TENAGA NASIONAL BERHAD (200866-W)

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 3RD QUARTER ENDED 31 MAY 2003
(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.05.2003	PRECEDING YEAR CORRESPONDING QUARTER 31.05.2002	CURRENT YEAR TO DATE 31.05.2003	PRECEDING YEAR CORRESPONDING PERIOD 31.05.2002
Revenue	4,133.3	3,822.5	12,126.5	11,281.8
Operating expenses	(3,511.5)	(3,481.7)	(10,198.6)	(9,641.1)
Other operating income	41.8	61.0	166.9	191.1
Operating profit	663.6	401.8	2,094.8	1,831.8
Exceptional items	-	52.3	-	(83.7)
Foreign exchange				
- Translation (loss)/gain	(64.4)	(549.4)	(83.6)	264.2
- Transaction (loss)/gain	(0.4)	10.3	16.0	16.5
Share of results of associates	29.1	36.3	90.6	102.1
Profit/(loss) before finance cost	627.9	(48.7)	2,117.8	2,130.9
Finance cost	(338.6)	(277.2)	(945.9)	(834.1)
Profit/(loss) from ordinary activities before taxation	289.3	(325.9)	1,171.9	1,296.8
Taxation				
- Company and subsidiaries	(9.4)	(11.9)	(32.5)	(62.8)
- Deferred taxation	(65.9)	(44.0)	(201.7)	(295.4)
- Share of taxes in associates	(7.2)	(9.5)	(27.0)	(27.6)
Profit/(loss) from ordinary activities after taxation	206.8	(391.3)	910.7	911.0
Minority interests	(1.5)	(3.4)	0.5	16.1
Net profit/(loss) for the period	205.3	(394.7)	911.2	927.1
	Sen	**Sen**	**Sen**	**Sen**
Earnings/(loss) per share-Basic	6.60	(12.70)	29.28	29.82
Earnings/(loss) per share-Diluted	N/A	N/A	N/A	N/A

No diluted earnings per share is presented as conversion of Guaranteed Exchangeable Bonds is not dilutiv

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2002.

B. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MAY 2003
(Amounts in RM million unless otherwise stated)

	31 MAY 2003	31 AUG 2002
NON CURRENT ASSETS		
Property, plant and equiptment	51,428.1	50,710.7
Investment in associates	586.9	806.9
Long term investments	388.1	390.1
	52,403.1	51,907.7
CURRENT ASSETS		
Inventories	1,335.6	1,216.2
Trade receivables	1,671.2	1,528.8
Other receivables	1,326.0	1,243.4
Amount owing from associates	84.6	4.7
Short term investment	1,036.4	-
Securities (quoted)	10.1	10.7
Deposits, bank and cash balances	1,514.5	1,154.0
	6,978.4	5,157.8
CURRENT LIABILITIES		
Trade payables	(1,711.8)	(2,029.5)
Other payables	(1,468.3)	(1,448.7)
Provision for taxation	(244.7)	(306.4)
Amount owing to associates	(341.2)	(364.6)
Short term borrowings	(2,513.9)	(2,453.2)
Dividend payable	(93.4)	-
	(6,373.3)	(6,602.4)
NET CURRENT ASSETS/(LIABILITIES)	605.1	(1,444.6)
LONG TERM LIABILITIES		
Borrowings	(28,398.7)	(26,963.6)
Consumer deposits	(1,560.9)	(1,455.0)
Retirement benefits	(512.0)	(487.4)
Other liabilities	(86.3)	(97.3)
Deferred taxation	(4,705.8)	(4,504.1)
Deferred income	(2,278.9)	(2,231.6)
Government development grants	(509.8)	(474.4)
	(38,052.4)	(36,213.4)
	14,955.8	14,249.7
FINANCED BY:		
Share capital	3,111.8	3,111.8
Share premium	3,181.7	3,181.7
Retained profits	7,585.7	6,902.3
Revaluation and other reserves	1,032.3	1,009.1
SHAREHOLDERS' FUNDS	14,911.5	14,204.9
Minority interest	44.3	44.8
	14,955.8	14,249.7
	Sen	Sen
NET TANGIBLE ASSETS PER SHARE	479	456

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2002.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MAY 2003

(Amounts in RM million unless otherwise stated)

	Note	Ordinary Shares of RM1.00 each	Non-distributable Share premium	Non-distributable Revaluation and other reserves	Distributable Retained profits	Total
As at 1 September 2002						
- as previously reported		3,111.8	3,181.7	1,211.3	10,223.3	17,728.1
- prior year adjustment	1	-	-	(202.2)	(3,321.0)	(3,523.2)
- as restated		3,111.8	3,181.7	1,009.1	6,902.3	14,204.9
Currency translation differences		-	-	23.2	-	23.2
Net profit for the 9-month period		-	-	-	911.2	911.2
Dividend						
- final dividend paid for FY2002		-	-	-	(134.4)	(134.4)
- interim dividend payable for FY2003		-	-	-	(93.4)	(93.4)
As at 31 May 2003		3,111.8	3,181.7	1,032.3	7,585.7	14,911.5

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2002.

D. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 31 MAY 2003

(Amounts in RM million unless otherwise stated)

Operating activities	
Cash generated from operations	2,880.6
Retirement benefits paid	(20.7)
Consumer contributions received	243.9
Customer deposits received	105.9
Tax paid	(94.2)
Net cash inflow from operating activities	3,115.5
Investing activities	
Disposal of investments	240.0
Purchase of investments	(1,036.4)
Proceeds from redemption of loan note	5.8
Interest income received	39.4
Investment income received	36.4
Property, plant and equipment:	
- purchases	(2,169.9)
- disposals	0.4
Net cash outflow from investing activities	(2,884.3)
Financing activities	
Bank borrowings:	
- new drawdowns	7,495.1
- repayments	(6,177.1)
Interest paid	(1,116.8)
Dividends paid	(134.4)
Others	66.8
Net cash inflow from financing activities	133.6
Changes in cash and cash equivalents	364.8
Currency translation differences	1.9
Cash and cash equivalents	
- at start of period	1,147.6
- at end of period	1,514.3

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2002.

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 Kuala Lumpur Stock Exchange Listing Requirements, and should be read in conjunction with the Group's financial statements for the financial year ended 31 August 2002.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 August 2002 except for MASB 25 "Income Taxes". TNB now recognises deferred tax on the full provision basis and the effects on the consolidated revaluation and other reserves and retained profits are as follows:

	Revaluation and other reserves	Retained profits
At 31 August 2002, as previously reported in the annual financial statements	1,211.3	10,223.3
Less: Adjustments to provide fully for deferred taxation in the financial statements	(202.2)	(3,321.0)
At 31 August 2002, as restated	1,009.1	6,902.3

If MASB 25 allowed for discounting, the deferred tax provision attributable to property, plant and equipment and revaluation reserves for TNB, based on a risk free rate of 2.89% would have been approximately RM3,700.0 million as opposed to a non-discounted figure of RM5,400.5 million as at 31 May 2003.

2) AUDIT QUALIFICATION

The audited annual financial statements for the financial year ended 31 August 2002 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 and cash flows of the Group during the period under review other than disclosed in this interim condensed financial statements.

5) MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

This note is not applicable.

6) DEBT AND EQUITY SECURITIES

On 20 November 2002, TNB Capital (L) Ltd ("TNBCL") a wholly owned subsidiary of TNB issued USD350.0 million 2.625% Guaranteed Exchangeable Bonds ("GEB"). The GEBs were fully subscribed and will mature on 20 November 2007. The principal purpose of the GEB issuance is to repay TNB's foreign currency denominated debt maturing from 2004 onwards and for general corporate purposes. The holders of the GEB are entitled to exchange, at par, the GEB for TNB shares based on an exchange price commencing on 20 December 2002 and ending on 21 October 2007. In addition, the holders of the GEB have the option to put the GEBs to TNBCL for redemption on 20 November 2005.

On 26 November 2002, the joint lead book runners for the GEB issue, namely J.P.Morgan Securities Ltd and CIMB (L) Limited, exercised their option for the purchase of an additional USD50.0 million nominal value of GEBs on the same terms, thereby increasing the total outstanding GEBs to USD400.0 million.

On 26 December 2002, TNB repurchased USD20.0 million of its 7.875% USD600.0 million Bonds maturing on June 2004.

On 3 March 2003, TNB prepaid Asian Development Bank loan amounting to USD20.1 million.

Except for this payment of debt, there were no other cancellation, repurchases, resales and repayments of debt and equity securities during the period.

7) DIVIDENDS PAID

In respect of the financial year ended 31 August 2002, a final gross dividend of 6.0 sen per share less income tax of 28% amounting to RM134.4 million was paid on 14 January 2003.

In respect of the financial year ending 31 August 2003, an interim tax-exempt dividend of 3.0 sen per share amounting to RM93.4 million which was declared on 29 April 2003 was paid on 1 July 2003.

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 INTERIM PERIOD

Please refer to Note 21.

11) CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the period under review.

12) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:-

	As at 31 May 2003	As at 31 Aug 2002
Claims by third parties	994.1	1,010.0
Trade guarantees and performance bonds	9.4	10.2
Stamp duties on transfer of assets	108.0	108.0
Other contingencies	61.7	61.7
	1,173.2	1,189.9

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 31 May 2003
Property, plant and equipment committed over a 5 year period	
Authorised but not contracted for	13,225.2
Contracted but not provided for in the financial statements	4,117.0
	17,342.2
Investments:	
Authorised but not contracted for	19.0
Contracted but not provided for in the financial statements	203.5
	222.5
	17,564.7

F. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF THE KLSE LISTING REQUIREMENTS

(Amounts in RM million unless otherwise stated)

14) REVIEW OF PERFORMANCE

The Group recorded total revenue of RM12,126.5 million for the period ended 31 May 2003 compared to RM11,281.8 million achieved in the corresponding period for last financial year, an increase of 7.5%. The improved revenue was mainly attributed to higher electricity sales where the growth in sales was 7.6%. The profit before tax of the Group decreased by 9.6% compared to the corresponding period for last financial year. The main reason for the lower profit before tax was due to the translation loss incurred mainly from the strengthening of Pound Sterling and Euro currency compared to Ringgit.

For the three months, the Group's revenue increased by 8.1% compared to the corresponding period for last financial year. The increase was due to higher electricity sales. The strengthening of the Ringgit compared to the Japanese Yen during the quarter has resulted in a lower translation loss for the group, however translation losses arising from the strengthening of Pound Sterling and Euro currency have eroded the translation gains.

Analysis of results:

	Current Quarter		YTD	
	31.05.03	31.05.02	31.05.03	31.05.02
14.1 Revenue				
Sales - electricity	4,012.2	3,724.5	11,799.4	10,967.6
- goods and services	55.0	35.1	130.5	124.6
Released of deferred income	66.1	62.9	196.6	189.6
	4,133.3	3,822.5	12,126.5	11,281.8
Units sold (GWh)	17,196.2	15,799.3	50,388.9	46,559.5
14.2 Foreign exchange (loss)/gain:				
Translation (loss)/gain - borrowings	(72.3)	(548.4)	(107.9)	246.5
Translation gain/(loss) - others	7.9	(1.0)	24.3	17.7
Transaction (loss)/gain	(0.4)	10.3	16.0	16.5
	(64.8)	(539.1)	(67.6)	280.7

Foreign exchange loss was mainly due to the strengthening of Pound Sterling and Euro currency compared to the Ringgit which offseted the weakening of the Japanese Yen

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

For the third quarter, Group's revenue increased by 5.0% from RM3,937.3 million to RM4,133.3 million due to higher sales of electricity recorded for the quarter Profit before tax increased in consequence of the higher sales and more significantly from the effect of weakening of the Japanese Yen which has resulted in a significant lower translation loss for the Group

16) CURRENT YEAR PROSPECTS

With the Malaysian economy continuing to grow and based on the measures taken to improve the operating efficiencies of the Group's businesses, the Board of Directors expects, barring any unforeseen circumstances, the Group's performance for the financial year 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:-

	Individual quarter ended 31.05.2003	**ended 31.05.2002**	**Cumulative quarter ended 31.05.2003**	**ended 31.05.2002**
Taxation for the Group	(9.4)	(11.9)	(32.5)	(62.8)
Deferred taxation for the Group	(65.9)	(44.0)	(201.7)	(295.4)
Share of taxes in associates	(7.2)	(9.5)	(27.0)	(27.6)
	(82.5)	(65.4)	(261.2)	(385.8)

The effective tax rate for the Group for the period is lower than the statutory tax rate due to certain incomes of capital in nature and tax exempt income.

19) LOSS ON SALE OF INVESTMENTS

The disposal of TNB's 20% stake in Genting Sanyen Power Sdn. Bhd. ("GSP") is part of a packaged agreement together with the disposal of TNB's 40% stake in Sepang Power Sdn Bhd ("SP") to Mastika Lagenda Sdn Bhd, a 97.7% owned subsidiary of Genting Berhad, which was entered into in April 2002. The sale of GSP was completed in March 2003, whilst the sale of SP is still pending the completion of the conditions precedent.

Pending the completion of the SP sale, we are recording a loss of RM29.9 million on the disposal of the 20% stake in GSP.

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 31st May 2003 are as follows:

	Cumulative Quarter ended 31.05.2003
At cost	5.4
At carrying value	0.6
At market value	0.6

The above quoted securities are managed by external fund managers.

21) STATUS OF CORPORATE PROPOSALS

a) On 20 July 2001, TNB entered into a conditional Sale & Purchase Agreement for the purchase of 70% of the total issued and paid up capital in Dynamic Acres Sdn Bhd ("DASB"), a Malaysian company which owns a coal mining company in Indonesia (the "Proposed Acquisition")

On 3 December 2002, TNB announced that the Parties agreed to restructure the Proposed Acquisition, resulting in the incorporation of TNB Coal International Limited ("TNB Coal") in Mauritius, a subsidiary of TNB, a joint venture company between TNB (70%) and the existing shareholder of DASB (30%) to acquire the entire equity interest in DASB for USD85.0 million ("Restructured Acquisition"). TNB Coal is raising an offshore non-recourse financing totalling 80% of the acquisition purchase price to finance the acquisition and is finalising the loan documentation which is expected to be completed by the end of FY2003.

STATUS OF CORPORATE PROPOSALS (continued)

b) In relation to the divestment of Kapar Power Station, TNB announced on 31 October 2002, that TNB and Kapar Energy Ventures Sdn Bhd ("KEV"), in conjunction with the execution of the Supplemental Asset Sale Agreement as announced on 30 April 2002, have mutually agreed to extend the period for which all the conditions precedent to the Asset Sale Agreement ('ASA') must be fulfilled or waived for a further period of six (6) months, commencing on 30 April 2002, being the execution date of the Supplemental ASA, or for such further period as TNB and KEV may mutually agree in writing ('Conditions Period').
TNB, KEV and Malakoff Berhad ("MB") have on 31 October 2002 mutually agreed in writing, inter-alia, to:

i). extend the period in which the Conditions Precedent are to be satisfied or fulfilled;
ii). extend the Subscription Shares Conditions Period (as defined in the Supplemental Agreement) for the purpose of satisfying or fulfilling the Subscription Shares Conditions Precedent (as defined in the Supplemental Agreement); and
iii). extend the period in which the conditions precedent to the Power Purchase Agreement (as amended by the Supplemental PPA) are to be satisfied or fulfilled;

commencing on 1 November 2002 up to and inclusive of 2 April 2003 ("Said Period"). TNB, KEV and MB have subsequently on 2 April 2003 mutually agreed to a further extension of the Said Period commencing on 3 April 2003 up to and inclusive of 30 October 2003.

The net proceeds from the Proposed Kapar Divestment will be utilised for the repayment of borrowings and working capital purposes of the Group.

c) 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. The parties are now in the final stages of complying with the condition precedents.

d) On 26 April 2002, the Company announced that it had entered into a Sale and Purchase Agreement ("SPA") for the sale of the Company's 20% equity stake in Genting Sanyen Power Sdn Bhd to Mastika Lagenda, a 97.7% indirect subsidiary of Genting Berhad, on a willing buyer-willing seller basis.

On 24 March 2003, the Company and Mastika Lagenda, have reached full agreement on the conclusion of the proposed sale.

22) GROUP BORROWINGS

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

		As at 31 May 2003
Short term	- secured	15.3
	- unsecured	2,498.6
Sub-total		2,513.9
Long term	- secured	53.8
	- unsecured	28,344.9
Sub-total		28,398.7
Total		30,912.6

b) Currency denominations:-

Japanese Yen	5,725.4
Sterling Pound	1,481.2
US Dollar	8,319.9
Euro	669.9
Others	17.6
Total Ringgit equivalent of foreign currency borrowings	16,214.0
Ringgit borrowings	14,698.6
Total	30,912.6

c) Average cost of funding as at 31 May 2003 was 4.95% (FY2002 - 31 May 2002: 5.30%).

d) Repayments of long term debts during the quarter are as follows:
i). Foreign currency denominated term loans of RM917.3 million, and
ii). Ringgit denominated term loans of RM381.1 million.

23) OFF BALANCE SHEET FINANCIAL INSTRUMENTS

TNB has certain financial instrument including assets and liabilities incurred in the normal course of business. As part of its risk managements strategy, the Company manages its exposure to market rate movements of its financial liabilities through the use of the derivative financial instruments which include interest rate option contracts and currency swap agreements designated as hedges. Virtually all foreign currency contracts are denominated in US dollar and Japanese Yen. Although TNB may be exposed to losses in the event of market fluctuations, it does not anticipate significant losses due to the nature of its hedging arrangements.

TNB has entered into interest rate swap ("IRS") agreements and interest rate and currency swap agreements, some of which have embedded interest rate or currency options, which mature from year 2003 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.

The details and the financial effects of the derivative financial instruments that TNB has entered into are substantially described in note 24 to the financial statements of TNB for the financial year ended 31 August 2002 (pages 55-59 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 12 November 2002) and the date of this announcement except for the following:

During the financial year-to-date:-

a) TNB entered into an IRS agreement on its Commercial Paper program for notional amount of RM200.0 million which entitles it to receive floating interest rates and obliges it to pay interest at fixed rate.
b) A wholly-owned subsidiary of TNB, TNB Capital (L) Ltd ("TNBCL"), entered into IRS agreements on its Guaranteed Exchangeable Bond with a notional amount of USD400.0 million. These transaction entitle TNBCL to receive fixed interest rate and oblige it to pay floating interest rates.

As at 22 July 2003, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM7,507.0 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

On 7 February 2002, Union Bank of Switzerland ("UBS") filed a suit against TNB in the High Court in London claiming USD86.94 million plus interest.

On 18 July 2003, TNB announced the conclusion of its English High Court litigation with UBS on confidential terms to the parties' mutual satisfaction. The settlement does not have any material impact on TNB.

There is no other pending material litigation at the date of this announcement.

25) DIVIDEND

The Board of Directors does not recommended any dividend for the quarter ended 31 May 2003.

26) EARNINGS PER SHARE

	Individual quarter ended 31 May 2003	Individual quarter ended 31 May 2002	Cumulative quarter ended 31 May 2003	Cumulative quarter ended 31 May 2002
(a) Basic earnings/(loss) per share				
Net profit for the period (RM 'million)	205.3	(394.7)	911.2	927.1
Weighted average number of ordinary shares in issue ('000	3,111,825	3,108,652	3,111,825	3,108,652
Basic earnings/(loss) per share (sen)	6.60	(12.70)	29.28	29.82

(b) Diluted earnings per share

No diluted earning per share is presented as conversion of Guaranteed Exchangeable Bonds is not dilutive.

Comparative earnings per share information has been restated to take into account the effect on net profit for the period of t change in accounting policy with respect to liabilities.

By Order of the Board

ZAINAL ABIDIN BIN YUNUS (LS 000838)
Company Secretary
Kuala Lumpur
29 July 2003