TENAGA NASIONAL BERHAD *(200866-W)*

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE 1st QUARTER ENDED 30 NOVEMBER 2005

(Amounts in RM million unless otherwise stated)

	1st Quarter ended 30-Nov-05	1st Quarter ended 30-Nov-04
Revenue	4,911.4	4,544.8
Operating expenses	(4,092.4)	(3,647.4)
Other operating income	103.6	87.5
Operating profit	922.6	984.9
Foreign exchange		
- Translation gain/(loss)	362.5	(438.8)
- Transaction loss	(140.9)	(3.3)
Share of results of associates	7.8	35.5
Profit before finance cost	1,152.0	578.3
Finance cost	(403.1)	(361.8)
Profit from ordinary activities before taxation	748.9	216.5
Taxation		
- Company and subsidiaries	(16.0)	(20.1)
- Deferred taxation	(127.1)	(168.3)
- Share of taxes in associates	(1.3)	(8.2)
Profit from ordinary activities after taxation	604.5	19.9
Minority interests	(8.9)	(11.4)
Net profit for the period	595.6	8.5
	Sen	**Sen**
Earnings per share-Basic	18.45	0.27
Earnings per share-Diluted	17.84	0.27

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2005.

B. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 NOVEMBER 2005
(Amounts in RM million unless otherwise stated)

	30-Nov-05	31-Aug-05
NON-CURRENT ASSETS		
Property, plant and equipment	54,627.4	54,721.0
Coal mining rights	288.0	290.7
Associates	164.9	158.7
Investments	39.7	39.7
	55,120.0	55,210.1
CURRENT ASSETS		
Inventories	1,822.3	1,741.6
Trade receivables	1,803.9	2,184.2
Other receivables	1,335.2	1,379.0
Current tax assets	152.7	101.7
Amount owing from associates	10.5	6.8
Short term investments	12.6	12.6
Marketable securities	9.0	9.4
Deposits, bank and cash balances	2,796.9	2,849.4
	7,943.1	8,284.7
CURRENT LIABILITIES		
Trade payables	(2,147.0)	(2,405.4)
Other payables	(1,031.9)	(1,013.3)
Amount owing to associates	(176.5)	(203.0)
Current taxation	(219.3)	(214.3)
Short term borrowings	(2,364.8)	(2,979.6)
	(5,939.5)	(6,815.6)
NET CURRENT ASSETS	2,003.6	1,469.1
LONG TERM LIABILITIES		
Borrowings	(26,518.4)	(27,008.8)
Consumer deposits	(1,997.8)	(1,952.3)
Employee benefits	(2,268.5)	(2,248.2)
Other liabilities	(79.8)	(79.4)
Deferred taxation	(6,125.0)	(5,997.8)
Deferred income	(2,520.7)	(2,505.9)
Government development grants	(694.9)	(686.0)
	(40,205.1)	(40,478.4)
	16,918.5	16,200.8
FINANCED BY:		
Share capital	3,233.2	3,220.7
Share premium	4,083.0	3,989.6
Revaluation and other reserves	852.0	844.7
Retained profits	8,626.1	8,030.5
SHAREHOLDERS' FUNDS	16,794.3	16,085.5
Minority interests	124.2	115.3
	16,918.5	16,200.8
	Sen	Sen
NET ASSETS PER SHARE	519	499

The unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2005.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT 30 NOVEMBER 2005

(Amounts in RM million unless otherwise stated)

		Non-distributable		Distributable	
	Ordinary Shares of RM1.00 each	Share premium	Revaluation and other reserves	Retained profits	Total
As at 1 September 2005	3,220.7	3,989.6	844.7	8,030.5	16,085.5
Currency translation differences	-	-	3.1	-	3.1
Net profit for the 3-month period	-	-	-	595.6	595.6
Issuance of share capital *	12.5	93.4	-	-	105.9
Addition to revaluation reserve	-	-	4.2	-	4.2
As at 30 November 2005	3,233.2	4,083.0	852.0	8,626.1	16,794.3

* Exercise of options representing 12,524,700 ordinary shares of RM1 each in TNB under the Employees' Share Option Scheme II ("ESOS II"); and

		Non-distributable		Distributable	
	Ordinary Shares of RM1.00 each	Share premium	Revaluation and other reserves	Retained profits	Total
As at 1 September 2004	3,148.3	3,451.4	1,030.3	7,168.4	14,798.4
Currency translation differences	-	-	(15.3)	-	(15.3)
Net profit for the 3-month period	-	-	-	8.5	8.5
Issuance of share capital - share options	36.2	268.3	-	-	304.5
As at 30 November 2004	3,184.5	3,719.7	1,015.0	7,176.9	15,096.1

The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2005.

k

D. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 30 NOVEMBER 2005

(Amounts in RM million unless otherwise stated)

	1st Quarter ended 30-Nov-05	1st Quarter ended 30-Nov-04
Operating activities		
Cash generated from operations	1,606.4	1,484.0
Retirement benefits paid	(53.4)	(35.0)
Consumer contributions received	89.6	105.5
Customer deposits received	45.5	51.1
Tax paid	(54.5)	(5.8)
Net cash inflow from operating activities	1,633.6	1,599.8
Investing activities		
Investments:		
- purchases	-	(75.7)
- dividend income received	1.4	-
Interest income received	23.3	28.8
Property, plant and equipment:		
- purchases	(620.8)	(987.6)
- disposals	0.1	0.3
Net cash flow from investing activities	(596.0)	(1,034.2)
Financing activities		
Bank borrowings:		
- new drawdowns	193.2	1,723.5
- repayments	(945.4)	(3,149.6)
Interest paid	(466.5)	(420.9)
Proceeds from issuance of shares	105.9	304.5
Others	24.8	84.2
Net cash flow from financing activities	(1,088.0)	(1,458.3)
Changes in cash and cash equivalents	(50.4)	(892.7)
Currency translation differences	0.1	(1.4)
Cash and cash equivalents		
- at start of period	2,833.4	3,746.4
- at end of period	2,783.1	2,852.3

k

The unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2005.

E. EXPLANATORY NOTES

(Amounts in RM million unless otherwise stated)

1) BASIS OF PREPARATION

This interim report is unaudited and has been prepared in accordance with the Financial Reporting Standards ('FRS') 134 "Interim Financial Reporting" issued by Malaysian Accounting Standards Board and paragraph 9.22 of the BURSA MALAYSIA Listing Requirements, and should be read in conjunction with the Group's financial statements for the financial year ended 31 August 2005.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 August 2005.

2) AUDIT QUALIFICATION

The annual audited financial statements for the financial year ended 31 August 2005 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 period.

5) MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

This note is not applicable.

6) DEBT AND EQUITY SECURITIES

(a) With reference to earlier announcement made on 17 August 2005, on 23 January 2006 TNB announced the completion of all the Conditions Precedent pursuant to the Subscription Agreement and Shareholders Agreement signed between TNB Energy Services Sdn.Bhd. and Worldwide Landfills Sdn.Bhd.

(b) During the quarter, 12,524,700 ordinary shares of RM1 each were issued under the Employees' 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.

7) DIVIDEND PAID

There was no dividend paid during the quarter.

8) SEGMENTAL REPORTING

As the principal activities of the Group are the generation, transmission, distribution and sale of electricity in Malaysia, 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 Malaysian Accounting Standards Board which allow 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 FINANCIAL PERIOD

There were no material events during the quarter.

11) CHANGES IN THE COMPOSITION OF THE GROUP

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

k

12) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:-

	As at 30 November 2005	As at 31 August 2005
Claims by third parties	837.7	776.1
Trade guarantees and performance bonds	5.5	5.5
Stamp duties on transfer of assets	108.0	108.0
Other contingencies	68.4	68.4
	1,019.6	958.0

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 November 2005
Property, plant and equipment committed over a 5 year period	
Authorised but not contracted for	16,838.9
Contracted but not provided for in the financial statements	2,668.8
	19,507.7

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 2005 (1st Quarter FY2006) against the corresponding three months ended 30 November 2004 (1st Quarter FY2005):

The net profit for the Group improved from RM8.5 million to RM595.6 million an increase of RM587.1 million. This resulted mainly from higher electricity sales and foreign exchange gain.

For the three months ended 30 November 2005, the Group recorded a total revenue of RM4,911.4 million which was RM366.6 million or 8.1% higher than the corresponding period in the last financial year. The increase was mainly attributed to higher electricity sales which increased by RM349.9 million or 8.0%. The commercial and domestic sectors were the main contributors to the increase of RM146.6 million (9.6%) and RM96.1 million (12.1%) respectively.

The Ringgit Malaysia at the closing of financial period ended 30 November 2005 strengthened against the major currencies which TNB Group was exposed to. This has resulted in foreign exchange gain of RM221.6 million compared to the loss of RM442.1 million recorded in the corresponding period last financial year.

The operating expenses increased by RM445.0 million or 12.2% compared to the corresponding period last financial year. The operating profit of the Group decreased from RM984.9 million to RM922.6 million, a reduction of RM62.3 million or 6.3%. The increase in coal price was the main contributor to the higher operating expenses where the average price increased from US$49.8 to US$52.5 per tonne. The initiatives carried out by the management such as increase efficiency and cost management has helped in containing the increase in operating expenses.

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

Performance of the current quarter (1st Quarter FY2006) against the preceding quarter (4th Quarter FY2005)

Compared to the immediate preceding quarter, the Group revenue of RM4,911.4 million for the first quarter was marginally lower than the preceding quarter by RM44.7 million or 0.9% where the sales of electricity was lower by RM45.2 million.
The operating expenses decreased by RM440.7 from RM4,533.1 million to RM4,092.4 million or 9.7% mainly due to lower energy purchase and lower other general expenses.
The net profit for the first quarter was higher by 47.6% compared to the preceding quarter's profit of RM403.6 million.

16) CURRENT YEAR PROSPECTS

Given the economic outlook for 2006, Management expects growth in electricity demand to be stable. In addition, the Management has embarked on several initiatives to improve the operating efficiencies. However, as prices are expected to rise which may have an impact on the operating costs, the Board of Directors is of the view that such circumstances may pose a challenge to the performance of the Group for FY2006.

17) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

This note is not applicable.

18) TAXATION

Taxation for the quarter comprised the following:-

	Cumulative	
	ended 30-Nov-05	**ended 30-Nov-04**
Taxation for the Group	(16.0)	(20.1)
Deferred taxation for the Group	(127.1)	(168.3)
Share of taxes in associates	(1.3)	(8.2)
	(144.4)	(196.6)

The Group's effective tax rate for the period ended 30 November 2005 is lower than the statutory tax rate due to the high level of income, which are not taxable for tax purposes, compared to profit before tax.

19) PROFIT/(LOSS) ON SALE OF INVESTMENTS

There were no disposals of any investments during the 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 2005 are as follows:-

	Quarter ended 30 Nov 05
At cost	1.1
At carrying value	0.1
At market value	0.1

The above quoted securities are managed by external fund managers.

k

21) STATUS OF CORPORATE PROPOSALS

a) With reference to earlier announcements made on 22 March 2005 and 28 September 2005 in relation to the Shoaiba Phase3 Independent Water and Power Project in the Kingdom of Saudi Arabia, on 15 November 2005 TNB announced that the consortium consisting of TNB, Khazanah Nasional Berhad, Malakoff and Arabian Company For Water And Power Projects Limited has been selected as the successful bidder for the Project.
On 22 December 2005, TNB announced that the Shuaibah Water and Electricity Company has, on 21 December 2005 executed the relevant financing agreements to secure the financing required for the project. The financial close of the financing arrangement was achieved on 24 January 2006.

b) With reference to earlier announcements made on 29 April 2005 and 27 October 2005, on 5 December 2005 TNB announced that its subsidiary, Fibrecomm, has entered into a Deed of Variation with Celcom Transmission (M) Sdn.Bhd, for the purposes of varying the terms of the Deed of Assignment.

c) With reference to earlier announcements made on 5 July 2005 and 5 October 2005 in relation to the conditional Sale of Business Agreement ("the Agreement") entered into by TNB with Northern Utility Resources Sdn. Bhd. (Receivers and Managers appointed) ("NUR"), NUR Generation Sdn. Bhd. (Receivers and Managers appointed) ("NUR Generation") and NUR Distribution Sdn. Bhd. (Receivers and Managers appointed) ("NUR Distribution") for the acquisition of the business of NUR, NUR Generation and NUR Distribution by TNB, on 30 December 2005 TNB announced that all the parties mutually agreed to extend the Cut-Off Date up to and inclusive of 31 March 2006 or such other further period as the Parties may further mutually agree upon in writing.

d) In relation to the proposed bonus issue, we refer to the earlier announcements made on 25 October 2005, 22 November 2005 and 15 December 2005, and on 12 January 2006 TNB announced that in accordance with the provision of the trust deed for the 3.05%, 5-year unsecured convertible redeemable income securities due 2009 ("CRIS") dated 26 April 2004 and the indenture for the 2.625% guaranteed exchangeable bonds due 2007 ("GEB") dated 20 November 2002, sent notices to Malaysian Trustees Berhad and JPMorgan Chase Bank, in their capacity as the trustees of the CRIS and GEB respectively, to inform them of the closed period (as define in the Trust Deed and Indenture) relating to the implementation of the Bonus Issue.

22) GROUP BORROWINGS

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

	As at 30 Nov 05	As at 31 Aug 05
Short term - secured	254.3	256.0
- unsecured	2,110.5	2,723.6
Sub-total	2,364.8	2,979.6
Long term - secured	3,428.4	3,443.2
- unsecured	23,090.0	23,565.6
Sub-total	26,518.4	27,008.8
Total	28,883.2	29,988.4

k

22) GROUP BORROWINGS (continued)

b) Currency denominations:-

	As at 30 Nov 05	As at 31 Aug 05
Japanese Yen	4,088.3	4,396.3
Sterling Pound	1,211.8	1,259.9
US Dollar	8,205.5	8,669.6
Euro	537.0	557.9
Others	11.1	12.5
Total Ringgit equivalent of foreign currency borrowings	14,053.7	14,896.2
Ringgit borrowings	14,829.5	15,092.2
Total	28,883.2	29,988.4

c) Effective average cost of funding based on exposure as at 30 November 2005 was 5.70% (FY2005: 5.37%).

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

(i) Foreign currency denominated term loans of RM983.8 million, and

(ii) Ringgit denominated term loans of RM386.7 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, Japanese Yen and Pound Sterling.

TNB has entered into currency and interest rate swap agreements and currency and interest rate option agreements, which mature from year 2006 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 27 to the financial statements of TNB for the financial year ended 31 August 2005 (pages 203-207 of TNB's Annual Report).

There has been no material changes to the derivative financial instruments described therein between the date of financial statements (dated 25 October 2005) and the date of this announcement.

As at 19 January 2006, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM2,560.5 million. While this amount is the total of the notional principal amount of outstanding financial instruments, it is not a measure of the extent of risks that TNB is exposed to.

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 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 dated 23 November 2005.

k

25) DIVIDEND

At the Annual General Meeting held on 15 December 2005, the shareholders of TNB had approved recommended a final gross dividend of 12.0 sen per ordinary share (FY2004: final gross dividend of 10.0 sen and special dividend of 4.0 sen per ordinary share less income tax of 28%) less income tax of 28% in respect of the financial year ended 31 August 2005. The dividend was paid on 10 January 2006.

The Board does not recommend any dividend for the quarter ended 30 November 2005.

26) EARNINGS PER SHARE

	Quarter ended 30-Nov-05	Quarter ended 30-Nov-04
(a) Basic earnings per share		
Net profit for the quarter (RM 'million)	595.6	8.5
Weighted average number of ordinary shares in issue ('000)	3,227,425	3,160,227
Basic earnings per share (sen)	18.45	0.27
(b) Diluted earnings per share		
Net profit for the quarter (RM 'million)	595.6	8.5
Elimination of interest expense on Guaranteed Exchangeable Bonds, net of tax effect (RM 'million)	10.0	-
	605.6	8.5
Weighted average number of ordinary shares in issue ('000)	3,227,425	3,160,227
Adjustments for:-		
- conversion of share options exercised ('000)	18,482	34,839
- conversion of Guaranteed Exchangeable Bonds ('000)	148,924	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	3,394,831	3,195,066
Diluted earnings per share (sen)	17.84	0.27

By Order of the Board

NOR ZAKIAH BINTI ABDUL GHANI (LS 0008795)
Company Secretary
Kuala Lumpur
25 January 2006