



The Board of Directors is pleased to announce the following:

**A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 2nd QUARTER ENDED 28 FEBRUARY 2011**

(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 28.02.11	PRECEDING YEAR CORRESPONDING QUARTER 28.02.10	CURRENT YEAR TO DATE 28.02.11	PRECEDING YEAR CORRESPONDING PERIOD 28.02.10
Revenue	7,503.5	7,389.1	15,229.9	14,727.4
Operating expenses	(7,089.0)	(6,166.5)	(13,646.6)	(12,346.4)
Other operating income	168.1	98.0	252.7	180.8
Operating profit	582.6	1,320.6	1,836.0	2,561.8
Foreign exchange				
- Translation gain	152.4	144.4	47.6	99.0
- Transaction gain	36.4	8.0	34.9	8.9
Share of results of jointly controlled entity	0.2	0.1	-	(0.1)
Share of results of associates (net of tax)	14.2	12.6	24.9	8.3
Profit before finance cost	785.8	1,485.7	1,943.4	2,677.9
Finance income	103.7	47.5	192.8	88.4
Finance cost	(167.2)	(270.9)	(416.3)	(530.9)
Profit from ordinary activities before taxation	722.3	1,262.3	1,719.9	2,235.4
Taxation and Zakat				
- Company and subsidiaries	(105.6)	(195.1)	(373.8)	(446.3)
- Deferred taxation	14.8	(65.7)	0.3	(90.1)
<b>Profit for the period</b>	<b>631.5</b>	<b>1,001.5</b>	<b>1,346.4</b>	<b>1,699.0</b>
Attributable to:				
- Owners of the Company	630.3	1,000.1	1,343.2	1,706.4
- Non-controlling Interest	1.2	1.4	3.2	(7.4)
	<b>631.5</b>	<b>1,001.5</b>	<b>1,346.4</b>	<b>1,699.0</b>
Earnings per share attributable to the owners of the Company				
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic	14.20	23.05	30.26	39.33
Diluted	14.15	22.96	30.16	39.17

These unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 August 2010.

**B. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2nd QUARTER ENDED 28 FEBRUARY 2011**  
(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 28.02.11	PRECEDING YEAR CORRESPONDING QUARTER 28.02.10	CURRENT YEAR TO DATE 28.02.11	PRECEDING YEAR CORRESPONDING PERIOD 28.02.10
Profit for the period	631.5	1,001.5	1,346.4	1,699.0
<b>Other Comprehensive Income (net of tax) :-</b>				
Foreign currency translation differences	12.2	13.8	8.8	90.5
<b>Total Comprehensive Income for the Period</b>	<b>643.7</b>	<b>1,015.3</b>	<b>1,355.2</b>	<b>1,789.5</b>
Attributable to: -				
- Owners of the Company	642.5	1,013.9	1,352.0	1,796.9
- Non-controlling interest	1.2	1.4	3.2	(7.4)
	<b>643.7</b>	<b>1,015.3</b>	<b>1,355.2</b>	<b>1,789.5</b>

**C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
28 FEBRUARY 2011**

(Amounts in RM million unless otherwise stated)

	28.02.2011	31.08.2010 (Restated)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	58,697.4	58,895.3
Associates	334.5	296.4
Available-for-sale Financial Assets	38.1	38.0
Deferred tax assets	46.6	55.9
Derivatives	72.4	-
	<u>59,189.0</u>	<u>59,285.6</u>
<b>CURRENT ASSETS</b>		
Non-current assets held for sale	18.0	18.0
Inventories	2,454.9	2,450.4
Trade receivables	2,865.7	2,467.6
Other receivables	1,453.6	1,413.8
Current tax assets	14.6	15.2
Amount due from associates	7.9	5.7
Short term investments	-	72.5
Marketable securities	9.0	8.6
Derivatives	0.3	-
Deposits, bank and cash balances	8,598.9	8,343.7
	<u>15,422.9</u>	<u>14,795.5</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	(3,702.0)	(3,869.8)
Other payables	(1,520.0)	(1,727.1)
Amount due to associates	(617.6)	(623.6)
Current taxation	(483.1)	(317.6)
Derivatives	(3.1)	-
Short term borrowings	(3,669.9)	(3,162.7)
	<u>(9,995.7)</u>	<u>(9,700.8)</u>
<b>NET CURRENT ASSETS</b>	5,427.2	5,094.7
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	(17,057.1)	(18,100.9)
Consumer deposits	(2,986.4)	(2,903.9)
Derivatives	(38.3)	-
Employee benefits	(4,052.9)	(3,866.3)
Other liabilities	(211.3)	(216.4)
Deferred tax liabilities	(6,825.3)	(6,837.1)
Deferred income	(3,140.6)	(3,042.2)
Government development grants	(668.3)	(599.0)
	<u>(34,980.2)</u>	<u>(35,565.8)</u>
<b>TOTAL NET ASSETS</b>	<u>29,636.0</u>	<u>28,814.5</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	5,450.8	4,352.7
Share premium	4,308.4	5,354.2
Revaluation and other reserves	674.5	682.8
Retained profits	19,163.5	18,389.2
	<u>29,597.2</u>	<u>28,778.9</u>
<b>NON-CONTROLLING INTEREST</b>	38.8	35.6
<b>TOTAL EQUITY</b>	<u>29,636.0</u>	<u>28,814.5</u>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	Sen 543.0	Sen 661.2

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 2010.



**D. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 28 FEBRUARY 2011**

(Amounts in RM million unless otherwise stated)

	Attributable to owners of the Company						Total equity
	Ordinary shares of RM1.00 each	Share premium	Employees' Share Option Scheme reserve	Revaluation and other reserves	Retained profits	Non controlling Interest	
<b>At 1 September 2010 (as previously reported)</b>	<b>4,352.7</b>	<b>5,354.2</b>	<b>122.5</b>	<b>560.3</b>	<b>18,389.2</b>	<b>33.6</b>	<b>28,814.5</b>
Effects of adoption of FRS 139	-	-	-	-	65.9	-	65.9
<b>As at 1 September 2010 (restated)</b>	<b>4,352.7</b>	<b>5,354.2</b>	<b>122.5</b>	<b>560.3</b>	<b>18,455.1</b>	<b>33.6</b>	<b>28,980.4</b>
Profit for the 6-month period	-	-	-	-	1,343.2	3.2	1,346.4
Total other comprehensive Income	-	-	-	8.8	-	-	8.8
<b>Total comprehensive income</b>	-	-	-	<b>8.8</b>	<b>1,343.2</b>	<b>3.2</b>	<b>1,355.2</b>
Realisation of revaluation reserve	-	-	-	(19.2)	19.2	-	-
<b>Transaction with owners</b>							
Dividends paid	-	-	-	-	(654.0)	-	(654.0)
Provision for share option	-	-	2.1	-	-	-	2.1
Issuance of share capital	-	-	-	-	-	-	-
- share options *	8.0	44.3	-	-	-	-	52.3
- bonus shares	1,090.1	(1,090.1)	-	-	-	-	-
	<b>1,098.1</b>	<b>(1,045.8)</b>	<b>2.1</b>	<b>-</b>	<b>(654.0)</b>	<b>-</b>	<b>(599.6)</b>
<b>At 28 February 2011</b>	<b>5,450.8</b>	<b>4,308.4</b>	<b>124.6</b>	<b>549.9</b>	<b>19,163.5</b>	<b>38.8</b>	<b>29,636.0</b>

\* Exercise of options representing 7,980,612 ordinary shares of RM1.00 each under the Employee Share Option Scheme II ("ESOS II");

	Attributable to owners of the Company						Total equity
	Ordinary shares of RM1.00 each	Share premium	Employees' Share Option Scheme reserve	Revaluation, and other reserves	Retained profits	Non controlling Interest	
<b>At 1 September 2009</b>	<b>4,337.0</b>	<b>5,271.5</b>	<b>89.1</b>	<b>503.9</b>	<b>15,804.6</b>	<b>40.2</b>	<b>26,046.3</b>
Profit for the 6-month period	-	-	-	-	1,706.4	(7.4)	1,699.0
Total other comprehensive Income	-	-	-	104.3	-	-	104.3
<b>Total comprehensive income</b>	-	-	-	<b>104.3</b>	<b>1,706.4</b>	<b>(7.4)</b>	<b>1,803.3</b>
Realisation of revaluation reserve	-	-	-	(2.9)	2.9	-	-
<b>Transaction with owners</b>							
Dividend payable	-	-	-	-	(425.3)	-	(425.3)
Provision for share option	-	-	0.7	-	-	-	0.7
Issuance of share capital	-	-	-	-	-	-	-
- share options	5.3	27.4	-	-	-	-	32.7
	<b>5.3</b>	<b>27.4</b>	<b>0.7</b>	<b>-</b>	<b>(425.3)</b>	<b>-</b>	<b>(391.9)</b>
<b>At 28 February 2010</b>	<b>4,342.3</b>	<b>5,298.9</b>	<b>89.8</b>	<b>605.3</b>	<b>17,088.6</b>	<b>32.8</b>	<b>27,457.7</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 2010.

**E. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD  
ENDED 28 FEBRUARY 2011**

(Amounts in RM million unless otherwise stated)

	FY2011 ended 28.02.2011	FY2010 ended 28.02.2010
<b>Operating activities</b>		
Cash generated from operations	3,009.0	3,265.9
Retirement benefits paid	(233.5)	(181.9)
Consumer contributions received	297.1	205.8
Customer deposits received	82.8	78.3
Tax paid	(213.5)	(119.9)
Tax refund received	2.8	(2.0)
<b>Net cash inflow from operating activities</b>	<u>2,944.7</u>	<u>3,246.2</u>
<b>Investing activities</b>		
Investment in associates:		
- addition	(0.5)	(0.3)
- proceeds from redemption of unsecured loan notes	2.6	2.6
Dividend income	3.9	17.4
Interest income received	144.6	83.9
Long term investment	(0.1)	-
Short term investment	118.3	(59.9)
Property, plant and equipment:		
- purchases	(1,663.5)	(1,408.9)
- disposals	0.5	3.3
Prepaid lease		
- purchases	-	(1.3)
- disposals	-	1.5
Assets held for sale		
- disposals	59.1	4.0
<b>Net cash out-flow from investing activities</b>	<u>(1,335.1)</u>	<u>(1,357.7)</u>
<b>Financing activities</b>		
Bank borrowings:		
- new drawdowns	290.5	424.2
- repayments	(623.0)	(578.9)
Interest paid	(510.3)	(553.5)
Proceeds from issuance of shares	52.3	32.7
Dividends paid	(654.0)	(425.3)
Government development grants received	92.7	121.8
<b>Net cash out-flow from financing activities</b>	<u>(1,351.8)</u>	<u>(979.0)</u>
<b>Changes in cash and cash equivalents</b>	257.8	909.5
<b>Currency translation differences</b>	(2.6)	(0.9)
<b>Cash and cash equivalents</b>		
- at start of period	8,343.7	6,163.9
- at end of period	<u>8,598.9</u>	<u>7,072.5</u>
Cash at bank, held in trust <sup>1</sup>	(174.3)	(47.7)
Debt Reserve Account <sup>2</sup>	(231.3)	(237.0)
Fund from MOF <sup>3</sup>	(7.0)	(10.9)
<b>Cash Available</b>	<u>8,186.3</u>	<u>6,776.9</u>

1. Deposits and cash at bank held in trust are in respect of a grant given to a subsidiary by the Malaysian Government for a designated capital project.
2. 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 Statement should be read in conjunction with the annual audited financial statements for the year ended 31 August 2010.



## **F. 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 Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting", issued by Malaysian Accounting Standards Board ("MASB") 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 2010.

Within the context of these financial statements, the Group comprises the Company and its subsidiaries and the Group's interest in associates and a jointly controlled entity as at 31 August 2010. 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 2010.

### **2) AUDIT QUALIFICATION**

The annual audited financial statements for the financial year ended 31 August 2010 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 2010 except for the adoption of new standards, amendments to standards and IC interpretations that are mandatory for the Group with financial year beginning 1 September 2010. The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the following standards as set out below:

#### **(I) Adoption of new accounting policies and changes in accounting policies**

##### **(a) Presentation of Financial Statements (FRS 101)**

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement, and notes to the financial statement.

The adoption of FRS 101 (revised) has resulted in a change in the presentation of financial statements. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity. All 'non-owner changes in equity' are required to be shown in a statement of comprehensive income which can be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in two statements.

##### **(b) Leases (FRS 117)**

The Group has adopted the amendments to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.



### 3) CHANGES IN ACCOUNTING POLICIES (CONT'D)

#### (I) Adoption of new accounting policies and changes in accounting policies (cont'd)

##### **(c) Financial Instruments: Recognition and Measurement (FRS 139)**

FRS 139 sets out the new requirements for the recognition and measurement of the Group's Financial Instruments. Initially, financial instruments are recorded at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments.

##### Financial Assets:

Financial Assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets (AFS), or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group's financial assets include cash and short term deposits, trade and other receivables and AFS Investments.

##### **(i) Loans and receivables**

Prior to 1 September 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate (EIR) method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the income statement.

##### **(ii) AFS**

Prior to 1 September 2010, AFS financial assets such as investments were accounted for at cost adjusted for amortisation of premium and accretion of discount less impairment or at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, AFS financial asset is measured at fair value initially and subsequently with amortisation of premium with accretion of discount and other accrual of income recognised in income statement and with unrealised gains or losses recognised as other comprehensive income in the AFS reserve until the investment is derecognised, at which time the cumulative gain or losses is recognised in the income statement or determined to be impaired, at which time the cumulative loss is recognised in the income statement and removed from the AFS reserve.

##### **(iii) Fair Value Through Profit or Loss**

Derivative financial instruments were not previously recognised in the financial statements on inception. These are now recognised and measured at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value recognised in profit or loss at each reporting date.

##### Financial Liabilities:

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group financial liabilities include trade and other payables, short term and long term borrowing and are carried out at amortised cost.

The Group has applied the new policies in relation to the financial instruments above in accordance with the transitional provisions in FRS 139 by recognizing and re-measuring all financial assets and financial liabilities as at 1 September 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained profits and available-for-sale reserves as appropriate. Comparatives are not restated. The effects of the changes are disclosed below.



### 3) CHANGES IN ACCOUNTING POLICIES (CONT'D)

#### (I) Adoption of new accounting policies and changes in accounting policies (cont'd)

##### **(d) Transfer of Assets from Customers (IC Interpretation 18)**

IC Interpretation 18 "Transfers of Assets from Customers" is effective for transfers of assets from customers on or after 1 January 2011. The IC interpretation requires that entities which receives cash from customers when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect a customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both, the entity shall recognise the cash received as revenue.

#### (II) Adjustments due to Change in Accounting Policies

The effects arising from the adoption of the new standard as described above, other than those disclosed in the statement of changes in equity, is set out below:

##### **(a) Restatement arising from amendment to FRS 117**

	As previously reported	Reclassification	As restated
	RM Million	RM Million	RM Million
<b>As at 31 August 2010</b>			
Property, plant and equipment	58,031.8	863.5	58,895.3
Prepaid operating leases	863.5	(863.5)	-

##### **(b) Changes arising from adoption of FRS 139**

	As Previously Reported as at 31-Aug-2010 RM Million	Effect from Adoption of FRS 139 RM Million	Restated Figures as at 1-Sep-2010 RM Million
<b>Retained Profits</b>	18,389.2	65.9	18,455.1
<b>Non-Current Assets</b>			
Derivatives	-	53.4	53.4
<b>Current Assets</b>			
Short term investment	72.5	40.8	113.3
<b>Non-Current Liabilities</b>			
Borrowings	18,100.9	(42.6)	18,058.3
Derivatives	-	70.9	70.9





**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**

During the period, a total of 7,980,612 ordinary shares of RM1.00 each were issued under the Employee Share Option Scheme II ("ESOS II").

In addition, during the quarter, a total of 1,090,133,190 bonus shares of RM1.00 each were issued.

Except for the above, there were no other issuance, cancellation, repurchases, resales and repayments of debt and equity securities during the period under review.

**8) DIVIDENDS PAID**

A final dividend payment for Financial Year 2010 was paid on 30<sup>th</sup> December 2010 totalling RM 654 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 Directors have applied the transitional provisions of International Accounting Standard No. 16 (Revised) "Property, Plant and Equipment" as adopted by MASB which allows the freehold land, leasehold land, buildings and civil works to be stated at their previous years' valuations less depreciation. Accordingly, these valuations have not been updated.

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

As announced to Bursa Malaysia Securities Berhad on 23 March 2011, the Company acquired 66,538,269 ordinary shares of RM1.00 each in Integrax Berhad (Integrax) representing 22.12% equity interest in Integrax for a total consideration of RM106,461,230.40, fully satisfied in cash.

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

There were no material changes in the composition of the Group during the reporting period.



### 13) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:-

	<b>As at 28 Feb 2011</b>	<b>As at 31 Aug 2010</b>
Claims by third parties	595.2	617.4
Trade guarantees and performance bonds	6.9	24.5
Guarantees given to financial institutions in respect of facilities granted	276.4	284.4
Stamp duties on transfer of assets to a subsidiary	108.0	108.0
Bank guarantee	3.6	3.6
Other contingent liabilities	4.9	4.9
	<u>995.0</u>	<u>1,042.8</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.

### 14) CAPITAL COMMITMENTS

	<b>As at 28 Feb 2011</b>	<b>As at 31 Aug 2010</b>
<b>Property, plant and equipment committed over a 5 year period</b>		
Authorised but not contracted for	12,928.3	12,429.3
Contracted but not provided for in the financial statements	725.4	976.4
	<u>13,653.7</u>	<u>13,405.7</u>

## **G. 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 six months ended 28 February 2011 (2<sup>nd</sup> Quarter FY2011) against the corresponding six months ended 28 February 2010 (2<sup>nd</sup> Quarter FY2010):

A 3.4% or RM502.5 million improvement in revenue from RM14,727.4 million in the prevailing period was mainly due to an increase in sales of electricity in the Peninsula and SESB. The electricity demand grew by 3.5% in Peninsula and 5.5% in SESB as compared to the corresponding period last financial year.

However, operating expenses increased by 10.5% resulting in a reduction of 28.3% in operating profits. Operating expenses increased at a faster rate mainly due to higher generation costs from utilization of coal where the average contracted coal price consumed was USD103.8 per metric tonne as compared to USD80.7 per metric tonne in the corresponding period last financial year.



**15) REVIEW OF PERFORMANCE (CONT'D)**

(b) Performance of the current second quarter (three months) FY2011 against the corresponding second quarter (three months) FY2010:

The quarter recorded a total revenue of RM7,503.5 million against RM7,389.1 million for the same period last financial year, increased by 1.5% or RM114.4 million. The improvement was mainly from sales of electricity in Peninsula and SESB which recorded an increase of 2.4% and 5.2% respectively. The units sold also registered a growth of 2.0% in the Peninsula and 4.7% in SESB as compared to the corresponding period.

There was a significant decrease in earnings of 36.9% mainly contributed by higher generation costs from utilization of coal where the average contracted coal price consumed was USD103.8 per metric tonne as compared to USD80.7 per metric tonne in the corresponding quarter last financial year.

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

Performance of the current quarter (2<sup>nd</sup> Quarter FY2011) against the preceding quarter (1<sup>st</sup> Quarter FY2011):

The Group reported a revenue of RM7,503.5 million for the current quarter, a decrease of 2.9% as compared to the preceding quarter which reported a revenue of RM7,726.4 million.

In addition to the lower revenue, higher operating expenses of 8.1% have led to a decrease in operating profit by 53.5% amounting to RM582.6 million. This resulted in a Net Profit After Tax (attributable to owners of the Company) of RM630.3 million, a decrease of 11.6% as compared to RM712.9 million reported in the previous quarter. The increase in operating expenses was mainly attributed by a higher fuel cost (8.8%) as compared to Q1 FY2011.

**17) PROSPECTS**

TNB is currently in the second phase of its 20-Year Strategic Plan known as "GEMILANG 2015 - Growth, Global, Green" which encompasses four strategic themes to grow a profitable and sustainable business, delight customers, enhance operational excellence, as well as enhance human capital development and productivity. The Strategic Plan will complement well with the Government's Initiatives under the Economic Transformation Programme (ETP) launched in October 2010.

Operationally, TNB is now facing a very challenging period with the rising coal prices, insufficient gas supply and comparatively more expensive alternative fuels. Coal prices have currently surpassed USD120 per metric tonne and the price is expected to increase further due to the current global situation. Hence, the results for this financial year is expected to be adversely affected. This is inevitable due to the deferment of the fuel cost pass through mechanism. However, TNB will continue to strive in ensuring the continued reliability and security of supply in meeting the increasing demand.

Given the foregoing scenario, the Board of Directors expects the Group's prospects for the year ending 31 August 2011 to be very challenging and that the financial results for the full year to be lower compared to the previous year.



**18) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

This note is not applicable.

**19) TAXATION and ZAKAT**

Taxation and Zakat for the reporting period comprised the following:-

	Individual quarter		Cumulative	
	ended 28-Feb-11	ended 28-Feb-10	ended 28-Feb-11	ended 28-Feb-10
<b>Income Tax:</b>				
Current tax and zakat	(105.6)	(195.1)	(373.8)	(446.3)
<b>Deferred tax (net):</b>				
Relating to origination and reversal of temporary differences	14.8	(65.7)	0.3	(90.1)
<b>Total taxation and zakat</b>	<u>(90.8)</u>	<u>(260.8)</u>	<u>(373.5)</u>	<u>(536.4)</u>

For the reporting period ended 28 February 2011 the Group recorded a 21.7% effective tax rate. The effective tax rate is calculated based on 'Total Tax Expenses' (including Deferred Tax) as a percentage of 'Profit before Tax', which includes foreign exchange gains. Not taking into account the foreign exchange gains the effective tax rate is 22.8%.

**20) PROFIT/(LOSS) ON SALE OF INVESTMENTS**

There were no disposals of any Investments during the reporting period.

**21) PURCHASES AND DISPOSALS OF QUOTED SECURITIES**

- a) There were no purchases of quoted securities during the quarter.
- b) The disposal of quoted shares during the quarter were as follows :-

	Quarter ended 28-Feb-11
Cost	72.5
Carrying value (Q1 2011)	124.3
Selling price	118.3

- c) Investments in marketable securities as at 28 Feb 2011 are as follows:-

	Quarter ended 28-Feb-11 Marketable Securities
At cost	24.1
At carrying value	9.0
At market value	9.0

**22) STATUS OF CORPORATE PROPOSALS**

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



### 23) GROUP BORROWINGS

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

	As at 28 Feb 11	As at 31 Aug 10
Short term - secured	496.2	474.0
- unsecured	3,173.7	2,688.7
Sub-total	3,669.9	3,162.7
Long term - secured	2,785.9	2,931.9
- unsecured	14,271.3	15,169.0
Sub-total	17,057.2	18,100.9
Total	20,727.1	21,263.6

- b) Currency denominations:-

	As at 28 Feb 11	As at 31 Aug 10
Japanese Yen	5,231.1	5,306.7
US Dollar	4,259.2	4,516.5
Others	8.0	-
Total Ringgit equivalent of foreign currency borrowings	9,498.3	9,823.2
Ringgit borrowings	11,228.8	11,440.4
Total	20,727.1	21,263.6

- c) Effective average cost of borrowing based on exposure as at 28 February 2011 was 5.31% (FY2010: 5.25%).
- d) Repayments of long term debts during the reporting period were as follows:
- (i) Foreign currency denominated term loans of RM225.1 million, and
  - (ii) Ringgit denominated term loans of RM250.1 million.



## 24) DERIVATIVES FINANCIAL INSTRUMENTS

Type of Derivatives	As at 28-Feb-2011	
	Notional Amount	Fair Value
	RM Million	RM Million
<b>Forward Currency Contracts</b>		
- Less than 1 year	292.3	(2.8)
- 1 year to 3 years	-	-
- More than 3 years	-	-
<b>Interest Rate Swaps</b>		
- Less than 1 year	-	-
- 1 year to 3 years	-	-
- More than 3 years	722.0	(38.3)
<b>Currency Options</b>		
- Less than 1 year	-	-
- 1 year to 3 years	-	-
- More than 3 years	970.4	72.4
<b>Total</b>	<b>1,984.7</b>	<b>31.3</b>

There is no change to the cash requirements of the derivatives, risk associated with the derivatives and policies to mitigate those risks since the last financial year.

The related accounting policies of the Group in respect of derivative financial instruments are disclosed in Part F Note 3 of this announcement.

### Fair value changes of financial liabilities

During the current quarter and financial period to-date, the Group recognised a total net gain of RM28.53 million and RM51.48 million respectively arising from the fair value changes on the derivatives financial instruments which are marked to market as at the date of statement of financial position.

## 25) REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realized and unrealized profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

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

	Group	
	28.02.2011	30.11.2010
	RM Million	RM Million
Total retained profits of the Company and its subsidiaries		
-Realised	23,033.2	23,228.7
-Unrealised	(5,820.5)	(5,833.9)
Total share of retained profits from jointly controlled entities		
-Realised	15.2	15.2
-Unrealised	-	-
Total share of retained profits from associates		
-Realised	188.2	138.3
-Unrealised	(89.3)	(82.7)
Less : Consolidation adjustments	1,836.8	1,702.9
<b>Total retained profits of the Group</b>	<b>19,163.5</b>	<b>19,168.5</b>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

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

## 26) MATERIAL LITIGATION

There is no pending material litigation at the date of this announcement other than those disclosed in the circular to shareholders of TNB dated 19 November 2010.

## 27) DIVIDEND

The Board of Directors has approved an interim dividend of 4.5 sen gross per ordinary share less income tax of 25% (2010 : 6.0 sen) in respect of the financial year ending 31 August 2011. The Books Closure and payment date will be announced in due course.

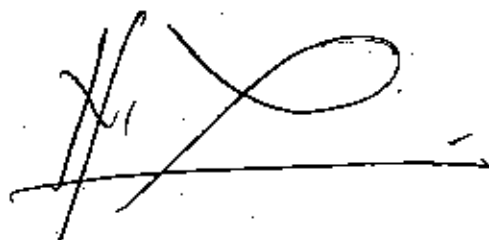
**28) EARNINGS PER SHARE**

	Individual quarter		Cumulative quarter	
	ended 28-Feb-11	ended 28-Feb-10	ended 28-Feb-11	ended 28-Feb-10
<b>(a) Basic earnings/(loss) per share</b>				
Profit attributable to owners of the Company (RM 'million)	630.3	1,000.1	1,343.2	1,706.4
Weighted average number of ordinary shares in issue ('000)	4,438,924	4,338,177	4,438,924	4,338,177
Basic earnings per share (sen)	14.20	23.05	30.26	39.33
<b>(b) Diluted earnings/(loss) per share</b>				
Profit attributable to owners of the Company (RM 'million)	630.3	1,000.1	1,343.2	1,706.4
Weighted average number of ordinary shares in issue ('000)	4,438,924	4,338,177	4,438,924	4,338,177
Adjustments for share options ('000)	14,156	18,423	14,156	18,423
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>4,453,080</u>	<u>4,356,600</u>	<u>4,453,080</u>	<u>4,356,600</u>
Diluted earnings per share (sen)	14.15	22.96	30.16	39.17

**29) COMPARATIVE FIGURES**

In accordance with the transitional provisions, the effects of adoption of FRS 139 are adjusted against the opening balances as at 1 September 2010, as detailed in Note 3(II)b. Comparatives have been restated following the change in accounting policy on leases, as explained in Note 3(I)b. As a result, the comparatives may not be comparable with the current period's results and financial position.

By Order of the Board



**NOR ZAKIAH BINTI ABDUL GHANI (LS 0008795)**  
Company Secretary

Kuala Lumpur  
21 April 2011