

The Board of Directors is pleased to announce the following:

**A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE 1st QUARTER ENDED 30 NOVEMBER 2004**  
(Amounts in RM million unless otherwise stated)

	<b>1st Quarter ended 30 Nov 2004</b>	<b>1st Quarter ended 30 Nov 2003</b>
Revenue	4,544.8	4,243.9
Operating expenses	(3,647.4)	(3,436.0)
Other operating income	<u>87.5</u>	<u>51.5</u>
Operating profit	984.9	859.4
Foreign exchange		
- Translation (loss)/gain	(438.8)	(382.7)
- Transaction (loss)/gain	(3.3)	(2.8)
Share of results of associates	<u>35.5</u>	<u>9.2</u>
Profit before finance cost	578.3	483.1
Finance cost	<u>(361.8)</u>	<u>(346.3)</u>
Profit from ordinary activities before taxation	216.5	136.8
Taxation		
- Company and subsidiaries	(20.1)	(15.9)
- Deferred taxation	(168.3)	(153.0)
- Share of taxes in associates	<u>(8.2)</u>	<u>(0.9)</u>
Profit/(loss) from ordinary activities after taxation	19.9	(33.0)
Minority interests	<u>(11.4)</u>	<u>6.6</u>
Net profit/(loss) for the period	<u>8.5</u>	<u>(26.4)</u>
	<b>Sen</b>	<b>Sen</b>
Earnings/(loss) per share-Basic	0.27	(0.85)
Earnings/(loss) per share-Diluted	0.27	N/A

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2004.

**B. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 NOVEMBER 2004**  
(Amounts in RM million unless otherwise stated)

	30 NOV 2004	31 AUG 2004
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	53,635.5	53,443.7
Coal mining rights	309.5	312.2
Associates	507.0	132.1
Investments	176.2	100.5
	<u>54,628.2</u>	<u>53,988.5</u>
<b>CURRENT ASSETS</b>		
Inventories	1,741.5	1,569.2
Trade receivables	2,261.2	2,159.2
Other receivables	1,292.5	1,344.4
Current tax assets	26.9	26.0
Amount owing from associates	75.6	74.0
Short term investments	12.6	360.2
Marketable securities	10.7	10.3
Deposits, bank and cash balances	2,931.2	3,849.8
	<u>8,352.2</u>	<u>9,393.1</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	(1,781.1)	(1,982.2)
Other payables	(1,014.0)	(1,018.5)
Amount owing to associates	(406.4)	(304.9)
Current taxation	(297.5)	(262.8)
Short term borrowings	(2,269.3)	(1,861.0)
	<u>(5,768.3)</u>	<u>(5,429.4)</u>
<b>NET CURRENT ASSETS</b>	2,583.9	3,963.7
<b>LONG TERM LIABILITIES</b>		
Borrowings	(29,243.9)	(30,626.2)
Consumer deposits	(1,817.6)	(1,766.5)
Employee benefits	(2,179.4)	(2,149.5)
Other liabilities	(79.0)	(79.2)
Deferred taxation	(5,648.5)	(5,503.8)
Deferred income	(2,413.3)	(2,379.9)
Government development grants	(631.2)	(556.9)
	<u>(42,012.9)</u>	<u>(43,062.0)</u>
	<u>15,199.2</u>	<u>14,890.2</u>
<b>FINANCED BY:</b>		
Share capital	3,184.5	3,148.3
Share premium	3,719.7	3,451.4
Revaluation and other reserves	1,015.0	1,030.3
Retained profits	7,176.9	7,168.4
<b>SHAREHOLDERS' FUNDS</b>	<u>15,096.1</u>	<u>14,798.4</u>
Minority interests	103.1	91.8
	<u>15,199.2</u>	<u>14,890.2</u>
<b>NET TANGIBLE ASSETS PER SHARE</b>	Sen 464	Sen 460

The unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2004.

**C. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT 30 NOVEMBER 2004**  
(Amounts in RM million unless otherwise stated)

	Ordinary Shares of RM1.00 each	Non-distributable		Distributable	Total
		Share premium	Revaluation and other reserves	Retained profits	
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 gain for the 3-month period	-	-	-	8.5	8.5
Issuance of share capital - share options	36.2	268.3	-	-	304.5
As at 31 November 2004	<u>3,184.5</u>	<u>3,719.7</u>	<u>1,015.0</u>	<u>7,176.9</u>	<u>15,096.1</u>

	Ordinary Shares of RM1.00 each	Non-distributable		Distributable	Total
		Share premium	Revaluation and other reserves	Retained profits	
As at 1 September 2003					
- as previously reported	3,111.8	3,181.7	1,048.1	7,732.1	15,073.7
- prior year adjustment	-	-	-	(1,108.7)	(1,108.7)
- as restated	<u>3,111.8</u>	<u>3,181.7</u>	<u>1,048.1</u>	<u>6,623.4</u>	<u>13,965.0</u>
Currency translation differences	-	-	8.5	-	8.5
Net loss for the 3-month period	-	-	-	(26.4)	(26.4)
Issuance of share capital - share options	0.4	3.1	-	-	3.5
As at 30 November 2003	<u>3,112.2</u>	<u>3,184.8</u>	<u>1,056.6</u>	<u>6,597.0</u>	<u>13,950.6</u>

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 2004.

**D. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE THREE MONTHS  
PERIOD ENDED 30 NOVEMBER 2004**

(Amounts in RM million unless otherwise stated)

	<b>30 Nov 2004</b>	<b>30 Nov 2003</b>
<b>Operating activities</b>		
Cash generated from operations	1,484.0	1,291.0
Retirement benefits paid	(35.0)	(9.8)
Consumer contributions received	105.5	68.8
Customer deposits received	51.1	36.8
Tax paid	(5.8)	(10.4)
Net cash inflow from operating activities	<u>1,599.8</u>	<u>1,376.4</u>
<b>Investing activities</b>		
Investments:		
- purchases	(75.7)	(13.6)
Interest income received	28.8	7.7
Property, plant and equipment:		
- purchases	(987.6)	(853.0)
- disposals	0.3	-
Acquisition of subsidiaries	-	(323.0)
Net cash flow from investing activities	<u>(1,034.2)</u>	<u>(1,181.9)</u>
<b>Financing activities</b>		
Bank borrowings:		
- new drawdowns	1,723.5	1,999.5
- repayments	(3,149.6)	(1,985.2)
Interest paid	(420.9)	(407.2)
Proceeds from issuance of shares	304.5	3.5
Others	84.2	-
Net cash flow from financing activities	<u>(1,458.3)</u>	<u>(389.4)</u>
<b>Changes in cash and cash equivalents</b>	(892.7)	(194.9)
<b>Currency translation differences</b>	(1.4)	1.0
<b>Cash and cash equivalents</b>		
- at start of period	<u>3,746.4</u>	<u>1,430.4</u>
- at end of period	<u>2,852.3</u>	<u>1,236.5</u>

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 2004.

**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 Malaysian Accounting Standards Board ('MASB') Standard No. 26 "Interim Financial Reporting" 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 2004.

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 2004.

**2) AUDIT QUALIFICATION**

The annual audited financial statements for the financial year ended 31 August 2004 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**

During the quarter, 36,159,400 ordinary shares of RM1 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.

**7) DIVIDEND PAID**

There was no dividend paid during the quarter.

**8) SEGMENTAL REPORTING**

This note is not applicable.

**9) VALUATION OF PROPERTY, PLANT & EQUIPMENT**

The valuations of property, plant & equipment have been brought forward without amendments from the previous annual audited financial statements.

**10) MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

On 6 December 2004, TNB announced that it had, on 3 December 2004 through its legal counsel, issued a Notice of Intention to support the winding-up petition by the Commissioners of Inland Revenue, London, England against Kamkorp Limited, in the High Court of Justice, Chancery Division, Companies Court in London.

On 6 December 2004, TNB announced that it has, through its nominated representative in the Board of Directors of Northern Utility Resources ("NUR") and NUR Generation, on 4 December 2004 received notifications of the appointment of Messrs. Ernst & Young as Receivers and Managers of the property of NUR and NUR Generation effective from 24 November 2004. The Receivers and Managers were appointed by RHB Bank Berhad, under the powers contained in debentures dated 27 November 1997.

On 21 December 2004, TNB announced that it has entered into an agreement for the award of contract with the Consortium of Companies consisting of Sumitomo Corporation, Toshiba Corporation, General Electric Company, General Electric Power System Inc. and General Electric Power System (Malaysia) Sdn Bhd for Phase 2 of the Rehabilitation Project of TNB's Tuanku Jaafar Power Station in Port Dickson, Negeri Sembilan.

The project to be funded under the Official Development Assistance (ODA) loan, carries a very favourable interest rate from the Japan Bank of International Cooperation (JBIC). This proposal was endorsed by both the Government of Malaysia and the Government of Japan, under a Special Yen Loan package to stimulate economic activities in Malaysia.

The JBIC-ODA loan will cover mainly the offshore portion of the Demolition Work & Site Preparation, Engineering, Procurement & Construction (EPC) and Consultancy Services packages subject to a ceiling of 75% of the total project cost. The remaining financial requirement will be financed through TNB internal fund.

**11) CHANGES IN THE COMPOSITION OF THE GROUP**

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

**12) CONTINGENT LIABILITIES**

Contingent liabilities of the Group include the following:-

	As at 30 November 2004	As at 31 August 2004
Claims by third parties	582.1	601.0
Trade guarantees and performance bonds	4.0	5.5
Stamp duties on transfer of assets	108.0	108.0
Other contingencies	34.7	66.4
	<u>728.8</u>	<u>780.9</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.

**13) CAPITAL COMMITMENTS**

	As at 30 November 2004
<b>Property, plant and equipment committed over a 5 year period</b>	
Authorised but not contracted for	12,956.7
Contracted but not provided for in the financial statements	<u>2,822.2</u>
	<u>15,778.9</u>

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

(Amounts in RM million unless otherwise stated)

**14) REVIEW OF PERFORMANCE**

For the current quarter the Group recorded a total revenue of RM4,544.8 million which was RM300.9 million or 7.1% higher than the corresponding period last financial year. The improved revenue was mainly attributed to higher electricity sales where the growth in sales was 6.9%.

The Group net profit was RM8.5 million compared with the net loss of RM26.4 million recorded in the corresponding period last financial year, an improvement of 132.2%. Although the operating profit for the quarter improved from RM859.4 million to RM984.9 million, the net profit was affected by the foreign exchange translation loss which was brought about by the strengthening of the Japanese Yen, Pound Sterling and EURO.

Analysis of revenue:

	Quarter ended	
	30-Nov-2004	30-Nov-2003
<b>14.1 Revenue</b>		
Sales - electricity	4,396.3	4,112.5
- goods and services	76.5	63.9
Released of deferred income	72.0	67.5
	<u>4,544.8</u>	<u>4,243.9</u>
Units sold (GWh)	19,253.9	17,464.8

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

Compared to the immediate preceding quarter, the Group recorded a decrease in revenue by 2.1% or RM99.2 million. The decrease in revenue was mainly attributable to lower electricity sales of RM114.4 million. The Group recorded a net profit of RM8.5 million as compared with RM446.4 million in the preceding quarter, a reduction of 98.1%. At the operating profit level, the Group recorded an improvement of RM39.5 million an increase of 4.2%. The strengthening of Japanese Yen, Pound Sterling and EURO was the main factor for the 98.1% reduction in the net profit. During the quarter, an amount of RM67.9 million has been reversed from the provision made for impairment of assets.

**16) CURRENT YEAR PROSPECTS**

In line with the Malaysian Government's expectation to achieve GDP growth of 6.0% for the year 2005, and with management's commitment to continue to improve the operating efficiencies of the Group's business, the Board of Directors, barring any unforeseen circumstances, expects the Group's performance for FY2005 to remain satisfactory.

**17) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

This note is not applicable.

**18) TAXATION**

Taxation for the quarter comprised the following:-

	Quarter ended	
	30 November 2004	30 November 2003
Taxation for the Group	(20.1)	(15.9)
Deferred taxation for the Group	(168.3)	(153.0)
Share of taxes in associates	(8.2)	(0.9)
	(196.6)	(169.8)

The Group's effective tax rate for the period is higher than the statutory tax rate due to certain expenses, which are not deductible for tax purposes, being more than the income not subject to tax.

**19) PROFIT/(LOSS) ON SALE OF INVESTMENTS**

There were no disposals of investment 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 2004 are as follows:-

	Quarter ended 30 November 2004
At cost	2.2
At carrying value	0.1
At market value	0.1

The above quoted securities are managed by external fund managers.

**21) STATUS OF CORPORATE PROPOSALS**

a) On 9 March 2004, TNB announced that it has entered into a Memorandum of Agreement ("MOA") with Techventure Bhd ("TVB") in relation to the proposed acquisition by TVB of TNB's entire 70% equity interest in TNB Coal International (Mauritius) Ltd ("TNB Coal").

On 7 September 2004, TNB announced that it has no intention to extend the term/duration of the MOA, which was expired or lapsed on 8 September 2004. However, TNB confirmed that it has received a new offer from TVB Global Marketing Sdn Bhd ("TVBGM"), a subsidiary of TVB, to acquire TNB's entire 70% stake in TNB Coal for full cash consideration. This new offer from TVBGM differs from the earlier offer made by TVB, where the consideration for the proposed acquisition was to be satisfied by issuance of new ordinary shares in TVB. In the light of the above, TNB will have to consider and to evaluate the new offer separately.

b) On 21 May 2002, the Company announced that it had entered into a Share Sale Agreement ("SSA") with Mastika Lagenda Sdn Bhd ("MLSB"), a 97.7% owned indirect subsidiary of Genting Berhad, for the disposal by TNB of a 40% interest in Sepang Power Sdn Bhd ("SPSB") for a total cash consideration of RM65.7 million.

c) On 11 June 2004, TNB signed a Sale & Purchase Agreements ("SPA") with Malakoff Berhad ("MB") to sell its 750,187 ordinary shares and RM70,892,471.36 worth of loan notes constituting 93.75% of TNB 20% stake in Segari Energy Ventures ("SEV"). The sale of the said stake to MB is for total consideration of RM372,870,663.15. TNB also signed a separate SPA with Employees' Provident Fund ("EPF") to sell 50,013 ordinary shares and RM4,726,215.16 worth of loan notes, constituting 6.25% of TNB entire 20% stake in SEV. The sale of the said stake to EPF is for a total consideration of RM24,858,309.30.

(Both agreements will be referred to hereinafter as "the Agreements").

Pursuant to the terms of the Agreements, the conditions precedent must be fulfilled within 6 months from the date of the Agreements ("Conditions/Approval Period"), or such other period as the parties may mutually agree in writing from the expiry of the Conditions/Approval Period.

On 10 December 2004, TNB announced that all the parties to the above said Agreements have mutually agreed upon in writing to the extension of the time of the Conditions/Approval Period for a further period of 2 months commencing from 11 December 2004 to 10 February 2005 (both dates inclusive).

Upon completion of both agreements, TNB will no longer be a shareholder in SEV.

## 22) GROUP BORROWINGS

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

	<b>As at 30 November 2004</b>
Short term - secured	115.8
- unsecured	2,153.5
Sub-total	2,269.3
Long term - secured	3,690.8
- unsecured	25,553.1
Sub-total	29,243.9
Total	31,513.2

b) Currency denominations:-

Japanese Yen	4,845.6
Sterling Pound	1,518.5
US Dollar	9,019.0
Euro	675.4
Others	15.6
Total Ringgit equivalent of foreign currency borrowings	16,074.1
Ringgit borrowings	15,439.1
Total	31,513.2

c) Effective average cost of funding based on exposure as at 30 November 2004 was 5.37 % (FY2004: 5.01%).

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

- (i) Foreign currency denominated term loans of RM 323.2 million, and
- (ii) Ringgit denominated term loans of RM 1,194.8 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 the 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 2005 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 2004 (pages 209-213 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 4 November 2004) and the date of this announcement except for the following:-

During the financial year-to-date, a wholly owned subsidiary of TNB, TNB Capital (L) Ltd ("TNBCL"), unwound the existing fixed to floating interest rate swaps on the 5 year USD400 million Guaranteed Exchangeable Bond due to possible rising interest rate environment. TNB also has unwound the existing JPY/USD cross currency and interest rate swap on the Japan Bank of International Cooperation ("JBIC") MVII and JBIC MVII-2 loans due to prepayment of the underlying loans.

As at 19 January 2005, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM6,938.2 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.



**25) DIVIDEND**

At the Annual General Meeting held on 23 December 2004, the shareholders of TNB had approved recommended a final gross dividend of 10.0 sen per share and a special gross dividend of 4.0 sen per share (FY2003: final gross dividend of 7.8 sen per share less income tax of 28%) less income tax of 28% in respect of the financial year ended 31st August 2004. The dividend was paid on 24 January 2005. The final dividend declared for the previous year was 7.8 sen gross per share less income tax 28%.

The Board does not recommend any dividend for the quarter ended 30 November 2004.

**26) EARNINGS PER SHARE**

	<b>Quarter ended 30 Nov 2004</b>	<b>Quarter ended 30 Nov 2003</b>
<b>(a) Basic earnings per share</b>		
Net profit/(loss) for the quarter (RM 'million)	8.5	(26.4)
Weighted average number of ordinary shares in issue ('000)	3,160,227	3,112,041
Basic earnings/(loss) per share (sen)	0.27	(0.85)
<b>(b) Diluted earnings per share</b>		
Net profit/(loss) for the quarter (RM 'million)	8.5	-
Weighted average number of ordinary shares in issue ('000)	3,160,227	-
Adjustment for share options ('000)	34,839	-
Weighted average number of ordinary shares for shares for diluted earnings per share ('000)	<u>3,195,066</u>	<u>-</u>
Diluted earnings per share (sen)	0.27	-

No diluted earning per share was presented as conversion of Guaranteed Exchangeable Bonds was not dilutive and ESOS II were not exercisable as at the year end of FY 2003.

By Order of the Board

**NOR ZAKIAH BINTI ABDUL GHANI (LS 0008795)**  
**Company Secretary**  
 Kuala Lumpur  
 26 January 2005