

09 JAN 2003

MAHATHIR-KLSE

KLCI DOES NOT REALLY REFLECT TRUE PERFORMANCE OF COMPANIES, SAYS PM

By: M. Saraswathi

PUTRAJAYA, Jan 9 (Bernama) -- The current Composite Index of the Kuala Lumpur Stock Exchange (KLSE) does not really reflect the performance of the companies listed there, Datuk Seri Dr Mahathir Mohamad, said today.

"Most of the companies are undervalued, they are performing well but the issue of a possible war in Iraq and reports saying that Malaysia is unsafe are influencing the thinking of investors," the prime minister said.

Today, the 100-quality Composite Index (CI) closed 1.45 points higher at 626.58 while the Emas index gained 0.32 of a point to 153.53.

Dr Mahathir said it seemed that some investors were not interested in the performance of companies but in capital gains which could be easily manipulated.

"Short-selling is one of the ways to make a lot of money through capital gains," he said during a dialogue session at the Global Forum 2003 themed 'Competing in the Globalised World: Becoming a World-Class Player' here.

Dr Mahathir was asked why Malaysia seemed to be not attracting much foreign direct investments (FDIs) compared to neighbouring countries despite practising better corporate governance and transparency.

"It is a question of perception and perception may be wrong if based on misinformation. Speculative investors do not like to see growing prosperity, they like to see ups and downs because that's how money is easier to make," he said.

Asked whether selective capital controls and pegging the ringgit had primarily helped Malaysia to stay on top of the Asian financial crisis, Dr Mahathir said those measures alone were not enough as the country also resorted to other strategies.

It did so by monitoring all the sectors of the economy so that the country's economic planners could rectify the situation, if necessary, he added. -- BERNAMA

SM SHY