Tenaga Nasional Berhad
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www.tnb.com.my

Annual Report 2010

POWERING A SUSTAINABLE FUTURE

Tenaga Nasional Berhad 200866-W

TENAGA NASIONAL BERHAD
200866-W

POWERING A SUSTAINABLE FUTURE

Annual Report 2010

VISION

TO BE AMONG THE LEADING CORPORATIONS IN ENERGY AND RELATED BUSINESSES GLOBALLY

MISSION

WE ARE COMMITTED TO EXCELLENCE IN OUR PRODUCTS AND SERVICES

CONTENTS

POWERING A SUSTAINABLE FUTURE

For over 60 years, TNB has been consistently and conscientiously powering the nation's needs towards greater growth and progress.

We continue to strive for excellence, to take Malaysia's power generating capabilities to greater heights. As the nation's leading power utility, we are proud to support initiatives to implement green technology into the nation's energy sector and we take pride in our corporate social responsibility policies that ensure our projects comply with stringent environmental standards.

Through the years, we remain committed towards creating a sustainable future for all Malaysians, one where we are powering hope and the promise of a better and brighter tomorrow.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **20th Annual General Meeting** of **Tenaga Nasional Berhad** will be held on **Wednesday**, **15 December 2010**, at **10.00 a.m.** at Dewan Serbaguna, Kompleks Sukan TNB, Jalan Pantai Baru, 59200 Kuala Lumpur to transact the following businesses:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the Financial Year ended 31 August 2010 together with the Reports of the Directors and Auditors thereon.
Ordinary Resolution 1

2. To approve the declaration of final gross dividend of 20.0 sen per ordinary share less income tax of 25% for the Financial Year ended 31 August 2010.
Ordinary Resolution 2

3. To approve the payment of Directors' fees of RM575,000.00 for the Financial Year ended 31 August 2010.
Ordinary Resolution 3

4. To re-elect the following Directors who retire in accordance with Article 135 of the Company's Articles of Association:-

   (i) Dato' Sri Che Khalib Bin Mohamad Noh
   Ordinary Resolution 4

   (ii) Dato' Fuad Bin Jaafar
   Ordinary Resolution 5

5. To re-elect the following Directors who retire in accordance with Article 133 of the Company's Articles of Association:-

   (i) Dato' Abd Manaf Bin Hashim
   Ordinary Resolution 6

   (ii) Dato' Ir. Azman Bin Mohd
   Ordinary Resolution 7

   (iii) Chung Hon Cheong
   Ordinary Resolution 8

6. To re-appoint Tan Sri Dato' Seri Siti Norma Binti Yaakob who retires in accordance with Section 129 of the Companies Act, 1965 ("Act") to hold office until the conclusion of the next Annual General Meeting ("AGM").
Ordinary Resolution 9

7. To re-appoint Messrs PricewaterhouseCoopers, having consented to act, as Auditors of the Company, to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.
Ordinary Resolution 10

AS SPECIAL BUSINESS:-

To consider and if thought fit, to pass the following Resolutions:-

8. **Specific authority for the Directors to issue shares pursuant to the Employees' Share Option Scheme II**
"THAT pursuant to TNB Employees' Share Option Scheme II ("ESOS II") as approved at the Extraordinary General Meeting ("EGM") of the Company held on 29 May 2003, approval be and is hereby given to the Directors to issue shares in the Company at any time and in accordance with the terms and conditions of the said scheme."
Ordinary Resolution 11

9. **Proposed renewal of authority for the purchase by the Company of its own shares**
"THAT subject to compliance with the Act, the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, guidelines, rules and regulations for the time being in force or as may be amended from time to time, and the approvals from all relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares

of RM1.00 each in the Company's issued and paid-up ordinary share capital through Bursa Malaysia Securities Berhad ("BMSB") upon such terms and conditions as the Directors of the Company ("Board") may deem fit and expedient in the interest of the Company provided that:-

(a) the aggregate number of shares purchased pursuant to this resolution shall not exceed 10% of the total issued and paid-up share capital of the Company ("Proposed Share Buy-Back");

(b) the maximum amount of funds to be utilised for the purpose of the Proposed Share Buy-Back shall not exceed the Company's aggregate retained profits and/or share premium account at the time of purchase be allocated by the Company for the Proposed Share Buy-Back;

(c) the authority conferred by this resolution shall commenced immediately upon the passing of this resolution and shall continue to be in force until:-

    (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by an ordinary resolution passed by the shareholders of the Company in a general meeting, the authority is renewed either unconditionally or subject to conditions;

    (ii) the expiry of the period within which the next AGM of the Company is required by law to be held;

    (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier".

"AND THAT authority be and is hereby given to the Board to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares or to cancel them or a combination of both and/or to resell them on BMSB and/or to distribute them as share dividends".

"AND THAT the Board be and is hereby authorised to take such steps to give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company".

Ordinary Resolution 12

10. **Proposed Bonus Issue of up to 1,119,088,296 new ordinary shares of RM1.00 each ("shares") in Tenaga Nasional Berhad ("TNB") ("Bonus Shares") to be credited as fully paid-up on the basis of one (1) Bonus Share for every four (4) existing shares held at an entitlement date to be determined and announced later**

"THAT, subject to the passing of Ordinary Resolution 14 and Special Resolution 1 and the approval of any other parties, if required, approval be and is hereby given to the Board to capitalise a sum of up to RM1,119,288,296 (which include the estimated expenses of RM200,000 for the Proposals as defined in the Circular to Shareholders dated 19 November 2010) from the Company's share premium account and that such sum be applied to the issuance at par of up to 1,119,088,296 Bonus Shares in the share capital of the Company to be credited as fully paid up on the basis of (1) Bonus Share for every four (4) existing shares to all shareholders of the Company whose names appear in the Record of Depositors ("ROD") on an entitlement date to be determined and announced later by the Board;

THAT any fractional entitlements that may arise under the Proposed Bonus Issue shall be dealt with in such manner as the Directors shall in their absolute discretion think expedient and in the best interest of the Company;

THAT such Bonus Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the Bonus Shares;

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND THAT the Board be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Bonus Issue with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant parties to give effect to the Proposed Bonus Issue."

Ordinary Resolution 13

11. **Proposed Increase in the Authorised Share Capital of TNB from RM5,000,001,501 comprising 5,000,000,000 shares, 1 Special Rights Redeemable Preference Share of RM1.00, 1,000 Class A Redeemable Preference Shares of RM1.00 each and 500 Class B Redeemable Preference Shares of RM1.00 each, to RM10,000,001,501 comprising 10,000,000,000 shares, 1 Special Rights Redeemable Preference Share of RM1.00, 1,000 Class A Redeemable Preference Shares of RM1.00 each and 500 Class B Redeemable Preference Shares of RM1.00 each ("Proposed Increase in Authorised Share Capital")**

"THAT, subject to the passing of Ordinary Resolution 13 and Special Resolution 1 and the approval of any other parties, if required, the Authorised Share Capital of the Company be and is hereby increased from RM5,000,001,501 comprising 5,000,000,000 Shares, 1 Special Rights Redeemable Preference Share of RM1.00, 1,000 Class A Redeemable Preference Shares of RM1.00 each and 500 Class B Redeemable Preference Shares of RM1.00 each to RM10,000,001,501 comprising 10,000,000,000 Shares, 1 Special Rights Redeemable Preference Share of RM1.00, 1,000 Class A Redeemable Preference Shares of RM1.00 each and 500 Class B Redeemable Preference Shares of RM1.00 each by the creation of 5,000,000,000 new Shares each.

AND THAT the Board be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Increase in Authorised Share Capital with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant parties to give effect to the Proposed Increase in Authorised Share Capital."

Ordinary Resolution 14

12. **Proposed Amendments to the Memorandum and Articles of Association of the Company ("M&A") in relation to the Proposed Increase in Authorised Share Capital ("Proposed M&A Amendments 1")**

"THAT, subject to the passing of Ordinary Resolutions 13 and 14, the M&A of the Company be altered as follows:

(a) by deleting the existing clause 6 of the Memorandum of Association in entirety and replacing it with the following new clause 6:

New Clause 6

The share capital of the Company is RM10,000,001,501.00 (Ten Billion One Thousand Five Hundred and One Ringgit) divided into 10,000,000,000 Ordinary Shares of RM1.00 each, 1 Special Rights Redeemable Preference Share of RM1.00, 1,000 Class A Redeemable Preference Shares of RM1.00 each and 500 Class B Redeemable Preference Shares of RM1.00 each with power to increase and with power from time to time to issue any shares of the original or new capital with any preference or priority in the payment of dividends or the distribution of assets or otherwise over any other shares, whether ordinary or preference and whether issued or not and to vary the regulations of the Company as far as necessary to give effect to any such preference or priority, and upon the subdivision of a share to apportion the rights to participate in profits or surplus assets with special rights, priorities and privileges to any of the subdivided shares or the right to vote in any manner as between the shares resulting from such subdivision.

(b) by deleting the existing clause 4 of the Articles of Association in entirety and replacing it with the following new clause 4:

New Clause 4

The authorised share capital of the Company is RM10,000,001,501.00 divided into 10,000,000,000 Ordinary Shares of RM1.00 each, 1 Special Rights Redeemable Preference Share of RM1.00, 1,000 Class A Redeemable Preference Shares (as referred to in Article 7A) of RM1.00 each and 500 Class B Redeemable Preference Shares (as referred to in Article 7B) of RM1.00 each.

AND THAT the Board be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed M&A Amendments 1 with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities or third parties to give effect to the Proposed M&A Amendments 1."

Special Resolution 1

13. **Proposed Amendments to the M&A ("Proposed M&A Amendments 2")**

    "THAT, subject to the approval of any other parties, if required, the Company's M&A be altered, modified, added and/or deleted, as the case may be, in the form and manner as set out in the Appendix II of the Circular to Shareholders dated 19 November 2010;

    AND THAT the Board be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed M&A Amendments 2 with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities or third parties to give effect to the Proposed M&A Amendments 2."

    Special Resolution 2

14. To transact any other business of which due notice shall have been given in accordance with the Act.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 20th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. (Bursa Depository) in accordance with Article 87(B)(1) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA) to issue a General Meeting Record of Depositors as at 9 December 2010. Only a depositor whose name appears on the Register of Members/ROD as at 9 December 2010 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

NOTICE ON ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of Members at the 20th AGM to be held on 15 December 2010, a final dividend of 20.0 sen less income tax of 25% for the Financial Year ended 31 August 2010 will be paid on 30 December 2010 to Depositors whose names appear in the ROD on 16 December 2010.

FURTHER NOTICE IS HEREBY GIVEN THAT a Depositor shall qualify for entitlement to the dividend only in respect of:-

(a) shares transferred into the Depositor's securities account before 4.00 p.m. on 16 December 2010 in respect of ordinary transfers; and

(b) shares bought on BMSB on a cum entitlement basis according to the Rules of the BMSB.

BY ORDER OF THE BOARD

NOR ZAKIAH BINTI ABDUL GHANI
(LS 0008795)
Company Secretary

Kuala Lumpur
19 November 2010

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) **Ordinary Resolution 11: Power for the Directors to issue shares pursuant to the ESOS II.**
The proposed Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company pursuant to the terms and conditions of ESOS II, which was approved at the EGM of the Company held on 29 May 2003.

(ii) **Ordinary Resolution 12: Proposed Renewal of Share Buy-Back Authority.**
The proposed Ordinary Resolution, if passed, is to empower the Directors to purchase the Company's shares of up to 10% of the issued and paid up capital of the Company by utilising the funds allocated out of the retained profits and the share premium account of the Company. This authority unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

Detailed information on the Proposed Renewal Share Buy-Back Authority is set out in the Statement to Shareholders in relation to the proposed renewal of authority for the purchase by the Company of its own shares dated 19 November 2010 despatched together with the Company's 2010 Annual Report.

(iii) **Ordinary Resolution 13: Proposed bonus issue of up to 1,119,088,296 new shares in TNB.**

(iv) **Ordinary Resolution 14: Proposed Increase in the Authorised Share Capital of the Company.**

(v) **Special Resolutions 1 and 2: Proposed M&A Amendments 1 and 2.**

Details on the Ordinary Resolutions 13 and 14 and Special Resolutions 1 and 2 are set out in the Circular to Shareholders dated 19 November 2010.

NOTES:-

Registration of Members/Proxies
Registration of Members/Proxies attending the Meeting will be from 7.00 a.m. on the day of the Meeting. Members/Proxies are required to produce identification documents for registration.

Proxy

(i) Any member entitled to attend and vote at this Meeting of the Company is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company.

(ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. Where the instrument appointing a proxy/proxies is executed by a corporation, it shall be executed under its common seal or under the hand of any officer or attorney duly appointed under a power of attorney.

(iii) Pursuant to Article 105(4) of the Company's Articles of Association, a member is entitled to appoint not more than two (2) proxies, and where a member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the holding to be represented by each proxy is specified.

(iv) A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 107(6) of the Company's Articles of Association.

(v) The instrument appointing a proxy/proxies must be deposited at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for the Meeting.

Additional Information on Ordinary Resolutions 4 to 9
Additional Information on the Particulars of the retiring Directors, as required under Appendix 8A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are detailed out in the Annual Report.

STATEMENT ACCOMPANYING NOTICE OF 20TH ANNUAL GENERAL MEETING

(Pursuant To Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors Who Are Standing For Re-election in accordance with Article 135 of the Company's Articles of Association:-

(i) Dato' Sri Che Khalib Bin Mohamad Noh;

(ii) Dato' Fuad Bin Jaafar.

The Directors Who Are Standing For Re-election in accordance with Article 133 of the Company's Articles of Association:-

(i) Dato' Abd Manaf Bin Hashim;

(ii) Dato' Ir. Azman Bin Mohd;

(iii) Chung Hon Cheong.

The Director Who Is Standing For Re-appointment in accordance with Section 129 of the Companies Act, 1965:-

(i) Tan Sri Dato' Seri Siti Norma Binti Yaakob.

The details of the six (6) Directors who are standing for re-election and re-appointment at the 20th Annual General Meeting are stated on pages 74 to 81 of this Annual Report.

The details of any interest in the securities of the Company or its subsidiaries (if any) held by the said Directors are stated on pages 242 to 243 of the Audited Financial Statements of the Annual Report.

INVESTOR RELATIONS

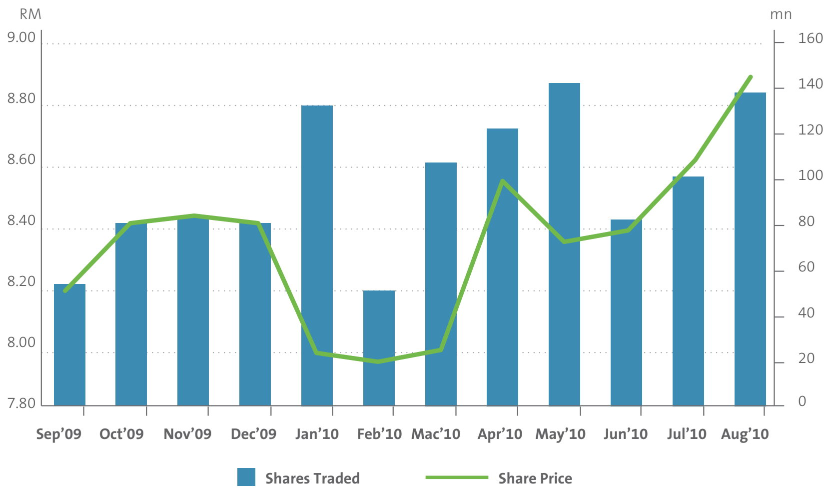
INVESTOR RELATIONS COMBINES THE DISCIPLINES OF COMMUNICATIONS AND FINANCE TO POSITIVELY IMPACT A COMPANY'S VALUATION AND COST OF CAPITAL.

It is a strategic corporate and market activity which utilises communications to provide current and potential investors with an accurate portrayal of a company's performance and prospects. This will help investors to develop a well rounded understanding of TNB and its strategies, which can benefit TNB through a fair market valuation for its securities and provide investor support for its strategic initiatives.

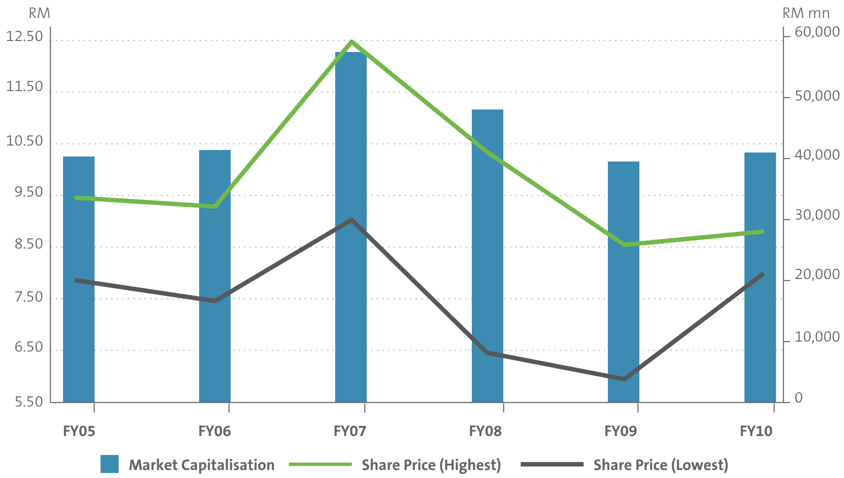
With economic fundamentals recovering globally, and investors' interest gaining momentum with improving investing opportunities, the company has continued to actively reach out to investors and analysts in efforts to update and provide status of developments and ensure that the company achieves its objectives. The core of good investor relations practice hinges on the need for clarity in communication, Top Management commitment of time to explain key developments and progress, consistency in reporting over time, and being proactive in addressing questions from the investing community.

TNB's Share Price (RM)

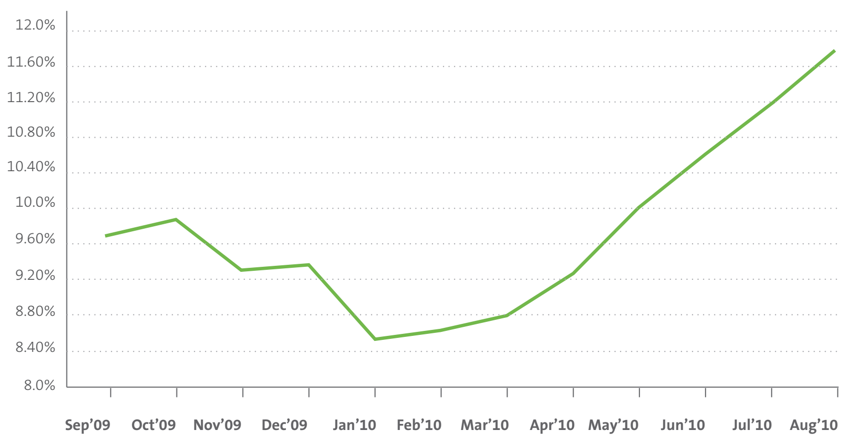
Share Price Movement



Market Capitalisation



Foreign Shareholding



CONTINUED ENGAGEMENT AND TRANSPARENCY

TNB believes that providing accurate, consistent and timely information about the Group is key to good IR practice. We strive to ensure transparency and effectively communicate any major developments within the Group on a timely basis to our investors and stakeholders via a continuous and dynamic IR programme.

During the year under review, key Investor Relations initiatives undertaken by TNB aimed at improving our engagement with stakeholders includes:

- **Quarterly Financial Results Announcement and Briefing.** TNB conducts briefings to the media and equity research analysts and fund managers subsequent to the release of TNB Group quarterly results announcement to Bursa Securities.
- **Conferences and roadshows.** International conferences and roadshows provide a platform for TNB to communicate regularly and proactively with investors and shareholders both locally and internationally. During the year under review, TNB participated in 9 international conferences and roadshows covering Hong Kong, Singapore and Malaysia to ensure a balanced global coverage.
- **In-house and one-on-one meetings and teleconferencing.** In our efforts to provide a clear understanding of the financial and operational performance of the Group, TNB conducts regular meetings and teleconferencing with analysts, fund managers and institutional investors.

INVESTOR RELATIONS
(CONT'D)

- **Website.** TNB recognises the need to provide relevant, timely and comprehensive information to shareholders and general public. For this purpose, TNB maintains a website, www.tnb.com.my, that provides information on the latest development impacting the Group.

TNB is represented by the Senior Management in activities involving shareholders and the financial community, reflecting TNB's commitment in providing latest developments impacting the financial and operational performance of the Group to the shareholders.

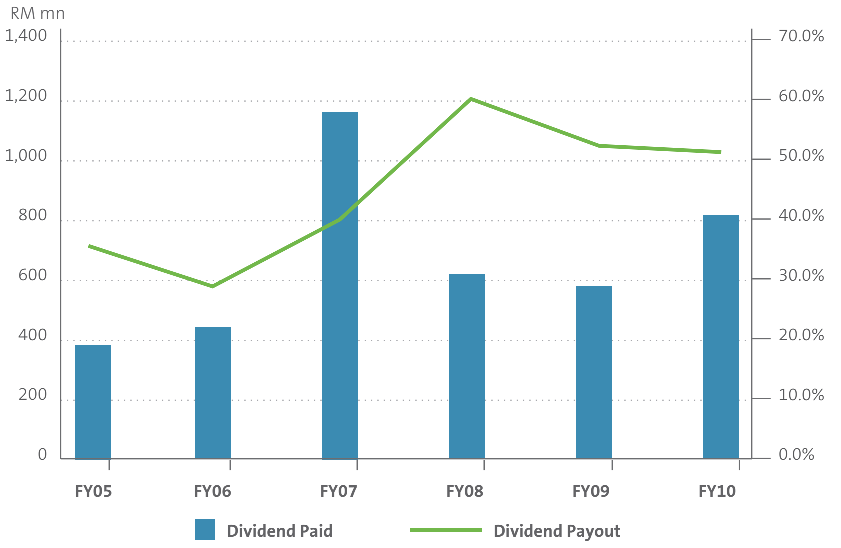
DIVIDEND POLICY

TNB's commitment to its shareholders is further reiterated through the Group's Dividend Policy, which plans to provide stable and sustainable dividends to shareholders while maintaining an efficient capital structure and ensuring sufficient funding for future growth. Under this policy, TNB will endeavour to distribute 40-60 per cent of the Company's annual free cash flows as dividends.

IMPROVED SERVICES

The perception of the financial community on the Group is of the utmost importance as they play an important role in shaping the Group's reputation and successes.

DIVIDEND



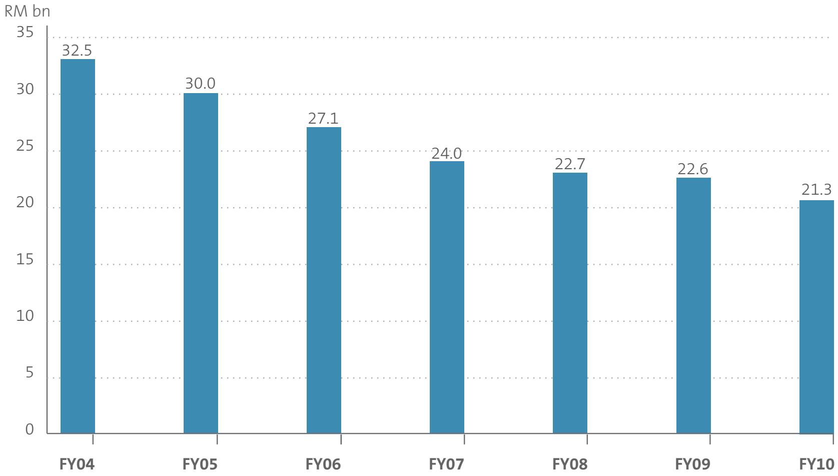
In efforts to continuously improve relationships with shareholders and the financial community, the Investor Relations Department conducts annual surveys in order to gather information and suggestions on how to better serve them. The survey captures the satisfaction level of the financial community ranging from how information is disseminated to how easy it is for them to conduct meetings with Top Management. The survey is used to identify problem areas and the needs of the financial community in order to make well-informed decisions on the Group.

CREDIT RATINGS

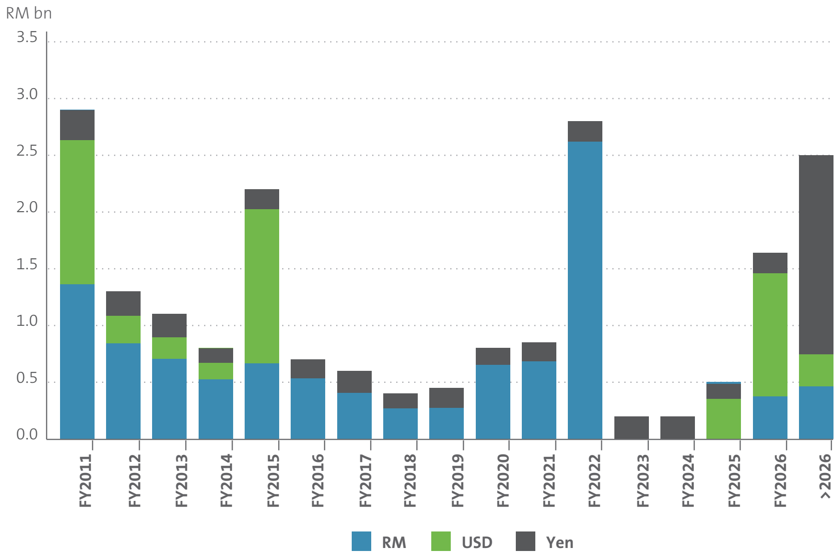
TNB continues to exhibit a sound credit rating. For the year under review, the Group was rerated upwards by two agencies, despite the past year's economic slowdown. The credit ratings are as follows:

• Moody's	Baa1
• Standard & Poor's	BBB+
• RAM Holdings	AAA
• MARC	AA+

DEBT



DEBT MATURITY PROFILE



FINANCIAL CALENDAR 2010

2009

26 October 2009
Announcement of the unaudited results for the fourth quarter ended 31 August 2009

18 November 2009
Notice of the 19th Annual General Meeting, Notice of Dividend Payment and Book Closure and issuance of Annual Report for the Financial Year ended 31 August 2009

15 December 2009
19th Annual General Meeting

24 December 2009
Date of payment of the final gross dividend of 10.0 sen per ordinary share less income tax of 25% and a tax-exempt dividend of 2.3 sen per ordinary share for the Financial Year ended 31 August 2009

2010

20 January 2010
Announcement of the unaudited results for the first quarter ended 30 November 2009

20 April 2010
Announcement of the unaudited results for the second quarter ended 28 February 2010

29 April 2010
Notice of book closure for determining the entitlement of interim dividend of 6.0 sen less income tax of 25% per ordinary share in respect of the Financial Year ending 31 August 2010

27 May 2010
Date of payment of an interim dividend of 6.0 sen less income tax of 25% per ordinary share in respect of the Financial Year ending 31 August 2010

14 July 2010
Announcement of the unaudited results for the third quarter ended 31 May 2010

28 October 2010
Announcement of the unaudited results for the fourth quarter ended 31 August 2010

19 November 2010
Notice of the 20th Annual General Meeting, Notice of Dividend Payment and Book Closure and issuance of Annual Report for the Financial Year ended 31 August 2010

15 December 2010
20th Annual General Meeting

ABOUT US

TENAGA NASIONAL BERHAD (TNB) IS THE LARGEST ELECTRICITY UTILITY IN MALAYSIA WITH ALMOST RM74.1 BILLION IN ASSETS. THE COMPANY IS LISTED ON THE MAIN BOARD OF BURSA MALAYSIA AND EMPLOYS APPROXIMATELY 30,535 PEOPLE (GROUP) TO SERVE A CUSTOMER BASE OF ESTIMATED 7.9 MILLION IN PENINSULAR MALAYSIA, SABAH AND LABUAN. TNB PLAYS AN INTEGRAL ROLE IN THE NATIONAL, ECONOMIC AND SOCIAL PROSPERITY OF THE COUNTRY BY PROVIDING RELIABLE AND EFFICIENT SERVICES.

TNB's core businesses are in the generation, transmission and distribution of electricity. In Peninsular Malaysia, TNB is a major contributor to the total industry capacity through six thermal stations and three major hydroelectric schemes.

The Company also manages and operates a comprehensive transmission network – the National Grid. Spanning the peninsular, the grid links TNB power stations and IPPs to the distribution network. The grid is also interconnected to Thailand's transmission system in the North and Singapore's transmission system in the South. TNB's distribution network is managed through a comprehensive distribution system, customer service centres and call management centres.

Today, TNB is also involved in diversified activities linked to the power industry. Through its subsidiaries, the Company is in the manufacture of transformers, high voltage switchgears and cables; the provision of professional consultancy services; architectural, civil, electrical engineering works and services, repair and maintenance; as well as in research and development; property development; and management services.

In advancing human capital, Universiti Tenaga Nasional (UNITEN) has been established to produce well-rounded competent individuals in various fields. A major part of the Company's corporate social responsibility in education, sponsorships and contributions, is channeled through our trust foundation – Yayasan Tenaga Nasional.

To ensure the Company's continued service excellence and to support its strategic vision of global leadership, employee competencies are continuously enhanced through structured programmes. As a responsible corporate citizen, TNB also places great emphasis on its engagement with the community to ensure society gains and benefits from our efforts.

Biomass energy (also called biomass power) refers to energy derived from organic matter, generally plants or manure. Energy from plants is generally considered to be carbon neutral and has a low carbon impact. When plants grow, they capture carbon dioxide from the atmosphere and release it when the plant matter decays or burns. The end sum of this cycle is energy produced with a zero net carbon release.

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI LEO MOGGIE
(Chairman)
(Non-Independent Non-Executive Director)

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
(President/Chief Executive Officer)
(Non-Independent Executive Director)

DATO' PUTEH RUKIAH BINTI ABD MAJID
(Non-Independent Non-Executive Director)

DATO' MOHAMMAD ZAINAL BIN SHAARI
(Non-Independent Non-Executive Director)

DATO' ZAINAL ABIDIN BIN PUTIH
(Senior Independent Non-Executive Director)

TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY
(Independent Non-Executive Director)

DATO' FUAD BIN JAAFAR
(Independent Non-Executive Director)

TAN SRI DATO' SERI SITI NORMA BINTI YAAKOB
(Independent Non-Executive Director)

DATO' ABD MANAF BIN HASHIM
(Independent Non-Executive Director)
(Appointed w.e.f. 1 February 2010)

DATO' Ir. AZMAN BIN MOHD
(Executive Director/Chief Operating Officer)
(Non-Independent Executive Director)
(Appointed w.e.f. 15 April 2010)

CHUNG HON CHEONG
(Independent Non-Executive Director)
(Appointed w.e.f. 1 October 2010)

SURIA BINTI AB RAHMAN
(Alternate Director to Dato' Mohammad Zainal Bin Shaari)
(Non-Independent Non-Executive Director)
(Appointed w.e.f. 30 November 2009)

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG
(Resigned w.e.f. 15 September 2010)

BOARD AUDIT COMMITTEE

DATO' ZAINAL ABIDIN BIN PUTIH
(Chairman of the Committee)

DATO' MOHAMMAD ZAINAL BIN SHAARI

TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY

DATO' ABD MANAF BIN HASHIM

BOARD NOMINATION AND REMUNERATION COMMITTEE

TAN SRI LEO MOGGIE
(Chairman of the Committee)

DATO' MOHAMMAD ZAINAL BIN SHAARI

TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY

DATO' FUAD BIN JAAFAR

TAN SRI DATO' SERI SITI NORMA BINTI YAAKOB

COMPANY SECRETARY

NOR ZAKIAH BINTI ABDUL GHANI
(LS 0008795)

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS SDN. BHD.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor, Malaysia

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
Level 1, Tower A, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur, Malaysia

CIMB BANK BERHAD
No. 21 & 23, Lorong Ara Kiri 1
Lucky Garden, Bangsar
59100 Kuala Lumpur, Malaysia

BANK ISLAM MALAYSIA BERHAD
KL Sentral Branch
Ground Floor, No. CS/3B/G
Block 3B, Plaza Sentral, KL Sentral
50474 Kuala Lumpur, Malaysia

EXTERNAL AUDITOR

MESSRS PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O. Box 10192
50700 Kuala Lumpur, Malaysia

REGISTERED OFFICE AND HEAD OFFICE

TENAGA NASIONAL BERHAD
No. 129, Jalan Bangsar
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Telephone : 603-2296 5566

Facsimile : 603-2283 3686

Website : www.tnb.com.my

Whistle Blowing Information System:
Toll Free 1-800-888-862
http://wbis.tnb.com.my

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad, Malaysia
(Listed since 28 May 1992)

RATINGS

Baa1	(Moody's)
BBB+	(Standard & Poor's)
AAA	(Rating Agency Malaysia)
AA+	(Malaysian Rating Corporation Berhad)

AMERICAN DEPOSITORY RECEIPTS PROGRAMME (ADR)

ADR Level 1

GROUP CORPORATE STRUCTURE
(as at 19 October 2010)

TENAGA NASIONAL BERHAD
(200866-W)

TNB ENGINEERING CORPORATION SDN. BHD. (100%)
- TNEC CONSTRUCTION SDN. BHD. (100%)
- TNEC OPERATIONS AND MAINTENANCE SDN. BHD. (100%)
- BANGSAR ENERGY SYSTEMS SDN. BHD. (100%)
- ABRAJ COOLING LLC (49%)

TNB ENGINEERS SDN. BHD. (100%)

TNB ENERGY SERVICES SDN. BHD. (100%)
- JANA LANDFILL SDN. BHD. (20%)

TNB FUEL SERVICES SDN. BHD. (100%)

TNB JANAMANJUNG SDN. BHD. (100%)

TNB POWER DAHARKI LTD. (100%)
- TNB LIBERTY POWER LIMITED (100%)

TNB REPAIR AND MAINTENANCE SDN. BHD. (100%)
- TNB REMACO PAKISTAN (PRIVATE) LIMITED (100%)
- TNB OPERATIONS & MAINTENANCE INTERNATIONAL LTD. (100%)
- TRICHY POWER LIMITED (100%)
- TRICHY ENERGY LIMITED (100%)

TNB RESEARCH SDN. BHD. (100%)

UNIVERSITI TENAGA NASIONAL SDN. BHD. (100%)
- UNITEN R & D SDN. BHD. (100%)

TNB CAPITAL (L) LTD. (100%)

TNB VENTURES SDN. BHD. (100%)
- TENAGA CABLE INDUSTRIES SDN. BHD. (76%)
- NORTHERN UTILITY RESOURCES SDN. BHD. (20%)

POWER AND ENERGY INTERNATIONAL (MAURITIUS) LTD. (100%)
- INDEPENDENT POWER INTERNATIONAL LTD. (100%)

TNB INTEGRATED LEARNING SOLUTION SDN. BHD. (100%)

SABAH ELECTRICITY SDN. BHD. (80%)

MALAYSIA TRANSFORMER MANUFACTURING SDN. BHD. (100%)

TENAGA SWITCHGEAR SDN. BHD. (60%)

KAPAR ENERGY VENTURES SDN. BHD. (60%)

ORION MISSION SDN. BHD. (100%)
- LAHAD DATU HOLDINGS SDN. BHD. (100%)

- TOMEST ENERGY MANAGEMENT SDN. BHD. (51%)
- SELESA ENERGY SYSTEMS SDN. BHD. (70%)
- OASIS PARADE SDN. BHD. (100%)
  - SAUDI-MALAYSIA OPERATION AND MAINTENANCE SERVICES COMPANY LIMITED (30%)
- MALAYSIAN SHOAIBA CONSORTIUM SDN. BHD. (20%)
  - SAUDI-MALAYSIA WATER & ELECTRICITY COMPANY LIMITED (50%)
- LAHAD DATU ENERGY SDN. BHD. (100%)

ASSOCIATE/INVESTMENT COMPANIES

- FTJ BIOPOWER SDN. BHD. (24.5%)
- JIMAH ENERGY VENTURES HOLDING SDN. BHD. (20%)
- FIBRECOMM NETWORK (M) SDN. BHD. (49%)
- TEKNOLOGI TENAGA PERLIS CONSORTIUM SDN. BHD. (20%)
- PERUSAHAAN OTOMOBIL ELEKTRIK (MALAYSIA) SDN. BHD. (20%)
- GB3 SDN. BHD. (20%)
- LABUAN REINSURANCE (L) LTD. (10%)
- FEDERAL POWER SDN. BHD. (8.91%)
- BAKUN HYDRO-ELECTRIC CORPORATION SDN. BHD. (6.67%)

JOINTLY CONTROLLED ENTITY

- SEATRAC SDN. BHD. (50%)

TRUST FOUNDATION

- YAYASAN TENAGA NASIONAL
- RETIREMENT BENEFIT TRUST FUND
- YAYASAN CANSELOR UNIVERSITI TENAGA NASIONAL

NOTE:

The complete list of companies under Tenaga Nasional Berhad is set out in Notes 15 to Notes 17 to the Financial Statements on page 296 to page 306 of this Annual Report.

ORGANISATIONAL STRUCTURE
(as at 19 October 2010)

BOARD OF DIRECTORS

CHIEF INTERNAL AUDITOR

PRESIDENT/ CHIEF EXECUTIVE OFFICER

BOARD COMMITTEES

COMPANY SECRETARY

EXECUTIVE DIRECTOR/ CHIEF OPERATING OFFICER

CORE BUSINESS

Vice President
Generation Division

Vice President
Transmission Division

Vice President
Distribution Division

NON-CORE BUSINESS

ENTERPRISE MANAGEMENT

Chief Financial Officer/
Vice President Group Finance
Finance Division

Vice President
Planning Division

Vice President
Human Resource Division

Chief Information Officer
Information and Communication Technology Division

Chief Procurement Officer
Procurement Division

Vice President
Corporate Affairs Division

CORPORATE SERVICES

Senior General Manager
Corporate Services Division

“Through the 60 years since its inception, TNB has emerged as a highly competitive company both locally and abroad. This is proven when TNB won the prestigious Prime Minister’s Industry Excellence Award (AKIPM) for 2007.”

“As a caring Government-linked company, TNB has never neglected its social responsibility to society. This is one commendable characteristic of TNB since the early days of its establishment. TNB places great emphasis on human capital development.”

“TNB has also won many accolades among which the Company was a candidate for the prestigious Power Company of The Year 2007 Platts Global Energy Awards held in New York in 2008.”

THANK YOU, PRIME MINISTER

your inspiring words have motivated us to strive for greater excellence...

“I believe and am confident that TNB will always practise the concept of 1Malaysia in all activities it undertakes. TNB should continue to provide quality and reliable electricity supply to all Malaysians irrespective of their race or religion. Whether it is far in the interior or in the vibrant cities, equal and fair treatment must be given to all rakyat. I wish to say well done and convey my heartiest congratulations to TNB for being sensitive to the needs of the people.”

“I am very proud and wish to commend TNB for its caring attitude in helping people irrespective of race, creed or religion. Thus, I am of the opinion that TNB is one GLC that loyally practises and internalises the true meaning of 1Malaysia concept that I am hoping for. Well done and congratulations to TNB. I hope all GLCs and companies in the country will emulate TNB as the ROLE MODEL in internalising the true meaning of “1Malaysia – people first, performance now.”

“TNB is a complete company in every aspect. It is strong financially, sound in management, best in social responsibility and skillful in producing champions in sports and always provides quality electricity supply right to the very end of the remote villages. I wish to say a big thank you to TNB for displaying exemplary true spirit of 1Malaysia.”

AWARDS & RECOGNITION

'ACCA APPROVED EMPLOYER – PROFESSIONAL DEVELOPMENT' CERTIFICATION TO TNB

TNB was awarded certification as "ACCA (Association of Chartered Certified Accountants) Approved Employer – Professional Development". The certification presentation ceremony was held on Wednesday , 30 September 2009 at Bilik Kenyir. Level 11, TNB Headquarters.

PUTRAJAYA POWER STATION SUCCEEDED IN RETAINING OHSAS 18001 CERTIFICATION

Putrajaya Power Station succeeded in retaining OHSAS 18001 certification for the fourth consecutive time since its implementation at the station in 2000.

TNB RESEARCH SDN. BHD. SUCCEEDED IN RETAINING ISO CERTIFICATION AND MIGRATED TO VERSION 9001:2008

TNB Research Sdn. Bhd. (TNBR) succeeded in retaining its ISO certification and migrated to version 9001:2008 through a 'Reassessment Audit' session held in July 2009. This is the 11th year it has succeeded in retaining its ISO Certification since 1998.

TNBES SUCCEEDED IN OBTAINING MS ISO 9001:2008 CERTIFICATION FROM SIRIM BERHAD

TNB Energy Services Sdn. Bhd. (TNBES) succeeded in obtaining MS ISO 9001:2008 Certification – "Organisation's Quality Manual and Procedures; Customer's and Regulatory and Statutory Requirements" from SIRIM Berhad on Friday, 20 November 2009.

TNB – "2ND RUNNER UP – OVERALL CATEGORY" CIMA ENTERPRISE GOVERNANCE AWARDS 2009

TNB was named 2nd Runner Up in an award presentation ceremony at the Malaysian Business-Chartered Institute of Management Accountant (CIMA) Enterprise Governance Awards 2009 held in Kuala Lumpur on 6 November 2009.

The event jointly organised by Malaysian Business magazine and CIMA Malaysia (an international professional accounting body) aimed at recognising companies in Malaysia which have achieved success in the sound and effective practice of the Enterprise Governance principles. Among the aspects evaluated were Corporate Governance, Corporate Social Responsibility, Risk Management and Return to Shareholders. A review was conducted by a panel of evaluators on more than 150 companies and TNB was short-listed among the 10 best companies.

TNB 4TH MOST OUTSTANDING IN ASIA

TNB emerged as best-positioned power utility company in ASEAN in the Platts' 250 Most Outstanding Companies 2009. It is a prestigious power industry award which recognises financial excellence of the most outstanding power company.

The annual honours list by Platts, a provider of power and commodity information, measures performance of companies in the previous year by using four key measuring criteria namely assets growth, income, profits and return on investment capital.

TNB was ranked 4th among power utility companies.

TNB – THE 4TH BEST COMPANY IN MALAYSIA – MALAYSIA 1000

TNB was selected as the 4th Best Company in Malaysia in the Malaysia 1000 Award Ceremony at the launch of the 4th Edition of Malaysia 1000 Directory jointly organised by BASIS Publication House Sdn. Bhd., Malaysia External Trade Development Corporation (MATRADE) and Malaysia National News Agency (BERNAMA) in Kuala Lumpur on Friday, 6 November 2009.

The award was presented to the companies that had shown excellence and contributed towards the overall expansion of national industries.

TAN SRI LEO MOGGIE RECEIVED 'LIFETIME ACHIEVEMENT AWARD' FROM CONTACT CENTRE ASSOCIATION OF MALAYSIA

YBhg Tan Sri Leo Moggie was presented with the 'Lifetime Achievement Award in Information and Technology' from the Contact Centre Association of Malaysia (CCAM).

Tan Sri Leo Moggie was recognised for his contribution to the development of ICT in Malaysia since he began to hold the portfolio as the Minister of Energy, Telecommunications and Post in 1978.

AWARDS & RECOGNITION (CONT'D)

TNB WON FOUR AWARDS AT THE THE 5S NATIONAL CONVENTION 2009

TNB succeeded in defending its excellence in 5S practice at the national level by winning four awards at the National Quality Environment (5S) Convention held on 8 December 2009.

The Area Manager Office, TNB Kulaijaya, Johor was announced the Winner of the 5S Practitioner Award Private Sector Category (Open) 2009.

Three other awards won by TNB are as follows:

i) 5S Practitioner Special Award – Putrajaya Power Station

ii) Private Factory Category Award (Open) – Tenaga Cable Industries Sdn. Bhd.

iii) Private Factory Category Award SMI – Tenaga Switchgear Sdn. Bhd.

WIT-ICC 3P TEAM FROM SMALL BRANCH MANAGER'S OFFICE (KERTEH) TERENGGANU WON AWARD AT THE INDONESIAN QUALITY CONVENTION 2009

The WIT-ICC 3P team from the Small Branch Manager Office in Kerteh Terengganu continued to display excellence at the WIT-ICC by winning the Gold Award and as well as runners up at the Quality Circle Forum in conjunction with Quality Convention Indonesia 2009 held on 30 November 2009 to 4 December 2009 at Pulau Batam, Indonesia.

WIT-ICC 3P team was the sole representative that represented Malaysia to the convention. The 3P team was nominated for the convention after winning the gold award and was among 10 best teams in the services sector at the convention on "Innovative and Creative Circle" (ICC) organised by MPC at the national level in 2008.

TNB EXCELLED AGAIN BY WINNING THE "DISTINCTION AWARD" – MALAYSIAN CORPORATE GOVERNANCE (MCG) INDEX 2009

TNB was adjudged the winner of the "Distinction Award" at the Malaysian Corporate Governance (MCG) Index 2009 award night on Thursday, 10 December 2009.

The Malaysian Corporate Governance (MCG) Index award was presented to companies who exercise best practices in Corporate Governance.

TNB WON "CERTIFICATE OF MERIT" AT NACRA 2009

TNB won "Certificate of Merit" for the Best Design Category for the Annual Corporate Report Awards (NACRA) 2009.

NACRA represents the collaboration by four institutions namely Bursa Malaysia Berhad, Malaysia Institute of Accountants (MIA), Malaysian Institute of Management (MIM) and The Malaysia Institute of Certified Public Accountants (MICPA) which encourage excellent corporate reporting. The award was held to show appreciation for high quality corporate reporting.

UNITEN WON PRIME MINISTER'S AWARD FOR INDUSTRY EXCELLENCE 2009

UNIVERSITI TENAGA NASIONAL (UNITEN) was crowned the winner of the Prime Minister's Award for Industry Excellence (APMKI) and Excellence Award in Quality Management (QMEA) Excellence – Category III for 2009.

APMKI is a Government initiative to accord recognition to local companies which has shown excellence in organisation, innovation and corporate social responsibility.

CONNAUGHT BRIDGE POWER STATION SUCCEEDED IN OBTAINING OHSAS 18001:2007 AND MS 1722:PART 1:2005 CERTIFICATION

Connaught Bridge Power Station (SJJC), Klang was officialy granted OHSAS 18001:2007 dan MS 1722:PART 1:2005 certification by SIRIM-QAS International Sdn. Bhd. on 3 December 2009.

UNITEN MOSQUE WON 3 AWARDS

Universiti Tenaga Nasional (UNITEN) Mosque won three awards in conjuction with the Maulidur Rasul S.A.W 2010 M/1431 Hijrah Celebration for Sepang District on 8 March 2010.

1. Best Selangor State Mosque Award, First for Institutions Category)
2. Best Selangor State Mosque Award (Dakwah) Award
3. Best Mosque (Overall) Award Sepang District Level

BRANDLAUREATE 2009-2010 AWARD – TNB BEST POWER UTILITY BRAND

TNB was awarded BrandLaureate 2009-2010 for Best Brand for Corporate Branding Category – Best Brand in Power Utility.

DATO' SRI CHE KHALIB MOHAMAD NOH WON BEST CEO ASIA

YBhg Dato' Sri Che Khalib Mohamad Noh, President/ Chief Executive Officer TNB was named CEO of the year of the inaugural Asia Power and Electricity Awards 2010. Che Khalib received the Award at the prestigious Power and Electricity World Asia Conference and Smart Electricity World Asia Conference held in Singapore on 6 April 2010.

3 BUSINESS UNITS OBTAINED ICC MPC 2009 CERTIFICATION

The Malaysian Productivity Corporation (MPC) organised the first ICC Certification Award 2009 on Thursday, 6 May 2010 at Bilik Kenyir, TNB Headquarters.

Three TNB Business Units namely Gelugor Power Station, Asset Maintenance (Ipoh), Perak Transmission Division and Perak State Distribution Division passed the MPC audit and were awarded 'Innovative and Creative Circle' (ICC) Awards.

TENAGA SWITCHGEAR SDN. BHD. WON PRODUCTIVITY AWARD

Tenaga Switchgear Sdn. Bhd. (TSG) won the 'Productivity Category 3 Award' for 2009 organised by the Malaysian Productivity Corporation (MPC).

DATO' SRI CHE KHALIB MOHAMAD NOH RECEIVED 'BUSINESS LEADERSHIP AWARD – ENERGY SECTOR CATEGORY'

YBhg Dato' Sri Che Khalib Mohamad Noh, President/ Chief Executive Officer TNB was announced as winner for the 'Business Leadership Award – Energy Sector Category' at the Second 'Malaysia Business Leadership Award 2010'

The event which was jointly organised by the Kuala Lumpur Malay Chamber of Commerce and The Leaders Magazine aimed at recognising the achievements of corporate leaders in Malaysia.

PUBLIC PRIVATE SECTOR COOPERATION UNIT EXCELLENT SERVICE AWARD 2010

YBhg Dato' Sri Che Khalib Mohamad Noh, President/ Chief Executive Officer TNB received a certificate of appreciation from YB Tan Sri Nor Mohamed Yakcop, Minister in the Prime Minister's Department at the Public Private Sector Cooperation Unit Excellent Service Award 2010 at the Prime Minister's Department on 16 June 2010.

CORPORATE LEADER OF THE YEAR & SERVICE PROVIDER OF THE YEAR AWARD

Universiti Tenaga Nasional (UNITEN) once again created history when it was selected as winner for two awards namely:

"Corporate Leader of The Year", won by YBhg Prof. Dato' Ir. Dr. Mashkuri Bin Yaacob, Vice Chancellor and UNITEN, which was selected as winner in the "Service Provider of The Year Award" cetagory.

ICC MPC CONVENTION

Southern Region – 29 June 2010: Gold Award

- 'LINE CLEAR' from Gelugor Power Station, Pulau Pinang.
- 'Q PLUS' from Asset Management Transmission Division Kuantan, Pahang.
- 'REVOLUTION' from Chenderoh Power Station, Sg. Perak, Perak.

Sabah/Sarawak 2010 Regions – 6 July 2010: Gold Award

- 'EVOLUTION X-TREME' from Project Management Department (North) Bandar Perda, Pulau Pinang
- 'VOLT' from Sultan Ismail Power Station Paka, Terengganu
- 'CIRCLE POINT' from Distribution Division, State General Manager Office (Pahang)

Northern Region (Pulau Pinang) – 12 and 13 July 2010: Gold Award

- 'LV CT' from Distribution Division, State General Manager Office Johor
- 'Optimistik' from Sultan Ismail Power Station, Paka Terengganu
- 'Otai' from Transmission Division Air Keroh, Melaka
- 'Jentera' from Tenaga Cable Industries Sdn. Bhd. (TCI)
- 'CopperMan' from Malaysia Transformer Manufacturing Sdn. Bhd.

Central Region (Subang Jaya) – 19 and 20 July 2010: Gold Award

- 'Lagenda' from Teluk Ewa Power Station, Langkawi
- 'Brassing' from Transmission Division, Kluang
- 'P.Power' from Sultan Iskandar Power Station Pasir Gudang Johor

UNITEN CHAMPION OF JUARA PERODUA ECO-CHALLENGE 2010

Universiti Tenaga Nasional (UNITEN) team emerged as champion for the Manual Driving category in the PERODUA Eco-Challenge held at the Melaka International Motorsports Circuit on 26 June 2010.

BEST TECHNOLOGY ADOPTION FOR PUBLIC SECTOR & BEST RFID IMPLEMENTATION

SGAM 2009 ICT Award – Best Technology Adoption for Public Sector: the implementation of Radio Frequency Identification (RFID) at Bukit Sentosa Storage Warehouse was awarded at the 20th Share Guide Association of Malaysia (SGAM) Conference that was held on 6-7 October 2009 with the theme of "Adopting Innovative ICT Through Turbulent Times." The award was based on the effectiveness of the application and its return on investment.

World Asia 2010 for Asia Pacific Region, 1st runner-up Best RFID Implementation – this award is an international recognition given by RFID Business Associate, an Asia Pacific RFID organisation, during the RFID World Asia 2010 Conference held on 30 June 2010 in Singapore.

GEOSPATIAL EXCELLENCE AWARD 2010 – GEOSPATIAL TECHNOLOGY FOR ELECTRICITY

This award was presented by YB Dato Sri Douglas Uggah Embas, Minister of Natural Resources and Environment to YB Dato' Sri Che Khalib Mohamad Noh, President/CEO of TNB at the Map Asia Conference 2010 held from 26-28 July 2010 in Kuala Lumpur Convention Centre (KLCC). This award is to honour and recognise the best geospatial application development in the Asia Pacific region as well as being a catalyst and driver for the growth of geospatial science and technology.

AWARDS & RECOGNITION (CONT'D)

TNB CONFERRED 'ASIA'S BEST EMPLOYER BRAND AWARDS' AND VICE PRESIDENT HUMAN RESOURCE WON THE 'HUMAN RESOURCE LEADERSHIP AWARD'

TNB received another international accolade when it was conferred 'Asia's Best Employer Brand Awards' at the 'Asia's Best Employer Brand Awards 2010' held at Suntec, Singapore on 23 July 2010. Also given recognition at the same event was YBhg Dato' Muhammad Razif Abdul Rahman, Vice President (Human Resource) who won the 'HR Leadership Award'.

MFFA PROJECT – WINNER "SGAM 2010 ICT AWARD – ENTERPRISE MOBILE APPLICATIONS EXCELLENCE AWARD"

The implementation of the MFFA project through joint cooperation between ICT Division and Distribution Division gained recognition at the "SGAM 2010 ICT Award – Enterprise Mobile Applications Excellence Award" at the 21st annual conference organised by 'Share Guide Association of Malaysia (SGAM)' on 20 and 21 July at Selesa Beach Resort, Port Dickson, Negeri Sembilan.

TNBR ACHIEVED GLOBAL STANDARD

TNB Research Sdn. Bhd. (TNBR) passed the accreditation Audit ISO/IEC 17020 and indirectly became the first Inspection Body to be accredited by the Standard Department of Malaysia (DSM) for electrical engineering product in the country with non current NCR decision on the said final audit.

TNBR took only six months to achieve the ISO/IEC 17020 global standard for an Inspection Body. The Accreditation from DSM accords recognition to inspections conducted by TNBR on cable products, transformers and switching equipment.

5S CERTIFICATION

99 TNB Business Units including Sabah Electricity Sdn. Bhd. obtained 5S certification from the Malaysian Productivity Corporation during the Financial Year while one Business Unit succeeded in getting 5S Recertification.

5 STAR SEMS AUDIT

Area Manager Office (Shah Alam) achieved 5 star – 91.71%.

MSOSH 2009 AWARD – PUTRAJAYA POWER STATION WON GRAND AWARD

Putrajaya Power Station of the Generation Division won the Grand Award in conjunction with the Occupational Safety and Health Award 2009 Ceremony organised by the Malaysian Society for Occupational Safety and Health (MSOSH) on Friday, 30 July 2010 at Dewan Perdana Felda.

Grand Award
Putrajaya Power Station

Gold Merit Award
Cenderoh Power Station

Gold Class I

1. Gelugor Power Station
2. Sultan Iskandar Power Station, Pasir Gudang
3. Sultan Azlan Shah Power Station Manjung
4. Connaught Bridge Power Station
5. Sg. Perak Power Stations
6. Cameron Highlands Power Stations
7. Sultan Ismail Power Station, Paka
8. Distribution Division, Kuala Lumpur
9. Distribution Division, Selangor State
10. Distribution Division, Melaka State
11. Transmission Division – Asset Maintenance Kuantan, Pahang
12. Transmission Division – Asset Maintenance South 2-Kluang, Johor
13. Transmission Division – Asset Development East
14. Transmission Division – Asset Maintenance Butterworth, Pulau Pinang

Gold Class II

1. Tuanku Jaafar Power Station, Port Dickson
2. Sultan Mahmud Power Station, Kenyir
3. Ismail Petra Power Station, Pergau
4. Distribution Division, Putrajaya/Cyberjaya
5. Distribution Division, Johor State
6. Distribution Division, Negeri Sembilan
7. Distribution Division, Asset Development Central Region

Silver

1. Distribution Division, Perak State
2. Distribution Division, Kelantan State
3. Distribution Division, Perlis State
4. Distribution Division, Kedah State
5. Distribution Division, Pulau Pinang State
6. Distribution Division, Pahang State
7. Distribution Division, Terengganu State
8. Transmission Division – Asset Maintenance East 2-Kota Bharu

KEY PAST AWARDS

THE BRANDLAUREATE AWARDS 2008

Tenaga Nasional Berhad was awarded The BrandLaureate Societe Awards 2008 for excellence in corporate social responsibility.

The BrandLaureate Awards is the most coveted branding Award in Malaysia and the Asia Pacific, recognising the best of brands from the Multinationals, Public Listed and Government Linked Companies. The Societe Awards recognises excellence in the fields of corporate social responsibilities, promotion of green causes and philanthropy as well as promoting the spirit of nobility and altruism amongst organisations and individuals.

UNITEN OVERALL CHAMPION AT ITEX 2008 COMPETITION

Universiti Tenaga Nasional (UNITEN) emerged as the Overall Champion at the ITEX 2008 Competition. 16 participating innovative products by UNITEN researchers representing the Engineering and Information Technology College won five gold medals, six silver and five bronze medals in the categories contest.

DISTINCTION AWARD IN THE MALAYSIAN CORPORATE GOVERNANCE (MCG) INDEX 2009

Recognition by Minority Shareholder Watchdog Group (MSWG) for outstanding corporate governance practises among the top 100 best performing public listed companies, whilst among Electric Utilities in Asia, TNB took the 4th position.

TOP TEN COMPANY – MALAYSIA 1000

TNB was listed as the 4th Best Company in Malaysia at the launch of the 4th edition of Malaysia 1000, a Directory of Top Malaysian Companies.

575TH ON FORBES GLOBAL 2000 RANKING

TNB scaled new heights as it was ranked 575 from a list of 2000 of the world's biggest corporations in 2009 Forbes Global 2000.

TNB has consistently edged higher in the Forbes Global 2000 list. It was ranked at 681 in 2007, an increase of 91 positions from 2006. In 2008, TNB surged 56 spots to be at the 625th place.

3RD IN THE MALAYSIA'S TOP 50 MOST VALUABLE BRANDS

TNB was ranked 3rd in the Malaysia's Top 50 Most Valuable Brands, by Brand Finance Plc, the world's leading independent intangible asset valuation and strategy consultancy.

BEST INVESTOR RELATIONS IN THE SINGAPORE MARKET

TNB was presented with the "Best Investor Relations in the Singapore Market for a Malaysian Company" award for its reputed investor relations initiatives by the IR Magazine South East Asia Awards.

MTM WON THE "SOUTH EAST ASIA GROWTH STRATEGY LEADERSHIP AWARD FOR DISTRIBUTION TRANSFORMER MARKET"

Malaysia Transformer Manufacturing Sdn. Bhd. (MTM), a subsidiary of TNB won the "South East Asia Growth Strategy Leadership Award for Distribution Transformer Market" from Frost & Sullivan in the "2009 Frost & Sullivan South East Asia Industrial Technologies Awards" dinner.

The transformer category was introduced for the first time and MTM was the first winner of the award. This annual award is given to companies which have displayed exceptional long term strategic growth in their respective industries.

EXCELLENT EMPLOYEE AWARDS FOR EXECUTIVES AND NON-EXECUTIVES

Two TNB employees brought accolade to the Company at the National Level 2009 Workers Day Gathering at Stadium Putra, Bukit Jalil on Saturday, 2 May 2009 by winning the Excellent Employee Award for 2009.

Ir. Dr. Sazali P. Abdul Karim, Senior Technical Expert, Transmission Division won the Excellent Employee Award for the Executive Group while Encik Hakimi Osman, Senior System Administer Distribution Division took home the Excellent Employee Award for the Non-Executive Group.

UNITEN WON 3 GOLD AT ITEX 2009

Universiti Tenaga Nasional (UNITEN) won three gold medals, four silver and three bronze at the 2009 Invention, Innovation and Technology Exhibition (ITEX 2009) organised by the Malaysian Invention and Design Society (MINDS) from 15 to 17 May 2009 at the Kuala Lumpur Convention Centre (KLCC).

In addition, UNITEN was also awarded a "Gold Award" for the "Best Exhibition Booth Design" at the exhibition.

UNITEN'S DOUBLE WIN AT PERODUA ECO-CHALLENGE 2009

Universiti Tenaga Nasional (UNITEN) team charted double success in the Perodua Eco-Challenge 2009 held at Speedway PLUS Circuit, Elite Highway, Subang Jaya.

The competition tested the expertise of each team in modifying a PERODUA MyVi 1.3L aimed at reducing fuel consumption and environmental pollution.

UNITEN's PULSE-Vi, a modified PERODUA MyVi for automatic transmission category clinched the second placing as the runner up and won a prize of RM10,000.00.

For the presentation category, where each team was required to give a briefing covering ideas, characteristics of the modification, design and supporter participation. UNITEN won the third place after USM and Universiti Teknologi Mara (UITM). UNITEN took home a RM3,000.00 cash bounty.

KEY PAST AWARDS (CONT'D)

100TH ON PLATTS TOP 250 GLOBAL ENERGY COMPANY 2008 LIST

TNB gained global recognition for its inclusion in the Platts Top 250 Company 2008 list for its excellent performance in terms of financial management and administration based on special criteria's established by Platts.

According to the 2008 rankings, TNB is ranked 100 from a list of 250 power companies worldwide. Concurrently, TNB ranked 18 from a total of 59 companies in the Asia/Australia region in the same Platts Top 250 Global Company 2008 list.

TOP THREE MOST ADMIRED ASEAN COMPANIES, EMPLOYMENT CATEGORY, ASEAN BUSINESS AWARDS (ABA) 2008

TNB has been recognised as the top three most admired ASEAN company in Employment Category of the ASEAN Business Awards (ABA) 2008.

TNB's strong points were in the area of Human Resource Planning, Performance Management System and the establishment of its own university, University of Tenaga Nasional (UNITEN).

ASIAMONEY AWARDS 2006

- TNB – Best Investor Relations, Malaysia
- TNB – Second Best for Corporate Governance
- TNB – Third Best Asian Investor Relations Company

MS ISO 9001 CERTIFICATION

TNB's Corporate, Generation, Transmission and Distribution Division as well as several of our subsidiaries were awarded MS ISO 9001 certification by SIRIM QAS International Sdn. Bhd.

This was made possible through the implementation of internal initiatives, namely the Process Standardisation and Improvement (PSI) Programme in 2005.

GROUP INTERNAL AUDIT WAS RECIPIENT OF "2008 CORPORATE AWARDS – TIER 2, CATEGORY 1"

TNB's Group Internal Auditor was declared winner of the "2008 Corporate Awards – Tier 2, Category 1" by the Institute of Internal Auditors Malaysia (IIA Malaysia). The award was conferred based on the strong commitment given towards Continuous Professional Development (CPD) for the January to December 2007 period.

MALAYSIA'S BEST CHIEF EXECUTIVE OFFICER 2008

Dato' Sri Che Khalib Mohamad Noh, President/Chief Executive Officer of TNB was voted Malaysia's Best Chief Executive Office for 2008 (Malaysia's CEO Of The Year 2008). The award was jointly organised by New Straits Times – Business Times some 14 years ago with the cooperation of issuer of American Express charge card.

Dato' Sri Che Khalib Mohamad Noh outshone 106 other candidates in a selection process which started since September 2008.

He was chosen from among the five short-listed top CEOs representing various industries in Malaysia's corporate sector for the effectively managing TNB towards achieving the Key Performance Indicators (KPI) within the stipulated time frame.

SILVER AWARD, MALAYSIA HR AWARD 2008-2009

Awarded by Malaysian Institute of Human Resource Management (MIHRM) under the HR Excellence category.

The award is a symbol of recognition of the roles, contributions, leadership of organisation in Human Resource Management leading to outstanding Business Performance and Human Capital Development.

TNB BAGGED THREE AWARDS IN CONJUNCTION WITH WORKERS DAY 2008

- Competitive Employer Award (Large Industry)
- Outstanding Male Employee Award, Executive Group
- Outstanding Male Employee Award – Non Executive Group

PRIME MINISTER'S PRESTIGIOUS AWARD 2007

TNB was awarded as the winner for The Prime Minister's Industry Excellence Award (AKIPM) for the year 2007. In addition, TNB also won The Quality Management Excellence Award (Category 4).

This annual national quality award is given to organisations in the private sector in recognition for their excellent achievement in quality management.

Winning the award is a prestigious accomplishment, as the AKIPM is proof of our Organisational Excellence.

NAFMA 2007 – BEST PRACTICE AWARD 2007 (PUBLIC LISTED COMPANY)

TNB was awarded as the Winner for Best Practice Award 2007 (Public Listed Company) for National Award for Management Accounting (NAfMA) 2007.

This award is for best practices, focusing on fully implemented management accounting systems that set new standards or introduce innovations in the workplace.

TNB FINALIST FOR PLATTS 2007 GLOBAL ENERGY AWARDS FOR TOP POWER COMPANY OF THE YEAR, RANKED 32ND AMONG THE TOP ENERGY COMPANIES IN ASIA AND 42ND AMONG THE GLOBAL TOP 250

TNB once again made it to the Platts ranking as top 56 energy companies in Asia in the 2007 survey of world's top 250 Energy Companies conducted by the United States-based Platts. Results of the survey ranked TNB 32nd among the top companies. Globally, Platts ranked TNB to be 42nd among the top Electricity Utility Companies. The Platts Top 250 recognises outstanding financial performance for the previous year. Each company listed in the Platts Top 250 has distinguished itself through its remarkable performance and outstanding efforts and dedication of its team.

WINNER OF THE 2007 CORPORATE AWARD – TIER 2, CATEGORY 1 BY THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA (IIA MALAYSIA)

Tenaga Nasional Berhad (TNB) was awarded the Winner for the 2007 Corporate Award – Tier 2, Category 1 by the Institute of Internal Auditors Malaysia (IIA Malaysia). This prestigious award was presented to TNB for demonstrating strong commitment to Continuous Professional Development for the year 2006.

BUSINESS OF THE YEAR AWARD 2007 – SUPERIOR COMPANY CATEGORY

Tenaga Nasional Berhad was awarded Business of the Year Award 2007 – Superior Company Category at the "3rd Business Of The Year Awards 2007 Presentation" on 13 October 2008.

The Business of the Year Award is organised by the SMI & SME Worldwide Network to honour SMIs, SMEs, GLCs, MNCs, Listed Companies, Foreign & International Companies for excellent business achievements in the past 3 years.

TNB WON 'ANUGERAH HARAPAN MAJIKAN PRIHATIN'

TNB won 'Anugerah Harapan Majikan Prihatin' in conjunction with National Labour Day Celebration 2006 on 13 May 2006 at the Stadium Putra, Bukit Jalil, organised by Kementerian Sumber Manusia, Malaysia.

TNB WON THE BEST SHOW AWARDS

TNB won the Best Show Awards for Best New Services in introducing SMS 15454, Mobile Money and E-SIBS at the 5th Malaysia ICT Asean Communication & Multimedia (ACM) Expo & Forum 2006 which was held from 5 to 8 September 2006 at the Kuala Lumpur Convention Centre (KLCC). ACM 2006 was hosted by Kementerian Tenaga, Air & Komunikasi.

'JUARA KAUNTER PERKHIDMATAN TERBAIK'

Kedai Tenaga Kangar, Perlis received an award from Kementerian Tenaga, Air & Komunikasi for 'Juara Kaunter Perkhidmatan Terbaik' under Energy Sector. The award was received on 18 August 2006 at the Malam Anugerah Kualiti Menteri Tenaga, Air & Komunikasi 2006.

TNB NAMED MOST IMPROVED COMPANY IN MALAYSIA

TNB was named most improved company in Malaysia in terms of Corporate Governance and most improved company in utilities industry in a study by Deutsche Bank on companies in Malaysia and Australia.
(reported in The Star, 10 March 2006)

TRANSFORMER OIL LAB – TNB RESEARCH WON INTERNATIONAL RECOGNITION FOR THREE CONSECUTIVE YEARS

TNB Research's Transformer Oil Lab won international recognition as "Excellent Laboratory" from the Institute of Interlaboratory Studies (IIS) for three consecutive years. The IIS, based at The Hague, Netherlands conducted annual inter-laboratory testing programme involving some 50 transformer oil test labs from all over the world.

The laboratory which has been in operation since 1994, is currently the top Transformer Oil Lab in Malaysia. It is the only transformer oil lab which has the ISO/IEC 17025 accredition from the Standard Department of Malaysia.

GOLD AWARD FOR THE BEST EMERGING CONTACT CENTRE (CATEGORY GLC)

TNB CareLine 15454 was given recognition by the Contact Centre Association of Malaysia and MSC Malaysia, when it won the Gold Award for The Best Emerging Contact Centre (Category GLC). The award was held to recognise, promote and encourage Government agencies/GLCs to increase their customer service capability and efficiency to the community at large through the Call Management Centre services.

HUMAN RESOURCES MINISTER AWARD – 'BIG EMPLOYERS (SERVICES) CATEGORY'

Sabah Electricity Sdn. Bhd. (SESB) won the "Human Resources Minister Award" 2008 award for 'Big Employers (Services)' making the Sabah – based company the first to win such award at the Human Resource Development Conference Berhad (PSMB). The award was based on the evaluation on human resource activities conducted by the Ministry of Human Resource.

MINISTER OF HUMAN RESOURCES AWARD 2007 – ILSAS – (TRAINING PROVIDER CATEGORY)

TNB Integrated Learning Solution Sdn. Bhd. – ILSAS won the Minister of Human Resources Development Award in the "Training Provider Category" in conjunction with the Human Resources Development Conference 2007.

CALENDAR OF EVENTS

1 SEPTEMBER 2009

GATHERING OF TNB EMPLOYEES IN CONJUNCTION WITH LLN/TNB 60TH ANNIVERSARY

TNB Employees assembled at the Headquarters grounds to celebrate LLN/TNB 60th Anniversary.

YBhg Tan Sri Leo Moggie, Chairman, TNB delivered the Company's message to all employees.

1 OCTOBER 2009

VISIT BY YB DATO' SRI PETER CHIN FAH KUI, MINISTER OF ENERGY, GREEN TECHNOLOGY AND WATER TO JANAMANJUNG POWER STATION

YB Dato' Sri Peter Chin Fah Kui, Minister of Energy, Green Technology and Water made a working visit to Sultan Azlan Shah Power Station in Manjung on 1 October 2009. Also included in the delegation were YB Puan Noriah Kasnon, Deputy Minister and senior officers of the ministry.

23 OCTOBER 2009

SIGNING CEREMONY OF HOA FOR SUMATERA-PENINSULAR MALAYSIA INTERCONNECTION

TNB signed a "HOA for Sumatera-Peninsular Malaysia Interconnection" with Perusahaan Listrik Negara Indonesia (PLN) PERSERO which paved the way for bilateral collaboration on the project scheduled for completion in 2015. YBhg Dato' Sri Che Khalib Mohamad Noh, President/Chief Executive Officer signed on behalf of TNB while PLN was represented by its President Director, En. Fahmi Mochtar.

26 OCTOBER 2009

ANNOUNCEMENT OF TNB 2009 FOURTH QUARTER FINANCIAL RESULTS

TNB announced its Fourth Quarter Financial Results for 2009 on 26 October 2009.

27 OCTOBER 2009

SE10/10 ANNUAL REVIEW SESSION

The Productivity and Quality Management Department (PQM) organised the SE10/10 Annual Review for Implementers, Trackers and Resource Persons from all Divisions on 27 October 2009. The review served as a platform for every Division to share information on their current achievements and issues arising from key initiatives of the relevant Divisions. YBhg Dato' Sri Che Khalib Mohamad Noh, President/Chief Executive Officer chaired the session.

28 OCTOBER 2009

SIGNING OF AGREEMENT PETRONAS, GE AND TNB REMACO

TNB Repair and Maintenance Sdn. Bhd. (TNB REMACO), a wholly-owned subsidiary of TNB was awarded an eight-year contract valued at approximately RM117 million by PETRONAS Gas Bhd. (PGB) for maintenance work on its nine gas turbine generator and its auxiliary system, Centralised Utility Facilities' (CUF) in Kerteh, Terengganu and Gebeng, Pahang. The contract was signed on 28 October by Dato' Wan Zulkiflee Wan Ariffin, Chairman, PETRONAS Gas Berhad; Mr. Kenji Uenishi, President GE Energy Asia Pacific and Dato' Sri Che Khalib Mohd Noh, President/Chief Executive Officer of TNB.

31 OCTOBER 2009

VISIT BY YAB DATO' SRI MOHD NAJIB BIN TUN HAJI ABDUL RAZAK, PRIME MINISTER OF MALAYSIA TO TNB HEADQUARTERS

YAB Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak, Prime Minister of Malaysia paid his first official visit to Tenaga Nasional Berhad (TNB) on 31 October 2009 in conjunction with the 60th Anniversary of TNB. During the visit, the Prime Minister met and interacted with TNB employees and launched the LLN/TNB 60th Anniversary Book.

3 NOVEMBER 2009

"INTERNATIONAL ENERGY WEEK 2009" EXHIBITION AT BORNEO CONVENTION CENTRE, KUCHING

TNB participated in the "International Energy Week 2009" Exhibition organised by the Sarawak State Government at the Borneo Convention Centre in Kuching (BCCK). The exhibition was to promote Sarawak as a principal hub through SCORE or Sarawak Corridor for Renewable Energy. It also marked the opening of the BCCK.

10 NOVEMBER 2009

TNB DEEPAVALI 2009 GATHERING

TNB organised a Deepavali goodwill gathering on 10 November 2009 to foster closer rapport between management and staff of various racial origins in the true spirit of 1Malaysia.

CALENDAR OF EVENTS (CONT'D)

12 NOVEMBER 2009

CARE PROGRAMME – A SESSION WITH TNB CARE MANAGERS AND CORPORATE CUSTOMERS

Customer Service and Marketing Department of Distribution Division held a session with TNB CARE managers and corporate customers on 12 November 2009 to foster better relationship with customers as well as to enhance their knowledge on the latest TNB products and services. Some 71 corporate consumers from companies in the retail, utility, banking, fast food restaurant, telecommunications, hotel, logistics and petroleum sectors attended the meeting.

7 DECEMBER 2009

THE 3RD INTERNATIONAL CONFERENCE ON ENERGY AND ENVIRONMENT (ICEE2009)

Universiti Tenaga Nasional (UNITEN) in collaboration with the Institute of Engineers Malaysia (IEM) organised "The 3rd International Conference on Energy and Environment (ICEE2009)" on 7 and 8 December 2009. Some 100 local and foreign participants attended the conference. The theme for this year's conference was 'Advancement Towards Global Sustainability'. TNB, IEEE Power and Energy Society Malaysia Chapter (IEEE PES) also rendered cooperation in organising the conference.

12 DECEMBER 2009

PRESENTATION OF OUTSTANDING STUDENT AWARDS AND PRESENTATION OF SCHOLARSHIPS TO NEW STUDENTS OF TENAGA NASIONAL FOUNDATION 2009

Thirty two students with excellent achievement were presented with Outstanding Student Awards while 77 others received the Yayasan Tenaga National (YTN) Scholarships at a ceremony presided by YB Puan Noriah Kasnon, Deputy Minister of Energy, Green Technology and Water on 12 December 2009. TNB set aside an annual allocation of RM53 million through YTN to sponsor students for further studies in local and foreign institutions of higher learning.

15 DECEMBER 2009

THE 19TH TNB ANNUAL GENERAL MEETING 2009

Tenaga Nasional Berhad held its 19th Annual General Meeting on 15 December 2009 at the Multipurpose Hall, TNB Sports Complex.

6 JANUARY 2010

ANNUAL GATHERING OF TNB EMPLOYEES 2010

The Annual Gathering of TNB Employees was held on 6 January 2010 at the Multipurpose Hall, TNB Sports Complex. This annual event was attended by approximately 1,500 employees from the Headquarters and the Klang Valley area. Similar functions were also held by all state TNB in Peninsular Malaysia as well as the Sabah Electricity Sdn. Bhd. TNB Malacca's office was declared the winner of the 'Anugerah Kualiti Presiden' (AKP) Award for 2009.

20 JANUARY 2010

ANNOUNCEMENT OF TNB FIRST QUARTER FINANCIAL RESULTS

TNB announced on 20 January 2010 that it had recorded a net profit of RM706.3 million for the First Quarter of the Financial Year ending 31 August 2009. This robust performance was attributed to the 6.1% drop in operational cost particularly the lower cost of generation.

9 FEBRUARY 2010

OPENING OF CMC JOHOR BAHRU

Dato' Sri Che Khalib Mohamad Noh, President/Chief Executive Officer of TNB officially opened the CMC Southern Zone Operation Centre in Johor Bahru on 9 February 2010. The Centre is located at Level 12, TNB Building, Jalan Yahya Awal, Johor Bahru, Johor.

12 FEBRUARY 2010

TNB-MHL MALAYSIA HOCKEY LEAGUE

TNB Hockey Team emerged the champion of the Malaysian Hockey League by beating Sapura on 12 February 2010 at Stadium Hoki Tun Razak, Kuala Lumpur. TNB hockey players also won several awards from the League namely the Best Player Award, Baljit Singh Charun, the Best Goal Keeper, S. Kumar, and Best scorer, Mohd Amin Rahim who scored 15 goals throughout the tournament. TNB also won the Fair Play Team Award.

18 FEBRUARY 2010

LAUNCHING OF NATIONAL LEVEL TNB BAITI JANNATI PROJECT 2010

TNB organised the National Level TNB Baiti Jannati Project for 2010 on 18 February 2010 at Kampung Sepayang, Kuala Rompin, Pahang Darul Makmur. Two houses were identified for assistance in 2010. The event was launched by HE Dato' Sri Dr. Jamaludin Bin Dato' Mohd. Jarjis, Malaysia's Ambassador to the United States and Member of Parliament for Rompin. The Baiti Jannati (My House, My Paradise) programme is a corporate social responsibility project implemented by TNB to help the rural poor repair their houses.

23 FEBRUARY 2010

CHINESE NEW YEAR GET TOGETHER 2010

TNB organised the 2010 Chinese New Year Gathering on 23 February 2010 to foster closer relationship between the management and employees of various races in the true spirit of 1Malaysia.

CALENDAR OF EVENTS (CONT'D)

26 FEBRUARY 2010

CELEBRATING MAULIDUR RASUL

Some 100 employees including TNB senior management took part in a gathering and procession in conjunction with the National Level Maulidur Rasul Celebrations on 26 February 2010 corresponding to 12 Rabiulawal 1431H. The theme for this year's celebration was 'Memantap Ukhuwah Memperkasa Ummah'. During the procession, the TNB team carried a banner with the slogan "Muhammad PBUY, Your Presence Brings Light".

28 FEBRUARY 2010

NATIONAL LEVEL PINTAR CREATIVITY AND INNOVATION COMPETITION

The National Level PINTAR Creativity and Innovation Competition was officially launched by YB Tan Sri Nor Mohamed Yakcop, Minister in the Prime Minister's Department on 28 February 2010 at Sek. Keb. Permatang Buloh, Tasek Gelugor, Pulau Pinang. The competition was one of PINTAR National Programmes introduced by PINTAR Foundation to develop the intellect, discover talent and instil a sense of responsibility among the nation's younger generation.

1 MARCH 2010

WORKING VISIT BY ELECTRICITY OF VIETNAM (EVN) DELEGATION

A 5-man delegation from Electricity of Vietnam (EVN) headed by Mr. Ngo Son Hai, Deputy Director, National Power Loading Control Centre Vietnam made a working visit to TNB on 1 March 2010. Among others, the visit aimed at learning and understanding the SCADA/EMS operational policies and support control system as well as the operation of the Power Loading Control Centre in general to assist EVN in developing the SCADA/EMS system at several control centres for transmission system in Vietnam.

2 MARCH 2010

TNB STRATEGIC PLAN WORKSHOP (2011-2015)

The Strategic Planning Department of Corporate Planning Division conducted a TNB Strategic Plan Workshop (2011-2015) on 2 and 3 March 2010. The workshop which is held once every 5 years provide a platform for sharing of information and ideas in preparation for TNB's 5-year Business Plans. This particular session was to discuss strategies in line with the TNB Strategic Plan (2011-2015).

15 MARCH 2010

SIGNING CEREMONY ON LONG TERM PARTS MANAGEMENT AGREEMENT BETWEEN TNB – TNB REMACO – MHI

TNB signed a Long Term Parts Management Agreement (LTPM) valued at RM117 million with Mitsubishi Heavy Industries Ltd. (MHI) on 15 March 2010. The agreement which was co-signed by TNB Repair and Maintenance Sdn. Bhd. (TNB REMACO) was for the supply of new spare parts for Tuanku Jaafar Power Station at Port Dickson, Negeri Sembilan, upgrade of used turbine components and to provide technical advisory services as well as maintenance of gas turbine. Through the cooperation and experiences of both parties, TNB REMACO will be the strategic partner to MHI in providing services overseas especially in the Middle East.

20 MARCH 2010

UNITEN OPEN DAY

UNITEN held its open day at Putrajaya Campus on 20 March 2010.

24 MARCH 2010

THE 4TH TNB SYMPOSIUM ON OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT

The Occupational Safety, Health & Environment Department of the Human Resource Division, UNITEN held a Symposium on Occupational Safety, Health and Environment on 24 & 25 March 2010 to enhance knowledge of TNB Safety Practitioners in those areas.

25 MARCH 2010

MEDIA RETREAT 2010

The Media Relations Unit of Corporate Communications Department organised the 'TNB – Media Retreat 2010' on 25-27 March 2010. The retreat with the theme "Caring for the Environment & Community whilst Powering the Nation", provided opportunity for members of the media to obtain information and enhance their understanding of the daily operations of TNB, as well as various aspects of the energy & electricity industry. This is the fifth media event held since it was introduced in 2006.

13 APRIL 2010

MALAYSIA SERVICES EXHIBITION 2010 (MSE 2010) DUBAI

Tenaga Nasional Berhad took part in the Malaysia Services Exhibition (MSE 2010) held on 13-15 April 2010 at the Za'abell Hall Dubai International Convention & Exhibition Centre (DICEC), Dubai, United Arab Emirates (UAE). The exhibition was organised by the Malaysia External Trade Development Corporation (MATRADE) to provide opportunity for industry players to showcase their products and services as well as to explore opportunities for collaboration with industry partners in the Middle East. It also enabled participating organisations to share their expertise and views on areas such as training, education, research, engineering and others. It was jointly officiated by Her Majesty Sheikha Lubna Al Qassimi, Minister of International Trade of the UAE and YB Dato' Mustapa Mohammed, Minister of International Trade and Industry Malaysia.

CALENDAR OF EVENTS (CONT'D)

19 APRIL 2010

LAUNCHING OF CUSTOMER FIRST PROGRAMME FOR DISTRIBUTION (C1PD)

YBhg Dato' Sri Che Khalib Mohamad Noh, President/Chief Executive Officer launched TNB's Customer First Programme as part of the Company's initiatives and continued efforts to upgrade the quality of its services. Five Kedai Tenaga namely Kedai Tenaga Cheras, Kedai Tenaga Jalan Klang Lama, Kedai Tenaga Kepong, Kedai Tenaga Subang Jaya and Kedai Tenaga Pelabuhan Klang were selected for this pilot project.

5 MAY 2010

WELCOMING STUDENTS OF COMPETENCY AND EFFICIENCY TRAINING PROGRAMME UNDER THE SECOND ECONOMIC STIMULUS PACKAGE OF THE MINISTRY OF FINANCE

TNB welcomed participants of the Competency and Efficiency Training Programme under the Second Economic Stimulus Package of the Ministry of Finance at a function held on 5 May 2010. A Memorandum of Understanding (MoU) between ILSAS, Majlis Amanah Rakyat (MARA), TAFE College Seremban and Master Reach Network (MRN) was also signed during the event. A sum of RM10 million was allocated by the Government to train 1,400 participants under the programme from 2009 to 2011. The training involved courses for such positions as Electricity Machine Chargeman, Cable Joiner, Welder and Wireman which received certification from the Energy Commission and other related agencies.

19 APRIL 2010

MALAYSIA UNIT TRUST WEEK (MSAM)

TNB took part in the Malaysia Unit Trust Week (MSAM) 2010 exhibition organised by Permodalan Nasional Berhad (PNB) at Wisma Bapa Malaysia, Kuching, Sarawak from 20 to 26 April 2010. Apart from supporting a GLC programme, TNB's participation was also to foster closer rapport with the community in Sarawak. YAB Tan Sri Muhyiddin Yassin, Deputy Prime Minister officiated the opening ceremony on 20 April 2010. TNB has been participating in MSAM since its inception in 2005.

20 APRIL 2010

ANNOUNCEMENT OF TNB SECOND QUARTER FINANCIAL RESULTS

TNB announced a net profit before foreign exchange of RM855.7 million for the three month ending 28 February 2010 (Second Quarter of Financial Year 2010). The better Group performance for the quarter was due to the strengthening of the Ringgit. The announcement was made on 20 April 2010.

6 MAY 2010

PRESENTATION OF I.C.C/M.P.C CERTIFICATION 2009

The Malaysian Productivity Corporation (MPC) held its first presentation of ICC 2009 Certification ceremony on 6 May 2010 at TNB Headquarters. The ceremony served to provide recognition to organisations/Departments/stations that have extensively and consistently implemented the 'Innovative and Creative Circle' (ICC) activities. To date three TNB business units namely Gelugor Power Station, Asset Maintenance (Ipoh), Transmission Division and Distribution Division of Perak State TNB have passed the MPC audit and qualified for the certification.

7 MAY 2010

MOU-PEA SIGNING CEREMONY

TNB signed a Memorandum of Understanding (MoU) with Provincial Electricity Authority (PEA) Thailand on 7 May 2010 to extend electricity supply from PPU Pengkalan Hulu, Perak to Betong and Yala Districts in Thailand. YBhg Dato' Ir. Azman Bin Mohd, Executive Director/Chief Operating Officer signed on behalf of TNB while PEA was represented by Mr. Chokchun Sukanthapruk, Deputy Governor (Regulated Retail Business Region A). PEA is the authority responsible for electricity supply and distribution in Southern Thailand.

8 MAY 2010

NATIONAL LEVEL WORKERS DAY RALLY 2010

TNB participated in the 2010 Workers Day Rally organised by the Ministry of Human Resource on 8 May 2010 at the Malaysia International Exhibition and Convention Centre (MIECC), Mines Resort City, Seri Kembangan, Selangor. The rally was officiated by YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia who delivered special 2010 Workers Day Message to some 8,000 workers from the public and private sectors.

11 MAY 2010

CONFERENCE ON METERING, BILLING/ CRM ASIA 2010

Tenaga Nasional Berhad hosted the 5th Conference and Exhibition on Metering, Billing dan Customer Relationship Management (CRM) 2010 on 11 and 12 May 2010. 20 international utility companies took part in the event to present papers and hold discussions on the latest direction in metering and billing as well as Customer Relationship Management (CRM).

7 MAY 2010

NEWSPAPER IN EDUCATION (NIE) SEMINAR WORKSHOP – TNB 2010 PINTAR PROGRAMME

A Newspaper In Education (NIE) Workshop under the TNB 2010 PINTAR Programme was held on 7 to 9 May 2010. The workshop involved 54 English language teachers from 27 schools adopted by TNB through the PINTAR programme. It provided exposure to the teachers on the best way to use newspapers as learning aids in the classroom. The coaching was conducted by qualified staff from the New Straits Times (NST).

17 MAY 2010

2010 TNB SPORTS CARNIVAL

TNB Sports Carnival 2010 was held from 17 to 19 May 2010. The team from Headquarters Zone emerged as the Overall Champion.

CALENDAR OF EVENTS (CONT'D)

19 MAY 2010

PRESENTATION OF SPONSORSHIP OF THE XIII SUKAN MALAYSIA IN MELAKA 2010

A ceremony to present TNB's RM2.1 million sponsorship for the XIII Sukan Malaysia in Melaka was held on 19 May 2010. State General Manager (Melaka), Ir. Mohd. Azim Bin Dato' Mohd Yusof represented TNB in presenting a mock cheque to YAB Datuk Seri Mohd Ali Rustam, Chief Minister of Melaka.

25 MAY 2010

TNB CORPORATE LEVEL VENDORS/SUPPLIERS/CONTRACTORS DAY

Procurement Division organised the TNB Corporate Level Vendors/Suppliers/Contractors Day on 25 and 26 May 2010. It was part of the activities under Supplier Relation Management (SRM) to enable both parties to share information. The TNB Supplier Handbook was launched at the occasion.

26 MAY 2010

TNB INNOVATIVE AND OUTSTANDING VENDORS/SUPPLIERS/CONTRACTORS NIGHT

The TNB Vendors/Suppliers/Contractors Night was held at the Sime Darby Convention Centre, Kuala Lumpur on 26 May 2010 to show appreciation for the support and contribution from Vendors/Suppliers/Contractors to TNB.

3 JUNE 2010

OFFICIAL OPENING OF TNB TANJUNG MALIM

Dato' Sri Che Khalib Mohamad Noh, President/Chief Executive Officer of TNB officially opened the TNB Office in Tanjung Malim, Perak on 3 June 2010. The 3-Storey premise is located at No. 43, Jalan Permai 1, Taman Ketoyong Permai, 35900 Tanjong Malim, Perak.

10 JUNE 2010

TNB NUCLEAR POWER COLLOQIUM 2010

TNB organised a Nuclear Power Colloqium 2010 on 10 June 2010 as part of the initiatives to promote green technology in particular nuclear energy. The colloqium serves to create awareness among TNB employees on the need for nuclear power in the country and the steps and initiatives taken by the company to implement nuclear power programme in the event the Company needs to use nuclear technology to generate power.

11 JUNE 2010

NATIONAL LEVEL MAJLIS TILAWAH & HAFAZAN AL-QURAN 2010

The 36th National Level Majlis Tilawah & Hafazan Al-Quran 2010 was held at UNITEN on 11 and 12 June 2010. Some 50 participants took part in the Azan, Adult, Youth and Child Qari and Qariah categories as well as recitation by children and youth. The Eastern Zone emerged as the overall champion.

15 JUNE 2010

TENAGA EXPO & FORUM 2010

TNB hosted TENAGA 2010 Expo and Forum, one of the six exhibitions and forum held simultaneously under the umbrella of ASEAN Mechanical & Engineering Expo & Forum 2010 (ASEAN M&E 2010) held from 15 to 18 June 2010 at the Kuala Lumpur Convention Centre (KLCC). The exhibition was officiated by YB Dato' Sri Peter Chin Fah Kui, Minister of Energy, Green Technology and Water. The ENERGY 2010 exhibition is a bi-annual event jointly organised by TNB and AMB Exhibitions Sdn. Bhd.

30 JUNE 2010

ICT PRODUCTIVITY DAY 2010

ICT Productivity Day was held on 30 June 2010. This annual event which is organised specially for TNB employees enables them to seek useful tips on ICT as well as enjoy great deals from Associate Vendors of ICT Division.

28 JUNE 2010

TNB-KEPCO JOINT WORKSHOP NUCLEAR PRELIMINARY FEASIBILITY STUDY

Tenaga Nasional Berhad organised the two-day TNB-KEPCO Joint Workshop Nuclear Preliminary Feasibility Study on 28 and 29 June 2010 at Marriot Hotel, Putrajaya. More than 100 participants attended the workshop including representatives from the Standards and Industrial Research Institute of Malaysia (SIRIM), Khazanah Nasional Berhad, Institute of Strategic & International Studies (ISIS), National Economic Advisory Council (NEAC) and other organisations. Also present were Korea Electric Power Corporation (KEPCO) and KOPEC, Korea Hydro & Nuclear Power Company (KHNP), Korea Nuclear Fuel (KNF) and Doosan Heavy Industry (DOOSAN). An agreement on "Consultancy for Site Selection and Evaluation for Nuclear Power Plant in Peninsular Malaysia" was signed between TNB Research Sdn. Bhd. and Korea Power Engineering Company Inc. (KOPEC).

30 JUNE 2010

NUCLEAR DINNER TALK TO MEMBERS OF PARLIAMENT MALAYSIA WITH MINISTER OF ENERGY, GREEN TECHNOLOGY AND WATER

The Ministry of Energy, Green Technology and Water organised a Nuclear Dinner Talk to Members of Parliament on "Nuclear Power Development'' on 30 June 2010 at Hilton Hotel Kuala Lumpur. The talk was held to clarify several issues and concerns raised by the Members of Parliament Malaysia on the option of using nuclear power to generate electricity in Malaysia.

8 JULY 2010

CERTIFICATES PRESENTATION FOR TNB EDUCATION PROGRAMME 2010

A certificate presentation ceremony was held on 8 July 2010 at Dewan Seri Sarjana, UNITEN for 552 students who had completed TNB Education Programmes. They were sponsored by TNB Group Human Resource Division and TNB Integrated Learning Solution Sdn. Bhd. – ILSAS.

CALENDAR OF EVENTS (CONT'D)

12 JULY 2010

TECHNICAL SPORTS

Selangor emerged as the overall champion of the 6th Edition of the Technical Sports 2010 (SuTek 2010) held on 12-13 July 2010 at TNB Integrated Learning Solution Sdn. Bhd. – ILSAS.

14 JULY 2010

ANNOUNCEMENT OF THE THIRD QUARTER UNAUDITED FINANCIAL RESULTS

TNB announced its Third Quarter Unaudited Financial Results on 14 July 2010.

20 JULY 2010

OFFICIAL OPENING OF TNB DISTRIBUTION DIVISION BUILDING AT JASIN, MELAKA

The TNB Building in Jasin, Melaka was officially opened by Tuan Yang Terutama Tun Datuk Seri Mohd Khalil Bin Yaakob, Governor of Melaka on 20 July 2010.

21 JULY 2010

"INTERCONNECTION OPERATIONS FOR LARGE POWER CONSUMER (LPC)" SEMINAR

TNB Integrated Learning Solution Sdn. Bhd. – ILSAS with the cooperation of the Energy Commission organised the seminar on "Interconnection Operations for Large Power Consumer (LPC)" on 21 July 2010.

21 JULY 2010

VISIT BY TNB BOARD OF DIRECTORS TO UNDER SEA CABLE PROJECT

TNB Board of Directors together with officers from Khazanah Nasional Berhad paid a working visit to the Under Sea Cable Project at Pulau Ketam, Port Klang on 21 July 2010. The visit enabled the Board members to witness the cable laying along the shipping channel using 'Water Jet' technology. The Under Sea Cable Project will provide 24-hour electricity supply to approximately 2000 consumers at Pulau Ketam with a Maximum Demand of about 2.0 MW.

25 JULY 2010

TNB – CEAT FRIENDLY SPORTS

TNB organised a friendly Sports between the Company and Central Electricity Authority of Thailand (CEAT) on 25-27 July 2010.

1 AUGUST 2010

UNITEN ROWING INVITATIONAL 2010

The finals of the UNITEN Rowing Invitational 2010 saw very fierce competition between rowers from the participating institutions of higher learning. Universiti Teknologi Malaysia (UiTM) succeeded in maintaining its lead and emerged as the champion for the fifth consecutive year since the event was first introduced in 2005. The event was organised to encourage water sports among among university students and school children.

6 AUGUST 2010

MINISTRY'S VISIT TO PULAU PERHENTIAN

The Ministry of Energy, Green Technology and Water visited Pulau Perhentian on 6 August 2010.

7 AUGUST 2010

13TH UNITEN CONVOCATION

Forty-two outstanding students of various Universiti Tenaga Nasional (UNITEN) programmes were among the 1,300 graduates who received their degrees at the 13th Convocation of UNITEN on 7-8 August 2010. The convocation was also attended by 24 representatives of Government and private companies which had sponsored the students. Among the companies were Advanced Power Solutions Sdn. Bhd., Alstom Asia Pacific Sdn. Bhd., Association of Chartered Certified Accountants, Certified Practising Accountant Australia, G & P Professionals Sdn. Bhd., HLA Group of Companies, Infrakomas Sdn. Bhd., IStructE Malaysia Division, Malakoff Corporation Berhad, Maybank Berhad, Permodalan Nasional Berhad, Tenaga Cable Industries Sdn. Bhd., Tenaga Switchgear Sdn. Bhd., YTL Power Services and Zikay Sdn. Bhd.

9 AUGUST 2010

TNB AND PHM MOU SIGNING CEREMONY

TNB and the Malaysian Hockey Federation (PHM) signed a Memorandum of Understanding on hockey sponsorship for 2009 on 19 August 2009. Under the MoU, TNB agreed to contribute RM1 million to the Malaysian Hockey Federation to organise the 2009 TNB – Malaysian Hockey Federation League as well as other annual activities for the year. TNB became the Main Sponsor to the Malaysian Hockey Federation since 2006 in support of the Government's call for companies to play a role in sports development.

31 AUGUST 2010

53RD MERDEKA CELEBRATIONS

Tenaga Nasional Berhad was among the many GLCs and private sector companies that participated in the 53rd National Day celebrations held on 31 August 2010 at Stadium Putra Bukit Jalil. The theme for this year was "1Malaysia".

MILESTONES OVER 60 YEARS

from 1949 to 1964

• 1 SEPTEMBER 1949

The Central Electricity Board of the Federation of Malaya was formed. It became the controlling authority for electrical installation in the country, with W.D. Godsall as the first Chairman (1949-1952) and Frank P. Egerton as the first General Manager (1949-1953).

• 1953

Frank P. Egerton was succeeded by J. Sharples as General Manager of the Central Electricity Board (1953-1964).

• 1957

The Central Electricity Board (CEB) took over the Huttenbachs installations in Province Wellesley (Seberang Perai), Penang. In March 1964, the Board took over all remaining Huttenbachs installations in the Peninsular.

• 1959

Work commenced on the development of the Cameron Highlands hydroelectric power plant project – considered a landmark in the history of hydroelectric technology in the country and region.

• 1960

Dato' Kurnia Jasa Haji Osman Taib became the first Malayan Chairman of the Central Electricity Board (1960-1970).

• 1963

A Grid Control Centre was set up in 1963 at the Cannaught Bridge Power Station. Its main responsibility was to co-ordinate generation and control of the grid network of 66 kV to 132 kV.

• 1964

Raja Tan Sri Zainal Raja Sulaiman became the first Malaysian to be appointed General Manager of CEB (1964-1974). He succeeded J. Sharples.

• 1964

Maimunah Suleiman joined NEB as its first woman engineer. She was also the first woman engineer in the country. The NEB not only provided Maimunah with a scholarship to pursue engineering at Bristol Polytechnic but also employed her afterwards. She went on to become the Company's first female General Manager.

from **1965** to **1980**

• 22 JUNE 1965

CEB was renamed “Lembaga Letrik Negara (LLN)” Tanah Melayu (National Electricity Board or NEB) of the States of Malaya.

• 1966

NEB commissioned the first computer system in the country – an IBM 1440 main frame with 8000 KB memory – envisioned as the bedrock of the nerve centre of the Company’s new HQ building in Jalan Bangsar, Kuala Lumpur.

• 1968

Malaysianisation of the NEB was completed with more than 80 expatriate officers in key positions replaced by qualified Malaysians within a decade.

• 1974

Tan Sri Abu Zarim Haji Omar became General Manager of the NEB (1974-1984).

• 1976

The Board under the leadership of Tan Sri Dato’ Abu Zarim Bin Haji Omar, set up a training institute in 1976 known as the Institut Latihan Sultan Ahmad Shah (ILSAS).

• 1976

First Grid connection from the West Coast to the East Coast when both Kuantan and Pekan received electricity supply from the Grid.

• 1976

The NEB took over the installations of the Penang City Council at a cost of some $22 million. During the same year, the Central Government gained control of the Perak River Hydroelectric Power (PRHEP) company and its subsidiary, the Kinta Electrical Distribution Company. In 1978, the PRHEP system was integrated with that of the NEB.

• 15 FEBRUARY 1976

Pelitawanis was formed to promote goodwill and spirit of cooperation among the wives of employees and women employees of LLN/TNB. It was registered and approved by the Registrar of Societies of the Federal Territories on 1 June 1978.

• 1979

The National Load Despatch Centre (NLDC) was officially opened by Prime Minister Tun Hussein Onn. It was established in 1978.

• 1980

The start of construction of the Kenyir hydro project. The 150 meter high dam and its works constituted the largest hydroelectric scheme constructed in the Peninsular and on the East coast then. During its construction, the Company was involved in an operation known as “Operation Jumbo” to relocate a herd of elephants trapped by rising waters on the man-made islands in the lake. The Kenyir project was completed in December 1985.

MILESTONES OVER 60 YEARS (CONT'D)

from **1981** to **1996**

• 1981

First Grid connection (132 kV) to Hadyai, Thailand from Bukit Keteri, Kedah.

• JUNE 1982

A total of 30 houses in a fishermen's village in Kampung Apau, Pulau Langkawi, Kedah began receiving electricity supply from solar energy. NEB started the use of photo voltaic (PV) system in rural areas as a pioneer project. Similar projects were implemented in Ulu Tembeling, Pahang and Pulau Sibu.

• JULY 1982

The NEB, under the aegis of ASEAN, signed bilateral agreements with the Electricity Generating Authority of Thailand (EGAT) and the Public Utilities Board (PUB) of Singapore. These agreements paved the way for a systematic and integrated connections between the NEB's system and those of its two neighbours.

• 1984

The NEB's generating capacity to meet the demand of the country's industrialisation process exceeded its target and was given a boost by input from five sets of gas turbines installed at five key stations to provide extra power – the Sultan Ismail Power Station in Johor Bahru; Glugor in Pulau Pinang; Tuanku Jaafar in Port Dickson; Tanjong Gelang in Kuantan; and Connaught Bridge, amounting to some 260 MW in all.

• 1984

Tan Sri Mohd Jalaluddin Zainuddin succeeded Tan Sri Abu Zarim Haji Omar as Deputy Chairman and General Manager of the National Electricity Board (1984-1989).

• NOVEMBER 1984

Paka Power Station began receiving natural gas from PETRONAS. The Paka Power Station began operations as one of the first combined cycle plants in operation in the world.

• 1985

First undersea cable connection (230 kV) to Singapore.

• 1989

Datuk Haji Ibak Abu Hussein succeeded Tan Sri Jalaluddin Zainuddin as Deputy Chairman/General Manager (1989-1990).

• 1 SEPTEMBER 1990

NEB was corporatised and changed its name to Tenaga Nasional Berhad (TNB). Tan Sri Ani Arope was appointed Chairman (1990-1992).

• 28 MAY 1992

TNB's shares made a successful debut on the KLSE at RM8.00, a solid premium of RM3.50 above its minimum issue price of RM4.50. The market's overwhelming response displayed the confidence of investors in the Company.

• 1 SEPTEMBER 1992

Tan Sri Ani Arope was appointed Executive Chairman of TNB (1992-1996).

• **29 SEPTEMBER 1992**

Nationwide power blackout in Peninsular Malaysia. It resulted in a 'fast track' planting up programme through the installation of additional gas turbines at various existing plants.

• **19 JANUARY 1993**

Minister of Energy, Telecommunications and Posts Dato' Seri Samy Vellu announced the formation of a Crisis Management Team headed by Executive Chairman Tan Sri Ani Arope to resolve the energy crisis.

• **31 MARCH 1993**

TNB signed a 21-year Electricity Power Purchase Agreement (PPA) with IPP Yeoh Tiong Lay Corporation Bhd. (YTL). This was the first PPA ever signed by TNB with an IPP.

• **6 JULY 1993**

The Tenaga Nasional Foundation was launched at ILSAS.

• **1993**

TNB Research was established as a department in TNB, and evolved into a subsidiary. In 1997, TNBR was approved as an R&D status company by MIDA.

• **1994**

Establishment of Institut Kejuruteraan Teknologi Tenaga Nasional (IKATAN).

• **1995**

TNB's monopoly in electricity generation sector ended with the establishment of five IPPs which supplied 30.99 per cent of electricity supply to the National Grid. The five were YTL Power Generation Sdn. Bhd., Segari Energy Ventures Sdn. Bhd., Port Dickson Power Bhd., Powertek Bhd. and Genting Sanyen Power Sdn. Bhd.

• **1 SEPTEMBER 1995**

Tenaga Nasional Repair and Maintenance Sdn. Bhd. (REMACO) was incorporated to provide cost-effective maintenance services for TNB's power plants.

• **NOVEMBER 1995**

The first of its kind wind turbine generator hybrid system was installed and constructed in Pulau Layang-Layang, Sabah by TNB Research Sdn. Bhd.

• **1996**

TNB became the first non-American and the first Asian to issue the Yankee Century bonds in New York. A tranche of USD 150 million bond with an interest rate of 7.5 per cent per year was issued and was well received by investors.

• **MARCH 1996**

Putrajaya Power Station became the first power plant in Malaysia to be awarded MS ISO 9000 certification. Subsequently, all other TNB power stations were accredited with the standard.

• **3 AUGUST 1996**

Nationwide blackout, which lasted between two to 20 hours. It led to the implementation of a islandisation programme and strengthening of the National Grid with a 500 kV network which would function as the new backbone of the distribution grid.

• **1 SEPTEMBER 1996**

Datuk Dr Ahmad Tajuddin Ali was appointed Executive Chairman of TNB (1996-2000).

• **19 DECEMBER 1996**

Education Minister Dato' Seri Najib Tun Razak handed over the Letter of Offer to TNB Executive Chairman for the establishment of Universiti Tenaga Nasional (UNITEN).

MILESTONES OVER 60 YEARS (CONT'D)

1997-2010

• 1 SEPTEMBER 1997

Two wholly-owned subsidiaries of TNB were established – TNB Generation Sdn. Bhd. and TNB Engineers Sdn. Bhd.

• 26 AUGUST 1998

TNB, through its wholly-owned subsidiary Sabah Electricity Sdn. Bhd. (SESB), entered into a privatisation agreement with the Government of Malaysia and Sabah Electricity Board (SEB) to take over SEB's electricity business operations in the state and the Federal Territory of Labuan.

• 1998

Tenaga Nasional Ventures Sdn. Bhd., TNB Metering Services Sdn. Bhd., TNB Workshop Services Sdn. Bhd. and TNB Fueld Services Sdn. Bhd. were operationalised.

• 1 SEPTEMBER 1999

TNB celebrates its 50th Anniversary. To prepare the company for the new millennium, a new slogan to drive the motors of change was announced. "TOGETHER FOR A BRIGHTER FUTURE" underpinned by the four tenets of *Customer First, Integrity, Business Excellence* and *Caring Plans* were now formally instituted.

• 1 SEPTEMBER 1999

Two subsidiaries were spawned on 1 September 1999. Tenaga's transmission and distribution subsidiaries were hived off as part of the group's restructing efforts given its rationale of focusing on core activities and its supporting services.

• SEPTEMBER 2000

Datuk Dr. Jamaluddin Jarjis was appointed as Chairman of TNB.

• NOVEMBER 2000

Dato' Fuad Jaafar appointed as President/Chief Executive Officer of TNB.

• 10 SEPTEMBER 2001

Commencement of the Liberty Power Limited (LPL) operations in Pakistan. It is involved in the generation and sale of electricity to the Water and Power Development Authority (WAPDA) of Pakistan. LPL operates a 235 MW combined-cycle natural gas power plant.

• NOVEMBER 2001

Dato' Pian Sukro was appointed as President/Chief Executive Officer of TNB.

• AUGUST 2002

TNB declared that it intended to become the best corporation in Malaysia by a self-imposed deadline of August 2002. The company aimed to do this via focusing on the T7 Strategy for transformation and the inculcation of an effective goal-oriented culture underpinned by its core values of Integrity, Customer Focus, Business Excellence and being Caring.

• 18 OCTOBER 2002

Prime Minister Dato Seri Dr. Mahathir Mohamad officially launched Liberty Power Plant in Pakistan.

• 1 DECEMBER 2002

Datuk Dr. Awang Adek Hussein appointed Chairman of Tenaga Nasional Berhad (1 December 2002 – 31 March 2004).

• 2003

TNB's hockey team emerged champions in the Malaysian Hockey League after beating Sapura 3-2. This came 11 years after the team made local history by becoming the first team to emerge double champions two years running in 1992 and 1993.

• APRIL 2004

The Jana Landfill Small Renewable Energy Programme (SREP) Project developed by TNB-ES, commenced commercial operations. It is based on a Renewable Energy (RE) power purchase agreement (REPPA) signed in October 2001.

• 12 APRIL 2004

Tan Sri Leo Moggie appointed Chairman of Tenaga Nasional Berhad.

• 1 JULY 2004

Dato' Sri Che Khalib Mohamad Noh appointed President/CEO of TNB.

• JULY 2004

The Kapar Power Station was divested to Kapar Energy Ventures Sdn. Bhd. (KEV). TNB retained a 60 per cent share in KEV.

• 10 OCTOBER 2004

TNB's Hockey Team was Overall Champion at the Malaysian Hockey League.

• 16 APRIL 2005

Tun Dato' Seri Utama (Dr) Haji Abdul Rahman Haji Abbas, the Yang di-Pertua Negeri Pulau Pinang, was appointed Chancelor of UNITEN.

MILESTONES OVER 60 YEARS (CONT'D)

• JUNE 2005

The Saudi-Malaysian consortium (of which TNB was a member) was selected to Build, Own and Operate the Shuaibah Independent Water and Power Project (IWPP) developed by the Shuaibah Water and Electricity Company.

• 13 JUNE 2005

The new 750 MW combined cycle power plant under Phase 1 of the Rehabilitation Project of the Tuanku Jaafar Power Station in Port Dickson, Negeri Sembilan began commercial operation.

• 26 SEPTEMBER 2005

TNB signed an agreement with the State Government of Selangor on the Kampung Kuantan Firefly Rehabilitation Project in Kuala Selangor.

• 1 FEBRUARY 2006

TNB as a whole achieved ISO certification.

• 24 MAY 2006

TNB announced its first tariff rebalancing exercise in nine years since 1997.

• 13 JUNE 2006

TNB's CareLine 15454 service was launched by the Minister of Energy, Water and Communications Datuk Seri Lim Keng Yaik.

• 2006

During FY2006, TNB continued its journey towards excellence further by continuing to pursue the strategies defined in its 20-year strategic plan. Simultaneously, the first 5-year phase of its 20-year strategic plan revolves around achieving the milestone of 'Service Excellence'.

• 30 APRIL 2007

Official opening of the 3x700 MW coal-fired Sultan Azlan Power Station at Manjung by the Sultan of Perak.

• SEPTEMBER 2007

Completion of the solar hybrid rural electrification project in Pulau Perhentian, Terengganu.

• 26 NOVEMBER 2007

Sabah Grid was launched by Tun Datuk Seri Panglima Haji Ahmadshah Bin Abdullah, the Yang di Pertua Negeri Sabah. The East-West grid project in Sabah was completed on 28 July 2007 with the commissioning of the 275 kV lines from Kolopis substation to Segaluid substation. With the commissioning of the 246 km double circuit lines, the state-wide Sabah Grid was formed, linking the West Coast Grid and the East Coast Grid.

• 2007

Malaysia Transformer Manufacturing Sdn. Bhd. (MTM) became a wholly-owned subsidiary of the Tenaga Group following the successful acquisition of 27 per cent of its equity by TNB from ABB.

• 27 MAY 2008

TNB received the coveted Prime Minister's Industry Excellence Award for 2007. It also won the Quality Management Excellence Award (Category 4). Both awards were presented by YAB Dato' Seri Mohd Najib Tun Razak, the Deputy Prime Minister of Malaysia.

• 21 JANUARY 2009

TNB, together with Sarawak Energy Berhad (SEB), announced their successful proposal to take over the Bakun project. Under the agreement, TNB and SEB would lease the dam from Sarawak Hidro Sdn. Bhd. after its completion, while a special purpose vehicle (SPV) would be set up to develop the cables. All three parties would hold stakes in the SPV, with Sarawak Hidro taking the lead.

• JANUARY 2009

Maybank and TNB set a milestone in electronic payments in Malaysia with the launch of an innovative Online Bill service for customers who can now view and then pay their electricity bills via Maybank2u.com, without even having their physical bills.

• APRIL 2009

TNB was ranked 575^{th} biggest company in the world in Forbes Global 2000 list for the year.

• JUNE 2009

The successful completion of the second phase of the Tuanku Jaafar Power Station Rehabilitation Project (PD2) was officiated by the Minister of Energy, Green Technology and Water, YB Dato' Sri Peter Chin Fah Kui.

• 1 SEPTEMBER 2009

TNB celebrates its 60^{th} Anniversary since the formation of the Central Electricity Board.

• 1 OCTOBER 2009

YB Dato' Sri Peter Chin Fah Kui, Minister of Energy, Green Technology and Water made a working visit to Sultan Azlan Shah Power Station in Manjung on 1 October 2009. Also included in the delegation were YB Puan Noriah Kasnon, Deputy Minister and senior officers of the ministry.

MILESTONES OVER 60 YEARS (CONT'D)

• 23 OCTOBER 2009

The "Signing Ceremony of HOA for Sumatera-Peninsular Malaysia Interconnection" between Perusahaan Listrik Negara Indonesia (PLN) and TNB. Through this agreement TNB and PLN will collaborate on the project which is expected to be completed in 2015. It is also part of the Asean Power Grid.

• 31 OCTOBER 2009

TNB received the first official visit by YAB Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak, Prime Minister of Malaysia in conjunction with the 60th Anniversary of TNB on Saturday, 31 October 2009. At the assembly held at the Multipurpose Hall, TNB Sports Complex, the Prime Minister met and interacted with TNB employees and launched the 60th Anniversary of LLN/TNB Commemorative Book.

• 9 FEBRUARY 2010

CMC Southern Zone Operation Centre was officially opened by Dato' Sri Che Khalib Mohamad Noh, President/Chief Executive Officer of Tenaga Nasional Berhad on 9 February 2010. CMC Southern Zone Operation Centre is located at Level 12, TNB Building, Jalan Yahya Awal, Johor Bahru, Johor. It is the latest CMC Operation Centre to be officially opened by Dato' Sri Che Khalib Mohamad Noh. Prior to this, he officiated the opening of CMC Operation Centres Metro Zone, Northern and Eastern Zones.

• 12 FEBRUARY 2010

TNB Hockey Team repeated its 2007 outstanding performance when it emerged the winner of the Malaysian Hockey Championship League by beating Sapura on 12 February 2010 at Stadium Hoki Tun Razak, Kuala Lumpur. In addition TNB hockey players also won several awards from the Malaysia Hockey League namely the Best Player Award presented to Baljit Singh Charun, the Best Goal Keeper: S. Kumar, Best Scorer: Mohd Amin Rahim who scored 15 goals throughout the tournament and the Fair Play Team Award.

• 15 MARCH 2010

TNB signed the Long Term Parts Management Agreement (LTPM) valued at RM117 million with Mitsubishi Heavy Industries Ltd. (MHI) on Monday, 15 March 2010 at Royale Chulan Hotel. The agreement which was jointly signed by TNB Repair and Maintenance Sdn. Bhd. (TNB REMACO) was for the supply of new spare parts for Tuanku Jaafar Power Station at Port Dickson, Negeri Sembilan, upgrade of used turbine components and to provide technical advisory services as well as maintenance of gas turbine. Through the cooperation and experiences of both parties, TNB REMACO will be the strategic partner to MHI in providing services overseas especially in the Middle East.

• 19 APRIL 2010

TNB launched Customer First Programme as part of the Company's initiative and continued efforts to upgrade the quality of its services. The launching was done by YBhg Dato' Sri Che Khalib Mohamad Noh, President/Chief Executive Officer TNB on the grounds of Cheras Area Manager's Office. The five Kedai Tenaga selected to take part in this pilot project were Kedai Tenaga Cheras, Kedai Tenaga Jalan Klang Lama, Kedai Tenaga Kepong, Kedai Tenaga Subang Jaya dan Kedai Tenaga Pelabuhan Klang.

• 7 MAY 2010

TNB signed a Memorandum of Understanding (MoU) with Provincial Electricity Authority (PEA) Thailand on 33 kV Electricity Supply System from Principal Distribution Substation (PPU) at Pengkalan Hulu, Perak to Betong, Thailand. It took place on 7 May 2010 at Bilik Kenyir, Level 11 TNB Headquarters.

PEA is the authority responsible for electricity supply and distribution in Southern Thailand. The proposal to extend electricity supply from PPU Pengkalan Hulu, Perak was to ensure stable supply of electricity to Betong and Yala Districts in Thailand with maximum peak period demand loads of 9 MW.

• 10 JUNE 2010

TNB Nuclear Power Colloqium 2010 was held on 10 June 2010 as part of the initiatives to promote green technology, in particular nuclear energy. The colloqium serves to create awareness and to expose TNB employees to the need for nuclear power in the country. It also provides an update on the steps and initiatives taken by TNB to implement nuclear power programme in the event the Company needs to use nuclear technology to generate power.

• 28 JUNE 2010

TNB organised the two-day TNB-KEPCO Joint Workshop Nuclear Preliminary Feasibility Study on 28 and 29 June 2010 at Marriot Hotel, Putrajaya.

Among the participants were Standards and Industrial Research Institute Of Malaysia (SIRIM), Khazanah Nasional Berhad, Institute of Strategic & International Studies (ISIS),

National Economic Advisory Council (NEAC) and other organisations.

Apart from Korea Electric Power Corporation (KEPCO) dan KOPEC, other consultants present were Korea Hydro & Nuclear Power Company (KHNP), Korea Nuclear Fuel (KNF) and Doosan Heavy Industry (DOOSAN).

During the workshop, an agreement on “Consultancy For Site Selection And Evaluation For Nuclear Power Plant in Peninsular Malaysia” and “Confidentiality” was signed between TNB Research Sdn. Bhd. and Korea Power Engineering Company Inc. (KOPEC).

• 30 JUNE 2010

The Ministry of Energy, Green Technology and Water organised a Nuclear Dinner Talk to Members of Parliament on “Nuclear Power Development’’ in Kuala Lumpur.

The talk was held to clarify several issues and concerns raised by Members of Parliament on the option of using nuclear power to generate electricity in Malaysia.

• 20 JULY 2010

The official opening of the TNB Building in Jasin, Melaka was officiated by Tuan Yang Terutama Tun Datuk Seri Mohd Khalil Bin Yaakob, Governor of Melaka on Tuesday, 20 July 2010.

The first TNB LLN Jasin office was opened and was in operation at Taman Maju, Jasin. On 1 June 2004, the Jasin TNB office was moved to a 2-story building at JB 3636 Jalan Melaka-Jasin where it remained until today.

MEDIA HIGHLIGHTS

Che Khalib dipilih CEO terbaik

KUALA LUMPUR 8 April – Presiden dan Ketua Pegawai Eksekutif (CEO) Tenaga Nasional Bhd. (TNB), Datuk Seri Che Khalib Mohamad Noh (gambar), dipilih sebagai CEO terbaik pada majlis Anugerah Tenaga dan Elektrik Asia 2010 yang pertama kali diadakan.

Acara itu berlangsung bersempena Persidangan Tenaga dan Elektrik Dunia Asia serta Persidangan Elektrik Pusat Dunia Asia di Singapura kelmarin.

"Saya berbesar hati menerima anugerah ini memandangkan ia mengiktirafkan pengiktirafan industri terhadap ketabahan dan dedikasi setiap orang di TNB, untuk kami berusaha mengubah kumpulan kepada organisasi yang berprestasi baik di rantau ini," kata Che Khalib dalam kenyataannya di sini.

Anugerah itu memberi pengiktirafan kepada ketua korporat di atas kebolehannya, mengembangkan dan mengubah sesebuah organisasi ke arah syarikat tenaga yang menguntungkan, bertanggungjawab dan mampan di rantau ini.

Tahun lepas, peneraju TNB itu dipilih sebagai CEO Terbaik Malaysia 2009, pengiktirafan tertinggi yang diberikan kepada pemimpin korporat dalam negara.

TNB juga dinilai untuk Anugerah Syarikat Tenaga Terbaik pada acara di Singapura itu.

TNB in MoU with Thailand's PEA to supply electricity

'People are looking at us differently now'

New standard in generating clean power

TNB baiki rumah rakyat miskin

Tenaga in the driver's seat

Uniten's solar car shines at world race challenge

Tenaga gets nod for Janamanjung expansion

Power up: Tenaga Nasional Bhd chairman Tan Sri Leo Moggie (centre) showing off the company's encouraging financial results for the third quarter on Wednesday. With him were the company's president and CEO Datuk Seri Che Khalib Mohamad Noh (left) and CFO Mohamad Rafique Merican.

Still going strong

TNB komited laksana tanggungjawab korporat

TNB to enhance distribution

TNB is 4th in top 250 Asean energy com

Tenaga zap Sapura

TNB heading for better times

Outlook may be brighter due to fundamental efficiencies

TNB gets S&P, Fitch ratings upgrade

TNB heading for better times

Outlook may be brighter due to fundamental efficiencies

Yayasan TNB hands over scholarships

TNB to supply power to southern Thailand

TNB lends a hand to school

Pintar programme pays off for SK Kg Gelam students

TNB eyes CSR award

Stesen Solar Hibrid dimanfaat

TNB eyes Mideast, S. Africa projects

TNB, Thailand's PEA sign MoU

KEY HIGHLIGHTS

UNIT DEMAND GROWTH

8.4%
Group

8.8%
Peninsular

REVENUE GROWTH

5.3%
Strong growth for both the Peninsular of 6.2% and SESB of 7.9%

OPERATING EXPENSES

4.2%
Higher generation costs due to rising demand and higher IPP payments

NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

RM3,201.9
>100% increase

EBITDA MARGIN

26.8%
25.2% last year

ROA

4.7%
Based on adjusted net profit

CAPEX

RM4.3 billion
RM4.5 billion last year

KEY FINANCIAL HIGHLIGHTS

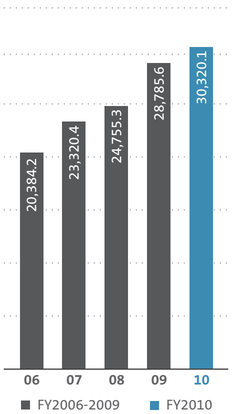
	GROUP		COMPANY	
	2009	2010	2009	2010
PROFITABILITY (RM Million)				
Revenue	28,785.6	**30,320.1**	26,743.6	**28,368.8**
Operating profit	3,698.9	**4,182.7**	3,083.8	**3,302.6**
Profit before taxation and zakat	1,543.1	**4,022.1**	1,686.7	**3,508.5**
Net profit attributable to equity holders of the Company	917.9	**3,201.9**	1,070.7	**2,708.5**
KEY BALANCE SHEET DATA (RM Million)				
Property, plant and equipment	59,080.6	**58,913.3**	49,396.9	**49,507.2**
Total assets	71,363.0	**74,081.1**	64,941.7	**66,671.6**
Total borrowings	22,616.0	**21,263.6**	15,174.2	**14,454.4**
Total liabilities	45,316.7	**45,266.6**	38,561.6	**38,075.5**
Share capital	4,337.0	**4,352.7**	4,337.0	**4,352.7**
Shareholders' equity	26,006.1	**28,778.9**	26,380.1	**28,596.1**
SHARE INFORMATION				
Per share (sen)				
– Basic earnings	21.18	**73.74**	–	**–**
– Diluted earnings	21.15	**73.40**	–	**–**
– Gross dividend	17.77	**26.00**	–	**–**
– Net assets per share	599.60	**661.20**	–	**–**
FINANCIAL RATIOS (%)				
Return on assets	4.0	**4.7**	–	**–**
EBITDA margin	25.2	**26.8**	–	**–**
Debt-equity (Net of Cash) ratio	0.63	**0.45**	–	**–**

FIVE-YEAR GROUP FINANCIAL SUMMARY

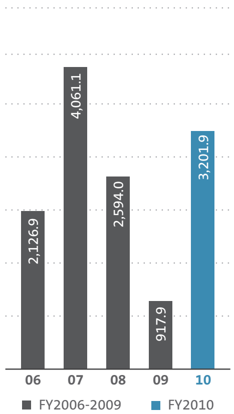
	GROUP				
YEAR ENDED 31 AUGUST	**2006**	**2007**	**2008**	**2009**	**2010**
OPERATING RESULTS (RM Million)					
Revenue	20,384.2	23,320.4	24,755.3	28,785.6	**30,320.1**
Operating profit	3,956.6	5,542.7	3,851.0	3,698.9	**4,182.7**
Profit before taxation and zakat	2,756.8	4,765.9	3,025.2	1,543.1	**4,022.1**
Net profit attributable to equity holders of the Company	2,126.9	4,061.1	2,594.0	917.9	**3,201.9**
KEY BALANCE SHEET DATA (RM Million)					
Property, plant and equipment	55,201.3	57,257.9	58,333.4	59,080.6	**58,913.3**
Total assets	65,092.1	67,724.6	69,841.9	71,363.0	**74,081.1**
Total borrowings	27,115.6	23,979.4	22,740.4	22,616.0	**21,263.6**
Total liabilities	45,545.6	43,627.7	44,080.0	45,316.7	**45,266.6**
Share capital	4,135.2	4,331.7	4,334.5	4,337.0	**4,352.7**
Shareholders' equity	19,425.2	23,998.6	25,657.2	26,006.1	**28,778.9**
SHARE INFORMATION					
Per share (sen)					
– Basic earnings	52.52	94.92	59.87	21.18	**73.74**
– Diluted earnings	50.44	93.00	59.84	21.15	**73.40**
– Gross dividend	14.80	36.30	20.00	17.77	**26.00**
– Net assets	470.00	554.00	591.90	599.60	**661.20**
– Share price as @ 31 August (RM)	9.15	9.95	7.90	8.02	**8.86**
FINANCIAL RATIOS					
Return on assets (%)	3.3	6.3	4.6	4.0	**4.7**
Return on shareholders' equity (%)	10.9	17.6	12.6	11.0	**12.6**
Gearing (%)	58.1	49.9	46.9	46.5	**42.5**
EBITDA margin (%)	35.7	37.6	29.9	25.2	**26.8**
Effective weighted average cost of funds (%)	5.9	5.9	5.5	5.3	**5.3**
Interest coverage (%)	4.7	6.7	6.8	6.4	**7.6**
Currency mix (RM:Foreign)	52:48	55:45	53:47	51:49	**54:46**
Debt-equity (Net of Cash) ratio	1.19	0.78	0.68	0.63	**0.45**

FIVE-YEAR GROUP GROWTH SUMMARY

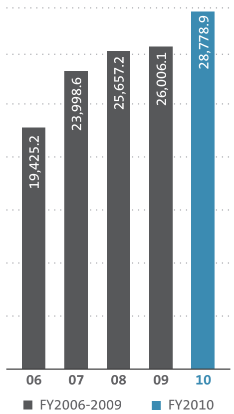
Revenue
RM Million



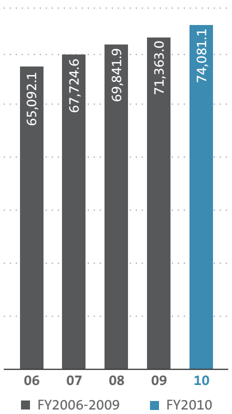
Net Profit Attributable to Equity Holders of the Company
RM Million



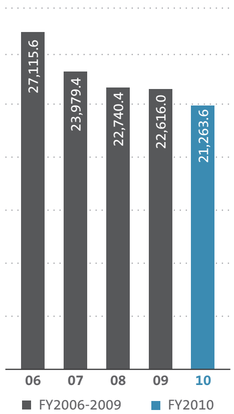
Shareholders' Equity
RM Million



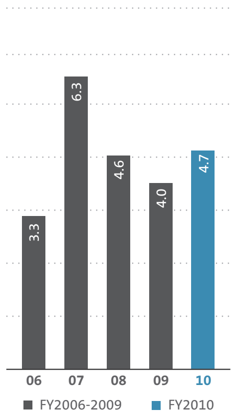
Total Assets
RM Million



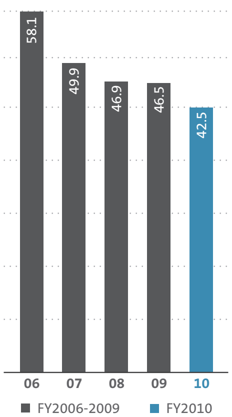
Total Borrowings
RM Million



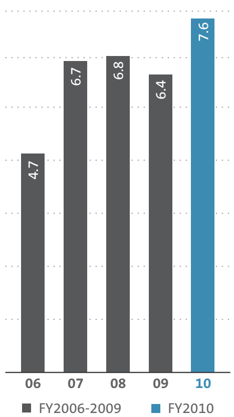
Return on Assets
%



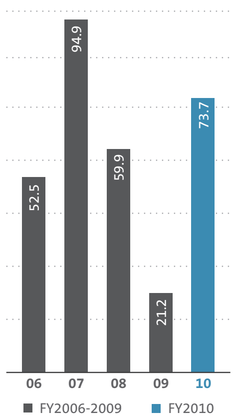
Gearing
%



Interest Coverage
%

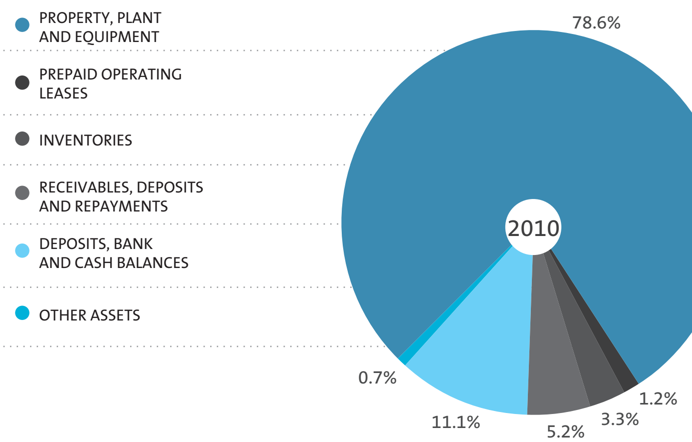


Basic EPS
Sen

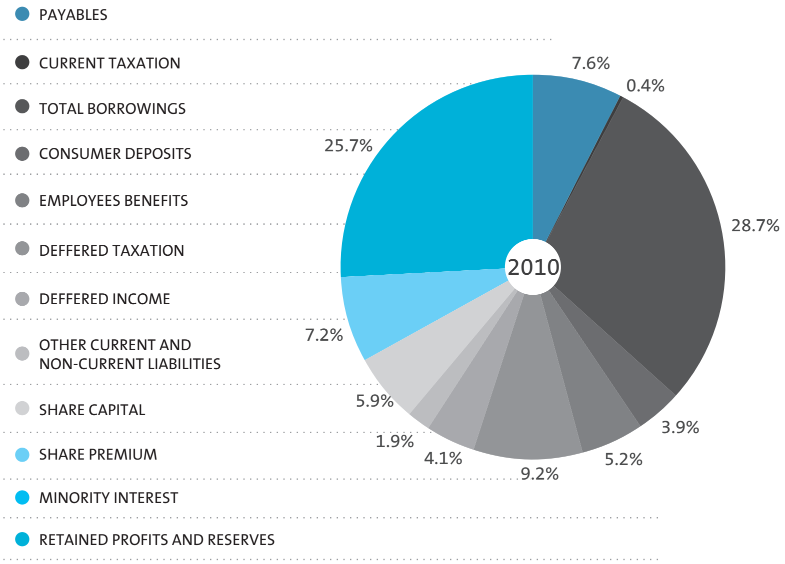


SIMPLIFIED GROUP BALANCE SHEET

Total Assets (RM Million)



Total Liabilities & Shareholder Equity (RM Million)



GROUP QUARTERLY FINANCIAL PERFORMANCE

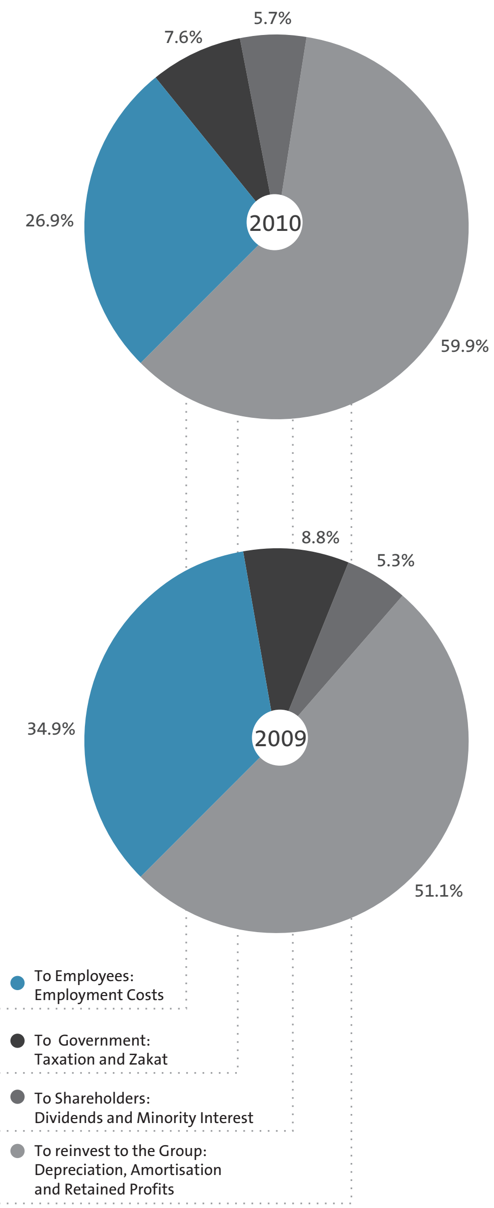
	2010				
IN RM MILLION	**1Q**	**2Q**	**3Q**	**4Q**	**2010**
Revenue	7,338.3	7,389.1	7,723.3	7,869.4	30,320.1
Operating profit	1,241.2	1,320.6	904.5	716.4	4,182.7
Profit before taxation and zakat	973.1	1,262.3	1,286.8	499.9	4,022.1
Net profit attributable to equity holders of the Company	706.3	1,000.1	1,107.1	388.4	3,201.9
Basic earnings per share (sen)	16.28	23.05	25.51	8.94	73.74
Diluted earnings per share (sen)	16.21	22.96	25.39	8.90	73.40

	2009				
IN RM MILLION	**1Q**	**2Q**	**3Q**	**4Q**	**2009**
Revenue	7,414.6	6,906.6	7,001.8	7,462.6	28,785.6
Operating profit	890.8	1,160.9	911.2	736.0	3,698.9
Profit before taxation and zakat	(772.7)	815.4	1,240.3	260.1	1,543.1
Net profit attributable to equity holders of the Company	(944.1)	674.6	1,023.1	164.3	917.9
Basic earnings per share (sen)	(21.78)	15.56	23.60	3.79	21.18
Diluted earnings per share (sen)	(21.78)	15.56	23.60	3.79	21.15

STATEMENT OF VALUE ADDED

Value added is a measure of wealth created by the TNB Group. The statement of value added shows the total wealth created and its distribution to stakeholders, including the Government, with the balance retained in the Group for reinvestment and future expansion of the Group's business.

DISTRIBUTION OF VALUE ADDED:



VALUE ADDED (RM MILLION)

	2009	2010
Revenue	28,785.6	**30,320.1**
Operating expenses excluding staff costs, depreciation and amortisation	(19,148.4)	**(19,637.2)**
Other operating income	357.2	**382.3**
Finance income	177.1	**209.7**
Finance cost	(1,126.8)	**(1,070.9)**
Foreign exchange (loss)/gain on borrowings	(1,239.2)	**656.0**
Share of results of associates	33.1	**44.6**
Value added available for distribution	**7,838.6**	**10,904.6**

DISTRIBUTION (RM MILLION)

	2009	2010
To employees:		
Employment costs	2,734.0	**2,932.3**
To the Government:		
Taxation and zakat	690.1	**824.8**
To providers of capital:		
Dividends paid to shareholders	476.8	**620.8**
Minority interests	(64.9)	**(4.6)**
To reinvest to the Group:		
Depreciation and amortisation	3,561.5	**3,950.2**
Retained profits	441.1	**2,581.1**
Total distributed	**7,838.6**	**10,904.6**

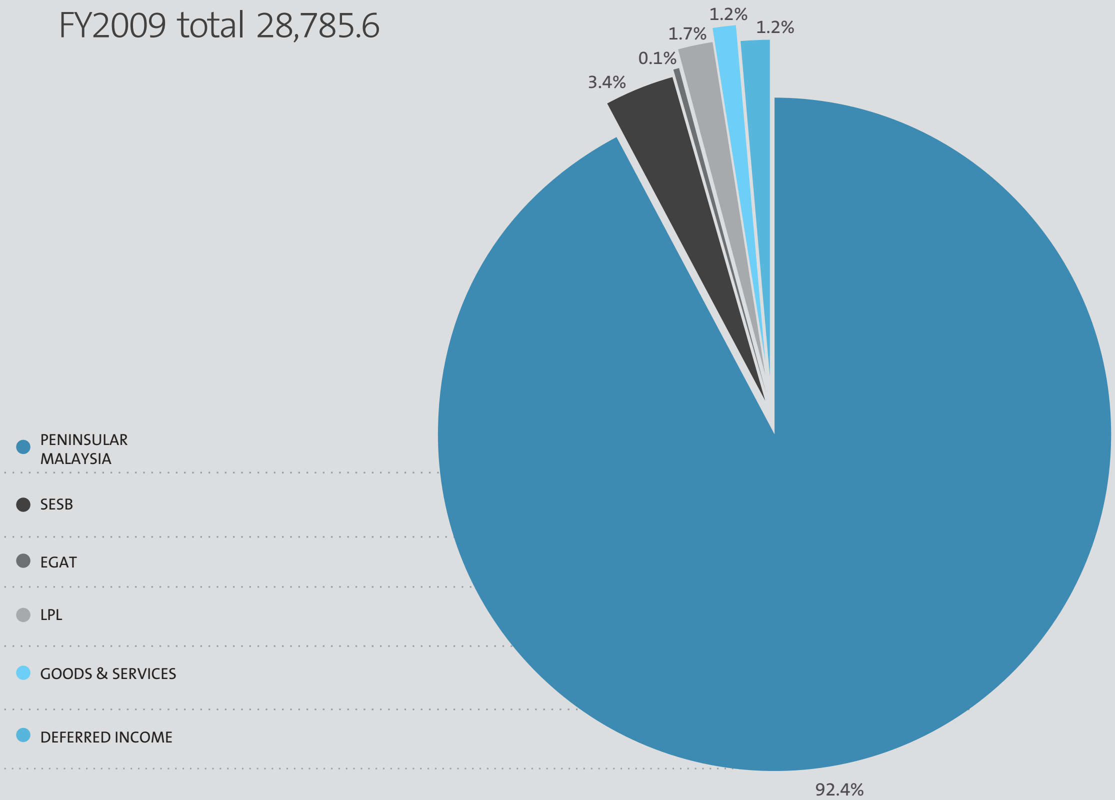
FY2010 CORE REVENUE

FY2010

total

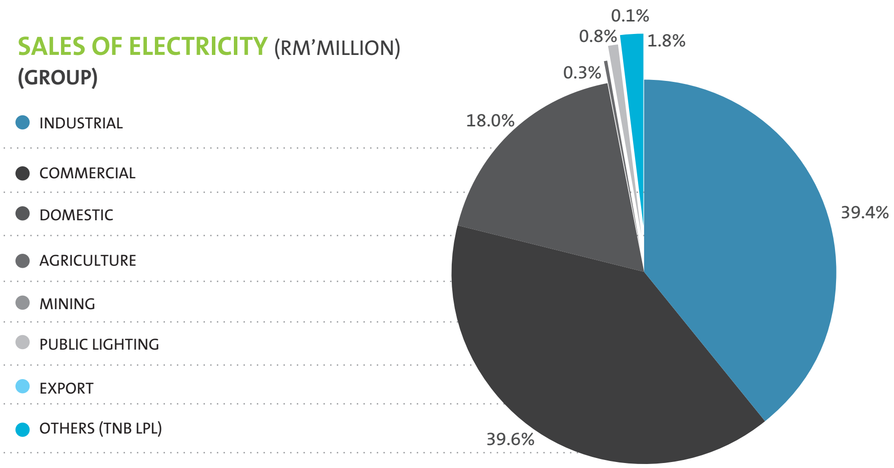
30,320.1

FY2009 total 28,785.6

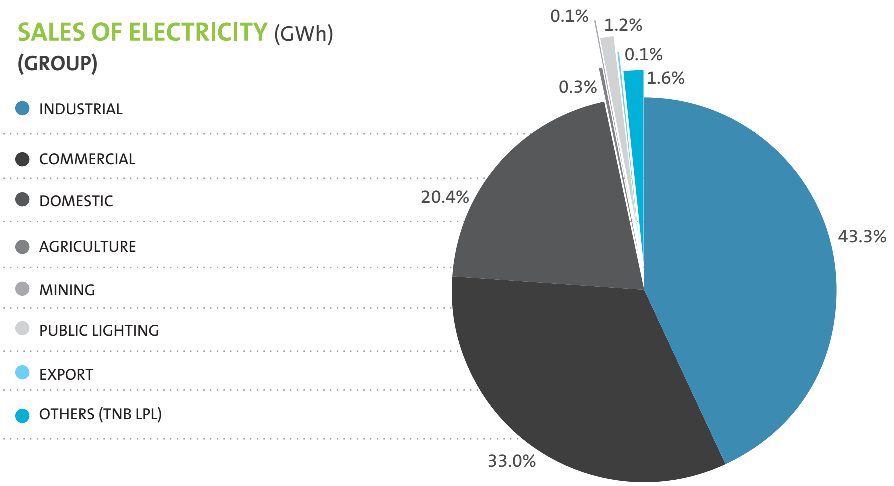


OPERATIONAL STATISTICS

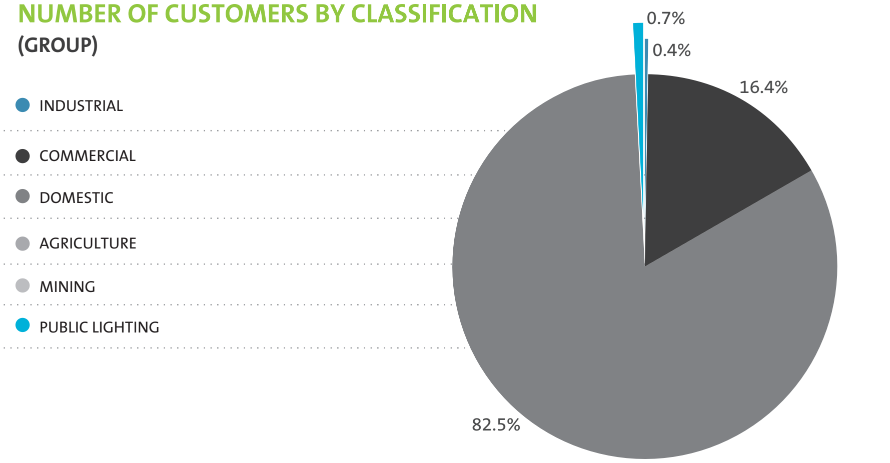
SALES OF ELECTRICITY (RM'MILLION) (GROUP)



SALES OF ELECTRICITY (GWh) (GROUP)



NUMBER OF CUSTOMERS BY CLASSIFICATION (GROUP)



GROUP FINANCIAL REVIEW

REVENUE

Revenue consists of sales of electricity, goods and services and release of deferred income. For the financial year ended 31 August 2010, the Group's revenue continued to show an upward trend, increasing by 5.3% from RM28,785.6 million to RM30,320.1 million. The increase was attributed to higher electricity sales for both Peninsular business and SESB, which recorded a growth of 8.8% and 8.5% respectively. Overall Group electricity demand grew by 8.4% for the financial year under review.

OPERATING EXPENSES

For the financial year ended 31 August 2010, the Group's operating expenses grew by 4.2% from RM25,443.9 million recorded in 2009 to RM26,519.7 million in 2010. The growth was primarily due to the increase in IPP purchases and depreciation as well as higher staff costs incurred during the year.

Energy Costs

Energy costs contributes 65.5% of total expenses for the Group. For the financial year under review, energy cost grew by 2.4% to RM17,379.0 million from RM16,974.4 million recorded in 2009. The increase in energy costs was mainly due to higher payment to Independent Power Producers (IPP), totaling RM12,528.0 million, an increase of 5.9% compared to the previous financial year. However, lower fuel costs incurred during the year somewhat offsets the increase in IPP purchases. Fuel costs showed a reduction of 5.8% to RM4,851.0 million in 2010 contributed by lower average price of coal at USD88.2/mt compared to USD90.2/mt in 2009, primarily due to the appreciation of Ringgit against US dollar.

Depreciation

Depreciation charge for the financial year increased from RM3,561.5 million in 2009 to RM3,950.2 in 2010, representing a 10.9% growth. Depreciation accounted for 14.9% of total operating expenses for the Group in the financial year compared to 14.0% in 2009.

Staff Costs

In the year under review, the Group's staff costs represented 9.8% of total operating expenses. During the period, staff costs registered an increase of 6.8% to RM2,591.1 million in comparison to RM2,426.8 million recorded in 2009.

OTHER OPERATING INCOME

Other operating income recorded by the Group was higher in 2010, amounting to RM382.3 million, an increase of 7.0% from the previous financial year. Other operating income, among others, comprised government development grants received by Sabah Electricity Sdn. Bhd. for capital projects in the State of Sabah, gain on disposal of non-current assets held for sale, interest on late payments and minimum monthly charges.

TRANSLATION GAIN/(LOSS)

In line with the strengthening of Ringgit against the US dollar and the Japanese Yen, the Group recorded higher translation gain for foreign currency denominated term loans of RM632.6 million during financial year 2010. In the previous financial year, a translation loss of RM1,177.8 was recorded.

TAXATION EXPENSE

For the financial year ended 31 August 2010 the Group recorded a 20.5% effective tax rate. The effective tax rate is calculated based on 'Total Tax Expenses' (including Deferred Tax) as a percentage of 'Profit Before Tax', which includes foreign exchange gain. If foreign exchange gain is not taken into account, the effective tax rate for the financial year was 24.5%.

GROUP FINANCIAL REVIEW (CONT'D)

PROFITABILITY

As a result of increase in revenue and higher translation gain for foreign currency denominated loans, the Group's profit for the financial year surged to RM3,197.3 million from RM853.0 million recorded in 2009.

TOTAL ASSETS

Total assets for the Group amounted to RM74,081.1 million as at 31 August 2010, an improvement of 3.8% from RM71,363.0 million recorded in the previous financial year.

Property, plant and equipment (PPE)

The Group's PPE includes prepaid operating leases and non-current assets held for sale. The carrying amount of the Group's PPE during financial year 2010 declined by 0.3% to RM58,913.3 million from RM59,080.6 million recorded in 2009. The reduction was mainly due to the reduction in capital project-in progress.

Trade and other receivables

The Group's and the Company's credit policy provide trade receivables with a 30 days credit period. As at end of the financial year, trade and other receivables increased by 2.8% to RM3,881.4 million from RM3,774.1 million registered in 2009.

Deposits, cash and bank balances

Deposits, cash and bank balances increased significantly to RM8,343.7 million or 35.4% compared to its level in 2009 of RM6,163.9 million. The improvement was primarily due to the increase in net cash inflow generated from operating activities.

TOTAL LIABILITIES

As at 31 August 2010, the Group's total liabilities improved slightly by 0.1% to RM45,266.6 million from RM45,316.7 million registered in 2009. Trade payables recorded a reduction of 6.7% to RM3,869.8 million in 2010 from RM4,149.7 million recorded previously. However, the improvement was partially offset by the increase in employee benefits by 11.4% to RM3,866.3 million while other payables grew by 18.8% to RM1,727.1 million. Consumer deposits also recorded an increase of 6.9% to RM2,903.9 million in 2010.

Borrowings

The Group's total borrowings was reduced by 6.0% to RM21,263.6 million from its previous level in 2009. Short-term borrowing increased from RM1,157.9 million in 2009 to RM3,162.7 million in 2010 while long-term borrowings was reduced to RM18,100.9 million from RM21,458.1 million recorded in the previous financial year. The reduction in long-term borrowings during the year resulted from repayments of foreign currency denominated term loans of RM679.1 million and ringgit denominated term loans of RM400.2 million. As at 31 August 2010, the effective average cost of borrowing for the Group stood as 5.31%.

SHAREHOLDERS' EQUITY

The Group's shareholders' equity increased to RM28,778.9 million or 10.7% during the financial year under review as opposed to its 2009 level of RM26,006.1 million. The increase was primarily contributed by the increase in retained profits by 16.4% to RM18,389.2 million and improvement of revaluation and other reserves by 15.1% to RM682.8 million.

Earnings per share (EPS)

As a result from higher profit posted by the Company during the financial year, the basic EPS attributable to ordinary equity holders rose from 21.18 sen per share in 2009 to 73.74 sen per share in 2010.

Dividends

For the financial year ended 31 August 2010, an interim dividend of 6.0 sen gross per ordinary share less income tax of 25% amounting to RM195.5 million was paid on the 27 May 2010. Together with the proposed final dividend of 20.0 sen gross per ordinary share less income tax of 25% that is subject to shareholders' approval at the forthcoming Annual General Meeting, the total dividend payout for the year would be RM848.8 million. The total dividend is equivalent to a gross dividend of 26.0 sen per ordinary share which represents 52.5% of the Company's free cash flow.

DIFFERENT ENERGY RESOURCES...

Photos courtesy of samsulaz

BOARD OF DIRECTORS

Front: **TAN SRI LEO MOGGIE**
(Chairman)
(Non-Independent Non-Executive Director)

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
(President/Chief Executive Officer)
(Non-Independent Executive Director)

Back, from left: **DATO' PUTEH RUKIAH BINTI ABD MAJID**
(Non-Independent Non-Executive Director)

TAN SRI DATO' SERI SITI NORMA BINTI YAAKOB
(Independent Non-Executive Director)

DATO' MOHAMMAD ZAINAL BIN SHAARI
(Non-Independent Non-Executive Director)

DATO' ZAINAL ABIDIN BIN PUTIH
(Senior Independent Non-Executive Director)

Back, from left:

DATO' ABD MANAF BIN HASHIM
(Independent Non-Executive Director)

DATO' Ir. AZMAN BIN MOHD
(Executive Director/
Chief Operating Officer)
(Non-Independent Executive Director)

TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY
(Independent Non-Executive Director)

DATO' FUAD BIN JAAFAR
(Independent Non-Executive Director)

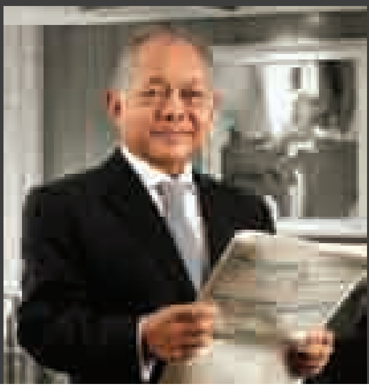
CHUNG HON CHEONG
(Independent Non-Executive Director)

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG
(resigned w.e.f. 15 September 2010)

SURIA BINTI AB RAHMAN
(Alternate Director to Dato' Mohammad Zainal Bin Shaari)
(Non-Independent Non-Executive Director)
(not in the picture)

NOR ZAKIAH BINTI ABDUL GHANI
(Company Secretary)

PROFILE OF DIRECTORS



TAN SRI LEO MOGGIE
(69 years of age – Malaysian)

Chairman
Non-Independent Non-Executive Director

Tan Sri Leo Moggie was appointed as Non-Independent Non-Executive Chairman to the Board of Tenaga Nasional Berhad on 12 April 2004.

He holds a Master of Arts in History from University of Otago, New Zealand and a Master in Business Administration from Pennsylvania State University, USA. He is the Chairman of the Board Nomination and Remuneration Committee and Board Finance and Investment Committee.

Tan Sri Leo Moggie has served the Government in several senior ministerial positions both at the federal and state level prior to his appointment as Chairman of Tenaga Nasional Berhad. Tan Sri Leo Moggie was the former Minister of Energy, Communications and Multimedia (1998-2004), Minister of Works (1989-1995), Minister of Energy, Telecommunications and Posts (1978-1989 and 1995-1998) in the Federal Cabinet and Minister of Local Government (1977-1978) and Minister of Welfare Services (1976-1977) in the State Government of Sarawak. He began his career as a Civil Servant and held various positions in the Sarawak State Civil Service from 1966 until 1974. He was also a member of Council Negeri Sarawak (1974-1978) and a Member of Parliament (1978-2004).

Tan Sri Leo Moggie's other directorships in public companies include Digi.Com Berhad and The New Straits Time Press (Malaysia) Berhad.

He has attended all the 12 Board of Directors' Meetings held in the Financial Year ended 31 August 2010.

Tan Sri Leo Moggie has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been charged for any offence.

from left to right

Tan Sri Leo Moggie
Dato' Sri Che Khalib Bin Mohamad Noh

DATO' SRI CHE KHALIB BIN MOHAMAD NOH

(45 years of age – Malaysian)

President/Chief Executive Officer
Non-Independent Executive Director

Dato' Sri Che Khalib Bin Mohamad Noh was appointed as a Non-Independent Executive Director to the Board of Tenaga Nasional Berhad on 1 July 2004.

He is a Fellow of the Association of Chartered Certified Accountants (United Kingdom) and a member of the Malaysian Institute of Accountants.

Dato' Sri Che Khalib started his career with Messrs Ernst & Young and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within Renong Group including Projek Lebuhraya Utara Selatan (PLUS), HBN Management Services Sdn. Bhd., Renong Overseas Corporation Sdn. Bhd. and Marak Unggul Sdn. Bhd., the consortium company responsible for the management of Keretapi Tanah Melayu Berhad. In June 1999, he joined Ranhill Utilities Berhad as the Chief Executive Officer. He was the Managing Director and Chief Executive Officer of KUB Malaysia Berhad prior to his appointment as President/Chief Executive Officer of Tenaga Nasional Berhad.

Prior to joining Tenaga Nasional Berhad, Dato' Sri Che Khalib served as a member of the Board and Executive Committee of Khazanah Nasional Berhad from the year 2000 until 2004. He also served as a Board member on several of the United Engineers Malaysia Berhad Group of Companies and Bank Industri & Teknologi Malaysia Berhad.

He attended 11 meetings out of the 12 Board of Directors' Meetings held in the Financial Year ended 31 August 2010.

Dato' Sri Che Khalib has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been charged for any offence.

PROFILE OF DIRECTORS
(CONT'D)



DATO' PUTEH RUKIAH BINTI ABD MAJID
(57 years of age – Malaysian)

Non-Independent Non-Executive Director

Dato' Puteh Rukiah Binti Abd Majid was appointed to the Board of Tenaga Nasional Berhad as Non-Independent Non-Executive Director on 13 September 2006.

She is a holder of Bachelor of Economics (Hons) from University Malaya and later obtained a Master (Economy) from Western Michigan University, USA. She is the Chairman of Board Tender Committee and a member of the Board Disciplinary Committee.

She has held various positions in the Government including as Deputy Under Secretary, Minister of Finance (Inc.), Privatisation and Public Enterprise Division (2000-2004) and as Under Secretary, Investment, Minister of Finance (Inc.) and Privatisation Division (2004-August 2006). She is currently the Deputy Secretary General (Systems & Controls), Ministry of Finance.

Her directorships of public companies include Perbadanan Usahawan Nasional Berhad, Perbadanan Aset Air Berhad, Pelaburan Hartanah Berhad and Penerbangan Malaysia Berhad.

She attended 11 meetings out of the 12 Board of Directors' Meetings held in the Financial Year ended 31 August 2010.

Dato' Puteh Rukiah has no family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and has never been charged for any offence.

from left to right

Dato' Puteh Rukiah Binti Abd Majid
Dato' Mohammad Zainal Bin Shaari
Dato' Zainal Abidin Bin Putih

DATO' MOHAMMAD ZAINAL BIN SHAARI

(47 years of age – Malaysian)

Non-Independent Non-Executive Director

Dato' Mohammad Zainal Bin Shaari was appointed as Non-Independent Non-Executive Director to the Board of Tenaga Nasional Berhad on 31 March 2007.

Dato' Mohammad Zainal is a Fellow of the Institute of Chartered Accountants in England and Wales, and the Association of Chartered Certified Accountants (ACCA) of the United Kingdom. He is also a Member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants (MICPA).

He serves as a member of the Board Audit Committee, Board Tender Committee, Board Finance and Investment Committee and Board Nomination and Remuneration Committee.

He has served in various positions in the private sector including with a public accounting firm in the United Kingdom in the year 1984 until 1990 and subsequently with PricewaterhouseCoopers until 2002. He then had a short stint in BinaFikir Sdn. Bhd. prior to joining Khazanah Nasional Berhad in October 2004 where he is presently the Executive Director/Chief Operating Officer.

He attended nine (9) meetings out of the 12 Board of Directors' Meetings held in the Financial Year ended 31 August 2010.

Dato' Mohammad Zainal has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been charged for any offence.

DATO' ZAINAL ABIDIN BIN PUTIH

(64 years of age – Malaysian)

Senior Independent Non-Executive Director

Dato' Zainal Abidin Bin Putih was appointed as Independent Non-Executive Director of Tenaga Nasional Berhad on 1 May 2003 and later, redesignated as Senior Independent Non-Executive Director on 1 October 2010.

He serves as the Chairman of the Board Audit Committee and a member of Board Finance and Investment Committee.

He is a qualified Chartered Accountant from the England and Wales Institute. He has extensive experience in Public Accounting Practice and has held various positions that include as Partner, Executive Director, Country Managing Partner and Chairman in the firm of Hanafiah Raslan & Mohamad which merged with Ernst & Young in the year 2002.

Presently, he is the Chairman of Mobile Money International Sdn. Bhd., Dutch Lady Milk Industries Berhad and Land & General Berhad as well as a Trustee of IJN Foundation. He was formerly the Chairman of the Malaysian Accounting Standards Board (MASB), Mentakab Rubber Company Berhad and Pengurusan Danaharta Nasional Berhad. He was also past President of Malaysian Institute of Certified Public Accountants (MICPA), a past member of Multimedia & Communication Commission of Malaysia and past Advisor to Ernst & Young Malaysia.

His other directorships in public companies include CIMB Group Holdings Berhad, ESSO Malaysia Berhad, CIMB Investment Bank Berhad, CIMB Bank Berhad and Southeast Asia Special Asset Management Berhad.

He attended 11 meetings out of the 12 Board of Directors' Meetings held in the Financial Year ended 31 August 2010.

Dato' Zainal Abidin has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been charged for any offence.

PROFILE OF DIRECTORS
(CONT'D)

TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY
(60 years of age – Malaysian)

Independent Non-Executive Director

Tan Sri Dato' Hari Narayanan was appointed as Independent Non-Executive Director to the Board of Tenaga Nasional Berhad on 1 March 1995.

He holds a Bachelor degree in Electrical and Electronics Engineering from the University of Northumbria, England.

He serves as a member of the Board Audit Committee and Board Nomination and Remuneration Committee.

He has vast experience in the field of electrical and electronics engineering and has held key positions in InchCape Berhad and Tamco Cutler-Hammer Sdn. Bhd. He is currently the Chairman of Noblemax Resources Sdn. Bhd. and Deputy Chairman of Emrail Sdn. Bhd.

His directorships in other public listed companies include S P Setia Berhad and Puncak Niaga Holdings Berhad.

He attended 11 meetings out of the 12 Board of Directors' Meetings held in the Financial Year ended 31 August 2010.

Tan Sri Dato' Hari Narayanan has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been charged for any offence.

from left to right

Tan Sri Dato' Hari Narayanan A/L Govindasamy
Dato' Fuad Bin Jaafar
Tan Sri Dato' Seri Siti Norma Binti Yaakob

DATO' FUAD BIN JAAFAR

(67 years of age – Malaysian)

Independent Non-Executive Director

Dato' Fuad Bin Jaafar was appointed as Independent Non-Executive Director to the Board of Tenaga Nasional Berhad on 15 March 2007.

He is a holder of a Diploma in Technology from Brighton University, United Kingdom.

He sits as a member on the Board Tender Committee, Board Disciplinary Committee and Board Nomination and Remuneration Committee.

He has served in various capacities during his tenure with Tenaga Nasional Berhad holding positions such as Assistant Distribution Engineer, Senior District Manager, Construction Engineer, Assistant Senior Construction Engineer, Senior Construction Engineer, Deputy Chief Engineer/Assistant General Manager and Deputy General Manager. In January 1994, Dato' Fuad became the General Manager for Transmission Division and later became the Senior General Manager for Energy Supply.

On 4 September 1997, he was appointed as TNB's Chief Operating Officer and Executive Director and subsequently on 16 October 2000, he was appointed as the President/Chief Executive Officer of Tenaga Nasional Berhad.

He has attended all 12 Board of Directors' Meetings held in the Financial Year ended 31 August 2010.

Dato' Fuad has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been charged for any offence.

TAN SRI DATO' SERI SITI NORMA BINTI YAAKOB

(70 years of age – Malaysian)

Independent Non-Executive Director

Tan Sri Dato' Seri Siti Norma Binti Yaakob was appointed as Independent Non-Executive Director to the Board of Tenaga Nasional Berhad on 12 September 2008.

She graduated as a Barrister-at-law from Gray's Inn, London. She also holds a Certificate in Public International Law in Post-Finals Course, Council of Legal Education, London.

Tan Sri Dato' Seri Siti Norma serves as the Chairman of the Board Disciplinary Committee and a member on the Board Nomination and Remuneration Committee and Board Finance and Investment Committee.

She has held various senior positions in the Legal Service of Malaysia holding such positions as Senior Assistant Registrar, President of Sessions Court, Senior Federal Counsel of Attorney General's Chambers, Deputy Public Trustee, Malaysia and Chief Registrar of Federal Court, Malaysia. She was appointed as Judge of the High Court of Malaya (1983-1994), and Judge of Court of Appeal, Malaysia (1994-2000). Effective 1 January 2001, she was made a Judge of the Federal Court of Malaysia and subsequently on 8 February 2005 she was elevated as Chief Judge of Malaya and held that position until 5 January 2007.

Her directorship in other public companies include as a Board member of KAF Investment Bank Berhad, RAM Holdings Berhad, RAM Rating Services Berhad and RAM Ratings (Lanka) Limited.

She attended 10 meetings out of the 12 Board of Directors' Meetings held in the Financial Year ended 31 August 2010.

Tan Sri Dato' Seri Siti Norma has no family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and has never been charged for any offence.

PROFILE OF DIRECTORS
(CONT'D)



DATO' Ir. AZMAN BIN MOHD
(53 years of age – Malaysian)

Executive Director/Chief Operating Officer
Non-Independent Executive Director

Dato' Ir. Azman Bin Mohd was appointed as Non-Independent Executive Director to the Board of Tenaga Nasional Berhad on 15 April 2010.

He is a holder of a Bachelor of Engineering (Electrical Engineering) from University of Liverpool, United Kingdom and Masters in Business Administration from University Malaya.

He has served Tenaga Nasional Berhad since 1979 in various capacities such as Assistant District Engineer, District Manager, Area Manager, Assistant General Manager as well as General Manager. Subsequently, he was appointed as Senior General Manager (Operation-Region 2) for Distribution Division and later became the Vice President (Distribution) prior to his appointment as Executive Director/Chief Operating Officer of Tenaga Nasional Berhad.

He attended four (4) meetings out of five (5) Board of Directors' Meetings held since the date of his appointment.

Dato' Ir. Azman has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been charged for any offence.

from left to right

Dato' Ir. Azman Bin Mohd
Dato' Abd Manaf Bin Hashim
Chung Hon Cheong

DATO' ABD MANAF BIN HASHIM

(54 years of age – Malaysian)

(Independent Non-Executive Director)

Dato' Abd Manaf was appointed to the Board of Tenaga Nasional Berhad as Independent Non-Executive Director on 1 February 2010.

He holds a Higher National Diploma in Engineering from Cambridgeshire College of Arts and Technology O.N.D. of Thames Valley University (Slough Campus).

He serves as a member of Board Audit Committee, Board Disciplinary Committee and Board Tender Committee.

Presently he is a member of the Suruhanjaya Perkhidmatan Awam Negeri Perak since 2009 and Chairman of several private companies that involved in the construction, telecommunication and solar hybrid since 1993. Prior to that, he held various positions in Shapadu Decloedt Dredging Sdn. Bhd. (1990-1992), Industrial Boilers and Allied Equipment (IBAE) (1984-1986), Hakasa Sdn. Bhd. (1983-1984) and Asie Sdn. Bhd. (1982-1983).

He has attended all seven (7) Board of Directors' Meetings held since his appointment date.

Dato' Abd Manaf has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been charged for any offence.

CHUNG HON CHEONG

(49 years of age – Malaysian)

Independent Non-Executive Director

Chung Hon Cheong was appointed as an Independent Non-Executive Director to the Board of Tenaga Nasional Berhad on 1 October 2010. He holds a qualification in Advance Computer Programming, CDS Computer Data Services.

He started his career in the early 80's with the involvement in Information Technology (IT) and later in 2001 he joined E-Resource.com Sdn. Bhd., a company involved in conducting research and development in RFID applications, as a Managing Director. Thereafter, he joined Rexit Solutions Sdn. Bhd. in 2003 and later became a Managing Director of Rexit Venture Sdn. Bhd. He is presently the Chief Executive Officer/Executive Director of Rexit Berhad.

His directorships in other public company include Rexit (Labuan) Berhad.

Chung Hon Cheong has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has never been charged for any offence.

GROUP EXECUTIVE COUNCIL COMMITTEE – GECC

The Group Executive Council Committee is responsible for ensuring that operations of the Company are aligned to the Company's mission and vision and implemented in accordance with the Group's policies and strategies. It is the highest executive entity in the Group, comprising the President/Chief Executive Officer as the Chairman, Executive Director/Chief Operating Officer, Chief Financial Officer/Vice President (Group Finance) and the three (3) Vice Presidents of the Company's core businesses (namely Generation, Transmission and Distribution).

The Committee is also responsible to monitor and oversee that the activities and overall performance of the Group are implemented in line with the Company's initiatives and policies. These include the appointments of Members of the respective Group Management Committees and promotions of the executives within the Company.

The Committee held nine (9) meetings during the Financial Year under review.

from left to right:-

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
President/Chief Executive Officer

DATO' Ir. AZMAN BIN MOHD
Executive Director/Chief Operating Officer

DATO' Ir. MOHD NAZRI BIN SHAHRUDDIN
Vice President, Generation

Ir. ROZIMI BIN REMELI
Vice President, Transmission

Ir. HUSSIN BIN OTHMAN
Vice President, Distribution

MOHAMED RAFIQUE MERICAN BIN MOHD WAHIDUDDIN MERICAN
Chief Financial Officer/
Vice President, Group Finance

ENERGY SUPPLY COMMITTEE – ESC

The Energy Supply Committee is the highest management forum having the authority to endorse and approve all power system development plans and proposals for TNB in Peninsular Malaysia prior to submission to TNB Board of Directors. The Committee also makes decisions in respect of major operational issues affecting the Company's core business as well as decisions related to the expedition of the on-going generation, transmission and primary distribution development projects in Peninsular Malaysia.

The Committee held four (4) meetings during the Financial Year under review.

from left to right:-

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
President/Chief Executive Officer

DATO' Ir. AZMAN BIN MOHD
Executive Director/Chief Operating Officer

DATO' Ir. MOHD NAZRI BIN SHAHRUDDIN
Vice President, Generation

Ir. ROZIMI BIN REMELI
Vice President, Transmission

Ir. HUSSIN BIN OTHMAN
Vice President, Distribution

DATIN ROSLINA BINTI ZAINAL
Vice President, Planning

GROUP EXECUTIVE MANAGEMENT COMMITTEE – GEMC

In the day-to-day running of the Company, the President/Chief Executive Officer is supported by the Group Executive Management Committee that is responsible for the Group's financial and operational management, strategic planning, resource management and risk assessment. Its objective is to ensure that the Company's obligations to its shareholders and other stakeholders are understood and met.

It serves as a forum for the Senior Management from across the Divisions to deliberate and monitor the achievement of their Key Performance Indicators (KPIs) and resolve pertinent issues relating to technical operations matters mainly from the core business areas of the Company i.e. generation, transmission and distribution.

The Committee generally meets on a monthly basis and additionally when necessary. During the Financial Year under review, the Committee held 15 meetings.

from left to right:-

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
President/Chief Executive Officer

DATO' Ir. AZMAN BIN MOHD
Executive Director/
Chief Operating Officer

MOHAMED RAFIQUE MERICAN BIN MOHD WAHIDUDDIN MERICAN
Chief Financial Officer/Vice President,
Group Finance

DATO' Ir. MOHD NAZRI BIN SHAHRUDDIN
Vice President, Generation

Ir. ROZIMI BIN REMELI
Vice President, Transmission

Ir. HUSSIN BIN OTHMAN
Vice President, Distribution

DATIN ROSLINA BINTI ZAINAL
Vice President, Planning

DATO' MUHAMMAD RAZIF BIN ABDUL RAHMAN
Vice President, Human Resource

DATO' RAZALI BIN AWANG
Chief Information Officer

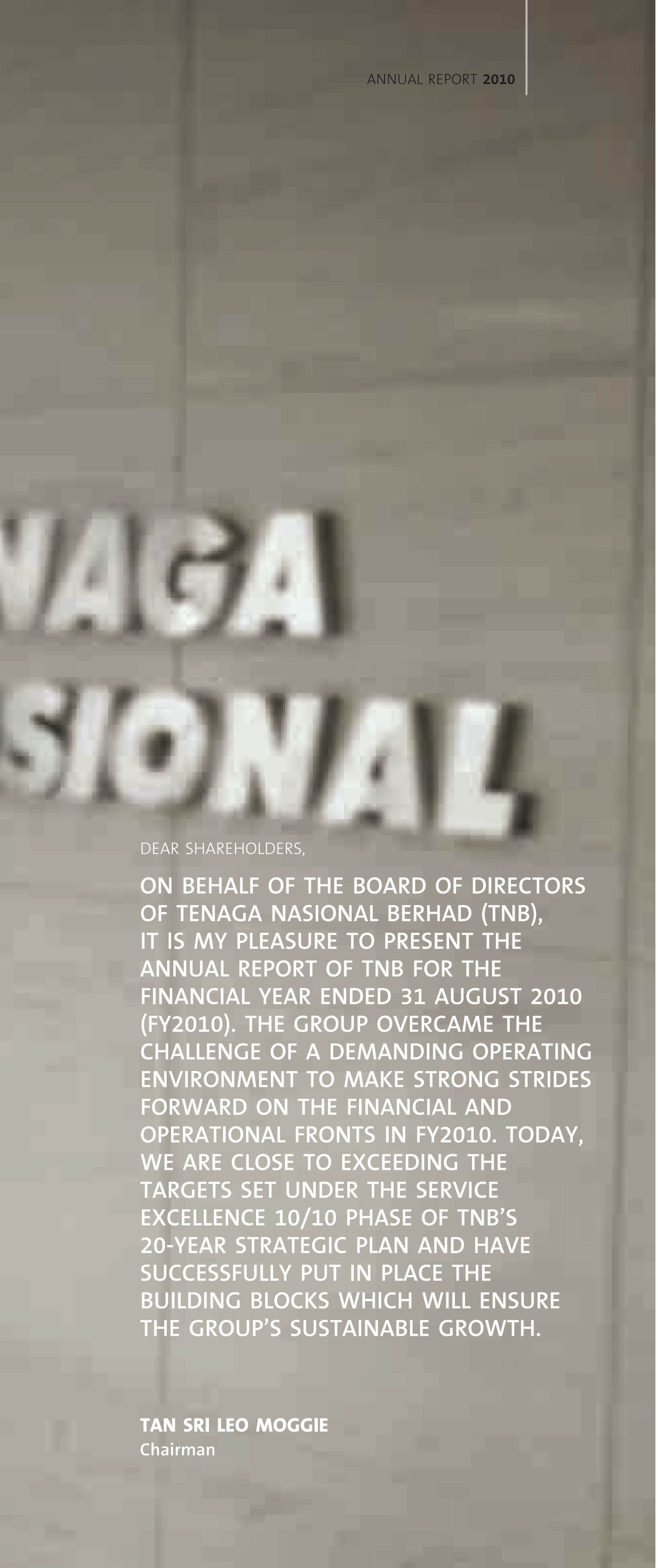
Ir. NOR AZMI BIN RAMLI
Chief Procurement Officer

MD. JAILANI BIN ABAS
Senior General Manager,
Corporate Services

ADELINA BINTI ISKANDAR
Vice President, Corporate Affairs

Wind was one of the earliest forms of energy harnessed to do work. Originally used to power sailing vessels through the seas, the immense potential of wind energy progressed further through the invention of the windmill. Today, wind energy is still considered to be a tremendous source of energy, evident through the widespread usage of turbine windmills in generating electricity.

CHAIRMAN'S LETTER TO SHAREHOLDERS



DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF TENAGA NASIONAL BERHAD (TNB), IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT OF TNB FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2010 (FY2010). THE GROUP OVERCAME THE CHALLENGE OF A DEMANDING OPERATING ENVIRONMENT TO MAKE STRONG STRIDES FORWARD ON THE FINANCIAL AND OPERATIONAL FRONTS IN FY2010. TODAY, WE ARE CLOSE TO EXCEEDING THE TARGETS SET UNDER THE SERVICE EXCELLENCE 10/10 PHASE OF TNB'S 20-YEAR STRATEGIC PLAN AND HAVE SUCCESSFULLY PUT IN PLACE THE BUILDING BLOCKS WHICH WILL ENSURE THE GROUP'S SUSTAINABLE GROWTH.

TAN SRI LEO MOGGIE
Chairman

PRIORITISING SUSTAINABLE GROWTH

This year's Annual Report features the theme "Powering a Sustainable Future". The agenda of sustainability continues to be the overarching theme in today's business landscape. As Malaysia's leading integrated electricity provider and a responsible corporate citizen, TNB has made the long-term sustainability of our operations and the growth of the energy sector, our top priorities. To ensure our agenda of sustainability continues unhindered, we remain committed to conducting our business in a manner which ensures sustained financial growth, ascertains the reliability of the energy supply, and strengthens our ability to meet our societal and environmental responsibilities.

OVERCOMING A CHALLENGING ENVIRONMENT

While Malaysia registered a GDP contraction of 1.7% in 2009 as a result of the global economic recession, the domestic economy staged a remarkable recovery to deliver 9.5% GDP growth in the first half of 2010. The rollout of several proactive measures by the Government, including two economic stimulus packages amounting to RM67 billion, did much to reinvigorate the economy. Over the course of the year, other key indicators such as a resurging Kuala Lumpur Composite Index at Bursa Malaysia, Malaysia's higher trade performance, a robust Ringgit, stronger international reserves and growth in major economic sectors, all confirmed that the economy was on the definite uptrend.

Against this backdrop, TNB continued to face the challenge of higher costs of generation due to future high fuel price escalation. The upward trend in coal prices in particular, continued to weigh heavily on operational margins. However, this was to some extent cushioned by the strengthening of the Ringgit against the US Dollar, as well as the many measures we undertook to enhance our operational efficiencies. As the Malaysian economy strengthened over 2010, it brought about a strong recovery in electricity demand from the industrial, commercial and domestic sectors. As a result, a new peak electricity demand level of 15,072 MW was recorded in Peninsular Malaysia on 24 May 2010, representing an increase of 5.8% from FY2009's peak demand. As electricity sales in Peninsular Malaysia rose, TNB registered 8.8% year-on-year electricity demand growth in FY2010.

DELIVERING STRONGER RESULTS

In FY2010, the Group recorded a 5.3% growth in revenue to RM30,320.1 million from RM28,785.6 million previously on the back of strong electricity demand growth. Net profit before forex translation gain rose to RM2,569.3 million in FY2010 reflecting a 22.6% improvement over the RM2,095.7 million reported in FY2009. The higher profit in FY2010 was primarily attributable to the stronger demand growth, stronger Ringgit and an average coal price of USD88.2 per metric tonne (mt) during the year (FY2009: USD90.2/mt). As a consequence, TNB's EBITDA margin increased to 26.8% in comparison to 25.2% in the preceding year, while our Return on Assets rate increased to 4.7% from 4.0% previously.

TNB's Group's Dividend policy is intended to provide stable and sustainable returns to shareholders while retaining an efficient capital structure and ensuring adequate funding for future growth. For FY2010, the Board of Directors is recommending a final gross dividend of 20.0 sen per ordinary share (FY2009: 10.0 sen) less income tax of 25%, subject to shareholders' approval at the forthcoming Annual General Meeting. Together with the interim gross dividend of 6.0 sen per ordinary share less income tax of 25% paid on 27 May 2010, the total gross dividend that has been paid and will be payable in respect of FY2010 is equivalent to 26.0 sen per ordinary share. This represents a total amount of RM848.8 million in dividend paid/payable for FY2010 or 52.5% of TNB's free cash flow.

ACHIEVING SERVICE EXCELLENCE

TNB is well on its way to achieving the targets set under the SE10/10 phase of our 20-Year Strategic Plan (2006-2025) which calls for us to achieve service excellence by the end of 2010. The year saw all our business divisions and units continuing to make strong strides forward with many surpassing their target Headline Key Performance Indicators (KPIs) and turning in strong improvements in operational efficiency. The steadfast focus on operational excellence by our core Generation, Transmission and Distribution businesses continued to ensure the delivery of a secure and uninterrupted power supply to our customers.

Even as they have been showing constant improvements in their key indexes under the SE10/10 phase (from 2006 to 2010), our three core divisions once again delivered significant improvements in FY2010. TNB Generation successfully achieved an Equivalent Unplanned Outage Factor (EUOF) of 2.7%, thereby surpassing the industry benchmark of 4.0% for the fifth consecutive year. TNB Transmission recorded its lowest ever Transmission System Minutes time of 0.85 minutes, thus maintaining single-digit System Minutes for the fifth consecutive year, in alignment with the world-class standard of less than 1 System Minutes. TNB Distribution too successfully reduced its Distribution System Average Interruption Duration Index (SAIDI) to 65.02 minutes/customer/year, thus exceeding the set KPI target of 72.0 minutes/customer/year and once again bringing TNB's Distribution SAIDI on par with that of developed countries.

TNB has the responsibility of delivering a product that is essential to the daily lives of our 7.9 million customers. We continue to ensure that the quality of our service and customer convenience remains a top priority. Over the years, we have implemented innovative technologies that have helped to integrate customer-related processes, systems and applications as well as make these more efficient and accessible. We have also elevated our customer and stakeholder engagement efforts by enhancing the many touch points and activities through which our customers interact with us.

As a result of these initiatives, customer satisfaction levels have been on the uptrend. As reflected in the Customer Satisfaction Index (CSI) survey conducted once every two years by a leading international market research company, TNB has been registering CSI scores of between 6.7 and 7.1 over the last 10 years (in comparison to a score of 6.3 in 1995). The Group also continues to be evaluated and benchmarked against other utilities from over 60 countries under the TRIM Index. For the 2009/10 period, the Group's performance improved to a scale of 72.0 in comparison to 69.0 in the 2004/05 period, thus placing TNB at the top 33 percentile of the Global Utilities Norm covering more than 60 countries.

CHAIRMAN'S LETTER TO SHAREHOLDERS (CONT'D)

As testament of the Group's strong operational performance and commitment to service excellence, TNB and our subsidiaries continued to garner recognition on the domestic and international fronts. TNB emerged the best ranked electric utility in ASEAN and the fourth in Asia on the Platts Top 250 Global Energy Company listing in 2009. TNB was also named the Best Brand in Power Utilities at the BrandLaureate Awards 2009-2010 organised by the Asia Pacific Brands Foundation. On top of this, our Universiti Tenaga Nasional (UNITEN) received the Prime Minister's Award for Industry Excellence and Quality Management Excellence in 2009 for its commitment to excellence in the areas of organisation, innovation and corporate social responsibility.

A string of other awards and accolades, including Asia's Best Employer Brand Awards, the Geospatial Excellence Award 2010 and the Distinction Award: Malaysian Corporate Governance (MCG) Index 2009, all attest to TNB's commitment to upholding excellence in every area of our business. Going forward, we will not rest on our laurels but will continue to improve all aspects of our business by closely monitoring our KPIs and benchmarking ourselves against the developed world's top-performing utilities.

POWERING A SUSTAINABLE FUTURE

As we pursue our agenda of sustainability, we need to address several issues and challenges to ensure a sustainable future for the Group.

Long-Term Energy Supply Security

The issue of long-term energy supply security will impede our progress if not addressed properly. Over the last few years, much time and effort has gone into managing fluctuating fossil fuel costs that account for 90% of our total generation costs. With fossil fuel resources, particularly Malaysia's indigenous natural gas resources, on the decline, TNB has been working with the Government and PETRONAS to explore an LNG importation capability to Peninsular Malaysia. Should we lose the capability to leverage on our indigenous gas resources, then we face the real possibility of an overreliance on imported coal and to some extent fuel oil. This will ultimately translate into an increase in the cost of generation given the price volatility of these fuel sources.

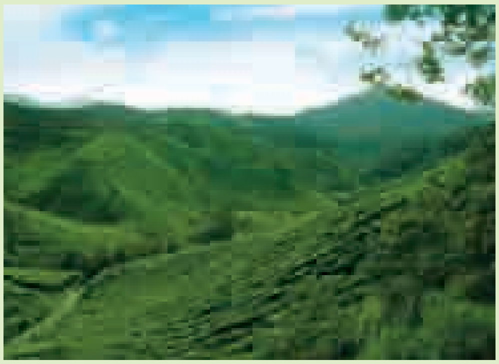
With the imminent expiration of the PPAs of the first generation IPPs, plus the cancellation of the plan to import power from the Bakun Dam project in Sarawak, TNB needs to reassess its generation portfolio in order to maintain a healthy reserve margin for the next few years. Apart from the 250 MW Hulu Terengganu and 372 MW Ulu Jelai hydropower projects that are expected to be online from 2015 onwards, only two new coal plants will be commissioned in Malaysia during the same period, one unit of which TNB will develop in Manjung, Perak.

As such, there is a need to ensure Malaysia's remaining hydro potential is developed systematically, while we also carefully re-visit the possibility of importing power from the Sarawak Corridor of Renewable Energy's (SCORE) hydro-projects (post-Bakun). These issues, coupled with the present challenges presented by the Malaysian Electricity Supply Industry (MESI) structure imbalance, as well as environmental concerns such as climate change, underline the need for a comprehensive energy strategy that will ensure our energy supply security is not compromised.

To ensure the sustainable growth of the energy sector, there is a dire need to have in place a policy that is based on long-term perspectives, as well as a regulatory framework that supports a balanced allocation of the cost of supplying power to our customers. Such a policy should take into account the real cost of energy supply and should incorporate an automatic fuel cost adjustment mechanism in its tariff structure to mitigate volatile fuel costs which are severely affecting power utilities. To this end, TNB is looking forward to the re-introduction of a periodic fuel cost pass-through (FCPT) mechanism in the electricity tariff to mitigate fluctuating fuel prices and excessive price shocks. We are appreciative that the Government in principle has agreed to periodically review the electricity tariff, in tandem with the six-monthly revision of the gas price. Going forward, TNB will continue to engage the Government on the base tariff adjustments to reduce the gap of the cost of supply at weighted average cost of capital (WACC) return and the prevailing electricity price to ensure the Group's financial sustainability.

The issue of long-term energy supply security must also take precedence given the Government's ambition to accelerate the nation forward into a high-income economy by 2020. Even as the Government is wasting no time in leveraging on aggressive national transformation programmes to reach its goals, a safe, high quality, reliable and cost efficient electricity supply will be of utmost importance in sustaining exponential economic growth, as well as attracting Domestic Direct Investment and Foreign Direct Investment. TNB will thus need to ensure it has the resources and the mandate it needs to support the nation's progress and fulfil Malaysia's strong economic ambitions.

CHAIRMAN'S LETTER TO SHAREHOLDERS (CONT'D)



Exploring Alternative Energy Sources

As the key electricity utility in Malaysia, TNB aspires to become the primary driver of green energy initiatives in Malaysia over the next five years in full support of the national green agenda. We have been actively exploring alternative energy sources, particularly renewable energy (RE) sources such as solar, mini hydro and biomass and will continue to do so in order to help meet the target of 5% RE in the country's energy mix. As of August 2010, TNB had signed 27 renewable-energy power purchase agreements (REPPAs) with Small Renewable Energy Power (SREP) developers in Peninsular Malaysia, with a total capacity of 153 MW. We continue to evaluate potential new RE projects, including a 5 MW Solar Farm on a 30-acre plot in Putrajaya which will help meet the needs of the surrounding area.

TNB applauds the Government's efforts to introduce the Feed-in-Tariff (FiT) and other support mechanisms to incentivise RE projects and spur their growth. On our part, we are committed to playing the role of a buyer of energy from RE resources under the current SREP framework as well as the facilitator that connects these RE plants to the national electricity grid.

Green technology is expected to play an increasingly critical role in the New Economic Model as one of the new engines of growth, especially with the national peak demand expected to reach 20,669 MW by 2020. As part of our efforts to promote green technology, TNB is honoured to have played a part in supporting the International Green Technology & Purchasing Conference 2010 (IGEM2010) in October 2010. The event has helped chart Malaysia's green development path as well as addressed critical issues such as climate change, energy security, sustainable consumption and production.

Ensuring Environmental Sustainability

At the United Nations Climate Change Conference in Copenhagen in December 2009, Prime Minister Datuk Seri Najib Tun Razak delivered Malaysia's proposal to reduce its carbon dioxide emission by 40% by the year 2020. Even as Malaysia has made a commitment to reducing its carbon footprint, TNB will continue to look at ways and means by which we can help support this agenda. In this regard, we have already started exploring new technologies such as supercritical technology, clean coal technology and smart grid technology. Not only will our new coal plants incorporate clean coal technology that reduces carbon emissions, they will leverage the supercritical boiler technology that advanced countries have been using to ensure more efficient and cleaner operations with minimal impact on the environment.

For the longer-term, TNB is seriously exploring the use of low carbon electricity generation technology such as nuclear energy technology to meet Peninsular Malaysia's post-2020 base load demand. While public concerns about waste disposal persist, escalating global interest in reducing carbon emissions is giving more weight to the case for clean nuclear power generation. Currently, TNB is working closely with the Malaysian Nuclear Agency and the Atomic Energy Licensing Board to prepare the groundwork for potential nuclear power development in Malaysia. We have also engaged KEPCO of Korea to undertake some preparatory work and are running public workshops to explain the viability of using nuclear energy.

We are also formulating a Green Energy Policy to streamline all processes and business operations within our organisation to ensure that we make strong strides forward in reducing our carbon footprint. This group-wide programme will cover the whole business value chain from the generation, transmission and distribution of electricity right through to the daily practices in our offices. Even as we inculcate the culture of energy efficiency among our employees, we will continue to engage and educate our household and industrial customers on the intelligent usage of energy through the adoption of smart energy systems and demand side management.

Leveraging on Geographical Expansion (2011–2015)

As we pursue our agenda of sustainability, we will embark on the second phase of our 20-Year Strategic Plan with its mandate of Geographical Expansion (Services). The 2011–2015 strategic phase encompasses four strategic themes that call for us to grow a profitable and sustainable business, delight our customers, enhance operational excellence, as well as enhance human capital development and productivity. As we embrace these key strategic thrusts and focus more keenly on new frontiers overseas, we are confident of building successfully upon the strong foundations we have laid these past many years, as well as replicating these beyond Malaysian shores. We recognise that this phase will be vital for our sustainable growth and will give our best as we endeavour to take TNB to new frontiers of excellence.

UPHOLDING GOOD GOVERNANCE MEASURES

TNB is committed to upholding the tenets of integrity, transparency and accountability and this is reflected in the good corporate governance practices and strict internal controls we have implemented throughout our business operations. Over the course of the financial year, we put in place a policy spelling out procurement procedures as well as outlined limits of authority. TNB's Chief Procurement Officer or procurement representatives are now present at all Board Tender Committee meetings to ensure stringent regulatory and legal compliance in relation to procurement activities. We also established units within several divisions to undertake self-auditing activities with a view to strengthening internal control processes and enforcement activities.

The year also saw the Group appointing an Executive Director/Chief Operating Officer to manage TNB's core business operations. For upholding the principles of good enterprise governance, TNB received a Merit Award from the Chartered Institute of Management Accountants (CIMA) which assessed us in the areas of corporate governance, corporate social responsibility, risk management and returns to shareholders.

CHAIRMAN'S LETTER TO SHAREHOLDERS (CONT'D)

IMPLEMENTING TANGIBLE CSR PRACTICES

Even as we pursue our agenda of sustainability, we are deeply committed to empowering our many stakeholders through impactful corporate social responsibility (CSR) programmes, particularly in the areas of education, human capital development, community enrichment and environmental conservation. Our many initiatives over FY2010 included donations and sponsorships, tariff discounts, subsidies and excess reserve margin. We continued to elevate the standard of living and quality of life of rural communities and the hardcore poor, while helping outstanding and deserving students further their studies in institutions of higher learning via our trust foundation, Yayasan Tenaga Nasional. We also helped advance the nation's human capital via our continuing support of the PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibility) project for schools, UNITEN and other educational initiatives. Our continuous efforts to build up the nation's talent pool also extended to developing Malaysia's future top athletes via our involvement in sports, particularly hockey.

Good environmental sustainability practices remain an integral part of TNB's policy decisions. All our power plants are built in full compliance with strict environmental legislation and global best practices. On top of this, we leverage modern clean coal technology that reduces carbon emissions, while our hydropower projects produce clean, renewable green energy. Whether it involves the conservation of a sanctuary for migratory birds, the preservation of a firefly colony or our support of leading edge renewable energy projects, we are committed to ensuring the sustainable growth of our environment and our future generations.

OUTLOOK AND PROSPECTS

The outlook for the global and domestic economies remains positive with growth forecast for 4.2% and 6.0% respectively. Domestic growth is expected to be supported by the expansion in private investment, private consumption and exports, while the manufacturing and services sectors are expected to spearhead sectoral growth. In its recent Budget 2011 announcement, the Government reiterated its commitment to advancing green technology and to reducing the intensity of carbon emissions. To this end, several tax incentives and import duty exemptions on green technology and related items were announced. The Government also announced the implementation of the FiT mechanism which will allow electricity generated from RE sources by individuals and independent providers to be sold to electricity utility companies, including TNB. These positive developments augur well for electricity demand growth going forward.

In light of this optimistic outlook, TNB's Board of Directors is confident about the Group's prospects for FY2011. However, we are also mindful that external factors such as the possibility of a double-dip recession and higher fuel costs will continue to impact upon our performance. Going forward, TNB will continue to carry out the necessary measures to mitigate unpredictable operating costs, whilst improving our operational efficiencies. Under the next phase of strategic growth – Geographical Expansion (Services) FY2011-FY2015 – we will focus our efforts on growing our earnings base by exploring more investment opportunities abroad. Even as we explore opportunities in the ASEAN region, the Middle East, North Africa and other regions, we will undertake the necessary due diligence and professional assessment of the risks and profitability involved.

ACKNOWLEDGEMENTS

On behalf of TNB's Board of Directors, I would like to express my deepest gratitude to our shareholders, affiliates, partners and esteemed customers for their steadfast support and confidence in the Group. I would also like to take this opportunity to sincerely thank the Government of Malaysia and the various regulatory bodies, particularly the Ministry of Energy, Green Technology and Water and the Energy Commission, for their cooperation and guidance.

My utmost thanks to our Management Team and all TNB employees for their hard work, dedication and commitment to helping TNB deliver another stellar performance amidst a challenging environment. I also wish to congratulate our President and CEO, Dato' Sri Che Khalib Mohamad Noh on being named the "CEO of the Year" in the prestigious Asia Power and Electricity Awards 2010. This award serves as apt testament that our industry peers throughout the region acknowledge TNB's drive and our efforts to transform ourselves into a key regional player. Many interesting and challenging years lie ahead for TNB and I believe that even as our people continuously uphold and embrace our culture of excellence, we will overcome all odds and create a great future for ourselves.

Please join me in paying our respects to the family of the late Dato' Ir Pian Sukro, Chairman of the Energy Commission, on his sudden demise in October 2009. Dato' Pian holds a special place in the hearts of all of us, as he served with TNB for a good 34 years in various capacities until he left as our President and Chief Executive Officer. We acknowledge his invaluable contributions to the energy sector and the nation. Moving forward, we are confident that the energy sector and Energy Commission will continue to make good progress under the guidance of its new Chairman, Tan Sri Datuk Dr. Ahmad Tajuddin Ali. We look forward to continuing our strong relationship with the Energy Commission and to receiving the guidance and counsel that have always been rendered to TNB.

Last but not least, I am hugely indebted to my fellow Board Members for their knowledge, wisdom and insights that have helped guide the Group through the myriad challenges that have come our way. I look forward to your continued wise counsel as we work towards realising TNB's vision of becoming one of the leading corporations in the energy and related businesses globally. I trust that all our stakeholders will continue to place their trust in us and lend us their generous support as we work hand in hand to ensure a sustainable future for TNB and our nation.

Thank you.

TAN SRI LEO MOGGIE
Chairman

Hydropower refers to power obtained from the flow of moving water. One of the oldest forms of power generation, water wheels were originally created to generate mechanical energy to turn shafts and to accomplish tasks such as grinding grain or sawing wood. Today, hydropower plants use turbine to generate electricity. In the form of electricity, this energy can be transported from the river of origin to where it's needed.

PRESIDENT/CEO'S REVIEW

DEAR SHAREHOLDERS,

THE FINANCIAL YEAR ENDED 31 AUGUST 2010 (FY2010) MARKED A CHALLENGING BUT REWARDING YEAR FOR TNB. DESPITE EXTERNAL MARKET PRESSURES, WE LEVERAGED ON THE ELECTRICITY DEMAND GROWTH SPARKED BY THE RECOVERING DOMESTIC ECONOMY AS WELL AS ENHANCED OPERATIONAL EFFICIENCIES TO DELIVER A STRONGER FINANCIAL PERFORMANCE AND BETTER HEADLINE KEY PERFORMANCE INDICATORS (KPIs). ABOVE ALL, WE HAVE DRAWN CLOSER TO SURPASSING THE TARGETS SET UNDER THE SERVICE EXCELLENCE 10/10 PHASE OF TNB'S 20-YEAR STRATEGIC PLAN WHICH WILL COME TO AN END IN CALENDAR YEAR 2010.

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
President/Chief Executive Officer

Our unwavering focus these past many years on achieving service excellence, strengthening supply reliability, undertaking preventive maintenance, reducing transmission and distribution losses as well as solidifying the Group's financial fundamentals, all helped us remain resilient amidst the year's challenging operating environment. We will continue to look to these and a throng of other proactive initiatives to lay strong foundations for us as we pursue our agenda of sustainability.

DELIVERING STRONGER FINANCIAL PERFORMANCE

TNB turned in a stronger financial performance in FY2010 with Group revenue growing by 5.3% to exceed the RM30 billion mark for the first time. At the same time, TNB's net profit before forex translation gain rose by 22.6% to some RM2.6 billion. This performance came on the back of stronger electricity demand growth in tandem with the domestic economy on the path to recovery. Year-on-year electricity sales growth rose to 8.8% in FY2010 in comparison to a sales contraction of 2.6% in FY2009. This was primarily attributable to the 10.5%, 8.5% and 7.2% hikes in demand from the industrial, domestic and commercial sectors respectively as well as the lower base effect recorded in FY2009. As a result of the overall increase in electricity demand growth, Peninsular Malaysia's electricity system peak demand increased to 15,072 MW on 24 May 2010, an increase of 5.8% over FY2009's achievement and our highest peak demand to date.

PRESIDENT/CEO'S REVIEW (CONT'D)

Due to the higher demand and limited local gas allocation, there was a shift in the industry generation mix to a heavier reliance on coal-fired power plants. As such, generation from coal fired power plants increased by 52.8% representing 40.2% of the industry generation mix in FY2010 in comparison to just 28.5% of the industry generation mix in FY2009. Coal consumption too increased by 53.4% to 17.8 million tonnes in FY2010 from 11.6 million tonnes previously. Fortunately, with the appreciation of the Ringgit against the US Dollar and a lower average price of coal at USD88.2 per metric tonne, the increase in coal costs was within expectations. Overall, the higher coal consumption together with full year capacity payments to new IPP, Jimah Energy Ventures Sdn. Bhd., led to a 4.2% increase in the Group's operating expenses for FY2010.

The year also saw the Ringgit strengthening against the US Dollar and Japanese Yen with the Group reporting a forex translation gain of RM632.6 million in comparison to a forex translation loss of RM1,177.8 million in FY2009. This was mainly attributable to the 11.0% appreciation of the Ringgit against the US Dollar which helped mitigate the increase in coal prices and offset importation costs for equipment.

In FY2010, we followed through on our Ops Trim-X initiative to optimise capital expenditure as well as cost and value without compromising product and service quality or operational capability. As a result we gained RM689 million in savings from project initiatives and RM245 million in savings from operations.

ON TARGET TO ACHIEVE SE10/10

The SE10/10 phase of TNB's 20-Year Strategic Plan (2006-2025) calls for us to achieve service excellence by the end of 2010. As demonstrated by the strong headway we have already made on several fronts in FY2010, we are all set to achieve if not surpass the SE10/10 targets. Although the last few years have been quite tumultuous given the external pressures that have weighed heavily on TNB's operations, I am pleased to say that we have weathered the storms steadfastly and turned in strong performances where it mattered most.

All TNB's business divisions and units continued to deliver sound results in FY2010, many surpassing their target Headline Key Performance Indicators (KPIs) and delivering strong improvements in operational efficiency. Our core Generation, Transmission and Distribution businesses all showed significant improvements in supply reliability with high performance in key indexes.

Adequate Supply Ensured

TNB Generation is responsible for operating and maintaining eight thermal power stations and three major hydro electric power generating schemes in Peninsular Malaysia. Altogether the Group has a total installed capacity of 9,109 MW comprising 7,198 MW thermal and 1,911 MW hydro stations. Over the course of FY2010, the Generation Division successfully achieved an Equivalent Unplanned Outage Factor (EUOF) of 2.7% (FY2009: 2.9%) thereby surpassing the industry benchmark of 4% for the fifth consecutive year. TNB's overall EUOF was excellent with 90% of our power stations achieving EUOF of less than 4%. The Generation Division also turned in a power plant Equivalent Availability Factor (EAF) of 89.4% for FY2010 (FY2009: 90.49%) as a result of major planned outages undertaken throughout the year to ensure continuous improvement of our operating assets. Thermal Efficiency too improved to 39.4% in FY2010 over 39.07% in FY2009.

In terms of new generation projects, the division continued to make good progress in relation to the development of the 250 MW Hulu Terengganu Hydroelectric Project in Terengganu and the 372 MW Ulu Jelai Hydroelectric Project in Pahang. At the time of writing, site preparation works on both projects have been completed with the Main Civil and Electrical & Mechanical works contracts awarded and construction underway. The Commercial Operation Date (COD) for the Hulu Terengganu project has been set for February 2015, while the Ulu Jelai project (250 MW) has a target COD of September 2015.

PRESIDENT/CEO'S REVIEW (CONT'D)

We are also continuing to implement two joint ventures projects, namely the 300 MW coal-fired IPP in Lahad Datu, Sabah and the 10 MW Jengka Biomass Power Plant in Pahang. The former IPP project is currently undergoing a detailed environment impact assessment while the latter biomass project is at the procurement stage with a target COD of October 2012.

TNB REMACO Sdn. Bhd. (REMACO), a business unit within the Generation Division continued to make strong advances on the repair and maintenance as well as operations services fronts, both domestically and internationally. The year saw REMACO securing contracts with CUF PETRONAS, Mitsubishi Heavy Industries, Sabah Electricity Sdn. Bhd., TNB Janamanjung and HUBCO Narowal of Pakistan. Visitors to the REMACO centre with its state-of-the-art equipment continue to be impressed by this business unit's capabilities. Going forward, REMACO will continue to play a major part in helping TNB expand its international footprint.

Network Reliability Assured

TNB Transmission is tasked with enhancing transmission network reliability. In FY2010, the Transmission Division recorded the lowest ever Transmission System Minutes time of 0.85 minutes, thereby maintaining single-digit System Minutes for the fifth year in a row. The division also upheld its Zero Major Disturbance record for the fifth year in a row and achieved Zero Tripping with Load Loss at the 500 kV and 275 kV levels for the second consecutive year. Transmission system losses were kept at the 2.2% level.

On top of this, the Transmission team increased system capacity with an additional 3,540 MVA transformer capacity, 179 circuit-km of transmission lines and 54.94 circuit-km of underground cables through completing and commissioning 53 new projects. All the division's 24 business units received 5S certification from the Malaysian Productivity Corporation (MPC) while seven units received MSOSH awards.

In December 2009, the National Load Despatch Centre (NLDC) commissioned a state-of-the-art SCADA/EMS computer system. By incorporating the latest technologies into the NLDC's grid system operations, TNB now possesses an enhanced capability to monitor and control the flow of power within the grid in real-time. At the same time, we can ensure supply meets ever-growing demand in the most secure and optimal manner. This initiative will certainly go a long way in helping us avoid any further instances of major power breakdowns. Today, our SCADA/EMS system stands amongst the best in the Asia Pacific region and is comparable with the system features found within major power utilities in North America.

The year also saw the Transmission Division launching the first phase of its Transmission Operation Monitoring & Analysing System or TOMAS. With the comprehensive information provided by TOMAS, the Transmission Division can now make more precise and prudent technical and financial decisions based on asset-level data.

Distribution Operations Enhanced

TNB Distribution made strong operational inroads by turning in a Distribution System Average Interruption Duration Index (SAIDI) of 65.02 minutes/customer/year against the KPI target of 72 minutes/customer/year. The execution of SE10/10 initiatives such as partial discharge mapping, SCADA system and earth fault indicator improvements, as well as the ongoing shift from corrective maintenance to preventive and conditions-based maintenance, all helped to bring TNB on par with the SAIDI levels of developed countries. Moreover, the division successfully reduced Distribution Losses from 8.65% in FY2009 to 8.45% in FY2010. Over the course of the year, the division received MS ISO 9001:2008 certification from SIRIM while all its state and area offices were 5S-certified by the MPC.

The Distribution Division continues to roll out its Remote Meter Reading (RMR) – Low Voltage and Medium Voltage project which enables more effective monitoring of meter reading activities and the reduction of non-technical losses. Through RMR technology, TNB and our customers are gaining better insights into load profiles and usage patterns so that together we can better manage energy consumption while deterring instances of fraud. As at end FY2010, some 46,799 customers out of a total of 60,000 pre-identified customers had been fitted with RMR installations. Of this total, some 4,131 installations had been undertaken for High Voltage/Medium Voltage (HV/MV) customers and some 42,668 installations (71%) for Low Voltage Large Power Customers (LV LPCs).

FY2010 saw TNB Distribution implementing several new initiatives to prevent any recurrence of theft of electricity (TOE) and tampering of meters while TOE back-billing activities garnered some RM45 million. While TNB is already making good inroads on anti-TOE activities in collaboration with the Ministry of Energy, Green Technology & Water, the Energy Commission and the Royal Malaysian Police, we expect to be better empowered to combat instances of TOE once the Electricity Supply Act (ESA) 1990 is revised. Going forward, TNB will leverage more sophisticated anti-TOE technology as well as more aggressive anti-TOE communications programmes to deter further instances of TOE.

To further reduce equipment theft, we have adopted new surveillance technology. The implementation of an Integrated Security Management System (ISMS) will see us moving from static surveillance to more technology-based integrated surveillance systems.

The year also saw TNB Distribution upgrading and expanding its Distribution Control Centres in the Metro, Southern, Eastern and Northern regions. SCADA systems enabling more efficient online monitoring of system conditions and operations were put in place at the four regional control centres. We also undertook an exercise to categorise all sub-stations based on their criticality.

Other Key Operational Achievements

In recognition of our strengthened operations, TNB emerged as the best ranked electric utilities company in ASEAN and fourth in Asia respectively on the Platts 250 Global Energy Company Rankings for 2009. We were also ranked 31st among 250 of the world's best energy companies in 2009.

To comply with licensing conditions, TNB undergoes a Management & Engineering (M&E) Audit once every four years. For the FY2004 to FY2008 period, M&E auditors from the PricewaterhouseCoopers (PwC) and Australian Power and Water (APW) consortium conducted an audit from 19 June 2009 to 31 December 2009. In their presentation to TNB's Management, the consortium acknowledged that some of our operating areas are already performing at world-class levels.

For instance, the Distribution Division was recognised as an organisation having "Best Practices" as its engineering systems and processes were equivalent to that of any world-class model utility. PwC and APW also commended the Transmission Division on the performance of its transmission network and related management systems which they cited as being on par with the performance of similar networks in developed countries.

FY2010 also saw our Mobile Field Force Automation (MFFA) mobile application being awarded the prestigious SGAM Enterprise Mobile Applications Excellence Award at the 2010 annual ICT conference organised by the Share Guide Association of Malaysia (SGAM). Used to facilitate low voltage supply restoration activities, the MFFA enables instant feedback to all parties and even updates customers as to when supply will be restored. Implemented in Selangor, Kuala Lumpur, Penang and the South of Johor to date, the system will be fully implemented throughout all of Peninsular Malaysia by 2013.

ELEVATING CUSTOMER SERVICE EFFORTS

In FY2010, several key developments took place on the customer service front to enhance customer service levels and take the customer experience to new heights.

We continued to develop the TNB Customer Charter which essentially embodies our commitment as a company to our customers. Incorporating 15 service elements that are important for determining TNB's service performance, this initiative will involve a new communication outlook that reflects TNB's commitment to adopt more transparent and efficient operations, enhance customer service levels and deliver better products. A mechanism will be put in place to ensure TNB's service performance is systematically measured, reviewed and reported. The Customer Charter is being finalised and will tentatively be launched by the end of 2010.

As part of our efforts to elevate service levels at our 134 Kedai Tenaga service outlets throughout Peninsular Malaysia, we have introduced the Customer 1st Programme–Distribution or C1PD. This programme sets in place the service standards and practices that our front-liners need to adhere to in order to win our customers' hearts and minds. Five Kedai Tenaga outlets in the South and West of Kuala Lumpur, Cheras, Subang Jaya and Port Klang were selected for the pilot C1PD programme launched in early 2010.

To further enhance customer service levels within our frontline operations, we have appointed 42 Customer Relations Officer (CROs) at all TNB's district-level Kedai Tenaga outlets throughout Malaysia. The selected personnel are responsible for projecting and delivering TNB's Customer 1st service culture to customers, providing immediate assistance and exceptional value-added services, as well as attending immediately to emergency cases.

We also introduced a Virtual Q System to enhance the customer experience of callers to our award-winning 24/7 TNB CareLine 15454 Call Management Centre (CMC). The CMC also continues to win praises from our customers as it promptly attends to instances of supply interruption, faulty streetlights, billing-related issues, supply disconnection issues and electricity supply issues in a timely and effective manner. Every call to TNB is an important one and to ensure we attend to each and every customer's call promptly, we have introduced a Call Back Assist Facility which enables our agents to call customers back when their call waiting time exceeds a stipulated timeframe.

TNB's online e-Application system continues to be one of the most effective means by which we are facilitating customer electricity supply applications. In FY2010, the number of users jumped as more customers learnt about the benefits of using e-Application's real-time application status monitoring and online electrical contractor selection facilities, among its other offerings. By FY2011, customers will be able to take advantage of several new e-Application

facilities including the payment of deposits and connection charges as well as project status monitoring. In tandem with these developments, the Individual Supply Application Monitoring System (iSAMS) was developed to assist state management offices monitor individual supply applications more efficiently and effectively.

TNB continues to introduce new and convenient mechanisms for customers to settle their bills. The year saw the introduction of the Short Messaging System (SMS) Reminder to customers updating them on the status of their electricity bills. Aimed at increasing electric bill collection and reducing total outstanding debts, a total of 195,223 text messages were sent out to specific customers as at 31 August 2010.

We are also continually adopting new technologies that automate and improve various processes. Some of the existing enhanced-Customer Information Billing System (e-CIBS) modules are being reviewed to enable better revenue assurance. In FY2010, the Over-Voltage Information System (OVIS) was rolled out to help stations and states prepare records and take the necessary corrective and preventive actions on all over-voltage cases.

TNB has invested heavily in building goodwill with our LPCs and Prime Customers. To this end, we continue to engage captains of industry, businesses and government agencies in dialogues and meetings to gauge their feedback and perspectives on common issues. For the FY2009 to FY2010 period, we engaged in 17 such dialogues where issues such as supply reliability, overloading, vandalism at electrical installations, metering, power quality, energy efficiency and tariffs were discussed.

As Malaysia looks to position itself as a high-income country by 2020, TNB is also helping facilitate foreign direct investment in the country by advising investors on TNB's policies and procedures in regard to electricity supply. Our industrial customers too are benefiting from the many power quality education initiatives we are undertaking to facilitate a better understanding of power quality definitions, standards and solutions. We expect to issue a guidebook on power quality management, titled "A Guidebook on Managing Power System Harmonics" in due course. We also continue to leverage on the Corporate Account Relationship Enhancement (CARE) Programme to build closer ties with our corporate clientele.

STRENGTHENING CAPACITY BUILDING INITIATIVES

With 30,535 employees within the TNB Group, we have an immensely powerful strategic asset to leverage on as we move forward on our agenda of sustainable growth. As part of our commitment to strengthening our employees' capabilities, we continued to implement several capacity building measures in the year under review.

To ensure the Group's long-term growth, we continue to pursue talent development and succession planning activities. Through our comprehensive Talent Management framework, we are identifying and grooming new talent from within as well as identifying potential successors for Key Leadership Positions (KLPs). Currently, there are 215 KLPs with potential successors nominated for all these positions. Our current talent pool strength stands at 338 and these candidates are exposed to structured development programmes like ProGem (Programme for General Managers) and ProSem (Programme for Senior Managers) that serve to develop their leadership competencies.

Other talent development platforms including Khazanah's GLC C-Suite Accelerated Development Programme, the GLC Cross-Assignment Programme and the Government-GLC Cross Fertilisation Programme have been extremely beneficial to us. These platforms give our people exposure to non-power related organisations and help broaden their perspectives as they explore new ways of doing things in new areas. We have reaped tremendous benefits from studying other organisations' best practices and adopting these practices within TNB. This is all the more important given the rapid technological changes and rise in customer expectations that we are facing in our own business. By learning from others, we are accelerating forward in implementing a delivery system that is robust enough to meet today's expectations.

The year also saw us continuing to roll out the Specialist Career Path Scheme that retains and rewards technical experts in their respective fields of specialisation while equipping them with managerial skills. To date, three specialists and 23 technical experts have been groomed under this scheme.

Continuous learning and development activities lie at the core of our workforce initiatives and in FY2010 we invested RM87 million in training initiatives. Some 918 developmental training programmes and competency training programmes (technical and non-technical) were conducted at the TNB-ILSAS centre of excellence for energy utilities training.

In FY2010, further enhancements were made to TNB's online Performance Management System to make it more user-friendly. Following the addition of a new category of users to the Competency Based Performance Management System, approximately 8,500 employees now utilise the system.

ENSURING EMPLOYEE SAFETY AND HEALTH

TNB is deeply committed to implementing stringent Occupational Safety and Health (OSH) measures throughout our operations. We have in place an OSH management system called the Safety Excellence Management System (SEMS) which is subject to annual reviews to ensure our progress is in line with current OSH best practices as well as OHSAS 18001:2007 and MS 1722:2001 requirements. All TNB power stations have obtained 5S certification under the SEMS auditing system and comply with stringent industry standards. To ensure a safer and more conducive work environment throughout all of TNB, we have managed to successfully implement the 5S concept across the entire organisation. To date more than 90% of TNB business units have been 5S certified by the Malaysia Productivity Corporation (MPC) with some receiving the MPC's highest 5S awards. Ten of our power stations are also OHSAS 18001:2007 and MS 1722:2001 certified. The year saw 31 of TNB's power stations and business units becoming recipients of the MSOSH 2009 Occupational Safety and Health Awards.

The Group has in place an emergency response framework developed in collaboration with the Enterprise Wide Risk Management Department while a Corporate Emergency Response Plan (CERP) has been developed to ensure a coordinated and timely response during any emergency situation. A CERP Steering Committee, chaired by the appointed TNB Crisis Commander and comprising representatives from various divisions, provides direction and guidance. FY2010's CERP activities involved testing and drills as well as frequent collaboration with various government agencies to ensure the availability and reliability of essential electricity supply services. Measures have also been taken to mitigate the threat of cyber attacks on TNB's corporate networks and control systems.

As part of our overall commitment to employee safety and health, all employees are required to attend at least a day's OSH training while OSH practitioners are required to impart their knowledge. The year saw us rolling out briefings, training programmes, seminars, conferences, symposiums and workshops to every level of employee. Following the implementation of the NIOSH-TNB Safety Passport developed in collaboration with the National Institute of Occupational Safety and Health (NIOSH) to educate contractors on basic OSH requirements, there has been a drastic drop in accident cases in the last 12 months, not just within TNB but also among our contractors.

We continue to enjoy healthy relationships with regulatory authorities like the Department of Occupational Safety and Health, Energy Commission, Fire and Rescue Department and other government agencies who readily collaborate with us on OSH issues. Within TNB, qualified Safety and Health Officers are appointed to ensure OSH is managed diligently. These officers in turn are supported by second level Safety Inspectors and third level Safety Representatives who also monitor and report on OSH performance to the Management.

GEARING UP FOR THE NEXT STRATEGIC PHASE

The year 2011, will see TNB embarking on the 2011-2015 phase of our 20-Year Strategic Plan which calls for Geographical Expansion. Recognising the limited opportunities for business growth in Malaysia, we have, over these past many years been actively exploring partnership and collaboration opportunities with our international utility services counterparts. Through diversifying our earnings base via asset or service opportunities, we have been able to spread our business risk across the region and create new sources of income. To date we have made investments in the Liberty Power Ltd IPP project in Pakistan and the Shuaibah III IWPP project in the Kingdom of Saudi Arabia while subsidiaries like TNB Engineering Corporation and REMACO are fulfilling contracts in Abu Dhabi and Pakistan respectively.

PRESIDENT/CEO'S REVIEW
(CONT'D)

TNB's new five-year strategic plan has been developed by cross-divisional teams who have laid out the strategic objectives, key initiatives and key action plans that we need to achieve under the geographical expansion phase. Basically the plan involves these four strategic themes:

- **Grow Profitable Business** – TNB will seek to build a sustainable business by optimising the costs of the electricity business in Peninsular Malaysia and Sabah. In addition, we will also capitalise on overseas business opportunities.
- **Delight Customers** – TNB will strive to further improve communication and engagement with our customers and other stakeholders. TNB will also strive to be the primary driver of Green Energy in Malaysia.
- **Enhance Operational Excellence** – TNB will continue to sustain its world-class status in power supply reliability and security whilst enhancing our operational excellence encompassing all aspects of our business operations. TNB will also deploy the latest proven technologies such as smart grids.
- **Enhance Human Capital Development and Productivity** – TNB will aim to enhance our human capital competencies and capabilities so our workforce is equipped to support our geographical expansion objectives and face future challenges. TNB will also endeavour to increase manpower productivity by benchmarking ourselves against industry best practices.

Even as we undertake continuous improvements in operational efficiency and geographical expansion, we will focus our efforts on expanding our operations beyond Malaysian shores specifically in the provision of O&M services over the next five years. To this end, REMACO will continue to be a major player in TNB's global expansion programme. It will enhance its market presence to secure more external contracts. Going forward, TNB will explore opportunities in North Africa, the Middle East and Southeast Asia.

OUTLOOK AND PROSPECTS

A good part of Malaysia's recovery from the global economic recession this year has undoubtedly come about as a result of the proactive measures undertaken by the Government and the successful implementation of the economic stimulus packages. The effectiveness of these measures is evident in the 9.5% expansion in gross domestic product (GDP) experienced in the first half of 2010 compared with a contraction of 5% over the corresponding period in 2009. With the economy on the upswing and positive economic developments underway in Malaysia, the Government has revised the GDP forecast for 2010 to 7% from 6% previously (2009: -1.7%). Going forward into 2011, the global economy and global trade are expected to grow moderately by 4.2% and 7% respectively. In line with this, the Malaysian economy is expected to expand between 5% and 6% in 2011.

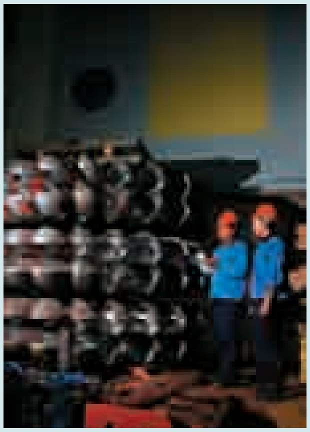
In the recent Budget 2011 announcement, the Government reiterated its commitment to advancing green technology to ensure sustainable development. In this regard, the Government announced several tax incentives and import duty exemptions on green technology and related items. The Government also reiterated its commitment to reducing the intensity of carbon emissions to preserve the environment by implementing among others, a programme on bio fuel blending. Finally, in direct relation to TNB's operations, the Government will also implement the Feed in Tariff (FiT) mechanism under the Renewable Energy (RE) Act, to encourage more electricity generated from RE sources by individuals and independent providers to be sold to electricity utility companies.

While the economic outlook and these green technology incentives augur well for the industry, TNB remains cautiously optimistic about our business prospects given the continuing concerns over electricity supply costs and other external factors beyond our control. Going forward into 2011, while we anticipate a challenging environment, we will explore how best to leverage on the many Government incentives afforded us as well as consider how these may impact upon our operations.

Our financial condition and ability to make future investments in a timely manner will depend to a great extent on how well we manage the increases in fossil fuel supply costs. Where we have no control over external market forces that are driving fuel costs higher, we will focus on improving operational efficiencies, optimising costs savings and reinforcing our competitive position. As always, we will endeavour to carry out prudent financial management while ensuring a high quality and reliable supply of electricity, plus the highest levels of customer service and operational excellence.

As Malaysia's leading integrated electricity provider tasked with powering the nation's progress, and as a key player in the regional energy sector, TNB acknowledges the responsibility we have to ensure the long-term sustainability of our operations and the growth of the energy sector. In meeting our obligations and in making sure this agenda of sustainability continues unhindered for the benefit of our business, the nation and future generations, TNB is committed to exploring new ways of ensuring supply reliability, delivering astute business performance and maintaining our socio-economic obligations.

PRESIDENT/CEO'S REVIEW
(CONT'D)



ACKNOWLEDGEMENTS

In closing, I wish to express my sincere appreciation to the Government of Malaysia, the Ministry of Energy, Green Technology and Water, the Ministry of Finance, the Ministry of International Trade and Industry, the Energy Commission, the Economic Planning Unit and Public Private Partnership Unit of the Prime Minister's Department, the Malaysian Industrial Development Authority and other government agencies for their steadfast support of the Group. We are also indebted to our valued shareholders for their unwavering confidence in TNB despite the vagaries of a volatile marketplace. Our deep gratitude also goes to our valued customers for their trust in us and for continually challenging us to better ourselves.

The success that TNB enjoys today is the result of the sacrifices and diligence of our dedicated employees and I wish to convey my heartfelt thanks to them. I call upon TNB's leadership team and employees to continue working shoulder to shoulder to take TNB to new heights of success. My earnest thanks goes to our Board of Directors for their astute insights and excellent advice that have helped us steer through yet another challenging year. I trust all our stakeholders will continue to afford us their unwavering support as we set our sights on attaining sustainable results for our business, the nation and our future generations.

Thank you.

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
President/Chief Executive Officer

OPERATIONS REVIEW

DATO' Ir. AZMAN BIN MOHD
Executive Director/Chief Operating Officer

OPERATIONS REVIEW – GENERATION

GENERATION DIVISION SUCCESSFULLY MAINTAINED ITS WORLD CLASS PERFORMANCE DURING THE FINANCIAL YEAR. WITH THE VARIOUS QUALITY AND TECHNICAL IMPROVEMENT INITIATIVES AND THE CONTINUOUS HUMAN CAPITAL DEVELOPMENT PROGRAMME BEING IMPLEMENTED, COUPLED WITH REMACO'S EXPANSION IN THE GLOBAL ENERGY RELATED BUSINESS, GENERATION DIVISION IS CONFIDENT THAT IT WOULD BE ABLE TO SUPPORT TNB IN ACHIEVING ITS GOAL TO BE A MAJOR GLOBAL PLAYER IN THE INDUSTRY.

DATO' Ir. MOHD NAZRI BIN SHAHRUDDIN
Vice President

HIGHLIGHTS OF ACHIEVEMENTS:

- Equivalent Unplanned Outage Factor maintained better than the World Class industrial benchmark of 4% for 5 consecutive years.
- Thermal Efficiency continued to improve to 39.4% in FY2010 as compared to 39.07% in FY2009.
- Our engineers are playing major roles in energy-related projects in support of TNB's overseas ventures.
- All power stations and Generation Division headquarters are MS ISO 9001 certified and all Power Stations are certified with MS ISO 14001. 10 Power Stations are certified with OHSAS 18001/MS 1722 and several Power Stations have won national award such as the Malaysian Society for Occupational Safety and Health (MSOSH) Award.

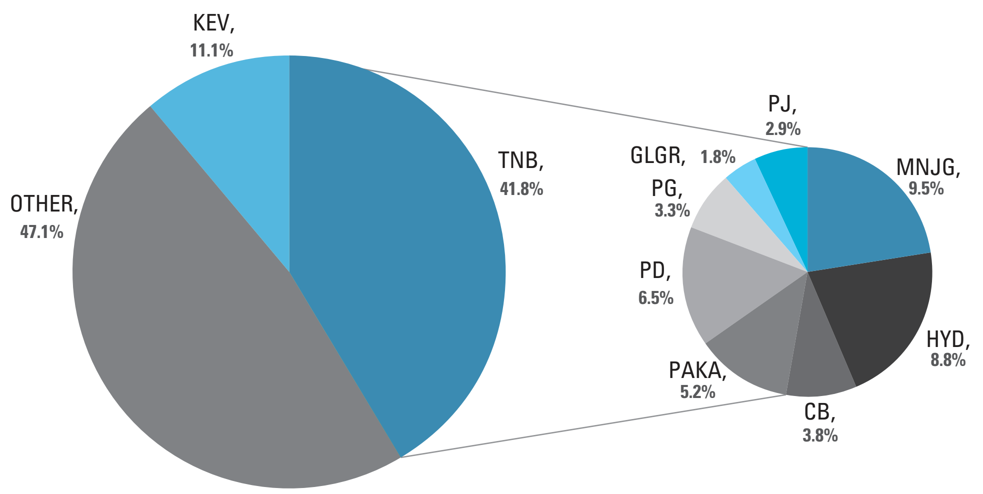
DIVISIONAL GOALS

The Generation Division of Tenaga Nasional Berhad is headed by Vice President (Generation), and is entrusted to operate and maintain six thermal power stations and three major hydro electric power generating schemes in Peninsular Malaysia as well as to develop and build new power stations for Tenaga Nasional Berhad. It also supports the operations and maintenance of three IPPs, namely the TNB wholly-owned Sultan Azlan Shah Power Station and TNB Liberty Power Limited of Pakistan, and the majority-owned Sultan Salahuddin Abdul Aziz Shah Power Station.

TNB REMACO Sdn. Bhd. (REMACO), a business unit of Generation Division, provides repair and maintenance services as well as operations services to TNB's fleet of generating plants (including the 3 IPPs) and other external customers. REMACO is also entrusted to expand its business in energy related business to external and overseas market in support of TNB's aspiration for global expansion.

The Division also takes the lead in providing technical expertise in energy related projects for TNB's overseas ventures.

Graph 1: Generation Installed Capacity for FY2009/10



OPERATIONAL SUMMARY

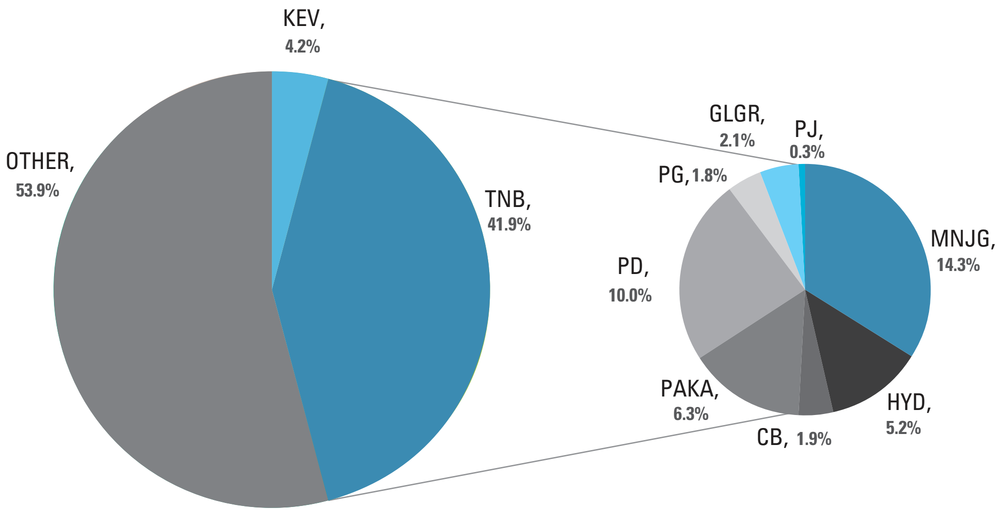
Peninsular Malaysia's electricity system peak demand has increased from 14,245 MW recorded in August 2009 to 15,072 MW in May 2010, an increase of 5.8% over the FY2009 achievement.

The total installed capacity for TNB Generation Division is 9,109 MW, comprising of 7,198 MW thermal and 1,911 MW hydro plants[1]. Graph 1 shows the overall generation installed capacity for FY2010 in Peninsular Malaysia.

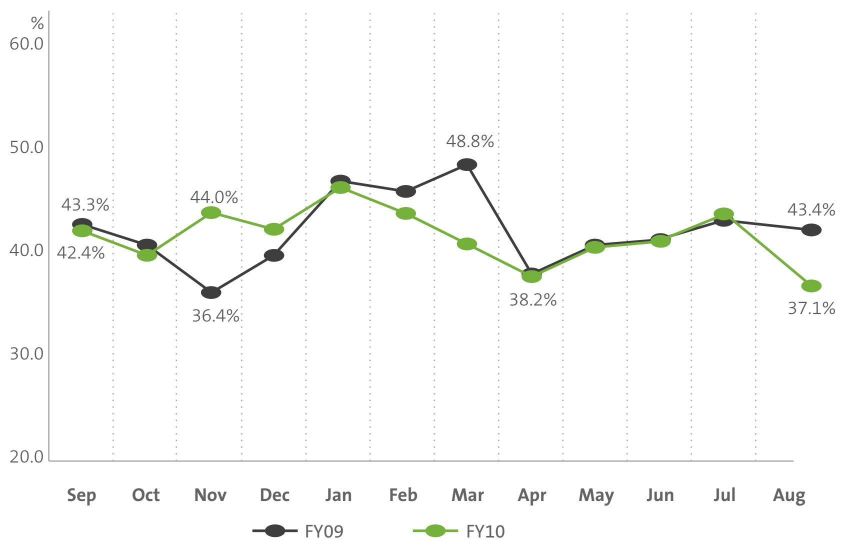
[1] Based on Generation Security Standard (June 2010) by Energy Procurement Department, TNB

OPERATIONS REVIEW – GENERATION (CONT'D)

Graph 2: Overall Generation Market Share by Sales for FY2010



Graph 3: Comparison of Monthly Market Share for FY2009 and FY2010

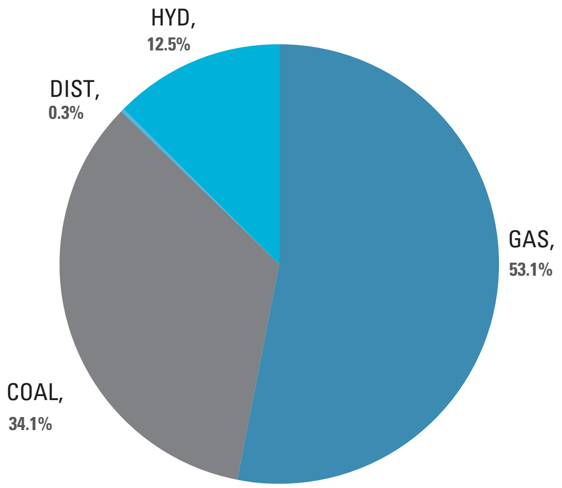


Due to several major planned outages at Cameron Highlands Power Station, Sultan Mahmud Power Station, Kenyir and Tuanku Jaafar Power Station, Port Dickson carried out this financial year, TNB's generation market share has decreased to 41.9%, a reduction of 0.2 percentage point year-on-year. Sultan Azlan Shah Power Station, Manjung and Tuanku Jaafar Power Station, Port Dickson continue to be major contributors of energy, generating 34.1% and 23.8% of the total energy generated by TNB respectively.

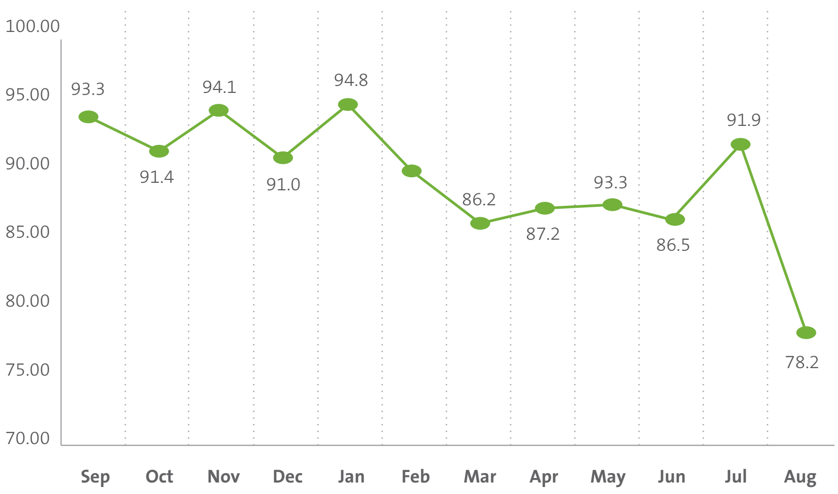
Graph 2 shows the overall generation market share for FY2010 whilst Graph 3 shows a comparison of monthly energy market share for FY2009 and FY2010.

Generation from gas fuel contributed 53.1% of the total energy generated by TNB Generation for FY2010, followed by coal at 34.1% and hydro at 12.5%. TNB plants' generation fuel mix for the period under review has changed slightly compared to last financial year due to higher energy generated from Sultan Azlan Shah Power Station, Manjung. Graph 4 shows the generation fuel mix for TNB Generation for FY2010.

Graph 4: Generation Mix for TNB for FY2009/10



Graph 5: Equivalent Availability Factor for FY2009/10 (%)



TECHNICAL PERFORMANCE REVIEW

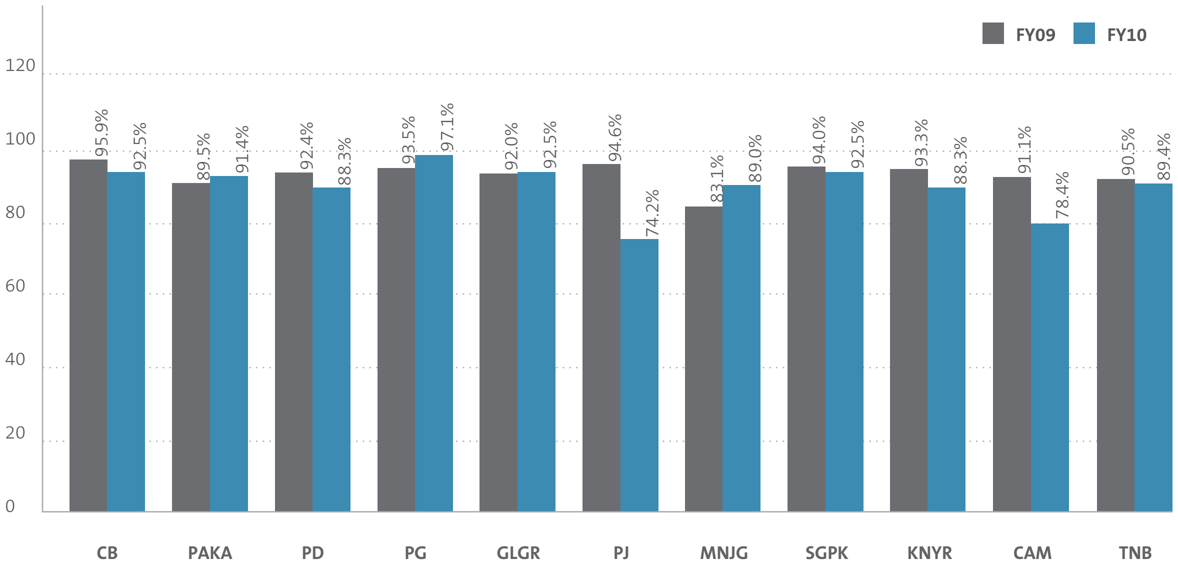
Plant Equivalent Availability Factor (EAF)

TNB Generation's EAF for FY2010 is 89.4%, a reduction of 1.1 percentage point compared to FY2009. The reduction of the TNB Generation's EAF this financial year is largely contributed by the major planned outages carried out throughout the year, which was necessary to ensure continuous improvement of the operating assets, resulting in improving station's reliability and efficiency. Among the major planned outages carried out this year are major overhaul of Unit 1 at Sultan Mahmud Power Station, Kenyir, Major Inspection (Mega Outage) of Cameron Highlands Power Station and Major Overhaul of Combine Cycle Plant Block 1 at Tuanku Jaafar Power Station, Port Dickson.

The overall station performances for FY2010 are good, where 80% of the power stations had exceeded the EAF of 88%. As shown in Graph 5, lowest EAF was recorded in August 2010 at 78.2% due to some major planned outages during the month. Graph 6 shows the EAF for all the TNB Generation's stations for FY2009 and FY2010.

OPERATIONS REVIEW – GENERATION (CONT'D)

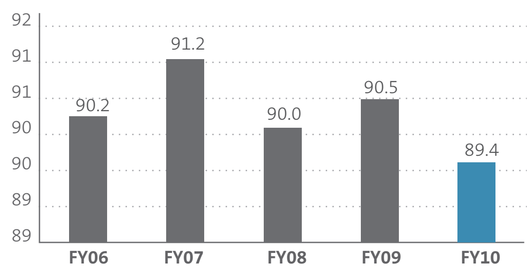
Graph 6: Equivalent Availability Factor by Station (%)



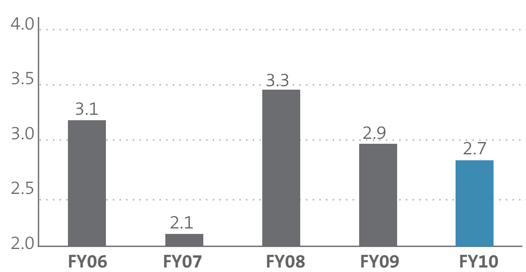
Graph 7 shows the EAF trend since FY2006. The EAF achieved for FY2010 was higher than the target value of 88.7% by 0.8%.

Among the different plant types, conventional oil/gas thermal plants have achieved an EAF of 98.3% followed by combined-cycle plants at 89.8%, hydro plants at 89.7%, conventional coal thermal plants at 89.0% and open-cycle gas turbines at 87.5%.

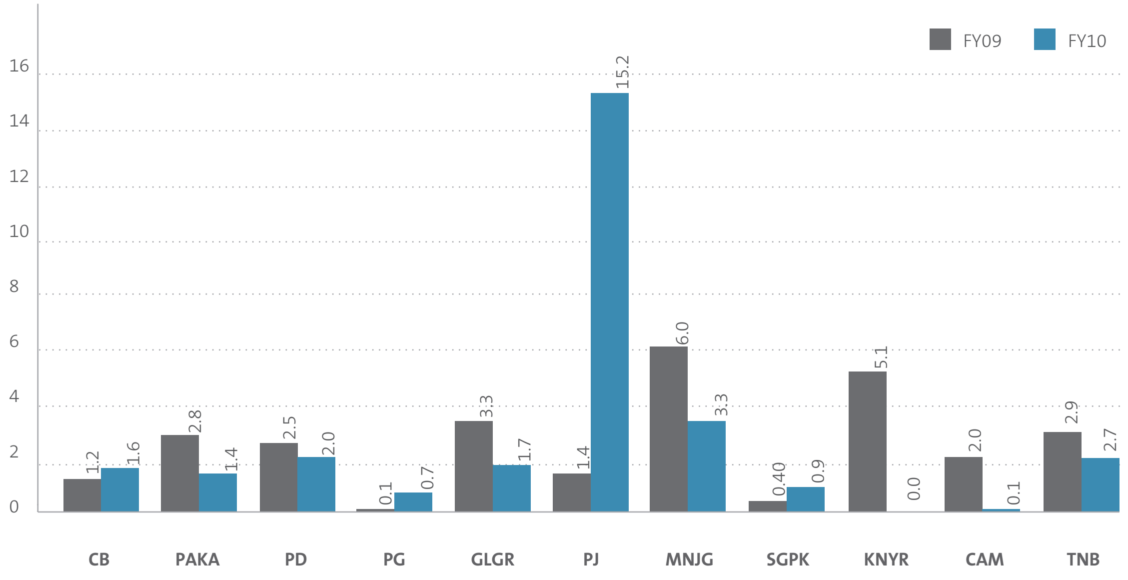
Graph 7: Trending of Equivalent Availability Factor (%)



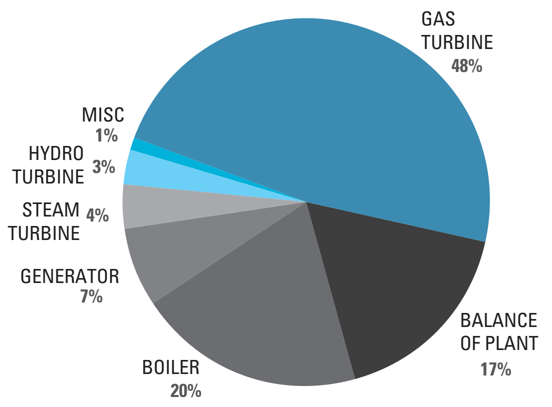
Graph 8: Trending of Equivalent Unplanned Outage Factor (%)



Graph 9: Equivalent Unplanned Outage Factor by Station (%)



Graph 10: Unplanned Outage Analysis



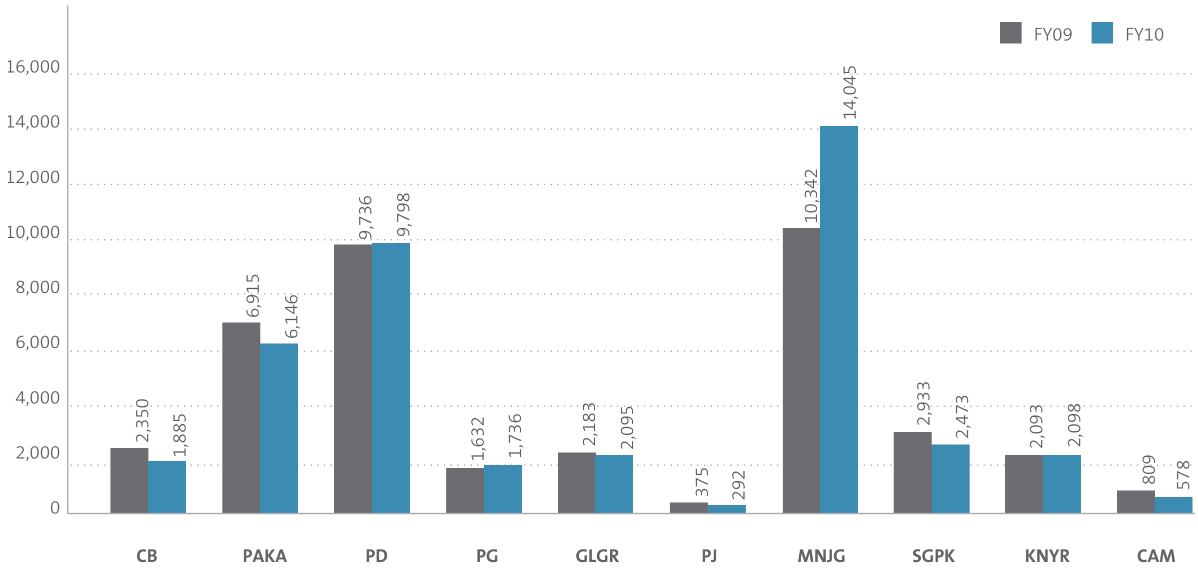
Plant Equivalent Unplanned Outage Factor (EUOF)

TNB Generation has recorded better EUOF than the World Class industrial benchmark of 4% for the fifth consecutive financial year. The EUOF achieved for FY2010 was 2.7%, an improvement of 6.9% compared to last year's performance. Graph 8 shows the EUOF trend from FY2006 to FY2010.

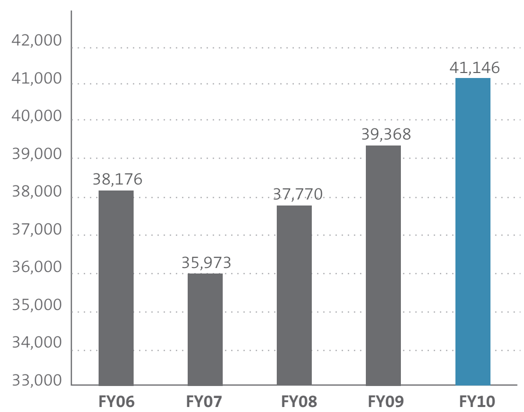
Overall, EUOF was excellent, whereby 90% of the stations achieved EUOF of less than 4%. Putrajaya Power Station recorded high EUOF due to the mechanical failure of the turbine thrust bearings of the gas turbines. Graph 9 shows the EUOF achieved by all power stations for FY2010. The major contributors of unplanned outages by major components are as indicated in Graph 10.

OPERATIONS REVIEW – GENERATION
(CONT'D)

Graph 11: Net Unit Generated by Station (GWh)



Graph 12: Trending of TNB Generation Net Unit Generated (GWh)

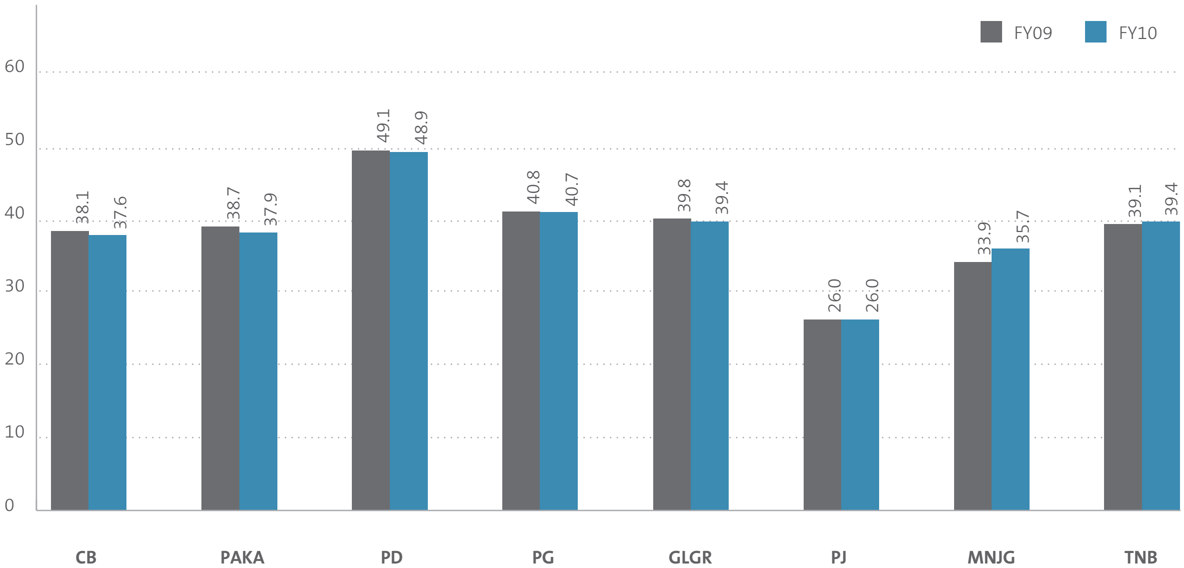


Net Unit Generated

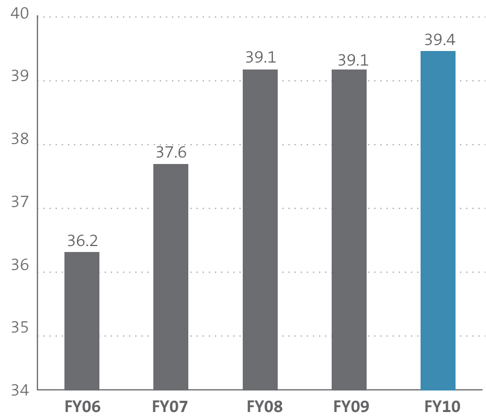
The total Net Unit Generated for FY2010 is 41,146 GWh, an increment of 4.5% compared to last financial year's performance. Unit generated this year exceeds the target value of 38,787 GWh by 6.1%. Sultan Azlan Shah Power Station, Manjung contributed the highest unit generated of 14,045 GWh followed by Tuanku Jaafar Power Station, Port Dickson (9,798 GWh) and Sultan Ismail Power Station, Paka (6,146 GWh).

Graph 11 shows the comparison of energy generated by power stations for FY2009 and FY2010. Annual trend of TNB Generation's energy generated from FY2006 until FY2010 is depicted in Graph 12.

Graph 13: Thermal Efficiency by Station (%)



Graph 14: Trending of TNB Thermal Efficiency (%)



Net Thermal Efficiency

Generation Division's overall net thermal efficiency for FY2010 is 39.4%. This translates to an improvement of 0.8% over the 39.1% achieved in FY2009. Most of the thermal plants had achieved higher availability and load factor. Graph 13 shows a comparison of the thermal efficiency by station for FY2009 and FY2010. Overall thermal efficiency has improved by 3.2 percentage points from FY2006 to FY2010 as depicted in Graph 14.

OPERATIONS REVIEW – GENERATION (CONT'D)

MAJOR PROJECTS

New Projects

Two new major hydroelectric projects are now under various stages of procurement and site preparatory works. They are the 250 MW Hulu Terengganu Hydroelectric Project in the state of Terengganu and the 372 MW Ulu Jelai Hydroelectric Project in the state of Pahang. Both of these hydroelectric projects will be developed in parallel.

Hulu Terengganu Hydroelectric Project (250 MW)

Construction of the Hulu Terengganu Hydroelectric Project consist of four work packages namely the preliminary civil works, the main civil and associated works, the electrical and mechanical plant and the high voltage switchyard. The Preliminary Civil Works contract, which was awarded to AZRB, commenced in January 2010 and is expected to complete on schedule in October 2010 before handing over the project site to the Main Civil Works contractor in November 2010. The Main Civil Work contract was awarded to Loh & Loh/Sinohydro consortium in September 2010 with a construction period of 56 months. Whilst the contract for the Electrical & Mechanical Works is expected to be awarded in October 2010. SNC Lavalin of Canada in consortium with local consultants is the Engineering Consultant for this Project.

The target Commercial Operation Date for the project is February 2015.

Ulu Jelai Hydroelectric Project (372 MW)

The Preliminary Civil Works contract was awarded to TM-Salini consortium in August 2010 with a construction period of 10 months, and construction is expected to commence in October 2010. Whilst the contract for the Main Civil and Electrical & Mechanical Works is expected to be awarded in November 2010. SMEC of Canada in consortium with a local consultant is the Engineering Consultant for this Project.

The target Commercial Operation Date for the project is September 2015.

JOINT VENTURE PROJECTS

300 MW coal-fired IPP in Sabah

The site of the proposed 300 MW coal-fired IPP Project in Sabah that was awarded to a consortium of TNB Remaco, Eden-Nova and Sabah State owned company has since been relocated to Felda Sahabat, Lahad Datu (approximately 100 km from Lahad Datu town). The special purpose vehicle company, Lahad Datu Energy Sdn. Bhd. which was formed to implement the project has submitted a Detailed Environment Impact Assessment Study for the new site to DOE Putrajaya on 26 May 2010. A revised DEIA report will be resubmitted for review and approval.

10 MW Jengka Biomass Power Plant in Pahang

FTJ Biopower Sdn. Bhd., the joint venture company that was formed between TNB, Felda Palm Industries Sdn. Bhd. (FPI) and J-Power will develop a 10 MW Jengka Biomass Power Plant in Pahang under the Small Renewable Energy Power Programme (SREP). SREP was launched by the Government to promote the utilisation of renewable energy in power generation in line with the Government's Fifth Fuel Policy and to reduce emission of greenhouse gases. The Plant shall utilise the waste empty fruit bunch (EFB) of oil palm as its major source of fuel for firing its boiler. The EFB will be supplied from the 7 nos. of neighbouring FELDA palm oil mills within a 70 km radius from the Jengka 9 Site.

The procurement for the Engineering, Procurement and Construction (EPC) Contractor has been ongoing with a new COD target revised to October 2012. The project is also expected to apply for the Carbon Emission Reduction and sell it to appropriate parties at the reasonable market rate agreeable between buyer and seller. Annually the project is expected to contribute to about 45,000 tonne CO2 emission reductions.

TNB REMACO SDN. BHD. (REMACO)

TNB REMACO Sdn. Bhd. (REMACO), a business unit of Generation Division, continued to expand its market share in the national as well as global energy related industries. For FY2010, REMACO achieved a revenue of RM333,475,000, an increase of 52% from the revenue of RM219,926,348 in FY2009.

During the financial year, REMACO was awarded the Operation & Maintenance (O&M) contract (5 years) with HUBCO Narowal, Pakistan for a 225 MW diesel combined cycle plant. REMACO signed a Long Term Service Agreement with CUF PETRONAS (5 years) for maintenance of Frame 6 gas turbine and its auxiliaries, as well as a Long Term Parts Management (3 years) with Mitsubishi Heavy Industries (MHI). It also signed a Maintenance Service Agreement with Sabah Electricity Sdn. Bhd. (SESB) and a Service Level Agreement with TNB Janamanjung Sdn. Bhd.

CHALLENGES AND PROSPECTS

During the FY2010, the Division actively participated in overseas generation business ventures especially in Gulf Community Country (GCC) Region through the Business Development Department (BDD) under Group Finance Division. The division has undertaken technical support and project management roles in those activities. In line with TNB's Global Expansion business initiative, Generation Division is continuously developing its personnel and workforce expertise to take up future challenges in global power generation business related industry.

Generation Division continues to focus its attention in maintaining its world class performance. The continuous improvement initiatives being implemented has contributed tremendously as evident in our maintaining better than world class EUOF figures for the fifth consecutive financial year, as well as the continued upward trend in our thermal efficiency for the past 5 years.

REMACO will continue to be a major player in TNB's global expansion programme. It will enhance its marketing initiatives to secure more external contracts. For the 5 year period until FY2015, REMACO has targeted a revenue in access of RM3 billion.

With the various quality and technical improvement initiatives and the continuous human capital development programme being implemented, coupled with REMACO's expansion in the global energy related business, Generation Division is confident that it would be able to support TNB in achieving its goal to be a major global player in the industry.

OPERATIONS REVIEW – TRANSMISSION

AS ONE OF THE CORE DIVISIONS IN TNB, TRANSMISSION DIVISION CONNECTS ELECTRICITY SUPPLY BETWEEN GENERATION AND DISTRIBUTION SYSTEMS VIA THE NATIONAL GRID. THE DIVISION IS COMMITTED TO PROVIDE SAFE, SECURE AND RELIABLE ELECTRICITY SUPPLY AT OPTIMAL COST WHILST ENSURING QUALITY SERVICES, PRACTISING GOOD CORPORATE GOVERNANCE, CARING FOR THE ENVIRONMENT AND MEETING CORPORATE SOCIAL RESPONSIBILITIES. THE DIVISION ALSO STRIVES TO BE THE LEADING TRANSMISSION ENTITY AND GRID SYSTEM OPERATOR IN ASEAN AND AMONGST THE BEST IN THE WORLD.

Ir. ROZIMI BIN REMELI
Vice President

Financial Year 2009/2010 was another memorable year for Transmission Division due to several great milestone achievements in operational and corporate performance.

The highlights of Transmission Division's remarkable achievements are as follows:

- Further reduced System Minutes from 1.02 minute in the preceding financial year to 0.85 minute for the current year.
- Achieved Zero Major Disturbance for five (5) consecutive years.
- Achieved Zero Tripping with Load Loss at 500 kV and 275 kV levels for two (2) consecutive years.

- Transmission system losses at 2.20% level inclusive of distribution power transformer losses.
- Highest Maximum Demand of 15,072 MW (recorded on 24 May 2010).
- Increased system capacity with additional 3,540 MVA transformer capacities, 179 circuit km of transmission line and 54.94 circuit km of underground cable through completion of 53 new projects.
- Launched the first phase of TOMAS (Transmission Operation Monitoring & Analysing System) project.
- All 24 Business Units within Transmission Division were 5S-certified by Malaysian Productivity Centre (MPC).
- Received Malaysian Society for Occupational Safety & Health (MSOSH) awards with four (4) Gold Class-1, two (2) Gold Class-2 and one (1) Silver.

Transmission Division had received commendable compliments from Management & Engineering (M&E) auditors, namely Australian Power & Water (APW) and PricewaterhouseCoopers (PwC). In their M&E Audit 2008 – Volume 4: Transmission Division (issued in March 2010) report, the auditors remarked, "Since the last audit, Transmission Division has made improvements to both the performance of the network and their management systems. The performance of the network is now comparable with that of similar networks in developed countries which is commendable considering that it operates in a very high lightning environment. The system utilises a robust design and has more than adequate capacity to cope with any immediate load growth".

OPERATIONAL AND TECHNICAL PERFORMANCE

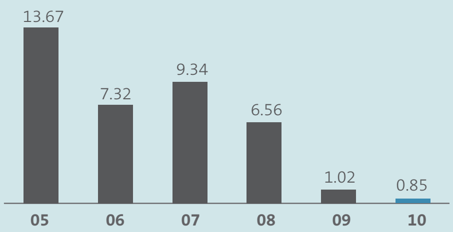
The Division's primary responsibility is to ensure high reliability and security of the national grid system. The Division also ensures that all transmission equipment is in good working condition. As of today, the National Grid has grown into a remarkable web of electricity transmission connectivity.

The Division had embarked on four (4) major initiatives, namely Zero Tripping Action Plan (ZTAP), Project Completion on Time and Within Budget, Strategic Defect Management (SDM) and Critical Installation Maintenance (CRIM).

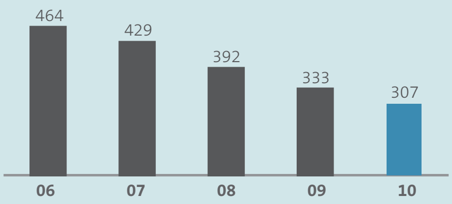
The Zero Tripping Action Plan (ZTAP) started in FY2007/2008 with all the 25 sub-initiatives being completed. The other remaining 2 sub-initiatives are in the final implementation stage.

OPERATIONS REVIEW – TRANSMISSION (CONT'D)

SYSTEM MINUTES



TRANSMISSION – RELATED TRIPPING



With the ongoing implementation of ZTAP, the Division was able to reduce System Minutes from 6.56 minute in FY2007/2008 to 0.85 minute in FY2009/2010. Besides the reduction in System Minutes, the Division also managed to reduce the numbers of Tripping with Load Loss incidents from twenty six (26) in FY2008/2009 and to only nine (9) in FY2009/2010.

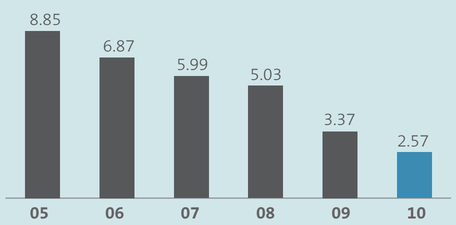
The ZTAP initiative had significantly contributed in reducing transmission-related tripping from 333 to 307, which represented eight percent in reduction as compared with the number of tripping recorded in FY2008/2009.

For 500 kV and 275 kV systems, the Division achieved a zero load loss tripping incident for two (2) consecutive financial years.

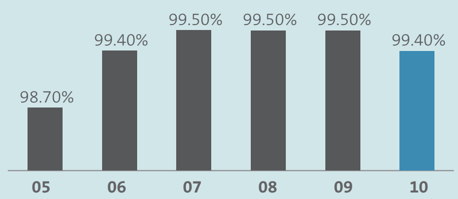
Table 1: Transmission System Equipment Database/Parameters as at 31 August 2009

TYPES OF EQUIPMENT		LENGTH/CAPACITY/NUMBER
500 kV Overhead Lines		866.40 (circuit-km)
275 kV Overhead Lines		7,942.78 (circuit-km)
132 kV Overhead Lines		10,519.04 (circuit-km)
Total Overhead Lines Length		**19,328.22 (circuit-km)**
275 kV Underground Cables		85.13 (circuit-km)
132 kV Underground Cables		726.10 (circuit-km)
Total Underground Cables Length		**811.23 (circuit-km)**
500 kV Transformers	4 Nos.	11,400 MVA
275 kV Transformers	158 Nos.	31,570 MVA
132 kV Transformers	917 Nos.	42,160 MVA
Total Transformer Capacity		**82,130 MVA**
500 kV Substations		8 Nos.
275 kV Substations		70 Nos.
132 kV Substations		313 Nos.
Total Number of TNB Substations		**391 Nos.**

MONTHLY DELAY INDEX (MDI)



SYSTEM AVAILABILITY



For the Project Completion On Time and Within Budget initiative, the Division had successfully reduced the projects Monthly Delay Index from 3.37 months in the previous financial year to 2.57 months in the current financial year.

There were 289 projects being implemented of which 53 projects were fully completed and commissioned. The completion of these projects contributed to an additional 3,540 MVA transformer capacities, 179 circuit km of transmission line and 54.94 circuit km of underground cable in the system.

For the fifth consecutive financial year, the Division had maintained its Zero Major Disturbance index. The Division had also achieved 99.40% of System Availability.

The transmission system losses have been maintained at 2.20% level even though it includes 132/33 kV, 132/22 kV and 132/11 kV transformer losses.

The system also recorded a maximum electricity demand of 15,072 MW (on 24 May 2010), an increase of 5.8% as compared to 14,245 MW maximum electricity demand in the previous Financial Year.

The National Load Dispatch Center (NLDC) is the heart of the National Grid with its responsibility to monitor and control the flow of power within the grid in real-time, and that ensures the supply meets the ever growing demand in the most secured and optimal manner.

In December 2009, a state-of-the-art SCADA/EMS computer system at the NLDC was successfully commissioned. This new system has equipped NLDC with the latest technology in grid system operations and has further enhanced NLDC's capability to be more effective in operating TNB's transmission grid. NLDC's SCADA/EMS system is amongst the best in the Asian/Pacific region and is comparable in features to those at major utilities in North America.

Enhancements and additions, especially to the advanced power system applications software have increased the capability of NLDC operators to despatch generation and to operate the system in a safe, secure, reliable and economical manner. A large screen wall display, together with enhanced user interface and alarm features has brought a new dimension to operator's situation awareness. This special feature has enhanced NLDC's capability to effectively take appropriate corrective and preventive measures to avert any supply interruption and to be more effective during system restoration. Operator effectiveness has also been enhanced via an upgraded Despatcher Training Simulator.

NLDC's SCADA/EMS has also been designed to incorporate relevant North American Electric Reliability Corporation (NERC) compliant cybersecurity recommendations. All critical equipments are redundant and the control centre itself is supported by comprehensive disaster recovery capabilities at a remote backup control centre site. In addition, to enhance SCADA communications reliability, NLDC has leveraged on TNB's extensive fibre optic network by distributing the substation data communications to several redundant sites.

OPERATIONS REVIEW – TRANSMISSION (CONT'D)

TRANSMISSION DIVISION ACTION PLANS FOR FY2011-2015 BREAKTHROUGH STRATEGIES

Enhance Supply Reliability	Enhance Supply Reliability	Reduce Transmission Losses	Deploy Proven Technology
Undertake Zero Tripping Action Plan (ZTAP) & Critical Installation Maintenance (CRIM) initiatives, to maintain low System Minutes.	Develop & Implement Smart Grid-Wide Area Intelligence System (WAIS), to maintain zero Major Disturbance.	Embark on purchasing/ procuring of Low Loss Conductor, to reduce transmission losses.	Undertake IEC61850 based for Substation Protection Automation & Control System (SPACS).

In July 2010, the Division launched and embarked on the first phase of Transmission Operation Monitoring & Analysing System (TOMAS) project, a centralised information system consisting of work process management and dashboard monitoring system. In the course of establishing TOMAS, Transmission Division made major improvement to the existing database by improving the accuracy and adequacy of asset data. Furthermore, the establishment of TOMAS would provide the Division with an overall information system capable of making rigorous and consistent technical and financial decision based on asset-level data.

Transmission Division has introduced appropriate linkages with Planning Division and Distribution Division, by arranging bi-annual meetings to discuss and coordinate the implementation of on-going and future transmission projects as well as to inform and address the utilisation of existing transmission asset.

PROSPECTS

Transmission

After achieving good results of the first phase of TNB's 20-Year Strategic Plan in Service Excellence by 2010 (i.e. SE1010), we are now ready to embark for the second phase of TNB's 20-Year Strategic Plan, namely Geographical Expansion by 2015, in which several initiatives were laid down in line with the Division's goal to be the leading transmission entity and grid system operator in ASEAN and amongst the best in the world.

These initiatives outlined four breakthrough strategies, encompassing Enhance Supply Reliability through Undertaking Zero Tripping Action Plan (ZTAP) & Critical Installation Maintenance (CRIM) to maintain low System Minutes, Enhance Supply Reliability through Development & Implement Smart Grid – Wide Area Intelligence System (WAIS) to maintain Zero Disturbance, Reduce Transmission Losses by purchasing Low Loss equipment and Deploy Innovation & Proven Technology through Undertaking of IEC61850-based Substation Protection Automation and Control System (SPACs).

We are also focusing on enhancing and building up Human Capital and Competency by providing trainings in engineering, management and information system for the Division's personnel.

The Division is also working closely with the local authorities to demolish illegal structures, such as storage buildings erected under our existing wayleave corridor reserves which may endanger our existing transmission lines. Regular patrolling of our wayleave corridor reserves will be increased to reduce the encroachment of our reserves.

Last but certainly not the least, the Division remains committed to ensure excellence in our products and services for the new FY2010/2011 and many more challenging years ahead. With all the key initiatives being outlined for TNB's geographical expansion by Year 2015 also continuous effort in enhancing human capital competency development, the Division is determined and remain steadfast to ensure that it will be the leading transmission entity and grid system operator in ASEAN and amongst the best in the world.

Khlong Ngae
(HVDC link)
To SDAO
300kV DC line 100km
PERLIS
PULAU LANGKAWI
KEDAH
PULAU PINANG
PERAK
KELANTAN
TERENGGANU
PAHANG
SELANGOR
N. SEMBILAN
MALACCA
JOHORE
N
SELANGOR
INTERNATIONAL SEPANG AIRPORT
TENAGA NASIONAL BERHAD
2010 National Grid
System Operations Department
Power Station
THERMAL
HYDRO
500 kV Over Head Line
275 kV Over Head Line
132 kV Over Head Line
132 kV Cable
66 kV Over Head Line

OPERATIONS REVIEW – DISTRIBUTION

THE MISSION OF DISTRIBUTION DIVISION COVERS TWO IMPORTANT BUSINESS FUNCTIONS IN THE DELIVERY OF ELECTRICITY TO CONSUMERS IN PENINSULAR MALAYSIA: (1) UPSTREAM DISTRIBUTION NETWORK OPERATIONS AND (2) DOWNSTREAM ELECTRICITY RETAIL OPERATIONS.

Ir. HJ HUSSIN BIN OTHMAN
Vice President

The Network Operations Section plans, designs, constructs, operates and maintains the system that delivers electricity supply from TNB grid network to our customers. The Electricity Retail Section markets and sells electricity, connects new supply, provides counter services, collects revenues, operates Call Management Centres (TNB CareLine 15454), handles customer enquiries/ complaints and nurtures strong customer and government relationships.

In June 2010, there was a change of guard when Hj Hussin Othman took over the helm of Distribution Division as Vice President (Distribution) from Dato' Ir. Azman Bin Mohd who is currently the Chief Operation Officer/ Executive Director of TNB. Hj Hussin Othman continues to proactively align and focus Distribution Division's resources towards achieving the four major business goals of the Division, namely, reducing Distribution losses, ensuring supply reliability, enhancing customer relationships and improving revenue assurance. These goals are pursued in furtherance of the Division's role to realise TNB's aspirations to become one of the best performing companies in the Region by 2010 under our Service Excellence (SE10/10) Initiative.

OPERATIONAL SUMMARY

Distribution Division supplies electricity to our customers by connecting them to our Distribution Network at voltages of 33 kV, 22 kV, 11 kV and 415V and to TNB's Transmission Network at 275 kV and 132 kV. During Financial Year 2009/10, the Division has signed up 252,053 new customers to increase our total Peninsular Malaysia customer base to 7.4 million customers. During the same period, Peninsular sales of electricity (in units) also grew by 8.8% to 89.5 TWh.

To improve our service delivery to our ever growing customer base, the Division has upgraded three (3) Area Offices namely Nibong Tebal, Jasin and Kuala Selangor during the year under review bringing total TNB Area Offices to 45 while maintaining the number of Kedai Tenaga outlets at 135. We also enhanced our communication channels with our customers, by upgrading our Call Management Centre (CareLine 15454) and launching the first phase of our new One-Stop Enquiry Centre (1-300-88-5454) to serve Klang Valley Customers.

HIGHLIGHTS OF ACHIEVEMENTS

Distribution Division's main achievements throughout Financial Year 2009/2010 are:

- Received new MS ISO 9001:2008 Certification from SIRIM with zero Non-Conformity Reports.
- Average Collection Period (ACP) has improved from 22.5 to 21.6 days.
- Reduction in Distribution Losses from 7.48% to 7.29%.
- Collection of TOE back-billing amounted to RM45 million.
- The conferment of SGAM 2010 ICT Award for the Introduction of Mobile Field Force Automation (MFFA) at 4 States.
- Sustained high Customer Satisfaction Index score of 7.0.
- Launched Customer 1st Programme (CIPD) to improve skills of frontline customer service staff.
- Introduction of SMS Reminder on Billing Status.
- Appointment of CROs at 42 Kedai Tenaga outlets.

OPERATIONAL IMPROVEMENT

Customer Satisfaction Index Survey (CSI)

The Customer Satisfaction study for FY2009/10 survey was conducted by an international research house from April to July 2010 involving 8,619 samples. The findings of the study are grouped under the following two headings:

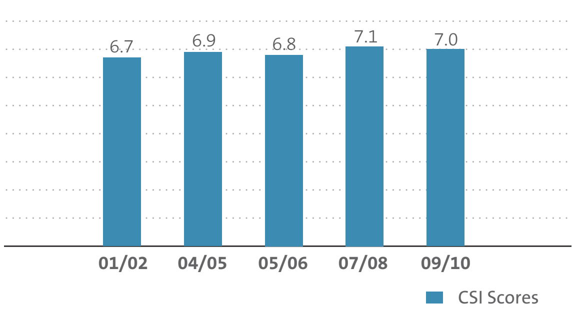
1. The conventional CSI
2. The TRIM Index

The Conventional CSI

The conventional CSI study was based on a set of 40 questions drawn from 12 TNB service categories for rating by the samples. The service categories are: Connection/Upgrade, Breakdown Services, Shutdown Services, Quality of Supply, Kedai Tenaga Services, Safety & Advisory, CMC Services, Restoration Services, Meter Reading-Billing-Payment, Complaint Handling, Enquiry Management and Street Lighting Services.

The CSI scores for FY2009/10 under this study against scores of the previous years are as follows:

Chart 1: National Scores of CSI over the years



OPERATIONS REVIEW – DISTRIBUTION (CONT'D)

The TRIM Index

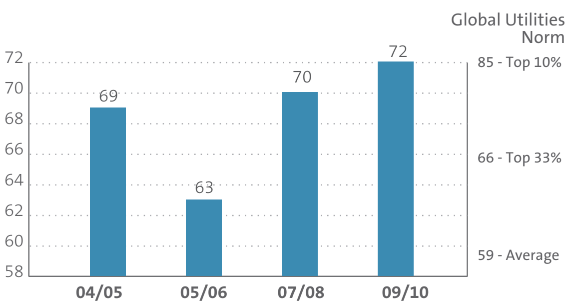
The TRIM Index is a patented approach which means measures, monitors and manages, based on responses to the following four questions:

1. How would you assess the overall performance of TNB services? (Overall Satisfaction)
2. Would you continue using TNB services if there are other providers offering similar services? (Corporate Trust)
3. Would you recommend the services of TNB to your friends and acquaintances, given what you knew about other utility companies? (Value to society)
4. How would you rate the advantage of dealing with TNB, given what you knew about other utility companies? (Comparison to the industry)

Unlike the method deployed for CSI, TRIM Index is derived from responses to the above four questions. It is therefore possible to obtain benchmarking in terms of the top percentile of a basket of universal utilities from over 60 countries. No benchmarking is possible for the CSI as the service categories of TNB compared to other utilities may differ.

TNB's achievements based on the TRIM Index over the past years are as follows:

Chart 2: TNB TRIM Index



The TNB TRIM Index performance improved from a scale of 70 in 2007/08 to 72 in 2009/10; which puts TNB in the top 33% of the Global Utilities Norm measured in over 60 countries.

SMS Reminder to customers on billing status

SMS Reminder is part of the initiatives to increase electricity bill collection and reduce total outstanding debts. This initiative is intended to inform TNB customers on their current electricity bill within seven (7) days of the payment due date. For those customers who had not received the electricity bill, the bill information in the SMS could be used as a reference for them to make payments at any Kedai Tenaga outlet or selected payment agencies.

Initially, in its pilot stage, only customers in five areas were involved, namely TNB Petaling Jaya, TNB Subang Jaya, TNB Bangi, TNB Klang dan TNB Shah Alam. After the official launch on 3 August 2010, SMS Reminder service was expanded to all areas in Peninsular Malaysia. The main targets are those customers who are late in making payments and with mobile phone number registered in the *enhanced-Customer Information Billing System* (e-CIBS).

As at 31 August 2010, a total of 195,223 SMS messages had been sent to the selected customers.

CUSTOMER RELATIONS MANAGEMENT

Customer 1st Programme for Distribution (C1PD)

In our continuous effort to meet the objectives of Service Excellence or excellent customer service in Distribution Division, C1PD – Customer 1st Programme for Distribution was introduced. Five Kedai Tenaga namely Kedai Tenaga Cheras, Jalan Klang Lama, Kepong, Subang Jaya and Pelabuhan Klang were selected for this pilot programme which was launched by TNB President/CEO, Dato' Sri Che Khalib Mohamad Noh on 19 April 2010.

The main objective of this programme is to enhance the service quality of counter staff by focusing on delivering excellent service to win the hearts and minds of customers. This culture of Customer 1st or customer focus must be adopted as a work culture.

Under this programme, the principle of Service Standards and Practices (SSP) must be observed by all counter staff. The core features of the SSP are the Basic Courtesy Principles that must be practised by all counter staff with an open and honest attitude and to provide the best possible service to delight the customers.

Hence, with this hospitable excellent service culture adopted, TNB strives to become a customer-centric organisation which focuses on providing excellent service in tandem with a World Class Customer Service and World Class Organisation.

Interaction with Customers

TNB has invested significantly in building goodwill with the Large Power and Prime Customers. High level dialogues are held regularly between TNB management, industry leaders and associations such as Federation of Manufacturers Malaysia (FMM), Federation of Malaysian Foundries and Engineering Industries Association (FOMFEIA), Real Estate and Housing Developers Association (REHDA). It also includes government agencies such as the Malaysian Industrial Development Authority (MIDA) which is responsible for investments inflows.

For FY2009/2010, 17 dialogue sessions were held during which issues discussed ranged from supply reliability to overloading, vandalism at electrical installations to metering, power quality, energy efficiency and tariff.

As the manufacturing sector has remained as TNB's biggest customers in terms of kWh usage and monetary value, these dialogues are beneficial as it gives them the channel to meet with TNB management in order to resolve their electricity supply and demand problems.

Appointment of Customer Relations Officer (CRO) at Kedai Tenaga outlets

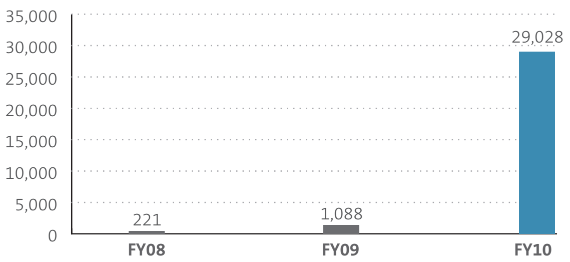
In our continuous effort to further improve our services at Kedai Tenaga outlets, 42 CROs have been appointed in all TNB district offices nationwide. The selected personnel are trained specifically to enhance customer interactions at the retail front while projecting the Customer 1st service culture.

The CROs' main responsibilities are as follows:

- Providing immediate assistance to all walk-in customers where necessary.
- Projecting and delivering the Customer 1st service culture and attributes to all TNB customers.
- Providing exceptional value-added services and assistance to customers where applicable.
- Providing immediate service recovery response on emergency cases at TNB retail outlets.

OPERATIONS REVIEW – DISTRIBUTION (CONT'D)

Chart 3: TNB e-Application Usage



e-Application

e-Application realises TNB's commitment in optimising the utilisation of IT system in its business operations with the customers. It represents our effort as the first GLC to introduce an online service application system to the customers. Launched in August 2008, the system has to date registered almost 35,000 individual and group users. The number of users has increased 27 folds from 1088 in FY2008/2009 to 29,028 in FY2009/2010.

The main benefit of using e-Application lies in its real-time application status monitoring, online electrical contractor selection and other online related information. Going forward, we are in the midst of improving the e-Application system facilities such as payment of deposit and connection charges, project status monitoring and also other online applications including TNB street lightings, Change of Tenancy (COT) and Large Power Customer (LPC) applications. All these new facilities are targeted to be ready in FY2010/2011.

Billing and Account Related Enquiries

One Stop Enquiry Centre (OSEC) – 1 300 88 5454
The One Stop Enquiry Centre (OSEC), a single point of contact, is established to respond to customers' enquiries and feedbacks on TNB's billing and account related matters.

Currently, OSEC only caters for customers in Klang Valley. Enquiries on billing and account related matters for the whole of Peninsular Malaysia is expected to be fully operational by early 2011. Customers may also contact OSEC for enquiries related to other services, such as:

- Statement of account
- Electricity tariff
- Modes of payment
- Estimated bills
- Special readings
- Disconnection and reconnection of supply
- Processes on new supply, change of tenancy (COT), closing of account, refund of deposit, upgrading of supply, change of meter and others.

Customers may dial **1300 88 5454** and TNB's trained customer service agents will respond to enquiries or feedback.

Call Charges:

1. Fixed line calls will be charged as local calls
2. Cell phone calls are subjected to charges by service providers

Alternatively, customers may submit their feedbacks online at TNB website www.tnb.com.my and click 'Talk-to-Us'.

Operation Hours:
8.00 a.m to 5.00 p.m, Monday to Friday (excluding public holidays).

Call Back Assist Facility
This facility is an additional option which enables customers to be called back when waiting time to talk to TNB agents exceeds a stipulated time frame. This ensures TNB pays attention and gives priority to all our customers.

CARE PROGRAMME

The Corporate Account Relationship Enhancement (CARE) Programme was developed in December 2007 to forge a better relationship with TNB's corporate customers.

CARE Programme adopts the concept of 'one contact point', where a special executive (CARE Manager) from the Customer Service & Marketing Department, is appointed to manage a corporate account. The CARE Manager is responsible to create continuous interactions between TNB and their respective corporate customers in order to obtain feedbacks on TNB services.

The main objectives of CARE Programme are:

- To foster closer two-way relationship between TNB and corporate accounts and at the same time to give better service to corporate customers.
- To get feedback from corporate accounts on TNB's services, to monitor and to take effective actions in order to fulfill the customers' needs.
- To promote TNB's bulk payment scheme.

For the purpose of implementation, the Programme has identified customers from the following 8 segments:

- Bank/Financial Institutions
- Business Complexes
- Utilities
- Fast Food Chains
- Telecommunications
- Hotels
- Transportations
- Petroleum

During FY2009/10, the following initiatives were carried out under the Programme:

Continuous interaction to enhance relationships was achieved through two-way communication between CARE Managers and their respective corporate customers via phone-ins, walk-ins, e-mails, formal/informal meetings, get together and visits.

The CARE Managers are ready to offer solutions to any issue or concern addressed by the customers. Frequent visits were made to customers' premises to gauge the growing concerns and issues. These issues or concerns are closely monitored through a special application that enables complaints or queries be managed effectively through a particular contact person.

Through this effort, TNB is able to understand customers' needs and concerns better in order to effectively handle and resolve issues. This achievement is attributed to the continuous support and assistance from all TNB state, region and district offices.

CARE Group Email – Corporate customers are given special attention and latest information is made available through specially designed CARE Group E-mail developed to expedite updating of information effectively.

OPERATIONS REVIEW – DISTRIBUTION (CONT'D)

Annual Events – Two events were successful organised under the CARE Programme on 17 December 2008 and 12 November 2009. It involved luncheons and visits to TNB premises and Control Centre. The main objective is to further enhance the relationship with the customers and to provide exposure to customers on TNB products and services. These events also served as the occasion to acknowledge loyal customers.

Talks/Briefings on TNB Products & Services – Special talks/briefings were conducted to customers in order to increase their awareness on services rendered by TNB. Briefings by Subject Matter Experts (SME) on energy efficiency (EE) and power quality (PQ) were arranged for the corporate customers to educate and increase the level of understanding on certain issues.

Courses & Talks for CARE Managers – To promote continuous improvement, courses and talks were conducted for our CARE Managers. This is to build greater professionalism and excellence in providing service to our customers.

Future Plan – In line with the growing number of customers and higher expectations, the CARE Programme may undergo further expansion and strengthening of its services. The CARE Managers will continue to provide significantly towards improving customer service, thus enhancing the image of the company.

OVER VOLTAGE INFORMATION SYSTEM (OVIS)

OVIS has been developed to assist stations and state offices to prepare, record and to take necessary actions on all over voltage cases. This is in line with TNB's focus to improve customer service with the latest technology.

All over voltage data and its causes are recorded in OVIS. Reporting processes, status updates and follow-up actions, approvals for payment of compensation for all over voltage cases will be reported and monitored systematically online. This will ensure all necessary feedbacks on over voltage complaints will be conveyed to customers in a more efficient and effective manner. The development of this new system will assist stations, states and Asset Management Department to take the necessary actions and preventive measures on over voltage incidents.

POSITIONING TNB FOR GLOBAL COMPETITIVENESS

The Malaysian Industrial Development Authority (MIDA) is the government's principal agency for the promotion of the manufacturing and services sectors in Malaysia. MIDA assists companies which intend to invest in the manufacturing and services sectors, as well as facilitates the implementation of their projects. To further enhance MIDA's role in assisting investors, a senior TNB representative was stationed at MIDA's headquarters in Kuala Lumpur to advise

investors on TNB policies and procedures with regards to electricity supply requirements. Other government representatives include officials from the Department of Labour, Immigration Department, Royal Malaysian Customs, Department of Environment, and Telekom Malaysia Berhad.

In line with the government's move to a new economic model, the emphasis will be to attract quality investments in knowledge and technology-intensive projects. Green technology including renewable energy has been identified as a growth area by the government. Efforts will also be intensified to target and attract industries in which Malaysia has a strong foundation as well as new growth areas such as automotive, aerospace, renewable energy, machinery and equipment and medical equipment.

To sustain the levels of investment inflows into the manufacturing as well as the services sectors, the Government would continue to respond to local and global challenges to maintain the country's competitiveness. In this regard, the government will ensure that the investment environment remains conducive and competitive particularly in terms of delivery system, cost of doing business, infrastructure, provision of tax incentives as well as availability of skilled and knowledge workforce.

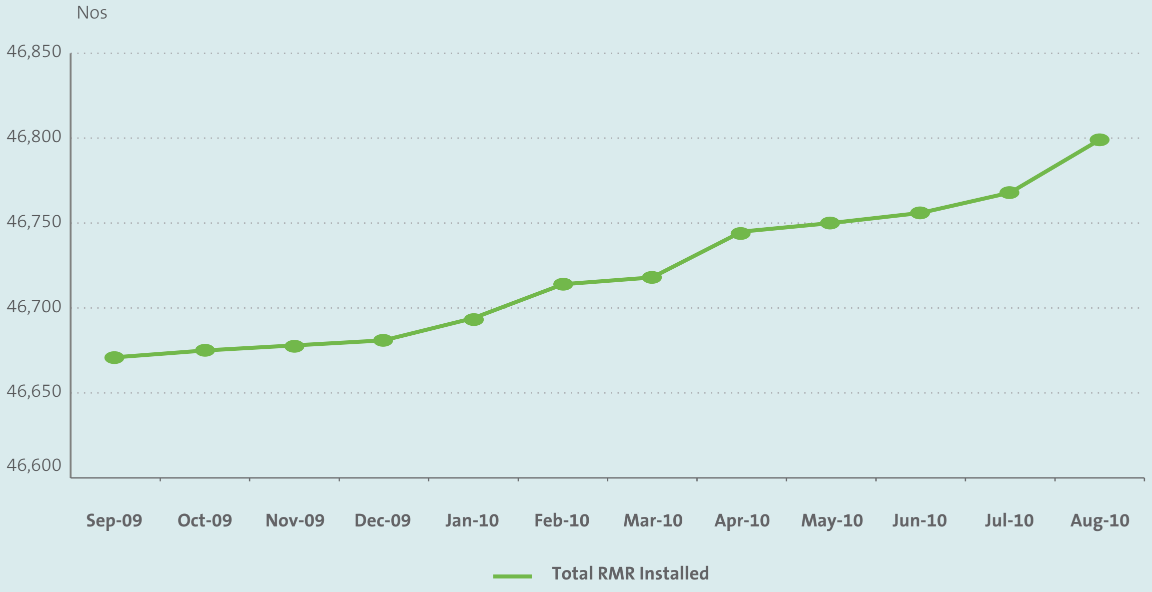
TARIFF

Tariff rates as approved by the government during the revision on 1 March 2009 will continue to be used, in line with the government's prevailing objective of enabling low income consumers to enjoy inexpensive electricity and at the same time promoting energy savings to the general consumers. The consumers can still enjoy all the government approved incentives and discounts. During the financial year, TNB has given out RM60.4 million as discounts to selected privileged customers like government schools and institutions of higher learning, welfare centres and places of worship. In addition, a staggering RM380 million* was granted as discounts for the Special Industrial Tariff scheme as at August 2010. (*unaudited figures)

During the financial year, the government decided to continue with the special rebate for electricity bills with a consumption amount of RM20 and below until December 2010. As at August 2010, the government has paid RM123.3 million or RM10.3 million per month for all qualified consumers. On a monthly average, 951,000 customers have been enjoying the government's rebate scheme.

OPERATIONS REVIEW – DISTRIBUTION (CONT'D)

Chart 4: TNB installation of RMR



REMOTE METER READING (RMR)

Since its inception, Remote Meter Reading (RMR) technology has been extended to more than 70% of Large Power Customers (LPCs). It aims at improving meter reading processes and reducing non-technical losses.

As at 31 August 2010, total customers fitted with RMR facility are 46,799 with 4,131 units for High Voltage/Medium Voltage (HV/MV) and 42,668 units for Low Voltage (LV) LPC.

Since the installation of the RMR facility, TNB has successfully carried out monthly auto-billing processes and enhanced its capability to detect irregularities (IR) at customers' metering installations.

The objectives of RMR facility Phase 2 for Low Voltage Large Power Customer (LV LPC) are as follows:-

– To improve meter reading processes
– To improve billing data integrity
– To reduce human errors
– To reduce Non-Technical Losses through irregularities (IR) detection

With successful implementation of RMR project for 71% of LPCs, online monitoring and scanning for possible electricity fraud cases are becoming more effective and has served as a deterrent.

RMR system also improves losses computation through timely meter readings, minimises human error readings and enables faster and accurate load profile analysis.

Some of the current *enhanced-Customer Information Billing System* (e-CIBS) modules are also being reviewed to enable better revenue assurance. Examples of e-CIBS modules reviewed are Landlord/Tenant Module and Auto Pay Module.

IMPLEMENTATION OF MOBILE FIELD FORCE AUTOMATION

TNB has implemented a Mobile Field Force Automation (MFFA) system. This is an online mobile system used to dispatch, schedule, supervise and report operational activities in the low voltage system. It also improves communication between call centre and field crews through control center, provide vehicle tracking facility and instant updated information on supply restoration. This system enhances TNB's services to the customers besides increasing its productivity and efficient use of fieldwork resources.

This system has been fully implemented in Selangor, Kuala Lumpur, Penang and Southern Johor. It will be fully implemented throughout Peninsular Malaysia by 2013.

The success of this system gained recognition across the IT industry for which it was awarded the prestigious "SGAM 2010 ICT Award – Enterprise Mobile Applications Excellence Award" at the 21 annual conference, organised by Share Guide Association of Malaysia (SGAM). SGAM is an association of ICT application users which shares technology and experience to encourage the expansion of the industry in Malaysia.

DISTRIBUTION REGIONAL CONTROL CENTRES

Distribution Division's Control Centre has been upgraded and expanded. Four regional control centres have been setup namely:

i. Metro Regional Control Centre (MRCC), located at TNB Headquarters

ii. Southern Regional Control Centre (SRCC), located at TNB Headquarters

iii. Northern Regional Control Centre (NRCC), located at TNB Seberang Perai, Seberang Jaya, Penang

iv. Eastern Regional Control Centre (ERCC), located at TNB Seberang Perai, Seberang Jaya, Penang

OPERATIONS REVIEW – DISTRIBUTION (CONT'D)

These control centers are equipped with SCADA system that enables TNB to perform online monitoring of system conditions and operations. The control areas have been expanded and cover all 33 kV and 11 kV systems except for the systems in Northern Johor and 11 kV system in Kelantan and Terengganu, which are expected to be implemented by the end of 2011.

SCADA system improves the restoration time whenever interruptions of supply occur. The project to equip all primary stations which include Main Intake Sub-Stations and Main Distribution Substations commenced in 2006. A total of 553 additional primary stations have been equipped with SCADA system for the period of Financial Year 2009/2010.

POWER QUALITY (PQ) INITIATIVES

In Financial Year 2009/2010, TNB implemented several programmes to improve the understanding and management of power quality (PQ). The objective of the awareness programme is to enhance the knowledge of TNB staff and customers on PQ related matters. This year, five training programmes and a seminar were conducted for TNB industrial customers and four training programmes were conducted in-house for TNB staff. These training programmes provide basic knowledge on PQ definition, standards and PQ solutions to solve PQ problems.

The objective of the programme is to enhance the monitoring and reporting of PQ disturbances in Peninsular Malaysia. The monthly reporting of PQ disturbances and complaints is now done online using intranet facility. All customer complaints related to PQ is reported by TNB staff using the PQMSWeb system. All actions taken were also documented and monthly reports on PQ are generated from the same system.

TNB is also currently in the process of producing a new guidebook on PQ, entitled 'A Guidebook on Managing Power System Harmonics'. This book will provide guideline to customers on measures to manage harmonic related problems. Earlier, in 2007, TNB launched a guidebook entitled, 'Voltage Sags Solutions for Industrial Customers'. This book has become the reference material in Malaysia and abroad.

LOSSES REDUCTION INITIATIVES

TNB system losses include Technical Losses (TL) and Non Technical Losses (NTL) (i.e. Theft of Electricity (TOE) and Commercial).

TECHNICAL LOSSES

Technical losses are one of TNB main concerns. Even though technical losses in our distribution system are inevitable, the Company has put in various strategies to ensure that the losses are maintained at its optimum level. The initiatives started at the equipment specification stage. Lines, cables and transformers specifications are adopting industry practices for technical losses level. At the planning and design stage, technical losses consideration is part and parcel of the planning and design criteria. For example the loading of feeders is set to be not more than 50% and voltage regulation is the key guide to planning the system. Similarly technical losses criteria are also embedded in the operation of the system. To ensure optimum efficiency is attained, operational stage monitoring and corrective actions must be taken. The monitoring is done at our control centers where all medium voltage feeders loading are monitored online. Our substations and low voltage feeders are monitored annually by installing load profile recorder.

The continuous corrective actions carried out are as follows:

i. Shifting of loads between feeders to optimise feeder loading

ii. System development projects to commission new medium voltage feeders

iii. System development projects to commission new distribution substations

iv. Installation of capacitor banks at substations and also at low voltage lines

v. Increase transformer capacity or reduce transformer capacity to ensure their optimum operational efficiency level

vi. Distribution substation load profiling to enhance system performance

The demand growth is the main challenge in managing technical losses as there are directly proportional to demand growth. Hence the corrective actions listed above are continuous and dynamic.

NON TECHNICAL LOSSES AND THEFT OF ELECTRICITY (TOE)

Various initiatives have been put to place to curb TOE cases. Among those initiatives are as follows:

- Coordinated TOE joint raids with Enforcement Authorities resulted in more difficult cases being detected especially in the Black Areas.
- More meter installations are protected either by shifting meter panels outside customers' premises or equipping meter installation with additional meter guards.
- Embark on more effective anti-TOE meter features to deter TOE and fraud scanning software using artificial intelligence technology to improve hit rate. Examples of anti TOE meter features used are Secure Meter Box, Meter Cage, Test Terminal Block (TTB) with protector and TTB installed inside meter panel, outdoor meter. Fraud scanning software was jointly developed by RMD, TNB Research (TNBR) and UNITEN. TNB is also expected to install meters with blinking signals for anti-TOE system with neutral current transformer (CT) and Smart Meter under Advanced Metering Infrastructure (AMI).
- More aggressive communication plan for Anti-TOE campaign includes introduction to usage of TNB CareLine 1-5454 for TOE, fliers, posters, briefings to customers, associations and stakeholders in formal gathering and seminars.

  An anti TOE video was initiated in June 2010 and will be finalised by November 2010. It will be shown to the public at Kedai Tenaga outlets and TNB Collection Centers.

MANAGEMENT & ENGINEERING AUDIT 2008 (M&E AUDIT 2008)

The Energy Commission requires TNB to appoint a reputable Auditor to conduct a "Management & Engineering (M&E) Audit" on its business operations once every four years to fulfill Condition 18 of TNB's License. For the review of Distribution's Operations for the year 2004 to 2008, the Energy Commission has appointed a consortium comprising PricewaterhouseCoopers (PwC) and Australian Power and Water (APW) to conduct this Audit in 2008/09.

As a testimony to the Division's efforts for continual improvement, the PwC-APW Consortium recorded very favourable comments on the Division's current business practices and concluded in their M&E Audit report that many of the engineering systems and processes implemented by Distribution Division are ***Best Practice*** or ***Near Best Practice*** when benchmarked against other global electric utilities. Amongst the Best Practices cited by PwC-APW are:

(a) High Voltage (HV) and Medium Voltage (MV) Meter Testing Laboratory

(b) Safety and Environment

(c) Condition-Based Monitoring based on failure modes effects and criticality analysis

(d) Assessment on the level of technical losses

(e) The use of period contracts (with 20% tolerance) for procurement of main Distribution equipment

(f) TNB Outage Management System (TOMS)

(g) Customer Feedback System (SMP – Sistem Maklum balas Pelanggan)

OPERATIONS REVIEW – SABAH ELECTRICITY SDN. BHD.

SESB HAS ALSO SET A TARGET TO ACHIEVE 95% ELECTRIFICATION COVERAGE BY YEAR 2012 TO ENABLE MORE PEOPLE OF SABAH TO ENJOY THE BENEFITS OF ELECTRICITY SUPPLY.

OVERVIEW OF SESB PERFORMANCE

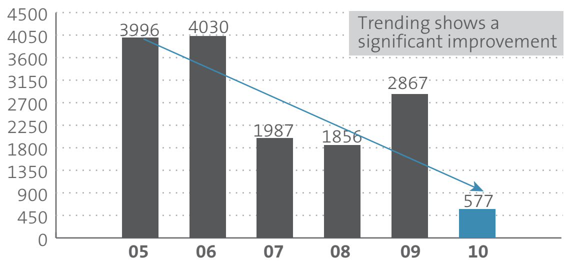
- The sale of electricity in Sabah for FY2010 marks a historical achievement of RM1.029 billion compared to RM954 million recorded last year, indicating an increase of RM105 million. Total units sold for FY2010 was 4.051 GWh compared with 3.723 GWh in FY2009.

- Total reported operating expenditure for FY2010 amounted to RM1,192 million compared to RM1,135.20 million for FY2009 (net of subsidy). SESB received substantial diesel and medium fuel subsidies from the Malaysian Government and the amount is presented net of total subsidy.

- Total operating expenditure was at RM1,192 million and total operating loss was at RM62.17 million. Total finance costs and foreign exchange losses for FY2010 amounted to RM72.07 million compared to RM74.60 million in FY2009. Cost Per Unit (CPU) SESB as at 31 August 2010 was 31.02 cent per kWh.

- The highest Maximum Demand recorded for FY2010 was 772.8 MW while total installed capacity for Sabah is 1,265.05 MW (SESB 533.47 MW (inclusive canopy genset 80 MW) and IPP 731.58 MW).

- In FY2010 the Federal Government has granted SESB RM419 million to implement initiatives to achieve SAIDI 700 minutes by December 2010. SAIDI trending shows a significant improvement since 2005 as shown below:-



Calendar year	2005	2006	2007	2008	2009	2010 (YTD)
Saidi	3996	4030	1987	1856	2867	577

YTD – Year To Date

PROSPECT

The demand for electricity in Sabah is expected to be within the projected growth of 7% per year until 2011. On the other hand, power demand is expected to touch around 1,500 MW by year 2020.

SESB's medium and long term plan for electricity generation is to focus more towards reducing dependency on oil as the main fuel. SESB needs to diversify its fuel to guarantee security of supply. The plan to increase long term generation capacity will see an increase in hydro power sources as the key component in the Generation Mix. Amongst the long term planned power plants are as follows:-

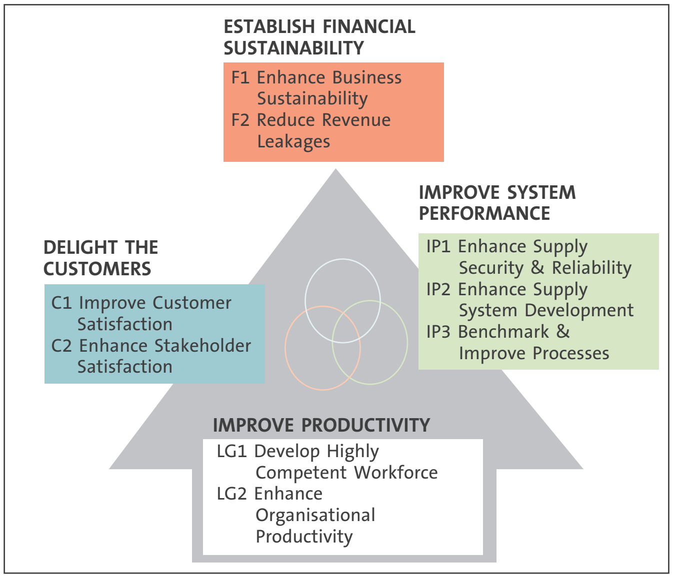
- Construction of 100 MW Power Station by IPP SPR – Year 2013
- Construction of 300 MW IPP Kimanis Power Station – Year 2014
- Construction of 150 MW Upper Padas Hydro Power Station – Year 2017
- Construction of 150 MW Liwagu HEP Power Station – Year 2018

SESB's short term plan for transmission development would focus more on reinforcement of the existing system to improve stability and reliability of supply besides meeting the expected increase in electricity demand in Sabah. The long term plan for transmission development will depend on the locations dan sources of generation to be identified. The implementation of the integrated 275 kV ring network (including upgrading of 132 kV network in the East Coast of Sabah to 275 kV and the establishment of 275 kV Southern East-West Link) as the backbone of the transmission network system in Sabah will be given special focus this year and is expected to be interconnected to neighbouring Sarawak and Brunei in the future.

SESB has also set a target to achieve 95% electrification coverage by year 2012 to enable more people of Sabah to enjoy the benefits of electricity supply and this is part of SESB's contribution to the socio-economic development of Sabah.

SESB will focus on Key Performance Indicators for FY2011 to achieve SESB's four (4) Strategic Themes namely Enhance Financial Sustainability, Delight the Customers, Improve System Performance and Improve Productivity. There are nine (9) Strategic Objectives under the said four (4) Strategic Themes under the Balanced Score Card framework as follows:

SESB STRATEGIC THEMES & OBJECTIVES



5-Year Business Plan FY2011 – 2015 and Annual Operation Plan FY2011

The SESB management conducted a session to review the 5-Year Business Plan FY2011 – 2015 and Annual Operations Plan for FY2011 on 9-10 April 2010 at Beringgis Beach Resort, Kinarut, Sabah. Participants of the review session comprised Management Committee of SESB, Heads of Departments from TNB Headquarters, selected Executives and members of the local Union.

The Key Performance Indicators for 'Operation Plan 2011' were drawn up following the review and analysis on the performance of 'Operations Plan FY2010' as well as the 'Key Performance Indicators' FY2010. Results of the findings from the said review are:

- Identify the gap between the achievements of business and operational activities and the targets for the purpose of taking corrective measures so that the said targets can be achieved.
- Develop strategic themes and strategic objectives as defined by TNB.
- Each division in SESB is required to develop their respective 5-Year Business Plans and Annual Operation Plans based on SESB's strategic objectives.
- Use *'SWOT Analysis', PEST Analysis'* and *'Porter's Five Forces of Competiton'* to identify SESB's strategic plans for FY2011 to FY2015.
- Additional initiatives/activities to be introduced to further strengthen operational activities and to expedite and or launch the implementation of the said activities.
- To modify the title of road map from 'SESB 20-year Strategic Roadmap' to 'Strategic Transformation Action Roadmap 2026 (STAR 2026) FY2007-FY2026 for branding purposes. This would serve to stimulate the employees in ensuring that their daily activities is in alignment with the strategic objectives as outlined in the said Roadmap.

OPERATIONS REVIEW – SABAH ELECTRICITY SDN. BHD. (CONT'D)

SESB 20-YEAR STRATEGIC ROAD MAP-STAR 2026

SESB 5-YEAR BUSINESS PLAN

06	2007	2008	2009	2010	2011	2012
	AKP 700	AKP 750	AKP 780	AKP >800	AKP >800	AKIPM
	PSI Awareness	PSI (ISO) Accrdt'n	PSI (ISO) Certified	PSI (ISO) Certified	PSI (ISO) Certified	PSI (ISO) Certified
	5S Awareness	5S for 11 Stations	5S for 25% Stations	5S for 50% Stations	5S for 75% Stations	5S for all SESB Stations
	SEMS 2 Star	SEMS 3 Star (50% of SESB)	SEMS 3 Star (50%) 4 Star (50%)	SEMS 4 Star (100%)	SEMS 5 Star (50%)	SEMS 5 Star
	CSI 52%	CSI 60%	CSI 65%	CSI 70%	CSI 75%	CSI >80%
	ROA (1.38%)	ROA (0.1%)	ROA 1.0%	ROA 2.0%	ROA 2.5%	ROA 3.0%
	Losses GTD: 17.56% Dx: 12%	Losses GTD: 16% Dx: 10%	Losses GTD: 15% Dx: 9%	Losses GTD: 14% Dx: 8%	Losses GTD: 13% Dx: 8%	Losses GTD: 12% Dx: 7%
	ACP 66 days	ACP 42 days	ACP 38 days	ACP 34 days	ACP <32 days	ACP <30 days
	SAIDI GTD: 2,717 Dx: 1,850 S1: 1,500	SAIDI GTD: 1,500 Dx: 1,320 S1: 800	SAIDI GTD: 1,000 Dx: 800 S1: 500	SAIDI GTD: 700 Dx: 500 S1: 120	SAIDI GTD: 350 Dx: 240 S1: 120	SAIDI GTD: <240 Dx: 120
		Introduce OSHAS 18001 & EMS 14001	OSHAS 18001 & EMS 14001 SJ Patau Patau	OSHAS 18001 & EMS 14001 SJ Sandakan & Tawau	OSHAS 18001 & EMS 14001 SJ Melawa & Tenom Pangi	OSHAS 18001 & EMS 14001

BUSINESS TRANSFORMATION PERIOD

2022 — 2026

International Accreditation

SESB TIGER SERVICE EXCELLENCE 2012

GEOGRAPHICAL EXPANSION (SERVICES)

OVERSEAS INVESTMENTS

LEGEND:
Dx=Distribution S1=Strecth Target

OPERATIONS REVIEW – ENTERPRISE MANAGEMENT

TNB's core generation, transmission and distribution divisions are strongly supported by a multitude of other divisions that bring into play their core strengths to ensure TNB operates as a dynamic, well-run enterprise. TNB's Group Finance Division is responsible for strategising the Group's overall financial management. Aside from undertaking conventional financial functions such as financial and management reporting, taxation, budgeting, corporate finance and treasury operations, this division also undertakes the financial planning, business development, enterprise wide risk management and investor relations aspects of our business. The Group's Corporate Affairs Division renders support through the provision of corporate secretarial and corporate advisory services, legal and litigation management services, regulatory and relations management, as well as corporate communications. Corporate Affairs is also responsible for ensuring TNB's commitment to providing educational and welfare to deserving students is properly channelled through Yayasan Tenaga Nasional.

TNB's Planning Division comprises departments responsible for strategic planning, system planning and development, as well as energy procurement activities. These departments collaborate to formulate and implement TNB's long-term strategies, ensure a reliable national supply as well as manage energy procurement activities including PPA activities. TNB's Procurement Division complements these activities by formulating effective procurement policies and implementing strategic supply chain initiatives that enhance procurement activities. Last but not least, TNB's Corporate Services Division is tasked with managing and securing all TNB's properties and assets as well as providing logistics and other support services. By undertaking focused activities in specific strategic areas, each of these divisions helps ensure the smooth running of TNB's enterprise management operations.

OPERATIONS REVIEW – GROUP FINANCE

FINANCIAL YEAR 2010 MARKED THE FINAL YEAR OF TNB'S JOURNEY IN THE FIRST PHASE OF ITS 20-YEAR STRATEGIC PLAN (FY2006-2010) TO ACHIEVE SERVICE EXCELLENCE IN THE DELIVERY OF OUR SERVICES. THE GROUP FINANCE DIVISION HAS ALSO BEEN INVOLVED IN THE PURSUIT OF EXCELLENCE BY ACTIVELY PLAYING THE CENTRAL ROLE OF IMPROVING AND ENHANCING THE FINANCIAL MANAGEMENT WITHIN TNB GROUP.

MOHAMED RAFIQUE MERICAN BIN MOHD WAHIDUDDIN MERICAN
Chief Financial Officer/
Vice President, Group Finance

Apart from the conventional finance functions of financial and management reporting, taxation, budgeting, corporate finance and treasury operations, the Division is also responsible for financial planning, business development, enterprise-wide risk management and investor relations.

With this objective in mind, the role of Group Finance Division has significantly shifted to include the following:

- To play an active role in identifying, assisting and tracking value creation opportunities.
- To actively pursue cost management activities as part of TNB's efforts to keep cost at manageable levels.
- To explore new business opportunities locally and abroad.
- To assist other business units to make informed business decisions relating to financial and commercial related matters.
- To improve human resource competency within the division via continuous training and staff development.
- To institutionalise an enterprise wide risk management framework within TNB Group.

HIGHLIGHTS OF KEY ACHIEVEMENTS

- Effective debt liability management emphasising on reducing foreign currency debt and minimising cost of borrowing.
- Reviewing of strategic asset allocation of TNB's Retirement Benefit Trust Fund (RBTF).
- Strategic tax planning.
- Prudent management of capital and revenue expenditures.
- Actively pursuing business opportunities in energy related industries abroad in accordance with guidelines set by the Investment Policy & Strategy.

- Improving the performance and competitiveness of subsidiaries through active investment management.
- Effective and proactive investor relations management.
- Restoring TNB's credit rating to 'AAA' status.

EFFECTIVE DEBT LIABILITY & CAPITAL MANAGEMENT

As the Group's cash position remains strong and our cash reserves were sufficient to finance capital expenditure and debt repayment obligations for the year, TNB's financial position continued to improve. As part of our efforts in reducing TNB's exposure to foreign currency volatility, foreign denominated loans were further reduced via an opportunistic purchase of USD Bonds in October 2009 amounting to USD22.5 million.

To further reduce our gearing, TNB is planning to retire some of our Ringgit denominated bonds and is currently monitoring and analysing the impact of this exercise, taking into account the premium payable for buying back these bonds.

REVIEW OF ASSET ALLOCATION FOR THE RBTF

During the year under review, one of the initiatives undertaken by the Treasury Unit was to review and re-evaluate strategic asset allocation of TNB's RBTF to achieve the objective of providing consistent returns on a long-term basis. In view of the above, TNB has carried out an asset allocation study taking into consideration key risks and returns to be adopted in attaining this goal. Statement of Investment Policy which sets out the policies that will guide the investment of funds of TNB's RBTF has also been established.

STRATEGIC TAX PLANNING

To help TNB achieve its cost management objectives, the Tax Unit has been actively requesting and obtaining tax incentives for qualifying projects in particular for green technology projects such as the Biomass Project. In addition, the Tax Unit has been extensively involved in the discussion on the proposed Renewable Energy Act which will be implemented by the Government and proposing further tax incentives in Budget 2011 for the green technology industry with the aim to reduce the cost of Renewable Energy (RE) infrastructure to encourage increased energy generation and consumption from RE sources. By working together with the Divisions and subsidiaries, the Tax Unit has also successfully obtained custom duty and sales tax exemptions on importation of equipment for major projects from the relevant authorities which have helped achieve cost savings and tax efficiencies for the Group.

EXPLORING AND SECURING NEW BUSINESS OPPORTUNITIES LOCALLY AND ABROAD

Heading for a new stage of growth in TNB's 20 year Strategic Plan (FY2011-2015), the Group continues to focus its efforts in strengthening its earnings base locally, and in emerging countries which are expected to see continuous growth.

During the year under review, Group Finance in collaboration with and led by TNB Divisions and subsidiaries succeeded in making inroads in the following local projects:

1. On 9 June 2010, TNEC received a Letter of Award (LoA) from Universiti Kebangsaan Malaysia (UKM) for the UKM DCP Loop 2 EPC Project which comprised an Engineering, Procurement and Construction (EPC) of the District Cooling Plant (DCP) plant building, and operation and maintenance during the 24 months Defect Liability Period (DLP).
2. In August 2010, the Government granted TNB on a build-own-operate basis the opportunity to develop one (1) unit of 1,000 MW coal-fired power plant at the present site of the 2,100 MW Sultan Azlan Shah Power Station, Manjung, Perak Darul Ridzuan using supercritical technology.

OPERATIONS REVIEW – GROUP FINANCE (CONT'D)

3. For the Jengka 10 MWe Biomass Power Project in Pahang led by the Generation Division, TNB is at the tender evaluation stage of the EPC contract and selection of banks for financing purposes.

TNB's involvement in the international arena included the following:

1. TNB's investment in Saudi Arabia, the Shuaibah IWPP has successfully achieved its Project Commercial Operation Date (COD) on 14 January 2010 and Project Completion on 18 August 2010. The plant has been dispatching its full capacity (900 MW and 880,000 m3/day potable water) since 25 July 2009. Summary of key milestone dates are as follows:

Group/Plant	Achieved Date
COD Group 1	7 May 2009
COD Group 2	26 June 2009
COD Group 3	25 July 2009

The Shuaibah Expansion, involving the expansion of Shuaibah IWPP's water output by 150,000 m3/day, achieved its Commercial Operation on 17 November 2009.

Figure 1: Overview of Shuaibah 3 IWPP

2. TNB has made considerable progress in exploring new businesses in the Middle East and North Africa (MENA) region. Currently, TNB has been pre-qualified to participate in the bidding for a 2x750 MW power plant project in Dairut, Egypt whilst at the same time pursuing another power project located there. In Saudi Arabia, TNB continues to concentrate on expanding our businesses in IPP/IWPP field having been pre-qualified for the 1600-1900 MW Al-Qurayyah power plant project.
3. TNB is also pursuing a mine mouth power project of 2x300 MW in South Sumatra. The preparation for the submission of the tender bid together with our Consortium partners is currently in progress, while waiting for the Request for Proposal (RFP) to be issued by Perusahaan Listrik Negara (PLN).
4. On 25 January 2010, a Memorandum of Understanding (MoU) was signed between TNB and Public Electricity Corporation (PEC), Republic of Yemen for future collaboration in the power industry fields of generation, transmission and distribution, including in areas of training and consultancy & services.

TNB's investment framework encompasses comprehensive evaluation and structuring of investments to ensure commensurate returns and manageable risks. Moving ahead, TNB is looking forward to collaborate with major players in the industry to broaden business opportunities and enhance our investment prospects in the longer term.

INVESTMENT MANAGEMENT

The role of the Investment Management Department is to ensure that all long-term investments bring positive values to the Group as a whole. The objective is achieved by closely monitoring, financially and operationally, all TNB investments including long-term investments of subsidiaries and associates comprising core and other related businesses. The Department has set strategic directions for each subsidiary and continuously monitors the implementation of these strategic plans and ensures that the subsidiaries are on track to achieve their objectives.

TNB Energy Services Sdn. Bhd.

TNB Energy Services Sdn. Bhd. (TNBES) is a wholly owned subsidiary of TNB. TNBES specialises in providing quality and reliable energy solutions and services to its customers by offering a complete package for energy related services (including engineering, procurement and consultancy) for:-

1. Development, operations and maintenance of Renewable Energy related projects (wind/solar hybrid, biomass and mini hydro);
2. Power Quality Audit Monitoring, Testing & Mitigation; and
3. Energy Efficiency Audit, Implementation and Mitigation

Operations

Since its formation in 1997, TNBES has been involved in various Renewable Energy related projects such as the following:-

1. Renewable Energy (Biomass) – Engineering, Procurement and Contracting of 2 MW Landfill Gas Power Station in Puchong, Selangor in partnership with other developers as well as operations and maintenance services.
2. Renewable Energy (Mini Hydro) – Rehabilitation, Operations and Maintenance of TNB Mini Hydro Stations for TNB.
3. Renewable Energy (Wind/Solar Hybrid) power stations for supply of up to 300 kW per station at various locations, including Langkawi Cable Car Middle Station for LADA, islands off Mersing, Johor for Kementerian Kemajuan Luarbandar dan Wilayah (KKLW), Orang Asli Settlements in Peninsular Malaysia for KKLW, Pulau Kapas for Terengganu State owned PERMINT and Pulau Perhentian (wind/solar), off Terengganu for KKLW, remote areas in Sabah for KKLW and maintenance services for all solar hybrid stations under TNB.
4. Power Quality, Energy Efficiency and Power Factor – System Administrator for TNB's Power Quality Monitoring System and conducted Power Quality Audit and Mitigation on TNB's major customers.

Prospects

For Renewable Energy, the impetus for future development and growth is expected from the increased number of Renewable Energy projects resulting from the Government's Feed In Tariff (F.I.T) introduced to promote Renewable Energy programmes. Other related services include the rehabilitation of TNB mini hydro stations and the development of micro hydros in Sabah and Sarawak. The Green Technology Financing Scheme amounting to RM1.5 billion launched by the Government in January 2010 to promote green technology and to help finance potential projects would further provide new business opportunities to TNBES.

Currently, TNBES is undertaking the supply and delivery of solar hybrid system to rural schools under the Ministry of Education. Other projects on stream include TNB's own 5 MW Solar Showcase which is expected to begin soon and the Supply and Delivery of Solar Hybrid stations to Orang Asli Settlements (Phase 3) under the Ministry of Rural Development. With the support of the Government in introducing the necessary regulatory structure, awareness and financial plan for the growth of green and Renewable Energy generation, TNBES is on track to play a lasting role in developing Renewable Energy.

TNB Engineering Corporation Sdn. Bhd.

TNB Engineering Corporation Sdn. Bhd. (TNEC) was established in October 1993 as a wholly-owned subsidiary of TNB. TNEC is the leading provider of District Cooling Systems (DCS) with Thermal Energy Storage (TES) in Malaysia, specialising in project development, Engineering Procurement and Construction (EPC) as well as comprehensive operations and maintenance.

OPERATIONS REVIEW – GROUP FINANCE (CONT'D)

The Project

Abraj Cooling LLC (Abraj), a joint-venture company between TNEC (49%) and Al Samah Electrical, Air-Conditioning & Refrigeration Co. (Al Samah) of Abu Dhabi (51%) was established in 2008. Abraj's main specialises in DCS, providing services in DCS plant construction, as well as plant operation & maintenance. TNEC and Abraj complement each other in undertaking projects in Abu Dhabi. The first two projects undertaken by Abraj and TNEC-Abu Dhabi have contributed RM70 million and RM105 million in revenue to TNEC for the financial year 2009 and 2010 respectively.

Operations

The Building Material City (BMC) Project is a mixed-use integrated project developed by Manazel Real Estate PJSC (Manazel). The development is located in the Musaffah area, in the outskirt of Abu Dhabi. The Project will see the development of 11 office buildings, 17 residential buildings, a 4-star hotel and a shopping & exhibition centre. Total plot area is estimated at 230,560 m2. The District Cooling Plant project commenced in June 2008 and is scheduled to be completed in stages, with the final stage targeted to be handed over in February 2011.

The latest project secured by TNEC is a 20 years concession with Malaysia Airports Holdings Berhad (MAHB) for the construction of a 20,000 RT DCS plant and the supply of cooling energy to KLIA-2 (the new Low Cost Carrier Terminal). The fast-track project is scheduled to be completed in April 2012. With the completion of KLIA-2 project, TNEC may emerge as the biggest cooling energy provider in Malaysia.

Prospects

At present, TNEC has five DCS plants in operation under the BOO and BOT scheme. The concession period for these plants ranges from 10 to 20 years. TNEC has identified the following strategies to multiply its present revenue level by more than three times within the next five years, namely, merger and acquisition of other DCS plant owners, including taking over of existing DCS plants and exploring plant expansion projects, strategic partnership with property developers and facility managers, position the expert DCS service provider with Government departments with huge cooling energy consumption and overseas business expansion in the Middle East and ASEAN Region

Tenaga Switchgear Sdn. Bhd.

Tenaga Switchgear Sdn. Bhd. ("TSG") was incorporated in October 1994. Being a 60% owned subsidiary of TNB, TSG was established inline with TNB's drive to diversify into manufacturing of High Voltage Switchgear. TSG manufactures high quality Gas Insulated Switchgears, Gas Circuit Breakers and Disconnectors.

Operations

Since its inception, TSG has also been involved in turnkey construction of high and medium voltage substations for both Gas Insulated and Conventional Switchgear. TSG successfully commissioned numerous substations while at the same time providing substation maintenance and switchgear refurbishment as part of value added activities to its clients. Based on current factory facility, TSG's annual production capacity is estimated at 50 bays of Gas Insulated Switchgear (GIS), 300 units of Gas Circuit Breakers (GCB) and 500 units of Disconnector. TSG products are accredited internationally with Type Test Certificate for conformity to IEC standards and safety. In delivering its commitment to quality management, safety and reliability, TSG has applied quality management system in its operation and manifested it through ISO 9001:2008 certification. TSG is also certified with the latest ISO 14001 Environmental System as a proof to its commitment to environmental management in achieving a foothold in the competitive global high voltage power equipment market.

Prospects

In the international market, TSG has secured 3 main contracts to supply of 145 kV GCB to Pakistan. A recent contract was successfully delivered to Hyderabad Electricity System Company (HESCO) in January 2010 and the company is now strengthening its position by participating in more open tenders.

To date, more than 70 units of GCB have been installed in Pakistan. TSG is also actively involved in the Indonesian market whereby it had secured services contract from Perusahaan Listrik Negara (PLN) in January 2010 and is expected to expand its business in the country in the years ahead.

University Tenaga Nasional (UNITEN)

A wholly owned university of TNB, UNITEN focuses in the field of engineering, information technology and business studies. Being one of the first private universities established in the country, UNITEN has grown significantly in the last 12 years and currently caters to the educational and research activities of 8,729 students. Out of this number, 629 are postgraduate students while the remaining are undergraduate students.

Besides national accreditation, most of the programmes offered by UNITEN are also accredited by professional bodies locally and internationally. The programmes are recognised by other countries and to date UNITEN has attracted students from more than 30 countries worldwide. UNITEN has also been conferred several awards in quality management, notably the Prime Minister's Award for Industry Excellence (AKIPM) 2009 and International Asia Pacific Quality Award 2009.

Operations
Research is one of the key agenda of UNITEN and its commitment in promoting research activities is evident from the number of research undertaken that continues to increase year after year. Total amount of external research grant received by UNITEN for FY2010 was RM3.8 million and a total of 671 publications have been published by the University. The quality and excellence of UNITEN's students and graduates has been proven by the recognitions and awards won in various competitions at national and international levels. UNITEN graduates are also highly sought after and employed by reputable national and international companies. The employability rate of UNITEN graduates for FY2010 stood at 78%, higher than the Malaysian national average.

Prospects
UNITEN is moving to expand its business and exploring new business opportunities by collaborating with other higher education institutions in offering academic programmes as well as exploring and exchanging ideas in the international arena. Currently, the University is collaborating with TERI University, India, Hanze University Groningen, Netherland and ESIGELEC, France by carrying out activities such as staff exchange, students exchange and research collaboration programmes. This will provide the means for UNITEN to broaden its horizon and help set its footprint in the international arena.

OUTLOOK AND THE WAY FORWARD

While recognising that FY2010 marked an improvement for the Group's financial position as the overall Malaysian economy has turned around and recovered from the impact of the global crisis in FY2009, the Group is aware of the challenges that lie ahead. As we move forward, Malaysia's economy is expected to further expand by an average growth of 6% in the following years, contributed by the Government's effort under the Economic Transformation Programme (ETP) to turn the country into a high income nation. The spill over effects to the economy will provide a positive outcome particularly to TNB, as electricity demand is foreseen to continue its rising trend and provide a boost to the Group's revenue.

The Group will continue to pursue our cost management initiatives in FY2011 to enhance its earnings. This is challenging given that coal prices are expected to increase in the near future while at the same time demand for electricity continue to grow and is expected to be met through higher electricity generation from the coal fired power plants.

As the Group enters the 2nd phase of TNB's 20-year Strategic Plan of achieving global expansion, the Group Finance Division will continue to play a leading role in ensuring that TNB achieve its strategic objectives.

OPERATIONS REVIEW – CORPORATE AFFAIRS

A VITAL CHALLENGE IS TO ENSURE AND SUSTAIN EXCELLENT RELATIONS BETWEEN TNB AND ALL ITS STAKEHOLDERS TO MAINTAIN THE RELEVANCY OF TNB IN THE INDUSTRY VIS-A-VIS IN ANY POLICY CHANGE. HENCE CORPORATE AFFAIRS DIVISION HAS TO MATCH, COMPLEMENT AND FULFILL THE REQUIREMENTS OF TNB AS THE COMPANY GROWS AND VENTURES INTO NEW AREAS.

PUAN ADELINA BINTI ISKANDAR
Vice President

Corporate Affairs Division has outlined broad strategic objectives for the division's business plans and activities for the next 5 years. The strategic objectives aim to achieve the following:

- maintain TNB as an integrated entity
- provide high security & reliability of supply
- maintain TNB's position as a premier utility company
- project prominent image to all stakeholders in Customer Satisfaction and CSR
- remain financially sound and viable

These strategic objectives have been drawn up to serve as a basis for all departments within the division in preparing the departmental Key Performance Index (KPI).

For Financial Year 2009/2010, Corporate Affairs has marked various achievements in its operations and corporate performance.

- Awards – Certificate of Merit NACRA on Annual Report.
- As a role model to initiate CSR activities such as Community Leader Outreach Program (CLOP), Baiti Jannati and Promoting Intelligent Nurturing Talent and Advocating Responsibility (PINTAR).
- Ulu Pangsun Hydro Station Conservation Project.
- News Tube & Electronic Communications.
- Certification of 5S – by Malaysian Productivity Centre (MPC).
- Housing of corporate art collection in Galeri Tenaga.
- Commendable division score of 660 points for 1st AKP participation.
- Sports Excellence via Malaysia Hockey League (MHL).
- Direct media buying services/placement – savings up to 50% from annual budget.
- Contribute to Pusat Kanser Nasional (MAKNA) through sponsoring a Mobile Cancer Screening Programme.

OPERATIONAL PERFORMANCE

In supporting TNB's 'Service Excellence' by 2010, departments within the division namely Regulatory & Relations Management (RRM), Office of the Company Secretary (Cosec), Legal Services Department (LSD), Corporate Communications Department (CCD), Yayasan Tenaga Nasional (YTN) and Support Services Management (SSM) have improved and enhanced their quality of services.

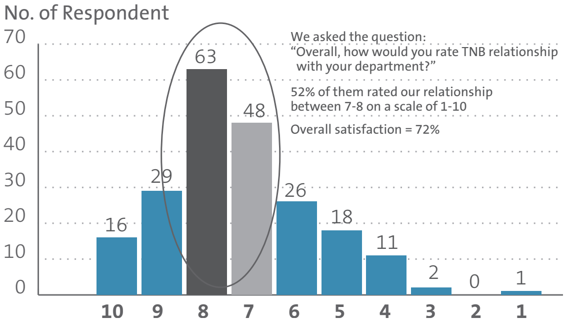
Company Secretary Office has significantly exceeded expectations in compliance to the Regulatory and Government requirements.

To enhance relations and networking with government bodies, regulators and other stakeholders, RRM has conducted various programmes including seminars, visits, dialogue sessions as well as organising numerous social activities.

The Regulatory Satisfaction Index (RSI) survey was carried out between February to June 2010 and involved TNB Generation (all power stations), Transmission (regional) and Distribution (all state Headquarters). The objective is to evaluate TNB relationships with Government bodies and regulators.

Based on the results, RSI survey marked 73% of the recipients satisfied with the relationships built, meanwhile 52% of them scaled TNB relationships between 7-8 on a scale of 1-10.

Chart 3: TNB e-Application Usage



In another effort to improve operational performance, RRM has used Electronic Document Management System (EDMS) to maintain a repository of regulatory related data which can be easily assessable to all relevant parties.

For the last financial year, RRM has uploaded:

a) answers to Parliament questions from 2006 till 2010 – The answers are divided into several topics for easy reference

b) lists of government departments and regulatory bodies

c) nineteen license requirements – including reporting details.

LSD achieved great milestone on the number of legal assignment referred to external lawyers with only 10 being referred compared with previous Financial Year 2008/09.

Direct media buying services/placement was another achievement for CCD in savings of up to 50% from the Division's annual budget.

Another department within the division which has played a significant role in fulfilling TNB's corporate social responsibility through education and welfare contribution is Yayasan Tenaga Nasional.

With various debt and loan collection mechanisms applied, YTN has successfully collected 79.89% of study loans.

Since 1993, YTN has sponsored 10,517 students through scholarships and convertible loans. In Financial Year 2009/2010, YTN offered education scholarships and loans to 2,244 academically excellent students; to further their studies at local and overseas universities. This is its largest contribution in producing professional workforce for TNB as well as for the nation.

In fulfilling its social responsibilities, YTN has cooperated with the Welfare Department to identify several Community Service Centres. The sponsorship is in the form of special teaching aids/equipment for their learning. The children in these Community Service Centres consist of children who having learning difficulties and physically disabled children who need special teaching aids and equipments.

OPERATIONAL IMPROVEMENT

During financial year 2009/2010, LSD conducted Brainstorming/Dialogue Session with Distribution Division on legal issues with a view to improve customer service.

The Brainstorming/Dialogue Session were held in several states in Peninsular Malaysia by Regulatory & Legal Documentation Unit of LSD with executives and non-executives of Distribution Division on legal issues relating to land matters, trespassing and acquisition of land for the construction of TNB's installations, rechargeable job order, housing loan for TNB's staff and supply matters which involved distribution operational business activities.

The turnout for the 5th Annual Legal Forum 2010 turnout was tremendously positive with 80 participants from various divisions and TNB's subsidiaries. The main objective of the Legal forum is to educate the participants on the legal implications on specific issues that effect TNB.

Meanwhile, Legal Bulletin continues to increase the level of legal awareness and reduce breach of laws by TNB staff when performing their daily routine tasks.

The Litigation Unit of LSD has continuously conducted meetings with Distribution Division in all states to update the status of litigation cases of the respective States. The forum is also meant to create awareness of the importance of better handling of their operations and consumers to prevent/reduce claims against TNB.

In the year under review, CCD co-ordinated the official visit of our Prime Minister, Dato' Sri Mohd. Najib Tun Abdul Razak to TNB on 31 October 2009 in conjunction with LLN/TNB's 60th Anniversary. The visit was a morale booster to the 2,500 staff who turned up to greet him.

CCD constantly worked with several media houses to help publicise the Group's commitment to reliable and sufficient electricity supply, solar energy and wind turbine for rural electrification as well as green technology. The initiative was also aimed at easing apparent trepidations over approaching security concerns regarding Nuclear Energy and Green Technology. Collaborations with various print and electronic media were also facilitated to highlight TNB's continuous efforts to provide green technology as observed in Sultan Azlan Shah Power Station in Manjung as coal fired power plant using clean coal technology.

As part of CCD's initiatives to promote energy efficiency and safety, a total of 23 billboards, 1 unipole and 1 flyover billboards have been completely installed in various locations of Peninsular Malaysia.

In addition, Majalah 3 programme of TV3 had dedicated one hour coverage on TNB and highlighting the dangers and vulnerabilities involved in the generation and transmission of electricity.

CCD has facilitated visits to TNB by several working groups and delegations such as Kargozar Institute of Public Relations, Tehran, Iran; Electricity of Vietnam (EVN); Muscat Electricity Distribution Co. (MEDC) Oman; Kenya Rural Electricity Authority; Ministry of Labour, Youth Employment & Sports Development, Tanzania and Bhutan Power Corporation.

Stakeholder & Relationship Management

RRM has reached out to major regulators and stakeholders in Electricity Supply Industry (ESI) and within the company. This is in line with the initiatives laid out in the White Book of Putrajaya Committee on GLS high performance on managing regulatory relationship to create greater impact in the business value chain.

TNB has always maintained good and cordial interpersonal and professional relationship with the Ministry of Energy, Green Technology and Water (KeTTHA), EC, EPU, UKAS and other important Federal Ministries and Agencies. Relationships with decision-makers, legislators, and stakeholders such as Ministers and Members of Parliament and even members of the ruling Monarchs have been enhanced. RRM has also established new frontiers by making inroads in other stakeholder circles such as strategic legislatives issue champions, opinion leaders, think tanks and strategic resource planners.

Beside managing relationship, RRM has also participated in some content management of the issues raised normally in Parliament sessions and media such as public acceptance on nuclear public, Manjung 4 interest and the still-contested Lahad Datu power plant.

Internally, RRM has strived to educate internal stakeholders especially key divisions of Generation, Transmission and Distribution (GTD) and key departments besides bridging the gaps in the group-wide understanding and practice of regulatory management.

The future beckons intensified collaboration and facilitation of operational (G-T-D divisions) and corporate enterprise initiatives including new business development. Challenges that need to be addressed professionally include ensuring frontline regulators-stakeholders customer service satisfaction and providing leadership in coordinating content management on behalf of the Management.

Moving ahead, a guidebook will be developed to provide a proper and coordinated management of stakeholders. This will ensure a more systematic, approach in documenting and managing our stakeholder. RRM will also embark on introducing a stakeholder matrix for all relevant divisions and departments.

YTN continues its support to The Ministry of Education by funding a Centre for Special Education (Pusat Pendidikan Khas) in Putrajaya for special children to gain basic education there. For Financial Year 2009/2010, YTN has contributed RM160,000. At this centre, these special children will be able to get individual or group support in education, health, and welfare.

These special children are categorised in three groups – hearing impaired, visual impaired and learning difficulties. With the cooperation of the Special Education Department, Ministry of Education, TNB has managed to bring itself closer to the community; particularly children with special needs by providing facilities that would help them improve themselves towards a better quality of life.

OPERATIONS REVIEW – PLANNING

HIGHLIGHTS OF ACHIEVEMENTS:

- TNB 5-YEAR STRATEGIC PLAN FOR FY2011-2015
- PPA MONITORING AND RE-NEGOTIATION
- FIRMING UP THE NEXT 1,000 MW COAL-FIRED POWER PLANT IN MANJUNG
- TARIFF REVIEW
- MESI REVIEW
- ENERGY POLICY FORMULATION

DATIN ROSLINA BINTI ZAINAL
Vice President

DIVISIONAL GOALS

The Planning Division comprises three core departments namely Strategic Planning Department, System Planning and Development Department and Energy Procurement Department. The three departments coordinate cohesively to achieve the following goals:

- To ensure formulation and subsequent implementation of TNB's long term strategic plan are aligned towards its long term vision, mission and strategic objectives.
- To ensure sufficient, reliable and economic power supply to meet the nation's electricity demand requirement.
- To ensure activities related to energy procurement including negotiation and management of the Power Purchase Agreements (PPA) with the power producers and cross border interconnections are administered effectively, professionally and adhere to the provisions of the PPA.

BUSINESS REVIEW

Development of TNB 5-Year Strategic Plan for FY2011-2015

In line with its pursuit of Geographical Expansion, TNB's 5-Year Strategic Plan for FY2011-2015 has been formulated and developed by cross divisional teams led by Planning Division. The plan lays out the strategic objectives, key initiatives and key action plans for TNB to achieve its Geographical Expansion objectives. The Plan has four strategic themes:-

- **Grow Profitable Business** – TNB seeks to build a sustainable business by optimising costs of electricity business in Peninsular Malaysia and Sabah. In addition, we will also capitalise on overseas business opportunities.
- **Delight the customers** – TNB strives to further improve communication and engagement with our customers and other stakeholders. TNB also strives to be the primary driver of Green Energy in Malaysia.
- **Enhance Operational Excellence** – TNB continues to sustain world class status in power supply reliability and security whilst enhancing our operational excellence encompassing all aspects of our business operations. TNB will also deploy latest proven technologies including nuclear and smart grid.
- **Enhance Human Capital Development and Productivity** – TNB aims to enhance our human capital competencies and capabilities to undertake future challenges and equip our workforce for geographical expansion. TNB shall strives to achieve high manpower productivity.

Figure 1 – TNB Key Strategies for FY2011-2015

TEN KEY STRATEGIES TO MOVE TNB TO THE NEXT LEVEL OF ACHIEVEMENT

Key strategies cascaded from Operational Strategies

GEOGRAPHICAL EXPANSION FY2011-2015

PLATTS AWARDS – 1ST RANKING ELECTRICITY UTILITY

ROA = 6-7%
UOR < 4%

T&D Losses = 6-7%
SAIDI < 50min/customer/year

Non Regulated Revenue > RM5 Billion,
System Minutes < 1min/delivery point/year

Grow profitable Business	Delight the Customers	Enhance Operational Excellence	Enhance Human Capital Development & Productivity
1. Expand Global Business Markets 2. Institutionalise Base Tariff & FCPT for Peninsular & Sabah 3. Reduce T & D Losses 4. Optimise power supply infrastructure development	5. Enhance Customer Centricity 6. Primary Driver of Green Energy in Malaysia 7. Engage & Educate Stakeholders	8. Sustain World Class Reliability & Security of Supply – Deploy latest proven technology including Nuclear 9. Streamline Investment Vehicles and Processes for Overseas Expansion	10. Enhance human capital development & competency
Value Creation	Customer Centricity	World Standard	Talented People

OPERATIONS REVIEW – PLANNING (CONT'D)

Management of Major Strategic Issues

- **Power Purchase Agreement**
  Planning Division continues its efforts to work closely with the IPPs to ensure full compliance with the terms and conditions under the PPA and to ensure high power plant reliability. TNB is committed to assist the Ministry of Energy, Green Technology and Water in the Government's effort to renegotiate the PPAs with the *Independent Power Producers* (IPP). The negotiation is currently led by the Ministry of Energy, Green Technology and Water.

- **Tariff Review: Base and Fuel Cost Pass Through**
  Planning Division led a cross–divisional tariff team in engaging the relevant Government agencies in a tariff review exercise. This exercise focused on base tariff review, gas price adjustment and *Feed in Tariff* (FiT). The final tariff adjustment package is expected to be announced by the Government in concurrence with the review of the gas price to the power sector. This is in line with the Government's decision in March 2009 that any gas price adjustment must be in concurrence with electricity tariff review taking into account prevailing coal prices.

  The PEMANDU Subsidy Lab recommended that a periodic electricity tariff adjustment be implemented in line with the Government intention to gradually reduce subsidy in the price of gas to the power sector.

Support of MESI Enhancement Initiatives

The *Malaysian Electricity Supply Industry* (MESI) has shown a relatively stable and good performance in the past and this has greatly benefitted the customers. This is evident from the widespread access, good quality service, ample reserve margins, and stable and affordable end-user tariffs. Commendable improvement in reliability and efficiency of the electricity supply have been demonstrated whilst electricity tariff has remained competitive for the businesses and industries as compared to those in the neighbouring countries notably Thailand, Singapore and the Philippines.

Currently the electricity supply industry faces major challenges vis-à-vis the absence of an effective fuel cost pass through mechanism, limited natural gas supply at the prevailing subsidised price, excess generation capacity and fast depleting domestic fossil fuel resources.

In order to ensure sustainable growth of future economy, TNB fully supports the Government in its efforts to reform the MESI through initiatives such as the New National Energy Policy, Subsidy Reduction Plan (which includes fuel cost pass through mechanism) and the MESI reform as well as other related areas of the New Economic Model (NEM), Economic Transformation Programme (ETP) and Government Transformation Programme (GTP).

Fuel Supply Security

- **Nuclear**
  Electricity demand is expected to grow continuously at 3.2% annually (CAGR) from 15,072 MW in 2010 to 20,669 MW in 2020. In order to meet this demand growth, nuclear has been identified as a generation option in the future. Nuclear power plants are ideal to complement the more traditional generation options notably conventional gas and coal-fired power plants, due to the following factors; economics of nuclear power plant, limited Peninsula hydro capacity, high cost of renewable energy resources, fast depleting fossil fuel resources and low carbon emission.

  Nuclear is becoming an increasingly attractive option given the dwindling supply of domestic natural gas coupled with the increasing reliance on fully imported coal supply. In addition, nuclear power generation is perceived as "green energy" since it has minimal emission compared to traditional sources of power generation, thus supporting the low carbon economy aspiration of the Government.

  Underpinning the nuclear power generation is TNB's collaboration with KEPCO, Korea on a Pre-Feasibility Study on Nuclear Power Development. The areas of focus are public acceptance, regulatory requirements, safety and health considerations, technology identification and site selection. Planning Division is responsible for the system study and techno-economic evaluation of nuclear as a generation option.

  At the national level, Planning Division is a member of the National Steering Committee on Nuclear Power Development for Malaysia.

- **Natural Gas and LNG Supply**
  In view of the depleting domestic natural gas supply and the anticipated increase in electricity demand, TNB continues

to work closely with PETRONAS to ensure the reliability and adequacy of gas supply to the power sector are maintained. This is crucial as fuel supply security is an integral component of energy supply security and reliability.

TNB is currently collaborating with PETRONAS to renew the Gas Supply Agreement (GSA) which is expiring in 2014. In addition, TNB has also initiated talks with PETRONAS for plans in the near future for the supply of Liquefied Natural Gas (LNG) as an alternative fuel supply to the power sector.

- **High Efficiency Coal Plant with Low Carbon Emission**
  TNB has been selected by the Energy Commission to build a 1,000 MW coal-fired plant at Manjung which is set to be commissioned in 2015, to replace the energy slated to be imported from Bakun, Sarawak.

  Manjung, Perak has been proposed as the location for the next 1,000 MW due to its site readiness, lowest transmission reinforcement costs and optimal location from a system security perspective. TNB has commenced work on the project and is optimistic to meet the March 2015 deadline. This plant will be the first super critical coal-fired power plant in Peninsular Malaysia, boasting higher efficiency and reduction of carbon dioxide, particulates, nitrogen oxide and sulfur oxide emissions.

- **Long Term Generation Fuel Mix Study**
  The long term Generation Fuel Mix Study has been completed by the Planning Division with the assistance of external consultants. The objective of the study was to derive sustainable and viable generation fuel mix scenarios for the Peninsula power sector, taking into consideration the major influencing factors vis-à-vis economics (including future fuel price trend), availability of fuel, energy security and environment.

Primary Driver of Green Energy Initiatives in Malaysia

TNB strongly believes in the need to balance corporate responsibility alongside growth and productivity. In tandem with the Government's aspirations towards a low carbon economy, TNB adopts business strategies and activities to ensure prudent practices that will sustain and enhance the environment and natural resources for the future. The following are TNB's major green initiatives:

- Developing the Green Energy Policy to guide and coordinate overall efforts in Green Energy including operation, initiatives and role definition of entities in TNB.
- Green initiatives such as efficiency enhancement to power plants, use of green substations, advanced network technologies, building efficiency, energy efficiency & demand side management and paperless office.
- Encouraging low carbon generation technologies – TNB plans to deploy nuclear and RE technologies in the future. These include the Nuclear Power Plant (NPP) in 2021, the pioneer 5 MW solar photovoltaic (PV) plant in Putrajaya, 10 MW biomass plant in Jengka, Pahang, mini-hydros, solar hybrids, and bio-gas. In addition, TNB has signed Renewable Energy Power Purchase Agreements (REPPA) to purchase RE energy under Small Renewable Energy Programme (SREP).
- Funding for Green Energy Initiatives – TNB to commit for a green fund targeted for Green Energy efforts.
- Energy Efficiency (EE) and Demand Management/Demand Side Management (DM/DSM) – this include the Time of Day Tariff, Sunday and Off Peak Tariff Rider Scheme and Thermal Energy Storage tariff incentive, communication and awareness programme with FOMCA as well as EE bulbs distribution to the public.
- TNB also conducts energy efficiency audit service and pilot research projects on relevant green initiatives.
- TNB is currently carrying out a study on the possible implementation of smart grids in selected sites in Kuala Lumpur, Johor and Penang. This essentially involves the application of communications and ICT technology to upgrade the current electric power grid so that it may operate more efficiently, reliably and safely while offering additional services to consumers to reduce cost and CO_2 emissions.

PROSPECT

With the expected improvement in the regional economies and increasing electricity demand, the coming years will be challenging in view of increased customer expectations, fast depleting domestic energy resources, volatile fuel prices, technology innovation, environmental concerns and regulatory challenges in MESI. Nevertheless, with a vision to emerge as a global player, Planning Division strives to strategise and intensify efforts in collaboration with other divisions to achieve TNB's 20-year Strategic Vision.

OPERATIONS REVIEW – PROCUREMENT

PROCUREMENT DIVISION HAS A VITAL ROLE IN ENSURING EFFECTIVE FORMULATION OF POLICY AND IMPLEMENTATION OF STRATEGIC SUPPLY CHAIN INITIATIVES. THIS IS TO ENHANCE THE OVERALL PROCUREMENT EFFECTIVENESS OF CORE DIVISIONS IN SOURCING AND ACQUISITION OF GOODS AND SERVICES WHICH IS AN ESSENTIAL ELEMENT TO THE EFFICIENCY AND EFFECTIVENESS OF TNB BUSINESS.

Ir. NOR AZMI BIN RAMLI
Chief Procurement Officer

DIVISION GOALS

Over the years, the role of Procurement Division has evolved from a support service function to a strategic role as part of the effort to define and manage the long term group-wide procurement strategy. Generally, the Division is responsible for formulating procurement policies, providing procurement-related advisory and developing new supply chain strategies. It has also been entrusted to provide excellent corporate support and services to the core business divisions. The Division is also responsible for strategically managing TNB's key suppliers through structured Supplier Relationship Management, with the ultimate aim of developing a stable and competitive supplier base for the organisation.

As part of the GLC Transformation Programme promoted by the Putrajaya Committee on GLC High Performance (PCG), The Red Book – Procurement Guidelines and Best Practices was required to be adopted. TNB embraced this transformation initiative and implemented the TNB Procurement Transformation Plan by recognising procurement as a key lever to support significant value creation. With strong procurement functions, TNB has achieved the following benefits congruent with the Red Book objectives:

- Shorten the cycle time of procurement process
- Enhance transparency and governance
- Increase the value add and strategic relevance of procurement functions

- Better managed suppliers and vendors, resulting in long term security of supply of higher quality products at competitive prices and
- Support national developmental objectives, including vendor development.

Procurement Division also supports the TNB 20-Year Strategic Plan which is in its second phase namely 'Geographical Expansion' by 2015 through a Procurement Division 5-year Business Plan which has included a challenging target of being recognised as one of the top five leaders in supply chain management within the region in line with the Division's vision and mission.

The Division is made up of five departments namely Sourcing Controller Department, Shared Purchasing Department, Strategic Supplier Management Department, Best Practice and Policies Department and Human Resource Management & Administration Department.

HIGHLIGHTS OF ACHIEVEMENTS:

- Significant Procurement Value Creation achieved in the Financial Year amounting to RM329 million.
- Completion of the Procurement Transformation Plan implementation.
- Implementation of Value Management initiatives to optimise high-value procurement.
- Nationwide Procurement Community 2010 Roadshows organised to disseminate the TNB Procurement Policy and Procedures, procurement best practices and strategies.
- Recognition of high performing vendors through presentation of awards for their excellent performance.

OPERATIONAL SUMMARY

During the period under review, Procurement Division continued to implement initiatives intended to enhance procurement efficiency and towards meeting the objectives and targets set.

- **TNB Procurement Transformation Plan Achievement Review**
  FY2009-2010 marked the completion of the TNB Procurement Transformation Plan, which was developed as part of the overall GLC Transformation Programme. TNB has made considerable achievements and progress to-date in enhancing

OPERATIONS REVIEW – PROCUREMENT
(CONT'D)

the effectiveness and efficiency of its procurement practice and will continue identifying and implementing new procurement initiatives towards achieving sustainable value creation.

Some highlights of the achievements made during the implementation (2006-2010) are as follows:

- Review and upgrading of procurement function – Following a major company-wide restructuring in early 2008, the functions and responsibilities of the Procurement Department were expanded and elevated to that of a Procurement Division headed by the Chief Procurement Officer who reports directly to the President/Chief Executive Officer. The new centre-led procurement structure was organised to leverage on procurement spend, provide centralised policies and sourcing strategies, and allowing for decentralised execution and operations at the business unit level. When effectively managed this collaborative structure accelerates business unit support, ensures compliance and directly promotes greater spend under management.

- The overall value creation of RM793 million was achieved through various initiatives implemented.

- Establishment of TNB Procurement Code of Conduct – Employees, Employees Seconded to TNB, Directors and Suppliers/Contractors including their employees and directors, shall adhere to the Code at all times. The Code focuses on three key tenets of ethical conduct, namely:
  1. Zero tolerance on corruption;
  2. No conflict of interest; and
  3. Honest and accurate representation of capabilities.

- Initiatives on procurement process improvements had resulted in the revision and standardisation of 37 procedures and 7 work instructions as part of the corporate process standardisation and improvement exercise, guided by the ISO framework.

- General Conditions of Contracts for various works, supply and services have been standardised based on best practices and international benchmarks. These standardised Conditions are applied to various scopes of works, supply and services. By standardising the Conditions for each type of scope, not only can TNB effectively manage possible contractual risks but the Company also has the benefit of better project implementation and management and comprehensive contract enforcement by the business units.

- Implementation of IT systems to support and enhance effectiveness of procurement functions, such as On-Line Vendor Registration and Tender Information System.

- Level of local content for procurement through Vendor Development Programme was monitored regularly since the implementation of the Procurement Transformation Plan. Initiatives to increase the local content were implemented resulting in average local content level of 72% in FY09/10.

- **Procurement Value Creation Achievement**
  Significant procurement value creation of RM329 million was achieved in FY09/10. Similar to the previous year, the achievement of the value creation was mainly through three key levers namely e-Bidding, application of tax exemption and negotiations. Other levers utilised contributing to the value creation were purchase consolidation and value management initiatives.

Recognising the significant contribution to savings from e-Bidding and the significant potential available, guidelines on e-Bidding implementation was developed to provide information and procedures on e-Bidding process to the business units. The guidelines are expected to further promote the adoption and utilisation of e-Bidding in the business units.

- **Value Management**
  Value Management is a structured and analytical process which seeks to achieve value for money by providing all the necessary functions at the lowest total cost consistent with the required levels of quality and performance. Introduced in early 2009, various Value Management trainings, workshops and events were carried out in FY09/10 and a number of capital projects had undergone value management analyses and recorded potential savings for TNB.

  In Malaysia, all public service projects and programmes costing over RM50 million under the 10th Malaysian Plan (10 MP) are required to undergo Value Management analysis to ensure they provide value for money. This requirement was officially endorsed by the Economic Planning Unit (EPU) in the Prime Minister's Department in a 2009 circular "Guidelines for the Implementation of Value Management" for Government projects. Following Malaysia Airports Holdings Berhad (MAHB), TNB is the second GLC in this country to embark on the Value Management initiative. A TNB Value Management Framework was developed to address the Value Management implementation covering tenders valued more than RM10 million and the setting up of the Value Management Committee coordinated by the Procurement Division.

- **Procurement Community 2010 Roadshows**
  A dissemination programme called Procurement Community 2010 was conducted at four regions and Sabah Electricity Sdn. Bhd. The objectives of this programme were to disseminate the TNB Procurement Policy and Procedures, best practices and other procurement strategies, to act as one of the customer feedback channels for internal customers and to provide a platform for information sharing on procurement activities and projects of the Procurement Division to the other business units in TNB Group.

- **Procurement Referral Group**
  A committee called Procurement Referral Group was established to provide a formal interaction platform among procurement practitioners within TNB. The objectives of the committee are, among others, to act as one of the customer feedback channels for internal customers and to discuss, oversee and review progress of strategic procurement and improvement initiatives implemented by Procurement Division and other divisions' procurement departments.

- **TNB Vendor Day**
  TNB successfully organised a Vendor Day in May 2010 as part of its Supplier Relation Management programme. The objectives of the event were to provide a communication platform between TNB and its Vendor/Supplier/Contractor, to brief and update the Vendor/Supplier/Contractor on new policies and procedures and to provide exposure and promote the Vendors products and capabilities through the giving out of awards.

  The event is crucial in order to enhance the Supplier Relationship Management initiative by continuously improving the relationship. This will indirectly ensure the Vendors produce products and services that comply with TNB's specification and quality. During the event, in recognition of their continuous support to TNB, selected Vendors were rewarded for their achievements. The winners are as listed in Table 1.

OPERATIONS REVIEW – PROCUREMENT
(CONT'D)

No.	Category	Recipient
1	Excellent Exporter Vendor 2010 for Vendor Development Programme	Salutary Avenue Manufacturing Services Sdn. Bhd.
2	Most Promising Vendor 2010 for Vendor Development Programme	Indkom Engineering Sdn. Bhd.
3	Best Vendor 5S & Autonomous Maintenance 2010	Novabrite Lighting Sdn. Bhd.
4	Best Supplier 2010 for Distribution Division	Leader Cable Industry Berhad
5	Best Contractor 2010 for Transmission Division	Ramusa Engineering Sdn. Bhd.
6	Best Safety Practitioner 2010 for Transmission Division	Transpro Sdn. Bhd.
7	TNB 2010 Special Award for Original Equipment Manufacturer	Mitsubishi Heavy Industries Ltd.
8	Best Service Provider 2010 for Corporate Services	SA Kargo Sdn. Bhd.

Table 1: List of Award recipients during TNB Vendor Day

- **TNB Strategic Supplier Management**
  The Procurement Division has been assigned the responsibility to develop strong and resilient Bumiputera Commercial and Industrial Community (BCIC), which is a Government aspiration as stipulated in the Red Book. This responsibility is carried out through the implementation of the Bumiputera Vendor Development Programme. Besides nurturing and developing Bumiputera companies, TNB also strategically manage selected key suppliers through Supplier Relationship Management activities with the ultimate aim of developing stable and competitive supplier base for the organisation. A framework for Strategic Supplier Relationship Management has been developed and identifies two (2) main categories of Suppliers and Contractors which are:-
  - Bumiputera Vendors currently developed under BVDP.
  - Strategic Suppliers/Contractors which refers to 20% of total Suppliers/Contractors of which contribute to 80% of TNBs procurement spending and which supplies medium to high technology products and services.

MAJOR KEY PERFORMANCE INDICATORS (KPI)

In line with TNB's goal of achieving Service Excellence by the year 2010, Procurement Division continued to make excellent strides forward, surpassing a number of its Key Performance Indicators (KPIs). Major KPIs set for Procurement Division and their respective achievements during the period under review are as follows:

- **Procurement Value Creation achieved from procurement plan implementation**
  For the FY09/10, significant procurement value creation of RM329 million was achieved, surpassing its target of RM140 million.

- **Procurement Lead Time**
  This KPI measures the procurement lead time by comparing the number of tenders awarded within the specified times, against the total number of tenders awarded. As of August 2010, 92% of 482 tenders (with a minimum value of RM500,000 each) were awarded within the specified time, exceeding its target of 85%.

- **Completion of Procurement Transformation Plan Execution**
  Progress of the Procurement Transformation Plan is measured by measuring its actual activities completed against the planned activities. As the period of the transformation plan has ended, the progress achieved is at 91%, exceeding the target set at 85%.

INTERNATIONAL NETWORKING

TNB continues to be an active member in the Heads of ASEAN Power Utilities/Authorities (HAPUA) grouping and the Procurement Division contributes directly as Leader of Project No. 4 and Project No. 8 of the Working Group No. 5 of HAPUA. TNB is in the 2nd year of membership in the Asia Pacific Utilities Group (APUG), an international grouping of utilities in the region, and has participated in 2 APUG Conferences and Steering Committee meetings and has networked directly with exemplary members to gain insight into successful procurement strategies and practises.

Procurement Division organised and hosted the Asia Pacific Utilities Group (APUG) Conference and Steering Committee Meeting on 25 and 26 November 2009. More than 30 participants representing 13 APUG utility companies from Australia, New Zealand, Macau, India and Hong Kong attended this event. Amongst matters discussed were the APUG Supplier Management System, factory assessments, carbon measurement and benchmarking activities.

CHALLENGES AND PROSPECTS

As TNB has just completed the procurement transformation plan and is now embarking on the next 5-year business plan within the TNB 20-year Strategic Plan road map, the main challenge is still related to elevating the procurement function from the transactional and operational level to the higher strategic level to meet the ever increasing expectations of stakeholders. Innovative supply-chain strategies and tools identified must be implemented and institutionalised throughout the TNB Group, breaking through barriers to acceptance of existing user groups and entrenched systems and processes, to meet the expectations and targets set.

To position ourselves for the future, Procurement Division has charted its 5-year business plan for 2010-2015. The plan outlines the strategy and major initiatives to be undertaken by the Division in supporting corporate objectives. Among others, one initiative identified is the holistic implementation of the ICT Supply Chain Management Framework. This framework is intended to provide the Procurement Division with the technological ability to implement best practice procurement processes, analyses and standardisation to create value opportunities and sustain efficiency, transparency and consistency. The SCM Framework includes modules on electronic tender, electronic contract management system, Supplier-Buyer Service Portal, Spend Analytics and Central Supplier Database.

Another important focus area is the enhancement of TNB procurement expertise and capabilities through professional certification, procurement skill group trainings, advanced procurement skills trainings and development programmes with international recognition or influence. These efforts would produce capable and competent procurement personnel in the global arena to support the TNB ‘Geographical Expansion’ initiatives.

Procurement Division has recognised the importance of Green Procurement in the quest for a sustainable and green environment. Pursuant to this, the challenge will be to develop a Green Procurement strategy which is relevant and applicable to TNB as the major power utility in the Malaysian environment.

OPERATIONS REVIEW – CORPORATE SERVICES

AS A SUPPORTING DIVISION TO THE CORE BUSINESS OF TNB, CSD IS COMMITTED TO PROVIDE AN EFFICIENT AND EFFECTIVE SERVICES TO ENSURE TNB CONTINUES TO EXCEL AND MEETS ITS OBJECTIVES.

MD. JAILANI BIN ABAS
Senior General Manager

CSD provides support services to TNB Group in the areas it specialises namely security services & intelligence, land procurement and wayleave, project management, consultancy in asset development and procurement, asset management, consultancy in architectural related works, building maintenance, fleet management, freight management, customs clearance, mobile gen set services, printing services, archive, management of telephone, mail & canteen in TNB HQ. These services are provided through its core departments namely Security & Intelligence, Property Services, Logistics Services, Land & Wayleave Management and also its Support Services department.

To support TNB strategic plan for this year and the next 5 years (2011 to 2015), i.e Geographical Expansion, CSD will continuously provide and deliver its services to its internal and external customers, in line with TNB's mission and vision. Hence the focus of this Division is to continue all initiatives that drive and add value to the Company.

HIGHLIGHTS OF ACHIEVEMENTS:

Below are some of the achievements highlighted by the core and support services departments of the Division:

- **Security Services & Intelligence Department (SSID)**
  - Reducing reported intrusion cases by 55% compared to FY2008/09.
  - Successful completion of 20 Assets CCTV Projects in Selangor, installation of CCTV at Kedai Tenaga Zon Selatan, Zon Utara, Zon Timur and Zon Tengah for ISMS Project.
  - Successfully conducted the implementation of Security Guidelines on Critical Installations between Asset Owners and relevant enforcement agencies.
  - A paper on Investigation Powers for TNB Auxiliary Police for selected offences under the Penal Code has been endorsed by the Legal and Prosecution Division of PDRM and awaiting approval from the Inspector General of Police (IGP).
  - Continuous participation in joint National and State Task Forces between relevant enforcement agencies/GLCs e.g. Ops Lusuh to weed out unscrupulous scrap dealers dealing in stolen TNB items.
  - Participated in TNB Emergency Response Drill as a core support department.
  - The Intelligence & Investigation Unit of *Security Services and Intelligence Department* (SSID) had successfully conducted 200 joint operations with SEAL TNBD on theft of electricity at premises throughout Peninsular Malaysia. A total of 20 customers who were factory owners were arrested for offences under the MACC Act 2009 which involved offering corrupt payments to TNB officers so as not to proceed with action against the theft of electricity committed by the perpetrators. In addition, the Units, had also successfully busted syndicates involved in the theft of transformers at TNB substations. 20 criminals were arrested during FY2009/2010.
  - SSID provided security support for project implementation through Ops Mancing II, Ops C.A.R (Sg Terentang), Ops Guar Nangka/ Chuping, Ops Menara No 4 Ulu Melaka, Ops Roboh in Pasir Mas, Kelantan, Ops Roboh from PMU 275 kV Gelang Patah to PMU Bukit Batu, Johor.

OPERATIONS REVIEW – CORPORATE SERVICES (CONT'D)

- **Land & Wayleave Management Department (LWMD)**
  - LWMD succeeded in securing approval from various state governments to categorize TNB's infrastructure project as public purpose. TNB is thus granted the Company the right to apply Section 3 (1)(a) of the Land Acquisition Act 1960 which would help to shorten the timeline in procuring land.
  - Reduction in land procurement cost by getting nominal land premium for TNB's infrastructure projects from the states of Johor, Selangor & Negeri Sembilan.
  - Develop and maintain good rapport with various government agencies in order to expedite the procurement of land.
- **Property Services Department (PSD)**
  - Value creation from idle assets management – payment collection amounted to RM25 million in FY2010.
  - Rental and miscellaneous income received for FY2010 is RM13 million.
  - A total of 600 titles received for FY2010.
  - Achievement in saving of energy consumption at TNB properties.
  - Participation in the recertification of TNB PSI project and certification for MS ISO 9001:2008.
  - Value of projects completion for office building and store worth RM13 million implemented in FY2010.
  - Enhancement of Property Information System (PIS) to capture quit rent data/record.
- **Logistics Services Department (LSD)**
  - Highest achievement in savings through tax exemption amounted to more than RM35 million.
  - Increase of value creation and savings to TNB through daily operations of freight management, fleet management and gen set services.
  - Review of panel workshops performance and appointment of new panel workshops.
  - Review of schedule rate and for inland transportation.
  - Consolidation of TNB vehicle data to match with ERMS, EWRM and physical record.
- **Support Services Department**
  - Electronic Archiving (E-Archive) to cover.
  - Corporate Geospatial Information System (CGIS).
  - Implementation of various Customer Relationship Management activities, resulting in an improvement of CSI rating.
  - Conducted Employee Engagement Programme to CSD staff by facilitating talks on SOCSO, Zakat, EPF, Income Tax and wasiat and organising Team building for Support Services.
  - Conducted Joint Council meeting with Unions as channel for the staff to voice out grievances through Unions representatives and to foster good relationship between management of the Division and Unions.
  - Conducted WIT-ICC Convention for Corporate Services Division.
  - Conducted AKP Workshop and CSI Retreat for committee members.

DIVISIONAL GOALS/OBJECTIVES

In order for TNB to achieve its "Service Excellence by 2010" and "Geographical Expansion" for the next 5 years (2011-2015) of the Strategic Plan, CSD will continuously provide excellent and cost effective services to its internal and external customers, in line with TNB's vision and mission. In this regard, CSD's core operational focus and objectives, apart from supporting TNB's strategic plan, is also to give assurance and confidence to TNB stakeholders and shareholders on the security and safety of TNB assets/installations from any threats and intrutions which to ensure uninterrupted power supply and for related projects, CSD also supports the procurement of land and wayleave to facilitate the construction of the Transmission, Distribution and Generation projects to enable more stable and effective electricity supply.

OPERATIONAL SUMMARY

In line with TNB's vision and mission, CSD gives its support by ensuring all TNB installations/assets are secured and safely guarded especially TNB assets which have been gazetted as National Critical Infrastructure. Hence, the *Security Services and Intelligence Department* (SSID) which have been entrusted, not only in protecting TNB's but also national assets from threats and intrusions has been proactive by undertaking strict compliance and conformance measures, adopting and implementing necessary legislation and also by effectively sharing information at the bilateral, regional and multilateral levels in order to fulfil demands by TNB's stakeholders and shareholders demand.

OPERATIONS REVIEW – CORPORATE SERVICES (CONT'D)

The *Security Services & Intelligence Department* (SSID) consists of four (4) units, namely Operation, Planning & Crisis Management, Investigation & Intelligence and Support Services, with a total strength of 961 personnel comprising of 33 executives and 928 non-executives. With limited manpower and resources, SSID needs to provide security protection to over a thousand TNB installations across the length and breadth of the country. Besides security coverage, SSID personnel, under the Investigation & Intelligence Unit, is also given the responsibility to investigate crime related cases involving TNB assets.

Apart from securing TNB's sensitive industrial undertakings such as power installations, transmission power lines, critical substations and more, it had recently assisted SEAL TNBD in cases of electricity power theft. As one of the important supports services for TNB, SSID is also being increasingly called upon to perform important duties beyond its charter.

To enable SSID personnel to perform and deliver their tasks effectively and efficiently in core security services, continuous training and development is being adequately programmed throughout the year for their knowledge advancement and also to improve their skills and competencies in the field of security and related matters.

The role and importance of SSID in safeguarding TNB's assets in particular and the nation's economic front in general against sabotage, subversion and espionage by undesirable elements is very critical and these issues should be discussed not only within TNB but also with other relevant enforcement agencies. In this respect, SSID has always worked closely with enforcement agencies to maintain orderly approach in facing these challenges effectively and comprehensively.

With the vast changes in technology and the diversity of security, SSID today is truly on the verge of a catalytic change in its profile, a change that promises to transform its image from a primarily industrial security services to a multi-faceted specialist security agency on the forefront of the national security scenario.

The Land & Wayleave Management Department's (LWMD) core operational focus is towards assisting the Division in supporting TNB's vision and mission and provides services in procuring Land and Wayleave for TNB.

LWMD comprises five (5) main Units:-

- Transmission Services Unit
- Distribution Services Unit
- Generation Services Unit
- Geomatics & Technical Services Unit
- Planning & Support Services Unit

In order to achieve the target, LMWD has always strive to improve the time taken to procure land and wayleave to facilitate the construction of Distribution, Transmission and Generation projects so that TNB can manage the business of electricity supply more efficiently to meet current and future demands.

Currently, TNB is facing difficulties in procuring land for projects due to objections by Land Owners, the Public, NGO's, and Politicians etc. Moving forwards, LWMD had put up suggestion to review the method for procuring land for Transmission lines by applying Land Acquisition Act 1960 instead of Electricity Supply Act 1990.

The Property Services Department (PSD) comprises five (5) units that provides property support services to the core business of TNB, in the form of property planning and development, project management, property management and property maintenance.

PSD direction/target is to enhance TNB's asset value through excellent property development, management and maintenance.

To achieve the target set, PSD looks forward for efficiency in Property Management that covers maximising the utilisation of TNB's assets and to generate revenues from TNB idle assets. PSD will strive to maintain, improve and enhance the reliability, quality and timeliness of services rendered to its clients.

Logistics Services Department (LSD) plays the role of a one stop integrated centre that coordinates and provides cost effective and timely logistics services to TNB's core business units. The roles and functions of the department can be categorised as follows:

- Monitor the performance of panel workshops for repair and maintenance of TNB's commercial vehicles;
- Repair and maintenance for Klang Valley (Bangsar Workshop), Northern region (Malim Nawar workshop) and Eastern region (Gong Badak workshop) for TNB's hydraulic operated vehicles;
- Manage procurement of new vehicles and disposal of vehicles;
- Centralise management of TNB's vehicles e.g insurance, registration, road-tax etc.;
- Management of corporate pool vehicles and drivers;
- Provide Generator set services for Federal Territory (Kelana Jaya base), eastern region (Muadzam Shah & Gong Badak bases) and northern region (Chain Ferry base);
- General services including feeder-pillar repair and carpentry work;
- Freight services for importation of materials on FOB terms, temporary export for repair and servicing;
- Application of Customs duty and sales tax exemption for TNB contract below RM50 million;
- Customs clearance and payment of customs duty and sales tax;
- Inland transportation for both general cargo and heavy lift; and
- Management of Celcom package.

Support Services Department (SSD) consists of three (3) units namely Human Resource & Administration, Performance & Planning, and Finance. Each department plays a different role in supporting the Division in achieving its goals and objectives. In addition, the different services rendered by the departments means the need to fulfil the varied expectations and requirements of different sets of customers.

As the support services for the Division, HRA plays a major role in recruiting new staff for CSD. In addition, the HRA also continuously monitor staff's training and development to ensure that it is adequately programmed throughout the year for their knowledge advancement and also to improve their skills and competencies in their respective fields.

OPERATIONS REVIEW – CORPORATE SERVICES (CONT'D)

Planning & Performance Department (P&P), is basically responsible for project monitoring, planning for the Division's KPIs, Coordinating of BPA, reporting, Quality management, PSI and Risk management.

Finance on the other hand, focuses more on OPEX and CAPEX Budgeting, Asset Tagging, Budget control – Ops Trim X and preparation of budget for Division.

MAJOR PROJECTS

The implementation of Integrated Security Management System (ISMS) has been entrusted to SSID since FY2006/2007 with budget allocation of RM10 million per year. Since ISMS brings a combination of different security solutions into one Control System, this system apparently taking a crucial part to become the second layer of detection in ensuring the safety of TNB assets from threats and intruders.

Over the 3 years since its first installation, various projects under ISMS had been completed successfully. As a result, SSID has been requested by GTD to install the ISMS system at selected TNB premises, especially at TNB's chain of Kedai Tenaga which is critical and prone to robbery. Apart from the ISMS projects, SSID has also purchased additional 35 units of motorcycle and 18 units of Proton Saga for its Response Teams Unit.

PSD is responsible for the management and monitoring of TNB offices buildings, stores and renovation works. As at FY2009/2010, PSD has successfully monitored 51 projects of which 90% was completed according to schedule.

Since requests for Mobile Gen Set services is increasing tremendously, LSD has made the decision to purchase another 2 units 800 kw (1000 kva) of Mobile Gen Sets to meet its customer's requirements. Apart from the gen sets, LSD has also purchased 3 units of 4x4 vehicles and 1 unit of lorry, mount and commission existing 300 kw gen set onto lorry. In addition, LSD also agreed to install 2 units of mobiles load bank. Apart from the services indicated, LSD is also committed to implement the following support:-

1. Undertake to transport new Gas Turbine System from Kobe, Japan weighing more than 600 tonnes to SJ Tuanku Jaafar, Port Dickson inclusive of shunting works within the station.
2. Commencement of TNBT Asset Maintenance Store removal projects for Eastern and Southern region.
3. Undertake to transport 2 units of Boiler Feed Pump Barrels and Cartridges weighing 20 tonnes from SJ Sultan Azlan Shah, Manjung to Weir, United Kingdom using air freight.
4. Purchase of 3 units Camry and 3 units of Proton Exora.
5. Purchase of 1 unit prime mover.
6. Installation of 2 units of 4x2 pick-up vehicles.

In order to provide its personnel with a better coverage of networking, LSD has agreed to install WAN and LAN for gen set bases at Muadzam Shah, Gong Badak and Chain Ferry.

OPERATIONAL IMPROVEMENTS

To ensure constant improvement in its daily operation, CSD has initiated various programmes for implementation in the Division. These included adopting a Human Resource Policy and devising a Human Resource Plan namely redeployment of security personnel, manning level process, outsourcing of mail services, centralisation of Finance function, training plan, safety & health, career development, etc. Apart from that, the implementation of several initiatives also helped to improve the efficiency of each department daily operational activities. These included monitoring of monthly KPIs reports and

Biannual Risk Management Review, evaluating the adequacy of the process audit, monitoring the compliance of Service Level Agreement and analyse customer feedback and establishment of Strategic Supplier Relation Management Framework. In addition, the Division had also implemented staff award and recognition programmes, empowered all HODs and HOUs and conducted education, dialogues and training programmes to enhance quality and as a feedback mechanism with suppliers. Efforts were also being made to foster relationships with Regulators namely the Land Offices, Puspakom, Customs, PDRM, Local Authorities etc so that the work processes will be smoother.

KEY PERFORMANCE INDICATORS (KPIS)

CSD measures the quality of its products and services through various methods, i.e. feedback from the customers, benchmarking, auditing and through KPI application. Through the Business Plan process, KPIs are identified to measure the level of the Division's performance in the area covering Financial, Customer, Internal Process and Learning & Growth. Major KPIs are as follows:-

- Repair & Maintenance of Assets.
- Managing breach of security on TNB assets.
- Value creation (RM) – from Fleet, Freight and Gen Set Management & Idle Assets.
- Compliance to system security (breach).
- Project management.
- Wayleave & land procurement management.

CHALLENGES AND PROSPECTS

With limited manpower and resources, it is a challenge for SSID to provide security protection to thousands of TNB installations across the country. As one of the important support services for TNB, SSID is increasingly being called upon to perform important duties beyond its charter. Hence, SSID proactively undertakes strict compliance and conformance measures, adopting and implementing necessary legislation and also effectively sharing information at the bilateral, regional and multilateral levels as well as educating its personnel on the new technology of security mechanism. SSID works closely with enforcement agencies to maintain an orderly approach to face these challenges effectively and comprehensively and taking the initiatives to educate and give awareness to the community on the impact of the threats and intrusions.

Another challenges faced by the Division is the smooth implementation of the decision to centralise land procurement management at CSD.

LWMD faces challenges in obtaining wayleave for Transmission Lines projects due to increase in concern of the landowners about their rights and the interference in championing the issues on behalf of the land owners.

Not withstanding that, effort has been made by LMWD to get approval from various state governments to use appropriate section in the Land Acquisition Act 1960 for smooth land procurement process.

HUMAN CAPITAL DEVELOPMENT

DATO' MUHAMMAD RAZIF BIN ABDUL RAHMAN
Vice President

IN OUR COMMITMENT TO DELIVER BUSINESS RESULTS THROUGH HUMAN CAPITAL, GROUP HR DIVISION HAS ALIGNED ITS FOCUS TOWARDS ORCHESTRATING HUMAN CAPITAL TALENT AND COMPETENCIES TO REALISE THE FULL POTENTIAL OF THE WORKFORCE AND EMPHASISE ON LONG TERM HUMAN CAPITAL STRATEGIES TO SUPPORT THE BUSINESS ASPIRATIONS OF THE COMPANY.

Back in 2005, when TNB introduced the 20-year strategic plan which laid down the path that guided the organisation towards achieving its vision of becoming amongst the leading corporations in energy and related businesses globally, Group HR Division had formulated the TNB HR Master Plan 2005-2010 which outlined long term HR strategies that formed the foundation and set the direction towards achieving the following objectives:

- A competent and dedicated workforce
- A leadership pipeline of capable and talented leaders to fill key leadership positions
- A performance driven work culture
- A harmonious industrial relations climate
- An employee value proposition which attracts and retains the workforce
- An increase in business productivity

Fast forward to 2010, we have come full circle in realising the goals that we set out to achieve in the HR Master Plan. Among the key initiatives which have been successfully implemented include the introduction of a comprehensive Talent Management framework, the alignment of HR development programmes to suit business needs and continuous enhancement of the Performance Management System.

We are now gearing up towards embarking on the next phase of the 20-year strategic plan and Group HR Division as a strategic business partner is well-equipped and ready to face the challenges which lie ahead in order to support the business aspirations of the company.

TALENT DEVELOPMENT AND SUCCESSION PLANNING

TNB has succeeded in designing and implementing a comprehensive Talent Management framework to identify and groom new talents from within the organisation and to oversee their development as well as to identify and recommend potential successors for Key Leadership Positions (KLPs) in the organisation. Currently, there are 215 Key Leadership Positions (KLPs) and potential successors have been nominated for all these positions while the talent pool strength stands at 338.

Structured development programmes such as ProGem (Programme for General Managers) and ProSem (Programme for Senior Managers) are conducted as part of the effort to develop leadership competencies of talent pool candidates.

HUMAN CAPITAL DEVELOPMENT (CONT'D)

Other platforms used for talent development includes Khazanah's GLC C-Suite Accelerated Development Programme (ADP), GLC Cross-Assignment Programme and Government-GLC Cross Fertilisation Programme. Internally, TNB has recently introduced Inter-Divisional Cross Assignment Programme with the objectives of building high performing business and technical leaders with broad understanding of cross divisional functions as well as to allow transfer of knowledge and expertise among Divisions.

The Specialist Career Path Scheme continues to develop and retain technical expertise in TNB. This scheme provides an alternative career path for employees to enhance their career interests through technical/professional career paths. There are currently 3 specialists and 23 technical experts in their respective areas of specialisation under this scheme.

CAPACITY BUILDING

TNB puts a strong emphasis on ensuring continuous learning and development for its employees. During the period under review, RM87 million was spent to cater for training expenses and as a result 80% of TNB employees attended a minimum of 3 training days required to be completed by all employees every year.

Among the learning development programmes which are made available for employees include:

- Executive Development Programmes (EDP)
- Long term development programmes including among others *Program Eksekutif Pelatih* (PEP), *Program Pendidikan Kemahiran Ketukangan* (PPKK), *Program Pendidikan Kadet Juruteknik* (PPKJ), and *Program Pendidikan Pembantu Tadbir* (PPPT)

- Mandatory Training Programmes for all levels of non-executives (technical and support services)
- Public Management and Technical Programmes/Seminars/Conferences/Workshops conducted locally and overseas

Most of the training programmes are held at TNB's own training arm, TNB Integrated Learning Solution Sdn. Bhd. – ILSAS. Since becoming a wholly-owned subsidiary in September 2008, ILSAS has been actively conducting training and consultancy services locally and internationally. For the fiscal year ending 31 August 2010, ILSAS conducted 918 developmental training programmes & competency training programmes (technical & non-technical) involving 18,269 training man days. In addition, 2,104 employees were trained under long term development programmes such as PEP, PPKK, PPKJ and PPKE. These development programmes are well-designed to ensure that employees will gain in terms of increased level of competencies and expertise as well as professionalism.

On the local front, under the 2nd Economic Stimulus Package from the Ministry of Finance, ILSAS was granted RM10.9 million to train 1,409 Malaysian youth in various technical training programmes such as Chargeman, Welder, Wireman and Cable Jointing. Collaboration was also formed with other training providers such as Institut Kemahiran Mara (IKM) and TAFE College, Seremban. Furthermore, ILSAS has formed partnerships with Institut Latihan Perindustrian (ILP) and Institut Kemahiran Belia Negara (IKBN) to produce more skilled, competent workforce for TNB and the country under the development programme PPKK, also known as apprenticeship programme. In supporting the industry at large, 230 participants were trained by ILSAS under the competency and accredited programme by Energy Commission Malaysia which were Chargeman (low and high voltage), cable jointing and substation operation.

In support of TNB's plans to utilise nuclear power in the future, ILSAS has also organised a Nuclear Colloquium entitled Green, Clean & Safe in June 2010. The colloquium was officiated by the President/Chief Executive Officer and attended by more than 300 invited guests and participants from various TNB divisions.

PROCESS IMPROVEMENT

The online Performance Management System has been further enhanced to be more user-friendly and its usage has been extended to include new group of employees from the Non-Executive Assistant Supervisor level. With this new inclusion, approximately 8,500 employees are now users of the Competency Based Performance Management System (CbPMS).

The Enterprise Human Resource Management System (EHRMS) Project Phase 3b was also carried out this year with further enhancements to the Employee Self Service (ESS) platform where new modules such as Employee Profile Maintenance, Claims Application and Processing, Online Job Application (Internal Recruitment) and Manager Self Service were introduced and implemented successfully.

Other HR processes such as external recruitment and internal promotions have been made more efficient through the use of Information Technology which has also made the processes more transparent and traceable.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY IS A CONCEPT WHEREBY ORGANISATIONS CONSIDER THE INTERESTS OF SOCIETY BY TAKING RESPONSIBILITY FOR THE IMPACT OF THEIR ACTIVITIES ON CUSTOMERS, SUPPLIERS, EMPLOYEES, SHAREHOLDERS, COMMUNITIES AND OTHER STAKEHOLDERS, AS WELL AS THE ENVIRONMENT.

This obligation extends beyond the statutory obligation to comply with legislation and sees organisations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large.

As one of the Nation's leading GLCs, TNB is committed to undertake CSR best practices that impact positively on all stakeholders, either employees, customers, partners or the communities and the environment it operates in. In addition, its CSR activities aim to meet the nation-building agenda. The far reaching impact of TNB's CSR policy was acknowledged by the Government and was used as a benchmark for the pilot study on CSR for its Silver Book initiative.

As the leading power utility, TNB's integral role to deliver electricity to the public efficiently and at the lowest rate possible is by far the single most important CSR activity it has undertaken. The Company recognises the need and relevance of the Government policy for the country's ongoing development. Thus, the various initiatives undertaken to deliver safe, reliable and secure electricity to customers are a testament to its commitment to

ensure society will gain and benefit from these developments. With this in mind, TNB strongly supports government driven policies and initiatives such as those enshrined in the 9th Malaysia Plan and it aims to continue powering the country's vision of becoming a fully developed nation by the year 2020.

The need to support the Government has been translated into the Company's battle cry of "Powering the Nation", which sets the tone for its CSR activities. During the period under review, TNB continued to forge ahead with its CSR initiatives in the various areas, touching the lives of many while at the same time creating sustainable values in its relentless pursuit of business excellence.

POWERING COMMUNITIES

In line with its philosophy of giving back to the community, TNB provides philanthropic assistance to the deserving and needy as well as implements programmes that create community wellness and enhance quality of life.

Baiti Jannati Programme

Baiti Jannati programme which means 'My Home, My Heaven' ('Rumahku Syurgaku') is one of TNB's CSR initiatives to help the hardcore poor and underprivileged peninsula-wide by repairing dilapidated houses into decent and comfortable dwellings.

Under the Rumahku Syurgaku guidelines, recipients accorded priority are senior citizens, single parents, the underprivileged and the disabled. Cooperation from local residents, NGOs and registered contractors is an important criterion for the successful implementation of this programme.

Since its introduction in 2008, 58 houses have been repaired at a total cost of RM780,000. Besides repairing the houses, TNB also provides basic amenities such as electricity, water and proper sanitation as well as furniture, basic food stuff and educational support for the recipients' children.

Electricity Safety Awareness Seminar

Electricity Safety Awareness Seminar is a programme designed to disseminate information and promote awareness on electricity safety amongst school teachers and members of the public. In addition, the seminar also aims at reducing electricity-related accidents and preventing incidents that may disrupt power supply.

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

Due to their role as educators, school teachers were the target group for this seminar. The content of the seminar includes cautioning the public on the danger of tampering with electrical appliances and giving advice on the correct way of handling electrical items. The seminar is held in close cooperation with State Education Departments.

The programme was conducted through half day seminars with three main modules that provide information related to basic electricity safety, safety measures for domestic electrical installations; and safety measures at or near TNB's electricity installations. For FY2010, 2,072 teachers had benefitted from this programme.

Community Leaders Outreach Programme (CLOP)

Community Leaders Outreach Programme or better known as CLOP is one of TNB's CSR programmes inspired by the President/Chief Executive Officer in early 2005 to enhance the existing platform to communicate with customers and the local community. Its main objective is to obtain feedback on the quality of services delivered and to relay information on company policies and services to community leaders and the community at large.

The programme acts as a forum where TNB managements engage directly with community leaders, heads of local governments and stakeholders on services, complaints, enquiries and suggestions. These forms of feedback are used as a tool to improve services.

In conjunction with the programme, TNB also organises exhibitions to disseminate information about the company, its products, services and activities. In FY2010, TNB spent RM320,000 to organise this programme at 20 locations throughout the peninsula.

Rural Electrification Programme

The programme focuses on enhancing quality of life through the provision of electricity supply in remote and rural areas. This is done through the Rural Area Electricity Supply programme as well as Solar Hybrid electrification projects. Both are in line with the Government's initiatives in identifying and utilising renewable energy for alternative sources. Thirteen (13) rural electrification projects had been awarded for implementation under the Akaun Amanah Industri Bekalan Elektrik (AAIBE) fund for FY2010. Three (3) projects were completed and 10 more are expected to be completed by December 2010.

Business Tithes

As part of its CSR activities, TNB pays business tithe to religious authorities to all states where it operates. The distribution of tithe in each of the States is based on the number of poor households in each of those States provided by the Economic Planning Unit.

Sponsorship To Government And NGOs

Each year, TNB extends assistance in cash and kind to support welfare and social programmes organised by the Government and NGOs. For FY2010, TNB was the title sponsor for SUKMA XIII.

Galeri Tenaga

Galeri Tenaga was founded in 2005 to house its corporate collection in a dedicated space.

It exhibits some of the best collections of Malaysians artworks in the country. In all, there are more than 70 major works of art at the gallery which is open to the public. The gallery is a testament of TNB's support for Malaysian art.

POWERING EDUCATION

TNB believes that education can turn dreams into reality. The Company has a very strong tradition in producing world-class scholars and researchers through its education and scholarship programmes. Among the many beneficiaries are current business leaders in the country who were TNB scholars.

Universiti Tenaga Nasional

To encourage knowledge sharing, UNITEN opened its doors to members of the public via several talks and activities such as:

- Robogamez 2009
- UNITEN Tun Mahathir 6th Lecture Series
- Lecture By Dr Rajendra K. Pachauri
- MultiProg'10
- CEO Luncheon Talk
- "Flood Forecasting & Warning System (FFWS) for Tropical Region" Seminar
- PERODUA ECO-CHALLENGE 2010 – Champion
- "Kem Motivasi Perdana FELDA 2010"
- "Bakti Siswa Perdana 2009"
- Smart Program 2010
- Biodiesel Research Programme

Yayasan Tenaga Nasional

YTN was founded in 1993 as a channel for TNB to contribute to the public through various programmes. YTN, as a representative of TNB has thus far played a significant role in fulfilling its corporate social responsibility through educational and welfare contributions.

Scholarships and Loans

Since 1993, YTN has spent RM608 million to sponsor 10,517 students through scholarships and convertible loans. In FY2010, YTN offered education scholarships and loans to 2,244 academically excellent students, amounting to RM42 million to further their studies at local and overseas universities. This is its largest contribution to date aimed at producing professional workforce for TNB as well as for the nation.

YTN has also sponsored RM1.5 million in the year under review for educational programmes and welfare contributions.

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

"Program Pemangkin Generasi Cemerlang"

The "Program Pemangkin Generasi Cemerlang" for the 2010 financial year involved 100 school children from low income families in the rural areas who have excelled academically.

They were selected from 4 states namely Kelantan, Terengganu, Sabah and Sarawak to participate in an educational programme to visit places of interest in in Kuala Lumpur such as KL Tower, Malaysia Air Force Museum, Universiti Tenaga Nasional (UNITEN), National Police Museum and Yayasan Kepimpinan Perdana, Putrajaya.

The objective of the programme was to expose the students and motivate them to perform well in their studies. TNB allocated RM280,000 for this purpose.

"Program Kem Remaja Bestari"

Introduced in 2001, "Program Kem Remaja Bestari" is a school holiday camp for the children of TNB's staff and students from less privileged families or orphans.

It aims to provide guidance and motivate these children who will be sitting for their UPSR, PMR and SPM examinations.

A total of 1,300 school children attended these camps that were held simultaneously at four zones – North, South, East and Central of Peninsular Malaysia. TNB had set aside an annual allocation of RM500,000 for this purpose.

Centre for Special Education (Pusat Pendidikan Khas) YTN continues its support to the Ministry of Education by funding a Centre for Special Education (Pusat Pendidikan Khas) in Putrajaya for special children to gain basic education.

For FY2010, YTN contributed RM160,000. At this centre, the special children who are categorised into three groups – hearing impaired, visual impaired and learning difficulties will be able to get individual or group support in education, health, and welfare.

With the cooperation of the Special Education Department, Ministry of Education, TNB has managed to bring itself closer to the community; particularly children with special needs by providing facilities that would help them improve themselves towards a better quality life.

Pusat Kanser Nasional (MAKNA)

Other contributions provided by YTN in the year under review include a RM200,000 contribution to Pusat Kanser Nasional (MAKNA) to sponsor a Mobile Cancer Screening Programme.

The aid is in the form of subsidies for rural communities to get services through this mobile screening for early cancer detection.

With this programme, the public, particularly those in the rural areas who cannot afford this facility are able to detect cancer cases early so that early treatment or precaution can be taken. This project covers the whole nation; including rural areas.

Community Service Centres

YTN, in cooperation with the Welfare Department, carry out basic learning for children with learning difficulties and physical disabilities in selected Community Service Centres. A total of RM100,000 was allocated for 10 selected Community Service Centres. The sponsored amount is for the acquisition of special teaching aids or learning equipments.

Institut Jantung Negara Foundation

YTN also contributes RM250,000 annually since 2007 to the Institut Jantung Negara Foundation to pay for the cost of treatment for heart patients who qualify and meet the set criteria.

The list of patients were recommended by IJN and endorsed by the Health Ministry Malaysia.

The patients are children aged 18 years old and below. The beneficiaries to date are 34 children who are now able to live and enjoy normal life.

PINTAR PROJECT

PINTAR, an acronym for "Promoting Intelligence, Nurturing Talent & Advocating Responsibility", is a collaborative social responsibility programme initiated by Khazanah Nasional Berhad to foster academic excellence particularly among rural school children. The programme involves the sponsorship of more than 160 primary and secondary schools in the country by government-linked companies (GLC).

As a GLC, TNB has pledged its support to the PINTAR Programme by adopting 27 primary schools nationwide. To ensure the successful implementation of this programme, TNB assigned one officer in each state to be its liaison officer and mentor to the adopted schools. As many as 2,573 Year 6 students of TNB's adopted schools have benefitted from this programme under which various activities have been lined up towards their academic improvement in the Ujian Pencapaian Sekolah Rendah (UPSR).

The activities consists of the following three (3) modules:

- Motivational and Team Building Programme
- Educational Support Programme
- Capability and Capacity Building

Among programmes organised were:

- Career talks, seminars, religious programme and visits
- Tuitions for English, Mathematics and Science for UPSR
- Providing exercise tools by sponsoring "Buku Soalan UPSR" published by NST/Berita Harian to the schools
- Teachers development and parental involvement programme

TNB also organised hockey clinics for the students, which is in line with the PINTAR goals of nurturing talent amongst children. TNB allocates more than RM500,000 annually to support this programme.

POWERING BUSINESS EXCELLENCE

TNB believes that aligning CSR initiatives with its business strategies will bring long term returns. One good initiative is the support it renders to local manufacturers and contractors through the Vendor Development Programme. Consistently maintaining high standards of its businesses and operations by ensuring adequate, safe, reliable and continuous delivery of power supply, providing excellent customer service and inculcating a work culture of high integrity are among TNB's many commitments in powering business excellence.

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

TNB Bumiputera Vendor Development Programme

TNB has established its Bumiputera Vendor Development Programme (BVDP) since 1993 and to date has developed 260 companies with the average value of contract awarded of RM400 million a year. The programme which started with one category has now expanded to four major categories namely Usahawan, Preferred Vendor/Supplier, Panel Contractors and Rakan Niaga Strategik. Besides nurturing the vendors through the implementation of comprehensive development initiatives, TNB has also opened the opportunity to selected vendors in leveraging on TNB brand name and joining TNB in its business expansion globally.

This is a clear testimony of TNB's commitment in supporting the National agenda in establishing innovative, reliable, competitive and competent Bumiputera vendors in manufacturing, works and services sectors, in line with the Procurement Best Practices in establishing Bumiputera Commercial and Industrial Community (BCIC).

Rural Street Lighting Programme

Under the Rural Street Lighting programme, the Distribution Division embarked on Phase V of the programme awarded by the Ministry of Rural and Regional Development (or KKLW – Kementerian Kemajuan Luar Bandar dan Wilayah) under a 12-month contract which started on 1 July 2010 and expiring on 31 June 2011. In addition to the existing 129,254 units of 150W streetlight under Phases I to IV, another 7,851 streetlights have been approved by KKLW for installation under Phase V with a total contract sum of RM4 million. To date, a total of 129,254 units rural street lighting have been installed throughout Peninsular Malaysia.

Rural School Electrification Programme

This programme was initiated by the Ministry of Education (MOE) to ensure all schools in the rural areas are able to enjoy similar electricity supply as the urban schools. On 15 March 2010, MOE awarded a 12-month contract to TNB Energy Services to supply electricity to 38 schools throughout Peninsular Malaysia. The contract which will expire on 14 March 2011 has a value of RM98 million. This project involved two methods of supply system namely the grid connection system and solar hybrid system. TNBES has awarded TNB the supply of electricity by grid connection. Nineteen (19) schools will be connected with grid connection system while another 19 schools by solar hybrid system.

Renewable Energy (RE) Development

TNB lends its full support to the Government's Small Renewable Energy Programme (SREP) by helping developers of potential SREP projects in identifying suitable points of interconnection with the TNB distribution network, as well as conduct technical studies for the project. TNB also entered into long term RE Power Purchase Agreements (REPPA) with RE proponents.

As of August 2010, TNB has signed 18 REPPAs totaling 98.5 MW. To date TNB is in the process of finalising negotiation to conclude 20 REPPAs totaling 150.67 MW with other SREP developers using biogas, biomass, mini hydro, municipal solid waste, landfill gas and solar as RE resources.

POWERING A GREEN NATION

'Tree-for-a-Tree' and river cleaning

TNB cares for the environment and has taken initiatives to encourage staff to be more sensitive towards addressing pollution and global warming issues. Hence, there's strong participation from staff to preserve the environment through tree planting in the 'Tree-for-a-Tree' programme. Through this activity, hundreds of trees were planted to symbolically replace some of the trees that were felled in the implementation of transmission projects.

Apart from planting trees, some departments within the Division has collaborated with Non-Governmental Organisations (NGOs) to carry out river cleaning activities to arrest further dumping of waste into rivers.

Bird sanctuary

As part of TNB's effort to conserve the nation's heritage for future generations, the ash pond in Sultan Salahuddin Abdul Aziz power station has been identified as a sanctuary for migratory birds stopping over en-route from Siberia to Australia.

The power station received recognitions from East Asean Australasian Shorebird network for the conservations of migratory shorebirds and their habitats. This bird sanctuary was visited every year by many dignitaries and VIPs. Bird watchers, photographers and bloggers also visited to the bird sanctuary annually.

Ulu Pangsun Station Conservation Project

The Ulu Pangsun Mini Hydro Station is an icon in the historical context of the growth of the electricity supply industry in the country. Built in 1927, it is the second oldest hydro station in Malaysia and the first in Selangor Darul Ehsan. Although it had ceased operations since 2001, the buildings and infrastructure were designed to blend in with the environment. The Ulu Pangsun Lower Station has special features and potential to be developed for CSR activities. These include developing a Resource Centre on hydro electricity, an environment research centre, eco-tourism activities and team building. Meanwhile, TNB Research regularly conducts workshops on nature studies for students and the public at the Upper Station.

Firefly Conservation Project

A project to conserve the unique firefly colony at Kampung Kuantan, Kuala Selangor was jointly undertaken by TNB and the Selangor State Government for five years starting from 2006. In addition to research activities conducted by TNB Research Sdn. Bhd., the Company upgraded the centre by providing information boards on fireflies at the mini theatre and jetty area. Prior to this, the Company had completed the building of four pavilions, a mini theatre and public address system in the existing building; upgrading the jetty, access road and the square, refurbishing the gateway, as well as directional signs to the center at several strategic locations form Kuala Lumpur to Kuala Selangor, Selangor. With the initiatives undertaken by TNB to upgrade and enhance the area, more and more visitors are drawn to the place, thus providing a sustainable livelihood for the boatmen.

Additional initiatives also include sponsoring basic conversational Arabic and Japanese classes for the boatmen to enable them to converse with tourists from the Arab countries and Japan, who make up the majority of visitors. TNB also organised the annual "Lets Go To School with TNB" programme as a form of financial support for children of the boatmen.

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

POWERING THE WORK FORCE

TNB believes that its employees are its greatest assets. Its CSR initiatives for the employees over the years involved systematic training programmes and career development opportunities to enhance their professionalism as well as to encourage their involvement in volunteerism and extracurricular activities to achieve a good work life balance.

Training and Development

TNB puts a strong emphasis on having a highly competent workforce and this is achieved through continuous human capital development. During the period under review, TNB spent approximately RM87 million to provide training and development for its employees. As a result about 80% of the workforce attended a minimum of 3 training days. These training programmes are provided by its training arm, TNB Integrated Learning Solution Sdn. Bhd. – ILSAS and also by external consultants.

Type of training programmes include Executive Development Programme (EDP), Middle Managers Programme (MMP), Long term educational programmes for new employees and career development such as Program Pendidikan Kemahiran Ketukangan (PPKK), Program Pendidikan Kadet Juruteknik (PPKJ), Program Pendidikan Pembantu Tadbir (PPPT) and mandatory training programmes for all levels of non-executive employees, both technical and support services staff.

Health Benefits and Wellness

TNB provides a wide range of healthcare and medical benefits in order to ensure its employees, retirees and eligible dependents receive the best services in healthcare and medical treatment. There are 910 clinics all over the country registered as TNB panels as of June 2010 inclusive of GP, homeopathy, acupuncture, specialists hospitals & dialysis centers. The company also budgeted RM186,500 (for staff and retirees) to provide medical aids such as wheelchairs, hearing aids and prosthetic limbs.

Children of employees are also eligible for medical benefits up to the age of 18 years or up to 24 years if they are still pursuing studies at institutions of higher learning and there is no age limit for 'special children'.

Regular health talks and screenings are organised for employees and retirees and TNB continuously provides information and updates on diseases and adopts various measures to ensure that health of its employees are looked after.

Kumpulan Wang Khairat dan Pesara TNB (Death Levy Fund)

Kumpulan Wang Khairat Pekerja dan Pesara TNB (KWKPPTNB) was incorporated on 3 June 1969 under the name Kilat Death Levy Fund and changed to its present name on 4 July 2005. KWKPPTNB was established to manage monetary contribution of funds collected from members to elected beneficiaries of the deceased employee and acts as a means of relief from some of the financial burden of the deceased employee's family.

KWKPPTNB's membership consists of ordinary and life members (those who have been a KWKPPTNB member for at least 15 years at retirement age). During the period under review, there were 12,820 ordinary members and 2,912 life members.

Benefits for Immediate Families

TNB is caring not only for the well-being of its employees but also that of their immediate families. In the period under review, TNB spent about RM840,000 in the form of monetary contributions to aid widows and orphans. During the period under review, fifty three (53) TNB widows received a one-off contribution of RM2,000 in the programme Majlis Jasamu Dalam Ingatan held nationwide while 755 TNB orphans received a monthly contribution of RM60 each (for children aged 7-12 years old) and RM90 each (for children aged 13-17 years old) under TNB's Bantuan Pendidikan Anak Yatim programme.

TNB also spent approximately RM2.34 million to provide early education assistance for children of employees through 11 kindergartens and 10 nurseries nationwide, and charging a minimal rate for tuition classes under Kelas Bimbingan Tenaga.

Recognition Of Employees Contributions

TNB recognises employees who are committed to the company's cause and have dedicated a greater part if not all of their working lives for the company. During the period under review, 2,108 employees from all over the country who have rendered 20, 25, 30 and 35 years of service were awarded the Long Service Award in recognition of their contributions. In addition, TNB also recognised excellence in work performance. Twenty three staff members were identified as model employees and were awarded with the Meritorious Service Award during the period.

TNB also provides a platform for its retirees to organise social activities through TNB Former Employees Association (Persatuan Bekas Pekerja TNB). During the period under review, RM110,000 was spent to conduct various social and recreational activities for the association such as Majlis Berbuka Puasa and Majlis Hari Raya.

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

Sports Carnival

TNB held its bi-annual Sports Carnival at Universiti Tenaga Nasional on 18-19 May 2010. The event was organised as a platform for employees to forge strong relations through sports, whilst cultivating the spirit of unity and competition.

A total of 1,010 staff, representing contingents from five zones participated in the event. They competed in nine games namely futsal, netball, badminton, ping pong, road relay, bowling, volleyball, sepak takraw and tug of war.

Festive Celebrations

TNB has always been a strong proponent of the spirit of "1Malaysia". One of the main social activities supported by the Company is the celebration of major festivals of the country, namely Hari Raya Aidilfitri, Chinese New Year and Deepavali. It is celebrated nationwide by all state offices and at the headquarters of TNB in a big way through the traditional "open house" concept where Management, staff, stakeholders and other guests come together in the spirit of unity.

POWERING CHAMPIONS

Sports have always been on TNB's corporate agenda. The Company's interest for sports lies not only in its social role but more importantly as a catalyst to develop future champions. TNB's active involvement in sports through the years is in line with the Government's aspiration to produce top athletes and to be a top-notch sporting nation.

Hockey Programme

TNB has pledged its support for national hockey development through monetary sponsorships since 2006 to the Malaysian Hockey Federation to organise the TNB Malaysian Hockey League and other related activities

Sports Coaching Programme

TNB is the main supporter of the national development of hockey. One of the key initiatives is the hockey clinic development programme which provides coaching sessions to selected students between 12 to 18 years old. It is conducted by national hockey players who are also TNB staff.

This programme is jointly organised with the Malaysian Hockey Federation and state hockey associations. To date, 2,000 new talents have been identified from seven states through this programme.

Cricket Programme

Besides hockey, TNB is also the main sponsor for cricket in this country. It is actively involved in the development of cricket by officially competing in every tournament both local and international, under the auspices of the Malaysian Cricket Association.

COMMITMENT TO THE ENVIRONMENT

TENAGA NASIONAL FULLY RECOGNISES THAT ECONOMIC GROWTH, SUSTAINABLE DEVELOPMENT AND QUALITY OF LIFE GO HAND IN HAND.

WE ARE COMMITTED TO CONTINUAL IMPROVEMENT OF ENVIRONMENTAL PERFORMANCE WHILST RESPONSIBLY PROVIDING SAFE, EFFICIENT AND RELIABLE SUPPLY OF ELECTRICITY.

TNB ENVIRONMENTAL POLICY

- Protect, conserve and improve the environment in all of its operations and decision making.
- Comply with all applicable laws and regulations, establish standards that will lead to continuous improvement of its environment performance.
- Implement an Environmental Management System (EMS) that will ensure all impacts on the environment from its operations are eliminated or minimised.
- Carry out environmental audits at required intervals to ensure compliance with its Corporate Environment commitments, and implement environmental training programmes for our employees to develop a high level of competency.
- Promote environmental awareness amongst contractors, the public and other stakeholders and to make available the environmental policy to them.

In line with this Policy, TNB shall:

- Protect, conserve and improve the environment in all of its operations and decision making.
- Incorporate environmental management principles in its corporate strategy, planning and implementation.
- Comply with all applicable laws and regulations and voluntarily adopt or establish standards to constantly improve its environmental performance.
- Conduct and support relevant research and development to improve the quality of environment.
- Adopt 3R concept of Reuse, Repair and Recycle.
- Conduct environmental audits and reviews.
- Promote active education programmes amongst TNB employees to enhance environmental awareness.

COMMITMENT TO THE ENVIRONMENT (CONT'D)

A. ENVIRONMENTAL MANAGEMENT PLAN

Environmental Monitoring Programme

The Environmental Management Plan was formulated as a licensing requirement under the Environmental Quality Act, 1974 or in compliance with the specific Department of Environment's (DoE) detailed Environment Impact Assessment (EIA) or as a condition for EIA approval for the respective power stations. The programme focused on monitoring air and water quality as well as boundary noise level. In addition, some stations have also conducted ecological monitoring as part of the Environmental Monitoring programme.

TNB has diligently installed efficient and environmentally friendly equipment as well as putting in place the Continuous Emission Monitoring System (CEMS) in new power stations. Currently, emission gas from thermal power plants is monitored in real time with the Generation Plant Management System.

B. ENVIRONMENTAL AUDITS AND MS ISO CERTIFICATION

To ensure the execution of effective environment system while ensuring continuous improvement in managing the environment, all 12 TNB power stations have implemented environmental Management System MS ISO 14001:2004. TNB power stations also succeeded in maintaining the certification through yearly audits conducted by SIRIM Qas International Sdn. Bhd.

In addition, TNB's Generation Division also underwent the annual Environment Internal Management Audit based on MS ISO 14001:2004 which is compulsory for all power stations every year. The audit was conducted by competent and trained internal auditors from all power stations.

C. SCHEDULED WASTE DISPOSAL

TNB's scheduled Waste Management programmes was implemented to comply with the Environmental Quality (Scheduled Waste) Regulation 2005. Scheduled waste includes all waste generated periodically that requires disposal by DoE – registered contractors.

The DoE will be notified of all scheduled waste generated which are temporarily stored at the Scheduled Waste Store prior to disposal. Environmental Management Representative (EMR) is responsible for recording, monitoring and managing wastes generated at their respective units.

D. RECYCLING PROGRAMME

The waste recycling and reduction programmes were included in the EMS initiatives within the respective Divisions. Currently, most power stations are implementing this programme in addition to the Environmental Management programmes to minimise wastage and reduce consumption of resources. Some of the stations had also assigned Recycling Centres at strategic locations in the station. Staff awareness programmes were continuously conducted through staff monthly gathering.

i) Condition Monitoring Programmes (CMP):

The Transmission Division has implemented the CMP in its operations. One of the initiatives of CMP involved transformer oil reclamations where used transformer oil is filtered by using the latest technology and subsequently reused in operations.

ii) Recycling old power cables:

The recycling of old power cables is conducted through the Scrap Committee at each region. The recycling process can take place upon approval by the committee which would appoint a recycling company to handle the scrap materials for further processing.

E. CRISIS MANAGEMENT

Crisis Management in TNB is headed by a Disaster Team, represented by the Emergency Response Team (ERT). The ERT is the main component of TNB Safety Excellence Management System (SEMS) which has been implemented in all Divisions.

SEMS will identify every possible emergency that can take place in the Divisions' business activities. An Emergency Response Plan (ERP) will then be developed to mitigate these emergencies. All Divisions also conduct an annual ERP exercise involving all staff, and the relevant Government authorities and agencies.

F. HALON REPLACEMENT

TNB is halon free in all operations of the Generation, Transmission and Distribution Divisions.

G. CURRENT ISSUES

i. **Research on EMF Measurement presented to the Energy Commission:** Communities living near transmission cables claimed that they were exposed to danger and the risk of suffering from various diseases such as cancer and leukemia. Following the claim, Distribution Division with the cooperation of Regulatory Relative Management (RRM), TNB had taken the initiative to invite representatives from Energy Commission to observe the reported area as well as to conduct IMF and electric field measurement at TNB towers.

Research conducted by UNITEN in 18 different locations around Klang Valley indicated an average magnetic field level of 15-20 miliGaus (mG) and 3-5 kV/m for electric field. The levels recorded are actually lower than the standard 1,000 mG for magnetic field and 15 kV/m for electric field as stipulated by World Health Organisation (WHO) and International Commission on Non-Ionising Radiation Protection (ICNIRP).

ii. **Education and Awareness on Environment:** An Intelligent Education Camp was conducted at Mini Hydro Station Pangson, Hulu Langat, Selangor for the purpose of education and environmental research. This programme was attended by students and lecturers from Universtiti Malaysia Sabah (UMS) as part of its programme of visit to TNB. UMS students were exposed to activities related to education and rehabilitation of the environment. Apart from that, the camp was chosen as a place to conduct exercise and research for university students.

iii. **Environmental Cleaning Activity:** TNB was also involved in environmental cleaning progamme organised by the local authorities or the company. Among the activites conducted are:

- Beach clean up campaign by Generation Division in the vicinity of TNB Thermal Power Stations throughout Malaysia.

Transmission Division was involved in the National River Clean Up campaign at Lubok Manggis, Hulu Langat organised by KAGUM a Non-Government Organisation (NGO).

Such activities not only had created awareness to employees on the importance of keeping the cleanliness of the environment and enhancing its quality, what is more important is the cooperation and commitment from each employee during the conduct of the activities.

iv. **Research on Fireflies Rehabilitation at Kg. Kuantan, Kuala Selangor:** The research is one of TNB's key initiative in sustaining the fireflies species and ensuring the increase in the fireflies population. This is part of the Memorandum of Understanding between TNB and the state Government of Selangor Darul Ehsan. The research was conducted through the collaboration between a subsidiary of TNB namely, TNB Research Sdn. Bhd. with Universiti Kebangsaan Malaysia, UKM. In addition, TNB had also organised the 2nd International Fireflies Simposium in collaboration with the Forest Research Institute Malaysia (FRIM).

v. **"Tree for a Tree" programme:** This is an ongoing programme organised by the Transmission Division every year. This programme was designed to instil a sense of responsibility towards the environment and to create clean and safe living conditions free from the threat of pollution and impact of global warming. The programme is also part of the initiative to introduce green elements in areas surrounding TNB installations, housing and recreation areas. The Transmission Division introduced the replanting of tree or plants as replacement for those felled in the course of construction of new substations or the installation of transmission towers.

OTHER SERVICES – PRODUCTIVITY AND QUALITY MANAGEMENT

The Productivity and Quality Management Department (PQM) has been given the responsibility of facilitating the Company's drive towards excellence. This is done mainly through strategic transformation initiatives, performance enhancement projects and quality management programmes.

Quality Management programmes include the President's Quality Award (AKP), participative management programmes like WIT-ICC, 5S, QCFT and various other Quality Assurance initiatives.

The Bi-annual AKP assessment was again held during the financial year. At the last assessment there was an increase from an overall average of 729 to 768 points out of a total of 1,000 points. Two of our subsidiaries namely University Tenaga Nasional (UNITEN) and Tenaga Switchgear had been short-listed as finalists for the Quality Management Excellence Award (QMEA). UNITEN emerged the winner and later won the prestigious award "2009 Anugerah Kecemerlangan Industri Perdana Menteri" (AKIPM) award.

TNB still maintains its excellent tradition of Work Improvement Team – Innovative and Creative Circle (WIT-ICC) activities. Currently there are over 700 active teams throughout the organisation of which two teams participated in the International Convention for Quality Control Circle (ICQCC) in the Philippines and Indonesia and seven teams participated in the National ICC Convention organised by the Malaysian Productivity Corporation (MPC). TNB won several awards through this participation.

To instill a culture of excellence in its staff, the Planning Division of TNB has embarked on a "work culture enhancement programme" branded as Ganbatte. The programme's objectives are to create motivated staff, enhance culture, improve teamwork and instill execution mindset. Through this programme six issues and culture characteristics have been identified for further action.

OTHER SERVICES – PRODUCTIVITY AND QUALITY MANAGEMENT (CONT'D)

To further improve its Internal Audit (IA), Transmission Division introduced the quarterly combined audit by regional offices comprising Internal Technical & Management Audit, Finance Compliance Audit, Human Resource Compliance Audit.

TNB also successfully implemented "5S" concept throughout the organisation in order to promote a safe and conducive work environment. Though it is not the ultimate aim, we are proud to announce that to date more than 90% of TNB business units and all ten power plants under Generation Division are already "5S" certified by MPC. A few had succeeded in winning the highest "5S" award given, the latest being TNB Kulaijaya winning the **"Anugerah Pengamal 5S Peringkat Kebangsaan MPC 2009"**. The Transmission Division had added a new scope which covers internal 5S cross business unit audit.

The Process Standardisation & Improvement (PSI) programme is a major initiative that propels TNB towards Business Excellence. The company as a whole is now ISO 9001:2008 certified. Currently TNB has 1,816 processes supported by a pool of 1262 ISO auditors.

Twenty three Key Initiatives have been successfully implemented under the ambit of the Service Excellence 10/10 (SE10/10) Strategic Transformation Programme. Those that benefit customers directly are Condition Based Monitoring techniques to improve supply reliability, Distribution Project Monitoring System (DPMS), 33 kV Project Management System (PromSys 33 kV), Individual Supply Application Monitoring System (iSAMS), Establishment of Customer Charter, Introduction of One Stop Enquiry Centre: 1300-88-5454, Introduction of Short Messaging System (SMS) reminding customers on the status of their current electricity bill and introduction of Virtual Q System for TNB CareLine 15454. Short Messaging System (SMS).

In addition to these Key Initiatives, there are 60 Special Change Projects to enhance performance in TNB products, services and organisation. Among the notable ones are Ops-Trim-X, Tell CEO Programme, Connect Supply on time, World Class Power Plant Programme, Review of checklists effectiveness on transmission project and maintenance procedures and regulatory satisfaction index for Regulatory Relationship Management. The extensive experience gained by PQM in all these change initiatives has now enabled the group to provide management consultancy services and quality management consultancy services, both to internal and external clients. This augurs well for TNB's next strategic phase of Geographical Expansion.

TOWARDS GREATER INNOVATION

WE ARE COMMITTED TO CONTRIBUTE EFFECTIVELY TO THE BUSINESS GOALS AND GROWTH OF TNB THROUGH VALUE CREATION, SERVICE AND EFFICIENCY IMPROVEMENT, ORGANISATION EXCELLENCE AND DIVERSIFICATION.

DIVISIONAL GOALS/OBJECTIVES

ICT Division is entrusted with three key responsibilities:-

- Planning and consolidating the usage of ICT in TNB
- Providing ICT infrastructure and services to support TNB businesses
- Providing governance in the use of ICT in TNB

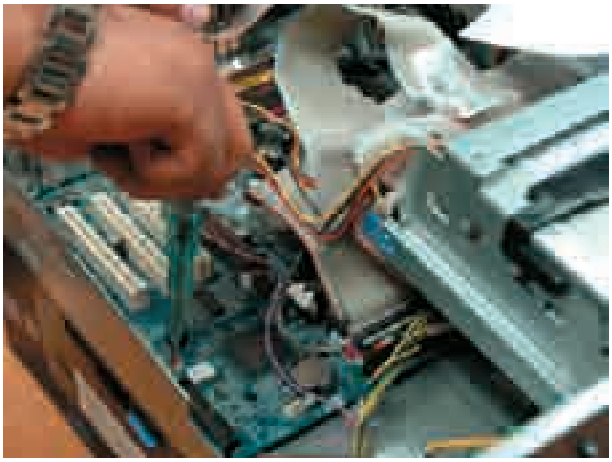
OPERATIONAL SUMMARY

Efforts in transforming ICT Division to a more customer-centric organisation in recent years have brought positive benefits to its many customers. Monthly surveys generated by its Customer Management System (CMS) have shown a consistent score of over 9.0.

To delight TNB's customers, ICT Division had revamped the TNB Corporate Website that improved communication and engagement with its stakeholders. TNB's own Intranet called "Livewire" had been improved to provide greater interactivity and useful staff-related information.

DATO' RAZALI BIN AWANG
Chief Information Officer

TOWARDS GREATER INNOVATION (CONT'D)



The continued upgrading of computing infrastructure and network communication equipment has resulted in a very reliable and accessible system. Key enterprise applications such as eCIBS (Customer Information Billing System) and ERMS (Enterprise Resource Management System) were made available for over 99.9% throughout the year.

HIGHLIGHTS/ACHIEVEMENTS

ICT Division had embraced the idea of "Green IT" for some time, through the implementation of server consolidation and virtualisation that resulted in optimising the purchase, usage and power consumption of computer equipment. Projects such as EDMS (Electronic Document Management System) and ESS (Employee Self-Service) had allowed the processing and storage of online document that helped reduce the need for printed hardcopies.

The expansion and escalating use of IT solutions has necessitated the introduction of proper governance and control on ICT Division's products and services. As such, a new Governance and Security Compliance unit was created to ensure all ICT-related processes are governed and sustained accordingly, and that all IT applications and infrastructure are secured and had complied with TNB's security guidelines.

MAJOR PROJECTS

- CGIS (Corporate Geospatial Information Systems)
  This 10-year project is at the initial stages of implementation. The first module namely Asset Register went live on 28 April 2010. Users can now view the various assets in relation to their geo-location and perform basic querying and network tracing. On 14 June 2010, DNIM (Distribution Network Information Management) system functionalities and data were successfully migrated to CGIS. On 10 July the same year, integration of ERMS and eCIBS to CGIS were implemented.

- MFFA (Mobile Field Force Automation)
  The project is currently in Phase 4 and is available in Kuala Lumpur, Selangor, Penang and Johor (south). Additional 117 GPS units (of the existing 282 units) were deployed in fault-finder's vehicles while 147 more PDAs (of the existing 388 units) were delivered to the end-users.

- RFID (Radio Frequency Identification)
  Following the success of Phase 1 at Bukit Sentosa, Phase 2 was implemented to further extend the system to 3 other warehouses in Klang Valley. This rollout is expected to be completed by Q1 of FY2011.

- ESS (Employee Self-Service)
  Under the current Phase 3, executives throughout TNB can now submit their leave applications, claims for online processing, update details of their employee profile and submit applications for internal job vacancies. In addition, timesheet and attendance records are currently being used at ICT Division.

- EHRMS (Enterprise Human Resource Management System) has been fully extended to UNITEN to replace its legacy system. The EHRMS provides a consolidated platform to the subsidiary and promotes greater cost operational effectiveness.

- BI (Business Intelligence) provides analytical view of company performance for strategic and operational decision making. It is expected to be ready by next financial year.

- ERP Data Archiving – this project, aimed at optimising ERP data storage is important towards promoting efficient system performance whilst complying with related statutory requirements and policy. The project is currently entering its completion stage.

- ISAMS (Individual Supply Application Management System) is an ongoing project which ensures on time delivery of supply to customers by monitoring their supply applications and notifying customers upon completion of the process.

TOWARDS GREATER INNOVATION (CONT'D)

- TOMAS (Transmission Operation Management & Analysis System) is also an ongoing project that provides mobile works management for technical staff in conducting on-site equipment maintenance.

- EASY (Employee Attendance System) is currently in Phase 4 and is available in Central and Northern regions. It tracks staff attendance and manages building security.

- EDMS (Enterprise Document Management System) is currently in Phase 2 and is available to all divisions. Phase 3 has been earmarked for the Distribution Division. Efforts in document conversion were completed in May 2010.

- CbPMS (Competency-based Performance Management System) is one of the major in-house developed applications. It was recently upgraded to v4 and featured staff matrix reporting, multirater appraisal, online appeal, and new employee development plans which served as inputs to annual training calendar and career progression planning.

- Firewall, Antivirus & NIPS (Network Intrusion Prevention System). Computer security has been enhanced by the implementation of NIPS, and upgrading and replacement of the existing firewall and antivirus systems. Softwares for assessing security vulnerability for applications, databases and network were acquired.

- National Cyber Security Response. As TNB had been identified by the Government as a CNII (Critical National Information Infrastructure) organisation, ICT had participated in Cyberdrill 2010 (X-Maya 3) organised by the National Security Council and CyberSecurity Malaysia.

- System Infrastructure for newly acquired computer hardware, additional backup solutions for midrange and enterprise systems are being installed.

- Network Infrastructure. The initiatives identified in the Telecommunications Network Development Master Plan (2006-2013) were as follows:-
  - Enhancements to TNB's Digital Telecommunication Network & Teleprotection System (Phase 4) project include replacing old fibre optic cables on transmission lines, upgrading analog PLC system to new digital system, providing alternative routes to improve the reliability, and improving fiber capacity and alleviate bottle necks within the existing fiber optics network.
  - The Last Mile Fiber Optic Network Upgrade (Phase 3) project is to install and commission approximately 95km of 12-core fiber optic cables on 9 identified links to replace damaged links and to strengthen links to critical TNB Business Centres.
  - The on-going implementation of IP/MPLS (Multiple Protocol Label Switching) Network is one of the initiatives in the Integrated Data Network (IDN) Framework that will integrate the two Corporate and Operation network for enhanced data services with QoS (quality of service), improved security, centralised management and increased efficiency.
  - The on-going INMS project (Integrated Network Management System) is to integrate several individual network management systems of the NOC (National Operations Centre) into a single system to provide enhanced equipment, network and service management functions such as alarm management, fault

management, remote configuration, and telecommunication database management. This will result in improved service availability, better resource utilisation and enhanced customer service.

KEY PERFORMANCE INDICATORS

The initiatives to support the operational plans are measured through KPIs based on the Balanced Score Card which are benchmarked against industry standards.

Highlights of KPI achievements by ICT Division include an averaged CSI of 9.0 out of an index of 10.0 and network and system availability of 99.96% and 99.90% respectively.

CHALLENGES/PROSPECTS

The continued demands by our customers for quality and effective ICT solutions to meet their business needs have created the following key challenges to ICT Division:-

- Fulfilling customer expectations – It has become increasingly challenging to develop and manage projects which not only meet customer requirements but are delivered on time and within budget. Several initiatives which include Strategic Sourcing, Out-Tasking and standards such as SOA (Service Oriented Architecture), PMI Framework (Project Management Institute), ITIL (IT Infrastructure Library), EA (Enterprise Architecture), and implementation of ISO 20000 for service delivery are intended to improve the building of quality applications at a lower cost and in faster completion time.
- Value creation – To ensure that the systems implemented by the ICT Division are contributing directly to TNB's business needs, it is necessary to maintain alignment with and focus on TNB's key strategic objectives. This is being enhanced by initiatives like SCM (Supply Chain Management) and monitored through CMS (Customer Management System) and EPM (Enterprise Project Management).
- Governance and Security – It is equally important for end-users to abide by TNB's policies and guidelines when using ICT's products and services. To manage this, the GRC (Governance Risk & Compliance) project is being embarked to improve the monitoring and control of user access and role management to TNB's enterprise systems.

OCCUPATIONAL SAFETY AND HEALTH REPORT

AS WE PROGRESS INTO THE MILLENNIUM, OCCUPATIONAL SAFETY AND HEALTH (OSH) IS AN AREA THAT WARRANTS DILIGENT OBSERVANCE. THE STRINGENT STANCE ADOPTED BY THE AUTHORITIES ON OSH IN INDUSTRIES IN MALAYSIA SAW LITIGATIONS AND PENALTIES GRACING THE PAGES AND SCREENS OF THE MEDIA DUE TO VIOLATIONS OF THE LAWS.

In order to meet the demands of the current environment, the standard of performance of OSH set by the management and the competitiveness of all Divisions towards compliance becomes an important part of operations to ensure a safe workplace and reliable supply of safe electricity.

Despite the good overall performance in safety and health as indicated by the reduction of reported accident rate, to 1.8 per 1,000 workers, the incidence of electrical contact remains an area of concern that requires a stricter application of existing requirements. The direct involvement of the Accident Committee of the management to preview serious incidences showed commitment to mitigate unwarranted situations. This commitment was also partaken by vendors and contractors.

SAFETY MANAGEMENT

The Safety Excellence Management System (SEMS) which is used by the core divisions, namely Generation, Transmission and Distribution, is now being widely adopted by all other Divisions and Subsidiaries in the Group as a standard to manage OSH. SEMS is benchmarked against the requirements of OSHAS 18001:2007 and MS 1722:2001 in order to gain external and international recognition and is also subjected to annual review to ensure that progress is in line with the current performance and best practices. The e-SEMS, electronic audit reporting led by Distribution Division will also be adopted by other Divisions to enhance and simplify reporting of deviations in the safety management system.

The vie for awards for best safety performance from the Malaysian Society of Occupational Safety and Health (MSOSH) had seen advancement, initially from the Generation Division to other core divisions as well. The award winning divisions and stations are listed in the 'Awards and Recognition' page for further reference.

There was also an increase in the number of departments being certified under OHSAS 18001:2007 and MS 1722:2001. Initiated by the Generation Division, this trend has spurred other divisions to also jump on the bandwagon, initially for the purpose of enhancing awareness, then after, also to prepare for certification.

With the support of the management, the future is very bright for this initiative as TNB will benefit from having a safer workplace towards being recognised as an organisation which has a high standard of safety performance in place.

SAFETY CAMPAIGN

The biennial Safety Campaign, with the theme "Safety Culture, Healthy Lifestyle" was held in August 2010; heralding another programme to instil further impact on organisation culture. Various activities such as health screening, blood donation, exhibition booths and seminars were held.

In conjunction with the campaign, the TNB Employee Safety Passport (TESP), was launched. TESP, a pocket-size safety booklet containing safety tips and Safety Policy, will be distributed to all employees, to fill in their particulars and other safety information. The Management received their copies during the launching.

The yearly OSH and Environmental Excellence Awards were also presented during the campaign. Based on the previous SEMS audit, the best three stations from each core divisions were rewarded with a trophy. New awards to recognise the efforts of hard working employees in enhancing the level of OSH at their respective stations were introduced. The highest scoring subsidiary, Project without Work Days Lost due to accident, and stations with the highest Number of Days without Accident were also awarded.

SAFETY TRAINING

Occupational safety and health awareness programmes are geared towards promoting a disciplined and safety cultured workforce. Hence, OSH courses such as SEMS Auditors, Safety Representatives, Office Safety, etc. run continuously throughout the year to ensure that all TNB personnel attended at least one day of OSH training per year. NIOSH-TNB Safety Passport (NTSP) training programme for Supervisor is a compulsory course for contractor's supervisor and security personnel.

A National Safety Symposium was also held in March 2010 at College of Information Technologies (COIT), UNITEN. Safety Experts from various divisions were invited to share their experiences and knowledge. Similarly, safety symposiums on a smaller scale were also held in Alor Setar, Kuala Kangsar and Seremban.

A special programme held for female employees in conjunction with the biennial Safety Campaign, "City Survival" sharing tips on self defence and preservation received an overwhelming response from its participants.

TNB acknowledged Social Security Organisation's (SOCSO) contribution for the Motorcycle Safety Programme. The programme was jointly organised with the Malaysian Society of Occupational Safety and Health (MSOSH). The 500 participants, mostly our meter readers, will be monitored for a year to determine the effectiveness of the programme.

Transmission Division together with Corporate Communications Department continued with the ongoing programme to enhance electrical safety awareness among school teachers. Teachers from 10 states in Peninsular Malaysia who attended this programme will then impart their knowledge to their students.

CONTRACTOR'S SAFETY

To ensure the safety of contractors working at TNB installations, NTSP cards (NIOSH-TNB Safety Passport) was introduced in collaboration with National Institute of Occupational and Health (NIOSH), ensuring that the Occupational Safety and Health Act, 1994 was complied with. Starting from 2009, all TNB contractors' workers need a valid NTSP Cards to enter work-site. They have to sit and pass the NTSP course conducted by NIOSH. Stringent enforcement has successfully reduced the number of fatal incident among the contractors.

Safety performance is also one of the criteria for project tender evaluation. An audit system, known as Safety Compliance Audit (SAFCA) is used by Transmission Division to monitor the safety performance of their contractors. The contractors were audited periodically and any non-compliance would be corrected. Their safety performance would carry weight for the next tender exercise that they will participate in.

In addition, safety programme for new projects are presented to Department of Occupational Safety and Health (DOSH) before project started. This "Smart Partnership" programme implemented will forge a closer relationship between TNB, Contractors and DOSH.

Geothermal energy refers to the use of energy in the earth's crust for heating and cooling purposes. Geothermal power plants use heat deep in the earth to generate steam, which in turn powers generator to generate electricity. The concept behind geothermal power generation is simple. Holes are drilled deep into the earth to tap into a pressurised area of hot water and steam. Steam is piped to the surface and used to drive a turbine to generate electricity.

STATEMENT OF CORPORATE GOVERNANCE

TNB RECOGNISES THAT AS A UTILITY AND A PUBLIC LISTED COMPANY IT HAS A RESPONSIBILITY, INDEED AN OBLIGATION TO CONTRIBUTE TO THE VALUE OF ITS SHAREHOLDERS AND STAKEHOLDERS. TO DELIVER THIS OBJECTIVE ON A CONTINUOUS BASIS THE BOARD IS COMMITTED TO FULLY UPHOLD GOOD CORPORATE GOVERNANCE PRACTICES WITHIN THE ORGANISATION.

To ensure that the Company fully embraces the culture of good Corporate Governance, Management is fully committed towards enhancing and instilling good Corporate Governance in their activities. At various Divisions in the Company, units were established for self auditing activities with a view of strengthening internal control processes and enforcement.

The Board of Directors of TNB (the Board) is fully committed to the principles and best practices of the Malaysian Code of Corporate Governance (Revised 2007) ("The Code"). The Board constantly strives to ensure that the highest standards of corporate governance are practiced throughout the Group; which are fundamental to fulfilling its responsibility of protecting and enhancing the financial performance of the Company and shareholders value.

The Board also, recognises that good corporate governance practices should extend beyond mere compliance. It should seek to attain the highest standards of business ethics, accountability, integrity and professionalism across all the Group's activities and conducts. In addition, the Board considers strong governance as one of the key strategy determinants in building a competitive organisation, achieving its set corporate and business objectives and ultimately in realising investors' confidence and shareholders value. Hence, the Board is committed to continuously improve the Group's standards of corporate governance by ensuring that all stakeholders' interests are protected and value-enhanced.

The Board plays a key role in the governance process through its review and approval of the Group's direction and strategy, its monitoring of professional standards and business performance, its review of the adequacy and integrity of the Group's internal control systems, including the identification of principal risks and ensuring the implementation of appropriate systems to manage those risks, and the acceptance of its underlying duty to ensure that the Company and the Group meet its responsibilities to its shareholders and stakeholders. Good Corporate Governance pays both in good and difficult times.

The Board, to the best of their knowledge, confirms that the Group has applied the principles as set out in Part 1 and has complied with the best practices as set out in Part 2 of The Code throughout the year under review.

(A) THE BOARD OF DIRECTORS

The current composition of the Board is in compliance with Chapter 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") as more than one third of its members are Independent Directors.

Composition of the Board

The Board of TNB presently consists of 12 members and is well balanced with one (1) Non-Executive Chairman, two (2) Executive Directors, eight (8) Non-Executive Directors and one (1) Alternate Director.

The profile of each Director as set out in the Board of Directors profile on pages 74 to 81 of the Annual Report demonstrate a wealth of experience and skills vital for the management of the Group business and to navigate the Group through this challenging economic environment.

Board Appointment Process

Appointment to the Board of TNB is made either by the Special Shareholder pursuant to Article 5(2) of the Company's Articles of Association or by the Board of Directors pursuant to Article 133 of the Company's Articles of Association.

All nominees to the Board are first considered by the Board Nomination and Remuneration Committee taking into account the required mix of skills, competencies, experience and other qualities, before they are recommended to the Board.

Roles and Responsibilities

The Board is responsible to periodically review and approve the overall strategies, business and organisation, and significant policies of the Company. The Board also sets the Company's core values and adopts proper standards to ensure that TNB operates with integrity and complies with the relevant rules and regulations.

The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following:-

- reviewing and approving the strategic business plans for TNB and Group;
- identifying and managing principal risks affecting the Group;
- reviewing the adequacy and integrity of the Group's internal control system;
- overseeing the conduct and the performance of the Group's businesses;
- approving the appointment and compensation of Senior Management staff;
- approving new policies pertaining to staff salary and benefits;
- approving changes to the corporate organisation structure.

Apart from these specific responsibilities, the Board also takes full, independent responsibility and accountability for the smooth functioning of core processes involving governance, business values and ethical oversight. To facilitate effective discharge of these responsibilities, dedicated Board Committees have been established with clear terms of reference, comprising Directors who have committed their time and effort as members. The Board Committees are chaired by Non-Executive Directors who exercise their leadership with the benefit of in-depth knowledge of the relevant industry.

The Board practices a clear segregation of duties between the Chairman and the President/Chief Executive Officer. The Board is led by the Chairman, Tan Sri Leo Moggie, whose principal responsibility is to ensure the effective running of the Board and is independent of the management. The post of the President/Chief Executive Officer is held by Dato' Sri Che Khalib Bin Mohamad Noh whose primary task is to report, communicate and recommend key strategic and operational matters and proposals to the Board for decision making purposes as well as to implement policies and decisions approved by the Board. The Non-Independent Non-Executive Directors are from varied business and professional backgrounds and bring with them a wealth of experience which could assist in board decisions and policy formulations.

The independence of each Independent Non-Executive Directors is safeguarded as none is involved in the day-to-day management of the Group and they do not engage in any business dealings or other relationships with the Group. The presence of six (6) Independent Non-Executive Directors, representing more than a third of the total members with necessary caliber, ensures that the Board is well-balanced and able to carry sufficient weight on Board decisions. Although all the Directors have equal responsibilities for the Group's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that all business strategies proposed by the Management are fully and independently discussed and assessed, and take into account the long term interest, not only of shareholders, but also employees, customers, suppliers and the communities in which the Group operates. The Board is satisfied that the size and composition of the Board has fulfilled its requirement adequately.

In line with best practices on Corporate Governance, the Board has identified and appointed Dato' Zainal Abidin Bin Putih with effect from 1 October 2010 as the new Senior Independent Non-Executive Director replacing Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng who resigned with effect from 15 September 2010. The Senior Independent Non-Executive Director is also expected to promote high standards of Corporate Governance and ensure that the Company's obligations to shareholders are understood and met.

Accountability is part and parcel of governance in TNB – whilst the Board is accountable to the shareholders, the Management is accountable to the Board. The Board ensures that the Management acts in the best interests of the Company and its shareholders by working to enhance the Company's performance.

There is a clear division of responsibilities between the Board and the Management. The President/Chief Executive Officer supported by his team of Management through Committees namely the Group Executive Council Committee, Group Executive Management Committee, Group Management Tender Committee, Energy Supply Committee, Group Risk Management Committee and Fuel Procurement Executive Committee. These Committees are responsible for the implementation of Board resolutions, overall responsibilities over the day-to-day operations of the Group's business and operational efficiency.

Operation of the Board

In accordance with Article 146 of the Company's Articles of Association, the Board delegates certain responsibilities to five (5) Board Committees. All committees have written terms of reference and the Board receives reports on their proceedings and deliberations. Where committees have no authority to make decisions on matters reserved for the Board, recommendations are highlighted in their respective reports for the Board's deliberation and endorsement. The Chairman of the respective Committees will report the outcome of the Committee meetings to the Board and relevant decisions are incorporated into the minutes of the Board of Directors meeting'.

A diagram outlining the main Committees involved in the decision-making process is set out below:-

BOARD OF DIRECTORS

Board Committees	Management Committees
Board Audit Committee	Group Executive Council Committee
Board Tender Committee	Group Executive Management Committee
Board Finance & Investment Committee	Group Management Tender Committee
Board Nomination & Remuneration Committee	Group Risk Management Committee
Board Disciplinary Committee	Energy Supply Committee
	Fuel Procurement Executive Committee

The salient terms of reference of the Board Committees are as follows:-

Board Audit Committee (BAC)

The BAC had a total of fifteen (15) meetings during the Financial Year and the attendance record is as follows:-

Directors	Meeting Attendance
Dato' Zainal Abidin Bin Putih *(Appointed as Chairman w.e.f. 1 October 2010)*	15/15
Dato' Mohammad Zainal Bin Shaari	10/15
Tan Sri Dato' Hari Narayanan a/l Govindasamy	15/15
Dato' Abd Manaf Bin Hashim *(Appointed w.e.f. 1 February 2010)*	10/10
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *(Resigned w.e.f. 15 September 2010)*	15/15
*Suria Binti Ab Rahman *(Alternate Director to Dato' Mohammad Zainal Bin Shaari)* *(Appointed w.e.f. 30 November 2009)*	2/2

* As Invitee when the Principal Director was unable to attend the meeting.

Principal Duties and Responsibilities

- The terms of reference of the Board Audit Committee are detailed out under the Audit Committee Report.

Board Tender Committee (BTC)

The BTC had a total of ten (10) meetings during the Financial Year. The attendance by the members is as follows:-

Directors	Meeting Attendance
Dato' Puteh Rukiah Binti Abd Majid	10/10
Dato' Mohammad Zainal Bin Shaari	8/10
Dato' Fuad Bin Jaafar	10/10
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *(Resigned w.e.f. 15 September 2010)*	10/10
Suria Binti Ab Rahman *(Alternate Director to Dato' Mohammad Zainal Bin Shaari)* *(Appointed w.e.f. 30 November 2009)*	1/1

Principal Duties and Responsibilities

- To ensure implementation and compliance with the TNB Procurement Policy and Procedures and to make the necessary recommendations (if any) to the Board. The Committee shall ensure TNB practices Best Value with integrity and accountability;
- To ensure TNB complies with the applicable laws, regulations, rules and guidelines to achieve Best Business Practices in its procurement of equipment, materials, works or services;

The Chief Procurement Officer or his representative attended all the BTC meetings upon invitation to brief the BTC on specific issues as and when required.

Board Nomination and Remuneration Committee (BNRC)

The BNRC had a total of three (3) meetings during the Financial Year. The attendance by the members is as follows:-

Directors	Meeting Attendance
Tan Sri Leo Moggie	3/3
Dato' Mohammad Zainal Bin Shaari	3/3
Tan Sri Dato' Hari Narayanan a/l Govindasamy	3/3
Dato' Fuad Bin Jaafar	3/3
Tan Sri Dato' Seri Siti Norma Binti Yaakob	3/3

Principal Duties and Responsibilities

- To identify and recommend new nominees to the Board and its subsidiaries as well as the Board Committees;
- To assist the Board in reviewing the Board's required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board;

- To implement the process formulated by the Board designed to assess the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director;
- To determine the remuneration packages of Executive Directors which shall be a decision of the Board as a whole.

Board Finance and Investment Committee (BFIC)

The BFIC had a total of three (3) meetings during the Financial Year. The attendance by the members is as follows:-

Directors	Meeting Attendance
Tan Sri Leo Moggie	3/3
Dato' Mohammad Zainal Bin Shaari	2/3
Dato' Zainal Abidin Bin Putih	2/3
Tan Sri Dato' Seri Siti Norma Binti Yaakob	3/3

Principal Duties and Responsibilities
To establish a framework of policies from which the Committee shall make its recommendation to the Board in relation to the management of the Company's financial and investment activities and reviewing budget for the Group.

Board Disciplinary Committee (BDC)

The BDC had a total of one (1) meeting during the Financial Year. The attendance by the members is as follows:-

Directors	Meeting Attendance
Tan Sri Dato' Seri Siti Norma Binti Yaakob	1/1
Dato' Puteh Rukiah Binti Abd Majid	1/1
Dato' Fuad Bin Jaafar	1/1
Dato' Abd Manaf Bin Hashim	1/1

Principal Duties and Responsibilities
- To manage the disciplinary issues and actions with regards to any employee's misconduct except for the hearing of appeal from executives of grade M15 and above or equivalent grade with regards to disciplinary cases of which the power lies with the Board;
- To report to the Board on updates of any disciplinary cases concluded from time to time;
- To establish new disciplinary procedures or amending the existing procedure whenever applicable subject to the Board's approval;
- The Board Disciplinary Committee meets as and when required.

The Board Meetings

All Directors have complied with requirement that Directors must attend at least 50% of Board meetings held in the Financial Year in accordance with the Listing Requirements.

Dates for the Board meetings are scheduled in advance at the end of the previous financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules. Apart from the regular scheduled meetings, additional meetings are convened as and when necessary to deliberate and approve ad hoc, urgent and important issues. During the Financial Year which ended on 31 August 2010, a total of 12 Board meetings were held.

A Pre-Board Meeting is a casual or informal session between the Chairman and the President/Chief Executive Officer together with other Senior Management which is scheduled before a Board Meeting is held. The Management uses this opportunity to brief the Chairman on strategic issues for discussion for views and input before the coming Board meeting.

To ensure effectiveness of Board meetings, the meeting agenda is structured to address priority strategic issues aligned with the Company's vision and mission; papers relating to the agenda are circulated to all Directors prior to each Board meeting. These papers include progress reports on operations, quarterly results of the Group and the Company, financial, material litigations and corporate proposals or collaboration agreements, transactions which are material or strategic in nature, regulatory matters with substantial impact on the business and minutes of the Board Committees.

The Directors are given sufficient time to enable them to peruse matters that will be tabled at the Board meetings, participate in the deliberations of issues to be raised and to make informed decisions via quality and in-depth discussions.

Senior Management are invited to attend Board meetings to furnish additional details or clarifications on matters tabled for the Board's consideration. Independent Advisers and professionals appointed by the Company in relation to corporate exercise may also be invited to attend the Board meetings to provide explanations or clarifications and advice to the Directors.

All Directors have unrestricted access to all information within the Company in furtherance of their duties. In addition, all Directors have access to the advice of the Company Secretary and where necessary, in furtherance of their duties, take independent professional advice at the Group's expense.

It has been also the practice by the Board members who are absent in any of the meetings to provide their views on the issues for consideration and deliberation.

In conjunction with the scheduled meetings or on separate occasions, the Directors also visit locations of operating units, sites of new projects and other operation sites to allow them to have better assessments of the operational progress, status of developments and any important issues to be addressed on new proposals.

All Board decisions are properly minuted. Minutes of each Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation as being correct records of Board proceedings. Minutes and resolutions passed at each Board and Board Committees Meetings are kept in the statutory register at the registered office of the Company.

Attendance Details of Board Members

Directors	Meeting Attendance
Tan Sri Leo Moggie (Chairman)	12/12
Dato' Sri Che Khalib Bin Mohamad Noh	11/12
Dato' Puteh Rukiah Binti Abd Majid	11/12
Dato' Mohammad Zainal Bin Shaari	9/12
Dato' Zainal Abidin Bin Putih	11/12
Tan Sri Dato' Hari Narayanan a/l Govindasamy	11/12
Dato' Fuad Bin Jaafar	12/12
Tan Sri Dato' Seri Siti Norma Binti Yaakob	10/12
Dato' Abd Manaf Bin Hashim *(Appointed w.e.f. 1 February 2010)*	7/7
Dato' Ir. Azman Bin Mohd *(Appointed w.e.f. 15 April 2010)*	4/5
Chung Hon Cheong *(Appointed w.e.f. 1 October 2010)*	N/A
Suria Binti Ab Rahman *(Alternate Director to Dato' Mohammad Zainal Bin Shaari)* *(Appointed w.e.f. 30 November 2009)*	1/1
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *(Resigned w.e.f. 15 September 2010)*	12/12

Supply of Information to the Board

The Board and its Committees have full and unrestricted access to all information within TNB pertaining to the Group's business and affairs.

Information provided to the Board goes beyond the quantitative performance data as it includes qualitative performances for the Directors to obtain a holistic view on the issues deliberated. All Directors are entitled to call for additional clarification and information to be furnished to them for the purpose of assisting them in their decision making. In addition, in arriving at any decision recommended by the Management, a thorough deliberation and discussion by the Board is a prerequisite.

The Board is also notified of any disclosures/ announcements made to Bursa Malaysia Securities Berhad and updated by the Company Secretary on new statutory and regulatory requirements concerning their duties and responsibilities as and when necessary.

Board Effectiveness

The present composition, size, modus operandi, strength of relationship with the Management and functional Board Committees contribute towards Board effectiveness. This is also in line with the principles and best practices of the Malaysian Code of Corporate Governance (revised 2007). Apart from the convening of Board Meetings on a regular basis, deliberations and discussions at Board Meetings are conducted in a comprehensive and in-depth manner before arriving at any decision, as recommended by the Management.

In addition to the monthly Board meeting, the Board and Management sit in an interactive sessions internally known as the Board and Management Breakouts (BBO); one such session was held on 9 November 2009 while another is to be held on 22 November 2010. The BBO is a useful platform to deliberate, exchange views and share opinions between Board and Management to formulate strategic plans and to chart the direction of the Company.

Once in every two (2) years, the BAC Breakout session was conducted as a platform for open communication and positive interaction to ensure that follow-up actions have been taken to address audit findings and recommendations. The BAC Breakout was held on 19 July 2010.

Board Performance Evaluation

The effectiveness of the Board is vital to the success of the Group. The availability of the structured format for Board Members evaluation assists the members in discharging their duties effectively and efficiently.

The Board, through its Nomination and Remuneration Committee, undertakes an evaluation each year to assess performance of the Board and its Committees as a whole. The evaluation covers the Board's composition, skills mix, experience, communication, roles and responsibilities, effectiveness as well as conduct. All Directors complete a questionnaire regarding the Board and Committees' processes, their effectiveness and where improvements may be considered. The areas of assessment cover transactional and operational efficiency which include Board and Board Committees' minutes of meeting, papers and meeting arrangements, training and knowledge management as well as advisory on matters concerning Directors' Duties such as disclosure of interest and prohibition against insider trading. The Company Secretary reports the outcome of the evaluation exercise to the Nomination and Remuneration Committee and then to the Board for review.

Following the performance evaluation process for 2009 which was conducted in October – November 2009, the Directors have concluded that the Board and its Committees have been operating effectively. Additionally, the Chairman has concluded that each Director had made an effective contribution to the Board. Each Director is well prepared, has good understanding of the Group's business hence their commitment remains strong.

Board Balance and Independence

The requirement of The Code for a board balance is fulfilled with Independent Directors forming more than one third of the Board.

The current Board consists of six (6) Independent Non-Executive Directors who are independent of Management and free from any business relationships that could materially interfere with the exercise of their independent judgement. They are Tan Sri Dato' Hari Narayanan a/l Govindasamy, Dato' Zainal Abidin Bin Putih, Dato' Fuad Bin Jaafar, Tan Sri Dato' Seri Siti Norma Binti Yaakob, Dato' Abdul Manaf Bin Hashim and Chung Hon Cheong. The presence of Independent Directors assures an additional element of balance to the Board as they provide unbiased and independent views, advice and judgement to all Board deliberations.

Re-election

In accordance with the Listing Requirements and pursuant to Article 135 of the Company's Articles of Association, all Directors are subject to re-election by rotation once at each Annual General Meeting where one-third of the longest serving Directors shall retire and if eligible, may offer themselves for re-election. Executive Directors also rank for re-election by rotation. The Nomination and Remuneration Committee is also responsible for making recommendations to the Board on the appointment of new Director to the Company and its subsidiaries.

The re-election of Directors ensures that shareholders have a regular opportunity to reassess the composition of the Board. Particulars of Directors standing for re-election have been provided to shareholders in the statement accompanying the notice of TNB's 20th Annual General Meeting scheduled to be held on 15 December 2010.

Pursuant to Section 129(2) of the Companies Act 1965, a Director who is over 70 years of age must retire at the Annual General Meeting of the Company, and may be reappointed by shareholders with not less than a three-forth majority. At the coming 20th Annual General Meeting, Tan Sri Dato' Seri Siti Norma Binti Yaakob, has offered herself for reappointment in accordance with Section 129(6) of the Companies Act 1965 to hold office until the conclusion of the next Annual General Meeting of the Company.

BOARD PROFESSIONALISM

Directorships in Other Companies

Pursuant to the Listing Requirements, each member of the Board holds less than ten (10) directorships in public listed companies and less than fifteen (15) directorships in non-public listed companies. This is to ensure that their commitment, resources and time are more focused to enable them to discharge their duties effectively.

Conflict of Interest

In line with various statutory requirements on the disclosure of director's interest, it has been the practice of TNB that members of the Board would make a declaration to that effect at the Board meeting in the event they have interest in proposals being considered by the Board, including where such interest arose through close family members and other connected parties. Any interested Directors would abstain from deliberations and decisions of the Board on the subject proposal and where appropriate, excuse themselves from being present in the deliberations.

Trading On Insider Information

TNB's Director and Principal Officers are not allowed to trade in securities or any kind of property based on price sensitive information and knowledge which has not been publicly announced. Notices on the close period for trading in company's shares are sent to Directors and Principal Officers on a quarterly basis specifying the timeframe during which the Directors and the Principal Officers are also prompted not to deal in the Company's share at the point when price sensitive information is shared with them.

Directors' Insurance

The Company has in place a liabilities insurance policy for Directors in respect of liabilities arising from holding office in the Company. The policy covers personal liability of Directors in the form of professional indemnity insurance against any breach of trust, breach of duty, act, neglect, error, omission, misstatement, misleading statements, breach of warranty or authority committed in the respective capacities as Directors. Even though the Directors contribute a part of the premium paid for the insurance policy annually, such policy does not provide coverage in the event the Directors are proven to have acted fraudulently, dishonestly or maliciously.

Continuing Board Development

In compliance with the Listing Requirements, the Directors are mindful that they shall receive an appropriate training which may required from time to time to keep them abreast with the current developments in the industry as well as the new statutory and regulatory requirement.

During the Financial Year, the Board have attended relevant development and training programmes either attended by the Directors according to their individual needs or as arranged by Company Secretary to enhance their ability on discharging their duties and responsibilities more effectively.

A Board Development Programme was organised internally on 30 September 2010 whereby Senator Dato' Sri Idris Jala presented on Economic Transformation Plan.

On an annual basis, technical visits of the Directors are arranged by the Company to provide the Directors with knowledge and insights of the utility/electricity business around the world. For the year under review, two (2) technical visits to Europe and United States of America to ABB Factory, CESI at Milan, Concentrated Solar Power Station (Solucar Platform) at Seville, Pump Storage Power Station at Alquera and Drax Power Station at London, Southern California Electricity Company, US Nuclear Regulatory Commission, Consultants (CH2M Hill & WorleyParsons), NGO's (NEI & Climate Institute), Exelon (IPP and Power & Gas Utility), Vendors – GE Hitachi Nuclear Energy and Westinghouse and US Department of Energy.

The Company Secretary facilitates in coordinating internal and external training programmes for the Directors as well as keeping a complete record of the training attended by the Directors.

Directors' Remuneration Procedure

The Executive Directors' remuneration comprises basic salary and allowances including other customary benefits made available to the Group. Any salary review takes into account market rates and the performance of the individual and the Group. For the Executive Director, the component parts of remuneration are structured so as to link short and long-term rewards to corporate and individual performance. A significant portion of the Executive Director's compensation package has been made variable in nature to be determined by performance during the year against the individual Key Performance Indicators in a scorecard aligned with the corporate objectives, and approved by the Board.

The remuneration package of Non-Executive Directors comprises of the following elements:-

i) **Fees**
The Directors are paid fixed monthly fees and monthly allowances for each Board and Board Committee meeting attended during the year. Such fees are tabled to the shareholders of the Company for approval.

ii) **Benefits-in-kind**
Other benefits in the form of coverage on electricity bills and reimbursement are made available as appropriate.

Details of remuneration of each Director of the Company, categorised into appropriate components for the Financial Year end 31 August 2010, are as follows:-

Name of Directors	(i) Salary & (ii) Contribution to EPF (RM)	Director's Fee Company (RM)	Director's Fee Subsidiary (RM)	Meeting Allowance Company (RM)	Meeting Allowance Subsidiary (RM)	Bonus (RM)	Benefits in Kind (i) Car Allowance & (ii) Special Allowance (RM)	Benefits in Kind Electricity (RM)	Benefits in Kind Others (RM)	Total (RM)
Executive Directors										
*Dato' Sri Che Khalib Bin Mohamad Noh	(i) 1,200,000.00 (ii) 236,964.00					302,500.00	(i) 60,000.00 (ii) 7,200.00			1,806,664.00
	1,436,964.00						**67,200.00**			
Dato' Ir. Azman Bin Mohd *(appointed w.e.f. 15 April 2010)*	(i) 457,440.00 (ii) 77,801.00					171,143.22	(i) 48,000.00 (ii) 936.00			755,320.22
	535,241.00						**48,936.00**			
Non-Executive Directors										
Tan Sri Leo Moggie	–	120,000.00	108,000.00	25,500.00	34,500.00	–	–	6,343.00	19,448.15	313,791.15
Dato' Puteh Rukiah Binti Abd Majid	–	60,000.00	–	21,850.00	–	–	–	–	4,745.00	86,595.00
Dato' Mohammad Zainal Bin Shaari	–	**60,000.00	–	**29,550.00	–	–	–	29,524.15	14,982.80	134,056.95
Dato' Zainal Abidin Bin Putih	–	60,000.00	–	27,300.00	–	–	–	18,205.75	9,920.00	115,425.75
Tan Sri Dato' Hari Narayanan a/l Govindasamy	–	60,000.00	12,000.00	28,150.00	3,400.00	–	–	24,625.65	5,110.00	133,285.65
Dato' Fuad Bin Jaafar	–	60,000.00	24,000.00	25,750.00	9,350.00	–	–	8,673.75	7,970.00	135,743.75
Tan Sri Dato' Seri Siti Norma Binti Yaakob	–	60,000.00	–	18,950.00	–	–	–	7,628.45	19,663.40	106,241.85
Dato' Abd Manaf Bin Hashim *(appointed w.e.f. 1 February 2010)*	–	35,000.00	–	16,350.00	–	–	–	–	6,300.00	57,650.00
Suria Binti Ab Rahman – Alternate Director to Dato' Mohammad Zainal Bin Shaari *(appointed w.e.f. 30 November 2009)*	–	–	** 4,400	–	–	–	–	–	–	4,400.00
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *(resigned w.e.f. 15 September 2010)*	–	60,000.00	–	37,500.00	–	–	–	544.95	10,000.00	108,044.95
Total	**1,972,205.00**	**575,000.00**	**144,000.00**	**235,300.00**	**47,250.00**	**473,643.22**	**116,136.00**	**95,545.70**	**98,139.35**	**3,757,219.27**

** During Financial Year 2009/2010, Dato' Sri Che Khalib also received RM400,000.00 and RM600,000.00 in respect of arrears for new salary and Special Ex-Gratia which was approved by MOF and TNB Board of Directors*

*** Inclusive of RM60,000.00 and RM33,950.00 paid to Khazanah Nasional Berhad, in respect of Directors Fee and Meeting Allowance provided for Dato' Mohammad Zainal Bin Shaari and Puan Suria Binti Ab Rahman*

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

Company Secretary

Promoting and sustaining Corporate Governance practices within the Company is a collective responsibility of the Company Secretary. She is responsible to advise the Board on issues relating to Corporate Compliance with Board and Management on relevant laws, rules, procedures and regulation affecting the Board and the Group, as well as best practices of governance.

The Company Secretary provides the Board as a whole and Directors individually with necessary support and detailed guidance as to how their responsibilities should be discharged in the best interest of the Company. To help the board discharge its duties, the Company Secretary needs to make sure that board is furnished with adequate and relevant information on a timely basis. The Company Secretary also briefs the Board on the proposed contents and timing of material announcements to be made to Bursa Malaysia Securities Berhad. The duties of Company Secretary also include amongst others, the following:-

- attending Board and Board Committee meetings and ensuring that the proceedings of Board and Board Committee meetings and decisions made thereof, are accurately and sufficiently recorded;
- ensuring that minutes of meetings are properly kept for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements and other regulatory requirements;
- communicating the decisions of the Board for Senior Management's attention and further action;
- ensuring all appointments and re-appointments of Directors are in accordance with the relevant legislations;
- handling Company share transactions, such as issuance of new shares and arranging for the payment of dividends;
- advising Directors on regulatory compliance issues relevant to Directors' duties;
- managing the necessary preparation and arrangements for general meetings to ensure smooth proceedings and adherence to regulations.

(B) SHAREHOLDERS

TNB is committed to maintain a constructive relationship with its shareholders, pursuing its on-going commitment to sustain the highest standards of corporate governance practices throughout the Group with full appreciation of its impact on long-term corporate performance and optimal shareholder value.

Relations Between the Company and Investors

The Board and Management of TNB recognise the importance of transparency and accountability to its shareholders and investors, hence its pursuit of the highest standards of corporate governance practices throughout the Group.

In this regard, TNB has developed and maintains an Investor Relations Policy to ensure a high level of quality and service is achieved when information is provided to investors and stakeholders.

Whilst various channels of communication are optimised to provide shareholders and investors with a balanced and comprehensive view of the Group's performance and the issues faced by the Group in light of the challenging environment, the role of investor relations is entrenched as the communication platform between the Group and the investor at large. In this regard, the Investor Relations & Management Reporting Department, a dedicated department under the Finance Division has been entrusted with the responsibility of coordinating and responding to all queries and information raised by shareholders, research analysts and investors. An equal level of importance is placed on the need for investor relations to channel the views of the investment community back to the Management and the Board.

The Annual Investor Relations Programme serves to provide the Management with opportunities and the platform to interact with investors, analysts as well as the media. The events and activities scheduled in the Programme include:-

- quarterly results announcement
- analyst briefing/conference call
- full year result announcement
- preparation and release of Annual Report
- Annual General Meeting
- site visits
- domestic/international road shows
- major international broker conferences

During the year under review, the Company, represented by its Senior Management, had participated in various local and international events which include:

- Seven (7) conferences and forums organised by research houses:-

  1) Morgan Stanley – Asia Pacific Summit – Singapore
  2) Deutsche Bank – Corporate Access Day – Singapore
  3) Daiwa – Investment Conference – Tokyo
  4) Bursa/Maybank IB – Invest Malaysia – Kuala Lumpur
  5) Deutsche Bank – Access Asia Conference – Singapore
  6) Macquarie – Asia Pacific Power, Energy & Coal Conference – Hong Kong
  7) Nomura – Non-Deal Road show – Hong Kong

- **Announcement of quarterly financial results** to the financial community and the media. During these events, teleconferencing facilities are arranged to enable the investment communities at major financial centers worldwide to listen as well as to participate in the briefings. On average, some 88 participants from the financial community and the media attended or took part in the teleconferencing during the quarterly presentations in the Financial Year.

  The quarterly financial results and analysts' presentation materials are also made available on the Company's website to enable broader access to Company information by investors and other stakeholders.

  In addition to the Company's website, investors can contact the Company at any time by email or other correspondence. A designated Company Officers at Investor Relations & Management Reporting Department are also available to provide information to shareholders upon request.

- **Participation in the Invest Malaysia Annual International Investors' Conference** organised by Bursa Malaysia and aimed at bringing Malaysian corporates and institutional investors both local and international, at a mutually beneficial forum.

- **One on-one and group meetings** with equity and fixed income investors and analysts. Recovering from the global economic slowdown, FY2010 provided opportunities for TNB to aggressively reach out to local and foreign fund managers on the back of a stronger economy and attractive valuations. This was done through regular meetings with the financial community, which help enhance investors' understanding and perception of the Group, as well as regain their confidence in the company's commitment to its shareholders.

- **In-house meetings.** Aside from the conferences and meetings attended outside of TNB premises, Management and IR frequently played host to local and international fund managers and investors who have requested for meetings at TNB offices. During the year under review, TNB held approximately 67 of such meetings (excluding Quarterly announcement of financial results).

In the Financial Year, TNB had approximately 147 meetings with equity research analysts, fund managers and investors who had requested to meet up with company officials (including investors that were seen at conferences and road shows).

Constructive Use of the Annual General Meeting

The Annual General Meeting (AGM) is a vital platform for direct two way interaction between the shareholders, Board and Senior Management of the Group. The AGM provides an open forum at which shareholders and investors are informed of current developments.

At the AGM, the Board provides shareholders with an opportunity to ask questions on the progress and performance of the Company without limiting the time and types of questions asked. The Company supports The Code's principles to encourage participation by shareholders. The turnout of shareholders at AGM has always been high where a total of 2447 registered shareholders and 1736 proxies attended the last AGM held on 15 December 2009. The Chairman provides sufficient time for shareholders questions on matters pertaining to the Company's performance and responds to the shareholders with regard to their concerns and questions raised.

At the AGM, shareholders can exercise their voting rights in strict compliance with the laws and procedures of general meetings. Separate resolutions are proposed for separate motions and the Chairman declares the outcome of each resolution after it is proposed and seconded by the shareholders. Each item of ordinary and special business in the notice of the general meeting is accompanied by a full explanation of the effects of the proposed resolution.

A press conference is held immediately after AGM where the Chairman, President/Chief Executive Officer, Chief Financial Officer and Senior Management members are present to clarify and explain issues raised by the media. An announcement on the resolutions passed at the AGM is made to Bursa Malaysia Securities Berhad. The minutes of the AGM is kept by Company Secretary Office for future reference.

Continuing Disclosure of Material Information

The Board is fully committed to provide and present a true and fair view of the financial performances and future prospects of the Company. This is provided through the quarterly and annual financial statements as well as the Annual Report.

The Board also recognises the need to fully disclose to shareholders all major developments in relation to the Group on a timely basis. In addition to the mandatory disclosures requirement by Bursa Malaysia as well as other corporate disclosures, the Company also maintains a website – www.tnb.com.my – for access by the public and shareholders.

While the Company endeavors to provide sufficient information to its shareholders and stakeholders, it must also be wary of the legal and regulatory framework governing the release of material and price-sensitive information. All corporate disclosures take into account the prevailing legislative restrictions and requirements as well as the investors' need for timely release of price-sensitive information such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events.

In all circumstances, the Group is cautious not to provide undisclosed material information about the Group and continuously stresses on the importance of timely and equal dissemination of information to shareholders and stakeholders.

Confidentiality of Information

In the event of briefings or presentations conducted on any information regarded as undisclosed material information about the Company and its operations, the Company ensures that the strictest confidentiality is maintained.

(C) ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statement and quarterly announcements to shareholders, the Directors aim to present a balanced and candid assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators. Timely release of announcements reflects the Board's commitment to provide up-to-date and transparent information on the Group's performance.

In the preparation of the financial statements, the Directors consider compliance with all applicable Financial Reporting Standards and provisions of the Companies Act 1965. The Board is assisted by the Audit Committee who reviews both annual financial statements and the quarterly announcements to ensure reports reflect a true and fair view of the state of affairs of the Group and Company.

Relationship with the Auditors

The Group's internal audit function is performed in-house by the Group Internal Audit Department which audits the internal control practices and reports significant findings to the Board Audit Committee with recommended corrective actions. Management is responsible to ensure that corrective actions on reported weaknesses are undertaken within an appropriate time frame.

The Board Audit Committee has met with the external auditors in relation to the audit of the annual financial statements without the presence of the Executive Directors and Management twice (26 October 2009 and 20 April 2010) in respect of the Financial Year under review. A report by the Board Audit Committee is provided on pages 228 to 230 and its Terms of Reference is provided on pages 233 to 237.

Internal Control

The Directors acknowledge their responsibility to maintain a sound system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent review by the internal and external auditors.

RESPONSIBILITY STATEMENT IN RESPECT OF THE FINANCIAL YEAR UNDER REVIEW

(Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements Bursa Malaysia Securities Berhad)

The Board is fully accountable to ensure that the financial statements are prepared in accordance with the Companies Act 1965 and the applicable approved accounting standards set by Malaysian Accounting Standards Board so as to present a true and fair view, balanced and understandable assessment of the Group's financial position and prospects. In this Annual Report, an assessment is provided in the Directors' Report of the Audited Financial Statements.

The Board Audit Committee reviews the statutory compliance and scrutinises the financial aspects of the Audited Financial Statements prior to full deliberation at the Board level.

ADDITIONAL COMPLIANCE STATEMENT

Apart from providing the shareholders and the stakeholders with an overview of the state of corporate governance in the Company, TNB is also pleased to disclose the following information:-

(1) Utilisation of Proceeds Raised from Any Corporate Proposal

There were no proceeds raised from any Corporate Proposal in the Financial Year ended 31 August 2010.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

(2) Share Buy-Back for the Financial Year

There was no share buy-back exercise carried out by the Company for the Financial Year ended 31 August 2010.

(3) Options, Warrants or Convertible Securities Exercised

During the financial year, 15,665,000 new ordinary shares of RM1.00 each were issued by the Company comprising:-

15,665,000 ordinary shares of RM1.00 each in TNB pursuant to the Employees' Share Option Scheme II ('ESOS II') at exercise prices of RM6.71, RM6.99, RM7.42, RM7.33, RM6.33, RM5.57, RM6.35 and RM7.18 per share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

The Company has been granted an exemption by the Companies Commission of Malaysia via a letter dated 27 September 2010 from having to disclose in this Report the name of the persons to whom options have been granted during the Financial Year and details of their holdings pursuant to Section 169 (11) of the Companies Act, 1965 except for information on employees who were granted options representing 450,000 ordinary shares and above. None of the Company's and Group's employees were granted option representing 450,000 ordinary shares and above under ESOS II during the Financial Year.

(4) American Depository Receipts ("ADR")

In January 1994, TNB launched its Level 1 American Depository Receipts (ADR) in New York, the United States of America. Each ADR carries an equivalent of four underlying TNB shares. The only custodian bank for TNB's ADR programme is Malayan Banking Berhad. The Bank of New York in the USA is the Depository bank and the ADRs are traded over the counter. As at 31 August 2010, the total number of ordinary shares held through these ADRs were 3,559,305 which represented less than five per cent of the total issued and paid-up capital of the 4,352,719,795 shares of TNB.

(5) Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the Financial Year ended 31 August 2010.

(6) Non Audit Fees

Apart from the annual audit fees, the Group had paid non audit fees to the external auditors. The amounts paid for the Financial Year ended 31 August 2010 are as follows:-

No.	Division/Subsidiary	Nature of Non-Audit Fees to Auditors	RM'000
1.	Sabah Electricity Sdn. Bhd.	Review Of Cash Flows	330
2.	Group Internal Audit	*Management And Engineering Audit	1,700
3.	TNB Repair Maintenance Sdn. Bhd.	Agreed Upon Procedure	8
4.	Tenaga Nasional Berhad	Tax Consultation	70
		TOTAL	**2,108**

** Relates to work commissioned by the Energy Commission and Tenaga Nasional Berhad on the Management and Engineering Audit of the Group, undertaken by a consortium consisting of PwC Malaysia and an international engineering and consulting firm. RM1.7 million reimbursed by the Group relates to portion earned by PwC Malaysia.*

(7) Variation in Results

The Company did not issue any profit forecast for the Financial Year ended 31 August 2010. As such, no commentary is made on variation in results.

(8) Profit Guarantee

The Company did not issue any profit guarantee for the Financial Year ended 31 August 2010.

(9) Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors and major shareholders' interest, either subsisting as at 31 August 2010 or entered into since the end of the previous Financial Year ended 31 August 2009.

(10) Revaluation Policy

The revaluation policy of the Company in relation to its landed properties is set out in Note 2(g) of the Notes to the Financial Statements set out on pages 263 to 264 of this Annual Report.

(11) Related Party Transactions

To ensure that the Company meets its obligations under the Listing Requirements and its obligations in connection with related party transactions, an internal compliance framework was established. Directors who have any interest in transactions with the Company and Group will abstain themselves from deliberation and voting on the relevant resolutions at the Board or any general meetings. All related party transactions are reviewed by the Board Audit Committee annually.

A list of the significant related party disclosures between the Company and it subsidiaries, and between the Group and other related parties including relevant key management personnel for FY2010 is set out on pages 335 to 337 of the Annual Report. The Directors are of the opinion that the transactions in the Note 41 have been established in terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA MALAYSIA IN RELATION TO APPLICATION OF PRINCIPLES AND ADOPTION OF BEST PRACTICES LAID DOWN IN THE MALAYSIAN CODE OF CORPORATE GOVERNANCE

(Pursuant to paragraph 15.25 of the Main Market Listing Requirements Bursa Malaysia Securities Berhad)

The Board is pleased to report to shareholders that the Company has applied the principles of corporate governance and is in compliance with Part 1 of the Code. Further to that, the Board remains committed to attain the highest possible standard of corporate governance through continuous adoption of best practices as recommended in Part 2 of the Code.

Signed on behalf of the Board of Directors in accordance with their resolution dated 2 November 2010.

DATO' ZAINAL ABIDIN BIN PUTIH
Senior Independent Non-Executive Director

ENTERPRISE WIDE RISK MANAGEMENT (EWRM)

AS THE YEAR 2009/2010 IS A MILESTONE FOR THE FIRST DESTINATION OF TNB'S 20-YEAR STRATEGIC PLAN WITH THE PRIMARY FOCUS ON "SERVICE EXCELLENCE", STRUCTURED, EFFECTIVE AND CONSISTENT ENTERPRISE WIDE RISK MANAGEMENT (EWRM) IS ESSENTIAL TO THE SUCCESSFUL IMPLEMENTATION OF VARIOUS KEY INITIATIVES. THE EWRM FRAMEWORK, IN PLACE SINCE 2003, ALLOWS THE PRIORITISING OF STRATEGIC AND OPERATIONAL RISKS THROUGHOUT THE GROUP, AS WELL AS TO ENABLE THE DEVELOPMENT OF AN EFFECTIVE INTERNAL COMPLIANCE AND REVIEW PLAN. THE EWRM FRAMEWORK PROVIDES FOR A COMPLETE RISK MANAGEMENT CYCLE INCORPORATING THE ASSESSMENT, REPORTING, TREATMENT, MONITORING AND REVIEW OF THE BUSINESS RISKS WITHIN THE GROUP.

RISK ASSESSMENT & REPORTING

EWRM Department had conducted more than 70 risk awareness and review sessions for TNB's operating divisions/departments together with the appointed Risk Managers and Risk Coordinators. The exercise is to identify and review risk management implementation issues (if any), changes made to the operating risks as well as to ensure that all risk profiles continue to be aligned with TNB's business strategies and objectives.

Half-yearly risk assessment reports from all divisions are submitted to the EWRM Department for analysis and subsequently forwarded to the relevant risk management committees for deliberation.

In addition, a risk competency survey was conducted to assess the understanding and awareness of the Risk Managers, Risk Coordinators and Risk Owners with regards to the principles and application of risk management in their respective scope of work. The survey results showed that the respondents have a high level of awareness and understanding of the principles of risk management.

RISK COMMUNICATION

Risk communication, focusing on the dissemination of risk information at all levels, forms an integral part of risk management activities in TNB.

Two Risk Management Forums were organised as a platform to communicate risk information to the appointed Risk Managers, Risk Coordinators and senior management across TNB Group. Topics that were discussed were governance and risk management in Malaysia by an external speaker from Khazanah Nasional, emerging risks in view of the second destination in TNB's 20-year strategic plan and risks, challenges and issues involved in nuclear power production.

Risk communication is also channeled through the internal Group Finance website and publications in TNB's Tenagawan magazine.

In addition, regular risk management trainings are carried out throughout the year by TNB's training subsidiary company, ILSAS, to improve the risk management skills of newly appointed Risk Managers, Risk Coordinators and Risk Owners or as refresher courses for those already appointed.

TNB RISK INFORMATION SYSTEM

The on-line TNB Risk Information System (TRIS) is an in-house system developed with collaboration from the ICT Division for the purpose of complementing the establishment and implementation of the EWRM process. In order to ensure the smooth running of the system, TRIS Helpdesk services are managed by dedicated TRIS administrators.

In the year under review, significant enhancements to the system was developed and implemented as continuous improvement and to meet the needs of the users. Comprehensive training was given to Risk Managers and Risk Coordinators to ensure that TNB employees are able to effectively use the enhanced TRIS in managing and monitoring their respective risks.

RISK MANAGEMENT COMPLIANCE & REVIEW

Risk management compliance and review is a new responsibility in EWRM Department and it seeks to provide assurance to the operating divisions in TNB of its internal control systems to manage risks across the Group. It also offers independent challenge to the divisions to ensure that the principles and requirements of managing risks are consistently adopted. In the year under review, four divisions were reviewed. These compliance and review exercises are an on-going initiative in the implementation of risk management throughout the Group.

CORPORATE EMERGENCY RESPONSE PLAN (CERP)

TNB had developed a Corporate Emergency Response Plan (CERP) to provide a coordinated and prompt response to an emergency situation affecting the Group. A CERP Steering Committee, chaired by the appointed TNB Crisis Commander, consists of representatives from various divisions provides direction and guidance for the successful formulation and implementation of TNB CERP across TNB Group.

Several major CERP activities/initiatives were:

- Testing and drills were carried out in the year under review in the efforts to embed the principles of emergency response and business continuity in TNB.
- Frequent collaboration and cooperation were undertaken with various government agencies such as the National Security Council, Chief Government Security Officer and Ministry of Science, Technology and Innovation as well as the Energy Commission to ensure available and reliable electricity to essential services in the country. One such collaboration is the efforts to mitigate the threat of cyber attacks by ensuring that TNB's corporate networks and control systems are adequately and reasonably secured from the risk of it being tampered with.

WAY FORWARD

In view of TNB's strategic destination for 2010 to 2015, that is "Geographical Expansion", it is crucial that TNB continuously improve its risk management framework to ensure a strong footing in the international arena to achieve TNB's vision to be among the leading corporations in energy and related businesses globally.

STATEMENT OF INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board of Directors ("Board") is responsible for TNB's Group ("the Group") system of internal control. The system is designed to meet the Group's business objectives and safeguard shareholders' investments, the interest of customers, regulators and employees, and the Group's assets. The internal control system covers the areas of risk management, finance, operations, management information systems and compliance with the relevant laws and regulations. The system provides a reasonable but not an absolute assurance against material misstatement, loss or fraud.

The Board has established a framework for identifying, evaluating and managing the significant risks faced by the Group. The framework and risk management processes are reviewed at regular intervals by the Board and is in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

RISK MANAGEMENT

An Enterprise Wide Risk Management (EWRM) System has been approved by the Board and implemented by the Group to identify, assess, treat, report and monitor strategic and operational risks faced by the Group. The Board Audit Committee (BAC) reviews the effectiveness of the system and the reports arising from risk management activities undertaken during the year. The BAC is assisted by the Group Risk Management Committee, Chief Risk Officer, Planning Division, EWRM Department and operations staff involved in the risk management processes. Review of the EWRM systems is undertaken by EWRM together with Group Internal Audit (GIA) on the operating entities to provide assurance on the adequacy and effectiveness of the system in mitigating and controlling the risks faced by the Group. The processes in place enable the system to be refined and enhanced to meet the challenges and needs of the Group. During the year, the following initiatives were undertaken to enhance risk management processes in the Group:

- Enhanced TNB's Risk Information System (TRIS) to improve its usefulness in managing risks.
- Conducted a risk competency survey to assess the understanding and awareness of Risk Managers, Risk Coordinators and Risk Owners.
- Established a Risk Management & Compliance Unit in EWRM Department to provide assurance on the adequacy of TRIS and the completeness of information in managing and mitigating risks.

CONTROL STRUCTURES

The Board has established control structures and is committed to evaluate, enhance and maintain them to ensure effective strategic and operational controls over the Group's business operations. The following key internal control structures are in place to assist the Board to maintain a proper control environment:

Board and Management Committees

In its efforts to promote corporate governance, transparency and accountability, the Board has set up Board and Management Committees to assist them to accomplish the vision, mission, strategies and objectives set for the Group. The Committees oversee the areas assigned to them under their Terms of Reference. The Committees play an important role to direct, monitor and ensure that the plans and operations are in accordance with the Group's approved long term and short term business plans, and the policies of the Group. The Committees are:

Board Committees

- Audit Committee
- Tender Committee
- Disciplinary Committee
- Nomination & Remuneration Committee
- Finance & Investment Committee

Management Committees

- Group Executive Council Committee
- Group Executive Management Committee
- Energy Supply Committee
- Group Management Tender Committees
- Group Risk Management Committee
- Fuel Procurement Executive Committee

Organisation Structure

The Board has implemented a divisional structure for the Group. Clear lines of authority, responsibility and accountability have been established to enable the Group's vision, mission, strategies and operational objectives to be achieved. The divisional structure enhances the ability of each division to focus on their assigned core or support functions within the Group.

The Board also reviews and refines the effectiveness of the Group's organisation and control structures to enhance the Group's ability to achieve their strategic and operational objectives and manage challenges in its operating environment. In order to further enhance accountability, the reporting line for the core divisions and a subsidiary was changed, as follows:

- The Core Divisions (Generation, Transmission and Distribution) and TNB Research Sdn. Bhd. report to the Executive Director/Chief Operating Officer. This was after the creation of the Executive Director/Chief Operating Officer position.
- The Company Secretary and Legal Services Department report to the President/Chief Executive Officer.
- The Corporate Communication and Government/Regulatory Management Departments report to the Vice President Corporate Affairs Division.

Management Information Systems

The Board recognises the importance of leveraging on information and communication technology to assist in providing effective and efficient business operations, timely and accurate communication with stakeholders, and enhancing the Group's performance in the long term. The major systems used by the Group are:

- Enterprise Resource Management System (ERMS)
- eCustomer Information & Billing System (eCIBS)
- Enterprise Human Resource Management System (EHRMS)
- Supervisory Control and Data Acquisition System (SCADA)
- Remote Meter System (RMR)
- Electronic Banking Facilities
- TNB Risk Information System (TRIS)
- Electronic Document Management System (EDMS)

The Asset Register Module of the Corporate Geospatial Information System (CGIS) was rolled out on 28 April 2010. The other CGIS modules are expected to be implemented over a period of 10 years. Additionally, the Distribution Network Information Management (DNIM) will be part of the CGIS.

Group Policies and Procedures

The Board has approved policies and procedures to govern the financial and operational functions, and ethics of the Group. The objectives of the policies are to ensure that ethics, and internal control principles and mechanisms are embedded in operations. This enables the Group to respond quickly to evolving risks and immediately report on any significant control failure. The policies and procedures are also

STATEMENT OF INTERNAL CONTROL (CONT'D)

reviewed on a regular basis to ensure relevance and effectiveness. Amongst others, the policies and procedures implemented are:

- Internal Control Guidelines
- Group Financial Policies & Procedures
- Treasury Policy
- Safety & Health Policy
- Environmental Policy
- Investment Policy
- Procurement Policy & Procedures
- Anti Fraud Policy
- Disciplinary Policy & Procedures
- Information & Communication Policy & Codes of Practice
- Enterprise Wide Risk Management Policy & Guidelines
- Limits of Authority
- Code of Ethics
- Procurement Code of Conduct
- Whistle Blowing Procedures

During the year, Group Procurement Division had issued several Procurement guidelines to enhance internal control systems and provide guidance to the staff. Additionally, a Supplier Handbook was issued in May 2010 as a reference and guideline for suppliers on matters relating to procurement.

Revenue Maximisation Department

The roles of the Department are to further curb the theft of electricity (TOE) activities and curtail revenue leakages from billing, metering and administrative errors. The Department is also responsible to improve TOE internal control mechanisms and ensure process compliance.

MONITORING & REVIEW

Board Interactions with Management via Breakout Sessions

The Board interacts actively with management during breakout sessions to discuss and review the plans, strategies, performance and risks faced by the Group. During the year, one (1) Board Breakout and one (1) BAC Breakout sessions were held. These sessions provide a monitoring and review mechanism to enhance the Board's effectiveness and enables management to seek mandates to address the risks faced in its internal and external environment.

Business Planning & Budgeting

The Board has approved the implementation of a 20-Year Strategic Plan. Business plans, budgets and Key Performance Indicators (KPI) are aligned to the Strategic Plan. These serve as guides to the achievement of the Group's vision of becoming among the leading corporations in energy and related business globally.

Strategies identified in the Strategic Plan, 5-Year Business Plans and Annual Operation Plans and KPIs are reviewed, approved and monitored by the Board and management. Revisions are made based on changes in business and operating environments. Feedback from the Board during breakout sessions with them is used to develop the 5-Year and Annual Operating Plans.

The 5-Year Business Plan and Annual Operating Plan also contain the budget of the Group, to enable the Group to direct its resources toward the achievement of its financial objectives. The budget is monitored at regularly intervals by management to ensure effective budget utilisation.

Long Term System Planning and Development

The Planning Division carries out long term system planning and development of the electricity supply infrastructure for TNB to cater for load demand. The long term forecasts are reviewed in conjunction with the changes in the economic climate as well as ensure close monitoring and response to the load demand situation. On the supply side, generation expansion plans are formulated for Peninsular Malaysia taking into account the long term energy security vis-à-vis the diversification of fuel resources, generation plan type and global energy outlook scenarios. Additionally, the transmission development plans are reviewed and assessed according to economic conditions.

Financial and Operational Review

The Board Audit Committee (BAC) reviews the Group's quarterly financial performance together with management, and these are subsequently reported to the Board. The quarterly reviews enable the BAC to deliberate and assess the Group's financial results and operational performance. Monthly management accounts which serve as a monitoring tool, are also circulated to the Board and key management staff to provide information on key financial results, operational performance indicators, budget variances to enable them to monitor and contribute towards improving performance.

Group Internal Audit (GIA)

The Group Internal Audit Department (GIA) was set up by the Board to provide independent assurance on the adequacy of risk management, internal control and governance systems. GIA carries out regular reviews on the business processes to assess the adequacy and effectiveness of internal controls, compliance with regulations and the Group's policies and procedures, and highlight significant risks affecting the Group.

GIA scope of coverage includes generation, transmission, distribution, projects, procurement, engineering, finance, human resources, corporate services, information and communication technology, investment in subsidiaries, risk management and compliance.

BAC meetings are held regularly to deliberate audit findings, management response, corrective actions, and monitoring of actions taken by management for areas with significant or high risks. A follow up audit will be conducted to review the adequacy and effectiveness of corrective actions taken by management on all significant matters raised. A certain percentage of Key Performance Indicator (KPI) is allocated to each Division's Head for completion of agreed corrective actions taken by management. The achievement of the corrective actions by each Division will also be deliberated during the BAC meeting.

GIA has an independent status in the Group and reports functionally to the Board through the BAC. GIA annual audit plans, budgets, competency and resources are reviewed and approved by the BAC. This is to enable review on the adequacy of coverage, resources available and coverage of significant and high risk areas. The review also helps to confirm the audits that are to be co-sourced and outsourced to facilitate transfer of knowledge from consultants and coverage by external party in areas where technical skills are not available in GIA.

CONCLUSION

For the financial year under review, some weaknesses in internal control were detected. However, after due and careful inquiry and based on the information and assurance provided, the Board is satisfied that there were no material losses as a result of weaknesses in the system of internal control, that would require separate disclosure in Tenaga Nasional Berhad's Annual Report. Nevertheless, for areas requiring attention, measures have been and are being taken to ensure ongoing adequacy and effectiveness of internal controls and to safeguard shareholders' investments and the Group's assets.

This statement is made in accordance with the resolution of the Board of Directors dated 28 October 2010.

BOARD AUDIT COMMITTEE REPORT

THE BAC WAS ESTABLISHED ON 9 DECEMBER 1990 BY THE BOARD OF DIRECTORS, TO ASSIST THEM TO CARRY OUT THEIR RESPONSIBILITIES. THE BAC IS GUIDED BY THEIR TERMS OF REFERENCE WHICH IS SET OUT IN PAGES 233 TO 237 OF THE ANNUAL REPORT.




MEMBERSHIP AND MEETINGS

The Board Audit Committee (BAC) members and the number of meetings which they attended during the financial year are as follows:

NO.	NAME	STATUS OF DIRECTORSHIP	INDEPENDENT	NO. OF MEETINGS ATTENDED
1.	Dato' Zainal Abidin Bin Putih (Appointed as Chairman w.e.f 1.10.10)	Non-Executive Director	Yes	15/15
2.	Dato' Mohammad Zainal Bin Shaari	Non-Executive Director	No	10/15
3.	Tan Sri Dato' Hari Narayanan a/l Govindasamy	Non-Executive Director	Yes	15/15
4.	Dato' Abd Manaf Bin Hashim (Appointed w.e.f 1.2.2010)	Non-Executive Director	Yes	10/10
5.	Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng (Resigned w.e.f 15.9.2010) (Not in the picture)	Non-Executive Director	Yes	15/15

According to the BAC's Terms of Reference, the Committee shall convene meetings as and when required, and at least six (6) times during the financial year. The Committee met fifteen (15) times.

The Chief Internal Auditor and Company Secretary who is also the secretary to the BAC were in attendance during the meetings. The President/Chief Executive Officer, and officers of the company were also invited to attend the meetings on the matters requiring their attention and feedback.

The BAC Chairman submits a report on matters deliberated to the Board of Directors after each BAC meeting.

CHANGES IN BOARD AUDIT COMMITTEE MEMBERS

The BAC Chairman, Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng resigned with effect from 15 September 2010. The new BAC Chairman, Dato' Zainal Abidin Bin Putih was appointed with effect from 1 October 2010.

SUMMARY OF ACTIVITIES OF THE BOARD AUDIT COMMITTEE

A summary of the activities performed by the BAC during the financial year is set out below.

Risk Management

- Reviewed the TNB Strategic Risk Assessment Report and the Group's Bi-annual Strategic and Operating Risk Profiles, and the activities undertaken by the Enterprise Wide Risk Management Department to promote and improve risk management awareness and processes.

Internal Audit

- Reviewed and approved Group Internal Audit (GIA)'s Budget and Annual Audit Plan to ensure adequacy of resources, competencies and coverage on auditable entities with significant and high risks.
- Reviewed internal audit reports issued by GIA and external parties on the effectiveness and adequacy of governance, risk management, operational and compliance processes.
- Reviewed the adequacy and effectiveness of corrective actions taken by management on all significant matters raised.
- Deliberated the results of ad-hoc investigations performed and confirmed that appropriate actions are taken to correct the weaknesses.
- Deliberated and approved GIA's Quality Assurance and Improvement Program (QAIP).
- Assessed the performance of the Group Internal Audit Department.
- Conducted the second BAC Breakout Session with Senior Management to improve internal control awareness, highlight staff responsibilities on internal controls and actions required to address common and recurring audit findings.
- Reviewed the Key Performance Indicators achieved by Division Heads on undertaking corrective actions.

External Audit

- Reviewed and approved the External Audit Plan and the scope for the annual audit.
- Deliberated and reported the results of the annual audit to the Board of Directors.
- Recommended to the Board of Directors the appointment and remuneration of the Group External Auditor.
- Met with the Group External Auditor without the presence of management to discuss any matters that they may wish to present.

Financial Results

- Reviewed the Quarterly and Annual Financial statements of the Company and Group including announcements, and recommended them to the Board for their approval.

BOARD AUDIT COMMITTEE REPORT (CONT'D)

Related Party Transactions

- Reviewed the system for identifying, monitoring and disclosing related party transactions for TNB and its subsidiaries.

Annual Reporting

- Reviewed and recommended the Statement on Corporate Governance, Statement on Internal Control, Board Audit Committee Report, Statement On Internal Audit Function, Report on Related Party Transactions and Recurrent Related Party Transactions and Corporate Social Responsibility Report, to the Board for approval.

Others

- Deliberated on the results of TNB's Management & Engineering Audit 2008 which was conducted by an external consultant. Management actions required were also reviewed.
- Reviewed and verified that the allocation options granted under the Employees' Share Option Scheme (ESOS) during the Financial Year were in accordance to the required provisions set out under the Company's Scheme.
- Visited a distribution state office and a power station to enhance awareness of operations and provided feedback to management on areas requiring improvement.

GROUP INTERNAL AUDIT

The internal audit function of the Group is carried out by the GIA Department. GIA is independent and reports directly to the BAC.

GIA provides independent, objective assurance on areas of operations reviewed, and advice on best practices that will improve and add value to the Group.

A systematic and disciplined approach is adopted to evaluate adequacy and effectiveness of the governance, risk management, financial, operational, compliance processes. Internal audit activities are aligned to the strategic plan/objectives of the company. A risk-based methodology is adopted to ensure that the relevant controls addressing risks are reviewed regularly.

During the financial year, a total of 168 reports covering 483 assignments were issued. The areas of coverage includes generation, transmission, distribution, procurement, engineering, projects, finance, corporate governance, human resource, logistics, information and communication technology, investments in subsidiaries and risk management.

The reports issued provide independent and objective assessment of the following:

- Existence, effectiveness and adequacy of the internal control systems to manage operations and safeguard the Group's assets.
- Adequacy and effectiveness of the risk management operations, governance and compliance functions to manage and anticipate potential risks over key business processes.

The internal audit reports arising from the assignments were issued to management for their response, corrective actions and provision of deadlines to complete the relevant preventive and corrective actions. The reports were subsequently tabled to the BAC for their deliberation. Management staff was present during the deliberation of the reports to ensure that they undertake the responsibility of carrying out preventive and corrective actions on the weaknesses reported.

During the year, GIA seconded a staff to set up Risk Compliance Unit at Enterprise Wide Risk Management Department and also assisted certain Divisions to set up their Compliance Department/Unit.

DATO' ZAINAL ABIDIN BIN PUTIH
Chairman
Board Audit Committee
Tenaga Nasional Berhad
(Senior Independent Non-Executive Director)

STATEMENT ON INTERNAL AUDIT FUNCTION

The internal audit function of the company is carried out by the Group Internal Audit Department (GIA). GIA was established to support the Board, through the Board Audit Committee to discharge their responsibilities of maintaining a sound system of internal control to safeguard shareholders' investment, the interest of stakeholders and the Group's assets.

GIA reports functionally to the Board Audit Committee and administratively to the Chief Executive Officer. GIA authority, scope and responsibilities are governed by a Group Internal Audit Charter that was revised and approved by the Board Audit Committee in 2007.

GIA's mission is to provide objective and independent assurance of the Group's system of internal control, through the following:

- Preparing and implementing a risk based strategic annual audit plan which covers the auditable entities within the organisation.
- Reviewing the adequacy and effectiveness of governance, risk management and control processes established by the Group to manage its risks and operations.
- Reporting internal control weaknesses and recommending preventive/corrective actions to improve operations, enable accurate reporting, safeguard assets and promote the economic utilisation of resources.
- Monitoring the implementation of corrective actions to ascertain their adequacy and ability of the auditable entities to strengthen internal controls in their area of operations.

The internal audit function is structured into core and non-core units. The areas of audit coverage includes the functions of governance, risk management and review of controls in the areas of generation, transmission, distribution, procurement, projects, engineering, accounting & finance, human resource, information & communication technology and investment in subsidiaries.

During the Financial Year, GIA issued 168 reports arising from the performance of 220 planned jobs, 10 ad hoc jobs and 253 follow up audits on corrective actions. Out of the 220 planned jobs, 2 were co-sourced with external consultants. The rest were performed in-house by GIA. The co-sourced jobs were in the area of information and communication technology. The co-sourcing of assignments enabled GIA to build up their skills and competencies in the area co-sourced. Additionally, GIA successfully coordinated Management & Engineering (M&E) Audit 2008 for TNB and assisted subsidiaries in their M&E audits.

GIA is staffed by a total of 94 auditors. The auditors comprise staff with backgrounds in engineering, finance, business, accounting, information and communication technology and quantity surveying.

The overall cost spent by GIA in Financial Year 2009/2010 is RM15.3 million, where 56% was for staff related costs, 2% for co-sourcing fees to consultants and 23% for M&E audit fees.

STATEMENT ON INTERNAL AUDIT FUNCTION (CONT'D)

Training courses are provided to GIA staff in the areas of auditing skills, technical skills, personal development and also English language courses. The total training costs for Financial Year 2009/2010 is RM100 thousand. Apart from training courses, staff are encouraged to become Certified Internal Auditors (CIA). They are provided with incentives such as allowances and reimbursement of examination and registration fees when they pass the CIA examinations. During the year, one (1) staff has successfully completed the examination and is certified. Additionally, a total of 16 staff are pursuing the CIA qualification at various levels. Additionally, GIA won the 2010 Corporate Award – Tier 4, Category 1 for its strong commitment to Continuous Professional Development for the period of January 2009 to December 2009 from the Institute of Internal Auditors Malaysia.

The initiatives/improvements carried out by GIA during the Financial Year include the following:

- Implementation of a Quality Assurance & Improvement Plan which was approved by the Board Audit Committee.
- Identification of internal control elements applying the Committee of Sponsoring Organisation (COSO) Framework for planned audits to assist Management to identify and improve controls.
- Enhancement of internal auditing and internal control awareness through BAC Breakout and sessions with Management.
- Mentored and trained staff from TNB's talent pool and high performers to enable them to understand and enhance their knowledge on systems, processes and controls.
- Seconded a staff to set up Risk Compliance Unit at Enterprise Wide Risk Management Department and also assisted certain Divisions to set up their Compliance Department/Unit.

GIA is committed to provide objective and independent assurance as well as provide value added services to our customers in accordance with the International Professional Practices Framework on internal auditing.

DATO' ZAINAL ABIDIN BIN PUTIH
Chairman
Board Audit Committee
Tenaga Nasional Berhad
(Senior Independent Non-Executive Director)

TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE

1. CONSTITUTION

1.1 The Board of Directors of Tenaga Nasional Berhad (TNB), in accordance with Article 146 of the Memorandum and Articles of Association of TNB, has established a Committee of the Board, known as the Board Audit Committee (BAC), vide Minute No. 39/90 on 9 October 1990.

1.2 The function and authority of the BAC extends to TNB and all its subsidiaries, joint ventures and associates where management responsibility is vested to TNB or subsidiaries of TNB (Collectively referred to as the "Group").

2. COMPOSITION OF THE COMMITTEE

2.1 The members of the BAC shall be appointed by the Board of Directors of TNB and shall consist of not less than three (3) members. All the audit committee members must be non-executive directors, with the majority of whom shall be independent in accordance with the definition in Bursa Malaysia Listing Requirements.

2.2 Where the members for any reason are reduced to less than three (3), that Board shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2.3 At least one (1) member of the Committee must meet the criteria set by the Bursa Malaysia Listing Requirements, i.e.:

i) must be a member of the Malaysian Institute of Accountants or

ii) if he/she is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience, and:-

a) he/she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

b) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

2.4 The Board shall elect a Chairman from the Committee who shall be an independent director as set out in the Bursa Malaysia Listing Requirements.

2.5 The term of office and performance of the Committee shall be reviewed by the Board to determine whether the Committee has carried out its duties in accordance with their terms of reference.

2.6 No alternate Directors shall be appointed to the BAC.

3. CHAIRMAN OF THE COMMITTEE

3.1 The following are the main duties and responsibilities of the Chairman of the Committee:

3.1.1 to steer the Committee to achieve its objectives;

3.1.2 to provide leadership to the Committee and ensure proper flow of information to the Committee, review adequacy and timing of documentation;

3.1.3 to provide a reasonable time for discussion at the Committee meetings. Organise and present the agenda for Committee meetings based on input from Members and ensure that all relevant issues are on the agenda. In addition, the Chairman should encourage a healthy level of skepticism and independence;

3.1.4 to ensure that consensus is reached on every Committee resolution and where considered necessary, call for a vote and the decision will be made by simple majority. Dissenting opinions should be captured;

3.1.5 to manage the process and working of the Committee and ensure that the Committee discharges its responsibilities;

3.1.6 to ensure that all members participate in the discussion to enable effective decisions to be made; and

TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE (CONT'D)

3.1.7 the Chairman of the BAC shall be available to answer questions about the Committee's work at the Annual General Meeting of the Company.

4. COMMITTEE MEMBERS

4.1 Each Committee Member is expected to:

4.1.1 provide independent opinions to the fact-finding, analysis and decision making process of the Committee, based on their experience and knowledge;

4.1.2 consider viewpoints of the other committee members; and make decisions and recommendations for the best interest of the Group;

4.1.3 keep abreast of the latest corporate governance guidelines in relation to the Committee and the Board as a whole; and

4.1.4 continuously seek out best practices in terms of the processes utilised by the Committee, following which these should be discussed with the rest of the Committee for possible adoption.

5. OBJECTIVES OF THE COMMITTEE

The objectives of the Committee are:

5.1 to ensure transparency, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the shareholders;

5.2 to provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;

5.3 to improve the Group's business efficiency, the quality of the accounting and audit function and strengthening public confidence in the Group's reported financial results;

5.4 to maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External and Internal Auditors;

5.5 to ensure the independence of the external and internal audit functions; and

5.6 to create a climate of discipline and control which will reduce the opportunity for fraud.

6. AUTHORITY OF THE COMMITTEE

The Committee is authorised by the Board to:

6.1 investigate any activity within its Terms of Reference; or as directed by the Board of Directors;

6.2 determine and obtain the resources required to perform its duties, including approving the budget for the external and internal audit functions;

6.3 have full and unrestricted access to all employees, the Group's properties and works, to all books, accounts, records and other information of the Group in whatever form;

6.4 have direct communication channels with external auditors and person(s) carrying out the internal audit function or activity for the Group;

6.5 direct the Internal Audit Function in the Group;

6.6 approve the appointment of the Head of Internal Audit;

6.7 engage independent advisers and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and

6.8 to review the adequacy of the structure and Terms of Reference of the Board Committees, including the BAC.

7. FUNCTIONS OF THE COMMITTEE

The functions and responsibilities are as follows:

7.1 Corporate Financial Reporting

7.1.1 To review and recommend acceptance or otherwise of accounting policies, principles and practices.

7.1.2 To review the quarterly results and annual financial statements of the Company and Group before submission to the Board. The review should focus primarily on:

i. any changes in existing or implementation of new accounting policies;

ii. major judgment areas, significant and unusual events;

iii. significant adjustments resulting from audit;

iv. the going concern assumptions;

v. compliance with accounting standards; and

vi. compliance with Bursa Malaysia Listing Requirements and other legal and statutory requirements.

7.1.3 To review with management and the external auditors the results of the audit, including any difficulties encountered.

7.1.4 To review and verify the allocation of scheme options pursuant to the Company's Employees' Share Option Scheme (ESOS) in accordance to the Bursa Securities Listing Requirements as to provide a statement by audit committee in the annual report.

7.2 Enterprise Wide Risk Management

7.2.1 To review the adequacy of and to provide independent assurance to the Board of the effectiveness of risk management functions in the TNB Group.

7.2.2 To ensure that the principles and requirements of managing risk are consistently adopted throughout the TNB Group.

7.2.3 To deliberate on the key risk issues highlighted by Group Risk Management Committee in their reports to BAC.

7.3 Internal Control

7.3.1 To assess the quality and effectiveness of the systems of internal control and the efficiency of the Group's operations.

7.3.2 To review the findings on internal control in the Group by internal and external auditors.

7.3.3 To review and approve the Statement on Internal Control for the Annual Report as required under Bursa Malaysia Listing Requirements.

7.4 Internal Audit

7.4.1 To approve the Corporate Audit Charter of the internal audit function in the Group.

7.4.2 To ensure that the internal audit function has appropriate standing in the Group and have the necessary authority, resources and competency to carry out their work. This includes a review of the organisational structure, resources, budgets and qualifications of the internal audit personnel.

7.4.3 To review internal audit reports and management's response and actions taken in respect of these. Where actions are not taken within an adequate timeframe by management, the BAC will report the matter to the Board.

7.4.4 To review the adequacy of internal audit plans and the scope of audits, and ensure that the internal audit functions are carried out without any hindrance.

7.4.5 To appraise the performance of Head of Internal Audit.

7.4.6 To be informed of resignations and transfers of senior internal audit staff and provide resigning/transferred staff an opportunity to express their views.

TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE (CONT'D)

7.4.7 To direct any special investigation to be carried out by Internal Audit.

7.4.8 To review and approve the Statement on Internal Audit Function required under Bursa Malaysia Listing Requirements.

7.5 External Audit

7.5.1 To nominate the External Auditors together with such other functions as may be agreed to by the Board and recommend for approval of the Board the external audit fee, and consider any questions of resignation or termination.

7.5.2 To review external audit reports and management's response and actions taken in respect of these. Where actions are not taken within an adequate timeframe by management, the BAC will report the matter to the Board.

7.5.3 To review external audit plans and scope of work.

7.5.4 The BAC shall meet the external and internal auditors or both at least twice a year to discuss problems and reservations arising out of audits and any matters the auditors may wish to discuss, in the absence of management, Executive Directors or non-independent Directors where necessary.

7.6 Corporate Governance

7.6.1 To review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) of any instances of non-compliance.

7.6.2 To review the findings of any examinations by regulatory authorities.

7.6.3 To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of integrity.

7.6.4 To review and approve the Statement of Corporate Governance for the Annual Report as required under Bursa Malaysia Listing Requirements.

7.6.5 To review the investor relations programme and shareholder communications policy for the company.

7.6.6 To examine instances and matters that may have compromised the principles of corporate governance and report back to the Board.

7.6.7 To develop and regularly review TNB's Code of Corporate Governance and Business Ethics.

7.6.8 Where the BAC is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of Bursa Malaysia Listing Requirements, the BAC must promptly report such matters to Bursa Malaysia.

8. COMMITTEE MEETINGS

8.1 The Committee shall convene meetings as and when required, and at least six (6) times during the financial year of TNB.

8.2 The number of Committee meetings held a year and the details of attendance of each individual member in respect of meetings held should be disclosed in the annual report.

8.3 The Chairman of the Committee, or the Secretary on the requisition of any member, the Head of Internal Audit or the External Auditors, shall at any time summon a meeting of the Committee by giving reasonable notice. It shall not be necessary to give notice of a Committee meeting to any member for the time being absent from Malaysia.

8.4 No business shall be transacted at any meeting of the Committee unless a quorum is present. The quorum for each meeting shall be three (3) members.

8.5 The Chairman of the Committee shall chair the Committee meetings and in his absence, the members present shall elect one amongst themselves to be the Chairman of the meeting.

8.6 In appropriate circumstances, the Committee may deal with matters by way of circular reports and resolution in lieu of convening a formal meeting.

8.7 Officers of the Group or others as necessary may be invited to attend meetings where the Committee considers their presence necessary.

8.8 All recommendations of the Committee shall be submitted to the Board for approval.

8.9 A Committee member shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this causes insufficient Directors to make up a quorum, the Committee has the right to appoint another Director(s), which meets the membership criteria.

8.10 The Committee, through its Chairman, shall report to the Board after each meeting.

8.11 Subject to the provisions of this Terms of Reference and Memorandum and Articles of Association of TNB, the Committee shall establish its own procedures for meetings.

9. SECRETARY OF THE COMMITTEE

9.1 The Secretary of the Committee shall be the Company Secretary.

9.2 The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The Agenda shall be sent to all members of the Committee and the Head of Internal Audit at least three (3) working days before each meeting together with the relevant papers.

9.3 The Secretary shall promptly prepare the written minutes of the meeting and distribute it to each member. The minutes of the Committee meeting shall be confirmed and signed by the Chairman of the meeting at the next succeeding meeting.

9.4 The minutes of each meeting shall be entered into the minutes book kept at the registered office of the Company under the custody of the Company Secretary. The minutes shall be available for inspection by the members of the Board, external auditors, internal auditors, and other persons deemed appropriate by the Company Secretary.

10. DISCLOSURE

10.1 The Committee shall assist the Board in making disclosures concerning the activities of the Committee, in the Report of the Board Audit Committee, to be issued in the Annual Report.

10.2 The Board requires all Directors to submit a Disclosure of Interest to avoid any conflict between their personal interests and the interests of the Company. In the event of a conflict, either perceived or actual, this Disclosure of Interest shall be submitted to the Chairman of the Committee with a copy to the Company Secretary.

11. REVISION OF THE TERMS OF REFERENCE

11.1 Any revision or amendment to the Terms of Reference, as proposed by the Committee or any third party, shall be presented to the Board for its approval.

11.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report with the audited financial statements of the Group and the Company for the financial year ended 31 August 2010.

PRINCIPAL ACTIVITIES

The Group and the Company are primarily involved in the business of the generation, transmission, distribution and sale of electricity and those tabulated in Note 15 to the financial statements.

There have been no significant changes in these activities during the financial year under review.

FINANCIAL RESULTS

	Group RM'million	Company RM'million
Profit for the financial year attributable to		
– Equity holders of the Company	3,201.9	2,708.5
– Minority interests	(4.6)	0
Profit for the financial year	3,197.3	2,708.5

DIVIDENDS

The dividends paid or declared since 31 August 2009 were as follows:

	RM'million
In respect of the financial year ended 31 August 2009 as shown in the Directors' Report for that financial year:	
Final dividend of 10.0 sen gross per ordinary share, less income tax at 25% and 2.3 sen per ordinary share, tax exempt, paid on 24 December 2009	425.3
In respect of the financial year ended 31 August 2010:	
Interim dividend of 6.0 sen gross per ordinary share, less income tax at 25%, paid on 27 May 2010	195.5

For the financial year ended 31 August 2010, the Directors had on 28 October 2010 recommended the payment of a final dividend of 20.0 sen gross per ordinary share, less income tax at 25% subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES

During the financial year, 15,665,000 new ordinary shares of RM1.00 each were issued by the Company pursuant to the Employees' Share Option Scheme II ('ESOS II') at exercise prices of RM6.71, RM6.99, RM7.42, RM7.33, RM6.33, RM5.57, RM6.35 and RM7.18 per share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEES' SHARE OPTION SCHEME ('ESOS')

Options under the ESOS were granted to eligible Directors, employees and retirees of the Group to subscribe for ordinary shares of RM1.00 each in TNB. The first ESOS expired on 11 May 2002.

The Company implemented a new Employees' Share Option Scheme II ('ESOS II') on 8 July 2003 for a period of 10 years. The ESOS II is governed by the bye-laws, which were approved by the shareholders at the Extraordinary General Meeting ('EGM') held on 29 May 2003 and amended at the EGM held on 15 December 2005.

The main features and movements during the financial year in the number of options over the shares of the Company are set out in Note 35 to the financial statements.

The Company has been granted an exemption by the Companies Commission of Malaysia via a letter dated 27 September 2010 from having to disclose in this Report the name of the persons to whom options have been granted during the financial year and details of their holdings pursuant to Section 169 (11) of the Companies Act, 1965 except for information on employees who were granted options representing 450,000 ordinary shares and above.

None of the Company's and Group's employees were granted options representing 450,000 ordinary shares and above under ESOS II during the financial year.

DIRECTORS' REPORT
(CONT'D)

DIRECTORS

The Directors who have held office during the period since the date of the last Report are:

Tan Sri Leo Moggie
Dato' Sri Che Khalib bin Mohamad Noh
Dato' Puteh Rukiah binti Abd Majid
Dato' Mohammad Zainal bin Shaari
Tan Sri Dato' Hari Narayanan a/l Govindasamy
Dato' Zainal Abidin bin Putih
Dato' Fuad bin Jaafar
Tan Sri Dato' Seri Siti Norma binti Yaakob
Suria binti Ab Rahman (Alternate Director to Dato' Mohammad Zainal bin Shaari. Appointed w.e.f. 30 November 2009)
Dato' Abd Manaf bin Hashim (Appointed w.e.f. 1 February 2010)
Dato' Ir. Azman bin Mohd (Appointed w.e.f. 15 April 2010)
Chung Hon Cheong (Appointed w.e.f. 1 October 2010)
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng (Resigned w.e.f. 15 September 2010)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except for the options granted to the President/Chief Executive Officer and Executive Director/Chief Operating Officer pursuant to the ESOS II.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration and benefits in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a partner, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' shareholdings, particulars of the interests of Directors who held office as at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.9.2009/ appointment date	Acquired	Disposed	As at 31.8.2010
Dato' Zainal Abidin bin Putih	1,250	0	0	**1,250**
Dato' Fuad bin Jaafar	62,500	0	0	**62,500**
Tan Sri Dato' Seri Siti Norma binti Yaakob	1,250	0	0	**1,250**
Dato' Ir. Azman bin Mohd (Appointed w.e.f. 15 April 2010)	3,500	0	0	**3,500**

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Options over ordinary shares of RM1.00 each			
	As at 1.9.2009/ appointment date	**Granted**	**Exercised**	**As at 31.8.2010**
Dato' Sri Che Khalib bin Mohamad Noh	1,095,000	180,000	0	**1,275,000**
Dato' Ir. Azman bin Mohd (Appointed w.e.f. 15 April 2010)	475,000	0	0	**475,000**

According to the Register of Directors, none of the other Directors held any options over shares in the Company.

No other Directors in office at the end of the financial year held any other interest in shares and debentures of the Company and its related corporations.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to be realised.

At the date of this Report, the Directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT
(CONT'D)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this Report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt within this Report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this Report is prepared.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors, in accordance with their resolution dated 2 November 2010.

TAN SRI LEO MOGGIE
CHAIRMAN

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
PRESIDENT/CHIEF EXECUTIVE OFFICER

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2010

		Group		Company	
	Note	**2010 RM'million**	2009 RM'million	**2010 RM'million**	2009 RM'million
Revenue	4	**30,320.1**	28,785.6	**28,368.8**	26,743.6
Operating expenses	5	**(26,519.7)**	(25,443.9)	**(25,416.7)**	(24,250.5)
Other operating income	7	**382.3**	357.2	**350.5**	590.7
Operating profit		**4,182.7**	3,698.9	**3,302.6**	3,083.8
Foreign exchange gain/(loss)	8	**656.0**	(1,239.2)	**606.9**	(882.9)
Share of results of associates		**44.6**	33.1	**0**	0
Profit before finance cost		**4,883.3**	2,492.8	**3,909.5**	2,200.9
Finance income		**209.7**	177.1	**356.6**	308.3
Finance cost	9	**(1,070.9)**	(1,126.8)	**(757.6)**	(822.5)
Profit before taxation and zakat		**4,022.1**	1,543.1	**3,508.5**	1,686.7
Taxation and zakat	10	**(824.8)**	(690.1)	**(800.0)**	(616.0)
Profit for the financial year		**3,197.3**	853.0	**2,708.5**	1,070.7
Attributable to:					
Equity holders of the Company		**3,201.9**	917.9	**2,708.5**	1,070.7
Minority interests		**(4.6)**	(64.9)	**0**	0
Profit for the financial year		**3,197.3**	853.0	**2,708.5**	1,070.7
		Sen	**Sen**		
Earnings per share					
– basic	11(a)	**73.74**	21.18		
– diluted	11(b)	**73.40**	21.15		
Dividends per share:				**Sen**	**Sen**
Interim dividend (gross)	12			**6.0**	2.0
Interim dividend (tax exempt)	12			**0**	2.0
Final dividend (gross)	12			**0**	10.0
Final dividend (tax exempt)	12			**0**	2.3
Proposed final dividend (gross)	12			**20.0**	0

The notes set out on pages 253 to 361 form an integral part of these financial statements.

BALANCE SHEETS
AS AT 31 AUGUST 2010

	Note	Group 2010 RM'million	Group 2009 RM'million	Company 2010 RM'million	Company 2009 RM'million
NON-CURRENT ASSETS					
Property, plant and equipment	13	**58,031.8**	58,227.4	**48,767.3**	48,688.7
Prepaid operating leases	14	**863.5**	833.6	**721.9**	689.0
Subsidiaries	15	**0**	0	**3,978.9**	3,978.9
Jointly controlled entities	16	**0**	7.9	**0**	7.9
Associates	17	**296.4**	297.3	**161.3**	166.3
Investments	18	**38.0**	38.0	**38.0**	38.0
Deferred tax assets	32	**55.9**	0	**0**	0
Long term receivables	19	**0**	0	**405.8**	525.0
		59,285.6	59,404.2	**54,073.2**	54,093.8
CURRENT ASSETS					
Non-current assets held for sale	20	**18.0**	19.6	**18.0**	19.2
Inventories	21	**2,450.4**	1,955.7	**1,265.0**	1,043.3
Receivables, deposits and prepayments	22	**3,881.4**	3,774.1	**2,199.4**	2,494.6
Current tax assets		**15.2**	15.4	**0**	0
Amounts due from subsidiaries	23	**0**	0	**2,573.0**	2,075.9
Amounts due from associates		**5.7**	9.2	**5.3**	4.2
Short term investments	24	**72.5**	12.6	**72.5**	12.6
Marketable securities	25	**8.6**	8.3	**8.6**	8.3
Deposits, bank and cash balances	26	**8,343.7**	6,163.9	**6,456.6**	5,189.8
		14,795.5	11,958.8	**12,598.4**	10,847.9
CURRENT LIABILITIES					
Payables	27	**5,596.9**	5,604.0	**3,759.6**	3,952.6
Amounts due to subsidiaries	23	**0**	0	**1,105.1**	1,126.5
Amounts due to associates		**623.6**	294.0	**623.6**	294.0
Current tax liabilities		**317.6**	206.9	**306.6**	193.9
Short term borrowings	28	**3,162.7**	1,157.9	**2,531.8**	401.8
		9,700.8	7,262.8	**8,326.7**	5,968.8
NET CURRENT ASSETS		**5,094.7**	4,696.0	**4,271.7**	4,879.1
TOTAL ASSETS LESS CURRENT LIABILITIES		**64,380.3**	64,100.2	**58,344.9**	58,972.9

The notes set out on pages 253 to 361 form an integral part of these financial statements.

	Note	Group		Company	
		2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
NON-CURRENT LIABILITIES					
Borrowings	29	**(18,100.9)**	(21,458.1)	**(11,922.6)**	(14,772.4)
Amounts due to subsidiaries	23	**0**	0	**(2,796.7)**	(3,525.8)
Consumer deposits	30	**(2,903.9)**	(2,717.3)	**(2,731.3)**	(2,558.0)
Employee benefits	31	**(3,866.3)**	(3,470.6)	**(3,704.8)**	(3,321.7)
Other liabilities		**(216.4)**	(235.5)	**(48.0)**	(52.7)
Deferred tax liabilities	32	**(6,837.1)**	(6,640.4)	**(5,869.0)**	(5,745.1)
Deferred income	33	**(3,042.2)**	(2,952.2)	**(2,676.4)**	(2,617.1)
Government development grants	34	**(599.0)**	(579.8)	**0**	0
		(35,565.8)	(38,053.9)	**(29,748.8)**	(32,592.8)
TOTAL NET ASSETS		**28,814.5**	26,046.3	**28,596.1**	26,380.1
EQUITY					
Share capital	35	**4,352.7**	4,337.0	**4,352.7**	4,337.0
Share premium	36	**5,354.2**	5,271.5	**5,354.2**	5,271.5
Revaluation and other reserves	37	**682.8**	593.0	**1,015.5**	989.1
Retained profits	38	**18,389.2**	15,804.6	**17,873.7**	15,782.5
ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**28,778.9**	26,006.1	**28,596.1**	26,380.1
MINORITY INTERESTS		**35.6**	40.2	**0**	0
TOTAL EQUITY		**28,814.5**	26,046.3	**28,596.1**	26,380.1

	Sen	**Sen**
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**661.2**	599.6

The notes set out on pages 253 to 361 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2010

		Attributable to equity holders of the Company						
	Note	Ordinary shares of RM1.00 each RM'million	Share premium RM'million	Employees' Share Option Scheme reserve RM'million	Revaluation and other reserves RM'million	Retained profits RM'million	Minority interests RM'million	Total equity RM'million
Group								
At 1 September 2009		4,337.0	5,271.5	89.1	503.9	15,804.6	40.2	26,046.3
Currency translation differences		0	0	0	59.9	0	0	59.9
Realisation of revaluation reserve	37	0	0	0	(3.5)	3.5	0	0
Income and expense recognised directly in equity		0	0	0	56.4	3.5	0	59.9
Profit for the financial year		0	0	0	0	3,201.9	(4.6)	3,197.3
Total recognised income and expense for the financial year		0	0	0	56.4	3,205.4	(4.6)	3,257.2
Dividends paid for the financial year ended								
– 31.08.2009	12	0	0	0	0	(425.3)	0	(425.3)
– 31.08.2010	12	0	0	0	0	(195.5)	0	(195.5)
Employees' Share Option Scheme – options granted		0	0	33.4	0	0	0	33.4
Issuance of share capital – share options	35, 36	15.7	82.7	0	0	0	0	98.4
At 31 August 2010		4,352.7	5,354.2	122.5	560.3	18,389.2	35.6	28,814.5
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		0	0	0	(133.7)	0	0	(133.7)
Realisation of revaluation reserve	37	0	0	0	(17.8)	17.8	0	0
Income and expense recognised directly in equity		0	0	0	(151.5)	17.8	0	(133.7)
Divestment of a subsidiary		0	0	0	0	0	0.4	0.4
Profit for the financial year		0	0	0	0	917.9	(64.9)	853.0
Total recognised income and expense for the financial year		0	0	0	(151.5)	935.7	(64.5)	719.7
Dividends paid for the financial year ended								
– 31.08.2008	12	0	0	0	0	(325.1)	0	(325.1)
– 31.08.2009	12	0	0	0	0	(151.7)	0	(151.7)
Employees' Share Option Scheme – options granted		0	0	26.3	0	0	0	26.3
Issuance of share capital – share options	35, 36	2.5	12.7	0	0	0	0	15.2
At 31 August 2009		4,337.0	5,271.5	89.1	503.9	15,804.6	40.2	26,046.3

The notes set out on pages 253 to 361 form an integral part of these financial statements.

	Note	Non-distributable				Distributable	
		Ordinary shares of RM1.00 each RM'million	Share premium RM'million	Employees' Share Option Scheme reserve RM'million	Revaluation and other reserves RM'million	Retained profits RM'million	Total equity RM'million
Company							
At 1 September 2009		4,337.0	5,271.5	81.4	907.7	15,782.5	26,380.1
Realisation of revaluation reserve	37	0	0	0	(3.5)	3.5	0
Income and expense recognised directly in equity		0	0	0	(3.5)	3.5	0
Profit for the financial year		0	0	0	0	2,708.5	2,708.5
Total recognised income and expense for the financial year		0	0	0	(3.5)	2,712.0	2,708.5
Dividends paid for the financial year ended							
– 31.08.2009	12	0	0	0	0	(425.3)	(425.3)
– 31.08.2010	12	0	0	0	0	(195.5)	(195.5)
Employees' Share Option Scheme – options granted		0	0	29.9	0	0	29.9
Issuance of share capital – share options	35, 36	15.7	82.7	0	0	0	98.4
At 31 August 2010		4,352.7	5,354.2	111.3	904.2	17,873.7	28,596.1
At 1 September 2008		4,334.5	5,258.8	56.2	925.5	15,170.8	25,745.8
Realisation of revaluation reserve	37	0	0	0	(17.8)	17.8	0
Income and expense recognised directly in equity		0	0	0	(17.8)	17.8	0
Profit for the financial year		0	0	0	0	1,070.7	1,070.7
Total recognised income and expense for the financial year		0	0	0	(17.8)	1,088.5	1,070.7
Dividends paid for the financial year ended							
– 31.08.2008	12	0	0	0	0	(325.1)	(325.1)
– 31.08.2009	12	0	0	0	0	(151.7)	(151.7)
Employees' Share Option Scheme – options granted		0	0	25.2	0	0	25.2
Issuance of share capital – share options	35, 36	2.5	12.7	0	0	0	15.2
At 31 August 2009		4,337.0	5,271.5	81.4	907.7	15,782.5	26,380.1

The notes set out on pages 253 to 361 form an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2010

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the financial year	**3,197.3**	853.0	**2,708.5**	1,070.7
Adjustments for:				
Taxation and zakat	**824.8**	690.1	**800.0**	616.0
Property, plant and equipment:				
– Depreciation	**3,923.2**	3,537.7	**3,283.5**	2,899.4
– Written off	**86.6**	12.9	**86.5**	6.6
– Gain on disposals	**(2.0)**	(0.3)	**(2.0)**	(0.1)
Amortisation of prepaid operating leases	**27.0**	23.8	**19.6**	16.4
Provision for retirement benefits	**765.4**	697.6	**751.6**	673.7
Provision for share options	**33.4**	26.3	**29.9**	25.2
Translation (gain)/loss	**(632.6)**	1,177.8	**(584.1)**	827.0
(Gain)/loss on disposals of:				
– Non-current assets held for sale	**(2.3)**	(26.9)	**(2.3)**	(27.1)
– Prepaid operating leases	**(1.0)**	(3.9)	**(1.0)**	(3.9)
– Redemption of redeemable preference shares in subsidiaries	**0**	0	**0**	(230.8)
Loss on winding up/disposal of subsidiaries	**112.7**	0	**0.1**	0
Share of results in associates	**(44.6)**	(33.1)	**0**	0
Dividend income	**(6.6)**	0	**(62.7)**	(54.1)
Interest income	**(209.7)**	(177.1)	**(356.6)**	(308.3)
Interest on borrowings	**920.4**	996.8	**627.8**	699.8
Release of deferred income	**(366.4)**	(356.4)	**(326.9)**	(317.2)
Release of Government development grants	**(42.9)**	(44.6)	**0**	0
Allowance for doubtful debts:				
– Trade and other receivables	**103.3**	76.7	**93.1**	75.5
– Amounts due from subsidiaries	**0**	0	**323.5**	236.9
– Amounts due from jointly controlled entities	**14.6**	0	**14.6**	0
Write-back of allowance for doubtful debts	**0**	(8.1)	**0**	(1.2)
Impairment losses of investments in:				
– Subsidiaries	**0**	0	**0**	42.9
– Jointly controlled entities	**7.9**	0	**7.9**	0
Allowance for/(write back of) diminution in value of				
– Marketable securities	**(0.3)**	0.2	**(0.3)**	0.2
– Long term investments	**0**	0	**0**	59.4
Allowance for/(write-back of) inventory obsolescence	**3.5**	(6.9)	**3.5**	(8.3)
Inventories written off	**23.7**	21.5	**23.4**	21.3
	8,735.4	7,457.1	**7,437.6**	6,320.0

The notes set out on pages 253 to 361 form an integral part of these financial statements.

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Inventories	**(518.4)**	253.1	**(248.5)**	101.9
Receivables	**85.0**	(489.3)	**311.1**	(252.0)
Payables	**(361.1)**	231.9	**(125.5)**	143.9
Amounts due from subsidiaries	**0**	0	**(1,323.7)**	(520.4)
Amounts due to/(from) associates	**333.1**	(15.9)	**328.5**	(17.6)
Amounts due from jointly controlled entities	**0**	0	**(14.6)**	0
Cash generated from operations	**8,274.0**	7,436.9	**6,364.9**	5,775.8
Employee benefits paid	**(369.7)**	(351.8)	**(368.5)**	(351.1)
Consumer contributions received	**458.5**	409.2	**386.2**	353.5
Consumer deposits received	**186.6**	165.4	**173.3**	156.9
Taxation and zakat paid	**(578.7)**	(250.4)	**(563.4)**	(235.4)
Net cash flow from operating activities	**7,970.7**	7,409.3	**5,992.5**	5,699.7
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional investments in:				
– Associate	**(0.3)**	(0.2)	**(0.3)**	(0.2)
– Jointly controlled entity	**0**	(7.9)	**0**	(7.9)
Proceeds from redemption				
– Unsecured loan notes in a subsidiary	**0**	0	**0**	12.0
– Redeemable preference shares in a subsidiary	**0**	0	**0**	755.2
– Unsecured loan notes in an associate	**5.3**	4.9	**5.3**	4.9
Purchase of short term investments	**(59.9)**	0	**(59.9)**	0
Dividend income received	**46.7**	54.0	**58.4**	54.1
Interest income received	**189.4**	175.8	**156.7**	145.8
Property, plant and equipment				
– Additions	**(3,708.1)**	(4,128.4)	**(3,242.9)**	(3,575.1)
– Proceeds from disposals	**3.5**	3.0	**3.5**	2.5
Prepaid operating leases				
– Additions	**(22.7)**	0	**(22.7)**	0
– Proceeds from disposals	**1.7**	5.8	**1.7**	5.8
Proceeds from disposal of non-current assets held for sale	**4.8**	60.7	**4.8**	60.7
Net cash flow from investing activities	**(3,539.6)**	(3,832.3)	**(3,095.4)**	(2,542.2)

The notes set out on pages 253 to 361 form an integral part of these financial statements.

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2010 (CONT'D)

		Group		Company	
	Note	**2010 RM'million**	2009 RM'million	**2010 RM'million**	2009 RM'million
CASH FLOWS FROM FINANCING ACTIVITIES					
Government development grants received		**66.5**	60.8	**0**	0
Proceeds from issuance of shares		**98.4**	15.2	**98.4**	15.2
Long term borrowings					
– Proceeds		**417.4**	352.2	**166.1**	289.0
– Repayments		**(1,103.3)**	(1,631.4)	**(492.5)**	(1,178.2)
Short term borrowings					
– Proceeds		**109.5**	240.0	**0**	0
– Repayments		**(127.0)**	(165.3)	**0**	0
Interest paid		**(1,089.8)**	(1,188.8)	**(781.5)**	(829.8)
Dividends paid to shareholders		**(620.8)**	(476.8)	**(620.8)**	(476.8)
Net cash flow from financing activities		**(2,249.1)**	(2,794.1)	**(1,630.3)**	(2,180.6)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,182.0**	782.9	**1,266.8**	976.9
EFFECT OF CHANGES IN FOREIGN CURRENCY		**(2.2)**	(2.9)	**0**	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**6,163.9**	5,383.9	**5,189.8**	4,212.9
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	26	**8,343.7**	6,163.9	**6,456.6**	5,189.8
Cash at bank, held in trust*		**(0.5)**	(7.0)	**0**	0
Debt reserve account		**(237.3)**	(236.7)	**0**	0
Funds from MOF		**(7.4)**	(10.9)	**0**	0
CASH AND CASH EQUIVALENTS AVAILABLE AT THE END OF THE FINANCIAL YEAR		**8,098.5**	5,909.3	**6,456.6**	5,189.8

* The cash at bank held in trust is in respect of a grant given to a subsidiary by the Government of Malaysia for a designated capital project.

The notes set out on pages 253 to 361 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010

1. GENERAL INFORMATION

The Group and the Company are primarily involved in the business of the generation, transmission, distribution and sale of electricity and those tabulated in Note 15 to these financial statements.

There have been no significant changes in these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is 129, Jalan Bangsar, 59200 Kuala Lumpur, Malaysia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards ('FRS'), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with FRS, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to these financial statements.

(i) Standards, amendments to published standards and interpretations that are applicable to the Group and Company and are effective

FRS 8 "Operating Segments" ('FRS 8') replaces FRS 114_{2004} Segment Reporting and is effective from 1 July 2009.

There are no new accounting standards, amendments to published standards and interpretations to existing standards that are effective for the financial year ended 31 August 2010 and applicable to the Group and Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective

The following new standards, amendments and improvements to published standards and IC Interpretations will be effective for annual periods beginning on or after 1 January 2010 unless otherwise stated. The Group and Company will apply these standards and IC Interpretations from financial year beginning 1 September 2010.

FRS 3 "Business Combinations" (revised) (effective prospectively from 1 July 2010). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

FRS 101 "Presentation of Financial Statements" (revised). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

FRS 123 "Borrowing Costs" which replaces FRS 123_{2004} requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed.

FRS 127 "Consolidated and Separate Financial Statements" (revised) (effective prospectively from 1 July 2010). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statements.

Amendments to FRS 132 "Financial Instruments: Presentation", and FRS 101 (Amendment) "Presentation of Financial Statements" – "Puttable financial instruments and obligations arising on liquidation". The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective (cont'd)

Amendments to FRS 2 "Share-based Payment: Vesting Conditions and Cancellations" clarify that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

FRS 7 "Financial Instruments: Disclosures" provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.

FRS 139 "Financial Instruments: Recognition and Measurement" establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. The amendments to FRS 139 provide further guidance on eligible hedged items. The amendment provides guidance for two situations. On the designation of a one-sided risk in a hedged item, the amendment concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe.

The amendment to FRS 132 "Financial Instruments: Presentation" removes the transitional provision that exempted entities from applying the component part classification for a compound instrument issued before 1 January 2003. Upon adoption of FRS 139, entities are required to classify the compound financial instrument into its liability and equity elements.

The amendment to FRS 132 "Financial Instruments: Presentation" on classification of rights issues (effective from 1 March 2010) addresses accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity instruments instead of as derivative liabilities, regardless of the currency in which the exercise price is denominated.

IC Interpretation 9 "Reassessment of Embedded Derivatives" requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective (cont'd)

IC Interpretation 10 "Interim Financial Reporting and Impairment" prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

IC Interpretation 11 "Group and Treasury Share Transactions" provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies.

IC Interpretation 12 "Service Concession Arrangements" (effective from 1 July 2010) applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognise a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public service. Some contractual terms may give rise to both a financial asset and an intangible asset.

IC Interpretation 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation" (effective from 1 July 2010) clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held by any entity in the group. The requirements of FRS 121 "The Effects of Changes in Foreign Exchange Rates" do apply to the hedged item.

IC Interpretation 17 "Distribution of Non-cash Assets to Owners" (effective from 1 July 2010) provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends.

The following new standards, amendments and improvements to published standards and IC Interpretations will be effective for annual periods beginning on or after 1 January 2011. The Group and Company will apply these standards and IC Interpretations from financial year beginning 1 September 2011.

The amendment to FRS 2 "Share-based Payment: Group Cash-settled Share-based Payment Transactions" clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments also incorporate guidance previously included in IC Interpretation 8 "Scope of FRS 2" and IC Interpretation 11 "FRS 2 – Group and Treasury Share Transactions", which shall be withdrawn upon application of this amendment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective (cont'd)

Amendments to FRS 7 "Financial Instruments: Disclosures" and FRS 1 "First-time Adoption of Financial Reporting Standards" requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

IC Interpretation 4 "Determining Whether an Arrangement Contains a Lease" requires the Group to identify any arrangement that does not take the legal form of a lease, but conveys a right to use an asset in return for a payment or series of payments. This interpretation provides guidance for determining whether such arrangements are, or contain, leases. The assessment is based on the substance of the arrangement and requires assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. If the arrangement contains a lease, the requirements of FRS 117 "Leases" should be applied to the lease element of the arrangement.

IC Interpretation 18 "Transfers of Assets from Customers" (effective prospectively for assets received on or after 1 January 2011) provides guidance where an entity receives from a customer an item of property, plant and equipment (or cash to acquire such an asset) that the entity must then use to connect the customer to a network or to provide the customer with services. Where the transferred item meets the definition of an asset, the asset is recognised as an item of property, plant and equipment at its fair value. Any corresponding credit is allocated to each separate service to be performed under the agreement. Revenue is recognised for each service in accordance with the recognition criteria of FRS 118 "Revenue". This interpretation is to be applied prospectively to assets received from customer on or after 1 January 2011.

(iii) MASB had issued improvement to standards which are effective for annual periods beginning on or after 1 January 2010 unless otherwise stated

The improvements to standards which are applicable to the Group and Company are as follows:

FRS 2 "Share-based Payment" (effective from 1 July 2010) clarifies that the following transactions are outside the scope of FRS 2 and revised FRS 3:
- Contributions by a business on the formation of joint venture; and
- Common control transactions.

FRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- Improvement effective from 1 January 2010 clarifies that FRS 5 disclosures apply to non-current assets or disposal groups that are classified as held for sale and discontinued operations.
- Improvement effective from 1 July 2010 clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met.

FRS 8 "Operating Segments" clarifies that entities will only need to disclose information about segment assets if that information is regularly reviewed by the chief operating decision maker.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

(iii) MASB had issued improvement to standards which are effective for annual periods beginning on or after 1 January 2010 unless otherwise stated (cont'd)

FRS 101 (revised) "Presentation of Financial Statements" widens the scope of the standard to allow current/non-current classification of a derivative and clarifies how to classify the liability component of a convertible instrument.

FRS 107 "Statement of Cash Flows" clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.

FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" clarifies the use of guidance in the standard.

FRS 110 "Events After the Balance Sheet Date" confirms that dividends are liabilities when the company is obliged to pay.

FRS 116 "Property, Plant & Equipment" and FRS 107 "Statement of Cash Flows" changes how certain entities present the sale of assets held for rental.

FRS 117 "Leases" requires entities with existing leases of land and buildings (combined) to reassess the classification of land as a finance or operating lease.

FRS 118 "Revenue" replaces the term 'direct costs' with 'transaction costs' and clarifies the distinction between when an entity is acting as a 'principal' and an 'agent'.

FRS 119 "Employee Benefits" clarifies the terms 'curtailments' and 'negative past service cost', changes the definition of 'return on plan assets' or replacement of term 'fall due'.

FRS 120 "Accounting for Government Grants" accounting for government loans with a below-market rate of interest and changes the terminology.

FRS 123 "Borrowing Costs" changes the definition of borrowing costs.

FRS 127 "Consolidated & Separate Financial Statements" clarifies the accounting for an investment in a subsidiary held for sale.

FRS 128 "Investments in Associates" clarifies that an investment in an associate is treated as a single asset for impairment testing purposes. Reversals of impairment are recorded as an adjustment to the carrying amount of the investment to the extent that the recoverable amount of the associate increases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

(iii) MASB had issued improvement to standards which are effective for annual periods beginning on or after 1 January 2010 unless otherwise stated (cont'd)

FRS 128 "Investments in Associates" and FRS 131 "Interests in Joint Ventures" (consequential amendments to FRS 132 "Financial Instruments: Presentation" and FRS 7 "Financial Instruments: Disclosure") clarify that where an investment in associate or joint venture is accounted for in accordance with FRS 139, only certain, rather than all disclosure requirements in FRS 128 or FRS 131 need to be made in addition to disclosures required by FRS 132 and FRS 7.

FRS 134 "Interim Financial Reporting" clarifies that basic and diluted earnings per share ("EPS") must be presented in an interim report only in the case when the entity is required to disclose EPS in its annual report.

FRS 136 "Impairment of Assets" discloses estimates used to determine recoverable amount and clarifies that entities must assess their goodwill impairment within cash-generating units at or below the operating segment level.

FRS 138 "Intangible Assets"
- Improvement effective from 1 January 2010 clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for mail order catalogues when the entity has access to the catalogues and not when the catalogues are distributed to customers. It confirms that the unit of production method of amortisation is allowed.
- Improvement effective from 1 July 2010 clarifies that a group of complementary intangible assets acquired in a business combination is recognised as a single asset if the individual asset has similar useful lives.

FRS 140 "Investment Property" changes the accounting for property not yet used as investment property and clarifies the accounting for investment property held under lease.

IC Interpretation 9 "Reassessment of Embedded Derivatives" (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

IC Interpretation 15 "Agreements for Construction of Real Estates" (effective from 1 July 2010) clarifies whether FRS 118 "Revenue" or FRS 111 "Construction Contracts" should be applied to particular transactions. It is likely to result in FRS 118 being applied to a wider range of transactions.

IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation" (effective from 1 July 2010) clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held by any entity in the group. The requirements of FRS 121 "The Effects of Changes in Foreign Exchange Rates" do apply to the hedged item.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

(iii) MASB had issued improvement to standards which are effective for annual periods beginning on or after 1 January 2010 unless otherwise stated (cont'd)

The Group and Company has applied the transitional provision in the respective standards below which exempts entities from disclosing the possible impact arising from the initial application of the standard on the financial statements of the Group and Company.

– FRS 139, Amendments to FRS 139 on eligible hedged items, Improvement to FRS 139 and IC Interpretation 9
– FRS 7 and Improvement to FRS 7
– IC Interpretation 12

The impact of IC Interpretation 4 "Determining Whether an Arrangement Contains a Lease", IC Interpretation 12 "Service Concession Arrangements" and FRS 120 "Accounting for Government Grants" is still being assessed. Aside from FRS 7 and FRS 139, IC Interpretation 9 and the proposed changes to FRS 101, the adoption of the Standards, amendment to published standards and IC interpretation to existing standards are not expected to have a material impact to the financial statements of the Group and Company.

(iv) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and are not relevant to the Group and Company

Amendments to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from FRS 127 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor.

The amendment to FRS 1 "First-time Adoption of Financial Reporting Standards" provides exemption for first-time adopters in the oil and gas industry and those with leasing contracts. Oil and gas entities using the full cost method for its oil and gas assets are exempted from retrospective application. Entities with existing leasing contracts are exempted from reassessing the classification of those contracts in accordance with IC Interpretation 4 "Determining Whether an Arrangement Contains a Lease" when application of the previous accounting practice produces the same result.

FRS 4 "Insurance Contracts" exempts entities from disclosing information required under paragraph 30(b) of FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors".

FRS 129 "Financial Reporting in Hyperinflationary Economies" confirms measurement at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

(iv) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and are not relevant to the Group and Company (cont'd)

IC Interpretation 13 "Customer Loyalty Programmes" clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the revenue in respect of the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

(b) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are those corporations or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any access of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill (see Note 2(f)). Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Minority interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

(c) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

(d) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities requires unanimous consent of the parties sharing control. The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising in the consolidated income statement and consolidated statement of changes in equity, the Group's share of profits less losses of jointly controlled entities based on the latest audited financial statements or management accounts of the jointly controlled entities, made up to the financial year end of the Group. Where necessary, adjustments are made to the results and net assets of jointly controlled entities to ensure consistency of accounting policies with those of the Group. The Group's investment in jointly controlled entities is recorded at cost inclusive of goodwill and adjusted thereafter for accumulated impairment loss and the post acquisition change in the Group's share of net assets of the jointly controlled entities.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in the consolidated income statement.

(e) Associates

Associates are enterprises in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The equity method is applied based on the latest financial statements or management accounts of the associates, made up to the financial year end of the Group. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses (see Note 2(f)).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Associates (cont'd)

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits on transactions between the Group and the associates are eliminated partially to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Dilution of gains and losses in associates are recognised in the consolidated income statement.

For incremental interest in an associate, the date of acquisition is the date at which significant influence is obtained. Goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. The previously acquired stake is stepped up to fair value and the share of profits and equity movements for the previously acquired stake are not recognised since they are embedded in the step up.

(f) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group share of the fair value of the identifiable net assets including contingent liabilities of subsidiaries, associates and joint ventures at the date of the acquisition.

Capitalised goodwill is tested for impairment at least annually, or if events or circumstances occur indicating that impairment may exist.

(g) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the construction or acquisition of the items and bringing them to the location and condition so as to render them operational in the manner intended by the Group. The Group allocates the cost of an item of property, plant and equipment to its significant system and component parts.

The Directors have applied the transitional provisions of International Accounting Standard No. 16 (revised) "Property, Plant and Equipment" as adopted by the Malaysian Accounting Standards Board which allow the freehold land, buildings and civil works to be stated at their previous years' valuations less accumulated depreciation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, plant and equipment and depreciation (cont'd)

Surpluses arising on revaluation are credited to the revaluation reserve account. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in the carrying amount is charged to the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The cost of major overhaul/inspection is recognised in the asset's carrying amount as a replacement and the remaining carrying amount of the previous major overhaul/inspection is derecognised.

Major spare parts and standby equipment are recognised as assets when the Group expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit/(loss) before taxation. On disposal of revalued assets, the amount in revaluation reserve relating to those property, plant and equipment are transferred to retained profits.

Freehold land and capital project-in-progress are not depreciated.

Depreciation is provided on all other categories of property, plant and equipment on a straight line basis which reflects the estimated useful lives of the assets.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and civil works	10 to 60 years
Plant and machinery	10 to 40 years
Lines and distribution mains	25 to 35 years
Distribution services	20 years
Meters	15 years
Public lighting	15 to 25 years
Furniture, fittings and office equipment	3 to 10 years
Motor vehicles	5 to 10 years

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount (see Note 2(o)).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Prepaid operating leases

The Directors have applied the transitional provisions of FRS 117 "Leases", treating the leasehold land as prepaid operating leases which was previously classified within property, plant and equipment and allow the Group to retain the unamortised revalued amount of the previously revalued leasehold land as the surrogate carrying amount of prepaid operating leases and such prepaid operating leases shall be amortised on a straight line basis over the lease term.

Leasehold land is amortised over the remaining period of the respective leases ranging from 5 to 99 years on a straight line basis.

(i) Non-current assets held for sale

The Group shall classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The assets classified as non-current assets held for sale will be measured at the lower of its carrying amount and fair value less costs to sell.

No depreciation or amortisation is provided against the assets while it is classified as non-current assets held for sale.

The assets shall be derecognised on disposal and the difference between the net disposal proceeds and the carrying amount is recognised as profit or loss in the period of disposal.

An asset that ceases to be classified as non-current assets held for sale shall be measured at the lower of its carrying amount before the asset was classified as non-current assets held for sale, adjusted for any depreciation, amortisation or revaluations that would be recognised had the asset not be classified as non-current assets held for sale, and its recoverable amount at the date of the subsequent decision not to sell.

(j) Intangible assets

Expenditure on acquired rights, patents, trademarks and licenses is capitalised and amortised using the straight line method over their estimated useful lives. Intangible assets are not revalued.

(k) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development.

Capitalised development costs are recognised as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Capitalisation of interest

Interest incurred on external borrowings related to long term project-in-progress is capitalised until the assets are ready for their intended use.

(m) Investments

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the financial year.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is charged or credited to the income statement, as the case may be.

(n) Marketable securities and short term investment

Marketable securities are stated at the lower of cost and market value on an aggregate portfolio basis. Short term investment is stated at the lower of cost and market value.

Cost is derived at on the weighted average basis. Market value is calculated by reference to the relevant stock exchange quoted selling prices at the close of business at the balance sheet date. Any write downs to the market value of investments or subsequent write backs to cost are dealt with through the income statement.

(o) Impairment of non-financial assets

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(p) Deferred income

Contributions received from customers to defray the cost of capital projects are credited to the deferred income account. The amount in this account is released to the income statement on a straight line basis over 15 years, being the average useful life of such projects.

(q) Operating leases

Assets leased out as operating leases are included within property, plant and equipment in the balance sheet and they are depreciated over their expected useful lives on a basis consistent with similar assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of work-in-progress and finished goods comprise raw materials, direct labour and a proportion of the production overheads. Cost is determined on the weighted average and first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(s) Trade receivables

Trade receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An allowance is made for doubtful receivables based on review of all outstanding amounts at the financial year end.

(t) Trade payables

Trade payables are stated at cost, which is the fair value of the consideration to be paid in the future for the goods and services received.

(u) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(v) Share capital

(i) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The portion of a convertible bond representing the value of the conversion option at the time of issue is included in equity (see Note 2(w) on borrowings). The value of the conversion option is not changed in subsequent periods. Upon conversion of the bond to equity shares, the amount credited to share capital and share premium is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised. If the bond is redeemed, the conversion option is transferred to retained earnings.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Share capital (cont'd)

(ii) Share issue costs

Incremental external costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(iii) Dividends to shareholders of the Company

Dividends on redeemable preference shares are recognised as a liability and expressed on an accrual basis. Other dividends are recognised as a liability in the period in which they are approved.

(w) Borrowings

Borrowings are initially recognised based on the proceeds received. The costs of issuing debt instruments are expensed as and when incurred.

Interest and dividends on financial instruments deemed as borrowings are reported within finance cost in the income statement.

(x) Income tax

Current tax expense is determined according to the tax laws of which the Group and Company operates and include all taxes based upon the taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unutilised tax credits can be utilised.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

(y) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the financial year in which the services are rendered by employees of the Group.

(ii) Post-employment benefits

The Group has various post-employment benefit schemes which are either defined contribution or defined benefit plans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Employee benefits (cont'd)

(ii) Post-employment benefits (cont'd)

Defined contribution plans

The Group's contributions to defined contribution plans are charged to the income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Defined benefit plans

The Group makes contributions to the Company's Retirement Benefit Plan, a defined benefit plan and approved fund independent of the Company's finances. A book provision is also provided by the Company as the contribution rate required to fund the benefits under the said plan is in excess of the Inland Revenue maximum limit. The Group and the Company also provide for a post retirement medical plan for certain employees.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

The defined benefit obligation, calculated using the Projected Unit Credit Method, is determined by an independent actuarial firm, considering the estimated future cash outflows using market yields at balance sheet date of Government securities which have currency and terms to maturity approximating the terms of the related liability. The last revaluation was done in December 2009.

The amount of net actuarial gains and losses are credited or charged to the income statement, as the case may be, over the expected average remaining service lives of the participating employees.

(iii) Share-based compensation

The Group has applied the provision of FRS 2 to all equity instruments granted after 31 December 2004 but not yet vested as at 1 September 2006, the effective date the Group adopted this FRS.

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the income statement over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At each balance sheet date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Employee benefits (cont'd)

(iii) Share-based compensation (cont'd)

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(z) Government development grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to construction of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on the straight line basis over the expected lives of the related assets.

(aa) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

(ab) Revenue recognition

Sales are recognised upon invoiced value of services delivered net of billing adjustments.

Other operating income earned by the Group and the Company comprises interest and leasing income as well as dividend income. Leasing income is accrued, unless collectability is in doubt. Dividend income is recognised when the shareholders' rights to receive payment is established.

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

(ac) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ac) Foreign currencies (cont'd)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated at exchange rates ruling at the balance sheet date. All exchange differences are dealt with through the income statement.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have functional currencies different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The principal closing rates used in translation of foreign currency amounts were as follows:

Foreign currency	**2010** **RM**	2009 RM
1 US Dollar	**3.1390**	3.5255
100 Japanese Yen	**3.6919**	3.7540
1 Sterling Pound	**4.8860**	5.7434
100 Pakistani Rupee	**3.6800**	4.2456
1 EURO	**3.9958**	5.0538

(ad) Financial instruments

(i) Description

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ad) Financial instruments (cont'd)

(i) Description (cont'd)

The Group and the Company are also parties to financial instruments that manage exposure to fluctuations in foreign currency exchange and interest rate. These financial instruments, which mainly comprise foreign currency forward contracts, cross currency swap contracts and interest rate swap contracts, are not recognised in the financial statements. Derivative financial instruments are used in the Group and the Company's risk management of foreign currency and interest rate risk exposure of its financial liabilities.

(ii) Financial instruments not recognised on the balance sheet

Foreign currency forward contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses on contracts are recognised in the income statement at time of settlement.

Cross currency swap contracts

Cross currency swaps are entered into to manage exposure to movements in exchange rates by establishing the currency at which a foreign currency liability will be settled.

The notional principal of these contracts are off balance sheet. Any differential in terms of exchange gains or losses are recognised in the income statement in the same period as the exchange differences on the underlying hedged items.

Currency options

Currency options are designed to manage the Group's exposure to protect the Group from movements in foreign currency. The notional principal of the contract is off balance sheet. The premium paid is expensed to the income statement when it is incurred. Gains or losses on early termination of currency options or on repayment of the borrowing are taken to the income statement.

Interest rate swap contracts

Interest rate swaps, collars and caps agreements are designed to manage the Group's exposure to protect the Group from movements in interest rates. The notional principal of these contracts are off balance sheet. Any differential to be paid or received on an interest rate swap contract is recognised as a component of interest income or expense over the period of the contract. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ad) Financial instruments (cont'd)

(iii) Fair value estimation for disclosure purposes

In assessing the fair value of financial instruments, the Group and the Company make certain assumptions and apply the discounted cash flow method to discount future cash flows to determine the fair value of financial instruments. The fair value of financial liabilities are estimated by discounting future cash flows at current market interest rate available to the Group and the Company.

Fair value of publicly traded derivatives and securities is based on quoted market prices at balance sheet date whereas the fair value of foreign currency forward contracts is calculated using spot rates, as published by Reuters, at balance sheet date.

The fair value of cross currency swaps and currency options are calculated as the present value of the estimated future cash flows and/or valuation from the banks.

The carrying amount for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

(ae) Rural electrification and projects under the Malaysia Plan

(i) Rural electrification projects are capitalised as property, plant and equipment.

(ii) The costs of the projects under the Malaysia Plan in the State of Sabah are only capitalised and accounted for as property, plant and equipment upon receipt of formal handover documentation. The corresponding amounts are recorded as Government development grants and such grants are credited to the income statement on a straight line basis over the same period as the expected economic life of the projects.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgement in applying the Group's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group. The accounting policy to classify between investment properties and property, plant and equipment requires subjective judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Investment property is a property held to earn rentals or for capital appreciation or both.

Several properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold (or leased out under a finance lease) separately, then these portions would be accounted separately by the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Critical judgement in applying the Group's accounting policies (cont'd)

If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(b) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equate to the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact on the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Impairment of property, plant and equipment

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. The assumptions used, results and conclusion of the impairment assessment are stated in the Note 13 to these financial statements.

(ii) Estimated useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(iii) Share-based payment

Equity settled share-based payment (share options) is measured at fair value at the date they are granted. The assumptions used in the valuation to determine these fair value are stated in Note 35 to these financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Critical accounting estimates and assumptions (cont'd)

(iv) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business.

(v) Allowance for receivables

The allowance is established when there is objective evidence that the Group will not be able to collect all amount dues according to the original term of receivables. This is determined based on the ageing profile and collection patterns.

(vi) Estimation of income taxes

Income taxes are estimated based on the rules governed under the Income Tax Act 1967.

Differences in determining the capital allowances and deductibility of certain expenses may arise during the estimation of the provision for income taxes between tax calculated at the balance sheet date, and the final submission to Inland Revenue Board as a result of obtaining further detailed information that may become available subsequent to the balance sheet date.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

4. REVENUE

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Sales – electricity	**29,594.2**	28,083.8	**28,041.9**	26,426.4
– goods and services	**357.4**	345.4	**0**	0
Release of deferred income (Note 33)	**368.5**	356.4	**326.9**	317.2
	30,320.1	28,785.6	**28,368.8**	26,743.6

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

5. OPERATING EXPENSES

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Energy cost	**19,089.0**	18,538.2	**18,889.5**	18,262.0
Transmission cost	**1,236.5**	1,143.2	**1,233.8**	1,141.6
Distribution cost	**3,583.8**	3,404.2	**3,578.5**	3,398.5
Administrative expenses	**1,784.0**	1,576.3	**1,067.0**	883.4
Other operating expenses	**826.4**	782.0	**647.9**	565.0
	26,519.7	25,443.9	**25,416.7**	24,250.5

Operating expenses include the following items:

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Purchases from Independent Power Producers (IPPs)	**12,528.0**	11,827.0	**15,904.4**	14,620.1
Directors' remuneration				
– fees	**1.0**	0.9	**0.8**	0.8
– other emoluments	**2.8**	1.4	**2.8**	1.4
Auditors remuneration				
– statutory audit fees				
– PricewaterhouseCoopers, Malaysia	**1.5**	1.5	**0.7**	0.7
– Member firm of PricewaterhouseCoopers International Limited ** #	**0**	0	**0**	0
– assurance related fees	**0.3**	0.3	**0.3**	0.3
– non-audit fees				
– PricewaterhouseCoopers, Malaysia # #	**2.1**	1.3	**1.1**	0.9
Staff cost (Note 6)	**2,932.3**	2,734.0	**2,565.4**	2,363.3
Property, plant and equipment:				
– Depreciation	**3,923.2**	3,537.7	**3,283.5**	2,899.4
– Written off	**86.6**	12.9	**86.5**	6.6
Amortisation of prepaid operating leases	**27.0**	23.8	**19.6**	16.4
Loss on winding up/disposal of subsidiaries	**112.7**	0	**0.1**	0
Allowance for doubtful debts:				
– Trade and other receivables	**103.3**	76.7	**93.1**	75.5
– Amounts due from subsidiaries	**0**	0	**323.5**	236.9
– Amounts due from a jointly controlled entity	**14.6**	0	**14.6**	0
Write-back of allowance for doubtful debts	**0**	(8.1)	**0**	(1.2)

5. OPERATING EXPENSES (CONT'D)

Operating expenses include the following items: (cont'd)

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Impairment losses of investments in:				
– Subsidiaries	**0**	0	**0**	42.9
– Jointly controlled entity	**7.9**	0	**7.9**	0
Allowance for/(write back of) diminution in value of				
– Marketable securities	**(0.3)**	0.2	**(0.3)**	0.2
– Long term investments	**0**	0	**0**	59.4
Allowance for/(write-back of) inventory obsolescence	**3.5**	(6.9)	**3.5**	(8.3)
Inventories written off	**23.7**	21.5	**23.4**	21.3
Rental of land and buildings	**53.4**	56.6	**34.5**	36.4
Rental of plant and machinery	**20.0**	14.7	**20.0**	14.7
Research and development expenses	**46.9**	23.6	**44.8**	20.8
Receipt of Government subsidies*	**(521.4)**	(426.2)	**0**	0

* *This represents the subsidies that Sabah Electricity Sdn Bhd ('SESB') received for diesel and medium fuel oil from the Government of Malaysia. The total amount credited in the current year was RM521.4 million (2009: RM426.2 million) and it has been offset against energy cost.*

** *This represents the audit fees for Liberty Power Ltd amounting to RM34,729 (2009: RM37,635).*

\# *Separate and independent legal entities from PricewaterhouseCoopers, Malaysia.*

\# # *Current year amount primarily relates to work commissioned by the Energy Commission on the management and engineering audit, jointly undertaken by PwC Malaysia and an international engineering and consulting firm.*

The estimated monetary value of benefits-in-kind received by the Directors was RM309,821 (2009: RM512,647) for the Group and the Company.

There was no amount paid and payable to any firm, of which a Director is a partner, for professional services rendered to the Group and the Company (2009: Nil).

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

6. STAFF COST

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Wages, salaries and bonuses	**1,765.6**	1,643.8	**1,477.9**	1,379.9
Defined contribution retirement plan	**189.6**	178.7	**150.9**	143.0
Retirement benefit plan (Note 31)	**251.6**	258.5	**249.2**	259.1
Retirement medical plan (Note 31)	**513.8**	439.1	**502.4**	414.6
Employees' Share Option Scheme II	**33.4**	26.3	**29.9**	25.2
Other employee benefits	**178.3**	187.6	**155.1**	141.5
	2,932.3	2,734.0	**2,565.4**	2,363.3

Details of the retirement benefit and retirement medical plans of the Group and the Company are set out in Note 31 to these financial statements.

7. OTHER OPERATING INCOME

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Dividend income from investments in:				
– quoted shares	**4.1**	0	**4.1**	0
– unquoted shares	**2.5**	0	**58.6**	54.1
Leasing income	**4.7**	5.5	**7.0**	7.8
Rental income	**12.2**	7.8	**33.9**	34.7
Release of Government development grants (Note 34)	**42.9**	44.6	**0**	0
Government grants relating to income	**50.0**	0	**0**	0
Gain on disposals				
– Property, plant and equipment	**2.0**	0.3	**2.0**	0.1
– Prepaid operating leases	**1.0**	3.9	**1.0**	3.9
– Non-current assets held for sale	**2.3**	26.9	**2.3**	27.1
Gain on redemption of redeemable preference shares in a subsidiary	**0**	0	**0**	230.8
Interest on late payments	**81.8**	71.4	**81.8**	71.4
Minimum charges	**33.2**	33.0	**33.2**	33.0
Other income	**145.6**	163.8	**126.6**	127.8
	382.3	357.2	**350.5**	590.7

8. FOREIGN EXCHANGE GAIN/(LOSS)

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Foreign exchange gain/(loss) comprises:				
Translation gain/(loss) – foreign currency denominated term loans	**638.7**	(1,124.9)	**647.3**	(816.8)
Translation loss – others	**(6.1)**	(52.9)	**(63.2)**	(10.2)
Transaction gain/(loss) – foreign term loans	**27.7**	(76.7)	**27.7**	(71.9)
Transaction (loss)/gain – others	**(4.3)**	15.3	**(4.9)**	16.0
	656.0	(1,239.2)	**606.9**	(882.9)

9. FINANCE COST

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Interest on borrowings	**1,161.8**	1,264.8	**869.2**	967.8
Less: Amount capitalised into property, plant and equipment	**(241.4)**	(268.0)	**(241.4)**	(268.0)
	920.4	996.8	**627.8**	699.8
Interest on consumer deposits	**150.5**	130.0	**129.8**	122.7
	1,070.9	1,126.8	**757.6**	822.5

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

10. TAXATION AND ZAKAT

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Current tax:				
– Malaysian corporate income tax	**666.8**	377.1	**658.9**	360.2
Deferred tax (Note 32)	**140.8**	303.0	**123.9**	245.8
Real property gains tax	**0**	0.2	**0**	0.2
Tax expense	**807.6**	680.3	**782.8**	606.2
Zakat	**17.2**	9.8	**17.2**	9.8
	824.8	690.1	**800.0**	616.0
The analysis of the tax expense is as follows:				
Current tax:				
Current year	**669.6**	388.6	**661.6**	375.3
Over accrual in prior years	**(2.8)**	(11.5)	**(2.7)**	(15.1)
	666.8	377.1	**658.9**	360.2
Deferred tax:				
Origination of temporary differences	**140.8**	303.0	**123.9**	245.8
Real property gains tax	**0**	0.2	**0**	0.2
	807.6	680.3	**782.8**	606.2

10. TAXATION AND ZAKAT (CONT'D)

The explanation of the relationship between tax expense and profit before taxation is as follows:

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Profit before taxation and zakat	**4,022.1**	1,543.1	**3,508.5**	1,686.7
Tax calculated at the Malaysian corporate income tax rate of 25% (2009: 25%)	**1,005.5**	385.7	**877.1**	421.7
Tax effects of:				
– Share of results of associates	**4.8**	1.7	**0**	0
– Income not subject to tax	**(304.6)**	(177.1)	**(248.1)**	(157.9)
– Expenses not deductible for tax purposes	**142.1**	436.9	**195.4**	350.0
– Expenses qualifying for double deduction	**(9.4)**	0	**(9.4)**	0
Over provision of current tax in prior years	**(2.8)**	(11.5)	**(2.7)**	(15.1)
(Over)/under provision of deferred tax in prior years	**(29.6)**	7.4	**(29.5)**	7.3
Benefits from previously unrecognised tax losses	**(9.2)**	(1.6)	**0**	0
Current year unrecognised temporary differences and unused tax losses	**10.8**	38.6	**0**	0
Real property gains tax	**0**	0.2	**0**	0.2
Zakat	**17.2**	9.8	**17.2**	9.8
Tax and zakat charge	**824.8**	690.1	**800.0**	616.0
Average effective tax rate (%)	**20.6**	44.7	**22.8**	36.5

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2010	2009
Profit attributable to ordinary equity holders of the Company (RM'million)	**3,201.9**	917.9
Weighted average number of ordinary shares in issue ('000)	**4,342,410**	4,334,776
Basic earnings per share (sen)	**73.74**	21.18

(b) Diluted earnings per share

	Group	
	2010	2009
Profit used to determine diluted earnings per share (RM'million)	**3,201.9**	917.9
Weighted average number of ordinary shares in issue ('000)	**4,342,410**	4,334,776
Adjustment for share options ('000)	**19,650**	5,406
Weighted average number of ordinary shares for diluted earnings per share ('000)	**4,362,060**	4,340,182
Diluted earnings per share (sen)	**73.40**	21.15

12. DIVIDENDS

	Company	
	2010 RM'million	2009 RM'million
Interim dividend of 6.0 sen gross per ordinary share, less income tax at 25%, (2009: interim dividend of 2.0 sen gross per ordinary share, less income tax at 25% and 2.0 sen per ordinary share, tax exempt)	**195.5**	151.7
Proposed:		
Proposed final dividend of 20.0 sen gross per ordinary share, less income tax at 25% (2009: final dividend of 10.0 sen gross per ordinary share, less income tax at 25% and 2.3 sen per ordinary share, tax exempt)	**653.3**	425.3
	848.8	577.0

Interim dividends are paid and accounted for in shareholders' equity as an appropriation of retained profits in the financial year.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 August 2010 of 20.0 sen gross per ordinary share, less income tax at 25% will be proposed for shareholders' approval.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT

	As at 1.9.2009 RM'million	Exchange rate adjustment RM'million	Additions RM'million	Disposals RM'million	Transfers/ reclassi-fication RM'million	As at 31.8.2010 RM'million
Group						
2010						
Cost/valuation						
At 1984 and earlier valuations:						
Buildings and civil works	5.6	0	0	0	(5.6)	0
At 1994 valuation:						
Freehold land	557.1	0	0.1	(0.7)	5.9	562.4
Buildings and civil works	442.4	0	0	(1.5)	5.6	446.5
	1,005.1	0	0.1	(2.2)	5.9	1,008.9
At cost:						
Freehold land	376.3	(0.3)	20.0	(0.4)	(34.2)	361.4
Buildings and civil works	11,986.2	(0.5)	356.6	(1.8)	11.8	12,352.3
	13,367.6	(0.8)	376.7	(4.4)	(16.5)	13,722.6
Plant and machinery	41,496.5	(92.9)	2,446.2	(467.9)	108.5	43,490.4
Lines and distribution mains	26,526.7	0	1,946.4	0	48.5	28,521.6
Distribution services	2,646.4	0	248.7	0	4.6	2,899.7
Meters	1,535.6	0	110.2	0	4.1	1,649.9
Public lighting	309.7	0	17.7	0	0	327.4
Furniture, fittings and office equipment	1,204.2	(0.6)	48.3	(2.0)	2.7	1,252.6
Motor vehicles	285.7	(0.2)	22.8	(2.5)	4.6	310.4
	87,372.4	(94.5)	5,217.0	(476.8)	156.5	92,174.6
Capital project-in-progress	5,906.9	(3.3)	3,984.1	0	(5,388.6)	4,499.1
	93,279.3	(97.8)	9,201.1	(476.8)	(5,232.1)	96,673.7

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.9.2009 RM'million	Charged for the financial year RM'million	Released on disposals/ transfers RM'million	As at 31.8.2010 RM'million
Group				
2010				
Accumulated depreciation				
At 1984 and earlier valuations:				
Buildings and civil works	3.9	0	(3.9)	0
At 1994 valuation:				
Freehold land	0	0	0	0
Buildings and civil works	217.2	18.1	3.0	238.3
	221.1	18.1	(0.9)	238.3
At cost:				
Freehold land	0	0	0	0
Buildings and civil works	3,225.4	327.4	(2.0)	3,550.8
	3,446.5	345.5	(2.9)	3,789.1
Plant and machinery	16,638.2	2,073.4	(332.9)	18,378.7
Lines and distribution mains	10,940.2	1,162.7	3.8	12,106.7
Distribution services	1,405.6	123.6	0	1,529.2
Meters	781.8	90.4	4.0	876.2
Public lighting	177.0	15.1	0	192.1
Furniture, fittings and office equipment	999.0	86.5	(2.4)	1,083.1
Motor vehicles	223.4	26.0	(2.8)	246.6
	34,611.7	3,923.2	(333.2)	38,201.7
Accumulated impairment losses				
Plant and machinery	440.2	0	0	440.2

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.9.2008 RM'million	Exchange rate adjustment RM'million	Additions RM'million	Disposals RM'million	Transfers/ reclassi-fication RM'million	As at 31.8.2009 RM'million
Group						
2009						
Cost/valuation						
At 1984 and earlier valuations:						
Buildings and civil works	5.6	0	0	0	0	5.6
At 1994 valuation:						
Freehold land	572.5	0	0	(1.7)	(13.7)	557.1
Buildings and civil works	445.2	0	0	(0.3)	(2.5)	442.4
	1,023.3	0	0	(2.0)	(16.2)	1,005.1
At cost:						
Freehold land	368.8	(1.7)	19.5	0	(10.3)	376.3
Buildings and civil works	11,931.6	(0.6)	480.4	(1.4)	(423.8)	11,986.2
	13,323.7	(2.3)	499.9	(3.4)	(450.3)	13,367.6
Plant and machinery	38,335.3	(34.7)	2,716.6	(71.5)	550.8	41,496.5
Lines and distribution mains	25,117.2	0	1,365.7	0	43.8	26,526.7
Distribution services	2,510.3	0	123.5	0	12.6	2,646.4
Meters	1,412.8	0	125.5	0	(2.7)	1,535.6
Public lighting	294.4	0	15.5	0	(0.2)	309.7
Furniture, fittings and office equipment	1,135.4	(0.4)	97.2	(3.4)	(24.6)	1,204.2
Motor vehicles	279.3	(1.7)	15.8	(8.9)	1.2	285.7
	82,408.4	(39.1)	4,959.7	(87.2)	130.6	87,372.4
Capital project-in-progress	6,668.4	(0.2)	4,425.7	0	(5,187.0)	5,906.9
	89,076.8	(39.3)	9,385.4	(87.2)	(5,056.4)	93,279.3

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.9.2008 RM'million	Charged for the financial year RM'million	Released on disposals/ transfers RM'million	As at 31.8.2009 RM'million
Group				
2009				
Accumulated depreciation				
At 1984 and earlier valuations:				
Buildings and civil works	3.9	0	0	3.9
At 1994 valuation:				
Freehold land	0	0	0	0
Buildings and civil works	203.6	14.8	(1.2)	217.2
	207.5	14.8	(1.2)	221.1
At cost:				
Freehold land	0	0	0	0
Buildings and civil works	3,144.7	84.3	(3.6)	3,225.4
	3,352.2	99.1	(4.8)	3,446.5
Plant and machinery	14,671.6	2,027.4	(60.8)	16,638.2
Lines and distribution mains	9,869.9	1,070.3	0	10,940.2
Distribution services	1,293.1	112.5	0	1,405.6
Meters	696.2	85.6	0	781.8
Public lighting	162.6	14.4	0	177.0
Furniture, fittings and office equipment	908.6	103.1	(12.7)	999.0
Motor vehicles	207.2	25.3	(9.1)	223.4
	31,161.4	3,537.7	(87.4)	34,611.7
Accumulated impairment losses				
Plant and machinery	440.2	0	0	440.2

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.9.2009 RM'million	Additions RM'million	Disposals RM'million	Transfers/ reclassi-fication RM'million	As at 31.8.2010 RM'million
Company					
2010					
Cost/valuation					
At 1994 valuation:					
Freehold land	557.0	0.2	(0.7)	5.9	562.4
Buildings and civil works	442.3	0	(1.5)	0	440.8
	999.3	0.2	(2.2)	5.9	1,003.2
At cost:					
Freehold land	316.5	20.0	(0.4)	(38.2)	297.9
Buildings and civil works	10,392.9	343.4	(1.8)	2.9	10,737.4
	11,708.7	363.6	(4.4)	(29.4)	12,038.5
Plant and machinery	30,911.4	2,196.4	(412.2)	(15.2)	32,680.4
Lines and distribution mains	25,347.4	1,942.4	0	5.6	27,295.4
Distribution services	2,515.3	248.4	0	0	2,763.7
Meters	1,501.5	105.9	0	0	1,607.4
Public lighting	309.8	17.7	0	0	327.5
Furniture, fittings and office equipment	1,057.4	35.7	(1.0)	0.2	1,092.3
Motor vehicles	235.4	11.3	(2.5)	2.0	246.2
	73,586.9	4,921.4	(420.1)	(36.8)	78,051.4
Capital project-in-progress	5,539.8	3,484.3	0	(4,921.4)	4,102.7
	79,126.7	8,405.7	(420.1)	(4,958.2)	82,154.1

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.9.2009 RM'million	Charged for the financial year RM'million	Released on disposals/ transfers RM'million	As at 31.8.2010 RM'million
Company				
2010				
Accumulated depreciation				
At 1994 valuation:				
Buildings and civil works	217.2	18.0	(1.1)	234.1
	217.2	18.0	(1.1)	234.1
At cost:				
Freehold land	0	0	0	0
Buildings and civil works	2,840.9	265.1	(1.5)	3,104.5
	3,058.1	283.1	(2.6)	3,338.6
Plant and machinery	13,451.2	1,572.3	(327.3)	14,696.2
Lines and distribution mains	10,591.1	1,114.9	0	11,706.0
Distribution services	1,320.5	118.2	0	1,438.7
Meters	765.8	87.3	0	853.1
Public lighting	176.6	15.1	0	191.7
Furniture, fittings and office equipment	890.8	71.6	(1.0)	961.4
Motor vehicles	183.9	21.0	(3.8)	201.1
	30,438.0	3,283.5	(334.7)	33,386.8

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.9.2008 RM'million	Additions RM'million	Disposals RM'million	Transfers/ reclassi-fication RM'million	As at 31.8.2009 RM'million
Company					
2009					
Cost/valuation					
At 1994 valuation:					
Freehold land	572.4	0	(1.7)	(13.7)	557.0
Buildings and civil works	445.1	0	(0.3)	(2.5)	442.3
	1,017.5	0	(2.0)	(16.2)	999.3
At cost:					
Freehold land	308.9	19.5	0	(11.9)	316.5
Buildings and civil works	10,356.1	465.2	(1.4)	(427.0)	10,392.9
	11,682.5	484.7	(3.4)	(455.1)	11,708.7
Plant and machinery	27,982.5	2,587.6	(30.9)	372.2	30,911.4
Lines and distribution mains	24,004.8	1,342.6	0	0	25,347.4
Distribution services	2,393.8	121.5	0	0	2,515.3
Meters	1,383.5	120.7	0	(2.7)	1,501.5
Public lighting	294.5	15.5	0	(0.2)	309.8
Furniture, fittings and office equipment	1,010.1	82.0	(0.1)	(34.6)	1,057.4
Motor vehicles	234.4	10.4	(7.6)	(1.8)	235.4
	68,986.1	4,765.0	(42.0)	(122.2)	73,586.9
Capital project-in-progress	6,461.7	3,843.1	0	(4,765.0)	5,539.8
	75,447.8	8,608.1	(42.0)	(4,887.2)	79,126.7

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.9.2008 RM'million	Charged for the financial year RM'million	Released on disposals/ transfers RM'million	As at 31.8.2009 RM'million
Company				
2009				
Accumulated depreciation				
At 1994 valuation:				
Buildings and civil works	203.6	14.8	(1.2)	217.2
	203.6	14.8	(1.2)	217.2
At cost:				
Freehold land	0	0	0	0
Buildings and civil works	2,821.9	22.4	(3.4)	2,840.9
	3,025.5	37.2	(4.6)	3,058.1
Plant and machinery	11,969.9	1,527.2	(45.9)	13,451.2
Lines and distribution mains	9,573.5	1,017.6	0	10,591.1
Distribution services	1,213.1	107.4	0	1,320.5
Meters	683.0	82.8	0	765.8
Public lighting	162.2	14.4	0	176.6
Furniture, fittings and office equipment	816.0	91.1	(16.3)	890.8
Motor vehicles	171.1	21.7	(8.9)	183.9
	27,614.3	2,899.4	(75.7)	30,438.0

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Net book value				
At 1984 and earlier valuations:				
Buildings and civil works	**0**	1.7	**0**	0
At 1994 valuation:				
Freehold land	**562.4**	557.1	**562.4**	557.0
Buildings and civil works	**208.2**	225.2	**206.7**	225.1
	770.6	784.0	**769.1**	782.1
At cost:				
Freehold land	**361.4**	376.3	**297.9**	316.5
Buildings and civil works	**8,801.5**	8,760.8	**7,632.9**	7,552.0
Total land and buildings	**9,933.5**	9,921.1	**8,699.9**	8,650.6
Plant and machinery	**24,671.5**	24,418.1	**17,984.2**	17,460.2
Lines and distribution mains	**16,414.9**	15,586.5	**15,589.4**	14,756.3
Distribution services	**1,370.5**	1,240.8	**1,325.0**	1,194.8
Meters	**773.7**	753.8	**754.3**	735.7
Public lighting	**135.3**	132.7	**135.8**	133.2
Furniture, fittings and office equipment	**169.5**	205.2	**130.9**	166.6
Motor vehicles	**63.8**	62.3	**45.1**	51.5
	53,532.7	52,320.5	**44,664.6**	43,148.9
Capital project-in-progress	**4,499.1**	5,906.9	**4,102.7**	5,539.8
	58,031.8	58,227.4	**48,767.3**	48,688.7

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Had the revalued property, plant and equipment been included in the financial statements at cost less accumulated depreciation and accumulated impairment losses, the net book value of the revalued property, plant and equipment would have been as follows:

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Freehold land	**55.1**	50.5	**48.2**	43.6
Buildings and civil works	**88.6**	95.5	**88.6**	95.5
	143.7	146.0	**136.8**	139.1

The valuations of freehold land, buildings and civil works of the Group and the Company was based on an independent valuation by a professional firm of valuers on the open market value basis in 1994. The net surplus on revaluation was incorporated into the financial statements as at 31 August 1996 and transferred to revaluation reserve.

The valuations of buildings of a subsidiary were carried out in 1982 and 1984 respectively based on independent valuations by professional firms of valuers on the open market value basis. The net surplus on revaluation was transferred to revaluation reserve.

The title deeds of certain land are in the process of being registered in the name of the Company and certain subsidiaries.

Interest capitalised during the financial year in capital project-in-progress amounted to RM241.4 million (2009: RM268.0 million) for the Company.

The capitalisation rate used to determine the amount of borrowing cost eligible for capitalisation is 6.30% (2009: 6.23%) for the Group and the Company.

<u>Impairment test for property, plant and equipment</u>

During the financial year, three subsidiaries undertook annual impairment test for property, plant and equipment.

(a) TNB Liberty Power Limited

TNB Liberty Power Limited has recognised in prior years, a provision for impairment totalling RM440.2 million. The assessment showed that no further impairment loss is required for the carrying amount of property, plant and equipment assessed, including where realistic variations are applied to key assumptions. The carrying value of the property, plant and equipment at balance sheet date is RM379.2 million (2009: RM463.8 million).

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment test for property, plant and equipment (cont'd)

(b) Sabah Electricity Sdn Bhd ('SESB')

SESB undertook an annual test for impairment of its property, plant and equipment represented by cash-generating unit ('CGU') in accordance with Note 3(b). Based on the impairment test, no impairment loss is required for the carrying amount of property, plant and equipment as at 31 August 2010 as its recoverable amount is in excess of its carrying amount. The carrying value of the property, plant and equipment at balance sheet date is RM2,585.1 million (2009: RM2,447.6 million).

(i) Key assumptions used in the value-in-use ('VIU') calculations

The recoverable amount of the property, plant and equipment is determined based on VIU calculation. This VIU calculation apply a discounted cash flow model using cash flow projections covering a ten-year period for the property, plant and equipment reflecting the remaining average useful lives of the existing assets. The projections over these periods reflect the subsidiary's expectation of usage, revenue growth, maximum capacity and operating costs of these assets based on past experience and current assessment of electricity demand in Sabah, particularly market growth and industry growth.

The value in use calculation also includes the assumption that the subsidiary will receive tariff subsidy from the Federal Government to continue its operations, over the projection period. Tariff is assumed to remain constant over the projection period.

Cash flow projections beyond year ten are not extrapolated using estimated terminal growth rates. However, the cash flow projections are assumed to be derived from the residual value of the assets equivalent to the expected net book value of the assets depreciated in accordance with the existing depreciation rates.

For purposes of the VIU calculation, a discount rate of 5.83% (2009: 5.80%) has been applied. The discount rate reflects the SESB's cost of funds.

(ii) Sensitivity Analysis

Sensitivity analysis show that no impairment loss is required for the carrying amount of property, plant and equipment assessed, including where realistic variations are applied to key assumptions.

(c) Kapar Energy Ventures Sdn Bhd ('KEV')

KEV undertook an annual test for impairment of its property, plant and equipment. No impairment loss was required for the carrying amount of property, plant and equipment as at 31 August 2010 as its recoverable amount is in excess of its carrying amount. The carrying value of the property, plant and equipment at balance sheet date is RM3,292.8 million (2009: RM3,389.2 million).

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment test for property, plant and equipment (cont'd)

(c) Kapar Energy Ventures Sdn Bhd ('KEV') (cont'd)

(i) Key assumptions used in the VIU calculations

The recoverable amount of the property, plant and equipment is determined based on VIU calculation. This VIU calculation apply a discounted cash flow model using cash flow projections covering the estimated remaining useful life of the property, plant and equipment. The projections over these periods reflect the management's best estimate of plant availability, unplanned outage rates and electrical outputs based on the plant's past performance and the target set forth in the Power Purchase Agreement.

For the purposes of the VIU calculation, a pre-tax discount rate of 9.21% based on the estimated of weighted average cost of capital applicable for the Company.

(ii) Sensitivity Analysis

Based on the sensitivity analysis performed on the capacity payment, if the estimated unplanned outage rates used for the purpose of assessment of impairment of property, plant and equipment had been 1.68% higher than management's estimate, assuming all other variables remain unchanged, the carrying amount will approximate recoverable amount.

Sensitivity analysis show that no impairment loss is required for the carrying amount of property, plant and equipment assessed, including where realistic variations are applied to key assumptions.

14. PREPAID OPERATING LEASES

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Cost/Valuation				
As at the beginning of the financial year	**1,073.0**	1,059.9	**868.6**	855.5
Additions	**22.7**	0	**22.7**	0
Disposals	**(4.0)**	(2.1)	**(4.0)**	(2.1)
Reclassified to non-current assets held for sale (Note 20)	**(3.1)**	(0.5)	**(3.1)**	(0.5)
Reclassification	**37.6**	15.7	**33.1**	15.7
As at the end of the financial year	**1,126.2**	1,073.0	**917.3**	868.6

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

14. PREPAID OPERATING LEASES (CONT'D)

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Accumulated amortisation				
As at the beginning of the financial year	**239.4**	215.8	**179.6**	163.4
Charged for the financial year	**27.0**	23.8	**19.6**	16.4
Released on disposals	**(3.3)**	(0.2)	**(3.3)**	(0.2)
Released on reclassification to non-current assets held for sale (Note 20)	**(0.5)**	(0.1)	**(0.5)**	(0.1)
Released on reclassification	**0.1**	0.1	**0**	0.1
As at the end of the financial year	**262.7**	239.4	**195.4**	179.6
Net book value as at the end of the financial year	**863.5**	833.6	**721.9**	689.0

Prepaid operating leases were previously classified as leasehold land within property, plant and equipment and comprise long leasehold land and short leasehold land.

Included in the reclassification was RM2.6 million being the carrying amount of prepaid operating lease reclassified as assets held for sale (see Note 20).

The last revaluation of the leasehold land was in 1994.

15. SUBSIDIARIES

	Company	
	2010 RM'million	2009 RM'million
Unquoted ordinary shares, at cost	**296.6**	296.7
Redeemable unsecured loan stocks, at cost	**535.5**	535.5
Redeemable preference shares, at cost	**4,075.7**	4,075.7
	4,907.8	4,907.9
Less: Accumulated impairment losses	**(928.9)**	(929.0)
	3,978.9	3,978.9

15. SUBSIDIARIES (CONT'D)

Redeemable unsecured loan stocks bear interest at 15.0% (2009: 15.0%) per annum on the outstanding nominal value of the principal and a compounding interest will be charged at 5.0% (2009: 5.0%) per annum on the unpaid interest after the due date.

Name of subsidiary	Group's interest		Principal activities	Country of incorporation
	2010	2009		
TNB Janamanjung Sdn Bhd	**100%**	100%	Generate and deliver electricity and generating capacity to TNB	Malaysia
TNB Power Daharki Ltd#	**100%**	100%	Investment holding	Mauritius
TNB Fuel Services Sdn Bhd	**100%**	100%	Supplying fuel and coal for power generation	Malaysia
TNB Energy Services Sdn Bhd	**100%**	100%	Generating, distributing, supplying, dealing, selling of different kinds of energy sources and related technical services	Malaysia
TNB Research Sdn Bhd	**100%**	100%	Research and development, consultancy and other services	Malaysia
TNB Ventures Sdn Bhd	**100%**	100%	Dormant	Malaysia
TNB Engineering Corporation Sdn Bhd	**100%**	100%	Principally engaged as turnkey contractors, energy project development specialising in district cooling system and co-generation including operation and maintenance works	Malaysia
TNB Repair And Maintenance Sdn Bhd	**100%**	100%	Repair and maintenance services to heavy industries and other related services	Malaysia
TNB Engineers Sdn Bhd	**100%**	100%	Dormant	Malaysia
TNB Capital (L) Ltd	**100%**	100%	Investment holding	Malaysia

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

15. SUBSIDIARIES (CONT'D)

Name of subsidiary	Group's interest 2010	Group's interest 2009	Principal activities	Country of incorporation
Universiti Tenaga Nasional Sdn Bhd	**100%**	100%	Providing higher education and training	Malaysia
Malaysia Transformer Manufacturing Sdn Bhd	**100%**	100%	Principally engaged in the manufacturing, selling and repairing distribution, power and earthing transformers	Malaysia
TNB Coal International Ltd*	**100%**	100%	Dormant	Mauritius
Power and Energy International (Mauritius) Ltd*	**100%**	100%	Investment holding	Mauritius
Orion Mission Sdn Bhd	**100%**	100%	Investment holding	Malaysia
Sabah Electricity Sdn Bhd	**80%**	80%	Business of generation, transmission, distribution, and sale of electricity and services in Sabah	Malaysia
Tenaga Switchgear Sdn Bhd	**60%**	60%	Principally engaged in the business of assembling and manufacturing of high voltage switchgears and contracting of turnkey transmission substations	Malaysia
Kapar Energy Ventures Sdn Bhd	**60%**	60%	Generate and deliver electricity energy and generating capacity to TNB	Malaysia
TNB Integrated Learning Solution Sdn Bhd	**100%**	100%	Establish, maintain and carry out training center in Malaysia	Malaysia
TNB Generation Sdn Bhd	**100%**	100%	Dormant	Malaysia
TNB Transmission Network Sdn Bhd	**100%**	100%	Dormant	Malaysia

15. SUBSIDIARIES (CONT'D)

Name of subsidiary	Group's interest 2010	Group's interest 2009	Principal activities	Country of incorporation
TNB Distribution Sdn Bhd	**100%**	100%	Dormant	Malaysia
TNB Risk Management Sdn Bhd	**100%**	100%	Dormant	Malaysia
TNB Logistics Sdn Bhd***	**100%**	100%	Dormant	Malaysia
TNB – IT Sdn Bhd	**100%**	100%	Dormant	Malaysia
TNB Workshop Services Sdn Bhd***	**100%**	100%	Dormant	Malaysia
TNB Metering Services Sdn Bhd***	**100%**	100%	Dormant	Malaysia
TNB Hidro Sdn Bhd	**100%**	100%	Dormant	Malaysia
Sumber Hidro Management Sdn Bhd**	**0%**	100%	Dormant	Malaysia
TNB Prai Sdn Bhd	**100%**	100%	Dormant	Malaysia
TNB Properties Sdn Bhd	**100%**	100%	Dormant	Malaysia
TNB Kulim Generation Sdn Bhd	**100%**	100%	Dormant	Malaysia
Sepang Power Sdn Bhd	**70%**	70%	Dormant	Malaysia
Subsidiaries of TNB Engineering Corporation Sdn Bhd				
Bangsar Energy Systems Sdn Bhd	**100%**	100%	Operating an integrated district cooling system for air conditioning systems of office building	Malaysia
TNEC Construction Sdn Bhd	**100%**	100%	Dormant	Malaysia

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

15. SUBSIDIARIES (CONT'D)

Name of subsidiary	Group's interest 2010	Group's interest 2009	Principal activities	Country of incorporation
Subsidiaries of TNB Engineering Corporation Sdn Bhd (cont'd)				
TNEC Operations and Maintenance Sdn Bhd	**100%**	100%	Operations and maintenance of cooling and power plants	Malaysia
Subsidiary of Power and Energy International (Mauritius) Ltd				
Independent Power International Ltd*	**100%**	100%	Investment holding	Mauritius
Subsidiary of Bangsar Energy Systems Sdn Bhd				
Selesa Energy Systems Sdn Bhd	**70%**	70%	Dormant	Malaysia
Subsidiary of TNEC Operations and Maintenance Sdn Bhd				
Tomest Energy Management Sdn Bhd	**51%**	51%	Dormant	Malaysia
Subsidiary of TNB Power Daharki Ltd				
TNB Liberty Power Ltd#	**100%**	100%	Operation of power plant and generation of electricity	Pakistan
Subsidiary of TNB Properties Sdn Bhd				
TNP Construction Sdn Bhd	**100%**	100%	Dormant	Malaysia

15. SUBSIDIARIES (CONT'D)

Name of subsidiary	Group's interest 2010	Group's interest 2009	Principal activities	Country of incorporation
Subsidiary of University Tenaga Nasional Sdn Bhd				
UNITEN R & D Sdn Bhd	**100%**	100%	Providing research and development in areas related to engineering, information technology, business, accountancy, liberal studies and other services	Malaysia
Subsidiaries of TNB Repair And Maintenance Sdn Bhd				
Trichy Power Ltd***	**100%**	100%	Dormant	India
Trichy Energy Ltd***	**100%**	100%	Dormant	India
TNB Operations and Maintenance International Ltd	**100%**	100%	Investment holding	Mauritius
TNB Remaco Pakistan Private Limited*	**100%**	0%	Providing repair and maintenance services to heavy industries and other related services	Pakistan
Subsidiary of TNB Operations and Maintenance International Ltd				
Oasis Parade Sdn Bhd	**100%**	100%	Investment holding	Malaysia
Subsidiary of TNB Ventures Sdn Bhd				
Tenaga Cable Industries Sdn Bhd	**76%**	76%	Manufacturing and distribution of power and general cables, aluminium rods and related activities	Malaysia

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

15. SUBSIDIARIES (CONT'D)

Name of subsidiary	Group's interest		Principal activities	Country of incorporation
	2010	2009		
Subsidiary of TNB Coal International Ltd				
Dynamic Acres Sdn Bhd*	**100%**	100%	Dormant	Malaysia
Subsidiary of Orion Mission Sdn Bhd				
Lahad Datu Holdings Sdn Bhd	**100%**	100%	Dormant	Malaysia
Subsidiary of Lahad Datu Holdings Sdn Bhd				
Lahad Datu Energy Sdn Bhd	**100%**	100%	Dormant	Malaysia

* Not audited by PricewaterhouseCoopers.
\# Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia.
** Sumber Hidro Management Sdn Bhd was dissolved on 25 March 2010.
*** The companies are in the process of being wound up.

16. JOINTLY CONTROLLED ENTITIES

	Group	
	2010 RM'million	2009 RM'million
Share of net assets of jointly controlled entities	**0**	7.9

	Company	
	2010 RM'million	2009 RM'million
Unquoted ordinary shares, at cost	**7.9**	7.9
Less: Accumulated impairment losses	**(7.9)**	0
	0	7.9

16. JOINTLY CONTROLLED ENTITIES (CONT'D)

Details of the jointly controlled entities are as follows:

Name of jointly controlled entities	Group's interest		Principal activities	Country of incorporation
	2010	2009		
Seatrac Sdn Bhd	**50%**	50%	Dormant	Malaysia
TNB Energy Services Sdn Bhd & Eramaz Technology Sdn Bhd JV	**51%**	51%	As the turnkey contractor to undertake the design, building and commissioning of the system for the supply of electricity in Kalabakan, Sabah awarded by Kemajuan Luar Bandar dan Wilayah ("KKLW")	Malaysia

17. ASSOCIATES

	Group	
	2010 RM'million	2009 RM'million
Share of net assets of associates	**296.4**	297.3

	Company	
	2010 RM'million	2009 RM'million
Unquoted shares, at cost	**60.7**	60.4
Less: Accumulated impairment losses	**(9.6)**	(9.6)
	51.1	50.8
Redeemable preference shares, at cost	**33.2**	33.2
Unsecured loan notes	**77.0**	82.3
	161.3	166.3

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

17. ASSOCIATES (CONT'D)

The Group's share of revenue, profit, assets and liabilities of associates are as follows:

	2010 RM'million	2009 RM'million
Revenue	**280.3**	330.0
Profit after taxation	**44.6**	33.1
Non-current assets	**549.2**	563.7
Current assets	**277.9**	261.1
Current liabilities	**(146.5)**	(89.4)
Non-current liabilities	**(384.2)**	(438.1)
Net assets	**296.4**	297.3

Details of the associates are as follows:

Name of associate	Group's interest 2010	Group's interest 2009	Principal activities	Country of incorporation
Teknologi Tenaga Perlis Consortium Sdn Bhd	**20%**	20%	Design, construction, divesting, operation and maintenance of electricity generating facility	Malaysia
Perusahaan Otomobil Elektrik (Malaysia) Sdn Bhd	**20%**	20%	Dormant	Malaysia
GB3 Sdn Bhd	**20%**	20%	Design, construction, operation and maintenance of electricity generating facility	Malaysia
Fibrecomm Network (M) Sdn Bhd	**49%**	49%	Provision of fibre optic transmission network services	Malaysia
Jimah Energy Ventures Holdings Sdn Bhd	**20%**	20%	Generate electric power and investment holdings	Malaysia
FTJ Biopower Sdn Bhd	**24.5%**	24.5%	Generation and distribution of electricity using palm empty fruit bunch as its main fuel source	Malaysia

17. ASSOCIATES (CONT'D)

Name of associate	Group's interest 2010	Group's interest 2009	Principal activities	Country of incorporation
Associates of TNB Properties Sdn Bhd				
INDERA-TNB Properties Sdn Bhd	**40%**	40%	Dormant	Malaysia
KM Metro-TNB Properties Sdn Bhd	**40%**	40%	Dormant	Malaysia
TNB Properties-JB Citytowers Sdn Bhd*	**0%**	40%	Dormant	Malaysia
Associate of TNB Ventures Sdn Bhd				
Northern Utility Resources Sdn Bhd (Receivers and Managers appointed)	**20%**	20%	Development and management of an independent power utility for the generation and supply of electricity to tenants within the gazetted area of Kulim Hi-Tech through its subsidiaries	Malaysia
Associate of Independent Power International Ltd				
Malaysian Shoaiba Consortium Sdn Bhd	**20%**	20%	Investment holding	Malaysia
Associate of Oasis Parade Sdn Bhd				
Saudi-Malaysia Operation and Maintenance Services Company Limited	**30%**	30%	Investment holding	Saudi Arabia

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

17. ASSOCIATES (CONT'D)

Name of associate	Group's interest		Principal activities	Country of incorporation
	2010	2009		
Associate of TNB Energy Services Sdn Bhd				
Jana Landfill Sdn Bhd	**20%**	20%	Generation and distribution of heat and electricity using methane gas from landfill sites	Malaysia
Associate of TNB Engineering Corporation Sdn Bhd				
Abraj Cooling LLC	**49%**	49%	Contracting works for the construction of District Cooling Plants	United Arab Emirates

* The company was dissolved on 11 March 2010.

18. INVESTMENTS

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Unquoted shares, at cost	**39.7**	39.7	**39.7**	39.7
Unquoted unsecured loan stocks, at cost	**0**	0	**59.4**	59.4
	39.7	39.7	**99.1**	99.1
Allowance for diminution in value:				
– unquoted shares	**(1.7)**	(1.7)	**(1.7)**	(1.7)
– unquoted unsecured loan stocks	**0**	0	**(59.4)**	(59.4)
	38.0	38.0	**38.0**	38.0

19. LONG TERM RECEIVABLES

	Company	
	2010 RM'million	2009 RM'million
Amounts due from subsidiaries	**405.8**	525.0

The amounts due from subsidiaries comprise advances and other receivables from TNB Liberty Power Limited ('TLPL') and TNB Power Daharki Ltd ('TPD') amounting to RM48.8 million (2009: RM54.9 million) and RM357.0 million (2009: RM470.1 million) respectively.

These amounts are unsecured and the Company has given an undertaking to the subsidiaries that the amounts will not be recalled within 12 months from the balance sheet date. The amount due from TLPL is interest free. The amount due from TPD is subject to interest at rates ranging from 1.9% to 4.7% (2009: 3.2% to 7.4%) per annum.

20. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Cost/Valuation				
As at 1 September	**21.2**	14.7	**20.8**	14.1
Amount transferred from				
– property, plant and equipment (Note 13)	**6.7**	49.9	**6.7**	49.9
– prepaid operating leases (Note 14)	**3.1**	0.5	**3.1**	0.5
Amount transferred to				
– property, plant and equipment (Note 13)	**(7.5)**	(8.0)	**(7.5)**	(8.0)
– prepaid operating leases (Note 14)	**0**	(0.1)	**0**	(0.1)
Disposals	**(3.6)**	(35.8)	**(3.2)**	(35.6)
As at 31 August	**19.9**	21.2	**19.9**	20.8

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

20. NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Accumulated Depreciation/Amortisation				
As at 1 September	**1.6**	0.6	**1.6**	0.6
Amount transferred from				
– property, plant and equipment (Note 13)	**1.1**	3.0	**1.1**	3.0
– prepaid operating leases (Note 14)	**0.5**	0.1	**0.5**	0.1
Amount transferred to				
– property, plant and equipment (Note 13)	**(0.6)**	0	**(0.6)**	0
– prepaid operating leases (Note 14)	**0**	(0.1)	**0**	(0.1)
Disposals	**(0.7)**	(2.0)	**(0.7)**	(2.0)
As at 31 August	**1.9**	1.6	**1.9**	1.6
Net book amount				
Property, plant and equipment	**15.4**	19.2	**15.4**	18.8
Prepaid operating leases	**2.6**	0.4	**2.6**	0.4
As at 31 August	**18.0**	19.6	**18.0**	19.2

During the financial year, the Company entered into several sale and purchase agreements with various parties, for which the disposals are still in progress.

21. INVENTORIES

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Raw materials, fuel and consumables	**2,351.0**	1,880.6	**1,265.0**	1,043.3
Work-in-progress	**72.9**	64.7	**0**	0
Finished goods	**26.5**	10.4	**0**	0
	2,450.4	1,955.7	**1,265.0**	1,043.3

22. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Trade receivables	**3,044.3**	2,954.1	**2,076.3**	2,131.8
Less: Allowance for doubtful debts	**(576.7)**	(486.3)	**(500.3)**	(397.1)
	2,467.6	2,467.8	**1,576.0**	1,734.7
Rechargeable debtors	**64.8**	73.9	**64.8**	73.9
Less: Allowance for doubtful debts	**(64.8)**	(73.9)	**(64.8)**	(73.9)
	0	0	**0**	0
Staff advances/loans	**450.9**	506.7	**447.7**	505.0
Partial payment to contractors	**103.5**	150.6	**7.6**	55.6
Deposits and prepayments	**134.9**	133.7	**24.9**	25.1
Other receivables	**724.5**	515.3	**143.2**	174.2
	1,413.8	1,306.3	**623.4**	759.9
	3,881.4	3,774.1	**2,199.4**	2,494.6

The Group's and the Company's credit policy provides trade receivables with a 30 days (2009: 30 days) credit period. The Group has no major significant concentration of credit risk other than business and residential trade receivables due to its diverse customer base. All credit and recovery risks associated with receivables have been provided for in the financial statements.

Included in staff advances/loans are staff housing and car loans amounting to RM404.6 million (2009: RM441.7 million) which are not recoverable within 12 months.

23. AMOUNT DUE FROM/(TO) SUBSIDIARIES

Amount due from SESB is subject to an interest rate of 6.0% (2009: 6.0%) per annum, is unsecured and has no fixed terms of repayment. Amount due from TNB Coal International Ltd is subject to interest rate of 7.0% (2009: 7.0%) per annum.

Amount due to TNB Capital (L) Ltd is subject to an interest rates ranging from 0.5% to 5.3% (2009: 1.8% to 5.3%) per annum, is unsecured and has no fixed term of repayment.

Amount due from/(to) all other subsidiaries are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

24. SHORT TERM INVESTMENTS

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
At cost				
– quoted warrants	**0**	12.6	**0**	12.6
– quoted shares	**72.5**	0	**72.5**	0
	72.5	12.6	**72.5**	12.6
Market value				
– quoted warrants	**0**	23.8	**0**	23.8
– quoted shares	**113.3**	0	**113.3**	0

25. MARKETABLE SECURITIES

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Quoted in Malaysia, at cost:				
Shares	**27.1**	27.1	**27.1**	27.1
Less: Allowance for diminution in value	**(18.5)**	(18.8)	**(18.5)**	(18.8)
	8.6	8.3	**8.6**	8.3
Market value	**8.6**	8.3	**8.6**	8.3

26. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Cash in hand and at bank	**477.1**	639.3	**296.6**	371.0
Deposits with licensed banks	**7,866.6**	5,524.6	**6,160.0**	4,818.8
	8,343.7	6,163.9	**6,456.6**	5,189.8

26. DEPOSITS, BANK AND CASH BALANCES (CONT'D)

The interest rate per annum of deposits, bank and cash balances that were effective as at balance sheet date were as follows:

	Group		Company	
	2010 %	2009 %	**2010 %**	2009 %
Deposits with licensed banks	**1.50 – 7.75**	1.77 – 3.61	**2.55 – 3.50**	2.07 – 2.48
Bank balances	**0.07**	0.13 – 1.80	**0.07**	0.13 – 1.80

Deposits with licensed banks are held in the short term money market. Deposits have maturity periods ranging from 1 to 365 days (2009: 7 to 94 days) for the Group and 8 to 365 days (2009: 7 to 94 days) for the Company.

Deposits of the Group and the Company at the end of the financial year have an average maturity period of 92 days (2009: 39 days).

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Cash and cash equivalents at the end of the financial year comprise:				
Cash in hand and at bank	**477.1**	639.3	**296.6**	371.0
Deposits with licensed banks	**7,866.6**	5,524.6	**6,160.0**	4,818.8
Cash at bank held in trust*	**(0.5)**	(7.0)	**0**	0
Debt reserve account**	**(237.3)**	(236.7)	**0**	0
Funds from MOF***	**(7.4)**	(10.9)	**0**	0
	8,098.5	5,909.3	**6,456.6**	5,189.8

* The cash at bank held in trust is in respect of a grant and deposit given to subsidiaries by the Government of Malaysia for designated capital projects.

** Debt reserve account relates to deposits placed with licensed financial institution as part of security obligations for bond financing.

*** Ministry of Finance (MOF) fund given to a subsidiary under stimulus package for training programmes.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

27. PAYABLES

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Trade payables	**3,869.8**	4,149.7	**3,053.8**	3,354.9
Accrued interest on borrowings	**605.9**	535.6	**189.4**	198.2
Payroll liabilities	**307.5**	201.1	**292.6**	189.1
Deposits	**30.7**	21.8	**25.2**	16.4
Other payables and accruals	**783.0**	695.8	**198.6**	194.0
	5,596.9	5,604.0	**3,759.6**	3,952.6

Credit terms of trade payables of the Group and the Company vary from 30 to 60 days (2009: 30 to 60 days) depending on the terms of the contracts.

28. SHORT TERM BORROWINGS

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Portion of borrowings due within one financial year				
(Note 29) – unsecured	**2,668.3**	652.8	**2,531.8**	401.8
– secured	**274.0**	264.8	**0**	0
	2,942.3	917.6	**2,531.8**	401.8
Short term loans – secured	**200.0**	219.6	**0**	0
– unsecured	**0.4**	4.3	**0**	0
Bankers' acceptances	**20.0**	16.4	**0**	0
	3,162.7	1,157.9	**2,531.8**	401.8

The short term borrowings carry interest at rates ranging from 0.52% to 7.63% (2009: 0.75% to 18.00%) per annum for the Group and from 0.65% to 7.63% (2009: 0.75% to 6.40%) for the Company.

29. BORROWINGS

	Note	Group 2010 RM'million	Group 2009 RM'million	Company 2010 RM'million	Company 2009 RM'million
Unsecured					
– Term loans	(a)	**10,062.3**	10,824.1	**8,130.2**	8,437.1
– Bonds	(b)	**5,813.3**	6,342.5	**4,719.5**	5,115.2
– Income Securities	(c)	**1,500.0**	1,500.0	**1,500.0**	1,500.0
– Amount due to Cagamas Berhad	(d)	**104.7**	121.9	**104.7**	121.9
– Redeemable unsecured loan stocks	(e)	**357.0**	357.0	**0**	0
		17,837.3	19,145.5	**14,454.4**	15,174.2
Secured					
– Term loans	(a)	**1,013.9**	774.2	**0**	0
– Bonds	(b)	**2,192.0**	2,456.0	**0**	0
		21,043.2	22,375.7	**14,454.4**	15,174.2

	Group 2010 RM'million	Group 2009 RM'million	Company 2010 RM'million	Company 2009 RM'million
Payable within one year included under short term borrowings (Note 28)	**2,942.3**	917.6	**2,531.8**	401.8
Repayable after one year:				
After one and up to two years	**1,315.6**	2,233.6	**812.3**	1,702.5
After two and up to five years	**4,291.9**	4,490.2	**1,577.7**	2,947.0
After five and up to ten years	**3,625.5**	5,122.0	**1,831.6**	1,541.4
After ten and up to twenty years	**7,042.6**	7,805.7	**6,333.4**	7,242.7
After twenty and up to thirty years	**1,579.2**	1,411.2	**1,121.5**	983.0
After thirty years	**246.1**	395.4	**246.1**	355.8
	18,100.9	21,458.1	**11,922.6**	14,772.4
	21,043.2	22,375.7	**14,454.4**	15,174.2

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

29. BORROWINGS (CONT'D)

	Group	
	2010 RM'million	2009 RM'million
Net book values of property, plant and equipment pledged as security for term loans:		
(i) Machinery and equipment	**2,449.0**	2,549.4
(ii) Building	**744.1**	773.2
	3,193.1	3,322.6

The Company's unsecured term loans guaranteed by the Government of Malaysia amounts to RM4,312.9 million (2009: RM4,437.7 million) as at 31 August 2010.

On 7 April 2010, the Company had fully prepaid RM13.4 million of unsecured term loans due to the Government of Malaysia.

(a) Term loans

Details of term loans with designated derivative financial instruments are as follows:

(i) 30-YEAR JPY26.0 BILLION TERM LOAN

On 30 March 2004, TNB Capital (L) Ltd ('TNBCL') entered into a 30-year JPY26.0 billion unsecured loan, paying interests at USD fixed rates. The loan will mature on 13 April 2034. The loan is an amortising loan whose principal is payable in 20 equal annual instalments. The first repayment shall be due on 13 April 2015. The interest is paid semi-annually on 13 April and 13 October each year commencing 13 October 2004. The balance as at 31 August 2010 is RM959.9 million (2009: RM976.0 million).

Forward Start JPY call spread

In April 2004, TNBCL entered into Currency Option Agreements with a notional amount of JPY26.0 billion as a hedge on its Term Loan. This transaction enables TNBCL to reduce its exposure to losses that may arise from adverse fluctuation on USD/JPY exchange rates in relation to the above Term Loan.

(ii) 5-YEAR JPY11.0 BILLION TERM LOAN

On 13 December 2004, the Company entered into a 5-year JPY11.0 billion unsecured loan, paying floating interest rates. The loan is an amortising loan whose principal amount is payable in 10 equal semi-annual instalments. The first repayment of the loan commenced on 4 July 2005.

As at 4 January 2010, the term loan has been fully repaid.

29. BORROWINGS (CONT'D)

(a) Term loans (cont'd)

(ii) 5-YEAR JPY11.0 BILLION TERM LOAN (cont'd)

JPY-MYR cross-currency swap ('CCS')

In October 2006, TNB entered into a CCS agreement that entitles TNB to receive a floating interest rate in JPY and to pay a fixed rate of 4.23% in Ringgit Malaysia. The notional principle of the swap is JPY7.7 billion. The effect of this transaction is to fix the interest rate payable on that loan and reduce TNB's exposure to losses that may arise from adverse fluctuation on foreign currency exchange rates and interest rates in relation to the loan.

The CCS has since matured on 4 January 2010.

(iii) 9-YEAR USD503.0 MILLION TERM LOAN (ECA LOAN)

On 30 August 2006, the Company novated the loan to TNB Capital (L) Ltd. ('TNBCL'), a wholly owned subsidiary of TNB. The loan is guaranteed by the Company and recognised as an inter-company loan between the Company and TNBCL. The loan is an amortising loan in which the principal is payable in 17 equal semi-annual instalments and will mature on 28 February 2015. The first repayment of the loan is on 28 February 2007. The balance as at 31 August 2010 is RM835.9 million (2009: RM1,251.8 million).

Interest Rate Swap ('IRS')

The Company entered into IRS agreements on 10 October 2008 with effective period from 15 October 2008 to 28 February 2015 that entitles it to receive interest at floating rates, and obliges it to pay interest at fixed rate of 3.76% on aggregate notional principal of USD384.6 million.

The effect of this transaction is to effectively fix the interest rate payable on the loan.

(b) Bonds

Details of bonds with designated derivative financial instruments are as follows:

ISLAMIC DEBT SECURITIES – BAI BITHAMIN AJIL ('BaIDS')

On 28 June 2004, Kapar Energy Ventures Sdn Bhd ('KEV'), a subsidiary of TNB obtained RM3,402.0 million BaIDS to finance the acquisition of Stesen Janaelektrik Sultan Salahuddin Abdul Aziz. The tenure of the BaIDS Facility ranges from 1 to 15 years with a profit rate of between 3.65% and 8.70% per annum.

29. BORROWINGS (CONT'D)

(b) Bonds (cont'd)

The BaIDS are secured by the following:

(i) Charge over TNB's leased land. The charge of the leased land was not effected as at 31 August 2010. The carrying value of the leased land as at 31 August 2010 is RM65.4 million.

(ii) Debenture over KEV's assets and properties and assignment of all rights, title interest and benefits under the project documents, the assigned insurances, and the designated accounts to secure the payment and repayment of the total secured amounts.

(iii) The Priority and Security Sharing Agreement.

The terms of BaIDS require deposits to be placed in the debt reserve account with a licensed bank to meet the debt servicing requirements. The terms of BaIDS also require KEV to maintain certain financial covenants.

(c) Income Securities

Fixed Income Securities ('FIS')

The FIS consists of both redeemable bonds and Redeemable Preference Shares ('RPS'), details of which are as follows:

(i) 1,500 interest bearing 10-year redeemable unsecured bonds ("Bonds") of an aggregated nominal value of RM999.0 million issued at 100% of nominal value (in denominations of RM999,000.00 each), with detachable coupons representing interest on the Bonds. The Bonds are to be redeemed at par in two tranches with redemption amounts of RM999.0 million and RM499.5 million on 16 August 2011 and 19 September 2011 respectively, and;

(ii) 1,000 Class A RPS of RM1.00 each, issued at a premium of RM999.00 per share and 500 Class B RPS of RM1.00 each, issued at a premium of RM999.00 per share. Both classes of RPS are redeemable at RM1,000 each at the Company's option at any time on or after 16 August 2010 and 19 September 2010, for Class A and B RPS respectively. If the Class A and B RPS are not redeemed by 16 August 2011 and 19 September 2011 respectively, an additional sum of RM1.0 million on the first tranche and RM0.5 million on the second tranche shall become due and payable under the final Bond Coupon payment for each of the tranches.

With the adoption of the Single Tier Tax System, the Company is now making coupon payments on the FIS instead of dividend. The interest payable under the Bond Coupon is RM94.5 million per annum payable semi-annually.

The FIS are classified as debt instruments and hence are reported as liabilities.

(d) Amount due to Cagamas Berhad

On 16 January 1995, TNB had entered into an Agreement with Cagamas Berhad whereby TNB can sell on a recourse basis its housing loans provided by the company to its employees to Cagamas Berhad. The balance as at 31 August 2010 is RM104.7 million (2009: RM121.9 million).

29. BORROWINGS (CONT'D)

(e) Redeemable unsecured loan stocks ('RULS')

On 29 June 2004, KEV issued RM957,574,000 of Redeemable Unsecured Loan Stocks (RULS) to the Company and Malakoff Berhad to finance the acquisition of Stesen Janaelektrik Sultan Salahuddin Abdul Aziz, Kapar.

The main features of the RULS are as follows:

(i) The RULS bear interest at 15% (2009: 15%) per annum on the outstanding nominal value of the RULS. The interest is repayable semi-annually on the last day of the relevant six month period from the issue date of RULS. A compounding interest will be charged at 5% (2009: 5%) per annum on the unpaid interest after the due date. The change in the compounding interest rate from 15% to 5% has been approved by the RULS holders at its meeting on 15 October 2008 and is effective from the first issuance date of the RULS.

(ii) The RULS are repayable from the third year from the issue date of RULS as stipulated in the agreement dated 29 June 2004. The RULS has to be settled in full by the final maturity date of 8 July 2029.

30. CONSUMER DEPOSITS

Consumers (with the exception of employees and government departments/agencies) are required to deposit a sum sufficient to cover charges for two months supply of energy as allowed under the regulation of the Licensee Supply (Amendment) Regulations 2002. In default of payment of the deposit within the time specified, the supply to the consumer's installation may be disconnected, subject to certain conditions laid out in the Regulations.

TNB and SESB shall pay a sum equivalent to 5% per annum on the amount of cash deposit as a rebate, on a pro-rated basis, in January every year.

31. EMPLOYEE BENEFITS

The movements during the financial year in the amounts recognised in the consolidated balance sheet are as follows:-

	Retirement benefit plan RM'million	Retirement medical plan RM'million	Total RM'million
Group			
At 1 September 2008	1,246.5	1,878.3	3,124.8
Charged to income statement (Note 6)	258.5	439.1	697.6
Contribution and benefits paid	(181.0)	(170.8)	(351.8)
At 31 August 2009	**1,324.0**	**2,146.6**	**3,470.6**
Charged to income statement (Note 6)	**251.6**	**513.8**	**765.4**
Contribution and benefits paid	**(171.2)**	**(198.5)**	**(369.7)**
At 31 August 2010	**1,404.4**	**2,461.9**	**3,866.3**

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

31. EMPLOYEE BENEFITS (CONT'D)

The amounts recognised in the consolidated balance sheet are analysed as follows:

	Retirement benefit plan RM'million	Retirement medical plan RM'million	Total RM'million
At 31 August 2009			
Present value of obligations	2,378.4	3,320.6	5,699.0
Fair value of plan assets	(720.4)	0	(720.4)
Present value of unfunded obligations	1,658.0	3,320.6	4,978.6
Unrecognised actuarial losses	(287.6)	(1,174.0)	(1,461.6)
Unrecognised past service cost	(46.4)	0	(46.4)
Liability in the balance sheet	1,324.0	2,146.6	3,470.6
At 31 August 2010			
Present value of obligations	**2,720.9**	**4,089.0**	**6,809.9**
Fair value of plan assets	**(817.0)**	**0**	**(817.0)**
Present value of unfunded obligations	**1,903.9**	**4,089.0**	**5,992.9**
Unrecognised actuarial losses	**(478.0)**	**(1,627.1)**	**(2,105.1)**
Unrecognised past service cost	**(21.5)**	**0**	**(21.5)**
Liability in the balance sheet	**1,404.4**	**2,461.9**	**3,866.3**

31. EMPLOYEE BENEFITS (CONT'D)

The expense recognised in the consolidated income statement is analysed as follows:

	Retirement benefit plan RM'million	Retirement medical plan RM'million	Total RM'million
Group			
2009			
Current service cost	133.0	4.8	137.8
Interest cost	141.4	223.9	365.3
Expected return on plan assets	(38.9)	0	(38.9)
Actuarial losses recognised	7.5	209.2	216.7
Past service cost	15.5	0	15.5
Others	0	1.2	1.2
Total, included in staff costs (Note 6)	258.5	439.1	697.6
Actual return on plan assets	(46.2)	0	(46.2)

	Retirement benefit plan RM'million	Retirement medical plan RM'million	Total RM'million
2010			
Current service cost	**146.2**	**20.0**	**166.2**
Interest cost	**161.5**	**265.7**	**427.2**
Expected return on plan assets	**(44.7)**	**0**	**(44.7)**
Actuarial losses recognised	**21.3**	**236.7**	**258.0**
Past service cost	**15.1**	**0**	**15.1**
Curtailment gain	**(46.3)**	**0**	**(46.3)**
Others	**(1.5)**	**(8.6)**	**(10.1)**
Total, included in staff costs (Note 6)	**251.6**	**513.8**	**765.4**
Actual return on plan assets	**46.2**	**0**	**46.2**

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

31. EMPLOYEE BENEFITS (CONT'D)

The charge to income statement was included in the administrative expenses.

The principal actuarial assumptions used in respect of the Group's defined benefit plans were as follows:

	Retirement benefit plan %	Retirement medical plan %
Group		
At 31 August 2009		
Discount rates	6.5	7.1
Expected return on plan assets	6.0	N/A
Expected rate of salary increases	6.0	N/A
Medical cost inflation		
– inpatient	N/A	8.0
– outpatient	N/A	5.0
At 31 August 2010		
Discount rates	**6.6**	**7.1**
Expected return on plan assets	**6.0**	**N/A**
Expected rate of salary increases	**6.0**	**N/A**
Medical cost inflation		
– inpatient	**N/A**	**8.0**
– outpatient	**N/A**	**5.0**

The movements during the financial year in the amounts recognised in the Company's balance sheet are as follows:

	Retirement benefit plan RM'million	Retirement medical plan RM'million	Total RM'million
Company			
At 1 September 2008	1,233.4	1,765.7	2,999.1
Charged to income statement (Note 6)	259.1	414.6	673.7
Contributions and benefits paid	(180.2)	(170.9)	(351.1)
At 31 August 2009	**1,312.3**	**2,009.4**	**3,321.7**
Charged to income statement (Note 6)	**249.2**	**502.4**	**751.6**
Contributions and benefits paid	**(170.0)**	**(198.5)**	**(368.5)**
At 31 August 2010	**1,391.5**	**2,313.3**	**3,704.8**

31. EMPLOYEE BENEFITS (CONT'D)

The amounts recognised in the Company's balance sheet are analysed as follows:

	Retirement benefit plan RM'million	Retirement medical plan RM'million	Total RM'million
At 31 August 2009			
Present value of obligations	2,361.7	3,183.4	5,545.1
Fair value of plan assets	(717.1)	0	(717.1)
Present value of unfunded obligations	1,644.6	3,183.4	4,828.0
Unrecognised actuarial losses	(285.9)	(1,174.0)	(1,459.9)
Unrecognised past service cost	(46.4)	0	(46.4)
Liability in the balance sheet	1,312.3	2,009.4	3,321.7
At 31 August 2010			
Present value of obligations	**2,716.8**	**3,940.4**	**6,657.2**
Fair value of plan assets	**(817.0)**	**0**	**(817.0)**
Present value of unfunded obligations	**1,899.8**	**3,940.4**	**5,840.2**
Unrecognised actuarial losses	**(478.0)**	**(1,627.1)**	**(2,105.1)**
Unrecognised past service cost	**(30.3)**	**0**	**(30.3)**
Liability in the balance sheet	**1,391.5**	**2,313.3**	**3,704.8**

The expense recognised in the Company's income statement is analysed as follows:

	Retirement benefit plan RM'million	Retirement medical plan RM'million	Total RM'million
Company			
2009			
Current service cost	134.2	0	134.2
Interest cost	140.6	214.5	355.1
Expected return on plan assets	(38.6)	0	(38.6)
Actuarial losses recognised	7.4	200.1	207.5
Past service cost	15.5	0	15.5
Total, included in staff costs (Note 6)	259.1	414.6	673.7
Actual return on plan assets	46.2	0	46.2

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

31. EMPLOYEE BENEFITS (CONT'D)

	Retirement benefit plan RM'million	Retirement medical plan RM'million	Total RM'million
2010			
Current service cost	**142.3**	**0**	**142.3**
Interest cost	**161.5**	**265.7**	**427.2**
Expected return on plan assets	**(44.7)**	**0**	**(44.7)**
Actuarial losses recognised	**21.3**	**236.7**	**258.0**
Past service cost	**15.1**	**0**	**15.1**
Curtailment gain	**(46.3)**	**0**	**(46.3)**
Total, included in staff costs (Note 6)	**249.2**	**502.4**	**751.6**
Actual return on plan assets	**51.5**	**0**	**51.5**

The charge to income statement was included in the administrative expenses.

The principal actuarial assumptions used in respect of the Company's defined benefit plans were as follows:

	Retirement benefit plan %	Retirement medical plan %
Company		
At 31 August 2009		
Discount rates	6.5	7.1
Expected return on plan assets	6.0	N/A
Expected rate of salary increases	6.0	N/A
Medical cost inflation		
– inpatient	N/A	8.0
– outpatient	N/A	5.0
At 31 August 2010		
Discount rates	**6.6**	**7.1**
Expected return on plan assets	**6.0**	**N/A**
Expected rate of salary increases	**6.0**	**N/A**
Medical cost inflation		
– inpatient	**N/A**	**8.0**
– outpatient	**N/A**	**5.0**

32. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		**Company**	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Deferred tax assets	**55.9**	0	**0**	0
Deferred tax liabilities	**(6,837.1)**	(6,640.4)	**(5,869.0)**	(5,745.1)
Net total	**(6,781.2)**	(6,640.4)	**(5,869.0)**	(5,745.1)

The movements during the financial year relating to deferred tax are as follows:

	Group		**Company**	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
As at the beginning of the financial year	**(6,640.4)**	(6,337.4)	**(5,745.1)**	(5,499.3)
(Charged)/credited to income statement:				
– property, plant and equipment	**(294.0)**	(401.9)	**(257.2)**	(332.1)
– unutilised tax losses	**18.4**	12.6	**0**	0
– provision and allowances	**134.8**	86.3	**133.3**	86.3
	(140.8)	(303.0)	**(123.9)**	(245.8)
As at the end of the financial year	**(6,781.2)**	(6,640.4)	**(5,869.0)**	(5,745.1)
Subject to income tax				
Deferred tax assets (before offsetting)				
– Provision and allowances	**1,061.3**	926.5	**1,057.4**	924.1
– Unutilised tax losses	**32.7**	14.3	**0**	0
– Property, plant and equipment	**238.6**	321.6	**0**	0
Offsetting	**(1,276.7)**	(1,262.4)	**(1,057.4)**	(924.1)
Deferred tax assets (after offsetting)	**55.9**	0	**0**	0
Deferred tax liabilities (before offsetting)				
– Property, plant and equipment	**(8,113.8)**	(7,902.8)	**(6,926.4)**	(6,669.2)
Offsetting	**1,276.7**	1,262.4	**1,057.4**	924.1
Deferred tax liabilities (after offsetting)	**(6,837.1)**	(6,640.4)	**(5,869.0)**	(5,745.1)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

32. DEFERRED TAXATION (CONT'D)

The amount of deductible temporary differences, unused tax losses and reinvestment allowance (which have no expiry date) for which no deferred tax assets is recognised in the balance sheet are as follows:

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Deductible temporary differences	**1,351.7**	1,370.8	**0**	0
Tax losses	**1,338.4**	1,312.4	**0**	0
Reinvestment allowance	**28.2**	28.2	**0**	0

33. DEFERRED INCOME

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
As at the beginning of the financial year	**2,952.3**	2,899.4	**2,617.1**	2,580.8
Received during the financial year	**458.4**	409.2	**386.2**	353.5
Released to income statement (Note 4)	**(368.5)**	(356.4)	**(326.9)**	(317.2)
As at the end of the financial year	**3,042.2**	2,952.2	**2,676.4**	2,617.1

34. GOVERNMENT DEVELOPMENT GRANTS

	Group	
	2010 RM'million	2009 RM'million
As at the beginning of the financial year	**579.8**	563.6
Received during the financial year	**66.5**	60.8
Released to income statement (Note 7)	**(42.9)**	(44.6)
Reclassified to other payables	**(4.4)**	0
As at the end of the financial year	**599.0**	579.8

The Government development grants are in respect of capital grants received by Sabah Electricity Sdn Bhd for capital projects in the State of Sabah.

35. SHARE CAPITAL

	Group and Company	
	2010 **RM**	2009 RM
Authorised:		
Ordinary shares of RM1.00 each	**5,000,000,000**	5,000,000,000
Special Rights Redeemable Preference Share of RM1.00 each	**1**	1
Class A Redeemable Preference Shares of RM1.00 each		
As at the beginning/end of the financial year	**1,000**	1,000
Class B Redeemable Preference Shares of RM1.00 each		
As at the beginning/end of the financial year	**500**	500
Issued and fully paid:		
Ordinary shares of RM1.00 each	**4,352,719,795**	4,337,054,795
Special Rights Redeemable Preference Share of RM1.00 each	**1**	1
Total share capital issued and fully paid as at the end of the financial year	**4,352,719,796**	4,337,054,796
Movements in issued ordinary shares of RM1.00 each		
As at the beginning of the financial year	**4,337,054,795**	4,334,518,345
Issuance of ordinary shares of RM1.00 each under the ESOS II	**15,665,000**	2,536,450
As at the end of the financial year	**4,352,719,795**	4,337,054,795

Employees' Share Option Scheme ('ESOS')

The Company implemented a new Employees' Share Option Scheme II ('ESOS II') on 8 July 2003 for a period of 10 years. The ESOS II is governed by the bye-laws, which were approved by the shareholders at an Extraordinary General Meeting ('EGM') on 29 May 2003 and amended at the EGM held on 15 December 2005.

35. SHARE CAPITAL (CONT'D)

Employees' Share Option Scheme ('ESOS') (cont'd)

The main features of ESOS II are as follows:

(a) The total number of ordinary shares to be issued by the Company under the ESOS II shall not exceed 10% of total issued and paid-up ordinary shares of the Company, such that not more than 50% of the shares available under the ESOS II are allocated, in aggregate, to Directors and senior management.

(b) Not more than 10% of the shares available under the ESOS II is allocated to any individual Director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.

(c) Any employee, including any Executive Director and those categorised as Fixed Term Senior Management, but excluding a Skim A employee (the scheme governing employees who, upon the corporatisation and privatisation of the Lembaga Letrik Negara in 1990, remain employed under the Government's terms and conditions) are eligible to participate in the ESOS II. Employees under the Fixed Term Senior Management are also entitled to the Performance Options based on them meeting prescribed performance targets.

(d) The option price under the ESOS II is the higher of the weighted average market price of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five trading days preceding the date of offer with a 10% discount on the nominal value of the shares, subject always that the discount shall not be applicable to any shares under the Performance Option.

(e) In the event of any alteration to the capital structure of the Company during the option period which expires on 7 July 2013, such corresponding alterations shall be made in:

    (i) the number of new shares in relation to the ESOS II so far as unexercised;
    (ii) the option price; and/or
    (iii) the method of the exercise of the option.

(f) Options granted under the ESOS II carry no dividends or voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

(g) The persons to whom the options have been granted under the ESOS II have no right to participate in any share issue of any other company within the Group.

35. SHARE CAPITAL (CONT'D)

Employees' Share Option Scheme ('ESOS') (cont'd)

Movements in the number of shares represented by options outstanding and their related weighted average exercise prices are as follows:

	2010 Average exercise price RM/share	**2010** Number of shares '000	2009 Average exercise price RM/share	2009 Number of shares '000
Beginning of year	**7.27**	**117,654**	7.50	102,066
Granted	**7.26**	**22,128**	5.89	18,926
Exercised	**6.28**	**(15,665)**	6.01	(2,536)
Expired	**7.62**	**(476)**	8.06	(802)
At end of year	**7.39**	**123,641**	7.27	117,654

Details relating to the options exercised during the financial year are as follows:

Exercise date	**Fair value of shares at share issue date RM/share**	**Exercise price RM/share**	**Number of shares issued as at 31.8.2010**
September 2009	8.00 – 8.49	6.71/6.99/7.33/6.33/5.57	705,400
October 2009	8.19 – 8.57	6.71/6.99/7.42/7.33/6.33/5.57	546,750
November 2009	8.38 – 8.55	6.71/6.99/7.42/7.33/6.33/5.57	1,610,350
December 2009	8.29 – 8.48	6.71/6.99/7.33/6.33/5.57	1,153,300
January 2010	7.97 – 8.46	6.71/6.99/7.33/6.33/5.57/6.35	871,950
February 2010	7.73 – 8.09	6.71/6.99/7.42/7.33/6.33/5.57	411,900
March 2010	7.91 – 8.03	6.71/6.99/7.33/6.33/5.57	412,400
April 2010	8.09 – 8.57	6.71/6.99/7.42/6.33/5.57	775,350
May 2010	8.06 – 8.58	6.71/6.99/7.42/7.33/6.33/5.57	3,059,200
June 2010	8.20 – 8.58	6.71/6.99/7.42/7.33/6.33/5.57/7.18	1,347,375
July 2010	8.35 – 8.70	6.71/6.99/7.42/7.33/6.33/5.57/7.18	1,500,900
August 2010	8.29 – 8.80	6.71/6.99/7.42/7.33/6.33/5.57/7.18	3,270,125
TOTAL			15,665,000

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

35. SHARE CAPITAL (CONT'D)

Employees' Share Option Scheme ('ESOS') (cont'd)

Share options outstanding at the end of the financial year have the following expiry dates and exercise price.

Expiry date	Exercise price RM/share	Number of shares 2010 '000	2009 '000
07.07.2013	6.71	**38,137**	41,160
07.07.2013	6.99	**4,662**	5,016
07.07.2013	7.75	**205**	205
07.07.2013	7.42	**6,703**	7,119
07.07.2013	8.39	**0**	0
07.07.2013	7.80	**288**	288
07.07.2013	7.33	**7,181**	7,551
07.07.2013	7.33	**2,924**	3,008
07.07.2013	9.189	**1,306**	1,306
07.07.2013	11.07	**14,926**	15,027
07.07.2013	11.558	**13**	13
07.07.2013	11.237	**34**	34
07.07.2013	9.189	**90**	90
07.07.2013	9.189	**1,023**	1,023
07.07.2013	10.716	**0**	0
07.07.2013	6.33	**11,567**	16,967
07.07.2013	7.33	**1,184**	1,206
07.07.2013	7.03	**52**	52
07.07.2013	7.95	**18**	18
07.07.2013	9.17	**43**	43
07.07.2013	9.17	**246**	246
07.07.2013	9.189	**37**	37
07.07.2013	9.189	**80**	80
07.07.2013	9.189	**691**	691
07.07.2013	10.716	**90**	90
07.07.2013	11.558	**37**	37
07.07.2013	5.57	**10,770**	15,979
07.07.2013	9.189	**180**	180
07.07.2013	9.189	**42**	42
07.07.2013	9.189	**126**	126
07.07.2013	9.17	**20**	20
07.07.2013	9.17	**50**	0
07.07.2013	7.95	**170**	0
07.07.2013	7.62	**129**	0
07.07.2013	6.35	**0**	0
07.07.2013	7.03	**50**	0
07.07.2013	9.189	**180**	0
07.07.2013	11.558	**50**	0
07.07.2013	7.03	**60**	0
07.07.2013	9.189	**210**	0

35. SHARE CAPITAL (CONT'D)

Employees' Share Option Scheme ('ESOS') (cont'd)

Share options outstanding at the end of the financial year have the following expiry dates and exercise price.

Expiry date	Exercise price RM/share	Number of shares 2010 '000	2009 '000
07.07.2013	5.95	**70**	0
07.07.2013	10.716	**120**	0
07.07.2013	9.17	**139**	0
07.07.2013	7.62	**46**	0
07.07.2013	7.18	**19,692**	0
		123,641	117,654

The weighted average fair value of options granted during the financial year was determined using the Trinomial valuation model. The significant inputs into the model were as follows:

Grant date	Share price at grant date RM	Exercise price RM	Option life Years	Expected dividend yield %	Risk free interest rate %	5 year average share price movement %
25.02.2005	8.24	7.75	8	1.14	3.64	21.57
30.03.2005	8.00	7.42	8	1.14	3.33/3.72	22.13
17.07.2005	8.56	7.80	7	1.14	3.40	19.41
24.02.2006	8.70	7.33	7	1.14	3.43/3.63/3.77	24.01
16.04.2006	8.65	7.33	7	1.14	3.55/3.96	18.07
25.09.2006	9.91	9.19	6	1.14	3.86/3.95	18.52
28.03.2007	11.50	11.07	6	1.14	3.48/3.50	17.59
26.07.2007	10.95	11.56	6	1.14	3.48	17.45
24.08.2007	10.29	11.24	6	1.14	3.60	19.92
27.10.2007	9.28	9.19	6	1.14	3.56	17.40
27.12.2007	9.54	9.19/10.72	6	1.14	3.64/3.79	17.47
25.04.2008	6.76	6.33	5	1.14	3.37/3.45	20.32
30.07.2008	8.35	7.33	5	1.14	3.73/3.89	22.42
06.11.2008	6.11	9.189	5	1.14	3.73	23.43
14.11.2008	6.20	9.189	5	1.14	3.60	23.47
19.12.2008	5.97	7.03/7.95/ 9.17/9.189/ 10.716/ 11.558	5	1.14	2.94/3.02	23.45

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

35. SHARE CAPITAL (CONT'D)

Employees' Share Option Scheme ('ESOS') (cont'd)

Grant date	Share price at grant date RM	Exercise price RM	Option life Years	Expected dividend yield %	Risk free interest rate %	5 year average share price movement %
26.12.2008	6.01	9.17	5	1.14	2.92	23.40
27.03.2009	6.10	5.57	4	1.14	1.98/2.81	23.93
26.06.2009	7.73	9.189/9.17	4	1.14	2.89	23.82
06.07.2009	7.77	9.189	4	1.14	2.92	23.82
15.07.2009	7.92	9.189	4	1.14	3.72	23.79
30.12.2009	8.29	5.95/6.35/ 7.03/7.18/ 7.62/7.95/ 9.17/9.189/ 10.716/ 11.558	4	1.14	3.24	18.72
29.04.2010	8.48	7.18	3	1.14	2.57/2.99	15.80

The charges to income statement arising from share-based payments during the financial year amounted to RM33.4 million (2009: RM26.3 million) for the Group and RM29.9 million (2009: RM25.2 million) for the Company as set out in Note 6 to these financial statement.

	31.8.2010 RM'000
Ordinary share capital, at par	**15,665**
Share premium	**82,633**
Proceeds received on exercise of share options	**98,298**
Fair value at exercise date of shares issued	**130,957**

35. SHARE CAPITAL (CONT'D)

Special Rights Redeemable Preference Share ('Special Share')

(a) The Special Share would enable the Government of Malaysia through the Minister of Finance Incorporated to ensure that certain major decisions affecting the operations of the Company are consistent with the Government's policies. The Special Shareholder, which may only be the Government or any representative or person acting on its behalf, is entitled to receive notices of meetings but not to vote at such meetings of the Company. However, the Special Shareholder is entitled to attend and speak at such meetings.

    The Special Shareholder has the right to appoint any person, but not more than six at any time, to be the Board of Directors of the Company.

(b) Certain matters, in particular the alteration of the Articles of Association of the Company relating to the rights of the Special Shareholder, creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamations, merger and takeover, require the prior consent of the Special Shareholder.

(c) The Special Shareholder does not have any right to participate in the capital or profits of the Company.

(d) The Special Shareholder has the right to require the Company to redeem the Special Share, at par, at any time.

Class A and Class B Redeemable Preference Shares ('RPS')

The main features of the Company's Class A and Class B RPS are as follows:

(a) The RPS do not carry any right to participate in the assets and surplus profit of the Company.

(b) The RPS holders have no voting rights except on resolution to amend the RPS holders' rights.

(c) These RPS are not convertible into ordinary shares.

(d) The Company has the right to redeem all Class A and Class B RPS on or after 16 August 2010 and 19 September 2010 respectively at RM1,000 each.

As described in Note 29(c) to these financial statements, these RPS form part of the Company's Fixed Income Securities.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

36. SHARE PREMIUM

	Group and Company	
	2010 RM'million	2009 RM'million
As at the beginning of the financial year	**5,271.5**	5,258.8
Arising in respect of ordinary shares issued during the financial year	**82.7**	12.7
As at the end of the financial year	**5,354.2**	5,271.5

37. REVALUATION AND OTHER RESERVES

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Non-distributable				
Revaluation reserve	**914.3**	917.8	**904.2**	907.7
Foreign currency translation reserve	**(207.4)**	(267.3)	**0**	0
Reserve on consolidation	**(146.6)**	(146.6)	**0**	0
Employees' Share Option Scheme reserve	**122.5**	89.1	**111.3**	81.4
	682.8	593.0	**1,015.5**	989.1

The movements in each category of reserves were as follows:

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Revaluation reserve				
As at the beginning of the financial year	**917.8**	935.6	**907.7**	925.5
Realisation of revaluation reserve	**(3.5)**	(17.8)	**(3.5)**	(17.8)
As at the end of the financial year	**914.3**	917.8	**904.2**	907.7
Foreign currency translation reserve				
As at the beginning of the financial year	**(267.3)**	(133.6)	**0**	0
Arising in the financial year	**59.9**	(133.7)	**0**	0
As at the end of the financial year	**(207.4)**	(267.3)	**0**	0

37. REVALUATION AND OTHER RESERVES (CONT'D)

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Reserve on consolidation				
As at the beginning/end of the financial year	**(146.6)**	(146.6)	**0**	0
Employees' Share Option Scheme reserve				
As at the beginning of the financial year	**89.1**	62.8	**81.4**	56.2
Arising in the financial year	**33.4**	26.3	**29.9**	25.2
As at the end of the financial year	**122.5**	89.1	**111.3**	81.4
Total revaluation and other reserves				
As at the beginning of the financial year	**593.0**	718.2	**989.1**	981.7
Arising in the financial year	**93.3**	(107.4)	**29.9**	25.2
Realisation of revaluation reserve	**(3.5)**	(17.8)	**(3.5)**	(17.8)
As at the end of the financial year	**682.8**	593.0	**1,015.5**	989.1

38. RETAINED PROFITS

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 available to frank approximately RM853.8 million (2009: RM1,374.9 million) of its retained profits as at 31 August 2010, if paid out as dividends. The remaining profits of RM17,019.9 million (2009: RM14,518.5 million) can be distributed as exempt dividends under the Single Tier Tax system.

In addition, the Company has tax exempt income as at 31 August 2010 arising from the Income Tax (Amendment) Act, 1999, relating to tax on income earned in 1999 being waived and exempt dividend income amounting to approximately RM1.1 million (2009: RM100.7 million) available for distribution as tax exempt dividends to shareholders. This tax exempt income is subject to agreement by the Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

39. COMMITMENTS

(a) Capital and other commitments for 5 years

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Authorised capital expenditure not provided in the financial statements				
Contracted	**976.4**	531.2	591.5	130.0
Not contracted	**12,429.3**	10,752.4	11,760.2	10,252.9
	13,405.7	11,283.6	12,351.7	10,382.9

(b) Non-cancellable operating lease commitments

	Group and Company	
	2010 RM'million	2009 RM'million
Future minimum lease payments		
Not later than one year	**11.0**	11.0

The above lease payments relate to the non-cancellable operating leases of the Group and the Company.

40. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
Claims by third parties	**617.4**	860.3	**427.4**	588.5
Trade guarantees and performance bonds	**24.5**	1.0	**0**	0
Guarantees given to financial institutions in respect of facilities granted	**284.4**	319.5	**3,174.0**	3,794.1
Stamp duties on transfer of assets to a subsidiary (1)	**108.0**	108.0	**0**	0
Bank guarantees	**3.6**	19.9	**0**	0
Letter of guarantee	**0**	32.0	**0**	0
Other contingent liabilities	**4.9**	8.8	**0**	0
	1,042.8	1,349.5	**3,601.4**	4,382.6

Claims by third parties include claims by contractors, consultants, consumers and former employees. These claims are being resolved and the Directors are of the opinion that their outcome will not have a material adverse effect on the financial position of both the Group and the Company.

(1) *In respect of stamp duties on transfer of assets from Lembaga Letrik Sabah, SESB is in the process of obtaining a vesting order to exempt itself from any potential liability.*

41. SIGNIFICANT RELATED PARTY DISCLOSURES

The related party transaction of the Company comprises mainly transactions between the Company and its subsidiaries and associates namely the followings:

Subsidiaries

- TNB Janamanjung Sdn Bhd
- TNB Fuel Services Sdn Bhd
- Kapar Energy Ventures Sdn Bhd
- Tenaga Switchgear Sdn Bhd
- Malaysia Transformers Manufacturing Sdn Bhd
- TNB Integrated Learning Solution Sdn Bhd
- TNB Engineering Corporation Sdn Bhd
- Sabah Electricity Sdn Bhd
- TNB Research Sdn Bhd
- TNB Capital Ltd.
- TNB Repair And Maintenance Sdn Bhd
- Tenaga Cable Industries Sdn Bhd
- Universiti Tenaga Nasional Sdn Bhd
- TNB Power Daharki Ltd.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

41. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

Associates

- Teknologi Tenaga Perlis Consortium Sdn Bhd
- GB3 Sdn Bhd
- Fibrecomm Network (M) Sdn Bhd
- Jimah Energy Ventures Holdings Sdn Bhd

All related party transactions were entered into in a normal course of business and at prices available to third parties or at negotiated terms.

In addition to related party balances mentioned elsewhere in the financial statements, set out below are other significant related party transactions which were carried out on terms and conditions negotiated amongst the related parties:

		Company	
		2010 RM'million	2009 RM'million
(a)	Transactions with subsidiaries		
	Income		
	– Sales of electricity	**33.2**	31.5
	– Interest income	**179.7**	161.9
	– Dividend income	**15.6**	0.1
	– Rental income	**28.6**	29.3
	Expenditure		
	– Purchases of electricity	**4,199.5**	3,652.2
	– Training fees	**38.5**	31.4
	– Interest expense	**96.0**	141.9
	Amounts due from subsidiaries	**2,978.8**	2,600.9
	Amounts due to subsidiaries	**3,901.8**	4,652.3

41. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
(b) Transactions with associates				
Income				
– Sales of electricity	**13.2**	7.2	**13.2**	7.2
– Interest income	**3.6**	4.3	**3.6**	4.3
– Dividend income	**40.5**	54.0	**40.5**	54.0
– Leasing income	**4.7**	5.5	**4.7**	5.5
Expenditure				
– Purchases of electricity	**3,226.6**	1,969.3	**3,226.6**	1,969.3
Amounts due from associates	**5.7**	9.2	**5.3**	4.2
Amounts due to associates	**623.6**	294.0	**623.6**	294.0

Sales and purchases of electricity to and from associates are aggregated because the transactions are similar in nature and no single transaction is significant enough to warrant separate disclosure.

	Group		Company	
	2010 RM'million	2009 RM'million	**2010 RM'million**	2009 RM'million
(c) Key management compensation				
Short term employee benefits				
– Salaries, allowances and bonus	**11.2**	11.8	**6.6**	10.3
– Benefits-in-kind	**0.5**	0.6	**0.3**	0.5
– Defined contribution retirement plan	**1.2**	1.1	**0.8**	1.0
– Other staff benefits	**0.5**	0.6	**0.4**	0.3
Share-based payment				
– ESOS expense	**0.7**	0.6	**0.6**	0.5

Key management personnel are the persons who have authority and responsibility for planning, directing and controlling the activities of the Company or the Group either directly or indirectly.

Whenever exist, related party transactions also includes transaction with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members.

42. SEGMENTAL REPORTING

Segmental reporting is not presented as the Group is principally engaged in the generation, transmission, distribution and sales of electricity and the provision of other related services, which are substantially within a single business segment. The Group operates primarily in Malaysia.

43. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The main risks arising from the Group's financial assets and liabilities are foreign currency exchange, interest rate, credit, liquidity and cash flow risks.

The Group's overall risk management seeks to minimise potential adverse effects of these risks on the financial performance of the Group.

The Group has established risk management policies, guidelines and control procedures to manage its exposure to financial risks. Hedging transactions are determined in the light of commercial commitments; derivative financial instruments are used only to hedge underlying commercial exposures and are not held or sold for speculative purposes.

- Currency risk

  The foreign currency exchange risk of the Group arises mainly from borrowings denominated in foreign currencies. The main currency exposures are primarily in United States Dollar and Japanese Yen. The Group also enters into contractual obligation where the payment is denominated in foreign currencies. The main currency exposure is primarily in United States Dollars. The Group also has subsidiaries, associates and branch operating in foreign countries, which generate revenue and incur costs denominated in foreign currencies. The main currency exposure is primarily in United States Dollar.

- Interest rate risk

  The Group has cash and bank balances and deposits placed with creditworthy licensed banks and financial institutions. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

  The Group's debt includes bank overdrafts, bank borrowings, bonds and notes. The Group's interest rate risk management objective is to manage the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuations. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile. To obtain this mix, the Group combines cross-currency interest rate swaps, interest rate swaps and options to convert certain long term foreign currency borrowings from variable to fixed rate and vice versa.

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

- Credit risk

  Financial assets that potentially subject the Group to concentrations of credit risk consist primarily of receivables, cash and cash equivalents, marketable securities and financial instruments used in hedging activities.

  Due to the nature of the Group's business, customers are mainly segregated into business and residential. The Group has no other major significant concentration of credit risk other than business and residential trade receivables due to its diverse customer base. Credit risk is managed through the application of credit limits and monitoring procedures. Where appropriate, the Group obtained deposits or bank guarantees from the customers.

  The Group places its cash and cash equivalents and marketable securities with a number of creditworthy financial institutions. The Group's policy limits the concentration of financial exposure to any single financial institution.

  All hedging instruments are executed with creditworthy financial institutions with a view to limit the credit risk exposure of the Group. The Group, however is exposed to credit-related losses in the event of non-performance by counterparties to financial derivative instruments, but does not expect any counterparties to fail to meet their obligations.

- Liquidity and cash flow risks

  In the management of liquidity and cash flow risk, the Group monitors and maintains a level of cash and cash equivalent deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

(b) Interest rate risk

Fair value interest rate risk

The Group's exposure to the risk that the value of a financial instrument will fluctuate due to changes in market interest rates are as mentioned in Note 28.

Cash flow interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debt and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

The weighted average interest rate of the Company's fixed rate borrowings at balance sheet date was 4.95% (31.8.2009: 5.00%) per annum. After the interest rate swap, the Company's weighted average interest rate at balance sheet date was 4.89% (31.8.2009: 4.91%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

The tables below summarise the Group and the Company's exposure to interest rate risk. Included in the tables are the Group and the Company's financial assets and liabilities at carrying amounts, categorised by the earlier of repricing or contractual maturity dates. The off-balance sheet gap represents the net notional amounts of all interest rate sensitive derivative instruments. Sensitivity to interest rates arises from mismatches in the repricing dates, cash flows and other characteristics of assets and their corresponding liability funding.

	Effective interest at balance sheet date % per annum	Floating rate RM'million	Fixed rate instruments maturing or repriced in < 1 year RM'million	1-2 years RM'million	2-3 years RM'million	3-4 years RM'million	4-5 years RM'million	> 5 years RM'million	Total interest sensitive RM'million
Group									
2010									
Financial assets									
Trade and other receivables	**12.16**	**305.9**	**217.8**	**0**	**0**	**0**	**0**	**0**	**523.7**
Deposits and bank balances	**2.96**	**0**	**5,044.3**	**0**	**0**	**0**	**0**	**0**	**5,044.3**
		305.9	**5,262.1**	**0**	**0**	**0**	**0**	**0**	**5,568.0**
2009									
Financial assets									
Trade and other receivables	12.75	52.9	255.4	0	0	0	0	0	308.3
Deposits and bank balances	2.32	0	3,642.8	0	0	0	0	0	3,642.8
		52.9	3,898.2	0	0	0	0	0	3,951.1

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Total interest sensitive RM'million	Non interest sensitive RM'million	Balances under Islamic principles RM'million	Total RM'million
Group				
2010				
Financial assets				
Investments	**0**	**110.5**	**0**	**110.5**
Trade and other receivables	**523.7**	**2,669.6**	**299.7**	**3,493.0**
Amounts due from associates	**0**	**5.7**	**0**	**5.7**
Marketable securities	**0**	**8.6**	**0**	**8.6**
Deposits and bank balances	**5,044.3**	**419.1**	**2,880.3**	**8,343.7**
Other assets (amount receivable from swap counterparties)	**0**	**1.9**	**0**	**1.9**
	5,568.0	**3,215.4**	**3,180.0**	**11,963.4**
2009				
Financial assets				
Investments	0	50.6	0	50.6
Trade and other receivables	308.3	2,726.2	329.1	3,363.6
Amounts due from associates	0	9.2	0	9.2
Marketable securities	0	8.3	0	8.3
Deposits and bank balances	3,642.8	551.5	1,969.6	6,163.9
Other assets (amount receivable from swap counterparties)	0	11.6	0	11.6
	3,951.1	3,357.4	2,298.7	9,607.2

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Effective interest at balance sheet date % per annum	Floating rate RM'million	Fixed rate instruments maturing or repriced in < 1 year RM'million	1-2 years RM'million	2-3 years RM'million	3-4 years RM'million	4-5 years RM'million	> 5 years RM'million	Total interest sensitive RM'million
Company									
2010									
Financial assets									
Amounts due from subsidiaries	**5.97**	**357.0**	**0**	**48.8**	**0**	**0**	**0**	**0**	**405.8**
Deposits and bank balances	**2.96**	**0**	**3,330.0**	**0**	**0**	**0**	**0**	**0**	**3,330.0**
		357.0	**3,330.0**	**48.8**	**0**	**0**	**0**	**0**	**3,735.8**
2009									
Financial assets									
Amounts due from subsidiaries	6.89	470.1	0	54.8	0	0	0	0	524.9
Deposits and bank balances	2.32	0	2,982.0	0	0	0	0	0	2,982.0
		470.1	2,982.0	54.8	0	0	0	0	3,506.9

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Total interest sensitive RM'million	Non interest sensitive RM'million	Balances under Islamic principles RM'million	Total RM'million
Company				
2010				
Financial assets				
Investments	**0**	**110.5**	**0**	**110.5**
Trade and other receivables	**0**	**1,815.2**	**299.7**	**2,114.9**
Amounts due from subsidiaries	**405.8**	**2,573.0**	**0**	**2,978.8**
Amounts due from associates	**0**	**5.3**	**0**	**5.3**
Marketable securities	**0**	**8.6**	**0**	**8.6**
Deposits and bank balances	**3,330.0**	**246.3**	**2,880.3**	**6,456.6**
Other assets (amount receivable from swap counterparties)	**0**	**1.9**	**0**	**1.9**
	3,735.8	**4,760.8**	**3,180.0**	**11,676.6**
2009				
Financial assets				
Investments	0	50.6	0	50.6
Trade and other receivables	0	2,107.4	329.1	2,436.5
Amounts due from subsidiaries	524.9	2,076.0	0	2,600.9
Amounts due from associates	0	4.2	0	4.2
Marketable securities	0	8.3	0	8.3
Deposits and bank balances	2,982.0	283.1	1,924.7	5,189.8
Other assets (amount receivable from swap counterparties)	0	11.6	0	11.6
	3,506.9	4,541.2	2,253.8	10,301.9

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Effective interest at balance sheet date % per annum	Floating rate RM'million	Fixed rate instruments maturing or repriced in < 1 year RM'million	1-2 years RM'million	2-3 years RM'million	3-4 years RM'million	4-5 years RM'million	> 5 years RM'million	Total interest sensitive RM'million
Group									
2010									
Financial liabilities									
Borrowings	5.14	1,073.6	2,274.7	600.4	250.0	250.0	1,484.4	10,988.5	16,921.6
Other liabilities			0.1	0.1					0.2
		1,073.6	2,274.8	600.5	250.0	250.0	1,484.4	10,988.5	16,921.8
On-balance sheet interest sensitivity gap		(767.7)	2,987.3	(600.5)	(250.0)	(250.0)	(1,484.4)	(10,988.5)	(11,353.8)
Off-balance sheet interest sensitivity gap		835.9	0	0	0	0	0	(835.9)	0
Total interest sensitivity gap		68.2	2,987.3	(600.5)	(250.0)	(250.0)	(1,484.4)	(11,824.4)	(11,353.8)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Effective interest at balance sheet date % per annum	Floating rate RM'million	Fixed rate instruments maturing or repriced in < 1 year RM'million	1-2 years RM'million	2-3 years RM'million	3-4 years RM'million	4-5 years RM'million	> 5 years RM'million	Total interest sensitive RM'million
Group									
2009									
Financial liabilities									
Borrowings	5.47	1,356.9	102.8	2,432.2	613.6	250.0	250.0	12,764.1	17,769.6
		1,356.9	102.8	2,432.2	613.6	250.0	250.0	12,764.1	17,769.6
On-balance sheet interest sensitivity gap		(1,304.0)	3,795.4	(2,432.2)	(613.6)	(250.0)	(250.0)	(12,764.1)	(13,818.5)
Off-balance sheet interest sensitivity gap		1,293.1	(34.1)	0	0	0	0	(1,251.8)	7.2
Total interest sensitivity gap		(10.9)	3,761.3	(2,432.2)	(613.6)	(250.0)	(250.0)	(14,015.9)	(13,811.3)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Total interest sensitive RM'million	Non interest sensitive RM'million	Balances under Islamic principles RM'million	Total RM'million
Group				
2010				
Financial liabilities				
Trade and other payables	**0**	**5,497.4**	**0**	**5,497.4**
Amounts due to associates	**0**	**623.6**	**0**	**623.6**
Borrowings (including accrued interest)	**16,921.6**	**262.4**	**4,654.9**	**21,838.9**
Other liabilities (amount payable to swap counterparties)	**0**	**17.8**	**0**	**17.8**
Other liabilities	**0.2**	**0**	**0**	**0.2**
	16,921.8	**6,401.2**	**4,654.9**	**27,977.9**
On-balance sheet interest sensitivity gap	**(11,353.8)**	**(3,185.8)**	**(1,474.9)**	**(16,014.5)**
Off-balance sheet interest sensitivity gap	**0**	**0**	**0**	**0**
Total interest sensitivity gap	**(11,353.8)**	**(3,185.8)**	**(1,474.9)**	**(16,014.5)**
2009				
Financial liabilities				
Trade and other payables	0	4,593.2	0	4,593.2
Amounts due to associates	0	294.0	0	294.0
Borrowings (including accrued interest)	17,769.6	257.3	4,856.3	22,883.2
Other liabilities (amount payable to swap counterparties)	0	24.2	0	24.2
	17,769.6	5,168.7	4,856.3	27,794.6
On-balance sheet interest sensitivity gap	(13,818.5)	(1,811.3)	(2,557.6)	(18,187.4)
Off-balance sheet interest sensitivity gap	7.2	0	0	7.2
Total interest sensitivity gap	(13,811.3)	(1,811.3)	(2,557.6)	(18,180.2)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Effective interest at balance sheet date % per annum	Floating rate RM'million	Fixed rate instruments maturing or repriced in < 1 year RM'million	1-2 years RM'million	2-3 years RM'million	3-4 years RM'million	4-5 years RM'million	> 5 years RM'million	Total interest sensitive RM'million
Company									
2010									
Financial liabilities									
Amounts due to subsidiaries	3.11	835.9	0	0	0	0	48.0	2,053.7	2,937.6
Borrowings	4.95	17.3	2,274.7	600.4	250.0	250.0	250.0	8,662.1	12,304.5
		853.2	2,274.7	600.4	250.0	250.0	298.0	10,715.8	15,242.1
On-balance sheet interest sensitivity gap		(496.2)	1,055.3	(551.6)	(250.0)	(250.0)	(298.0)	(10,715.8)	(11,506.3)
Off-balance sheet interest sensitivity gap		835.9	0	0	0	0	0	(835.9)	0
Total interest sensitivity gap		339.7	1,055.3	(551.6)	(250.0)	(250.0)	(298.0)	(11,551.7)	(11,506.3)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Effective interest at balance sheet date % per annum	Floating rate RM'million	Fixed rate instruments maturing or repriced in < 1 year RM'million	1-2 years RM'million	2-3 years RM'million	3-4 years RM'million	4-5 years RM'million	> 5 years RM'million	Total interest sensitive RM'million
Company									
2009									
Financial liabilities									
Amounts due to subsidiaries	4.49	1,238.3	0	0	0	0	0	2,196.3	3,434.6
Borrowings	4.96	99.5	102.8	2,432.2	613.6	250.0	250.0	9,276.1	13,024.2
		1,337.8	102.8	2,432.2	613.6	250.0	250.0	11,472.4	16,458.8
On-balance sheet interest sensitivity gap		(867.7)	2,879.2	(2,377.4)	(613.6)	(250.0)	(250.0)	(11,472.4)	(12,951.9)
Off-balance sheet interest sensitivity gap		1,293.1	(34.1)	0	0	0	0	(1,251.8)	7.2
Total interest sensitivity gap		425.4	2,845.1	(2,377.4)	(613.6)	(250.0)	(250.0)	(12,724.2)	(12,944.7)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	Total interest sensitive RM'million	Non interest sensitive RM'million	Balances under Islamic principles RM'million	Total RM'million
Company				
2010				
Financial liabilities				
Trade and other payables	**0**	**3,476.6**	**0**	**3,476.6**
Borrowings (including accrued interest)	**12,304.5**	**138.2**	**2,185.9**	**14,628.6**
Amounts due to subsidiaries	**2,937.6**	**964.2**	**0**	**3,901.8**
Amounts due to associates	**0**	**623.6**	**0**	**623.6**
Other liabilities (amount payable to swap counterparties)	**0**	**17.8**	**0**	**17.8**
	15,242.1	**5,220.4**	**2,185.9**	**22,648.4**
On-balance sheet interest sensitivity gap	**(11,506.3)**	**(459.6)**	**994.1**	**(10,971.8)**
Off-balance sheet interest sensitivity gap	**0**	**0**	**0**	**0**
Total interest sensitivity gap	**(11,506.3)**	**(459.6)**	**994.1**	**(10,971.8)**
2009				
Financial liabilities				
Trade and other payables	0	3,667.1	0	3,667.1
Borrowings (including accrued interest)	13,024.2	150.2	2,185.6	15,360.0
Amounts due to subsidiaries	3,434.6	1,217.7	0	4,652.3
Amounts due to associates	0	294.0	0	294.0
Other liabilities (amount payable to swap counterparties)	0	24.2	0	24.2
	16,458.8	5,353.2	2,185.6	23,997.6
On-balance sheet interest sensitivity gap	(12,951.9)	(812.0)	68.2	(13,695.7)
Off-balance sheet interest sensitivity gap	7.2	0	0	7.2
Total interest sensitivity gap	(12,944.7)	(812.0)	68.2	(13,688.5)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

The table below summarises the effective weighted average interest rate as at 31 August 2010 and 31 August 2009 by major currencies for each class of financial asset and financial liability.

	USD %	JPY %	EURO %	RM %	Others %
Group					
2010					
Financial assets					
Trade and other receivables	**0**	**0**	**0**	**0**	**12.16**
Deposits and bank balances	**0**	**0**	**0**	**2.96**	**7.75**
Financial liabilities					
Borrowings	**5.70**	**1.81**	**0**	**6.45**	**0**
2009					
Financial assets					
Trade and other receivables	0	0	0	0	12.75
Deposits and bank balances	1.80	0	0	2.32	0
Financial liabilities					
Borrowings	7.84	1.01	0	6.48	0

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk (cont'd)

	USD %	JPY %	EURO %	RM %	Others %
Company					
2010					
Financial assets					
Amounts due from subsidiaries	**2.88**	**0**	**0**	**5.58**	**0**
Deposits and bank balances	**0**	**0**	**0**	**2.96**	**0**
Financial liabilities					
Amounts due to subsidiaries	**2.57**	**4.06**	**0**	**0**	**0**
Borrowings	**5.70**	**1.81**	**0**	**6.45**	**0**
2009					
Financial assets					
Amount due from subsidiaries	3.34	0	0	5.65	0
Deposits and bank balances	1.80	0	0	2.32	0
Financial liabilities					
Amounts due to subsidiaries	3.58	4.05	0	0	0
Borrowings	7.45	1.22	0	6.16	0

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk

(i) On balance sheet, commitment and contingencies

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The following tables analyse the Group's and the Company's financial assets by industry concentration as at the balance sheet date.

	Deposits and bank balances (excl. cash) RM'million	Investment in unquoted instruments# RM'million	Trade receivables and other assets RM'million	Inter-company RM'million	Interest receivable from swap counter-parties RM'million	Total on-balance sheet RM'million	Commitment and contingencies RM'million
Group							
2010							
Government	**0**	**0**	**106.7**	**0**	**0**	**106.7**	**0**
Financial institutions	**8,325.9**	**38.0**	**26.7**	**0**	**1.9**	**8,392.5**	**0**
Business	**0**	**0**	**1,914.1**	**0**	**0**	**1,914.1**	**0**
Individuals	**0**	**0**	**1,003.2**	**0**	**0**	**1,003.2**	**0**
Associates	**0**	**0**	**0**	**5.3**	**0**	**5.3**	**0**
Subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Others	**0**	**0**	**94.2**	**0**	**0**	**94.2**	**284.4**
	8,325.9	**38.0**	**3,144.9**	**5.3**	**1.9**	**11,516.0**	**284.4***
2009							
Government	0	0	124.8	0	0	124.8	0
Financial institutions	5,524.6	39.7	7.6	0	11.6	5,583.5	0
Business	0	0	1,745.9	0	0	1,745.9	0
Individuals	0	0	1,113.2	0	0	1,113.2	0
Associates	0	0	0	4.2	0	4.2	0
Subsidiaries	0	0	0	0	0	0	0
Others	0	0	110.6	0	0	110.6	319.5
	5,524.6	39.7	3,102.1	4.2	11.6	8,682.2	319.5*

This amount excludes equity instruments amounting to RM81.1 million (2009: RM20.9 million), net of allowance.

* *This amount represents the guarantees issued by the Company on the borrowing facilities given.*

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

(i) On balance sheet, commitment and contingencies (cont'd)

	Deposits and bank balances (excl. cash) RM'million	Investment in unquoted instruments# RM'million	Trade receivables and other assets RM'million	Inter-company RM'million	Interest receivable from swap counter-parties RM'million	Total on-balance sheet RM'million	Commitment and contingencies RM'million
Company							
2010							
Government	**0**	**0**	**69.4**	**0**	**0**	**69.4**	**0**
Financial institutions	**6,456.6**	**38.0**	**26.7**	**0**	**1.9**	**6,523.2**	**0**
Business	**0**	**0**	**1,047.4**	**0**	**0**	**1,047.4**	**0**
Individuals	**0**	**0**	**877.2**	**0**	**0**	**877.2**	**0**
Associates	**0**	**0**	**0**	**5.3**	**0**	**5.3**	**0**
Subsidiaries	**0**	**0**	**0**	**2,978.8**	**0**	**2,978.8**	**2,889.6**
Others	**0**	**0**	**94.2**	**0**	**0**	**94.2**	**284.4**
	6,456.6	**38.0**	**2,114.9**	**2,984.1**	**1.9**	**11,595.5**	**3,174.0***
2009							
Government	0	0	87.5	0	0	87.5	0
Financial institutions	4,818.8	39.7	7.6	0	11.6	4,877.7	0
Business	0	0	1,286.0	0	0	1,286.0	0
Individuals	0	0	944.9	0	0	944.9	0
Associates	0	0	0	4.2	0	4.2	0
Subsidiaries	0	0	0	2,600.9	0	2,600.9	3,474.6
Others	0	0	110.5	0	0	110.5	319.5
	4,818.8	39.7	2,436.5	2,605.1	11.6	9,911.7	3,794.1*

This amount excludes equity instruments amounting to RM81.1 million (2009: RM20.9 million), net of allowance.

* *This amount represents the guarantees issued by the Company on the borrowing facilities given.*

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

(ii) Off balance sheet

The Group and the Company are exposed to credit risk where the fair value of the contract is favourable, where the counterparty is required to pay the Group or the Company in the event of contract termination. The following table summarises the favourable fair values of the contracts, indicating the credit risk exposure.

	Group		Company	
	Contract or notional principal amount RM'million	Favourable net fair value RM'million	Contract or notional principal amount RM'million	Favourable net fair value RM'million
2010				
Currency option	**959.9**	**53.4**	**0**	**0**
Interest rate swap	**835.9**	**(70.8)**	**835.9**	**(70.8)**
	1,795.8	**(17.4)**	**835.9**	**(70.8)**
2009				
Cross currency interest rate swap	34.1	6.8	34.1	6.8
Currency option	976.0	21.2	0	0
Interest rate swap	1,251.8	(59.3)	1,251.8	(59.3)
	2,261.9	(31.3)	1,285.9	(52.5)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Foreign exchange risk

The currency exposure of financial assets and financial liabilities of the Group and the Company that are not denominated in the functional currency of the respective companies is set out below.

	USD RM'million	JPY RM'million	EURO RM'million	Others RM'million
Group				
2010				
Financial assets				
Receivables, deposits and prepayments	**14.8**	**0**	**11.3**	**0**
Deposits and bank balances	**1.6**	**0**	**0**	**14.6**
Other assets (interest receivable from swap counterparties)	**1.9**	**0**	**0**	**0**
	18.3	**0**	**11.3**	**14.6**
Financial liabilities				
Payables				
– external	**41.6**	**0**	**0**	**0**
Borrowings	**4,516.5**	**5,306.8**	**0**	**0**
Other liabilities (interest payable to swap counterparties)	**17.8**	**0**	**0**	**0**
	4,575.9	**5,306.8**	**0**	**0**
2009				
Financial assets				
Receivables, deposits and prepayments	0.6	0	11.3	0
Deposits and bank balances	116.1	3.4	0	16.4
Other assets (interest receivable from swap counterparties)	11.5	0.1	0	0
	128.2	3.5	11.3	16.4
Financial liabilities				
Payables				
– external	17.5	0	1.6	0.4
Borrowings	5,502.4	5,480.3	0	0
Other liabilities (interest payable to swap counterparties)	23.9	0.2	0	0
	5,543.8	5,480.5	1.6	0.4

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Foreign exchange risk (cont'd)

	USD RM'million	JPY RM'million	EURO RM'million	Others RM'million
Company				
2010				
Financial assets				
Amounts due from subsidiaries	**1,120.6**	**0**	**0**	**0.3**
Deposits and bank balances	**1.5**	**0**	**0**	**0**
Other assets (interest receivable from swap counterparties)	**1.9**	**0**	**0**	**0**
	1,124.0	**0**	**0**	**0.3**
Financial liabilities				
Amounts due to subsidiaries	**1,978.7**	**959.9**	**0**	**0**
Borrowings	**2,586.8**	**4,312.9**	**0**	**0**
Other liabilities (interest payable to swap counterparties)	**17.8**	**0**	**0**	**0**
	4,583.3	**5,272.8**	**0**	**0**
2009				
Financial assets				
Amounts due from subsidiaries	1,329.5	0	0	0.3
Deposits and bank balances	0.4	6.7	0	0
Other assets (interest receivable from swap counterparties)	11.5	0.1	0	0
	1,341.4	6.8	0	0.3
Financial liabilities				
Amounts due to subsidiaries	2,689.6	885.6	0	0
Borrowings	3,023.4	4,465.6	0	0
Other liabilities (interest payable to swap counterparties)	23.9	0.2	0	0
	5,736.9	5,351.4	0	0

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value

The fair value of a financial instrument is assumed to be the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale. Quoted market prices, when available, are used as the measure of fair values. However, for a significant portion of the Group's and the Company's financial instruments, quoted market prices do not exist. For such financial instruments, fair values presented are estimates derived using the net present value or other valuation techniques. The above techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values.

The face values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

(i) On balance sheet

The carrying amounts of financial assets and liabilities of the Group and the Company at the balance sheet date approximated their fair values except as set out below.

	Group		Company	
	Carrying amount RM'million	Fair value RM'million	Carrying amount RM'million	Fair value RM'million
2010				
Financial assets				
Long term receivables	**0**	**0**	**405.8**	**404.1**
Financial liabilities				
Borrowings	**21,838.9**	**22,658.4**	**14,628.6**	**15,191.9**
Amount due to subsidiaries (non-current)	**0**	**0**	**2,796.7**	**3,083.5**

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value (cont'd)

(i) On balance sheet (cont'd)

	Group		Company	
	Carrying amount RM'million	Fair value RM'million	Carrying amount RM'million	Fair value RM'million
2009				
Financial assets				
Long term receivables	0	0	525.0	523.0
Financial liabilities				
Borrowings	22,883.2	23,160.0	15,360.0	15,614.8
Amount due to subsidiaries (non-current)	0	0	3,525.8	3,812.5

Financial assets

The fair value of long term receivables is lower than carrying amount at balance sheet date as the Company gives its subsidiaries advances at below current market rate. The Directors consider the carrying amount fully recoverable as they do not intend to realise the financial assets via exchange with another counterparty.

Financial liabilities

The fair value of quoted bonds has been estimated using the respective quoted price. For unquoted borrowings with fixed interest rate, the fair values have been estimated by discounting the estimated future cash flows using the prevailing market rates for similar credit risks and remaining period to maturity. For unquoted borrowings with floating interest rate, the carrying values are generally reasonable estimates of their fair values.

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value (cont'd)

(i) On balance sheet (cont'd)

Financial liabilities (cont'd)

The method by which fair value information was determined and any significant assumptions made in its application are as follows:

- quoted shares and marketable securities – quoted market prices at balance sheet date
- loans to subsidiaries, amounts due from subsidiaries and staff loans – future contractual cash flows discounted using dealer quotes of interest rates for similar loans
- bank overdrafts, cash and cash equivalents, receivables and payables with a maturity period of less than one year (all of which were subject to normal credit terms) – carrying value at balance sheet date
- borrowings other than bank overdraft – future contractual cash flows discounted at current market interest rates available for similar financial instruments
- financial guarantees given to third parties – quotation from bankers in respect of the amount required to settle the contingent obligations at the balance sheet date
- forward foreign exchange contracts – difference between the spot exchange rates and the contracted forward exchange rates at balance sheet date, applied to the contracted sum
- interest rate swaps – present value of estimated future cash flows calculated using forward rates

(ii) Off balance sheet

The financial derivative instruments are used to hedge foreign exchange and interest rate risks associated with certain long term foreign currency borrowings. The contract notional principal amounts of the derivative and the corresponding fair value adjustments are analysed as below.

Fair value of financial derivative instruments are the present values of their future cash flows and are arrived at based on valuations carried out by the Company's bankers. Favourable fair value indicates amount receivable by the Company if the contracts are terminated as at 31 August 2010 or vice versa.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2010 (CONT'D)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value (cont'd)

(ii) Off balance sheet (cont'd)

	Contract or notional principal amount RM'million	Favourable net fair value RM'million	Unfavourable net fair value RM'million
Group			
2010			
Interest rate swaps	**835.9**	**0**	**(70.8)**
Currency option	**959.9**	**53.4**	**0**
Corporate guarantee given to financial institutions in respect of facilities granted to jointly controlled entity of an associate	**284.4**	**0**	**0**
	2,080.2	**53.4**	**(70.8)**
2009			
Interest rate swaps	1,251.8	0	(59.3)
Cross currency interest rate swap	34.1	6.8	0
Currency option	976.0	21.2	0
Corporate guarantee given to financial institutions in respect of facilities granted to jointly controlled entity of an associate	319.5	0	0
	2,581.4	28.0	(59.3)

43. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value (cont'd)

(ii) Off balance sheet (cont'd)

	Contract or notional principal amount RM'million	Favourable net fair value RM'million	Unfavourable net fair value RM'million
Company			
2010			
Corporate guarantee given to financial institutions in respect of facilities granted to subsidiaries and jointly controlled entity of an associate	**3,174.0**	**0**	**(286.8)**
Interest rate swap	**835.9**	**0**	**(70.8)**
	4,009.9	**0**	**(357.6)**
2009			
Corporate guarantee given to financial institutions in respect of facilities granted to subsidiaries and jointly controlled entity of an associate	3,794.1	0	(357.4)
Cross currency interest rate swap	34.1	6.8	0
Interest rate swap	1,251.8	0	(59.3)
	5,080.0	6.8	(416.7)

44. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 2 November 2010.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, Tan Sri Leo Moggie and Dato' Sri Che Khalib bin Mohamad Noh, two of the Directors of Tenaga Nasional Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 245 to 361 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 August 2010 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors, in accordance with their resolution dated 2 November 2010.

TAN SRI LEO MOGGIE
CHAIRMAN

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
PRESIDENT/CHIEF EXECUTIVE OFFICER

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, Mohamed Rafique Merican bin Mohd Wahiduddin Merican, the person primarily responsible for the financial management of Tenaga Nasional Berhad, do solemnly and sincerely declare that the financial statements set out on pages 245 to 361 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MOHAMED RAFIQUE MERICAN
BIN MOHD WAHIDUDDIN MERICAN

Subscribed and solemnly declared by the above named Mohamed Rafique Merican bin Mohd Wahiduddin Merican at Kuala Lumpur, Malaysia on 2 November 2010, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TENAGA NASIONAL BERHAD
(Incorporated In Malaysia) (Company No. 200866-W)

PricewaterhouseCoopers (AF 1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
P O Box 10192
50706 Kuala Lumpur, Malaysia
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REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Tenaga Nasional Berhad, which comprise the balance sheets as at 31 August 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 245 to 361.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 August 2010 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TENAGA NASIONAL BERHAD
(Incorporated In Malaysia) (Company No. 200866-W) (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any material qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

THAYAPARAN A/L S. SANGARAPILLAI
(No. 2085/09/12 (J))
Chartered Accountant

Kuala Lumpur
2 November 2010

ANALYSIS OF SHAREHOLDINGS
as at 19 October 2010

SHARE CAPITAL

Authorised Share Capital	:	5,000,000,000 ordinary shares of RM1.00 per share, 1 (One) Special Rights Redeemable Preference Share of RM1.00 per share, 1,000 Class A Redeemable Preference Share of RM1.00 per share, 500 Class B Redeemable Preference Share of RM1.00 per share.
Issued and Fully Paid-Up Share Capital	:	4,355,546,495 ordinary shares of RM1.00 per share, 1 (One) Special Rights Redeemable Preference Share of RM1.00 per share, 1,000 Class A Redeemable Preference Share of RM1.00 per share, 500 Class B Redeemable Preference Share of RM1.00 per share.
Voting Right	:	One voting right for one ordinary share

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
LESS THAN 100	1,044	3.13	27,298	0.00
100 – 1,000	7,626	22.84	5,907,752	0.14
1,001 – 10,000	21,924	65.65	59,351,333	1.36
10,001 – 100,000	2,015	6.03	55,587,666	1.27
100,001 TO LESS THAN 5% OF ISSUED SHARES	782	2.34	1,738,712,671	39.92
5% AND ABOVE OF ISSUED SHARES	3	0.01	2,495,959,775	57.31
TOTAL	**33,394**	**100.00**	**4,355,546,495**	**100.00**

DIRECTORS' SHAREHOLDINGS

NO.	NAME OF DIRECTORS	NO. OF SHARES	
		DIRECT/INDIRECT INTEREST	%
1.	TAN SRI LEO MOGGIE	–	–
2.	DATO' SRI CHE KHALIB BIN MOHAMAD NOH	–	–
3.	DATO' PUTEH RUKIAH BINTI ABD MAJID	–	–
4.	DATO' MOHAMMAD ZAINAL BIN SHAARI	–	–
5.	DATO' ZAINAL ABIDIN BIN PUTIH	1,250	0.00
6.	TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY	–	–
7.	DATO' FUAD BIN JAAFAR	62,500	0.00
8.	TAN SRI DATO' SERI SITI NORMA BINTI YAAKOB	1,250	0.00
9.	DATO' ABD MANAF BIN HASHIM *(Appointed w.e.f. 1 February 2010)*	–	–
10.	DATO' Ir. AZMAN BIN MOHD *(Appointed w.e.f. 15 April 2010)* – Tasec Nominees (Tempatan) Sdn. Bhd.	3,500	0.00
11.	CHUNG HON CHEONG *(Appointed w.e.f. 1 October 2010)*	–	–
12.	SURIA BT AB RAHMAN *(Alternate Director to Dato' Mohammad Zainal Bin Shaari)* *(Appointed w.e.f. 30 November 2009)*	–	–
13.	TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG *(Resigned w.e.f. 15 September 2010)*	–	–

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

SUBSTANTIAL SHAREHOLDERS

NO.	NAME OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES	%
1.	KHAZANAH NASIONAL BERHAD	1,551,724,689	35.63
2.	EMPLOYEES PROVIDENT FUND BOARD – 515,632,586 shares held in its own name – 1,500,000 shares held in its own name – 16,231,700 shares held through SBB Nominees (Tempatan) Sdn. Bhd. – 20,278,400 shares held through Alliancegroup Nominees (Tempatan) Sdn. Bhd. – 3,350,000 shares held through Alliancegroup Nominees (Tempatan) Sdn. Bhd. – 6,718,700 shares held through Am Nominees (Tempatan) Sdn. Bhd. – 5,901,200 shares held through Citigroup Nominees (Tempatan) Sdn. Bhd. – 792,000 shares held through Citigroup Nominees (Tempatan) Sdn. Bhd. – 1,200,000 shares held through Citigroup Nominees (Tempatan) Sdn. Bhd. – 965,000 shares held through DB (Malaysia) Nominee (Tempatan) Sendirian Berhad – 18,698,850 shares held through HSBC Nominees (Tempatan) Sdn. Bhd. – 5,241,200 shares held through Mayban Nominees (Tempatan) Sdn. Bhd. – 4,800,000 shares held through Mayban Nominees (Tempatan) Sdn. Bhd. – 600,000 shares held through Mayban Nominees (Tempatan) Sdn. Bhd. – 6,100,000 shares held through RHB Nominees (Tempatan) Sdn. Bhd.	608,009,636	13.96
3.	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	428,602,500	9.84

30 LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1.	KHAZANAH NASIONAL BERHAD	1,551,724,689	35.63
2.	EMPLOYEES PROVIDENT FUND BOARD	515,632,586	11.84
3.	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	428,602,500	9.84
4.	LEMBAGA TABUNG HAJI	166,892,775	3.83
5.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	130,375,400	2.99
6.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	74,128,700	1.70
7.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	73,395,400	1.69
8.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	63,474,465	1.46
9.	VALUECAP SDN. BHD.	62,060,900	1.42
10.	PERMODALAN NASIONAL BERHAD	45,822,275	1.05
11.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	41,362,500	0.95
12.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	38,182,875	0.88
13.	HSBC NOMINEES (ASING) SDN. BHD. BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	28,976,746	0.67

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
14.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	25,480,905	0.59
15.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD	22,514,150	0.52
16.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK	20,967,950	0.48
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PHEIM ASSET MANAGEMENT SDN. BHD. FOR EMPLOYEES PROVIDENT FUND	20,278,400	0.47
18.	HSBC NOMINEES (TEMPATAN) SDN. BHD. NOMURA ASSET MGMT MALAYSIA FOR EMPLOYEES PROVIDENT FUND BOARD	18,698,850	0.43
19.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.A.E.)	18,098,915	0.41
20.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (BVI)	18,095,300	0.41
21.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. MAYBAN TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	17,689,200	0.40
22.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PETROLIAM NASIONAL BERHAD (STRATEGIC INV)	17,390,900	0.40
23.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. MAYBAN TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	17,209,100	0.40
24.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	17,098,200	0.39
25.	SBB NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	16,231,700	0.37
26.	CARTABAN NOMINEES (ASING) SDN. BHD. BBH (LUX) SCA FOR FIDELITY FUNDS SOUTH EAST ASIA	15,251,400	0.35
27.	AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	15,250,000	0.35
28.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NETHERLANDS)	14,321,600	0.33
29.	PERTUBUHAN KESELAMATAN SOSIAL	13,794,400	0.32
30.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	13,398,750	0.30
	TOTAL	**3,522,401,531**	**80.87**

PROPERTY LIST

GROUP

	LAND									BUILDINGS			DESCRIPTION
	Leasehold			Freehold			Total						
Location	No. of Lots (1)	Area (sq M) (2)	NBV (RM'000) (3)	No. of Lots (4)	Area (sq M) (5)	NBV (RM'000) (6)	No. of Lots (1+4)	Area (sq M) (2+5)	NBV (RM'000) (3+6)	No. (10)	Built-Up Area (sq M) (11)	Total NBV (RM'000) (12)	(13)
Perlis	42	128,132	2,083	50	139,945	3,471	92	268,077	5,554	81	10,496	70,684	Power Stations, Rural Power Stations, Mini Hydros, Jetties, Dams, Main Intake Substations, Distribution Substations, Residential Houses, Apartments, Holiday Bungalows, Office Buildings, Warehouse, Stores, & Workshop
Kedah	176	848,527	14,971	525	781,302	57,130	701	1,629,829	72,101	347	95,409	243,363	
Pulau Pinang	131	1,677,278	63,982	424	478,986	54,025	555	2,156,264	118,007	288	37,966	461,650	
Perak	587	926,736	123,407	385	3,337,600	113,361	972	4,264,336	236,768	647	230,406	905,348	
Selangor	468	50,540,118	374,489	640	2,666,074	311,321	1,108	53,206,192	685,810	1,306	236,720	2,740,471	
Wilayah Persekutuan	193	357,343	62,766	394	235,400	101,800	587	592,743	164,566	503	175,251	903,658	
Putrajaya/ Cyberjaya	–	–	66	3	–	660	3	–	726	59	–	35,971	
N. Sembilan	272	1,109,320	15,650	194	692,594	40,509	466	1,801,914	56,159	295	146,859	585,485	
Melaka	209	632,125	16,243	329	401,701	53,111	538	1,033,826	69,354	239	89,809	106,691	
Johor	651	1,489,192	86,690	721	1,270,697	91,912	1,372	2,759,889	178,602	758	111,110	857,438	
Pahang	281	1,225,184	22,338	283	430,939	23,313	564	1,656,123	45,651	563	92,312	537,802	
Terengganu	264	4,364,697	49,376	120	70,953	17,928	384	4,435,650	67,304	312	67,802	340,587	
Kelantan	265	910,563	13,593	410	525,676	20,792	675	1,436,239	34,385	318	399,426	920,499	
Sabah	83	6,261,621	17,842	62	4,501,754	32,465	145	10,763,375	50,307	418	132,600	299,091	
Pakistan	–	–	–	1	856,207	2,015	1	856,207	2,015	3	12,713	978	
TOTAL	**3,622**	**70,470,836**	**863,496**	**4,541**	**16,389,828**	**923,813**	**8,163**	**86,860,664**	**1,787,309**	**6,137**	**1,838,879**	**9,009,716**	

Note: NBV – Net Book Value

GROUP DIRECTORY

HEADQUARTERS

Chairman
Tenaga Nasional Berhad
Level M, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6011/6612
Fax : 03-2282 7641

President/Chief Executive Officer
Tenaga Nasional Berhad
Level 1, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6177/6610
Fax : 03-2284 0223

Chief Operating Officer/
Executive Director
Tenaga Nasional Berhad
Level 3, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6346
Fax : 03-2282 3850

Chief Financial Officer/
Vice President (Group Finance)
Tenaga Nasional Berhad
Level 3, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6262
Fax : 03-2282 7292

Vice President (Human Resource)
Tenaga Nasional Berhad
Level 8, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6659/6954
Fax : 03-2282 7631

Vice President (Transmission)
Tenaga Nasional Berhad
Level 3, NLDC Building
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6635
Fax : 03-2282 3657

Vice President (Generation)
Tenaga Nasional Berhad
Level 8, Generation Building
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 5511
Fax : 03-2283 1555

Vice President (Distribution)
Tenaga Nasional Berhad
Level 19, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000
D/Line : 03-7967 9001
Fax : 03-7960 0331

Vice President (Planning)
Tenaga Nasional Berhad
Level 1, NLDC Building
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2269 6848/6633
Fax : 03-2282 2906

Vice President (Corporate Affairs)
Tenaga Nasional Berhad
Level 5, Headquarters
No. 129 Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6240
Fax : 03-2288 1419

Chief Information Officer
Tenaga Nasional Berhad
Level 37 North, Menara TM
Off Jalan Pantai Baru
59200 Kuala Lumpur
Tel : 03-2246 6000
D/Line : 03-2246 6001/6067
Fax : 03-2240 7020

Company Secretary
Tenaga Nasional Berhad
Level 2, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6247
Fax : 03-2283 3686

Chief Procurement Officer
(Procurement Division)
Tenaga Nasional Berhad
Level 2, Generation Building
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 5605
Fax : 03-2282 1090

Senior General Manager
(Investment Management)
Group Finance Division
Tenaga Nasional Berhad
Level 4, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6348
Fax : 03-2284 0748

Senior General Manager
(Corporate Services)
Tenaga Nasional Berhad
Level 3, Lobby 1, Crystal Plaza
No. 4, Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7964 3600
D/Line : 03-7964 3611
Fax : 03-7956 6734

GROUP DIRECTORY
(CONT'D)

CORPORATE SERVICES DIVISION

Senior General Manager
(Corporate Services)
Tenaga Nasional Berhad
Level 3, Lobby 1
Crystal Plaza
No. 4, Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7964 3600
D/Line : 03-7964 3611
Fax : 03-7956 6734

General Manager
(Property Services Department)
Tenaga Nasional Berhad
Level 3, Wilayah Building
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
Fax : 03-2296 4868

General Manager
(Security Services & Intelligence Department)
Tenaga Nasional Berhad
Level 17, Pantai Building, Plaza Pantai
No. 5, Jalan 4/83A
Off Jalan Pantai Baru
59200 Kuala Lumpur
Tel : 03-2295 7000
Fax : 03-2283 5443

General Manager
(Logistic Services Department)
Tenaga Nasional Berhad
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
Fax : 03-2282 6300

Head (Planning and Performance)
Corporate Services Division
Tenaga Nasional Berhad
Level 3, Lobby 1, Crystal Plaza
No. 4 Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7964 3600
D/Line : 03-7964 3605
Fax : 03-7956 6734

Head (Finance)
Corporate Services Division
Tenaga Nasional Berhad
Level 3, Lobby 1, Crystal Plaza
No. 4, Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7964 3600
D/Line : 03-7964 3604
Fax : 03-7956 6734

Head (Human Resource Management & Admin Services)
Corporate Services Division
Tenaga Nasional Berhad
Level 3, Lobby 1, Crystal Plaza
No. 4, Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7964 3600
D/Line : 03-7964 3661
Fax : 03-7956 6734

Senior Manager (Freight Management)
Logistic Services Department
Tenaga Nasional Berhad
Ground Floor, Bangunan NLDC
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 6450
Fax : 03-2284 2949

Head of Branch
Vehicle Management Unit
Logistic Services Department
Tenaga Nasional Berhad
31700 Malim Nawar, Perak
Tel : 05-477 3346
Fax : 05-477 3424

Head of Branch
Vehicle Management Unit
Logistic Services Department
Tenaga Nasional Berhad
Jalan Gelam 2
Gong Badak Industrial Area
21300 Kuala Terengganu, Terengganu
Tel : 09-666 4175
Fax : 09-667 4180

Head of Branch
Mobile Gen Set Services Unit
Logistic Services Department
Tenaga Nasional Berhad
Lebuhraya Tun Razak
TNB Quarters
26700 Bandar Muadzam Shah
Muadzam Shah, Pahang
Tel : 09-450 1220
Fax : 09-450 1221

DISTRIBUTION DIVISION

Vice President (Distribution)
Tenaga Nasional Berhad
Level 19, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000
D/Line : 03-7967 9001
Fax : 03-7960 0331

Senior General Manager
(Operations – Region 1)
Distribution Division
Tenaga Nasional Berhad
Level 19, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000
D/Line : 03-7967 9295
Fax : 03-7958 8904

Senior General Manager
(Operations – Region 2)
Distribution Division
Tenaga Nasional Berhad
Level 18, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000
D/Line : 03-7967 9105
Fax : 03-7958 8905

General Manager
Strategic Management &
Organisational Development
Distribution Division
Tenaga Nasional Berhad
Level 18, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000
D/Line : 03-7937 9087
Fax : 03-7960 0340

Senior General Manager
(Asset Management)
Distribution Division
Tenaga Nasional Berhad
Level 11, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000
D/Line : 03-7967 9216
Fax : 03-7960 0360

General Manager
Customer Services and Marketing
Distribution Division
Tenaga Nasional Berhad
Level 17, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000
D/Line : 03-7967 9022
Fax : 03-7960 0343

General Manager
(Planning and Asset Development)
Distribution Division
Tenaga Nasional Berhad
Level 6, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000
D/Line : 03-7967 9197
Fax : 03-7967 9032

General Manager (Finance)
Distribution Division
Tenaga Nasional Berhad
Level 15, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000
D/Line : 03-7967 9095
Fax : 03-7960 0337

General Manager
(Material Management)
Distribution Division
Tenaga Nasional Berhad
Level 13, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000
D/Line : 03-7967 9199
Fax : 03-7960 0349

General Manager
(Human Resource Management &
Admin Services)
Distribution Division
Tenaga Nasional Berhad
Level 12, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9000/03-7960 0341
03-7960 0329

General Manager (Metering Service)
Distribution Division
Tenaga Nasional Berhad
3, Jalan 51A/223
Peti Surat 682
46770 Petaling Jaya, Selangor
Tel : 03-7955 2121/3301
Fax : 03-7955 6269

Head (Revenue Management)
Distribution Division
Tenaga Nasional Berhad
Level 17, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7967 9355
Fax : 03-7960 0355

PERLIS INDERA KAYANGAN

State General Manager (Perlis)
Distribution Division
Tenaga Nasional Berhad
Wisma TNB, Bulatan Jubli Emas
01000 Kangar, Perlis
Tel : 04-976 0021/022/023
D/Line : 04-9767 470
Fax : 04-976 1921

GROUP DIRECTORY (CONT'D)

KEDAH DARUL AMAN

State General Manager (Kedah)
Distribution Division
Tenaga Nasional Berhad
Level 8, Wisma TNB
No. 887, Jalan Sultan Badlishah
05990 Alor Star, Kedah
Tel : 04-733 3737
D/Line : 04-735 8808
Fax : 04-733 0591

Area Manager (Alor Star)
Distribution Division
Tenaga Nasional Berhad
Level 1, Wisma TNB
No. 887, Jalan Sultan Badlishah
05990 Alor Star, Kedah
Tel : 04-733 2020
D/Line : 04-734 7837
Fax : 04-733 1167

Area Manager (Sungai Petani)
Distribution Division
Tenaga Nasional Berhad
No. 23, Jalan Petri
08009 Sungai Petani, Kedah
Tel : 04-421 2020
D/Line : 04-421 3982
Fax : 04-421 8027

Area Manager (Kulim)
Distribution Division
Tenaga Nasional Berhad
Jalan Pondok Labu
09000 Kulim, Kedah
Tel : 04-490 6020/04-490 6077
D/Line : 04-495 9733
Fax : 04-490 5019

Branch Manager (Jitra)
Distribution Division
Tenaga Nasional Berhad
Batu 13, Jalan Changlun
06000 Jitra, Kedah
Tel : 04-917 1004
D/Line : 04-917 5552
Fax : 04-917 2646

Branch Manager (Pulau Langkawi)
Distribution Division
Tenaga Nasional Berhad
No. 7 & 8, Lot PT3418
Jalan Penarak
07000 Kuah
Pulau Langkawi, Kedah
Tel : 04-966 6020
Fax : 04-966 7020

Branch Manager (Guar Chempedak)
Distribution Division
Tenaga Nasional Berhad
Lot 2, 3 & 4, Taman Warisan
08800 Guar Chempedak, Kedah
Tel : 04-468 6020
D/Line : 04-468 6150
Fax : 04-468 7400

Branch Manager (Baling)
Distribution Division
Tenaga Nasional Berhad
UMNO/Wakaf Building
Jalan Sultan Abdul Halim
09100 Baling, Kedah
Tel : 04-470 1021
D/Line : 04-470 1349
Fax : 04-470 2025

Branch Manager (Pendang)
Distribution Division
Tenaga Nasional Berhad
No. 119, Jalan Sukamari
Rumah Kedai 2 Tingkat
Mukim Air Putih
06700 Pendang, Kedah
Tel : 04-759 7294
D/Line : 04-759 4844
Fax : 04-759 7141

Branch Manager (Bandar Baru)
Distribution Division
Tenaga Nasional Berhad
11, Jalan Bulatan
34930 Bandar Baru, Kedah
Tel : 05-716 1713
Fax : 05-716 9745

Branch Manager (Sik)
Sungai Petani Area
Distribution Division
Tenaga Nasional Berhad
No. 8, 12 & 13 Bangunan Inai
08200 Sik, Kedah
Tel : 04-469 5151/04-469 5896
Fax : 04-469 5500

Branch Manager (Kuala Nerang)
Distribution Division
Tenaga Nasional Berhad
No. 1A, 1B, Pekan Kuala Nerang
06300 Kuala Nerang, Kedah
Tel : 04-786 6021
D/Line : 04-786 6867
Fax : 04-786 6290

PULAU PINANG PULAU MUTIARA

State General Manager (Pulau Pinang)
Distribution Division
Tenaga Nasional Berhad
Level 17, Wisma TNB
No. 30, Jalan Anson
10400 Pulau Pinang
Tel : 04-222 4000
Fax : 04-227 311

Area Manager (Pulau Pinang)
Distribution Division
Tenaga Nasional Berhad
Level 9, Wisma TNB
No. 30, Jalan Anson
10400 Pulau Pinang
Tel : 04-222 4000
Fax : 04-227 0637

Area Manager (Seberang Jaya)
Distribution Division
Tenaga Nasional Berhad
No. 3031, Jalan Tenaga
Seberang Jaya
13700 Perai, Pulau Pinang
Tel : 04-382 0200
Fax : 04-390 3044

Area Manager (Nibong Tebal)
Distribution Division
Tenaga Nasional Berhad
No. 51, 53, 55, 57 Jalan Cenderawasih 3
Taman Cenderawasih Indah
14300 Nibong Tebal
Seberang Perai, Pulau Pinang
Tel : 04-593 1606/607
Fax : 04-5933070/5932881

Branch Manager (Kepala Batas)
Distribution Division
Tenaga Nasional Berhad
Ground Floor
UMNO Building Bahagian Kepala Batas
2001, Jalan Bertam
13200 Kepala Batas
Seberang Perai Utara, Pulau Pinang
Tel : 04-575 1020/04-575 3932
04-575 4679
Fax : 04-575 1126

Branch Manager (Bayan Baru)
Distribution Division
Tenaga Nasional Berhad
64, Off Jalan Mahsuri
11950 Bayan Baru, Pulau Pinang
Tel : 04-642 7121
Fax : 04-642 1011

PERAK DARUL RIDZUAN

State General Manager (Perak)
Distribution Division
Tenaga Nasional Berhad
Level 2, Wisma TNB
Jalan Lahat, 30200 Ipoh, Perak
Tel : 05-253 2020
D/Line : 05-254 7475
Fax : 05-254 5199

Area Manager (Ipoh)
Distribution Division
Tenaga Nasional Berhad
Level 1, Wisma TNB
Jalan Lahat, 30200 Ipoh, Perak
Tel : 05-253 2020
Fax : 05-241 0855

Area Manager (Taiping)
Distribution Division
Tenaga Nasional Berhad
No. 20, Wisma TNB
Jalan Istana Larut
34000 Taiping, Perak
Tel : 05-808 2020
D/Line : 05-807 5373
Fax : 05-807 3321

Area Manager (Kuala Kangsar)
Distribution Division
Tenaga Nasional Berhad
Lot 5135, Jalan Sultan Iskandar Shah
33000 Kuala Kangsar, Perak
Tel : 05-776 2021
D/Line : 05-779 3353
Fax : 05-776 2744

Area Manager (Seri Manjung)
Distribution Division
Tenaga Nasional Berhad
Lot 1754, Jalan Dato' Seri Kamaruddin
32040 Seri Manjung, Perak
Tel : 05-688 2020
D/Line : 05-688 4761
Fax : 05-688 4763

Area Manager (Bidor)
Distribution Division
Tenaga Nasional Berhad
Lot 6121, Jalan Tapah
35500 Bidor, Perak
Tel : 05-434 1020
D/Line : 05-434 1915
Fax : 05-434 2870

Area Manager (Teluk Intan)
Distribution Division
Tenaga Nasional Berhad
Jalan Changkat Jong
36009 Teluk Intan, Perak
Tel : 05-622 3011/12/13
Fax : 05-621 3563

Area Manager (Kampar)
Distribution Division
Tenaga Nasional Berhad
2209, Jalan Timah
Taman Bandar Baru
31900 Kampar, Perak
Tel : 05-465 1199
Fax : 05-466 2858

Branch Manager (Bagan Serai)
Distribution Division
Tenaga Nasional Berhad
Lot 7364, Jalan Taiping
34300 Bagan Serai, Perak
Tel : 05-721 5020
D/Line : 05-721 5018
Fax : 05-721 1293

Branch Manager (Tanjung Rambutan)
Distribution Division
Tenaga Nasional Berhad
Jalan Besar, Ulu Kinta
31250 Tanjung Rambutan, Perak
Tel : 05-533 2122
D/Line : 05-533 0027
Fax : 05-533 2932

Branch Manager (Batu Gajah)
Distribution Division
Tenaga Nasional Berhad
29, Jalan Dewangsa
31009 Batu Gajah, Perak
Tel : 05-366 1155
D/Line : 05-366 1201
Fax : 05-366 2977

GROUP DIRECTORY (CONT'D)

Branch Manager (Gerik)
Distribution Division
Tenaga Nasional Berhad
101, Jalan Takong Datok
33300 Gerik, Perak
Tel : 05-791 1361
Fax : 05-791 1950

Branch Manager (Tanjong Malim)
Distribution Division
Tenaga Nasional Berhad
No. 43, Jalan Permai 1
Taman Ketoyong Permai
35900 Tanjong Malim, Perak
Tel : 05-459 7020
D/Line : 05-459 7304
Fax : 05-459 0802

Branch Manager (Hutan Melintang)
Distribution Division
No. 3, Lorong Wawasan 1
Taman Wawasan
Jalan Hutan Melintang
36400 Hutan Melintang, Perak
Tel : 05-641 6218/05-641 1392
Fax : 05-641 4840

Branch Manager (Seri Iskandar)
Distribution Division
Tenaga Nasional Berhad
Lot 28 & 24, Taman Iskandar Bistari
32610 Bandar Seri Iskandar
Seri Iskandar, Perak
Tel : 05-3714 020/22/23
Fax : 05-371 3670

Branch Manager (Sungai Siput)
Distribution Division
Tenaga Nasional Berhad
No. 15, Jalan Besar
31100 Sungai Siput (U), Perak
Tel : 05-598 1234
Fax : 05-598 6050

Branch Manager (Selama)
Distribution Division
Tenaga Nasional Berhad
363 A&B Bangunan Umno Bhg Larut
Jalan Kg Raja
34100 Selama, Perak
Tel : 05-839 5702
D/Line : 05-839 2352
Fax : 05-839 2352/05-839 5691

Branch Manager (Kampung Gajah)
Distribution Division
Tenaga Nasional Berhad
Bangunan PKNP
Jalan Besar
36800 Kampung Gajah, Perak
Tel : 05-631 1420
Fax : 05-631 1420

Branch Manager (Pantai Remis)
Distribution Division
Tenaga Nasional Berhad
7 Jalan Besar
Taman Pelagi
34900 Pantai Remis, Perak
Tel : 05-677 2650
Fax : 05-677 2650

Local Senior Metering Engineer (Ipoh)
Metering Service
Distribution Division
Tenaga Nasional Berhad
No. 2, Jalan Kilang 1
Jelapang Industrial Area
Taman Pertama, 30100 Ipoh, Perak
Tel : 05-526 2711/713
Fax : 05-526 3878

SELANGOR DARUL EHSAN

State General Manager (Selangor)
Distribution Division
Tenaga Nasional Berhad
Level 7, Menara MRCB
Jalan Majlis 14/10
Seksyen 14
P.O Box 7336
40000 Shah Alam, Selangor
Tel : 03-5522 4000
Fax : 03-5522 4181

Area Manager (Petaling Jaya)
Distribution Division
Tenaga Nasional Berhad
72, Jalan Selangor
46990 Petaling Jaya, Selangor
Tel : 03-7955 7733
Fax : 03-7955 9046

Area Manager (Rawang)
Distribution Division
Tenaga Nasional Berhad
Pejabat Sg. Dua
No. 1, Jalan R2/3
Rawang Integrated Park
Off Jalan Batu Arang
48000 Rawang, Selangor
Tel : 03-6091 0576
Fax : 03-6091 0572

Area Manager (Klang)
Distribution Division
Tenaga Nasional Berhad
Jalan Meru, Peti Surat 2010
41990 Klang, Selangor
Tel : 03-3341 2020
Fax : 03-3342 2020

Area Manager (Shah Alam)
Distribution Division
Tenaga Nasional Berhad
Persiaran Damai, Seksyen 11
40702 Shah Alam, Selangor
Tel : 03-5510 2020
Fax : 03-5519 7304

Area Manager (Bandar Baru Bangi)
Distribution Division
Tenaga Nasional Berhad
Lot 1, Jalan 6C/13
43650 Bandar Baru Bangi, Selangor
Tel : 03-8926 4990
Fax : 03-8926 4966

Area Manager (Banting)
Distribution Division
Tenaga Nasional Berhad
Lot 4, Jalan Bunga Pekan
42700 Banting, Selangor
Tel : 03-3187 2020
Fax : 03-3187 1782

Area Manager (Pelabuhan Klang)
Distribution Division
Tenaga Nasional Berhad
Jalan Kem, Beg Berkunci No. 220
42009 Pelabuhan Klang, Selangor
Tel : 03-3167 2020
Fax : 03-3167 9113

Area Manager (Subang Jaya)
Distribution Division
Tenaga Nasional Berhad
Subang Square East Wing E1-01-0
Jalan SS 15/4G
47500 Subang Jaya, Selangor
Tel : 03-5628 6500
Fax : 03-5631 4659

Area Manager (Kuala Selangor)
Distribution Division
Tenaga Nasional Berhad
No. 19, Jalan Raja Idris
Beg Berkunci No. 9
45000 Kuala Selangor, Selangor
Tel : 03-3289 2020/1586
Fax : 03-3289 3161

Branch Manager (Sungai Besar)
Distribution Division
Tenaga Nasional Berhad
Lot 4744 & 4745
Jalan Sungai Limau
43300 Sungai Besar, Selangor
Tel : 03-3224 1226/2941
Fax : 03-3224 2464

Branch Manager (Cheras)
Distribution Division
Tenaga Nasional Berhad
No. 13, Jalan Suarasa 8/3
Bandar Tun Hussein Onn
43200 Cheras, Selangor
Tel : 03-9086 3000
Fax : 03-9086 3030

Branch Manager (Sepang)
Distribution Division
Tenaga Nasional Berhad
No. 2, Jalan 2, Medan 120
Bandar Baru Salak Tinggi
43900 Sepang, Selangor
Tel : 03-8706 4415
Fax : 03-8706 4413

Branch Manager (Kuala Langat)
Distribution Division
Tenaga Nasional Berhad
No. 7, Level 1, Jalan Dendang 1
Taman Telok Panglima Garang
42500 Kuala Langat, Selangor
Tel : 03-3122 9103
Fax : 03-3187 1782

WILAYAH PERSEKUTUAN – KUALA LUMPUR

General Manager (Kuala Lumpur)
Distribution Division
Tenaga Nasional Berhad
Level 11, Wisma TNB
Jalan Kepong, Peti Surat 11050
50990 Kuala Lumpur
Tel : 03-6250 6020
D/Line : 03-6250 6301
Fax : 03-6250 6500

Area Manager (Kuala Lumpur-Barat)
Distribution Division
Tenaga Nasional Berhad
Level 5, Wisma TNB
Jalan Kepong
Peti Surat 11031
50990 Kuala Lumpur
Tel : 03-6250 6020/03-6254 5100
Fax : 03-6250 6302

Area Manager (Kuala Lumpur-Timur)
Distribution Division
Tenaga Nasional Berhad
247 & 248, Jalan Bandar 13
Taman Melawati
53100 Kuala Lumpur
Tel : 03-4107 9355
Fax : 03-4107 9373

Area Manager (Kuala Lumpur-Pusat)
Distribution Division
Tenaga Nasional Berhad
Level 13A, Menara TH Selborn
153, Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-2687 5666
Fax : 03-2681 2637

GROUP DIRECTORY
(CONT'D)

Area Manager (Kuala Lumpur-Selatan)
Distribution Division
Tenaga Nasional Berhad
12 Jalan 1/37C, Bedford Business Park
Batu 5, Jalan Klang Lama
58200 Kuala Lumpur
Tel : 03-7784 3844
Fax : 03-7783 8344

WILAYAH PERSEKUTUAN – PUTRAJAYA/CYBERJAYA

General Manager
(Putrajaya & Cyberjaya)
Distribution Division
Tenaga Nasional Berhad
Level 1, Peti Surat 01-01
Lot 3C4, 26 Boulevard, Presint 3
62675 Putrajaya
Tel : 03-8886 6888
Fax : 03-8889 3588

NEGERI SEMBILAN DARUL KHUSUS

State General Manager
(Negeri Sembilan)
Distribution Division
Tenaga Nasional Berhad
Jalan Dato' Bandar Tunggal
70990 Seremban, Negeri Sembilan
Tel : 06-765 2150
Fax : 06-764 4271

Area Manager (Seremban)
Distribution Division
Tenaga Nasional Berhad
Level 1, Bangunan Wisma TNB
Jalan Dato' Bandar Tunggal
70990 Seremban, Negeri Sembilan
Tel : 06-767 9075
Fax : 06-763 4837

Area Manager (Kuala Pilah)
Distribution Division
Tenaga Nasional Berhad
Jalan Bahau
72009 Kuala Pilah, Negeri Sembilan
Tel : 06-481 1193
Fax : 06-481 5910

Area Manager (Port Dickson)
Distribution Division
Tenaga Nasional Berhad
KM 3, Jalan Pantai
71009 Port Dickson, Negeri Sembilan
Tel : 06-647 7700/06-647 2622
Fax : 06-647 4101

Branch Manager (Tampin)
Distribution Division
Tenaga Nasional Berhad
Lot 176, Jalan Besar
73000 Tampin, Negeri Sembilan
Tel : 06-441 1364
Fax : 06-441 1524

Branch Manager (Nilai)
Distribution Division
Tenaga Nasional Berhad
PT 7444 (Kompleks 18)
Jalan BBN 1/2H
Bandar Baru Nilai
71800 Nilai, Negeri Sembilan
Tel : 06-850 0422
Fax : 06-850 0522

Branch Manager (Bahau)
Distribution Division
Tenaga Nasional Berhad
133 & 134, Jalan Mewah
72100 Bahau, Negeri Sembilan
Tel : 06-454 5802
Fax : 06-454 2905

Branch Manager (Rembau)
Distribution Division
Tenaga Nasional Berhad
No. 30, Jalan Terentang
71300 Rembau, Negeri Sembilan
Tel : 06-685 5764
Fax : 06-685 4577

Branch Manager (Kuala Klawang)
Distribution Division
Tenaga Nasional Berhad
PT 54, Jalan Dato' Menteri
71600 Kuala Klawang, Negeri Sembilan
Tel : 06-613 8361/62
Fax : 06-613 7446

Branch Manager (Gemas)
Distribution Division
Tenaga Nasional Berhad
21, Jalan Pasar
73400 Gemas, Negeri Sembilan
Tel : 07-948 2902
Fax : 07-948 2442

MELAKA BANDARAYA BERSEJARAH

State General Manager (Melaka)
Distribution Division
Tenaga Nasional Berhad
Level Mezzanine
Jalan Banda Kaba
Karung Berkunci 1005
75990 Melaka
Tel : 06-282 8544
Fax : 06-282 6460

Branch Manager (Jasin)
Distribution Division
Tenaga Nasional Berhad
J7923, Jalan Bunga Tanjung
Taman Maju, 77000 Jasin, Melaka
Tel : 06-529 2132
Fax : 06-529 2001

Branch Manager (Alor Gajah)
Distribution Division
Tenaga Nasional Berhad
No. 11, Prima Alor Gajah
78000 Alor Gajah, Melaka
Tel : 06-556 2840
Fax : 06-556 4453

Branch Manager (Masjid Tanah)
Distribution Division
Tenaga Nasional Berhad
Jalan Besar
78300 Masjid Tanah, Melaka
Tel : 06-384 3000/03
Fax : 06-384 4120

Branch Manager (Merlimau)
Distribution Division
Tenaga Nasional Berhad
Jalan Jasin
77300 Merlimau, Melaka
Tel : 06-263 5023
Fax : 06-263 5041

JOHOR DARUL TAKZIM

State General Manager (Johor)
Distribution Division
Tenaga Nasional Berhad
Level 14, Wisma TNB
Jalan Yahya Awal
80100 Johor Bahru, Johor
Tel : 07-219 2000
Fax : 07-223 1425

Area Manager (Johor Bahru)
Distribution Division
Tenaga Nasional Berhad
Level 3, Wisma TNB
Jalan Yahya Awal
80100 Johor Bahru, Johor
Tel : 07-219 2200
Fax : 07-219 2237

Area Manager (Batu Pahat)
Distribution Division
Tenaga Nasional Berhad
Jalan Bakau Chondong
83000 Batu Pahat, Johor
Tel : 07-434 6088
Fax : 07-431 9727

Area Manager (Muar)
Distribution Division
Tenaga Nasional Berhad
Jalan Sulaiman
84000 Muar, Johor
Tel : 06-953 2950
Fax : 06-952 8739

Area Manager (Kluang)
Distribution Division
Tenaga Nasional Berhad
Jalan Mengkibol
86009 Kluang, Johor
Tel : 07-772 2020
Fax : 07-772 4410

Area Manager (Kulai Jaya)
Distribution Division
Tenaga Nasional Berhad
Jalan Senai-Kulai
81000 Kulai Jaya, Johor
Tel : 07-663 2128
Fax : 07-663 2267

Area Manager (Pasir Gudang)
Distribution Division
Tenaga Nasional Berhad
L1 06/06A, Kompleks Pusat Bandar
Jalan Bandar
81700 Pasir Gudang, Johor
Tel : 07-252 0355
Fax : 07-251 1362

Branch Manager (Segamat)
Distribution Division
Tenaga Nasional Berhad
Jalan Hassan
85000 Segamat, Johor
Tel : 07-931 4020
Fax : 07-931 3744

Branch Manager (Pontian)
Distribution Division
Tenaga Nasional Berhad
Jalan Parit Masjid
82000 Pontian, Johor
Tel : 07-687 1172
Fax : 07-687 0622

Branch Manager (Kota Tinggi)
Distribution Division
Tenaga Nasional Berhad
Jalan Lombong
81900 Kota Tinggi, Johor
Tel : 07-883 3013/07-883 2589
Fax : 07-883 4898

Branch Manager (Taman Molek)
Distribution Division
Tenaga Nasional Berhad
79 & 81, Jalan Molek 3/10
Taman Molek
81100 Johor Bahru, Johor
Tel : 07-356 2753
Fax : 07-353 3044

Branch Manager (Mersing)
Distribution Division
Tenaga Nasional Berhad
No. 48, Jalan Ismail
86800 Mersing, Johor
Tel : 07-799 2020
Fax : 07-799 2773

GROUP DIRECTORY
(CONT'D)

Branch Manager (Tangkak)
Distribution Division
Tenaga Nasional Berhad
Jalan Payamas
84900 Tangkak, Ledang, Johor
Tel : 06-978 4067
Fax : 06-978 4598

Head (Iskandar Malaysia)
Distribution Division
Tenaga Nasional Berhad
Lower Level, Seri Medini
Persiaran Ledang Height
81560 Nusajaya, Johor

PAHANG DARUL MAKMUR

State General Manager (Pahang)
Distribution Division
Tenaga Nasional Berhad
Level 13, Wisma TNB
Lot 14, Seksyen 19
Jalan Gambut
25000 Kuantan, Pahang
Tel : 09-515 5555/09-515 5556
Fax : 09-515 5656

Area Manager (Kuantan)
Distribution Division
Tenaga Nasional Berhad
Level 2, Wisma TNB
Lot 14, Seksyen 19
Jalan Gambut
25000 Kuantan, Pahang
Tel : 09-515 5555/09-515 5556
Fax : 09-515 5674

Area Manager (Temerloh)
Distribution Division
Tenaga Nasional Berhad
No. 40A, Jalan Tengku Ismail
28000 Temerloh, Pahang
Tel : 09-296 5020/09-296 5021
Fax : 09-296 0402

Area Manager (Bentong)
Distribution Division
Tenaga Nasional Berhad
Jalan Sri Jaafar
28709 Bentong, Pahang
Tel : 09-222 1769/09-222 3020
09-222 2020
Fax : 09-222 5979

Branch Manager (Raub)
Distribution Division
Tenaga Nasional Berhad
Jalan Pekeliling
Peti Surat 25
27600 Raub, Pahang
Tel : 09-355 2020/09-355 2021
Fax : 09-355 1410

Branch Manager (Pekan)
Distribution Division
Tenaga Nasional Berhad
Lot 27, Seksyen 8
Jalan Sultan Ahmad
26600 Pekan, Pahang
Tel : 09-422 2020/09-422 2021
Fax : 09-422 1001

Branch Manager (Kuala Rompin)
Distribution Division
Tenaga Nasional Berhad
No. 49 & 51, Jalan Syed Osman
26800 Kuala Rompin, Pahang
Tel : 09-414 5020/09-414 5215
Fax : 09-414 5177

Branch Manager (Jerantut)
Distribution Division
Tenaga Nasional Berhad
Jalan Dulang, Bandar Baru
27000 Jerantut, Pahang
Tel : 09-266 3020/09-266 4020
Fax : 09-266 1887

Branch Manager (Kuala Lipis)
Distribution Division
Tenaga Nasional Berhad
Jalan Lipis/Benta
27200 Kuala Lipis, Pahang
Tel : 09-312 2020
Fax : 09-312 2001

Branch Manager (Bera)
Distribution Division
Tenaga Nasional Berhad
28, Jalan Sri Kerayong 2
Bandar Baru Bera
28200 Bera, Pahang
Tel : 09-250 5086/09-250 5142
Fax : 09-250 6781

Branch Manager (Jengka)
Distribution Division
Tenaga Nasional Berhad
Jalan Besar
26400 Bandar Pusat Jengka, Pahang
Tel : 09-466 2455
Fax : 09-466 2600

Branch Manager (Gebeng)
Distribution Division
Tenaga Nasional Berhad
A5, Jalan Gebeng 2/8
Kawasan Perindustrian Gebeng
26080 Kuantan, Pahang
Tel : 09-583 6021/09-583 6020
Fax : 09-583 9020

Branch Manager (Muadzam Shah)
Distribution Division
Tenaga Nasional Berhad
MM 84 & 85, Medan Mewah
26700 Muadzam Shah, Pahang
Tel : 09-452 2275/09-452 2035
Fax : 09-452 2476

Branch Manager (Maran)
Distribution Division
Tenaga Nasional Berhad
Bandar Baru Maran
26500 Maran, Pahang
Tel : 09-477 1520/09-477 2648
Fax : 09-477 1746

Branch Manager (Pulau Tioman)
Distribution Division
Tenaga Nasional Berhad
Kg Tekek, Pulau Tioman
26800 Pulau Tioman, Pahang
Tel : 09-419 1224/09-419 1637
Fax : 09-419 1225

Branch Manager (Cameron Highland)
Distribution Division
Tenaga Nasional Berhad
No. B-G-3 – B-G-11
Jalan Royal Lily, Taman Royal Lily 1
39000 Tanah Rata
Cameron Highland, Pahang
Tel : 05-491 1177
Fax : 05-491 1444

TERENGGANU DARUL IMAN

State General Manager (Terengganu)
Distribution Division
Tenaga Nasional Berhad
Jalan Cherong Lanjut
20673 Kuala Terengganu, Terengganu
Tel : 09-622 3401/09-622 3022
Fax : 09-624 3896

Area Manager (Kuala Terengganu)
Distribution Division
Tenaga Nasional Berhad
Jalan Cherong Lanjut
20673 Kuala Terengganu, Terengganu
Tel : 09-622 3022
Fax : 09-631 3955

Area Manager (Kemaman)
Distribution Division
Tenaga Nasional Berhad
Jalan Sulaiman
24000 Kemaman, Terengganu
Tel : 09-858 3300
Fax : 09-859 1066

Branch Manager (Dungun)
Distribution Division
Tenaga Nasional Berhad
Lot 7933, Jalan Baru Pak Sabah
23000 Dungun, Terengganu
Tel : 09-848 1628/09-848 4060
Fax : 09-848 3230

Branch Manager (Besut)
Distribution Division
Tenaga Nasional Berhad
Karung Berkunci No. 1
Jalan Tembila, Kampung Raja
22200 Besut, Terengganu
Tel : 09-695 6217/09-695 6417
Fax : 09-695 6807

Branch Manager (Marang)
Distribution Division
Tenaga Nasional Berhad
15, Bangunan Majlis Daerah Maran
Sungai Kerak
21600 Marang, Terengganu
Tel : 09-618 2810
Fax : 09-618 2812

Branch Manager (Setiu)
Distribution Division
Tenaga Nasional Berhad
Jalan Permaisuri 2
Bandar Permaisuri
22100 Setiu, Terengganu
Tel : 09-609 9220
Fax : 09-609 9461

Branch Manager (Kerteh)
Distribution Division
Tenaga Nasional Berhad
Lot 72 & 73, Bandar Seri Kerteh
24300 Kerteh, Kemaman, Terengganu
Tel : 09-826 0400/09-826 0404
Fax : 09-826 0403

Branch Manager (Kuala Berang)
Distribution Division
Tenaga Nasional Berhad
No. 7, Taman Tiras
21700 Kuala Berang, Terengganu
Tel : 09-681 1498/09-681 1499
Fax : 09-681 1729

Branch Manager (AMBS)
Distribution Division
Tenaga Nasional Berhad
Bangunan Koperasi 3K
Jalan Sultan Zainal Abidin 1
Bandar Al-Mukhtafi Billah Shah
23400 Dungun, Terengganu
Tel : 09-822 1730/09-822 1426
09-822 1729
Fax : 09-822 1475

Branch Manager (Batu Rakit)
Distribution Division
Tenaga Nasional Berhad
Kampung Wakaf Tengah
Mukim Batu Rakit
21030 Kuala Terengganu, Terengganu
Tel : 09-669 9545
Fax : 09-624 3896

GROUP DIRECTORY
(CONT'D)

KELANTAN DARUL NAIM

State General Manager (Kelantan)
Distribution Division
Tenaga Nasional Berhad
Level 5, Wisma TNB
Jalan Tok Hakim
15000 Kota Bharu, Kelantan
Tel : 09-748 3988/09-744 5477
Fax : 09-744 9161

Area Manager (Kota Bharu)
Distribution Division
Tenaga Nasional Berhad
Level 2, Wisma TNB
Jalan Tok Hakim
15000 Kota Bharu, Kelantan
Tel : 09-748 2020/09-748 4020
D/Line : 09-748 2050
Fax : 09-743 1625

Area Manager (Tanah Merah)
Distribution Division
Tenaga Nasional Berhad
Lot 531, Jalan Pasir Mas
17500 Tanah Merah, Kelantan
Tel : 09-955 2040
D/Line : 09-955 3142
Fax : 09-955 7024

Branch Manager (Kuala Krai)
Distribution Division
Tenaga Nasional Berhad
Jalan TNB
18000 Kuala Krai, Kelantan
Tel : 09-966 6020
D/Line : 09-966 4833
Fax : 09-966 6651

Branch Manager (Bachok)
Distribution Division
Tenaga Nasional Berhad
Lot PT 147, Jalan Kampung Telok
16300 Bachok, Kelantan
Tel : 09-778 8820
D/Line : 09-778 9020/9120
Fax : 09-778 9211

Branch Manager (Tumpat)
Distribution Division
Tenaga Nasional Berhad
Jalan Besar
16200 Tumpat, Kelantan
Tel : 09-725 6607/6020
D/Line : 09-725 6642
Fax : 09-725 6162

Branch Manager (Pasir Puteh)
Distribution Division
Tenaga Nasional Berhad
16800 Pasir Puteh, Kelantan
Tel : 09-786 7020/7019
D/Line : 09-786 6150
Fax : 09-786 6786

Branch Manager (Pasir Mas)
Distribution Division
Tenaga Nasional Berhad
Jalan Masjid Lama
17000 Pasir Mas, Kelantan
Tel : 09-790 9029
D/Line : 09-790 0402
Fax : 09-790 8120

Branch Manager (Machang)
Distribution Division
Tenaga Nasional Berhad
Lot 779 & 780, Jalan Bakti
18500 Machang, Kelantan
Tel : 09-975 2020
D/Line : 09-975 1910
Fax : 09-975 2243

Branch Manager (Gua Musang)
Distribution Division
Tenaga Nasional Berhad
Lot 998, Bandar Baru
18300 Gua Musang, Kelantan
Tel : 09-912 1020/0123
D/Line : 09-912 2306
Fax : 09-912 2257

GENERATION DIVISION

Vice President (Generation)
Tenaga Nasional Berhad
Level 8, Generation Building
No. 129 Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 5511
Fax : 03-2283 1555

Senior General Manager (Operation)
Generation Division
Tenaga Nasional Berhad
Level 5, Generation Building
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 5812
Fax : 03-2282 3940

Senior General Manager
(Asset Development)
Generation Division
Tenaga Nasional Berhad
Level 15, Menara PJ
Pusat Perdagangan Amcorp
46050 Petaling Jaya, Selangor
Tel : 03-7953 9600
Fax : 03-7954 5476

Managing Director
TNB Repair & Maintenance (REMACO)
Generation Division
Tenaga Nasional Berhad
Level 7 & 8, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7964 2600
D/Line : 03-7964 2701
Fax : 03-7960 8006

Site Project Manager
Hulu Terengganu Hydroelectric Project
Asset Development Department
Generation Division
Tenaga Nasional Berhad
Pengkalan Utama, Sungai Gawi
21700, Kuala Berang, Terengganu
Tel : 09-681 0100
Fax : 09-681 0101

POWER STATIONS

General Manager
Putrajaya Power Station
Generation Division
Tenaga Nasional Berhad
Beg Berkunci No. 211 Pusat Mel
43650 Bandar Baru Bangi, Selangor
Tel : 03-8948 8980
Fax : 03-8948 8814

General Manager
Connaught Bridge Power Station
Generation Division
Tenaga Nasional Berhad
Jalan Dato' Sidin
Beg Berkunci 2013
41990 Klang, Selangor
Tel : 03-3371 2011/03-3371 6920
03-3371 2214
Fax : 03-3371 6844

General Manager
Gelugor Power Station
Generation Division
Tenaga Nasional Berhad
Jalan Tunku Kudin
11700 Gelugor, Pulau Pinang
Tel : 04-657 7295/04-659 1075
04-659 1073
Fax : 04-659 1086

General Manager
Sultan Iskandar Power Station
Generation Division
Tenaga Nasional Berhad
Karung Berkunci 104
81709 Pasir Gudang, Johor
Tel : 07-251 2721
Fax : 07-251 0197

General Manager
Sultan Ismail Power Station
Generation Division
Tenaga Nasional Berhad
Peti Surat 5
23100 Paka, Terengganu
Tel : 09-831 3333/09-827 1053

General Manager
Tuanku Jaafar Power Station
Generation Division
Tenaga Nasional Berhad
Peti Surat 26, 71007 Port Dickson
Negeri Sembilan
Tel : 06-646 8888/06-647 1199
Fax : 06-647 4655

Chief Operating Officer/
Station General Manager
Sultan Azlan Shah Power Station
Generation Division
Tenaga Nasional Berhad
Jalan Semarak Api, Teluk Rubiah
32040 Seri Manjung, Perak
Tel : 05-689 8000
Fax : 05-688 4309

General Manager
Sg. Perak Hydro Station
Generation Division
Tenaga Nasional Berhad
Bersia, Beg Berkunci No. 9
33300 Gerik, Perak
Tel : 05-791 2026
Fax : 05-791 1315

General Manager
Cameron Highlands Power Stations
Generation Division
Tenaga Nasional Berhad
Beg Berkunci 100
35009 Tapah, Perak
Tel : 05-491 4120/4169
Fax : 05-491 5952

General Manager
Sultan Mahmud Kenyir Power Station
Generation Division
Tenaga Nasional Berhad
21700 Kuala Berang, Terengganu
Tel : 09-681 8566/09-681 8822
09-681 8823
Fax : 09-681 8172

Chief Executive Officer
Kapar Energy Ventures Sdn. Bhd.
Sultan Salahudin Abdul Aziz Power Station
Peti Surat 220
42200 Kapar, Selangor
Tel : 03-3250 8801
Fax : 03-3250 7617

GROUP DIRECTORY
(CONT'D)

TRANSMISSION DIVISION

Vice President (Transmission)
Tenaga Nasional Berhad
Level 3, Bangunan NLDC
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6635
Fax : 03-2282 3657

Senior General Manager
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Level 5, Lobi 1, Crystal Plaza
Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7948 2400
Fax : 03-7958 4641

Senior General Manager
Asset Development
Transmission Division
Tenaga Nasional Berhad
Level 2, Bangunan Penghantaran
No. 129 Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5100/03-2296 5015
Fax : 03-2284 1254

General Manager
(Strategic Management &
Organisation Development)
Transmission Division
Tenaga Nasional Berhad
Level 2, Wisma Bintang
No. 13A, Jalan 225, Seksyen 51A
46710 Petaling Jaya, Selangor
Tel : 03-7947 5207
Fax : 03-7960 2451

General Manager (Engineering)
Transmission Division
Tenaga Nasional Berhad
Level 4, Lobi 2, Crystal Plaza
Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7965 4888
Fax : 03-7965 4777/03-7957 4209

General Manager (Finance)
Transmission Division
Tenaga Nasional Berhad
Level 4, Bangunan NLDC
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 6362/03-2296 6888
Fax : 03-2282 8203

General Manager
(Human Resource Management &
Admin Service)
Transmission Division
Tenaga Nasional Berhad
Level 5, Lobi 1, Crystal Plaza
Jalan 51A/223, 46100 Petaling Jaya
Selangor
Tel : 03-7948 2400
Fax : 03-7956 9648

General Manager
Asset Management
Transmission Division
Tenaga Nasional Berhad
Level 2, Bangunan Penghantaran
129 Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5043/03-2296 5018
Fax : 03-2282 3064

State Manager (Kuala Lumpur)
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Ground & 1st Floor, Wisma Bintang
13A, Jalan 225, Seksyen 51A
46100 Petaling Jaya, Selangor
Tel : 03-7960 5490
Fax : 03-7960 5548

Head Engineer (Main Project)
Asset Development
Transmission Division
Tenaga Nasional Berhad
Level 6 & 7, Blok 1 Selatan
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 03-2096 2944/03-2095 5649
03-2095 8194
Fax : 03-2095 8054

State Manager (Pulau Pinang)
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Level 8, Wisma TNB, Bandar Perda
No. 1, Jalan Perda Barat
14000 Bukit Mertajam, Pulau Pinang
Tel : 04-538 1200/04-530 0785
04-530 0758
Fax : 04-530 9200

State Manager (Kedah & Perlis)
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Lot 1903, Jalan Tambang Badak
05100 Alor Star, Kedah
Tel : 04-735 3712/04-735 3713
D/Line : 04-735 3714
Fax : 04-733 4286

Area Manager (Perak)
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Level 3, Wisma TNB, Jalan Lahat
30200 Ipoh, Perak
Tel : 05-253 2021/05-253 3430
Fax : 05-241 6837

State Manager (Johor 1 – Johor Bahru)
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Level 9, Wisma TNB, Jalan Yahya Awal
80100 Johor Bahru, Johor
Tel : 07-219 2400
Fax : 07-219 2444

State Manager (Johor II – Kluang)
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
No. 28, Jalan 18, Taman Sri Kluang
86000 Kluang, Johor
Tel : 07-772 3712/07-772 7134
Fax : 07-772 5895

State Manager (Pahang)
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Level 8, Wisma TNB, Jalan Gambut
25000 Kuantan, Pahang
Tel : 09-515 5555
Fax : 09-515 5634

Regional Manager (Northern)
Project Management – Northern
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Level 4 & 5, Wisma TNB, Bandar Perda
No. 1, Jalan Perda Barat
14000 Bukit Mertajam, Pulau Pinang
Tel : 04-530 1020
D/Line : 04-537 5020
Fax : 04-537 4020

Regional Manager (Southern)
Project Management – Southern
Asset Development
Transmission Division
Tenaga Nasional Berhad
Level 1, Wisma Bunga
Jalan Lambak
86000 Kluang, Johor
Tel : 04-774 4403
Fax : 04-774 2773

Regional Manager (Eastern)
Project Management – Eastern
Asset Development
Transmission Division
Tenaga Nasional Berhad
Level 10, Wisma TNB, Jalan Gambut
25000 Kuantan, Pahang
Tel : 09-515 5555
Fax : 09-515 5593

Regional Manager (Central)
Project Management – Central
Asset Development
Transmission Division
Tenaga Nasional Berhad
Level 3, Wisma Bintang
No. 13A, Jalan 225, Seksyen 51A
46710 Petaling Jaya, Selangor
Tel : 03-7960 7464
Fax : 03-7956 6927

Head (Project Coordination)
Asset Development
Transmission Division
Tenaga Nasional Berhad
Level 2, Bangunan Penghantaran
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5002
Fax : 03-2284 1254

General Manager, Asset Development
(Central & Main Project)
Asset Development
Transmission Division
Tenaga Nasional Berhad
Level 2, Bangunan Penghantaran
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5138
Fax : 03-2284 1254

General Manager, Asset Development
(Norther, Southern and Eastern)
Asset Development
Transmission Division
Tenaga Nasional Berhad
Level 2, Bangunan Penghantaran
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5167
Fax : 03-2284 1254

General Manager (Operation System)
Transmission Division
Tenaga Nasional Berhad
Level 6, Bangunan NLDC
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6478
Fax : 03-2282 7629

General Manager
(Central-Southern Region)
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Level 5, Lobi 1, Crystal Plaza
Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7955 5180
Fax : 03-7956 1640

GROUP DIRECTORY
(CONT'D)

General Manager
(Northern-Eastern Region)
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Level 5, Lobi 1, Crystal Plaza
Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7955 5180
Fax : 03-7956 1640

Manager (Support Service)
Asset Development
Transmission Division
Tenaga Nasional Berhad
Level 2, Bangunan Penghantaran
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5160
Fax : 03-2282 2568

Head Engineering
(Procurement & Contract)
Asset Development
Transmission Division
Tenaga Nasional Berhad
Level 3, Bangunan Penghantaran
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5101
Fax : 03-2284 6475

General Manager (Asset Management)
Assest Development
Transmission Division
Tenaga Nasional Berhad
Level 2, Bangunan Penghantaran
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5043/03-2296 5108
Fax : 03-2282 3064

State Manager (Kelantan)
Asset Maintenance
Transmission Division
Tenaga Nasional Berhad
Level 7, Wisma TNB, Jalan Tok Hakim
15000 Kota Bharu, Kelantan
Tel : 09-743 9934/09-743 9935
Fax : 09-743 9936

State Manager (Negeri Sembilan)
Assest Maintenance
Transmission Division
Tenaga Nasional Berhad
Bangunan TNB
Jalan Dato' Bandar Tunggal
70990 Seremban, Negeri Sembilan
Tel : 06-765 2101/06-765 2102
06-765 2116/06-765 2117
Fax : 06-767 1600

State Manager (Melaka)
Assest Maintenance
Transmission Division
Tenaga Nasional Berhad
Pt. 7097, Jalan TU 2
Taman Tasik Utama
75450 Ayer Keroh, Melaka
Tel : 06-232 7766/06-232 8585
06-232 8869
Fax : 06-232 7900

State Manager (Terengganu)
Assest Maintenance
Transmission Division
Tenaga Nasional Berhad
Lot 6609, Batu 48 Jalan Paka-Dungun
Mukim Sura, 23000 Dungun
Terengganu
Tel : 09-845 5892/09-845 5712
Fax : 09-845 5497

ICT DIVISION

Chief Information Officer
ICT Division
Tenaga Nasional Berhad
Level 37 (Utara), Menara TM
Off Jalan Pantai Baru
59200 Kuala Lumpur
Tel : 03-2246 6000
D/Line : 03-2246 6001
Fax : 03-2240 7020

General Manager
IT & Business Solution
ICT Division
Tenaga Nasional Berhad
Level 36 (Utara), Menara TM
Off Jalan Pantai Baru
59200 Kuala Lumpur
Tel : 03-2246 6000
D/Line : 03-2246 6003
Fax : 03-2240 0020

General Manager
Infrastructure Development &
ICT Operation
ICT Division
Tenaga Nasional Berhad
Level 38 (Utara), Menara TM
Off Jalan Pantai Baru
59200 Kuala Lumpur
Tel : 03-2246 6000
Fax : 03-2241 3020

Manager
(ICT Regional Operation – North)
Infrastructure Development &
ICT Operation
ICT Division
Tenaga Nasional Berhad
Level 1, Wisma TNB, Bandar Perda
No. 1, Jalan Perda Barat
14000 Bukit Mertajam, Pulau Pinang
Tel : 04-530 1500

Engineer (ICT Regional Operation – Ipoh)
Infrastructure Development &
ICT Operation
ICT Division
Tenaga Nasional Berhad
Level 1, No. 1-5
Jalan Dato' Maharajalela
30000 Ipoh, Perak
Tel : 05-253 6955/05-255 6848
05-254 6411

Engineer (ICT Regional Operation – Kota Bharu)
Infrastructure Development &
ICT Operation
ICT Division
Tenaga Nasional Berhad
Level 7, Wisma TNB
Jalan Tok Hakim
15000 Kota Bharu, Kelantan
Tel : 09-743 0945/09-743 9935
09-746 0946

Manager (ICT Regional Operation – Southern)
Infrastructure Development &
ICT Operation
ICT Division
Tenaga Nasional Berhad
Level 7, Wisma TNB
Jalan Yahya Awal
80300 Johor Bahru, Johor
Tel : 07-219 2400

Engineer (ICT Regional Operation–Kluang)
Infrastructure Development &
ICT Operation
ICT Division
Tenaga Nasional Berhad
Level 4, Bangunan TNB
Jalan Mengkibol
86000 Kluang, Johor
Tel : 07-774 4489
Fax : 07-774 4452

Engineer (ICT Regional Operation – Melaka)
Infrastructure Development &
ICT Operation
ICT Division
Tenaga Nasional Berhad
F-07, Peringgit Point
Jalan Raya Peringgit
75900 Melaka
Tel : 06-282 9227/06-283 0472
Fax : 06-286 9463

Manager (ICT Regional Operation – Kuantan)
Infrastructure Development &
ICT Operation
ICT Division
Tenaga Nasional Berhad
Level 11, Wisma TNB
Jalan Gambut
25200 Kuantan, Pahang
Tel : 09-515 5575/09-515 5579
09-515 5581
Fax : 09-515 5550

Manager (ICT Regional Operation – Central)
Infrastructure Development &
ICT Operation
ICT Division
Tenaga Nasional Berhad
Level 5, College of IT (COIT), UNITEN
KM7, Jalan Kajang – Puchong
43009 Kajang, Selangor
Tel : 03-8921 8600
Fax : 03-8921 8700

Engineer (ICT Regional Operation – Terengganu)
Infrastructure Development &
ICT Operation
ICT Division
Tenaga Nasional Berhad
Level 3, Jalan Cherong Lanjut
20673 Kuala Terengganu, Terengganu
Tel : 09-622 3522 ext. 237
Fax : 09-623 7741

SUBSIDIARIES

Vice Chancellor
Universiti Tenaga Nasional
Level 1
Bangunan Pengurusan Pentadbiran
Jalan Kajang – Puchong
43009 Kajang, Selangor
Tel : 03-8921 2020
D/Line : 03-8926 3990
Fax : 03-8926 3504/03-8926 3507

Universiti Tenaga Nasional
Kampus Sultan Haji Ahmad Shah
26700 Bandar Muadzam Shah, Pahang
Tel : 09-455 2020
Fax : 09-455 2000

Managing Director
Tenaga Switchgear Sdn. Bhd.
Lot 3, Jalan Teknologi 3/6
Seksyen 3, Taman Sains Selangor
Kota Damansara
47810 Petaling Jaya, Selangor
Tel : 03-6140 6520
Fax : 03-6140 6530

Managing Director
Malaysia Transformer Manufacturing Sdn. Bhd.
Lot 22, Jalan AU 3/1
Kawasan Perusahaan Ampang
54200 Ulu Klang, Kuala Lumpur
Tel : 03-4107 6233
D/Line : 03-4108 5663
Fax : 03-4107 1110/03-4105 4580

Managing Director
TNB Research Sdn. Bhd.
No. 1, Lorong Air Hitam
Kawasan Institusi Penyelidikan
43000 Kajang, Selangor
Tel : 03-8922 5000/03-8926 8828/9
Fax : 03-8926 8830

GROUP DIRECTORY
(CONT'D)

Managing Director
Tenaga Cable Industries Sdn. Bhd.
Lot 2, Jalan P/12, Seksyen 10
Kawasan Perusahaan
Bandar Baru Bangi
43650 Bandar Baru Bangi, Selangor
Tel : 03-8922 2678
D/Line : 03-8210 0912
Fax : 03-8925 5911/03-8210 0918

Managing Director
TNB Engineering Corporation Sdn. Bhd.
1701, Level 17, Blok B, Menara Amcorp
18, Persiaran Barat, Jalan Sultan
46000 Petaling Jaya, Selangor
Tel : 03-7958 2121
Fax : 03-7958 2626

Managing Director
TNB Fuel Services Sdn. Bhd.
Level 4, Lobi 1
Crystal Plaza, Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7956 8349
Fax : 03-7956 9221

Managing Director
TNB Energy Services Sdn. Bhd.
Level 5, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7960 0296/03-7960 0297
Fax : 03-7960 0294

Chief Executive Officer
TNB Liberty Power Limited
92, Razia Sharif Plaza
4th Floor Blue Area
G-7/F-7 Islamabad, Pakistan
Tel : 009251227747-6
Fax : 92512276348

GROUP HUMAN RESOURCE DIVISION

General Manager
(Compensation Benefit & Administration Management)
Group Human Resource Division
Tenaga Nasional Berhad
Level 7, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
Fax : 03-2284 2239

General Manager
(Human Resource Planning & Development)
Group Human Resource Division
Tenaga Nasional Berhad
Level 8, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
Fax : 03-2284 1970/03-2282 7631

General Manager
(Internal Affairs)
Group Human Resource Division
Tenaga Nasional Berhad
Level 4, Lobi 2, Crystal Plaza
Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7964 3773
Fax : 03-7958 3457

TNB Integrated Learning Solution Sdn. Bhd. – ILSAS
Jalan IKRAM – UNITEN
Karung Berkunci 205
43650 Bandar Baru Bangi, Selangor
Tel : 03-8922 7222/03-8925 8250
Fax : 03-8926 3505/03-8926 4437

Branch Manager
TNB Integrated Learning Solution Sdn. Bhd. – ILSAS
Cawangan Malim Nawar
Beg Berkunci No. 1
37100 Malim Nawar, Perak
Tel : 05-477 5960
Fax : 05-477 5954

General Manager
(Human Resource Management)
Group Human Resource Division
Tenaga Nasional Berhad
Level 9, Headquarters
No. 129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
Fax : 03-2284 0469/03-2282 1087

General Manager (Occupational Safety, Health & Environment)
Group Human Resource Division
Tenaga Nasional Berhad
Level 5, Wisma TNB
No. 19, Jalan Timur
46200 Petaling Jaya, Selangor
Tel : 03-7958 6366
Fax : 03-7958 6337/03-7625 2036

OFFICE OF PRESIDENT/ CHIEF EXECUTIVE OFFICER

General Manager
Productivity and Quality Management (PQM)
Tenaga Nasional Berhad
Aras 5, Lobi 1, Crystal Plaza
Jalan 51A/223
46100 Petaling Jaya, Selangor
Tel : 03-7955 5180
Fax : 03-7954 3642

Group Internal Audit
Tenaga Nasional Berhad
Suite PH3, Penthouse Level
Wisma UOA Pantai
No. 11, Jalan Pantai Jaya (Jalan 4/83A)
59200 Kuala Lumpur
Tel : 03-2240 0599
Fax : 03-2240 8268

Nuclear Energy Unit
Tenaga Nasional Berhad
A-05-02, Blok A, Bangunan PJ8
No. 23, Jalan Barat, Seksyen 8
46050 Petaling Jaya, Selangor
Tel : 03-7949 0500
D/Line : 03-7949 0477
Fax : 03-7949 0410

Company Secretary
Tenaga Nasional Berhad
Level 2, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6247
Fax : 03-2283 3686

Senior General Manager
Legal Services
Tenaga Nasional Berhad
Level 23 & 24, Bangunan TM Annexe 2
Jalan Pantai Jaya, Off Jalan Pantai Baru
59200 Kuala Lumpur
Tel : 03-2241 1244
D/Line : 03-2240 9639
Fax : 03-2240 9644/03-2240 9634

Managing Director
Sabah Electricity Sdn. Bhd.
Wisma LLS
Jalan Tuanku Abdul Rahman
88673 Kota Kinabalu, Sabah
Tel : 088-282 699
Fax : 088-223 320

CORPORATE AFFAIRS DIVISION

Vice President
(Corporate Affairs)
Tenaga Nasional Berhad
Level 5, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6240
Fax : 03-2288 1419

General Manager
Corporate Communications Department
Corporate Affairs Division
Tenaga Nasional Berhad
Level 5, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6240
Fax : 03-2288 1419

Director
Yayasan Tenaga Nasional
Corporate Affairs Division
Tenaga Nasional Berhad
Level 1, Bangunan BB
Universiti Tenaga Nasional
KM 7, Jalan IKRAM – UNITEN
43009 Kajang, Selangor
Tel : 03-8924 7500
D/Line : 03-8924 7503
Fax : 03-8924 7501

General Manager
Regulatory Relations and Management
Corporate Affairs Division
Tenaga Nasional Berhad
Level 3, Generation Building
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 1502
Fax : 03-2282 9584

Head (Support Services Management)
Corporate Affairs Division
Tenaga Nasional Berhad
Level 5, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566
D/Line : 03-2296 6448
Fax : 03-2288 1419

GROUP DIRECTORY
(CONT'D)

GROUP FINANCE DIVISION

Senior General Manager
(Investment Relations)
Group Finance Division
Tenaga Nasional Berhad
Level 3, Headquarters
129, Jalan Bangsar
59200 Kuala Lumpur
Tel : 03-2296 5566/03-2296 6348
Fax : 03-2286 0748

Tax Unit
Group Finance Division
Tenaga Nasional Berhad
Level 3A, Block A, Bangunan PJ8
Seksyen 8, Jalan Barat
46050 Petaling Jaya, Selangor
Tel : 03-7949 0500/03-7949 0497

General Manager (Tax)
Group Finance Division
Tenaga Nasional Berhad
A-3A-01, Blok A
Bangunan PJ8
No. 23, Jalan Barat
Seksyen 8
46050 Petaling Jaya, Selangor
Tel : 03-7949 0500/03-7949 0497
Fax : 03-7949 0497

General Manager
Enterprise Wide Risk Management
(EWRM)
Group Finance Division
Tenaga Nasional Berhad
Level 9, Wisma TNB
No. 19, Jalan Timur
46000 Petaling Jaya, Selangor
Tel : 03-7620 0170
Fax : 03-7620 0184

PROCUREMENT DIVISION

Chief Procurement Officer
Tenaga Nasional Berhad
Level 2, Generation Building
129, Jalan Bangsar
59200 Kuala Lumpur
D/Line : 03-2296 5558
03-2296 5605 (PA)

Manager (Human Resource Management & Admin Services)
Procurement Division
Tenaga Nasional Berhad
Level 3, Generation Building
129, Jalan Bangsar
59200 Kuala Lumpur
D/Line : 03-2296 5628

Head (Sourcing Controller)
Procurement Division
Tenaga Nasional Berhad
Level 3, Generation Building
129, Jalan Bangsar
59200 Kuala Lumpur
D/Line : 03-2296 5621
03-2296 5699 (PA)

Head (Best Practice & Policies)
Procurement Division
Tenaga Nasional Berhad
Level 3, Generation Building
129, Jalan Bangsar
59200 Kuala Lumpur
D/Line : 03-2296 5550

Head (Shared Purchasing)
Procurement Division
Tenaga Nasional Berhad
Level 2, Generation Building
129, Jalan Bangsar
59200 Kuala Lumpur
D/Line : 03-2296 5682
03-2296 5864 (PA)

Head (Strategic Supplier Management)
Procurement Division
Tenaga Nasional Berhad
Level 2, Generation Building
129, Jalan Bangsar
59200 Kuala Lumpur
D/Line : 03-2296 5560
03-2296 5532 (PA)

Note: All addresses are updated as at 31 August 2010.

NOTES

NOTES

TENAGA NASIONAL BERHAD (200866-W)

PROXY FORM

Number of Ordinary Share(s) held	
CDS Account No.:	

I/We, ______________________________ NRIC No./Passport No./Co. No. ______________________
(FULL NAME IN CAPITAL LETTERS)

of ______________________________ being a Member/Members of Tenaga Nasional Berhad,
(ADDRESS)

hereby appoint:-

	Name/NRIC No.	No. of shares	Percentage (%)	
Proxy 1				or failing him/her
Proxy 2				or failing him/her
		TOTAL		

the Chairman of the Meeting, as my/our proxy, to vote for me/us, and on my/our behalf at the 20TH ANNUAL GENERAL MEETING of TENAGA NASIONAL BERHAD to be held at Dewan Serbaguna, Kompleks Sukan TNB, Jalan Pantai Baru, 59200 Kuala Lumpur on **Wednesday, 15 December 2010,** at **10.00 a.m.** and/or at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NORMAL BUSINESS			FOR	AGAINST
1.	**ORDINARY RESOLUTION 1**	To receive the Audited Financial Statements for the Financial Year ended 31 August 2010		
2.	**ORDINARY RESOLUTION 2**	Declaration of Dividend		
3.	**ORDINARY RESOLUTION 3**	Payment of Directors' Fees		
4.	**ORDINARY RESOLUTION 4**	Re-election of Dato' Sri Che Khalib Bin Mohamad Noh in accordance with Article 135		
5.	**ORDINARY RESOLUTION 5**	Re-election of Dato' Fuad Bin Jaafar in accordance with Article 135		
6.	**ORDINARY RESOLUTION 6**	Re-election of Dato' Abd Manaf Bin Hashim in accordance with Article 133		
7.	**ORDINARY RESOLUTION 7**	Re-election of Dato' Ir. Azman Bin Mohd in accordance with Article 133		
8.	**ORDINARY RESOLUTION 8**	Re-election of Chung Hon Cheong in accordance with Article 133		
9.	**ORDINARY RESOLUTION 9**	Re-appointment of Tan Sri Dato' Seri Siti Norma Binti Yaakob in accordance with Section 129 of the Companies Act, 1965		
10.	**ORDINARY RESOLUTION 10**	Re-appointment of Messrs PricewaterhouseCoopers as the Company's Auditors		
SPECIAL BUSINESS				
11.	**ORDINARY RESOLUTION 11**	Issuance of Shares pursuant to Employees' Share Option Scheme II (ESOS II)		
12.	**ORDINARY RESOLUTION 12**	Proposed Renewal of Share Buy-Back Authority		
13.	**ORDINARY RESOLUTION 13**	Proposed Bonus Issue		
14.	**ORDINARY RESOLUTION 14**	Proposed Increase in the Authorised Share Capital		
15.	**SPECIAL RESOLUTION 1**	Proposed M&A Amendments 1		
16.	**SPECIAL RESOLUTION 2**	Proposed M&A Amendments 2		

(Please indicate "X" in the appropriate box against each Resolution as to how you wish your proxy/proxies to vote. If no voting instruction is given, this form will be taken as to authorise the proxy/proxies to vote at his/her discretion).

Dated: ____________________ December 2010

____
Signature of Shareholder(s) or Common Seal

NOTES:-

1. *Any member entitled to attend and vote at this Meeting of the Company is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. Where the instrument appointing a proxy/proxies is executed by a corporation, it shall be executed either under its common seal or under the hand of any officer or attorney duly appointed under a power of attorney.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the holding to be represented by each proxy is specified.*
4. *A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 107(6) of the Company's Articles of Association.*
5. *The instrument appointing a proxy/proxies must be deposited at Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the Meeting.*

STAMP

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan