

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 2022

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 31.12.2022	Corresponding quarter ended 31.12.2021 (Restated)	Current year ended 31.12.2022	Preceding year ended 31.12.2021 (Restated)
Revenue	12,915.1	12,526.3	50,867.7	48,119.9
Imbalance Cost Pass-Through under recovery	6,397.7	3,208.8	22,315.3	4,509.6
Operating expenses	(18,102.9)	(14,498.5)	(64,612.1)	(44,524.4)
Net gain/(loss) on impairment of financial instruments	26.9	(33.3)	(101.4)	(940.2)
Other operating income	263.2	369.7	940.0	918.1
Operating profit	1,500.0	1,573.0	9,409.5	8,083.0
Foreign exchange				
- Translation gain/(loss)	358.8	95.0	(249.5)	(67.4)
- Transaction gain/(loss)	2.0	(73.2)	26.0	(101.1)
Share of results of joint ventures	2.0	11.9	21.0	29.3
Share of results of associates	(6.9)	60.6	76.6	164.2
Profit before finance cost	1,855.9	1,667.3	9,283.6	8,108.0
Finance income	97.8	62.1	277.7	221.8
Finance cost	(1,142.6)	(961.7)	(4,343.4)	(3,793.3)
Fair value changes of financial instruments	5.6	54.3	130.7	201.8
Profit before taxation and zakat	816.7	822.0	5,348.6	4,738.3
Taxation and zakat	(8.8)	170.5	(1,791.2)	(873.6)
Profit for the period	807.9	992.5	3,557.4	3,864.7
Attributable to:				
- Owners of the Company	809.1	877.8	3,463.3	3,661.8
- Non-controlling interests	(1.2)	114.7	94.1	202.9
Profit for the period	807.9	992.5	3,557.4	3,864.7
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	14.10	15.35	60.35	64.05
Diluted	14.01	15.28	59.98	63.73

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 4th QUARTER ENDED 31 DECEMBER 2022

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 31.12.2022	Corresponding quarter ended 31.12.2021	Current year ended 31.12.2022	Preceding year ended 31.12.2021
Profit for the period	807.9	992.5	3,557.4	3,864.7
Other comprehensive (expense)/income				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial (loss)/gain	(162.0)	186.2	653.4	989.1
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	163.8	266.1	(222.3)	384.9
Financial assets at fair value through other comprehensive income ('FVOCI')	(3.2)	(0.8)	7.9	5.2
Share of other comprehensive income ('OCI') of associates accounted for using the equity method	153.2	9.6	(55.2)	17.5
Total other comprehensive income	<u>151.8</u>	<u>461.1</u>	<u>383.8</u>	<u>1,396.7</u>
Total comprehensive income for the period	<u>959.7</u>	<u>1,453.6</u>	<u>3,941.2</u>	<u>5,261.4</u>
Attributable to:				
- Owners of the Company	956.1	1,340.2	3,827.4	5,048.1
- Non-controlling interests	3.6	113.4	113.8	213.3
Total comprehensive income for the period	<u>959.7</u>	<u>1,453.6</u>	<u>3,941.2</u>	<u>5,261.4</u>

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 31 DECEMBER 2022

(Amounts in RM million unless otherwise stated)

	31.12.2022	31.12.2021
NON-CURRENT ASSETS		
Property, plant and equipment	116,577.1	114,105.6
Right-of-use assets	37,405.1	34,711.2
Joint ventures	249.5	230.7
Associates	1,429.7	1,636.4
Intangible assets	593.6	438.4
Investment in unquoted debt security	253.4	250.1
Tax recoverable	3,522.4	3,522.4
Deferred tax assets	377.5	372.6
Long term receivables	250.5	167.1
Finance lease receivables	7.4	8.7
Financial assets at FVOCI	70.7	62.8
Contract cost assets	1.3	0.8
Financial assets at fair value through profit or loss ('FVTPL')	55.6	70.0
Derivative financial instruments	72.3	1.2
	<u>160,866.1</u>	<u>155,578.0</u>
CURRENT ASSETS		
Inventories	3,290.8	1,977.1
Receivables, deposits and prepayments	22,827.0	10,547.7
Contract assets	3,825.9	3,318.2
Contract cost assets	165.5	111.0
Tax recoverable	1,207.5	1,472.7
Finance lease receivables	1.2	1.3
Amounts due from joint ventures	44.6	43.5
Amounts due from associates	659.1	342.7
Derivative financial instruments	0.2	-
Investment in unquoted debt security	-	50.0
Financial assets at FVTPL	8,141.0	2,452.3
Deposits, bank and cash balances	4,893.4	6,706.1
	<u>45,056.2</u>	<u>27,022.6</u>
CURRENT LIABILITIES		
Payables	(11,509.7)	(8,596.7)
Contract liabilities	(573.4)	(492.3)
Derivative financial instruments	(2.9)	(0.4)
Lease liabilities	(3,140.5)	(3,098.9)
Amounts due to associates	(777.6)	(183.8)
Current tax liabilities	(187.9)	(43.9)
Employee benefits	(592.5)	(768.2)
Consumer deposits	(7,550.6)	(7,040.2)
Short term borrowings	(13,262.2)	(6,992.5)
	<u>(37,597.3)</u>	<u>(27,216.9)</u>
NET CURRENT ASSETS/(LIABILITIES)	7,458.9	(194.3)
NON-CURRENT LIABILITIES		
Borrowings	(50,620.0)	(44,685.7)
Derivative financial instruments	(2.3)	(38.7)
Contract liabilities	(4,783.1)	(4,355.7)
Government development grants	(875.4)	(948.4)
Lease liabilities	(30,137.9)	(26,143.0)
Deferred tax liabilities	(8,820.3)	(8,178.2)
Other liabilities	(1,154.1)	(975.3)
Employee benefits	(10,965.7)	(11,666.3)
	<u>(107,358.8)</u>	<u>(96,991.3)</u>
TOTAL NET ASSETS	<u>60,966.2</u>	<u>58,392.4</u>
EQUITY		
Share capital	12,204.3	11,927.6
Other reserves	(6,463.3)	(6,813.3)
Retained profits	52,776.1	51,494.1
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	58,517.1	56,608.4
NON-CONTROLLING INTERESTS ('NCI')	2,449.1	1,784.0
TOTAL EQUITY	<u>60,966.2</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 4th QUARTER ENDED 31 DECEMBER 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	-	-	3,463.3	94.1	3,557.4
Foreign currency translation reserve	-	(215.5)	-	(6.8)	(222.3)
Fair value changes of financial assets at FVOCI	-	7.9	-	-	7.9
Share of OCI of associates accounted for using the equity method	-	(55.2)	-	-	(55.2)
Employee benefits reserve	-	626.9	-	26.5	653.4
Total comprehensive income	-	364.1	3,463.3	113.8	3,941.2
Long Term Incentive Plan ('LTIP'):					
- Share-based payment expense	-	299.1	-	-	299.1
- Reversal of share-based payment expense	-	(36.5)	-	-	(36.5)
- Shares issued	276.7	(276.7)	-	-	-
Dividends paid:					
- Final dividend for FY2021	-	-	(1,030.7)	-	(1,030.7)
- Interim dividend for FY2022	-	-	(1,150.6)	-	(1,150.6)
Dividends paid to NCI	-	-	-	(17.7)	(17.7)
Increase in equity shares of NCI	-	-	-	15.7	15.7
Subscription of additional shares by NCI	-	-	-	626.8	626.8
Redemption of Redeemable Preference Shares by NCI	-	-	-	(73.5)	(73.5)
Total transactions with owners	276.7	(14.1)	(2,181.3)	551.3	(1,367.4)
At 31 December 2022	12,204.3	(6,463.3)	52,776.1	2,449.1	60,966.2
At 1 January 2021	11,675.2	(8,242.7)	52,400.7	1,616.7	57,449.9
Profit for the period	-	-	3,661.8	202.9	3,864.7
Foreign currency translation reserve	-	384.9	-	-	384.9
Fair value changes of financial assets at FVOCI	-	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
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

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 4th QUARTER ENDED 31 DECEMBER 2022

(Amounts in RM million unless otherwise stated)

	FY2022 ended 31.12.2022	FY2021 ended 31.12.2021
Operating activities		
Cash generated from operations	10,149.5	13,566.6
Post-employment benefits paid	(808.9)	(781.5)
Contract liabilities received	828.7	1,038.7
Consumer deposits received	326.6	263.9
Taxation and zakat paid	(1,118.0)	(743.8)
Net cash flows generated from operating activities	<u>9,377.9</u>	<u>13,343.9</u>
Investing activities		
Acquisition of a subsidiary net of cash and cash equivalent	(710.8)	-
Net cash inflow from disposal of subsidiaries	-	221.7
Cash considerations paid to acquire an associate	-	(674.7)
Additional investments in:		
- Financial assets at FVTPL	(97,219.4)	(68,344.7)
- Joint venture	(0.1)	-
Proceeds from redemptions:		
- Redeemable preference shares in associate	2.6	6.6
- Unquoted debt security	50.0	-
Disposals of financial assets at FVTPL	91,605.8	73,024.2
Dividend income received	98.1	65.3
Finance income received	145.9	116.4
Property, plant and equipment:		
- Additions	(8,445.3)	(8,411.3)
- Proceeds from disposals	57.7	30.4
Right-of-use assets:		
- Proceeds from disposal	8.2	3.5
Additions of intangible assets	(145.8)	-
Net cash flows used in investing activities	<u>(14,553.1)</u>	<u>(3,962.6)</u>
Financing activities		
Government development grants received	3.3	2.2
Borrowings:		
- Drawdowns	24,921.6	7,266.1
- Repayments	(12,860.5)	(5,380.1)
Interests paid:		
- Borrowings	(2,657.2)	(2,280.3)
Repayments of lease obligations:		
- Principal	(2,116.7)	(2,700.2)
- Interest	(1,656.1)	(1,459.8)
Dividends paid to shareholders	(2,181.3)	(4,568.4)
Dividends paid to NCI	(17.7)	(1.0)
Redemption of Redeemable Preference Shares from NCI	(73.5)	(45.0)
Net decrease/(increase) in debt reserve accounts	3.6	(12.5)
Net decrease in cash at bank, held in trust	58.3	77.3
Net (increase)/decrease in restricted cash	(14.9)	105.9
Net decrease in deposits maturing more than 90 days	486.9	176.6
Net cash flows generated from/(used in) financing activities	<u>3,895.8</u>	<u>(8,819.2)</u>
Net (decrease)/increase in cash and cash equivalents	(1,279.4)	562.1
Effects of changes in foreign currency	0.6	49.8
Cash and cash equivalents at the beginning of the financial year	<u>5,634.9</u>	<u>5,023.0</u>
Cash and cash equivalents at the end of the financial year	<u>4,356.1</u>	<u>5,634.9</u>
Deposit, bank and cash balances at the end of the financial year	<u>4,893.4</u>	<u>6,706.1</u>
Debt reserve account ¹	(146.0)	(149.6)
Cash at bank, held in trust ²	(265.6)	(323.9)
Restricted cash	(16.2)	(1.3)
Deposits maturing more than 90 days	(109.5)	(596.4)
Cash and cash equivalents at the end of the financial year	<u>4,356.1</u>	<u>5,634.9</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 Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- 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 31.12.2022	Individual Corresponding quarter ended 31.12.2021 (Restated)	Current year ended 31.12.2022	Cumulative Preceding year ended 31.12.2021 (Restated)
Sales:				
- Electricity	12,574.2	12,132.2	49,702.3	47,048.5
- Goods and services	219.5	265.1	734.0	708.9
Construction contracts Customers' contributions	49.2 72.2	47.5 81.5	155.1 276.3	93.4 269.1
Total revenue	12,915.1	12,526.3	50,867.7	48,119.9

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 16 December 2022, the Government of Malaysia has approved the continued implementation of the Imbalance Cost Pass-Through ('ICPT') mechanism for the period of 1 January until 30 June 2023. Non-domestic customers will be charged a surcharge of 3.7 sen/kWh or 20.0 sen/kWh based on their tariff block while domestic customers maintained an ICPT rebate of 2 sen/kWh. The decision was made to address the increase in additional generation costs due to the higher fuel prices used for the supply of electricity during the period of 1 July to 31 December 2022.

TNB has fully recovered RM5.8 billion from the Government as at the end of the financial year for the 1H 2022 ICPT. However, the continued high fuel prices in 2H 2022 has resulted in TNB carrying higher receivables and borrowings balances. The recovery of the receivables will be subjected to the next ICPT cycle, in which the Government has agreed to fund the rebate and the surcharge amounting to RM10.8 billion.

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 financial year.

8) DEBT AND EQUITY SECURITIES

Except for those disclosed in Note 23, there were no other material transactions relating to debts and equity securities during the quarter under review.

9) DIVIDENDS

The Board of Directors has approved a final single tier dividend of 26.0 sen per ordinary share, in respect of the financial year ended 31 December 2022, totalling to approximately RM1,495.8 million (based on 5,753,077,371 paid-up share capital).

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

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

The interim dividend for Financial Year 2022 was paid on 14 October 2022 totalling RM1,150.6 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 year.

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 31.12.2022	As at 31.12.2021
Claims by third parties	342.3	423.8
Trade guarantees and performance bonds	51.0	54.4
Total contingent liabilities	393.3	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 until the disposal of the judicial review application. Subsequently, the High Court has fixed a new hearing date on 22 May 2023.

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 21 September 2022, the Court of Appeal had instructed parties to attend hearing on 21 March 2023 for IRB to update 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.

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.

In view of the ongoing out-of-court settlement negotiations between IRB and KEV, the High Court had successively vacated the hearing for KEV's application of leave for judicial review scheduled on 27 June 2022, 18 August 2022, 13 September 2022 and 24 November 2022. The High Court fixed a case management date on 3 January 2023 to update the court on the outcome of the out-of-court settlement negotiation with IRB. Separately, the High Court had granted an extension of the interim stay on the enforcement of the Notices until 3 January 2023.

At the case management held on 3 January 2023, the High Court has vacated the hearing for KEV's application of leave for judicial review due to the ongoing negotiation between IRB and KEV on the out-of-court settlement and fixed a new case management date on 15 March 2023. Further, taking into consideration the new case management date of 15 March 2023, the High Court has correspondingly granted an extension of the interim stay on the enforcement of the Notices until 15 March 2023.

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, 2021 and 2022 as permitted by the law.

15) CAPITAL COMMITMENTS

	As at 31.12.2022	As at 31.12.2021
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	57,417.0	53,628.5
Contracted but not provided for in the financial statements	604.1	642.8
Total capital commitments	<u>58,021.1</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 year ended 31 December 2022 against the corresponding year ended 31 December 2021:

Revenue for the year increased by 5.7% or RM2,747.8 million to RM50,867.7 million, mainly due to the higher sales of electricity of RM2,653.8 million, up by 5.6% against the corresponding year; with demand growth of 5.2%. The increase in the units sold for TNB was largely contributed by customers from the commercial and industrial sectors.

ICPT was in a higher under-recovery position of RM22,315.3 million as compared to RM4,509.6 million in the last corresponding year mainly due to the higher fuel price. Operating expenses increased to RM64,612.1 million from RM44,524.4 million, up 45.1% mainly due to higher generation costs. Net loss on impairment of financial instruments decreased by RM838.8 mil or 89.2% as the collection trend improved in the current year. These have resulted in a higher operating profit of RM9,409.5 million, an increase of RM1,326.5 million or 16.4% from the last corresponding year.

Despite the higher operating profit, profit after taxation for the year under review decreased by 8.0% or RM307.3 million, from RM3,864.7 million reported in the corresponding year to RM3,557.4 million. This was mainly contributed by the higher finance cost and tax expenses which includes additional tax on Cukai Makmur for FY2022 amounting to RM340.8 million.

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

Revenue for the quarter was up by 3.1% or RM388.8 million quarter on quarter, mainly due to the higher sales of electricity. Operating expenses increased by 24.9% or RM3,604.4 million mainly due to higher generation cost offset by an increase in ICPT under recovery of RM3,188.9 million. The resultant operating profit decreased from RM1,573.0 million to RM1,500.0 million, lower by RM73.0 million.

Profit after taxation for the current quarter under review decreased by RM184.6 million, from RM992.5 million reported during the corresponding quarter to RM807.9 million. This was due to the higher finance cost and tax expenses offset by the higher foreign currency translation gain in the current quarter.

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

- Performance of the current quarter (4th Quarter FY2022) against the preceding quarter (3rd Quarter FY2022):

The Group reported lower profit after taxation of RM807.9 million in the current quarter as compared to RM972.7 million in the preceding quarter, a reduction of RM164.8 million. This was mainly due to higher operating expenses recognised in the current quarter under review.

18) PROSPECTS

For the full year 2022, the country's overall economy expanded by 8.7%*, largely supported by domestic demand. This is consistent with Peninsular Malaysia's electricity demand growth of 6%. These factors have contributed to the strong Group performance, despite the increasing inflation, elevated cost and high fuel prices environment.

The Malaysian economy is expected to grow at a moderate pace of 4.5%** in 2023 amid the challenging global landscape. Domestic demand will remain the key driver of growth while inflation is expected to moderate but remain elevated.

The Group foresees a reasonable performance for the year 2023 and will continue to remain cautious on the challenges ahead including high fuel prices and inflation. As the Group pursues its growth strategy, it will continue to take prudent measures in terms of its operational and financial requirements to ensure it remains resilient.

Sources:

* *Bank Negara Malaysia*

** *Budget 2023 Speech (24 February 2023)*

19) PROFIT FROM OPERATIONS

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

	<u>Individual</u> Current quarter ended 31.12.2022	<u>Cumulative</u> Current year ended 31.12.2022
Property, plant and equipment:		
- Depreciation	(2,018.2)	(7,500.7)
- Gain on disposals	14.3	35.6
Right-of-use assets:		
- Depreciation	(979.6)	(3,901.8)
- Gain on disposals	0.1	7.5
Receivables:		
- Impairment losses	(41.5)	(183.8)
- Reversal of impairment losses	94.0	119.6
Contract assets:		
- Impairment losses	(61.2)	(91.0)
- Reversal of impairment losses	15.9	60.4
Amount due from joint ventures:		
- Impairment losses	(2.4)	(3.8)
- Reversal of impairment losses	0.5	13.7
Inventories:		
- Provision for obsolescence	(71.7)	(83.6)
- Write back of obsolescence	68.6	90.7
- Written off	(43.9)	(119.1)
Investment in unquoted debt securities:		
- Impairment losses	-	(3.1)
- Reversal of impairment losses	2.7	5.4
Impairment losses on intangible asset	-	(22.7)
Impairment losses on investment in:		
- Joint ventures	(1.3)	(2.3)
- Associate	(68.6)	(68.6)

Other than the items highlighted above, there were no material disposal of quoted investment and impairment of property, plant and equipment during the quarter under review.

20) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

This note is not applicable, as the Group did not publish any profit forecast.

21) TAXATION AND ZAKAT

Taxation and zakat for the reporting period comprised the following:

	Current quarter ended 31.12.2022	Individual Corresponding quarter ended 31.12.2021	Current year ended 31.12.2022	Cumulative Preceding year ended 31.12.2021
Income tax:				
Current tax and zakat	228.1	92.5	(1,433.0)	(1,036.1)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	(236.9)	78.0	(358.2)	162.5
Total taxation and zakat	(8.8)	170.5	(1,791.2)	(873.6)

For the reporting period ended 31 December 2022, the Group recorded a 33.5% effective tax rate, which is higher than the statutory tax rate of 24.0%. The effective tax rate is higher in the current period due to 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 31.12.2022	As at 31.12.2021
Short term - secured	1,708.0	1,897.6
- unsecured	11,554.2	5,094.9
Sub-total	13,262.2	6,992.5
Long term - secured	22,742.4	22,493.4
- unsecured	27,877.6	22,192.3
Sub-total	50,620.0	44,685.7
Total	63,882.2	51,678.2

- (b) Currency denominations:

	As at 31.12.2022	As at 31.12.2021
US Dollar	8,496.8	8,035.9
GBP	3,161.1	2,357.0
Japanese Yen	1,812.4	2,092.0
Total Ringgit equivalent of foreign currency borrowings	13,470.3	12,484.9
Ringgit borrowings	50,411.9	39,193.3
Total	63,882.2	51,678.2

- (c) Effective average cost of borrowing based on exposure as at 31 December 2022 was 4.63% (31 December 2021: 4.61%).
- (d) Repayments of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM1,660.5 million; and
 - (ii) Ringgit denominated loans of RM11,200.0 million.
- (e) Drawdowns of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM1,867.4 million; and
 - (ii) Ringgit denominated loans of RM23,054.2 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 31.12.2022	
	Notional Amount	Fair Value
Forward Foreign Currency Contracts		
- Less than 1 year	106.3	(2.9)
Interest Rate Swap Contracts		
- Less than 1 year	22.7	0.2
- More than 3 years	744.2	63.7
Profit Rate Swap Contracts		
- More than 3 years	323.8	6.3
Total	1,197.0	67.3

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.

In December 2022, the Group entered into new Interest Rate Swap ('IRS') contracts that entitled Vantage RE No. 1 Ltd to receive interest at floating rates and obliged to pay interest at fixed rates of 3.78% per annum on aggregate notional principal of GBP50.8 million.

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 31.12.2022	Individual Corresponding quarter ended 31.12.2021	Current year ended 31.12.2022	Cumulative Preceding year ended 31.12.2021
Profit attributable to owners of the Company	809.1	877.8	3,463.3	3,661.8
Weighted average number of ordinary shares in issue ('000)	5,738,438	5,717,516	5,738,438	5,717,516
Basic earnings per share (sen)	14.10	15.35	60.35	64.05
Weighted average number of ordinary shares in issue ('000)	5,738,438	5,717,516	5,738,438	5,717,516
Adjustments for LTIP ('000)	35,837	28,592	35,837	28,592
Weighted average number of diluted ordinary shares ('000)	5,774,275	5,746,108	5,774,275	5,746,108
Diluted earnings per share (sen)	14.01	15.28	59.98	63.73

27) EXCEPTIONAL ITEMS

There were no exceptional items incurred during the year.

28) RESTATEMENT AND EFFECT OF CHANGE IN PRESENTATION

During the year, the Group changed the presentation of the consolidated statement of profit or loss to provide a better reflection on the business performance in respect of the under or over recovery of ICPT. It is now presented separately from revenue in the consolidated statement of profit or loss.

By Order of the Board

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

Kuala Lumpur
27 February 2023