

The Board of Directors is pleased to announce the following:

I. UNAUDITED RESULTS OF THE GROUP FOR THE 1st QUARTER ENDED 30th NOVEMBER 2000.
(Amounts in RM million unless otherwise stated)

| | CURRENT YEAR 1 ST QUARTER | PRECEDING YEAR CORRESPONDING QUARTER |
|---|--|--|
| Revenue | 3,613.7 | 3,364.0 |
| Investment income | 2.1 | - |
| Other income including interest income | 121.2 | 60.1 |
| Operating profit before interest charges, depreciation and amortisation, exceptional items, foreign exchange gain/(loss), taxation and minority interest | 1,231.7 | 1,202.1 |
| Interest charges | (256.9) | (238.6) |
| Depreciation and amortisation | (465.1) | (408.1) |
| Operating profit after interest charges, depreciation and amortisation, exceptional items but before foreign exchange gain/(loss), taxation and minority interest | 509.7 | 555.4 |
| Foreign exchange gain/(loss) | 211.3 | (711.8) |
| Share in profits of associated companies | 49.4 | 27.4 |
| Profit/(loss) before taxation and minority interest | 770.4 | (129.0) |
| Taxation | (67.4) | (60.7) |
| Profit/(loss) after taxation but before minority interest | 703.0 | (189.7) |
| Minority interest | 6.0 | 9.0 |
| Profit/(loss) after taxation attributable to shareholders | 709.0 | (180.7) |
| | SEN | SEN |
| Earnings/(loss) per share-Basic | 22.8 | (5.8) |
| Earnings/(loss) per share-Diluted | 22.8 | (5.8) |

II. UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30th NOVEMBER 2000
(Amounts in RM million unless otherwise stated)

| | 30th November 2000 | 31st August 2000 |
|--------------------------------------|-----------------------|---------------------|
| FIXED ASSETS | 46,284.8 | 45,709.6 |
| ASSOCIATED COMPANIES | 622.0 | 582.0 |
| INVESTMENTS | 402.5 | 402.4 |
| LONG TERM RECEIVABLES | 444.0 | 444.0 |
| CURRENT ASSETS | | |
| Stocks | 992.3 | 1,001.0 |
| Trade Debtors | 1,519.4 | 1,663.2 |
| Other Debtors | 1,211.1 | 837.7 |
| Bank and cash balances | 754.6 | 768.3 |
| Securities (quoted and unquoted) | 53.3 | 59.5 |
| Amount due from associated companies | - | 21.4 |
| | 4,530.7 | 4,351.1 |

| | <u>30th November 2000</u> | <u>31st August 2000</u> |
|--------------------------------------|-------------------------------|-----------------------------|
| CURRENT LIABILITIES | | |
| Trade creditors | (1,927.0) | (1,843.3) |
| Other creditors | (1,470.4) | (1,368.2) |
| Short term borrowings | (6,336.3) | (5,371.6) |
| Current taxation | (370.3) | (325.4) |
| Proposed dividend | (156.6) | (156.6) |
| Amount owing to associated companies | <u>(343.5)</u> | <u>(353.2)</u> |
| | <u>(10,604.1)</u> | <u>(9,418.3)</u> |
| NET CURRENT LIABILITIES | (6,073.4) | (5,067.2) |
| LONG TERM LIABILITIES | | |
| Term loans | (20,992.8) | (22,289.9) |
| Customer deposits | (1,245.8) | (1,224.5) |
| Retirement benefits | (392.1) | (383.6) |
| Other liabilities | <u>(122.5)</u> | <u>(123.7)</u> |
| | <u>(22,753.2)</u> | <u>(24,021.7)</u> |
| DEFERRED TAXATION | (971.9) | (970.9) |
| DEFERRED INCOME | (2,114.3) | (2,097.3) |
| GOVERNMENT DEVELOPMENT GRANTS | <u>(549.1)</u> | <u>(380.0)</u> |
| | <u>15,291.4</u> | <u>14,600.9</u> |
| Financed by :- | | |
| SHARE CAPITAL | 3,106.3 | 3,106.2 |
| SHARE PREMIUM | 3,141.0 | 3,140.4 |
| REVENUE RESERVE | 7,792.7 | 7,089.0 |
| REVALUATION RESERVES | 1,237.1 | 1,237.1 |
| FOREIGN EXCHANGE RESERVE | <u>(62.2)</u> | <u>(54.1)</u> |
| SHAREHOLDERS' FUNDS | 15,214.9 | 14,518.6 |
| MINORITY INTEREST | <u>76.5</u> | <u>82.3</u> |
| | <u>15,291.4</u> | <u>14,600.9</u> |
| | Sen | Sen |
| NET TANGIBLE ASSETS PER SHARE | 490 | 467 |

III NOTES

(Amounts in RM million unless otherwise stated)

1) ACCOUNTING POLICIES

The same accounting policies and methods of computation used in the preparation of the Group's last annual financial statements have been applied in the preparation of the quarterly financial statements.

2) EXCEPTIONAL ITEMS

There were no exceptional items during the financial quarter.

3) EXTRAORDINARY ITEMS

There were no extraordinary items during the financial quarter.

4) TAXATION

Taxation comprises the following:-

| | |
|--------------------------------------|-------------|
| Current taxation of Group | 52.3 |
| Deferred taxation of Group | 1.0 |
| Share of tax in associated companies | <u>14.1</u> |
| | <u>67.4</u> |

5) PRE-ACQUISITION PROFITS

No pre-acquisition profits were included in the operating profit for the financial quarter.

6) PROFIT ON SALE OF INVESTMENT PROPERTIES

There were no disposals of investment properties during the financial quarter.

7) PURCHASES AND SALES OF QUOTED SECURITIES

a) Cost of total purchases and sales of quoted securities and the gain arising thereon for the financial quarter are as follows:-

| | |
|---------------|-----|
| Purchases | 0.2 |
| Sales | 5.4 |
| Gain on sales | 2.1 |

b) Investments in quoted securities are as follows:-

| | |
|-------------------|------|
| At cost | 79.1 |
| At carrying value | 40.0 |
| At market value | 40.0 |

The above quoted securities are managed by external fund managers.

8) CHANGES IN THE COMPOSITION OF THE GROUP

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

9) STATUS OF CORPORATE PROPOSALS

There were no new corporate proposals during the financial quarter under review.

10) SEASONALITY OR CYCLICALITY OF OPERATIONS

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

11) ISSUANCE OR REPAYMENT OF DEBTS AND EQUITY SECURITIES

As at 30th November 2000, there were no issuance or repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares with the exception of 112,000 ordinary shares of RM1 each issued during the quarter under the existing Employee Share Option Scheme ('ESOS').

12) GROUP BORROWINGS

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

| | |
|----------------------|----------|
| Short term - secured | 2.0 |
| - unsecured | 6,334.3 |
| Sub-total | 6,336.3 |
| Long term - secured | 58.7 |
| - unsecured | 20,934.1 |
| Sub-total | 20,992.8 |
| Total | 27,329.1 |

b) Currency denominations:-

| | |
|---|----------|
| French Franc | 219.6 |
| Japanese Yen | 7,706.0 |
| Sterling Pound | 616.0 |
| US Dollar | 5,946.0 |
| Others | 31.3 |
| Total Ringgit equivalent of foreign currency borrowings | 14,518.9 |
| Ringgit borrowings | 12,810.2 |
| Total | 27,329.1 |

13) CONTINGENT LIABILITIES

As at 23rd January 2001, contingent liabilities of the Group comprise the following:-

| | |
|------------------------------------|--------------|
| Claims by third parties | 598.3 |
| Housing loans sold to Cagamas | 230.2 |
| Stamp duties on transfer of assets | 108.0 |
| Other contingencies | 37.3 |
| | <u>973.8</u> |

14) FINANCIAL INSTRUMENTS

TNB has certain financial instruments including assets and liabilities and financial instruments incurred in the normal course of business. In applying a consistent risk management strategy, the Company manages its exposure to market rate movements of its financial liabilities through the use of derivative financial instruments which include interest rate option contracts and currency swap agreements designated as hedges. These instruments are 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 remote on the basis of their respective financial strength. Virtually all foreign currency contracts are denominated in U.S dollars, Yen and other currencies of major industrialised countries. Although TNB may be exposed to losses in the event of market rate fluctuations, it does not anticipate significant losses due to the nature of its hedging arrangements.

TNB has entered into interest rate swap agreements and interest rate and currency swap agreements, some of which have embedded interest rate or currency options, which mature from year 2000 to 2007. 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.

TNB's accounting policy on financial derivatives is as follows:

' Financial derivatives hedging instruments are used in the Company's risk management of foreign currency and interest rate risk exposure of its financial liabilities. Hedge accounting principles are applied for the accounting of the underlying exposures and their hedge instruments. The underlying foreign currency liabilities are translated at their respective hedge exchange rate and net differentials in interest receipts and payments arising from interest rate derivative instruments are accrued, so as to match those net differentials with the related interest expense on the hedge liabilities. No amounts are recognised in respect of future periods'.

As at 23rd January 2001, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM7,083.5 million.

15) MATERIAL LITIGATION

As at 23rd January 2001, there was no material litigation involving the Group except as disclosed in Note 13.

16) SEGMENT REPORT

As the principal business of the Group is the generation and supply of electricity, segmental reporting is deemed not necessary.

17) COMPARISON WITH PRECEDING QUARTER'S OPERATING RESULTS

With the exception of a provision of RM332.4 million made against the Group's equity investment in a subsidiary company, there was no material change in the operating results compared to last financial quarter.

18) REVIEW OF PERFORMANCE

Aside from the foreign exchange gain, there were no other material changes to the financial performance when compared to the last financial quarter.

Foreign exchange gain/(loss) is made up as follows:-

| | |
|-------------------------------|--------------|
| Translation gain – Borrowings | 256.8 |
| Translation loss – Others | (58.1) |
| Transaction gain | 12.6 |
| | <u>211.3</u> |

The translation gain of the current financial quarter relates mainly to the translation of Yen denominated borrowings arising from the weakening of the Yen against the US Dollar to which the local currency is pegged.

19) CURRENT YEAR PROSPECTS

In view of the continuing improvement in the economy of the country, albeit at a slower rate, electricity demand is expected to be in line with the performance of the economy. Barring any unforeseen circumstances, the Directors expect the Group's performance for the year to be favourable.

20) VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE

This note is not applicable.

21) DIVIDENDS

No dividend has been recommended for this financial quarter.

By Order of the Board

DATIN AZIZAH BINTI OSMAN (LS0014)
FADILAH BINTI EDROSS (LS05049)
Company Secretaries

Kuala Lumpur
31st January 2001