

## TNB Financial Report 2002

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# 12<sup>th</sup> Annual General Meeting

## Venue:

Dewan Serbaguna  
Kompleks Sukan TNB  
Jalan Pantai Baru  
59200 Kuala Lumpur

## Date:

30 December 2002

## Time:

10.00 a.m.



# FINANCIAL Calendar

Financial Year From 1 September 2001  
to 31 August 2002

## RESULTS

First Quarter ended 30 November 2001	Announced on	31 January 2002
Second Quarter ended 28 February 2002	Announced on	26 April 2002
Third Quarter ended 31 May 2002	Announced on	31 July 2002
Fourth Quarter ended 31 August 2002	Announced on	30 October 2002

## DIVIDEND

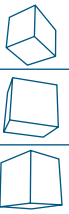
Interim	Announced on	26 April 2002
	Entitlement Date	11 June 2002
	Paid On	3 July 2002
Final	Announced on	30 October 2002
	Entitlement Date	31 December 2002
	Payable On	27 January 2003

DISTRIBUTION OF ANNUAL REPORT	5 December 2002
TWELFTH ANNUAL GENERAL MEETING	30 December 2002
CLOSURE OF SHARE REGISTER	1 January 2003 – 5 January 2003

# Notice of Annual General Meeting

**Notice is hereby given** that the **Twelfth Annual General Meeting** of Tenaga Nasional Berhad will be held at the Dewan Serbaguna, Kompleks Sukan TNB, Jalan Pantai Baru, 59200 Kuala Lumpur on **Monday, 30 December 2002**, at **10.00 am** for the following purposes:

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 31 August 2002 and the Auditors' Report thereon. **Resolution 1**
2. To approve the declaration of a final dividend of 6.0 sen gross per ordinary share less income tax 28% for the financial year ended 31 August 2002. **Resolution 2**
3. To approve the Directors' fees. **Resolution 3**
4. To re-elect as Director, Datin Husniarti Tamin, who retires in accordance with Article 135 of the Company's Articles of Association and being eligible, offers herself for re-election. **Resolution 4**
5. To re-elect as Director, Dato' Hari Narayanan Govindasamy, who retires in accordance with Article 135 of the Company's Articles of Association and being eligible, offers himself for re-election. **Resolution 5**
6. To accept the retirement of Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak, who retires in accordance with Article 135 of the Company's Articles of Association and does not offer himself for re-election. **Resolution 6**
7. To re-elect as Director, Datin Paduka Seripah Noli Syed Hussain, who retires in accordance with Article 133 of the Company's Articles of Association and being eligible, offers herself for re-election. **Resolution 7**
8. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**
9. As Special Business:- **Resolution 9**  
To consider and if thought fit, to pass the following Resolution:-



## ORDINARY RESOLUTION

"THAT pursuant to Section 132D of the Companies Act, 1965, full authority is hereby given to the Directors to issue shares in the capital of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10 percent of the issued share capital of the Company for the time being, subject to the provisions of the Companies Act, 1965, Articles of Association of the Company, approval from the Kuala Lumpur Stock Exchange and other relevant bodies where such approval is necessary."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

## NOTICE OF BOOK CLOSURE

**NOTICE IS HEREBY GIVEN THAT** the Register of Members of the Company will be closed from 1 January 2003 to 5 January 2003 (both dates inclusive) for the purpose of determining shareholders' entitlement to the dividend. The dividend, if approved by Members at the Twelfth Annual General Meeting, will be paid on 27 January 2003.

A Depositor with the Malaysian Central Depository shall qualify for entitlement to the dividend only in respect of:

- a. Shares deposited into the Depositor's securities account before 12.30 pm on 27 December 2002 in respect of shares which are exempted from mandatory deposit;
- b. Shares transferred into the Depositor's securities account before 12.30 pm on 31 December 2002 in respect of ordinary transfers; and
- c. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

**DATIN AZIZAH OSMAN** (LS 0014)  
Joint Company Secretaries

**ZAINAL ABIDIN YUNUS** (LS 0008338)  
Joint Company Secretaries

Kuala Lumpur, Malaysia  
5 December 2002

## Notes:-

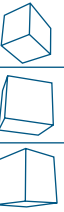
RESOLUTION 9	PROXY	REGISTRATION OF MEMBERS/PROXIES
<p>The proposed Ordinary Resolution, if passed, is to give the Directors of the Company flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company.</p>	<p>Any Member entitled to attend and vote at this Meeting is entitled to appoint another person or persons (whether a Member or not) as his proxy, or by a duly authorised representative for the particular case to attend and vote in his stead. A proxy need not be a Member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. The Form of Proxy must be deposited at the Registered Office, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur not less than forty eight (48) hours before the time fixed for holding the Meeting or any adjournment thereof.</p>	<p>Registration of Members/Proxies attending the Meeting will be from 8.00 am on the day of the Meeting. Members/Proxies are required to produce identification documents for registration.</p>

## 4 | Statement Accompanying Notice of Annual General Meeting

### Statement Accompanying Notice of Annual General Meeting Pursuant To Paragraph 8.28(2) Of The Listing Requirements Of The Kuala Lumpur Stock Exchange: Particulars of Directors seeking re-election or re-appointment at the Annual General Meeting

#### 1. Further Details of Directors seeking re-election or re-appointment at the Annual General Meeting:

Name	Datin Husniarti Tamin
Age	54
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>• Honours Degree in Economics University of Malaya, (Applied Economics)</li> <li>• Masters in Business Administration, University of Oregon, USA, M.B.A. (Oregon)</li> </ul>
Position on the TNB Board	Non-Executive/Non Independent
Date first appointed to the TNB Board	4 August 2000
Membership of TNB Board Committees	<ul style="list-style-type: none"> <li>• Tender (Chairman)</li> <li>• Establishment</li> <li>• Finance and Investment</li> <li>• Planning and Development</li> <li>• Disciplinary</li> <li>• Entrepreneur Development</li> </ul>
Working Experience	<ul style="list-style-type: none"> <li>• Assistant Secretary, Manpower Section, Economic Planning Unit (EPU)</li> <li>• Principal Assistant Secretary, Industries Section, EPU</li> <li>• Head of Projects, Privatisation Section, EPU</li> <li>• Director, Energy Section, EPU</li> <li>• Deputy Secretary General (Energy), Ministry of Energy, Communication &amp; Multimedia</li> </ul>
Occupation	<ul style="list-style-type: none"> <li>• Deputy Secretary General (Systems and Controls), Ministry of Finance</li> </ul>
Any other directorships in public companies	<ul style="list-style-type: none"> <li>• Kuala Lumpur International Airport Berhad (Chairman)</li> <li>• Syarikat Prasarana Nasional Bhd. (Chairman)</li> <li>• Pengurusan Danaharta Nasional Bhd</li> <li>• Syarikat Perumahan Negara Bhd (SPNB)</li> <li>• Khazanah Nasional Berhad (Alternate)</li> <li>• Penerbangan Malaysia Berhad</li> </ul>
Securities holdings in TNB and its subsidiaries	Nil
Any family relationship with director and/or major shareholder of TNB or any companies that have entered into any transactions with TNB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Not Applicable
Number of TNB board meetings attended in the financial year	19/20 (95%)



**Name** **Dato' Hari Narayanan Govindasamy**

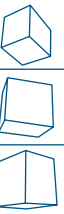
<b>Age</b>	52
<b>Nationality</b>	Malaysian
<b>Qualification</b>	<ul style="list-style-type: none"> <li>• Bachelor of Electrical and Electronic Engineering, Polytechnic of Newcastle Upon Tyne, England</li> </ul>
<b>Position on the TNB Board</b>	Non-Executive/Independent
<b>Date first appointed to the TNB Board</b>	1 March 1995
<b>Membership of TNB Board Committees</b>	<ul style="list-style-type: none"> <li>• Audit</li> <li>• Corporate Governance</li> <li>• Nomination and Remuneration</li> </ul>
<b>Working Experience</b>	<ul style="list-style-type: none"> <li>• Electrical Engineering, Inchcape Berhad</li> <li>• Project Manager, Tamco Cutler-Hammer Sdn Bhd</li> <li>• Chairman, Noblemax Resources Sdn Bhd</li> <li>• Deputy Chairman, Emrail Sdn Bhd</li> </ul>
<b>Occupation</b>	Businessman
<b>Any other directorships in public companies</b>	<ul style="list-style-type: none"> <li>• SP Setia Berhad</li> <li>• Puncak Niaga Holdings Berhad</li> </ul>
<b>Securities holdings in TNB and its subsidiaries</b>	Nil
<b>Any family relationship with director and/or major shareholder of TNB or any companies that have entered into any transactions with TNB or its subsidiaries</b>	Nil
<b>List of convictions for offences within the past 10 years other than traffic offences, if any</b>	Not Applicable
<b>Number of TNB board meetings attended in the financial year</b>	18/20 (90%)

## 6 | Statement Accompanying Notice of Annual General Meeting (Continued)

**Name** **Datin Paduka Seripah Noli Syed Hussin**

<b>Age</b>	46
<b>Nationality</b>	Malaysian
<b>Qualification</b>	<ul style="list-style-type: none"> <li>• Degree in Business Administration from Western Michigan University, USA</li> <li>• Certificate in Finance Management from the Swinburne University, Melbourne</li> </ul>
<b>Position on the TNB Board</b>	Non-Executive/Independent
<b>Date first appointed to the TNB Board</b>	29 January 2002
<b>Membership of TNB Board Committees</b>	<ul style="list-style-type: none"> <li>• Audit</li> <li>• Entrepreneur Development</li> <li>• Corporate Governance</li> </ul>
<b>Working Experience</b>	<ul style="list-style-type: none"> <li>• Head of Credit Administration Unit, United Malayan Banking Corporation Berhad (Tun Perak Branch)</li> <li>• Assistant Executive Officer, United Malayan Banking Corporation Berhad</li> <li>• Account Officer, Koperasi Polis Diraja Malaysia</li> </ul>
<b>Occupation</b>	Businesswoman
<b>Any other directorships in public companies</b>	Brisdale Holding Berhad
<b>Securities holdings in TNB and its subsidiaries</b>	Nil
<b>Any family relationship with director and/or major shareholder of TNB or any companies that have entered into any transactions with TNB or its subsidiaries</b>	Nil
<b>List of convictions for offences within the past 10 years other than traffic offences, if any</b>	Not Applicable
<b>Number of TNB board meetings attended in the financial year</b>	9/12 (75%)

## 7 | Details of the TNB Board of Directors' Meeting held from 1 September 2001 to 31 August 2002



Meeting No.	Date	Time	Place
1	11 September 2001	2.45 pm	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
2	27 September 2001	11.30 am	Bilik Mesyuarat Lembaga Pengarah TNB Distribution Sdn. Bhd., Tingkat 20, Wisma TNB, No. 19, Jalan Timur, 46000 Petaling Jaya
3	2 October 2001	12.30 pm	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
4	29 October 2001*	1.30 pm	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
5	7 November 2001	12.00 pm	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
6	29 November 2001	1.00 pm	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
7	13 December 2001	1.00 pm	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
8	22 December 2001*	12.00 pm	Bilik Pergau, Kelab Kilat TNB, Jalan Pantai Baru, Kuala Lumpur
9	31 January 2002	1.30 pm	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
10	7 March 2002	2.30 pm	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
11	18 April 2002*	11.30 am	Bilik Pergau, Kelab Kilat TNB, Jalan Pantai Baru, Kuala Lumpur
12	26 April 2002	9.30 am	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
13	9 May 2002	9.30 am	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
14	6 June 2002	11.00 am	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
15	27 June 2002	2.00 pm	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
16	19 July 2002	9.00 am	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
17	30 July 2002	2.30 pm	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
18	31 July 2002	10.00 am	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur
19	15 August 2002	2.30 pm	Bilik Mesyuarat, Bintang 1 & 2, Level 3, JW Marriot Hotel, 183, Jalan Bukit Bintang, Kuala Lumpur
20	19 August 2002	9.00 am	Bilik Kapar, 11th Floor, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur

\*Special Board Meeting



# Performance highlights

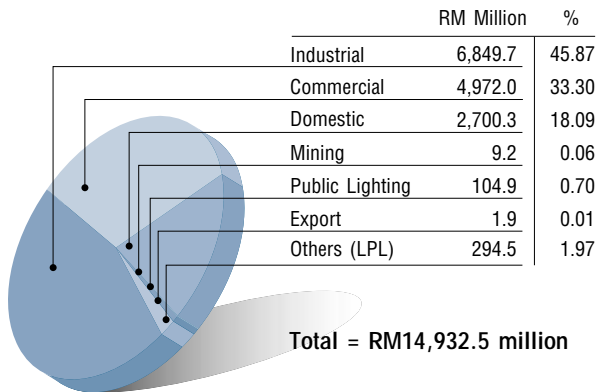
	2002	2001	2000	1999	1998
<b>FINANCE</b> (Group – RM Million)					
Total Revenue	15,375.1	14,362.6	13,719.1	12,108.0	11,439.4
Profit/(Loss) Before Tax	1,476.8	2,193.0	1,523.8	977.8	(2,788.4)
Taxation	90.9	122.8	230.5	236.6	305.9
Property, Plant and Equipment	50,710.7	48,270.3	45,709.6	42,988.3	39,188.4
<b>GENERATION</b>					
Group Installed Capacity (MW)	9,383.2	9,148.2	7,624.7	8,004.7	8,128.9
<b>SALES OF ELECTRICITY</b>					
Total Units Sold (GWh)	63,533.6	59,417.4	56,210.1	49,322.4	47,197.3
Sales Revenue (RM'million)	14,932.5	13,951.8	13,220.0	11,716.1	11,075.6
<b>CUSTOMERS</b>					
Total Number of Customers	5,789,181	5,522,325	5,311,098	5,089,300	4,583,305
<b>EMPLOYEES (GROUP)</b>					
Total Number of Employees	25,686	25,125	24,334	24,786	22,890
<b>SHAREHOLDERS</b>					
Total Number of Bumiputera Shareholders	7,118	7,631	8,182	17,068	15,242
Total Number of Non-Bumiputera Shareholders	16,669	17,277	18,792	24,359	39,589
Total Number of Institutional Shareholders	580	553	668	313	1,010
Total Number of Foreign Shareholders	883	1,325	2,761	1,912	966
Total Number of Government Agency Shareholders	54	50	45	54	47
Total Number of Nominees Company Shareholders	2,684	2,851	3,479	4,533	5,289
<b>DIVIDENDS (GROSS)</b>	10.2 sen	10.0 sen	10.0 sen	5.0 sen	5.0 sen

Note – Figures for 1998 do not include Sabah Electricity Sdn Bhd

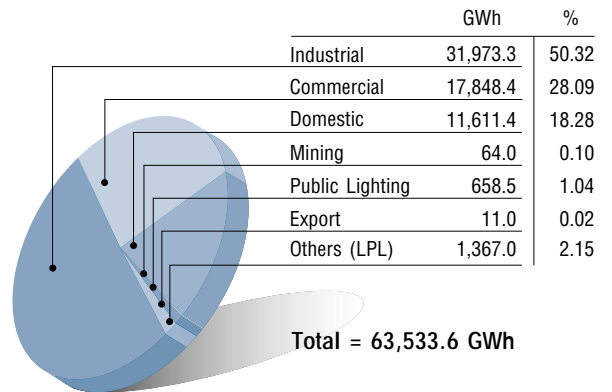


# Performance highlights **charts**

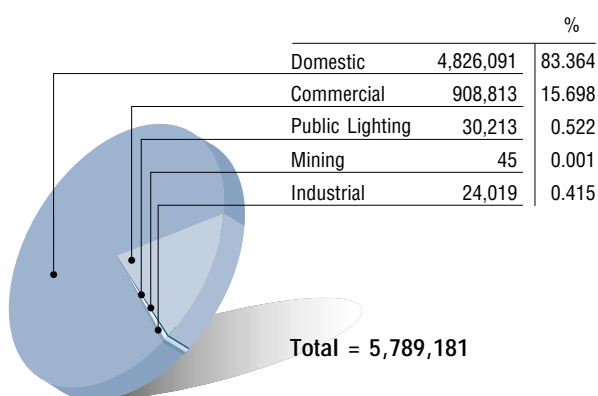
**SALES OF ELECTRICITY (RM MILLION) – (GROUP)**



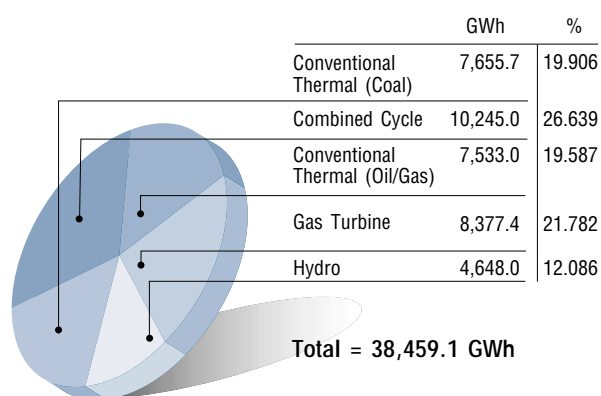
**SALES OF ELECTRICITY (GWh) – (GROUP)**



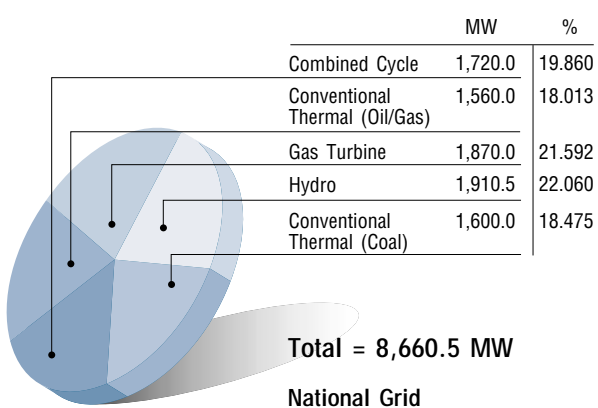
NUMBER OF CUSTOMERS BY CLASSIFICATION (GROUP)



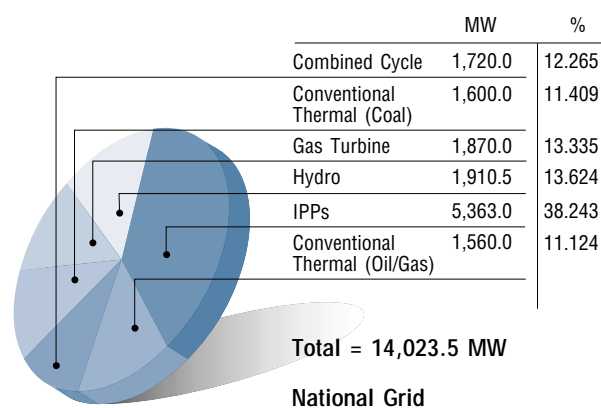
TNB'S GENERATION MIX



TNB'S INSTALLED CAPACITY AS AT 31 AUGUST 2002

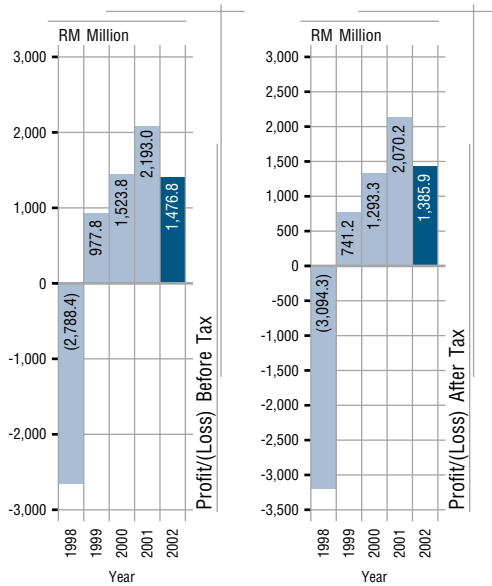


TOTAL INSTALLED CAPACITY INCLUDING IPPS

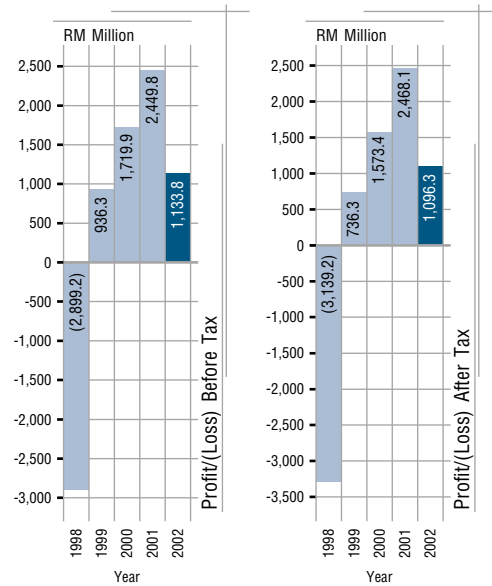




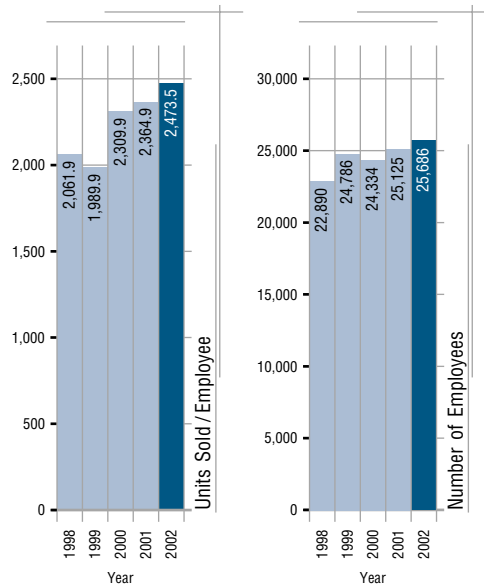
**PROFIT/(LOSS) BEFORE AND AFTER TAX (GROUP)**



**PROFIT/(LOSS) BEFORE AND AFTER TAX (COMPANY)**

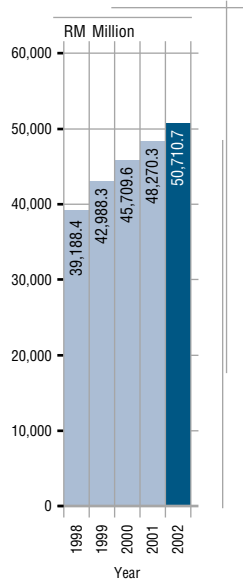


**PRODUCTIVITY (GROUP)**

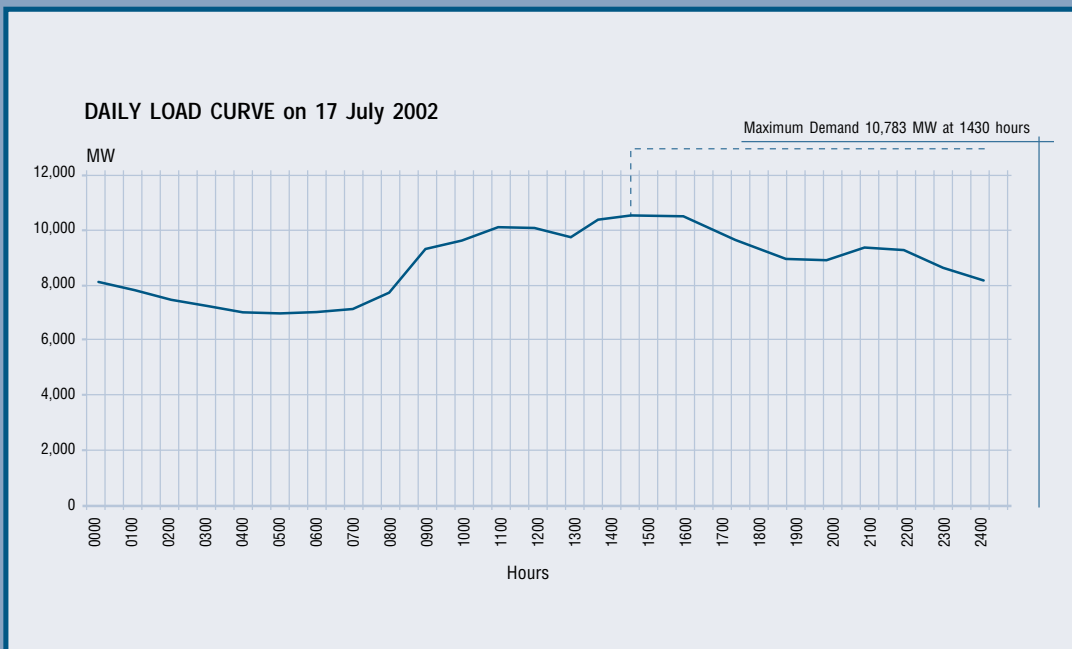
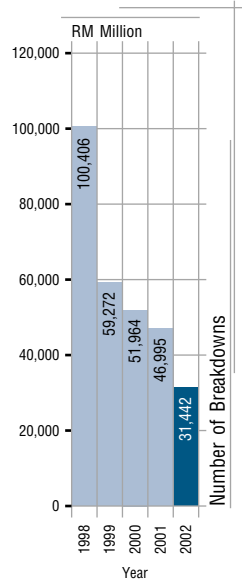


12 | Performance Highlights Charts (Continued)

PROPERTY, PLANT AND EQUIPMENT (GROUP)



NUMBER OF BREAKDOWNS (COMPANY)





## Statement of Directors' Responsibilities in respect of the Audited Financial Statements

Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and the cash flows of the Group and the Company for the financial year then ended.

In preparing those financial statements, the Directors have:-

- adopted suitable accounting policies and then apply them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed. Material departures, if any, are disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and Company to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# Financial Statements

31 August 2002

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to the Members of Tenaga Nasional Berhad	



## Directors' Report

The Directors have pleasure in submitting their Report with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2002.

### Principal Activities

The principal activities of the Group and of the Company are the generation, transmission, distribution and sale of electricity.

There have been no significant changes in these activities during the financial year.

### Financial Results

	Group RM'million	Company RM'million
Profit after taxation	1,385.9	1,096.2
Minority interests	14.9	0
Net profit for the financial year	1,400.8	1,096.2

### Dividends

The dividends paid or declared since 31 August 2001 were as follows:

	RM'million
In respect of the financial year ended 31 August 2001, as shown in the Directors' Report for that financial year:	
Final dividend of 4.3 sen per ordinary share, tax exempt, paid on 16 January 2002	133.6
In respect of the financial year ended 31 August 2002:	
Interim dividend of 3.0 sen per ordinary share, tax exempt, paid on 3 July 2002	93.4

The Directors now recommend the payment of a final dividend of 6.0 sen gross per ordinary share, less income tax at 28%, amounting to RM134.4 million which, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, will be paid on 27 January 2003 to shareholders registered on the Company's Register of Members at the close of business on 31 December 2002.

### Reserves and Provisions

Material transfers to or from reserves and provisions during the financial year are shown in the financial statements.



## Directors' Report (Continued)

### Share Capital

During the financial year, 5,050,000 new ordinary shares of RM1.00 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employee Share Option Scheme ('ESOS') at the following issue prices:

<u>Number of ordinary shares of RM1.00 each</u>	<u>Issue price (RM)</u>	<u>Proceeds (RM)</u>
432,000	10.59	4,574,880
3,177,000	9.03	28,688,310
907,000	7.92	7,183,440
60,000	7.06	423,600
474,000	5.13	2,431,620
<hr/> 5,050,000		<hr/> 43,301,850

The new shares rank pari passu in all respects with the existing ordinary shares of the Company.

### Employee Share Option Scheme

Options under the ESOS were granted to eligible Directors, employees and retirees of the Group to subscribe for ordinary shares of RM1.00 each. The first ESOS was exercisable on specific days during the period commencing 5 June 1993, but not later than thirty days before 11 May 1997, as determined by the by-laws of the ESOS. At an Extraordinary General Meeting held on 6 June 1996, the shareholders approved the extension of the ESOS for a further five years to expire on 11 May 2002. There has been no further extension of the ESOS which expired on 11 May 2002.

The movement during the financial year in the number of options over the shares of the Company are as follows:

<u>Option price</u> RM per share	<u>No. of options over ordinary shares of RM1.00 each</u>					<u>Expiry date</u>
	<u>As at</u> <u>1.9.2001</u>	<u>Granted</u>	<u>Exercised</u>	<u>Expired</u>	<u>As at</u> <u>31.8.2002</u>	
11.61	2,704,000	0	0	(2,704,000)	0	11 May 2002
10.59	0	1,616,000	(432,000)	(1,184,000)	0	11 May 2002
9.03	3,322,000	0	(3,177,000)	(145,000)	0	11 May 2002
7.92	1,087,000	0	(907,000)	(180,000)	0	11 May 2002
7.06	60,000	0	(60,000)	0	0	11 May 2002
5.13	489,000	0	(474,000)	(15,000)	0	11 May 2002
	<hr/> 7,662,000	<hr/> 1,616,000	<hr/> (5,050,000)	<hr/> (4,228,000)	<hr/> 0	

The exercise price is determined based on the average price for five preceding market days prior to the date of the offer. For the purpose of establishing the average price, the closing buy and sell price quotation of the ordinary shares of the Company as quoted and shown in the daily official list issued by the Kuala Lumpur Stock Exchange is used.

The persons to whom the options have been granted under the ESOS have no right to participate in any share option scheme of any other company by virtue of these options.



## Directors

The Directors who have held office during the period since the date of the last Report are:

Dato' Dr Jamaludin bin Dato' Mohd Jarjis	<i>(Chairman)</i>
Dato' Pian bin Sukro	<i>(President/Chief Executive Officer)</i>
Datuk Zainun Aishah binti Ahmad	
Dato' Lau Yin Pin @ Lau Yen Beng	
Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak	
Dato' Hari Narayanan a/l Govindasamy	
Datin Husniarti binti Tamin	
Kamariah binti Hussain	<i>(Alternate Director to Datin Husniarti binti Tamin)</i>
Datuk Dr Halim bin Shafie	
Dato' Syed Hamzah bin Syed Othman	<i>(Alternate Director to Datuk Dr Halim bin Shafie)</i>
Dato' Hamzah bin Bakar	
Datuk Wira Iskandar Dzakurnain bin Badarudin	
Raja Dato' Zaharaton binti Raja Zainal Abidin	<i>(Alternate Director to Datuk Wira Iskandar Dzakurnain bin Badarudin)</i>
Dato' Shaziman bin Abu Mansor	
Datin Paduka Seripah Noli binti Syed Hussin	<i>(Appointed on 29.1.2002)</i>
Dato' Mohd Yusof bin Ibrahim	<i>(Resigned on 22.12.2001)</i>

Government appointed Directors as at the date of this Report are:

Dato' Dr Jamaludin bin Dato' Mohd Jarjis  
 Dato' Pian bin Sukro  
 Datuk Zainun Aishah binti Ahmad  
 Datin Husniarti binti Tamin  
 Datuk Dr Halim bin Shafie  
 Datuk Wira Iskandar Dzakurnain bin Badarudin

## 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 options granted to Directors pursuant to the ESOS.

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 4 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 member, or with a company in which the Director has a substantial financial interest.

## Directors' Report (Continued)

### Directors' Interests in Shares and Debentures

According to the Register of Directors' shareholdings, the interests of Directors in office as at the end of the financial year in shares in the Company were as follows:

	As at date of appointment	Number of ordinary shares of RM1.00 each		As at 31.8.2002
		Acquired	Disposed	
<u>Tenaga Nasional Berhad</u>				
Dato' Pian bin Sukro	14,000	0	0	14,000

No other Directors in office at the end of the financial year held any other interest in shares of the Company and its related corporations. No Directors held any interest in debentures of the Company and its related corporation during the financial year.

### Statutory Information on the Financial Statements

Before the income statements and balance sheets of the Group and of the Company were made out, 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 realise 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 so to realise.

At the date of this Report, the Directors are not aware of any circumstances:

- (a) which would render the amounts 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.

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 with in this Report or the financial statements which would render any amount stated in the financial statements misleading.

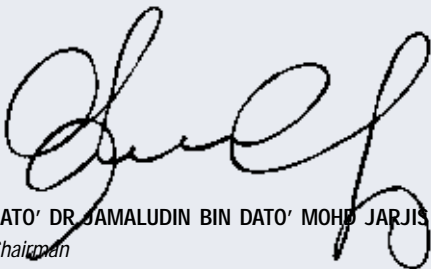
In the opinion of the Directors:

- (a) except as disclosed in Note 6 to the financial statements, the results of the Group's and of the 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) except as disclosed in Note 38 to the financial statements, 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 of the Company for the financial year in which this Report is made.

## 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 12 November 2002.



DATO' DR. JAMALUDIN BIN DATO' MOHD JARJIS  
*Chairman*



DATO' PIAN BIN SUKRO  
*President/Chief Executive Officer*

# Income Statements

for the financial year ended 31 August 2002

	Note	Group		Company	
		2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Revenue	3	15,375.1	14,362.6	14,333.5	13,685.0
Operating expenses	4	(13,108.7)	(11,919.8)	(13,120.2)	(12,376.7)
Other operating income	5	271.0	349.6	1,676.3	1,541.7
Operating profit before exceptional items		2,537.4	2,792.4	2,889.6	2,850.0
Exceptional items	6	16.0	(373.7)	(660.2)	(123.7)
Operating profit after exceptional items		2,553.4	2,418.7	2,229.4	2,726.3
Foreign exchange (loss)/gain	7	(92.3)	785.5	(0.4)	846.2
Share of results of associates		142.9	125.2	0	0
Profit before finance cost		2,604.0	3,329.4	2,229.0	3,572.5
Finance cost	8	(1,127.2)	(1,136.4)	(1,095.2)	(1,122.7)
Profit from ordinary activities before taxation		1,476.8	2,193.0	1,133.8	2,449.8
Taxation					
– Company and subsidiaries	9	(53.6)	(83.8)	(37.6)	18.3
– Share of taxes in associates		(37.3)	(39.0)	0	0
Profit from ordinary activities after taxation		1,385.9	2,070.2	1,096.2	2,468.1
Minority interests		14.9	34.8	0	0
Net profit for the financial year		1,400.8	2,105.0	1,096.2	2,468.1
		Sen	Sen		
Earnings per share					
– basic	10(a)	45.1	67.8		
– diluted	10(b)	Not applicable	67.7		

The notes set out on pages 26 to 67 form an integral part of these financial statements.



## Balance Sheets

- as at 31 August 2002

	Note	2002 RM'million	Group 2001 RM'million	2002 RM'million	Company 2001 RM'million
PROPERTY, PLANT AND EQUIPMENT	12	50,710.7	48,270.3	44,300.9	42,827.0
SUBSIDIARIES	13	0	0	144.1	594.3
ASSOCIATES	14	806.9	725.8	394.4	335.8
INVESTMENTS	15	390.1	391.0	389.8	389.8
LONG TERM RECEIVABLES	16	0	0	3,659.6	2,889.8
<b>CURRENT ASSETS</b>					
Inventories	17	1,216.2	982.4	328.3	237.9
Receivables, deposits and prepayments	18	2,772.2	3,293.4	2,236.9	2,675.1
Amount owing from subsidiaries	19	0	0	269.8	282.1
Amount owing from associates		4.7	3.9	3.8	3.9
Marketable securities	20	10.7	47.7	10.7	47.7
Deposits, bank and cash balances	21	1,154.0	870.3	765.5	449.0
		<b>5,157.8</b>	<b>5,197.7</b>	<b>3,615.0</b>	<b>3,695.7</b>
<b>CURRENT LIABILITIES</b>					
Payables	22	3,478.2	3,433.5	2,539.7	2,509.9
Amount owing to subsidiaries	19	0	0	234.0	467.4
Amount owing to associates		364.6	356.2	359.8	356.1
Current taxation		306.4	390.0	262.5	271.7
Short term borrowings	23				
- bank overdrafts		6.4	2.1	0	0
- others		2,446.8	3,211.7	2,059.4	2,981.4
		<b>6,602.4</b>	<b>7,393.5</b>	<b>5,455.4</b>	<b>6,586.5</b>
<b>NET CURRENT LIABILITIES</b>		<b>(1,444.6)</b>	<b>(2,195.8)</b>	<b>(1,840.4)</b>	<b>(2,890.8)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>50,463.1</b>	<b>47,191.3</b>	<b>47,048.4</b>	<b>44,145.9</b>
<b>LONG TERM LIABILITIES</b>					
Borrowings	24	(26,963.6)	(25,101.8)	(24,018.8)	(22,240.3)
Consumer deposits		(1,455.0)	(1,324.9)	(1,373.8)	(1,249.1)
Retirement benefits	25	(487.4)	(452.8)	(482.2)	(448.5)
Other liabilities		(97.3)	(110.4)	(76.9)	(81.2)
		<b>(29,003.3)</b>	<b>(26,989.9)</b>	<b>(25,951.7)</b>	<b>(24,019.1)</b>
DEFERRED TAXATION	26	(980.9)	(975.8)	(1,000.0)	(1,000.0)
DEFERRED INCOME	27	(2,231.6)	(2,149.5)	(2,040.3)	(1,982.9)
GOVERNMENT DEVELOPMENT GRANTS	28	(474.4)	(516.6)	0	0
		<b>17,772.9</b>	<b>16,559.5</b>	<b>18,056.4</b>	<b>17,143.9</b>
<b>Financed by:</b>					
SHARE CAPITAL	29	3,111.8	3,106.8	3,111.8	3,106.8
SHARE PREMIUM	30	3,181.7	3,143.4	3,181.7	3,143.4
REVALUATION AND OTHER RESERVES	31	1,211.3	1,157.2	1,231.2	1,231.2
RETAINED PROFITS	32	10,223.3	9,104.5	10,531.7	9,662.5
<b>SHAREHOLDERS' FUNDS</b>		<b>17,728.1</b>	<b>16,511.9</b>	<b>18,056.4</b>	<b>17,143.9</b>
MINORITY INTERESTS		44.8	47.6	0	0
		<b>17,772.9</b>	<b>16,559.5</b>	<b>18,056.4</b>	<b>17,143.9</b>
		<b>Sen</b>	<b>Sen</b>		
NET ASSETS PER SHARE	10(c)	570	531		

The notes set out on pages 26 to 67 form an integral part of these financial statements.

## Consolidated Statement of Changes in Equity

for the financial year ended 31 August 2002

	Note	Ordinary shares of RM1.00 each RM'million	Share premium RM'million	Non-distributable Revaluation and other reserves RM'million	Distributable Retained profits RM'million	Total RM'million
At 1 September 2000						
– as previously reported		3,106.2	3,140.4	1,183.0	7,089.0	14,518.6
– prior year adjustment	37				156.6	156.6
– as restated		3,106.2	3,140.4	1,183.0	7,245.6	14,675.2
Net losses not recognised in income statement						
– currency translation differences	31			(25.8)	0	(25.8)
Net profit for the financial year ended 31 August 2001					2,105.0	2,105.0
Dividends						
– financial year ended 31 August 2000					(156.6)	(156.6)
– financial year ended 31 August 2001	11				(89.5)	(89.5)
Issuance of share capital						
– share options	29, 30	0.6	3.0	0	0	3.6
At 31 August 2001		3,106.8	3,143.4	1,157.2	9,104.5	16,511.9
At 1 September 2001						
– as previously reported		3,106.8	3,143.4	1,157.2	8,970.9	16,378.3
– prior year adjustment	37				133.6	133.6
– as restated		3,106.8	3,143.4	1,157.2	9,104.5	16,511.9
Net gains not recognised in income statement						
– currency translation differences	31			54.1	0	54.1
Premium on acquisition of associates written off					(55.0)	(55.0)
Net profit for the financial year ended 31 August 2002					1,400.8	1,400.8
Dividends						
– financial year ended 31 August 2001	11				(133.6)	(133.6)
– financial year ended 31 August 2002	11				(93.4)	(93.4)
Issuance of share capital						
– share options	29, 30	5.0	38.3	0	0	43.3
At 31 August 2002		3,111.8	3,181.7	1,211.3	10,223.3	17,728.1

The notes set out on pages 26 to 67 form an integral part of these financial statements.



## Company Statement of Changes in Equity

for the financial year ended 31 August 2002

	Note	Ordinary shares of RM1.00 each RM'million	Share premium RM'million	Non-distributable Revaluation and other reserves RM'million	Distributable Retained profits RM'million	Total RM'million
At 1 September 2000						
– as previously reported		3,106.2	3,140.4	1,231.2	7,283.9	14,761.7
– prior year adjustment	37				156.6	156.6
– as restated		3,106.2	3,140.4	1,231.2	7,440.5	14,918.3
Net profit for the financial year ended 31 August 2001					2,468.1	2,468.1
Dividends						
– financial year ended 31 August 2000					(156.6)	(156.6)
– financial year ended 31 August 2001	11				(89.5)	(89.5)
Issuance of share capital						
– share options	29, 30	0.6	3.0	0	0	3.6
At 31 August 2001		3,106.8	3,143.4	1,231.2	9,662.5	17,143.9
At 1 September 2001						
– as previously reported		3,106.8	3,143.4	1,231.2	9,528.9	17,010.3
– prior year adjustment	37				133.6	133.6
– as restated		3,106.8	3,143.4	1,231.2	9,662.5	17,143.9
Net profit after taxation for the financial year ended 31 August 2002					1,096.2	1,096.2
Dividends						
– financial year ended 31 August 2001	11				(133.6)	(133.6)
– financial year ended 31 August 2002	11				(93.4)	(93.4)
Issuance of share capital						
– share options	29, 30	5.0	38.3	0	0	43.3
At 31 August 2002		3,111.8	3,181.7	1,231.2	10,531.7	18,056.4

The notes set out on pages 26 to 67 form an integral part of these financial statements.



## Cash Flow Statements

for the financial year ended 31 August 2002

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
<b>Cash Flows From Operating Activities</b>				
Profit from ordinary activities after taxation	<b>1,385.9</b>	2,070.2	<b>1,096.2</b>	2,468.1
Adjustments for:				
Taxation	<b>90.9</b>	122.8	<b>37.6</b>	(18.3)
(Write back of)/allowance for diminution in value of property, plant and equipment	<b>(16.0)</b>	250.0	<b>0</b>	0
Depreciation	<b>2,242.7</b>	1,976.7	<b>2,036.6</b>	1,852.4
Provision for retirement benefits	<b>59.7</b>	75.4	<b>57.7</b>	73.2
Translation loss/(gain)	<b>132.1</b>	(722.6)	<b>39.9</b>	(783.4)
Release of deferred income	<b>(257.1)</b>	(249.3)	<b>(234.5)</b>	(229.1)
Gain on disposal of property, plant and equipment	<b>(1.1)</b>	(0.4)	<b>(5.4)</b>	(0.2)
Share of results in associates	<b>(142.9)</b>	(125.2)	<b>0</b>	0
Loss/(gain) on disposal of marketable securities	<b>36.0</b>	(2.6)	<b>36.0</b>	(2.6)
Dividend income	<b>(10.8)</b>	(7.7)	<b>(45.5)</b>	(14.2)
Interest income	<b>(82.6)</b>	(109.4)	<b>(280.4)</b>	(266.8)
Interest on borrowings	<b>1,062.7</b>	1,077.6	<b>1,030.7</b>	1,063.9
Property, plant and equipment written off	<b>0.8</b>	0.5	<b>0.4</b>	0.5
Release of government development grants	<b>(42.8)</b>	(43.4)	<b>0</b>	0
Allowance for diminution in value of a subsidiary	<b>0</b>	0	<b>500.2</b>	0
Allowance for diminution in value of an associate	<b>0</b>	9.6	<b>0</b>	9.6
Allowance for diminution in value of investments	<b>0</b>	11.4	<b>0</b>	11.4
(Write back of)/allowance for diminution in value of marketable securities	<b>(37.5)</b>	11.7	<b>(37.5)</b>	11.7
Inventories written off	<b>4.4</b>	6.5	<b>0</b>	5.1
	<b>4,424.4</b>	4,351.8	<b>4,232.0</b>	4,181.3
Inventories	<b>(234.3)</b>	5.1	<b>(90.4)</b>	(17.7)
Receivables	<b>516.9</b>	(246.3)	<b>639.0</b>	(1,074.4)
Payables	<b>5.6</b>	261.0	<b>(13.4)</b>	190.7
Amount owing from/to subsidiaries	<b>0</b>	0	<b>(990.9)</b>	327.7
Amount owing from/to associates	<b>7.6</b>	20.5	<b>3.8</b>	20.4
Cash generated from operations	<b>4,720.2</b>	4,392.1	<b>3,780.1</b>	3,628.0
Retirement benefits paid	<b>(25.1)</b>	(6.2)	<b>(24.0)</b>	(5.3)
Consumer contributions received	<b>339.2</b>	301.5	<b>291.9</b>	277.3
Consumer deposits received	<b>130.1</b>	100.4	<b>124.7</b>	95.3
Tax refund received	<b>0</b>	71.9	<b>0</b>	71.9
Taxation paid	<b>(132.1)</b>	(88.1)	<b>(46.8)</b>	(28.1)
Net cash inflow from operating activities	<b>5,032.3</b>	4,771.6	<b>4,125.9</b>	4,039.1



	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
<b>Cash Flows From Investing Activities</b>				
Additional investment in a subsidiary	0	0	(50.0)	(0.9)
Additional investment in associates	(78.4)	(77.7)	(69.8)	(72.0)
Proceeds from redemption of unsecured loan notes in an associate	11.2	10.6	11.2	10.6
Purchase of marketable securities	0	(8.4)	0	(8.4)
Proceeds from disposal of long term investment	0.9	0	0	0
Net proceeds from sale of marketable securities	40.0	12.0	40.0	12.0
Investment income received	43.9	7.2	32.5	18.6
Interest income received	101.7	104.0	91.1	93.5
Purchase of property, plant and equipment	(4,081.3)	(4,409.9)	(3,252.6)	(2,447.8)
Proceeds from disposal of property, plant and equipment	8.6	4.9	8.1	0.7
Net cash outflow from investing activities	(3,953.4)	(4,357.3)	(3,189.5)	(2,393.7)
<b>Cash Flows From Financing Activities</b>				
Government development grants received	0.6	180.0	0	0
Proceeds from issuance of shares	43.3	3.6	43.3	3.6
Proceeds from long term borrowings	4,341.4	6,960.0	4,209.9	5,706.5
Repayment of long term borrowings	(3,540.2)	(4,927.3)	(3,250.6)	(4,920.2)
Interest paid	(1,276.3)	(1,702.3)	(1,239.0)	(1,470.0)
Dividends paid	(227.0)	(246.1)	(227.0)	(246.1)
Proceeds from short term borrowings	4,283.2	2,272.7	3,788.8	2,144.7
Repayment of short term borrowings	(4,439.6)	(2,837.9)	(3,945.3)	(2,821.0)
Issue of shares to minority interests	12.1	0	0	0
Net cash outflow from financing activities	(802.5)	(297.3)	(619.9)	(1,602.5)
NET INCREASE IN CASH AND CASH EQUIVALENTS	276.4	117.0	316.5	42.9
EFFECT OF CHANGES IN FOREIGN CURRENCY	3.0	(14.5)	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	868.2	765.7	449.0	406.1
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	1,147.6	868.2	765.5	449.0
Cash and cash equivalents at end of the financial year comprise:				
Cash in hand and at bank	284.1	194.0	128.9	63.9
Deposits with licensed banks	832.7	657.9	630.9	382.6
Deposits with finance companies	37.2	18.4	5.7	2.5
Bank overdrafts	(6.4)	(2.1)	0	0
	1,147.6	868.2	765.5	449.0

Included in cash and cash equivalents are deposits amounting to RM111.6 million (2001: RM151.5 million) and cash at bank amounting to RM0.1 million (2001: RM25.9 million), which are held in trust by a subsidiary in respect of a grant given by the Malaysian Government for a designated capital project.

The notes set out on pages 26 to 67 form an integral part of these financial statements.

# Notes to the Financial Statements

- 31 August 2002

## 1. General Information

The principal activities of the Group and of the Company are the generation, transmission, distribution and sale of electricity.

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 the Kuala Lumpur Stock Exchange.

The address of the registered office of the Company is 129 Jalan Bangsar, 59200 Kuala Lumpur, Malaysia.

## 2. Summary of Significant Accounting Policies

The principal accounting policies of the Group and of the Company which are consistent with those adopted in the previous financial year are summarised below:

### (a) Basis of accounting

The financial statements are prepared under the historical cost convention except as disclosed in this summary of significant accounting policies. For example, certain property, plant and equipment are stated at revalued amount.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The new applicable approved accounting standards adopted in these financial statements are as follows:

#### (i) Retrospective application

Comparative figures have been adjusted or extended to conform with changes in presentation due to the requirements of Malaysian Accounting Standards Board ('MASB') Standard No. 19 "Events After Balance Sheet Date". The adoption of the Standard resulted in a change in accounting policy as disclosed in Note 37 to the financial statements.

#### (ii) Prospective application from 1 September 2001

In respect of MASB Standard No. 21 "Business Combinations", the Group has taken advantage of the exemption provided to apply the Standard prospectively. Accordingly, business combinations entered into prior to 1 September 2001 have not been restated to comply with the Standard.

### (b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The consolidated income statement includes the results of subsidiaries acquired or disposed during the financial year from the date of their acquisition or up to the date of their disposal respectively using the acquisition method of accounting. At the date of the acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. All intergroup transactions, balances and unrealised surpluses and deficits on transactions have been eliminated.

### (c) 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 by the equity method of accounting.

Equity accounting involves recognising in the income statement the Group's share of the results of associates for the financial year. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates. Premium paid on acquisition is written off against reserves.



## 2. Summary of Significant Accounting Policies (Continued)

### (d) Goodwill

Goodwill arising on consolidation represents the excess of the purchase price over the fair value of the net assets of the subsidiary at the date of acquisition. Goodwill is written off to reserves in the year of acquisition.

Negative goodwill represents the excess of the fair value of the Group's share of identifiable net assets acquired over the purchase price. Negative goodwill is accounted for as movement in reserves in the year of acquisition.

### (e) Foreign currency

Foreign currency transactions are converted into Ringgit Malaysia at exchange rates ruling at the transaction dates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Monetary assets and liabilities in foreign currencies are translated at exchange rates ruling at the balance sheet date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All exchange differences are dealt with through the income statement.

Income statements of foreign entities are translated into Ringgit Malaysia at average rates of exchange for the financial year. Balance sheets are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. Exchange differences arising from the translation of the results for the financial year at average rates and assets and liabilities at year end rates, and the restatement at year end rates of the opening net investments in foreign subsidiaries are taken to a foreign currency translation reserve account as a component of shareholders' funds.

The principal closing rates used in translation of foreign currency amounts were as follows:

Foreign currency	2002 RM	2001 RM
1 USD	3.8000	3.8000
100 JPY	3.2182	3.1725
1 GBP	5.9022	5.5146
100 PKR	6.4054	5.9190
1 EURO	3.7448	Not applicable

### (f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

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

Surpluses arising on revaluation are credited to revaluation reserve. 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 carrying amount is charged to income statement.

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) from ordinary activities before taxation. On disposal of revalued assets, 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. Leasehold land is amortised over the period of the respective lease ranging from 5 to 99 years on a straight line basis.

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 2. Summary of Significant Accounting Policies (Continued)

**(f) Property, plant and equipment and depreciation (continued)**

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	5 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.

**(g) Capitalisation of interest**

Interest incurred on external borrowings related to long term capital project-in-progress is capitalised until the assets are ready for their intended use.

**(h) Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs 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 or 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.

**(i) Marketable securities**

Marketable securities are stated at the lower of cost and market value on an aggregate basis. Cost is derived at on the weighted average basis. Market value is calculated by reference to 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.

**(j) Retirement benefits**

Defined contribution plan

The Group's contributions to a defined contribution plan are charged to the income statement in the financial year to which they relate.

Defined benefit plan

The Group makes contributions to the Company's Retirement Benefit Scheme, a defined benefit scheme and approved fund independent of the Company's finances. The cost of retirement benefits under this Scheme is determined based on actuarial valuation using the Projected Unit Credit Method. Provision is made in the financial statements for the balance of the Scheme that is not externally funded.

Under the Projected Unit Credit Method, the Current Service Cost is calculated as the present value of benefits which will accrue in the next twelve months following the valuation date (by reference to the number of employees providing the service in that year and projected final salaries). This is in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every three years.

The pension obligation is measured at the present value of the estimated future cash outflows using the interest rates of government securities and a risk premium for additional risk on investment in corporate debt.

All actuarial gains and losses are recognised in the income statement in the year subsequent to the full valuation of the plan.



## 2. Summary of Significant Accounting Policies (Continued)

### (k) Deferred taxation

The tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is recognised for timing differences except when there is reasonable evidence that such timing differences will not reverse in the foreseeable future. The tax effect of timing differences that result in a debit balance or a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of its realisation.

The potential tax saving relating to a tax loss carry forward is only recognised if there is assurance beyond reasonable doubt that future taxable income will be sufficient for the benefit of the loss to be realised.

### (l) Investments

Investments in subsidiaries, associates and other investments held for long term are stated at cost, less allowance for any permanent diminution in their value. Allowance for permanent diminution is only made where in the opinion of the Directors, there is a permanent diminution in value. Permanent diminution in the value of an investment is recognised as an expense in the financial year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

### (m) Deferred income

Contributions received from certain 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.

### (n) Operating leases

#### A group company is the lessee

Leases of assets under which all the rewards and risks of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### A group company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar assets.

### (o) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful receivables based on review of all outstanding amounts at the financial year end.

### (p) Cash and cash equivalents

For the purposes 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.

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 2. Summary of Significant Accounting Policies (Continued)

**(q) Revenue recognition**

Sales are recognised upon invoiced value of services delivered net of billing adjustments.

Other operating income earned by the Group and Company are recognised on the following bases:

Interest and leasing income:

As it accrues, unless collectibility is in doubt.

Dividend income:

When the shareholders' right to receive payment is established.

**(r) Government development grants**

Government development grants relating to the construction of property, plant and equipment are included in long term liabilities and are credited to the income statement on a straight line basis over 15 years.

**(s) Financial instruments**

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.

The Group and 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 and interest rate swap agreements, are not recognised in the financial statements on inception. The purpose of these instruments is to reduce risk.

Financial derivatives hedging instruments are used in the Company's risk management of foreign currency and interest rate risk exposure of its financial liabilities. Hedge accounting principles are applied for the accounting of the underlying exposures and their hedge instruments. The underlying foreign currency liabilities are translated at their respective hedged exchange rate, and net differentials in interest receipts and payments arising from interest rate derivative instruments are accrued, so as to match those net differentials with the related interest expense on the hedged liabilities. No amounts are recognised in respect of future periods.

**(t) Rural electrification and 7th Malaysia Plan Projects**

Rural electrification projects are capitalised as property, plant and equipment. The cost of 7th Malaysia Plan Projects 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 released to the income statement on a straight line basis over the same period as the expected economic life of the projects.



### 3. Revenue

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Sales – electricity	14,932.5	13,951.8	14,099.0	13,455.9
– goods and services	185.5	161.5	0	0
Release of deferred income (Note 27)	257.1	249.3	234.5	229.1
	<b>15,375.1</b>	<b>14,362.6</b>	<b>14,333.5</b>	<b>13,685.0</b>

### 4. Operating Expenses

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Energy cost	9,011.5	7,588.7	9,621.1	8,533.5
Transmission cost	665.6	567.5	641.6	544.5
Distribution cost	2,183.4	2,419.5	2,132.7	2,395.6
Administrative expenses	765.1	648.6	425.1	341.4
Other operating expenses	483.1	695.5	299.7	561.7
	<b>13,108.7</b>	<b>11,919.8</b>	<b>13,120.2</b>	<b>12,376.7</b>
Operating expenses include the following items:				
Directors' remuneration				
– fees	0.6	0.5	0.5	0.5
– other emoluments	0.3	0.4	0.3	0.4
Auditors' remuneration	0.7	0.5	0.3	0.2
Depreciation	2,242.7	1,976.7	2,036.6	1,852.4
Retirement benefits expenses	83.1	100.8	79.8	91.7
Rental of land and buildings	24.2	25.8	31.4	32.8
Rental of plant and machinery	10.4	13.0	10.4	13.0
Research and development expenses	11.1	42.0	10.3	41.0
Property, plant and equipment written off	0.8	0.5	0.4	0.5
Allowance for diminution in value of investments	0	11.4	0	11.4
Allowance for diminution in value of an associate	0	9.6	0	9.6
(Write back of)/allowance for diminution in value of marketable securities	(37.5)	11.7	(37.5)	11.7
Staff costs	1,251.4	1,039.2	938.5	752.1

The number of persons employed at the end of the financial year was 25,686 (2001: 25,125) for the Group and 19,088 (2001: 18,003) for the Company.

The estimated money value of benefits-in-kind received by the Directors was RM143,504 (2001: RM86,052) for the Group and RM143,504 (2001: RM86,052) for the Company.



## Notes to the Financial Statements (Continued)

- 31 August 2002

### 5. Other Operating Income

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Dividend income on investments from				
– subsidiaries	0	0	0	0.4
– quoted shares	10.8	7.7	10.8	7.7
– unquoted shares	0	0	34.7	6.1
Leasing income from subsidiaries	0	0	1,244.3	1,099.5
Interest income	82.6	109.4	280.4	266.8
Rental income	6.5	6.9	30.8	40.4
Release of government development grants (Note 28)	42.8	43.4	0	0
Government subsidies	25.7	36.3	0	0
(Loss)/gain on disposal of marketable securities	(36.0)	2.6	(36.0)	2.6
Gain on disposal of property, plant and equipment	1.1	0.4	5.4	0.2
Interest on late payment	49.4	37.1	44.4	29.8
Minimum make up charges	22.2	22.5	22.2	22.5
Rechargeable profit	8.5	25.4	8.5	25.4
Other income	57.4	57.9	30.8	40.3
	<b>271.0</b>	<b>349.6</b>	<b>1,676.3</b>	<b>1,541.7</b>

### 6. Exceptional Items

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Allowance for diminution in value of investment and advances in a subsidiary (Note (a))	0	0	(660.2)	0
Write back of/(allowance) for diminution in value of property, plant and equipment in a subsidiary (Note (b))	16.0	(250.0)	0	0
Redemption premium and fees (Note (c))	0	(123.7)	0	(123.7)
	<b>16.0</b>	<b>(373.7)</b>	<b>(660.2)</b>	<b>(123.7)</b>

(a) The allowance was made against the Company's equity investment in and advances given to a subsidiary, Sabah Electricity Sdn Bhd.

(b) The allowance relates to the Group's equity investment in a subsidiary, Liberty Power Limited ('LPL'). LPL has a power plant in Pakistan and is involved in the generation and sale of electricity to the Water & Power Development Authority of Pakistan. The allowance was made due to the uncertainties relating to the extension of the Gas Supply Agreement and finalisation of the Power Purchase Agreement. On 10 September 2001, LPL's power plant achieved commercial operation and since then has been operating satisfactorily.

The total cumulative allowance made as at 31 August 2002 was RM566.4 million (2001: RM582.4 million) (Note 12).

(c) During the financial year ended 31 August 2001, the Company purchased USD302.6 million of its 7.875% Notes due June 2004 and USD176.2 million of its 7.200% Notes due April 2007 at a total consideration (excluding accrued interest) of USD505.0 million on 4 April 2001. Simultaneously, the Company issued USD600.0 million 7.625% Notes due 2011 which were fully subscribed. The redemption premium and fees associated with the above transaction amounted to RM123.7 million.



## 7. Foreign Exchange (Loss)/Gain

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Foreign exchange (loss)/gain comprises:				
Translation (loss)/gain – foreign term loans	(161.4)	742.2	(53.7)	741.2
Translation gain/(loss) – others	29.3	(19.6)	13.8	42.2
Transaction gain	39.8	62.9	39.5	62.8
	(92.3)	785.5	(0.4)	846.2
The translation (loss)/gain is in respect of term loans denominated in foreign currencies which are repayable over the following periods:				
Within one year	(15.1)	98.9	(15.1)	105.3
After one and up to two years	29.1	109.1	35.8	108.7
After two and up to five years	(43.4)	113.0	(45.6)	111.6
After five and up to ten years	(61.3)	379.6	(21.1)	377.3
After ten and up to twenty years	(70.7)	41.6	(7.7)	38.3
	(161.4)	742.2	(53.7)	741.2

## 8. Finance Cost

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Interest on borrowings	1,578.1	1,646.3	1,291.7	1,415.1
Less: Amount capitalised into property, plant and equipment	(515.4)	(568.7)	(261.0)	(351.2)
Interest on consumer deposits	64.5	58.8	64.5	58.8
	1,127.2	1,136.4	1,095.2	1,122.7

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 9. Taxation

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Arising in Malaysia:				
In respect of current financial year				
– Company	37.6	38.3	37.6	38.3
– Subsidiaries	10.7	97.2	0	0
In respect of prior years				
– Company	0.1	(56.6)	0	(56.6)
In respect of current financial year				
– Deferred taxation	5.2	4.9	0	0
	53.6	83.8	37.6	(18.3)

The amount of unutilised tax losses of subsidiaries available for set off against their future income chargeable to tax of the respective subsidiaries amounted to RM545.2 million (2001: RM552.9 million).

The effective tax rate for the Company and the Group for the financial year ended 31 August 2002 is lower than the statutory rate due to the utilisation of brought forward and current capital allowances amounting to approximately RM3,504.8 million.

### 10. Earnings Per Share

#### (a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	2002	2001
Net profit for the financial year	1,400.8	2,105.0
Weighted average number of ordinary shares in issue ('000)	3,108,797	3,106,519
Basic earnings per share (sen)	45.1	67.8

#### (b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. Previously, the Company has one category of dilutive potential ordinary shares; Share options granted to employees. However, the share options have expired on 11 May 2002, and therefore no dilution in earnings per share.

In respect of the financial year ended 31 August 2001, in the diluted earnings per share calculation, the share options are assumed to have been converted into ordinary shares at the beginning of the financial year and the adjusted profit attributable to shareholders is arrived at after adjusting for interests savings (net of tax) on term loans.



## 10. Earnings Per Share (Continued)

### (b) Diluted earnings per share (continued)

	2001
Net profit for the financial year (RM'million)	2,105.0
Adjusted for interest savings (net of tax) on term loans (RM'million)	2.8
Adjusted net profit for the financial year (RM'million)	2,107.8
Weighted average number of ordinary shares in issue ('000)	3,106,519
Adjustment for:	
– share options ('000)	7,662
Weighted average number of ordinary shares for diluted earnings per share ('000)	3,114,181
Diluted earnings per share (sen)	67.7

### (c) Net assets per share

The net assets per share is calculated by dividing the net assets of the Group by the number of ordinary shares in issue at the balance sheet date.

## 11. Dividends

	Company	
	2002 RM'million	2001 RM'million
Interim:		
– 3.0 sen per ordinary share, tax exempt (2001: 4.0 sen gross per ordinary share less income tax at 28%)	93.4	89.5
Proposed:		
– 6.0 sen gross per ordinary share, less income tax at 28% (2001: 4.3 sen per ordinary share, tax exempt)	134.4	133.6
	227.8	223.1

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 2002 of 6.0 sen gross per ordinary share, less income tax at 28%, amounting to RM134.4 million will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability in the financial year ending 31 August 2003 when approved by shareholders. This represents a change in accounting treatment from that of prior years as explained in Note 37 to the financial statements.

In respect of the financial year ended 31 August 2001, a final dividend of 4.3 sen per ordinary share, tax exempt, amounted to RM133.6 million was declared.

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 12. Property, Plant and Equipment

	As at 1.9.2001 RM'million	Exchange rate adjustment RM'million	Additions RM'million	Disposals RM'million	Transfers/ reclassifications RM'million	As at 31.8.2002 RM'million
<b>Group</b>						
<b>2002</b>						
<u>Cost/Valuation</u>						
At 1984 and earlier valuations:						
Long leasehold land	8.4	0	0	0	0	8.4
Buildings and civil works	6.5	0	0	(0.9)	0	5.6
At 1994 valuation:						
Freehold land	689.5	0	0	(2.0)	0	687.5
Long leasehold land	602.4	0	0	0	0.3	602.7
Short leasehold land	3.4	0	0	0	(0.3)	3.1
Buildings and civil works	440.4	0	0	(0.3)	0	440.1
	1,750.6	0	0	(3.2)	0	1,747.4
At cost:						
Freehold land	230.3	0	61.2	0	(25.2)	266.3
Long leasehold land	104.8	0	28.6	0	25.2	158.6
Short leasehold land	38.2	0	0.3	0	0	38.5
Buildings and civil works	8,912.8	0	685.2	0	12.4	9,610.4
	11,036.7	0	775.3	(3.2)	12.4	11,821.2
Plant and machinery	22,292.6	0	2,781.7	(32.9)	2.3	25,043.7
Lines and distribution mains	15,365.2	0	1,048.9	0	31.1	16,445.2
Distribution services	1,544.1	0	197.2	0	(30.5)	1,710.8
Meters	616.9	0	128.7	0	(0.5)	745.1
Public lighting	213.4	0	28.4	0	(12.0)	229.8
Furniture, fittings and office equipment	586.1	0	104.7	(0.6)	1.7	691.9
Motor vehicles	273.6	0	13.9	(1.3)	0.3	286.5
	51,928.6	0	5,078.8	(38.0)	4.8	56,974.2
Capital project-in-progress	11,501.3	78.7	4,519.9	0	(4,920.7)	11,179.2
	63,429.9	78.7	9,598.7	(38.0)	(4,915.9)	68,153.4



## 12. Property, Plant and Equipment (Continued)

	As at 1.9.2001 RM'million	Charge for the financial year RM'million	Released on disposals/ transfers RM'million	As at 31.8.2002 RM'million
<b>Group</b>				
<b>2002</b>				
<u>Accumulated depreciation</u>				
At 1984 and earlier valuations:				
Long leasehold land	1.5	0	0	1.5
Buildings and civil works	3.2	0.5	0.9	4.6
At 1994 valuation:				
Freehold land	0	0	0	0
Long leasehold land	48.4	12.0	0	60.4
Short leasehold land	0.3	0.1	0	0.4
Buildings and civil works	91.6	17.5	0	109.1
	145.0	30.1	0.9	176.0
At cost:				
Freehold land	0	0	0	0
Long leasehold land	8.6	3.0	0.1	11.7
Short leasehold land	4.8	0.5	0	5.3
Buildings and civil works	1,716.1	232.8	0.7	1,949.6
	1,874.5	266.4	1.7	2,142.6
Plant and machinery	6,985.8	1,085.1	643.3	8,714.2
Lines and distribution mains	4,182.6	634.9	(5.1)	4,812.4
Distribution services	623.5	93.4	0	716.9
Meters	292.1	41.8	0	333.9
Public lighting	74.3	11.0	0.3	85.6
Furniture, fittings and office equipment	345.6	82.2	(15.5)	412.3
Motor vehicles	198.8	27.9	(1.9)	224.8
	14,577.2	2,242.7	622.8	17,442.7
Capital project-in-progress	582.4	(16.0)	(566.4)*	0
	15,159.6	2,226.7	56.4	17,442.7

\* Relates to an allowance in respect of Liberty Power Limited (Note 6 (b)). During the financial year, the construction of the power plant was completed and capitalised into appropriate categories within property, plant and equipment. Included in the accumulated depreciation charge of plant and machinery is the accumulated impairment losses of RM566.4 million.

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 12. Property, Plant and Equipment (Continued)

	As at 1.9.2000 RM'million	Exchange rate adjustment RM'million	Additions RM'million	Disposals RM'million	Transfers/ reclassifications RM'million	As at 31.8.2001 RM'million
<b>Group</b>						
2001						
<u>Cost/Valuation</u>						
At 1984 and earlier valuations:						
Long leasehold land	8.4	0	0	0	0	8.4
Buildings and civil works	6.5	0	0	0	0	6.5
At 1994 valuation:						
Freehold land	845.5	0	0	(0.1)	(155.9)	689.5
Long leasehold land	446.4	0	0	0	156.0	602.4
Short leasehold land	3.5	0	0	0	(0.1)	3.4
Buildings and civil works	441.9	0	0	(1.5)	0	440.4
	1,752.2	0	0	(1.6)	0	1,750.6
At cost:						
Freehold land	195.6	0	14.1	0	20.6	230.3
Long leasehold land	140.2	0	1.9	0	(37.3)	104.8
Short leasehold land	38.2	0	0	0	0	38.2
Buildings and civil works	7,978.5	(0.3)	934.5	0	0.1	8,912.8
	10,104.7	(0.3)	950.5	(1.6)	(16.6)	11,036.7
Plant and machinery	18,563.6	0	3,730.7	(3.7)	2.0	22,292.6
Lines and distribution mains	14,407.4	0	952.6	0	5.2	15,365.2
Distribution services	1,542.4	0	49.7	0	(48.0)	1,544.1
Meters	595.3	0	21.6	0	0	616.9
Public lighting	206.9	0	6.5	0	0	213.4
Furniture, fittings and office equipment	577.4	(0.8)	26.0	(0.6)	(15.9)	586.1
Motor vehicles	264.4	(0.1)	11.9	(2.3)	(0.3)	273.6
	46,262.1	(1.2)	5,749.5	(8.2)	(73.6)	51,928.6
Capital project-in-progress	12,405.9	(184.6)	5,865.0	0	(6,585.0)	11,501.3
	58,668.0	(185.8)	11,614.5	(8.2)	(6,658.6)	63,429.9



## 12. Property, Plant and Equipment (Continued)

	As at 1.9.2000 RM'million	Charge for the financial year RM'million	Released on disposals/ transfers RM'million	As at 31.8.2001 RM'million
<b>Group</b>				
2001				
<u>Accumulated depreciation</u>				
At 1984 and earlier valuations:				
Long leasehold land	1.5	0	0	1.5
Buildings and civil works	2.7	0.5	0	3.2
At 1994 valuation:				
Freehold land	0	0	0	0
Long leasehold land	40.4	8.0	0	48.4
Short leasehold land	0.3	0	0	0.3
Buildings and civil works	75.0	17.6	(1.0)	91.6
	119.9	26.1	(1.0)	145.0
At cost:				
Freehold land	0	0	0	0
Long leasehold land	15.9	(7.3)	0	8.6
Short leasehold land	4.3	0.5	0	4.8
Buildings and civil works	1,513.7	202.4	0	1,716.1
	1,653.8	221.7	(1.0)	1,874.5
Plant and machinery	6,075.9	910.8	(0.9)	6,985.8
Lines and distribution mains	3,573.9	608.7	0	4,182.6
Distribution services	558.3	70.7	(5.5)	623.5
Meters	257.5	34.6	0	292.1
Public lighting	65.0	9.3	0	74.3
Furniture, fittings and office equipment	274.1	87.5	(16.0)	345.6
Motor vehicles	167.5	33.4	(2.1)	198.8
	12,626.0	1,976.7	(25.5)	14,577.2
Capital project-in-progress	332.4	250.0	0	582.4*
	12,958.4	2,226.7	(25.5)	15,159.6

\* Relates to an allowance in respect of Liberty Power Limited (Note 6 (b)).



## Notes to the Financial Statements (Continued)

- 31 August 2002

### 12. Property, Plant and Equipment (Continued)

Company	As at 1.9.2001 RM'million	Additions RM'million	Disposals RM'million	Transfers/ reclassifications RM'million	As at 31.8.2002 RM'million
<b>2002</b>					
<u>Cost/Valuation</u>					
At 1994 valuation:					
Freehold land	689.5	0	(2.0)	0	687.5
Long leasehold land	602.4	0	0	0.3	602.7
Short leasehold land	3.4	0	0	(0.3)	3.1
Buildings and civil works	440.4	0	(0.3)	0	440.1
	1,735.7	0	(2.3)	0	1,733.4
At cost:					
Freehold land	214.5	57.2	0	(25.2)	246.5
Long leasehold land	113.9	1.3	0	25.2	140.4
Short leasehold land	23.2	0.3	0	0	23.5
Buildings and civil works	8,527.1	702.9	0	12.4	9,242.4
	10,614.4	761.7	(2.3)	12.4	11,386.2
Plant and machinery	21,829.0	1,392.3	(27.9)	0.1	23,193.5
Lines and distribution mains	14,742.9	1,310.9	0	31.1	16,084.9
Distribution services	1,480.1	178.6	0	(30.5)	1,628.2
Meters	616.7	118.2	0	(0.5)	734.4
Public lighting	202.9	38.9	0	(12.0)	229.8
Furniture, fittings and office equipment	491.0	87.0	0	(0.7)	577.3
Motor vehicles	241.5	2.1	(0.6)	(0.3)	242.7
	50,218.5	3,889.7	(30.8)	(0.4)	54,077.0
Capital project-in-progress	6,849.6	3,513.6	0	(3,889.7)	6,473.5
	57,068.1	7,403.3	(30.8)	(3,890.1)	60,550.5



## 12. Property, Plant and Equipment (Continued)

	As at 1.9.2001 RM'million	Charge for the financial year RM'million	Released on disposals/ transfers RM'million	As at 31.8.2002 RM'million
<b>Company</b>				
<b>2002</b>				
<u>Accumulated depreciation</u>				
At 1994 valuation:				
Freehold land	0	0	0	0
Long leasehold land	48.4	12.0	0	60.4
Short leasehold land	0.3	0.1	0	0.4
Buildings and civil works	91.6	17.5	0	109.1
	140.3	29.6	0	169.9
At cost:				
Freehold land	0	0	0	0
Long leasehold land	8.2	2.4	0	10.6
Short leasehold land	3.8	0.3	0	4.1
Buildings and civil works	1,680.9	219.7	(0.2)	1,900.4
	1,833.2	252.0	(0.2)	2,085.0
Plant and machinery	6,848.1	963.5	(27.5)	7,784.1
Lines and distribution mains	4,120.2	607.6	0	4,727.8
Distribution services	608.4	72.9	0	681.3
Meters	289.4	41.0	0	330.4
Public lighting	74.6	11.0	0	85.6
Furniture, fittings and office equipment	284.7	68.0	0	352.7
Motor vehicles	182.5	20.6	(0.4)	202.7
	14,241.1	2,036.6	(28.1)	16,249.6

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 12. Property, Plant and Equipment (Continued)

	As at 1.9.2000 RM'million	Additions RM'million	Disposals RM'million	Transfers/ reclassifications RM'million	As at 31.8.2001 RM'million
<b>Company</b>					
2001					
<u>Cost/Valuation</u>					
At 1994 valuation:					
Freehold land	845.5	0	(0.1)	(155.9)	689.5
Long leasehold land	446.4	0	0	156.0	602.4
Short leasehold land	3.5	0	0	(0.1)	3.4
Buildings and civil works	441.9	0	(1.5)	0	440.4
	1,737.3	0	(1.6)	0	1,735.7
At cost:					
Freehold land	179.4	14.5	0	20.6	214.5
Long leasehold land	134.5	0	0	(20.6)	113.9
Short leasehold land	23.2	0	0	0	23.2
Buildings and civil works	7,588.7	938.4	0	0	8,527.1
	9,663.1	952.9	(1.6)	0	10,614.4
Plant and machinery	18,092.2	3,736.8	0	0	21,829.0
Lines and distribution mains	13,794.3	948.7	0	(0.1)	14,742.9
Distribution services	1,479.9	49.0	0	(48.8)	1,480.1
Meters	603.1	13.6	0	0	616.7
Public lighting	196.4	6.5	0	0	202.9
Furniture, fittings and office equipment	497.3	9.9	0	(16.2)	491.0
Motor vehicles	239.2	4.3	(2.1)	0.1	241.5
	44,565.5	5,721.7	(3.7)	(65.0)	50,218.5
Capital project-in-progress	9,728.5	2,842.8	0	(5,721.7)	6,849.6
	54,294.0	8,564.5	(3.7)	(5,786.7)	57,068.1



## 12. Property, Plant and Equipment (Continued)

	As at 1.9.2000 RM'million	Charge for the financial year RM'million	Released on disposals/ transfers RM'million	As at 31.8.2001 RM'million
<b>Company</b>				
2001				
<u>Accumulated depreciation</u>				
At 1994 valuation:				
Freehold land	0	0	0	0
Long leasehold land	40.4	8.0	0	48.4
Short leasehold land	0.3	0	0	0.3
Buildings and civil works	75.0	17.6	(1.0)	91.6
	115.7	25.6	(1.0)	140.3
At cost:				
Freehold land	0	0	0	0
Long leasehold land	15.7	(7.5)	0	8.2
Short leasehold land	3.5	0.3	0	3.8
Buildings and civil works	1,489.5	191.4	0	1,680.9
	1,624.4	209.8	(1.0)	1,833.2
Plant and machinery	5,991.7	856.4	0	6,848.1
Lines and distribution mains	3,534.0	586.2	0	4,120.2
Distribution services	547.8	66.1	(5.5)	608.4
Meters	255.4	34.0	0	289.4
Public lighting	65.3	9.3	0	74.6
Furniture, fittings and office equipment	236.9	63.5	(15.7)	284.7
Motor vehicles	157.1	27.1	(1.7)	182.5
	12,412.6	1,852.4	(23.9)	14,241.1

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 12. Property, Plant and Equipment (Continued)

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
<b>Net book value</b>				
At 1984 and earlier valuations:				
Long leasehold land	6.9	6.9	0	0
Buildings and civil works	1.0	3.3	0	0
At 1994 valuation:				
Freehold land	687.5	689.5	687.5	689.5
Long leasehold land	542.3	554.0	542.3	554.0
Short leasehold land	2.7	3.1	2.7	3.1
Buildings and civil works	331.0	348.8	331.0	348.8
	<b>1,571.4</b>	<b>1,605.6</b>	<b>1,563.5</b>	<b>1,595.4</b>
At cost:				
Freehold land	266.3	230.3	246.5	214.5
Long leasehold land	146.9	96.2	129.8	105.7
Short leasehold land	33.2	33.4	19.4	19.4
Buildings and civil works	7,660.8	7,196.7	7,342.0	6,846.2
	<b>9,678.6</b>	<b>9,162.2</b>	<b>9,301.2</b>	<b>8,781.2</b>
Plant and machinery	16,329.5	15,306.8	15,409.4	14,980.9
Lines and distribution mains	11,632.8	11,182.6	11,357.1	10,622.7
Distribution services	993.9	920.6	946.9	871.7
Meters	411.2	324.8	404.0	327.3
Public lighting	144.2	139.1	144.2	128.3
Furniture, fittings and office equipment	279.6	240.5	224.6	206.3
Motor vehicles	61.7	74.8	40.0	59.0
	<b>39,531.5</b>	<b>37,351.4</b>	<b>37,827.4</b>	<b>35,977.4</b>
Capital project-in-progress	11,179.2	10,918.9	6,473.5	6,849.6
	<b>50,710.7</b>	<b>48,270.3</b>	<b>44,300.9</b>	<b>42,827.0</b>

Had the revalued property, plant and equipment been included in the financial statements at cost less depreciation, the net book value of the revalued property, plant and equipment would have been as follows:

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Freehold land	51.7	51.7	44.8	44.8
Leasehold land	72.4	74.3	69.9	71.7
Buildings and civil works	148.4	156.0	148.4	156.0
	<b>272.5</b>	<b>282.0</b>	<b>263.1</b>	<b>272.5</b>



## 12. Property, Plant and Equipment (Continued)

The valuation of freehold land, leasehold land, buildings and civil works of 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 at 31 August 1996 and transferred to revaluation reserve.

The valuations of long leasehold land and 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 lands are in the process of being registered in the Company's and a subsidiary's name.

The generation power plants of the Company are leased to certain wholly owned subsidiaries. The lease is an operating lease and terms are subject to review between the parties. The property, plant and equipment under the operating lease are as follows:

	Freehold land RM'million	Leasehold land RM'million	Buildings and civil works RM'million	Plant and machinery RM'million	Total RM'million
<b>2002</b>					
Cost/revalued amount	215.5	262.9	5,009.1	12,254.0	17,741.5
Less: Accumulated depreciation	0	(22.3)	(1,425.4)	(4,866.1)	(6,313.8)
Net book value	215.5	240.6	3,583.7	7,387.9	11,427.7
Depreciation charged for the financial year	0	4.9	113.2	489.9	608.0
<b>2001</b>					
Cost/revalued amount	220.3	250.2	4,609.8	10,010.2	15,090.5
Less: Accumulated depreciation	0	(17.4)	(1,312.2)	(4,376.2)	(5,705.8)
Net book value	220.3	232.8	3,297.6	5,634.0	9,384.7
Depreciation charged for the financial year	0	4.5	107.6	434.8	546.9

Net book value of plant and machinery in respect of closed power stations held for disposal amounted to RM3.4 million (2001: RM5.2 million).

Interest capitalised during the financial year in capital project-in-progress amounted to RM515.4 million (2001: RM568.7 million) for the Group and RM261.0 million (2001: RM351.2 million) for the Company.

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 13. Subsidiaries

	Company	
	2002 RM'million	2001 RM'million
Unquoted ordinary shares, at cost	144.1	144.1
Redeemable preference shares, at cost	500.2	450.2
	<b>644.3</b>	594.3
Less: Allowance for diminution in value	(500.2)	0
	<b>144.1</b>	594.3

Name of subsidiary	Group's interest		Principal activities	Country of incorporation
	2002	2001		
Malaysia Transformer Manufacturing Sdn Bhd*	73%	73%	Manufacture, selling and repairing transformers and switchgears	Malaysia
Sabah Electricity Sdn Bhd	80%	80%	Generation, transmission, distribution and sale of electricity and services	Malaysia
Sumber Hidro Management Sdn Bhd	100%	100%	Dormant	Malaysia
Tenaga SPL Sdn Bhd*	100%	100%	Generation and supply of various energy sources and provision of related technical services	Malaysia
Tenaga Switchgear Sdn Bhd*	60%	60%	Manufacture and assembly of high voltage switchgears and contracting of turnkey transmission substation	Malaysia
TNB Capital (L) Ltd (formerly known as Cofus Ltd)	100%	100%	Dormant	Malaysia
TNB Distribution Sdn Bhd	100%	100%	Provision of services relating to the distribution of electricity	Malaysia
TNB Engineering and Consultancy Sdn Bhd*	100%	100%	Project management and consultancy, engineering works and energy project development services	Malaysia
TNB Engineers Sdn Bhd*	100%	100%	Provision of contracting, trading and engineering services relating to the energy sector	Malaysia
TNB Fuel Services Sdn Bhd*	100%	100%	Supply of fuel and coal for power generation	Malaysia
TNB Generation Sdn Bhd	100%	100%	Operation of power plants and generation of electricity	Malaysia
TNB Hidro Sdn Bhd	100%	100%	Operation of power plants and generation of electricity	Malaysia
TNB – IT Sdn Bhd*	100%	100%	Supply of information and multimedia services and works	Malaysia



### 13. Subsidiaries (Continued)

Name of subsidiary	Group's interest		Principal activities	Country of incorporation
	2002	2001		
TNB Janamanjung Sdn Bhd*	100%	100%	Operation of power plant and generation of electricity	Malaysia
TNB Kapar Sdn Bhd	100%	100%	Dormant	Malaysia
TNB Kekal Sdn Bhd*	100%	100%	Provision of property management services	Malaysia
TNB Logistics Sdn Bhd*	100%	100%	Freight forwarding	Malaysia
TNB Metering Services Sdn Bhd*	100%	100%	Supply of electricity meters	Malaysia
TNB Paka Sdn Bhd	100%	100%	Dormant	Malaysia
TNB Power Daharki Ltd*	100%	100%	Investment holding	Mauritius
TNB Prai Sdn Bhd	100%	100%	Dormant	Malaysia
TNB Properties Sdn Bhd*	100%	100%	Property development and management services	Malaysia
TNB Repair and Maintenance Sdn Bhd*	100%	100%	Repair, maintenance and testing of power plants	Malaysia
TNB Research Sdn Bhd*	100%	100%	Research and development	Malaysia
TNB Risk Management Sdn Bhd*	100%	100%	Risk management services, risk surveys and insurance activities	Malaysia
TNB Transmission Network Sdn Bhd	100%	100%	Provision of services related to the electrical transmission network system	Malaysia
TNB Ventures Sdn Bhd*	100%	100%	Investment holding for domestic and international ventures	Malaysia
TNB Workshop Services Sdn Bhd*	100%	100%	Repair and maintenance of motor vehicles	Malaysia
Universiti Tenaga Nasional Sdn Bhd*	100%	100%	Institute of higher learning	Malaysia
<i>Subsidiaries of TNB Engineering and Consultancy Sdn Bhd</i>				
Bangsar Energy Systems Sdn Bhd*	100%	100%	Development and operation of district cooling plants	Malaysia
Independent Power International Ltd*	100%	100%	Dormant	Mauritius
Power and Energy International Mauritius Ltd*	100%	100%	Dormant	Mauritius
TNEC Construction Sdn Bhd*	100%	100%	Construction	Malaysia
TNEC Operations and Maintenance Sdn Bhd*	100%	100%	Operations and maintenance of cooling and power plants	Malaysia



## Notes to the Financial Statements (Continued)

- 31 August 2002

### 13. Subsidiaries (Continued)

Name of subsidiary	Group's interest		Principal activities	Country of incorporation
	2002	2001		
<i>Subsidiaries of TNEC Operations and Maintenance Sdn Bhd</i>				
Selesa Energy Systems Sdn Bhd*	100%	100%	Dormant	Malaysia
Tomest Energy Management Sdn Bhd*	51%	51%	Dormant	Malaysia
<i>Subsidiary of TNB Generation Sdn Bhd</i>				
TNMG Power Services Sdn Bhd	100%	100%	Dormant	Malaysia
<i>Subsidiary of TNB Power Daharki Ltd</i>				
Liberty Power Limited	100%	100%	Operation of power plant and generation of electricity	Pakistan
<i>Subsidiary of TNB Properties Sdn Bhd</i>				
TNP Construction Sdn Bhd*	100%	100%	Construction	Malaysia
<i>Subsidiary of TNB Research Sdn Bhd</i>				
Tenaga Microwave Technologies Sdn Bhd*^	70%	70%	Dormant	Malaysia
<i>Subsidiary of Tenaga SPL Sdn Bhd</i>				
Jana Landfill Sdn Bhd*	100%	100%	Generation and distribution of heat and electricity using landfill gas	Malaysia
<i>Subsidiary of TNB Repair and Maintenance Sdn Bhd</i>				
Remaco Energy Ventures Limited*	100%	100%	Dormant	Mauritius
<i>Subsidiaries of Remaco Energy Ventures Limited</i>				
Trichy Power Limited*	100%	100%	Dormant	India
Trichy Energy Limited*	100%	100%	Dormant	India
<i>Subsidiary of TNB Ventures Sdn Bhd</i>				
Tenaga Cable Industries Sdn Bhd*	55%	55%	Manufacture and sale of electrical cables	Malaysia

\* Not audited by PricewaterhouseCoopers.

^ On 28 August 2002, the High Court has granted liquidation petition of Tenaga Microwave Technologies Sdn Bhd brought by the Company and TNB Research Sdn Bhd.



## 14. Associates

	Group	
	2002 RM'million	2001 RM'million
Share of net assets other than goodwill of associates	<b>806.9</b>	725.8

	Company	
	2002 RM'million	2001 RM'million
Unquoted shares, at cost	<b>184.9</b>	140.9
Less: Allowance for diminution in value	<b>(9.6)</b>	(9.6)
	<b>175.3</b>	131.3
Redeemable preference shares, at cost	<b>93.2</b>	67.4
Unsecured loan notes	<b>125.9</b>	137.1
	<b>394.4</b>	335.8

A fixed charge has been created over the Company's investment in an associate to secure the liability of that associate. The carrying value of the Company's investment subject to the charge comprise the following:

	Company	
	2002 RM'million	2001 RM'million
Unquoted ordinary shares, at cost	<b>38.1</b>	38.1
Unsecured loan notes	<b>96.0</b>	107.2
	<b>134.1</b>	145.3

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 14. Associates (Continued)

Name of associate	Group's interest		Principal activities	Country of incorporation
	2002	2001		
Fibrecomm Network (M) Sdn Bhd*	59%	39%	Development and operation of fibre optic communication network	Malaysia
Genting Sanyen Power Sdn Bhd	20%	20%	Independent Power Producer licensed by the government to supply electricity exclusively to TNB	Malaysia
Janaurus PDP Sdn Bhd	20%	20%	Provision of operational and maintenance services to an Independent Power Producer	Malaysia
Perusahaan Otomobil Elektrik (Malaysia) Sdn Bhd	20%	20%	Manufacture of electric vehicles	Malaysia
Port Dickson Power Berhad	20%	20%	Independent Power Producer licensed by the government to supply electricity exclusively to TNB	Malaysia
Segari Energy Ventures Sdn Bhd	20%	20%	Independent Power Producer licensed by the government to supply electricity exclusively to TNB	Malaysia
Selangor Power Sdn Bhd^	30%	0%	Development of power plant and generation of electricity	Malaysia
Teknologi Tenaga Perlis Consortium Sdn Bhd	20%	20%	Independent Power Producer licensed by the government to supply electricity exclusively to TNB (not yet operational)	Malaysia
<i>Associate of Tenaga SPL Sdn Bhd</i>				
Pendinginan Megajana Sdn Bhd	49%	49%	District cooling system	Malaysia
<i>Associates of TNB Properties Sdn Bhd</i>				
HICOM-TNB Properties Sdn Bhd	40%	40%	Property development	Malaysia
INDERA-TNB Properties Sdn Bhd	40%	40%	Property development (Development and construction)	Malaysia
KM Metro-TNB Properties Sdn Bhd	40%	40%	Property development	Malaysia
TNB Properties-JB Citytowers Sdn Bhd	40%	40%	Property development	Malaysia
ZEUS-TNB Properties Sdn Bhd	40%	40%	Property development	Malaysia
<i>Associate of TNB Ventures Sdn Bhd</i>				
Northern Utility Resources Sdn Bhd	20%	20%	Operation of power plant, generation and supply of electricity	Malaysia

\* Fibrecomm Network (M) Sdn Bhd ('FNMSB') is not consolidated since as at 31 August 2002, the Group has not achieved control over the financial and operating policies of FNMSB as to obtain benefits from its activities.

^ On 20 May 2002, the Company completed its acquisition of a 70% interest in Sepang Power Sdn Bhd ('SPSB'). Subsequently on 21 May 2002, the Company entered into a Share Sale Agreement with Mastika Lagenda Sdn Bhd to dispose 40% of its interest in SPSB and the amount receivable from the disposal is included in other receivables (Note 18). Accordingly, SPSB has been treated as an associate on the basis of the Company's 30% interest in its equity.



## 15. Investments

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Quoted shares, at cost	335.6	335.6	335.6	335.6
Quoted warrants, at cost	12.6	12.6	12.6	12.6
Unquoted shares, at cost	85.5	86.4	85.2	85.2
Unquoted unsecured loan stocks, at cost	3.8	3.8	3.8	3.8
	<b>437.5</b>	438.4	<b>437.2</b>	437.2
Allowance for diminution in value:				
– unquoted shares	(43.6)	(43.6)	(43.6)	(43.6)
– unquoted unsecured loan stocks	(3.8)	(3.8)	(3.8)	(3.8)
	<b>390.1</b>	391.0	<b>389.8</b>	389.8
Market value:				
– quoted shares	270.8	263.8	270.8	263.8
– quoted warrants	17.5	12.1	17.5	12.1
	<b>288.3</b>	275.9	<b>288.3</b>	275.9

## 16. Long Term Receivables

	Company	
	2002 RM'million	2001 RM'million
Amounts owing from subsidiaries	<b>3,659.6</b>	2,889.8

The amounts owing from subsidiaries comprise advances and other receivables from Liberty Power Limited ('LPL'), TNB Power Daharki Ltd ('TPD') and TNB Janamanjung Sdn Bhd ('TNBJ') amounting to RM80.4 million (2001: RM77.1 million), RM1,284.7 million (2001: RM1,127.8 million) and RM2,294.5 million (2001: RM1,684.9 million) respectively.

These amounts are unsecured and have no fixed terms of repayment. The amount owing from LPL is interest free while the amount owing from TPD is subject to interest at rates ranging from 3.75% to 7.56% (2001: 5.53% to 8.45%) per annum and fixed at 9.5% (2001: 9.5%) per annum for TNBJ.

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 17. Inventories

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
At cost				
Raw materials, fuel and consumables	1,126.1	877.4	328.3	237.9
Work-in-progress	74.7	94.8	0	0
Finished goods	15.4	10.2	0	0
	<b>1,216.2</b>	<b>982.4</b>	<b>328.3</b>	<b>237.9</b>

### 18. Receivables, Deposits and Prepayments

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Trade receivables	1,915.9	2,027.7	1,510.1	1,733.4
Less: Allowance for doubtful debts	(387.1)	(444.2)	(272.4)	(356.7)
	<b>1,528.8</b>	<b>1,583.5</b>	<b>1,237.7</b>	<b>1,376.7</b>
Rechargeable debtors	141.5	151.3	139.7	132.6
Less: Allowance for doubtful debts	(70.8)	(49.6)	(70.8)	(49.6)
	<b>70.7</b>	<b>101.7</b>	<b>68.9</b>	<b>83.0</b>
Staff advance/loans	727.8	707.4	724.1	704.9
Advance to contractors	57.0	122.6	9.9	8.4
Deposits and prepayments	88.6	43.5	47.3	2.3
Other receivables	299.3	734.7	149.0	499.8
	<b>1,172.7</b>	<b>1,608.2</b>	<b>930.3</b>	<b>1,215.4</b>
	<b>2,772.2</b>	<b>3,293.4</b>	<b>2,236.9</b>	<b>2,675.1</b>

Included in other receivables as at 31 August 2002 is RM65.7 million in respect of the amount outstanding from the sale of 40% equity interest in Sepang Power Sdn Bhd (Note 14).

Included in other receivables as at 31 August 2001 is RM444.0 million in respect of the amount outstanding from the sale of Melaka Power Station. This amount has been fully repaid to the Company during the financial year.

Included in staff advance/loans are staff housing and car loans amounting to RM611.5 million (2001: RM617.6 million) which are not realisable within one financial year.



## 19. Amounts Owing from/to Subsidiaries

Amount owing from Sabah Electricity Sdn Bhd is subject to interest rate of 6% (2001: Nil), unsecured and has no fixed terms of repayment.

Other amounts owing from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

## 20. Marketable Securities

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Cost – Quoted in Malaysia:				
Shares	31.2	105.7	31.2	105.7
Less: Allowance for diminution in value	(20.5)	(58.0)	(20.5)	(58.0)
	10.7	47.7	10.7	47.7
Market value	10.7	47.7	10.7	47.7

## 21. Deposits, Bank and Cash Balances

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Deposits with finance companies	37.2	18.4	5.7	2.5
Deposits with licensed banks	832.7	657.9	630.9	382.6
Cash in hand and at bank	284.1	194.0	128.9	63.9
	1,154.0	870.3	765.5	449.0

## 22. Payables

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Trade payables	2,029.5	1,827.9	1,321.9	1,293.1
Accrued interest on borrowings	374.2	321.0	357.1	304.4
Payroll liabilities	139.9	138.2	127.9	129.6
Deposits	280.4	261.3	277.6	258.8
Other payables and accruals	654.2	885.1	455.2	524.0
	3,478.2	3,433.5	2,539.7	2,509.9

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 23. Short Term Borrowings

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Portion of borrowings due within one financial year (Note 24) – unsecured	1,243.4	1,858.7	1,036.2	1,801.7
– secured	6.7	1.8	0	0
Short term loans – unsecured	1,065.6	1,266.1	1,023.2	1,179.7
Bank overdrafts – unsecured	5.6	0	0	0
– secured	0.8	2.1	0	0
Bankers' acceptances	131.1	85.1	0	0
	<b>2,453.2</b>	<b>3,213.8</b>	<b>2,059.4</b>	<b>2,981.4</b>

The short term loans carry interest at rates ranging from 2.44% to 10.25% (2001: 2.92% to 10.25%) per annum.

The bank overdraft is secured by the corporate guarantee of a certain subsidiary and bears interest at 1.5% (2001: 1.00%) per annum above lenders' prevailing base lending rates.

### 24. Borrowings

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Unsecured				
– Term loans	12,638.0	14,426.5	9,537.7	11,577.5
– Notes	1,600.0	1,250.0	1,600.0	1,250.0
– Bonds	12,187.7	10,214.5	12,187.7	10,214.5
– Fixed Income Securities	1,500.0	1,000.0	1,500.0	1,000.0
– Amount due to Cagamas Berhad	229.6	0	229.6	0
	<b>28,155.3</b>	<b>26,891.0</b>	<b>25,055.0</b>	<b>24,042.0</b>
Secured				
– Term loans	58.4	71.3	0	0
	<b>28,213.7</b>	<b>26,962.3</b>	<b>25,055.0</b>	<b>24,042.0</b>



## 24. Borrowings (Continued)

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Payable within one year included under short term borrowings (Note 23)	1,250.1	1,860.5	1,036.2	1,801.7
Repayable after one year:				
After one and up to two years	2,923.3	1,141.5	2,758.7	1,121.7
After two and up to five years	8,728.2	6,594.5	7,799.1	6,441.2
After five and up to ten years	7,442.3	11,945.6	6,065.4	9,500.8
After ten and up to twenty years	5,969.8	3,520.2	5,495.6	3,276.6
After twenty and up to thirty years	1,330.0	1,330.0	1,330.0	1,330.0
After ninety years	570.0	570.0	570.0	570.0
	26,963.6	25,101.8	24,018.8	22,240.3
	28,213.7	26,962.3	25,055.0	24,042.0

	Group	
	2002 RM'million	2001 RM'million
Net book values of property, plant and equipment pledged as security for term loans:		
(i) Machinery and equipment	52.5	63.7
(ii) Building	5.9	7.6
	58.4	71.3

Unsecured term loans include RM21.7 million (2001: RM22.7 million) due to the Government of Malaysia and RM2,601.6 million (2001: RM2,726.3 million) guaranteed by the Government of Malaysia.

Interest rates applicable to the portfolio of term loans outstanding as at 31 August 2002 range from 0.1% to 10.3% (2001: 0.2% to 10.3%) per annum and the effective weighted average interest rate is 5.35% (2001: 5.29%) per annum.

### Details of borrowings with notable characteristics

#### 10-year RM1,500.0 million Fixed Income Securities ('FIS')

The FIS consists of both redeemable bonds and Redeemable Preference Shares ('RPS'). Details of the FIS are as follows:

- 1,500 interest bearing 10-year redeemable unsecured bonds ('Bonds') of an aggregate nominal value of RM999 million issued at 100% of nominal value (in denominations of RM999,000 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 million and RM499.5 million on 16 August 2011 and 19 September 2011 respectively, and;
- 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.



## Notes to the Financial Statements (Continued)

- 31 August 2002

### 24. Borrowings (Continued)

#### 10-year RM1,500.0 million Fixed Income Securities (FIS) (continued)

- If the Company elects to declare and pay dividends on the RPS, payment of such dividends amounting to RM71.9 million per annum (net of income tax) shall be on a six monthly basis non-cumulative. In addition, interest under the Bond Coupons amounting to RM0.2 million per annum shall be payable. In the event that dividends on the RPS are not declared or paid, 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. Accordingly, the annual net dividend payment of the RPS amounting to RM71.9 million is classified as an interest expense, in the income statement.
- Under the terms of the FIS, if the holder of the RPS is unable to receive the related tax credits associated with the transaction, the Company has to indemnify the holder of the RPS, in respect of the benefits denied and any penalties arising which the RPS holder may incur.

The FIS was issued in two tranches as follows:

- Tranche 1 comprising 1,000 Bonds of an aggregate nominal value of RM999 million and 1,000 Class A RPS issued on 16 August 2001; and
- Tranche 2 comprising 500 Bonds of an aggregate nominal value of RM499.5 million and 500 Class B RPS issued on 19 September 2001.

#### Amount due to Cagamas Berhad ('Cagamas')

The sale of Company's conventional staff housing loans was based on the maturity profile of the loans outstanding and based on the Cagamas interest rates effective from 21 February 2002. Under the Cagamas scheme, TNB's employees whose housing loans have been sold to Cagamas will continue to pay their monthly instalments through salary deduction where the interest on the loan is calculated at 4.0% per annum monthly rest. TNB will then pay to Cagamas the monthly instalments deducted from the employee plus the difference between the Cagamas rate offered to TNB and the 4.0% per annum interest paid by the employee. Interest rates charged by Cagamas during the financial year ranged from 4.05% to 5.15%.

#### Other unsecured borrowings with hedging arrangements

##### (a) 10-YEAR JPY37 BILLION TERM LOAN

In 1997, the Company entered into a 10-year JPY37 billion unsecured loan, paying interest at floating rates, to mature on 30 June 2007. The translated RM balance of the loan as at 31 August 2002 as per the Company's accounting policy is RM595.7 million (2001: RM704.3 million). This loan is an amortising loan, whose principal amount is payable in equal semi-annual instalments over the life of the loan. The repayments commenced since 1997. The notional principals of the hedging contracts illustrated below amortise in the same manner as this loan.

##### Interest rate swap ('IRS')

On one tranche of the loan, the Company entered into an IRS agreement on 31 December 1997 that entitles it to receive floating interest rates, and obliges it to pay interest at a fixed rate of 1.927% to mature on 30 June 2007. The notional principal of the swap is JPY8.6 billion. The effect of this transaction is to fix the interest rate payable on that tranche of the loan.

##### Interest rate collar and forward interest rate swap

On the remaining tranches of the loan, the Company has entered into interest rate collar, for the period from 30 June 1998 to 30 June 2002, with initial notional principals totalling JPY25.8 billion. The effect of these interest rate 'collar' arrangements is to limit interest rate payable to a maximum rate but is subject to a minimum rate. There is also a 'knock-out' arrangement whereby if interest rates were to set above a certain 'knock-out' level (which is above the maximum rate), then the maximum rate is 'knocked-out' and that actual interest rate becomes due.

For the period from 1 July 2002 to 30 June 2007, the Company entered into IRS agreements that entitle it to receive interest at floating rates on notional principals totalling JPY14.0 billion and oblige it to pay interest at fixed rates ranging from 2.74% to 2.94%.



## 24. Borrowings (Continued)

### Other unsecured borrowings with hedging arrangements (continued)

#### (b) 10-YEAR USD500 MILLION NOTES

In April 1997, the Company issued USD500 million 10-year 7.625% redeemable unsecured Notes. The translated RM balance of the Notes as at 31 August 2002 as per the Company's accounting policy is RM2,026.1 million (2001: RM1,997.4 million). The Notes are redeemable in full on 29 April 2007. For the purposes of hedging the Notes, the Company has adopted two strategies for each USD250 million tranche of the Notes.

Tranche 1: USD250 million

#### USD-JPY cross-currency swap ('CCS') and JPY interest rate collar

On the first USD250 million tranche, the Company has entered into cross-currency swap ('CCS') agreements in 1997 and 1998, that entitle it to receive a fixed rate of 7.625% in USD and oblige it to pay floating interest rates in JPY. The principals of the swaps amount to USD250 million and this would be received by the Company in return for the payment of JPY31.6 billion on maturity. The swaps terminate on 27 April 2007.

The Company has also entered into various interest rate collar arrangements with the effect of limiting the JPY floating rate liability to a maximum rate but subject to a minimum rate.

#### Forward interest rate swap

On the same tranche of JPY31.6 billion, upon maturity of the aforementioned JPY interest rate collar arrangements, the Company has entered into IRS agreements that entitle it to receive interest at floating rates and oblige it to pay interest at fixed rates in the range of 3.71% to 4.38% (dependent on the swap counterparty) on notional principals of JPY31.6 billion, maturing on 27 April 2007.

The effect of the above transactions is to convert the USD fixed rate Notes into a JPY fixed rates liability.

Tranche 2: USD250 million

#### USD-JPY Cross-currency swap and JPY interest rate collar

On the second USD250 million tranche, the Company has entered into CCS/IRS agreements in 1998 that entitle it to receive a fixed rate of 7.625% in USD and oblige it to pay floating interest rates in JPY. The principals of the swaps amount to USD250 million and this would be received by the Company in return for the payment of JPY31.4 billion upon maturity. The swaps terminate on 28 April 2007.

The Company has also entered into interest rate collar arrangements with notional principals of JPY18.7 billion for the period from 28 April 1999 to 27 April 2007 which hedges the JPY floating interest rate payable on the above swap.

The effect of these transactions is to convert the USD fixed rate Notes into a JPY floating rate liability. For notional principals of JPY18.7 billion, the floating rates are limited to a maximum and minimum rate.

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 24. Borrowings (Continued)

#### Other unsecured borrowings with hedging arrangements (continued)

##### (c) 5-YEAR USD90 MILLION TERM LOAN

In 1998, the Company entered into a 5-year USD90 million unsecured loan, paying interest at floating rates. The loan is an amortising loan, whose principal amount is payable in equal semi-annual instalments commencing in May 2000 and matures on 12 May 2003. It was however, prepaid in full on 19 December 2001 and the amount prepaid was USD38.6 million.

#### Cross-currency swap

The Company has entered into IRS agreements, for the period 28 May 1998 to 12 May 2003, that entitle it to receive floating interest rates at a higher margin than the floating interest rates that it is obliged to pay. The initial notional principals amount to USD90 million. In May and August 1999, the counterparties of the swaps had the option to convert the USD floating rate payments into JPY floating rate payments and the option was duly exercised. As such, there would be a series of principal exchanges where the Company pays JPY principal amounts and receives USD principal amounts over the course of the amortisation schedule of the USD loan.

The objective of these transactions was to convert the USD floating rate liability into a JPY floating rate liability. However, with the prepayment of the remaining principal amount, the receipt of USD principal amounts under the CCS will not be offset by amortising USD principal repayments that the Company would otherwise had made.

##### (d) 5-YEAR USD300 MILLION NOTES

In 1998, the Company entered into a 5-year USD300 million unsecured loan, paying interest at floating rates, to mature on 29 June 2003. The loan was prepaid in full on 29 November 2001 and the prepaid amount was USD171.4 million.

#### Currency swap and interest rate swaption

The Company has entered into several IRS agreements with effective periods ranging from 20 July 1998 to 30 June 2003, with various financial institutions. The contracts entitle it to receive floating interest rates at a higher margin than the floating interest rates that it is obliged to pay. The initial principals amount to USD300 million. There is also a series of principal exchanges where the Company pays JPY principal amounts and receives USD principal amounts.

On the date of every interest payment period, the counterparties of the swaps have the option to choose the currency of the interest payments made by the Company, to remain in USD or convert it to JPY, at floating rates.

The objective of these transactions was to convert the USD loan exposure into a JPY exposure, and reduce the margin payable on the Company's floating rate liability. However, with the prepayment of the remaining principal amount, the receipts of USD amounts under the currency swap will not be offset by the amortising USD repayments the Company would otherwise had made. Nevertheless, the interest payment of the exposure can be either in USD based on USD floating rates or JPY based on JPY floating rates, albeit both will be at lower margin than hitherto.

##### (e) 10-YEAR USD600 MILLION NOTES

In 1994, the Company had issued USD600 million 10-year 7.875% redeemable unsecured Notes. The translated RM balance of the Notes as at 31 August 2002 as per the Company's accounting policy is RM1,186.9 million (2001: RM1,180.7 million). The Notes are redeemable in full on 15 June 2004. For purposes of hedging the Notes, the Company has adopted two strategies, one for the USD500 million tranche and another for the other USD100 million tranche.

Tranche 1: USD500 million (unswapped)

In the previous financial year, the Company redeemed USD302.6 million of this tranche of the 10-year USD600 million.



## 24. Borrowings (Continued)

### Other unsecured borrowings with hedging arrangements (continued)

#### (e) 10-YEAR USD600 MILLION NOTES (continued)

Tranche 2: USD100 million

#### Cross-currency zero-coupon swap

On the second USD100 million tranche, the Company entered into CCS arrangements with several financial institutions, for the period 15 June 1998 to 14 June 2004, to convert the USD100 million bond to a 6-year JPY zero coupon bond. The amount repayable on the JPY zero coupon swap is dependent on the USD/JPY exchange rate at the date of maturity but the final amount payable is limited to a minimum amount of JPY13,570.0 million and a maximum amount of JPY18,200.0 million. The Company has recognised interest arising on the foreign exchange difference on the zero coupon swap based on the year end closing rate against the book rate but only to the extent of the strengthening of the JPY against the USD but not otherwise. However, should the final redemption amount be less than the carrying amount, there would be a write back of the over-accrued interest.

#### (f) 10-YEAR USD570 MILLION NOTES

In April 2001, the Company issued USD600 million 10-year 7.625% redeemable unsecured notes. In May 2001, the Company repurchased USD30 million of the USD600 million notes leaving a balance of USD570 million 7.625% redeemable unsecured notes.

#### USD interest rate swap with collar

In April 2002, the Company entered into an IRS with collar agreement on USD200 million notional amount that entitles it to receive interest at a fixed rate of 7.625% in USD and obliges it to pay interest at floating rates in USD for a period 1 April 2002 to 1 April 2003. The effect of this transaction is to convert USD fixed rate liability on the USD200 million notional amount into USD floating rate liability, with those floating rates limited to a maximum and minimum rate.

#### (g) TNB JANAMANJUNG SDN BHD ('TNBJ') 12-YEAR AMORTISING LOAN

TNBJ, a wholly owned subsidiary of the Company, had in 1999 entered into a 12-year amortising loan facility with floating interest rates to part finance the construction of a power plant. The loan is guaranteed by the Company and is denominated in three major currencies amounting to GBP264.1 million, Euro161.1 million and USD97.1 million. The loan is repayable in equal semi-annual instalments commencing August 2003. The translated RM outstanding balance as per the Group's accounting policy as at 31 August 2002 is RM2,108.6 million (2001: RM1,677.5 million).

#### Forward interest rate swap

TNBJ has entered into IRS agreements that entitle it to receive interest at floating rates and oblige it to pay interest at fixed rates in the range of 6.59% to 6.92% (depending on counterparty) on notional principals of GBP250 million. The effect of this transaction is to fix the interest rate on the tranche.

#### (h) OTHER TERM LOANS

In February 1985, the Company entered into two 21-year long term loans, paying fixed interest at 4% per annum each. The outstanding balance of these loans as at 31 August 2002 is JPY3.9 billion (2001: JPY5.0 billion). These loans will mature on 20 February 2006.

#### USD/RM and JPY/USD Cross-currency interest rate swap

The Company had entered into CCS agreements to convert its JPY fixed rate loans to USD fixed rate loans with fixed interest rates payable ranging between 6.4% to 6.5%. The outstanding balance of these USD loan exposures as at 31 August 2002 is USD35.6 million (2001: USD45.7 million). The translated RM balance of this exposure as at this date, as per the Company's accounting policy is RM135.1 million (2001: RM173.7 million).

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 25. Retirement Benefits

Group companies incorporated in Malaysia contribute to the Employees Provident Fund, a defined contribution plan.

In addition, contributions for retirement benefits in respect of eligible employees are paid into the Company's Retirement Benefit Scheme, a defined benefit scheme and an approved fund independent of the Company's finances. The provision made in the financial statements for unfunded amounts as determined by actuarial valuation is as follows:

	Group RM'million	Company RM'million
At 1 September 2001	452.8	448.5
Charged to income statement	59.7	57.7
Utilised during the period	(25.1)	(24.0)
At 31 August 2002	487.4	482.2

The principal assumptions used in the actuarial valuation are:

- (i) salary increase rate of 6% per annum;
- (ii) investment yields of 9% per annum;
- (iii) discount rate of 8%;
- (iv) staff turnover rates based on the Company's recent experience; and
- (v) mortality and ill health retirement rates based on the experience of other schemes.

The amount charged for retirement benefits for the financial year is disclosed in Note 4 to the financial statements.

### 26. Deferred Taxation

	2002 RM'million	Group 2001 RM'million	2002 RM'million	Company 2001 RM'million
Deferred tax provided for in the financial statements:				
– tax effects of excess of capital allowances over depreciation	980.9	975.8	1,000.0	1,000.0
Deferred tax not provided for in the financial statements:				
– tax effects of excess of capital allowances over depreciation	3,902.7	6,209.2	3,902.7	6,209.2
– tax effects of revaluation of property, plant and equipment which are held for long term use	62.6	62.6	62.0	62.0
	3,965.3	6,271.8	3,964.7	6,271.2



## 27. Deferred Income

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Movement of deferred income, comprising contributions by customers, is as follows:				
As at the beginning of the financial year	2,149.5	2,097.3	1,982.9	1,934.7
Received during the financial year	339.2	301.5	291.9	277.3
Released to the income statement (Note 3)	(257.1)	(249.3)	(234.5)	(229.1)
As at the end of the financial year	2,231.6	2,149.5	2,040.3	1,982.9

## 28. Government Development Grants

	Group	
	2002 RM'million	2001 RM'million
Movement of government development grants is as follows:		
As at the beginning of the financial year	516.6	380.0
Received during the financial year	0.6	180.0
Released to the income statement (Note 5)	(42.8)	(43.4)
As at the end of the financial year	474.4	516.6

The government development grants are in respect of capital grants received for capital projects in the State of Sabah.

## 29. Share Capital

	Company	
	2002 RM	2001 RM
<u>Authorised:</u>		
Ordinary shares of RM1.00 each	3,500,000,000	3,500,000,000
Special Rights Redeemable Preference Share of RM1.00 each	1	1
Class A Redeemable Preference Shares of RM1.00 each		
As at the beginning of the financial year	1,000	0
Created during the financial year	0	1,000
As at the end of the financial year	1,000	1,000

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 29. Share Capital (Continued)

	Company	
	2002 RM	2001 RM
Class B Redeemable Preference Shares of RM1.00 each		
As at the beginning of the financial year	500	0
Created during the financial year	0	500
As at the end of the financial year	500	500
<u>Issued and fully paid:</u>		
Ordinary shares of RM1.00 each	3,111,825,300	3,106,775,300
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	3,111,825,301	3,106,775,301
<u>Movements on issued ordinary shares of RM1.00 each</u>		
As at the beginning of the financial year	3,106,775,300	3,106,216,300
Issuance of ordinary shares of RM1.00 each under the Employee Share Option Scheme ('ESOS')	5,050,000	559,000
As at the end of the financial year	3,111,825,300	3,106,775,300

The main features of the Company's ESOS are as follows:

- (a) The options were granted to eligible Directors, Employees and Retirees of the Group to subscribe for ordinary shares of RM1.00 each and must be exercised before the expiry of the Scheme on 11 May 2002.
- (b) The ESOS is exercisable on specific days as determined by the by-laws of the ESOS.
- (c) The persons to whom the options have been granted under the ESOS have no right to participate in any share issue of any other company by virtue of the options.

During the financial year, 5,050,000 new ordinary shares of RM1.00 each were issued by the Company for cash by virtue of the exercise of options pursuant to the ESOS at the following issue prices:

<u>Number of ordinary shares of RM1.00 each</u>	<u>Issue price (RM)</u>	<u>Proceeds (RM)</u>
432,000	10.59	4,574,880
3,177,000	9.03	28,688,310
907,000	7.92	7,183,440
60,000	7.06	423,600
474,000	5.13	2,431,620
<u>5,050,000</u>		<u>43,301,850</u>



## 29. Share Capital (Continued)

These ESOS expired on 11 May 2002 and has not been extended. The movement during the financial year in the number of options over the shares of the Company is as follows:

	Company	
	2002 '000	2001 '000
As at the beginning of the financial year	7,662	4,824
Granted	1,616	3,397
Exercised	(5,050)	(559)
Expired	(4,228)	0
As at the end of the financial year	0	7,662

### Special Rights Redeemable Preference Share

- (a) The Special Rights Redeemable Preference Share ('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 Government 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 Government Appointed Directors.

- (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

The main features of the Company's Class A and Class B Redeemable Preference Shares ('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 to 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 24 to the financial statements, these RPS form part of the Company's Fixed Income Securities.



## Notes to the Financial Statements (Continued)

- 31 August 2002

### 30. Share Premium

	Company	
	2002 RM'million	2001 RM'million
As at the beginning of the financial year	3,143.4	3,140.4
Arising in respect of ordinary shares issued under the ESOS	38.3	3.0
As at the end of the financial year	3,181.7	3,143.4

### 31. Revaluation and Other Reserves

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
<u>Non-distributable</u>				
Revaluation reserve	1,237.1	1,237.1	1,231.2	1,231.2
Foreign currency translation reserve	(25.8)	(79.9)	0	0
	1,211.3	1,157.2	1,231.2	1,231.2

The movements in each category of reserves were as follows:

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
<u>Revaluation reserve</u>				
As at the beginning and end of the financial year	1,237.1	1,237.1	1,231.2	1,231.2
<u>Foreign currency translation reserve</u>				
As at the beginning of the financial year	(79.9)	(54.1)	0	0
Arising in the financial year	54.1	(25.8)	0	0
As at the end of the financial year	(25.8)	(79.9)	0	0
<u>Total revaluation and other reserves</u>				
As at the beginning of the financial year	1,157.2	1,183.0	1,231.2	1,231.2
Arising in the financial year	54.1	(25.8)	0	0
As at the end of the financial year	1,211.3	1,157.2	1,231.2	1,231.2



## 32. 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 RM1,509.3 million (2001: RM1,421.0 million) of its retained profits as at 31 August 2002, if paid out as dividends.

In addition, the Company has tax exempt income as at 31 August 2002 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 RM388.5 million (2001: RM614.0 million) available for distribution as tax exempt dividends to shareholders. This tax exempt income is subject to agreement by the Inland Revenue Board.

## 33. Commitments

### (a) Capital and other commitments

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Authorised capital expenditure not provided for in the financial statements:				
Contracted for:				
Capital expenditure	4,271.5	4,777.9	3,782.8	3,117.2
Investment in other company	19.0	19.0	19.0	19.0
Not contracted for:				
Capital expenditure	8,766.2	7,123.8	8,547.2	6,810.9
Equity participation in a subsidiary	0	0	0	50.0
Equity participation in an associate	0	7.3	0	7.3
Equity participation in other company	203.5	203.5	203.5	203.5
	<b>13,260.2</b>	12,131.5	<b>12,552.5</b>	10,207.9

### (b) Non-cancellable operating lease commitments

	Group and Company	
	2002 Future minimum lease payments RM'million	2001 Future minimum lease payments RM'million
Not later than one year	13.3	13.3
Later than one year and not later than five years	53.1	53.1
Later than five years	37.6	50.9
	<b>104.0</b>	117.3

The above lease payments relate to the non-cancellable operating leases of the Company.

## Notes to the Financial Statements (Continued)

- 31 August 2002

### 34. Contingent Liabilities (Unsecured)

	Group		Company	
	2002 RM'million	2001 RM'million	2002 RM'million	2001 RM'million
Claims by third parties	1,010.0	618.6	938.6	583.4
Trade guarantees and performance bonds	10.2	24.5	0	0
Corporate guarantees given to financial institutions in respect of facilities granted to subsidiaries	0	0	2,418.0	2,118.0
Stamp duties on transfer of assets to a subsidiary company	108.0	108.0	0	0
Other contingencies	61.7	61.9	0	0
	<b>1,189.9</b>	813.0	<b>3,356.6</b>	2,701.4

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 positions of the Group and Company.

In respect of stamp duties on transfer of assets from Lembaga Letrik Sabah, Sabah Electricity Sdn Bhd is in the process of obtaining a vesting order to exempt itself from any potential liability.

### 35. Significant Related Party Disclosures

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:

	Group	
	2002 RM'million	2001 RM'million
(a) Sales of electricity to associates	24.7	24.4
(b) Purchases of electricity from associates	2,527.1	2,469.0
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		
(c) Interest income received from associates:		
– Port Dickson Power Berhad	3.6	4.8
– Segari Energy Ventures Sdn Bhd	10.5	11.4

### 36. Segmental Reporting

As the principal business of the Group is the generation and supply of electricity in Malaysia, segmental reporting is deemed not necessary.



### 37. Prior Year Adjustment

During the financial year, the Group has changed its accounting policy with respect to recognition of proposed final dividend after balance sheet date in compliance with MASB No. 19 'Events After the Balance Sheet Date'.

In previous financial years, dividends were accrued as a liability when proposed by Directors. The Group has now changed this accounting policy to recognise dividends in shareholders' equity in the period in which the obligation to pay is established in accordance with MASB No. 19. Therefore, final dividends are now accrued as a liability after approval by shareholders at the Annual General Meeting.

The change in accounting policy has been accounted for retrospectively. Comparative information has been restated to reflect the change in accounting policy.

The effects of the above changes of accounting policy on the Group's and Company's financial statements are as follows:

	As previously reported RM'million	Effects of change in policy RM'million	As restated RM'million
<u>Group</u>			
Retained profits:			
– 31 August 2000	7,089.0	156.6	7,245.6
– 31 August 2001	8,970.9	133.6	9,104.5
<u>Company</u>			
Retained profits:			
– 31 August 2000	7,283.9	156.6	7,440.5
– 31 August 2001	9,528.9	133.6	9,662.5
<u>Group and Company</u>			
Proposed final dividend:			
– 31 August 2000	156.6	(156.6)	0
– 31 August 2001	133.6	(133.6)	0

### 38. Subsequent Events

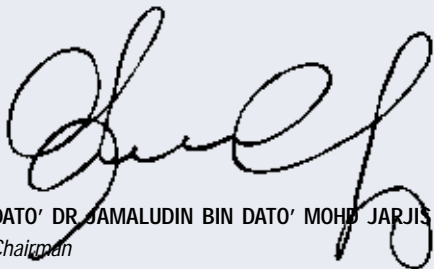
- (a) On 2 October 2002, the Company entered into agreements to put in place a RM1,500.0 million Murabahah Commercial Papers/Murabahah Medium Term Notes Facility. The Facility will be utilised by the Company as and when required during the 7-year tenor to part finance capital expenditures relating to generation, transmission and distribution assets for financial year ending 31 August 2003, and to meet working capital requirements.
- (b) At its Extraordinary General Meeting held on 10 October 2002, the Company obtained the approval of its shareholders for the proposed issuance of:
  - (i) Up to RM200 million nominal value 5-year Unsecured Convertible Redeemable Income Securities; and
  - (ii) Up to USD500 million nominal value 5-year Guaranteed Exchangeable Bonds by TNB Capital (L) Ltd (formerly known as Cofus Ltd), a wholly owned subsidiary of the Company.

## Statement by Directors

pursuant to Section 169 (15) of the Companies Act, 1965

We, DATO' DR JAMALUDIN BIN DATO' MOHD JARJIS and DATO' PIAN BIN SUKRO, 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 20 to 67 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 2002 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 applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors, in accordance with their resolution dated 12 November 2002.



DATO' DR JAMALUDIN BIN DATO' MOHD JARJIS  
*Chairman*



DATO' PIAN BIN SUKRO  
*President/Chief Executive Officer*

## Statutory Declaration

I, NIK IBRAHIM BIN NIK MOHAMED, 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 20 to 67 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.



NIK IBRAHIM BIN NIK MOHAMED

Subscribed and solemnly declared by the abovenamed Nik Ibrahim bin Nik Mohamed at Kuala Lumpur, Malaysia on 12 November 2002, before me.



WOON YOON THIAM  
*Commissioner For Oaths*



NO. 1, JALAN ABDULLAH  
OFF JALAN BANGSAR.  
59000 KUALA LUMPUR



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## Auditors' Report to the members of TENAGA NASIONAL BERHAD

(Company No. 200866-W)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 20 to 67. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and of the Company as at 31 August 2002 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 13 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of section 174 of the Act.



**PRICEWATERHOUSECOOPERS**

(No. AF: 1146)

Chartered Accountants



**MOHAMMAD ZAINAL BIN SHAARI**

(No. 1924/10/04 (J))

Partner of the firm

12 November 2002

## 70 | List of Properties GENERATION

Nature of Functional Activity	LAND						BUILDINGS				DESCRIPTION		
	Leasehold			Freehold			Total No. of Lots (1+4)	Total Area (sq M) (2+5)	Total HBV (RM'000) (3+6)	No.		Built-Up Area (sq M) (11)	NBV (RM'000) (12)
	No. of Lots (1)	Area (sq M) (2)	NBV (RM'000) (3)	No. of Lots (4)	Area (sq M) (5)	NBV (RM'000) (6)							
<b>GENERATION</b>													
Location													(13)
Perlis	-	-	-	2	1,499	52	2	1,499	52	-	-	-	Office Buildings,
Kedah	2	1,676	33	6	22,280	6,047	8	23,956	6,080	2,493	21	6,646	Stores, Jetties,
Pulau Pinang	-	16,226	12,539	2	67,726	2,136	2	83,952	14,675	10,258	10	29,482	Power Stations
Perak	1	267	1,702	10	1,684,595	63,915	11	1,684,862	65,617	12,873	28	507,626	Rural power
Selangor	4	16,892,869	138,957	4	514,707	25,451	8	17,407,576	164,408	11,688	25	1,027,332	stations Dams &
W. Persekutuan	-	-	-	-	-	-	-	-	-	150	4	6,686	Mini Hydrors
N. Sembilan	4	170,812	4,601	1	13,550	1,657	5	184,362	6,258	3,257	19	23,104	
Melaka	-	-	-	-	-	-	-	-	-	-	-	-	
Johor	3	89,012	8,638	2	167,515	14,123	5	256,527	22,761	9,850	24	81,665	
Pahang	48	235,212	238	59	109,167	8,734	107	344,379	8,972	2,755	137	83,270	
Terengganu	45	239,386	18,534	48	28,817	13,938	93	268,203	32,472	12,316	66	580,557	
Kelantan	75	76,498	613	39	56,539	1,348	114	133,037	1,961	4,444	83	1,116,426	
Sabah	22	5,456,319	6,541	19	4,023,539	6,645	41	9,479,858	13,186	11,000	48	201,780	
<b>TOTAL</b>	<b>204</b>	<b>23,178,277</b>	<b>192,396</b>	<b>192</b>	<b>6,689,934</b>	<b>144,046</b>	<b>396</b>	<b>29,868,211</b>	<b>336,442</b>	<b>81,084</b>	<b>465</b>	<b>3,664,574</b>	

**Note:****GENERATION**

Electricity is produced through a process of converting other forms of energy into electrical energy. This conversion process is known as generation and is mainly carried out at power stations. In addition, a number of mini hydro stations and numerous diesel generating sets are operated by TNB.

Note: NBV – Net Book Value

71 | List of Properties **TRANSMISSION**

Nature of Functional Activity	LAND						BUILDINGS			DESCRIPTION			
	Leasehold			Freehold			Total No. of Lots (1+4)	Total Area (sq M) (2+5)	Total NBV (RM'000) (3+6)		No. (10)	Built-Up Area (sq M) (11)	NBV (RM'000) (12)
	No. of Lots (1)	Area (sq M) (2)	NBV (RM'000) (3)	No. of Lots (4)	Area (sq M) (5)	NBV (RM'000) (6)							
<b>TRANSMISSION</b>													
<b>Location</b>													(13)
Perlis	4	110,024	1,140	2	15,860	474	6	125,884	1,614	8	3,145	17,967	Main Intake
Kedah	12	445,892	3,845	7	47,652	36,262	19	493,544	40,107	34	7,694	154,248	Substations
Pulau Pinang	15	1,313,551	5,881	7	112,804	7,144	22	1,426,355	13,025	16	2,923	103,716	
Perak	10	157,193	1,658	7	26,438	10,486	17	183,631	12,144	28	7,405	191,105	
Selangor	15	205,182	22,435	24	80,952	33,448	39	286,134	55,883	58	13,218	392,059	
W. Persekutuan	10	176,794	12,165	10	79,800	12,114	20	256,594	24,279	18	7,740	302,458	
N. Sembilan	13	688,904	7,418	10	87,029	1,153	23	775,933	8,571	29	3,836	70,939	
Melaka	6	59,717	1,473	15	20,627	12,404	21	80,344	13,877	24	7,167	75,793	
Johor	30	570,739	12,994	30	48,335	14,698	60	619,074	27,692	50	8,807	607,016	
Pahang	9	97,021	1,255	17	160,085	4,069	26	257,106	5,324	21	2,934	112,142	
Terengganu	4	170,622	3,546	-	-	-	4	170,622	3,546	19	3,544	44,819	
Kelantan	3	95,628	2,034	4	176,029	1,470	7	271,657	3,504	18	5,551	43,966	
Sabah	3	30,904	2,056	1	14,165	134	4	45,069	2,190	7	3,600	3,925	
<b>TOTAL</b>	<b>134</b>	<b>4,122,171</b>	<b>77,900</b>	<b>134</b>	<b>869,776</b>	<b>133,856</b>	<b>268</b>	<b>4,991,947</b>	<b>211,756</b>	<b>330</b>	<b>77,564</b>	<b>2,120,153</b>	

**Note:****TRANSMISSION**

Transmission activity relates to the process of transmitting electricity generated at power stations to the load centres where it is required, eg. townships, industrial growth centres and major Customers. A network of transmission lines, forming the National Grid is required for this purpose. At appropriate sites, transmission substations are constructed to channel electricity from the National Grid to the numerous load centres. The transmission system operates at voltage levels of 500 kV, 275kV, 132kV and 66kV.

**Note:** NBV – Net Book Value





72 | List of Properties **DISTRIBUTION**

Nature of Functional Activity	LAND						BUILDINGS			DESCRIPTION			
	Leasehold			Freehold			Total No. of Lots (1+4)	Total Area (sq M) (2+5)	Total NBV (RM'000) (3+6)		No.	Built-Up Area (sq M) (11)	Total NBV (RM'000) (12)
	No. of Lots (1)	Area (sq M) (2)	NBV (RM'000) (3)	No. of Lots (4)	Area (sq M) (5)	NBV (RM'000) (6)							
<b>DISTRIBUTION</b>													
Location													(13)
Perlis	35	16,378	501	45	71,925	1,357	80	88,303	1,858	52	1,200	3,315	Distribution Substations
Kedah	168	296,589	5,579	312	511,074	32,562	480	807,663	38,141	206	46,250	36,928	
Pulau Pinang	106	71,696	8,583	298	130,629	20,470	404	202,325	29,053	159	10,209	18,343	
Perak	530	563,012	10,195	218	530,017	4,327	748	1,093,029	14,522	246	11,680	44,558	
Selangor	420	203,512	41,385	495	482,718	68,749	915	686,230	110,134	669	106,127	116,241	
W. Persekutuan	168	121,907	41,630	123	130,868	46,584	291	252,775	88,214	215	15,485	46,941	
N. Sembilan	234	108,319	3,165	146	40,834	2,796	380	149,153	5,961	120	6,872	6,214	
Melaka	207	80,682	6,353	232	68,043	20,301	439	148,725	26,654	154	6,136	6,624	
Johor	637	464,188	27,877	633	391,769	35,119	1,270	855,957	62,996	450	19,774	39,661	
Pahang	198	157,772	6,582	181	94,830	2,480	379	252,602	9,062	143	9,957	31,836	
Terengganu	173	639,299	5,221	86	41,979	1,035	259	681,278	6,256	116	4,508	15,701	
Kelantan	165	492,502	4,625	155	233,238	5,214	320	725,740	9,839	136	67,062	10,132	
Sabah	51	637,841	4,442	37	173,243	1,876	88	811,084	6,318	290	84,500	32,540	
<b>TOTAL</b>	<b>3,092</b>	<b>3,853,697</b>	<b>166,138</b>	<b>2,961</b>	<b>2,901,167</b>	<b>242,870</b>	<b>6,053</b>	<b>6,754,864</b>	<b>409,008</b>	<b>2,956</b>	<b>389,760</b>	<b>409,034</b>	

Note:

**DISTRIBUTION**

The distribution process begins at the termination of the transmission line where distribution substations step down voltage to enable electricity to be distributed to TNB's Customers. The distribution system consists of distribution, overhead lines and underground cables operating at voltage levels of 33kV and below.

Note: NBV – Net Book Value

## 73 | List of Properties RESIDENTIAL AND OTHERS

Nature of Functional Activity	LAND						BUILDINGS				DESCRIPTION		
	Leasehold			Freehold			Total No. of Lots (1+4)	Total Area (sq M) (2+5)	Total HBV (RM'000) (3+6)	No. (10)		Built-Up Area (sq M) (11)	NBV (RM'000) (12)
	No. of Lots (1)	Area (sq M) (2)	NBV (RM'000) (3)	No. of Lots (4)	Area (sq M) (5)	NBV (RM'000) (6)							
<b>RESIDENTIAL AND OTHERS</b>													
<b>Location</b>													
Perlis	1	1,037	364	6	50,816	1,987	7	51,853	2,351	13	6,151	7,145	Residential
Kedah	5	43,983	2,813	29	259,202	22,711	34	303,185	25,524	42	39,168	28,725	Houses,
Pulau Pinang	8	26,829	5,980	26	373,623	36,854	34	400,452	42,834	53	13,456	174,121	Apartments,
Perak	37	78,110	3,456	53	1,074,710	28,544	90	1,152,820	32,000	113	134,749	73,539	Holiday
Selangor	34	1,464,227	166,722	48	1,177,577	116,175	82	2,641,804	282,897	301	57,883	974,558	Bungalows,
W. Persekutuan	3	18,757	7,954	13	82,126	136,851	16	100,883	144,805	101	141,530	170,345	Office Buildings,
N. Sembilan	10	113,329	1,887	28	359,906	29,514	38	473,235	31,401	71	132,894	69,173	Main Store &
Melaka	4	99,097	9,457	20	142,288	9,582	24	241,385	19,039	30	28,635	11,529	Warehouse
Johor	23	384,439	40,778	49	773,793	22,953	72	1,158,232	63,731	117	76,373	75,596	
Pahang	22	635,878	8,630	25	73,122	8,528	47	709,000	17,158	87	76,515	43,037	
Terengganu	25	3,306,420	33,217	4	1,922	2,362	29	3,308,342	35,579	53	47,434	76,731	
Kelantan	11	229,863	8,256	22	87,845	5,822	33	317,708	14,078	53	16,057	68,318	
United Kingdom*	-	-	-	-	-	-	-	-	-	2	444	829	
Sabah	5	122,369	6,008	2	59,490	7,876	7	181,859	13,875	10	33,500	23,575	
Pakistan	-	-	-	1	853,206	3,262	1	853,206	3,262	2	30	1,915	
<b>TOTAL</b>	<b>188</b>	<b>6,524,338</b>	<b>295,522</b>	<b>326</b>	<b>5,369,626</b>	<b>433,012</b>	<b>514</b>	<b>11,893,964</b>	<b>728,534</b>	<b>1,048</b>	<b>804,819</b>	<b>1,799,136</b>	

Note:

**RESIDENTIAL AND OTHERS**

\*Residential Property\* includes staff quarters, holiday bungalows and apartments. \*Others\* include office buildings and main store/warehouse. \*Comprises 2 units of flats.

Note: NBV – Net Book Value



**74 | Analysis of Shareholdings** as at 11 November 2002**SHARE CAPITAL**

Authorised Share Capital	3,500,000,000 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	3,111,825,300 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.

**DISTRIBUTION OF SHAREHOLDINGS**

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Issued Share capital
Less than 1,000	358	1.27	70,698	0.00
1,000 – 10,000	26,536	93.93	52,688,486	1.70
10,001 – 100,000	996	3.52	30,812,696	0.99
100,001 to less than 5% of issued shares	355	1.26	496,173,849	15.94
5% and above of issued shares	5	0.02	2,532,079,571	81.37
	<b>28,250</b>	<b>100.00</b>	<b>3,111,825,300</b>	<b>100.00</b>

**SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS (5 PER CENT AND MORE)**

Name of Shareholders	No. of Shares	Percentage
1 Khazanah Nasional Berhad	1,108,671,328	35.63
2 Minister of Finance	531,150,243	17.07
3 Bank Negara Malaysia	352,438,000	11.32
4 Employees Provident Fund Board	349,170,000	11.22
5 Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Skim Amanah Saham Bumiputera</i>	190,650,000	6.13
	<b>2,532,079,571</b>	<b>81.37</b>



## LIST OF 30 LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	Percentage
1. Khazanah Nasional Berhad	1,108,671,328	35.63
2. Minister of Finance	531,150,243	17.07
3. Bank Negara Malaysia	352,438,000	11.32
4. Employees Provident Fund Board	349,170,000	11.22
5. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Skim Amanah Saham Bumiputera</i>	190,650,000	6.13
6. Permodalan Nasional Berhad	40,692,000	1.31
7. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Amanah Saham Wawasan 2020</i>	25,873,000	0.83
8. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Sekim Amanah Saham Nasional</i>	20,398,000	0.66
9. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Amanah Saham Malaysia</i>	19,159,000	0.62
10. Kumpulan Wang Amanah Pencen	17,485,000	0.56
11. Bank Simpanan Nasional	16,335,000	0.52
12. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (MLF)</i>	15,348,720	0.49
13. Lembaga Tabung Angkatan Tentera	13,792,000	0.44
14. Lembaga Tabung Haji	9,365,000	0.30
15. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Growth Fund</i>	8,424,000	0.27
16. Kerajaan Negeri Pahang	8,338,429	0.27
17. Kumpulan Wang Amanah Pencen	7,725,000	0.25
18. Malaysia National Insurance Berhad	5,692,000	0.18
19. Kumpulan Wang Amanah Pencen	5,524,000	0.17
20. Kumpulan Wang Amanah Pencen	5,065,000	0.16
21. Citicorp Nominees (Tempatan) Sdn Bhd <i>ING Insurance Berhad (INV-IL PAR)</i>	5,000,000	0.16
22. Kumpulan Wang Amanah Pencen	4,905,000	0.16
23. Bank Simpanan Nasional	4,896,000	0.16
24. Bank Simpanan Nasional	4,896,000	0.16
25. Bank Simpanan Nasional	4,896,000	0.16
26. Bank Simpanan Nasional	4,896,000	0.16
27. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	4,815,000	0.15
28. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Index Fund</i>	4,803,000	0.15
29. Kumpulan Wang Amanah Pencen	4,532,000	0.15
30. Kumpulan Wang Amanah Pencen	4,527,000	0.15
	<b>2,799,461,720</b>	<b>89.96</b>

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**Proxy Form**

Number of Share(s) held	
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I/We, \_\_\_\_\_ IC No./Passport No./Co. No. \_\_\_\_\_  
(FULL NAME IN CAPITAL)

of \_\_\_\_\_  
(ADDRESS)

being a Member/Members of Tenaga Nasional Berhad, hereby appoint \_\_\_\_\_  
(FULL NAME IN CAPITAL)

of \_\_\_\_\_  
(ADDRESS)

or failing him/her \_\_\_\_\_  
(FULL NAME IN CAPITAL)

of \_\_\_\_\_  
(ADDRESS)

Or failing him/her, the Chairman of the Meeting, as my/our proxy, to vote for me/us and on my/our behalf at THE TWELFTH ANNUAL GENERAL MEETING of TENAGA NASIONAL BERHAD to be held at the Dewan Serbaguna, Kompleks Sukan TNB, Jalan Pantai Baru, 59200 Kuala Lumpur on **Monday, 30 December 2002**, at **10.00 am** and/or at any adjournment thereof.

My/Our proxy is to vote as indicated below:

	Resolution	For	Against
1	Receive the Directors' Report and Audited Financial Statements for the year ended 31 August 2002		
2	Declaration of Dividend		
3	Payment of Directors' fees.		
4	Re-election of Datin Husniarti Tamin		
5	Re-election of Dato' Hari Narayanan Govindasamy		
6	Retirement of Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak		
7	Re-election of Datin Paduka Seripah Noli Syed Hussain		
8	Re-appointment of Messrs PricewaterhouseCoopers as the Company's Auditors		
9	Special Business: Ordinary Resolution Section 132D, Companies Act, 1965 Issue of New Shares		

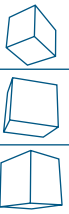
*(Please indicate "X" in the appropriate box against each Resolution as to how you wish your proxy/proxies to vote. If no voting instruction is given, this form will be taken to authorise the proxy/proxies to vote at his/her discretion).*

Dated: \_\_\_\_ December 2002

\_\_\_\_\_  
 Signature of Shareholder(s) or Common Seal

**Notes:-**

- 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.
- 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.
- Where a member appoints two proxies, the appointment shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
- 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.
- The instrument appointing a proxy/proxies must be deposited at the Company's Registered Office, Tenaga Nasional Berhad Headquarters, 129 Jalan Bangsar, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the Meeting.





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Stamp

**The Company Secretary**  
**First Floor**  
**Tenaga Nasional Berhad Headquarters**  
129, Jalan Bangsar  
59200 Kuala Lumpur  
Malaysia

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