

The Board of Directors is pleased to announce the following:

**A. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 3<sup>rd</sup> QUARTER ENDED 31 MAY 2014**

(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31.05.14	PRECEDING YEAR CORRESPONDING QUARTER 31.05.13 Restated	CURRENT YEAR TO DATE 31.05.14	PRECEDING YEAR CORRESPONDING PERIOD 31.05.13 Restated
Revenue	11,510.0	9,647.5	31,104.0	27,628.5
Operating expenses	(9,729.2)	(7,908.2)	(26,517.0)	(22,975.1)
Other operating income	164.5	119.3	347.9	320.3
Operating profit	1,945.3	1,858.6	4,934.9	4,973.7
Foreign exchange				
- Translation gain	158.5	324.7	292.2	1,110.7
- Transaction (loss)/gain	(9.9)	19.4	2.3	24.4
Share of results of jointly controlled entities	0.3	-	0.2	(0.1)
Share of results of associates (net of tax)	14.1	11.9	52.4	62.3
Profit before finance cost	2,108.3	2,214.6	5,282.0	6,171.0
Finance income	68.1	40.4	174.3	153.8
Finance cost	(207.8)	(198.3)	(651.4)	(617.8)
Profit from ordinary activities before taxation	1,968.6	2,056.7	4,804.9	5,707.0
Taxation and Zakat				
- Company and subsidiaries	(164.0)	(296.8)	253.2	(1,169.2)
- Deferred taxation	(66.9)	(3.2)	47.0	(61.5)
<b>Profit for the period</b>	<b>1,737.7</b>	<b>1,756.7</b>	<b>5,105.1</b>	<b>4,476.3</b>
Attributable to:				
- Owners of the Company	1,710.5	1,719.4	5,115.5	4,442.4
- Non-controlling interest	27.2	37.3	(10.4)	33.9
<b>Profit for the period</b>	<b>1,737.7</b>	<b>1,756.7</b>	<b>5,105.1</b>	<b>4,476.3</b>
Earnings per share attributable to the owners of the Company				
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic	30.31	31.05	90.64	80.23
Diluted	30.31	31.02	90.64	80.13

These unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the annual audited financial statements for the year ended 31 August 2013.

**A. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 3<sup>rd</sup> QUARTER ENDED 31 MAY 2014 (CONTINUATION)**  
(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31.05.14	PRECEDING YEAR CORRESPONDING QUARTER 31.05.13 Restated	CURRENT YEAR TO DATE 31.05.14	PRECEDING YEAR CORRESPONDING PERIOD 31.05.13 Restated
<b>Profit for the period</b>	<b>1,737.7</b>	<b>1,756.7</b>	<b>5,105.1</b>	<b>4,476.3</b>
<b>Other comprehensive income/(expense)</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Defined benefit plan actuarial gains/(losses)	216.4	(0.7)	310.9	(3,224.6)
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences	(41.2)	0.7	(11.1)	57.9
<b>Total other comprehensive income/(expense) for the period</b>	<b>175.2</b>	<b>-</b>	<b>299.8</b>	<b>(3,166.7)</b>
<b>Total comprehensive income for the period</b>	<b>1,912.9</b>	<b>1,756.7</b>	<b>5,404.9</b>	<b>1,309.6</b>
Attributable to: -				
- Owners of the Company	1,885.7	1,719.4	5,415.3	1,275.7
- Non-controlling interest	27.2	37.3	(10.4)	33.9
<b>Total comprehensive income for the period</b>	<b>1,912.9</b>	<b>1,756.7</b>	<b>5,404.9</b>	<b>1,309.6</b>

These unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the annual audited financial statements for the year ended 31 August 2013.

## B. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2014

(Amounts in RM million unless otherwise stated)

	<b>31.05.2014</b>	<b>31.08.2013</b> <b>(Restated)</b>	<b>01.09.2012</b> <b>(Restated)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	79,478.1	75,614.1	66,197.2
Jointly controlled entity	0.6	0.3	0.4
Associates	503.6	483.2	491.2
Investments in unquoted debt securities	180.1	163.9	163.7
Available-for-sale financial assets	38.4	38.0	38.0
Deferred tax assets	9.1	4.9	-
Derivative financial instruments	50.2	61.9	116.3
Long term receivables	282.9	305.1	419.2
Prepaid operating leases	4,025.2	3,525.3	3,164.8
Finance lease receivables	15.2	15.4	-
	<u>84,583.4</u>	<u>80,212.1</u>	<u>70,590.8</u>
<b>CURRENT ASSETS</b>			
Non-current assets held for sale	-	9.8	9.8
Inventories	678.9	772.7	925.5
Trade receivables	5,591.6	5,820.1	5,843.9
Other receivables	1,189.7	1,418.9	1,144.8
Tax recoverable	46.7	21.9	142.4
Finance lease receivables	1.5	1.4	-
Amount due from associates	49.1	87.5	62.6
Amount due from jointly controlled entity	21.5	17.1	-
Prepaid operating leases	663.8	663.8	624.5
Financial asset at fair value through profit or loss	1,489.6	9.7	9.1
Deposits, bank and cash balances	10,972.5	9,531.1	8,626.3
	<u>20,704.9</u>	<u>18,354.0</u>	<u>17,388.9</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	(5,480.8)	(4,981.4)	(4,534.5)
Other payables	(1,520.6)	(1,633.0)	(1,236.8)
Amount due to associates	(455.6)	(615.6)	(697.9)
Current taxation liabilities	(95.3)	(780.6)	(331.0)
Derivative financial instruments	-	(0.3)	-
Deferred income	(997.6)	(1,062.1)	(894.7)
Short term borrowings	(2,484.4)	(1,175.9)	(1,604.2)
Finance lease payables	(634.2)	(630.9)	(55.1)
	<u>(11,668.5)</u>	<u>(10,879.8)</u>	<u>(9,354.2)</u>
<b>NET CURRENT ASSETS</b>	9,036.4	7,474.2	8,034.7
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	(23,872.7)	(22,013.7)	(21,467.6)
Consumer deposits	(3,741.1)	(3,478.5)	(3,284.7)
Derivative financial instruments	(5.0)	(12.8)	(21.5)
Employee benefits	(11,140.9)	(11,444.2)	(6,141.2)
Other liabilities	(1,117.0)	(903.8)	(867.5)
Deferred tax liabilities	(6,460.2)	(6,430.8)	(7,874.1)
Deferred income	(1,829.4)	(2,059.9)	(2,291.2)
Government development grants	(806.2)	(781.7)	(671.0)
Finance lease payables	(5,096.8)	(5,004.2)	(755.4)
	<u>(54,069.3)</u>	<u>(52,129.6)</u>	<u>(43,374.2)</u>
<b>TOTAL NET ASSETS</b>	<u>39,550.5</u>	<u>35,556.7</u>	<u>35,251.3</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital	5,643.6	5,643.6	5,501.6
Share premium	5,382.2	5,382.2	4,529.1
Other reserves	(5,209.3)	(5,509.1)	(1,468.7)
Retained profits	33,442.8	29,738.2	26,413.7
	<u>39,259.3</u>	<u>35,254.9</u>	<u>34,975.7</u>
<b>NON-CONTROLLING INTEREST</b>	291.2	301.8	275.6
<b>TOTAL EQUITY</b>	<u>39,550.5</u>	<u>35,556.7</u>	<u>35,251.3</u>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
	Sen	Sen	Sen
	695.6	624.7	635.7

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 2013.

**C. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT 31 MAY 2014**

(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	Employee Benefit Reserve	Revaluation and Other Reserves	Retained Profits	Non Controlling Interest	
<b>At 1 September 2013</b>	<b>5,643.6</b>	<b>5,382.2</b>	-	<b>(5,358.0)</b>	<b>(151.1)</b>	<b>29,600.6</b>	<b>273.6</b>	<b>35,390.9</b>
Prior Year Adjustment	-	-	-	-	-	137.6	28.2	165.8
<b>As at 1 September 2013 (restated)</b>	<b>5,643.6</b>	<b>5,382.2</b>	-	<b>(5,358.0)</b>	<b>(151.1)</b>	<b>29,738.2</b>	<b>301.8</b>	<b>35,556.7</b>
Profit for the financial period	-	-	-	-	-	5,115.5	(10.4)	5,105.1
Foreign currency translation differences	-	-	-	-	(11.1)	-	-	(11.1)
Employee benefit reserve	-	-	-	310.9	-	-	-	310.9
<b>Total comprehensive income</b>	-	-	-	<b>310.9</b>	<b>(11.1)</b>	<b>5,115.5</b>	<b>(10.4)</b>	<b>5,404.9</b>
<b>Transaction with owners</b>								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(0.6)	(0.6)
Dividend paid:								
- Final FY2013	-	-	-	-	-	(846.5)	-	(846.5)
- Interim FY2014	-	-	-	-	-	(564.4)	-	(564.4)
Purchase of shares from non-controlling interest	-	-	-	-	-	-	0.4	0.4
	-	-	-	-	-	<b>(1,410.9)</b>	<b>(0.2)</b>	<b>(1,411.1)</b>
<b>At 31 May 2014</b>	<b>5,643.6</b>	<b>5,382.2</b>	-	<b>(5,047.1)</b>	<b>(162.2)</b>	<b>33,442.8</b>	<b>291.2</b>	<b>39,550.5</b>

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 2013.

**C. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT 31 MAY 2014 (CONTINUATION)**

(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	Employee Benefit Reserve	Revaluation and Other Reserves	Retained Profits	Non Controlling Interest	
<b>At 1 September 2012</b>	<b>5,501.6</b>	<b>4,529.1</b>	<b>181.6</b>	<b>(1,452.5)</b>	<b>(197.8)</b>	<b>26,335.7</b>	<b>259.6</b>	<b>35,157.3</b>
Prior Year Adjustment	-	-	-	-	-	78.0	16.0	94.0
<b>As at 1 September 2012 (restated)</b>	<b>5,501.6</b>	<b>4,529.1</b>	<b>181.6</b>	<b>(1,452.5)</b>	<b>(197.8)</b>	<b>26,413.7</b>	<b>275.6</b>	<b>35,251.3</b>
Profit for the financial period	-	-	-	-	-	4,442.4	33.9	4,476.3
Foreign currency translation differences	-	-	-	-	57.9	-	-	57.9
Employee benefit reserve	-	-	-	(3,224.6)	-	-	-	(3,224.6)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,224.6)</b>	<b>57.9</b>	<b>4,442.4</b>	<b>33.9</b>	<b>1,309.6</b>
<b>Transaction with owners</b>								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1.5)	(1.5)
Dividend paid:								
- Final FY2012	-	-	-	-	-	(830.3)	-	(830.3)
- Interim FY2013	-	-	-	-	-	(560.0)	-	(560.0)
Employees' Share Option Scheme								
- options granted	-	-	43.3	-	-	-	-	43.3
Issuance of share capital								
- share options	115.5	538.9	-	-	-	-	-	654.4
	<b>115.5</b>	<b>538.9</b>	<b>43.3</b>	<b>-</b>	<b>-</b>	<b>(1,390.3)</b>	<b>(1.5)</b>	<b>(694.1)</b>
<b>At 31 May 2013</b>	<b>5,617.1</b>	<b>5,068.0</b>	<b>224.9</b>	<b>(4,677.1)</b>	<b>(139.9)</b>	<b>29,465.8</b>	<b>308.0</b>	<b>35,866.8</b>

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 2013.

## D. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MAY 2014

(Amounts in RM million unless otherwise stated)

	<b>FY2014 ended 31.05.14</b>	<b>FY2013 ended 31.05.13</b>
<b>Operating activities</b>		
Cash generated from operations	6,850.9	6,848.4
Retirement benefits paid	(544.0)	(477.6)
Consumer contributions received	720.1	768.9
Customer deposits received	262.6	149.7
Tax paid	(387.6)	(777.3)
Net cash generated from operating activities	<u>6,902.0</u>	<u>6,512.1</u>
<b>Investing activities</b>		
Investment in associates:		
- addition	-	-
- proceeds from redemption of unsecured loan notes/RULS	3.5	16.3
Dividend received	19.4	-
Interest received	181.7	117.9
Short term investment		
- purchases	(1,470.0)	-
Property, plant and equipment:		
- purchases	(5,704.1)	(5,681.6)
- disposals	3.7	4.9
Disposal of assets held for sale	13.8	11.4
Net cash used in investing activities	<u>(6,952.0)</u>	<u>(5,531.1)</u>
<b>Financing activities</b>		
Bank borrowings:		
- new drawdowns	4,134.2	2,013.0
- repayments	(896.6)	(1,112.7)
Interest paid	(400.8)	(419.7)
Proceeds from issuance of shares	-	654.4
Issue of shares to non-controlling interest	0.4	-
Dividend paid to non-controlling interests	(0.6)	(1.5)
Dividends paid	(1,410.9)	(1,390.3)
Government development grants received	66.9	108.2
Net cash generated from/(used in) financing activities	<u>1,492.6</u>	<u>(148.6)</u>
<b>Changes in deposit, bank and cash balances</b>	1,442.6	832.4
<b>Currency translation differences</b>	(1.2)	(0.7)
<b>Deposit, bank and cash balances</b>		
- at start of period	<u>9,531.1</u>	<u>8,626.3</u>
- at end of period	<u>10,972.5</u>	<u>9,458.0</u>
Cash at bank, held in trust <sup>1</sup>	(253.0)	(177.1)
Debt reserve account <sup>2</sup>	(212.5)	(189.9)
Funds from MoF <sup>3</sup>	(0.5)	(2.5)
Cash and cash equivalents	<u>10,506.5</u>	<u>9,088.5</u>

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

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 unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the annual audited financial statements for the year ended 31 August 2013.

## **E. 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 the reporting requirements as set out in Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting", International Financial Reporting Standards ("IFRS") 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 year ended 31 August 2013.

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 2013. 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 2013.

### **2) AUDIT QUALIFICATION**

The annual audited financial statements for the financial year ended 31 August 2013 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 2013 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 2013.

#### **New standards, amendments to standards and IC interpretations that are applicable to the Group effective 1 September 2013**

- MFRS 10 "Consolidated Financial Statements"
- MFRS 11 "Joint Arrangements"
- MFRS 12 "Disclosure of Interests in Other Entities"
- Amendments to MFRS 7 "Financial Instruments: Disclosures"
- Amendments to MFRS 116 "Property, Plant and Equipment"
- Amendments to MFRS 10, 11 and 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"

Except for Amendments to MFRS 10 and MFRS 116, the adoption of the revised standards and amendments to standards did not have any significant impact to the unaudited condensed consolidated financial statements upon their initial application.

#### **MFRS 10 "Consolidated Financial Statements"**

MFRS 10 changes the definition of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

The Group is still assessing the full impact of the adoption of MFRS 10. Based on the preliminary assessment performed, the Group assessed that adoption of the standard will not have a material affect to the consolidation results as at 31 May 2014.

### Amendments to MFRS 116 "Property, Plant and Equipment"

Amendments to MFRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Previously, MFRS 116 states that spare parts, stand-by equipment and servicing equipment are usually carried as inventory and recognised in profit and loss as consumed.

Upon adoption of Amendments to MFRS 116, the Group has performed an assessment on over 99% of its inventory balances. This has resulted in the retrospective reclassification of spare parts, stand-by equipment and servicing equipment previously accounted for under inventories to property, plant and equipment.

The full assessment on the remaining balances will be completed before the financial year end and the Group expects the impact to not be material.

### Prior Year Adjustments (PYA)

During the period, a subsidiary has reconsidered and adjusted the accounting for a certain lease obligation, which was concluded to have been overstated in prior years. This arose due to an erroneous calculation to estimate the present value of the lease payments for the leased asset and the corresponding lease obligations.

The adjustments to the results are non-cash in nature and have no impact on the Group's cash position.

### Impact of adoption of new standards and prior year adjustments

Arising from the adoption of Amendments to MFRS 116 and Prior Year Adjustments stated above, the condensed financial statements for the previous financial periods have been restated as follows:

	As previously reported as at 1 Sep 2012  RM Million	Adjustments		Restated as at 1 Sep 2012  RM Million
		Effect of adoption of Amendments to MFRS 116 RM Million	Prior Year Adjustments RM Million	
<b>Condensed Consolidated Statements Of Financial Position</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	64,769.9	1,916.7	(489.4)	66,197.2
<b>Current Assets</b>				
Inventories	2,842.2	(1,916.7)	-	925.5
<b>Non-Current Liabilities</b>				
Finance Lease Payables	(1,338.8)	-	583.4	(755.4)
<b>Capital and Reserves Attributable to Owners of the Company</b>				
Retained Profits	26,335.7	-	78.0	26,413.7
Non-controlling interest	259.6	-	16.0	275.6



	As previously reported as at 31 Aug 2013 RM Million	Adjustments		Restated as at 31 Aug 2013 RM Million
		Effect of adoption of Amendments to MFRS 116 RM Million	Prior Year Adjustments RM Million	
<b>Condensed Consolidated Statements Of Financial Position</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	73,973.6	2,105.0	(464.5)	75,614.1
<b>Current Assets</b>				
Inventories	2,877.7	(2,105.0)	-	772.7
<b>Non-Current Liabilities</b>				
Finance Lease Payables	(5,634.5)	-	630.3	(5,004.2)
<b>Capital and Reserves Attributable to Owners of the Company</b>				
Retained Profits	29,600.6	-	137.6	29,738.2
Non-controlling Interest	273.6	-	28.2	301.8
<b>Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income</b>				
Operating Expenses	(31,862.3)	-	38.9	(31,823.4)
Finance Cost	(936.3)	-	32.9	(903.4)
Non-controlling Interest	16.5	-	12.2	28.7

	CUMULATIVE FOR PRECEDING YEAR			
	As previously reported as at 31 May 2013 RM Million	Effect of adoption of Amendments to MFRS 116 RM Million	Prior Year Adjustments RM Million	Restated as at 31 May 2013 RM Million
<b>Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income</b>				
Operating Expenses	(23,007.2)	-	32.1	(22,975.1)
Finance Cost	(643.1)	-	25.3	(617.8)
Non-controlling Interest	24.1	-	9.8	33.9

#### 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

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

As announced to Bursa Malaysia on 30 January 2014, there was an issuance of a sukuk by TNB Manjung Five Sdn. Bhd., a subsidiary of the Group with a nominal value amounting to RM3.655 billion. 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 not recommended any dividend for the quarter ended 31 May 2014.

A final dividend for Financial Year 2013 was paid on 31 December 2013 totalling RM846.5 million.

An interim dividend for Financial Year 2014 was paid on 29 May 2014 totalling RM564.4 million.

## 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 Group does not adopt a revaluation policy on its Property, Plant and Equipment.

## 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

As announced to Bursa Malaysia on 29 January 2014, TNB Metering Services Sdn. Bhd., a dormant subsidiary of the Group has been struck-off from the register of the Companies Commission of Malaysia ("CCM") in accordance to Section 308 (4) of the Companies Act, 1965 with effect from 13 September 2013. The striking-off has no material effect on the Group results.

Other than the above, 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 May 2014</b>	<b>As at 31 Aug 2013</b>
Claims by third parties	332.1	385.1
Trade guarantees and performance bonds	28.1	12.3
Other contingent liabilities	5.0	140.8
	<u><b>365.2</b></u>	<u><b>538.2</b></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.

## 14) CAPITAL COMMITMENTS

	<b>As at 31 May 2014</b>	<b>As at 31 Aug 2013</b>
<b>Property, plant and equipment committed over a 5-year period</b>		
Authorised but not contracted for	18,043.8	18,236.7
Contracted but not provided for in the financial statements	7,433.6	4,171.5
	<u><b>25,477.4</b></u>	<u><b>22,408.2</b></u>

**F. 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 period ended 31 May 2014 (3<sup>rd</sup> Quarter FY2014) against the corresponding period ended 31 May 2013 (3<sup>rd</sup> Quarter FY2013):

The Group recorded a 9.8% or RM2,594.7 million improvement in sales of electricity from RM26,423.6 million to RM29,018.3 million. The improvement was mainly from sales of electricity in Peninsular Malaysia and Sabah, which recorded an increase of 10.2% and 9.1% respectively. This was the result of the increase in the average electricity tariff in Peninsula of 14.9% and Sabah of 16.9% effective 1 January 2014. Additionally, Peninsular Malaysia and Sabah both registered a growth of 2.5% and 2.2% respectively, as compared to the last corresponding period.

Profit attributable to the Owners of the Company for the period under review was RM5,115.5 million as compared to RM4,442.4 million recorded in the corresponding period last financial year, an increase of RM673.1 million or 15.2%. This was mainly due to the effect of extraordinary taxation credits amounting to RM1,265.4 million arising from reduction in tax rate and utilisation of the reinvestment allowance for Year Assessment 2013 and the current year.

The Group's operating profit dropped by 0.8% from RM4,973.7 million to RM4,934.9 million mainly due to higher operating expenses incurred during the period.

- (b) Performance of the current third quarter (three months) FY2014 against the corresponding third quarter (three months) FY2013:

The quarter recorded sales of electricity of RM10,611.6 million against RM8,875.3 million for the same period last financial year. The increase was mainly from sales of electricity in the Peninsula and Sabah, which recorded an increase of 19.1% and 19.4% respectively, attributed from the increase in the average electricity tariff.

Profit attributable to the Owners of the Company for the quarter fell by RM8.9 million from RM1,719.4 million recorded in the corresponding quarter last financial year to RM1,710.5 million recorded in the current quarter.

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

Performance of the current quarter (3<sup>rd</sup> Quarter FY2014) against the preceding quarter (2<sup>nd</sup> Quarter FY2014):

The Group reported a higher total sales of electricity of RM10,611.6 million for the current quarter as compared to RM9,329.2 million in the preceding quarter, an increase of RM1,282.4 million or 13.7%, resulted from the increase in the average tariff which took effect from 1 January 2014. However, the units sold experienced a lower increase of 2.3% which reflects the common demand trend from the second quarter to the third quarter.

The higher profit attributable to the Owners of the Company of RM1,710.5 million as compared to RM1,670.1 million recorded in the preceding quarter was mainly due to a higher operating income and gain from foreign currency translation recorded during the quarter.

## 17) PROSPECTS

Bank Negara Malaysia had indicated on 10th July 2014 that going forward, the overall growth momentum of the Malaysian economy is expected to be sustained and the prospects to remain firmly on a steady growth path. The Group expects electricity demand to grow in tandem with the above. However, the Group's main challenge will be to manage the increasing Liquefied Natural Gas costs.

In view of the above, the Directors remain cautious of the Group's performance for the year ending 31st August 2014.

## 18) PROFIT FROM OPERATIONS

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

	<b>Quarter ended 31 May 2014</b>	<b>Period ended 31 May 2014</b>
Property, plant and equipment:		
- Depreciation	1,209.6	3,605.1
- Profit on sale of properties	(4.0)	(4.0)
Provision for receivables	121.7	40.5
Provision for inventories	(9.4)	8.0
Inventories written off	1.6	7.0
Disposal of unquoted investments	(4.4)	(4.4)

Other than the items highlighted above, there were no disposal of quoted investment during the quarter and financial period ended 31 May 2014.

## 19) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

## 20) TAXATION

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

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>Ended 31 May 2014</b>	<b>Ended 31 May 2013</b>	<b>ended 31 May 2014</b>	<b>ended 31 May 2013</b>
<b>Income Tax:</b>				
Current tax and zakat	(164.0)	(296.8)	253.2	(1,169.2)
<b>Deferred tax (net):</b>				
Relating to origination and reversal of temporary differences	(66.9)	(3.2)	47.0	(61.5)
Total taxation and zakat	<u>(230.9)</u>	<u>(300.0)</u>	<u>300.2</u>	<u>(1,230.7)</u>

For the reporting period ended 31 May 2014, the Group recorded a negative 6.2% effective tax rate, which is much lower than the statutory tax rate of 25.0%.

The lower effective tax rate is mainly due to reversal of over provision for tax expense provided in last financial year, reversal of deferred tax provision to reflect the reduction of corporate income tax rate from 25.0% to 24.0% as announced by the Government in Budget 2014 and utilisation of reinvestment allowance incentive during the current period.

The Group's calculation on tax charge requires a degree of estimation and judgement on the extent of reinvestment tax allowances claimable on certain qualifying assets, which involves the resubmission of prior Years of Assessments. These amounts have not been recognised in the consolidated financial statements as the final tax treatment for these resubmissions cannot be finally determined until resolution has been reached with the relevant authorities. The results may give rise to material profits and/or cash flows of the Group.

## 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:-

	<b>As at 31 May 2014</b>	<b>As at 31 Aug 2013</b>
Short term - secured	576.0	506.2
- unsecured	1,908.4	669.7
<b>Sub-total</b>	<b>2,484.4</b>	<b>1,175.9</b>
Long term - secured	12,596.2	8,810.6
- unsecured	11,276.5	13,203.1
<b>Sub-total</b>	<b>23,872.7</b>	<b>22,013.7</b>
<b>Total</b>	<b>26,357.1</b>	<b>23,189.6</b>

- b) Currency denominations:-

	<b>As at 31 May 2014</b>	<b>As at 31 Aug 2013</b>
Japanese Yen	3,407.1	3,742.4
US Dollar	2,640.0	2,825.3
Others	57.9	23.5
<b>Total Ringgit equivalent of foreign currency borrowings</b>	<b>6,105.0</b>	<b>6,591.2</b>
Ringgit borrowings	20,252.1	16,598.4
<b>Total</b>	<b>26,357.1</b>	<b>23,189.6</b>

- c) Effective average cost of borrowing based on exposure as at 31 May 2014 was 4.91% (FY2013: 4.99%).
- d) Repayments of long term debts during the reporting period were as follows:
- (i) Foreign currency denominated term loans of RM208.2 million, and
  - (ii) Ringgit denominated term loans of RM303.6 million.

## 23) DERIVATIVES FINANCIAL INSTRUMENTS

Type of Derivatives	As at 31 May 2014	
	Notional Amount	Fair Value
	RM Million	RM Million
<b>Forward Currency Contracts</b>		
- Less than 1 year	-	-
- 1 year to 3 years	-	-
- More than 3 years	-	-
<b>Interest Rate Swaps</b>		
- More than 1 year	190.1	(5.0)
<b>Currency Options</b>		
- Less than 1 year	-	-
- 1 year to 3 years	-	-
- More than 3 years	821.3	50.2
<b>Total</b>	<b>1,011.4</b>	<b>45.2</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 assets and liabilities

The Group recognised a total net gain of RM1.9 million during the current quarter and a total net loss of RM3.9 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 statements of financial position.

## 24) REALISED AND UNREALISED PROFITS

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:

	31 May 2014	31 Aug 2013
	RM Million	Restated RM Million
Total retained profits of the Company and its subsidiaries		
-Realised	34,861.5	31,370.5
-Unrealised	(4,588.2)	(4,563.0)
Total share of retained profits from jointly controlled entities		
-Realised	(10.6)	(10.4)
-Unrealised	-	-
Total share of retained profits from associates		
-Realised	118.2	190.6
-Unrealised	(29.0)	(110.6)
Consolidation adjustments	3,090.9	2,861.1
<b>Total retained profits of the Group</b>	<b>33,442.8</b>	<b>29,738.2</b>

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 March 2014 and not 31 May 2014. This is due to unavailability of the information from ITB for reason it did not want to contravene with 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.

## 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 quarter		Cumulative quarter	
	ended 31.05.14	ended 31.05.13 Restated	ended 31.05.14	ended 31.05.13 Restated
<b>(a) Basic earnings per share</b>				
Profit attributable to owners of the Company (RM 'million)	1,710.5	1,719.4	5,115.5	4,442.4
Weighted average number of ordinary shares in issue ('000)	5,643,611	5,537,020	5,643,611	5,537,020
Basic earnings per share (sen)	30.31	31.05	90.64	80.23
<b>(b) Diluted earnings per share</b>				
Profit attributable to owners of the Company (RM 'million)	1,710.5	1,719.4	5,115.5	4,442.4
Weighted average number of ordinary shares in issue ('000)	5,643,611	5,537,020	5,643,611	5,537,020
Adjustments for share options ('000)	-	6,733	-	6,733
Weighted average number of ordinary shares for diluted earnings per share ('000)	5,643,611	5,543,753	5,643,611	5,543,753
Diluted earnings per share (sen)	30.31	31.02	90.64	80.13

## 27) EXCEPTIONAL ITEMS

There were no exceptional items incurred during the quarter.

## 28) COMPARATIVE FIGURES

Comparatives have been restated following the adoption of Amendments to MFRS 116 and Prior Year Adjustments as disclosed in Note 3.

By Order of the Board

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

**Company Secretary**

Kuala Lumpur  
16 July 2014