



Vision & MISSION

To be among the leading corporations in energy and related businesses globally

We are Committed to Excellence in our Products and Services

corporateprofile

Tenaga Nasional Berhad (TNB) Group is the largest electricity utility company in Malaysia with assets worth more than RM60 billion serving over six million customers throughout Peninsular Malaysia and Sabah.

TNB's core activities are in the generation, transmission, and distribution of electricity. To date, TNB remains a major player in electricity generation which forms a significant part of the Group's diversified range of business activities. The TNB Group has the largest generation capacity of 11,137.5 MW.

Currently, the TNB Group has a complete power system, including the National Grid, Customer Service Centres, Call Management Centres, and administration offices throughout Peninsular Malaysia and Sabah.

TNB, through its subsidiaries, is also involved in the manufacturing of transformers, high voltage switchgears and cables; the provider of professional consultancy services, architectural, civil and electrical engineering works and services, repair and maintenance services and fuel; undertakes research and development, property development, and project management services. TNB also offers higher education through its university – Universiti Tenaga Nasional.

performancehighlights

	2004	2003	2002	2001	2000
GROUP					
FINANCE (RM ¹ million)					
Total Revenue	17,712.1	16,457.8	15,375.1	14,362.6	13,719.1
Profit Before Tax [#]	1,482.7	1,648.5	1,513.5	2,193.0	1,523.8
Property, Plant and Equipment	53,443.7	51,768.4	50,710.7	48,270.3	45,709.6
GENERATION					
Group Installed Capacity (MW)	11,137.5	10,854.5	9,383.2	9,148.2	7,624.7
SALES OF ELECTRICITY					
Total Units Sold (GWh)	72,921.4	68,254.3	63,533.6	59,417.4	56,210.1
Sales Revenue (RM ¹ million)	17,219.4	15,973.9	14,932.5	13,951.8	13,220.0
CUSTOMERS					
Total Number of Customers	6,323,719	6,069,561	5,789,181	5,522,325	5,311,098
EMPLOYEES (GROUP)					
Total Number of Employees	26,989	27,238	25,686	25,125	24,334
SHAREHOLDERS					
Total Number of Bumiputera Shareholders	6,526	6,778	7,118	7,631	8,182
Total Number of Non-Bumiputera Shareholders	15,726	16,471	16,669	17,277	18,792
Total Number of Institutional Shareholders	497	612	580	553	668
Total Number of Foreign Shareholders	715	702	883	1,325	2,761
Total Number of Government Agency Shareholders	42	43	54	50	45
Total Number of Nominee Company Shareholders	4,717	2,499	2,684	2,851	3,479
DIVIDENDS (GROSS)					
	18.2 sen	12.0 sen	10.2 sen	10.0 sen	10.0 sen
FINANCIAL RATIOS[#]					
Debt-Equity (Net of Cash) Ratio	1.94	2.11	1.98	1.66	1.85
Earnings Per Share (sen)	26.1	34.1	30.7	67.8	42.9
Net Tangible Assets Per Share (sen)	460	449	455	531	467

[#] The financials for 2000-2002 have not been adjusted for the provisions of MASB 29-Employee Benefits.

a b o u t t h e c o v e r

ILLUMINATING LIFE



The essentials in life are expressed in the children's innocence as they gently protect the glowing fireflies. Their action depicts the fundamental and core values of honesty, trust and care.

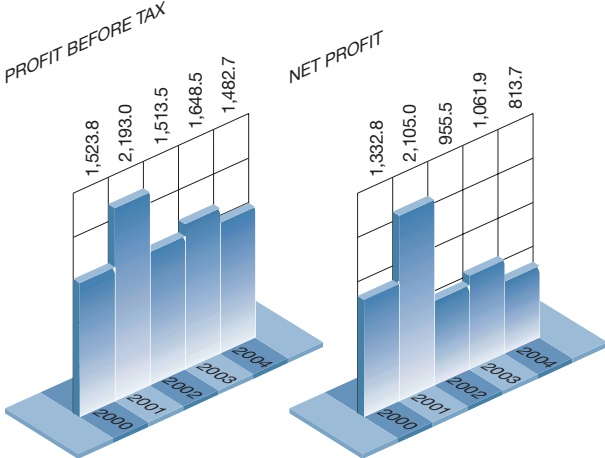
The natural illumination of the fireflies shines brightly even in the darkness of night, their guiding light ever so reliable and steadfast. Their existence must not be taken for granted just as we should not take electricity's power for granted.

Electricity touches our lives in a multitude of ways that we fail to comprehend or realise. A simple change to that constant can result in a drastic change to life. At TNB, we always strive to give our very best in everything we do because of our values of integrity, customer first, caring and business excellence.

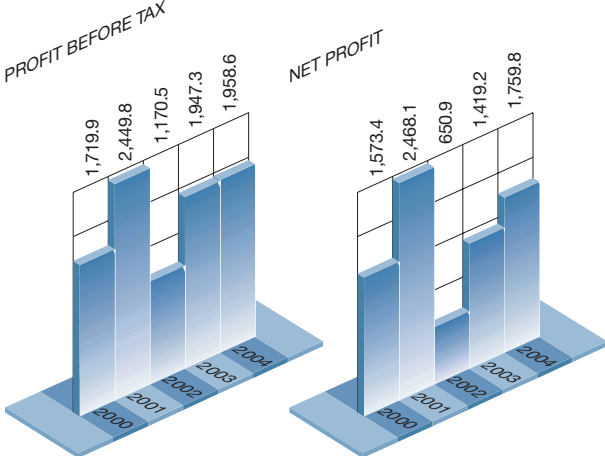
We believe in a simple philosophy – that we are here to illuminate life for everyone, everywhere, at all times.

performancecharts

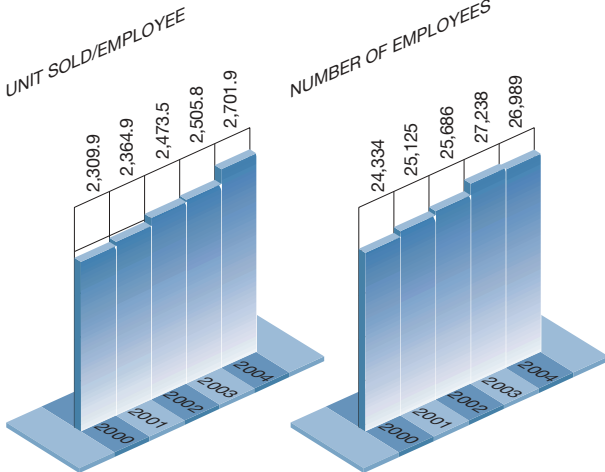
PROFIT BEFORE TAX AND NET PROFIT (GROUP)#



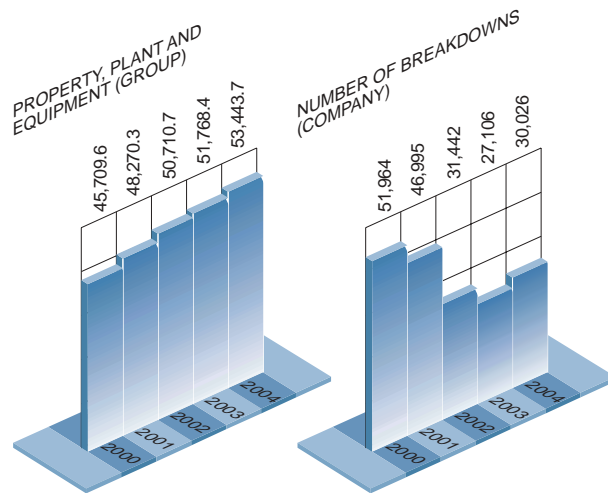
PROFIT BEFORE TAX AND NET PROFIT (COMPANY)#



PRODUCTIVITY (GROUP)



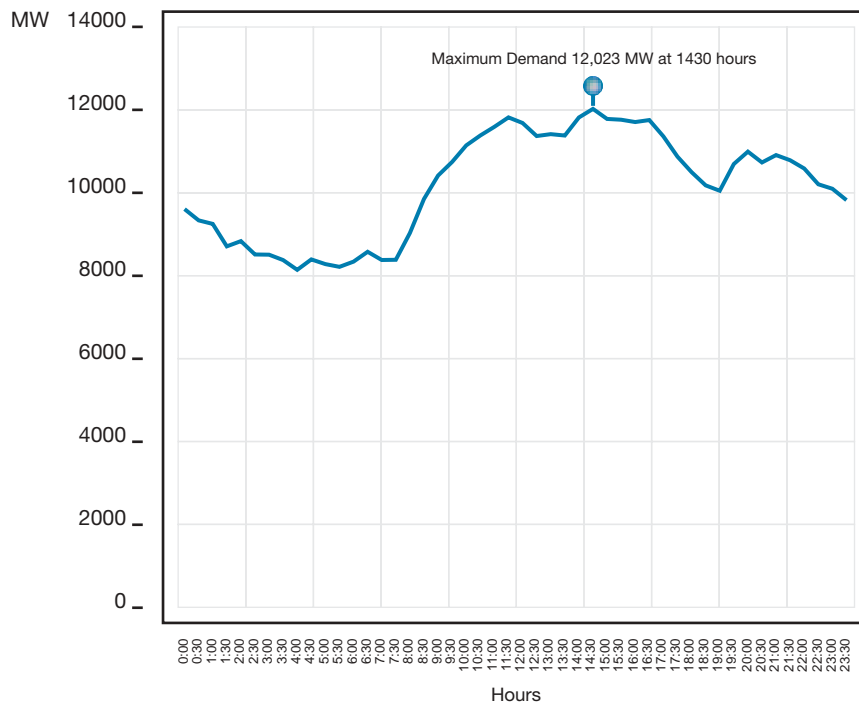
The financials for 2000-2002 have not been adjusted for the provisions of MASB 29-Employee Benefits.



PROPERTY, PLANT AND EQUIPMENT (GROUP)

NUMBER OF BREAKDOWNS (COMPANY)

DAILY LOAD CURVE FOR 13 MAY 2004

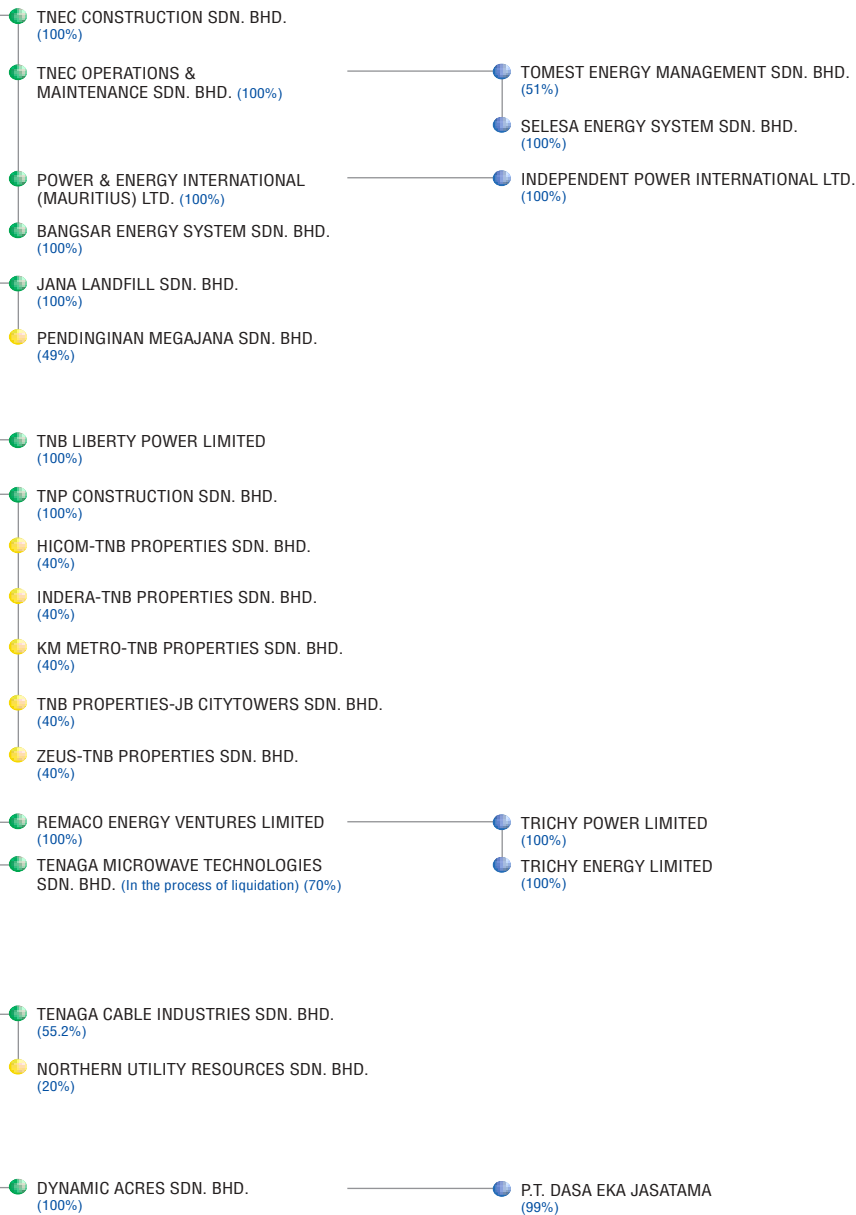


group corporate structure



DORMANT SUBSIDIARIES:

- TNB DISTRIBUTION SDN. BHD. (100%)
- SUMBER HIDRO MANAGEMENT SDN. BHD. (100%)
- TNB GENERATION SDN. BHD. (100%)
 - TNBG Power Services Sdn. Bhd. (100%)
- TNB HIDRO SDN. BHD. (100%)
- TNB-IT SDN. BHD. (100%)
- TNB KAPAR SDN. BHD. (100%)
- TNB KEKAL SDN. BHD. (100%)
- TNB LOGISTICS SDN. BHD. (100%)
- TNB PAKA SDN. BHD. (100%)
- TNB METERING SERVICES SDN. BHD. (100%)
- TNB RISK MANAGEMENT SDN. BHD. (100%)
- TNB PRAI SDN. BHD. (100%)
- TNB WORKSHOP SERVICES SDN. BHD. (100%)
- TNB TRANSMISSION NETWORK SDN. BHD. (100%)

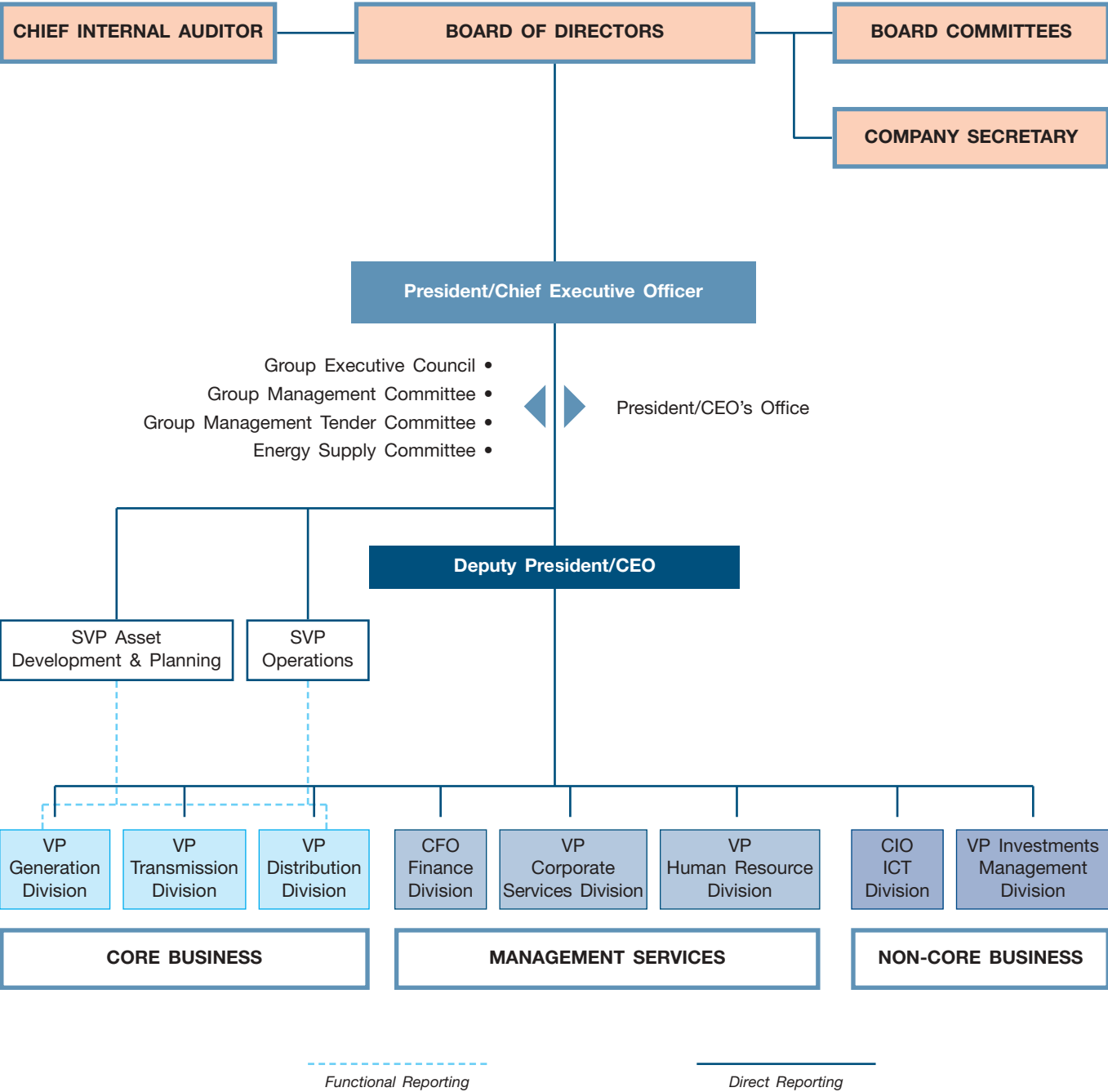


LEGEND:

- SUBSIDIARY
- SUB-SUBSIDIARY
- SUBSIDIARY OF SUB-SUBSIDIARY
- ASSOCIATE COMPANY OF SUBSIDIARY
- ASSOCIATE COMPANY
- INVESTMENT COMPANY
- TRUST FOUNDATION

Note:-
 (*) Pursuant to the Share Sale Agreement, 40% of the interest in Sepang Power Sdn. Bhd. (SPSB) will be disposed to Masjika Lagenda Sdn. Bhd. Accordingly, SPSB has been treated as an Associate Company on the basis of TNB's 30% equity interest in the Company.

organisational structure



financialcalendar

FINANCIAL CALENDAR FROM 1 SEPTEMBER 2003 TO 31 AUGUST 2004

RESULTS

First Quarter ended 30 November 2003	Announced on	27 January 2004
Second Quarter ended 29 February 2004	Announced on	27 April 2004
Third Quarter ended 31 May 2004	Announced on	27 July 2004
Fourth Quarter ended 31 August 2004	Announced on	27 October 2004

DIVIDEND

Interim	Announced on	27 April 2004
	Entitlement Date	15 June 2004
	Paid On	7 July 2004
Final & Special	Announced on	27 October 2004
	Entitlement Date	28 December 2004
	Payable On	24 January 2005

DISTRIBUTION OF ANNUAL REPORT 1 December 2004

FOURTEENTH ANNUAL GENERAL MEETING 23 December 2004

CLOSURE OF SHARE REGISTER 29 December 2004

corporateinformation

BOARD OF DIRECTORS

Datuk Amar Leo Moggie

(Non-Independent Non-Executive Chairman)
(Appointed w.e.f. 12.4.2004)

Dato' Che Khalib bin Mohamad Noh

(President/Chief Executive Officer)
(Non-Independent Executive Director)
(Appointed w.e.f. 1.7.2004)

Dato' Lau Yin Pin @ Lau Yen Beng

(Senior Independent Non-Executive Director)

Tan Sri Dato' Hari Narayanan a/l Govindasamy

(Independent Non-Executive Director)

Dato' Zainal Abidin bin Putih

(Independent Non-Executive Director)

Dato' Azman bin Mokhtar

(Non-Independent Non-Executive Director)
(Appointed w.e.f. 15.6.2004)

Datuk Mohd Zaid bin Ibrahim

(Non-Independent Non-Executive Director)
(Appointed w.e.f. 15.6.2004)

Dato' Abdul Rahim bin Mokti

(Non-Independent Non-Executive Director)
(Appointed w.e.f. 4.11.2004)

Puan Zalekha binti Hassan

(Non-Independent Non-Executive Director)
(Alternate Director to Dato' Abdul Rahim bin Mokti)
(Appointed w.e.f. 4.11.2004)

Datin Husniarti binti Tamin

(Non-Independent Non-Executive Director)
(Resigned w.e.f. 31.10.2004)

Dato' Kamariah binti Hussain

(Non-Independent Non-Executive Director)
(Alternate Director to Datin Husniarti binti Tamin)
(Resigned w.e.f. 31.10.2004)

Dato' Pian bin Sukro

(President/Chief Executive Officer)
(Non-Independent Executive Director)
(Resigned w.e.f. 1.7.2004)

Datuk Zainun Aishah binti Ahmad

(Independent Non-Executive Director)
(Resigned w.e.f. 7.6.2004)

Datuk Dr. Halim bin Shafie

(Non-Independent Non-Executive Director)
(Resigned w.e.f. 7.6.2004)

Dato' Syed Hamzah bin Syed Othman

(Non-Independent Non-Executive Director)
(Alternate Director to Datuk Dr. Halim bin Shafie)
(Resigned w.e.f. 7.6.2004)

Raja Dato' Zaharaton binti Raja Zainal Abidin

(Non-Independent Non-Executive Director)
(Resigned as Alternate Director to Datuk Iskandar Dzakurnain bin Badarudin w.e.f. 21.12.2003)
(Appointed and resigned as Non-Independent Non-Executive Director w.e.f. 8.3.2004 and 7.6.2004 respectively)

Dato' Dr. Awang Adek bin Hussin

(Non-Independent Non-Executive Chairman)
(Resigned w.e.f. 31.3.2004)

Dato' Shaziman bin Abu Mansor

(Independent Non-Executive Director)
(Resigned w.e.f. 31.3.2004)

Datin Paduka Hajjah Seripah Noli binti Syed Hussin

(Independent Non-Executive Director)
(Resigned w.e.f. 31.3.2004)

Ng Lip Yong @ Ng Lip Sat

(Independent Non-Executive Director)
(Resigned w.e.f. 31.3.2004)

Datuk Iskandar Dzakurnain bin Badarudin

(Non-Independent Non-Executive Director)
(Resigned w.e.f. 21.12.2003)

BOARD AUDIT COMMITTEE

Dato' Lau Yin Pin @ Lau Yen Beng
 Tan Sri Dato' Hari Narayanan a/l Govindasamy
 Dato' Zainal Abidin bin Putih
 Dato' Che Khalib bin Mohamad Noh

BOARD NOMINATION & REMUNERATION COMMITTEE

Datuk Amar Leo Moggie
 Tan Sri Dato' Hari Narayanan a/l Govindasamy
 Dato' Azman bin Mokhtar

COMPANY SECRETARIES

Zainal Abidin bin Yunus (LS 0008338)
 Nor Zakiah binti Abdul Ghani
 (LS 0008795)
 (Appointed w.e.f. 14.4.2004)

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
 Lot 10, The Highway Centre
 Jalan 51/205, 46050 Petaling Jaya
 Selangor Darul Ehsan, Malaysia
 Telephone : 603-7784 3922
 Facsimile : 603-7784 1988

PRINCIPAL BANKERS

Malayan Banking Berhad
 Level 1, Tower A, Dataran Maybank
 No. 1, Jalan Maarof
 59000 Kuala Lumpur, Malaysia

Bumiputra-Commerce Bank Berhad

Ground & 1st Floor
 No. 21 & 23, Lorong Ara Kiri 1
 Lucky Garden, Bangsar
 59100 Kuala Lumpur, Malaysia

Bank Islam Malaysia Berhad

Tingkat Bawah, No. CS/3B/G
 Block 3B, Plaza Sentral
 KL Sentral
 50734 Kuala Lumpur, Malaysia

RATINGS

Baa2 (Moody's)
 BBB (Standard & Poor's)
 AA1 (Rating Agency Malaysia
 Berhad)
 AA+ (Malaysian Rating Corporation
 Berhad)

AUDITORS

Messrs PricewaterhouseCoopers
 11th Floor, Wisma Sime Darby
 Jalan Raja Laut
 50350 Kuala Lumpur, Malaysia

REGISTERED OFFICE & HEADQUARTERS

Tenaga Nasional Berhad
 129, Jalan Bangsar
 59200 Kuala Lumpur, Malaysia
 Telephone : 603-2296 5566
 Facsimile : 603-2283 3686
 Website : www.tnb.com.my
 E-mail : CoSec@tnb.com.my

STOCK EXCHANGE LISTING**Main Board**

Bursa Malaysia Securities Berhad
 Malaysia

AMERICAN DEPOSITORY RECEIPTS PROGRAMME (ADR)

ADR Level 1

PROFILE OF board of directors



DATUK AMAR LEO MOGGIE

Chairman

Non-Independent Non-Executive Director

Datuk Amar Leo Moggie, 63 years of age and a Malaysian, was appointed as Non-Independent Non-Executive Director of TNB on 12 April 2004. He is currently Chairman of both the Board Finance & Investment Committee and the Board Nomination & Remuneration Committee.

Datuk Amar Leo Moggie holds a Master of Arts in History from University of Otago, New Zealand and a Masters in Business Administration from Pennsylvania State University, USA.

He held several senior ministerial posts at both the federal and state levels prior to his appointment as Chairman of TNB. Datuk Amar Leo Moggie was formerly Minister of Energy, Communications and Multimedia (1998-2004), Minister of Energy, Telecommunications and Posts (1995-1998), Minister of Works (1989-1995) and Minister of Energy, Telecommunications and Posts (1978-1989) in the Federal Cabinet and Minister of Local Government (1977-1978) and Minister of Welfare Services (1976-1977) in the State Government of Sarawak.

He began his career as a Civil Servant and held various positions in the Sarawak State Civil Service from 1966 to 1974. He was a member of the Sarawak Legislative Assembly from 1974-1978.

Datuk Amar Leo Moggie attended all the 9 Board Meetings held since his appointment.

DATO' CHE KHALIB BIN MOHAMAD NOH

President/Chief Executive Officer

Non-Independent Executive Director

Dato' Che Khalib bin Mohamad Noh, 39 years of age and a Malaysian, was appointed as a Non-Independent Executive Director of TNB on 1 July 2004. He sits on the Board of Finance & Investment Committee, Board Tender Committee, Board Audit Committee and Board Disciplinary Committee.

He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

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

He also sits on the Board of Bank Industri & Teknologi Malaysia Berhad.

He attended all the 4 Board Meetings held since his appointment.



DATIN HUSNIARTI BINTI TAMIN

Non-Independent Non-Executive Director

Resigned w.e.f. 31 October 2004

Datin Husniarti binti Tamin, 56 years of age and a Malaysian. She was appointed as Non-Independent Non-Executive Director to the Board of TNB on 4 August 2000. She was Chairman of Board Tender Committee and a member of Board Finance & Investment Committee, Board Nomination & Remuneration Committee and Board Disciplinary Committee.

She holds an Honours Degree in Economics (Applied Economics) from University of Malaya, Malaysia and a Masters in Business Administration from University of Oregon, USA.

She has held several key positions in the civil service, among others Director of Energy Section, Economic Planning Unit; Deputy Secretary General (Energy), Ministry of Energy, Communication & Multimedia and Deputy Secretary General (Systems and Controls), Ministry of Finance.

She attended all 19 Board Meetings held in the Financial Year.





DATO' ABDUL RAHIM BIN MOKTI

Non-Independent Non-Executive Director

Dato' Abdul Rahim bin Mokti, 54 years of age and a Malaysian. He was appointed as a Non-Independent Non-Executive Director to the Board of TNB on 4 November 2004. He is Chairman of Board Tender Committee and a member of Board Finance & Investment Committee, Board Nomination & Remuneration Committee and Board Disciplinary Committee.

He holds a Bachelor of Economics (Statistics) from University of Malaya, Malaysia.

He joined the Civil Service as an Assistant Secretary (Finance Division) of the Treasury, and later became an Assistant Director of the International Trade Division, Ministry of Trade and Industry in 1976. He also served as Malaysian Trade Commissioner in Paris, Milan and Jeddah. In 1986, he was promoted to Principal Assistant Secretary of the Finance Division before being appointed as Deputy Under Secretary of the Finance Division in 1998. In September 2000, he assumed the position of Under Secretary, MoF Coordination, Privatisation and Public Enterprise Division. He is currently the Deputy Secretary General (Systems & Controls), Ministry of Finance.

His directorship in other public companies are Padiberas Nasional Berhad, Bintulu Port Holdings Berhad, Syarikat Prasarana Negara Berhad and Penerbangan Malaysia Berhad.

He has not attended any Board Meeting during the Financial Year ended 31 August 2004 as his appointment took effect after the Financial Year close.



DATO' AZMAN BIN MOKHTAR

Non-Independent Non-Executive Director

Dato' Azman bin Mokhtar, 43 years of age and a Malaysian, was appointed as Non-Independent Non-Executive Director to the Board of TNB on 15 June 2004. He sits on the Board Finance & Investment Committee and Board Nomination & Remuneration Committee.

Currently he is the Managing Director of Khazanah Nasional Berhad. His previous appointments include as Managing Director of Bina Fikir Sdn Bhd; Director and Head of Research at Solomon Smith Barney and Union Bank of Switzerland and Finance Manager, Lembaga Elektrik Negara/Tenaga Nasional Berhad.

He holds a Masters of Philosophy in Development Studies from Darwin College, Cambridge University, UK and a Diploma in Islamic Studies from International Islamic University, Malaysia.

He is also a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Chartered Financial Analyst (CFA).

He sits on the boards of Telekom Malaysia Berhad, United Engineers (Malaysia) Berhad and UEM World Berhad.

He attended 4 out of 5 Board Meetings held since his appointment.

DATO' LAU YIN PIN @ LAU YEN BENG
Senior Independent Non-Executive Director

Dato' Lau Yin Pin @ Lau Yen Beng, 55 years of age and a Malaysian, is the Senior Independent Non-Executive Director of TNB. He chairs the Board Audit Committee and sits on the Board Tender Committee.

He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) since 1979, a Fellow Member of the Chartered Association of Certified Accountants (ACCA), UK since 1981 and also a graduate of the Institute of Chartered Secretaries and Administrators (ICSA), UK. He obtained his Diploma in Commerce (with Distinction), from the then Kolej Tunku Abdul Rahman.

He sits on the Board of YTL Power International Berhad.

He attended 16 out of 19 Board Meetings held in the Financial Year.



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

Tan Sri Dato' Hari Narayanan, 54 years of age and a Malaysian, is an Independent Non-Executive Director of TNB. He is a member of the Board Audit Committee and Board Nomination & Remuneration Committee.

Tan Sri Dato' Hari Narayanan, a Businessman is also a Director of SP Setia Berhad and Puncak Niaga Holdings Berhad.

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

He has extensive experience in electrical and electronics engineering and has held various positions such as Electrical Engineer, Inchcap Berhad; Project Manager of Tamco Cutler-Hammer Sdn Bhd; Chairman of Noblemax Resources Sdn Bhd and Deputy Chairman of Emrail Sdn Bhd.

He has attended 14 out of 19 Board Meetings held in the Financial Year.





DATO' ZAINAL ABIDIN BIN PUTIH
Independent Non-Executive Director

Dato' Zainal Abidin bin Putih, 58 years of age and a Malaysian, was appointed as Independent Non-Executive Director of TNB on 1 May 2003. He sits on the Board Finance & Investment Committee as well as the Board Audit Committee.

He is presently an Advisor to Ernst & Young Malaysia and Chairman of the Malaysian Accounting Standard Board (MASB).

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

He was also the past Chairman of Mentakab Rubber Company Berhad, a Past President of Malaysian Institute of Certified Public Accountant (MICPA), a past member of Multimedia & Communication Commission of Malaysia and a Trustee of IJN Foundation.

His directorship in other public companies are Commerce International Merchant Banker Berhad, CIMB Berhad, ESSO Malaysia Berhad and also the Chairman of Pengurusan Danaharta Nasional Berhad.

He attended 16 out of 19 Board Meetings held during the Financial Year.



DATUK MOHD ZAID BIN IBRAHIM

Non-Independent Non-Executive Director

Datuk Mohd Zaid bin Ibrahim, 53 years of age and a Malaysian, was appointed as a Non-Independent Non-Executive Director to the Board of TNB on 15 June 2004. He is Chairman of the Board Disciplinary Committee.

Datuk Mohd Zaid has extensive experience in advising on a broad spectrum of legal matters encompassing corporate, administrative, constitutional, construction, financing and commercial law. He has served as an advocate and solicitor of the High Court of Malaysia and as a Notary Public. Currently Datuk Mohd Zaid is Chairman of Zaid Ibrahim & Co.

He qualified as a Barrister-at-Law from the Inner Temple, UK and holds a Bachelor of Laws (Honours) from University of London, UK.

He attended 3 out of 5 Board Meetings held since his appointment.

DATO' KAMARIAH BINTI HUSSAIN

Non-Independent Non-Executive Director
(Alternate Director to Datin Husniarti binti Tamin)
Resigned w.e.f. 31 October 2004

Dato' Kamariah binti Hussain, 56 years of age and a Malaysian, was appointed as Alternate Director to Datin Husniarti binti Tamin on 4 August 2000. She sat on the Board Finance & Investment Committee, Board Nomination & Remuneration Committee and Board Disciplinary Committee.

She has spent most of her civil service career at the Ministry of Finance holding various positions such as Assistant Secretary, Principal Assistant Secretary and Deputy Secretary of the Ministry. Currently she is the Tax Advisor, Tax Analysis Division, Treasury, Ministry of Finance.

She holds an Honours Degree in Economics from University of Malaya, Malaysia and a Masters in Public Administration from Pennsylvania State University, USA.





ZALEKHA BINTI HASSAN

Non-Independent Non-Executive Director
(Alternate Director to Dato' Abdul Rahim bin Mokti)

Zalekha binti Hassan, 51 years of age and a Malaysian. She was appointed as Alternate Director to Dato' Abdul Rahim bin Mokti on 4 November 2004. She sits on the Board Finance & Investment Committee, Board Nomination & Remuneration Committee and Board Disciplinary Committee.

She holds a Bachelor of Arts (Honours) from University of Malaya, Malaysia.

She has held various key positions in the civil service among others, Deputy Secretary, Government Procurement, Management Division of the Ministry of Finance; Senior Assistant Director, Budget Division of the Ministry of Finance; Secretary, Ministry of National Unity and the Community Development; Principal Assistant Secretary, Ministry of Welfare; Principal Assistant Director, Public Services Department; and Assistant Secretary, Ministry of Health. She is currently the Secretary, Government Procurement Management Division, Ministry of Finance.

She has not attended any Board Meeting during the Financial Year ended 31 August 2004 as her appointment took effect after the Financial Year close.

**ZAINAL ABIDIN BIN YUNUS**

Company Secretary

Zainal Abidin bin Yunus, 55 years of age and a Malaysian, began his career as an Assistant Secretary with Lembaga Letrik Negara in September 1973. He served in the Secretary Department until August 1991, after which he was transferred to Corporate Services Division of TNB to take up the post as Senior Manager (Procurement). Later, in January 1995 he was appointed as Assistant General Manager (Procurement Services). In August 2001, he was transferred to the Company Secretary's Office to take up the post of Deputy Secretary and was subsequently appointed as Company Secretary in April 2002.

He holds a Bachelor of Arts Degree (Honours) from University Malaya, Malaysia.

NOR ZAKIAH BINTI ABDUL GHANI

Joint Company Secretary

Nor Zakiah binti Abdul Ghani, 43 years of age and a Malaysian, is currently the Joint Company Secretary of TNB being appointed to this post in April 2004 and assuming the post of Deputy Company Secretary.

She holds a Bachelor of Law Degree from University Technology Mara (UiTM), Malaysia. She was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990.

Her previous appointments have been General Manager (Legal and Commercial) in TNB Generation Sdn Bhd, Senior Manager (Contract Management) in the Procurement Department and Executive Legal Assistant in the Company Secretary's Department, Lembaga Letrik Negara.



REPORT OF THE boardauditcommittee

The Board Audit Committee (BAC) of Tenaga Nasional Berhad (TNB) is pleased to present its report for the year ended 31 August 2004.

The BAC was established by the Board of Directors on 9 December 1990 to assist the Board of Directors in fulfilling its responsibilities in respect of:-

- Overseeing the Group's financial reporting process, including internal control structure and procedures for financial reporting and monitoring the integrity and appropriateness of the Group's financial statements
- The manner in which the Group's management ensures and monitors the adequacy of internal control systems to enhance risk management processes designed to manage significant risk exposure
- Selection and compensation of Group External Auditor
- Independence and performance of Group Internal Audit and External Auditor

MEMBERSHIP

The BAC currently comprises of four (4) directors as follows:

1. **Dato' Lau Yin Pin @ Lau Yen Beng** – Chairman
Senior (Independent Non-Executive Director)
 2. **Tan Sri Dato' Hari Narayanan a/I Govindasamy**
(Independent Non-Executive Director)
 3. **Dato' Zainal Abidin bin Putih** (appointed w.e.f. 28.10.2003)
(Independent Non-Executive Director)
 4. **Dato' Che Khalib bin Mohamad Noh** (appointed w.e.f. 15.7.2004) – President/CEO
Non-Independent Executive Director
- YB Ng Lip Yong @ Ng Lip Sat** (resigned w.e.f. 31.3.2004)
(Independent Non-Executive Director)
- Datin Paduka Hajjah Seripah Noli binti Syed Hussin** (resigned w.e.f. 31.3.2004)
(Independent Non-Executive Director)

The BAC is governed by its Terms of Reference as stipulated in pages 51 to 55. Dato' Lau Yin Pin @ Lau Yen Beng and Dato' Zainal Abidin bin Putih, both Independent Non-Executive Directors, are also members of the Malaysian Institute of Accountants.



■ **Dato' Lau Yin Pin @ Lau Yen Beng**
Chairman – Senior Independent Non-Executive Director



from left to right

- **Tan Sri Dato' Hari Narayanan a/l Govindasamy**
Independent Non-Executive Director
- **Dato' Zainal Abidin bin Putih**
Independent Non-Executive Director
- **Dato' Che Khalib bin Mohamad Noh**
Non-Independent Executive Director

MEETINGS

During the financial year under review, the committee met fourteen (14) times. The attendance of each committee member is as follows:-

Name of Director	Attendance
Dato' Lau Yin Pin @ Lau Yen Beng (Chairman)	14/14
Tan Sri Dato' Hari Narayanan a/l Govindasamy	12/14
Dato' Zainal Abidin bin Putih (appointed w.e.f. 28.10.2003)	9/11
Dato' Che Khalib bin Mohamad Noh (appointed w.e.f. 15.7.2004)	4/4
Datin Paduka Hajjah Seripah Noli binti Syed Hussin (resigned w.e.f. 31.3.2004)	4/7
YB Ng Lip Yong @ Ng Lip Sat (resigned w.e.f. 31.3.2004)	7/7

In addition to Group Internal Audit, officers of the company, and the Group External Auditor were also invited to attend BAC meetings to brief or provide input during deliberations on the issues raised in Audit reports.

To ensure that prompt attention is given by local management to take corrective action, BAC meetings were also held at regional offices to provide Committee Members the opportunity to meet management and understand local issues and concerns. This is to demonstrate to local management the importance placed by the Board on issues and concerns raised by the audit.

SUMMARY OF ACTIVITIES OF BOARD AUDIT COMMITTEE

In summary, the activities of the Board Audit Committee during the financial year 2003/04 were as follows:-

Risk Management

- Review adequacy, effectiveness and integrity of risk management, internal control and corporate governance systems.

Internal Audit

- Approve the audit plan, scope and budget for the Group Internal Audit.
- Assess the performance of Group Internal Audit.

External Audit

- Make recommendations to the Board of Directors on the appointment and remuneration of the Group External Auditor.
- Approve the External Audit plan and scope for the financial year
- Assess the performance of Group External Auditor.

Audit Reports

- Deliberate on Internal Audit and External Audit reports on the effectiveness of the Group's financial and operational systems, and monitor implementation of corrective actions by management.

Financial Reporting

- Deliberate on Quarterly Financial Announcements and Annual Financial Statements to Bursa Malaysia and recommend for approval by the Board of Directors.

Related Party Transactions

- Ensure disclosure of all related party transactions that may arise within TNB and its subsidiary companies.

GROUP INTERNAL AUDIT

TNB has an established Group Internal Audit (GIA) department that reports directly to and assists the BAC in monitoring the integrity of the Group's internal controls and mitigating risk exposures. The key objectives of GIA, as approved by the BAC, are to:-

- Assess the design and operating effectiveness of the systems of internal control governing key business processes throughout the Group
- Assess the effectiveness of risk management practices in the Group
- Assess utilisation of resources in ensuring effectiveness, efficiency and economy of Group's business processes
- Assist the Board in meeting its corporate governance and regulatory responsibilities

To fulfill these objectives, GIA has formulated a two-year rolling Internal Audit Plan that focuses on areas that have significant and material impact on the Group.

During the Financial Year under review, GIA conducted 63 audits including 4 non-core subsidiary audits that were outsourced to professional audit firms, covering the following:-

Functions**Areas of Focus**

Core Business Functions
(covering Generation,
Transmission and Distribution
of electricity throughout
Peninsular Malaysia)

- Operational efficiency and plant reliability
- System reliability
- Metering, billing and revenue collection
- Implementation of major projects
- Human Resource Management
- Materials Management
- Financial Management
- Safety and environmental management

Functions**Areas of Focus**

Corporate Functions

- Corporate Planning, Development and Services
- Compensation and Benefits
- Procurement and award of contracts
- Property Maintenance Management
- IT System (Customer Information and Billing System)

Non-Core Subsidiaries

- Financial, management and operations

The resulting reports from the audits undertaken are forwarded to management for their comments and proposed remedial actions before tabling to the BAC.

To ensure that GIA keeps abreast with internal audit best practices, emphasis is placed on formal staff development and on-the-job training including co-sourcing arrangements with a firm of qualified accountants.

In addition, with Enterprise-Wide Risk Management System in place for the Group, GIA is able to efficiently allocate resources towards enhancing effectiveness of risk management, governance and internal control systems.

**Dato' Lau Yin Pin @ Lau Yen Beng**

Chairman

Board Audit Committee

Tenaga Nasional Berhad

(Senior Independent Non-Executive Director)

terms of reference

OF THE BOARD AUDIT COMMITTEE

1. CONSTITUTION

- 1.1 The Board of Directors of Tenaga Nasional Berhad (TNB), in accordance with Article 146 of the Memorandum and Articles of Association of TNB, has established a Committee of the Board, known as the Board Audit Committee (BAC), vide Minute No. 39/90 on 9 October 1990.
- 1.2 The function and authority of the BAC extends to TNB and all its subsidiaries, joint ventures and associates where management responsibility is vested to TNB or subsidiaries of TNB (Collectively referred to as the "Group").

2. COMPOSITION OF THE COMMITTEE

- 2.1 The members of the BAC shall be appointed by the Board of Directors of TNB and shall consist of not less than three (3) members. The majority of whom shall be independent in accordance with the definition in Bursa Malaysia Listing Requirements.
- 2.2 Where the members for any reason are reduced to less than three (3), that Board shall within one (1) month of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 2.3 At least one (1) member of the Committee must meet the criteria set by the Bursa Malaysia Listing Requirements, i.e.:
 - i) must be a member of the Malaysian Institute of Accountants or
 - ii) if he/she is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience, and:-
 - a) he/she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - b) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

- 2.4 The Board shall elect a Chairman from the Committee who shall be an independent director as set out in the Bursa Malaysia Listing Requirements.
- 2.5 All members shall hold office only for as long as they serve as directors of TNB.
- 2.6 No alternate Directors shall be appointed to the BAC.

3. CHAIRMAN OF THE COMMITTEE

- 3.1 The following are the main duties and responsibilities of the Chairman of the Committee:-
 - 3.1.1 to steer the Committee to achieve its objectives;
 - 3.1.2 to provide leadership to the Committee and ensure proper flow of information to the Committee, review adequacy and timing of documentation;
 - 3.1.3 to provide a reasonable time for discussion at the Committee meetings. Organise and present the agenda for Committee meetings based on input from Members and ensure that all relevant issues are on the agenda. In addition, the Chairman should encourage a healthy level of skepticism and independence;
 - 3.1.4 to ensure that consensus is reached on every Committee resolution and where considered necessary, call for a vote and the decision will be made by simple majority. Dissenting opinions should be captured;
 - 3.1.5 to manage the process and working of the Committee and ensure that the Committee discharges its responsibilities;
 - 3.1.6 to ensure that all members participate in the discussion to enable effective decisions to be made; and
 - 3.1.7 the Chairman of the BAC shall be available to answer questions about the Committee's work at the Annual General Meeting of the Company.

4. COMMITTEE MEMBERS

4.1 Each Committee Member is expected to:-

- 4.1.1 provide independent opinions to the fact-finding, analysis and decision making process of the Committee, based on their experience and knowledge;
- 4.1.2 consider viewpoints of the other committee members; and make decisions and recommendations for the best interest of the Group;
- 4.1.3 keep abreast of the latest corporate governance guidelines in relation to the Committee and the Board as a whole; and
- 4.1.4 continuously seek out best practices in terms of the processes utilised by the Committee, following which these should be discussed with the rest of the Committee for possible adoption.

5. OBJECTIVES OF THE COMMITTEE

The objectives of the Committee are:

- 5.1 to ensure transparency, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the shareholders;
- 5.2 to provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- 5.3 to improve the Group's business efficiency, the quality of the accounting and audit function and strengthening public confidence in the Group's reported financial results;
- 5.4 to maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External and Internal Auditors;
- 5.5 to ensure the independence of the external and internal audit functions; and

- 5.6 to create a climate of discipline and control which will reduce the opportunity for fraud.

6. AUTHORITY OF THE COMMITTEE

The Committee is authorised by the Board to:

- 6.1 investigate any activity within its Terms of Reference; or as directed by the Board of Directors;
- 6.2 determine and obtain the resources required to perform its duties, including approving the budget for the external and internal audit functions;
- 6.3 have full and unrestricted access to all employees, the Group's properties and works, to all books, accounts, records and other information of the Group in whatever form;
- 6.4 have direct communication channels with external auditors and person(s) carrying out the internal audit function or activity for the Group;
- 6.5 direct the Internal Audit Function in the Group;
- 6.6 approve the appointment of the Head of Internal Audit;
- 6.7 engage independent advisers and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- 6.8 to review the adequacy of the structure and Terms of Reference of the Board Committees, including the BAC.

7. FUNCTIONS OF THE COMMITTEE

The functions and responsibilities are as follows:

- 7.1 Corporate Financial Reporting
 - 7.1.1 To review and recommend acceptance or otherwise of accounting policies, principles and practices.

- 7.1.2 To review the quarterly results and annual financial statements of the Company and Group before submission to the Board. The review should focus primarily on:
- i. any changes in existing or implementation of new accounting policies;
 - ii. major judgement areas, significant and unusual events;
 - iii. significant adjustments resulting from audit;
 - iv. the going concern assumptions;
 - v. compliance with accounting standards; and
 - vi. compliance with Bursa Malaysia Listing Requirements and other legal and statutory requirements.
- 7.1.3 To review with management and the external auditors the results of the audit, including any difficulties encountered.
- 7.2 Enterprise-Wide Risk Management
- 7.2.1 To review the adequacy of and to provide independent assurance to the Board of the effectiveness of risk management functions in the TNB Group.
- 7.2.2 To ensure that the principles and requirements of managing risk are consistently adopted throughout the TNB Group.
- 7.2.3 To deliberate on the key risk issues highlighted by Group Risk Management Committee in their reports to BAC.
- 7.3 Internal Control
- 7.3.1 To assess the quality and effectiveness of the systems of internal control and the efficiency of the Group's operations.
- 7.3.2 To review the findings on internal control in the Group by internal and external auditors.
- 7.3.3 To review and approve the Statement on Internal Control for the Annual Report as required under Bursa Malaysia Listing Requirements.
- 7.4 Internal Audit
- 7.4.1 To approve the Corporate Audit Charters of internal audit functions in the Group.
- 7.4.2 To ensure that the internal audit functions have appropriate standing in the Group and have the necessary authority and resources to carry out their work. This includes a review of the organisational structure, resources, budgets and qualifications of the internal audit personnel.
- 7.4.3 To review internal audit reports and management's response and actions taken in respect of these. Where actions are not taken within an adequate time frame by management, the BAC will report the matter to the Board.
- 7.4.4 To review the adequacy of internal audit plans and the scope of audits, and ensure that the internal audit functions are carried out without any hindrance.
- 7.4.5 To appraise the performance of Head of Internal Audit.
- 7.4.6 To be informed of resignations and transfers of senior internal audit staff and provide resigning/transferred staff an opportunity to express their views.
- 7.4.7 To direct any special investigation to be carried out by Internal Audit.

7.5 External Audit

- 7.5.1 To nominate the External Auditors together with such other functions as may be agreed to by the Board and recommend for approval of the Board the external audit fee, and consider any questions of resignation or termination.
- 7.5.2 To review external audit reports and management's response and actions taken in respect of these. Where actions are not taken within an adequate timeframe by management, the BAC will report the matter to the Board.
- 7.5.3 To review external audit plans and scope of work.
- 7.5.4 The BAC shall meet the external auditors at least twice a year to discuss problems and reservations arising out of external audits and any matters the auditors may wish to discuss, in the absence of management, Executive Directors or non-independent Directors where necessary.

7.6 Corporate Governance

- 7.6.1 To review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) of any instances of non-compliance.
- 7.6.2 To review the findings of any examinations by regulatory authorities.
- 7.6.3 To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of integrity.
- 7.6.4 To review and approve the Statement of Corporate Governance for the Annual Report as required under Bursa Malaysia Listing Requirements.

- 7.6.5 To review the investor relations programme and shareholder communications policy for the company.
- 7.6.6 To examine instances and matters that may have compromised the principles of corporate governance and report back to the Board.
- 7.6.7 To develop and regularly review TNB's Code of Corporate Governance and Business Ethics.
- 7.6.8 Where the BAC is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of Bursa Malaysia Listing Requirements, the BAC must promptly report such matters to Bursa Malaysia.

8. COMMITTEE MEETINGS

- 8.1 The Committee shall convene meetings as and when required, and at least six (6) times during the financial year of TNB.
- 8.2 The number of Committee meetings held a year and the details of attendance of each individual member in respect of meetings held should be disclosed in the annual report.
- 8.3 The Chairman of the Committee, or the Secretary on the requisition of any member, the Head of Internal Audit or the External Auditors, shall at any time summon a meeting of the Committee by giving reasonable notice. It shall not be necessary to give notice of a Committee meeting to any member for the time being absent from Malaysia.
- 8.4 No business shall be transacted at any meeting of the Committee unless a quorum is present. The quorum for each meeting shall be three (3) members.

- 8.5 The Chairman of the Committee shall chair the Committee meetings and in his absence, the members present shall elect one amongst themselves to be the Chairman of the meeting.
- 8.6 In appropriate circumstances, the Committee may deal with matters by way of circular reports and resolution in lieu of convening a formal meeting.
- 8.7 Officers of the Group or others as necessary may be invited to attend meetings where the Committee considers their presence necessary.
- 8.8 All recommendations of the Committee shall be submitted to the Board for approval.
- 8.9 A Committee member shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this causes insufficient Directors to make up a quorum, the Committee has the right to appoint another Director(s), which meets the membership criteria.
- 8.10 The Committee, through its Chairman, shall report to the Board after each meeting.
- 8.11 Subject to the provisions of this Terms of Reference and Memorandum and Articles of Association of TNB, the Committee shall establish its own procedures for meetings.

9. SECRETARY OF THE COMMITTEE

- 9.1 The Secretary of the Committee shall be the Company Secretary.
- 9.2 The Secretary shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee. The Agenda shall be sent to all members of the Committee and the Head of Internal Audit at least three (3) working days before each meeting together with the relevant papers.
- 9.3 The Secretary shall promptly prepare the written minutes of the meeting and distribute it to each member. The minutes of the Committee meeting shall be confirmed and signed by the Chairman of the meeting at the next succeeding meeting.
- 9.4 The minutes of each meeting shall be entered into the minutes book kept at the registered office of the Company under the custody of the Company Secretary. The minutes shall be available for inspection by the members of the Board, external auditors, internal auditors, and other persons deemed appropriate by the Company Secretary.

10. DISCLOSURE

- 10.1 The Committee shall assist the Board in making disclosures concerning the activities of the Committee, in the Report of the Board Audit Committee, to be issued in the Annual Report.
- 10.2 The Board requires all Directors to submit a Disclosure of Interest to avoid any conflict between their personal interests and the interests of the Company. In the event of a conflict, either perceived or actual, this Disclosure of Interest shall be submitted to the Chairman of the Committee with a copy to the Company Secretary.

11. REVISION OF THE TERMS OF REFERENCE

- 11.1 Any revision or amendment to the Terms of Reference, as proposed by the Committee or any third party, shall be presented to the Board for its approval.
- 11.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

groupexecutivecouncil



■ **Dato' Che Khalib bin Mohamad Noh**
President/Chief Executive Officer

Below from left to right

■ **Datuk Abdul Hadi bin Mohd Deros**
Deputy President/CEO

■ **Datuk Md. Sidek bin Ahmad**
Senior Vice President, Operations

■ **Izzaddin Idris**
Chief Financial Officer



Group Executive Committee

This committee is established for the purpose of reviewing the Group's strategies and policies, overall performance of the Group as well as promotions of executives for E16 and below. It is also responsible to coordinate business planning strategies and Group wide policies. The Committee monitors and oversees the activities and performance of other Group Management Committees which covers the appointments of Members of the respective committees.

energy supply committee

Energy Supply Committee

The Committee is in charge of planning across TNB's value chain in areas involving the development of the electricity business. The Committee is also the authority to deliberate and recommend power system development and approving reports on transmission projects. It is also responsible for endorsing reports for approval by Government Agencies on national demand forecast, generation development plan, major transmission development plan and evaluation reports on Request For Proposal (RFP). In addition to advising on generation and transmission expansion plans to Government Agencies, it is also responsible for formulating recommendations to be approved by the Group Executive Council.



■ **Dato' Che Khalib bin Mohamad Noh**
President/Chief Executive Officer



from left to right

- **Datuk Abdul Hadi bin Mohd Deros**
Deputy President/CEO/Senior Vice President,
Asset Development & Planning
- **Datuk Md. Sidek bin Ahmad**
Senior Vice President, Operations
- **Abdul Razak bin Abdul Majid**
Vice President, Generation



from left to right

- **Dato' Mohd Zainal bin Azirun**
Vice President, Transmission
- **Ir. Aishah binti Dato' Haji Abdul Rauf**
Vice President, Distribution
- **Abu Safian bin Talib**
Managing Director,
Sabah Electricity Sdn Bhd

groupmanagementcommittee



■ **Dato' Che Khalib bin Mohamad Noh**
President/Chief Executive Officer



from left to right

- **Datuk Abdul Hadi bin Mohd Deros**
Deputy President/CEO
- **Datuk Md. Sidek bin Ahmad**
Senior Vice President, Operations
- **Abdul Razak bin Majid**
Vice President, Generation
- **Dato' Mohd Zainal bin Azirun**
Vice President, Transmission

Group Management Committee

The Group Management Committee is responsible for reviewing the Operational Policies and Procedures as well as determining the budget for the annual staff increment and bonus for the Group as a whole. It is also responsible for screening and recommending investments proposals for submission to the Board.

from left to right

- **Ir. Aishah binti Dato' Haji Abdul Rauf**
Vice President, Distribution
- **Izzaddin Idris**
Chief Financial Officer
- **Che Zurina binti Zainul Abidin**
Vice President, Corporate Services



from left to right

- **Datuk Azizah binti Osman**
Vice President, Human Resource
- **Dato' Sabariah binti Sabtu**
Chief Information Officer
- **Nik Ibrahim bin Nik Mohamed**
Vice President, Investments Management