

**NOTE TO EDITOR**

Tenaga Nasional Berhad (“TNB”) today announced the Group’s unaudited first Quarter financial results for the 3 months ended 30 November 2003 (“FY2004”).

**Highlights of Results**

	<b>1<sup>st</sup> Qtr FY2004</b>	<b>1<sup>st</sup> Qtr FY2003</b>	<b>% +/-</b>
Total Revenue (RM mill.)	4,243.9	4,055.9	4.6
Operating Expenses (RM mill.)	3,436.0	3,331.2	3.1
Operating Profit (RM mill.)	859.4	790.1	8.8
Profit from Ordinary Activities After Tax (RM mill.)	509.3	484.4	5.1
Less Non Cash Items:			
Forex Translation (RM mill.)	(382.7)	293.5	-230.4
Deferred Taxation (RM mill.)	(153.0)	(114.7)	33.4
Net Position (RM mill.)	(26.4)	663.2	-104.0

TNB recorded an operating profit of RM859.4 million in the first quarter of FY2004, an 8.8% increase compared to RM790.1 million in the corresponding quarter of FY2003. Profit from ordinary activities after tax during the quarter amounted to RM509 million.

Electricity sales in Peninsular Malaysia grew by 5.6% year on year in the first quarter of FY2004, whilst revenue from sales of electricity recorded an increase of 4.7%. The industrial and commercial sectors continue to be the main drivers for electricity demand with unit growth of 5.7% and 5.3% respectively (domestic sector unit growth was 3.6%). The moderate increase in sales is consistent with the historical trend of slower electricity demand growth usually experienced in the first quarter of each financial year.

Total revenue for the Group increased by 4.6%, from RM4,055.9 million in the first quarter of FY2003 to RM4,243.9 million in the corresponding period of FY2004. Whilst IPP purchase costs increased by 17.1% principally due to the commissioning of several new IPP plants in FY2003, total operating expenses excluding IPP purchase costs decreased by 5.8% due to various cost control measures. Thus, with only a 3.1% increase in operating expenses, the Group recorded an 8.8% increase in operating profit of RM859.4 million in the first quarter of FY2004.

After taking into account finance cost, the Group's profit from ordinary activities after tax was RM509.3 million in the first quarter of FY2004; an increase of 5.1% compared with the corresponding quarter in FY2003.

With the strengthening of the Yen, Pound Sterling and Euro against the US Dollar, the Group registered a foreign exchange translation loss of RM382.7 million in the first quarter of FY2004 compared with a translation gain of RM293.5 million in the corresponding period in FY2003. It should be noted that substantially all of the Group's loan exposure in Yen, Pound Sterling and Euro currencies have amortised repayment schedules and are payable over a period of between 1 – 40 years. In FY2004, only 2.2% of these loans are due for repayment (equivalent to approximately RM740 million).

The Group's net loss recorded of RM26.4 million for the first quarter of FY2004 resulted principally after accounting for the foreign exchange translation as well as after

recognizing deferred tax on a provision basis, both of which do not affect the Group's cashflow position.

In line with the Malaysian Government's expectation to achieve GDP growth between 5.0% - 6.0% for the year 2004, and with management's commitment to continue to improve the operating efficiencies of the Group's business, the Board of Directors, barring any unforeseen circumstances, expects the Group's performance for FY2004 to remain satisfactory.

**Issued on 27 January 2004**