

23) GROUP BORROWINGS (continued)

	As at 28 Feb 06	As at 31 Aug 05
Japanese Yen	4,038.5	4,396.3
Sterling Pound	1,133.2	1,259.9
US Dollar	8,056.1	8,669.6
Euro	501.4	557.9
Others	10.6	12.5
Total Ringgit equivalent of foreign currency borrowings	13,739.8	14,896.2
Ringgit borrowings	16,085.5	15,092.2
Total	29,825.3	29,988.4

- c) Effective average cost of funding based on exposure as at 28 February 2006 was 5.75% (FY2005: 5.46%).
- d) Repayments of long term debts during the period were as follows:
- (i) Foreign currency denominated term loans of RM509.3 million, and
 - (ii) Ringgit denominated term loans of RM507.9 million.

24) **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 6 April 2006, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM2,421.9 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.

25) **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.

26) DIVIDEND

Given the uncertainty of the outcome of the tariff proposal referred to in paragraph 17 above coupled with the continuous increase in operating expenses, the Board of Directors has decided not to declare and pay an interim dividend at this juncture.

The Company had in the last financial year paid a tax-exempt interim dividend of 3.0 sen per share.

27) EARNINGS PER SHARE

	Individual quarter		Cumulative quarter	
	ended 28-Feb-06	ended 28-Feb-05	ended 28-Feb-06	ended 28-Feb-05
(a) Basic earnings per share				
Net profit for the quarter (RM 'million)	399.5	295.1	995.1	303.6
Weighted average number of ordinary shares in issue ('000)	3,233,469	3,192,465	3,230,447	3,176,346
Basic earnings per share (sen)	12.36	9.24	30.80	9.56
(b) Diluted earnings per share				
Net profit for the quarter (RM 'million)	399.5	295.1	995.1	303.6
Elimination of interest expense on Guaranteed Exchangeable Bonds, net of tax effect (RM 'million)	9.6	-	19.6	-
	<u>409.1</u>	<u>295.1</u>	<u>1,014.7</u>	<u>303.6</u>
Weighted average number of ordinary shares in issue ('000)	3,233,469	3,192,465	3,230,447	3,176,346
Adjustments for:-				
- conversion of share options exercised ('000)	(3,964)	27,938	(4,706)	29,650
- conversion of Guaranteed Exchangeable Bonds ('000)	148,530	-	148,530	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>3,378,035</u>	<u>3,220,403</u>	<u>3,374,271</u>	<u>3,205,996</u>
Diluted earnings per share (sen)	12.11	9.16	30.07	9.47

By Order of the Board


NOR ZAKIAH BINTI ABDUL GHANI (LS 0008795)
Company Secretary
Kuala Lumpur
13 April 2006