

The Board of Directors is pleased to announce the following:

**A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.06.2024	Corresponding quarter ended 30.06.2023	Current period ended 30.06.2024	Preceding period ended 30.06.2023
Revenue	14,366.8	13,323.2	28,007.2	25,948.8
Imbalance Cost Pass-Through under recovery	2,822.2	2,860.2	5,175.2	6,492.5
Operating expenses	(15,300.5)	(14,390.5)	(29,383.1)	(28,833.6)
Net reversal/(loss) on impairment of financial instruments	14.4	(101.2)	(45.0)	(52.5)
Other operating income	338.3	177.0	511.7	395.6
Operating profit	2,241.2	1,868.7	4,266.0	3,950.8
Foreign exchange				
- Translation gain/(loss)	130.2	(453.5)	(66.5)	(425.4)
- Transaction (loss)/gain	(7.1)	61.8	18.3	60.3
Share of results of joint ventures	2.1	4.6	7.0	5.5
Share of results of associates	243.7	(6.3)	258.4	15.8
Profit before finance cost	2,610.1	1,475.3	4,483.2	3,607.0
Finance income	159.1	157.9	315.3	256.5
Finance cost	(1,013.8)	(1,146.6)	(2,040.9)	(2,266.2)
Fair value changes of financial instruments	11.5	54.9	39.1	46.9
Profit before taxation and zakat	1,766.9	541.5	2,796.7	1,644.2
Taxation and zakat	(254.5)	(270.6)	(606.4)	(442.4)
Profit for the period	1,512.4	270.9	2,190.3	1,201.8
Profit attributable to:				
- Owners of the Company	1,444.1	327.9	2,159.8	1,330.2
- Non-controlling interests	68.3	(57.0)	30.5	(128.4)
Profit for the period	1,512.4	270.9	2,190.3	1,201.8
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	24.95	5.70	37.32	23.11
Diluted	24.89	5.70	37.23	23.11

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 2023.

**A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.06.2024	Corresponding quarter ended 30.06.2023 (Restated)	Current period ended 30.06.2024	Preceding period ended 30.06.2023 (Restated)
Profit for the period	1,512.4	270.9	2,190.3	1,201.8
Other comprehensive (expense)/income				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial loss	(81.6)	(273.9)	(253.5)	(708.7)
Fair value changes of financial assets at fair value through other comprehensive income ('FVOCI')	28.4	(13.4)	29.2	(13.0)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(29.7)	337.6	74.7	435.0
Share of other comprehensive (expense)/income of associates accounted for using the equity method	(17.1)	20.3	0.7	121.6
Total other comprehensive (expense)/income	(100.0)	70.6	(148.9)	(165.1)
Total comprehensive income for the period	1,412.4	341.5	2,041.4	1,036.7
Attributable to:				
- Owners of the Company	1,349.5	388.2	2,070.6	1,155.3
- Non-controlling interests	62.9	(46.7)	(29.2)	(118.6)
Total comprehensive income for the period	1,412.4	341.5	2,041.4	1,036.7

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023.

B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

(Amounts in RM million unless otherwise stated)

	30.06.2024	31.12.2023
NON-CURRENT ASSETS		
Property, plant and equipment	122,749.0	121,932.1
Right-of-use assets	32,518.8	34,106.8
Joint ventures	216.0	208.4
Associates	1,465.4	1,458.8
Intangible assets	1,176.3	1,270.5
Investment in unquoted debt security	262.9	259.3
Tax recoverable	3,522.4	3,522.4
Deferred tax assets	374.1	379.3
Long term receivables	549.1	540.9
Finance lease receivables	5.4	6.1
Financial assets at FVOCI	84.3	55.1
Contract cost assets	6.6	4.7
Financial assets at fair value through profit or loss ('FVTPL')	35.9	35.9
Derivative financial instruments	178.4	168.0
Employee benefits	284.7	147.1
	<u>163,429.3</u>	<u>164,095.4</u>
CURRENT ASSETS		
Inventories	2,369.9	2,758.0
Receivables, deposits and prepayments	12,144.2	10,408.2
Contract assets	4,628.2	4,446.8
Contract cost assets	279.4	99.5
Tax recoverable	1,327.4	1,519.0
Finance lease receivables	1.2	1.1
Amounts due from joint ventures	22.5	22.7
Amounts due from associates	247.3	388.3
Derivative financial instruments	0.4	-
Financial assets at FVTPL	634.8	1,614.1
Deposits, bank and cash balances	17,672.2	19,390.5
	<u>39,327.5</u>	<u>40,648.2</u>
CURRENT LIABILITIES		
Payables	(14,266.7)	(12,830.7)
Contract liabilities	(451.5)	(338.6)
Derivative financial instruments	-	(1.4)
Lease liabilities	(2,938.4)	(2,983.5)
Amounts due to associates	(475.7)	(579.7)
Current tax liabilities	(138.4)	(108.2)
Employee benefits	(615.8)	(615.8)
Consumer deposits	(8,447.6)	(8,050.1)
Short term borrowings	(3,232.3)	(7,330.6)
	<u>(30,566.4)</u>	<u>(32,838.6)</u>
NET CURRENT ASSETS	8,761.1	7,809.6
NON-CURRENT LIABILITIES		
Borrowings	(54,462.0)	(54,439.6)
Derivative financial instruments	(107.6)	(10.5)
Contract liabilities	(5,907.4)	(5,449.7)
Government development grants	(880.9)	(922.8)
Lease liabilities	(26,869.8)	(27,877.4)
Deferred tax liabilities	(8,970.3)	(9,018.3)
Other liabilities	(1,438.4)	(1,348.7)
Employee benefits	(12,002.8)	(11,755.3)
	<u>(110,639.2)</u>	<u>(110,822.3)</u>
TOTAL NET ASSETS	61,551.2	61,082.7
EQUITY		
Share capital	12,698.9	12,499.5
Other reserves	(6,923.6)	(6,682.6)
Retained profits	53,548.2	53,008.9
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	59,323.5	58,825.8
NON-CONTROLLING INTERESTS ('NCI')	2,227.7	2,256.9
TOTAL EQUITY	61,551.2	61,082.7

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023.

**C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**
(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company				Total equity
	Ordinary shares	Other reserves	Retained profits	Non-controlling interest	
At 1 January 2024	12,499.5	(6,682.6)	53,008.9	2,256.9	61,082.7
Defined benefit plan actuarial loss	-	(195.1)	-	(58.4)	(253.5)
Fair value changes of financial assets at FVOCI	-	29.2	-	-	29.2
Foreign currency translation differences	-	76.0	-	(1.3)	74.7
Profit for the financial period	-	-	2,159.8	30.5	2,190.3
Share of OCI of associates accounted for using the equity method	-	0.7	-	-	0.7
Total comprehensive (expense)/income	-	(89.2)	2,159.8	(29.2)	2,041.4
Long Term Incentive Plan ('LTIP') :					
- Share-based payment expense	-	60.9	-	-	60.9
- Reversal of share-based payment expense	-	(13.3)	-	-	(13.3)
- Shares issued	199.4	(199.4)	-	-	-
Final dividend paid for FY2023	-	-	(1,620.5)	-	(1,620.5)
Total transactions with owners	199.4	(151.8)	(1,620.5)	-	(1,572.9)
At 30 June 2024	12,698.9	(6,923.6)	53,548.2	2,227.7	61,551.2
At 1 January 2023	12,204.3	(6,463.3)	52,776.1	2,449.1	60,966.2
Defined benefit plan actuarial loss	-	(702.6)	-	(6.1)	(708.7)
Fair value changes of financial assets at FVOCI	-	(13.0)	-	-	(13.0)
Foreign currency translation differences	-	419.1	-	15.9	435.0
Profit/(Loss) for the financial period	-	-	1,330.2	(128.4)	1,201.8
Share of OCI of associates accounted for using the equity method	-	121.6	-	-	121.6
Total comprehensive (expense)/income	-	(174.9)	1,330.2	(118.6)	1,036.7
LTIP:					
- Share-based payment expense	-	166.2	-	-	166.2
- Reversal of share-based payment expense	-	(33.2)	-	-	(33.2)
- Shares issued	295.2	(295.2)	-	-	-
Final dividend paid for FY2022	-	-	(1,495.8)	-	(1,495.8)
Redemption of Redeemable Preference Shares by NCI	-	-	-	(24.0)	(24.0)
Total transactions with owners	295.2	(162.2)	(1,495.8)	(24.0)	(1,386.8)
At 30 June 2023	12,499.5	(6,800.4)	52,610.5	2,306.5	60,616.1

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023.

D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2024

(Amounts in RM million unless otherwise stated)

	FY2024 ended 30.06.2024	FY2023 ended 30.06.2023 (Restated)
Cash flows from operating activities		
Cash generated from operations	10,360.2	16,521.5
Post-employment benefits paid	(456.6)	(436.4)
Contract liabilities received	775.5	586.3
Consumer deposits received	296.4	212.5
Net taxation and zakat paid	(361.0)	(525.6)
Net cash flows generated from operating activities	<u>10,614.5</u>	<u>16,358.3</u>
Cash flows from investing activities		
Additional investments in:		
- Financial assets at FVTPL	(3,294.0)	(21,883.5)
- Joint venture	(0.5)	(0.2)
Disposals of financial assets at FVTPL	4,282.8	26,411.0
Dividend income received	68.8	135.1
Finance income received	226.4	174.2
Property, plant and equipment:		
- Additions	(4,342.1)	(3,841.8)
- Proceeds from disposals	-	10.5
Right-of-use assets:		
- Proceeds from disposals	-	1.4
Net (increase)/decrease in deposits maturing more than 90 days		
- Invested	(3,064.9)	(2,160.1)
- Matured	2,062.3	1,500.8
Net cash flows (used in)/generated from investing activities	<u>(4,061.2)</u>	<u>347.4</u>
Cash flows from financing activities		
Government development grants received	-	0.3
Borrowings:		
- Drawdowns	490.0	4,225.5
- Repayments	(4,730.4)	(7,763.9)
Finance cost paid	(1,402.3)	(1,522.4)
Repayments of lease obligations:		
- Principal	(1,241.0)	(1,049.4)
- Interest	(780.1)	(833.0)
Dividends paid to shareholders	(1,620.5)	(1,495.8)
Redemption of Redeemable Preference Shares by NCI	-	(24.0)
Net decrease in debt reserve accounts	94.8	6.3
Net (increase)/decrease in cash at bank, held in trust	(1.9)	38.2
Net (increase)/decrease in restricted cash	(0.2)	0.6
Net cash flows used in financing activities	<u>(9,191.6)</u>	<u>(8,417.6)</u>
Net (decrease)/increase in cash and cash equivalents	(2,638.3)	8,288.1
Effects of changes in foreign currency	10.1	36.1
Cash and cash equivalents at the beginning of the financial period	<u>17,225.2</u>	<u>4,056.1</u>
Cash and cash equivalents at the end of the financial period	<u>14,597.0</u>	<u>12,380.3</u>
Deposit, bank and cash balances at the end of the financial period	17,672.2	13,831.8
Debt reserve accounts ¹	(416.4)	(147.4)
Cash at bank, held in trust ²	(224.7)	(227.4)
Restricted cash	(8.4)	(7.9)
Deposits maturing more than 90 days	(2,425.7)	(1,068.8)
Cash and cash equivalents at the end of the financial period	<u>14,597.0</u>	<u>12,380.3</u>

¹ Debt reserve accounts relate 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 2023.

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 2023.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2023.

2) AUDIT QUALIFICATION

The audited financial statements for the financial year ended 31 December 2023 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 2023.

Amendments to standards that are applicable and effective to the Group beginning 1 January 2024 are as follows:

- a) Amendments to MFRS 107 Cash Flow Statements and MFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements
- b) Amendments to MFRS 16 Leases on Lease Liability in a Sale and Leaseback
- c) Amendments to MFRS 101 Presentation of Financial Statements on Non-current Liabilities with Covenants

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		Cumulative
	Current	Corresponding	Current
	quarter	quarter	period
	ended	ended	ended
	30.06.2024	30.06.2023	30.06.2024
			Preceding
			period
			ended
			30.06.2023
Sales:			
- Electricity	13,753.3	13,007.5	27,037.2
- Goods and services	464.6	156.2	665.3
Construction contracts	27.3	43.2	61.8
Customers' contributions	72.3	69.3	144.6
Revenue from contracts with customers	14,317.5	13,276.2	27,908.9
Insurance contract	49.3	47.0	98.3
Total revenue	14,366.8	13,323.2	28,007.2
			25,948.8

5) SEASONAL OR CYCLICAL FACTORS

The businesses of the Group are not subject to material seasonal or cyclical fluctuations.

6) UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the reporting period.

7) MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

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

8) DEBT AND EQUITY SECURITIES

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 25.00 sen per share, on 5,812,948,071 ordinary shares for the financial year ending 31 December 2024 amounting to RM1,453.2 million.

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

The final single tier dividend for Financial Year 2023 was paid on 18 April 2024 totalling RM1,620.5 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 on 27 August 2024, Tenaga Nasional Berhad ('TNB') has signed Power Purchase Agreements ('PPAs') with Prai Power Sdn. Bhd. and Panglima Power Sdn. Bhd. for short-term capacity extension from the recently expired and expiring generators. The PPAs are effective from September 2024 for a period of one-year with an option to extend for an additional one-year.

13) CHANGES IN THE COMPOSITION OF THE GROUP

Finalisation of purchase price allocation ('PPA') for acquisition of Spark Renewables Pty Ltd and its subsidiaries ('Spark Renewables')

On 20 September 2023, the Group, through its newly incorporated wholly owned subsidiaries in Australia, Stone HoldCo Pty Ltd and Stone BidCo Pty Ltd, completed an acquisition of a 100% stake in Spark Renewables, for a total consideration of RM1,184.9 million (AUD392.3 million).

The provisional goodwill disclosed in the audited financial statements for the financial year ended 31 December 2023 was based on preliminary PPA assessment. At the acquisition date, the Group had estimated provisional goodwill at RM332.4 million. During the quarter under review, the Group completed the PPA assessment in accordance with MFRS 3 Business Combinations and no change was made to the provisional goodwill amount.

The finalised identifiable assets acquired and liabilities in relation to Spark Renewables are as follows:

	Preliminary/ Final Assessment
Non-current assets	
Property, plant, and equipment	514.3
Intangible asset	429.3
Derivative financial instruments	88.2
Current assets	
Receivables, deposits and prepayments	7.4
Deposits, bank and cash balances	3.0
Current liabilities	
Payables	(5.1)
Non-current liabilities	
Deferred tax liabilities	(184.6)
Total identifiable net assets	<u>852.5</u>
Goodwill	<u>332.4</u>
Cash consideration paid	<u>1,184.9</u>
Cash consideration paid	1,184.9
Cash and cash equivalents acquired	<u>(3.0)</u>
Net cash outflow on acquisition	<u>1,181.9</u>

The goodwill is attributable to Spark Renewable's ability to develop and operate new renewable energy projects in Australia, as well as enhanced scale and operational diversity in its renewable projects portfolio.

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

14) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:

	As at 30.06.2024	As at 31.12.2023
Claims by third parties	<u>300.6</u>	<u>282.3</u>

Claims by third parties include claims by contractors, consumers and statutory body. 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.

15) CAPITAL COMMITMENTS

	As at 30.06.2024	As at 31.12.2023
Authorised capital expenditure for 5 years not provided in the financial statements		
- Contracted	432.7	741.5
- Not contracted	91,699.6	99,054.3
Total capital commitments	<u>92,132.3</u>	<u>99,795.8</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 2024 against the corresponding period ended 30 June 2023:

Electricity sales increased by 6.8%, or RM1,720.7 million, driving a 7.9% growth or RM2,058.4 million in the Group's revenue. Demand growth rose by 8.4%, primarily fuelled by the commercial and domestic sectors. ICPT's under-recovery position fell from RM6,492.5 million to RM5,175.2 million over the current period due to lower negative fuel margin.

Operating profit rose by 8.0% to RM4,266.0 million from RM3,950.8 million in the corresponding period, driven by the aforementioned factors.

Profit after tax increased to RM2,190.3 million from RM1,201.8 million in the corresponding period, an increase of 82.3% or RM988.5 million. The rise was primarily due to the higher operating profit stated above coupled with a lower foreign exchange translation losses and lower net finance costs in the current period.

- (b) Performance of the current second quarter (three months) FY2024 against the corresponding second quarter (three months) FY2023:

Revenue for the quarter under review increased from RM13,323.2 million to RM14,366.8 million, resulted from higher sales of electricity by 5.7% or RM745.8 million.

Operating profit for the current quarter increased by 19.9% or RM372.5 million mainly due to lower negative fuel margin in the current quarter compared to last corresponding quarter.

Profit after taxation for the current quarter under review increased by RM1,241.5 million, from RM270.9 million reported during the last corresponding quarter to RM1,512.4 million mainly due to higher operating profit above coupled with favourable foreign exchange translation and net finance costs.

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

- Performance of the current quarter (Second Quarter FY2024) against the preceding quarter (First Quarter FY2024):

The Group reported higher profit after tax of RM1,512.4 million in the current quarter as compared to RM677.9 million in the preceding quarter, an increase of RM834.5 million. This was mainly due to a higher operating profit together with a favourable foreign exchange translation and lower tax expense.

18) PROSPECTS

For the period ended 30 June 2024, the Group reported an improved financial performance driven by stronger demand growth, better operational performance and efficient capital management. The 8.4% electricity demand growth recorded is aligned with the country's Gross Domestic Product (GDP) expansion of 5.9%* in the second quarter of 2024.

With the Malaysian economy projected to grow between 4% to 5%* from firm domestic demand, the Group anticipates a stable performance for 2024 and will remain cautious on market volatilities while taking prudent measures to ensure it remains resilient.

The Group is committed to play an integral role in supporting the National Energy Transition Roadmap while pursuing business growth.

*Source: Bank Negara Malaysia

19) PROFIT FROM OPERATIONS

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

	<u>Individual</u> <u>Current</u> <u>quarter</u> <u>ended</u> 30.06.2024	<u>Cumulative</u> <u>Current</u> <u>period</u> <u>ended</u> 30.06.2024
Property, plant and equipment:		
- Depreciation	(2,068.2)	(3,985.9)
Right-of-use assets:		
- Depreciation	(790.1)	(1,652.6)
Receivables:		
- Impairment losses	(40.9)	(76.4)
- Reversal of impairment losses	2.8	7.8
Contract assets:		
- Impairment losses	-	(26.2)
- Reversal of impairment losses	52.1	52.9
Amounts due from joint ventures:		
- Impairment losses	(0.3)	(1.5)
- Reversal of impairment losses	-	1.3
Amounts due from associates:		
- Impairment losses	(0.1)	(0.1)
Investment in unquoted debt security		
- Impairment losses	-	(0.3)
Inventories:		
- Provision for obsolescence	(40.3)	(93.4)
- Write back of obsolescence	2.2	56.2
- Written off	(13.8)	(42.2)
Investment in associate		
- Impairment losses	(213.7)	(213.7)

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 30.06.2024	Individual Corresponding quarter ended 30.06.2023	Current period ended 30.06.2024	Cumulative Preceding period ended 30.06.2023
Income tax:				
Current tax and zakat	(320.0)	(276.3)	(578.7)	(426.7)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	65.5	5.7	(27.7)	(15.7)
Total taxation and zakat	(254.5)	(270.6)	(606.4)	(442.4)

For the reporting period ended 30 June 2024, the Group recorded a 21.7% effective tax rate, which was lower than the statutory tax rate of 24.0%.

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 30.06.2024	As at 31.12.2023
Short term - secured	2,475.3	2,553.9
- unsecured	757.0	4,776.7
Sub-total	3,232.3	7,330.6
Long term - secured	21,908.5	22,190.4
- unsecured	32,553.5	32,249.2
Sub-total	54,462.0	54,439.6
Total	57,694.3	61,770.2

(b) Currency denominations:

	As at 30.06.2024	As at 31.12.2023
United States Dollar (USD)	9,095.1	8,848.8
Great Britain Pound (GBP)	3,817.8	3,603.1
Japanese Yen (JPY)	1,456.7	1,664.7
Australian Dollar (AUD)	1,395.8	1,401.0
Euro (EUR)	1,136.2	1,171.5
Total Ringgit equivalent of foreign currency borrowings	16,901.6	16,689.1
Ringgit borrowings	40,792.7	45,081.1
Total	57,694.3	61,770.2

(c) Effective average cost of borrowing based on exposure as at 30 June 2024 was 4.84% (31 December 2023: 4.75%).

(d) Repayments of debts during the reporting period were as follows:
 (i) Foreign currency denominated loans of RM199.3 million; and
 (ii) Ringgit denominated loans of RM4,531.1 million.

(e) Drawdowns of debts during the reporting period were as follows:
 (i) Foreign currency denominated loans of RM250.0 million; and
 (ii) Ringgit denominated loans of RM240.0 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 30.06.2024	
	Notional Amount	Fair value Amount
Foreign Currency Contracts		
- Spot	8.2	-
- Forward less than 1 year	230.1	0.3
Interest Rate Swap Contracts ('IRS')		
- More than 3 years	1,092.8	82.5
Profit Rate Swap Contracts ('PRS')		
- More than 3 years	294.6	1.5
Power Purchase Agreement ('PPA')		
- More than 3 years	1,527.7	(13.1)
Total	3,153.4	71.2

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.

IRS and PRS entered into by subsidiaries are to effectively fix the interest and profit rate payable on the term loans.

TNB Group entered into PPA which entitled them to sell the electricity output at an agreed price for five to fifteen years, thereby mitigating exposure to variable market prices.

The Power Purchase Agreements are accounted for as derivative financial instruments under MFRS 9 Financial instruments and recorded at fair value in accordance with the requirements of MFRS 13 Fair Value Measurement.

25) MATERIAL LITIGATIONS

(a) Tenaga Nasional Berhad ('TNB') – Reinvestment Allowance ('RIA')

On 7 December 2016, TNB and the Inland Revenue Board of Malaysia ('IRB') entered into a consent judgement before the Kuala Lumpur High Court to substitute judicial review proceedings for notices of additional assessment dated 23 November 2015 for Years of Assessment ('YA') 2013 and 2014 (referred to as 'Notices 1') arising from the disallowance of TNB's RIA claims. The consent judgement also stipulates that the IRB will not commence any proceedings relating to the Notices 1 until the matter is determined by the Special Commissioners of Income Tax ('SCIT') and the High Court, if there is a subsequent appeal by either party. On 15 December 2016, TNB filed appeals against the Notices 1 to the SCIT according to Section 99(1) of the Income Tax Act 1967, which have since been registered before the SCIT. However, the trial before the SCIT has been adjourned until 26 November 2024 to update the Court on the status of the IRB's application for leave to appeal to the Federal Court against the Court of Appeal decision in relation to notice of additional assessment for the YA 2018.

Meanwhile, for the notices of additional assessment issued for the YAs 2015, 2016, and 2017 (referred to as 'Notices 2'), both TNB and the IRB recorded a consent order for judicial review application before the High Court on 30 December 2020. On 22 August 2023, the High Court allowed TNB's judicial review application to set aside the Notices 2. The High Court agreed that TNB is in the business of manufacturing electricity and as such, TNB is entitled to claim RIA on the capital expenditures which were incurred in the YAs 2015, 2016 and 2017 in the course of expanding, modernising and automating its business. In response, on 25 August 2023, the IRB filed a notice of appeal against the High Court's decision. The Court of Appeal has fixed the hearing date on 3 October 2024.

With regards to the notice of additional assessment for the YA 2018 (referred to as 'Notice 3'), both TNB and the IRB recorded a consent order for judicial review application before the High Court on 21 January 2021. On 8 February 2022, the High Court allowed with cost, TNB's judicial review application to set aside the Notice 3. Separately, on 8 February 2022, the IRB filed a notice of appeal against the High Court's decision. On 16 May 2024, the Court of Appeal dismissed the IRB's appeal against the decision of the High Court in allowing TNB's judicial review application to set aside the Notice 3. Both courts agreed that TNB is in the business of manufacturing electricity and as such, TNB is entitled to claim RIA on the capital expenditure which was incurred in the YA 2018 in the course of expanding, modernising and automating its business. On 14 June 2024, the IRB filed an application for leave to appeal before the Federal Court against the Court of Appeal's decision. The Federal Court has fixed the hearing date on 10 September 2024.

On 19 August 2024, TNB received notices of additional assessment for the YA 2020 and 2021 (referred to as 'Notices 4') that are similar in nature to the above-mentioned Notices 1, 2, and 3. Based on the legal advice obtained from TNB's tax solicitors, TNB is of the view that it has a good basis in law to contend that the assessments were erroneously raised by the IRB. TNB has 30 days from the date of Notices 4 to proceed with stay order application and leave for judicial review.

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.

Notwithstanding with the above, TNB continued to claim the RIA for YAs 2022, 2023 and will claim in 2024 as permitted by the law.

25) MATERIAL LITIGATIONS (CONTINUATION)

(b) Southern Power Generation Sdn Bhd ('SPG')

On 26 May 2023, the IRB issued notices of assessment for YAs 2017, 2018, 2019, 2020 and 2021 amounting in aggregate to RM78.5 million to SPG.

On 6 June 2023, SPG filed a judicial review against the IRB at the High Court to challenge the matters arising from the above-mentioned notices. Subsequently, on 14 September 2023, the High Court granted leave to SPG to commence judicial review against the IRB and granted an interim stay of all further proceedings including the enforcement until the substantive hearing on 11 January 2024. Due to an ongoing settlement with the IRB, the substantive hearing was vacated. On 29 July 2024, the High Court has fixed the hearing date on 5 November 2024 and for both parties to update the High Court on the status of the settlement before the hearing date.

Separately, the High Court granted an extension of the interim stay on the enforcement of the Notices until 5 November 2024.

Based on the legal advice obtained from its tax solicitors on the merits of the case, SPG is of the view that no provision is required for the potential tax liability up to the reporting date.

There is no other pending material litigation other than those announced to Bursa Malaysia since the date of the last audited financial statements.

26) EARNINGS PER SHARE

	Individual		Cumulative	
	Current quarter ended	Corresponding quarter ended	Current period ended	Preceding period ended
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit attributable to owners of the Company	1,444.1	327.9	2,159.8	1,330.2
Weighted average number of ordinary shares in issue ('000)	<u>5,787,751</u>	<u>5,756,097</u>	<u>5,787,751</u>	<u>5,756,097</u>
Basic earnings per share (sen)	24.95	5.70	37.32	23.11
Weighted average number of ordinary shares in issue ('000)	5,787,751	5,756,097	5,787,751	5,756,097
Adjustments for LTIP ('000)	<u>14,103</u>	<u>-</u>	<u>14,103</u>	<u>-</u>
Weighted average number of diluted ordinary shares ('000)	<u>5,801,854</u>	<u>5,756,097</u>	<u>5,801,854</u>	<u>5,756,097</u>
Diluted earnings per share (sen)	24.89	5.70	37.23	23.11

27) RESTATEMENT AND EFFECT OF CHANGE IN PRESENTATION

(a) Financial assets at FVOCI

During Financial Year 2023, the Group changed the presentation of the fair value changes of financial assets measured at FVOCI as 'Items that will not be reclassified subsequently to profit or loss' within the consolidated statements of comprehensive income from 'Items that maybe reclassified subsequently to profit or loss' previously. There is no change to OCI or total comprehensive income for the Group.

27) RESTATEMENT AND EFFECT OF CHANGE IN PRESENTATION (CONTINUATION)

(b) Reclassification for deposits maturing more than 90 days

The Group also changed the classification of the cash flows relating to placements and withdrawals of deposits maturing more than 90 days from the date of acquisition. These cash flows are separately classified as 'Cash Flows from Investing Activities' in the consolidated statement of cash flows. They were previously classified as 'Cash Flows from Financing Activities'. The change had no impact on the net increase in cash and cash equivalents during the period or the total cash and cash equivalents balance.

The following table shows the adjustments for each individual line item. Line items that were not affected by the changes have not been included.

Reconciliation of consolidated statement of cash flows

	As previously reported as at 30 June 2023	Adjustments	As restated 30 June 2023
		Effect of change	
Cash flows from financing activities			
Net increase in deposits maturing more than 90 days	(659.3)	659.3	-
Net cash flows used in financing activities	(9,076.9)	659.3	(8,417.6)
Cash flows from investing activities			
Deposits maturing more than 90 days			
- Invested	-	(2,160.1)	(2,160.1)
- Matured	-	1,500.8	1,500.8
Net cash flows generated from investing activities	1,006.7	(659.3)	347.4

By Order of the Board

ALI MUNAWAR BIN SALIM
COMPANY SECRETARY
MAICSA 7021901
SSM PRACTICING CERTIFICATE NO.: 201908002911

Kuala Lumpur
29 August 2024