

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 2021

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.06.2021	Corresponding quarter ended 30.06.2020	Current period ended 30.06.2021	Preceding period ended 30.06.2020
Revenue	12,441.0	10,890.8	23,919.0	22,545.3
Operating expenses	(10,057.8)	(9,138.6)	(19,204.3)	(18,683.2)
Net loss on impairment of financial instruments	(487.2)	(60.0)	(667.6)	(161.6)
Other operating income	227.3	130.0	404.0	345.5
Operating profit	2,123.3	1,822.2	4,451.1	4,046.0
Foreign exchange				
- Translation (loss)/gain	(59.9)	55.5	(116.7)	(332.5)
- Transaction gain/(loss)	26.4	3.9	(15.3)	(10.9)
Share of results of joint ventures	5.7	(2.9)	12.0	3.4
Share of results of associates	42.7	18.2	59.0	27.6
Profit before finance cost	2,138.2	1,896.9	4,390.1	3,733.6
Finance income	64.0	89.4	112.0	193.1
Finance cost	(978.6)	(918.5)	(1,910.5)	(1,816.5)
Fair value changes of financial instruments	(21.5)	(23.1)	87.8	(49.1)
Profit before taxation and zakat	1,202.1	1,044.7	2,679.4	2,061.1
Taxation and zakat				
- Company and subsidiaries	(499.3)	(269.8)	(1,064.0)	(748.8)
- Deferred taxation	147.2	(98.9)	208.1	100.4
Profit for the period	850.0	676.0	1,823.5	1,412.7
Attributable to:				
- Owners of the Company	821.5	653.3	1,780.2	1,371.2
- Non-controlling interests	28.5	22.7	43.3	41.5
Profit for the period	850.0	676.0	1,823.5	1,412.7
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	14.39	11.48	31.18	24.10
Diluted	14.39	11.48	31.18	24.10

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 2020.

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2nd QUARTER ENDED 30 JUNE 2021

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.06.2021	Corresponding quarter ended 30.06.2020	Current period ended 30.06.2021	Preceding period ended 30.06.2020
Profit for the period	850.0	676.0	1,823.5	1,412.7
Other comprehensive (expense)/income				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial (loss)/gain	(45.6)	(537.3)	873.9	(644.2)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	58.3	(46.6)	158.3	(66.5)
Financial assets at fair value through other comprehensive income ('FVOCI')	(0.6)	1.2	0.9	3.6
Share of other comprehensive income/(expense) of associates accounted for using the equity method	5.3	(19.5)	5.3	(22.6)
Total other comprehensive income/(expense)	17.4	(602.2)	1,038.4	(729.7)
Total comprehensive income for the period	867.4	73.8	2,861.9	683.0
Attributable to:				
- Owners of the Company	838.7	59.8	2,804.8	648.4
- Non-controlling interests	28.7	14.0	57.1	34.6
Total comprehensive income for the period	867.4	73.8	2,861.9	683.0

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

(Amounts in RM million unless otherwise stated)

	30.06.2021	31.12.2020
NON-CURRENT ASSETS		
Property, plant and equipment	113,114.9	112,596.1
Right-of-use assets	33,188.3	34,906.3
Joint ventures	212.5	200.6
Associates	903.7	1,138.6
Goodwill on consolidation	435.6	434.0
Investment in unquoted debt securities	266.9	265.8
Tax recoverable	3,522.4	3,522.4
Deferred tax assets	107.2	131.0
Long term receivables	179.7	227.8
Finance lease receivables	9.4	10.1
Financial assets at FVOCI	58.5	57.6
Contract cost assets	1.1	-
Financial assets at fair value through profit or loss ('FVTPL')	83.4	140.5
	<u>152,083.6</u>	<u>153,630.8</u>
CURRENT ASSETS		
Inventories	1,674.4	1,583.8
Receivables, deposits and prepayments	6,270.9	6,893.7
Contract assets	2,746.1	3,197.8
Contract cost assets	113.5	125.3
Tax recoverable	1,103.7	1,765.5
Finance lease receivables	1.2	1.1
Amounts due from joint ventures	27.2	19.4
Amounts due from associates	266.3	183.5
Financial assets at FVTPL	6,466.5	6,973.9
Deposits, bank and cash balances	5,336.5	6,441.5
Assets classified as held for sale	545.5	617.0
	<u>24,551.8</u>	<u>27,802.5</u>
CURRENT LIABILITIES		
Payables	(8,159.5)	(10,534.1)
Contract liabilities	(453.0)	(420.5)
Derivative financial instruments	-	(1.3)
Lease liabilities	(3,278.3)	(3,257.8)
Amounts due to associates	(236.9)	(237.8)
Current tax liabilities	(157.7)	(44.8)
Employee benefits	(784.6)	(783.8)
Consumer deposits	(6,907.6)	(6,606.0)
Short term borrowings	(6,651.8)	(6,409.1)
Liabilities classified as held for sale	(570.4)	(506.1)
	<u>(27,199.8)</u>	<u>(28,801.3)</u>
NET CURRENT LIABILITIES	(2,648.0)	(998.8)
NON-CURRENT LIABILITIES		
Borrowings	(42,505.8)	(43,043.5)
Derivative financial instruments	(89.8)	(175.7)
Contract liabilities	(3,963.5)	(3,753.7)
Government development grants	(974.0)	(961.2)
Lease liabilities	(24,114.8)	(25,471.0)
Deferred tax liabilities	(7,844.5)	(7,805.8)
Other liabilities	(956.2)	(902.3)
Employee benefits	(11,855.6)	(13,068.9)
	<u>(92,304.2)</u>	<u>(95,182.1)</u>
TOTAL NET ASSETS	<u>57,131.4</u>	<u>57,449.9</u>
EQUITY		
Share capital	11,927.6	11,675.2
Other reserves	(7,342.2)	(8,242.7)
Retained profits	50,872.2	52,400.7
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	55,457.6	55,833.2
NON-CONTROLLING INTERESTS	1,673.8	1,616.7
TOTAL EQUITY	<u>57,131.4</u>	<u>57,449.9</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 2020.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2nd QUARTER ENDED 30 JUNE 2021

(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 2021	11,675.2	(8,242.7)	52,400.7	1,616.7	57,449.9
Profit for the period	-	-	1,780.2	43.3	1,823.5
Foreign currency translation reserve	-	157.4	-	0.9	158.3
Fair value changes of financial assets at other comprehensive income ('OCI')	-	0.9	-	-	0.9
Share of OCI of associates accounted for using the equity method	-	5.3	-	-	5.3
Employee benefits reserve	-	861.0	-	12.9	873.9
Total comprehensive income	-	1,024.6	1,780.2	57.1	2,861.9
Long Term Incentive Plan ('LTIP'):					
- Share-based payment expense	-	165.2	-	-	165.2
- Reversal of share-based payment expense	-	(36.9)	-	-	(36.9)
- Shares issued	252.4	(252.4)	-	-	-
Dividends paid:					
- Final dividend for FY2020	-	-	(1,026.8)	-	(1,026.8)
- Special dividend for FY2020	-	-	(2,281.9)	-	(2,281.9)
Total transactions with owners	252.4	(124.1)	(3,308.7)	-	(3,180.4)
At 30 June 2021	11,927.6	(7,342.2)	50,872.2	1,673.8	57,131.4
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)
Fair value changes of financial assets at OCI	-	3.6	-	-	3.6
Share of 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
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

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 2020.

D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2nd QUARTER ENDED 30 JUNE 2021

(Amounts in RM million unless otherwise stated)

	FY2021 ended 30.06.2021	FY2020 ended 30.06.2020
Operating activities		
Cash generated from operations	9,023.2	6,091.2
Post-employment benefits paid	(409.6)	(410.9)
Contract liabilities received	429.3	258.0
Consumer deposits received	232.7	169.2
Taxation and zakat paid	(271.6)	(541.8)
Net cash flows generated from operating activities	<u>9,004.0</u>	<u>5,565.7</u>
Investing activities		
Deferred consideration paid	-	(68.3)
Additional investments in:		
- FVTPL	(32,557.4)	(31,996.4)
- Joint ventures	-	(1.2)
Disposals of FVTPL	33,153.1	36,006.8
Dividend income received	25.5	23.6
Interest income received	49.8	58.0
Property, plant and equipment:		
- Additions	(3,599.2)	(2,363.8)
- Proceeds from disposals	9.6	0.9
Right-of-use assets:		
- Proceeds from disposal	0.1	-
Net cash flows (used in)/generated from investing activities	<u>(2,918.5)</u>	<u>1,659.6</u>
Financing activities		
Government development grants received	2.0	0.1
Borrowings:		
- Drawdowns	1,515.0	2,429.8
- Repayments	(2,212.4)	(1,388.8)
Interests paid:		
- Borrowings	(1,113.2)	(1,090.5)
Repayments of lease obligations:		
- Principal	(1,326.6)	(1,497.9)
- Interest	(746.9)	(669.5)
Dividends paid to shareholders	(3,308.7)	(3,980.8)
Dividend paid to NCI	-	(2.8)
Net (increase)/decrease in debt reserve accounts	(119.2)	1.2
Net decrease/(increase) in cash at bank, held in trust	61.0	(29.9)
Net decrease in restricted cash	104.1	0.5
Net (increase)/decrease in deposits maturing more than 90 days	(299.2)	2,050.8
Net cash flows used in financing activities	<u>(7,444.1)</u>	<u>(4,177.8)</u>
Net (decrease)/increase in cash and cash equivalents	(1,358.6)	3,047.5
Effects of changes in foreign currency	0.3	1.2
Cash and cash equivalents at the beginning of the period	<u>5,023.0</u>	<u>2,440.8</u>
Cash and cash equivalents at the end of the period	<u>3,664.7</u>	<u>5,489.5</u>
Deposit, bank and cash balances at the end of the period		
Deposit, bank and cash balances at the end of the period	5,336.5	7,317.8
Debt reserve account ¹	(256.3)	(140.0)
Cash at bank, held in trust ²	(340.2)	(397.0)
Restricted cash	(3.1)	(22.1)
Deposits maturing more than 90 days	(1,072.2)	(1,269.2)
Cash and cash equivalents at the end of the period	<u>3,664.7</u>	<u>5,489.5</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 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 2020.

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 2020.

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 2020.

2) AUDIT QUALIFICATION

The audited financial statements for the financial year ended 31 December 2020 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 2020.

Amendments to standards that are applicable and effective to the Group beginning 1 January 2021 are as follows:

- a) Amendments to Interest Rate Benchmark Reform in MFRS standards
 - Amendments to MFRS 7 'Financial Instruments: Disclosures'
 - Amendments to MFRS 9 'Financial Instruments'
 - Amendments to MFRS 16 'Leases' ('MFRS 16')
- b) Amendments to MFRS 16 on COVID-19 Related Rent Concessions

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:

	Current quarter ended 30.06.2021	Individual Corresponding quarter ended 30.06.2020	Current period ended 30.06.2021	Cumulative Preceding period ended 30.06.2020
Sales:				
- Electricity	12,154.7	10,740.2	23,474.7	22,161.5
- Goods and services	207.2	68.5	300.7	217.6
Construction contracts Customers' contributions	12.6 66.5	10.3 71.8	23.1 120.5	23.1 143.1
Total revenue	12,441.0	10,890.8	23,919.0	22,545.3

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 material 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 25 May 2021 and 1 June 2021, the Company announced the allotment and issuance of 21,426,100 and 11,400 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 5,726,091,371 ordinary shares for the financial year ending 31 December 2021 amounting to RM1,259.7 million.

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

The final single tier and special single tier dividends for Financial Year 2020 were paid on 16 April 2021 totalling RM3,308.7 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 24 August 2021, TNB through its wholly owned subsidiary TNB Topaz Energy Sdn. Bhd. has divested all its 105,600,000 units of Tranche 1 investment in the Compulsory Convertible Debenture issued by GMR Bajoli Holi Hydropower Private Limited of India, a subsidiary of GMR Energy Limited for INR1,176.0 million (equivalent to RM67.0 million).

13) CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes to the composition of the Group during the quarter under review.

14) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:

	As at 30.06.2021	As at 31.12.2020
Claims by third parties	394.7	247.7
Trade guarantees and performance bonds	63.8	26.2
Total contingent liabilities	458.5	273.9

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 9 September 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. Subsequently, the High Court has fixed the hearing for the substantive stage on 26 October 2021.

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 30.06.2021	As at 31.12.2020
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	52,472.2	55,365.5
Contracted but not provided for in the financial statements	235.2	988.5
Total capital commitments	52,707.4	56,354.0

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 2021 against the corresponding period ended 30 June 2020:

Revenue for the period increased by 6.1% or RM1,373.7 million, mainly due to higher sales of electricity of RM1,313.2 million, up 5.9% from RM22,161.5 million a year ago with sales growth of 4.9%. The increase in units sold for TNB was largely contributed by the industrial sector, as the businesses have gradually recovered from the prolonged pandemic since it first hits the country in March 2020. The prolonged pandemic affected customers' payment behavior as the collection trend deteriorate and becomes more challenging to recover. Hence, higher net loss on impairment of financial instruments of RM667.6 million was recognised during the current period. The resultant operating profit was a net increase of RM405.1 million or 10.0%, an increase to RM4,451.1 million from RM4,046.0 million in the last corresponding period.

Profit after taxation for the current period under review increased by RM410.8 million, from RM1,412.7 million reported during the last corresponding period to RM1,823.5 million. This was due to the higher operating profit mentioned above, coupled with significant reduction in foreign currency translation loss of RM215.8 million and an accounting gain on fair value of the financial instruments of RM87.8 million as compared to a loss of RM49.1 million reported a year ago, offset by higher finance costs and tax provisions.

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 RM2,333.1 million.

- (b) Performance of the current second quarter (three months) FY2021 against the corresponding second quarter (three months) FY2020:

Revenue for the quarter was up by 14.2% or RM1,550.2 million quarter on quarter, mainly due to the increase in sales of electricity as a result of higher consumption from commercial and industrial customers as certain businesses are allowed to operate instead of full economic closure in the last corresponding period. Consequently, the operating profit also increased from RM1,822.2 million to RM2,123.3 million, an increment of RM301.1 million or 16.5%.

Profit after taxation for the current quarter under review increased by 25.7% or RM174.0 million, from RM676.0 million reported in the same quarter last year to RM850.0 million. This was mainly due to higher operating profit, despite the higher net loss on impairment of financial instruments recognised in the current quarter.

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

Performance of the current quarter (2nd Quarter FY2021) against the preceding quarter (1st Quarter FY2021):

The Group reported lower profit after taxation of RM850.0 million in the current quarter as compared to RM973.5 million in the preceding quarter, a reduction of RM123.5 million. This was mainly due to higher net loss on impairment of financial instruments and accounting loss in the fair value changes of financial instruments recognised during the current quarter under review.

18) PROSPECTS

During the year, the Malaysian economy performed better in the second quarter by recording a growth of 16.1% compared to negative 0.5% in the first quarter. The growth was mainly driven by the improvement in domestic demand and continued robust exports performance. This is consistent with the demand growth recorded by TNB of 4.4% for the first half of the year where recovery was registered in the industrial sector.

However, towards the end of the second quarter there was a slowdown in the economy resulting from the reimposition of stricter containment measures nationwide due to the resurgence of Covid-19 cases. Therefore, Bank Negara Malaysia has revised the growth projection of between 3.0% and 4.0% for 2021 (from between 6.0% and 7.5% as previously projected).

Amid the developments surrounding the pandemic, the Group will continue to take 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:

	Individual Current quarter ended 30.06.2021	Cumulative Current period ended 30.06.2021
Property, plant and equipment:		
- Depreciation	(1,727.8)	(3,491.1)
- Gain on disposals	6.0	2.5
Right-of-use assets:		
- Depreciation	(884.4)	(1,768.1)
- Gain on disposal	-	0.1
Receivables:		
- Impairment losses	(490.0)	(760.5)
- Reversal of impairment losses	9.8	104.8
Contract assets:		
- Impairment losses	(15.6)	(19.1)
- Reversal of impairment losses	6.6	6.6
Amount due from associates:		
- Impairment losses	-	(0.1)
- Reversal of impairment losses	-	0.2
Impairment on amount due from joint venture	(0.4)	(0.4)
Inventories:		
- Provision for obsolescence	(22.0)	(76.1)
- Write back of obsolescence	16.3	81.7
- Written off	(0.3)	(67.4)
Impairment of an associate	-	(276.4)
Investment in unquoted debt securities		
- Impairment losses	-	(1.5)
- Reversal of impairment losses	2.4	2.4

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:

	Current quarter ended 30.06.2021	Individual Corresponding quarter ended 30.06.2020	Current period ended 30.06.2021	Cumulative Preceding period ended 30.06.2020
Income tax:				
Current tax and zakat	(499.3)	(269.8)	(1,064.0)	(748.8)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	147.2	(98.9)	208.1	100.4
Total taxation and zakat	(352.1)	(368.7)	(855.9)	(648.4)

For the reporting period ended 30 June 2021, the Group reported a 31.9% effective tax rate, which is higher than the statutory tax rate of 24.0%. The effective tax rate is higher in the current period mainly due to higher expenses not allowable for tax.

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 30.06.2021	As at 31.12.2020
Short term - secured	3,348.0	2,448.2
- unsecured	3,303.8	3,960.9
Sub-total	6,651.8	6,409.1
Long term - secured	23,192.2	23,152.7
- unsecured	19,313.6	19,890.8
Sub-total	42,505.8	43,043.5
Total	49,157.6	49,452.6

- (b) Currency denominations:

	As at 30.06.2021	As at 31.12.2020
US Dollar	7,992.7	7,729.5
GBP	2,476.0	2,390.9
Japanese Yen	2,228.4	2,372.1
Total Ringgit equivalent of foreign currency borrowings	12,697.1	12,492.5
Ringgit borrowings	36,460.5	36,960.1
Total	49,157.6	49,452.6

- (c) Effective average cost of borrowing based on exposure as at 30 June 2021 was 4.82% (31 December 2020: 4.88%).
- (d) Repayments of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM117.0 million; and
 - (ii) Ringgit denominated loans of RM2,095.4 million.
- (e) Drawdowns of debts during the reporting period were as follows:
- (i) Ringgit denominated loans of RM1,515.0 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 30.06.2021	
	Notional Amount	Fair Value
Forward Foreign Currency Contracts		
- Spot	39.7	0
Interest Rate Swap Contracts		
- 1 year to 3 years	77.5	(1.1)
- More than 3 years	1,701.8	(75.6)
Profit Rate Swap Contracts		
- More than 3 years	352.3	(13.1)
Total	2,171.3	(89.8)

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.

The Interest Rate Swap ('IRS') and Profit Rate Swap ('PRS') Contracts 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

	Individual		Cumulative	
	Current quarter ended	Corresponding quarter ended	Current period ended	Preceding period ended
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to owners of the Company	821.5	653.3	1,780.2	1,371.2
Weighted average number of ordinary shares in issue ('000)	5,708,799	5,689,418	5,708,799	5,689,418
Basic earnings per share (sen)	14.39	11.48	31.18	24.10
Weighted average number of ordinary shares in issue ('000)	5,708,799	5,689,418	5,708,799	5,689,418
Adjustments for LTIP ('000)	-	12	-	12
Weighted average number of diluted ordinary shares ('000)	5,708,799	5,689,430	5,708,799	5,689,430
Diluted earnings per share (sen)	14.39	11.48	31.18	24.10

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 August 2021