

Media Statement

Kuala Lumpur
Thursday, 1 June 2006

Khazanah Reports Second Year Performance Review

Khazanah Nasional Berhad (“Khazanah”) is pleased to provide an update to the Malaysian Public of progress made in respect of the Khazanah and GLC (“Government-Linked Companies”) revamp program that was mandated on Khazanah, first announced by the YAB Prime Minister two years ago on 14 May 2004. At a media briefing today, Khazanah reported that significant progress has been achieved as follows:

1. Over the two year period, Khazanah’s investment portfolio has grown from RM50.9 billion to RM65.0 billion, while its net worth has grown from RM33.3 billion to RM40.0 billion, an increase of RM6.7 billion. This translates into total shareholder return of the listed portfolio of 17.5% over the two years.
2. Twelve new discretionary investments were made during the period. As at 31st May 2006, the net portfolio realized and unrealized gains arising from the investments was RM 318 million.
3. The GLC Transformation Program, where Khazanah acts as the secretariat to the Putrajaya Committee for GLC Transformation (“PCG”), and as the driver of the Joint Working Team, continues to gain momentum with three key initiatives already launched with the further seven on schedule to be implemented by end 2006.
4. The transformation and, in some cases, restructuring of Khazanah’s GLCs continues and is at various stages of completion. As outlined in the GLC Transformation Manual, while the process to create lasting and sustainable value is a long-term program, there have been several encouraging and early results already being generated in various key investee companies.
5. In addition to the drive towards greater efficiency among GLCs, Khazanah has selectively made several overseas investments in line with the updated Khazanah mandate to build linkages into sectors and geographies that are important to Malaysia’s long-term competitiveness. In addition to this, Khazanah is also intensifying investments in the domestic sector. Among targeted investments include the South Johor Economic Region and investments in new agriculture.
6. There has also been significant progress over the period in Khazanah’s Capacity Building Program especially in human capital management, knowledge management, systems and processes, risk management and policy studies.

Our focus remains on the four strategic pillars that we have defined as critical enablers to deliver our mandated mission; that is the legacy restructuring of investee companies, on-going implementation of the GLC Transformation Program, new investments and divestments, and capacity building. We wish to record our appreciation to all parties and stakeholders for the continuing support and understanding thus far and we look forward to continuing to deliver on our mandate.

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About Khazanah Nasional Berhad

Khazanah is the investment holding arm of the Government of Malaysia entrusted to manage the assets held by the Government and to undertake strategic investments. It has stakes in more than 40 companies with a combined market capitalization of more than RM150 billion (approximately USD40 billion). Khazanah's investments are in various sectors including finance, telecommunications, electric utilities, communication services, information technology and manufacturing.

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