

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 3rd QUARTER ENDED 31 MAY 2004
(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31.05.2004	PRECEDING YEAR CORRESPONDING QUARTER 31.05.2003	CURRENT YEAR TO DATE 31.05.2004	PRECEDING YEAR CORRESPONDING PERIOD 31.05.2003
Revenue	4,539.2	4,133.3	13,068.1	12,126.5
Operating expenses	(3,798.9)	(3,508.3)	(10,898.9)	(10,189.6)
Other operating income	70.3	41.8	210.6	166.9
Operating profit	810.6	666.8	2,379.8	2,103.8
Foreign exchange				
- Translation gain/(loss)	66.8	(61.7)	(477.0)	(71.4)
- Transaction gain/(loss)	(6.3)	(0.4)	(49.5)	16.0
Share of results of associates	33.2	29.1	67.1	90.6
Profit before finance cost	904.3	633.8	1,920.4	2,139.0
Finance cost	(311.9)	(341.8)	(991.6)	(954.9)
Profit from ordinary activities before taxation	592.4	292.0	928.8	1,184.1
Taxation				
- Company and subsidiaries	(8.9)	(9.4)	(35.5)	(32.5)
- Deferred taxation	(236.5)	(133.9)	(502.6)	(401.7)
- Share of taxes in associates	(7.7)	(7.2)	(15.8)	(27.0)
Profit from ordinary activities after taxation	339.3	141.5	374.9	722.9
Minority interests	(2.7)	(1.5)	(7.6)	0.5
Net profit for the period	336.6	140.0	367.3	723.4
	Sen	Sen	Sen	Sen
Earnings per share-Basic	10.79	4.50	11.79	23.25
Earnings per share-Diluted	10.69	4.50	11.70	23.25

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2003.

B. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MAY 2004
(Amounts in RM million unless otherwise stated)

	31 MAY 2004	31 AUG 2003
NON CURRENT ASSETS		
Property, plant and equipment	52,878.6	51,768.4
Coal mine rights	314.9	-
Associates	537.5	601.4
Investments	126.6	158.1
	<u>53,857.6</u>	<u>52,527.9</u>
CURRENT ASSETS		
Inventories	1,642.4	1,552.0
Trade receivables	2,222.0	1,817.6
Other receivables	1,491.4	1,179.9
Amount owing from associates	75.6	77.3
Short term investments	1,166.7	1,355.2
Securities	11.4	11.7
Deposits, bank and cash balances	2,162.5	1,434.9
	<u>8,772.0</u>	<u>7,428.6</u>
CURRENT LIABILITIES		
Trade payables	(1,996.0)	(1,721.7)
Other payables	(1,313.8)	(1,416.1)
Dividend payables	(93.4)	-
Amount owing to associates	(323.0)	(216.8)
Current taxation	(267.4)	(235.3)
Short term borrowings	(4,428.2)	(4,508.7)
	<u>(8,421.8)</u>	<u>(8,098.6)</u>
NET CURRENT ASSETS/(LIABILITIES)	350.2	(670.0)
LONG TERM LIABILITIES		
Borrowings	(27,391.0)	(26,404.4)
Consumer deposits	(1,717.9)	(1,598.0)
Employee benefits	(910.8)	(513.7)
Other liabilities	(74.5)	(84.1)
Deferred taxation	(5,788.4)	(5,285.8)
Deferred income	(2,346.2)	(2,299.9)
Government development grants	(534.2)	(519.9)
	<u>(38,763.0)</u>	<u>(36,705.8)</u>
	<u>15,444.8</u>	<u>15,152.1</u>
FINANCED BY:		
Share capital	3,131.2	3,111.8
Share premium	3,324.9	3,181.7
Retained profits	7,831.0	7,732.1
Revaluation and other reserves	1,052.3	1,048.1
SHAREHOLDERS' FUNDS	<u>15,339.4</u>	<u>15,073.7</u>
Minority interests	105.4	78.4
	<u>15,444.8</u>	<u>15,152.1</u>
	Sen	Sen
NET TANGIBLE ASSETS PER SHARE	480	484

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2003.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MAY 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 2003	3,111.8	3,181.7	1,048.1	7,732.1	15,073.7
Currency translation differences	-	-	4.2	-	4.2
Net profit for the 9-month period	-	-	-	367.3	367.3
Dividend payable for FY2004	-	-	-	(93.4)	(93.4)
Dividend paid for FY2003	-	-	-	(175.0)	(175.0)
Issuance of share capital - share options	19.4	143.2	-	-	162.6
As at 31 May 2004	<u>3,131.2</u>	<u>3,324.9</u>	<u>1,052.3</u>	<u>7,831.0</u>	<u>15,339.4</u>

	Ordinary Shares of RM1.00 each	Non-distributable		Distributable	Total
		Share premium	Revaluation and other reserves	Retained profits	
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	-	-	(202.2)	(3,321.0)	(3,523.2)
- as restated	<u>3,111.8</u>	<u>3,181.7</u>	<u>1,009.1</u>	<u>6,902.3</u>	<u>14,204.9</u>
Currency translation differences	-	-	23.2	-	23.2
Net profit for the 9-month period	-	-	-	723.4	723.4
Dividend payable for FY2003	-	-	-	(93.4)	(93.4)
Dividend paid for FY2002	-	-	-	(134.4)	(134.4)
As at 31 May 2003	<u>3,111.8</u>	<u>3,181.7</u>	<u>1,032.3</u>	<u>7,397.9</u>	<u>14,723.7</u>

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 2003.

D. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED 31 MAY 2004

(Amounts in RM million unless otherwise stated)

	3rd Quarter ended 31 May 2004	3rd Quarter ended 31 May 2003
Operating activities		
Cash generated from operations	3,903.0	2,880.6
Retirement benefits paid	(31.2)	(20.7)
Consumer contributions received	252.7	243.9
Customer deposits received	119.9	105.9
Tax paid	(27.3)	(94.2)
Net cash inflow from operating activities	<u>4,217.1</u>	<u>3,115.5</u>
Investing activities		
Investments:		
- purchases	(13.5)	(1,036.4)
- disposals	291.5	240.0
Proceeds from redemption of loan notes	7.3	5.8
Interest income received	49.1	39.4
Investment income received	5.3	36.4
Property, plant and equipment:		
- of subsidiary acquired	(226.1)	-
- purchases	(2,843.8)	(2,169.9)
- disposals	-	0.4
Net cash flow from investing activities	<u>(2,730.2)</u>	<u>(2,884.3)</u>
Financing activities		
Bank borrowings:		
- new drawdowns	2,327.9	7,495.1
- repayments	(1,939.4)	(6,177.1)
Interest paid	(1,178.5)	(1,116.8)
Dividends paid	(175.0)	(134.4)
Proceeds from issuance of shares	162.6	-
Others	45.4	66.8
Net cash flow from financing activities	<u>(757.0)</u>	<u>133.6</u>
Changes in cash and cash equivalents	729.9	364.8
Currency translation differences	-	1.9
Cash and cash equivalents		
- at start of period	<u>1,430.4</u>	<u>1,147.6</u>
- at end of period	<u>2,160.3</u>	<u>1,514.3</u>

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 2003.

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 2003.

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 2003 except for the adoption of the following new MASB standards:

- i). MASB Standard No.28 "Discontinuing Operations"
- ii). MASB Standard No.29 "Employee Benefits"

The provision arising in respect of post employment benefit obligations on first adoption of MASB 29 on 1 September 2003 is recognised as an expense on a straight line basis over 5 years in accordance with the transitional provisions of the standard. However, the Board is reviewing the treatment for MASB 29. Amount totalling to RM404.2 million was provided for in the income statements for the period under review.

Pursuant to note 38 of the annual audited financial statements for the financial year ended 31 August 2003, the comparative figures have been amended accordingly.

2) AUDIT QUALIFICATION

The annual audited financial statements for the financial year ended 31 August 2003 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

On 8 July 2003, options to subscribe for 199,347,000 ordinary shares of RM1.00 each under Employee Share Option Scheme II ("ESOS II") were granted to eligible employees of the Company at an exercise price of RM8.39 per share.

During the second quarter, a total of 16,838,000 ordinary shares of RM1.00 each, under Offer 2 of ESOS II were granted to eligible employees of the Company at an exercise price of RM8.74 per share.

As at 31 May 2004, options to subscribe 19,368,200 ordinary shares were exercised.

On 28 June 2004, TNB and Malakoff Berhad ("Malakoff") announced that Securities Commission approved the proposed issue of Bai' Bithaman Ajil Islamic Debt Securities of RM3,402.0 million by Kapar Energy Ventures Sdn Bhd ("KEV"). KEV is a 60% owned subsidiary company of TNB and 40% owned associated company of Malakoff.

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

7) DIVIDEND PAID

In respect of the financial year ended 31 August 2003, a final gross dividend of 7.8 sen per share less income tax of 28% amounting to RM174.8 million was paid on 26 January 2004.

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

On 8 June 2004, TNB sold its remaining 11,958,780 YTL Power International Berhad shares, via a placement through a book building process.

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 31 May 2004	As at 31 August 2003
Claims by third parties	596.6	576.6
Trade guarantees and performance bonds	5.5	5.5
Stamp duties on transfer of assets	108.0	108.0
Other contingencies	56.6	56.6
	<u>766.7</u>	<u>746.7</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 31 May 2004
Property, plant and equipment committed over a 5 year period	
Authorised but not contracted for	15,447.5
Contracted but not provided for in the financial statements	<u>4,316.5</u>
	19,764.0
Investments:	
Authorised but not contracted for	<u>203.5</u>
	<u>19,967.5</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

The Group recorded total revenue of RM13,068.1 million for the period ended 31 May 2004 compared to RM12,126.5 million achieved in the corresponding period for last financial year, an increase of 7.8%. The improved revenue was mainly attributed to higher electricity sales where the growth in sales was 7.7%. The Group recorded a profit of RM367.3 million compared with RM723.4 million achieved in corresponding period last year, a reduction of 49.2%. Foreign exchange translation loss was the main factor to the reduction which was brought about by the strengthening of the Japanese Yen, Pound Sterling and EURO.

For the three months, the Group's revenue increased by 9.8% compared to the corresponding period for last financial year. The increase was mainly from electricity sales, an increase of 10.0%.

Analysis of revenue:

	Current Quarter		YTD	
	31.05.04	31.05.03	31.05.04	31.05.03
14.1 Revenue				
Sales - electricity	4,414.9	4,012.2	12,708.7	11,799.4
- goods and services	55.9	55.0	153.1	130.5
Released of deferred income	68.4	66.1	206.3	196.6
	<u>4,539.2</u>	<u>4,133.3</u>	<u>13,068.1</u>	<u>12,126.5</u>
Units sold (GWh)	18,606.6	17,196.3	53,830.5	50,389.0

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

Compared to the immediate preceding quarter, the Group recorded an increase in revenue by 5.9%. The Group recorded a profit of RM336.6 million as compared with RM57.1 million in the preceding quarter. The Group recorded foreign exchange translation gain compared with a loss in the preceding quarter. Taking into account the effect of MASB 29, an amount of RM134.7 million has been provided during the quarter.

16) CURRENT YEAR PROSPECTS

In line with the Malaysian Government's expectation to achieve GDP growth of 6.7% for the year 2004, and with management's commitment to continue to improve the operating efficiencies of the Group's business, the Board of Directors remains optimistic of the Group's operating performance.

17) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

This note is not applicable.

18) TAXATION

Taxation for the quarter comprised the following:-

	Individual quarter		Cumulative	
	ended 31.05.2004	ended 31.05.2003	ended 31.05.2004	ended 31.05.2003
Taxation for the Group	(8.9)	(9.4)	(35.5)	(32.5)
Deferred taxation for the Group	(236.5)	(133.9)	(502.6)	(401.7)
Share of taxes in associates	(7.7)	(7.2)	(15.8)	(27.0)
	<u>(253.1)</u>	<u>(150.5)</u>	<u>(553.9)</u>	<u>(461.2)</u>

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 tax exempt income.

19) LOSS ON SALE OF INVESTMENTS

For the period ended 31 May 2004, the Group recorded a loss of RM5.0 million from the sale of shares in quoted investments.

20) PURCHASES AND DISPOSALS OF QUOTED SECURITIES

a) Total purchases and disposals of quoted securities and the loss arising thereon for the financial year-to-date are as follows:-

	Cumulative Quarter ended 31.05.2004
Disposal	(2.0)
Proceeds	-
Loss on disposals	(2.0)

b) Investments in quoted securities as at 31 May 2004 are as follows:-

	Quarter ended 31.05.2004
At cost	2.5
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").

The said MOA is a preliminary agreement between the parties and sets out the principal terms and conditions in relation to the proposed acquisition. The parties have agreed in the MOA to use their best endeavours to negotiate, finalise and execute a definitive agreement in relation to the proposed acquisition within six (6) months from the date thereof subject to the satisfactory conduct of due diligence exercise. If a definitive agreement is not entered into within six (6) months from the date of the MOA, then the MOA shall be terminated.

b) On 25 February 2004, TNB announced that it has entered into a Share Sale Agreement with Sime Darby Bhd ("SDB") to sell its 22,500 ordinary shares, 22,500 redeemable preference shares and 22,455,000 loan stocks constituting seventy five percent (75%) of its entire twenty percent (20%) stake in Port Dickson Power Sdn Bhd ("PDP") and also its entire 20,000 ordinary shares constituting twenty percent (20%) stake in Janaurus PDP Sdn Bhd ("JPSB"). The sale of the said stakes in PDP and JPSB to SDB is for a total consideration of Ringgit Malaysia One Hundred Five Million and Five Hundred Thousand (RM105,500,000.00).

TNB also announced that it has entered into a separate Share Sale Agreement with Hypergantic Sdn Bhd ("HSB"), a wholly owned subsidiary of Malakoff Berhad to sell 7,500 ordinary share, 7,500 preference shares and 7,485,000 loan stocks, constituting twenty five percent (25%) of TNB's entire twenty percent (20%) stake in PDP. The sale of the said stake to HSB is for a total consideration of Ringgit Malaysia Thirty Four Million and Five Hundred Thousand (RM34,500,000.00).

On 23 July 2004, TNB announced that all the condition precedents have been fully fulfilled.

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 completion of the transaction is still pending.

d) On 8 July 2004, the Proposed Kapar Divestment has been completed.

22) GROUP BORROWINGS

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

	As at 31 May 2004
Short term - secured	4.8
- unsecured	4,423.4
Sub-total	4,428.2
Long term - secured	463.2
- unsecured	26,927.8
Sub-total	27,391.0
Total	31,819.2

b) Currency denominations:-

Japanese Yen	4,354.5
Sterling Pound	1,583.5
US Dollar	10,314.4
Euro	663.5
Others	15.4
Total Ringgit equivalent of foreign currency borrowings	16,931.3
Ringgit borrowings	14,887.9
Total	31,819.2

c) Effective average cost of funding based on exposure as at 31 May 2004 was 5.00 % (FY2003: 4.92%).

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

- iii). Foreign currency denominated term loans of RM945.3 million, and
- iv). Ringgit denominated term loans of RM235.5 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 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. Virtually all foreign currency contracts are denominated in US dollar and Japanese Yen.

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 2004 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 25 to the financial statements of TNB for the financial year ended 31 August 2003 (pages 51-55 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 13 November 2003) and the date of this announcement except for the following:-

During the financial year-to-date:-

- a) A wholly owned subsidiary of TNB, TNB Capital (L) Ltd ("TNBCL"), entered into currency option agreements with a notional amount of JPY26.0 billion as a hedge on its Term Facility Agreement. This transaction enables TNBCL to reduce its exposure to losses that may arise from adverse fluctuation in foreign currency exchange rates in relation to the above Term Facility.

As at 20 July 2004, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM8,301.7 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

The Board of Directors does not recommend any dividend for the quarter ended 31 May 2004.

26) EARNINGS PER SHARE

	Individual quarter		Cumulative quarter	
	ended	ended	ended	ended
	31 May 2004	31 May 2003	31 May 2004	31 May 2003
(a) Basic earnings per share				
Net profit for the quarter (RM 'million)	336.6	140.0	367.3	723.4
Weighted average number of ordinary shares in issue ('000)	3,119,394	3,111,825	3,114,594	3,111,825
Basic earnings per share (sen)	10.79	4.50	11.79	23.25
 (b) Diluted earnings per share				
Net profit for the quarter (RM 'million)	336.6	140.0	367.3	723.4
Weighted average number of ordinary shares in issue ('000)	3,119,394	3,111,825	3,114,594	3,111,825
Adjustment for share options ('000)	29,086	-	24,910	-
Weighted average number of ordinary shares for shares for diluted earnings per share ('000)	<u>3,148,480</u>	<u>3,111,825</u>	<u>3,139,504</u>	<u>3,111,825</u>
Diluted earnings per share (sen)	10.69	4.50	11.70	23.25

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

By Order of the Board

ZAINAL ABIDIN BIN YUNUS (LS 0008338)
NOR ZAKIAH BINTI ABDUL GHANI (LS 0008795)
Company Secretaries
 Kuala Lumpur
 27 July 2004