

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 2025**

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.06.2025	Corresponding quarter ended 30.06.2024	Current period ended 30.06.2025	Preceding period ended 30.06.2024
Revenue	16,835.0	14,366.8	32,873.7	28,007.2
Imbalance Cost Pass-Through (over recovery)/under recovery	(589.3)	2,822.2	(764.5)	5,175.2
Operating expenses	(14,331.1)	(15,300.5)	(28,035.6)	(29,383.1)
Net (loss)/reversal on impairment of financial instruments	(7.2)	14.4	(25.8)	(45.0)
Other operating income	209.6	338.3	390.9	511.7
Operating profit	2,117.0	2,241.2	4,438.7	4,266.0
Foreign exchange				
- Translation gain/(loss)	318.4	130.2	350.6	(66.5)
- Transaction gain/(loss)	23.5	(7.1)	30.2	18.3
Share of results of joint ventures	2.7	2.1	7.8	7.0
Share of results of associates	12.6	243.7	27.1	258.4
Profit before finance cost	2,474.2	2,610.1	4,854.4	4,483.2
Finance income	194.6	159.1	365.0	315.3
Finance cost	(1,008.9)	(1,013.8)	(1,978.8)	(2,040.9)
Fair value changes of financial instruments	(58.5)	11.5	(85.0)	39.1
Profit before taxation and zakat	1,601.4	1,766.9	3,155.6	2,796.7
Taxation and zakat	(428.0)	(254.5)	(941.4)	(606.4)
Profit for the period	1,173.4	1,512.4	2,214.2	2,190.3
Profit attributable to:				
- Owners of the Company	1,158.1	1,444.1	2,216.1	2,159.8
- Non-controlling interests	15.3	68.3	(1.9)	30.5
Profit for the period	1,173.4	1,512.4	2,214.2	2,190.3
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	19.90	24.95	38.08	37.32
Diluted	19.90	24.89	38.08	37.23

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 2024.

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**A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.06.2025	Corresponding quarter ended 30.06.2024	Current period ended 30.06.2025	Preceding period ended 30.06.2024
Profit for the period	1,173.4	1,512.4	2,214.2	2,190.3
Other comprehensive (expense)/income				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial loss	(115.8)	(81.6)	(317.0)	(253.5)
Fair value changes of financial assets at fair value through other comprehensive income ('FVOCI')	2.0	28.4	2.1	29.2
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(31.6)	(29.7)	81.5	74.7
Share of other comprehensive income/(expense) of associates accounted for using the equity method	3.5	(17.1)	(11.1)	0.7
Total other comprehensive expense	(141.9)	(100.0)	(244.5)	(148.9)
Total comprehensive income for the period	1,031.5	1,412.4	1,969.7	2,041.4
Attributable to:				
- Owners of the Company	1,018.0	1,349.5	1,970.0	2,070.6
- Non-controlling interests	13.5	62.9	(0.3)	(29.2)
Total comprehensive income for the period	1,031.5	1,412.4	1,969.7	2,041.4

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024.

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B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

(Amounts in RM million unless otherwise stated)

	30.06.2025	31.12.2024
NON-CURRENT ASSETS		
Property, plant and equipment	128,487.8	125,611.1
Right-of-use assets	34,182.5	31,057.0
Joint ventures	229.8	203.4
Associates	1,276.0	1,284.1
Intangible assets	951.8	952.5
Investment in unquoted debt security	258.6	255.5
Tax recoverable	3,522.4	3,522.4
Deferred tax assets	362.4	373.9
Long term receivables	946.4	913.8
Finance lease receivables	4.0	4.7
Financial assets at FVOCI	83.3	81.2
Contract cost assets	8.9	8.9
Financial assets at fair value through profit or loss ('FVTPL')	19.2	19.2
Derivative financial instruments	117.5	137.6
Employee benefits	301.7	322.6
	<u>170,752.3</u>	<u>164,747.9</u>
CURRENT ASSETS		
Inventories	2,312.8	2,543.6
Receivables, deposits and prepayments	7,634.6	10,857.4
Contract assets	4,713.2	4,641.6
Contract cost assets	311.9	124.3
Tax recoverable	856.1	1,621.3
Finance lease receivables	1.3	1.3
Amounts due from joint ventures	16.1	15.9
Amounts due from associates	329.8	420.2
Derivative financial instruments	3.2	35.6
Financial assets at FVTPL	161.5	445.9
Deposits, bank and cash balances	<u>20,341.0</u>	<u>19,601.1</u>
	<u>36,681.5</u>	<u>40,308.2</u>
CURRENT LIABILITIES		
Payables	(12,048.1)	(14,215.4)
Contract liabilities	(612.2)	(460.2)
Derivative financial instruments	(14.8)	(2.8)
Lease liabilities	(2,817.2)	(3,140.1)
Amounts due to associates	(411.6)	(476.9)
Current tax liabilities	(127.9)	(85.3)
Employee benefits	(645.5)	(645.5)
Consumer deposits	(9,060.5)	(8,666.3)
Short term borrowings	<u>(5,583.4)</u>	<u>(6,275.6)</u>
	<u>(31,321.2)</u>	<u>(33,968.1)</u>
NET CURRENT ASSETS	5,360.3	6,340.1
NON-CURRENT LIABILITIES		
Borrowings	(51,416.3)	(51,131.0)
Derivative financial instruments	(112.3)	(98.2)
Contract liabilities	(8,362.3)	(7,838.8)
Government development grants	(1,039.2)	(1,187.7)
Lease liabilities	(29,211.4)	(25,570.5)
Deferred tax liabilities	(9,080.1)	(9,263.6)
Other liabilities	(1,676.6)	(1,470.4)
Employee benefits	<u>(12,174.2)</u>	<u>(11,958.1)</u>
	<u>(113,072.4)</u>	<u>(108,518.3)</u>
TOTAL NET ASSETS	<u>63,040.2</u>	<u>62,569.7</u>
EQUITY		
Share capital	12,810.1	12,700.2
Other reserves	(7,306.7)	(6,962.9)
Retained profits	<u>55,334.9</u>	<u>54,633.8</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	60,838.3	60,371.1
NON-CONTROLLING INTERESTS ('NCI')	<u>2,201.9</u>	<u>2,198.6</u>
TOTAL EQUITY	<u>63,040.2</u>	<u>62,569.7</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 2024.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2025

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company				
	Ordinary shares	Other reserves	Retained profits	Non- controlling interest	Total equity
At 1 January 2025	12,700.2	(6,962.9)	54,633.8	2,198.6	62,569.7
Defined benefit plan actuarial loss	-	(313.8)	-	(3.2)	(317.0)
Fair value changes of financial assets at FVOCI	-	2.1	-	-	2.1
Foreign currency translation differences	-	76.7	-	4.8	81.5
Profit/(Loss) for the financial period	-	-	2,216.1	(1.9)	2,214.2
Share of OCI of associates accounted for using the equity method	-	(11.1)	-	-	(11.1)
Total comprehensive (expense)/income	-	(246.1)	2,216.1	(0.3)	1,969.7
Long Term Incentive Plan ('LTIP') :					
- Share-based payment expense	-	28.3	-	-	28.3
- Reversal of share-based payment expense	-	(16.1)	-	-	(16.1)
- Shares issued	109.9	(109.9)	-	-	-
Final dividend paid for FY2024	-	-	(1,511.4)	-	(1,511.4)
Acquisition of shares from NCI	-	-	(3.6)	3.6	-
Total transactions with owners	109.9	(97.7)	(1,515.0)	3.6	(1,499.2)
At 30 June 2025	12,810.1	(7,306.7)	55,334.9	2,201.9	63,040.2
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
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

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 2024.

D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2025

(Amounts in RM million unless otherwise stated)

	FY2025 ended 30.06.2025	FY2024 ended 30.06.2024
Cash flows from operating activities		
Cash generated from operations	11,230.6	10,360.2
Post-employment benefits paid	(468.0)	(456.6)
Contract liabilities received	827.8	775.5
Consumer deposits received	287.3	296.4
Net taxation and zakat paid	(175.6)	(361.0)
Net cash flows generated from operating activities	<u>11,702.1</u>	<u>10,614.5</u>
Cash flows from investing activities		
Additional investments in:		
- Financial assets at FVTPL	-	(3,294.0)
- Joint ventures	(18.6)	(0.5)
Disposals of financial assets at FVTPL	252.3	4,282.8
Dividend income received	6.9	68.8
Finance income received	362.8	226.4
Property, plant and equipment:		
- Additions	(6,583.1)	(4,342.1)
- Proceeds from disposals	1.9	-
Net (increase)/decrease in deposits maturing more than 90 days		
- Invested	(2,104.4)	(3,064.9)
- Matured	2,499.7	2,062.3
Net cash flows used in from investing activities	<u>(5,582.5)</u>	<u>(4,061.2)</u>
Cash flows from financing activities		
Government development grants received	0.8	-
Borrowings:		
- Drawdowns	718.9	490.0
- Repayments	(807.4)	(4,730.4)
Finance cost paid	(1,386.5)	(1,402.3)
Repayments of lease obligations:		
- Principal	(1,143.9)	(1,241.0)
- Interest	(765.0)	(780.1)
Dividends paid to shareholders	(1,511.4)	(1,620.5)
Net decrease in debt reserve accounts	132.2	94.8
Net increase in cash at bank, held in trust	(0.9)	(1.9)
Net increase in restricted cash	(1.8)	(0.2)
Net cash flows used in financing activities	<u>(4,765.0)</u>	<u>(9,191.6)</u>
Net increase/(decrease) in cash and cash equivalents	1,354.6	(2,638.3)
Effects of changes in foreign currency	(89.9)	10.1
Cash and cash equivalents at the beginning of the financial period	<u>15,212.8</u>	<u>17,225.2</u>
Cash and cash equivalents at the end of the financial period	<u>16,477.5</u>	<u>14,597.0</u>
Deposit, bank and cash balances at the end of the financial period	20,341.0	17,672.2
Debt reserve accounts ¹	(398.7)	(416.4)
Cash at bank, held in trust ²	(190.5)	(224.7)
Restricted cash	(10.6)	(8.4)
Deposits maturing more than 90 days	(3,263.7)	(2,425.7)
Cash and cash equivalents at the end of the financial period	<u>16,477.5</u>	<u>14,597.0</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 2024.

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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 2024.

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 2024.

2) AUDIT QUALIFICATION

The audited financial statements for the financial year ended 31 December 2024 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 2024.

Amendments to standards that are applicable and effective to the Group beginning 1 January 2025 are as follows:

- a) Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates on Lack of Exchangeability

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 quarter ended 30.06.2025	Corresponding quarter ended 30.06.2024	Current period ended 30.06.2025	Preceding period ended 30.06.2024
Sales:				
- Electricity	16,293.7	13,753.3	31,896.8	27,037.2
- Goods and services	307.6	464.6	604.9	665.3
Construction contracts	34.8	27.3	64.2	61.8
Customers' contributions	79.2	72.3	153.7	144.6
Revenue from contracts with customers	16,715.3	14,317.5	32,719.6	27,908.9
Insurance contract	119.7	49.3	154.1	98.3
Total revenue	16,835.0	14,366.8	32,873.7	28,007.2

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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 final single-tier dividend for Financial Year 2024 was paid on 16 April 2025 totalling RM1,511.4 million.

The Board of Directors has approved an interim single tier dividend of 25.0 sen per share, on 5,829,142,171 ordinary shares for the financial year ending 31 December 2025 amounting to RM1,457.3 million.

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

10) SEGMENTAL REPORTING

Operating Segment

Operating segment 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 and this is consistent with the current practice of internal reporting.

Geographical information

The Group operates in a few countries. Accordingly, the Group's operations by geographical location is segmented into Malaysia, United Kingdom, Kuwait, Republic of Ireland, Australia and other countries. The other countries operation is not further segregated as no individual overseas country contributed more than 10.0% of the consolidated operating revenue or assets.

Revenue by location of the Group's operation are analysed as follows:

	Current quarter ended 30.06.2025	Corresponding quarter ended 30.06.2024
Malaysia	32,096.4	27,205.1
United Kingdom	364.0	399.2
Kuwait	300.4	300.6
Republic of Ireland	62.7	61.1
Australia	11.7	15.1
Other countries	38.5	26.1
	<u>32,873.7</u>	<u>28,007.2</u>

Non-current assets other than financial instruments, employee benefits and deferred tax assets by location of the Group's operations are analysed as follows:

	As at 30.06.2025	As at 31.12.2024
Malaysia	161,176.8	155,301.9
United Kingdom	5,790.7	5,687.9
Kuwait	0.2	0.2
Republic of Ireland	1,290.0	1,206.7
Australia	1,187.5	1,197.1
Other countries	164.4	164.1
	<u>169,609.6</u>	<u>163,557.9</u>

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

On 2 July 2025, the Federal Court allowed the Inland Revenue Board's ('IRB') appeal against the decision by the High Court and the Court of Appeal, which had previously granted the judicial review application by TNB in respect of the Reinvestment Allowance ('RIA') claim for Year of Assessment ('YA') 2018. The Federal Court held that as a utility company, the applicable schedule is 7B Investment Allowance instead of 7A Reinvestment Allowance. Accordingly, in light of the Federal Court's decision, TNB has submitted its application on Investment Allowance under Schedule 7B.

Refer to Note 25 on material litigations for the Reinvestment Allowance ('RIA') disclosure.

13) CHANGES IN THE COMPOSITION OF THE GROUP

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

14) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:

	As at 30.06.2025	As at 31.12.2024
Claims by third parties	<u>353.5</u>	<u>383.1</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 30.06.2025	As at 31.12.2024
Authorised capital expenditure for 5 years not provided in the financial statements		
- Contracted	438.2	282.8
- Not contracted	127,232.6	98,640.9
Total capital commitments	<u>127,670.8</u>	<u>98,923.7</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 2025 against the corresponding period ended 30 June 2024:

Revenue increased by 17.4% or RM4,866.5 million, mainly from sales of electricity due to the implementation of the new regulatory period effective January 2025. The Imbalance Cost Pass-Through ('ICPT') was in an over-recovery position of RM764.5 million, compared to an under-recovery of RM5,175.2 million in the corresponding period last year, due to lower fuel prices.

Operating profit increased by 4.0%, or RM172.7 million, due to improved margins, primarily from lower operating expenses. Additionally, the growth in operating profit was supported by a lower net impairment loss on financial instruments, attributed to improved collections.

Profit after tax increased to RM2,214.2 million from RM2,190.3 million in the corresponding period, representing an increase of 1.1%, or RM23.9 million. This increase was driven by the improved margin mentioned above, coupled with gains from foreign exchange translation in the current period, compared to a loss from foreign exchange translation in the corresponding period. This was offset by a higher tax expense due to the cessation of reinvestment allowance.

- (b) Performance of the current second quarter (three months) FY2025 against the corresponding second quarter (three months) FY2024:

Revenue for the quarter under review increased from RM14,366.8 million to RM16,835.0 million, resulted from higher sales of electricity by 18.5% or RM2,540.4 million.

Operating profit for the current quarter decreased by 5.5% or RM124.2 million mainly due to the one-off other operating income recognised in the corresponding quarter.

Profit after taxation for the current quarter under review decreased by RM339.0 million, from RM1,512.4 million reported during the last corresponding quarter to RM1,173.4 million mainly due to lower operating profit above coupled with higher tax expense.

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

- Performance of the current quarter (Second Quarter FY2025) against the preceding quarter (First Quarter FY2025):

The Group recorded profit after tax of RM1,173.4 million in the current quarter as compared to RM1,040.8 million in the preceding quarter, an increase of RM132.6 million. Despite a RM204.7 million decrease in operating profit, from RM2,321.7 million to RM2,117.0 million, profit after tax improved due to higher foreign exchange gains partially offset by lower taxation in the current quarter.

18) PROSPECTS

The Group's commitment to delivering clean and reliable energy continues to gain traction, with steady progress across key renewables and grid enhancement projects. In the first half of the financial year 2025, the Group delivered a stable performance, driven by robust commercial demand and underpinned by Malaysia's 4.4%* Gross Domestic Product (GDP) growth.

Looking ahead, the Group remains vigilant to market challenges and will continue to accelerate clean generation investments, enhance system reliability, and strengthen future-ready capabilities. Anchored by operational and financial discipline, the Group expects to deliver a stable performance in 2025, while pursuing sustainable growth and advancing Malaysia's energy transition agenda.

**Source: Bank Negara Malaysia (15 August 2025)*

19) PROFIT FROM OPERATIONS

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

	Individual Current quarter ended 30.06.2025	Cumulative Current period ended 30.06.2025
Property, plant and equipment:		
- Depreciation	(2,142.8)	(4,210.4)
- Provision for written off	(0.4)	(2.7)
- Reversal for written off	1.1	1.1
- Loss on disposals	(0.8)	(0.8)
Right-of-use assets:		
- Depreciation	(823.1)	(1,620.8)
Receivables:		
- Impairment losses	(20.5)	(60.5)
- Reversal of impairment losses	0.9	17.6
Contract assets:		
- Impairment losses	(0.2)	(1.4)
- Reversal of impairment losses	-	0.2
Amounts due from joint ventures:		
- Impairment losses	(1.9)	(4.0)
- Reversal of impairment losses	2.0	4.2
Amounts due from associates:		
- Reversal of impairment losses	0.1	0.1
Investment in unquoted debt security		
- Impairment losses	-	(0.3)
Financial Guarantee:		
- Reversal of impairment losses	12.4	18.3
Inventories:		
- Provision for obsolescence	(0.6)	(61.2)
- Write back of obsolescence	0.9	54.5
- Written off	(6.9)	(30.0)

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 30.06.2025	Individual Corresponding quarter ended 30.06.2024	Current period ended 30.06.2025	Cumulative Preceding period ended 30.06.2024
Income tax:				
Current tax and zakat	(491.6)	(320.0)	(973.7)	(578.7)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	63.6	65.5	32.3	(27.7)
Total taxation and zakat	(428.0)	(254.5)	(941.4)	(606.4)

For the reporting period ended 30 June 2025, the Group recorded a 29.8% effective tax rate, which was higher than the statutory tax rate of 24.0%. The higher effective tax rate is mainly due to the 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 30.06.2025	As at 31.12.2024
Short term	- secured	2,006.2	2,088.2
	- unsecured	3,577.2	4,187.4
Sub-total		5,583.4	6,275.6
Long term	- secured	20,918.8	21,113.5
	- unsecured	30,497.5	30,017.5
Sub-total		51,416.3	51,131.0
Total		56,999.7	57,406.6

- (b) Currency denominations:

		As at 30.06.2025	As at 31.12.2024
United States Dollar (USD)		8,118.1	8,618.4
Great Britain Pound (GBP)		3,436.6	3,459.0
Japanese Yen (JPY)		1,359.7	1,375.1
Australian Dollar (AUD)		1,379.6	1,313.4
Euro (EUR)		1,029.7	1,002.5
Kuwait (KWD)		28.8	-
Total Ringgit equivalent of foreign currency borrowings		15,352.5	15,768.4
Ringgit borrowings		41,647.2	41,638.2
Total		56,999.7	57,406.6

- (c) Effective average cost of borrowing based on exposure as at 30 June 2025 was 4.82% (31 December 2024: 4.83%).
- (d) Repayments of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM237.2 million; and
 - (ii) Ringgit denominated loans of RM570.2 million.
- (e) Drawdowns of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM114.9 million; and
 - (ii) Ringgit denominated loans of RM604.0 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 30.06.2025	
	Notional Amount	Fair value Amount
Foreign Currency Contracts		
- Forward less than 1 year	1,116.5	(11.6)
Interest Rate Swap Contracts ('IRS')		
- More than 3 years	1,702.2	49.9
Profit Rate Swap Contracts ('PRS')		
- More than 3 years	274.9	(4.0)
Power Purchase Agreement ('PPA')		
- More than 3 years	1,402.5	(40.7)
Total	4,496.1	(6.4)

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.

25) MATERIAL LITIGATIONS

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

On 7 December 2016, TNB and the 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 YAs 2013 and 2014 amounting to RM2,068.2 million (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 ('ITA'), which have since been registered before the SCIT. Now the matter at SCIT is fixed for hearing on 26 September 2025 for determination of whether or not SCIT still has jurisdiction to hear the appeal when the taxpayer has already exhausted their right of appeal before the courts (this is pursuant to the Federal Court decision on 2 July 2025 in relation to notice of additional assessment for the YA 2018).

Meanwhile, for the notices of additional assessment issued for YAs 2015, 2016, and 2017 amounting to RM3,977.9 million (referred to as 'Notices 2'), both TNB and the IRB recorded a consent judgement on 30 December 2020 whereby TNB agreed to pay assessment for YA 2016 and 2017 and in return IRB agreed to remit the penalties. 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 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 hearing at the Court of Appeal has been postponed pending Federal Court's decision in relation to YA 2018. Since Federal Court has delivered its decision in relation to YA 2018 on 2 July 2025 and the same has been updated to the Court of Appeal, TNB has requested for a postponement of the appeal hearing at the Court of Appeal pending its submission of application for Investment Allowance (IA) under Schedule 7B of the ITA. The Court of Appeal has agreed to this request and fixed a case management on 29 August 2025 to update the Court on TNB's submission for Schedule 7B application.

With regards to the notice of additional assessment for YA 2018 amounting to RM1,812.5 million (referred to as 'Notice 3'), both TNB and the IRB recorded a consent judgement before the High Court on 21 January 2021 whereby IRB agreed not to object to the judicial review application and remit the penalty for YA 2018. 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 YA 2018 in the course of expanding, modernising, and automating its business. IRB filed a Notice of Appeal on 12 September 2024. On 2 July 2025, the Federal Court has allowed the IRB's appeal against the decision by the High Court and the Court of Appeal, which allowed the judicial review application by TNB to set aside the Notice 3. The Federal Court ruled that TNB qualifies under Schedule 7B (Investment Allowance) instead of Schedule 7A (Reinvestment Allowance) for tax incentives. Subsequent to this, the additional tax for YA 2018 (RM1,250.0 million net of penalties waived) was settled on 29 July 2025.

25) MATERIAL LITIGATIONS (CONTINUATION)

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

On 19 August 2024, TNB received notices of additional assessment for YAs 2020 and 2021 (referred to as 'Notices 4') amounting to RM1,391.0 million that are similar in nature to the above-mentioned Notices 1, 2, and 3. TNB has filed the judicial review application on 5 September 2024 before the High Court. The High Court, on 18 August 2025, fixed the hearing on 6 October 2025 for the judicial review application and did not extend the interim stay previously granted to TNB, due to the Federal Court's decision.

TNB has received notices of additional assessment from the IRB dated 24 July 2025 and 30 July 2025 respectively, in relation to the YAs 2022 and 2023 (referred to as 'Notices 5') with a total additional tax payable amounting to RM1,449.1 million that are similar in the nature to the above-mentioned Notices 1, 2, 3 and 4. In accordance with Malaysia tax regulations, the additional tax amount must be settled within 30 days from the date of the notice, unless a deferment is granted through legal proceedings or other formal mechanisms. The payment will be made without prejudice to TNB's application for investment allowance under Schedule 7B of the ITA. Subsequent to this, the payment for YA 2022 and YA 2023 amounting to RM1,449.1 million were settled separately on 25 August 2025 and 28 August 2025, respectively.

IRB had agreed to remit all penalties imposed for YAs 2013 to 2018, totalling RM2,438.9 million, in accordance with the consent judgements in respect of the judicial review proceedings for YAs 2015 to 2017 and 2018 in view of the amount paid to IRB in December 2020 amounting to RM1,757.2 million in relation to YAs 2016 and 2017. Additionally, there was a tax recoverable amount for YAs 2006 and 2008 to 2012 amounting to RM1,765.2 million.

Based on the above, the potential tax exposure is RM10,024.9 million with a corresponding net cash outflow of RM3,803.4 million after taking into account the amount paid to IRB for YAs 2006, 2008 to 2012, 2016, 2017, 2018, 2022 and 2023.

Following the Federal Court's decision for YA 2018 dated 2 July 2025 which stated among others that TNB is a utility company under ITA and therefore must come within the confines of Schedule 7B, TNB submitted an application to the Ministry of Finance ('MoF') on 23 July 2025 for Investment Allowance under Schedule 7B, covering from YAs 2003 to 2024. The claims may impact on TNB's final tax liability, and the financial implications are currently being assessed. Subsequent to the submission under Schedule 7B for the YAs 2003 to 2024, TNB received a letter from MoF dated 7 August 2025, acknowledging receipt of the application and confirming that it is under review and consideration. TNB has obtained advice from its tax and legal advisors on the merits of the cases mentioned above and on this basis, the amounts are expected to be recovered and as such, there is no provision required at this juncture in the financial statements for the potential tax liability up to the reporting date.

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, 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 following substantive hearings.

Pursuant to the IRB's request to vacate the recent hearing fixed on 12 March 2025, the High Court fixed a new hearing date on 8 September 2025. Separately, on 17 April 2025, the High Court granted an extension of the interim stay on the enforcement of the notices until 8 September 2025.

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.

(c) TNB Western Energy Berhad ('TNBWE')

TNBWE, an indirect wholly owned subsidiary of TNB, via TNB Manjung Five Sdn. Bhd., a wholly owned subsidiary of TNB Power Generation Sdn. Bhd. has received a notice of assessment for the YA 2018, dated 10 December 2024, from the IRB, amounting to RM291.6 million.

On 31 December 2024, TNBWE filed a judicial review application at the High Court to challenge matters arising from the above-mentioned notice. On 9 January 2025, the High Court granted an interim stay on all further proceedings, including the enforcement, until the full and final disposal of the judicial review leave application. The High Court has scheduled the leave hearing for 30 June 2025.

The High Court vacated the leave hearing on 30 June 2025 and requested for the parties to attend a clarification on 22 July 2025. The interim stay shall remain in effect until the full and final disposal of the judicial review leave application, including all further proceedings and any enforcement of the Notice.

On 22 July 2025, the High Court granted leave to TNB Western Energy Berhad to commence Judicial Review against the IRB and granted an interim stay of all further proceedings, including the enforcement of the Notice, until the disposal of the substantive hearing. On 5 August 2025, the High Court has fixed 13 January 2026 for clarification in respect of the substantive judicial review application.

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

26) EARNINGS PER SHARE

	Current quarter ended 30.06.2025	Individual Corresponding quarter ended 30.06.2024	Current period ended 30.06.2025	Cumulative Preceding period ended 30.06.2024
Profit attributable to owners of the Company	1,158.1	1,444.1	2,216.1	2,159.8
Weighted average number of ordinary shares in issue ('000)	5,819,568	5,787,751	5,819,568	5,787,751
Basic earnings per share (sen)	19.90	24.95	38.08	37.32
Weighted average number of ordinary shares in issue ('000)	5,819,568	5,787,751	5,819,568	5,787,751
Adjustments for LTIP ('000)	-	14,103	-	14,103
Weighted average number of diluted ordinary shares ('000)	5,819,568	5,801,854	5,819,568	5,801,854
Diluted earnings per share (sen)	19.90	24.89	38.08	37.23

27) EXCEPTIONAL ITEMS

There were no exceptional items incurred during the period.

By Order of the Board



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

Kuala Lumpur
28 August 2025