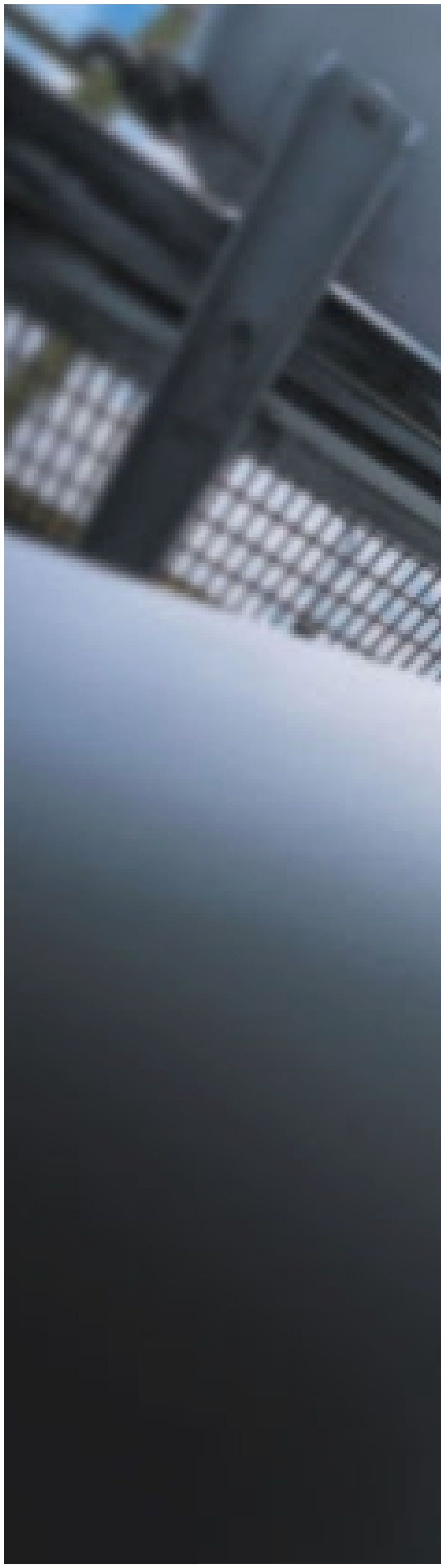
Performance Review



Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of PETRONAS Gas Berhad for the financial year ended 31 March 2004.

FINANCIAL

The financial year 2004 was another challenging year for the Company as demand for gas declined as a result of the move by the power sector to reduce its over dependency on gas in the country's electricity generation fuel mix in favour of coal. The Company nevertheless managed to achieve a satisfactory financial performance as a result of efforts to diversify its revenue base as well as enhance productivity and efficiency. Higher revenue from Centralised Utility Facilities (CUF) has mitigated the impact of lower throughput revenue due to lower gas demand on the Company's total revenue. The Company's total revenue declined marginally to RM2,230.2 million from the previous year's RM2,235.7 million. Consequently, pre-tax profit declined to RM740.9 million from RM779.1 million and profit after tax decreased to RM641.9 million from RM656.8 million.

Our CUF also recorded some commendable achievement during the year with an increase in revenue from RM447.1 million to RM473.7 million in tandem with the higher demand for industrial utilities and greater plant capacity utilisation by existing customers. CUF is now well positioned to capitalise on the higher demand for utilities by the petrochemical industry.

The Board of Directors is recommending a final dividend of 5 sen per share tax-exempt and 5 sen per share less 28% tax. Together with the interim tax-exempt dividend of 10 sen per share paid out on 16 December 2003, the total dividend for the year will amount to 20 sen per share.

OPERATIONS

During the financial year, the Company continued to improve its plant operations efficiency with a record achievement of 98.7% reliability, exceeding both last year's achievement and target set for the period under review.

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Two major projects namely the Ethane Extraction Improvement (EEI) and the Nitrogen Generator Unit 2 (NGU2) were completed ahead of schedule in our efforts to achieve a sustainable, reliable and robust production of ethane towards enhancing productivity and profitability. The EEI project for Gas Processing Plants 2, 3 and 4, has effectively increased the company's ethane production capacity while the NGU2 project in Gebeng Centralised Utility Facilities has enabled the company to cater for the increasing nitrogen demand in the Gebeng Integrated Petrochemical Complex.

The Plant Rejuvenation Revamp project at Gas Processing Plant 1 and the Export Terminal to extend the life of these facilities for another 20 years is progressing smoothly and is scheduled for completion by early 2005.

The performance of our Transmission Operations Division (TOD) was ranked in the top quartile among the world-class pipeline companies based on a Natural Gas Transmission Benchmarking Study by an independent consultant. The reliability of our gas supply was further enhanced with the full implementation of our Risk Integrity Management system.

CORPORATE

On the corporate front, the Company has been accorded the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) Corporate Award for the Industrial Products Sector, for its exemplary level of compliance with the listing requirements, accounting standards, laws and regulations, disclosure and transparency. This is a testimony to our continuous commitment towards safeguarding investors' rights and maintaining their high level of confidence in the Company.

Meanwhile, our quest for operational excellence has seen the realignment of the Company's organisation structure and the implementation of Service Level Arrangements to improve the clarity of core functions, roles and responsibilities.

The effective implementation of our Health, Safety and Environment Management System (HSEMS) remains a high priority in the Company. Towards this end, all employees and contractors continue to undergo the required HSE training programmes and all our initiatives are in strict compliance to the HSEMS. The Company received several awards for its good HSE practices during the year under review. CUF received the Gold Award from the UK-based Royal Society for the Prevention of Accidents (ROSPA). The Malaysian Society of Occupational Safety and Health (MSOSH) accorded CUF and TOD with the Gold Merit Award and our HSE Department with the Gold Award.

Quality is another key focus in our pursuit for operational and organisational excellence. The Quality Culture within the Company is based on PETRONAS' Five Quality Principles, providing a strong foundation for continuous improvement in the workplace. A Quality Improvement Team from our Plant Operations Division received international recognition when it was selected to represent Malaysia at the International Convention QC Cycle 2003 in Tokyo, Japan.

The Company strongly believes that the development of a strong human resource base is crucial to sustain superior performance in the midst of the increasing complexity of our operations. We therefore continue to invest in training and human resource development to enhance staff capabilities and competencies. To this end, we have embarked on competency building and multi-tasking programmes to upgrade the non-executive technical staff to ensure that critical positions are filled with competent skilled personnel.

Looking ahead, the prospect for the coming year appears promising. The Malaysian economy is forecast to register a higher growth in 2004, with most of the ASEAN economies gaining strength and intra-regional trade expansion. With this growth, the trend of non-power off take is expected to expand in tandem with Malaysia's GDP growth, which is expected to average around 6% in the next five years.

Gas utilisation in Peninsular Malaysia is expected to continue to grow at the rate of around 4% until 2020, on the back of the nation's economic growth, and increase utilisation of gas by the non-power sector.

Despite the anticipated shift in the energy mix of the power sector with the commissioning of new coal fired power plants, gas utilisation in Peninsular Malaysia is expected to continue to grow at the rate of around 4% until 2020, on the back of the nation's economic growth, and increase utilisation of gas by the non-power sector. The Company will continue to implement initiatives to improve and enhance its operational and financial performance. In line with our revenue diversification programme, we have made significant efforts to market additional value added products such as argon and industrial gases in the local and overseas markets. The connection from Thailand to the PGU system is expected to be completed by the end of 2004 and as Malaysia is strategically located in South East Asia, the Company is poised to serve as the operation hub for the Trans-ASEAN Gas Pipeline.

We will continue to invest in building competency and capabilities in our people in the short term to ensure that we optimise their full potential and support of the Company's vision to be A Leading Gas Processing and Transmission Company of Choice.

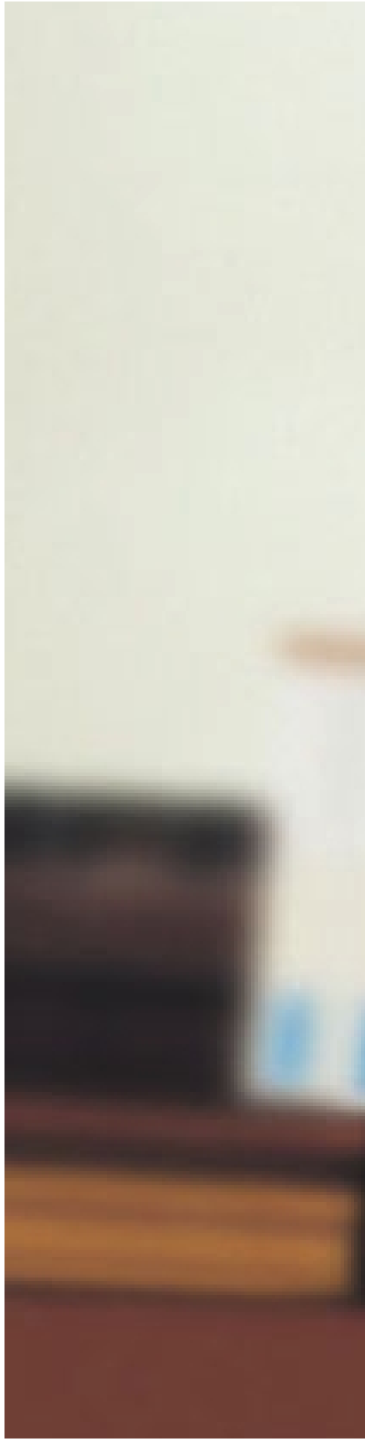
Finally, I would like to take this opportunity to record my appreciation and gratitude to Encik Abd. Hamid bin Ibrahim for his contribution to the Company during his tenure as the Managing Director and Chief Executive Officer from September 1999 until his retirement in June 2003. I would like to welcome Encik Wan Zulkiflee bin Wan Ariffin who has been appointed as the Managing Director and Chief Executive Officer effective 1 June 2003.

On behalf of the Board of Directors, I wish to express our deepest appreciation to the management and staff for their contribution, untiring commitment, dedication and loyalty. My appreciation also goes to the Government of Malaysia, relevant regulatory authorities, our valued customers and our shareholders for their continued support.

Tan Sri Dato Sri Mohd Hassan bin Marican

Chairman

Chief Executive Officer's Report



While PETRONAS Gas Berhad (PGB) experienced some tough and challenging conditions in 2003/2004 due to the erosion of global economic confidence, we made significant progress in our journey towards realising our vision to be A Leading Gas Processing And Transmission Company Of Choice. This was mainly due to a clear focus on increasing operational efficiency and productivity. Cost-cutting measures helped soften the impact of the lower gas sales on revenue. At the same time we continued with efforts to improve the quality of our people, raise our HSE performance as well as increase the reliability of the plants and transmission system.

FINANCIAL PERFORMANCE

The Company's throughput revenue decreased from RM1,788.6 million to RM1,756.5 million due to lower gas demand from the power sector. Revenue from the Centralised Utility Facilities (CUF), however, recorded an increase of 6% or RM26.6 million from RM447.1 million to RM473.7 million. The increase is in tandem with a higher uptake of industrial utilities by customers. Overall, the Company's total revenue decreased slightly to RM2,230.2 million from the previous year's RM2,235.7 million.

Despite the temporary setbacks, the Company continued with plant improvement and maintenance activities in order to improve the reliability and availability of our plant and transmission system. This resulted in slight increases in depreciation and maintenance costs, leading to a 4.9% decrease in the Company's pre-tax profit from RM779.1 million in the previous year to RM740.9 million. Profit after tax decreased by 2.3% from last year's RM656.8 million to RM641.9 million.

During the year, the Company made a payment of RM200 million as full settlement of the outstanding balance of the existing RM500 million Murabahah Notes Issuance Facility (MUNIF) raised in 1997. In its annual review, Rating Agency Malaysia Berhad reaffirmed the short term rating of P1, which reflects the Company's strong ability to meet its financial commitments. The facility expired on 31 March 2004.

The Company also paid RM400 million of its second RM900 million MUNIF raised in 1999 which will expire on 13 May 2004. During the annual review by Malaysian Rating Corporation Berhad (MARC), the facility had been reaffirmed the short term rating of MARC-1$_{ID}$ and long term rating of AAA$_{ID}$. MARC had also reaffirmed a long term rating of AAA$_{ID}$ on RM500 million Al-Bai' Bithaman Ajil Bonds which will expire on 25 May 2004.

On 31 March 2004, the Company has entered into a Syndicated Bai' Bithaman Ajil financing facility of up to RM600 million to part finance the Company's capital expenditure. The facility is provided by a syndicate of commercial banks.

We continued with efforts to improve the quality of our people, raise our HSE performance as well as increase the reliability of the plants and transmission system.

ONGOING ORGANISATIONAL IMPROVEMENTS

The organisational structure was realigned on 1 January 2004, to prepare the Company for future challenges and opportunities by enhancing overall efficiency and customer focus. Service Level Arrangements (SLA) have been established between the operating divisions as Clients and the service providers as Enablers to facilitate the implementation of the new structure. The Limits of Authority (LOA) are now being reviewed in the light of the realigned structure and the newly formalised SLA.

The Company has also embarked on various projects aimed at helping staff to internalise and apply Organisational Learning (OL) disciplines, tools and methodologies in tackling critical business issues or processes.

We have been working hard to get more value from our strong customer relationships. Our Customer Service Request Management system was relaunched during the year under review, and special training programmes were introduced in line with our renewed focus on service excellence.

The Company continues to place strong emphasis on its systems of internal control and risk management and carries out regular reviews of their effectiveness. A follow-up from last year's Risk Profiling exercise was conducted in October 2003 to identify new risk scenarios and mitigation measures, re-evaluate previously identified risks and their impact on the Company, close out non threatening or irrelevant risks, and to instill and reinforce risk management values among staff. The Risk Profile Report 2003 was approved by the Board.

A Risk Monitoring On-line System has been set up to monitor and report the status of the Company's risk exposure. In addition, under the Project & Contractor Risk Framework & Guidelines, all the Company's projects, including Gas Processing Plant (GPP) turnaround projects, are assessed so that action can be taken to mitigate identified risks – including contractors' competency levels – in line with project objectives. Credit risk management was also strengthened to ensure standardised credit practices across the Company's gas business.

Plans to improve the Company's Risk Management Profile have already been drawn up for the next financial year. These include risk awareness sessions and risk management training for the operating divisions, as well as the assessment of the Company's business sustainability, implementation of operation risk on the Gas Value Chain in Peninsular Malaysia and knowledge-sharing sessions on best practices in Risk Management with PETRONAS Group of companies or other industries.

We have implemented a Master Procurement Plan (MPP) designed for fast and efficient consolidation of all procurement requirements. This is expected to result in significant cost savings and enhance the reliability of supplies by leveraging on e-Procurement and the "enabler" concept across company operations.

The Company is committed to continuous quality improvement as part of its strategic business plan. We have adopted a quality team approach in our efforts to integrate quality into all aspects of our operations. During the year under review, 19 Quality Improvement Teams (QIT) and Corrective Action Teams (CAT) participated actively in various events both domestically and internationally. The "Arrow" QIT from Export Terminal won a Gold Award at the National Productivity Convention (NPC) Northern Region QCC Convention and a Gold Award at the NPC National QCC Convention. The "Arrow" team gave a presentation at the International Convention QC Cycle 2003 in Tokyo, Japan in October, 2003.

TOP PRIORITY FOR HEALTH, SAFETY & ENVIRONMENT

The Company believes that it must manage its operations in a way that not only protects the health and safety of everyone who works at our facilities or lives in the community where we operate, but also adds sustainable value to our business. In all our daily operations, we focus on effective management of risks through a comprehensive HSE management system in accordance with both applicable laws and regulations as well as the requirements of the PETRONAS HSE Management System.

We believe that it is critical for all staff to have a clear understanding of the current laws and regulations on HSE. The Department of Occupational Safety and Health (DOSH) and the Department of Environment was therefore brought in to conduct a full day workshop at the Company's Head Office. This was followed up by measures to further strengthen HSE management throughout the Company. Lessons learnt and key points from the workshop have been cascaded down to all levels of employees to ensure strict enforcement of legislative and HSE requirements across all activities and at all work sites.

The Company has embarked on the HSE Excellence Journey to achieve world class standards of HSE Management in line with the the Company Vision to be A Leading Gas Processing and Transmission Company of Choice. The behavioural safety approach will underpin this drive by empowering all our employees, including management and line managers, with the relevant knowledge and skills so that behaviour-based safety processes become an integral part of all our operations. As part of this initiative, the Company has appointed a consultant to implement an effective "Behavioural Safety" programme.

The Company's efforts to enhance HSE practices have shown significant improvement. Lost Time Injury Frequency (LTIF) stood at 0.34 in the FY 2003/2004 as against 0.73 in the previous year. This exceeds the world class LTIF standard of 1.0. The improvement in HSE practices has been recognised by the industry, as reflected in the various awards received by the Company in the year under review.

TOWARDS OPERATIONAL EXCELLENCE

Plant Operations Division

The Plant Operations Division's (POD) drive for operational excellence has shown encouraging results. Overall plant reliability improved significantly as a result of enhancements to equipment and systems. The Sales Gas plant reliability improved to 98.7%, surpassing the target set for the period under review. The Ethane Extraction Improvement project was successfully completed and commissioned for GPP2, 3 and 4, one month ahead of schedule, resulting in improved ethane extraction efficiency to 95%. These achievements coupled boosted ethane production by 9% to 1,077,801 tonnes, propane production by 14% to 1,208,491 tonnes and butane production by 5% to 828,515 tonnes from the previous year; despite the lower production of sales gas.

Two plants, GPP2 and 3 were successfully turned around and passed the government statutory inspection by DOSH. The Plant Revamp and Rejuvenation project was initiated in May 2003 to address the safety and integrity of the Company's old facilities built in 1984, i.e. GPP1 and the Export Terminal. Due consideration has been given to the fact that the project carries a high safety risk given the large number of contract workers within a live plant environment. The project is expected to be completed in the next financial year.

Transmission Operations Division

Following a recent independent benchmarking study, the Transmission Operations Division (TOD) was ranked within the top quartile of world-class pipeline companies. The scope of the study covers conventional transmission pipeline operations, including pipeline transmission, measurement and compression business process activities.

The year under review saw the implementation of the Risk Integrity Management (RIM) System in TOD. With this in place, pipeline maintenance can be enhanced so that customers are assured of a reliable transmission network. The system is designed to allow early detection of problem areas, resulting in significant cost savings. TOD has been ranked third in the world for the implementation of the RIM system.

Centralised Utility Facilities (CUF)

FY 2003 was a good year for the CUF plants in Kertih and Gebeng. Revenue increased by 6%, from RM447.1 million to RM473.7 million, in tandem with the higher demand for industrial utilities and greater plant capacity utilisation by existing customers.

KANEKA (M) Sdn Bhd in Gebeng, Pahang is targeted to receive 120,000 MT of Intermediate Pressure Steam upon completion and commissioning of the piping system by the end of May 2004.

Nitrogen Generator Unit 2 (NGU2) was built to cater for the increasing nitrogen demand in the Gebeng Integrated Petrochemical Complex. With its completion, total nitrogen production capacity increased to 8000 Nm3/h, including 2000 Nm3/h from the NGU1 plant. The NGU2 project was completed two months ahead of schedule and received Initial Acceptance on 18 June 2003. NGU2 is designed with the flexibility to produce optimum results under different operating conditions, whether on gas or liquid mode. The higher liquid nitrogen production capacity at both the Kertih and Gebeng CUF plants has supported the operational and turnaround requirements of the GPPs.

During the year, the Company made significant inroads into marketing additional value added products such as argon and existing industrial gases to both local and overseas customers. In addition, CUF put aggressive marketing strategies in place to secure new markets for their products.

With the implementation of Risk Based Inspection (RBI) in July 2003 to determine the criticality of the equipment in the plant, DOSH has granted a Certificate of Fitness extension for Air Separation Unit 2 (ASU2) from 15 to 36 months. This has reduced the number of shutdown days, hence raising overall efficiency and productivity.

INVESTMENT IN HUMAN RESOURCES CONTINUES

The Company depends on its employees at all levels to deliver consistently superior performance. It therefore provides appropriate incentives, career growth opportunities and a stimulating workplace environment. During the year, the Company migrated to a new grading structure system aligned with that of the PETRONAS Group.

The Organisational Structure Realignment focused on people as the Company's primary assets, and strong emphasis continued to be placed on training and development to enhance staff capabilities and competencies in the Company's drive towards operational excellence. Several initiatives were launched arising from the Action Lab on Competency of Operators and Technicians and the Capability Assessment Study's recommendations. Among these were measures to evaluate the effectiveness of training programmes to minimise staff competency gaps, and

the identification of specific training needs in various areas including leadership and commercial awareness. Training Modules are being developed and full implementation will take place in the 2004/2005 financial year.

Consistent with the Company's efforts to build a strong team-spirit across its operations, non-executive staff from the Company's regional offices have been given the opportunity to visit the Head Office to interact with Senior Management at the Company and be familiarized with Head Office functions and operations.

RECOGNITION FOR OUR PERFORMANCE

During the year under review, the Company won six awards in recognition of its HSE commitment, investor relations and performance excellence.

CUF was awarded the Gold Award and TOD was awarded the Gold Medal Award for Occupational Safety from the UK-based Royal Society for the Prevention of Accidents. Both CUF and TOD also received the Gold Merit Award from the Malaysian Society of Occupational Safety and Health (MSOSH) for good HSE practices. Health, Safety & Environment Department won the Gold Award for the category of Petroleum and Allied Industries from MSOSH.

The Company won the Kuala Lumpur Stock Exchange (now known as the Bursa Malaysia) Corporate Award under the Industrial Product Sector, for the third time, for its exemplary level of compliance with listing requirements, accounting standards, laws and regulations, disclosure and transparency.

The Company also received the National Annual Corporate Reports Award for the sixth consecutive year under the Industrial Product Category. The Award is presented to companies for their publication of timely, informative, factual and reader-friendly annual reports. The Company was also awarded the MS ISO 9001:2000 certification on 28 of May 2003, for the effective implementation, satisfactory maintenance and fulfillment of requirements of the Company's e-BOS.

STRENGTHENING ALLIANCES WITH STAKEHOLDERS

Customer focus is one of our core business pillars, and the Company continued to enhance the quality of its service and strengthen relationships with existing and potential customers throughout the year. Customer complaints dropped to eight, compared with 13 last year. The complaint closure period has also reduced to 15 days compared with the previous 20. POD's efficient management of major facility shutdowns in the gas production chain minimised the impact on the Malaysian power sector.

In tandem with efforts to build relationships based on trust and cooperation, we have put a system in place to ensure open communication and transparency through information sharing of operational data with customers. Interaction with customers is promoted through regular plant visits that provide customers with a closer understanding of the Company's operations and products. Friendly sports competitions and celebration of festive occasions also bring the Company and its customers together in a spirit of partnership.

The Company constantly strives to develop an ethical culture across the organization through an effective social responsibility programme. In the year under review, the Company continued to sponsor school visits to PETROSAINS in its efforts to promote a better understanding of the gas industry.

In August 2003, a Health Safety Environment (HSE) & Quality Day was held at the Gurun Regional Office. The Fire and Rescue Department, Hospital, Police and relevant government departments at district level joined the Company in creating greater awareness among school children, local community representatives, government officials, neighbouring plant officials and customers about safety in general and also about the quality and safety aspects of the Company's operations.

The Company contributes to the wider community in a number of ways. Regular public awareness briefings help reinforce the local community's understanding of the Company's operations. The Company has also adopted two schools, Sekolah Kebangsaan Santong and Sekolah Kebangsaan Kemasik, in Terengganu, and plays an active role in their progress and development.

Staff are encouraged to play a role in the community. The Young Professionals Club (YPC) was initiated and is driven by the Company's young executives with less than five years working experience. It has successfully started and supported various social, environmental and community projects, geared to help the community gain from economic and social opportunities and a better quality of life.

In February 2004, the Company launched a tuition programme through the YPC, aimed at motivating students to excel academically. YPC volunteers give tuition classes for the students once a week, encouraging them to aim high and achieve good results. A two-day motivational camp, themed "Way Towards Excellent Young Generation", was also organized for 80 students from both the adopted schools.

Staff are also encouraged to spend time with the elderly, as part of the Company's objective to inculcate family values of caring and responsibility for the community.

STAFF COMMUNICATION – KEY TO ORGANISATIONAL EXCELLENCE

Recognising the importance of open communication at all levels of the organisation, the Management has given particular attention to keeping employees well informed, particularly on matters relating to the Company's business and its performance. Quarterly dialogue sessions initiated by the MD/CEO have met with enthusiastic response from all management and staff. Staff are updated on Company achievements, financial and economic trends affecting the Company, and steps that should be taken for the way forward. Management Committee members have made it a point to visit all the Company plants and regional offices to communicate directly to staff and clarify any queries they may have.

The Company re-launched its Intranet on 14 January 2004 to ensure that staff have quick and effective access to relevant knowledge and information. We expect this to generate new opportunities for collaboration and productivity.

As part of efforts to build a strong corporate tradition of ownership team spirit, the Company song, 'Bersama Bagaikan Satu,' (Together As One) initially introduced to POD, is now always sung at in-house events and staff communication sessions company wide.

Our shareholders have been part and parcel of our corporate responsibility programme. Visits to the Gas Processing Plants and the Centralised Utility Facilities in Kertih have helped create a better understanding of and greater confidence in the Company.

WELL POSITIONED FOR THE FUTURE

Gas utilisation in Malaysia has expanded rapidly since the completion of the PGU project in 1991. In the electricity generation sector alone, gas has displaced oil. In 2002, gas accounted for about 80% of the fuel mix for electricity generation. The commissioning of a coal fired power plant ahead of schedule resulted in a dip in gas demand by about 300 mmscfd. It is anticipated this decrease in demand is only temporary, and gas utilization will be back on the uptrend in the light of the expected improvement in the country's economy. Marketing of gas to new customers, especially in the non-power sector, will be expedited to cushion the reduction in revenue.

Malaysia's GDP growth is forecasted to reach 6% in 2005/06, and gas is expected to continue to play a key role. The Company is well placed to benefit from this in terms of its commercial viability, backed by more than 20 years of operational experience. Beginning in early 2005, our PGU pipeline system will be able to cater for additional sales gas from the Malaysia-Thailand Joint Development Area for customers in the northern part of Peninsular Malaysia.

We have seen the realisation of the Trans-ASEAN Gas Pipeline network in 2002/03, and with the Natuna gas from Indonesia flowing to Malaysia and Singapore, the Company has positioned itself to be a major player as a gas transmission operator among the ASEAN countries. Beginning with gas export from Malaysia to Singapore in 1992 and moving toward gas import from Thailand in 2005, the Company is well on track to becoming 'A Leading Gas Processing and Transmission Company of Choice'.

Whilst the operations of the CUF has stabilised, continuous efforts are being made to capitalise on the unutilised capacities of the facilities which includes serious marketing approach and new clients for CUF products.

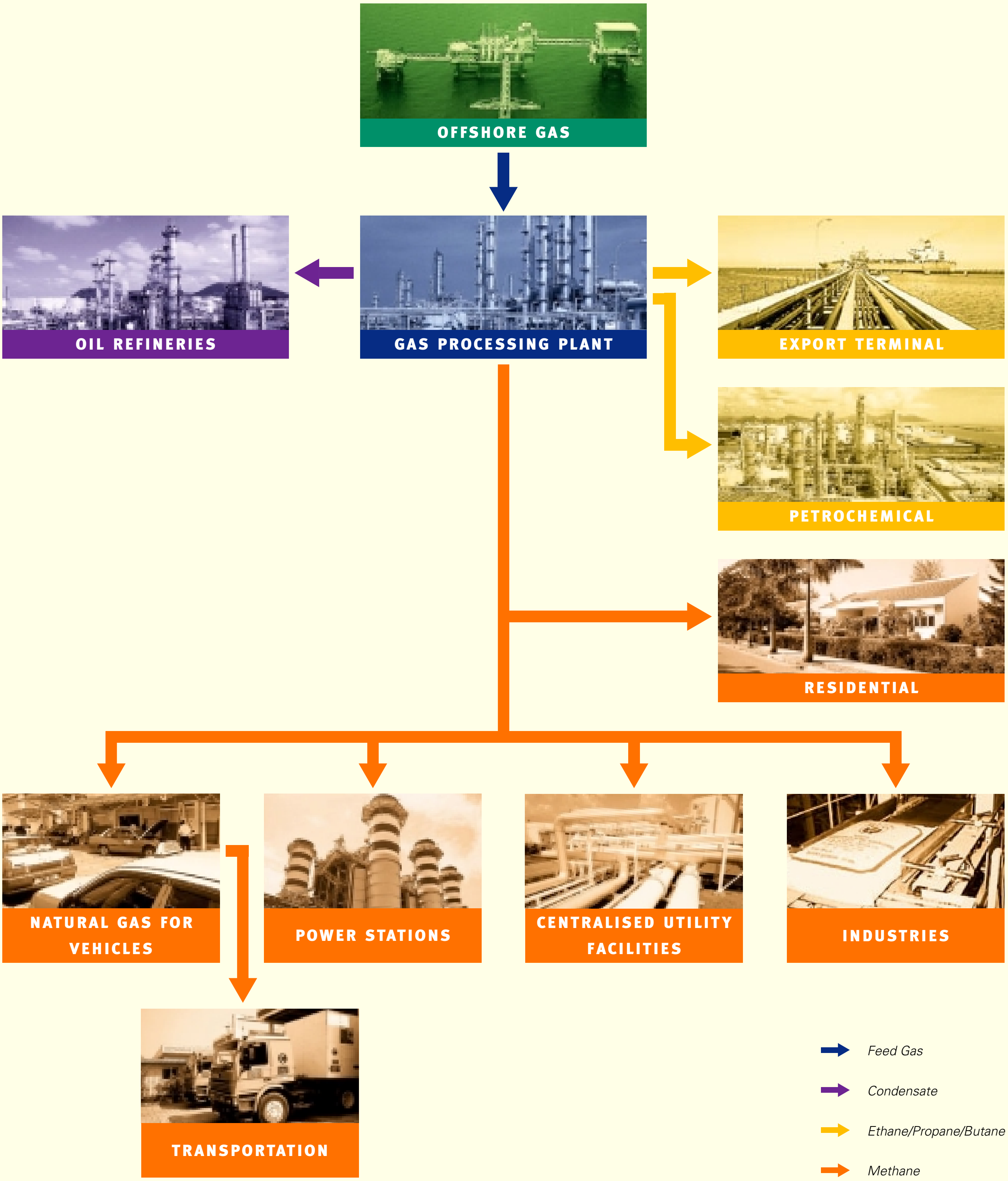
With the recent restructuring and the realignment exercises of the Company, more focus will be on core business and operations. We are maintaining a tight control of costs in order to improve our business margins. We have also incorporated an enterprise-wide risk management framework into our corporate culture to ensure that the Company stays healthy and performance driven. This will put the focus very clearly on aligning our strategies, processes, people, technology and knowledge in our efforts to manage the challenges facing the Company.

APPRECIATION

On behalf of the Management, I would like to thank my predecessor, Encik Abdul Hamid Ibrahim for his contributions to the Company's growth and success. I would also like to take this opportunity to thank all staff, who are the mainstay of the Company, for their resilience, dedication and loyalty to the Company. Our gratitude also goes to our valued customers, Regulatory Agencies, business partners and all the shareholders for their confidence and continuing support. I would also like to express our appreciation to the members of the Board of Directors for their wise counsel and guidance.

Wan Zulkiflee bin Wan Ariffin
Managing Director/Chief Executive Officer

Natural Gas Utilisation



PGU Supply Networks

Mainline	Status
PGU I 32 km	
Kertih - Tanjung Sulong	Gas - in 1984
PGU II 681 km	
Sector I : 232 km Tanjung Sulong - Segamat	Gas - in 1991
Sector II : 241 km Segamat - Kapar	Gas - in 1991
Sector III : 208 km Segamat - Singapore	Gas - in 1991
PGU III 450 km	
Sector I : 184 km Meru - Lumut	Gas - in 1996
Sector II : 176 km Lumut - Gurun	Gas - in 1998
Sector III : 90 km Gurun - Pauh	Gas - in 1998
Loop 1 270 km	
Kertih - Segamat	Gas - in 1999
Loop 2 226 km	
Segamat - Meru	Gas - in 2000
Power Station	

Power Stations

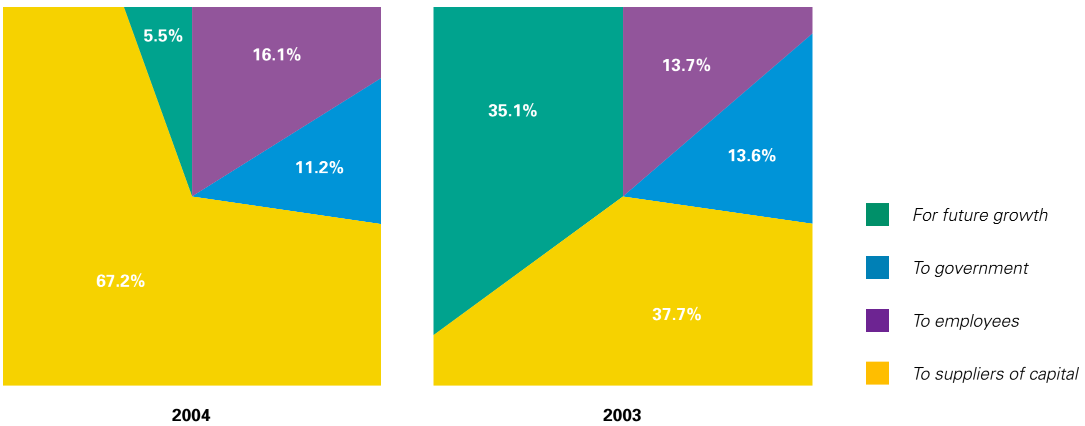
1. TNB Paka
2. YTL Paka
3. TNB Pasir Gudang
4. Senoko Power
5. Pahlawan Power, Tg. Kling
6. Panglima Power, Teluk Gong
7. Powertek, Teluk Gong
8. TNB Tuanku Jaafar
9. Port Dickson Power
10. TNB Serdang
11. Genting Sanyen Power
12. TNB Connaught Bridge
13. TNB Kapar
14. GB3 Lumut
15. Segari Energy Ventures
16. Prai Power
17. TNB Gelugor
18. Technology Tenaga Perlis Consortium

PGB Total Pipeline Length (in operation)		GPP	Capacity mmscfd
Main (+ Loop 1 & 2)	1,659.0 km	1	250
Lateral	297.4 km	2	250
Liquid (C2, C3 & C4)	310.0 km	3	250
GPP Interconnet	116.2 km	4	250
Sarawak	44.5 km	5	500
Others	–	6	500
Total	**2,427.1 km**		

Statement of Value Added

	31 March 2004 RM'000	31 March 2003 RM'000
Revenue	**2,230,206**	2,235,684
Purchase of goods and services	**646,121**	631,431
Value added by the companies	**1,584,085**	1,604,253
Other Income	**8,498**	9,527
Finance cost	**(80,763)**	(96,302)
Depreciation	**(628,695)**	(615,146)
Value added available for distribution	**883,125**	902,332
DISTRIBUTION		
To employees – Employment costs	**142,246**	123,244
To government – Taxation	**98,949**	122,287
To suppliers of capital – Dividends	**593,619**	340,342
For future growth – Retained profit	**48,311**	316,459
Total	**883,125**	902,332

Distribution of Value Added



Financial Calendar

Financial Year from 1 April 2003 to 31 March 2004

RESULTS		
First Quarter ended 30 June 2003	Announced On	11 August 2003
Second Quarter ended 30 September 2003	Announced On	5 November 2003
Third Quarter ended 31 December 2003	Announced On	27 February 2004
Fourth Quarter ended 31 March 2004	Announced On	19 May 2004
DIVIDENDS		
Interim	Announced On	5 November 2003
	Entitlement Date	27 November 2003
	Paid On	16 December 2003
Final	Announced On	19 May 2004
	Entitlement Date	5 August 2004
	Payable On	20 August 2004
ISSUANCE OF ANNUAL REPORT 2004		6 July 2004
TWENTY FIRST ANNUAL GENERAL MEETING		28 July 2004