

The Board of Directors is pleased to announce the following:

**A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 1<sup>st</sup> QUARTER ENDED 30 NOVEMBER 2017**

(Amounts in RM million unless otherwise stated)

	<b>INDIVIDUAL QUARTER</b>	
	<b>CURRENT YEAR QUARTER 30.11.17</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 30.11.16</b>
Revenue	11,607.0	11,241.6
Operating expenses	(9,655.6)	(9,086.1)
Other operating income	392.7	184.1
Operating profit	2,344.1	2,339.6
Foreign exchange		
- Translation gain/(loss)	335.6	(231.2)
- Transaction (loss)/gain	(41.7)	5.8
Share of results of joint ventures	6.2	6.7
Share of results of associates	(67.1)	(9.7)
Profit before finance cost	2,577.1	2,111.2
Finance income	83.0	162.3
Finance cost	(439.9)	(278.3)
Profit before taxation and zakat	2,220.2	1,995.2
Taxation and Zakat		
- Company and subsidiaries	(221.3)	(190.2)
- Deferred taxation	157.8	(16.5)
<b>Profit for the period</b>	<b>2,156.7</b>	<b>1,788.5</b>
Attributable to:		
- Owners of the Company	2,151.8	1,740.5
- Non-controlling interests	4.9	48.0
<b>Profit for the period</b>	<b>2,156.7</b>	<b>1,788.5</b>
Earnings per share attributable to the owners of the Company		
	<b>Sen</b>	<b>Sen</b>
Basic	37.98	30.79
Diluted	37.89	30.75

These unaudited Condensed Consolidated Statement 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 2017.

**A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 1<sup>st</sup> QUARTER ENDED 30 NOVEMBER 2017 (CONTINUATION)**

(Amounts in RM million unless otherwise stated)

	<b>INDIVIDUAL QUARTER</b>	
	<b>CURRENT YEAR QUARTER 30.11.17</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 30.11.16</b>
<b>Profit for the period</b>	<b>2,156.7</b>	<b>1,788.5</b>
<b>Other comprehensive income/(expense)</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Defined benefit plan actuarial gain	12.6	120.1
<b>Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences	(147.2)	(8.4)
Fair value of available-for-sale financial assets	(2.3)	41.6
Share of other comprehensive income of associates accounted for using the equity method	9.9	-
<b>Total other comprehensive (expense)/income for the period</b>	<b>(127.0)</b>	<b>153.3</b>
<b>Total comprehensive income for the period</b>	<b>2,029.7</b>	<b>1,941.8</b>
Attributable to:		
- Owners of the Company	2,024.8	1,893.8
- Non-controlling interests	4.9	48.0
<b>Total comprehensive income for the period</b>	<b>2,029.7</b>	<b>1,941.8</b>

These unaudited Condensed Consolidated Statement 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 2017.

**B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
30 NOVEMBER 2017**

(Amounts in RM million unless otherwise stated)

	<b>30.11.2017</b>	<b>31.08.2017</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	104,175.1	103,083.7
Joint ventures	158.5	152.3
Associates	2,735.9	2,937.8
Goodwill on consolidation	211.0	211.0
Investment in unquoted debt security	318.2	275.7
Tax recoverable	1,765.1	1,765.1
Deferred tax assets	82.7	77.0
Long term receivables	540.9	549.7
Finance lease receivable	13.6	13.8
Prepaid operating leases	5,474.2	5,353.7
Available-for-sale financial assets	69.7	71.9
	<u>115,544.9</u>	<u>114,491.7</u>
<b>CURRENT ASSETS</b>		
Inventories	964.6	828.7
Receivables, deposits and prepayments	10,443.8	8,962.2
Tax recoverable	86.5	83.8
Finance lease receivable	0.8	0.7
Prepaid operating leases	137.6	139.1
Amounts due from joint ventures	5.9	0.6
Amounts due from associates	301.9	226.3
Financial assets at fair value through profit or loss	12,930.3	12,221.9
Derivative financial instruments	-	1.2
Deposits, bank and cash balances	5,677.1	5,056.2
	<u>30,548.5</u>	<u>27,520.7</u>
<b>CURRENT LIABILITIES</b>		
Payables	(8,850.7)	(10,245.0)
Finance lease payables	(254.4)	(329.6)
Deferred income	(1,460.9)	(1,460.9)
Amounts due to associates	(705.0)	(636.9)
Current tax liabilities	(153.1)	(85.2)
Derivative financial instruments	(45.6)	(10.9)
Employee benefits	(749.9)	(749.9)
Short term borrowings	(1,311.0)	(1,808.1)
	<u>(13,530.6)</u>	<u>(15,326.5)</u>
<b>NET CURRENT ASSETS</b>	17,017.9	12,194.2
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	(40,270.2)	(37,038.4)
Consumer deposits	(5,163.7)	(5,073.4)
Finance lease payables	(4,982.1)	(4,988.9)
Deferred income	(1,181.1)	(993.9)
Other liabilities	(1,357.4)	(1,413.1)
Deferred tax liabilities	(7,569.9)	(7,728.3)
Employee benefits	(10,941.4)	(10,887.3)
Government development grants	(972.0)	(977.8)
	<u>(72,437.8)</u>	<u>(69,101.1)</u>
<b>TOTAL NET ASSETS</b>	<u>60,125.0</u>	<u>57,584.8</u>
<b>EQUITY</b>		
Share capital	11,199.6	11,124.9
Other reserves	(6,283.6)	(6,128.8)
Retained profits	54,267.1	52,115.3
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
	59,183.1	57,111.4
<b>NON-CONTROLLING INTERESTS</b>		
	941.9	473.4
<b>TOTAL EQUITY</b>	<u>60,125.0</u>	<u>57,584.8</u>

These unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual audited financial statements for the year ended 31 August 2017.

### C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2017

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company				
	Share Capital	Other Reserves	Retained Profits	Non Controlling Interest	Total Equity
<b>At 1 September 2017</b>	<b>11,124.9</b>	<b>(6,128.8)</b>	<b>52,115.3</b>	<b>473.4</b>	<b>57,584.8</b>
Profit for the financial period	-	-	2,151.8	4.9	2,156.7
Foreign currency translation reserve	-	(147.2)	-	-	(147.2)
Fair value of available-for-sale financial assets	-	(2.3)	-	-	(2.3)
Employee benefits reserve	-	12.6	-	-	12.6
Share of other comprehensive income of associates accounted for using the equity method	-	9.9	-	-	9.9
<b>Total comprehensive income</b>	<b>-</b>	<b>(127.0)</b>	<b>2,151.8</b>	<b>4.9</b>	<b>2,029.7</b>
<b>Transaction with owners</b>					
Long Term Incentive Plan (LTIP)					
- share-based payment expense	-	46.9	-	-	46.9
- shares issued	74.7	(74.7)	-	-	-
Acquisition of new subsidiary	-	-	-	4.9	4.9
Acquisition of additional equity by NCI	-	-	-	458.7	458.7
	<b>74.7</b>	<b>(27.8)</b>	<b>-</b>	<b>463.6</b>	<b>510.5</b>
<b>At 30 November 2017</b>	<b>11,199.6</b>	<b>(6,283.6)</b>	<b>54,267.1</b>	<b>941.9</b>	<b>60,125.0</b>

	Attributable to owners of the Company					
	Share Capital	Share Premium	Other Reserves	Retained Profits	Non Controlling Interest	Total Equity
<b>At 1 September 2016</b>	<b>5,643.6</b>	<b>5,382.2</b>	<b>(5,967.2)</b>	<b>47,330.0</b>	<b>211.1</b>	<b>52,599.7</b>
Profit for the financial period	-	-	-	1,740.5	48.0	1,788.5
Foreign currency translation reserve	-	-	(8.4)	-	-	(8.4)
Fair value of available-for-sale financial assets	-	-	41.6	-	-	41.6
Employee benefits reserve	-	-	120.1	-	-	120.1
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>153.3</b>	<b>1,740.5</b>	<b>48.0</b>	<b>1,941.8</b>
<b>Transaction with owners</b>						
Issuance of share capital						
- Vesting of Long Term Incentive Plan	8.7	-	(95.5)	86.8	-	-
Long Term Incentive Plan	-	-	45.7	-	-	45.7
	<b>8.7</b>	<b>-</b>	<b>(49.8)</b>	<b>86.8</b>	<b>-</b>	<b>45.7</b>
<b>At 30 November 2016</b>	<b>5,652.3</b>	<b>5,382.2</b>	<b>(5,863.7)</b>	<b>49,157.3</b>	<b>259.1</b>	<b>54,587.2</b>

These unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the year ended 31 August 2017.

**D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 NOVEMBER 2017**

(Amounts in RM million unless otherwise stated)

	<b>Period ended 30.11.17</b>	<b>FY2017 ended 30.11.16</b>
<b>Operating activities</b>		
Cash generated from operations	1,153.2	2,819.0
Retirement benefits paid	(182.2)	(210.5)
Customer contributions received	324.3	287.2
Consumer deposits received	90.3	159.2
Tax paid	(154.8)	(144.3)
Net cash flows generated from operating activities	<u>1,230.8</u>	<u>2,910.6</u>
<b>Investing activities</b>		
Investment in associates:		
- addition	-	(1,259.6)
Dividend received	4.0	4.0
Interest received	30.4	24.0
Investment in FVTPL:		
- additions	(21,703.1)	(15,977.8)
- disposals	20,906.4	15,894.6
Property, plant and equipment:		
- purchases	(2,608.8)	(2,381.0)
- disposals	-	18.5
Net cash flows used in investing activities	<u>(3,371.1)</u>	<u>(3,677.3)</u>
<b>Financing activities</b>		
Bank borrowings:		
- drawdowns	4,063.2	3,382.0
- repayments	(948.7)	(663.9)
Interest paid	(532.7)	(91.8)
Government development grants received	180.5	2.7
Net decrease in debt reserve account	-	0.3
Net (increase)/decrease in cash at bank, held in trust	(3.0)	8.3
Net cash flows generated from financing activities	<u>2,759.3</u>	<u>2,637.6</u>
Net increase in cash and cash equivalents	619.0	1,870.9
Currency translation differences	(1.1)	80.0
<b>Cash and cash equivalents at the beginning of the period</b>	<u>4,512.9</u>	<u>3,411.5</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>5,130.8</u></u>	<u><u>5,362.4</u></u>
<b>Deposit, bank and cash balances at end of the period</b>	5,677.1	5,913.5
Debt reserve account <sup>1</sup>	(249.8)	(254.0)
Cash at bank, held in trust bank <sup>2</sup>	(296.5)	(297.1)
<b>Cash and cash equivalents at the end of the period</b>	<u><u>5,130.8</u></u>	<u><u>5,362.4</u></u>

<sup>1</sup> Debt reserve account relates to deposits placed with licensed financial institution as part of security obligations for bond financing.

<sup>2</sup> The cash at bank held in trust is in respect of grants received from the Government of Malaysia by a subsidiary for designated capital projects.

These unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the annual audited financial statements for the year ended 31 August 2017.

## **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 2017.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries and the Group's interest in associates and joint arrangements as at 31 August 2017. 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 2017.

### **2) AUDIT QUALIFICATION**

The annual audited financial statements for the financial year ended 31 August 2017 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 2017. There were no new standards, amendments to standards and IC interpretations applicable to the Group for financial year beginning 1 September 2017.

### **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**

On 23 November 2017, the Company announced the allotment and issuance of 6,971,200 new ordinary shares in relation to the vesting of the Long Term Incentive Plan ('LTIP') to eligible employees.

As announced at Bursa Malaysia on 31 October 2017, the issuance of RM3.7 billion in nominal value of Sukuk Wakalah by Southern Power Generation Sdn. Bhd. ('SPG'), a subsidiary of the Group, has been completed.

Except for those disclosed in Note 22, there were no other material transactions relating to debts and equity securities during the period under review.

**8) DIVIDENDS**

There was no dividend recommended or 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 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**

There were no material changes to the composition of the Group during the quarter under review.

**13) CONTINGENT LIABILITIES**

Contingent liabilities of the Group include the following:-

	<b>As at 30 Nov 2017</b>	<b>As at 31 Aug 2017</b>
Claims by third parties	564.9	367.5
Trade guarantees and performance bonds	66.7	33.9
	<b><u>631.6</u></b>	<b><u>401.4</u></b>

Claims by third parties include claims by contractors, consumers and former employees. These claims are being addressed and the Directors are of the opinion that their ultimate resolution will not have a material effect on the financial position of the Group.

On 7 December 2016, TNB and the Inland Revenue Board ('IRB') entered into a consent judgment before the Kuala Lumpur High Court to substitute the judicial review proceedings with regard to the notices of additional assessment dated 23 November 2015 ('Notices') by filing an appeal to the Special Commissioners of Income Tax ('SCIT'). The consent judgment also provides that the IRB will not commence any proceedings against the Notices until this matter is determined by the SCIT and by the High Court, if there is a subsequent appeal by either party. On 15 December 2016, TNB filed notices of appeal against the Notices to the SCIT according to Section 99(1) of the Income Tax Act 1967. The appeals have since been registered before the SCIT. TNB has obtained legal advice from its tax solicitors on the merits of the appeals and on this basis, no provision has been made in the financial statements for the contingent liabilities up to the reporting date.

**14) CAPITAL COMMITMENTS**

	<b>As at 30 Nov 2017</b>	<b>As at 31 Aug 2017</b>
<b>Property, plant and equipment committed over a 5-year period</b>		
Authorised but not contracted for	27,736.2	30,059.1
Contracted but not provided for in the financial statements	<u>3,024.4</u>	<u>3,785.1</u>
	<b><u>30,760.6</u></b>	<b><u>33,844.2</u></b>

**F. ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B OF THE BURSA MALAYSIA LISTING REQUIREMENTS**
**15) REVIEW OF PERFORMANCE**

Performance of the current first quarter (three months) Period Ending 31 December 2017 against the corresponding first quarter (three months) FY2017:

Revenue for the quarter increased by RM365.4 million or 3.3% from RM11,241.6 million to RM11,607.0 million as compared to the same quarter last year. This was mainly due to the increase in Group's sales of electricity as compared to the last corresponding quarter.

Profit attributable to Owners of the Company for the current quarter was RM2,151.8 million as compared to RM1,740.5 million recorded in the last corresponding quarter, an increase of RM411.3 million or 23.6%. This was mainly due to a foreign exchange gain amounting to RM293.9 million recorded in the current quarter as compared to a foreign exchange loss of RM225.4 million recorded in the corresponding quarter last year.

The return for regulated business under the Incentive Based Regulation ('IBR') framework that mainly consist of Transmission and Distribution businesses was recorded at RM967.0 million for the current period.

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

Performance of the current first quarter (three months) Period Ending 31 December 2017 against the preceding quarter (three months) FY2017:

The Group reported a lower revenue of RM11,607.0 million as compared to RM12,463.8 million in the preceding quarter, a decrease of RM856.8 million. This was mainly due to a combination of lower sales of electricity and customers' contributions recognised in the current quarter as compared to the preceding quarter.

Profit attributable to the Owners of the Company for the current quarter was RM2,151.8 million as compared to RM1,719.2 million recorded in the preceding quarter, an increase of RM432.6 million, as the current quarter reported a total foreign exchange gain of RM293.9 million as compared to a loss of RM14.2 million recorded in the preceding quarter.



## 17) PROSPECTS

As for the economic outlook, Bank Negara Malaysia (BNM) in its Economic and Financial Developments In Malaysia In The Third Quarter of 2017 report, indicated that given the continued strong performance in the third quarter, the Malaysian economy is on course to register growth that is close to the upper range of the official projection of 5.2 – 5.7% for 2017. Therefore, it is expected that the unit electricity demand growth will be stable in line with the above.

Given the aforementioned scenarios, the Board of Directors expects the result of the Group for the Period Ending December 2017 to remain stable.

## 18) PROFIT FROM OPERATIONS

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

	<b>Quarter ended 30 Nov 2017</b>
Property, plant and equipment:	
- Depreciation	1,518.0
Allowance for receivables	85.4
Allowance for inventories	(1.3)
Inventories written off	0.4

Other than the items highlighted above, there were no disposal of quoted investment and impairment of property, plant and equipment during the financial period ended 30 November 2017.

## 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>ended 30 Nov 2017</b>	<b>ended 30 Nov 2016</b>
<b>Income Tax:</b>		
Current tax and zakat	(221.3)	(190.2)
<b>Deferred tax (net):</b>		
Relating to origination and reversal of temporary differences	157.8	(16.5)
Total taxation and zakat	<b>(63.5)</b>	<b>(206.7)</b>

For the reporting period ended 30 November 2017, the Group recorded a 2.8% effective tax rate, which is much lower than the statutory tax rate of 24.0%. The lower effective tax rate is mainly due to the utilisation of reinvestment allowance incentive and income non-taxable in nature during the current quarter.

## 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 term and long term categories are as follows:

	<b>As at 30 Nov 2017</b>	<b>As at 31 Aug 2017</b>
Short term - secured	844.3	1,344.0
- unsecured	466.7	464.1
<b>Sub-total</b>	<b>1,311.0</b>	<b>1,808.1</b>
Long term - secured	23,502.3	19,801.1
- unsecured	16,767.9	17,237.3
<b>Sub-total</b>	<b>40,270.2</b>	<b>37,038.4</b>
<b>Total</b>	<b>41,581.2</b>	<b>38,846.5</b>

- b) Currency denominations:

	<b>As at 30 Nov 2017</b>	<b>As at 31 Aug 2017</b>
Japanese Yen	2,567.8	2,809.1
US Dollar	5,985.3	6,307.3
Others	56.7	14.5
<b>Total Ringgit equivalent of foreign currency borrowings</b>	<b>8,609.8</b>	<b>9,130.9</b>
Ringgit borrowings	32,971.4	29,715.6
<b>Total</b>	<b>41,581.2</b>	<b>38,846.5</b>

- c) Effective average cost of borrowing based on exposure as at 30 November 2017 was 4.97% (2017: 4.63%).
- d) Repayments of long term debts during the reporting period were as follows:
- (i) Foreign currency denominated term loans of RM63.9 million, and
  - (ii) Ringgit denominated term loans of RM610.5 million.
- e) Drawdowns of long term debts during the reporting period was Ringgit denominated term loans of RM3,743.6 million.

## 23) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 30 November 2017	
	Notional Amount	Fair Value
<b>Forward Currency Contracts</b>		
- Less than 1 year	235.2	(9.1)
- 1 year to 3 years	812.3	(36.5)
- More than 3 years	-	-
<b>Total</b>	<b>1,047.5</b>	<b>(45.6)</b>

The notional amount and fair value of all forward contracts are disclosed on a net basis. There is no change to the cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks since the last financial year.

## 24) MATERIAL LITIGATION

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

## 25) EARNINGS PER SHARE

	Individual quarter	
	ended 30.11.17	ended 30.11.16
Profit attributable to owners of the Company (RM 'million)	2,151.8	1,740.5
Weighted average number of ordinary shares in issue ('000)	<u>5,665,986</u>	<u>5,652,334</u>
<b>Basic earnings per share (sen)</b>	<b>37.98</b>	<b>30.79</b>
Profit attributable to owners of the Company (RM 'million)	2,151.8	1,740.5
Weighted average number of ordinary shares in issue ('000)	5,665,986	5,652,334
Adjustments for Long Term Incentive Plan ('000)	<u>13,816</u>	<u>7,501</u>
Weighted average number of diluted ordinary shares ('000)	<u>5,679,802</u>	<u>5,659,835</u>
<b>Diluted earnings per share (sen)</b>	<b>37.89</b>	<b>30.75</b>

**26) EXCEPTIONAL ITEMS**

There were no exceptional items incurred during the quarter.

By Order of the Board

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

**Company Secretary**

Kuala Lumpur  
26 January 2018