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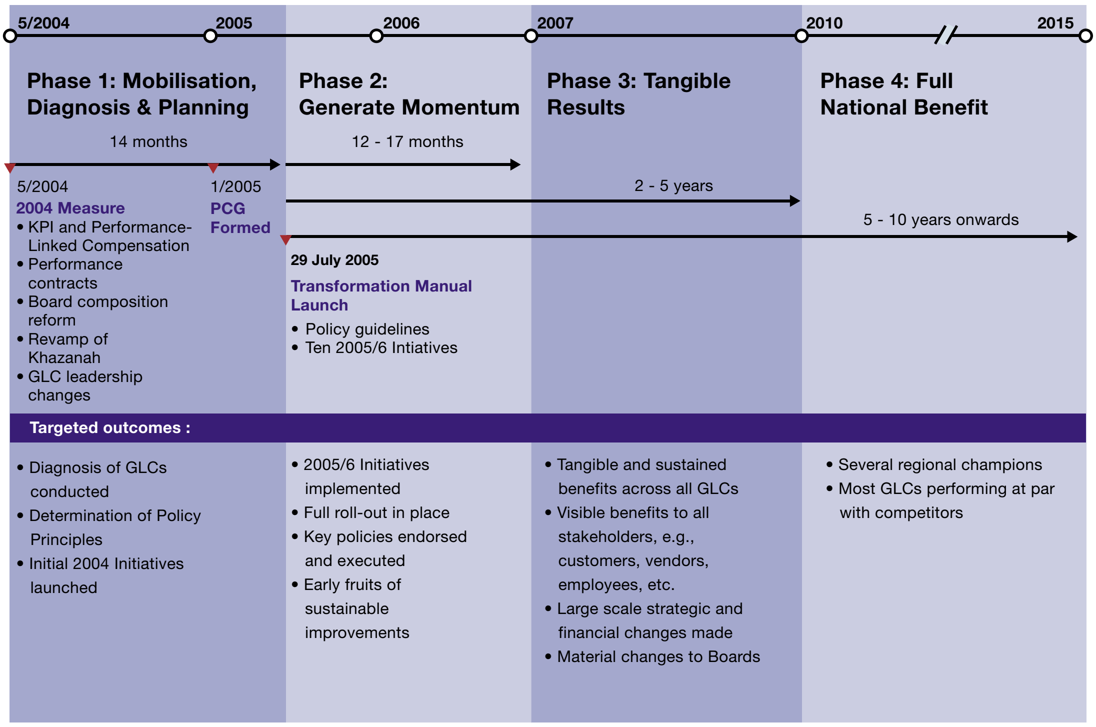
Introduction

Background

The Government-Linked Company ("GLC") Transformation Programme (the "Programme") is currently in Phase 3: Tangible and Sustainable Results. In December 2006, Phase 2: Generate Momentum was completed with the launch of all 10 initiatives. The December 2006 Progress Review, which assessed the achievements and challenges of the Programme since its launch, was then presented to our YAB Prime Minister. The exhibit below provides an overview of the Programme.

Four Phases of the GLC Transformation Programme



Source: Joint Working Team ("JWT") analysis

This 2007 Interim Progress Review is intended to provide an interim view of the overall progress of the Programme and achievements of GLCs in the first 11 months of Phase 3. A more comprehensive 2007 Final Progress Review, which will incorporate the full-year financial results of GLCs, is targeted to be launched by the end of March 2008.

Outline of this Report

The Programme was designed with dual objectives: to enhance economic performance and to develop benefits for all stakeholders to accelerate the nation's social and economic development.

Hence, this 2007 Interim Progress Review is divided into three main parts:

Part I: An overall update of the Programme highlighting the financial performance of the G-20*[1], programme-level activities around the 10 initiatives, achievements of selected GLCs, and the impact and progress made for all Malaysians;

Part II: Progress of GLCs in implementing the Silver Book on Achieving Value Through Social Responsibility, highlighting areas of focus in Corporate Social Responsibility ("CSR") programmes and benefits to various stakeholder groups; and

Part III: Progress of GLCs in implementing the Red Book on Reviewing and Revamping Procurement Practices, contains an initial assessment of procurement practices within the G-20*, top procurement initiatives being undertaken, procurement value creation targets, and the impact of the Red Book on stakeholders.

[1] A selection of 20 GLCs controlled by the GLIC constituents of PCG. As at 30 November 2007, the number of GLCs has decreased to 18 with the re-listing of Sime Darby Bhd as the merged entity of Kumpulan Sime Darby Berhad, Kumpulan Guthrie Berhad and Golden Hope Plantation Berhad (together with 5 other non G-20* GLCs)

A. Overview of GLCs' Financial Performance

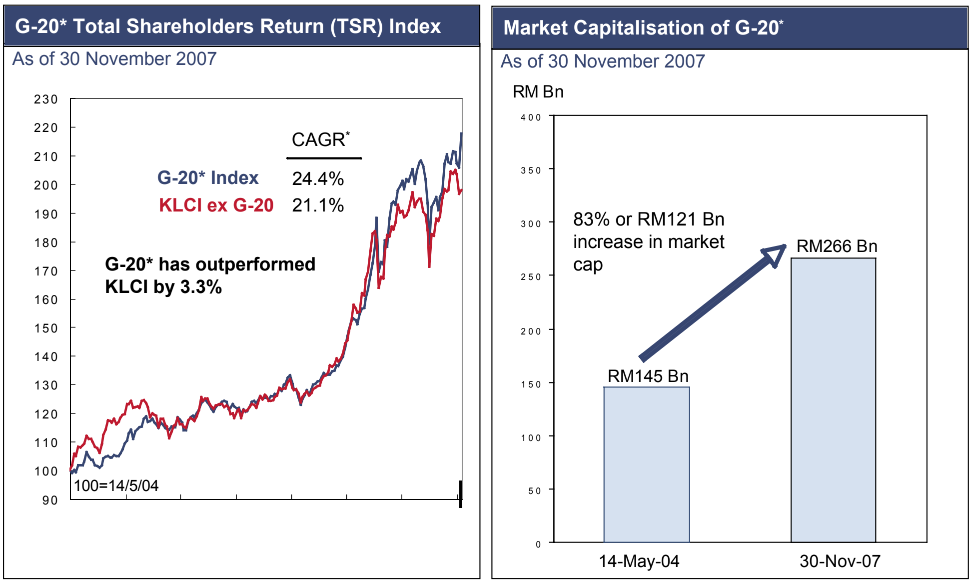
G-20 continues to create significant shareholder value*

The key focus in Phase 3, which covers the period from 2007 to 2010, is for GLCs to deliver tangible benefits to various stakeholders and sustain their performance.

In Phase 3 of the Programme, the focus is shifting from a broad programme launched for all GLCs, to GLC-specific transformation programmes tailored by each GLC. We are starting to see consistent and strong results from some GLCs as they successfully execute their individual transformations. Similarly, many GLCs are in the process of adapting and developing their individual programmes based on their unique challenges, objectives and business outcomes.

As at 30 November 2007, the Total Shareholders Return ("TSR") of the G-20* has outperformed the Kuala Lumpur Composite Index ("KLCI") ex-G-20* by 3.3% since the Programme started in 14 May 2004 (refer to Exhibit I.i). Market capitalisation for G-20*, representing approximately 74% of the market capitalisation of all listed GLCs and 35% of the KLCI, has increased by 83% that equates to an increase of RM121 Bn (refer to Exhibit I.i). In comparison, the increase in market capitalisation during the previous progress review in December 2006 was RM 59 Bn.

Exhibit I.i
Total Shareholders Return and Market Capitalisation of G-20*[1]



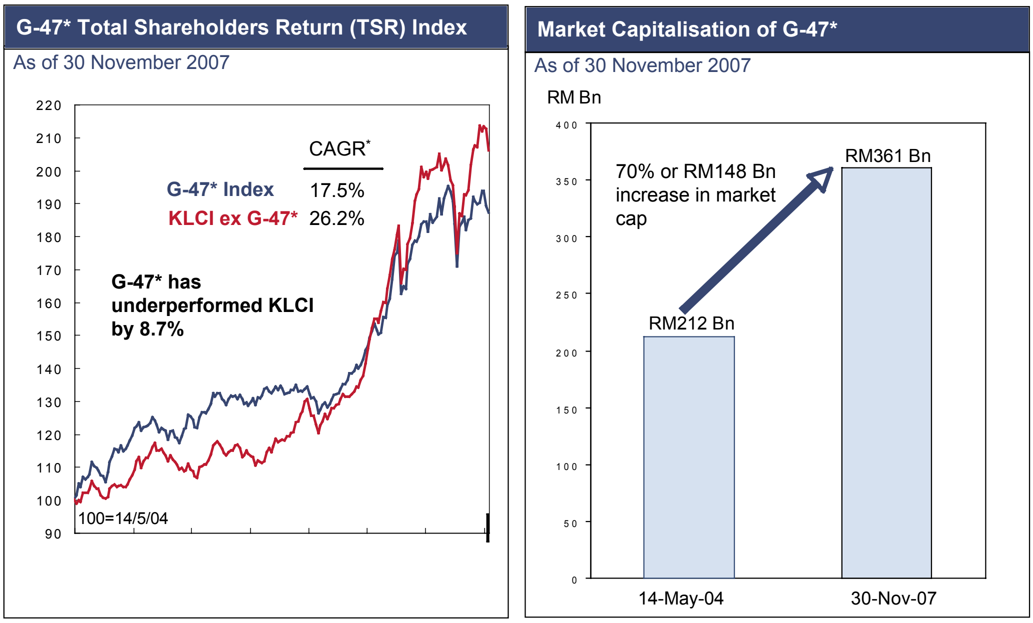
* Compounded Annual Growth Rate for the period 14 May 2004 to 30 November 2007

Source: Bloomberg / PCG Analysis
Note: % increase in market cap calculated based on reweighted market cap of the GLCs in which GLICs are the controlling stakeholders

[1] A selection of 20 GLCs controlled by the GLIC constituents of PCG. As at 30 Nov 2007, the number of GLCs has decreased to 18 with the re-listing of Sime Darby Bhd as the merged entity of Kumpulan Sime Darby Berhad, Kumpulan Guthrie Berhad and Golden Hope Plantation Berhad (together with 5 other non G-20* GLCs)

For the G-47* companies (that account for approximately 41% of market capitalisation of Bursa Malaysia), their market capitalisation has increased by 70% that equates to an increase of RM148 Bn. The G-47*, representing the larger grouping of all GLCs, has however underperformed the KLCI by 8.7% over the same period (refer to Exhibit I.ii).

Exhibit I.ii
Total Shareholders Return and Market Capitalisation of G-47*[1]



* Compounded Annual Growth Rate for the period 14 May 2004 to 30 November 2007

Source: Bloomberg / PCG Analysis
Note: % increase in market cap calculated based on reweighted market cap of the GLCs in which GLICs are the controlling stakeholders

[1] G-47* started out as the group of 51 listed GLCs as at 14 May 2004. The number of listed GLCs has changed over time with new listings / de-listings, restructuring and M&A activities. With the recently concluded Sime Darby merger, the number has decreased to 37 listed GLCs.

Some of the GLCs that have shown notable improvement in performance include BIMB Holdings Berhad (“BIMB”), Boustead Holdings Berhad (“Boustead”), Bumiputra-Commerce Holdings Berhad (“BCHB”), CIMB Group, Malaysian Airline System Berhad (“MAS”), Malayan Banking Berhad (“Maybank”), Malaysia Resources Corporation Berhad (“MRCB”), Sime Darby Berhad (“Sime Darby”), Telekom Malaysia Berhad (“TM”), Tenaga Nasional Berhad (“TNB”) and UEM World Berhad (“UEM”).

GLCs are continuing to track performance against established Key Performance Indicators (“KPIs”)

GLCs are setting and maintaining clear targets, with headline KPIs largely established. In addition to financial KPIs, GLCs are also defining clear KPIs and targets for stakeholder impact, such as average duration of systems interruption for TNB, or on-time flight arrivals for MAS. Headline KPIs for GLCs will be reviewed in detail in the full-year 2007 Final Progress Review in March 2008 after GLCs announce their 2007 results.

GLCs continue to execute on tailored transformation programmes

Tangible results in terms of notable transformations of GLCs are beginning to manifest, as each GLC charts its own individual path to high performance.

Many GLCs are rapidly growing, improving in productivity and showing strong performance in their core businesses. GLCs are leading the way in performance in certain sectors such as banking, with Maybank and BCHB/CIMB showing significant improvement in their fundamentals. Maybank recorded a net profit of RM3.2 Bn for FY ending June 2007, an increase of 17% year-on-year. BCHB/CIMB's net profit in the first 9 months has increased by 118% year-on-year to RM2.3 Bn. In the same period, AFFIN Holdings Berhad's ("AFFIN") net profit increased by 49.2%.

In some cases the journey began with restructuring and turning around the business. MAS' Business Turnaround Plan launched in 2006 has resulted in record net profits of RM610 Mn year-to-date in September 2007, the best ever in its 60-year history. Internal corporate and operational restructuring at GLCs, such as Pos Malaysia & Services Holdings Berhad ("POS") and Boustead, are starting to show encouraging results and providing them with stronger growth platforms. Other GLCs such as Malaysian Airports Holding Berhad ("MAHB") are also starting to initiate financial restructuring plans to unlock value.

A number of GLCs are in the process of developing and executing specific strategic transformation initiatives, such as the merger between Kumpulan Sime Darby Berhad ("Kumpulan Sime Darby"), Golden Hope Plantations Berhad ("Golden Hope") and Kumpulan Guthrie Berhad ("Guthrie") to create the world's largest oil palm company (refer to Exhibit I.iii) and TM's demerger programme (refer to Exhibit I.iv). Similarly, AFFIN has successfully strengthened its technical and financial capabilities, and is poised to embark on strategic transactions, with its recent sale of a 15% stake to The Bank of East Asia, Limited.

GLCs are achieving successful results beyond financial performance

Over and above the achievement of stronger financial performance, a number of GLCs are beginning to receive recognition for outstanding achievements in their business operations and activities. CIMB has been awarded "Bank of the Year – Malaysia" by The Banker for the 2nd year running and has received an award for "The World's Global Islamic Excellence" awarded for top sukuk issuer globally. TM won the 2006-2007 "The Brand Laureate" award by Asia Pacific Brands Foundation and "Service Provider of the Year" from Frost & Sullivan. These levels of excellence contribute toward the creation of a more vibrant and robust business environment within the industries in which these GLCs operate.

Research and development activities of GLCs have also yielded results, resulting in the introduction of competitive Malaysian-made products into the market. Boustead launched Malaysia's first water-based gloss paint as a result of its research and development work while CCM Duopharma Berhad introduced a new drug to benefit sufferers of osteoarthritis, which afflicts 9% of Malaysians.

Some GLCs have made waves in the international market, raising the profile of Malaysian businesses internationally, as well as raising industry standards. Golden Hope has preliminarily entered the South American market by conducting an oil palm industry feasibility study for the Venezuelan Government while BIMB's entry into a strategic partnership with European Islamic Investment Bank plc, to develop and distribute Syariah-compliant products in Europe, has helped to raise Malaysia's profile in the international sphere, in relation to Islamic finance.

Exhibit I.iii:
Sime Darby Berhad: Transformational Transaction to Create the World's Largest Oil Palm Plantation

"I really want to see that with this merger, Sime Darby will be truly a company that can be efficient, competitive and can deliver what is expected of it. And stakeholders will be very happy"

Prime Minister Datuk Seri Abdullah Ahmad Badawi

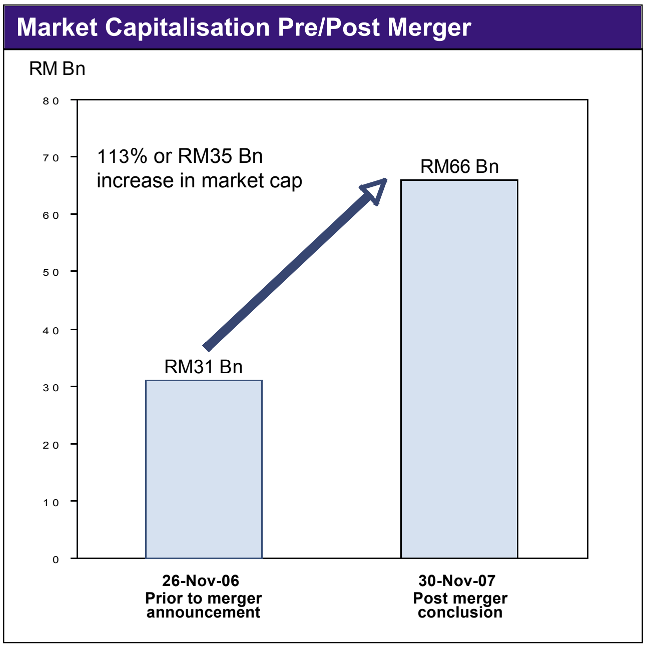
"Our main focus is to extract value from our 540,000 hectares of estates. We will focus on cost, yields and extraction rates while continuing to invest in our future – such as in R&D and developing sustainable practices"

President and Group Chief Executive Dato' Seri Ahmad Zubir Murshid

Transformational Merger and Acquisitions to drive efficiency to new levels

The merger of Kumpulan Sime Darby, Golden Hope and Guthrie was announced on 27 November 2006, heralding Malaysia's largest mergers and acquisitions transaction and effectively creating the largest listed company on Bursa Malaysia. The deal was initially valued at RM31 Bn but the market capitalisation has since increased to over RM66 Bn (approximately 113% increase).

Sime Darby Berhad Market Capitalisation



Source: Bloomberg / PCG Analysis

Malaysia is the world's top producer of palm oil and the merger is part of efforts to further strengthen the industry. The merger is expected to drive productivity in Malaysia's palm oil industry, thus increasng the country's competitiveness and helping to attract more investors.

Sime Darby is set to become the world's largest listed plantation firm with a landbank of 543,000 hectares. The proforma revenues and net profit for FY2007 were RM28 Bn and RM 2.6 Bn respectively. The merger aims to achieve synergies of RM400 Mn - RM500 Mn annually, starting in fiscal 2010.

Sime Darby will remain a diversified multinational with five core businesses (plantation, property, industrial, motors, and energy and utilities) and will have operations in over 20 countries with a workforce of over 100,000.

Poised to deliver on ambitious aspirations

The management has looked at the integration as an opportunity to reposition and transform the enlarged plantation and property business as an industry leader. Sime Darby has also planned an implementation roadmap that runs until 2010 to integrate its main businesses.

In Phase 1 from 2007 to 2008, the focus will be on integrating the plantation and property business. Phase 2, from 2008 to 2009, will focus on capturing the full value of synergies and operational improvements from the merger of the plantation and property businesses. The other core businesses would be developed to their full potential in Phases 1 and 2. From 2010 onwards, i.e. Phase 3, the property and plantation business will be fully integrated and the Group will embark on growth opportunities.

In the initial phase of 2007 to 2008, a platform will be established to build a strong business engine and internal capabilities. Plantations and property businesses would be integrated while other core businesses would be developed to their full potential.

Sime Darby has committed to executing these ambitious plans. Its senior management team has been placed on three-year contractual terms and will be assessed through KPIs. Kumpulan Sime Darby's Group Chief Executive, Dato' Seri Ahmad Zubir Murshid has been named President & Group Chief Executive of Sime Darby. Former Deputy Prime Minister Tun Musa Hitam has been appointed as Chairman of the Board.

Exhibit I.iv:
TM: Unlocking Value through Transformational Transactions

"This is an exciting milestone in TM's history. The demerger will continue the success of TM by creating two listed telcos, both of which could potentially enjoy a status amongst the largest companies by market capitalisation on Bursa Malaysia. RegionCo will emerge as a regional mobile champion expanding beyond 10 countries and increasing its foot-print in Asia, while FixedCo will focus on propelling Malaysia to the forefront of the digital economy."

Chairman Tan Sri Dato' Ir. Md. Radzi Mansor

Clearer focus to unlock value

TM has reached a new milestone in its transformation programme with the recently announced demerger of its mobile and fixed businesses. The underlying goal is to accelerate operational improvements and growth through clearer strategic and organisational focus, and further unlock shareholder value. The demerger will create a regional mobile champion and a domestic broadband champion, RegionCo and FixedCo respectively. It will pave the way for:

- Enhanced governance to accelerate current improvement and growth efforts through performance transparency, organisational focus and improved execution capacity;

- Better and more tailored capital management initiatives and investor relations strategies; and
- Freedom to pursue distinct aspirations and strategies as well as contribute to fulfilling national objectives.

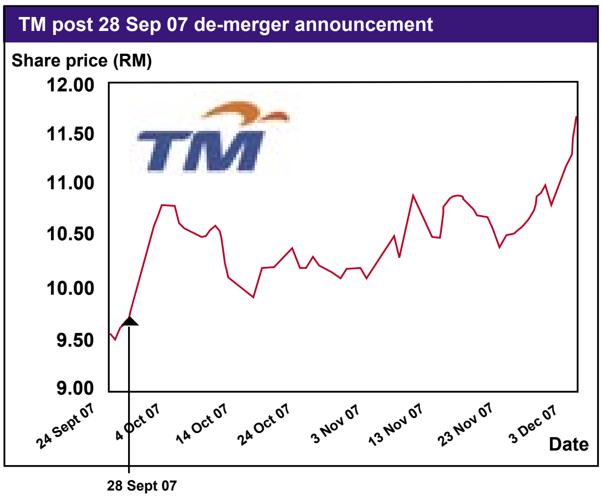
TM aspires to make RegionCo a best-in-class regional mobile champion with an active growth agenda and to create an international benchmark in the telecommunication industry. In turn, FixedCo aspires to become Malaysia's leading information and communications technology solution provider and propel the nation to the forefront of the digital economy.

An unwavering commitment to success

Over the last 3 to 5 years, TM has built an impressive portfolio of mobile assets in Sri Lanka, India and Indonesia. In addition to this aggressive regional expansion, TM embarked on an ambitious transformation journey to tackle its declining market position last year. It had been facing declining performance levels at its fixed line activities, while its domestic mobile business was under pressure due to intensifying competition. TM then launched a Performance Improvement Programme to boost its fixed line performance, mobile performance and execution capacity. The Programme has delivered tangible results in a short timeframe. TM's top line growth was over 3% in the first-half of 2007 and its broadband business grew 17%. A severe decline in fixed and voice data revenue was finally arrested.

Continuing on this journey of transformation, TM announced its planned demerger on 28 September 2007. RegionCo, will include TM's regional and domestic mobile operations while FixedCo will retain TM's domestic interests in fixed-line voice, data and broadband, and other non-telecommunications related services. Market response has been promising, with its share price increasing by 21% from 28 September 2007 to 4 December 2007.

TM Share Prices from 28 September 2007 to 4 December 2007



TM announced on 28 September 2007 its de-merger into 2 distinct entities: REGIONCO for regional and domestic mobile operations; and FIXEDCO for fixed-line voice, data and broadband and other related services.

The final terms of the demerger exercise are to be announced by the end of 2007. Following this, TM will seek necessary approvals from regulators and shareholders. The demerger exercise is expected to be completed by mid-2008.

"TM endeavours to provide quality service to its customers and now with a sharper focus by two individual performance units/companies, our delivery can only improve. From service to operations, from domestic to regional, from corporate to divisional, TM aspires to grow through its twin business entities to add greater value to its customers, shareholders, business partners, employees and other stakeholders."

Group CEO Dato' Abdul Wahid Omar

B. Implementation Progress of the 10 Initiatives

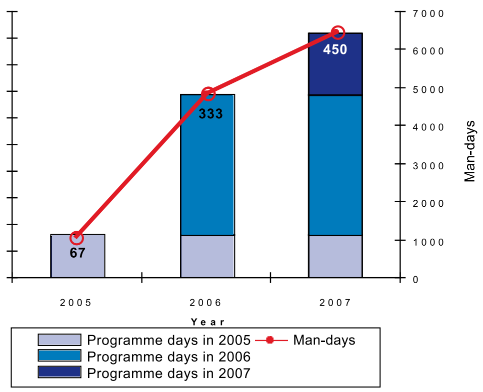
PCG continues to monitor and track implementation of initiatives by GLICs and GLCs

During the year, the PCG met every quarter to monitor the progress of the 10 initiatives. Chaired by YB Second Finance Minister, the PCG comprises YB Deputy Finance Minister, the CEOs of the GLICs, representatives from the Ministry of Finance ("MOF") and the Prime Minister's Office ("PMO").

The CEOs of the G-20* were invited to present their implementation progress at two of the PCG meetings in March and September 2007. During the September 2007 PCG meeting, the Chairmen of the G-20* were also invited for a briefing on the Programme and its progress.

A significant number of Programme-level activities have taken place since the formation of PCG in January 2005. Programme-level activity refers to meetings or any form of sessions between multiple parties conducted to develop the Programme, build awareness and understanding of the Programme and enhance knowledge and execution capabilities. Exhibit I.v below shows the total number of programme days and corresponding man-days worth of participation from 2005 to 2007. In 2005, Programme activity (e.g. interviews and syndication of findings and recommendations) was centred on developing the Programme and setting up the Transformation Management Office ("TMO"), secretariat to the PCG. Programme activity (e.g. interviews, syndication of recommendations, workshops and circles) peaked in 2006, with 3724 man-days of participation, when all 10 initiatives were launched. The focus in 2007 has been on strengthening execution capabilities at GLICs and GLCs to implement their respective transformation programmes.

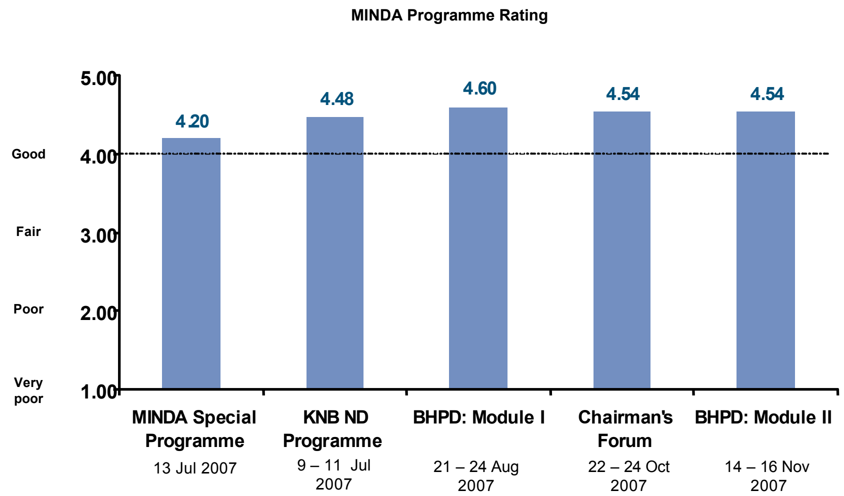
Exhibit I.v
Number of Programme Days and Corresponding Man-Days, cumulative from 2005 to 2007



Source: JWT Analysis

The Malaysian Directors' Academy ("MINDA"), launched in December 2006, also conducted a series of breakfast talks, briefings and programmes to support the development of Directors in GLCs. A total of 125 Chairmen, Directors, CEOs and Company Secretaries have attended these MINDA-organised programmes. The inaugural MINDA flagship programme, "Building High Performance Directors" ("BHPD") was conducted in August 2007 and received an average rating of 4.6 out of 5, an assessment between "Good" to "Excellent" (refer to Exhibit I.vi).

Exhibit I.vi
MINDA Programme Ratings



Source: Participants' feedback

The GLICs have also appointed individuals to act as "GLIC Champions" and to support their respective GLCs in the implementation of the initiatives. The GLIC Champions are typically senior management with experience in the subject matter and who have attended briefings on the details of each initiative.

Exhibit I.vii highlights the overall progress of the 10 initiatives at programme level.

Exhibit I.vii
Programme Update of the GLC Transformation Initiatives

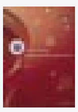
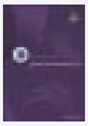
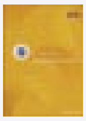
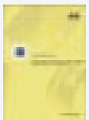
No	Initiative	Key Milestones
1 	Enhancing Board Effectiveness (Green Book)	• 80% and 60% of the G-20* have completed their Board Effectiveness Assessment and Actionable Improvement Plan respectively • On-going enhancement of GLC Directors' knowledge and skills through MINDA programmes
2 	Strengthening Directors' Capabilities	• A total of 125 Chairmen, Directors, CEOs and Company Secretaries have attended MINDA programmes to-date • MINDA flagship programme, "Building High Performance Directors" and "Chairman's Forum" conducted; average rating of 4.5 (out of 5) or between 'Good' and 'Excellent'
3 	Enhancing GLICs Monitoring and Management Functions	• Full adoption and implementation by GLICs; supported by TMO actively engaging GLIC Champions
4 	Improving Regulatory Environment	• Workshops for GLCs (Phase 1) and regulators/ policy-makers (Phase 2) completed • Malaysian Centre of Regulatory Studies to be established by Quarter 1, 2008
5 	Achieving Value Through Social Responsibility (Silver Book)	• 70% of the G-20* have developed their Contributions to Society Policy and Plan • 6 Roundtables conducted with GLCs since PINTAR programme was launched in December 2006 • 96 schools adopted by 25 GLCs under PINTAR programme as at 5 December 2007, benefiting 10,000 students; target to go nationwide by Quarter 1, 2008 with launch in Sabah and Sarawak
6 	Reviewing and Revamping Procurement Practices (Red Book)	• 95% of the G-20* have completed gap analysis and procurement maturity study • Continuous engagement of GLIC Champions via Procurement Circles and targeted workshops, e.g. by the International Association for Contract and Commercial Management in October 2007 whereby 52 participants attended • On-going Red Book implementation assessment to be completed by February 2008

Exhibit I.vii
Programme Update of the GLC Transformation Initiatives

No	Initiative	Key Milestones
7 	Optimising Capital Management Practices (Purple Book)	• 30% of the 15 non-financial institution G-20* companies have completed their Capital Management Plan • Continuous engagement via briefings to GLC Boards and formation of a subject-matter expert network to support implementation
8 	Strengthening Leadership Development (Orange Book)	• Leadership Development Audit piloted by UEM World; learnings disseminated to the G-20* and HR consultants • First Leadership Development Circle conducted for the G-20* CEOs and HR Directors with positive feedback; Leadership Development Circle 2 planned for Quarter 1, 2008
9 	Intensifying Performance Management Practices (Blue Book)	• Three Performance Management Circles successfully conducted in 2007, with guest speakers from leading organisations and GLCs • Headline KPIs and Economic Profit reporting guidelines issued at PCG15 to reiterate importance of publicly announcing these two measures • On-going monitoring of announcements by the G-20* on their Headline KPIs and Economic Profit
10 	Enhancing Operational Efficiency and Effectiveness	• Conducted 3 Framework for Continuous Improvement workshops on topics of "Efficiency" and "Execution" facilitated by Subject Matter Experts from General Electric, INSEAD, Pricewaterhouse Coopers, Ethos, Kaufman Global, Towers Perrin and a legal Subject Matter Expert, Rutheran S. • Also carried out a workshop on Strengthening Execution Capabilities ("SEC") in September 2007. SEC II is planned for Q1 2008 • Ongoing monitoring of operational enhancement initiatives at GLCs by GLC Champions

Some of the GLCs have announced their progress in selected initiatives (refer to Exhibit I.viii)

UEM World was identified as the pilot for implementing the best practice guidelines laid out in the Orange Book on Strengthening Leadership Development. Learnings from this pilot were shared with the other GLCs and HR community (refer to Exhibit I.ix).

Exhibit I.viii
Red Book: Embracing Procurement as a Value Creation Lever - MAS

"MAS NEEDS TO CUT COSTS AND REMAIN COMPETITIVE AS THE INDUSTRY PREPARES FOR OPEN SKIES AND GROWING COMPETITION BEGINNING 2009. WE ARE ON SCHEDULE. WE ARE STRONGLY ASPIRING TO MAKE SURE THAT WE ACHIEVE RECORD PROFITS THIS YEAR."

CEO and MD Datuk Seri Idris Jala

On track to achieve or surpass its target of RM200 Mn in savings in 2008

Red Book implementation has been a top priority at MAS, which has launched a procurement initiative as part of its Business Turnaround Plan. The initiative was personally championed by top management, Datuk Seri Idris Jala (MD) and Tengku Datuk Azmil (ED), who set ambitious targets and challenged the organisation to reassess their business and devise creative ways to approach procurement.

Over the past year, MAS has restructured and strengthened its procurement organisation while meticulously combing through the various spend categories to uncover cost savings opportunities.

As it stands, the company is halfway through this process and closing in on its targets while maintaining or improving its quality. Additionally, MAS reported a net profit of RM610 Mn for the first 9 months of 2007, marking its highest profit in its 60-year history.

Some examples of MAS's impressive bottom-line impact:

- RM30 Mn savings on meals by switching to lower-cost meals with equal or higher customer satisfaction ratings and introducing Light Meal boxes on short regional flights
- RM35 Mn savings in engine overhaul costs by reducing the requirement for spare engines and renegotiating engine maintenance contracts
- RM40 Mn in savings expected on fuel by reducing consumption through a series of measures, including reduced aircraft weight, optimised fuel levels and modified flight planning procedures

Greater strategic relevance of procurement

MAS recognised the need to strengthen its internal capabilities, in line with Red Book best practices. Earlier, "Central Procurement" focused on compliance and fraud prevention while business units made actual decisions. Today, MAS's "Strategic Procurement" works closely with "spend owners" in Business Units in truly cross-functional teams. Its Head reports directly to the CFO.

Aligning implementation with aspirations

To ensure effective implementation, MAS provided clear process guidelines and aligned KPIs for individuals and business units. For example, it now conducts a comprehensive 3-wave annual procurement cycle including all spend categories. It has also ensured efficiency and transparency through revamped processes and policies such as its Whistle Blower Programme and Contract Vetting Process.

Going beyond price

MAS discovered that up to 60% of its savings are not about price, but about reduced consumption and optimised specifications. It has shifted from a focus on price to Total Cost of Ownership, ensuring that procurement is driven by necessity for business operations.

Clear top management involvement to create a true performance dialogue

To ensure true accountability, Tengku Datuk Azmil is personally in charge of the initiative and leads bi-weekly steering committees for progress reporting. Datuk Seri Idris Jala is deeply involved and diligent about pushing procurement initiatives and following through when implementation risks falling behind plans. Top management has been proactive about monitoring progress against plans and rectifying issues at an early stage to ensure the initiative stays on track. The top management's dedication and the GLC transformation team's support have been critical in making this effort a

Exhibit I.ix
Implementing the Orange Book LDA: UEM Leads the Way

"Leadership development is at the core of our business. We want to continue to take a thorough approach to the Orange Book practices because we view it as an opportunity for continuous improvement. Through the Leadership Development Audit, we hope to drive good practice deeper into the organisation - institutionalising an effective approach to helping our people realise their full leadership potential."

CEO Dato' Ahmad Pardas Senin

Positioned to cultivate leaders for breakthrough performance

UEM has taken the lead in implementing Orange Book best practices in leadership development and Dato' Ahmad Pardas Senin is at the forefront of this initiative. The Orange Book is fostering conviction about the pivotal role of leadership development throughout the organisation:

- Today, UEM's leadership team of more than 80 people embraces Orange Book principles and these principles are becoming embedded in the company's culture;
- UEM is developing its HR capabilities and working to institutionalise leadership development as a sustainable system, rather than a series of processes;
- UEM is forging strong HR-Line partnerships and taking a holistic approach towards leadership development to ensure that it is interlinked with financial performance.

Completing the Leadership Development Audit ("LDA") as laid out in the Orange Book has provided UEM with a powerful tool to ensure that it has enough of the right leaders. Its leaders are also equipped with a dashboard to monitor critical outcomes, thereby delivering and sustaining breakthrough performance.

Paving the way for leadership development with dedication and rigour

In June 2007, UEM launched a 6-week Orange Book pilot, championed by Dato' Ahmad Pardas Senin. He played a vital role from the kick-off to final reviews. He invited the Audit team to present at a 2-day retreat involving UEM's entire leadership team.

The pilot was comprehensive and included an audit of current leadership development activity and outcomes, design of an improvement plan, and creation of leadership dashboards for regular performance monitoring. The audit involved key stakeholders across leadership levels through interviews with CEOs and Heads of HR at 8 UEM subsidiaries, an LDA survey with 317 respondents and focus groups with over 80 participants.

UEM's HR group learned how to conduct a complete LDA and translate it into an actionable improvement plan by working alongside external experts. The pilot created awareness of the critical role of line managers in leadership development as they worked closely with HR, in an unprecedented manner, to collectively assess key organisational areas. The LDA provided a common language for leadership development throughout the organisation.

Committed to GLC leadership development

Syed Abdul Jalil, Senior General Manager of UEM's Leadership Center and Sabrina Chow, Director of Group Human Resources and Training, are key drivers of UEM's Orange Book implementation. UEM has documented the process and captured lessons learned to share with its own employees as well as other GLCs.

"The Orange Book has helped us see how leadership development must be addressed as a holistic system. The leadership audit has given us, in a snapshot, all the strengths and weaknesses of leadership development at UEM. We discovered how leadership development should function as a holistic, all-encompassing system. HR practitioners are starting to see their roles as key business strategists, while the CEO and managing directors see the importance of engaging the HR community at the same table.

Syed Abdul Jalil, Senior General Manager of UEM's Leadership Center

C. Key Benefits to Various Stakeholders

In addition to economic benefits, the Programme is increasingly delivering benefits to all Malaysians

Customers – higher service and quality levels and better value-for-money propositions from more productive and efficient GLCs;

Customers

Improved service levels and higher quality of products and services

- **Affin Bank:** first to introduce non-traditional 'counter-less' banking hall at its branches and voucher less banking where customers only need to present their MyKad to perform over-the-counter transactions without having to fill out forms
- **Boustead:** "Best Lifestyle Venue" award for its successful open-air concept at The Curve
- **CIMB:** major re-branding of consumer bank, reduced average customer queue time from 11 to 4.8 minutes
- **Maybank:** eTrade project – a web-based trade finance solution improving customer accessibility
- **MAS:** "World's Best Cabin Crew" award; 84.06% on time performance (vs 80% target)
- **TM:** broadband service restoration time in Selangor improved from 4 days to 1 day; customers served under 7 minutes improved from 61% to 80% in 2007
- **TNB:** "Best Emerging Call Centre" award; reduced the Distribution System Average Interruption Duration Index (SAIDI) from 102 minutes in 2006 to 83 minutes in 2007

Labour force – better job prospects and human capital development at more dynamic and rapidly growing GLCs;

Labour Force

Better development opportunities and talent management

- **CIMB**: 133 employees gone through the Emerging Leaders Programme
- **Chemical Company of Malaysia ("CCM")**: "CICM Responsible Care Awards – Gold for Process Safety Code", ensuring a safe environment for employees to work in
- **UEM**: Young Executive Scheme – 569 unemployed graduates offered 1 year vocational training and 269 graduates offered full-time employment

Benefits from training investments to raise overall skill levels and employer awards received

- **Golden Hope**: first batch graduated from the GH Academy in July 2007
- **TNB**: RM72 Mn invested in mandatory training in 2007, 1227 employees participated and 330 executives identified for talent development, received "Anugerah Majikan Harapan 2007" award by Ministry of Human Resource

Suppliers – increased transparency with merit-based procedures favouring the highest value-for-money suppliers, and reduced leakages, inefficiencies and corruption;

Suppliers

Introduction of merit-based procurement processes and supplier capability development

- More than 20,000 local and Bumiputera suppliers are dealing with GLCs
- "Bumiputera supplier" and "local supplier" definition being reviewed by GLCs
- **CCM** and **MAS** have identified new Bumiputera suppliers
- Suppliers experience increased transparency and productivity with introduction of automation and sourcing tools such as purchasing cards and e-bidding

Bumiputeras – uplift in GLC performance will support the continued development of a more competitive Bumiputera community, through better skilled Bumiputera employees and more capable Bumiputera suppliers;

Bumiputera Community

Benefits of human capital development and employment initiatives

- 85% of Board of Directors, 81% professional executives and 76% of senior managers at GLCs are Bumiputeras

Better vendor and community development programmes

- **BIMB**: distributed RM1 Mn to zakat in 2007, maintained "Sahabat Korporat Tabung Haji" programme, which supports haj pilgrims, collaboration with Islamic Banking and Finance Institute to train unemployed Islamic graduates in Islamic finance
- **MRCB**: developed an integrated transportation hub in Penang with Pelaburan Hartanah Bumiputera Bhd (PHBB), as part of PHBB's agenda to boost Bumiputera participation in economic growth to reduce poverty in Northern Peninsula Malaysia
- **POS**: programme to convert Post Masters to entrepreneurs
- **TNB**: Bumiputera Vendor Development Plan; genuine Bumiputera vendors increased from 195 (2006) to 251 (2007)

Society - the evolution of GLCs towards becoming better corporate citizens generates benefits to the Malaysian society

Society	
	Commitment towards human capital development with emphasis in education - 25 GLCs have participated in PINTAR, a school adoption programme. As of 4 December 2007, 96 schools have been adopted - **Guthrie**: established the Guthrie Scholar Programme through Guthrie Foundation to prompt and create new discoveries in the key areas of palm oil - **TM, TNB, UEM, Sime Darby**: promoting excellence in education through institutions of higher learning such as Multimedia University (MMU), UNITEN, scholarships, sponsorships for academic chairs in Malaysian universities and R&D grants Community involvement - **AFFIN**: donated zakat payment of RM342,000 to build 19 houses for the hardcore poor families in Bachok - **Proton, Sime Darby, TM, Golden Hope, CIMB**: participating in sports development to enhance Malaysia's competitiveness in the regional and global arena Strategies and good practices to mitigate and reduce environmental impact - **MRCB**: conducted a beach rehabilitation programme which started with the transformation of Teluk Cempedak in Pahang where soil erosion has been halted and the beachfront extended by about 80 metres - **TH Plantations** and **Golden Hope**: adopting good practices and standards in plantations management and operations that reduce impact to the environment - **CCM**: part of the Malaysia-Singapore Joint Committee on Environment that carries out simulations to test the state of preparedness and standard operating procedures of the various agencies responsible for protecting the environment - **TNB**: preserving the firefly colony in Kampung Kuantan, Kuala Selangor through a firefly conservation project, aside from environmental protection, the preservation of the firefly colony will also continue to provide livelihood to the boatmen operating in the area

GLICs also continue to play their role in delivering benefits to stakeholders

GLICs are playing a more active shareholding role in driving higher performance in GLCs, which enables GLCs to better serve all key stakeholders. In addition, GLICs are also delivering on their respective nation-building mandates.

Permodalan Nasional Berhad ("PNB") continues to deliver on their commitment to enhance the economic wealth of the Bumiputera community and the prosperity of all Malaysians, such as with higher income distribution for the Amanah Saham Didik Fund, as well as the offering of 500 Mn additional units in Amanah Saham Malaysia Fund to allow more Malaysian citizens to participate in wealth creation.

As part of its mandate on developing human capital and talent for the nation, ***Khazanah Nasional Berhad*** ("***Khazanah")*** has made significant progress in launching the Yayasan Khazanah Scholarship Scheme and the Graduate Employability Enhancement Programme, benefiting 197 graduates and 17 scholars to date.

Lembaga Tabung Angkatan Tentera ("LTAT") is committed in providing retirement benefits for the members of the Armed Forces, as well as socio-economic benefits such as death and disability benefits. In addition, it is investing significantly in various training and retraining programs in technical, vocational and professional fields for retiring and retired servicemen.

LTAT through its group of companies led by Boustead Holdings Berhad has also established Yayasan Warisan Perajurit, an Educational Trust Fund with the primary objective of giving scholarships and financial assistance to children of the Malaysian Armed Forces personnel.

In line with its social mission of ensuring excellence in haj management, ***Lembaga Tabung Haji ("LTH")*** has been continually enhancing its support and delivery of services to better serve Muslims on their haj pilgrimage, and continue to be recognised as a world-class model by countries that aspire to emulate its success.

Employees Provident Fund ("EPF") has announced investment income from equities of RM4.0 Bn for 1st half of 2007, a 141% jump compared to the same period last year, leading to total investment income of RM9.8 Bn over the same period, an increase of 38.6%. EPF has expanded its education withdrawal scheme to include diploma programmes and above, and has approved 20,273 withdrawals for tertiary education in the 1st half of 2007 alone, an increase of 39.7% over the same period last year.

GLICs and GLCs drive the development of special economic corridors

GLICs and GLCs have been entrusted with the role of accelerating national economic development by spearheading the creation of special economic development regions. GLCs are becoming critical drivers in stimulating economic activities across Malaysia to address uneven levels of development, eradicate poverty, raise standards of living, stimulate priority sectors, as well as develop world-class cities.

Exhibit I.x
Economic Regions in Peninsula Malaysia

Petroliam Nasional Berhad ("Petronas") has been appointed as the lead agency in the development of the East Coast Economic Region ("ECER"). The 12-year master plan by Petronas aims to bring industrial development, infrastructure upgrading, and improved living standards to 3.9 Mn residents in the area. This is undertaken via programmes and projects to raise incomes and reduce poverty by expanding employment prospects through the introduction of high impact projects to spur development in the region.

The broad-based plan estimates that RM112 Bn, or RM9.3 Bn annually, would be spent on 227 projects in key industries such as tourism, agriculture, petrochemicals and manufacturing. About 40% of the funds will be channeled towards improving the infrastructure along the east coast. To spur the development of new businesses, the master plan calls for the construction of a “spine” expressway and upgrading of existing roads. New highways will connect Kuala Terengganu with Kota Bharu, and Kuantan with Johor Baru.

The petrochemical industry will be given a significant boost through the construction of a plastics industrial park where RM1.3 Bn is projected to be invested and 2,000 jobs created. Under the master plan, 561,000 jobs will be created by 2020 and hardcore poverty will be cut to zero.

Sime Darby, charged with leading the development of the Northern Corridor Economic Region (“NCER”), is preparing an implementation plan for the Northern Corridor Implementation Authority, which will cover sector stimulation programmes, infrastructure improvements as well as enhancement initiatives for the environment and the quality of life.

Sime Darby is working closely with state authorities to bring the plans to fruition. In a joint venture with Kedah Agro Industries (a subsidiary of the Kedah Menteri Besar Incorporated), Sime will set up a multi-million ringgit corn-processing plant to be located in one of the four northern states. Meanwhile, Sime Plantations Sdn Bhd plans to launch a five-year programme in January 2008 to train 600 farmers as agricultural entrepreneurs. The programme incorporates farm management, post-harvest management, marketing and entrepreneurship training. UEM, meanwhile, will undertake the construction of the second Penang bridge within the NCER. Similarly, MRCB is playing a firm role in the NCER regional transport and logistics plans, including the construction of the Penang Sentral project.

The initial planning of the Iskandar Development Region was driven by **Khazanah**, while the South Johor Investment Corporation (“SJIC”) has been tasked with implementing the initiatives selected to catalyse development in the area. The SJIC is a company jointly held by Khazanah (60%), EPF (20%) and Kumpulan Prasarana Rakyat Johor Berhad (a wholly-owned company of the Johor State Government) (up to 20%).

Total investment for IDR during its first 5 years is targeted at RM47 Bn, and rising to around RM335 Bn over the subsequent 15 years. Several GLCs have been slated to support the region by developing roads, construction projects, communications and information systems in the 2,217-square kilometer area.

UEM Land Sdn Bhd, a wholly-owned subsidiary of UEM, is the master developer of Nusajaya, a 23,000-acre development at the heart of IDR. TNB will be involved in the development, construction and installation of all electrical infrastructures within the IDR. TM and Time dotCom Berhad will be providing high-end broadband facilities and information communication technology (“ICT”) services to enable the development of key targeted sectors in IDR.

These key activities conducted by GLCs will result in significant spillover effects to the rest of Johor in terms of GDP growth. Projected growth in the IDR is expected at 8% per annum (6% projected without IDR). This translates to GDP in 2025 in nominal terms of US$93.3 Bn. The IDR has also been estimated to create an additional 817,500 jobs, totaling 1.43 Mn in employment creation.

Part II - Silver Book

Achieving Value Through Social Responsibility

Part II – Silver Book: Achieving Value Through Social Responsibility

Background

The Silver Book on Achieving Value through Social Responsibility was launched in September 2006. It outlines guidelines and principles for GLCs to proactively contribute to society and guides GLCs on how they could clarify and manage their social obligations.

The Silver Book postulates that contributions should not be limited to philanthropy or donating money to charitable causes or even meeting an external set of compliance criteria on Corporate Social Responsibility ("CSR"). Instead, the emphasis is on how GLCs create benefits to society as an integral part of their corporate strategy and core business.

The key objectives of the Silver Book are to:

1. Clarify expectations on GLCs' contributions to society[1];
2. Guide GLCs in evaluating their starting position in contributing to society; and
3. Provide GLCs with a comprehensive set of tools, methodologies and processes to proactively contribute to society in a responsible manner while still creating value for their shareholders.

Part II of this document highlights the following:

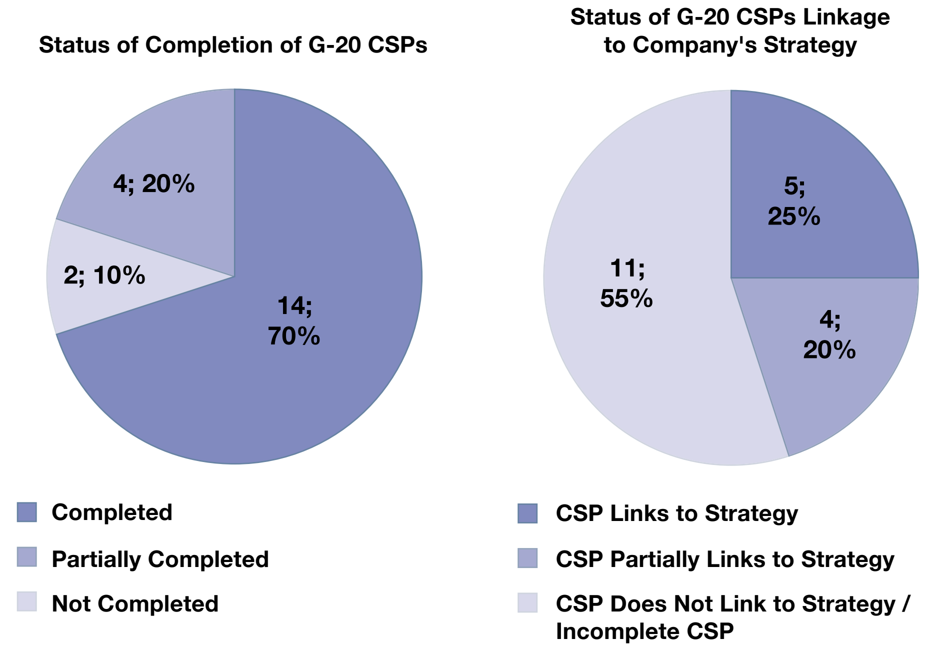
1. Status of the G-20* in implementing the Silver Book guidelines and principles;
2. An assessment of G-20* social contribution programmes and examples; and
3. An assessment of G-20* social obligation programmes and examples.

[1] The Silver Book defines contributions to society as an activity undertaken by a business where the primary objective is to benefit the society or individuals in which the business operates within that society. Such activities are generally voluntary, although some may be undertaken by the business to specifically respond to, or fulfill the demands of stakeholders.

Review of the G-20* progress against Silver Book Guidelines

70% of the G-20* have developed their Contribution to Society Policy ("CSP") whilst 20% are currently in the process. 25% of the G-20* have integrated their CSPs with their corporate strategies (refer to Exhibit II.i).

Exhibit II.i
70% of the G-20* have developed their CSP



Source: G-20 Reporting

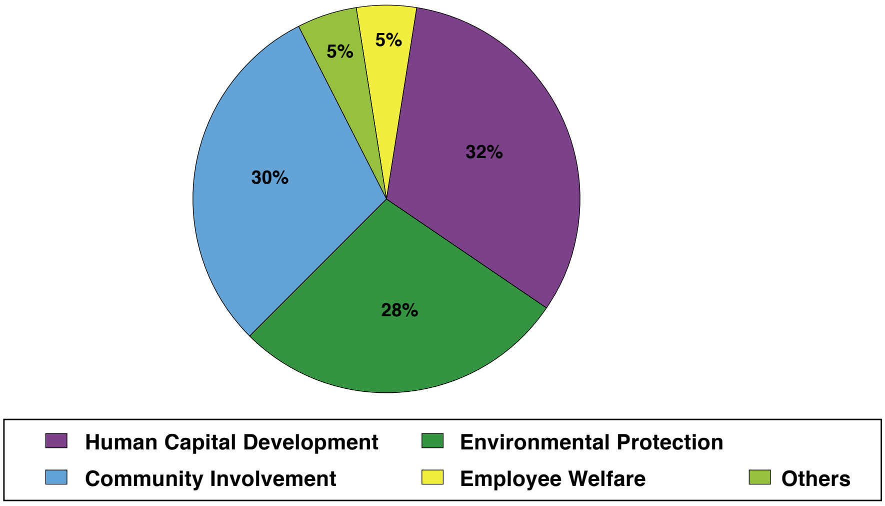
The majority of G-20* contributions fall under 4 core themes as follows:

1. Human capital development and education;
2. Community involvement, including disaster relief and voluntary support services;
3. Environmental protection; and
4. Employee welfare

A majority of GLCs have identified human capital development as their top CSR priority (refer to Exhibit II.ii). Based on data from the G-20*, close to a quarter billion Ringgit (RM249.24 Mn) have been invested in human capital development (refer to Exhibit II.iii).

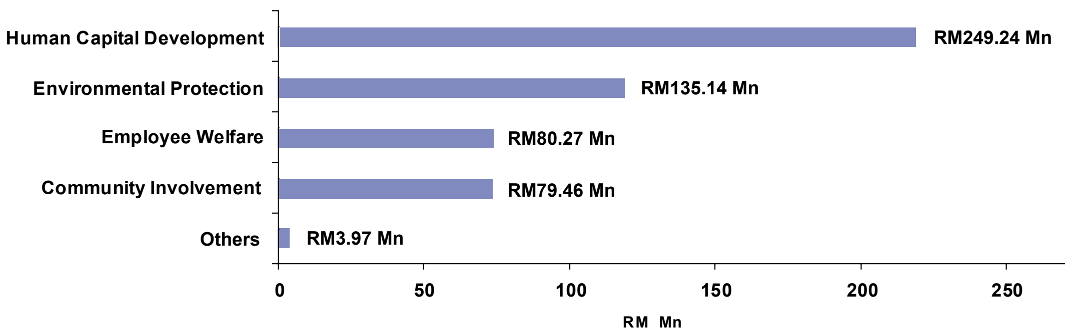
This is in line with the 9th Malaysia Plan's strategic thrust to enhance the nation's human capital as the driving force for economic development.

Exhibit II.ii
G-20* CSR Initiatives are focused on Human Capital Development, Community Involvement and Environmental Protection



Note: Analysis is based on Top 2 CSR activities identified by G-20*
Source: G-20* CSP and Silver Book interviews

Exhibit II.iii
Financial Investment is centred on Human Capital Development and Environmental Protection



Note: Based on 2007 CSR spending of the G-20* companies. The financial spend captured here is based only on the 4 core areas. The figures do not reflect the monies the G-20* may have expended towards other CSR initiatives.
Source: G-20* Reporting

With guidance and ideas from the Silver Book, the G-20* have now developed more structured and cohesive CSR strategies, underscored by clear policies and guidelines, including institutionalising their CSR processes and programmes. There are also early signs of CSR programmes taking on longer-term perspectives and shifting from "form" to "substance".

However, there is currently a lack of specific requirements governing reporting of CSR contents or the format of CSR reports. In general, the G-20* publish CSR-related activities in their annual reports or announce them in their company websites.

Nevertheless, there are international standards that could serve as reference, in particular the Global Reporting Initiative ("GRI"). The GRI G3 principles are recognised globally as a best practice method on evaluating CSR efforts and could be used by the G-20*.

Highlights of Social Contribution Programmes by the G-20*

Human Capital Development - Education

The G-20* have awarded a diverse range of scholarships, study loans and financial aid to various categories of recipients. These include awards for academic excellence, scholarships and training for school leavers, primary education subsidies, apprenticeship programmes, as well as educational funds for under-privileged students. These are channelled through various "Yayasan" or foundations, scholarships and study loans support.

In addition, the G-20* have contributed significantly towards establishing institutions of higher learning, colleges and centres of excellence, e.g. Universiti Tenaga Nasional ("UNITEN"), Multimedia University ("MMU"), community colleges, and funds for academic research and academic chairs in Malaysian public universities.

PINTAR, a school adoption programme, is a key example of how many GLCs have engaged in developing human capital through education at the primary or foundation level (refer to Exhibit II.iv).

Exhibit II.iv
Pan-GLC School Adoption Programme – PINTAR

PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibility), a school adoption programme, is a key education initiative implemented by 25 GLCs and their subsidiaries. PINTAR seeks to help improve the educational performance of students from low-income families. Through PINTAR, a customised programme is implemented at each adopted school with the aim of raising the children's motivation to learn and to ensure a conducive learning environment. The programme also encourages parental awareness and involvement.

As of 4 December 2007, there are 96 primary and secondary schools participating in PINTAR. 46 schools in Penang, 8 in Kedah, 4 in Perak, 3 in Perlis, 19 in Johor, 10 in Kelantan, 2 in Terengganu, 3 in Pahang and 1 in Kuala Lumpur have been adopted by 25 GLCs. The core modules of the programme constitute Motivation and Team building Programmes; Educational Support Programmes; Capacity and Capability Building; and Reducing Vulnerabilities and Societal Issues. PINTAR seminars, career talks, religious programmes and educational excursions have been implemented since January 2007.

Community Involvement

Community involvement is one of the more visible programmes that the G-20* have undertaken. The contributions are in the form of financial and benefits-in-kind to support various social causes such as drug addiction, cancer, disaster relief and community health programmes. Contributions were also made to charitable organisations, homes, the poor (which includes zakat payment) and various vulnerable communities.

As part of the G-20* community support programmes, employees were also deployed to volunteer their time and expertise in response to natural hazards and disasters. The G-20* employees often support planned programmes in partnership with non-profit or civil society organisations. Some of the notable partnerships were with MERCY Malaysia, World Wildlife Fund Malaysia and Malaysian Nature Society. In general, the G-20* encourage volunteerism as part of the employees' personal development. Employees of some of the G-20* were deployed for disaster relief missions in the 2006 Johor floods, and internationally to Aceh following the 2004 tsunami and the Pakistan earthquake in 2005.

The G-20* are also avid champions of sports development in Malaysia. Sports such as lawn bowling, badminton, cycling, motor sports, hockey and squash receive strong support from the G-20*. The G-20* are also involved in the development of sports targeting youth. Through such involvement, the G-20* have gained national, regional and global exposure through sporting events such as the Olympic Games, Commonwealth Games and the Thomas Cup.

Environmental Protection

A significant number of the G-20* companies are involved in industries that impact the environment. Initiatives under this core theme involve ensuring operational compliance to environmental standards and regulations. Companies such as BCHB (refer to Exhibit II.v) and MRCB (refer to Exhibit II.vi) have launched programmes and good practices to minimise impact on the environment, as well as encourage conservation and awareness efforts.

Exhibit II.v
BCHB: Moyog River Clean-up

BCHB, through CIMB Group's Community Link initiative, collaborated with the Penampang Junior Chamber ("PJC") to clean up a 40.2 km stretch of the Moyog River, about 10 km from Kota Kinabalu. From August to September 2007, a well-developed outreach and hands-on education programme on water pollution was rolled out to complement the river cleanup effort. This project involved 3,150 villagers from 38 villages along the Moyog River as well as a voluntary group of students and employees of the CIMB Group. The programmes included:

- Water Ranger Programme – A comprehensive plan to educate school children to protect the environment and the freshwater ecosystem. Each week, selected schools will take turns to test the river water and note down the readings that are charted in a matrix. The PJC will assess the results monthly to determine whether the water quality has improved and determine the next course of action.

- Replanting of indigenous plants along the river bank under an environmental protection initiative.

- Recycling projects – Villagers are taught how to prevent agricultural and household waste from being discarded into the river, along with methods for composting waste materials.

Sustainability is a key consideration in the causes that BCHB supports. In partnership with PJC, BCHB has taken steps to monitor and measure the impact of the initiatives undertaken.

Exhibit II.vi
MRCB: Beach Rehabilitation Project

MRCB is active in the rehabilitation of beaches, which started with the transformation of Teluk Cempedak in Pahang from a sleepy area to its current state where soil erosion has been halted and the beachfront extended by about 80 metres.

Following the success of Teluk Cempedak, MRCB was given the mandate to turn things around at Pulau Tioman, where soil erosion is a serious problem. Works are on-going on the river side as well as along Tekek beach, with initial dredging works completed. Once work is completed, it will change the landscape of Kg. Tekek with a new jetty, a marina, a new improved infrastructure and rehabilitated beach.

Some of the G-20* companies have integrated and/or are in the process of integrating international standards such as ISO14000 certification or good environmental practices. Additionally, they are investing in R&D to mitigate the impact on the environment resulting from their business operations. TH Plantations Berhad ("TH Plantations"), Golden Hope and Guthrie have taken significant steps in minimising the environmental impact in the plantation sector (refer to Exhibits II.vii and II.viii).

Exhibit II.vii
TH Plantations & Golden Hope: Integrated Pest Management

With the current practice of Integrated Pest Management ("IPM"), GLCs in the plantation sector have significantly reduced the use of pesticides while minimising crop losses to pests. Examples of IPM being deployed include the use of barn owls for rat control, field sanitation in Ganoderma prevention and the use of pheromones for trapping rhinoceros beetles. GLCs are also conducting research on how pathogenic bacteria, virus and fungi can act as biological control agents in IPM.

The GLCs are also committed to adopting a zero-waste, zero-discharge policy. This includes recycling mill by-products such as Empty Fruit Bunch ("EFB") into organic mulch and channelling Palm Oil Mill Effluent ("POME") back to the fields to reduce the need for chemical fertilisers. The organic matter in EFB and POME can improve the inherent physical and chemical properties of the soil and EFB is also used for young replants to promote early growth and enhanced yields.

Exhibit II.viii
Guthrie: Research on Palm Oil

In keeping with changes in the research landscape and to prompt new discoveries in the key areas of palm oil, Guthrie through Guthrie Foundation has established the Guthrie Scholar Programme.

Advanced research conducted through the foundation's programmes will enable Guthrie to explore further diversification in the uses of palm oil. This involves a collaboration between Guthrie Foundation with Malaysian Palm Oil Board and Universiti Teknologi MARA (UiTM), both of which are renowned for their research in palm oil sciences. Research is carried out by PhD holders or researchers for two years. The areas of research identified are the study of energy farm research and palm puree from palm fruits. The outcomes of this research are expected to make the Malaysian palm oil industry a more diversified global business.

Poverty Reduction

One of the strategies to eradicate poverty is through social business projects and a majority of the G-20* companies have implemented programmes to provide sustainable assistance to the poor and marginalised communities. G-20* projects include provision of shelter, access to healthcare and education, and skills building and income generation projects. AFFIN in particular has been active in building homes for the hardcore poor (refer to Exhibit II.ix).

Exhibit II.ix
AFFIN Holdings Berhad – Homes for Hardcore Poor

AFFIN Holdings Berhad through its subsidiary AFFIN Bank Berhad donated zakat payment of RM342,000 to build 19 houses for the hardcore poor families in Bachok. 40 volunteers from from the company helped in the 'Gotong Royong' session by laying the foundation pillar and bricks for the first house during the ground breaking ceremony.

AFFIN Bank's subsidiary, AFFIN Islamic Bank Berhad also plans to build some 50 low-cost houses on a 6 acre land provided by the Terengganu State Government, also to be funded by zakat payment. The Terengganu State Government will be responsible for providing the infrastructure for the project. Similarly, AFFIN Islamic Bank donated RM400,000 in zakat payment to rebuild homes for 20 families in Kedah. Plans are already underway to build houses for the hard core poor in Melaka.

Employee Welfare

Many of the G-20* companies focus their CSR efforts in improving workplace environment. The G-20* stress safe and conducive working conditions and aim to treat employees with fairness and dignity.

Some of the G-20* have sought to improve their employees' welfare through entrepreneurship development. A notable example is a programme called Promoting Employee to Entrepreneur Realisation, administered by POS, where 18 one-staff post offices throughout the country have been converted to mini post-offices that are franchised to former staff.

Social Obligations Programmes by the G-20*

A number of the G-20* are also faced with social obligations, which are contributions to society undertaken by the GLCs in response to, or to fulfill the demands of their stakeholders not specifically required by law or by industry regulations. Such obligations are not equally shared by, or required of every player in the industry. Typically these will be in the form of services to communities in remote or impoverished areas. The services include access to electricity, telecommunication services and transport in remote areas, for example interior of Sabah and Sarawak, which are greatly dependent on air passage, postal and banking services.

The G-20* have begun to address such obligations with their various stakeholders by improving their efficiency and/or reshaping the manner in which they fulfill the intent of the obligation, as illustrated by MAS' rural air service, Tenaga's rural electrification project, MAHB's maintenance of short take-off and landing ports, and Maybank's banking services in rural areas (refer to Exhibit II.x).

Exhibit II.x
Examples of Fulfilling Social Obligations

Malaysian Airline System Berhad – Rural Air Service

Almost a year after the domestic rationalisation exercise in 2006, Malaysia Airlines was requested by the Government to take back the domestic operations in East Malaysia. MASwings was formed on 1 October 2007. It would cater to the intra and inter-state air travel needs of Sabah and Sarawak, connecting the vast majority of the interior town and remote settlements of rural Sabah and Sarawak to the major towns in Malaysia. Some of these interior towns and remote settlements have no road or river links and are solely reliant on air services. As such, MASwings provide the only link with the rest of Malaysia and is thus a vital vehicle for social integration.

As a community carrier, MASwings has put together initiatives to contribute to the development of the community. The first programme that was launched on 1 October 2007 was

MASwings for Children. This programme provides free airlifts for children from infants to 12 years of age who suffer from life threatening or chronic illness requiring specialised medical attention. MASwings recognises that such children have unique needs.

In the pipeline are Wings of Love and Wings of Inspiration. Wings of Love is “two pronged” – focused on the customers and employees to inculcate a caring culture and a service culture at the same time. Wings of Inspiration is for students, with the intent to stimulate awareness, learning and creative thinking especially on environmental issues and heritage discovery in Borneo.

TNB – Rural Electrification Project

Despite TNB’s efforts to provide electricity throughout the country, there are some areas which remain unreachable to the common electricity grids that traverse the country.

In such remote places, the only means to reach them is through an independent solar hybrid power plant, which combines diesel power with solar panels. Besides providing electricity to rural areas, TNB promotes the use of renewable energy such as solar to produce electricity.

More recently, TNB added wind turbine technology to the hybrid plant, the first project being the Wind/Solar Hybrid plant installed in Pulau Perhentian Kecil in Terengganu. The plant harnesses strong winds to generate 100kw of wind powered energy. The technology not only makes the plant more efficient, it also consumes less diesel, thus reducing possible pollution sources from fossil fuel.

In some remote areas where TNB has installed its solar hybrid technology, the availability of electricity has generated other economic activities, which has improved the standard of living in rural areas.

In some of the islands, including Pulau Perhentian, having access to electricity 24 hours a day has encouraged tourism activities to thrive.

MAHB – Short Take Off and Landing Ports

Malaysia Airports manages and operates 18 Short Take-Off and Landing Ports (STOLPorts), 15 of which are in remote areas of Sabah and Sarawak. These STOLPorts play important roles in bridging the rural-urban divide, bringing development and better standard of living for rural Malaysians.

In Sabah, the STOLports service the inner districts of Kudat, Semporna and Long Pasia. These STOLports are interlinked to each other and to the domestic airports of Tawau, Labuan and Sandakan, and, thus, to Kota Kinabalu International Airport.

Sarawak has the most number of STOLports in the country (12 in total). The STOLports are either coastal (to reach communities that live near rivers) or deep in the interior of forest-covered, mountainous terrains that can only be reached by air.

Malaysia Airports upgrades their STOLports from time to time. Mulu STOLport has been upgraded to a domestic airport to match those of Miri and Bintulu, opening up inaccessible areas for trade and tourism.

Maybank – Basic Banking in Rural Areas

Since its inception, Maybank has been a firm believer of branch banking and bringing banking to the people's doorsteps.

This endeavour has since stretched to meet the needs of traditionally under-served groups in Malaysia including the rural community and school children – also categorised as high cost-to-serve segments of society.

Today, Maybank continues to support the national development agenda by ensuring that it does not neglect serving any community or location. It has ensured that its operations network extends even to non-urban areas where Maybank is often the only bank to offer its service.

This commitment is fundamental to Maybank's broader business strategy to penetrate under-banked segments, and to create a more equitable distribution of financial services in the country.

Key CSR Initiatives by G-20*s Reviewed by Sector

Malaysian Airline System Berhad

- Noise abatement measures – installation of noise deflectors at engine testing
- Facilities to reduce disturbance to surrounding communities
- Constant Descent Approach – a standard landing procedure that is fuel efficient, hence reducing emissions
- Reduce, recycle and reuse considerations in operations
- Future consideration for emissions trading and carbon offset schemes in line with industry practices – for the company and as a service for passengers

Kumpulan Sime Darby Berhad, Golden Hope Plantations Berhad, TH Plantations Berhad and Boustead Holdings Berhad's plantation business

- Sustainable management and environmental protection as good practice as incorporated in the Malaysian Standards of Oil Palm Good Agriculture Practice
- Zero waste, zero discharge policy which includes full recycling mill by-products such as Empty Fruit Bunch as organic mulch and the channelling of Palm Oil Mill Effluent back to the fields to reduce use of chemical fertilisers

Chemical Company of Malaysia Berhad

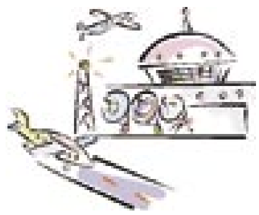
- Malaysia Singapore Joint Committee on Environment has organised simulations to test the state of preparedness and standard operating procedures of the various agencies responsible for protecting the environment
- Regulatory agencies to enact the incident up to the whole process of recovery, as well as provide transportation, chemicals, and other props for the mock exercise.

Tenaga Nasional Berhad

- Coal power plant using clean coal technology, e.g. Stesen Janakuasa Sultan Azlan Shah which uses clean coal technology
- Carbon isolation program through reforestation: During the construction of Stesen Janakuasa Sultan Azlan Shah, efforts were made to minimise any adverse effects on the environment
- Power plant with ISO14000 certification and hydro plan which generates power to Peninsular Malaysia and supports flood mitigation for the East Coast

Proton Holdings Berhad

- R&D in the production of EURO-4 model cars; EURO-4 is a European standard for environment compliance in car manufacturing with regulations on emissions that are more stringent then local standards
- Eliminate and substitute Substance of Concern in the manufacturing process
- Working towards environmentally responsible manufacturing process through ISO14000 certification



Malaysia Airports Holdings Berhad

- Operation policy and best practice in Sustainable Travel and Tourism: KLIA has been awarded the distinguished GREEN GLOBE 21 CERTIFIED STATUS for the third consecutive year. The Green Globe is a global benchmarking, certification and management system based on Agenda 21 and the Principles of Sustainable Development endorsed at the United Nations Rio de Janeiro Earth Summit

Tenaga Nasional Berhad

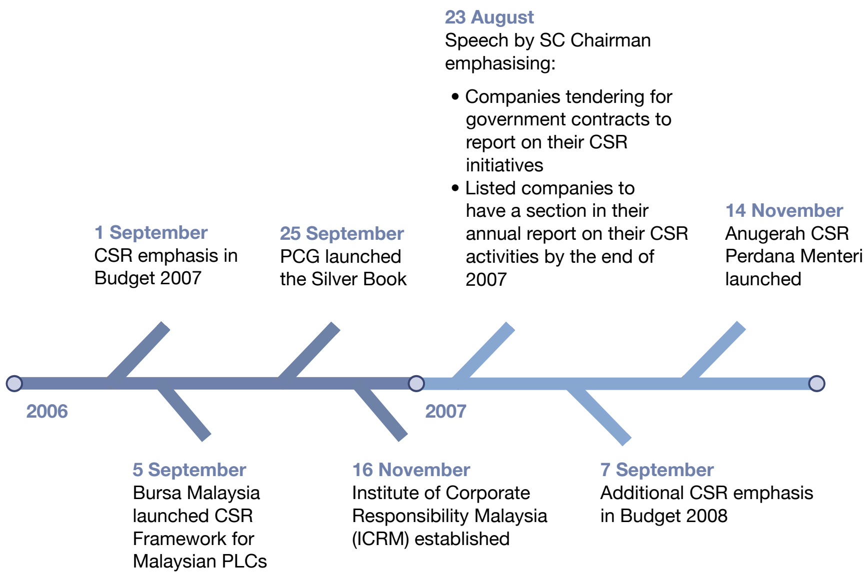
- Preserving the firefly colony in Kampung Kuantan, Kuala Selangor: Through a firefly conservation project, studies have been conducted on the lampyridae firefly and the entire ecology of the insects. Once the study is completed, it is expected to provide a scientific basis for future conservation efforts on the species and its environment. Aside from environmental protection, the preservation of the firefly colony will also continue to provide livelihood to the boatmen operating in the area.

Source: G-20* Contribution to Society Policy and Silver Book Interviews

Moving Forward

The CSR landscape in Malaysia has undergone a remarkable shift over the last 3 years. Presently, Malaysia arguably leads Asia in terms of emphasis placed by Governments and Regulators towards inculcating and adopting CSR initatives, as illustrated in Exhibit II.xi.

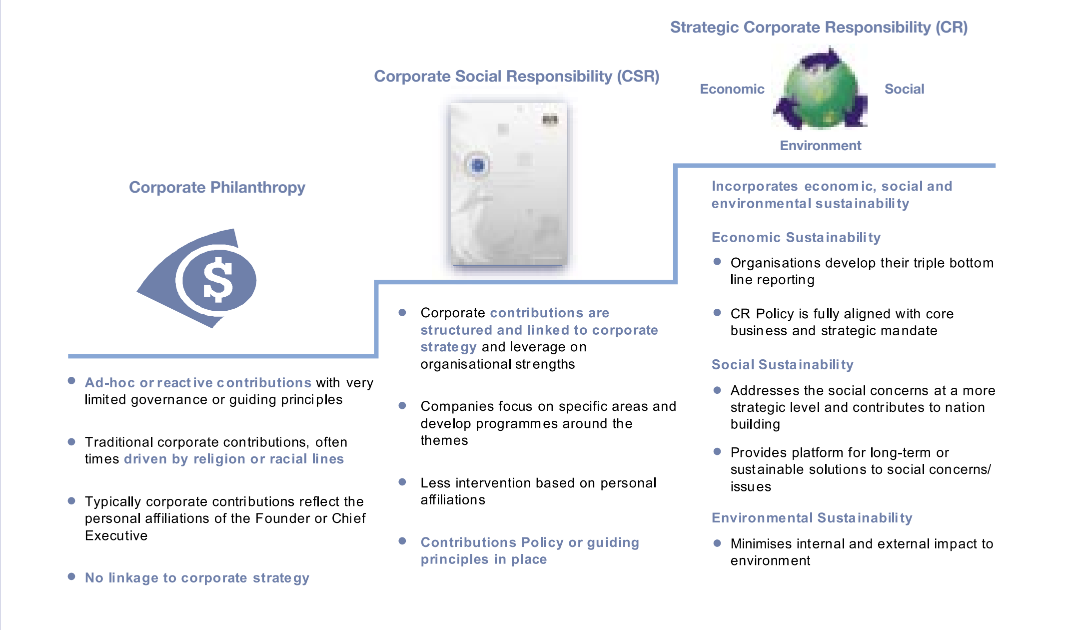
Exhibit II.xi
Key Milestones in the CSR Journey in 2006 and 2007



Source: Bursa Malaysia, SC, Budget 2007 & 2008 Speeches, PCG

While the Silver Book codifies CSR and recommends guidelines to link CSR or corporate responsibility ("CR") to corporate strategy, the CSR journey needs to evolve into strategic corporate responsibility. This phase is where companies address sustainability not just with their businesses, but also sustainability of the environment and the society. An illustration of this journey is captured in Exhibit II.xii.

Exhibit II.xii
The Evolution of Corporate Engagement: Corporate Philanthropy, CSR and CR



Source: TMO: Silver Book analysis

While the G-20* have made significant contributions to society and are managing their social obligations, there is room for enhancement, especially with the above developments.

Key areas the G-20* should focus on moving forward include:

1. Integrating their CSR programmes with corporate strategy;
2. Developing appropriate mechanisms to measure the impact of CSP and to monitor CSR programmes;
3. Developing a longer-term strategy for their CSR programmes - a majority of current CSR activities are conducted in an ad-hoc manner and primarily at a tactical level;
4. Further clarifying their strategic CSR mandate to incorporate social and environmental sustainability as part of their core business;
5. Continuously enhancing their CSR programmes and increasing stakeholder engagement; and
6. Integrating best practices and benchmark against industry standards in their programme design, implementation and reporting.

PART III - Red Book

Reviewing and Revamping Procurement Practices

Part III - Red Book: Reviewing and Revamping Procurement Practices

Rationale and intended benefits of the Red Book

Listed GLCs, in their aim to become competitive, need to develop strong procurement practices. Many top multinationals (e.g. General Electric, Toyota, and Shell) and local best-in-class companies (e.g. PETRONAS and Maxis) have adopted strong procurement practices in driving their aggressive business strategies. The PCG recognises that GLCs – as commercially-driven entities – stand to benefit from a set of best practice procurement guidelines.

The YAB Prime Minister has reiterated that GLC procurement is a key lever to support significant value creation for the nation, minimise corruption, increase corporate transparency, enhance corporate governance and develop a robust and competitive Bumiputera Commercial and Industrial Community ("BCIC").

With GLCs spending more than RM26 Bn a year, it is important for them to implement best practices in procurement, as significant benefits can be realised, including increasing their overall competitiveness.

Objectives of this section

This Part III aims to provide an overall assessment of the progress of G-20* in implementing the Red Book initiative. It contains information on the G-20* target value creation and realised savings, stakeholder impact and case studies of the procurement transformation efforts. This report also highlights the G-20* commitment to continue to enhance their procurement function to world-class standards and deliver sustainable and tangible results as prescribed in the Phase 3 of the Programme.

Recap of Red Book deliverables

All listed GLCs have been recommended to adopt relevant Red Book procurement guidelines by the end of 2006.

The Red Book also specifies steps for each GLC CEO to take, as follows:

1. Appoint a Red Book champion;
2. Validate initial assessment on procurement issues using the Gap Analysis and Procurement Maturity Analysis (refer to Exhibit III.i);
3. Develop the Procurement Improvement Plan (PIP) (refer to Exhibit III.i); and
4. Implement the PIP.

Exhibit III.i
Key Concepts in the Red Book

Gap Analysis: GLCs conduct an assessment in 29 different areas ranging from supplier management, purchasing strategy and demand management to technology enablers. GLCs are encouraged to conduct the assessment with users, suppliers and procurement groups on a frequent basis. A level 5 rating indicates the GLC has attained world-class procurement practices. The analysis provides a guide for the GLCs to develop their Procurement Improvement Plans.

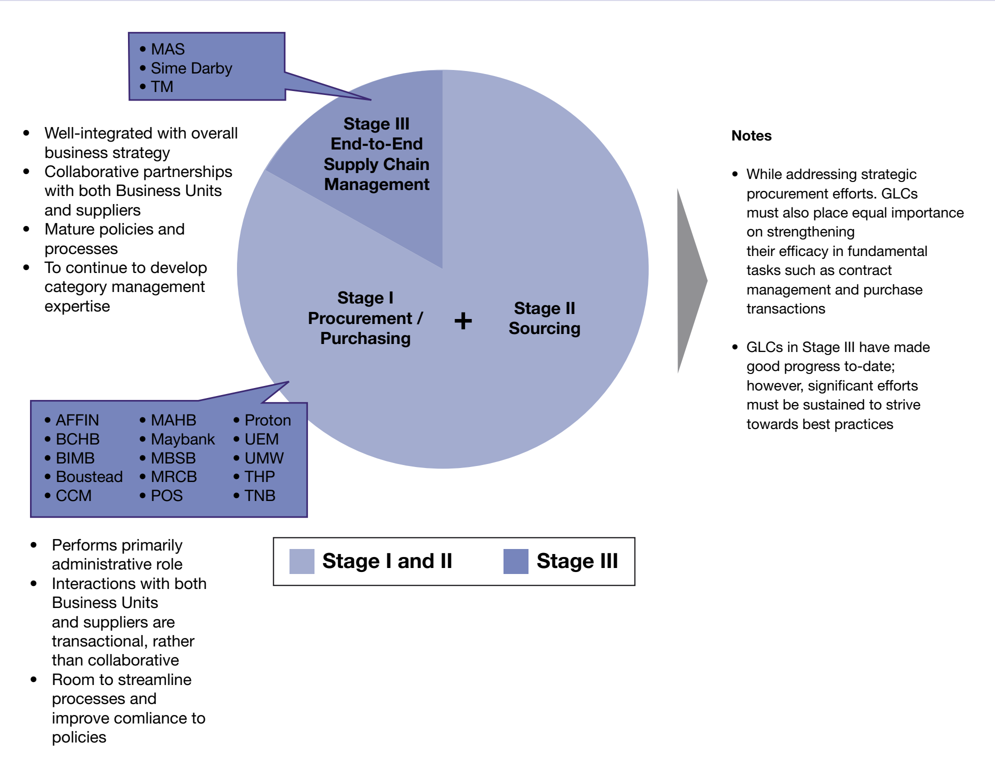
Procurement Maturity Analysis: This analysis provides a benchmark on the procurement function's capabilities versus best practice procurement functions. There are 3 stages of maturity, namely Stage I – Procurement/Purchasing, Stage II – Sourcing and Stage III – End-to-End Supply Chain Management. (Please refer to Exhibit III.iii for a description of the various stages).

Procurement Improvement Plan: A plan by which a company will implement best practices in procurement, shaped by the results of the Gap Analysis and Procurement Maturity Analysis conducted by the company, taking into consideration available resources. The plan must incorporate measurable and tangible benefits, and must be time-bound.

High Level G-20* progress in their Procurement Maturity Analysis and Gap Analysis

As at 28 November 2007, the majority of GLCs are in the midst of implementing their PIP (refer to Exhibit III.ii).

Exhibit III.ii
Tracking GLCs' Implementation of Red Book – Procurement Maturity Analysis



3 GLCs, namely MAS, TM and Sime Darby are moving towards Stage III on the Procurement Maturity Analysis. Exhibit III.iv illustrates how Sime Darby has embarked on various projects to reduce procurement cost.

The rest of the GLCs are in various degrees of Stage I or II. Interim analyses indicate that various enhancement areas are possible. Refer to Exhibit III.iii on the 3 stages of the Procurement Maturity Analysis.

Exhibit III.iii
Stages of Procurement Maturity Analysis

Stage I	Stage II	Stage III
• Procurement and contracting decision highly decentralised • Procurement function focuses mainly on contract administration • Vendor base is fragmented • Vendor relationships not at arms-length • No mechanisms to track performance	• Procurement function able to attract good Human Resource (HR) talent • Competitive bidding used • Policies/procedures exist but compliance is weak • Mutually beneficial relationships established with key suppliers • Some supplier development in place • Some performance monitoring and tracking takes place	• Procurement a key function that supports the company's strategy • Procurement a source of HR talent • Seen as a partner for Business Units and line functions • Deep supplier collaboration in place • "End-to-end" supply chain management practiced, e.g., o in-depth understanding of supplier markets, user demand and requirements o systematic category management o pervasive use of Management Information Systems and e-procurement

It is important to note that while the Red Book initiative recommends achievement of procurement excellence, not all GLCs are expected or required to evolve to Stage III over time. Depending on the nature of the industry in which it competes, an optimal stage of maturity for a particular GLC may only be at Stage II.

Exhibit III.iv
Holistic Procurement Transformation

Sime Darby drives cost savings through standardising specifications across a diverse portfolio of companies, leveraging e-procurement tools and aggregating volume across the group

As part of their Procurement Excellence Roadmap, Sime Darby launched 2 Waves of strategic procurement projects. In 1 of the Wave 1 initiatives, Sime Darby investigated the area of spend on PCs across the Sime Darby group.

Standardising specifications to reduce complexity across the group of companies

Sime Darby's analyses on the spend and specification profile of the PCs within the group revealed that there were 20 brands of PCs with 11 different sets of specifications across the more than 20 companies and 6 main lines of businesses:

- Plantations
- Property
- Motors
- Industrial
- Energy and Utilities
- Healthcare

The procurement team worked closely with all the IT managers across the different companies within the Sime Darby group to standardise the PC requirements and specifications. This effort involved several rounds of discussion and workshops with the IT managers and users.

Eventually, the Procurement team was able to reduce the specifications from 11 sets to 4.

Leveraging e-procurement tools to achieve optimal prices and specifications

After standardising the specifications, Sime Darby then pre-qualified selected PC vendors using the following criteria - global capabilities, level of after-sales support provided in Malaysia, and existing use of the vendor products in the Sime Darby group.

Sime Darby then invited these pre-qualified vendors to submit separate technical and commercial proposals for PCs. The vendors were evaluated on their respective technical proposals. Upon clearing the technical evaluation, vendors were then invited to participate in an e-reverse auction. Each vendor was brought into Sime Darby offices and provided training / briefing on the e-bidding process. On the day of the e-reverse auction, each vendor was given a room on Sime Darby premises and participated in the 45-minute event.

The reference price used in the e-auction was the published / listed price of the PC. The prices quoted in the vendors' commercial proposal were used as the opening price for the e-reverse auction. The vendors competed based on a "Fixed Discount" in relation to the reference price for each set of specifications.

As a result of the 45-minute e-reverse auction, Sime Darby was able to achieve a 21% "Fixed Discount" over the reference price. They were also able to reduce their number of PC suppliers from 20 brands to 3 preferred brands. Going forward, users now purchase PCs from the first preferred supplier (who submitted the lowest "Fixed Discount" price from e-reverse auction).

Aggregating demand to obtain volume discounts

Upon the merger, Kumpulan Sime Darby, Guthrie and Golden Hope formed Sime Darby, comprising 6 key business divisions – from different industries and activities. Rather than repeat the e-bidding process, the Procurement Team conducted direct negotiations with the preferred PC vendor to increase the "Fixed Discount" from 21% to 26% based on the aggregation of volume across Sime Darby's three merged entities.

Sime Darby's efforts showcase how procurement levers can be used in parallel to create value and efficiency across a conglomerate made up of a diverse set of companies across different industries.

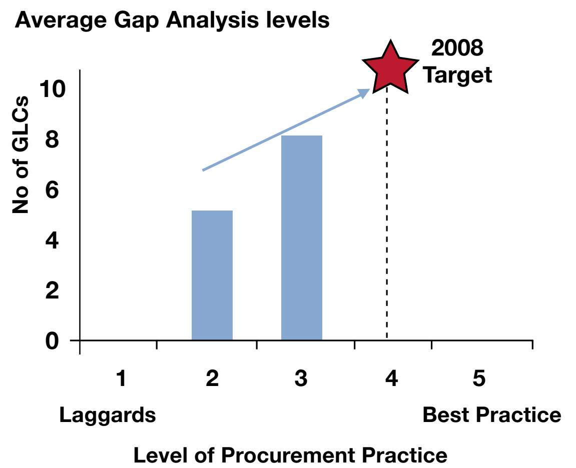
More than 70% of the G-20* companies achieved a score between 2 – 3 on the Gap Analysis conducted through self-assessments. 6 GLCs (CCM, Malaysia Building Society Berhad ("MBSB"), MRCB, POS, THP and UMW Holdings Berhad ("UMW")) are at Level 2 and 8 GLCs (Boustead, MAS, MAHB, Proton Holdings Berhad ("Proton"), TM, TNB, Sime Darby and UEM) are at Level 3 (Refer to consolidated results in Exhibit III.v).

13 of the G-20* companies aspire to achieve Level 4 on the Gap Analysis by end-2008. Level 4 means they would need to have done all of the following:

- Formalised sourcing strategy in place
- Created high visibility of procurement in the organisation, including subsidiaries
- Attracted good HR talent
- Developed targets
- Frequently reviewed performance
- Used e-procurement tool for spend analysis, strategic sourcing
- Identified a central procurement process custodian
- Created cross-functional teams
- Rationalised supplier pool
- Developed proactive Vendor Development Programme / Bumiputera Vendor Development Programme (if required).

PCG is currently conducting an independent assessment of the procurement functions of the G-20*. As part of the project, G-20* companies will be enabled to conduct self-assessments in future. They will also be provided with recommendations to achieve high impact benefits through their procurement function. The interim findings are provided in Exhibit III.vi.

Exhibit III.v
Gap Analysis of G-20*



Note:
AFFIN, Maybank and BCHB are excluded in view that they have been focusing on other priorities

Exhibit III.vi
Interim Results of Assessment on Procurement Function

ALL 15 GLCS PARTICIPATING IN THE ASSESSMENT HAVE MET THE 5 MINIMUM REQUIREMENTS OF THE RED BOOK INITIATIVE

Minimum Requirement	Status Of GLC Implementation[1]	Comments
Appointment of Red Book Champion	• More than 90% of the GLCs have appointed participating Red Book Champions	• Most Red Book Champions are at the Chief Procurement Officer level or higher, indicating the level of importance given to Red Book within the organisation
Completion Of Procurement Maturity Survey & Gap Analysis	• All of the participating GLCs have conducted the initial Procurement Maturity Survey and Gap analysis	• Overall, most GLCs have rated themselves in Stage II or Stage III in the Performance Maturity Analysis • However, common areas for improvement identified include procurement organisation, employee skill-sets and systems integration
Development of PIP And Targets	• 75% of the participating GLCs have developed PIP and targets signed off by their respective Boards	• Intended benefits need to be enhanced and be measurable • Targets need to be stretched • Efficient tracking of progress needs to be in place
Identification of Key Initiatives In 2007	• All of the participating GLCs have identified key Procurement related initiatives for 2007 and 2008	• While 2008 is the year targeted for procurement transformation, several GLCs have not yet defined the specific steps required to implement some initiatives • GLCs need to benchmark themselves to properly assess their procurement practices
Achievement of Key Milestones in 2007	• Some participating GLCs have achieved either cost savings, improved efficiencies or strengthened vendor programmes	• While some participating GLCs have achieved cost savings and improved procurement practices through concerted effort, a lot more work is needed to enhance procurement practices among the larger conglomerate GLCs

It appears that the overall implementation of the Red Book initiative is on track, however some of the PIPs and targets could be more aggressive

[1]Only covers 15 participating GLCs in the Red Book Effectiveness Assessment

The following have been identified as common bottlenecks for the G-20*:

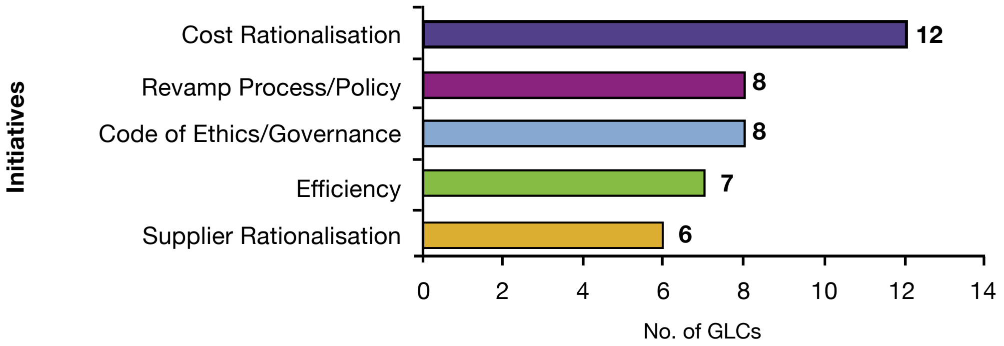
- Level and capabilities of resourcing available to drive and support Red Book initiatives
- For conglomerates – top level accountability, harmonising processes and spend visibility across the different lines of business
- Top level support on shifting from tactical procurement towards strategic procurement
- Lack of systematic and reliable procurement-related data (e.g. spend and vendor information)

Top Procurement Initiatives to be implemented by GLCs

The G-20* are focusing their efforts in addressing cost, governance, transparency and efficiency issues. Their top Red Book initiatives are illustrated in Exhibit III.vii as indicated later in this report, the G-20 have demonstrated tangible outcomes from these initiatives.

Exhibit III.vii
G-20*'s Top Red Book Initiatives

Based on GLCs' PIPs, they have prioritised the following initiatives to address identified gaps:



Source: TMO, Red Book GLIC Champions and A.T. Kearney analysis

Value Creation Review

Procurement Value Creation is an important measure of how the procurement function can create value through cost reduction and cost avoidance. World-class organisations utilise procurement value creation as if it has direct impact to the bottom-line.

Procurement spend can be split into three categories: Addressable Spend, Semi-Addressable Spend and Non-Addressable Spend (refer to Exhibit III.viii).

Exhibit III.viii
Key Concepts in Procurement Spend

Definition:

1. ***Addressable spend***
   - All spend categories (OPEX and CAPEX) that can be sourced in the near and medium-term
   - Savings are realised over a 3 year timeframe by designing a multi-year program with staggered category-wise sourcing approach

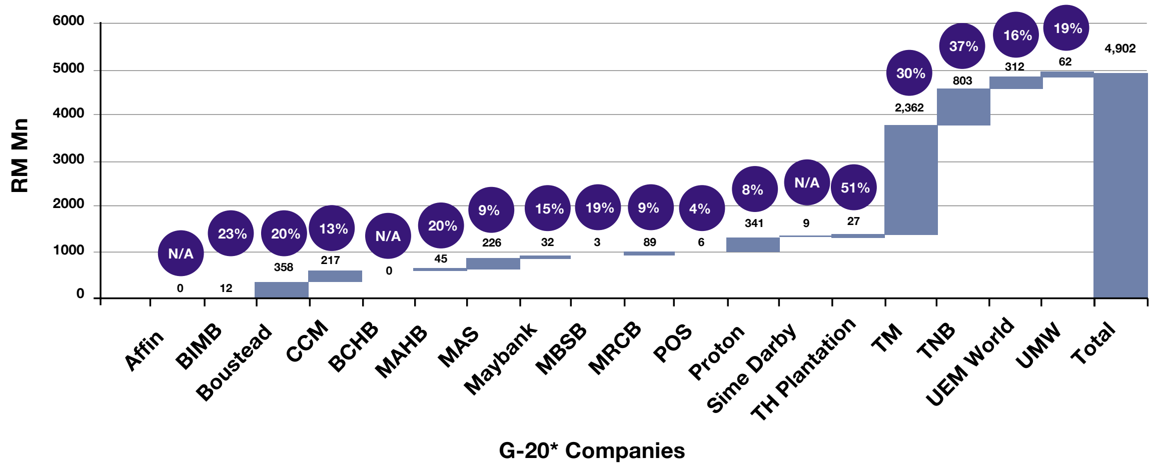
2. ***Semi-Addressable spend***
   - Categories that are highly correlated with commodity prices
   - Select categories with BVDP candidates that are about to 'graduate'
   - In such categories, focus is on 'cost avoidance'

3. Non-Addressable spend

- 'Related party spend' that cannot be sourced (unless the organisation considers outsourcing)
- Spend in categories with:
  - Regulated pricing
  - Monopolistic suppliers
- BVDP candidates

The G-20* aspires to a cumulative Procurement Value Creation of RM4.9 Bn from 2007 to 2010 (refer to Exhibit III.ix). This value creation target is derived from a total Addressable and Semi-Addressable Spend, which equates to a significant 19% value creation over 4 years or an annualised value creation target of 6%.

Exhibit III.ix
G-20* Target Procurement Value Creation



Source: G-20* Reports (estimates 2007-2010), TMO, Red Book GLIC Champions and A.T.Kearney analysis
Note: AFFIN and BCHB value creation targets not available, as they have been focusing on other priorities. Sime Darby data not available.

% Procurement value creation as a percentage of target spend.

This target is achievable. Nevertheless, GLCs must maintain the discipline to manage their procurement transformation efforts. GLCs need to ensure their long-term spend management plan is implemented in a rigourous and aggressive manner with top-level accountability. Refer to Exhibit III.x on how TM is progressing on its procurement value creation activities.

Exhibit III.x
Achieving Procurement Value Creation Through Strategic Sourcing

TM leads the way with a unique strategic supplier partnership model for its network transformation

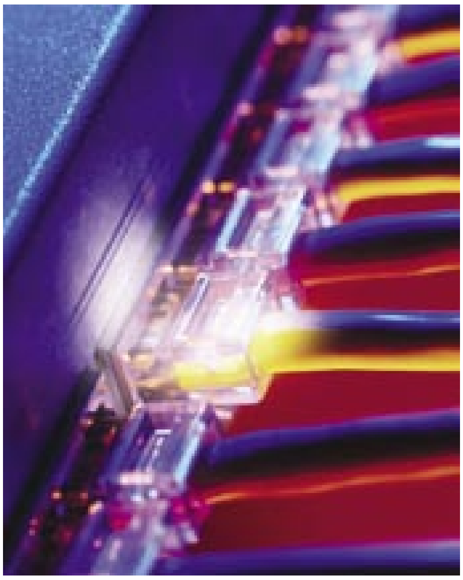
A unique approach for a very complex category

With the objective of transforming the Malaysian telecommunication landscape, TM has embarked on an ambitious network transformation into the Next Generation Network (NGN). This would enable TM to not only provide a wide range of sophisticated services to Malaysian businesses and households but also improve operational efficiencies to significantly reduce costs.

Given the size of the project and the technological and operational complexities involved, TM decided to adopt an Establish, Operate and Transfer (EOT) based approach to procurement instead of the usual outright purchase model. This approach calls for establishment of strategic partnership with the appointed vendor who would be responsible for planning, designing, commissioning and operating the network for a specified period. In addition to this, the partner would also have to transfer operational and technical knowledge to TM staff with the objective of a full transfer of operations to TM at the end of the period.

TM's objectives to adopt an EOT approach were three-fold:

- Leverage the global experience and best practices of a world class partner
- Mitigate implementation and operational risk
- Ensure comprehensive transfer of skills, knowledge and know-how



A structured, transparent, procurement process

To effectively implement the EOT approach, TM structured its procurement process across 2 phases. The 1st phase of the process was geared towards assimilating and evaluating ideas, while the 2nd phase was aimed at achieving alignment with all potential partners on scope of the project and division of responsibilities across all key stakeholders. The 2nd phase was based on multiple discussions with all potential partners to achieve the required alignment of scope. Throughout the process, TM adopted a flexible and open approach incorporating changes and new ideas into its requirements as and when required.

A fair and sustainable outcome

The majority of the process has been completed and is expected to yield significant value to TM. More importantly, the process ensured that the outcome was fair, transparent and sustainable for all stakeholders involved. At the same time, TM has been able to incorporate best practices and best-in-class ideas in establishing strategic collaboration with vendors to build its critical networks.

Stakeholder Impact Review

National Development Impact

A key Red Book objective is for GLCs to develop a robust and competitive Bumiputera Commercial and Industrial Community ("BCIC"). The Red Book recommends GLCs to re-define the classification of Bumiputera suppliers. GLCs are encouraged to use local content in order to support local industries and improve Malaysia's balance of trade. GLCs are also encouraged to develop Bumiputera vendors' capabilities to support the establishment of the BCIC.

On this front, an important element of GLCs' PIP involves enhancing the Vendor Development Programme ("VDP") / Bumiputera Vendor Development Programme ("BVDP"). These vendor programmes focus on products and services that can be developed with local suppliers. Suppliers are groomed to become competitive and to face competing suppliers in an open market situation. Once it has been determined that suppliers within the programme have the necessary capabilities to compete in an open market, these suppliers are deemed ready to "graduate" from the programme.

Some of the enhancements recommended in the Red Book involve developing clear performance metrics, clear graduation criteria and proactive supplier management backed by robust, fact-based analysis. In implementing this guideline, the GLC Boards driving this programme should ensure that the best Bumiputera and local suppliers benefit from this programme. A supplier typically becomes a panel or preferred supplier when it graduates. Suppliers who do not meet the said targets within the specified timeframe will exit the programme and will be excluded from the preferred supplier list.

The Red Book also outlines proposed implementation approaches for GLCs to support national development objectives. Exhibit III.xi provides a snapshot of what the G-20* are doing to implement these objectives.

Exhibit III.xi
Involvement of GLCs in VDP and BVDP

No. of active genuine Bumiputera vendors	More than 10,000
No. of active vendors	More than 22,000
No. of vendors graduated so far from VDP / BVDP	53

Source: AFFIN, Boustead, CCM, BIMB, MAHB, MAS, MBSB, MRCB, POS, Proton, TM, TNB, UEM, UMW

7 G-20* companies have a VDP and / or BVDP with 908 vendor participants, while nearly half the companies are in the process of developing their VDP / BVDP.

Since the launch of the Red Book in April 2006, TM and TNB have 'graduated' 53 vendors from their respective VDPs. 3 GLCs are developing their VDP / BVDP programmes to be implemented in 2008 onwards, namely MAS, Sime Darby and MBSB.

With the ability to focus on strategic suppliers, GLCs have been able to discover local and Bumiputera business partners (refer to Exhibit III.xii).

Exhibit III.xii
GLCs Developing Bumiputera Vendors

CCM Develops Local Vendor to Meet Its Strict Regulatory Environment

Working within the constraints of a strict regulatory environment

The strict regulatory environment in the pharmaceutical industry makes it challenging for CCM to introduce new suppliers to their portfolio as any changes to the product specifications have to be approved by the relevant regulatory authorities. The approval process can sometimes take as long as 6 to 9 months and involves a series of tests to verify that the new material used in production does not impact the quality and specifications of the final product. The highly regulated environment, combined with the specificity of raw materials used for the production of the end product, has resulted in CCM purchasing much of their materials direct from global suppliers.

Developing a formal BVDP to meet GLC's specific needs

Currently, CCM is in the process of developing and formalising its BVDP, to be implemented in 2008. The approach taken for the BVDP is that rather than roll out the BVDP across the group, the selection of Bumiputera vendors for the programme will be limited to genuine Bumiputera vendors which have the capability and capacity to meet CCM's stringent needs for specific product categories. The potential candidates for the programme will undergo a series of interviews and site visits to:

- ascertain the current and potential capability and capacity of each vendor; and
- ensure that the companies selected for the programme are genuine Bumiputera companies in terms of the scope of services and products provided.

The programme will provide the selected vendors support in the form of coaching, training, and in select cases, financing to help the vendors develop their capabilities to be able to consistently delivery quality products to CCM and other customers.

Meeting National Development objectives in its truest form

While CCM's BVDP is still being developed and formalised, this has not hindered the company's efforts to develop Bumiputera suppliers. In the past, CCM sourced an important production input material (Raw Material A) from a global supplier. This global supplier provided Halal-certified Raw Material A to CCM. The challenge with Halal certification, however, is that not all Halal-certifying bodies are globally accepted due to the different standards and definitions of "Halal" adopted by different countries. In addition, most Halal certifications only verify that the processes for that particular section of the value chain are Halal-compliant. Because the end-to-end process is not verified to be Halal-compliant, many consumers are reluctant to embrace these products as Halal. Such was the case with the Halal-certification body used by this global supplier. With the rapid development of the Halal industry, the need for globally accepted Halal-certified raw materials used in production becomes increasingly important.

Given this situation, CCM identified a local Bumiputera supplier of Raw Material A which uses Halal products and processes in its production. CCM strongly supported this Bumiputera supplier who obtained JAKIM (Jabatan Kemajuan Islam Malaysia) certification for Raw Material A. CCM organised site visits to the supplier's facilities to verify that the processes used were Halal-compliant. The supplier, accompanied by JAKIM, also organised site visits to the facility that produced the main ingredient used for Raw Material A. These visits ensured that the end-to-end value chain was compliant to the globally accepted Halal standards as prescribed by JAKIM. Upon receiving the JAKIM certification, this supplier is now working closely with CCM to develop its production capabilities in order to be able to meet CCM's quality and capacity requirements.

The benefits of this arrangement are 2 fold. CCM is now able to produce end products using Raw Material A, which is accepted by all Halal product consumers. At the same time, this Bumiputera supplier is now able, with CCM's support, to serve the needs of CCM and other companies which require Raw Material A.

CCM's efforts highlight how companies should work closely with Bumiputera vendors in achieving National Development objectives irrespective of the existence of a formalised BVDP. The collaboration between CCM and the Bumiputera supplier is also aligned with Malaysia's objectives of solidifying its leading position as a global Halal hub. The ability to develop a supplier base capable of producing globally accepted Halal-compliant products enables Malaysia to better promote its Halal brand globally.

MAS supports local vendors

Despite not having an active, formalised vendor development program, MAS is a good example of a GLC playing its part in nation-building.

Innovation over "international experience"

MAS was seeking proposals for the design, delivery and commissioning of a new docking system for its new hangar at Kuala Lumpur International Airport.

The obvious choice would have been to work with a well-established vendor from Hong Kong, that had already submitted a lower bid.

MAS however gave consideration to a local Bumiputera vendor, due to geographical and local development factors. The vendor, meanwhile, had also demonstrated technical ability to complete the work.

Having successfully satisfied MAS' technical and commercial requirements, the local Bumiputera vendor now has additional credentials to compete internationally for work in the aviation industry. Winning that first breakthrough opportunity can often be as important as the ability to innovate and seek new markets.

TNB's revamped Bumiputera Vendor Development Programme

Growing from strength to strength

TNB has had a long history of supporting national development, with vendor development activities in place since 1993. Recently however, TNB embarked on a comprehensive review of its vendor programme with the objective of tailoring the programme to better match evolving market requirements.

A Procurement Transformation Plan was launched in March 2007 with the objectives of establishing long-term security of supply, ensuring quality and competitive products/services, and developing genuine, competent and resilient Bumiputera entrepreneurs.

Nurturing local talent which contribute to TNB

To focus resources on key vendors, TNB has categorised its strategic suppliers into three groups:

- Strategic Supplier Programme: vendors that supply critical products to TNB

- Strategic Management Programme: vendors that contribute 80% of TNB's procurement spend
- BVDP: Bumiputera vendors

Candidates are screened based on a set of defined criteria, and verification checks are conducted through site visits.

A refined BVDP better dedicated to each group

Recognising that Bumiputera vendors have varying backgrounds and needs, TNB's BVDP now targets different segments, including:

- Entrepreneur Development Programme: develops individuals in manufacturing and medium-to-high technology services
- Preferred Vendor / Preferred Supplier Programme: develops companies with manufacturing facilities for medium-to-high technology services
- Panel Companies: appoints a group of Bumiputera companies as Panel Companies for specified categories, with contracts awarded based on TNB's actual requirement
- Program Rakaniaga Strategik: allocates jobs to vendors providing specified works with small procurement value, based on schedule rates

Building a better future together

TNB has also gone the extra mile in helping its vendors boost their competitiveness. Innovative initiatives include liaising with banks for vendor financing, encouraging implementation of Quality Management System, and even promoting their products for overseas trade matching under the TNB banner.

Performance tracking, monitoring and reporting mechanisms have been established to track progress on each of the initiatives. Specific annual targets, such as Bumiputera market share, composition of local content and vendor enrolment numbers, are tracked closely.

With commitment form TNB and other GLC partners, Malaysia's local vendor community is well-positioned for a promising future.

Best Practice Improvements

G-20* GLCs have adopted the Total Cost of Ownership concept, which is an assessment of the sum of all costs of products procured, incorporating elements of initial product costs, operating costs and business impact costs, discarding the "traditional" method of the "lowest-price" concept, which simply measures cost by the absolute figure within a more immediate time-frame. This move demonstrates a deeper understanding of cost-breakdown analysis and spend visibility, allowing the G-20* companies to better allocate resources for tactical and strategic procurement functions depending on their spend levels.

Strategic suppliers are now being proactively managed, eliminating inactive suppliers. More and more genuine local and Bumiputera suppliers are discovered as GLCs broaden their supplier base and enhance their intelligence units. Several GLCs have introduced new procurement functions such as category management and market intelligence units.

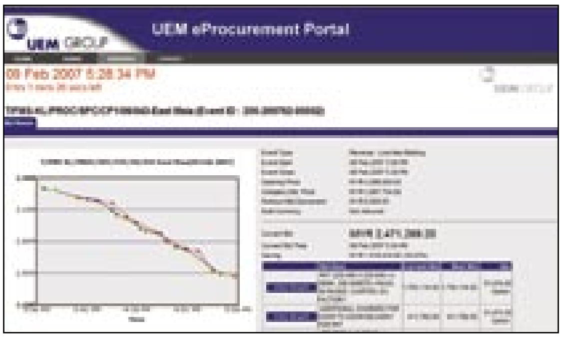
Requisition and payment processing cycle times have improved many times across the G-20*. Several GLCs embarked on the Purchasing Card programme to enhance efficiency and automate tactical day-to-day purchasing. More suppliers are paid on time and defects are reduced significantly.

With the introduction of the Red Book, GLCs have revamped their procurement processes and policies and dismantled purchasing silos. See example in Exhibit III.xiii. Suppliers benefit as GLCs introduce clear and consistent procurement processes and policies. The introduction of a Code of Ethics among employees and suppliers and enhanced governance allows GLCs to conduct procurement in a more professional manner. Whistleblowing policies are introduced in some GLCs as well.

Exhibit III.xiii
Addressing purchasing silos and change management

UEM Group leverages e-bidding

For UEM Group, one of Malaysia's top conglomerates, procurement effectiveness is a key cornerstone of its ambitious 5-year revenue and profitability strategy.



In seeking value creation and improving efficiency, UEM Group studied procurement best practices from peers such as PETRONAS and TM. E-bidding, or online reverse auction, was identified as a pilot initiative for its Red Book implementation.

Starting from the basics

Faber Medi-Serve ("FMS") is a UEM Group subsidiary providing engineering and housekeeping services across Ministry of Health ("MOH") hospitals in 6 states nationwide. Initial spend analyses showed that FMS was purchasing nearly RM7 Mn worth of paper products annually, namely paper hand towels and roll tissues.

Given the competitive supplier market, sizeable contract value and clear product specifications, this was selected as the first pilot for the e-bidding initiative.

Leveraging user input to optimise specifications

Before going to market, the team took a hard look at its product requirements. Prior specifications dictated a specific paper width and material, which only 3 vendors could supply. Upon discussion with the users and technical department, the team eventually modified the specifications and adopted an alternate material, thus opening up the market for an additional 7 vendors to compete.

Enabling a transparent, fair and efficient process

For the first time, Technical and Commercial proposals were considered separately during the tender process. The technical evaluation was first conducted based on pre-defined criteria, while the commercial evaluation remained sealed. This way, only technically-competent vendors were invited to participate in the e-bidding.

Vendors were each trained separately before the e-bidding event, and allowed time to familiarise themselves with the e-bidding system. Trust and security were critical in ensuring a fair process.

Achieving significant savings

The results of the e-bidding pilot were beyond expectations. A price reduction of over 30% was achieved, representing RM8 Mn savings over a 4-year contract period. Feedback from the vendors was also generally positive, with many first-time bidders finding the end-to-end tender process and e-bidding system user-friendly.

Extending proven methodology across the group

To date, UEM Group has executed 22 e-bids for purchases as varied as construction services, equipment and print material. Savings have averaged 30%, and plans are underway to extend the initiative across even more business units and spend categories.

More than just an IT tool, e-bidding is an example of how people, processes, and technology can converge to achieve dramatic results.

GLCs are able to correlate between corporate strategy and procurement strategy. The procurement function is elevated with most Heads of Procurement reporting directly to the Chief Executive Officer or one level below. Many GLCs realigned their procurement functions to suit their business needs.

Refer below for a snapshot of GLCs enhancing their procurement functions in alignment with to the Red Book best practices.

Best Practice	GLC			Description
Total Cost of Ownership (TCO)	• AFFIN • BIMB • CCM • MAHB • MAS	• MBSB • MRCB • POS • Sime Darby	• TM • TNB • UEM • Proton	• Cost rationalisation • Spend visibility
Process Efficiency	• AFFIN • BIMB • MAHB	• MBSB • MRCB • POS	• UEM • Boustead • Maybank	• E-procurement • Cycle time reduction • Sourcing Strategy
Transparency/ corruption	• BIMB • CCM • MAS	• MAHB • Maybank • TM	• Sime Darby • UMW	• Revamp procurement processes / policies • Code of Ethics / Governance
Organisation capabilities and governance	• BIMB • MAS • POS	• THP • TM • TNB	• Sime Darby	• Re-organisation
Stable and competitive supplier base	• BIMB • CCM • UEM	• MBSB • MRCB	• UMW	• Supplier database • VDP / BVDP

Summary

In summary, the G-20* are showing good progress in developing their procurement functions. However, the efforts need to be enhanced and top management support is needed to ensure both tangible and intangible results can be obtained. Several lagging GLCs need to further enhance their PIPs and stretch their targets on all fronts.

GLICs need to monitor the progress of their GLCs to ensure the GLCs obtain a company average of Level 4 on the Gap Analysis and attain the RM4.9 Bn value creation targets in the next 4 years.

Various stakeholders will benefit from this procurement transformation. Clear goals must be set to ensure the right allocation of resources.

Conclusion

Phase 1 and 2 of the Programme provided an encouraging start, largely achieving what was set out to be accomplished. The December 2006 Progress Review highlighted a number of key achievements, namely the existence of a structured overall Programme, with visible support from key Government entities and business leaders; a comprehensive set of enabling policy guidelines and initiatives launched; and execution underway with some early signs of results.

We are now 12 months into 3-year Phase 3 (2007-2010) of the Programme, with a focus on delivering sustainable and tangible results. We are starting to see more consistent and promising results, both in terms of GLCs' financial performance with gains in TSR and Market Capitalisation, as well as broadening of benefits to all key stakeholders. High performance of GLCs is essential to provide a strong platform for GLCs to deliver improved benefits to all Malaysians. As highlighted in the December 2006 Progress Review report, the GLC Transformation journey is a long term one, and it is necessary to persevere and maintain this encouraging trajectory without becoming complacent with early wins.

Going forward, the Programme will need to leverage further on the foundations that are now in place and there should be a shift from providing knowledge and raising awareness to building execution capabilities, reinforcing stakeholder conviction and ensuring a conducive external environment for GLCs to transform. Similarly, the Programme should transition from being broadly applicable to all GLCs and being driven by PCG/TMO to being institutionalised and increasingly more directly executed through and across GLICs, Boards and GLCs. This is in line with a concurrent reduction in the role of PCG/TMO support over time. GLCs should also continue to tailor specific transformation programmes to address their unique challenges and objectives.

The key agents and drivers of the Programme need to persevere in their active roles in sustaining the current trajectory:

- **GLC Top management** need to continue to strengthen execution capabilities, instill conviction within GLCs, and actively engage shareholders to build commitment;

- **GLC Boards** need to continue to rejuvenate, upgrade and accelerate positive changes in Boards, CEOs and top management capabilities;

- **GLICs** need to continue to be role models for Programme implementation, as well as step up their roles as active shareholders, via continuous upgrading and institutionalisation of M&M capabilities; and

- Lastly, **Government** support and political will, continue to be necessary conditions required to underwrite the sustainable development of the Programme.

The 2007 Final Progress Review with full year review findings and recommendations will be issued in March 2008.

Appendices - G-20* Scorecards

APPENDIX I – LIST OF THE G-20* (AS AT 1 NOVEMBER 2007)

1. Affin Holdings Berhad
2. BIMB Holdings Berhad
3. Bumiputra-Commerce Holdings Berhad
4. Boustead Holdings Berhad
5. Chemical Company of Malaysia
6. Golden Hope Plantations Berhad *
7. Kumpulan Guthrie Berhad *
8. Malaysian Airline System Berhad
9. Malayan Banking Berhad
10. Malaysia Airports Holdings Berhad
11. Malaysia Building Society Berhad
12. Malaysian Resources Corporation Berhad
13. Pos Malaysia & Services Holdings Berhad
14. Proton Holdings Berhad
15. Sime Darby Berhad *
16. Telekom Malaysia Berhad
17. Tenaga Nasional Berhad
18. TH Plantations Berhad
19. UEM World Berhad
20. UMW Holdings Berhad

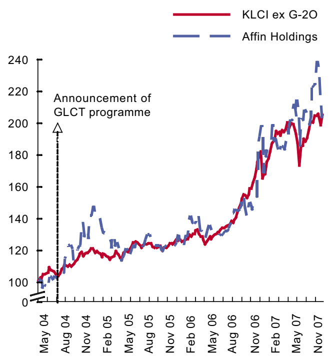
* As of 30 November 2007, Golden Hope Plantations Berhad and Kumpulan Guthrie Berhad have merged with Sime Darby Berhad.

G-20* SCORECARDS

AFFIN HOLDINGS BERHAD

TSR INDEX

Affin Holdings TSR is in line with KLCI average
Rebased TSR Index



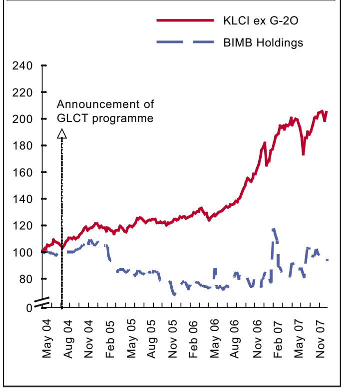
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	235.6	226.9	195.0
Market capitalisation RM Mn	1,900.3	2,396.4	3,219.5
ROE Percent	7.3	6.5	7.2*
Asset/equity x	9.7	10.2	9.7
Loan/deposit ratio Percent	75.0	64.2	57.8
LLP/loans Percent	1.3	0.9	0.7
Effective tax rate Percent	23.0	27.8	17.0

BIMB HOLDINGS BERHAD

TSR INDEX

BIMB Holdings TSR is below KLCI average
Rebased TSR Index



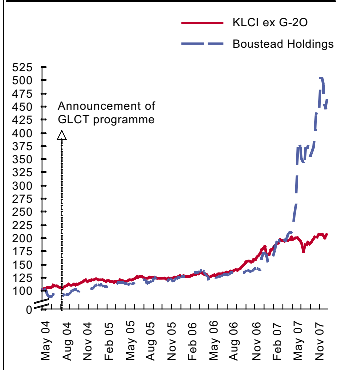
HISTORICAL PERFORMANCE

FY March 31	2005	2006	2007	YTD Q1 2008
Net profit RM Mn	(456.8)	(1,230.0)	799.32	127.1
Market capitalisation RM Mn	608.0	675.6	1,292.5	1,185.5
ROE Percent	(32.3)	n.a.	n.a.	12.65
Asset/equity x	5.4	7.2	4.9	20.84
Loan/deposit ratio Percent	62.3	59.6	56.5	56.5
LLP/loans Percent	7.7	15.4	0.25	0.25
Effective tax rate Percent	n.m.	n.m.	0.9	3.3

BOUSTEAD HOLDINGS BERHAD

TSR INDEX

Boustead Holdings TSR is outperforming KLCI average
Rebased TSR Index



HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit** RM Mn	230.4	351.4	357.8
Market capitalisation RM Mn	1,047.0	1,154.7	2,943.5
ROE Percent	11.1	10.9	16.8*
Asset/equity x	2.2	2.1	2.7
Operating margin Percent	4.2	4.4	12.5
Asset turnover x	36.9	71.4	57.8*
Interest cover x	1.5	1.7	4.9
Effective tax rate Percent	15.0	9.1	24.3

Source: Bloomberg; Datastream; Annual Report
* Annualised ** Before minority interests n.m. : Not material n.a. : Not applicable

A - B

ACHIEVEMENTS

- **Financial performance meeting targets and on the rise**
  - Recorded a net profit of RM 195 Mn for first 9 months ended September 30, 2007
  - On track to achieve announced headline KPIs for financial year 2007
  - Credit rating was upgraded by Fitch Ratings Singapore
- **Strengthened foothold in the region**
  - Entered into strategic partnership with Bank of East Asia, the largest independent local bank in Hong Kong, by placing new shares of up to 15% of share capital; this will enable AFFIN to enhance its competitive positioning by leveraging Bank of East Asia's international platform and strengths
  - Appointed as Chairman Bank of the Association of Banks in Malaysia and as Chairman, Permanent Sub-Committee on Asean Inter-Regional Relations of the Asean Bankers Association
- **Increased focus on customers and society**
  - Continued to introduce innovative changes through corporate re-branding exercise. To date, 36 branches have been renovated and all branches are expected to be transformed into a Customer Relationship Centre under the "Banking Without Barrier" concept by year 2008
  - Launched a special promotion to reduce finance charges on all credit cards with the goal of inculcating prudent financial discipline and management by offering hefty interest savings to cardholders
  - ICT partnered with IBM to help modernise ICT infrastructure and improve customer service
  - Pledged an annual RM 1 Mn contribution to Yayasan Warisan Perajurit

CHALLENGES

- **Staying at par with the industry**
  - Reducing high NPL ratio of 8.7% (as of September 2007) to industry average of 3.6%
  - Thriving in an increasingly competitive environment given relatively smaller size
- **Improving further delivery platform**
  - Continuously enhancing service quality as was done through past initiatives such as incorporation of SLAs and branch reorganisation exercise
  - Retaining and augmenting high quality talent pool

ACHIEVEMENTS

- **Financial performance is strong and gaining momentum**
  - Bank Islam Malaysia Berhad registered RM 256 Mn in Profit Before Zakat & Taxation for FY2007, the highest since its inception; it is likely to post another year of record-breaking profitability numbers for FY2008
  - For financial FY2007, Takaful Malaysia clocked RM 25 Mn in net profits and has maintained positive business momentum even though profitability has reduced compared with the past financial year
- **Achieved success in product innovation and branding**
  - Launched South East Asia's first Islamic Platinum MasterCard in collaboration with MasterCard Worldwide
  - Introduced, with Standard Chartered Bank Malaysia, the world's maiden Shari'ah compliant financial hedging tool with the Wiqa' forward rate agreement
  - Strategic collaboration with London-based European Islamic Investment Bank plc (EIIB) to develop and distribute Shari'ah compliant forex, treasury, capital market and derivatives products
  - Launched a new corporate identity in conjunction with the unveiling of the first remodeled branch in Shah Alam
- **Undertook Capital management initiative**
  - Completed a recapitalisation exercise with capital injection from Dubai Investment Group and LTH
- **Continued active community involvement**
  - Distributed RM 1.6 Mn in Zakat for FY2007 to the Pusat Pungutan Zakat
  - Collaborated with Dewan Amal Islam Hadhari and Islamic Banking and Finance Institute (IBFIM) to retrain unemployed Islamic studies graduates

CHALLENGES

- **Countering increased competition from new entrants and foreign players**
  - Converting Islamic windows of domestic and foreign conventional banking groups into stand-alone Islamic banking subsidiaries
  - Entry of foreign IFSI players
  - Emerging new Takaful operators in the country
- **Improving operating metrics and platform**
  - Minimising a high number of delinquent accounts
  - Keeping NPF ratio below the industry average post carve-out
  - Attracting and retaining top talent in the industry

ACHIEVEMENTS

- **Financial performance on the rise, bolstered by initiatives for increased efficiency**
  - Reported a nine-month pre-tax profit of RM 472 Mn, as compared to RM 122 Mn in the corresponding period last year
  - Completed restructuring of the heavy industries division in Q3 2007
  - Completed VGO on UAC Berhad, making it a subsidiary, in Q3 2007
  - Increased shareholding in Royal & Sun Alliance (M) Bhd (now known as BH Insurance (M) Bhd) to 80% in September 2007
- **Continued focus on enhancing shareholder value**
  - Listed Al-Hadharah Boustead REIT on Bursa, the first Islamic plantation REIT, in February 2007
  - Further expanded asset portfolio in June 2007
- **Achieved breakthroughs in innovation and R&D**
  - After 2 years of R&D, Boustead Sissons Paints launched Malaysia's first water-based gloss paint, which is environmentally friendly and 100% developed in Malaysia
  - Collaborated with Applied Agricultural Resources Sdn Bhd and The University of Nottingham on a new plantation crop R&D centre in Selangor
- **Achieved industry recognition**
  - Boustead's Curve won The Malay Mail-Carlsberg Year End Salute's "The Best Lifestyle Venue" award in January 2007
  - Royale Bintang KL was awarded the Best 4-Star City hotel by Malaysia Tourism in July 2007
  - Boustead Properties was named among the Top Ten Developers by the Edge 2007

CHALLENGES

- **Managing impact of external factors**
  - Fluctuations in CPO prices affect the plantation business, which is a major contributor to profitability
- **Strengthening sales pipeline**
  - Excess capacity of ship-building/ ship-repair facilities must be offset by securing additional contracts

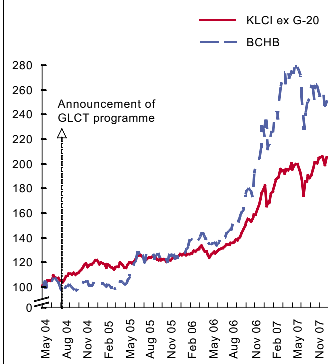
Source: JWT Analysis

G-20* SCORECARDS

BUMIPUTRA COMMERCE HOLDINGS BERHAD

TSR INDEX

Bumiputra Commerce Holdings TSR is outperforming KLCI average
Rebased TSR Index



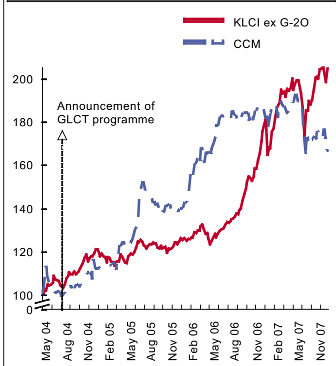
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	1,029.2	1,608.9	2307.5
Market capitalisation RM Mn	15,697.6	24,623.5	36,083.7
ROE Percent	8.9	13.4	22.2*
Asset/equity x	10.2	12.6	11.0
Loan/deposit ratio Percent	84.5	81.0	73.4
LLP/loans Percent	1.5	1.1	1.1
Effective tax rate Percent	21.4	19.6	18.2

CHEMICAL CO. OF MALAYSIA BERHAD

TSR INDEX

Chemical Company of Malaysia TSR has dropped KLCI average
Rebased TSR Index



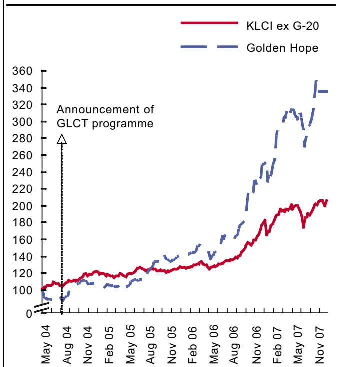
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	106.1	121.0	51.0
Market capitalisation RM Mn	1,024.0	1,289.0	1,195.1
ROE Percent	14.7	15.0	8.1*
Asset/equity x	1.7	1.8	1.8
Operating margin Percent	15.4	12.8	7.6
Asset turnover x	60	75	65*
Interest cover x	12.4	9.1	6.6
Effective tax rate Percent	17.9	12.5	29.2

GOLDEN HOPE PLANTATIONS BERHAD

TSR INDEX

Golden Hope Plantations TSR has outperformed KLCI average
Rebased TSR Index



HISTORICAL PERFORMANCE

FY June 30	2005	2006	2007
Net profit RM Mn	549.9	259.8	450.8
Market capitalisation RM Mn	5,665.5	8,633.5	12,814.7
ROE Percent	8.8	5.2	8.7
Asset/equity x	1.2	1.3	1.3
Operating margin Percent	13.3	10.4	13.0
Asset turnover x	42.9	57.8	67.6
Interest cover x	44.9	38.7	29.2
Effective tax rate Percent	25.0	33.8	n.a.

Source: Bloomberg; Datastream; Annual Report
* Annualised ** Before minority interests n.m. : Not material n.a. : Not applicable

C - G

ACHIEVEMENTS

- **Financial performance on the rise, supported by capital management initiatives**
  - Reported earnings of RM 2.3 Bn for nine months ended September 2007, up 118% as compared to same period last year
  - Awarded "Bank of the year - Malaysia" by the Banker, sister publication of the Financial Times, for the second year running
  - On track to achieve or exceed 2007 KPIs
  - Formalised Group Special Asset Management or Bad Bank to address NPL portfolio
  - Implemented capital management measures; BHCB met target headline KPI of 18% ROE and revised its annual dividend policy from 15 sen to 25 sen per share
- **Successful re-branding initiatives**
  - Undertook a re-branding exercise in September 2006
  - Voted 6th Most Valuable Malaysia Brand on 16 November 2007 with brand valuation of RM 3.4 Bn by Interbrand
- **Improved service levels through consumer bank transformation**
  - Named "Most Improved Retail Bank" in Asia at Asian Banking and Finance Retail Banking Awards 2007
  - Improved cross-sell and customer activity indicators
  - Reduced average customer queue times during peak hours (12-2 p.m.) from 11 to 4.8 minutes
  - Increased automation at branches (Proportion of Over The Counter vs Self Service Transaction) had reduced to 16% as of September 2007 compared to 32% in January 2007
- **Increased focus on employee and community development**
  - Formed a Talent Review Board
  - Launched the Global Employee Exchange Programme (GEER) and Emerging Leaders Programme
  - Launched CIMB Foundation with an initial commitment of RM 100 Mn

CHALLENGES

- **Slowing down of market coupled with intensifying competition**
  - Expecting decline in regional capital market activities which will likely cause a reduction in non-interest income
  - Facing intensifying competition due to on-going consolidation of the banking sector, enhanced efficiency and effectiveness of capital market players and entry of foreign players
- **Improving operating and service platform**
  - Reducing significant legacy NPLs
  - Enhancing branch-level service platform

ACHIEVEMENTS

- **Strong performance across all business lines**
  - Expecting RM 1.3 Bn in revenues in FY 2007, a 18% increase from FY 2006
  - Registered higher sales volumes from all 3 core businesses, namely Fertilisers, Chemicals and Pharmaceuticals
  - Expanded exports and regional businesses which further pushed top line growth
- **Emerging as a Pharmaceutical market leader through both organic and inorganic growth**
  - Increased capacity for oral solid dosage medication through new pharmaceutical plant in Bangi
  - Acquired Malayan Pharmaceutical Sdn Bhd (MPSB) assets in March 2007 to grow local market share for OTC products
  - Renewed successfully Halal certification by JAKIM for OTC health supplements and vitamin products
  - Planned for expansion of Fertilisers Division to increase capacity; Bintulu plant to be commissioned by July 2008, Medan plant by January 2009 and Lahad Datu plant by January 2010
- **Recognised for creating a safer environment for employees and the community**
  - Chemicals Division won give CICM Responsible Care Awards in 2007, including Gold for Process Safety Code (Employee), Gold for Distribution Code, Gold for Community Awareness & Emergency Response, Gold for Pollution Prevention Code, Gold for Product Stewardship Code

CHALLENGES

- **Susceptible to changes in external environment**
  - Rising crude oil prices are expected to lead to higher operating costs in 2008
  - Possible slowdown of global economy will affect demand
  - Fluctuating currency exchange rates will negatively impact purchasing of raw materials and traded products
  - Possible increase in interest rates will affect the cost of borrowings

ACHIEVEMENTS

- **Setting records for performance and efficiency**
  - Golden Hope Plantations Berhad reported pre-tax profits of RM 613 Mn for financial year ended 30 June 2007, up by 55.5% and the highest in its history
  - Merged with Sime Darby Berhad and Kumpulan Guthrie Berhad in November 2007, creating the world's largest palm oil plantation group
- **Focused on workforce productivity improvements and human capital development**
  - Received from Ministry of Human Resources the Anugerah Ladang Bahagia Award and Anugerah Majikan Prihatin Award in May 2007 and the National Occupational Safety and Health Excellence Award (Agriculture) in February 2007
  - Allocated RM 1 Mn annually towards The Golden Hope Scholarship Scheme, open to deserving children including staff's children
- **Embarked successfully on international expansion**
  - Appointed by the Venezuelan Government in January 2007 as a consultant to develop a blueprint to develop and manage Venezuela's palm oil industry
  - Participated in the Malaysia-Africa Palm Oil Trade Fair & Seminar in July 2007, generating interest from the Middle East and South Africa for palm oil based products

CHALLENGES

- **Capturing post-merger synergies**
  - The biggest near-term challenge will be managing post-merger integration relating to the realisation of synergies in plantations, property development and shared services
- **Managing fluctuations in CPO prices**

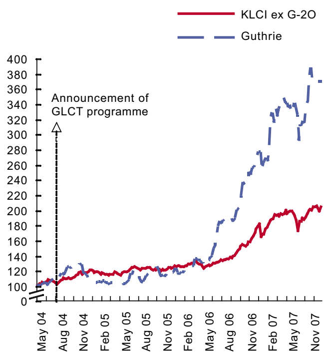
Source: JWT Analysis

G-20* SCORECARDS

KUMPULAN GUTHRIE BERHAD

TSR INDEX

Kumpulan Guthrie TSR has outperformed KLCI average
Rebased TSR Index



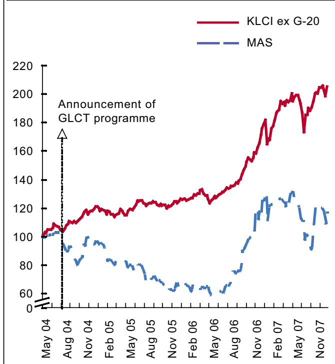
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Oct 2007
Net profit RM Mn	142.4	433.7	612.6
Market capitalisation RM Mn	2,446.9	4,698.7	7,281.1
ROE Percent	3.2	9.5	16.7*
Asset/equity x	2.0	1.9	1.8
Operating margin Percent	21.2	31.8	39.6
Asset turnover x	22.8	27.5	32.7*
Interest cover x	1.8	4.8	8.9
Effective tax rate Percent	n.a.	n.a.	28.2

MALAYSIA AIRLINE SYSTEM BERHAD

TSR INDEX

MAS TSR has fallen below KLCI average
Rebased TSR Index



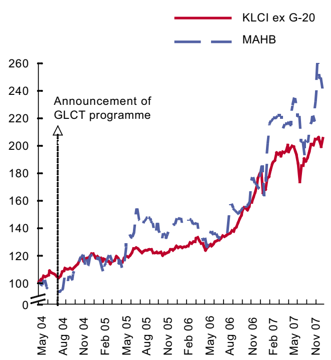
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	(1,143.9)	(136.4)	609.5
Market capitalisation RM Mn	3,559.2	5,865.2	7,653.0
ROE Percent	(58.2)	(20.7)	38.3*
Asset/equity x	3.1	3.7	3.4
Operating margin Percent	(9.7)	(2.3)	5.6
Asset turnover x	189.6	189.0	247.3*
Interest cover x	n.m.	n.m.	17.2
Effective tax rate Percent	(2.8)	(83.0)	9.2

MALAYSIA AIRPORTS HOLDINGS BERHAD

TSR INDEX

Malaysia Airports Holdings TSR is outperforming KLCI average
Rebased TSR Index



HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	182.3	170.9	182.9
Market capitalisation RM Mn	2,123.0	2,376.0	3,146.0
ROE Percent	6.9	6.1	6.4*
Asset/equity x	1.5	1.6	1.5
Operating margin Percent	25.0	23.2	25.8
Asset turnover x	27.5	26.5	23.7*
Interest cover x	42.6	41.5	87.3
Effective tax rate Percent	34.2	35.1	30.6

Source: Bloomberg; Datastream; Annual Report
* Annualised ** Before minority interests n.m. : Not material n.a. : Not applicable

G - M

ACHIEVEMENTS

- **Significant improvement in financial performance and efficiency**
  - Revenue expected to jump by 50% to RM 3.6 Bn (it stood at RM 2.3 Bn for 9 months ended September 2007)
  - Merged with Sime Darby on 30 November 2007 creating Malaysia's No. 1 company by market capitalisation, the world's largest palm oil originator and Malaysia's largest property company
  - Economic Profits expected at RM 648 Mn versus RM 47.3 Mn in 2006
  - ROE expected to increase to 22.1% from 9.1% in 2006
  - Completed turnaround phase and excellence transformation programme, which concluded with Guthrie becoming a clean 2 core company involved in plantations and property
  - Exceeded already all Headline KPI targets for FY2007
- **Increased competitiveness through innovation and R&D**
  - Introduced new products like oil palm seeds and food innovations at Minggu Amanah Saham Malaysia in April 2007
  - Planted new R&D oil palm seeds expected to increase crude palm oil yield and lower operating costs by 25% in future years
  - Launched the Guthrie Scholar Programme for post-doctoral fellowships to reach new frontiers in palm oil research

CHALLENGES

- **Capturing post-merger synergies**
  - The biggest near-term challenge will be managing post-merger integration relating to branding initiatives, realisation of synergies in plantations, property development and shared services
- **Managing fluctuations in CPO prices**
- **Boosting yields from current third generation plantings**

ACHIEVEMENTS

- **Achieved record performance**
  - Recorded a record net profit of RM 364 Mn for Q3 2007, an increase of 52% over the same period last year. This brought the YTD profit to RM 610 Mn – the highest in the company's 60 year history
  - Improved operating profit by 254% over last year, due to strong demand and improved yields. Increased passenger revenue by 12% to RM 2.46 Bn. This marks the company's fifth consecutive quarter of profits since the Business Turnaround Plan was launched
- **Developed a strong service and delivery platform**
  - Launched company-wide initiatives such as the Passenger Service System (PSS), which have shown results; MAS is on track to be fully e-ticket capable by the end of 2007. PSS will deliver substantial cost savings and revolutionise MAS' sales and ticketing capabilities
  - Raised industry standards in customer service levels and product offerings as evidenced by several awards this year including CAPA Turnaround of the Year, Best Cabin Crew Award and its rating as a 5 Star Airline
- **Implemented successfully Red Book best practices**
  - Expected to achieve RM 55 Mn annualised savings from Wave 1 & 2 of Procurement initiative
  - Conducted a supplier's forum (attended by 150 suppliers)
  - Provided basic aviation industry training for supplier development in February 2007

CHALLENGES

- **Intensifying competition due to liberalisation**
  - Emerging stiff competition from LCCs such as Air Asia and Tiger Airways, due to the early (1 year ahead of plan) liberalisation of MAS's most profitable route from Kuala Lumpur to Singapore
  - Further increases in yield will be difficult due to the anticipated oversupply of capacity and liberalisation of the regional aviation sector in 2009
  - Increasing competition in regional and global markets is placing more downward pressure on yields and revenues of the cargo business, which is profitable and growing
- **Raising operating fundamentals to industry standards**
  - Revenue management processes are continuously improved on and will need to be further ramped up to meet the needs of future competition
  - Yields need to be further improved to reach the levels of peers, despite recent gains
- **Rising fuel costs and capex requirements**
  - Unprecedented rising fuel cost may dampen financial performance in the sector
  - MAS' planned fleet expansion will require extremely large CAPEX, and will be the single largest investment for the company

ACHIEVEMENTS

- **Positive performance trajectory buoyed by transformation efforts**
  - Projected a record net profit of RM 201 Mn for the current financial year ending 31 December 2007
  - Transformation journey continues with the implementation of Continuous Improvement Programme (CIP). Positive impact expected in areas of cost savings, revenue enhancement, realignment of MAHB's strategic plans (2007-2012) and finally integration of people, processes and systems in the company
- **Achieved international recognition and expansion**
  - Achieved for KLIA, a rating of the top 3 airports in the world by the annual Airport Council International Airport Service Quality survey for the past 3 years
  - Won the bid to manage airports overseas e.g. Hyderabad, Delhi, Istanbul and Kazakhstan.

CHALLENGES

- **Managing expansion and enhancing profitability**
  - Rapid airport expansion and development required to meet the surge of new airlines, LCCs and hybrids
  - Increasing pressures on profits in light of government's decision to lower taxes on passengers using MAHB's low-cost terminal
  - Rising fuel and operations costs negatively affect airline growth

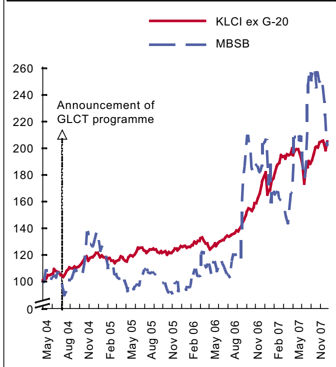
Source: JWT Analysis

G-20* SCORECARDS

MALAYSIA BUILDING SOCIETY BERHAD

TSR INDEX

Malaysia Building Society TSR is tracking KLCI average
Rebased TSR Index



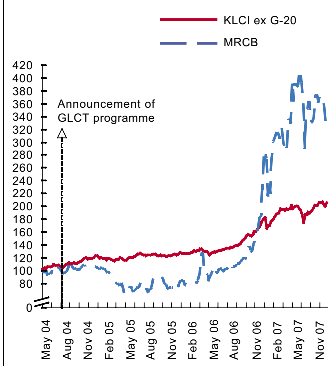
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	25.6	30.4	25.1
Market capitalisation RM Mn	216.2	402.0	481.5
ROE Percent	10.3	9.8	7.4*
Asset/equity x	13.1	14.6	14.3
Loan/deposit ratio Percent	127.0	102.8	107.4
LLP/loans Percent	(0.3)	0.6	0.3
Effective tax rate Percent	n.m.	n.m.	n.m.

MALAYSIAN RESOURCES CORPORATION BERHAD

TSR INDEX

Malaysian Resources Corporation TSR is outperforming KLCI average
Rebased TSR Index



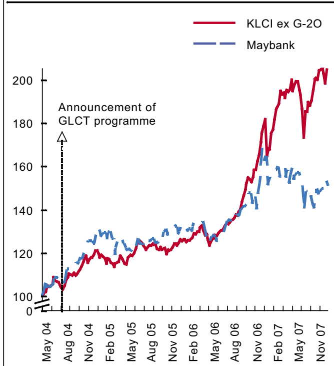
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q2 2007
Net profit RM Mn	12.4	33.8	32.13
Market capitalisation RM Mn	414.8	752.8	2,414.3
ROE Percent	2.9	8.0	5.8*
Asset/equity x	4.3	3.9	2.6
Operating margin Percent	20.2	12.5	21.1
Asset turnover x	n.a.	n.a.	n.a.
Interest cover x	4.5	3.9	14.9
Effective tax rate Percent	10.2	n.m.	n.m.

MALAYAN BANKING BERHAD

TSR INDEX

Malayan Banking TSR has dropped below KLCI average
Rebased TSR Index



HISTORICAL PERFORMANCE

FY June 30	2005	2006	2007	YTD Q1 2008
Net profit RM Mn	2,502.5	2,772.4	3,178.4	735.0
Market capitalisation RM Mn	40,559	40,628	46,668	42,817
ROE Percent	16.3	16.6	17.6	15.3*
Asset/equity x	11.4	12.8	12.9	12.4
Loan/deposit ratio Percent	97.2	83.6	76.3	75.2
LLP/loans Percent	5.0	4.7	4.5	4.4
Effective tax rate Percent	27.2	28.9	25.5	25.8

Source: Bloomberg; Datastream; Annual Report
* Annualised   ** Before minority interests   n.m. : Not material   n.a. : Not applicable

M

ACHIEVEMENTS

- **Increased product offering**
  - Developed new products in collaboration with IJN, Carrefour and UKMSC and introduced new products such as Contract Financing and Micro Credit
- **Focus on enhancing customer value proposition and improving service levels**
  - Opened 6 additional branches (Bangi, Muar, Taiping, Miri, Sandakan and Kangar) in 2007 to augment current nationwide network
  - Instilled a more customer-oriented service culture enabling service staff to engage customers proactively
  - Generated total value creation against procurement spending of 45.6%

CHALLENGES

- **Facing unfavorable competitive and regulatory environment**
  - Fast-changing and increasingly competitive environment
  - MBSB's business lines are similar to those of banks, however major services which are regulated by Bank Negara i.e. interbank, current account, remittance, Savings Insurance (PIDM), etc are not permitted for MBSB
- **Managing shifts or slowdown in demand**
  - Shifting of developers to high end products in urban areas, i.e. interest sensitive segment of borrowers
  - Increasing saturation of target market for Personal Financing (i.e. Government employees)
  - Increasing risk of decline in deposits due to US sub-prime crisis
- **Enhancing operating platform**
  - Significant legacy NPLs
  - Limited distribution channels and brand recognition
  - Difficult to attract and retain capable staff

ACHIEVEMENTS

- **Improved performance backed by strong sales and capital management practices**
  - Reported net profit growth of 64% in 1H 07. The Engineering and Construction division turned around with an operating profit of RM 6.2 Mn
  - Secured sizeable construction projects; YTD, the company has brought in construction and transmission works valued at ~RM 2 Bn
  - Made improvements in the company's balance sheet, bringing FY 07 gross debt/equity ratio of 0.5x and making way for sizeable projects in the future
  - Divested a 25% stake in UDA, marking the last of restructuring efforts to streamline business
- **Supported Economic Region plans**
  - Teamed up with Pelaburan Hartanah Bumiputera Bhd (PHBB) to develop an integrated transportation hub in Penang that will help boost economic growth and reduce poverty in Northern Peninsula Malaysia
  - Implemented toll concessionaire for the Eastern Dispersal Link in Johor Bahru to improve traffic flow between Singapore and Johor

Focused on employee welfare
  - Continued support of the High Achiever Award to reward employees' children that achieve excellent results in their PMR, SPM and STPM

CHALLENGES

- **Susceptibility to external factors**
  - Increasing cost of raw materials and imported goods expected to negatively impact profit margins, particularly when contract prices fixed/negotiated subsequently increase in the world commodities market
  - Volatile debt markets may affect funding costs and yields and adversely impact project financials
- **Building steady operational platform**
  - Difficulty to secure skilled talent as more skilled resources are drained towards the Middle East (construction industry) and Singapore/Hong Kong (financial/professional sectors)
  - High incidence of failed or abandoned property developments by small property developers

ACHIEVEMENTS

- **Strong performance with fast improving fundamentals**
  - Reported net profit of RM 3.2 Bn for FY ended 30 June 2007, an increase of 15% y-o-y
  - Attained strong growth in non-interest income and above industry average Net Interest Margin (NIM) driven by strategy to become bank of convenience
  - Achieved loan growth of ~9% in 2008
  - Improved asset quality
  - Gross NPL ratio expected to hit below 5.5%, the lowest in 10 years
  - Second largest gainer in terms of new loans in Q2 2007
  - Number 1 Malaysian Wide Distribution network with 385 branches and > 2000 ATMs
  - Improved employee productivity from RM 169.7 K profit before tax per employee in FY 06 to RM 179.1 K in FY 07
- **Raised the bar in the Malaysian banking industry**
  - Best Local Currency Cash Management Services (By Currency) – Malaysia, Asiamoney
  - Best Trade Finance Bank in Malaysia 2007, Alpha SEA
  - Best Trade Finance in Malaysia, Global Finance Award 07
  - Reader's Digest Trusted Brand Gold Award for 2007
  - Asean bankers top underwriter for MYR bonds for 2007 with 25.1% market share
  - Best e-Banking Leader & Best e-Payment Channel, Malaysian e-banking Awards 2007
- **Focus on community development**
  - Disbursed over RM 1.8 Mn in scholarships to 222 students
  - Contributed RM 1 Mn to National Disaster Relief Fund

CHALLENGES

- **Intensifying competition**
  - On-going consolidation in the sector with enhanced efficiency and effectiveness of players
- **Staying ahead of the industry**
  - Maintaining above industry average NIM
  - Attracting and retaining talent

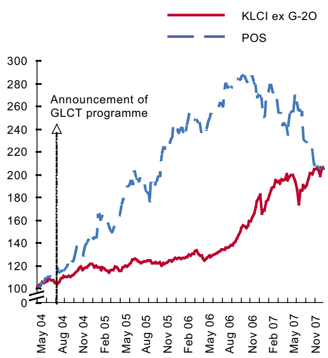
Source: JWT Analysis

G-20* SCORECARDS

POS MALAYSIA & SERVICES HOLDINGS BERHAD

TSR INDEX

POS TSR is in line with KLCI average
Rebased TSR Index



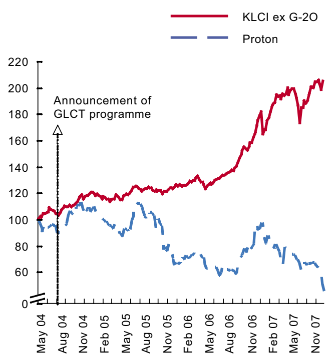
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	145.4	160.3	78.4
Market capitalisation RM Mn	2,060.1	2,517.0	2,177.1
ROE Percent	9.2	9.5	9.2*
Asset/equity x	1.3	1.2	1.2
Operating margin Percent	13.0	12.1	15.7
Asset turnover x	39.2	39.6	20.8*
Interest cover x	n.m	n.m	n.m
Effective tax rate Percent	1.1	24.3	27.4

PROTON HOLDINGS BERHAD

TSR INDEX

Proton TSR has fallen below KLCI average
Rebased TSR Index



HISTORICAL PERFORMANCE

FY March 31	2005	2006	2007	YTD Q1 2008
Net profit RM Mn	442.4	46.4	(589.5)	(46.8)
Market capitalisation RM Mn	4,283.9	3,130.5	3,652.3	3,295.3
ROE Percent	7.6	0.8	(11.3)	3.6*
Asset/equity x	1.5	1.4	1.3	1.3
Operating margin Percent	9.1	0.4	(12.0)	(3.9)
Asset turnover x	96.1	93.8	70.7	65.8*
Interest cover x	16.7	0.8	(16.5)	12.0
Effective tax rate Percent	n.m.	n.m.	4.6	0.2

Source: Bloomberg; Datastream; Annual Report
* Annualised ** Before minority interests n.m. : Not material n.a. : Not applicable

P

ACHIEVEMENTS

- **Good growth and capital management practices**
  - Reported 1H07 Profit from Operations of RM 68.3 Mn, an increase of 36.8% year-on-year basis, due to higher revenues and marginally lower operating costs. Revenue grew on the back of higher than expected increase in courier & mail volumes
  - Completed capital repayment exercise of RM1.50/share and internal restructuring in August 2007, demonstrating management's vigor in employing an active capital management policy and achieving greater operational efficiency. Total paid out to shareholders was RM 805 Mn
- **Improved customer service levels and service offerings**
  - Major capex program underway to increase automation to international-class level; this will position POS for better profit margins going forward
  - Improved Mail Service Delivery standard from 65% in 2004 to 90% in 2007
  - Implemented SAP-based track and trace system that will provide supply chain visibility to the customer
  - Opened almost 60 new branches/mini-branches in suburban and rural communities
  - Conducted review of process quality and in-house training to improve quality in work processes
  - PosLaju, the courier arm of Pos Malaysia, was awarded the GOLD Trusted Brand 2007 Award by Reader's Digest
- **Focused on employee and community development**
  - Achieved POS's Employee Engagement overall index of 78%, which was better than the Malaysia GLC average across all categories
  - Undertook programme to encourage entrepreneurship among Post Masters students
  - Absorbed 60 management trainees

CHALLENGES

- **Meeting performance targets and boosting profitability going forward**
  - POS missed its headline key performance indicators (KPIs) for the first 6 months ended 30 June 2007 in terms of its revenue, due to lower contributions from its mail and logistics divisions
  - Near-term decline in net profits is expected due to reduced interest income as a result of the capital repayment exercise
  - Low postal tariff structure, which has remained unchanged since 1992. According to UPU, Malaysia's basic postage rate is among the lowest in the world, with a price performance ratio of 0.34
  - Higher fuel prices will increase transportation costs
- **Increasing competition for counter services**
  - Intense competition from new payment channels such as Autopay, ATM, Phone Banking, SMS, internet, kiosks
  - Emerging new players in bill payment collection (Banks & others)
- **Developing human capital**
  - Retaining key staff, who are leading transformation projects
  - Achieving overall people readiness to embrace a more dynamic work culture

ACHIEVEMENTS

- **Launched initiatives to boost sales**
  - Launched new models with better pricing, quality assurance, aesthetics and timing
  - Signed agreement to supply 30,000 cars to the Chinese Jinhua Youngman Automobile Manufacturing Co Ltd (Youngman) for resale under the "Europestar" brand. The deal also includes the assembling of 80,000 cars by 2012
  - Signed agreement to supply 5,000 units of taxis to Iran with a plan of assembling 40,000 cars by 2012
- **Embarked on transformation**
  - Devised business turnaround plan (BTP); main thrusts include revenue generation, cost avoidance and cash generation
- **Implemented Red Book practices**
  - Reduced service spare parts price by 30% through operational improvements, leading to 4% increase in sales
  - Implemented Vendor Performance System to increase transparency and focus on merit-based processes
  - Consolidated vendor base from 249 to 228
  - Supported Bumiputera vendors (48% of 228 vendors) in the form of improvement of production system, control through monthly monitoring & QMS Education
- **Improved value proposition to customers**
  - Increased Customer Service Index (CSI) from 667 points in 2006 to 713 points in 2007, the most improved CSI score compared to all other OEM's in Malaysia

CHALLENGES

- **Keeping up with latest demand trends**
  - Continuing to produce cars which are desired by consumers and are fuel efficient, or use an alternate energy source
- **Increasing competition due to liberalisation**
  - Increasingly competitive operating landscape, due to expected further liberalisation in the Malaysian auto industry

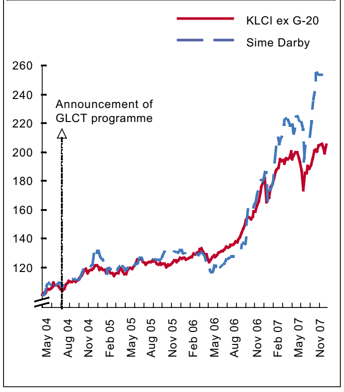
Source: JWT Analysis

G-20* SCORECARDS

SIME DARBY BERHAD

TSR INDEX

Sime Darby TSR has outperformed KLCI average
Rebased TSR Index



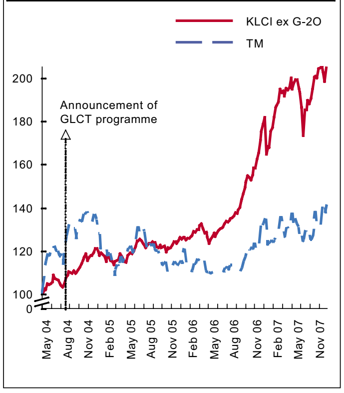
HISTORICAL PERFORMANCE

FY June 30	2005	2006	2007	YTD 2007 Proforma*
Net profit RM Mn	801.2	1,121.4	1,505.7	2,628.0
Market capitalisation RM Mn	14,854.2	17,912.4	28,265.5	n.a.
ROE Percent	9.8	13.3	15.9	14.1
Asset/equity x	1.8	1.8	1.8	1.7
Operating margin Percent	7.5	7.9	9.6	13.3
Asset turnover x	114.8	115.0	106.1	84.4
Interest cover x	15.3	14.4	16.1	12.4
Effective tax rate Percent	31.6	26.3	23.4	24.9

TELEKOM MALAYSIA BERHAD

TSR INDEX

TM TSR has fallen below KLCI average
Rebased TSR Index



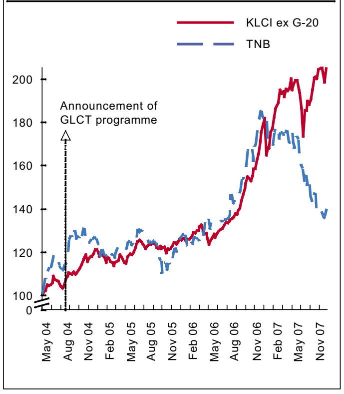
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	811.3	2,068.8	1955.2
Market capitalisation RM Mn	32,387.0	33,122.0	33,366.0
ROE Percent	4.2	10.6	12.7*
Asset/equity x	2.1	2.1	2.1
Operating margin Percent	12.5	15.3	13.4
Asset turnover x	35.0	40.0	41.0*
Interest cover x	2.6	4.0	2.6
Effective tax rate Percent	43.7	26.5	18.0

TENAGA NASIONAL BERHAD

TSR INDEX

TNB TSR is below KLCI average
Rebased TSR Index



HISTORICAL PERFORMANCE

FY August 31	2005	2006	YTD 2007
Net profit RM Mn	1,280.0	2,126.9	4,061.1
Market capitalisation RM Mn	32,011.6	46,704.8	38775.1
ROE Percent	8.0	10.9	16.9
Asset/equity x	3.9	3.4	2.8
Operating margin Percent	16.5	19.4	23.8
Asset turnover x	29.9	31.3	34.4
Interest cover x	2.2	2.6	4.2
Effective tax rate Percent	27.3	21.6	14.7

Source: Bloomberg; Datastream; Annual Report
* Annualised ** Before minority interests n.m. : Not material n.a. : Not applicable

S - T

ACHIEVEMENTS

- **Achieved solid performance with drive for increased efficiency**
  - Recorded a net profit of RM 1.5 Bn and ROE of 15.9% for FY07. The Group surpassed its FY08 KPIs (net profit of RM 1.4 Bn and ROE of 15%) one year ahead of time
  - Merged with Golden Hope and Kumpulan Guthrie in November 2007, creating the largest listed company by market cap in Malaysia. The enlarged Sime Darby will have five core businesses, namely plantations, property, motor, industrial equipment, and energy & utilities
  - Divested non-core assets of almost RM 1 Bn, with gain on disposals of approximately RM 0.5 Bn
- **Focused on corporate social responsibility**
  - Adopted Heritage Park, a 400 acre area in the forests of Slim River
  - Provided over 30 scholarships (locally and abroad) via Yayasan Sime Darby
  - Embarked on programme to plant 5 Mn trees over 15 years

CHALLENGES

- **Achieving a successful post-merger integration**
  - Capturing synergies from the merger transaction, e.g. revenue synergies through higher yield and extraction rates and cost synergies in procurements and overhead due to increased scales
  - Retaining talent through uncertainty and upheaval of merger process
- **Pushing continually for growth and return on investments**
  - Ensuring capital is invested in the right core businesses to produce returns higher than the cost of capital
  - Growing through a potential slowdown in the global economy as a result of the US sub prime crisis

ACHIEVEMENTS

- **Performance in-line with expectations**
  - Reported net profit in the third quarter of RM 658.5 Mn, an increase of 37.5 % from a year earlier, driven by the better performance of TM's domestic fixed-line and cellular operations
  - Overall performance YTD Q3 2007 is in line with its Headline KPI, though slightly short on the revenue. The YTD EBITDA margin and ROE were 44.7% and 12.7% respectively (as compared to 44.5% and 9.8% for 2007 Headline KPIs)
- **Undertook transformational demerger to drive efficiency**
  - Announced de-merger plans for mobile and fixed line businesses into two distinct entities with the objective of accelerating operational improvements and growth
- **Contributed to development of Malaysia's digital footprint**
  - Partnered with government (including 33% financing) for the rollout of a RM 15.2 Bn network over the next 10 years, to provide high-speed broadband (HSBB) services.
- **Raised the bar for industry standards**
  - Global Telecoms Business Innovation Award 2007
  - The Brand Laureate Award 2007, Apac Brands Foundation
  - Service Provider of the Year, Frost & Sullivan Malaysia Telecoms Awards 2007
- **Enhanced customer value proposition service levels**
  - Reduced customer waiting time from 61% of customers served within 7 mins in 2006 to 80%, at Celcom branches
  - Reduced service restoration time in Selangor from 4 days to 1 day, through operations improvement exercise
- **Continued commitment to stakeholder development**
  - Launched several talent management initiatives for employees
  - Launched a Bumiputera Entrepreneur Development Programme that benefited 4 entrepreneurs and jointly with Standard Chartered Bank facilitated financing facility to them

CHALLENGES

- **Meeting targets and executing on plans**
  - Revenue KPI remains a challenge for TM to achieve despite growth
  - TM International's overseas operations have been impacted due to increased competition, unstable political & regulatory environment and foreign currency translation losses resulting from the stronger Ringgit Malaysia against those currencies
  - Meeting HSBB roll out targets of 2.2 Mn premise connections within 3 years will be a big challenge and dependant on ability in resolving the way leave issue early with the local authorities and the housing development authorities
- **Increasing stiff competition from sophisticated players**
  - Competitive business environment will provide continuing challenge for TM to create awareness of new services and deliver compelling value propositions, operating performance and service quality to customers beyond mere price
- **Developing regulatory management capabilities**
  - The industry structure requires strong regulatory support

ACHIEVEMENTS

- **Unprecedented financial performance with continued growth**
  - TNB has achieved a record net profit of RM 4.06 Bn in FY 07, supported by ongoing cost savings measures, which have realised around RM 592.4 Mn in 2007 alone
  - Reduced debt to RM 23.9 Bn in FY 07 (from RM32.4 Bn in 2004). Foreign shareholding reached 28.4% in May 2007, highest since TNB's privatisation
  - Signed a Memorandum of Understanding to become the official provider of electricity supply to the Iskandar Development Region
- **Enhanced customer value proposition and service levels**
  - Signed more Service Level Agreements with consumers on supply connection with financial penalty for not meeting targets / deadlines and developed draft Customer Charter
  - Launched medium term Service Excellence program, called SE 10/10. Reduced SAIDI from 101 to 83 minutes and Unplanned Outage Rate for plants from 4.7% to 2.2% (comparable to international power utilities/producers)
  - Won the Best Emerging Call Center Gold Award and the only Asian company short listed for Platt's Best Global Power Company award
- **Engaged unions and employees actively**
  - Achieved 81% engagement rate in Employee Engagement Survey
  - Won Best Employer in Malaysia Award; the only GLC in the top 10 for the last 3 surveys
  - Invested RM 72 Mn in training programmes and organised 1,227 mandatory sessions
  - Developed Specialist Career Path for staff and Talent Pool (333 executives have been identified for leadership development)
- **Developed vendors as per Red Book practices**
  - Increased number of Bumiputera vendors participating in BVDP from 195 in 2006 to 251 in 2007
  - Launched vendor financing program in FY2007

CHALLENGES

- **Lobbying for more favorable regulations**
  - Negotiating with the Government on the potential increase in the price of gas and to gradually unwind the cross subsidy embedded in the tariff structure
  - Lobbying for a fuel cost pass through mechanism in tariff structure to manage fuel costs in the future
- **Staying ahead of competition and industry trends**
  - Increasing profit pressure in the face of additional IPP capacity payments from new plants coming on stream and increasing fuel, metal and equipment prices
  - Pursuing actively the use of alternative energy sources (like hydro and LNG) to meet future power demand. TNB has a heavy reliance on gas and coal for power generation the costs of which can potentially rise. Currently, gas and coal represent 68% and 26.4% respectively in TNB's generation fuel mix
  - Future planting up based on competitive bidding remains a challenge to push through

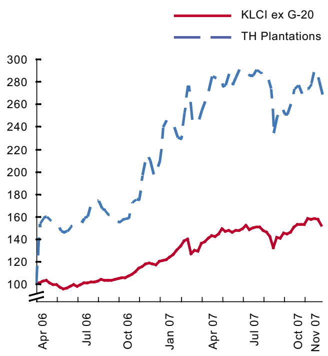
Source: JWT Analysis

G-20* SCORECARDS

TH PLANTATIONS BERHAD

TSR INDEX

TH Plantations TSR has outperformed KLCI average
Rebased TSR Index



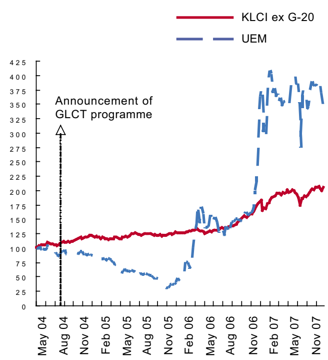
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	29.3	35.7	38.3
Market capitalisation RM Mn	n.a.	511.8	647.1
ROE Percent	23.6	22.6	28.7*
Asset/equity x	1.7	1.3	1.6
Operating margin Percent	37.3	41.8	47.0
Asset turnover x	55.0	59.0	39.0*
Interest cover x	n.m.	n.m.	22.7
Effective tax rate Percent	28.8	25.1	21.5

UEM WORLD BERHAD

TSR INDEX

UEM TSR has outperformed KLCI average
Rebased TSR Index



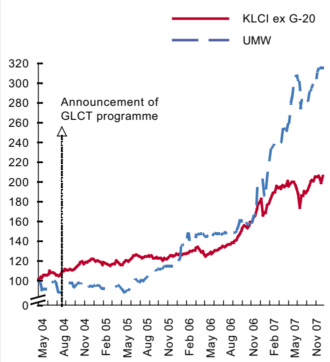
HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	(110.9)	129.7	584.8
Market capitalisation RM Mn	478.9	2,429.2	5,663.4
ROE Percent	(10.7)	11.4	34.4*
Asset/equity x	3.9	3.7	2.7
Operating margin Percent	(1.1)	11.4	14.2
Asset turnover x	38.1	49.7	60.0*
Interest cover x	0.7	4.5	7.9
Effective tax rate Percent	n.m.	33.3	4.2

UMW HOLDINGS BERHAD

TSR INDEX

UMW TSR has outperformed KLCI average
Rebased TSR Index



HISTORICAL PERFORMANCE

FY December 31	2005	2006	YTD Q3 2007
Net profit RM Mn	499.3	584.9	448.6
Market capitalisation RM Mn	2,991.1	3,928.3	7557.6
ROE Percent	18.5	17.6	16.7*
Asset/equity x	1.8	1.5	1.6
Operating margin Percent	5.6	6.3	5.0
Asset turnover x	172.5	195.0	160.1*
Interest cover x	30.0	23.3	19.4
Effective tax rate Percent	n.a.	n.a.	24.8

Source: Bloomberg; Datastream; Annual Report
* Annualised ** Before minority interests n.m. : Not material n.a. : Not applicable

T - U

ACHIEVEMENTS

- **Steady financial performance**
  - Reported a cumulated Q3 2007 net profit of RM 38.3 Mn
- **Achieved growth through acquisitions and expansion**
  - Pursued acquisition which has increased THP's plantation land bank from 15,746 ha to 28,730 ha.
    - Acquired the entire equity interest in Zecon Plantation Sdn Bhd from Zecon Engineering Berhad for a cash consideration of RM 30.5 million
    - Developed jointly and cultivated land totalling 2,594 ha in District of Setiu, Terengganu. THP shall inject RM 25.9 million progressively for a 70% stake whilst Yayasan Terengganu's 30% contribution will be through land capitalisation
  - Managed Lembaga Tabung Haji's plantation; to jointly develop native lands totalling 1,500 ha in Beladin, Sarawak with Land Custody and Development Authority (LCDA is the custodian of the natives) with shareholding of 55% (LTH), 10% (LCDA) & 35% (Natives) . An estimated 500 natives benefiting from this JV
- **Continued support for regional economic growth plans**
  - Contributed to Terengganu and Sarawak economic growth, creating employment opportunities for the local Bumiputera community

CHALLENGES

- **Susceptibility to macroeconomic factors**
  - Rising cost of fertilisers in tandem with the increase in global crude oil prices as crude oil is a component in the production of fertilisers
  - Escalating steel prices may result in an increase of maintenance cost and ultimately processing cost

ACHIEVEMENTS

- **Improved financial performance and standing across divisions**
  - Net profit for the third quarter ending September 30, 2007 tripled due to higher contributions from virtually all divisions
  - UEM Land completed its degearing exercise on 1 June 2007 resulting in a reduction of its gearing levels from 17.38 times to 0.48 times. This also contributed to the reduction of UEM Worlds' gearing from 3.74 to 1.47 times.
- **Implemented Red Book initiatives that have benefited suppliers and improved procurement process**
  - Rolled out P-Cards to UEM group of 12 companies that have reduced suppliers cycle time from 30 to 3 days
  - Formed a virtual trading company to centralise procurement and improve suppliers' ability to anticipate demand and prices
- **Invested in development of employees and Bumiputera community**
  - Conducted a pilot Orange Book Leadership Development Audit (LDA) to create a leadership-centered and performance driven culture amongst employees
  - Launched Young Executive Scheme (YES) that offers unemployed graduates vocational training up to 1 year within the UEM Group with paid allowances; 567 graduates have joined the scheme and 269 graduates were offered full time employment with UEM Group
  - Dato' Ahmad Pardas received the Organisational Excellence Award from the Asia HRD Congress in the "Contribution to the Organisation" category

CHALLENGES

- **Continuing growth trajectory and expansion**
  - Countering increased competition from other corridors and other regional industrial / property developments
  - Finding partners for strategic alliances in future property development roll-outs
  - Growing healthcare business due to intense competition and challenges in overseas expansion
- **Sustaining profit margins**
  - Optimising plant efficiency to protect margins in cement manufacturing
  - Offsetting rising cost of building materials

ACHIEVEMENTS

- **Improved performance backed by active portfolio and capital management**
  - Q3 2007 earnings ended 30 September 2007 increased by 9% compared to corresponding quarter 2006, due to improved automotive and equipment sales
  - Achieved net profit attributable to equity holders for the nine months ended 30 September 2007 improved by 52.4% from same period 2006. Oil & gas companies made the highest profit contributions
  - Demonstrated sound portfolio management of its regional O&G investments, including Malaysia, China, Vietnam, Australia and India
  - Increased ROE due to the company's active capital management policy
- **Invested in sales and service infrastructure to improve customer service levels and value proposition**
  - Launched new regional parts distribution centre in Kota Kinabalu in October 2007
  - Invested RM 16 Mn to expand Kuantan outlet into a 3S (sales, services and spare parts) centre in March 2007, and opened a new Kota Baharu 3S centre in September 2007
- **Focused on employee development**
  - Launched the UMW Executive Diploma in General Management (by SEG International Bhd & University of Sunderland, UK) for employees without a tertiary education; 24 UMW employees who hold a supervisor or executive position have enrolled

CHALLENGES

- **Stimulating demand for motor vehicles**
  - Demand for motor vehicles for the Q4 2007 is expected to stay at a level similar to Q3 2007 despite the introduction of new models by Toyota and Perodua

Source: JWT Analysis

Abbreviations and Acronyms

AFFIN	AFFIN Holdings Berhad
BCHB	Bumiputra-Commerce Holdings Berhad
BCIC	Bumiputera Commercial and Industrial Community
BEA	Board Effectiveness Assessment
BIMB	BIMB Holdings Berhad
Boustead	Boustead Holdings Berhad
BVDP	Bumiputera Vendor Development Programme
CAPEX	Capital Expenditure
CICM	Chemical Industries Council of Malaysia
CCM	Chemical Company of Malaysia Berhad
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIMB	Commerce International Merchant Bankers
CSP	Contributions to Society Policy
CSR	Corporate Social Responsibility
GRI	Global Reporting Initiative
ECER	East Coast Economic Region
ED	Executive Director
EFB	Empty Fruit Bunch
EPF	Employees Provident Fund
FMS	Faber Medi-Serve Sdn Bhd
G-20*	A selection of 20 GLCs controlled by the GLIC constituents of PCG. As at 30 November 2007, the number of GLCs has decreased to 18 with the re-listing of Sime Darby Bhd as the merged entity of Kumpulan Sime Darby Berhad, Kumpulan Guthrie Berhad and Golden Hope Plantation Berhad (together with 5 other non G-20* GLCs)
G-47*	G-47* started out as the group of 51 listed GLCs as at 14 May 2004. The number of listed GLCs has changed over time with new listings / de-listings, restructuring and M&A activities. With the recently concluded Sime Darby merger, the number has decreased to 37 listed GLCs.
GDP	Gross Domestic Product
GLC	Government-Linked Company
GLIC	Government-Linked Investment Corporation
Golden Hope	Golden Hope Plantations Berhad
Guthrie	Kumpulan Guthrie Berhad
HR	Human Resource
ICRM	Institute of Corporate Responsibility Malaysia
ICT	Information & Communications Technology
IDR	Iskandar Development Region
IPM	Integrated Pest Management
IRDA	Iskandar Regional Development Authority
JAKIM	Jabatan Kemajuan Islam Malaysia
JWT	Joint Working Team
Khazanah	Khazanah Nasional Berhad
KL	Kuala Lumpur
KLCI	Kuala Lumpur Composite Index
KPI	Key Performance Indicators
Kumpulan Sime Darby	Kumpulan Sime Darby Berhad
LDA	Leadership Development Audit
LDC	Leadership Development Circle
LTAT	Lembaga Tabung Angkatan Tentera
LTH	Lembaga Tabung Haji
M&M	Management and Monitoring
MAHB	Malaysia Airports Holdings Berhad
MAS	Malaysia Airlines System Berhad
Maybank	Malayan Banking Berhad
MBSB	Malaysia Building Society Berhad
MCMC	Malaysian Communications and Multimedia Commission
MD	Managing Director
MECD	Ministry of Entrepreneur and Co-operative Development
MINDA	Malaysian Directors Academy
MMU	Multimedia University
MOF	Ministry of Finance
MOH	Ministry of Health
MRCB	Malaysian Resources Corporation Berhad
MSC	Multimedia Super Corridor
NCER	Northern Corridor Economic Region
NGO	Non-Government Organisation
OPEX	Operational Expenditure
PC	Personal Computer
PCG	Putrajaya Committee for GLC High Performance
Petronas	Petroliam Nasional Berhad
PHBB	Pelaburan Hartanah Bumiputera Berhad
PINTAR	'Promoting Intelligence, Nurturing Talent, Advocating Responsibility' (school adoption initiative led by GLCs)
PIP	Procurement Improvement Program
PJC	Penampang Junior Chamber
PNB	Permodalan Nasional Berhad
POME	Palm Oil Mill Effluent
POS	Pos Malaysia & Services Holdings Berhad
Programme	The Government-Linked Company Transformation Programme
Proton	Proton Holdings Berhad
R&D	Research & Development
SAIDI	System Average Interruption Duration Index
SC	Securities Commission
SEC	Strengthening Execution Capabilities
Sime Darby	Sime Darby Berhad
SJIC	South Johor Investment Corporation
SME	Small & Medium Enterprises
TCO	Total Cost of Ownership
TH Plantations	TH Plantations Berhad
TM	Telekom Malaysia Berhad
TMO	Transformation Management Office
TNB	Tenaga Nasional Berhad
TSR	Total Shareholders' Return
UEM	UEM World Berhad
UMW	UMW Holdings Berhad
UNITEN	Universiti Tenaga Nasional
VDP	Vendor Development Programme
YAB	Yang Amat Berhormat