



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 2<sup>nd</sup> QUARTER ENDED 29 FEBRUARY 2016**

(Amounts in RM million unless otherwise stated)

|  | INDIVIDUAL QUARTER                     |   | CUMULATIVE                             |  |
|--|--|---|--|--|
|  | CURRENT<br>YEAR<br>QUARTER<br>29.02.16 | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER<br>28.02.15 | CURRENT<br>YEAR<br>TO DATE<br>29.02.16 | PRECEDING<br>YEAR<br>CORRESPONDING<br>PERIOD<br>28.02.15 |
| Revenue  | 10,489.3                               | 10,610.0  | 21,166.1                               | 21,637.1   |
| Operating expenses   | (8,828.1)                              | (8,037.9)   | (17,246.5)                             | (16,457.1)   |
| Other operating income                                       | 180.6                                  | 203.3   | 319.9                                  | 340.2  |
| Operating profit   | 1,841.8                                | 2,775.4   | 4,239.5                                | 5,520.2  |
| Foreign exchange   |  |   |  |  |
| - Translation loss   | (176.9)                                | (303.3)   | (235.4)                                | (257.4)  |
| - Transaction (loss)/gain                                    | (11.6)                                 | 17.7  | (5.5)                                  | 27.8   |
| Share of results of joint ventures                           | 7.0                                    | 4.6   | 13.5                                   | 12.0   |
| Share of results of associates                               | 19.4                                   | (3.2)   | 29.8                                   | 12.2   |
| Profit before finance cost                                   | 1,679.7                                | 2,491.2   | 4,041.9                                | 5,314.8  |
| Finance income   | 59.2                                   | 84.6  | 120.0                                  | 135.7  |
| Finance cost   | (239.5)                                | (210.3)   | (499.2)                                | (464.2)  |
| Profit before taxation and zakat                             | 1,499.4                                | 2,365.5   | 3,662.7                                | 4,986.3  |
| Taxation and Zakat   |  |   |  |  |
| - Company and subsidiaries                                   | (94.7)                                 | (197.1)   | (333.8)                                | (445.3)  |
| - Deferred taxation  | (89.7)                                 | (34.7)  | (51.7)                                 | (56.3)   |
| <b>Profit for the period</b>                                 | <b>1,315.0</b>                         | <b>2,133.7</b>  | <b>3,277.2</b>                         | <b>4,484.7</b>   |
| Attributable to:   |  |   |  |  |
| - Owners of the Company                                      | 1,320.7                                | 2,156.2   | 3,296.7                                | 4,508.1  |
| - Non-controlling interests                                  | (5.7)                                  | (22.5)  | (19.5)                                 | (23.4)   |
| <b>Profit for the period</b>                                 | <b>1,315.0</b>                         | <b>2,133.7</b>  | <b>3,277.2</b>                         | <b>4,484.7</b>   |
| Earnings per share attributable to the owners of the Company |  |   |  |  |
|  | <b>Sen</b>                             | <b>Sen</b>  | <b>Sen</b>                             | <b>Sen</b>   |
| Basic  | 23.40                                  | 38.21   | 58.41                                  | 79.88  |
| Diluted  | 23.36                                  | 38.21   | 58.32                                  | 79.88  |

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 2015.



**A. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2<sup>nd</sup> QUARTER ENDED 29 FEBRUARY 2016 (CONTINUATION)**

(Amounts in RM million unless otherwise stated)

|   | INDIVIDUAL QUARTER                     |   | CUMULATIVE                             |  |
|---|--|---|--|--|
|   | CURRENT<br>YEAR<br>QUARTER<br>29.02.16 | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER<br>28.02.15 | CURRENT<br>YEAR<br>TO DATE<br>29.02.16 | PRECEDING<br>YEAR<br>CORRESPONDING<br>PERIOD<br>28.02.15 |
| Profit for the period   | 1,315.0                                | 2,133.7   | 3,277.2                                | 4,484.7  |
| <b>Other comprehensive income/(expense)</b>                               |  |   |  |  |
| <b>Items that will not be reclassified subsequently to profit or loss</b> |  |   |  |  |
| Defined benefit plan actuarial (loss)/gain                                | (16.1)                                 | 79.7  | (16.1)                                 | 79.7   |
| <b>Items that may be reclassified subsequently to profit or loss</b>      |  |   |  |  |
| Foreign currency translation differences                                  | (27.2)                                 | (57.5)  | (76.8)                                 | (29.1)   |
| <b>Total other comprehensive (expense)/income for the period</b>          | <u>(43.3)</u>                          | <u>22.2</u>   | <u>(92.9)</u>                          | <u>50.6</u>  |
| <b>Total comprehensive income for the period</b>                          | <u>1,271.7</u>                         | <u>2,155.9</u>  | <u>3,184.3</u>                         | <u>4,535.3</u>   |
| Attributable to:  |  |   |  |  |
| - Owners of the Company   | 1,277.4                                | 2,178.4   | 3,203.8                                | 4,558.7  |
| - Non-controlling interests   | (5.7)                                  | (22.5)  | (19.5)                                 | (23.4)   |
| <b>Total comprehensive income for the period</b>                          | <u>1,271.7</u>                         | <u>2,155.9</u>  | <u>3,184.3</u>                         | <u>4,535.3</u>   |

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 2015.

**B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
29 FEBRUARY 2016**

(Amounts in RM million unless otherwise stated)

|   | 29.02.2016        | 31.08.2015        |
|---|-------------------|-------------------|
| <b>NON-CURRENT ASSETS</b>   |                   |                   |
| Property, plant and equipment                                     | 92,838.0          | 90,300.3          |
| Joint ventures  | 136.5             | 122.9             |
| Associates  | 630.6             | 634.7             |
| Goodwill on consolidation   | 124.7             | 124.7             |
| Investments in unquoted debt security                             | 21.3              | 24.3              |
| Tax recoverable   | 1,693.2           | 1,693.2           |
| Deferred tax assets   | 15.5              | 23.1              |
| Long term receivables   | 613.7             | 253.5             |
| Finance lease receivable  | 13.3              | 13.2              |
| Prepaid operating leases  | 5,335.6           | 5,111.6           |
| Available-for-sale financial assets                               | 38.5              | 38.5              |
|   | <u>101,460.9</u>  | <u>98,340.0</u>   |
| <b>CURRENT ASSETS</b>   |                   |                   |
| Inventories   | 1,015.7           | 843.8             |
| Receivables, deposits and prepayments                             | 7,796.4           | 8,639.4           |
| Tax recoverable   | 111.8             | 45.5              |
| Finance lease receivable  | 0.6               | 0.6               |
| Prepaid operating leases  | 152.6             | 152.6             |
| Amounts due from joint ventures                                   | 26.7              | 25.9              |
| Amounts due from associates                                       | 219.5             | 177.7             |
| Financial assets at fair value through profit or loss             | 12,822.5          | 6,438.2           |
| Deposits, bank and cash balances                                  | 2,956.0           | 2,471.3           |
|   | <u>25,101.8</u>   | <u>18,795.0</u>   |
| <b>CURRENT LIABILITIES</b>  |                   |                   |
| Payables  | (9,605.9)         | (10,411.5)        |
| Finance lease payables  | (683.0)           | (678.6)           |
| Deferred income   | (1,151.6)         | (1,200.6)         |
| Amounts due to associates   | (548.9)           | (531.4)           |
| Current tax liabilities   | (45.8)            | (72.5)            |
| Employee benefits   | (711.9)           | (711.8)           |
| Short term borrowings   | (907.7)           | (1,985.8)         |
|   | <u>(13,654.8)</u> | <u>(15,592.2)</u> |
| <b>NET CURRENT ASSETS</b>   | 11,447.0          | 3,202.8           |
| <b>NON-CURRENT LIABILITIES</b>                                    |                   |                   |
| Borrowings  | (31,998.7)        | (22,713.1)        |
| Consumer deposits   | (4,369.3)         | (4,187.3)         |
| Finance lease payables  | (5,687.6)         | (6,028.6)         |
| Deferred income   | (1,442.3)         | (1,425.1)         |
| Other liabilities   | (1,459.3)         | (1,428.0)         |
| Deferred tax liabilities  | (7,093.8)         | (7,054.1)         |
| Employee benefits   | (10,242.5)        | (10,230.0)        |
| Government development grants                                     | (1,018.1)         | (1,009.7)         |
|   | <u>(63,311.6)</u> | <u>(54,075.9)</u> |
| <b>TOTAL NET ASSETS</b>   | <u>49,596.3</u>   | <u>47,466.9</u>   |
| <b>EQUITY</b>   |                   |                   |
| Share capital   | 5,643.6           | 5,643.6           |
| Share premium   | 5,382.2           | 5,382.2           |
| Other reserves  | (5,492.4)         | (5,416.9)         |
| Retained profits  | 43,823.5          | 41,599.1          |
| <b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> | <u>49,356.9</u>   | <u>47,208.0</u>   |
| <b>NON-CONTROLLING INTERESTS</b>                                  | <u>239.4</u>      | <u>258.9</u>      |
| <b>TOTAL EQUITY</b>   | <u>49,596.3</u>   | <u>47,466.9</u>   |
| <b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> | Sen<br>874.6      | Sen<br>836.5      |

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 2015.

### C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 29 FEBRUARY 2016

(Amounts in RM million unless otherwise stated)

|                                      | Attributable to owners of the Company |                |                          |                |                  |                          | Total Equity    |
|--------------------------------------|---------------------------------------|----------------|--------------------------|----------------|------------------|--------------------------|-----------------|
|                                      | Ordinary Shares of RM1.00 each        | Share Premium  | Employee Benefit Reserve | Other Reserves | Retained Profits | Non Controlling Interest |                 |
| <b>At 1 September 2015</b>           | <b>5,643.6</b>                        | <b>5,382.2</b> | <b>(5,028.4)</b>         | <b>(388.5)</b> | <b>41,599.1</b>  | <b>258.9</b>             | <b>47,466.9</b> |
| Profit for the financial period      | -                                     | -              | -                        | -              | 3,296.7          | (19.5)                   | 3,277.2         |
| Foreign currency translation reserve | -                                     | -              | -                        | (76.8)         | -                | -                        | (76.8)          |
| Employee benefit reserve             | -                                     | -              | (16.1)                   | -              | -                | -                        | (16.1)          |
| <b>Total comprehensive income</b>    | <b>-</b>                              | <b>-</b>       | <b>(16.1)</b>            | <b>(76.8)</b>  | <b>3,296.7</b>   | <b>(19.5)</b>            | <b>3,184.3</b>  |
| <b>Transaction with owners</b>       |                                       |                |                          |                |                  |                          |                 |
| Dividend paid:                       |                                       |                |                          |                |                  |                          |                 |
| - Final for FY2015                   | -                                     | -              | -                        | -              | (1,072.3)        | -                        | (1,072.3)       |
| Gross obligation under put option    | -                                     | -              | -                        | (70.8)         | -                | -                        | (70.8)          |
| Employee Long Term Incentive Plan    | -                                     | -              | -                        | 88.2           | -                | -                        | 88.2            |
|                                      | -                                     | -              | -                        | 17.4           | (1,072.3)        | -                        | (1,054.9)       |
| <b>At 29 February 2016</b>           | <b>5,643.6</b>                        | <b>5,382.2</b> | <b>(5,044.5)</b>         | <b>(447.9)</b> | <b>43,823.5</b>  | <b>239.4</b>             | <b>49,596.3</b> |

#### Attributable to owners of the Company

|                                      | Attributable to owners of the Company |                |                          |                |                  |                          | Total Equity    |
|--------------------------------------|---------------------------------------|----------------|--------------------------|----------------|------------------|--------------------------|-----------------|
|                                      | Ordinary Shares of RM1.00 each        | Share Premium  | Employee Benefit Reserve | Other Reserves | Retained Profits | Non Controlling Interest |                 |
| <b>At 1 September 2014</b>           | <b>5,643.6</b>                        | <b>5,382.2</b> | <b>(4,916.3)</b>         | <b>(120.0)</b> | <b>37,232.5</b>  | <b>237.2</b>             | <b>43,459.2</b> |
| Profit for the financial period      | -                                     | -              | -                        | -              | 4,508.1          | (23.4)                   | 4,484.7         |
| Foreign currency translation reserve | -                                     | -              | -                        | (29.1)         | -                | -                        | (29.1)          |
| Employee benefit reserve             | -                                     | -              | 79.7                     | -              | -                | -                        | 79.7            |
| <b>Total comprehensive income</b>    | <b>-</b>                              | <b>-</b>       | <b>79.7</b>              | <b>(29.1)</b>  | <b>4,508.1</b>   | <b>(23.4)</b>            | <b>4,535.3</b>  |
| <b>Transaction with owners</b>       |                                       |                |                          |                |                  |                          |                 |
| Dividend paid to NCI                 | -                                     | -              | -                        | -              | -                | (0.6)                    | (0.6)           |
| Dividend paid:                       |                                       |                |                          |                |                  |                          |                 |
| - Final for FY2014                   | -                                     | -              | -                        | -              | (1,072.3)        | -                        | (1,072.3)       |
|                                      | -                                     | -              | -                        | -              | (1,072.3)        | (0.6)                    | (1,072.9)       |
| <b>At 28 February 2015</b>           | <b>5,643.6</b>                        | <b>5,382.2</b> | <b>(4,836.6)</b>         | <b>(149.1)</b> | <b>40,668.3</b>  | <b>213.2</b>             | <b>46,921.6</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 2015.

**D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 29 FEBRUARY 2016**

(Amounts in RM million unless otherwise stated)

|   | <b>FY2016<br/>ended<br/>29.02.16</b> | <b>FY2015<br/>ended<br/>28.02.15</b> |
|---|--------------------------------------|--------------------------------------|
| <b>Operating activities</b>                                     |                                      |                                      |
| Cash generated from operations                                  | 5,031.7                              | 4,742.5                              |
| Retirement benefits paid  | (389.0)                              | (402.6)                              |
| Customer contributions received                                 | 574.8                                | 523.0                                |
| Consumer deposits received                                      | 182.0                                | 190.4                                |
| Tax paid  | (353.8)                              | (239.9)                              |
| Net cash flows generated from operating activities              | <u>5,045.7</u>                       | <u>4,813.4</u>                       |
| <b>Investing activities</b>                                     |                                      |                                      |
| Investment in associates:                                       |                                      |                                      |
| - proceeds from redemption of unsecured loan notes/RULS         | -                                    | 4.8                                  |
| Dividend received   | 21.4                                 | 19.4                                 |
| Interest received   | 48.7                                 | 60.9                                 |
| Investment in FVTPL:  |                                      |                                      |
| - additions   | (40,841.7)                           | (23,928.2)                           |
| - disposals   | 34,543.8                             | 20,297.9                             |
| Property, plant and equipment:                                  |                                      |                                      |
| - purchases   | (4,993.4)                            | (3,755.8)                            |
| - disposals   | 6.1                                  | 3.3                                  |
| Disposal of assets held for sale                                | 2.9                                  | -                                    |
| Net cash flows used in investing activities                     | <u>(11,212.2)</u>                    | <u>(7,297.7)</u>                     |
| <b>Financing activities</b>                                     |                                      |                                      |
| Bank borrowings:  |                                      |                                      |
| - new drawdowns   | 9,609.8                              | 633.5                                |
| - repayments  | (1,665.4)                            | (908.8)                              |
| Interest paid   | (254.4)                              | (330.7)                              |
| Dividends paid to non-controlling interest                      | -                                    | (0.6)                                |
| Dividends paid  | (1,072.3)                            | (1,072.3)                            |
| Government development grants received                          | 33.1                                 | 38.7                                 |
| Net increase in debt reserve account                            | 0.5                                  | 0.9                                  |
| Net cash flows used in financing activities                     | <u>6,651.3</u>                       | <u>(1,639.3)</u>                     |
| Net increase/(decrease) in cash and cash equivalents            | 484.8                                | (4,123.6)                            |
| Currency translation differences                                | 0.4                                  | 0.3                                  |
| <b>Cash and cash equivalents at the beginning of the period</b> | <u>2,233.1</u>                       | <u>7,871.5</u>                       |
| <b>Cash and cash equivalents at the end of the period</b>       | <u>2,718.3</u>                       | <u>3,748.2</u>                       |
| <b>Deposit, bank and cash balances at end of the period</b>     | 2,956.0                              | 3,988.3                              |
| Debt reserve account <sup>1</sup>                               | (237.7)                              | (240.1)                              |
| <b>Cash and cash equivalents at the end of the period</b>       | <u>2,718.3</u>                       | <u>3,748.2</u>                       |

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

These unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the annual audited financial statements for the year ended 31 August 2015.

## **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 2015.

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 2015. 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 2015.

### **2) AUDIT QUALIFICATION**

The annual audited financial statements for the financial year ended 31 August 2015 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 2015. There were no new standards, amendments to standards and IC interpretations applicable to the Group for financial year beginning 1 September 2015.

### **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**

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**

The Board of Directors has approved a single tier interim dividend of 10.0 sen per ordinary share in respect of the quarter ended 29 February 2016.

The Books Closure and payment dates will be announced in due course.

A final dividend for Financial Year 2015 was paid on 31 December 2015 totalling RM1,072.3 million.

### **9) SEGMENTAL REPORTING**

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



**10) VALUATION OF PROPERTY, PLANT & EQUIPMENT**

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

**11) MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

- (a) As announced at Bursa Malaysia on 23 March 2016, Tenaga Nasional Berhad ('TNB') entered into an Amendment Agreement to the Share Sale Agreement with Gama Holding A.S. ('GAMA'), International Finance Corporation ('IFC') and IFC Global Infrastructure Fund Holding I Cooperatief UA ('GIF') (known as 'the parties') in relation to the Proposed Acquisition. This resulted in an increase of the Purchase Consideration of USD243.0 million to USD255.0 million which was due to the parties agreeing to retain additional assets as a project of GAMA Enerji A.S. ('GAMA Enerji'). On 13 April 2016, TNB announced that the Proposed Acquisition has become unconditional and completed.
- (b) On 1 April 2016, TNB announced in Bursa Malaysia that it has made a 2<sup>nd</sup> Grant Offer of ordinary shares of RM1.00 each in TNB ('TNB Shares') comprising of Restricted Share ('RS') Grant (19,221,600 shares) and Performance Share ('PS') Grant (Up to 3,857,800 shares) to eligible employees of TNB and its subsidiaries and executive directors of TNB. The financial impact of the grant is currently being assessed.

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

On 23 December 2015, TNB acquired 100% issued and paid-up capital in Aruna Servicios Integrales, S.L. ('ASI') with a total consideration of EUR4,000. In addition, as announced in Bursa Malaysia on 15 January 2016, TNB has incorporated a private limited company named Global Power Enerji Sanayi Ve Ticaret Anonim Sirketi ('GPES') in Turkey. The entire issued share capital of TRY50,000 comprising 50,000 ordinary shares of TRY1.00 each of GPES is held by ASI.

The Group has assessed and recognised both the companies as subsidiaries of the Group. The subscription of shares has no material effect on the Group.

**13) CONTINGENT LIABILITIES**

Contingent liabilities of the Group include the following:-

|  | <b>As at<br/>29 Feb<br/>2016</b> | <b>As at<br/>31 Aug<br/>2015</b> |
|--|----------------------------------|----------------------------------|
| Claims by third parties                | 426.0                            | 413.8                            |
| Trade guarantees and performance bonds | 15.1                             | 29.0                             |
| Other contingent liabilities           | 8.0                              | 8.5                              |
|  | <u><b>449.1</b></u>              | <u><b>451.3</b></u>              |

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

On 23 November 2015, TNB received notices of additional assessment for the years of assessment ('YA') 2013 and 2014 respectively for RM985.6 million and RM1,082.6 million. On 27 November 2015, TNB applied for judicial review and on 14 December 2015, the Kuala Lumpur High Court granted TNB leave to commence judicial review proceedings. The High Court also granted an interim stay of proceedings. TNB has obtained legal advice from a firm of prominent tax solicitors 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

|   | As at<br>29 Feb<br>2016 | As at<br>31 Aug<br>2015 |
|---|-------------------------|-------------------------|
| <b>Property, plant and equipment committed over a 5-year period</b> |                         |                         |
| Authorised but not contracted for                                   | 23,868.8                | 27,533.7                |
| Contracted but not provided for in the financial statements         | <u>10,659.5</u>         | <u>7,147.9</u>          |
|   | <u><b>34,528.3</b></u>  | <u><b>34,681.6</b></u>  |

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

15) REVIEW OF PERFORMANCE

- (a) Performance of the current period ended 29 February 2016 against the corresponding period ended 28 February 2015:

Revenue reduced by 2.2% or RM471.0 million from RM21,637.1 million to RM21,166.1 million compared to the same period last year. This was mainly due to the recognition of the over recoverability of Imbalance Cost Pass Through ('ICPT') during the period despite the increase in Group's sales of electricity of 4.2% or RM900.9 million from RM21,328.8 million to RM22,229.7 million. The improvement was mainly from sales of electricity in Peninsular Malaysia, which recorded an increase of RM845.5 million or 4.2%, with a growth in units sold of 3.6%, as compared to the last corresponding period.

Profit attributable to the Owners of the Company for the period under review was RM3,296.7 million as compared to RM4,508.1 million recorded in the corresponding period last financial year, a decrease of RM1,211.4 million or 26.9% mainly due to the recognition of ICPT as mentioned above.

- (b) Performance of the current second quarter (three months) FY2016 against the corresponding second quarter (three months) FY2015:

Revenue for the quarter reduced by RM120.7 million or 1.1% from RM10,610.0 million to RM10,489.3 million compared to the same quarter last year. This was mainly due to the recognition of the over recoverability of ICPT during the current quarter which offset the 4.6% increase of Group's sales of electricity from RM10,567.6 million to RM11,050.4 million. The increase in Group's sales of electricity was mainly from sales of electricity in the Peninsula which recorded an increase of 4.7%, with a corresponding growth in units of 4.0%.

The impact of the recognition of ICPT above in the current quarter resulted in a lower Profit attributable to the Owners of the Company by RM835.5 million from RM2,156.2 million to RM1,320.7 million.



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

Performance of the current quarter (2<sup>nd</sup> Quarter FY2016) against the preceding quarter (1<sup>st</sup> Quarter FY2016):

The Group reported a lower revenue of RM10,489.3 million as compared to RM10,676.8 million, a decrease of 1.8%. This was partly due to the lower Group's sales of electricity of RM11,050.4 million for the current quarter as compared to RM11,179.3 million in the preceding quarter, a decrease of RM128.9 million or 1.2%. This is reflective of the decrease in the demand growth of 0.5% in Peninsular Malaysia.

The quarter experienced a lower profit attributable to the Owners of the Company of RM1,320.7 million as compared to RM1,976.0 million recorded in the preceding quarter as the current quarter reported a translation loss of RM176.9 million as compared to the RM58.5 million translation loss incurred during the preceding quarter. This was due to the appreciation of the Japanese Yen against the Ringgit.

Furthermore, the current quarter reported a 4.9% higher operating expenses against a 1.8% lower revenue as compared to the preceding quarter which contributed to the lower profit attributable to the Owners of the Company during the current quarter.

**17) PROSPECTS**

Bank Negara Malaysia (BNM) in its 2015 Annual Report, expects that the Malaysian economy will grow by 4.0% - 4.5% in 2016 with domestic demand continuing to be the principal driver of growth, sustained primarily by private sector spending. While investments in the oil and gas industry are likely to remain weak in 2016, investments in the non-energy sectors are expected to continue in 2016 thus generating positive spill-overs into the rest of the economy.

BNM also indicated that the international economic and financial landscape is likely to remain challenging in 2016 and will be a key factor that will influence the prospects of the Malaysian economy. Given this challenging scenario, the Board of Directors remains cautious on the Group's prospects for the year ending 31 August 2016.

**18) PROFIT FROM OPERATIONS**

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

|                                | <b>Quarter<br/>ended<br/>29 Feb 2016</b> | <b>Period<br/>ended<br/>29 Feb 2016</b> |
|--------------------------------|--|---|
| Property, plant and equipment: |  |   |
| - Depreciation                 | 1,397.5                                  | 2,737.9                                 |
| - Profit on sale of properties | (2.5)                                    | (2.5)                                   |
| Allowance for receivables      | 36.0                                     | 64.7                                    |
| Allowance for inventories      | 0  | 0.4                                     |
| Inventories written off        | 8.2                                      | 17.4                                    |

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 29 February 2016.

**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:-

|  | Individual quarter      |                         | Cumulative quarter      |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | ended<br>29 Feb<br>2016 | ended<br>28 Feb<br>2015 | ended<br>29 Feb<br>2016 | ended<br>28 Feb<br>2015 |
| <b>Income Tax:</b>   |                         |                         |                         |                         |
| Current tax and zakat  | (94.7)                  | (197.1)                 | (333.8)                 | (445.3)                 |
| <b>Deferred tax (net):</b>                                       |                         |                         |                         |                         |
| Relating to origination and<br>reversal of temporary differences | (89.7)                  | (34.7)                  | (51.7)                  | (56.3)                  |
| Total taxation and zakat   | <u><b>(184.4)</b></u>   | <u><b>(231.8)</b></u>   | <u><b>(385.5)</b></u>   | <u><b>(501.6)</b></u>   |

For the reporting period ended 29 February 2016, the Group recorded a 10.5% 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 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 and long term categories are as follows:

|                      | <b>As at<br/>29 Feb<br/>2016</b> | <b>As at<br/>31 Aug<br/>2015</b> |
|----------------------|----------------------------------|----------------------------------|
| Short term - secured | 552.8                            | 514.5                            |
| - unsecured          | 354.9                            | 1,471.3                          |
| <b>Sub-total</b>     | <b>907.7</b>                     | <b>1,985.8</b>                   |
| Long term - secured  | 11,939.0                         | 11,897.1                         |
| - unsecured          | 20,059.7                         | 10,816.0                         |
| <b>Sub-total</b>     | <b>31,998.7</b>                  | <b>22,713.1</b>                  |
| <b>Total</b>         | <b>32,906.4</b>                  | <b>24,698.9</b>                  |

- b) Currency denominations:

|  | <b>As at<br/>29 Feb<br/>2016</b> | <b>As at<br/>31 Aug<br/>2015</b> |
|--|----------------------------------|----------------------------------|
| Japanese Yen   | 2,880.0                          | 3,589.9                          |
| US Dollar  | 1,753.2                          | 1,761.5                          |
| Others   | 58.2                             | 17.0                             |
| <b>Total Ringgit equivalent of<br/>foreign currency borrowings</b> | <b>4,691.4</b>                   | <b>5,368.4</b>                   |
| Ringgit borrowings   | 28,215.0                         | 19,330.5                         |
| <b>Total</b>   | <b>32,906.4</b>                  | <b>24,698.9</b>                  |

- c) Effective average cost of borrowing based on exposure as at 29 February 2016 was 5.21% (2015: 4.93%).
- d) Repayments of long term debts during the reporting period were as follows:
- (i) Foreign currency denominated term loans of RM915.1 million, and
  - (ii) Ringgit denominated term loans of RM262.4 million.

## 23) DERIVATIVES FINANCIAL INSTRUMENTS

There is no currency option available for the current reporting period.



#### 24) REALISED AND UNREALISED PROFITS

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

|  | <b>29 Feb 2016</b> | <b>31 Aug 2015</b> |
|--|--------------------|--------------------|
| Total retained profits of the Company and its subsidiaries |                    |                    |
| -Realised  | 46,088.0           | 43,482.0           |
| -Unrealised  | (5,215.4)          | (5,168.1)          |
| Total share of retained profits from joint ventures        |                    |                    |
| -Realised  | 28.3               | 26.2               |
| -Unrealised  | 20.2               | 12.6               |
| Total share of retained profits from associates            |                    |                    |
| -Realised  | 371.1              | 361.7              |
| -Unrealised  | (63.3)             | (61.7)             |
| Consolidation adjustments                                  | 2,594.6            | 2,946.4            |
| <b>Total retained profits of the Group</b>                 | <b>43,823.5</b>    | <b>41,599.1</b>    |

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive by Bursa Malaysia and should not be applied for any other purposes.

#### 25) MATERIAL LITIGATION

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

#### 26) EARNINGS PER SHARE

|  | <u>Individual quarter</u> |                   | <u>Cumulative quarter</u> |                   |
|--|---------------------------|-------------------|---------------------------|-------------------|
|  | ended<br>29.02.16         | ended<br>28.02.15 | ended<br>29.02.16         | ended<br>28.02.15 |
| Profit attributable to owners of the Company (RM 'million) | 1,320.7                   | 2,156.2           | 3,296.7                   | 4,508.1           |
| Weighted average number of ordinary shares in issue ('000) | <u>5,643,611</u>          | <u>5,643,611</u>  | <u>5,643,611</u>          | <u>5,643,611</u>  |
| <b>Basic earnings per share (sen)</b>                      | <b>23.40</b>              | <b>38.21</b>      | <b>58.41</b>              | <b>79.88</b>      |
| Profit attributable to owners of the Company (RM 'million) | 1,320.7                   | 2,156.2           | 3,296.7                   | 4,508.1           |
| Weighted average number of ordinary shares in issue ('000) | 5,643,611                 | 5,643,611         | 5,643,611                 | 5,643,611         |
| Adjustments for Employee Long Term Incentive Plan ('000)   | <u>9,308</u>              | <u>-</u>          | <u>9,308</u>              | <u>-</u>          |
| Weighted average number of diluted ordinary shares ('000)  | <u>5,652,919</u>          | <u>5,643,611</u>  | <u>5,652,919</u>          | <u>5,643,611</u>  |
| <b>Diluted earnings per share (sen)</b>                    | <b>23.36</b>              | <b>38.21</b>      | <b>58.32</b>              | <b>79.88</b>      |



**27) 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  
27 April 2016