TENAGA NASIONAL BERHAD (200866-W)

The Board of Directors is pleased to announce the following:

A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 1st QUARTER ENDED 30 NOVEMBER 2008

(Amounts in RM million unless otherwise stated)

	1st Quarter ended 30-Nov-08	**1st Quarter ended 30-Nov-07**
Revenue	7,895.0	6,208.3
Operating expenses	(7,060.6)	(4,742.6)
Other operating income	108.0	216.7
Operating profit	942.4	1,682.4
Foreign exchange		
- Translation (loss)/gain	(1,439.7)	242.4
- Transaction gain/(loss)	2.0	(0.2)
Share of results of associates (net of tax)	7.8	9.4
(Loss)/profit before finance cost	(487.5)	1,934.0
Finance cost	(285.2)	(290.0)
(Loss)/profit from ordinary activities before taxation	(772.7)	1,644.0
Taxation and Zakat		
- Company and subsidiaries	(106.1)	(322.3)
- Deferred taxation	(61.9)	195.2
(Loss)/profit for the period	(940.7)	1,516.9
Attributable to:		
- Equity holders of the Company	(944.1)	1,514.9
- Minority interests	3.4	2.0
	(940.7)	1,516.9
(Loss)/earnings per share attributable to equity holders of the company		
	Sen	**Sen**
Basic	(21.78)	34.97
Diluted	(21.78)	34.80

These unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 August 2008.

B. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER 2008

(Amounts in RM million unless otherwise stated)

	30-Nov-08	31-Aug-08
NON-CURRENT ASSETS		
Property, plant and equipment	57,490.3	57,475.2
Prepaid operating leases	837.7	844.1
Associates	330.3	322.5
Investments	38.0	38.0
	58,696.3	58,679.8
CURRENT ASSETS		
Non-current assets held for sale	14.1	14.1
Inventories	2,418.7	2,230.3
Trade receivables	2,447.1	2,085.5
Other receivables	1,505.3	1,366.7
Current tax assets	15.0	14.4
Amount due from associates	45.5	46.1
Short term investments	12.6	12.6
Marketable securities	6.7	8.5
Deposits, bank and cash balances	5,168.6	5,383.9
	11,633.6	11,162.1
CURRENT LIABILITIES		
Trade payables	(3,527.7)	(3,999.7)
Other payables	(1,659.0)	(1,187.7)
Amount due to associates	(369.2)	(346.8)
Current taxation	(77.1)	(69.4)
Short term borrowings	(1,219.1)	(1,058.3)
	(6,852.1)	(6,661.9)
NET CURRENT ASSETS	4,781.5	4,500.2
NON-CURRENT LIABILITIES		
Borrowings	(22,803.4)	(21,682.1)
Consumer deposits	(2,592.6)	(2,551.9)
Employee benefits	(3,219.5)	(3,124.8)
Other liabilities	(261.3)	(258.9)
Deferred taxation	(6,394.7)	(6,337.4)
Deferred income	(2,918.0)	(2,899.4)
Government development grants	(552.5)	(563.6)
	(38,742.0)	(37,418.1)
TOTAL NET ASSETS	24,735.8	25,761.9
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	4,334.6	4,334.5
Share premium	5,259.5	5,258.8
Revaluation and other reserves	632.0	718.2
Retained profits	14,401.6	15,345.7
	24,627.7	25,657.2
MINORITY INTERESTS	108.1	104.7
TOTAL EQUITY	24,735.8	25,761.9
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	Sen 568.2	Sen 591.9

These unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 August 2008.

C. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 NOVEMBER 2008

(Amounts in RM million unless otherwise stated)

	Attributable to equity holders of the Company						
	Ordinary shares of RM1.00 each	Share premium	Employees' Share Option Scheme reserve	Revaluation and other reserves	Retained profits	Minority interests	Total equity
At 1 September 2008	4,334.5	5,258.8	62.8	655.4	15,345.7	104.7	25,761.9
Currency translation differences	-	-	-	(87.4)	-	-	(87.4)
Loss for the 3-month period	-	-	-	-	(944.1)	3.4	(940.7)
Provision for share option	-	-	1.2	-	-	-	1.2
Issuance of share capital - share options *	0.1	0.7	-	-	-	-	0.8
At 30 November 2008	4,334.6	5,259.5	64.0	568.0	14,401.6	108.1	24,735.8

* Exercise of options representing 128,950 ordinary shares of RM1.00 each under the Employee Share Option Scheme II (''ESOS II'');

	Attributable to equity holders of the Company						
	Ordinary shares of RM1.00 each	Share premium	Employees' Share Option Scheme reserve	Revaluation and other reserves	Retained profits	Minority interests	Total equity
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	-	-	-	50.4	-	-	50.4
Profit for the 3-month period	-	-	-	-	1,514.9	2.0	1,516.9
Provision for share option	-	-	(0.7)	-	-	-	(0.7)
Issuance of share capital - share options	0.9	5.3	-	-	-	-	6.2
At 30 November 2007	4,332.6	5,247.3	35.0	909.6	15,044.9	100.3	25,669.7

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 2008.

D. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 NOVEMBER 2008

(Amounts in RM million unless otherwise stated)

	FY2009 ended 30-Nov-08	FY2008 ended 30-Nov-07
Operating activities		
Cash generated from operations	809.1	1,803.8
Retirement benefits paid	(79.7)	(63.5)
Consumer contributions received	105.8	105.2
Customer deposits received	40.8	45.9
Tax paid	(97.9)	(152.8)
Net cash inflow from operating activities	778.1	1,738.6
Investing activities		
Proceeds from redemption of		
RULS in Associates	-	1.2
Interest income received	51.1	67.5
Property, plant and equipment:		
- purchases	(683.4)	(935.5)
- disposals	2.1	0.1
Assets held for sale		
- disposals	0.2	103.7
Prepaid operating leases		
- purchases	-	(0.1)
Net cash out-flow from investing activities	(630.0)	(763.1)
Financing activities		
Bank borrowings:		
- new drawdowns	330.7	85.0
- repayments	(438.7)	(1,038.1)
Interest paid	(258.2)	(258.8)
Proceeds from issuance of shares	0.8	6.2
Net cash out-flow from financing activities	(365.4)	(1,205.7)
Changes in cash and cash equivalents	(217.3)	(230.2)
Currency translation differences	2.0	(13.8)
Cash and cash equivalents		
- at start of period	5,383.9	5,299.3
- at end of period	5,168.6	5,055.3
Cash at bank, held in trust*	(46.9)	(46.9)
Cash Available	5,121.7	5,008.4

* 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 2008.

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 2008.

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 2008.

2) AUDIT QUALIFICATION

The annual audited financial statements for the financial year ended 31 August 2008 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

During the quarter, a total of 128,950 ordinary shares of RM1.00 each were issued under the Employee Share Option Scheme II ("ESOS II").
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

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 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

On 18 December 2008, TNB announced that the dormant subsidiaries of TNB, as set out in the table below, will be placed under Member's Voluntary Winding-Up pursuant to Section 254(1)(b) of the Companies Act, 1965 as the said subsidiaries are inactive and hence no longer required for the Group's operations.

The winding-up of the said subsidiaries will not have any effect on the issued and paid-up capital and it will not have any material effect on the earnings and net assets of TNB Group or on the shareholding of the substantial shareholders of TNB.

	Name of Company	Nature of relationship	Cost of Investment (RM)
1.	TNB Kekal Sdn.Bhd.	Wholly-owned subsidiary of TNB	2.00
2.	TNB Paka Sdn.Bhd.	Wholly-owned subsidiary of TNB	2.00
3.	TNB Kapar Sdn.Bhd.	Wholly-owned subsidiary of TNB	2.00
4.	TNBG Power Services Sdn.Bhd.	Wholly-owned subsidiary of TNB	2.00

12) CONTINGENT LIABILITIES

Contingent liabilities of the Group include the following:-

	As at 30 November 2008	**As at 31 August 2008**
Claims by third parties	1,075.9	1,077.5
Trade guarantees and performance bonds	1.1	1.2
Corporate guarantee for long term loans of a subsidiary company	328.4	307.5
Stamp duties on transfer of assets	108.0	108.0
Other contingencies	12.4	5.9
	1,525.8	1,500.1

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 Nov 2008	**As at 31 Aug 2008**
Property, plant and equipment committed over a 5 year period		
Authorised but not contracted for	16,386.1	16,352.9
Contracted but not provided for in the financial statements	370.7	548.0
	16,756.8	16,900.9

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

14) REVIEW OF PERFORMANCE

Performance of the current three months ended 30 November 2008 (1st Quarter FY2009) against the corresponding three months ended 30 November 2007 (1st Quarter FY2008):

For the three months ended 30 November 2008, the Group recorded a loss attributable to shareholders of the Company of RM944.1 million as compared to the gain of RM1,514.9 million in the corresponding period in FY2008, a reduction of 162.3%.

For the period under review, the Group recorded total revenue of RM7,895.0 million, an increase of RM1,686.7 million or 27.2% compared to the corresponding period last financial year. This increase was mainly due to the increase in the tariff effective from July 2008.

Operating expenses of the Group increased significantly by RM2,318.0 million or 48.9% which is mainly attributable to the higher fuel cost and payments to the independent power producers. As for the forex, Ringgit Malaysia has weakened against the major currencies the Group is exposed to, namely Japanese Yen and US Dollar, thus recording a loss of RM1,439.7 million.

ECONOMIC PROFIT STATEMENT

	CUMULATIVE PERIOD	
	Current Year To Date 30.11.2008	**Preceding Year Corresponding Period 30.11.2007**
NOPLAT computation:		
Earnings Before Interest and Tax (EBIT)*	747.3	1,381.3
Adjusted Tax	(186.8)	(359.1)
NOPLAT	**560.5**	**1,022.2**
Economic Charge computation:		
Average Invested Capital	54,623.2	53,683.0
WACC	7.6%	7.6%
Economic Charge	**(1,032.4)**	**(1,014.6)**
Economic Profit/(Loss)	**(471.9)**	**7.6**

EXPLANATORY NOTES

Performance of the current three months ended 30 November 2008 (1st Quarter FY2009) against the corresponding three months ended 30 November 2007 (1st Quarter FY2008):

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.

An economic loss was recorded at RM471.9 million compared to an economic profit of RM7.6 million registered previously. The economic loss was recorded mainly due to significantly higher growth in operating expenses (+48.9% from +11.5%) despite higher revenue growth (+27.5% from +10.9%) recorded over the period. Subsequently, sees a reduction in EBIT* margin to 9.6% from 22.6%.

The increase in operating expenditure growth are particularly attributable to the rise in IPP purchased costs and higher-fuel related expenses in view of higher gas prices as well as high coal prices.

**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 (1st Quarter FY2009) against the preceding quarter (4th Quarter FY2008):

Compared to the immediate preceding quarter, the Group's revenue of RM7,895.0 million was RM806.0 million higher than the preceding quarter revenue of RM7,089.0 million, an increase of 11.4%. The increase was mainly due to the full impact of the tariff increase effective from July 2008.

Operating expenses rose marginally by RM76.5 million from RM6,984.1 million to RM7,060.6 million or 1.1%. The impact of the increase in cost particularly the fuel costs and payments to independent power producers have been effected in the preceding quarter too, thus the minimal increase in cost during the quarter under review. The Group recorded an unrealised foreign exchange loss of RM1,439.7 million against a loss of RM288.8 million recorded in the preceding quarter, resulted from weakening of Ringgit Malaysia against Japanese Yen and US Dollar which the Group was exposed to.

16) CURRENT YEAR PROSPECTS

The quarter under review reported a 61.1% decline in net profit before forex translation as a consequence of lower demand growth and higher operating costs incurred for the period.

Industrial activity during the month of December 2008 showed a decline with the key sectors of manufacturing, construction, steel, wood and plastics cutting down on production. This was made worse by the prolonged closure during the festive holidays which will again be featured in the next quarter. Global economic activities remain turbulent with major financial institutions and other industrial sectors reporting losses in recent months whilst Governments of major economies continue to provide economic stimulus and providing financial support to their banking systems and the general economy.

Given the declining domestic economic activities as evident from the recent IPI data released, demand growth for the full year FY2009 is expected to trend lower compared to the previous year. Whilst average coal prices may ease slightly from the USD113.9/mt reported for the quarter, the weakening Ringgit will continue to keep coal price (and operating expenditure) high.

Further, the Group's profitability will continue to face downward pressure from higher capacity payments to IPPs particularly with the commissioning of 700MW of the Jimah Power Plant on 1 January 2009 and the remaining 700MW in July 2009. The capacity payment for the Jimah Power Plant will rise to approximately RM1.0 billion by FY2011. This represents an increase in TNB's fixed cost whereas the additional capacity could not be optimally utilized particularly with the lower demand growth which will erode the operating margin of the Group.

In addition, the Group's bottom line would also be adversely affected if the Ringgit continues to weaken against the US Dollar and the Japanese Yen with higher interest payments for foreign currency loans.

Given the foregoing scenario, the Board of Directors is of the view that the Group's financial performance for FY2009 will likely be worse.

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:-

	Cumulative ended	
	30-Nov-08	30-Nov-07
Income Tax:		
Current tax	(106.1)	(322.3)
Deferred tax (net):		
Relating to origination and reversal of temporary differences	(61.9)	(28.8)
Relating to changes in the tax rate	-	224.0
Tax expenses	(168.0)	(127.1)
Zakat	-	-
Total taxation and zakat	(168.0)	(127.1)

For the reporting period ended 30 November 2008 the Group recorded a -21.7% effective tax rate. This is because effective tax rate is calculated based on 'Total Tax Expenses' (including Deferred Tax) as a percentage of 'Loss before Tax', which includes foreign exchange losses. Not taking into the account the foreign exchange loss the effective tax rate is about 25.2% [The Corporate Income Tax rate is 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

a) There were no purchases and disposals of quoted securities during the quarter.

b) Investments in quoted securities as at 30 November 2008 are as follows:-

	Quarter ended 30-Nov-08
At cost	1.0
At carrying value	Nil
At market value	Nil

21) STATUS OF CORPORATE PROPOSALS

There were no material corporate proposals entered into during the reporting period.

22) GROUP BORROWINGS

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

	As at 30 Nov 08	As at 31 Aug 08
Short term - secured	470.0	399.6
- unsecured	749.1	658.7
Sub-total	1,219.1	1,058.3
Long term - secured	3,168.2	3,168.8
- unsecured	19,635.2	18,513.3
Sub-total	22,803.4	21,682.1
Total	24,022.5	22,740.4

22) GROUP BORROWINGS (continued)

b) Currency denominations:-

	As at 30 Nov 08	As at 31 Aug 08
Japanese Yen	5,469.9	4,506.1
US Dollar	6,610.8	6,310.7
Euro	-	1.8
Total Ringgit equivalent of foreign currency borrowings	12,080.7	10,818.6
Ringgit borrowings	11,941.8	11,921.8
Total	24,022.5	22,740.4

c) Effective average cost of funding based on exposure as at 30 November 2008 was 5.42% (FY2008: 5.75%).

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

(i) Foreign currency denominated term loans of RM68.0 million, and

(ii) Ringgit denominated term loans of RM54.9 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 interest rate swap (IRS) and cross currency interest rate swap (CCIRS) agreements as well as 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 28 to the financial statements of TNB for the financial year ended 31 August 2008 (pages 232-234 of TNB's Annual Report).

There have been no material changes to the derivative financial instruments described therein between 3 November 2008 (being the date of financial statements) and the date of this announcement.

As at 12 January 2009, the outstanding notional principal amount of derivative financial instruments entered into by the Group was RM2,602.9 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 18 November 2008.

25) DIVIDEND

At the Annual General Meeting held on 11 December 2008, the shareholders of TNB had approved the recommendation to pay a final dividend of 10.0 sen gross per ordinary share less income tax of 25% (FY2007: final gross dividend of 16.3 sen gross per ordinary share less income tax of 26%) in respect of the financial year ended 31 August 2008. The dividend was paid on 23 December 2008.

The Board does not recommend any dividend for the quarter ended 30 November 2008.

26) EARNINGS PER SHARE

	Cumulative quarter ended 30-Nov-08	Cumulative quarter ended 30-Nov-07
(a) Basic (loss)/earnings per share		
(Loss)/profit attributable to equity holders of the Company (RM 'million)	(944.1)	1,514.9
Weighted average number of ordinary shares in issue ('000)	4,334,604	4,332,058
Basic (loss)/earnings per share (sen)	(21.78)	34.97
(b) Diluted earnings per share		
(Loss)/profit attributable to equity holders of the Company (RM 'million)	(944.1)	1,514.9
Elimination of interest expense net of tax effect (RM'million) on Unsecured Convertible Redeemable Income Securities (RM 'million)	-	0.5
	(944.1)	1,515.4
Weighted average number of ordinary shares in issue ('000)	4,334,604	4,332,058
Adjustments for:-		
- conversion of share options exercised ('000)	-	15,377
- conversion of Unsecured Convertible Redeemable Income Securities ('000)	-	6,645
Weighted average number of ordinary shares for diluted earnings per share ('000)	4,334,604	4,354,080
Diluted (loss)/earnings per share (sen)	(21.78)	34.80

By Order of the Board

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

Kuala Lumpur
19 January 2009