GLC TRANSFORMATION PROGRAMME

PROGRESS REVIEW 2011

APRIL 2011

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Pages

Appendices

2nd Print: May 2011

GLICs* and G20s**

Lembaga Tabung Haji (LTH)

BMB Holdings Berhad

TH Plantations Berhad

Kumpulan Wang Simpanan Pekerja (KWSP)

Malaysian Building Society Berhad

Malaysian Resources Corporation Berhad

Sime Darby Berhad

Chemical Company of Malaysia Berhad

Permodalan Nasional Berhad (PNB)

UMW Holdings Berhad

Malayan Banking Berhad

Lembaga Tabung Angkatan Tentera (LTAT)

Affin Holdings Berhad

Boustead Holdings Berhad

Telekom Malaysia Berhad

Pos Malaysia Berhad

Proton Holdings Berhad

Malaysia Airport Holdings Berhad

Khazanah Nasional Berhad KNB

Malaysian Airline System Berhad

Tenaga Nasional Berhad

CIMB Group Holdings Berhad

UEM Group Berhad

Axiata Group Berhad

* *Government-Linked Investment Company*

** *A selection of originally 20 larger GLCs controlled by the Government-Linked Investment Company (GLIC) constituents of the Putrajaya Committee on GLC High Performance (PCG). There are currently 19 GLCs in the G20 due to various mergers, de-mergers and other corporate restructuring exercises*

Foreword

1. Foreword by Prime Minister

Malaysia is at a crucial juncture. There is very little time left before 2020 arrives and a lot needs to be done to achieve our target of US$15,000 per capita Gross National Income (GNI). Competitor countries are also growing fast. Malaysia meanwhile, remains caught in the middle-income trap, with income levels rising very slowly over the past 10 to 20 years. This is a serious matter and we need to move up towards developing more high skill and high value added industries. Failure would mean we will be left behind by other countries with our future generations ending up working in lowly paid jobs. Therefore, transformation of our nation is critical.

Since I took office, I have introduced several initiatives to help transform Malaysia into a developed and high income country. These include the concept of "1Malaysia - People First, Performance Now", the Government Transformation Programme (GTP), the New Economic Model (NEM), the 10th Malaysia Plan and more recently the Economic Transformation Programme (ETP).

It is also crucial that the Government-Linked Companies (GLC) Transformation Programme continues to be implemented. I have publicly reaffirmed the importance of this Programme at forums such as Invest Malaysia 2009 and 2010 and continue to re-affirm its value with the publication of this report. The target of producing regional and domestic champions by 2015 is challenging but very worthwhile. Having Malaysian companies which are regional champions will be a tremendous boost to our nation and help define the boundaries and reach of Malaysia Inc. in the years to come. In this age, developed nation status has become synonymous with having globally competitive firms. GLC Transformation (GLCT) is therefore crucial in this regard and I look forward to the continued commitment of all key stakeholders in driving this Programme.

Beyond supporting through becoming champions, GLCs must also play a complementary role in the development of the Malaysian non-GLC private sector. This includes disposing of non-core assets; catalysing and developing the eco-systems of their core sectors; competing on a level playing field with the non-GLC private sector; and where appropriate and strategic, collaborating with the non-GLC private sector. Government-Linked Investment Companies (GLICs) should also divest non-core and non-competitive assets. Through these principles, the Government is confident that GLCs will play a complementary role with the private sector towards fully unleashing the dynamism of Malaysia Inc. and enhancing the competitiveness of the country.

To date, there has been a lot of talking and planning and I think we have done enough of that – it is now time to seriously and diligently execute on all these programmes, make them grounded and start producing results for the benefit of our children and future generations.

Y.A.B Dato' Sri Mohd Najib bin Tun Haji Abdul Razak
Prime Minister of Malaysia
and Chairman of the Putrajaya Committee on
GLC High Performance

2. Foreword by the Putrajaya Committee on GLC High Performance (PCG) Secretariat

The year 2010 was a very meaningful year for Government Linked Companies (GLC) Transformation Programme (GLCT) as the government of Malaysia introduced various major initiatives to transform the country. Various Government Linked Investment Companies (GLICs) and GLCs are involved in these, contributing in a number of ways.

From a Programme standpoint, now running into its 7th year of the 10 year programme, alerting the various initiatives to and bringing the various GLICs/GLCs on the requirements and expectations, and eventually coming to some agreements have been a challenging task.

To recap, our Prime Minister reaffirmed the importance and significance of the GLCT Programme, the need to stay the course and for GLCs to pursue championship ambitions. The government introduced the New Economic Model (NEM) for which GLICs/GLCs had given inputs and participated in the subsequent works thereafter, notably the Economic Transformation Programme (ETP) in its National Key Economic Areas (NKEAs) and the Strategic Reform Initiatives (SRIs).

To support the goals of the NEM, the 5 roles of GLICs/GLCs in the NEM were introduced. These are: first, GLCs must stay the course of this GLCT Programme as it fits into the NEM; secondly GLCs to pursue the need to regionalise and become champions; thirdly GLCs should pursue New Economy Investments as we shift into a high income economy; fourthly, for GLCs to collaborate and co-invest with the private-sector and fifth, for GLCs to focus on core activities and divest both non-core and non-competitive assets. Other miscellaneous roles include helping create capital market liquidity, sustainability and helping to build the nation. This year is the year of execution and the central theme of this report is to deliberate on these roles.

Other than the above, the GLCT Programme will continue to be refined and reshaped so that the benefits to and expectations of the stakeholders are delivered as originally envisaged. More so, when GLCs are pursuing the regionalisation effort, apart from the importance of institutionalising the 10 GLCT initiatives, they are expected to incorporate many other new elements of international standards. This is where leveraging the power of networks, for example, become very pertinent.

On behalf of the GLICs/GLCs fraternity and the Putrajaya Committee on GLC High Performance (PCG), the Secretariat would like to express our appreciation to the government for being able to participate, contribute and in certain occasions taking the lead in various government major initiatives.

We would also like to express our sincere gratitude to the Prime Minister, Y.A.B Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, YB Tan Sri Nor Mohamed Yakcop and YB Dato Seri Ahmad Husni Mohamad Hanadzlah, senior officials from the Ministry of Finance, and GLICs, headed by Tan Sri Dato' Hamad Kama Piah Che Othman, Tan Sri Dato' Lodin Wok Kamaruddin, Tan Sri Azlan Zainol and Datuk Ismee Ismail for the achievements of the Programme to-date. The success attained would also not have been possible without tremendous support from GLICs/GLCs staff and the broader GLC community, all stakeholders and society at large.

Tan Sri Dato' Azman Haji Mohktar & Mohd Izani Ashari
Secretariat to the Putrajaya Committee on GLC High Performance

Executive Summary

3. Executive Summary

The Government-Linked Company (GLC) Transformation Programme is now in the 7th year of its 10-year duration and currently in Phase 4, which is the final phase of the Programme.

This final phase coincides with an exciting period in Malaysia's economic landscape as we charge towards Vision 2020 - the country's vision of achieving developed nation status by the year 2020, via implementation of the New Economic Model (NEM). Towards this end, Government-Linked Investment Companies (GLICs) and Government-Linked Companies (GLCs) are playing a significant role in contributing to the success of the 2 pillars of the country's transformation Programme, namely the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP). The NEM itself will impact the very environment that GLCs operate in and moving forward, the role of GLCs will evolve towards enabling the transformational reforms that come with it.

GLCs continue on the growth trajectory, are stronger, advancing towards regionalisation ambitions and contributing significantly to the economy

Since GLCT Programme began in May 2004, the G20[1] have shown significant tangible improvements in all key financial areas, and have successfully weathered the 2008/2009 Global Financial Crisis. FY2010 results indicate that the G20 are on a strong positive growth trajectory and indeed, key financial indicators for FY2010 such as revenue, net assets and dividends, now actually exceed their FY2007 highs.

GLCs are on a strong growth trajectory

- **Aggregate earnings**: G20 net income grew 49% year-on-year to hit RM17.3b in FY2010, and are expected to grow further to RM22.1b[2] in FY2011.
- **Total shareholder return (TSR):** G20 TSR generated a compounded annual return of 16.4% from 14 May 2004 (start of the Programme) to 1st April 2011, out-performing non-G20 FBM KLCI by 1.9%.
- **Market capitalization:** As of 1st April 2011, market capitalisation more than doubled to RM353b since the start of the Programme.
- **Return on equity (ROE)**: G20 delivered a ROE of 10.5% in FY2010, up from 7.7% in FY2009.
- **Economic profit:** G20 economic profit increased to RM1816m in FY2010, rising from an economic loss of RM102m in FY2009.

GLCs are now fundamentally much stronger companies

The quick rebound and very promising upward trend, post the 2008 Global Financial Crisis, shows GLCs are now fundamentally much stronger and resilient than before the start of the Programme.

- **Operating cashflow:** For non-financial G20 firms has increased from RM17.7b in FY2009 to RM24.9b in FY2010.
- **Debt-to-equity ratio:** FY2010 non-financial G20 firms' debt-to-equity ratio has improved from 42% in FY2009 to 32% in FY2010, reflecting the robust free cashflow generated over the last 12 months.
- **Headline Key Performance Indicators (KPIs):** 72% of G20 headline KPIs were met in FY2010, an improvement from 64% in FY2009.

A 2010 survey among 17 major stockbrokers showed major improvements in their assessment of management quality of the G20. Having implemented the GLCT initiatives and undertaken their various transformation programmes, GLCs are also now more operationally robust and efficient companies.

GLCs are advancing towards their regional expansion aspirations

Since the start of the Programme, GLCs have made inroads into regional markets. From FY2004 to FY2010, G20 foreign assets (as a percentage of total assets) grew from 9% to 25% while foreign sales (as a percentage of total sales) grew from 26% to 33%. Over the same period, G20 foreign sales have grown by a compounded annual growth rate of 14%. Several GLCs are well on their way to become regional players and even leaders, such as Axiata, CIMB, Maybank and Sime Darby. Several others are successfully extending their footprints outside of Malaysia, such as Malaysia Airports (in India, Turkey and Kazakhstan) and PLUS (in Indonesia and India).

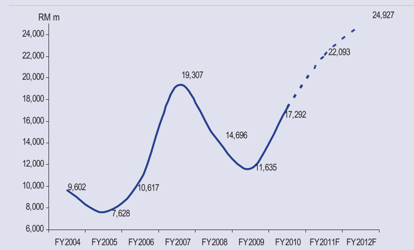
[1] A selection of originally 20 larger GLCs controlled by the Government-Linked Investment Company (GLIC) constituents of the Putrajaya Committee on GLC High Performance (PCG). There are currently 19 GLCs in the G20 due to various mergers, demergers and other corporate restructuring exercises.

[2] Based on Bloomberg analyst consensus estimates as of 1st April 2011.

Key Highlights of Executive Summary

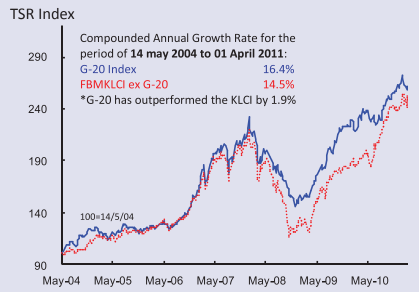
Financial & Operating Performance

G20 Aggregate Earnings



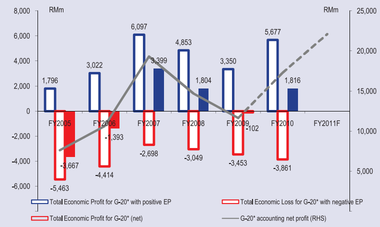
Source: G20 financial reporting, Bloomberg analyst consensus estimates as of 31/3/2011

Total Shareholder Returns



Source: Bloomberg, PCG analysis

G20 Economic Profit



Source : G20 financial reporting, PCG analysis

GLCs Roles in New Economic Model

Stay the course

- All GLCs diligently executing the GLCT initiatives
- Most GLCs also executing on internal transformation programmes

Regionalisation

- Selected examples of GLCs regionalising and becoming champions

New Economy Investment

- Sime Darby: Vision Valley – 40k acres earmarked for catalytic development
- Proton: investment in green technology and sustainable energy
- Affin, BIMB, MBSB provide financing to support SMEs in viable projects
- CIMB: spearheading Islamic Finance in ASEAN
- TM: launched Blue Lane (BL) Program, to nurture and harness home grown technopreneurs in the ICT industry
- CCM: Strategic investment in pharmaceuticals R&D co. in US for vaccines

Divestment

- BIMB Holdings Berhad: exited from venture capital industry
- CIMB: sold and leaseback buildings, realising a RM167m gain
- Sime Darby: divested 30 companies since 2004 raising RM2.8b
- TM: disposal of entire 15.4% stake in Measat Global Network Sdn Bhd ("MGNS") and a portion of Axiata

Collaboration

- Several successful partnerships achieved over past few years. For e.g. the Tenaga-Malakoff-Khazanah consortium to build the Shuaibah Independent Water and Power Project (IWPP) in Saudi Arabia, PNB and SP Setia in property development, Khazanah and Usaha Tegas together taking Astro private, combinations of UEM Land-Sunrise and the RM1bn development of Teluk Datai in Langkawi
- Most GLCs have strategic partnerships with non-GLC private sector and foreign companies for domestic and regional business expansion
- Several GLCs developed human capital via collaboration with universities/learning institutes

Nation Building

GTP / ETP

- GLICs and GLCs actively participated in all the NKEA labs and most of the SRI labs
- Out of 131 EPPs, G20 contribute to 31 EPPs
- GLCs contribute approximately 32% (USD144b) of total NKEA funding requirements for 2010 to 2020

Sustainability

- In March 2010 'Opportunities and Risks arising from Climate Change for Malaysia' report was published.
- In July 2010, a dialogue titled "A Focus on Financing Climate Change" was co-hosted by HSBC and Khazanah.

Corridor Developments

- Iskandar Malaysia – RM64b of committed investments secured as of 2010, of which RM27b are foreign investments. 42% of committed investments have been spent to date.
- NCER – GLICs and GLCs catalysing industry development (e.g. through infrastructure development and public-private partnerships)

Stakeholders Impact

Customers

- Axiata, CIMB, MAHB, MAS, Maybank,POS, TM, TNB received several awards as best service providers
- BIMB, Boustead, Proton, UMW received awards for best products

Vendor & Suppliers

- Around 100 contractors under TM HSBB rollout & UniFi installation
- Since 2004, more than 130 vendors have graduated from the G20's Vendor Development Programmes

Labour Forces & Employees

- Study on Impact of GLCT on GLC Employees indicates that welfare of G20 employees have improved since the programme began in 2004

Community & Society

- PINTAR covered 110,000 students nationwide
- SEJAHTERA benefited 4349 families
- GEMS benefited 6,000 participants with 82% employability rate

GLCT Programme Delivery

Initiative Delivery

- 134 Directors have successfully undergone MINDA programmes

Performance Monitoring

- Annual GLCT Progress Review
- Headline KPIs reporting

Programme Activities

- 2 PCG Meetings
- 3 CEO Meetings
- 2 GLCT Circles

Source: G20 reports, PCG Analysis

GLICs and GLCs are contributing significantly to the economy

GLICs and GLCs continue to invest and support several national corridor developments such as Northern Corridor Economic Region (NCER) and Iskandar Malaysia. They have been actively investing in new economy investments, forming successful partnerships with the non-GLC private sector and divesting non-core and non-competitive assets. They have also contributed significantly to the development and execution of the National Key Economic Areas (NKEAs) and Strategic Reform Initiatives (SRI) labs. GLICs and GLCs leadership are also represented in the 'Majlis Tindakan Agenda Bumiputera' (MTAB) and have actively contributed to the deliberations to date.

GLICs and GLCs continue to deliver value to its various stakeholders

Concurrent to the pursuit for growth and a higher level of performance, GLICs and GLCs have directly and indirectly benefited their key stakeholders such as employees, customers, suppliers and the society at large. This have been achieved through various human capital development initiatives to increase employee value propositions; enhanced delivery and quality of products and services (G20 have won numerous awards in this regard); vendor development programmes; and contributions to society through Programmes such as PINTAR, SEJAHTERA and GEMs.

Programme level activities and initiatives continue to be diligently executed

Last year, the Putrajaya Committee on GLC High Performance (PCG), chaired by the Prime Minister, met twice to provide stewardship for the Programme. In the run up and to assist with planning for the PCG meetings, 3 G20 CEO meetings and 2 GLCT Circle meetings (involving G20 GLCT Programme representatives) were conducted. Several Programme level initiatives around the Silver, Orange, Blue and Red Books and MINDA remain active.

From GLC Transformation to National Transformation

Over the past year, several key national developments initiatives have been launched and the GLCT Programme needs to take them into consideration moving forward. A key one is the NEM which was unveiled by the Prime Minister in March 2010. Meanwhile, MTAB, TERAJU ("Unit Peneraju Agenda Bumiputera") and Ekuinas were formed to encourage inclusive participation in the country's economic growth. Expectation of world markets on sustainable practices is fast growing in momentum and should not be neglected. In the regulatory sphere, the Competition Act has been introduced and liberalisation initiatives have been actively pursued (e.g. opening of the domestic economy and signing of free trade agreements). Several labour market issues have also surfaced such as the need for more talent and professionals to drive NEM. In view of this, Talent Corporation Malaysia Berhad (TalentCorp) was established to support the human capital needs of the NEM.

The roles of GLICs and GLCs in NEM need to be crystallised and its execution elevated

The NEM and GLCT Programme are aligned as they both support Malaysia's 2020 goals of becoming a high income nation. Therefore, it is critical for the NEM and the Programme to reinforce each other moving forward. On 6th May 2010, PCG announced 5 important roles to clearly identify how GLICs and GLCs will support NEM. The 5 roles will also provide the GLCT fraternity with a common understanding, language and frame on how to reinforce the NEM. Given the shorter time frame to 2015 (which marks the end of the 10-year Programme) and the more challenging business environment, there is a critical need for GLICs and GLCs to elevate the execution of their 5 roles in NEM in order to achieve the country's 2020 aspirations. The 5 roles are:

1. Diligently stay the course in executing the 10-year GLCT Programme
2. Relentlessly continue their journey to become regional champions
3. Pursue New Economy Investments (NEIs) in line with NEM
4. Collaborate and co-invest with the non-GLC private sector
5. Focus on core businesses on a level playing field and to progressively divest out of non-core and non-competitive assets

The GLCT Programme Journey

Summary

The GLCT Programme is a 10-year programme designed to produce high performing GLCs with the aim of several becoming regional champions by 2015. The Programme is designed around 3 key underlying principles and 5 policy thrusts.

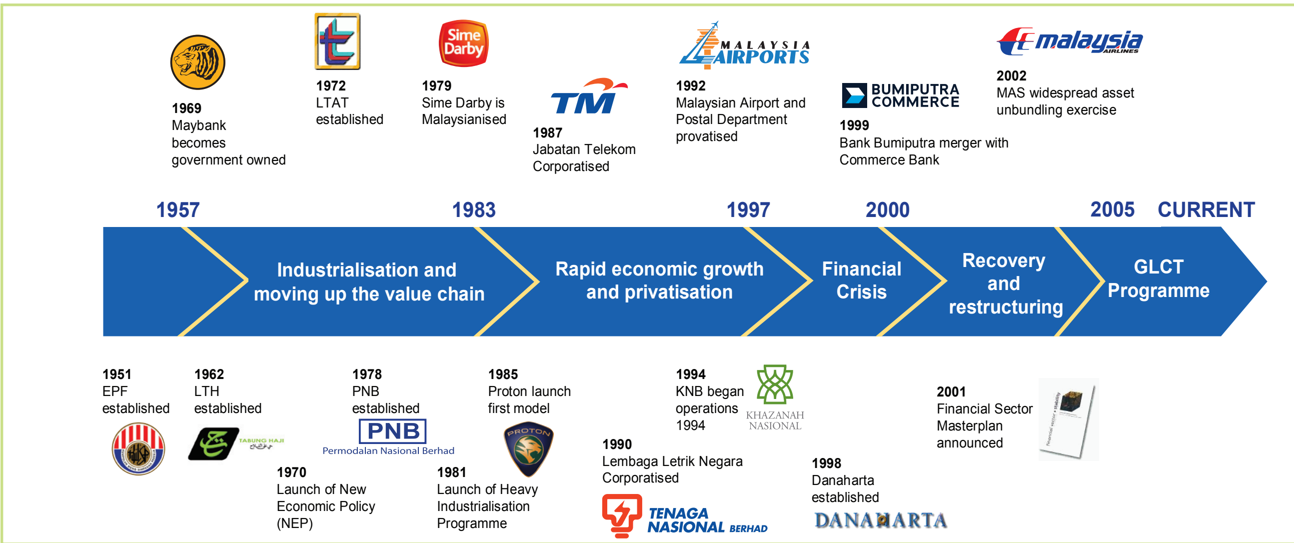
The Programme is now in its 7th year with several initiatives launched. Various annual progress reports on the Programme have been produced.

4. The GLCT Programme Journey

GLCs are an integral part of the Malaysian economic engine. Other than notably providing mission-critical services, catalysing developments in strategic sectors, and employing around 5% of the national workforce, GLCs are indeed very significant in terms of contribution to the economy: GLCs constitute 36% of the total market capitalisation at Bursa Malaysia and contribute approximately 13% of domestic investment GDP.

However, prior to 2004, GLCs (which came in various historical evolution and background) historically underperformed the broader Malaysian market, both financially and operationally – a trend that risked derailing our efforts towards Vision 2020 of becoming a developed nation.

History and Evolution of GLCs



Source: GLCT Programme Progress Review Report December 2006

In order to arrest the situation, in 2004, the then Prime Minister, Dato' Seri Abdullah Ahmad Badawi launched the GLC Transformation (GLCT) Programme with the aim of transforming GLCs to become high performing entities, and also help accelerate the country's social and economic development. The program became a national priority and integral to Malaysia's aspirations of achieving developed country status.

The program was designed to anchor on 3 Key Underlying Principles:

- **It should be 'Performance Focus'** by creating economic and shareholder value through improved GLC performance
- **It should be in line with 'National Development Foundation'** by growing with equity, improving total factor productivity, developing human capital and Bumiputera community
- **It must fully demonstrate good governance - observe the rights of Governance, Shareholder Value and Stakeholder Management** through implementation of GLCT Initiatives, and engaging and managing stakeholders

In carrying out the effort, GLICs and GLCs are further guided by 5 Policy Thrusts

Policy Thrust 1:	Policy Thrust 2:	Policy Thrust 3:	Policy Thrust 4:
Clarify the GLC mandate in the context of National Development	Upgrade the effectiveness of Boards and reinforce the corporate governance of GLCs	Enhance GLIC capabilities as professional shareholders	Adopt best practices within GLCs

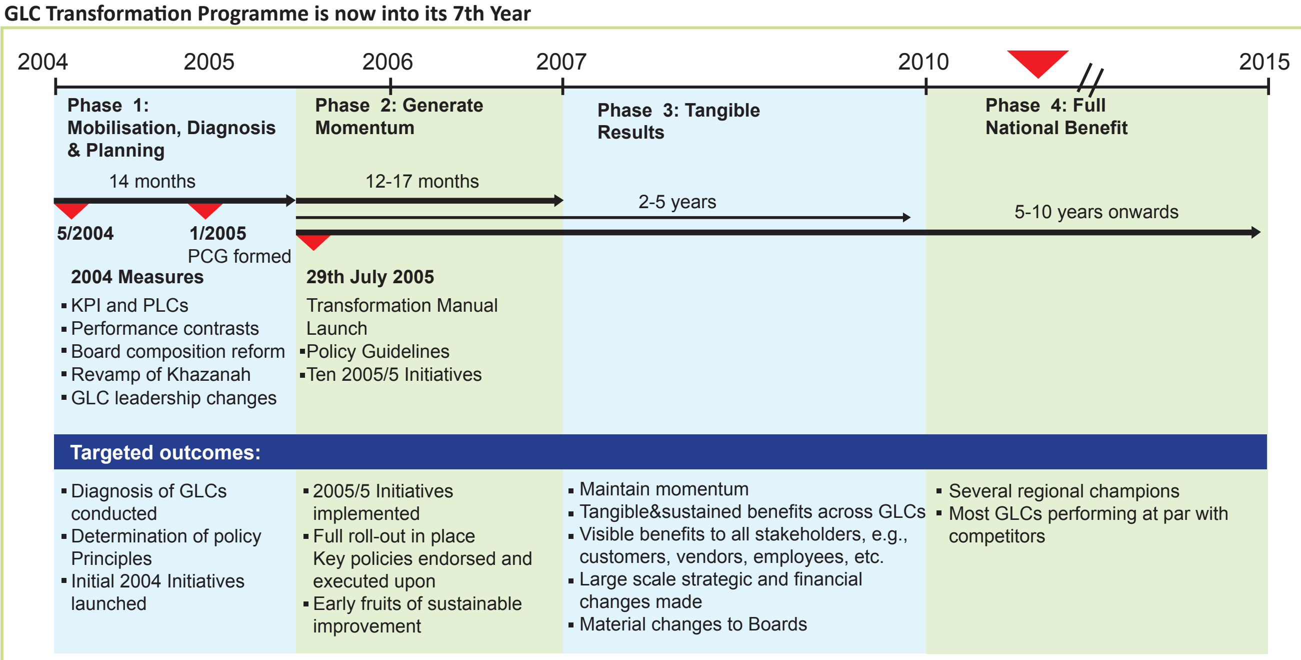
Supported by 10 overarching themes of initiatives
(now commonly referred to as coloured books)

Policy Thrust 5:
Implementing the GLCT Programme

Source : GLCT Mannual, July 2005

The Programme was established as a 10-year programme encompassing four phases as outlined in the exhibit below. The Programme is now in Phase 4, in its 7th year and the Programme continues on its trajectory towards achieving full national benefit by 2015.

GLC Transformation Programme is now into its 7th Year



Source: GLC Transformation Manual, July 2005

To assure delivery and relisation of benefits from the GLCT, PCG was established in January 2005 to ensure the delivery of a structured GLCT Programme. The committee comprises of 5 GLICs - EPF, LTH, LTAT, PNB and Khazanah. The PCG is chaired by the Prime Minister with Khazanah as its secretariat.

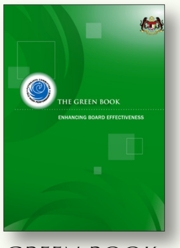
To provide an enabling environment for GLCs to perform, and to drive the implementation of specific Initiatives to enhance GLCs performance, the GLCT Manual was launched in July 2005. It codifies Policy Guidelines and a series of 10 Initiatives launched over the course of 2005-2006, which are now being implemented across GLICs and GLCs. Many GLCs are in the process of tailoring and executing their own unique individualised plans accordingly, to reach the objective of being regional/ global champions by 2015.

Since the programme started, 4 progress reviews (see exhibit on next page) and 2 updates have been published as part of transparent reporting and accountability.

Moving forward, GLICs and GLCs are to focus on playing 5 key roles in the NEM. They are to:

1. Diligently stay the course in executing the 10-year GLCT Programme
2. Relentlessly continue their journey to become regional champions
3. Pursue New Economy Investments (NEIs) in line with NEM
4. Collaborate and co-invest with the non-GLC private sector
5. Focus on core businesses on a level playing field and to progressively divest out of non-core and non-competitive assets

GLCT Programme – The 10 Initiatives



GREEN BOOK

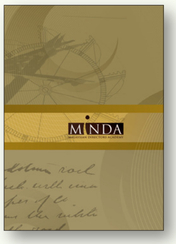
Enhancing Board Effectiveness

(April 2006)

Raise overall effectiveness of Boards:

Structuring a high-performing Board

- *Ensuring effective Board operations and interactions*
- *Fulfilling the Board's fundamental roles and responsibilities*
- *Consistent with Malaysian Code of Corporate Governance, Bursa's Listing Requirement*



MINDA

(Malaysian Directors Academy) Strengthening Directors Capabilities

(December 2006)

Equip Boards with world class knowledge, mindset and skill to perform at consistently high standards:

- *Partnership with international and local institutions e.g. IMD*
- *Engage best case writers to prepare examples most relevant to Directors*
- *Programmes designed to provide on-the-job learning and coaching*

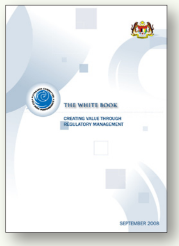
GLIC M&M

Enhancing Management & Monitoring Functions

(December 2006)

Reinforce ability of GLICs to monitor and manage GLCs

- *GLICs' roles in driving GLC performance towards value creation*
- *GLICs' approach dependent on its mandate and investment strategy*



WHITE BOOK

Creating Value Through Regulatory Management

(September 2008)

Creating Value Through Regulatory Management

Improve regulatory environment by encouraging best-practice engagement amongst GLCs, policymakers, regulators and other key stakeholders

- *Formulation of regulatory value creation plan*
- *Building regulatory management capabilities*
- *Develop strategic regulatory mindset by working together with industry stakeholders*

SILVER BOOK

Achieving Value Through Social Responsibility

(September 2006)

Guidance for GLCs to be socially responsible companies and to support national development agenda:

- *Clarifies expectations on GLCs' contribution to society*
- *Guide to GLCs starting position in contributing to society*
- *Provides GLCs with comprehensive set of tools, methodologies and process to proactively contribute to society*

RED BOOK

Reviewing and Revamping Procurement Practice

(April 2006)

Enhance the effectiveness and effiency of the procurement practices in GLCs

- *Increasing GLCs procurement value creation through clear specific levers and initiatives*
- *Guidelines on supporting national development through use of local content and Bumiputera equity share of the economy*

PURPLE BOOK

Optimising Capital Management Practices

Guideline to GLCs on improving their capital management:

(December 2006)

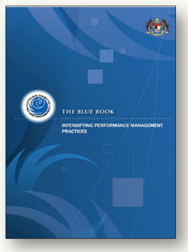
- *Design and optimise capital management using the 4-step Cash flow Analysis Method*
- *Improve capital efficiency and create more value using less capital*
- *Outlines how GLCs can implement capital structure optimisation and capital efficiency improvement initiatives*

ORANGE BOOK

Strengthening Leadership Development

(December 2006)

- *Leadership and talent development must flow from the business strategy*
- *Leadership development is a holistic system, not just a process*
- *HR / Line Partnership frames all leadership development*
- *Leadership development must be institutionalised*



BLUE BOOK

Intensifying Performance Management

(August 2005)

Improve the financial and operational performance of all GLCs by intensifying performance management:

- *Tightened performance accountability*
- *Focus on key business priorities*
- *Attract and develop talent*
- *Establish a reward for performance culture*

YELLOW BOOK

Enhancing Operational Efficiency and Effectiveness

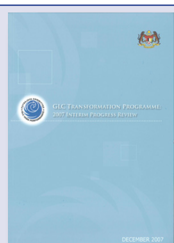
(September 2006)

Inculcate mindset for continuous improvement at GLCs:

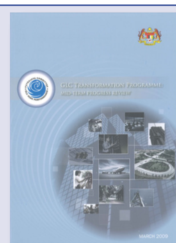
- *Structured approach for GLCs to enhance operational effiency / effectiveness using the Framework for Continuous Improvement (FCI)*
- *Highlights the internal and external operational improvement options Core and Non-core activities*

GLCT Program Reports / Updates Publication

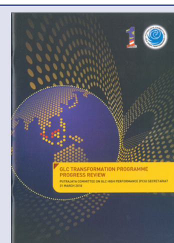
PROGRESS REVIEW DEC 2006



PROGRESS REVIEW DEC 2007



PROGRESS REVIEW MAR 2009



PROGRESS REVIEW MAR 2010

Source: PCG

From GLC Transformation to National Transformation

Summary

From GLC Transformation to National Transformation

In the year 2010, the Prime Minister of Malaysia launched several initiatives aim to transform the country. First, the New Economic Model (NEM) which was unveiled in Mar 2010, from which the Government Economic Transformation Programme (ETP) was given birth. 10th Malaysia Plan was also announced last year.

To elevate the bumiputra community, the government also formed the 'Majlis Tindakan Agenda Bumiputra' (MTAB, the Action Council for Bumiputra Agenda). To assure implementation of this agenda, TERAJU was formed.

The year 2010 also saw increased regulatory development such as the introduction of Competition Act to be enforced in January 2012, more liberalization initiatives and negotiations of Free Trade Agreements.

In order to address the talent shortage, the government also formed Talent Corporation.

5. From GLC Transformation to National Transformation

It is imperative when reviewing the progress of GLCT, new developments that have taken place need to be taken into account. Since the last Progress Review issued in March 2010, several new developments which impact GLCs have taken place as follows.

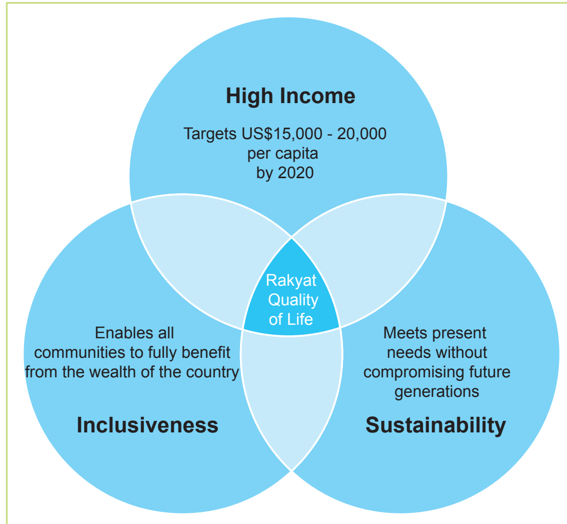
New Economic Model (NEM)

After introducing the Government Transformation Plan (GTP) in early 2010, the Malaysian Prime Minister Dato Seri Najib Tun Razak unveiled at Invest Malaysia in March 2010, the New Economic Model (NEM).

The goals of this NEM are three-fold: first, to transform Malaysia to become a high-income nation, doubling its then capita of US$7,000 to more than double, US$15,000 by year 2020; secondly, it will be inclusive to all communities so that all will fully benefit from the the wealth of the country, and thirdly, it is sustainable both in economic and environmental terms, meets present needs without compromising future generations.

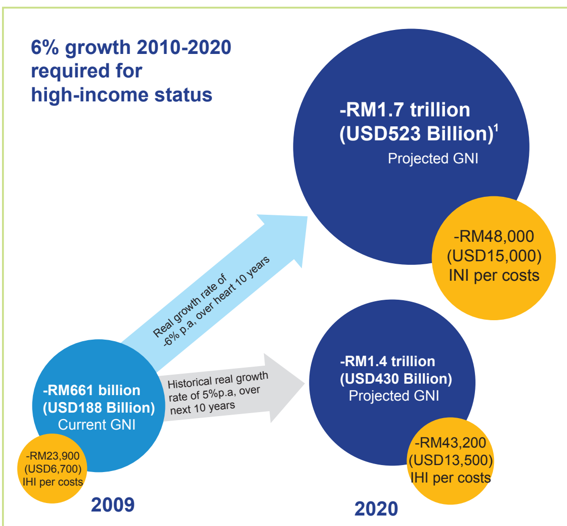
A notable insight from this ambition is that the country needs to achieve on average 6% growth per annum until year 2020. Since the NEM launch, further developments took place to assure realisation of its goals. These came in several parallel and interconnected parts:

New Economic Model



Source: National Economic Action Council (NEAC)

Growth Trajectory



Source : PEMANDU

1. The first was the introduction of 'Economic Transformation Plan' (ETP) where 12 New Key Economic Areas (NKEAs) were chosen as the focus areas to grow the economy towards the high income country. The NEM will cause GNI to shift from RM$661b to RM$1.7 trillion with 3.3 mil new jobs created by 2020. To kickstart the ETP, 131 Entry Point Projects (EPPs) and 60 Business Opportunities (BOs) were identified. They will be private-sector led, specifically 92% of the funding will be from private, and government will play an active facilitator through resource and policy support. The ETP also envisages that 73% of total private investment will be from domestic direct investment, a contrast from the 1990s strategy where Foreign Direct Investment played a more significant role.

2. Whilst NKEAs are seen as the 'verticals' to achieve the NEM goals, further detailing were done to the 'horizontals' (or enablers), the earlier identified Strategic Reform Initiatives (SRIs) in the first NEM report, leading to 51 policy measures needed as stated in the second (and concluding) part of the NEM report as unveiled in. These policy measures have been further rationalised with the earlier GTP works, and now some works are on-going to detail out further on what needs to be done to strengthen these enablers.

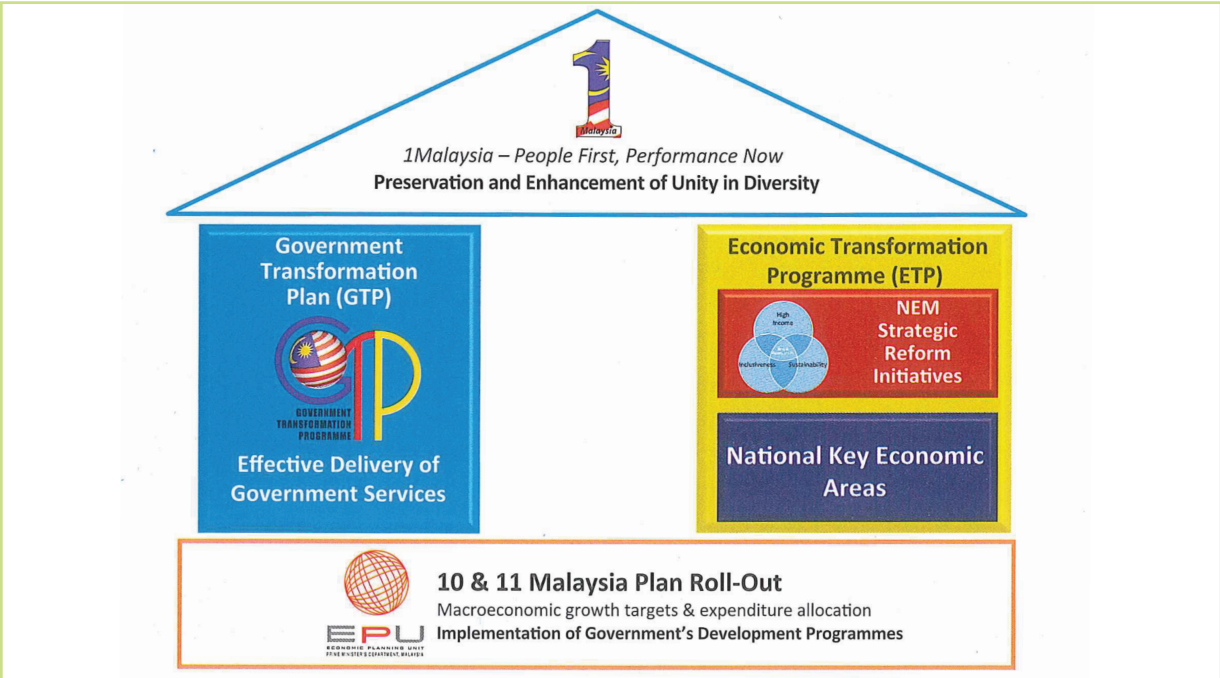
New Key Economic Areas

Source : PEMANDU

3. The government also announced its 10 Malaysia Plan (10MP) that incorporates the ambition of the NEM. The 10MP becomes the first (of the two) rollout plan for the NEM.

To illustrate the coherency of the transformation effort, the government has communicated the key efforts in a house chart form as illustrated below.

National Transformation



Source: National Economic Action Council (NEAC)

Bumiputera Agenda

The main goals of the NEM are that Malaysia will become a high income advanced nation with inclusiveness and sustainability by 2020. In line with national agenda which includes Bumiputera Agenda, the Bumiputera Communities need to double their efforts since they are still lagging in many fronts, for example:

- The bottom 40% of household income earners consists of 77.2% Bumiputera
- Average household income of Bumiputera is the lowest compared to other ethnic from year2002-2009.
- Bumiputera equity ownership (2005) in corporate sector 19% valued at RM111b compared to the total corporate sector equity of RM588b. However these are largely owned by bumiputera based institutions such as Trust Funds.
- In 2008, Bumiputera equity ownership was still low (21.9%) compared to the others and the figure was lower if we take government holdingis included.

In an effort to create an inclusive economic participation through successful Bumiputera Commercial and Industrial Community (BCIC) in the economy sector, government has formed several initiatives, namely:

- Majlis Tindakan Agenda Bumiputera (MTAB)
- TERAJU (Unit Peneraju Agenda Bumiputera)
- Ekuinas

Majlis Tindakan Agenda Bumiputera (MTAB) ***(Action Council for Bumiputera Agenda),*** chaired by the Prime Minister was formed principally aims to elevate bumiputera community in the economy; increase bumiputera control and ensuring sustainable bumiputera developments.

To further strengthen the Bumiputera development agenda, TERAJU ("Unit Peneraju Agenda Bumiputera"), a unit under Prime Minister Office was created to focus on five areas:

- Entrepreneurship and Wealth Creation
- Funding
- Education and Employment
- Institutional and Policy Instrument Review
- Stakeholder Management

TERAJU would also function as the secretariat for MTAB besides working with related agencies to identify new programmes so that all actions taken were well coordinated. To date, TERAJU has conducted lab on Bumiputera Development where some GLC has actively participated and contributed their efforts in the lab.

In addition, TERAJU also worked hand-in hand with PEMANDU in the Strategic Reform Initiative (SRI) lab Narrowing Disparities and Bumiputera SMEs where GLCs and industry players including Government agencies, private firms, NGOs were present to formulate new ways to bridge the gap of the Bumiputera SMEs.

The Government also formed a new investment private equity fund, Ekuiti Nasional Berhad (Ekuinas) whose role is to invest in sectors with high growth potential. To promote genuine partnerships, participation of Bumiputera through Ekuinas will be merit-based. At the same time, Ekuinas is entrusted to increase equitable Bumiputra economic participation within the Malaysian economy, will be measured across four dimensions – enhancing effective equity ownership, growing the pool of qualified management, increasing employment and creating value for Bumiputra supply chain partners.

Sustainable Development

In the Concluding Part of the NEM report, the Policy Measure relating to sustainability promotes the adoption of International Standards. Specifically the section states that whilst there are various dimensions on sustainability, application of standards affecting the economic, environmental and social dimensions are crucial to build an economic environment necessary for the country sustainable growth. The NEM continues to expound that Malaysia needs to outline all measures and targets consistent with the UN conventions to protect the environment and address climate change issues.

Regulatory Development

In terms of regulatory development, three major efforts have taken place, namely:

- Competition Law
- Liberalisation
- Free Trade Agreements

Competition Law

Malaysia has introduced Competition Act to be enforced in January 2012, with the aim of curtailing anti-competitive practices this and applies to any commercial activity within and outside Malaysia that has an effect on market competition in Malaysia.

This reinforced the earlier competition policy introduced in 2005, so that the process of competition is further promoted thereby protecting the interests of consumers. The Act makes provision for the introduction of competition law by introducing two main prohibitions. First is in respect of agreements or concerted practices between enterprises or association of enterprises which significantly prevent, restrict or distort competition, the second is the prohibition of the abuse by an enterprise or enterprises of a dominant position in Malaysia.

To assure the successful implementation of the Act, Competition Commission has been established to deal with cases involving anti-competitive practices and control unfair competition and restrictive business practices.

Liberalisation

The liberalisation initiatives are pursued with the view of creating a conducive business environment to attract investments, technology and to create higher value employment opportunities. These efforts are expected to enhance the level of national competitiveness.

The effort of intense liberalisation started since the current Prime Minister took office: in Apr 2009, 27 services sub-sectors were liberalised. Subsequently, thereafter, the financial sectors were further liberalised in order to:

- Enhance Malaysia's linkages with international economies and promote greater economic regional integration;
- Provide greater access to consumers to a wider range of world class financial products and services;
- Further strengthen Malaysia's competitive position in Islamic finance to become an international Islamic financial hub; and
- Promote Malaysia as a leading global shared services and outsourcing centre.

There are more liberalization moves in the pipelines in the areas of Healthcare, Education and Professional Services.

Free Trade Agreements (FTAs)

The Global Enabling Report stated that Malaysia is currently rank number 30 (year 2010), slightly lower than year 2009 where Malaysia was at 29th position.

In addition to the rule-based multilateral trading system under the WTO to improve the trading value further, Malaysia also pursues regional and bilateral trading arrangement to complement the multilateral approach to trade liberalization.

Free Trade Agreements (FTAs) are generally aimed at providing the means to achieve quicker and higher levels of liberalisation that would create effective market access between the participants of the FTA. Traditionally confined to trade in goods, with the establishment of the WTO, trade in services has been included in many FTAs.

There is a number of FTAs at various stages of developments. The Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) was signed on February 2011, and details are being finalised to effect the bilateral agreement by July this year. Subsequent to this, the Deputy Prime Minister (DPM) visited India in March to further strengthen economic ties between Malaysia and India.

The second round of negotiations for Malaysia-EU FTA (MEUTA) was held in February 2011 in Kuala Lumpur and the next round expected to be held in Brussels. The EU is still demanding for maximum level of commitments from Malaysia.

The Malaysia-US FTA was stalled and both countries seemed to agree that bilateral trade matters between the two countries are to be resolved within the multi-country Trans-Pacific Partnership Agreement (TPPA) framework that both Malaysia and US have agreed to join. The negotiations on TPPA is on-going between Malaysia and Australia, Brunei, Chile, New Zealand, Peru, Singapore, the US and Vietnam. The negotiations for the Malaysia-EU FTA are also on-ongoing.

As GLCs are not exempted from these regulatory commitments in the commercial activities they are involved, GLCs require regulatory effective strategies to ensure competitiveness, staying power and continued relevance in their respective business and industry.

Human Capital and Labour Market Development

The Ministry of Human Resources continued the efforts started in 2009 to review the existing labour laws to support the human capital needs of the 3.3 million jobs projection of the NEM and the ETP. The review focused on ensuring Malaysia remains competitive in the labor market whilst continuing to protecting the rights of employees.

The issue of ensuring steady paying jobs for Malaysians, from fresh graduates entering the job market to mid-career professionals getting adequate support for continuous upskilling, was also addressed at various platforms. The Malaysian Trades Union Congress (MTUC) have held firm to their call for the government to set a minimum wage level for the private sector at RM1,200. The Malaysian Employers Federation (MEF), however, disagrees with this proposal and is sticking to their belief that salaries should be based on work performance and best left to market forces.

The government announced in June that efforts are being put in place by the various ministries and government agencies to reform the labour market in the 10th Malaysian Plan with emphasis on improving job mobility and upskilling the current workforce. The MEF urged the government to study the imbalance of skilled and unskilled foreign labour entry into the country. The Prime Minister had in May, announced the initiative to relax the requirements for Permanent Residence (PR) status for former Malaysians and foreign professionals. The efforts to engage and attract back the estimated 700,000 Malaysian professionals working abroad will be spearheaded by an entity called TalentCorp, which was established in January 2011, under the Prime Minister's Department.

Talent Corporation

TalentCorp Malaysia

Talent Corporation Malaysia Berhad (TalentCorp) was established under the 10th Malaysia Plan (10MP) in June 2010, with its primary focus being to support the human capital needs of the Economic Transformation Programme (ETP) by facilitating and driving initiatives to attract, nurture and retain talent.

TalentCorp's aspiration by 2020 is to make Malaysia the destination of choice for World-Class Talents to Work-Live-Play. To achieve this, there will be a few phases of initiatives and programs which will run from 2011 to 2020. The first phase will focus on the attraction of talent – be they Malaysian diaspora or foreign talent in Malaysia or abroad. The next phase will focus on nurturing of talents in Malaysia e.g. by having a development program for Government scholars from leading universities around the world to optimise the return on this investment by ensuring scholars return and contribute enabling selected Government scholars to be able to serve their bond of service with a broader range of organizations, including Statutory Bodies, GLCs and private sector corporations in Malaysia. The mid to long-term phase will look at retention-related initiatives for talents in Malaysia which will require more time to plan and execute as it would involve interventions in terms of Government policies or through collaborations with both the public and private sectors and improving ecosystem.

PCG via the Orange Book Secretariat has been working closely with TalentCorp by sharing successful pan-GLC human capital development programmes and best practices. This includes syndication sessions between TalentCorp and GLC CEOs and HR Heads via the Orange Book Leadership Development Circles (LDCs) and working level initiatives.

Another issue that dominated the discussion on labour was adequate protection and encouragement measures for women to remain in or re-enter the job market. The introduction of a legislation on sexual harassment, extended maternity leave period and child care support incentives were discussed by the relevant ministries as well as other agencies.

Achievements To-Date

Summary

GLCs are continuing on a growth trajectory and have become fundamentally much stronger companies. They are also advancing towards their regional expansion ambitions and contributing significantly to the economy through supporting several national corridor developments, catalysing new economy investments, forming successful partnerships with the non-GLC private sector and divesting non-core and non-competitive assets. They have also contributed significantly to the development and execution of the National Key Economic Areas (NKEAs) and Strategic Reform Initiatives (SRI) labs.

GLICs and GLCs continue to deliver value to its various stakeholders such as employees, customers, suppliers and the society at large. Meanwhile, Programme level activities and initiatives continue to be diligently executed.

6. Achievements To–Date

Since the start of the GLCT Programme, G20 have shown significance tangible improvements on all key financial areas, weathered the Global Financial Crisis, are on the growth and regionalisation path contributing to growing the country's economy and delivering greater stakeholder benefits.

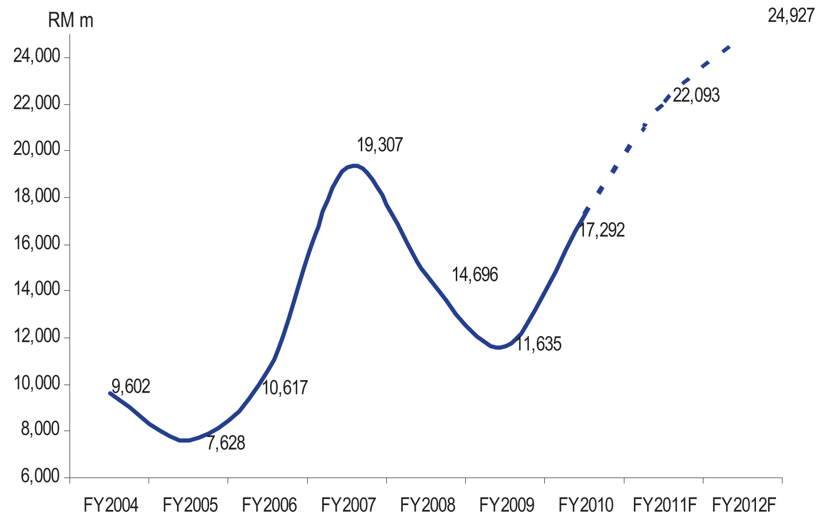
GLCs on Growth Path And Regionalizing

Going for Growth

Earnings up 49% in 2010: Aggregate G20 earnings hit RM17,292m in FY2010, a +49% year-on-year gain on the FY2009 low of RM11,635m. Since the full-year inception of the GLC Transformation Program in FY2005, G20 firms have generated compound 17.8% annual growth in earnings. This compares favourably to KLCI EPS growth of 6.5% and Malaysian nominal GDP growth of 8.0% over the same period.

Among the G20 firms, the biggest gainers were CIMB (+RM2,694m swing in earnings since FY2005), TM/ Axiata (+RM2,166m), and Maybank (+RM1,316m). Overall, earnings growth was driven by a mix of aggressive regional M&A, cost management, internal restructuring, productivity improvements and rising output prices. In the medium-term, market analysts expect G20 firms to continue this upward trajectory, with consensus estimates of aggregate earnings growth of +27.8% in FY2011 to RM22b, and +12.8% in FY2012 to RM25b.

G20 Aggregrate Earnings



Source: G20 financial reporting, Bloomberg analyst consensus

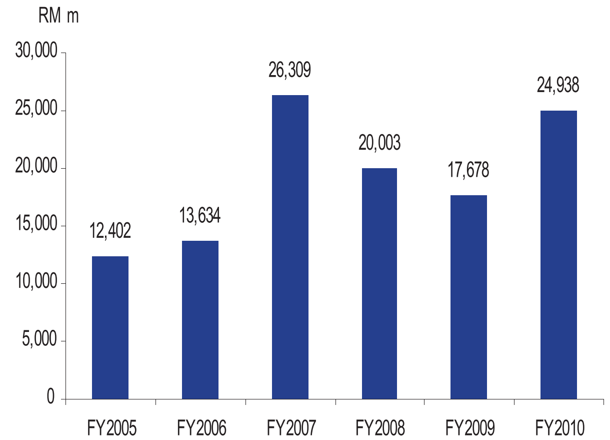
Earnings growth translates into higher cashflow and capex: G20 firms delivered high-quality earnings growth in FY2010, as year-on-year earnings growth of +49% translated into operating cashflow growth of +41%. Factoring in a slower pace of capital expenditure growth of +22% year-on-year, non-financial G20 firms reported +224% growth in free cashflow in FY2010.

Since FY2005, both operating cashflow and capital expenditure have respectively grown at a 15% and 11% compound rate. The biggest swings in annual operating cashflow were TM / Axiata (+RM4,724m since FY2005), Sime Darby (+RM2,833m) and TNB (+RM2,901m).

Lower gearing, as GLCs pared-down debt: FY2010 non-financial G20 firms' debt-to-equity ratio fell sharply from 42% in

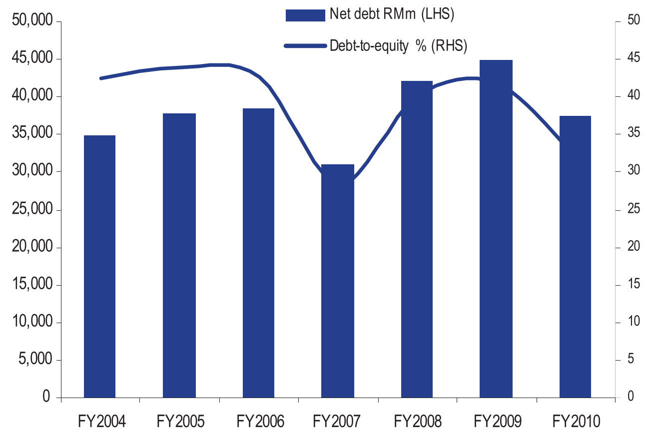
FY2009 to 32% in FY2010, reflecting the robust free cashflow generated over the last 12 months. Aggregate net debt fell from RM44,924m as at end-FY2009 to RM37,458m as at end-FY2010, compared to RM24,938m in operating cashflow in FY2010. Effective cost of debt remained largely consistent throughout the survey period, at about 5.4-6.5%.

Non-financial G20 Operating cashflow



Source : G20 financial reporting, PCG analysis

Non-financial G20 Debt-to-equity



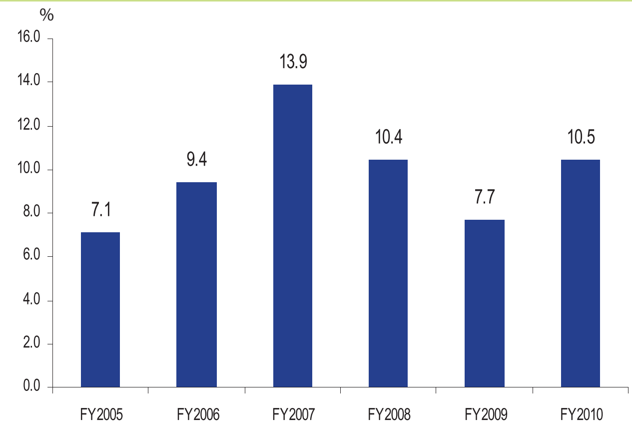
Source : G20 financial reporting, PCG analysis

Sharp turnaround in Economic Profit: Economic profit is a measure of net income after deducting shareholders' opportunity cost in investing money in the firm. In summary, it is the surplus of accounting profits less the market-implied cost of equity. The GLCT Programme uses economic profit benchmarking to optimize G20 returns for GLICs and minority shareholders.

In FY2010, G20 firms reported an aggregate economic profit of RM1816m, compared to an economic loss of RM647m in FY2009. This turnaround reflects the sharp gains in earnings enjoyed over FY2010.

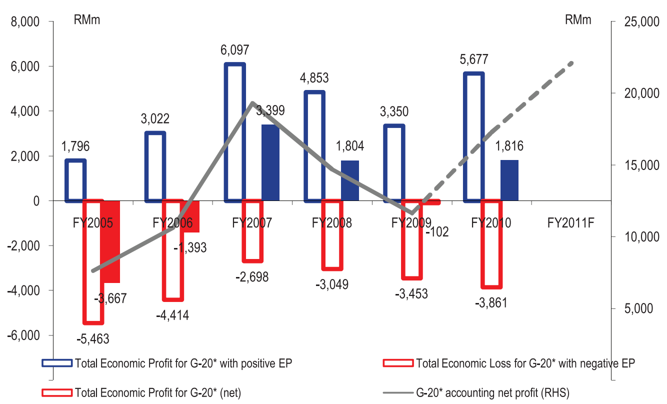
Higher ROE from better capital management: In tandem with aggregate income growth, G20 firms reported a ROE of 10.5% in FY2010, up from 7.7% in FY2009. Based on consensus estimates of future G20 earnings, ROE should exceed 14% by FY2012. ROE growth has far out-paced that of capital cost. By comparison, Base Lending Rates (BLR) offered by Malaysia's commercial banking sector has ranged from a high of 6.8% in 2007 to a low of 5.5% in 2009. This widening positive spread between ROE and cost of debt has contributed to improved equity market valuations for G20 stocks.

G20 Return on Equity



Source : G20 financial reporting, PCG analysis

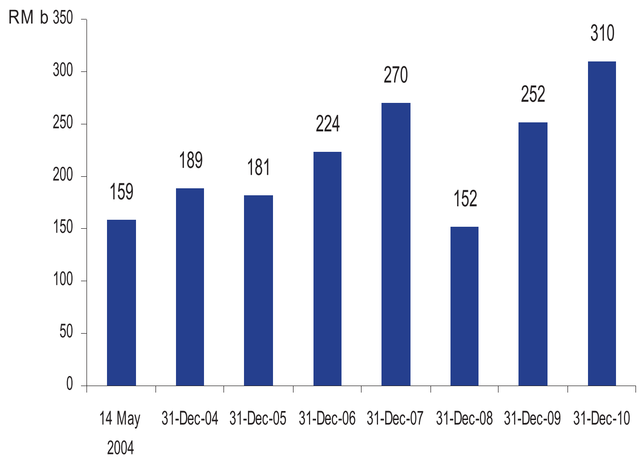
G20 Economic Profit



Source : G20 financial reporting, PCG analysis

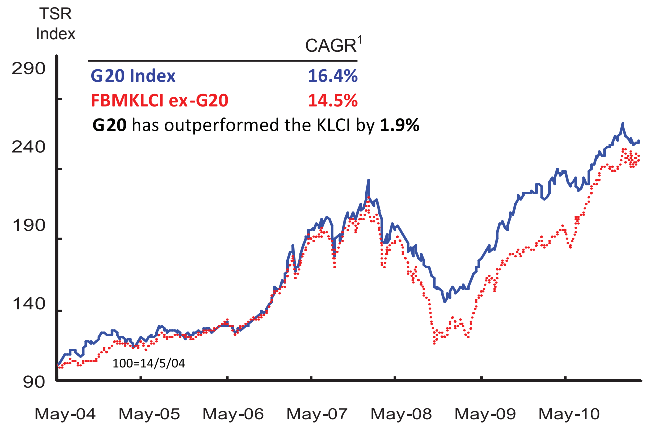
Above-market Total Shareholder Return: In tandem with the recovery in Asian equity markets, G20 market capitalization rose +23% year-on-year in FY2010. From 14th May 2004 (start of the programme) to 1st April 2011, G20 market capitalization more than doubled from RM159b to RM353b.

G20 Market Capitalization



Source: G20 financial reporting, PCG analysis

G20 Total Shareholder Returns - Absolute and Relative Performance



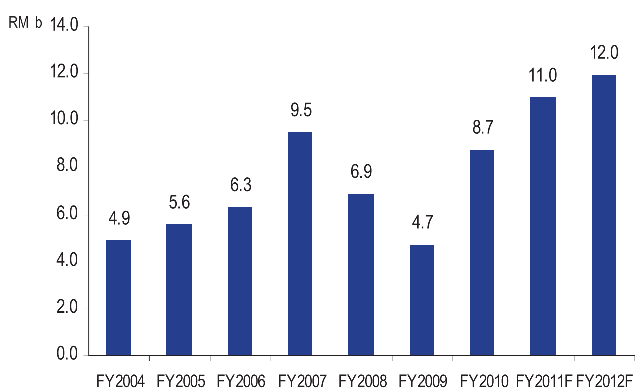
[1] Compounded Annual Growth Rate for the period of 14 May 2004 to 01 April 2011

Source : Bloomberg, PCG Analysis

In FY2010, G20 firms paid RM8,743m in dividends to their shareholders, +85% higher year-on-year on the FY2009 payout of RM4,726m. Dividends doubled due to an increase in net profit (+49% year-on-year) and a post-Crisis normalization in the dividend payout ratio (from 41% in FY2009 to 51% in FY2010, compared to 49% in FY2007).

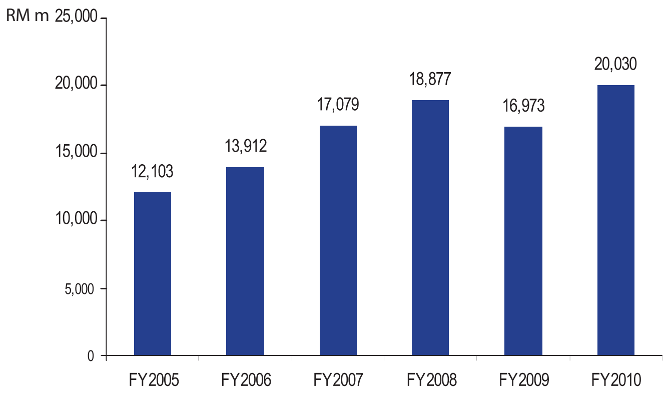
Based on consensus figures, equity analysts expect G20 firms to increase dividends by +26% in FY2011 to RM10,977m, and +9% in FY2012 to RM11,953m. This dividend upside is a positive factor in supporting G20 market capitalization over the next 12 months. From a dividend yield perspective, G20 valuations are about average for a market up-cycle, trading at close to its historical norm of 2.5-3.0% on FY2010 dividends.

G20 Dividend Payouts



Source : G20 financial reporting, PCG analysis

G20 Historical capital expenditure



Source : G20 financial reporting, PCG analysis

Towards regionalization

In terms of regional expansion aspirations, three GLCs out of the G20, clearly breaking away ahead of the rest of the pack towards regional championship – these three being Maybank, CIMB and Axiata. Other future contenders include Sime Darby which has proven to be resilient despite recent governance issues which are being strenuously addressed, and Malaysia Airports which already has a presence in India, Kazakhstan and Turkey.

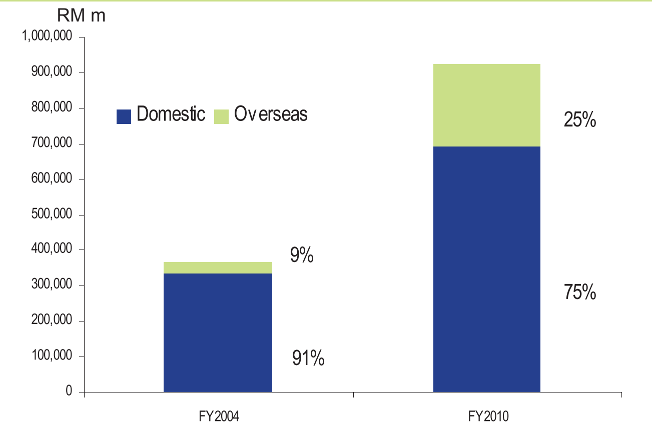
All GLCs have the potential to be regional players, if not regional champions. G20 foreign revenue has increased from 26% in 2004 to 33% in 2010. Nevertheless, the journey ahead remains arduous and challenging for the GLCs towards becoming truly regionally competitive.

GLCs as global investors: Since the inception of the GLC Transformation Program in 2004, G20 firms have made major inroads in regionalizing their business operations. This has been achieved either organically (for example, via MAHB's participation in new-build airport projects in India and Turkey), or by undertaking value-accretive regional M&A (for example, CIMB's acquisition of Bank Niaga in Indonesia). Either way, GLCs have had to invest heavily in foreign markets to build their regional footprint. By PCG estimates, G20 firms invested an aggregate of RM99,234m over FY2005-2010, of which approximately RM36,000m has been invested outside Malaysia.

As a result, GLC's exposure to regional markets has improved dramatically. In FY2004, just 9% of G20 assets were outside Malaysia, vs. 25% in FY2010. Additionally, being invested in high-growth foreign markets has helped boost GLCs' consolidated income growth rates. As an indication, G20 overseas-derived revenue has grown by a compound 14% rate over FY2004-2010.

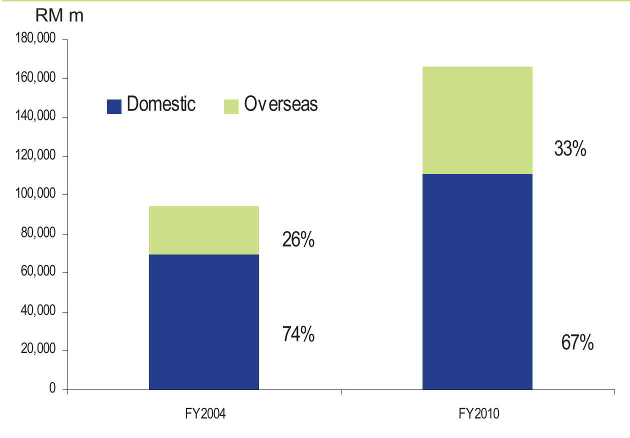
Regionalization has not come at the expense of domestic investments: By PCG estimates, G20 firms invested an aggregate of RM63,000m in Malaysia's economy over FY2004-2010, equivalent to 8% of domestic private sector investment. G20 firms are heavily involved in a number of high-profile Economic Transformation Programme (ETP) projects, such as TM's RM419m investment in new undersea data cables, linking Malaysia to North East Asia. Additionally, there is some early evidence of G20 firms using foreign-derived operating cashflows as an indirect source to finance domestic investment: 6 out of 19 G20 firms now derive more than 30% of revenue from overseas operations, a level which we believe is a trigger point that allows for meaningful repatriation in overseas earnings.

G20 asset distribution by geography



Source: G20 financial reporting, PCG analysis

G20 revenue distribution by geography



Source: G20 financial reporting, PCG analysis

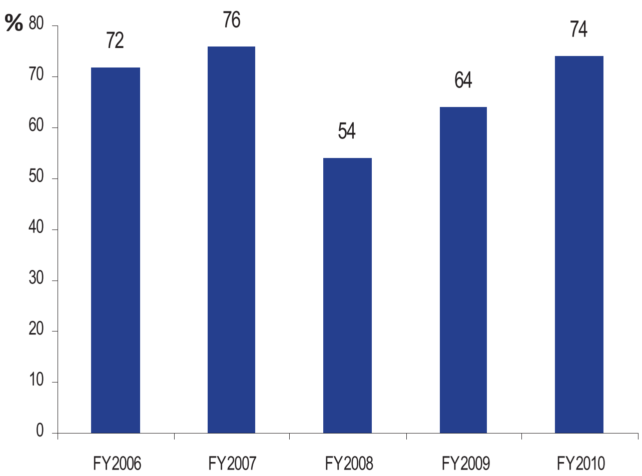
Financial strength to carry-through with globalization: G20 firms have exited the Global Financial Crisis with healthy balance sheets and the cushion of recent profitability. As mentioned previously, gearing has been falling (32% debt-to-equity ratio, 1.5x debt-to-cashflow ratio), thanks to cashflow expansion and well-timed capital-raising initiatives (eg. Maybank, Axiata). As the global economic recovery gains momentum, G20 firms are well-placed to undertake the value-accretive local and foreign investments needed to propel them to the next level on the competitive ladder.

Improved capabilities

Resilience: The ability of GLCs to weather the 2008 crisis confirms that GLCs are more resilient than before as evidenced by stronger gearing, debt service and other cash flow ratios. By any measure, after more than 6 years of an intensive transformation programme, the GLCs are now fundamentally stronger companies.

Higher headline KPI hit rate: For FY2010, G20 firms collectively set a total of 54 Headline KPI targets, of which 41 were financial KPIs and the remaining 13 were operational KPIs. Of this figure, G20 firms successfully achieved 33 financial KPIs and 6 operational KPIs, equivalent to a 72% aggregate hit-rate. This was an improvement from the 54% rate in FY2008 and 64% rate in FY009, reflecting an improved macro-economic environment and well-grounded management expectations. 10 GLCs (Boustead, TM, TNB, Affin, CIMB, Maybank, MAS, Axiata, UMW, MBSB) achieved all pre-set targets, while 4 GLCs did not achieve any targets.

G20 Headline KPI success rate



Source: G20 financial reporting, PCG analysis

MINDA

Malaysian Directors Academy

MINDA aims to enhance Board performance by equipping Directors of GLCs with world class knowledge, skills and mindset to perform to a consistently high standard. To balance the sources of learning programmes for the Board, MINDA has created partnerships with leading foreign institutions and business schools such as IMD, INSEAD and Harvard specialising in design and deployment of programmes at Director's-level.

The target audience for MINDA's premier programmes i.e. Building High Performance Directors and Chairman's Forum are the GLCs directors, CEOs and Chairmen; while progressively opening them up to participations from non-GLCs to include directors of selected PLCs & MNCs. For both programmes, International and Malaysian case studies have been utilised for discussions and dialogues which have been well received and contributed to the excellent ratings of the said programmes. Following the call from the Minister of Finance II during its corporate brochure and web launch, MINDA has also started conducting similar programmes for the MoF Inc companies in order to re emphasise and share the best practices of the GLCT programmes. To reach a wider target market for its programme, MINDA has embarked on corporate communication strategies at various levels of stakeholders. MINDA's information is disseminated through printed bi-annual newsletter; BoardView and website activities updates at www.minda.com.my.

A total of 134 directors have successfully undergone its programmes. MINDA hopes to continue the 'seeding' process towards building regional competitiveness which is in line with the aspirations of the country's New Economic Model to transform Malaysia into a high-income nation by 2020.

Improved Market Perception of GLCs

The GLC Broker Survey 2010 was conducted to give an objective account of the market's perception of GLCs, by surveying equity analysts' perception of GLCs' management with respect to execution, strategy and targets; their relative market position, investor communication, EPS guidance and overall investment appeal. Quantitative scores were given to each GLC based on the sum of analyst feedback to the survey, which was conducted in September 2010. The survey also included analysts' comments to add colour to the numbers. This annual survey expands on previous surveys conducted in March 2006, December 2007 and November 2009. Key takeaways from the 2010 survey:

- ***Major improvement in Management scores**. Improvements were reported on analyst opinions on Trust (80% of GLC management teams have the highest "Excellent" rating, vs. just 56% in 2009), Strategy (65% with "Excellent" ratings, vs. 32% in 2009), and Market Position (35% with "Excellent" ratings, vs. 16% in 2009. This improvement was broad-based: there was a matching improvement in the absolute Management scores of under-performing GLCs.*
- ***Corresponding improvement in Investment Appeal.** In 2009, just 1 GLC, CIMB, held an outright Overweight rating by analysts, based on responses to our survey. This year, 5 GLCs have made the cut: PLUS, Axiata, MRCB, Maybank and CIMB. The average weighting for all 20 GLCs improved from a borderline Neutral-to-Underweight (33% score) in 2009 to an outright Neutral (46% score) in 2010.*
- ***Share price performance vindicates the GLC reform process.** Year-to-date share price appreciation has at least in part been driven by an improvement in management quality. The analysis indicates that if one were to exclude the 4 "M&A" GLCs (MRCB, Pos, UEM Land, PLUS) on the basis of their unique one-off corporate events, 2010 share price returns are 43% correlated with the year-on-year improvement in this survey's Management score.*
- ***More GLCs are breaking through to market leadership**. In the 2009 survey, analysts identified just 3 GLCs as leaders in their respective domestic industries: CCM, CIMB and MRCB. This year, they have been joined by 4 additional GLCs: PLUS, UMW, MAHB and Axiata. CIMB , Axiata and PLUS in particular have been singled-out by analysts as regional "best-of-breed" companies.*

GLCs Helping To Grow The Country's Economy

Collaboration and Co-Investment with the Private Sector

The New Economic Model (NEM) stated that Malaysia needs a radical change in our approach to economic development which will be sustainable over the long term, reaching everyone in the country and enable Malaysia to reach high income status. One of the Strategic Reform Initiatives is Reenergising the private sector. Amongst others, the NEM encourages GLC partnership with non-GLC private sector companies.

Over the last few years, there have been many successful partnerships between GLCs and the non-GLC private sector, as shown below.

Selected Examples of Partnerships Between GLCs and the non-GLC Private Sector

TNB & Malakof – Shuaibah Project : Independent Water and Power Project with the Kingdom of Saudi Arabia's Water and Electricity Company (WEC)

MRCB & PHB – Development new retail mall NU SENTRAL at Kuala Lumpur Sentral, comprising a seven storey retail mall and 27 storey office tower.

MAHB through Project Planning & Development, help develop and create overseas businesses for local contractors, architect firms, engineering firms & consulting firms

TH Plantations Berhad and State Agencies in oil palm plantation development

Joint ventures with Shangri-La Hotels and original founders to invest more than RM 1b to roll out master development plan in Langkawi.

PROTON-UTM Professorship Program - To Promote Knowledge acquisition and Knowledge Management within PROTON in order to facilitate technological innovation and sustainability of PROTON future business

The Khazanah collaborations with University of Cambridge and Oxford pave the way for deserving Malaysian scholars to continue their postgraduate education at two of the world's most prestigious universities.

Divestments and Focus on Core Activities

In line with the drive to create a more competitive and thriving landscape for the non-GLC private sector, GLCs have been focusing on their core activities by actively divesting their non-core and non-competitive businesses.

Selected Examples of GLC Divestment of Non-Core and Non-Competitive Businesses

TIME dotCom has been divested using innovative "earned out" structure

Pos Malaysia divestment - on-going but nearing completion with emphasis in the viable business plan.

BIMB divested and made total exit from venture capital business in 2010

UEM has sold Pharmaniaga and divested their stake in Touch n' Go Sdn Bhd.

Boustead has disposed its 80% stake in BH Insurance (M) Berhad for RM363 million to AXA Affin General Insurance Bhd. in line with the Group's decision to streamline its insurance business.

In addition, GLCs have always maintained that the regulatory management and approach to market competition must be based on a "no free lunch, but build good kitchen" principle. This means that where proper regulatory and industry dynamics are present - and often even when they are not – GLCs must compete with no undue favours. This is a very important underlying principle and critical to build long run sustainable strength in GLCs.

Involvement in Government Transformation Efforts

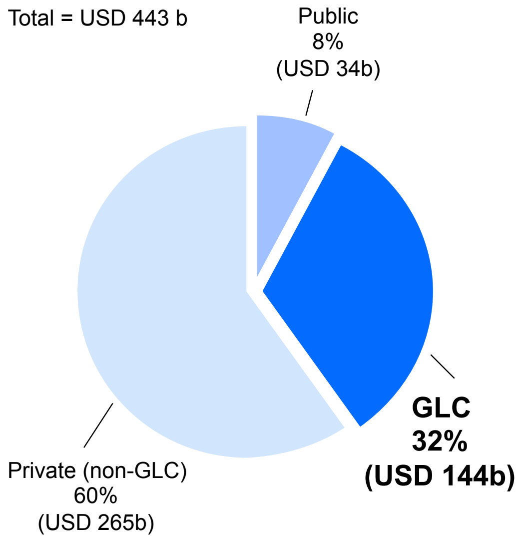
The G20 continue to contribute significantly to various national transformation initiatives including the GTP and in the 12 National Key Economic Areas (NKEAs) of the ETP. GLCs were involved in the formulation of the NKEAs as well as the labs which detailed out their implementation programme. The NKEA labs identified 131 EPPs of which GLCs participate in 68 EPPs (G20 participate in 31 EPPs). GLCs will also be contributing approximately 32% (USD144b) of total NKEA funding requirements for 2010 to 2020 (source: PEMANDU).

The GLCs were also involved in the Strategic Reform Initiatives (SRI) labs. Whilst NKEAs focus on economic areas to achieve the NEM goals, SRIs are the enablers to assist the relisation of NKEAs. 6 SRIs labs have recently been concluded of which 5 were actively participated by GLICs and GLCs as follows:

i. International Standards and Liberalisation Lab
ii. Human Capital Development Lab
iii. Public Finance Lab
iv. Government Role in Business Lab
v. Narrowing Disparities/Bumiputera SMEs

GLC leadership are also represented in the 'Majlis Tindakan Agenda Bumiputera' (MTAB) which is chaired by the Prime Minister.

NKEA funding requirement (2010 -2020) USD Billion



Source: PEMANDU

Involvement in Economic Corridors

Northern Corridor Economic Region (NCER)

The NCER development plan encompasses the states of Kedah, Perak, Perlis and Penang with a vision to achieve a world-class economic region by the year 2025. It aims to become a sustainable economic region empowered by a population living a balanced lifestyle with a holistic approach to business. The NCER recorded a significant RM6.08 billion worth of investments in 2010, with a majority derived from the private sector. This is a 434 per cent increase from the RM1.4 billion which flowed in 2008 and 2009.

GLCs have also actively supported the development of NCER since its inception, notably Sime Darby which was actively involved during the initial development of NCER. Boustead Holdings Bhd will build and manage a RM100 million hotel in Penang under the Royale Bintang banner whilst Boustead Penang Shipyard Sdn Bhd operates from its 40-acre shipyard located at the south-east end of Pulau Jerejak, Penang. The company is mainly involved in shipbuilding, ship repairing, heavy engineering and fabrication. Both Maybank and CIMB have established their regional offices in the region whilst TM's VADS operates a call centre in Penang.

Several GLCs are involved in upgrading the NCER's infrastructure and some major projects here include MAHB's expansion of the Penang International Airport (costing RM250 million; expected completion in 2012) and the construction of the second Penang bridge (a joint venture between UEM Builders Bhd and China Harbour Engineering Co Ltd; costing RM4.5 billion; expected completion in 2013).

Khazanah Korridor Utara (KKU) in turn was set up in 2007 as a branch office to enable investment growth in the NCER. Projects to-date include assisting in setting up the Shared Services Labs (Electromagnetic Compatibility Lab, Embedded Systems Lab and RF/Wireless Labs) aimed at strengthening Penang's Design and Development ecosystem and supporting MNC and SME talent development and the setting up of the Allied Healthcare Centre of Excellence (AH CoE), in collaboration with several private hospitals to help address the skilled nurses talent shortage. KKU is also working closely with industry players to deepen the Electrical and Electronics as well as the Medical Devices sectors ecology in the NCER.

Through Think City Sdn Bhd, Khazanah also manages the RM20 million George Town Grants Programme, which is designed to support urban regeneration efforts through private-public partnerships.

Iskandar Malaysia

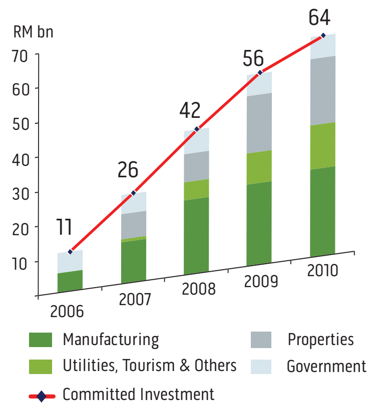
Iskandar Malaysia is the southern development corridor in Johor that has been identified as one of the catalyst developments to spur the growth of the Malaysian economy. Iskandar Malaysia covers 221,634 hectares 0f land area within the southern-most part of Johor. The development region encompasses an area of about 3 times the size of Singapore and 2 times the size of Hong Kong.

Iskandar Investment Berhad which is 60% owned by Khazanah, 20% owned by the Employees Provident Fund and 20% owned by Kumpulan Prasarana Rakyat Johor Sdn Bhd, is an investment holding company working in close partnership with the Iskandar Regional Development Authority (IRDA) to drive investment into Iskandar Malaysia. Iskandar Investment oversees the development of approximately 9,800 acres, or two per cent, of land in Iskandar Malaysia of which key developments include the completion of a coastal highway as well as the launch of EduCity, a regional education centre and Medini North, the region's leisure and tourism destination. Iskandar Investment offers a diversified range of investment opportunities across six clusters which ensure the sustained development of Iskandar Malaysia. These are namely; education, financial advisory services, leisure and tourism, trade and logistics, healthcare and wellness, and creative industries.

Recent achievements / signings:-

- Pinewood Iskandar Malaysia Studios (December 2009)
- Raffles Education Group (February 2010)
- Management Development Institute of Singapore, Malaysia Campus (June 2010)
- Netherlands Maritime Institute of Technology (June 2010)
- Binapuri Holdings for Medini Square (Sept 2010)
- Southampton University (Jan 2011)

Cumulative Committed Year-on-Year Investments



Groundbreaking:-

- LEGOLAND Malaysia (Dec 2009)
- Sports Complex (Feb 2010)

Current Developments, slated for completion in 2012

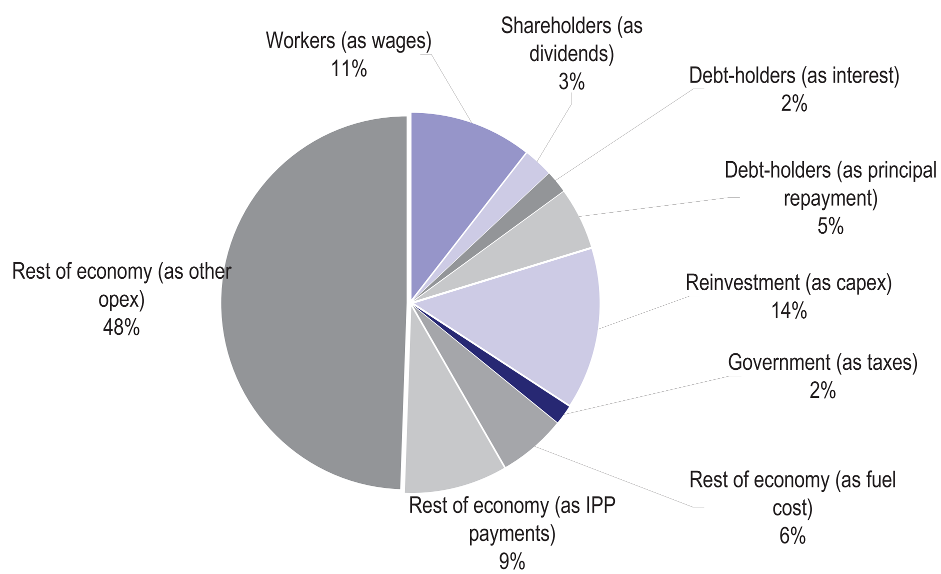
- LEGOLAND Malaysia Theme Park
- Stadium & Sports Complex (EduCity@Iskandar)
- Multi-Varsity Enterprise Building (EduCity@Iskandar)
- International Students Village (EduCity@Iskandar)
- Marlborough College Malaysia
- 1 Medini Residences

GLCs Delivering Greater Stakeholder Benefits

The G20s also continue to increasingly deliver strategic value to its various stakeholders – employees, customers, suppliers, and the society at large. Notably this has been achieved via various human capital development initiatives; enhanced delivery and quality of products and services; and contributions to society by maintaining a collective commitment towards education, poverty alleviation, assisting vulnerable communities and conserving the environment.

Contribution to Stakeholders: The strong revenue growth enjoyed by G20 firms directly benefits all key stakeholders in the Malaysian economy: shareholders, workers, savers and the Government per exhibit below. Based on PCG estimates, for every RM100 in external revenue generated by non-financial G20 firms in FY2010, RM11 ultimately went towards the cost of paying salaries for the approximately 130,000 staff currently employed. Debt-holders received RM7, as interest payments and debt principal repayments. Shareholders received just RM3 as dividends, and the Government RM2 as corporate income tax. A further RM14 went towards reinvestment by the G20, as capital expenditure.

Non-financial G-20 value-chain FY2009-2010, as a percentage of revenue



Source: G20 financial reporting, PCG analysis

Benefits to Suppliers

In line with the red book recommendation, GLC continually build strong, long term relationship with their vendors and suppliers by ensuring the enhancement of organisational capabilities and governance during the implementation of companies' procurement. For the year 2010, G20 spent more than RM60 billions on procurement.

G20 have developed their vendors into registered vendors, preferred vendor, panel contractors and some even manage to expand their business abroad. One of the Telekom Malaysia vendors, IC Microsystem has been awarded Malaysia's Top Most Innovative SME in 2010 with grand prize worth RM 1 Million. For the Vendor Development Program (VDP), more than 130 vendors have graduated from the VDP, recognition of having attained a certain level of competitiveness.

At the same time suppliers/vendors have helped G20 through better quality of products, cost reduction and consistent delivery. A stable and competitive supplier base ensures the quality, price and timing of the products which manage to support the development of capable local vendors/suppliers.

TNB to turn vendors into global players

G20 are also seriously and actively developing vendors to greater heights. Once a year, TNB organise trade mission to promote its vendors' products and services overseas and more than ten vendors have ventured into foreign markets to date. (Source: TNB website, NST 2 Dec 2010)

G20 also collaborate to facilitate financing to their vendors and supplier. G20 as the anchor companies provides some guarantee in terms of continuous business thus elevating the supplier's credentials.

Proton and CIMB

Collaborated to provide financial assistance to their dealers

MAS and CIMB is working closely to fund their vendors/suppliers with lower rate funding thus improving suppliers operating cost.

POS Malaysia develops partners from their employees through PETER (Promoting of Employees to Entrepreneurs)

Benefits to Employees

A study has been conducted to gauge the impact of GLCT Programme on GLCs' Employee where. The study examined 'hard data' gathering from GLCs and 'soft data' using questionnaires from a pool of employees from the G20s.

Key Findings from the study:

- *Employee benefits provided by G20s have improved over the years*
- *Overall, the employees of the G20s perceive that there has been a change for the better in their respective companies compared to when they initially started work there*
- *Whilst G20s experience low attrition rates as a whole, it is unclear if those who stay are 'performers' in their respective companies*
- *Employee salary of G20s has improved compared to Malaysian Market median. However, the number of employees in the low income cluster has been steadily increasing.*
- *Training of employees have improved and this commensurates with the overall increase in investment in training incurred by G20s but it is unclear whether the training has positively impacted the professional development of employees within the G20s*

Benefits to Society

In addition to ongoing PCG programmes such as school adoption under Yayasan PINTAR, improving the livelihood of the lower-income group under Yayasan Sejahtera, and enhancing graduates' employability in the GEMS/ Graduate Employability Management Scheme (see updates below), two new programmes were launched in 2010. Both initiatives were in the area of improving the education system with the Trust School Network under Yayasan Amir and Teach for Malaysia.

PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibility) is a school adoption programme seeking to improve the educational performance of students from low-income families.

PINTAR Foundation began with 44 adopted schools in 2006, which have increased significantly to 222 schools with a total participation from 34 companies as PINTAR members. In 2010, the total number of students who scored straight As from PINTAR schools was 11.15% versus National Average 10.2%, an increase of 1.53% from the previous year. In 2009, the total number of students who scored straight As from PINTAR schools was 9.52% versus National Average 9.51%.

Yayasan Sejahtera was created under the auspices of the PCG to alleviate hardcore poverty in Malaysia. The programme seeks to help vulnerable communities create better lives for themselves by providing access to necessary tools, skills and infrastructure.

Yayasan Sejahtera initiated a Pilot project in 2009 which was sited in Kg Telok Melati, Maran in Pahang. From this pilot, 22 families now enjoy comfortable shelter and basic facilities from the construction of 20 new houses and further rehabilitation of 2 homes. To date six participants are utilizing grants received from the District Office for their various economic activities. The second pilot project was implemented in Kelantan; which was ranked the second highest state in terms of hardcore poverty in Malaysia. The YS team collaborated with UiTM to implement a sustainable livelihood programme with 30 beneficiaries revolving around Napier grass and Watermelon farming. The Napier grass project has increased the average relative income of nine participants by 7.5% from RM 522.22 to RM 561.34. To date Sejahtera has reached 4,349 beneficiaries in Kedah, Pahang, Kelantan and Sarawak. A total of 10 GLICs and GLCs were involved in Sejahtera projects including Khazanah, Telekom Malaysia, Lembaga Tabung Haji, UEM, PROTON, Maybank, MAS, CCM, Sime Darby and Tenaga Nasional Berhad.

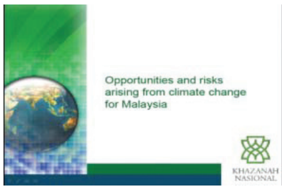
The Graduate Employability Management Scheme (GEMS) is a capacity building initiative developed to equip graduates with commercially useful skills and experiences that will enhance their employability.

GEMS is currently in its 4th intake, bringing the total number of GEMS participants to date to 6,000. Overall employability rate for GEMS (Intakes 1 – 4) so far is 82%.

GLCT Initiatives

Silver Book

As a follow through from the conditional pledge made by YAB Prime Minister at the United Nations Climate Change Conference in Copenhagen (COP15) in 2009 to reduce national carbon emission intensity by 40% by 2020, Khazanah Nasional Berhad published the report 'Opportunities and Risks arising from Climate Change for Malaysia' in March 2010. This report highlighted findings and recommendations on potential emission reduction, relevant to selected economic sectors and GLCs.



In July 2010, the Silver Book Workshop #6 entitled Corporate Sustainability: Moving Towards Low Carbon Growth was held with over 50 workshop participants from various GLICs and GLCs. The objective was to increase the participants' awareness of the impact of global environmental trends on business and the benefits of environmental management and reporting beyond compliance. The top ten key learning themes for the participants included environmental reporting, environmental roadmap, environmental risks and opportunities, environmental measures, engaging with senior management, lifecycle assessment, environmental impact assessment, environmental strategy and action plan, carbon offsets and other topics that were of interest such as regulatory and investment trends, measuring environmental performance, climate change attitude survey and environmental management overview. Key findings from the climate change attitude survey conducted via the workshop indicated that 38% of organisations are not certain if they are doing enough to address environmental impact; 76% of respondents reported that their company is preparing to implement environmental initiatives in the next 12 months; and 71% of respondents reported that their company is not involved in any CDM projects.

A Climate Change dialogue entitled "A Focus on Financing Climate Change" was also organised and was followed in October 2010 by a Silver Book Circle on Climate Change, a knowledge exchange on the Silver Book Climate Change initiatives implemented at the GLCs. The table below depicts some of the proposed initiatives by the GLCs with their potential reduction in emissions. The Corporate Sustainability Circle (CSC) was subsequently formed, as a network among the Silver Book members to look at various issues on sustainability, climate change and on advocating the sustainability agenda. The first meeting of the energy group was convened on 23rd March 2011.

Sector/ Industry	Company	Initiatives / Plans	Potential Reduction
Plantation	Sime Darby	• *Carbon inventory baseline and reduction opportunities study* • *Sustainability and climate change governance structure* • *Energy efficiency programmes* • *Participation in RSPO* • *Composting plants, biogas and biodiesel, use of biomass for steam and electricity production - 'Zero waste, Zero-discharge' plant, 'Zero burning' technique* • *Agricultural best practices : (Integrated Pest Management, Soil & Water Conservation Techniques, Biodiversity : High Conservation Value Forest and Ecosystems)*	***Palm Oil 3%***
Property & Construction	Sime Darby UEM	• *Green & Eco-Development (e.g. Nusajaya, Vision Valley) – eco-friendly, energy-efficient* • *Prototype carbon-neutral homes (SD).* • *GBI-compliance for all future development.* • *Responsible processes in cement production (re-use of hot gas in cement process, substitute fossil fuel (coal) with alternative , use of scheduled waste as substitute raw material in cement.)* • *Nusajaya Green (Environmental Master) Plan, Carbon Footprint and Carbon Management Program*	***Power Building 5%***
Energy	TENAGA NASIONAL BERHAD	• *Development of Green Energy Policy, Green projects i.e. solar hybrids / PV, biomass RE, Energy efficiency, large scale alternative energy technology* • *Integrating RE in future generation capacity planning, support RE Power Purchase Agreement (REPPA)* • *Public awareness and information*	***Power Generation 8%***
Financial Institutions Telco	CIMB GROUP TM	• *Enabling own people, business and customers to "go green"* • *Empowering communities to "go green"* • *Moving forward : Mandatory submission of "green reports" and compulsory disclosure to stakeholders - not just CSR* • *Waste Management, Energy Efficiency, Water Efficiency, Climate Change*	***Finance & Telco Services 8%***
Airport Logistics	MALAYSIA AIRPORTS malaysia airlines	• *MAHB - Commitment to Carbon Neutral Growth by year 2020, KLIA (Carbon footprint and Green Globe benchmark), progressive electricity use reduction at all airports, active on National Green Tech & Climate Change Council & Aviation Sector working group, GRI for sustainability reporting for airport sector* • *MAS - Fleet renewal; Project Delta; fueling practices and optimal flight partners*	***Aviation & Transport 8%***

Source : G20 reports, PCG analysis

Orange Book

The Orange Book sets out a framework to assess and strengthen company wide leadership development. The framework is anchored to a CEO mandated 'Leadership Development Audit' and an actionable implementation plan to address identified gaps. On-going pan-GLC initiatives in human capital and leadership development are summarised as follows:

1. 5th Leadership Development Circle (LDC5)

LDC5 comprising G20 CEOs and Human Resource Heads was held on 16 February 2011 to review and further enhance leadership development initiatives among the G20. Key takeaways from LDC5:

- The GLC network should work together towards helping the nation achieve NEM via the 5 roles
- GLCs need to build industrial harmony while developing a high performing workforce
- GLCs will need to focus on Human Capital Transformation (see HPW below)

2. High Performing Workforce (HPW)

The programme was officially kicked off in August 2010 with a series of workshops that enable GLCs to start building workforce clarity in their respective organisations. As highlighted during LDC5 held on 16 February 2011, and in line with the demands of the NEM, it is pivotal for GLCs to focus now on the broader workforce transformation by upskilling workforce to do higher value creation jobs and have a rigorous productivity measure in place, whilst building industrial harmony.

3. Cross Assignment and Cross Fertilisation Programmes

The Cross Assignment pan-GLC exchange programme (launched in 2008) and Cross Fertilisation government-and-GLC exchange programme (launched in 2009) have successfully entered its 3rd Cycle and 2nd Cycle respectively. Its main objective is the promotion of transfer of knowledge, expertise and experience among the participating companies and government agencies.

4. MYWorkLife

MYWorkLife is a talent platform dedicated to returning Malaysians or attracting foreigners interested in working in Malaysia and providing them with the relevant information. Its aims include to provide online job opportunities listing for viewing by talents abroad Malaysian and non-Malaysian as well as to provide interactive platform for the talents abroad to ask questions relevant to their interest to return to Malaysia.

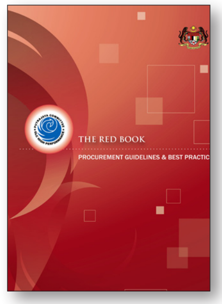
MYWorkLife

Red Book

on Procurement Guidelines & Best Practices

Via the Procurement Circle comprising of G20 Chief Procurement Officers (CPOs), the following initiatives were recently showcased:

- SME Corp's Green Lane Policy for innovative companies and 1-Innocert certification programme
- NKEA Entry Point Project (EPP) on Outsourcing towards creating Malaysian champions in outsourcing as a means of boosting the country's Gross National Income



Notably in 2010, Telekom Malaysia (TM) awarded the excellent performance of its entrepreneurs via the TM Entrepreneur Awards 2010, to recognize and honour the entrepreneurs under the Entrepreneur Development Programme (EDP) that have shown extraordinary achievements. A total of 8 awards were given away in recognition of competitiveness, profitability, quality, continuous improvement, creativity, innovation and R&D.

Key Awards Received by the G20 in 2010

G20	*AWARDS*
axiata	*Telekom Asia 2010 Awards:* • *Best Regional Mobile Group for its operations in multiple Asian markets* • *Celcom Axiata - Best Mobile Carrier* • *Dato' Sri Jamaludin Ibrahim - Telecom CEO of the Year achieving "outstanding financial performance"* *Frost & Sullivan's 2010 Asia Pacific ICT Award 2010:* • *Best Telecom Group of the Year (for the second consecutive year)* • *2 wins for Celcom Axiata Berhad - Service Provider of the Year as well as Malaysia's Mobile Service Provider and Wireless Data Service Provider of the Year*
BIMB HOLDINGS BERHAD	*Asia Pacific Brands Foundation:* • *The Brand Laureate Awards 2009-2010 for best brands in Corporate Branding-Best Brands in Banking-Islamic Bank* *Credit Guarantee Corporation:* • *Credit Guarantee Corporation Top SMI Supporter Award 2009 in the Islamic Bank Category* *Reader's Digest:* • *Reader's Digest "The Platinum Trusted Brand Award 2010 for Islamic Financial Services*
	The Edge Billion Ringgit Club • *Boustead Holdings Berhad won the "Highest Returns to Shareholders Award - Plantation Sector"* *Asia Pacific Brands Foundation:* • *UAC Berhad received the BrandLaureate Award for Best Brands in Product Branding (Manufacturing of Cellulose Fibre)* • *Boustead Holdings Berhad bagged the "BrandLaureate Conglomerate Award"* *FIABCI Malaysia* • *Boustead Properties Berhad bagged the "FIABCI Malaysia Property Award 2009"* *World Asia Publishing (M) Sdn Bhd* • *Boustead Hotel bagged the "Hospitality Asia Platinum Award"* *IBU - Institute of Environment & Construction* • *UAC Berhad received the EPD Type III in accordance with ISO 14205* *Malaysia Institute of Planners* • *Mutiara Rini won the "Award for Planning Excellence 2009"* *Petaling Jaya City Council* • *Boustead Properties Berhad clinched the "Best Commercial Building" Award for The Curve* *Pharmaniaga* • *Idaman Pharma was awarded "Pharmaniaga's Vendor Excellence Award"* *Kuala Lumpur Malay Chamber of Commerce and The Leaders Magazine* • *Malaysia Business Leadership Award 2010: Conglomerate Company of the Year*

Chemical Company of Malaysia Berhad	Malaysia Society of Occupational Safety and Health (MSOSH): • *MSOSH Occupational Safety & Health Gold Merit Award* SME Corp Malaysia: • *SME Competitive Rating for Enhancement (SCORE) with 4 Star* SIRIM QAS International: • *ISO 9001:2008 For Manufacture & Sales of Calcium Nitrate*
CIMB GROUP	*Global Finance World's Best Islamic Financial Institutions Awards 2010:* • *Best Sukuk Bank: CIMB Islamic Bank. In recognition of CIMB's expertise and excellence in Islamic Finance* • *Best Asset Management Company: CIMB-Principal Islamic Asset Management* • *Best Islamic bank in Asia: CIMB Islamic Bank* • *In recognition of CIMB Islamic's strength in Islamic Banking in Asia.* • *CIMB Islamic Bank -Best Islamic bank in Malaysia* • *In recognition of CIMB Islamic's strength in Islamic Banking in Malaysia* *Euromoney Islamic Finance Awards 2010:* • *Outstanding contribution to the development of Islamic Finance- Badlisyah Abdul Ghani, Chief Executive Officer of CIMB Islamic. Badlisyah Abdul Ghani is the first industry practitioner and the youngest to be honoured with this award.* • *Best Sukuk Deal award for the RM20 billion Islamic CP/MTN programme for Pengurusan Aset Air Berhad, the largest sukuk issuance in Malaysia in 2009.In recognition of CIMB Islamic's expertise as the leading sukuk issuer.* • *Best Islamic Bank in Asia* *The Asian Banker" Strongest Banks in Country 'Awards 2010":* • *Strongest Bank in Malaysia Award. In recognition of CIMB Group's superior domestic franchise under the leadership of the chairman or CEO, strong commitment to domestic customers at the product and service levels, strong governance structure at both the board and management levels under the leadership of the chairman or CEO,the ability to execute on strategy and respond to changes in the marketplace and leading towards a stable and long term commitment to all shareholders.* *The Banker 2010 Bank of the Year Awards:* • *2010 Bank of the Year in Malaysia: CIMB Bank. In recognition of CIMB Bank's as the leading domestic financial services provider in Malaysia*
MALAYSIA AIRPORTS	*Skytrax 2010 World Airport Awards:* • *Best Airport Immigration Service - South East Asia* • *Staff Service Excellence - South East Asia*
malaysia AIRLINES	*2010 Leaders in Aviation Award, Doha:* • *Green Initiative of the Year Award (Airline category - Firefly)* *Skytrax 2010, UK:* • *Staff Service Excellence for Asia Award 2010* • *World's Best Economy Class Award 2010* *World Travel Awards (WTA) 2010:* • *World's Leading Airline to Asia* • *Asia's Leading Business Class Airline*
Maybank	*Euromoney:* • *Best Private Bank Award in Malaysia* • *Best Visa Bank in Malaysia* *FinanceAsia:* *Best Trade Finance Bank (2010 Country Awards - Malaysia)* *The Asian Banker:* • *Best Retail Bank in Malaysia*
MRCB	• *Sooka Sentral lifestyle Centre - Runner up in the Purpose-Built Category at the international FIABCI Prix d'Excellence Awards 2010* • *Asean Business Awards (Innovation) 2010 – 1st Runner Up* • *Stevie International Business Awards 2010*

TH Plantations Berhad	*MSWG Malaysian Corporate Governance (MCG) Index 2010 Award:* • *Industry Excellence Award - Plantation and ranked 4th among companies that Scored A in the MCG Index 2010*
POS MALAYSIA	*Readers Digest:* • *Readers Digest Trusted Brands Gold Awards 2010* *Brand Laureate:* • *The Brand Laureate Award for Courier and Express Service 2010* *Frost & Sullivan:* • *Frost & Sullivan for Best Express Service Provider of 2010* *UPU Award:* • *Awarded with the Gold Level Award as part of the UPU's quality management certification system* *Malaysia Design Council:* • *Malaysia Good Design Mark for Product Packaging*
PROTON	*Asian Auto Fuel Efficiency Awards 2010 (6.3litre/100km):* • *Proton Inspira 1.8 (M) awarded 2nd place in the Family Cars category* *CIMB Autoworld Car of the Year Awards 2010:* • *Proton Exora voted the Best MPV : Overall Value for Money* *Reader's Digest Trusted Brand 2010 Gold Award for Car Category (7th Award):* • *Labour Day Achievement Award for the category Competitive Employer Award (Big corporations) in conjunction with 2010 workers day celebration* *Frost & Sullivan Malaysia Excellence Award 2011:* • *Best Automotive Debut Model of the Year for Exora* *Frost & Sullivan Malaysia Excellence Award 2010:* • *Best passenger car model of the year for Proton Saga (fifth award)*
Sime Darby	*Brand Finance plc:* • *Top Ten Most Valuable Malaysian Brand 2009* *Wall Street Journal Asia 2009:* • *Among the Top 10 Companies in Malaysia* *Brand Laureate (Asia Pacific Region):* • *Best Brands in Healthcare - Hospitals Award"* *Malaysia Islamic Chamber of Commerce:* • *Bukit Jelutong - "Residential Property Development with Islamic Element 2009"*
TM	*Minority Shareholder Watchdog Group:* • *MSWG Malaysian Corporate Governance (MCG) Index 2010 Award under the Industry Excellence Award - Plantation and ranked 4th among companies that Scored A in the MCG Index 2010* *MACPA, KLSE, MIA and MIM:* • *Gold Award for Overall Excellence and Best Designed Report, Platinum Award for CSR, Silver Award for Best Annual Report in Bahasa Malaysia and Best Annual Report in Trading & Services Category in 2010 National Annual Corporate Report Award (NACRA)* *Minority Shareholder Watchdog Group:* • *TM walked away with three awards – for Industry Excellence, Best Conduct of Annual General Meeting and Corporate Governance – at the Malaysian Corporate Governance Index 2010 Award, organised by the Minority Shareholder Watchdog Group (MSWG).* *Malaysian Institute of Human Resource Management:* • *TM won a Gold for HR Excellence at the 10th Malaysia HR Awards 2010, organised by the Malaysian Institute of Human Resource Management in partnership with JobStreet.com* *Association of Accredited Advertising Agents Malaysia:* • *TM won for the best Communication Network at the inaugural Putra Brand Awards, an extension of Malaysia's Most Valuable Brands (MMVB) initiated by the Association of Accredited Advertising Agents Malaysia.* *Ministry of Women, Family & Community Development:* • *TM made a Company first by winning in the Best Workplace Practices category of the Prime Minister's CSR Awards 2009.*

TENAGA NASIONAL BERHAD	*Asia's Best Employer Brand Awards 2010:* • *TNB conferred 'Asia's Best Employer Brand Awards' and Vice President Human Resource won the 'Leadership Award'* *ASEAN Business Award:* • *TNB won 'Most Admired ASEAN Enterprise in Employment Category' at ASEAN Business Award 2010* *Power and Electricity World Asia Conference & Smart Electricity World Asia Conference:* • *CEO of the year - Asia Power and Electricity Awards 2010* *BrandLaureate 2009-2010:* • *Best Brand for Corporate Branding Category - Best Brand in Power Utility* *Standard Department of Malaysia (DSM):* • *TNB Research Sdn. Bhd. (TNBR) achieved the ISO/IEC 17020 global standard for an Inspection Body for electrical engineering product in the country.* *Kuala Lumpur Malay Chamber of Commerce and The Leaders Magazine:* • *CEO TNB win for the 'Business Leadership Award - Energy Sector Category' at the 2nd Malaysia Business Leadership Award 2010*
UEM	*PLUS Expressways Bhd:* • *Malaysian Corporate Governance (MCG) Index* • *National Award For Management Accounting (NAFMA)* • *Malaysia Business Leadership Award* • *National Annual Corporate Report Awards (NACRA)* *UEM Land Holdins Bhd:* • *FIABCI Malaysia Property Award* • *National Annual Corporate Report Award (NACRA)* • *International Property Awards (Asia Pacific)* • *PAM Award* • *FIABCI Prix d'Excellence Awards* • *The Edge Billion Ringgit Club Corp Awards* • *ASEAN Retail-Chains & Franchise Federation Most Recognised Brand* *UEM Environment Sdn Bhd:* • *ACCA Malaysia Sustainability Reporting Award (MaSRA)* • *Malaysian Occupational Safety and Health Professional's Association (MOSHPA) Award* • *RoSPA Award* • *Malaysian Society For Occupational Safety and Health (MSOSH) Awards* *Faber Group Berhad:* • *Institute for Infrastructure Asset Management (IIAM) Notable Award* • *Frost & Sullivan Malaysia Excellence Award*
UMW	*PERODUA:* • *Awarded 4-Star MyVAP Safety Rating by MIROS* *KYB-UMW Malaysia Sdn Bhd:* • *2009 Best Vendor Multinational Category* *UMW Petrodril (Malaysia) Sdn. Bhd.:* • *Achieves 1 Million Manhours With Zero (LTI) – Hydraulic Workover units UP Gait II & UP Gait III* *UMW Toyota Motor Sdn Bhd:* • *Best Performance Luxury Executive Sedan – Lexus LS Sport* *Offshore Construction Services Pte. Ltd.:* • *Work-Life Excellence Award*
AFFIN HOLDINGS	• *AFFIN Bank named Top 30 Malaysia's Most Valuable Brand for 3rd consecutive year* • *AFFIN Investment Bank ranked 3rd by number of issue and 6th by value of issue by MARC 2010 League Table by MARC 2010 League Table* • *Ranked Top 5 Most Independent Research Brokerage in Asiamoney's 2010 Brokers Poll* • *AFFIN Investment Bank ranked 11th in Market Share by Trading Value under Bursa Malaysia's Broker Ranking in 2010*

Source : G20 reports

Crystallising the Roles of GLICs and GLCs in NEM and Elevating Its Execution

Summary

The NEM and GLCT Programme are aligned as they both support Malaysia's 2020 goals of becoming a high income nation. Therefore, it is critical for the NEM and the Programme to reinforce each other moving forward. On 6th May 2010, PCG announced 5 important roles to clearly identify how GLICs and GLCs will support NEM. The 5 roles will also provide the GLCT fraternity with a common understanding, language and frame on how to reinforce the NEM. GLICs and GLCs have to date been executing on their 5 roles and achieving some significant results. Nevertheless, given the shorter time frame to 2015 (which marks the end of the 10-year Programme) and the more challenging business environment, there is a critical need for GLICs and GLCs to elevate the execution of their 5 roles in NEM in order to achieve the country's 2020 aspirations.

The 5 roles are:

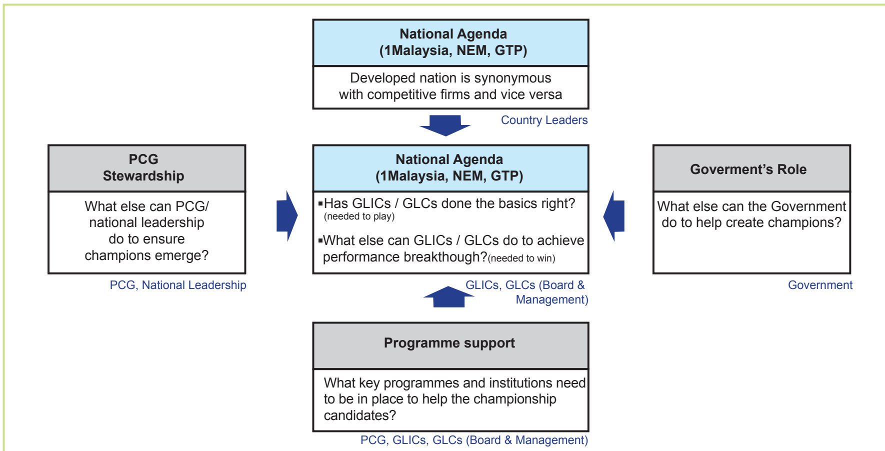
1. To diligently stay the course in executing the 10-year GLCT Programme
2. GLCs to relentlessly continue their journey to become regional champions
3. Pursue New Economy Investments (NEIs)
4. Collaborate and co-invest with the non-GLC private sector
5. Focus on core businesses on a level playing field and to progressively divest out of non-core and non-competitive assets

7. Executing the Roles of GLICs and GLCs in NEM

The NEM fundamentally aims to propel Malaysia towards the goal of becoming a high income, sustainable and inclusive economy by 2020. This is very much in line with the main objective of the GLCT Programme which is to help the country to achieve its Vision 2020 aspirations. Therefore, both NEM and GLCT Programme need to reinforce each other in order to realise their common objective of transforming Malaysia into a developed nation by 2020.

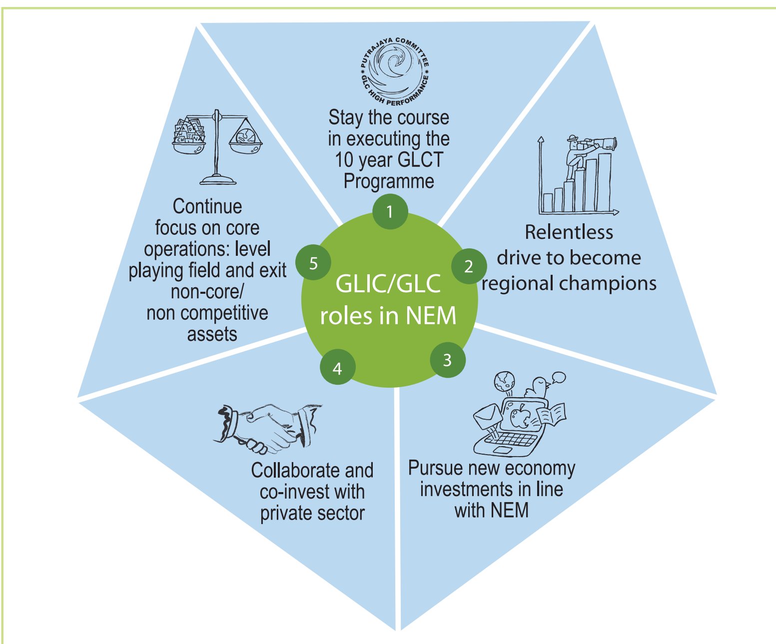
The GLCT Programme is currently in Phase 4, the final phase, of its 10 year journey. In previous year's Progress Review report, the Phase 4 Framework was introduced. It shows how the five transformation agents of the Programme (i.e. GLC Board, GLC Management, GLICs, Government and PCG) need to work together to ensure achievement of Programme aspirations. Essentially GLICs and GLCs should focus on performance and results to achieve championship status. In doing so, they need to be aligned to the national agenda. Meanwhile, the Government, PCG and other programme support need to be in place to facilitate GLCs in becoming domestic or regional champions.

GLCT Phase 4 Frame work



Source: GLCT Progress Report 2010

5 Roles of GLICs and GLCs in NEM



Source: PCG

With the introduction of the NEM, there was a need to clearly articulate how the GLCT Programme should be aligned to this national agenda. Therefore, on 6 May 2010, PCG announced 5 important roles on how GLICs and GLCs will support NEM. The 5 roles will also provide the GLCT fraternity with a common understanding, language and frame on how to reinforce the NEM.

GLICs and GLCs have to date been executing on their 5 roles and achieving some significant results. Nevertheless, given the shorter time frame to 2015 (which marks the end of the 10-year Programme) and the more challenging business environment, there is a critical need for GLICs and GLCs to elevate the execution of their 5 roles in NEM in order to achieve the country's 2020 aspirations.

Role 1:
To diligently stay the course in executing the 10-year GLCT Programme

- Staying the course is important as the Programme will help realise the NEM goals
- The 10 GLCT Initiatives should be fully institutionalised and continuously upgraded
- The GLCT Programme needs to be periodically reshaped and renewed - the 5 roles were introduced to ensure the Programme remains relevant and supports the NEM
- Several challenges remain and will need to be overcome to ensure progress

Staying the course is important as the Programme will help realise the NEM goals. The GLCT Programme, which aims to raise the performance of all GLCs and create regional champions, should be continued as it provides strategic and sizeable contribution to NEM and Malaysia's overall efforts to become a high income nation by 2020. It is also important to continue the Programme as gives it "legitimacy" and air cover for GLICs and GLCs to enhance their transformation efforts. As the Programme supports NEM, there is even greater "legitimacy" for action.

The 10 GLCT Initiatives should be fully institutionalised and continuously upgraded. The 10 initiatives cover subjects which evolve over time and therefore, new ways of doing things and cutting edge thinking should be adopted. This is a prerequisite to compete internationally and should aspire to have regional or world class standards in these functional areas. The 5 transformation agents of the Programme need to work together to ensure the 10 initiatives are not only fully institutionalised but taken to the next level. GLICs head to catalyse and accelerate change as active shareholders and institutionalise capabilities at GLCs. The Government should continue to provide a conducive environment for business and successfully execute national level programmes such as the NEM. PCG should continue providing Programme stewardship by playing an oversight, coordinating and convening role.

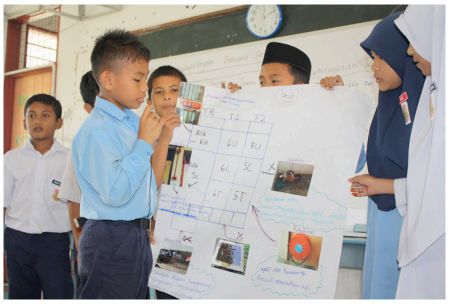
The GLCT Programme needs to be periodically reshaped and renewed - the 5 roles were introduced to ensure the Programme remains relevant and supports the NEM. Elevating the execution of the 5 roles in NEM forms a part of this Programme renewal. The recommendations contained in this section are intended to provide GLICs and GLCs impetus and ideas on how to progress forward. It is also important to be mindful of complacency and fatigue. Therefore, GLCs and all key transformation agents should remain vigilant against the re-emergence of legacy issues or inefficiencies such as weak governance or a lack of transparency. The objectives, guiding principles and intended outcomes of GLCT will need to be continuously reinforced to allow GLCs and the overall Programme to "stay the course".

Despite the achievements to date, **several challenges remain and will need to be overcome to ensure progress.** These are the need to manage the complexities and increased competition associated with going regional; close the gap in talent management, execution skills and capabilities at GLCs; reduce or eliminate the conflicting developmental versus commercial roles of GLCs (e.g. excessive social obligations); garner continued and broader support from all levels of the Government (i.e. all relevant Ministries, civil servants and regulators rather than just the top level Government officials) to win the hearts and minds of all the GLC employees; and enhance public sector transformation in parallel with GLCT reforms (e.g. remove/reduce civil service bureaucracy and political interference).

Staying the course

At Program level

Participants of the High Performance Workshop undergoing a group exercise.



The PINTAR School Preparedness Programme (SPP) – a one-year programme completed in November 2010, benefitting more than 1,200 students in 80 schools throughout Malaysia.

The 2nd batch of cross-assignment participants undergoing an induction programme.

At GLC level

Embarked on Process and Operational Excellence programme to improve core processes and operations

Recorded significant growth in FY2010 revenue, profit, dividend payout

TH Plantations Berhad

Enhancing Performance Improvement Program by emphasising on organically improving the yields and production of premium quality oil, using 'back-to-basics' methods

Launched 3 year Transformation Master Plan (TMP) from 2010 to 2012 to focus on strengthening domestic market position

TM continued its Performance Improvement Programme (PIP 2.0) anchoring on "COOL"

Embarking on the 2011-2015 phase of its 20-year strategic plan which calls for geographical expansion

Implementation of LEAP 30 -Maybank's transformation/ performance improvement programme

Sustaining the transformation momentum through initiatives to address airport service quality, environment, organisational climate and information technology

Implementing various programmes covering improvement of procurement practices, Six Sigma initiatives, social responsibility and leadership development

Source : G20 reports, PCG analysis

Role 2:
GLCs to relentlessly continue their journey to become regional champions

- By 2015, GLCs need to regionalise and become champions to help grow Malaysia's GNI
- Having clarity on what constitutes success and benchmarking are important
- Regional play is business unusual
- It takes a different game to become a regional champion

By 2015, GLCs need to regionalise and become champions to help grow Malaysia's GNI. As Malaysia is a relatively small country with a limited domestic market, the only way for GLCs to help Malaysia grow its GNI is to venture abroad. From the start of the GLCT Programme, it has been envisaged that by the end of the Programme in 2015, some GLCs will emerge as regional champions. This is crucial as a developed high income nation status is synonymous with having regional or global champions.

Being a regional champion does not necessarily mean being the biggest in an industry. It could mean commanding a niche market or a sliver of an industry. Being one of the best in a chosen industry segment or sub-segment and having large regional or global market share will have significant GNI impact to a relatively small economy like ours.

Some GLCs may not what to be in the regional space by 2015 and should therefore at least adopt world class practices. This is important because even if they do not compete regionally, the regional or global competition could come to our shores. Therefore GLCs with domestic markets will need to be strong enough to withstand foreign competition. The banking industry is a good example of how domestic players have toughened themselves up to be competitive domestically. They have now branched out to regional countries and often this can only be done if they are strong locally.

Having clarity on what constitutes success and benchmarking are important. Success needs to be defined so that progress can be tracked. The best-performing companies in the world today are typically measured by financial performance, brand equity, capabilities, scale, scope and resilience. Once success measures have been clearly defined, then benchmarking with relevant regional competitors should be done to measure progress.

Regional play is business unusual. Regional play can be very different from domestic play as the business environment of countries in the region can be quite diverse. For example, there could be disparities in human resource practices, regulatory environment, culture, language and ways of doing business. This will give rise to greater complexity in managing the entire regional operations. Therefore, GLCs should properly brace and equip themselves to manage these new challenges. Some business practices that have worked well locally may need to be relooked at for application abroad.

It takes a different game to become a regional champion. The journey to become regional champions will require new and breakthrough ways of working to be quickly understood and executed (e.g. innovation and entrepreneurial spirit in conglomerates, real branding and not just advertising and marketing, process integration, transformation capability to turn ideas to results and bring big results fast). To succeed regionally, GLCs need to be the pace setters and continuously benchmark and improve their business practices.

Relentless pursuit towards regional championship

Maybank

International operations now account for 33% of revenue and 27% of pre-tax profit and span countries like Indonesia and Singapore Brunei, Vietnam, the United Kingdom, the Philippines, the United States and Bahrain.

Indonesian operations led loans growth in FY2010 with 27.3% annualised increase in loans

axiata

Total subscriber base expanded to 160 million, up 33% from a year ago, an average of 3.3 million per month, making the Group one of the largest telcos in the region.

Diligently track performance and continuously raise the bar towards achieving Axiata's aspiration to become a Regional Champion by 2015

MALAYSIA AIRPORTS

MAHB continues increasing its international presence through the following overseas ventures:

- *Delhi Airport, India (30 + 30 years concession)*
- *Hyderabad Airport, India (30 + 30 years concession)*
- *Sabiha Gocken Airport, Istanbul, Turkey (20 years concession)*
- *Male Airport, Maldives (25+10 years concession)*

Sime Darby

Sime Darby has proven resilient despite recent governance issues that are being strenuously addressed. The group is posed to recover lost ground and emerge an even stronger entity

More than 90% of its profits derived from global businesses spanning more than 20 countries

Net profit of RM727 million for FY 2010, in spite of the provisions and impairments made in Energy and Utilities Division amounting to RM2.1 billion

CIMB GROUP

CIMB aims to be a leading ASEAN franchise and among the top 3 banking groups in ASEAN by 2015 (currently 5th largest in the region).

It aims to be a high performing, institutionalised and integrated ASEAN champion

UMW

International presence in Singapore, Indonesia, Thailand, Myanmar, Vietnam, Papua New Guinea, Australia, Taiwan, China, India, Oman and Turkmenistan

UMW Holdings announced record earnings, posting a net profit of RM512.3 million or 45.01 sen per share for FY2010 ended Dec 31, up 34% from RM382.4 million or 34.6 sen the previous year. Revenue grew nearly 20% to RM12.8 billion from RM10.7 billion previously

AFFIN HOLDINGS

Regional expansion continues via acquisition of PT Bank Ina Perdana, Indonesia. Also via strategic partnership with The Bank of East Asia, Limited to enable penetration of Islamic Banking in China

Source : G20 reports, PCG analysis

Role 3:
Pursue New Economy Investments (NEIs)

- GLICs and GLCs need to help catalyse new industries that bring growth in GNI to the country
- Converting NEIs into big commercial results require corporate entrepreneurship
- To ensure value capture from both the current business model and new ideas, being "ambidextrous" is needed

GLICs and GLCs need to help catalyse new industries that bring growth in GNI to the country. NEIs are about developing new industries which will bring exponential growth for the country. This is achieved when not just companies are grown but whole industries and categories are created. The industries chosen should not only be new to Malaysia but also have a lot of growth potential. Historically, creating new industries in our country is not something new and has been successfully done before. For example, both palm oil and rubber are not native to these shores but Malaysia became world leaders in both. We then became an electronics manufacturing hub and this resulted in large global companies such as Motorola and Intel setting up factories on our shores. Petronas grew from very humble beginnings in a non-OPEC country to become a Fortune 500 company. These are examples where something grew out of nothing or very little, not by chance but by brave and visionary leadership and relentless and detailed execution. Examples of some NEIs include healthcare, education, creative industry/ ICT, life sciences/ biotech, leisure & tourism, new agriculture, renewable energy/ sustainable development, high speed broad band, regional development corridor (e.g. Iskandar, Koridor Utara and SCORE) and Islamic finance.

Where appropriate to their mandates, GLICs and GLCs need to continue driving several new industries and corridor developments. Their role as catalysts is important since high barriers to entry could discourage non-GLC private sector participation. Therefore, by building the eco-system for new industries, GLICs and GLCs are operating in a manner that is supportive of, rather than competing with, the non-GLC private sector. Once the industry is developed and thriving with private sector participation, GLICs and GLCs could exit and look for other new areas to grow. In this regard, GLICs and GLCs play a critical role in catalysing new growth engines for the country.

Converting NEIs into big commercial results require corporate entrepreneurship. To identify NEIs, the ability to innovate and spot high potential opportunities is a prerequisite. However, it is one thing coming up with a new idea but totally another turning it into a huge commercial success. To achieve the latter, a culture of corporate entrepreneurship is needed. The "playing to win instead of playing to avoid losing" attitude needs to be cultivated and encouraged. Among others, this means making responsible failure more acceptable or even encouraging it.

To ensure value capture from both the current business model and new ideas, being "ambidextrous" is needed. Being "ambidextrous", as the word suggests, is the ability to manage the existing business and apply corporate entrepreneurship to turn new ideas into results – concurrently and equally well. This will require having & managing 2 very different skill sets and cultures in the organisation.

New Economy Investments (NEI)

Continued expansion of 3rd party MRO business through growth of client base and setting up of JVs to improve capability and expand product offerings; in support of establishing Malaysia as a MRO hub

Bank Islam launched its first Ar-Rahnu branch (Islamic pawn broking leveraging on Syariah-approved collateral-based financing) which taps into the popular micro-credit financing market for small entrepreneurs and is expected to become a new revenue generator for BHB Group

Strategic investment in Pharmaceuticals research & development company in USA for vaccines

TM is embarking on a strategic move towards transitioning itself from a traditional fixed-line operator towards an integrated information exchange enabler. This includes strategic thrust in content and services distribution and ICT.

Via the Content Services Delivery Platform (CSDP), TM is developing a "Digital Marketplace" that will allow content sellers (contentpreneurs) and global buyers to be connected, while providing them a range of content related managed services

Sime Darby is the world's first company to completely sequence, assemble and annotate the oil palm genome with 30 times coverage and with 93.8% completeness. The breakthrough in sequencing the oil palm genome will have positive financial impact not only on the Sime Darby Group but also the industry in the long-term. The revenue from oil palm-based operations is expected to increase significantly in the next three decades

Investment in Green Technology and Sustainable Energy:

- *Fuel efficient vehicles*
- *Development of better emission engine (Euro 5 compliant)*
- *Range Extended Electric Vehicle (REEV) and Full Electric Vehicle (EV)*

Source : G20 reports, PCG analysis

Role 4:
Collaborate and co-invest with the non-GLC private sector

- Collaborating and co-investing will strengthen our country and quicken the journey to become a high income nation
- GLICs and GLCs should also expand their scope of collaboration

Collaborating and co-investing will strengthen our country and quicken the journey to become a high income nation. Collaboration between GLCs and the non-GLC private sector will enable both parties to leverage each other's strengths and therefore enable the country to grow a lot faster than if companies were to individually strive on their own. Collaboration will also strengthen the domestic industry and can create scale.

Additionally, resources within the economy are optimised and not duplicated as they can be shared through collaboration. For example, GLCs and the non-GLC private sector from the same industry could compete locally but collaborate when going abroad. This will improve chances of collective success and spread the risks. These coalitions will not only drive the regionalisation strategy of Malaysian companies which is vital given the size of the domestic market, but also ensure ready pools of capital are in place and available for quick deployment.

Through collaboration, GLCs could also lead the private sector towards new high value industries or NEIs. If successfully implemented on a large scale, these catalytic coalitions could become a unique form of Public Private Partnership.

GLICs and GLCs should also expand their scope of collaboration. The opportunity to form partnerships with a wider range of co-investors including retail investors, local and foreign mutual funds remains open. In going regional, collaboration with foreign partners from targeted countries could prove advantages as they have better domestic business environment knowledge. Additionally, collaboration with regional or global companies will also bring world class standards to the domestic market.

Expanding on collaboration, the concept of an enterprise is a firm which is able to knit very close partnerships/relationships with all third parties (e.g. suppliers, partners, bankers and financiers, shareholders, competitors, Governments and society at large) and therefore create a lot more value through these collaborations. Also, networks are present at all levels (e.g. at the regional, country, industry, company, departmental/functional and individual levels). Harnessing this network is key.

Collaborating and co-investing with the non-GLC private sector

MRCB & PHB – NU Sentral

Nu Sentral Sdn Bhd is a joint venture between MRCB and Pelaburan Hartanah Bhd (PHB). Located to the south of Stesen Sentral Kuala Lumpur, with direct road frontage to Jalan Stesen Sentral and Jalan Tun Sambanthan, Nu Sentral will be managed by Nu Sentral Sdn Bhd, a joint venture development by MRCB & PHB .

Source: MRCB

Khazanah & Private Company – Teluk Datai Langkawi Development

Teluk Datai Resorts Sdn Bhd (TDR), a company which is owned by Khazanah Nasional Berhad and its original founders Tan Sri Razali Rahman and Datuk Hassan Abas through Archipelago Hotels (East) Sdn Bhd, will be developing 300 acres of land in Pulau Langkawi as part of its development plans for Teluk Datai.

Source: Khazanah

Delhi International Airport

Malaysia Airports, together with GMR, Airport Authority of India, GVL Investment, Fraport and India Development Fund was given the task of modernising and restructuring this airport.

Malaysia Airports help develop and create overseas businesses for local contractors, architect firms, engineering firms & consulting firms by bringing them abroad.

Source: MAHB

Role 5:
Focus on core businesses on a level playing field and to progressively divest out of non-core and non-competitive assets

- Focus on core and competitive business is important for performance and capability building – well run companies will help grow the economic pie
- GLCs should operate on a level playing field
- Divesting non-core and non-competitive businesses needs to be done in a way that will benefit the country's economy

Focus on core and competitive business is important for performance and capability building – well run companies will help grow the economic pie. Focus on core business will help GLCs to enhance their performance. Focusing on the core business will also enable specialised internal capability to be developed over time and this can be a valuable export for the country. To focus on the core business, GLICs and GLCs should divest non-core and non-competitive businesses and allow these resources to be optimised by the non-GLC private sector. It should be noted that focusing on the core business does not mean that it cannot change or evolve over time to remain relevant. In this context, innovation should not be neglected.

GLCs should operate on a level playing field. In doing so, the competitiveness of our industries and country as a whole will be strengthened. This will enable us to be more prepared and resilient to the gradual opening up of the economy to tougher competition from MNCs. Therefore, GLCs must continue to operate on a "no free lunch and therefore need to build a good kitchen" principle. To enable a competitive landscape, an effective regulatory environment needs to be in place. The introduction of the Competition Act is a step in the right direction. It is also important to recognise that the playing field should be level between countries. Free trade agreements (FTAs) could have a significant impact on businesses and therefore, GLCs should support the Government in any FTA negotiations.

By being competitive, GLICs and GLCs are also allowing resources to be channelled to areas where they are needed most and this indirectly helps create greater efficiency in the domestic economy. When there is pressure to perform excessive social obligations, the Silver Book should be properly executed. When others get unfair advantage, it should be flagged.

Divesting non-core and non-competitive businesses needs to be done in a way that will benefit the country's economy. In divesting non-core and non-competitive assets and businesses, it is useful to have proper divestment plans or principles to ensure an orderly divestment process. Businesses should also be divested in a robust and transparent manner to worthy local entrepreneurs on a merit basis. Done this way, divestments will help the growth of the economy through optimal allocation of resources and will benefit the non-GLC private sector.

Divestment of non-core/ non-competitive assets

UEM

- *UEM sold its 86.81% stake in Pharmaniaga Bhd to Bousted Holdings Bhd in June 2010 for RM534 million. The divestment is in line with UEM's strategic direction to focus on four core businesses, thus it has exited the healthcare business despite Pharmaniaga being a profitable company with stable, revenue-generating business*
- *UEM and UEM Builders sold their 32.22% stake in Touch n' Go Sdn Bhd to CIMB Group in February 2010 for RM53.8 million*

UMW

Exiting on non – core businesses and other on going initiatives:

- *Specialized Equipment Division under UMW Advantech Sdn Bhd (2010)*
- *Cladtek (Malaysia) group of companies*

Boustead has made progress in the area of divesting non-core assets. It has disposed its non-core assets / activities such as:

- *Boustead Oil Bulking Sdn Bhd*
- *Boustead Bulking Sdn Bhd*
- *Riche Monde Sdn Bhd*
- *BH Insurance (Malaysia) Bhd*

BIMB HOLDINGS BERHAD

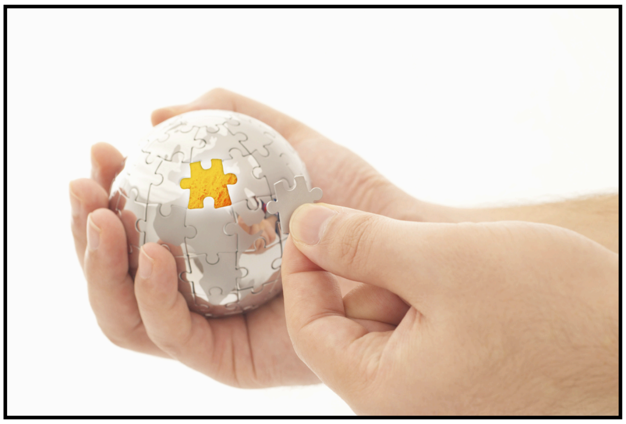
BHB had decided not to pursue further involvement in the venture capital industry in line with efforts to rationalise the Group's business activities. By end 2010, BHB had divested all remaining venture capital investments and completed its exit from the venture capital business.

Source : G20 reports, PCG analysis

Other GLICs' and GLCs' roles in NEM

- GLICs should help develop the capital market
- GLICs and GLCs must operate in a sustainable way
- Nation Building

GLICs should help create capital market liquidity to draw investments into the country. Liquidity will make the capital market attractive and this in turn will draw investments into the country. GLICs' long-term holding of significant blocks of shares in listed GLCs reduces the proportion of freely tradable equity. This illiquidity of the capital market is one of the reasons why domestic and international private investor interest in Bursa Malaysia has remained lacklustre compared to other Southeast Asian bourses. Therefore, GLICs can assist the development of the capital markets by continuing to actively pare down their non-essential holdings in listed GLCs. To enable GLICs to pare down non-essential holdings, they need to be given more flexibility to invest abroad. By paring down stakes, the Government can still retain control of strategic industries to the country through other methods (e.g. effective regulation, licensing requirements, board representation etc.).



Sustainability is important for long-term growth. The singular focus on profit maximisation has often led to a compromise on sustainability. This has resulted in market failures including the recent world financial crisis in 2008. GLICs and GLCs should therefore operate sustainably in 2 ways. The first is to go for challenging but sustainable financial targets. This could mean not excessively stretching profitability targets and gunning for the number 1 position on this measure all the time. Some companies produce very impressive numbers but such results are often short-lived. The culture for excessive returns could also force compromises on governance and values and this could lead to tremendous value destruction. Berkshire Hathaway has very good sustainable policies build into how they operate on a day-to-day basis. They do not target excessive returns and are conservative (minimising debt capital). When everybody else's chips are down, they remain strong due to these policies and make a killing in investments. Therefore in the long-run, they produce very admirable financial results.

Apart from profit, GLICs and GLCs should also operate sustainably from the people and planet perspectives. Being a socially responsible organisation is becoming increasingly important as there is a growing awareness and appetite for products and services that are produced in a sustainable and fair way without exploitation of people and the environment. It is also envisaged that through the Programme, all stakeholders such as customers, employees, suppliers and society at large will benefit through better products and services, enhanced employee value propositions, developmental opportunities and giving back to the society. When GLCs go regional, they should also support local industries by bring along smaller but worthy suppliers and business partners with them.

Nation Building. The first underlying principle of the GLCT Programme is to nation build. Specifically this is done through ensuring growth with equity, increasing total factor productivity, developing human capital and Bumiputera community. In particular, talent management should be enhanced given that a highly effective and motivated workforce will lead to achievement of many other things. Talent may be developed not just by investing in training but more importantly building a strong leadership, mentoring and coaching culture in organisations. The benchmark would be for GLCs to be recognised as "leadership factories" for the nation and the region in years to come. Given GLCs' regionalisation plans, foreign talent should also be embraced not only abroad but within Malaysia as well.

On Bumiputera development, GLICs and GLCs could provide support through the following ways:

1. Transparency: The application of transparent and market based meritocracy in the selection of the best and talented candidate will ensure greater impact on the divestment of non-core activities and effective handling of “leakages” and development of genuine Bumiputera enterprise.
2. Nurturing: Bumiputera Development Agenda is not only based on contract award. It shall also comprise hand-holding concept to the Bumiputera Enterprise. GLCs also could identify potential Bumiputera Enterprise and propose the best method to strengthen them in the business value chain in order to achieve remarkable impact. Additionally, the C-2F (Capacity Building, Financing and Facilitation) in the implementation of Bumiputera Agenda initiatives could also be adopted.
3. Opportunity: There is a need to ensure that Bumiputeras effectively participate in the Entry Point Projects and business opportunities as identified in the NKEA.

Moving Forward For Year 2011

Summary

The year 2011 will be the year of execution, intensifying and accelerating further on what have been articulated and plan.

GLCs, given their sheer size and influence on the economy, will continue to be expected to play a more active role in catalyzing the economy further whilst pursuing the ambition of the GLCT programme.

The 5 roles articulated will be the framework that GLCs and GLICs will operate in supporting the country's New Economic Model balancing them with the need to play other national agenda roles.

8. Moving Forward for Year 2011

The year 2011 is certainly the year of more intense execution as the government recently experienced heightened energy from the success of GTP efforts for the year 2010. This momentum is certainly contagious and GLICs/GLCs are certainly expected to deliver with greater intensity and contribution to the country.

1. The NEM is expected to be driven largely by private companies which will be contributing 92% of total investments required. GLCs, as part of the private sector, will be expected to equally and actively contribute. Furthermore the EPPs identified by the government are large in nature (in terms of scale and impact) and could only be undertaken by companies of sizeable nature like GLCs.

2. There will be more intense activities with clear visibility and demonstration of achievements around the 5 roles of GLICs/GLCs in the NEM as articulated in the previous chapter. These roles are seen as GLCs becoming more supportive rather than trying to compete with private sector, for example, the pursuit of New Economy Investments, collaboration and co-investment with non-GLCs, and divestment of non-core and non-competitive assets are seen as intents by GLCs not to 'crowd out' the market and giving space to non-GLCs private sector. As GLICs and GLCs execute these roles, what is becoming clearer is the issue of the clarity of role of GLICs/GLCs and consequently the role of government in business. This is currently a subject undertaken in one SRI of the NEM. The consequence of this work will be readjustments and rationalisation needed for GLICs/GLCs in their portfolio management.

3. GLCs need to continue their regionalization effort and championship ambition as originally envisaged by the program. This is also in line with the GNI measure that the government is adopting for high-income country. The pursuit of this means GLCs need to strengthen themselves with including undertaking institutionalization effort in order for them to become long-term entities, for example, adoption of the 10 Initiatives of the GLCT program. This strengthening of themselves is also very important in view of increasing liberalization that the country needs to embrace and the FTAs that are increasingly concluded. The pursuit also means that GLCs need to start adopting and conforming to global standards and practices, carry frequent benchmarking with global/regional peers.

4. Being GLCs, some national agendas, necessary for balanced growth, will need to be supported e.g. agenda to strengthen bumiputera position in various facets of the country especially economy, the need to be supportive and participative of various government transformation programmes, the need to pursue sustainability efforts, etc. There are also higher expectations on GLCs as trustees to strategic assets of the nation, and catalyst to certain areas which country needs to undertake.

5. Due to much uncertainties, strengthening risk management and practices is one key area that GLCs need focus. We have seen how established/iconic companies could also be very vulnerable if risk management practices are not well adopted.

6. As the country is increasingly getting more comfortable with transformation, one area that GLCs (or PCG) may be asked to help is to share their experiences (and perhaps program design) with other GLCs fraternities. This point is important as more demands will be made on other GLCs fraternities on their financial performance and the need for budget optimisation. Such sharing may result in consolidation and perhaps collaboration opportunities.

7. Increasingly the GLC network needs to intensified, as platforms to share and exchange knowledge/ideas, to continue to channel views and concerns as a group and also to pursue collaboration opportunities. Notably, thought leadership subjects would need to be frequently injected into the network so that the GLCs fraternity could be kept abreast and prepared for future waves of change.

This year continues to pose great challenge for GLCs amidst uncertain global events. Nevertheless, stay the course must continue to be the main drive of GLCs in its value creation pursuit.

Appendices

i. PCG and JWT Structure

- **Provide Programme stewardship**
- **Review progress**
- **Help resolve road-blocks**

PCG

- YAB Prime Minister, Dato' Sri Mohd Najib Tun Hj Abdul Razak - Chairman
- Minister of Finance II, Dato' Seri Ahmad Husni Mohamad Hanadzlah
- Minister in the Prime Minister's Department, Tan Sri Nor Mohamed Yakcop
- Chief Secretary to the Government , Tan Sri Mohd Sidek bin Haji Hassan
- Secretary General of Treasury, Tan Sri Dr. Wan Abdul Aziz Wan Abdullah
- Deputy Secretary General of Treasury, Dato' Puteh Rukiah Abdul Majid
- President and Group Chief Executive, Permodalan Nasional Berhad, Tan Sri Dato' Hamad Kama Piah Che Othman
- Chief Executive Officer, Lembaga Tabung Angkatan Tentera, Tan Sri Dato' Lodin Wok Kamaruddin
- Chief Executive Officer, Employees Provident Fund, Tan Sri Azlan Zainol
- Group Managing Director and Chief Executive Officer, Lembaga Tabung Haji, Datuk Ismee Ismail
- Managing Director, Khazanah Nasional Berhad, Tan Sri Dato' Azman Hj Mokhtar - Secretariat

G20 Chairmen and CEOs

- **Invited to provide views and engage in dialogue sessions**

- **Oversee and coordinate Programme activities**
- **Track, monitor and report progress**

JWT

Secretariat:
Khazanah Nasional Berhad

GLIC Representatives: Permodalan Nasional Berhad
- Kartini Hj. Abdul Manaf
- Mohamad Idros Mosin
- Nursyahida Abdullah

Lembaga Tabung Angkatan Tentera
- Mohd Saubae Roslan
- Saira Banu

Employees Provident Fund
- Mohamad Nasir Ab. Latif
- Sharifah Maarof

Lembaga Tabung Haji
- Abdul Ghaffor Sahul Hamid

ii. Economic Profit Definition

What is EP?

EP is an important yardstick to measure value creation to shareholders. It shows a company's net income after deducting shareholders' opportunity cost in investing money in the firm.

There are two approaches to compute EP:

Spread Approach
EP = (ROIC – WACC) * Invested Capital; or

Residual Approach
EP = NOPLAT – (Invested Capital * WACC)

Note:
ROIC: Return on Invested Capital
WACC: Weighted Average Cost of Capital
NOPLAT: Net Operating Profit less Adjusted Tax

Why EP?

EP supplements accounting profit to provide a more accurate picture of the underlying economic performance of a company because it measures performance in two dimensions:

a) Profit vs. Capital
Takes into account the required rate of return for equity and debt capital providers while analysing profits earned by the company.

b) Risk vs. Return
Incorporates returns earned by the stakeholders based on the risk of their investments.

Independent research has shown that there is a stronger correlation between improvements in EP to shareholder value than there is to accounting profit. Improvement in the long-term trend in EP signals fundamental improvement that ordinarily lends confidence to investors.

Appendix iii

G20 Scorecards

Explanatory Notes

1. Net profit is defined as net profit after tax and minority interests ("PATAMI") after exceptional items

2. Operating cashflow is defined as operating cashflow after net interest receipts

3. Net cash/(debt) is defined as year-end total cash and short-term investments, less year-end total borrowings

4. Market capitalisation refers to year-end market capitalisation

5. ROE is defined as PATAMI divided by average shareholder funds for the year

6. Debt-to-assets is defined as net debt divided by the sum of net debt and total balance sheet equity, inclusive of minority interest

7. Operating margin is defined as earnings before interest, tax, exceptional items and associate income, divided by revenue

8. Net interest income is defined as bank interest income less interest expense; excludes Islamic finance and fee-based income

9. Loan assets is defined as year-end loan, financing and advances, as per balance sheet

10. Risk-weighted capital ratio ("RWCR") refers to the statutory definition based on Basel standard prevailing at the time, before dividends; Malaysian operations only

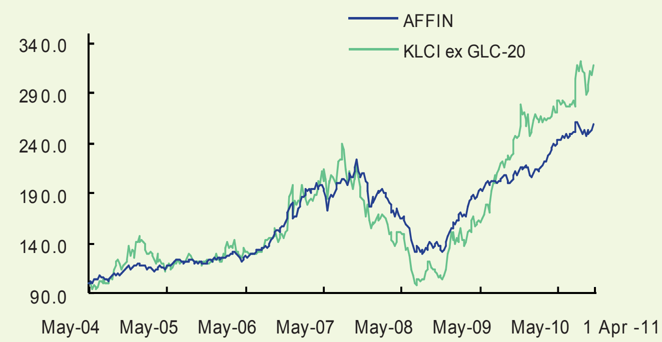
11. Net non-performing loans ("NPL") refers to the statutory definition i.e. after specific provisions but before general provisions

12. Backward-looking accounting data and derivative financial ratios may differ from prior-year Progress Review reports due to the restating of financial accounts

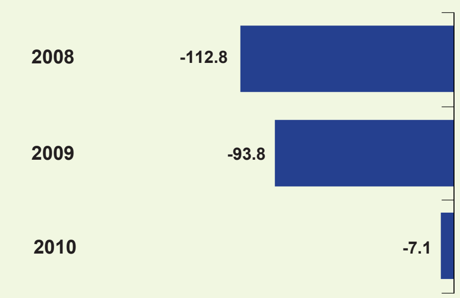
13. The Headline KPIs mentioned in this Report are targets or aspirations set by the company as a transparent performance management practice. The Headline KPIs shall not be construed as either forecasts, projections or estimates of the company or representations of any future performance, occurrence or matter as the Headline KPIs are merely a set of targets/ aspirations of future performance aligned to the company's strategy

AFFIN HOLDINGS BERHAD

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	293	372	489
Net interest income (RMm)	724	818	840
Loan assets (RMm)	19,928	22,497	26,574
Market cap (RMm)	2,271	3,766	4,618
ROE (%)	7	8	10
Risk-weighted capital ratio (%)	14	14	14
Net non-performing loan ratio (%)	3	2	2

Headline KPIs

	Target 10	Actual 10	Target 11
After-tax ROE (%)	8.4	9.8	10.0
After-tax ROA (%)	1.0	1.1	1.1
Net NPL ratio (%)	1.9	1.6	2.8 *
Earnings per share (sen)	27.50	32.70	35.3

* Gross Impaired Loan ratio

Achievements

Financial performance meeting targets and on the rise

- Recorded a net profit of RM 488.6mn in FY 2010, an increase of 31.4% as compared to RM 371.8mn in FY 2009
- Achieved a loan growth of 17.1% and customers deposits growth of 15.7% in 2010
- Surpassed all its announced Headline KPIs for FY 2010

Strengthened foothold in the region

- The proposed acquisition of PT Bank Ina Perdana will enable the Group to expand its Islamic Banking operations into Indonesia
- The present strategic partnership with The Bank of East Asia, Limited will enable AFFIN to enhance its competitive positioning by leveraging BEA's international platform and capitalising on BEA's branch network in China to promote Islamic Banking

Increased focus on customers and society

- AFFIN Bank launched 'AFFIN Gold' deposits product for specific segment of the market
- AFFIN Bank launched OMG Campaign to build individual customer's deposit base
- AFFIN Bank is expanding its branch network as well as relocation of existing branches to ensure sufficient market reach
- AFFIN Bank has tied-up with Boustead Petroleum Marketing Sdn Bhd for the installation of ATM machines at BHP service stations
- AFFIN Bank named Top 30 Malaysia's Most Valuable Brand for 3rd consecutive year.
- AFFIN Investment Bank launched Electronic Cross Border Trading Platform in Sept 2010 that enables trading and investment of shares in major markets globally.
- AFFIN Investment Bank ranked 3rd by number of issue and ranked 6th by value of issue by MARC 2010 League table.
- Ranked Top 5 Most Independent Research Brokerage in Asiamoney's 2010 Brokers Poll.
- AFFIN Investment Bank ranked 11th in Market Share by Trading Value under Bursa Malaysia's Broker Ranking in 2010.
- AFFIN Fund Management Berhad launched the AFFIN Tactical Fund with an asset size of RM200 million in August 2010.
- AXA–AFFIN Life Insurance Berhad is the fastest growing life insurance company with 95% growth in new business premium in 2010.
- The Group has contributed RM 3m to Yayasan Warisan Perajurit in year 2010.
- AFFIN Islamic Bank contributed 50 homes valued at RM1.7 million to the hardcore poor for the Integrated Community Project, Bukit Kenau, Pekan, Pahang.

Challenges

Staying at par with the industry

- Thriving in an increasingly competitive environment given relatively small size
- Ensuring sustainable business growth in the current economic landscape
- To develop efficient capital structure for the Group to enhance shareholder value
- To improve its efficiency and effectiveness to be at par with the best domestic as well as international players
- To become one of top five domestic banking Group through organic growth and/or acquisitions domestically/ regionally
- To achieve a minimum ROE of 15% whilst adequately capitalised
- Emphasis on SME lending in view of thinning interest margin for corporate loans and advances
- Implementation of Basel III capital framework in 2013 to 2019 on a staggered basis

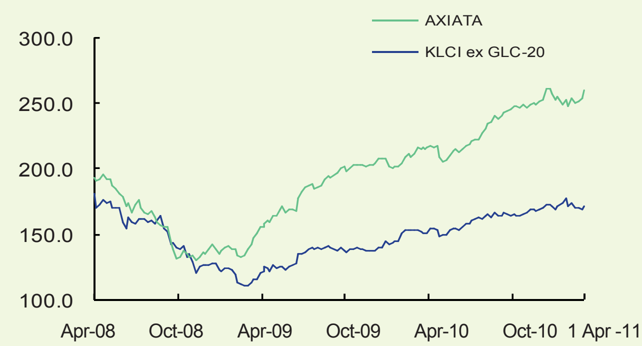
Improving further the delivery system

- Continuously enhancing service quality via introduction of Service Level Agreements and branch re-organisation exercise
- Develop human capital and strengthen ability to attract and retain best talents and inculcate a performance based work culture
- Identify, anticipate and satisfy customer needs and sustain customer satisfaction level
- Maximize strategic alliances and collaboration with business partners, shareholders, correspondent banks and government agencies
- Improving existing as well as developing new product offerings that are attractive and innovative
- Developing Corporate Internet Banking platform to enable comprehensive financial solution to business customers
- Development of end-to-end loan origination system for both Consumer & Business Banking to ensure efficient turnaround time to meet customers' expectations

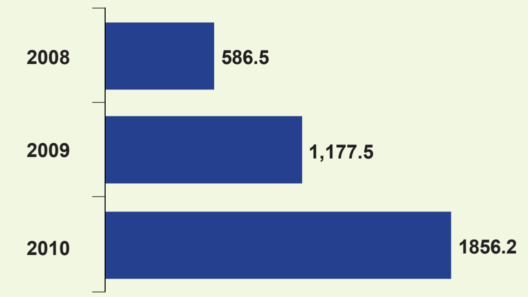
AXIATA GROUP BERHAD

axiata

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	498	1,653	1,770
Operating cashflow (RMm)	2,487	4,746	6,077
Net cash / (debt) (RMm)	-12,629	-10,317	-4,406
Market cap (RMm)	13,587	25,758	40,114
ROE (%)	5	11	10
Debt-to-assets (%)	52	35	18
Operating margin (%)	19	24	22

Headline KPIs

	Target 10	Actual 10	Target 11
Revenue Growth (%)	12.1	17.3	10.0
EBITDA Growth(%)	14.1	30.2	10.3
ROIC (Without Associates) (%)	10.7	15.9	16.5
ROIC (With Associates) (%)	N/A	11.8	12.6

Achievements

Financial highlights for 2010:

Strong all round performance especially profitability. Maiden dividend declared

- Group Revenue (17.3%), EBITDA (30.2%), PATAMI (7.1%, Normalised 85.6%) & ROIC (11.8% with associates and 15.9% without associates)
- Celcom, XL and Robi achieved solid revenue performance relative to their competitors, while Dialog underwent a successful turnaround to return to profit (from a loss of LKR 12bn to a profit of LKR 5bn)
- Efforts on cost management saw further improvements in EBITDA margins.(Dialog from 22.9% to 36.4%, XL from 44.7% to 52.7% and Celcom from 44.6% to 46.7%)
- Solid financial position with strengthened Gross Debt to EBITDA from 2.3x to 1.5x and FCF of over RM4bn.

Other notable highlights for 2010:

- **Share Price outperformed KLCI** with yearly price improvement of 55.7% against KLCI of 19.3%. Emerged the second best performing stock in 2010
- Value enhancement through strategic partnerships:
- - Executed Group Frame Work Agreement with Ericsson, enabling common terms and conditions for group with ability to localise for respective countries. Other key vendors to follow suit
- - DiGi / Celcom MOU signed for Infra sharing which has significant cost savings for both the companies over the next 10 years.
- Effective Capital Management – USD 300mn 10 year fixed Guarantee Notes, RM 4.2bn nominal value unrated Sukuk, Upgrading of Rating outlook from “BBB” to “BBB+”
- Harnessing Talent – 83 identified talents with 65 of participants going through the leadership development programs (78%)
- Effective Cost Management – Cost savings and avoidance more than double of last year’s resulting in significant improvement in margins across the Group,
- Increased Capex Efficiency - incremental minutes of produced capacity across the Group for every $ of Capex spent

Challenges

Macro Economic Environment

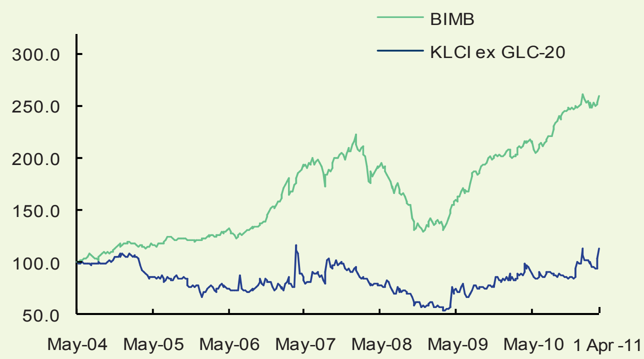
- Challenging and uncertain regulatory environment in Bangladesh, Cambodia and India.
- Potential slowdown in market growth based on rapid growth in the past except Bangladesh and India.
- Share of wallet hence revenue to be a challenge due to economic constraints

Competition

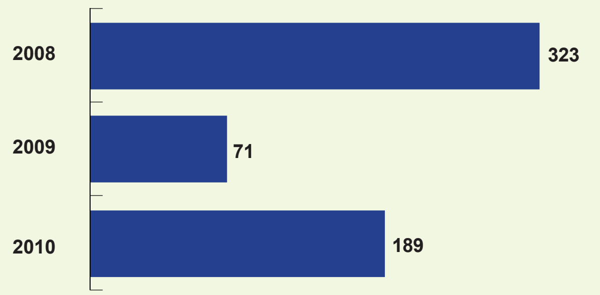
- Fierce competition to remain in all operating markets
- Price competition will remain, burdening revenue growth
- Data competition to step up in most countries affecting margins due to higher utilisation for flat rate plans.

BIMB HOLDINGS BERHAD

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 30 Jun	FY2008	FY2009	FY2010[a]
Net profit (RMm)	236	114	136
Net financing income (RMm)**	494	591	773
Loan assets (RMm)	9,055	9,662	11,290
Market cap 31 Dec (RMm)	780	1,280	1,504
ROE (%)	25	10	10
Risk-weighted capital ratio (%)	13	14	17
Net non-performing loan ratio (%)	8	5	3

* 12 months to June 2010
** Refers to net income derived from investment of depositors' funds

Headline KPIs

FY 31 Jun	Target 10[b]	Actual 10[c]	Target 11
Revenue Growth (%)	-	16.2	21.6
ROE (%)	-	10.5	14.8

Achievements

Sustained growth and profitability by the BIMB Holdings Berhad ("BHB") Group despite highly competitive environment

- The BHB Group recorded a revenue of RM2.6bn for 18-months financial period ("FY") 2010, representing an annualised growth of 16.2% (FY2009: 4.4%), and profit after zakat and tax of RM450.5m (FY2009: RM207.7m) at an annualised growth rate of 44.6% compared to a reduction by 52.1% in FY2009
- Bank Islam, 51% subsidiary of BHB, continued to register commendable results with ROE at 16.5% and ROA of 1.2%. Net NPF ratio was reduced to 1.1% for FY2010 (FY2009: 6.74%), whilst total assets expanded by 10.5% to RM30.4bn.
- Takaful Malaysia, BHB's 65%-owned listed subsidiary, generated RM1.7bn in operating revenue and PBZT of RM97.9m representing an annualised growth rate of 10% and 31% respectively, resulting in an annualised ROE of 10.3%

Bank Islam sustains momentum towards being recognised as the Global Leader in Islamic banking

- Consumer banking shall remain as key growth driver, focusing on high yielding assets such as personal financing, with home financing being the thrust for a sustainable long term asset portfolio. Corporate banking will continue to originate and participate in syndication facilities as well as focusing on non-fund based income such as sukuk, corporate finance and advisory deals.
- Continue to introduce innovative products & offerings e.g. Transact At Palm (TAP) mobile banking, Bank Islam World MasterCard, Wakalah deposit, structured investment product (Al-Ziyad), Islamic overdraft facility and business premises financing.
- Continue to expand branch network, with total branches of 113 to date with plans for 120 branches by end 2011
- Launched its first Ar-Rahnu (Islamic pawn-broking) outlet to tap into the micro-credit financing market for small entrepreneurs, with 2 outlets to date
- Won various awards including Platinum Award for Islamic Financial Services for 2nd consecutive year at annual Reader's Digest Trusted Brands Award 2010

Takaful Malaysia executed rebranding exercise as a strategic initiative towards being the preferred choice for insurance

- Carried out a rebranding campaign to position itself as a Shariah-compliant company that is modern, young & energetic to attract more customers, talent and agents in conjunction with its 25th year anniversary and was awarded with several major awards including Brand Laureate Award in Corporate Branding Category for Best Brands in Financial Services-Takaful Insurance
- Right-sized its operations and branch network from 122 branches to become 31 branches, 7 Takaful myCare centres, 1 Retail Centre and 5 Takaful myDesks across the nation
- Introduced 3 new Takaful products: Takaful myGraduan, Takaful myInvest and Takaful myGemilang
- Introduced a 3-tier agency model and its Agency Provident Fund
- Joined forces with a leading Malaysian telco to provide its agents and distributors with mobile solutions for improved efficiency

Challenges

External challenges

- Intensified industry competition with issuance of new licenses in Islamic banking and Takaful sectors, in particular 2 Islamic 'mega-bank' provisional licenses and 4 new Takaful licenses to joint ventures between international insurance players and local companies
- Increasing standards for regulatory capital requirement under the forthcoming Basel III whereby banking institutions are required to maintain a higher Tier 1 capital, including a capital conservation buffer and a counter-cyclical buffer
- Sustained improvements in major subsidiaries' performance not reflected in BHB's market price to create value-gains for its shareholders
- Competition for talent with the right skill-set, particularly with entry of highly capitalised multinational players

Internal challenges

- Despite the improved financial performance of the BHB Group, BHB's ability to sustain dividend growth for its shareholders are constrained by the up-flow of dividends from its subsidiaries
- Diversifying and increasing contribution from non-fund based businesses and recession-proof sectors

Expanding financing assets to generate earnings, whilst exercising prudence to ensure good asset quality and sustainable growth

Optimising between short-term cost rationalisation and expanding business to sustain long term growth

Notes:

a With effect from 2010, BHB changed its financial year end ("FY") to 31 December to be coterminous with its major shareholder Lembaga Tabung Haji, resulting in an 18-month financial period for FY2010.

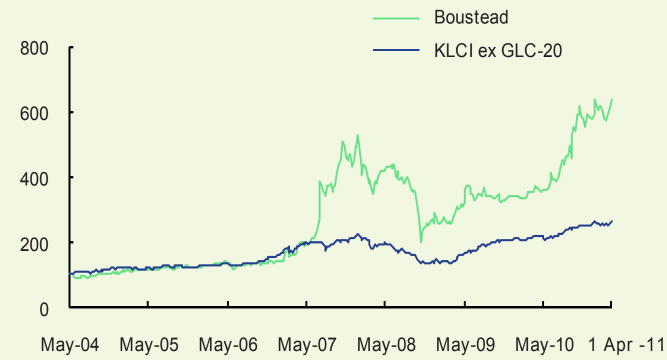
b Due to the change in FY to 31 Dec resulting in an 18-month financial period for FY2010, no targets were set for FY2010.

c Annualised for comparative purposes

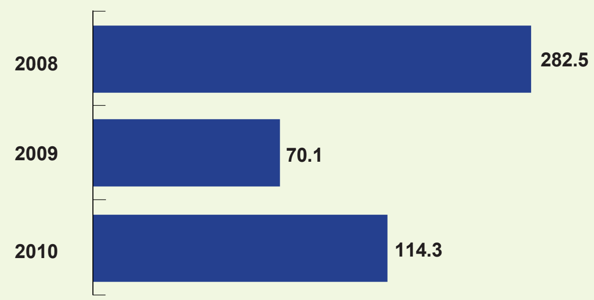
BOUSTEAD HOLDINGS BERHAD

Boustead Holdings Berhad

TSR Index



Economic Profit (RM million)



Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	579	342	538
Operating cashflow (RMm)	509	424	48
Net cash / (debt) (RMm)	-2,834	-2,548	-2,739
Market cap (RMm)	2,227	3,154	5,058
ROE (%)	22	10	13
Debt-to-assets(%)	46	37	37
Operating margin (%)	9	8	9

Headline KPIs

	Target 10	Actual 10	Target 11
ROE (%)	10.0	13.2	12.0
ROA (%)	7.0	9.2	9.0
Net dividend per share (sen)	18.0	39.0	30.0

Achievements

Financial performance for FY2010

- Boustead Holdings Berhad has posted a revenue of RM6.1 billion and recorded a net profit of RM624.9 million.
- The company has also surpassed all its target Headline KPIs

Continued focus on enhancing shareholder value

- Boustead acquired 86.81% interest in Pharmaniaga Berhad from UEM Group Berhad for RM534 million cash in line to strengthen its position in the pharmaceutical industry.
- Boustead entered into a MoU to acquire 51% stake in MHS Aviation Berhad which was completed in Mac 2011. MHS Aviation Berhad is principally involved in the provision of air transportation, flight support & training and technical services to oil and gas companies for RM100 million cash.
- BHIC through its wholly-owned subsidiary, BHIC Defence Technologies Sdn Bhd acquired 51% stake in Contravenes Advanced Devices Sdn Bhd.
- Boustead has disposed its 80% stake in BH Insurance (M) Berhad for RM363 million to AXA Affin General Insurance Bhd in line with the Group's decision to streamline its insurance business.

Achieved breakthroughs in innovation and R&D

- BHPetrol launched its new RON95 and RON97 packed with latest German innovation known as BHPetrol Infiniti Advanced2X 95 and 97 for the maximum mileage and power.

Awards & Accolades

- Boustead Holdings Berhad was awarded:-
  - "BrandLaureate Conglomerate Award" by Asia Pasific Brands Foundation.
  - "Malaysian Business Leadership Award 2010: Conglomerate Company of the Year" by Kuala Lumpur Malay Chamber of Commerce and The Leaders Magazine.
  - "Highest Returns to Shareholders Award - Plantation Sector" by The Edge Billion Ringgit Club.
- Boustead Properties Berhad was awarded:-
  - "Award for Planning Excellence 2009" for Mutiara Rini by Malaysia Institute of Planners.
  - "Best Commercial Building" for The Curve by Petaling Jaya City Council.
  - "FIABCI Malaysia Property Award 2009" by FIABCI Malaysia.
- UAC Berhad was awarded:-
  - "BrandLaureate Award for Best Brands in Product Branding (Manufacturing of Cellulose Fibre Cement Boards)" by Asia Pasific Brands Foundation.
- Idaman Pharma was awarded:-
  - "Pharmaniaga's Vendor Excellence Award" by Pharmaniaga.

Challenges

Managing impact of external & internal factors

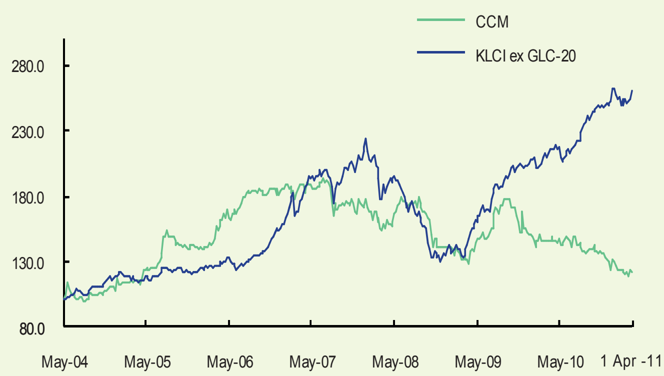
- Uncertain economic outlook such as fluctuations in CPO prices that affect the plantation business, which is a major contributor to profitability.
- Struggling maritime sector as a result of dampened demand due to the global economic climate.
- Focusing on growing and nurturing talent pool within the organisation.

Strengthening market position

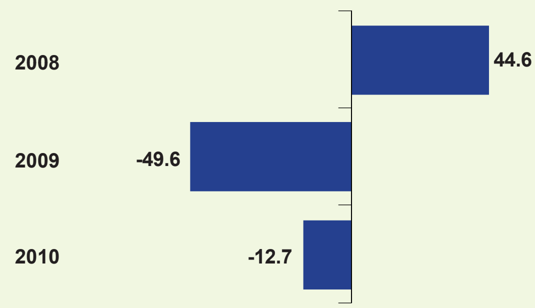
- Delivering products and services that are of international standard.
- Pursuing on the mechanisation of the estate operation that will reduce dependency on labour and enhance productivity.

CHEMICAL COMPANY OF MALAYSIA BERHAD

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	65	-6	14
Operating cashflow (RMm)	-256	304	139
Net cash / (debt) (RMm)	-758	-701	-627
Market cap (RMm)	886	919	733
ROE (%)	9	-1	2
Debt-to-assets (%)	47	46	42
Operating margin (%)	7	3	6

Headline KPIs

	Target 10	Actual 10	Target 11[a]
Turnover (RM m)	1,900	1,639	-
Profit before tax (PBT) (RM m)	94.0	60.5	-
ROE target for 2010 (%)	7- 8	3.6	-

Achievements

Emerging as a leader in local pharmaceuticals market

- Achieved a 4.2% growth in Revenue despite challenging impact of global financial crisis and more than 50% reduction in the controlled drugs quota from Drug Control Authority (DCA).
- Registered a 13.8% growth in PBT largely driven by operations efficiency and productivity improvement
- Obtained National Pharmaceutical Control Bureau (NPCB) approval for our inert biologics Fill & Finish facility, the first in Malaysia.
- Completed the construction of the 3750 pallets space pharmaceuticals warehouse designed to comply with the new Good Storage Practices (GSP) guide
- Signed a Memorandum of Collaboration with TS Corp, Korea on Eryhtropoetin (EPO) clinical trials, Fill & Finish and marketing.
- Commenced contract manufacturing partnership with GSK Malaysia supplying products to Malaysia, Singapore & Australia with potential to expand to Hong Kong & Philippines.
- Achieved Pharmaceuticals Division productivity KPI for capacity utilisation for Bangi 2 and new dedicated Cephalosporin facility

Enhancing leadership in local and Indonesian fertilizers market

- With the successful commissioning of Bintulu and Medan Plants in 2008 and 2009 respectively, the compound fertilizers manufacturing capacity of the division increased to 510,000mt annually in 2010. This has put us in good stead to reap the benefit of the opportunities arising from the improvement in market sentiment locally and in Indonesia. The Lahad Datu Plant, the third plant of the division outside Shah Alam is near to completion and is scheduled to be commissioned in July 2011.
- The Fertilizers Division achieved a turnover of RM930.7 million in 2010, some 3.7% better than the corresponding period last year, amidst a highly price competitive market.

Defending chemicals position amid the global economic downturn

- Rising from one of the worst results suffered by the Chemicals Division in 2009, the Division has managed to turn the tables amid the world market conditions to register a significant improvement in PBT of RM37.2 mil (KPI level).
- Although the market was still cautious for the first half of 2010, both manufacturing and trading products have had a positive improvement towards closing the year 2010. In addition, the continuous improvement from the rubber glove industry have also contributed to the higher performance from the Division's polymer systems.
- The Division had continued to embark on effective Operational Efficiency programmes targeting key operational areas on cost optimisation during the year, which has positively impacted performance as well as building the base for the future

Challenges

Susceptible to changes in external environment

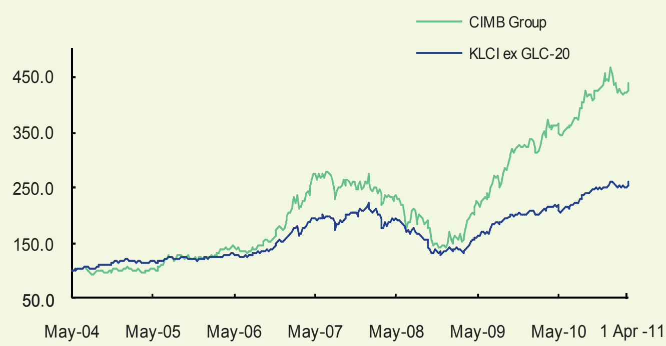
- The fertilizer industry is plagued with excess compound fertilizer manufacturing capacity, this has resulted in intense price competition for base volume in the market. The competitive pricing offered by the lesser quality manufacturers continued to drive pricing lower.
- Continued volatility in fertilizer prices rendered it extremely challenging for the division to manage tender businesses which required a longer period of price commitment.
- More than 50% reduction in the controlled drugs QUOTA from Drug Control Authority.
- Government drawdown of Omiflu contract less than RM 2 million of annual contract value of RM 11 million
- Government Generic market is getting smaller as more products are converted into the "Adoption" scheme, which CCM is excluded.
- The recent increase in crude oil price will result in higher chemicals products, impacting the division especially on the variable & direct cost.
- On the competition front, main competitor's expansion of their chlor alkali plant expected to come on stream in Q3 2011.
- Further streamlining of regional operations to ensure positive turnaround for year 2011 onwards.

Note:

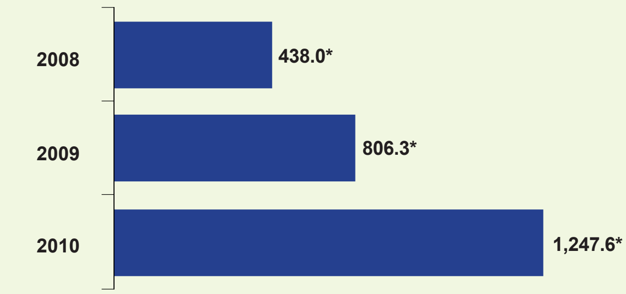
a CCM is currently undergoing a strategy review of its businesses and hence Target Headline KPIs for FY2011 have yet to be announced. It will be formalised as soon as the Board finalises its plans.

CIMB GROUP HOLDINGS BERHAD

TSR Index



Economic Profit (RM m)



* restated

Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	1,952	2,807	3,521
Net interest income (RMm)	4,661	6,069	6,537
Loan assets (RMm)	117,382	142,192	159,181
Market cap (RMm)	20,932	45,348	63,179
ROE (%)	12	15	16
Risk-weighted capital ratio* (%)	14	15	15
Net non-performing loan ratio (%)	2	2	1

* CIMB Bank

Headline KPIs

	Target 10	Actual 10	Target 11
After-tax ROE (%)	16.0	16.3	17.0
Group loans growth (%)	12	12	18
TSR	> FBM KLCI	+13.3 % above FBM KLCI	> FBM KLCI

Achievements

2010 Financial Performance

- Record net profit for FY2010 with 16.3% ROE
- Achieved all primary KPI targets and most secondary targets
- Declared total dividends of RM1.933 billion for FY2010, or 26.08sen per share, representing 55% payout ratio
- Achieved all objectives for Vision 2010, the 5-year transformation plan from a Malaysian investment bank to an ASEAN universal bank

Regional value proposition

- Regional branding enhancement
- Proliferation of regional products and services at both the consumer and corporate levels
- Regional organisational structure

Advanced regional investment banking positioning

- Increasing ex-Malaysia market shares
- Groundbreaking cross border deals: CVC/Matahari and Parkway/Khazanah
- Two mega IPOs: AIA and Petronas Chemicals

Transformation of foreign operations

- CIMB Niaga – Surge in profitability, strengthened capital position, significant new leadership hires, initiated new business streams
- CIMB Thai – Foundations set, completed recapitalisation and starting to make headway in Thailand

Other Key Financial Highlights

- FY10 net profit at RM3,521 mil, up 25.4% yoy
- CIMB Niaga contributed 34% of Group's FY10 PBT vs 21% in FY09
- Total gross loans expanded 12.4%YoY
- Group deposits grew by 11.6% YoY

Challenges

Regulations

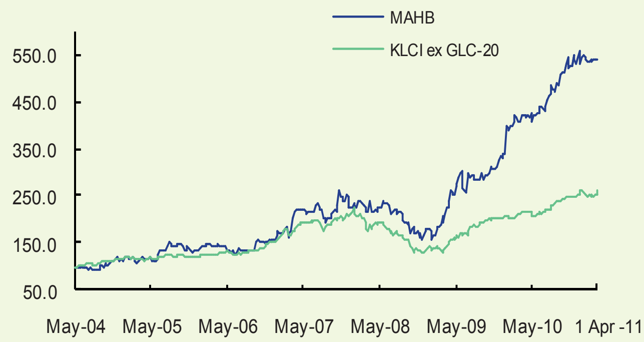
- Tightened consumer banking regulations in Malaysia for mortgages and credit cards
- First full-year adoption of FRS 139 effective 1 January 2010
- Adoption of Basel II effective 1 July 2010
- Global banking reforms remain an on-going development

Operations

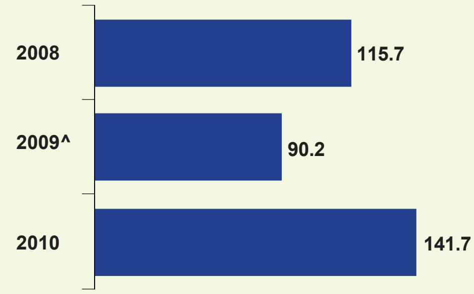
- Competitive pressures on NIMs especially in Indonesia
- Increased competition, rising interest rates and increased market volatility
- Operating environment shaken by political developments in the Middle East and North Africa as well as natural disaster in Japan

MALAYSIA AIRPORTS HOLDINGS BERHAD

TSR Index



Economic Profit (RM m)



Note: ^ restated

Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	305	350	294
Operating cashflow (RMm)	468	193	289
Net cash / (debt) (RMm)	674	-240	-960
Market cap (RMm)	2,431	4,367	6,908
ROE (%)	10	11	9
Debt-to-assets (%)	NA	7	23
Operating margin (%)	29	29	30

Headline KPIs

	Target 10	Actual 10	Target 11
EBITDA (RM m)	620	706.9	773.4
ROE (%)	9.22	10.27***	10.73
Airport Service Quality Award	Top 5 World wide	Rank no. 5* / Rank no. 13**	Top 5 World wide

* 25-40 mil pax category
** Worldwide Category
*** With FRS 139, MAHB achieved an ROE of 8.88% (compared to headline KPI target of ROE of 6.57%)

Achievements

Performance Highlights

- MAHB continues to be amongst the best airports in terms of pax movement
- Total passenger volume for FY2010 was 57.8 million, which was 12.7% higher than FY2009.
- International and domestic passenger movements grew by 21.3% and 5.6% respectively
- Total aircraft movements in FY2010 was 578,090 (+7.9% from FY2009)
- MAHB continues to increase its international presence through its latest overseas venture - Male Airport, Maldives (25+10 years concession)

Financial Highlights

- Achieved record turnover for 8th consecutive year and have been able to consistently deliver commendable operating results
- MAHB continues to surpass its Headline KPIs for 2010
- Revenue grew 12.6% on the back of higher pax growth of 12.7%
- Aero-revenue continue to benefit from increased passenger and aircraft movements.
- Non-aeronautical revenue underpinned by growth in retail business and higher rental revenue derived from increase in commercial space due to LCCT expansion and SROP
- Sales per passenger for KLIA (inc. LCCT) increased 1.3% in FY2010 with LCCT registering higher sales per pax growth of 7.3%
- MAHB's own retail arm, Eraman's business also grew due to higher retail and F&B income and outpaced overall pax growth
- MAHB share price consistently outperform the benchmark FBM KLCI
- MAHB has been rated AAA/A3 by RAM/Moody's – GoM's sovereign rating

Awards & Accolades

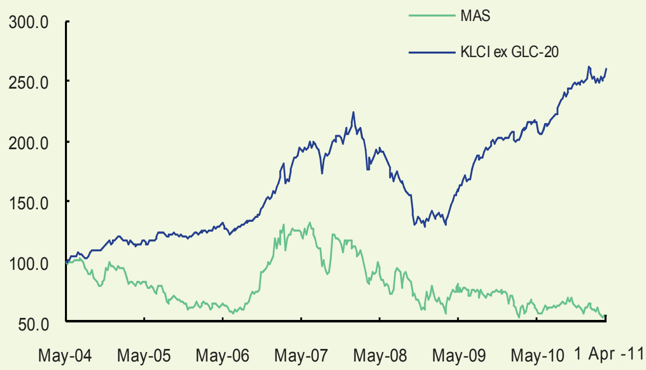
- MAHB was awarded the following awards in FY2010:
- Airport Investment Company of the Year – 2010 Frost & Sullivan Asia Pacific Aerospace & Defense Awards
- Asia Pacific Airport of the Year (Above 15 Million Annual Passengers) – 2010 Frost & Sullivan Asia Pacific Aerospace & Defence Awards
- Best Airport Immigration Service - South East Asia - Skytrax 2010 World Airport Awards
- Staff Service Excellence - South East Asia Skytrax 2010 World Airport Awards
- The Brand Laureate 2009-2010 for Corporate Branding - Best Brands in Transportation – Airport by The BrandLaureate
- KLIA ranked at no. 5 in ACI Airport Service Quality passenger survey Best Airport by size 25-40 mil pax

Challenges

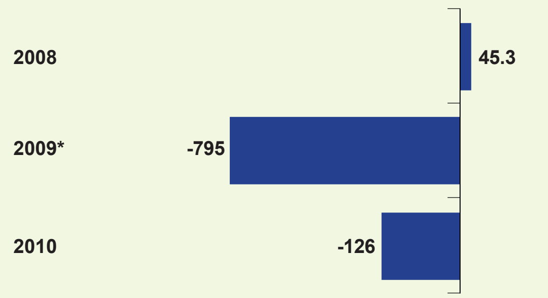
- Following 2009 achievement, passenger growth momentum at MAHB operated airports continued with vigour in 2010. The sustained 2010 growth indeed lays the foundation for further growth in 2011.
- Globally, there are fears of economic weakening especially in Europe and to a certain extent in the United States, as their governments are increasingly adopting austerity measures to rein in deficit spending and debt. Oil price is also seeing an uptrend.
- However, as stated by International Air Transport Association (IATA), airlines profitability has picked up and is expected to improve further which would encourage more capacity, cheaper fares and more travel.
- Airports Council International (ACI) has estimated 2011 global passenger growth at 4.9% while IATA has estimated both passenger and cargo tonne kilometers growth to be 6.1% globally.
- The growth is expected to be driven mainly by Asia Pacific Region. In this foreground, MAHB believes that our passenger growth target approximately 8% for MAHB group of airports is achievable.
- MAHB expects a challenging year ahead with major ongoing development work in the construction of KLIA2 and Penang International Airport.
- MAHB will also continue to develop the right portfolio of attractive, profitable projects and to attract investors for land development and also producing in depth analysis of overseas ventures especially in terms of partnering, funding and market selection
- Internally, initiatives are in place to continuously inculcate the performance driven mindset and culture among staff to align with the transformation programme objectives

MALAYSIA AIRLINE SYSTEM BERHAD

TSR Index



Economic Profit (RM m)



** 2009 Restated from -RM2,525m due to adoption of FRS139*

Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	244	520	234
Operating cashflow (RMm)	-436	-1,560	186
Net cash / (debt) (RMm)	2,948	633	-1,484
Market cap (RMm)	5,113	4,545	6,985
ROE (%)	6	21	11
Debt-to-assets (%)	NA	NA	30
Operating margin (%)	2	-5	2

Headline KPIs

	Target 10	Actual 10	Target 11
Operating Profit/Loss (RM M)	200-425*	264	300-600

** Compared with Mar2010 report, revised targets higher as per Q42010 Bursa Announcement*

Achievements

- Achieved Operating Profit of RM264m for FY2010, with YOY RASK increases of 9%. Overall traffic increased by 15% to achieve loads of 76.2%. Capacity increased by 4% on the back of increased frequencies and new destination. Excluding fuel costs, group CASK declined by -2%.
- Achieved positive Operating cash of RM150m for FY2010.
- Strong cargo operations, with 5 consecutive profitable quarters. YOY yield increases by 13% with loads up by 4.4ppts to 74.6%
- Successfully raised RM2.7bil right issue with overall oversubscription of 7% (19% oversubscription excluding Khazanah/PMB portion)
- Established new hub of operations in Kota Kinabalu, to support connectivity between Sabah and Sarawak, to major destinations in North Asia and Australia.
- Kicked-off major fleet renewal programme with the arrival for 3 new 737-800 and 3 new ATR72-500s for Firefly. Deliveries of 4 new 737-800 and 5 new A330-300s expected throughout 2011. MAS will operate the youngest fleet in Asia by 2015, supporting its vision of becoming Asia's Number One Full Service Carrier.
- Raised RM750mil financing with attractive rates for 2010 aircraft deliveries.
- Launched Firefly jet services between KLIA to Kuching and Kota Kinabalu, offering customers more choice and targeting value segments.
- Continued investments in systems and infrastructure, to improve business efficiencies and customer experience.
- Awards won in 2010:
  - Asia's Leading Airline and Asia's Leading Business Class Airline by World Travel Award
  - Best Use of Social Media to Drive Revenue - Simpliflying-Airline Business Social Media Excellence Awards for Airlines
  - Staff Service Excellence for Asia Award 2010 by Skytrax, UK
  - World's Best Economy Class Award 2010 by Skytrax, UK
  - Best Airline in Southeast Asia 2009 by GT Tested Awards, Global Traveller Magazine
  - Best Value Airline of The Year Award (Commercial Air Transportation Category - Firefly) 2010 by Frost & Sullivan Asia Pacific Aerospace & Defence Awards
  - Green Initiative of the Year Award (Airline category - Firefly) 2010 by Leaders in Aviation Award, Doha
  - 2010 National Award of Management Accounting for Public Listed Company category

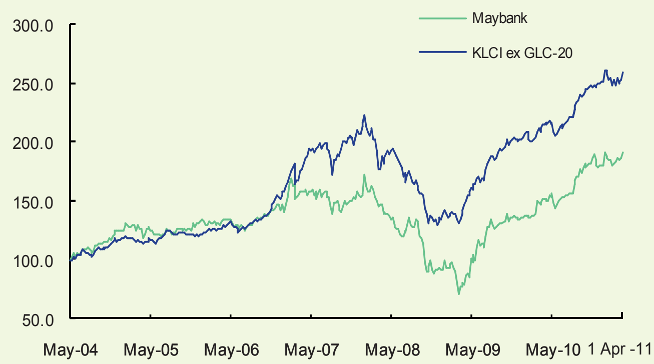
Challenges

- Fuel cost increases due to higher fuel prices from sustained unrest in the Middle East. MAS will continue to monitor prices closely, take remedial actions and hedge competitively.
- Demand impact due to recent events in Middle East and Japan along with continued economic uncertainties in Europe and North America. Severe weather setbacks, as seen over the past year, may pose major operational disruptions and challenges.
- Although the International Air Transport Association (IATA) reported strong full year 2010 demand in both the passenger and cargo business, IATA now expects industry profits to fall in 2011.

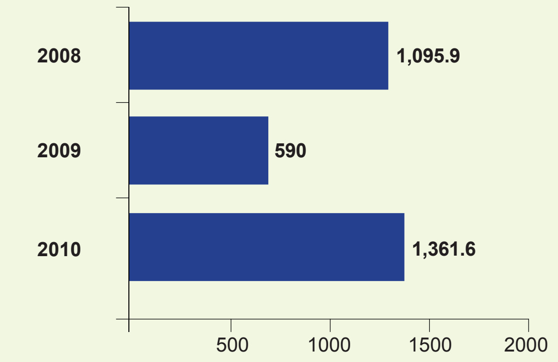
MALAYAN BANKING BERHAD

Maybank

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 30 Jun	FY2008	FY2009	FY2010	IH 2011
Net profit (RMm)	2,928	692	3,818	2,153
Net interest income (RMm)	5,427	5,920	6,771	3,588
Loan assets (RMm)	164,614	185,783	205,555	219,420
Market cap 31 Dec (RMm)	24,894	48,555	62,239	NA
ROE (%)	15	3*	14	15
Risk-weighted capital ratio (%)	13	15	15	14
Net non-performing loan ratio (%)	2	2	1	1

* Normalize ROE is 10% after adjusting for one-off impairment charges

Headline KPIs

	Target 10	Actual 10	Target 11
ROE (%)	7.5	13.6	14.0
Financial Assets Growth	N/A*	9.0	12.0

*Not applicable for FY2010

Achievements

Transformation bearing results in FY2010

- PBT grew from RM1.67b in 2009 to RM5.37b, highest ever achieved. PATAMI surged to RM3.82b from RM691.9m.
- Group total revenue grew 22.4% to RM12.87b, due to better performance by all key business segments .
- Net interest income grew 14.4% to RM6.77b mainly due to a full year's contribution from BII and lower interest expense in Malaysian and Singapore banking operations. Non-interest income increased by a significant 38.2% to RM4.67b led by a surge in investment and trading income, commissions, service charges and fees, foreign exchange and net premium written.
- The Group's gross loans grew 10.3% with domestic and overseas loans growth of 11% and 8.8% respectively.
- Net Non Performing Loan ratio declined to 1.22% from 1.64% y-o-y.
- The Group's Core Capital Ratio continued to be strong at 14.7%.

Further improved financial performance in 1H2011

- YOY Group PBT grew 16% to RM2.97 whilst PATAMI for 1H11 PATAMI grew 14.8% YoY to RM2.15 billion.
- Group Revenue for 1H11 grew 5.1% contributed by revenue growth from Community Financial Services (6.1%), Corporate Banking (11.8%), Singapore (8.3%) and BII (16.0%).
- Allowances for loss on loans declined due to higher bad debt recovery. Net Impaired Loan ratio improved to 2.74% from 2.99% the preceding quarter.
- KPIs on track to achieve targets for FY2011. Normalised ROE of 15.0% is ahead of full year target of 14%.

Aspirations

Maybank already has a strong base in the region. We are considered the 'fourth local bank' in Singapore; with BII, we have extensive presence in Indonesia with 327 branches; and have achieved a foothold in the Philippines, Cambodia, Vietnam and Brunei. We are currently in the midst of finalising the acquisition of Kim Eng Holdings Ltd, a leading stockbroking firm in ASEAN. The acquisition is expected to expand our investment banking franchise and improve our foothold in ASEAN in line with our vision to be the regional financial services leader by 2015.

The Transformation Journey Continues

The second phase of the transformation programme, launched in 2010, focuses on driving further the Group's revenue growth, customer service and operational excellence across three main business pillars, i.e. Community Financial Services, Global Wholesale Banking and Insurance and Takaful. The pillars are supported by the Enterprise Transformation Services and other support functions such as Finance, Human Capital and Risk Management.

Achievements

Awards for calendar year 2010:

- Best Retail Bank in Malaysia by The Asian Banker
- Best Mortgage & Liability Business by The Asian Banker
- Best Private Bank in Malaysia by Euromoney
- Best Visa Bank in Malaysia by Euromoney
- Most Innovative Deal / Innovative Islamic Deal of the Year - South East Asia by Alpha South East Asia
- Best REIT Deal of the Year – South East Asia by Alpha South East Asia
- Best Trade Finance Bank in Malaysia by Alpha South East Asia
- Best Cash Management in Malaysia by Alpha South East Asia
- Ijarah Deal of the Year by Islamic Finance News
- Merger & Acquisition Deal of the Year by Islamic Finance News
- Tawarruq Deal of the Year by Islamic Finance News
- Best IPO of the Year by The Edge
- Best Merger & Acquisition of the Year by The Edge
- Best Analyst Award by The Edge
- Best Malaysian trade Bank by Trade Finance Magazine

Challenges

Liberalisation and Competition

- Competitive outlook for banking industry with the entry of foreign banks as well as consolidation of domestic banks, will be the catalyst for Maybank to better prepare to meet the challenges of maintaining its leadership position

New Regulatory Capital Framework

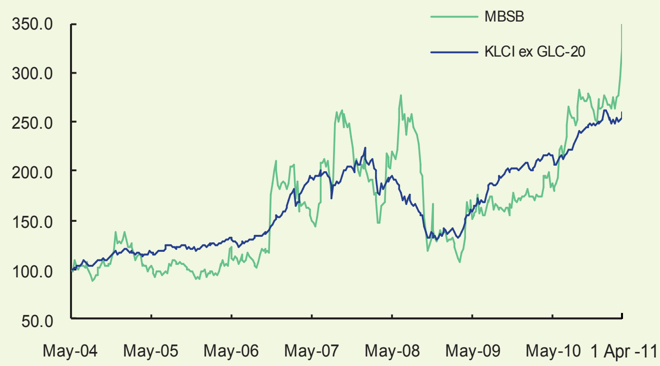
- The proposed introduction of Financial Market Master Plan by BNM together with the phasing in of Basel III will indeed be a test on how adaptive banks should and can be in addressing assets growth, liquidity, capital preservation and profitability.

Value creation from Overseas operations

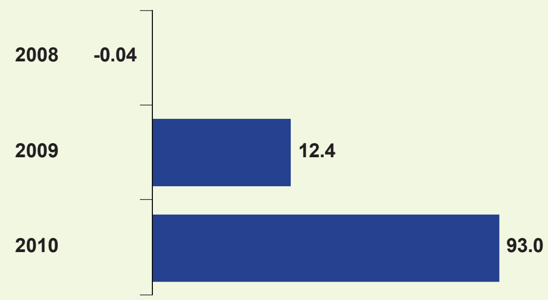
- Regionally, we will continue to spread our franchise, leveraging on the strong foundation we have established in our three home markets of Malaysia, Indonesia and Singapore. Our vision of becoming a regional Islamic bank also acts as a strategic differentiator. Maybank is committed to creating value from these investments and the other footprints that it already has.

MALAYSIA BUILDING SOCIETY BERHAD

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	33	57	146
Net interest income (RMm)*	103	162	177
Loan assets (RMm)	6,783	8,118	10,707
Market cap (RMm)	571	707	1,043
ROE (%)	7	11	31

* Refers only to conventional banking earnings

Headline KPIs

	Target 10	Actual 10	Target 11
ROE (%)	10.0	31.3	15.0
Revenue Growth (%)	15.0	43.1	25.0

Achievements

Financial performance meeting targets and on the rise

- Achieved PBT of RM207.4m FY2010, an increase of 158% as compared to FY2009
- Achieved all Headline KPIs for FY2010
- Declared dividend of 9.0%

Enhancing customer value proposition and improving service level

- Launched the "Service with a Smile" campaign
- Establishment of 3 Representative Offices (REP) in East Malaysia and 1 Sales & Service Centre (SSC) in Sarawak
- Reduced turnaround time for Personal Financing from over 14 days to 7 working days
- Implemented the Electronic Document Management System ("EDMS") that has increased the productivity and improved customer service
- Entering into SME market with the launch of SME Ekspres Tunai program
- Launched MBSB Ultimate targeted at high net worth clientele
- Implemented several key policies on fraud, complaint handling and business continuity
- Setting up of the Shariah Compliance Unit

Increased focus on customers and society

- Home Safety Awareness Campaign in collaboration with Fire and Rescue Department of Malaysia and Malaysia Red Crescent Society and local TV stations
- Continue to adopt schools under the Pintar Programme i.e. SRK Machang Bubuk and SRK Bukit Teh, Kedah which have shown improvement in their 2010 UPSR examination
- Joint promotion in blood donation campaign, Cancer awareness campaign, free blood sugar test and eye test programmes

Challenges

Staying at par with the industry

- Inherited legacy and low asset quality
- Thriving in an intense competitive environment given relatively smaller size
- Funding capabilities and inadequate liquefiable assets deterring assets growth
- To be able to sustain and negate the impact of the global economic cycle
- Reducing net NPL ratio of 15.7% (as of Dec 2010) to an acceptable industry average

Improving further delivery platform

- Intense challenges in positioning Mortgage product
- Human capital development and strengthening the ability to attract and retain talents. Inculcating performance based work culture
- Limited delivery channels leads to opening up of Representative Offices and collaboration with strategic alliances to tap into online banking
- Identify, anticipate and satisfy customer needs and sustain customer satisfaction level

Enhancing operating platform

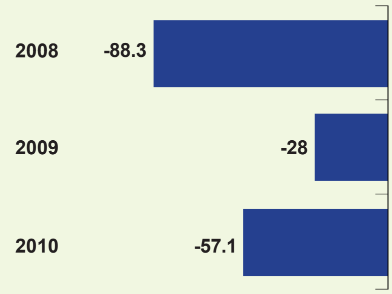
- Upgrade IT infrastructure
- Improve assets quality

MALAYSIAN RESOURCES CORPORATION BERHAD

MRCB

TSR Index

Economic Profit (RM m)



Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	-57	35	67
Operating cashflow (RMm)	167	-243	-617
Net cash / (debt) (RMm)	-541	-825	-1,197
Market cap (RMm)	640	1,243	2,750
ROE (%)	-8	5	7
Debt-to-assets (%)	45	54	48
Operating margin (%)	6	11	13

Headline KPIs

	Target 10	Actual 10	Target 11
Group Revenue (RMm)	1,100	1,067	1,300
New Property Sales (RMm)	300	442	800
New Order Book Growth for Engineering, Infrastructure and Others (RMm)	1,000	329	1,000
Group PBT (RMm)	80.0	97.6	150.0

Achievements

Major infrastructure project delivery, commencement of works and strong capital management practices

- The ongoing developments in KL Sentral in aggregate is the biggest urban and commercial development in the country with the creation of properties worth more than RM4 billion in KL Sentral by 2012.
- Two ongoing developments in KL Sentral which will make up a significant percentage of the developments are planned and designed to comply with the green building standards of either LEED (US), BCA Green Mark (Singapore) or GBI (Malaysia) and upon completion would receive the green certification for an area of more than 2 million sq. ft.
- The Brandlaureate Conglomerate Awards 2010-2011
- ACCA MaSRA 2010 – shortlist
- NACRA Award 2010 – Best Corporate Social Responsibility Reporting Award - Silver Award
- 2010 FIABCI International Prix d'Excellence Awards for Purpose Built development 1st runner-up – Sooka Sentral Lifestyle Centre
- StarBiz ICR Malaysia Corporate Responsibility Awards 2010 Finalist – Marketplace Category

Continuous support to Malaysia's economic development and ETP

- JV with Pelaburan Hartanah Berhad to develop an integrated transport hub in Penang that will stimulate economic growth in Northern Peninsular Malaysia.
- Commencement of St Regis Residence & Hotel development in Kuala Lumpur Sentral to establish a new benchmark in the Malaysian hospitality industry and services sector.
- Transformation of Little India in Brickfields and Jalan Travers into a vibrant and conducive environment for business and living for the community.
- Strategic partner in the recent BN Employment Fair for unemployed graduates.

Focused on employee welfare

- High Achiever Award to reward employees' children that have achieved excellent academic results in their PMR, SPM and STPM.
- KPI reward measure with significant salary bonus payout and special merit bonus to excellent performers. Revision to salary and annual increment.

Continuous support towards environmental development

- Working towards river rehabilitation works in Greater Kuala Lumpur.
- Continuous work done on "greening" of Kuala Lumpur Sentral.
- Stevie International Business Awards 2010 Distinguished Honoree for Best Environmental Responsibility programme of the year for the River and Beach Rehabilitation Project at Teluk Bay, Tioman Island 2008/2009.

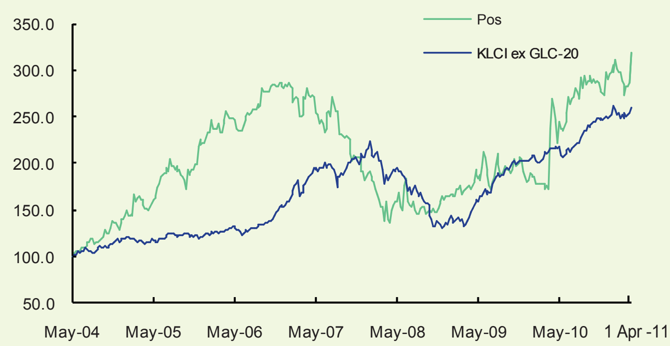
Challenges

Susceptibility to external factors

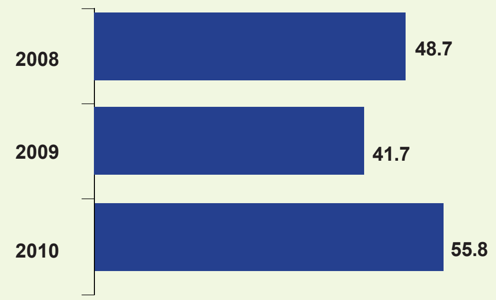
- Weakness of demand for overall property particularly high-end residence due to economic conditions and excess supply.
- Federal and State governments are slow in awarding contracts.
- Increase in cost of raw materials and imported goods expected to negatively impact profit margins (particularly when contract prices are fixed regardless of the increase in the world commodities market).
- Availability of funding at reasonable cost may adversely impact project financials.
- Slow payments from clients affecting work progress and cash-flow.

POS MALAYSIA BERHAD

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	-36	75	67
Operating cashflow (RMm)	112	118	209
Net cash / (debt) (RMm)	566	286	354
Market cap (RMm)	1,085	1,192	1,804
ROE (%)	-4	10	8
Debt-to-assets (%)	NA	NA	NA
Operating margin (%)	13	12	13

Headline KPIs

	Target 10	Actual 10	Target 11
Revenue (RMm)	930	1,015	1,178
EBITDA (RMm)	110	163	192
ROA (%)	3.3	8.0	7.9
Staff Costs to Operating Expenses (%)	60	61.5	N/A*
Staff Costs to Revenue (%)	N/A* (56.3)	N/A* (55.1)	53

N/A* = Not a headline KPI

Achievements

Highest revenue recorded, good operating profit growth but decline in net profit

- Group revenue topped the billion ringgit mark to close at RM1.02 billion; 13% higher than in 2009.
- Recorded an operating profit of RM106 million, an increase of 28% as compared to FY2009
- Reduced in net profit by 13% to RM67 million as a result of impairment losses provided for investments in Transmile Group Berhad and the one-off impairment losses on capital expenditure in the postal counter system.

Improved services and service offering

- Our Transformation focus on strengthening position in domestic market in our core businesses namely mail, courier and retail.
- Mail business:
  - Commenced National Mail Processing Hub (NMPH) operations in October 2010. Expected to improve quality of mail and increase automation levels in processing up to 50%.
  - Delivery beat recasting exercise was undertaken in 2010. Saw a reduction of approximately 207 delivery beats or about 4% of existing delivery beats with existing workforce being redeployed in new areas of growth.
  - Developed Bulk Mail Revenue Protection (MaRS) System, upgraded International Postal System (IPS) and Express Mail Service (EMS) infrastructure to improve domestic and international services.
- Courier business:
  - Embarked on the Streamline Network Structure (SNS). Reduce overlaps in network and in turn yield significant cost savings and better margins.
  - Upgraded the Electronic Shipping Tools (EST) for convenience, time and cost savings for corporate customers.
  - Formed a strategic alliance with international integrator United Parcel Service (UPS). Launched PosLaju International Premium, a day-definite, international express delivery service with money-back guarantee serving over 215 countries.
- Retail business:
  - Introduction of self-service terminal, POS24, handling a variety of simple counter transactions such as bill payments and stamp purchases.
  - Launched Pos-on-Wheels, a mobile post office offering a full range of postal services including online transactions via the Satellite to improve our reach to customers in rural and remote areas.
  - Partnering with local banks to deliver better financial services to the rakyat and entered into partnerships with government agencies to collect police and traffic summons.
  - Launched POS Shoppe. To focus on customer needs and strengthen our image.

Achievements

Others:

- Launched PostMe.com.my on 29 November 2010, our online portal business.
- Optimising customer service. Reduction in the rate of abandoned calls from more than 50% to 4%.
- Launched E-Bidding and centralising Transport Department have created value.

Awards:

- Mail was awarded the GOLD Award for Quality Management Certification Programme from the Universal Postal Union (UPU)
- PosLaju was awarded with:
  - Frost & Sullivan Malaysia Excellence Award for Best Express Service Provider for the second consecutive year;
  - Reader's Digest Trusted Brand Gold Award 2010 under the Air Freight and Courier category for the fifth year in a row;
  - Best Brand in Courier & Express category by BrandLaureate Awards 2010;
  - EMS Cooperative Certification Silver Level Award for 2009 by UPU acknowledging the performance of Pos Malaysia in terms of delivery and transmission;
  - Malaysia Good Design Mark 2009 awarded in 2010 recognising good design and quality products for the PosLaju Pack 5, PosLaju Doc and PosLaju Tube products; and
  - 'Anugerah Kecemelangan Perniagaan Beretika 2010/2011' under category 'Syarikat Besar' by Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan (KPDNKK) recognising ethical business dealings in the corporate world.

Challenges

Rising costs

- Escalating costs due to high fixed costs of infrastructure, maintaining of network, jet fuel and staff costs.

Eroding mail volume & competition to all our business

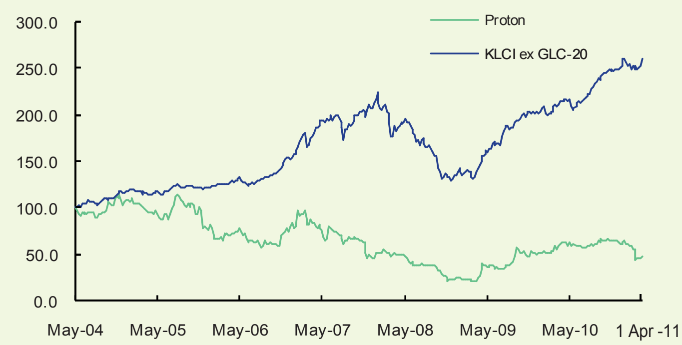
- The declining trend of mail volume from a multitude of threats puts great pressure on revenue.
- Competitive pressure from electronic substitution or illegal operators/hand mailers resulted in negative growth of the traditional mail volume.
- We faced intense competition in all area of our business such as 105 courier licensees issued by our regulators, competing channels, financial institution and online substitution put pressure to our retail business.

Changing customer needs

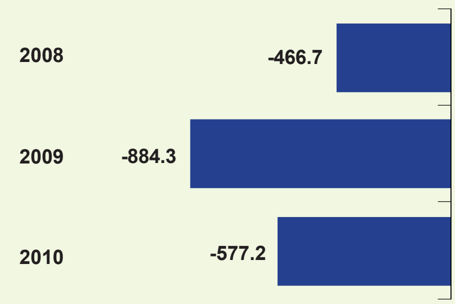
- With access to more information and more options than ever before, customers have a broader choices for delivery

PROTON HOLDINGS BERHAD

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 31 March	FY2008	FY2009	FY2010
Net profit (RMm)	185	-302	219
Operating cashflow (RMm)	844	253	1,290
Net cash / (debt) (RMm)	977	553	1,478
Market cap 31 Dec (RMm)	994	2,147	2,471
ROE (%)	3	-6	4
Debt-to-assets (%)	NA	NA	NA
Operating margin (%)	3	-5	3

Headline KPIs

FY 31 March	Target 10	Actual 10	Target 11
Domestic Market Share-Passenger Vehicle Segment (%)	31	29	33
Contribution of Export Sales to Revenue (%)	7.7	7.0	8.4
Revenue Growth (%)	29.5	26.2	20
Customer Satisfaction Index (x/1000 points)	700	691	720

Achievements

Domestic Sales and Market Share

- Posted a total of 157,170 units registrations which is 4% higher than target and 13% improvement over the previous year's performance
- Increased market share to 28% compared to 26% in the previous year.

New Models

- Inspira
- Saga Face Lift
- Gen2 (Minor Change)
- 25th Anniversary Special Edition Saga, Persona and Exora
- Exora (Minor Change)

Awards in 2010

Frost & Sullivan Malaysia Excellence Award 2010

- • Best Passenger Car Model of the Year for Proton Saga (fifth award)
- • Best Automotive Debut Model of the Year for Exora
- • Reader's Digest Trusted Brand 2010 Gold Award for Car Category (7th award)

Labour Day Achievement Award for the category Competitive Employer Award (Big Corporations) in conjunction with 2010 Workers' Day Celebration presented by the Prime Minister.

Best Range Extender EV award for Proton Exora at RAC Future Car Challenge, United Kingdom

Strategic Initiatives Moving Forward 2010

- Restructuring of Lotus to turn into a profitable business as part of its 5-year business plan
- Intensify branding and marketing initiatives
- Investment in development activities for technology, refreshers and new models

Challenges

Domestic Markets

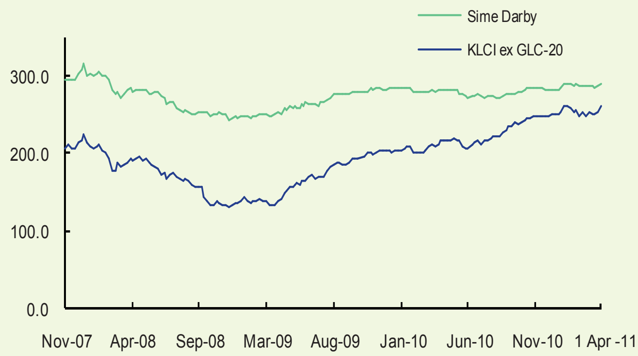
- Entrance of new competitors into the market especially European brands
- Industry-wide trend to offer discounts on their products
- Continuous increase in household debt reduce consumer credit rating and affordability

Export markets

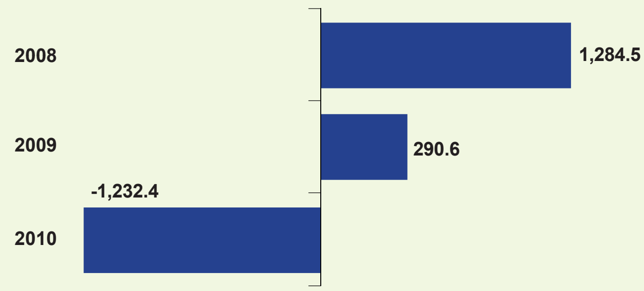
- Global economic slowdown
- High investment required to meet ever evolving and increasing regulatory requirement of certain countries

SIME DARBY BERHAD

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 30 Jun	FY2008	FY2009	FY2010
Net profit (RMm)	3,512	2,280	727
Operating cashflow (RMm)	3,794	897	3,531
Net cash / (debt) (RMm)	1,165	-2,297	-3,098
Market cap 31 Dec (RMm)	31,249	53,905	52,883
ROE (%)	18	11	3
Debt-to-assets (%)	NA	9	13
Operating margin (%)	15	10	6

Headline KPIs

	Target 10	Actual 10	Target 11
Return on average shareholder's Funds (ROSF) (%)	11.0	3.5	11.5
Net Profit (RM m)	2,500	727	2,500

Achievements

Financials

- Recorded a net profit of RM727 million for FY 2010
- Achieved in spite of the provisions and impairments made in Energy and Utilities Division amounting to RM2.1 billion
- ROSF of 3.5%
- 6% increase in Revenue to RM33 billion

Reestablished Stakeholder Trust in the Company

- Effected changes in corporate governance, risk management and board effectiveness
- Instituted foundation for the company to move towards a high performing culture
- Strengthened leadership and management team across all divisions

Merger synergies

- Realised merger synergies of over RM360 million from the Plantation and Property Divisions by end FY2010.

Sustainability

- Plantation Division
  - Largest producer of sustainable palm oil in the world (860,000 MT as of 31st March 2011)
  - As of 31st March 2011, 24 Strategic Operating Units (SOUs) have been certified by the Roundtable on Sustainable Palm Oil (RSPO), covering a total planted hectarage of 159,400 ha. Target to have all 62 SOUs certified by Dec 2011.
- Property Division
  - #2 in The Edge Top Property Developer Award 2010
  - Gold Award, Property Category, Putra Brands Award
  - Frost & Sullivan Best Practices Award 2010 – Green Builder of the Year
  - Completed The Sime Darby Idea House which is a prototype of the first zero carbon residence in South East Asia
- Motors Division
  - 'Quality Environment Award - World Class 5S Practices' awarded by Malaysia Productivity Corporation to Inokom Corporation Sdn Bhd in 2010

Corporate Social Responsibility

i Stability of Altered Forest Ecosystems (SAFE) Project (RM30 million)
ii Ulu Segama Forest Rehabilitation Programme (RM25 million)
iii Women's Aid Organisation (WAO) (RM1.08 million)
iv YSD Track Cycling team (RM30 million)
v Education Scholarships (Excellence and Bursaries) – (Total amount spent 2009/10 - RM16 million)

Challenges

Group: Restore trust of our stakeholders and establish leadership position by having a winning portfolio of sustainable businesses

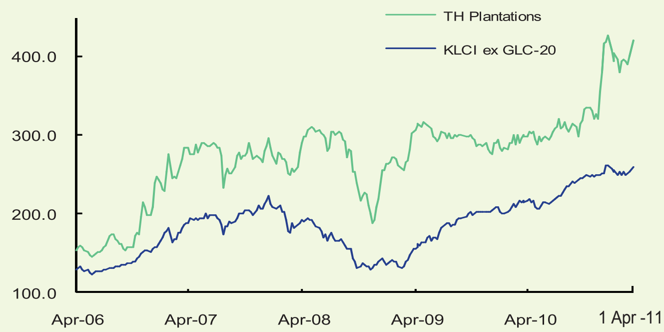
Four key thrusts:

- **Turnaround the Energy & Utilities (E&U) Division**
  - Resolve all outstanding issues that could affect the Group's performance and turnaround the Oil & Gas (O&G) business
- **Maximising potential across all core businesses**
  - Ensure businesses are performing optimally and strengthen their competitive positions by enhancing operational efficiencies.
  - Inculcate a culture of thrift and cost consciousness
  - Forge new strategic alliances and strengthen existing ones
- **Instituting a high performance culture**
  - Succession Planning - Strengthen leadership pipeline
  - Strengthen Performance and Rewards practice
  - Capability Development
- **Reviewing the portfolio mix of businesses within the Group**
  - Financial, competitive and strategic fit diagnostic
  - Identify businesses to expand, incubate or divest

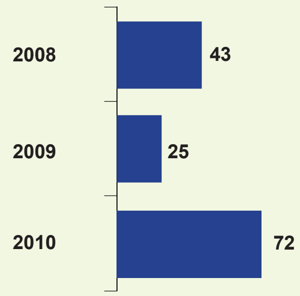
TH PLANTATIONS BERHAD

TH Plantations Berhad

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	84	54	89
Operating cashflow (RMm)	204	7	187
Net cash / (debt) (RMm)	41	-77	-36
Market cap (RMm)	558	712	1,016
ROE (%)	28	13	19
Debt-to-assets(%)	NA	11	5
Operating margin (%)	47	26	42

Headline KPIs

FY 31 Dec	Target 10	Actual 10	Target 11
Return on Equity (%)	12.0	18.45	19.0
FFB yield per mature hectare mt/ha	21.60	20.58	22.03
Dividend	To distribute approximately 50% of Group's Annual PATAMI	12.50 sen per share less tax at 25% (subject to shareholders' approval). This translates into a net payout of 51.2% of the Group's PATAMI	To distribute approximately 50% of Group's Annual PATAMI
Landbank increase	To expand our land bank to 50,000 Ha by 2012	To expand our land bank to 50,000 Ha by 2012	To expand our land bank to 50,000 Ha by 2012

Achievements

Steady financial performance

- Registered a record financial performance with a 90% increase in net profits of RM108.4 million compared to 2009.
- Recorded a healthy shareholders' funds of RM513.4 million.
- Dividend payout with a first and final dividend declaration of 12.5 sen per share (subject to shareholders approval).

Continued support for economic growth plans

- Supporting government's initiatives to develop Bumiputera entrepreneurs by providing contract works and grooming the local small scale entrepreneurs from the plantations communities in the areas of estate maintenance, transportation, construction of plantation infrastructures & amenities and supply of machineries, spare parts & chemicals.
- THPAM (a wholly owned subsidiary of THP), the management agent for the joint development between TH, the State Agency and the Natives, is jointly developing the NCR land covering an area of approximately 1,500 Ha located in Beladin, Sarawak, with oil palm plantations. This initiative benefits around 700 natives and is parallel with our continued support and commitment to eradicate poverty and improve rural infrastructure under the National Key Result Areas of the Government Transformation Programme.
- Focusing on four out of five Entry Point Projects ("EPP") namely accelerating replanting programme, improving yields, improving workers' productivity and increasing the Oil Extraction rate (OER).

Achieved industry recognition

- Accorded the MSWG Malaysian Corporate Governance (MCG) Index 2010 Award under the Industry Excellence Award – Plantation and ranked 4th among companies that Scored A in the MCG Index 2010.

Challenges

Labour Issues

High dependency on foreign labour and to attract local workforce to work in the oil palm plantation.

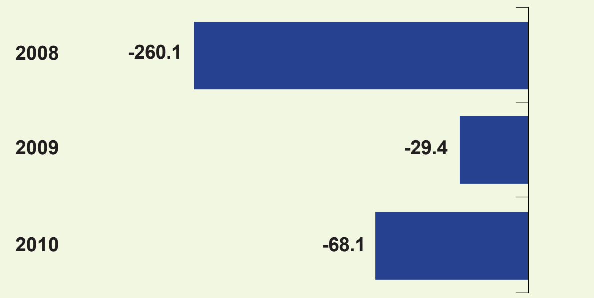
Threats by NGOs

Discriminatory measures by NGOs to harm oil palm industry, from accusations of rampant deforestation and unsound environmental practices to unfair treatment of farmers and indigenous people.

TELEKOM MALAYSIA BERHAD

TSR Index

Economic Profit (RM million)



* See Note 1

Historical Performance

FYE 31 Dec	FY2008*	FY2009	FY2010
Net profit (RMm)	229	643	1,207
Operating cashflow(RMm)	2,890	3,224	3,088
Net cash / (debt) (RMm)	-4,627	-2,928	-2,044
Market cap (RMm)	11,018	10,947	12,557
ROE (%)	2	7	16
Debt-to-assets (%)	31	29	21
Operating margin (%)	12	12	11

* Proforma adjustment for TMI/ Axiata demerger

Headline KPIs

	Target 10	Actual 10	Target 11
Revenue Growth (%)	2.0	2.1	2.5
EBITDA Margin (%)	33.0	33.1	32.0
Customer Quality Perspective	Spend at least 5% of revenue for improvement in quality of customer experience	Spent 5.1% of revenue to improve customer experience	TRI*M score of 70 (see Note 2)

Achievements

Landmark Year with Achievement of All 2010 Headline KPI

- Achieved revenue growth of 2.1%
- Recorded EBITDA margin of 33.1% and spent 5.1% of revenue on improving the quality of customer experience.

Key Milestones Delivered

- PATAMI increased by 87.6% to RM1,206.5m
- Maintained leadership in broadband segment with 1.7 million customers, up 17.4% from 1.4 million in 2009

Revenue Growth

- Revenue of RM 8,791 million in 2010 is 2.1% higher than RM 8,608 million recorded in 2009
- Non-voice (data and Internet & multimedia) revenue continues to surpass voice, with growth of 15.4% and 5.9% respectively, contributing to 56% of revenue

Continued Commitment to Shareholders Value Creation

- Delivered dividend commitment of RM 700.3 million
- Proposed capital distribution of RM 1,037.4 million

Balance Sheet Management

- Continuous divestment of non-core assets, i.e. disposal of Measat and Axiata shares

Launched HSBB and UniFi

- The nation's first integrated triple-play service
- Achieved 800,000 premises passed on the back of over 61 exchanges as at 21 March 2011
- Installed UniFi service to over 60,000 customers since 24 March 2010 launch

Challenges

Continuing Decline in Voice Services Revenue

- Although at a slower pace, decline is continuing due to lower usage and fixed-to-mobile substitution. However, this is mitigated by growth in the data and internet revenue
- Efforts to arrest decline through improved offering in terms of service and price

Competition in Broadband Space

- Competition from mobile, WiMax and new HSBB providers
- There is still room for growth as broadband penetration rate is currently 55.6%

Capex Management

- Careful management of HSBB and "Business-as-usual" capital expenditure spend remains crucial along with continued implementation of cost management initiatives. This is compounded by the challenge of maintaining two concurrent networks while TM undergoes transition to an all-IP Next Generation Network (NGN).

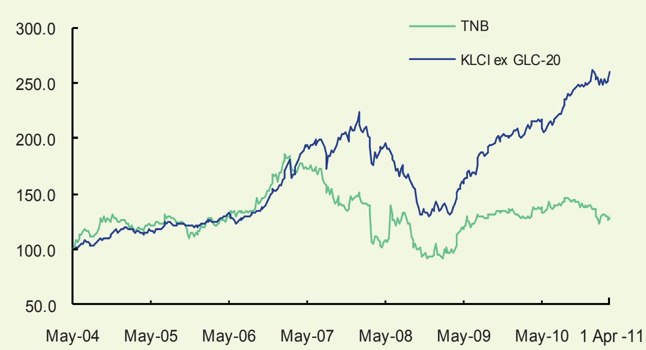
Regulatory

- Regulatory support remains important in light of increasingly competitive industry landscape to ensure equitable and balanced industry structure and fair returns on HSBB network investments.

Note 1: 2009 EP was revised from RM 64.3 million to RM -29.4 million to exclude non-operational profit such as gain on disposal of investments, whereas the average invested capital was revised to include leasehold land

*Note 2: Starting 2011, TM will be using TRI*M index to measure end to end customer experience at all touch points. TRI*M (Measuring, Managing and Monitoring) is a standardised indicator system. It analyses, measures and portrays stakeholder relationships on the basis of standardised indicators. The TRI*M Index is an indicator of the status quo of a particular relationship. The index is made up of four points of view on the stakeholder relationship, e.g. for customer loyalty: overall rating, recommendation, repeat purchasing of product/ services, and a company's competitive advantage. The information is based on surveys/interviews on a sample customer base. For 2010, TM achieved a TRI*M score of 68.*

TSR Index



Economic Profit (RM m)

Historical Performance

FYE 31 Aug	FY2008	FY2009	FY2010
Net profit (RMm)	2,594	918	3,202
Operating cashflow (RMm)	6,413	6,396	7,070
Net cash / (debt) (RMm)	-17,335	-16,431	-12,839
Market cap 31 Dec (RMm)	27,092	36,465	36,498
ROE (%)	10	4	12
Debt-to-assets (%)	40	39	31
Operating margin (%)	16	13	14

Headline KPIs

	Target 10	Actual 10	Target 11
ROA (%)	4.5	4.7	4.5
Gearing (%)	44 - 46	42.5	NA
Unplanned Outage Rate (UOR) (%	3.6-4.0	2.7	3.6 - 4.0
T&D Losses (%)	9.0-9.5	9.5	9.0 - 9.5
Transmission System Minutes (mins)	5 - 7	0.9	1.0-2.5
Distribution SAIDI (mins)	68 - 72	65.0	85 -93*

** Based on new formula*

Achievements

Improved financial performance

- The Group reported total revenue of RM30.32 billion, surpassed the RM30 billion mark.
- The Group recorded ROA of 4.7% which was above the targeted 4.5% mainly driven by higher demand growth.
- Outstanding debt of RM21.3bn (in 2004, RM32.4bn)
- Achieved gearing level at 42.5%
- Effective weighted average costs of funds of 5.3%

Improved operational efficiencies

- Achieved UOR of 2.7%, thereby surpassing the world class industrial benchmark of 4.0% for the fourth year running
- Reported Transmission System Minutes of 0.9 minute
- Achieved Distribution SAIDI of 65.0 minutes

Accolades

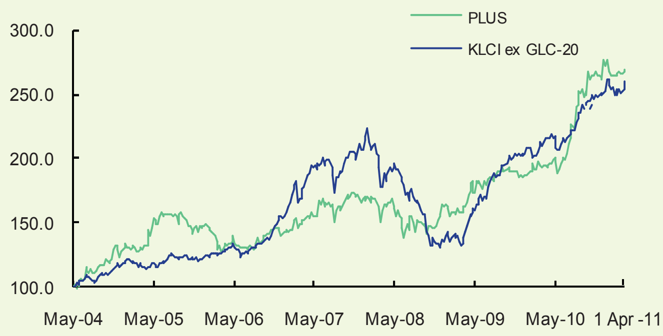
- TNB President/CEO was named CEO of the Year at the Inaugural Asia Power and Electricity Awards 2010 in conjunction with the prestigious Power and Electricity World Asia Conference and Smart Electricity World Asia Conference held in Singapore
- Geospatial Excellence Award (Geospatial Technology for Electricity) for 2010
- TNB's CEO won Business Leadership Award - Energy Sector Category at 2nd Malaysia Business Leadership Award
- Best CEO at 'Majlis Anugerah Tenaga dan Elektrik Asia 2010', April 2010.
- TNB won Certificate of Merit for 'Reka Bentuk Terbaik' at National Annual Corporate Report Awards (NACRA), Dec 2009
- TNB won Distinction Award at 'Majlis Penyampaian Anugerah Malaysian Corporate Governance (MCG) Index', Dec 2009
- TNB's Chairman won Lifetime Achievement Award In Information and Technology from Contact Centre Association of Malaysia (CCAM).
- 2nd Runner Up – Overall Category at the Malaysian Business-Chartered Institute of Management Accountant (CIMA) Enterprise Governance Awards 2009, Nov.
- Asia's Best Employer Brand Awards, July 2010
- Universiti Tenaga Nasional (UNITEN) was crowned the winner of the Prime Minister's Award for Industry Excellence (APMKI) and Excellence Award in Quality Management (QMEA) Excellence – Category III for 2009 (Award received in 2010).

Challenges

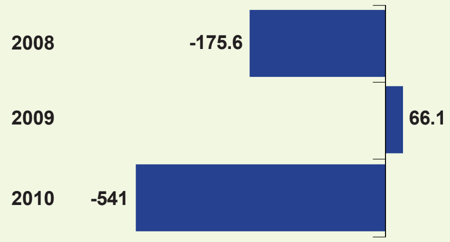
- TNB needs to continue lobbying for fuel cost pass-through mechanism in its tariff structure to manage the rising fuel costs.
- TNB will face profit pressure in the face of volatility of fuel prices.
- TNB faces the risk of lower gas allocation resulting in higher dependence on coal, which is more expensive fuel
- Due to heavy reliance on gas and coal for its power generation and potential rising in the cost of these fuels, TNB will also need to actively pursue the use of alternative energy sources (like hydro, nuclear and LNG) to meet future power demand. Currently, gas and coal represent 55% and 40% respectively in TNB's generation fuel mix.

UEM GROUP BERHAD

TSR Index



Economic Profit (RM m)



NB: Restated 2009 EP numbers (based on the restated audited accounts, whereby results of certain subsidiaries had been reclassified to discontinued operations), is -RM165m. The earlier submitted amount of RM66.1m was computed based on 2009 draft financial statement, which had not taken into account additional provision of RM140m)

Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	548	621	242
Operating cashflow (RMm)	2,153	2,112	2,371
Net cash / (debt) (RMm)	-9,993	-9,619	-9,429
Market cap (RMm)	NA	NA	NA
ROE (%)	7	8	3
Debt-to-assets (%)	46	44	43
Operating margin (%)	30	38	35

Headline KPIs

	Target 10	Actual 10	Target 11
Revenue Growth (%)	8.9	4.5	10.0
ROE (%)	7.5	3.2	5.9

Achievements

- PEB entered into Concession Agreement for 4 laning of Jetpur-Somnath Section NH-8D, a section of India's National Highway 8D, with total length of 127.6 kilometres for a period of 30 years.
- UEM Builders was awarded the construction contract for LCCT2 with construction period of approximately 20 months.
- UEM Land had entered into a sale and purchase agreement to acquire a piece of land of 448.61 acres in Bangi.
- UEM Land had acquired Sunrise Berhad which would allow it to participate in the developments of Sunrise in the Klang Valley including Mont Kiara and Dutamas, as well as developments at KLCC), Kajang and Shah Alam.
- PEB had received these awards: the Practice Solution Award under the public listed companies category from the National Award For Management Accounting (NAFMA), Malaysian Corporate Governance (MCG) Index award, Malaysia Business Leadership Award & National Annual Corporate Report Awards (NACRA).
- UEM Land was awarded the National Annual Corporate Report Award (NACRA). Runner up of Best Master Plan for 2010 FIABCI Prix d'Excellence Awards for Puteri Harbour development. Kota Iskandar won the FIABCI Malaysia Property Award 2010 (Phase1-Public Sector category) whereas East Ledang won Best Development Malaysia (Highly Commended) award at the Asia Pacific Property Awards 2010 and the Special Category Award at the PAM Awards 2010, Horizon Hills was awarded TOP 5 Hospitality Asia Platinum Awards (HAPA) Golf Course of the Year 2010-2012.
- UEM Environment received: OSH Excellence Award (Utility Cleanliness) from National Council, 1st Runner-up of ACCA Malaysia Sustainability Reporting Award (MaSRA), Best OSH Award (Environmental Category) from Malaysian Occupational Safety and Health Professional's Association (MOSHPA) and Gold award from Malaysian Society For Occupational Safety and Health (MSOSH). Also won the prestigious RoSPA Occupational Health and Safety Gold Award 2010, the third in a row since 2008.

Challenges

Education & Human Capital

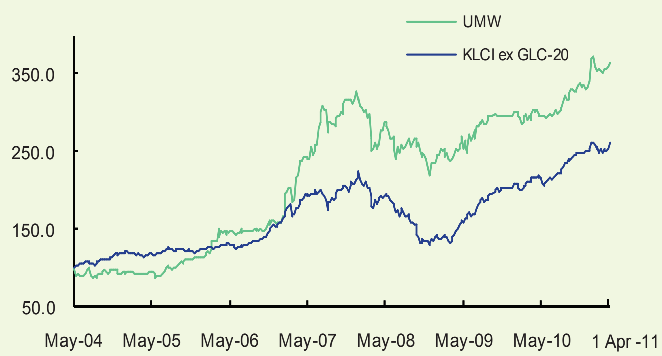
- To ensure that UEM's talent force continually reinvents its skills and capabilities to remain highly effective and competitive

Global/ Regional Economic Environment

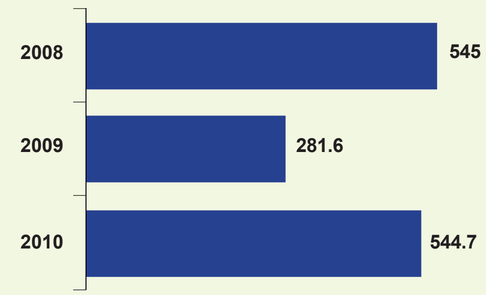
- To intensify UEM's role in nation building as Goverment continues to invest in infrastructure and key people-centric projects for an economically vibrant and remodeled nation
- To continuously reinforce UEM's presence in markets such as India and Middle East where there are promises of huge growth potential
- To sustain the convergence of investment into Nusajaya to arrive at the "tipping point" of accelerated growth
- To resolve several significant disputes involving litigations and claims arising from past projects
- To implement the concept of Green Environment in all its business practices and operations in maintaining a sustainable growth

UMW HOLDINGS BERHAD

TSR Index



Economic Profit (RM m)



Historical Performance

FYE 31 Dec	FY2008	FY2009	FY2010
Net profit (RMm)	566	382	512
Operating cashflow (RMm)	649	802	1,028
Net cash / (debt) (RMm)	290	-411	-497
Market cap (RMm)	5,625	7,108	8,097
ROE (%)	17	10	13
Debt-to-assets (%)	NA	8	9
Operating margin (%)	8	7	9

Headline KPIs

	Target 10	Actual 10	Target 11
Return on Shareholder Fund (%)	10.0	13.1	10.0
Dividen Pay Out (%)	50	76.2	50

Achievements

1. Group revenue of RM 12,840.6 Million for the financial year ended 31st December 2010, surpassed the RM10,720.9 Million recorded in 2009 by RM2,119.7 Million or 19.8%.

2. Group profit before taxation of RM1,312.9 Million , improved over the RM846.5 Million achieved in 2009 by 55.1%, an increase of RM466.4 million

3. UMW achieved it's target Headline Key Performance Indicators (KPI) for 2010 as stated below:
   - (A) Annual Return on shareholder fund of 13.1% against target of minimum 10.0%.
   - (B) Annual dividend pay out ratio of 76.2% against target of 50.0%

4. Registered total Toyota and Perodua vehicle sales of 281,958 units represented 46.6% of the Total Industry Volume ("TIV") of 605,156 units reported by the Malaysian Automotive Association for the financial year ended 31st December 2010. (An increase from 2010 of 248,825 units representing 46.3%)

5. Our premium jack – up rig , Naga 2, has secured a drilling contract with estimated value of USD 183 Million over a period of 1,355 days. Naga 2 has been income generating since September 2010.

6. United Seamless Tubular Private Limited's new OCTG plant in India commenced commercial production of green pipes. The first shipment of 200MT of 9 5/8" was delivered in August 2010

Challenges

1. **Automotive**
   The Malaysian Automotive Association forecast a positive trend in TIV will continue in 2011, however the competition will remains stiff with an introduction of new models by other car manufacturer, which pose a challenge to UMW to maintain the pole position

2. **Oil & Gas segment expected to return to profitability in 2011 in view of the following:**
   - (a). Naga 1 had its contract extended by Petronas Carigali Sdn Bhd for another 5 years at higher operating rate.
   - (b). Naga 3 was delivered in September 2010 and in negotiations for a drilling contract with potential customer.
   - (c). United Seamless Private Limited's new OCTG plant in India expected to achieve up to 60% capacity utilization by end of 2011 from current 25%.

3. **Heavy Equipment**
   Demand for heavy and industrial equipment continue to be strong as all the economies of the countries where our Equipment has presence expected to register another year of growth in 2011. We secured an order of 150 units of Komatsu mining recently with a contract value of RM225 Million.

4. **Manufacturing & Engineering**
   All our new automotive components plants in India will run full production in 2011. Contributions by this segment to UMW is expected to grow accordingly.

iv. Acronyms & Abbreviations

ADP	Accelerated Development Programme
AFFIN	Affin Holdings Berhad
AFFINBANK	Affin Bank Berhad
Axiata	Axiata Group Berhad
BIMB	Bank Islam Malaysia Berhad
BHB	BIMB Holdings Berhad
Boustead	Boustead Holdings Berhad
CCM	Chemical Company of Malaysia Berhad
CIMB	CIMB Group Holdings Berhad
CR	Corporate Responsibility
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EP	Economic Profit
EPF	Employees Provident Fund
EPS	Earnings Per Share
ETP	Economic Transformation Programme
EPP	Entry Point Projects
FBM KLCI	FTSE Bursa Malaysia Kuala Lumpur Composite Index
FCF	Free Cash Flow
FFB	Fresh Fruit Bunch
FIABCI	The International Real Estate Federation
FY	Financial Year
GDP	Gross Domestic Product
GDV	Gross Development Value
GEMS	Graduate Employability Management Scheme
GLC	Government-Linked Company
GLCT	GLC Transformation
GLIC	Government-Linked Investment Company
GRI	Global Reporting Initiative
GTP	Government Transformation Programme
G20	A selection of 20 GLCs controlled by GLIC constituents of the PCG. As of February 2009, there are 19 GLCs following the Sime Darby merger and TM demerger. UEM Group has replaced UEM World following UEM's restructuring exercise
GTP	Government Transformation Programme
IT	Information Technology
JV	Joint Venture
Khazanah	Khazanah Nasional Berhad
KPIs	Key Performance Indicators
LDA	Leadership Development Audit
LDC	Leadership Development Circle
LTH	Lembaga Tabung Haji
MAHB	Malaysia Airports Holdings Berhad

MAS	Malaysia Airline System Berhad
Maybank	Malayan Banking Berhad
MBSB	Malaysia Building Society Berhad
MINDA	Malaysian Directors Academy
MRCB	Malaysian Resources Corporation Berhad
MT/ha	Per Mature Hectare
MTAB	Majlis Tindakan Agenda Bumiputera
NEAC	National Economic Advisory Council
NKEA	National Key Economic Areas
NKRAs	National Key Results Areas on reducing crime, fighting corruption, improving student outcomes, raising living standards of low-income households, improving rural basic infrastructure and improving urban public transport
NEM	New Economic Model
NIM	Net Interest Margin
NPL	Non-Performing Loans
OpCos	Operating Companies
PATAMI	Net Profit after Tax and Minority Interests
PBT	Profit before Tax
PCG	Putrajaya Committee on GLC High Performance
PEMANDU	Performance Management & Delivery Unit
PINTAR	Promoting Intelligence, Nurturing Talent and Advocating Responsibility
PLUS	PLUS Expressways Berhad
Pos	Pos Malaysia Berhad
PROTON	Proton Holdings Berhad
R&D	Research and Development
ROE	Return on Equity
RWCR	Risk-Weighted Capital Ratio
SEA	South East Asia
Sime Darby	Sime Darby Berhad
SRIs	Strategic Reform Initiatives
TERAJU	Unit Peneraju Agenda Bumiputra
THP	TH Plantations Berhad
TM	Telekom Malaysia Berhad
TNB	Tenaga Nasional Berhad
TSR	Total Shareholder Return refers to the total return of a stock to an investor (capital gain plus dividends)
UEM	UEM Group Berhad
UEM Environment	UEM Environment Sdn Bhd
UMW	UMW Holdings Berhad
VDP	Vendor Development Programme
YAB	Yang Amat Berhormat
YB	Yang Berhormat
YBhg	Yang Berbahagia
Y-O-Y	Year-on-Year