

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 4th QUARTER ENDED 31 DECEMBER 2018

(Amounts in RM million unless otherwise stated)

	<u>INDIVIDUAL</u>		<u>CUMULATIVE</u>
	CURRENT	CURRENT	PRECEDING
	QUARTER	YEAR	PERIOD
	ENDED	ENDED	ENDED
	31.12.18	31.12.18	31.12.17
			(Restated)
Revenue	12,546.8	50,392.5	15,692.2
Operating expenses	(11,888.3)	(43,854.7)	(13,037.5)
Net loss on impairment of financial instruments	(212.6)	(487.3)	(154.5)
Other operating income	251.1	825.1	512.6
Operating profit	697.0	6,875.6	3,012.8
Foreign exchange			
- Translation (loss)/gain	(145.8)	(393.1)	329.7
- Transaction loss	(11.6)	(25.2)	(19.5)
Share of results of joint ventures	7.1	27.2	7.7
Share of results of associates	(26.0)	(209.9)	(44.7)
Profit before finance cost	520.7	6,274.6	3,286.0
Finance income	140.9	423.8	94.9
Finance cost	(486.8)	(1,688.5)	(531.4)
Fair value of financial instruments	27.9	36.7	(6.0)
Profit before taxation and zakat	202.7	5,046.6	2,843.5
Taxation and zakat			
- Company and subsidiaries	(134.3)	(1,034.8)	(277.4)
- Deferred taxation	(220.0)	(266.8)	42.4
(Loss)/Profit for the year/period	(151.6)	3,745.0	2,608.5
Attributable to:			
- Owners of the Company	(134.3)	3,723.7	2,622.3
- Non-controlling interests	(17.3)	21.3	(13.8)
(Loss)/Profit for the year/period	(151.6)	3,745.0	2,608.5

Earnings per share attributable to the owners of the Company:

	Sen	Sen	(Restated)
			Sen
Basic	(2.37)	65.62	46.32
Diluted	(2.36)	65.39	46.21

The Condensed Consolidated Statement of Profit or Loss 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 the year ended 31 December 2018 as stated in Note 16 of this announcement.

A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE 4th QUARTER ENDED 31 DECEMBER 2018
(Amounts in RM million unless otherwise stated)

	<u>INDIVIDUAL</u>		<u>CUMULATIVE</u>
	<u>CURRENT</u>	<u>CURRENT</u>	<u>PRECEDING</u>
	<u>QUARTER</u>	<u>YEAR</u>	<u>PERIOD</u>
	<u>ENDED</u>	<u>ENDED</u>	<u>ENDED</u>
	<u>31.12.18</u>	<u>31.12.18</u>	<u>31.12.17</u>
(Loss)/Profit for the year/period	(151.6)	3,745.0	(Restated) 2,608.5
Other comprehensive (expense)/income			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial loss	(204.3)	(204.3)	(107.6)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	98.9	(13.1)	(219.8)
Fair value of financial assets at fair value through OCI	1.0	7.1	(2.6)
Share of other comprehensive income of associates accounted for using the equity method	27.2	74.3	94.2
Total other comprehensive expense for the year/period	(77.2)	(136.0)	(235.8)
Total comprehensive (expense)/income for the year/period	(228.8)	3,609.0	2,372.7
Attributable to:			
- Owners of the Company	(211.5)	3,587.7	2,386.5
- Non-controlling interests	(17.3)	21.3	(13.8)
Total comprehensive (expense)/income for the year/period	(228.8)	3,609.0	2,372.7

The Condensed Consolidated Statement of 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 the year ended 31 December 2018 as stated in Note 16 of this announcement.

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

(Amounts in RM million unless otherwise stated)

	31.12.2018	31.12.2017 (Restated)	1.9.2017 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	111,445.5	104,807.6	103,083.7
Joint ventures	166.0	153.1	152.3
Associates	1,543.7	2,799.2	2,937.8
Goodwill on consolidation	240.7	211.0	211.0
Investment in unquoted debt security	326.7	318.5	275.7
Tax recoverable	1,765.1	1,765.1	1,765.1
Deferred tax assets	87.7	68.3	77.0
Long term receivables	1,336.4	829.4	549.7
Finance lease receivables	12.4	13.4	13.8
Prepaid operating leases	5,944.1	5,505.2	5,353.7
Financial assets at fair value through OCI	76.4	69.3	71.9
Contract cost assets	0.5	4.1	-
Derivative financial instruments	0.2	-	-
	<u>122,945.4</u>	<u>116,544.2</u>	<u>114,491.7</u>
CURRENT ASSETS			
Inventories	1,295.9	885.0	828.7
Receivables, deposits and prepayments	6,873.7	7,143.3	5,772.2
Contract cost assets	6.7	0.1	-
Contract assets	3,322.7	3,187.4	3,184.7
Tax recoverable	422.6	104.7	83.8
Finance lease receivables	1.0	0.8	0.7
Prepaid operating leases	164.8	146.2	139.1
Amounts due from joint ventures	10.8	1.1	0.6
Amounts due from associates	364.9	332.0	226.3
Derivative financial instruments	1.2	-	1.2
Financial assets at fair value through profit or loss	9,934.2	10,490.2	12,221.9
Deposits, bank and cash balances	8,369.8	5,415.0	5,056.2
	<u>30,768.3</u>	<u>27,705.8</u>	<u>27,515.4</u>
CURRENT LIABILITIES			
Payables	(9,816.2)	(9,065.2)	(10,245.0)
Consumer deposits	(5,761.6)	(5,209.2)	(5,073.4)
Contract liabilities	(433.7)	(333.0)	(153.6)
Derivative financial instruments	(44.0)	(47.3)	(10.9)
Finance lease payables	(357.8)	(336.4)	(329.6)
Amounts due to associates	(656.3)	(691.2)	(636.9)
Amounts due to joint ventures	(0.5)	-	-
Current tax liabilities	(96.2)	(132.9)	(85.2)
Employee benefits	(777.0)	(748.8)	(749.9)
Short term borrowings	(3,927.8)	(1,745.3)	(1,808.1)
	<u>(21,871.1)</u>	<u>(18,309.3)</u>	<u>(19,092.6)</u>
NET CURRENT ASSETS	8,897.2	9,396.5	8,422.8
NON-CURRENT LIABILITIES			
Borrowings	(43,904.6)	(39,698.4)	(37,038.4)
Derivative financial instruments	(11.5)	-	-
Contract liabilities	(2,816.6)	(2,375.7)	(2,301.2)
Government development grants	(1,005.0)	(964.1)	(977.8)
Finance lease payables	(4,516.3)	(4,874.1)	(4,988.9)
Deferred tax liabilities	(8,009.3)	(7,645.7)	(7,728.4)
Other liabilities	(1,396.2)	(1,357.4)	(1,413.1)
Employee benefits	(11,131.2)	(11,036.3)	(10,887.3)
	<u>(72,790.7)</u>	<u>(67,951.7)</u>	<u>(65,335.1)</u>
TOTAL NET ASSETS	<u>59,051.9</u>	<u>57,989.0</u>	<u>57,579.4</u>
EQUITY			
Share capital	11,446.1	11,199.6	11,124.9
Other reserves	(6,392.7)	(6,373.0)	(6,128.8)
Retained profits	52,784.4	52,239.2	52,109.9
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY	57,837.8	57,065.8	57,106.0
NON-CONTROLLING INTERESTS	1,214.1	923.2	473.4
TOTAL EQUITY	<u>59,051.9</u>	<u>57,989.0</u>	<u>57,579.4</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 31 DECEMBER 2018

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company			Non-Controlling Interest	Total Equity
	Ordinary Shares	Other Reserves	Retained Profits		
At 1 January 2018 (restated)	11,199.6	(6,373.0)	52,239.2	923.2	57,989.0
Effects of adoption of MFRS 9	-	-	(189.4)	(3.4)	(192.8)
At 1 January 2018 (restated)	11,199.6	(6,373.0)	52,049.8	919.8	57,796.2
Profit for the financial year	-	-	3,723.7	21.3	3,745.0
Foreign currency translation reserve	-	(13.1)	-	-	(13.1)
Fair value of financial assets at fair value through OCI	-	7.1	-	-	7.1
Share of other comprehensive income of associates accounted for using the equity method	-	74.3	-	-	74.3
Employee benefits reserve	-	(204.3)	-	-	(204.3)
Total comprehensive (expense)/income	-	(136.0)	3,723.7	21.3	3,609.0
Long Term Incentive Plan ('LTIP')					
- share-based payment expense	-	267.8	-	-	267.8
- shares issued	246.5	(246.5)	-	-	-
Dividend paid to NCI	-	-	-	(2.0)	(2.0)
Dividend paid:					
- Final for FPE 31.12.17	-	-	(1,213.1)	-	(1,213.1)
- Interim dividend for FY2018	-	-	(1,718.8)	-	(1,718.8)
Settlement of put option on shares of NCI	-	95.0	(57.2)	(37.8)	-
Acquisition of additional equity by NCI	-	-	-	312.8	312.8
Total transactions with owners	246.5	116.3	(2,989.1)	273.0	(2,353.3)
At 31 December 2018	11,446.1	(6,392.7)	52,784.4	1,214.1	59,051.9
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	-	-	(5.4)	-	(5.4)
At 1 September 2017 (restated)	11,124.9	(6,128.8)	52,109.9	473.4	57,579.4
Profit for the financial period	-	-	2,622.3	(13.8)	2,608.5
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 income 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)	2,622.3	(13.8)	2,372.7
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)
Total transactions with owners	74.7	(8.4)	(2,493.0)	463.6	(1,963.1)
At 31 December 2017 (restated)	11,199.6	(6,373.0)	52,239.2	923.2	57,989.0

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 DECEMBER 2018

(Amounts in RM million unless otherwise stated)

	Financial year ended 31.12.18	Financial period ended 31.12.17 (Restated)
Operating activities		
Cash generated from operations	14,442.8	2,172.8
Retirement benefits paid	(824.6)	(240.1)
Customers' contributions received	938.2	399.3
Consumer deposits received	415.9	135.8
Taxation and zakat paid	(1,243.3)	(250.6)
Net cash flows generated from operating activities	<u>13,729.0</u>	<u>2,217.2</u>
Investing activities		
Dividend received	44.9	24.9
Interest received	155.8	96.6
Investment in FVTPL:		
- additions	(64,933.2)	(27,579.4)
- proceeds from disposals	65,639.1	29,311.1
Property, plant and equipment:		
- purchases	(12,145.3)	(3,768.6)
- proceeds from disposals	23.3	29.0
Acquisition of subsidiaries net of cash and cash equivalent	(401.1)	-
Proceeds from redemption of RPS in associates	10.4	-
Proceeds from redemption of unquoted debt security	18.9	-
Additional investment in joint venture	(1.0)	-
Net cash flows used in investing activities	<u>(11,588.2)</u>	<u>(1,886.4)</u>
Financing activities		
Bank borrowings:		
- drawdowns	8,206.4	4,191.6
- repayments	(1,915.6)	(1,030.6)
Interest paid:		
- borrowings	(1,821.1)	(575.4)
- others	(8.9)	(9.8)
Dividends paid	(2,931.9)	(2,493.0)
Dividend paid to NCI	(2.0)	-
Government development grants received	5.6	174.7
Payment of finance lease obligations	(682.7)	(232.0)
Purchase of shares by NCI	57.8	4.9
Settlement of put option on shares of NCI	(90.6)	-
Net decrease in debt reserve account	3.8	-
Net decrease in cash at bank, held in trust	40.9	3.7
Net decrease in restricted cash	(16.3)	-
Net cash flows generated from financing activities	<u>845.4</u>	<u>34.1</u>
Net increase in cash and cash equivalents	2,986.2	364.9
Effects of changes in foreign currency	(3.0)	(2.4)
Cash and cash equivalents at the beginning of the financial year/period	<u>4,875.4</u>	<u>4,512.9</u>
Cash and cash equivalents at the end of the financial year/period	<u>7,858.6</u>	<u>4,875.4</u>
Deposit, bank and cash balances at the end of the financial year/period		
Debt reserve account	8,369.8	5,415.0
Debt reserve account ¹	(246.0)	(249.8)
Cash at bank, held in trust ²	(248.9)	(289.8)
Restricted cash	(16.3)	-
Cash and cash equivalents at the end of the financial year/period	<u>7,858.6</u>	<u>4,875.4</u>

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 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.

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 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:

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

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.

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 will be restated.

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.

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	Adjustments	As restated
		Effect of adoption of MFRS 15	
Condensed Consolidated Statements of Profit or Loss for financial period ended 31 December 2017			
Revenue	15,827.1	(134.9)	15,692.2
Operating expenses and net loss on impairment	(13,191.1)	(0.9)	(13,192.0)
Taxation and Zakat	(235.4)	0.4	(235.0)
Profit for the financial period	2,743.9	(135.4)	2,608.5
Non-controlling interests	(11.8)	(2.0)	(13.8)
Earning per shares:	Sen		Sen
Basic	48.68		46.32
Diluted	48.56		46.21

Impact of adoption of new standards (continued)

	As previously reported as at 1 Sep 2017	Adjustments	Restated as at 1 Sep 2017
		Effect of adoption of MFRS 15	
Condensed Consolidated Statements of Financial Position			
Current Assets			
Receivables, deposits and prepayments	8,962.2	(3,190.0)	5,772.2
Contract assets	0	3,184.7	3,184.7
Current Liabilities			
Consumer deposits	0	(5,073.4)	(5,073.4)
Contract liabilities	(1,460.9)	1,307.3	(153.6)
Non Current Liabilities			
Consumer deposits	(5,073.4)	5,073.4	0
Contract liabilities	(993.9)	(1,307.3)	(2,301.2)
Deferred tax liabilities	(7,728.3)	(0.1)	(7,728.4)
Capital and Reserves attributable to owners of the Company			
Retained profits	(52,115.3)	5.4	(52,109.9)

	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	
Condensed Consolidated Statements of Financial Position					
Non Current Assets					
Contract cost assets	0	4.1	4.1	0	4.1
Current Assets					
Receivables, deposits, and prepayments	10,362.1	(3,218.8)	7,143.3	(223.1)	6,920.2
Amount due from associates	332.0	0	332.0	(0.4)	331.6
Contract cost assets	0	0.1	0.1	0	0.1
Contract assets	0	3,187.4	3,187.4	0	3,187.4
Current Liabilities					
Payables	(9,065.2)	0	(9,065.2)	(1.9)	(9,067.1)
Consumer deposits	0	(5,209.2)	(5,209.2)	0	(5,209.2)
Contract liabilities	(1,487.2)	1,154.2	(333.0)	0	(333.0)
Non-Current Liabilities					
Consumer deposits	(5,209.2)	5,209.2	0	0	0
Contract liabilities	(1,107.6)	(1,268.1)	(2,375.7)	0	(2,375.7)
Deferred tax liabilities	(7,646.0)	0.3	(7,645.7)	32.6	(7,613.1)
Capital and Reserves attributable to owners of the Company					
Retained profits	(52,378.0)	138.8	(52,239.2)	189.4	(52,049.8)
Non-controlling interests	(925.2)	2.0	(923.2)	3.4	(919.8)

4) REVENUE

The disaggregation of revenue is as follows:

	Individual current quarter ended 31 Dec 2018	current year ended 31 Dec 2018	Cumulative preceding period ended 31 Dec 2017 (Restated)
Sales:			
- Electricity	12,271.7	49,486.5	15,380.4
- Goods and services	190.1	555.6	213.1
Construction contracts	18.7	87.0	4.2
Customers' contribution	66.3	263.4	94.5
Total revenue	12,546.8	50,392.5	15,692.2

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 November 2018, the Company announced the allotment and issuance of 8,708,200 ordinary shares in relation to the vesting of the Long Term Incentive Plan ('LTIP') to eligible employees.

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

The Board of Directors has proposed a final single tier dividend of 23.0 sen per share, on 5,686,888,771 ordinary share in respect of the financial year ended 31 December 2018 amounting to RM1,308.0 million.

The books closure and payment dates will be announced in due course.

Interim dividend for financial year 2018 was paid on 11 October 2018 totalling RM1,718.8 million.

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

On 10 January 2019, the Company announced that through its wholly-owned subsidiary, TNB Bukit Selambau Solar Sdn. Bhd. ('TBSS') it has secured a RM144.0 million financing for its second Large Scale Solar ('LSS') project in Malaysia in Bukit Selambau, Kuala Muda, Kedah. TBSS together with MUFG Bank (Malaysia) Berhad (formerly known as Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad) has recently achieved Financial Close for financing the project. The bank will be providing funding and working capital requirements for the LSS project.

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:-

	As at 31 Dec 2018	As at 31 Dec 2017
Claims by third parties	310.1	340.9
Trade guarantees and performance bonds	27.5	66.0
Total contingent liabilities	337.6	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 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, 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.

15) CAPITAL COMMITMENTS

	As at 31 Dec 2018	As at 31 Dec 2017
Property, plant and equipment committed over a 5-year period		
Authorised but not contracted for	69,393.4	36,641.7
Contracted but not provided for in the financial statements	1,534.8	1,109.4
Total capital commitments	70,928.2	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 12 months ended 31 December 2018:

As stated in Note 28, due to the change in the financial year, the performance of the current year of 12 months ended 31 December 2018 is not comparable against any comparative period previously reported.

The 12 months period under review reported a revenue of RM50,392.5 million with a corresponding Profit attributable to owners of the Company of RM3,723.7 million.

The return on regulated business under the Incentive Based Regulation ('IBR') framework which mainly consist of Transmission and Distribution businesses is reported at RM3,713.0 million.

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

Performance of the current quarter (4th Quarter FY2018) against the preceding quarter (3rd Quarter FY2018):

The Group reported lower operating profit of RM697.0 million in the current quarter as compared to RM1,474.5 million in the preceding quarter, a decrease of RM777.5 million. This is mainly due to the decrease in revenue and increase in impairment of financial instruments.

Additionally, the profit attributable to owners of the Company also decreased from a profit of RM501.0 million recorded in the preceding quarter to a loss of RM134.3 million in the current quarter, a decrease of RM635.3 million.

18) PROSPECTS

On the Economic Outlook, the Malaysian economy expanded higher by 4.7% in the fourth quarter of 2018 (3Q 2018: 4.4%) and recorded moderate growth of 4.7% for the overall 2018. Going forward, the Malaysian economy is expected to remain on a steady growth path with private sector demand expected to be the main driver of growth.

Given the aforementioned scenarios, the electricity demand growth and performance of the Group is expected to remain stable for Financial Year 2019.

19) PROFIT FROM OPERATIONS

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

	Individual current year ended 31 Dec 2018	Cumulative current year ended 31 Dec 2018
Property, plant and equipment:		
- Depreciation	1,748.7	6,491.3
Receivables:		
- Loss allowance	105.3	531.2
- Reversal of loss allowance	(157.3)	(339.4)
Inventories:		
- Provision of obsolescence	96.5	293.4
- Write back of obsolescence	(79.2)	(278.6)
- Written off	9.6	23.1
Impairment of associates	304.7	802.7

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 December 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:-

	Individual current quarter ended 31 Dec 2018	Cumulative current year ended 31 Dec 2018	Cumulative preceding period ended 31 Dec 2017 (Restated)
Income tax:			
Current tax and zakat	(134.3)	(1,034.8)	(277.4)
Deferred tax (net):			
Relating to origination and reversal of temporary differences	(220.0)	(266.8)	42.4
Total taxation and zakat	(354.3)	(1,301.6)	(235.0)

For the year ended 31 December 2018, the Group recorded a 25.8% effective tax rate.

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:

	As at 31 Dec 2018	As at 31 Dec 2017
Short term - secured	1,345.3	1,317.4
- unsecured	2,582.5	427.9
Sub-total	3,927.8	1,745.3
Long term - secured	23,031.1	23,024.8
- unsecured	20,873.5	16,673.6
Sub-total	43,904.6	39,698.4
Total	47,832.4	41,443.7

- (b) Currency denominations:

	As at 31 Dec 2018	As at 31 Dec 2017
Japanese Yen	2,526.1	2,542.0
US Dollar	9,210.1	5,958.5
GB Pound	609.1	-
Others	66.1	71.3
Total Ringgit equivalent of foreign currency borrowings	12,411.4	8,571.8
Ringgit borrowings	35,421.0	32,871.9
Total	47,832.4	41,443.7

- (c) Effective average cost of borrowing based on exposure as at 31 December 2018 was 4.99% (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 RM951.2 million.
- (e) Drawdowns of long term debts during the reporting period were as follows:
- (i) Foreign currency denominated term loans of RM3,777.2 million, and
 - (ii) Ringgit denominated term loans of RM3,532.2 million.

24) DERIVATIVE FINANCIAL INSTRUMENTS

Type of Derivatives	As at 31 Dec 2018	
	Notional Amount	Fair Value
Forward Currency Contracts		
- Less than 1 year	752.4	(33.5)
- 1 year to 3 years	197.3	(9.3)
Interest Rate Swaps		
- More than 3 years	622.4	(11.5)
Put Option		
- 1 year to 3 years	14.2	0.2
Total	1,586.3	(54.1)

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

	<u>Individual quarter</u> 31 Dec 2018	<u>Cumulative year/period</u> 31 Dec 2018 31 Dec 2017 (Restated)	
Profit attributable to owners of the Company (RM' million)	(134.3)	3,723.7	2,622.3
Weighted average number of ordinary shares in issue ('000)	5,674,992	5,674,992	5,661,204
Basic earnings per share (sen)	(2.37)	65.62	46.32
Weighted average number of ordinary shares in issue ('000)	5,674,992	5,674,992	5,661,204
Adjustments for Long Term Incentive Plan ('000)	19,927	19,927	13,597
Weighted average number of diluted ordinary shares ('000)	5,694,919	5,694,919	5,674,801
Diluted earnings per share (sen)	(2.36)	65.39	46.21

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 12 months from 1 January 2018 to 31 December 2018 being the fourth quarter for the financial year ended 31 December 2018.

By Order of the Board

NORAZNI BINTI MOHD ISA (LS 0009635)

Company Secretary

Kuala Lumpur
28 February 2019