

The Board of Directors is pleased to announce the following:

I. UNAUDITED RESULTS OF THE GROUP FOR THE 2ND QUARTER ENDED 28TH FEBRUARY 2001
(Amounts in RM million unless otherwise stated)

	INDIVIDUAL 2nd QUARTER		YEAR TO DATE	
	FY2001	FY2000	FY2001	FY2000
Revenue	3,442.0	3,267.9	7,055.7	6,631.9
Operating profit before investment and other income, interest charges, depreciation and amortisation, exceptional items, foreign exchange gain/(loss), taxation and minority interest	1,106.5	1,052.2	2,214.9	2,196.6
Investment income	7.4	7.2	9.5	4.8
Other income including interest income	52.1	159.6	173.3	219.7
Interest charges	(268.5)	(262.4)	(525.4)	(501.0)
Depreciation and amortisation	(470.6)	(401.3)	(935.7)	(809.4)
Operating profit after interest charges, depreciation and amortisation, exceptional items but before foreign exchange gain/(loss), taxation and minority interest	426.9	555.3	936.6	1,110.7
Foreign exchange gain/(loss)	334.3	622.3	545.6	(89.5)
Share in profits of associated companies	11.8	13.1	61.2	40.5
Profit before taxation and minority interest	773.0	1,190.7	1,543.4	1,061.7
Taxation	(23.7)	(53.1)	(91.1)	(113.8)
Profit after taxation but before minority interest	749.3	1,137.6	1,452.3	947.9
Minority interest	8.1	13.3	14.1	22.3
Profit after taxation attributable to shareholders	757.4	1,150.9	1,466.4	970.2
	SEN	SEN	SEN	SEN
Earnings per share-Basic	24.4	37.1	47.2	31.3
Earnings per share-Diluted	24.4	37.1	47.2	31.3

II. UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 28th February 2001
(Amounts in RM million unless otherwise stated)

	28th FEBRUARY 2001	31st AUGUST 2000
FIXED ASSETS	46,992.7	45,709.6
ASSOCIATED COMPANIES	614.4	582.0
INVESTMENTS	402.5	402.4
LONG TERM RECEIVABLES	444.0	444.0
CURRENT ASSETS		
Stocks	962.1	1,001.0
Trade Debtors	1,656.7	1,663.2
Other Debtors	1,190.1	837.7
Bank and cash balances	878.8	768.3
Securities (quoted and unquoted)	52.6	59.5
Amount due from associated companies	1.2	21.4
	<u>4,741.5</u>	<u>4,351.1</u>

	<u>28th FEBRUARY 2001</u>	<u>31st AUGUST 2000</u>
CURRENT LIABILITIES		
Trade creditors	(1,887.1)	(1,843.3)
Other creditors	(1,380.4)	(1,368.2)
Short term borrowings	(4,950.1)	(5,371.6)
Current taxation	(374.8)	(325.4)
Proposed dividend	(89.5)	(156.6)
Amount owing to associated companies	(357.2)	(353.2)
	<u>(9,039.1)</u>	<u>(9,418.3)</u>
NET CURRENT LIABILITIES	(4,297.6)	(5,067.2)
LONG TERM LIABILITIES		
Term loans	(22,756.8)	(22,289.9)
Customer deposits	(1,270.2)	(1,224.5)
Retirement benefits	(420.0)	(383.6)
Other liabilities	(119.4)	(123.7)
	<u>(24,566.4)</u>	<u>(24,021.7)</u>
DEFERRED TAXATION	(974.4)	(970.9)
DEFERRED INCOME	(2,127.1)	(2,097.3)
GOVERNMENT DEVELOPMENT GRANTS	(538.3)	(380.0)
	<u>15,949.8</u>	<u>14,600.9</u>
Financed by :-		
SHARE CAPITAL	3,106.6	3,106.2
SHARE PREMIUM	3,142.7	3,140.4
REVENUE RESERVE	8,465.9	7,089.0
REVALUATION RESERVES	1,237.1	1,237.1
FOREIGN EXCHANGE RESERVE	(71.0)	(54.1)
SHAREHOLDERS' FUNDS	15,881.3	14,518.6
MINORITY INTEREST	68.5	82.3
	<u>15,949.8</u>	<u>14,600.9</u>
	Sen	Sen
NET TANGIBLE ASSETS PER SHARE	511	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 for the current quarter comprises the following:-

Current taxation of Group	16.1
Deferred taxation of Group	2.6
Share of tax in associated companies	5.0
	<u>23.7</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	5.8
Gain on sales	1.9

b) Investments in quoted securities are as follows:-

At cost	79.3
At carrying value	38.5
At market value	38.5

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

On 4th April 2001, TNB purchased USD302.6 million and USD176.2 million of its 7.875% Notes due June 2004 and 7.200% Notes due April 2007 at a total consideration (excluding accrued interest) of USD505.0 million. Simultaneously, TNB issued USD600.0 million 10-year 7.625% Notes which were fully subscribed.

Except for the aforementioned repayment and issuance of debt securities, there were no other issuance or repayment of debt securities, equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares. During the quarter under review, 302,000 ordinary shares of RM1 each were issued 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	0.9
- unsecured	4,949.2
Sub-total	4,950.1
Long term - secured	72.5
- unsecured	22,684.3
Sub-total	22,756.8
Total	27,706.9

b) Currency denominations:-

French Franc	274.7
Japanese Yen	7,431.6
Sterling Pound	738.6
US Dollar	6,569.9
Others	25.9
Total Ringgit equivalent of foreign currency borrowings	15,040.7
Ringgit borrowings	12,666.2
Total	27,706.9

13) CONTINGENT LIABILITIES

As at 20th April 2001, contingent liabilities of the Group comprise the following:-

Claims by third parties	600.1
Stamp duties on transfer of assets	108.0
Other contingencies	<u>37.3</u>
	<u>745.4</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 and Japanese Yen. 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 20th April 2001, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM6,397.5 million.

15) MATERIAL LITIGATION

As at 20th April 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

Material changes in the quarterly results as compared to the results of the preceding quarter are set out in Note 18 below.

18) REVIEW OF PERFORMANCE

Operating profit is maintained at the preceding quarter's level despite a 4.7% reduction in sales of electricity which is cyclical in nature. The following is a comparison of sales of electricity, operating profit and interest charges :-

	INDIVIDUAL QUARTER	
	2nd Qtr FY2001	1st Qtr FY2001
Sales of electricity	3,344.2	3,509.4
Operating profit before investment and other income, interest charges, depreciation and amortisation, exceptional items, foreign exchange gain/(loss), taxation and minority interest	1,106.5	1,108.4
Interest charges	<u>(268.5)</u>	<u>(256.9)</u>

Foreign exchange gains are as follows:-

	INDIVIDUAL QUARTER	
	2nd Qtr FY2001	1st Qtr FY2001
Translation gain – Borrowings	331.4	256.8
Translation gain/(loss) – Others	5.1	(58.1)
Transaction gain/(loss)	<u>(2.2)</u>	<u>12.6</u>
	<u>334.3</u>	<u>211.3</u>

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

19) CURRENT YEAR PROSPECTS

Barring any unforeseen circumstances, the Directors expect the Group's performance for the year to be satisfactory.

20) VARIANCE ON FORECAST PROFIT/PROFIT GUARANTEE

This note is not applicable.

21) DIVIDENDS

The Directors have declared an interim dividend of 4 sen gross per share (2000 : 3 sen) less income tax 28% in respect of the financial year ending 31st August 2001. The interim dividend will be paid on 5th July 2001 to shareholders registered in the Register of Members at the close of business on 12th June 2001.

The Register of Members will be closed from 13th June 2001 to 17th June 2001 (both dates inclusive) for the purpose of determining shareholders' entitlement to the dividend.

A depositor with the Malaysian Central Depository shall qualify for entitlement to the dividend only in respect of :-

- a) Shares deposited into the Depositor's securities account before 12.30 p.m. on 8th June 2001 in respect of shares which are exempted from mandatory deposit;
- b) Shares transferred into the depositor's securities account before 12.30 p.m. on 12th June 2001 in respect of ordinary transfers;
- c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

DATIN AZIZAH BINTI OSMAN (LS0014)

FADILAH BINTI EDROSS (LS05049)

Company Secretaries

Kuala Lumpur
27th April 2001