TENAGA NASIONAL BERHAD *(200866-W)*

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 1st QUARTER ENDED 31 MARCH 2018

(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER
	CURRENT YEAR QUARTER 31.03.18
Revenue	12,274.0
Operating expenses	(9,766.8)
Other operating income	182.5
Operating profit	2,689.7
Foreign exchange	
- Translation gain	89.0
- Transaction loss	(5.9)
Share of results of joint ventures	7.1
Share of results of associates	(84.1)
Profit before finance cost	2,695.8
Finance income	161.3
Finance cost	(441.7)
Profit before taxation and zakat	2,415.4
Taxation and Zakat	
- Company and subsidiaries	(261.2)
- Deferred taxation	(37.4)
Profit for the period	**2,116.8**
Attributable to:	
- Owners of the Company	2,119.7
- Non-controlling interests	(2.9)
Profit for the period	**2,116.8**
Earnings per share attributable to the owners of the Company:	
	Sen
Basic	37.41
Diluted	37.33

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017.

There is no comparative for the quarter ended 31 March 2018 as stated in Note 16.

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 1st QUARTER ENDED 31 MARCH 2018 (CONTINUED)

(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31.03.18
Profit for the period	**2,116.8**
Other comprehensive income	
Items that will not be reclassified subsequently to profit or loss:	
Defined benefit plan actuarial gain	104.0
Items that may be reclassified subsequently to profit or loss:	
Foreign currency translation differences	(71.0)
Fair value of financial assets at fair value through OCI	(2.5)
Share of other comprehensive gain of associates accounted for using the equity method	13.6
Total other comprehensive income for the period	44.1
Total comprehensive income for the period	**2,160.9**
Attributable to:	
- Owners of the Company	2,163.8
- Non-controlling interests	(2.9)
Total comprehensive income for the period	**2,160.9**

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017.

There is no comparative for the quarter ended 31 March 2018 as stated in Note 16.

B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

(Amounts in RM million unless otherwise stated)

	31.03.2018	31.12.2017 (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	106,460.5	104,807.6
Joint ventures	161.1	153.1
Associates	2,599.7	2,799.2
Goodwill on consolidation	262.4	211.0
Investment in unquoted debt security	302.8	318.5
Tax recoverable	1,765.1	1,765.1
Deferred tax assets	70.8	68.3
Long term receivables	731.8	829.4
Finance lease receivable	13.2	13.4
Prepaid operating leases	5,619.3	5,505.2
Financial assets at fair value through OCI	66.8	69.3
	118,053.5	116,540.1
CURRENT ASSETS		
Inventories	1,303.8	885.0
Receivables, deposits and prepayments	9,824.1	10,362.1
Tax recoverable	94.8	104.7
Finance lease receivable	0.8	0.8
Prepaid operating leases	146.2	146.2
Amounts due from joint ventures	0.8	1.1
Amounts due from associates	241.7	332.0
Derivative financial instruments	0.7	-
Financial assets at fair value through profit or loss	10,183.9	10,490.2
Deposits, bank and cash balances	4,960.6	5,415.0
	26,757.4	27,737.1
CURRENT LIABILITIES		
Payables	(7,835.7)	(9,066.4)
Finance lease payables	(382.3)	(336.4)
Deferred income	(1,488.0)	(1,487.2)
Amounts due to associates	(640.0)	(691.2)
Current tax liabilities	(153.8)	(132.9)
Derivative financial instruments	(91.6)	(47.3)
Employee benefits	(748.8)	(748.8)
Short term borrowings	(3,334.0)	(1,745.3)
	(14,674.2)	(14,255.5)
NET CURRENT ASSETS	12,083.2	13,481.6
NON-CURRENT LIABILITIES		
Borrowings	(38,941.2)	(39,698.4)
Consumer deposits	(5,440.7)	(5,209.2)
Finance lease payables	(4,744.0)	(4,874.1)
Deferred income	(1,287.1)	(1,220.2)
Other liabilities	(1,374.8)	(1,357.4)
Deferred tax liabilities	(7,752.1)	(7,646.0)
Employee benefits	(10,902.0)	(11,036.3)
Government development grants	(962.9)	(964.1)
Derivative financial instruments	(7.9)	-
	(71,412.7)	(72,005.7)
TOTAL NET ASSETS	58,724.0	58,016.0
EQUITY		
Share capital	11,199.6	11,199.6
Other reserves	(6,287.3)	(6,373.0)
Retained profits	52,891.0	52,266.2
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	57,803.3	57,092.8
NON-CONTROLLING INTERESTS	920.7	923.2
TOTAL EQUITY	58,724.0	58,016.0

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017.

TENAGA NASIONAL BERHAD (200866-W)

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company				
	Share Capital	Other Reserves	Retained Profits	Non Controlling Interest	Total Equity
At 31 December 2017 (restated)	**11,199.6**	**(6,373.0)**	**52,266.2**	**923.2**	**58,016.0**
Effects of adoption of MFRS 9	-	-	(271.7)	(8.1)	(279.8)
At 1 January 2018 (restated)	**11,199.6**	**(6,373.0)**	**51,994.5**	**915.1**	**57,736.2**
Profit for the financial period	-	-	2,119.7	(2.9)	2,116.8
Foreign currency translation reserve	-	(71.0)	-	-	(71.0)
Fair value of financial assets at fair value through OCI	-	(2.5)	-	-	(2.5)
Share of other comprehensive gain of associates accounted for using the equity method	-	13.6	-	-	13.6
Employee benefits reserve	-	104.0	-	-	104.0
Total comprehensive income/(expense)	**-**	**44.1**	**2,119.7**	**(2.9)**	**2,160.9**
Long Term Incentive Plan (LTIP) share-based payment expense	-	41.6	-	-	41.6
Dividend paid to NCI	-	-	-	(1.6)	(1.6)
Dividend for financial period ended 31.12.17	-	-	(1,213.1)	-	(1,213.1)
	-	**41.6**	**(1,213.1)**	**(1.6)**	**(1,173.1)**
At 31 March 2018	**11,199.6**	**(6,287.3)**	**52,901.1**	**910.6**	**58,724.0**

	Attributable to owners of the Company				
	Share Capital	Other Reserves	Retained Profits	Non Controlling Interest	Total Equity
At 1 September 2017 (as previously reported)	**11,124.9**	**(6,128.8)**	**52,115.3**	**473.4**	**57,584.8**
Effects of adoption of MFRS 15	-	-	(1.8)	-	(1.8)
At 1 September 2017 (restated)	**11,124.9**	**(6,128.8)**	**52,113.5**	**473.4**	**57,583.0**
Profit for the financial period	-	-	2,645.7	(13.8)	2,631.9
Foreign currency translation reserve	-	(219.8)	-	-	(219.8)
Fair value of financial assets at fair value through OCI	-	(2.6)	-	-	(2.6)
Share of other comprehensive gain of associates accounted for using the equity method	-	94.2	-	-	94.2
Employee benefits reserve	-	(107.6)	-	-	(107.6)
Total comprehensive (expense)/income	**-**	**(235.8)**	**2,645.7**	**(13.8)**	**2,396.1**
LTIP share-based payment expense	-	66.3	-	-	66.3
LTIP shares issued	74.7	(74.7)	-	-	-
Subscription of shares in a subsidiary	-	-	-	4.9	4.9
Acquisition of additional equity by NCI	-	-	-	458.7	458.7
Final dividend paid for FY2017	-	-	(2,493.0)	-	(2,493.0)
	74.7	**(8.4)**	**(2,493.0)**	**463.6**	**(1,963.1)**
At 31 December 2017 (restated)	**11,199.6**	**(6,373.0)**	**52,266.2**	**923.2**	**58,016.0**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017.

D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

(Amounts in RM million unless otherwise stated)

	FY2018 ended 31.03.18	Financial period ended 31.12.17 (Restated)
Operating activities		
Cash generated from operations	1,859.5	2,172.8
Retirement benefits paid	(179.9)	(240.1)
Customer contributions received	169.4	399.3
Consumer deposits received	204.3	135.8
Tax paid	(138.7)	(250.6)
Net cash flows generated from operating activities	1,914.6	2,217.2
Investing activities		
Dividend received	14.4	24.9
Interest received	27.2	96.6
Investment in FVTPL:		
- additions	(15,803.4)	(27,579.4)
- disposals	16,063.5	29,311.1
Property, plant and equipment:		
- purchases	(3,180.1)	(3,768.6)
- disposals	1.2	29.0
Proceeds from redemption of unquoted debt security	18.9	-
Net cash flows used in investing activities	(2,858.3)	(1,886.4)
Financing activities		
Bank borrowings:		
- drawdowns	974.4	4,191.6
- repayments	(226.4)	(1,030.6)
Interest paid	(86.5)	(585.2)
Dividends paid to non-controlling interest	(1.6)	-
Dividends paid	-	(2,493.0)
Government development grants received	2.6	174.7
Payment of finance lease obligations	(172.0)	(232.0)
Purchase of shares from non-controlling interest	-	4.9
Net decrease in debt reserve account	0.4	-
Net (increase)/decrease in cash at bank, held in trust	(39.0)	3.7
Net cash flows generated from financing activities	451.9	34.1
Net (decrease)/increase in cash and cash equivalents	(491.8)	364.9
Effect of changes in foreign currency	(1.2)	(2.4)
Cash and cash equivalents at the beginning of the financial year/period	4,875.4	4,512.9
Cash and cash equivalents at the end of the financial year/period	**4,382.4**	**4,875.4**
Deposit, bank and cash balances at end of the financial year/period	4,960.6	5,415.0
Debt Reserve Account [1]	(249.4)	(249.8)
Cash at bank, held in trust [2]	(328.8)	(289.8)
Cash and cash equivalents at the end of the financial year/period	**4,382.4**	**4,875.4**

[1] Debt reserve account relates to deposits placed with licensed financial institution as part of security obligations for bond financing.

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

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the financial period ended 31 December 2017.

E. EXPLANATORY NOTES
(Amounts in RM million unless otherwise stated)

1) BASIS OF PREPARATION
These condensed interim financial statements of the Group have been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards ('MFRS') 134 'Interim Financial Reporting', International 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 financial period ended 31 December 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 December 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 financial period ended 31 December 2017.

2) AUDIT QUALIFICATION
The audited financial statements for the financial period ended 31 December 2017 were not subject to any qualification.

3) CHANGES IN ACCOUNTING POLICIES
The accounting policies applied are consistent with those adopted for the financial statements for the financial period ended 31 December 2017.

New standards, amendments to standards and IC Interpretations that are applicable and effective to the Group beginning 1 January 2018:

- IC Interpretation 22 'Foreign currency Transaction and Advance Consideration'
- Amendments to MFRS 2 'Share-Based Payment'
- MFRS 15 'Revenue from Contracts with Customers'
- MFRS 9 'Financial Instruments'

Except for MFRS 15 and MFRS 9, the adoption of the revised standards and amendments to standards do not have any significant impact to the unaudited condensed consolidated financial statements upon their initial application.

MFRS 15 'Revenue from Contracts with Customers' ('MFRS 15')
MFRS 15 replaces MFRS 118 'Revenue' ('MFRS 118') and MFRS 111 'Construction Contracts' ('MFRS 111') and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

The revenue for customers' contributions which was previously recognised under IC Interpretation 18 'Transfers of Assets from Customers' ('IC 18') upon the point of connection to the network, is now recognised as revenue over a period of time under MFRS 15. For certain other revenue streams that were previously recognised over time, these revenues are now recognised at a point in time based on satisfaction of performance obligations.

MFRS 15 'Revenue from Contracts with Customers' ('MFRS 15') (continued)
The Group adopt the standard using the retrospective approach with practical expedients permitted under the standard, which means the impact of the adoption is recognised to the retained profits as at 1 September 2017 and comparatives are restated.

The Group will refine the adjustments from the adoption of MFRS 15 as facts and circumstances evolve during the financial year.

MFRS 9 'Financial Instruments' ('MFRS 9')
MFRS 9 replaces MFRS 139 'Financial Instruments: Recognition and Measurement' ('MFRS 139') effective from 1 January 2018. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets; amortised cost, fair value through profit or loss ('FVTPL') and fair value through other comprehensive income ('FVOCI'). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial assets.

Majority of the Group's debt instruments that were previously classified as loans and receivables are classified as amortised cost. Equity instruments previously classified as available-for-sale are classified as FVOCI and financial assets previously designated at FVTPL will continue to be measured on the same basis under MFRS 9.

The Group adopted an Expected Credit Loss ('ECL') model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and recognises the impairment loss based on expected credit losses. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under MFRS 15, lease receivables, loan commitments and certain financial guarantee contracts.

The Group apply the new standard retrospectively from 1 January 2018, with the practical expedients permitted under the standard, where comparatives are not restated.

The Group will refine the adjustments from the adoption of MFRS 9 as facts and circumstances evolve during the financial year.

Impact of adoption of new standards
Arising from the adoption of MFRS 15 and MFRS 9, the condensed financial statements for the previous financial periods have been restated as follows:

	As previously reported as at 1 Sep 2017 RM Million	Adjustments Effect of adoption of MFRS 15 RM Million	Restated as at 1 Sep 2017 RM Million
Condensed Consolidated Statements of Financial Position			
Current Liabilities			
Payables	10,245.0	1.8	10,246.8
Capital and Reserves attributable to Owners of the Company			
Retained profits	52,115.3	(1.8)	52,113.5

Impact of adoption of new standards (continued)

	As previously reported as at 31 Dec 2017 RM Million	Adjustments Effect of adoption of MFRS 15 RM Million	Restated as at 31 Dec 2017 RM Million	Adjustments Effect of adoption of MFRS 9 RM Million	Restated as at 1 Jan 2018 RM Million
Condensed Consolidated Statements of Financial Position					
Current Assets					
Receivables, deposits, and prepayments	10,362.1	-	10,362.1	(333.6)	10,028.5
Current Liabilities					
Payables	9,065.2	1.2	9,066.4	-	9,066.4
Non-Current Liabilities					
Deferred income	1,107.6	112.6	1,220.2	-	1,220.2
Deferred tax liabilities	7,646.0	-	7,646.0	(53.8)	7,592.2
Capital and Reserves attributable to Owners of the Company					
Retained profits	52,378.0	(111.8)	52,266.2	(271.7)	51,994.5
Non-Controlling Interests	925.2	(2.0)	923.2	(8.1)	915.1

4) REVENUE

The disaggregation of revenue is as follows:

	Quarter ended 31 Mar 2018
Sales:	
- Electricity	12,055.9
- Goods and services	134.6
- Contract revenue	0.5
Release of deferred income	83.0
Total revenue	**12,274.0**

5) SEASONAL OR CYCLICAL FACTORS

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

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

There were no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the reporting period.

7) MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

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

8) DEBT AND EQUITY SECURITIES

On 28 March 2018, Tenaga Wind Ventures UK Ltd, a wholly owned subsidiary of the Group entered into a new GBP120.0 million financing facility with Bayerische Landesbank ('BayernLB') in London.

The facility is to refinance the existing facilities in the two United Kingdom-registered renewable energy companies; GVO Wind Limited and Bluemerang Capital Limited. The two companies were acquired on 1 March 2018.

9) DIVIDENDS

There was no dividend recommended or paid during the quarter.

10) SEGMENTAL REPORTING

Segmental reporting is not presented as the Group is principally engaged in the generation, transmission, distribution and sales of electricity and the provision of other related services, which are substantially within a single business segment. The Group operates primarily in Malaysia.

11) VALUATION OF PROPERTY, PLANT & EQUIPMENT

The Group does not adopt a revaluation policy on its property, plant and equipment.

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

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

13) CHANGES IN THE COMPOSITION OF THE GROUP

On 1 March 2018, via its wholly owned subsidiary, Tenaga Wind Ventures UK Ltd ('Tenaga Wind'), the Group completed its acquisition of two (2) United Kingdom ('UK') renewable energy companies; GVO Wind Limited and Bluemerang Capital Limited (the 'Acquired Cos.') for a purchase consideration of GBP90.9 million in cash and future consideration through two (2) Share Purchase Agreements ('SPAs') with Georg von Opel and Tanzanite B.V. & Catalin Breaban ('the Sellers') respectively.

On 8 December 2017 TNB has entered into a Conditional Sale and Purchase Agreement ('SPA') with Setia Haruman Sdn. Bhd. ('SHSB') for the proposed acquisition of 1,000,002 ordinary shares of Setia Haruman Technology Sdn. Bhd. ('SHTech'), representing 100.0% equity interest of SHTech held by SHSB for a cash consideration of RM28.0 million. On 8 March 2018, the proposed acquisition has been completed in accordance with the term and conditions on the SPA.

14) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:-

	As at 31 Mar 2018	As at 31 Dec 2017
Claims by third parties	881.7	340.9
Trade guarantees and performance bonds	23.6	66.0
	905.3	406.9

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

On 7 December 2016, the Company and the Inland Revenue Board ('IRB') entered into a consent judgement before the Kuala Lumpur High Court to substitute the judicial review proceedings with regard to the notices of additional assessment dated 23 November 2015 ('Notices') arising from the disallowance of the Company's reinvestment allowance ('RIA') claims by filling an appeal to the Special Commissioners of Income Tax ('SCIT'). The consent judgement also provides that the IRB will not commence any proceedings relating to the Notices until this matter is determined by the SCIT and by the High Court, including if there is a subsequent appeal by either party. Pursuant to this, on 15 December 2016, the Company has filed notice of appeal against the Notices to the SCIT according to Section 99(1) of the Income Tax Act 1967. Accordingly, the Company has obtained legal advice from a firm of prominent tax solicitors who are of the view that there is sufficient evidence and case law to support the Company's appeal against the Notices. On this basis and the facts surrounding its RIA claims, the Directors are of the opinion that no provision is required in the financial statements for the potential tax liability up to the reporting date and that there is sufficient evidence and case law to support the Company's appeal against the Notices.

15) CAPITAL COMMITMENTS

	As at 31 Mar 2018	As at 31 Dec 2017
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	34,055.4	36,641.7
Contracted but not provided for in the financial statements	1,297.3	1,109.4
	35,352.7	**37,751.1**

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

16) REVIEW OF PERFORMANCE

Performance of the current period ended 31 March 2018:

As stated in Note 27, due to the change in the financial year, the performance of the current period of 3 months ended 31 March 2018 is not comparable against any comparative period previously reported.

The current period under review reported a revenue of RM12,274.0 million with a corresponding Profit attributable to Owners of the Company of RM2,119.7 million.

The return for regulated business under the Incentive Based Regulation ('IBR') framework that mainly consist of Transmission and Distribution businesses contributed to 45.9% of the Group's Profit After Tax.

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

Due to the change in the financial year, the performance of the current quarter is not comparable against any comparative period previously reported.

18) PROSPECTS

Malaysian economy grew by 5.4% in the first quarter of 2018 as compared to 5.9% recorded in fourth quarter of 2017, as per reported by Bank Negara Malaysia (BNM) in its Economic and Financial Developments in Malaysia in the First Quarter of 2018 report. Going forward, BNM expects Malaysian economy to remain on a favourable growth path in 2018.

As such, electricity demand growth will continue and given the aforementioned scenarios, the Board of Directors expects the result of the Group for the Financial Year 2018 to remain stable.

19) PROFIT FROM OPERATIONS

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

	Quarter ended 31 Mar 2018
Property, plant and equipment:	
- Depreciation	1,531.9
Receivables:	
- Impairment losses	127.4
- Reversal of impairment losses	(169.9)
Inventories:	
- Impairment for obsolescence	65.5
- Write back of obsolescence	(69.9)
- Written off	4.7

Other than the items highlighted above, there were no disposal of quoted investment and impairment of property, plant and equipment during the current quarter ended 31 March 2018.

20) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

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

21) TAXATION AND ZAKAT

Taxation and Zakat for the reporting period comprised the following:

	Quarter ended 31 Mar 2018
Income Tax:	
Current tax and zakat	(261.2)
Deferred tax (net):	
Relating to origination and reversal of temporary differences	(37.4)
Total taxation and zakat	**(298.6)**

For the period ended 31 March 2018, the Group recorded a 12.4% 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.

22) STATUS OF CORPORATE PROPOSALS

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

23) GROUP BORROWINGS

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

	As at 31 Mar 2018	As at 31 Dec 2017
Short term - secured	1,646.8	1,317.4
- unsecured	1,687.2	427.9
Sub-total	**3,334.0**	**1,745.3**
Long term - secured	23,715.3	23,024.8
- unsecured	15,225.9	16,673.6
Sub-total	**38,941.2**	**39,698.4**
Total	**42,275.2**	**41,443.7**

(b) Currency denominations:

	As at 31 Mar 2018	As at 31 Dec 2017
Japanese Yen	2,502.9	2,542.0
US Dollar	5,716.0	5,958.5
GB Pound	651.3	-
Others	49.8	71.3
Total Ringgit equivalent of foreign currency borrowings	8,920.0	8,571.8
Ringgit borrowings	33,355.2	32,871.9
Total	**42,275.2**	**41,443.7**

(c) Effective average cost of borrowing based on exposure as at 31 March 2018 was 4.97% (31 December 2017: 4.98%).

(d) Repayments of long term debts during the reporting period were as follows:
(i) Foreign currency denominated term loans of RM62.1 million, and
(ii) Ringgit denominated term loans of RM28.1 million.

(e) Drawdowns of long term debts during the reporting period were as follows:
(i) Foreign currency denominated term loans of RM651.1 million, and
(ii) Ringgit denominated term loans of RM156.3 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 31 March 2018 Notional Amount	As at 31 March 2018 Fair Value
Forward Currency Contracts		
- Less than 1 year	486.2	(12.0)
- 1 year to 3 years	738.6	(78.9)
- More than 3 years	-	-
Valuation Interest Rate Derivatives (Swaps)		
- More than 3 years	651.1	(7.9)
Total	**1,875.9**	**(98.8)**

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.

In March 2018, TNB Wind Ventures UK Ltd entered into two Interest Rate Swap ('IRS') contracts transactions with effect from 28 Mar 2018 until 31 Mar 2023 and 30 September 2033 that entitled the company to receive interest at floating rates, and obliged it to pay interest at fixed rate of 1.33% and 1.67% on aggregate notional principal of GBP30.7 million and GBP89.3 million respectively.

The effect of this transaction is to effectively fix the interest rate payable on the term loans.

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

	Quarter ended 31 Mar 2018
Profit attributable to owners of the Company (RM' million)	2,119.7
Weighted average number of ordinary shares in issue ('000)	5,665,986
Basic earnings per share (sen)	**37.41**
Weighted average number of ordinary shares in issue ('000)	5,665,986
Adjustments for Long Term Incentive Plan ('000)	12,194
Weighted average number of diluted ordinary shares ('000)	5,678,180
Diluted earnings per share (sen)	**37.33**

27) EXCEPTIONAL ITEMS

There were no exceptional items incurred during the quarter.

28) CHANGE OF FINANCIAL YEAR END

On 30 November 2016, the Board approved the change of financial year end of the Group from 31 August to 31 December. Therefore, these unaudited condensed consolidated financial statements is for a period of 3 months from 1 January 2018 to 31 March 2018 being the first quarter of the financial year ending 31 December 2018.

By Order of the Board

NORAZNI BINTI MOHD ISA (LS 0009635)

Company Secretary

Kuala Lumpur
25 May 2018