

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 4th QUARTER ENDED 31 DECEMBER 2019

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 31.12.2019	Corresponding quarter ended 31.12.2018	Current year ended 31.12.2019	Preceding year ended 31.12.2018
Revenue	12,177.1	12,546.8	50,939.7	50,392.5
Operating expenses	(11,293.1)	(11,888.3)	(43,561.5)	(43,854.7)
Net gain/(loss) on impairment of financial instruments	111.5	(212.6)	(302.4)	(487.3)
Other operating income	354.3	251.1	1,131.0	825.1
Operating profit	1,349.8	697.0	8,206.8	6,875.6
Foreign exchange				
- Translation gain/(loss)	276.6	(145.8)	200.6	(393.1)
- Transaction loss	(5.2)	(11.6)	(86.7)	(25.2)
Share of results of joint ventures	7.0	7.1	25.7	27.2
Share of results of associates	(66.2)	(26.0)	26.9	(209.9)
Profit before finance cost	1,562.0	520.7	8,373.3	6,274.6
Finance income	122.6	140.9	525.1	423.8
Finance cost	(956.4)	(486.8)	(3,382.7)	(1,688.5)
Fair value changes of financial instruments	46.6	27.9	(38.0)	36.7
Profit before taxation and zakat	774.8	202.7	5,477.7	5,046.6
Taxation and zakat				
- Company and subsidiaries	24.9	(134.3)	(920.6)	(1,034.8)
- Deferred taxation	(215.6)	(220.0)	(112.1)	(266.8)
Profit/(loss) for the financial period/year	584.1	(151.6)	4,445.0	3,745.0
Attributable to:				
- Owners of the Company	653.3	(134.3)	4,529.2	3,723.7
- Non-controlling interests	(69.2)	(17.3)	(84.2)	21.3
Profit/(loss) for the financial period/year	584.1	(151.6)	4,445.0	3,745.0
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	11.49	(2.37)	79.64	65.62
Diluted	11.49	(2.36)	79.64	65.39

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 2018.

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 4th QUARTER ENDED 31 DECEMBER 2019

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 31.12.19	Corresponding quarter ended 31.12.18	Current year ended 31.12.19	Preceding year ended 31.12.18
Profit/(loss) for the financial period/year	584.1	(151.6)	4,445.0	3,745.0
Other comprehensive (expense)/income				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial loss	(113.8)	(204.3)	(1,303.6)	(204.3)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(32.9)	98.9	(101.5)	(13.1)
Financial assets at fair value through other comprehensive income ('FVOCI')	(1.7)	1.0	(17.5)	7.1
Share of other comprehensive income ('OCI') of associates accounted for using the equity method	16.0	27.2	19.8	74.3
Total other comprehensive expense	(132.4)	(77.2)	(1,402.8)	(136.0)
Total comprehensive income/(expense) for the financial period/year	451.7	(228.8)	3,042.2	3,609.0
Attributable to:				
- Owners of the Company	542.0	(211.5)	3,147.5	3,587.7
- Non-controlling interests	(90.3)	(17.3)	(105.3)	21.3
Total comprehensive income/(expense) for the financial period/year	451.7	(228.8)	3,042.2	3,609.0

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

(Amounts in RM million unless otherwise stated)

	31.12.2019	31.12.2018
NON-CURRENT ASSETS		
Property, plant and equipment	109,966.0	111,445.5
Right-of-use assets	38,264.0	-
Joint ventures	177.4	166.0
Associates	1,264.0	1,543.7
Goodwill on consolidation	241.3	240.7
Investment in unquoted debt security	331.8	326.7
Tax recoverable	1,765.1	1,765.1
Deferred tax assets	124.3	87.7
Long term receivables	726.0	1,245.5
Finance lease receivables	11.9	12.4
Prepaid operating leases	-	5,944.1
Financial assets at fair value through other comprehensive income ('FVOCI')	58.9	76.4
Contract cost assets	-	0.5
Financial assets at fair value through profit or loss ('FVTPL')	149.1	90.9
Derivative financial instruments	-	0.2
	<u>153,079.8</u>	<u>122,945.4</u>
CURRENT ASSETS		
Inventories	1,925.3	1,295.9
Receivables, deposits and prepayments	4,823.7	6,803.4
Contract cost assets	10.5	-
Contract assets	3,508.2	3,361.8
Tax recoverable	1,080.7	422.6
Finance lease receivables	1.0	1.0
Prepaid operating leases	-	164.8
Amounts due from joint ventures	10.6	10.8
Amounts due from associates	155.8	364.9
Derivative financial instruments	-	1.2
Financial assets at FVTPL	7,959.9	9,652.4
Deposits, bank and cash balances	6,291.7	8,670.8
	<u>25,767.4</u>	<u>30,749.6</u>
CURRENT LIABILITIES		
Payables	(9,323.3)	(9,797.5)
Contract liabilities	(354.4)	(347.4)
Derivative financial instruments	(8.6)	(44.0)
Lease liabilities	(3,403.3)	(357.8)
Amounts due to associates	(286.6)	(656.3)
Amounts due to joint ventures	(0.1)	(0.5)
Current tax liabilities	(70.2)	(96.2)
Employee benefits	(758.2)	(777.0)
Consumer deposits	(6,220.9)	(5,761.6)
Short term borrowings	(3,479.3)	(3,927.8)
	<u>(23,904.9)</u>	<u>(21,766.1)</u>
NET CURRENT ASSETS	1,862.5	8,983.5
NON-CURRENT LIABILITIES		
Borrowings	(41,932.4)	(43,904.6)
Derivative financial instruments	(37.2)	(11.5)
Contract liabilities	(3,430.0)	(2,902.9)
Government development grants	(1,031.3)	(1,005.0)
Lease liabilities	(27,902.8)	(4,516.3)
Deferred tax liabilities	(7,783.0)	(8,009.3)
Other liabilities	(876.9)	(1,396.2)
Employee benefits	(12,666.6)	(11,131.2)
	<u>(95,660.2)</u>	<u>(72,877.0)</u>
TOTAL NET ASSETS	<u>59,282.1</u>	<u>59,051.9</u>
EQUITY		
Share capital	11,446.1	11,446.1
Other reserves	(7,763.8)	(6,392.7)
Retained profits	54,299.5	52,784.4
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	57,981.8	57,837.8
NON-CONTROLLING INTERESTS	1,300.3	1,214.1
TOTAL EQUITY	<u>59,282.1</u>	<u>59,051.9</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 2018.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 4th QUARTER ENDED 31 DECEMBER 2019

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company			Non-controlling interest	Total equity
	Ordinary shares	Other reserves	Retained profits		
At 1 January 2019	11,446.1	(6,392.7)	52,784.4	1,214.1	59,051.9
Profit for the financial year	-	-	4,529.2	(84.2)	4,445.0
Foreign currency translation reserve	-	(101.5)	-	-	(101.5)
Financial assets at FVOCI	-	(17.5)	-	-	(17.5)
Share of OCI of associates accounted for using the equity method	-	19.8	-	-	19.8
Employee benefits reserve	-	(1,282.5)	-	(21.1)	(1,303.6)
Total comprehensive (expense)/income	-	(1,381.7)	4,529.2	(105.3)	3,042.2
Long Term Incentive Plan ('LTIP'):					
- Share-based payment expense	-	232.1	-	-	232.1
- Reversal of share-based payment expense	-	(221.5)	-	-	(221.5)
Dividends paid:					
- Final dividend for FY2018	-	-	(1,308.0)	-	(1,308.0)
- Interim dividend for FY2019	-	-	(1,706.1)	-	(1,706.1)
Dividend paid to non-controlling interests ('NCI')	-	-	-	(3.6)	(3.6)
Acquisition of additional equity by NCI	-	-	-	195.1	195.1
Total transactions with owners	-	10.6	(3,014.1)	191.5	(2,812.0)
At 31 December 2019	11,446.1	(7,763.8)	54,299.5	1,300.3	59,282.1
At 1 January 2018	11,199.6	(6,373.0)	52,049.8	919.8	57,796.2
Profit for the financial year	-	-	3,723.7	21.3	3,745.0
Foreign currency translation reserve	-	(13.1)	-	-	(13.1)
Financial assets at FVOCI	-	7.1	-	-	7.1
Share of OCI of associates accounted for using the equity method	-	74.3	-	-	74.3
Employee benefits reserve	-	(204.3)	-	-	(204.3)
Total comprehensive (expense)/income	-	(136.0)	3,723.7	21.3	3,609.0
LTIP:					
- Share-based payment expense	-	267.8	-	-	267.8
- Shares issued	246.5	(246.5)	-	-	-
Dividends paid:					
- Final dividend for financial period ended 31.12.17	-	-	(1,213.1)	-	(1,213.1)
- Interim dividend for FY2018	-	-	(1,718.8)	-	(1,718.8)
Dividend paid to NCI	-	-	-	(2.0)	(2.0)
Exercise of put option on shares of a subsidiary by NCI	-	95.0	(57.2)	(37.8)	-
Acquisition of additional equity by NCI	-	-	-	312.8	312.8
Total transactions with owners	246.5	116.3	(2,989.1)	273.0	(2,353.3)
At 31 December 2018	11,446.1	(6,392.7)	52,784.4	1,214.1	59,051.9

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 2018.

D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 4th QUARTER ENDED 31 DECEMBER 2019

(Amounts in RM million unless otherwise stated)

	FY2019 ended 31.12.2019	FY2018 ended 31.12.2018
Operating activities		
Cash generated from operations	20,948.2	13,686.7
Post-employment benefits paid	(885.7)	(824.6)
Contract liabilities received	1,136.0	1,081.9
Consumer deposits received	306.2	415.9
Taxation and zakat paid	(1,606.7)	(1,324.5)
Net cash flows generated from operating activities	<u>19,898.0</u>	<u>13,035.4</u>
Investing activities		
Acquisition of subsidiaries net of cash and cash equivalent	-	(401.1)
Additional investments in:		
- FVTPL	(73,111.7)	(64,589.3)
- Joint ventures	(1.4)	(1.0)
Proceeds from redemptions:		
- Redeemable preference shares in associates	40.4	10.4
Disposals of FVTPL	74,593.5	65,602.7
Dividend income received	57.3	44.9
Interest income received	226.0	203.9
Property, plant and equipment:		
- Additions	(10,854.4)	(11,287.1)
- Proceeds from disposals	51.7	27.6
Right-of-use assets:		
- Proceeds from disposals	1.2	-
Net cash flows used in investing activities	<u>(8,997.4)</u>	<u>(10,389.0)</u>
Financing activities		
Government development grants received	8.6	5.6
Bank borrowings:		
- Drawdowns	1,113.3	8,206.4
- Repayments	(3,756.9)	(1,954.4)
Interests paid:		
- Borrowings	(2,310.1)	(1,986.9)
- Others	(0.6)	(8.9)
Repayments of lease obligations:		
- Principal	(4,222.0)	(580.8)
- Interest	(1,095.4)	(101.9)
Dividends paid to shareholders	(3,014.1)	(2,931.9)
Dividend paid to NCI	(3.6)	(2.0)
Purchase of shares by NCI	-	57.8
Exercise of put option on shares of a subsidiary by NCI	-	(90.6)
Net decrease in debt reserve accounts	104.8	3.8
Net (increase)/decrease in cash at bank, held in trust	(118.2)	40.9
Net increase in restricted cash	(6.3)	(16.3)
Net increase in deposits maturing more than 90 days	(2,569.2)	(561.0)
Net cash flows (used in)/generated from financing activities	<u>(15,869.7)</u>	<u>79.8</u>
Net (decrease)/increase in cash and cash equivalents	(4,969.1)	2,726.2
Effects of changes in foreign currency	1.1	(3.0)
Cash and cash equivalents at the beginning of the financial year	<u>7,598.6</u>	<u>4,875.4</u>
Cash and cash equivalents at the end of the financial year	<u>2,630.6</u>	<u>7,598.6</u>
Deposit, bank and cash balances at the end of the financial year	6,291.7	8,670.8
Debt reserve account ¹	(141.2)	(246.0)
Cash at bank, held in trust ²	(367.1)	(248.9)
Restricted cash	(22.6)	(16.3)
Deposits maturing more than 90 days	(3,130.2)	(561.0)
Cash and cash equivalents at the end of the financial year	<u>2,630.6</u>	<u>7,598.6</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 of Malaysia 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 2018.

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 2018.

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 2018.

2) AUDIT QUALIFICATION

The audited financial statements for the financial year ended 31 December 2018 were 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 2018.

New standard, amendments to standards and IC Interpretations that are applicable and effective to the Group beginning 1 January 2019:

- MFRS 16 'Leases'
- Amendments to MFRS 3 'Business Combinations'
- Amendments to MFRS 9 'Financial Instruments'
- Amendments to MFRS 11 'Joint Arrangements'
- Amendments to MFRS 112 'Income Taxes'
- Amendments to MFRS 119 'Employee Benefits'
- Amendments to MFRS 123 'Borrowing Costs'
- Amendments to MFRS 128 'Investment in Associates and Joint Ventures'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'

Except for MFRS 16, the adoption of the revised standards and amendments to standards do not have any significant impact to the unaudited condensed consolidated financial statements upon their initial application.

MFRS 16 'Leases' ('MFRS 16')

The new MFRS 16, which replaces MFRS 117 'Leases' ('MFRS 117') and IC Interpretation 4 'Determining whether an Arrangement contains a Lease' ('IC 4') introduces a new model for lessee accounting and makes some improvements to the current MFRS 117.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under MFRS 117 are no longer required. This standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ('ROU') asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 'Property, Plant and Equipment' ('MFRS 116') whereas lease liability is accreted to reflect interest and is reduced to reflect payments made.

MFRS 16 'Leases' ('MFRS 16') (continued)

For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

The Group applies the new standard retrospectively from 1 January 2019, with the practical expedients permitted under the standard and comparatives are not restated. The lease liability is discounted using the Group's incremental borrowing rate which is the Group's weighted average cost of borrowing of 4.98%.

The contracts of Power Purchase Agreements have significantly impacted the Group's financial position. The contracts which were previously recognised as operating leases under MFRS 117, are now recognised as lease liabilities with corresponding ROU assets under MFRS 16.

Impact of adoption of new standard

Arising from the adoption of MFRS 16, the condensed financial statements for the previous financial year has been changed as follows:

	As previously reported as at 31.12.2018	Adjustments Effect of adoption of MFRS 16	As at 01.01.2019
Condensed Consolidated Statements of Financial Position			
Non-Current Assets			
Property, plant and equipment	111,445.5	(6,952.7)	104,492.8
Right-of-use assets	-	42,005.3	42,005.3
Prepaid operating leases	5,944.1	(5,944.1)	-
Current Assets			
Prepaid operating leases	164.8	(164.8)	-
Current Liabilities			
Payables	(9,797.5)	620.5	(9,177.0)
Lease liabilities	(357.8)	(3,302.5)	(3,660.3)
Non-Current Liabilities			
Lease liabilities	(4,516.3)	(26,401.0)	(30,917.3)
Other liabilities	(1,396.2)	139.3	(1,256.9)

4) REVENUE

The disaggregation of revenue is as follows:

	Individual		Cumulative
	Current	Corresponding	Current
	quarter	quarter	year
	ended	ended	ended
	31.12.2019	31.12.2018	31.12.2019
			31.12.2018
Sales:			
- Electricity	11,773.8	12,272.6	49,912.2
- Goods and services	300.8	152.1	694.6
Construction contracts	30.9	55.8	61.4
Customers' contributions	71.6	66.3	271.5
Total revenue	12,177.1	12,546.8	50,939.7
			50,392.5

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 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 a final single tier dividend of 20.0 sen per ordinary share and a special dividend of 50.0 sen per ordinary share, in respect of the financial year ended 31 December 2019, totalling to approximately RM3,980.7 million (based on 5,686,888,771 paid-up share capital).

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

The final dividend for Financial Year 2018 was paid on 11 April 2019 totalling RM1,308.0 million.

The interim dividend for Financial Year 2019 was paid on 11 October 2019 totalling RM1,706.1 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 was no material change to the composition of the Group during the quarter under review.

14) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:-

	As at 31.12.2019	As at 31.12.2018
Claims by third parties	225.2	310.1
Trade guarantees and performance bonds	21.3	27.5
Total contingent liabilities	246.5	337.6

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 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') arising from the disallowance of the Company's re-investment allowance ('RIA') 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. For Notices issued for Years of Assessment 2015, 2016 and 2017, the High Court on 12 December 2019 has granted an interim stay of all further proceedings including the enforcement of the Notices until the hearing of the leave application on 2 April 2020. 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 31.12.2019	As at 31.12.2018
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	53,056.4	69,393.4
Contracted but not provided for in the financial statements	607.8	1,534.8
Total capital commitments	53,664.2	70,928.2

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 31 December 2019 against the corresponding period ended 31 December 2018:

Revenue for the period increased by 1.1% or RM547.2 million from RM50,392.5 million to RM50,939.7 million. This is consistent with the increase in total sales of electricity of RM424.8 million reported during the period under review.

Profit attributable to owners of the Company for the period under review was RM4,529.2 million as compared to RM3,723.7 million recorded in the last corresponding period. During the last corresponding period, the Group recognised an impairment of RM802.7 million on its investment in associates and for the period ended 31 December 2019 impairment of RM198.3 million was recognised. The Group recorded a foreign currency translation gain of RM200.6 million as against a loss of RM393.1 million for FY2018. During the fourth quarter of the period under review, the Group experienced prolonged forced outages of coal plants namely TNB Janamanjung ('TNBJ') and Kapar Energy Ventures ('KEV') which has impacted the earnings of the Group.

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 RM3,841.0 million.

- (b) Performance of the current fourth quarter (three months) FY2019 against the corresponding fourth quarter (three months) FY2018:

Revenue for the current quarter decreased by 2.9% or RM369.7 million from RM12,546.8 million to RM12,177.1 million as compared to the same quarter last year. This is due to the decrease in total sales of electricity of RM498.8 million recorded during the quarter under review.

Profit attributable to owners of the Company for the quarter under review was RM653.3 million as compared to a loss of RM134.3 million recorded in the last corresponding quarter, an increase of RM787.6 million. The increase is due to the impairment of cost of investment in associate recognised in the last corresponding quarter of RM304.7 million. Included in the profit attributable to owners of the Company for the current quarter are gains from the non-recurring transactions of RM598.9 million.

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

Performance of the current quarter (4th Quarter FY2019) against the preceding quarter (3rd Quarter FY2019):

The Group reported lower operating profit of RM1,349.8 million in the current quarter as compared to RM2,278.6 million in the preceding quarter, a decrease of RM928.8 million. This was mainly due to lower revenue of RM464.7 million compounded by higher operating expenses of RM645.9 million.

Additionally, the profit attributable to owners of the Company also decreased from RM1,202.9 million recorded in the preceding quarter to RM653.3 million in the current quarter, a decrease of RM549.6 million. The Group experienced prolonged forced outages of coal plants namely TNBJ and KEV during the current quarter.

18) PROSPECTS

The Malaysian economy grew by 3.6% in the fourth quarter of 2019 (3Q 2019: 4.4%). Growth was underpinned by stronger private sector expenditure, amid supply disruptions in the commodities sector. For 2019 as a whole, the economy expanded by 4.3% (2018: 4.7%).

Economic growth in Malaysia for 2020, particularly in the first quarter of the year, will be affected by the Covid-19 outbreak. The impact will be felt largely in tourism-related sectors, and to a certain extent, in the manufacturing sector through disruptions within the global supply chain and the expected slowdown in PR China. This will exert additional pressure to the electricity demand growth, primarily in the industrial sector.

Despite the above-mentioned challenges, the Board of Directors is of the view that the performance of the Group is expected to remain resilient for financial year ending 31 December 2020.

19) PROFIT FROM OPERATIONS

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

	Individual	Cumulative
	Current	Current
	quarter	year
	ended	ended
	31.12.2019	31.12.2019
Property, plant and equipment:		
- Depreciation	(1,805.8)	(6,421.7)
- Gain on disposals	210.8	213.3
Right-of-use assets:		
- Depreciation	(958.9)	(3,767.2)
- Gain on disposals	1.2	1.2
Receivables:		
- Impairment losses	252.2	(305.8)
- Reversal of impairment losses	(153.5)	105.0
Contract assets:		
- Impairment losses	138.2	(56.5)
- Reversal of impairment losses	(125.4)	89.7
Inventories:		
- Provision for obsolescence	(30.8)	(122.9)
- Write back of obsolescence	(0.2)	89.2
- Written off	(7.4)	(38.4)
Impairment of an associate	-	(198.3)

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

20) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

21) TAXATION AND ZAKAT

Taxation and zakat for the reporting period comprised the following:-

	Current quarter ended 31.12.2019	Individual Corresponding quarter ended 31.12.2018	Current year ended 31.12.2019	Cumulative Preceding year ended 31.12.2018
Income tax:				
Current tax and zakat	24.9	(134.3)	(920.6)	(1,034.8)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	(215.6)	(220.0)	(112.1)	(266.8)
Total taxation and zakat	(190.7)	(354.3)	(1,032.7)	(1,301.6)

For the reporting period ended 31 December 2019, the Group recorded a 18.9% effective tax rate, which is lower than the statutory tax rate of 24.0%. The lower effective tax rate is due to the reduction in the tax liability arising from the income earned in previous year.

22) STATUS OF CORPORATE PROPOSALS

There were no material corporate proposals entered into during the reporting period other than those announced to Bursa Malaysia since the date of the last audited financial statements.

23) GROUP BORROWINGS

- (a) The analysis of Group borrowings classified under current and non-current categories are as follows:

	As at 31.12.2019	As at 31.12.2018
Short term - secured	1,715.5	1,345.3
- unsecured	1,763.8	2,582.5
Sub-total	3,479.3	3,927.8
Long term - secured	22,357.4	23,031.1
- unsecured	19,575.0	20,873.5
Sub-total	41,932.4	43,904.6
Total	45,411.7	47,832.4

- (b) Currency denominations:

	As at 31.12.2019	As at 31.12.2018
Japanese Yen	2,414.8	2,526.2
US Dollar	7,873.2	9,210.1
Others	651.6	675.2
Total Ringgit equivalent of foreign currency borrowings	10,939.6	12,411.5
Ringgit borrowings	34,472.1	35,420.9
Total	45,411.7	47,832.4

- (c) Effective average cost of borrowing based on exposure as at 31 December 2019 was 5.06% (31 December 2018: 4.99%).
- (d) Repayments of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM1,836.4 million; and
 - (ii) Ringgit denominated loans of RM1,920.5 million.
- (e) Drawdowns of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM511.4 million; and
 - (ii) Ringgit denominated loans of RM601.9 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 31.12.2019	
	Notional Amount	Fair Value
Forward Currency Contracts		
- Spot	18.7	0
- Less than 1 year	154.2	(8.6)
Interest Rate Swaps		
- More than 3 years	604.5	(29.7)
Profit Rate Swap		
- More than 3 years	134.7	(7.5)
Put Option		
- Less than 1 year	0	0
Total	912.1	(45.8)

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.

TNB Bukit Selambau Solar Sdn. Bhd. ('TNBBS') entered into Profit Rate Swap ('PRS') contracts transaction with effect from 29 March 2019 that entitled TNBBS to receive profit at floating rates and obliged to pay profit at fixed rate of 4.31% on aggregate principal of RM134.7 million.

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

The put option is a right to sell back an asset as a protection to TNB International Sdn. Bhd. against any unfulfilment in stipulated conditions of agreements entered from the acquisition of Bluemerang Capital Ltd. and GVO Wind Limited.

25) MATERIAL LITIGATION

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

26) EARNINGS PER SHARE

	Current quarter ended 31.12.2019	Individual Corresponding quarter ended 31.12.2018	Current year ended 31.12.2019	Cumulative Preceding year ended 31.12.2018
Profit attributable to owners of the Company	653.3	(134.3)	4,529.2	3,723.7
Weighted average number of ordinary shares in issue ('000)	5,686,889	5,674,992	5,686,889	5,674,992
Basic earnings per share (sen)	11.49	(2.37)	79.64	65.62
Weighted average number of ordinary shares in issue ('000)	5,686,889	5,674,992	5,686,889	5,674,992
Adjustments for LTIP ('000)	-	19,726	-	19,726
Weighted average number of diluted ordinary shares ('000)	5,686,889	5,694,718	5,686,889	5,694,718
Diluted earnings per share (sen)	11.49	(2.36)	79.64	65.39

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
28 February 2020