

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 2nd QUARTER ENDED 29 FEBRUARY 2012

(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 29.02.12	PRECEDING YEAR CORRESPONDING QUARTER 28.02.11 (Restated)	CURRENT YEAR TO DATE 29.02.12	PRECEDING YEAR CORRESPONDING PERIOD 28.02.11 (Restated)
Revenue	8,628.2	7,371.3	17,322.6	15,102.5
Operating expenses	(7,599.0)	(6,942.8)	(16,090.8)	(13,351.6)
Other operating income	2,155.4	168.1	2,250.3	252.7
Operating profit	3,184.6	596.6	3,482.1	2,003.6
Foreign exchange				
- Translation gain	628.4	152.4	209.3	47.6
- Transaction (loss)/gain	(2.1)	36.4	(3.2)	34.9
Share of results of jointly controlled entity	(0.3)	0.2	(0.5)	-
Share of results of associates (net of tax)	(30.2)	14.2	(10.2)	24.9
Profit before finance cost	3,780.4	799.8	3,677.5	2,111.0
Finance income	32.9	103.7	102.3	192.8
Finance cost	(228.2)	(167.2)	(410.1)	(416.3)
Profit from ordinary activities before taxation	3,585.1	736.3	3,369.7	1,887.5
Taxation and Zakat				
- Company and subsidiaries	(607.8)	(105.6)	(626.6)	(373.8)
- Deferred taxation	(166.5)	11.6	(155.3)	(40.0)
Profit for the period	2,810.8	642.3	2,587.8	1,473.7
Attributable to:				
- Owners of the Company	2,815.2	641.1	2,590.5	1,470.5
- Non-controlling interest	(4.4)	1.2	(2.7)	3.2
Profit for the period	2,810.8	642.3	2,587.8	1,473.7
Earnings per share attributable to the owners of the Company				
	Sen	Sen	Sen	Sen
Basic	51.59	11.60	47.47	26.60
Diluted	51.58	11.57	47.46	26.53

These unaudited Condensed Consolidated Income Statements should be read in conjunction with the annual audited financial statements for the year ended 31 August 2011.

B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2nd QUARTER ENDED 29 FEBRUARY 2012

(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 29.02.12	PRECEDING YEAR CORRESPONDING QUARTER 28.02.11 (Restated)	CURRENT YEAR TO DATE 29.02.12	PRECEDING YEAR CORRESPONDING PERIOD 28.02.11 (Restated)
Profit for the period	2,810.8	642.3	2,587.8	1,473.7
Other Comprehensive (Expense)/Income (net of tax) : -				
Foreign currency translation differences	(28.3)	12.2	(33.1)	8.8
Total Comprehensive Income for the Period	2,782.5	654.5	2,554.7	1,482.5
Attributable to: -				
- Owners of the Company	2,786.9	653.3	2,557.4	1,479.3
- Non-controlling interest	(4.4)	1.2	(2.7)	3.2
Total Comprehensive Income for the Period	2,782.5	654.5	2,554.7	1,482.5

These unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual audited financial statements for the year ended 31 August 2011.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2012

(Amounts in RM million unless otherwise stated)

	29.02.12	31.08.2011 (Restated)	31.08.2010 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	62,435.3	61,797.3	58,895.3
Jointly controlled entities	0.2	0.6	-
Associates	476.5	407.8	245.7
Available-for-sale Financial Assets / Investments	38.0	38.0	38.0
Investments in unquoted debt securities	164.0	164.0	50.7
Deferred tax assets	23.7	30.2	55.9
Derivative financial instruments	86.6	89.9	-
Long term receivables	388.6	388.6	480.5
	<u>63,612.9</u>	<u>62,916.4</u>	<u>59,766.1</u>
CURRENT ASSETS			
Non-current assets held for sale	13.5	11.4	18.0
Inventories	2,836.3	2,645.9	2,450.4
Trade receivables	8,613.0	7,979.8	6,873.2
Other receivables	1,022.5	1,203.1	933.3
Current tax assets	13.3	264.5	15.2
Amount due from associates	48.8	14.6	5.7
Short term investments	-	-	72.5
Marketable securities	9.1	8.6	8.6
Derivative financial instruments	-	1.5	-
Deposits, bank and cash balances	9,040.9	3,954.2	8,343.7
	<u>21,597.4</u>	<u>16,083.6</u>	<u>18,720.6</u>
CURRENT LIABILITIES			
Trade payables	(4,014.0)	(4,258.0)	(3,749.0)
Other payables	(969.4)	(1,469.3)	(1,727.1)
Amount due to associates	(638.3)	(707.9)	(623.6)
Current taxation	(335.0)	(5.7)	(317.6)
Derivative financial instruments	(0.5)	-	-
Deferred Income	(489.1)	(523.9)	(331.3)
Short term borrowings	(1,651.8)	(1,727.3)	(3,162.7)
	<u>(8,098.1)</u>	<u>(8,692.1)</u>	<u>(9,911.3)</u>
NET CURRENT ASSETS			
	13,499.3	7,391.5	8,809.3
NON-CURRENT LIABILITIES			
Borrowings	(21,322.9)	(17,326.8)	(18,100.9)
Consumer deposits	(3,182.4)	(3,084.9)	(2,903.9)
Derivative financial instruments	(28.5)	(44.1)	-
Employee benefits	(4,346.6)	(4,220.5)	(3,866.3)
Other liabilities	(409.7)	(481.1)	(536.4)
Deferred tax liabilities	(7,993.4)	(7,852.2)	(7,816.0)
Lease creditor	(1,225.8)	(1,239.1)	-
Deferred income	(2,743.8)	(2,849.6)	(2,710.9)
Government development grants	(696.6)	(627.2)	(599.0)
	<u>(41,949.7)</u>	<u>(37,725.5)</u>	<u>(36,533.4)</u>
TOTAL NET ASSETS			
	<u>35,162.5</u>	<u>32,582.4</u>	<u>32,042.0</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	5,457.5	5,456.6	4,352.7
Share premium	4,336.0	4,332.6	5,354.2
Revaluation and other reserves	654.7	689.4	682.8
Retained profits	24,552.2	21,959.4	21,571.5
	<u>35,000.4</u>	<u>32,438.0</u>	<u>31,961.2</u>
NON-CONTROLLING INTEREST			
	<u>162.1</u>	<u>144.4</u>	<u>80.8</u>
TOTAL EQUITY			
	<u>35,162.5</u>	<u>32,582.4</u>	<u>32,042.0</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	Sen	Sen	Sen
	641.3	594.5	734.3

These unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the annual audited financial statements for the year ended 31 August 2011.

D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 29 FEBRUARY 2012

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company						Total equity
	Ordinary shares of RM1.00 each	Share premium	Employees' Share Option Scheme reserve	Revaluation and other reserves	Retained profits	Non controlling interest	
At 1 September 2011 (as previously reported)	5,456.6	4,332.6	156.6	532.8	19,701.5	91.6	30,271.7
Effects of FRS117 Leases	-	-	-	-	2,257.9	52.8	2,310.7
As at 1 September 2011 (restated)	5,456.6	4,332.6	156.6	532.8	21,959.4	144.4	32,582.4
Profit for the period	-	-	-	-	2,590.5	(2.7)	2,587.8
Total other comprehensive income	-	-	-	(33.1)	-	-	(33.1)
Total comprehensive income	-	-	-	(33.1)	2,590.5	(2.7)	2,554.7
Realisation of revaluation reserve	-	-	-	(2.3)	2.3	-	-
Transaction with owners							
Purchase of non-controlling int. share	-	-	-	-	-	21.9	21.9
Dividend paid to Non-controlling int.	-	-	-	-	-	(1.5)	(1.5)
Provision for share option	-	-	0.7	-	-	-	0.7
Issuance of share capital							
- share options	0.9	3.4	-	-	-	-	4.3
	0.9	3.4	0.7	-	-	20.4	25.4
At 29 February 2012	5,457.5	4,336.0	157.3	497.4	24,552.2	162.1	35,162.5

	Attributable to owners of the Company						Total equity
	Ordinary shares of RM1.00 each	Share premium	Employees' Share Option Scheme reserve	Revaluation and other reserves	Retained profits	Non controlling interest	
At 1 September 2010 (as previously reported)	4,352.7	5,354.2	122.5	560.3	20,020.6	42.9	30,453.2
Effects of FRS117 Leases	-	-	-	-	1,816.5	45.2	1,861.7
As at 1 September 2010 (restated)	4,352.7	5,354.2	122.5	560.3	21,837.1	88.1	32,314.9
Profit for the period	-	-	-	-	1,470.5	3.2	1,473.7
Total other comprehensive income	-	-	-	8.8	-	-	8.8
Total comprehensive income	-	-	-	8.8	1,470.5	3.2	1,482.5
Realisation of revaluation reserve	-	-	-	(19.2)	19.2	-	-
Transaction with owners							
Dividend paid	-	-	-	-	(654.0)	-	(654.0)
Provision for share option	-	-	2.1	-	-	-	2.1
Issuance of share capital							
- share options	8.0	44.3	-	-	-	-	52.3
- bonus shares	1,090.1	(1,090.1)	-	-	-	-	-
	1,098.1	(1,045.8)	2.1	-	(654.0)	-	(599.6)
At 28 February 2011 (restated)	5,450.8	4,308.4	124.6	549.9	22,672.8	91.3	33,197.8

These unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the annual audited financial statements for the year ended 31 August 2011.

E. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 29 FEBRUARY 2012

(Amounts in RM million unless otherwise stated)

	FY2012 ended 29.02.2012	FY2011 ended 28.02.2011 (Restated)
Operating activities		
Cash generated from operations	3,965.2	3,009.0
Retirement benefits paid	(309.4)	(233.5)
Consumer contributions received	287.9	297.1
Customer deposits received	97.5	82.8
Tax paid	(57.4)	(213.5)
Tax refund received	-	2.8
Net cash inflow from operating activities	<u>3,983.8</u>	<u>2,944.7</u>
Investing activities		
Investment in associates:		
- addition	(91.9)	(0.5)
- proceeds from redemption of unsecured loan notes	2.6	2.6
Dividend Income	5.1	3.9
Interest income received	74.2	144.6
Long term investment	-	(0.1)
Short term investment	-	118.3
Property, plant and equipment:		
- purchases	(2,586.2)	(1,663.5)
- disposals	1.4	0.5
Assets held for sale		
- disposals	13.2	59.1
Net cash out-flow from investing activities	<u>(2,581.6)</u>	<u>(1,335.1)</u>
Financing activities		
Bank borrowings:		
- new drawdowns	4,998.2	290.5
- repayments	(1,003.2)	(623.0)
Interest paid	(414.3)	(510.3)
Proceeds from issuance of shares	4.3	52.3
Dividends paid	-	(654.0)
Dividends paid to non-controlling interests	(1.5)	-
Government development grants received	101.5	92.7
Net cash out-flow from financing activities	<u>3,685.0</u>	<u>(1,351.8)</u>
Changes in deposit, bank and cash balances	5,087.2	257.8
Currency translation differences	(0.5)	(2.6)
Deposit, bank and cash balances		
- at start of period	<u>3,954.2</u>	<u>8,343.7</u>
- at end of period	<u>9,040.9</u>	<u>8,598.9</u>
Cash at bank, held in trust ¹	(214.9)	(174.3)
Debt Reserve Account	(223.1)	(231.3)
Funds from MOF	(4.9)	(7.0)
Cash and cash equivalents	<u>8,598.0</u>	<u>8,186.3</u>

1. Deposits and cash at bank held in trust are in respect of grants given to a subsidiary by the Malaysian Government for designated capital projects.

These unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the annual audited financial statements for the year ended 31 August 2011.

F. EXPLANATORY NOTES

(Amounts in RM million unless otherwise stated)

1) BASIS OF PREPARATION

These unaudited condensed interim financial statements of the Group have been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting", issued by Malaysian Accounting Standards Board ("MASB") 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 year ended 31 August 2011.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries and the Group's interest in associates and a jointly controlled entity as at 31 August 2011. 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 year ended 31 August 2011.

2) AUDIT QUALIFICATION

The annual audited financial statements for the financial year ended 31 August 2011 were not subject to any qualification.

3) CHANGES IN ACCOUNTING POLICIES

The accounting policies applied are consistent with those adopted for the annual financial statements for the year ended 31 August 2011 except for the adoption of new standards, amendments to standards and IC interpretations that are mandatory for the Group with financial year beginning 1 September 2011.

New standards, amendments to standards and IC interpretations that are applicable to the Group effective 1 September 2011

- Amendment to FRS 2 "Group Cash-settled Share-based Payment Transactions"
- Amendment to FRS 7 "Improving Disclosures about Financial Instruments"
- IC Interpretation 4 "Determining whether an arrangement contains a lease" ('IC 4')
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements"
- IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"
- Improvements to FRSs (2010)

Except for IC 4, the adoption of the following IC Interpretation and amendments to FRSs and IC Interpretations that came into effect on 1 September 2011 did not have significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Adoption of new accounting policies and changes in accounting policies

The adoption of IC 4 requires the Group to identify any arrangement that does not take the legal form of a lease, but conveys a right to use an asset in return for a payment or series of payments. The interpretation provides guidance for determining whether such arrangements are, or contain, leases that should be accounted for in accordance with FRS 117 – Leases.

The Group has identified arrangements that contain leases and reported these arrangements in terms of FRS 117. The retrospective adoption of this interpretation resulted in the recognition of assets, corresponding finance lease liabilities, reallocation of non-controlling interest and restatement of lease changes, as detailed in Note 31.

4) SEASONAL OR CYCLICAL FACTORS

The businesses of the Group are not subject to material seasonal or cyclical fluctuations.

5) UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME or CASH FLOWS

During the quarter under review, there was compensation received of RM2,023 million from the Government and Petroliam Nasional Bhd (PETRONAS), in respect of gas curtailment from 1st January 2010 until 31st October 2011 totalling RM3,069 million, which were equally shared by TNB, PETRONAS and the Government.

6) MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no changes in the estimates of the amounts reported in the previous financial year that have a material effect on the results of the current reporting period.

7) DEBT AND EQUITY SECURITIES

During the period, a total of 843,142 ordinary shares of RM1.00 each were issued under the Employee Share Option Scheme II ("ESOS II").

Except for the above, there were no other issuance, cancellation, repurchases, resales and repayments of debt and equity securities during the period under review.

8) DIVIDENDS

The Board of Directors has approved an interim dividend of 5.09 sen per ordinary share comprising franked dividend of 0.38 sen gross per ordinary share less income tax of 25% and a single tier dividend of 4.71 sen per ordinary share in respect of the quarter ended 29 February 2012 (2011: 4.50 sen gross less income tax of 25%).

The Books Closure and payment dates will be announced in due course.

There was no dividend paid during the quarter.

9) 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.

10) VALUATION OF PROPERTY, PLANT & EQUIPMENT

The Directors have applied the transitional provisions of International Accounting Standard No. 16 (Revised) "Property, Plant and Equipment" as adopted by MASB which allows the freehold land, leasehold land, buildings and civil works to be stated at their previous years' valuations less depreciation. Accordingly, these valuations have not been updated.

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

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

12) CHANGES IN THE COMPOSITION OF THE GROUP

There was no material change to the composition of the Group during the reporting period.

13) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:-

	As at 29 Feb 2012	As at 31 Aug 2011
Claims by third parties	612.2	594.9
Trade guarantees and performance bonds	31.0	152.5
Bank guarantee	3.6	3.6
Other contingent liabilities	<u>36.1</u>	<u>2.4</u>
	<u>682.9</u>	<u>753.4</u>

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.

The Federal Court on 1 December 2011 dismissed with costs TNB Transmission Network Sdn Bhd's application for leave to appeal against the Court of Appeal's decision. Irham Niaga Sdn Bhd.'s counterclaim is RM106,888,499.34 and Irham Niaga Logistik Sdn Bhd's counterclaim is RM6,120,992.50. Please refer to the announcement made to Bursa Malaysia dated 1 December 2011 for further details.

14) CAPITAL COMMITMENTS

	As at 29 Feb 2012	As at 31 Aug 2011
Property, plant and equipment committed over a 5 year period		
Authorised but not contracted for	9,073.7	9,101.9
Contracted but not provided for in the financial statements	<u>10,006.0</u>	<u>10,831.7</u>
	<u>19,079.7</u>	<u>19,933.6</u>

G. ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B OF THE BURSA MALAYSIA LISTING REQUIREMENTS

15) REVIEW OF PERFORMANCE

- (a) Performance of the current year ended 29 February 2012 (2nd Quarter FY2012) against the corresponding year ended 28 February 2011 (2nd Quarter FY2011):

The Group recorded a 12.8% or RM1,912.7 million improvement in sales of electricity from RM14,894.7 million to RM16,807.4 million. This was mainly due to an increase in sales of electricity in Peninsular Malaysia and the tariff increase of 7.12% on 1 June 2011. The electricity demand grew by 4.1% in Peninsula and 4.8% in SESB as compared to the corresponding period last financial year.

Profit attributable to the owner's of the Company for the period under review was RM2,590.5 million as compared to RM1,470.5 million in the corresponding period last year, an increase of RM1,120.0 million or 76.2%. The increase is mainly due to the fuel cost compensation received from the Government and PETRONAS during the quarter amounting to RM2,023 million.

The appreciation of the Ringgit has resulted in a foreign exchange translation gain of RM209.3 million as compared to RM47.6 million in Q2 FY2011.

15) REVIEW OF PERFORMANCE (CONT'D)

(b) Performance of the current second quarter (three months) FY2012 against the corresponding second quarter (three months) FY2011:

The quarter recorded a total sales of electricity of RM8,329.2 million against RM7,348.3 million for the same period last financial year. The improvement was mainly from sales of electricity in Peninsular Malaysia and SESB which recorded an increase of 12.8% and 18.6% respectively. This was mainly contributed by the increase in tariff in Peninsula of 7.1% and SESB of 14.7%. The units sold also registered a growth of 4.3% in the Peninsula and 4.2% in SESB as compared to the corresponding period.

Other operating income increased by more than 100% as compared to the previous quarter, due to the compensation received from the Government and PETRONAS during the quarter under review.

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

Performance of the current quarter (2nd Quarter FY2012) against the preceding quarter (1st Quarter FY2012):

The Group reported a total sales of electricity of RM8,329.2 million for the current quarter, a decrease of 1.8% as compared to the preceding quarter which reported sales of RM8,478.2 million. For the quarter under review the operating expenses were lower compared to the preceding quarter mainly due to lower generation costs from reduced utilisation of oil and distillate.

The strengthening of the Ringgit against the Japanese Yen and the US Dollar during the quarter under review resulted in a higher foreign exchange translation gain of RM628.4 million compared to a loss of RM419.1 million recorded in the previous quarter.

Profit Before Tax (PBT) increased by more than 100%, an increase of RM3,800.5 million as compared to the prevailing quarter, from a loss of RM215.4 million to a profit of RM3,585.1 million for the current quarter (Q2 FY2012). This was mainly due to the compensation received of RM2,023 million from the Government and PETRONAS (Note 5).

17) PROSPECTS

The Malaysian economy is projected to experience a steady pace of growth of 4% - 5% in 2012 based on the report from Bank Negara Malaysia as published on 21st March 2012. The steady growth is expected to be driven mainly by domestic demand and the ongoing implementation of projects under the Economic Transformation Plan (ETP).

Given the projected GDP growth in 2012 and past years' electricity growth, demand is expected to be better in the 2HFY12 compared to 1HFY12. Though the volume of gas supply has shown an improvement commencing from January this year, it is still lower than prior years. The volume of gas supply to the power sector is expected to continue to be lower than the required level. Thus, the usage of alternative fuels will still be required in the 2HFY12 to fulfill the expected increase in demand.

For financial year 2012, the Group is expected to record a better performance than last year mainly due to the improvement in gas volume, implementation of fuel cost sharing mechanism and higher coal plant availability.

Given the foregoing scenario, the Board of Directors expects the Group's prospects for the year ending 31 August 2012 to improve compared to the last financial year.

18) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

This note is not applicable.

19) TAXATION and ZAKAT

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

	Individual quarter		Cumulative	
	ended 29-Feb-12	ended 28-Feb-11 (Restated)	ended 29-Feb-12	ended 28-Feb-11 (Restated)
Income Tax:				
Current tax and zakat	(607.8)	(105.6)	(626.6)	(373.8)
Deferred tax (net):				
Relating to origination and reversal of temporary differences	(166.5)	11.6	(155.3)	(40.0)
Total taxation and zakat	<u>(774.3)</u>	<u>(94.0)</u>	<u>(781.9)</u>	<u>(413.8)</u>

For the reporting period ended 29 February 2012 the Group recorded a 23.1% effective tax rate. The effective tax rate is calculated based on 'Total Tax Expenses' (including Deferred Tax) as a percentage of 'Profit before Tax', which includes foreign exchange gain. Not taking into the account the foreign exchange gain the effective tax rate is 24.6%.

20) PROFIT/(LOSS) ON SALE OF QUOTED OR UNQUOTED INVESTMENTS

There were no sales of any investments during the quarter.

21) PROFIT/(LOSS) ON SALE OF PROPERTIES

The profit /(loss) on sale of properties recognised as at 29 February 2012 are as follows:-

	Quarter ended 29-Feb-12	Year ended 29-Feb-12
Profit on sale of properties	2.6	10.8

22) DEPRECIATION AND IMPAIRMENT OF ASSETS

- There were no impairment of assets recognised during the year.
- The Group recognised a total depreciation of RM1,046.1 million during the quarter under review and RM2,062.2 million for the financial period ended 29 February 2012.

23) PROVISION FOR AND WRITE OFF OF RECEIVABLES AND INVENTORIES

The provision for receivables and inventories recognised as at 29 February 2012 are as follows:-

	Quarter ended 29-Feb-12	Year ended 29-Feb-12
Provision/(Write back) for receivables	(84.1)	(58.3)
Provision for inventories	3.3	17.1
Inventories written off	3.8	4.2

24) STATUS OF CORPORATE PROPOSALS

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

25) GROUP BORROWINGS

- a) The analysis of Group borrowings classified under short and long term categories are as follows:-

	As at 29 Feb 12	As at 31 Aug 11
Short term - secured	568.4	520.3
- unsecured	1,083.4	1,207.0
Sub-total	1,651.8	1,727.3
Long term - secured	2,993.9	2,958.3
- unsecured	18,329.0	14,368.5
Sub-total	21,322.9	17,326.8
Total	22,974.7	19,054.1

- b) Currency denominations:-

	As at 29 Feb 12	As at 31 Aug 11
Japanese Yen	5,015.9	5,457.9
US Dollar	2,830.9	2,909.9
Others	6.6	25.8
Total Ringgit equivalent of foreign currency borrowings	7,853.4	8,393.6
Ringgit borrowings	15,121.3	10,660.5
Total	22,974.7	19,054.1

- c) Effective average cost of borrowing based on exposure as at 29 February 2012 was 4.93% (FY2011: 5.32%).
- d) Repayments of long term debts during the reporting period were as follows:
- (i) Foreign currency denominated term loans of RM209.0 million, and
 - (ii) Ringgit denominated term loans of RM640.7 million.

26) DERIVATIVES FINANCIAL INSTRUMENTS

Type of Derivatives	As at 29-Feb-2012	
	Notional Amount	Fair Value
	RM Million	RM Million
Forward Currency Contracts		
- Less than 1 year	52.9	(0.6)
- 1 year to 3 years	-	-
- More than 3 years	-	-
Interest Rate Swaps		
- Less than 1 year	-	-
- 1 year to 3 years	-	-
- More than 3 years	531.6	(28.5)
Currency Options		
- Less than 1 year	-	-
- 1 year to 3 years	-	-
- More than 3 years	967.5	86.6
Total	1,552.0	57.5

There is no change to the cash requirements of the derivatives, risk associated with the derivatives and policies to mitigate those risks since the last financial year.

The related accounting policies of the Group in respect of derivative financial instruments are disclosed in Part F Note 3 of this announcement.

Fair value changes of financial liabilities

The Group recognised a total net loss of RM2.95 million during the current quarter and net gain of RM12.27 million for the financial period to-date arising from the fair value changes on the derivatives financial instruments which are marked to market as at the date of the statement of financial position.

27) REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group 29 February 2012	Group 31 August 2011 (Restated)
	RM Million	RM Million
Total retained profits of the Company and its subsidiaries		
-Realised	27,461.0	25,930.4
-Unrealised	(6,984.6)	(6,139.8)
Total share of retained profits from jointly controlled entities		
-Realised	(10.2)	(10.1)
-Unrealised	-	-
Total share of retained profits from associates		
-Realised	265.7	270.8
-Unrealised	(109.9)	(103.6)
Consolidation adjustments	3,930.2	2,011.7
Total retained profits of the Group	24,552.2	21,959.4

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure above includes Integrax Berhad's (ITB), where TNB holds 22.12% shareholding, realised and unrealised profits for period as at 31 December 2011 and not 29 February 2012. This is due to unavailability of the information from ITB as it does not wish to contravene any Bursa Listing Requirements by releasing its financial information prior to its quarterly announcement.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive by Bursa Malaysia and should not be applied for any other purposes.

28) MATERIAL LITIGATION

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

29) EARNINGS PER SHARE

	Individual quarter		Cumulative quarter	
	ended 29.02.12	ended 28.02.11 (Restated)	ended 29.02.12	ended 28.02.11 (Restated)
(a) Basic earnings/(loss) per share				
Profit/(loss) attributable to owners of the Company (RM 'million)	2,815.2	641.1	2,590.5	1,470.5
Weighted average number of ordinary shares in issue ('000)	5,456,731	5,529,024	5,456,731	5,529,024
Basic earnings per share (sen)	51.59	11.60	47.47	26.60
(b) Diluted earnings/(loss) per share				
Profit/(loss) attributable to owners of the Company (RM 'million)	2,815.2	641.1	2,590.5	1,470.5
Weighted average number of ordinary shares in issue ('000)	5,456,731	5,529,024	5,456,731	5,529,024
Adjustments for share options ('000)	1,183	14,156	1,183	14,156
Weighted average number of ordinary shares for diluted earnings per share ('000)	5,457,914	5,543,180	5,457,914	5,543,180
Diluted earnings per share (sen)	51.58	11.57	47.46	26.53

30) EXCEPTIONAL ITEMS

Except as disclosed in Note 5, there were no exceptional items incurred during the quarter.

31) PRIOR YEAR ADJUSTMENT

The implementation of IC Interpretation 4 resulted in a change in accounting policy. This has been accounted for as a Prior Year Adjustment (PYA) in accordance with FRS 108 – Accounting Policies, Changes in Accounting Estimates and Errors.

Arising from the above change, the condensed financial statements for the previous financial periods have been restated as follows:

	As previously reported for period ended 31 August 2011 RM Million	Adjustment RM Million	Restated for period ended 31 August 2011 RM Million
Unaudited Condensed Consolidated Statement Of Financial Position			
Non-Current Assets			
Property, plant and equipment	60,569.5	1,227.8	61,797.3
Current Assets			
Trade receivables	4,819.0	3,160.8	7,979.8
Current Liabilities			
Trade payables	(4,116.3)	(141.7)	(4,258.0)
Non-Current Liabilities			
Deferred tax liabilities	(7,155.1)	(697.1)	(7,852.2)
Lease creditors	-	(1,239.1)	(1,239.1)
Capital and Reserves attributable to Owners of the Company			
Retained profits	19,701.5	2,257.9	21,959.4
Non-controlling interests	91.6	52.8	144.4

	As previously reported for period ended 31 August 2010 RM Million	Adjustment RM Million	Restated for period ended 31 August 2010 RM Million
Unaudited Condensed Consolidated Statement Of Financial Position			
Current Assets			
Trade receivables	4,267.1	2,606.1	6,873.2
Current Liabilities			
Trade payables	(3,549.8)	(199.2)	(3,749.0)
Non-Current Liabilities			
Deferred tax liabilities	(7,270.8)	(545.2)	(7,816.0)
Capital and Reserve Attributable to Owner of the Company			
Retained profits	19,755.0	1,816.5	21,571.5
Non-controlling Interest	35.6	45.2	80.8

31) PRIOR YEAR ADJUSTMENT (CONT'D)

	INDIVIDUAL QUARTER		
	As previously reported for period ended 28 February 2011 RM Million	Adjustment RM Million	Restated for period ended 28 February 2011 RM Million
Unaudited Condensed Consolidated Income Statement			
Revenue	7,503.5	(132.2)	7,371.3
Operating expenses	(7,089.0)	146.2	(6,942.8)
Deferred Taxation	14.8	(3.2)	11.6

	CUMULATIVE		
	As previously reported for period ended 28 February 2011 RM Million	Adjustment RM Million	Restated for period ended 28 February 2011 RM Million
Unaudited Condensed Consolidated Income Statement			
Revenue	15,229.9	(127.4)	15,102.5
Operating expenses	(13,646.6)	295.0	(13,351.6)
Deferred Taxation	0.3	(40.3)	(40.0)

32) COMPARATIVE FIGURES

Comparatives have been restated following the effects of Prior Year Adjustment (PYA) as shown in Note 31. As a result, the comparatives may not be comparable with the current period's results and financial position.

By Order of the Board

NOR ZAKIAH BINTI ABDUL GHANI (LS 0008795)
NORAZNI BINTI MOHD ISA (LS 0009635)

Company Secretaries

Kuala Lumpur
12 April 2012