



**TENAGA**  
**NASIONAL BERHAD (200886-W)**

The Board of Directors is pleased to announce the following:

**A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 3rd QUARTER ENDED 31 MAY 2008**

(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31.05.2008	PRECEDING YEAR CORRESPONDING QUARTER 31.05.2007	CURRENT YEAR TO DATE 31.05.2008	PRECEDING YEAR CORRESPONDING PERIOD 31.05.2007
Revenue	6,354.0	5,910.7	18,661.6	17,194.4
Operating expenses	(5,719.1)	(4,716.8)	(15,519.3)	(13,261.7)
Other operating income	273.0	140.6	640.3	407.2
Operating profit	907.9	1,334.5	3,782.6	4,339.9
Foreign exchange				
- Translation (loss)/gain	(180.8)	386.4	342.0	1,001.3
- Transaction (loss)/gain	(21.7)	45.7	(12.3)	28.5
Share of results of associates (net of tax)	9.4	10.3	33.4	33.5
Profit before finance cost	714.8	1,776.9	4,145.7	5,403.2
Finance cost	(275.2)	(329.2)	(845.3)	(966.8)
Profit from ordinary activities before taxation	439.6	1,447.7	3,300.4	4,436.4
Taxation and Zakat				
- Company and subsidiaries	(19.7)	(328.1)	(463.6)	(836.1)
- Deferred taxation	(124.3)	(14.4)	44.9	327.5
Profit for the period	295.6	1,105.2	2,881.7	3,927.8
Attributable to:				
- Equity holders of the Company	298.8	1,091.7	2,876.9	3,892.7
- Minority interests	(3.2)	13.5	4.8	35.1
	295.6	1,105.2	2,881.7	3,927.8
Earnings per share attributable to ordinary equity holders of the company	Sen	Sen	Sen	Sen
Basic	6.90	25.29	66.40	91.34
Diluted	6.90	25.02	66.09	89.20

These unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 August 2007.

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**B. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MAY 2008**  
(Amounts in RM million unless otherwise stated)

	31-May-08	31-Aug-07
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	56,957.2	56,405.3
Prepaid operating leases	849.6	852.6
Associates	311.0	233.0
Investments	38.0	38.0
	<u>58,155.8</u>	<u>57,528.9</u>
<b>CURRENT ASSETS</b>		
Non-current assets held for sale	16.3	125.0
Inventories	2,416.3	1,769.5
Trade receivables	1,994.7	1,549.6
Other receivables	1,484.5	1,372.2
Tax recoverable	10.8	11.6
Amounts due from associates	46.2	45.3
Short term investments	12.6	12.6
Marketable securities	10.5	10.6
Deposits, bank and cash balances	4,706.2	5,299.3
	<u>10,698.1</u>	<u>10,195.7</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	(3,174.5)	(3,233.7)
Other payables	(1,225.2)	(1,067.9)
Amounts due to associates	(231.2)	(226.1)
Taxation	(216.8)	(226.1)
Short term borrowings	(1,026.9)	(2,015.5)
	<u>(5,874.6)</u>	<u>(6,769.3)</u>
<b>NET CURRENT ASSETS</b>	4,823.5	3,426.4
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	(21,487.9)	(21,963.9)
Consumer deposits	(2,490.9)	(2,319.6)
Employee benefits	(3,033.0)	(2,730.6)
Other liabilities	(136.1)	(145.9)
Deferred taxation	(6,224.1)	(6,274.4)
Deferred income	(2,861.2)	(2,803.5)
Government development grants	(577.9)	(620.5)
	<u>(36,811.1)</u>	<u>(36,858.4)</u>
<b>TOTAL NET ASSETS</b>	<u>26,168.2</u>	<u>24,096.9</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
Share capital	4,333.5	4,331.7
Share premium	5,253.4	5,242.0
Revaluation and other reserves	872.0	894.9
Retained profits	15,806.2	13,530.0
	<u>26,065.1</u>	<u>23,998.6</u>
<b>MINORITY INTERESTS</b>	103.1	98.3
<b>TOTAL EQUITY</b>	<u>26,168.2</u>	<u>24,096.9</u>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	Sen 601	Sen 554

These unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 August 2007.



**C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MAY 2008**

(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 2007	4,331.7	5,242.0	35.7	859.2	13,530.0	98.3	24,096.9
Currency translation differences	-	-	-	(3.8)	-	-	(5.8)
Profit for the 9-month period	-	-	-	-	2,876.9	4.8	2,881.7
Dividends paid FY2007	-	-	-	-	(522.6)	-	(522.6)
Dividends paid FY2008	-	-	-	-	(320.7)	-	(320.7)
Provision for share option	-	-	25.5	-	-	-	25.5
Issuance of share capital - share options *	1.8	11.4	-	-	-	-	13.2
Realisation of revaluation reserve	-	-	-	(42.6)	42.6	-	-
At 31 May 2008	4,333.5	5,253.4	61.2	810.8	15,606.2	103.1	26,168.2

\* Share options comprising:-

- Exercise of options representing 1,598,475 ordinary shares of RM1.00 each in TNB under the Employee Share Option Scheme II ("ESOS II");
- Conversion of Unsecured Convertible Redeemable Income Securities (CRIS) into a total of 236,052 ordinary shares of RM1.00 each in TNB.

	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 2006	4,135.2	3,912.9	-	843.6	10,533.5	121.3	19,546.5
PYA-Value of employee services (FRS 2)	-	-	39.0	-	(39.0)	-	-
As at 1 September 2006 (Restated)	4,135.2	3,912.9	39.0	843.6	10,494.5	121.3	19,546.5
Currency translation differences	-	-	-	173.9	-	-	173.9
Profit for the 9-month period	-	-	-	-	3,892.7	35.1	3,927.8
Dividends paid FY2006	-	-	-	-	(459.7)	-	(459.7)
Dividends paid FY2007	-	-	-	-	(315.8)	-	(315.8)
Provision for share option	-	-	33.8	-	-	-	33.8
Issuance of share capital - share options	191.3	1,298.1	-	-	-	-	1,489.4
Realisation of revaluation reserve	-	-	-	(8.9)	8.9	-	-
At 31 May 2007	4,326.5	5,211.0	72.8	1,008.6	13,620.6	156.4	24,395.9

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 2007.



**D. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MAY 2008**

(Amounts in RM million unless otherwise stated)

	FY2008 ended 31-May-08	FY2007 ended 31-May-07
<b>Operating activities</b>		
Cash generated from operations	5,041.0	7,210.8
Retirement benefits paid	(200.6)	(170.6)
Consumer contributions received	313.1	354.0
Consumer deposits received	171.5	85.0
Tax paid	(470.8)	(211.1)
Tax refund received	1.6	-
Net cash inflow from operating activities	<u>4,855.8</u>	<u>7,268.1</u>
<b>Investing activities</b>		
Investment in associates:		
- additions	(51.7)	-
- proceeds from redemption of RULS	6.5	5.2
Proceeds from redemption of RULS in subsidiary	-	4.2
Dividend income	2.4	1.4
Interest income	136.4	196.2
Property, plant and equipment:		
- additions	(3,050.8)	(3,025.9)
- disposals	9.7	0.8
Disposal of assets held for sale	293.8	-
Prepaid operating leases		
- additions	-	(16.6)
- disposals	1.7	3.5
Net cash out-flow from investing activities	<u>(2,652.0)</u>	<u>(2,831.2)</u>
<b>Financing activities</b>		
Bank borrowings:		
- new drawdowns	942.8	524.1
- repayments	(1,970.8)	(3,169.4)
Interest paid	(924.8)	(1,049.9)
Dividends paid	(843.3)	(459.7)
Proceeds from issuance of shares	13.2	1,489.4
Others	-	13.0
Net cash out-flow from financing activities	<u>(2,782.9)</u>	<u>(2,652.5)</u>
<b>Changes in cash and cash equivalents</b>	(579.1)	1,784.4
<b>Currency translation differences</b>	(14.0)	(10.9)
<b>Cash and cash equivalents</b>		
- at start of period	<u>5,299.3</u>	<u>3,936.7</u>
- at end of period	<u>4,706.2</u>	<u>5,710.2</u>
Cash at bank, held in trust*	<u>(244.6)</u>	<u>(74.7)</u>
Cash Available	<u>4,461.6</u>	<u>5,635.5</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.

These unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 August 2007.



## 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 2007.

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 2007 except for the changes arising from the adoption of the new and revised FRSs issued by MASB that are effective and applicable for financial years beginning on or after 1 September 2007.

### 2) AUDIT QUALIFICATION

The annual audited financial statements for the financial year ended 31 August 2007 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) On 1 October 2007, TNB repaid an amount of RM850.0 million (1<sup>st</sup> tranche) of RM1.0 billion Al-Bal Bithaman Ajjil Notes Issuance Facility that matured.

(b) During the period, a total of 1,834,527 ordinary shares of RM1.00 each in TNB were issued as a result of :-

- (i) exercise of options representing 1,598,475 ordinary shares of RM1.00 each in TNB under the Employee Share Option Scheme II ("ESOS II"); and
- (ii) conversion of RM2,166,978.00 nominal amount of Unsecured Convertible Redeemable Income Securities ("CRIS") into a total of 236,052 ordinary shares of RM1.00 each in TNB.

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

(a) In respect of the financial year ended 31 August 2007, TNB declared a final dividend of 16.3 sen gross per ordinary share less income tax at 26% (12.06 sen net per ordinary share), paid on 3 January 2008 totalling RM522.6 million.

(b) In respect of the financial year ending 31 August 2008, an interim dividend of 10.0 sen gross per ordinary share less income tax at 26% amounting to RM320.7 million was paid on 29 May 2008.



### 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 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 31 May 2008	As at 31 August 2007
Claims by third parties	1,062.0	943.0
Trade guarantees and performance bonds	1.1	5.4
Corporate guarantee for long term loans of an associate company	293.8	170.8
Stamp duties on transfer of assets	108.0	108.0
Other contingencies	<u>25.7</u>	<u>29.7</u>
	<u>1,490.6</u>	<u>1,256.9</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.

- (a) On 15 February 2008, the Company announced that it had received from its solicitors a copy of the amended Statement of Claim whereby Perai Power Sdn. Bhd. ("PPSB") had revised the claim from RM11,863,061.15 to RM113,713,227.03. It is PPSP's claim that the additional sum of RM101,850,165.88 is an amount that is outstanding due and payable by TNB to PPSP in respect of available capacity payments from June 2003 to October 2006.

TNB will duly defend the claim and has been advised by its solicitors that it has strong grounds to do so.

Please refer to the announcement made to Bursa Malaysia for further details.



## 12) CONTINGENT LIABILITIES (continued)

- (b) On 26 June 2008, the Company announced that it has received a statement of claim from Segarl Energy Ventures Sdn. Bhd. ("SEV") for the sum of RM43,692,188.47. The Company responded that such sum was legally deducted in accordance with the terms of the power purchase agreement between TNB and SEV following the latter's failure to respond to instructions to generate electricity.

TNB will duly defend the claim and has been advised by its solicitors that it has strong grounds to do so.

Please refer to the announcement made to Bursa Malaysia for further details.

## 13) CAPITAL COMMITMENTS

	As at 31 May 2008	As at 31 August 2007
<b>Property, plant and equipment committed over a 5 year period</b>		
Authorised but not contracted for	13,209.3	11,580.6
Contracted but not provided for in the financial statements	<u>407.2</u>	<u>1,141.2</u>
	<u>13,616.5</u>	<u>12,721.8</u>

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

### 14) REVIEW OF PERFORMANCE

- (a) Performance of the current nine months ended 31 May 2008 (3rd Quarter FY2008) against the corresponding nine months ended 31 May 2007 (3rd Quarter FY2007):

For the nine months ended 31 May 2008, the Group recorded total revenue of RM18,661.6 million, an increase of RM1,467.2 million or 8.5% compared to the corresponding period last financial year. This increase was mainly from higher sales of electricity which increased by RM1,070.3 million or 6.5%.

The net profit attributable to shareholders of the Company declined by 26.1% (RM1,015.8 million) to RM2,876.9 million as compared to RM3,892.7 million in the corresponding period in FY2007, mainly due to an increase in operating expenses by 17.0% (RM2,257.6 million). The major contributing factors to the increase in operating expenses were the higher capacity payments to the independent power producers and increase in coal price. The foreign exchange translation gain for the period under review was lower as the strengthening of the Ringgit against the US Dollar was lower as compared to the corresponding period last financial year and also Ringgit has weakened against Japanese Yen.



14) REVIEW OF PERFORMANCE (continued)

- (b) Performance of the current third quarter (three months) FY2008 against the corresponding third quarter (three months) FY2007:

For the quarter, the Group recorded a total revenue of RM6,354.0 million against RM5,910.7 million for the same period last financial year, an improvement of 7.5% or RM443.3 million. The improvement was derived mainly from increase in sales of electricity in Peninsular Malaysia where the increases were RM126.3 million (6.5%) for the commercial, RM86.5 million (3.8%) for the industrial and RM23.3 million (2.4%) for the domestic sectors.

The operating expenses, however, increased by 21.2% (RM1,002.3 million). The items which recorded the major increase were the capacity payments to the independent power producers and the higher coal price.

As the operating expenses, mainly as described above, increased at higher rate as compared to the revenue the Group registered a net profit after tax and minority interest of RM298.8 million only for the current quarter against RM1,091.7 million recorded for the corresponding quarter last year, a decrease of RM792.9 million or 72.6%.

**ECONOMIC PROFIT STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 31.05.2008	Preceding Year Corresponding Quarter 31.05.2007	Current Year To Date 31.05.2008	Preceding Year Corresponding Period 31.05.2007
<u>NOPLAT computation:</u>				
Earning Before Interest and Tax (EBIT)*	549.1	1,113.7	2,886.9	3,692.4
Adjusted Tax	(142.8)	(300.7)	(750.6)	(996.9)
<b>NOPLAT</b>	<b>406.3</b>	<b>813.0</b>	<b>2,136.3</b>	<b>2,695.5</b>
<u>Economic Charge computation:</u>				
Average Invested Capital	54,187.4	53,077.9	54,187.4	53,077.9
WACC	7.6%	7.6%	7.6%	7.6%
<b>Economic Charge</b>	<b>(1,026.9)</b>	<b>(1,005.8)</b>	<b>(3,080.6)</b>	<b>(3,017.5)</b>
<b>Economic Loss</b>	<b>(620.5)</b>	<b>(192.8)</b>	<b>(944.2)</b>	<b>(322.0)</b>

**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) Performance of the current nine months ended 31 May 2008 (3rd Quarter FY2008) against the corresponding nine months ended 31 May 2007 (3rd Quarter FY2007):

Economic loss has increased to RM944.2 million from RM322.0 million; representing an increase of RM622.2 million over the corresponding period. The increased is attributable to a significantly higher growth in operating expenses of 17.0% (compared to 7.6% growth in the same period last year) and lower revenue growth of 8.6% arising from reduction in sales to EGAT (compared to 16.6% growth recorded over the same period). The higher growth in operating expenses was largely due to the large increased in fuel-related expenses. Consequently, the EBIT\* margin reduced to 15.7% compared to 21.8% over the same period last year.





**14) REVIEW OF PERFORMANCE (continued)**  
**ECONOMIC PROFIT STATEMENT (continued)**  
**EXPLANATORY NOTES (continued)**

- (b) Economic loss has also increased to RM620.5 million from RM192.8 million; representing an increase of RM427.7 million over the corresponding period. The increased is attributable to a significantly higher growth in operating expenses of 21.2% (compared to 15.6% growth in the same period last year) and lower revenue growth of 7.5% (compared to 17.9% growth recorded over the same period). The higher growth in operating expenses was largely due to the large increased in fuel-related expenses incurred in the current quarter. Consequently, the EBIT\* margin reduced to 8.8% compared to 19.1% over 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 (3rd Quarter FY2008) against the preceding quarter (2nd Quarter FY2008)

Compared to the immediate preceding quarter, the Group's revenue of RM6,354.0 million was RM254.7 million higher than the preceding quarter revenue of RM6,099.3 million. This was mainly due to higher electricity sales for Peninsular Malaysia and Sabah.

The operating expenses continued to escalate and for the third quarter expenses increased by RM661.5 million from RM5,057.6 million to RM5,719.1 million or 13.1% mainly for reasons as discussed in paragraph 14.

**16) CURRENT YEAR PROSPECTS**

The Malaysian Institute of Economic Research ("MIER") has recently in its second quarter Malaysian Economic Outlook, cut its GDP forecast yet again from 5.4% to 4.6%. In its report, MIER is of the view that "the economic condition could deteriorate during the second half of the year due to the knock-on effects of higher oil prices and slower global growth."

The global power industry is currently facing an unprecedented challenge. Demand for reliable electricity supply and customer service excellence however continues. The extent to which increases in electricity generation cost can be recovered will determine the financial condition of TNB and affect its ability to make future investments in a timely manner.

Given the foregoing, concerns over the impact of global energy prices, especially the volatility in coal prices, increase in IPP capacity payments and inflationary pressure, will continue to pose the main challenges for the Group. The results for the 3rd Quarter ended 31 May 2008 is a clear manifestation of this phenomenon.

Under this current scenario, the Board of Directors is of the view that the Group will remain profitable in FY2008. However, it will be lower than the year before as a direct consequence of the higher operating expenses and lower demand growth.



**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:-

	Individual quarter		Cumulative	
	ended 31-May-08	ended 31-May-07	ended 31-May-08	ended 31-May-07
<b>Income Tax:</b>				
Current tax and zakat	(19.7)	(328.1)	(463.6)	(836.1)
<b>Deferred tax (net):</b>				
Relating to origination and reversal of temporary differences	(124.3)	(14.4)	(179.1)	(80.7)
Relating to changes in the Corporate income tax rate	-	-	224.0	408.2
Sub-total	<u>(124.3)</u>	<u>(14.4)</u>	<u>44.9</u>	<u>327.5</u>
Total taxation and zakat	<u>(144.0)</u>	<u>(342.5)</u>	<u>(418.7)</u>	<u>(508.6)</u>

The Group's effective tax rate of 12.7% for the period ended 31 May 2008 is lower than the Corporate income tax rate (26%) mainly due to the reversal of deferred tax arising from the reduction in the Corporate income tax rate and income not subject to tax (for example consumer contribution, capital gain on disposal of assets and foreign sourced income). Excluding the impact of the Deferred Tax reversal, the Group's effective tax rate is 19.5%.

The Corporate income tax rate for the Year of Assessment (YA) 2008 is 26%.

The Corporate income tax rate for YA 2009 will be reduced to 25%.

**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**

- There were no purchases and disposals of quoted securities during the quarter.
- Investments in quoted securities as at 31 May 2008 are as follows:-

	Quarter ended 31-May-08
At cost	1.0
At carrying value	Nil
At market value	Nil

**21) STATUS OF CORPORATE PROPOSALS**

- On 26 December 2007, TNB announced that on 19 December 2007, the Company acquired two ordinary shares of RM1.00 each in Orion Mission Sdn.Bhd. (Incorporated on 30 July 2007) with a total consideration of RM2.00, representing 100% of the latter's issued and paid up share capital.

Please refer to the announcement made to Bursa Malaysia for further details.



## 21) STATUS OF CORPORATE PROPOSALS (continued)

- (b) With reference to the earlier announcement made on 30 April 2007 and 6 February 2008, on 18 February 2008 TNB announced that all conditions precedent under the Share Sale Agreement ("SSA") have been fulfilled and confirmed the completion of the SSA. Upon completion, PT Dasa Eka Jasatama has ceased to be a subsidiary of Dynamic Acres Sdn.Bhd and an indirect subsidiary of TNB.

Please refer to the announcement made to Bursa Malaysia for further details.

- (c) On 25 February 2008, TNB announced the proposed acquisition of 1,000,000 ordinary shares of RM1.00 each in Jimah Energy Ventures Holdings Sdn. Bhd. and 20% of the nominal value of the Ciri B Bai Inah Medium Term Notes.

Please refer to the announcement made to Bursa Malaysia for further details.

On 30 June 2008, Foreign Investment Committee approved the above proposed acquisition.

- (d) On 23 May 2008, TNB announced that it had entered into a Shareholders' Agreement with Jati Cakerawala Sdn. Bhd., Alpha Intercontinental Sdn. Bhd. and Gerbang Sutera Sdn. Bhd. pursuant to a Mandatory General Offer made by Jati for the acquisition of the remaining 50% of the issued and paid-up share capital of Teknologi Tenaga Perlis Consortium Sdn. Bhd.

Please refer to the announcement made to Bursa Malaysia for further details.

- (e) On 27 May 2008, TNB announced that it proposed to purchase its own ordinary shares of up to ten percent (10%) of the issued and paid up share capital (Proposed Share Buy-Back) at any given point in time during the authorized period.

Please refer to the announcement made to Bursa Malaysia for further details.

- (f) With reference to the earlier announcement made on 18 July 2008, on 21 July 2008 TNB announced that the divestment of TNB Energy Services Sdn. Bhd 50% shareholding of Jana Landfill Sdn.Bhd to Worldwide Landfills Sdn.Bhd was made for a cash consideration of RM1.00 (One Ringgit Malaysia) to be paid upon the signing of the agreements.

Please refer to the announcement made to Bursa Malaysia for further details.

## 22) GROUP BORROWINGS

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

	As at 31 May 08	As at 31 Aug 07
Short term - secured	369.1	215.8
- unsecured	657.8	1,799.7
Sub-total	1,026.9	2,015.5
Long term - secured	3,285.6	3,129.7
- unsecured	18,202.3	18,834.2
Sub-total	21,487.9	21,963.9
Total	22,514.8	23,979.4



**22) GROUP BORROWINGS (continued)**

b) Currency denominations:-

	As at 31 May 08	As at 31 Aug 07
Japanese Yen	4,440.7	4,254.9
US Dollar	6,029.2	6,666.3
Euro	1.9	6.1
Others	7.3	8.1
Total Ringgit equivalent of foreign currency borrowings	10,479.1	10,935.4
Ringgit borrowings	12,035.7	13,044.0
Total	22,514.8	23,979.4

- c) Effective average cost of funding based on exposure as at 31 May 2008 was 5.50% (FY2007: 5.95%).
- d) Repayments of long term debts during the reporting period were as follows:
- (i) Foreign currency denominated term loans of RM370.0 million, and
  - (ii) Ringgit denominated term loans of RM1,387.8 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 cross currency swap agreements and currency option agreements, which mature from year 2010 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 2007 (pages 53-55 of TNB's Annual Report).

There have been no material changes to the derivative financial instruments described therein between 31 October 2007 (being the date of financial statements) and the date of this announcement.

As at 17 July 2008, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM948.7 million. 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 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 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 21 November 2007 and note 12 of this announcement.



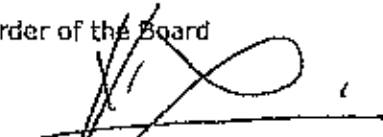
**25) DIVIDEND**

The Board of Directors has not recommended any dividend for the quarter ended 31 May 2008, (2007: second interim dividend of 10.0 sen gross per ordinary share).

**26) EARNINGS PER SHARE**

	Individual quarter		Cumulative quarter	
	ended 31-May-08	ended 31-May-07	ended 31-May-08	ended 31-May-07
<b>(a) Basic earnings per share</b>				
Profit attributable to equity holders of the Company (RM 'million)	298.8	1,091.7	2,876.9	3,892.7
Weighted average number of ordinary shares in issue ('000)	4,333,511	4,317,128	4,332,782	4,261,857
Basic earnings per share (sen)	6.90	25.29	66.40	91.34
<b>(b) Diluted earnings per share</b>				
Profit attributable to equity holders of the Company (RM 'million)	298.8	1,091.7	2,876.9	3,892.7
Elimination of interest expense net of tax effect (RM 'million) on:				
(i) Guaranteed Exchangeable Bonds (RM 'million)	-	-	-	(6.8)
(ii) Unsecured Convertible Redeemable Income Securities (RM 'million)	0.5	0.1	1.4	4.0
	<u>299.3</u>	<u>1,091.8</u>	<u>2,878.3</u>	<u>3,889.9</u>
Weighted average number of ordinary shares in issue ('000)	4,333,511	4,317,128	4,332,782	4,261,857
Adjustments for:-				
- conversion of share options exercised ('000)	(4,953)	37,268	15,486	58,371
- conversion of:				
(i) Guaranteed Exchangeable Bonds ('000)	-	-	-	23,984
(ii) Unsecured Convertible Redeemable Income Securities ('000)	6,448	9,252	6,538	16,905
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>4,335,006</u>	<u>4,363,648</u>	<u>4,354,806</u>	<u>4,361,117</u>
Diluted earnings per share (sen)	6.90	25.02	66.09	89.20

By Order of the Board

  
**NOK ZAKIAH BINTI ABDUL GHANI (LS 0008795)**  
**WAN MARZIMIN BIN WAN MUHAMMAD (LS 0009013)**  
Company Secretaries  
Kuala Lumpur  
24 July 2008