

SIARAN AKHBAR

PRESS RELEASE



**TENAGA
NASIONAL BERHAD**
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PRESS RELEASE

Tenaga Nasional Berhad (TNB) today announced a pre-tax profit of RM 1,293.9 million for the first nine months ended 31st May 2002. The strong growth in electricity demand in the country, particularly from the domestic and commercial sectors, enabled TNB to record an encouraging 6.14% growth in sales as compared to the previous corresponding period, from RM 10,629.0 million to RM 11,281.8 million.

TNB's net profit after taxation attributable to shareholders for the first nine months of FY2002 was adversely affected by the strengthening of the Japanese Yen during the third quarter of FY2002 combined with the increase in fuel costs. The Japanese Yen strengthened by 7.5% during the third quarter of FY2002, which resulted in TNB posting a foreign exchange loss of RM 539.1 million during the third quarter of FY2002. As a result, TNB's foreign exchange gain for the first nine months was only RM 280.7 million as compared to foreign exchange gain of RM 734.6 million in the corresponding period of the previous year.

TNB is currently taking proactive measures to mitigate the impact of the increase in fuel cost by reducing its dependency on gas. By expediting the completion of its first Janamanjung 700MW coal fired unit, TNB's fuel cost burden would be reduced. At the same time, the government has agreed in principle in the sharing of differential cost when firing alternate fuel.

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In the longer term, this issue will be addressed by the expected gas supply from the Joint Development Area (JDA) gas pipe project with Thailand in Northern Peninsular Malaysia and from West Natuna gas pipe project with Indonesia. TNB understands that Petronas is also looking at other local and international gas fields, including from West Sumatera.

In conclusion, the Group's prospects for the year will hinge largely on the direction of the Japanese Yen, fuel costs (which forms a significant portion of the cost of production of electricity) and the rate of Malaysia's economic growth.

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