

CATALYSING GLC TRANSFORMATION

TO ADVANCE MALAYSIA'S DEVELOPMENT



GLC TRANSFORMATION
SCORECARD & UPDATE



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### **ACRONYMS AND ABBREVIATIONS**

**BOD** Board of Directors

**CEO** Chief Executive Officer

**EBIT** Earnings Before Interest and Taxation

**EBITDA** Earnings Before Interest, Taxation, Depreciation and Amortisation

**EPF** Employees Provident Fund

**EPS** Earnings Per Share

**EVA**<sup>®</sup> Economic Value Added

GLC Government-Linked Company

GLIC Government-Linked Investment Company

JWT Joint Working Team

Khazanah Nasional Berhad

KLCI Kuala Lumpur Composite Index

KPI Key Performance Indicator

KWAP Kumpulan Wang Amanah Pencen

LTAT Lembaga Tabung Angkatan Tentera

LTH Lembaga Tabung Haji

MI Minority Interest

MKD Menteri Kewangan Diperbadankan (Ministry of Finance Incorporated)

MOF Ministry of Finance

**NOPLAT** Net Operating Profit Less Adjusted Taxes

NPF Non-Performing Financing

NPL Non-Performing Loan

PCG Putrajaya Committee on GLC High Performance

PNB Permodalan Nasional Berhad

TMO Transformation Management Office

TSR Total Shareholders' Return

ROIC Return on Invested Capital

RWCR Risk Weighted Capital Ratio

WACC Weighted Average Cost of Capital

### NAVIGATION GUIDELINE

This "Navigation Guideline" aims to guide the reader through this GLC Transformation Scorecard & Update (this Scorecard)

Description of Topics	Reference
<ul><li>1. What is this Scorecard about?</li><li>Objectives</li><li>Scope</li><li>Frequency</li></ul>	Section I
<ul> <li>What has the GLC Transformation Program achieved thus far?</li> <li>Overall Program-wide progress</li> <li>Overall GLC performance</li> <li>Progress of the Initiative launches</li> </ul>	Section II
<ul> <li>3. What progress has been made by the GLICs so far?</li> <li>Communication program</li> <li>Headline KPIs</li> <li>Readiness for execution</li> </ul>	Section III
<ul> <li>4. How have the GLCs performed?</li> <li>TSR performance</li> <li>Historical financial and operational highlights</li> <li>Headline KPIs</li> <li>Net profit and economic profit</li> <li>Achievements and challenges</li> </ul>	Section IV





### **EXECUTIVE SUMMARY**

This Scorecard is published in line with Policy Thrust 5, *Implementing the GLC Transformation Program* of the Manual, to report on the status of the Program to key stakeholders. This is a half-yearly publication.

This first edition of this Scorecard focuses on 15 significantly large GLCs (G-15) held by the GLIC constituents of the PCG. However, in future editions, the other GLCs will also be covered.

The scope of this Scorecard covers reporting at three different levels - Program-wide, GLIC and GLC. Key highlights at each level are summarised below and in the next page:

### At Program level

- Overall, the Program is on schedule. Currently, the Program is in Phase 2: Generate Momentum, which is targeted to last until the end of 2006.
- G-15's outperformance against the KLCI dissipated towards the end of 2005 while the broader G-23\* grouping maintained its outperformance against the KLCI.
- The Transformation Manual was launched in July 2005.
- Three GLC Transformation Initiatives (the Initiative) have been launched since July 2005. They include:
  - Initiative 9, Intensify Performance Management Practices (Blue Book), launched in July 2005;
  - Initiative 1, Enhancing Board Effectiveness (Green Book), to be launched on 26 April 2006; and
  - Initiative 6, Review and Revamp Procurement (Red Book), to be launched on 26 April 2006.
- On 22 March 2006, the G-15 companies announced their Headline KPIs.
- A program management approach to ensure proper implementation and monitoring of the Program at each GLC has been adopted. This effort is supported by the establishment of the TMO in August 2005.

<sup>\*</sup>The G-23 refers to the 23 GLCs among the 100 KLCl constituent stocks

### At GLIC level

• PCG's role as a policy advisory committee also includes implementing the Program and monitoring its progress, providing guidance to GLICs and Boards of GLCs as well as updating the Policy Guidelines and Initiatives.

- Roadshows on the Program to inform and engage GLC Boards and senior management were conducted throughout Q3 and Q4 of 2005.
- G-15 is in various stages of establishing their TMOs to ensure traction and accountability. Almost all have appointed TMO Heads, most are developing their terms of reference, KPIs as well as processes for monitoring, escalating issues and reporting.

### At GLC level

- In this Scorecard, G-15 has provided progress update on the following:
  - TSR performance
  - Historical financial and operational highlights
  - Headline KPIs
  - Net profit and economic profit
  - Achievements and challenges



### **FOREWORD**

Nine months ago, on 29 July 2005, our YAB Prime Minister launched the GLC Transformation Manual (the Manual). The Manual is the roadmap in getting our GLCs to our final destination of High Performance.

The Manual also stated the target of ten years to 2015 for the nation to reap the full benefits of the GLC Transformation Program (the Program). By then, the GLCs should be performing at least on par with non-GLC peers and competitors in the Malaysian market while several GLCs would have cemented positions as regional champions.

We have witnessed significant progress in the Program since the launch. However, as experienced in other countries that have undergone similar large scale change programs, there are considerable challenges.

Thus, the purpose of this GLC Transformation Scorecard & Update (this Scorecard) is to report on the achievements as well as challenges faced by the various GLCs under this Program.

This Scorecard will also serve as a document to monitor progress and highlight key issues under the Program on a regular basis. We aim to publish a similar Scorecard every six months.

The Government is committed to see through the execution of this Program towards achieving our Nation's longer term objective of Vision 2020.



"This year until the beginning of 2007 would be a "year of implementation" after the successful financial restructuring and recruitment of staff among the GLCs ... The enthusiasm at the top level should trickle down to everyone else in the company and every person should be involved in the transformation process".

TAN SRI NOR MOHAMED YAKCOP

SECOND FINANCE MINISTER OF MALAYSIA

Putrajaya 26 April 2006



# SECTION I INTRODUCTION



"It is envisaged that the PCG will at periodic intervals as necessary, communicate progress of the GLC Transformation Program to shareholders and key stakeholders, including employee groups, suppliers, customers, and members of Parliament"

Policy Thrust 5, GLC Transformation Manual

# THIS SCORECARD IS A HALF-YEARLY REPORT CARD ON THE PROGRESS OF THE PROGRAM

### **OBJECTIVES OF THIS SCORECARD**

This Scorecard is published in line with Policy Thrust 5, *Implementing the GLC Transformation Program,* of the Manual to report the status of the Program to key stakeholders.

Specifically, this Scorecard aims to:

- · Highlight progress achieved; and
- Identify challenges and possible areas of improvement.

### **SCOPE OF THIS SCORECARD**

This Scorecard is intended to cover three levels of reporting:

- 1. Program level this will report Program-wide developments that cut across the various GLICs and GLCs; for example, progress in launching the various Initiatives as described in the Manual;
- 2. GLIC level this will report progress at the GLIC level in managing and executing the Program; and
- 3. GLC specific this will drill down to specific achievements, challenges, economic and financial performances of particular GLCs.

This Scorecard shall be published every six months to report and track progress of the Program.

### WHY FOCUS ON G-15 IN THIS SCORECARD?

Policy Thrust 1, *Clarify the GLC Mandate in the Context of National Development* of the Manual defined and identified 57 GLCs to be under the Program.

In the initial implementation phase of the Program, focus of the PCG is on 15 significantly large GLCs which are held by the GLIC constituents of the PCG. This G-15 companies account for about 65% of the market capitalisation of all listed GLCs.

Section IV of this Scorecard is primarily focused on G-15. It is however envisaged that this will be widened to include other GLCs in future scorecard editions.

Table 1 on the right lists the G-15 companies by their respective GLICs.

Table 1: List of G-15

GLICs	GLCs	
PNB	1. 2. 3. 4.	Golden Hope Plantations Berhad Kumpulan Guthrie Berhad Malayan Banking Berhad Sime Darby Berhad
LTAT	5. 6.	Affin Holdings Berhad Boustead Holdings Berhad
EPF	7. 8.	Malaysia Building Society Berhad Malaysian Resources Corporation Berhad
Khazanah	9. 10. 11. 12. 13.	Bumiputra-Commerce Holdings Berhad Malaysian Airline System Berhad Telekom Malaysia Berhad Tenaga Nasional Berhad Proton Holdings Berhad UEM World Berhad
LTH	15.	BIMB Holdings Berhad

Source : GLC Transformation Manual

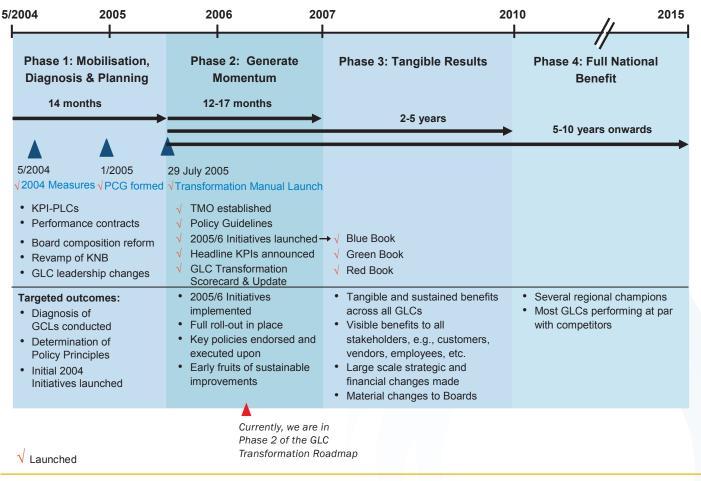


# SECTION II PROGRAM-WIDE UPDATE

### THE OVERALL GLC TRANSFORMATION PROGRAM IS ON SCHEDULE

Currently, the Program is in Phase 2 of the GLC Transformation roadmap (see Exhibit 1 below), until end 2006. The focus here is to generate transformation momentum at the GLCs.

### **EXHIBIT 1: GLC TRANSFORMATION ROADMAP**



Source: GLC Transformation Manual

### THE OVERALL GLC TRANSFORMATION PROGRAM IS ON SCHEDULE

### 1. TSR Performance

- The performance of G-15 since the start of the Program approximates the rest of the KLCI (ex G-15), albeit slightly lower by 3.2% as at 14 April 2006 (see Exhibit 2).
- Though G-15 outperformed the KLCI (ex G-15) in the initial months of May 2004 through May 2005, that performance dissipated towards the end of 2005.
- The performance of the broader G-23 meanwhile remained strong, maintaining its outperformance which began in early 2005, against the KLCI.
- Overall, the TSR performance of the GLCs remained mixed.

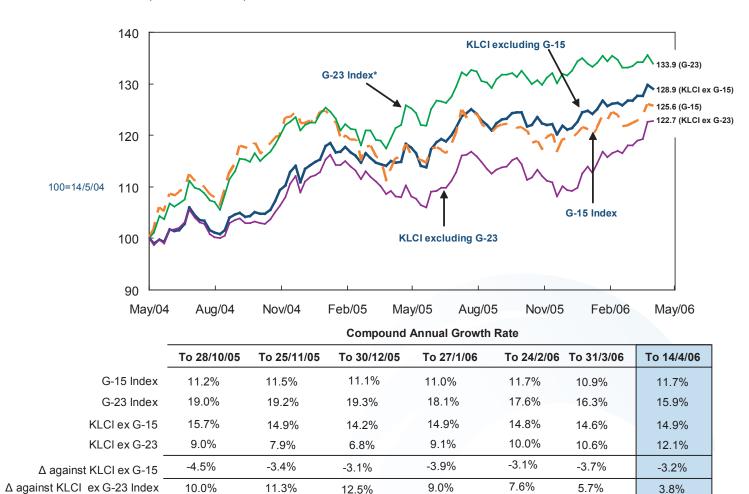
### 2. Economic Profit

• The same trend was also observed from the analysis of Economic Profit between 2004 and 2005, whereby four of the G-15 companies showed year-on-year improvements (see Exhibit 3).

### 3. Launch of GLC Transformation Initiatives

- There are ten overarching Initiatives, announced in the Manual, which should be undertaken by GLC Boards and GLCs to achieve a higher standard of performance.
- Initiative 9, Intensify Performance Management Practices (Blue Book) has already been launched.
- On 26 April 2006, two key Initiatives will be launched by our YAB Prime
  Minister. They are potentially very significant value creation levers for the
  GLCs. Specifically they are:
  - Initiative 1, Enhancing Board Effectiveness (Green Book); and
  - Initiative 6, Review and Revamp Procurement (Red Book).
- The remaining Initiatives are targeted for roll-out by the end of 2006 (see Table 2).

### EXHIBIT 2: TSR INDEX (14 APRIL 2006)



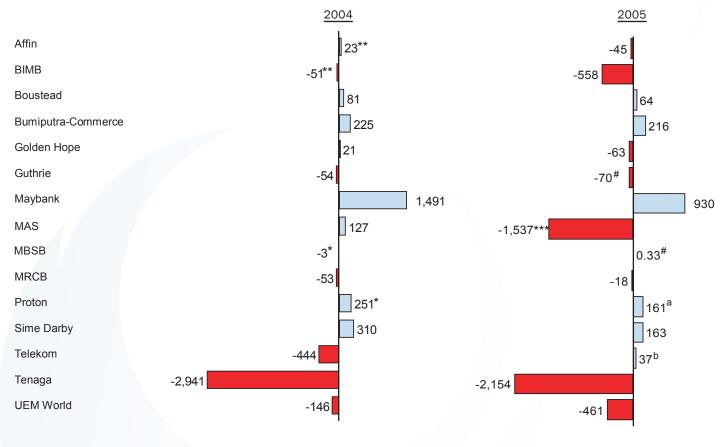
<sup>\*</sup> G-23 TSR Index covers all the 23 GLCs among the 100 KLCl constituent stocks. They are Telekom, Tenaga, PLUS, Bumiputra-Commerce, MAS, Proton, MAHB, Pos Malaysia, UDA Holdings, Time Engineering, Maybank, Sime Darby, Golden Hope, Island & Peninsular, UMW Holdings, Guthrie, NCB Holdings, MIDF, Chemical Company of Malaysia, MISC, Petronas Gas, Petronas Dagangan and Affin Holdings.

Source: Bloomberg

# YEAR-ON-YEAR COMPARISON OF ECONOMIC PROFIT: FOUR GLCs SHOWED IMPROVEMENTS IN THEIR ECONOMIC PROFITS

Economic Profit performance of the GLCs in 2005 is still mixed. Telekom achieved a significant turnaround of RM483 million whilst Tenaga reduced its economic losses by close to RM800 million year-on-year.

### **EXHIBIT 3: ECONOMIC PROFIT FOR 2004 AND 2005**



- \* Revised to reflect fiscal year ending March 2005
- \* Revised to reflect actual reported Financial Statements
- \*\*\* Nine months results, unaudited
- # Unaudited

- Excluding the impairment charge of goodwill of RM367.6 million on the acquisition of MV Agusta
- Excluding the payment to De Te Asia of RM879.5 million. Inclusion of the amount would result in negative Economic Profit of RM594.7 million

### TABLE 2: GLC TRANSFORMATION INITIATIVES

No	Initiative	Description	Output	Expected Launch
1	Enhance Board effectiveness	To enhance Board effectiveness through revamping Board practices and processes	Green Book	2nd Quarter, 2006
2	Strengthen Directors capabilities	To develop a strategy to match Directors to the right Boards and also to establish a Directors' Academy	Directors' Academy	3rd Quarter, 2006
3	Enhance GLIC M&M functions	To reinforce the ability of GLICs to monitor and manage subsidiary GLCs	Blueprint for GLICs	2nd Quarter, 2006
4	Improve regulatory environment	To enhance regulatory capabilities at GLCs and create a Regulatory Knowledge Network	Guidelines Regulatory Knowledge Network	2nd Quarter, 2006 2nd Quarter, 2006
5	Clarify social obligations	To understand and make transparent GLCs' social obligations and the implications of meeting them	Silver Book	3rd Quarter, 2006
6	Review and revamp procurement	To enhance the effectiveness and efficiency of the procurement process in GLCs	Red Book	2nd Quarter, 2006
7	Optimise capital management practices	To establish guidelines for GLCs to optimise their capital structure	Purple Book	3rd Quarter, 2006
8	Manage and develop leaders and other human capital	To improve GLCs capabilities in attracting, developing and retaining talent through the adoption of best practices	Orange Book	4th Quarter, 2006
9	Intensify performance management practices	To encourage adoption of performance management best practices at GLCs	Blue Book Version 2 Headline KPIs EVA/VBM	Launched in July 2005 Launched on 22 March 2006 3rd Quarter, 2006
	<u>.</u>			
10	Enhance operational improvement	To enhance value creation of GLCs through managing non-core assets	Yellow Book	4th Quarter, 2006
		To establish guidelines for GLCs to enhance their customer service levels	Brown Book	4th Quarter, 2006

Source: Summary of Transformation Manual, March 2006





## Membership of the Putrajaya Committee on GLC High Performance

Second Finance Minister - Chairman Tan Sri Nor Mohamed Yakcop

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' Haji Lodin Wok Kamaruddin

Chief Executive Officer, Employees Provident Fund Datuk Azlan Zainol

Managing Director, Khazanah Nasional Berhad Dato' Azman Mokhtar

Chief Executive Officer, Lembaga Tabung Haji Ismee Ismail

Deputy Secretary General (System and Controls), Ministry of Finance Dato' Abdul Rahim Mokti

Head of Policy Unit, Prime Minister's Office Ahmad Zaki Zahid

# GLICS ARE INSTRUMENTAL IN DRIVING THE ROLL-OUT AND IMPLEMENTATION OF THE PROGRAM INITIATIVES

1. PCG's role as a policy advisory committee includes:

- · Implementing the Program and monitoring its progress;
- Providing guidance to GLICs and Boards of GLCs on rolling-out and implementing the Program Initiatives; and
- · Reviewing, amending and updating Policy Guidelines and Initiatives whenever required.

Since the launch of the Manual, three PCG meetings, chaired by YB Second Finance Minister, were held in September 2005, December 2005 and March 2006.

- 2. The contents of the Manual were communicated and disseminated to the Boards and senior management of the G-15 companies, and a selection of the other GLCs through roadshows on the Program in Q3 and Q4 of 2005.
  - These communication sessions, which were intended to generate momentum at the GLCs, were carried out within the first six months of the launch of the Manual.
  - They were presented either at the GLCs' Board meetings or through senior management workshops.

### HEADLINE KPIs WERE ANNOUNCED AND TMOs WERE SET UP BY G-15

- 3. In the spirit of performance, accountability and transparency, G-15 has taken the lead to announce their Headline KPIs on 22 March 2006.
  - This announcement was in line with the GLC Transformation Initiative 9, Intensify Performance Management Practices (Blue Book).
  - These Headline KPIs, as approved by the Boards of the respective GLCs, are intended to give an insight and alignment of the GLCs' strategies and aspirations.
  - Based on a review of the Headline KPIs of G-15 (see Sections IV and VI), several observations can be made:
    - More than half of G-15 have announced their medium-term (over a two to three year period) Headline KPIs. This defines their medium-term strategy and provides a more measured, less short-termist approach.
    - Most of the Headline KPIs are financially-focused with some 60% of G-15 having identified Return on Equity as one of their Headline KPIs.
    - Three GLCs announced customer-related Headline KPIs in line with their customer-driven business priorities.
- 4. The Manual also specified that a program management approach be adopted to ensure proper implementation and monitoring of the Program at each GLC.
  - At the Program level, The Transformation Program Office (the TMO) was established at the Secretariat office in August 2005.
  - G-15 is in various stages of establishing their TMOs (see Table 3):
    - A program management approach to ensure proper implementation and monitoring of the Program at each GLC has been adopted;
    - Almost all G-15 have appointed their TMO Heads, with a working team in place;
    - These TMO Heads are typically from senior management, with direct reporting to the CEOs of the respective GLCs; and
    - To ensure traction and accountability, most TMOs are developing their terms of reference, KPIs as well as processes for monitoring, escalating issues and reporting.

TABLE 3: TMO SET-UP AND 'BLUE BOOK' IMPLEMENTATION STATUS

GLCs	Roadshow Conducted	TMO Head Appointed	TMO TOR & KPIs Developed	TMO Processes In Place	TMO Working Team In Place	Performance Mgt (Blue Book)
Affin			•	0	•	0
BIMB			•			•
Boustead			•			0
Bumiputra- Commerce			•			•
Golden Hope			•	0		•
Guthrie			•	0		•
Maybank			•	•	•	•
MAS						•
MBSB			•	0		•
MRCB			•	•		•
Proton		•	0	0		0
Sime Darby			•	0	•	0
Telekom			•	0	•	0
Tenaga			•	0		0
UEM World			•	•	0	•

Yet to commence In progress Completed



This Section focuses on progress by G-15.

Each of the G-15 company has a Scorecard highlighting the areas described in Table 4.

Table 4: G-15 Scorecard Highlights

Area	Description
1. TSR performance	Comparison between GLC vis-à-vis KLCI ex G-15 (from 14 May 2004 to 14 April 2006)
O Historical financial and anavational highlights	2 years as a second sec
2. Historical financial and operational highlights	3-year comparison on selected Profit and Loss and Balance Sheet items
3. Headline KPIs*	KPIs announced by the particular GLCs
4. Net profit and economic profit	Comparison between net profit and economic profit for the year
5. Achievements and challenges	Description of the lagging/co-incident and leading indicators

### \*Disclaimer:

The Headline KPIs in the following pages are targets or aspirations set by the company as a transparent performance management practice. These 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.

### SCORECARD FOR AFFIN HOLDINGS BERHAD





### **Headline KPIs**

After-Tax Return on Equity

After-Tax Return on Assets

Net NPL Ratio

Earnings Per Share

8.9% (FY06); 9.8% (FY07)

0.9% (FY06); 1.0% (FY07)

10.6% (FY06); 8.0% (FY07)

25 sen (FY06); 28 sen (FY07)

### **Achievements**

### Lagging/Co-incident indicators

- Maintained profit before tax of RM331.4 million in (FY05)
- Strong capital position of RM3.2 billion in Shareholders' Funds and Group RWCR of 15.6% as at 31 Dec 2005
- Net NPL ratio of Affin Bank Berhad reduced from 23.6% (FY04) to 13.7% (FY05)
- Affin Bank Berhad's long term rating upgraded from BBB2 to A3. Concurrently its short term rating has been upgraded from P2 to P1

### **Leading indicators**

- Affin Bank Berhad and Affin-ACF Finance Berhad completed merger on 1 June 2005
- Reconstruction of senior management team of Affin Bank Berhad completed in 2005
- Acquired remaining 36.84% of Affin Merchant Bank from MISC in December 2005
- Entered into a conditional business transfer agreement with JV partner and Tahan Insurance Malaysia Berhad (Tahan) for the proposed acquisition of the life insurance business of Tahan on 18 November 2005. Obtained approval for the proposed acquisition from MOF on 19 January 2006. Entered into a conditional JV agreement with JV partner on 7 February 2006
- MOF issued Islamic Banking license to Affin Islamic Bank Berhad (AIBB) on 18 January 2006. Commenced operations on 3 April 2006



Historical Financial & Operational Highlights (RM million)				
FY Mar 31	2003	2004	2005	
Revenue	1,916	1,850	1,775	
EBITDA	282	445	423	
Pretax profit	156	331	331	
Net Profit After MI	132	232	236	
EPS (RM)	0.13	0.23	0.20	
Shareholders' Funds	2,384	2,687	3,206	
Net Tangible Assets	1,532	1,823	2,217	
Core Capital Ratio	10.08	11.75	11.35	
RWCR	13.94	15.70	15.43	

### Net Profit vs. Economic Loss for 2005 (RM million)



### **Challenges**

### Lagging/Co-incident indicators

 Poor performance of stockbroking subsidiary which recorded a pre-tax loss of RM747,000 in 2005 due to depressed stock market conditions

- To bring down the NPL ratio and cost to income ratio of the Group to a more reasonable level
- Integration and synergy to the Group from the proposed acquisition of the life insurance business of Tahan
- Integration and synergy to the Group from the proposed creation of Affin Investment Bank

### SCORECARD FOR BIMB HOLDINGS BERHAD



### **TSR Index**



### **Headline KPIs**

• NPF Contain to below 25% (FY06)

• RWCR Improve to 12% (FY06)

Revenue Growth
 Expense Growth
 20% year on year (FY06 - FY09)
 Expense Growth
 5% year on year (FY06 - FY09)

Return to Profitability By FY07

• Return on Equity 5% (FY06 – FY09)

### **Achievements**

### Lagging/Co-incident indicators

- Improved market orientation via redefining target market, enhanced delivery system and product focus
- Enhanced Debt Recovery Division to streamline recovery strategies and overall operations of bank wide NPF and delinquent management
- Reviewed expenses and implemented austerity drive for cost control
- Reorganised manpower as per business needs and developed talent inventory based on skill sets and performance

### Leading indicators

Recapitalisation via issuance of Rights Issue

Historical Financial & Operational Highlights (RM million)			
FY Mar 31	2003	2004	2005
Revenue	808	867	1,075
EBITDA	211	177	(371)
Pre-Tax Profit/(Loss)	155	118	(400)
Net Profit /(Loss) After MI	92	86	(457)
EPS (RM)	16.38	15.23	(81.15)
Shareholders' Funds	1,533	1,582	1,086
Deposit/Lending	168	144	158
Cash Assets/Total Deposits	21.63	18.32	24.06

### Net Loss vs. Economic Loss for 2005 (RM million)



### **Challenges**

### Lagging/Co-incident indicators

 Data quality and integrity issues resulting from poor end-to-end integration of disparate applications and supporting processes

### **Leading indicators**

Considerable distressed assets portfolio which could lead to further losses





### **TSR Index**



### **Headline KPIs**

Return on Equity 7.9% (FY06); 8.7% (FY07)
 Return on Asset 7.6% (FY06); 8.4% (FY07)
 Dividend Payout Ratio 49.9% (FY06); 50.0% (FY07)
 Gross Dividend per Share 16 sen (FY06); 16 sen (FY07)

### **Achievements**

### Lagging/Co-incident indicators

- Net profit after tax and minority interests increased by 60%
- Revenue increased by 49% to RM1.9 billion. EPS improved from 21 sen to 32 sen
- Finance and Investment division registered improvement in its pre-tax profit of RM73 million
- Trading division pre-tax profit rose sharply by almost 8 times, mainly due to new subsidiary, Boustead Petroleum Marketing Sdn. Bhd.

### Leading indicators

- Commenced rebranding exercise of the BP stations to BHPetrol
- An asset securitisation exercise involving the sale and leaseback of certain plantation assets resulted in a realised gain of RM163 million

Historical Financial & Operational Highlights (RM million)				
FY Mar 31	2003	2004	2005	
Revenue	1,081	1,268	1,924	
EBITDA	311	375	464	
Pretax Profit	208	247	300	
Net Profit After MI	113	119	191	
EPS (RM)	26.04	20.93	32.49	
Shareholders' Funds	1,743	1,800	1,703	
Net Tangible Assets	1,739	1,796	1,595	
Net Debt/(Cash)	1,532	1,619	1,678	
Debt /Equity Ratio	1.0	1.0	1.2	

# Net Profit vs. Economic Profit for 2005 (RM million) Net Profit Economic Profit 191 64

### Challenges

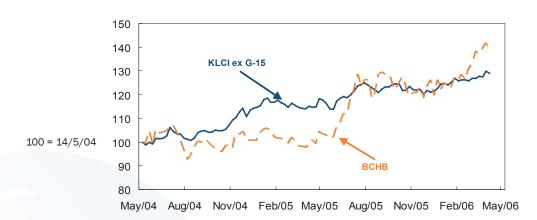
### Lagging/Co-incident indicators

- Plantation division's pre-tax surplus of RM34 million was lower by 66% mainly due to lower oil palm prices coupled with increase in manuring cost
- Property division closed the year with a lower surplus of RM56 million, mainly due to the start-up cost of the Curve shopping mall
- Manufacturing and Services division's profit declined due to weaker domestic demand and escalation of raw materials costs
- Boustead is in the process of increasing its equity interest in PSC-Naval Dockyard Sdn. Bhd. by a further 27.7%, which will result in a total shareholding of 58.46%





### **TSR Index**



### **Headline KPIs**

Return on Average Equity

• TSR

13% (FY06)

Outperform KLCI TSR (FY06)

### **Achievements**

### Lagging/Co-incident indicators

- Completed major restructuring to integrate commercial and investment banking
- arms
- · Successful regional expansion via acquisition of GK Goh
- Consolidated presence in Indonesia through increased stake in Bank Niaga
- Improved capital management structure with better capital allocation and tiering of capital structure

### Leading indicators

- Acquisition of SBB pending finalisation
- Restructuring of insurance arm and commencement of Takaful business

Historical Financial & Operational Highlights (RM million)					
FY Dec 31	2003	2004	2005		
Revenue	3,579	4,155	4,723		
Profit Before Provision	1,872	2,201	2,445		
Pre-Tax Profit	1,241	1,053	1,313		
Net Profit After MI	782	735	827		
EPS (RM)	0.31	0.28	0.31		
Shareholders' Funds	7,900	8,959	9,637		
Net Tangible Assets	7,565	8,593	9,091		
Core Capital Ratio	10.94	9.96	11.20		
RWCR	14.79	13.81	15.23		

### **Net Profit vs. Economic Profit (RM million)**

Net Profit

Economic Profit

216

### **Challenges**

### Lagging/Co-incident indicators

 Shortfall in FY05 target ROE of 12% with actual ROE of 8.9% due to provisioning, consolidation and merger costs

### Leading indicators

On-going consolidation of banking sector will see intensifying competition

### SCORECARD FOR GOLDEN HOPE PLANTATIONS BERHAD



### **TSR Index**



### **Headline KPIs**

Return on Equity

 Percentage of Sales Volume from High Value-Added,
 Non-Commodity Oils and Fats

Dividend

Between 8% to 12% (FY06 - FY10)

Increase from 30% to 50% by FY10

At least 50% of yearly net earnings

### **Achievements**

### Lagging/Co-incident indicators

- Average return on equity of 8% for the last 2 years
- Implemented most practices recommended by the "Blue Book"
- Average oil extraction rate has increased steadily to 21.5%, much higher than the industry average of 19.6%

### Leading indicators

- Pursuing optimal capital structure at acceptable risk level
- Embarked on projects to enter the bio-fuel segment, in line with potential growth
  of the market segment

Historical Financial & Operational Highlights (RM million)			
FY Jun 30	2003	2004	2005
Revenue	2,876	2,802	3,340
Gross Profit	682	778	848
Pre-Tax Profit	360	472	750
Net Profit After MI	252	342	550
EPS (RM)	0.24	0.33	0.42
Shareholders' Funds	4,432	4,651	6,240
Net Tangible Assets	4,432	4,651	6,053
Total Debt	313	311	364
Debt / Equity Ratio	0.07	0.07	0.06

### **Net Profit vs. Economic Loss for 2005 (RM million)**



### **Challenges**

### Lagging/Co-incident indicators

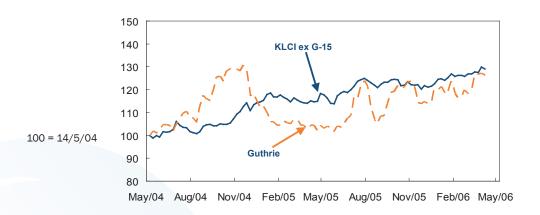
 Development of benchmarks and standards to improve quality of KPIs and enhance performance monitoring

### **Leading indicators**

As a large proportion of the palm trees are immature, this has depressed the
return on asset, hence the negative economic profit for 2005/06. As the trees
move into their prime, the economic profit is expected to be positive from 2006/07
onwards

### SCORECARD FOR KUMPULAN GUTHRIE BERHAD

### **TSR Index**



### **Headline KPIs**

· Return on Equity

8% (FY06), 12% (FY08)

 Target Fresh Fruit Bunch Yield per Mature Hectare 20.1mt (Malaysia), 17.5mt (Indonesia) (FY06) 22.0mt (Malaysia), 20.3mt (Indonesia) (FY08)

### **Achievements**

### Lagging/Co-incident indicators

- Average return on equity of 3.9% for the last 2 years
- Implemented Performance Management system, encompassing setting-up KPIs based on Balance Score Card framework and human capital development
- Fresh Fruit Bunch production of Malaysian operations increased by 6.5% and Indonesian operations increased by 17.3% in FY05 to Fresh Fruit Bunch yield per hectare of 17.3 tonnes and 15.8 tonnes respectively

### Leading indicators

- Debt restructuring as initiative to improve capital management
- Disposal and closure of loss making non-core subsidiaries



Historical Financial & Operational Highlights (RM million)				
FY Dec 31	2003	2004	2005	
Revenue	3,047	2,516	2,132	
Gross Profit	859	852	757	
Pre-Tax Profit	469	352	256	
Net Profit After MI	139	160	49	
EPS (RM)	0.14	0.16	0.05	
Shareholders' Funds	3,072	2,950	2,859	
Net Tangible Assets	2,776	2,673	2,598	
Total Debt	2,751	3,307	3,062	
Debt / Equity Ratio	0.90	1.12	1.07	

### Net Profit vs. Economic Loss for 2005 (RM million)



<sup>\*</sup>Unaudited

### **Challenges**

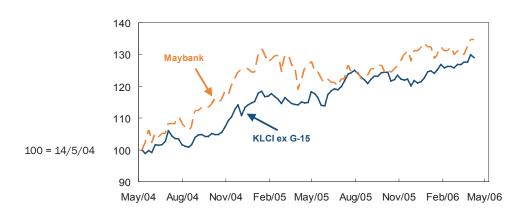
### Lagging/Co-incident indicators

- Interest expense is still high though borrowings have reduced by RM300 million
- Exposure to Indonesia caused unrealised foreign exchange loss of RM54 million in FY05 as Rupiah weakened against US dollar

- Massive replanting exercise undertaken earlier by the company had negatively
  affected financial performance in recent years, but will be significantly advantageous
  to Guthrie as the plantations enter their prime production phase
- High capital expenditure to build capacity to match processing requirement

### SCORECARD FOR MALAYAN BANKING BERHAD

### **TSR Index**



### **Headline KPIs**

Net Return on Equity

18% (FY06 - FY08)

Minimum Revenue Growth

10% per annum (FY06 - FY08)

### **Achievements**

### Lagging/Co-incident indicators

- Average net return on equity for the last 2 years was 16.7%
- Net NPL ratio trended downwards from 6.3% in June 2003 to 4.4% in December 2005

### Leading indicators

- Implemented capital management program, which included level of capital ratio and capital mix
- Implemented Performance Management System which included Balance Score Card, long term initiatives and leadership quality



Historical Financial & Operational Highlights (RM million)				
FY Jun 30	2003	2004	2005	
Revenue	10,038	10,404	11,216	
Profit Before Provisions	3,532	3,850	4,319	
Pre-Tax Profit	2,620	3,359	3,494	
Net Profit After MI	1,996	2,425	2,503	
EPS (RM)	0.56	0.67	0.68	
Shareholders' Funds	13,485	14,623	16,401	
Net Tangible Assets	13,485	14,623	16,401	
Core Capital Ratio	10.2	10.3	10.3	
RWCR	15.3	15.1	13.8	

### Net Profit vs. Economic Profit for 2005 (RM million)

Net Profit		Economic Profit		
L	_			
	2,503			930

### **Challenges**

### Lagging/Co-incident indicators

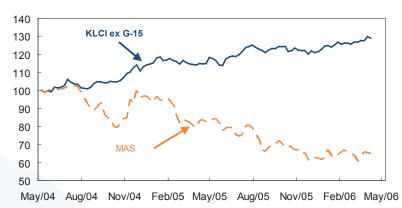
- To further capture and enhance non-interest income as loan growth continued to be moderate, in line with low growth of the industry as a whole
- To achieve further business expansion by growing the regional businesses, both organically and through expansion

- Estimation of economic capital by business lines to take into consideration risk factors, in order for the Group to adopt Value Based Management. Implementation of Value Based Management is targeted for FY07
- Implementing transformation initiatives across businesses and across borders

### SCORECARD FOR MALAYSIAN AIRLINE SYSTEM BERHAD

### **TSR Index**

100 = 14/5/04



### **Headline KPIs**

Net (Loss)/Income - RM620 million (FY06); RM50 million (FY07);

RM500 million (FY08)

Cash Surplus
 RM1.0 billion (FY06)

• Profit for MAS Kargo RM107 million (FY06)

• On Time Performance 80% of flight schedules (FY06)

• Number of Incidents Not more than 3 cases per month (FY06)

### **Achievements**

### Lagging/Co-incident indicators

- · New senior management team installed
- Quick wins plan implemented, estimated revenue of RM500 million
- Whistle blower policy implemented
- Comprehensive Business Turnaround Plan unveiled in February 2006
- Signed collective agreement with nine unions in February 2006
- Phase 1 international route rationalisation

### **Leading indicators**

- Secured RM1 billion bridging loan with CIMB
- Ticket-less domestic travel starting 1 May 2006
- Phase 2 international route rationalisation



Historical Financial & Operational Highlights (RM million)						
FY	03/2003	03/2004	03/2005	12/2005^		
Revenue	8,675	8,588	10,951	8,851		
EBITDA	840	410	563	(1,074)		
Pre-Tax Profit/(Loss)	334	345	364	(1,241)		
Net Profit/(Loss) After MI	337	461	326	(1,265)		
EPS (RM)	0.39	0.37	0.26	(1.01)		
Shareholders' Funds	2,563	3,024	3,319	2,022		
Net Tangible Assets	2,563	3,024	3,319	1,997		
Net Debt/(Cash)	(932)	(2,191)	(2,195)	(1,179)		
Debt/Equity Ratio	N/A	N/A	N/A	N/A		

<sup>^</sup>Year end changed from March to December. Unaudited nine months result.

### Net Loss vs. Economic Loss for 2005 (RM million)



### **Challenges**

### Lagging/Co-incident indicators

- Net loss of RM1.3 billion in FY05
- Intensifying competition
- High energy prices
- RM4 billion financing requirement identified
- · Aging aircraft fleet
- · High cost base

- Projected loss of RM620 million for FY06
- · Cash-crunch anticipated in FY06 on do nothing scenario
- Implementing domestic route rationalisation by 1 August 2006
- Overhaul IT systems Passenger Service System
- Executing planned Mutual Separation Scheme for 6,500 employees
- Engaging SkyTeam to join as member to improve international route connectivity





## **TSR Index**



## **Headline KPIs**

Return on Equity
 8.83% (FY06) (without Tax Adjustments)

Profit Before Tax Growth 37% (FY06)

Retail Loan Growth 30% (FY06)

## **Achievements**

## Lagging/Co-incident indicators

- Net profit after tax grew by 22% to RM 39 million (FY05)
- NPLs reduced from 41% (FY04) to 34% (FY05)
- Return on equity (including tax adjustments) increased to 10.3% (FY05) from 9.3% (FY04)
- 33.5% reduction on borrowings, and 57.9% increase in total deposits (FY05)
- Introduced comprehensive risk management framework and boost role of internal audit department

## **Leading indicators**

• Divesting non-core property assets to focus on being a home loan provider

Historical Financial & Operational Highlights (RM million)			
FY Dec 31	2003	2004	2005*
Revenue	184	199	229
EBITDA	(60)	30	34
Pre-Tax Profit/(Loss)	(67)	23	25
Net Profit/(Loss) After MI	(67)	32	39
EPS (RM)	(0.20)	0.09	0.11
Shareholders' Funds	302	342	376
Net Tangible Assets	3,949	4,536	4,921
Net Debt	1,896	1,507	920
Debt/Equity Ratio	6.81	5.00	2.81

## **Net Profit vs. Economic Profit for 2005 (RM million)**

Net Profit

Economic Profit

0.33\*

\*Unaudited

## **Challenges**

## Lagging/Co-incident indicators

- Viewed as a 2nd tier financial services institution
- Legacy of corporate NPLs

#### Leading indicators

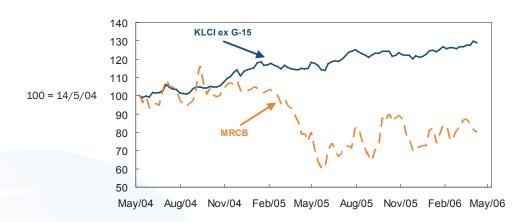
- Competitive mortgage market
- Limited distribution channels
- Lack of positive brand recognition
- Non-interbank player



RM1 billion (FY06)



## **TSR Index**



## **Headline KPIs**

• Group Revenue Growth 50% (FY06)

New Property Development
 RM600 million (FY06)

New Order Book Growth for Engineering,
 Information 8, Others

Infrastructure & Others

Group Profit Before Tax Growth
 50% (FY06)

## **Achievements**

### Lagging/Co-incident indicators

- Rationalisation and restructuring pared down debt to RM1.2 billion in 2005
- Acquired 24.9% equity interest in UDA Holdings Berhad in 2003

## **Leading indicators**

- KL Sentral development project has on-going order-book of RM1.2 billion in 2005 and balance of RM3.5 billion gross development value until 2012
- On-going work order for engineering, infrastructure and others stood at RM900 million in 2005
- Pursuing merger and acquisition opportunities to expand property business
- Restructuring and refinancing of the existing KL Sentral Bond

Historical Financial & Operational Highlights (RM million)			
FY Dec 31	2003^	2004	2005*
Revenue	360	188	320
EBITDA	232	84	NA
Pre-Tax Profit	116	22	27
Net Profit After MI	125	34	17
EPS (RM)	0.13	0.04	0.02
Shareholders' Funds	436	467	483
Net Tangible Assets	425	457	473
Net Debt/(Cash)	1,098	973	941
Debt/Equity Ratio	2.52	2.08	1.95

 $<sup>^{\</sup>mbox{\sc A}}\mbox{\sc Year}$  end changed from September to December. (Sixteen months result)

## **Net Profit vs. Economic Loss for 2005 (RM million)**



<sup>\*</sup>Unaudited

## **Challenges**

#### Lagging/Co-incident indicators

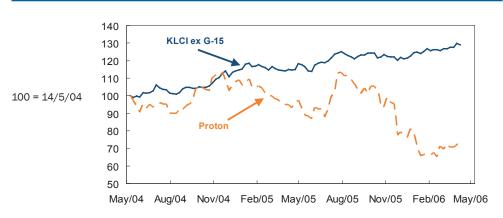
Overseas ventures slow to take off due to financial limitations and lack of right talent

#### Leading indicators

- High borrowing cost and lending imposition on use of cash proceeds limits both business expansion and optimal use of cash in sinking funds
- Seeking foreign consultants due to unavailability of local talent in specialised fields

## SCORECARD FOR PROTON HOLDINGS BERHAD

## **TSR Index**



## **Headline KPIs**

<ul> <li>Domestic Market Share</li> </ul>	45.8% (FY07)
• Export Sales (% Contribution to Revenue)	8.6% (FY07)
EBIT Margin	2.5% (FY07)
<ul> <li>Customer Satisfaction Index</li> </ul>	720 points (FY07)

#### **Achievements**

## Lagging/Co-incident indicators

- · New senior management team installed
- Return to profitability in 3Q05 after two successive quarters of losses
- Signed MoU with Mitsubishi for possible collaboration; other alliances also being considered
- NAP announced; overall effect on Proton expected to be neutral
- Quality campaign and vendor management initiatives launched in April 06

### Leading indicators

- Launch of 5 pronged plan to improve performance
- Launch of new model expected in June 06



Historical Financial &	Operational Highlight	s (RM million	1)
FY Mar 31	2003	2004	2005
Revenue	9,268	6,470	8,497
EBITDA	1,636	806	1,099
Pre-Tax Profit	1,360	592	780
Net Profit After MI	1,108	510	810
EPS (RM)	2.02	0.93	1.47
Shareholders' Funds	5,194	5,603	5,831
Net Tangible Assets	5,137	5,538	5,833
Net Debt/(Cash)	(3,230)	(2,551)	(1,485)
Net Debt / Equity Ratio	(0.62)	(0.46)	(0.25)

## Net Profit vs. Economic Profit for 2005 (RM million)

Net Profit		Economic Profit	
	810		161*

<sup>\*</sup>Excludes impairment charge on goodwill of RM367.6 million arising from the acquisition of MV Agusta

## **Challenges**

#### Lagging/Co-incident indicators

- Highly publicised and speculated end of alliance discussions with VW
- Continued adverse publicity from discussions about MV Agusta
- Negative cash flow position eroding cash balances
- Poor reception to recent product launches (i.e. Savvy)
- Intensifying competition and lack of scale to effectively compete

#### **Leading indicators**

 Market scepticism on ability to tie up with strategic or technical partner to remain competitive

## SCORECARD FOR SIME DARBY BERHAD



## **TSR Index**



## **Headline KPIs**

Return on Shareholders' Funds

Net Profit Target

11.5% (FY06); 15% (FY08)

RM1,006 million (FY06);

RM1,400 million (FY08)

## **Achievements**

#### Lagging/Co-incident indicators

- Average net return on equity of 10.5% over the last 2 years
- Implemented most of the performance management practices identified in the "Blue Book"

## Leading indicators

- Improved capital management function by strengthening corporate centre on M&A activities and capital expenditure requisition, defining optimal capital structure, and centralisation of cash management and corporate finance decision
- On-going disposal of non-core assets
- Appointment of Chief Procurement Officer to improve procurement practices

Historical Financial & Ope	rational Highligh	nts (RM millio	n)
FY Jun 30	2003	2004	2005
Revenue	13,718	14,904	18,646
Operating Profit	1,225	1,389	1,406
Pre-Tax Profit	1,284	1,344	1,365
Net Profit After MI	810	919	801
EPS (RM)	0.35	0.39	0.34
Shareholders' Funds	7,969	8,425	8,005
Net Tangible Assets	7,932	8,355	7,933
Total Debt	2,185	2,371	2,691
Debt /Equity Ratio	0.27	0.28	0.34

## Net Profit vs. Economic Profit for 2005 (RM million)



## **Challenges**

## Lagging/Co-incident indicators

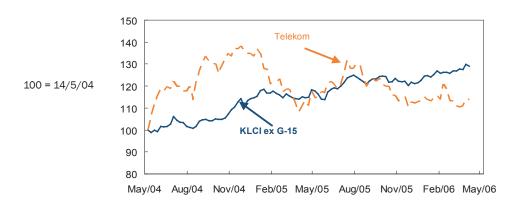
· Businesses were managed on a geographical basis

## Leading indicators

 Issues in developing the right reward system for Business Units to compete with competitors which are primarily entrepreneurial-owned companies

## SCORECARD FOR TELEKOM MALAYSIA BERHAD

## **TSR Index**



## **Headline KPIs**

Revenue RM 17 billion (FY06)

EBITDA Margin 45.9% (FY06)
 Return on Capital Employed\* 10.6% (FY06)

## **Achievements**

#### Lagging/Co-incident indicators

- New senior management team installed
- VSS program reduced workforce by 6% in 2005
- Granted fairer access pricing structure with outflow savings of over RM100 million p.a.
- Earnings from regional expansion plan bearing fruit
- Harvesting gains from Telkom South Africa
- Successful listing of Dialog (Sri Lanka) and Excelcomindo (Indonesia)

#### Leading indicators

- Roaming and co-branding partnership with Vodaphone
- Launched "Smart Orange" programme on Talent Development
- Enhancing Board improvement programme after completing "Board Effectiveness" pilot



Historical Financial & (	Operational Highlight	ts (RM millio	n)	
FY Dec 31	2003	2004	2005	
Revenue	11,796	13,251	13,942	
EBITDA	5,417	5,558	6,157	
Pre-Tax Profit	1,811	3,173	1,578	
Net Profit After MI	1,390	2,614	875	
EPS (RM)	0.44	0.78	0.26	
Shareholders' Funds	16,782	19,453	19,384	
Net Tangible Assets	31,968	33,603	34,213	
Net Debt	8,099	1,833	5,129	
Net Debt / Equity Ratio	0.48	0.09	0.26	

## **Net Profit vs. Economic Profit for 2005 (RM million)**



<sup>\*</sup>Excludes RM879.5 million payment to De Te Asia. Inclusion of the amount would result in Economic Profit of -RM594.7 million

## **Challenges**

#### Lagging/Co-incident indicators

- Loss of RM701 million on settlement of RM879.5 million claims by De Te Asia in 4th Quarter (FY05)
- Intense competition in cellular segment typified by price wars
- Need for more focus on cost cutting

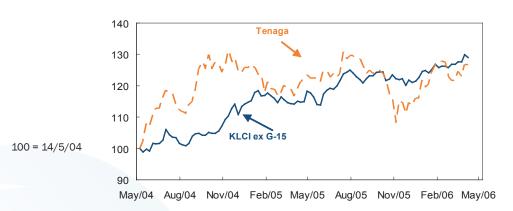
#### **Leading indicators**

 Industry structure not necessarily optimal. Require stronger regulatory support to clarify a sustainable industry objective and consistent actions

<sup>\*</sup>Return on Capital Employed = EBIT/Average Capital Employed

## SCORECARD FOR TENAGA NASIONAL BERHAD

## **TSR Index**



## **Headline KPIs**

Return on Assets	2.4% (FY06)
Gearing	63% (FY06)
Unplanned Outage Rate	5.0% (FY06)
Reduction in Transmission and Distribution Losses	9.5% (FY06)
System Average Interruption Duration Index	133 minutes (FY06)

#### **Achievements**

#### Lagging/Co-incident indicators

- Efficiency gains of RM962 million realised in FY05 from cost reduction, revenue enhancement and reduced losses
- Sustained improvement in EBITDA margins
- Improvements in operational KPIs, including availability, SAIDI
- Identifying social cost of operating SEB, cost for which offset by diesel subsidy by the Government

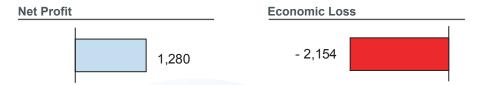
#### Leading indicators

- Successful bid for new overseas venture Shuaibah 3
- Strong and sympathetic support for tariff review
- No new unplanned planting-up scheduled up to 2010
- On-going focus on cost reduction and revenue enhancement program with RM600 million target in FY06
- Government's decision on competitive bidding for future generation planting-up



Historical Financial & Ope	rational Highligh	ts (RM millio	n)
FY Aug 31	2003	2004	2005
Revenue	16,458	17,712	18,977
EBITDA	5,285	5,965	5,928
Pre-Tax Profit	1,649	1,483	1,819
Net Profit After MI	1,062	814	1,280
EPS (RM)	0.34	0.26	0.40
Shareholders' Funds	13,965	14,798	16,086
Net Tangible Assets	12,917	14,627	15,794
Total Debt	26,404	30,262	27,009
Debt /Equity Ratio	2.1	1.9	1.7

## Net Profit vs. Economic Loss for 2005 (RM million)



## **Challenges**

#### Lagging/Co-incident indicators

- Much needed tariff review deferred
- Increased operating costs (on high fuel and material costs)
- Poor publicity exacerbating weak public perception on reliability
- · Continued reliance on subsidised gas pricing
- Carrying inequitable burden to provide high reserve margins

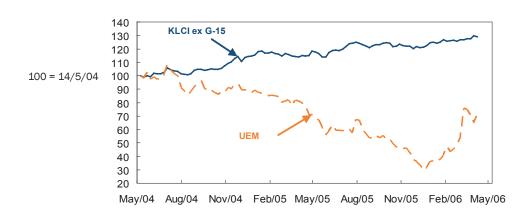
#### Leading indicators

- · High-gearing levels unresolved
- Absence of comprehensive electricity supply industry plan
- Unclear regulatory functions and responsibilities

## SCORECARD FOR UEM WORLD BERHAD



## **TSR Index**



## **Headline KPIs**

Revenue Growth 36.0% (FY06)Return on Equity 12.0% (FY06)

## **Achievements**

#### Lagging/Co-incident indicators

- Revamp of senior management teams at Group companies
- Order books of RM3 billion, mainly from domestic contracts

## Leading indicators

- Consolidation of key strategic business units within group (e.g. increased stake in Pharmaniaga to 72%)
- Creation of an international business development unit to spearhead overseas ventures
- Pharmaniaga's investments in Indonesia and China
- Opus' acquisitions to expand presence in UK and Canada
- Increased leading activity in Nusajaya

Historical Financial & Operational Highlights (RM million)		
FY Dec 31	2004	2005
Revenue	2,863	3,257
EBITDA	375	87
Pre-Tax Profit	160	(167)
Net Profit After MI	64	(103)
EPS (RM)	0.05	(0.07)
Shareholders' Funds	1,121	991
Net Debt	3,327	3,574
Debt /Equity Ratio	3.8	4.6

## **Net Loss vs. Economic Loss for 2005 (RM million)**



## **Challenges**

#### Lagging/Co-incident indicators

- International construction work
- Diverse business environment need to refocus management and capital resources
- Conglomerate style structure requires combination of solid recurring income, growth opportunities and operational synergies





# MOMENTUM HAS BEEN GENERATED AND PROGRESS IS ON TRACK, HOWEVER MUCH WORK STILL NEEDS TO BE DONE

- The Program is a medium to long-term effort with some early fruits of sustainable improvement coming through in the first three to five years, while full tangible benefits are targeted within ten years to 2015.
- Steady momentum in executing the Program has been generated.
- This Scorecard will be published every six months, to primarily track the progress of GLCs in implementing the Program.
- Close co-operation amongst all stakeholders, including the employees, suppliers, customers, market participants and the Government will be vital in ensuring success of the Program.

WHAT CAN BE EXPECTED IN T	HE NEXT SCORECARD
Program-Wide Level	<ul> <li>TSR performance</li> <li>Launch of Initiatives</li> <li>Feedback on Initiatives launched</li> </ul>
GLIC Level	<ul> <li>Progress of execution across GLICs</li> <li>Readiness for execution</li> </ul>
GLC Level	<ul> <li>G-15 implementation on Initiatives</li> <li>Non G-15 GLCs achievements and challenges</li> <li>Non G-15 GLCs Headline KPIs</li> <li>Progress against Headlines KPIs achieved</li> </ul>

# THIS YEAR WILL BE A YEAR OF EXECUTION AND THERE HAVE BEEN SOME QUICK WINS ACHIEVED

SOME QUICK WINS BY GLCs	TO DATE
Affin Holdings Berhad	• Integration of the group's businesses is on track with the merger of Affin Bank Berhad and Affin-ACF Finance Berhad completed on 1 June 2005 and the acquisition of remaining 36.84% of Affin Merchant Bank from MISC in December 2005
BIMB Holdings Berhad	<ul> <li>Recapitalisation via issuance of Rights Issue at the Bank is on target while improved market orientation via redefining target market, enhanced delivery system and product focus now in place</li> </ul>
Bumiputra-Commerce Holdings Berhad	<ul> <li>Major restructuring to integrate commercial and investment banking arms completed and acquisition of Southern Bank Berhad pending finalisation</li> <li>Successful regional expansion via acquisition of GK Goh and consolidated presence in Indonesia through increased stake in Bank Niaga</li> </ul>
Malayan Banking Berhad	Implemented capital management program and Performance Management System
Malaysian Airline System Berhad	<ul> <li>Quick wins plan implemented, generating estimated revenue of RM500 million while comprehensive Business Turnaround Plan unveiled in February 2006</li> <li>Signed collective agreement with nine unions in February 2006</li> </ul>
Malaysian Resources Corporation Berhad	<ul> <li>Rationalisation and restructuring pared down debt to RM1.2 billion in 2005 while KL Sentral development project has on-going order-book of RM1.2 billion in 2005 and balance of RM3.5 billion gross development value until 2012</li> </ul>
Sime Darby Berhad	<ul> <li>Improved capital management function by strengthening corporate centre on M&amp;A activities and capital expenditure requisition, defining optimal capital structure, and centralisation of cash management and corporate finance decision</li> <li>On-going disposal of non-core assets</li> </ul>
Telekom Malaysia Berhad	<ul> <li>VSS program saw reduction of workforce by 6% in 2005</li> <li>Granted fairer access pricing structure with outflow savings of RM100 million p.a.</li> <li>Regional expansion plan bearing fruit with gains from Telkom South Africa and successful listing of Dialog and Excelcomindo and roaming and co-branding partnership with Vodaphone established</li> </ul>
Tenaga Nasional Berhad	<ul> <li>Efficiency gains of RM962 million realised in FY05 from cost reduction, revenue enhancement and reduced losses</li> <li>Successful bid for new overseas venture – Shuaibah 3</li> <li>Strong and sympathetic support for tariff review and no new unplanned planting-up scheduled up to 2010</li> </ul>





## **GLOSSARY OF TERMS AND DEFINITIONS**

## **GLCs**

GLCs are defined as companies that have a primary commercial objective and in which the Malaysian Government has a direct controlling stake.

Controlling stake refers to the Government's ability (not just percentage ownership) to appoint Board members, senior management, as well as make major decisions (e.g. contract awards, strategy, restructuring and financing, acquisitions and divestments, etc.) for GLCs either directly or through GLICs.

Includes companies where GLCs themselves have a controlling stake, i.e. subsidiaries and affiliates of GLCs.

## **GLICS**

GLICs are defined as Federal Government linked investment companies that allocate some or all of their funds to GLC investments.

Defined by the influence of the Federal Government in appointing/approving Board members and senior management, and having these individuals report directly to the Government as well as in providing funds for operations and/or guaranteeing capital (and some income) placed by unit holders.

This definition currently includes seven GLICs: EPF, Khazanah, KWAP, LTAT, LTH, MKD and PNB.

## G-15

G-15 is a selection of 15 GLCs held by the GLIC constituents of the PCG. They include Affin Holdings Bhd, BIMB Holdings Berhad, Boustead Holdings Berhad, Bumiputra-Commerce Holdings Berhad (formerly Commerce-Asset Holdings Berhad), Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad, Malayan Banking Berhad, Malaysian Airline System Berhad, Malaysia Building Society Berhad, Malaysian Resources Corporation Berhad, Proton Holdings Berhad, Sime Darby Berhad, Telekom Malaysia Berhad, Tenaga Nasional Berhad and UEM World Berhad. G-15 accounts for about 65% of the market capitalisation of listed GLCs.

# **GLOSSARY OF TERMS AND DEFINITIONS IWT** JWT is led by Khazanah, as the Secretariat to PCG, and consists of representatives from EPF, LTAT, LTH and PNB. Its main function is to develop and rollout the Transformation Program. **INDICATORS** Leading indicator - A measurable factor that changes before the performance starts to follow a particular pattern or trend. Leading indicators are used to predict changes in performance, but are not always accurate. Coincident indicator - A factor that varies directly and simultaneously with the activity, thus indicating the current state of performance. Lagging indicator - A measurable factor that changes after the performance has already begun to follow a particular pattern or trend.

**ECONOMIC PROFIT** 

Economic Profit measures net profit after deducting a charge to account for the cost of capital utilised to generate this profit.

Technically, Economic Profit is defined as capital invested multiplied by the spread between ROIC and WACC. Sometimes, Economic Profit is referred to as EVA. The formula is:

Economic Profit = Invested Capital x (ROIC - WACC)

Alternatively;

Economic Profit = NOPLAT - (Invested Capital x WACC)

# **HEADLINE KPIs ANNOUNCED BY G-15**

GLCs	Headli	ne KPIs	
	• 4	After Tax Return on Equity	8.9% (FY06); 9.8% (FY07)
		After Tax Return on Assets	0.9% (FY06); 1.0% (FY07)
AFFINHOLDINGS AFFIN HOLDINGS BERHAD (2321844)		NPL Ratio	10.6% (FY06); 8.0% (FY07)
		Earnings Per Share	25 sen (FY06); 28 sen (FY07)
	• •	NPF	Contain to below 25% (FY06)
DIMP		RWCR	Improve to 12% (FY06)
RIMR		Revenue Growth	20% year on year (FY06 - FY09)
HULUINGS		Expense Growth	5% year on year (FY06 - FY09)
بي اي عيم بي مولديڤس برحد		Return to Profitability	By FY07
(423856-7)		Return on Equity	5% (FY06 - FY09)
	• F	Return on Equity	7.9% (FY06); 8.7% (FY07)
	• F	Return on Asset	7.6% (FY06); 8.4% (FY07)
	• [	Dividend Payout Ratio	49.9% (FY06); 50.0% (FY07)
Boustead Holdings Berhad	• (	Gross Dividend Per Share	16 sen (FY06); 16 sen (FY07)
	• F	Return on Average Equity	13% (FY06)
		'SR	Outperform KLCI TSR (FY06)
Bumiputra-Commerce Holdings Berhad	d		

The Headline KPIs in the following pages are targets or aspirations set by the company as a transparent performance management practice. These 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.

Disclaimer:

# HEADLINE KPIs ANNOUNCED BY G-15

GLCs	Headline KPIs		
	<ul> <li>Return on Equity</li> <li>Percentage of Sales Volume from High Value-Added,</li> <li>Non-Commodity Oils and Fats</li> </ul>	Between 8% to 12% (FY06-FY10) Increase from 30% to 50% by FY10	
Golden Hope	Dividend	At least 50% of yearly net earnings	
			•
	Return on Equity	8% (FY06); 12% (FY08)	
	Target Fresh Fruit Bunch	20.1mt (Malaysia); 17.5mt (Indonesia) (FY06)	
Kumpulan Guthrie Berhad	Yield per Mature Hectare	22.0mt (Malaysia); 20.3mt (Indonesia) (FY08)	
			•
	<ul> <li>Net Return on Equity</li> </ul>	18% (FY06 – FY08)	
Maybank	Minimum Revenue Growth	10% per annum (FY06 - FY08)	
	Net (Loss)/Income	-RM620 million (FY06), RM50 million (FY07) and RM500 million (FY08)	Disclaimer:  The Headline KPIs in the following pages are targets or aspect to the control of th
	Cash Surplus	RM1.0 billion (FY06)	set by the company as a transparent performance mana
<b>#</b> Emalaysia	<ul> <li>Profit for MAS Kargo</li> </ul>	RM107 million (FY06)	practice. These Headline KPIs shall not be construed a
AINLINES	On Time Performance	80% of flight schedules in 2006	forecasts, projections or estimates of the company or represe of any future performance, occurrence or matter as the l
	Number of Incidents		KPIs are merely a set of targets/aspirations of future perf
	inumber of incidents	Not more than 3 cases per month	aligned to the company's strategy.

# **HEADLINE KPIs ANNOUNCED BY G-15**

GLCs	Headline KPIs	
HOOL	Return on Equity	8.83% (FY06) (without Tax Adjustments)
10	Profit Before Tax Growth	37% (FY06)
MBSB	Retail Loan Growth	30% (FY06)
	Group Revenue Growth	50% (FY06)
	New Property Development	RM600 million (FY06)
MRC	New Order Book Growth for	RM1.0 billion (FY06)
	Engineering, Infrastructure & Others	S
	<ul> <li>Group Profit Before Tax Growth</li> </ul>	50% (FY06)
	Domestic Market Share	45.8% (FY07)
PROTON	<ul> <li>Export Sales</li> </ul>	8.6% (FY07)
	(% Contribution to Revenue)	
	EBIT Margin	2.5% (FY07)
	Customer Satisfaction Index	720 points (FY06)
C:	<ul> <li>Return on Shareholders' Fund</li> </ul>	11.5% (FY06); 15% (FY08)
Sime	<ul><li>Return on Shareholders' Fund</li><li>Net Profit Target</li></ul>	11.5% (FY06); 15% (FY08) RM1,006 million (FY06);

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GLCs	Headline KPIs	
TI	<ul><li>Revenue</li><li>EBITDA Margin</li><li>Return on Capital Employed</li></ul>	RM 17.0 billion (FY06) 45.9% (FY06) 10.6% (FY06)
TENAGA NASIONAL BERHAD	<ul> <li>Return on Assets</li> <li>Gearing</li> <li>Unplanned Outage Rate</li> <li>Reduction in Transmission and Distribution Losses</li> <li>System Average Interruption Duration Index</li> </ul>	2.4% (FY06) 63% (FY06) 5.0% (FY06) 9.5% (FY06) 133 minutes (FY06)
<b>JEM</b> WORLD	<ul><li>Revenue Growth</li><li>Return on Equity</li></ul>	36% (FY06) 12% (FY06)

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