TENAGA NASIONAL BERHAD (200866-W)

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE 1st QUARTER ENDED 30 NOVEMBER 2006

(Amounts in RM million unless otherwise stated)

	1st Quarter ended 30-Nov-06	1st Quarter ended 30-Nov-05
Revenue	5,601.7	4,911.4
Operating expenses	(4,252.7)	(4,092.4)
Other operating income	143.0	103.6
Operating profit	1,492.0	922.6
Foreign exchange		
- Translation gain	186.2	362.5
- Transaction loss	(26.1)	(140.9)
Share of results of associates (net of tax)	(0.3)	6.5
Profit before finance cost	1,651.8	1,150.7
Finance cost	(314.2)	(403.1)
Profit from ordinary activities before taxation	1,337.6	747.6
Taxation		
- Company and subsidiaries	(266.3)	(16.0)
- Deferred taxation	176.5	(127.1)
Profit for the period	1,247.8	604.5
Attributable to:		
- Equity holders of the Company	1,246.2	595.6
- Minority interests	1.6	8.9
	1,247.8	604.5
	Sen	**Sen**
Earnings per share-Basic	29.78	14.76
Earnings per share-Diluted	29.03	14.26

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2006.

B. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 NOVEMBER 2006

(Amounts in RM million unless otherwise stated)

	30-Nov-06	31-Aug-06
NON-CURRENT ASSETS		(Restated)
Property, plant and equipment	55,100.3	55,034.6
Prepaid operating lease payment	164.8	166.7
Coal mining rights	277.2	279.9
Associates	200.2	200.6
Investments	38.0	38.0
	55,780.5	55,719.8
CURRENT ASSETS		
Inventories	2,068.4	1,931.8
Trade receivables	1,903.9	1,852.1
Other receivables	1,544.8	1,563.3
Current tax assets	8.5	10.0
Amount owing from associates	44.1	43.6
Short term investments	12.6	12.6
Marketable securities	9.9	9.2
Deposits, bank and cash balances	5,204.2	3,949.7
Assets held for sale	41.4	-
	10,837.8	9,372.3
CURRENT LIABILITIES		
Trade payables	(2,389.0)	(2,488.8)
Other payables	(1,541.8)	(1,244.7)
Amount owing to associates	(209.4)	(212.4)
Current taxation	(368.6)	(184.6)
Short term borrowings	(3,297.5)	(2,534.7)
	(7,806.3)	(6,665.2)
NET CURRENT ASSETS	3,031.5	2,707.1
LONG TERM LIABILITIES		
Borrowings	(22,609.4)	(24,580.9)
Consumer deposits	(2,186.7)	(2,147.7)
Employee benefits	(2,426.9)	(2,314.1)
Other liabilities	(71.0)	(72.3)
Deferred taxation	(6,248.9)	(6,424.6)
Deferred income	(2,691.1)	(2,675.8)
Government development grants	(653.9)	(665.0)
	(36,887.9)	(38,880.4)
	21,924.1	19,546.5
FINANCED BY:		
Share capital	4,272.4	4,135.2
Share premium	4,863.5	3,912.9
Revaluation and other reserves	917.7	882.6
Retained profits	11,747.6	10,494.5
SHAREHOLDERS' FUNDS	21,801.2	19,425.2
Minority interests	122.9	121.3
	21,924.1	19,546.5
NET ASSETS PER SHARE ATTRIBUTABLE TO	Sen	Sen
ORDINARY EQUITY HOLDERS OF THE COMPANY	510	470

The unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2006.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT 30 NOVEMBER 2006

(Amounts in RM million unless otherwise stated)

		Non-distributable			Distributable		
	Ordinary Shares of RM1.00 each	Share premium	Employees' Share Option Scheme Reserves	Revaluation and other reserves	Retained profits	Minority Interest	Total
As at 1 September 2006	4,135.2	3,912.9	-	843.6	10,533.5	121.3	19,546.5
PYA-Value of employee services (FRS 2)	-	-	39.0	-	(39.0)	-	-
As at 1 September 2006 (Restated)	4,135.2	3,912.9	39.0	843.6	10,494.5	121.3	19,546.5
Currency translation differences	-	-	-	42.0	-		42.0
Net profit for the 3-month period	-	-	-	-	1,246.2	1.6	1,247.8
Issuance of share capital - share options *	137.2	950.6	-	-	-		1,087.8
Realisation of revaluation reserve	-	-	-	(6.9)	6.9		-
As at 30 November 2006	4,272.4	4,863.5	39.0	878.7	11,747.6	122.9	21,924.1

* Share options comprising:-
- (a) Exercise of options representing 20,659,450 ordinary shares of RM1 each in TNB under the Employee Share Option Scheme II (''ESOS II'');
- (b) Conversion of TNB Capital (L) Ltd.'s Guaranteed Exchangeable Bonds into a total of 114,699,925 ordinary shares of RM1 each in TNB; and
- (c) Conversion of Unsecured Convertible Redeemable Income Securities (CRIS) into a total of 1,880,709 ordinary shares of RM1 each in TNB.

		Non-distributable			Distributable		
	Ordinary Shares of RM1.00 each	Share premium	Employees' Share Option Scheme Reserves	Revaluation and other reserves	Retained profits	Minority Interest	Total
As at 1 September 2005	3,220.7	3,989.6	-	844.7	8,030.5	115.3	16,200.8
Currency translation differences	-	-	-	3.1	-	-	3.1
Net profit for the 3-month period	-	-	-	-	595.6	8.9	604.5
Issuance of share capital - share options	12.5	93.4	-	-	-	-	105.9
Additional to revaluation reserve	-	-	-	4.2	-	-	- 4.2 -
As at 30 November 2005	3,233.2	4,083.0	-	852.0	8,626.1	124.2	16,918.5

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 2006.

D. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2006

(Amounts in RM million unless otherwise stated)

	1st Quarter ended 30-Nov-06	1st Quarter ended 30-Nov-05
Operating activities		
Cash generated from operations	2,270.1	1,606.4
Retirement benefits paid	(48.8)	(53.4)
Consumer contributions received	125.9	89.6
Customer deposits received	39.0	45.5
Tax paid	(82.0)	(54.5)
Tax refund received	(0.1)	-
Net cash inflow from operating activities	2,304.1	1,633.6
Investing activities		
Investments:		
- dividend income received	-	1.4
Interest income received	69.4	23.3
Property, plant and equipment:		
- purchases	(817.9)	(620.8)
- disposals	0.1	0.1
Net cash flow from investing activities	(748.4)	(596.0)
Financing activities		
Bank borrowings:		
- new drawdowns	109.9	193.2
- repayments	(1,154.3)	(945.4)
Interest paid	(341.4)	(466.5)
Proceeds from issuance of shares	1,087.8	105.9
Others	7.2	24.8
Net cash flow from financing activities	(290.8)	(1,088.0)
Changes in cash and cash equivalents	1,264.9	(50.4)
Currency translation differences	(3.2)	0.1
Cash and cash equivalents		
- at start of period	3,936.7	2,833.4
- at end of period	5,198.4	2,783.1

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 2006.

E. EXPLANATORY NOTES
(Amounts in RM million unless otherwise stated)

1) BASIS OF PREPARATION

The unaudited condensed interim financial statements for the first quarter ended 30 November 2006 of the Group have been prepared in accordance with Financial Reporting Standards (FRS) 134 "Interim Financial Reporting", paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 August 2006.

The accounting policies, method of computation and basis of consolidation applied in the unaudited condensed interim financial statements are consistent with those used in the preparation of the FY2006 audited financial statements except for the changes arising from the adoption of the new and revised FRSs issued by MASB that are effective for financial year beginning on or after 1 January 2006. The new and revised FRSs adopted in this announcement are as follows:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition to the above, the Group has also opted for early adoption of FRS 117 – Leases.

The adoption of FRS 3, 102, 108, 110, 116, 121, 127, 128, 131, 133, 136, 138 and 140 do not have a significant financial impact to the Group.

Standards currently in issue and adopted in Malaysia are subject to interpretations issued from time to time, and further standards may be issued, by the Malaysian Accounting Standards Board that will be adopted for our financial years beginning on or after 1 September 2006. In addition, there is not yet a significant body of established practice on which to draw in forming opinions regarding interpretation and application and practice is continuing to evolve. At this preliminary stage, therefore, the full financial effect of reporting under FRS as it will be applied and reported on in the Group's first FRS Financial Statements for the year ending 31 August 2007 may be subject to change.

1) BASIS OF PREPARATION (continued)

Listed below are the changes to the accounting policies, presentation and disclosures to the financial statements of the Group resulting from the adoption of the new and revised FRSs:

FRS 2

The adoption of FRS 2 has resulted in a change in the accounting policy for share-based payment.

The Company granted an equity-settled share-based compensation plan for the employees of the Group, the Employee Share Option Scheme ("ESOS"). Prior to 1 September 2006, no compensation expense was recognised in the income statement for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in the income statement over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share option is computed using a trinomial model. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to be vested by the vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had yet to be vested on 1 January 2006. The application is retrospective and accordingly, the comparative amounts as at 31 August 2006 are restated and the opening balance of retained earnings as at 1 September 2006 has been adjusted.

FRS 3, FRS 136 and FRS 138

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in changes in accounting policy for goodwill. Goodwill arising on consolidation has to be capitalised and subject to annual impairment test. Impairment of goodwill is charged to the income statement as and when it arises and reversal is not allowed.

FRS 5

The adoption of FRS 5 requires a non-current asset or disposal group to be classified as held for sale if:

i) its carrying amount will be recovered principally through a sale transaction rather than through continuing use
ii) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal group and the sale is highly probable.

Non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

The Group has applied FRS 5 prospectively on or after 1 September 2006. Consequent from the adoption of FRS 5, the Group has reclassified non-current assets identified for sale from property, plant and equipment to current assets held for sale.

1) BASIS OF PREPARATION (continued)

FRS 101

The adoption of FRS 101 has no financial impact on the Group but affected the presentation of minority interest, share of associates' results and certain disclosures. Minority interest is now presented within total equity in the Consolidated Balance Sheet and as an allocation from net profit for the period in the Consolidated Income Statement. The movement of minority interest is now presented in the Consolidated Statement of Changes in Equity. The share of associates' results is now presented net of tax in the Consolidated Income Statement. The presentation of the comparative financial statements of the Group has been restated to conform with current period presentation.

FRS 116

The adoption of FRS 116 has resulted in extension of the accounting policy on property, plant and equipment. The strategic spares and standby equipment are capitalised and depreciated over their estimated useful lives.

FRS 117

FRS 117 requires leasehold land to be treated as an operating lease. The Group has applied FRS 117 retrospectively on or after 1 September 2006. Consequent from the adoption of FRS 117, the Group has reclassified the leasehold land as an operating lease instead of property, plant and equipment. The prepaid lease rentals are amortised on a straight-line basis over the lease period, which is similar to the depreciation policy when they were treated as property, plant and equipment.

FRS 121

The adoption of FRS 121 has no material effect on the Group's policies. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance of the revised standard. Majority of the Group's entities have the same functional currency as their measurement currency. The Group has applied the accounting for goodwill and any fair value adjustment arising on the acquisition of a foreign entity as assets and liabilities of the foreign entity prospectively in accordance with the transitional provision of FRS 121.

FRS 127

The adoption of FRS 127 has resulted in a change in accounting policy on recognition of subsidiaries by the inclusion of existence and effect of potential voting rights that are currently exercisable in assessing control. The Group has applied FRS 127 retrospectively and this FRS does not have any financial impact on the Group.

FRS 140

The adoption of FRS 140 requires properties which are held for long-term rental yields and not occupied by the Group to be accounted for as investment properties. The Group has assessed the status of all properties based on the provisions of FRS 140 and concluded that the adoption of FRS 140 has no material financial impact on the Group.

2) AUDIT QUALIFICATION

The annual audited financial statements for the financial year ended 31 August 2006 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

There were no material changes in estimates reported in the prior financial year.

6) DEBT AND EQUITY SECURITIES

(a) As announced on 12 October 2006 and with reference to the earlier announcements made on 13 September 2006 and 29 September 2006 in relation to the redemption notice of 2.625% Guaranteed Exchangeable Bonds due 2007 (“Bonds”), with the expiry of the right to exchange the Bonds at close of business on 6 October 2006, a total of USD398,960,000.00 were exchanged. As such, a total of 187,155,756 new ordinary shares have been issued.

(b) During the quarter, a total of 137,240,084 ordinary shares of RM1 each were issued comprising:-

(i) Exercise of options representing 20,659,450 ordinary shares of RM1 each in TNB under the Employee Share Option Scheme II (‘’ESOS II’’);

(ii) Conversion of TNB Capital (L) Ltd.’s Guaranteed Exchangeable Bonds into a total of 114,699,925 ordinary shares of RM1 each in TNB; and

(iii) Conversion of Unsecured Convertible Redeemable Income Securities (CRIS) into a total of 1,880,709 ordinary shares of RM1 each in TNB.

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

7) DIVIDEND PAID

There was no dividend paid during the quarter.

8) SEGMENTAL REPORTING

As the principal activities of the Group are the generation, transmission, distribution and sale of electricity in Malaysia, segmental reporting is deemed not necessary.

9) VALUATION OF PROPERTY, PLANT & EQUIPMENT

The Directors have applied the transitional provisions of International Accounting Standard No. 16 (Revised) “Property, Plant and Equipment” as adopted by Malaysian Accounting Standards Board which allow the freehold land, leasehold land, buildings and civil works to be stated at their previous years’ valuations less depreciation. Accordingly, these valuations have not been updated.

10) MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the financial period.

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 30 November 2006	As at 31 August 2006
Claims by third parties	980.0	974.5
Trade guarantees and performance bonds	5.4	5.4
Stamp duties on transfer of assets	108.0	108.0
Other contingencies	62.9	67.2
	1,156.3	1,155.1

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 30 November 2006
Property, plant and equipment committed over a 5 year period	
Authorised but not contracted for	12,701.4
Contracted but not provided for in the financial statements	1,885.2
	14,586.6

F. ADDITIONAL INFORMATION AS REQUIRED BY PART A OF APPENDIX 9B OF THE BURSA MALAYSIA LISTING REQUIREMENTS

14) REVIEW OF PERFORMANCE

(a) Performance of the current three months ended 30 November 2006 (1st Quarter FY2007) against the corresponding three months ended 30 November 2005 (1st Quarter FY2006):

The net profit attributable to shareholders of the Company improved by 109.2% (RM650.6 million) to RM1,246.2 million as compared to RM595.6 million in the first quarter 2006.

For the three months ended 30 November 2006, the Group recorded total revenue of RM5,601.7 million which was RM690.3 million or 14.1% higher than the corresponding period in the last financial year. Increase in tariff made up about 10% of the revenue growth. Overall unit growth for the Goup was approximately 4.6%. Sale to Electricity Generating Authority of Thailand (EGAT) continue to contribute to the bottom line of the Group and TNB Liberty Power Limited has been performing well compared to the corresponding quarter last financial year. Cost control measures taken by the management has also managed to contain the costs.

For the quarter under review, the Group recorded a lower foreign exchange translation gain as compared to the corresponding quarter last financial year. During the quarter the Group also made a reversal of deferred tax provision to reflect the reduction of the corporate tax rate from 28% to 27%.

14) REVIEW OF PERFORMANCE (continued)

ECONOMIC PROFIT STATEMENT

	CUMULATIVE PERIOD	
	Current Year To Date 30.11.2006	**Preceding Year Corresponding Period 30.11.2005**
NOPLAT computation:		
Earning Before Interest and Tax (EBIT)*	1,269.3	744.2
Adjusted Tax	(355.4)	(208.4)
NOPLAT	**913.9**	**535.8**
Economic Charge computation:		
Average Invested Capital	52,686.5	52,574.4
WACC	7.5%	7.5%
Economic Charge p.a	(3,935.7)	(3,927.3)
Economic Charge	**(983.9)**	**(981.8)**
Economic loss	**(70.0)**	**(446.0)**

EXPLANATORY NOTES

Economic Profit (EP) is a measure of value created by a business during a single period. By looking at just the operating activities of a company, it tells how much return a business makes over its cost of capital. In other words, it is the difference between TNB's rate of return and cost of capital.

Performance of the current three months ended 30 November 2006 (1st Quarter FY2007) against the corresponding three months ended 30 November 2005 (1st Quarter FY2006):
The EP improved significantly by RM376.0 million to record at negative RM70.0 million from negative RM446.0 million. This was attributable to improved EBIT Margin by 23.0% from 15.4% as a result of higher revenue growth (+14.2% from +8.1%) and operating expenses (+3.9% from +12.2%) during the period.

**EBIT = Operating profit adjusted for release of deferred income and other operating income.*

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

Performance of the current quarter (1st Quarter FY2007) against the preceding quarter (4th Quarter FY2006)

Compared to the immediate preceding quarter, the Group revenue of RM5,601.7 million for the first quarter was marginally lower than the preceding quarter by RM18.6 million or 0.3%.

The operating expenses decreased by RM352.4 million from RM4,605.1 million to RM4,252.7 million or 7.7% mainly due to lower energy cost. The Group recorded unrealised foreign exchange gain of RM186.2 million against a loss of RM24.4 million recorded in the preceding quarter, this was mainly attributed to the strengthening of Ringgit Malaysia against the major currencies which the Group was exposed to. The reversal of deferred tax provision by 1% to reflect lower corporate tax as announced by the Government at the Budget Speech on 1 September 2006 has also contributed to the higher bottom line of the Group.

16) CURRENT YEAR PROSPECTS

The ongoing implementation of the projects outlined under the 9th Ninth Malaysia Plan, further supported by the Government's drive to promote tourism under the Visit Malaysia 2007 banner is expected to provide the stimulus for continued growth to the Malaysian economy. This in turn could potentially translate to increased electricity demand growth.

While the Group's first quarter FY2007 results are encouraging, the higher cost from the full year impact of the Tg. Bin Phase 1 (700MW) Power Plant has not been fully reflected into the results due to the delay in its commissioning. This will have an impact on the results for the financial year ending 31 August 2007.

Over the last two years, the management has embarked on numerous cost management initiatives which have borne results. Given the commitment of the management to continue to further drive operational efficiency and service excellence, the Board of Directors is of the view that the Group's financial performance for the full year of FY2007 is promising.

17) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

This note is not applicable.

18) TAXATION

Taxation for the quarter comprised the following:-

	Cumulative	
	ended	ended
	30-Nov-06	30-Nov-05
Current taxation	(266.3)	(16.0)
Deferred taxation	176.5	(127.1)
	(89.8)	(143.1)

The Group's effective tax rate for the period ended 30 November 2006 is lower than the statutory tax rate due to reversal of deferred tax in respect of prior financial years, compared to profit before tax.

On 31 December 2006, the Government gazetted the Finance Act 2006, which stipulates the income tax rate for the year of assessment 2007 as 27%. The effect of this reduction has been adopted in this 1st Quarter results for FY2007.

19) PROFIT/(LOSS) ON SALE OF INVESTMENTS

There were no disposals of any investments during the period.

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 30 November 2006 are as follows:-

	Quarter ended 30-Nov-06
At cost	1.0
At carrying value	Nil
At market value	Nil

The above quoted securities are managed by external fund managers.

21) STATUS OF CORPORATE PROPOSALS

On 28 December 2006, TNB announced that it entered into a Share Sale Agreement with Khazanah Nasional Berhad ("Khazanah") to dispose 3,187,500 ordinary shares with par value of RM1.00 each held in Malaysian Technology Development Corporation to Khazanah for a total consideration of RM605,625.00. The full consideration was received on 28 December 2006.

The disposal was not subject to the approval of the shareholders of TNB and other relevant Government authorities.

Save for Dato' Azman Hj. Mokhtar who is a Director of TNB and Managing Director of Khazanah, none of the directors and /or the major shareholders of TNB and /or person connected with a director or major shareholders have any interest, direct or indirect in the disposal.

22) GROUP BORROWINGS

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

	As at 30 Nov 06	**As at 31 Aug 06**
Short term - secured	246.6	247.6
- unsecured	3,050.9	2,287.1
Sub-total	3,297.5	2,534.7
Long term - secured	3,345.3	3,348.6
- unsecured	19,264.1	21,232.3
Sub-total	22,609.4	24,580.9
Total	25,906.9	27,115.6

b) Currency denominations:-

Japanese Yen	3,990.7	4,023.7
US Dollar	7,832.0	8,947.4
Euro	8.2	10.2
Others	9.5	10.0
Total Ringgit equivalent of foreign currency borrowings	11,840.4	12,991.3
Ringgit borrowings	14,066.5	14,124.3
Total	25,906.9	27,115.6

c) Effective average cost of funding based on exposure as at 30 November 2006 was 6.0% (FY2006: 5.7%).

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

(i) Foreign currency denominated term loans of RM933.8 million, and

(ii) Ringgit denominated term loans of RM 74.1 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 management's strategy, the Company manages its exposure to market rate movements of its financial liabilities through the use of derivative financial instruments. Virtually all foreign currency contracts are denominated in US Dollar, Japanese Yen and Pound Sterling.

TNB has entered into interest rate swap agreements and currency option agreements, which mature from year 2007 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 27 to the financial statements of TNB for the financial year ended 31 August 2006 (pages 53-57 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 17 October 2006) and the date of this announcement except for:-

a) In October 2006, TNB entered into a Cross Currency and Interest Swap Agreement (CCIRS) with a notional amount of JPY7.7 billion as a hedge on its JPY Syndicated Term Loan. This transaction enables TNB to reduce its exposure to losses that may arise from adverse fluctuation on foreign currency exchange rates and interest rates in relation to the JPY Syndicated Term Loan.

b) In January 2007, a wholly owned subsidiary of TNB, TNB Janamanjung Sdn.Bhd., unwound the existing floating to fixed interest rate swaps on its 12-year amortising loan due to the restructuring of the underlying loan.

c) As at 18 January 2007, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM1,025.3 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 other than those disclosed in the circular to shareholders dated 22 November 2006.

25) DIVIDEND

At the Annual General Meeting held on 14 December 2006, the shareholders of TNB had approved the recommendation to pay a final gross dividend of 12.0 sen per ordinary share less income tax of 28%, and a tax-exempt dividend of 2.0 sen per share equivalent to gross dividend of 2.8 sen per ordinary share. The dividend payable equivalent to total gross dividend of 14.8 sen per ordinary share (FY2005: total equivalent gross dividend for the year was 16.2 sen per ordinary share less income tax of 28%) less income tax of 28% in respect of the financial year ended 31 August 2006. The dividend was paid on 4 January 2007.

The Board does not recommend any dividend for the quarter ended 30 November 2006.

26) EARNINGS PER SHARE

	Quarter ended 30-Nov-06	Quarter ended 30-Nov-05
(a) Basic earnings per share		
Profit attributable to equity holders of the Company (RM 'million)	1,246.2	595.6
Weighted average number of ordinary shares in issue ('000)	4,184,838	4,036,126
Basic earnings per share (sen)	29.78	14.76
(b) Diluted earnings per share		
Profit attributable to equity holders of the Company (RM 'million)	1,246.2	595.6
Elimination of interest expense net of tax effect (RM'million) on:		
(i) Guaranteed Exchangeable Bonds	6.8	10.0
(ii) Unsecured Convertible Redeemable Income Securities	3.2	-
	1,256.2	605.6
Weighted average number of ordinary shares in issue ('000)	4,184,838	4,036,126
Adjustments ('000) for:-		
- conversion of share options exercised	49,209	24,281
- conversion of:		
(i) Guaranteed Exchangeable Bonds	71,952	186,615
(ii) Unsecured Convertible Redeemable Income Securities	21,564	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	4,327,563	4,247,022
Diluted earnings per share (sen)	29.03	14.26

By Order of the Board

NOR ZAKIAH BINTI ABDUL GHANI (LS 0008795)
WAN MARZIMIN BIN WAN MUHAMMAD (LS 0009013)
Company Secretaries

Kuala Lumpur
25 January 2007