TENAGA NASIONAL BERHAD
199001009294 (200866-W)

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 2019

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.09.2019	Preceding quarter ended 30.09.2018	Current quarter ended 30.09.2019	Preceding quarter ended 30.09.2018
Revenue	12,641.8	13,073.8	38,762.6	37,845.7
Operating expenses	(10,647.2)	(11,699.3)	(32,268.4)	(32,040.2)
Net loss on impairment of financial instruments	(44.3)	(91.6)	(413.9)	(200.9)
Other operating income	328.3	191.6	776.7	574.0
Operating profit	2,278.6	1,474.5	6,857.0	6,178.6
Foreign exchange				
- Translation loss	(67.3)	(166.7)	(76.0)	(247.3)
- Transaction loss	(18.8)	(8.4)	(81.5)	(13.6)
Share of results of joint ventures	6.6	6.3	18.7	20.1
Share of results of associates	23.1	(91.0)	93.1	(183.9)
Profit before finance cost	2,222.2	1,214.7	6,811.3	5,753.9
Finance income	140.7	73.9	402.5	282.9
Finance cost	(781.7)	(429.9)	(2,426.3)	(1,201.7)
Fair value changes of financial instruments	(34.7)	45.9	(84.6)	8.8
Profit before taxation and zakat	1,546.5	904.6	4,702.9	4,843.9
Taxation and zakat				
- Company and subsidiaries	(314.9)	(298.9)	(945.5)	(900.5)
- Deferred taxation	(22.0)	(94.3)	103.5	(46.8)
Profit for the period	**1,209.6**	**511.4**	**3,860.9**	**3,896.6**
Attributable to:				
- Owners of the Company	1,202.9	501.0	3,875.9	3,858.0
- Non-controlling interests	6.7	10.4	(15.0)	38.6
Profit for the period	**1,209.6**	**511.4**	**3,860.9**	**3,896.6**
Earnings per share attributable to the owners of the Company				
	Sen	**Sen**	**Sen**	**Sen**
Basic	21.15	8.83	68.16	68.01
Diluted	21.15	8.82	68.16	67.90

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.

TENAGA NASIONAL BERHAD
199001009294 (200866-W)

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2019

(Amounts in RM million unless otherwise stated)

	Individual		Cumulative	
	Current quarter ended 30.09.19	Preceding quarter ended 30.09.18	Current quarter ended 30.09.19	Preceding quarter ended 30.09.18
Profit for the period	**1,209.6**	**511.4**	**3,860.9**	**3,896.6**
Other comprehensive (expense)/income				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit plan actuarial loss	(518.4)	(104.0)	(1,189.8)	-
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(169.9)	60.2	(68.6)	(112.0)
Financial assets at fair value through other comprehensive income ('FVOCI')	0.3	2.9	(15.8)	6.1
Share of other comprehensive income ('OCI') of associates accounted for using the equity method	-	32.8	3.8	47.1
Total other comprehensive expense	(688.0)	(8.1)	(1,270.4)	(58.8)
Total comprehensive income for the period	**521.6**	**503.3**	**2,590.5**	**3,837.8**
Attributable to:				
- Owners of the Company	514.9	492.9	2,605.5	3,799.2
- Non-controlling interests	6.7	10.4	(15.0)	38.6
Total comprehensive income for the period	**521.6**	**503.3**	**2,590.5**	**3,837.8**

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.

TENAGA NASIONAL BERHAD
199001009294 (200866-W)

B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

(Amounts in RM million unless otherwise stated)

	30.09.2019	31.12.2018
NON-CURRENT ASSETS		
Property, plant and equipment	108,623.3	111,445.5
Right-of-use assets	39,006.3	-
Joint ventures	247.2	166.0
Associates	1,386.9	1,543.7
Goodwill on consolidation	240.0	240.7
Investment in unquoted debt security	332.7	326.7
Tax recoverable	1,765.1	1,765.1
Deferred tax assets	113.1	87.7
Long term receivables	685.7	1,245.5
Finance lease receivables	12.0	12.4
Prepaid operating leases	-	5,944.1
Financial assets at fair value through other comprehensive income ('FVOCI')	60.6	76.4
Contract cost assets	13.4	0.5
Financial assets at fair value through profit or loss ('FVTPL')	91.1	90.9
Derivative financial instruments	-	0.2
	152,577.4	122,945.4
CURRENT ASSETS		
Inventories	1,661.3	1,295.9
Receivables, deposits and prepayments	6,180.0	6,803.4
Contract cost assets	79.9	-
Contract assets	3,541.0	3,361.8
Tax recoverable	457.1	422.6
Finance lease receivables	1.0	1.0
Prepaid operating leases	-	164.8
Amounts due from joint ventures	13.0	10.8
Amounts due from associates	236.0	364.9
Derivative financial instruments	0.5	1.2
Financial assets at FVTPL	9,979.2	9,652.4
Deposits, bank and cash balances	6,729.2	8,670.8
	28,878.2	30,749.6
CURRENT LIABILITIES		
Payables	(10,169.4)	(9,797.5)
Contract liabilities	(303.1)	(347.4)
Derivative financial instruments	(7.8)	(44.0)
Lease liabilities	(3,952.6)	(357.8)
Amounts due to associates	(654.2)	(656.3)
Amounts due to joint ventures	(0.1)	(0.5)
Current tax liabilities	(18.3)	(96.2)
Employee benefits	(777.0)	(777.0)
Consumer deposits	(6,143.4)	(5,761.6)
Short term borrowings	(3,267.4)	(3,927.8)
	(25,293.3)	(21,766.1)
NET CURRENT ASSETS	3,584.9	8,983.5
NON-CURRENT LIABILITIES		
Borrowings	(43,737.9)	(43,904.6)
Derivative financial instruments	(54.6)	(11.5)
Contract liabilities	(3,469.3)	(2,902.9)
Government development grants	(1,002.8)	(1,005.0)
Lease liabilities	(28,168.4)	(4,516.3)
Deferred tax liabilities	(7,576.5)	(8,009.3)
Other liabilities	(850.9)	(1,396.2)
Employee benefits	(12,524.8)	(11,131.2)
	(97,385.2)	(72,877.0)
TOTAL NET ASSETS	**58,777.1**	**59,051.9**
EQUITY		
Share capital	11,446.1	11,446.1
Other reserves	(7,709.4)	(6,392.7)
Retained profits	53,646.2	52,784.4
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	57,382.9	57,837.8
NON-CONTROLLING INTERESTS	1,394.2	1,214.1
TOTAL EQUITY	**58,777.1**	**59,051.9**

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.

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C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2019

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company				
	Ordinary shares	Other reserves	Retained profits	Non-controlling interest	Total equity
At 1 January 2019	**11,446.1**	**(6,392.7)**	**52,784.4**	**1,214.1**	**59,051.9**
Profit for the financial period	-	-	3,875.9	(15.0)	3,860.9
Foreign currency translation reserve	-	(68.6)	-	-	(68.6)
Financial assets at FVOCI	-	(15.8)	-	-	(15.8)
Share of OCI of associates accounted for using the equity method	-	3.8	-	-	3.8
Employee benefits reserve	-	(1,189.8)	-	-	(1,189.8)
Total comprehensive (expense)/income	**-**	**(1,270.4)**	**3,875.9**	**(15.0)**	**2,590.5**
Long Term Incentive Plan ('LTIP'):					
- Share-based payment expense	-	175.2	-	-	175.2
- Reversal of share-based payment expense	-	(221.5)	-	-	(221.5)
Dividends:					
- Final dividend paid for FY2018	-	-	(1,308.0)	-	(1,308.0)
- Interim dividend for FY2019	-	-	(1,706.1)	-	(1,706.1)
Acquisition of additional equity by non-controlling interests ('NCI')	-	-	-	195.1	195.1
Total transactions with owners	**-**	**(46.3)**	**(3,014.1)**	**195.1**	**(2,865.3)**
At 30 September 2019	**11,446.1**	**(7,709.4)**	**53,646.2**	**1,394.2**	**58,777.1**
At 1 January 2018	**11,199.6**	**(6,373.0)**	**52,049.8**	**919.8**	**57,796.2**
Profit for the financial period	-	-	3,858.0	38.6	3,896.6
Foreign currency translation reserve	-	(112.0)	-	-	(112.0)
Financial assets at FVOCI	-	6.1	-	-	6.1
Share of OCI of associates accounted for using the equity method	-	47.1	-	-	47.1
Total comprehensive (expense)/income	**-**	**(58.8)**	**3,858.0**	**38.6**	**3,837.8**
LTIP:					
- Share-based payment expense	-	189.8	-	-	189.8
- Shares issued	161.0	(161.0)	-	-	-
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	-	-	-	(1.6)	(1.6)
Purchase of shares of NCI	-	95.0	(57.2)	(37.8)	-
Total transactions with owners	**161.0**	**123.8**	**(2,989.1)**	**(39.4)**	**(2,743.7)**
At 30 September 2018 (restated)	**11,360.6**	**(6,308.0)**	**52,918.7**	**919.0**	**58,890.3**

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.

TENAGA NASIONAL BERHAD
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D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2019

(Amounts in RM million unless otherwise stated)

	FY2019 ended 30.09.2019	FY2018 ended 30.09.2018
Operating activities		
Cash generated from operations	14,662.1	9,718.8
Post-employment benefits paid	(688.1)	(585.7)
Contract liabilities received	877.1	611.9
Consumer deposits received	275.3	376.3
Taxation and zakat paid	(1,065.4)	(747.7)
Net cash flows generated from operating activities	14,061.0	9,373.6
Investing activities		
Additional investments in:		
- Subsidiaries	-	(419.4)
- FVTPL	(54,008.5)	(50,173.4)
- Joint ventures	(62.5)	(1.0)
Proceeds from redemptions:		
- Redeemable preference shares in associates	13.7	7.2
- Unquoted debt security	-	18.9
Disposals of FVTPL	53,816.7	46,559.9
Dividend income received	25.5	29.6
Interest income received	140.5	117.2
Property, plant and equipment:		
- Additions	(8,850.5)	(8,049.4)
- Proceeds from disposals	2.4	13.4
Right-of-use assets:		
- Proceeds from disposals	1.2	-
Purchase of shares from NCI	-	(90.6)
Net cash flows used in investing activities	(8,921.5)	(11,987.6)
Financing activities		
Government development grants received	13.9	2.6
Bank borrowings:		
- Drawdowns	687.2	7,383.6
- Repayments	(1,754.8)	(3,663.9)
Interests paid:		
- Borrowings	(750.6)	(430.3)
- Others	(0.2)	(6.2)
Repayments of lease obligations:		
- Principal	(3,225.6)	(434.8)
- Interest	(744.2)	(77.3)
Dividends paid to shareholders	(1,308.0)	(1,213.1)
Dividend paid to NCI	-	(1.6)
Net decrease in debt reserve accounts	104.6	3.8
Net (increase)/decrease in cash at bank, held in trust	(124.7)	14.7
Net increase in deposits maturing more than 90 days	(479.0)	-
Net cash flows (used in)/generated from financing activities	(7,581.4)	1,577.5
Net decrease in cash and cash equivalents	(2,441.9)	(1,036.5)
Effects of changes in foreign currency	1.2	(1.2)
Cash and cash equivalents at the beginning of the period	7,598.6	4,875.4
Cash and cash equivalents at the end of the period	**5,157.9**	**3,837.7**
Deposit, bank and cash balances at the end of the period	6,729.2	4,358.8
Debt reserve account [1]	(141.4)	(246.0)
Cash at bank, held in trust [2]	(373.6)	(275.1)
Restricted cash	(16.3)	-
Deposits with maturity 90 days and more	(1,040.0)	-
Cash and cash equivalents at the end of the period	**5,157.9**	**3,837.7**

[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 impact 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.

The Group will refine the adjustments from the adoption of MFRS 16 as facts and circumstances evolve during the financial year.

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	-	41,804.2	41,804.2
Prepaid operating leases	5,944.1	(5,944.1)	-
Current Assets			
Prepaid operating leases	164.8	(164.8)	-
Current Liabilities			
Payables	(9,797.5)	759.6	(9,037.9)
Lease liabilities	(357.8)	(3,697.9)	(4,055.7)
Non-Current Liabilities			
Lease liabilities	(4,516.3)	(25,959.2)	(30,475.5)
Other liabilities	(1,396.2)	154.9	(1,241.3)

4) REVENUE
The disaggregation of revenue is as follows:

	Individual		Cumulative	
	Current quarter ended 30.09.2019	Preceding quarter ended 30.09.2018	Current quarter ended 30.09.2019	Preceding quarter ended 30.09.2018
Sales:				
- Electricity	12,460.3	12,860.0	38,138.4	37,214.8
- Goods and services	92.8	140.8	393.8	402.6
Construction contracts	13.6	10.4	30.5	31.2
Customers' contributions	75.1	62.6	199.9	197.1
Total revenue	**12,641.8**	**13,073.8**	**38,762.6**	**37,845.7**

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 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 2019.

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 30.09.2019	As at 31.12.2018
Claims by third parties	224.6	310.1
Trade guarantees and performance bonds	21.3	27.5
Total contingent liabilities	**245.9**	**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 reinvestment 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. The Company has obtained legal advice from its tax solicitors on the merits of the appeals 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 30.09.2019	As at 31.12.2018
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	58,550.6	69,393.4
Contracted but not provided for in the financial statements	1,501.2	1,534.8
Total capital commitments	**60,051.8**	**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 30 September 2019 against the corresponding period ended 30 September 2018:

Revenue for the period increased by 2.4% or RM916.9 million from RM37,845.7 million to RM38,762.6 million, although the Group's sales of electricity increased by 4.2% as compared to the last corresponding period. This is due to the regulatory adjustments recognised during the quarter under review of RM1,092.5 million.

Profit attributable to owners of the Company for the period under review was RM3,875.9 million as compared to RM3,858.0 million recorded in the last corresponding period, an increase of RM17.9 million. This is mainly due to higher operating income and better performance in share of results of associates recorded in the current period.

The return on regulated business under the Incentive Based Regulation ('IBR') framework which mainly consist of Transmission and Distribution businesses is reported at RM2,390.3 million.

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

Revenue for the current quarter decreased by 3.3% or RM432.0 million from RM13,073.8 million to RM12,641.8 million as compared to the same quarter last year, mainly due to the regulatory adjustments. The new regulatory guidelines were effective from 4th Quarter FY2018.

Profit attributable to owners of the Company for the quarter under review was RM1,202.9 million as compared to RM501.0 million recorded in the last corresponding quarter, an increase of RM701.9 million. The increase was mainly due to a lower operating expenses recorded in the current quarter of RM10,647.2 million as compared to RM11,699.3 million during the same quarter of last year. The fuel costs for 3rd Quarter FY2019 was significantly lower.

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

Performance of the current quarter (3rd Quarter FY2019) against the preceding quarter (2nd Quarter FY2019):

The Group reported higher operating profit of RM2,278.6 million in the current quarter as compared to RM2,072.5 million in the preceding quarter, an increase of RM206.1 million. This was due to lower operating expenses of RM293.3 million, mainly due to lower generation costs reported in the current quarter under review.

Additionally, the profit attributable to owners of the Company also increased from RM1,116.2 million recorded in the preceding quarter to RM1,202.9 million in the current quarter, an increase of RM86.7 million.

18) PROSPECTS

On the Economic Outlook, growth in the Malaysian economy moderated to 4.4% in the third quarter of 2019 (2Q 2019: 4.9%), primarily attributed to lower growth in key sectors and a decline in the mining and construction activities. Overall, growth is expected to be within projections in 2019 and the pace sustained going into 2020. This is underpinned mainly by private sector activity, particularly household spending.

Given the aforementioned scenarios, the performance of the Group is expected to remain stable for Financial Year 2019.

19) PROFIT FROM OPERATIONS

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

	Individual	Cumulative
	Current quarter ended 30.09.2019	Current quarter ended 30.09.2019
Property, plant and equipment:		
- Depreciation	1,585.8	4,615.9
Right-of-use assets:		
- Depreciation	939.5	2,808.3
Receivables:		
- Impairment losses	145.6	558.0
- Reversal of impairment losses	(105.4)	(258.4)
Contract assets:		
- Impairment losses	54.8	194.7
- Reversal of impairment losses	(50.4)	(215.0)
Inventories:		
- Provision for obsolescence	2.9	92.1
- Write back of obsolescence	(7.8)	(89.4)
- Written off	18.0	31.0
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:-

	Individual		Cumulative	
	Current quarter ended 30.09.2019	Preceding quarter ended 30.09.2018	Current quarter ended 30.09.2019	Preceding quarter ended 30.09.2018
Income tax:				
Current tax and zakat	(314.9)	(298.9)	(945.5)	(900.5)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	(22.0)	(94.3)	103.5	(46.8)
Total taxation and zakat	**(336.9)**	**(393.2)**	**(842.0)**	**(947.3)**

For the reporting period ended 30 September 2019, the Group recorded a 17.9% effective tax rate, which is lower than the statutory tax rate of 24.0%. The lower effective tax rate is due to reversal of over provision of current tax for FY2018.

22) STATUS OF CORPORATE PROPOSALS

There were no material corporate proposals entered into during the reporting period.

23) GROUP BORROWINGS

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

		As at 30.09.2019	As at 31.12.2018
Short term	- secured	1,389.9	1,345.3
	- unsecured	1,877.5	2,582.5
Sub-total		**3,267.4**	**3,927.8**
Long term	- secured	23,200.7	23,031.1
	- unsecured	20,537.2	20,873.5
Sub-total		**43,737.9**	**43,904.6**
Total		**47,005.3**	**47,832.4**

(b) Currency denominations:

	As at 30.09.2019	As at 31.12.2018
Japanese Yen	2,483.7	2,526.2
US Dollar	8,139.0	9,210.1
Others	622.4	675.2
Total Ringgit equivalent of foreign currency borrowings	11,245.1	12,411.5
Ringgit borrowings	35,760.2	35,420.9
Total	**47,005.3**	**47,832.4**

(c) Effective average cost of borrowing based on exposure as at 30 September 2019 was 5.05% (31 December 2018: 4.99%).

(d) Repayments of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM1,720.8 million; and
- (ii) Ringgit denominated loans of RM34.0 million.

(e) Drawdowns of debts during the reporting period were as follows:
- (i) Foreign currency denominated loans of RM412.3 million; and
- (ii) Ringgit denominated loans of RM274.9 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 30.09.2019	
	Notional Amount	Fair Value
Forward Currency Contracts		
- Less than 1 year	333.5	(7.3)
- 1 year to 3 years	41.1	(1.6)
Interest Rate Swaps		
- More than 3 years	580.3	(44.8)
Profit Rate Swap		
- More than 3 years	134.7	(8.2)
Put Option		
- Less than 1 year	0.0	0.0
Total	1,089.6	(61.9)

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.

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

	Individual		Cumulative	
	Current quarter ended 30.09.2019	Preceding quarter ended 30.09.2018	Current quarter ended 30.09.2019	Preceding quarter ended 30.09.2018
Profit attributable to owners of the Company	1,202.9	501.0	3,875.9	3,858.0
Weighted average number of ordinary shares in issue ('000)	5,686,888	5,672,865	5,686,888	5,672,865
Basic earnings per share (sen)	**21.15**	**8.83**	**68.16**	**68.01**
Weighted average number of ordinary shares in issue ('000)	5,686,888	5,672,865	5,686,888	5,672,865
Adjustments for LTIP ('000)	-	8,707	-	8,707
Weighted average number of diluted ordinary shares ('000)	5,686,888	5,681,572	5,686,888	5,681,572
Diluted earnings per share (sen)	**21.15**	**8.82**	**68.16**	**67.90**

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
26 November 2019