

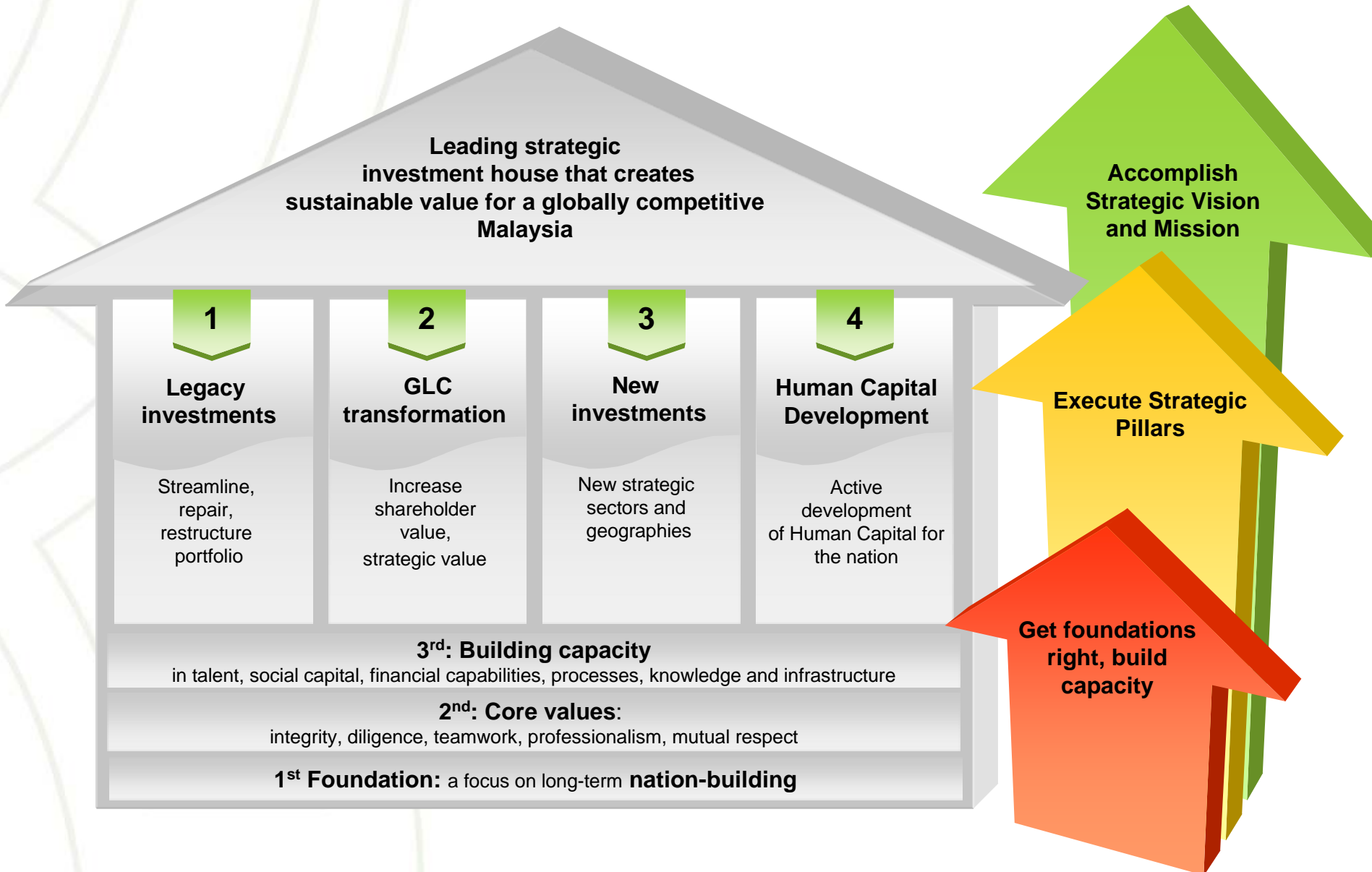


KHAZANAH
NASIONAL

MEDIA BRIEFING - FOURTH-YEAR ANNUAL REVIEW 2007/2008

13 June 2008







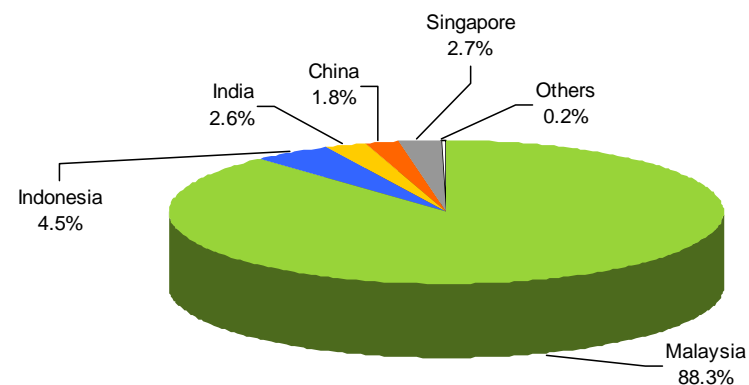
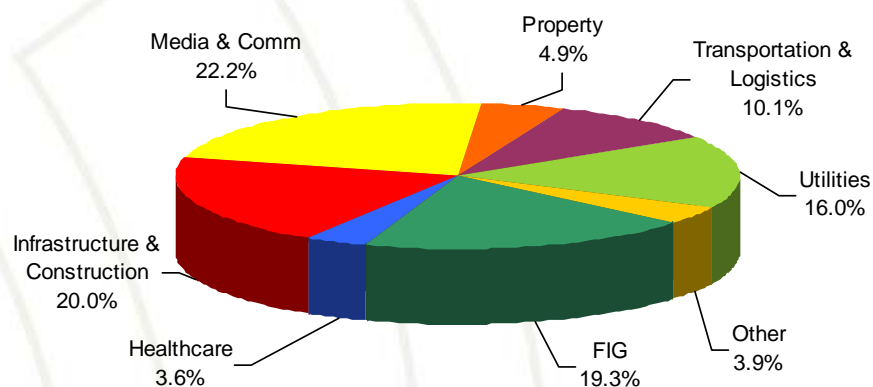
-
- Financial and Portfolio Performance
 - Strategic Performance
 - In Summary
-



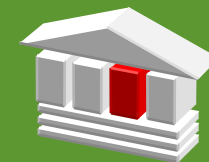
| Portfolio Value | 14 May 2004 (RM bn) | 31 May 2006 (RM bn) | 31 May 2007 (RM bn) | 31 May 2008 (RM bn) | 12 Jun 2008 (RM bn) |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| RNAV | 50.9 | 65.0 | 88.8 | 88.2 | 88.4 |
| Net Worth | 33.3 | 40.0 | 62.2 | 53.1 | 53.3 |
| RNAV/Liability Cover (x) | 2.9 | 2.6 | 3.3 | 2.5 | 2.5 |

| Portfolio Performance since 14 May 2004 to | 31 May 2006 (RM bn) | 31 May 2007 (RM bn) | 31 May 2008 (RM bn) | 12 Jun 2008 (RM bn) |
|---|------------------------|------------------------|------------------------|------------------------|
| Increase in Net Worth | 6.7 | 28.9 | 19.8 | 20.0 |
| Net Worth CAGR (% p.a.) | 9.4% | 22.8% | 12.3% | 12.3% |

Breakdown of Portfolio by Sector and Country as at 31 May 2008



Source: Khazanah analysis



Summary of Discretionary Investments, Divestments and Monetisations from 1 Jun 2004 to 31 May 2008

| New investments | No. of investments made | Investment Amount (RM m) | Capital Gains plus Dividends (RM m) | HPR (%) |
|-----------------|-------------------------|--------------------------|-------------------------------------|--------------|
| Domestic | 22 | 21,165 | 2,346 | 11.1% |
| Foreign* | 20 | 7,478 | 4,451 | 59.5% |
| Total | 42 | 28,643 | 6,797 | 23.7% |

Major Divestments and Monetisations from 1 Jun 2007 to 31 May 2008

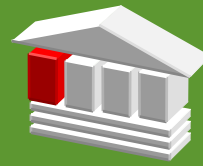
| | Investment Amount (RM m) | Capital Gains plus Dividends (RM m) | HPR (%) | Investment Period | Divestment/ Monetisation Period |
|--------------------------------|--------------------------|-------------------------------------|-------------|-------------------|---------------------------------|
| Divestments | | | | | |
| RHB | 725 | 2,558 | 353% | Pre- 1 Jun 04 | 2Q 2007 |
| Excelcomindo | 885 | 509 | 58% | 3Q 2005 | 2Q 2008 |
| Mobile One | 136 | 87 | 64% | 4Q 2005 | 2Q 2008 |
| Parkson | 51 | 262 | 513% | 4Q 2005 | 1Q 2008 |
| Lippo Bank* | 2,124 | 1,718 | 81% | 3Q 2005 | 2Q 2008 |
| Total Divestments (D) | 3,921 | 5,134 | 131% | | |
| Monetisations | | | | | |
| PLUS | 1,846 | 1,112 | 60% | Pre- 1 Jun 04 | 3Q 2007 |
| Parkson | 212 | 1,557 | 735% | 4Q 2005 | 1Q 2008 |
| Total Monetisations (M) | 2,058 | 2,669 | 130% | | |
| Total D + M | 5,979 | 7,803 | 131% | | |

* Lippo Bank subject to completion of Bank Niaga – Lippo merger transaction

Note: Monetisations comprise issuances of exchangeable sukus



-
- Financial and Portfolio Performance
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-



Divested



Resolved / Restructured



Ongoing



Growth in revenue and capacity. Challenges due to direct industry correlation to expected global slowdown.



Under receivership, issues being resolved with lenders.

Pending



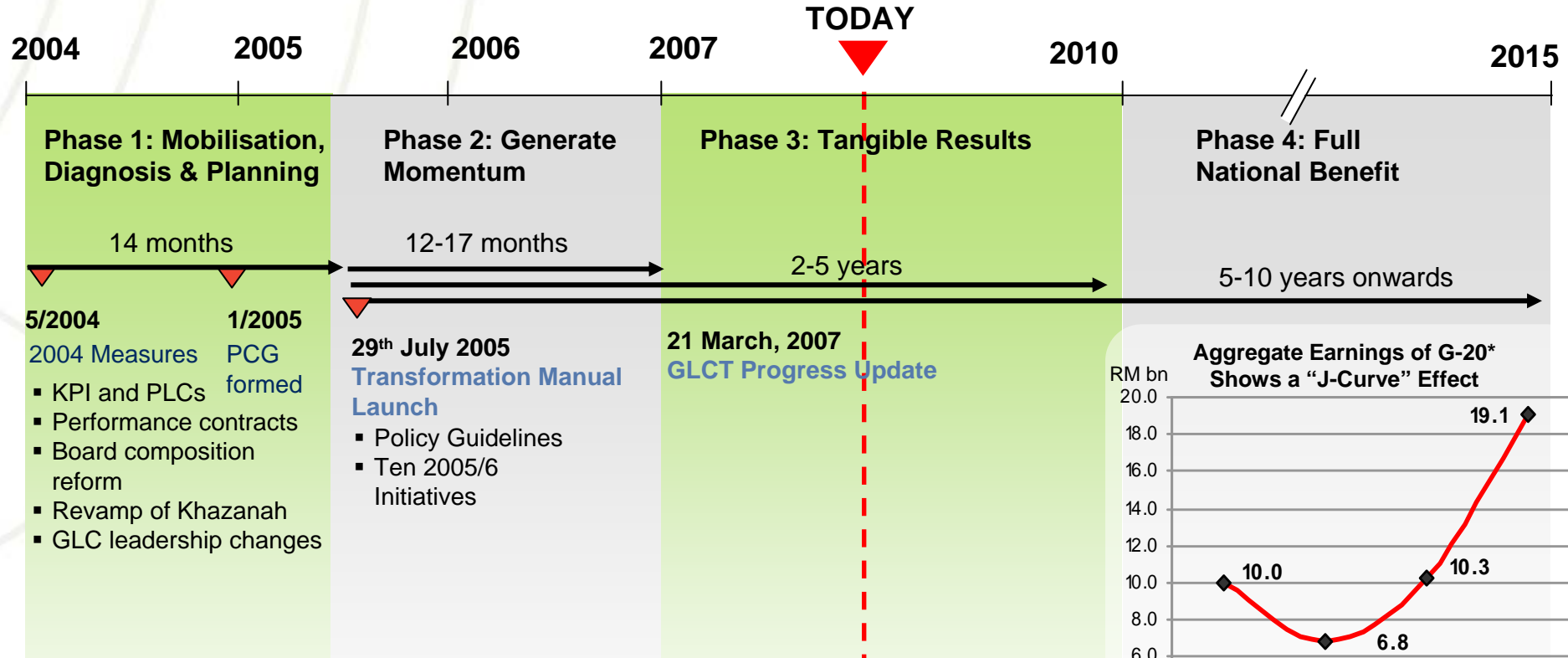
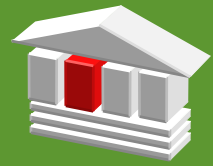
- Net profit of RM117m in FY2008.



- Restructuring pending Cabinet approval.

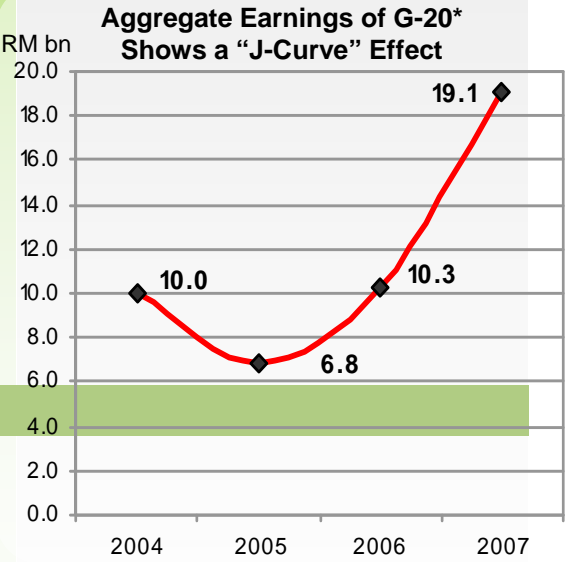


completed in past twelve months to May 2008



Targeted outcomes:

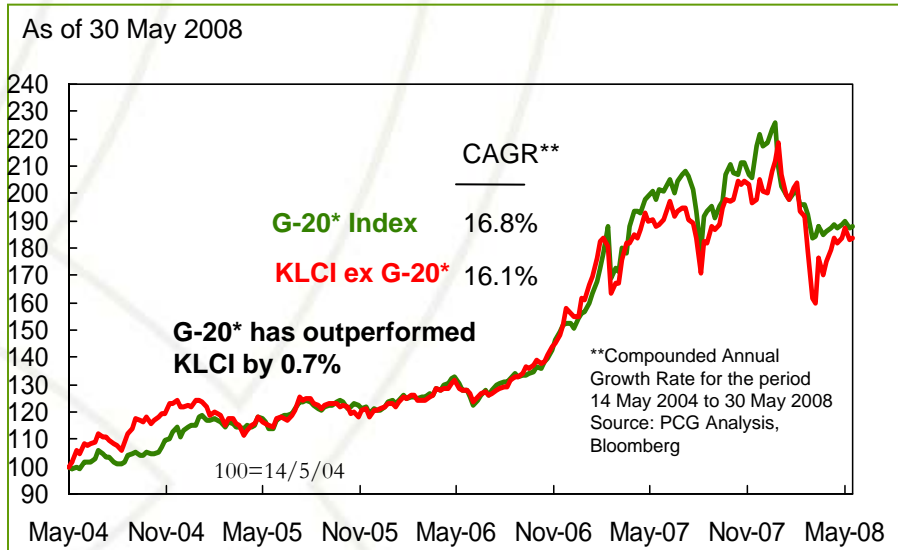
- Diagnosis of GLCs conducted
- Determination of Policy Principles
- Initial 2004 Initiatives launched
- 2005/6 Initiatives implemented
- Full roll-out in place
- Key policies endorsed and executed upon
- Early fruits of sustainable improvements
- Tangible and sustained benefits across all GLCs
- Visible benefits to all stakeholders, e.g., customers, vendors, employees, etc.
- Large scale strategic and financial changes made
- Material changes to Boards



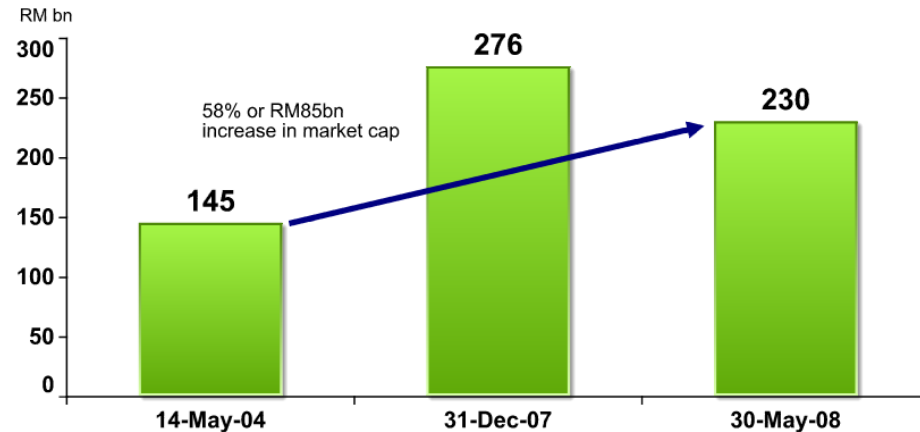
- Several regional champions
- Most GLCs performing at par with competitors



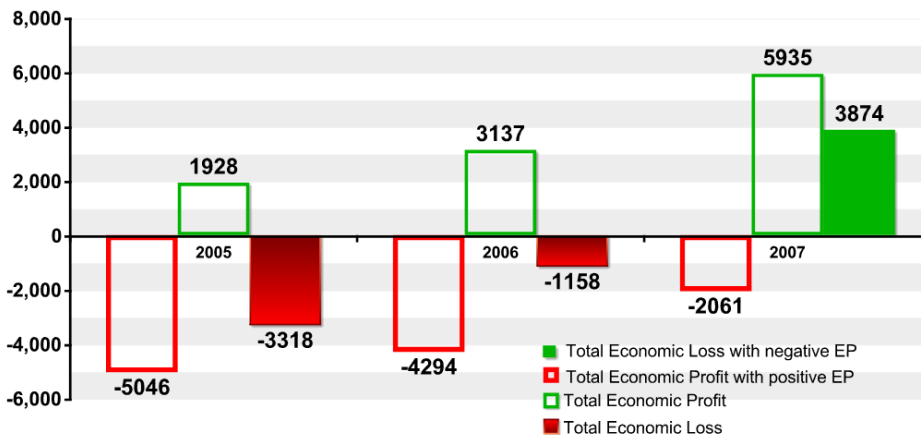
G-20* Total Shareholder Returns – May 2004 till current



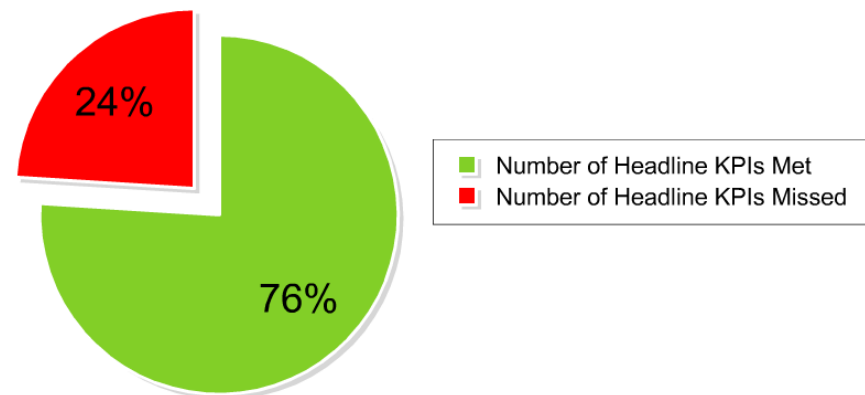
Market Capitalisation of G-20*



Aggregate G-20* Economic Profit/ Loss – 2005 to 2007



G-20* Headline KPI Achievement in FY2007





1 Enhancing Board Effectiveness (**GREEN**), Apr 2006



2 Strengthening Directors Capabilities (**MINDA**), Dec 2006



3 Enhancing GLIC Monitoring & Management Functions, Dec 2006



4 Improving Regulatory Environment Sep 2006



5 Achieving Value Through Social Responsibility (**SILVER**), Sep 2006



6 Reviewing and Revamping Procurement Practices (**RED**), Apr 2006



7 Optimising Capital Management Practices (**PURPLE**), Dec 2006



8 Strengthening Leadership Development (**ORANGE**), Dec 2006



9 Intensifying Performance Management Practices (**BLUE**), Aug 2005

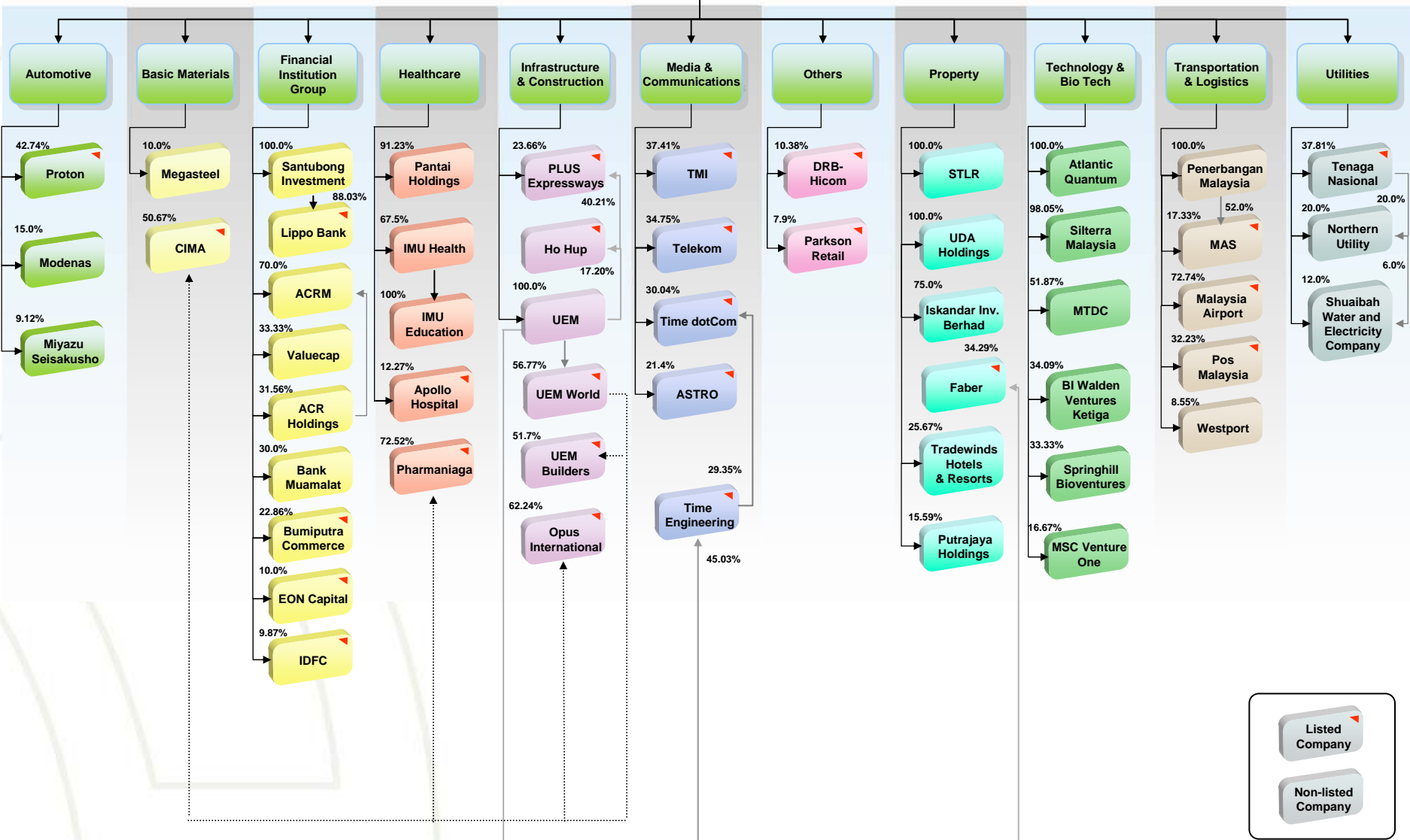


9 Programme for Implementing Value-Based Performance Management, Dec 2006



10 Enhancing Operational Efficiency and Effectiveness (**YELLOW**), Sep 2006

Khazanah Nasional Berhad





KHAZANAH NASIONAL



TMI





- Creating two champions able to pursue distinct aspirations and strategies
 - TM – to lead domestic broadband rollout
 - TMI – significant regional player with footprint covering 10 countries



- Creates world's largest ReTakaful Group with capital of USD300m
- Supports the development of Islamic financial services industry



- Unlocking value
 - Allows shareholders to directly participate in UEM Land and Iskandar Malaysia's success story
 - Enhances transparency of valuation



- Merged entity will be fifth largest bank in Indonesia in terms of assets
- Significant synergies and minimal overlaps
- In line with Indonesia's Single Presence Policy requirements
- Expected gains of USD530bn



- Significant synergies from optimization of TdC's fibre network assets and cross selling of products
- Enables TdC to focus on its broadband business and grow managed network solutions



- Leading fully integrated healthcare organisation in Asia
- Platform to participate in high growth regional healthcare sector
- Total stake of 22.81% worth SGD865m



2004 2005 2006 2007 2008



Exchangeable Bonds into shares of PLUS

- **Issue Size:** US\$ 414.5m
- **Tenure:** Issued Dec 2004, 5 year maturity
- **Premium:** 17%
- **Distinguishing features:** First issuance of an Exchangeable Bond by Khazanah

Exchangeable sukuks into shares of TM

- **Issue Size:** US\$ 750m
- **Tenure:** Issued Oct 2006, 5 year maturity
- **Premium:** 19%
- **Distinguishing features:** Multiple award winning, world's first Exchangeable Sukuk

Exchangeable sukuks into shares of PLUS

- **Issue Size:** US\$ 850m
- **Tenure:** Issued Jul 2007, 5 year maturity
- **Premium:** 23%
- **Distinguishing features:** Rated Best Equity Deal and Best Cross Border Deal 2007

Exchangeable sukuks into shares of Parkson Retail Group Ltd

- **Issue Size:** US\$ 550m
- **Tenure:** Issued Mar 2008, 5 year maturity
- **Premium:** 37%
- **Distinguishing features:** Hong Kong listed stock, with China operations. Landmark cross border transaction, incorporating Malaysian issuer, Chinese underlying stock and Middle East subscribers



**USD766,000,000 sale of
Telekom Malaysia
shares
2004**

**Best Secondary Offering
Best Malaysia Deal 2004**



**USD750,000,000
Exchangeable Trust
Certificates Due 2011
2006**

**Best Equity-Linked Deal
Best Deal (Malaysia)
Best Equity Linked
Deal
Best Cap Market Deal**



**Most Innovative Deal
Best Deal (Malaysia)
Sovereign of the Year**

Best Sukuk Deal



**Asia Capital
Reinsurance Group
USD620,000,000 Private
Placement
2006**

Most Innovative Deal - Equity



**Asia Capital
Reinsurance Group Pte
Ltd
2007**

**Company Launch of the Year,
Worldwide Reinsurance Awards 2007**



**Shuaibah IWPP
Phase III**

**USD850,000,000 Islamic
Exchangeable Sukuk
Issue on Plus
2007**

**Human Capital
Management**

**Power and Water
Deal of the Year
2005**

**Desalination
Deal of the
Year 2006**



**Best Equity-Linked Deal
Best Islamic Finance Deal
Deal of the Year
(Malaysia)**



Contribution to Organisation



Best Cross Border Deal 2007

Best Equity Deal 2007



**Project
Finance Deal of
the Year 2005**

**Power Deal
of the Year
2005**



**Best Equity-
Linked Deal**

**Deal of the Year
(Malaysia)**



HR Leadership Award

Asia Pacific HRM Congress

Mumbai, 2007

**Lippo Bank
2007**

**Most Innovative
Product**

**Best Debt Market Deal
Best SE Asia Deal**

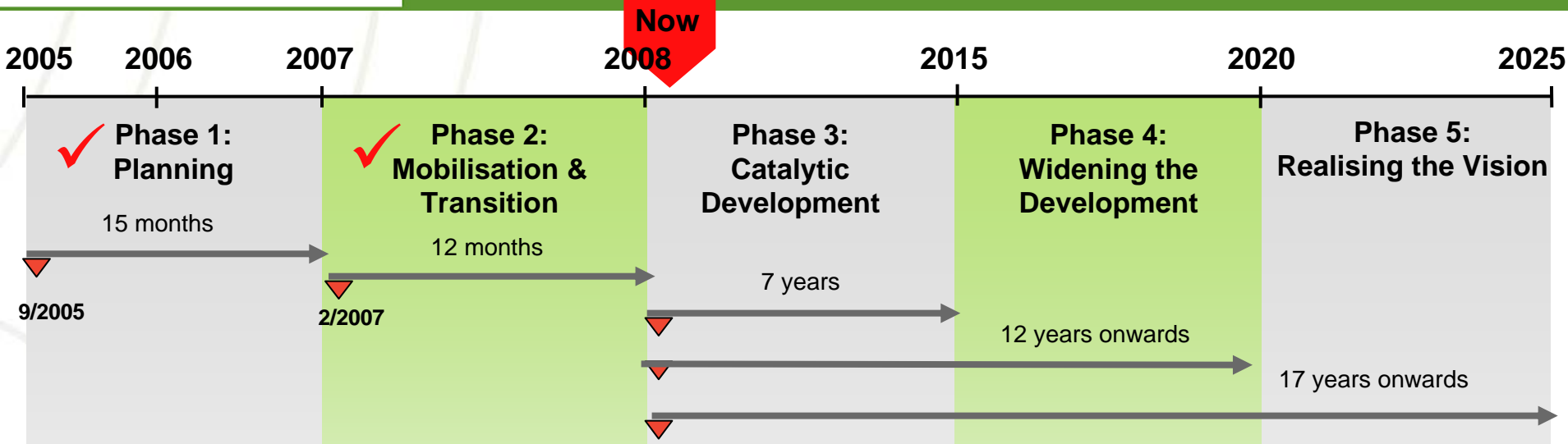
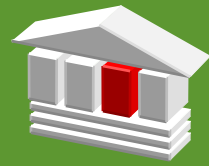


Best National Bank 2007



Best Bank of the Year





Outcomes:

- ✓ Completed concept plan - Sep 2005.
- ✓ Launched IDR and CDP - Nov 2006.
- ✓ Passed IRDA Bill - Dec 2006.

- ✓ Established IRDA & SJIC and built capacity.
- ✓ Secured selected master investors in selected nodes.
- ✓ Announced incentives & support package in Node 1.
- ✓ Developed social development blueprint.

- Complete JSNAC.
- Focus development in selected nodes to control supply.
- Implement at least 2-3 high impact catalytic projects to induce demand.
- Develop hard infrastructure in selected nodes.
- Build human capital to support catalytic projects.
- Commenced implementation of selected RMK-9 projects.
- Enhance image and value of IDR.

- Expand development selectively into neighbouring nodes.
- Enhance soft and hard infrastructure in IDR.

- Achieve strong and sustainable metropolis of international standing.
- Expand efforts to enhance image and value of IDR.

✓ Completed



July 2005
Khazanah conducted feasibility study for development of special economic zone at South Johor

Oct 2005
Khazanah presented Conceptual Outline Plan for South Johor Economic Region ("SJER")

2 Nov 2006
Heads of Agreement signed to form South Johor Investment Corporation ("SJIC"), super developer for strategic initiatives in IDR

4 Nov 2006
Iskandar Development Region ("IDR") officially launched

17 Feb 2007
The Iskandar Regional Development Authority ("IRDA") Act 2007 came into effect

23 Feb 2007
IRDA and Advisory Council inaugural meetings

22 Mar 2007
IDR Incentives and Support Package ("ISP")

15 May 2007
High level Malaysia-Singapore engagement

29 Aug 2007
IDR attracts first major foreign investment amounting US\$1.2 bn to develop Node 1, with projected GDV of USD20bn

9 Oct 2007
List of incentives and qualifying activities for ISP

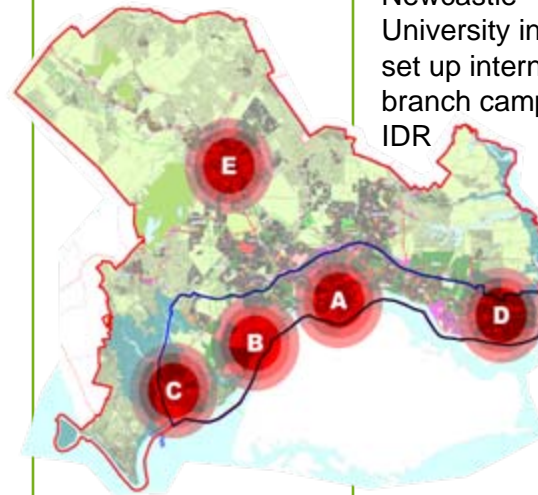
12 Feb 2008
Social Projects Fund of RM50m announced

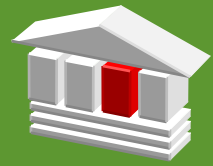
14 Feb 2008
Definitive agreement between Rim City and Cultural Cluster to commence Node 1 work

29 Feb 2008
Newcastle University invited to set up international branch campus in IDR

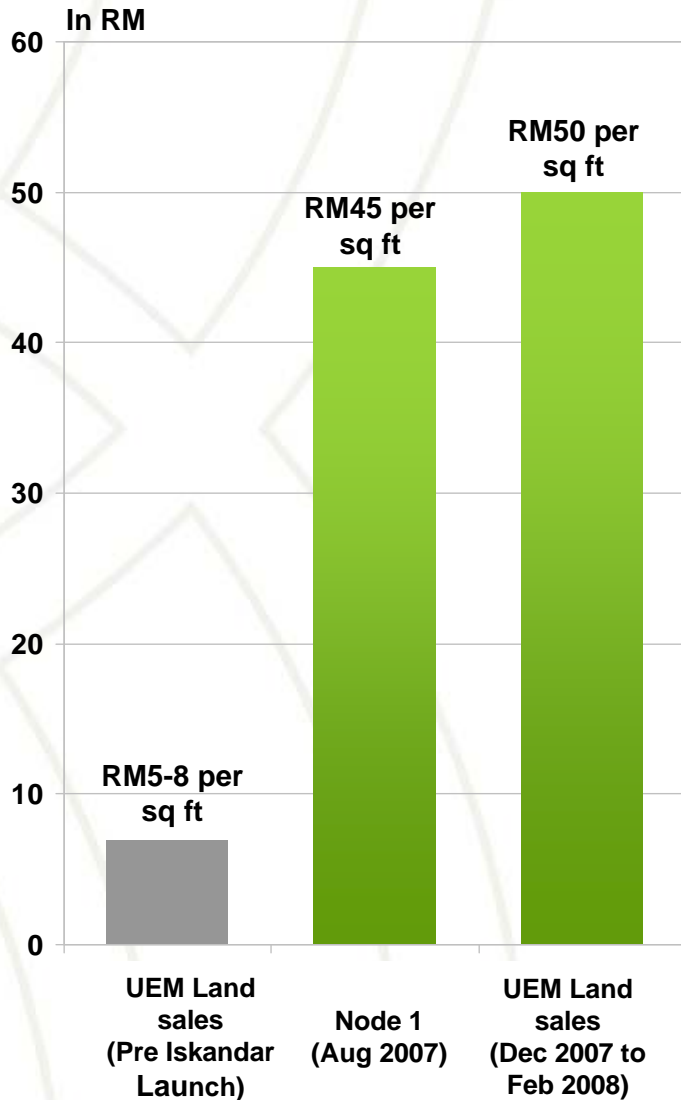
April 2008
Rebranding of IDR to Iskandar Malaysia

8 May 2008
Definitive agreement between Rim City and Global Capital and Development to commence infrastructure work for Node 1, amounting to USD522m

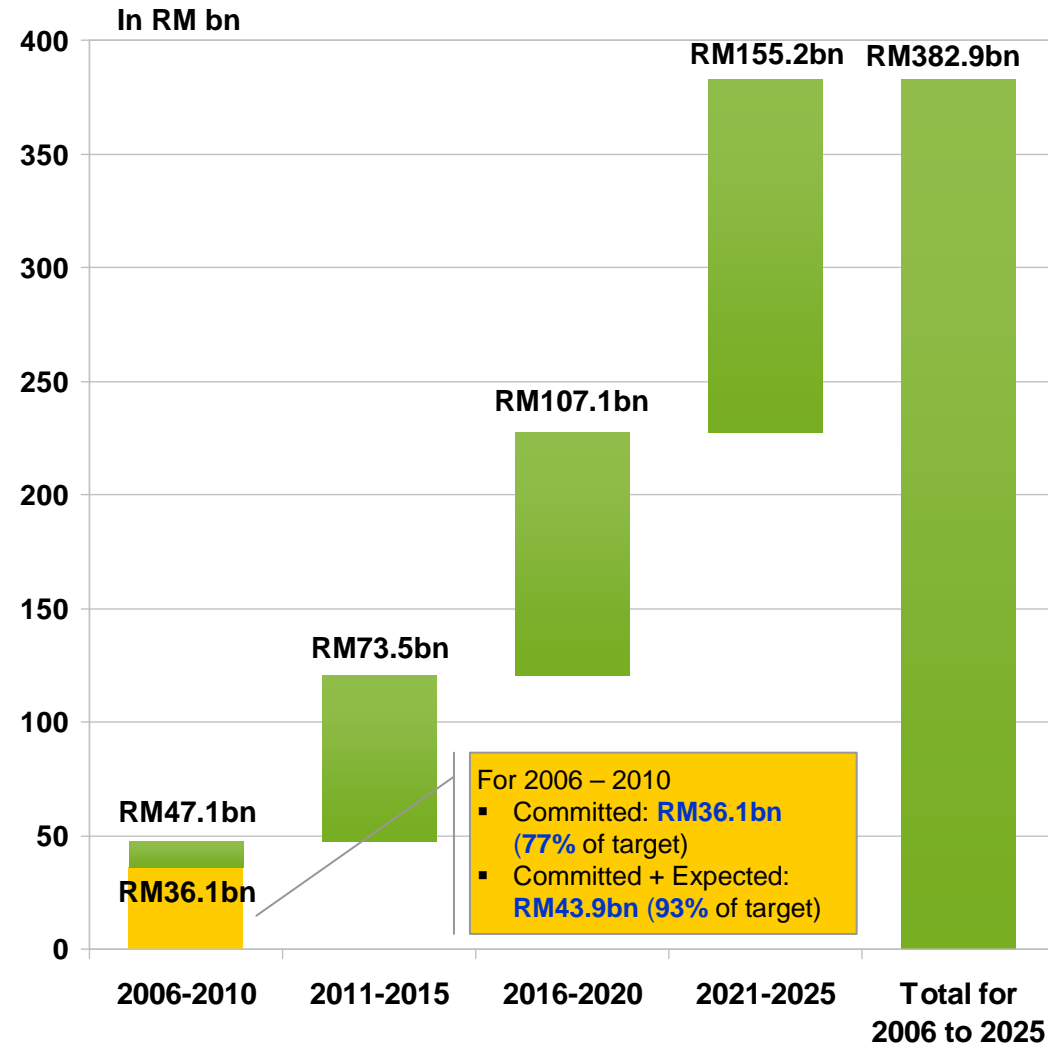




Comparison of Land Value Pre and Post Iskandar



Estimated Capital Investment Required for Iskandar (at constant 2005 price)





Knowledge Capital

- Khazanah Merdeka Series - building knowledge capital
- In celebration of Malaysia's 50th year of Merdeka
- Reached young talents: 11 universities / 9,000 university students



KHAZANAH
GLOBAL
LECTURES
KHAZANAH
NATIONAL
DEVELOPMENT
SEMINAR
KHAZANAH
MEGATRENDS
FORUM



Yayasan Khazanah

- Expanded to Asian region
- Collaboration with Oxford Center for Islamic Studies
- Total of 90 premium scholarships annually



Collaboration with Universities

- Collaboration with local universities to develop resources at various levels
- Two specific collaborations: 1) UM Center for Regulatory Studies (UMCoRs) and 2) collaboration with USM in the area of Life Sciences



Corporate Responsibility

- PINTAR – 151 schools by 23 GLCs covering approximately 80,000 students
- MERCY – Reducing Vulnerabilities, and Emergency Relief
- GREEN – Graduate Employability Enhancement Program



Human Capital

- 296 staff, vs. 33 at 14 May 2004
- Staff from diverse range of backgrounds and industries





151 schools by 23 GLCs, covering approx. 80,000 students



Beach rehabilitation e.g. Teluk Cempedak, Pulau Tioman



Homes for hardcore poor in Kelantan, Terengganu, Kedah and Melaka



Higher service delivery and quality levels



World's best cabin crew



Best Lifestyle Venue award



Product awards

COMMUNITY AND CSR

CUSTOMERS

GLCs BENEFIT ALL STAKEHOLDERS

VENDORS AND SUPPLIERS

EMPLOYEES & HUMAN CAPITAL



Assisting Bumiputera vendors to develop Halal products



Dedicated young leaders and in-house development programmes



Provided opportunity for local vendor to develop a new docking system



Scholarships and graduate unemployment programmes



More than 10,000 genuine Bumiputera vendors covered under the programme



More than 360,000 staff and 75,000 are professionals of which 67% are Bumiputera



-
- Financial and Portfolio Performance
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-

Financial and Portfolio Performance

- Portfolio net worth up RM19.8bn or 60% over 4-year period to RM53.1bn, CAGR 12.3%
- Significant net sellers over past 12 months, harvesting projected gains totalling RM7.8bn, HPR 131%
- 42 new investments, totalling RM28.6bn, gains RM6.8bn or HPR of 23.7%

Strategic performance

- GLCT Programme : 40% completed, earnings up 91% to RM19.1bn
- Iskandar Malaysia : Achieved RM36.1bn in 19 months, 77% of RM47bn target of first 5 years, 10 fold increase of asset prices in < 3 years, first wave of FDI secured August 2007, projected GDV USD20bn
- Continued progress in executing strategic transactions – regionalization of investments, corporate restructuring, innovative financing
- Continued progress in capacity building and CR : KMS, GREEN, PINTAR, Yayasan Khazanah, MERCY Malaysia



Thank You

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