

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2021

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.09.2021	Corresponding quarter ended 30.09.2020	Current period ended 30.09.2021	Preceding period ended 30.09.2020
Revenue	12,975.4	11,106.4	36,894.4	33,651.7
Operating expenses	(10,821.6)	(9,555.2)	(30,025.9)	(28,238.4)
Net loss on impairment of financial instruments	(239.3)	(180.1)	(906.9)	(341.7)
Other operating income	144.4	486.7	548.4	832.2
Operating profit	2,058.9	1,857.8	6,510.0	5,903.8
Foreign exchange				
- Translation (loss)/gain	(45.7)	158.2	(162.4)	(174.3)
- Transaction loss	(12.6)	(8.6)	(27.9)	(19.5)
Share of results of joint ventures	5.4	(6.7)	17.4	(3.3)
Share of results of associates	44.6	13.5	103.6	41.1
Profit before finance cost	2,050.6	2,014.2	6,440.7	5,747.8
Finance income	47.7	76.4	159.7	269.5
Finance cost	(921.1)	(917.0)	(2,831.6)	(2,733.5)
Fair value changes of financial instruments	59.7	109.1	147.5	60.0
Profit before taxation and zakat	1,236.9	1,282.7	3,916.3	3,343.8
Taxation and zakat				
- Company and subsidiaries	(64.6)	(254.7)	(1,128.6)	(1,003.5)
- Deferred taxation	(123.6)	(26.1)	84.5	74.3
Profit for the period	1,048.7	1,001.9	2,872.2	2,414.6
Attributable to:				
- Owners of the Company	1,003.8	1,009.6	2,784.0	2,380.8
- Non-controlling interests	44.9	(7.7)	88.2	33.8
Profit for the period	1,048.7	1,001.9	2,872.2	2,414.6
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	17.57	17.73	48.72	41.81
Diluted	17.47	17.73	48.46	41.81

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 2020.

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2021

(Amounts in RM million unless otherwise stated)

	<u>Individual</u>		<u>Cumulative</u>	
	<u>Current</u>	<u>Corresponding</u>	<u>Current</u>	<u>Preceding</u>
	<u>quarter</u>	<u>quarter</u>	<u>period</u>	<u>period</u>
	<u>ended</u>	<u>ended</u>	<u>ended</u>	<u>ended</u>
	<u>30.09.2021</u>	<u>30.09.2020</u>	<u>30.09.2021</u>	<u>30.09.2020</u>
Profit for the period	1,048.7	1,001.9	2,872.2	2,414.6
Other comprehensive (expense)/income				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial (loss)/gain	(71.0)	(372.4)	802.9	(1,016.6)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(39.5)	(36.2)	118.8	(102.7)
Financial assets at fair value through other comprehensive income ('FVOCI')	5.1	(2.3)	6.0	1.3
Share of other comprehensive income/(expense) of associates accounted for using the equity method	2.6	2.7	7.9	(19.9)
Total other comprehensive (expense)/income	(102.8)	(408.2)	935.6	(1,137.9)
Total comprehensive income for the period	945.9	593.7	3,807.8	1,276.7
Attributable to:				
- Owners of the Company	903.1	606.0	3,707.9	1,254.4
- Non-controlling interests	42.8	(12.3)	99.9	22.3
Total comprehensive income for the period	945.9	593.7	3,807.8	1,276.7

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

(Amounts in RM million unless otherwise stated)

	30.09.2021	31.12.2020
NON-CURRENT ASSETS		
Property, plant and equipment	113,096.9	112,596.1
Right-of-use assets	32,350.5	34,906.3
Joint ventures	218.0	200.6
Associates	931.3	1,138.6
Goodwill on consolidation	438.1	434.0
Investment in unquoted debt securities	138.3	265.8
Tax recoverable	3,522.4	3,522.4
Deferred tax assets	113.0	131.0
Long term receivables	142.0	227.8
Finance lease receivables	9.1	10.1
Financial assets at FVOCI	63.6	57.6
Contract cost assets	1.1	-
Financial assets at fair value through profit or loss ('FVTPL')	83.4	140.5
	<u>151,107.7</u>	<u>153,630.8</u>
CURRENT ASSETS		
Inventories	2,053.7	1,583.8
Receivables, deposits and prepayments	4,974.6	6,893.7
Contract assets	2,978.2	3,197.8
Contract cost assets	133.3	125.3
Tax recoverable	1,223.0	1,765.5
Finance lease receivables	1.2	1.1
Amounts due from joint ventures	30.1	19.4
Amounts due from associates	121.3	183.5
Derivative financial instruments	0.1	-
Financial assets at FVTPL	6,235.3	6,973.9
Investment in unquoted debt security	50.0	-
Deposits, bank and cash balances	5,288.6	6,441.5
Assets classified as held for sale	658.5	617.0
	<u>23,747.9</u>	<u>27,802.5</u>
CURRENT LIABILITIES		
Payables	(6,913.0)	(10,534.1)
Contract liabilities	(442.4)	(420.5)
Derivative financial instruments	-	(1.3)
Lease liabilities	(3,270.0)	(3,257.8)
Amounts due to associates	(302.0)	(237.8)
Current tax liabilities	(230.6)	(44.8)
Employee benefits	(784.6)	(783.8)
Consumer deposits	(6,947.0)	(6,606.0)
Short term borrowings	(6,623.5)	(6,409.1)
Liabilities classified as held for sale	(669.1)	(506.1)
	<u>(26,182.2)</u>	<u>(28,801.3)</u>
NET CURRENT LIABILITIES	(2,434.3)	(998.8)
NON-CURRENT LIABILITIES		
Borrowings	(42,428.0)	(43,043.5)
Derivative financial instruments	(48.9)	(175.7)
Contract liabilities	(4,036.2)	(3,753.7)
Government development grants	(966.5)	(961.2)
Lease liabilities	(23,454.7)	(25,471.0)
Deferred tax liabilities	(7,953.2)	(7,805.8)
Other liabilities	(964.7)	(902.3)
Employee benefits	(11,909.8)	(13,068.9)
	<u>(91,762.0)</u>	<u>(95,182.1)</u>
TOTAL NET ASSETS	<u>56,911.4</u>	<u>57,449.9</u>
EQUITY		
Share capital	11,927.6	11,675.2
Other reserves	(7,348.1)	(8,242.7)
Retained profits	50,616.3	52,400.7
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	55,195.8	55,833.2
NON-CONTROLLING INTERESTS	1,715.6	1,616.7
TOTAL EQUITY	<u>56,911.4</u>	<u>57,449.9</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 2020.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2021

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company			Non-controlling interests	Total equity
	Ordinary shares	Other reserves	Retained profits		
At 1 January 2021	11,675.2	(8,242.7)	52,400.7	1,616.7	57,449.9
Profit for the period	-	-	2,784.0	88.2	2,872.2
Foreign currency translation reserve	-	118.1	-	0.7	118.8
Fair value changes of financial assets at other comprehensive income ('OCI')	-	6.0	-	-	6.0
Share of OCI of associates accounted for using the equity method	-	7.9	-	-	7.9
Employee benefits reserve	-	791.9	-	11.0	802.9
Total comprehensive income	-	923.9	2,784.0	99.9	3,807.8
Long Term Incentive Plan ('LTIP'):					
- Share-based payment expense	-	260.0	-	-	260.0
- Reversal of share-based payment expense	-	(36.9)	-	-	(36.9)
- Shares issued	252.4	(252.4)	-	-	-
Dividends paid:					
- Final dividend for FY2020	-	-	(1,026.8)	-	(1,026.8)
- Special dividend for FY2020	-	-	(2,281.9)	-	(2,281.9)
- Interim dividend for FY2021	-	-	(1,259.7)	-	(1,259.7)
Dividend paid to non-controlling interests ('NCI')	-	-	-	(1.0)	(1.0)
Total transactions with owners	252.4	(29.3)	(4,568.4)	(1.0)	(4,346.3)
At 30 September 2021	11,927.6	(7,348.1)	50,616.3	1,715.6	56,911.4
At 1 January 2020	11,446.1	(7,763.8)	54,299.5	1,300.3	59,282.1
Profit for the period	-	-	2,380.8	33.8	2,414.6
Foreign currency translation reserve	-	(102.7)	-	-	(102.7)
Fair value changes of financial assets at OCI	-	1.3	-	-	1.3
Share of OCI of associates accounted for using the equity method	-	(19.9)	-	-	(19.9)
Employee benefits reserve	-	(1,005.1)	-	(11.5)	(1,016.6)
Total comprehensive (expense)/income	-	(1,126.4)	2,380.8	22.3	1,276.7
LTIP:					
- Share-based payment expense	-	192.6	-	-	192.6
- Reversal of share-based payment expense	-	(47.0)	-	-	(47.0)
- Shares issued	229.1	(229.1)	-	-	-
Dividends paid:					
- Final dividend for FY2019	-	-	(1,137.4)	-	(1,137.4)
- Special dividend for FY2019	-	-	(2,843.4)	-	(2,843.4)
- Interim dividend for FY2020	-	-	(1,255.0)	-	(1,255.0)
Dividend paid to NCI	-	-	-	(2.8)	(2.8)
Acquisition of shares from NCI	-	-	-	(1.9)	(1.9)
Acquisition of Redeemable Preference Shares from NCI	-	(244.3)	(13.2)	(23.6)	(281.1)
Subscription of Redeemable Preference Shares by NCI	-	-	-	225.3	225.3
Acquisition of new subsidiary	-	-	-	251.1	251.1
Total transactions with owners	229.1	(327.8)	(5,249.0)	448.1	(4,899.6)
At 30 September 2020	11,675.2	(9,218.0)	51,431.3	1,770.7	55,659.2

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 2020.

D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2021

(Amounts in RM million unless otherwise stated)

	FY2021 ended 30.09.2021	FY2020 ended 30.09.2020
Operating activities		
Cash generated from operations	12,398.5	11,164.7
Post-employment benefits paid	(606.1)	(575.1)
Contract liabilities received	557.9	586.8
Consumer deposits received	230.4	202.1
Taxation and zakat paid	(383.5)	(631.2)
Net cash flows generated from operating activities	<u>12,197.2</u>	<u>10,747.3</u>
Investing activities		
Acquisition of subsidiaries net of cash and cash equivalent	-	67.4
Deferred consideration paid	-	(68.3)
Additional investments in:		
- Unquoted debt securities	-	(104.9)
- FVTPL	(47,726.8)	(50,571.2)
- Joint ventures	-	(1.2)
- Associate	-	(25.1)
- Redeemable preference shares in associates	6.6	-
Disposals of FVTPL	48,590.5	50,025.8
Dividend income received	34.1	37.1
Interest income received	81.7	72.8
Property, plant and equipment:		
- Additions	(5,395.9)	(4,157.7)
- Proceeds from disposals	20.7	1.7
Right-of-use assets:		
- Proceeds from disposal	0.1	-
Net cash flows used in investing activities	<u>(4,389.0)</u>	<u>(4,723.6)</u>
Financing activities		
Government development grants received	1.9	1.2
Borrowings:		
- Drawdowns	1,641.5	5,729.3
- Repayments	(2,654.8)	(2,519.3)
Interests paid:		
- Borrowings	(1,467.1)	(1,330.8)
Repayments of lease obligations:		
- Principal	(2,065.4)	(2,263.2)
- Interest	(1,108.1)	(993.1)
Dividends paid to shareholders	(3,308.7)	(3,980.8)
Dividend paid to NCI	(1.0)	(2.8)
Acquisition of shares from NCI	-	(1.9)
Acquisition of Redeemable Preference Shares from NCI	-	(281.1)
Subscription of Redeemable Preference Shares by NCI	-	225.3
Acquisition of Preferred Equity Certificate from NCI	-	(33.0)
Net increase in debt reserve accounts	(86.6)	(16.0)
Net decrease/(increase) in cash at bank, held in trust	61.6	(27.3)
Net decrease in restricted cash	103.5	0.7
Net (increase)/decrease in deposits maturing more than 90 days	(304.0)	2,249.9
Net cash flows used in financing activities	<u>(9,187.2)</u>	<u>(3,242.9)</u>
Net (decrease)/increase in cash and cash equivalents	(1,379.0)	2,780.8
Effects of changes in foreign currency	0.6	1.1
Cash and cash equivalents at the beginning of the period	<u>5,023.0</u>	<u>2,440.8</u>
Cash and cash equivalents at the end of the period	<u>3,644.6</u>	<u>5,222.7</u>
Deposit, bank and cash balances at the end of the period	5,288.6	6,866.3
Debt reserve account ¹	(223.7)	(157.2)
Cash at bank, held in trust ²	(339.6)	(394.4)
Restricted cash	(3.7)	(21.9)
Deposits maturing more than 90 days	<u>(1,077.0)</u>	<u>(1,070.1)</u>
Cash and cash equivalents at the end of the period	<u>3,644.6</u>	<u>5,222.7</u>

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

² The cash at bank held in trust is in respect of grants received from the Government by a subsidiary for designated capital projects.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

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 2020.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

2) AUDIT QUALIFICATION

The audited financial statements for the financial year ended 31 December 2020 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 2020.

Amendments to standards that are applicable and effective to the Group beginning 1 January 2021 are as follows:

(a) Amendments to Interest Rate Benchmark Reform in MFRS standards:

- Amendments to MFRS 7 'Financial Instruments: Disclosures'
- Amendments to MFRS 9 'Financial Instruments'
- Amendments to MFRS 16 'Leases' ('MFRS 16')

(b) Amendments to MFRS 16 on COVID-19 Related Rent Concessions.

The adoption of the amendments to the Standards do not have any significant impact to the unaudited condensed consolidated financial statements upon their initial application.

4) REVENUE

The disaggregation of revenue is as follows:

	Current quarter ended 30.09.2021	Individual Corresponding quarter ended 30.09.2020	Current period ended 30.09.2021	Cumulative Preceding period ended 30.09.2020
Sales:				
- Electricity	12,742.4	10,922.4	36,217.1	33,083.9
- Goods and services	143.1	97.1	443.8	314.7
Construction contracts	22.8	11.4	45.9	34.5
Customers' contributions	67.1	75.5	187.6	218.6
Total revenue	12,975.4	11,106.4	36,894.4	33,651.7

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 not recommended any dividend for the quarter ended 30 September 2021.

The final single tier and special single tier dividends for Financial Year 2020 were paid on 16 April 2021 totalling RM3,308.7 million.

The interim dividend for Financial Year 2021 was paid on 15 October 2021 totalling RM1,259.7 million.

10) SEGMENTAL REPORTING

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

11) VALUATION OF PROPERTY, PLANT & EQUIPMENT

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

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

The announcement made in Bursa Malaysia on 20 October 2021, TNB through its wholly owned subsidiary, Vantage RE Ltd ('Vantage RE') has signed a Share Purchase Agreement to acquire 49% stake at an offshore wind farm company, Blythe Offshore Demonstrator Limited ('BODL') from EDF Renewables ('EDFR') which is a subsidiary of a French utility company, EDF. Vantage RE was launched on 1 July 2021 to own, operate and manage TNB's portfolio of renewable energy ('RE') assets in Europe. This acquisition marks TNB's maiden entry into the international offshore wind market as BODL currently owns offshore wind assets off the coast of Blyth, Northumberland, England. The assets include five turbines with a total installed capacity of 41.5MW ('Blyth 1') and further development rights for a floating offshore wind project of up to 58.4MW ('Blyth 2') located off the Northumberland coast.

The announcement made in Bursa Malaysia on 05 November 2021, Kapar Energy Ventures Sdn. Bhd. ('KEV'), a 60% subsidiary of TNB Power Generation Sdn. Bhd., the latter being a wholly owned subsidiary of TNB, received notices of assessment for the years of assessment ('YAs') 2011, 2012 and 2014 and notices of additional assessment for the YAs 2013, 2015, 2016, 2017 and 2018 all dated 29 October 2021 amounting in aggregate to RM595.9 million. Based on the legal advice obtained from its tax solicitors, KEV is of the view that it has a good basis in law to contend that the said assessments were incorrectly raised by the Inland Revenue Board ('IRB'). A subsequent announcement made in Bursa Malaysia on 16 November 2021, stated that KEV has filed judicial review against Minister of Finance at the High Court of Malaya to challenge the matters arising from the said notices.

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 30.09.2021	As at 31.12.2020
Claims by third parties	408.0	247.7
Trade guarantees and performance bonds	65.8	26.2
Total contingent liabilities	473.8	273.9

Claims by third parties include claims by contractors, consumers and former employees. These claims are being addressed and the Directors are of the opinion that their ultimate resolution will not have a material effect on the financial position of the Group.

On 7 December 2016, the Company and the 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 YAs 2013 and 2014 arising from the disallowance of the Company's reinvestment allowance 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, the Company filed notices of appeal against the Notices to the SCIT according to Section 99(1) of the Income Tax Act 1967. The appeals have since been registered before the SCIT.

Meanwhile, for the notices of additional assessment issued for the YAs 2015, 2016 and 2017, on 30 December 2020, both TNB and IRB have recorded a consent order. Pursuant to the consent order, the Court has granted a stay of proceedings against the enforcement of the IRB's notices of additional assessment and leave to commence judicial review. Subsequently, the High Court has fixed the hearing for the substantive stage on 2 December 2021.

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, the High Court has fixed the hearing for the substantive stage on 13 January 2022.

The Company 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.

15) CAPITAL COMMITMENTS

	As at 30.09.2021	As at 31.12.2020
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	51,085.8	55,365.5
Contracted but not provided for in the financial statements	351.8	988.5
Total capital commitments	51,437.6	56,354.0

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 September 2021 against the corresponding period ended 30 September 2020:

Revenue for the period increased by 9.6% or RM3,242.7 million, mainly due to higher sales of electricity of RM3,133.2 million, up 9.5% from RM3,083.9 million a year ago. Included in this higher sales of electricity, the Imbalanced Cost Pass-Through ('ICPT') which was in an under-recovery position of RM1,300.8 million as compared to an over-recovery position of RM1,479.2 million reported in the last corresponding period, was mainly due to higher generation cost. The impact of the prolonged Covid-19 pandemic affected customers' payment behaviour as longer outstanding debts become more challenging to recover. Hence, higher net loss on impairment of financial instruments of RM906.9 million was recognised during the current period. The resultant operating profit was a net increase of RM606.2 million or 10.3%, an increase to RM6,510.0 million from RM5,903.8 million in the last corresponding period.

Profit after taxation for the current period under review increased by RM457.6 million, from RM2,414.6 million reported during the last corresponding period to RM2,872.2 million. This was due to the higher operating profit mentioned above, coupled with the increase in accounting gain on fair value of the financial instruments of RM87.5 million as compared to a lower gain of RM60.0 million reported a year ago, offset by lower finance income and higher finance costs.

As for the regulated business, the Company is able to maintain the approved return on the regulated business under the Incentive Based Regulation ('IBR') framework of RM3,706.6 million.

- (b) Performance of the current third quarter (three months) FY2021 against the corresponding third quarter (three months) FY2020:

Revenue for the current quarter was up by 16.8% or RM1,869.0 million, comparing quarter on quarter of the same period last year. The movement in revenue resulted from the ICPT of an under-recovery position of RM1,313.5 million as compared to an over-recovery position of RM956.8 million. Operating expenses increased from RM9,555.2 million to RM10,821.6 million mainly due to higher generation cost, resulting in an increase in the operating profit of RM201.1 million or 10.8%.

Subsequently, the profit after taxation for the current quarter under review also increased by 4.7% or RM46.8 million, from RM1,001.9 million reported in the same quarter last year to RM1,048.7 million. This was mainly due to higher operating profit, offset by foreign exchange translation loss and lower tax provisions recognised in the current quarter.

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

Performance of the current quarter (3rd Quarter FY2021) against the preceding quarter (2nd Quarter FY2021):

The Group reported higher profit after taxation of RM1,048.7 million in the current quarter as compared to RM850.0 million in the preceding quarter, an increment of RM198.7 million. This was mainly due to lower net loss on impairment of financial instruments and current taxation during the current quarter under review.

18) PROSPECTS

For the first nine months of FY 2021, the Group's performance improved compared with the same period last financial year despite the continued challenges faced during the Covid-19 pandemic. Demand has started to show improvements, growing at 0.6% against a contraction of 6.2% in the same period last financial year. This is in line with the increase in the country's Gross Domestic Product ('GDP') of 3% in the first nine months of 2021.

*Going forward, the country is on track to achieve GDP growth of between 3% and 4% in 2021. Growth will be supported by the increase in economic activities as containment measures are progressively relaxed, amid continued policy support. The various relaxations of restrictions for fully vaccinated individuals including for interstate travel would spur tourism-related activities. In addition, the strength in global demand will continue to support export growth.**

Hence, the Group believes that the improvement in the overall economy will result in higher electricity demand and support the positive momentum seen across the Group's operation.

Amid the encouraging developments, the Group foresees a stable performance for the remaining quarter of the financial year. Nonetheless, the Group will continue to take prudent measures in terms of its operational and financial requirements to ensure it remains resilient.

**Bank Negara 3rd quarter report*

19) PROFIT FROM OPERATIONS

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

	Individual Current quarter ended 30.09.2021	Cumulative Current period ended 30.09.2021
Property, plant and equipment:		
- Depreciation	(1,766.2)	(5,257.3)
- Gain on disposals	7.3	9.8
Right-of-use assets:		
- Depreciation	(857.4)	(2,625.5)
- Gain on disposal	3.7	3.8
Receivables:		
- Impairment losses	(127.5)	(888.0)
- Reversal of impairment losses	0.3	105.1
Contract assets:		
- Impairment losses	(0.6)	(19.7)
- Reversal of impairment losses	-	6.6
Amount due from associates:		
- Impairment losses	(0.1)	(0.2)
- Reversal of impairment losses	-	0.2
Amount due from joint venture:		
- Impairment losses	-	(0.4)
- Reversal of impairment losses	0.2	0.2
Inventories:		
- Provision for obsolescence	(1.9)	(78.0)
- Write back of obsolescence	-	81.7
- Written off	(34.0)	(101.4)
Impairment of an associate	-	(276.4)
Investment in unquoted debt securities:		
- Impairment losses	(100.6)	(102.1)
- Reversal of impairment losses	-	2.4
Gain on disposal of investment in Compulsory Convertible Debenture	3.4	6.7

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 30.09.2021	Individual Corresponding quarter ended 30.09.2020	Current period ended 30.09.2021	Cumulative Preceding period ended 30.09.2020
Income tax:				
Current tax and zakat	(64.6)	(254.7)	(1,128.6)	(1,003.5)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	(123.6)	(26.1)	84.5	74.3
Total taxation and zakat	(188.2)	(280.8)	(1,044.1)	(929.2)

For the reporting period ended 30 September 2021, the Group reported a 26.7% effective tax rate, which is higher than the statutory tax rate of 24.0%. The effective tax rate is higher in the current period mainly due to higher 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 30.09.2021	As at 31.12.2020
Short term - secured	3,264.6	2,448.2
- unsecured	3,358.9	3,960.9
Sub-total	6,623.5	6,409.1
Long term - secured	23,111.5	23,152.7
- unsecured	19,316.5	19,890.8
Sub-total	42,428.0	43,043.5
Total	49,051.5	49,452.6

- (b) Currency denominations:

	As at 30.09.2021	As at 31.12.2020
US Dollar	8,145.6	7,729.5
GBP	2,356.8	2,390.9
Japanese Yen	2,154.8	2,372.1
Total Ringgit equivalent of foreign currency borrowings	12,657.2	12,492.5
Ringgit borrowings	36,394.3	36,960.1
Total	49,051.5	49,452.6

- (c) Effective average cost of borrowing based on exposure as at 30 September 2021 was 4.83% (31 December 2020: 4.88%).
- (d) Repayments of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM212.0 million; and
 - (ii) Ringgit denominated loans of RM2,442.8 million.
- (e) Drawdowns of debts during the reporting period were as follows:
- (i) Ringgit denominated loans of RM1,641.5 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 30.09.2021	
	Notional Amount	Fair Value
Forward Foreign Currency Contracts		
- Spot	23.4	0
- Less than 1 year	95.9	0
Interest Rate Swap Contracts		
- 1 year to 3 years	62.2	(0.5)
- More than 3 years	1,638.9	(36.8)
Profit Rate Swap Contracts		
- More than 3 years	352.3	(11.6)
Total	2,172.7	(48.9)

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

The Interest Rate Swap ('IRS') and Profit Rate Swap ('PRS') Contracts entered into by subsidiaries are to effectively fix the interest and profit rate payable on the term loans.

25) MATERIAL LITIGATION

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

26) EARNINGS PER SHARE

	Current quarter ended 30.09.2021	Individual Corresponding quarter ended 30.09.2020	Current period ended 30.09.2021	Cumulative Preceding period ended 30.09.2020
Profit attributable to owners of the Company	1,003.8	1,009.6	2,784.0	2,380.8
Weighted average number of ordinary shares in issue ('000)	5,714,626	5,694,522	5,714,626	5,694,522
Basic earnings per share (sen)	17.57	17.73	48.72	41.81
Weighted average number of ordinary shares in issue ('000)	5,714,626	5,694,522	5,714,626	5,694,522
Adjustments for LTIP ('000)	29,899	-	29,899	-
Weighted average number of diluted ordinary shares ('000)	5,744,525	5,694,522	5,744,525	5,694,522
Diluted earnings per share (sen)	17.47	17.73	48.46	41.81

27) EXCEPTIONAL ITEMS

There were no exceptional items incurred during the quarter.

By Order of the Board



NORAZNI BINTI MOHD ISA
COMPANY SECRETARY
LS 0009635

SSM PRACTICING CERTIFICATE NO.: 201908000492

Kuala Lumpur
25 November 2021