

ekuinas

EKUITI NASIONAL BERHAD

ANNUAL REPORT 2017

THE RISE OF A
FUTURE MAKER



VISION

To be a world-class Private Equity
fund management company

MISSION

To create Malaysia's next generation of leading companies
whilst promoting equitable and sustainable Bumiputera
wealth creation and economic participation based on the
principles of market-friendliness, merit and transparency

VALUES

Commercially Driven

We maintain strict
commercial discipline to
create value

High Performance

We strive to exceed
expectations

Merit-Based

We recognise and
reward purely based on
performance

Passion

We are passionate
in our task to deliver
beyond the ordinary

Focused

We are focused in our
quest to achieve our
objectives

Humility

We stay true to our
roots and are cognisant
that we serve a greater
purpose



Scan this QR Code to direct
you to Ekuinas' official
website

ABOUT US

Ekuiti Nasional Berhad, or Ekuinas, is a private equity (PE) fund management company established by the Government of Malaysia on 1 September 2009 to promote equitable and sustainable Bumiputera wealth creation and economic participation based on the principles of market-friendliness, merit and transparency via the creation of Malaysia's next generation of leading companies.

HOW DOES EKUINAS OPERATE?

Based on the Private Equity (PE) model of:

- investing in high-growth businesses
 - aggressively expanding them
- profitably exiting once they mature or become market leaders

KEY OBJECTIVES

Financial Objectives

Enhance institutional Bumiputera equity

Target return: Min 12%

Social Objectives

Enhance individual Bumiputera participation

Equity ownership
Management
Employment

Creating value in supply chain

KEY METHODS

Direct Investments

Directly undertake investments

Skewed towards buy-outs and controlling stake

Outsourced Programme

Outsourced PE Managers making investments

Must raise external capital

Focused on provision of growth capital

KEY TARGET GROUPS

Entrepreneurs

Supplement entrepreneurs' risk capital

Enhance their capabilities with professional oversight

Professional Managers

Opportunities for capable managers to earn "sweat equity"

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PORTFOLIO REPORTING

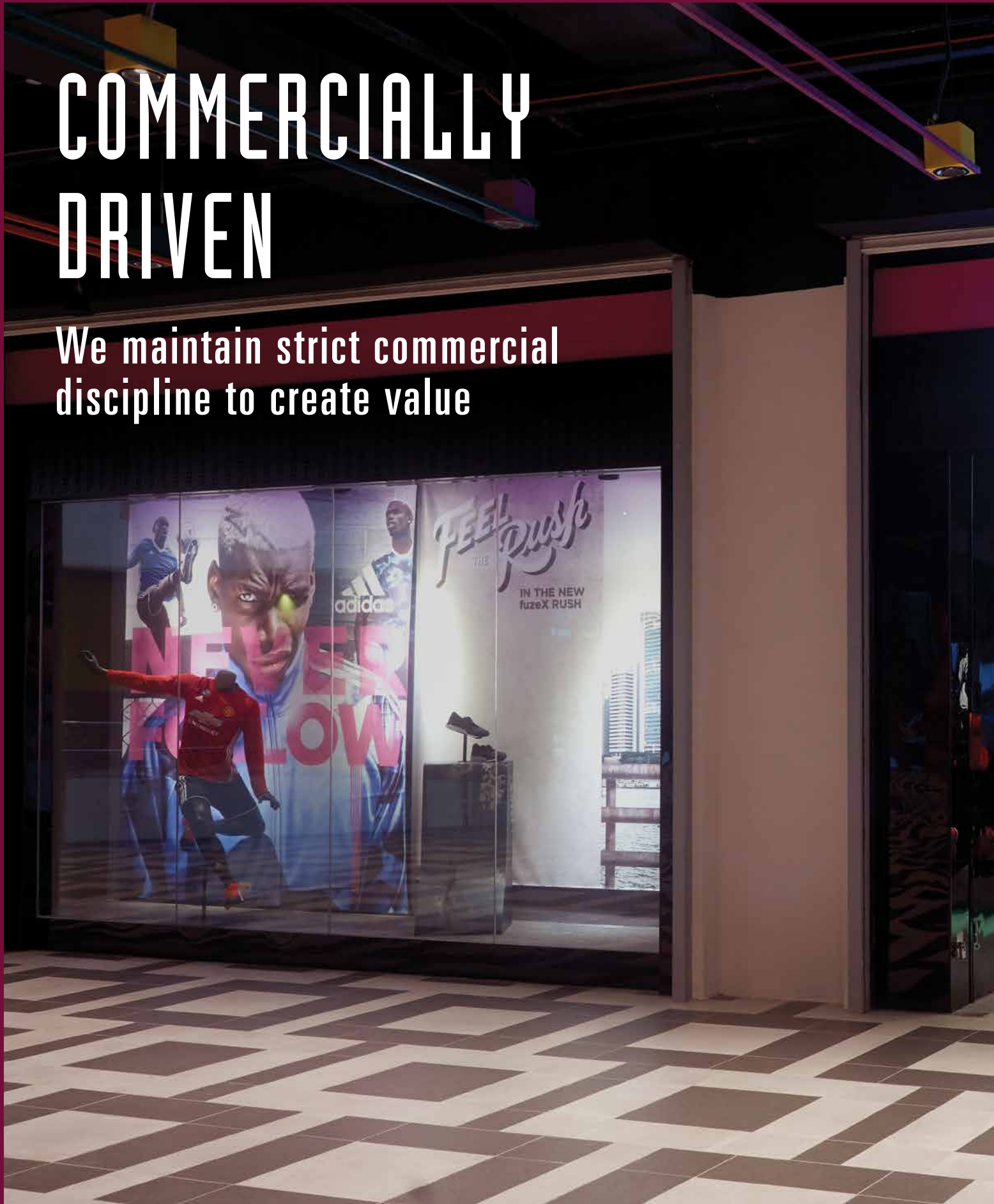
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GLOSSARY

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COMMERCIALLY DRIVEN

We maintain strict commercial
discipline to create value



AL-IKHSAN

CASHER

RUNNING



2017 AT A GLANCE

INVESTMENT PERFORMANCE

EKUINAS DIRECT (TRANCHE I) FUND

GROSS PORTFOLIO RETURN
RM **476.7** MILLION

GROSS IRR
10.1% P.A.

NET IRR
6.5% P.A.

EKUINAS DIRECT (TRANCHE II) FUND

GROSS PORTFOLIO RETURN
RM **391.7** MILLION

GROSS IRR
14.6% P.A.

NET IRR
10.2% P.A.

EKUINAS DIRECT (TRANCHE III) FUND

GROSS PORTFOLIO RETURN
RM **53.9** MILLION

GROSS IRR
10.7% P.A.

NET IRR
N/M*

** Not presented as capital is still being deployed*

EKUINAS OUTSOURCED (TRANCHE I) FUND

GROSS PORTFOLIO RETURN
RM **111.7** MILLION

GROSS IRR
7.5% P.A.

NET IRR
6.6% P.A.

TOTAL CUMULATIVE INVESTMENT PORTFOLIO

TOTAL NUMBER OF
INVESTMENTS
DIRECT AND
OUTSOURCED

58

DIRECT
INVESTMENTS

35

OUTSOURCED
PROGRAMME

23

TOTAL COMMITTED
INVESTMENT BY
EKUINAS

RM **3.6** BILLION

TOTAL ECONOMIC
CAPITAL DEPLOYED,
TOGETHER WITH
PRIVATE SECTOR
PARTNERS

RM **4.3** BILLION

2017 AT A GLANCE

SOCIAL OBJECTIVE PERFORMANCE

— COMBINED DIRECT AND OUTSOURCED —

INCREASE IN
BUMIPUTERA
EQUITYRM **4.4** BILLION

1.5x CAPITAL INVESTED

FUND MANAGEMENT COMPANY

TOTAL FUNDS
UNDER
MANAGEMENT
(FuM)RM **4.1** BILLIONINCREASE
IN TOTAL
SHAREHOLDERS'
VALUERM **6.3** BILLION

2.2x CAPITAL INVESTED

OPERATING
EXPENDITURE
(OPEX)RM **43.9** MILLIONINCREASE IN
BUMIPUTERA
MANAGEMENT
SINCE EKUINAS'
ENTRY**25.0%**RATIO OF
OPEX
TO FuM**1.1%**INCREASE IN
BUMIPUTERA
EMPLOYEES SINCE
EKUINAS' ENTRY**25.1%**PROFIT
AFTER TAX
AND ZAKATRM **18.1** MILLION

2017 KEY FINANCIAL HIGHLIGHTS

1) FUNDS MOVEMENT FROM/TO YAYASAN EKUITI NASIONAL (YEN)

	2017 RM million	2016 RM million
Funds disbursement from YEN during the year	-	300.0
Cumulative funds disbursement from YEN	3,900.0	3,900.0
Capital returned to YEN during the year	-	-
Cumulative capital returned to YEN	200.0	200.0

2) FUNDS ESTABLISHED

	Vintage Year	Fund Size RM million	Investment Focus	Term	Deployment Status
Ekuias Direct (Tranche I) Fund	2010	1,000.0	Buyout and Growth Capital	5 + 2 + 1 years	Deployed & Realised
Ekuias Direct (Tranche II) Fund	2012	1,000.0	Buyout and Growth Capital	5 + 2 years	Deployed
Ekuias Direct (Tranche III) Fund	2014	1,500.0	Buyout and Growth Capital	5 + 2 years	Investing
Ekuias Outsourced (Tranche I) Fund	2011	400.0	Growth Capital	6 + 1 years	Deployed
Ekuias Outsourced (Tranche II) Fund	2013	240.0	Growth Capital	7 + 1 years	Deployed

3) TOTAL FUNDS UNDER MANAGEMENT

	2017 RM million	2016 RM million
Direct	3,500.0	3,500.0
Outsourced	640.0	640.0
	4,140.0	4,140.0
Total Funds available for Investments, including private capital	4,402.0	4,402.0

2017 KEY FINANCIAL HIGHLIGHTS

4) SUMMARY OF FUND PERFORMANCE

a. Summary of Cumulative Investment Activity

	Number of Investments	Committed Investments Undertaken RM million	Total Economic Capital Deployed in Malaysian Economy RM million
2017			
Ekuias Direct (Tranche I) Fund	11	1,258.2	1,380.3
Ekuias Direct (Tranche II) Fund	14	1,043.9	1,043.9
Ekuias Direct (Tranche III) Fund	10	994.5	994.5
Total - Direct	35	3,296.6	3,418.7
Ekuias Outsourced (Tranche I) Fund	15	264.0	708.4
Ekuias Outsourced (Tranche II) Fund	8*	75.6	140.6
Total - Outsourced	23	339.6	849.0
Total - Direct and Outsourced	58	3,636.2	4,267.7
2016			
Ekuias Direct (Tranche I) Fund	11	1,258.2	1,380.3
Ekuias Direct (Tranche II) Fund	14	1,043.9	1,043.9
Ekuias Direct (Tranche III) Fund	4	298.4	298.4
Total - Direct	29	2,600.5	2,722.6
Ekuias Outsourced (Tranche I) Fund	15	264.0	708.4
Ekuias Outsourced (Tranche II) Fund	9	87.6	162.4
Total - Outsourced	24	351.6	870.8
Total - Direct and Outsourced	53	2,952.1	3,593.4

* After adjustment for aborted deal

2017 KEY FINANCIAL HIGHLIGHTS

4) SUMMARY OF FUND PERFORMANCE

b. Summary Of Cumulative Realisation Activity

	Total Number of Realisation	Total Realisation Amount RM million
2017		
Ekuias Direct (Tranche I) Fund	11	1,624.4
Ekuias Direct (Tranche II) Fund	5	377.4
Ekuias Direct (Tranche III) Fund	2	355.2
Total	18	2,357.0
2016		
Ekuias Direct (Tranche I) Fund	6	908.0
Ekuias Direct (Tranche II) Fund	4	209.0
Ekuias Direct (Tranche III) Fund	-	-
Total	10	1,117.0

c. Summary of Cumulative Financial Performance

	Gross Portfolio Return RM million	Gross Internal Rate of Return (IRR)	Net IRR
Direct Funds			
2017			
Ekuias Direct (Tranche I) Fund	476.7	10.1% p.a.	6.5% p.a.
Ekuias Direct (Tranche II) Fund	391.7	14.6% p.a.	10.2% p.a.
Ekuias Direct (Tranche III) Fund	53.9	10.7% p.a.	N/M [^]
2016			
Ekuias Direct (Tranche I) Fund	466.4	13.1% p.a.	9.4% p.a.
Ekuias Direct (Tranche II) Fund	331.6	18.1% p.a.	12.7% p.a.
Ekuias Direct (Tranche III) Fund	-	N/M	N/M
Outsourced Funds			
2017			
Ekuias Outsourced (Tranche I) Fund	111.7	7.5% p.a.	6.6% p.a.
Ekuias Outsourced (Tranche II) Fund*	-	N/M	N/M
2016			
Ekuias Outsourced (Tranche I) Fund	120.7	9.8% p.a.	8.7% p.a.
Ekuias Outsourced (Tranche II) Fund*	-	N/M	N/M

* The financial performance for Ekuias Outsourced (Tranche II) Fund is not presented as the fund is still in early stages of investments

[^] Not presented as capital is still being deployed

2017 KEY FINANCIAL HIGHLIGHTS

4) SUMMARY OF FUND PERFORMANCE

d. Social Objective Performance - Combined Direct and Outsourced

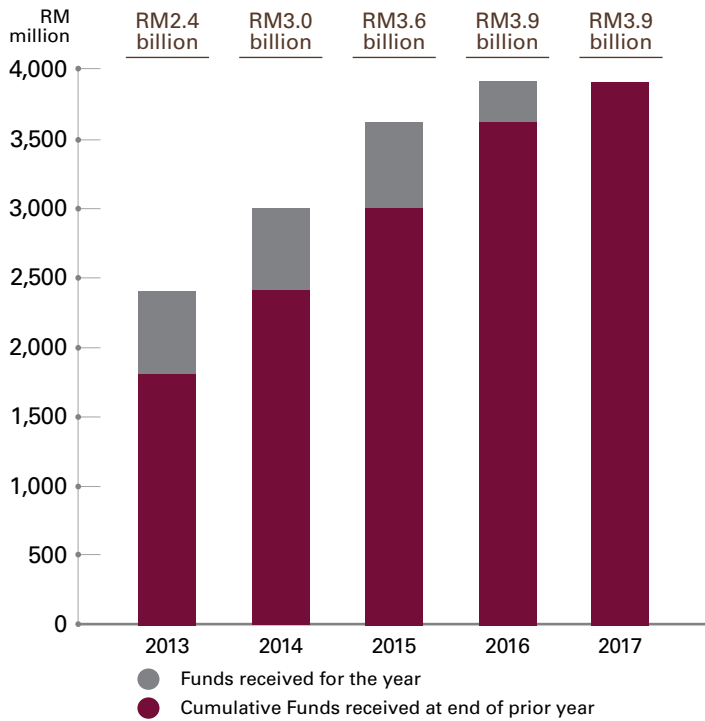
	Bumiputera Equity Created		Total Equity Created	
	Value RM million	Multiple of Capital Invested	Value RM million	Multiple of Capital Invested
2017	4,369.1	1.5x	6,265.1	2.2x
2016	3,925.7	1.4x	5,554.9	2.0x

5) EKUITI NASIONAL BERHAD (FUND MANAGEMENT COMPANY)

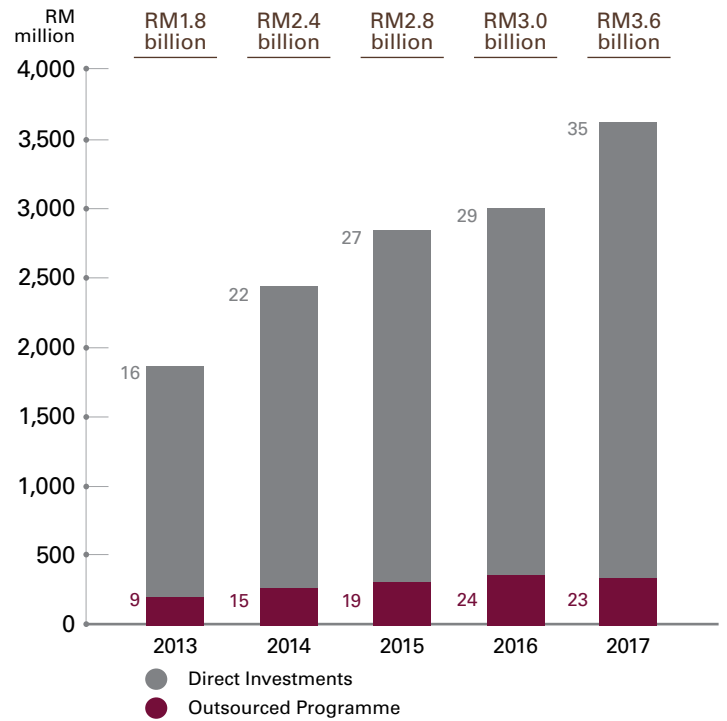
	2017 RM million	2016 RM million
Total Funds under Management (FuM)	4,140.0	4,140.0
Operating Expenditure (OPEX)	43.9	44.9
Ratio of OPEX to FuM	1.1%	1.1%
Profit After Tax and Zakat (PAT)	18.1	19.1

FIVE-YEAR FINANCIAL HIGHLIGHTS

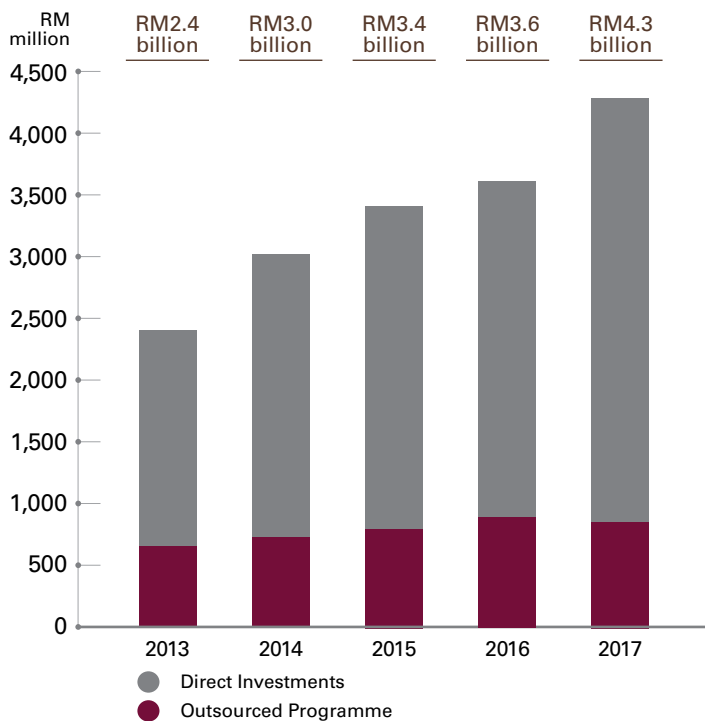
Total Funds Received



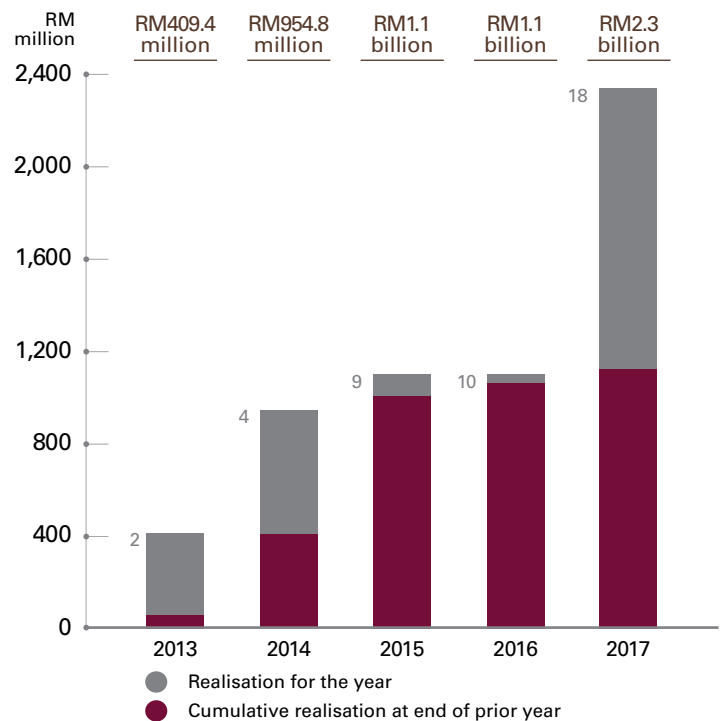
Total Number and Value of Committed Investments



Total Economic Capital Deployed

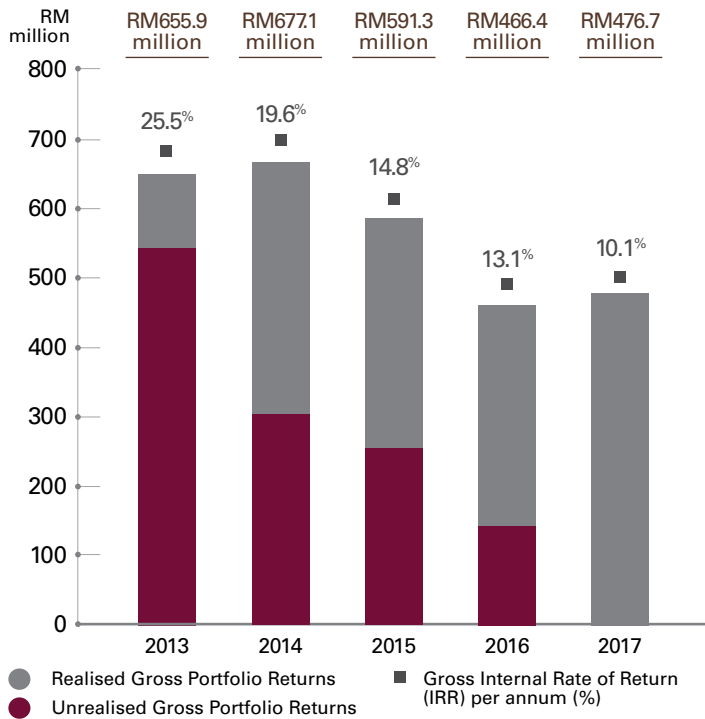


Direct Investments - Total Number and Realisation From Divestments

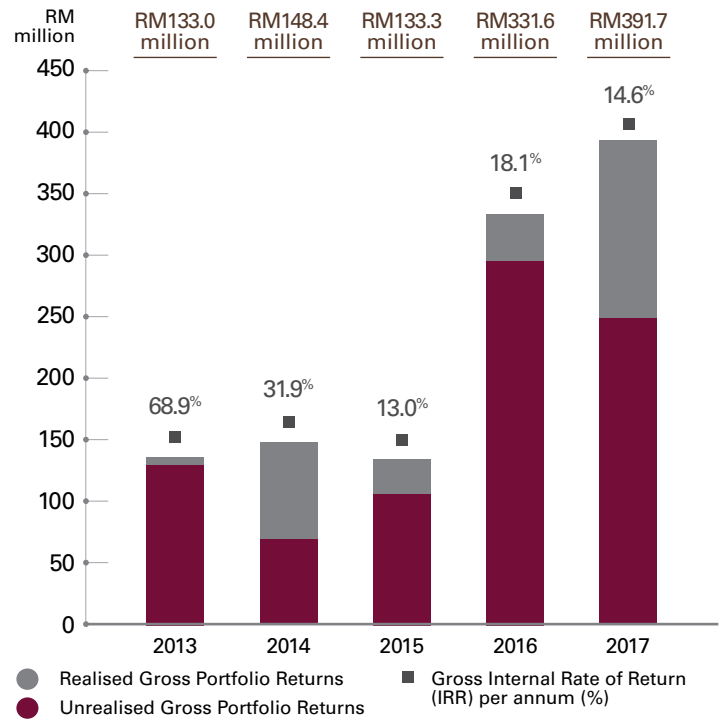


FIVE-YEAR FINANCIAL HIGHLIGHTS

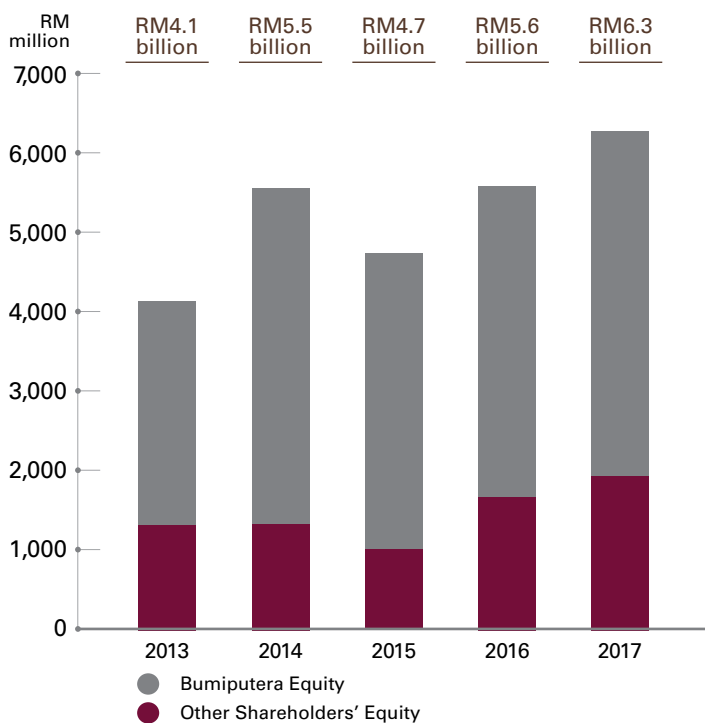
Fund Performance - Ekuinas Direct (Tranche I) Fund



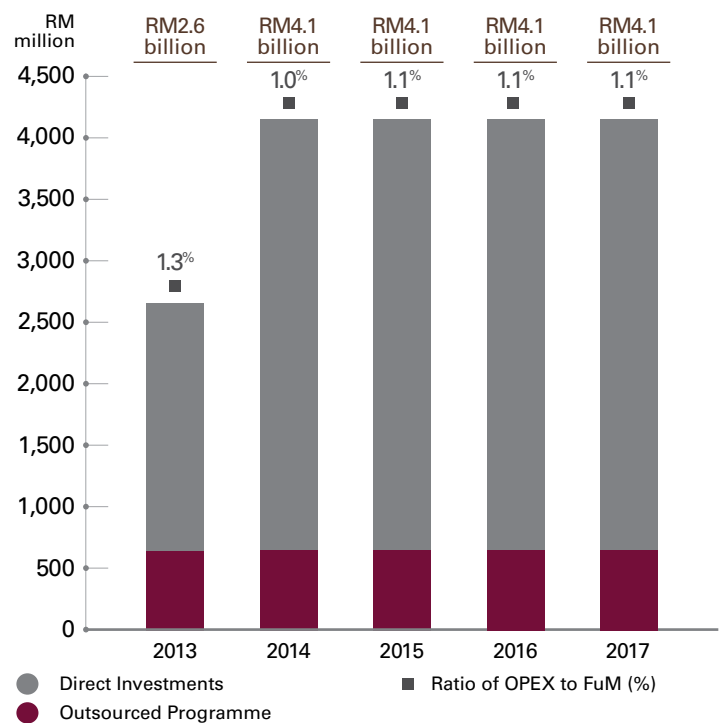
Fund Performance - Ekuinas Direct (Tranche II) Fund



Total Bumiputera Equity and Other Shareholders' Value Created



Funds Under Management and FuM OPEX Ratio



CHAIRMAN & CEO'S JOINT STATEMENT

**Raja Tan Sri
Dato' Seri Arshad
Raja Tun Uda**

Chairman



**Syed Yasir Arafat
Syed Abd Kadir**

Chief Executive Officer

CHAIRMAN & CEO'S JOINT STATEMENT

Dear Stakeholders,

It is with great pride that we present our 2017 Annual Report. As we step into the year with renewed optimism and vigour, we would like to share our views of the year that was 2017 and our performance as an organisation. Having now completed our eighth successful year, Ekuinas Nasional Berhad (Ekuinas) remains steadfast to our mission to create value through our investments and to nurture high-potential companies with the goal of building regional if not global champions. At the same time, we will continue to be pivotal in facilitating greater Bumiputera participation in the economy.

We are pleased to report another year of positive performance. This, despite a challenging environment as exceptional gross domestic product (GDP) growth for the country and an improved stock market performance had yet to translate to improved economic well-being for households or industries.

The spill-over effects of Malaysia's stronger-than-expected economic growth of 5.9% for the year was largely driven by a rebound in exports in the last two quarters which may not have been strongly felt by many as the cost of living and the cost of doing business remained high. Furthermore, retail growth projections which expanded by a marginal 2.0% in 2017 indicates a wait-and-see attitude among consumers.

Meanwhile, the mood in the local oil and gas industry remains sombre although Brent crude oil prices have breached the key psychological mark of US\$60.0 a barrel and appear to have stabilised. Despite this recovery in oil prices, cost optimisation remains a top priority for players in this industry and a significant pick-up in the value of contracts has yet to be seen.

It is also important to note a prominent trend in the global private equity industry as it adds to the challenges of Ekuinas' investment landscape. Mega funds from developed countries that were previously close to non-existent in Asia, have been flooding into the region and consequently, transforming the Asian private equity landscape.

The surge in activity by these global mega-funds has led to an enormous amount of dry powder, i.e. capital waiting to be deployed into investing opportunities. As such, competition for deals is increasingly fierce and this can result in an upward pressure on asset valuations. On the other hand, the same forces that complicates deal making can also be beneficial as it provides for strong exit market.

In light of these developments, we took the proactive step of being even more selective with our investments.

We also continued to manage our balance sheet prudently and deploy capital for investment carefully while enhancing sustainability and earnings growth of our portfolio companies. Our long-term perspective is more relevant than ever given the challenges in our operating environment and heightened competition in the private equity industry.

EKUINAS' EVOLUTION, CONTRIBUTION AND RESOURCES

After eight years of operations, Ekuinas is supported by a financially strong position, with an experienced and insightful team and a culture of integrity, responsibility and collaboration. This allows us to be nimble when investment opportunities emerge and, as stewards of public funds, to create value and exit our portfolio companies at the right value and to a suitable 'home'.

At the end of 2017, the total cumulative funds received from the Government amounted to RM3.9 billion or 78% of the RM5.0 billion that had been allocated in the Ninth and Tenth Malaysia Plan. We would like to extend our deepest appreciation to the Government for continuing to trust us. As always, we will continue to perform our duties based on the highest standards of integrity and professionalism as we look to make the best possible investment return for every ringgit that is given to us. Moving forward, our commitment is to continue delivering outstanding performance on our portfolio of investments and play a role in catalysing economic activities in Malaysia.

CHAIRMAN & CEO'S JOINT STATEMENT

2017 marks an important milestone with the closure of Ekuinas Direct (Tranche I) Fund. This fund, which was incepted in 2010, made a gross portfolio return of RM476.7 million which translates to a gross internal rate of return (IRR) of 10.1% for the year and money multiple of 1.5 times (FY2016: RM466.4 million and 13.1% p.a.).

Total Committed Investments
RM **3.6** billion
at the end of 2017

Total Economic Deployment
RM **4.3** billion

Total Realisation
RM **2.3** billion
from divestment activities, dividend income and interest income

Operations Remain Cost Efficient
1.1%

Total Funds under Management
RM **4.1** billion

We are pleased to announce that despite the headwinds faced during 2017, Ekuinas continued to positively impact the Malaysian economy through our five funds with total committed investments of RM3.6 billion at the end of 2017 (FY2016: RM3.0 billion) which brings the total cumulative investment portfolio to 58 investments (35 direct investments and 23 investments in our Outsourced Programme).

However, our positive impact on the broader Malaysian economy is larger as we generated a total economic deployment of RM4.3 billion for the year (FY2016: RM3.6 billion). This is through the combined effort with our partners, i.e. private companies for our direct investments and private equity companies in our Outsourced Programme.

Ekuinas made a profit after tax and zakat of RM18.1 million (FY2016: RM19.1 million). We also realised proceeds of RM2.3 billion from our divestment activities, dividend income and interest income.

Whilst we drive a performance-based environment to deliver global standards, it is also imperative to maintain a tight ship and ensure our operations remain cost efficient at only 1.1% of total Funds under Management of RM4.1 billion (FY2016: 1.1%).

DELIVERING RESULTS IN A CHALLENGING ENVIRONMENT

The challenging investment landscape and the weak oil and gas industry impacted performance of some of our portfolio companies and consequently, our funds. As with every asset class, our portfolio companies are subject to cyclical forces despite its compelling long-term growth story. Nevertheless, our overall performance is still positive and we continue to execute on our value creation plan for all of our portfolio companies.

This makes it appropriate to use a long-term perspective when assessing the performance of our funds as Ekuinas seeks to generate returns over the lifespan of each fund as opposed to maximising short-term returns on a yearly basis from our portfolio companies.

2017 marks an important milestone with the closure of Ekuinas Direct (Tranche I) Fund. This fund, which was incepted in 2010, made a gross portfolio return of RM476.7 million which translates to a gross internal rate of return (IRR) of 10.1% for the year and money multiple of 1.5 times (FY2016: RM466.4 million and 13.1% p.a.).

The performance of our maiden fund has outperformed both public and private equity asset classes based on the various benchmarking methods by Centre of Asia Private Equity Research Ltd (CAPER), an independent body based in Hong Kong. The positive performance as measured across the different methods is a reflection of our strengths and resilience to be able to weather market challenges. Detailed information of the report titled *Southeast Asia Private Equity Market (2010-2017) & Performance of Ekuinas Fund I* can be found on pages 18 to 29.

Ekuinas Direct (Tranche II) Fund made a gross portfolio return of RM391.7 million and a gross IRR of 14.6% p.a. (FY2016: RM331.6 million and 18.1% p.a.). This fund is currently in the process of crystallising its investments.

Ekuinas Direct (Tranche III) Fund made a gross portfolio return of RM53.9 million and a gross IRR of 10.7% p.a.. This is the youngest fund that we manage directly and 66.3% of the capital has been committed at the end of 2017. We continued to implement value-enhancing activities for our portfolio companies and made acquisitions for this fund during this period.

CHAIRMAN & CEO'S JOINT STATEMENT

2017 was also a notable year as we entered the manufacturing sector by acquiring a homegrown lighting design, consultancy and manufacturer, Davex (Malaysia) Sdn Bhd (Davex) for RM255.0 million.

Meanwhile, funds under our Outsourced Programme, which is managed by external private equity firms, were also impacted by the challenging investment landscape. Ekuinas Outsourced (Tranche I) Fund made a gross portfolio return of RM111.7 million (FY2016: RM120.7 million) during the year. This translates to a gross IRR of 7.5% p.a. (FY2016: 9.8% p.a.). Two of our fund managers have fully exited all the investments in their respective funds and have returned the capital and gains to Ekuinas.

VALUE-ENHANCING ACTIVITIES

As an active private equity investor, our role is to bring to the table our industry and local knowledge that can help transform and scale the businesses. In addition to providing capital to our portfolio of companies, our value is in offering our expertise and operational support to maximise the potential of our companies. In doing so, we partner with the management teams in each company and work together to reassess and restructure appropriate operational improvements business processes and strategies. When needed, we will invest to enhance capacity or improve competitiveness.

While our value creation initiatives are designed to build sustainable, long-term businesses, the financial performance of each company is subject to external macroeconomic conditions and headwinds in its industry every year. This can be seen in the mixed performance of our portfolio companies in 2017.

While some of our portfolio companies improved their revenue and profitability, others were more affected by cyclical industry headwinds and a challenging economy last year. Collectively, our diversified portfolio of companies saw a marginal decrease in terms of the overall financial performance for the year.

A notable performer among our portfolio companies is Bumiputera sports retailer, Al-Ikhsan Sports, acquired in 2016. Several value-enhancing activities have started to yield results and the company registered considerable margin improvements and higher growth in 2017. We also strengthened its management team with new hires and created an environment for better decision making and higher sales velocity. As a homegrown company, competing in the multi-sports brand retail market that is dominated by foreign companies, its improved performance and potential instils a sense of national pride for all of us at Ekuinas.

Orkim Sdn Bhd, a Clean Petroleum Product tanker company, registered a strong performance last year as it continued to benefit from its operational efficiency and strong utilisation of its fleet in the downstream sector due to favourable competitive landscape.

Meanwhile, ICON continued to be impacted by lower utilisation and charter rates in 2017 as the oil and gas industry has yet to enjoy a sustained recovery. Nevertheless, its operations have been streamlined and the company is poised to benefit once the industry clearly rebounds.

F&B sector in Malaysia continued to experience challenging landscape. Increasing raw material cost, weaker consumer sentiments and intense competition had impacted the industry adversely. As a result our portfolio companies under the Food Group registered weaker performance in 2017.

Nonetheless, the F&B industry, much like the oil and gas industry, will eventually recover and we are committed to continue working with our portfolio companies. We are confident that our strategic and operational support have positioned their businesses to endure difficult times and that these companies will benefit once the external operating environment starts to improve.

We would also like to highlight two transactions that took place during the year as part of our overall strategy to actively crystallise our returns. Our entire stake in APIIT Education Group and Tenby Education Group was divested and we believe the new owners will take their journey of providing quality education to greater heights. The decision by experienced strategic and financial investors to acquire both local education institutions speaks volumes of their sound fundamentals and great potential.

CHAIRMAN & CEO'S JOINT STATEMENT

Increase in Bumiputera Equity Ownership

RM **4.4** billion
1.5x Capital Invested

Increase in Total Shareholders' Value

RM **6.3** billion
2.2x Capital Invested

Increase in Bumiputera

Managers
25.0%
Employees
25.1%

The divestment of APIIT Education Group was based on an enterprise value of RM725.0 million which achieved a positive blended IRR of 22.3% and a money multiple of 1.6 times the capital invested. Meanwhile, the divestment of Tenby Education Group generated an IRR of 45.7% and a money multiple of 2.5 times the capital invested. These impressive returns indicated that restructuring our education portfolio and finding the right owner for each component was the correct strategy that we made during the year.

Meanwhile, our investment in Davex expands our investment portfolio beyond the initial six target sectors namely education, fast moving consumer goods (FMCG), oil and gas, food and beverage (F&B) & retail, healthcare and services. By entering into the manufacturing industry, we further diversify our investment portfolio, a proven strategy to manage the overall risk and volatility.

We believe that investing in the manufacturing sector especially one with solutions capabilities is also beneficial for the country as it can have large multiplier effects on the broader economy. To compete efficiently, a progressive manufacturer must develop an inclusive ecosystem that is based on innovation and collaboration. This demands the adoption of emerging and new technologies as well as the creation of highly-skilled job opportunities.

Davex manufactures its own products under the brand Davis Lighting and is primarily involved in the luminaire segment of the lighting market. The Penang-based manufacturer provides end-to-end lighting solutions to commercial, residential and industrial clients and has established a strong presence in Singapore and Australia as well as in Malaysia.

The company is poised to capitalise on increasing demand for energy efficient lighting solutions. We are confident that by working closely with Davex's management team to implement our value-creation plan, its future top-line growth will lead to increased employment opportunities for Malaysians.

A key focus of our value-enhancing activities in 2017 was to start the journey of future proofing our portfolio companies by addressing their digital competitiveness in anticipation of the fourth industrial revolution, better known as Industry 4.0. By preparing our portfolio companies, they will be in a better position to harness the full potential of digital technologies to benefit their customers, partners, employees and the broader society.

ACHIEVING OUR SOCIAL OBJECTIVES

As a government-linked private equity fund, Ekuinas was established with a social objective as well as the financial goal of making returns on invested capital. Since inception, we look to build our financial stability and improve the financial performance of our portfolio companies as this position enables us to make a positive impact on society.

All key metrics that we measure to evaluate our role of serving the wider Bumiputera community, registered a positive performance for 2017. During this period, our direct and outsourced funds increased Bumiputera equity ownership by RM4.4 billion which is 1.5 times our invested capital (FY2016: RM3.9 billion and 1.4x).

Total equity for shareholders of our portfolio companies increased by RM6.3 billion, 2.2 times our invested capital (FY2016: RM5.6 billion and 2.0 times). The number of Bumiputera managers since our entry into all our portfolio companies increased by 25.0% (FY2016: 16.9%). The number of Bumiputera employees had also improved with a growth by 25.1% during the same period (FY2016: 29.7%).

CHAIRMAN & CEO'S JOINT STATEMENT

To achieve our aspirations of becoming a leading private equity fund management company in the region, we are open to expanding our capabilities and expertise by investing in industries or companies outside our current portfolio of investments. This move, if executed, has the additional advantage of improving diversification of our portfolio and boosting its returns.

We are pleased with the development made through our corporate social responsibility (CSR) programme, ILTIZAM which continued to help small Bumiputera companies, young graduates and communities in realising their potential. Like Ekuinas, ILTIZAM strives to generate the biggest possible impact for every ringgit spent on the underserved communities that we reach. We believe the approach adopted by ILTIZAM creates an impactful multiplier effect with every ringgit spent to benefit the broader community.

In 2017, RM10.1 million was committed to ILTIZAM's initiatives which fall in to three pillars: entrepreneurship, education and community. Please refer to the section on Stakeholder Interest for more details on ILTIZAM's activities as well as the progress made under the Skim Jejak Jaya Bumiputera programme on pages 112 to 119.

OUTLOOK FOR 2018

We are cautiously positive about the outlook for the Malaysian economy although the investing environment for private equity funds remain challenging given the presence of mega foreign funds in the region looking for deals. Risks from the global economy such as protectionist trade policies from the US and geopolitics tension remain. Much like the years before, we must brace ourselves for possible shocks to the local economy and capital markets.

Our strategy is to leverage on our years of experience and our local insights to continue identifying high potential companies to invest in. We look to build on our momentum of 2017 and we are ready to make more acquisitions when the right opportunity arises. We will also continue to divest our portfolio companies at the right price and at the right time.

To achieve our aspirations of becoming a leading private equity fund management company in the region, we are open to expanding our capabilities and expertise by investing in industries or companies outside our current portfolio of investments. This move, if executed, has the additional advantage of improving diversification of our portfolio and boosting its returns.

Our proven track record and solid foundation of professionalism and sound governance will continue to guide us in facing the challenges of 2018. We are confident that our on-going initiatives in our portfolio companies will prove to be beneficial and will continue to drive our bottom line and generate the desired investment returns for our funds.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of Ekuinas, we would like to thank the Government of Malaysia, the Board of Trustees at Yayasan Ekuiti Nasional, the Minister in the Prime Minister's Department, who is responsible for the Economic Planning Unit, Prime Minister's Department (EPU) and the agencies that it oversees such as Ekuinas. We also extend our deepest appreciation to the EPU.

It is also an opportune time to extend our deepest gratitude to the Board of Directors for their invaluable commitment, advice and guidance. We look forward to working with you in steering Ekuinas into becoming one of the leading private equity firms in the region.

We also want to thank the capable and dedicated team at Ekuinas, our partners and the management team, as well as employees of our portfolio companies for their contribution to our shared objectives. By working together, we are able to maximise our positive impact within a company and on the broader community.

Ekuinas remains steadfast in our commitment to create long-term value for the government, our portfolio companies and the economy. We look forward to doing better and doing more as we extend our track record of creating future market leaders and deliver on our mandate of advancing sustainable Bumiputera wealth creation and economic participation.

**Raja Tan Sri Dato' Seri Arshad
Raja Tun Uda**
Chairman

Syed Yasir Arafat Syed Abd Kadir
Chief Executive Officer

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I

BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

SOUTHEAST ASIA MACROECONOMIC DYNAMICS & PRIVATE EQUITY

The 8 years from 2010 to end of 2017 was a period of monumental changes in Southeast Asia's economy:

- 2010 – 2011 : residual impacts of the 2007 – 2008 global financial crisis ('GFC') remained evident. At the same time, the China-ASEAN Free Trade Area came into effect in 2010. The accord heralded economic boom for Southeast Asia as China deepened its footprints in this region.
- 2014 – 2015 : the oil price plunged in the third quarter of 2014, followed by global market rout in June 2015. Malaysia, as a country that counts export of oil as one of its major revenues, endured a sharp fall of its oil export, as much as 25.4% in 2015.
- 2016 onward : the advent of digital economy ushered in a new era for Southeast Asia, seen as an emerging technology hub in Asia. Disruptive technology companies in this economic region have been attracting sizeable commitments from international investors.

In tandem with the varying economic dynamics taking place between 2010 and 2017, Southeast Asia has also been enjoying burgeoning wealth. In this 8-year period, this region's GDP and GDP per capita have surged by 37.1% and 25.2%, respectively. Among all markets, the economic indicators of Malaysia were exhilarating. In domestic currency terms, during the same period, its GDP has surged by 64.7% while its GDP per capita, by 35.2%.

Buoyed by Southeast Asia's growing economy, the private equity asset class enjoyed thriving activities. The US\$7.6 b of private equity transaction volume in 2017 was a record sum and highlighted investors' confidence on the future prospect of this asset class in Southeast Asia. According to *e-Economy SEA Spotlight 2017*, published by Google and Temasek Holdings (Pte) Ltd, as an emerging technology hub, Southeast Asia's digital economy would have reached US\$49.5 b in 2017 and is forecasted to grow by a CAGR of 19.4% to be a US\$204.3 b market by 2025.

The promises and abundant investment opportunities in Southeast Asia are impetus to vibrant private equity activities in this region.

EXHIBIT 1: ECONOMIC GROWTH & EVENTS IN SOUTHEAST ASIA AND MALAYSIA

	Southeast Asia (2010 – 2017)	% Change	Malaysia (2010 – 2017)	% Change ⁽¹⁾
GDP	US\$1,986.2 b to US\$2,722.6 b	37.1%	RM821.4 b to RM1,352.5 b (US\$266.2 b to US\$333.0 b)	64.7%
GDP per Capita	US\$3,367.9 to US\$4,216.1	25.2%	RM28,733.0 to RM38,853.0 ⁽²⁾ (US\$9,313.4 to US\$9,566.0)	35.2%

Major Macro & PE Events in Southeast Asia (2010-2017)

	Post-GFC Recovery	Economy Booms	Market Correction & Advent of Digitalisation
	2010 → 2011	2012 → 2013 → 2014	2015 → 2016 → 2017
Macro Events	<ul style="list-style-type: none"> China-ASEAN Free Trade Area comes into effect 	<ul style="list-style-type: none"> China records its slowest economic growth since 1999 Crude oil price plunges in Q3 2014 	<ul style="list-style-type: none"> Global stock market rout in 2H 2015 Disruptive tech companies attract sizeable commitments
Private Equity	<ul style="list-style-type: none"> Annual PE deal volume less than US\$3.0 b Billion-dollar deal is absent 	<ul style="list-style-type: none"> 1st billion-dollar deal since 2008 takes place in Malaysia in 2012 1st major commitment to an e-commerce play – Indonesia's PTTokopedia 	<ul style="list-style-type: none"> Annual PE deal volume on a steady rise and reaches US\$7.6 b in 2017 Sea Ltd listed in the US that propels SE Asia tech onto the global stage

⁽¹⁾ percentage is based on GDP/GDP per Capita in Malaysian Ringgit (RM)

⁽²⁾ for the 7-year period from 2010 to 2016 only

Sources: Centre for Asia Private Equity Research Ltd, Department of Statistics Malaysia, International Monetary Fund

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

SOUTHEAST ASIA MACROECONOMIC DYNAMICS & PRIVATE EQUITY (CONT'D)

Overview of Private Equity in Southeast Asia & Malaysia

Southeast Asia

In the 8 years from 2010 to 2017, private equity activities in Southeast Asia have been robust, during which:

- Funds : US\$13.9 b has been raised.
- Investments : US\$36.3 b in transaction volume.
- Distribution : US\$24.0 b has been recorded.

It is noteworthy that since 2012, the annual private equity transaction volume in this economic region has passed US\$4.0 b and has been steadily on the rise, to reach US\$6.2 b in 2016 and US\$7.6 b in 2017. The uninterrupted surge of private equity investment activities speaks volume to investors' growing interest of Southeast Asia-based assets.

During the survey period, the US\$24.0 b in distribution is solid proof that private equity is now a viable investment model in Southeast Asia. In particular, since 2015, the annual amount returned to investors has been no less than US\$3.6 b, indicating that investors' interest in private equity-backed assets has been strong and consistent.

Malaysia

In the 8 years from 2010 to 2017, Malaysia accounted for a notable slice of private equity activities in Southeast Asia:

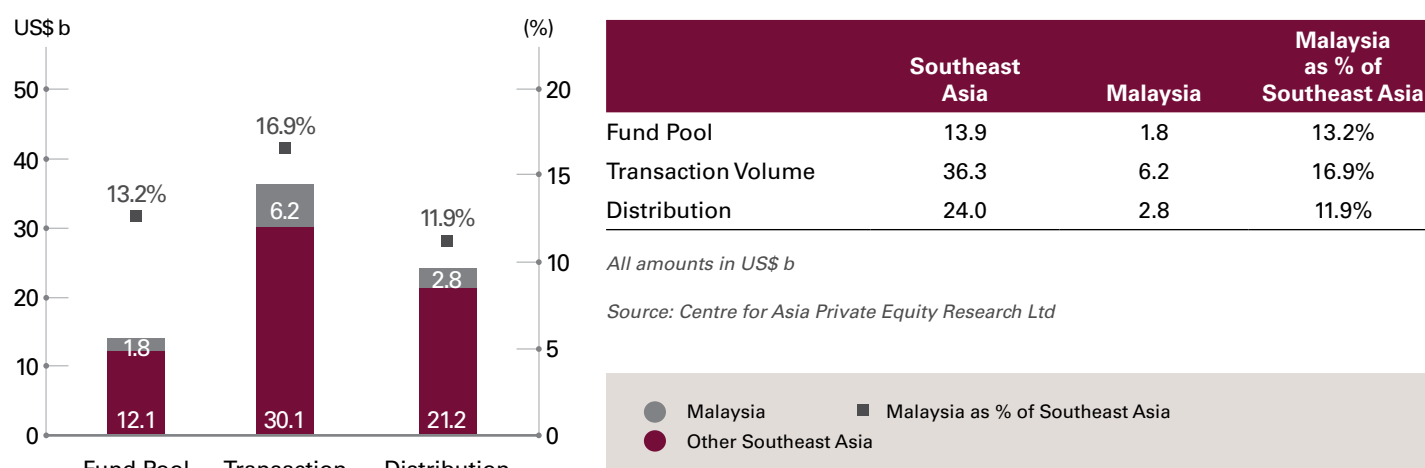
- Funds : US\$1.8 b, 13.2% of the Southeast Asia total.
- Investments : US\$6.2 b, 16.9% of the Southeast Asia total.
- Distribution : US\$2.8 b, 11.9% of the Southeast Asia total.

While Malaysia's fund pool is modest, it is among the few markets in this region that boasts country-specific funds. Among them is Ekuinas, one of Malaysia's largest private equity fund management firms, and a manager of three funds that are solely focused on the home market. The pool of funds that is dedicated to Malaysia are clear indications that the demand for private equity capital in Malaysia is strong to warrant dedicated funds.

The transaction volume in Malaysia, at US\$6.2 b during this 8-year period, reflected the country's central position in the Southeast Asia private equity market. The amount is just behind those for Singapore and Indonesia, which recorded US\$14.4 b and US\$8.8 b respectively. Of significance, Malaysia remains home to the largest buyout deal in Southeast Asia, being the US\$1.7 b takeover of QSR Brands (M) Holdings that was consummated in 2012.

Private equity in Malaysia is a nascent asset class. But in the 8-year survey period, this market has not disappointed investors in maintaining a consistent distribution pattern. It is an encouraging development that the private equity investment concept is now taking off in Malaysia. In particular, since 2013, capital returned to investors from disposed assets has been on the increase, from US\$207.1 m in 2013 to US\$560.3 m in 2016, with the exception of 2017. The US\$2.8 b represents a notable 11.9% for Southeast Asia's overall distribution.

EXHIBIT 2: PRIVATE EQUITY IN SOUTHEAST ASIA & MALAYSIA (2010 - 2017)



SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

SOUTHEAST ASIA MACROECONOMIC DYNAMICS & PRIVATE EQUITY (CONT'D)

Challenges of 2010 Southeast Asia Funds

While the China-ASEAN Free Trade Area that came into force in 2010 highlighted the promises of the Southeast Asia economy and a bilateral trade pact with China could only fuel robust investment activities, ironically, for Southeast Asia funds formed in the same year, a myriad of factors have hampered investors' ability to dispose of their invested assets during the life cycle of these funds. Among them are:

- The lack of a pan-ASEAN stock market with the necessary depth to facilitate sizeable IPOs.
- China's economic slowdown that began in 2012 has, for a period of time, decelerated investment activities.
- The oil price fall that began in late 2014, further exacerbated by the global stock market rout in mid-2015.

As a result, 2010 Southeast Asia-focused funds face the issues of:

- Longer investment holding period: on average, it takes a Southeast Asia-focused 2010 fund up to 47 months before completing full exits from invested assets.⁽¹⁾
- Asset overhang: residual assets remain un-divested at the end of the fund life. It is estimated that at the end of December 2017, more than half of the invested assets undertaken by a 2010 Southeast Asia fund, remained unsold.⁽²⁾
- Addressing asset overhang: to dispose of such residual assets at the end of the fund life, in Southeast Asia, secondary sale is by far the most preferred exit route, although buyback/repurchase, distribution-in-kind and rollover portfolio to next fund are quite commonly used in other markets. Between 2010 and 2017, there were 25 secondary exits recorded for assets based in Southeast Asia. Of this, six were sold by private equity funds that were approaching or passed the end of their fund life.

EXHIBIT 3: INVESTMENT HOLDING PERIOD – 2010 SYNTHETIC FUND

	Southeast Asia	Asia
1 st Liquidity Event ^(a)	35 to 38 months	30 to 35 months
Complete Exit ^(a)	38 to 47 months	37 to 42 months

^(a) only applicable to those deals that have recorded liquidity movements including (i) liquidity events and (ii) partial and complete exits

N.B.: A liquidity event may or may not return cash to an investor. This is most common in IPOs in which, when a company is listed, its existing investors choose not to sell their shares. The listing has nonetheless paved the way for investors to dispose of their shares in the future. Hence, there is a time gap between 1st Liquidity Event and Complete Exit.

Source: Centre for Asia Private Equity Research Ltd

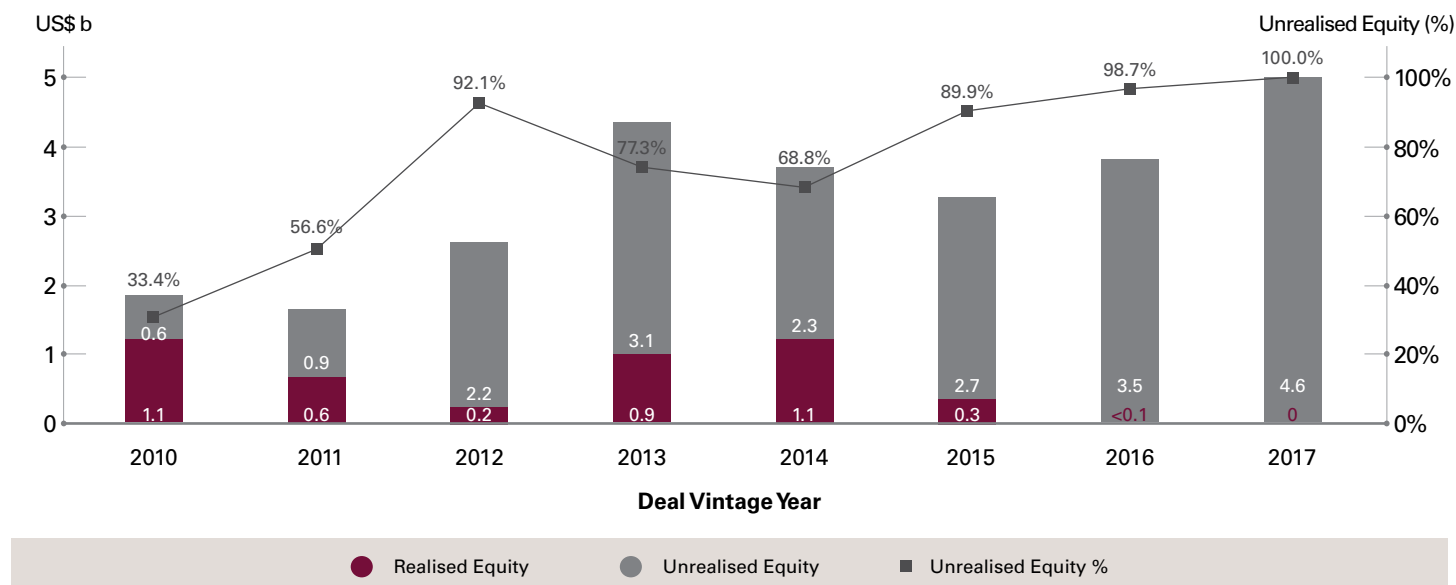
⁽¹⁾ to compare the investment holding period of a 2010 Southeast Asia focused fund against an Asian fund of the same vintage year, synthetic funds are created by pooling together the cash flow of deals invested in 4 years and 5 years, separately, from 2010

⁽²⁾ to assess the asset overhang percentage of the invested capital, the Unrealised Equity Percentage is created to measure the level of unsold assets at the end of the fund life, using Fund I's deployment pattern as the reference

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKVINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

SOUTHEAST ASIA MACROECONOMIC DYNAMICS & PRIVATE EQUITY (CONT'D)

EXHIBIT 4: SOUTHEAST ASIA: REALISATION STATUS - BY DEAL VINTAGE YEAR (2010 - 2017)



Deal Vintage Year	2010	2011	2012	2013	2014	2015	2016	2017
Equity Deployed	1.7	1.5	2.4	4.0	3.4	3.0	3.5	4.6
Realised Equity ⁽¹⁾	1.1	0.6	0.2	0.9	1.1	0.3	<0.1	0.0
Unrealised Equity ⁽¹⁾	0.6	0.9	2.2	3.1	2.3	2.7	3.5	4.6
Unrealised Equity % ⁽¹⁾	33.4%	56.6%	92.1%	77.3%	68.8%	89.9%	98.7%	100.0%

All amounts in US\$ b

Equity Deployed = Realised Equity + Unrealised Equity

Unrealised Equity % = Unrealised Equity / Equity Deployed

⁽¹⁾ as of 31st December 2017

Source: Centre for Asia Private Equity Research Ltd

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

BACKGROUND OF EKUINAS

Ekuinas was formed in September 2009 under the auspices of the Malaysian government. It is the first major initiative undertaken by the government to introduce the private equity investment model that is practised in the international market. It has two separate programmes:

- I. Direct Investment : Ekuinas manages three funds that aggregate to RM3.5 b (US\$1.1 b) with RM3.3 b (US\$1.0 b) being deployed to 21 companies. The funds focus on buyout and growth capital situations in Malaysian companies.
- II. Outsourced Programme : through two funds with a capital pool of RM640.0 m (US\$198.7 m), Ekuinas plays a developmental role in the Malaysian private equity sector, particularly in the minority growth segment, through allocations of capital to third party managers.

Focused Investment Strategy: Mid-market Buyout & Consumer Sector

Out of the 21 companies invested by Ekuinas, 19 are in buyout situations. Within a short investment history of eight years, Ekuinas has firmly established itself as a mid-market buyout investor, a segment which historically provides the best yield. The median deal sizes of Ekuinas' three funds are all within the range between the upper and lower quartiles of Southeast Asia buyout deals consummated in the same investment period:

	Fund I	Fund II	Fund III
Investment Period	2010 – 2012	2012 – 2015	2015 – 2018
Ekuinas' Median Deal Size	US\$24.5 m	US\$16.5 m	US\$25.7 m
SE Asia Buyout Deal Range [Lower to Upper Quartile]	US\$14.9 m to US\$84.1 m	US\$14.5 m to US\$104.9 m	US\$17.0 m to US\$182.8 m

The theme of the three funds managed by Ekuinas has largely focused on the consumer-related industries, covering education, food & beverages and healthcare, suggesting Ekuinas has been astute in seizing upon opportunities arising from Southeast Asia's rising wealth and consumers' demand for improved lifestyle.

About Ekuinas Direct (Tranche I) Fund ('Fund I' or 'Ekuinas Fund I')

- Fund I was closed on 31st December 2017.
- At the closing of Fund I, four portfolio companies in Fund I were transferred to Ekuinas Direct (Tranche III) Fund ('Fund III').
- In total, eight realisations have occurred across Funds I, II and III. In particular, some realised assets straddled across Funds I, II and III.

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

BENCHMARKING EKUINAS' FUND I – AGAINST PUBLIC MARKET

To compare Fund I's performance against the public market, the following three cash flow scenarios were assessed:

- Scenario 1 : All deals of Fund I, inclusive of the four portfolio companies in this fund that have been transferred to Fund III.
- Scenario 2 : Fully-realised deals of Fund I, excluding the four portfolio companies in this fund that have been transferred to Fund III.
- Scenario 3 : Fully-realised deals of Funds I, II & III⁽¹⁾⁽²⁾.

The following is the gross Internal Rate of Return (IRR) and gross Money Multiple (MM) of each scenario:

	Scenario 1	Scenario 2	Scenario 3
Gross IRR	10.1%	20.8%	19.8%
Gross MM	1.5x	1.9x	1.7x

For each scenario, the gross IRR was benchmarked against the FTSE Bursa Malaysia KLCI (KLCI) using the following benchmarking methodologies - Public Market Equivalent + (PME+), Buy & Hold and Total Shareholder Return (TSR).

PME+ Model

- PME+: A modified version of public market equivalent benchmark model. It calculates an alternate internal rate of return (IRR) by applying the investment cash flow of the private equity investment to a reference benchmark⁽³⁾.
- This public market equivalent benchmark recorded IRR ranges from 4.1% to 5.0%. **Ekuinas outperforms the public market in all scenarios, with Scenario 2 outperforming by 15.8 percentage points, the best performer.**

Buy & Hold Model

- Buy & Hold: the model assumes investors invest in public market and hold it regardless of market fluctuations during the same duration of a private equity fund life.
- The public market benchmark, KLCI, has recorded an annualised return of:
 - 4.4% in the 8 years from 2010 to 2017 and is used to benchmark Scenarios 1 & 2.
 - 4.9% in the 8 years and 1 month from 2010 to January 2018 and is used to benchmark Scenario 3.
- **Ekuinas outperforms this benchmark model in all scenarios, with Scenario 2 outperforming by 16.4 percentage points, the best performer.**

Total Shareholder Return Model

- Total Shareholder Return or TSR: it is a compounded and annualised measure of the total return to the shareholder. It takes into account of both price changes and dividend payments and assumes that dividends are reinvested each time they are paid.
- This benchmark model recorded annualised return ranges from 7.7% to 8.3% and **Ekuinas' three scenarios have outperformed, with both Scenarios 2 and 3, scoring the biggest margins by 13.1 and 11.5 percentage points, respectively.**

In all three benchmarking models being employed, Ekuinas' Fund I and its fully-realised portfolio of Funds I, II & III have outperformed the public market by a wide margin.

⁽¹⁾ with value up to January 2018 as cash proceeds from one deal were only received in that month. Scenario 3 also excludes the four portfolio companies that have been transferred to Fund III

⁽²⁾ as several portfolio companies straddle more than one Fund, Scenario 3 is included with the intention to provide a clearer view of deal IRR

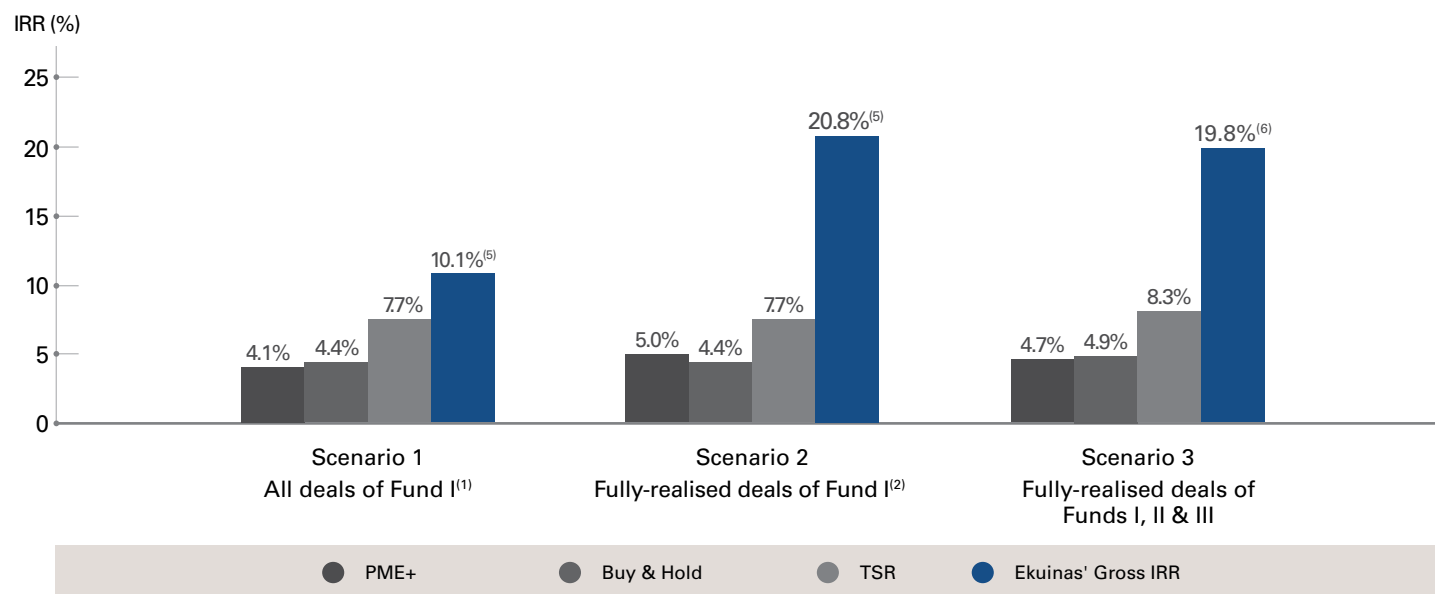
⁽³⁾ for more information on PME+, please refer to a white paper release by Capital Dynamics in July 2015 at <https://www.capdyn.com/media/2133/private-equity-benchmarking-with-capital-dynamic-pmeplus.pdf>

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

BENCHMARKING EKUINAS' FUND I - AGAINST PUBLIC MARKET (CONT'D)

EXHIBIT 5: BENCHMARKING AGAINST PUBLIC MARKET - KLCI

	Scenario 1	Scenario 2	Scenario 3
Fund(s)	I	I	I, II, III
Deals	All ⁽¹⁾	Fully Realised ⁽²⁾	Fully Realised ⁽²⁾
EkuiNAS' Gross MM	1.5x ⁽³⁾	1.9x ⁽³⁾	1.7x ⁽⁴⁾
EkuiNAS' Gross IRR	10.1% ⁽⁵⁾	20.8% ⁽⁵⁾	19.8% ⁽⁶⁾
PME+	4.1% ⁽⁵⁾	5.0% ⁽⁵⁾	4.7% ⁽⁶⁾
Δ Outperforms by -	6.0%	15.8%	15.1%
Buy & Hold	4.4% ⁽⁵⁾	4.4% ⁽⁵⁾	4.9% ⁽⁶⁾
Δ Outperforms by -	5.7%	16.4%	14.9%
TSR	7.7% ⁽⁵⁾	7.7% ⁽⁵⁾	8.3% ⁽⁶⁾
Δ Outperforms by -	2.4%	13.1%	11.5%



⁽¹⁾ inclusive of 4 portfolio companies in Fund I which have been transferred to Fund III

⁽²⁾ excludes 4 portfolio companies in Fund I which have been transferred to Fund III

⁽³⁾ as of 31st December 2017

⁽⁴⁾ as of 31st January 2018

⁽⁵⁾ annualised return between January 2010 and December 2017

⁽⁶⁾ annualised return between January 2010 and January 2018

N.B.: figures on all scenarios are based on net aggregate portfolio cash flow but excluding management fees, taxes, costs incurred in deal transaction costs or refinancing costs

Source: Ekuiti Nasional Berhad

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

BENCHMARKING EKUINAS' FUND I – AGAINST PRIVATE EQUITY

To evaluate how Fund I has performed in the private equity asset class, the following benchmarking methodologies were used:

- Against a comparable private equity fund that has similar features as Fund I.
- Against private equity asset class by using proprietary data from Asia PE Index to measure performance results of Fund I against:
 - Synthetic Funds – created by pooling together cash flow of deals invested in four and five years from 2010.
 - Deal Vintage Year – deals in Southeast Asia and Asia being invested in the same years as Fund I which has made 11 investments in 2010, 2011 and 2012.

Comparable Fund

Comparable Fund I ('CF I'), a US\$285.0 m growth capital fund that is primarily focused on Indonesia has been identified as the best possible comparable fund to Fund I as they share a number of common features:

- Fund vintage year : 2010.
- Fund size : within the US\$250.0 m to US\$350.0 m range.
- Geographic focus : within Southeast Asia.

Due to different sources of information, Fund I's results are based on 31st December 2017; while those for CF I on 30th November 2017. The one month time difference is not deemed to have any material impact on the following three methodologies used to compare performance results of these two funds:

- Net Distribution-to-Paid In (net DPI) : Fund I's Pro Forma net DPI stood at 1.3x; whereas that for CF I was 0.6x.
- Net Money Multiple (net MM) : Fund I clocked 1.3x; whereas that for CF I was 1.1x.
- Net Internal Rate of Return (net IRR) : Fund I achieved 6.5% in net IRR; CF I, 1.9%.

EkuiNAS' Fund I has outperformed CF I, a comparable fund, by a far margin.

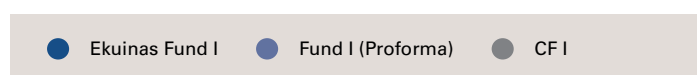
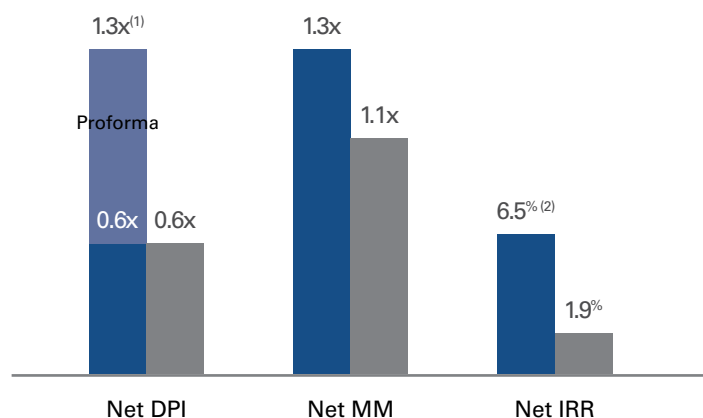
EXHIBIT 6: TERMS OF FUND I & CF I

	EkuiNAS Fund I	CF I
Vintage	2010	2010
Status	Fully Deployed ⁽¹⁾	Fully Deployed ⁽¹⁾
Denomination	Malaysian Ringgit	US Dollar
Capital Commitment	RM1.0 b (US\$304.7 m)	US\$285.0 m
Term	5 years + 2 years + 1 year	N/A
Investment Period	3 to 5 years	N/A
Geographic Focus	Malaysia	Indonesia
Investment Focus	Buyout and Growth Capital	Growth Capital

⁽¹⁾ as of 31st December 2017

Sources: Centre for Asia Private Equity Research Ltd, Ekuiti Nasional Berhad, University of Texas Investment Management Company

EXHIBIT 7: PERFORMANCE OF FUND I & CF I (2017)



⁽¹⁾ as of 31st December 2017, Fund I's Current Value reflects the cash obtained from divestment but has not yet been distributed to limited partners. The Pro Forma results are to illustrate the expected results after distribution of RM746.6 m in proceeds to limited partners

⁽²⁾ before carried interest

- N.B.:
- figures based on cash flow on limited partners level
 - Fund I: as of 31st December 2017; CF I: as of 30th November 2017

Sources: Ekuiti Nasional Berhad, University of Texas Investment Management Company

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

BENCHMARKING EKUINAS' FUND I – AGAINST PRIVATE EQUITY (CONT'D)

Synthetic Fund

To determine whether Fund I has outperformed its peers within the private equity asset class, four synthetic funds are created to measure Fund I's performance against those deals invested in:

- Southeast Asia with the following two periods that coincide with Fund I's investment period:
 - 4 years: from 2010 to 2013 inclusive.
 - 5 years: from 2010 to 2014 inclusive.
- Asia with the following two periods that coincide with Fund I's investment period:
 - 4 years: from 2010 to 2013 inclusive.
 - 5 years: from 2010 to 2014 inclusive.

In pooling the cash flow of all deals completed in either four or five years from 2010 as two groups of synthetic funds, one for Southeast Asia and another for Asia, the finding is that Fund I, with a gross IRR of 10.1% and gross MM of 1.5x:

- **On Southeast Asia funds of the same vintage year:**
 - **Fund I outperforms by gross IRR and also by gross MM, indicating that Fund I has been speedy in disposing of its assets, and valuation of assets sold was higher than the median of those in Southeast Asia.**
- **On Asia funds of the same vintage year:**
 - Fund I trails behind in both gross IRR and gross MM, indicating that the exit environment for Southeast Asia-based assets in the period from 2010 to 2017 has been less congenial when compared to that in Asia.

For Scenario 2 of Fund I, as it represents cash flow of only fully-realised portfolio companies, there are insufficient samples in Southeast Asia to perform and assess benchmarking results.

EXHIBIT 8: BENCHMARKING EKUINAS' FUND I – SYNTHETIC FUND MODEL

	Vintage Year	Investment Horizon	Geographical Focus	Gross IRR ⁽¹⁾	Gross MM ⁽¹⁾
Ekuinas Fund I	2010	5 years ⁽²⁾	Malaysia	10.1%	1.5x
SEA 4	2010	4 years	Southeast Asia	7.9%	1.4x
SEA 5	2010	5 years	Southeast Asia	9.8%	1.5x
Asia 4	2010	4 years	Asia	14.6%	2.0x
Asia 5	2010	5 years	Asia	13.0%	1.7x

⁽¹⁾ on realised and unrealised basis, value as of 31st December 2017 for Fund I and as of 30th September 2017 for synthetic funds

⁽²⁾ Fund I's investment horizon is 3- 5 years and it fully deployed its capital within its commitment period of 3 years. However, as the standard deployment period for most of the funds are either 4 to 5 years, hence, synthetic funds are created according to such durations

N.B.: the 10.1% gross IRR and 1.5x gross MM of Fund I being benchmarked are results of Scenario 1 which has invested in 11 deals, with 4 transferred to Fund III, as of December 2017

Source: Centre for Asia Private Equity Research Ltd

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

BENCHMARKING EKUINAS' FUND I - AGAINST PRIVATE EQUITY (CONT'D)

Investment Holding Period & Asset Overhang

A core success of private equity fund management is the manager's ability to dispose of invested assets within the fund life and return realised capital to its investors. This can be ascertained by measuring the median investment holding period of invested assets and the level of such assets that remains un-divested at the end of the fund life against the two sets of synthetic funds. **EkuiNAS has demonstrated its ability to dispose of its invested assets within the norm period as its peers.** As a result, at the end of December 2017, Fund I's asset overhang stood at 42.3%; which is substantially lower than the 58.8% of the 2010 Southeast Asia Synthetic Fund.

EXHIBIT 9: INVESTMENT HOLDING PERIOD - 2010 SYNTHETIC FUND & EKUINAS' FUND

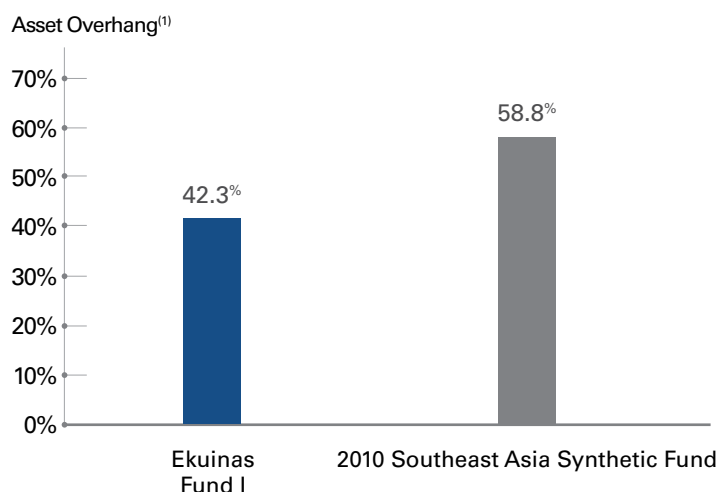
Median holding period in months

EkuiNAS' Funds		Southeast Asia Synthetic Fund ⁽¹⁾		Asia Synthetic Fund ⁽¹⁾	
Fund I: All deals	61	4-Year	47	4-Year	42
Fund I: Fully realised deals	47	5-Year	44	5-Year	38

- ⁽¹⁾ only applicable to those deals that have recorded liquidity movements that include:
- (i) liquidity events in which the company is listed, but no cash is returned to shareholders
 - (ii) partial and complete exits

Sources: Centre for Asia Private Equity Research Ltd, Ekuiti Nasional Berhad

EXHIBIT 10: ESTIMATED ASSET OVERHANG FOR 2010 SOUTHEAST ASIA SYNTHETIC FUND (AS OF 31ST DEC 2017)



Deal Vintage Year	Unrealised % of Invested Capital	
	EkuiNAS Fund I	2010 Southeast Asia Synthetic Fund
2010	29.8%	33.4%
2011	0.0%	56.6%
2012	67.7%	92.1%
Asset Overhang	42.3%	58.8%⁽²⁾

Unrealised Equity Percentage = Unrealised % of Invested Capital

⁽¹⁾ Unrealised Equity Percentage

⁽²⁾ Weighted average of Unrealised Equity Percentage is derived by applying Fund I's capital deployment pattern, being 2010: 51.6% ; 2011: 8.6% ; 2012: 39.8%

Sources: Centre for Asia Private Equity Research Ltd, Ekuiti Nasional Berhad

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

BENCHMARKING EKUINAS' FUND I – AGAINST PRIVATE EQUITY (CONT'D)

Deal Vintage Year

This methodology is an in depth analysis of performance results of each deal in a fund. It is benchmarked against those deals completed in the same year, in Southeast Asia and those assets based in markets outside of Southeast Asia, including those in the Rest of the World and invested by Asia-based investors.

In the 3-year period from 2010 to 2012, Fund I has deployed capital to 11 deals, with the gross results ranging from:

- Gross MM : 0.2x to 5.0x.
- Gross IRR : -21.8% to 75.4%.

For deals invested in both 2010 and 2012, three have been able to record superior return results, outperforming the median return results of those assets in Southeast Asia or all other markets invested in the same years, in either gross MM or gross IRR, or both. In particular, the results of APIIT Education Group and Icon Offshore Berhad I⁽²⁾ have outperformed those not only in Southeast Asia but also other markets.

These three best performers in Fund I are telling indications that Ekuinas has not only been able to achieve a strong multiple of its invested capital, but also been able to dispose of its invested assets after a short investment holding period. The performance results of Icon Offshore Berhad I showcase the critical importance in precision timing of making exits. It was sold in June 2014, just months before the oil price dived and recorded 3.0x in gross MM and 75.4% in gross IRR. However, for Icon Offshore Berhad II, its value has been significantly marked down and has since been transferred to Fund III.

These three best performing deals encapsulate Ekuinas' ability to capitalise on macro trends of increasing demand for private education as well as its in depth understanding of the commodity cycle.

EXHIBIT 11: DEAL VINTAGE YEAR BENCHMARKING MODEL

Ekuinas Fund I's Performance				Median Results of Deals in Same Deal Year			
				Southeast Asia		Non-Southeast Asia ⁽¹⁾	
Deal Year	Name	Gross MM	Gross IRR	Gross MM	Gross IRR	Gross MM	Gross IRR
2010	Alliance Cosmetics Group	1.5x	9.4%				
	APIIT Education Group	5.0x	28.2%				
	Cosmopoint Group*	0.2x	-17.3%	2.0x (17)	17.6% (17)	1.7x (50)	13.2% (50)
	Konsortium Logistik Berhad	1.6x	20.7%				
	Tanjung Offshore Berhad	0.6x	-19.2%				
2011	Burger King Group	0.4x	-21.8%	2.0x (17)	30.0% (17)	2.6x (44)	30.5% (43)
	Lyndarahim Ventures Sdn Bhd	0.8x	-7.1%				
2012	Icon Offshore Berhad I ⁽²⁾	3.0x	75.4%				
	Icon Offshore Berhad II ^{(2)*}	0.6x	-9.9%	2.1x (11)	27.4% (11)	1.9x (32)	27.9% (32)
	Revenue Valley Group*	1.9x	11.9%				
	UNITAR International University*	2.9x	19.1%				

⁽¹⁾ those assets based in markets outside of Southeast Asia, including those in the Rest of the World and invested by Asia-based investors

⁽²⁾ Fund I realised its investment in Icon Offshore Berhad ('Icon') by:

- selling a part of its shares at IPO. The sold asset is being identified as Icon Offshore Berhad I
- selling the remaining shares (being identified as Icon Offshore Berhad II) for cash consideration to Fund III

Since the exit mechanisms for the 2 divestitures are fundamentally different, the respective investment costs in Icon are regarded as 2 separate deals for more detailed analysis

N.B.:

- number in () denotes the number of samples; sample pools are on realised and unrealised basis
- returns figures above exclude transaction costs

* These four portfolio companies were transferred to Fund III

Sources: Centre for Asia Private Equity Research Ltd, Ekuiti Nasional Berhad

SOUTHEAST ASIA PRIVATE EQUITY MARKET (2010 - 2017) & PERFORMANCE OF EKUINAS FUND I BY CENTRE FOR ASIA PRIVATE EQUITY RESEARCH LTD

PERFORMANCE RESULTS

In the eight years since its inception, Ekuinas has been actively deploying capital through the three funds under its management. As of January 2018, eight realisations have occurred, generating proceeds of RM2.3 b (US\$626.1 m). The 10.1% gross IRR achieved by its maiden fund, being Fund I with a 2010 fund vintage year, has scored outstanding results against both public equity and private equity asset classes:

- Public Equity : **Fund I outperforms Malaysia's public market index, the KLCI, by a wide margin.**
- Private Equity : **Fund I has scored superior results** in a number of benchmarking methods used:
 - **Outperforms a comparable fund** formed in the same vintage year.
 - Gross MMs and gross IRRs of **Fund I's three best performing deals demonstrate Ekuinas' ability to achieve superior multiples as well as being able to sell its invested assets after a short investment holding period**, a factor that explains the outstanding IRRs achieved in certain deals.
 - **Fund I's gross IRR has outperformed 2010 Southeast Asia synthetic funds** created to assess this fund's performance.

Fund I is expected to return all of its realised capital to its investors during 2018, **placing the fund among the top quartile in net DPI** when compared with those in vintage years between 2009 and 2011.

Ekuinas was not immune to macro market negative forces. The slump of the oil prices that began in the second half of 2014 has significantly impacted Malaysia's economy and eroded the value of Ekuinas' portfolio companies. Yet, the performance results of Fund I, as a first time fund, reflect that Ekuinas has been resilient and able to weather market volatility.

CONCLUSION

In Asia's private equity industry, Ekuinas' eight years of investment history is relatively short. It has, however, set precedents and added a new terrain to Malaysia's nascent private equity landscape. It demonstrates that:

- **Mid-market buyout is a viable investment model in Malaysia.**
- With a disciplined investment and divestment schedule, **Ekuinas, a first time fund, was able to outperform the public market index as well as its peers in Southeast Asia with the same fund vintage year.**
- Ekuinas has also displayed its ability in **realising its assets in a timely manner**. At the end of Fund I's fund life on 31st December 2017, its portfolio companies have either been realised or were transferred to Fund III – a divestment strategy essential to the success of the management of a fund.

It is noteworthy that **Ekuinas has managed to outperform the market benchmarks despite several constraints attached to its mandate**, such as its single country focus in Malaysia, focus on buyouts and having to be continually cognizant of its Bumiputra agenda and secondary social objectives. Its successful example will empower fellow managers to follow its investment discipline and ultimately invigorate and add depth and breadth to Malaysia's private equity market.

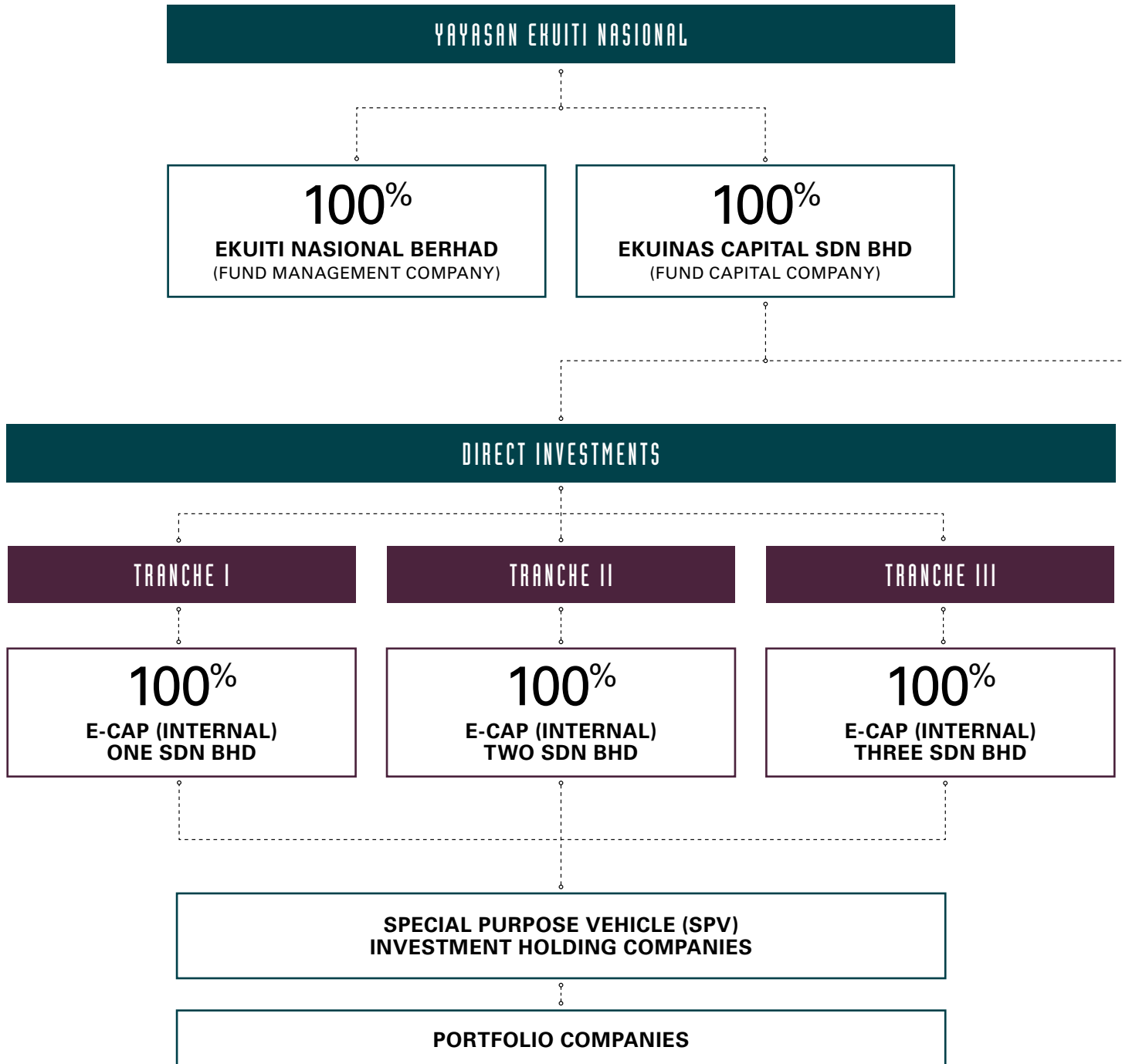
HIGH PERFORMANCE

We strive to exceed expectations

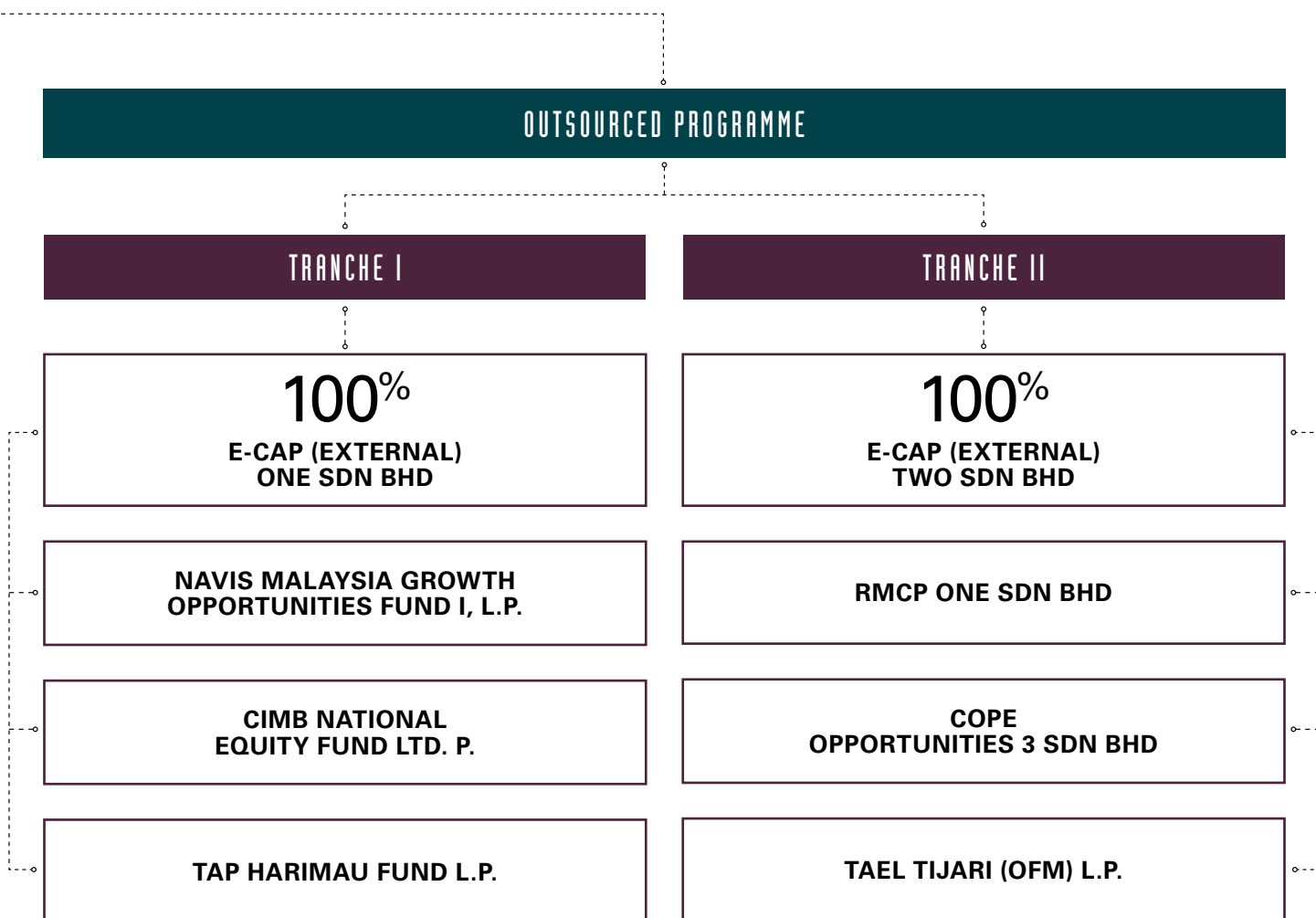




CORPORATE STRUCTURE



CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Raja Tan Sri Dato' Seri Arshad Raja Tun Uda
(Chairman)

Tan Sri Dr. Rahamat Bivi Yusoff

Johan Mahmood Merican
(Alternate Director to Dato' Nik Azman Nik Abdul Majid)

Tan Sri Dato' Seri Mohamed Jawhar Hassan

Datuk Ali Abdul Kadir

Syed Yasir Arafat Syed Abd Kadir
(Chief Executive Officer)

Tan Sri Mohamed Azman Yahya

Dato' Nik Azman Nik Abdul Majid

BOARD COMMITTEES

Audit and Risk Management Committee

Raja Tan Sri Dato' Seri Arshad Raja Tun Uda
(Chairman)

Tan Sri Dato' Seri Mohamed Jawhar Hassan

Tan Sri Dr. Rahamat Bivi Yusoff

Nomination & Remuneration Committee

Tan Sri Dato' Seri Mohamed Jawhar Hassan
(Chairman)

Raja Tan Sri Dato' Seri Arshad Raja Tun Uda

Tan Sri Mohamed Azman Yahya

Investment Committee

Tan Sri Mohamed Azman Yahya
(Chairman)

Datuk Ali Abdul Kadir

Syed Yasir Arafat Syed Abd Kadir

Mazhairul Jamaludin

Nik Johaan Nik Hashim

Idham Ismail

Lim Fu Yen

CSR Investment Committee

Tan Sri Dr. Rahamat Bivi Yusoff
(Chairman)

Syed Yasir Arafat Syed Abd Kadir
(alternately Mazhairul Jamaludin)

Nik Johaan Nik Hashim

Company Secretary

Saiful Nizam Yasin (LS 008955)

Auditor

PricewaterhouseCoopers PLT
Chartered Accountants

Principal Bankers

Malayan Banking Berhad
CIMB Bank Berhad
Affin Bank Berhad

Registered Address

Prokhas Sdn Bhd
Tingkat 12, Bangunan Setia 1
15 Lorong Dungun
Bukit Damansara
50490 Kuala Lumpur

Office Address

Ekuiti Nasional Berhad (868265 U)
Level 16, Surian Tower
No. 1, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya, Selangor

Management Committee

Syed Yasir Arafat Syed Abd Kadir
Chief Executive Officer

Mazhairul Jamaludin
Senior Director, Investment/Outsourcing

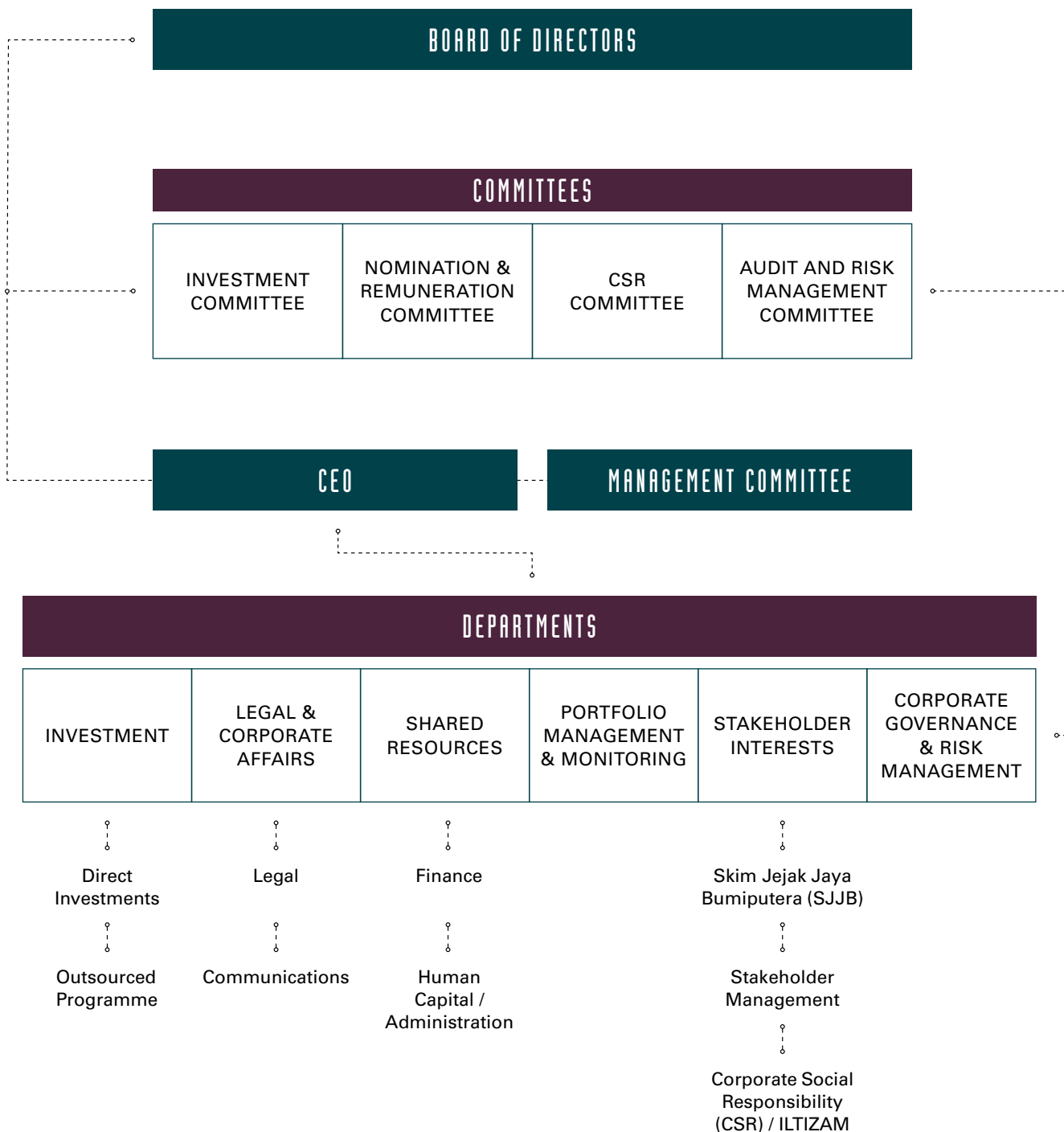
Nik Johaan Nik Hashim
Senior Director, Investment/Stakeholder
Interests

Roselinda Hashim
Senior Director, Legal & Corporate Affairs

Idham Ismail
Senior Director, Investment

Lim Fu Yen
Senior Director, Investment

ORGANISATION STRUCTURE



BOARD OF DIRECTORS

Raja Tan Sri Dato' Seri Arshad Raja Tun Uda

Independent Non-Executive Chairman

Raja Tan Sri Dato' Seri Arshad Raja Tun Uda is the Independent Non-Executive Chairman of Ekuiti Nasional Berhad (Ekuinas). He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

Currently, Raja Arshad also holds the following positions; Chairman of Maxis Berhad and Icon Offshore Berhad, and Director of Khazanah Nasional Berhad. He is also the Chairman of Yayasan Raja Muda Selangor and Chairman of Yayasan Amir, as well as a member of the Board of Trustees for Yayasan DayaDiri. Raja Arshad is also the Chancellor of Universiti Selangor.

Raja Arshad was formerly the Executive Chairman and Senior Partner of PricewaterhouseCoopers (PwC) Malaysia. He was also formerly the Chairman of the Malaysian Accounting Standards Board and Chairman of Danamodal Nasional Berhad. His previous international roles included memberships of the PwC Global IFRS Board and the Standards Advisory Council of the International Accounting Standards Board.

A Fellow at the Institute of Chartered Accountants in England and Wales (ICAEW), Raja Arshad is also a member of the Malaysian Institute of Accountants (MIA) as well as the Malaysian Institute of Certified Public Accountants (MICPA) where he served on its Council for 24 years, three of which as President.



BOARD OF DIRECTORS



Syed Yasir Arafat Syed Abd Kadir

Chief Executive Officer

Syed Yasir Arafat Syed Abd Kadir is the Chief Executive Officer of Ekuiti Nasional Berhad (Ekuinas). He leads the Management Committee and is a member of the Investment Committee.

He was previously the Country Manager (ING Wholesale Banking) overseeing both ING Corporate Advisory (Malaysia) Sdn Bhd and ING Bank (Labuan) operations in Malaysia. He was with ING Corporate Advisory (Malaysia) Sdn Bhd for nine years, starting as VP Corporate Finance specialising in areas of mergers and acquisitions, equity and equity-linked fund raising, debt fund raising and financial advisory for some of Malaysia's leading companies in banking, plantations, automotive, telecommunications and property, among others.

Prior to that, Syed Yasir Arafat was attached to United Overseas Bank (Malaysia) Berhad, Pengurusan Danaharta Nasional Berhad, Commerce International Merchant Bankers Berhad and Aseambankers Malaysia Berhad.

Syed Yasir Arafat graduated from the University of Essex, United Kingdom with a B.A. (Hons) degree in Accounting & Financial Management.

BOARD OF DIRECTORS

Tan Sri Dato' Seri Mohamed Jawhar Hassan

Independent Non-Executive Director

Tan Sri Dato' Seri Mohamed Jawhar Hassan is an Independent Non-Executive Director of Ekuiti Nasional Berhad (Ekuinas). He is also the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee.

Tan Sri Dato' Seri Jawhar is also a Commission Member of the Securities Commission Malaysia. He is Malaysia's Expert and Eminent Person to the ASEAN Regional Forum and a Distinguished Fellow of several Malaysian Institutes.

Tan Sri Dato' Seri Jawhar was the Non-Executive Chairman of The New Straits Times Press (M) Berhad and also an Independent Non-Executive Director of Media Prima Berhad until his retirement from the posts in August 2016.

He was also the Chairman and Chief Executive of the Institute of Strategic and International Studies (ISIS) Malaysia. He served with the Government of Malaysia in various positions before joining ISIS Malaysia as Deputy Director General in 1990.

Tan Sri Dato' Seri Jawhar was Member, Economic Council Working Group and Member, Advisory Panel, Malaysian Anti-Corruption Commission. He is former Co-Chair of the Council for Security Cooperation in the Asia Pacific (CSCAP).



BOARD OF DIRECTORS



Tan Sri Mohamed Azman Yahya

Independent Non-Executive Director

Tan Sri Mohamed Azman Yahya is an Independent Non-Executive Director of Ekuiti Nasional Berhad (Ekuinas). He is also the Chairman of the Investment Committee and a member of the Nomination and Remuneration Committee.

He is the Executive Chairman of Symphony Life Berhad. He also sits on the board of Khazanah Nasional Berhad, Ranhill Holdings Berhad, Sime Darby Berhad and AIA Group Limited. He is a Non-Executive Chairman of Sepang International Circuit Sdn. Bhd. and Chairman of Motorsports Association of Malaysia.

Prior to venturing in business, Tan Sri Azman was appointed by the Malaysian government to set up and head Pengurusan Danaharta Nasional Berhad, the national asset management company and became its Chairman until 2003. He was also Chairman of the Corporate Debt Restructuring Committee (CDRC) set up by Bank Negara Malaysia to mediate and assist in debt restructuring of viable companies until its closure in 2002.

His previous career includes auditing with KPMG in London, finance with the Island & Peninsular Group and investment banking with Bumiputra Merchant Bankers and Amanah Merchant Bank.

He holds a first class Honours Degree in Economics from the London School of Economics and Political Science, and is a member of the Institute of Chartered Accountants in England and Wales (ICAEW), the Malaysian Institute of Accountants (MIA) and a fellow of the Malaysian Institute of Banks.

BOARD OF DIRECTORS

Tan Sri Dr Rahamat Bivi Yusoff

Independent Non-Executive Director

Tan Sri Dr Rahamat Bivi Yusoff joined as a Non-Executive Director of Ekuiti Nasional Berhad (Ekuinas) on 19 October 2011, when she was appointed the Director-General of the Economic Planning Unit, Prime Minister's Department of Malaysia (EPU).

Tan Sri Dr Rahamat has been in the Malaysian Civil Service for over 30 years, starting out as the Assistant Secretary (Tax Division) in the Ministry of Finance (MOF), and later served in various positions including Director for Budget at MOF, Deputy Director of Macro Economy Section at EPU, the Project Officer at Institut Tadbiran Awam Negara (INTAN) and Director at Energy Commission. Before assuming her current post, she was the Deputy Secretary-General of Treasury, MOF in charge of System and Control Division.

Tan Sri Dr Rahamat is also a member of the Board of Directors in other agencies such as Malaysia Thailand Joint Authority (MTJA), Federal Land Development Authority (FELDA), Malaysia Deposit Insurance Corporation (PIDM) and MRT Corporation Sdn. Bhd. She is also a council member of Iskandar Regional Development Authority (IRDA), Sabah Economic Development & Investment Authority (SEDIA), Sarawak Corridor of Renewable Energy (RECODA) and East Coast Economic Region Development Council (ECERDC).

Tan Sri Dr Rahamat holds a Bachelor's degree in Social Sciences (Economics) (Honours) from Universiti Sains Malaysia and a Master's degree in Economics from the University of Western Michigan, USA. She has also been conferred a PhD from the Australian National University.



BOARD OF DIRECTORS



Datuk Ali Abdul Kadir

Independent Non-Executive Director

Datuk Ali Abdul Kadir is an Independent Non-Executive Director of Ekuiti Nasional Berhad (Ekuinas). He is also a member of the Investment Committee.

Datuk Ali Kadir is a Fellow of the Institute of Chartered Accountants in England & Wales ICAEW, member of the Malaysian Institute of Certified Public Accountants MICPA and the Malaysian Institute of Accountants. He is also currently Honorary Advisor to ICAEW-KL City Chapter, Honorary Fellow of both the Institute of Chartered Secretaries & Administrators (UK) and the Malaysian Institute of Directors.

Datuk Ali Kadir is currently Chairman of JcbNext Berhad, Privasia Technology Berhad and Enra Group Berhad. He is a Board Member of Glomac Berhad, Citibank Berhad, Labuan Financial Services Authority and other private companies and foundations.

Datuk Ali Kadir was Chairman of the Securities Commission of Malaysia from 1 March 1999 till 29 February 2004. He also sat on a number of national committees including the Foreign Investment Committee, the Oversight Committee of National Asset Management Company (Danaharta). On the international front, he was a member of the Exco Board of International Organisation of Securities Commissions IOSCO, chairman of their Asia-Pacific Region Committee and the Islamic Capital Market Working Group. He was trustee of Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI, Force of Nature Aid Foundation, and also Advisor to the Sri Lanka Securities & Exchange Commission.

Previously, he was Executive Chairman and Partner of Ernst & Young and its related firms. He was also the former President of MICPA, chairing both its Executive Committee and Insolvency Practices Committee and co-chairing the Company Law Forum. He was appointed an Adjunct Professor in the Accounting and Business Faculty, University of Malaya (2008 till 2011) and was then appointed to the Advisory Board of the same Faculty. He was also previously chairman of Milux Corporation Berhad, Microlink Solutions Berhad and Financial Reporting Foundation.

Datuk Ali Kadir was awarded the Panglima Jasa Negara (PJN) by the YDP Agung in 2002. In 2012, he was bestowed the Lifetime Achievement Award by ICAEW-KL City Chapter, and the President's Award by MICPA.

BOARD OF DIRECTORS

Dato' Nik Azman Nik Abdul Majid

Non-Executive Director

Dato' Nik Azman Nik Abdul Majid appointed as the Non-Executive Director of Ekuiti Nasional Berhad (Ekuinas) on 27 October 2017, when he was appointed the Director-General of the Economic Planning Unit, Prime Minister's Department (EPU). He has served EPU since 2001 in various Sections, namely Macroeconomics, Regional Economics, Budget and Economic Council.

Dato' Nik Azman previously served the Ministry of Finance, handling economic analysis, debt management and budgeting. He was seconded to the World Bank in Washington D.C. for two years as Assistant to the Executive Director. He also served as a Senior Private Secretary to the Minister of Special Functions. In EPU, he is responsible for the overall implementation of Eleventh Malaysia Plan (11th MP), in terms of approving development projects during the period, 2016-2020. These projects cover all sectors, i.e. economic, social, security and general administration. In addition, he oversees the preparation of the Mid-Term Review of the 11th MP, scheduled to be tabled to Parliament in September 2018.

Dato' Nik Azman is a member of the Board of Directors of Perbadanan PR1MA Malaysia (PR1MA), UDA Holdings Berhad, MRT Corp and Malaysia Rail Link Sdn Bhd. He is also a council member of Majlis Amanah Rakyat (MARA).

Dato' Nik Azman holds a Bachelor's Degree in Economics from the University of Malaya and a Master's Degree in Economics from the University of Nebraska-Lincoln. Dato' Nik Azman also attended the Advanced Management Program course at Harvard Business School in 2007.



BOARD OF DIRECTORS



Johan Mahmood Merican

Non-Executive Director

Alternate Director to Datuk Nik Azman Nik Abdul Majid

Johan Mahmood Merican was appointed as an Independent Non-Executive Director of Ekuiti Nasional Berhad (Ekuinas) on 1 October 2015 and was then re-designated as the Alternate Director to the Director-General of Economic Planning Unit, Prime Minister's Department (EPU) when he returned to the Government as Deputy Director-General (Human Capital), EPU in 2016.

Prior to his current appointment, he was the Chief Executive Officer of Talent Corporation Malaysia (TalentCorp) from its inception in January 2011. Previously, Johan was the Principal Private Secretary to the Minister in the Prime Minister's Department and has over 20 years of experience in public policy development, corporate finance and accountancy in both the public and private sectors in Malaysia and the United Kingdom.

Trained as a chartered accountant, he holds a first class Honours Degree in Economics from the University of Cambridge and is an Associate member of the Institute of Chartered Accountants in England and Wales (ICAEW).

SENIOR MANAGEMENT



1

Syed Yasir Arafat Syed Abd Kadir's

profile is presented on page 37.



2

Mazhairul Jamaludin

Senior Director,
Investment/Outsourcing

Mazhairul Jamaludin is the Senior Director, Investment/Outsourcing of Ekuinas as well as a member of the Investment Committee and Management Committee. Mazhairul heads Ekuinas' Outsourced Programme and the Senior Director in charge of Ekuinas' education portfolio. He also sits on several Investment Committees and Advisory Boards of Ekuinas' Outsourced Fund Managers.

Mazhairul was previously the Financial Controller and Senior Vice President, Commercial Services, MultiChannel TV, at ASTRO, a Malaysian cross-media group with significant presence in DTH (Direct-to-Home) TV Services, commercial radio and TV programming.

Prior to that, he was Vice President of Financial Accounting and Management Reporting at Celcom, one of the country's premier mobile telecommunication companies, and has also served at Arthur Andersen and Ernst & Young.

Mazhairul received a BA (Hons) degree in Accounting & Finance from Lancaster University, United Kingdom, and is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) as well as member of the Malaysian Institute of Accountants (MIA). He currently serves as a member of the Professional Accounts in Business (PAIB) Committee of the MIA and sits on the board of Cradle Fund Sdn Bhd and AXA Affin Life Berhad.



3

Nik Johaan Nik Hashim

Senior Director,
Investment

Nik Johaan Nik Hashim is Senior Director, Investment at Ekuinas and a member of the Investment Committee and Management Committee. Nik Johaan is one of the Senior Directors leading Ekuinas' investments in food & beverage (F&B), consumer food products and healthcare. He also oversees the Stakeholder Interests division of Ekuinas which includes Stakeholder Management, Skim Jejak Jaya Bumiputera (SJJJB) and Corporate Social Responsibility (CSR).

Prior to joining Ekuinas, Nik Johaan was at CIMB Investment Bank for over 18 years where he led and managed debt capital market transactions, loan syndications, IPOs, project advisory and debt restructuring exercises. During his tenure there, he also served three years in CIMB Bank as Regional Director for consumer and business banking sales. His last position in CIMB was Director and Head, Multinational Corporations and Government Relations.

Nik Johaan graduated from the University of Leicester, United Kingdom with a Bachelor of Arts degree in Economics and has a Master's degree in International Banking & Financial Services from the University of Reading, United Kingdom.

SENIOR MANAGEMENT



4

Roselinda Hashim

Senior Director,
Legal & Corporate Affairs

Roselinda Hashim is Senior Director, Legal & Corporate Affairs where she heads both the legal & secretarial department and leads the communications department of Ekuinas.

Roselinda was previously the Group General Manager of Legal & Secretarial Department at Media Prima Berhad for a period of five years. Prior to that, she was a Partner of Raslan Loong and her practice focused on mergers and acquisitions, joint ventures, corporate reorganisations and other aspects of Malaysian corporate and commercial law. Roselinda has been in practice since 1996 and began her legal career at Shearn Delamore & Co.

Roselinda graduated from the School of Oriental & African Studies (SOAS), University of London with a Bachelor of Laws degree (LLB, Hons) as well as a Masters in Law (LLM). She was called to the Bar of England and Wales, United Kingdom in 1994 and was admitted as an Advocate and Solicitor to the Malaysian Bar in 1996. Roselinda received her licence to act as a Company Secretary by Companies Commission of Malaysia in 2005.



5

Idham Ismail

Senior Director,
Investment

Idham Ismail joined Ekuinas as Senior Director, Investment in October 2016. He is a member of the Investment Committee and Management Committee.

Idham was previously at Khazanah Nasional Berhad (Khazanah) for 11 years which he last served as Director, Investments. During his tenure there, he also served operating roles in Khazanah's portfolio companies namely Pos Malaysia Berhad and Themed Attraction Resorts, both as Chief Strategy Officer.

Prior to that, Idham had stints in Tenaga Nasional Berhad and the Corporate Finance team in Commerce International Merchant Bankers Berhad.

Idham graduated with a BSc (Hons) in Engineering Mathematics from the University of Bristol, United Kingdom and a Master of Finance from RMIT University, Australia.



6

Lim Fu Yen

Senior Director,
Investment

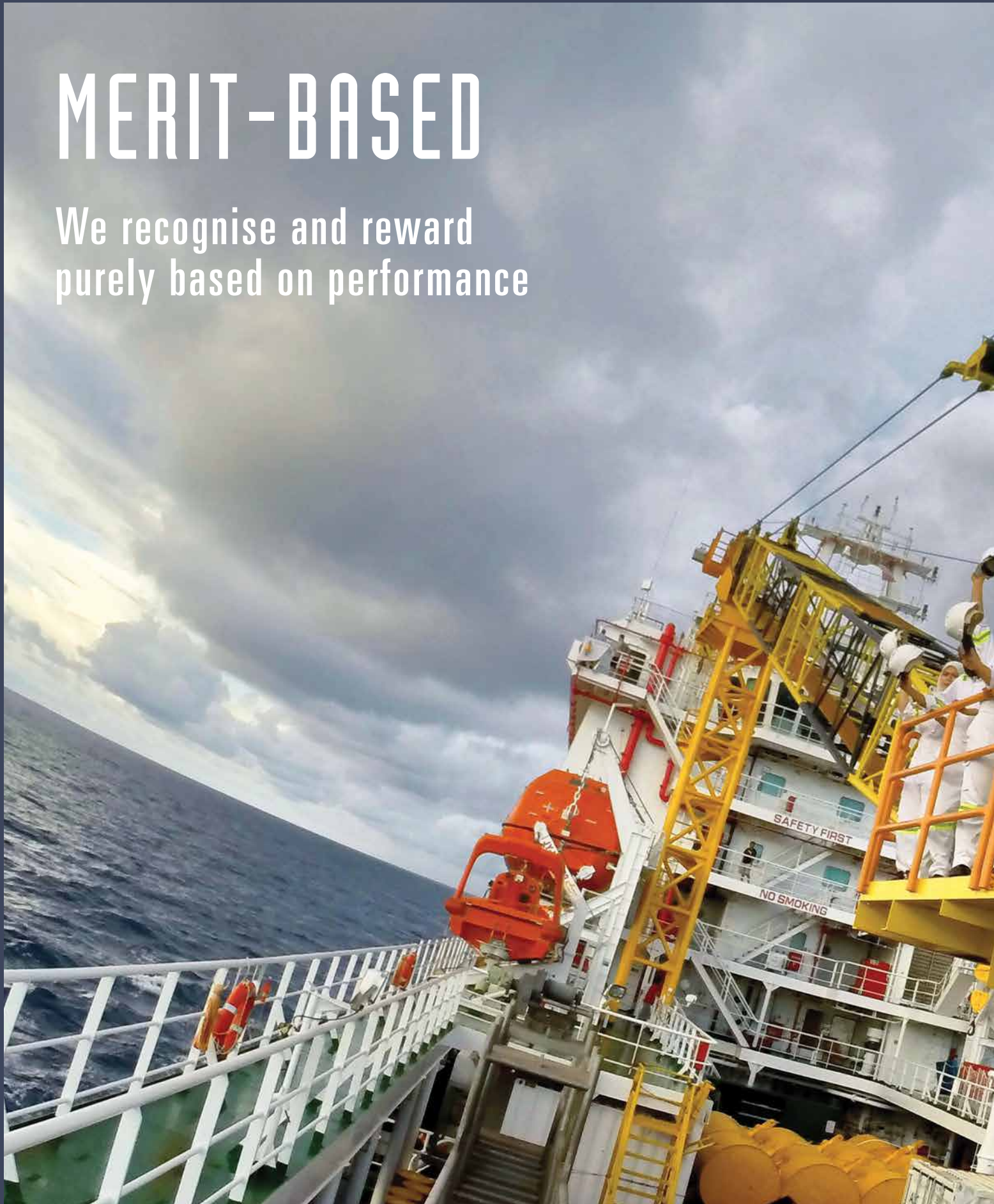
Lim Fu Yen is a Senior Director, Investment at Ekuinas and a member of the Investment Committee and Management Committee. He is one of the Senior Directors jointly in charge of Ekuinas' healthcare, manufacturing, and oil and gas investments. Previously, he was also involved in Ekuinas' maiden technology investment.

Prior to joining Ekuinas, Fu Yen was investing in the North American equities market at Orbis Investment Management, out of San Francisco, USA. Prior to that, he was a management consultant with the Boston Consulting Group, participating in strategy and operational projects across the financial services and oil and gas sectors. He has worked extensively in both Southeast Asian and East Asian regions.

Fu Yen graduated from Dartmouth College with a Bachelor of Arts degree in Engineering Science and Economics, and has a Master of Business Administration (MBA) from Stanford University Graduate School of Business.

MERIT-BASED

We recognise and reward
purely based on performance

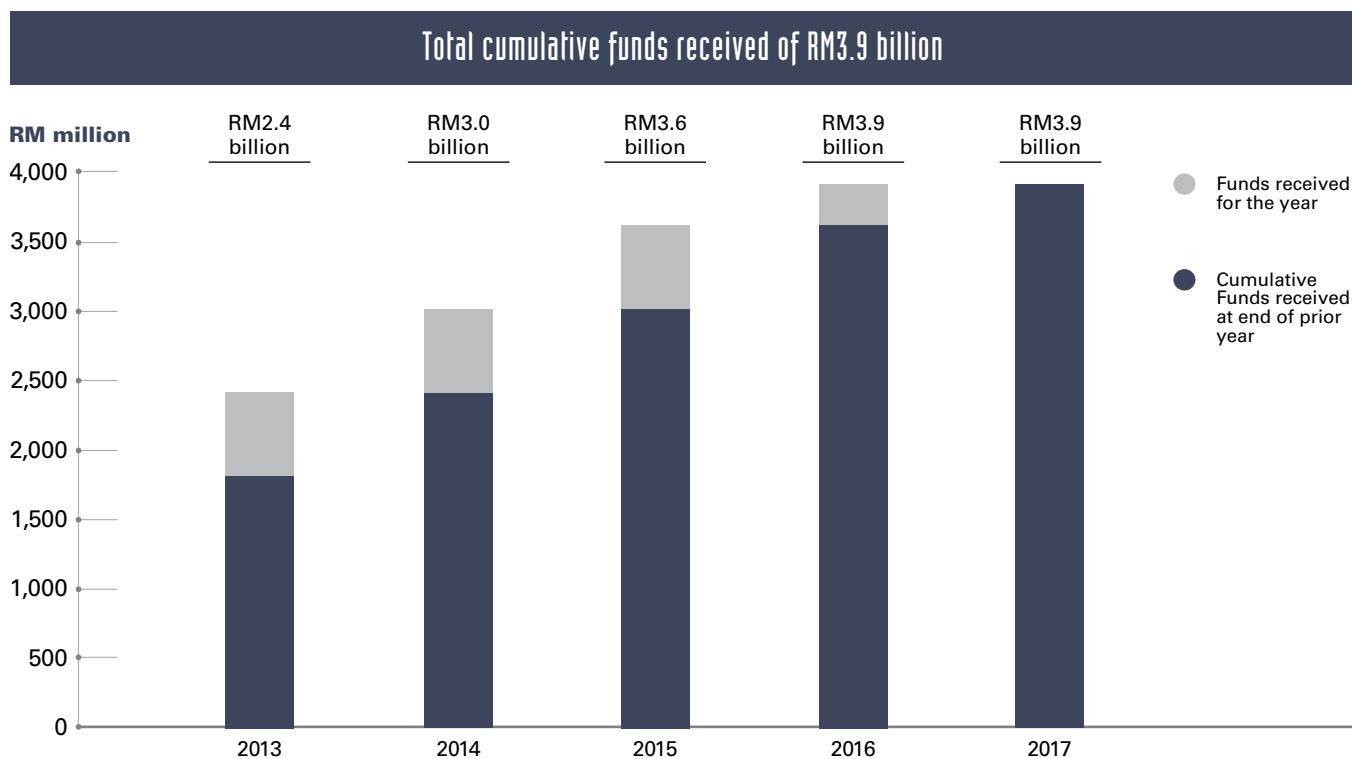




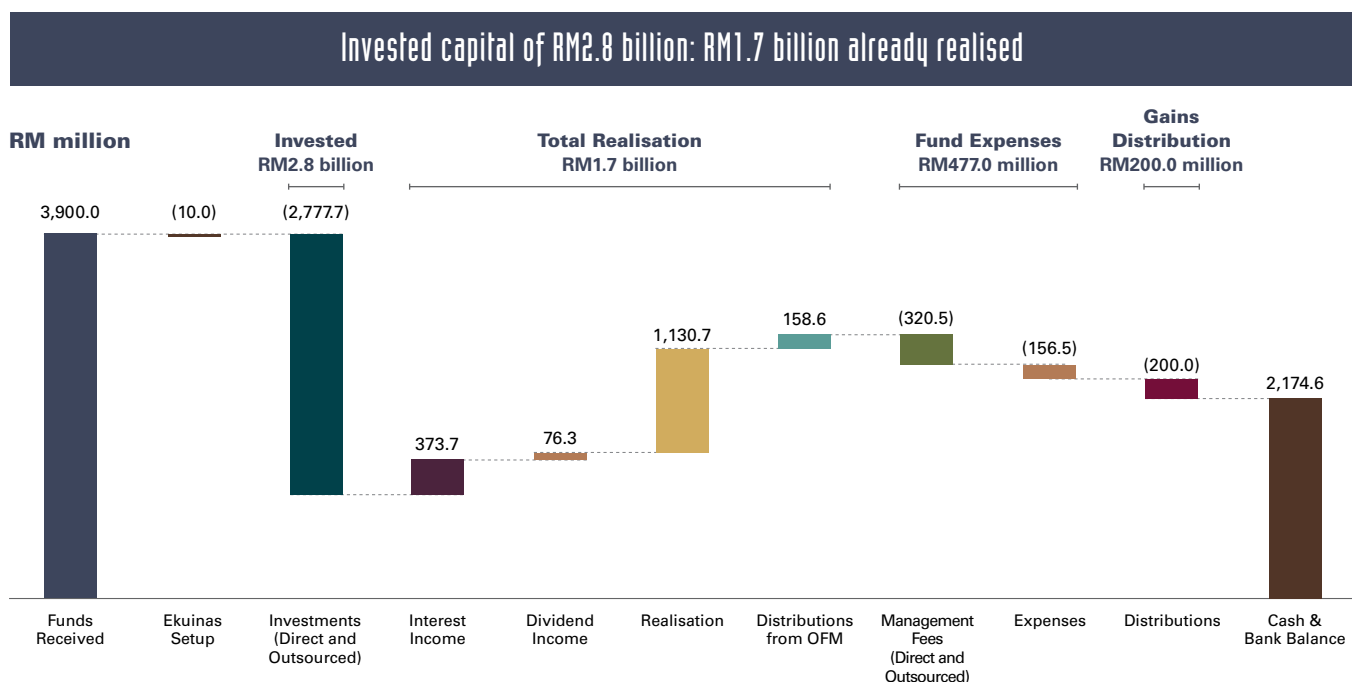
INVESTMENT PERFORMANCE REPORT

A) OVERALL

1. Funds Received



2. Funds Utilisation



INVESTMENT PERFORMANCE REPORT

B) DIRECT INVESTMENTS

1. Funds Overview

EKUINAS DIRECT (TRANCHE I) FUND		EKUINAS DIRECT (TRANCHE II) FUND		EKUINAS DIRECT (TRANCHE III) FUND	
Vintage Year 2010		Vintage Year 2012		Vintage Year 2014	
Status	Deployed & Realised	Status	Deployed	Status	Investing
Capital Committed RM1.0 billion		Capital Committed RM1.0 billion		Capital Committed RM1.5 billion	
Term 5 + 2 + 1 years years year		Term 5 + 2 years years			
Investment Period 3 to 5 years years					
Legal Form & Structure One Fund Manager and One Investor			Geographical Focus Malaysia		
Investment Focus Buy-Out and Growth Capital Fund			Industry Focus Education, Oil & Gas, FMCG, Retail & Leisure, Healthcare and Services		

2. Investment Activities

a. Direct Investment Activities for 2017

RM million Portfolio Company	Sector	Stake	Committed Investment	Committed Investment by Others	Total Economic Capital Deployed
Follow-on investment:					
1 ICON Offshore Berhad (ICON)	Oil & Gas	N/A	40.0	-	40.0
New investment:					
1 Davex (Malaysia) Sdn Bhd (Davex)	Manufacturing	100.0%	270.0	-	270.0
Transfer from Ekuinas Direct (Tranche I) Fund:					
1 Revenue Valley Group (RV)	Retail - F&B	85.8%	122.1	-	122.1
2 Cosmopoint Group (Cosmopoint)	Education	90.0%	54.7	-	54.7
3 UNITAR International University (UNITAR)	Education	90.0%	109.2	-	109.2
4 ICON Offshore Berhad (ICON)	Oil & Gas	32.7%	100.1	-	100.1
Total for the year			696.1	-	696.1

INVESTMENT PERFORMANCE REPORT

b. Cumulative Direct Investment activities as at 31 December 2017

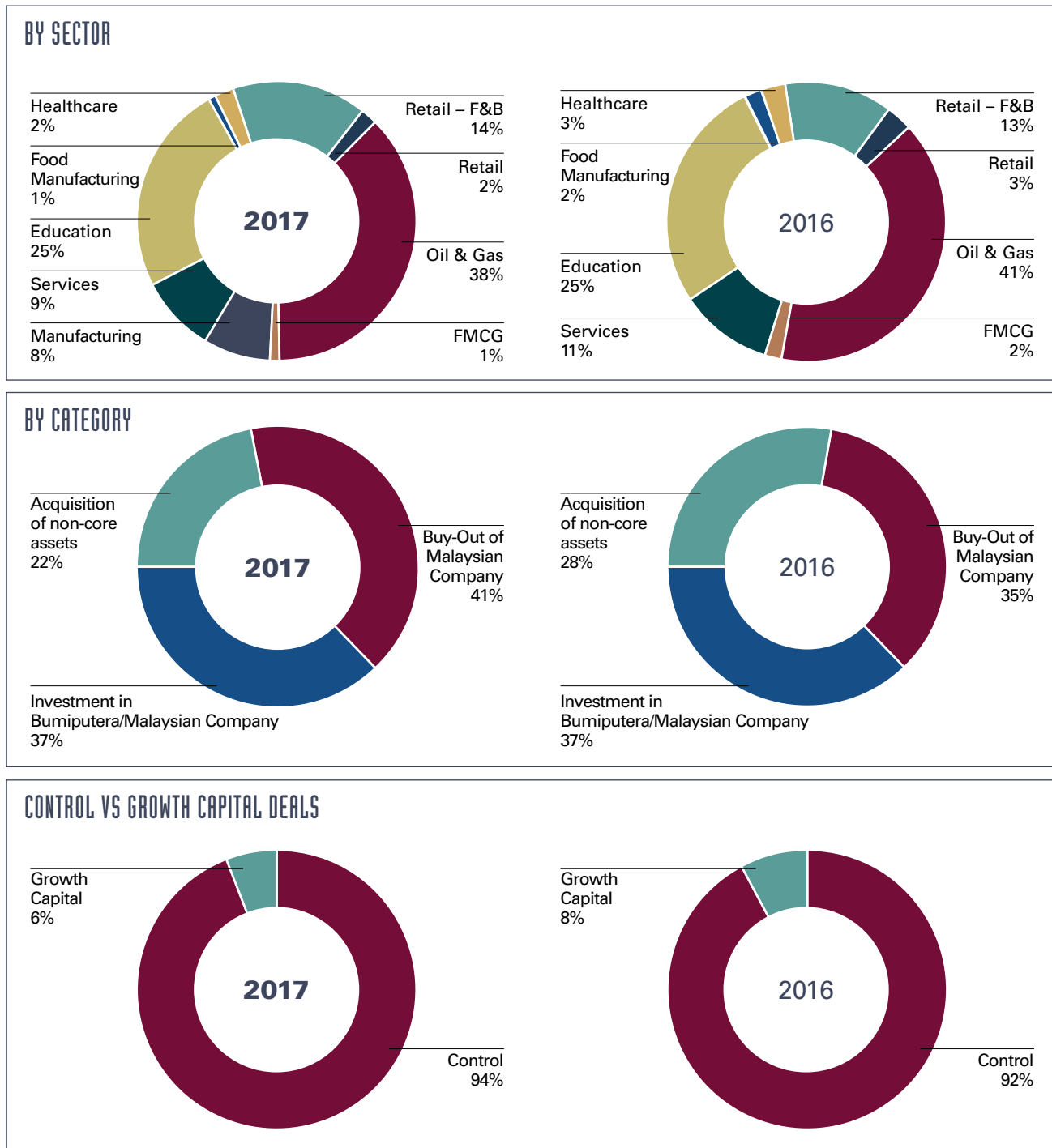
RM million Portfolio Company	Sector	Stake	Committed Investment	Committed Investment by Others	Total Economic Capital Deployed
Ekuias Direct (Tranche I) Fund					
1 Alliance Cosmetics Group (ACG)	FMCG	20.0%	39.9	119.6	159.5
2 Tanjung Offshore Berhad (TOB)	Oil & Gas	24.0%	99.8	-	99.8
3 Konsortium Logistik Berhad (KLB)	Services	61.6%	241.0	-	241.0
4 APIIT Education Group (APIIT)	Education	51.0%	102.0	-	102.0
5 Burger King Group (BKM)	Retail - F&B	74.1%	68.2	-	68.2
6 Lyndarahim Ventures Sdn Bhd (SF)	Retail - F&B	90.0%	30.0	-	30.0
7 Revenue Valley Group (RV)	Retail - F&B	85.8%	64.6	-	64.6
8 Cosmopoint Group (Cosmopoint)	Education	90.0%	246.0	-	246.0
9 UNITAR International University (UNITAR)	Education	90.0%	58.5	2.5	61.0
10 Icon Offshore Berhad (ICON)	Oil & Gas	70.7%	308.2	-	308.2
Total Investment Undertaken - Tranche I			1,258.2	122.1	1,380.3
Ekuias Direct (Tranche II) Fund					
1 Burger King Group (BKM & BKS)	Retail - F&B	100.0%	99.8	-	99.8
2 Icon Offshore Berhad (ICON)	Oil & Gas	17.4%	277.7	-	277.7
3 PrimaBaguz Sdn Bhd (PrimaBaguz)	Food Manufacturing	100.0%	40.0	-	40.0
4 Asia Pacific Institute of Information Technology Lanka Pvt Ltd (APIIT Lanka)	Education	45.9%	20.3	-	20.3
5 Lyndarahim Ventures Sdn Bhd (SF)*	Retail - F&B	-	5.0	-	5.0
6 Revenue Valley Group (RV)	Retail - F&B	-	10.0	-	10.0
7 Coolblog Sdn Bhd (Coolblog)	Retail - F&B	60.0%	50.8	-	50.8
8 Orkim Sdn Bhd (Orkim)*	Oil & Gas	95.5%	416.3	-	416.3
9 Tenby Educare Sdn Bhd (Tenby)	Education	70.0%	70.0	-	70.0
10 Tranglo Sdn Bhd (Tranglo)	Services	60.0%	54.0	-	54.0
Total Investment Undertaken - Tranche II			1,043.9	-	1,043.9
Ekuias Direct (Tranche III) Fund					
1 MediExpress (Malaysia) Sdn Bhd (Medix)	Healthcare	60.0%	58.8	-	58.8
2 PMCare Sdn Bhd (PMCare)	Healthcare	60.0%	21.0	-	21.0
3 ILMU Education Group (ILMU)	Education	100.0%	150.0	-	150.0
4 Al-Ikhsan Sports Sdn Bhd (Al-Ikhsan)	Retail	35.0%	68.6	-	68.6
5 ICON Offshore Berhad (ICON)	Oil & Gas	-	40.0	-	40.0
6 Davex (Malaysia) Sdn Bhd (Davex)	Manufacturing	100.0%	270.0	-	270.0
7 Revenue Valley Group (RV)**	Retail - F&B	85.8%	122.1	-	122.1
8 Cosmopoint Group (Cosmopoint)**	Education	90.0%	54.7	-	54.7
9 UNITAR International University (UNITAR)**	Education	90.0%	109.2	-	109.2
10 ICON Offshore Berhad (ICON)**	Oil & Gas	32.7%	100.1	-	100.1
Total Investment Undertaken - Tranche III			994.5	-	994.5
Cumulative Total Investment Undertaken			3,296.6	122.1	3,418.7

* Includes follow-on investments

** Transfer from Ekuinas Direct (Tranche I) Fund

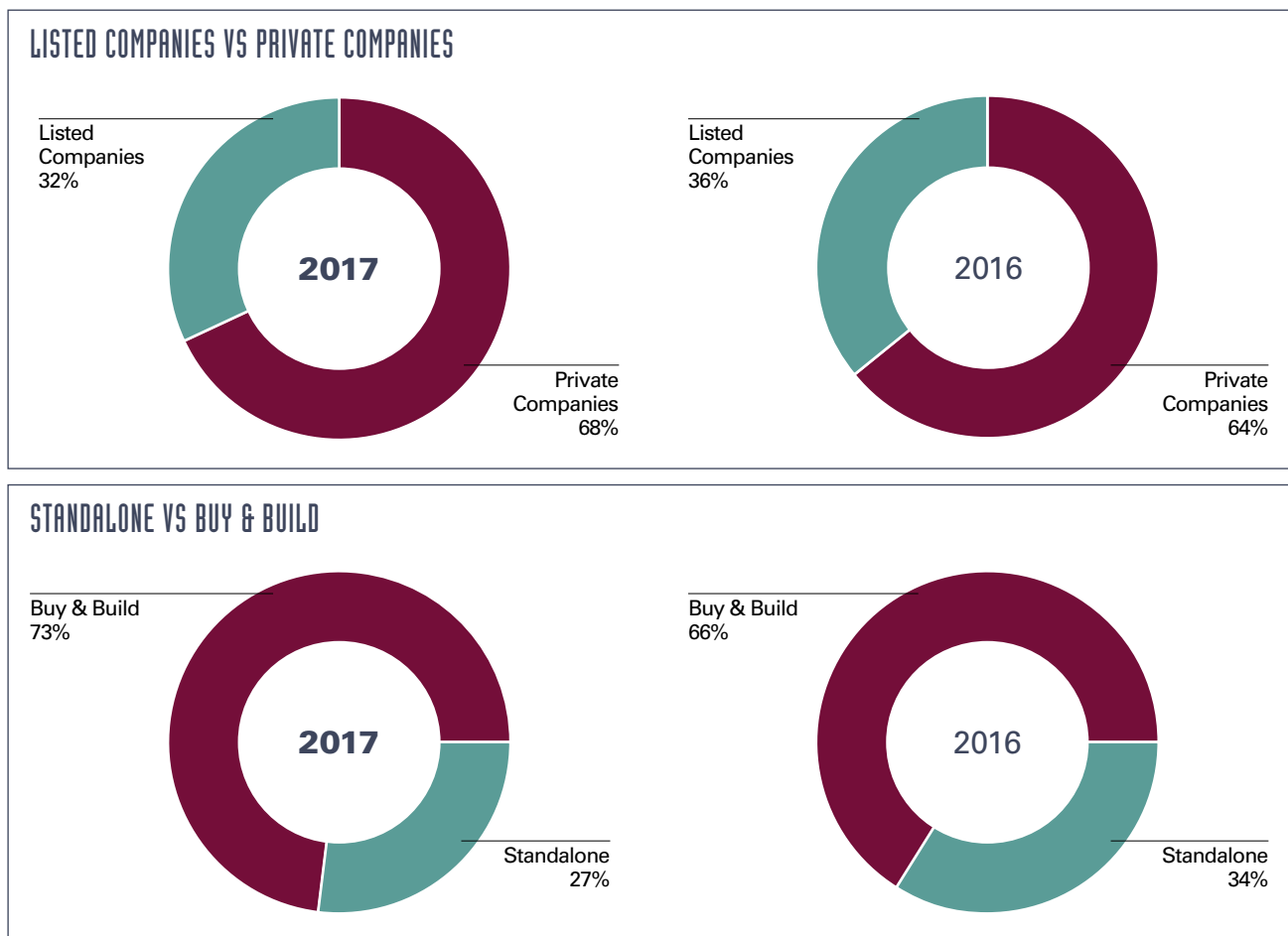
INVESTMENT PERFORMANCE REPORT

c. Investment Composition Analysis



INVESTMENT PERFORMANCE REPORT

c. Investment Composition Analysis (Cont'd)



INVESTMENT PERFORMANCE REPORT

3. Realisation Activities

a. Realisation Activities for 2017

Company RM million	Year of Realisation	% of the Fund's Holding Realised	Total Realisation Amount	Gross IRR% p.a.	Money Multiple
Full realisation					
APIIT & Tenby* [^]	2017	100.0	845.3	22.5%	1.7
UNITAR & Cosmopoint [#]	2017	100.0	172.5	-4.4%	0.7
RV [#]	2017	100.0	122.1	11.3%	1.8
Partial realisation					
ICON [#]	2017	37.1	100.1	-9.4%	0.6
Total proceeds from realisation			1,240.0		

b. Cumulative Realisation Activities as at 31 December 2017

Company RM million	Year of Realisation	% of the Fund's Holding Realised	Total Realisation Amount	Gross IRR% p.a.	Money Multiple
Full realisation					
TOB	2012	100.0	62.0	-19.7%	0.6
KLB	2013	100.0	347.4	19.4%	1.5
BKM & BKS [^]	2015	100.0	79.4	-29.1%	0.5
SF [^]	2015	100.0	21.0	-5.4%	0.8
ACG	2016	100.0	61.8	9.0%	1.5
APIIT & Tenby* [^]	2017	100.0	845.3	22.5%	1.7
UNITAR & Cosmopoint	2017	100.0	172.5	-4.4%	0.7
RV	2017	100.0	122.1	11.3%	1.8
Partial realisation					
ICON [^]	2014	89.1	645.5	25.5%	1.7
Total proceeds from realisation			2,357.0		

* Realisation of Tenby was completed in January 2018

[^] Realisation at fund level across multiple funds

[#] Transferred to Ekuinas Direct (Tranche III) Fund

INVESTMENT PERFORMANCE REPORT

4. Portfolio Companies' Performance

a. Portfolio Companies' Performance - Combined Revenue and EBITDA

	Revenue (RM million)			EBITDA (RM million)*		
	2017 A	2016 B	% Growth A - B	2017 A	2016 B	% Growth A - B
Education	131.1	163.2	-19.6%	14.7	16.1	-8.3%
Food Group	392.9	395.0	-0.5%	24.0	49.8	-51.9%
ICON	204.6	226.9	-9.8%	83.0	96.4	-13.9%
Orkim	178.1	161.0	10.6%	100.0	86.0	16.4%
Tranglo	151.0	131.0	15.3%	7.3	5.8	26.6%
Medix and PMCare	57.1	55.5	2.9%	21.2	20.9	1.2%
Al-Ikhsan	259.1	249.1	4.0%	23.4	8.0	>100.0%
Combined Portfolio Companies	1,374.0	1,381.7	-0.6%	273.6	282.9	-3.3%

* EBITDA figures exclude any non-recurring and exceptional items

INVESTMENT PERFORMANCE REPORT

5. Fund Performance

5.1 Ekuinas Direct (Tranche I) Fund

a. Fund Net Assets Value (NAV) as at 31 December 2017

	2016 RM million	Movement RM million	2017 RM million
A. Capital Commitment	1,000.0	-	1,000.0
B. Capital Called	1,125.4	10.2	1,135.6
C. Capital Reinvested	168.0	-	168.0
D. Total Capital Contributed (B+C)	1,293.4	10.2	1,303.6
E. Debt Drawdown (Amortised Cost)	-	-	-
F. Total Capital Invested (D+E)	1,293.4	10.2	1,303.6
Plus Increases/(Decreases) to Net Assets Value:			
Dividend Income	35.8	(35.8)	-
Net Unrealised Gain/(Loss) on Fair Value of Investments	141.9	(141.9)	-
Realised Gain from Divestments	306.8	205.5	512.3
Interest Expenses	(18.1)	(17.5)	(35.6)
Total Gross Portfolio Return	466.4	10.3	476.7
Organisational Expenses	(244.6)	89.4	(155.2)
Capital Distributions to Limited Partners (C+H)*	(878.5)	-	(878.5)
Net Decrease in Net Assets Value	(656.7)	99.7	(557.0)
G. Net Assets Value	636.7	109.9	746.6
Net Assets Value made up of:			
Investments - at cost	647.0	(647.0)	-
Net Unrealised Gain/(Loss) on Fair Value of Investments	141.9	(141.9)	-
Investments carried at Fair Value	788.9	(788.9)	-
Plus: Cash Balance	3.8	-	3.8
Plus: Working Capital	(156.0)	898.8	742.8
Plus: Uncalled Capital	-	-	-
Equals Net Assets Value	636.7	109.9	746.6
Net Assets Value	636.7	109.9	746.6
H. Capital Distributed	710.5	-	710.5
Total Net Assets Value plus Distributed Capital (G+H)	1,347.2	109.9	1,457.1
Gross IRR p.a.	13.1%		10.1%
Net IRR p.a. (before carried interest)	9.4%		6.5%

* Includes deemed distribution for reinvested capital

INVESTMENT PERFORMANCE REPORT

b. Ekuinas Direct (Tranche I) Fund Portfolio Performance as at 31 December 2017

Company	Stake %	Cost of Investment [#] RM million
Divestment:		
TOB	24.0	99.8
KLB	61.6	171.0
BKM	74.1	68.2
ICON	38.0	132.3
SF	90.0	20.0
ACG	20.0	39.9
APIIT	51.0	62.0
Cosmopoint	90.0	158.0
UNITAR	90.0	36.5
RV	85.8	64.6
ICON	32.7	175.9
Total		1,028.1

[#] Cost of investment represents amount of committed investment utilised, net of financing

GROSS PORTFOLIO RETURN

RM **476.7** MILLION

GAIN ON DIVESTMENT

RM **512.3** MILLION

INTEREST EXPENSES

RM **35.6** MILLION

TOTAL PORTFOLIO VALUE

RM **1.5** BILLION

IRR %

GROSS IRR

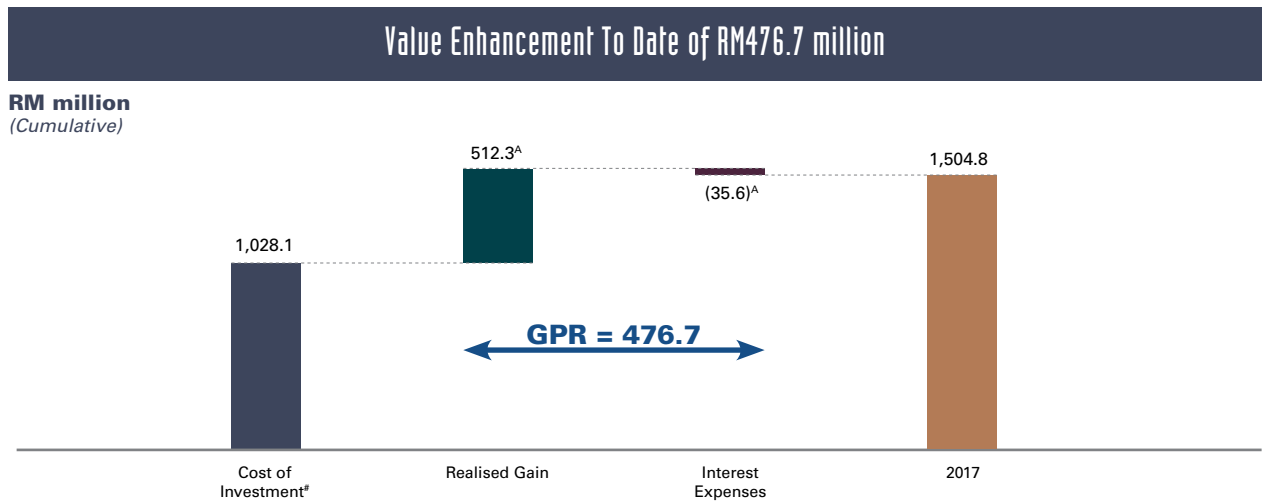
10.1% P.A.

NET IRR

6.5% P.A.

INVESTMENT PERFORMANCE REPORT

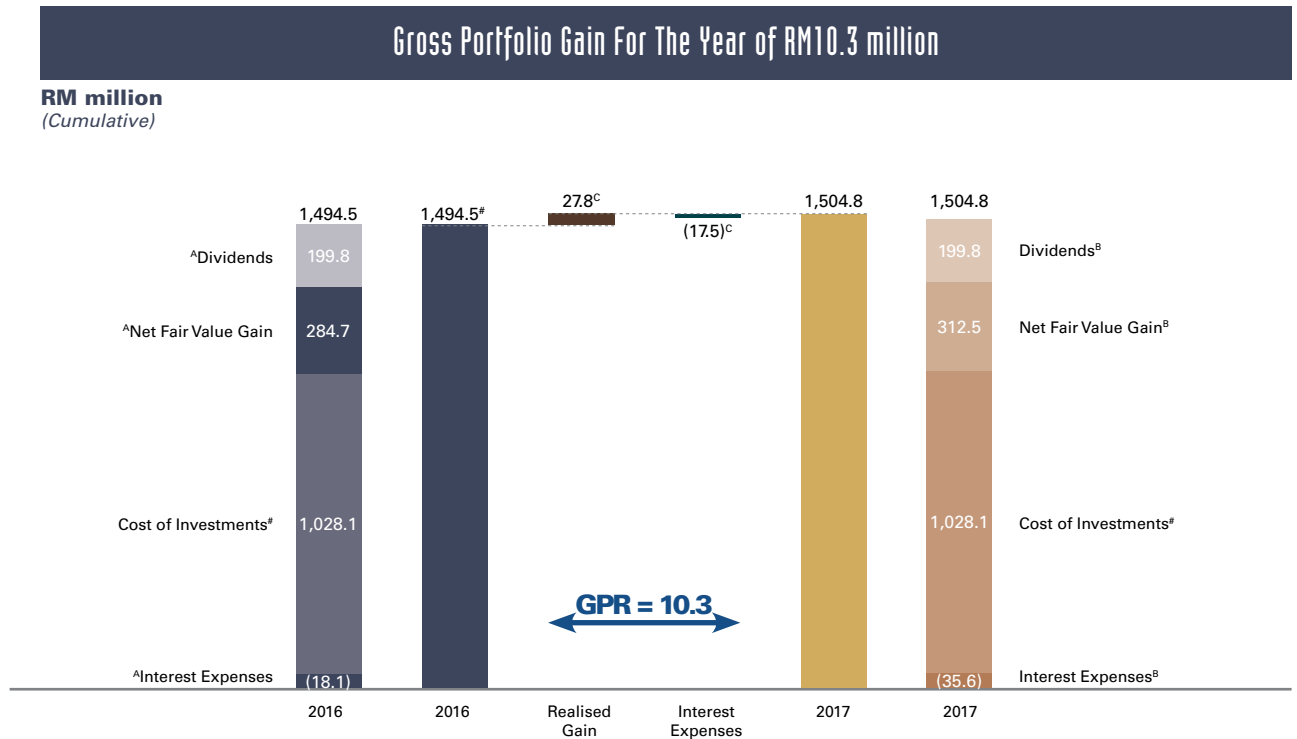
c. Ekuinas Direct (Tranche I) Fund Accumulated Portfolio Value Enhancement



^A These numbers combined make up to cumulative Gross Portfolio Return for 2017 of RM476.7 million

[#] Net of financing

d. Ekuinas Direct (Tranche I) Fund Portfolio Value Movement as at 31 December 2017



^A These numbers combined make up to cumulative Gross Portfolio Return for 2016 of RM466.4 million

^B These numbers combined make up to cumulative Gross Portfolio Return for 2017 of RM476.7 million

^C These numbers combined make up to movement for the year of RM10.3 million

[#] Net of financing

INVESTMENT PERFORMANCE REPORT

5.2 Ekuinas Direct (Tranche II) Fund

a. Fund Net Assets Value (NAV) as at 31 December 2017

	2016 RM million	Movement RM million	2017 RM million
A. Capital Commitment	1,000.0	-	1,000.0
B. Capital Called	1,025.5	26.0	1,051.5
C. Capital Reinvested	4.8	-	4.8
D. Total Capital Contributed (B+C)	1,030.3	26.0	1,056.3
E. Debt Drawdown (Amortised Cost)	100.0	(5.0)	95.0
F. Total Capital Invested (D+E)	1,130.3	21.0	1,151.3
Plus Increases to Net Assets Value:			
Dividend Income	10.0	2.4	12.4
Net Unrealised Gain on Fair Value of Investments	294.9	52.0	347.0
Realised Gain from Divestments	27.6	-	27.6
Interest Income/(Expenses)	(0.9)	5.7	4.8
Total Gross Portfolio Return	331.6	60.1	391.7
Organisational Expenses	(127.2)	(27.4)	(154.6)
Capital Distributions to Limited Partners (C+H)*	(102.6)	-	(102.6)
Net Increase in Net Assets Value	101.8	32.7	134.5
G. Net Assets Value	1,232.1	53.7	1,285.9
Net Assets Value made up of:			
Investments - at cost	786.8	45.0	831.7
Net Unrealised Gain on Fair Value of Investments	294.9	52.0	347.0
Investments carried at Fair Value	1,081.7	97.0	1,178.7
Plus: Cash Balance	13.0	7.2	20.2
Plus: Working Capital	151.9	(63.6)	88.3
Plus: Uncalled Capital	(14.4)	13.1	(1.3)
Equals Net Assets Value	1,232.1	53.7	1,285.9
Net Assets Value	1,232.1	53.7	1,285.9
H. Capital Distributed	97.8	-	97.8
Total Net Assets Value plus Distributed Capital (G+H)	1,329.9	53.7	1,383.7
Gross IRR p.a.	18.1%		14.6%
Net IRR p.a. (before carried interest)	12.7%		10.2%

* Includes deemed distribution for reinvested capital

INVESTMENT PERFORMANCE REPORT

b. Ekuinas Direct (Tranche II) Fund Portfolio Performance as at 31 December 2017

Company	Stake %	Cost of Investment# RM million
Investment:		
ICON	9.6	201.1
PrimaBaguz	100.0	40.0
APIIT Lanka	45.9	20.3
RV	-	10.0
Coolblog	60.0	45.8
Orkim	95.5	286.8
Tranglo	60.0	52.8
Tenby*	70.0	70.0
		726.7
Divestment:		
BKS	100.0	47.2
BKM	20.9	52.6
ICON	7.8	76.6
SF	-	5.0
		181.4
Total		908.1

Cost of investment represents amount of committed investment utilised, net of financing

* Realisation of Tenby was completed in January 2018

GROSS PORTFOLIO RETURN

RM **391.7** MILLION

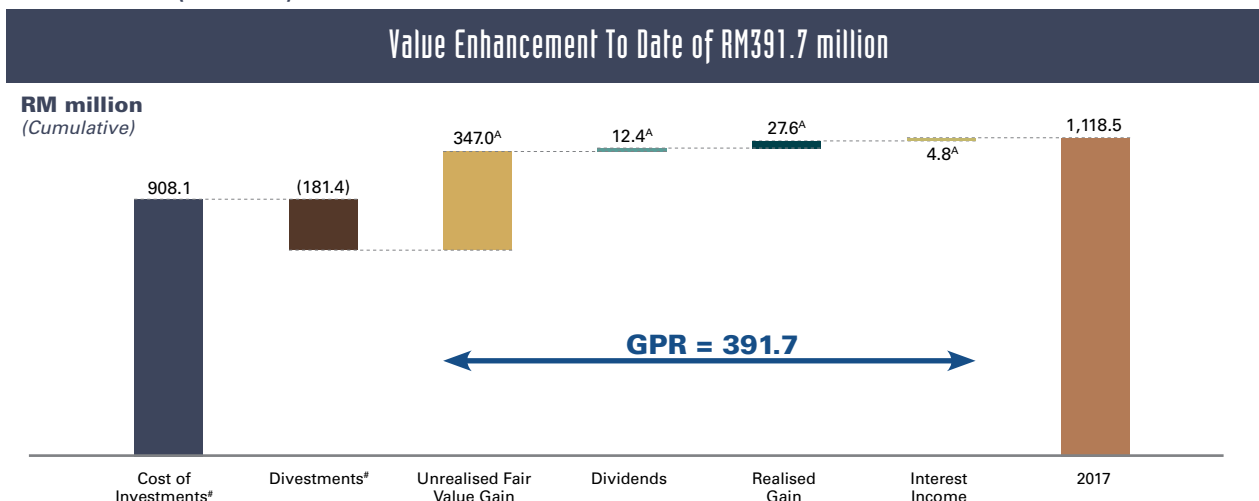
TOTAL PORTFOLIO VALUE

RM **1.1** BILLION

DIVIDEND INCOME	INCREASE IN FAIR VALUE	IRR %
RM 12.4 MILLION	RM 347.0 MILLION	GROSS IRR
		14.6% P.A.
GAIN ON DIVESTMENT	INTEREST INCOME	NET IRR
RM 27.6 MILLION	RM 4.8 MILLION	10.2% P.A.

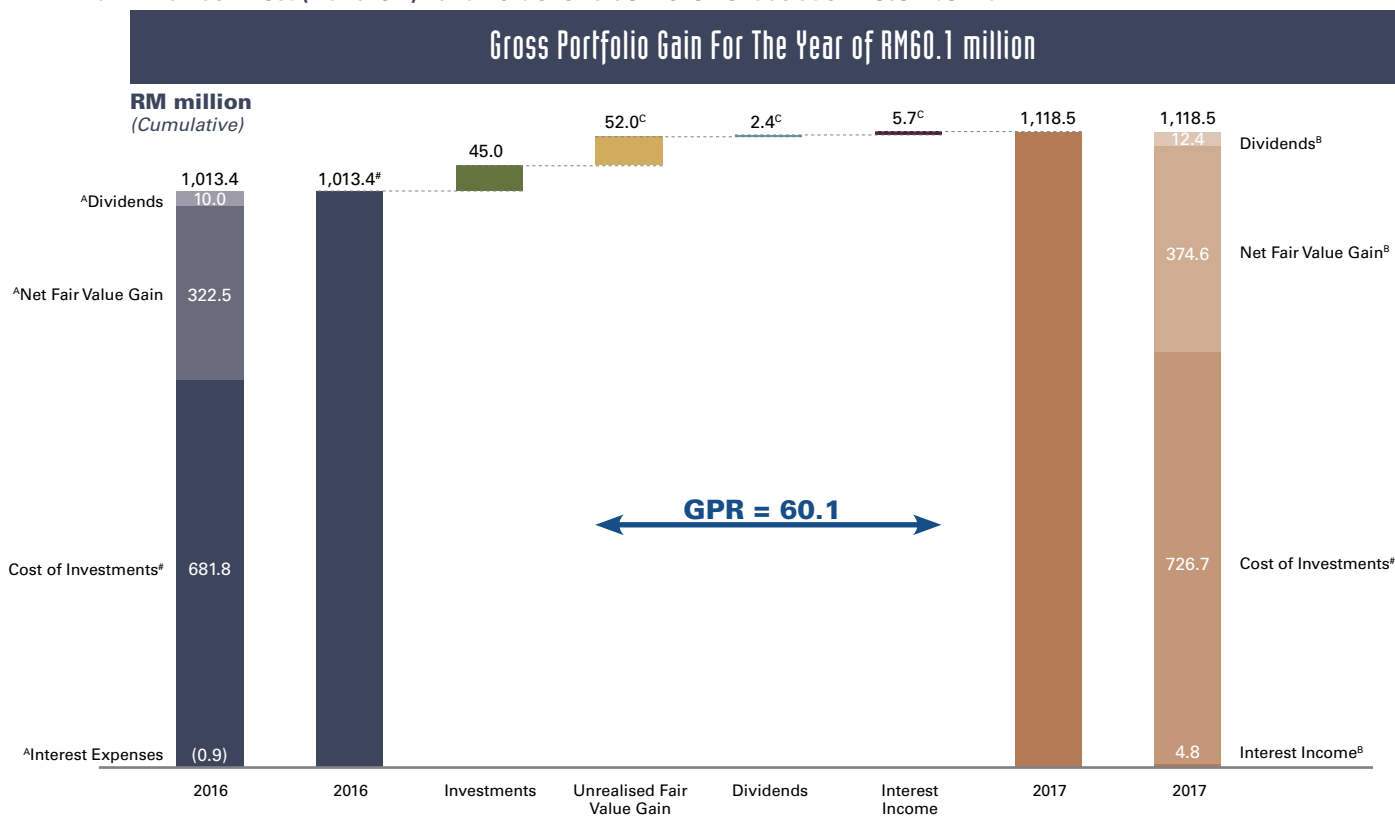
INVESTMENT PERFORMANCE REPORT

c. Ekuinas Direct (Tranche II) Fund Accumulated Portfolio Value Enhancement



^A These numbers combined make up to cumulative Gross Portfolio Return for 2017 of RM391.7 million
[#] Net of financing

d. Ekuinas Direct (Tranche II) Fund Portfolio Value Movement as at 31 December 2017



^A These numbers combined make up to cumulative Gross Portfolio Return for 2016 of RM331.6 million
^B These numbers combined make up to cumulative Gross Portfolio Return for 2017 of RM391.7 million
^C These numbers combined make up to movement for the year of RM60.1 million
[#] Net of financing

INVESTMENT PERFORMANCE REPORT

5.2 Ekuinas Direct (Tranche III) Fund

a. Fund Net Assets Value (NAV) as at 31 December 2017

	2016 RM million	Movement RM million	2017 RM million
A. Capital Commitment	1,500.0	-	1,500.0
B. Capital Called	354.4	30.4	384.9
C. Capital Reinvested	-	-	-
D. Total Capital Contributed (B+C)	354.4	30.4	384.9
E. Debt Drawdown (Amortised Cost)	-	127.5	127.5
F. Total Capital Invested (D+E)	354.4	157.9	512.4
Plus Increase/(Decrease) to Net Assets Value:			
Dividend Income	19.8	8.3	28.1
Net Unrealised Gain/(Loss) on Fair Value of Investments	(37.2)	121.0	83.8
Realised Loss from Divestment	-	(57.7)	(57.7)
Interest Expenses	-	(0.4)	(0.4)
Total Gross Portfolio Return	(17.4)	71.3	53.9
Organisational Expenses	(61.5)	(65.8)	(127.3)
Capital Distributions to Limited Partners (C+H)*	-	-	-
Net Decrease in Net Assets Value	(78.9)	5.5	(73.5)
G. Net Assets Value	275.5	163.4	438.9
Net Assets Value made up of:			
Investments - at cost	292.9	559.4	852.3
Net Unrealised Gain/(Loss) on Fair Value of Investments	(37.2)	121.0	83.8
Investments carried at Fair Value	255.7	680.4	936.1
Plus: Cash Balance	-	4.5	4.5
Plus: Working Capital	19.8	(521.5)	(501.7)
Plus: Uncalled Capital	-	-	-
Equals Net Assets Value	275.5	163.4	438.9
Net Assets Value	275.5	163.4	438.9
H. Capital Distributed	-	-	-
Total Net Assets Value plus Distributed Capital (G+H)	275.5	163.4	438.9
Gross IRR p.a.	N/M		10.7%
Net IRR p.a. (before carried interest)	N/M		N/M#

* Includes deemed distribution for reinvested capital

Not presented as capital is still being deployed

INVESTMENT PERFORMANCE REPORT

b. Ekuinas Direct (Tranche III) Fund Portfolio Performance as at 31 December 2017

Company	Stake %	Cost of Investment# RM million
Investment:		
Medix	60.0	58.8
PMCare	60.0	21.0
ILMU	-	54.2
Al-Ikhsan	35.0	67.3
ICON	-	10.0
Davex	100.0	127.5
RV	85.8	122.1
Cosmopoint	90.0	54.7
Unitar	90.0	109.2
ICON	32.7	100.1
		724.8
Divestment:		
ILMU	-	95.8
		95.8
Total		820.6

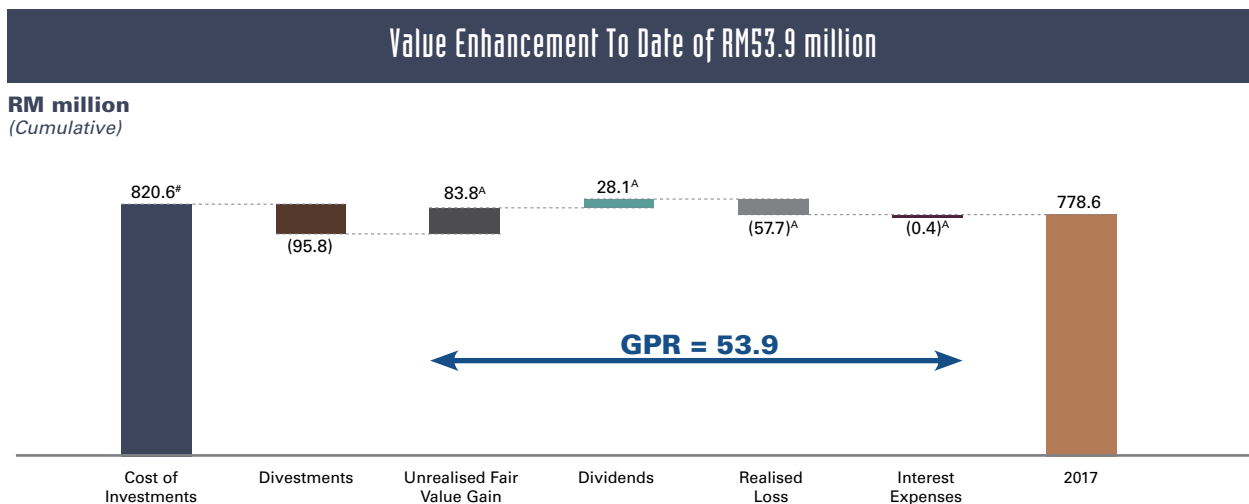
Cost of investment represents amount of committed investment utilised, net of financing

GROSS PORTFOLIO RETURN		TOTAL PORTFOLIO VALUE
RM 53.9 MILLION		RM 0.8 BILLION
DIVIDEND INCOME	INCREASE IN FAIR VALUE	IRR %
RM 28.1 MILLION	RM 83.8 MILLION	GROSS IRR
		10.7% P.A.
LOSS ON DIVESTMENT	INTEREST EXPENSES	NET IRR
RM 57.7 MILLION	RM 0.4 MILLION	N/M*

* Not presented as capital is still being deployed

INVESTMENT PERFORMANCE REPORT

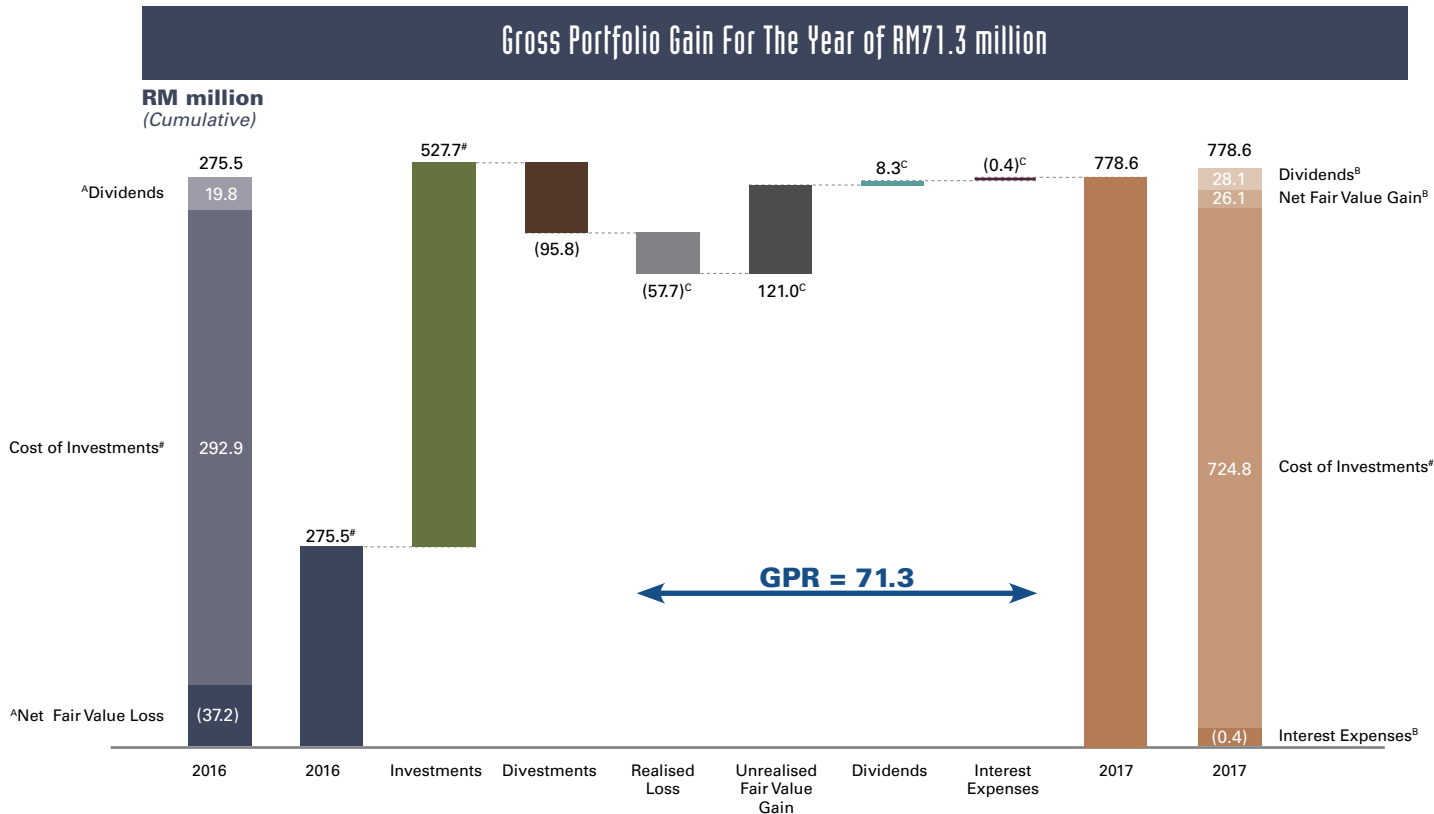
c. Ekuinas Direct (Tranche III) Fund Accumulated Portfolio Value Enhancement



^A These numbers combined make up to cumulative Gross Portfolio Return for 2017 of RM53.9 million

[#] Net of financing

d. Ekuinas Direct (Tranche III) Fund Portfolio Value Movement as at 31 December 2017



^A These numbers combined make up to cumulative Gross Portfolio Loss for 2016 of RM17.4 million

^B These numbers combined make up to cumulative Gross Portfolio Return for 2017 of RM53.9 million

^C These numbers combined make up to movement for the year of RM71.3 million

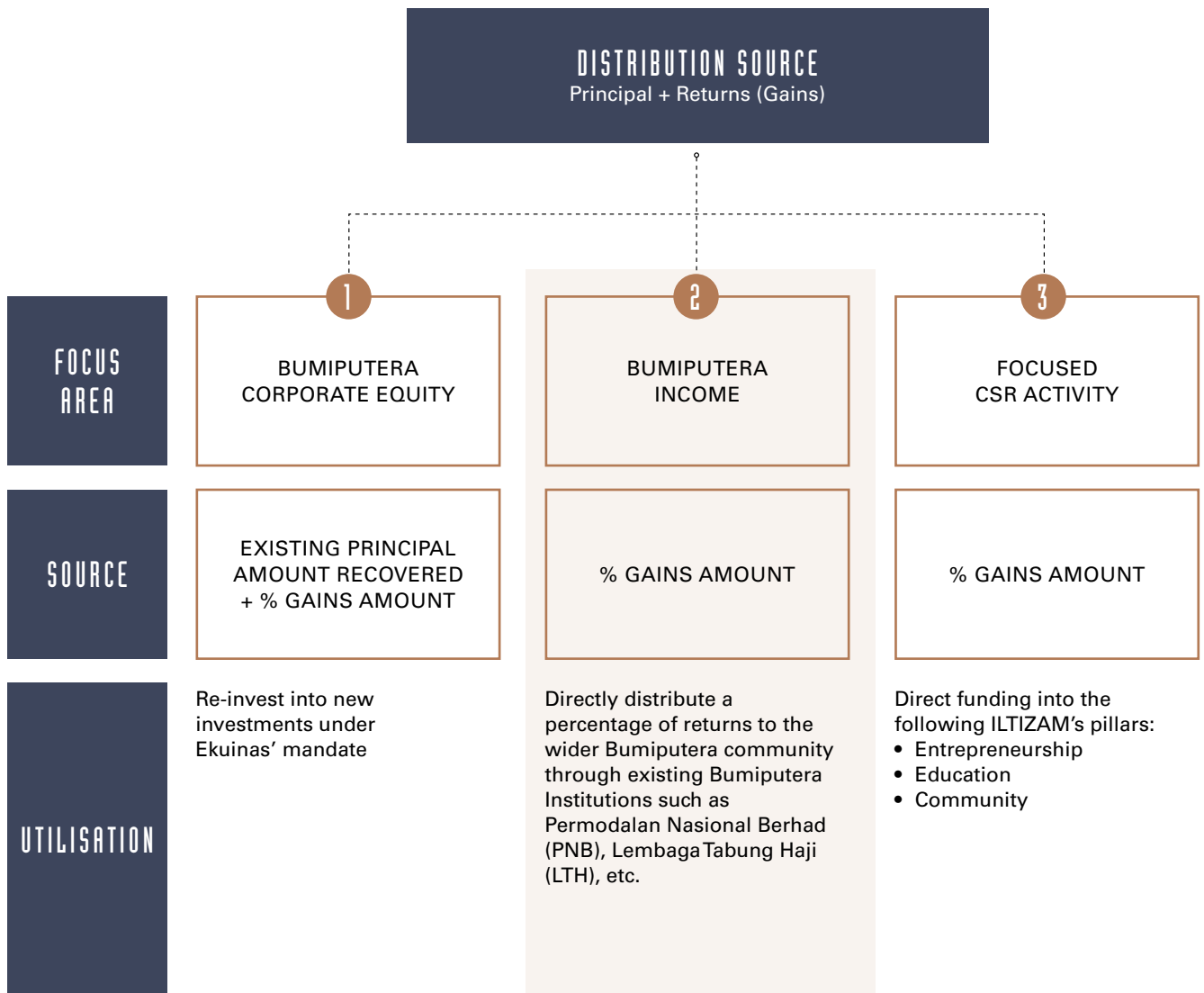
[#] Net of financing

INVESTMENT PERFORMANCE REPORT

6. Distribution

Committed Amount	RM 500.0 million
Distributed Amount as at 31 December 2017	RM 200.0 million

Distribution Framework



INVESTMENT PERFORMANCE REPORT

PORTFOLIO COMPANIES

cosmopoint

COLLEGE OF TECHNOLOGY



COSMOPOINT GROUP

Investment type
Majority investment in a strong Malaysian company

Acquisition date
March 2012

Ownership
90.0%



UNITAR INTERNATIONAL UNIVERSITY

Investment type
Majority investment in a strong Malaysian company

Acquisition date
May 2012

Ownership
100.0%



APIIT LANKA

Investment type
Follow-on investment to expand regionally

Acquisition date
December 2013

Ownership
83.5%



REVENUE VALLEY SDN BHD

Investment type
Majority investment in a strong Malaysian company

Acquisition date
January 2012

Ownership
85.8%



COOLBLOG DESSERTS SDN BHD

Investment type
Majority investment in a strong Malaysian company

Acquisition date
July 2014

Ownership
60.0%



PRIMABAGUZ SDN BHD

Investment type
Majority investment in a strong Malaysian company

Acquisition date
November 2013

Ownership
100.0%

ICON OFFSHORE

ICON OFFSHORE BHD

Investment type
Majority investment in a strong Malaysian company

Acquisition date
November 2012, merger of TKS and Omni

Ownership
42.3%

Partial Divestment
June 2014



ORKIM SDN BHD

Investment type
Buy-out of non-core assets of GLC

Acquisition date
December 2014

Ownership
95.5%



TRANGLO SDN BHD

Investment type
Majority investment in a strong Malaysian company

Acquisition date
March 2015

Ownership
60.0%



MEDIEXPRESS (MALAYSIA) SDN BHD & PMCARE SDN BHD

Investment type
Majority investment in a strong Malaysian company

Acquisition date
December 2015

Ownership
60.0%

al-ikhSaN

AL-IKHSAN SPORTS SDN BHD

Investment Type
Investment in a strong Malaysian company

Acquisition Date
July 2016

Ownership
35.0%



DAVEX (MALAYSIA) SDN BHD

Investment Type
Majority investment in a strong Malaysian company

Acquisition Date
December 2017

Ownership
100.0%

INVESTMENT PERFORMANCE REPORT

Education Group



**Total number of students:
more than
12,000**

Revenue
RM **131.1** million
at the end of 2017

Investment Rationale

Sizeable industry with strong growth potential.

Education groups that have solid performance track record.



INVESTMENT PERFORMANCE REPORT



COSMOPPOINT GROUP

- Established: 1991
- Locations: Kuala Lumpur + 11 colleges nationwide
- Type of education: Tertiary
- Specialises in: marketable industry-relevant courses that include IT, Business Management, Culinary Arts, Broadcasting and Multimedia
- Student population: More than 5,000

UNITAR INTERNATIONAL UNIVERSITY

- Established: 1997
- Locations: Selangor + 8 independent regional centres
- Type of education: Tertiary and professional certification courses
- Specialises in: Educational programmes at the Foundation, Diploma, Bachelor's, Master's and Doctorate levels as well as professional certification to expand the reach of high-quality learning through its conventional and distance learning programmes
- Student population: More than 6,000

APIIT LANKA

- Established: 1993
- Location: Colombo, Sri Lanka
- Type of education: Tertiary
- Specialises in: Computing, Business and Law courses
- Student population: More than 1,000

	2017 Unaudited RM million	2016 Audited RM million	Growth %
Revenue	131.1	163.2	-19.6
EBITDA before EI	14.7	16.1	-8.3
Number of students	12,512	15,595	-19.8

EI: Extraordinary items

INVESTMENT PERFORMANCE REPORT

Food Group



Total Number of Outlets:
Close to 400
across Malaysia
and the region

Revenue
 RM **392.9** million
 at the end of 2017

Investment Rationale

Investment in strong F&B brands.	Investment in F&B industry, driven by growth in consumer spending.
Immediate regional presence with outlet operations in Malaysia, Singapore and Thailand.	Experienced management team and opportunity to develop young professional managers.



INVESTMENT PERFORMANCE REPORT



REVENUE VALLEY SDN BHD



- Established: 2002
- Total outlets: 111
- Type: Casual dining and Quick Service Restaurants (QSR)

COOLBLOG DESSERTS SDN BHD

- Established: 2007
- Total outlets: More than 250 outlets in Malaysia and Indonesia
- Type: Desserts and beverages in a takeaway kiosk concept

PRIMABAGUZ SDN BHD

- Established: 1987
- Manufactures and distributes premium halal meat-based products such as sausages, cold cuts, ready-to-eat products and sauces.
- Supplies its products to QSR, hotels, restaurants and caterers (HORECA) and wholesalers.

	2017 Unaudited RM million	2016 Audited RM million	Growth %
Revenue	392.9	395.0	-0.5
EBITDA before EI	24.0	49.8	-51.9
Number of outlets	382	416	-8.2

EI: Extraordinary items

INVESTMENT PERFORMANCE REPORT

Icon Offshore Berhad



The largest Offshore Supply Vessel (OSV) provider in Malaysia

Number of Vessels:
32

Revenue
RM **204.6** million
at the end of 2017

Investment Rationale

Strong track record of delivering growth.

Platform for building one of the largest local OSV players.



	2017 Unaudited RM million	2016 Audited RM million	Growth %
Revenue	204.6	226.9	-9.8
EBITDA before EI	83.0	96.4	-13.9
PAT before EI	(25.4)	(9.2)	>-100

EI: Extraordinary items

ICON OFFSHORE BERHAD

- Icon is the largest Offshore Supply Vessel (OSV) provider in Malaysia and one of the largest in Southeast Asia in terms of number of OSVs, according to the Infield Report.
- The company has 32 vessels operating in waters off Malaysia, Thailand and Qatar. The vessels have had a history of international operations in more than 10 countries in the Southeast Asia and Middle East regions.

INVESTMENT PERFORMANCE REPORT

Orkim Sdn Bhd



Number of Vessels:
17
under ownership
and management

Revenue
RM **178.1** million
at the end of 2017

Investment Rationale

Strong operational track record with a young fleet of vessels under management at an average age of seven years.

Solid company with favourable growth dynamics.



	2017 Unaudited RM million	2016 Audited RM million	Growth %
Revenue	178.1	161.0	10.6
EBITDA before EI	100.0	86.0	16.4
PAT before EI	45.7	31.2	46.5

EI: Extraordinary items

ORKIM SDN BHD

- One of Malaysia's leading Clean Petroleum Product (CPP) tanker companies
- Strong track record of growth with 17 vessels under ownership and management
- Transports CPP from refineries to various oil storage terminals throughout the country and currently has approximately 30% market leading share

INVESTMENT PERFORMANCE REPORT

Tranglo Sdn Bhd



A pioneer in global cross border mobile money remittance services

Revenue
RM **151.0** million
at the end of 2017

Investment Rationale

An industry pioneer with a strong track record and longstanding relationships with Malaysian and global Telcos.

A growing business in cross border mobile money remittance services, which offers significant potential.



	2017 Unaudited RM million	2016 Audited RM million	Growth %
Revenue	151.0	131.0	15.3
EBITDA before EI	7.3	5.8	26.6

EI: Extraordinary items

TRANGLO SDN BHD

- Incorporated in 2009 with headquarters in Kuala Lumpur, and international offices in Indonesia, Middle East, and the United Kingdom.
- Provides the platform for mobile telecommunication companies (Telcos) to facilitate cross border transfer of prepaid credit and money remittance in a fast, easy and secure manner.

INVESTMENT PERFORMANCE REPORT

MediExpress (Malaysia) Sdn Bhd & PMCare Sdn Bhd



**The largest TPA
in Malaysia with
40%
market share
in Malaysia**

Revenue
RM **57.1** million
at the end of 2017

Investment Rationale

A fast growing healthcare subsector.

The two companies are held under one holding company, making it the largest TPA in Malaysia with 40% market share and servicing more than 2 million members.



	2017 Unaudited RM million	2016 Audited RM million	Growth %
Revenue	57.1	55.5	2.9
EBITDA before EI	21.2	20.9	1.2

EI: Extraordinary items

MEDIEXPRESS (MALAYSIA) SDN BHD & PMCARE SDN BHD

- MediExpress is a leading Third Party Medical Claims Administrators (TPA) for insurance companies and self-funded corporations.
- PMCare is the leading Bumiputera TPA service provider, focusing on the government-linked corporations segment.

INVESTMENT PERFORMANCE REPORT

Al-Ikhsan Sports Sdn Bhd



**Number of Outlets:
More than
100 in
Peninsular Malaysia**

Revenue
RM **259.1** million
at the end of 2017

Investment Rationale

Investment in a leading multi-brand sports retailer in Malaysia with more than 100 outlets in Peninsular Malaysia.

Opportunities for growth in profitability through operational improvement and sales growth.



	2017 Unaudited RM million	2016 Audited RM million	Growth %
Revenue	259.1	249.1	4.0
EBITDA before EI	23.4	8.0	>100.0

EI: Extraordinary items

AL-IKHSAN SPORTS SDN BHD

- Al-Ikhsan is a leading multi-brand sports retailer in Malaysia with 114 corporate-owned outlets. The company retails sports equipment, apparel and footwear from major brands such as Adidas, Nike, Puma, Asics and Lotto.
- Al-Ikhsan is the principal owner of the brand AL and markets various sports goods under the trademark AL Logo.

INVESTMENT PERFORMANCE REPORT

Davex (Malaysia) Sdn Bhd



Acquisition Date:
December 2017

Ownership
100.0%

Investment Rationale

Investment into the fast growing luminaire market.

Regional player with strong market presence.



DAVEX (MALAYSIA) SDN BHD

- Homegrown lighting design, consultancy and manufacturer founded in 1983. Primarily involved in the luminaire segment and provides end-to-end lighting solutions to commercial, industrial and residential sectors. Operates under the brand name of Davis Lighting.
- Completed large-scale notable projects such as Petronas Twin Towers, Putrajaya, Changi Airport and Housing Development Board (Singapore).

INVESTMENT PERFORMANCE REPORT

C) OUTSOURCED PROGRAMME

1. Fund Overview

EKUINAS OUTSOURCED (TRANCHE I) FUND		EKUINAS OUTSOURCED (TRANCHE II) FUND	
Vintage Year 2011		Vintage Year 2013	
Status	Deployed	Status	Deployed
CAPITAL COMMITTED			
EkuiNAS RM 400.0 MILLION		EkuiNAS RM 240.0 MILLION	
Other LPs RM 151.9 MILLION		Other LPs RM 110.1 MILLION	
Total RM 551.9 MILLION		Total RM 350.1 MILLION	
Term 6 + 1 years year	Investment Period 3 to 6 years years	Term 7 + 1 years year	Investment Period 3 to 7 years years
Investment Focus Malaysia Growth Capital			
Sector Priorities Oil & Gas, Education, FMCG, Retail & Leisure, Healthcare, Services			

INVESTMENT PERFORMANCE REPORT

2. Appointed Outsourced Fund Managers (OFMs).



NAVIS CAPITAL PARTNERS

Fund Name
Navis Malaysia Growth Opportunities Fund 1, L.P.

Fund Size
RM**301.9** MILLION



CIMB PRIVATE EQUITY

Fund Name
CIMB National Equity Fund Ltd. P.

Fund Size
RM**125.0** MILLION



TREMENDOUS ASIA PARTNERS

Fund Name
TAP Harimau Fund L.P.

Fund Size
RM**125.0** MILLION



TAEL PARTNERS

Fund Name
TAEL Tijari (OFM) L.P.

Fund Size
RM**101.0** MILLION



RM CAPITAL PARTNERS (RMCP)

Fund Name
RMCP One Sdn Bhd

Fund Size
RM**109.1** MILLION



COPE PRIVATE EQUITY (FORMERLY KNOWN AS CMS OPUS PRIVATE EQUITY)

Fund Name
COPE Opportunities 3 Sdn Bhd

Fund Size
RM**80.0** MILLION

INVESTMENT PERFORMANCE REPORT

3. Investment activities

(a) Cumulative Outsourced Programme Investment Activities as at 31 December 2017

RM million	Fund	Sector	Committed Investment by OFMs				Total Economic Capital Deployed
			Ekuinas' Committed Capital	Other LPs	Sub Total	Other Co-Investors	
Atelier Asia Sdn Bhd (Atelier)*	Navis MGO	FMCG	15.0	6.5	21.5	-	21.5
MCAT Box Office Sdn Bhd (MBO)*	Navis MGO	Retail & Leisure	16.8	4.2	21.0	119.7	140.7
SEG International (SEGi)*	Navis MGO	Education	43.5	19.0	62.5	214.5	277.0
Strateq Sdn Bhd (Strateq)*	Navis MGO	Services	39.0	22.5	61.5	-	61.5
HG Power Transmission Sdn Bhd (HGPT)*	Navis MGO	Services	30.1	13.2	43.3	-	43.3
Brickfields Asia College (BAC)	Navis MGO	Education	34.8	15.2	50.0	-	50.0
Macroiosk Sdn Bhd (Macroiosk)	CNEF	Services	21.1	13.3	34.4	-	34.4
R.E.A.L Education Group (REAL)	CNEF	Education	28.1	4.9	33.0	-	33.0
Mega Fortris Innovation (Malaysia) Sdn Bhd (Mega Fortris)	TAP	Manufacturing	18.0	7.0	25.0	-	25.0
Big Sdn Bhd (Big Group)	Navis MGO	F&B and Retail	17.6	4.4	22.0	-	22.0
Total Investment Undertaken Tranche I			264.0	110.2	374.2	334.2	708.4
STX Precision Corporation Sdn Bhd (STX)	COPE	Services	12.0	4.0	16.0	19.0	35.0
Consobiz Ventures Sdn Bhd (Consobiz)	RMCP	FMCG	8.3	6.7	15.0	-	15.0
ExcelVite Sdn Bhd (ExcelVite)	TAEL	Manufacturing	5.9	4.1	10.0	-	10.0
Romstar Sdn Bhd (Romstar)	RMCP	Manufacturing	12.0	9.8	21.8	-	21.8
Packerman Sdn Bhd (Packerman)	RMCP	Manufacturing	12.0	9.8	21.8	-	21.8
MBG Holdings Sdn Bhd (MBG)	COPE	F&B and Retail	7.5	2.5	10.0	-	10.0
My Sutera Holding Sdn Bhd (MySutera)	COPE	Manufacturing	11.3	3.7	15.0	-	15.0
Tanamera Group Sdn Bhd (Tanamera)	RMCP	FMCG	6.6	5.4	12.0	-	12.0
Total Investment Undertaken Tranche II			75.6	46.0	121.6	19.0	140.6
Cumulative Total Investment Undertaken			339.6	156.2	495.8	353.2	849.0

* Includes follow-on investments

INVESTMENT PERFORMANCE REPORT

4. Fund Performance

4.1 Ekuinas Outsourced (Tranche I) Fund

(a) Fund Net Assets Value (NAV) as at 31 December 2017

	2016 RM million	Movement RM million	2017 RM million
A. Capital Commitment	400.0	-	400.0
B. Capital Called	305.7	1.3	307.0
C. Capital Reinvested	23.8	2.2	26.0
D. Total Capital Contributed (B+C)	329.5	3.5	333.0
E. Debt Drawdown (Amortised Cost)	-	-	-
F. Total Capital Invested (D+E)	329.5	3.5	333.0
Plus Increases/(Decreases) to Net Assets Value:			
Dividend Income	-	-	-
Net Unrealised Gain/(Loss) on Fair Value of Investments	122.5	(9.0)	113.5
Realised Loss from Divestment	(1.8)	-	(1.8)
Interest Income/(Expenses)	-	-	-
Total Gross Portfolio Return	120.7	(9.0)	111.7
Organisational Expenses	(17.5)	(1.6)	(19.1)
Capital Distributions to Limited Partners (C+H)*	(23.8)	(2.2)	(26.0)
Net Increase/(Decrease) in Net Assets Value	79.4	(12.8)	66.6
G. Net Assets Value	408.9	(9.3)	399.6
Net Assets Value made up of:			
Investments - at cost	240.4	(93.9)	146.5
Net Unrealised Gain/(Loss) on Fair Value of Investments	122.5	(9.0)	113.5
Investments carried at Fair Value	362.9	(102.9)	260.0
Plus: Cash Balance	-	-	-
Plus: Working Capital	46.0	93.6	139.6
Plus: Uncalled Capital	-	-	-
Equals Net Assets Value	408.9	(9.3)	399.6
Net Assets Value	408.9	(9.3)	399.6
H. Capital Distributed	-	-	-
Total Net Assets Value plus Distributed Capital (G+H)	408.9	(9.3)	399.6
Gross IRR p.a.	9.8%		7.5%
Net IRR p.a. (before carried interest)	8.7%		6.6%

* Includes deemed distribution for reinvested capital

INVESTMENT PERFORMANCE REPORT

4. Fund Performance

4.2 Ekuinas Outsourced (Tranche II) Fund

(a) Fund Net Assets Value (NAV) as at 31 December 2017

	2016 RM million	Movement RM million	2017 RM million
A. Capital Commitment	240.0	-	240.0
B. Capital Called	83.3	9.0	92.3
C. Capital Reinvested	-	-	-
D. Total Capital Contributed (B+C)	83.3	9.0	92.3
E. Debt Drawdown (Amortised Cost)	-	-	-
F. Total Capital Invested (D+E)	83.3	9.0	92.3
Plus Increases/(Decreases) to Net Assets Value:			
Dividend Income	-	-	-
Net Unrealised Gain/(Loss) on Fair Value of Investments	(10.1)	1.8	(8.3)
Realised Loss from Divestment	(2.3)	-	(2.3)
Interest Income/(Expenses)	-	-	-
Total Gross Portfolio Loss	(12.4)	1.8	(10.6)
Organisational Expenses	(4.3)	(1.0)	(5.3)
Capital Distributions to Limited Partners (C+H)*	-	-	-
Net Increase/(Decrease) in Net Assets Value	(16.7)	0.8	(15.9)
G. Net Assets Value	66.6	9.8	76.4
Net Assets Value made up of:			
Investments - at cost	76.7	8.5	85.2
Net Unrealised Gain/(Loss) on Fair Value of Investments	(10.1)	1.8	(8.3)
Investments carried at Fair Value	66.6	10.3	76.9
Plus: Cash Balance	-	-	-
Plus: Working Capital	-	(0.5)	(0.5)
Plus: Uncalled Capital	-	-	-
Equals Net Assets Value	66.6	9.8	76.4
Net Assets Value	66.6	9.8	76.4
H. Capital Distributed	-	-	-
Total Net Assets Value plus Distributed Capital (G+H)	66.6	9.8	76.4
Gross IRR p.a.#	N/M		N/M
Net IRR p.a. (before carried interest)#	N/M		N/M

The Gross IRR and Net IRR for Ekuinas Outsourced (Tranche II) Fund are not presented as the fund is still in early stages of investments

* Includes deemed distribution for reinvested capital

INVESTMENT PERFORMANCE REPORT

Portfolio Companies



MCAT BOX OFFICE SDN BHD (MBO)

Transaction Details

OFM: Navis Capital Partners
Sector: Retail and Leisure
Acquisition Date: March 2012



SEGi
University
Group

SEG INTERNATIONAL BERHAD (SEGI)

Transaction Details

OFM: Navis Capital Partners
Sector: Education
Acquisition Date: March 2012



STRATEQ SDN BHD

Transaction Details

OFM: Navis Capital Partners
Sector: Services
Acquisition Date: March 2013



HG POWER TRANSMISSION SDN BHD

Transaction Details

OFM: Navis Capital Partners
Sector: Services
Acquisition Date: May 2013



BRICKFIELDS ASIA COLLEGE

Transaction Details

OFM: Navis Capital Partners
Sector: Education
Acquisition Date: November 2013



BIG SDN BHD

Transaction Details

OFM: Navis Capital Partners
Sector: FMCG & Retail
Acquisition Date: December 2014



STX PRECISION CORPORATION SDN BHD

Transaction Details

OFM: CMS Opus Private Equity
Sector: Services
Acquisition Date: December 2013



CONSOBIZ VENTURES SDN BHD

Transaction Details

OFM: RM Capital Partners
Sector: Fast Moving Consumer Goods (FMCG)
Acquisition Date: February 2014

ExcelVite

EXCELVITE SDN BHD

Transaction Details

OFM: TAEI Capital Partners
Sector: Manufacturing
Acquisition Date: April 2015

INVESTMENT PERFORMANCE REPORT

Portfolio Companies



ROMSTAR SDN BHD

Transaction Details

OFM: RM Capital Partners
Sector: Manufacturing
Acquisition Date: January 2016



PACKERMAN SDN BHD

Transaction Details

OFM: RM Capital Partners
Sector: Manufacturing
Acquisition Date: July 2016



MBG HOLDINGS SDN BHD

Transaction Details

OFM: CMS Opus Private Equity
Sector: Retail - F&B
Acquisition Date: August 2016



TANAMERA GROUP SDN BHD

Transaction Details

OFM: RM Capital Partners
Sector: Fast Moving Consumer Goods (FMCG)
Acquisition Date: April 2017



MY SUTERA HOLDINGS SDN BHD

Transaction Details

OFM: CMS Opus Private Equity
Sector: Manufacturing
Acquisition Date: April 2017

INVESTMENT PERFORMANCE REPORT

D) SOCIAL OBJECTIVE PERFORMANCE

(a) Bumiputera Equity Value and Total Economic Value

Total for Portfolio Companies	BUMIPUTERA				TOTAL COMPANY			
	Ex Ante	As at 31 Dec	Increase in Bumiputera Value	Multiple of Ekuinas' Invested Capital	Ex Ante	As at 31 Dec	Economic Value Created	Multiple of Ekuinas' Invested Capital
2017	2,283.7	5,306.8	4,369.1	1.5x	5,223.0	7,723.4	6,265.1	2.2x
2016	2,198.2	4,341.5	3,925.7	1.4x	4,121.7	6,194.2	5,554.9	2.0x

(b) Portfolio Companies - Management and Employees

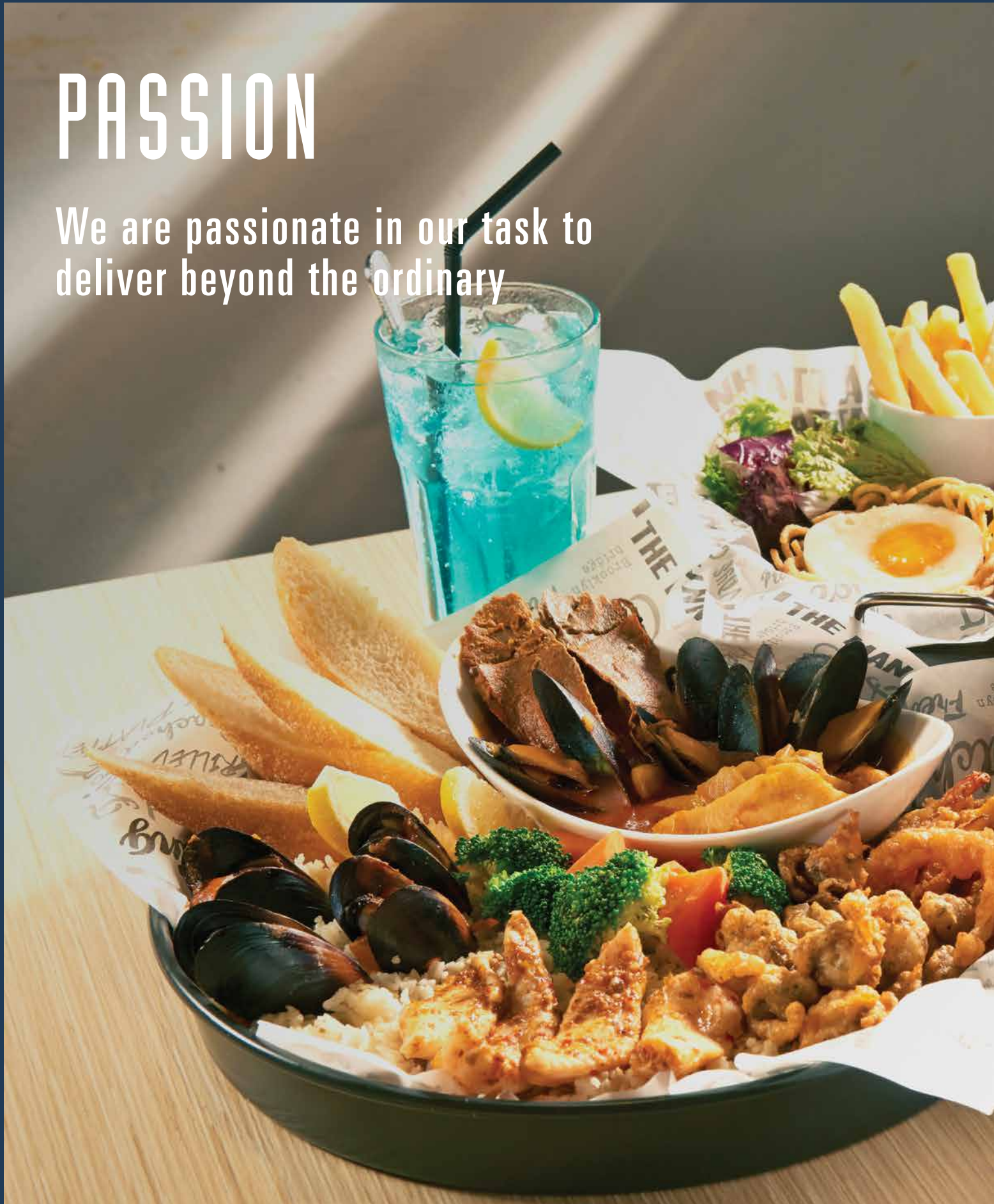
	Bumiputera Headcount	Total Headcount	% Bumiputera to Total Headcount	% Increase in Bumiputera Headcount from Ex Ante
2017				
Management	215	512	42.0%	25.0%
Employees	9,424	15,672	60.1%	25.1%
2016				
Management	201	498	40.4%	16.9%
Employees	9,669	16,038	60.3%	29.7%

E) EKUITI NASIONAL BERHAD - FUND MANAGEMENT COMPANY

Ekuiti Nasional Berhad (Fund Management Company)	2017 RM million	2016 RM million
Total Funds under Management (FuM)	4,140.0	4,140.0
Operating Expenditure (OPEX)	43.9	44.9
Ratio of OPEX to FuM	1.1%	1.1%
Profit After Tax and Zakat (PAT)	18.1	19.1

PASSION

We are passionate in our task to deliver beyond the ordinary





STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

EkuiNAS is not a listed entity and therefore, is only encouraged to comply with the corporate governance disclosure requirements set out by Bursa Malaysia Securities Berhad (Bursa Malaysia) or the Malaysian Code on Corporate Governance. However, as a government-linked private equity fund management company, EkuiNAS is fully committed to transparency and providing quality reporting in its Annual Report and as such, subscribes to the relevant and applicable principles of the corporate governance requirements.

Accordingly, the disclosures under this section have been prepared based on the best practice requirements set out by Bursa Malaysia, the Malaysian Code on Corporate Governance 2012 as well as EkuiNAS' Disclosure Policy. These are the Statement on Corporate Governance, Statement on Risk Management and Internal Control, and Audit and Risk Management Committee Report. These statements will hopefully provide EkuiNAS' stakeholders with meaningful, high-level information about the state of EkuiNAS' governance practice.

For clarity purposes, we wish to highlight that all appointments of the members of the Board of Directors of EkuiNAS are approved by the Government of Malaysia, who are indirectly, the ultimate shareholders of the Company. However, for the purpose of this report, we have categorised directors who are currently not in government service (and have not been in service for the last two years), as Independent Directors, being independent of the Management and free from any business or other relationship which could interfere with the exercise of independent judgement. All other directors outside this definition are accordingly deemed as Non-Independent Directors.

EKUINAS CORPORATE GOVERNANCE FRAMEWORK

The Board and Management of EkuiNAS are committed to the highest standards of corporate governance and have implemented the EkuiNAS Corporate Governance Framework at the Company level, while advocating good governance practices within that Framework to all portfolio companies.

A pragmatic corporate governance framework has been developed, approved by the Board and adopted by EkuiNAS based on the following principles:

- i. To promote greater transparency, accountability and responsiveness;
- ii. To reinforce long term value creation and strike a balance between risks and returns; and
- iii. To encourage innovation and entrepreneurship within the Company through efficient oversight and risk management framework.

EKUINAS CORPORATE GOVERNANCE FRAMEWORK		
Statement on Good Governance	Statement on Risk Management & Internal Control	
Board and Board Committees (✓) Directors' Roles and Responsibilities (✓) Stakeholder Management (✓) Accountability and Audit (✓)	Internal Systems & Control (✓) Internal Audit Framework (✓) Risk Management Framework (✓) External Audit Framework (✓)	
CODE OF ETHICS		
Directors' Code of Ethics (✓)	Employees' Code of Ethics (✓)	Service Provider Code of Conduct (✓)
Fraud & Whistle Blowing Policy (✓)		
Disclosure & Dealing in Securities (✓)		

Notes: (✓) Completed and approved by the Board

STATEMENT ON CORPORATE GOVERNANCE

Ekuias acknowledges the critical roles played by the Board members and the Management to formulate and determine Ekuias' direction and operations. Ekuias is led by experienced and skilled Board members with varied backgrounds ranging from the Government and private sectors who are essential for the overall strategic direction of Ekuias.

During the financial year, the Board continued to ensure that the highest standards of corporate governance were practised to protect and enhance stakeholders' interest.

As part of best practice in good corporate governance, the Board has adopted a Governance Charter that delineates the key governance principles to be adhered to by the Board and the Company. The charter addresses, among others, the following matters:-

- Duties and Responsibilities of the Board;
- Composition of the Board;
- Board Committees;
- Board Meetings and Support;
- Separation of Power;
- Code of Conduct;
- Delegation of Authority;
- Stakeholder Engagement and Communication; and
- Internal Control and Audit Process.

The adopted Governance Charter sets out the key values, principles and ethos of Ekuias. In this regard, the Governance Charter serves not only as a reminder of the Board's roles and responsibilities, but also as a general statement of intent and expectation as to how the Board will discharge their duties.

The following statement provides a description on how Ekuias has applied the relevant and applicable key principles and recommendations of good practices in line with the Malaysian Code on Corporate Governance (the Code) and Bursa Malaysia's Main Market Listing Requirements (MMLR).

BOARD RESPONSIBILITIES AND LIMITS OF AUTHORITY

Ekuias has established the Limits of Authority which reserve full decision-making powers to the Board on specific matters such as:

- i. The acquisition and disposal of investments;
- ii. The Company's annual plan, budget and strategy;
- iii. Key policies, procedures and delegation of authorities; and
- iv. Changes to Senior and Executive Management.

Apart from matters which specifically require the Board's approval, the Board also approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Management so as to optimise operational efficiency.

STATEMENT ON CORPORATE GOVERNANCE

BOARD COMPOSITION AND BALANCE

The Board currently has seven (7) members, which comprises an Independent Non-Executive Chairman, one (1) Executive Director designated as the Chief Executive Officer (CEO), three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

The current structure of the Board and integrity of the individual Directors ensure that no single individual or group dominates the decision-making process. Four-sevenths of the Board members are Independent Non-Executive Directors, exceeding the one-third requirement as set out in the Code and the MMLR, reflecting the commitment of the Board to maintain a strong representation of Independent Directors on the Board as well as to ensure objectivity on all issues deliberated.

The Board is led by active and experienced Board members with diverse professional backgrounds including industry and commercial, accounting and finance, business and management, regulatory and public service. This mix of skills and experience adds value in leading the strategic direction and performance of Ekuinas as it forges ahead to become a leading private equity organisation.

Appointments to the Board and Re-election of Directors

The size and composition of the Board are reviewed from time to time by the Nomination and Remuneration Committee (NRC), which seeks to ensure that the size of the Board is conducive for effective discussion and decision-making, and that the Board has the appropriate number of independent directors. The NRC also seeks to maintain an effective balance of expertise, skills and attributes among the Directors including minimising potential conflicts of interests.

The NRC establishes and reviews the profiles required of Board members and makes recommendations to the Board on the appointment, re-nomination and retirement of Directors, with endorsement from Yayasan Ekuiti Nasional.

When an existing Director chooses to retire, or the need for a new Director arises, the NRC will review the range of expertise, skills and attributes on the Board and the composition of the Board. The NRC will then identify Ekuinas' needs and prepare a shortlist of candidates with the appropriate profile for nomination or re-nomination. Where necessary, the NRC may seek advice from external search consultants.

The NRC's membership is purely Non-Executive and the majority are Independent Directors. Details on the scope and functions of the NRC can be found on page 89 in the Statement on Corporate Governance.

BOARD COMMITTEES

To assist the Board in efficient discharge of its responsibilities in providing independent oversight of the Company's management, a number of board committees (Board Committees) have been established, as set out below:-

- Audit and Risk Management Committee;
- Nomination and Remuneration Committee;
- Investment Committee; and
- CSR Committee.

STATEMENT ON CORPORATE GOVERNANCE

The functions and written Terms of Reference (TOR) of all Board Committees are clearly defined and where applicable, comply with the recommendations of the Code. The authority limits and terms of reference are reviewed periodically to ensure that they are relevant and updated.

The recommendations and decisions made by each Board Committee are recorded and minuted. A summary of these Committees' reports and deliberations are incorporated into the minutes of the Board meetings where required. A brief description of each Board Committee and their salient TOR are provided below:-

a. Audit and Risk Management Committee (ARMC)

The Audit and Risk Management Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director namely:-

Chairman: Raja Tan Sri Dato' Seri Arshad Raja Tun Uda
 Members: Tan Sri Dato' Seri Mohamed Jawhar Hassan
 Datuk Noriyah Ahmad (*demised on 28th June 2017*)
 Tan Sri Dr Rahamat Bivi Yusoff (*appointed on 27th October 2017*)

Further details on the TOR and summary of activities of the Audit and Risk Management Committee during the financial year are set out on pages 103 to 107 of this Annual Report.

b. Nomination and Remuneration Committee (NRC)

The NRC comprises three Independent Non-Executive Directors, all of whom are independent of Management and free from any business or other relationship which could interfere with the exercise of their independent judgement. They are as below:-

Chairman: Tan Sri Dato' Seri Mohamed Jawhar Hassan
 Members: Raja Tan Sri Dato' Seri Arshad Raja Tun Uda
 Tan Sri Mohamed Azman Yahya

There was one (1) meeting held during the financial year and the attendance record is set out in the table on page 91.

Terms of Reference

The primary responsibility of the NRC, in accordance with its terms of reference, is to assist the Board with the following functions:-

a. **Main Functions**

In relation to nomination, its responsibilities shall include the following:

- to nominate and recommend to the Board, candidates to be appointed as Director of the Company;
- to consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer (CEO) or by any senior executive or any director or shareholder;
- to recommend to the Board, directors to fill the seats on Board Committees;
- to assist the Board in its annual review of its required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board; and
- to assist the Board in implementing an assessment programme to assess the effectiveness of the Board as a whole, the committees of the Board and the individual director on an annual basis.

STATEMENT ON CORPORATE GOVERNANCE

In relation to remuneration, its responsibilities shall include the following:

- to determine and recommend to the Board the framework or broad policy for the remuneration package of the CEO, and such other members of the Management as it is designated to consider;
- to establish a formal and transparent procedure for developing the policy on the total individual remuneration package of the CEO and other designated Management including, where appropriate, bonuses, incentives and shadow options;
- to review and recommend to the Board any improvement on designated Management remuneration policy and package, and other issues relating to benefits for the Management on an annual basis;
- to review any major changes in employee benefit structures throughout the Company, and if deemed fit, to recommend to the Board for adoption; and
- to review and recommend to the Board for adoption the framework for the Company's annual incentive scheme. The framework for the annual incentive scheme may include:-
 - Merit increment;
 - Merit bonus; and
 - Retention and reward incentives.

b. Authority

In exercising its responsibilities in relation to the issue of remuneration, the NRC is authorised by the Board:-

- to seek any information it requires from any employees of the Company in order to perform its duties; and
- to obtain, at the Company's expense, any outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of the external advisers at its meeting if it considers necessary, and to obtain reliable, up-to-date information about remuneration in other companies.

The NRC shall have the full authority to commission any report or survey which it deems necessary to help it fulfil its obligations.

c. Meetings

- Meetings are to be held at least once a year or as and when necessary.
- At least seven (7) days' notice of the NRC meeting shall be given to the members of the NRC present in Malaysia.
- Any two members present shall constitute a quorum.
- The Chairman of the meeting shall have a casting vote in case of equality of votes.
- A resolution signed by all members of the NRC shall be effective as a resolution passed at the NRC meeting duly convened and held, and may consist of several documents in like form, each signed by one or more members of the NRC.

Summary of Activities in 2017

During the financial year ended 31 December 2017, the NRC undertook a number of key activities as listed below:

- Conducted the annual assessment on the composition and independence of the Independent Directors;
- Reviewed and considered the appointment of new Directors of Ekuinas;
- Deliberated and made recommendation to the Board on the achievement of Ekuinas Key Performance Indicators (KPI) for FYE2016, Bonus Payout and Merit Increment for 2017; and
- Reviewed the Proposed KPI Framework for the FYE 2018.

c. Investment Committee (IC)

The Investment Committee is made up of members of the Senior Management of the Company and two Independent Non-Executive Directors. This structure is common practice in most private equity organisations to ensure investment decisions can be made on a timely basis with adequate oversight, strong commitment and accountability from the investment professionals.

The key responsibilities and functions of the Investment Committee include:

- approving for recommendation all investment and divestment decisions made by Ekuinas;
- approving all decisions pertaining to the management of all investments made by Ekuinas; and
- reviewing the quality and reliability of all financial information in respect of all investments.

STATEMENT ON CORPORATE GOVERNANCE

d. CSR Committee (CC)

The CSR Committee (CC), which is chaired by an Independent Non-Executive Director and consists of the Senior Management, was established to review and monitor Ekuinas' CSR programmes and ensure that the Company implements the highest standards of governance and internal control for CSR activities. Management is required to update the CSR activities and programmes as and when required by the CC and/or the Board.

The key responsibilities and functions of the CC include:

- to review and approve Ekuinas CSR's annual plan including the allocation of the total budgeted amount for Ekuinas CSR as approved by the Board, into the different CSR programmes and initiatives;
- to monitor the implementation of all CSR activities; and
- to deliberate any serious issues on CSR projects that have financial or reputational implications against Ekuinas.

e. Risk Management Committee

The Risk Management Committee (RMC), which is chaired by the CEO and consists of the Senior Management, was established to assist the ARMC and the Board in discharging its functions with regard to risk management in Ekuinas and its portfolio companies. The RMC meets every quarter to review the quarterly risk report prior to presenting the report to the ARMC.

BOARD MEETINGS

Board meetings are held at least once every quarter to review and approve the financial results and discuss reports by Management on the Company's performance, plans and proposals. A board meeting is also held at the end of each financial year to consider and approve the Company's budget for the following year. Special board meetings are convened as and when necessary for the Board to deliberate on matters that require expeditious decisions.

The schedule for the Board meetings is communicated to all members before the start of each financial year to plan and secure the time commitment from all Directors.

Attendance at Board and Board Committee Meetings

A record of the Directors' attendance at the Board and Board Committee meetings during the financial year is set out below.

Name of Director	Board	ARMC ¹	NRC ²	IC ³	CC ⁴
	No. of Meetings Attended				
Raja Tan Sri Dato' Seri Arshad Raja Tun Uda	7 out of 7	5 out of 5	1 out of 1	-	-
Tan Sri Dato' Seri Mohamed Jawhar Hassan	7 out of 7	5 out of 5	1 out of 1	-	-
Tan Sri Mohamed Azman Yahya	7 out of 7	-	1 out of 1	3 out of 3	-
Tan Sri Dr. Rahamat Bivi Yusoff ⁵	4 out of 4	2 out of 2	-	-	1 out of 1
Dato' Nik Azman Nik Abdul Majid ⁶	1 out of 2	-	-	-	-
Datuk Ali Abdul Kadir	6 out of 7	-	-	3 out of 3	-
Datuk Noriyah Ahmad ⁷	1 out of 3	1 out of 3	-	-	-
Syed Yasir Arafat Syed Abd Kadir	7 out of 7	-	-	3 out of 3	-

Notes:

1 ARMC – Audit and Risk Management Committee

2 NRC – Nomination and Remuneration Committee

3 IC – Investment Committee

4 CC – CSR Committee

5 Resigned as a Non-Executive Director effective 6th Jun 2017 and re-appointed as director effective 27th October 2017. The attendance reflects the number of meetings scheduled during the time the Director held office. Includes attendance by Alternate Director

6 Appointed as a Non-Executive Director effective 27th October 2017. The attendance reflects the number of meetings scheduled during the time the Director held office

7 Demised on 28th June 2017. The attendance reflects the number of meetings scheduled during the time the Director held office

STATEMENT ON CORPORATE GOVERNANCE

MAINTAINING AN INDEPENDENT, STRONG AND EFFECTIVE BOARD

Performance evaluation of the Board provides an effective avenue to assess not only the independent directors but also the Board's overall performance. It also brings to light improvement areas and remedial actions on the Board's administration and process. The Company has adopted the **Board Effectiveness Evaluation (BEE)** methodology which focuses on, among others:

- i. Board performance evaluation – responsibilities, composition, administration and process, conduct, interaction and communication, Chairman and CEO effectiveness;
- ii. Individual Board Committee performance evaluation – structure and processes, accountabilities and responsibilities, Committee Chairmen effectiveness; and
- iii. Benchmarking of the Board's evaluation results against peers for additional insights on Board strengths and issues.

The BEE involved completion of questionnaires by all Board members on the effectiveness of the Board of Directors as a whole, as well as that of the Board Committees. The formal and full evaluation on the Board's performance was last conducted in 2013 and the subsequent evaluation is proposed to be performed in 2018.

In addition, the Board, through the NRC, conducted independence assessments on all Independent Directors during the financial year. The independence assessment criteria are guided by the definition of "independent director" as prescribed by Bursa Malaysia MMLR. Moreover, all Directors also submit a declaration of compliance to the Directors' Code of Ethics.

INDEPENDENCE AND BALANCE OF POWER

To ensure an appropriate balance of power, the positions of Chairman of the Board and CEO are not held by a single person. A clear separation of roles promotes constructive debate and discussion at the Board level. Combining the two positions may render bias and impair the ability and willingness of Independent Directors to exercise their independent judgement. The Chairman and CEO are not related to each other.

The Chairman, who is non-executive, leads and facilitates the work of the Board at its meetings and is responsible for the leadership of the Board, its efficient organisation and function, and ensures principles and processes of the Board are maintained. The CEO is accountable to the Board for the development and implementation of strategy, policies and conduct of Ekuinas.

The Independent Non-Executive Directors, all of whom are well qualified and outstanding individuals, bring to the Board in-depth knowledge in their respective fields. They do not participate in the day-to-day operations and do not engage in any business dealings or other relationships with Ekuinas to ensure that they are capable of exercising judgement objectively and acting in Ekuinas' best interest. Profiles of the Board members are highlighted on pages 36 to 43 of this Annual Report.

CODE OF CONDUCT

Ekuinas has adopted the Directors' Code of Ethics for all the Directors of Ekuinas which are based on principles of sincerity, integrity, responsibility and corporate social responsibility. The adoption of the Directors' Code of Ethics formalises the ethical values throughout the Company and ensures its compliance.

The Board oversees the business affairs of Ekuinas and therefore, assumes responsibility for the following:-

- strategic guidance for Ekuinas by influencing how the objectives of Ekuinas are determined and achieved;
- enhancement of the long term value for Ekuinas' stakeholders while preserving and protecting the underlying value of Ekuinas for their benefit;
- effective oversight of the management of Ekuinas including its control and accountability systems;
- approving and monitoring the progress of major capital expenditure, capital management and investment acquisition/divestment;
- monitoring compliance with all legal, tax and regulatory obligations;
- reviewing and ratifying systems of risk management and internal compliance as well as controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;
- monitoring Management's performance and implementation of strategies and policies, while ensuring resources are available;
- approving and monitoring financial and other reporting to the market, employees and other stakeholders; and
- approving the appointment, reappointment or replacement of the external auditor.

STATEMENT ON CORPORATE GOVERNANCE

DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the calibre needed to lead the Company successfully. In the case of the Executive Director, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The NRC recommends to the Board the framework of the remuneration package for the Executive Director. It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Director.

The details on the aggregate remuneration of Directors for the financial year ended 31 December 2017, with categorisation into appropriate components are as follows:-

Remuneration	Total Amount (RM)
Salary/Fees	2,707,419
Other remuneration (e.g. Allowances and other benefits)	677,552

The remuneration paid to Directors during the year, analysed into bands of RM50,000 is as follows:-

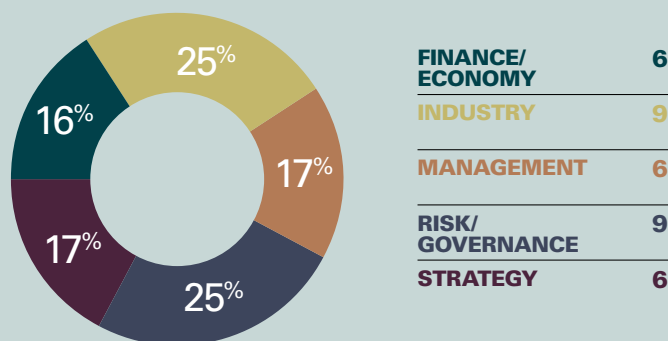
Range of Remuneration (RM)	Executive Director	Non-Executive Directors
RM50,000 – RM100,000		2
RM100,000 – RM150,000		3
RM150,000 – RM200,000		1
RM2,650,000 – RM2,700,000	1	

DIRECTORS' TRAINING

The Board acknowledges the importance of continuing education for its Directors to ensure they are equipped with the necessary skills and knowledge to perform their functions and meet the challenges of the Board. Training programmes, conferences and seminars deemed beneficial to the Directors are identified on an on-going basis and the Company allocates a dedicated training budget to support the continuous development of the Directors. Directors are also regularly updated on the Company's businesses which include presentations by Senior Management and external consultants/experts on strategic issues relating to specific areas or industry.

The development and training programmes attended by the Directors as well as their participation as speakers at local and international conventions on topics relevant to their roles during the financial year ended 31 December 2017 were as follows:-

DIRECTORS' TRAINING ATTENDANCE (by category and number of events)



STATEMENT ON CORPORATE GOVERNANCE

ACCESS TO INFORMATION AND INDEPENDENT ADVICE

To assist the Board in discharging its duties, the Management furnishes comprehensive investment and financial reports on a regular basis. As a practice, Management endeavours to forward the meeting agenda together with a set of Board papers containing relevant information to the Board members at least five (5) days before the Board meeting. This is to provide sufficient time for the Board members to review, consider and better understand the matters prior to the meeting where discussions may be focused on questions that they have on these matters.

Board papers are prepared in a well-structured, consistent and concise format providing both quantitative and qualitative information thereby enabling informed decisions to be made. The Board papers include among others, the following:-

- i. Minutes of meetings of the previous Board;
- ii. Minutes of meetings of all previous Committee meetings of the Board;
- iii. Report on Matters Arising;
- iv. Report on matters requiring the Board's deliberation and approval;
- v. Quarterly financial report and report on investment performance of the Company; and
- vi. Other key developments for discussion and approval.

The CEO and Chief Financial Officer (CFO) are present at these presentations to address any queries which the Board may have.

The Board has ready and independent access to the CEO, Senior Management, Company Secretary as well as internal and external auditors at all times. The Board exercises its discretion to seek independent professional advice, if deemed necessary, to ensure that full information and advice are available before important decisions are made.

The Company Secretary assists the Board with the preparation of meeting agenda and administers, attends and prepares minutes of board proceedings, ensuring an effective information flow within the Board and its committees. The Management also assists the Board in implementing good governance practices and processes within the Company.

INTEGRITY IN FINANCIAL REPORTING

The Board aims to provide and present a balanced and meaningful assessment of the Company's financial performance in all disclosures made to the stakeholders. The Board, assisted by the Audit and Risk Management Committee, oversees the financial reporting process and quality of financial reporting, besides reviewing and monitoring the integrity of the Company's financial statements. It also reviews the appropriateness of the Company's accounting policies and the changes to these policies, and ensures these financial statements comply with the accounting and regulatory requirements as well as good corporate governance practices.

The Audit and Risk Management Committee also meets with the external auditors without the presence of Management, and this is a forum at which the external auditors may raise, among other matters, any concern they may have on the compliance aspect of the financial statements. All accounting standards which the Board considers to be applicable have been adopted, subject to any explanation for material departures disclosed in the notes to the financial statements.

INDEPENDENCE OF EXTERNAL AUDITORS

The Board, through the Audit and Risk Management Committee, has established a formal and transparent relationship with the Company's auditors, both external and internal. The Audit and Risk Management Committee meets regularly with the external and internal auditors to discuss and review the audit plan, quarterly financial performance, annual financial statements and any audit findings, and makes recommendations for the Board's approval. During the year, the Board has met with the external auditors without the presence of the Management, in line with best practice requirements.

The Board is aware of the potential conflict of interest situation that may arise if the Company's external auditors are engaged to provide other non-audit services to the Company. To mitigate this risk, the Audit and Risk Management Committee reviews the performance, independence and fees of the external auditor. The Company's Annual Report also discloses fees received by the external auditors for non-audit work.

STATEMENT ON CORPORATE GOVERNANCE

MANAGEMENT OF RISKS AND INTERNAL CONTROL

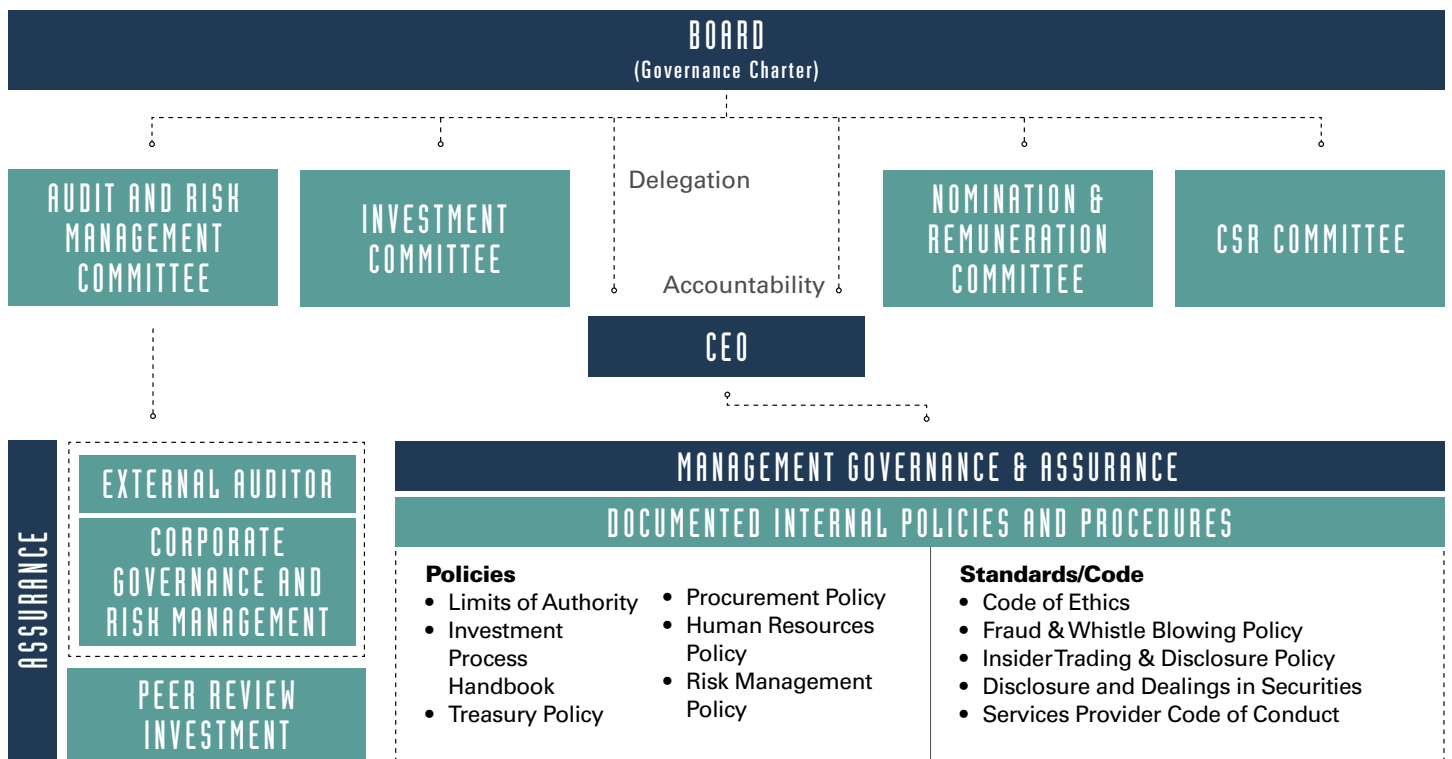
The Board is responsible for maintaining a system of risk management and internal controls that provides reasonable assurance of effective and efficient operations in compliance with the applicable laws and regulations, as well as internal procedures and guidelines.

The Statement of Risk Management and Internal Control, which provides an overview of the state of internal controls within the Company, is set out on pages 97 to 102 of this Annual Report.

Internal Audit Function

The Board empowers Management to achieve business objectives within the boundaries of business ethics and high standards of good governance. The Corporate Governance and Risk Management (CGRM) Department which also operates as an in-house internal audit function, has a direct reporting line to the Audit and Risk Management Committee, which underscores the Company's commitment to ensure the integrity of its governance framework.

The reporting structure of the CGRM function is as illustrated below:



STATEMENT ON CORPORATE GOVERNANCE

RELATIONSHIP WITH STAKEHOLDERS

In fulfilling its role and objectives as a government-linked private equity fund management company, Ekuinas deals with a wide range of stakeholders. The Company recognises the importance of maintaining transparency and accountability while managing a successful and productive relationship with the Company's stakeholders. As such, the Company places strong emphasis on the importance of timely dissemination of information and transparency to the general public and stakeholders.

Stakeholder Engagement and Communication

The Company has adopted comprehensive stakeholder management and communications policies, which are reviewed on a regular basis. The aforesaid policies regulate the way the Company interacts with the different stakeholder groups including the general public, media, government bodies and authorities in compliance with its continuous and timely disclosure requirements.

Other than press releases and announcements, the Company utilises its website as another communication channel for the Company to disseminate information to the stakeholders and general public. The Company is committed to ensure that the general public have convenient access to the information via its website www.ekuinas.com.my.

Any query regarding Ekuinas may be conveyed to:

Telephone number : 03-7710 7171

Facsimile number : 03-7710 7173

General Matters

Communications

E-mail: info@ekuinas.com.my

Governance Matters

Corporate Governance & Risk Management

E-mail: governance@ekuinas.com.my

Whistleblowing Channel

Whistleblowing Reports

E-mail: whistleblowing@ekuinas.com.my

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 15 March 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (the Board) is pleased to present this Statement on Risk Management and Internal Control (SORMIC) pursuant to paragraph 15.26(b) of Bursa Malaysia's Main Market Listing Requirements (MMLR). This is to promote good corporate governance and best practices, notwithstanding the fact that the MMLR is not applicable to the Company.

RESPONSIBILITY

The Board, in discharging its responsibilities, is fully committed to maintaining a sound risk management and internal control system that ensures adequacy and integrity through a process of review, monitoring and assurance. It should however, be noted that the system can only provide reasonable and not absolute assurance against material losses, fraud, misstatements or breaches of laws or regulations.

The Audit and Risk Management Committee (ARMC) is established by the Board with the principal responsibilities for risk management and internal control oversight; which is assisted by the Risk Management Committee (RMC), the Chief Executive Officer (CEO) and Senior Management in implementing the Board's policies and procedures on risks and control.

The Board has also formalised an on-going process for identifying, evaluating and managing significant risks faced by the Company. This is embedded in our Corporate Governance Framework which includes the Risk Management Framework and Policy, the Internal Audit Charter and the Internal Systems and Controls Framework.

Adequacy of Risk Management and Internal Control System

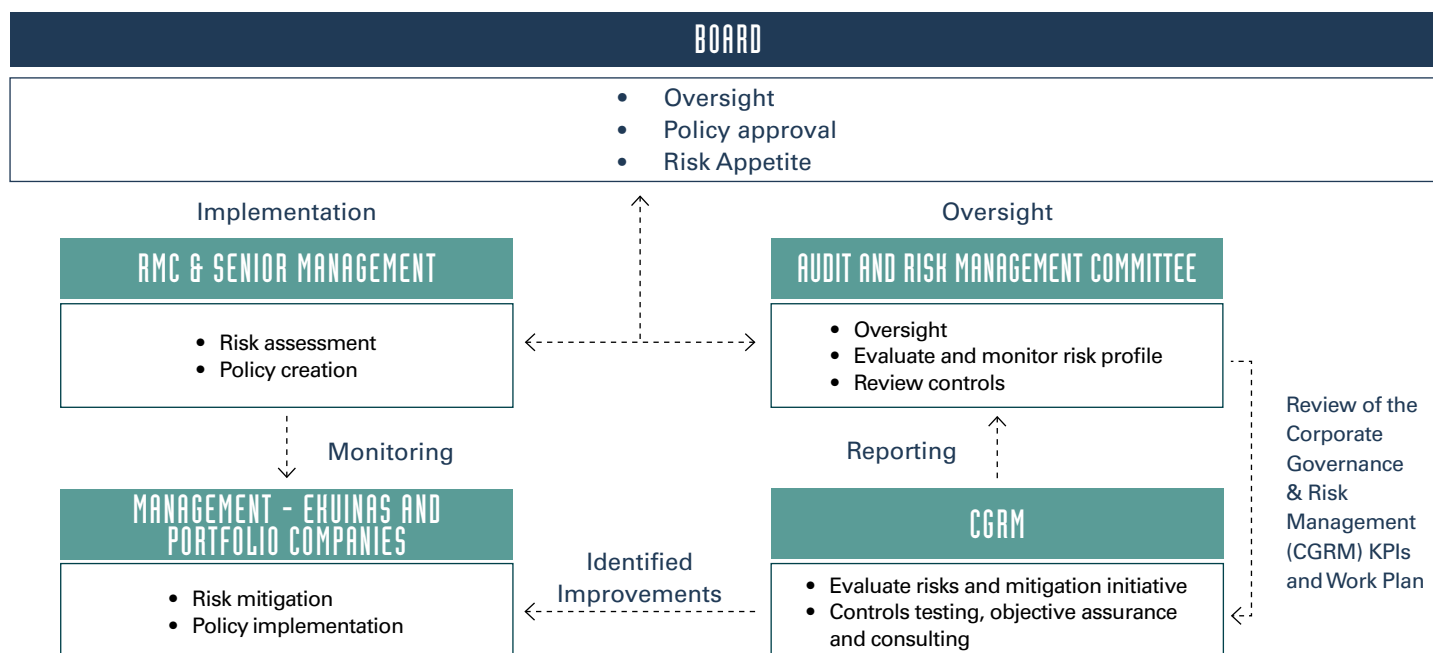
The Board has been assured by the CEO and Chief Financial Officer (CFO) that the Company's risk management and internal control systems are operating adequately and effectively in all material aspects for the financial year under review and up to the date of approval of this Statement.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has approved the Risk Management Framework and Policy for the Company which sets out clear accountability and responsibility for the risk management process, including identification and management of risks which could materially impact the Company's strategic objectives or execution.

The Board is ultimately responsible for risk management, which includes the Company's governance or oversight structure and maintaining an appropriate internal control framework. The Management's responsibility is to manage risk on behalf of the Board and they are also expected to exercise a more rigorous review of risks for any specific strategic proposal or transaction and ensure that risk issues are identified, analysed, prioritised and managed in a consistent manner.

The risk management and internal control system and structure is summarised as follows:-



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Audit and Risk Management Committee (ARMC)

The Board, through the ARMC, oversees all of the risk management and internal control activities within the Company. Amongst the principal responsibilities of the ARMC are to ensure the Risk Management Framework is soundly implemented, evaluate risk exposures and review internal control issues highlighted by the Corporate Governance & Risk Management (CGRM) department, the Management; and the external auditors; and review the CGRM functions and work plan. The CGRM department, which maintains the internal audit function for the Company reports directly to the ARMC.

A majority of the ARMC members are Independent Non-Executive members of the Board and have full access to both internal and external auditors. It meets with the external auditors without any Management present, at least once a year.

Risk Management Committee (RMC)

The RMC assists the Board in discharging its functions with regard to the risk management. While the risk reporting is not purporting to represent every business risk faced by Ekuinas, the objective of the risk reporting is to identify major business risks and outline key steps to mitigate these risks involving Ekuinas as an organisation as well as its portfolio companies.

All major risks identified are individually assessed and ranked according to their potential impact and likelihood of occurrence in accordance with the Company Risk Rating Framework as per the approved Ekuinas Risk Management Policy.

Through discussion with the Management, the key initiatives to be undertaken to mitigate the risks are identified. The summary of risks based on their priorities are then documented in the report and presented to the RMC and ARMC on a quarterly basis.

The following are the duties and responsibilities of the RMC:-

- review and recommend risk management policy and reports for approval by the ARMC and the Board;
- monitor the risk exposure of the Company and portfolio companies and recommend actions where necessary;
- review on a quarterly basis the overall performance of the portfolio companies, initiatives undertaken and major business risks; and
- review any significant risks and exposures that exist and assess the initiatives undertaken by the Management and portfolio companies to mitigate the risks.

In line with the above responsibilities, four (4) RMC meetings were held throughout the financial year 2017. The resulting quarterly Risk Management reports were presented and approved by the ARMC and the Board.

Corporate Governance and Risk Management (CGRM) Department

The role of Corporate Governance and Risk Management (CGRM) department is to assist the ARMC and the Management of the Company in the effective discharge of their responsibilities by establishing cost-effective internal controls, assessing risks, recommending measures to mitigate those risks and assuring proper governance process. As an integral part of this process, CGRM furnishes the ARMC with independent analyses, appraisals, counsel and information on the activities they review.

The CGRM Annual Plan and KPIs are reviewed and approved by the ARMC and the Board, and the results of audits are communicated and reported periodically to the Management and the ARMC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT AND INTERNAL CONTROL ACTIVITIES

Risk Mitigation Strategies

The Company's risk management framework is a pragmatic guide on the identification and management of risk that is central in delivering the strategic objectives. The effectiveness of the risk mitigation framework is systematically reviewed and improved.

The Company has identified the following types of risks – strategic, financial, operational and investment. These four risks are not exhaustive and the investment risks are considered the most critical business risks within the Company.

EHUINAS' RISKS [COMPANY]			
STRATEGIC	DIRECT INVESTMENT	OUTSOURCED PROGRAMME	OPERATIONAL
<ul style="list-style-type: none"> External environment Funding Regulatory Stakeholder 	<ul style="list-style-type: none"> Deal sourcing and evaluation Investment performance and management Non-financial objective 	<ul style="list-style-type: none"> OFM Selection OFM Performance OFM Management 	<ul style="list-style-type: none"> Human Capital Treasury Financial Management & Reporting Compliance Shared Services
PORTFOLIO COMPANIES' RISKS			
STRATEGIC AND MARKET	BUSINESS & FINANCIAL	STRATEGIC VALUE CREATION	EXECUTION
<ul style="list-style-type: none"> External environment Industry Government & Regulation 	<ul style="list-style-type: none"> Business operations Capex and investment Gearing/Debts 	<ul style="list-style-type: none"> Business Expansion Mergers & Acquisitions 	<ul style="list-style-type: none"> Human Capital IT system and processes Financial Management & Reporting Government & Compliance

Strategic risks are managed through regular and ongoing monitoring of key economic indicators, industry outlook and regulatory developments, as well as periodic engagement and update with the Government.

To manage financial risks, the Company's treasury policies and financial authority limits are documented, reviewed periodically and reported to the Board. The approved policies set out the parameters for management of the Company's liquidity, counterparty risk and financing. Any significant financial risks such as liquidity, gearing, net debt and credit exposure would be regularly identified, assessed, addressed and reported to the Board.

It is recognised that operational risks can never be entirely eliminated and that the cost of minimising it may outweigh the potential benefits. Accordingly, the Company manages operational risks by putting in place policies and standard operating procedures, documented limits of authority and a regular reporting framework which encompass operational and financial reporting.

To mitigate investment risks, the Company's investment decision-making process is guided by investment parameters instituted via the Company's Investment Framework, to ensure deals undertaken are within the key investment criteria where the priority sectors are identified based on a transparent screening approach.

The Investment Framework also incorporates risk management with a rigorous review of risks for all strategic and specific proposals or transactions to ensure risks are identified, analysed, prioritised and managed in a consistent manner. All investments are subject to thorough scrutiny to ensure that they are in line with the Company's strategic focus, rates of return and cover all other relevant risk factors such as industry and execution risks. In addition, the Board requires that all investment proposals submitted to the Board are accompanied by a comprehensive risk assessment and corresponding proposed mitigation strategies by Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Reporting

The Risk Management Framework sets out the basis of Ekuinas’ approach to risk management, linking to the strategic and organisation objectives and integration into the Company’s business processes. The Risk Management Report includes an assessment of risk, an evaluation of the effectiveness of the controls in place and the requirements for further controls to mitigate the risks for the Company and all Portfolio Companies. The key elements of the process are as follows:

RISK ASSESSMENT APPROACH		
CONTEXT	FREQUENCY	PROCESS
Ekuinas	Quarterly Update	Quarterly Risk Reporting
Portfolio Companies	Quarterly Update	Quarterly Risk Reporting
Investment Proposals	As Required	Investment Proposal Procedures

To ensure review of key risks and mitigating steps for the Company and portfolio companies at RMC meetings and subsequent presentation to the ARMC and the Board.

To ensure key risks are identified and appropriate risk management activities are performed on an as required basis for all investment proposals.

Key Internal Control Processes

The Board is fully committed to maintaining a strong control structure and environment for proper conduct of the Company’s operations. The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls, among others, are as follows:-

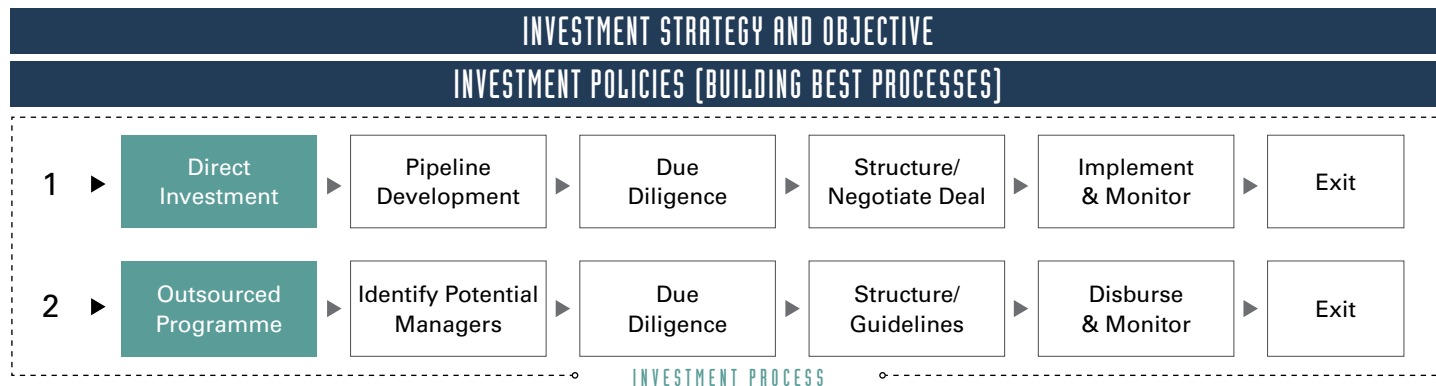
- Board Committees**

To promote corporate governance and transparency, in addition to the Board, the Company has established the Audit and Risk Management Committee, Nomination and Remuneration Committee, Investment Committee and CSR Committee. These Board Committees are established to assist the Board in providing independent oversight of the Company’s management with responsibilities and authorities clearly set out in their respective terms of reference.

- Policies and Standard Operating Procedures (SOP) Framework**

Written procedures on key processes within the Company are documented, implemented and communicated by the Management to staff in accordance with the approved Policy and SOP Framework by the Board. Approved policies by the Board are supported with documented procedures to manage operational risks. The objective of the policies and procedures is to ensure that internal control principles or mechanisms are embedded in the Company’s operations. The SOP Framework for the Company is illustrated on the next page.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



Note: 1 & 2 Investment Framework completed and approved by the Board

SHARED SERVICES	FINANCE & ACCOUNTING	Accounting Policies and/or SOP covering: <ul style="list-style-type: none"> Fixed Assets (√) Petty Cash (√) Financial Reporting Policy and Procedure (√) Budgeting (√) Payments & Claims (√) Portfolio Investment Fair Valuation Guidelines (√) 	HUMAN RESOURCES	HR Policies and/or Procedures covering: <ul style="list-style-type: none"> Payroll Management (√) Training & Development (√) Recruitment & Human Capital Planning (√) Performance & Compensation Management (√) Employment Terms Retention Plan (√) Talent Management (√) Employee Relations (√)
	TREASURY	<ul style="list-style-type: none"> Treasury Policy and SOP (√) 	LEGAL	<ul style="list-style-type: none"> Legal/SOP (√)
	PROCUREMENT & ADMINISTRATION	<ul style="list-style-type: none"> Procurement Policy and SOP (√) 	M.I.S.	<ul style="list-style-type: none"> IT Policy and SOP (√)
	CORPORATE SOCIAL RESPONSIBILITY (CSR)	<ul style="list-style-type: none"> CSR Policy and SOP (√) 	COMMUNICATIONS	<ul style="list-style-type: none"> Communications Policy and SOP (√)
	STAKEHOLDER MANAGEMENT	<ul style="list-style-type: none"> Stakeholder Management Policy and SOP (√) 	DISCLOSURE POLICY	<ul style="list-style-type: none"> Disclosure Policy and Framework (√)

Note: (√) Completed and approved for adoption

- Code of Ethics**

The Board and Senior Management set the tone at the top for corporate behaviour and corporate governance. The Code of Ethics has been formalised and adopted for the Directors and Employees to encourage high standards of conduct that are associated with ethical business practices. It is a requirement for all Directors and Employees to understand their respective Codes and to acknowledge and sign off on the declaration form.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Service Provider Code of Conduct**

The Company believes that relationships with service providers should be based on the principles of integrity, honesty and accountability, and strongly opposes any form of bribery or corruption. With this objective, the Service Provider Code of Conduct requires all major service providers including consultants, professional advisors and key suppliers to adhere to this Code when conducting business with Ekuinas. Ekuinas may take the necessary action for breaches of this Code which includes but is not limited to termination and preclusion from future services.

- **Documented Limits of Authority**

Approved Limits of Authority are imposed on the Management in respect of the day-to-day operations, investment decisions, acquisitions and disposal of assets as a control to minimise any risk of abuse of authority.

- **Fraud Prevention Manual and Whistle Blowing Policy**

To reinforce the culture of good business ethics and governance across the Company, a whistleblowing policy is in place which provides employees with an accessible avenue to report in good faith any suspected wrongdoing. This policy addresses the Company's commitment to integrity and ethical behaviour by helping to foster and maintain an environment where employees can act appropriately without fear of punishment.

- **Investment Controls**

In most investment cases, Ekuinas' senior representatives are appointed to the executive management committee and board of the portfolio companies to actively participate in the strategic direction, key decision-making process and major operational areas.

While preserving good rapport with the management of portfolio companies, Ekuinas also engages in key operational processes for value creation initiatives and advocates good governance and best practices.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 December 2017.

Based on the procedures performed, they have reported to the Board that nothing has come to their attention that would cause them to believe that the Statement on Risk Management and Internal Control (SORMIC) intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the SORMIC factually inaccurate.

Their limited assurance review was performed in accordance with the Recommended Practice Guide (RPG) 5 (Revised 2015) issued by the Malaysian Institute of Accountants. RPG 5 (Revised 2015) does not require the external auditors to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company, including the assessment and opinion by the Board and Management thereon.

CONCLUSION

For the financial year under review, based on inquiry, information and assurance provided, the Board is of the view that the risk management and internal control system within the Company is sound and sufficient to safeguard the interests of its stakeholders. There will be continual focus on measures to protect and enhance stakeholders' value and business sustainability. This statement is made in accordance with a resolution of the Board of Directors dated 15 March 2018.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Ekuinas is pleased to present the report of the Audit and Risk Management Committee (ARMC) for the financial year ended 31 December 2017.

COMPOSITION AND ATTENDANCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC was established in 2010 in line with the Code and Bursa Malaysia MMLR. The committee members were appointed from amongst the Company's Board members and fulfill the following requirements:-

- comprise not fewer than three (3) members;
- majority are independent directors;
- all members are non-executive;
- at least one should be a member of an accounting association; and
- no alternate director can be appointed as a member of the ARMC.

The composition of the ARMC and the record of their attendance are as follows:-

Name of Directors	Status of Directorship	No. of Meetings Attended	%
Raja Tan Sri Dato' Seri Arshad Raja Tun Uda (Chairman of the Committee)	Independent Non-Executive Director	5 out of 5	100
Tan Sri Dato' Seri Mohamed Jawhar Hassan	Independent Non-Executive Director	5 out of 5	100
Datuk Noriyah Ahmad (Demised on 28 th June 2017)	Independent Non-Executive Director	1 out of 3	33
Tan Sri Dr Rahamat Bivi Yusoff (Appointed on 27 th October 2017)	Non-Independent Non-Executive Director	2 out of 2	100

Meetings of the Audit and Risk Management Committee

The ARMC meets at least four (4) times annually, or more frequently as circumstances dictate.

The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Corporate Governance and Risk Management (CGRM) and external auditor's representatives attend the meetings as and when appropriate. The ARMC has also conducted a meeting with the external auditor without the presence of management during the ARMC meeting on 14 March 2017 and 27 September 2017.

The Chairman of ARMC makes a report on each meeting to the Board and minutes of each meeting are kept and distributed to each member of the ARMC.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Terms of Reference

In performing its duties and discharging its responsibilities, the ARMC is guided by the Terms of Reference as follows:-

Composition of Members

The Committee must be appointed from amongst its Directors and fulfill the following requirements:

- the ARMC must be composed of not less than three (3) members;
- a majority of the members must be independent directors and all members must be non-executive; and
- at least one member of the ARMC:
 - must be a member of the Malaysian Institute of Accountants (MIA); or
 - if s/he is not a member of the MIA, s/he must have at least three (3) years' working experience and:
 - s/he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - s/he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- the Chairman shall be an Independent, Non-Executive Director. No alternate director is appointed as a member of the ARMC;
- in the event that any vacancy in the ARMC results in the non-compliance of the above requirements, the Company must fill the vacancy within three (3) months; and
- the Company Secretary shall act as Secretary to the ARMC.

Scope

- The ARMC shall be granted the authority to investigate any activity of the Company and its subsidiaries, and all employees shall be directed to co-operate as requested by members of the Committee;
- the ARMC shall be empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities;
- the ARMC shall provide assistance to the Board in fulfilling its fiduciary responsibilities particularly relating to business ethics, policies and financial management control;
- the ARMC shall maintain a direct line of communication between the Board, external auditors, internal auditors and Management through regularly scheduled meetings;
- the ARMC shall provide greater emphasis on the audit functions by increasing the objectivity and independence of External and Internal Auditors and providing a forum for discussion that is independent of the Management;
- the ARMC may invite any person to the meeting to assist the ARMC in decision-making process and that the ARMC may meet exclusively as and when necessary; and
- serious allegations that have financial implications against any employee of the Company shall be referred to the ARMC for investigation.

Authority

The ARMC shall have the following authority as empowered by the Board of Directors:

- to investigate any matter within its terms of reference;
- the resources which are required to perform its duties;
- full, free and unrestricted access to any information, records, properties and personnel of the Company and any other subsidiaries (if any) or sister companies;
- direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- to obtain independent professional or other advice; and
- to convene meetings with the external auditors and internal auditors together with other independent non-executive members of the Board, excluding the attendance of any Executive Directors, at least once a year or whenever deemed necessary.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Meetings

- The ARMC shall meet at least four (4) times in a year to discuss any matters raised by the Auditors in discharging their functions. The quorum for a meeting of the ARMC shall be two (2);
- at least once a year, the whole Board shall meet with the external auditors without the presence of any executive Board member/ Chief Executive Officer or Senior Management;
- the Secretary is responsible for the co-ordination of administrative details including calling for meetings, voting and keeping of minutes;
- in addition to the ARMC members, the CFO and the Director of CGRM are invited for attendance at each meeting. The Head of companies/departments and their management team will attend when audit reports on their companies/departments are tabled for discussion. The presence of external auditors will be requested when required;
- the Chairman shall, upon the request of the external auditor, convene a meeting of the ARMC to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders; and
- the external auditors have the right to appear and be heard at any meeting of the ARMC and shall appear before the ARMC when required to do so by the ARMC.

Duties and Responsibilities

The duties and responsibilities of the ARMC with the following groups will be as follows:

a. Board

- To obtain satisfactory response from Management on reports issued by internal and external auditors and report to the Board:
 - Significant findings identified and the impact of the audit findings on the operations;
 - Deliberations and decisions made at the ARMC's level with focus given to significant issues and resolutions resolved by the ARMC, on a regular basis; and
 - A summary of material concerns and weaknesses in the control environment noted during the year and the corresponding measures taken to address the issues.
- To oversee the function of the CGRM department and report to the Board significant changes in the business and the external environment, which affect key risks;
- To review arrangements established by Management for compliance with any regulatory or other external reporting requirements, by-laws and regulations related to the Company's operations; and
- Where the review of audit reports of subsidiaries and any related corporations also falls under the jurisdiction of the ARMC, all the above mentioned functions shall also be performed by the ARMC in co-ordination with the Board of Directors of the subsidiaries and related corporation; and
- To consider other areas as defined by the Board.

b. External Auditors

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- To discuss with the external auditors, their audit report and evaluation of the system of the internal controls; and
- To review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

c. Internal Auditors

- To discuss problems and reservations arising from the external audits, and any matter the auditor may wish to discuss;
- To oversee the internal audit function by:
 - Reviewing the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - Reviewing the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and ensure that appropriate action is taken on the recommendations of the internal audit function;
 - Reviewing any appraisal or assessment of the performance of members of the internal audit function;
 - Determining and recommending to the Board the remit of the internal audit function;
 - Approving any appointment or termination of senior staff members of the internal audit function;
 - Informing itself of resignations of internal audit staff members and providing the resigning staff member with an opportunity to submit his reasons for resigning;
 - Ensuring an on-going basis that internal audit has adequate and competent resources;
 - Monitoring closely any significant disagreement between internal audit and Management irrespective of whether they have been resolved; and
 - To consider the major findings of internal investigations and Management's response.

d. Related Party Transaction

- To consider any related party transactions that may arise within the Company including any transaction, procedure or course of conduct that raises questions of Management's integrity.

ACTIVITIES

In line with the terms of reference for the ARMC, the following activities were carried out during the financial year:-

- Review and approval of the audit plan of the CGRM department and external auditor, including their scope of work for the financial year prepared by the CGRM department and external auditor respectively;
- Review of the reports for the Company prepared by CGRM and external auditor and consideration of issues and action plans;
- Review of the quarterly and annual reports of the Company, prior to submission to the Board for consideration and approval;
- Review of the proposed key policies and procedures for adoption by the Company, prior to submission to the Board for consideration and approval;
- Review of the Risk Management report presented by the Risk Management Committee on quarterly basis for consideration and approval;
- Meeting with the external auditor without management presence;
- Review of the performance, independence and fees of the external auditor;
- Review of the reports on the ARMC, Statement on Corporate Governance and SORMIC prior to their inclusion in the Company's Annual Report;
- Review of and deliberation on the audit reports, issues and recommendations from the external and internal auditors from the audit conducted during the year;
- Review of the adequacy of resources and competencies of staff within the internal audit function to execute the plan and the results of their work; and
- Review and consideration of ad hoc and special reviews conducted by CGRM arising from special requests from Management/ ARMC.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Company has an in-house internal audit function which is carried out by the CGRM department. The CGRM Department reports to the ARMC and administratively to the CEO. The internal audit function has three (3) personnel comprising the Director of CGRM and two (2) internal auditors. The Director of CGRM, Noramly Bachok is a Member of the Malaysian Institute of Accountants (MIA) and a Member of the Institute of Internal Auditors Malaysia (IIAM).

The CGRM department has adopted a Corporate Governance Charter that provides for its independence in evaluating and reporting on the adequacy, integrity and effectiveness of the overall internal control system, risk management and corporate governance in the Company using a systematic and disciplined approach. The review and control improvement initiatives conducted by CGRM were defined in an annual audit plan that was reviewed and approved by the ARMC during the financial year.

During the year, as per the approved internal audit plan, CGRM has reviewed and assisted on the documentation and formalisation of the Company's policies and procedures, and facilitated the risk review and documentation of Ekuinas risk reporting to the RMC and ARMC. Furthermore, CGRM engages with the management of portfolio companies to advocate implementation of good governance and best practices.

CGRM also participates in the due diligence exercise for proposed acquisitions or investments, covering governance and investment risks. Major findings are highlighted to the Management and Board as part of the investment evaluation process, ensuring all major investment risks are prudently mitigated.

All internal audit functions during the year were conducted by the CGRM Department in accordance with the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework which include ensuring internal audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence. There were no areas of the internal audit function which were outsourced.

This report is made in accordance with a resolution of the Board of Directors dated 15 March 2018.

DISCLOSURE POLICY

As a private equity firm mandated to manage and invest public funds, Ekuinas is a public interest entity operating in a highly regulated environment. We thus strive to be transparent to all stakeholders including the Government, our portfolio companies, the media and ultimately the Malaysian public. To this end, the Company has established a disclosure framework which is market-friendly, transparent and benchmarked against best practices.

Ekuinas' disclosure guidelines were formulated based on several industry guidelines including those outlined in the Walker Guidelines Monitoring Group 2007, a private equity monitoring group on transparency and disclosure, and the European Private Equity & Venture Capital Association (EVCA) Reporting Guidelines 2006, among others. The framework was also established following a comprehensive study of disclosures provided by leading private equity companies, sovereign wealth funds and hedge funds around the world.

The disclosures ranged from providing minimum information such as contact details and basic information on company websites, to the average provision of strategies and objectives, acquisitions and disposals, as well as portfolio performance. The benchmarks for Ekuinas were, however, organisations such as UK-based 3i plc and the Norway Government Pension Fund, which provide full disclosure of all portfolio holdings and ownerships, background on the management team, profiles of selected portfolios, as well as audited annual reports and financial statements.

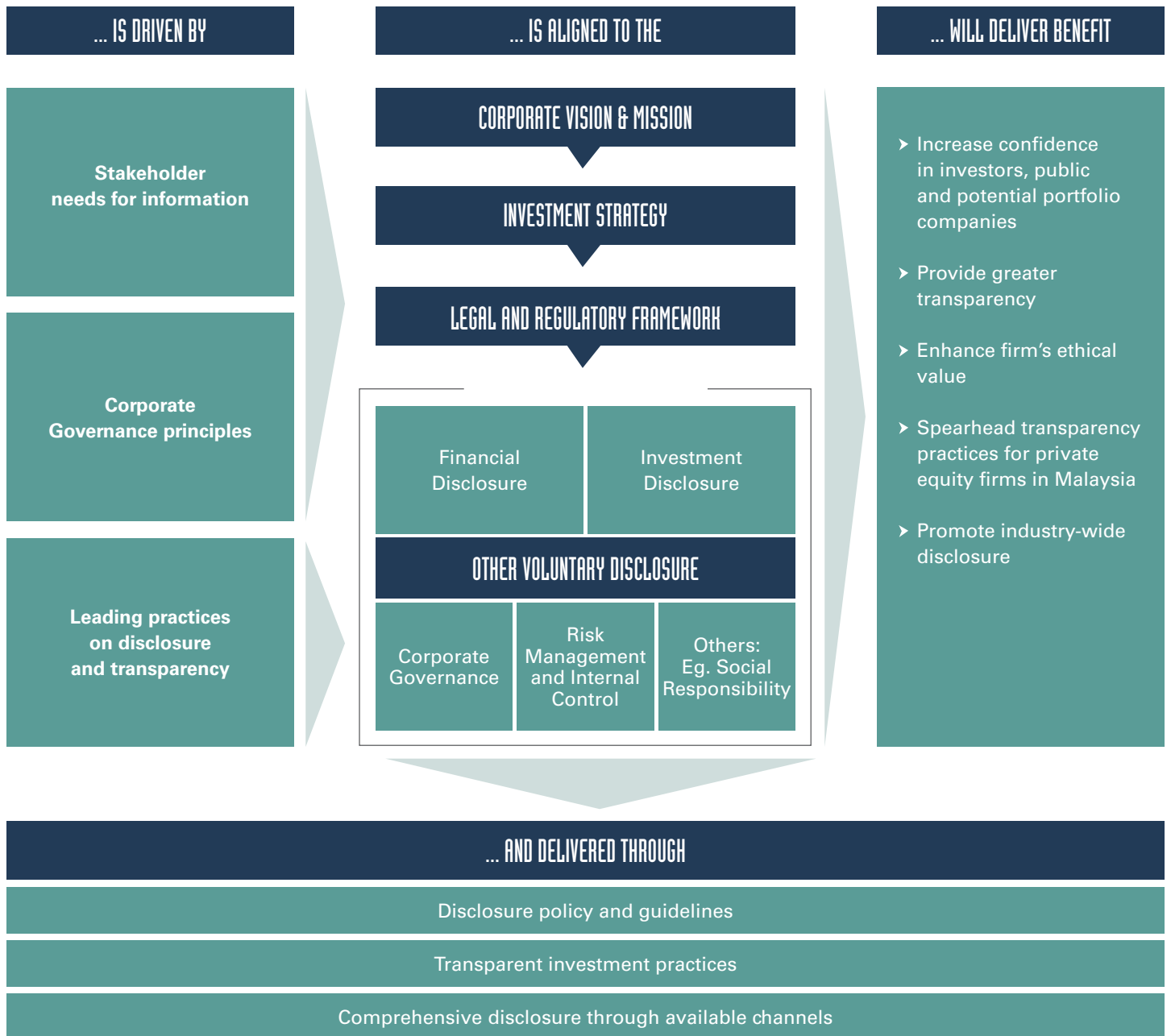
Ekuinas is committed to provide fair and comprehensive disclosure of corporate information, in line with the best practices adopted by global private equity firms. We will comply with all laws and regulations to ensure communications to the public are disseminated according to applicable legal and regulatory requirements.

Our key guiding principles on disclosure are:

- Benchmarked against leading private equity and sovereign wealth fund industry practices;
- Material information must be disclosed fairly and comprehensively to the public via annual reports and broadly disseminated news releases;
- Responsive to requests for information from our key stakeholders, while at the same time adhering to the rules and guidelines of this disclosure policy; and
- In the event that we are not able to disclose any information in cases where co-investment partners demand confidentiality or where disclosure would materially impact value creation plans, we would provide due explanation.

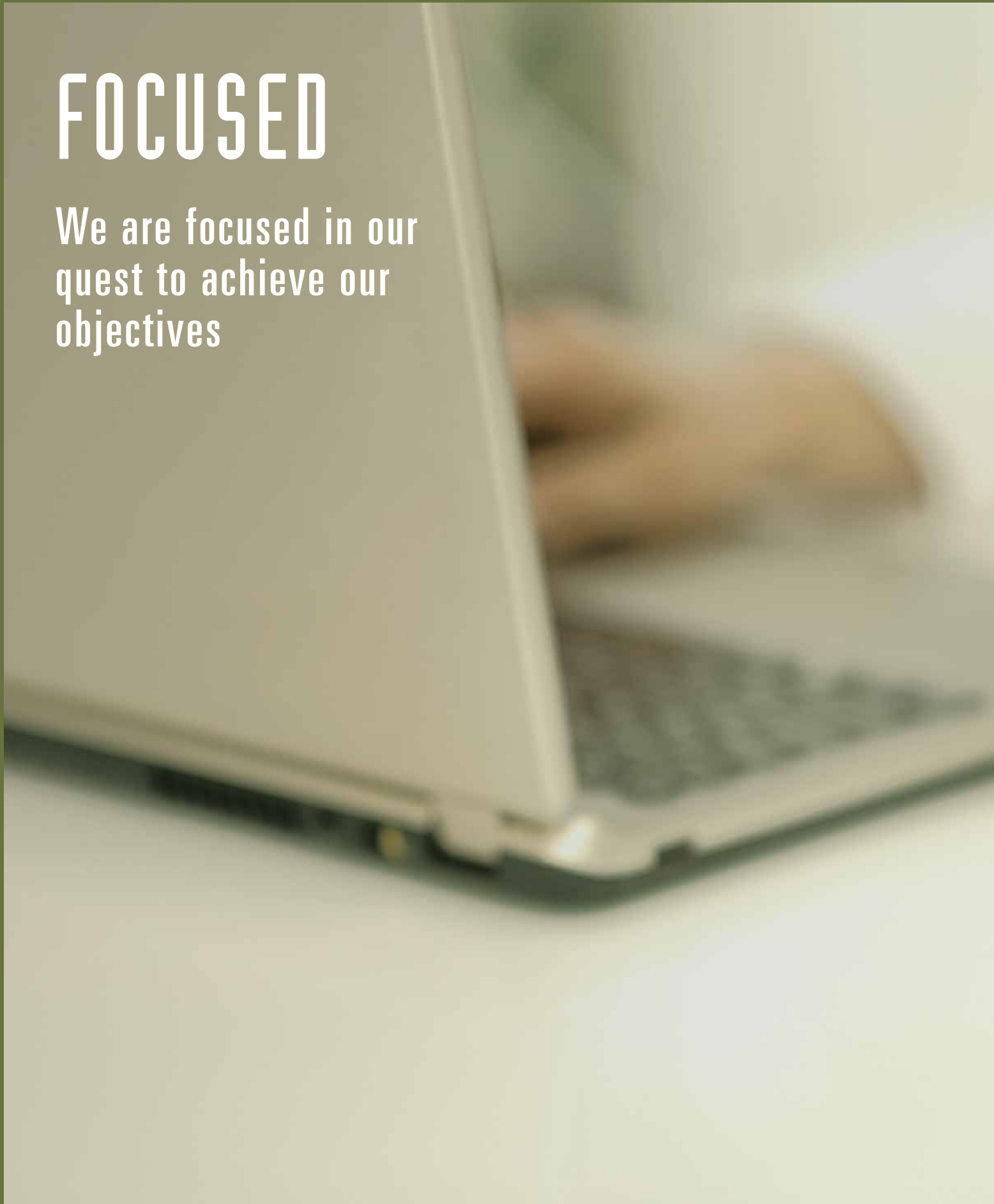
DISCLOSURE POLICY

EKUINAS DISCLOSURE FRAMEWORK



FOCUSED

We are focused in our
quest to achieve our
objectives





ILTIZAM BY EKUINAS

As a government-linked private equity fund management company, Ekuinas' business model and key performance indicators (KPIs) encompass social objectives as well as financial objectives. It is with great pride that Ekuinas' financial performance in the past years have allowed us to deliver on our social objectives and in doing so, positively impact the Bumiputera community.

Our commitment to assist small Bumiputera entrepreneurs, students, young graduates and communities to realise their potential is codified in ILTIZAM, our corporate social responsibility (CSR) framework. Launched in 2016, ILTIZAM consist of three pillars:



All ILTIZAM initiatives are aligned with Ekuinas' mission of promoting equitable and sustainable Bumiputera wealth creation and economic participation. ILTIZAM also adheres to the highest standards of integrity, transparency, accountability, professionalism and looks to make positive impact for every ringgit spent.

In 2017, Ekuinas allocated a total of RM10.1 million for all initiatives across the three ILTIZAM pillars. This brings the total amount contributed to ILTIZAM to RM29.5 million in the past four years.

As always, the allocation spent on ILTIZAM's initiatives can be accounted for and the outcome and results of our efforts, tangible and intangible, are reported to the Board of Directors. This ensures that ILTIZAM continues to serve deserving beneficiaries and makes the largest possible meaningful impact on the broader society that Ekuinas may not reach in its normal course of business.

ILTIZAM FOR ENTREPRENEURSHIP



ILTIZAM FOR ENTREPRENEURSHIP

The Entrepreneur Mentorship Programme (EMP) is a capacity building initiative for passionate Bumiputera entrepreneurs that run small or micro enterprises. EMP aims to help these entrepreneurs to grow their enterprises in a structured, professional and sustainable manner.

The entrepreneurs are selected, among others, based on their business models and more importantly, there is a clear need for support in areas where ILTIZAM can assist and add value. During a six-month to one-year engagement process with EMP, entrepreneurs will receive assistance by ILTIZAM and our partners.

Key business challenges faced by the entrepreneurs and ways to overcome these challenges are identified. Supportive services such as entrepreneurial skills, marketing, accounting and finance, legal advice and other ancillary services may also be provided if required.

In 2017, two Bumiputera enterprises were selected to be part of EMP. These companies are Parabox Sdn Bhd (Parabox) and KinderKaizen by EYTC Group and Resources Sdn Bhd (KinderKaizen). Parabox is a small family-run business centred on one man's passion to build models ranging from basic three-dimensional (3D) displays to highly-bespoke models for Government-linked companies and large corporations in Malaysia. A newcomer in the model-making industry, Parabox realised that they needed professional help to overcome their revenue and cost management challenges and reached out to ILTIZAM for guidance.

The process identified an opportunity for Parabox to take its business to the next level by targeting international clients. To do so, ILTIZAM appointed a creative agency to rebuild its website, a prerequisite to boosting Parabox's presence and visibility. Part of the programme also warranted capacity assistance from ILTIZAM aimed at enhancing its production capabilities.



KinderKaizen, a play-based enrichment centre, designed to encourage children to explore and discover, a process that can fulfil their physical, emotional, intellectual, developmental, social and spiritual needs. Through the EMP, the team identified a need for KinderKaizen to update its marketing strategies in order to increase student enrolment.

During the year, ILTIZAM EMP conducted an independent market study for KinderKaizen to identify its target market, competitive strengths and pricing strategy. A corporate identity manual for the brand was also established and this ensures that consistent marketing strategies are implemented throughout all KinderKaizen centres and that its brand is further strengthened and positioned appropriately.

In our pursuit to reach out to more deserving Bumiputera entrepreneurs outside of EMP, ILTIZAM collaborated with University Kebangsaan Malaysia – Graduate School of Business (UKM-GSB), the Centre for Entrepreneur Development and Research (CEDAR) and The Entrepreneurs Edge (TEE) in 2017. ILTIZAM will continue to collaborate with suitable partners to find and assist suitable high-potential Bumiputera entrepreneurs.

In 2017, two Bumiputera enterprises were selected to be part of EMP. These companies are Parabox Sdn Bhd (Parabox) and KinderKaizen by EYTC Group and Resources Sdn Bhd (KinderKaizen)

ILTIZAM FOR EDUCATION



ILTIZAM FOR EDUCATION

Education is critical in the creation of an inclusive and progressive society. It is a tool for social mobility and key in breaking the cycle of poverty. Education is also the bedrock of innovation and productivity, two factors to transform Malaysia into a knowledge-based economy, a national objective identified by the Government to sustain the country's economic growth and enhance its international competitiveness.

ILTIZAM has always recognised the need to increase access to education especially among the underprivileged and the most vulnerable. With the overarching objective of supporting the Government's objective of developing a knowledge-based economy, ILTIZAM has participated and contributed to the following programmes:

- The Education Empowerment Programme (EEP)
 - Yayasan Peneraju Pendidikan Bumiputera (Yayasan Peneraju)
 - ILTIZAM Education Fund
 - The Oil & Gas Marine Training and Development Programme
 - English-4-Employment (E4E)
- The Professional Development Programme (PDP)



THE EDUCATION EMPOWERMENT PROGRAMME (EEP)

ILTIZAM's EEP has been supporting Yayasan Peneraju and its mandate of developing young Bumiputera talents for five consecutive years. In 2017, a total of RM600,000 was disbursed to assist 130 students through their Tunas Potensi programme. This brings ILTIZAM's total contribution to Yayasan Peneraju's to RM2.2 million at the end of last year.

ILTIZAM also directly supports deserving Bumiputera students studying at Ekuinas' education institutions through the ILTIZAM Education Fund. The institutions consist of Cosmopoint College, Kuala Lumpur Metropolitan University College and UNITAR International University. Through this programme, ILTIZAM supports students with outstanding results, students with high potential but face financial constraints as well as students with a passion and the ability but are unable to qualify for scholarship programmes offered by other government entities or private companies.

ILTIZAM FOR EDUCATION



With this approach, ILTIZAM opens the door to higher education to deserving 'average students' from lower income households. A total of RM2.0 million was disbursed to ILTIZAM Education Fund in 2017. This enabled 767 students to pursue their tertiary education during the year.

The Oil & Gas Marine Training and Development Programme, which started in 2016, is a collaboration with Ekuinas' portfolio companies namely ICON Offshore Bhd and Orkim Sdn Bhd. This programme was initiated to address the need for more local senior officers to operate oil and gas vessels. This meets the industry's requirements for a crew matrix that comprises of employees of different ranks and varying levels of seniority.

By increasing the number of local seamen that can fill the senior positions, the country's oil and gas industry can reduce its dependency on foreign talents. In 2017, ILTIZAM allocated RM600,000 to sponsor 41 candidates in 2017. Since inception of this programme, a total of 47 candidates have been selected to undergo the relevant training at Akademi Laut Malaysia (ALAM).

In 2017, ILTIZAM also partnered with the Economic Planning Unit (EPU) under the Prime Minister's Department to pilot a project in Sabah, aimed at boosting employability of graduates. A total of 878 unemployed graduates participated in this intensive eight-week programme known as English-4-Employment (E4E) where selected participants learnt English language and communication skills. At the end of this programme, participants are offered internship placements at partner companies operating in Sabah's hospitality, culinary and tourism industry. This comprehensive approach opens the door for these graduates to full-time employment opportunities.



The Education Empowerment Programme (EEP)

Total of
RM **600,000**
was disbursed to assist
130 students
through Yayasan
Peneraju's Tunas
Potensi programme

ILTIZAM Education Fund

RM **2.0** million
was disbursed in 2017

Enabled

767 students
to pursue their tertiary
education during the year

ILTIZAM allocated

RM **600,000**
to sponsor 41
candidates to undergo
training at ALAM

A total of

878 unemployed
graduates
participated in the E4E
programme where participants
learnt English language and
communication skills

ILTIZAM FOR EDUCATION

The Professional Development Programme (PDP)

A record number of **7,000** applications was received in 2017

A total of **75** graduates including 11 from East Malaysia) were selected to participate in this programme last year

To date, **85%** selected graduates in this programme, which started in 2012, have found permanent employment at the end of their one year on the programme



THE PROFESSIONAL DEVELOPMENT PROGRAMME (PDP)

The PDP is a cornerstone programme under ILTIZAM's Education pillar. PDP targets graduates from low-income families that have not been able to find permanent employment for more than six months and have not been part of a management-training programme. Selected applications are employed by either Ekuinas, its portfolio companies or partner companies for a year.

During this period, these graduates learn the core skills needed for the corporate workplace and the qualities needed to be highly marketable and employable. They are also given opportunities to improve their English proficiency and benefit from coaching and mentoring sessions aimed at encouraging a professional attitude and mind-set. All activities undertaken by ILTIZAM positions these graduates for successful long-term careers once they complete this programme.



It is heartening to note that awareness of ILTIZAM PDP among young Bumiputera graduates in the country has soared over the years. Interest to be part of this programme has grown every year and a record number of 7,000 applications was received in 2017 from about 3,000 applications in 2016.

Last year, ILTIZAM specifically reached out to graduates in East Malaysia and a series of roadshows were carried out to raise awareness about its PDP. As a result, approximately 500 applications, out of the total number of applications received for 2017, came from unemployed graduates living in Sabah or Sarawak.

A total of 75 graduates (including 11 from East Malaysia) were selected to participate in this programme last year. The success of ILTIZAM's PDP is measured by the employability of our graduates. To date, 85% of selected graduates in this programme, which started in 2012, have found permanent employment at the end of their one year on the programme.

ILTIZAM FOR COMMUNITY



ILTIZAM FOR COMMUNITY

ILTIZAM also looks to play a positive and proactive role in society through its Community Enrichment Programme which aims to support communities especially the disadvantaged and underprivileged.

In 2017, the programme continued to assist Sekolah Kebangsaan Bukit Lanjan (Asli) (SKBL) and its students that are mainly from the Desa Temuan Orang Asli community. Although located in an urban area, SKBL is overshadowed by its affluent neighbourhood and majority of its graduating students chose not to further their education at secondary schools.

ILTIZAM started assisting SKBL in 2015 by sponsoring tuition classes and by refurbishing its library in hopes of cultivating a reading habit among its students. A year later, ILTIZAM solidified its commitment to SKBL by collaborating with Khazanah Nasional Bhd's PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibility) Foundation to formally adopt the school.

As a result of ILTIZAM's assistance, the average scores of SKBL students have improved. School attendance has improved and the students are more excited about learning activities. SKBL teachers are also more motivated and the atmosphere in the school is more dynamic and livelier. We are heartened by the progress made by SKBL and we look forward to doing more for the school and its community.



During the year, one of the programme's initiatives include assisting award-winning social enterprise, the Batik Boutique. Founded in 2010, Batik Boutique aims to empower underprivileged women by teaching them basic sewing and business management skills. Most of these women live at the Program Perumahan Rakyat (PPR) in Kota Damansara and their handwork at Batik Boutique is sold domestically and exported to the US and Europe.

ILTIZAM assisted Batik Boutique's expansion plans by contributing sewing equipment, fixtures and fittings and funded the necessary training expenses to increase the number of seamstresses. The social enterprise centre currently trains about 20 women in various sewing and batik product management. It hopes to utilise the new centre by training and empowering at least 20 more underprivileged women. This will then result in increased production of Batik Boutique's crafts and business. Through this, the women earn a fair income as well as skills that improve their marketability and employability.



ILTIZAM FOR COMMUNITY

Another initiative for the community completed last year was Back-to-School programme. ILTIZAM worked with Canggih, Al-Ikhsan Sports and Skwad Senyum to reach out to more than 16,000 underprivileged students from over 300 schools across the country to provide school necessities such as school uniforms, shoes, socks, bags and stationery. This effort was rolled out with the intention to level the playing field for these children to obtain quality education and to alleviate the parents' burden to ensure their children are prepared for 2018 school year.

To continue assisting the underprivileged community, we collaborated with MyHarapan by sponsoring three social businesses namely Hospital Beyond Boundaries; Al Hikmah Group; and Bluebear, to provide free basic health check and hygiene products to the Orang Asli communities in Kampung Kiala Woh in Tapah, Perak. The initiative impacted 300 families, 1,200 individuals, out of which, 95% were Orang Asli families.

In line with our mandate to support, promote and preserve Malaysian arts, culture and heritage, ILTIZAM also supported a programme conducted by Pat Ibrahim Project Entertainment called *Pekan Bangsawan Warisan Budaya*, a festival to celebrate Teater Bangsawan as part of the Malay heritage and culture. The festival conducted a four-day workshop on the methods of professional musical stage production using the component of Teater Bangsawan for about 150 participants including students, non-government organisations (NGOs) and local theatre players.



Finally, ILTIZAM made cash and food contributions, totalling approximately RM140,000, disbursed during the month of Ramadhan in 2017. Beneficiaries comprise poor families in Johor, pupils from SKBL, children living in Rumah Kasih Pertiwi and underprivileged students studying at Cosmopoint College and UNITAR International University.

Cash donations were also given to various non-government organisations, Masjid Kampung Kuala Abi Kota Belud, Madrasah At-Tazkiyah and poor families living in Gemas and Terengganu.

We hope our efforts under ILTIZAM during the year under review have made significant impact to the beneficiaries and have encouraged them to reach their fullest potential. We look forward to extend our assistance to more deserving micro and small businesses as well as communities throughout the country.

Back-to-School Programme

Reached out to more than **16,000** underprivileged students from over 300 schools across the country

SKIM JEJAK JAYA BUMIPUTERA

SKIM JEJAK JAYA BUMIPUTERA

EkuiNAS has jointly managed Skim Jejak Jaya Bumiputera (SJJJB) with Unit Peneraju Agenda Bumiputera (TERAJU) since 2014. SJJJB provides comprehensive advisory support also known as 'the last mile' support to Bumiputera companies that are preparing to list on Bursa Malaysia.

EkuiNAS provides advisory services and develops a value creation plan as well as the Initial Public Offering (IPO) plan for Bumiputera entrepreneurs that have been selected to be part of this programme. EkuiNAS also undertakes a stringent due diligence process to evaluate the business potential of aspiring SJJJB companies.

There are 32 companies currently registered under the SJJJB programme at the end of 2017. This consists of 13 companies that are currently listed in Bursa Malaysia and 5 companies in the Green Lane category which are capable to go for listing in a year's time. The balance of another 14 companies are currently undergoing value creation exercise to prepare them to target for listing in 3 years' time.

SJJJB has assisted in the implementation of four Value Creation Plan (VCP) initiatives for the existing SJJJB companies throughout the year 2017. The assistance provided to the companies totalling up to RM2.1 million helped the companies to escalate and fast track the listing process with the authorities, rationalise a new business strategy towards a new business direction, grow inorganically via mergers and acquisition, and improve the operational process to enhance inventory management, optimise stock planning and the replenishment processes.

In the first quarter of 2017, under the SJJJB programme, we managed to list two successful Bumiputera companies on Bursa Malaysia, GFM Services Bhd and Serba Dinamik Holdings Bhd with a combined market capitalisation of RM2.2 billion upon listing. Their market capitalisation further increased to RM4.3 billion at the end of 2017.

EkuiNAS is pleased to report that total market capitalisation of listed SJJJB companies hit RM9.1 billion at the end of 2017 (FY2016: RM4.8 billion). This is a commendable increase of 90% during a one-year period.

The success of SJJJB companies is aligned with EkuiNAS' mission of promoting equitable and sustainable Bumiputera wealth creation and economic participation by developing future market leaders. We remain committed with TERAJU to work with companies selected under this programme and we hope to see more successful listings in the future.

HUMILITY

We stay true to our roots and are cognisant that we serve a greater purpose





PORTFOLIO REPORTING

**FOR THE
FINANCIAL YEAR
ENDED
31 DECEMBER
2017**

123 Ekuinas Direct (Tranche I) Fund

126 Ekuinas Direct (Tranche II) Fund

129 Ekuinas Direct (Tranche III) Fund

132 Ekuinas Outsourced (Tranche I) Fund

135 Ekuinas Outsourced (Tranche II) Fund

138 Notes To The Portfolio Reporting

EKUINAS DIRECT (TRANCHE I) FUND

AS AT 31 DECEMBER 2017

1. FUND OVERVIEW

Fund Name	Ekuias Direct (Tranche I) Fund
Vintage Year	2010
Status	Deployed and Realised
Capital Commitment	RM1.0 billion
Term	5 Years + 2 Years + 1 Year
Investment Period	3 to 5 Years
Legal Form & Structure	One fund manager and one investor Fund: Ekuias Direct (Tranche I) Fund Fund Manager: Ekuiti Nasional Berhad Fund's Domicile: Malaysia
Geographical Focus	Malaysia
Investment Focus	Buy-Out and Growth Capital Fund
Industry Focus	<ul style="list-style-type: none"> - Education - Oil & Gas - Fast Moving Consumer Goods (FMCG) - Retail & Leisure - Healthcare - Services

EQUINAS DIRECT (TRANCHE I) FUND

AS AT 31 DECEMBER 2017

2. FUND NET ASSETS VALUE (NAV) AS AT 31 DECEMBER 2017

	2016 RM million	Movement RM million	2017 RM million
A. Capital Commitment	1,000.0	-	1,000.0
B. Capital Called	1,125.4	10.2	1,135.6
C. Capital Reinvested	168.0	-	168.0
D. Total Capital Contributed (B+C)	1,293.4	10.2	1,303.6
E. Debt Drawdown (Amortised Cost)	-	-	-
F. Total Capital Invested (D+E)	1,293.4	10.2	1,303.6
Plus Increases/(Decreases) to Net Assets Value:			
Dividend Income	35.8	(35.8)	-
Net Unrealised Gain/(Loss) on Fair Value of Investments	141.9	(141.9)	-
Realised Gain from Divestments	306.8	205.5	512.3
Interest Expenses	(18.1)	(17.5)	(35.6)
Total Gross Portfolio Return	466.4	10.3	476.7
Organisational Expenses	(244.6)	89.4	(155.2)
Capital Distributions to Limited Partners (C+H)*	(878.5)	-	(878.5)
Net Decrease in Net Assets Value	(656.7)	99.7	(557.0)
G. Net Assets Value	636.7	109.9	746.6
Net Assets Value made up of:			
Investments - at cost	647.0	(647.0)	-
Net Unrealised Gain/(Loss) on Fair Value of Investments	141.9	(141.9)	-
Investments carried at Fair Value	788.9	(788.9)	-
Plus: Cash Balance	3.8	-	3.8
Plus: Working Capital	(156.0)	898.8	742.8
Plus: Uncalled Capital	-	-	-
Equals Net Assets Value	636.7	109.9	746.6
Net Assets Value	636.7	109.9	746.6
H. Capital Distributed	710.5	-	710.5
Total Net Assets Value plus Distributed Capital (G+H)	1,347.2	109.9	1,457.1
Gross IRR p.a.	13.1%		10.1%
Net IRR p.a. (before carried interest)	9.4%		6.5%
Carried Interest (RM million)	82.7		-
H/B Cash Distributions to Capital Called	0.6		0.6
G/B Net Assets Value to Capital Called	0.6		0.7
(G+H)/B Total Value to Capital Called	1.2		1.3
B/A Capital Called to Committed Capital	1.1		1.1

* Includes deemed distribution for reinvested capital

EKUIAS DIRECT (TRANCHE I) FUND

AS AT 31 DECEMBER 2017

3. INVESTMENT PERFORMANCE

(a) Realisation Summary as at 31 December 2017

Company	Date of Disposal	Stake %	Cost of Investment [#] RM million	Total Realisation RM million
Full realisation				
Tanjung Offshore Berhad	14 November 2012	24.0	99.8	62.0
Konsortium Logistik Berhad	19 December 2013	61.6	171.0	267.0
Icon Offshore Berhad	25 June 2014	38.0	132.3	391.4
Burger King Malaysia	18 August 2015	74.1	68.2	30.4
Lyndarahim Ventures Sdn Bhd	28 March 2016	90.0	20.0	15.0
Alliance Cosmetics Group	1 August 2016	20.0	39.9	61.8
APIIT Education Group	29 December 2017	51.0	62.0	308.4
Cosmopoint Group	27 December 2017	90.0	158.0	39.1
UNITAR International University	27 December 2017	90.0	36.5	107.6
Revenue Valley Group	27 December 2017	85.8	64.6	122.1
Icon Offshore Berhad	27 December 2017	32.7	175.9	100.1
			Gross IRR	10.1% p.a.
			Net IRR	6.5% p.a.

Net IRR is derived after management fees and other operating expenses.

[#] Cost of investment represents amount net of financing

EKUINAS DIRECT (TRANCHE II) FUND

AS AT 31 DECEMBER 2017

1. FUND OVERVIEW

Fund Name	Ekuias Direct (Tranche II) Fund
Vintage Year	2012
Status	Deployed
Capital Commitment	RM1.0 billion
Term	5 Years + 2 Years
Investment Period	3 to 5 Years
Legal Form & Structure	One fund manager and one investor Fund: Ekuias Direct (Tranche II) Fund Fund Manager: Ekuiti Nasional Berhad Fund's Domicile: Malaysia
Geographical Focus	Malaysia
Investment Focus	Buy-Out and Growth Capital Fund
Industry Focus	<ul style="list-style-type: none"> - Education - Oil & Gas - Fast Moving Consumer Goods (FMCG) - Retail & Leisure - Healthcare - Services

EHUINAS DIRECT (TRANCHE II) FUND

AS AT 31 DECEMBER 2017

2. FUND NET ASSETS VALUE (NAV) AS AT 31 DECEMBER 2017

	2016 RM million	Movement RM million	2017 RM million
A. Capital Commitment	1,000.0	-	1,000.0
B. Capital Called	1,025.5	26.0	1,051.5
C. Capital Reinvested	4.8	-	4.8
D. Total Capital Contributed (B+C)	1,030.3	26.0	1,056.3
E. Debt Drawdown (Amortised Cost)	100.0	(5.0)	95.0
F. Total Capital Invested (D+E)	1,130.3	21.0	1,151.3
Plus Increases to Net Assets Value:			
Dividend Income	10.0	2.4	12.4
Net Unrealised Gain on Fair Value of Investments	294.9	52.0	347.0
Realised Gain from Divestments	27.6	-	27.6
Interest Income/(Expenses)	(0.9)	5.7	4.8
Total Gross Portfolio Return	331.6	60.1	391.7
Organisational Expenses	(127.2)	(27.4)	(154.6)
Capital Distributions to Limited Partners (C+H)*	(102.6)	-	(102.6)
Net Increase in Net Assets Value	101.8	32.7	134.5
G. Net Assets Value	1,232.1	53.7	1,285.9
Net Assets Value made up of:			
Investments - at cost	786.8	45.0	831.7
Net Unrealised Gain on Fair Value of Investments	294.9	52.0	347.0
Investments carried at Fair Value	1,081.7	97.0	1,178.7
Plus: Cash Balance	13.0	7.2	20.2
Plus: Working Capital	151.9	(63.6)	88.3
Plus: Uncalled Capital	(14.4)	13.1	(1.3)
Equals Net Assets Value	1,232.1	53.7	1,285.9
Net Assets Value	1,232.1	53.7	1,285.9
H. Capital Distributed	97.8	-	97.8
Total Net Assets Value plus Distributed Capital (G+H)	1,329.9	53.7	1,383.7
Gross IRR p.a.	18.1%		14.6%
Net IRR p.a. (before carried interest)	12.7%		10.2%
Carried Interest (RM million)	49.7		57.8
H/B Cash Distributions to Capital Called	0.1		0.1
G/B Net Assets Value to Capital Called	1.2		1.2
(G+H)/B Total Value to Capital Called	1.3		1.3
B/A Capital Called to Committed Capital	1.0		1.1

* Includes deemed distribution for reinvested capital

EKUINAS DIRECT (TRANCHE II) FUND

AS AT 31 DECEMBER 2017

3. INVESTMENT PERFORMANCE

(a) Current Portfolio Summary as at 31 December 2017

Company	Date of Initial Investment	Stake %	Cost of Investment [#] RM million	Fair Value [#] RM million	Gross Portfolio Return RM million
Icon Offshore Berhad	19 November 2012	9.6	201.1	1,083.7	364.2
Primabaguz Sdn Bhd	27 November 2013	100.0	40.0		
Asia Pacific Institute of Information Technology Lanka Pvt Ltd	20 December 2013	45.9	20.3		
Revenue Valley Group	27 June 2014	-	10.0		
Coolblog Sdn Bhd	24 July 2014	60.0	45.8		
Orkim Sdn Bhd	18 December 2014	95.5	286.8		
Tranglo Sdn Bhd	31 March 2015	60.0	52.8		
Tenby Educare Sdn Bhd*	19 March 2015	70.0	70.0		
Total			726.7		

Gross IRR **14.6% p.a.**

Net IRR **10.2% p.a.**

Net IRR is derived after management fees and other operating expenses.

[#] Cost of investment and fair value represent amount net of financing

* Realisation of Tenby Educare Sdn Bhd was completed on 17 January 2018

(b) Realisation Summary as at 31 December 2017

Company	Date of Disposal	Stake %	Cost of Investment RM million	Total Realisation RM million
Full realisation				
Burger King Singapore	18 August 2015	100.0	47.2	23.9
Burger King Malaysia	18 August 2015	20.9	52.6	25.1
Lyndarahim Ventures Sdn Bhd	28 March 2016	-	5.0	6.0
Partial realisation				
Icon Offshore Berhad	25 June 2014	7.8	76.6	154.0

EKUINAS DIRECT (TRANCHE III) FUND

AS AT 31 DECEMBER 2017

1. FUND OVERVIEW

Fund Name	Ekuias Direct (Tranche III) Fund
Vintage Year	2014
Status	Investing
Capital Commitment	RM1.5 billion
Term	5 Years + 2 Years
Investment Period	3 to 5 Years
Legal Form & Structure	One fund manager and one investor Fund: Ekuias Direct (Tranche III) Fund Fund Manager: Ekuiti Nasional Berhad Fund's Domicile: Malaysia
Geographical Focus	Malaysia
Investment Focus	Buy-Out and Growth Capital Fund
Industry Focus	<ul style="list-style-type: none"> - Education - Oil & Gas - Fast Moving Consumer Goods (FMCG) - Retail & Leisure - Healthcare - Services

EKUINAS DIRECT (TRANCHE III) FUND

AS AT 31 DECEMBER 2017

2. FUND NET ASSETS VALUE (NAV) AS AT 31 DECEMBER 2017

	2016 RM million	Movement RM million	2017 RM million
A. Capital Commitment	1,500.0	-	1,500.0
B. Capital Called	354.4	30.4	384.9
C. Capital Reinvested	-	-	-
D. Total Capital Contributed (B+C)	354.4	30.4	384.9
E. Debt Drawdown (Amortised Cost)	-	127.5	127.5
F. Total Capital Invested (D+E)	354.4	157.9	512.4
Plus Increase/(Decrease) to Net Assets Value:			
Dividend Income	19.8	8.3	28.1
Net Unrealised Gain/(Loss) on Fair Value of Investments	(37.2)	121.0	83.8
Realised Loss from Divestment	-	(57.7)	(57.7)
Interest Expenses	-	(0.4)	(0.4)
Total Gross Portfolio Return	(17.4)	71.3	53.9
Organisational Expenses	(61.5)	(65.8)	(127.3)
Capital Distributions to Limited Partners (C+H)*	-	-	-
Net Decrease in Net Assets Value	(78.9)	5.5	(73.5)
G. Net Assets Value	275.5	163.4	438.9
Net Assets Value made up of:			
Investments - at cost	292.9	559.4	852.3
Net Unrealised Gain/(Loss) on Fair Value of Investments	(37.2)	121.0	83.8
Investments carried at Fair Value	255.7	680.4	936.1
Plus: Cash Balance	-	4.5	4.5
Plus: Working Capital	19.8	(521.5)	(501.7)
Plus: Uncalled Capital	-	-	-
Equals Net Assets Value	275.5	163.4	438.9
Net Assets Value	275.5	163.4	438.9
H. Capital Distributed	-	-	-
Total Net Assets Value plus Distributed Capital (G+H)	275.5	163.4	438.9
Gross IRR p.a.	N/M		10.7%
Net IRR p.a. (before carried interest)	N/M		N/M#
Carried Interest (RM million)	-		-
H/B Cash Distributions to Capital Called	-		-
G/B Net Assets Value to Capital Called	0.8		1.1
(G+H)/B Total Value to Capital Called	0.8		1.1
B/A Capital Called to Committed Capital	0.2		0.3

* Includes deemed distribution for reinvested capital

Not presented as capital is still being deployed

EKUIAS DIRECT (TRANCHE III) FUND

AS AT 31 DECEMBER 2017

3. INVESTMENT PERFORMANCE

(a) Current Portfolio Summary as at 31 December 2017

Company	Date of Initial Investment	Stake %	Cost of Investment* RM million	Fair Value* RM million	Gross Portfolio Return RM million
PMCare Sdn Bhd	29 December 2015	60.0	21.0		
MediExpress (Malaysia) Sdn Bhd	29 December 2015	60.0	58.8		
Al-Ikhsan Sports Sdn Bhd	22 July 2016	35.0	67.3		
ILMU Education Group	15 December 2015	-	54.2		
Icon Offshore Berhad	5 December 2017	-	10.0		
Davex (Malaysia) Sdn Bhd	12 December 2017	100.0	127.5	808.6	111.6
Cosmopoint Group	27 December 2017	90.0	54.7		
UNITAR International University	27 December 2017	90.0	109.2		
Revenue Valley Group	27 December 2017	85.8	122.1		
Icon Offshore Berhad	27 December 2017	32.7	100.1		
Total			724.8		

Gross IRR 10.7% p.a.
Net IRR N/M*

Net IRR is derived after management fees and other operating expenses.

* Cost of investment and fair value represent amount net of financing

* Not presented as capital is still being deployed

(b) Realisation Summary as at 31 December 2017

Company	Date of Disposal	Stake %	Cost of Investment RM million	Total Realisation RM million
Full realisation				
ILMU Education Group	29 December 2017	-	95.8	38.2

EKUINAS OUTSOURCED (TRANCHE I) FUND

AS AT 31 DECEMBER 2017

1. FUND OVERVIEW

Fund Name	EkuiNAS Outsourced (Tranche I) Fund
Vintage Year	2011
Status	Deployed
Capital Commitment	RM400.0 million
Term	6 Years + 1 Year
Investment Period	3 to 6 Years
Legal Form & Structure	<p>One fund manager and multiple investors. Outsourced to the following fund and fund managers:</p> <ol style="list-style-type: none"> 1) Fund: Navis Malaysia Growth Opportunities Fund I, L.P. Fund Manager: Navis MGO I GP Ltd. Fund's Domicile: Cayman Islands 2) Fund: CIMB National Equity Fund Ltd. P. Fund Manager: CIMB General Partner Ltd. Fund's Domicile: Labuan 3) Fund: TAP Harimau Fund L.P. Fund Manager: TAP (Malaysia) Ltd. Fund's Domicile: Labuan
Geographical Focus	Malaysia
Investment Focus	Minority Growth Capital Fund
Industry Focus	General except for Ekuinas' negative investment list

EKUINAS OUTSOURCED (TRANCHE I) FUND

AS AT 31 DECEMBER 2017

2. FUND NET ASSETS VALUE (NAV) AS AT 31 DECEMBER 2017

	2016 RM million	Movement RM million	2017 RM million
A. Capital Commitment	400.0	-	400.0
B. Capital Called	305.7	1.3	307.0
C. Capital Reinvested	23.8	2.2	26.0
D. Total Capital Contributed (B+C)	329.5	3.5	333.0
E. Debt Drawdown (Amortised Cost)	-	-	-
F. Total Capital Invested (D+E)	329.5	3.5	333.0
Plus Increases/(Decreases) to Net Assets Value:			
Dividend Income	-	-	-
Net Unrealised Gain/(Loss) on Fair Value of Investments	122.5	(9.0)	113.5
Realised Loss from Divestment	(1.8)	-	(1.8)
Interest Income/(Expenses)	-	-	-
Total Gross Portfolio Return	120.7	(9.0)	111.7
Organisational Expenses	(17.5)	(1.6)	(19.1)
Capital Distributions to Limited Partners (C+H)*	(23.8)	(2.2)	(26.0)
Net Increase/(Decrease) in Net Assets Value	79.4	(12.8)	66.6
G. Net Assets Value	408.9	(9.3)	399.6
Net Assets Value made up of:			
Investments - at cost	240.4	(93.9)	146.5
Net Unrealised Gain/(Loss) on Fair Value of Investments	122.5	(9.0)	113.5
Investments carried at Fair Value	362.9	(102.9)	260.0
Plus: Cash Balance	-	-	-
Plus: Working Capital	46.0	93.6	139.6
Plus: Uncalled Capital	-	-	-
Equals Net Assets Value	408.9	(9.3)	399.6
Net Assets Value	408.9	(9.3)	399.6
H. Capital Distributed	-	-	-
Total Net Assets Value plus Distributed Capital (G+H)	408.9	(9.3)	399.6
Gross IRR p.a.	9.8%		7.5%
Net IRR p.a. (before carried interest)	8.7%		6.6%
Carried Interest (RM million)	5.7		6.2
H/B Cash Distributions to Capital Called	-		-
G/B Net Assets Value to Capital Called	1.3		1.3
(G+H)/B Total Value to Capital Called	1.3		1.3
B/A Capital Called to Committed Capital	0.8		0.8

* Includes deemed distribution for reinvested capital

EKUINAS OUTSOURCED (TRANCHE I) FUND

AS AT 31 DECEMBER 2017

3. INVESTMENT PERFORMANCE

Current Portfolio Summary as at 31 December 2017

Company	Ekuinas Commitment RM million	Private Capital Commitment RM million	Total Fund Size RM million	Ekuinas Invested Capital RM million	Investment by Others RM million	Net Asset Value RM million
Navis Malaysia Growth Opportunities Fund I, L.P.						
CIMB National Equity Fund Ltd. P.						
TAP Harimau Fund L.P.	400.0	151.9	551.9	146.5	62.6	399.6

Gross IRR 7.5% p.a.
Net IRR 6.6% p.a.

EKUINAS OUTSOURCED (TRANCHE II) FUND

AS AT 31 DECEMBER 2017

1. FUND OVERVIEW

Fund Name	EkuiNAS Outsourced (Tranche II) Fund
Vintage Year	2013
Status	Deployed
Capital Commitment	RM240.0 million
Term	7 Years + 1 Year
Investment Period	3 to 7 Years
Legal Form & Structure	<p>One fund manager and multiple investors. Outsourced to the following fund and fund managers:</p> <ol style="list-style-type: none"> 1) Fund: RMCP One Sdn Bhd Fund Manager: RMCP Cayman Ltd. Fund's Domicile: Malaysia 2) Fund: COPE Opportunities 3 Sdn Bhd Fund Manager: CMS Opus Private Equity Sdn Bhd Fund's Domicile: Malaysia 3) Fund: Tael Tijari (OFM) L.P. Fund Manager: TAE L Tijari Partners Ltd. Fund's Domicile: Cayman Islands
Investment Focus	Malaysia
Investment Focus by Stage	Minority Growth Capital Fund
Investment Focus by Industry	General except for EkuiNAS' negative investment list

EKUINAS OUTSOURCED (TRANCHE II) FUND

AS AT 31 DECEMBER 2017

2. FUND NET ASSETS VALUE (NAV) AS AT 31 DECEMBER 2017

	2016 RM million	Movement RM million	2017 RM million
A. Capital Commitment	240.0	-	240.0
B. Capital Called	83.3	9.0	92.3
C. Capital Reinvested	-	-	-
D. Total Capital Contributed (B+C)	83.3	9.0	92.3
E. Debt Drawdown (Amortised Cost)	-	-	-
F. Total Capital Invested (D+E)	83.3	9.0	92.3
Plus Increases/(Decreases) to Net Assets Value:			
Dividend Income	-	-	-
Net Unrealised Gain/(Loss) on Fair Value of Investments	(10.1)	1.8	(8.3)
Realised Loss from Divestment	(2.3)	-	(2.3)
Interest Income/(Expenses)	-	-	-
Total Gross Portfolio Loss	(12.4)	1.8	(10.6)
Organisational Expenses	(4.3)	(1.0)	(5.3)
Capital Distributions to Limited Partners (C+H)*	-	-	-
Net Increase/(Decrease) in Net Assets Value	(16.7)	0.8	(15.9)
G. Net Assets Value	66.6	9.8	76.4
Net Assets Value made up of:			
Investments - at cost	76.7	8.5	85.2
Net Unrealised Gain/(Loss) on Fair Value of Investments	(10.1)	1.8	(8.3)
Investments carried at Fair Value	66.6	10.3	76.9
Plus: Cash Balance	-	-	-
Plus: Working Capital	-	(0.5)	(0.5)
Plus: Uncalled Capital	-	-	-
Equals Net Assets Value	66.6	9.8	76.4
Net Assets Value	66.6	9.8	76.4
H. Capital Distributed	-	-	-
Total Net Assets Value plus Distributed Capital (G+H)	66.6	9.8	76.4
Gross IRR p.a.#	N/M		N/M
Net IRR p.a. (before carried interest)	N/M		N/M
Carried Interest (RM million)	-		0.5
H/B Cash Distributions to Capital Called	-		-
G/B Net Assets Value to Capital Called	0.8		0.8
(G+H)/B Total Value to Capital Called	0.8		0.8
B/A Capital Called to Committed Capital	0.3		0.4

The Gross IRR and Net IRR for Ekuinas Outsourced (Tranche II) Fund are not presented as the fund is still in early stages of investments

* Include deemed distribution for reinvested capital

EKUINAS OUTSOURCED (TRANCHE II) FUND

AS AT 31 DECEMBER 2017

3. INVESTMENT PERFORMANCE

Portfolio Summary as at 31 December 2017

Company	Ekuias Commitment RM million	Private Capital Commitment RM million	Total Fund Size RM million	Ekuias Invested Capital RM million	Investment by Others RM million	Net Asset Value RM million
RMCP One Sdn Bhd						
COPE Opportunities 3 Sdn Bhd	180.0*	110.1	290.1	85.2	54.3	76.4
Tael Tijari (OFM) L.P.						

Gross IRR N/M

Net IRR N/M

* Tuas Capital Partners Malaysia Growth 1 L.P. was terminated in 2015

The financial performance for Ekuias Outsourced (Tranche II) is not presented as the fund is still in early stages of investments

NOTES TO THE PORTFOLIO REPORTING

1. Notes to the Portfolio Reporting

The external auditor, PwC, was engaged by Ekuinas to perform certain procedures on the Portfolio Reporting on pages 122 to 137 for the financial year ended 31 December 2017, and has checked the information on Funds' Net Assets Value and Investment Performance as at 31 December 2017 included therein to supporting source data, and re-performed computations, where applicable.

GLOSSARY

Buy-Out

(Also known as MBO-LBO-MBI-BIMBO)

Buy-out funds enable the current operating management and investors to acquire or to purchase a significant shareholding in the company they manage. The private equity firm usually gains control of a majority of a target company's equity when a buy-out occurs.

"Buy and Build" Strategy

A strategy to support active, inorganic growth of portfolio companies through add-on acquisitions.

Bolt-on Investment

(Also known as Follow-on Investment) An investment via an existing portfolio company into a business, usually in the same industry, that presents strategic value.

Co-investment

A co-investment is a minority investment made alongside another private equity investor. It is a passive, non-controlling investment, as the private equity firm involved will typically exercise control and perform monitoring functions.

Commitment

The specified sum of capital that has been agreed to a private equity fund. The sum of commitments to a private equity fund equals the total size of the fund.

Committed Investment

The specified amount of capital that has been committed for investment in a portfolio company.

Divestment

Reduction of an asset or sale of an existing business by a firm.

Drawdown

The actual act of transferring capital that has been committed to the fund for undertaking an investment.

Dry Powder

Amount of cash reserves or liquid assets available to deploy for investment.

Emerging Markets

Funds that invest in equity or debt of emerging markets that tend to have higher inflation and volatile growth.

Fund of Funds

A financial instrument that invests in a number of private equity partnerships. Ekuinas' Outsourced Programme is a fund of funds where Ekuinas' capital is pooled together with capital raised by third party private equity fund managers that have been appointed to invest on its behalf.

General Partner (GP)

The General Partner (GP) is in charge of managing a private equity fund's portfolio and earns a management fee.

Growth Capital

Growth capital refers to funds used to accelerate the growth of a company or used for business expansion.

Limited Partner (LP)

Institutions or high-net-worth individuals/sophisticated investors that contribute capital to a private equity fund. In Ekuinas' case, the LP is Yayasan Ekuiti Nasional/the Government of Malaysia.

Management Fees

Management fees during the investment period are almost invariably calculated as a percentage fee applied to the commitments made by the LP to the fund. The primary determinant of the workload for the GP is the search for potential investments, and this is driven by the size of total commitments to the fund, and not the actual amount invested at this stage in the fund's lifetime.

Net Internal Rate of Return (IRR) %

The net IRR earned by an LP to date after fees and carry. The internal rate of return is based upon the realised cash flows and the valuation of the remaining interest in the partnership. IRR is an estimated figure, given that it relies upon not only cash flows but also the valuation of unrealised assets.

Portfolio Companies/Investee Companies

A portfolio company or an investee company is a company or entity in which a private equity fund invests. All of the companies currently backed by a private equity firm can be spoken of as being under the firm's portfolio.

Private Investment in Public Equity (PIPE)

Investment by a private equity fund in a publicly traded company.

Public-Private Partnerships (PPP)

Contractual agreements between public bodies, local authorities or central government, and private companies to deliver a public, social or economic infrastructure project.

Sector Focused

A fund that invests solely in businesses that operate in a particular industry or sector of the economy.

Venture Capital

Venture capital is a type of private equity investment that provides capital to new or growing businesses. Venture funds invest in start-up firms and small businesses with perceived, long-term growth potential.

Based on some definitions on (www.preqin.com) and accepted internal uses at Ekuinas

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