

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

(Amounts in RM million unless otherwise stated)

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2020	Corresponding quarter ended 31.12.2019	Current year ended 31.12.2020	Preceding year ended 31.12.2019
Revenue	10,324.3	12,177.1	43,976.0	50,939.7
Operating expenses	(8,894.0)	(11,293.1)	(37,132.4)	(43,561.5)
Net (loss)/gain on impairment of financial instruments	(204.5)	111.5	(546.2)	(302.4)
Other operating income	229.2	354.3	1,061.4	1,131.0
Operating profit	1,455.0	1,349.8	7,358.8	8,206.8
Foreign exchange				
- Translation gain	245.9	276.6	71.6	200.6
- Transaction loss	(25.9)	(5.2)	(45.4)	(86.7)
Share of results of joint ventures	23.1	7.0	19.8	25.7
Share of results of associates	15.6	(66.2)	56.7	26.9
Profit before finance cost	1,713.7	1,562.0	7,461.5	8,373.3
Finance income	48.2	122.6	317.7	525.1
Finance cost	(935.2)	(956.4)	(3,668.7)	(3,382.7)
Fair value changes of financial instruments	64.9	46.6	124.9	(38.0)
Profit before taxation and zakat	891.6	774.8	4,235.4	5,477.7
Taxation and zakat				
- Company and subsidiaries	473.3	22.9	(530.2)	(922.6)
- Deferred taxation	(163.1)	(213.6)	(88.8)	(110.1)
Profit for the financial period/year	1,201.8	584.1	3,616.4	4,445.0
Attributable to:				
- Owners of the Company	1,211.9	653.3	3,592.7	4,529.2
- Non-controlling interests	(10.1)	(69.2)	23.7	(84.2)
Profit for the financial period/year	1,201.8	584.1	3,616.4	4,445.0
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	21.27	11.49	63.06	79.64
Diluted	21.18	11.49	62.79	79.64

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 4th QUARTER ENDED 31 DECEMBER 2020

(Amounts in RM million unless otherwise stated)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current quarter ended</u> <u>31.12.2020</u>	<u>Corresponding quarter ended</u> <u>31.12.2019</u>	<u>Current year ended</u> <u>31.12.2020</u>	<u>Preceding year ended</u> <u>31.12.2019</u>
Profit for the financial period/year	1,201.8	584.1	3,616.4	4,445.0
Other comprehensive income/(expense)				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial gain/(loss)	614.6	(113.8)	(402.0)	(1,303.6)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	68.4	(32.9)	(34.3)	(101.5)
Financial assets at fair value through other comprehensive income ('FVOCI')	(2.6)	(1.7)	(1.3)	(17.5)
Share of other comprehensive (loss)/gain of associates accounted for using the equity method	(18.8)	16.0	(38.7)	19.8
Total other comprehensive income/(expense)	661.6	(132.4)	(476.3)	(1,402.8)
Total comprehensive income for the financial period/year	1,863.4	451.7	3,140.1	3,042.2
Attributable to:				
- Owners of the Company	1,863.3	542.0	3,117.7	3,147.5
- Non-controlling interests	0.1	(90.3)	22.4	(105.3)
Total comprehensive income for the financial period/year	1,863.4	451.7	3,140.1	3,042.2

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 31 DECEMBER 2020

(Amounts in RM million unless otherwise stated)

	31.12.2020	31.12.2019
NON-CURRENT ASSETS		
Property, plant and equipment	112,596.1	109,966.0
Right-of-use assets	34,906.3	38,264.0
Joint ventures	200.6	177.4
Associates	1,138.6	1,264.0
Goodwill on consolidation	434.0	241.3
Investment in unquoted debt security	265.8	331.8
Tax recoverable	3,522.4	1,765.1
Deferred tax assets	131.0	124.3
Long term receivables	227.8	740.0
Finance lease receivables	10.1	11.9
Financial assets at FVOCI	57.6	58.9
Financial assets at fair value through profit or loss ('FVTPL')	140.5	149.1
	<u>153,630.8</u>	<u>153,093.8</u>
CURRENT ASSETS		
Inventories	1,583.8	1,925.3
Receivables, deposits and prepayments	6,893.7	4,760.5
Contract assets	3,197.8	3,508.2
Contract cost assets	125.3	10.5
Tax recoverable	1,765.5	1,129.9
Finance lease receivables	1.1	1.0
Amounts due from joint ventures	19.4	10.6
Amounts due from associates	183.5	155.8
Financial assets at FVTPL	6,973.9	7,959.9
Deposits, bank and cash balances	6,441.5	6,291.7
Assets classified as held for sale	617.0	-
	<u>27,802.5</u>	<u>25,753.4</u>
CURRENT LIABILITIES		
Payables	(10,534.1)	(9,220.3)
Contract liabilities	(420.5)	(354.4)
Derivative financial instruments	(1.3)	(8.6)
Lease liabilities	(3,257.8)	(3,403.3)
Amounts due to associates	(237.8)	(286.6)
Amounts due to joint venture	-	(0.1)
Current tax liabilities	(44.8)	(70.2)
Employee benefits	(783.8)	(758.2)
Consumer deposits	(6,606.0)	(6,220.9)
Short term borrowings	(6,409.1)	(3,479.3)
Liabilities classified as held for sale	(506.1)	-
	<u>(28,801.3)</u>	<u>(23,801.9)</u>
NET CURRENT (LIABILITIES)/ASSETS	(998.8)	1,951.5
NON-CURRENT LIABILITIES		
Borrowings	(43,043.5)	(41,932.4)
Derivative financial instruments	(175.7)	(37.2)
Contract liabilities	(3,753.7)	(3,430.0)
Government development grants	(961.2)	(1,031.3)
Lease liabilities	(25,471.0)	(27,902.8)
Deferred tax liabilities	(7,805.8)	(7,783.0)
Other liabilities	(902.3)	(979.9)
Employee benefits	(13,068.9)	(12,666.6)
	<u>(95,182.1)</u>	<u>(95,763.2)</u>
TOTAL NET ASSETS	<u>57,449.9</u>	<u>59,282.1</u>
EQUITY		
Share capital	11,675.2	11,446.1
Other reserves	(8,242.7)	(7,763.8)
Retained profits	52,400.7	54,299.5
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	55,833.2	57,981.8
NON-CONTROLLING INTERESTS	1,616.7	1,300.3
TOTAL EQUITY	<u>57,449.9</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 4th QUARTER ENDED 31 DECEMBER 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 financial year	-	-	3,592.7	23.7	3,616.4
Foreign currency translation reserve	-	(33.6)	-	(0.7)	(34.3)
Fair value of financial assets at other comprehensive income ('OCI')	-	(1.3)	-	-	(1.3)
Share of OCI of associates accounted for using the equity method	-	(38.7)	-	-	(38.7)
Employee benefits reserve	-	(401.4)	-	(0.6)	(402.0)
Total comprehensive (expense)/income	-	(475.0)	3,592.7	22.4	3,140.1
Long Term Incentive Plan ('LTIP'):					
- Share-based payment expense	-	272.2	-	-	272.2
- Reversal of share-based payment expense	-	(47.0)	-	-	(47.0)
- Shares issued	229.1	(229.1)	-	-	-
Dividends paid:					
- Final dividend for FY2019	-	-	(1,137.4)	-	(1,137.4)
- Special dividend for FY2019	-	-	(2,843.4)	-	(2,843.4)
- Interim dividend for FY2020	-	-	(1,255.0)	-	(1,255.0)
Dividend paid to non-controlling interests ('NCI')	-	-	-	(2.8)	(2.8)
Acquisition of shares from NCI	-	-	(11.4)	9.5	(1.9)
Acquisition of Redeemable Preference Shares from NCI	-	-	(244.3)	(36.8)	(281.1)
Subscription of Redeemable Preference Shares by NCI	-	-	-	225.3	225.3
Acquisition of new subsidiary	-	-	-	98.8	98.8
Total transactions with owners	229.1	(3.9)	(5,491.5)	294.0	(4,972.3)
At 31 December 2020	11,675.2	(8,242.7)	52,400.7	1,616.7	57,449.9
At 1 January 2019	11,446.1	(6,392.7)	52,784.4	1,214.1	59,051.9
Profit for the financial year	-	-	4,529.2	(84.2)	4,445.0
Foreign currency translation reserve	-	(101.5)	-	-	(101.5)
Fair value of financial assets at OCI	-	(17.5)	-	-	(17.5)
Share of OCI of associates accounted for using the equity method	-	19.8	-	-	19.8
Employee benefits reserve	-	(1,282.5)	-	(21.1)	(1,303.6)
Total comprehensive (expense)/income	-	(1,381.7)	4,529.2	(105.3)	3,042.2
LTIP:					
- Share-based payment expense	-	232.1	-	-	232.1
- Reversal of share-based payment expense	-	(221.5)	-	-	(221.5)
Dividends paid:					
- Final dividend for FY2018	-	-	(1,308.0)	-	(1,308.0)
- Interim dividend for FY2019	-	-	(1,706.1)	-	(1,706.1)
Dividend paid to NCI	-	-	-	(3.6)	(3.6)
Acquisition of additional equity by NCI	-	-	-	195.1	195.1
Total transactions with owners	-	10.6	(3,014.1)	191.5	(2,812.0)
At 31 December 2019	11,446.1	(7,763.8)	54,299.5	1,300.3	59,282.1

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 4th QUARTER ENDED 31 DECEMBER 2020

(Amounts in RM million unless otherwise stated)

	FY2020 ended 31.12.2020	FY2019 ended 31.12.2019
Operating activities		
Cash generated from operations	17,984.2	20,510.8
Post-employment benefits paid	(787.5)	(885.7)
Contract liabilities received	938.6	1,136.0
Consumer deposits received	226.4	306.2
Taxation and zakat paid	<u>(2,843.1)</u>	<u>(1,609.6)</u>
Net cash flows generated from operating activities	<u>15,518.6</u>	<u>19,457.7</u>
Investing activities		
Acquisition of subsidiaries net of cash and cash equivalent	66.9	-
Deferred consideration paid	(68.3)	-
Additional investments in:		
- Unquoted debt securities	(104.9)	-
- FVTPL	(68,925.1)	(73,111.7)
- Joint ventures	(3.4)	(1.4)
- Associate	(25.1)	-
Proceeds from redemptions:		
- Redeemable preference shares in associate	42.8	40.4
Disposals of FVTPL	70,050.6	74,593.5
Dividend income received	63.7	57.3
Finance income received	130.8	226.0
Property, plant and equipment:		
- Additions	(6,909.7)	(10,759.5)
- Proceeds from disposals	188.6	51.7
Right-of-use assets:		
- Proceeds from disposals	<u>0.1</u>	<u>1.2</u>
Net cash flows used in investing activities	<u>(5,493.0)</u>	<u>(8,902.5)</u>
Financing activities		
Government development grants received	9.3	8.6
Bank borrowings:		
- Drawdowns	6,454.5	1,113.3
- Repayments	(4,450.0)	(3,756.9)
Interests paid:		
- Borrowings	(2,224.8)	(2,310.1)
- Others	-	(0.6)
Repayments of lease obligations:		
- Principal	(2,738.5)	(3,762.2)
- Interest	(1,597.4)	(1,209.8)
Dividends paid to shareholders	(5,235.8)	(3,014.1)
Dividend paid to NCI	(2.8)	(3.6)
Acquisition of shares from NCI	(1.9)	-
Acquisition of Redeemable Preference Shares from NCI	(281.1)	-
Subscription of Redeemable Preference Shares by NCI	225.3	-
Acquisition of Preferred Equity Certificate from NCI	(32.4)	-
Net decrease in debt reserve accounts	4.1	104.8
Net increase in cash at bank, held in trust	(34.1)	(118.2)
Net increase in restricted cash	(84.6)	(6.3)
Net decrease/(increase) in deposits maturing more than 90 days	<u>2,547.0</u>	<u>(2,759.0)</u>
Net cash flows used in financing activities	<u>(7,443.2)</u>	<u>(15,714.1)</u>
Net increase/(decrease) in cash and cash equivalents	2,582.4	(5,158.9)
Effects of changes in foreign currency	(0.2)	1.1
Cash and cash equivalents at the beginning of the financial year	<u>2,440.8</u>	<u>7,598.6</u>
Cash and cash equivalents at the end of the financial year	<u>5,023.0</u>	<u>2,440.8</u>
Deposit, bank and cash balances at the end of the financial year	6,441.5	6,291.7
Debt reserve account ¹	(137.1)	(141.2)
Cash at bank, held in trust ²	(401.2)	(367.1)
Restricted cash	(107.2)	(22.6)
Deposits maturing more than 90 days	<u>(773.0)</u>	<u>(3,320.0)</u>
Cash and cash equivalents at the end of the financial year	<u>5,023.0</u>	<u>2,440.8</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 loans 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 for 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 and IC Interpretations that are applicable and effective to the Group beginning 1 January 2020 are as follows:

- a) Amendments to MFRS 3 'Business Combinations' on Definition of a Business
- b) Amendments to MFRS 7 'Financial Instruments: Disclosures' on Interest Rate Benchmark Reform
- c) Amendments to MFRS 9 'Financial Instruments' on Interest Rate Benchmark Reform
- d) Amendments to MFRS 101 'Presentation of Financial Statements' ('MFRS 101') on Definition of Material
- e) Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' ('MFRS 108') on Definition of Material
- f) Amendments to References to the Conceptual Framework in MFRS Standards
 - Amendments to MFRS 2 'Share-based Payment'
 - Amendments to MFRS 101
 - Amendments to 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'
 - Amendments to IC Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'
 - Amendment to IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'
 - Amendments to IC Interpretation 132 'Intangible Assets – Web Site Costs'

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 Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2020	Corresponding quarter ended 31.12.2019	Current year ended 31.12.2020	Preceding year ended 31.12.2019
Sales:				
- Electricity	10,119.4	11,773.8	43,203.3	49,912.2
- Goods and services	125.7	300.8	440.4	694.6
Construction contracts	14.8	30.9	49.3	61.4
Customers' contributions	64.4	71.6	283.0	271.5
Total revenue	10,324.3	12,177.1	43,976.0	50,939.7

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

As announced to Bursa Malaysia on 31 December 2020, Tenaga Nasional Berhad ('TNB') paid a sum of RM1.76 billion out of the remaining disputed additional taxes of RM5.42 billion for the years of assessment 2013 to 2018 as part of the terms of two consent orders TNB signed with Inland Revenue Board. This payment has increased the tax recoverable in TNB's non-current assets to RM3.52 billion.

TNB also recognised an obligation amounting to RM1.16 billion relating to shortfall of committed value of gas by the power sector under the Gas Framework Agreement ('GFA') and its corresponding prepayment 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 a final single tier dividend of 18.0 sen per ordinary share and a special single tier dividend of 40.0 sen per ordinary share, in respect of the financial year ended 31 December 2020, totalling to approximately RM3,308.7 million (based on 5,704,653,871 paid-up share capital).

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

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

The interim single tier dividend for Financial Year 2020 was paid on 14 October 2020 totalling RM1,255.0 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

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 31.12.2020	As at 31.12.2019
Claims by third parties	247.7	225.2
Trade guarantees and performance bonds	26.2	21.3
Total contingent liabilities	273.9	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 reinvestment allowance 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, on 30 December 2020, both TNB and IRB have recorded a consent order. Pursuant to the Consent Order, the Court has granted a stay of proceedings against the enforcement of the IRB's notices of additional assessment and leave to commence judicial review. Subsequently, the High Court has fixed the hearing for the substantive stage on 15 June 2021.

With regards to the notice of additional assessment for the Year of Assessment 2018, on 21 January 2021, both TNB and IRB have recorded a consent order. Pursuant to the consent order, the High Court has granted a stay of proceedings against the enforcement of the IRB's notice of additional assessment. The High Court has fixed a case management on 31 March 2021 to receive further instructions from the Court with regards to the substantive stage.

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 31.12.2020	As at 31.12.2019
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	55,365.5	53,056.4
Contracted but not provided for in the financial statements	988.5	607.8
Total capital commitments	56,354.0	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 31 December 2020 against the corresponding period ended 31 December 2019:

Revenue for the period decreased by 13.7% or RM6,963.7 million, mainly due to lower sales of electricity of RM6,708.9 million, down 13.4%, from RM49,912.2 million in FY2019. The decline largely contributed by customer of commercial and industrial segments, which were affected by the COVID-19 outbreak. Included in this lower sales of electricity, the Imbalance Cost Pass-Through ('ICPT') which was in an over-recovery position of RM3,034.5 million as compared to an under-recovery position of RM1,917.9 million during the last corresponding period.

Profit after taxation for the current period under review reduced by RM828.6 million, from RM4,445.0 million reported during the last corresponding period to RM3,616.4 million, mainly due to a lower revenue recorded, lower finance income resulting from lower interest rates and higher finance cost attributed to the expensing of finance cost to the profit and loss for newly commissioned plant, Tuanku Muhriz Power Station. This was offset by the tax credit on the reinvestment allowance incentive claimed by TNB based on the Finance Act 2020 gazetted by the government on 31 December 2020.

Under the Incentive Based Regulation ('IBR') framework, the regulated business reported a return of RM4,210.6 million.

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

Revenue for the quarter fell 15.2% to RM10,324.3 million from RM12,177.1 million. Operating expenses reduced from RM11,293.1 million to RM8,894.0 million or 21.2% mainly due to lower generation cost. This resulted in higher operating profit of RM1,455.0 million, an increase of RM105.2 million or 7.8%.

Profit after taxation for the current quarter under review also increased by RM617.7 million, from RM584.1 million reported in the same quarter last year to RM1,201.8 million. This was mainly due to higher tax credit resulting from the claim of the reinvestment allowance incentive.

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

Performance of the current quarter (4th Quarter FY2020) against the preceding quarter (3rd Quarter FY2020):

The Group reported higher profit after taxation of RM1,201.8 million in the current quarter as compared to RM1,001.9 million in the preceding quarter, an increase of RM199.9 million. This was mainly due to higher gain in foreign translation and lower tax expenses due to the reinvestment allowance incentive claim.

18) PROSPECTS

The Malaysian economy registered a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the Conditional Movement Control Order (CMCO) imposed on a number of states since mid-October. For 2020 as a whole, the economy contracted by 5.6%.

While near-term growth in 2021 will be affected by the stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth is projected to improve from the second quarter onwards driven by the recovery in global demand and policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI.

The Board of Directors foresees the pace of recovery that the Group has registered in 2HFY2020 will continue into 2021, although with some challenges following the re-imposition of the Movement Control Order (MCO). However, the impact will be cushioned as most economic activities remain operational. 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> 31.12.2020	<u>Cumulative</u> <u>Current</u> <u>period</u> <u>ended</u> 31.12.2020
Property, plant and equipment:		
- Depreciation	(1,875.7)	(6,997.3)
- Gain on disposals	6.5	8.2
Right-of-use assets:		
- Depreciation	(885.3)	(3,625.1)
Receivables:		
- Impairment losses	(151.3)	(623.7)
- Reversal of impairment losses	-	133.4
Contract assets:		
- Impairment losses	-	(43.8)
- Reversal of impairment losses	10.1	50.5
Amount due from joint ventures:		
- Impairment losses	(28.4)	(28.4)
- Reversal of impairment losses	3.6	3.6
Amount due from associates:		
- Impairment losses	(0.2)	(0.2)
Inventories:		
- Provision for obsolescence	-	(163.7)
- Write back of obsolescence	1.3	117.9
- Written off	(18.7)	(82.5)
Impairment of an associate	-	(51.6)
Impairment of an investment in unquoted debt security	(37.6)	(37.6)

Other than the items highlighted above, there were no material 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:

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2020	Corresponding quarter ended 31.12.2019	Current year ended 31.12.2020	Preceding year ended 31.12.2019
Income tax:				
Current tax and zakat	473.3	22.9	(530.2)	(922.6)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	(163.1)	(213.6)	(88.8)	(110.1)
Total taxation and zakat	310.2	(190.7)	(619.0)	(1,032.7)

For the reporting period ended 31 December 2020, the Group reported a 14.6% effective tax rate, which is lower than the statutory tax rate of 24.0%. The lower effective tax rate is mainly due to the claim of reinvestment allowance incentive during the current quarter.

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 31.12.2020	As at 31.12.2019
Short term - secured	2,448.2	1,715.5
- unsecured	3,960.9	1,763.8
Sub-total	6,409.1	3,479.3
Long term - secured	23,152.7	22,357.4
- unsecured	19,890.8	19,575.0
Sub-total	43,043.5	41,932.4
Total	49,452.6	45,411.7

- (b) Currency denominations:

	As at 31.12.2020	As at 31.12.2019
Japanese Yen	2,372.1	2,414.8
US Dollar	7,729.5	7,873.2
GBP	2,390.9	598.7
Others	-	52.9
Total Ringgit equivalent of foreign currency borrowings	12,492.5	10,939.6
Ringgit borrowings	36,960.1	34,472.1
Total	49,452.6	45,411.7

- (c) Effective average cost of borrowing based on exposure as at 31 December 2020 was 4.88% (31 December 2019: 5.06%).
- (d) Repayments of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM680.2 million; and
 - (ii) Ringgit denominated loans of RM3,769.8 million.
- (e) Drawdowns of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM458.5 million; and
 - (ii) Ringgit denominated loans of RM5,996.0 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 31.12.2020	
	Notional Amount	Fair Value
Forward Foreign Currency Contracts		
- Less than 1 year	93.3	(1.3)
Interest Rate Swap Contracts		
- 1 year to 3 years	95.2	(1.9)
- More than 3 years	1,650.9	(148.3)
Profit Rate Swap Contracts		
- More than 3 years	361.3	(25.5)
Total	2,200.7	(177.0)

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.

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% per annum on aggregate notional principal of RM236.2 million.

During the financial year, the Group completed the acquisition of additional 5% equity stake in Vortex Solar Investments S.A.R.L. ('VSI'). In June 2017, Vortex Solar UK Limited, a wholly-owned subsidiary of VSI has entered into Interest Rate Swap ('IRS') contract transaction with effect from 22 June 2017 until 31 March 2035 that entitled the company to receive interest at floating rates, and obliged it to pay interest at fixed rate of 1.37% on aggregate principal of GBP252.7 million. As of 31 December 2020, the notional amount of the derivative instruments was GBP212.1 million.

The IRS and PRS entered 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

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2020	Corresponding quarter ended 31.12.2019	Current year ended 31.12.2020	Preceding year ended 31.12.2019
Profit attributable to owners of the Company	1,211.9	653.3	3,592.7	4,529.2
Weighted average number of ordinary shares in issue ('000)	5,697,069	5,686,889	5,697,069	5,686,889
Basic earnings per share (sen)	21.27	11.49	63.06	79.64
Weighted average number of ordinary shares in issue ('000)	5,697,069	5,686,889	5,697,069	5,686,889
Adjustments for LTIP ('000)	24,443	-	24,443	-
Weighted average number of diluted ordinary shares ('000)	5,721,512	5,686,889	5,721,512	5,686,889
Diluted earnings per share (sen)	21.18	11.49	62.79	79.64

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
26 February 2021