

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 2020

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.06.2020	Corresponding quarter ended 30.06.2019	Current period ended 30.06.2020	Preceding period ended 30.06.2019
Revenue	10,890.8	12,876.0	22,545.3	26,120.8
Operating expenses	(9,138.6)	(10,940.5)	(18,683.2)	(21,621.2)
Net loss on impairment of financial instruments	(60.0)	(89.9)	(161.6)	(369.6)
Other operating income	130.0	226.9	345.5	448.4
Operating profit	1,822.2	2,072.5	4,046.0	4,578.4
Foreign exchange				
- Translation gain/(loss)	55.5	(272.2)	(332.5)	(8.7)
- Transaction gain/(loss)	3.9	(6.7)	(10.9)	(62.7)
Share of results of joint ventures	(2.9)	6.3	3.4	12.1
Share of results of associates	18.2	81.9	27.6	70.0
Profit before finance cost	1,896.9	1,881.8	3,733.6	4,589.1
Finance income	89.4	133.5	193.1	261.8
Finance cost	(918.5)	(940.1)	(1,816.5)	(1,644.6)
Fair value changes of financial instruments	(23.1)	7.6	(49.1)	(49.9)
Profit before taxation and zakat	1,044.7	1,082.8	2,061.1	3,156.4
Taxation and zakat				
- Company and subsidiaries	(269.8)	(116.8)	(748.8)	(630.6)
- Deferred taxation	(98.9)	164.1	100.4	125.5
Profit for the period	676.0	1,130.1	1,412.7	2,651.3
Attributable to:				
- Owners of the Company	653.3	1,116.2	1,371.2	2,673.0
- Non-controlling interests	22.7	13.9	41.5	(21.7)
Profit for the period	676.0	1,130.1	1,412.7	2,651.3
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	11.48	19.63	24.10	47.00
Diluted	11.48	19.63	24.10	47.00

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 2019.

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2nd QUARTER ENDED 30 JUNE 2020

(Amounts in RM million unless otherwise stated)

	<u>Individual</u>		<u>Cumulative</u>	
	<u>Current quarter ended 30.06.2020</u>	<u>Corresponding quarter ended 30.06.2019</u>	<u>Current period ended 30.06.2020</u>	<u>Preceding period ended 30.06.2019</u>
Profit for the period	676.0	1,130.1	1,412.7	2,651.3
Other comprehensive (expense)/income				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial loss	(537.3)	(426.5)	(644.2)	(671.4)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(46.6)	73.0	(66.5)	101.3
Financial assets at fair value through other comprehensive income ('FVOCI')	1.2	(16.1)	3.6	(16.1)
Share of other comprehensive (loss)/gain of associates accounted for using the equity method	(19.5)	(3.9)	(22.6)	3.8
Total other comprehensive expense	(602.2)	(373.5)	(729.7)	(582.4)
Total comprehensive income for the period	73.8	756.6	683.0	2,068.9
Attributable to:				
- Owners of the Company	59.8	742.7	648.4	2,090.6
- Non-controlling interests	14.0	13.9	34.6	(21.7)
Total comprehensive income for the period	73.8	756.6	683.0	2,068.9

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.

B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

(Amounts in RM million unless otherwise stated)

	30.06.2020	31.12.2019
NON-CURRENT ASSETS		
Property, plant and equipment	109,586.6	109,966.0
Right-of-use assets	36,419.0	38,264.0
Joint ventures	182.1	177.4
Associates	1,207.8	1,264.0
Goodwill on consolidation	240.6	241.3
Investment in unquoted debt security	345.0	331.8
Tax recoverable	1,765.1	1,765.1
Deferred tax assets	130.5	124.3
Long term receivables	727.4	740.0
Finance lease receivables	12.2	11.9
Financial assets at fair value through other comprehensive income ('FVOCI')	62.5	58.9
Financial assets at fair value through profit or loss ('FVTPL')	146.4	149.1
	<u>150,825.2</u>	<u>153,093.8</u>
CURRENT ASSETS		
Inventories	1,656.3	1,925.3
Receivables, deposits and prepayments	7,258.9	4,760.5
Contract assets	2,008.1	3,508.2
Contract cost assets	95.6	10.5
Tax recoverable	912.1	1,129.9
Finance lease receivables	1.1	1.0
Amounts due from joint ventures	2.8	10.6
Amounts due from associates	153.8	155.8
Financial assets at FVTPL	4,051.4	7,959.9
Deposits, bank and cash balances	7,317.8	6,291.7
	<u>23,457.9</u>	<u>25,753.4</u>
CURRENT LIABILITIES		
Payables	(6,985.9)	(9,220.3)
Contract liabilities	(324.7)	(354.4)
Derivative financial instruments	(1.5)	(8.6)
Lease liabilities	(3,376.3)	(3,403.3)
Amounts due to associates	(36.8)	(286.6)
Amounts due to joint ventures	-	(0.1)
Current tax liabilities	(54.6)	(70.2)
Employee benefits	(757.8)	(758.2)
Consumer deposits	(6,461.5)	(6,220.9)
Short term borrowings	(4,799.2)	(3,479.3)
	<u>(22,798.3)</u>	<u>(23,801.9)</u>
NET CURRENT ASSETS	659.6	1,951.5
NON-CURRENT LIABILITIES		
Borrowings	(42,506.5)	(41,932.4)
Derivative financial instruments	(78.5)	(37.2)
Contract liabilities	(3,528.2)	(3,430.0)
Government development grants	(990.3)	(1,031.3)
Lease liabilities	(26,484.3)	(27,902.8)
Deferred tax liabilities	(7,496.6)	(7,783.0)
Other liabilities	(909.7)	(979.9)
Employee benefits	(13,438.5)	(12,666.6)
	<u>(95,432.6)</u>	<u>(95,763.2)</u>
TOTAL NET ASSETS	<u>56,052.2</u>	<u>59,282.1</u>
EQUITY		
Share capital	11,674.4	11,446.1
Other reserves	(8,644.2)	(7,763.8)
Retained profits	51,689.9	54,299.5
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	54,720.1	57,981.8
NON-CONTROLLING INTERESTS	1,332.1	1,300.3
TOTAL EQUITY	<u>56,052.2</u>	<u>59,282.1</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 2019.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2nd QUARTER ENDED 30 JUNE 2020

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company			Non-controlling interests	Total equity
	Ordinary shares	Other reserves	Retained profits		
At 1 January 2020	11,446.1	(7,763.8)	54,299.5	1,300.3	59,282.1
Profit for the period	-	-	1,371.2	41.5	1,412.7
Foreign currency translation reserve	-	(66.5)	-	-	(66.5)
Financial assets at FVOCI	-	3.6	-	-	3.6
Share of other comprehensive income ('OCI') of associates accounted for using the equity method	-	(22.6)	-	-	(22.6)
Employee benefits reserve	-	(637.3)	-	(6.9)	(644.2)
Total comprehensive (expense)/income	-	(722.8)	1,371.2	34.6	683.0
Long Term Incentive Plan ('LTIP'):					
- Share-based payment expense	-	118.2	-	-	118.2
- Reversal of share-based payment expense	-	(47.5)	-	-	(47.5)
- Shares issued	228.3	(228.3)	-	-	-
Dividends paid:					
- Final dividend for FY2019	-	-	(1,137.4)	-	(1,137.4)
- Special dividend for FY2019	-	-	(2,843.4)	-	(2,843.4)
Dividend paid to NCI	-	-	-	(2.8)	(2.8)
Total transactions with owners	228.3	(157.6)	(3,980.8)	(2.8)	(3,912.9)
At 30 June 2020	11,674.4	(8,644.2)	51,689.9	1,332.1	56,052.2
At 1 January 2019	11,446.1	(6,392.7)	52,784.4	1,214.1	59,051.9
Profit for the 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
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

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.

D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2nd QUARTER ENDED 30 JUNE 2020

(Amounts in RM million unless otherwise stated)

	FY2020 ended 30.06.2020	FY2019 ended 30.06.2019
Operating activities		
Cash generated from operations	6,091.2	9,489.1
Post-employment benefits paid	(410.9)	(453.4)
Contract liabilities received	258.0	332.6
Consumer deposits received	169.2	235.1
Taxation and zakat paid	(541.8)	(718.6)
Net cash flows generated from operating activities	<u>5,565.7</u>	<u>8,884.8</u>
Investing activities		
Deferred consideration paid	(68.3)	-
Additional investments in:		
- FVTPL	(31,996.4)	(37,322.9)
- Joint ventures	(1.2)	(62.5)
Proceeds from redemptions:		
- Redeemable preference shares in associates	-	13.7
Disposals of FVTPL	36,006.8	38,064.1
Dividend income received	23.6	14.0
Interest income received	58.0	54.4
Property, plant and equipment:		
- Additions	(2,363.8)	(5,849.3)
- Proceeds from disposals	0.9	5.2
Net cash flows generated from/(used in) investing activities	<u>1,659.6</u>	<u>(5,083.3)</u>
Financing activities		
Government development grants received	0.1	1.3
Bank borrowings:		
- Drawdowns	2,429.8	658.2
- Repayments	(1,388.8)	(1,695.6)
Interests paid:		
- Borrowings	(1,090.5)	(635.3)
- Others	-	(0.2)
Repayments of lease obligations:		
- Principal	(1,497.9)	(2,254.7)
- Interest	(669.5)	(388.7)
Dividends paid to shareholders	(3,980.8)	(1,308.0)
Dividend paid to NCI	(2.8)	-
Net decrease in debt reserve accounts	1.2	1.0
Net increase in cash at bank, held in trust	(29.9)	(129.2)
Net decrease in restricted cash	0.5	-
Net decrease/(increase) in deposits maturing more than 90 days	2,050.8	(304.0)
Net cash flows used in financing activities	<u>(4,177.8)</u>	<u>(6,055.2)</u>
Net increase/(decrease) in cash and cash equivalents	3,047.5	(2,253.7)
Effects of changes in foreign currency	1.2	1.1
Cash and cash equivalents at the beginning of the period	<u>2,440.8</u>	<u>7,598.6</u>
Cash and cash equivalents at the end of the period	<u>5,489.5</u>	<u>5,346.0</u>
Deposit, bank and cash balances at the end of the period	7,317.8	6,850.4
Debt reserve account ¹	(140.0)	(245.0)
Cash at bank, held in trust ²	(397.0)	(378.1)
Restricted cash	(22.1)	(16.3)
Deposits maturing more than 90 days	(1,269.2)	(865.0)
Cash and cash equivalents at the end of the period	<u>5,489.5</u>	<u>5,346.0</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 2019.

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 2019.

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 2019.

2) AUDIT QUALIFICATION

The audited financial statements for the financial year ended 31 December 2019 was 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 2019.

Amendments to standards that are applicable and effective to the Group beginning 1 January 2020 are as follows:

a) Amendments to References to the Conceptual Framework in MFRS Standards

- Amendments to MFRS 2 'Share-based Payments'
- Amendments to MFRS 3 'Business Combinations' ('MFRS 3')
- Amendments to MFRS 101 'Presentation of Financial Statements' ('MFRS 101')
- Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' ('MFRS 108')
- Amendments to MFRS 134 'Interim Financial Reporting'
- Amendment to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets'
- Amendment to MFRS 138 'Intangible Assets'
- Amendment to IC Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'
- Amendment to IC 22 'Foreign Currency Transactions and Advance Consideration'
- Amendments to IC Interpretation 132 'Intangible Assets – Web Site Costs'

b) Amendments to MFRS 3 on Definition of a Business

c) Amendments to MFRS 101 and MFRS 108 on Definition of Material

The adoption of the amendments to the Standards do not have any significant impact to the unaudited condensed consolidated financial statements upon their initial application.

4) REVENUE

The disaggregation of revenue is as follows:

	Individual		Cumulative
	Current	Corresponding	Current
	quarter	quarter	period
	ended	ended	ended
	30.06.2020	30.06.2019	30.06.2020
			Preceding
			period
			ended
			30.06.2019
Sales:			
- Electricity	10,740.2	12,668.5	22,161.5
- Goods and services	68.5	130.5	217.6
Construction contracts	10.3	15.3	23.1
Customers' contributions	71.8	61.7	143.1
Total revenue	10,890.8	12,876.0	22,545.3
			26,120.8

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

On 3 June 2020 and 10 July 2020, the Company announced the allotment and issuance of 17,708,000 and 12,200 ordinary shares respectively in relation to the vesting of the LTIP to eligible employees.

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 22.00 sen per share, on 5,704,596,771 ordinary shares for the financial year ending 31 December 2020 amounting to RM1,255.0 million.

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

The final and special dividend for Financial Year 2019 was paid on 16 April 2020 totalling RM3,980.8 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

As announced to Bursa Malaysia on 29 July 2020, Tenaga Nasional Berhad ('TNB') has entered into Sale and Purchase Agreement with Menteri Besar Negeri Sembilan (Incorporation) ('MBINS') for the acquisition of 5% Ordinary Shares in Jimah Energy Ventures Holdings Sdn. Bhd. ('JEVH') and 5% Class B Notes issued by Special Power Vehicle Berhad for a total purchase consideration of RM80.0 million.

As at 7 August 2020, all condition precedent to the Sale and Purchase Agreement with MBINS has been satisfied and complied with, as such the acquisition has been completed.

As announced to Bursa Malaysia on 12 August 2020, Tenaga Nasional Berhad has completed the issuance of RM3.0 billion of Sukuk Wakalah.

13) CHANGES IN THE COMPOSITION OF THE GROUP

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

14) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:-

	As at 30.06.2020	As at 31.12.2019
Claims by third parties	205.6	225.2
Trade guarantees and performance bonds	11.0	21.3
Total contingent liabilities	216.6	246.5

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') for the Years of Assessment 2013 and 2014 arising from the disallowance of the Company's re-investment 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.

Meanwhile, for the notices of additional assessment issued for Years of Assessment 2015, 2016 and 2017, the High Court on 12 December 2019 has granted an interim stay of all further proceedings including the enforcement of the Notices until the hearing of the leave application on 3 September 2020.

On 13 July 2020, IRB issued another notice of additional assessment for the Year of Assessment 2018. The High Court has granted an interim stay of all proceedings until the hearing of the leave application on 21 September 2020.

The Company has obtained legal advice from its tax solicitors on the merits of the cases mentioned above 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 30.06.2020	As at 31.12.2019
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	47,294.2	53,056.4
Contracted but not provided for in the financial statements	554.3	607.8
Total capital commitments	47,848.5	53,664.2

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

16) REVIEW OF PERFORMANCE

- (a) Performance of the current period ended 30 June 2020 against the corresponding period ended 30 June 2019:

Revenue for the period decreased by 13.7% or RM3,575.5 million, mainly due to drop in the Imbalance Cost Pass-Through ('ICPT') of RM2,317.3 million and the sales of electricity of RM1,199.3 million with a negative growth of 8.1%, owing largely to the decline in the certain customer segments, which was affected by the COVID-19 outbreak. While the operating profit fell 11.6% to RM4,046.0 million as compared to RM4,578.4 million a year ago.

Profit after taxation for the current period under review reduced by RM1,238.6 million, from RM2,651.3 million reported during the last corresponding period to RM1,412.7 million, mainly due to a weakened MYR against last corresponding period and higher finance cost of a newly commissioned plant of Jimah East Power.

As for the regulated business, the Company is able to maintain the approved return on the regulated business under the Incentive Based Regulation ('IBR') framework of RM2,037.9 million.

- (b) Performance of the current second quarter (three months) FY2020 against the corresponding second quarter (three months) FY2019:

Revenue for the quarter fell 15.4% or RM1,985.2 million quarter on quarter, mainly due to drop in sales of electricity. Consequently, the operating profit also declined from RM2,072.5 million to RM1,822.2 million, reduced by RM250.3 million or 12.1%.

Profit after taxation for the current quarter under review reduced by RM454.1 million or 40.2%, from RM1,130.1 million reported during the last corresponding quarter to RM676.0 million. This is mainly due to higher tax expense and cushioned by a gain in foreign exchange as compared to a loss of RM278.9 million in the last corresponding quarter.

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

Performance of the current quarter (2nd Quarter FY2020) against the preceding quarter (1st Quarter FY2020):

The Group reported higher profit before tax of RM1,044.7 million in the current quarter as compared to RM1,016.4 million in the preceding quarter, an increase of RM28.3 million. There was no material changes in the profit before tax.

18) PROSPECTS

The Malaysian economy registered a contraction of 17.1% in the second quarter of 2020, due to the stringent containment measures to control the COVID-19 pandemic which included various measures that restricted production and consumption activities.

However, the Malaysian economy is expected to recover gradually in the second half of 2020 as the economy progressively re-opens and external demand improves. This outlook is underpinned by the rebound of key indicators such as wholesale and retail trade, industrial production, gross exports and electricity generation. According to the Bank Negara Malaysia ('BNM') report dated 14th August 2020, the Malaysian economy is forecasted to grow within the range of -3.5% to -5.5% in 2020, before staging a rebound within a growth range of 5.5% to 8.0% in 2021.

Amid the challenging environment, the Board of Directors foresees a prospect of a gradual recovery on the Group performance for the remaining quarters of the financial year ending 31st December 2020, underpinned by the improving business activities momentum aided by the timely rollout of Government's stimulus package under its PENJANA economic recovery plan. The Group has taken prudent measures in terms of its operational and financial requirements to ensure it remains resilient.

19) PROFIT FROM OPERATIONS

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

	<u>Individual</u> <u>Current</u> <u>quarter</u> <u>ended</u> 30.06.2020	<u>Cumulative</u> <u>Current</u> <u>period</u> <u>ended</u> 30.06.2020
Property, plant and equipment:		
- Depreciation	(1,732.8)	(3,404.6)
- Gain on disposals	0.3	0.9
Right-of-use assets:		
- Depreciation	(922.5)	(1,840.7)
Receivables:		
- Impairment losses	(140.9)	(385.0)
- Reversal of impairment losses	63.3	209.5
Contract assets:		
- Impairment losses	(1.7)	(55.9)
- Reversal of impairment losses	19.3	69.8
Inventories:		
- Provision for obsolescence	(4.9)	(139.9)
- Write back of obsolescence	-	116.6
- Written off	(7.5)	(15.6)

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> <u>Current</u> <u>quarter</u> <u>ended</u> 30.06.2020	<u>Individual</u> <u>Corresponding</u> <u>quarter</u> <u>ended</u> 30.06.2019	<u>Cumulative</u> <u>Current</u> <u>period</u> <u>ended</u> 30.06.2020	<u>Cumulative</u> <u>Preceding</u> <u>period</u> <u>ended</u> 30.06.2019
Income tax:				
Current tax and zakat	(269.8)	(116.8)	(748.8)	(630.6)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	(98.9)	164.1	100.4	125.5
Total taxation and zakat	(368.7)	47.3	(648.4)	(505.1)

For the reporting period ended June 2020, the Group reported a 31.5% effective tax rate, which is higher than the statutory tax rate of 24.0%. The effective tax rate is higher in the current period due to higher expenses not allowable for tax and no reversal of overprovision of tax as compared to the corresponding period. The effective tax rate is 27.5% without unrealised forex exchange loss.

22) STATUS OF CORPORATE PROPOSALS

There were no material corporate proposals entered into during the reporting period other than those announced to Bursa Malaysia since the date of the last audited financial statements.

23) GROUP BORROWINGS

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

	As at 30.06.2020	As at 31.12.2019
Short term - secured	1,927.1	1,715.5
- unsecured	2,872.1	1,763.8
Sub-total	4,799.2	3,479.3
Long term - secured	22,416.6	22,357.4
- unsecured	20,089.9	19,575.0
Sub-total	42,506.5	41,932.4
Total	47,305.7	45,411.7

(b) Currency denominations:

	As at 30.06.2020	As at 31.12.2019
Japanese Yen	2,485.1	2,414.8
US Dollar	8,238.5	7,873.2
Others	601.4	651.6
Total Ringgit equivalent of foreign currency borrowings	11,325.0	10,939.6
Ringgit borrowings	35,980.7	34,472.1
Total	47,305.7	45,411.7

(c) Effective average cost of borrowing based on exposure as at 30 June 2020 was 5.00% (31 December 2019: 5.06%).

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

- (i) Foreign currency denominated loans of RM233.8 million; and
- (ii) Ringgit denominated loans of RM1,155.0 million.

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

- (i) Foreign currency denominated loans of RM144.4 million; and
- (ii) Ringgit denominated loans of RM2,285.4 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 30.06.2020	
	Notional Amount	Fair Value
Forward Foreign Currency Contracts		
- Less than 1 year	63.3	(1.5)
Interest Rate Swap Contracts		
- 1 year to 3 years	103.0	(1.9)
- More than 3 years	469.2	(54.3)
Profit Rate Swap Contracts		
- More than 3 years	370.9	(22.3)
Total	1,006.4	(80.0)

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.

During the period, TNB Sepang Solar Sdn. Bhd. ('TSS') has entered into Profit Rate Swap ('PRS') transaction with effect from 13 February 2020 that entitled TSS to receive profit at floating rates and obliged to pay profit at fixed rate of 3.15% on aggregate principal of RM236.2 million.

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

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

	<u>Current</u> <u>quarter</u> <u>ended</u> 30.06.2020	<u>Individual</u> <u>Corresponding</u> <u>quarter</u> <u>ended</u> 30.06.2019	<u>Current</u> <u>period</u> <u>ended</u> 30.06.2020	<u>Cumulative</u> <u>Preceding</u> <u>period</u> <u>ended</u> 30.06.2019
Profit attributable to owners of the Company	653.3	1,116.2	1,371.2	2,673.0
Weighted average number of ordinary shares in issue ('000)	5,689,418	5,686,889	5,689,418	5,686,889
Basic earnings per share (sen)	11.48	19.63	24.10	47.00
Weighted average number of ordinary shares in issue ('000)	5,689,418	5,686,889	5,689,418	5,686,889
Adjustments for LTIP ('000)	12	-	12	-
Weighted average number of diluted ordinary shares ('000)	5,689,430	5,686,889	5,689,430	5,686,889
Diluted earnings per share (sen)	11.48	19.63	24.10	47.00

27) EXCEPTIONAL ITEMS

There were no exceptional items incurred during the quarter.

By Order of the Board

**NORAZNI BINTI MOHD ISA
COMPANY SECRETARY
LS 0009635
SSM PRACTICING CERTIFICATE NO.: 201908000492**

Kuala Lumpur
27 August 2020