

The Board of Directors is pleased to announce the following:

**A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE 4th QUARTER ENDED 31 AUGUST 2004**  
(Amounts in RM million unless otherwise stated)

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31.08.2004	PRECEDING YEAR CORRESPONDING QUARTER 31.08.2003	CURRENT YEAR TO DATE 31.08.2004	PRECEDING YEAR CORRESPONDING PERIOD 31.08.2003
Revenue	4,644.0	4,331.3	17,712.1	16,457.8
Operating expenses	(3,824.5)	(3,675.2)	(14,723.4)	(13,864.8)
Other operating income	125.9	102.8	336.5	269.7
Operating profit	945.4	758.9	3,325.2	2,862.7
Foreign exchange				
- Translation gain/(loss)	115.1	42.8	(361.9)	(28.6)
- Transaction gain/(loss)	(160.4)	(4.0)	(209.9)	12.0
Share of results of associates	12.7	11.8	79.8	102.4
Profit before finance cost	912.8	809.5	2,833.2	2,948.5
Finance cost	(358.9)	(345.1)	(1,350.5)	(1,300.0)
Profit from ordinary activities before taxation	553.9	464.4	1,482.7	1,648.5
Taxation				
- Company and subsidiaries	5.8	(5.3)	(29.7)	(37.8)
- Deferred taxation	(123.8)	(116.2)	(626.4)	(517.9)
- Share of taxes in associates	(3.3)	(1.2)	(19.1)	(28.2)
Profit from ordinary activities after taxation	432.6	341.7	807.5	1,064.6
Minority interests	13.8	(3.2)	6.2	(2.7)
Net profit for the period	446.4	338.5	813.7	1,061.9
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Earnings per share-Basic	14.24	10.88	26.08	34.12
Earnings per share-Diluted	14.11	N/A	25.88	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 2003.

**B. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2004**  
(Amounts in RM million unless otherwise stated)

	31 AUG 2004	31 AUG 2003
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	53,443.7	51,768.4
Coal mine rights	312.2	-
Associates	132.1	601.4
Investments	100.5	158.1
	<u>53,988.5</u>	<u>52,527.9</u>
<b>CURRENT ASSETS</b>		
Inventories	1,569.2	1,552.0
Trade receivables	2,157.0	1,817.6
Other receivables	1,372.6	1,179.9
Amount owing from associates	74.0	77.3
Short term investments	360.2	1,355.2
Securities	10.3	11.7
Deposits, bank and cash balances	3,849.8	1,434.9
	<u>9,393.1</u>	<u>7,428.6</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	(1,982.2)	(1,721.7)
Other payables	(1,027.3)	(1,416.1)
Dividend payables	-	-
Amount owing to associates	(304.9)	(216.8)
Current taxation	(262.8)	(235.3)
Short term borrowings	(1,861.0)	(4,508.7)
	<u>(5,438.2)</u>	<u>(8,098.6)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	3,954.9	(670.0)
<b>LONG TERM LIABILITIES</b>		
Borrowings	(30,626.2)	(26,404.4)
Consumer deposits	(1,766.5)	(1,598.0)
Employee benefits	(2,140.7)	(2,031.5)
Other liabilities	(79.2)	(84.1)
Deferred taxation	(5,503.8)	(4,876.7)
Deferred income	(2,379.9)	(2,299.9)
Government development grants	(556.9)	(519.9)
	<u>(43,053.2)</u>	<u>(37,814.5)</u>
	<u>14,890.2</u>	<u>14,043.4</u>
<b>FINANCED BY:</b>		
Share capital	3,148.3	3,111.8
Share premium	3,451.4	3,181.7
Retained profits	7,168.2	6,623.4
Revaluation and other reserves	1,030.3	1,048.1
<b>SHAREHOLDERS' FUNDS</b>	<u>14,798.2</u>	<u>13,965.0</u>
Minority interests	92.0	78.4
	<u>14,890.2</u>	<u>14,043.4</u>
<b>NET TANGIBLE ASSETS PER SHARE</b>	Sen 460	Sen 449

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

**C. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT 31 AUGUST 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					
- 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	3,111.8	3,181.7	1,048.1	6,623.4	13,965.0
Currency translation differences	-	-	(17.8)	-	(17.8)
Net profit for the 12-month period	-	-	-	813.7	813.7
Dividend paid for FY2004	-	-	-	(93.9)	(93.9)
Dividend paid for FY2003	-	-	-	(175.0)	(175.0)
Issuance of share capital					
- share options	36.5	269.7	-	-	306.2
As at 31 August 2004	<u>3,148.3</u>	<u>3,451.4</u>	<u>1,030.3</u>	<u>7,168.2</u>	<u>14,798.2</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	1,009.1	6,845.0	14,147.6
- prior year adjustment	-	-	-	(1,055.7)	(1,055.7)
- as restated	3,111.8	3,181.7	1,009.1	5,789.3	13,091.9
Currency translation differences	-	-	29.5	-	29.5
Negative goodwill on acquisition	-	-	9.5	-	9.5
Net profit for the 12-month period	-	-	-	1,061.9	1,061.9
Dividend paid for FY2003	-	-	-	(93.4)	(93.4)
Dividend paid for FY2002	-	-	-	(134.4)	(134.4)
As at 31 August 2003	<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>

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 2003.

**D. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE TWELVE MONTHS  
PERIOD ENDED 31 AUGUST 2004**

(Amounts in RM million unless otherwise stated)

	Year ended 31 Aug 2004	Year ended 31 Aug 2003
<b>Operating activities</b>		
Cash generated from operations	4,739.2	3,903.0
Retirement benefits paid	(152.4)	(137.7)
Consumer contributions received	359.2	334.9
Customer deposits received	168.5	143.0
Tax paid	(36.8)	(109.0)
Net cash inflow from operating activities	<u>5,077.7</u>	<u>4,134.2</u>
<b>Investing activities</b>		
Investments in associates:		
- additional investment	-	(52.4)
- disposals	140.0	240.0
Investments:		
- purchases	(13.5)	(1,080.4)
- disposals	1,340.4	-
Proceeds from redemption of:		
- bonds	26.2	-
- loan notes	15.3	13.1
- redeemable preference shares	3.4	-
Proceeds from disposal of investment	-	1.1
Interest income received	93.8	57.8
Investment income received	-	27.2
Property, plant and equipment:		
- purchases	(4,151.4)	(3,066.4)
- disposals	3,958.1	10.3
Acquisition of subsidiaries	160.4	-
Net cash flow from investing activities	<u>1,572.7</u>	<u>(3,849.7)</u>
<b>Financing activities</b>		
Bank borrowings:		
- new drawdowns	5,788.8	9,656.4
- repayments	(8,597.8)	(8,017.5)
Interest paid	(1,538.1)	(1,501.8)
Dividends paid	(268.9)	(227.8)
Proceeds from issuance of shares	306.2	-
Others	78.9	87.3
Net cash flow from financing activities	<u>(4,230.9)</u>	<u>(3.4)</u>
<b>Changes in cash and cash equivalents</b>	2,419.5	281.1
<b>Currency translation differences</b>	(1.7)	1.7
<b>Cash and cash equivalents</b>		
- at start of period	<u>1,430.4</u>	<u>1,147.6</u>
- at end of period	<u>3,848.2</u>	<u>1,430.4</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 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:

- 1) MASB Standard No.28 "Discontinuing Operations"
- 2) MASB Standard No.29 "Employee Benefits"

The Board has decided that the provision arising in respect of post employment benefit obligations on first adoption of MASB 29 on 1 September 2003 is recognised immediately under MASB 3. All transitional liabilities are recognised as provisions in the financial statements in the period in which they arise. The change has been accounted for retrospectively as a prior year adjustment. The effect of the change to the Consolidated Income Statement for period ended 31 August 2004 was RM211.7 million. The preceding year corresponding period Consolidated Income Statement has been restated to conform to the change. Accordingly, the Consolidated Balance Sheet for the preceding financial year ended 31 August 2003 has been restated to include all cumulative differences that were not provided for.

The effects on the consolidated retained profits is as follows:

	Retained Profits
At 31 August 2003, as previously reported in the annual financial statements	7,732.1
Less: Adjustments on adoption of MASB 29	<u>(1,108.7)</u>
At 31 August 2003, as restated	<u><u>6,623.4</u></u>

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 199,994,000 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 16,872,000 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 August 2004, options to subscribe 36,478,600 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.

On 8 July 2004, KEV allotted and issued 1,997,500 ordinary shares of RM1.00 each ("KEV Shares") at par of which 1,198,500 was subscribed by TNB. On the same date, KEV allotted and issued 957,574,000 redeemable unsecured loan stocks ("RULS") at nominal value of RM1.00 of which 574,544 was subscribed by TNB. The total proceeds of RM959,571,500 arising from the KEV Shares and RULS subscription were utilised to part finance the acquisition of the Kapar Power Station and for working capital purposes of KEV.

Except for these, 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.

In respect of the financial year ended 31 August 2004, an interim tax-exempt dividend of 3.0 sen per share amounting to RM93.4 million was declared on 27 April 2004 and paid on 7 July 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:-

	<b>As at 31 August 2004</b>	<b>As at 31 August 2003</b>
Claims by third parties	601.0	576.6
Trade guarantees and performance bonds	5.5	5.5
Stamp duties on transfer of assets	108.0	108.0
Other contingencies	66.4	56.6
	<u>780.9</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**

	<b>As at 31 August 2004</b>
<b>Property, plant and equipment committed over a 5 year period</b>	
Authorised but not contracted for	10,040.5
Contracted but not provided for in the financial statements	5,751.2
	<u>15,791.7</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 RM17,712.1 million for the period ended 31 August 2004 compared to RM16,457.8 million achieved in the corresponding period for last financial year, an increase of 7.6%. The improved revenue was mainly attributed to higher electricity sales where the growth in sales was 7.8%. The Group recorded a profit of RM813.7 million compared with RM1,061.9 million achieved in corresponding period last year, a reduction of 23.4%. 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 7.2% compared to the corresponding period for last financial year. The increase was mainly from electricity sales, an increase of 8.1%. During the quarter a translation gain of RM115.1 million was recorded as the Ringgit strengthened against the Japanese Yen, Pound Sterling and EURO.

Analysis of revenue:

	Current Quarter		YTD	
	31.08.04	31.08.03	31.08.04	31.08.03
<b>14.1 Revenue</b>				
Sales - electricity	4,510.7	4,174.5	17,219.4	15,973.9
- goods and services	60.4	86.8	213.5	217.3
Released of deferred income	72.9	70.0	279.2	266.6
	<u>4,644.0</u>	<u>4,331.3</u>	<u>17,712.1</u>	<u>16,457.8</u>
Units sold (GWh)	19,090.9	17,865.3	72,921.4	68,254.3

**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 2.3%. The Group recorded a profit of RM446.4 million as compared with RM336.6 million in the preceding quarter an increase of 32.6%.

**16) PROSPECTS FOR THE FINANCIAL YEAR 2005**

With the outlook for FY2005 that Malaysia will continue to enjoy strong GDP growth, Management expects electricity demand to grow in tandem. In addition, the Management has embarked on several initiatives to improve the operating efficiencies. However, as rising prices may have an impact on the operating costs, the Board of Directors is of the view that such circumstances will pose a challenge to the performance of the Group for FY2005.

**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		Cumulative ended	
ended	ended	ended	ended

	31.08.2004	31.08.2003	31.08.2004	31.08.2003
Taxation for the Group	5.8	(5.3)	(29.7)	(37.8)
Deferred taxation for the Group	(123.8)	(116.2)	(626.4)	(517.9)
Share of taxes in associates	(3.3)	(1.2)	(19.1)	(28.2)
	<u>(121.3)</u>	<u>(122.7)</u>	<u>(675.2)</u>	<u>(583.9)</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) PROFIT/(LOSS) ON SALE OF INVESTMENTS

- The sale of 20% stake in Port Dickson Power Sdn Bhd and 20% stake in Janaurus PDP Sdn Bhd was completed 30 July 2004. A gain of RM29.7 million was recorded from the sale.
- For the period ended 31 August 2004, the Group recorded a loss of RM2.2 million from the sale of shares in quoted investments.

#### 20) PURCHASES AND DISPOSALS OF QUOTED SECURITIES

- During the year, the Company recorded a loss of RM2.3 million from the disposal of quoted securities.
- Investments in quoted securities as at 31 August 2004 are as follows:-

	Quarter ended 31.08.2004
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

- 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.

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.

- 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, all the condition precedents have been fully fulfilled and duly completed as announced on 30 July 2004.

- 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 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 share sale agreements are subject to certain conditions precedent / approvals. Upon completion of both agreements, TNB will no longer be a shareholder in SEV.
- e) On 8 July 2004, the Proposed Kapar Divestment has been completed.
- f) On 11 August 2004, TNB announced that it has obtained the approval from the Economic Planning Unit of the Prime Minister's Department ("EPU") for the execution of the Power Purchase Agreement ("PPA") between TNB and Jimah Energy Ventures Sdn.Bhd. ("JEV"), TNB has been given the option to subscribe up to 20% equity interest in JEV. Details of the subscription shall be finalised in due course.

## 22) GROUP BORROWINGS

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

	<b>As at 31 Aug 2004</b>
Short term - secured	82.1
- unsecured	1,778.9
Sub-total	1,861.0
Long term - secured	3,736.3
- unsecured	26,889.9
Sub-total	30,626.2
Total	32,487.2

- b) Currency denominations:-

Japanese Yen	4,575.3
Sterling Pound	1,438.3
US Dollar	9,230.2
Euro	608.8
Others	15.0
Total Ringgit equivalent of foreign currency borrowings	15,867.6
Ringgit borrowings	16,619.6
Total	32,487.2

- c) Effective average cost of funding based on exposure as at 31 Aug 2004 was 5.31 % (FY2003: 4.92%).

- d) Repayments of long term debts during the period are as follows:
- (i) Foreign currency denominated term loans of RM2,272.9 million, and
  - (ii) Ringgit denominated term loans of RM1,270.3 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. 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 2004 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 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 wholly owned subsidiary of TNB, TNB Capital (L) Ltd ("TNBCL"), entered into currency option agreements with a notional amount of JPY26.0 billion as 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 October 2004, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM8,187.6 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 has 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 amounting to RM317.4 million (FY2003: RM174.8 million). Together with the interim tax-exempt dividend of 3.0 sen per share equivalent to gross dividend of 4.2 sen per share (FY2003: 3.0 sen tax-exempt), the total equivalent gross dividend for the year amounts to 18.2 sen per share (FY2003: 12.0 sen). Subject to approval at the forthcoming Annual General Meeting, the final gross dividend of 10.0 sen per share together with the special dividend of 4.0 sen per share and will be paid on 24 January 2005 to shareholders registered in the Register of Members at the close of business on 28 December 2004.

The Register of Members will be closed from 29 December 2004 to 2 January 2005 (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 24 December 2004 in respect of shares which are exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's securities account before 4.00 p.m. on 28 December 2004 in respect of ordinary transfer; and
- (c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The total gross dividend for the FY 2004 is 18.2 sen per share.

#### **26) EARNINGS PER SHARE**

	Individual quarter		Cumulative quarter	
	ended 31 Aug 2004	ended 31 Aug 2003	ended 31 Aug 2004	ended 31 Aug 2003
<b>(a) Basic earnings per share</b>				
Net profit for the quarter (RM 'million)	446.4	338.5	813.7	1,061.9
Weighted average number of ordinary shares in issue ('000)	3,134,458	3,111,825	3,119,560	3,111,825
Basic earnings per share (sen)	14.24	10.88	26.08	34.12
<b>(b) Diluted earnings per share</b>				
Net profit for the quarter (RM 'million)	446.4	-	813.7	-
Weighted average number of ordinary shares in issue ('000)	3,134,458	-	3,119,560	-
Adjustment for share options ('000)	28,572	-	24,242	-
Weighted average number of ordinary shares for shares for diluted earnings per share ('000)	<u>3,163,030</u>	<u>-</u>	<u>3,143,802</u>	<u>-</u>
Diluted earnings per share (sen)	14.11	N/A	25.88	N/A

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.

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 October 2004