

The Board of Directors is pleased to announce the following:

**A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2023**

(Amounts in RM million unless otherwise stated)

|  | <b>Individual</b>                                   |  | <b>Cumulative</b>                                  |   |
|--|---|--|--|---|
|  | <b>Current<br/>quarter<br/>ended<br/>30.06.2023</b> | <b>Corresponding<br/>quarter<br/>ended<br/>30.06.2022<br/>(Restated)</b> | <b>Current<br/>period<br/>ended<br/>30.06.2023</b> | <b>Preceding<br/>period<br/>ended<br/>30.06.2022<br/>(Restated)</b> |
| Revenue  | 13,323.2  | 12,837.7   | 25,948.8   | 24,990.8  |
| Imbalance Cost Past-Through under recovery                   | 2,860.2   | 6,302.6  | 6,492.5  | 9,808.0   |
| Operating expenses   | (14,390.5)  | (16,718.6)   | (28,833.6)   | (30,150.4)  |
| Net loss on impairment of financial instruments              | (101.2)   | (44.5)   | (52.5)   | (80.2)  |
| Other operating income                                       | 177.0   | 251.1  | 395.6  | 429.7   |
| Operating profit   | 1,868.7   | 2,628.3  | 3,950.8  | 4,997.9   |
| Foreign exchange   |   |  |  |   |
| - Translation loss   | (453.5)   | (237.2)  | (425.4)  | (194.5)   |
| - Transaction gain   | 61.8  | 10.6   | 60.3   | 10.9  |
| Share of results of joint ventures                           | 4.6   | 4.8  | 5.5  | 10.8  |
| Share of results of associates                               | (6.3)   | 30.3   | 15.8   | 60.3  |
| Profit before finance cost                                   | 1,475.3   | 2,436.8  | 3,607.0  | 4,885.4   |
| Finance income   | 157.9   | 76.3   | 256.5  | 122.5   |
| Finance cost   | (1,146.6)   | (1,065.9)  | (2,266.2)  | (2,068.9)   |
| Fair value changes of financial instruments                  | 54.9  | 18.5   | 46.9   | 58.7  |
| Profit before taxation and zakat                             | 541.5   | 1,465.7  | 1,644.2  | 2,997.7   |
| Taxation and zakat   | (270.6)   | (560.1)  | (442.4)  | (1,220.9)   |
| <b>Profit for the period</b>                                 | <b>270.9</b>  | <b>905.6</b>   | <b>1,201.8</b>                                     | <b>1,776.8</b>  |
| Attributable to:   |   |  |  |   |
| - Owners of the Company                                      | 327.9   | 872.2  | 1,330.2  | 1,765.3   |
| - Non-controlling interests                                  | (57.0)  | 33.4   | (128.4)  | 11.5  |
| <b>Profit for the period</b>                                 | <b>270.9</b>  | <b>905.6</b>   | <b>1,201.8</b>                                     | <b>1,776.8</b>  |
| Earnings per share attributable to the owners of the Company |   |  |  |   |
|  | <b>Sen</b>  | <b>Sen</b>   | <b>Sen</b>   | <b>Sen</b>  |
| Basic  | 5.70  | 15.23  | 23.11  | 30.83   |
| Diluted  | 5.70  | 15.16  | 23.11  | 30.68   |

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 2022.

# **A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2023**

(Amounts in RM million unless otherwise stated)

|   | <b>Individual</b>                                   |   | <b>Cumulative</b>                                  |  |
|---|---|---|--|--|
|   | <b>Current<br/>quarter<br/>ended<br/>30.06.2023</b> | <b>Corresponding<br/>quarter<br/>ended<br/>30.06.2022</b> | <b>Current<br/>period<br/>ended<br/>30.06.2023</b> | <b>Preceding<br/>period<br/>ended<br/>30.06.2022</b> |
| <b>Profit for the period</b>  | <b>270.9</b>  | <b>905.6</b>  | <b>1,201.8</b>                                     | <b>1,776.8</b>                                       |
| <b>Other comprehensive (expense)/income</b>   |   |   |  |  |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>                      |   |   |  |  |
| Defined benefit plan actuarial (loss)/gain  | (273.9)   | 753.8   | (708.7)  | 928.8  |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                           |   |   |  |  |
| Foreign currency translation differences  | 337.6   | (150.2)   | 435.0  | (224.6)  |
| Financial assets at fair value through other comprehensive income ('FVOCI')                     | (13.4)  | 2.3   | (13.0)   | 2.1  |
| Share of other comprehensive income ('OCI') of associates accounted for using the equity method | 20.3  | (0.7)   | 121.6  | (27.6)   |
| <b>Total other comprehensive income/(expense)</b>   | <b>70.6</b>   | <b>605.2</b>  | <b>(165.1)</b>                                     | <b>678.7</b>   |
| <b>Total comprehensive income for the period</b>  | <b>341.5</b>  | <b>1,510.8</b>  | <b>1,036.7</b>                                     | <b>2,455.5</b>                                       |
| Attributable to:  |   |   |  |  |
| - Owners of the Company   | 388.2   | 1,473.8   | 1,155.3  | 2,423.9  |
| - Non-controlling interests   | (46.7)  | 37.0  | (118.6)  | 31.6   |
| <b>Total comprehensive income for the period</b>  | <b>341.5</b>  | <b>1,510.8</b>  | <b>1,036.7</b>                                     | <b>2,455.5</b>                                       |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

## B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

(Amounts in RM million unless otherwise stated)

|   | 30.06.2023         | 31.12.2022         |
|---|--------------------|--------------------|
| <b>NON-CURRENT ASSETS</b>   |                    |                    |
| Property, plant and equipment                                     | 117,267.1          | 116,577.1          |
| Right-of-use assets   | 35,677.4           | 37,405.1           |
| Joint ventures  | 223.9              | 249.5              |
| Associates  | 1,544.5            | 1,429.7            |
| Intangible assets   | 636.2              | 593.6              |
| Investment in unquoted debt security                              | 284.7              | 253.4              |
| Tax recoverable   | 3,522.4            | 3,522.4            |
| Deferred tax assets   | 339.6              | 377.5              |
| Long term receivables   | 543.6              | 250.5              |
| Finance lease receivables   | 6.8                | 7.4                |
| Financial assets at FVOCI   | 57.7               | 70.7               |
| Contract cost assets  | 0.8                | 1.3                |
| Financial assets at fair value through profit or loss ('FVTPL')   | 55.6               | 55.6               |
| Derivative financial instruments                                  | 105.6              | 72.3               |
|   | <u>160,265.9</u>   | <u>160,866.1</u>   |
| <b>CURRENT ASSETS</b>   |                    |                    |
| Inventories   | 1,913.0            | 3,290.8            |
| Receivables, deposits and prepayments                             | 14,549.3           | 22,827.0           |
| Contract assets   | 4,646.6            | 3,825.9            |
| Contract cost assets  | 268.2              | 165.5              |
| Tax recoverable   | 1,195.2            | 1,207.5            |
| Finance lease receivables   | 1.3                | 1.2                |
| Amounts due from joint ventures                                   | 27.3               | 44.6               |
| Amounts due from associates                                       | 414.1              | 659.1              |
| Derivative financial instruments                                  | 0.5                | 0.2                |
| Financial assets at FVTPL   | 3,504.5            | 8,141.0            |
| Deposits, bank and cash balances                                  | 13,831.8           | 4,893.4            |
|   | <u>40,351.8</u>    | <u>45,056.2</u>    |
| <b>CURRENT LIABILITIES</b>  |                    |                    |
| Payables  | (9,811.3)          | (11,509.7)         |
| Contract liabilities  | (575.0)            | (573.4)            |
| Derivative financial instruments                                  | (0.1)              | (2.9)              |
| Lease liabilities   | (2,966.8)          | (3,140.5)          |
| Amounts due to associates   | (570.8)            | (777.6)            |
| Current tax liabilities   | (59.3)             | (187.9)            |
| Employee benefits   | (592.4)            | (592.5)            |
| Consumer deposits   | (7,861.5)          | (7,550.6)          |
| Short term borrowings   | (7,672.4)          | (13,262.2)         |
|   | <u>(30,109.6)</u>  | <u>(37,597.3)</u>  |
| <b>NET CURRENT ASSETS</b>   | 10,242.2           | 7,458.9            |
| <b>NON-CURRENT LIABILITIES</b>                                    |                    |                    |
| Borrowings  | (53,447.1)         | (50,620.0)         |
| Derivative financial instruments                                  | (2.7)              | (2.3)              |
| Contract liabilities  | (5,142.7)          | (4,783.1)          |
| Government development grants                                     | (897.8)            | (875.4)            |
| Lease liabilities   | (28,883.2)         | (30,137.9)         |
| Deferred tax liabilities  | (8,577.2)          | (8,820.3)          |
| Other liabilities   | (1,140.5)          | (1,154.1)          |
| Employee benefits   | (11,800.8)         | (10,965.7)         |
|   | <u>(109,892.0)</u> | <u>(107,358.8)</u> |
| <b>TOTAL NET ASSETS</b>   | <u>60,616.1</u>    | <u>60,966.2</u>    |
| <b>EQUITY</b>   |                    |                    |
| Share capital   | 12,499.5           | 12,204.3           |
| Other reserves  | (6,800.4)          | (6,463.3)          |
| Retained profits  | 52,610.5           | 52,776.1           |
| <b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> | 58,309.6           | 58,517.1           |
| <b>NON-CONTROLLING INTERESTS ('NCI')</b>                          | 2,306.5            | 2,449.1            |
| <b>TOTAL EQUITY</b>   | <u>60,616.1</u>    | <u>60,966.2</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 2022.



## C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2023

(Amounts in RM million unless otherwise stated)

|  | Attributable to owners of the Company |                  |                  | Non-controlling interest | Total equity     |
|--|---------------------------------------|------------------|------------------|--------------------------|------------------|
|  | Ordinary shares                       | Other reserves   | Retained profits |                          |                  |
| <b>At 1 January 2023</b>   | <b>12,204.3</b>                       | <b>(6,463.3)</b> | <b>52,776.1</b>  | <b>2,449.1</b>           | <b>60,966.2</b>  |
| Profit for the financial period                                  | -                                     | -                | 1,330.2          | (128.4)                  | 1,201.8          |
| Foreign currency translation differences                         | -                                     | 419.1            | -                | 15.9                     | 435.0            |
| Fair value changes of financial assets at FVOCI                  | -                                     | (13.0)           | -                | -                        | (13.0)           |
| Share of OCI of associates accounted for using the equity method | -                                     | 121.6            | -                | -                        | 121.6            |
| Defined benefit plan actuarial loss                              | -                                     | (702.6)          | -                | (6.1)                    | (708.7)          |
| <b>Total comprehensive (loss)/income</b>                         | <b>-</b>                              | <b>(174.9)</b>   | <b>1,330.2</b>   | <b>(118.6)</b>           | <b>1,036.7</b>   |
| Long Term Incentive Plan ('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)          | -                | -                        | -                |
| Dividends paid:  |                                       |                  |                  |                          |                  |
| Final dividend paid for FY2022                                   | -                                     | -                | (1,495.8)        | -                        | (1,495.8)        |
| Redemption of Redeemable Preference Shares by NCI                | -                                     | -                | -                | (24.0)                   | (24.0)           |
| <b>Total transactions with owners</b>                            | <b>295.2</b>                          | <b>(162.2)</b>   | <b>(1,495.8)</b> | <b>(24.0)</b>            | <b>(1,386.8)</b> |
| <b>At 30 June 2023</b>   | <b>12,499.5</b>                       | <b>(6,800.4)</b> | <b>52,610.5</b>  | <b>2,306.5</b>           | <b>60,616.1</b>  |
| <b>At 1 January 2022</b>   | <b>11,927.6</b>                       | <b>(6,813.3)</b> | <b>51,494.1</b>  | <b>1,784.0</b>           | <b>58,392.4</b>  |
| Profit for the financial period                                  | -                                     | -                | 1,765.3          | 11.5                     | 1,776.8          |
| Foreign currency translation differences                         | -                                     | (218.0)          | -                | (6.6)                    | (224.6)          |
| Fair value changes of financial assets at FVOCI                  | -                                     | 2.1              | -                | -                        | 2.1              |
| Share of OCI of associates accounted for using the equity method | -                                     | (27.6)           | -                | -                        | (27.6)           |
| Defined benefit plan actuarial gain                              | -                                     | 902.1            | -                | 26.7                     | 928.8            |
| <b>Total comprehensive income</b>                                | <b>-</b>                              | <b>658.6</b>     | <b>1,765.3</b>   | <b>31.6</b>              | <b>2,455.5</b>   |
| LTIP share-based payment expense                                 | -                                     | 106.1            | -                | -                        | 106.1            |
| Dividend paid to NCI   | -                                     | -                | -                | (17.2)                   | (17.2)           |
| Final dividend paid for FY2021                                   | -                                     | -                | (1,030.7)        | -                        | (1,030.7)        |
| Increase in equity shares of NCI                                 | -                                     | -                | -                | 15.7                     | 15.7             |
| Redemption of Redeemable Preference Shares by NCI                | -                                     | -                | -                | (73.5)                   | (73.5)           |
| <b>Total transactions with owners</b>                            | <b>-</b>                              | <b>106.1</b>     | <b>(1,030.7)</b> | <b>(75.0)</b>            | <b>(999.6)</b>   |
| <b>At 30 June 2022</b>   | <b>11,927.6</b>                       | <b>(6,048.6)</b> | <b>52,228.7</b>  | <b>1,740.6</b>           | <b>59,848.3</b>  |

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 2022.

## D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2<sup>nd</sup> QUARTER ENDED 30 JUNE 2023

(Amounts in RM million unless otherwise stated)

|   | <b>FY2023<br/>ended<br/>30.06.2023</b> | <b>FY2022<br/>ended<br/>30.06.2022</b> |
|---|--|--|
| <b>Cash flow from operating activities</b>                      |  |  |
| Cash generated from operations                                  | 16,521.5                               | 2,135.3                                |
| Post-employment benefits paid                                   | (436.4)                                | (396.8)                                |
| Contract liabilities received                                   | 586.3                                  | 361.8                                  |
| Consumer deposits received                                      | 212.5                                  | 243.7                                  |
| Net taxation and zakat paid                                     | (525.6)                                | (457.2)                                |
| Net cash flows generated from operating activities              | <u>16,358.3</u>                        | <u>1,886.8</u>                         |
| <b>Cash flow from investing activities</b>                      |  |  |
| Cash considerations paid to acquire a subsidiary                | -                                      | (249.6)                                |
| Additional investments in:                                      |  |  |
| - Financial assets at FVTPL                                     | (21,883.5)                             | (41,556.3)                             |
| - Joint venture   | (0.2)                                  | -                                      |
| Proceeds from redemptions:                                      |  |  |
| - Redeemable preference shares in associates                    | -                                      | 1.9                                    |
| Disposals of financial assets at FVTPL                          | 26,411.0                               | 37,705.7                               |
| Dividend income received  | 135.1                                  | 20.5                                   |
| Finance income received   | 174.2                                  | 38.9                                   |
| Property, plant and equipment:                                  |  |  |
| - Additions   | (3,841.8)                              | (3,394.8)                              |
| - Proceeds from disposals                                       | 10.5                                   | 2.0                                    |
| Right-of-use assets:  |  |  |
| - Proceeds from disposals                                       | 1.4                                    | 8.0                                    |
| Net cash flows generated from/(used in) investing activities    | <u>1,006.7</u>                         | <u>(7,423.7)</u>                       |
| <b>Cash flow from financing activities</b>                      |  |  |
| Government development grants received                          | 0.3                                    | 13.2                                   |
| Borrowings:   |  |  |
| - Drawdowns   | 4,225.5                                | 14,800.3                               |
| - Repayments  | (7,763.9)                              | (4,467.6)                              |
| Finance cost paid   | (1,522.4)                              | (1,302.9)                              |
| Repayments of lease obligations:                                |  |  |
| - Principal   | (1,049.4)                              | (1,007.7)                              |
| - Interest  | (833.0)                                | (719.8)                                |
| Dividends paid to shareholders                                  | (1,495.8)                              | (1,030.7)                              |
| Dividends paid to NCI   | -                                      | (17.2)                                 |
| Redemption of Redeemable Preference Shares from NCI             | (24.0)                                 | (73.5)                                 |
| Net decrease/(increase) in debt reserve accounts                | 6.3                                    | (0.1)                                  |
| Net decrease/(increase) in cash at bank, held in trust          | 38.2                                   | (179.9)                                |
| Net decrease/(increase) in restricted cash                      | 0.6                                    | (0.1)                                  |
| Net increase in deposits maturing more than 90 days             | (659.3)                                | (565.1)                                |
| Net cash flows (used in)/generated from financing activities    | <u>(9,076.9)</u>                       | <u>5,448.9</u>                         |
| Net increase/(decrease) in cash and cash equivalents            | 8,288.1                                | (88.0)                                 |
| Effects of changes in foreign currency                          | 36.1                                   | (0.3)                                  |
| <b>Cash and cash equivalents at the beginning of the period</b> | <u>4,056.1</u>                         | <u>5,634.9</u>                         |
| <b>Cash and cash equivalents at the end of the period</b>       | <u><b>12,380.3</b></u>                 | <u><b>5,546.6</b></u>                  |
| <b>Deposit, bank and cash balances at the end of the period</b> |  |  |
| Debt reserve account <sup>1</sup>                               | 13,831.8                               | 7,363.0                                |
| Cash at bank, held in trust <sup>2</sup>                        | (147.4)                                | (149.7)                                |
| Cash at bank, held in trust <sup>2</sup>                        | (227.4)                                | (503.8)                                |
| Restricted cash   | (7.9)                                  | (1.4)                                  |
| Deposits maturing more than 90 days                             | (1,068.8)                              | (1,161.5)                              |
| <b>Cash and cash equivalents at the end of the period</b>       | <u><b>12,380.3</b></u>                 | <u><b>5,546.6</b></u>                  |

<sup>1</sup> Debt reserve account relates to deposits placed with licensed financial institution as part of security obligations for bond financing.

<sup>2</sup> 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 2022.

## **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 2022.

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 2022.

### **2) AUDIT QUALIFICATION**

The audited financial statements for the financial year ended 31 December 2022 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 2022.

Amendments to Standards that are applicable and effective to the Group beginning 1 January 2023 are as follows:

- a) MFRS 17 Insurance Contracts
- b) Amendments to MFRS 101 Presentation of Financial Statements on Classification of Liabilities as Current or Non-current
- c) Amendments to MFRS 101 Presentation of Financial Statements on Disclosure of Accounting Policies
- d) Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors on Definition of Accounting Estimates
- e) Amendments to MFRS 112 Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- f) Amendments to MFRS 112 Income Taxes related to International Tax Reform – Pillar Two Model Rules

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<br>quarter<br>ended<br>30.06.2023 | Individual<br>Corresponding<br>quarter<br>ended<br>30.06.2022<br>(Restated) | Current<br>period<br>ended<br>30.06.2023 | Cumulative<br>Preceding<br>period<br>ended<br>30.06.2022<br>(Restated) |
|--------------------------|---|---|--|--|
| Sales:                   |   |   |  |  |
| - Electricity            | 13,007.5                                  | 12,573.3  | 25,316.5                                 | 24,474.4   |
| - Goods and services     | 203.2                                     | 165.2   | 407.8                                    | 313.2  |
| Construction contracts   | 43.2                                      | 29.8  | 83.9                                     | 67.3   |
| Customers' contributions | 69.3                                      | 69.4  | 140.6                                    | 135.9  |
| <b>Total revenue</b>     | <b>13,323.2</b>                           | <b>12,837.7</b>   | <b>25,948.8</b>                          | <b>24,990.8</b>  |

#### 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 23 June 2023, the Government of Malaysia has determined the continued implementation of the Imbalance Cost Pass-Through ('ICPT') mechanism for the period of 1 July until 31 December 2023. The Government has decided a total subsidy allocation of RM5.2 billion and introduced targeted subsidy scheme ('Scheme') for ICPT implementation period from 1 July 2023 until 31 December 2023.

With the introduction of the Scheme, domestic customers with a total monthly consumption of 1,500 kWh and below will continue to enjoy 2.0 sen/kWh ICPT rebate, whilst for domestic customers with a total monthly consumption exceeding 1,500 kWh, ICPT surcharge rate of 10.0 sen/kWh will be applicable. For non-domestic customers, ICPT surcharge rate of 3.7 sen/kWh for Micro, Small and Medium Enterprises ('MSMEs') and Specific Agriculture remains unchanged. The surcharge rate for Water and Sewerage Operators and other Commercial and Industrial customers (non-MSMEs) is reduced to 3.7 sen/kWh and 17.0 sen/kWh respectively, as compared to 20.0 sen/kWh in the ICPT period from 1 January 2023 to 30 June 2023. The decision was made to address the additional generation costs due to the higher fuel prices for the supply of electricity during the period of 1 January to 30 June 2023.

As at to date, TNB has already received full payment of the surcharge amounting to RM10.4 billion from the Government for the ICPT period from 1 January 2023 to 30 June 2023.

#### 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 18.00 sen per share, on 5,787,331,871 ordinary shares for the financial year ending 31 December 2023 amounting to RM1,041.7 million.

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

The final single tier dividend for Financial Year 2022 was paid on 14 April 2023 totalling RM1,495.8 million.

## 10) SEGMENTAL REPORTING

Segmental reporting is not presented as the Group is principally engaged in the generation, transmission, distribution and sales of electricity and the provision of other related services, which are substantially within a single business segment. The Group operates primarily in Malaysia.

## 11) VALUATION OF PROPERTY, PLANT & EQUIPMENT

The Group does not adopt a revaluation policy on its property, plant and equipment.

## 12) MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

## 13) CHANGES IN THE COMPOSITION OF THE GROUP

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<br>30.06.2023 | As at<br>31.12.2022 |
|--|---------------------|---------------------|
| Claims by third parties                | 343.4               | 342.3               |
| Trade guarantees and performance bonds | 47.9                | 51.0                |
| <b>Total contingent liabilities</b>    | <b>391.3</b>        | <b>393.3</b>        |

Claims by third parties include claims by contractors and consumers. 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 the decision date on 22 August 2023.



#### **14) CONTINGENT LIABILITIES (CONTINUATION)**

The High Court on 22 August 2023 allowed TNB's judicial review application to set aside the notices for the YAs 2015, 2016 and 2017. The High Court agreed with the submission of TNB's legal counsel that TNB is in the business of manufacturing electricity and as such, TNB is entitled to claim reinvestment allowance on the capital expenditure which was incurred in the YAs 2015, 2016 and 2017 in the course of expanding, modernising and automating its business.

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. The Court of Appeal had fixed hearing date on 19 September 2023.

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 TNB's tax litigation matter, the Company continued to claim the RA for YAs 2020, 2021 and 2022.

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. Pursuant to an out-of-court settlement with the IRB, KEV has withdrawn the judicial review application before the High Court on 21 June 2023.

Southern Power Generation Sdn Bhd ('SPG') received notices of assessment for YAs 2017, 2018, 2019, 2020 and 2021 which were all dated 26 May 2023 by the IRB amounting in aggregate to RM78.5 million.

On 6 June 2023, SPG has filed a judicial review against the IRB at the High Court to challenge the matters arising from the said Notices. On 22 June 2023, the High Court granted an interim stay of all further proceedings including the enforcement of the Notices until the leave hearing which has been fixed on 14 September 2023.

SPG has obtained legal advice from its tax solicitors on the merits of the cases mentioned above and on this basis, SPG is of the opinion that no provision is required for the potential tax liability up to the reporting date.

## 15) CAPITAL COMMITMENTS

|   | As at<br>30.06.2023 | As at<br>31.12.2022 |
|---|---------------------|---------------------|
| <b>Property, plant and equipment committed over a 5-year period</b> |                     |                     |
| Authorised but not contracted for                                   | 50,985.9            | 57,417.0            |
| Contracted but not provided for in the financial statements         | 485.7               | 604.1               |
| <b>Total capital commitments</b>                                    | <b>51,471.6</b>     | <b>58,021.1</b>     |

## 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 2023 against the corresponding period ended 30 June 2022:

Revenue for the period increased by 3.8% or RM958.0 million mainly due to the higher sales of electricity of RM842.1 million, up by 3.4% against the corresponding period with demand growth of 2.0%.

Operating profit for the current period decreased by 21.0% or RM1,047.1 million due to the lower ICPT under recovery recognised in the current period by 33.8% or RM3,315.5 million. This was offset by lower operating expenses of RM28,833.6 million from RM30,150.4 million, lower by 4.4% or RM1,316.8 million which mainly due to lower generation costs.

Despite the lower tax provisions recognised in the current period, profit after taxation for the current quarter under review decreased by 32.4% or RM575.0 million, from RM1,776.8 million to RM1,201.8 million compared to the corresponding period. This was mainly contributed by negative fuel margins and foreign exchange translation losses.

- (b) Performance of the current second quarter (three months) FY2023 against the corresponding second quarter (three months) FY2022:

Revenue for the quarter under review increased from RM12,837.7 million to RM13,323.2 million, resulted from higher sales of electricity by 3.5% or RM434.2 million.

Operating profit for the current quarter decreased by 28.9% or RM759.6 million due to the lower ICPT under recovery recognised in the current quarter of RM2,860.2 million as compared to RM6,302.6 million in the last corresponding quarter, offset by lower operating expenses of RM2,328.1 million.

Profit after taxation decreased by RM634.7 million, from RM905.6 million in the last corresponding period to RM270.9 million in the quarter under review. This was due to negative fuel margins and foreign exchange translation losses in the current quarter.



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

Performance of the current quarter (2<sup>nd</sup> Quarter FY2023) against the preceding quarter (1<sup>st</sup> Quarter FY2023):

The Group reported profit after taxation of RM270.9 million in the current quarter under review as compared to RM930.9 million in the preceding quarter, a decrease of RM660.0 million mainly due to foreign exchange translation losses.

## **18) PROSPECTS**

For the period ended 30 June 2023, the Group reported a fair performance despite the challenging environment. The electricity demand growth recorded at 2.0% was in line with Malaysia's Gross Domestic Product ('GDP') expansion of 2.9%\* in the second quarter of 2023, however earnings was impacted by negative fuel margin and foreign exchange volatility.

Declining coal prices globally has alleviated the pressure on the Group's cash flow position. This, coupled with stronger collection rate, have contributed to a favourable accounts receivable movement and a stronger working capital position.

With the overall economy projected to grow at the lower end of the 4% to 5% range\*, the Group foresees a reasonable performance for the year 2023 and will continue to remain cautious on its earnings exposure to fuel prices and currency volatility. The Group will continue to take prudent measures in managing its operational and financial requirements to ensure it remains resilient.

*\*Source: Bank Negara Malaysia*



## 19) PROFIT FROM OPERATIONS

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

|  | <b>Individual<br/>Current<br/>quarter<br/>ended<br/>30.06.2023</b> | <b>Cumulative<br/>Current<br/>period<br/>ended<br/>30.06.2023</b> |
|--|--|---|
| Property, plant and equipment:         |  |   |
| - Depreciation                         | (1,932.1)  | (3,827.4)   |
| - Gain on disposals                    | 4.3  | 9.0   |
| Right-of-use assets:                   |  |   |
| - Depreciation                         | (863.6)  | (1,769.9)   |
| - Gain on disposals                    | -  | 1.3   |
| Receivables:                           |  |   |
| - Impairment losses                    | (99.0)   | (108.6)   |
| - Reversal of impairment losses        | -  | 76.2  |
| Contract assets:                       |  |   |
| - Impairment losses                    | -  | (25.2)  |
| - Reversal of impairment losses        | 18.0   | 18.0  |
| Amounts due from joint ventures:       |  |   |
| - Impairment losses                    | -  | (1.3)   |
| - Reversal of impairment losses        | 1.4  | 1.4   |
| Inventories:                           |  |   |
| - Provision for obsolescence           | (35.7)   | (35.7)  |
| - Write back of obsolescence           | -  | 44.5  |
| - Written off                          | (12.8)   | (38.8)  |
| Investment in unquoted debt securities |  |   |
| - Impairment losses                    | (3.2)  | (6.0)   |
| Investment in joint venture            |  |   |
| - Impairment losses                    | (0.8)  | (0.8)   |

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:

|  | <b>Current<br/>quarter<br/>ended<br/>30.06.2023</b> | <b>Individual<br/>Corresponding<br/>quarter<br/>ended<br/>30.06.2022</b> | <b>Current<br/>period<br/>ended<br/>30.06.2023</b> | <b>Cumulative<br/>Preceding<br/>period<br/>ended<br/>30.06.2022</b> |
|--|---|--|--|---|
| <b>Income tax:</b>   |   |  |  |   |
| Current tax and zakat  | (276.3)   | (615.9)  | (426.7)  | (1,145.8)   |
| <b>Deferred tax (net):</b>   |   |  |  |   |
| Relating to origination<br>and reversal of<br>temporary<br>differences | 5.7   | 55.8   | (15.7)   | (75.1)  |
| <b>Total taxation and<br/>zakat</b>                                    | <b>(270.6)</b>                                      | <b>(560.1)</b>   | <b>(442.4)</b>                                     | <b>(1,220.9)</b>  |

For the reporting period ended 30 June 2023, the Group recorded a 26.9% 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 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<br>30.06.2023 | As at<br>31.12.2022 |
|----------------------|---------------------|---------------------|
| Short term - secured | 1,714.4             | 1,708.0             |
| - unsecured          | 5,958.0             | 11,554.2            |
| <b>Sub-total</b>     | <b>7,672.4</b>      | <b>13,262.2</b>     |
| Long term - secured  | 22,990.7            | 22,742.4            |
| - unsecured          | 30,456.4            | 27,877.6            |
| <b>Sub-total</b>     | <b>53,447.1</b>     | <b>50,620.0</b>     |
| <b>Total</b>         | <b>61,119.5</b>     | <b>63,882.2</b>     |

- (b) Currency denominations:

|   | As at<br>30.06.2023 | As at<br>31.12.2022 |
|---|---------------------|---------------------|
| US Dollar   | 9,014.4             | 8,496.8             |
| GBP   | 3,686.4             | 3,161.1             |
| Japanese Yen  | 1,709.9             | 1,812.4             |
| Total Ringgit equivalent of foreign currency borrowings | 14,410.7            | 13,470.3            |
| Ringgit borrowings                                      | 46,708.8            | 50,411.9            |
| <b>Total</b>  | <b>61,119.5</b>     | <b>63,882.2</b>     |

- (c) Effective average cost of borrowing based on exposure as at 30 June 2023 was 4.73% (31 December 2022: 4.63%).
- (d) Repayments of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM161.9 million; and
  - (ii) Ringgit denominated loans of RM7,602.0 million.
- (e) Drawdowns of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM250.3 million; and
  - (ii) Ringgit denominated loans of RM3,975.2 million.



## 24) DERIVATIVE FINANCIAL INSTRUMENTS

| Type of Derivatives                       | As at 30.06.2023 |              |
|---|------------------|--------------|
|   | Notional Amount  | Fair Value   |
| <b>Forward Foreign Currency Contracts</b> |                  |              |
| - Spot                                    | 38.9             | 0.0          |
| - Less than 1 year                        | 68.8             | 0.5          |
| <b>Interest Rate Swap Contracts</b>       |                  |              |
| - More than 3 years                       | 819.3            | 98.9         |
| <b>Profit Rate Swap Contracts</b>         |                  |              |
| - More than 3 years                       | 314.2            | 3.9          |
| <b>Total</b>                              | <b>1,241.2</b>   | <b>103.3</b> |

The notional amount and fair value of all forward contracts are disclosed on a net basis. There is no change to the cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks since the last financial year.

The Interest Rate Swap ('IRS') and Profit Rate Swap ('PRS') 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<br>quarter<br>ended<br>30.06.2023 | Individual<br>Corresponding<br>quarter<br>ended<br>30.06.2022 | Current<br>period<br>ended<br>30.06.2023 | Cumulative<br>Preceding<br>period<br>ended<br>30.06.2022 |
|--|---|---|--|--|
| Profit attributable to owners of the Company               | 327.9                                     | 872.2   | 1,330.2                                  | 1,765.3  |
| Weighted average number of ordinary shares in issue ('000) | 5,756,097                                 | 5,726,091   | 5,756,097                                | 5,726,091  |
| <b>Basic earnings per share (sen)</b>                      | <b>5.70</b>                               | <b>15.23</b>  | <b>23.11</b>                             | <b>30.83</b>   |
| Weighted average number of ordinary shares in issue ('000) | 5,756,097                                 | 5,726,091   | 5,756,097                                | 5,726,091  |
| Adjustments for LTIP ('000)                                | -   | 26,986  | -  | 26,986   |
| Weighted average number of diluted ordinary shares ('000)  | 5,756,097                                 | 5,753,077   | 5,756,097                                | 5,753,077  |
| <b>Diluted earnings per share (sen)</b>                    | <b>5.70</b>                               | <b>15.16</b>  | <b>23.11</b>                             | <b>30.68</b>   |


**27) EXCEPTIONAL ITEMS**

There were no exceptional items incurred during the quarter.

**28) RESTATEMENT AND EFFECT OF CHANGE IN PRESENTATION**

During Financial Year 2022, 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  
25 August 2023