)	(1,781,242)	(1,781,242)
Loan from corporate shareholder of a subsidiary	-	(406,295)	(406,295)	(406,295)
	-	(2,187,537)	(2,187,537)	(2,187,537)
<b>Total financial liabilities</b>	<b>(1,329)</b>	<b>(2,242,224)</b>	<b>(2,243,553)</b>	<b>(2,243,553)</b>

The calculation of fair value for derivative assets and derivative liabilities within financial instruments depends on the type of instruments as follows:

- Fair value of forward exchange contracts are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).
- Fair value of interest rate swap agreements are estimated by discounting expected future cash flows using current market interest rate and yield curve over the remaining term of the instruments.

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## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 12. SEGMENTAL INFORMATION

The Group has four reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because it requires different technology and marketing strategies. The following summary describes the operations in each of the Group's reporting segments:

- Gas Processing – activities include processing of natural gas from gas fields offshore the East Coast of Peninsular Malaysia into salesgas and other by-products such as ethane, propane and butane.
- Gas Transportation – activities include transportation of processed gas to gas shippers' end customers throughout Malaysia and export to Singapore and provision of operations and maintenance services.
- Regasification – activities include regasification of liquefied natural gas (LNG) into the Peninsular Gas Utilisation pipeline network.
- Utilities – activities include manufacturing, marketing and supplying of industrial utilities to the petrochemical complexes in the Kertih and Gebeng Industrial Area and provision of operations and maintenance services.

Performance is measured based on segment gross profit, as included in the performance reports to the Board of Directors as the Company believes that such information is the most relevant in evaluating the results of the segments.

The segmental information in respect of the associate and joint ventures are not presented as the contribution of the associate and joint ventures and the carrying amount of investment in the associate and joint ventures have been reflected in the statement of profit or loss and other comprehensive income and statement of financial position of the Group respectively.

Business Segment	6 months ended				Total
	Gas Processing	Gas Transportation	Regasification	Utilities	
Revenue	860,055	585,119	694,902	655,878	2,795,954
Segment results	472,246	396,086	332,819	83,207	1,284,358
Unallocated expense					(116,475)
Operating profit					1,167,883
Financing costs					(110,540)
Share of profit after tax of equity-accounted associate and joint ventures					103,538
Profit before taxation					1,160,881

Business Segment	6 months ended				Total
	Gas Processing	Gas Transportation	Regasification	Utilities	
Revenue	851,234	582,554	610,175	703,847	2,747,810
Segment results	413,442	415,054	316,214	104,764	1,249,474
Unallocated income					103,081
Operating profit					1,352,555
Financing costs					(116,786)
Share of profit after tax of equity-accounted associate and joint ventures					85,551
Profit before taxation					1,321,320

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## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 12. SEGMENTAL INFORMATION (continued)

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated income/(expenses) mainly comprises foreign exchange gain or loss as well as other corporate income and expenses.

The Group's revenue from contracts with customers which also represents reportable segment revenue are further disaggregated as follows:

In RM'000	6 months ended	
	2020	30 June 2019
<b>Geographical Locations</b>		
Peninsular Malaysia	2,788,814	2,710,480
Sabah and Sarawak	7,140	37,330
<b>Total</b>	<b>2,795,954</b>	<b>2,747,810</b>
<b>Products and Services</b>		
Gas processing services	860,055	851,234
Gas transportation services	579,647	558,633
Regasification services	694,902	610,175
Utilities		
- Electricity	285,126	333,785
- Steam	210,166	214,461
- Industrial gases	130,488	122,708
- Others <sup>1</sup>	29,492	32,307
Operations and maintenance services	6,078	24,507
<b>Total</b>	<b>2,795,954</b>	<b>2,747,810</b>

<sup>1</sup> Others relates to water treatment services and sale of other utilities products.

### 13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the quarter.

### 14. CONTINGENCIES

There were no material contingent liabilities and contingent assets subsequent to the audited financial statements for the year ended 31 December 2019.

# Quarterly Report

For Second Quarter ended 30 June 2020

## PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

### 15. CAPITAL COMMITMENTS

Outstanding commitments in respect of capital expenditure at the end of each reporting period not provided for in the interim financial statements are as follows:

<i>In RM'000</i>	As at 30 June 2020	As at 31 December 2019
Property, plant and equipment		
Approved and contracted for	390,637	428,549
Approved but not contracted for	2,869,738	3,141,300
	<u>3,260,375</u>	<u>3,569,849</u>
Share of capital expenditure of joint ventures		
Approved and contracted for	1,377	18,760
Approved but not contracted for	16,851	15,405
	<u>18,228</u>	<u>34,165</u>
	<u>3,278,603</u>	<u>3,604,014</u>

### 16. RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2019.

# Quarterly Report

For Second Quarter ended 30 June 2020

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD**

## 17. REVIEW OF GROUP PERFORMANCE

### (a) Performance of current quarter against the corresponding quarter

In RM'000	3 months ended		Variance %
	2020	30 June 2019	
Revenue	1,399,818	1,380,220	1.4
Gross profit	674,774	650,489	3.7
Profit before taxation (PBT)	711,923	651,289	9.3
Profit for the quarter	573,715	514,833	11.4
EBITDA*	940,075	898,608	4.6

\* EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group maintained its world-class reliability performance across all its plants and facilities during the quarter under review.

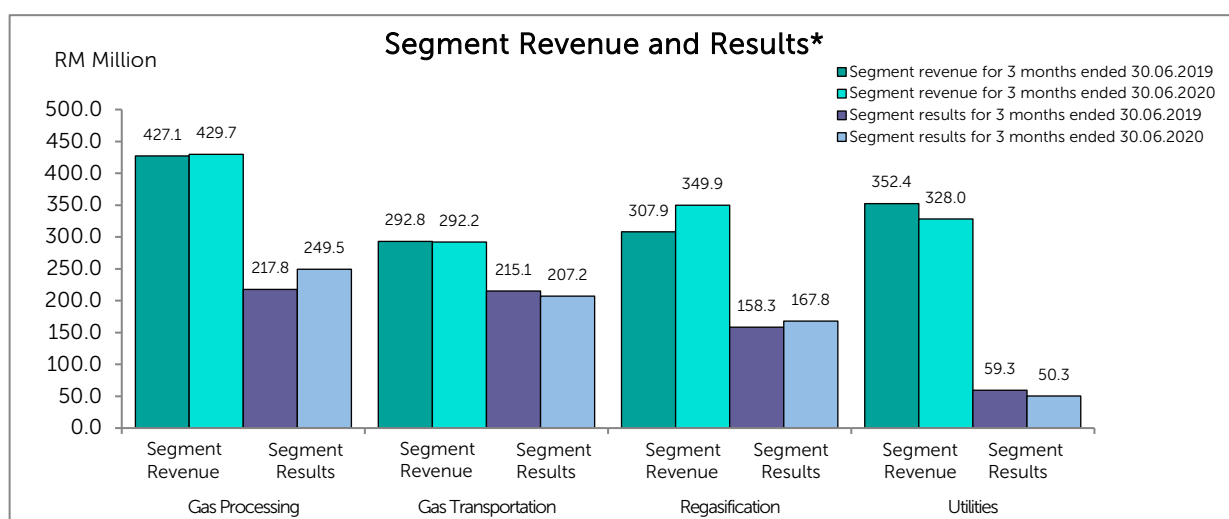
The Group recorded higher revenue by 1.4% or RM19.6 million at RM1,399.8 million mainly contributed by higher revenue from Regasification segment in line with new tariffs for Regulatory Period 1 (RP1) effective 1 January 2020, offset by lower revenue from Utilities segment as a result of lower electricity sales volume.

Gross profit was higher by 3.7% or RM24.3 million largely driven by lower operating costs.

PBT grew by 9.3% or RM60.6 million as the Group was positively affected by higher unrealised foreign exchange gain and higher share of profit from a joint venture in addition to higher gross profit. The Group recorded unrealised foreign exchange gain on translation of USD liabilities totalling RM20.5 million due to favourable movement of RM against USD during the quarter, compared to a loss of RM4.8 million in the corresponding quarter.

Profit for the quarter was correspondingly higher by 11.4% or RM58.9 million.

The following section provides further analysis of the Group performance by operating segments.



\*Note: Segment Results refers to Gross Profit

# Quarterly Report

For Second Quarter ended 30 June 2020

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

### 17. REVIEW OF GROUP PERFORMANCE (continued)

#### (a) Performance of current quarter against the corresponding quarter (continued)

##### Gas Processing

The Group's Gas Processing plants maintained its world class operational performance, recording close to 99% reliability.

Segment revenue was comparable at RM429.7 million against corresponding quarter.

Segment results grew by 14.6% or RM31.7 million on the back of lower operating costs attributable to lower depreciation expense as a result of fully depreciated assets and lower maintenance costs.

##### Gas Transportation

The Group's pipeline network continued to achieve close to 100% reliability, comparable to the corresponding quarter.

Suruhanjaya Tenaga has approved regulated tariff of RM1.129/GJ for the Peninsular Gas Utilisation (PGU) pipeline network which is applicable for Regulatory Period 1 (RP1) from 1 January 2020 to 31 December 2022. This compares to regulated tariff of RM1.072/GJ in 2019 under Pilot Regulatory Period (PRP).

The higher RP1 tariff follows the inclusion of IGC cost recovery, which is a pass-through cost. Prior to RP1, IGC cost was borne directly by the shipper.

Segment revenue was comparable at RM292.2 million as higher RP1 tariff mitigated lower revenue following transfer of Sabah-Sarawak Gas Pipeline operations to PETRONAS Carigali Sdn Bhd as well as transfer of Miri and Bintulu gas distribution assets to a third-party.

Segment results declined by 3.7% or RM7.9 million as a result of lower net RP1 tariff excluding IGC, amidst lower operating expenses. Net RP1 tariff excluding IGC was lower mainly due to the transitioning of regulated asset base from depreciated replacement costs to net book value under Incentive-based Regulation (IBR).

##### Regasification

The Group's LNG regasification Terminals in Sg. Udang, Melaka (RGTSU) and Pengerang, Johor (RGTP) sustained their strong reliability performance at close to 100% during the quarter.

Suruhanjaya Tenaga has approved regulated tariff of RM3.455/GJ and RM3.485/GJ for RGTSU and RGTP respectively which are applicable for RP1 from 1 January 2020 to 31 December 2022. In 2019, tariffs were RM3.518/mmBtu and USD0.637/mmBtu respectively under PRP.

The RP1 tariffs are higher on a comparable unit basis following the inclusion of IGC cost recovery, which is a pass-through cost. Prior to RP1, IGC cost was borne directly by the capacity user. In addition, RGTP tariff was higher due to inclusion of jetty leased asset for RP1.

Segment revenue grew by 13.6% or RM42.0 million in line with higher tariffs.

Segment results increased by 9.5% or RM6.5 million attributable to higher contribution from RGTP, offset by higher operating expenses, mainly utilities costs.

# Quarterly Report

For Second Quarter ended 30 June 2020

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF  
BURSA MALAYSIA SECURITIES BERHAD

## 17. REVIEW OF GROUP PERFORMANCE (continued)

### (a) Performance of current quarter against the corresponding quarter (continued)

#### Utilities

Utilities revenue were lower by 6.9% or RM24.4 million, mainly attributable to lower electricity sales as a result of lower offtake by customers during the quarter.

Segment results were lower by 15.2% or RM9.0 million with lower contribution from electricity sales volume offset by lower depreciation and utilities cost of sales in line with lower production.



# Quarterly Report

For Second Quarter ended 30 June 2020

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD**

**17. REVIEW OF GROUP PERFORMANCE (continued)**

**(b) Performance of current year to date against the corresponding year to date**

In RM'000	6 months ended		Variance %
	2020	30 June 2019	
Revenue	2,795,954	2,747,810	1.8
Gross profit	1,284,358	1,249,474	2.8
Profit before taxation (PBT)	1,160,881	1,321,320	-12.1
Profit for the period	921,734	1,045,607	-11.8
EBITDA*	1,629,813	1,796,323	-9.3

\* EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group's plants and facilities continued to perform strongly, close to 100% reliability during the period.

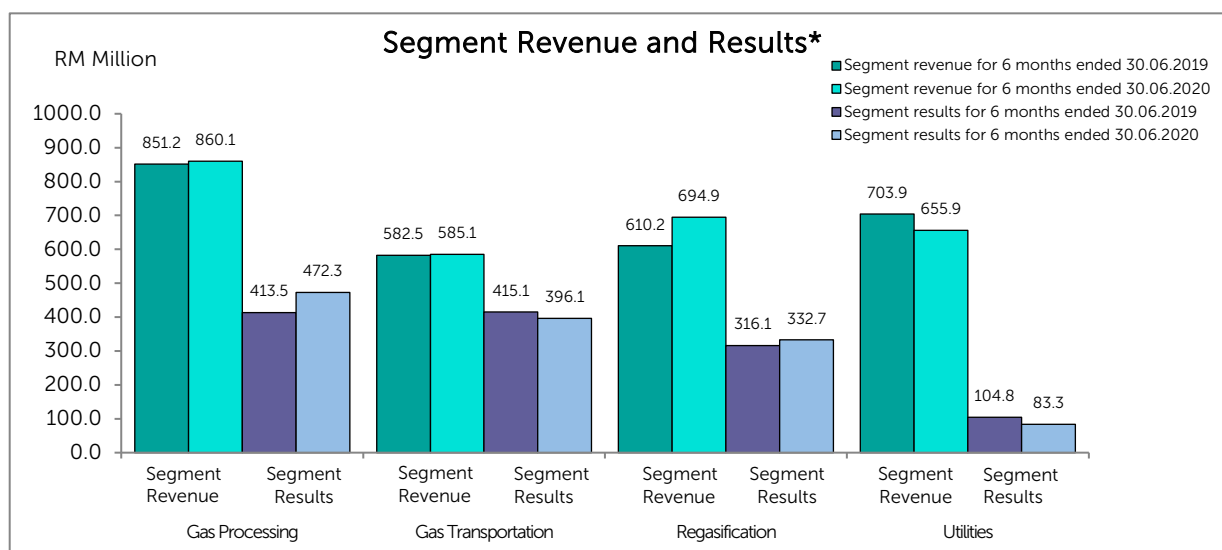
Group revenue remained resilient at RM2,796.0 million compared to corresponding period with higher revenue from Regasification, Gas Transportation and Gas Processing segments.

Gross profit improved by 2.8% or RM34.9 million at RM1,284.4 million as a result of higher contribution from Gas Processing segment due to lower operating costs and higher contribution from Regasification segment mainly attributable to higher Regulatory Period 1 (RP1) tariff for LNG Regasification Terminal, Pengerang. These were offset by lower contribution from Utilities segment due to lower electricity sales and from Gas Transportation segment following the transitioning of regulated asset base from depreciated replacement costs to net book value under Incentive-based Regulation (IBR).

PBT was lower by 12.1% or RM160.4 million due to recognition of unrealised foreign exchange loss of RM131.4 million relating to translation of USD-denominated liabilities during the period, compared to gain of RM52.9 million in the corresponding period. Excluding the impact of the unrealised foreign exchange movement, PBT would be higher by RM23.9 million in line with gross profit.

Profit for the year was lower by 11.8% or RM123.9 million in tandem with lower PBT.

The following section provides further analysis of the Group performance by operating segments.



\*Note: Segment Results refers to Gross Profit

# Quarterly Report

For Second Quarter ended 30 June 2020

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

### 17. REVIEW OF GROUP PERFORMANCE (continued)

#### (b) Performance of current year to date against the corresponding year to date (continued)

##### Gas Processing

The Group's Gas Processing plants maintained its world class operating performance, comparable to corresponding period.

Segment revenue increased by 1.0% or RM8.9 million mainly attributable from higher performance incentive reflective of efficient internal gas consumption (IGC) for plant operations coupled with new revenue stream from liquified petroleum gas importation and exportation services at Tanjung Sulong Export Terminal, Terengganu.

Segment results rose by 14.2% or RM58.8 million against the corresponding period driven by lower depreciation as a result of fully depreciated assets and maintenance costs.

##### Gas Transportation

The Group's pipeline network achieved close to 100% reliability, similar to the corresponding period.

Segment revenue was comparable to corresponding period at RM585.1 million as higher RP1 tariff mitigated lower revenue following the transfer of Sabah-Sarawak Gas Pipeline operations to PETRONAS Carigali Sdn Bhd as well as transfer of Miri and Bintulu gas distribution assets to a third-party.

Segment results was lower by 4.6% or RM19.0 million due to lower net RP1 tariff excluding IGC, amidst lower operating expenses. Net RP1 tariff excluding IGC was lower mainly due to the transitioning of regulated asset base from depreciated replacement costs to net book value under IBR.

##### Regasification

The Group's LNG regasification terminals in Sg. Udang, Melaka (RGTSU) and Pengerang, Johor (RGTP) sustained their strong reliability performance at close to 100% during the period.

Segment revenue improved by 13.9% or RM84.7 million in line with higher tariffs applicable for RP1 effective from 1 January 2020 to 31 December 2022.

Segment results increased by 5.3% or RM16.6 million largely attributable to higher contribution from RGTP, offset by higher operating expenses, mainly utilities costs.

##### Utilities

Segment revenue decreased by 6.8% or RM48.0 million, mainly attributable to lower electricity offtake by customers.

Segment results declined by 20.5% or RM21.5 million with lower contribution from electricity sales volume offset by lower depreciation and utilities cost of sales in line with lower production.

# Quarterly Report

For Second Quarter ended 30 June 2020

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

### 18. COMPARISON AGAINST IMMEDIATE PRECEDING QUARTER RESULTS

In RM'000	3 months ended		Variance %
	30 June 2020	31 March 2020	
Revenue	1,399,818	1,396,136	0.3
Gross profit	674,774	609,584	10.7
Profit before taxation (PBT)	711,923	448,958	58.6
Profit for the quarter	573,715	348,019	64.9
EBITDA*	940,075	689,738	36.3

\* EBITDA refers to earnings before interest, taxation, depreciation and amortisation, share of profit of equity accounted associate and joint ventures and other significant non-cash items.

The Group maintained its strong performance for plant and facilities reliability across all segments during the quarter under review.

Against the preceding quarter, the Group's revenue was sustained at RM1,399.8 million.

Gross profit improved by 10.7% or RM65.2 million to RM674.8 million on the back of lower operating costs by Gas Processing, Gas Transportation and Utilities business segments.

PBT and profit for the quarter were higher by 58.6% or RM263.0 million and 64.9% or RM225.7 million respectively due to higher unrealised foreign exchange gain and higher share of profit from a joint venture in addition to higher gross profit. During the quarter, the Group recorded unrealised foreign exchange gain on translation of USD liabilities totalling RM20.5 million due to strengthening of RM against USD compared to loss of RM152.0 million in the preceding quarter.

### 19. REVIEW OF GROUP FINANCIAL POSITION

In RM'000	As at	As at	Variance %
	30 June 2020	31 December 2019	
Total assets	19,602,976	19,583,521	0.1
Total equity attributable to the shareholders of the Company	13,209,692	13,245,362	-0.3
Total liabilities	6,100,818	6,018,346	1.4
Return on equity (%)	13.9	14.6	-0.7

The Group's total assets at RM19.6 billion was higher by 0.1% or RM19.5 million following higher cash and cash equivalents offset by lower property, plant and equipment and trade and other receivables.

Total equity attributable to shareholders of the Company was lower by 0.3% or RM35.7 million at RM13.2 billion in line with higher dividends paid to shareholders of the Company offset by profit for the period.

Total liabilities increased by 1.4% or RM82.5 million mainly attributable to translation of borrowings denominated in USD in line with unfavourable exchange rate movement trend against Ringgit Malaysia during the period.

# Quarterly Report

For Second Quarter ended 30 June 2020

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

### 20. REVIEW OF GROUP CASH FLOWS

<i>In RM'000</i>	6 months ended		Variance %
	2020	30 June 2019	
Net cash generated from operating activities	1,793,532	1,797,696	-0.2
Net cash used in investing activities	(383,377)	(367,453)	4.3
Net cash used in financing activities	(1,176,948)	(1,030,052)	14.3
<b>Net increase in cash and cash equivalents</b>	<b>233,207</b>	<b>400,191</b>	<b>-41.7</b>

Net cash generated from operating activities was slightly lower by 0.2% or RM4.2 million mainly due to lower collection from Utilities customers in line with lower utilities sales.

Net cash used in investing activities increased by 4.3% or RM15.9 million in line with higher spending on capital expenditure, mainly for statutory plant turnaround activities.

Net cash used in financing activities was higher by 14.3% or RM146.9 million arose from higher dividends paid to shareholders of the Company.

### 21. TAX EXPENSE

Tax expense comprises the following:

<i>In RM'000</i>	3 months ended		6 months ended	
	2020	30 June 2019	2020	30 June 2019
<b>Current tax expenses</b>				
Malaysia				
- current period	114,927	120,641	216,376	235,103
<b>Deferred tax expenses</b>				
- origination and reversal of temporary differences	23,281	15,815	22,771	40,610
<b>Total tax expenses</b>	<b>138,208</b>	<b>136,456</b>	<b>239,147</b>	<b>275,713</b>

The effective tax rate (ETR) for the quarter and six months' period ended 30 June 2020 was lower than the statutory tax rate of 24% mainly due to tax incentives granted for LNG regasification terminal in Pengerang, Johor.

### 22. COMMENTARY ON PROSPECTS

As announced by the Group on 20 December 2019, the Energy Commission has approved the Incentive-based Regulation tariffs for the Regulatory Period 1 (RP1) for the Gas Transportation and Regasification services which commence from 1 January 2020 to 31 December 2022.

The Group's Transportation and Regasification business segment are anticipated to continue contributing positively to the Group's earnings under the RP1 tariffs.

The Group's Gas Processing segment is expected to remain stable on the back of its strong and sustainable income stream under the 2<sup>nd</sup> Term of the 20-year Gas Processing Agreement effective from 2019 until 2023.

The Group's Utilities segment contribution will be driven by customer demand, underpinned by economic conditions.

The COVID-19 pandemic is not expected to significantly impact the Group's overall earnings as the Group's business model and long-term contracts ensures steady revenue streams, particularly for Gas Processing, Gas Transportation and Regasification business segments.

# Quarterly Report

For Second Quarter ended 30 June 2020

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

### 23. PROFIT FORECAST

There was no profit forecast published by the Group as at the date of this report.

### 24. STATUS OF CORPORATE PROPOSAL ANNOUNCED BUT NOT COMPLETED

There was no corporate proposal announced but not completed as at the date of this report.

### 25. TRADE AND OTHER RECEIVABLES

<i>In RM'000</i>	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
<b>Trade receivables</b>		
- Third party	8,568	27,828
- Related companies	626,428	624,653
- Joint ventures	359	354
- Related parties	32,429	33,915
	<u>667,784</u>	<u>686,750</u>
<b>Other receivables</b>	223,233	268,210
Less: Impairment losses	(123)	(85)
<b>Trade and other receivables</b>	<u>890,894</u>	<u>954,875</u>

Average credit term for trade receivables granted to related parties and third parties is 30 days.

The ageing of trade receivables as at reporting date are as follows:

<i>In RM'000</i>	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
Current	668,265	693,203
Past due 1 to 30 days	371	(140)
Past due 31 to 60 days	(852)	373
Past due 61 to 90 days	-	(8,623)
Past due more than 90 days	-	1,937
<b>Trade receivables</b>	<u>667,784</u>	<u>686,750</u>

With respect to the Group's trade receivables, there are no indications as at reporting date that the debtors will not meet their payment obligations.

#### Significant related party trade receivables

<b>Related parties</b>	<b>Nature of transactions</b>
<b>a. Holding company</b> Petroliam Nasional Berhad	Provision of gas processing services.
<b>b. Related companies</b> PETRONAS Energy & Trading Sdn Bhd  PETRONAS Chemical Derivatives Sdn Bhd PETRONAS Chemical MTBE Sdn Bhd PETRONAS Chemical Ammonia Sdn Bhd	Provision of gas transportation services and LNG regasification services. Sales of industrial utilities. Sales of industrial utilities. Sales of industrial utilities.

# Quarterly Report

For Second Quarter ended 30 June 2020

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

### 26. FOREIGN EXCHANGE EXPOSURE / HEDGING POLICY

The Group operates predominantly in Malaysia and transacts mainly in Ringgit Malaysia. Nevertheless, the Group is exposed to varying levels of foreign exchange risk when it enters into transactions that are not denominated in the respective companies' functional currencies and when foreign currency monetary assets and liabilities are translated at the reporting date.

The Group's foreign currency management policy is to minimise economic and significant transactional exposure arising from currency movements. Residual net positions are actively managed and monitored against prescribed policies and control procedures. When deemed necessary and appropriate, the Group will enter derivative financial instruments to hedge and minimise their exposure to the foreign currency movements.

### 27. BORROWINGS

Particulars of Group's borrowings are as follows:

<i>In RM'000</i>	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
<b>Non-Current</b>		
<b>Secured</b>		
Lease liabilities	1,646,713	1,604,727
<b>Unsecured</b>		
Term loan	-	1,781,242
Loan from corporate shareholder of a subsidiary	394,889	406,295
	<u>2,041,602</u>	<u>3,792,264</u>
<b>Current</b>		
<b>Secured</b>		
Lease liabilities	56,241	51,965
<b>Unsecured</b>		
Term loan	1,861,843	-
Loan from corporate shareholder of a subsidiary	58,372	54,687
	<u>1,976,456</u>	<u>106,652</u>
	<u>4,018,058</u>	<u>3,898,916</u>
 <i>In RM'000</i>		
<b>By Currency</b>		
RM	2,209	5,903
USD	4,015,849	3,893,013
Closing exchange rate (RM/USD)	4.2850	4.0995

# Quarterly Report

For Second Quarter ended 30 June 2020

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

### 27. BORROWINGS (continued)

In RM'000	Total	Less than	Between	More than
		1 year	1-5 years	5 years
<b>Secured</b>				
Lease liabilities	1,702,954	56,241	301,660	1,345,053
<b>Unsecured</b>				
Term loan	1,861,843	1,861,843	-	-
Loan from corporate shareholder of a subsidiary	453,261	58,372	252,933	141,956
	<u>4,018,058</u>	<u>1,976,456</u>	<u>554,593</u>	<u>1,487,009</u>

<sup>1</sup> Lease liabilities bears interest at rates between 7.2% to 9.1% (2019: between 7.2% to 9.1%) per annum.

<sup>2</sup> The unsecured term loan bears interest at floating rates ranging from 2.6% to 2.8% (2019: 3.2% to 3.5%) per annum and are due for full payment in February 2021. The Company had entered a series of Interest Rate Swaps in August 2017 to hedge against variable interest rate exposure arising from the unsecured term loan. As a result of this hedging arrangement, the unsecured term loan has a net fixed interest rate of 1.685% per annum.

<sup>3</sup> Loan from corporate shareholder of a subsidiary bears fixed interest at a rate of 6.5% per annum and are repayable in tranches at their various due dates from 2020 to 2028.

Reconciliation of liabilities arising from financing activities:

In RM'000	At	Net	Foreign	At
	1 January 2020	changes from financing cash flows	exchange movement	30 June 2020
Lease liabilities	1,656,692	(53,823)	100,085	1,702,954
Term loan	1,781,242	-	80,601	1,861,843
Loan from corporate shareholder of a subsidiary	460,982	(29,081)	21,360	453,261
	<u>3,898,916</u>	<u>(82,904)</u>	<u>202,046</u>	<u>4,018,058</u>

Lease liabilities mainly represents future obligation to make lease payments for the right to use the Group's floating storage unit in Sg. Udang, Melaka and jetty facilities in Pengerang, Johor.

Drawdown of term loan and loan from a corporate shareholder of a subsidiary was to finance the Group's LNG regasification terminal and air separation unit plant in Pengerang, Johor.

# Quarterly Report

For Second Quarter ended 30 June 2020

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

### 28. DERIVATIVES

Outstanding derivatives as at the date of the statement of financial position are as follows:

	Notional/Contract Value		Fair Value	
	As at 30 June 2020 USD'000	As at 31 December 2019 USD'000	As at 30 June 2020 RM'000	As at 31 December 2019 RM'000
Interest rate swap - 1 year to 3 years	322,003	322,003	(13,533)	1,980
Forward exchange contract - Less than 1 year	13,499	13,497	80	(377)

There were no changes to the requirements and nature of the outstanding derivatives as disclosed since the last audited financial statements for the year ended 31 December 2019.

### 29. MATERIAL LITIGATION

On 25 November 2019, the PETRONAS Gas Berhad ("the Company") was served a Notice of Arbitration by PBJV Group Sdn Bhd ("PBJV"), a wholly owned subsidiary of Barakah Offshore Berhad. The claim amounting to RM179.8 million is in relation to the procurement, construction and commissioning of Pengerang Gas Pipeline Project ("the Project") where a Consortium was appointed by the Company as the contractor for the Project. PBJV was one of the Consortium partners for the Project.

On 24 December 2019, the Company has responded to the Notice of Arbitration and denied all PBJV claims as baseless allegation and without any merits as the Global Settlement Agreement agreed by both Consortium partners recorded the settlement terms in relation to the Project.

No hearing date has been fixed as the arbitration proceeding is pending the confirmation of appointment of the Arbitrators by the President of Asian International Arbitration Centre (AIAC).

There has been no other material litigation since the last audited consolidated financial statements for the year ended 31 December 2019.

### 30. EARNINGS PER SHARE

Basic earnings per share (EPS) is derived based on the net profit attributable to shareholders of the Company and the number of ordinary shares outstanding during the period.

	3 months ended		6 months ended	
	2020	30 June 2019	2020	30 June 2019
Net profit for the period attributable to ordinary shareholders of the Company (RM'000)	547,097	502,897	915,220	1,018,358
Number of ordinary shares in issue ('000)	1,978,732	1,978,732	1,978,732	1,978,732
<b>EPS (sen)</b>	<b>27.65</b>	25.42	<b>46.25</b>	51.47

As at the date of the statement of financial position, the Company has not issued any dilutive potential ordinary shares and hence, the diluted EPS is the same as the basic EPS.



# Quarterly Report

For Second Quarter ended 30 June 2020

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

### 31. AUDITOR REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

As disclosed in Note 3.

### 32. OPERATING PROFIT FOR THE PERIOD

In RM'000	3 months ended		6 months ended	
	2020	2019	2020	2019
		30 June		30 June
<b>Operating profit includes the following charges:</b>				
Depreciation of property, plant and equipment*	259,766	273,980	525,645	551,401
Loss on disposal of property, plant and equipment	-	-	-	132
Loss on realised foreign exchange	-	10,379	-	10,495
Loss on unrealised foreign exchange	-	4,766	131,438	-
Impairment loss - expected credit loss	75	21	56	48
<b>and crediting:</b>				
Gain on realised foreign exchange	6,024	-	395	-
Gain on unrealised foreign exchange	20,520	-	-	52,895
Gain on disposal of property, plant and equipment	-	50	31	-
Interest income from fund investments	29,455	36,852	63,715	71,175

\* Includes depreciation on right-of-use (ROU) assets and amortisation of prepaid lease payments.

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

### 33. DIVIDENDS

As disclosed in Note 9.

### 34. EXCHANGE RATE

USD/MYR	30.06.2020	Individual quarter ended			Cumulative quarter ended		
		31.03.2020	30.06.2019	30.06.2020	30.06.2019	31.12.2019	
Average rate	4.3233	4.1795	4.1481	4.2514	4.1193	4.1683	
Closing rate	4.2850	4.3275	4.1415	4.2850	4.1415	4.0995	

### 35. AUTHORISED FOR ISSUE

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 August 2020.

### BY ORDER OF THE BOARD

Tengku Mazura Tengku Ismit (MACS 01585)  
Yeap Kok Leong (MAICSA 0862549)  
Company Secretaries  
Kuala Lumpur  
19 August 2020