

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 1st QUARTER ENDED 30 NOVEMBER 2009

(Amounts in RM million unless otherwise stated)

	1st QUARTER ENDED 30-Nov-09	1st QUARTER ENDED 30-Nov-08
Revenue	7,338.3	7,414.6
Operating expenses	(6,179.9)	(6,580.2)
Other operating income	<u>82.8</u>	<u>56.4</u>
Operating profit	1,241.2	890.8
Foreign exchange		
- Translation loss	(45.4)	(1,439.7)
- Transaction gain	0.9	2.0
Share of results of jointly controlled entity	(0.2)	-
Share of results of associates (net of tax)	<u>(4.3)</u>	<u>7.8</u>
Profit/(loss) before finance cost	1,192.2	(539.1)
Finance income	40.9	51.6
Finance cost	<u>(260.0)</u>	<u>(285.2)</u>
Profit/(loss) from ordinary activities before taxation	973.1	(772.7)
Taxation and Zakat		
- Company and subsidiaries	(251.2)	(106.1)
- Deferred taxation	<u>(24.4)</u>	<u>(61.9)</u>
Profit/(loss) for the period	<u>697.5</u>	<u>(940.7)</u>
Attributable to:		
- Equity holders of the Company	706.3	(944.1)
- Minority interests	<u>(8.8)</u>	<u>3.4</u>
	<u>697.5</u>	<u>(940.7)</u>
Earnings/(loss) per share attributable to ordinary equity holders of the company		
	Sen	Sen
Basic	16.28	(21.78)
Diluted	16.21	(21.78)

These unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 August 2009.

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B. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER 2009
(Amounts in RM million unless otherwise stated)

	30-Nov-09	31-Aug-09
NON-CURRENT ASSETS		
Property, plant and equipment	57,971.8	58,227.4
Prepaid operating leases	830.5	833.6
Joint Venture	7.6	7.9
Associates	277.3	297.3
Investments	38.0	38.0
	<u>59,125.2</u>	<u>59,404.2</u>
CURRENT ASSETS		
Non-current assets held for sale	17.4	19.6
Inventories	2,090.9	1,955.7
Trade receivables	2,794.5	2,467.8
Other receivables	1,258.6	1,306.3
Current tax assets	16.4	15.4
Amount due from jointly controlled entity	5.7	-
Amount due from associates	8.5	9.2
Short term investments	12.6	12.6
Marketable securities	8.5	8.3
Deposits, bank and cash balances	6,656.8	6,163.9
	<u>12,869.9</u>	<u>11,958.8</u>
CURRENT LIABILITIES		
Trade payables	(3,574.7)	(4,149.7)
Other payables	(2,022.9)	(1,454.3)
Amount due to associates	(505.0)	(294.0)
Current taxation	(390.7)	(206.9)
Short term borrowings	(1,116.2)	(1,157.9)
	<u>(7,609.5)</u>	<u>(7,262.8)</u>
NET CURRENT ASSETS	5,260.4	4,696.0
NON-CURRENT LIABILITIES		
Borrowings	(21,262.0)	(21,458.1)
Consumer deposits	(2,752.6)	(2,717.3)
Employee benefits	(3,551.6)	(3,470.6)
Other liabilities	(173.9)	(235.5)
Deferred taxation	(6,665.4)	(6,640.4)
Deferred income	(2,966.3)	(2,952.2)
Government development grants	(587.1)	(579.8)
	<u>(37,958.9)</u>	<u>(38,053.9)</u>
TOTAL NET ASSETS	<u>26,426.7</u>	<u>26,046.3</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	4,339.9	4,337.0
Share premium	5,286.2	5,271.5
Revaluation and other reserves	680.7	593.0
Retained profits	16,088.5	15,804.6
	<u>26,395.3</u>	<u>26,006.1</u>
MINORITY INTERESTS	31.4	40.2
TOTAL EQUITY	<u>26,426.7</u>	<u>26,046.3</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	Sen 608.2	Sen 599.6

These unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 August 2009.



**C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT
30 NOVEMBER 2009**

(Amounts in RM million unless otherwise stated)

	Attributable to equity holders of the Company						Total equity
	Ordinary shares of RM1.00 each	Share premium	Employees' Share Option Scheme reserve	Revaluation and other reserves	Retained profits	Minority interests	
At 1 September 2009	4,337.0	5,271.5	89.1	503.9	15,804.6	40.2	26,046.3
Currency translation differences	-	-	-	90.5	-	-	90.5
Profit for the 3-month period	-	-	-	-	706.3	(8.8)	697.5
Dividend payable	-	-	-	-	(425.3)	-	(425.3)
Provision for share option	-	-	0.1	-	-	-	0.1
Issuance of share capital - share options *	2.9	14.7	-	-	-	-	17.6
Realisation of revaluation reserve	-	-	-	(2.9)	2.9	-	-
At 30 November 2009	4,339.9	5,286.2	89.2	591.5	16,088.5	31.4	26,426.7

* Exercise of options representing 2,862,500 ordinary shares of RM1.00 each under the Employee Share Option Scheme II ("ESOS II");

	Attributable to equity holders of the Company						Total equity
	Ordinary shares of RM1.00 each	Share premium	Employees' Share Option Scheme reserve	Revaluation and other reserves	Retained profits	Minority interests	
At 1 September 2008	4,334.5	5,258.8	62.8	655.4	15,345.7	104.7	25,761.9
Currency translation differences	-	-	-	(87.4)	-	-	(87.4)
Loss for the 3-month period	-	-	-	-	(944.1)	3.4	(940.7)
Provision for share option	-	-	1.2	-	-	-	1.2
Issuance of share capital - share options *	0.1	0.7	-	-	-	-	0.8
At 30 November 2008	4,334.6	5,259.5	64.0	568.0	14,401.6	108.1	24,735.8

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 2009.



D. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 NOVEMBER 2009

(Amounts in RM million unless otherwise stated)

	FY2010 ended 30-Nov-09	FY2009 ended 30-Nov-08
Operating activities		
Cash generated from operations	1,570.5	809.1
Retirement benefits paid	(88.4)	(79.7)
Consumer contributions received	99.7	105.8
Customer deposits received	35.3	40.8
Tax paid	(67.1)	(97.9)
Net cash inflow from operating activities	<u>1,550.0</u>	<u>778.1</u>
Investing activities		
Investment in associates:		
- proceeds from redemption of unsecured loan notes	0.2	-
Dividend Income	16.0	-
Interest income received	40.4	51.1
Property, plant and equipment:		
- purchases	(635.8)	(683.4)
- disposals	2.2	2.1
Assets held for sale		
- disposals	4.0	0.2
Prepaid operating leases		
- disposals	0.6	-
Net cash out-flow from investing activities	<u>(572.4)</u>	<u>(630.0)</u>
Financing activities		
Bank borrowings:		
- new drawdowns	109.1	330.7
- repayments	(393.7)	(438.7)
Interest paid	(234.9)	(258.2)
Proceeds from issuance of shares	17.6	0.8
Government development grants received	22.4	-
Net cash out-flow from financing activities	<u>(479.5)</u>	<u>(365.4)</u>
Changes in cash and cash equivalents	498.1	(217.3)
Currency translation differences	(5.2)	2.0
Cash and cash equivalents		
- at start of period	6,163.9	5,383.9
- at end of period	<u>6,656.8</u>	<u>5,168.6</u>
Cash at bank, held in trust*	(51.9)	(46.9)
Debt Reserve Account**	(236.7)	-
Cash Available	<u>6,368.2</u>	<u>5,121.7</u>

* 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.

** 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 2009.



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 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 2009.

The accounting policies, method of computation and basis of consolidation applied in these unaudited condensed interim financial statements are consistent with those used in the preparation of the audited financial statements for the year ended 31 August 2009 except for the adoption of FRS8 – Operating Segments effective 1 September 2009.

2) AUDIT QUALIFICATION

The annual audited financial statements for the financial year ended 31 August 2009 were not subject to any qualification.

3) SEASONAL OR CYCLICAL FACTORS

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

4) 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.

5) 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.

6) DEBT AND EQUITY SECURITIES

(a) TNB has repurchased USD71.6 million of TNB's USD150.0 million 7.50% Debentures due 2096. The total amount outstanding after the repurchase is USD78.4 million.

(b) During the period, a total of 2,862,500 ordinary shares of RM1.00 each were issued under the Employee Share Option Scheme II ("ESOS II").

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

7) DIVIDENDS PAID

In respect of the financial year ended 31 August 2009, TNB, on 24 December 2009, paid a final dividend of 10.0 sen gross per ordinary share (2008: 10.0 sen gross per ordinary share) less income tax of 25%, and a tax exempt dividend of 2.3 sen per ordinary share totalling RM425.3 million.

8) SEGMENTAL REPORTING

As the principal activities of the Group are the generation, transmission, distribution and sale of electricity in Malaysia, additional segmental reporting is deemed not necessary.

9) 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.



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

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

11) CHANGES IN THE COMPOSITION OF THE GROUP

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

12) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:-

	As at 30 Nov 2009	As at 31 Aug 2009
Claims by third parties	754.0	860.3
Trade guarantees and performance bonds	1.0	1.0
Guarantees given to financial institutions in respect of facilities granted	306.8	319.5
Stamp duties on transfer of assets to a subsidiary	108.0	108.0
Bank guarantee	19.9	19.9
Letter of guarantee	32.0	32.0
Other contingent liabilities	41.9	8.8
	<u>1,263.6</u>	<u>1,349.5</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.

13) CAPITAL COMMITMENTS

	As at 30 Nov 2009	As at 31 Aug 2009
Property, plant and equipment committed over a 5 year period		
Authorised but not contracted for	10,878.2	10,752.4
Contracted but not provided for in the financial statements	165.3	531.2
	<u>11,043.5</u>	<u>11,283.6</u>

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

14) REVIEW OF PERFORMANCE

Performance of the current three months ended 30 November 2009 (FY2010) against the corresponding three months ended 30 November 2008 (FY2009):

Revenue for the three months ended 30 November 2009 decreased to RM7,338.3 million from RM7,414.6 million, a reduction of RM76.3 million or 1.0%. This was mainly due to the decrease in tariff effective from March 2009. However, in terms of unit sales growth the Company recorded an increase of 2.7% compared to the corresponding period last year.

Profit attributable to equity holders of the Company for the period under review was RM706.3 million compared to a loss of RM944.1 million in the corresponding period last year, an increase of RM1,650.4 million or 174.8%. The higher profit reflected the impact of lower operating expenses mainly attributable by the reduced cost of fuel. It is also due to the lower forex translation loss of RM 45.4 million compared to RM 1,439.7 million in FY 2009.

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14) REVIEW OF PERFORMANCE (continued)
ECONOMIC PROFIT STATEMENT

	CUMULATIVE PERIOD	
	Current Year To Date 30.11.2009	Preceding Year Corresponding Period 30.11.2008
<u>NOPLAT computation:</u>		
Earning Before Interest and Tax (EBIT)*	1,068.1	747.2
Adjusted Tax	(267.0)	(186.8)
NOPLAT	801.1	560.4
<u>Economic Charge computation:</u>		
Average Invested Capital	54,309.4	54,848.2
WACC	7.0%	7.0%
Economic Charge	(950.4)	(959.8)
Economic Loss	(149.3)	(399.4)

EXPLANATORY NOTES

Economic Profit/ (Loss) ("EP/ (L)") is a measure of value created by a business during a single period by comparing the rate of return generated by the company against its cost of capital.

A significantly lower economic loss of RM149.3 million has been recorded this year, an improvement of RM250.1 million from RM399.4 million loss recorded in the previous year. The improvement resulted from a reduction in operating expenses by 6.1% compared with 43.8% growth in the same period last year.

**EBIT is defined as Operating profit adjusted for released of deferred income and other operating income.*

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

Performance of the current quarter (1st Quarter FY2010) against the preceding quarter (4th Quarter FY2009):

Compared to the immediate preceding quarter, the Group's revenue of RM7,338.3 million was RM124.3 million lower than the preceding quarter revenue of RM7,462.6, a decrease of 1.7% mainly from lower sale of electricity during the quarter under review.

Operating expenses was lower by RM639.6 million from RM6,819.5 million to RM6,179.9 million or 9.4%. This was mainly due to the decrease in fuel costs.

The Group recorded forex translation loss of RM45.4 million compared to a loss of RM244.3 million recorded in the preceding quarter.



16) PROSPECTS

Financial Year 2009 (FY2009) has been a very challenging year for the Group. The global economic crisis had caused the electricity demand to weaken and the Group was also faced with higher operational costs.

Prospects for FY2010 thus far have been encouraging resulting mainly from the proactive measures carried out by the Government in overcoming the economic crisis.

The Group recorded improvement in demand especially for industrial and commercial sectors. However, the uncertainties on foreign exchange rate for Dollar and Yen, and fuel price fluctuations remain. Managing operational costs will continue to be a challenge for the Group with the improvement in economic conditions and higher demand for coal. Nonetheless, the Group shall continue to enhance and strive to improve efficiency and productivity and quality supply of electricity to our customers.

Given the foregoing scenario, the Board of Directors expects the Group's performance for the year ending 31 August 2010 to be satisfactory.

17) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

This note is not applicable.

18) TAXATION and ZAKAT

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

	Cumulative	
	ended 30-Nov-09	ended 30-Nov-08
Income Tax:		
Current tax and zakat	(251.2)	(106.1)
Deferred tax (net):		
Relating to origination and reversal of temporary differences	<u>(24.4)</u>	<u>(61.9)</u>
Total taxation and zakat	<u>(275.6)</u>	<u>(168.0)</u>

For the reporting period ended 30 November 2009 the Group recorded a 28.3% 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 losses. Not taking into the account the foreign exchange losses the effective tax rate is 27.1%.

19) PROFIT/(LOSS) ON SALE OF INVESTMENTS

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

20) PURCHASES AND DISPOSALS OF QUOTED SECURITIES

- a) There were no purchases and disposals of quoted securities during the quarter.
- b) Investments in quoted securities as at 30 November 2009 are as follows:-

	Quarter ended 30-Nov-09
At cost	1.0
At carrying value	Nil
At market value	Nil

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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:-

	As at 30 Nov 09	As at 31 Aug 09
Short term - secured	465.0	484.4
- unsecured	651.2	673.5
Sub-total	1,116.2	1,157.9
Long term - secured	2,985.3	2,965.4
- unsecured	18,276.7	18,492.7
Sub-total	21,262.0	21,458.1
Total	22,378.2	22,616.0

b) Currency denominations:-

	As at 30 Nov 09	As at 31 Aug 09
Japanese Yen	5,701.7	5,480.3
US Dollar	5,090.0	5,502.5
Others	-	19.5
Total Ringgit equivalent of foreign currency borrowings	10,791.7	11,002.3
Ringgit borrowings	11,586.5	11,613.7
Total	22,378.2	22,616.0

c) Effective average cost of funding based on exposure as at 30 November 2009 was 5.25% (FY2009: 5.32%).

d) Repayments of long term debts during the reporting period were as follows:

- (i) Foreign currency denominated term loans of RM289.9 million, and
- (ii) Ringgit denominated term loans of RM54.3 million.

23) OFF BALANCE SHEET FINANCIAL INSTRUMENTS

TNB has certain financial instruments including assets and liabilities incurred in the normal course of business. As part of its risk management's strategy, the Company manages its exposure to market rate movements of its financial liabilities through the use of derivative financial instruments. Virtually all foreign currency contracts are denominated in US Dollar and Japanese Yen.

TNB has entered into interest rate swap (IRS) agreements as well as currency option agreements, which mature from year 2015 to 2034. TNB has entered into these derivatives to reduce its exposure to losses resulting from adverse fluctuations in interest rates or foreign currency exchange rates on underlying debt instruments.

The details and the financial effects of the derivative financial instruments that TNB has entered into are substantially described in note 29 to the financial statements of TNB for the financial year ended 31 August 2009 (pages 260-262 of TNB's Annual Report).

There have been no material changes to the derivative financial instruments described therein between 2 November 2009 (being the date of financial statements) and the date of this announcement.



23) OFF BALANCE SHEET FINANCIAL INSTRUMENTS (continued)

As at 13 January 2010, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM2.09 billion. While this amount represents the total notional principal amount of outstanding off balance sheet financial instruments, it is not a measure of the extent of risks exposure to TNB.

All the above instruments were executed with creditworthy financial institutions and the Directors of TNB are of the view that the possibility of non-performance by these financial institutions is unlikely on the basis of their respective current financial strength.

24) 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 18 November 2009.

25) DIVIDEND

The Board does not recommend any dividend for the quarter ended 30 November 2009.

26) EARNINGS PER SHARE

	<u>Cumulative quarter</u>	
	<u>ended</u> 30-Nov-09	<u>ended</u> 30-Nov-08
(a) Basic earnings/(loss) per share		
Profit/(loss) attributable to equity holders of the Company (RM 'million)	706.3	(944.1)
Weighted average number of ordinary shares in issue ('000)	<u>4,337,218</u>	<u>4,334,604</u>
Basic earnings/(loss) per share (sen)	16.28	(21.78)
(b) Diluted earnings/(loss) per share		
Profit/(loss) attributable to equity holders of the Company (RM 'million)	706.3	(944.1)
Weighted average number of ordinary shares in issue ('000)	4,337,218	4,334,604
Adjustments for:-		
- conversion of share options exercised ('000)	19,731	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>4,356,949</u>	<u>4,334,604</u>
Diluted earnings/(loss) per share (sen)	16.21	(21.78)

By Order of the Board

NOR ZAKIAH BINTI ABDUL GHANI (LS 0008795)
Company Secretary

Kuala Lumpur
20 January 2010