

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 2022

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.06.2022	Corresponding quarter ended 30.06.2021	Current period ended 30.06.2022	Preceding period ended 30.06.2021
Revenue	19,140.3	12,441.0	34,798.8	23,919.0
Operating expenses	(16,718.6)	(10,057.8)	(30,150.4)	(19,204.3)
Net loss on impairment of financial instruments	(44.5)	(487.2)	(80.2)	(667.6)
Other operating income	251.1	227.3	429.7	404.0
Operating profit	2,628.3	2,123.3	4,997.9	4,451.1
Foreign exchange				
- Translation loss	(237.2)	(59.9)	(194.5)	(116.7)
- Transaction gain/(loss)	10.6	26.4	10.9	(15.3)
Share of results of joint ventures	4.8	5.7	10.8	12.0
Share of results of associates	30.3	42.7	60.3	59.0
Profit before finance cost	2,436.8	2,138.2	4,885.4	4,390.1
Finance income	76.3	64.0	122.5	112.0
Finance cost	(1,065.9)	(978.6)	(2,068.9)	(1,910.5)
Fair value changes of financial instruments	18.5	(21.5)	58.7	87.8
Profit before taxation and zakat	1,465.7	1,202.1	2,997.7	2,679.4
Taxation and zakat	(560.1)	(352.1)	(1,220.9)	(855.9)
Profit for the period	905.6	850.0	1,776.8	1,823.5
Attributable to:				
- Owners of the Company	872.2	821.5	1,765.3	1,780.2
- Non-controlling interests	33.4	28.5	11.5	43.3
Profit for the period	905.6	850.0	1,776.8	1,823.5
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	15.23	14.39	30.83	31.18
Diluted	15.16	14.39	30.68	31.18

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 2021.

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2nd QUARTER ENDED 30 JUNE 2022

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.06.2022	Corresponding quarter ended 30.06.2021	Current period ended 30.06.2022	Preceding period ended 30.06.2021
Profit for the period	905.6	850.0	1,776.8	1,823.5
Other comprehensive income/(expense)				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial gain/(loss)	753.8	(45.6)	928.8	873.9
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(150.2)	58.3	(224.6)	158.3
Financial assets at fair value through other comprehensive income ('FVOCI')	2.3	(0.6)	2.1	0.9
Share of other comprehensive income ('OCI') of associates accounted for using the equity method	(0.7)	5.3	(27.6)	5.3
Total other comprehensive income	605.2	17.4	678.7	1,038.4
Total comprehensive income for the period	1,510.8	867.4	2,455.5	2,861.9
Attributable to:				
- Owners of the Company	1,473.8	838.7	2,423.9	2,804.8
- Non-controlling interests	37.0	28.7	31.6	57.1
Total comprehensive income for the period	1,510.8	867.4	2,455.5	2,861.9

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021.

B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

(Amounts in RM million unless otherwise stated)

	30.06.2022	31.12.2021
NON-CURRENT ASSETS		
Property, plant and equipment	115,199.9	114,105.6
Right-of-use assets	39,361.7	34,711.2
Joint ventures	241.4	230.7
Associates	1,613.8	1,636.4
Goodwill on consolidation	531.3	438.4
Investment in unquoted debt security	251.3	250.1
Tax recoverable	3,522.4	3,522.4
Deferred tax assets	347.5	372.6
Long term receivables	158.3	167.1
Finance lease receivables	7.9	8.7
Financial assets at FVOCI	64.9	62.8
Contract cost assets	1.3	0.8
Financial assets at fair value through profit or loss ('FVTPL')	73.4	70.0
Derivative financial instruments	38.7	1.2
	<u>161,413.8</u>	<u>155,578.0</u>
CURRENT ASSETS		
Inventories	2,661.7	1,977.1
Receivables, deposits and prepayments	19,171.8	10,547.7
Contract assets	3,832.1	3,318.2
Contract cost assets	132.8	111.0
Tax recoverable	821.7	1,472.7
Finance lease receivables	1.3	1.3
Amounts due from joint ventures	49.6	43.5
Amounts due from associates	618.5	342.7
Investment in unquoted debt security	50.0	50.0
Financial assets at FVTPL	6,323.3	2,452.3
Deposits, bank and cash balances	7,363.0	6,706.1
	<u>41,025.8</u>	<u>27,022.6</u>
CURRENT LIABILITIES		
Payables	(10,310.6)	(8,596.7)
Contract liabilities	(513.0)	(492.3)
Derivative financial instruments	(0.9)	(0.4)
Lease liabilities	(3,181.0)	(3,098.9)
Amounts due to associates	(722.3)	(183.8)
Current tax liabilities	(204.0)	(43.9)
Employee benefits	(743.3)	(768.2)
Consumer deposits	(7,367.3)	(7,040.2)
Short term borrowings	(11,975.2)	(6,992.5)
	<u>(35,017.6)</u>	<u>(27,216.9)</u>
NET CURRENT ASSETS/(LIABILITIES)	6,008.2	(194.3)
NON-CURRENT LIABILITIES		
Borrowings	(50,639.5)	(44,685.7)
Derivative financial instruments	(1.2)	(38.7)
Contract liabilities	(4,516.5)	(4,355.7)
Government development grants	(915.0)	(948.4)
Lease liabilities	(31,448.1)	(26,143.0)
Deferred tax liabilities	(8,564.7)	(8,178.2)
Other liabilities	(955.8)	(975.3)
Employee benefits	(10,532.9)	(11,666.3)
	<u>(107,573.7)</u>	<u>(96,991.3)</u>
TOTAL NET ASSETS	<u>59,848.3</u>	<u>58,392.4</u>
EQUITY		
Share capital	11,927.6	11,927.6
Other reserves	(6,048.6)	(6,813.3)
Retained profits	52,228.7	51,494.1
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	58,107.7	56,608.4
NON-CONTROLLING INTERESTS ('NCI')	1,740.6	1,784.0
TOTAL EQUITY	<u>59,848.3</u>	<u>58,392.4</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 2021.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2nd QUARTER ENDED 30 JUNE 2022

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company			Non-controlling interest	Total equity
	Ordinary shares	Other reserves	Retained profits		
At 1 January 2022	11,927.6	(6,813.3)	51,494.1	1,784.0	58,392.4
Profit for the financial period	-	-	1,765.3	11.5	1,776.8
Foreign currency translation reserve	-	(218.0)	-	(6.6)	(224.6)
Fair value changes of financial assets at FVOCI	-	2.1	-	-	2.1
Share of OCI of associates accounted for using the equity method	-	(27.6)	-	-	(27.6)
Employee benefits reserve	-	902.1	-	26.7	928.8
Total comprehensive income	-	658.6	1,765.3	31.6	2,455.5
Long Term Incentive Plan ('LTIP'):					
- Share-based payment expense	-	106.1	-	-	106.1
Dividend paid to NCI	-	-	-	(17.2)	(17.2)
Final dividend paid for FY2021	-	-	(1,030.7)	-	(1,030.7)
Increase in equity shares of NCI	-	-	-	15.7	15.7
Redemption of Redeemable Preference Shares by NCI	-	-	-	(73.5)	(73.5)
Total transactions with owners	-	106.1	(1,030.7)	(75.0)	(999.6)
At 30 June 2022	11,927.6	(6,048.6)	52,228.7	1,740.6	59,848.3
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 FVOCI	-	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
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

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 2021.

D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2nd QUARTER ENDED 30 JUNE 2022

(Amounts in RM million unless otherwise stated)

	FY2022 ended 30.06.2022	FY2021 ended 30.06.2021
Operating activities		
Cash generated from operations	2,135.3	9,023.2
Post-employment benefits paid	(396.8)	(409.6)
Contract liabilities received	361.8	429.3
Consumer deposits received	243.7	232.7
Taxation and zakat paid	(457.2)	(271.6)
Net cash flows generated from operating activities	<u>1,886.8</u>	<u>9,004.0</u>
Investing activities		
Cash considerations paid to acquire a subsidiary	(249.6)	-
Additional investments in FVTPL	(41,556.3)	(32,557.4)
Proceeds from redemptions:		
- Redeemable preference shares in associate	1.9	-
Disposals of FVTPL	37,705.7	33,153.1
Dividend income received	20.5	25.5
Interest income received	38.9	49.8
Property, plant and equipment:		
- Additions	(3,394.8)	(3,599.2)
- Proceeds from disposals	2.0	9.6
Right-of-use assets:		
- Proceeds from disposal	8.0	0.1
Net cash flows used in investing activities	<u>(7,423.7)</u>	<u>(2,918.5)</u>
Financing activities		
Government development grants received	13.2	2.0
Borrowings:		
- Drawdowns	14,800.3	1,515.0
- Repayments	(4,467.6)	(2,212.4)
Interests paid:		
- Borrowings	(1,302.9)	(1,113.2)
Repayments of lease obligations:		
- Principal	(1,007.7)	(1,326.6)
- Interest	(719.8)	(746.9)
Dividends paid to shareholders	(1,030.7)	(3,308.7)
Dividend paid to NCI	(17.2)	-
Redemption of Redeemable Preference Shares by NCI	(73.5)	-
Net increase in debt reserve accounts	(0.1)	(119.2)
Net (increase)/decrease in cash at bank, held in trust	(179.9)	61.0
Net (increase)/decrease in restricted cash	(0.1)	104.1
Net increase in deposits maturing more than 90 days	(565.1)	(299.2)
Net cash flows generated from/(used in) financing activities	<u>5,448.9</u>	<u>(7,444.1)</u>
Net decrease in cash and cash equivalents	(88.0)	(1,358.6)
Effects of changes in foreign currency	(0.3)	0.3
Cash and cash equivalents at the beginning of the period	<u>5,634.9</u>	<u>5,023.0</u>
Cash and cash equivalents at the end of the period	<u>5,546.6</u>	<u>3,664.7</u>
Deposit, bank and cash balances at the end of the period	<u>7,363.0</u>	<u>5,336.5</u>
Debt reserve account ¹	(149.7)	(256.3)
Cash at bank, held in trust ²	(503.8)	(340.2)
Restricted cash	(1.4)	(3.1)
Deposits maturing more than 90 days	(1,161.5)	(1,072.2)
Cash and cash equivalents at the end of the period	<u>5,546.6</u>	<u>3,664.7</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 2021.

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 2021.

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 2021.

2) AUDIT QUALIFICATION

The audited financial statements for the financial year ended 31 December 2021 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 2021.

Amendments to Standards that are applicable and effective to the Group beginning 1 January 2022 are as follows:

- a) Amendments to MFRS 3 'Business Combinations' on Reference to the Conceptual Framework
- b) Amendments to MFRS 9 'Financial Instruments' on Annual Improvements to MFRS Standards 2018-2020
- c) Amendments to MFRS 16 'Leases' on COVID-19 Related Rent Concessions beyond 30 June 2021
- d) Amendments to MFRS 116 'Property, Plant and Equipment' on Proceeds before Intended Use
- e) Amendments to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts – Cost of Fulfilling a Contract

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 30.06.2022	Individual Corresponding quarter ended 30.06.2021	Current period ended 30.06.2022	Cumulative Preceding period ended 30.06.2021
Sales:				
- Electricity	12,573.3	11,840.1	24,474.4	23,487.4
- Under/(Over) recovery of Imbalance Cost Pass-Through ('ICPT')	6,302.6	314.6	9,808.0	(12.7)
- Goods and services	165.2	207.2	313.2	300.7
Construction contracts	29.8	12.6	67.3	23.1
Customers' contributions	69.4	66.5	135.9	120.5
Total revenue	<u>19,140.3</u>	<u>12,441.0</u>	<u>34,798.8</u>	<u>23,919.0</u>

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 1 July 2022, the Government continues to uphold the ICPT mechanism for the next six months from 1 July until 31 December 2022.

To keep the tariff and the surcharge at 3.7 sen/kWh for non-domestic customers and the rebate of 2 sen/kWh for domestic customer unchanged, the Government has agreed to fund the rebate and surcharge totalling RM5.8 billion. The receivable from the Government and continued hike in the fuel prices have resulted in TNB carrying higher receivable balances and higher borrowings balances in this quarter. TNB is in discussions with the Government on the timing of the full recovery of the RM5.8 billion. The Government will also guarantee TNB's financing of up to RM6.0 billion to fund the additional generation cost.

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

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 20.00 sen per share, on 5,753,077,371 ordinary shares for the financial year ending 31 December 2022 amounting to RM1,150.6 million.

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

The final single tier dividend for Financial Year 2021 were paid on 15 April 2022 totalling RM1,030.7 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

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

13) CHANGES IN THE COMPOSITION OF THE GROUP

As announced to Bursa Malaysia on 4 April 2022, TNB through its wholly-owned subsidiary, Vantage RE Ltd, has completed its acquisition of a 100% stake in Clean Energy and Infrastructure UK Limited Group ('CEI UK'), a 97.3MW onshore wind portfolio in the United Kingdom for a total consideration of GBP145.9 million. The Group has assessed and recognised CEI UK as a subsidiary of the Group.

14) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:

	As at 30.06.2022	As at 31.12.2021
Claims by third parties	442.7	423.8
Trade guarantees and performance bonds	60.9	54.4
Total contingent liabilities	503.6	478.2

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, TNB 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 TNB's reinvestment allowance ('RA') 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, TNB 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 30 August 2022.

14) CONTINGENT LIABILITIES (CONTINUATION)

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, TNB'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 TNB's submission that TNB is in the business of manufacturing electricity and as such, TNB is entitled to claim RA 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. Subsequent to the case management on 18 July 2022, the Court of Appeal had instructed parties to attend case management on 21 September 2022 for IRB to update the Court of Appeal on the status of the records of appeal.

TNB 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.

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.

In view of the ongoing out-of-court settlement negotiations between IRB and KEV, the High Court has vacated the hearing for KEV's application of leave for Judicial Review scheduled on 27 June 2022 and has fixed a new hearing date for the abovementioned application on 18 August 2022 pending the outcome of the out-of-court settlement negotiations between the parties. Subsequently, the High Court has vacated the hearing for leave for Judicial Review which was initially fixed on 18 August 2022 and rescheduled the hearing to 13 September 2022. Separately and in view of the new hearing date of 13 September 2022 for leave for Judicial Review, the High Court has granted an extension of the interim stay on the enforcement of the Notices until 13 September 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.

Notwithstanding the two tax litigation matters above, the Company continued to claim the RA for YAs 2020, 2021 and 2022 whilst KEV continued to claim tax deductions for YAs 2019, 2020 and 2021 as permitted by the law.

15) CAPITAL COMMITMENTS

	As at 30.06.2022	As at 31.12.2021
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	46,459.7	53,628.5
Contracted but not provided for in the financial statements	612.5	642.8
Total capital commitments	<u>47,072.2</u>	<u>54,271.3</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 period ended 30 June 2022 against the corresponding period ended 30 June 2021:

Revenue for the period increased by 45.5% or RM10,879.8 million, mainly due to the under-recovery position of ICPT of RM9,808.0 million as compared to the last corresponding period which was in an over-recovery position of RM12.7 million.

Operating expenses rose by 57.0% from RM19,204.3 million to RM30,150.4 million mainly due to higher generation cost, where RM9,808.0 million is the cost to be recovered through ICPT. Net loss on impairment of financial instruments shows a decrease of RM587.4 mil or 88.0% as the collection trend improved in the current period. The operating profit increased by RM546.8 million or 12.3%, an increase to RM4,997.9 million from RM4,451.1 million in the last corresponding period.

Profit after taxation for the period under review dropped by 2.6% or RM46.7 million, from RM1,823.5 million reported in the corresponding period to RM1,776.8 million. This was mainly contributed by the higher tax expenses inclusive of additional tax on Cukai Makmur for FY2022 amounting to RM257.3 million.

- (b) Performance of the current second quarter (three months) FY2022 against the corresponding second quarter (three months) FY2021:

Revenue for the quarter was up by 53.8% or RM6,699.3 million quarter on quarter, mainly due to the higher under-recovery position of ICPT of RM6,302.6 million as compared to the last corresponding period which was at RM314.6 million. The operating profit increased from RM2,123.3 million to RM2,628.3 million, an increment of RM505.0 million or 23.8% mainly due to lower net loss on financial instruments of RM442.7 million in the current quarter.

Profit after taxation for the current quarter under review increased by RM55.6 million, from RM850.0 million reported during the last corresponding period to RM905.6 million. This was due to the higher operating profit mentioned above, offset by the significant increment in foreign currency translation loss and higher tax expenses.

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

Performance of the current quarter (2nd Quarter FY2022) against the preceding quarter (1st Quarter FY2022):

The Group reported profit after taxation of RM905.6 million in the current quarter under review as compared to RM871.2 million in the preceding quarter, an increase of RM34.4 million mainly due to higher revenue from sales of electricity and lower tax expenses despite recognising a higher foreign currency translation loss.

18) PROSPECTS

The Malaysian economy continued to recover in the second quarter of 2022 with growth of 8.9% as compared to the same period last year, supported by the expansion in domestic demand, continued recovery in the labour market, resilient exports and ongoing policy support.

For the full year 2022, the Malaysian economy is expected to grow between 5.3% to 6.3%*. Nevertheless, the growth outlook continues to face challenges mainly from the tightening of US monetary policy, worsening supply chain disruptions weighed by further increase in global commodity prices and stronger inflation pressure which could dampen household spending and investment activities.

The Group reported a resilient performance in the first half of financial year 2022 supported by higher electricity growth of 5.0% year-on-year. This is consistent with the overall performance of the Malaysian economy which grew at 6.9% for the same period. However, the Group continues to face challenges and remains susceptible to high fuel prices which have resulted in high receivables balances.

The Group foresees a reasonable performance for the year 2022 while remaining cautious on the prolonged impact of high fuel price and customer's credit risk outlook. The Group will continue to take prudent measures in terms of its operational and financial requirements to ensure it remains resilient.

**Source: Bank Negara Malaysia*

19) PROFIT FROM OPERATIONS

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

	Individual Current quarter ended 30.06.2022	Cumulative Current period ended 30.06.2022
Property, plant and equipment:		
- Depreciation	(1,829.9)	(3,636.8)
- Gain on disposals	1.2	2.0
Right-of-use assets:		
- Depreciation	(980.9)	(1,942.2)
- Gain on disposals	7.4	7.4
Receivables:		
- Impairment losses	(58.6)	(91.1)
- Reversal of impairment losses	3.5	16.3
Contract assets:		
- Impairment losses	(4.3)	(29.8)
- Reversal of impairment losses	27.9	27.9
Amount due from joint ventures:		
- Impairment losses	(0.2)	(1.4)
- Reversal of impairment losses	-	13.0
Inventories:		
- Provision for obsolescence	(1.0)	(11.9)
- Write back of obsolescence	11.8	17.2
- Written off	(23.0)	(54.9)
Investment in unquoted debt securities		
- Impairment losses	-	(0.2)
- Reversal of impairment losses	2.7	2.7
Impairment losses on goodwill on consolidation	-	(22.7)

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 30.06.2022	Individual Corresponding quarter ended 30.06.2021	Current period ended 30.06.2022	Cumulative Preceding period ended 30.06.2021
Income tax:				
Current tax and zakat	(615.9)	(499.3)	(1,145.8)	(1,064.0)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	55.8	147.2	(75.1)	208.1
Total taxation and zakat	(560.1)	(352.1)	(1,220.9)	(855.9)

For the reporting period ended 30 June 2022, the Group recorded a 40.7% 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 the one-off Cukai Makmur in FY2022 and 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 30.06.2022	As at 31.12.2021
Short term - secured	1,614.2	1,897.6
- unsecured	10,361.0	5,094.9
Sub-total	11,975.2	6,992.5
Long term - secured	22,776.3	22,493.4
- unsecured	27,863.2	22,192.3
Sub-total	50,639.5	44,685.7
Total	62,614.7	51,678.2

- (b) Currency denominations:

	As at 30.06.2022	As at 31.12.2021
US Dollar	8,484.5	8,035.9
GBP	2,851.2	2,357.0
Japanese Yen	1,812.9	2,092.0
Total Ringgit equivalent of foreign currency borrowings	13,148.6	12,484.9
Ringgit borrowings	49,466.1	39,193.3
Total	62,614.7	51,678.2

- (c) Effective average cost of borrowing based on exposure as at 30 June 2022 was 4.51% (31 December 2021: 4.61%).
- (d) Repayments of debts during the reporting period were as follows:
 (i) Foreign currency denominated loans of RM1,565.1 million; and
 (ii) Ringgit denominated loans of RM2,902.5 million.
- (e) Drawdowns of debts during the reporting period were as follows:
 (i) Foreign currency denominated loans of RM1,518.5 million; and
 (ii) Ringgit denominated loans of RM13,281.8 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 30.06.2022	
	Notional Amount	Fair Value
Forward Foreign Currency Contracts		
- Spot	49.7	0
- Less than 1 year	60.9	(0.9)
Interest Rate Swap Contracts		
- 1 year to 3 years	36.9	0.2
- More than 3 years	477.8	28.8
Profit Rate Swap Contracts		
- More than 3 years	333.5	8.5
Total	958.8	36.6

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

	Current quarter ended 30.06.2022	Individual Corresponding quarter ended 30.06.2021	Current period ended 30.06.2022	Cumulative Preceding period ended 30.06.2021
Profit attributable to owners of the Company	872.2	821.5	1,765.3	1,780.2
Weighted average number of ordinary shares in issue ('000)	5,726,091	5,708,799	5,726,091	5,708,799
Basic earnings per share (sen)	15.23	14.39	30.83	31.18
Weighted average number of ordinary shares in issue ('000)	5,726,091	5,708,799	5,726,091	5,708,799
Adjustments for LTIP ('000)	26,986	-	26,986	-
Weighted average number of diluted ordinary shares ('000)	5,753,077	5,708,799	5,753,077	5,708,799
Diluted earnings per share (sen)	15.16	14.39	30.68	31.18

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
30 August 2022