

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 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 2018**  
(Amounts in RM million unless otherwise stated)

	<b>INDIVIDUAL CURRENT QUARTER ENDED 30.09.18</b>	<b>CUMULATIVE QUARTER PERIOD ENDED 30.09.18</b>
Revenue	13,073.8	37,845.7
Operating expenses	(11,790.9)	(32,241.1)
Other operating income	191.6	574.0
Operating profit	1,474.5	6,178.6
Foreign exchange		
- Translation loss	(166.7)	(247.3)
- Transaction loss	(8.4)	(13.6)
Share of results of joint ventures	6.3	20.1
Share of results of associates	(91.0)	(183.9)
Profit before finance cost	1,214.7	5,753.9
Finance income	73.9	282.9
Finance cost	(429.9)	(1,201.7)
Fair value of financial instruments	45.9	8.8
Profit before taxation and zakat	904.6	4,843.9
Taxation and zakat		
- Company and subsidiaries	(298.9)	(900.5)
- Deferred taxation	(94.3)	(46.8)
<b>Profit for the period</b>	<b>511.4</b>	<b>3,896.6</b>
Attributable to:		
- Owners of the Company	501.0	3,858.0
- Non-controlling interests	10.4	38.6
<b>Profit for the period</b>	<b>511.4</b>	<b>3,896.6</b>
Earnings per share attributable to the owners of the Company:		
	<b>Sen</b>	<b>Sen</b>
Basic	8.83	68.01
Diluted	8.82	67.90

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income ('OCI') 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 and period ended 30 September 2018 as stated in Note 16 of this announcement.

**A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 3<sup>rd</sup> QUARTER ENDED 30 SEPTEMBER 2018 (CONTINUED)**

(Amounts in RM million unless otherwise stated)

	<b>INDIVIDUAL CURRENT QUARTER ENDED 30.09.18</b>	<b>CUMULATIVE CURRENT PERIOD ENDED 30.09.18</b>
<b>Profit for the period</b>	<b>511.4</b>	<b>3,896.6</b>
<b>Other comprehensive expense</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Defined benefit plan actuarial loss	(104.0)	-
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation differences	60.2	(112.0)
Fair value of financial assets at fair value through OCI	2.9	6.1
Share of other comprehensive gain of associates accounted for using the equity method	32.8	47.1
<b>Total other comprehensive expense for the period</b>	<b>(8.1)</b>	<b>(58.8)</b>
<b>Total comprehensive income for the period</b>	<b>503.3</b>	<b>3,837.8</b>
Attributable to:		
- Owners of the Company	492.9	3,799.2
- Non-controlling interests	10.4	38.6
<b>Total comprehensive income for the period</b>	<b>503.3</b>	<b>3,837.8</b>

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 and period ended 30 September 2018 as stated in Note 16 of this announcement.

## B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

(Amounts in RM million unless otherwise stated)

	<b>30.09.2018</b>	<b>31.12.2017</b> <b>(Restated)</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	109,447.8	104,807.6
Joint ventures	174.2	153.1
Associates	1,915.8	2,799.2
Goodwill on consolidation	245.9	211.0
Investment in unquoted debt security	321.0	318.5
Tax recoverable	1,765.1	1,765.1
Deferred tax assets	79.2	68.3
Long term receivables	784.8	829.4
Finance lease receivables	12.6	13.4
Derivative financial instruments	0.2	-
Prepaid operating leases	5,853.3	5,505.2
Financial assets at fair value through OCI	75.4	69.3
	<u>120,675.3</u>	<u>116,540.1</u>
<b>CURRENT ASSETS</b>		
Inventories	1,047.8	885.0
Receivables, deposits and prepayments	10,304.6	10,362.1
Tax recoverable	111.3	104.7
Finance lease receivables	0.8	0.8
Prepaid operating leases	146.2	146.2
Amounts due from joint ventures	2.0	1.1
Amounts due from associates	203.6	332.0
Derivative financial instruments	2.3	-
Financial assets at fair value through profit or loss	14,140.0	10,490.2
Deposits, bank and cash balances	4,358.8	5,415.0
	<u>30,317.4</u>	<u>27,737.1</u>
<b>CURRENT LIABILITIES</b>		
Payables	(10,072.1)	(9,069.6)
Finance lease payables	(345.0)	(336.4)
Deferred income	(313.2)	(333.0)
Amounts due to associates	(672.5)	(691.2)
Current tax liabilities	(193.2)	(132.9)
Derivative financial instruments	(44.8)	(47.3)
Employee benefits	(748.8)	(748.8)
Short term borrowings	(3,510.5)	(1,745.3)
	<u>(15,900.1)</u>	<u>(13,104.5)</u>
<b>NET CURRENT ASSETS</b>	14,417.3	14,632.6
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	(42,036.4)	(39,698.4)
Consumer deposits	(5,679.5)	(5,209.2)
Finance lease payables	(4,614.4)	(4,874.1)
Deferred income	(2,710.8)	(2,375.2)
Other liabilities	(1,454.1)	(1,357.4)
Deferred tax liabilities	(7,765.8)	(7,646.0)
Employee benefits	(10,997.5)	(11,036.3)
Government development grants	(999.8)	(964.1)
Derivative financial instruments	(0.5)	-
	<u>(76,258.8)</u>	<u>(73,160.7)</u>
<b>TOTAL NET ASSETS</b>	<u>58,833.8</u>	<u>58,012.0</u>
<b>EQUITY</b>		
Share capital	11,360.6	11,199.6
Other reserves	(6,308.0)	(6,373.0)
Retained profits	52,863.4	52,262.2
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	57,916.0	57,088.8
<b>NON-CONTROLLING INTERESTS</b>	917.8	923.2
<b>TOTAL EQUITY</b>	<u>58,833.8</u>	<u>58,012.0</u>

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.

## C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company			Non-Controlling Interest	Total Equity
	Share Capital	Other Reserves	Retained Profits		
<b>At 1 January 2018 (restated)</b>	<b>11,199.6</b>	<b>(6,373.0)</b>	<b>52,262.2</b>	<b>923.2</b>	<b>58,012.0</b>
Effects of adoption of MFRS 9	-	-	(267.7)	(4.6)	(272.3)
<b>At 1 January 2018 (restated)</b>	<b>11,199.6</b>	<b>(6,373.0)</b>	<b>51,994.5</b>	<b>918.6</b>	<b>57,739.7</b>
Profit for the financial period	-	-	3,858.0	38.6	3,896.6
Foreign currency translation reserve	-	(112.0)	-	-	(112.0)
Fair value of financial assets at fair value through OCI	-	6.1	-	-	6.1
Share of other comprehensive gain of associates accounted for using the equity method	-	47.1	-	-	47.1
<b>Total comprehensive (expense)/income</b>	<b>-</b>	<b>(58.8)</b>	<b>3,858.0</b>	<b>38.6</b>	<b>3,837.8</b>
Long Term Incentive Plan ('LTIP')					
- share-based payment expense	-	189.8	-	-	189.8
- shares issued	161.0	(161.0)	-	-	-
Dividend paid to NCI	-	-	-	(1.6)	(1.6)
Dividend:					
- Final dividend paid for financial period ended 31.12.17	-	-	(1,213.1)	-	(1,213.1)
- Interim dividend	-	-	(1,718.8)	-	(1,718.8)
Purchase of shares of NCI	-	95.0	(57.2)	(37.8)	-
<b>Total transactions with owners</b>	<b>161.0</b>	<b>123.8</b>	<b>(2,989.1)</b>	<b>(39.4)</b>	<b>(2,743.7)</b>
<b>At 30 September 2018</b>	<b>11,360.6</b>	<b>(6,308.0)</b>	<b>52,863.4</b>	<b>917.8</b>	<b>58,833.8</b>
<b>At 1 September 2017 (as previously reported)</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>
Effects of adoption of MFRS 15	-	-	(5.1)	-	(5.1)
<b>At 1 September 2017 (restated)</b>	<b>11,124.9</b>	<b>(6,128.8)</b>	<b>52,110.2</b>	<b>473.4</b>	<b>57,579.7</b>
Profit for the financial period	-	-	2,645.0	(13.8)	2,631.2
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)
<b>Total comprehensive (expense)/income</b>	<b>-</b>	<b>(235.8)</b>	<b>2,645.0</b>	<b>(13.8)</b>	<b>2,395.4</b>
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)
<b>Total transactions with owners</b>	<b>74.7</b>	<b>(8.4)</b>	<b>(2,493.0)</b>	<b>463.6</b>	<b>(1,963.1)</b>
<b>At 31 December 2017 (restated)</b>	<b>11,199.6</b>	<b>(6,373.0)</b>	<b>52,262.2</b>	<b>923.2</b>	<b>58,012.0</b>

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 30 SEPTEMBER 2018

(Amounts in RM million unless otherwise stated)

	<b>FY2018 ended 30.09.18</b>	<b>Financial period ended 31.12.17 (Restated)</b>
<b>Operating activities</b>		
Cash generated from operations	9,718.8	2,172.8
Retirement benefits paid	(585.7)	(240.1)
Customers' contributions received	611.9	399.3
Consumer deposits received	376.3	135.8
Taxation and zakat paid	(747.7)	(250.6)
Net cash flows generated from operating activities	<u>9,373.6</u>	<u>2,217.2</u>
<b>Investing activities</b>		
Dividend received	29.6	24.9
Interest received	117.2	96.6
Investment in FVTPL:		
- additions	(50,173.4)	(27,579.4)
- proceeds from disposals	46,559.9	29,311.1
Property, plant and equipment:		
- purchases	(8,049.4)	(3,768.6)
- proceeds from disposals	13.4	29.0
Investment in subsidiaries	(419.4)	-
Proceeds from redemption of redeemable preference shares in associates	7.2	-
Proceeds from redemption of unquoted debt security	18.9	-
Additional investment in joint venture	(1.0)	-
Purchase of shares from NCI	(90.6)	-
Net cash flows used in investing activities	<u>(11,987.6)</u>	<u>(1,886.4)</u>
<b>Financing activities</b>		
Bank borrowings:		
- drawdowns	7,383.6	4,191.6
- repayments	(3,663.9)	(1,030.6)
Interest paid:		
- borrowings	(430.3)	(575.4)
- others	(6.2)	(9.8)
Dividends paid	(1,213.1)	(2,493.0)
Dividend paid to NCI	(1.6)	-
Government development grants received	2.6	174.7
Payment of finance lease obligations	(512.1)	(232.0)
Purchase of shares by NCI	-	4.9
Net decrease in debt reserve account	3.8	-
Net decrease in cash at bank, held in trust	14.7	3.7
Net cash flows generated from financing activities	<u>1,577.5</u>	<u>34.1</u>
Net (decrease)/increase in cash and cash equivalents	(1,036.5)	364.9
Effects of changes in foreign currency	(1.2)	(2.4)
<b>Cash and cash equivalents at the beginning of the financial year/period</b>	<u>4,875.4</u>	<u>4,512.9</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u>3,837.7</u>	<u>4,875.4</u>
<b>Deposit, bank and cash balances at the end of the financial period</b>		
Debt reserve account <sup>1</sup>	4,358.8	5,415.0
Cash at bank, held in trust <sup>2</sup>	(246.0)	(249.8)
<b>Cash and cash equivalents at the end of the financial period</b>	<u>(275.1)</u>	<u>(289.8)</u>
	<u>3,837.7</u>	<u>4,875.4</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.

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 Accounting Standards ('IAS') 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' contribution 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 adopted 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 will be 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 applies 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	Adjustments	Restated as at 1 Sep 2017
		Effect of adoption of MFRS 15	
<b>Condensed Consolidated Statements of Financial Position</b>			
<b>Current Liabilities</b>			
Payables	10,245.0	5.1	10,250.1
<b>Capital and Reserves attributable to owners of the Company</b>			
Retained profits	52,115.3	(5.1)	52,110.2

**Impact of adoption of new standards (continued)**

	As previously reported as at 31 Dec 2017	Adjustments	Restated as at 31 Dec 2017	Adjustments	Restated as at 1 Jan 2018
		Effect of adoption of MFRS 15		Effect of adoption of MFRS 9	
<b>Condensed Consolidated Statements of Financial Position</b>					
<b>Current Assets</b>					
Receivables, deposits, and prepayments	10,362.1	-	10,362.1	(329.2)	10,032.9
<b>Current Liabilities</b>					
Payables	9,065.2	4.4	9,069.6	-	9,069.6
Deferred income	1,487.2	(1,154.2)	333.0	-	333.0
<b>Non-Current Liabilities</b>					
Deferred income	1,107.6	1,267.6	2,375.2	-	2,375.2
Deferred tax liabilities	7,646.0	-	7,646.0	(56.9)	7,589.1
<b>Capital and Reserves attributable to owners of the Company</b>					
Retained profits	52,378.0	(115.8)	52,262.2	(267.7)	51,994.5
Non-controlling interests	925.2	(2.0)	923.2	(4.6)	918.6

**4) REVENUE**

The disaggregation of revenue is as follows:

	<b>Individual current quarter ended 30 Sep 2018</b>	<b>Cumulative current period ended 30 Sep 2018</b>
Sales:		
- Electricity	12,860.0	37,214.8
- Goods and services	82.8	294.8
- Contract revenue	30.0	68.3
- Customers' contributions	1.3	2.7
Release of deferred income	99.7	265.1
<b>Total revenue</b>	<b>13,073.8</b>	<b>37,845.7</b>

**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**

As announced at Bursa Malaysia on 29 August 2018, the issuance of RM3.0 billion in nominal value of Sukuk Wakalah by Tenaga Nasional Berhad, has been completed.

Except for those disclosed in Note 23, there were no other material transactions relating to debts and equity securities during the quarter under review.



**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**

As announced at Bursa Malaysia on 1 November 2018, Tenaga Nasional Berhad through its wholly owned subsidiary, TNB Global Ventures Capital Berhad has successfully issued USD750.0 million denominated Sukuk pursuant to the Multicurrency Sukuk Issuance Programme of USD2.5 billion.

**13) CHANGES IN THE COMPOSITION OF THE GROUP**

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

**14) CONTINGENT LIABILITIES**

Contingent liabilities of the Group include the following: -

	<b>As at 30 Sep 2018</b>	<b>As at 31 Dec 2017</b>
Claims by third parties	258.8	340.9
Trade guarantees and performance bonds	27.4	66.0
<b>Total contingent liabilities</b>	<b>286.2</b>	<b>406.9</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, 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') by filing 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, if there is a subsequent appeal by either party.

On 15 December 2016, the Company 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. The Company 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 potential tax liability up to the reporting date.

## 15) CAPITAL COMMITMENTS

	As at 30 Sep 2018	As at 31 Dec 2017
<b>Property, plant and equipment committed over a 5-year period</b>		
Authorised but not contracted for	28,948.1	36,641.7
Contracted but not provided for in the financial statements	<u>1,316.1</u>	<u>1,109.4</u>
<b>Total capital commitments</b>	<b><u>30,264.2</u></b>	<b><u>37,751.1</u></b>

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

### 16) REVIEW OF PERFORMANCE

Performance of the 9 months period ended 30 September 2018:

As stated in Note 28, due to the change in the financial year, the performance of the current period of 9 months ended 30 September 2018 is not comparable against any comparative period previously reported.

The 9 months period under review reported a revenue of RM37,845.7 million with a corresponding Profit attributable to owners of the Company of RM3,858.0 million.

The return for regulated business under the Incentive Based Regulation ('IBR') framework that mainly consist of Transmission and Distribution businesses contributed to 82.9% of the Group's Profit After Tax.

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

Performance of the current quarter (3<sup>rd</sup> quarter FY2018) against the preceding quarter (2<sup>nd</sup> quarter FY2018):

The Group reported lower operating profit of RM1,474.5 million in the current quarter as compared to RM2,014.4 million in the preceding quarter, a decrease of RM539.9 million. This is mainly due to the increase in operating expenses.

Profit attributable to owners of the Company also decreased from RM1,237.3 million recorded in the preceding quarter to RM501.0 million in the current quarter, a decrease of RM736.3 million or 59.5% mainly due to the increase in operating expenses and higher loss in share of associates in the current quarter.

### 18) PROSPECTS

In light of the global headwinds and the International Monetary Fund's cut in global economic growth rate, Malaysia has revised downwards the projected GDP growth rate from the previously announced 5.0-5.5% to 4.8% for 2018. The revision which was documented in the Economic Outlook 2019 report, is substantiated by the actual GDP growth of only 4.4% recorded in the third quarter of 2018. [Source: Bank Negara Malaysia's Economic and Financial Developments in Malaysia in the Third Quarter of 2018 Report, dated 16 November 2018]

Despite the aforementioned scenarios, the performance of the Group is expected to remain positive for the year ending 31 December 2018.

## 19) PROFIT FROM OPERATIONS

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

	<b>Individual current quarter ended 30 Sep 2018</b>	<b>Cumulative current period ended 30 Sep 2018</b>
Property, plant and equipment:		
- Depreciation	1,621.7	4,706.6
Receivables:		
- Impairment losses	167.2	425.9
- Reversal of impairment losses	(3.5)	(182.1)
Inventories:		
- Impairment for obsolescence	68.7	196.9
- Write back of obsolescence	(64.0)	(199.4)
- Written off	2.3	13.5

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 30 September 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:-

	<b>Individual current quarter ended 30 Sep 2018</b>	<b>Cumulative current period ended 30 Sep 2018</b>
<b>Income tax:</b>		
Current tax and zakat	(298.9)	(900.5)
<b>Deferred tax (net):</b>		
Relating to origination and reversal of temporary differences	(94.3)	(46.8)
<b>Total taxation and zakat</b>	<b><u>(393.2)</u></b>	<b><u>(947.3)</u></b>

For the period ended 30 September 2018, the Group recorded a 19.6% 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 during the current quarter.

## 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 current and non-current categories are as follows:

	<b>As at 30 Sep 2018</b>	<b>As at 31 Dec 2017</b>
Short term - secured	1,572.5	1,317.4
- unsecured	1,938.0	427.9
<b>Sub-total</b>	<b>3,510.5</b>	<b>1,745.3</b>
Long term - secured	23,638.3	23,024.8
- unsecured	18,398.1	16,673.6
<b>Sub-total</b>	<b>42,036.4</b>	<b>39,698.4</b>
<b>Total</b>	<b>45,546.9</b>	<b>41,443.7</b>

- (b) Currency denominations:

	<b>As at 30 Sep 2018</b>	<b>As at 31 Dec 2017</b>
Japanese Yen	2,450.7	2,542.0
US Dollar	6,125.1	5,958.5
GB Pound	627.7	-
Others	72.4	71.3
Total Ringgit equivalent of foreign currency borrowings	9,275.9	8,571.8
Ringgit borrowings	36,271.0	32,871.9
<b>Total</b>	<b>45,546.9</b>	<b>41,443.7</b>

- (c) Effective average cost of borrowing based on exposure as at 30 September 2018 was 4.98% (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 RM107.2 million, and
  - (ii) Ringgit denominated term loans of RM411.9 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 RM3,496.8 million.

## 24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 30 Sep 2018	
	Notional Amount	Fair Value
<b>Forward Currency Contracts</b>		
- Less than 1 year	610.9	(27.9)
- 1 year to 3 years	287.9	(14.6)
<b>Interest Rate Swaps</b>		
- More than 3 years	638.7	(0.5)
<b>Put Option</b>		
- 1 year to 3 years	14.2	0.2
<b>Total</b>	<b>1,551.7</b>	<b>(42.8)</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.

The Interest Rate Swaps ('IRS') entered into by a subsidiary is to effectively fix the interest rate payable on its term loans.

The put option is a right to sell back an asset as a protection to a subsidiary against any unfulfilment in stipulated conditions.

## 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 current quarter ended 30 Sep 2018	Cumulative current period ended 30 Sep 2018
Profit attributable to owners of the Company (RM' million)	501.0	3,858.0
Weighted average number of ordinary shares in issue ('000)	5,672,865	5,672,865
<b>Basic earnings per share (sen)</b>	<b>8.83</b>	<b>68.01</b>
Weighted average number of ordinary shares in issue ('000)	5,672,865	5,672,865
Adjustments for Long Term Incentive Plan ('000)	8,707	8,707
Weighted average number of diluted ordinary shares ('000)	5,681,572	5,681,572
<b>Diluted earnings per share (sen)</b>	<b>8.82</b>	<b>67.90</b>

**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 and Company from 31 August to 31 December. Therefore, these condensed consolidated financial statements is for a period of 9 months from 1 January 2018 to 30 September 2018 being the third quarter for the financial year ending 31 December 2018.

By Order of the Board

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

**Company Secretary**

Kuala Lumpur  
27 November 2018