

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 2021

(Amounts in RM million unless otherwise stated)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current quarter ended 31.12.2021</u>	<u>Corresponding quarter ended 31.12.2020</u>	<u>Current year ended 31.12.2021</u>	<u>Preceding year ended 31.12.2020</u>
Revenue	15,735.1	10,324.3	52,629.5	43,976.0
Operating expenses	(14,498.5)	(8,894.0)	(44,524.4)	(37,132.4)
Net loss on impairment of financial instruments	(33.3)	(204.5)	(940.2)	(546.2)
Other operating income	369.7	229.2	918.1	1,061.4
Operating profit	1,573.0	1,455.0	8,083.0	7,358.8
Foreign exchange				
- Translation gain/(loss)	95.0	245.9	(67.4)	71.6
- Transaction loss	(73.2)	(25.9)	(101.1)	(45.4)
Share of results of joint ventures	11.9	23.1	29.3	19.8
Share of results of associates	60.6	15.6	164.2	56.7
Profit before finance cost	1,667.3	1,713.7	8,108.0	7,461.5
Finance income	62.1	48.2	221.8	317.7
Finance cost	(961.7)	(935.2)	(3,793.3)	(3,668.7)
Fair value changes of financial instruments	54.3	64.9	201.8	124.9
Profit before taxation and zakat	822.0	891.6	4,738.3	4,235.4
Taxation and zakat				
- Company and subsidiaries	62.9	481.9	(1,065.7)	(521.6)
- Deferred taxation	107.6	(171.7)	192.1	(97.4)
Profit for the period	992.5	1,201.8	3,864.7	3,616.4
Attributable to:				
- Owners of the Company	877.8	1,211.9	3,661.8	3,592.7
- Non-controlling interests	114.7	(10.1)	202.9	23.7
Profit for the period	992.5	1,201.8	3,864.7	3,616.4
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	15.35	21.27	64.05	63.06
Diluted	15.28	21.18	63.73	62.79

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 4th QUARTER ENDED 31 DECEMBER 2021

(Amounts in RM million unless otherwise stated)

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2021	Corresponding quarter ended 31.12.2020	Current year ended 31.12.2021	Preceding year ended 31.12.2020
Profit for the period	992.5	1,201.8	3,864.7	3,616.4
Other comprehensive income/(expense)				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial gain/(loss)	186.2	614.6	989.1	(402.0)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	266.1	68.4	384.9	(34.3)
Financial assets at fair value through other comprehensive income ('FVOCI')	(0.8)	(2.6)	5.2	(1.3)
Share of other comprehensive income ('OCI') of associates accounted for using the equity method	9.6	(18.8)	17.5	(38.7)
Total other comprehensive income/(expense)	461.1	661.6	1,396.7	(476.3)
Total comprehensive income for the period	1,453.6	1,863.4	5,261.4	3,140.1
Attributable to:				
- Owners of the Company	1,340.2	1,863.3	5,048.1	3,117.7
- Non-controlling interests	113.4	0.1	213.3	22.4
Total comprehensive income for the period	1,453.6	1,863.4	5,261.4	3,140.1

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 31 DECEMBER 2021

(Amounts in RM million unless otherwise stated)

	31.12.2021	31.12.2020
NON-CURRENT ASSETS		
Property, plant and equipment	114,105.6	112,596.1
Right-of-use assets	34,711.2	34,906.3
Joint ventures	230.7	200.6
Associates	1,636.4	1,138.6
Goodwill on consolidation	438.4	434.0
Investment in unquoted debt securities	250.1	265.8
Tax recoverable	3,522.4	3,522.4
Deferred tax assets	372.6	131.0
Long term receivables	167.1	227.8
Finance lease receivables	8.7	10.1
Financial assets at FVOCI	62.8	57.6
Contract cost assets	0.8	-
Financial assets at fair value through profit or loss ('FVTPL')	70.0	140.5
Derivative financial instruments	1.2	-
	<u>155,578.0</u>	<u>153,630.8</u>
CURRENT ASSETS		
Inventories	1,977.1	1,583.8
Receivables, deposits and prepayments	10,547.7	6,893.7
Contract assets	3,318.2	3,197.8
Contract cost assets	111.0	125.3
Tax recoverable	1,472.7	1,765.5
Finance lease receivables	1.3	1.1
Amounts due from joint ventures	43.5	19.4
Amounts due from associates	342.7	183.5
Financial assets at FVTPL	2,452.3	6,973.9
Investment in unquoted debt security	50.0	-
Deposits, bank and cash balances	6,706.1	6,441.5
Assets classified as held for sale	-	617.0
	<u>27,022.6</u>	<u>27,802.5</u>
CURRENT LIABILITIES		
Payables	(8,596.7)	(10,534.1)
Contract liabilities	(492.3)	(420.5)
Derivative financial instruments	(0.4)	(1.3)
Lease liabilities	(3,098.9)	(3,257.8)
Amounts due to associates	(183.8)	(237.8)
Current tax liabilities	(43.9)	(44.8)
Employee benefits	(768.2)	(783.8)
Consumer deposits	(7,040.2)	(6,606.0)
Short term borrowings	(6,992.5)	(6,409.1)
Liabilities classified as held for sale	-	(506.1)
	<u>(27,216.9)</u>	<u>(28,801.3)</u>
NET CURRENT LIABILITIES	(194.3)	(998.8)
NON-CURRENT LIABILITIES		
Borrowings	(44,685.7)	(43,043.5)
Derivative financial instruments	(38.7)	(175.7)
Contract liabilities	(4,355.7)	(3,753.7)
Government development grants	(948.4)	(961.2)
Lease liabilities	(26,143.0)	(25,471.0)
Deferred tax liabilities	(8,178.2)	(7,805.8)
Other liabilities	(975.3)	(902.3)
Employee benefits	(11,666.3)	(13,068.9)
	<u>(96,991.3)</u>	<u>(95,182.1)</u>
TOTAL NET ASSETS	<u>58,392.4</u>	<u>57,449.9</u>
EQUITY		
Share capital	11,927.6	11,675.2
Other reserves	(6,813.3)	(8,242.7)
Retained profits	51,494.1	52,400.7
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	56,608.4	55,833.2
NON-CONTROLLING INTERESTS ('NCI')	1,784.0	1,616.7
TOTAL EQUITY	<u>58,392.4</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 4th QUARTER ENDED 31 DECEMBER 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 financial year	-	-	3,661.8	202.9	3,864.7
Foreign currency translation reserve	-	384.9	-	-	384.9
Fair value changes of financial assets at OCI	-	5.2	-	-	5.2
Share of OCI of associates accounted for using the equity method	-	17.5	-	-	17.5
Employee benefits reserve	-	978.7	-	10.4	989.1
Total comprehensive income	-	1,386.3	3,661.8	213.3	5,261.4
Long Term Incentive Plan ('LTIP'):					
- Share-based payment expense	-	332.5	-	-	332.5
- Reversal of share-based payment expense	-	(37.0)	-	-	(37.0)
- 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)
- Interim dividend for FY2021	-	-	(1,259.7)	-	(1,259.7)
Dividend paid to NCI	-	-	-	(1.0)	(1.0)
Redemption of Redeemable Preference Shares by NCI	-	-	-	(45.0)	(45.0)
Total transactions with owners	252.4	43.1	(4,568.4)	(46.0)	(4,318.9)
At 31 December 2021	11,927.6	(6,813.3)	51,494.1	1,784.0	58,392.4
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 changes of financial assets at 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
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 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

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 4th QUARTER ENDED 31 DECEMBER 2021

(Amounts in RM million unless otherwise stated)

	FY2021 ended 31.12.2021	FY2020 ended 31.12.2020
Operating activities		
Cash generated from operations	13,576.5	18,085.6
Post-employment benefits paid	(781.5)	(787.5)
Contract liabilities received	1,038.7	938.6
Consumer deposits received	263.9	226.4
Taxation and zakat paid	(743.7)	(2,944.5)
Net cash flows generated from operating activities	<u>13,353.9</u>	<u>15,518.6</u>
Investing activities		
Acquisition of subsidiaries net of cash and cash equivalent	-	66.9
Net cash inflow from disposal of subsidiaries	221.7	-
Deferred consideration paid	-	(68.3)
Cash considerations paid to acquire an associate	(674.7)	-
Additional investments in:		
- Unquoted debt securities	-	(104.9)
- Financial assets at FVTPL	(68,344.7)	(68,925.1)
- Joint ventures	-	(3.4)
- Associate	-	(25.1)
Proceeds from redemptions:		
- Redeemable preference shares in associates	6.6	42.8
Disposals of financial assets at FVTPL	73,024.2	70,050.6
Dividend income received	65.3	63.7
Interest income received	116.4	130.8
Property, plant and equipment:		
- Additions	(8,415.5)	(6,909.7)
- Proceeds from disposals	30.4	188.6
Right-of-use assets:		
- Proceeds from disposal	3.5	0.1
Net cash flows used in investing activities	<u>(3,966.8)</u>	<u>(5,493.0)</u>
Financing activities		
Government development grants received	2.2	9.3
Borrowings:		
- Drawdowns	7,266.1	6,454.5
- Repayments	(5,380.1)	(4,450.0)
Interests paid:		
- Borrowings	(2,280.3)	(2,224.8)
Repayments of lease obligations:		
- Principal	(2,700.2)	(2,738.5)
- Interest	(1,459.8)	(1,597.4)
Dividends paid to shareholders	(4,568.4)	(5,235.8)
Dividends paid to NCI	(1.0)	(2.8)
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)
Redemption of Redeemable Preference Shares from NCI	(45.0)	-
Net (increase)/decrease in debt reserve accounts	(12.5)	4.1
Net decrease/(increase) in cash at bank, held in trust	77.3	(34.1)
Net decrease/(increase) in restricted cash	105.9	(84.6)
Net decrease in deposits maturing more than 90 days	176.6	2,547.0
Net cash flows used in financing activities	<u>(8,819.2)</u>	<u>(7,443.2)</u>
Net increase in cash and cash equivalents	567.9	2,582.4
Effects of changes in foreign currency	44.0	(0.2)
Cash and cash equivalents at the beginning of the financial year	<u>5,023.0</u>	<u>2,440.8</u>
Cash and cash equivalents at the end of the financial year	<u>5,634.9</u>	<u>5,023.0</u>
Deposits, bank and cash balances at end of the financial year	6,706.1	6,441.5
Debt reserve account ¹	(149.6)	(137.1)
Cash at bank, held in trust ²	(323.9)	(401.2)
Restricted cash	(1.3)	(107.2)
Deposits maturing more than 90 days	(596.4)	(773.0)
Cash and cash equivalents at the end of the financial year	<u>5,634.9</u>	<u>5,023.0</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 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:

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2021	Corresponding quarter ended 31.12.2020	Current year ended 31.12.2021	Preceding year ended 31.12.2020
Sales:				
- Electricity	15,341.0	10,119.4	51,558.1	43,203.3
- Goods and services	265.1	125.7	708.9	440.4
Construction contracts	47.5	14.8	93.4	49.3
Customers' contributions	81.5	64.4	269.1	283.0
Total revenue	15,735.1	10,324.3	52,629.5	43,976.0

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 financial year.

7) MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

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

8) DEBT AND EQUITY SECURITIES

As announced to Bursa Malaysia on 25 November 2021, Tenaga Nasional Berhad ('TNB') has completed the issuance of RM3.0 billion of Sukuk Wakalah.

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, in respect of the financial year ended 31 December 2021, totalling to approximately RM1,030.7 million (based on 5,726,091,371 paid-up share capital).

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.

The interim dividend for Financial Year 2021 was paid on 15 October 2021 totalling RM1,259.7 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 28 January 2022, the Government of Malaysia ('Government') has approved and decided via a letter from Suruhanjaya Tenaga dated 28 January 2022, to implement the Regulatory Period 3 ('RP3') under the Incentive Base Regulation ('IBR') framework for the period of February 2022 to December 2024. The Government has decided to maintain the current electricity tariff schedule for all customers in Peninsular Malaysia. This decision complies with the rules and regulation under the Regulatory Implementation Guidelines.

13) CHANGES IN THE COMPOSITION OF THE GROUP

As announced to Bursa Malaysia on 20 October 2021, TNB through its wholly-owned subsidiary, Vantage RE Ltd, has signed a Share Purchase Agreement to acquire a 49.0% stake in an offshore wind farm company, Blyth Offshore Demonstrator Limited ('BODL') from EDF Renewables, a subsidiary of the French utility company, Électricité de France. The Group has assessed and recognised BODL as an associate of the Group.

13) CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUATION)

As announced to Bursa Malaysia on 30 November 2021, TNB has completed the divestment of the entire issued share capital of its wholly-owned subsidiary, TNB Power Daharki Ltd ('TPD') (which in turn owns 100% stake in TNB Liberty Power Limited ('LPL')) to AsiaPak Investments Limited, a private investment company based in Pakistan and Hong Kong for a total consideration of USD54.5 million. The Group has derecognised TPD and LPL as the subsidiaries of the Group.

14) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:

	As at 31.12.2021	As at 31.12.2020
Claims by third parties	423.8	247.7
Trade guarantees and performance bonds	54.4	26.2
Total contingent liabilities	478.2	273.9

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 ('YA') 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 the YAs 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 had fixed the substantive hearing for the judicial review application on 16 March 2022.

With regards to the notice of additional assessment for the YA 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 on 13 January 2022, the High Court heard TNB's judicial review application and on 8 February 2022, the High Court had allowed with cost, the Company's judicial review application to set aside the IRB's notice of additional assessment dated 13 July 2020 for YA 2018. The High Court agreed with the submission of TNB's legal counsel that TNB is in the business of manufacturing electricity and as such, TNB is entitled to claim reinvestment allowance on the capital expenditure which was incurred in YA 2018 in the course of expanding, modernising and automating TNB's business. Separately on 8 February 2022, the IRB had filed a notice of appeal before the Court of Appeal against the decision of the High Court dated 8 February 2022. The Court of Appeal had fixed a case management on 28 March 2022.

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.

14) CONTINGENT LIABILITIES (CONTINUATION)

On 29 October 2021, the IRB had disallowed the interest expenses incurred by Kapar Energy Ventures Sdn Bhd's ('KEV') in relation to the Redeemable Unsecured Loan Stock granted to KEV by TNB and Malakoff Corporation Berhad under Section 33(1)(a) of the Income Tax Act 1967 and KEV's revision of revenue for the YAs 2004 to 2009. As a result thereof, the IRB had issued notices of assessment ('Notices') for the YAs 2011, 2012 and 2014 and notices of additional assessment for the YAs 2013, 2015, 2016, 2017 and 2018 amounting in aggregate to RM595.9 million.

On 16 November 2021, KEV had commenced a judicial review against the Minister of Finance at the High Court to challenge the matters arising from the said Notices. The High Court fixed the hearing of the application for leave for judicial review on 10 February 2022. Due to the request of the Attorney General Chamber to vacate the hearing for leave for Judicial Review on 10 February 2022, the High Court proceeded to fix the hearing for leave for Judicial Review on 27 June 2022. The High Court has granted an extension of the interim stay on the enforcement of the Notices until 27 June 2022.

Based on the legal advice obtained from its tax solicitors, KEV is of the view that it has a good basis in law to contend that the said Notices were incorrectly raised by the IRB 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 31.12.2021	As at 31.12.2020
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	53,628.5	55,365.5
Contracted but not provided for in the financial statements	642.8	988.5
Total capital commitments	<u>54,271.3</u>	<u>56,354.0</u>

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 year ended 31 December 2021 against the corresponding year ended 31 December 2020:

Revenue for the year increased by 19.7% or RM8,653.5 million, mainly due to higher total sales of electricity of RM8,354.8 million, up 19.3% from RM43,203.3 million in the corresponding year. Included in these higher sales of electricity is the Imbalanced Cost Pass-Through ('ICPT') which was in an under-recovery position of RM4,509.6 million as compared to an over-recovery position of RM3,034.4 million in the last corresponding year, mainly due to higher fuel price. However, the prolonged Covid-19 pandemic has affected customers' payment behaviour as older outstanding debts became more challenging to recover. Hence, a higher net loss on impairment of financial instruments of RM940.2 million was recognised during the current year. The resultant operating profit was a net increase of RM724.2 million or 9.8%, an increase to RM8,083.0 million from RM7,358.8 million in the last corresponding year.

Profit after taxation for the current year increased by RM248.3 million, from RM3,616.4 million reported last year to RM3,864.7 million. This was due to the higher operating profit mentioned above, coupled with the increase in share of results of associates and accounting gain on fair value of the financial instruments, offset by higher foreign exchange losses and tax expenses recognised during the current year.

As for the regulated business, the Company was able to maintain the approved return on the regulated business under the IBR framework of RM4,772.2 million.

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

Revenue for the current quarter was up by 52.4% or RM5,410.8 million, comparing quarter on quarter of the same period last year. The movement in revenue resulted from the higher total sales of electricity mainly due to the under-recovery position of ICPT amounting RM3,208.8 million as compared to over-recovery position of RM1,555.2 million in the corresponding quarter. Operating expenses increased from RM8,894.0 million to RM14,498.5 million or 63.0% mainly due to higher fuel price. Lower net loss on financial instruments was recognised in the current quarter coupled with higher operating income, resulting in a slight increase in the operating profit of RM118.0 million or 8.1%, an increase from RM1,455.0 million to RM1,573.0 million.

However, the profit after taxation for the current quarter under review decreased by 17.4% or RM209.3 million, from RM1,201.8 million reported in the same quarter last year to RM992.5 million mainly due to unfavourable foreign exchange and higher tax expense recognised in the current quarter.

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

Performance of the current quarter (4th Quarter FY2021) against the preceding quarter (3rd Quarter FY2021):

The Group reported lower profit after taxation of RM992.5 million in the current quarter as compared to RM1,048.7 million in the preceding quarter, a reduction of RM56.2 million. This was mainly due to higher operating expenses recognised in the current quarter under review.

18) PROSPECTS

For the financial year 2021, the Group reported a resilient performance mainly underpinned by electricity demand growth of 1.2%, consistent with the country's Gross Domestic Product (GDP) growth of 3.1%. The year proved to be a challenging year for the Group as it faced challenges in collection of electricity debtors and global increase in coal prices.

The economy is expected to remain on its recovery path supported by continued expansion in global and domestic demand. For the year 2022, the government is maintaining the country's economic growth forecast of 5.5% to 6.5%. However, the effect of COVID-19 related factors and inflation may still impact the growth trajectory.

With the implementation of RP3 effective from 1st February 2022, the Group foresees a reasonable performance for the year 2022 while remaining cautious on high fuel prices and challenging economic outlook.

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:

	<u>Individual</u> Current quarter ended 31.12.2021	<u>Cumulative</u> Current year ended 31.12.2021
Property, plant and equipment:		
- Depreciation	(1,936.1)	(7,193.4)
- Loss on disposals	(12.2)	(2.4)
Right-of-use assets:		
- Depreciation	(872.6)	(3,498.1)
- Gain on disposals	0.3	4.1
Receivables:		
- Impairment losses	(140.0)	(1,028.0)
- Reversal of impairment losses	4.6	109.7
Contract assets:		
- Impairment losses	(14.4)	(34.1)
- Reversal of impairment losses	1.0	7.6
Amount due from associates:		
- Impairment losses	-	(0.2)
- Reversal of impairment losses	-	0.2
Amount due from joint venture:		
- Reversal of impairment losses	2.8	2.6
Inventories:		
- Provision for obsolescence	(104.8)	(182.8)
- Write back of obsolescence	3.7	85.4
- Written off	(71.5)	(172.9)
Impairment of an associate	(15.4)	(291.8)
Investment in unquoted debt securities:		
- Impairment losses	-	(102.1)
- Reversal of impairment losses	109.9	112.3
Gain on disposal of investment in Compulsory Convertible Debenture	-	6.7
Gain on disposal of investment in subsidiaries	25.1	25.1

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 comprise the following:

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2021	Corresponding quarter ended 31.12.2020	Current year ended 31.12.2021	Preceding year ended 31.12.2020
Income tax:				
Current tax and zakat	62.9	481.9	(1,065.7)	(521.6)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	107.6	(171.7)	192.1	(97.4)
Total taxation and zakat	170.5	310.2	(873.6)	(619.0)

For the reporting year ended 31 December 2021, the Group reported a 18.4% 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.

22) STATUS OF CORPORATE PROPOSALS

There were no material corporate proposals entered into during the year 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 31.12.2021	As at 31.12.2020
Short term - secured	1,897.6	2,448.2
- unsecured	5,094.9	3,960.9
Sub-total	6,992.5	6,409.1
Long term - secured	22,493.4	23,152.7
- unsecured	22,192.3	19,890.8
Sub-total	44,685.7	43,043.5
Total	51,678.2	49,452.6

- (b) Currency denominations:

	As at 31.12.2021	As at 31.12.2020
US Dollar	8,035.9	7,729.5
GBP	2,357.0	2,390.9
Japanese Yen	2,092.0	2,372.1
Total Ringgit equivalent of foreign currency borrowings	12,484.9	12,492.5
Ringgit borrowings	39,193.3	36,960.1
Total	51,678.2	49,452.6

- (c) Effective average cost of borrowing based on exposure as at 31 December 2021 was 4.61% (31 December 2020: 4.88%).
- (d) Repayments of debts during the year were as follows:
- (i) Foreign currency denominated loans of RM225.6 million; and
 - (ii) Ringgit denominated loans of RM5,154.5 million.
- (e) Drawdowns of debts during the year were as follows:
- (i) Ringgit denominated loans of RM7,266.1 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 31.12.2021	
	Notional Amount	Fair Value
Forward Foreign Currency Contracts		
- Spot	38.9	0
- Less than 1 year	39.2	(0.4)
Interest Rate Swap Contracts		
- 1 year to 3 years	62.3	(0.4)
- More than 3 years	1,641.2	(30.5)
Profit Rate Swap Contracts		
- More than 3 years	342.8	(6.6)
Total	2,124.4	(37.9)

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 were no pending material litigations 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	Corresponding quarter ended	Current year ended	Preceding year ended
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the Company	877.8	1,211.9	3,661.8	3,592.7
Weighted average number of ordinary shares in issue ('000)	5,717,516	5,697,069	5,717,516	5,697,069
Basic earnings per share (sen)	15.35	21.27	64.05	63.06
Weighted average number of ordinary shares in issue ('000)	5,717,516	5,697,069	5,717,516	5,697,069
Adjustments for LTIP ('000)	28,593	24,443	28,593	24,443
Weighted average number of diluted ordinary shares ('000)	5,746,109	5,721,512	5,746,109	5,721,512
Diluted earnings per share (sen)	15.28	21.18	63.73	62.79

27) EXCEPTIONAL ITEMS

There were no exceptional items incurred during the year.

By Order of the Board

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

Kuala Lumpur
24 February 2022