SIARAN AKHBAR

PRESS STATEMENT

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TNB RECORDS NET LOSS OF RM440.2 MILLION IN 3RD QUARTER FY2011 DUE TO SEVERE GAS CURTAILMENT

3 months ended 31st May FY2011 (3rd Quarter)

- **Net loss of RM440.2 million**
- **3.5% increase in Group revenue compared to 2nd Quarter 2011 against 19.1% increase in operating expenses**
- **Additional fuel cost of RM1.3 billion from oil and distillate**
- **EBITDA margin at 6.6% compared to 21.1% reported for the previous quarter**

9 months FY2011

- **Net profit of RM903.0 million**
- **2.4% increase in Group revenue against 14.6% increase in operating expenses**
- **22.3% increase in total fuel costs**
- **EBITDA margin at 18.7% compared to 28.2% reported for the corresponding period in FY2010**
- **2.8% unit electricity demand growth in Peninsular Malaysia**

Kuala Lumpur, 21 July 2011 –Tenaga Nasional Berhad (TNB) today announced a net loss of RM440.2 million for the 3 months period ended 31st May 2011 (3rd Quarter FY2011).

For the 9 months period of FY2011, the Group reported a net profit of RM903.0 million, a reduction of 67.9% as compared to the corresponding period in FY2010, principally from higher generation costs incurred in the 3rd Quarter FY2011.

RM million	FY2011				FY2010
	1st Quarter	2nd Quarter	3rd Quarter	9-months	9-months
Unit Sales (Peninsula) (Gwh)	22,826.3	22,310.8	23,032.0	68,169.1	66,308.2
Revenue	7,726.4	7,503.5	7,768.1	22,998.0	22,450.7
Operating Expenses	(6,557.6)	(7,089.0)	(8,441.6)	(22,088.2)	(19,270.5)
Forex Translation Gain/(Loss)	(104.8)	152.4	60.0	107.6	668.1
Net Profit/(Loss) attributable to Owners of the Company	712.9	630.3	(440.2)	903.0	2,813.5
EBITDA margin	28.5%	21.1%	6.6%	18.7%	28.2%

The Group's performance in the 3rd Quarter FY2011 as compared to 2nd Quarter FY2011 recorded a 3.5% increase in revenue from RM7,503.5 million to RM7,768.1 million. However, the Group's operating expenses has increased by 19.1% from RM7,089.0 million to RM8,441.6 million in the 3rd Quarter from higher generation costs mainly due to higher coal price incurred, higher consumption of coal and higher utilisation of oil and distillate. This has resulted in margin erosion of 68.7% to the Group's EBITDA margin from 21.1% in the 2nd Quarter to 6.6% in the 3rd Quarter.

Comparing the Group's performance for the 9 months period FY2011 against the corresponding period in FY2010, operating expenses increased from RM19,270.5 million to RM22,088.2 million for the current period, representing an increase of 14.6%. During the period, the average price of coal incurred was at USD103.0/mt, as compared to USD85.1/mt in FY2010, reflecting a 21.0% increase over a 12 months period. Coupled with higher utilisation of oil and distillate, which is significantly higher than the cost of generation using gas, the EBITDA margin declined further from 28.2% in FY2010 to 18.7% in FY2011.

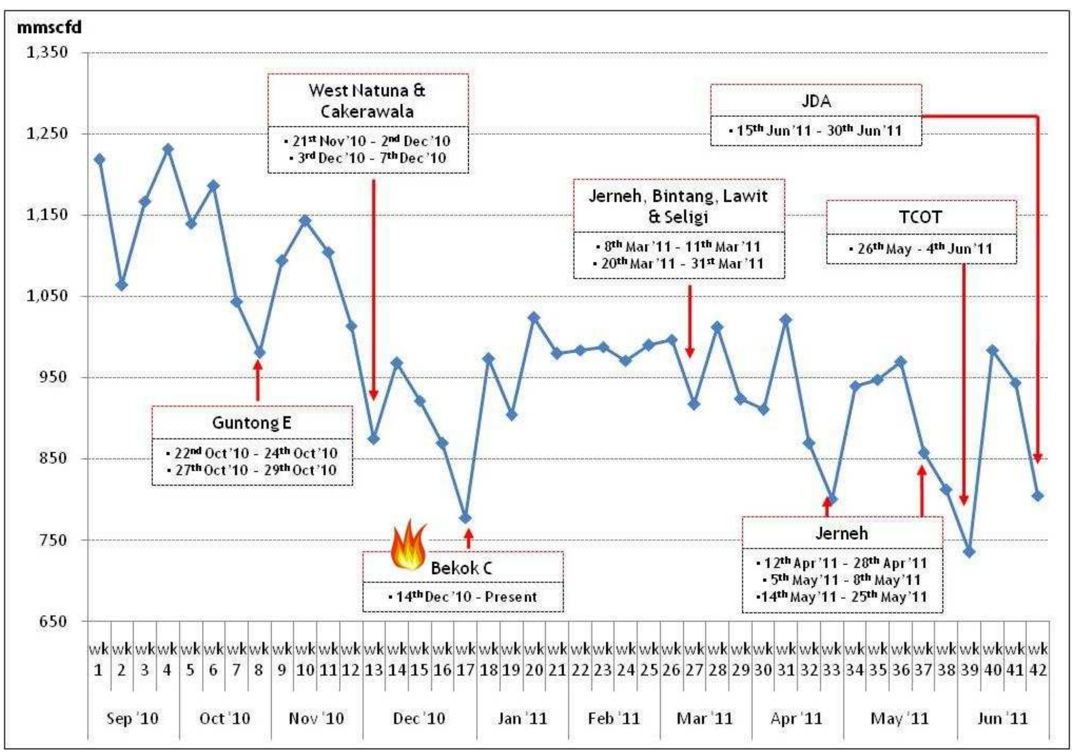
Commenting on the Group's results for the 3rd quarter, TNB's Chairman, Tan Sri Leo Moggie commented that "the severe gas curtailment had significantly impacted the Group's results. Due to the significant reduction in gas volume, TNB needs to replace the shortfall in gas volume by utilizing more oil and distillate. Though the year-on-year analysis on electricity demand in Peninsular Malaysia recorded a growth of 2.8% and the Group's revenue increased by 3.5%, the higher generation cost led to a significant negative impact on the 3rd Quarter FY2011 results."

Commenting on the Group's performance, TNB's President/Chief Executive Officer, Dato' Sri Che Khalib Mohamad Noh commented that "during the 3rd Quarter of FY2011, TNB had to incur additional fuel cost resulting from using more oil and distillate totaling RM1.3 billion. The lower gas volume made available is a direct impact from the maintenance shutdowns carried out at Petronas gas supply facilities during the period as follows:

- Jerneh (20th – 25th March, 12th- 28th April, 5th – 8th May, 14th – 25th May)
- Bintang and Seligi platform (8th – 11th March)
- Bintang and Lawit Platforms (28th – 31st March), and
- Terengganu Crude Oil Terminal (TCOT) (26th – 31st May).

During these shutdown periods, the gas volume allocated to the power sector was substantially reduced to 850 – 900mmscfd on a daily basis compared to the allocated volume of 1,250mmscfd. To ensure continued supply of electricity, TNB had to increase significantly its utilisation of alternative fuels. **Oil consumption increased by more than 1.8 times from 99,947 MT (at USD510.4/MT) in the 2nd quarter FY2011 to 284,288 MT (at USD698.8/MT) in the 3rd quarter FY2011. Distillate consumption also increased by more than 12 times from 22.0 million litres in the 2nd quarter of FY2011 to 256.0 million litres in the 3rd quarter of FY2011.**

The graph below shows the average weekly gas volume allocated to the power sector.



Further year-on-year analysis on the generation mix shows that generation from gas fired power plants has declined by 11.9% whereas the generation from coal fired power plants increased by 10.3%.
In line with global trends, the 1st half of 2011 saw a slowdown in the Malaysian Economy as a result of lower demand for exports. Indicators from the developed economies also seemed to suggest slower growth in the shorter term. Domestically, the contraction in Industrial Production Index shown in the month of April and May was mainly dragged down by declining output of crude oil and liquefied natural gas (LNG).

TNB's 3rd quarter result has been hit by higher generation cost predominantly caused by lower gas supply resulting in higher utilisation of expensive alternative fuels namely distillate and oil. For the rest of the year, with coal prices currently trading above US$100 per metric tonne, compounded by the higher cost of generation using oil and distillate due to continuing lower gas supply, the results for this financial year is expected to be severely affected. However, TNB will continue to strive in ensuring reliability and security of supply in meeting the demand.

The Board of Directors expects the Group's prospects for the year ending 31 August 2011 to be very challenging and that the financial results for the full year to be lower compared to the previous year.

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Kindly forward all press enquiries to Arziril Alim Azizi at 019-2686630 /
Shaiful Amrin Abdul Karim at 019-2887879

Financial Highlights

RM' Million	9 months ended 31 May FY2011	FY2010
Total Revenue	22,998.0	22,450.7
Operating Expenses	(22,088.2)	(19,270.5)
Other Operating Income	406.4	286.1
Operating Surplus (EBIT)	1,316.2	3,466.3
Finance Cost	(647.7)	(794.4)
Forex Translation gain	107.6	668.1
Net Profit (before forex translation gain)	795.4	2,145.4
Net Profit Attributable to Shareholders	903.0	2,813.5
Earnings per share	16.58 sen	51.82 sen

About Tenaga Nasional Berhad

TNB's core activities are in the generation, transmission, and distribution of electricity. In addition to being the nation's primary electricity generation enterprise, TNB also transmits and distributes all the electricity in Peninsular Malaysia, Sabah and Federal Territory of Labuan. As at 31 August 2010, TNB supplies electricity to approximately 7.9 million customers.

TNB, through its subsidiaries, is also involved in the manufacturing of transformers, high voltage switchgears and cables; the provider of professional consultancy services, construction and operating and maintenance of district cooling facilities, generation equipment, repair and maintenance, fuel supply services; services related to renewable energy, energy efficiency and power quality; higher education and skill training and undertaking research and development.

As an integrated electricity provider, TNB has and will continue to meet its crucial role in powering the nation's progress.

For further information, please visit www.tnb.com.my