

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 2nd QUARTER ENDED 30 JUNE 2019

(Amounts in RM million unless otherwise stated)

| | Individual | | Cumulative | |
|--|--|--|--|--|
| | Current year quarter ended 30.06.2019 | Preceding year quarter ended 30.06.2018 | Current year ended 30.06.2019 | Preceding year ended 30.06.2018 |
| Revenue | 12,876.0 | 12,497.9 | 26,120.8 | 24,771.9 |
| Operating expenses | (10,940.5) | (10,578.9) | (21,621.2) | (20,340.9) |
| Net loss on impairment of financial instruments | (89.9) | (104.5) | (369.6) | (109.3) |
| Other operating income | 226.9 | 199.9 | 448.4 | 382.4 |
| Operating profit | 2,072.5 | 2,014.4 | 4,578.4 | 4,704.1 |
| Foreign exchange | | | | |
| - Translation loss | (272.2) | (169.6) | (8.7) | (80.6) |
| - Transaction (loss)/gain | (6.7) | 0.7 | (62.7) | (5.2) |
| Share of results of joint ventures | 6.3 | 6.7 | 12.1 | 13.8 |
| Share of results of associates | 81.9 | (8.8) | 70.0 | (92.9) |
| Profit before finance cost | 1,881.8 | 1,843.4 | 4,589.1 | 4,539.2 |
| Finance income | 133.5 | 47.3 | 261.8 | 209.0 |
| Finance cost | (940.1) | (380.6) | (1,644.6) | (771.8) |
| Fair value changes of financial instruments | 7.6 | 13.8 | (49.9) | (37.1) |
| Profit before taxation and zakat | 1,082.8 | 1,523.9 | 3,156.4 | 3,939.3 |
| Taxation and Zakat | | | | |
| - Company and subsidiaries | (116.8) | (340.4) | (630.6) | (601.6) |
| - Deferred taxation | 164.1 | 84.9 | 125.5 | 47.5 |
| Profit for the period | 1,130.1 | 1,268.4 | 2,651.3 | 3,385.2 |
| Attributable to: | | | | |
| - Owners of the Company | 1,116.2 | 1,237.3 | 2,673.0 | 3,357.0 |
| - Non-controlling interests | 13.9 | 31.1 | (21.7) | 28.2 |
| Profit for the period | 1,130.1 | 1,268.4 | 2,651.3 | 3,385.2 |
| Earnings per share attributable to the owners of the Company | | | | |
| | Sen | Sen | Sen | Sen |
| Basic | 19.63 | 21.82 | 47.00 | 59.20 |
| Diluted | 19.63 | 21.80 | 47.00 | 59.14 |

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2nd QUARTER ENDED 30 JUNE 2019

(Amounts in RM million unless otherwise stated)

| | Individual | | Cumulative | |
|---|---|---|--------------------------------------|--|
| | Current year quarter ended 30.06.19 | Preceding year quarter ended 30.06.18 | Current year ended 30.06.19 | Preceding year ended 30.06.18 |
| Profit for the period | 1,130.1 | 1,268.4 | 2,651.3 | 3,385.2 |
| Other comprehensive expense | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Defined benefit plan actuarial (loss)/gain | (426.5) | - | (671.4) | 104.0 |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Foreign currency translation differences | 73.0 | (101.2) | 101.3 | (172.2) |
| Financial assets at fair value through other comprehensive income ('FVOCI') | (16.1) | 5.7 | (16.1) | 3.2 |
| Share of other comprehensive income ('OCI') of associates accounted for using the equity method | (3.9) | 0.7 | 3.8 | 14.3 |
| Total other comprehensive expense for the period | (373.5) | (94.8) | (582.4) | (50.7) |
| Total comprehensive income for the period | 756.6 | 1,173.6 | 2,068.9 | 3,334.5 |
| Attributable to: | | | | |
| - Owners of the Company | 742.7 | 1,142.5 | 2,090.6 | 3,306.3 |
| - Non-controlling interests | 13.9 | 31.1 | (21.7) | 28.2 |
| Total comprehensive income for the period | 756.6 | 1,173.6 | 2,068.9 | 3,334.5 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

(Amounts in RM million unless otherwise stated)

| | 30.06.2019 | 31.12.2018 |
|---|-------------------|-------------------|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 107,220.8 | 111,445.5 |
| Right-of-use assets | 39,948.4 | - |
| Joint ventures | 242.4 | 166.0 |
| Associates | 1,397.3 | 1,543.7 |
| Goodwill on consolidation | 240.5 | 240.7 |
| Investment in unquoted debt security | 339.2 | 326.7 |
| Tax recoverable | 1,765.1 | 1,765.1 |
| Deferred tax assets | 105.7 | 87.7 |
| Long term receivables | 689.0 | 1,245.5 |
| Finance lease receivables | 11.9 | 12.4 |
| Prepaid operating leases | - | 5,944.1 |
| Financial assets at FVOCI | 60.3 | 76.4 |
| Contract cost assets | 13.2 | 0.5 |
| Financial assets at fair value through profit or loss ('FVTPL') | 91.1 | 90.9 |
| Derivative financial instruments | - | 0.2 |
| | <u>152,124.9</u> | <u>122,945.4</u> |
| CURRENT ASSETS | | |
| Inventories | 1,523.4 | 1,295.9 |
| Receivables, deposits and prepayments | 7,368.2 | 6,803.4 |
| Contract cost assets | 124.0 | - |
| Contract assets | 3,367.9 | 3,361.8 |
| Tax recoverable | 498.2 | 422.6 |
| Finance lease receivables | 1.0 | 1.0 |
| Prepaid operating leases | - | 164.8 |
| Amounts due from joint ventures | 10.0 | 10.8 |
| Amounts due from associates | 216.1 | 364.9 |
| Derivative financial instruments | 0.6 | 1.2 |
| Financial assets at FVTPL | 8,992.0 | 9,652.4 |
| Deposits, bank and cash balances | 6,850.4 | 8,670.8 |
| | <u>28,951.8</u> | <u>30,749.6</u> |
| CURRENT LIABILITIES | | |
| Payables | (9,815.6) | (9,797.5) |
| Contract liabilities | (314.8) | (347.4) |
| Derivative financial instruments | (22.7) | (44.0) |
| Lease liabilities | (4,055.7) | (357.8) |
| Amounts due to associates | (636.6) | (656.3) |
| Amounts due to joint ventures | (0.1) | (0.5) |
| Current tax liabilities | (97.9) | (96.2) |
| Employee benefits | (777.0) | (777.0) |
| Consumer deposits | (6,066.0) | (5,761.6) |
| Short term borrowings | (3,153.1) | (3,927.8) |
| | <u>(24,939.5)</u> | <u>(21,766.1)</u> |
| NET CURRENT ASSETS | 4,012.3 | 8,983.5 |
| NON-CURRENT LIABILITIES | | |
| Borrowings | (43,649.7) | (43,904.6) |
| Derivative financial instruments | (37.0) | (11.5) |
| Contract liabilities | (3,254.1) | (2,902.9) |
| Government development grants | (1,048.4) | (1,005.0) |
| Lease liabilities | (28,006.2) | (4,516.3) |
| Deferred tax liabilities | (7,694.7) | (8,009.3) |
| Other liabilities | (849.8) | (1,396.2) |
| Employee benefits | (11,906.7) | (11,131.2) |
| | <u>(96,446.6)</u> | <u>(72,877.0)</u> |
| TOTAL NET ASSETS | <u>59,690.6</u> | <u>59,051.9</u> |
| EQUITY | | |
| Share capital | 11,446.1 | 11,446.1 |
| Other reserves | (7,097.3) | (6,392.7) |
| Retained profits | 54,149.4 | 52,784.4 |
| CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY | 58,498.2 | 57,837.8 |
| NON-CONTROLLING INTERESTS | <u>1,192.4</u> | <u>1,214.1</u> |
| TOTAL EQUITY | <u>59,690.6</u> | <u>59,051.9</u> |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2nd QUARTER ENDED 30 JUNE 2019

(Amounts in RM million unless otherwise stated)

| | Attributable to owners of the Company | | | Non-controlling interest | Total equity |
|--|---------------------------------------|------------------|------------------|--------------------------|------------------|
| | Ordinary shares | Other reserves | Retained profits | | |
| At 1 January 2019 | 11,446.1 | (6,392.7) | 52,784.4 | 1,214.1 | 59,051.9 |
| Profit for the financial period | - | - | 2,673.0 | (21.7) | 2,651.3 |
| Foreign currency translation reserve | - | 101.3 | - | - | 101.3 |
| Financial assets at FVOCI | - | (16.1) | - | - | (16.1) |
| Share of OCI of associates accounted for using the equity method | - | 3.8 | - | - | 3.8 |
| Employee benefits reserve | - | (671.4) | - | - | (671.4) |
| Total comprehensive (expense)/income | - | (582.4) | 2,673.0 | (21.7) | 2,068.9 |
| Long Term Incentive Plan ('LTIP') | | | | | |
| - Share-based payment expense | - | 99.3 | - | - | 99.3 |
| - Reversal of share-based payment expense | - | (221.5) | - | - | (221.5) |
| Final dividend paid for FY2018 | - | - | (1,308.0) | - | (1,308.0) |
| Total transactions with owners | - | (122.2) | (1,308.0) | - | (1,430.2) |
| At 30 June 2019 | 11,446.1 | (7,097.3) | 54,149.4 | 1,192.4 | 59,690.6 |
| At 1 January 2018 | 11,199.6 | (6,373.0) | 52,049.8 | 919.8 | 57,796.2 |
| Profit for the financial period | - | - | 3,357.0 | 28.2 | 3,385.2 |
| Foreign currency translation reserve | - | (172.2) | - | - | (172.2) |
| Financial assets at FVOCI | - | 3.2 | - | - | 3.2 |
| Share of OCI of associates accounted for using the equity method | - | 14.3 | - | - | 14.3 |
| Employee benefits reserve | - | 104.0 | - | - | 104.0 |
| Total comprehensive (expense)/income | - | (50.7) | 3,357.0 | 28.2 | 3,334.5 |
| LTIP | | | | | |
| - Share-based payment expense | - | 101.6 | - | - | 101.6 |
| - Shares issued | 161.0 | (161.0) | - | - | - |
| Dividend paid to non-controlling interests ('NCI') | - | - | - | (1.6) | (1.6) |
| Final dividend paid for financial period ended 31.12.17 | - | - | (1,213.1) | - | (1,213.1) |
| Total transactions with owners | 161.0 | (59.4) | (1,213.1) | (1.6) | (1,113.1) |
| At 30 June 2018 (restated) | 11,360.6 | (6,483.1) | 54,193.7 | 946.4 | 60,017.6 |

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 2018.

D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2nd QUARTER ENDED 30 JUNE 2019
(Amounts in RM million unless otherwise stated)

| | FY2019 ended 30.06.2019 | FY2018 ended 30.06.2018 |
|---|--|--|
| Operating activities | | |
| Cash generated from operations | 9,489.1 | 5,925.5 |
| Post-employment benefits paid | (453.4) | (383.3) |
| Contract liabilities received | 332.6 | 415.4 |
| Consumer deposits received | 235.1 | 282.7 |
| Taxation and zakat paid | (718.6) | (357.4) |
| Net cash flows generated from operating activities | <u>8,884.8</u> | <u>5,882.9</u> |
| Investing activities | | |
| Additional investments in: | | |
| - FVTPL | (37,322.9) | (30,749.1) |
| - Joint venture | (62.5) | (1.0) |
| Proceeds from redemptions: | | |
| - Redeemable preference shares in associates | 13.7 | - |
| - Unquoted debt security | - | 18.9 |
| Disposals of FVTPL | 38,064.1 | 31,279.5 |
| Dividend income received | 14.0 | 29.6 |
| Interest income received | 54.4 | 77.7 |
| Property, plant and equipment: | | |
| - Additions | (5,849.3) | (6,477.0) |
| - Proceeds from disposals | 5.2 | 2.3 |
| Net cash flows used in investing activities | <u>(5,083.3)</u> | <u>(5,819.1)</u> |
| Financing activities | | |
| Government development grants received | 1.3 | 2.6 |
| Bank borrowings: | | |
| - Drawdowns | 658.2 | 1,482.2 |
| - Repayments | (1,695.6) | (451.6) |
| Interests paid: | | |
| - Borrowings | (635.3) | (337.9) |
| - Others | (0.2) | (6.2) |
| Repayments of lease obligations: | | |
| - Principal | (2,254.7) | (286.3) |
| - Interest | (388.7) | (52.1) |
| Dividends paid to shareholders | (1,308.0) | (1,213.1) |
| Dividend paid to NCI | - | (1.6) |
| Net decrease in debt reserve accounts | 1.0 | 3.8 |
| Net decrease in cash at bank, held in trust | (129.2) | (1.2) |
| Net increase in deposits maturing more than 90 days | (304.0) | - |
| Net cash flows used in financing activities | <u>(6,055.2)</u> | <u>(861.4)</u> |
| Net decrease in cash and cash equivalents | (2,253.7) | (797.6) |
| Effects of changes in foreign currency | 1.1 | (1.3) |
| Cash and cash equivalents at the beginning of the period | <u>7,598.6</u> | <u>4,875.4</u> |
| Cash and cash equivalents at the end of the period | <u>5,346.0</u> | <u>4,076.5</u> |
| Deposit, bank and cash balances at the end of the period | 6,850.4 | 4,613.5 |
| Debt reserve account ¹ | (245.0) | (246.0) |
| Cash at bank, held in trust ² | (378.1) | (291.0) |
| Restricted cash | (16.3) | - |
| Deposits with maturity 90 days and more | (865.0) | - |
| Cash and cash equivalents at the end of the period | <u>5,346.0</u> | <u>4,076.5</u> |

¹ Debt reserve account relates to deposits placed with licensed financial institution as part of security obligations for bond financing.

² The cash at bank held in trust is in respect of grants received from the Government of Malaysia by a subsidiary for designated capital projects.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

E. EXPLANATORY NOTES

(Amounts in RM million unless otherwise stated)

1) BASIS OF PREPARATION

These condensed interim financial statements of the Group have been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards ('MFRS') 134 'Interim Financial Reporting', International Accounting Standards ('IAS') 34 'Interim Financial Reporting' and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018.

The explanatory notes attached to the interim 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 financial year ended 31 December 2018.

2) AUDIT QUALIFICATION

The audited financial statements for the financial year ended 31 December 2018 were not subject to any qualification.

3) CHANGES IN ACCOUNTING POLICIES

The accounting policies applied are consistent with those adopted for the financial statements for the financial year ended 31 December 2018.

New standards, amendments to standards and IC Interpretations that are applicable and effective to the Group beginning 1 January 2019:

- MFRS 16 'Leases'
- Amendments to MFRS 3 'Business Combinations'
- Amendments to MFRS 9 'Financial Instruments'
- Amendments to MFRS 11 'Joint Arrangements'
- Amendments to MFRS 112 'Income Taxes'
- Amendments to MFRS 119 'Employee Benefits'
- Amendments to MFRS 123 'Borrowing Costs'
- Amendments to MFRS 128 'Investment in Associates and Joint Ventures'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'

Except for MFRS 16, the adoption of the revised standards and amendments to standards do not have any significant impact to the unaudited condensed consolidated financial statements upon their initial application.

MFRS 16 'Leases' ('MFRS 16')

The new MFRS 16, which replaces MFRS 117 'Leases' ('MFRS 117') and IC Interpretation 4 'Determining whether an Arrangement contains a Lease' ('IC 4') introduces a new model for lessee accounting and makes some improvements to the current MFRS 117.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under MFRS 117 are no longer required. This standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ('ROU') asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 'Property, Plant and Equipment' ('MFRS 116') whereas lease liability is accreted to reflect interest and is reduced to reflect payments made.

MFRS 16 'Leases' ('MFRS 16') (continued)

For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

The Group applies the new standard retrospectively from 1 January 2019, with the practical expedients permitted under the standard and comparatives are not restated. The lease liability is discounted using the Group's incremental borrowing rate which is the Group's weighted average cost of borrowing of 4.98%.

The contracts of Power Purchase Agreements have significantly impact the Group's financial position. The contracts which were previously recognised as operating leases under MFRS 117, are now recognised as lease liabilities with corresponding ROU assets under MFRS 16.

The Group will refine the adjustments from the adoption of MFRS 16 as facts and circumstances evolve during the financial year.

Impact of adoption of new standard

Arising from the adoption of MFRS 16, the condensed financial statements for the previous financial year has been changed as follows:

| | As previously reported as at 31.12.2018 | Adjustments | As at 01.01.2019 |
|--|---|-------------------------------|------------------|
| | | Effect of adoption of MFRS 16 | |
| Condensed Consolidated Statements of Financial Position | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 111,445.5 | (6,952.7) | 104,492.8 |
| Right-of-use assets | - | 41,802.0 | 41,802.0 |
| Prepaid operating leases | 5,944.1 | (5,944.1) | - |
| Current Assets | | | |
| Prepaid operating leases | 164.8 | (164.8) | - |
| Current Liabilities | | | |
| Payables | (9,797.5) | 759.6 | (9,037.9) |
| Lease liabilities | (357.8) | (3,697.9) | (4,055.7) |
| Non-Current Liabilities | | | |
| Lease liabilities | (4,516.3) | (25,957.0) | (30,473.3) |
| Other liabilities | (1,396.2) | 154.9 | (1,241.3) |

4) REVENUE

The disaggregation of revenue is as follows:

| | Individual | | Cumulative | |
|--------------------------|---------------------------------------|---|-------------------------------|---------------------------------|
| | Current year quarter ended 30.06.2019 | Preceding year quarter ended 30.06.2018 | Current year ended 30.06.2019 | Preceding year ended 30.06.2018 |
| Sales: | | | | |
| - Electricity | 12,668.5 | 12,288.5 | 25,678.1 | 24,354.8 |
| - Goods and services | 130.5 | 119.9 | 301.0 | 261.8 |
| Construction contracts | 15.3 | 20.3 | 16.9 | 20.8 |
| Customers' contributions | 61.7 | 69.2 | 124.8 | 134.5 |
| Total revenue | 12,876.0 | 12,497.9 | 26,120.8 | 24,771.9 |

5) SEASONAL OR CYCLICAL FACTORS

The businesses of the Group are not subject to material seasonal or cyclical fluctuations.

6) UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME or CASH FLOWS

There were no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the reporting period.

7) MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no changes in the estimates of the amounts reported in the previous financial period that have a material effect on the results of the current reporting period.

8) DEBT AND EQUITY SECURITIES

Except for those disclosed in Note 23, there were no other material transactions relating to debts and equity securities during the quarter under review.

9) DIVIDENDS

The Board of Directors has approved an interim single tier dividend of 30.0 sen per share, on 5,686,888,771 ordinary shares in respect of the financial period ended 30 June 2019 amounting to RM1,706.1 million.

The books closure and payment dates will be announced in due course.

The final dividend for Financial Year 2018 was paid on 11 April 2019 totalling RM1,308.0 million.

10) SEGMENTAL REPORTING

Segmental reporting is not presented as the Group is principally engaged in the generation, transmission, distribution and sales of electricity and the provision of other related services, which are substantially within a single business segment. The Group operates primarily in Malaysia.

11) VALUATION OF PROPERTY, PLANT & EQUIPMENT

The Group does not adopt a revaluation policy on its property, plant and equipment.

12) MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no material events subsequent to the end of the reporting period.

13) CHANGES IN THE COMPOSITION OF THE GROUP

As announced to Bursa Malaysia on 10 December 2018, Tenaga Nasional Berhad ('TNB') through its wholly-owned subsidiary, TNB Topaz Energy Sdn. Bhd. ('TNBTE') has entered into an agreement with GMR Bajoli Holi Hydropower Private Limited ('GBHH') of India, GMR Energy Limited ('GEL') and GMR Infrastructure Limited ('GIL') to subscribe to a Compulsory Convertible Debenture ('CCD') issued by GBHH for INR2,256.0 million.

As at 5 April 2019, Tranche 1 payment of USD15.3 million (RM62.5 million) has been made by TNBTE for the purpose of subscription. GBHH's CCD has a tenure of 30 years and will be converted into an equity stake before the end of tenure. Tranche 2 subscription will be paid by TNB upon satisfaction of conditions precedent to the CCD Subscription and Shareholders Agreement.

The Group has assessed and recognised GBHH as a joint venture of the Group. The subscription of CCD has no material effect to the Group.

14) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following: -

| | As at 30.06.2019 | As at 31.12.2018 |
|--|-----------------------------|-----------------------------|
| Claims by third parties | 286.3 | 310.1 |
| Trade guarantees and performance bonds | 19.9 | 27.5 |
| Total contingent liabilities | <u>306.2</u> | <u>337.6</u> |

Claims by third parties include claims by contractors, consumers and former employees. These claims are being addressed and the Directors are of the opinion that their ultimate resolution will not have a material effect on the financial position of the Group.

On 7 December 2016, the Company and the Inland Revenue Board ('IRB') entered into a consent judgement before the Kuala Lumpur High Court to substitute the judicial review proceedings with regard to the notices of additional assessment dated 23 November 2015 ('Notices') arising from the disallowance of the Company's reinvestment allowance ('RIA') claims by filing an appeal to the Special Commissioners of Income Tax ('SCIT'). The consent judgement also provides that the IRB will not commence any proceedings relating to the Notices until this matter is determined by the SCIT and by the High Court, if there is a subsequent appeal by either party. On 15 December 2016, the Company filed notices of appeal against the Notices to the SCIT according to Section 99(1) of the Income Tax Act 1967. The appeals have since been registered before the SCIT. The Company has obtained legal advice from its tax solicitors on the merits of the appeals and on this basis, the Directors are of the opinion that no provision is required in the financial statements for the potential tax liability up to the reporting date.

15) CAPITAL COMMITMENTS

| | As at 30.06.2019 | As at 31.12.2018 |
|---|-----------------------------|-----------------------------|
| Property, plant and equipment committed over a 5-year period | | |
| Authorised but not contracted for | 60,475.4 | 69,393.4 |
| Contracted but not provided for in the financial statements | 1,816.9 | 1,534.8 |
| Total capital commitments | <u>62,292.3</u> | <u>70,928.2</u> |

F. ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B OF THE BURSA MALAYSIA LISTING REQUIREMENTS

16) REVIEW OF PERFORMANCE

Performance of the current period ended 30 June 2019 against the corresponding period ended 30 June 2018:

Revenue increased by 5.4% or RM1,348.9 million from RM24,771.9 million to RM26,120.8 million as compared to the same period last year. This was mainly due to the increase in Group's sales of electricity of 5.6%, an increase of RM1,307.2 million from RM23,272.9 million to RM24,580.1 million reported in the current period. The Group also registered a growth in unit sold of 5.1% during the quarter under review.

Profit attributable to owners of the Company for the period under review was RM2,673.0 million as compared to RM3,357.0 million recorded in the last corresponding period, a decrease of RM684.0 million or 20.4%. The reduction was mainly due to the regulatory adjustments which are now accounted for every month starting from this financial year and the MFRS 16 'Leases' which impacted the results by RM112.2 million. Included in the finance cost the adjustment for MFRS 16 totalling RM709.5 million.

The return on regulated business under the Incentive Based Regulation ('IBR') framework which mainly consist of Transmission and Distribution businesses is reported at RM1,693.8 million.

17) MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE PRECEDING QUARTER

Performance of the current quarter (2nd Quarter FY2019) against the preceding quarter (1st Quarter FY2019):

The Group reported lower operating profit of RM2,072.5 million in the current quarter as compared to RM2,505.9 million in the preceding quarter, a decrease of RM433.4 million. This was mainly due to the decrease in revenue of RM368.8 million and an increase in operating expenses of RM259.8 million.

Additionally, the profit attributable to owners of the Company also decreased from RM1,556.8 million recorded in the preceding quarter to RM1,116.2 million in the current quarter, a reduction of RM440.6 million.

18) PROSPECTS

On the Economic Outlook, the Malaysian economy recorded a stronger Gross Domestic Product ('GDP') growth of 4.9% in the second quarter 2019 (1Q 2019: 4.5%), supported by continued expansion in domestic demand and across all economic sectors. For 2019, the Malaysian economy is expected to remain on a steady growth path supported by private sector activity with a baseline projection growth between 4.3% to 4.8% for the year.

Given the aforementioned scenarios, the performance of the Group is expected to remain stable for Financial Year 2019.

19) PROFIT FROM OPERATIONS

The following items have been charged in arriving at the profit from operations:

| | <u>Individual</u> Current quarter ended 30.06.2019 | <u>Cumulative</u> Current period ended 30.06.2019 |
|---------------------------------|--|---|
| Property, plant and equipment: | | |
| - Depreciation | 1,525.5 | 3,030.1 |
| Right-of-use assets: | | |
| - Depreciation | 915.9 | 1,868.8 |
| Receivables: | | |
| - Impairment losses | 220.3 | 412.4 |
| - Reversal of impairment losses | (107.6) | (153.0) |
| Contract assets: | | |
| - Impairment losses | 62.9 | 139.9 |
| - Reversal of impairment losses | (86.2) | (164.6) |
| Inventories: | | |
| - Provision for obsolescence | 21.2 | 89.2 |
| - Write back of obsolescence | (9.3) | (81.6) |
| - Written off | 6.1 | 13.0 |
| Impairment of an associate | - | 198.3 |

Other than the items highlighted above, there were no disposal of quoted investment and impairment of property, plant and equipment during the quarter under review.

20) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

This note is not applicable, as the Group did not publish any profit forecast.

21) TAXATION AND ZAKAT

Taxation and zakat for the reporting period comprised the following:-

| | <u>Individual</u> Current year quarter ended 30.06.2019 | <u>Individual</u> Preceding year quarter ended 30.06.2018 | <u>Cumulative</u> Current year ended 30.06.2019 | <u>Cumulative</u> Preceding year ended 30.06.2018 |
|---|---|---|---|---|
| Income tax: | | | | |
| Current tax and zakat | (116.8) | (340.4) | (630.6) | (601.6) |
| Deferred tax (net): | | | | |
| Relating to origination and reversal of temporary differences | 164.1 | 84.9 | 125.5 | 47.5 |
| Total taxation and zakat | 47.3 | (255.5) | (505.1) | (554.1) |

For the reporting period ended 30 June 2019, the Group recorded a 16.0% effective tax rate, which is lower than the statutory tax rate of 24.0%. The lower effective tax rate is due to reversal of over provision of current tax for FY2018.

22) STATUS OF CORPORATE PROPOSALS

There were no material corporate proposals entered into during the reporting period.

23) GROUP BORROWINGS

(a) The analysis of Group borrowings classified under current and non-current categories are as follows:

| | As at 30.06.2019 | As at 31.12.2018 |
|----------------------|-----------------------------|-----------------------------|
| Short term - secured | 1,367.6 | 1,345.3 |
| - unsecured | 1,785.5 | 2,582.5 |
| Sub-total | 3,153.1 | 3,927.8 |
| Long term - secured | 23,190.0 | 23,031.1 |
| - unsecured | 20,459.7 | 20,873.5 |
| Sub-total | 43,649.7 | 43,904.6 |
| Total | 46,802.8 | 47,832.4 |

(b) Currency denominations:

| | As at 30.06.2019 | As at 31.12.2018 |
|---|-----------------------------|-----------------------------|
| Japanese Yen | 2,525.1 | 2,526.1 |
| US Dollar | 7,955.0 | 9,210.1 |
| Others | 643.0 | 675.2 |
| Total Ringgit equivalent of foreign currency borrowings | 11,123.1 | 12,411.4 |
| Ringgit borrowings | 35,679.7 | 35,421.0 |
| Total | 46,802.8 | 47,832.4 |

(c) Effective average cost of borrowing based on exposure as at 30 June 2019 was 5.03% (31 December 2018: 4.99%).

(d) Repayments of debts during the reporting period were as follows:

- (i) Foreign currency denominated loans of RM1,483.2 million; and
- (ii) Ringgit denominated loans of RM212.4 million.

(e) Drawdowns of debts during the reporting period were as follows:

- (i) Foreign currency denominated loans of RM241.6 million; and
- (ii) Ringgit denominated loans of RM416.6 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

| Type of Derivatives | As at 30.06.2019 | |
|-----------------------------------|------------------|---------------|
| | Notional Amount | Fair Value |
| Forward Currency Contracts | | |
| - Less than 1 year | 336.8 | (22.1) |
| - 1 year to 3 years | 45.9 | (4.0) |
| Interest Rate Swaps | | |
| - More than 3 years | 600.8 | (28.7) |
| Profit Rate Swap | | |
| - More than 3 years | 134.7 | (4.3) |
| Put Option | | |
| - Less than 1 year | 13.5 | 0 |
| Total | 1,131.7 | (59.1) |

The notional amount and fair value of all forward contracts are disclosed on a net basis. There is no change to the cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks since the last financial year.

TNB Bukit Selambau Solar Sdn. Bhd. ('TNBBS') entered into Profit Rate Swap ('PRS') contracts transaction with effect from 29 March 2019 that entitled TNBBS to receive profit at floating rates and obliged to pay profit at fixed rate of 4.31% on aggregate principal of RM134.7 million.

The Interest Rate Swaps ('IRS') and PRS entered into by subsidiaries are to effectively fix the interest and profit rate payable on the term loans.

The put option is a right to sell back an asset as a protection to a subsidiary against any unfulfilment in stipulated conditions.

25) MATERIAL LITIGATION

There is no pending material litigation other than those announced to Bursa Malaysia since the date of the last audited financial statements.

26) EARNINGS PER SHARE

| | Individual | | Cumulative | |
|---|--|--|--|--|
| | Current year quarter ended 30.06.2019 | Preceding year quarter ended 30.06.2018 | Current year ended 30.06.2019 | Preceding year ended 30.06.2018 |
| Profit attributable to owners of the Company | 1,116.2 | 1,237.3 | 2,673.0 | 3,357.0 |
| Weighted average number of ordinary shares in issue ('000) | 5,686,889 | 5,670,163 | 5,686,889 | 5,670,163 |
| Basic earnings per share (sen) | 19.63 | 21.82 | 47.00 | 59.20 |
| Weighted average number of ordinary shares in issue ('000) | 5,686,889 | 5,670,163 | 5,686,889 | 5,670,163 |
| Adjustments for LTIP ('000) | - | 5,938 | - | 5,938 |
| Weighted average number of diluted ordinary shares ('000) | 5,686,889 | 5,676,101 | 5,686,889 | 5,676,101 |
| Diluted earnings per share (sen) | 19.63 | 21.80 | 47.00 | 59.14 |

27) EXCEPTIONAL ITEMS

There were no exceptional items incurred during the quarter.

By Order of the Board

NORAZNI BINTI MOHD ISA (LS 0009635)

Company Secretary

Kuala Lumpur
29 August 2019