

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 2nd QUARTER ENDED 29 FEBRUARY 2008

(Amounts in RM million unless otherwise stated)

| | INDIVIDUAL QUARTER | | CUMULATIVE | |
|---|------------------------------------|--|------------------------------------|---|
| | CURRENT YEAR QUARTER 29.02.2008 | PRECEDING YEAR CORRESPONDING QUARTER 28.02.2007 | CURRENT YEAR TO DATE 29.02.2008 | PRECEDING YEAR CORRESPONDING PERIOD 28.02.2007 |
| Revenue | 6,099.3 | 5,682.0 | 12,307.6 | 11,283.7 |
| Operating expenses | (5,057.6) | (4,292.2) | (9,800.2) | (8,544.9) |
| Other operating income | 150.6 | 123.6 | 367.3 | 266.6 |
| Operating profit | 1,192.3 | 1,513.4 | 2,874.7 | 3,005.4 |
| Foreign exchange | | | | |
| - Translation gain | 280.4 | 428.7 | 522.8 | 614.9 |
| - Transaction gain/(loss) | 9.6 | 8.9 | 9.4 | (17.2) |
| Share of results of associates (net of tax) | 14.6 | 23.5 | 24.0 | 23.2 |
| Profit before finance cost | 1,496.9 | 1,974.5 | 3,430.9 | 3,626.3 |
| Finance cost | (280.1) | (323.4) | (570.1) | (637.6) |
| Profit from ordinary activities before taxation | 1,216.8 | 1,651.1 | 2,860.8 | 2,988.7 |
| Taxation and Zakat | | | | |
| - Company and subsidiaries | (121.6) | (241.7) | (443.9) | (508.0) |
| - Deferred taxation | (26.0) | 165.4 | 169.2 | 341.9 |
| Profit for the period | 1,069.2 | 1,574.8 | 2,586.1 | 2,822.6 |
| Attributable to: | | | | |
| - Equity holders of the Company | 1,063.2 | 1,554.8 | 2,578.1 | 2,801.0 |
| - Minority interests | 6.0 | 20.0 | 8.0 | 21.6 |
| | 1,069.2 | 1,574.8 | 2,586.1 | 2,822.6 |
| Earnings per share attributable to ordinary equity holders of the company | | | | |
| | Sen | Sen | Sen | Sen |
| Basic | 24.54 | 36.30 | 59.51 | 66.15 |
| Diluted | 24.43 | 35.70 | 59.22 | 64.27 |

These unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 August 2007.

B. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 29 FEBRUARY 2008

(Amounts in RM million unless otherwise stated)

| | 29-Feb-08 | 31-Aug-07 |
|--|-------------------|-------------------|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 56,726.2 | 56,405.3 |
| Prepaid operating leases | 854.0 | 852.6 |
| Associates | 250.4 | 233.0 |
| Investments | 38.0 | 38.0 |
| | <u>57,868.6</u> | <u>57,528.9</u> |
| CURRENT ASSETS | | |
| Non-current assets held for sale | 119.1 | 125.0 |
| Inventories | 2,143.6 | 1,769.5 |
| Trade receivables | 1,720.3 | 1,549.6 |
| Other receivables | 1,440.3 | 1,372.2 |
| Tax recoverable | 9.9 | 11.6 |
| Amounts due from associates | 45.9 | 45.3 |
| Short term investments | 12.6 | 12.6 |
| Marketable securities | 11.0 | 10.6 |
| Deposits, bank and cash balances | 5,129.2 | 5,299.3 |
| | <u>10,631.9</u> | <u>10,195.7</u> |
| CURRENT LIABILITIES | | |
| Trade payables | (3,080.7) | (3,233.7) |
| Other payables | (995.5) | (1,067.9) |
| Amounts due to associates | (207.8) | (226.1) |
| Taxation | (406.7) | (226.1) |
| Short term borrowings | (1,101.1) | (2,015.5) |
| | <u>(5,791.8)</u> | <u>(6,769.3)</u> |
| NET CURRENT ASSETS | 4,840.1 | 3,426.4 |
| NON-CURRENT LIABILITIES | | |
| Borrowings | (21,413.5) | (21,963.9) |
| Consumer deposits | (2,421.9) | (2,319.6) |
| Employee benefits | (2,930.2) | (2,730.6) |
| Other liabilities | (136.3) | (145.9) |
| Deferred taxation | (6,099.8) | (6,274.4) |
| Deferred income | (2,845.2) | (2,803.5) |
| Government development grants | (592.1) | (620.5) |
| | <u>(36,439.0)</u> | <u>(36,858.4)</u> |
| TOTAL NET ASSETS | <u>26,269.7</u> | <u>24,096.9</u> |
| CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | |
| Share capital | 4,333.5 | 4,331.7 |
| Share premium | 5,252.9 | 5,242.0 |
| Revaluation and other reserves | 991.5 | 894.9 |
| Retained profits | 15,585.5 | 13,530.0 |
| | <u>26,163.4</u> | <u>23,998.6</u> |
| MINORITY INTERESTS | <u>106.3</u> | <u>98.3</u> |
| TOTAL EQUITY | <u>26,269.7</u> | <u>24,096.9</u> |
| NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | Sen 604 | Sen 554 |

These unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 August 2007.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 29 FEBRUARY 2008

(Amounts in RM million unless otherwise stated)

| | Attributable to equity holders of the Company | | | | | | Total equity |
|---|---|----------------|--|--------------------------------|------------------|--------------------|-----------------|
| | Ordinary shares of RM1.00 each | Share premium | Employees' Share Option Scheme reserve | Revaluation and other reserves | Retained profits | Minority interests | |
| At 1 September 2007 | 4,331.7 | 5,242.0 | 35.7 | 859.2 | 13,530.0 | 98.3 | 24,096.9 |
| Currency translation differences | - | - | - | 95.1 | - | - | 95.1 |
| Profit for the 6-month period | - | - | - | - | 2,578.1 | 8.0 | 2,586.1 |
| Dividends paid | - | - | - | - | (522.6) | - | (522.6) |
| Provision for share option | - | - | 1.5 | - | - | - | 1.5 |
| Issuance of share capital - share options * | 1.8 | 10.9 | - | - | - | - | 12.7 |
| At 29 February 2008 | 4,333.5 | 5,252.9 | 37.2 | 954.3 | 15,585.5 | 106.3 | 26,269.7 |

* Share options comprising:-

- Exercise of options representing 1,760,527 ordinary shares of RM1.00 each in TNB under the Employee Share Option Scheme II ("ESOS II");
- Conversion of Unsecured Convertible Redeemable Income Securities (CRIS) into a total of 236,052 ordinary shares of RM1.00 each in TNB.

| | Attributable to equity holders of the Company | | | | | | Total equity |
|---|---|----------------|--|--------------------------------|------------------|--------------------|-----------------|
| | Ordinary shares of RM1.00 each | Share premium | Employees' Share Option Scheme reserve | Revaluation and other reserves | Retained profits | Minority interests | |
| 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 | - | - | - | 88.1 | - | - | 88.1 |
| Profit for the 6-month period | - | - | - | - | 2,801.0 | 21.6 | 2,822.6 |
| Dividends paid | - | - | - | - | (459.7) | - | (459.7) |
| Provision for share option | - | - | 7.7 | - | - | - | 7.7 |
| Issuance of share capital - share options | 177.1 | 1,203.7 | - | - | - | - | 1,380.8 |
| Realisation of revaluation reserve | - | - | - | (6.9) | 6.9 | - | - |
| At 28 February 2007 | 4,312.3 | 5,116.6 | 46.7 | 924.8 | 12,842.7 | 142.9 | 23,386.0 |

These unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the year ended 31 August 2007.

**D. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD
ENDED 29 FEBRUARY 2008**

(Amounts in RM million unless otherwise stated)

| | FY2008 ended 29-Feb-08 | FY2007 ended 28-Feb-07 |
|---|---------------------------------------|---------------------------------------|
| Operating activities | | |
| Cash generated from operations | 3,730.5 | 4,431.7 |
| Retirement benefits paid | (126.1) | (110.0) |
| Consumer contributions received | 211.3 | 229.8 |
| Customer deposits received | 102.4 | 40.3 |
| Tax paid | <u>(261.1)</u> | <u>(133.5)</u> |
| Net cash inflow from operating activities | <u>3,657.0</u> | <u>4,458.3</u> |
| Investing activities | | |
| Investment in associates: | | |
| - Proceeds from redemption of RULS | 6.0 | 4.8 |
| Proceeds from redemption of RULS in subsidiary | - | 4.2 |
| Dividend income | 2.4 | - |
| Interest income | 112.5 | 120.1 |
| Property, plant and equipment: | | |
| - additions | (1,990.9) | (1,857.4) |
| - disposals | 9.6 | 0.1 |
| Assets held for sale | | |
| - disposals | 105.1 | - |
| Prepaid operating leases | | |
| - disposals | <u>1.5</u> | <u>-</u> |
| Net cash out-flow from investing activities | <u>(1,753.8)</u> | <u>(1,728.2)</u> |
| Financing activities | | |
| Bank borrowings: | | |
| - new drawdowns | 402.4 | 294.0 |
| - repayments | (1,290.8) | (2,308.8) |
| Interest paid | (664.9) | (742.0) |
| Dividends paid | (522.6) | (459.7) |
| Proceeds from issuance of shares | 12.7 | 1,380.8 |
| Others | <u>-</u> | <u>13.1</u> |
| Net cash out-flow from financing activities | <u>(2,063.2)</u> | <u>(1,822.6)</u> |
| Changes in cash and cash equivalents | (160.0) | 907.5 |
| Currency translation differences | (10.1) | (7.0) |
| Cash and cash equivalents | | |
| - at start of period | <u>5,299.3</u> | <u>3,936.7</u> |
| - at end of period | <u>5,129.2</u> | <u>4,837.2</u> |
| Cash at bank, held in trust* | <u>(252.8)</u> | <u>(81.1)</u> |
| Cash Available | <u>4,876.4</u> | <u>4,756.1</u> |

* Deposits and cash at bank held in trust are in respect of a grant given to a subsidiary by the Malaysian Government for a designated capital project.

These unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 August 2007.

E. EXPLANATORY NOTES

(Amounts in RM million unless otherwise stated)

1) BASIS OF PREPARATION

These unaudited condensed interim financial statements of the Group have been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting", issued by Malaysian Accounting Standards Board ("MASB") and 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 2007.

The accounting policies, method of computation and basis of consolidation applied in these unaudited condensed interim financial statements are consistent with those used in the preparation of the audited financial statements for the year ended 31 August 2007 except for the changes arising from the adoption of the new and revised FRSs issued by MASB that are effective and applicable for financial years beginning on or after 1 September 2007.

2) AUDIT QUALIFICATION

The annual audited financial statements for the financial year ended 31 August 2007 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 reporting period.

5) MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no changes in the estimates of the amounts reported in the previous financial year that have a material effect on the results of the current reporting period.

6) DEBT AND EQUITY SECURITIES

- (a) On 1 October 2007, TNB repaid an amount of RM850.0 million (1st tranche) of RM1.0 billion Al-Bai Bithaman Ajil Notes Issuance Facility that matured.
- (b) During the quarter, a total of 1,760,527 ordinary shares of RM1.00 each in TNB were issued as a result of :-
 - (i) exercise of options representing 1,524,475 ordinary shares of RM1.00 each in TNB under the Employee Share Option Scheme II ("ESOS II"); and
 - (ii) conversion of RM2,166,978.00 nominal amount of Unsecured Convertible Redeemable Income Securities ("CRIS") into a total of 236,052 ordinary shares of RM1.00 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 under review.

7) DIVIDENDS PAID

In respect of the financial year ended 31 August 2007, TNB declared a final dividend of 16.3 sen gross per ordinary share less income tax at 26%, dividend of 12.06 sen net per ordinary share, paid on 3 January 2008 totalling RM522.6 million.

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 MASB which allows 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 REPORTING PERIOD

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

11) CHANGES IN THE COMPOSITION OF THE GROUP

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

12) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:-

| | As at 29 February 2008 | As at 31 August 2007 |
|---|---------------------------------------|-------------------------------------|
| Claims by third parties | 1,053.2 | 943.0 |
| Trade guarantees and performance bonds | 1.2 | 5.4 |
| Corporate guarantee for long term loans of an associate company | 289.1 | 170.8 |
| Stamp duties on transfer of assets | 108.0 | 108.0 |
| Other contingencies | <u>26.9</u> | <u>29.7</u> |
| | <u>1,478.4</u> | <u>1,256.9</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.

On 15 February 2008, the Company announced that it had received from its solicitors a copy of the amended Statement of Claim whereby Perai Power Sdn. Bhd. had revised the claim from RM11,863,061.15 to RM113,713,227.03. It is PPSB's claim that the additional sum of RM101,850,165.88 is an amount that is outstanding due and payable by TNB to PPSB in respect of available capacity payments from June 2003 to October 2006.

TNB will vigorously defend the claim and has been advised by its solicitors that it has strong grounds to do so.

Please refer to the announcement made to Bursa Malaysia for further details.

13) CAPITAL COMMITMENTS

| | As at 29 February 2008 | As at 31 August 2007 |
|---|---------------------------------------|-------------------------------------|
| Property, plant and equipment committed over a 5 year period | | |
| Authorised but not contracted for | 12,506.1 | 11,580.6 |
| Contracted but not provided for in the financial statements | <u>425.7</u> | <u>1,141.2</u> |
| | <u>12,931.8</u> | <u>12,721.8</u> |

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 six months ended 29 February 2008 (2nd Quarter FY2008) against the corresponding six months ended 28 February 2007 (2nd Quarter FY2007):

The net profit attributable to shareholders of the Company declined by 8.0% (RM222.9 million) to RM2,578.1 million as compared to RM2,801.0 million in the corresponding period in FY2007.

For the six months ended 29 February 2008, the Group recorded total revenue of RM12,307.6 million, an increase of RM1,023.9 million or 9.1% compared to the corresponding period last financial year. This increase was mainly from higher sales of electricity which increased by RM826.7 million or 7.6%.

Operating expenses increased by RM1,255.3 million or 14.7% which is mainly attributable to the higher capacity payments to independent power producers and increase in coal price.

- (b) Performance of the current second quarter (three months) FY2008 against the corresponding second quarter (three months) FY2007:

For the quarter, the Group recorded a total revenue of RM6,099.3 million against RM5,682.0 million for the same period last financial year, an improvement of 7.3% or RM417.3 million. The improvement was derived mainly from increase in sales of electricity in Peninsular Malaysia where the increases were RM154.3 million (8.2%) for the commercial, RM67.3 million (7.7%) for the domestic and RM126.0 million (5.6%) for the industrial sectors.

The Group registered a net profit after tax and minority interest of RM1,063.2 million for the current quarter against RM1,554.8 million recorded for the corresponding quarter last year, a decrease of RM491.6 million or 31.6% resulted mainly from the lower operating profit compared to corresponding quarter last financial year.

ECONOMIC PROFIT STATEMENT

| | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|---|--|--|--|---|
| | Current Year Quarter 29.02.2008 | Preceding Year Corresponding Quarter 28.02.2007 | Current Year To Date 29.02.2008 | Preceding Year Corresponding Period 28.02.2007 |
| <u>NOPLAT computation:</u> | | | | |
| Earning Before Interest and Tax (EBIT)* | 956.5 | 1,309.4 | 2,337.8 | 2,578.7 |
| Adjusted Tax | (248.7) | (353.5) | (607.8) | (696.2) |
| NOPLAT | 707.8 | 955.9 | 1,730.0 | 1,882.5 |
| <u>Economic Charge computation:</u> | | | | |
| Average Invested Capital | 53,971.0 | 53,022.1 | 53,971.0 | 53,022.1 |
| WACC | 7.6% | 7.5% | 7.6% | 7.5% |
| Economic Charge | (1,022.8) | (990.2) | (2,045.5) | (1,980.4) |
| Economic Profit/(Loss) | (315.0) | (34.3) | (315.5) | (97.9) |



**14) REVIEW OF PERFORMANCE (continued)
ECONOMIC PROFIT STATEMENT (continued)**

EXPLANATORY NOTES

Economic Profit/(Loss) ("EP/(L)") is a measure of value created by a business during a single period by comparing the rate of return generated by the company against its cost of capital.

- (a) Performance of the current six months ended 29 February 2008 (2nd Quarter FY2008) against the corresponding six months ended 28 February 2007 (2nd Quarter FY2007):

Economic loss has increased to RM315.5 million from RM97.9 million; representing an increase of RM217.6 million over the corresponding period. The increased is attributable to a significantly higher growth in operating expenses of 14.7% (compared to 3.7% growth in the same period last year) and lower revenue growth of 9.1% (vs. 16.0% growth recorded in the first-half of FY2007). Consequently, the EBIT* margin reduced to 19.3% compared to 23.2% over the corresponding period.

The large increase in economic loss for the period is also due to the significant increased in the cost of power purchase in February 2008 which reduced the operating margin substantially.

- (b) Performance of the current second quarter FY2008 against the corresponding second quarter FY2007:

The economic loss has also increased notably by RM280.7 million to record at negative RM315.0 million from negative RM34.3. The increased is attributable to a significantly higher growth in operating expenses of 17.8% (compared to 3.5% growth in the same period last year) and lower revenue growth of 7.4% (vs. 17.8% growth recorded in the previous period). Consequently, the EBIT* margin reduced to 15.9% compared to 23.4% over the corresponding period.

**EBIT is defined as Operating profit adjusted for released of deferred income and other operating income.*

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

Performance of the current quarter (2nd Quarter FY2008) against the preceding quarter (1st Quarter FY2008)

Compared to the immediate preceding quarter, the Group's revenue of RM6,099.3 million was RM109.0 million lower than the preceding quarter revenue of RM6,208.3 million. This was mainly due to lower electricity sales for Peninsular Malaysia and Sabah.

The operating expenses increased by RM315.0 million from RM4,742.6 million to RM5,057.6 million or 6.6% mainly due to higher energy cost and other operating expenses.

16) CURRENT YEAR PROSPECTS

Revenue for the Group in the first six months is encouraging as a result of the strong demand growth at 7.7% in Peninsular Malaysia. The Board also noted that Bank Negara Malaysia has revised downwards the projected GDP growth from 6.0–6.5% to 5.0–6.0% for 2008 in its Annual Report issued in March 2008.

Amidst the current global environment, the impact of higher generation cost from further increases in IPP capacity payments and the high coal price locked in for FY2008 remain the main challenges for the Group. These will erode the Group's operating margin and profitability significantly.

Given the foregoing, the Board of Directors is of the view that the prospects for the current financial year will be very challenging and that the financial results for the full year will be lower compared to the previous year. The Group will continue to drive operational efficiencies and create value through its Company-Wide Initiatives.

17) VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

This note is not applicable.

18) TAXATION and ZAKAT

Taxation and Zakat for the reporting period comprised the following:-

| | Individual quarter | | Cumulative | |
|---|--------------------|--------------------|--------------------|--------------------|
| | ended 29-Feb-08 | ended 28-Feb-07 | ended 29-Feb-08 | ended 28-Feb-07 |
| Income Tax: | | | | |
| Current tax and zakat | (121.6) | (241.7) | (443.9) | (508.0) |
| Deferred tax (net): | | | | |
| Relating to origination and reversal of temporary differences | (26.0) | (45.7) | (54.8) | (73.3) |
| Relating to changes in the Corporate income tax rate | - | 211.1 | 224.0 | 415.2 |
| Sub-total | <u>(26.0)</u> | <u>165.4</u> | <u>169.2</u> | <u>341.9</u> |
| Total taxation and zakat | <u>(147.6)</u> | <u>(76.3)</u> | <u>(274.7)</u> | <u>(166.1)</u> |

The Group's effective tax rate of 9.6% for the period ended 29 February 2008 is lower than the Corporate income tax rate (26%) mainly due to the reversal of deferred tax arising from the reduction in the Corporate income tax rate and income not subject to tax (for example consumer contribution, capital gain on disposal of assets and foreign sourced income). Excluding the impact of the Deferred Tax reversal, the Group's effective tax rate is 17.4%.

The Corporate income tax rate for the Year of Assessment (YA) 2008 is 26%.

The Corporate income tax rate for YA 2009 will be reduced to 25%.

19) PROFIT/(LOSS) ON SALE OF INVESTMENTS

There were no disposals of any investments during the reporting period.

20) PURCHASES AND DISPOSALS OF QUOTED SECURITIES

- There were no purchases and disposals of quoted securities during the quarter.
- Investments in quoted securities as at 29 February 2008 are as follows:-

| | Quarter ended 29-Feb-08 |
|-------------------|----------------------------|
| At cost | 1.0 |
| At carrying value | Nil |
| At market value | Nil |

21) STATUS OF CORPORATE PROPOSALS

- (a) On 26 December 2007, TNB announced that on 19 December 2007, the company acquired two ordinary shares of RM1.00 each in Orion Mission Sdn.Bhd. (incorporated on 30 July 2007) with a total consideration of RM2.00, representing 100% of the latter's issued and paid up share capital.

Please refer to the announcement made to Bursa Malaysia for further details.

- (b) With reference to the earlier announcement made on 30 April 2007 and 6 February 2008, on 18 February 2008 TNB announced that all conditions precedent under the Share Sale Agreement ("SSA") have been fulfilled and confirmed the completion of the SSA. Upon completion, PT Dasa Eka Jasatama has ceased to be a subsidiary of Dynamic Acres Sdn.Bhd and an indirect subsidiary of TNB.

Please refer to the announcement made to Bursa Malaysia for further details.

- (c) On 25 February 2008, TNB announced the proposed acquisition of 1,000,000 ordinary shares of RM1.00 each in Jimah Energy Ventures Holdings Sdn. Bhd. and 20% of the nominal value of the Class B Bai 'Inah Medium Term Notes.

TNB will seek the approval of the Foreign Investment Committee ("FIC") for the Proposed Acquisition of the Sale Shares and the Class B Notes.

Please refer to the announcement made to Bursa Malaysia for further details.

22) GROUP BORROWINGS

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

| | As at 29 Feb 08 | As at 31 Aug 07 |
|----------------------|----------------------------|----------------------------|
| Short term - secured | 231.9 | 215.8 |
| - unsecured | 869.2 | 1,799.7 |
| Sub-total | 1,101.1 | 2,015.5 |
| Long term - secured | 3,286.1 | 3,129.7 |
| - unsecured | 18,127.4 | 18,834.2 |
| Sub-total | 21,413.5 | 21,963.9 |
| Total | 22,514.6 | 23,979.4 |

- b) Currency denominations:-

| | As at 29 Feb 08 | As at 31 Aug 07 |
|--|----------------------------|----------------------------|
| Japanese Yen | 4,306.3 | 4,254.9 |
| US Dollar | 5,948.9 | 6,666.3 |
| Euro | 4.0 | 6.1 |
| Others | 7.6 | 8.1 |
| Total Ringgit equivalent of foreign currency borrowings | 10,266.8 | 10,935.4 |
| Ringgit borrowings | 12,247.8 | 13,044.0 |
| Total | 22,514.6 | 23,979.4 |

- c) Effective average cost of funding based on exposure as at 29 February 2008 was 5.66% (FY2007: 6.00%).
- d) Repayments of long term debts during the reporting period were as follows:
- (i) Foreign currency denominated term loans of RM186.0 million, and
 - (ii) Ringgit denominated term loans of RM1,042.5 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 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 and Japanese Yen.

TNB has entered into cross currency swap agreements and currency option agreements, which mature from year 2010 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 29 to the financial statements of TNB for the financial year ended 31 August 2007 (pages 53-55 of TNB's Annual Report).

There have been no material changes to the derivative financial instruments described therein between 31 October 2007 (being the date of financial statements) and the date of this announcement.

As at 4 April 2008, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM947.3 million. While this amount represents the total notional principal amount of outstanding off balance sheet 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 current 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 of TNB dated 21 November 2007 and note 12 of this announcement.

25) DIVIDEND

The Board of Directors has recommended an interim dividend of 10.0 sen gross per ordinary share (2007: 10.0 sen) in respect of the financial year ending 31 August 2008. The Books Closure and Payment dates will be announced in due course.

26) EARNINGS PER SHARE

| | Individual quarter | | Cumulative quarter | |
|--|--------------------|--------------------|--------------------|--------------------|
| | ended 29-Feb-08 | ended 28-Feb-07 | ended 29-Feb-08 | ended 28-Feb-07 |
| (a) Basic earnings per share | | | | |
| Profit attributable to equity holders of the Company (RM 'million) | 1,063.2 | 1,554.8 | 2,578.1 | 2,801.0 |
| Weighted average number of ordinary shares in issue ('000) | 4,332,777 | 4,283,614 | 4,332,418 | 4,234,226 |
| Basic earnings per share (sen) | 24.54 | 36.30 | 59.51 | 66.15 |
| (b) Diluted earnings per share | | | | |
| Profit attributable to equity holders of the Company (RM 'million) | 1,063.2 | 1,554.8 | 2,578.1 | 2,801.0 |
| Elimination of interest expense net of tax effect (RM'million) on: | | | | |
| (i) Guaranteed Exchangeable Bonds (RM 'million) | - | - | - | (6.8) |
| (ii) Unsecured Convertible Redeemable Income Securities (RM 'million) | 0.9 | 0.7 | 0.9 | 3.9 |
| | <u>1,064.1</u> | <u>1,555.5</u> | <u>2,579.0</u> | <u>2,798.1</u> |
| Weighted average number of ordinary shares in issue ('000) | 4,332,777 | 4,283,614 | 4,332,418 | 4,234,226 |
| Adjustments for:- | | | | |
| - conversion of share options exercised ('000) | 15,736 | 54,104 | 15,901 | 62,909 |
| - conversion of: | | | | |
| (i) Guaranteed Exchangeable Bonds ('000) | - | - | - | 35,976 |
| (ii) Unsecured Convertible Redeemable Income Securities ('000) | 6,521 | 19,890 | 6,583 | 20,727 |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | <u>4,355,034</u> | <u>4,357,608</u> | <u>4,354,902</u> | <u>4,353,838</u> |
| Diluted earnings per share (sen) | 24.43 | 35.70 | 59.22 | 64.27 |

By Order of the Board

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

Kuala Lumpur
14 April 2008