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**MEDIA STATEMENT**  
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- **Phase II of GLC Transformation Programme Successfully Completed.**
- **YAB Prime Minister Reviews Progress of GLC Transformation Programme and Launches Remaining Initiatives**

YAB Dato' Seri Abdullah Haji Ahmad Badawi was today given a progress report on the Government-Linked-Companies ("GLC") Transformation Programme by the Putrajaya Committee on GLC High Performance ("PCG") and launched the final initiatives under Phase II of the GLC Transformation Programme.

The event marks the successful completion of Phase II of the GLC Transformation Programme – "Generating Momentum" - which saw all ten Initiatives as promised under this phase being delivered on track and as scheduled.

As an update on the progress of the program, the PCG also published the inaugural Progress Review report which highlighted the progress made under the GLC Transformation program to date. Since the launch of the GLC Transformation Programme in May 2004, the 20 major listed GLCs (G-20) have seen an increase in their market capitalisation by approximately RM59 billion (or equivalent to one third of their value) to RM203 billion. In addition, Total Shareholder Returns (TSR) of the G-20 has been performing in line with the broader market since inception of the programme with a Compounded Annual Growth Rate (CAGR) of 16.9% against the KLCI CAGR of 17% in the same period.

Underscoring the importance of GLCs in the economy, it is estimated that listed GLCs collectively have multiplier effect of 1.4x, i.e. a RM1.00 investment by all listed GLCs would yield RM1.40 of incremental output. Under Phase II of the program significant progress has been made by GLCs which have already resulted in some tangible benefits to key stakeholders of the program, not only through improved financial performance, but also, by design, provided benefits to a range of stakeholders, such as customers, employees, suppliers, the Government and the Bumiputera community, among others.

Reflecting an underlying principle of the GLC Transformation Program on national development, the GLCs have also taken leading roles in promoting and investing in key regional economic developments as announced under the Ninth Malaysia Plan ("9MP") such as Iskandar Development Region, the Northern Corridor and the Eastern Corridor. This is in tandem with strong GLC participation in other areas of the 9MP including contributing to key infrastructure projects as well as being good corporate citizens through their focussed Corporate Responsibility programs.

The Progress Review highlighted the achievements of the various GLCs in key areas such as restructuring and turnaround (Malaysia Airline, Tenaga, UEM World); significant increase in profitability or growth (Maybank, POS, Sime Darby); transformational growth/consolidation (BCHB/CIMB, Boustead, BIMB); regionalisation (TM, BCHB/CIMB, MAHB) and expansion through new businesses/9MP activities (Golden Hope, Guthrie, Sime Darby, UEM World, MRCB)

The Progress Review also saw recommendations for Phase III of the program (2007-2010) going forward for key agents of the programme including GLC CEO/Top Management, GLC Boards, GLICs, Government and PCG/TMO where all will have to continue to play a pivotal role to ensure that the Programme shifts focus and delivers results.

In his speech the Prime Minister expressed his pleasure with the progress made by the GLCs in their transformation journey. He highlighted that the GLC Transformation Programme is one of the key policies of his administration and is an integral part of the National Mission outlined in the Ninth Malaysia Plan (RMK9) and reaffirmed the Government's strong support to this program.

**END**

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### **About the GLC Transformation Programme**

The GLC Transformation Programme was first launched in May 2004 and is part of an ongoing effort by the Government to drive development and grow the economy. The launch saw the introduction of the key performance indicators, Board composition initiatives, the revamp of Khazanah Nasional Berhad, as well as changes in the management of a number of GLCs.

On 29 July 2005, YAB Prime Minister launched the GLC Transformation Manual which contained five Policy Guidelines and 10 Initiatives that are targeted to drive and enhance GLC performance. The Blue Book on Intensifying Performance Management Practices was also launched simultaneously.

Subsequently, on 26 April 2006, YAB Prime Minister launched two additional Initiatives namely, the “Green Book” on Enhancing Directors Effectiveness, and the “Red Book” on Procurement Guidelines & Best Practices.

The remaining Initiatives under Phase 2 were launched on Dec 8, 2006. The Initiatives launched were;

- Initiative 3 on GLIC Monitoring & Management Framework;
- Initiative 7 (Purple Book) on Optimising Capital Management Practices
- Initiative 8 (Orange Book) on Strengthening Capital Management Practices
- Initiative 9.5 (Blue Book) on Programme for Implementing Value-Based Performance Management
- Initiative 2 on Strengthening Directors Capabilities, through the establishment of the Malaysian Directors Academy.

### **About The Putrajaya Committee on GLC High Performance (PCG)**

To sustain the momentum created by the launch of initial measures, the PCG was formed in January 2005 to follow through and catalyse the GLC Transformation Programme. The PCG is chaired by the Honourable Second Finance Minister and comprises the Heads of the Government-Linked Investment Companies (GLICs) namely Khazanah Nasional Berhad (KNB), Permodalan Nasional Bhd (PNB), Employees Provident Fund (EPF), Lembaga Tabung Angkatan Tentera (LTAT) and Lembaga Tabung Haji (LTH), as well as representatives from the Ministry of Finance Inc. (MOF) and the Prime Minister’s Office to work together to monitor developments and to recommend further measures of improvements.

A Transformation Management Office (TMO) has been established at Khazanah Nasional Berhad which serves as the Secretariat to the PCG. The TMO is responsible for managing the roll-out of the Initiatives proposed in the Manual and reporting progress to the PCG.