

The Board of Directors is pleased to announce the following quarterly report on consolidated results for the financial year ended 31 August 2012. The figures for the cumulative period have been audited.

## A. CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 4th QUARTER ENDED 31 AUGUST 2012

(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31.08.12	PRECEDING YEAR CORRESPONDING QUARTER 31.08.11 (Restated)	CURRENT YEAR TO DATE 31.08.12	PRECEDING YEAR CORRESPONDING PERIOD 31.08.11 (Restated)
Revenue	9,334.8	9,154.5	35,848.4	32,241.2
Operating expenses	(8,193.1)	(9,335.3)	(31,592.1)	(30,956.4)
Other operating income	150.9	125.6	2,140.6	532.0
Operating profit/(loss)	1,292.6	(55.2)	6,396.9	1,816.8
Foreign exchange				
- Translation gain/(loss)	93.0	(334.6)	(230.8)	(227.0)
- Transaction (loss)/gain	(11.1)	38.7	(21.4)	32.9
Share of results of jointly controlled entities	0.3	0.6	(0.2)	0.6
Share of results of associates (net of tax)	13.4	21.7	27.0	92.8
Profit/(loss) before finance cost	1,388.2	(328.8)	6,171.5	1,716.1
Finance income	87.0	42.0	188.7	319.1
Finance cost	(189.7)	(210.4)	(823.0)	(878.5)
Profit/(loss) from ordinary activities before taxation	1,285.5	(497.2)	5,537.2	1,156.7
Taxation and Zakat				
- Company and subsidiaries	(112.0)	88.3	(868.4)	(130.2)
- Deferred taxation	(159.4)	86.4	(462.6)	(62.0)
<b>Profit/(loss) for the period</b>	<b>1,014.1</b>	<b>(322.5)</b>	<b>4,206.2</b>	<b>964.5</b>
Attributable to:				
- Owners of the Company	1,007.9	(338.6)	4,197.6	965.4
- Non-controlling interest	6.2	16.1	8.6	(0.9)
<b>Profit/(loss) for the period</b>	<b>1,014.1</b>	<b>(322.5)</b>	<b>4,206.2</b>	<b>964.5</b>
Earnings per share attributable to the owners of the Company				
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic	18.44	(6.21)	76.82	17.71
Diluted	18.40	(6.20)	76.63	17.67

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

**B. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 4th QUARTER ENDED 31 AUGUST 2012**

(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31.08.12	PRECEDING YEAR CORRESPONDING QUARTER 31.08.11 (Restated)	CURRENT YEAR TO DATE 31.08.12	PRECEDING YEAR CORRESPONDING PERIOD 31.08.11 (Restated)
<b>Profit/(loss) for the period</b>	<b>1,014.1</b>	<b>(322.5)</b>	<b>4,206.2</b>	<b>964.5</b>
<b>Other Comprehensive (Expense) (net of tax) : -</b>				
Foreign currency translation differences	(10.5)	(22.7)	(51.2)	(8.1)
<b>Total Comprehensive Income/(Expense) for the Period</b>	<b>1,003.6</b>	<b>(345.2)</b>	<b>4,155.0</b>	<b>956.4</b>
Attributable to: -				
- Owners of the Company	997.4	(361.3)	4,146.4	957.3
- Non-controlling interest	6.2	16.1	8.6	(0.9)
<b>Total Comprehensive Income/(Expense) for the Period</b>	<b>1,003.6</b>	<b>(345.2)</b>	<b>4,155.0</b>	<b>956.4</b>

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

## C. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2012

(Amounts in RM million unless otherwise stated)

	31.08.2012	31.08.2011 (Restated)	01.09.2010 (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	64,769.9	61,861.4	58,895.3
Jointly controlled entity	0.4	0.6	-
Associates	491.2	407.8	245.7
Investments in unquoted debt securities	163.7	164.0	164.0
Available-for-sale Financial Assets	38.0	38.0	38.0
Deferred tax assets	-	30.2	55.9
Derivative financial instruments	116.3	89.9	53.4
Long term receivables	419.2	388.6	448.7
Prepaid leases	3,789.3	3,161.0	2,606.1
	<u>69,788.0</u>	<u>66,141.5</u>	<u>62,507.1</u>
<b>CURRENT ASSETS</b>			
Non-current assets held for sale	9.8	11.4	18.0
Inventories	2,842.2	2,645.9	2,450.4
Trade receivables	5,843.9	4,819.0	4,267.1
Other receivables	1,144.8	1,203.1	933.3
Current tax assets	142.4	264.5	15.2
Amount due from associates	62.6	14.6	5.7
Short term investments	-	-	113.3
Marketable securities	9.1	8.6	8.6
Derivative financial instruments	-	1.5	-
Deposits, bank and cash balances	8,626.3	3,954.2	8,343.7
	<u>18,681.1</u>	<u>12,922.8</u>	<u>16,155.3</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	(4,534.5)	(4,116.3)	(3,549.8)
Other payables	(1,212.1)	(1,455.1)	(1,727.1)
Amount due to associates	(697.9)	(707.9)	(623.6)
Current taxation liabilities	(331.0)	(5.7)	(317.6)
Deferred income	(894.7)	(523.9)	(331.3)
Short term borrowings	(1,604.2)	(1,727.3)	(3,162.7)
Hire purchase creditors and finance lease obligation	(55.1)	(49.1)	(2.6)
	<u>(9,329.5)</u>	<u>(8,585.3)</u>	<u>(9,714.7)</u>
<b>NET CURRENT ASSETS</b>	9,351.6	4,337.5	6,440.6
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	(21,467.6)	(17,326.8)	(17,932.9)
Consumer deposits	(3,284.7)	(3,084.9)	(2,903.9)
Derivative financial instruments	(21.5)	(44.1)	(70.8)
Employee benefits	(4,489.7)	(4,220.5)	(3,866.3)
Other liabilities	(892.2)	(910.0)	(1,031.6)
Deferred tax liabilities	(8,284.6)	(7,852.2)	(7,815.9)
Deferred income	(2,291.2)	(2,849.6)	(2,710.9)
Government development grants	(671.0)	(627.2)	(599.0)
Hire purchase creditors and finance lease obligation	(1,338.8)	(1,334.3)	(63.5)
	<u>(42,741.3)</u>	<u>(38,249.6)</u>	<u>(36,994.8)</u>
<b>TOTAL NET ASSETS</b>	<u>36,398.3</u>	<u>32,229.4</u>	<u>31,952.9</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital	5,501.6	5,456.6	4,352.7
Share premium	4,529.1	4,332.6	5,354.2
Revaluation and other reserves	648.7	689.4	682.8
Retained profits	25,457.9	21,518.8	21,372.0
	<u>36,137.3</u>	<u>31,997.4</u>	<u>31,761.7</u>
<b>NON-CONTROLLING INTEREST</b>	261.0	232.0	191.2
<b>TOTAL EQUITY</b>	<u>36,398.3</u>	<u>32,229.4</u>	<u>31,952.9</u>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
	Sen	Sen	Sen
	656.9	586.4	729.7

These 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. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 AUGUST 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	
<b>At 1 September 2011 (as previously reported)</b>	<b>5,456.6</b>	<b>4,332.6</b>	<b>156.6</b>	<b>532.8</b>	<b>19,701.5</b>	<b>91.6</b>	<b>30,271.7</b>
Prior year adjustment	-	-	-	-	1,817.3	140.4	1,957.7
<b>As at 1 September 2011 (restated)</b>	<b>5,456.6</b>	<b>4,332.6</b>	<b>156.6</b>	<b>532.8</b>	<b>21,518.8</b>	<b>232.0</b>	<b>32,229.4</b>
Profit for the period	-	-	-	-	4,197.6	8.6	4,206.2
Total other comprehensive expense	-	-	-	(51.2)	-	-	(51.2)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51.2)</b>	<b>4,197.6</b>	<b>8.6</b>	<b>4,155.0</b>
Realisation of revaluation reserve	-	-	-	(14.5)	14.5	-	-
<b>Transaction with owners</b>							
Changes in ownership interest in a subsidiary	-	-	-	-	-	21.9	21.9
Dividends paid FY2012	-	-	-	-	(273.0)	-	(273.0)
Dividend paid to non-controlling interest	-	-	-	-	-	(1.5)	(1.5)
Provision for share option	-	-	25.0	-	-	-	25.0
Issuance of share capital - share options	45.0	196.5	-	-	-	-	241.5
	<b>45.0</b>	<b>196.5</b>	<b>25.0</b>	<b>-</b>	<b>(273.0)</b>	<b>20.4</b>	<b>13.9</b>
<b>At 31 August 2012</b>	<b>5,501.6</b>	<b>4,529.1</b>	<b>181.6</b>	<b>467.1</b>	<b>25,457.9</b>	<b>261.0</b>	<b>36,398.3</b>

	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	
<b>At 1 September 2010 (as previously reported)</b>	<b>4,352.7</b>	<b>5,354.2</b>	<b>122.5</b>	<b>560.3</b>	<b>20,020.6</b>	<b>42.9</b>	<b>30,453.2</b>
Prior year adjustment	-	-	-	-	1,351.4	148.3	1,499.7
<b>As at 1 September 2010 (restated)</b>	<b>4,352.7</b>	<b>5,354.2</b>	<b>122.5</b>	<b>560.3</b>	<b>21,372.0</b>	<b>191.2</b>	<b>31,952.9</b>
Profit for the period	-	-	-	-	965.4	(0.9)	964.5
Total other comprehensive income	-	-	-	(8.1)	-	-	(8.1)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.1)</b>	<b>965.4</b>	<b>(0.9)</b>	<b>956.4</b>
Realisation of revaluation reserve	-	-	-	(19.4)	19.4	-	-
<b>Transaction with owners</b>							
Dividend paid FY2010	-	-	-	-	(654.0)	-	(654.0)
Dividend paid FY2011	-	-	-	-	(184.0)	-	(184.0)
Changes in ownership interest in a subsidiary	-	-	-	-	-	41.7	41.7
Provision for share option	-	-	34.1	-	-	-	34.1
Issuance of share capital - share options	13.8	68.5	-	-	-	-	82.3
- bonus shares	1,090.1	(1,090.1)	-	-	-	-	-
	<b>1,103.9</b>	<b>(1,021.6)</b>	<b>34.1</b>	<b>-</b>	<b>(838.0)</b>	<b>41.7</b>	<b>(679.9)</b>
<b>At 31 August 2011 (restated)</b>	<b>5,456.6</b>	<b>4,332.6</b>	<b>156.6</b>	<b>532.8</b>	<b>21,518.8</b>	<b>232.0</b>	<b>32,229.4</b>

These 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. CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2012

(Amounts in RM million unless otherwise stated)

	<b>FY2012 ended 31.08.2012</b>	<b>FY2011 ended 31.08.2011</b>
<b>Operating activities</b>		
Cash generated from operations	8,538.8	5,169.9
Retirement benefits paid	(608.3)	(505.4)
Consumer contributions received	777.4	949.3
Customer deposits received	199.8	181.0
Tax paid	(432.1)	(696.8)
Net cash inflow from operating activities	<u>8,475.6</u>	<u>5,098.0</u>
<b>Investing activities</b>		
Investment in associates:		
- addition	(91.9)	(113.3)
- proceeds from redemption of unsecured loan notes	5.2	5.2
Dividend income	25.4	56.4
Interest income received	166.7	308.0
Short term investment	0.2	118.3
Property, plant and equipment:		
- purchases	(7,004.4)	(5,655.9)
- disposals	6.0	2.0
Assets held for sale		
- disposals	18.3	67.0
Net cash outflow from investing activities	<u>(6,874.5)</u>	<u>(5,212.3)</u>
<b>Financing activities</b>		
Bank borrowings:		
- new drawdowns	5,241.7	771.3
- repayments	(1,604.7)	(3,384.6)
Interest paid	(675.2)	(995.8)
Proceeds from issuance of shares	241.5	82.3
Issue of shares to non-controlling interest	21.9	-
Dividends paid	(273.0)	(838.0)
Dividends paid to non-controlling interest	(1.5)	-
Government development grants received	120.8	92.8
Net cash inflow/(outflow) from financing activities	<u>3,071.5</u>	<u>(4,272.0)</u>
<b>Changes in deposit, bank and cash balances</b>	4,672.6	(4,386.3)
<b>Currency translation differences</b>	(0.5)	(3.2)
<b>Deposit, bank and cash balances</b>		
- at start of period	<u>3,954.2</u>	<u>8,343.7</u>
- at end of period	<u>8,626.3</u>	<u>3,954.2</u>
Cash at bank, held in trust <sup>1</sup>	(97.9)	(465.7)
Debt Reserve Account <sup>2</sup>	(218.6)	(225.2)
Funds from MOF <sup>3</sup>	(2.5)	(5.2)
Cash and cash equivalents	<u>8,307.3</u>	<u>3,258.1</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.
2. Debt reserve account relates to deposits placed with licensed financial institution as part of security obligations for bond financing.
3. Ministry of Finance (MOF) fund given to a subsidiary under stimulus package for training programmes.

These 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 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. The figures for the cumulative period have been audited.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries and the Group's interest in associates and jointly controlled entities 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 for 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 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 charges, as detailed in Note 28.

**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**

Other than disclosed in Note 13, 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.

**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 44,896,592 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**

- a) An interim dividend payment for Financial Year 2012 was paid on 25 May 2012 totalling RM273.0 million.
- b) The Board of Directors has proposed a final single-tier dividend of 15.0 sen per ordinary share in respect of the period ended 31 August 2012.

**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:-

	<b>As at 31 Aug 2012</b>	<b>As at 31 Aug 2011</b>
Claims by third parties	320.8	594.9
Trade guarantees and performance bonds	27.4	152.5
Bank guarantee	-	3.6
Other contingent liabilities	5.0	2.4
	<u>353.2</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 announcement dated 4 April 2011 on the suit jointly commenced by Irham Niaga Sdn. Bhd. and Irham Niaga Logistics Sdn. Bhd. against Tenaga Nasional Berhad in the Kuala Lumpur High Court is referred. On 20<sup>th</sup> September 2012, the High Court Judge allowed the Plaintiffs' claim as pleaded in paragraph 58 of the Statement of Claim, the details of which are as follows:-

- (a) The Final Award due to the 1<sup>st</sup> Plaintiff for the sum of RM106,888,499.34;
- (b) The Final Award due to the 2<sup>nd</sup> Plaintiff for the sum of RM6,102,922.50;
- (c) Interest at the rate of 5% per annum from 19 April 2004 on the amounts due in (a) and (b) respectively to the date of full payment;
- (d) Costs of the arbitration amounting to RM75,095.50
- (e) Costs awarded by the High Court in Originating Motions No R4-25-336-2007 and R2(R4)-24-80-2007 and the cost arising from the appeal thereto; and
- (f) Costs of these proceedings for the sum of RM150,000.00

TNB is dissatisfied with the decision and has filed its Notice of Appeal to the Court of Appeal on 24 September 2012.

### 14) CAPITAL COMMITMENTS

	<b>As at 31 Aug 2012</b>	<b>As at 31 Aug 2011</b>
<b>Property, plant and equipment committed over a 5 year period</b>		
Authorised but not contracted for	13,513.9	9,101.9
Contracted but not provided for in the financial statements	4,224.6	10,831.7
	<u>17,738.5</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 31 August 2012 (4<sup>th</sup> Quarter FY2012) against the corresponding year ended 31 August 2011 (4<sup>th</sup> Quarter FY2011):

The Group recorded a 11.4% or RM3,538.7 million improvement in sales of electricity from RM30,908.2 million to RM34,446.9 million. This was mainly due to an increase in sales of electricity in the Peninsula and the tariff increase of 7.1% on 1 June 2011. The electricity demand grew by 4.3% in the Peninsula and 4.8% in Sabah as compared to the corresponding period last financial year.

Profit attributable to the owners of the Company for the period under review was RM4,197.6 million as compared to RM965.4 million in the corresponding period last year, an increase of RM3,232.2 million. The increase is mainly due to the alternate fuel cost differential compensation of RM3,154.5 million, which was recognised during the current period.

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

The quarter recorded sales of electricity of RM9,041.8 million against RM8,448.0 million for the same period last financial year. The improvement was mainly from sales of electricity in the Peninsula and Sabah which recorded an increase of 7.0% and 14.8% respectively. This was mainly contributed by the increase in tariff in the Peninsula of 7.1% and Sabah of 14.7%. The units sold also registered a growth of 4.6% in the Peninsula and 2.2% in Sabah as compared to the corresponding period.

The strengthening of Ringgit Malaysia against the Japanese Yen during the quarter under review resulted in a translation gain of RM93.0 million as compared to a loss of RM334.6 million in the corresponding quarter.

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

- Performance of the current quarter (4<sup>th</sup> Quarter FY2012) against the preceding quarter (3<sup>rd</sup> Quarter FY2012):

The sales of electricity increased by RM444.1 million from RM8,597.7 million to RM9,041.8 million during the quarter under review, as compared to the preceding quarter. The operating expenses were higher as compared to the preceding quarter mainly due to the alternate fuel cost differential compensation amounting to RM1,145.2 million recognised previously in relation to the period from September 2011 to May 2012.

The quarter also recorded a foreign translation gain of RM93.0 million as compared to a loss of RM533.1 million in the preceding quarter, mainly due to the weakening of the Ringgit Malaysia against the US Dollar and Japanese Yen in Q3 FY2012.

## 17) PROSPECTS

At the recent 2013 Budget announcement, the Government has emphasized the commitment in ensuring the nation's economic growth continues to flourish despite uncertainties and challenges in the global economy. The forecasted GDP of 4.5% - 5.5% for 2013 is expected to be driven by the growing vibrancy in domestic investment particularly with the implementation of the Economic Transformation Programme.

The power industry is also expected to benefit from the Government's initiative to make Malaysia into a global integrated trading hub for oil and gas. This may result in a more stable supply of fuel and assist TNB to better manage its fuel security.

However, the volatility in the global economy especially in Europe and the United States coupled with the slowdown in the China economy could have an impact to the growth in electricity demand. In addition, the uncertainties in fuel pricing may affect TNB's performance.

Given the foregoing scenario, the Board of Directors expects the Group's performance for the financial year 2013 to be challenging.

## 18) PROFIT FROM OPERATIONS

The following items have been charged/(credited) in arriving at the profit from operations:

	<b>Quarter ended 31 Aug 12</b>	<b>Year ended 31 Aug 12</b>
Property, plant and equipment:		
-Depreciation	1,131.5	4,268.1
-Profit/(loss) on sale of properties	9.0	(1.8)
Provision for receivables	314.1	271.4
Provision for inventories	1.4	21.1
Inventories written off	10.8	18.6
Loss from disposal of unquoted investment	(0.1)	(0.1)

Other than the items highlighted above, there were no impairment of property, plant and equipment and disposal of quoted investment during the quarter and financial year ended 31 August 2012.

## 19) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

## 20) TAXATION and ZAKAT

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

	Individual quarter		Cumulative	
	ended 31-Aug-12	ended 31-Aug-11 (Restated)	ended 31-Aug-12	ended 31-Aug-11 (Restated)
<b>Income Tax:</b>				
Current tax and zakat	(112.0)	88.3	(868.4)	(130.2)
<b>Deferred tax (net):</b>				
Relating to origination and reversal of temporary differences	(159.4)	86.4	(462.6)	(62.0)
Total taxation and zakat	<u>(271.4)</u>	<u>174.7</u>	<u>(1,331.0)</u>	<u>(192.2)</u>

For the reporting period ended 31 August 2012 the Group recorded a 24.0% effective tax rate which was lower than the statutory tax rate of 25.0%. This was mainly due to recognition of income not subject to tax which was partially offset by non-deductible expenses.

## 21) STATUS OF CORPORATE PROPOSALS

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

## 22) GROUP BORROWINGS

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

	As at 31 Aug 12	As at 31 Aug 11
Short term - secured	547.9	520.3
- unsecured	1,056.3	1,207.0
Sub-total	<u>1,604.2</u>	<u>1,727.3</u>
Long term - secured	6,728.2	2,958.3
- unsecured	14,739.4	14,368.5
Sub-total	<u>21,467.6</u>	<u>17,326.8</u>
Total	<u>23,071.8</u>	<u>19,054.1</u>

- b) Currency denominations:-

	As at 31 Aug 12	As at 31 Aug 11
Japanese Yen	5,221.2	5,446.7
US Dollar	2,876.8	2,921.1
Others	23.1	25.8
Total Ringgit equivalent of foreign currency borrowings	<u>8,121.1</u>	<u>8,393.6</u>
Ringgit borrowings	<u>14,950.7</u>	<u>10,660.5</u>
Total	<u>23,071.8</u>	<u>19,054.1</u>

- c) Effective average cost of borrowing based on exposure as at 31 August 2012 was 4.90% (FY2011: 5.09%).
- d) Repayments of long term debts during the reporting period were as follows:
- Foreign currency denominated term loans of RM417.9 million, and
  - Ringgit denominated term loans of RM857.2 million.

## 23) DERIVATIVES FINANCIAL INSTRUMENTS

Type of Derivatives	As at 31-Aug-2012	
	Notional Amount	Fair Value
	RM Million	RM Million
<b>Interest Rate Swaps</b> - More than 3 years	462.3	(21.5)
<b>Currency Options</b> - More than 3 years	1,033.2	116.3
<b>Total</b>	<b>1,495.5</b>	<b>94.8</b>

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.

### Fair value changes of financial liabilities

The Group recognised a total net gain of RM13.3 million during the current quarter and RM49.0 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.

## 24) REALISED AND UNREALISED PROFITS

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Guidance on 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*, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

	<b>Group 31 August 2012</b>	<b>Group 31 August 2011 (Restated)</b>
	<b>RM Million</b>	<b>RM Million</b>
Total retained profits of the Company and its subsidiaries		
-Realised	29,472.8	26,186.9
-Unrealised	(7,299.5)	(6,836.9)
Total share of retained profits from jointly controlled entities		
-Realised	(10.2)	(10.1)
Total share of retained profits from associates		
-Realised	225.0	270.8
-Unrealised	(115.5)	(103.6)
Consolidation adjustments	3,185.3	2,011.7
<b>Total retained profits of the Group</b>	<b>25,457.9</b>	<b>21,518.8</b>

The disclosure above includes Integrax Berhad's (ITB), where TNB holds 22.12% shareholding, realised and unrealised profits for period as at 30 June 2012 and not 31 August 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 purpose.

## 25) MATERIAL LITIGATION

There are 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 quarter		Cumulative quarter	
	ended 31.08.2012	ended 31.08.2011 (Restated)	ended 31.08.2012	ended 31.08.2011 (Restated)
<b>(a) Basic earnings/(loss) per share</b>				
Profit/(loss) attributable to owners of the Company (RM 'million)	1,007.9	(338.6)	4,197.6	965.4
Weighted average number of ordinary shares in issue ('000)	5,464,516	5,450,741	5,464,516	5,450,741
Basic earnings per share (sen)	18.44	(6.21)	76.82	17.71
<b>(b) Diluted earnings/(loss) per share</b>				
Profit/(loss) attributable to owners of the Company (RM 'million)	1,007.9	(338.6)	4,197.6	965.4
Weighted average number of ordinary shares in issue ('000)	5,464,516	5,450,741	5,464,516	5,450,741
Adjustments for share options ('000)	13,484	11,706	13,484	11,706
Weighted average number of ordinary shares for diluted earnings per share ('000)	5,478,000	5,462,447	5,478,000	5,462,447
Diluted earnings per share (sen)	18.40	(6.20)	76.63	17.67

As per Note 3, the changes in accounting policy due to the adoption of IC Interpretation 4 resulted in an increase to the basic earnings per share and diluted earnings per share for the period ended 31 August 2011 by 8.55 sen and 8.53 sen respectively. The effect of the adoption to the financial statements is disclosed in Note 28.

## 27) EXCEPTIONAL ITEMS

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

## 28) 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		Restated for period ended 31 August 2011 RM Million
		Effect of adoption of IC4 RM Million	Change in classification RM Million	
<b>Condensed Consolidated Statement Of Financial Position</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	60,569.5	1,291.9	-	61,861.4
Prepaid leases	-	3,161.0	-	3,161.0
<b>Current Liabilities</b>				
Other payables	(1,469.3)	-	14.2	(1,455.1)
Hire purchase and finance lease obligation	-	(34.9)	(14.2)	(49.1)
<b>Non-Current Liabilities</b>				
Deferred tax liabilities	(7,155.1)	(697.1)	-	(7,852.2)
Hire purchase and finance lease obligation	-	(1,293.7)	(40.6)	(1,334.3)
Other liabilities	(481.1)	(469.5)	40.6	(910.0)
<b>Capital and Reserves attributable to Owners of the Company</b>				
Retained profits	19,701.5	1,817.3	-	21,518.8
<b>Non-controlling interests</b>				
	91.6	140.4	-	232.0

**28) PRIOR YEAR ADJUSTMENT (continued)**

	Previously reported as at 01 September 2010  RM Million	Adjustment		Restated for period ended 01 September 2010  RM Million
		Effect of adoption of IC4  RM Million	Change in classification  RM Million	
<b>Condensed Consolidated Statement Of Financial Position</b>				
<b>Non – Current Assets</b>				
Prepaid leases	-	2,606.1	-	2,606.1
<b>Current Liabilities</b>				
Hire purchase and finance lease obligation	-	-	(2.6)	(2.6)
<b>Non-Current Liabilities</b>				
Deferred tax liabilities	(7,270.8)	(545.1)	-	(7,815.9)
Other liabilities	(536.4)	(561.3)	66.1	(1,031.6)
Hire purchase and finance lease obligation	-	-	(63.5)	(63.5)
<b>Capital and Reserve Attributable to Owner of the Company</b>				
Retained profits	20,020.6	1,351.4	-	21,372.0
<b>Non-controlling Interest</b>	42.9	148.3	-	191.2

	INDIVIDUAL QUARTER		
	As previously reported for period ended 31 August 2011  RM Million	Effect of IC4  RM Million	Restated for period ended 31 August 2011  RM Million
<b>Condensed Consolidated Income Statement</b>			
Revenue	9,120.2	34.3	9,154.5
Operating expenses	(9,494.6)	159.3	(9,335.3)
Finance cost	(180.1)	(30.3)	(210.4)
Deferred taxation	140.4	(54.0)	86.4
Non-controlling interest	22.1	(6.0)	16.1



**28) PRIOR YEAR ADJUSTMENT (continued)**

	<b>CUMULATIVE</b>		
	<b>As previously reported for period ended 31 August 2011 RM Million</b>	<b>Effect of IC4 RM Million</b>	<b>Restated for period ended 31 August 2011 RM Million</b>
<b>Condensed Consolidated Income Statement</b>			
Revenue	32,206.9	34.3	32,241.2
Operating expenses	(31,582.8)	626.4	(30,956.4)
Finance cost	(827.8)	(50.7)	(878.5)
Deferred taxation	90.0	(152.0)	(62.0)
Non-controlling interest	7.0	(7.9)	(0.9)

**29) COMPARATIVE FIGURES**

Comparatives have been restated following the effects of Prior Year Adjustment (PYA) as shown in Note 28. As a result, the comparatives may not be comparable with the current period's results and financial position.

By Order of the Board

**NORAZNI BINTI MOHD ISA (LS 0009635)**  
**Company Secretary**

Kuala Lumpur  
31 October 2012