Ekuiti Nasional Berhad (868265-U)

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EKUITI NASIONAL BERHAD (868265-U)

Annual Report **2012**

ekuinas
EKUITI NASIONAL BERHAD

Building Businesses

Annual Report 2012

Building Businesses

In a highly competitive business arena, vision, strategy and execution are crucial components for any organisation to achieve success. With this in mind, Ekuinas was established as a market-friendly policy instrument to transform high potential, mid-sized Malaysian entities into leading companies. This year's theme is portrayed via icons of the diverse range of businesses that we are transforming.

Company Vision

To be a world-class Private Equity fund management company

Company Mission

To create Malaysia's next generation of leading companies whilst promoting equitable, effective and sustainable Bumiputera economic participation

Company 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

CONTENTS

CORPORATE PROFILE

BACKGROUND

Ekuiti Nasional Berhad, or Ekuinas, is a private equity fund management company established by the Government of Malaysia on 1 September 2009 to create Malaysia's next generation of leading companies whilst promoting equitable and sustainable Bumiputera economic participation.

The Government had provided Ekuinas with an initial endowment of RM500 million under the 9th Malaysia Plan and committed an additional RM4.5 billion under the 10th Malaysia Plan. This is provided in the form of a grant to be held in trust by Yayasan Ekuiti Nasional (YEN), a specific trust foundation whose mandate is to enhance and grow Bumiputera equity interest.

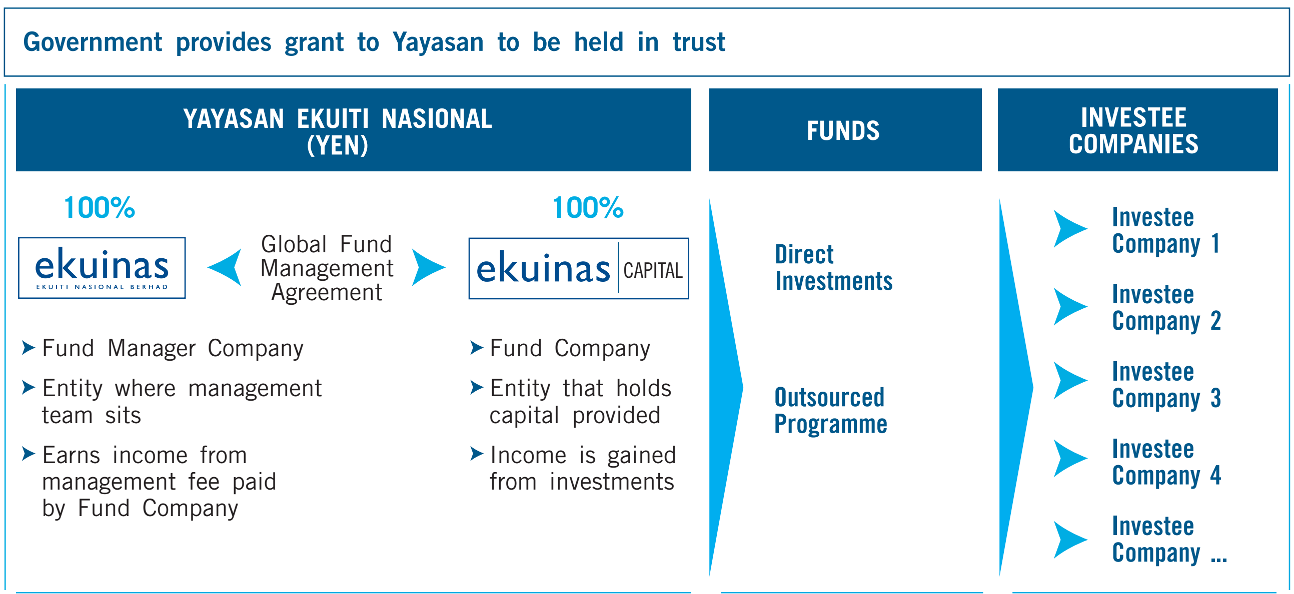
The funds held under YEN are directed into Ekuinas Capital Sdn Bhd, also known as Ekuinas Capital, which serves as the designated fund capital company. Ekuinas functions as the private equity company managing these funds and the operating entity where the management team resides.

Both Ekuinas and Ekuinas Capital are wholly owned subsidiaries of YEN and strive to fulfill the mission of promoting equitable, effective and enhanced Bumiputera economic participation by focusing on both financial and social objectives.

Ekuinas undertakes its investments via two distinct operations:

- Direct Investments – where it invests directly in high potential companies; and
- Outsourced Programme – where Ekuinas appoints third party private equity managers to manage allocated funds and undertake investments on its behalf.

Exhibit 1: Overall Ekuinas Structure



YAYASAN EKUITI NASIONAL: BOARD OF TRUSTEES

The members on the Board of Trustees for YEN are:-

1. **YAB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak**
   Prime Minister, Minister of Finance and Minister of Women, Family and Community Development;

2. **YAB Tan Sri Dato' Haji Muhyiddin bin Mohd Yassin**
   Deputy Prime Minister and Minister of Education;

3. **YB Tan Sri Nor Mohamed bin Yakcop**
   Minister in the Prime Minister's Department;

4. **YB Dato' Sri Mustapa bin Mohamed**
   Minister of International Trade and Industry;

5. **YB Dato' Seri Haji Ahmad Husni bin Mohamad Hanadzlah**
   Minister of Finance (II);

6. **YBhg Dato' Sri Dr Mohd Irwan Serigar bin Abdullah**
   Secretary General to the Treasury/Ministry of Finance; and

7. **YBhg Datuk Dr Rahamat Bivi binti Yusoff**
   Director General, Economic Planning Unit, Prime Minister's Department.

CORPORATE PROFILE

OBJECTIVES

Ekuinas is a commercially driven organisation with the primary objective of delivering financial value on its investments. The Company has set a minimum target Internal Rate of Return (IRR) of 12% per annum, while aspiring to generate an overall IRR of 20% per annum on its total investment portfolio.

Ekuinas firmly believes that only through financial discipline and value can the social objectives it pursues be sustainably achieved.

As a government-linked private equity company, Ekuinas pursues the social goal of enhancing equitable Bumiputera economic participation in the Malaysian economy. To ensure its results are sustainable, the Company is committed to pursuing its goals in a market-friendly, merit-based and transparent manner.

Through its investments, Ekuinas aims to promote and strengthen equitable participation within the Malaysian economy across four key dimensions:-

- **Enhancing corporate equity ownership;**
- **Enhancing management participation and entrepreneurship;**
- **Increasing meaningful employment; and**
- **Improving the supply chain.**

Exhibit 2: Clear Investment Objectives – A Balance between Financial and Social Objectives

FINANCIAL OBJECTIVES	SOCIAL OBJECTIVES
Financial objective is commercially driven to create sustainable value – Financial target set as “hard/minimum” investment criteria – Minimum financial target of **12% IRR** with aspirational target of up to **20% IRR p.a.** – Targets set in line with private equity benchmarks – Recognise only through financial discipline that social objectives can be achieved sustainably	**Social objective is to foster equitable Bumiputera economic participation across four dimensions:** – Enhance effective corporate **equity ownership** – Growing the pool of qualified and experienced **management** – Creating **employment** opportunities via growth in target sectors and companies – Creating value for **supply chain** partners **Focus is on quality not quantity**

GOVERNANCE

At Ekuinas, we adhere to the highest standards of corporate governance and aim to adopt global best practices throughout our operations.

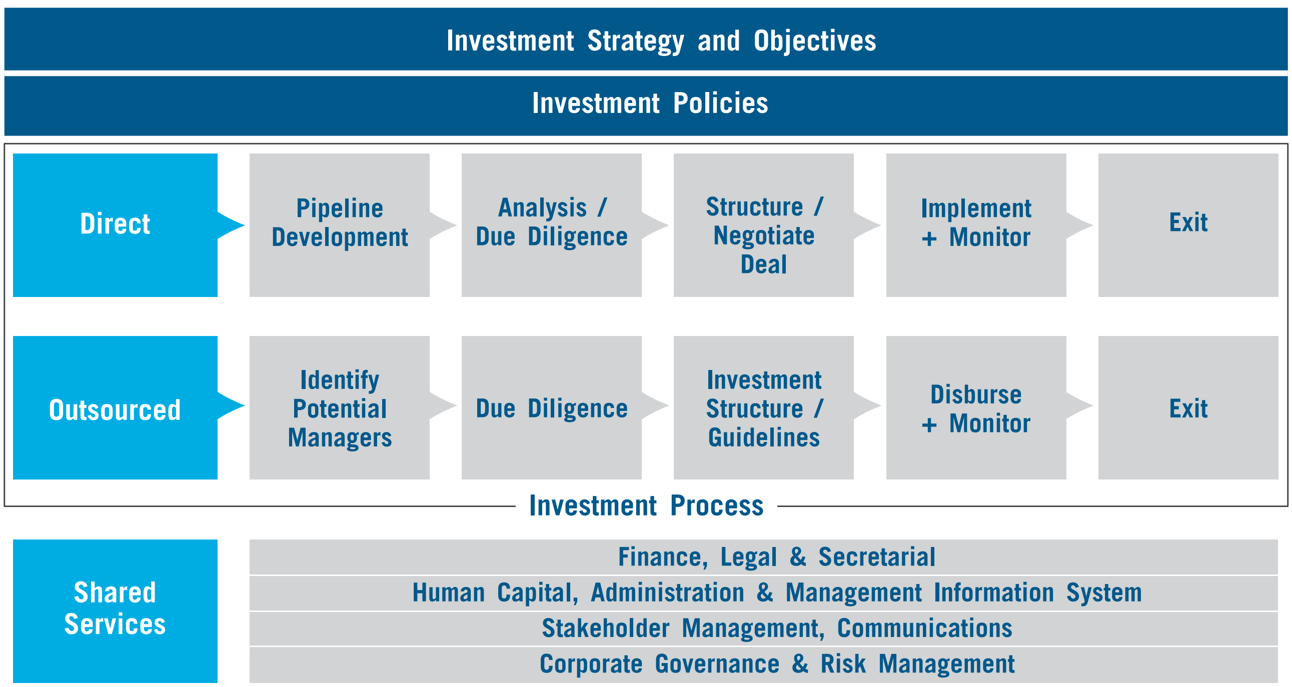
We also adhere to global private equity best practices in terms of fair and prompt disclosure of information with regard to all investments. Further details on the corporate governance and disclosure framework are provided in the relevant sections in this Annual Report.

EKUINAS' OPERATING MODEL

Ekuinas' operating model consists of all the important functions which form the foundation of the business. Key policies were developed with the aim of ensuring a private equity practice that is on par with global standards and best practices. These policies encompass the Company's direct and outsourced investments, the respective frameworks and guidelines, as well as those established for other areas of business including governance, disclosure, treasury, human resources, stakeholder management and communications.

The RM5 billion allocated under the 9th Malaysia Plan and 10th Malaysia Plan will be invested in three funds over five years for both the Direct Investments and Outsourced Programme.

Exhibit 3: The Ekuinas Operating Model



CORPORATE PROFILE

INVESTMENT FOCUS

In Malaysia, the Government has established numerous agencies, institutions and programmes focusing predominantly on Venture Capital (VC) funding with the intention to support the development and growth of new businesses and ventures in the country. While VC provides funds for companies that are entering new business and developing new technology, Private Equity (PE) focuses on companies that have already established themselves and are seeking to enter the next level of growth. Although still considered to be in a relatively nascent stage, the Government expects the PE industry to become more prominent and to play a more significant role as the country adapts to new realities in the market.

The Government of Malaysia established Ekuinas as an institution which would adopt the PE approach as one of the new innovative instruments of the New Economic Model (NEM). Ekuinas' private equity investments are undertaken in a market-friendly, merit-based and transparent manner in the aim of achieving a more inclusive economy for all Malaysians.

In order to avoid overlapping of roles between Government agencies, Ekuinas does not focus on start-ups or early stage companies which are more suited for VC investments and instead focuses more on established growth companies.

Exhibit 4: Ekuinas' Private Equity Approach

Private Equity (PE)	Based on the principles of:
➤ Investing in high potential companies	➤ Market-friendly
➤ Growing the companies aggressively to create value	➤ Merit-based
➤ Exiting when the companies have grown to become industry leaders	➤ Transparent
	➤ Best practices

Exhibit 5: Investment Focus

Ekuinas is mandated to support medium to large-sized Malaysian companies which are in the GROWTH stage – typically such companies would have some operational track record and are able to identify opportunities to expand to the next stage.

Business Lifecycle	Start-ups & Micro-Enterprises	Development Stage	Growth	Mature
Target Companies' Attributes	• Start-ups • Ideas on paper	• Small scale commercial operations • Low/negative profits • Investment size <RM30 million, average RM10 million	• Strong operational/ profit track record • Looking to go to the next stage of growth • Investment size ~RM50 million • 3 - 5 years' investment horizon	• Large companies with established market positions, often with multiple subsidiaries/core businesses • Investment size ~RM500 million
Existing Institutions/ Programmes	Examples of existing institutions and programmes include: Grants e.g.: • Cradle Investment Programme • SME Corp • CRDF • BiotechCorp Equity & Loan: • PUNB • MARA	Equity e.g.: • MAVCAP • MTDC • PNS • PUNB 5-10 years' investment horizon Debt e.g.: • MDV • SME Bank • PNS Grants e.g.: • TechnoFund	ekuinas EKUITI NASIONAL BERHAD	Examples of institutions include: • Khazanah • 1MDB • PNB • LTAT • EPF • Other Unit Trusts Long term holding

Source: Companies' websites, internal analysis

CORPORATE PROFILE

TARGET SECTORS

Ekuinas may consider investments from all sectors but six target sectors have been identified namely Oil & Gas, Education, Fast Moving Consumer Goods (FMCG), Retail & Leisure including Food & Beverage (F&B), Healthcare and Services.

Exhibit 6: Target Sectors

Education	Oil & Gas	Services
Fast Moving Consumer Goods	Healthcare	Retail & Leisure

The Company will not, however, invest in gaming, liquor, or other illegal/unethical activities; hedge funds, derivatives or commodities; property and construction; and companies with minimal Malaysian focus.

Negative Investment List

- **Gaming, Liquor,** Illegal & Unethical Sector/Business
- **Hedge Funds, Derivatives,** Currencies, Commodities, Funds of Funds
- **Property & Construction**
- Businesses which are exposed to **concentration risks** especially those that rely heavily on a **single source** of revenue stream/customer
- Companies with **no Malaysian focus**

TYPES OF INVESTMENTS

Ekuinas' investment selection considers medium to large sized Malaysian companies in the following categories:

TYPE I – growth capital investment in Malaysian companies to accelerate growth;

TYPE 2 – majority investment in strong Malaysian companies which demonstrate the potential to become market leaders; and

TYPE 3 – buy-outs of non-core assets of any government-linked companies (GLCs), public-listed companies (PLCs), multi-national companies (MNCs) or Trust Funds.

Exhibit 7: Types of Investments

Type 1

Growth Capital Investment in Malaysian Companies to Accelerate Growth

Ekuinas backs existing successful Malaysian companies to accelerate their growth further through inorganic means

Type 2

Majority Investment in Strong Malaysian Companies

Ekuinas undertakes buy-outs of Companies and installs capable targeted professionals / entrepreneurs to manage

Type 3

Buy-Outs of Non-Core Companies of GLC / PLC / MNC / Trust Fund

Singapore

Ekuinas backs targeted professionals in acquiring businesses that they can run as owner operators

CORPORATE PROFILE

INVESTMENT STRATEGY

Ekuinas' investment strategy is to identify all opportunities to invest in mid-sized Malaysian companies to transform and grow them into sizeable market leaders and profitable investments, after which Ekuinas will exit. Depicted below are the key elements of our investment strategy.

Exhibit 8: Investment Thesis

Basic Thesis:

Ample opportunities to invest in mid-sized Malaysian companies, transform and grow them into sizeable market leaders and profitable investments

EXIT

- **Premium will be secured for sizeable industry leader**
- Maximise returns but ensure priority to **Bumiputera equity sustainability**

INDUSTRY

- Look for sizeable industry with **growth** opportunities, offering:
  - Organic growth & market share gains
  - Consolidation opportunities
  - Regional expansion
- Prioritise **freely-competitive industries** and minimise single-client, contract based industries

COMPANIES

- **Near-market leaders or companies with platform to be built into market leaders**
- Unique **competitive & sustainable advantage**
- Good **management setup** or otherwise, clear improvements can be implemented

INVESTING APPROACH

- Target deals that offer **sustained and consistent above market returns** that meet internal targets, whilst protecting downside
- **Focused on execution of value creation plan, whilst taking advantage of opportunistic deals**

CONTROL

- **Focused on control** or sizeable stake that ensures meaningful participation
- Ensures ability to execute Value Creation Plan

FOCUSED EXECUTION

Emphasis on executing **Value Creation Plan**

- **Operational** value creation through growth and cost efficiency
- Ensure efficient use of capital
- Drive aggressive **acquisition**
- **Adopt Best Practices** in management, operations and governance
- **Hands-on approach to drive value creation**

INVESTMENT FRAMEWORK

Ekuinas undertakes its investments via two simultaneous operations:

1. **Direct Investments** – where investments are undertaken directly by Ekuinas focusing on larger deal sizes involving controlling or sizeable equity stakes to enable active participation and value creation for the companies and all stakeholders.

2. **Outsourced Programme** – where Ekuinas undertakes investments through third party private equity firms appointed as fund managers, who are responsible to raise additional external capital and manage the investments.

To avoid overlap, each investment operation has a different focus as outlined in Exhibit 9 below.

Exhibit 9: Investment Focus for each Operating Model

EKUITI NASIONAL BERHAD

Direct Investments	Outsourced Programme
Explore **co-investment** to bring in private/external capital	**Must raise external capital** (ratio of least 20%)
Focused on buy-outs and controlling stake, so as to effect larger scale changes	Focused on provision of **growth capital** where **significant minority stake is acquired**
Highly active shareholder – somewhat similar to conglomerate holding companies	**Active shareholder** that intervenes selectively
Larger deal size (>RM30 million)	**Smaller deal size** (>RM15 million)
Focused on **professional managers**	Focused on **backing entrepreneurs/professional management**

CORPORATE PROFILE

DIRECT INVESTMENTS

Ekuinas' Direct Investment activities undergo several key processes from the **initial stage** of identifying potential investments; to the **final stage** of recommendation to the Investment Committee and the Board of Directors; up until after the acquisition is completed.

In addition, Ekuinas will work together with the investee company to create a Value Creation Plan (VCP) which is then implemented post acquisition. The objective of the VCP is, inter alia, to help the company grow and improve in various aspects of its business in the aim of taking the company to the next level.

Exhibit 10: Seven Key Processes for Direct Investments

1 Deal sourcing and screening	Evaluation		Execution	Post-acquisition		
	2 Outside-in Strategic Due Diligence	3 Full Due Diligence	4 Negotiation and structuring	5 100-day plan	6 Managing & Monitoring	7 Exit
Lead generation and identification of deal opportunities Initial screening using Form 1 and Form 2	Outside-in analysis on: - Market attractiveness - Company attractiveness - Financial & non-financial attractiveness Initial risk assessment In principal approval from BoD	Full due diligence leveraging external advisors on: - Strategic - Financial - Legal	Structuring and drafting of shareholder agreement and SPA Negotiation and finalisation of term sheet Final approval to authorise fund	Development of 100-day value creation plan for target company	Execution of 100-day plan On-going performance review Strategic direction and support on key initiatives	Exit opportunity/ channel identification Divestment execution

OUTSOURCED PROGRAMME

To complement Direct Investment activities, Ekuinas also operates the Outsourced Programme with the objective to successfully develop and manage an outsourced fund programme to capable third party Outsourced Fund Managers (OFMs), which drives and supports the achievement of Ekuinas' financial and qualitative targets. The framework and guidelines of the Programme are as presented in Exhibit 11 below.

Exhibit 11: Outsourced Programme – Framework and Guidelines

FINANCIAL TARGET

Same as Direct Investment
- 12% IRR p.a. as a minimum target
- 20% IRR p.a. aspirational target

SECTOR FOCUS

Open to all sectors or theme outside the negative investment list:
- Gaming, liquor, property, construction
- Companies with no Malaysian participation

SOCIAL TARGETS

Given limited control, focus on increasing:
- Equity ownership
- Senior Management
- Employment

Delivery incentivised by way of offering higher profit share if targets achieved

EQUITY STAKE

Focus on providing growth capital and taking up minority stake to support existing entrepreneurs/ companies

OTHER KEY OUTSOURCED INVESTMENT GUIDELINES

FUND SIZE	INVESTMENT SIZE	EXTERNAL CAPITAL	INVESTMENT PERIOD	COMPANY GROWTH STAGE	COMPENSATION	EXITS
• Range between **RM120 million to RM250 million** to facilitate sufficient deal sizes	• Prefer between **RM15 million to RM50 million** • Must not be less than RM15 million • Must not exceed 20-25% of Fund Size	• OFM must raise at least **20%** of Fund from external third party investors	• 3 to 6 years to facilitate value creation • No investment less than 1 year or exceed 7 years	• Focus on growth companies • No startups or developmental stage	• Ekuinas commits to paying industry level management fee and profit share to ensure performance	• Open to all avenues including listing and trade sale

CORPORATE PROFILE

Five key evaluation dimensions were used in the selection of the OFMs. These are shown below.

Exhibit 12: Key Dimensions used in OFM selection process

1 Firm track record	• Reputation within the Malaysian private equity industry • Solid financial performance • Successful value creation in portfolio companies
2 Investment team experience	• Strong senior management team with ability to generate healthy deal flow • Relevant buy-side experience and track record (e.g. execution and portfolio management) • Expertise in relevant deal type, sectors and geography
3 Robust Investment process	• Documented investment management process and compliance track-record • Robust decision-making process, governance and risk management framework • Strong support team
4 Fund raising ability	• Fund raising track record • Potential to raise at least 20% required third-party capital • Establish plan for external third party fund raising
5 Fit with Request For Proposal (RFP) requirements and guidelines	• Alignment with investment strategy, fund structure and governance

SUMMARY

In summary, Ekuinas is a government-linked private equity firm which pursues its objectives in a manner that is market-friendly, merit-based and transparent to ensure that the impact is sustainable over the long term.

Ekuinas:

- is a government-linked private equity firm
- promotes equitable and sustainable Bumiputera economic participation
- via the creation of Malaysia's next generation of leading companies

How does Ekuinas operate?

Based on the Private Equity model of:

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

pursues
two objectives…

Financial objective

- Target return: Min 12% IRR, Aspirational 20% IRR per annum

Social objective

Enhance Bumiputera economic participation through:

- Equity ownership
- Management
- Employment
- Creating value in supply chain

… through
two key methods…

Direct Investments

- Directly undertake investments
- Skewed towards buy-outs and controlling stake

Outsourced Funds

- Outsourced PE Managers making investments
- Must raise external capital
- Focused on provision of growth capital

… targeting
two key groups…

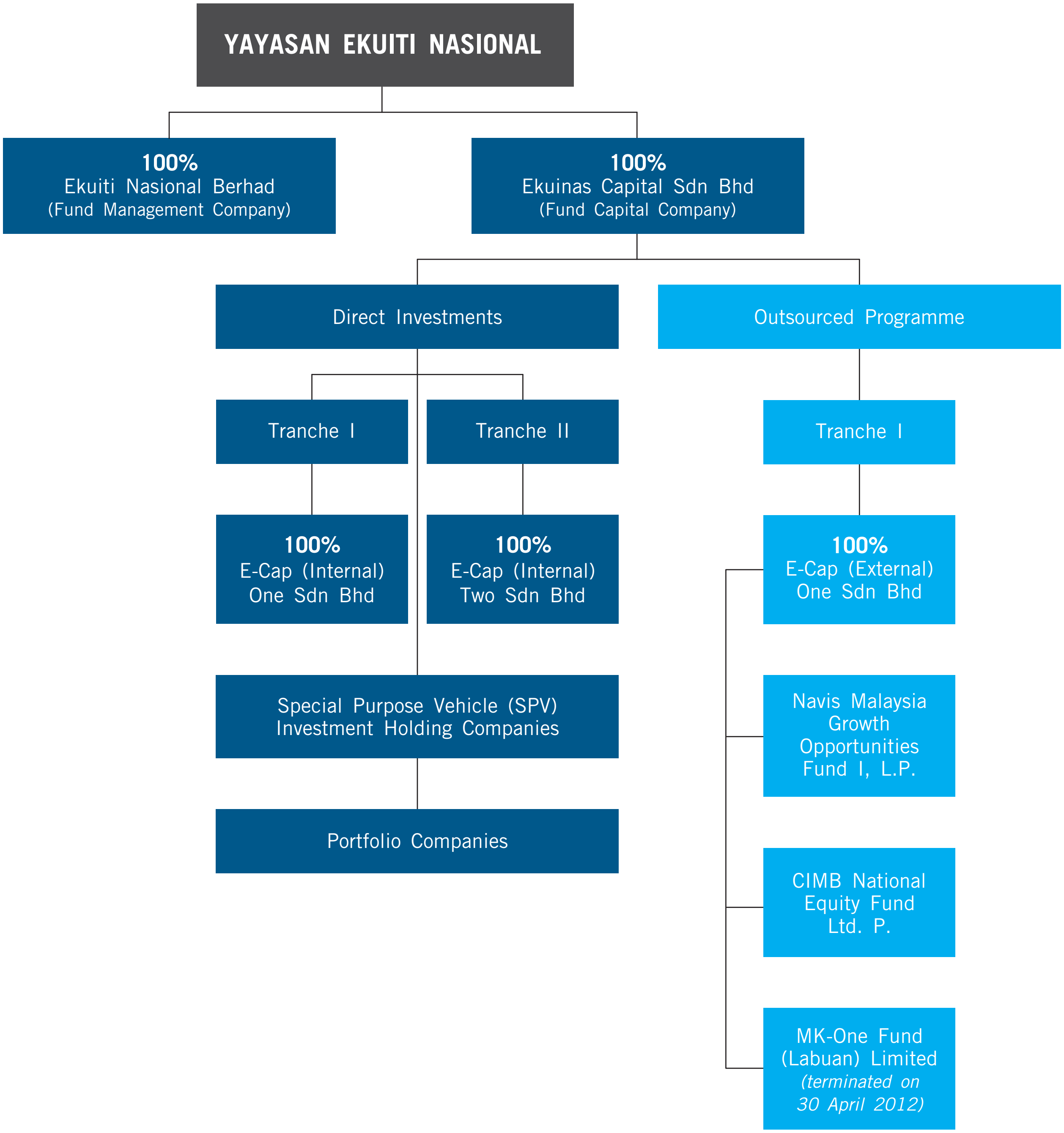
Entrepreneurs

- Supplement entrepreneurs' risk capital
- Enhance their capabilities with professional oversight

Professional Managers

- Opportunities for capable managers to earn "sweat equity"

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Tan Sri Dato' Seri Mohamed Jawhar Hassan

Tan Sri Mohamed Azman Yahya

Datuk Dr. Rahamat Bivi Yusoff

Datuk Noriyah Ahmad

Dato' Abdul Rahman Ahmad
(Chief Executive Officer)

BOARD COMMITTEES

Audit Committee

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

Tan Sri Dato' Seri Mohamed Jawhar Hassan

Datuk Noriyah Ahmad

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)

Dato' Abdul Rahman Ahmad

Syed Yasir Arafat Syed Abd Kadir

Mazhairul Jamaluddin

Nik Johaan Nik Hashim

Amil Izham Hamzah

COMPANY SECRETARY

Shamsiah A Rahman (MAICSA 7008380)
Norsham Abdul Ghani (LS 01203)

AUDITOR

PricewaterhouseCoopers
Chartered Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
AmBank (M) 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 13, Surian Tower
No. 1, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya, Selangor

MANAGEMENT COMMITTEE

Dato' Abdul Rahman Ahmad
Chief Executive Officer

Syed Yasir Arafat Syed Abd Kadir
Managing Partner, Investment

Mazhairul Jamaludin
Chief Financial Officer/
Senior Director, Investment/Outsourcing

Nik Johaan Nik Hashim
Senior Director, Investment/Stakeholder Management

Amil Izham Hamzah
Senior Director, Investment

Suridah Jalaluddin
Senior Director, Investment/Shared Services

OTHER MANAGEMENT

Roselinda Hashim
Chief Legal Counsel and Director, Investment

Zaleha Abdul Hamid
Director, Portfolio Management and Monitoring, Finance

Sharifah Noralina Syed Yassin
Director, Portfolio Management and Monitoring,
Human Resource

Norhafizah Md Shariff
Financial Controller/Associate Director, Outsourcing

Noramly Bachok
Head, Corporate Governance & Risk Management

CORPORATE MILESTONES

2009

June

Prime Minister Dato' Sri Mohd Najib bin Tun Haji Abdul Razak announced the establishment of Ekuiti Nasional Berhad (Ekuinas), a new investment institution.

September

Appointment of the Board of Directors and the Chief Executive Officer of Ekuinas.

December

Ekuinas received the first RM100 million of RM500 million allocated under the 9th Malaysia Plan.

2010

January

Commencement of Tranche I for Direct Investments with RM1 billion.

February

The remaining RM400 million of the RM500 million allocated under the 9th Malaysia Plan was received.

First investment: Alliance Cosmetics Group.

June

Second investment: Tanjung Offshore Berhad.

July

Appointment of Outsourced Fund Managers for Tranche I of the Outsourced Programme.

October

Third investment: Konsortium Logistik Berhad.

November

Fourth investment: APIIT Education Group.

2011

February

The first RM300 million fund allocation by the Government for the year was received.

March

Commencement of Tranche I for the Outsourced Programme with a total fund size of RM543 million.

Navis Capital Partners, one of the outsourced fund managers (OFMs), undertook the first investment via Navis Malaysia Growth Opportunities Fund I, L.P. (MGO Fund) in Atelier Asia Sdn Bhd, a fast growing distributor and retailer of popular brands in the lifestyle apparel and baby-care segments.

April

Announcement of Ekuinas' first year results by the Prime Minister, YAB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak

- Gross Portfolio Return: RM54.5 million
- Gross Internal Rate of Return: 53.1%, annualised net IRR: 24.3%
- Increase in Bumiputera equity value by RM483.2 million or 1.3 times the capital invested by Ekuinas at RM380.6 million; and increase in Total Shareholder Value of RM582.1 million or 1.5 times of Ekuinas' invested capital

August

An additional RM300 million was received, completing the fund allocated of RM600 million for the year by the Government.

September

Fifth and sixth investments: BURGER KING® and San Francisco Coffee.

December

Seventh investment: Revenue Valley Group comprising Manhattan Fish Market, Popeyes and Tony Roma's.

Eighth investment: Cosmopoint Group comprising Kuala Lumpur Metropolitan University College and Cosmopoint International College of Technology.

2012 HIGHLIGHTS AT EKUINAS

January

Ekuinas commenced the selection process for Tranche II of its Outsourced Programme.

March

Ekuinas received fund allocation of RM300 million from the Government.

April

Announcement of second year results by the Minister in the Prime Minister's Department, YB Tan Sri Nor Mohamed bin Yakcop

- Gross Portfolio Return: RM174.1 million
- Gross Internal Rate of Return (IRR): 35.1%, annualised net IRR: 23.2%
- Increase in Bumiputera equity value by RM806.5 million or 1.4 times the capital invested by Ekuinas at RM577.7 million; and increase in Total Shareholders' Value of RM986.2 million or 1.7 times of Ekuinas' invested capital

The Navis Malaysia Growth Opportunities Fund I, L.P. (MGO Fund), managed by Navis Capital Partners under Ekuinas' Outsourced Programme, undertook two minority co-investments in MCAT Box Office Sdn Bhd (MBO), the third largest cinema chain operator in Malaysia and SEG International Berhad (SEGi), one of the largest private education groups for an investment of RM21.0 million and RM61.6 million respectively.

May

Ninth investment: Ekuinas undertook a co-investment in 90% effective stake in Unitar Capital Sdn Bhd, the owner and operator of University of Management and Technology (UMTECH), for RM58.5 million. UMTECH is now known as UNITAR International University.

June

Ekuinas received the additional fund allocation of RM400 million for 2012 from the Government.

July

Tenth investment: Ekuinas completed the acquisition of 100% equity stake in the marine arm of Tanjung Offshore Berhad (TOB), Tanjung Kapal Services Sdn Bhd (TKS), for RM250 million to facilitate TOB's de-merger of its marine and non-marine business. This was part of the TOB group's comprehensive restructuring process aimed at streamlining operations and creating focus and sustainable shareholder's value.

September

Eleventh investment: Ekuinas expanded its O&G portfolio with an investment of RM220.9 million in OMNI Petromaritime Sdn Bhd (OMNI), a fast growing Malaysian Offshore Support Vessel (OSV) service provider for an 82.5% equity stake.

Twelfth investment: Ekuinas undertook a RM78.2 million follow-on investment in its existing F&B portfolio company, Rancak Selera Sdn Bhd (Rancak Selera), to acquire and expand Burger King Singapore Pte Ltd, which is one of the leading quick service restaurants (QSR) players in the country. Rancak Selera secured the exclusive right from BK AsiaPac Pte Ltd (BKAP) to own, develop and franchise BURGER KING® outlets in Malaysia and Singapore for the next 20 years.

October

Ekuinas' Senior Management team had a closed door session with the Board of Trustees of Yayasan Ekuiti Nasional (YEN), the trust foundation which owns Ekuinas Capital, to present the company's half year progress report.

Ekuinas launched its second tranche for Direct Investments with a total fund allocation of RM1 billion.

November

Ekuinas undertook a strategic restructuring of its O&G portfolio to fully focus on the offshore support vessels (OSV) market. This involves the maiden divestment of Ekuinas' minority stake in Tanjung Offshore Berhad (TOB) with proceeds reinvested through the acquisition of additional stake in Tanjung Kapal Services Sdn Bhd (TKS).

Ekuinas announced the strategic consolidation of its two OSV companies, TKS and OMNI, to create one of Malaysia's largest OSV groups. Under the merger exercise, the two companies became wholly-owned subsidiaries of the renamed OSV investment holding company, Icon Offshore Berhad in which Ekuinas owns an 88.1% stake on a fully diluted basis for a total investment of RM384.0 million. The launching of Icon offshore Berhad was officiated by YB Tan Sri Nor Mohamed bin Yakcop, Minister in the Prime Minister's Department.

KEY FINANCIAL HIGHLIGHTS

FUND OVERVIEW

1. Funding from Yayasan Ekuiti Nasional (YEN)

	2012 RM million	2011 RM million
Funds received from YEN	**1,800.0**	1,100.0

2. Funds Established

Fund Name	Vintage Year	Fund Size RM million	Investment Focus	Term	Deployment Status
Ekuinas Direct (Tranche I) Fund	2010	1,000.0	Buy-Out & Growth Capital	5 + 2 years	Fully Deployed
Ekuinas Direct (Tranche II) Fund	2012	1,000.0	Buy-Out & Growth Capital	5 + 2 years	Investing
Ekuinas Outsourced (Tranche I) Fund	2011	400.0	Growth Capital	6 + 1 years	Investing

3. Total Funds Under Management

	2012 RM million	2011 RM million
Total Funds Under Management:		
Direct	**2,000.0**	1,000.0
Outsourced	**400.0**	400.0
	2,400.0	1,400.0
Total Funds available for Investments, including private capital	**2,516.9**	1,543.6

4. Summary of Fund Performance

a. Summary of Investment Activity

	Number of Investments	Committed Investments Undertaken RM million	Total Economic Capital Deployed in Malaysian Economy RM million
2012			
Ekuinas Direct (Tranche I) Fund	10	1,258.1	1,380.2
Ekuinas Direct (Tranche II) Fund	2	154.1	154.1
Total	12	1,412.2	1,534.3
Ekuinas Outsourced (Tranche I) Fund	3	74.1	434.8
Total	15	1,486.3	1,969.1

4. Summary of Fund Performance (continued)

a. Summary of Investment Activity (continued)

	Number of Investments	Committed Investments Undertaken RM million	Total Economic Capital Deployed in Malaysian Economy RM million
2011			
Ekuinas Direct (Tranche I) Fund	8	891.5	1,011.1
Ekuinas Direct (Tranche II) Fund	–	–	–
Total	8	891.5	1,011.1
Ekuinas Outsourced (Tranche I) Fund	1	11.8	17.0
Total	9	903.3	1,028.1

b. Summary of Divestment Activity

	Total Number of Exit	Total Realisation from Exit RM million
2012		
Ekuinas Direct (Tranche I) Fund	1	62.0
Total	1	62.0

c. Summary of Financial Performance

	Gross Portfolio Return RM million	Gross Internal Rate of Return (IRR)	Net IRR
2012			
Ekuinas Direct (Tranche I) Fund	**368.6**	**27.5%**	**20.6%**
Ekuinas Direct (Tranche II) Fund	27.0	95.8%	83.1%
Ekuinas Outsourced (Tranche I) Fund	(18.3)	-35.2%	-38.4%
2011			
Ekuinas Direct (Tranche I) Fund	**174.1**	**35.1%**	**23.2%**
Ekuinas Direct (Tranche II) Fund	–	–	–
Ekuinas Outsourced (Tranche I) Fund	(8.4)	NA[1]	NA[1]

1 *Financial performance for Ekuinas Outsourced (Tranche I) Fund was not presented in 2011 given the fund was in early stages of investment. Given the relatively limited number of investments, the performance for 2012 was also skewed by the management fees and expenses incurred.*

KEY FINANCIAL HIGHLIGHTS

4. **Summary of Fund Performance (continued)**

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
2012	**1,944.1**	**1.4x**	**2,394.1**	**1.7x**
2011	806.5	1.4x	986.2	1.7x

5. **Ekuiti Nasional Berhad (Fund Management Company)**

	2012 RM million	2011 RM million
Total Funds under Management (FuM)	**2,400.0**	1,400.0
Operating Expenditure (OPEX)	**24.8**	20.5
Profit After Tax (PAT)	**6.1**	4.3
Ratio of OPEX to FuM	**1.0%**	1.5%

INDIVIDUAL FUND PERFORMANCE

	2012 RM million	2011 RM million
1. **Ekuinas Direct (Tranche I) Fund**		
Fund Size	**1,000.0**	1,000.0
Number of Investments	**10**	8
Investment Activity		
Committed Investments Undertaken	**1,258.1**	891.5
Total Economic Capital Deployed in Malaysian Economy	**1,380.2**	1,011.1
Divestment Activity		
Number of Divestment	**1**	–
Total Realisation	**62.0**	–
Financial Performance		
(i) Returns		
Gross Portfolio Return	**368.6**	174.1
Gross Internal Rate of Return (IRR) (annualised)	**27.5%**	35.1%
Net IRR (annualised)	**20.6%**	23.2%
(ii) Balance sheet		
Portfolio Value	**1,436.5**	648.8
Net Asset Value (NAV)	**1,467.4**	672.3

INDIVIDUAL FUND PERFORMANCE (CONTINUED)

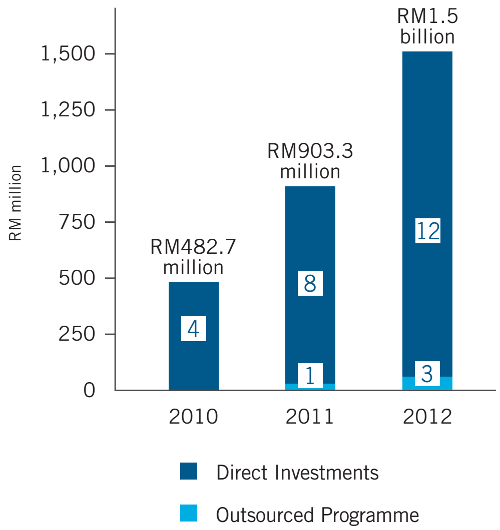
	2012 RM million	2011 RM million
2. Ekuinas Direct (Tranche II) Fund[1]		
Fund Size	**1,000.0**	–
Number of Investments	**2**	–
Investment Activity		
Committed Investments Undertaken	**154.1**	–
Total Economic Capital Deployed in Malaysian Economy	**154.1**	–
Financial Performance		
(i) Returns		
Gross Portfolio Return	**27.0**	–
Gross Internal Rate of Return (IRR) (annualised)	**95.8%**	–
Net IRR (annualised)	**83.1%**	–
(ii) Balance sheet		
Portfolio Value	**110.9**	–
Net Asset Value (NAV)	**106.8**	–
3. Ekuinas Outsourced (Tranche I) Fund[2]		
Fund Size	**400.0**	400.0
Number of Investments	**3**	1
Investment Activity		
Committed Investments Undertaken	**74.1**	11.8
Total Economic Capital Deployed in Malaysian Economy	**434.8**	17.0
Financial Performance		
(i) Returns		
Gross Portfolio Return	**(18.3)**	(8.4)
Gross Internal Rate of Return (IRR) (annualised)	**-35.2%**	N/A
Net IRR (annualised)	**-38.4%**	N/A
(ii) Balance sheet		
Portfolio Value	**71.4**	13.9
Net Asset Value (NAV)	**71.4**	13.9

1 *There is no comparative as the Fund was established in 2012.*

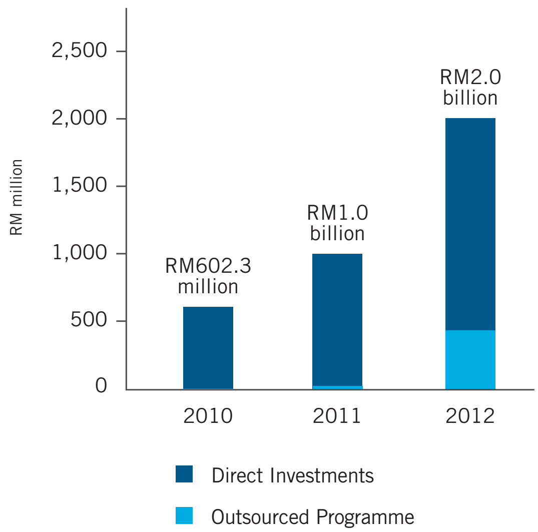
2 *Financial performance for Ekuinas Outsourced (Tranche I) Fund was not presented in 2011 given the fund was in early stages of investment. Given the relatively limited number of investments, the performance for 2012 was also skewed by the management fees and expenses incurred.*

THREE-YEAR FINANCIAL HIGHLIGHTS

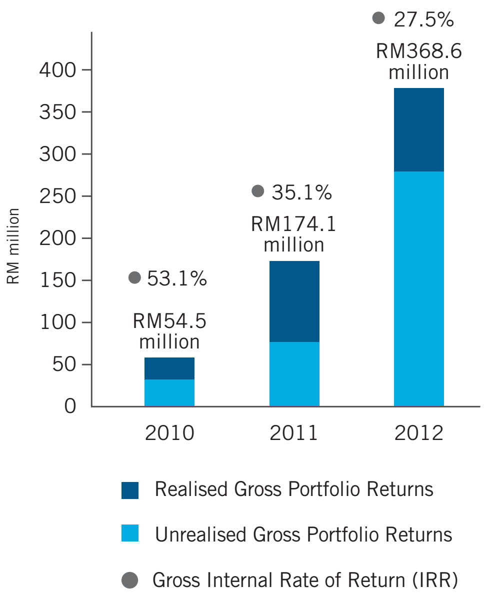
TOTAL NUMBER AND VALUE OF COMMITTED INVESTMENTS



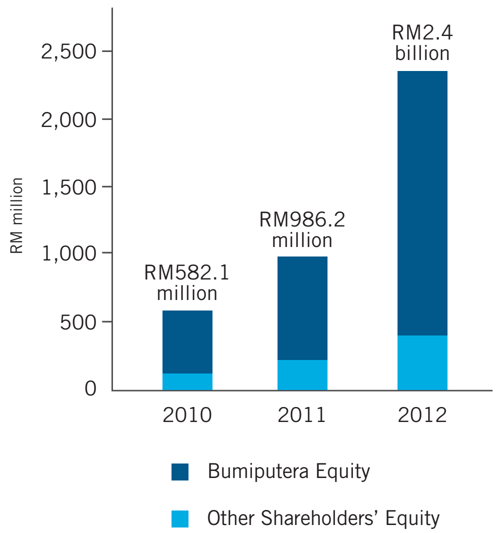
TOTAL ECONOMIC CAPITAL DEPLOYED



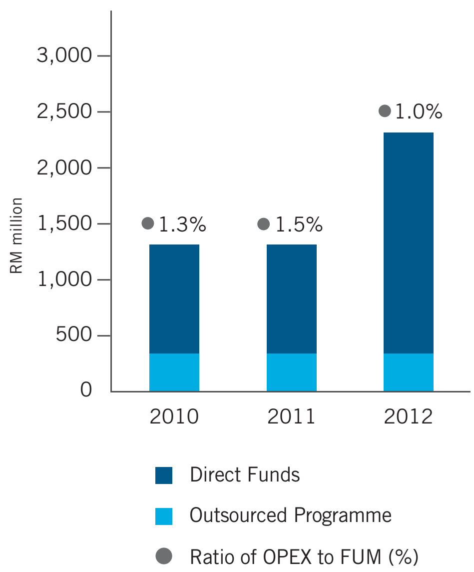
FUND PERFORMANCE – EKUINAS DIRECT (TRANCHE I) FUND



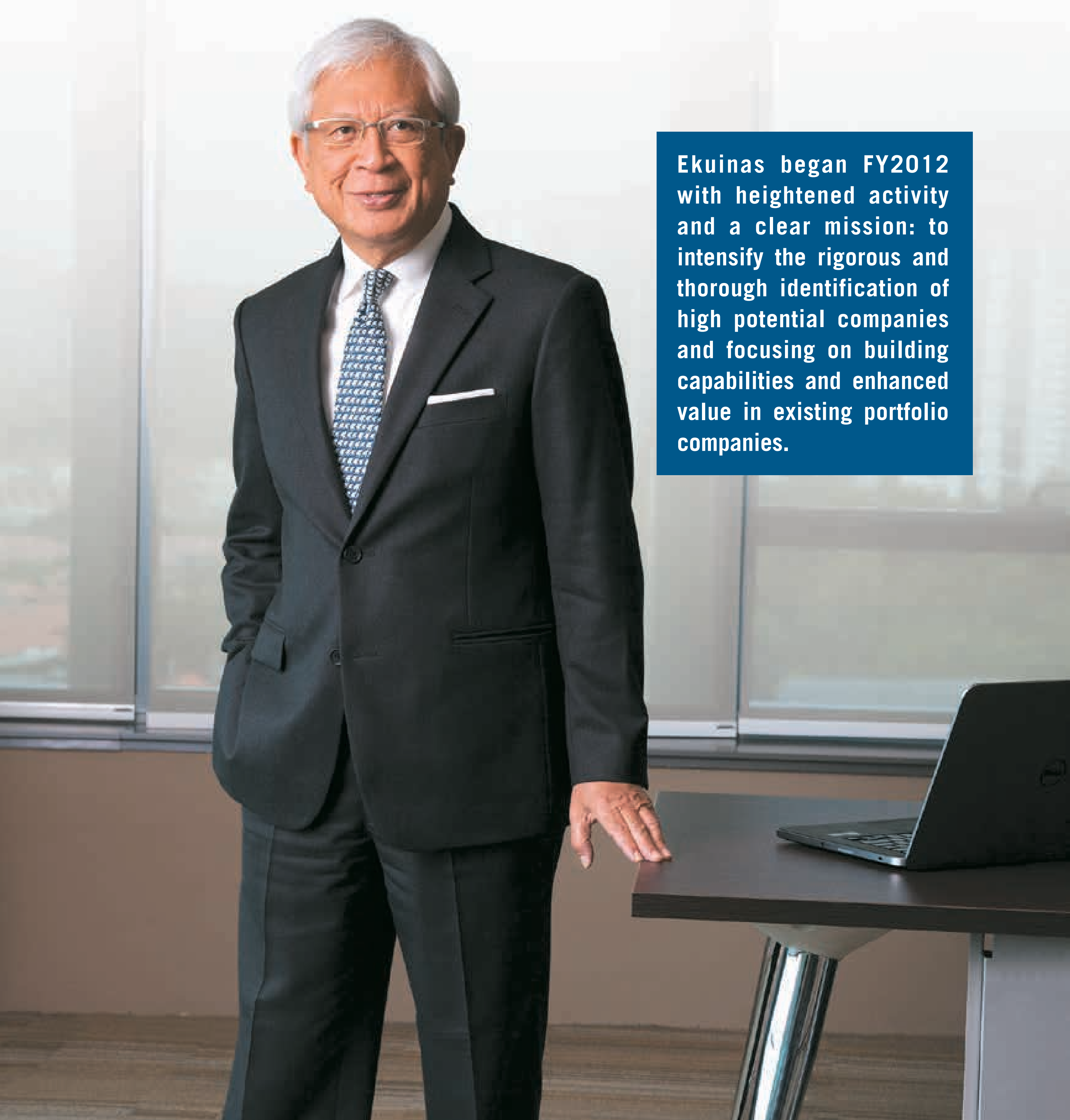
TOTAL BUMIPUTERA EQUITY AND OTHER SHAREHOLDERS' VALUE CREATED



FUND UNDER MANAGEMENT AND FUM OPEX RATIO



CHAIRMAN'S STATEMENT



Ekuinas began FY2012 with heightened activity and a clear mission: to intensify the rigorous and thorough identification of high potential companies and focusing on building capabilities and enhanced value in existing portfolio companies.

DEAR STAKEHOLDERS,

The financial year ended 31 December 2012 (FY2012) has been an eventful year for Ekuiti Nasional Berhad (Ekuinas) and on behalf of the Board of Directors, I am pleased to present the Company's full report for the financial year.

2012 – GAINING MOMENTUM

As FY2011 was a challenging year when investment deal flows slowed considerably, Ekuinas began FY2012 with heightened activity and a clear mission: to intensify the rigorous and thorough identification of high potential companies and focusing on building capabilities and enhanced value in existing portfolio companies.

The year under review, however, continued to evolve within global economic uncertainty. The IMF World Economic Outlook (The IMF Outlook), which was released in October 2012, forecasted a global growth of 3.3% for 2012 but cautioned that the world economic outlook and especially the Western economies remained weak.

Here in Malaysia, we continue to be blessed with an expanding economy, which grew 5.6% in 2012 as a result of strong domestic consumption demand, increased investments and positive effects of government economic transformation activities.

However, merger and acquisition (M&A) activities in Malaysia continued to decelerate to USD12.2 billion (2011: USD16.1 billion), dominated by mega transactions such as the acquisition of power assets by 1MDB and large IPOs such as IHH, FGVH and Astro. Further, private equity activities in ASEAN and Malaysia still represent only a small portion of M&A activities, reflecting the challenges in undertaking private equity investments within the region.

Amidst this uncertain and volatile economic backdrop, my fellow Directors and I are pleased that Ekuinas have performed better than anticipated and delivered a strong year of performance.

During the year, Ekuinas received an additional allocation of RM700 million from government bringing the total funds received to RM1.8 billion. From this allocation, Ekuinas successfully completed four (4) direct investments and two (2) investments under its Outsourced Programme with total committed investments of RM583.0 million. To date, together with private investors, this has led to a total economic capital deployment of almost RM2.0 billion that positively impacted the Malaysian economy.

Further, the Board of Directors is delighted to report that Ekuinas Direct (Tranche I) Fund has attained a **gross portfolio return of RM368.6 million for FY2012** (2011: RM174.1 million) which translates to a **gross Internal Rate of Return (IRR) of 27.5%** and a **net IRR of 20.6%**. This achievement is commendable after three years of investments and again exceeded the long term minimum targeted return of 12% and aspirational target of 20%.

Playing the role of an active shareholder and focusing in value creation at the portfolio companies has clearly proven to be an effective formula for Ekuinas in delivering financial value and enhanced socio-economic impact.

A SIGNIFICANTLY IMPROVED YEAR FOR DIRECT INVESTMENTS

Where FY2011 was a challenging year, FY2012 witnessed several achievements in the evolution of our young private equity firm which benchmarks itself against global best practices.

Working with passion and leveraging on a developed pipeline of select medium sized companies that fulfil Ekuinas' stringent investment criteria, the team succeeded in meeting its targeted investment rate for the year.

The investments undertaken were focused on expanding our portfolio in core sectors of Education, Oil & Gas (O&G) and Retail-Food & Beverage (F&B). UNITAR International University – a fast growing private university focusing on education studies and social sciences, Tanjung Kapal Services Sdn Bhd and OMNI Petromaritime Sdn Bhd – two leading Bumiputera offshore support vessel providers, and Burger King Singapore Pte Ltd, the franchise owner and operator for BURGER KING® Singapore, are all now part of Ekuinas' portfolio.

Ekuinas Direct (Tranche I) Fund has attained a gross portfolio return of RM368.6 million for FY2012 which translates to a gross Internal Rate of Return (IRR) of 27.5% and a net IRR of 20.6%.

CHAIRMAN'S STATEMENT

During the year, Ekuinas also made its first exit through the divestment of its minority stake in Tanjung Offshore Berhad. Although Ekuinas recorded a loss on the investment, we are pleased to help restructure and de-merge the Group through the spin-off of Tanjung Kapal Services and leave Tanjung Offshore Berhad with streamlined operations, stronger balance sheet and capital resources to undertake future expansion plans.

Transforming portfolio companies into industry leaders

As a government linked private equity firm, Ekuinas is deeply committed to investing, nurturing and transforming high potential Malaysian companies into future market leaders. The year 2012 focused on the roll out of Value Creation Plans, jointly created with our portfolio companies to create operational and financial value.

More importantly, our core strategy of creating Transformative Investments through consolidation of complementary companies into much larger and stronger entities is gaining significant traction.

The merger of our two offshore support vessel (OSV) portfolio companies to create Icon Offshore Berhad, with a combined portfolio of more than thirty (30) vessels with an asset value of more than RM1 billion, represents a strong start under this strategy.

A similar initiative is taking place with Ekuinas Education Group and Retail-F&B Group. The education group now comprises five leading Malaysia education institutions with approximately 28,000 students under enrolment.

Although still early in its development, the Ekuinas Retail-F&B Group known as Integrated Food Group Sdn Bhd, is also showing considerable promise. With five high potential brands the group now has 150 outlets across Malaysia, Singapore and Thailand and combined revenue in excess of RM350 million.

More excitingly, all three groups are already on track to achieve market leading top three positions in each of their respective industries.

We firmly believe that such transformative, or in private equity terms "Buy and Build", strategy will not only create significant financial value to Ekuinas but also sustainable and lasting businesses that positively impact the economy and society.

Our core strategy of creating Transformative Investments through consolidation of complementary companies into much larger and stronger entities is gaining significant traction.

DEVELOPING MALAYSIA'S PRIVATE EQUITY INDUSTRY

Apart from making direct investments, the Ekuinas operating model also covers an **Outsourced Programme**, where appointed third party fund managers undertake investments on Ekuinas' behalf.

Under this programme, RM400 million had been allocated for Ekuinas Outsourced (Tranche I) Fund since 2010. The progress of this programme has continued to be slow given the challenging investment environment for growth capital transactions.

However, the selection process for qualified private equity firms to be appointed under the RM300 million Tranche II of the Outsourced Programme is already under way and we are targeting commencement of this programme to begin by the second half of 2013.

Given the relatively young private equity industry in Malaysia, we recognise that the progress of the Outsourced Programme will be challenging. However, Ekuinas is committed to providing opportunity and supporting the Malaysian private equity firms as part of its developmental strategy for the industry and look forward to improved results from its Outsourced Programme.

DELIVERING SOCIAL IMPACT THE N.E.M. WAY

Established as one of the market-friendly instruments under the New Economic Model (NEM), Ekuinas is committed to delivering commercial market returns coupled with crystallising positive change in the socio-economic fabric of the country.

In this regard, Ekuinas continued to deliver encouraging results. Ekuinas has by 2012, succeeded in increasing total Bumiputera equity value by RM1.9 billion, representing 1.4 times of the total capital of RM1.4 billion invested by Ekuinas. Concurrently, the total equity value created for all shareholders of our portfolio companies reached RM2.4 billion or 1.7 times of the total capital invested. This further demonstrates that the stated aim of enhancing equitable economic value for Bumiputeras whilst at the same time delivering benefit to all Malaysians, as envisioned by the NEM, is indeed achievable.

Meanwhile, Ekuinas portfolio companies collectively now provide employment opportunities to a total of 144 managers and 7,749 employees, out of which 46.5% and 62.8% respectively are Bumiputeras.

All these represent a clear and measurable impact of Ekuinas' intervention and something we hope can be further enhanced in the future.

SETTING THE BAR HIGHER IN THE YEAR AHEAD

For us on the Board of Directors of Ekuinas, we feel that the team has performed admirably in FY2012. Nevertheless, there is no room for complacency and we continue to remind ourselves that the mandate given by the Government is far from fully realised.

Many more emerging Malaysian businesses out there require our support and we must continue pursuing our goals to identify, select and nurture them as future industry leaders that can contribute towards nation building.

For the coming year and depending on government's disbursement, we expect to invest at least another RM600 million in both the Direct Investments and Outsourced Programme. With the Ekuinas Direct (Tranche I) Fund fully utilised by October 2012, the Ekuinas Direct (Tranche II) Fund which commenced operations soon after should be in full swing in 2013.

Meanwhile, we expect our Ekuinas Outsourced (Tranche I) Fund to be substantially invested by the end of 2013, providing the platform for the Ekuinas Outsourced (Tranche II) Fund to take over in driving growth capital investments.

The pursuit of our financial objectives and social objectives continue to guide us and we hope the strong momentum of 2012 will provide the impetus for the Ekuinas team to forge ahead and deliver an equally sustainable performance in 2013.

As we move into the 4th year of operations, the landscape will only become more challenging as we seek a more sizeable deal flow pipeline and manage improved performances by all portfolio companies. Here at Ekuinas, we continue to aspire and hope to inspire in contributing towards creating a more inclusive economy for Malaysia, with a particular focus on equitable Bumiputera economic participation.

APPRECIATION

The financial year 2012 has indeed been a gratifying year. Most significantly, my fellow Directors and I would like to thank the eminent members of the Board of Trustees at Yayasan Ekuiti Nasional for their enduring faith and trust. Without their support, Ekuinas would not exist nor be able to assist in growing Malaysian companies.

I would also like to thank my fellow Directors for the shared wisdom and strategic advice aimed at steering the Company towards further successes.

I wish to also record our appreciation to all our stakeholders and business partners for the co-operation and contribution extended to Ekuinas during this year. In particular, I would like to express my gratitude to all the portfolio companies' management teams for all their hard work and contribution, without whom we would not be able to execute on the necessary value creation at Ekuinas portfolio investments.

For accomplishing the strong results during this financial year and for their commendable leadership, I would like to thank the Chief Executive Officer and the Senior Management team. Finally, I must commend the staff of Ekuinas for their unwavering commitment to fulfilling the Company's objectives for the benefit of all Malaysians. I look forward to the same enthusiasm and commitment in the coming year, as Ekuinas continues on this exciting journey.

RAJA TAN SRI DATO' SERI ARSHAD RAJA TUN UDA
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

The financial year ended 31 December 2012 (FY2012) focused on the roll out of Value Creation Plans, jointly created with our portfolio companies to create *Transformative Investments*. In parallel, Ekuinas' commitment to seeking out high potential Malaysian companies remains steadfast, to invest and nurture them into future industry leaders.

2012 – THE YEAR UNDER REVIEW

To lead a pioneering government-linked private equity firm established during times of global economic uncertainty, in a market where private equity is nascent, has certainly had its share of excitement and challenges. The full three years since Ekuinas has been in operations have been an exciting journey, and it gives me pleasure to report that we are progressing towards our financial and social objectives.

The financial year ended 31 December 2012 (FY2012) focused on the roll out of Value Creation Plans, jointly created with our portfolio companies to create *Transformative Investments*. In parallel, Ekuinas' commitment to seeking out high potential Malaysian companies remains steadfast, to invest and nurture them into future industry leaders.

We are pleased to report that despite the uncertain global economic condition and limited deal flows given its single country investment focus, Ekuinas delivered for the year a strong fund performance, met our targeted investment rate and achieved considerable progress in value creation at the portfolio companies.

CONTINUED GOVERNMENT FUNDING ENABLED PORTFOLIO EXPANSION

In line with previous years, investment activity at Ekuinas during FY2012 was made feasible due to sustained funding from the Government. A total of RM700 million was received in FY2012, bringing total funding received to date to RM1.8 billion.

Part of the allocation received was utilised under the maiden RM1 billion Ekuinas Direct (Tranche I) Fund, which was fully invested by third quarter 2012 after only two and a half years of operations. Given the constraints faced, this is a commendable rate of investment and compares well against that of leading private equity firms.

The remaining funds have been earmarked for the newly launched Ekuinas Direct (Tranche II) Fund which subsequently commenced its operations on 1 October 2012. This is another RM1 billion fund established with the same investment framework as the maiden direct investment fund, focusing on buy-outs and growth capital investments for high potential mid-sized Malaysian companies. The Ekuinas Direct (Tranche II) Fund is already 15.4% invested by the year end and we are excited by its progress and hopeful that it will perform equally successfully in the future.

With this newly launched direct fund, Ekuinas' Fund under Management (FuM) had increased from RM1.4 billion to RM2.4 billion by the end of 2012. This will further expand to RM2.7 billion in 2013 with the commencement of Ekuinas Outsourced (Tranche II) Fund with a committed capital of RM300 million, expected to take place in the second half of 2013.

DIRECT INVESTMENTS – EXPANDED INVESTMENTS IN THE CORE SECTORS

We are gratified that our intensified efforts to aggressively screen the market and pursue suitable investment opportunities had generated more deal flows for FY2012.

Four direct investments were completed for a total of RM520.7 million for FY2012, representing an increase of 27% to that undertaken in the prior year.

The investments undertaken during the year focused on expanding our portfolio in our core sectors of Oil & Gas (O&G), Education and Retail – Food & Beverage (F&B), in line with our approach to build transformative investments through what private equity terms as "Buy and Build" strategy. This involves undertaking complementary bolt-on investments in the same industry to help drive consolidation and expeditiously build scale in the portfolio companies. We strongly believe that this consolidation strategy is not only suitable to drive business expansion given the limited organic growth faced by mid-sized Malaysian companies but will also help transform these companies into potential market leaders of the future.

CHIEF EXECUTIVE OFFICER'S REVIEW

The four investments completed were Tanjung Kapal Sdn Bhd and OMNI Petromaritime Sdn Bhd, two leading Bumiputera offshore support vessel companies, for a total investment of RM384.0 million, UNITAR International University, one of the oldest private universities in Malaysia focusing on social sciences for RM58.5 million and BURGER KING® Singapore, one of the leading quick service restaurants (QSR) brands in the country with more than 40 outlets for a committed investment of RM78.2 million.

These investments also mean that Ekuinas has directly invested more than RM1.4 billion across 12 portfolio companies since operations began, well on track to meet its targeted investment commitment of RM5 billion by 2020.

REALISING TRANSFORMATIVE INVESTMENTS

With a significantly expanded portfolio of companies under management, FY2012 demanded absolute focus and discipline from our team who dedicated more time, effort and resources to help implement the value creation plans at each portfolio company.

Efforts to collaborate closely with the portfolio companies' management to aggressively expand revenue, reduce cost, increase efficiencies and generally strengthening the business operations have yielded encouraging results for Ekuinas for the year.

Accordingly, we are pleased that the portfolio companies have collectively increased their revenue and earnings before tax depreciation and interest (EBITDA) by 7% and 18% to RM1.4 billion and RM354.0 million respectively. Whilst we recognise more can be done going forward, we believe this represents a strong platform for Ekuinas to help drive more value creation at its portfolio companies.

More importantly, 2012 saw significant progress in Ekuinas' plan to be a catalyst in transforming its portfolio companies into much larger and stronger entities. Focusing on its "Buy and Build" strategy to create transformative investments, Ekuinas successfully created three potentially market leading groups in the Offshore Support Vessels (OSV) segment of the O&G sector, as well as in the Education and Retail-F&B sectors.

EKUINAS OSV GROUP

One of the major efforts for the year was centred on restructuring Ekuinas' O&G portfolio with the objective of focusing on the OSV sector.

In July 2012, Ekuinas assisted Tanjung Offshore Berhad (TOB) in completing a de-merger exercise for its marine and non-marine businesses, through Ekuinas' acquisition of TOB's marine business under its subsidiary Tanjung Kapal Services Sdn Bhd (TKS). Ekuinas then merged TKS with our other recently acquired OSV investment in OMNI Petromaritime Sdn Bhd, under a new enlarged entity called Icon Offshore Berhad (Icon Offshore).

This created the third largest Malaysian OSV player with a portfolio of more than 30 vessels under operations at an asset value of more than RM1.0 billion and revenue in excess of RM250.0 million. Icon Offshore currently serves most of the major oil companies with operations across the region in Malaysia, Qatar and Vietnam.

Leveraging on this platform as well as the vast opportunities accorded from increased O&G exploration and production activities in Malaysia and the region over the next five years, we hope to aggressively grow Icon Offshore business through strategic fleet investment, expansion of its existing international operations as well as exploring further mergers and acquisitions.

To complete the restructuring, Ekuinas also in November 2012 divested its residual 24% stake in TOB for RM62.0 million with the proceeds re-invested as additional investment in Icon Offshore. This marked Ekuinas' maiden divestment, which although recorded at a loss, enabled Ekuinas to fully focus on its OSV investments. At the same time, Ekuinas is pleased to have exited TOB after assisting the company to streamline its operations and at a time where it has the necessary funds and resources to take advantage of other growth opportunities in the fast growing O&G sector.

With a total investment of RM483.8 million (equivalent to 34.3% of Ekuinas' total portfolio), the O&G portfolio currently represents the biggest investment sector for Ekuinas.

Total investment in O&G sector

RM483.8 million

CHIEF EXECUTIVE OFFICER'S REVIEW

EKUINAS EDUCATION GROUP

By end FY2011, Education was already a core investment sector for Ekuinas with two significant majority investments in the APIIT Education Group and Cosmopoint Group.

During the year, Ekuinas further expanded its education platform by successfully acquiring together with Shoraka Capital, a Bumiputera private equity firm, UNITAR International University (UNITAR). With a unique legacy as one of the oldest private universities in Malaysia, UNITAR has established a strong reputation for education and social science courses, and currently has a student enrolment of more than 8,000 students.

With this investment completed, Ekuinas' education portfolio has grown to more than 28,000 students with a combined revenue of more than RM300.0 million, making it one of the largest private education groups in the country. Collectively to-date, a total of RM406.5 million has been invested in the education sector, representing 28.8% of Ekuinas total portfolio.

Total investment in Education sector

RM406.5 million

EKUINAS F&B GROUP

To further strengthen our F&B portfolio across the region, we are pleased to facilitate our F&B investment holding company Rancak Selera Sdn Bhd in undertaking its first regional deal to acquire 100.0% of Burger King Singapore Pte. Ltd. from Burger King Asiapac Pte Ltd.

The investment not only expanded our BURGER KING® franchise footprint into Singapore but also incorporated the execution of Master Franchise and Development Agreements which gave exclusive rights to Rancak Selera to own, develop and franchise BURGER KING® outlets in Malaysia and Singapore for the next 20 years.

With the completion of this investment, we then proceeded to consolidate all our F&B investments under a rebranded investment holding company known as Integrated Food Group Sdn Bhd (IFG). As at 31 December 2012, IFG operates a total of 150 outlets, through five popular brands namely BURGER KING®, San Francisco Coffee, Manhattan Fish Market, Popeyes and Tony Roma's across Malaysia, Singapore and Thailand.

Whilst the gestation period for the F&B investments will take some time, IFG's consolidated revenue already currently exceeds more than RM350 million, making it the third largest F&B group in Malaysia. Going forward, the aim is to build IFG into a leading integrated F&B group owning multiple self-owned and popular international brands across different F&B retail segments with a common back office to benefit from economies-of-scale.

To date, RM241.0 million has been committed for the F&B sector, representing 17.1% of the total investments undertaken by Ekuinas.

Total investment in Retail – F&B sector

RM241.0 million

CHIEF EXECUTIVE OFFICER'S REVIEW

All in all, we are pleased with the considerable progress achieved at these core investments and our other portfolio companies. The efforts made by our investment team to originate suitable investment opportunities, carefully evaluating and structuring them into executable transactions and rigorously implementing the value creation plans at the portfolio companies post investment, have yielded strong positive returns to Ekuinas.

Ekuinas Direct Tranche I Fund delivered a gross portfolio return of RM368.6 million, out of which RM123.6 million or 33.5% has been realised. This translates to a gross internal rate of return (IRR) performance of 27.5% and net IRR of 20.6% which surpassed the minimum and aspirational targets of 12% IRR and 20% IRR per annum.

More gratifyingly, the financial performance delivered is comparable against the returns achieved by leading regional private equity firms despite the constraints of Ekuinas being a single country focus investment house.

OUTSOURCED PROGRAMME – WORK IN PROGRESS

While the Direct Investments portfolio grew substantially, the Outsourced Programme faced yet another challenging year with only two more investments added to the portfolio under Navis Malaysia Growth Opportunities Fund I, L.P. managed by Navis Capital Partners (Navis).

The two completed investments undertaken by Navis were a small minority stake in SEG International Berhad (SEGi), Malaysia's leading private education group and majority acquisition in MCAT Box Office Sdn Bhd (MBO), the third largest cinema operator in the country. Together with additional follow-on investment in MBO to facilitate the buy-out of Reliance Mediaworks Big Cinemas Sdn Bhd (Big Cinemas), Ekuinas expended an additional investment of RM62.3 million for its outsourced programme for the year.

The second OFM, CIMB Private Equity, went through some organisational restructuring exercise this year and its fund CIMB National Equity Fund Ltd. P. is expected to undertake investments in 2013. However, the MK-One Fund (Labuan) Limited fund under KFH Asset Management, was mutually terminated in April 2012 following internal restructuring within the KFH Group.

The original funds allocated to KFH has been utilised to up-size the Navis Malaysia Growth Opportunities Fund I, L.P. with the balance earmarked for another replacement private equity fund manager targeted to be awarded in 2013.

This means that Ekuinas Outsourced (Tranche I) Fund investment portfolio only expanded by year end to three companies with a total committed investment by Ekuinas of RM74.1 million (2011: 1 company at RM11.8 million). Further, given the relatively limited number of investments which are all still in early stage and outweighed by management fees incurred, the Outsourced Programme disappointingly recorded negative returns for the year.

The challenging early performance of the Outsourced Programme has nevertheless not deterred Ekuinas from continuing to play its role in helping to develop the local private equity (PE) industry. In consultation with government, it was agreed that Ekuinas would extend the Outsourced Programme to the second phase with a capital commitment of RM300 million to continue to provide an expanded pool of capital for Malaysian companies and entrepreneurs, to tap into to grow their business further.

With this in mind, Ekuinas commenced the selection process for Tranche II of the Outsourced Programme where 30 local PE firms registered interest, out of which 16 companies submitted proposals. With the assistance of global investment consulting group, Towers Watson, seven firms have been shortlisted for detailed due diligence and we expect final selection and appointment to take place by mid-year 2013.

Given the relatively new private equity industry in Malaysia, we fully recognise that the Outsourced Programme will be challenging for Ekuinas. However, we remain committed in our quest to help nurture high potential local PE firms and act as a developmental stimulus for the local PE industry. This is because we believe that the local PE sector could, in time and given the right support, grow to become a sizeable industry that helps drive economic growth in line with the Government's aspiration to become a high income nation.

CHIEF EXECUTIVE OFFICER'S REVIEW

SOCIAL OBJECTIVES – DELIVERING MEANINGFUL IMPACT

As a government-linked PE firm, Ekuinas pursues social objectives through its investments across four dimensions – increasing equity ownership, enlarging the pool of capable managers and entrepreneurs, increasing employment opportunities and improving the supply chain such that more companies can benefit from the growth of Ekuinas' portfolio companies.

For the financial year under review, we are pleased that our total investments have facilitated an increase of RM1.9 billion in Bumiputera equity value, representing a multiple of 1.4 times the capital invested of RM1.4 billion. At the same time, our investments have also resulted in a total economic value created for all shareholders of the portfolio companies of more than RM2.4 billion, representing a multiple of 1.7 times of Ekuinas' invested capital.

This translates to a significant, real and measurable impact in not only increasing Bumiputera equity value but also demonstrates that Ekuinas' investments positively impact and benefit all Malaysians.

Ekuinas' portfolio companies currently employ and are developing 144 managers, out of which 46.5% are Bumiputera. Most of these managers have been provided with performance-based equity scheme that we hope will incentivise them to drive performance and enable them to share in the value created in their companies.

Ekuinas has also successfully increased the number of employees within our portfolio companies prior to our entry by 9.6% to 7,749, out of which 62.8% are Bumiputera.

We are fully aware that notwithstanding the good progress made, more work needs to be done to sustainably deliver on our social objectives on a long term basis. Further, we are always mindful that any effort to deliver on our social objectives within our portfolio companies has to be undertaken in a fair, merit-based manner to ensure inclusiveness and mutual benefit for all. Only through this approach, can such efforts bear long term sustainable results.

Increase in Bumiputera Equity Value

RM1.9 billion

1.4x capital invested

Total Shareholders' Value Created for all

>RM2.4 billion

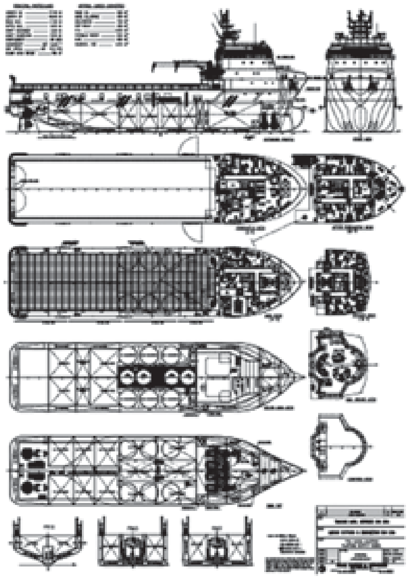
1.7x capital invested

CONTINUING TO BUILD ORGANISATIONAL CAPACITY

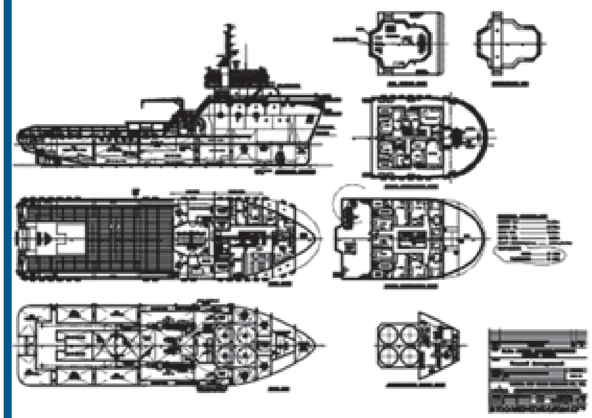
Ekuinas continuously strives to benchmark itself against the best practices of leading global private equity firms and in committing to do so, the Company ensures that all areas of the business are managed as efficiently and cost-effectively as possible.

As a fund management company, Ekuinas recorded a profit after tax of RM6.1 million for FY2012 (2011: RM4.3 million). With Funds under Management (FuM) increasing to RM2.4 billion, we succeeded in maintaining a relatively low ratio of operating expenditure (OPEX) to FuM) at 1.0%, in keeping with the trend of low ratios recorded during previous years at 1.5% for FY2011 and 1.3% in FY2010. This benchmark favourably compares with those of other government agencies as well as leading global private equity firms.

The continuous human capital development of the Ekuinas team is critical in our journey to build Ekuinas into a leading private equity firm with highly knowledgeable and talented investment professionals. For this purpose, we made significant investment in our employees' Training and Development including sending suitable talents to leading business schools abroad to acquire the necessary insights and further enhance their leadership skills and management capabilities.



Tanjung Piai 1
Platform Supply Vessel



Omni Stella
Anchor Handling Tug Supply

The Company also organises annual offsite sessions for the team to gain knowledge from thought leaders at top global firms, and also to strategise on the Company's next action plans. These sessions provide our team with the opportunity to share their thoughts and views, and share their input towards improving investment processes and other relevant areas.

Recognising that our success lies in helping the management team at the respective portfolio companies to create value, 2012 saw the establishment of a new Portfolio Management and Monitoring (PMM) unit. With their specialised skill sets, the PMM unit will work together with investment team and portfolio companies' management to drive specific value adding initiatives across the organisations. The two initial areas that have been established are PMM Finance and PMM Human Resource, and we hope to further expand this into process and information system in the coming year.

This further broadens the critical support that Ekuinas' other departments such as Corporate Governance and Risk Management (CGRM), Legal and Company Secretarial, Management of Information Systems (MIS) and Communications already extend to the portfolio companies.

Total employees
7,749

Total Managers
144

Total Bumiputera Managers
67

CHIEF EXECUTIVE OFFICER'S REVIEW

ENGAGING ALL STAKEHOLDERS

As a PE firm entrusted to invest public funds in an effective and equitable manner, Ekuinas believes in maintaining active dialogues with all its key stakeholders to ensure transparency and full disclosure. To this end, Ekuinas provides regular reporting to the Government, and routinely meets with other funding agencies which share the common goal of developing entrepreneurship in Malaysia, non-governmental agencies which promote business endeavours and also with the general public through media organisations.

This is all in line with Ekuinas' Disclosure Policy and culminates with the presentation of Ekuinas' Annual Report, which for FY2011 was officiated by YB Tan Sri Nor Mohamed Yakcop on 26 April 2012.

As a member of the Majlis Tindakan Agenda Bumiputera (MTAB) and also its secretariat, the TERAJU Delivery Committee, Ekuinas frequently meets with the relevant Ministry representatives as well as those from selected agencies to discuss and deliberate matters pertaining to the promotion of equitable and sustainable Bumiputera economic participation. Awareness of Ekuinas' role has increased through participation in these various initiatives and programmes which have provided opportunities for the team to meet and interact with their counterparts from other government departments and funding agencies.

INVESTING IN THE COMMUNITY

As one of the key players in the local PE industry, Ekuinas continues to extend support to the industry association which is the Malaysian Venture Capital and Private Equity Association (MVCA). The MVCA aims to increase public awareness of the role of PE firms and venture capital companies (VCs) in supporting the local entrepreneurial community.

Ekuinas also continued to lend assistance to various non-governmental associations which promote entrepreneurism whilst enhancing capabilities and skills among Malaysian business owners. In addition to the contribution made to Yayasan Peneraju Pendidikan Bumiputera aimed at providing financial support to deserving high potential Bumiputera students, philanthropic donations were also channelled to disadvantaged groups such as single mothers and orphans as well as other deserving socially responsible groups during the year under review.

In addition, Ekuinas is proud to have completed the first phase of its Portfolio Company Graduate Trainee Programme, a one-year programme aimed at graduates of local universities. Graduates participating in the programme have the opportunity to acquire valuable work experience under the capable professionals at Ekuinas' portfolio companies. Trainees with commendable performance are offered full time positions while the rest receive support to find full time employment elsewhere.

During the year, Ekuinas' Board of Directors also approved a formal Corporate Social Responsibility (CSR) Framework which identified specific key CSR initiatives under a proper governance structure that Ekuinas will focus on in the next five years. We hope to roll out these CSR initiatives in 2013 and will report more on its progress in the coming Annual Reports.

BUILDING ON STRENGTHS IN 2013

On the whole, the financial year under review has been a rewarding year for Ekuinas. The hard work and improved performance are evident in the financial results reflected in this report. With perseverance and some confidence, we hope to sustain these results for the coming year to enable Ekuinas to deliver on our financial and social objectives.

For 2013, with continuing funding from government we ambitiously target to deploy a further RM600 million into high potential Malaysian companies.

The thrust of realising transformative value in the portfolio companies shall remain an important driver in our strategy to help businesses grow, increase operational effectiveness and ascend to the next level. Whilst the three investment sectors of Education, O&G and F&B will continue to be the foundation of our portfolio, we hope to expand our presence and replicate this transformative strategy into other sectors in the Malaysian economy in line with our mandate to create future market leaders.

We thank the Government and the Board of Trustees of Yayasan Ekuiti Nasional for their unstinting support, and the Economic Planning Unit, Prime Minister's Department (EPU) for their invaluable advice and guidance. Without them, these results would not have been possible.

We are fortunate to have our Chairman, YM Raja Tan Sri Arshad and the Ekuinas Board of Directors, to lead us. Their collective wisdom and vision have both inspired and guided us.

To our business partners as well as investment partners, to the NGOs and media organisations who have extended their co-operation and continuing support this year – we thank you and we look forward to a continued partnership in the years to come.

And I thank the Ekuinas team and the management teams at our portfolio companies, whose increased resolve and determination motivate us on this journey to position Ekuinas amongst the ranks of leading private equity firms in the industry. I am excited by the new prospects and opportunities that we will create together in 2013, as we move closer to achieving our objectives.

ABDUL RAHMAN AHMAD
Chief Executive Officer

Building equity

THE EVOLUTION AND PROSPECTS FOR THE SOUTHEAST ASIAN PRIVATE EQUITY INDUSTRY

A perspective by Navis Capital Partners, a leading regional private equity firm

Private equity has become a mainstream source of capital for entrepreneurs looking to expand or to sell out of their companies. Indeed, private equity capital has probably overtaken the public markets in terms of desirability and efficacy for small and medium-sized enterprises, for whom liquidity is rarely available on regional stock exchanges. Private equity as an asset class for pension funds, sovereign wealth funds and other large institutional investors has increased sharply. Private equity as a tool of industrial and development policy has become increasingly widespread. And as a career choice, the best and brightest graduate minds are prioritizing a career in private equity over the old favourites of investment banking and management consulting.

It wasn't always like that.

Let's go back to a different time and a different world – Southeast Asia in the 90's, before the Asian Financial Crisis. China's rise as a manufacturing power had barely started and foreign investment was pouring into Southeast Asia. Local stockmarkets were buoyant and to achieve a public listing of a businesss via IPO was considered a badge of honour for entrepreneurs. It was easy to borrow money, both domestically and cross-currency, and lending standards were weak. So there was an underlying leverage expansion that had a bubble effect on all asset classes and currencies in the region. This was the era when private equity was the capital of last resort – poorly understood, available in small amounts only, but also very demanding in terms of wanting a board seat and other types of shareholder rights – no wonder entrepreneurs preferred their compliant bankers, and the unenquiring retail punter-driven public markets as sources of capital.

Unsurprisingly then, private equity was a cottage industry, only dealing with the worst of companies and the most desperate of entrepreneurs who could not find any other source of capital. At the same time, the industry was unsophisticated – most of the practitioners at the time were former bankers or stockbrokers who had neither the capacity, nor the character, nor the experience to contemplate taking control of their portfolio investments. Unable to contemplate the headaches associated with being the controlling shareholder of a company, the private equity industry took the easy path, following the line of least resistance, and invested almost exclusively in small passive minority positions.

This situation was fundamentally changed by the Asian Financial Crisis. As traumatic an experience as it was for all of us who lived through that period, who can deny that Southeast Asia is far stronger now than it ever would have been without the crisis? Corporates have de-leveraged, Government fiscal positions have been reined in, the banking system is more concentrated and much-better capitalized, with more exemplary lending standards and controls than ever before, the public markets are more institutionally-driven and with much better standards of governance and disclosure at the company level – all of which subsequently allowed Southeast Asia to get through the Global Financial Crisis relatively unscathed.

One other positive corollary out of the Asian Financial Crisis was the transformation of the private equity industry.

The incumbent private equity community, and their passive minority style of investment, became thoroughly discredited. With plummeting returns and huge legacy issues with their remaining portfolio companies, incumbents were very much on the back foot when it came to raising fresh capital.

But the reality was that in 1998/1999, investors DID want to get exposure to the Asian Recovery, having observed the returns that had been generated in the aftermath of the Peso Crisis in Mexico in 1994 and the V-shaped recovery that followed thereafter. And so for a brief window, it became possible for a select group of professionals with NO investment track records to raise a first-time fund - a situation that would ordinarily be impossible. This window created a new generation of private equity firms that were able to learn from the mistakes of their predecessors and develop alternative investment approaches, and who almost 15 years later have come to represent the new orthodoxy in private equity investing in Southeast Asia.

The control model of investing was born and raised to maturity in the first decade of the 21st century. Control was appealing to a new kind of investor that had strategic and operational expertise to deploy, in addition to capital. This model of investing has come to co-exist with minority investing and together these models offer a full range of options to an entrepreneur or company that needs capital either for growth, or to sell to, or both.

However, it is fair to say that the minority investing model has had to keep up with the evolution of the private equity community, and today, whether a controlling or a minority investor, firms must have more to offer their portfolio companies than just undifferentiated money – firms must offer capital AND capabilities.

Southeast Asia as an investment destination has come back into prominence in recent years, because the track record of realised control investments made in the period after the Asian Financial Crisis has become apparent. At about 500 to 1000 basis points of IRR higher than the public equities markets, the asset class has proven itself to be attractive in Southeast Asia, with billions of dollars flowing into private equity firms as a result.

Malaysian investments certainly played their part in developing the industry's track record, and de facto, the legitimacy of private equity investing during this period. Navis Capital Partners made and sold three high profile Malaysian investments that raised the firm's average regional track record to amongst the highest of all Asian private equity firms.

The first notable investment was Drypers, a baby and adult diaper manufacturer located in Shah Alam which over a three year period went from the No 3 brand in the region, behind well known US and Japanese multinational brands, to No 1. The Drypers investment highlighted the opportunity afforded by rising consumer incomes driving rapid growth in certain branded FMCG categories, as well as the benefits of scaling up a business by entering other ASEAN markets.

During Navis' ownership, the brand was launched in Thailand, the Philippines and Singapore, which allowed scale manufacturing benefits from the Shah Alam plant to flow to the bottom line. The realized IRR on Drypers exceeded 100% and foreshadowed the attractiveness of scaling brands cross-border in Southeast Asia – a theme that has ever more merit prospectively as we shall explore below. The investment also highlighted the growing appetite of multinational companies to acquire regional brands as part of their Asian entry strategies. Drypers was sold in 2004 to SCA, one of the largest European hygiene products companies.

The second investment was Big Tree Outdoor, an out-of-home advertising and billboard business that became the first truly professionally-managed company in an industry that had typically been made up of cowboy operators. The management team at Big Tree were astute, albeit financially unsophisticated. With Navis' assistance, Big Tree was able to make and integrate several acquisitions to consolidate the company's leading position in the Malaysian industry. Big Tree also attracted the attention of multinational acquirers, but in the end was sold to Media Prima, one of Malaysia's leading integrated media groups for more than RM100 million. The investment highlighted the value creation potential of growth by acquisition, whereby an industry may be consolidated and professionalized – a theme that continues to be pursued by several private equity firms in the region, including of course Ekuinas.

Southeast Asia as an investment destination has come back into prominence in recent years, because the track record of realised control investments made in the period after the Asian Financial Crisis has become apparent.

THE EVOLUTION AND PROSPECTS FOR THE SOUTHEAST ASIAN PRIVATE EQUITY INDUSTRY

The third investment was Linatex, a rubber parts and process equipment maker to the sand, gravel and mining sectors worldwide, with its main facility located in Batu Caves. Linatex had once been owned by the colonial conglomerate, Harrison and Crossfields, and was being spun off as a non-core subsidiary. Under Navis' ownership, Linatex immediately undertook a series of transformative moves, including making acquisitions in Chile and in North America. The company also built a new low-cost manufacturing facility in Suzhou, China. Acquired for just over USD 30 million, Linatex was sold to Weir Group, the UK-listed global engineering group, for USD 200 million just a few years later.

Together, these investments raised Navis' average regional realized IRR to 33% on investments held on average for almost 5 years, an unusually high performance level that forced a level of scrutiny by global investors on a region that had been somewhat overlooked in favour of China and India.

The interesting question is how the asset class will fare in the second decade of the century? What opportunities make sense to pursue? What are the dynamics that can help or hinder an investment thesis?

Perhaps the most interesting dynamic underway today is the transition of ASEAN from a free trade area (AFTA) to an economic community (AEC) with the free movement of goods, services, skilled labour and capital within the region by 2015. Never mind that it may take longer than planned to achieve all the AEC milestones, the momentum towards it seems impossible to stop. The AEC is a USD 2 trillion dollar economy – the fifth largest in the world, and the second-fastest growing after China. It comprises 600 million people – the third largest population bloc in the world.

The opportunity to scale up businesses from national to regional champion exists in a more tangible way than ever before. However, the AEC will create both winners and losers, and Malaysia as an economy is likely to have more than its fair share of both. In other words there will be as many opportunities to lose money in Malaysian investments as there will be to make it. Malaysia's particular challenge is well-understood by policy-makers, namely its relatively small domestic market, which for manufactured products where scale is important, is largely served by sub-scale manufacturers who will not find it easy to thrive in a tariff and non-tariff barrier-free environment.

On the other hand, as a relatively more developed economy than those of its bigger neighbours, Malaysia has developed regionally-, and globally-competitive areas of specific competences, with well-developed ecosystems or clusters of activity that can be further developed. Examples include oil and gas services, agri-services, Islamic finance, halal food and other products, electronics manufacturing, rubber products, English-based tertiary education, amongst others.

The AEC has started to capture the attention, and wallets, of some of the world's largest investors and MNCs, and there is no doubt that many more billions of dollars will flow into the hands of private equity funds in the region in the coming years. However, it is important to understand that the AEC is going to create an environment of complexity, and where there is complexity, there co-exists the opportunity for both alpha – a market-beating rate of investment return, and value destruction.

The private equity industry is a lot smarter than it was 20 years ago, but it will have to further develop to succeed going forward, with a particular premium on strategic and operational skills to drive portfolio company value creation on an increasingly cross-border basis. This implies that private equity firms must develop a multinational, multicultural capability with a physical presence in multiple geographies, and with a sub-set of professionals who can operate seamlessly across those geographies on an as-needed basis.

It simply won't be good enough for an organisation to sit back in say Singapore and dictate cross-border growth between say Malaysia and Vietnam without having any resources on the ground in those markets. To create such a distributed organisation, and to maintain a common investment ethos across it, is the next big challenge for private equity firms in the region.

The interesting question is how the asset class will fare in the second decade of the century? What opportunities make sense to pursue? What are the dynamics that can help or hinder an investment thesis?

NAVIS

Article written and contributed by:
Nicholas Bloy,
Co-Managing Partner, Navis Capital Partners

Navis Capital Partners (Navis) was founded in 1998 in order to make private equity investments in buyouts, recapitalisations and financial restructurings in Asia, particularly on enterprises with a strong presence in South and Southeast Asia. The firm manages several private and public equity funds totalling USD 3 billion, and has one of the largest private equity professional teams in Asia, comprising 60 individuals, supported by 30 administrative staff, in seven offices across the region. In 2012, Navis received, for the third year in a row, the Firm of the Year in South East Asia award from PEI Asia, the leading financial information group dedicated to the alternative asset classes of private equity, real estate and infrastructure globally.

Navis has undertaken a co-investment with Ekuinas in Alliance Cosmetics Group, a leading mass market colour cosmetics and fragrance player in Malaysia. The firm is also one of the Outsourced Fund Managers (OFMs) appointed by Ekuinas under Tranche I of its Outsourced Programme, with three investments undertaken to date via its Navis Malaysia Growth Opportunities Fund I, L.P.

THE SOUTHEAST ASIA PRIVATE EQUITY OUTLOOK BY THE BOSTON CONSULTING GROUP

1 A DYNAMIC REGION WHERE RISKS ABOUND

Investors often associate Southeast Asia with political, economic, and environmental turmoil. And for good reason. Heavy rains have hit Indonesia every year since 2006, Vietnam's inflation rate gyrated from 7 percent to 23 percent and back to 6 percent, and Thailand's 2011 flooding wiped approximately 10 percent off GDP in just three months. As a result of these events, overseas investors have frequently taken a mixed view of the region, admiring its galloping growth and the locals' entrepreneurial zeal but remaining critical of the dearth of management talent and lamenting how close ownership, bureaucracy, and on occasion, corruption have slowed the development of an open business climate supported by robust regulatory and legal frameworks.

Yet competition for deals is rising – clear evidence that Southeast Asia remains attractive to investors despite the challenges it presents. With a regional population of around 611 million and a GDP of $3.3 trillion that's growing annually at about 8 percent, it is the third largest emerging market bloc after China and India (See Exhibit 1).

Exhibit 1: SEA is a populous, fast-growing market

	ASEAN	CHINA	INDIA	BRAZIL	RUSSIA
GDP[1] ($B)	3,321	11,359	4,497	2,285	2,370
World (%)	4.2	14.4	5.7	2.9	3.0
CAGR (2006-2011) (%)	~6.8	12.5	9.6	6.1	4.6
CAGR (2011-2016) (%)	~7.9	10.4	10.3	6.5	6.1
GDP per Capita[2] ($)	5,440	8,600	3,740	11,850	16,750
Population Size (M)	611	1,320	1,202	193	142
World (%)	~9.5	20.6	18.8	3	2.2
World Exports[3] (%)	~6.9	10.7	1.9	1.4	2.9
CAGR (2006-2011) (%)	10.0	14.4	22	13.2	11.4
CAGR (2011-2016) (%)	10.2	11.5	13.8	8	5

1. Nominal GDP ($ at PPP)
2. GDP per capita 2011 ($ at PPP)
3. Total exports 2011 (fob)

Source: Economist Intelligence Unit, BCG analysis

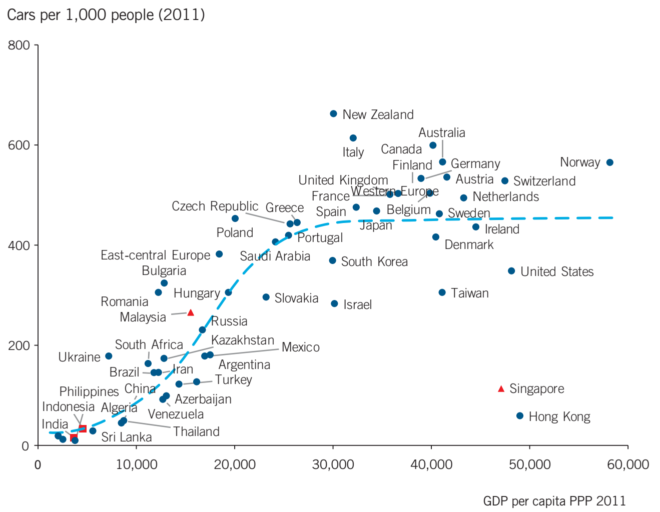
1.1 What's Driving the Region's Growth

Several forces are converging to drive Southeast Asia's growth. They include the following:

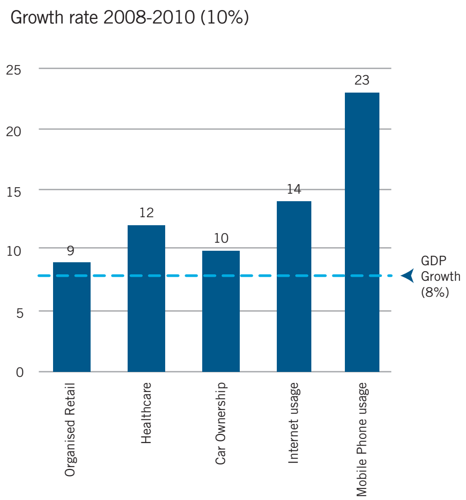
- *Increasing Economic Liberalisation* – Economic reform has spread across the region. Indonesia is breaking down restrictions on foreign ownership, and Malaysia has actively focused on the creation of a PE sector. More recently, Myanmar appears to be embarking on a dramatic, if fitful, shift toward greater political openness and a market economy.

Exhibit 2: Selected sectors are poised to outpace GDP growth

Many industries are at the start of the S-Curve … e.g., Car purchases



… as a result individual sectors frequently outpace GDP growth



Source: Economist Intelligence Unit, BCG analysis

- *Rising Regionalisation and Intraregional Trade* – Although Southeast Asia encompasses ten very different countries, each with its own distinct business culture, economic integration is rising. Trade within the region is again on the upswing after faltering during the global financial crisis.

- *Rising Demand for Resources* – Southeast Asia is benefiting disproportionately from its rich endowment of natural resources, which include oil and gas, minerals, palm oil, and agro-commodities, among others. Strong demand is increasing wealth while powering the growth of adjacent industries such as oil services and logistics and transportation.

- *Urbanisation and a Swelling Middle Class* – As fast as Southeast Asia's GDP is growing, its consumer class is growing even faster. Approximately 102 million households in the region are projected to achieve middle-class status by 2015, up from about 75 million today, and consumer expenditures are expected to grow rapidly.

- *Shift of Manufacturing from China to SEA* – Manufacturing in Southeast Asia appears set to benefit from the increasing movement by companies away from China and into other markets. As inflation has eroded China's cost advantage, companies across multiple sectors are flocking to Southeast Asia, drawn by its competitive costs and its potential to serve as a hedge against new Western curbs on Chinese goods.

1.2 An Edge in Profitability and Promise

The investing climate in Southeast Asia is also notable for the profitability and growth prospects of companies there. Because there is, in general, less competition within many sectors of the Southeast Asian economy than in China and India, profit margins are correspondingly higher.

As a result, despite Southeast Asia's smaller market size, profit pools are frequently as large, if not larger. For example, Southeast Asian revenues in consumer financial services hit $91 billion in 2010, about half of China's $184 billion. Yet because average margins were 4 percent, versus 2 percent in China, the region's profit pool, at roughly $3.6 billion, was virtually identical to China's.

THE SOUTHEAST ASIA PRIVATE EQUITY OUTLOOK BY THE BOSTON CONSULTING GROUP

In addition, certain sectors of the region's economy are poised for surging growth. Historically, emerging economic subsectors hit an inflection point – the first upwards slope of an S-curve – when national wealth reaches a given level (See Exhibit 2). When wealth arrives at this tipping point, some economic subsectors expand at a rate that far outstrips the overall GDP growth rate.

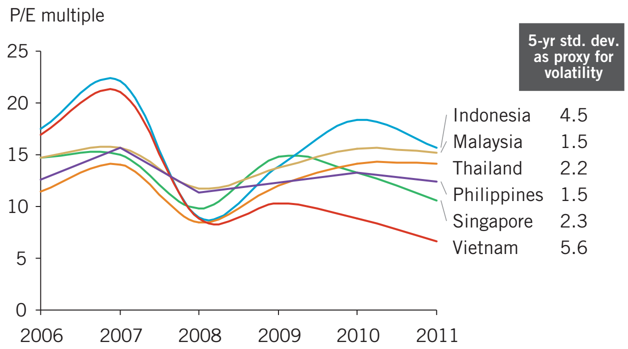
1.3 An Uneven Rise in Asset Prices

Even as Southeast Asia develops a stronger regional identity, wide country-by-country variations in deal opportunities, industry ownership, and economic structure remain. Likewise, asset prices vary significantly throughout the region (See Exhibit 3).

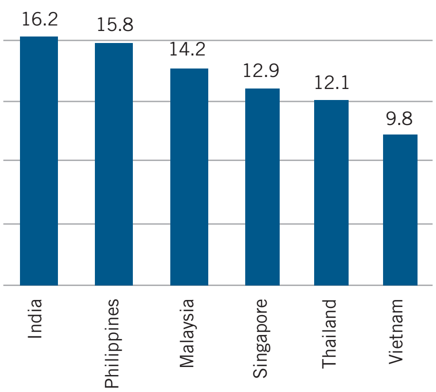
Although asset prices in the region may appear high, we believe that at least some businesses have the growth potential to justify these valuations. At prevailing prices, however, the corridor for success is narrower than in the past. It is more crucial than ever to pick businesses that can deliver on their promises, because economic growth alone will likely no longer assure a positive return. Successful dealmaking increasingly depends on execution before and after closing. Best management practices will separate the winners from the also-rans.

Exhibit 3: Deal multiples vary widely across the region

Median P/E multiple for public equities[1]



Median P/E multiples for preceded M&A transactions per country, 2006-2011

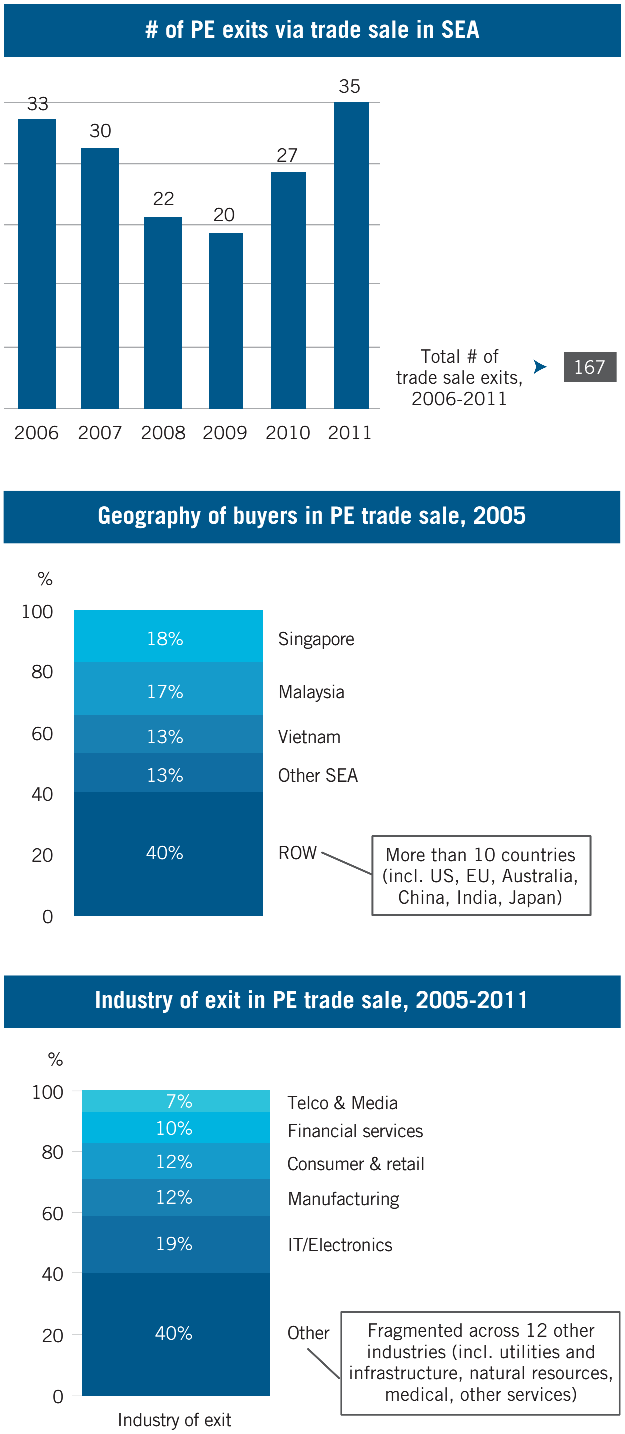


	India	Philippines	Malaysia	Singapore	Thailand	Vietnam
# of transactions registered	1389	547	3224	1692	1262	1072
# of transactions with reported P/E multiples[2]	216	84	212	176	224	229

1. Sample for each year consists of top-100 public companies by market capitalisation listed on main local stock exchange. For the same stock exchange, sample could be different per year since companies market cap changes affecting top-100 constituents.
2. Equivalent to sample size for median calculation.

Source: Bloomberg, Thomson OneBanker, BCG analysis

Exhibit 4: Trade sale exits are the most common PE exit avenue



Source: Asian Venture Capital Journal Database; BCG analysis

1.4 Where's the Exit?

PE firms contemplating investing in Southeast Asia invariably ask if there are proven paths to follow in order to exit.

The answer is a qualified yes, and the environment is improving as financial markets gain sophistication. PE investors have successfully exited deals in all countries and most sectors. Funds have realised their returns mainly through initial public offerings (IPOs) and trade sales, as secondary transactions are still relatively rare in Southeast Asia.

According to *Asia Venture Capital Journal*, there were 167 exits through trade sales and 78 IPOs in Southeast Asia, compared with only 16 secondary transactions in the region. 60 percent of trade sales occurred within the region. The remaining 40 percent was divided among acquirers in Europe, the U.S., Japan, China, India, and the United Arab Emirates (See Exhibit 4).

Some notable examples of trade-sale exits include TPG's sale of a stake in Parkway Holdings, a hospital operator, to Fortis Healthcare for $685 million in 2010; TPG's 2008 sale of a stake in BankThai to CIMB, a Malaysian bank, for $145 million; and VinaCapital's 2011 sale of a stake in Hanoi Liquor, a Vietnamese wine and spirits company, to Diageo for $52 million in 2011. In each case, the acquirer was a strategic investor.

All these transactions are evidence that most markets in the region have passed the exit test. Potential acquirers of well run Southeast Asian assets include not only local corporations and conglomerates but also global strategic investors.

IPOs, the other primary exit mechanism, have occured for the most part on local stock exchanges. PE investors completed 5 exit transactions in 2011, 14 in 2010, 12 in 2009, 15 in 2008, 14 in 2007 and 18 in 2006. Of course, IPO outcomes depend heavily on local capital-market conditions, and historically Southeast Asia's stock markets have shown resilience in the face of economic shocks.

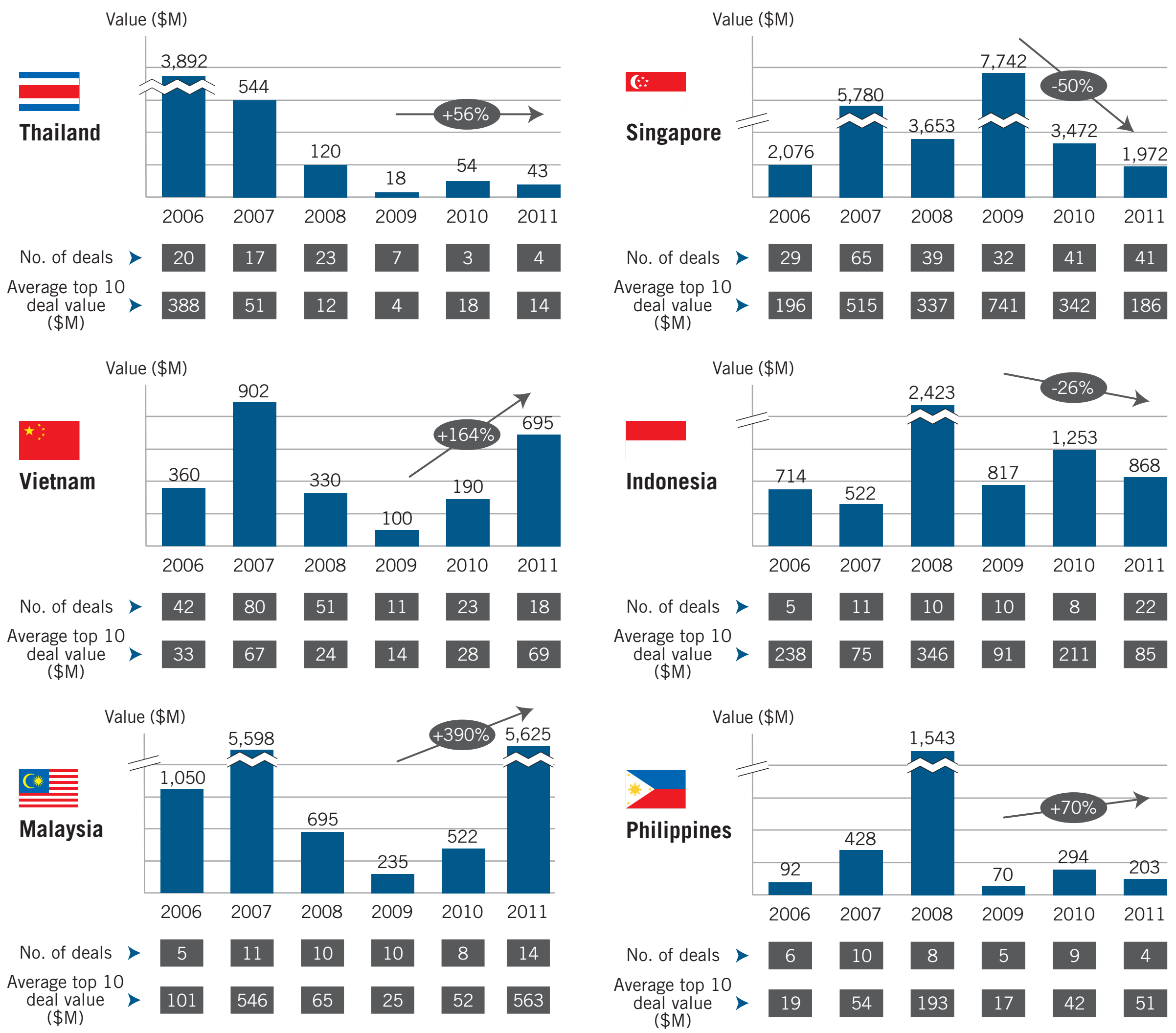
THE SOUTHEAST ASIA PRIVATE EQUITY OUTLOOK BY THE BOSTON CONSULTING GROUP

1.5 Dealmaking Hot Spots

From 2005 through 2010, Southeast Asia accounted for about 18 percent, by value, of PE deals in Asia. In 2010, the value of the region's deals was about one-fourth of China's and 30 percent of India's. Deal sizes and volumes vary significantly by country: Singapore has historically led in the number and size of deals, while Thailand and Vietnam have small and relatively underdeveloped PE markets. Indonesia has become extremely active in recent years. While Malaysia rebounded strongly in 2011, surpassing Singapore's lead by value (See Exhibit 5).

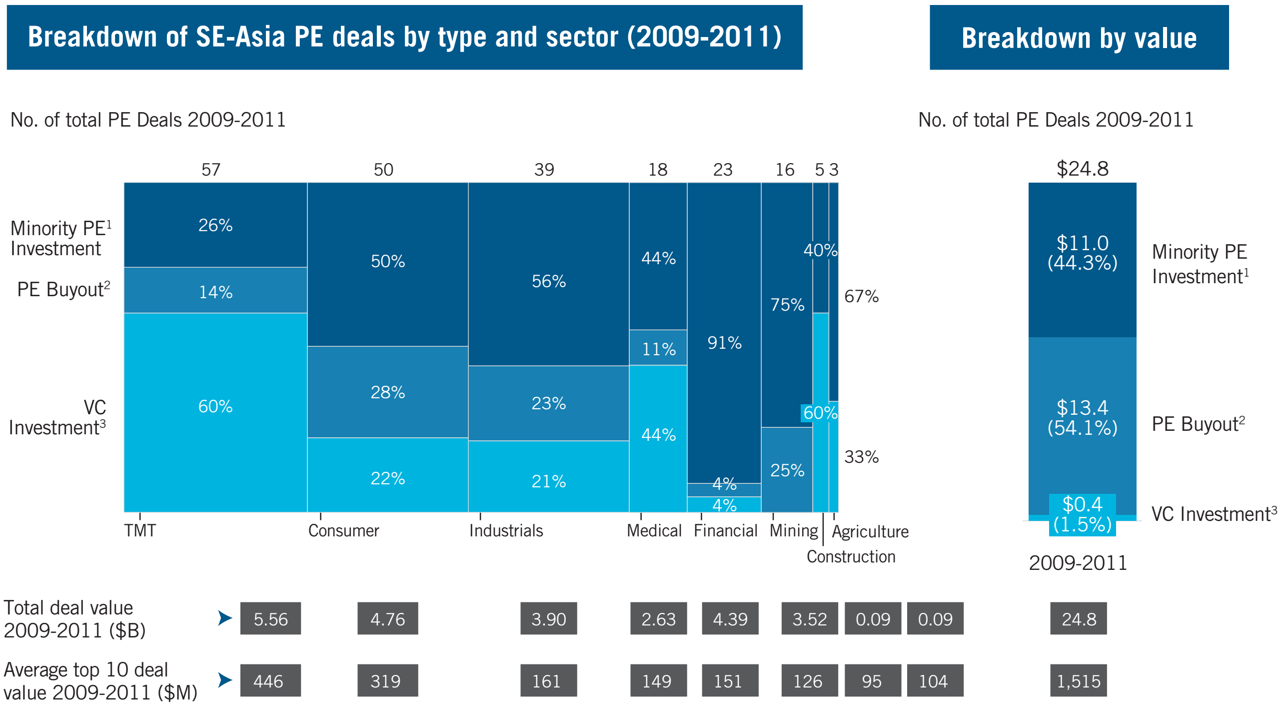
Most dealmaking has been confined to a handful of sectors. From 2009 through 2011, technology, media, and telecommunications made up the most active sector, with $5.5 billion in transactions; followed by consumer goods, with $4.8 billion; financial services, with $4.4 billion; industrials, with $3.9 billion; and other sectors (See Exhibit 6). PE buyouts accounted for 54 percent of total deal value; minority PE investments made up 44 percent. The remaining 2 percent were venture investments.

Exhibit 5: Deal sizes and volumes vary widely by country



Source: Asian Venture Capital Journal Database; BCG analysis

Exhibit 6: Deal volume is concentrated in a handful of sectors



Note:

1. PE investment shows buying a minority stake in a private company/business or public company.
2. PE Buyout indicates buying a majority stake/controlling stake of an entity; business units, divisions, product lines or other operations of another entity Minority.
3. VC investment refers to buying a minority stake in a venture company/business (technology, startup).

Source: Asian Venture Capital Journal Database; BCG analysis

2 A BUILDUP OF CAPITAL AND COMPETITION

Several prominent PE firms have already established a foothold in the region and have capital at the ready.

2.1 A Massive Capital Overhang

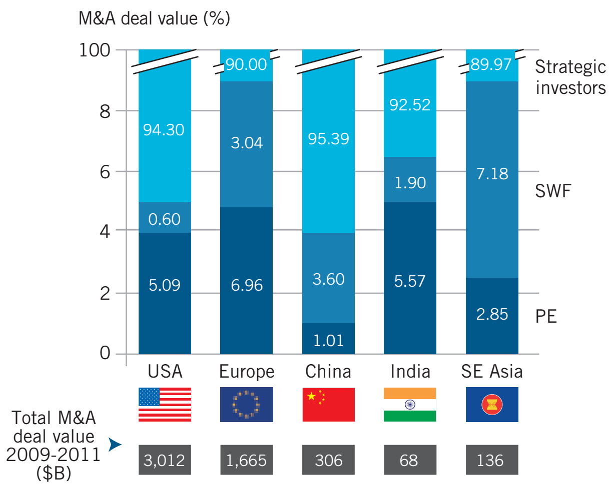
These firms and their rivals have committed considerable capital to the region in the past decade. From 2001 through 2011, the amount of documented capital under management in Southeast Asia has risen from $11.7 billion to $30.1 billion. Because the pace of dealmaking has not matched the growth in capital commitments, much of that capital remains uninvested.

Other PE-type funds, such as global funds as well as hedge funds and other less-documented capital sources, have also intensified their focus on Southeast Asia in recent years. Their increasing presence likely accounts for much of the decline in new PE capital dedicated to the region since 2007. Like PE investors, these other players have confined most of their dealmaking to a handful of economic subsectors, and as a result, asset prices have risen while return expectations have fallen.

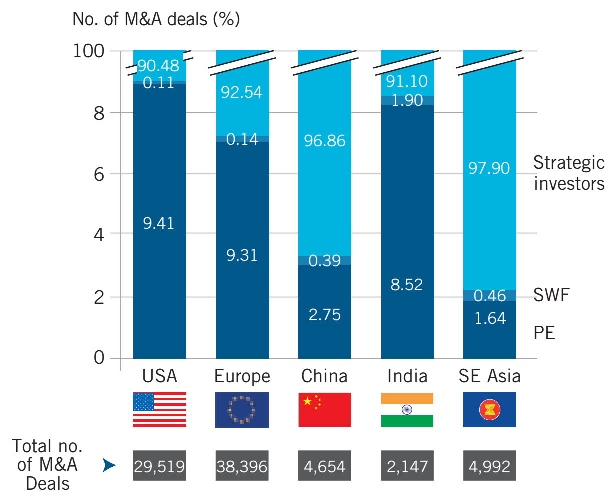
THE SOUTHEAST ASIA PRIVATE EQUITY OUTLOOK BY THE BOSTON CONSULTING GROUP

Exhibit 7: Competition comes from strategic investors and sovereign wealth funds

Breakdown of M&A value ($B) (2009-2011)



Breakdown of number of M&A transactions (2009-2011)



Note:

Analysis captures 3 years of transaction data starting from Jan 2009 – Dec 2011 for all disclosed transactions from ThomsonOne

1. SWF is defined as a government controlled investment fund that is funded from foreign reserves or commodities and participates in foreign investment activity with a long-term investment horizon according to ThomsonOne
2. PE defined as financial sponsors that engage in private equity or venture capital transactions using capital raised by investors according to ThomsonOne, which differs from Asian Venture Capital Journal's definition
3. Strategic investors refers to private companies that engage in M&A activities for strategic reasons according to ThomsonOne

Source: ThomsonOne M&A Database; BCG analysis

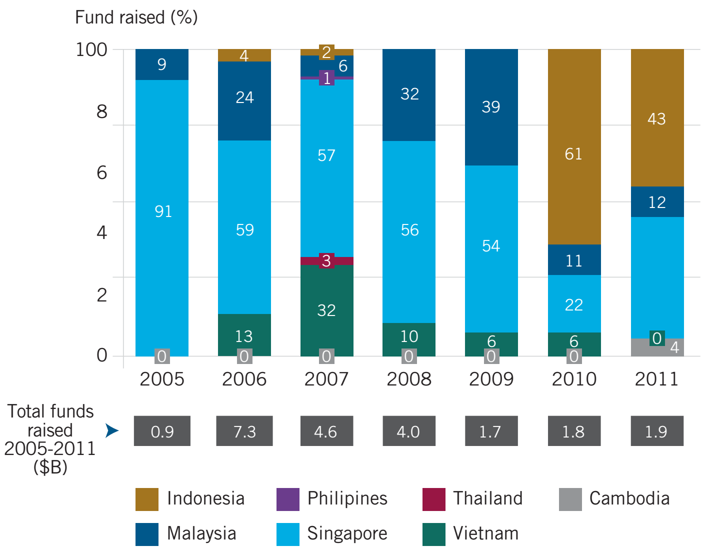
2.2 A Crowded Playing Field

One big difference between PE markets in this region and those in the West is the sizable and influential presence in Southeast Asia of state-owned PE funds and family groups (See Exhibit 7). Both represent serious competition. These funds enjoy several advantages, including deep knowledge of local markets and significant political influence.

Business groups represent another competitor to private equity. Quite aside from bringing significant synergies to the table, these groups frequently have considerable regulatory and governmental credibility that is advantageous in deal negotiations.

Exhibit 8: PE firms are busy raising funds for SEA

Breakdown of SE Asia focused closed funds (2005-2011)



Breakdown of closed funds by focus (2005-2011)

Source: Asian Venture Capital Journal Database; BCG analysis

Strategic investors are also major acquirers in Southeast Asia. The majority of these are local companies that have developed skillsets as serial acquirers. PE funds new to the region are adding to the competitive mix.

These funds typically set up local offices, as General Atlantic Partners, EQT, and Fortress have done in Singapore. TA Associates, meanwhile, opened a Hong Kong office with a regional mandate in 2011, and Warburg Pincus recently rededicated a professional to the region. Large firms are also upping the stakes, sometimes by innovative means. Most have set up funds expressly targeting Southeast Asia (See Exhibit 8).

3 FINDING TOMORROW'S OPPORTUNITIES TODAY

PE deals in Southeast Asia have usually followed a fairly simple growth investment thesis. PE acquirers have focused on food and beverage, durables, modern retail, transportation, and technology, media, and telecommunications in order to capture spending by the up-and-coming middle class, or on natural resources in order to capitalise on the commodities boom in local and global markets.

With so many investors following essentially the same thesis, competition for deals in those sectors is intense and prices are high. We believe that rather than run with the herd, PE investors should consider exploring less conventional approaches, such as the following:

- *Business Support Carve-Outs* – When PE funds focus on growth plays, they screen out potential carve-outs from large corporations, conglomerates, and family groups. Such carve-outs represent significant opportunity for those wishing to leverage Southeast Asia's labor costs. In particular, we see opportunities in carve-outs of back office operations, support functions, and business process outsourcing (BPO).

THE SOUTHEAST ASIA PRIVATE EQUITY OUTLOOK BY THE BOSTON CONSULTING GROUP

- *Roll-Ups and Buy-and-Build* – Many business sectors in Southeast Asia are relatively fragmented, offering PE investors a host of potentially suitable candidates for roll-ups, buy-and-build plays, or consolidation.
- *Participating in the Liberalisation of Tightly Controlled Sectors* – As income rises and economic growth roars ahead, governments are gradually easing control over service sectors while maintaining a firm grip on more strategic sectors such as defense and natural resources.
- *Investing in Infrastructure* – The breakneck growth of many Southeast Asian economic sectors has fueled strong demand for infrastructure assets. As automobile ownership becomes more widespread, many countries have launched massive projects to build toll roads. Likewise, the growth of export industries has sparked demand for new ports and transportation facilities.
- *Riding the Diversification of Manufacturing out of China* – As we have already said, Southeast Asia's labor costs are highly competitive, and it is possible today to produce labor-intensive goods more cheaply in Indonesia or Vietnam than in China. Changes in Western trade policies are likely to further enhance Southeast Asia's cost competitiveness.
- *Investing in High Tech and New Media* – To date, PE firms in Southeast Asia have paid relatively little attention to high tech and new media. Yet Southeast Asia collectively has 485 million mobile-phone subscribers and an estimated 43 million smartphone users, a number that is expected to grow to 71 million by 2015.
- *Buying Secondaries* – As the market matures, many PE firms are seeking to exit their existing holdings with increasing urgency. The market has started to see offering memos for existing PE holdings, and we foresee a rise in secondary deals in this region and around the globe.

The opportunities listed above are just a few of the investment theses that exist as alternatives. These are investment opportunities that we believe have been overlooked until now.

4 THE STRATEGIC ADVANTAGE OF LOCAL KNOWLEDGE

Dealmaking environment in Southeast Asia is markedly different from Western markets. The region’s unique social, political, and cultural characteristics shape the business climate. PE firms need to understand and adapt to each country's distinct idiosyncrasies and business customs.

- *Smaller Deals and More Minority Deals* – The deal market is still relatively small compared with Europe and the U.S., and cultural and political factors strongly influence deal structures.
- *Longer Lead Times for Deals* – As is typical of markets in the early stages of development, deals in Southeast Asia tend to be complex and have long lead times, raising aggregate transaction costs.
- *Wide Variations Between Countries* – Even though ASEAN is establishing a strong regional identity, each country retains its own unique character, customs, and culture.
- *Valuation Challenges* – Pricing acquisition targets is tricky and relies on accurate forecasts of long term growth. As less sophisticated participants crowd the market, valuations can become overstretched. In many cases, deals that succeed will be those based on investment insights that buck conventional wisdom.

It is easy to see why Southeast Asia, despite numerous risks and uncertainties, has become a magnet for investment. Rapid growth, political and economic liberalisation, and the emergence of a consuming middle class have proved to be an irresistable lure.

But the days of easy returns are long gone. So many firms, most pursuing similar investment thesis, have stampeded into the market that valuations and deal premiums have risen sharply and the corridor for success has narrowed. Success in this climate calls for deep local expertise and the boldness to venture beyond the conventional growth thesis and outside the sectors that have, until now, been the center of deal making activity.

ACKNOWLEDGEMENTS

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The authors are:

1. *Vikram Bhalla, a senior partner and managing director in the Mumbai office of The Boston Consulting Group and the leader of the private-equity practice in India;*
2. *Dinesh Khanna, a partner and managing director in BCG's Singapore office and the leader of the private-equity practice in the Asia-Pacific region;*
3. *Xinyi Wu, a partner and managing director in the firm's Beijing office and the leader of the private-equity practice in Greater China; and*
4. *Alex Dolya, a consultant in BCG's Singapore office.*

Ekuinas would also like to thank Ms Nor Azah Razali, Mr Zarif Munir and Mr Rizal Rickman Ramli, Partners and Managing Directors at BCG Malaysia office for facilitating the production of this article for inclusion in our 2012 annual report.

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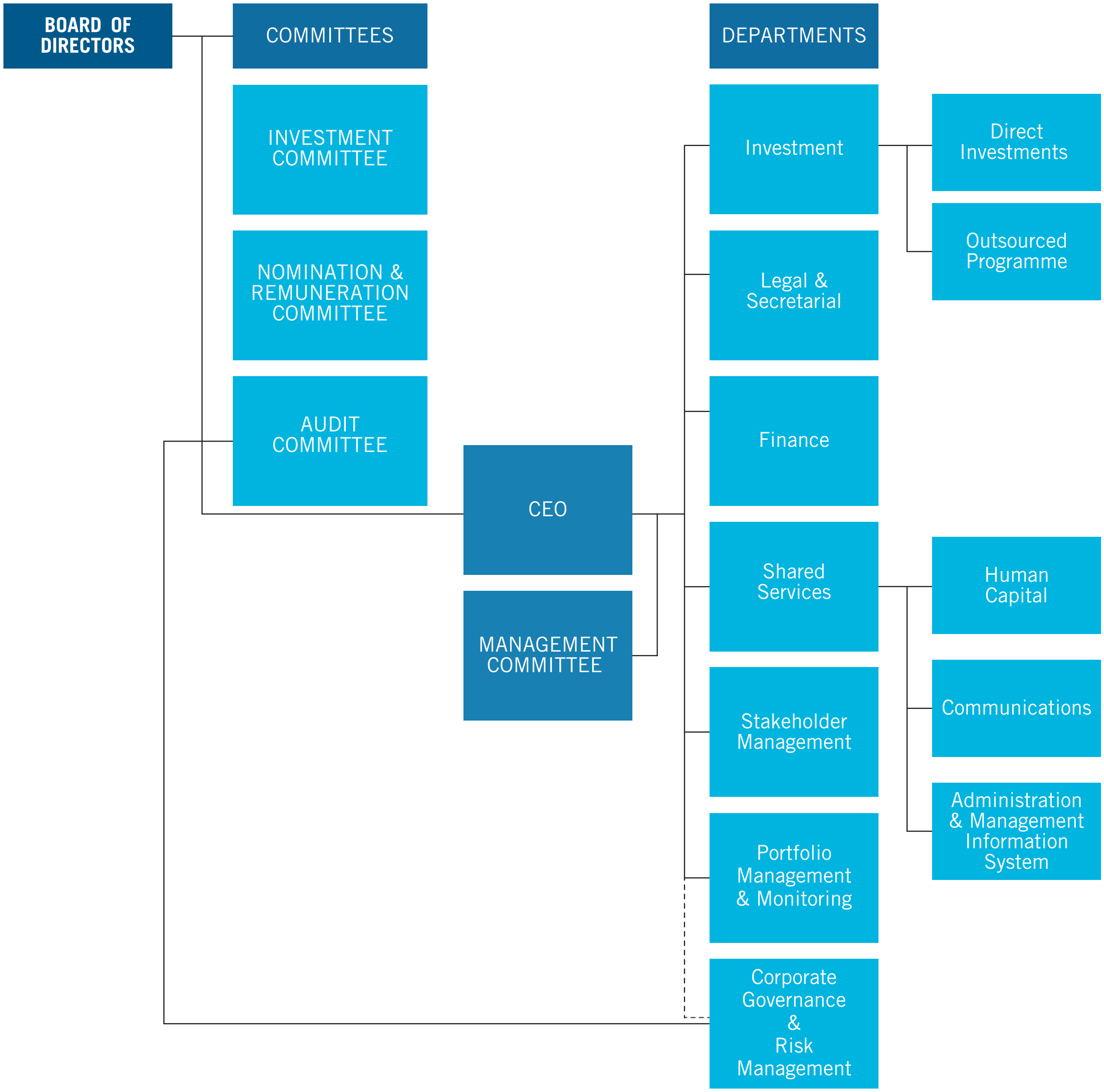
ORGANISATION STRUCTURE

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SILKY GIRL
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INTERNATIONAL UNIVERSITY


BURGER KING
Have it your way
IZARA AISHAH
BK BRAND AMBASSADOR

BOARD OF DIRECTORS

Seated:

- **Raja Tan Sri Dato' Seri Arshad Raja Tun Uda**
  Independent Non-Executive Chairman

Standing from left to right:

- **Dato' Abdul Rahman Ahmad**
  Director and Chief Executive Officer
- **Tan Sri Dato' Seri Mohamed Jawhar Hassan**
  Independent Non-Executive Director
- **Datuk Dr Rahamat Bivi Yusoff**
  Non-Executive Director
- **Tan Sri Mohamed Azman Yahya**
  Independent Non-Executive Director
- **Datuk Noriyah Ahmad**
  Non-Executive Director

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.

A Fellow at the Institute of Chartered Accountants in England and Wales (ICAEW), Raja Tan Sri 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.

Currently, Raja Tan Sri Arshad also holds the following positions: Chairman of Maxis Berhad, and Director of Khazanah Nasional Berhad and ACR Capital Holdings. 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 Tan Sri Arshad is also the Chancellor of Universiti Industri Selangor.

Raja Tan Sri 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 international roles included memberships of the PwC Global IFRS Board and the Standards Advisory Council of the International Accounting Standards Board.

Dato' Abdul Rahman Ahmad
Director and CEO

Dato' Abdul Rahman Ahmad is a Director and the Chief Executive Officer of Ekuiti Nasional Berhad (Ekuinas). He leads the Management Committee and is a member of the Investment Committee. He is also Ekuinas' nominee director for Konsortium Logistik Berhad.

Prior to joining Ekuinas, Dato' Abdul Rahman was the Group Managing Director/Chief Executive Officer of Media Prima Berhad (MPB), the leading integrated media investment group in Malaysia. He also held the post of Group Managing Director/Chief Executive Officer of Malaysian Resources Corporation Berhad (MRCB), a leading Malaysian conglomerate involved in property, construction and infrastructure.

Dato' Abdul Rahman began his career at Arthur Andersen, London, and later served as Special Assistant to the Executive Chairman of Trenergy (M) Berhad/Turnaround Managers Inc Sdn Bhd. He subsequently joined Pengurusan Danaharta Nasional Berhad, the country's national asset management company as Unit Head and later went on to become Executive Director of SSR Associates Sdn Bhd.

Dato' Abdul Rahman holds an MA in Economics from Cambridge University, United Kingdom and is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He is currently also an Independent Director of Malaysian Resources Corporation Berhad (MRCB), Axiata Group Berhad (Axiata) and M+S Pte Ltd, a joint venture property company of Khazanah Nasional Berhad and Temasek Holdings (Private) Limited.

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 Committee.

Presently, he is the Non-Executive Chairman of New Straits Times Press Berhad and also an Independent Non-Executive Director of Media Prima Berhad. He also sits on the Board of Affin Bank Berhad and is a Commission member of the Securities Commission Malaysia.

Tan Sri Dato' Seri Mohamed Jawhar is the Chairman 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; thereafter he assumed the posts of Director General, and Chief Executive Officer.

Tan Sri Dato' Seri Mohamed Jawhar is also Member, Economic Council Working Group and Member, Advisory Panel, Malaysian Anti-Corruption Commission. He is Chairman, Malaysian National Committee of the Council for Security Cooperation in the Asia Pacific and an Expert and Eminent Person of the ASEAN Regional Forum (ARF).

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 founder and Group Chief Executive of Symphony House Berhad, a listed outsourcing group and the Executive Chairman of Bolton Berhad, a listed property group. He also sits on the board of Khazanah Nasional Berhad and several of its investee companies. Tan Sri Azman serves as a member of the Malaysian Financial Reporting Foundation (FRF) and is a director 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 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

Datuk Dr Rahamat Bivi Yusoff
Non-Executive Director

Datuk 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).

Datuk 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.

Datuk Dr Rahamat is also the Chairman of Unit Peneraju Agenda Bumiputera (TERAJU) Board of Trustees; member of the Boards of Directors for Malaysia Thailand Joint Authority (MTJA), Federal Land Development Authority (FELDA), Johor Corporation, Malaysia Deposit Insurance Corporation (PIDM), a co-opted member of the Special Taskforce to Facilitate Business (PEMUDAH) and council member of Iskandar Regional Development Authority (IRDA) and National Council for Higher Education (MTPN).

Datuk 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.

Datuk Noriyah Ahmad
Non-Executive Director

Datuk Noriyah Ahmad is a Non-Executive Director of Ekuiti Nasional Berhad (Ekuinas) and a member of the Audit Committee.

Datuk Noriyah was formerly the Director-General of the Economic Planning Unit, Prime Minister's Department of Malaysia (EPU), the last position she held after more than thirty years working in the Malaysian Civil Service.

Datuk Noriyah began her career in government as Assistant Director, Social Services Section, EPU before holding various positions in the Ministry of Federal Territory, Klang Valley Planning Unit, INTAN, Ministry of Domestic Trade and Consumer Affairs and Ministry of Energy, Communications and Multimedia. In 2003, she served in EPU as Director, Distribution Section and promoted to Deputy Director General I in 2005. Datuk Noriyah was appointed as the Director General in 2009, before retiring in October 2011.

Datuk Noriyah holds a Bachelor's degree in Applied Economics (Honours) from Universiti Malaya and obtained her Master's degree in Development Economics from the University of Kent, United Kingdom.

She is currently the Co-Chairperson of the Malaysia-Thailand Joint Authority and also a Board member of Malaysian Investment Development Authority (MIDA).

SENIOR MANAGEMENT

Seated:

- **Abdul Rahman Ahmad**
  Chief Executive Officer

Standing from left to right:

- **Nik Johaan Nik Hashim**
  Senior Director, Investment/Stakeholder Management
- **Syed Yasir Arafat Syed Abd Kadir**
  Managing Partner, Investment
- **Suridah Jalaluddin**
  Senior Director, Investment/Shared Services
- **Mazhairul Jamaludin**
  Chief Financial Officer and Senior Director, Investment/Outsourcing
- **Amil Izham Hamzah**
  Senior Director, Investment

SYED YASIR ARAFAT SYED ABD KADIR

Managing Partner, Investment

Syed Yasir Arafat is the Managing Partner, Investment, at Ekuinas and a member of the Investment Committee and Management Committee. Syed Yasir Arafat currently oversees the Investment Team at Ekuinas and leads the Company's portfolio investments in the oil & gas (O&G) and services sectors. He is also Ekuinas' nominee director at CIMB National Equity Fund Ltd. P.

He was previously the Country Manager (ING Wholesale Banking) at ING Corporate Advisory (Malaysia) Sdn Bhd, 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.

MAZHAIRUL JAMALUDIN

Chief Financial Officer and Senior Director, Investment/Outsourcing

Mazhairul Jamaludin is the Chief Financial Officer (CFO) and Senior Director, Investment/Outsourcing of Ekuinas, as well as a member of the Investment Committee and Management Committee. Mazhairul heads Ekuinas' Outsourced Programme and is one of the Senior Directors in charge of Ekuinas' education portfolio. As CFO, Mazhairul is also primarily responsible for financial management, portfolio reporting and treasury. He is also Ekuinas' nominee director at CIMB National Equity Fund Ltd. P.

Mazhairul was previously the Financial Controller and Senior Vice President, Commercial Services, MultiChannel TV, at ASTRO, Malaysia's leading 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 a member of the Malaysian Institute of Accountants (MIA).

SENIOR MANAGEMENT

NIK JOHAAN NIK HASHIM

Senior Director, Investment/Stakeholder Management

Nik Johaan Nik Hashim is Senior Director, Investment/Stakeholder Management at Ekuinas and a member of the Investment Committee and Management Committee. Nik Johaan is one of the Senior Directors jointly in charge of Ekuinas' food & beverage (F&B) and services investments. He also leads the Stakeholder Management function in Ekuinas. He is Ekuinas' nominee director in Konsortium Logistik Berhad, a leading integrated logistics service provider which is also one of Ekuinas' portfolio companies.

Prior to joining Ekuinas, Nik Johaan was at CIMB Investment Bank and has over 18 years' banking experience primarily in Investment Banking 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.

AMIL IZHAM HAMZAH

Senior Director, Investment

Amil Izham is Senior Director, Investment at Ekuinas and a member of the Investment Committee and Management Committee. Amil is one of the Senior Directors jointly in charge of Ekuinas' education and food & beverage (F&B) portfolios, and is the Company's nominee director in CIMB National Equity Fund Ltd. P.

Amil Izham was formerly the Group Chief Financial Officer of Media Prima Berhad (MPB) responsible for financial reporting, treasury, debt restructuring, mergers and acquisitions, and investor relations. Prior to that, Amil was previously attached to PricewaterhouseCoopers, Kuala Lumpur; Petronas and Deloitte Touche Tohmatsu in Perth, Australia.

Amil Izham is a member of the Institute of Chartered Accountants in Australia (ICAA) and holds a Bachelor of Commerce (Accounting) degree from the University of New South Wales, Sydney, Australia, and an MBA in International Marketing from Berne University of Applied Sciences, Switzerland.

SURIDAH JALALUDDIN

Senior Director, Investment/Shared Services

Suridah Jalaluddin is Senior Director, Investment/Shared Services at Ekuinas and is currently the alternate director to Dato' Abdul Rahman Ahmad on the board of portfolio company Alliance Cosmetics Group. Suridah oversees all shared services functions covering the areas of human capital, administration, management of information systems (MIS), communications and corporate social responsibility (CSR).

Suridah was formerly the CEO of NTV7, a popular urban television station of Media Prima Berhad, following the sale of her own media company Big Tree Outdoor Sdn Bhd to the former. She established Big Tree in 1994 to focus on expressway, transit and retail outdoor advertising and nurtured the company until it became the country's largest outdoor advertising outfit.

Her earlier work experience spans various positions in the world of media, advertising and communications, both in Malaysia and the United Kingdom.

OTHER MANAGEMENT

Seated from left to right:

- **Roselinda Hashim**
  Chief Legal Counsel and Director, Investment
- **Zaleha Abdul Hamid**
  Director,
  Portfolio Management and Monitoring – Finance

Standing from left to right:

- **Norhafizah Md Shariff**
  Financial Controller/Associate Director, Outsourcing
- **Sharifah Noralina Syed Yassin**
  Director, Portfolio
  Management and Monitoring – Human Resource
- **Noramly Bachok**
  Head,
  Corporate Governance & Risk Management

INVESTMENT TEAM

Seated from left to right:

Associate Director, Direct Investments
- **Mohd Zarihi Mohd Hashim**

Financial Controller/Associate Director, Outsourcing
- **Norhafizah Md Shariff**

Standing from left to right:

Other Investment Professionals
- **Wafiy Abdul Aziz**
- **Salahuddin Khairuddin**
- **Wong Pai Sent**
- **Azril Rashid Abdul Rashid**
- **Mohd Afiq Mohd Fozi**
- **Haslina Ali**

Seated from left to right:

Associate Directors, Direct Investments

- **Rizal Mohd Zin**
- **Mohd Irwan Ahmad Mustafa @ Mustafa**

Standing from left to right:

Other Investment Professionals

- **Mohamed Omar Fateh Mohamed**
- **Tengku Mohamed Hafiz Safiyuddeen**
- **Ziad Hafiz Abd Razak**
- **Nadia Madyna Abdul Hamidy**
- **Teo Wei Min**

Creating value


OMNI STELLA

INVESTMENT PERFORMANCE REVIEW

A. DIRECT INVESTMENTS – OVERALL REVIEW

1. Fund Overview

Pursuant to the full deployment of Ekuinas Direct (Tranche I) Fund, the Ekuinas Direct (Tranche II) Fund was launched in October 2012 with a total committed capital of RM1.0 billion.

Fund Name	Ekuinas Direct (Tranche I) Fund	Ekuinas Direct (Tranche II) Fund
Vintage Year	2010	2012
Status	Fully deployed	Investing
Capital Committed	RM1.0 billion	RM1.0 billion
Term	5 + 2 years	
Investment Period	3 to 5 years	
Legal Form & Structure	One Fund Manager and One Investor	
Investment Focus	Malaysia	
Investment Focus by Stage	Buy-Out and Growth Capital Fund	
Investment Focus by Industry	Education, Oil & Gas, Fast Moving Consumer Goods (FMCG), Retail & Leisure, Healthcare and Services	

2. Investment Activities

Four direct investments amounting to RM520.7 million were undertaken during the financial year ended 31 December 2012 (FY2012), bringing total committed investment by Ekuinas to RM1.4 billion. These involved investments in UNITAR International University, one of the earliest private universities in Malaysia, two offshore support vessel companies, Tanjung Kapal Services Sdn Bhd and OMNI Petromaritime Sdn Bhd, which were later merged into Icon Offshore Berhad, and Burger King Singapore Pte Ltd, the franchise owner for Burger King in Singapore.

Through these investments, the Direct Investment Funds have facilitated an economic capital deployment to date amounting to RM1.5 billion, positively impacting the Malaysian economy.

Exhibit 1: Direct investment activities for 2012

Name	Sector	Stake %	Committed Investment RM million	Committed Investment by Others RM million	Total Economic Capital Deployed RM million
Ekuinas 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 Cosmo Restaurants Sdn Bhd (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
Historical Portfolio Brought Forward (A)			**891.5**	**119.6**	**1,011.1**
Investments for the year 2012					
Ekuinas Direct (Tranche I) Fund					
9 UNITAR International University (UNITAR)	Education	90.0%	58.5	2.5	61.0
10 Icon Offshore Berhad (Icon Offshore)	Oil & Gas	88.1%*	308.1	–	308.1
Total Investment Undertaken for Tranche I (B)			**366.6**	**2.5**	**369.1**
Ekuinas Direct (Tranche II) Fund					
1 Burger King Singapore (BKS)	Retail – F&B	100.0%	78.2	–	78.2
2 Icon Offshore Berhad (Icon Offshore)	Oil & Gas	88.1%*	75.9	–	75.9
Total Investment Undertaken for Tranche II (C)			**154.1**	**–**	**154.1**
Total for the year (D) = (B) + (C)			**520.7**	**2.5**	**523.2**
Cumulative Total (E) = (A) + (D)			**1,412.2**	**122.1**	**1,534.3**

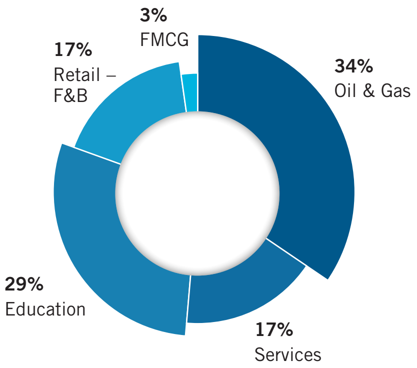
**Ekuinas' stake on collective basis*

The committed investments undertaken up to end of FY2012 had the following characteristics:

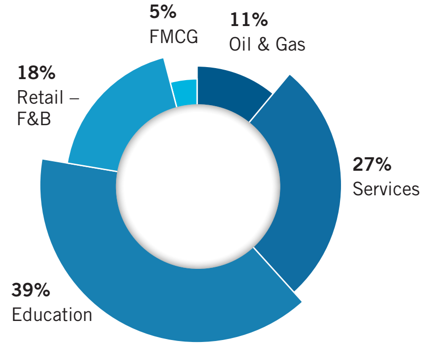
- Overall to-date, Ekuinas has invested in five (5) out of six (6) core sectors identified, namely Fast Moving Consumer Goods (FMCG), Education, Oil & Gas, Services and Retail & Leisure.
- The bulk of the investments made are in the Oil & Gas (O&G) industry in particular the Offshore Support Vessel (OSV) sector through Icon Offshore Berhad, Education through three leading education groups namely, APIIT Education Group, Cosmopoint Group and UNITAR International University, and Retail & Leisure namely the F&B sector through investments in leading brands such as BURGER KING®, San Francisco Coffee, Manhattan Fish Market, Tony Roma's and Popeyes Singapore.

INVESTMENT PERFORMANCE REVIEW

- These three core sectors now represent more than 80% (2011:68%) of the total investments undertaken.

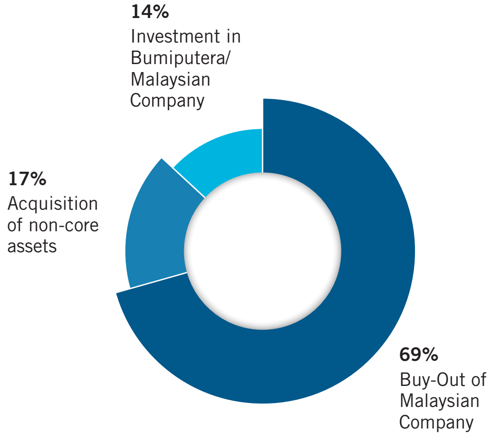


By Sector 2012

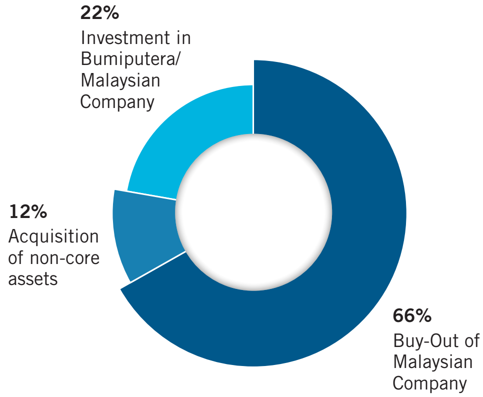


By Sector 2011

- The investments made fall under all three (3) categories of investments that have been identified by Ekuinas, namely growth capital investment in high potential Bumiputera/Malaysian companies to help accelerate growth, buy-out of Malaysian companies and acquisition of non-core assets from GLCs, PLCs, MNCs or Trust Funds.

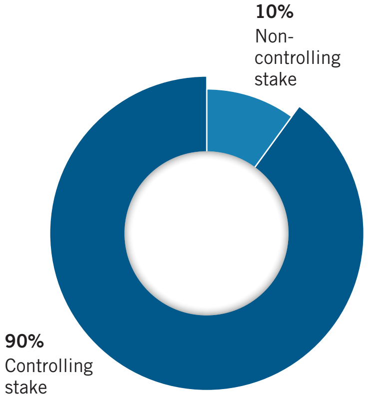


By Category 2012

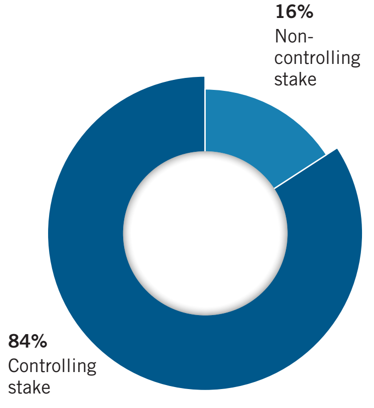


By Category 2011

- The investments undertaken to-date is skewed towards buy-outs where Ekuinas acquired controlling stakes in companies and back capable and experienced entrepreneurs and professional managers as they sought necessary support to transform their businesses. This is also to help facilitate consolidation between complementary portfolio companies as part of Ekuinas' strategy to create transformative investments.

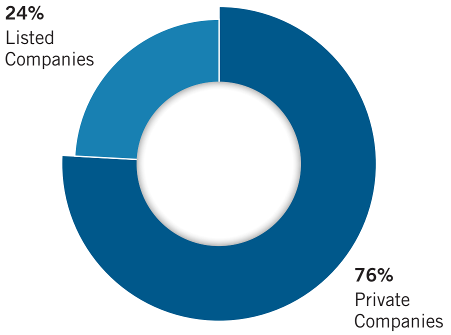


Control vs Growth Capital Deals 2012

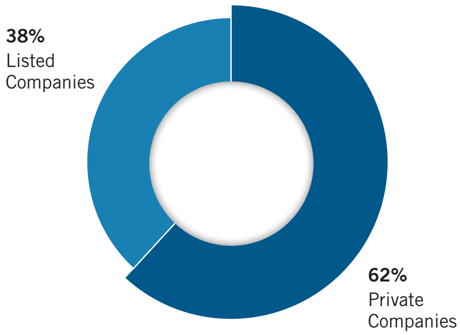


Control vs Growth Capital Deals 2011

- All four (4) investments for the year were in private companies. This increased the ratio of investments in private companies to 76% of the total portfolio, with the balance being in listed companies.



Listed Companies vs Private Companies 2012

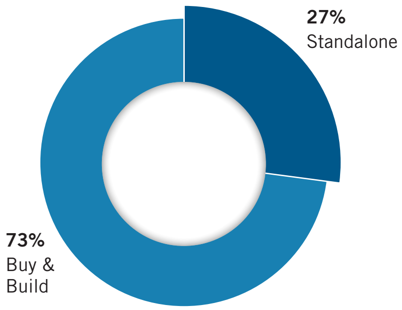


Listed Companies vs Private Companies 2011

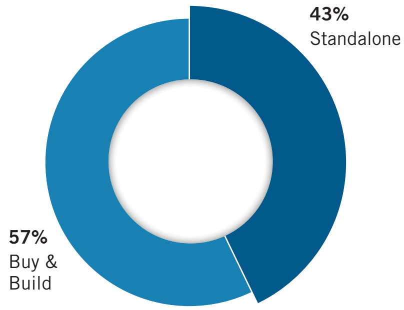
INVESTMENT PERFORMANCE REVIEW

- The committed investments undertaken to date are more focused towards what private equity terms as "Buy and Build" strategy where Ekuinas identified complementary companies that can be suitably consolidated under one larger group with the potential of being market leading companies of the future.

  To date, more than 73% (2011: 57%) of the total portfolio is represented by investments pursued under this strategy.



Standalone vs Buy & Build 2012



Standalone vs Buy & Build 2011

3. Divestment Activity

As part of a strategy to restructure its O&G portfolio, Ekuinas undertook its first divestment with the sale of its minority stake in Tanjung Offshore Berhad (TOB) through a market share placement undertaken by a leading investment bank mandated by the Company.

Pursuant to the placement exercise and dividends already received from TOB, Ekuinas generated total cumulative proceeds of RM62.0 million from its investment in TOB, out of which RM42.5 million was then reinvested as additional investment in Tanjung Kapal Services Sdn Bhd (TKS), an Offshore Support Vessel (OSV) company which was de-merged from TOB as part of a comprehensive group restructuring exercise to streamline operations, improve focus and help create sustainable shareholder value.

This reinvestment enabled Ekuinas to have an increased stake in TKS, which was later merged with another portfolio OSV company, OMNI Petromaritime Sdn Bhd, to create Icon Offshore Berhad, the third largest OSV company in Malaysia.

Whilst Ekuinas recorded an overall loss from the TOB investment, this divestment has enabled Ekuinas to fully focus on the OSV market which is expected to grow significantly in the near future, fuelled by the increase in domestic and regional exploration activities.

Further, Ekuinas is pleased to have exited TOB after assisting it to complete its restructuring exercise and leaving it with the necessary capital and resources to take advantage of its own opportunities within the oil and gas sector.

Exhibit 2: Divestment activity for 2012

Company	Year of Investment	Stake	Committed Investment RM million	Total Realisation RM million	Gross IRR %
Tanjung Offshore Berhad (TOB)	2010	24.0%	99.8	62.0	-19.2%

4. Portfolio Companies' Performance

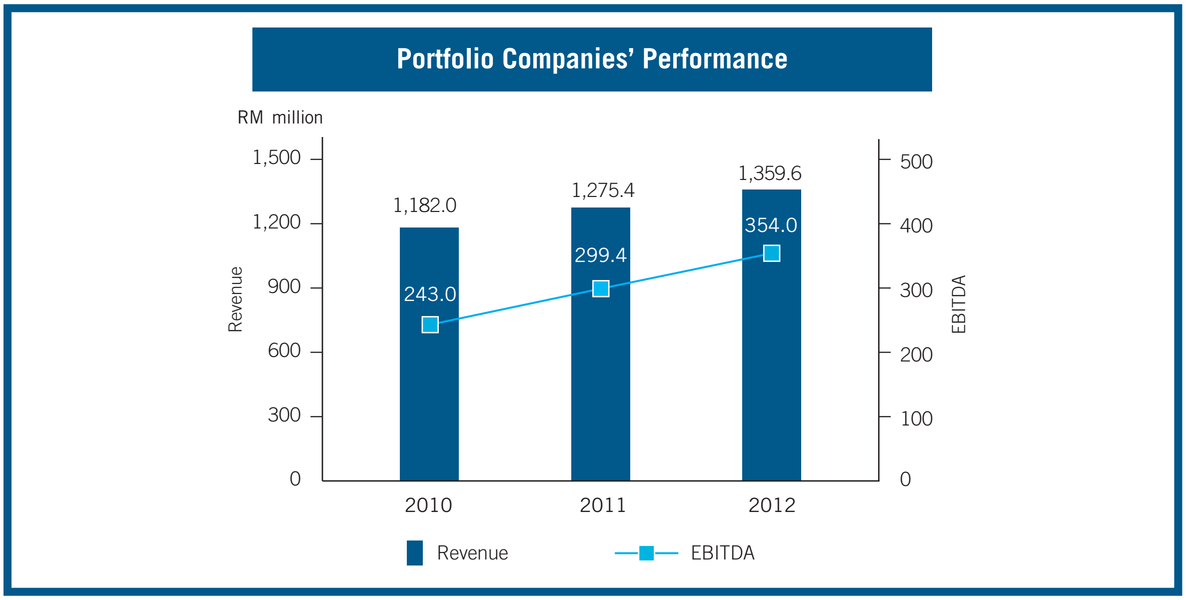
On a combined portfolio basis, Ekuinas' portfolio companies recorded a collective revenue growth of 7% to reach RM1.4 billion and with earnings before interest, tax, depreciation and amortisation (EBITDA) growing strongly by 18% to RM354.0 million. This is driven mainly by the strong sales growth recorded by the F&B and O&G portfolio companies.

Exhibit 3: Portfolio Companies' Performance – Combined Revenue and EBITDA

	Combined Revenue			Combined EBITDA[1]		
	2012 RM million	2011 RM million	Growth %	2012 RM million	2011 RM million	Growth %
Combined Portfolio Companies	1,359.6	1,275.4	6.6%	354.0	299.4	18.2%

[1] *EBITDA figures exclude any non-recurring and exceptional items*

Exhibit 4: Portfolio Companies' Performance – Combined Revenue and EBITDA



INVESTMENT PERFORMANCE REVIEW

B. EKUINAS DIRECT (TRANCHE I) FUND

Fund Net Assets Value (NAV) as at 31 December 2012

	2011 RM million	Movement in 2012 RM million	2012 RM million
Capital Invested [2]	**571.1**	**659.1**	**1,230.2**
Plus Net Increase to Net Assets Value			
Dividend Income	96.6	27.0	123.6
Net Unrealised Gain on Fair Value of Investments	82.9	210.3	293.2
Realised Loss on Divestment	–	(37.8)	(37.8)
Interest Expenses	(5.4)	(5.0)	(10.4)
Total Gross Portfolio Return	**174.1**	**194.5**	**368.6**
Total Operating Expenditure	(72.9)	(58.5)	(131.4)
Net Increase in Net Assets Value	**101.2**	**136.0**	**237.2**
Net Assets Value	**672.3**	**795.1**	**1,467.4**
Net Assets Value made up of:			
Investments – At Cost	565.9	577.4	1,143.3
Net Unrealised Gain on Fair Value of Investments	82.9	210.3	293.2
Investments carried at Fair Value	**648.8**	**787.7**	**1,436.5**
Plus: Working Capital	23.5	7.4	30.9
Equals Net Assets Value	**672.3**	**795.1**	**1,467.4**
Gross IRR	**35.1%**		**27.5%**
Net IRR (before carried interest)	**23.2%**		**20.6%**

[2] *Amount drawndown for completed investments, management fees and other operating expenses*

During the financial year under review, a total capital amount of RM659.1 million was called for investments mainly in UNITAR International University, Tanjung Kapal Services Sdn Bhd and Omni Petromaritime Sdn Bhd, and for management expenses, bringing total cumulative capital called to RM1.2 billion as at end of financial year. The Fund also had its first divestment with the sale of Tanjung Offshore Berhad as part of its portfolio restructuring strategy to fully focus on the OSV sector. Despite the loss recorded, the Fund continued to deliver strong returns during the year with gross portfolio return of RM368.6 million, out of which RM123.6 million or 33.5% is already realised through dividend income.

This translates to a commendable gross annualised IRR of 27.5% and a net IRR of 20.6%, after deducting management fees payable to Ekuinas.

Accordingly, the Fund's net assets value as at year end doubled from RM672.3 million recorded in 2011 to RM1.5 billion. This includes total completed investments, the original cost of which amounted to RM1.1 billion, being carried at a collective fair value of RM1.4 billion, reflecting the enhanced value of the investments made after taking into account the estimated current market value of these assets.

Exhibit 5: Direct (Tranche I) Fund Portfolio Performance as at 31 December 2012

Company	Date of Investment	Stake %	Cost of Investment[3] RM million
Investments:			
ACG	04-Jan-10	20.0	39.9
KLB	18-Oct-10	61.6	241.0
APIIT	18-Feb-11	51.0	102.0
SF	12-Sep-11	90.0	15.0
BKM	15-Sep-11	74.1	68.2
RV	15-Mar-12	85.8	64.6
Cosmopoint	02-Apr-12	90.0	246.0
UNITAR	21-May-12	90.0	58.5
Icon Offshore	19-Nov-12	70.7	308.1
			1,143.3
Divestment:			
TOB	26-Jul-10	24.0	99.8

<table>
<tr><th>Gross Portfolio Return RM milllion</th><th>Total Portfolio Value RM million</th><th>IRR %</th></tr>
<tr><td>Realised income 123.6</td><td rowspan="5">1,511.9</td><td rowspan="2">Gross IRR 27.5%</td></tr>
<tr><td>Increase in fair value 293.2</td></tr>
<tr><td>Loss on divestment (37.8)</td><td rowspan="3">Net IRR 20.6%</td></tr>
<tr><td>Expenses (10.4)</td></tr>
<tr><td>368.6</td></tr>
</table>

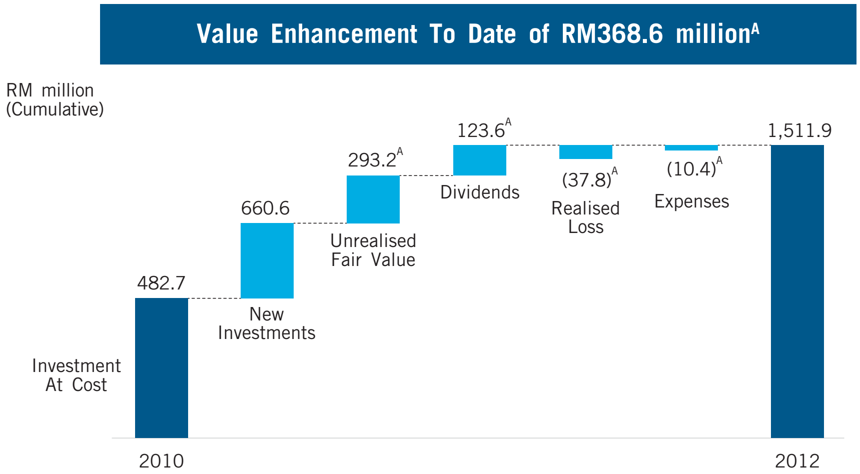
3 *Cost of investment represents amount of committed investment utilised, less any divestment*

On a total cumulative basis, the Fund has recorded a value enhancement of RM368.6 million since inception. This is predominantly driven by an increase in unrealised fair value of investments of RM293.2 million, realised income from dividends of RM123.6 million less realised loss on divestment and fund expenses incurred.

The significant increase in fair value of portfolio investments can be further attributed to market multiple expansions and increase in operational profits generated by the portfolio companies since acquisition, driven by the successful execution of the value creation plans implemented.

INVESTMENT PERFORMANCE REVIEW

Exhibit 6: Ekuinas Direct (Tranche I) Fund Accumulated Portfolio Value[4] Enhancement

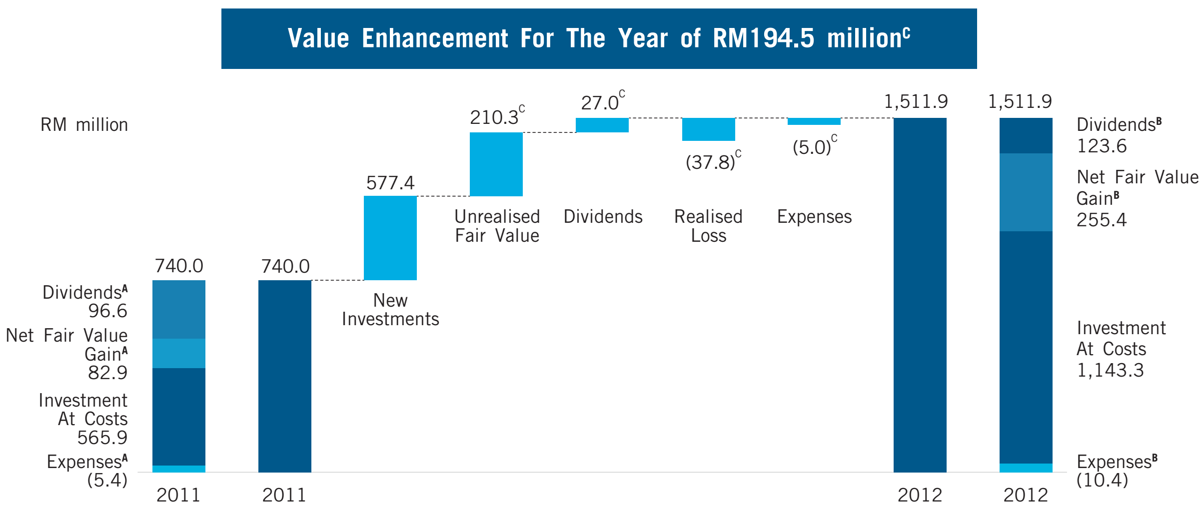


[A] These numbers combined make up to cumulative Gross Portfolio Return for 2012 of RM368.6 million

In terms of the composition profile for FY2012, the growth in portfolio value for the year of RM771.9 million to RM1.5 billion has been primarily driven by new investments of RM577.4 million, and the gross portfolio return achieved of RM194.5 million.

The value enhancement achieved is further attributable to an increase in the unrealised fair value of investments of RM210.3 million and realised income of RM27.0 million from dividends which were then partially offset by the loss recorded on divestment and fund expenses incurred.

Exhibit 7: Ekuinas Direct (Tranche I) Fund Portfolio Value[4] Movement as at 31 December 2012



[A] These numbers combined make up to cumulative Gross Portfolio Return for 2011 of RM174.1 million

[B] These numbers combined make up to cumulative Gross Portfolio Return for 2012 of RM368.6 million

[C] These numbers combined make up to value enhancement for the year of RM194.5 million

[4] *Portfolio value is derived based on completed investments at cost plus the Gross Portfolio Return*

C. EKUINAS DIRECT (TRANCHE II) FUND

Fund Net Assets Value (NAV) as at 31 December 2012

	2012 RM million
Capital Invested[5]	**90.0**
Plus Net Increase to Net Assets Value	
Net Unrealised Gain on Fair Value of Investments	22.5
Interest Income	4.5
Total Gross Portfolio Return	**27.0**
Total Operating Expenditure	(10.2)
Net Increase in Net Assets Value	**16.8**
Net Assets Value	**106.8**
Net Assets Value made up of:	
Investments – At Cost	88.4
Net Unrealised Gain on Fair Value of Investments	22.5
Investments carried at Fair Value	**110.9**
Plus: Working Capital	(4.1)
Equals Net Assets Value	**106.8**
Gross IRR	**95.8%**
Net IRR (before carried interest)	**83.1%**

[5] *Amount drawndown for completed investments, management fees and other operating expenses*

The Fund had a strong start following its launch during the year, with two investments made amounting to RM88.4 million in Burger King Singapore Pte Ltd (BKS) and Icon Offshore Berhad (Icon Offshore). For the year ended 2012, the Fund successfully achieved gross portfolio return of RM27.0 million, which translates to a gross annualised IRR of 95.8%. After netting off management fees payable to Ekuinas, the Fund delivered a commendable annualised net IRR of 83.1%.

However, the Fund is still at its early stage and the first year returns are skewed by the short time period.

INVESTMENT PERFORMANCE REVIEW

Exhibit 8: Direct (Tranche II) Fund Portfolio Performance as at 31 December 2012

<table>
<tr><th>Company</th><th>Date of Investment</th><th>Stake %</th><th>Cost of Investment[6] RM million</th><th>Gross Portfolio Return RM milllion</th><th>Total Portfolio Value RM million</th><th>IRR %</th></tr>
<tr><td>Investments:</td><td></td><td></td><td></td><td rowspan="3">Increased in Fair Value 22.5</td><td rowspan="5">115.4</td><td rowspan="3">Gross IRR 95.8%</td></tr>
<tr><td>BKS</td><td>12-Sep-12</td><td>100.0</td><td>12.5</td></tr>
<tr><td>Icon Offshore</td><td>19-Nov-12</td><td>17.4</td><td>75.9</td></tr>
<tr><td>Total</td><td></td><td></td><td>88.4</td><td>Interest Income 4.5</td><td rowspan="2">Net IRR 83.1%</td></tr>
<tr><td></td><td></td><td></td><td></td><td>27.0</td></tr>
</table>

6 *Cost of investment represents amount of committed investment utilised, less any divestment*

D. OUTSOURCED PROGRAMME

1. Fund Overview

Tranche I of the Outsourced Programme had a challenging year in 2012 with one fund, MK-One Fund (Labuan) Limited terminated due to internal restructuring within Kuwait Finance House (Labuan) Berhad (KFH), the outsourced fund manager. Part of the amount originally allocated to KFH has been re-allocated to up-size Navis Malaysia Growth Opportunities Fund I, L.P. with the balance earmarked for another replacement private equity fund manager targeted to be awarded in 2013.

<table>
<tr><th>Fund Name</th><td colspan="3">Ekuinas Outsourced (Tranche I) Fund</td></tr>
<tr><th>Vintage Year</th><td colspan="3">2011</td></tr>
<tr><th>Status</th><td colspan="3">Investing</td></tr>
<tr><th>Term</th><td colspan="3">6 + 1 years</td></tr>
<tr><th>Capital Committed</th><td colspan="3">RM400 million</td></tr>
<tr><th>Investment Period</th><td colspan="3">3 to 6 years</td></tr>
<tr><th>OFM, Legal Form & Structure :</th><td>OFM: Navis Capital Partners
Fund:
Navis Malaysia Growth Opportunities Fund I, L.P.
Fund Manager:
Navis MGO 1 GP Ltd
Fund Size:
RM301.9 million
Fund's Domicile:
Cayman Islands</td><td>OFM: CIMB Private Equity
Fund:
CIMB National Equity Fund Ltd. P.
Fund Manager:
CIMB General Partner Ltd
Fund Size:
RM125.0 million
Fund's Domicile:
Labuan</td><td>OFM: KFH Asset Management
Fund:
MK-One Fund (Labuan) Limited
Fund Manager:
Kuwait Finance House (Labuan) Berhad
Fund Size:
Nil
Fund's Domicile:
Labuan</td></tr>
<tr><th>Status</th><td>Investing</td><td>Investing</td><td>Terminated</td></tr>
<tr><th>Investment Focus</th><td colspan="3">Malaysian</td></tr>
<tr><th>Investment Focus by Stage</th><td colspan="3">Minority Stake Growth Capital Fund</td></tr>
<tr><th>Investment Focus by Industry</th><td colspan="3">General except for Ekuinas' negative investment list</td></tr>
</table>

2. Profiles of Appointed OFMs

Brief profiles of the appointed OFMs for Ekuinas Outsourced (Tranche I) Fund are presented below.

NAVIS

Navis Capital Partners

Navis was founded in 1998 in order to make private equity investments in growth-oriented buyouts in South and Southeast Asia. The firm contributes both capital and management expertise to a limited number of well-positioned companies with the objective of directing strategic, operational and financial improvements. The firm focuses exclusively on enterprises based in Asia, particularly South and Southeast Asia, where the principals of Navis have lived and worked for many years. The firm manages approximately USD3 billion in capital commitments.

CIMB GROUP

CIMB Private Equity

CIMB Group is a large diversified banking group. Within CIMB Group, the principal investment team GSSI (Group Strategy and Strategic Investments) invests and manages part of the bank's shareholder funds. As part of those investment strategies, CIMB has been a key partner of many of the emerging Asian funds. GSSI currently oversees US$ 1.5 billion invested in principal investment strategies. This includes proprietary investment activities where the principal investment team invests in other financial service related businesses, and the private equity strategies where the bank sponsors private equity joint ventures, and invests in third party funds. CIMB has fund teams focusing on infrastructure, private equity and real estate strategies throughout the Asia Pacific region.

INVESTMENT PERFORMANCE REVIEW

3. Investment activities

During the year, two new investments were undertaken through the Outsourced Programme, namely in MCAT Box Office Sdn Bhd (MBO) and SEG International Berhad (SEGi) under the Navis Malaysia Growth Opportunities Fund I, L.P. Ekuinas Outsourced (Tranche I) Fund committed RM62.3 million and, together with third party private capital, facilitated total committed investments of RM417.8 million into the Malaysian economy.

Exhibit 9: Outsourced Programme investment activities for 2012

Name	Sector	Ekuinas' Committed Investment RM million	Ekuinas' Capital Invested RM million	Others' Committed Investment RM million	Total RM million
Ekuinas Outsourced (Tranche I) Fund					
1 Atelier Asia Sdn Bhd (Atelier)	FMCG	11.8	11.8	5.2	**17.0**
Historical Portfolio Brought Forward (A)		**11.8**	**11.8**	**5.2**	**17.0**
Investments for the year 2012					
2 MCAT Box Office Sdn Bhd (MBO)	Retail & Leisure	17.4	17.4	123.4	**140.8**
3 SEG International Berhad (SEGi)	Education	44.9	44.9	232.1	**277.0**
Total for the year (B)		**62.3**	**62.3**	**355.5**	**417.8**
Cumulative Total (C) = (A) + (B)		**74.1**	**74.1**	**360.7**	**434.8**

E. EKUINAS OUTSOURCED (TRANCHE I) FUND

Fund Net Assets Value (NAV) as at 31 December 2012

	2011 RM million	Movement in 2012 RM million	2012 RM million
Capital Invested [7]	**24.4**	**69.5**	**93.9**
Plus Net Decrease to Net Assets Value			
Net Unrealised Gain on Fair Value of Investments	(8.4)	(7.8)	(16.2)
Realised Loss on Divestment	–	(2.1)	(2.1)
Total Gross Portfolio Return	**(8.4)**	**(9.9)**	**(18.3)**
Total Operating Expenditure	(2.1)	(2.1)	(4.2)
Net Decrease in Net Assets Value	**(10.5)**	**(12.0)**	**(22.5)**
Net Assets Value	**13.9**	**57.5**	**71.4**
Net Assets Value made up of:			
Investments – At Cost	22.3	65.3	87.6
Net Unrealised Gain on Fair Value of Investments	(8.4)	(7.8)	(16.2)
Investments carried at Fair Value	**13.9**	**57.5**	**71.4**
Plus: Working Capital	(0.0)	0.0	(0.0)
Equals Net Assets Value	**13.9**	**57.5**	**71.4**
Gross IRR	**n/a**		**-35.2%**
Net IRR (before carried interest)	**n/a**		**-38.4%**

[7] *This includes amount drawndown/invested on completed investment of RM74.1 million and capital invested for Outsourced Funds' management fee and other operating expenses*

Ekuinas Outsourced (Tranche I) Fund continued to steadily gain momentum with two new investments during the year. A total capital amount of RM69.5 million was called for the investments in MCAT Box Office Sdn Bhd (MBO) and SEG International Berhad (SEGi), as well as for management fee, bringing total cumulative capital called to RM93.9 million as at end of financial year.

Accordingly, net assets value recorded a growth to RM71.4 million in 2012 from RM13.9 million.

Management fees and other operating expenses continue to be a significant part of the Fund relative to the investments made which are still at early stage, and this has resulted in the Fund recording a negative return for the year.

INVESTMENT PERFORMANCE REVIEW

F. EKUINAS OUTSOURCED (TRANCHE II) FUND

In January 2012, Ekuinas commenced a selection process to select qualified outsourced fund managers (OFMs) to manage Ekuinas Outsourced (Tranche II) Fund which will be launched in 2013.

The selection of the OFMs involves a rigorous and exhaustive evaluation process in accordance with the Ekuinas' OFM Selection Process Framework and was assisted by Towers Watson, a leading global investment service firm. The process started with a Request for Proposal (RFP) to thirty (30) selected firms comprising members of the Malaysian Venture Capital and Private Equity Association (MVCA) as well as past invitees from Tranche I selection process that were not selected. A total of sixteen (16) firms responded to our request for proposal and from this group, seven (7) firms were shortlisted for further due diligence.

Exhibit 10: General Timeline of the Ekuinas OFM Tranche II Selection Process

Jan 2012	Early Feb 2012	Feb - Mar 2012	Apr 2012	May - July 2012	Aug 2012 – Mar 2013
Issue RFP	**RFP Submission**	**1st round review**	**Short-listing**	**Due Diligence**	**Final Decision & Negotiations with selected OFMs**
➤ Request for information required to evaluate proposals		➤ Evaluation of proposals based on: a) Firm track record b) Investment team experience c) Robust investment process d) Fund raising ability e) Proposal alignment with RFP guidelines Minimum standards and evaluation scorecard used to screen candidates		➤ Minimum 3-week deep dive assessment based on holistic 360° approach	➤ Final evaluation and decision by Ekuinas' Board of Directors ➤ Negotiations of Term Sheets with selected OFMs ➤ Raising of minimum 20% required third-party capital by the selected OFMs ➤ Drafting and signing of Definitive Agreements with the OFMs

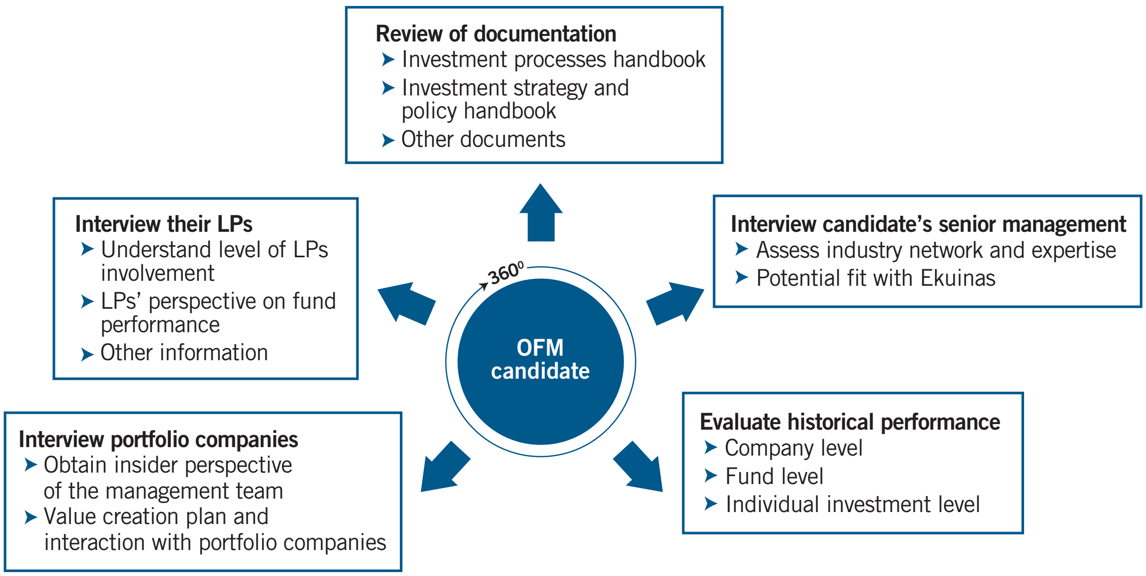
The five key evaluation dimensions used during the process are shown below.

Exhibit 11: Key dimensions used in OFM Selection Process

	Dimension	Criteria
1	**Firm track record**	➤ Reputation within the Malaysian private equity industry ➤ Solid financial performance ➤ Successful value creation in portfolio companies
2	**Investment team experience**	➤ Strong senior management team with ability to generate healthy deal flow ➤ Relevant buy-side experience and track record (e.g. execution and portfolio management) ➤ Expertise in relevant deal type, sectors and geography
3	**Robust investment process**	➤ Documented investment management process and compliance track-record ➤ Robust decision-making process, governance and risk management framework ➤ Strong support team
4	**Fund raising ability**	➤ Fund raising track record ➤ Potential to raise at least 20% required third-party capital ➤ Establish plan for external third party fund raising
5	**Fit with RFP requirements and guidelines**	➤ Alignment with investment strategy, fund structure and governance

Out of those that submitted their proposals, seven (7) firms were shortlisted and underwent a detailed due diligence exercise in which a holistic 360° approach was adopted, as shown in the diagram below. Successful firms are expected to be appointed in 2013.

Exhibit 12: The 360° Approach Used in Evaluating OFMs



INVESTMENT PERFORMANCE REVIEW

SOCIAL OBJECTIVE PERFORMANCE

During the period under review, Ekuinas continued to make solid progress in terms of delivering on its social objectives of increasing equitable Bumiputera economic participation measured across four key dimensions, namely equity ownership, growing the management pool, increasing employment opportunities and improving supply chain.

Through both direct and outsourced investments undertaken up to the date of this Annual Report, Ekuinas has successfully facilitated an increase of RM1.9 billion in Bumiputera equity value, or a multiple of 1.4 times the total capital invested by the Company. This represents a considerable increase to RM806.5 million achieved in 2011 which further validates the effectiveness of Ekuinas' role in using private equity model as a tool to increase Bumiputera economic participation through the creation of Malaysia's next generation of leading companies.

Concurrently, Ekuinas' investments to date has successfully facilitated a total increase in total economic value for all shareholders from RM986.2 million in 2011 to RM2.4 billion or 1.7 times the total capital invested by the Company, reflecting the positive impact of Ekuinas' involvement to all Malaysians.

Exhibit 13: Bumiputera Equity Value and Total Economic Value

Equity Value

Total for Portfolio Companies	Bumiputera				Total Company			
	Ex Ante RM million	As at 31 Dec RM million	Increase in Bumiputera Equity Value RM million	Multiple of Ekuinas' Invested Capital	Ex Ante RM million	As at 31 Dec RM million	Economic Value Created RM million	Multiple of Ekuinas' Invested Capital
2012	**1,278.5**	**2,106.3**	**1,944.1**	**1.4x**	**2,732.2**	**3,356.6**	**2,394.1**	**1.7x**
2011	473.5	1,043.6	806.5	1.4x	1,108.4	1,425.5	986.2	1.7x

Further, the ten (10) portfolio companies and three (3) companies under our Outsourced Fund Manager as at 31 December 2012, collectively provide gainful employment for a total of 7,749 personnel, of which 62.8% are Bumiputeras.

Ekuinas' portfolio companies also currently employ a pool of 144 managers, out of which 46.5% are Bumiputeras. Going forward, Ekuinas hopes to expand this talent pool and also provide additional employment opportunities to more Malaysians through the growth of its portfolio companies.

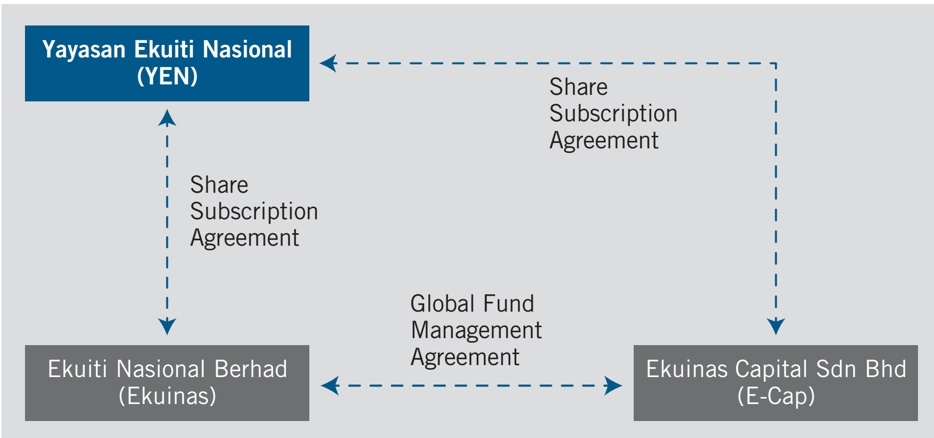
Exhibit 14: Portfolio Companies – Management and Employees

	Bumiputera Headcount	Total Headcount	% Bumiputera to Total	% Increase in Bumiputera Headcount from Ex Ante
2012				
Management	**67**	**144**	**46.5%**	**8.1%**
Employees	**4,865**	**7,749**	**62.8%**	**11.5%**
2011				
Management	45	101	44.6%	12.5%
Employees	2,647	3,480	76.1%	12.4%

EKUITI NASIONAL BERHAD – FUND MANAGEMENT COMPANY

Ekuinas was established as a fund management company to manage the funds allocated by Yayasan Ekuiti Nasional (YEN) to Ekuinas Capital Sdn Bhd (E-Cap), which is the fund capital company.

This fund management arrangement is governed by a Global Fund Management Agreement (GFMA) entered into by Ekuinas, YEN and E-Cap. Under the GFMA, Ekuinas earns a management fee as a share of the investment gain upon realisation. The management fee earned is used by Ekuinas to generally cover its operating expenditure (OPEX). As such, Ekuinas itself is not expected to earn a significant level of profits in its operations.



For the financial year ended 31 December 2012, Ekuinas earned a management fee of RM27.0 million for managing Ekuinas Capital funds, which are the Ekuinas Direct (Tranche I) Fund, Ekuinas Direct (Tranche II) Fund and Ekuinas Outsourced (Tranche I) Fund. This resulted in a profit after tax (PAT) of RM6.1 million after operating expenditure (OPEX) amounting to RM24.8 million, against a PAT of RM4.3 million after OPEX amounting to RM20.5 million posted in the previous financial year.

The OPEX incurred was related mainly to salary, occupancy, transactions and capacity building costs. This translates to OPEX to Funds under Management (FuM) ratio of 1.0%, which is comparable to, if not better than, benchmarks set by other government investment agencies and leading PE firms.

Exhibit 15: Ekuiti Nasional Berhad – Financial Highlights

Ekuiti Nasional Berhad (Fund Management Company)	2012 RM million	2011 RM million
Total Funds under Management (FuM)	**2,400.0**	1,400.0
Operating Expenditure (OPEX)	**24.8**	20.5
Profit After Tax (PAT)	**6.1**	4.3
Ratio of OPEX to FuM	**1.0%**	1.5%

PORTFOLIO COMPANIES

Ng Chee Eng, Chief Executive Officer of Alliance Cosmetics Group, is proud of its homegrown brand SILKYGIRL and is photographed at the Beauty Shoppe (research centre) on the ground floor of the company's office in Glenmarie, Shah Alam, Selangor.

1. ALLIANCE COSMETICS GROUP (ACG)

Transaction Details

Investment Type	: Majority investment in a Malaysian company
Status	: Private company
Sector	: Fast Moving Consumer Goods (FMCG)
Acquisition Date	: January 2010
Capital Committed	: RM39.9 million
Ownership	: Effective 20.0%
Co-Investor	: Navis Capital Partners
Co-Investment Amount	: RM119.6 million

COMPANY DESCRIPTION

Leading mass market, colour cosmetics and fragrance player in Malaysia, Singapore and Brunei. The company markets, distributes and sells multiple brands of cosmetics and beauty products including Silkygirl, Silky White and SG Men, Revlon, Pierre Fabre and Elancyl. In-house Silkygirl brand has the largest market share in Malaysia for mass-market retail colour cosmetics.

INVESTMENT RATIONALE

- High-growth company with operations in Malaysia, Singapore and Brunei
- Well-organised and proven management team
- Well-established homegrown brand
- Strong opportunity to expand regionally especially to Indonesia

FINANCIAL HIGHLIGHTS

	2011 Audited (Index)	2012 Unaudited (Index)	Growth %
Revenue	100.0	**100.5**	0.5
EBITDA	100.0	**105.9**	5.9

* *Due to commercial sensitivity and confidentiality requirements by co-investors, ACG results are quoted in indexed form*

- ACG revenue was relatively flat due to lower sales from Indonesia whilst EBITDA grew only 5.9% due to higher start-up losses in Indonesia. Excluding Indonesia, core EBITDA grew by 10%.
- ACG performed well in its core markets of Malaysia and Singapore driven by strong sales in General Trade, Fragrance and Eye products.
- Expansion in Indonesia faced some challenges due to changes in distributors but sell-out performance continued to do well, especially in modern trade outlets like Matahari.

PORTFOLIO COMPANIES

KLB Truck Pilot, Zarul Hafifi bin Mohd Adnan, is attached to the company's Warehouse department where he is responsible for ensuring the safe delivery of client products. He values KLB's positive working environment where he has managed to acquire new skills and knowledge since joining the company three years ago.

2. KONSORTIUM LOGISTIK BERHAD (KLB)

Transaction Details

Investment Type	: Majority investment in a Malaysian company
Status	: Listed company
Sector	: Services
Acquisition Date	: October 2010
Capital Committed	: RM241.0 million
Ownership	: 61.6%

COMPANY DESCRIPTION

Integrated logistics provider with services spanning container haulage, dry bulk transportation, warehousing and distribution, freight forwarding and customs clearance, besides specialising in providing logistics solutions for the automotive and coal transportation sectors.

INVESTMENT RATIONALE

- Leading integrated logistics provider with a strong market position especially in automotive, coal shipping and haulage
- Opportunity to unlock value from under-utilised balance sheet
- Strong cashflow generating abilities

FINANCIAL HIGHLIGHTS

	2011 Audited RM million	2012 Unaudited RM million	Growth %
Revenue	258.7	**268.6**	3.8
EBITDA before EI	56.6	**33.6**	-40.6
PAT before EI	25.3	**8.7**	-65.6
PAT after EI	26.0	**16.6**	-36.2

EI: Extraordinary items

- KLB's revenue was relatively flat for the year. However, EBITDA and PAT declined due to lower charter rates in project logistics, lower contributions from automotive sector and increased operating costs.
- KLB continued to generate a strong operating cash flow which enabled additional dividend payments of RM25 million.
- Further, KLB made successful in-roads into new industry segments such as tanker chartering, FMCG, Oil & Gas and infrastructure logistics which are expected to contribute positively in the future.

PORTFOLIO COMPANIES

The Ekuinas Education Group now comprises five leading Malaysian education institutions in Asia Pacific University of Technology & Innovation (APU) and Asia Pacific Smart Schools under the APIIT Education Group, Kuala Lumpur Metropolitan University College (KLMUC) and Cosmopoint College under the Cosmopoint Group, and UNITAR International University. The Chief Executive Officers at the helm of these institutions are Datuk Dr Parmjit Singh, APIIT Education Group (seated left), Hizwani Hassan, Cosmopoint Sdn Bhd (standing) and Wan Ahmad Saifuddin Wan Ahmad Radzi, Unitar Capital Sdn Bhd (seated right).

3. EDUCATION GROUP

Transaction Details

	APIIT Education Group	Cosmopoint Group	UNITAR International University
Investment type	Buy-Out of a non-core asset from a PLC	Majority investment in a Malaysian company	Buy-Out of a non-core asset from a Trust Fund
Status	Private company	Private company	Private company
Acquisition date	February 2011	March 2012	May 2012
Capital committed		RM406.5 million	
Ownership	51.0%	90.0%	90.0%

PORTFOLIO COMPANIES

COMPANY DESCRIPTIONS

APIIT Education Group	Cosmopoint Group	UNITAR International University
APIIT Education Group owns the award-winning Asia Pacific University of Technology & Innovation (APU) and Asia Pacific Smart Schools, with total student enrolment of nearly 10,000 across its campuses in the Klang Valley.	Cosmopoint Group owns Kuala Lumpur Metropolitan University College (KLMUC) and Cosmopoint International College of Technology, with total enrolment of 11,000 students across its campuses nationwide.	UNITAR International University is one of the first Private Higher Educational Institutions in the country, with total student enrolment of more than 8,000 students across its main campus and regional centres.

INVESTMENT RATIONALE

- Sizeable industry with strong growth potential
- Education groups that have solid performance track record
- Consolidation play to build one of Malaysia's largest education groups

FINANCIAL HIGHLIGHTS (PROFORMA CONSOLIDATED RESULTS)

	2011 Audited RM million	2012 Unaudited RM million	Growth %
Number of students	28,306	28,041	-0.9
Revenue	323.5	306.1	-5.4
EBITDA	105.8	106.4	0.6

- Revenue declined by 5.4% mainly due to lower student numbers in Cosmopoint Group and UNITAR affected by larger graduating cohorts, especially in Allied Health courses. However, this was partially offset by the increased number of students at APU.
- Nonetheless, EBITDA remained strong at RM106.4 million driven by higher margins attributable to cost efficiency initiatives undertaken.
- The focus going forward remains in growing student enrolment through improvements in student experience. This involves the construction of a new campus for APU and the relocation to new city campuses for both KLMUC and UNITAR.

PORTFOLIO COMPANIES

Five popular F&B brands are now part of Ekuinas' portfolio. George Ang (3rd from left) is the local entrepreneur who developed the Manhattan Fish Market brand and secured the franchise rights for the Tony Roma's and Popeyes chains, while Wong Shyang Jiuu (centre), Koo Sue San (3rd from right) and Ahmad Fariz Hassan (2nd from right) are the professional managers for BURGER KING® (Singapore), San Francisco Coffee and BURGER KING® (Malaysia) respectively.

4. INTEGRATED FOOD GROUP SDN BHD (IFG)

Transaction Details

	Cosmo Restaurants Sdn Bhd	Lyndarahim Ventures Sdn Bhd	Revenue Valley Sdn Bhd	Burger King Singapore Pte Ltd
Investment type	Growth capital investment in a Malaysian company	Growth capital investment in a Bumiputera company	Majority investment in a Malaysian company	Buy-Out of a non-core asset of an MNC
Status	Private company	Private company	Private company	Private company
Acquisition date	September 2011	September 2011	March 2012	September 2012
Capital committed	RM241.0 million			
Ownership	74.1%	90.0%	85.8%	100%

PORTFOLIO COMPANIES

COMPANY DESCRIPTIONS

Cosmo Restaurants Sdn Bhd	Lyndarahim Ventures Sdn Bhd	Revenue Valley Sdn Bhd	Burger King Singapore Pte Ltd
Cosmo Restaurants Sdn Bhd (Cosmo) was established in 1997 as the local franchise with development rights for the BURGER KING® brand in Peninsular Malaysia, excluding KLIA. Currently, the company owns and operates 38 outlets in Malaysia.	Lyndarahim Ventures Sdn Bhd owns and operates San Francisco Coffee, a brand that was founded in 1997. The specialist coffee chain now has 19 outlets in Malaysia.	Revenue Valley Sdn Bhd is a Malaysian-based investment holding company established in 2002. It owns and operates Manhattan Fish Market, Tony Roma's franchise for Malaysia and Popeyes franchise in Singapore and Malaysia, with 52 outlets.	Burger King Singapore Pte Ltd was established in 1982. It is the local franchise with development rights for the Burger King® brand in Singapore and currently operates 41 outlets.

INVESTMENT RATIONALE

- Investment in strong global brands and established locally developed brands
- Investment in fast growing F&B industry, driven by increased consumer spending
- Platform to build one of the largest Bumiputera F&B Groups
- Provide immediate regional presence with outlet operations in Malaysia, Singapore and Thailand
- Experienced management team and opportunity to develop young professional managers

FINANCIAL HIGHLIGHTS (PROFORMA CONSOLIDATED RESULTS)

	2011 Audited (Index)	2012 Unaudited (Index)	Growth %
Revenue	100.0	**111.7**	11.7
EBITDA	100.0	**201.9**	>100
Number of outlets	130	**145**	11.5

** Due to commercial sensitivity, IFG results are quoted in indexed form*

- The F&B Group recorded a strong growth in revenue of 11.7% from the five (5) brands under its stable driven by higher same store sales growth and increased number of outlets.
- As one of the major F&B players in the market, the five (5) brands enable the Group to reach different consumer markets namely fast food, casual dining, seafood and coffee.
- The F&B investments still remain at an early stage of its gestation period with continued investment in brand and operations affecting profitability in the short term.
- However, with strong store expansion pipeline and a motivated management team, IFG is hopeful to deliver improved performance going forward.

PORTFOLIO COMPANIES

The third largest offshore support vessel (OSV) provider in Malaysia, Icon Offshore's 36-vessel fleet currently operate in the waters of Malaysia, Vietnam and Qatar. Together with Dr Jamal Yusof, Chief Executive Officer (seated), Captain Hassan Ali, Deputy Chief Executive Officer (standing right), and Haji Rahman Yusof, Chief Operating Officer (standing left), Ekuinas aims to transform Icon Offshore into a leading OSV player in Malaysia and the region.

5. ICON OFFSHORE BERHAD (ICON OFFSHORE)

Transaction Details

Investment Type	:	Majority investment in a Malaysian company
Status	:	Private company
Sector	:	Oil & Gas
Acquisition Date	:	20 November 2012, merger of TKS and OMNI
Capital Invested	:	RM384.0 million
Ownership	:	88%

COMPANY DESCRIPTION

Icon Offshore Berhad was created from the merger of Tanjung Kapal Services Sdn Bhd (TKS) and OMNI Petromaritime Sdn Bhd (OMNI) which was completed on 20 November 2012. The enlarged entity is now the third largest offshore support vessel (OSV) group in Malaysia with a portfolio of more than 30 vessels with an asset value of more than RM1.0 billion.

INVESTMENT RATIONALE

- High growth industry spurred by increased exploration and production spending
- Strong track record of delivering growth
- Platform in building one of the largest local OSV players

FINANCIAL HIGHLIGHTS

	2011 Audited RM million	2012 Unaudited RM million	Growth %
Revenue	209.9	**258.9**	23.3
EBITDA	136.6	**171.2**	25.3
PAT excluding EI	50.5	**66.3**	31.3

EI: Extraordinary items

- Revenue grew strongly at 23.3% due to higher utilisation rate as well as contribution from new vessels during the year.
- With an aggressive fleet expansion plan involving addition of up to 6 vessels for 2013 leveraging from increased Oil & Gas activities, Icon Offshore's financial performance is expected to continue to improve going forward.
- EBITDA & PAT grew by 25.3% and 31.3% driven by higher revenue growth and additional cost savings from consolidation.

PORTFOLIO COMPANIES

Outsourced Programme

ATELIER ASIA SDN BHD

Atelier Asia is a distributor/retailer of 'mass-affluent' brands. Amongst the products which are being distributed by Atelier Asia are Philips Avent baby products, Mattel and Fisher Price toys, Crocs Shoes and Fred Perry apparel. The Company also retails mother and baby products through its Mom's Care chain of stores.

MCAT BOX OFFICE SDN BHD (MBO)

MBO is the second largest (by screen count) cinema exhibitor in Malaysia with 26 locations and 176 screens nationwide, offering quality movie-going experience at very reasonable prices. Their focus is in smaller suburban malls in Klang Valley and secondary towns throughout Malaysia.

SEG INTERNATIONAL BERHAD (SEGi)

SEGi is one of the largest private education providers in the country with more than 27,000 Malaysian and international students. The Group has a University and five College campuses located across Malaysia, including Pulau Pinang and Sarawak. It is also involved in technical vocational education and training programmes.

Enabling
talent


SILKYGIRL
OUTSTANDING BIG EYES
Discover new ways to captivate
New BIG Eye 2-in-1 Eyeliner
New Double Intense Duo Eye Shadow
Extra Intense & Long-lasting

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

Ekuinas is not a listed entity and therefore, there is no requirement to adhere to the corporate governance disclosure requirements set out by Bursa Malaysia Securities Berhad (Bursa Malaysia) or the Malaysian Code of 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. Accordingly, the disclosures under this section have been prepared based on the best practice requirements set out under Bursa Malaysia, the Malaysian Code on Corporate Governance (Revised 2012) as well as Ekuinas' Disclosure Policy and include Statement on Corporate Governance, Statement on Risk Management and Internal Control, and Audit Committee Report.

These statements, where applicable, have all been prepared in adherence to the Bursa Malaysia Listing Requirements and the Malaysian Code on Corporate Governance (Revised 2012) and 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 members of the Board of Directors of Ekuinas have been appointed by the Government of Malaysia as the ultimate shareholders of the Company. However, we have classified directors who are currently not in the government service (and have not been in service for the last two years), independent of the Management and free from any business or other relationship which could interfere with the exercise of independent judgement, as Independent Directors, for the purpose of this report. All of the other directors outside this definition are accordingly deemed as Non-Independent Directors.

EKUINAS CORPORATE GOVERNANCE FRAMEWORK

The Board of Directors of Ekuinas recognises that good corporate governance is the foundation of a successful organisation. It ensures key stakeholders' interests are preserved while enhancing corporate performance and accountability.

As a government-linked private equity fund management company, 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 and 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 of Good Governance		Statement on Risk Management & Internal Control	
Board and Board Committees (✓)	Directors' Roles and Responsibilities (✓)	Internal Systems & Control (✓)	Internal Audit Framework (✓)
Stakeholder Management (✓)	Accountability and Audit (✓)	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 (✓)

Note:
(✓) *Completed and approved by the Board*

This statement provides a description on how Ekuinas has applied the key requirements and recommendations of good practices in line with the following;

i. Bursa Malaysia Main Market Listing Requirements (MMLR);

iii. Corporate Governance Guide: Towards Boardroom Excellence (CG Guide) issued by Bursa Malaysia;

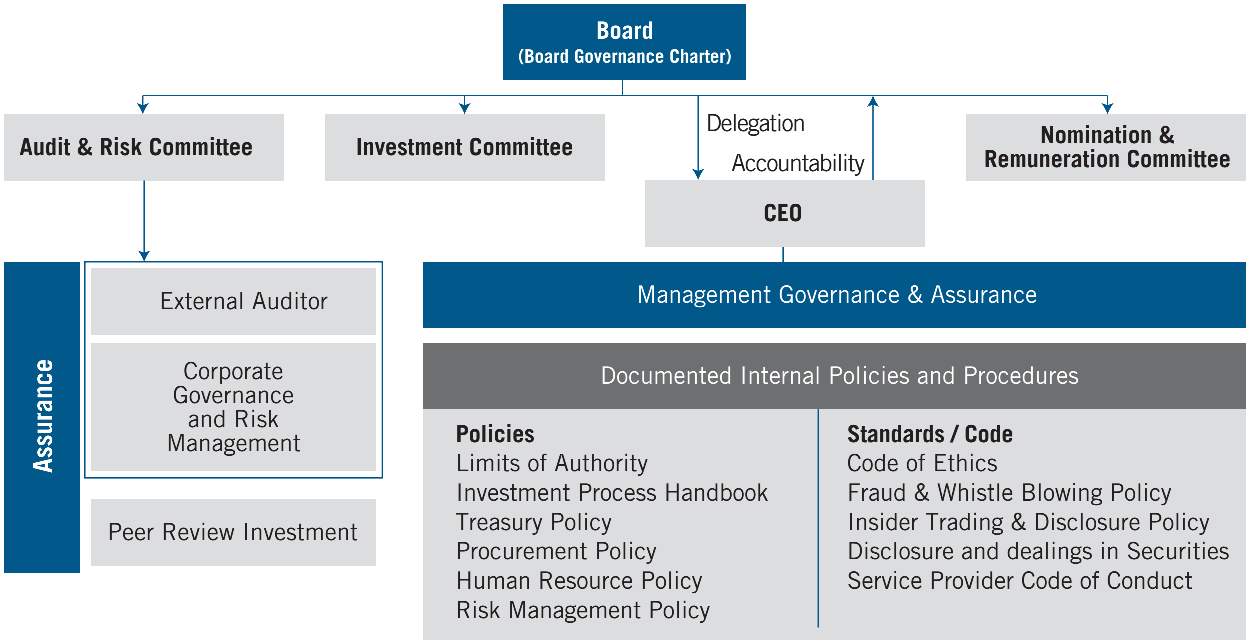
iv. Corporate Governance Blueprint by Securities Commission; and

v. Malaysian Code on Corporate Governance (Revised 2012) (the Code).

The Board empowers Management to achieve business objectives within the boundaries of business ethics and high standards of good governance. The direct reporting line of the Corporate Governance and Risk Management Department (CGRM) to the Audit Committee underscores the Company's commitment to ensure the integrity of its governance framework.

STATEMENT ON CORPORATE GOVERNANCE

The reporting structure of CGRM function is as illustrated below:



THE BOARD OF DIRECTORS

1. Duties and Responsibilities of the Board

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

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

As part of best practice in good corporate governance, the Board has approved a Board/Governance Charter that delineates the key governance principles to be adopted by the Board. As set out in the charter, the members of the Board are expected to perform their duties with integrity, honesty and in a professional manner in accordance with the law in serving the interest of its stakeholders. The charter addresses, among others, the following matters:-

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

Ekuinas has also 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 principles in this Code are the individual and collective responsibility of all Directors for the best interest of Ekuinas and its stakeholders. The adoption of the Directors' Code of Ethics formalises the ethical values throughout the Company and ensures its compliance.

2. Board Composition and Balance

The Board currently consists of six (6) members, comprising an Independent Non-Executive Chairman, one (1) Executive Director designated as the Chief Executive Officer (CEO), two (2) Independent Non-Executive Directors and two (2) Non-Executive Directors. About 50% 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 Independent Non-Executive Directors not only bring quality on impartiality and inquisitive minds on decisions made by the Board but also provide sound and valuable input in reaching such decisions.

The Board is of the view that the above size would be the optimum size for the Board to function effectively, taking into consideration the scale of the Company's operations.

The size and composition of the Board are reviewed from time to time by the Nomination and Remuneration Committee, 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 Committee also seeks to maintain an effective balance of expertise, skills and attributes among the Directors including potential conflicts of interests.

3. Maintaining an Independent, Strong and Effective Board

The Board's composition reflects a proportion which is higher than the one-third minimum of independent directors as prescribed by the Code and the MMLR. The current structure of the Board and integrity of the individual Directors ensure that no single individual or group dominates the decision-making process.

The Board is led by active and experienced Board members with diversified 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.

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 page 64-69 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

4. Board's Conduct

The Board has adopted a formal Board/Governance Charter, which sets out the key values, principles and ethos of Ekuinas. In this regard, the Board/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. It also serves as a source of reference, providing insights to prospective board members as well as the Senior Management.

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;
- appointment and removal of the CEO;
- ratifying the appointment and, where appropriate, approving the removal of the Senior Management (based on the recommendation of the CEO);
- ascertaining the development and succession planning for both the Board and Senior Management;
- providing input into and approving the Company's corporate strategy and annual budget;
- approving and monitoring the progress of major capital expenditure, capital management and investment acquisitions/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.

Ekuinas has also established Limits of Authority which stipulate the authorisation and approval limits for key decisions, operating and capital expenditures, the procurement of goods and services, and the acquisitions and disposal of investments. Apart from matters which specifically require the Board's approval, the Board mainly approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Management so as to optimise operational efficiency.

5. 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.

Further board meetings may also be held to specifically deliberate and approve investment considerations and other issues arising. Typically, at least once a year, the Board also meets the senior management of portfolio companies for discussion on strategic matters, performance or any issues relating to specific business areas.

Attendance at Board and Board Committee Meetings

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

Name of Director	Board	NRC	AC	IC
	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Raja Tan Sri Dato' Seri Arshad Raja Tun Uda	9 out of 9	3 out of 3	5 out of 5	–
Tan Sri Dato' Seri Mohamed Jawhar Hassan	9 out of 9	3 out of 3	5 out of 5	–
Tan Sri Mohamed Azman Yahya	9 out of 9	3 out of 3	–	6 out of 6
Datuk Dr. Rahamat Yusoff	5 out of 9	–	–	–
Datuk Noriyah Ahmad	7 out of 9	–	5 out of 5	–
Dato' Abdul Rahman Ahmad	9 out of 9	–	–	6 out of 6

Notes

1. *NRC – Nomination and Remuneration Committee*
2. *AC – Audit Committee*
3. *IC – Investment Committee*

6. Division of Roles and Responsibilities between the Chairman and the Chief Executive Officer

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.

7. Supply of Information

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 information relevant to the matters deliberated at the Board meeting 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.

STATEMENT ON CORPORATE GOVERNANCE

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, Managing Partner of Investment and Chief Financial Officer (CFO) are present at these presentations to address any queries which the Board may have.

The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. As and when the need arises, Directors are provided with ad hoc reports, information papers and relevant training where necessary to ensure they are appraised on key business, operational, corporate, legal and industry matters.

8. Access to Resources and Independent Advice

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.

9. Appointments to the Board and Re-election of Directors

Ekuinas' Nomination and Remuneration Committee 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 is required to retire from office by rotation, or the need for a new Director arises, the Nomination and Remuneration Committee will review the range of expertise, skills and attributes on the Board and the composition of the Board. The Committee will then identify Ekuinas' needs and prepare a shortlist of candidates with the appropriate profile for nomination or re-nomination. Where necessary, the Committee may seek advice from external search consultants.

10. Directors' Training

A dedicated budget for Directors' training is provided annually to encourage Directors to attend relevant and useful training which contribute to the effective discharge of their duties. Directors are 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 Directors also attend training to keep abreast with current developments as well as the new statutory and regulatory requirements.

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 2012 are set out on pages 127 to 129 of the Annual Report.

11. Board Committees

To assist the Board in the 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:-

- Nomination and Remuneration Committee;
- Audit Committee; and
- Investment Committee.

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

Diversity of experience and appropriate skills are considered along with the need to maintain appropriate checks and balances between the Board Committees. 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.

A brief description of each Board Committee is provided below:-

a. Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee (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 were three (3) meetings held during the financial year and the attendance record of each member is set out in the table on page 119.

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 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 and 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 Company's Chief Executive Officer (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 design the remuneration package for CEO and other designated Management with the aim of attracting and retaining high-calibre Management who will deliver success for shareholders and high standards of services for stakeholders, while taking into consideration the business environment in which the Company operates. Once formulated, to recommend to the Board for approval;
- 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
- the NRC is authorised by the Board 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 the 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. *Composition of Members*

The NRC shall comprise at least three (3) 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. One of the independent directors shall be the Chairman of the NRC.

d. *Secretary*

The Secretary of the Company and/or Secretaries shall be appointed as the Secretary of the NRC.

e. *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.
- The Secretary is responsible for co-ordination of administrative details including calling for the meetings, voting and keeping of minutes.
- 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 the like form, each signed by one or more members of the NRC.

b. <u>Audit Committee</u>

The Audit Committee comprises three Independent Non-Executive Directors namely:-

Chairman	:	Raja Tan Sri Dato' Seri Arshad Raja Tun Uda
Members	:	Tan Sri Dato' Seri Mohamed Jawhar Hassan
		Datuk Noriyah Ahmad

Further details on the summary of activities of the Audit Committee during the financial year are set out on page 141 of this Annual Report.

c. <u>Investment Committee</u>

The Investment Committee is made up of members of the Senior Management of the Company and one Independent Non-Executive Director. 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
- review of the quality and reliability of all financial information in respect of all investments.

d. <u>Risk Management Committee</u>

The Risk Management Committee (RMC), which is chaired by the CEO and consists of the Senior Management, was established in 2011 to assist the Board in discharging its functions with regard to risk management issues of Ekuinas. While the risks reported do not purport to represent every business risk faced by Ekuinas, the objective of the risk reporting is to identify major business risks and outline key steps taken to mitigate these risks involving Ekuinas as an organisation as well as its portfolio companies.

12. 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 2012, with categorisation into appropriate components are as follows:-

Remuneration (RM)	Executive Director	Non-Executive Directors
Fees	–	RM315,000
Allowances and other benefits	–	RM123,000
Salary and other remuneration		
• Salary and other emoluments	RM936,000	
• Variable bonus	RM504,000	
• EPF contribution	RM238,320	

The remuneration paid to Directors during the year, analysed into bands of RM50,000, which complies with the disclosure requirements under Bursa Malaysia MMLR is as follows:-

Range of Remuneration (RM)	Executive Director	Non-Executive Directors
RM50,000 – RM100,000		5
RM1,650,000 – RM1,700,000	1	

13. Board Effectiveness Evaluation (BEE)

Performance evaluation of the Board provides an effective avenue to assess not only the Board's performance but also brings to light improvement areas and remedial actions on the Board's administration and process. A formal evaluation was conducted on the Board's performance during the financial year ended 31 December 2012.

The Company has adopted the 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, namely the Audit Committee, the Nomination and Remuneration Committee and the Investment Committee.

To ensure integrity and independence of the appraisal process, PwC Advisory Services (PwCAS) was engaged as an Independent Adviser to facilitate the evaluation process, tabulate and report the results of the evaluation to the Chairman. The BEE also includes interviews with every Director by PwCAS for more in depth analysis of results. A summarised report was then presented to the Board. Every Board member was provided with the detailed BEE results. Ekuinas' BEE has been instrumental in drawing the Board's attention to key areas that needed to be addressed.

RELATIONSHIP WITH STAKEHOLDERS

In fulfilling its role and objectives as a government-linked private equity fund management company, Ekuinas deals with a 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. The full commitment to maintain transparency and accountability is part of Ekuinas' good corporate governance practices apart from ensuring regulatory requirements are adequately met.

In this respect, Ekuinas continues to strive to keep a high standard in providing relevant and pertinent information on the development of the Company and addressing the interests of stakeholders. As such, the Company places strong emphasis on the importance of timely dissemination of information and transparency to the general public and stakeholders.

1. Stakeholder Engagement and Communication

The Company has adopted comprehensive stakeholder management and communication policies and reviews the policies 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.

Ekuinas places great importance on communicating with and reaching out to our stakeholders. The Company engages proactively and is regularly in communication with key stakeholders on issues of importance to understand their concerns and expectations, and this enables the company to respond coherently and appropriately.

2. Annual Report

In addition to making media announcements, the Company also aims to provide its stakeholders with information on business, financials and other key activities in the Annual Report. The Board aims to present clear and comprehensive disclosures in the Annual Report, in accordance with the key principles set out in the Bursa Malaysia MMLR (as far as this is applicable) and the Code.

3. Press Announcements

The Company issues press releases and organises press conferences to provide updates on the Company's progress, significant corporate developments and business initiatives.

4. Company Website

The Company is committed to ensure that the general public will have a convenient access to the Company's annual report, press releases, announcements and other corporate information via its website www.ekuinas.com.my.

Any query regarding Ekuinas may be conveyed to:

Communications Team

Telephone number	:	03-77107171
Facsimile number	:	03-77107173
E-mail address	:	info@ekuinas.com.my

STATEMENT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

1. **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 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.

2. **Internal Control**

   The Board is responsible for maintaining a system of 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 on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Company, is set out on pages 130-137 of this Annual Report.

3. **Whistleblowing Policy**

   To reinforce the culture of good business ethics and governance across the Company, a whistleblowing policy was introduced which provides employees with an accessible avenue to report in good faith any suspected wrongdoing. This includes suspected fraud, misappropriation of assets, sexual harassment, criminal breach of trust, corruption, questionable or improper accounting, misuse of confidential information and acts or omissions which are deemed to be against the interest of the Company, breaches of laws, regulations or public policies, breaches of any Company policies and the Employees' Code of Conduct or deliberate concealment of any of the said matters. 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.

4. **Relationship with External Auditors**

   The Board, through the Audit Committee, has established a formal and transparent relationship with the Company's auditors, both external and internal. The Audit 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.

5. **Related Party Transactions**

   The Company has disclosed appropriate related party transactions in the financial statements.

   Details of the current related party transactions entered into by the Company and its related entities during the financial year ended 31 December 2012 are set out below:

   1. Ekuiti Nasional Berhad – pages 189-191;
   2. E-Cap (Internal) One Sdn Bhd – pages 224-225;
   3. E-Cap (Internal) Two Sdn Bhd – pages 252-253; and
   4. E-Cap (External) One Sdn Bhd – pages 281-282.

   A report by the Audit Committee is provided on pages 138-143 of this Annual Report.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 6 March 2013.

Training Programmes Attended By Directors For The Financial Year Ended 31 December 2012

Director	Title of Seminar/Workshop/ Course	Presenter/Organiser	Date
Raja Tan Sri Dato' Seri Arshad Raja Tun Uda	Alignment of corporate culture with corporate vision – where it has worked successfully	Victoria Kessing Consulting Partner of PwC/Maxis	20 February 2012
	Exploiting structural disruptions to find opportunities for growth	Sven Smit, Gordon Orr, Nimal Manuel – McKinsey & Company/Maxis	29 May 2012
	Importance of organization as an enabler for effective strategy execution	Per-Ola Karlsson, Booz & Company/Maxis	24 September 2012
	Khazanah Mega Trends Forum	Khazanah Nasional Berhad	1&2 October 2012
	Private Equity	3i/Ekuiti Nasional Berhad	12 October 2012
	Leadership for Sustainable Growth	Rajeev Peshawaria, The ICLIF Leadership & Governance Center/Maxis	26 November 2012
Tan Sri Dato' Seri Mohamed Jawhar Hassan	Conference on Global Movement of Moderates	Global Movement of Moderates foundation	16-19 January 2012
	The 2012 AsiaLink Conversations	Asialink, The University of Melbourne	2-4 February 2012
	Delhi Dialogue IV	The Ministry of External Affairs, New Delhi	13-14 February 2012
	Putrajaya Forum	MiDAS – Malaysian Institute of Defence and Security	17-19 April 2012
	The 2nd NATO-Asia Dialogue	NATO-ISIS Malaysia	27-28 May 2012
	The Shangri-La Dialogue	IISS Asia Security Summit	1-3 June 2012

STATEMENT ON CORPORATE GOVERNANCE

Director	Title of Seminar/Workshop/ Course	Presenter/Organiser	Date
Tan Sri Dato' Seri Mohamed Jawhar Hassan (continued)	Media Prima Board of Directors' Workshop	YBhg Datin Seri Tiara Jacquelina/Media Prima Berhad	14 June 2012
	ASEAN-China Dialogue	S. Rajaratnam School of International Studies (RSIS)	25-26 June 2012
	World Peace forum 2012	World Peace Forum	6-8 July 2012
	Conference of Thales Leadership Programme	Thales Malaysia Sdn Bhd	5 July 2012
	2nd MIMA South China Sea Conference	Maritime Institute of Malaysia (MIMA)	4-5 September 2012
	ASEAN-China Dialogue	Asialink, The university of Melbourne	14-15 September 2012
	Private Equity	3i/Ekuiti Nasional Berhad	12 October 2012
Tan Sri Mohamed Azman Yahya	Briefing on New Corporate Governance Blueprint & Regulatory Updates	SCOMI	12 January 2012
	KLBC Fireside Chat on Challenges in 2012: Economy & Politics	YB Dato' Mukhriz Mahathir, Deputy Minister of International Trade & Industry	31 January 2012
	Invest Malaysia 2012 Conference	Bursa Malaysia	29 May 2012
	Politics & Business – The Malaysian Connection forum: Politics Decoded – Implications on Financial Markets	Affin Investment Bhd. Keynote speaker: YABhg. Tun Dr Mahathir Mohamad	28 June 2012
	Private Equity	3i/Ekuiti Nasional Berhad	12 October 2012
	KLBC Luncheon Talk on "The 21st Century Malaysia: Distractions & Solutions"	YAB Tan Sri Muhyiddin Yassin	19 November 2012

Director	Title of Seminar/Workshop/Course	Presenter/Organiser	Date
Datuk Dr. Rahamat Bivi Yusoff	Bilateral Games and Joint Seminar Malaysia-Singapore	MAKSAK Malaysia	27-29 April 2012
	World Bank Development Policy Forum	World Bank	15-16 October 2012
	Private Equity	3i/Ekuiti Nasional Berhad	12 October 2012
	Program Pertukaran Pegawai Malaysia-Brunei	MAKSAK Malaysia	2-4 November 2012
Datuk Noriyah Ahmad	Private Equity	3i/Ekuiti Nasional Berhad	12 October 2012
Dato' Abdul Rahman Ahmad	KLBC Fireside Chat on "Outlook for Malaysia – post GE13"	YABhg Tun Daim Zainuddin	20 June 2012
	Private Equity	3i/Ekuiti Nasional Berhad	12 October 2012
	Private Equity & Venture Capital	Harvard University, Boston	28 October to 1 November 2012

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors is pleased to present this Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Bursa Malaysia MMLR. To prepare this Statement, the Board has been guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by The Institute of Internal Auditors Malaysia with the endorsement of Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITY

The Board of Directors, in discharging its responsibilities, is fully committed to maintain a sound 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 but not absolute assurance against material losses, fraud, misstatements or breaches of laws or regulations. The CEO and Management play an integral role in assisting the design and implementation of the Board's policies on risks and controls.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. The Management assists the Board in the implementation of the Board's policies and procedures on risks and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

RISK MANAGEMENT

Overall Risk Management Policy and Framework

The Board has approved the Risk Management policy and framework for the Company that provide 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.

Risk management is embedded into the Company's critical business activities, functions and processes. Risk mitigation and controls are designed and implemented to reasonably assure the achievement of the Company's strategic objectives.

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. 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.

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.

Ekuinas' Risks (Company)

Strategic	Direct Investment	Outsourced Programme	Operational
External environment	Deal sourcing and evaluation	OFM selection	Human Capital
Funding	Investment performance and management	OFM Performance	Treasury
Regulatory	Non-financial objective	OFM Management	Financial Management & Reporting
Stakeholder			Compliance
			Shared Services

Investee Companies' Risks

Strategic and Market	Business & Financial	Strategic Value Creation	Execution
External environment	Business operations	Business Expansion	Human Capital
Industry	Capex and investment	Mergers & Acquisitions	IT system and processes
Government & Regulation	Gearing / Debts		Financial Management & Reporting
			Governance & Compliance

Strategic risks which include external environment, market and industry, regulatory and stakeholder management are managed through regular and ongoing monitoring of key economic, industry outlook and regulatory developments as well as periodic engagement and update with the government. Adoption and implementation of the Disclosure, Stakeholder Management and Communication Policies are also part of the risk mitigation plan for strategic risks.

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

Operational risk, which is inherent in all business activities, is the risk of potential financial loss arising from failures in internal controls, processes or systems that support them. 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. This framework has been documented and approved by the Board to ensure deals undertaken are within key investment criteria where the priority sectors are identified based on a transparent screening approach. This framework has been adopted in all investment processes and potential investment transactions.

The Investment Framework also incorporates risk management with a rigorous review of risks for all strategic and specific proposal or transactions to ensure risks are identified, analysed, prioritised and managed in a consistent manner.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

Risk Management Committee (RMC)

The Risk Management Committee (RMC), which is chaired by the CEO and consists of the Senior Management, was established in 2011 to assist 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 risks reporting is to identify major business risks and outline key steps taken to mitigate these risks involving Ekuinas as an organisation as well as its portfolio companies.

All major risks identified were then 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 Audit Committee on a quarterly basis. This process is undertaken quarterly, identifying new and reviewing existing business risks as well as monitoring the effectiveness of mitigating initiatives identified.

The following are the duties and responsibilities of RMC:-

- review and recommend risk management policy and reports for approval by the Audit Committee and 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 porfolio 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.

Four (4) RMC meetings were held throughout the financial year 2012. Among major activities undertaken by the RMC activities during the year were:-

- adoption of the Company Risk Management Policy and Framework;
- adoption of the approach, methodology and risk rating framework in the risk management process and reporting;
- review of the Company's risk profile and rating;
- review of the portfolio companies' risk profile and rating; and
- review of and discussion on mitigating actions identified and their progress.

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:

- presentation of a Detailed Report of significant risks to the AC and Board of Directors subsequent to the RMC meeting on a quarterly basis;
- review and discussion of key risks and mitigating steps for the Company and each portfolio company at RMC and the Management Committee meetings on a quarterly basis; and
- discussion of significant risks with the respective Investment Teams regarding their portfolio companies on a regular basis.

INTERNAL CONTROL

Key Internal Control Processes

The Board is fully committed to maintaining a strong control structure and environment for the 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:-

- **Audit Committee**

  The Audit Committee is wholly comprised of Non-Executive independent members of the Board and has full access to both internal and external auditors. It meets with the external auditors without any Management present, at least once a year. The Corporate Governance & Risk Management (CGRM) department, which is the internal audit function for the Company, reports directly to the Audit Committee.

- **Board Committees**

  To promote corporate governance and transparency, in addition to the Board, the Company has the Audit Committee, Nomination and Remuneration Committee and Investment 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.

- **Risk Management Committee (RMC)**

  The RMC has been established to assist the Audit Committee and Board to fulfil their corporate governance, risk management and statutory responsibilities in order to manage the overall risk exposure of the Company. The RMC is responsible for reviewing and recommending the risk management policies, strategies and risk mitigation actions for the Company as well as reporting to the Audit Committee and Board on a quarterly basis.

- **Corporate Governance and Risk Management (CGRM) Department**

  The role of CGRM is to assist the Audit Committee and Management of the Company in the effective discharge of their responsibilities by establishing cost-effective controls, assessing risks, recommending measures to mitigate those risks and assuring proper governance process. As an integral part of this process, CGRM will furnish the Audit Committee with independent analyses, appraisals, counsel, and information on the activities they review.

The key activities undertaken by CGRM that add value to the Company and Portfolio Companies are as follows:-

- ***Reviewing Objectives and Activities***
  Review the operational activities and ensure the principal objectives are aligned to overall business objectives.
- ***Evaluating Risk***
  Identify all auditable activities and relevant risk factors, and assess their significance.
- ***Confirming Financial and Non Financial Information***
  Research and gather information that is competent, factual and complete.
- ***Analysing Operations***
  Analyse and examine current operations to assess if it is effective and, if relevant to make requisite recommendations.
- ***Providing Assurance on Compliance***
  Provide assurance on compliance to statutory requirements, laws, company policies and guidelines.
- ***Recommending Internal Controls***
  Recommend appropriate controls to overcome deficiencies and enhance operations.
- ***Assuring Safeguards***
  Evaluate procedures in place to safeguard company assets.
- ***Consulting and Facilitating***
  Assist in establishing a proper risk management framework, assessing risks and monitoring the effectiveness of the risk management programme and ensuring the adequacy of the internal control system.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

  Written procedures on key processes within the Company are documented, implemented and communicated by 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. There are documented procedures in place covering Direct Investments, Outsourced Programme, Financial, Human Resources, Information Technology (IT), Procurement, Legal, Stakeholder Management and other key policies and procedures. The SOP Framework for the Company is as illustrated below:

The Policy and SOP Framework – Aligned to the Ekuinas Operating Model

Investment Strategy and Objective

Investment Policies (Building Best Processes)

1 Direct Investment	Pipeline Development	Due Diligence	Structure / Negotiate Deal	Implement & Monitor	Exit
2 Outsourced Programme	Identify Potential Managers	Due Diligence	Structure / Guidelines	Disburse & Monitor	Exit

Investment Process

Note:

1 & 2 *Investment Framework completed and approved by the Board*

Shared Services

Finance & Accounting

Accounting Policies and/or SOP covering:-

- Fixed Assets (✓)
- Petty Cash (✓)
- Financial Reporting Policy and Procedure (✓)
- Budgeting (✓)
- Payments & Claims (✓)
- Portfolio Investment Fair Valuation Guidelines (✓)

Human Resource

HR Policies and/or Procedures covering:-

- Payroll Management (✓)
- Training & Development (✓)
- Recruitment & Human Capital Planning (✓)
- Performance & Compensation management (✓)
- Employment Terms & Benefits (✓)
- Long Term Retention Plan (✓)
- Talent Management (✓)
- Employee Relations (✓)

Treasury

- Treasury Policy and SOP (✓)

Legal

- Legal SOP (✓)

Procurement & Administration

- Procurement Policy and SOP (✓)

MIS

- IT Policy & SOP (✓)

Communications

- Communications Policy (✓)

Stakeholder Management

- Stakeholder Management Policy and SOP (✓)

Disclosure Policy

- 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.

- **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 are not limited to termination and preclusion from proposing any work for Ekuinas for a pre-determined period.

- **Documented Limits of Authority**

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

- **Human Resources Policies and Procedures**

  There are proper guidelines within the Company for hiring and termination of staff, formal training programmes for staff, annual performance appraisals and other related procedures to ensure that employees are competent and adequately trained in carrying out their duties and responsibilities. The list of the documented Human Resources SOP are as follows;

  - Employment Terms & Benefits
  - Payroll Management
  - Performance & Compensation Management
  - Employee Relations
  - Training & Development
  - Recruitment
  - Performance and Compensation Management

- **Information and Communication Technology (ICT)**

  Amongst the key components of the SOP Framework is the ICT Policies and Procedures. This is formulated to ensure adequate management control and smooth operations of the Company's ICT matters and also to safeguard the ICT resources, database and information. The guiding principles for the ICT Policy and Procedures are as follows;

  - ICT Management and User Policy;
  - Security Management;
  - E-mail Policy;
  - Internet Policy;
  - Business Continuity and Recovery Policy;
  - ICT Asset Management Policy;
  - Change Management Policy;
  - Incident Management; and
  - ICT Communication Management.

- **Budgeting process**

  All departments within the Company are required to prepare budgets annually towards an overall budget and plan to be approved by the Board. A reporting system on actual performance against budgets is in place and any significant variance detected would be reported to the Board.

- **Financial Reporting Policy and Portfolio Investment Fair Valuation Guidelines**

  Amongst the key components of the SOP & Policy Framework are the Financial Reporting Policy and Procedures and Portfolio Investment Fair Valuation Guidelines, which are formulated to ensure adequate management control and smooth operations in the Company's Finance activities. The objective of the SOPs are to ensure that the Company's financial reporting comply with the accounting and regulatory requirement and to ensure valuation performed as per generally acceptable valuation principles as well as recommendations as stated under the "International Private Equity and Venture Capital Valuation Guidelines" (IPEV Guidelines).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Disclosure of Dealings in Securities**

  In line with the Company's commitment to reinforce high ethical business standards, a policy on Insider Trading and Disclosure Policy has been put in place. Ekuinas' employees are required to sign the Professional Conduct Undertaking which provides guidelines on non-disclosure of confidential information, conflict of interests and prohibition of insider trading. A list is circulated on a regular basis to all employees highlighting the listed securities that employees are restricted from investing.

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

  The manual and policy are built into the Company's culture and further entrench the Company's zero tolerance to fraud. It also promotes a transparent and open environment for fraud reporting within the Company.

- **Performance Management**

  The Company is committed to attract and retain competent, dedicated and talented employees. Various initiatives have been undertaken to ensure the employees are equipped with the qualities and skills through ongoing emphasis on performance management and human capital development. To create a high performance work culture, performance review and compensation are linked to sets of key performance indicators that are aligned with the Company's vision and mission.

- **Risk Assessment and Management**

  The Company has developed and formalised the Risk Management Policy and Framework during the year. A rigorous review of risks is undertaken for any strategic or major proposal or transaction where risk issues are identified, analysed, prioritised and managed in a consistent manner.

- **Training and Development Framework**

  It is the Company's policy to train employees at all levels so that they are able to perform competently in their present jobs and also to train those employees who are considered to have the potential to perform duties with wider responsibilities so that they may be ready to assume them when needed.

- **Communications Policy**

  The Communications Policy is in place to ensure that communications across the Company, to the general public and stakeholders are effectively managed, ensuring a consistent image for Ekuinas at all times.

- **Investment Controls**

  In most investment cases, Ekuinas' senior representatives are appointed on 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.

- **Disclosure Policy and Framework**

  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 details of the disclosure policy and framework are set out on pages 144 to 145 of the Annual Report.

Adequacy of Risk Management and Internal Control System

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

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the year ended 31 December 2012. They have reported to the Board that nothing has come to their attention that would cause them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls.

Their review was performed in accordance with the Recommended Practice Guide (RPG) 5 issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company.

This statement is made in accordance with a resolution of the Board of Directors dated 6 March 2013.

AUDIT COMMITTEE REPORT

The Board of Directors of Ekuinas is pleased to present the report on the Audit Committee for the financial year ended 31 December 2012.

ESTABLISHMENT AND COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee was established in 2010 in line with the Code and Bursa Malaysia MMLR. The Audit 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;
- no alternate director can be appointed as a member of audit committee

The composition of the Audit Committees is listed as below:-

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	Non-Executive Director	5 out of 5	100

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate.

The CEO, Managing Partner of Investment, CFO, Associate Director/Head of CGRM and external auditor's representatives attend the meetings as and when appropriate. The Audit Committee has also conducted a meeting with the external auditor without the presence of management.

Minutes of each meeting are kept and distributed to each member of the Audit Committee as well as the other members of the Board. The Chairman of Audit Committee makes a report on each meeting to the Board.

OBJECTIVES

The main responsibilities of the Audit Committee are to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance and risk management.

TERMS OF REFERENCE

In performing its duties and discharging its responsibilities, the Audit Committee 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 Audit Committee 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 Audit Committee,
  - must be a member of the Malaysian Institute of Accountants (MIA); or
  - if 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 Audit Committee;
- in the event that any vacancy in the Audit Committee 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 Audit Committee.

Scope

- The Audit Committee 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 Audit Committee shall be empowered to retain persons having special competence as necessary to assist the Audit Committee in fulfilling its responsibilities;
- the Audit Committee shall provide assistance to the Board in fulfilling its fiduciary responsibilities particularly relating to business ethics, policies and financial management control;
- the Audit Committee shall maintain a direct line of communication between the Board, External Auditors, Internal Auditors and Management through regularly scheduled meetings;
- the Audit Committee 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 Audit Committee may invite any person to the meeting to assist the Audit Committee in decision-making process and that the Audit Committee 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 Audit Committee for investigation to be conducted.

Authority

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

- the authority 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);
- able to obtain independent professional or other advice; and
- able 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 COMMITTEE REPORT

Meetings

- The Audit Committee 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 Audit Committee 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 Audit Committee members, the CFO and the Associate Director/Head of CGRM are invited for attendance at each meeting. The Heads 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 Audit Committee 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 Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee 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 Audit Committee's level with focus given to significant issues and resolutions resolved by the Audit Committee, on a regular basis;
  - 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;
  - Where the review of audit reports of subsidiaries and any related corporations also falls under the jurisdiction of the Audit Committee, all the above mentioned functions shall also be performed by the Audit Committee in co-ordination with the Board of Directors of the subsidiaries and related corporation;
  - 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
  - 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.

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 on 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 Audit Committee, 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 and approve the Company's Internal Audit Charter;
- 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 Policy and Framework 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 fees of the external auditor;
- Review of the reports on the Audit Committee, Statement on Corporate Governance and Statement on Risk Management and Internal Controls prior to their inclusion in the Company's Annual Report;
- Review and deliberate on the audit reports, issues and recommendations from the external and internal auditors from the audit conducted during the year;
- Review 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 consider the cases investigated by CGRM arising from the Whistleblowing Policy.

AUDIT 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 Audit Committee and administratively to the CEO. The function has an approved 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 Company has an adequately resourced internal audit function to assist the Audit Committee and the Board in maintaining an effective system of internal control and overall governance practices within the Company. The review and control improvement initiatives conducted by CGRM were defined in an annual audit plan that was reviewed and approved by the Audit Committee 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, facilitated the risk review and documentation of Ekuinas risk reporting to the RMC and Audit Committee. CGRM also engages with the management of Portfolio Companies to advocate implementation of good governance and best practices. Among the key governance initiatives undertaken together with the management of Portfolio Companies are reviewing and updating limits of authority for approval and adoption, assisting in the setting up of an in-house internal audit unit in the Portfolio Companies (where applicable) and assisting them in various controls and governance improvement initiatives where necessary.

The summary of the key governance initiatives carried out at the portfolio companies post Ekuinas acquisitions are highlighted below;

Post – Investment Key Governance Initiatives

Portfolio Companies	*Limits of Authority (LOA)*	*EXCO and BOD*	*Corporate Governance Framework*	*SOP Framework*	*In House Internal Audit/ Compliance*	*Risk Management Policy and Framework*	*Review Papers Pre Audit Committee/ Exco Meeting*
	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓	✓
BURGER KING	✓	✓	ongoing	ongoing	ongoing	ongoing	✓
SAN FRANCISCO COFFEE	✓	✓	ongoing	ongoing	ongoing	ongoing	✓
A-P-U	✓	✓	ongoing	ongoing	✓	ongoing	✓
	✓	✓	ongoing	ongoing	ongoing	ongoing	✓
	✓	✓	✓	ongoing	ongoing	ongoing	✓
UNITAR	✓	✓	✓	ongoing	✓	ongoing	✓
ICONOFFSHORE BERHAD	✓	✓	ongoing	ongoing	ongoing	ongoing	✓

CGRM also participated 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 CGRM Department. 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 6 March 2013.

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 investee 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:

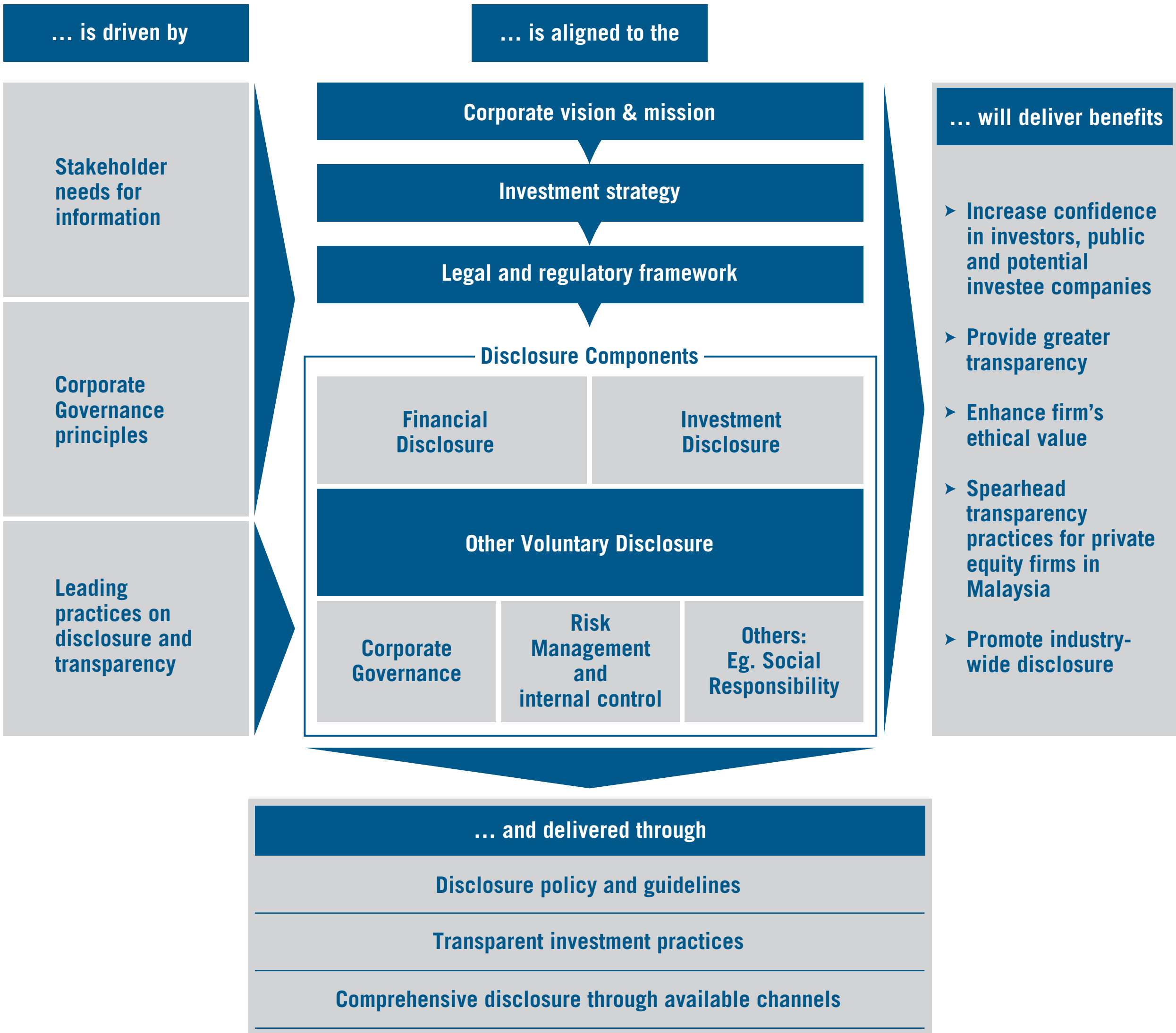
- Benchmarked against leading private equity and sovereign wealth fund industry practices;

- 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.

EKUINAS' DISCLOSURE FRAMEWORK



CORPORATE SOCIAL RESPONSIBILITY (CSR)

INVESTING IN EDUCATION

Ekuinas Continues To Contribute To Yayasan Peneraju Pendidikan Bumiputera

Progress report by Yayasan Peneraju Pendidikan Bumiputera (YPPB)

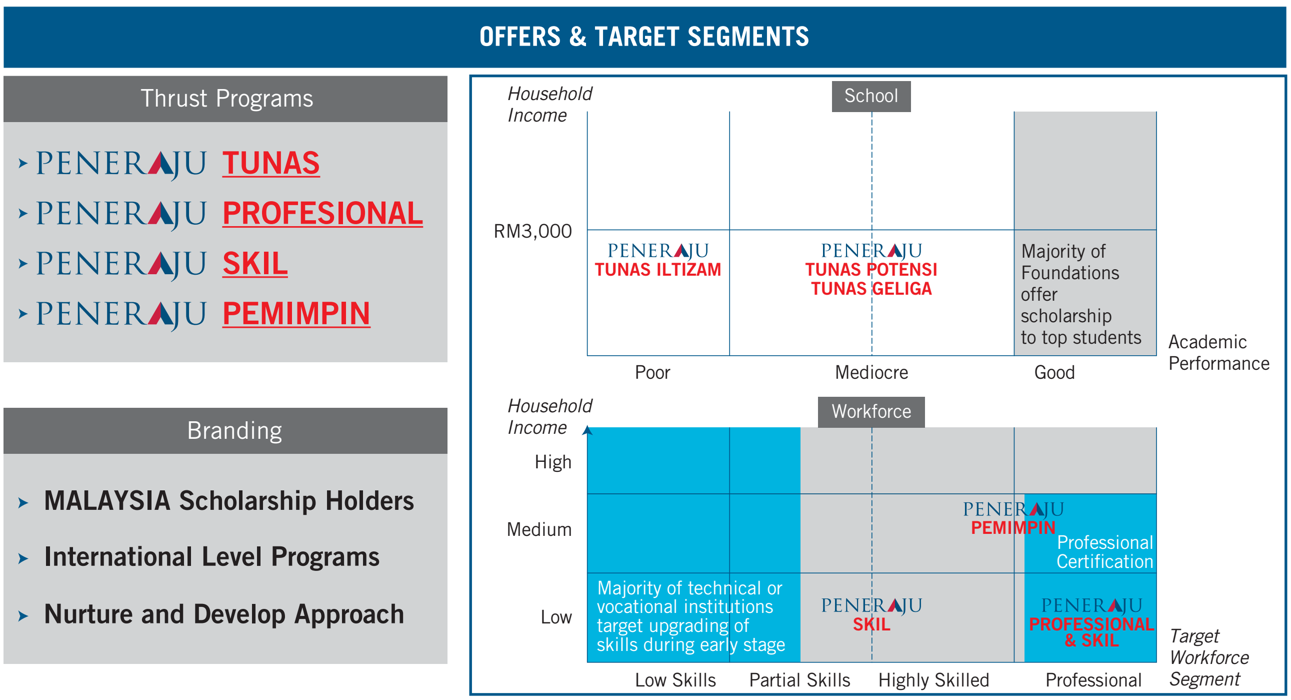
For the financial year under review, Ekuinas extended the second tranche of the RM1 million contribution pledged to YPPB, one of the initiatives launched under the Government's Bumiputera Economic Transformation Roadmap which focuses specifically on strengthening capability building. The Roadmap envisions that the Bumiputera community too would play a significant role in the nation's race towards becoming a high income nation through an increase in the quality, quantity and relevance of Bumiputera talents.

The differentiating factor for YPPB is that it focuses on target groups which are not normally sought out by other providers of scholarships and financial assistance in education. This initiative aims to assist high potential talents who are in the bottom 40 percent group, from disadvantaged environments and those needing a second chance focusing not only academic areas but also technical and vocational.

Since its inception in November 2011, YPPB has identified four thrusts and successfully launched the initial phases for three thrusts namely **Peneraju Tunas, Peneraju Profesional** and **Peneraju Skil**.

Peneraju Tunas aims for positive intervention at primary and secondary school levels; **Peneraju Profesional** targets to encourage more talents to pursue professional certification in areas such as accountancy and legal, or in specialist programmes for medical and licensed aircraft engineers; while **Peneraju Skil** offers skill nurturing and management for enhancing the skills of talents in high income growth areas such as Oil & Gas, Electrical & Electronics, and Marine. The fourth programme known as **Peneraju Pemimpin**, expected to be launched sometime in 2013, will provide Leadership Development for top fresh graduates, entrepreneur leadership and middle management potentials.

Exhibit 1: PenerajuEdu Presentation as at November 2012



Ekuinas' Portfolio Company Participation

Ekuinas' contribution of RM1 million has been disbursed and 50% of the pledge utilised for sponsorship of Tunas Potensi scholars at Institutions of Higher Learning listed under Ekuinas such as Asia Pacific University of Technology and Innovation (APU), Kuala Lumpur Metropolitan University College (KLMUC) and UNITAR International University. Tunas Potensi facilitates the enrolment of 210 students from disadvantaged environments to foundation, diploma and degree studies.

Ekuinas is pleased to report that thus far one of our portfolio companies is among the educational institutions playing host to the young beneficiaries of the programme.

Asia Pacific University of Technology and Innovation (APU), formerly known as Asia Pacific Institute of Technology and Innovation, currently hosts 16 students enrolled in various courses including Accounting & Finance, International Business and HR Management. With tuition fees, accommodation and allowances provided for, Yayasan Peneraju Pendidikan Bumiputera reports that the students are adapting well to APU's cosmopolitan environment and active multicultural student life. Starting their first semester in July 2012, the students are expected to complete their courses in three or four years.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

REALISING POTENTIAL – Attracting Graduates at Portfolio Company Level

As mentioned in last year's report, Ekuinas commenced Phase I of its Investee Company Management Trainee Programme with promising graduates from local universities. The selection process favoured candidates who demonstrated passion for business and a keen entrepreneurial spirit. Those who were selected have undergone training in various aspects of the business ranging from Marketing, Finance and Business Development.

Overall, the programme participants have performed well and have also been provided with opportunities to build their executive management skills as well as soft skills in communication, presentation and time management, among others.

In formulating the next phase of the programme, Ekuinas hopes to welcome a bigger group of trainees in the second half of 2013 with an enhanced programme to be rolled out to more companies under Ekuinas' portfolio.

The Ekuinas Board of Directors were unanimous in their decision that the Company must continue to focus on developing and nurturing high potential Bumiputera graduates, to equip them with the skills required for the workplace hence improving their employability rate.

Leading local universities and Ekuinas-linked universities are the targeted partners for this year's programme. The enlarged group of trainees are expected to undergo placement at Ekuinas' portfolio companies come June 2013.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

SUPPORTING PORTFOLIO COMPANIES' ACTIVITIES

Ekuinas also allocated some funds to support various community-related activities organised by the portfolio companies. Among them were a fund-raising campaign by San Francisco Coffee for Institut Jantung Negara heart patients, a BURGER KING® Buka Puasa treat for underprivileged young girls from Raudhatul Ikhwan, and also a fund-raising musical performance by the Asia Pacific Smart School, formerly known as Sapura Smart School.

SUPPORTING THE PRIVATE EQUITY INDUSTRY AND OTHER GROUPS WITHIN THE COMMUNITY

Ekuinas has, since inception, continuously provided support towards various programmes and initiatives organised by government agencies and non-government organisations (NGOs) alike which aim to enhance entrepreneurial capabilities. The Malaysian Venture Capital & Private Equity Association or MVCA, which plays a primary role in the development of the industry, also continued to receive our support during the financial year under review.

Other than entrepreneur-centric programmes, Ekuinas allocates funds to support charity programmes organised by media organisations and also extends financial assistance to deserving causes and charitable centres throughout the year which provide care and assistance to orphans, HIV+ children and those from poor families, single mothers as well as the physically challenged.

As reported in the preceding year, the Company plans to introduce a dedicated CSR initiative in which the employees would be able to participate more actively. Ekuinas is aware that our core business of investing in the next generation of leading Malaysian companies already has a social objective where we specify the need to support Bumiputera entrepreneurs.

We continue with our ongoing efforts to develop a CSR framework which takes into account our stakeholders' expectations, relevant business issues as well as ensure alignment of the programme to Ekuinas' corporate mission and values. The team expects to commence the programme in the near future.

Increasing employment

PORTFOLIO REPORTING

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

EKUINAS DIRECT (TRANCHE I) FUND
AS AT 31 DECEMBER 2012

1 FUND OVERVIEW

Fund Name	**Ekuinas Direct (Tranche I) Fund**
Vintage Year	2010
Capital Committed	RM1 billion
Term	5 + 2 Years
Investment Period	3 - 5 Years
Legal Form & Structure	One fund manager and one investor Fund: Ekuinas Direct (Tranche I) Fund Fund Manager: Ekuiti Nasional Berhad Fund's Domicile: Malaysia
Status	Fully deployed
Investment Focus	Malaysia
Investment Focus by Stage	Buy-Out and Growth Capital Fund
Investment Focus by Industry	– Education – Oil & Gas – Fast Moving Consumer Goods (FMCG) – Retail & Leisure – Healthcare – Services

EKUINAS DIRECT (TRANCHE I) FUND

AS AT 31 DECEMBER 2012 (CONTINUED)

2 FUND NET ASSETS VALUE (NAV) AS AT 31 DECEMBER 2012

	2011 RM million	Movement in 2012 RM million	2012 RM million
A. Capital Commitment	**1,000.00**	**–**	**1,000.00**
B. Capital Called	**460.21**	**659.17**	**1,119.38**
C. Capital Distributed	**–**	**–**	**–**
D. Capital Called less Capital Distributed	**460.21**	**659.17**	**1,119.38**
E. Debt Drawdown (Amortised Cost)	**110.85**	**–**	**110.85**
F. Capital Invested	**571.06**	**659.17**	**1,230.23**
Dividend Income	96.60	27.04	123.64
Net Unrealised Gain on Fair Value of Investments	82.86	210.30	293.16
Realised Loss on Divestment	–	(37.82)	(37.82)
Interest Expenses	(5.36)	(5.06)	(10.42)
Total Gross Portfolio Return	**174.10**	**194.46**	**368.56**
Total Operating Expenditure	(72.93)	(58.52)	(131.45)
Net Increase in Net Assets Value	**101.17**	**135.94**	**237.11**
G. Net Assets Value	**672.23**	**795.11**	**1,467.34**
Net Assets Value made up of:			
Investments – at cost	565.85	577.46	1,143.31
Net Unrealised Gain on Fair Value of Investments	82.86	210.30	293.16
Investments carried at Fair Value	**648.71**	**787.76**	**1,436.47**
Plus: Working Capital	23.52	7.35	30.87
Equals Net Assets Value	**672.23**	**795.11**	**1,467.34**
Gross IRR	**35.07%**		**27.48%**
Net IRR (before carried interest)	**23.16%**		**20.63%**
Carried Interest (RM million)	**25.16**		**60.31**
NAV to Paid-In Capital:			
C/B Cash Distributions to Capital Called (a)	**–**		**–**
G/B Net Assets Value to Capital Called (b)	**1.46x**		**1.31x**
Total Value to Capital Called (a+b)	**1.46x**		**1.31x**
B/A Capital Called to Committed Capital	**0.46x**		**1.12x**

EKUINAS DIRECT (TRANCHE I) FUND

AS AT 31 DECEMBER 2012 (CONTINUED)

3 INVESTMENT PERFORMANCE

(a) Current Portfolio Summary as at 31 December 2012

Company	Date of Initial Investment	Stake %	Cost of Investment RM million	Fair Value RM million	Gross Portfolio Return RM million
ACG	4-Jan-10	20.00	39.88		
KLB	18-Oct-10	61.62	240.96		
APIIT	18-Feb-11	51.00	102.00		
SF	12-Sep-11	90.00	15.00		
BKM	15-Sep-11	74.10	68.21	1,436.47	406.38
RV	15-Mar-12	85.76	64.61		
Cosmopoint	2-Apr-12	90.00	246.00		
UNITAR	21-May-12	90.00	58.50		
Icon Offshore	19-Nov-12	70.71	308.15		
Total			**1,143.31**		

Gross IRR	27.48%
Net IRR	20.63%

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

(b) Realisation Summary as at 31 December 2012

Company	Date of Disposal	Stake %	Cost of Investment RM million	Total Realisation RM million
TOB	14-Nov-12	24.00	99.80	61.98

ACG	Alliance Cosmetics Group	BKM	Burger King Malaysia
TOB	Tanjung Offshore Berhad	RV	Revenue Valley Group
KLB	Konsortium Logistik Berhad	Cosmopoint	Cosmopoint Group
APIIT	APIIT Education Group	UNITAR	UNITAR International University
SF	San Francisco Coffee	Icon Offshore	Icon Offshore Berhad

EKUINAS DIRECT (TRANCHE II) FUND

AS AT 31 DECEMBER 2012

1 FUND OVERVIEW

Fund Name	**Ekuinas Direct (Tranche II) Fund**
Vintage Year	2012
Capital Committed	RM1 billion
Term	5 + 2 Years
Investment Period	3 - 5 Years
Legal Form & Structure	One fund manager and one investor Fund: Ekuinas Direct (Tranche II) Fund Fund Manager: Ekuiti Nasional Berhad Fund's Domicile: Malaysia
Status	Investing
Investment Focus	Malaysia
Investment Focus by Stage	Buy-Out and Growth Capital Fund
Investment Focus by Industry	– Education – Oil & Gas – Fast Moving Consumer Goods (FMCG) – Retail & Leisure – Healthcare – Services

EKUINAS DIRECT (TRANCHE II) FUND

AS AT 31 DECEMBER 2012 (CONTINUED)

2 FUND NET ASSETS VALUE (NAV) AS AT 31 DECEMBER 2012

	2011 RM million	Movement in 2012 RM million	2012 RM million
A. Capital Commitment	**–**	**1,000.00**	**1,000.00**
B. Capital Called	**–**	**90.01**	**90.01**
C. Capital Distributed	**–**	**–**	**–**
D. Capital Called less Capital Distributed	**–**	**90.01**	**90.01**
E. Debt Drawdown (Amortised Cost)	**–**	**–**	**–**
F. Capital Invested	**–**	**90.01**	**90.01**
Net Unrealised Gain on Fair Value of Investments	–	22.51	22.51
Interest Income	–	4.54	4.54
Total Gross Portfolio Return	**–**	**27.05**	**27.05**
Total Operating Expenditure	–	(10.22)	(10.22)
Net Increase in Net Assets Value	**–**	**16.83**	**16.83**
G. Net Assets Value	**–**	**106.84**	**106.84**
Net Assets Value made up of:			
Investments – at cost	–	88.38	88.38
Net Unrealised Gain on Fair Value of Investments	–	22.51	22.51
Investments carried at Fair Value	**–**	**110.89**	**110.89**
Plus: Working Capital	–	(4.05)	(4.05)
Equals Net Assets Value	**–**	**106.84**	**106.84**
Gross IRR	**–**		**95.83%**
Net IRR (before carried interest)	**–**		**83.10%**
Carried Interest (RM million)	**–**		**3.54**
NAV to Paid-In Capital:			
C/B Cash Distributions to Capital Called (a)	**–**		**–**
G/B Net Assets Value to Capital Called (b)	**–**		**1.19x**
Total Value to Capital Called (a+b)	**–**		**1.19x**
B/A Capital Called to Committed Capital	**–**		**0.09x**

EKUINAS DIRECT (TRANCHE II) FUND

AS AT 31 DECEMBER 2012 (CONTINUED)

3 INVESTMENT PERFORMANCE

Portfolio Summary as at 31 December 2012

Company	Date of Initial Investment	Stake %	Cost of Investment RM million	Fair Value RM million	Gross Portfolio Return RM million
BKS	12-Sep-12	100.00	12.48	110.89	27.05
Icon Offshore	19-Nov-12	17.42	75.90		
Total			**88.38**		
				Gross IRR	95.83%
				Net IRR	83.10%

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

BKS	Burger King Singapore
Icon Offshore	Icon Offshore Berhad

EKUINAS OUTSOURCED (TRANCHE I) FUND

AS AT 31 DECEMBER 2012

1 FUND OVERVIEW

Fund Name	**Ekuinas Outsourced (Tranche I) Fund**
Vintage Year	2011
Capital Committed	RM400 million
Term	6 + 1 Years
Investment Period	3 - 6 Years
Legal Form & Structure	One fund manager and multiple investors. Outsourced to the following fund and fund managers: 1) Fund: Navis Malaysia Growth Opportunities Fund I, L.P. Fund Manager: Navis MGO I GP Ltd Fund's Domicile: Cayman Islands Status: Investing 2) Fund: CIMB National Equity Fund Ltd. P. Fund Manager: CIMB General Partner Ltd Fund's Domicile: Labuan Status: Investing 3) Fund: MK-One Fund (Labuan) Limited Fund Manager: Kuwait Finance House (Labuan) Berhad Fund's Domicile: Labuan Status: Terminated due to internal restructuring within Kuwait Finance House Group
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 I) FUND

AS AT 31 DECEMBER 2012 (CONTINUED)

2 FUND NET ASSETS VALUE (NAV) AS AT 31 DECEMBER 2012

	2011 RM million	Movement in 2012 RM million	2012 RM million
A. Capital Commitment	**400.00**	**–**	**400.00**
B. Capital Called	**24.35**	**69.53**	**93.88**
C. Capital Distributed	**–**	**–**	**–**
D. Capital Called less Capital Distributed	**24.35**	**69.53**	**93.88**
E. Debt Drawdown (Amortised Cost)	**–**	**–**	**–**
F. Capital Invested	**24.35**	**69.53**	**93.88**
Net Unrealised Loss on Fair Value of Investments	(8.39)	(7.82)	(16.21)
Realised Loss on Fair Value of Investment	–	(2.10)	(2.10)
Total Operating Expenditure	(2.11)	(2.04)	(4.15)
Net Decrease in Net Assets Value	**(10.50)**	**(11.96)**	**(22.46)**
G. Net Assets Value	**13.85**	**57.57**	**71.42**
Net Assets Value made up of:			
Investments – at cost	22.26	65.38	87.64
Net Unrealised Loss on Fair Value of Investments	(8.39)	(7.82)	(16.21)
Investments carried at Fair Value	**13.87**	**57.56**	**71.43**
Plus: Working Capital	(0.02)	0.01	(0.01)
Equals Net Assets Value	**13.85**	**57.57**	**71.42**
Gross IRR	**N/A**		**-35.25%**
Net IRR (before carried interest)	**N/A**		**-38.39%**
Carried Interest (RM million)	**N/A**		**–**
NAV to Paid-In Capital:			
C/B Cash Distributions to Capital Called (a)	**–**		**–**
G/B Net Assets Value to Capital Called (b)	**0.57x**		**0.76x**
Total Value to Capital Called (a+b)	**0.57x**		**0.76x**
B/A Capital Called to Committed Capital	**0.06x**		**0.23x**

EKUINAS OUTSOURCED (TRANCHE I) FUND
AS AT 31 DECEMBER 2012 (CONTINUED)

3 INVESTMENT PERFORMANCE

Portfolio Summary as at 31 December 2012

Fund	Ekuinas Commitment RM million	Private Capital RM million	Invested Capital RM million	Committed Investment by Others RM million	Net Asset Value RM million
Navis MGO CIMB NEF MK-One*	400.00	116.87	89.74	366.61	71.42

Gross IRR	-35.25%
Net IRR	-38.39%

** Terminated due to internal restructuring within Kuwait Finance House Group.*

Navis MGO	Navis Malaysia Growth Opportunities Fund I, L.P.
CIMB NEF	CIMB National Equity Fund Ltd. P.
MK-One	MK-One Fund (Labuan) Limited

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 155 to 163 for the financial year ended 31 December 2012, and has checked the information on Funds' Net Assets Value and Investment Performance as at 31 December 2012 included therein to supporting source data, and re-performed computations, where applicable.

EKUITI NASIONAL BERHAD

(INCORPORATED IN MALAYSIA)
REPORTS AND STATUTORY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in providing investment management, financial, corporate and management advisory services to a Government-linked private equity fund to promote equitable and sustainable Bumiputera economic participation via the creation of Malaysia's next generation of leading companies. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Net profit for the financial year	6,147,092

DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2012.

ISSUE OF SHARES

There were no changes in the authorised, issued and fully paid capital of the Company during the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements and notes to the financial statements.

DIRECTORS

The Directors who have held office since the date of last report are as follows:

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Datuk Noriyah binti Ahmad
Tan Sri Mohamed Jawhar bin Hassan
Tan Sri Mohamed Azman bin Yahya
Datuk Dr Rahamat Bivi binti Yusoff
Dato' Abdul Rahman bin Ahmad

In accordance with Article 65 of the Company's Articles of Association, Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda and Dato' Abdul Rahman bin Ahmad shall retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings maintained by the Company in accordance with Section 134 of the Companies Act, 1965, none of the Directors in office at the end of the financial year held any interest in shares, warrants, share options and debentures in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the date of last report, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by a Director as the fixed salary of a full-time employee of the Company as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there are no known bad debts that had been written off and that allowance need not be made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

HOLDING FOUNDATION

The Directors regard Yayasan Ekuiti Nasional, a foundation incorporated in Malaysia, as the Company's ultimate holding foundation.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution.

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
Director

DATO' ABDUL RAHMAN BIN AHMAD
Director

Kuala Lumpur
6 March 2013

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda and Dato' Abdul Rahman bin Ahmad, being two of the Directors of Ekuiti Nasional Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 172 to 191 have been properly drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2012 and of the results and cash flows of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
Director

DATO' ABDUL RAHMAN BIN AHMAD
Director

Kuala Lumpur
6 March 2013

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Mazhairul bin Jamaludin, being the Officer primarily responsible for the financial management of Ekuiti Nasional Berhad, do solemnly and sincerely declare that the financial statements set out on pages 172 to 191 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

MAZHAIRUL BIN JAMALUDIN
Chief Financial Officer

Subscribed and solemnly declared by the above named Mazhairul bin Jamaludin at Kuala Lumpur before me, on 6 March 2013.

Commissioner For Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF EKUITI NASIONAL BERHAD
(Incorporated in Malaysia)
(Company No: 868265-U)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ekuiti Nasional Berhad on pages 172 to 191, which comprise the statement of financial position as at 31 December 2012 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 13.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF EKUITI NASIONAL BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No: 868265-U)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

1. As stated in the "Basis of Preparation of the Financial Statements" section to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

MOHAMMAD FAIZ BIN MOHAMMAD AZMI
(No. 2025/03/14 (J))
Chartered Accountant

Kuala Lumpur
6 March 2013

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM
REVENUE			
Management fees	12(c)	**27,000,000**	22,000,000
Treasury fees	12(c)	**3,331,951**	2,295,162
OTHER INCOME			
Interest income		**653,161**	585,573
TOTAL INCOME		**30,985,112**	24,880,735
EXPENSES			
Employee benefit costs	4	**(16,725,827)**	(13,009,937)
Occupancy costs		**(889,790)**	(863,432)
Consultancy fees		**(2,897,282)**	(3,014,243)
Other expenses		**(4,325,121)**	(3,647,952)
Profit before taxation	5	**6,147,092**	4,345,171
Taxation	6	**–**	–
Total comprehensive income/net profit for the financial year		**6,147,092**	4,345,171

The significant accounting policies and other explanatory notes are set out on pages 176 to 191 of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
NON-CURRENT ASSET				
Plant and equipment	7	**1,455,624**	2,302,633	2,701,319
CURRENT ASSETS				
Other receivables, deposits and prepayments	8	**586,141**	397,482	495,881
Amount due from ultimate holding foundation	12(d)	**12,651**	652	688
Amount due from related companies	12(d)	**6,788,480**	1,164,606	870,380
Tax recoverable		**481,683**	481,683	415,498
Cash and cash equivalents	9	**18,858,003**	16,408,203	10,438,231
		26,726,958	18,452,626	12,220,678
CURRENT LIABILITIES				
Other payables and accruals	10	**6,988,281**	5,305,389	3,582,511
Amount due to a related company	12(d)	**487,550**	890,211	1,124,998
		7,475,831	6,195,600	4,707,509
NET CURRENT ASSETS		**19,251,127**	12,257,026	7,513,169
		20,706,751	14,559,659	10,214,488
FINANCED BY:				
Share capital	11	**9,900,002**	9,900,002	9,900,002
Retained earnings		**10,806,749**	4,659,657	314,486
		20,706,751	14,559,659	10,214,488

The significant accounting policies and other explanatory notes are set out on pages 176 to 191 of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Issued and fully paid ordinary shares of RM1 each		Distributable	
	Number of shares	Share capital RM	Retained earnings RM	Total RM
At 1 January 2011	9,900,002	9,900,002	314,486	10,214,488
Total comprehensive income for the financial year	–	–	4,345,171	4,345,171
At 31 December 2011	9,900,002	9,900,002	4,659,657	14,559,659
At 1 January 2012	**9,900,002**	**9,900,002**	**4,659,657**	**14,559,659**
Total comprehensive income for the financial year	**–**	**–**	**6,147,092**	**6,147,092**
At 31 December 2012	**9,900,002**	**9,900,002**	**10,806,749**	**20,706,751**

The significant accounting policies and other explanatory notes are set out on pages 176 to 191 of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**6,147,092**	4,345,171
Adjustments for:			
Depreciation of plant and equipment		**961,806**	808,209
Interest income		**(653,161)**	(585,573)
Operating profit before working capital changes		**6,455,737**	4,567,807
Changes in working capital:			
Other receivables, deposits and prepayments		**(22,484)**	151,637
Amount due from ultimate holding foundation		**(11,999)**	36
Amount due to/(from) a related company		**(6,026,535)**	(529,013)
Other payables and accruals		**1,682,892**	1,722,878
Cash generated from operations		**2,077,611**	5,913,345
Tax paid		**–**	(66,185)
Net cash flows generated from operating activities		**2,077,611**	5,847,160
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		**(114,797)**	(409,523)
Interest received		**486,986**	532,335
Net cash flows generated from investing activities		**372,189**	122,812
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		**2,449,800**	5,969,972
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**16,408,203**	10,438,231
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	9	**18,858,003**	16,408,203

The significant accounting policies and other explanatory notes are set out on pages 176 to 191 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The principal accounting policies applied in preparing the financial statements are set out below. These policies have been applied to all years presented, unless otherwise stated.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time adoption of MFRS'. The Company has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. There is no impact from the transition to MFRS on the Company's reported financial position, financial performance and cash flows.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(a) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Company's financial year beginning on or after 1 January 2012 are as follows:

- MFRS 1 "First-time adoption of MFRS"
- Revised MFRS 124 "Related party disclosures"
- Amendment to MFRS 112 "Income taxes"
- Amendments to IC Interpretation 14 "MFRS 119 – The limit on a defined benefit asset, minimum funding requirements and their interaction"
- Amendments to MFRS 7 "Financial Instruments: Disclosures on transfers of financial assets"
- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"

Apart from the new presentation and disclosure requirements as disclosed in the financial statements, the adoption of the above standards and amendments to published standards does not have any other material impact on the Company's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

The Company will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial year beginning on/after 1 January 2013

- MFRS 10 "Consolidated financial statements" (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

- MFRS 12 "Disclosures of interests in other entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial Instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 "Separate financial statements" (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to the income statement in the future. The amendments do not address which items are presented in OCI.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued)

The Company will apply the new standards, amendments to standards and interpretations in the following period (continued):

(i) Financial year beginning on/after 1 January 2013 (continued)

- Amendment to MFRS 119 "Employee benefits" (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

- Amendment to MFRS 7 "Financial Instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

(ii) Financial year beginning on/after 1 January 2014

- Amendment to MFRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(iii) Financial year beginning on/after 1 January 2015

- MFRS 9 "Financial Instruments – classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to income statement, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

Unless otherwise disclosed, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the Company's financial statements in the year of initial application.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

B PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised to the income statement. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Motor vehicles	5 years
Furniture and fittings	5 years
Office equipment	5 years
Renovation	5 years
Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at the end of the reporting period.

At the end of each reporting period, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note C on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement from operations in the financial year the asset is de-recognised.

C IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indications exist, the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets ("the cash generating units"). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The impairment loss is charged to the income statement and any subsequent increase in recoverable amount is recognised in the income statement. Any reversal is credited to the income statement to the extent of a previously recognised impairment loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

D FINANCIAL ASSETS

Loans and receivables

(i) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'other receivables, deposits and prepayments', 'amount due from ultimate holding foundation', 'amount due from related companies' and 'cash and cash equivalents' in the statement of financial position.

(ii) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs, for all financial assets not carried at fair value through profit or loss.

(iii) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(iv) Subsequent measurement – impairment of financial assets

The Company assesses at the end of the reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(v) De-recognition

A financial asset is de-recognised when the rights to receive cash flows from loans and receivables have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

E CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and deposits which are subject to an insignificant risk of changes in value.

F PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligations, and when a reliable estimate of the amount can be made.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

G FINANCIAL LIABILITIES

(i) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139 "Financial Instruments: Recognition and Measurement", are recognised in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company's financial liabilities include 'other payables and accruals' and 'amount due to a related company' in the statement of financial position.

(ii) Recognition and measurement

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

(iii) De-recognition

A financial liability is derecognised when the obligation under the liability is extinguished when an existing financial liability is replaced by another from the same party on substantially different terms, or the term of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

H SHARE CAPITAL

Ordinary shares are classified as equity.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

I REVENUE RECOGNITION

(i) Management fees and treasury fees

Management fees and treasury fees are recognised on an accrual basis when services are rendered.

(ii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income shall accrue to the Company.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

J INCOME TAXES

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Tax rates enacted or substantively enacted by the reporting period end are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

K EMPLOYEE BENEFITS

(i) Short term employee benefits

Wages, salaries, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Company.

(ii) Defined contribution plan

The Company contributes to the Employees Provident Fund, the mutual defined contribution plan. Once the contributions have been paid, the Company has no further payment obligations. The Company's contributions to the Employees Provident Fund are charged to the income statement in the financial period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

1 GENERAL INFORMATION

The principal activities of the Company are to provide investment management, financial, corporate and management advisory services to a Government-linked private equity fund to promote equitable and sustainable Bumiputera economic participation via the creation of Malaysia's next generation of leading companies. There have been no significant changes in the nature of these activities during the financial year.

The Company is a private limited company, incorporated and domiciled in Malaysia.

The address of the registered office of the Company is:

12th Floor, Bangunan Setia 1,
15 Lorong Dungun, Bukit Damansara,
50490 Kuala Lumpur.

The principal place of business of the Company is:

Level 13, Surian Tower,
No 1, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.

2 FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Company's financial risk management policies. The Board reviews these risks based on the approved treasury policies and investment guidelines, which cover the management of these risks.

The Company is exposed to interest rate risk, credit risk and liquidity risk.

(b) Interest rate risk

The Company's exposure to interest rate risk is mainly attributable to its interest bearing assets which are deposits with licensed financial institutions (Note 9). The Company closely monitors the movement of interest rate to reduce the Company's interest rate exposure. At 31 December 2012, if interest rates on deposits with licensed financial institutions had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been RM184,500 (2011: RM159,000) higher/lower.

(c) Credit risk

The Company's exposure to credit risk is limited as the Company is an investment management company. As at 31 December 2012, 31 December 2011 and 1 January 2011, the Company's exposure to credit risk is solely on the carrying amount of 'other receivables, deposits and prepayments', 'amount due from ultimate holding foundation' and 'amount due from related companies' which are repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

As at 31 December 2012, 31 December 2011 and 1 January 2011, the Company's exposure to liquidity risk is solely on the undiscounted contractual payments of 'other payables and accruals' and 'amount due to a related company' which are repayable within one year.

(e) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholder and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

(f) Fair value estimation of the financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimated fair values as at the end of the reporting year.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

The carrying amounts of 'other receivables, deposits and prepayments', 'amount due from ultimate holding foundation', 'amount due from/(to) related companies' and 'other payables and accruals' approximate their fair value due to the relatively short term nature of these financial instruments.

In addition, fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of MFRS 7 "Financial Instruments: Disclosures" which requires the fair value information to be disclosed.

(g) Fair value hierarchy

Fair value hierarchy disclosure is not applicable to the Company as the Company's assets and liabilities are short term financial instruments for which the carrying amount approximates the fair values.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

In the process of applying the Company's accounting policies the management have made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax liability

As at the end of the reporting year, the Company has not recognised a deferred tax liability of RM146,000 arising from taxable temporary differences in relation to plant and equipment, as based on management's estimates, the temporary differences will reverse during the year of the tax exemption as disclosed in Note 6.

4 EMPLOYEE BENEFIT COSTS

	31.12.2012 RM	31.12.2011 RM
Wages and salaries	**8,478,940**	7,133,905
Defined contribution plan	**1,424,050**	1,177,009
Other employee benefits	**6,822,837**	4,699,023
	16,725,827	13,009,937

Included in wages and salaries is Directors' remuneration amounting to RM1,678,320 (2011: RM1,334,766).

5 PROFIT BEFORE TAXATION

	31.12.2012 RM	31.12.2011 RM
Profit before taxation is arrived at after charging:		
Auditors' remuneration		
– Statutory audit	**52,200**	32,000
– Other services	**–**	5,000
Depreciation of plant and equipment	**961,806**	808,209
Rental of premises	**645,847**	645,847

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

6 TAXATION

	31.12.2012 RM	**31.12.2011 RM**
Current tax:		
Malaysian taxation	**–**	–

Reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate is as follows:

	31.12.2012 RM	**31.12.2011 RM**
Profit before taxation	**6,147,092**	4,345,171
Tax calculated at rate of 25%	**1,536,773**	1,086,293
Income not subject to tax	**(1,390,773)**	(798,293)
Effect of temporary differences not recognised*	**(146,000)**	(288,000)
Taxation	**–**	–

On 26 November 2010, the Ministry of Finance granted income tax exemption for all statutory business income for a period of five (5) years commencing from year of assessment 2009 until 2013 for the Company.

* No deferred tax liability has been recognised in respect of the temporary differences arising from plant and equipment based on management's estimates that the temporary differences will reverse during the period of the tax exemption described above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

7 PLANT AND EQUIPMENT

	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computer equipment RM	Total RM
Cost						
At 1 January 2012	**276,179**	**711,590**	**109,972**	**953,003**	**1,627,898**	**3,678,642**
Additions during the financial year	**–**	**5,800**	**5,275**	**5,700**	**98,022**	**114,797**
At 31 December 2012	**276,179**	**717,390**	**115,247**	**958,703**	**1,725,920**	**3,793,439**
Accumulated depreciation						
At 1 January 2012	**110,487**	**270,429**	**43,080**	**366,332**	**585,681**	**1,376,009**
Charge for the financial year	**55,914**	**145,106**	**22,223**	**192,964**	**545,599**	**961,806**
At 31 December 2012	**166,401**	**415,535**	**65,303**	**559,296**	**1,131,280**	**2,337,815**
Net book value						
At 31 December 2012	**109,778**	**301,855**	**49,944**	**399,407**	**594,640**	**1,455,624**
Cost						
At 1 January 2011	276,179	703,495	109,972	953,003	1,226,470	3,269,119
Additions during the financial year	–	8,095	–	–	401,428	409,523
At 31 December 2011	276,179	711,590	109,972	953,003	1,627,898	3,678,642
Accumulated depreciation						
At 1 January 2011	54,953	128,718	21,079	174,701	188,349	567,800
Charge for the financial year	55,534	141,711	22,001	191,631	397,332	808,209
At 31 December 2011	110,487	270,429	43,080	366,332	585,681	1,376,009
Net book value						
At 31 December 2011	165,692	441,161	66,892	586,671	1,042,217	2,302,633
At 1 January 2011	221,226	574,777	88,893	778,302	1,038,121	2,701,319

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

8 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Other receivables	**171,390**	52	158,276
Deposits	**222,599**	221,849	229,343
Prepayments	**192,152**	175,581	108,262
	586,141	397,482	495,881

9 CASH AND CASH EQUIVALENTS

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Cash and bank balances	**408,003**	504,965	1,315,310
Deposits with licensed financial institutions	**18,450,000**	15,903,238	9,122,921
	18,858,003	16,408,203	10,438,231

Bank balances are deposits held at call with licensed financial institutions.

The weighted average effective interest rate per annum of the deposits with licensed financial institutions as at 31 December 2012 is 3.32% (31 December 2011: 3.52%; 1 January 2011: 3.11%) with an average maturity period of 89 days (31 December 2011: 70 days; 1 January 2011: 128 days).

10 OTHER PAYABLES AND ACCRUALS

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Other payables	**158,950**	1,236,897	23,557
Accruals	**6,829,331**	4,068,492	3,558,954
	6,988,281	5,305,389	3,582,511

Included in other payables is an amount due to a Director of RM Nil (31 December 2011: RM605,177; 1 January 2011: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

11 SHARE CAPITAL

	31.12.2012 RM	31.12.2011 RM
Authorised:		
Ordinary shares of RM1 each At the start/end of financial year	**100,000,000**	100,000,000
Issued and fully paid:		
Ordinary shares of RM1 each At the start/end of financial year	**9,900,002**	9,900,002

12 SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered related if the party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) The related parties of, and their relationships with the Company as at 31 December 2012, are as follows:

Related party	Relationship
Yayasan Ekuiti Nasional	Ultimate holding foundation formed by the Government of Malaysia
Ekuinas Capital Sdn Bhd	Related company
E-Cap (Internal) One Sdn Bhd	Related company
E-Cap (Internal) Two Sdn Bhd	Related company
E-Cap (External) One Sdn Bhd	Related company
Bendahara 1 Sdn Bhd	Related company
Awana Setia Sdn Bhd	Related company
Ontime Direction Sdn Bhd	Related company
Rancak Selera Sdn Bhd	Related company
Prinsip Lagenda Sdn Bhd	Related company
Integrated Food Group Sdn Bhd (formerly known as Noble Temptation Sdn Bhd)	Related company
Hallmark Odyssey Sdn Bhd	Related company

(b) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company include all the Directors of the Company who make certain critical decisions in relation to the strategic direction of the Company.

	31.12.2012 RM	31.12.2011 RM
Directors' remuneration	**1,678,320**	1,334,766

12 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Significant related party transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

	31.12.2012 RM	31.12.2011 RM
E-Cap (Internal) One Sdn Bhd		
Management fees income	**20,000,000**	20,000,000
Treasury fees income	**50,720**	–
E-Cap (External) One Sdn Bhd		
Management fees income	**2,000,000**	2,000,000
E-Cap (Internal) Two Sdn Bhd		
Management fees income	**5,000,000**	–
Ekuinas Capital Sdn Bhd		
Treasury fees income	**2,975,968**	2,212,966
Bendahara 1 Sdn Bhd		
Treasury fees income	**305,263**	82,196

The transactions described above were carried out on negotiated terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

12 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(d) Significant related party balances

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are significant related party balances arising from normal business transactions:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Amount due from Yayasan Ekuiti Nasional	**12,651**	652	688
Amount due from Ekuinas Capital Sdn Bhd	**283,999**	1,148,867	870,380
Amount due from Bendahara 1 Sdn Bhd	**28,292**	12,075	–
Amount due from Awana Setia Sdn Bhd	**–**	3,664	–
Amount due from Ontime Direction Sdn Bhd	**651,651**	–	–
Amount due from Rancak Selera Sdn Bhd	**319,337**	–	–
Amount due from Prinsip Lagenda Sdn Bhd	**124,882**	–	–
Amount due from Integrated Food Group Sdn Bhd (formerly known as Noble Temptation Sdn Bhd)	**255,935**	–	–
Amount due from Hallmark Odyssey Sdn Bhd	**73,664**	–	–
Amount due from E-Cap (Internal) One Sdn Bhd	**50,720**	–	–
Amount due from E-Cap (Internal) Two Sdn Bhd	**5,000,000**	–	–
	6,788,480	1,164,606	870,380
Amount due to Ekuinas Capital Sdn Bhd	**(487,550)**	(890,211)	(1,124,998)

The above outstanding balances are unsecured, interest-free, and repayable upon demand.

13 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors.

E-CAP (INTERNAL) ONE SDN BHD

(INCORPORATED IN MALAYSIA)
REPORTS AND STATUTORY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry on the business of an investment holding company, to invest in private equity investments and to acquire the shares of or invest in any company. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Net profit for the financial year	139,278,714

DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2012.

ISSUE OF SHARES

During the financial year, the Company issued 115 ordinary shares at par value of RM1 each and 6,591,795 redeemable preference shares of RM0.01 each at an issue price of RM100. The shares have been fully paid in cash.

A summary of the shares issued by the Company during the financial year from 1 January 2012 to 31 December 2012 is as follows:

Date of issue	Type of share	Purpose of issue	Number of shares	Par value RM	Premium RM	Terms of issue
31 March 2012	Ordinary	Working capital	31	1.00	–	Cash, at par
31 March 2012	Preference	Working capital	410,687	0.01	99.99	Cash, at RM100
30 June 2012	Ordinary	Working capital	64	1.00	–	Cash, at par
30 June 2012	Preference	Working capital	3,714,239	0.01	99.99	Cash, at RM100
30 September 2012	Ordinary	Working capital	13	1.00	–	Cash, at par
30 September 2012	Preference	Working capital	2,250,322	0.01	99.99	Cash, at RM100
31 December 2012	Ordinary	Working capital	7	1.00	–	Cash, at par
31 December 2012	Preference	Working capital	216,547	0.01	99.99	Cash, at RM100

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

ISSUE OF SHARES (CONTINUED)

The new shares issued during the financial year ranked *pari passu* in all respects with the existing shares of the Company.

There were no other changes in the authorised, issued and fully paid capital of the Company during the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements and notes to the financial statements.

DIRECTORS

The Directors who have held office since the date of last report are as follows:

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Datuk Noriyah binti Ahmad
Dato' Abdul Rahman bin Ahmad

In accordance with Article 66 of the Company's Articles of Association, Dato' Abdul Rahman bin Ahmad shall retire from the Board in the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings maintained by the Company in accordance with Section 134 of the Companies Act, 1965, none of the Directors in office at the end of the financial year held any interest in shares, warrants, share options and debentures in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the date of last report, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there are no known bad debts that had been written off and that allowance need not be made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Company's operations for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING FOUNDATION

The Directors regard Ekuinas Capital Sdn Bhd, a company incorporated in Malaysia as the immediate holding company. The Directors regard Yayasan Ekuiti Nasional, a foundation incorporated in Malaysia, as the Company's ultimate holding foundation.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution.

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
Director

DATO' ABDUL RAHMAN BIN AHMAD
Director

Kuala Lumpur
6 March 2013

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda and Dato' Abdul Rahman bin Ahmad, being two of the Directors of E-Cap (Internal) One Sdn Bhd, state that, in the opinion of the Directors, the financial statements set out on pages 200 to 225 have been properly drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2012 and of the results and cash flows of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
Director

DATO' ABDUL RAHMAN BIN AHMAD
Director

Kuala Lumpur
6 March 2013

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Mazhairul bin Jamaludin, being the Officer primarily responsible for the financial management of E-Cap (Internal) One Sdn Bhd, do solemnly and sincerely declare that the financial statements set out on pages 200 to 225 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MAZHAIRUL BIN JAMALUDIN
Group Chief Financial Officer

Subscribed and solemnly declared by the above named Mazhairul bin Jamaludin at Kuala Lumpur before me, on 6 March 2013.

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF E-CAP (INTERNAL) ONE SDN BHD
(Incorporated in Malaysia)
(Company No: 894680-M)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of E-Cap (Internal) One Sdn Bhd on pages 200 to 225, which comprise the statement of financial position as at 31 December 2012 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 12.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF E-CAP (INTERNAL) ONE SDN BHD (CONTINUED)
(Incorporated in Malaysia)
(Company No: 894680-M)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

1. As stated in the "Basis of Preparation of the Financial Statements" section to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

MOHAMMAD FAIZ BIN MOHAMMAD AZMI
(No. 2025/03/14 (J))
Chartered Accountant

Kuala Lumpur
6 March 2013

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM
REVENUE			
Unrealised gain/(loss) on fair value of investments			
– Investment in subsidiaries		**170,203,813**	163,183,679
– Investment in an associate		**9,246,158**	(50,102,494)
Realised loss on disposal of investment			
– Investment in an associate		**(22,020,167)**	–
Dividend income	11(b)	**36,779,668**	4,018,277
Interest income		**337,986**	–
		194,547,458	117,099,462
EXPENSES			
Management fees	11(b)	**(20,000,000)**	(20,000,000)
Treasury fees	11(b)	**(50,720)**	–
Other expenses		**(35,218,024)**	(19,379,959)
Profit before taxation	4	**139,278,714**	77,719,503
Taxation	5	**–**	–
Total comprehensive income/net profit for the financial year		**139,278,714**	77,719,503

The significant accounting policies and other explanatory notes are set out on pages 204 to 225 of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
NON-CURRENT ASSETS				
Investment in subsidiaries	6	**1,357,145,243**	490,242,586	207,890,737
Investment in associates	7	**60,031,448**	103,985,290	154,087,784
		1,417,176,691	594,227,876	361,978,521
CURRENT ASSETS				
Amount due from a subsidiary	11(c)	**3,600,718**	–	–
Amount due from immediate holding company	11(c)	**4,900,334**	33,041	676,027
Cash and cash equivalents		**83,576**	2	2
		8,584,628	33,043	676,029
CURRENT LIABILITIES				
Amount due to subsidiaries	11(c)	**5,508,000**	7,683,041	676,031
Amount due to a related company	11(c)	**50,720**	–	–
Accruals	8	**60,365,416**	25,199,024	5,849,599
		65,924,136	32,882,065	6,525,630
NET CURRENT LIABILITIES		**(57,339,508)**	(32,849,022)	(5,849,601)
		1,359,837,183	561,378,854	356,128,920
FINANCED BY:				
Share capital	9	**112,337**	46,304	33,420
Share premium	10	**1,119,272,562**	460,158,980	332,641,433
Retained earnings		**240,452,284**	101,173,570	23,454,067
		1,359,837,183	561,378,854	356,128,920

The significant accounting policies and other explanatory notes are set out on pages 204 to 225 of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Issued and fully paid ordinary shares of RM1 each		Issued and fully paid redeemable preference shares of RM0.01 each		Non-distributable	Distributable	
		Number of shares	Share capital RM	Number of shares	Share capital RM	Share premium RM	Retained earnings RM	Total RM
At January 2011		153	153	3,326,747	33,267	332,641,433	23,454,067	356,128,920
Issuance of shares during the financial year	9	131	131	1,275,303	12,753	127,517,547	–	127,530,431
Total comprehensive income for the financial year		–	–	–	–	–	77,719,503	77,719,503
At 31 December 2011		284	284	4,602,050	46,020	460,158,980	101,173,570	561,378,854
At 1 January 2012		**284**	**284**	**4,602,050**	**46,020**	**460,158,980**	**101,173,570**	**561,378,854**
Issuance of shares during the financial year	9	**115**	**115**	**6,591,795**	**65,918**	**659,113,582**	**–**	**659,179,615**
Total comprehensive income for the financial year		**–**	**–**	**–**	**–**	**–**	**139,278,714**	**139,278,714**
At 31 December 2012		**399**	**399**	**11,193,845**	**111,938**	**1,119,272,562**	**240,452,284**	**1,359,837,183**

The significant accounting policies and other explanatory notes are set out on pages 204 to 225 of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	31.12.2012 RM	31.12.2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**139,278,714**	77,719,503
Adjustments for:		
Unrealised (gain)/loss on fair value of investments:		
– Investment in subsidiaries	**(170,203,813)**	(163,183,679)
– Investment in an associate	**(9,246,158)**	50,102,494
Realised loss on disposal of investment		
– Investment in an associate	**22,020,167**	–
Dividend income	**(36,779,668)**	(4,018,277)
Interest income	**(337,986)**	–
Operating loss before working capital changes	**(55,268,744)**	(39,379,959)
Changes in working capital:		
Amount due from a subsidiary	**(3,600,718)**	–
Amount due from immediate holding company	**(4,867,293)**	642,986
Amount due to subsidiaries	**(2,175,041)**	7,007,010
Amount due to a related company	**50,720**	–
Accruals	**35,166,392**	19,349,425
Net cash flows used in operating activities	**(30,694,684)**	(12,380,538)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment in subsidiaries	**(696,698,844)**	(119,168,170)
Proceeds from disposal of investment in an associate	**31,179,833**	–
Dividend received	**36,779,668**	4,018,277
Interest received	**337,986**	–
Net cash flows used in investing activities	**(628,401,357)**	(115,149,893)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of redeemable preference shares	**659,179,500**	127,530,300
Proceeds from the issuance of ordinary shares	**115**	131
Net cash flows generated from financing activities	**659,179,615**	127,530,431
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YAER	**83,574**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**2**	2
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**83,576**	2

The significant accounting policies and other explanatory notes are set out on pages 204 to 225 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The principal accounting policies applied in preparing the financial statements are set out below. These policies have been applied to all years presented, unless otherwise stated.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time adoption of MFRS'. The Company has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. There is no impact from the transition to MFRS on the Company's reported financial position, financial performance and cash flows.

The financial statements have been prepared under the historical cost convention, as modified by the investments designated at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

As at 31 December 2012, the Company recorded net current liabilities of RM57,339,508. The immediate holding company, Ekuinas Capital Sdn Bhd, has indicated its intention to provide continuous financial support to the Company so as to enable the Company to meet its liability as and when they fall due and to carry on its business without any significant curtailment of its operations. In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Company on a going concern basis.

(a) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Company's financial year beginning on or after 1 January 2012 are as follows:

- MFRS 1 "First-time adoption of MFRS"
- Revised MFRS 124 "Related party disclosures"
- Amendment to MFRS 112 "Income taxes"
- Amendments to IC Interpretation 14 "MFRS 119 – The limit on a defined benefit asset, minimum funding requirements and their interaction"
- Amendments to MFRS 7 "Financial Instruments: Disclosures on transfers of financial assets"
- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"

Apart from the new presentation and disclosure requirements as disclosed in the financial statements, the adoption of the above standards and amendments to published standards does not have any other material impact on the Company's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

The Company will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial year beginning on/after 1 January 2013

- MFRS 10 "Consolidated financial statements" (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

- MFRS 12 "Disclosures of interests in other entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial Instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 "Separate financial statements" (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 "Investments in associates and joint ventures" (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to the income statement in the future. The amendments do not address which items are presented in OCI.

- Amendment to MFRS 7 "Financial Instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued)

The Company will apply the new standards, amendments to standards and interpretations in the following period (continued):

(ii) Financial year beginning on/after 1 January 2014

- Amendment to MFRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(iii) Financial year beginning on/after 1 January 2015

- MFRS 9 "Financial Instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to the income statement, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

Unless otherwise disclosed, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the Company's financial statements in the year of initial application.

B INVESTMENT IN SUBSIDIARIES

A subsidiary is an entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's financial statements, investment in a subsidiary is accounted for in accordance with MFRS 139 "Financial Instruments: Recognition and Measurement" and is stated at fair value. Changes in the fair value of investment in subsidiary are recognised in the income statement in the year in which the changes arise.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

B INVESTMENT IN SUBSIDIARIES (CONTINUED)

On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

Consolidated financial statements have not been prepared because the Company is exempted from preparing consolidated financial statements under MFRS 127 "Consolidated and separate financial statements" by virtue of its status as a wholly-owned subsidiary of another holding company in Malaysia, which prepares consolidated financial statements.

The ultimate holding foundation which publishes consolidated financial statements is Yayasan Ekuiti Nasional. The registered office of Yayasan Ekuiti Nasional is located at 12th Floor, Bangunan Setia 1, 15 Lorong Dungun, Bukit Damansara, 50490 Kuala Lumpur.

C INVESTMENT IN ASSOCIATES

An associate is an entity, not being a subsidiary or a joint venture, in which the Company has significant influence. An associate is accounted for in accordance with MFRS 139 "Financial Instrument: Recognition and Measurement" and is stated at fair value from the date the Company obtains significant influence until the date the Company ceases to have significant influence over the said associate.

The Company's investments in associates are subsequently carried at fair value. Changes in the fair value of investment in associates are recognised in the income statement in the year which the changes arise.

On disposal of such investments, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

D FINANCIAL ASSETS

Financial assets designated at fair value through profit or loss

(i) Classification

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading. The Company's financial assets designated at fair value through profit or loss comprise 'investment in subsidiaries' and 'investment in associates' in the statement of financial position.

(ii) Recognition and initial measurement

Financial assets designated at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the income statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

D FINANCIAL ASSETS (CONTINUED)

Financial assets designated at fair value through profit or loss (continued)

(iii) Subsequent measurement

Subsequent to initial recognition, all financial assets designated at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the income statement in the year in which they arise.

(iv) De-recognition

A financial asset is de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables

(i) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the end of the reporting year. These are classified as non-current assets. The Company's loans and receivables comprise 'amount due from a subsidiary', 'amount due from immediate holding company' and 'cash and cash equivalents' in the statement of financial position.

(ii) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs, for all financial assets not carried at fair value through profit or loss.

(iii) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(iv) Subsequent measurement – impairment of financial assets

The Company assesses at the end of the reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If in a subsequent year, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(v) De-recognition

A financial asset is de-recognised when the rights to receive cash flows from loans and receivables have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

E CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and deposits which are subject to an insignificant risk of changes in value.

F PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligations, and when a reliable estimate of the amount can be made.

G FINANCIAL LIABILITIES

(i) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company's financial liabilities include 'accruals', 'amount due to subsidiaries' and 'amount due to a related company' in the statement of financial position.

(ii) Recognition and measurement

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

(iii) De-recognition

A financial liability is derecognised when the obligation under the liability is extinguished when an existing financial liability is replaced by another from the same party on substantially different terms, or the term of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

H SHARE CAPITAL

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

I REVENUE RECOGNITION

(i) Dividend income

Dividend income is recognised when the right to receive payment is established.

(ii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income shall accrue to the Company.

J CARRIED INTEREST

Carried interest represents the fees payable to the Fund Management Company and is computed and accrued at each financial year end based on the valuation of the investments in the Fund's portfolio of companies, after accounting for appropriate outflow payments/inflow receipts in accordance with the terms stated in the Global Fund Management Agreement. Any increase or decrease in carried interest is recognised in the income statement.

K INCOME TAXES

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Tax rates enacted or substantively enacted by the reporting year are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

1 GENERAL INFORMATION

The principal activities of the Company are to carry on the business of an investment holding company, to invest in private equity investments and to acquire the shares of or invest in any company. There have been no significant changes in the nature of these activities during the financial year.

The Company is a private limited company, incorporated and domiciled in Malaysia.

The address of the registered office of the Company is:

12th Floor, Bangunan Setia 1,
15 Lorong Dungun, Bukit Damansara,
50490 Kuala Lumpur.

The principal place of business of the Company is:

Level 13, Surian Tower,
No 1, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.

2 FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Company's financial risk management policies. The Board reviews these risks based on the approved treasury policies and investment guidelines, which cover the management of these risks. The Company is exposed to market price risks, interest rate risk, credit risk and liquidity risk.

(b) Market price risks

The Company has used the enterprise valuation method as recommended by the International Private Equity and Venture Capital Valuation Guidelines to derive a fair value based on earning multiples of comparable listed companies. An unquoted investment which is fair valued using this method is exposed to market price risk of comparable listed companies.

If the selected comparable companies' earning multiples had been 5% higher/lower, with all other variables held constant, the Company's profit after tax would have been RM2,927,000 higher/lower (2011: RM11,570,000). As at the end of the reporting period, the unquoted investments have been recognised at fair value.

The fair value of unquoted investment is also determined using the net assets valuation method.

If the net assets value of the investment is 5% higher/lower, with all other variables held constant, the Company's profit after tax would have been RM67,857,000 higher/lower (2011: RM24,512,000). As at the end of the reporting period, the unquoted investment has been recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk

As the Company has no significant interest-bearing assets and liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

(d) Credit risk

The Company's exposure to credit risk is limited as the Company is an investment holding company. As at 31 December 2012, 31 December 2011 and 1 January 2011, the Company's exposure to credit risk is solely on the carrying amount of 'amount due from a subsidiary' and 'amount due from immediate holding company' which are repayable upon demand.

(e) Liquidity risk

The Company's exposure to liquidity risk is limited as the Company is an investment holding company with the cash management and treasury managed by Ekuiti Nasional Berhad ("Ekuinas"), a related company. Furthermore, the Company has the ability to obtain funding through the immediate holding company to ensure settlement of all transaction costs and expenses. As at 31 December 2012, 31 December 2011 and 1 January 2011, the Company's exposure to liquidity risk is solely on the undiscounted contractual payment of 'amount due to subsidiaries', 'amount due to a related company' and 'accruals' which are repayable within one year.

(f) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholder and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

(g) Fair value estimation of the financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimated fair values as at the end of the reporting year.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

Methodologies and assumptions have been used in deriving the fair values of the investment in subsidiaries and associates at the end of the reporting year as disclosed in Note 2(h) and Note 3 to the financial statements.

The carrying amounts of 'amount due from a subsidiary', 'amount due from immediate holding company', 'amount due to subsidiaries', 'amount due to a related company' and 'accruals' approximate their fair value due to the relatively short term nature of these financial instruments.

In addition, fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of MFRS 7 "Financial Instruments: Disclosures", which requires the fair value information to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(h) Fair value hierarchy

The different levels have been defined as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

The following table presents the Company's financial instruments that are measured at fair value, other than the short term financial instruments:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
At 31 December 2012				
Financial assets				
Investment in subsidiaries	**–**	**–**	**1,357,145,243**	**1,357,145,243**
Investment in associates	**–**	**–**	**60,031,448**	**60,031,448**
Total financial assets	**–**	**–**	**1,417,176,691**	**1,417,176,691**
At 31 December 2011				
Financial assets				
Investment in subsidiaries	–	–	490,242,586	490,242,586
Investment in associates	53,200,000	–	50,785,290	103,985,290
Total financial assets	53,200,000	–	541,027,876	594,227,876
At 1 January 2011				
Financial assets				
Investment in subsidiaries	–	–	207,890,737	207,890,737
Investment in associates	109,900,000	–	44,187,784	154,087,784
Total financial assets	109,900,000	–	262,178,519	361,978,521

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(h) Fair value hierarchy (continued)

Investments whose values are based on quoted market prices in active markets are classified within Level 1. The Company does not adjust the quoted price for these instruments. As at the end of the reporting year, all quoted investments have been recognised at fair value based on the last closing price of Bursa Malaysia Stock Exchange.

Investments classified within Level 3 have significant unobservable inputs, as they are traded infrequently. As observable prices are not available for these investments, the fair value of unquoted investments are derived based on earning multiples of comparable listed companies. The Company has used the enterprise valuation and net assets valuation method as recommended by the International Private Equity and Venture Capital Valuation Guidelines.

The main inputs into the enterprise valuation method for these unquoted investments include earnings before interest, taxes, depreciation and amortisation ("EBITDA"), comparable companies' earning multiples and marketability discount. The main inputs into the net assets valuation method of these unquoted investments include net assets of the investments as at financial year end.

In assessing fair value, management of Ekuiti Nasional Berhad (fund management company) performs quarterly valuation assessments of all portfolio companies and these will be tabled to the Board of Directors on a quarterly basis.

The following table presents the movements in Level 3 financial instruments.

	Investment in associates RM	Investment in subsidiaries RM
2012		
At 1 January 2012	**103,985,290**	**490,242,586**
Acquisition during the financial year	**–**	**696,698,844**
Unrealised gain on fair value of investments	**9,246,158**	**170,203,813**
Proceeds from disposal of investment in an associate	**(31,179,833)**	**–**
Realised loss on disposal of investment in an associate	**(22,020,167)**	**–**
At 31 December 2012	**60,031,448**	**1,357,145,243**
2011		
At 1 January 2011	154,087,784	207,890,737
Acquisition during the financial year	–	119,168,170
Unrealised (loss)/gain on fair value of investments	(50,102,494)	163,183,679
At 31 December 2011	103,985,290	490,242,586

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Financial instruments by category

	Loans and receivables RM	Designated at fair value through profit or loss RM	Total RM
At 31 December 2012			
Financial assets			
Investment in subsidiaries	**–**	**1,357,145,243**	**1,357,145,243**
Investment in associates	**–**	**60,031,448**	**60,031,448**
Amount due from a subsidiary	**3,600,718**	**–**	**3,600,718**
Amount due from immediate holding company	**4,900,334**	**–**	**4,900,334**
Cash and cash equivalents	**83,576**	**–**	**83,576**
Total	**8,584,628**	**1,417,176,691**	**1,425,761,319**
Financial liabilities			
Amount due to subsidiaries	**5,508,000**	**–**	**5,508,000**
Amount due to a related company	**50,720**	**–**	**50,720**
Accruals	**60,365,416**	**–**	**60,365,416**
Total	**65,924,136**	**–**	**65,924,136**
At 31 December 2011			
Financial assets			
Investment in subsidiaries	–	490,242,586	490,242,586
Investment in associates	–	103,985,290	103,985,290
Amount due from immediate holding company	33,041	–	33,041
Cash and cash equivalents	2	–	2
Total	33,043	594,227,876	594,260,919
Financial liabilities			
Amount due to subsidiaries	7,683,041	–	7,683,041
Accruals	25,199,024	–	25,199,024
Total	32,882,065	–	32,882,065

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Financial instruments by category (continued)

	Loans and receivables RM	Designated at fair value through profit or loss RM	Total RM
At 1 January 2011			
Financial assets			
Investment in subsidiaries	–	207,890,737	207,890,737
Investment in associates	–	154,087,784	154,087,784
Amount due from immediate holding company	676,027	–	676,027
Cash and cash equivalents	2	–	2
Total	676,029	361,978,521	362,654,550
Financial liabilities			
Amount due to a subsidiaries	676,031	–	676,031
Accruals	5,849,599	–	5,849,599
Total	6,525,630	–	6,525,630

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Company's accounting policies, the Directors and management have made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) Valuation of unquoted investment in subsidiaries and associates

The Company carries its investments at fair value, with changes in fair values being recognised in the income statement. The Company estimates the fair values of its unquoted investment in subsidiaries and associates based on the enterprise valuation and net assets valuation method, as recommended by the International Private Equity and Venture Capital Valuation Guidelines. Based on management's estimates and judgements, the Company applied a marketability and liquidity discount rate on the selected comparable companies' earning multiples in deriving the fair value of the unquoted investments. Where expectations differ from original estimates, the difference will impact the fair value of the unquoted investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Carried interest

Carried interest represents the amount payable to Ekuiti Nasional Berhad, the Fund Management Company, based on the valuation of investments in the Fund's portfolio of companies. Significant judgements are required in determining the extent of the carried interest expense to be recognised which is dependent on the valuation of the Fund's portfolio. Where expectations differ from original estimates, the difference will impact the recognition of carried interest.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	31.12.2012 RM	31.12.2011 RM
Auditors' remuneration		
– Statutory audit	**38,860**	31,000

5 TAXATION

	31.12.2012 RM	31.12.2011 RM
Current tax:		
Malaysian taxation	**–**	–

Reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate is as follows:

	31.12.2012 RM	31.12.2011 RM
Profit before taxation	**139,278,714**	77,719,503
Tax calculated at rate 25%	**34,819,679**	19,429,876
Income not subject to tax	**(34,819,679)**	(19,429,876)
Taxation	**–**	–

On 26 November 2010, the Ministry of Finance granted income tax exemption on the statutory business income for a period of five (5) years commencing from year of assessment 2009 until 2013 for the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

6 INVESTMENT IN SUBSIDIARIES

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Unquoted shares, at cost	**990,697,599**	293,998,755	174,830,585
Unrealised gain on fair value of investments	**366,447,644**	196,243,831	33,060,152
	1,357,145,243	490,242,586	207,890,737

Name	Country of incorporation	Principal activity	31.12.2012	31.12.2011	Company's effective interest 1.1.2011
Bendahara 1 Sdn Bhd*	Malaysia	Investment holding	**100%**	100%	100%
Simbol Minda Sdn Bhd***	Malaysia	Investment holding	**100%**	100%	100%
Integrated Food Group Sdn Bhd** (formerly known as Noble Temptation Sdn Bhd)	Malaysia	Investment holding	**100%**	100%	–
Hallmark Odyssey Sdn Bhd*	Malaysia	Investment holding	**80%**	–	–
Subsidiary of Bendahara 1 Sdn Bhd					
Konsortium Logistik Berhad*@	Malaysia	Provision of total logistics services and inventory solutions	**61.62%**	61.62%	65.90%
Subsidiary of Simbol Minda Sdn Bhd					
Ontime Direction Sdn Bhd***	Malaysia	Investment holding	**100%**	100%	100%
Subsidiaries of Integrated Food Group Sdn Bhd (formerly known as Noble Temptation Sdn Bhd)					
Prinsip Lagenda Sdn Bhd**	Malaysia	Investment holding	**100%**	100%	–
Rancak Selera Sdn Bhd**	Malaysia	Investment holding	**100%**	100%	–
Awana Setia Sdn Bhd**	Malaysia	Investment holding	**100%**	100%	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Country of incorporation	Principal activity	31.12.2012	31.12.2011	Company's effective interest 1.1.2011
Subsidiary of Hallmark Odyssey Sdn Bhd					
Icon Offshore Berhad* (formerly known as Kota Bayu Ekuiti Berhad)	Malaysia	Investment holding	**88.13%**	–	–

* Audited by PricewaterhouseCoopers, Malaysia
** Audited by KPMG, Malaysia
*** Audited by Ernst & Young, Malaysia
@ Listed on the Bursa Malaysia Stock Exchange

The investment activities during the financial year ended 31 December 2012 were as follows:

(a) On 23 March 2012, the Company via Awana Setia Sdn Bhd, acquired 77.78% equity interest in Revenue Valley Sdn Bhd ("RVSB"), a company incorporated in Malaysia, for a total cash consideration of RM34,697,786. Subsequently, the Company via Awana Setia Sdn Bhd, had increased its equity interest in RVSB by subscribing for an additional 7.98% equity interest in RVSB for a total cash consideration of RM25,000,000.

(b) On 30 March 2012, the Company via Ontime Direction Sdn Bhd, acquired 90% equity interest in Cosmopoint Sdn Bhd, a company incorporated in Malaysia, for a total cash consideration of RM246,000,000.

(c) On 12 April 2012, the Company had acquired 100% of the issued and paid up ordinary share capital totalling 2 ordinary shares of RM1 each of Icon Offshore Berhad (formerly known as Kota Bayu Ekuiti Berhad) ("IOB"), a company incorporated in Malaysia which is an investment holding company, for a total cash consideration of RM2.

(d) On 21 May 2012, the Company via Ontime Direction Sdn Bhd, acquired 90% equity interest in Nilam Suria Sdn Bhd, a company incorporated in Malaysia, which is an investment holding company that holds 90% equity interest in Unitar Capital Sdn Bhd, for a total cash consideration of RM58,500,000.

(e) On 12 September 2012, the Company via Rancak Selera Sdn Bhd, acquired 100% equity interest in Burger King Singapore Pte Ltd, a company incorporated in Singapore, for a total cash consideration of SGD5,000,000.

(f) On 31 December 2012, the Company had transferred 30,000,002 ordinary shares of RM1 each in IOB and 160,606,567 Islamic redeemable convertible preference shares of RM0.01 each in IOB, to Hallmark Odyssey Sdn Bhd ("HOSB"), for a total consideration of RM190,606,569 which was satisfied via the issuance of 190,607 new ordinary shares of RM1 each in HOSB at an issue price of RM1,000 each.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(g) On 28 September 2012, HOSB had acquired 82.5% equity interest in Omni Petromaritime Sdn Bhd ("OPSB"), a company incorporated in Malaysia, for a total cash consideration of RM150,876,040.

(h) On 6 November 2012, HOSB had acquired 42,543,785 Islamic redeemable convertible preference shares of RM0.01 each in IOB, for a total cash consideration of RM31,206,000.

(i) On 19 November 2012, the Company via IOB, acquired 100% equity interest in OPSB, for a total cash consideration of RM227,720,048 which was satisfied via the issuance of 227,720,048 new ordinary shares of RM1 each in IOB at an issue price of RM1 each.

The Company is not required to prepare consolidated financial statements as disclosed in Note B.

7 INVESTMENT IN ASSOCIATES

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Quoted shares, at cost	–	99,800,000	99,800,000
Unrealised (loss)/gain on fair value of investment	–	(46,600,000)	10,100,000
	–	53,200,000	109,900,000
Unquoted shares, at cost	**39,879,752**	39,879,752	39,879,752
Unrealised gain on fair value of investment	**20,151,696**	10,905,538	4,308,032
	60,031,448	50,785,290	44,187,784
Total investment in associates			
– At cost	**39,879,752**	139,679,752	139,679,752
– Unrealised gain/(loss) on fair value of investment	**20,151,696**	(35,694,462)	14,408,032
	60,031,448	103,985,290	154,087,784

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

7 INVESTMENT IN ASSOCIATES (CONTINUED)

Name	Country of incorporation	Principal activity	31.12.2012	31.12.2011	Company's effective interest 1.1.2011
Forma South East Asia Holdings	Republic of Mauritius	Investment holding	**25%**	25%	25%
Tanjung Offshore Berhad[(a)]	Malaysia	Provision of engineering equipment, ship owning, ship management and chartering services, equipment maintenance services, drilling and production platform services	–	24%	24%

(a) On 14 November 2012, the Company had divested 24% equity interest in Tanjung Offshore Berhad, a company incorporated in Malaysia, for a total cash consideration of RM31,179,833.

8 ACCRUALS

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Carried interest	**60,312,581**	25,161,793	5,824,174
Other accruals	**52,835**	37,231	25,425
	60,365,416	25,199,024	5,849,599

Accruals are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

9 SHARE CAPITAL

	31.12.2012 RM	31.12.2011 RM
Authorised:		
Ordinary shares of RM1 each		
At the start/end of financial year	**100,000,000**	100,000,000
Redeemable preference shares of RM0.01 each		
At the start/end of financial year	**90,000**	90,000
Total authorised capital	**100,090,000**	100,090,000

	31.12.2012 RM	31.12.2011 RM
Issued and fully paid capital:		
Ordinary shares of RM1 each		
At start of financial year	**284**	153
Issuance of shares during the financial year	**115**	131
At 31 December	**399**	284
Redeemable preference shares of RM0.01 each		
At start of financial year	**46,020**	33,267
Issuance of shares during the financial year	**65,918**	12,753
At 31 December	**111,938**	46,020
Total issued and fully paid capital	**112,337**	46,304

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

9 SHARE CAPITAL (CONTINUED)

(a) A summary of the shares issued by the Company for the financial year ended 31 December 2011 and 31 December 2012 are as follows:

Date of issue	Type of share	Purpose of issue	Number of shares	Par value RM	Premium RM	Terms of issue
27 May 2011	Ordinary	Working capital	29	1	–	Cash, at par
27 May 2011	Preference	Working capital	760,734	0.01	99.99	Cash, at RM100
30 September 2011	Ordinary	Working capital	30	1	–	Cash, at par
30 September 2011	Preference	Working capital	436,953	0.01	99.99	Cash, at RM100
30 December 2011	Ordinary	Working capital	72	1	–	Cash, at par
30 December 2011	Preference	Working capital	77,616	0.01	99.99	Cash, at RM100
31 March 2012	Ordinary	Working capital	31	1	–	Cash, at par
31 March 2012	Preference	Working capital	410,687	0.01	99.99	Cash, at RM100
30 June 2012	Ordinary	Working capital	64	1	–	Cash, at par
30 June 2012	Preference	Working capital	3,714,239	0.01	99.99	Cash, at RM100
30 September 2012	Ordinary	Working capital	13	1	–	Cash, at par
30 September 2012	Preference	Working capital	2,250,322	0.01	99.99	Cash, at RM100
31 December 2012	Ordinary	Working capital	7	1	–	Cash, at par
31 December 2012	Preference	Working capital	216,547	0.01	99.99	Cash, at RM100

(b) The main features of the redeemable preference shares ("RPS") are as follows:

- The holders of the shares shall be entitled to any dividend declared.
- The RPS shall rank *pari passu* among themselves and in priority of ordinary shares.
- The holders of the RPS shall be entitled to receive all notices, accounts, and report which holder of the ordinary shares are entitled to.
- The holders of the RPS shall only be entitled to vote at the meetings convened for the purpose of transacting to the following items of the business:

  (a) Variation, whether directly or indirectly of the rights attached to the RPS
  (b) Winding up of the Company
  (c) Such other circumstances as may be expressly provided under law from time to time in respect of preference shares
- Subject to the Companies Act, 1965, the Company shall have the right at any time, to redeem all or part of the RPS at a price of RM100 per RPS ("Redemption Amount").
- The RPS are not convertible into ordinary shares or any other classes of shares in the Company.

The RPS are classified as equity as they are redeemable but only at the Company's option, and any dividends are discretionary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

10 SHARE PREMIUM

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Redeemable preference shares	**1,119,272,562**	460,158,980	332,641,433

11 SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered related if the party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) The related parties of, and their relationship with the Company, are as follows:

Related party	Relationship
Yayasan Ekuiti Nasional	Ultimate holding foundation formed by the Government of Malaysia
Ekuiti Nasional Berhad	Related company
Ekuinas Capital Sdn Bhd	Immediate holding company
Bendahara 1 Sdn Bhd	Subsidiary company
Simbol Minda Sdn Bhd	Subsidiary company
Integrated Food Group Sdn Bhd (formerly known as Noble Temptation Sdn Bhd)	Subsidiary company
Hallmark Odyssey Sdn Bhd	Subsidiary company
Forma South East Asia Holdings	Associate company

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company includes all the Directors of the Company who make certain critical decisions in relation to the strategic direction of the Company.

The Company has no key management personnel compensation during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

11 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

	31.12.2012 RM	31.12.2011 RM
Ekuiti Nasional Berhad		
Management fees expense	**20,000,000**	20,000,000
Treasury fees	**50,720**	–
Forma South East Asia Holdings		
Dividend income	**5,984,668**	4,018,277
Tanjung Offshore Berhad		
Dividend income	**30,795,000**	–

The transactions described above were carried out on negotiated terms and conditions.

Parties are considered related if the party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(c) Significant related party balances

Included in the Company's statement of financial position are the following significant related party balances arising from normal business transactions:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Amount due from Ekuinas Capital Sdn Bhd	**4,900,334**	33,041	676,027
Amount due from Hallmark Odyssey Sdn Bhd	**3,600,718**	–	–
Amount due to Ekuiti Nasional Berhad	**(50,720)**	–	–
Amount due to Bendahara 1 Sdn Bhd	**–**	–	(676,029)
Amount due to Simbol Minda Sdn Bhd	**(5,508,000)**	(7,650,000)	(2)
Amount due to Integrated Food Group Sdn Bhd (formerly known as Noble Temptation Sdn Bhd)	**–**	(33,041)	–

The above outstanding balances are unsecured, interest-free, and repayable upon demand.

12 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors.

E-CAP (INTERNAL) TWO SDN BHD

(INCORPORATED IN MALAYSIA)
REPORTS AND STATUTORY FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 9 JULY 2012
(DATE OF INCORPORATION) TO 31 DECEMBER 2012

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial period from 9 July 2012 (date of incorporation) to 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry on the business of an investment holding company, to invest in private equity investments and to acquire the shares of or invest in any company. There have been no significant changes in the nature of these activities during the financial period.

FINANCIAL RESULTS

	RM
Net profit for the financial period	13,953,048

DIVIDEND

No dividend has been paid, declared or proposed since the date of incorporation. The Directors do not recommend the payment of any final dividend for the financial period from 9 July 2012 (date of incorporation) to 31 December 2012.

ISSUE OF SHARES

The Company was incorporated on 9 July 2012 with an authorised share capital of RM100,090,000 divided into 100,000,000 ordinary shares of RM1.00 each and 9,000,000 redeemable preference shares of RM0.01 each.

During the financial period, the Company issued 68 ordinary shares at par value of RM1 each and 900,064 preference shares of RM0.01 each at an issue price of RM100. The shares have been fully paid in cash.

A summary of the shares issued by the Company during the financial period from 9 July 2012 (date of incorporation) to 31 December 2012 is as follows:

Date of issue	Type of share	Purpose of issue	Number of shares	Par value RM	Premium RM	Terms of issue
9 July 2012 (date of incorporation)	Ordinary	Subscriber's share	2	1.00	–	Cash, at par
31 December 2012	Ordinary	Working capital	66	1.00	–	Cash, at par
31 December 2012	Preference	Working capital	900,064	0.01	99.99	Cash, at RM100

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012
(DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

ISSUE OF SHARES (CONTINUED)

The new shares issued during the financial period ranked *pari passu* in all respects with the existing shares of the Company.

There were no other changes in the authorised, issued and fully paid capital of the Company during the financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements and notes to the financial statements.

DIRECTORS

The Directors who have held office since the date of incorporation are as follows:

Dato' Abdul Rahman bin Ahmad	(First Director)
Syed Yasir Arafat bin Syed Abd Kadir	(First Director)

In accordance with Article 66 of the Company's Articles of Association, all Directors shall retire from the Board in the forthcoming first Annual General Meeting and being eligible, offer themselves for election.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings maintained by the Company in accordance with Section 134 of the Companies Act, 1965, the beneficial interests of the Directors in the shares and share options of the Company at the end of the financial period are as follows:

	Number of ordinary shares of RM1.00 each			
	At date of incorporation	Bought	Sold	At 31.12.2012
Dato' Abdul Rahman bin Ahmad	1	–	(1)	–
Syed Yasir Arafat bin Syed Abd Kadir	1	–	(1)	–

Other than as disclosed above, according to the Register of Directors' Shareholdings, none of the Directors in office at the end of the financial period held any interest in shares, warrants, share options and debentures in the Company or its related corporations during the financial period.

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

DIRECTORS' BENEFITS

During and at the end of the financial period, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the date of incorporation, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there are no known bad debts that had been written off and that allowance need not be made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations when they fall due.

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial period which secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial period.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Company's operations for the financial period not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial period in which this report is made.

IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING FOUNDATION

The Directors regard Ekuinas Capital Sdn Bhd, a company incorporated in Malaysia as the immediate holding company. The Directors regard Yayasan Ekuiti Nasional, a foundation incorporated in Malaysia, as the Company's ultimate holding foundation.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution.

DATO' ABDUL RAHMAN BIN AHMAD
Director

SYED YASIR ARAFAT BIN SYED ABD KADIR
Director

Kuala Lumpur
6 March 2013

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Abdul Rahman bin Ahmad and Syed Yasir Arafat bin Syed Abd Kadir, being two of the Directors of E-Cap (Internal) Two Sdn Bhd, state that, in the opinion of the Directors, the financial statements set out on pages 234 to 253 have been properly drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2012 and of the results and cash flows of the Company for the financial period ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.

DATO' ABDUL RAHMAN BIN AHMAD
Director

SYED YASIR ARAFAT BIN SYED ABD KADIR
Director

Kuala Lumpur
6 March 2013

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Mazhairul bin Jamaludin, being the Officer primarily responsible for the financial management of E-Cap (Internal) Two Sdn Bhd, do solemnly and sincerely declare that the financial statements set out on pages 234 to 253 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MAZHAIRUL BIN JAMALUDIN
Group Chief Financial Officer

Subscribed and solemnly declared by the above named Mazhairul bin Jamaludin at Kuala Lumpur before me, on 6 March 2013.

Commissioner For Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF E-CAP (INTERNAL) TWO SDN BHD
(Incorporated in Malaysia)
(Company No: 1009148-X)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of E-Cap (Internal) Two Sdn Bhd on pages 234 to 253, which comprise the statement of financial position as at 31 December 2012 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 12.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of their financial performance and cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF E-CAP (INTERNAL) TWO SDN BHD (CONTINUED)
(Incorporated in Malaysia)
(Company No: 1009148-X)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

MOHAMMAD FAIZ BIN MOHAMMAD AZMI
(No. 2025/03/14 (J))
Chartered Accountant

Kuala Lumpur
6 March 2013

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012

	Note	Financial period from 9.7.2012 (date of incorporation) to 31.12.2012 RM
INCOME		
Interest income		4,828,569
Unrealised gain on fair value of investment in an associate	6	22,607,032
		27,435,601
EXPENSES		
Management fees	10(b)	(5,000,000)
Interest expense		(4,828,569)
Other expenses		(3,653,984)
Profit before taxation	4	13,953,048
Taxation	5	–
Total comprehensive income/net profit for the financial period		13,953,048

The significant accounting policies and other explanatory notes are set out on pages 238 to 253 of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM
NON-CURRENT ASSETS		
Investment in an associate	6	99,260,034
Other investment	7	13,280,277
Advance to an associate	10(c)	35,522,907
		148,063,218
CURRENT ASSET		
Amount due from an associate	10(c)	340
CURRENT LIABILITIES		
Amount due to a related company	10(c)	5,000,000
Accruals		3,581,134
		8,581,134
NET CURRENT LIABILITIES		(8,580,794)
		139,482,424
FINANCED BY:		
Share capital	8	9,069
Share premium	9	89,997,400
Retained earnings		13,953,048
		103,959,517
NON-CURRENT LIABILITY		
Amount due to immediate holding company	10(c)	35,522,907
		139,482,424

The significant accounting policies and other explanatory notes are set out on pages 238 to 253 of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012

	Note	Issued and fully paid ordinary shares of RM1 each		Issued and fully paid redeemable preference shares of RM0.01 each		Non-distributable	Distributable	
		Number of shares	Share capital RM	Number of shares	Share capital RM	Share premium RM	Retained earnings RM	Total RM
At 9 July 2012 (date of incorporation)		2	2	–	–	–	–	2
Issuance of shares during the financial period	8	66	66	900,064	9,001	89,997,400	–	90,006,467
Total comprehensive income for the financial period		–	–	–	–	–	13,953,048	13,953,048
At 31 December 2012		68	68	900,064	9,001	89,997,400	13,953,048	103,959,517

The significant accounting policies and other explanatory notes are set out on pages 238 to 253 of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012

	Note	Financial period from 9.7.2012 (date of incorporation) to 31.12.2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		13,953,048
Adjustments for:		
Unrealised gain on fair value of investment in an associate		(22,607,032)
Operating loss before working capital changes		(8,653,984)
Changes in working capital:		
Amount due from an associate		(340)
Amount due to a related company		5,000,000
Amount due to immediate holding company		35,522,907
Accruals		3,581,134
Net cash flows generated from operating activities		35,449,717
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment in an associate	6	(76,653,002)
Acquisition of other investment	7	(13,280,277)
Net cash flows used in investing activities		(89,933,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	8	68
Proceeds from issuance of redeemable preference shares	8	90,006,401
Advance to an associate		(35,522,907)
Net cash flows generated from financing activities		54,483,562
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD		–
CASH AND CASH EQUIVALENTS AT THE DATE OF INCORPORATION		–
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD		–

The significant accounting policies and other explanatory notes are set out on pages 238 to 253 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012

The principal accounting policies applied in preparing the financial statements are set out below.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention, as modified by the investments designated at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Company recorded net current liabilities of RM8,580,794 as at 31 December 2012. The immediate holding company, Ekuinas Capital Sdn Bhd, has indicated its intention to provide continuous financial support to the Company so as to enable the Company to meet its liability as and when they fall due and to carry on its business without any significant curtailment of its operations. In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Company on a going concern basis.

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

The Company will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial year beginning on/after 1 January 2013

- MFRS 10 "Consolidated financial statements" (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

- MFRS 12 "Disclosures of interests in other entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued)

The Company will apply the new standards, amendments to standards and interpretations in the following period: (continued)

(i) Financial year beginning on/after 1 January 2013 (continued)

- MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial Instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 "Separate financial statements" (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 "Investments in associates and joint ventures" (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to the income statement in the future. The amendments do not address which items are presented in OCI.

- Amendment to MFRS 7 "Financial Instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

(ii) Financial year beginning on/after 1 January 2014

- Amendment to MFRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued)

The Company will apply the new standards, amendments to standards and interpretations in the following period: (continued)

(iii) Financial year beginning on/after 1 January 2015

- MFRS 9 "Financial Instruments – classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to the income statement, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

Unless otherwise disclosed, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the Company's financial statements in the year of initial application.

B INVESTMENT IN AN ASSOCIATE

An associate is an entity, not being a subsidiary or a joint venture, in which the Company has significant influence. An associate is accounted for in accordance with MFRS 139 and is stated at fair value from the date the Company obtains significant influence until the date the Company ceases to have significant influence over the said associate.

The Company's investment in an associate is subsequently carried at fair value. Changes in the fair value of investment in an associate is recognised in the income statement in the year which the changes arise.

On disposal of such investments, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

When the Company ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the income statement. This fair value is its fair value on initial recognition as a financial asset in accordance with MFRS 139. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

C OTHER INVESTMENT

Other investment is carried at fair value. Changes in the fair value of other investment is recognised in the income statement in the year which the changes arise.

On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

D FINANCIAL ASSETS

Financial assets designated at fair value through profit or loss

(i) Classification

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading. The Company's financial assets designated at fair value through profit or loss comprise 'investment in an associate' and 'other investment' in the statement of financial position.

(ii) Recognition and initial measurement

Financial assets designated at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the income statement.

(iii) Subsequent measurement

Subsequent to initial recognition, all financial assets designated at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the income statement in the period in which they arise.

(iv) De-recognition

A financial asset is de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables

(i) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'amount due from an associate' and 'advance to an associate' in the statement of financial position.

(ii) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs, for all financial assets not carried at fair value through profit or loss.

(iii) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

D FINANCIAL ASSETS (CONTINUED)

Loans and receivables (continued)

(iv) Subsequent measurement – impairment of financial assets

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(v) De-recognition

A financial asset is de-recognised when the rights to receive cash flows from loans and receivables have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

E PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligations, and when a reliable estimate of the amount can be made.

F FINANCIAL LIABILITIES

(i) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company's financial liabilities include 'amount due to a related company', 'accruals' and 'amount due to immediate holding company' in the statement of financial position.

(ii) Recognition and measurement

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

F FINANCIAL LIABILITIES (CONTINUED)

(iii) De-recognition

A financial liability is derecognised when the obligation under the liability is extinguished when an existing financial liability is replaced by another from the same party on substantially different terms, or the term of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

G SHARE CAPITAL

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

H CARRIED INTEREST

Carried interest represents the fees payable to the Fund Management Company and is computed and accrued at each financial year end based on the valuation of the investments in the Fund's portfolio of companies, after accounting for appropriate outflow payments/inflow receipts in accordance with the terms stated in the Global Fund Management Agreement. Any increase or decrease in carried interest is recognised in the income statement.

I INCOME TAXES

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Tax rates enacted or substantively enacted by the reporting year are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012

1 GENERAL INFORMATION

The principal activities of the Company are to carry on the business of an investment holding company, to invest in private equity investments and to acquire the shares of or invest in any company. There have been no significant changes in the nature of these activities during the financial period.

The Company is a private limited company, incorporated and domiciled in Malaysia.

The address of the registered office of the Company is:

12th Floor, Bangunan Setia 1,
15 Lorong Dungun, Bukit Damansara,
50490 Kuala Lumpur.

The principal place of business of the Company is:

Level 13, Surian Tower,
No 1, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.

2 FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Company's financial risk management policies. The Board reviews these risks based on the approved treasury policies and investment guidelines, which cover the management of these risks.

The Company is exposed to market price risk, credit risk and liquidity risk.

(b) Market price risk

Unquoted investment is exposed to market price risk of the comparable companies. The fair value of unquoted investment is based on net assets valuation method as recommended by the International Private Equity and the Venture Capital Valuation Guidelines.

If the net assets value of the investment is 5% higher/lower, with all other variables held constant, the Company's profit after tax would have been RM4,883,183 higher/lower. As at the end of the reporting period, the unquoted investment has been recognised at fair value.

(c) Credit risk

The Company's exposure to credit risk is limited as the Company is an investment holding company. As at 31 December 2012, the Company's exposure to credit risk is solely on the carrying amounts of 'amount due from an associate' and 'advance to an associate' which are repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

The Company's exposure to liquidity risk is limited as the Company is an investment holding company with the cash management and treasury managed by Ekuiti Nasional Berhad ("Ekuinas"), a related company. Furthermore, the Company has the ability to obtain funding through the penultimate holding company to ensure settlement of all transaction costs and expenses. As at 31 December 2012, the Company's exposure to liquidity risk is solely on the undiscounted contractual payment of 'amount due to immediate holding company', 'amount due to a related company' and 'accruals'.

The Company maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Less than 1 year RM	1 – 3 years RM
At 31 December 2012		
Amount due to immediate holding company	–	39,656,040
Amount due to a related company	5,000,000	–
Accruals	3,581,134	–
	8,581,134	39,656,040

(e) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholder and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

(f) Fair value estimation of the financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the end of the reporting period.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair value estimation of the financial instruments (continued)

Methodologies and assumptions had been used in deriving the fair value of the investment in an associate at the end of the reporting period as disclosed in Note 2(g) and Note 3 to the financial statements.

The carrying amounts of 'amount due from an associate', 'amount due to a related company' and 'accruals' approximate their fair value due to the relatively short term nature of these financial instruments.

The fair values of the non-current balances i.e. 'advance to an associate' and 'amount due to immediate holding company' are RM26,644,565 and RM26,644,565 respectively. The fair values were estimated using the prevailing market rates on the reporting date.

In addition, fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of MFRS 7 "Financial Instruments: Disclosures", which requires the fair value information to be disclosed.

(g) Fair value hierarchy

The different levels have been defined as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

The following table presents the Company's financial instruments that are measured at fair value, other than the short term financial instruments.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
At 31 December 2012				
Financial assets				
Investment in an associate	–	–	99,260,034	99,260,034
Other investment	–	–	13,280,277	13,280,277
Total financial assets	–	–	112,540,311	112,540,311

Investments classified within Level 3 have significant unobservable inputs, as they are traded infrequently. As observable prices are not available for this investment, the fair value of the unquoted investment is based on net assets valuation method as recommended by the International Private Equity and the Venture Capital Valuation Guidelines.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair value hierarchy (continued)

The main input into the net assets valuation method for these unquoted investments is the net assets value of the investment.

In assessing fair value, management of Ekuiti Nasional Berhad (fund management company) performs quarterly valuation assessments of all portfolio companies and these will be tabled to the Board of Directors on a quarterly basis.

The following table presents the movement in Level 3 financial instruments for the financial period from 9 July 2012 (date of incorporation) to 31 December 2012:

	Investment in an associate RM	Investment in other investment RM
At 9 July 2012 (date of incorporation)	–	–
Acquisition during the financial period	76,653,002	13,280,277
Unrealised gain on fair value of investments during the financial period	22,607,032	–
At 31 December 2012	99,260,034	13,280,277

(h) Financial instruments by category

	Loans and receivables RM	Designated at fair value through profit or loss RM	Total RM
At 31 December 2012			
Financial assets			
Investment in an associate	–	99,260,034	99,260,034
Other investment	–	13,280,277	13,280,277
Amount due from an associate	340	–	340
Advance to an associate	35,522,907	–	35,522,907
Total	35,523,247	112,540,311	148,063,558

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(h) Financial instruments by category (continued)

	Loans and receivables RM	Designated at fair value through profit or loss RM	Total RM
At 31 December 2012 (continued)			
Financial liabilities			
Amount due to immediate holding company	35,522,907	–	35,522,907
Amount due to a related company	5,000,000	–	5,000,000
Accruals	3,581,134	–	3,581,134
Total	44,104,041	–	44,104,041

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Company's accounting policies, the Directors and management have made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) Valuation of unquoted investment in an associate

The Company carries its investments at fair value, with changes in fair values being recognised in the income statement. The Company estimates the fair value of its unquoted investment in an associate as at 31 December 2012 based on net assets valuation method as recommended by the International Private Equity and the Venture Capital Valuation Guidelines. When expectations differ from original estimates, the difference will impact the fair value of the unquoted investment.

(b) Carried interest

Carried interest represents the amount payable to Ekuiti Nasional Berhad, the Fund Management Company, based on the valuation of investments in the Fund's portfolio of companies. Significant judgements are required in determining the extent of the carried interest expense to be recognised which is dependent on the valuation of the Fund's portfolio. Where expectations differ from original estimates, the difference will impact the recognition of carried interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Financial period from 9.7.2012 (date of incorporation) to 31.12.2012 RM
Auditors' remuneration – statutory audit	5,000

5 TAXATION

	Financial period from 9.7.2012 (date of incorporation) to 31.12.2012 RM
Current tax:	
Malaysian taxation	–

Reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate is as follows:

	Financial period from 9.7.2012 (date of incorporation) to 31.12.2012 RM
Profit before taxation	13,953,048
Tax calculated at rate 25%	3,488,262
Expenses not deductible	2,067,104
Income not subject to tax	(5,555,366)
Taxation	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

6 INVESTMENT IN AN ASSOCIATE

	31.12.2012 RM
Unquoted shares, at cost	76,653,002
Unrealised gain on fair value of investment	22,607,032
At fair value	99,260,034

The detail of the associate is as follows:

Name	Country of incorporation	Principal activity	Company's effective interest 31.12.2012
Hallmark Odyssey Sdn Bhd	Malaysia	Investment holding	20%

7 OTHER INVESTMENT

	31.12.2012 RM
Financial assets at fair value through profit and loss	13,280,277

Other investment relates to the Company's interest in Redeemable Preference Shares of Rancak Selera Sdn Bhd.

8 SHARE CAPITAL

	31.12.2012 RM
Authorised:	
Ordinary shares of RM1 each	
At 9 July 2012 (date of incorporation)/31 December 2012	100,000,000
Redeemable preference shares of RM0.01 each	
At 9 July 2012 (date of incorporation)/31 December 2012	90,000
Total authorised capital	100,090,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

8 SHARE CAPITAL (CONTINUED)

	31.12.2012 RM
Issued and fully paid capital:	
Ordinary shares of RM1 each	
At 9 July 2012 (date of incorporation)	2
Issuance of shares during the financial period	66
At 31 December 2012	68
Redeemable preference shares of RM0.01 each:	
At 9 July 2012 (date of incorporation)	–
Issuance of shares during the financial period	9,001
At 31 December 2012	9,001
Total issued and fully paid capital	9,069

a) The Company was incorporated on 9 July 2012 with an authorised share capital of RM100,090,000 divided into 100,000,000 ordinary shares of RM1.00 each and 9,000,000 redeemable preference shares of RM0.01 each at an issue price of RM100.

At the date of incorporation, the Company issued two (2) ordinary shares at par value of RM1.00. The shares have been fully paid in cash. During the financial period, the Company issued 66 ordinary shares of RM1.00 each and 900,064 redeemable preference shares of RM0.01 each at an issue price of RM100. The shares have been fully paid in cash.

A summary of the shares issued by the Company during the financial period from 9 July 2012 (date of incorporation) to 31 December 2012 is as follows:

Date of issue	Type of share	Purpose of issue	Number of shares	Par value RM	Premium RM	Terms of issue
9 July 2012 (date of incorporation)	Ordinary	Subscriber's share	2	1.00	–	Cash, at par
31 December 2012	Ordinary	Working capital	66	1.00	–	Cash, at par
31 December 2012	Preference	Working capital	900,064	0.01	99.99	Cash, at RM100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

8 SHARE CAPITAL (CONTINUED)

b) The main features of the redeemable preference shares ("RPS") are as follows:

- The holders of the shares shall be entitled to any dividend declared.
- The RPS shall rank *pari passu* among themselves and in priority of ordinary shares.
- The holders of the RPS shall be entitled to receive all notices, accounts, and report which holder of the ordinary shares are entitled to.
- The holders of the RPS shall only be entitled to vote at the meetings convened for the purpose of transacting to the following items of the business:
  - (a) Variation, whether directly or indirectly, of the rights attached to the RPS.
  - (b) Winding-up of the Company.
  - (c) Such other circumstances as may be expressly provided under the law from time to time in respect of preference shares.
- Subject to the Companies Act, 1965, the Company shall have the right at any time, to redeem all or part of the RPS at a price of RM100 per RPS ("Redemption Amount").
- The RPS are not convertible into ordinary shares or any other classes of shares in the Company.

The RPS are classified as equity as they are redeemable but only at the Company's option, and any dividends are discretionary.

9 SHARE PREMIUM

	31.12.2012 RM
Redeemable preference shares	89,997,400

10 SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered related if the party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) The related parties of, and their relationships with the Company, are as follows:

Related party	Relationship
Yayasan Ekuiti Nasional	Ultimate holding foundation formed by the Government of Malaysia
Ekuinas Capital Sdn Bhd	Immediate holding company
Ekuiti Nasional Berhad	Related company
Hallmark Odyssey Sdn Bhd	Associate

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company includes all the Directors of the Company who make certain critical decisions in relation to the strategic direction of the Company.

The Company has no key management personnel compensation during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 9 JULY 2012 (DATE OF INCORPORATION) TO 31 DECEMBER 2012 (CONTINUED)

10 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transaction

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below is other significant related party transaction.

	31.12.2012 RM
Ekuiti Nasional Berhad	
Management fees expense	5,000,000

(c) Significant related party balances

Included in the Company's statement of financial position are the following significant related party balances arising from normal business transactions:

	31.12.2012 RM
Amount due from Hallmark Odyssey Sdn Bhd	340
Amount due to Ekuiti Nasional Berhad	(5,000,000)
Advance to Hallmark Odyssey Sdn Bhd	35,522,907
Amount due to Ekuinas Capital Sdn Bhd	(35,522,907)

The above outstanding balance is unsecured and interest-free. All these balances are repayable upon demand, except for advance to Hallmark Odyssey Sdn Bhd and amount due to Ekuinas Capital Sdn Bhd.

11 COMPARATIVE FIGURES

There are no comparative figures as this is the first set of financial statements prepared by the Company since its incorporation.

12 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors.

E-CAP (EXTERNAL) ONE SDN BHD

(INCORPORATED IN MALAYSIA)
REPORTS AND STATUTORY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry on the business of an investment holding company, to invest in private equity investments and to acquire the shares of or invest in any company. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Net loss for the financial year	11,954,096

DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2012.

ISSUE OF SHARES

During the financial year, the Company issued 148 ordinary shares at par value of RM1 each and 695,270 redeemable preference shares of RM0.01 each at an issue price of RM100. The shares have been fully paid in cash.

A summary of the shares issued by the Company during the financial year from 1 January 2012 to 31 December 2012 is as follows:

Date of issue	Type of share	Purpose of issue	Number of shares	Par value RM	Premium RM	Terms of issue
31 March 2012	Preference	Working capital	545,800	0.01	99.99	Cash, at RM100
30 June 2012	Ordinary	Working capital	50	1.00	–	Cash, at par
30 June 2012	Preference	Working capital	5,216	0.01	99.99	Cash, at RM100
30 September 2012	Ordinary	Working capital	98	1.00	–	Cash, at par
30 September 2012	Preference	Working capital	84,654	0.01	99.99	Cash, at RM100
31 December 2012	Preference	Working capital	59,600	0.01	99.99	Cash, at RM100

The new shares issued during the financial year ranked *pari passu* in all respects with existing shares of the Company.

There were no other changes in the authorised, issued and fully paid capital of the Company during the financial year.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements and notes to the financial statements.

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Datuk Noriyah binti Ahmad
Mazhairul bin Jamaludin

In accordance with Article 66 of the Company's Articles of Association, Datuk Noriyah binti Ahmad shall retire from the Board in the forthcoming Annual General Meeting and being eligible, offers herself for re-election.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings maintained by the Company in accordance with Section 134 of the Companies Act, 1965, none of the Directors in office at the end of the financial year held any interest in shares, warrants, share options and debentures in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the date of last report, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there are no known bad debts that had been written off and that allowance need not be made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Company's operations for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING FOUNDATION

The Directors regard Ekuinas Capital Sdn Bhd, a company incorporated in Malaysia, as the immediate holding company. The Directors regard Yayasan Ekuiti Nasional, a foundation incorporated in Malaysia, as the Company's ultimate holding foundation.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution.

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
Director

DATUK NORIYAH BINTI AHMAD
Director

Kuala Lumpur
6 March 2013

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda and Datuk Noriyah binti Ahmad, being two of the Directors of E-Cap (External) One Sdn Bhd, state that, in the opinion of the Directors, the financial statements set out on pages 262 to 282 have been properly drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2012 and of the results and cash flows of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
Director

DATUK NORIYAH BINTI AHMAD
Director

Kuala Lumpur
6 March 2013

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Mazhairul bin Jamaludin, the Officer primarily responsible for the financial management of E-Cap (External) One Sdn Bhd, do solemnly and sincerely declare that the financial statements set out on pages 262 to 282 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MAZHAIRUL BIN JAMALUDIN
Group Chief Financial Officer

Subscribed and solemnly declared by the above named Mazhairul bin Jamaludin at Kuala Lumpur before me, on 6 March 2013.

Commissioner For Oaths

W607
GURDEEP SINGH
A/L JAG SINGH
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF E-CAP (EXTERNAL) ONE SDN BHD
(Incorporated in Malaysia)
(Company No: 894679-T)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of E-Cap (External) One Sdn Bhd on pages 262 to 282, which comprise the statement of financial position as at 31 December 2012 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 11.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF E-CAP (EXTERNAL) ONE SDN BHD (CONTINUED)
(Incorporated in Malaysia)
(Company No: 894679-T)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

1. As stated in the "Basis of Preparation of the Financial Statements" section to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

MOHAMMAD FAIZ BIN MOHAMMAD AZMI
(No. 2025/03/14 (J))
Chartered Accountant

Kuala Lumpur
6 March 2013

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM
OTHER INCOME			
Interest income		–	88,260
EXPENSES			
Management fees	9(b)	**(2,000,000)**	(2,000,000)
Other expenses		**(35,012)**	(63,129)
Unrealised loss on fair value of investments			
– Investment in associates		**(9,919,084)**	(8,388,754)
Loss before taxation	4	**(11,954,096)**	(10,363,623)
Taxation	5	–	–
Total comprehensive loss/net loss for the financial year		**(11,954,096)**	(10,363,623)

The significant accounting policies and other explanatory notes are set out on pages 266 to 282 of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
NON-CURRENT ASSET				
Investment in associates	6	**71,434,544**	13,871,246	20,080,000
CURRENT ASSETS				
Amount due from immediate holding company	9(c)	**–**	–	233,333
Cash in hand		**–**	–	2
		–	–	233,335
CURRENT LIABILITY				
Accruals		**14,400**	24,154	9,975
NET CURRENT (LIABILITIES)/ASSETS		**(14,400)**	(24,154)	223,360
		71,420,144	13,847,092	20,303,360
FINANCED BY:				
Share capital	7	**3,009,369**	3,002,268	3,001,822
Share premium	8	**90,867,012**	21,346,965	17,440,056
Accumulated losses		**(22,456,237)**	(10,502,141)	(138,518)
		71,420,144	13,847,092	20,303,360

The significant accounting policies and other explanatory notes are set out on pages 266 to 282 of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Issued and fully paid ordinary shares of RM1 each		Issued and fully paid redeemable preference shares of RM0.01 each		Non-distributable		
		Number of shares	Share capital RM	Number of shares	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
At 1 January 2011		3,000,078	3,000,078	174,418	1,744	17,440,056	(138,518)	20,303,360
Issuance of shares during the financial year	7	55	55	39,073	391	3,906,909	–	3,907,355
Total comprehensive loss for the financial year		–	–	–	–	–	(10,363,623)	(10,363,623)
At 31 December 2011		3,000,133	3,000,133	213,491	2,135	21,346,965	(10,502,141)	13,847,092
At 1 January 2012		**3,000,133**	**3,000,133**	**213,491**	**2,135**	**21,346,965**	**(10,502,141)**	**13,847,092**
Issuance of shares during the financial year	7	**148**	**148**	**695,270**	**6,953**	**69,520,047**	**–**	**69,527,148**
Total comprehensive loss for the financial year		**–**	**–**	**–**	**–**	**–**	**(11,954,096)**	**(11,954,096)**
At 31 December 2012		**3,000,281**	**3,000,281**	**908,761**	**9,088**	**90,867,012**	**(22,456,237)**	**71,420,144**

The significant accounting policies and other explanatory notes are set out on pages 266 to 282 of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(11,954,096)**	(10,363,623)
Adjustments for:			
Interest income		–	(88,260)
Unrealised loss on fair value of investments			
– Investment in associates		**9,919,084**	8,388,754
Operating loss before working capital changes		**(2,035,012)**	(2,063,129)
Changes in working capital:			
Amount due from immediate holding company		–	233,333
Accruals		**(9,754)**	14,179
Net cash flows used in operating activities		**(2,044,766)**	(1,815,617)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment in associate	6	–	(2,180,000)
Additional capital call for investment in associate		**(67,482,382)**	–
Interest received		–	88,260
Net cash flows used in investing activities		**(67,482,382)**	(2,091,740)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of ordinary shares	7	**148**	55
Proceeds from the issuance of redeemable preference shares	7	**69,527,000**	3,907,300
Net cash flows generated from financing activities		**69,527,148**	3,907,355
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		–	(2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		–	2
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		–	–

The significant accounting policies and other explanatory notes are set out on pages 266 to 282 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The principal accounting policies applied in preparing the financial statements are set out below. These policies have been applied to all years presented, unless otherwise stated.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Company for the year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time adoption of MFRS'. The Company has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. There is no impact from the transition to MFRS on the Company's reported financial position, financial performance and cash flows.

The financial statements have been prepared under the historical cost convention, as modified by the investments designated at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Company recorded a net loss of RM11,954,096 for the financial year ended 31 December 2012 and as of that date, the Company recorded net current liabilities of RM14,400. The immediate holding company, Ekuinas Capital Sdn Bhd, has indicated its intention to provide continuous financial support to the Company so as to enable the Company to meet its liability as and when they fall due and to carry on its business without any significant curtailment of its operations. In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Company on a going concern basis.

(a) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Company's financial year beginning on or after 1 January 2012 are as follows:

- MFRS 1 "First-time adoption of MFRS"
- Revised MFRS 124 "Related party disclosures"
- Amendment to MFRS 112 "Income taxes"
- Amendments to IC Interpretation 14 "MFRS 119 – The limit on a defined benefit asset, minimum funding requirements and their interaction"
- Amendments to MFRS 7 "Financial Instruments: Disclosures on transfers of financial assets"
- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"

Apart from the new presentation and disclosure requirements as disclosed in the financial statements, the adoption of the above standards and amendments to published standards does not have any other material impact on the Company's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

The Company will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial year beginning on/after 1 January 2013

- MFRS 10 “Consolidated financial statements” (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 “Consolidated and separate financial statements” and IC Interpretation 112 “Consolidation – special purpose entities”.

- MFRS 12 “Disclosures of interests in other entities” (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 “Investments in associates”. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- MFRS 13 “Fair value measurement” (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 “Financial Instruments: Disclosures”, but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 “Separate financial statements” (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 “Investments in associates and joint ventures” (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 101 “Presentation of items of other comprehensive income” (effective from 1 July 2012) requires entities to separate items presented in ‘other comprehensive income’ (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to the income statement in the future. The amendments do not address which items are presented in OCI.

- Amendment to MFRS 7 “Financial Instruments: Disclosures” (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (continued)

The Company will apply the new standards, amendments to standards and interpretations in the following period (continued):

(ii) Financial year beginning on/after 1 January 2014

- Amendment to MFRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(iii) Financial year beginning on/after 1 January 2015

- MFRS 9 "Financial Instruments – classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to the income statement, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

Unless otherwise disclosed, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the Company's financial statements in the year of initial application.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

B INVESTMENT IN ASSOCIATES

An associate is an entity, not being a subsidiary or a joint venture, in which the Company has significant influence. An associate is accounted for in accordance with MFRS 139 and is stated at fair value from the date the Company obtains significant influence until the date the Company ceases to have significant influence over the said associate.

The Company's investment in associates is subsequently carried at fair value. Changes in the fair value of investment in associates are recognised in the income statement in the year which the changes arise.

On disposal of such investments, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

C FINANCIAL ASSETS

Financial assets designated at fair value through profit or loss

(i) Classification

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading. The Company's financial assets designated at fair value through profit or loss comprise 'investment in associates' in the statement of financial position.

(ii) Recognition and initial measurement

Financial assets designated at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the income statement.

(iii) Subsequent measurement

Subsequent to initial recognition, all financial assets designated at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the income statement in the period in which they arise.

(iv) De-recognition

A financial asset is de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables

(i) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the end of the reporting year. These are classified as non-current assets. The Company's loans and receivables comprise 'amount due from immediate holding company' in the statement of financial position.

(ii) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs, for all financial assets not carried at fair value through profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

C FINANCIAL ASSETS (CONTINUED)

Loans and receivables (continued)

(iii) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(iv) Subsequent measurement – impairment of financial assets

The Company assesses at the end of the reporting year whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(v) De-recognition

A financial asset is de-recognised when the rights to receive cash flows from loans and receivables have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

D CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand.

E PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligations, and when a reliable estimate of the amount can be made.

F FINANCIAL LIABILITIES

(i) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company's financial liability comprise 'accruals' in the statement of financial position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

F FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

Accruals are recognised initially at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

(iii) De-recognition

A financial liability is derecognised when the obligation under the liability is extinguished when an existing financial liability is replaced by another from the same party on substantially different terms, or the term of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

G SHARE CAPITAL

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

H REVENUE RECOGNITION

Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income shall accrue to the Company.

I CARRIED INTEREST

Carried interest represents the fees payable to the Fund Management Company and is computed and accrued at each financial year end based on the valuation of the investments in the Fund's portfolio of companies, after accounting for appropriate outflow payments/inflow receipts in accordance with the terms stated in the Global Fund Management Agreement. Any increase or decrease in carried interest is recognised in the income statement.

J INCOME TAXES

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Tax rates enacted or substantively enacted by the reporting year are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

1 GENERAL INFORMATION

The principal activities of the Company are to carry on the business of an investment holding company, to invest in private equity investments and to acquire the shares of or invest in any company. There have been no significant changes in the nature of these activities during the financial year.

The Company is a private limited company, incorporated and domiciled in Malaysia.

The address of the registered office of the Company is:

12th Floor, Bangunan Setia 1,
15 Lorong Dungun, Bukit Damansara,
50490 Kuala Lumpur.

The principal place of business of the Company is:

Level 13, Surian Tower,
No 1, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.

2 FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Company's financial risk management policies. The Board reviews these risks based on the approved treasury policies and investment guidelines, which cover the management of these risks.

The Company is exposed to market price risk and liquidity risk.

(b) Market price risk

Unquoted investment is exposed to market price risk of the comparable companies. The fair value of unquoted investment is based on net assets valuation method.

If the net assets value of the investment is 5% higher/lower, with all other variables held constant, the Company's loss after tax would have been RM3,571,000 lower/higher (2011: RM693,000). As at the end of the reporting period, the unquoted investment has been recognised at fair value.

(c) Liquidity risk

The Company's exposure to liquidity risk is limited as the Company is an investment holding company with the cash management and treasury is managed by Ekuiti Nasional Berhad ("Ekuinas"), a related company. Furthermore, the Company has the ability to obtain funding through the immediate holding company to ensure settlement of all transaction costs and expenses. As at 31 December 2012, 31 December 2011 and 1 January 2011, the Company's exposure to liquidity risk is solely on the undiscounted contractual payments of 'accruals' which are repayable within one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholder and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

(e) Fair value estimation of the financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the end of the reporting year.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

Methodologies and assumptions had been used in deriving the fair values of the investment in associates at the end of the reporting period as disclosed in Note 2(f) and Note 3 to the financial statements.

The carrying amounts of 'amount due from immediate holding company' and 'accruals' approximate their fair value due to the relatively short term nature of these financial instruments.

In addition, fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of MFRS 7 "Financial Instruments: Disclosures" which requires the fair value information to be disclosed.

(f) Fair value hierarchy

The different levels have been defined as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair value hierarchy (continued)

The following table presents the Company's financial instruments that are measured at fair value, other than the short term financial instruments:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
At 31 December 2012				
Financial asset				
Investment in associates	**–**	**–**	**71,434,544**	**71,434,544**
At 31 December 2011				
Financial asset				
Investment in associates	–	–	13,871,246	13,871,246
At 1 January 2011				
Financial asset				
Investment in associates	–	–	20,080,000	20,080,000

Investments classified within Level 3 have significant unobservable inputs, as they are traded infrequently. As observable prices are not available for these investments, the Company has used the net assets valuation method as recommended by the International Private Equity and Venture Capital Valuation Guidelines.

The main inputs into the net assets valuation method for these unquoted investments include the net assets value of the investments.

In assessing fair value, management of Ekuiti Nasional Berhad (fund management company) performs quarterly valuation assessments of all portfolio companies and these will be tabled to the Board of Directors on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair value hierarchy (continued)

The following table presents the movement in Level 3 financial instruments:

	Investment in associates	
	31.12.2012 RM	31.12.2011 RM
At 1 January	**13,871,246**	20,080,000
Capital called, net of refunds during the financial year	**67,482,382**	2,180,000
Unrealised loss on fair value of investments during the financial year	**(9,919,084)**	(8,388,754)
At 31 December	**71,434,544**	13,871,246

(g) Financial instruments by category

	Loans and receivables RM	Designated at fair value through profit or loss RM	Total RM
At 31 December 2012			
Financial asset			
Investment in associates	–	**71,434,544**	**71,434,544**
Financial liability			
Accruals	**14,400**	–	**14,400**
At 31 December 2011			
Financial asset			
Investment in associates	–	13,871,246	13,871,246
Financial liability			
Accruals	24,154	–	24,154

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Financial instruments by category (continued)

	Loans and receivables RM	Designated at fair value through profit or loss RM	Total RM
At 1 January 2011			
Financial assets			
Investment in associates	–	20,080,000	20,080,000
Amount due from immediate holding company	233,333	–	233,333
Total	233,333	20,080,000	20,313,333
Financial liability			
Accruals	9,975	–	9,975

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Company's accounting policies, the Directors and management have made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Valuation of unquoted investment in associates

The Company carries its investments at fair value, with changes in fair values being recognised in the income statement. The Company estimates the fair values of its unquoted investment in associates based on the net assets valuation method as at 31 December 2012, as recommended by the International Private Equity and Venture Capital Valuation Guidelines. Where expectations differ from original estimates, the difference will impact the fair value of the unquoted investments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	31.12.2012 RM	31.12.2011 RM
Auditors' remuneration – statutory audit	**6,300**	7,000

5 TAXATION

	31.12.2012 RM	31.12.2011 RM
Current tax:		
Malaysian taxation	**–**	–

Reconciliation between tax expense and the product of accounting loss multiplied by the Malaysian tax rate is as follows:

	31.12.2012 RM	31.12.2011 RM
Loss before taxation	**(11,954,096)**	(10,363,623)
Tax calculated at rate 25%	**(2,988,524)**	(2,590,906)
Expenses not deductible	**2,988,524**	2,590,906
Taxation	**–**	–

On 26 November 2010, the Ministry of Finance granted income tax exemption on the statutory business income for a period of five (5) years commencing from year of assessment 2009 until 2013 for the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

6 INVESTMENT IN ASSOCIATES

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Unquoted shares, at cost	**89,742,382**	22,260,000	20,080,000
Unrealised loss on fair value of investments	**(18,307,838)**	(8,388,754)	–
	71,434,544	13,871,246	20,080,000

Name	Place of incorporation	Principal activity	Company's effective interest 31.12.2012 %	31.12.2011 %	1.1.2011 %
Navis Malaysia Growth Opportunities Fund I, L.P.@	Cayman Islands	Investment holding	**69.56**	69.56	80.04
CIMB National Equity Fund Ltd. P.@	Labuan	Investment holding	**80.00**	80.00	–
MK-One Fund (Labuan) Limited@	Labuan	Investment holding	**–**	75.00	–

@ Navis Malaysia Growth Opportunities Fund I, L.P. ("Navis MGO Fund"), CIMB National Equity Fund Ltd. P. ("CIMB National Equity Fund") and MK-One Fund (Labuan) Limited ("MK-One Fund") are treated as investment in associates despite the Company holding effective interest of 69.56%, 80.00% and 75.00% respectively, due to the fact that the Company has only significant influence over the financial and operational policies of these investments and not control.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

7 SHARE CAPITAL

	31.12.2012 RM	31.12.2011 RM
Authorised:		
Ordinary shares of RM1 each		
At the start/end of financial year	**100,000,000**	100,000,000
Redeemable preference shares of RM0.01 each		
At the start/end of financial year	**90,000**	90,000
Total authorised capital	**100,090,000**	100,090,000

	31.12.2012 RM	31.12.2011 RM
Issued and fully paid capital:		
Ordinary shares of RM1 each		
At start of financial year	**3,000,133**	3,000,078
Issuance of shares during the financial year	**148**	55
At 31 December	**3,000,281**	3,000,133
Redeemable preference shares of RM0.01 each		
At start of financial year	**2,135**	1,744
Issuance of shares during the financial year	**6,953**	391
At 31 December	**9,088**	2,135
Total issued and fully paid capital	**3,009,369**	3,002,268

(a) During the financial year, the Company issued 148 ordinary shares at par value of RM1 each and 695,270 redeemable preference shares of RM0.01 each at an issue price of RM100.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

7 SHARE CAPITAL (CONTINUED)

A summary of the shares issued by the Company for the financial year ended 31 December 2011 and 31 December 2012 are as follows:

Date of issue	Type of share	Purpose of issue	Number of shares	Par value RM	Premium RM	Terms of issue
30 December 2011	Ordinary	Working capital	55	1	–	Cash, at par
30 December 2011	Preference	Working capital	39,073	0.01	99.99	Cash, at RM100
31 March 2012	Preference	Working capital	545,800	0.01	99.99	Cash, at RM100
30 June 2012	Ordinary	Working capital	50	1	–	Cash, at par
30 June 2012	Preference	Working capital	5,216	0.01	99.99	Cash, at RM100
30 September 2012	Ordinary	Working capital	98	1	–	Cash, at par
30 September 2012	Preference	Working capital	84,654	0.01	99.99	Cash, at RM100
31 December 2012	Preference	Working capital	59,600	0.01	99.99	Cash, at RM100

(b) The main features of the redeemable preference shares ("RPS") are as follows:

- The holders of the shares shall be entitled to any dividend declared.
- The RPS shall rank *pari passu* among themselves and in priority of ordinary shares.
- The holders of the RPS shall be entitled to receive all notices, accounts, and report which holder of the ordinary shares are entitled to.
- The holders of the RPS shall only be entitled to vote at the meetings convened for the purpose of transacting to the following items of the business:
  (a) Variation, whether directly or indirectly of the rights attached to the RPS.
  (b) Winding up of the Company.
  (c) Such other circumstances as may be expressly provided under law from time to time in respect of preference shares.
- Subject to the Companies Act, 1965, the Company shall have the right at any time, to redeem all or part of the RPS at a price of RM100 per RPS ("Redemption Amount").
- The RPS are not convertible into ordinary shares or any other classes of shares in the Company.

The RPS are classified as equity as they are redeemable but only at the Company's option, and any dividends are discretionary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

8 SHARE PREMIUM

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Redeemable preference shares	**90,867,012**	21,346,965	17,440,056

9 SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered related if the party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) The related parties of, and their relationship with the Company, are as follows:

Related party	Relationship
Yayasan Ekuiti Nasional	Ultimate holding foundation formed by the Government of Malaysia
Ekuinas Capital Sdn Bhd	Immediate holding company
Ekuiti Nasional Berhad	Related company

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company includes all the Directors of the Company who make certain critical decisions in relation to the strategic direction of the Company.

The Company has no key management personnel compensation during the financial year.

(b) Significant related party transaction

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below is other significant related party transaction.

	31.12.2012 RM	31.12.2011 RM
Ekuiti Nasional Berhad		
Management fees expenses	**2,000,000**	2,000,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

9 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Significant related party balance

Included in the Company's statement of financial position is the following significant related party balance arising from normal business transactions:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Amount due from Ekuinas Capital Sdn Bhd	**–**	–	233,333

The above outstanding balance is unsecured, interest-free, and repayable upon demand.

10 CAPITAL COMMITTED

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Capital committed and contracted for	**310,257,618**	377,740,000	279,920,000
Capital committed but not contracted for	**–**	–	100,000,000
Capital called	**89,742,382**	22,260,000	20,080,000
	400,000,000	400,000,000	400,000,000

These are capital committed under the Ekuinas Outsourced Programme.

11 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors.

WHAT IS PRIVATE EQUITY?

Private Equity (PE) is a type of investment fund where risk capital from high net worth parties is pooled to invest and acquire equity ownership in companies. A PE firm's objective is to raise funds and manage these monies to generate favourable returns for their investors over a specified period. Overall, the goal of PE is to boost the value of its investee companies and eventually sell them at a profit.

A government-led PE approach has been implemented in the past for the purpose of achieving national objectives and it has been proven to be successful. One of the leading PE firms in the world, 3i plc, was a government-led PE firm, introduced by the British Government post World War II with the objective to boost domestic investments. The firm has since been privatised and continues to create value in its investment portfolio which now includes global companies. Other countries have similarly adopted the PE model, mainly either to address the issues on shortage of capital for businesses to generate economic growth or to provide the catalyst to encourage private sector investments.

Such vehicles have enabled the creation of so many lasting companies that have positively impacted societies in a sustainable manner. Ekuinas aspires to make the same positive impact in Malaysia in pursuit of the national agenda.

GLOSSARY OF COMMON TERMS IN PRIVATE EQUITY

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, organic growth of portfolio companies through add-on acquisitions.

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.

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

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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F : 03-7847 1001

Asia Pacific University of Technology & Innovation
Technology Park Malaysia, Bukit Jalil
57000 Kuala Lumpur
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F : 03-8996 1001

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Icon Offshore Berhad
E-12A-01 & E-12A-02
Level 12A, East Wing, The Icon
No. 1 Jalan 1/68F
Jalan Tun Razak
55000 Kuala Lumpur
T : 03-2165 1088
F : 03-2165 1085/03-2165 1086

INTEGRATED FOOD GROUP SDN BHD:

Cosmo Restaurants Sdn Bhd/
Revenue Valley Sdn Bhd/
San Francisco Coffee Sdn Bhd
Unit 3.01, Wisma Academy
No. 4A, Jalan 19/1
46300 Petaling Jaya
T : 03-7957 1118
F : 03-7957 0118/03-7957 9118

Konsortium Logistik Berhad
Lot 22202, Jalan Gambus 33/4
Off Jalan Bukit Kemuning, Bt. 8.5
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F : 03-5122 9898

Kuala Lumpur Metropolitan University College
Wisma Sachdev
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50350 Kuala Lumpur
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F : 03-2691 0400

UNITAR International University
Block C, Leisure Commerce Square
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46150 Petaling Jaya, Selangor
T : 03-7627 7200
F : 03-7627 7447

SUBMISSION OF BUSINESS PROPOSAL

Ekuinas welcomes business proposals from all Malaysian companies which have been in operation between one to three years and are now planning to pursue the next phase of expansion. The quick checklist below will help you assess your company's suitability to Ekuinas' investment criteria.

	YES	NO
➤ Does your company focus on activities other than gaming, liquor, illegal, unethical activities, property, construction or hedge funds/commodities trading?	☐	☐
➤ Is your company already established and has a track record of at least 1 – 3 years?	☐	☐
➤ Does your company possess significant growth potential?	☐	☐
➤ Do your company's financial metrics support Ekuinas' investment of >RM30 million?	☐	☐
➤ Are you prepared to have a business partner that will have active participation in your company?	☐	☐

INFORMATION CHECKLIST

To submit your business proposal to Ekuinas, check that you have all the pertinent information below to send to our office:

Description of business:

- ☐ Principal activities of the company
- ☐ List of Shareholders
- ☐ Board of Directors and their profiles
- ☐ Senior Management members and their profiles
- ☐ Description of products and services

Financial Information:

Summary of 3 years' historical financial results and 3 years' financial projection including:

- ☐ Revenue/Gross Profit
- ☐ EBITDA/EBIT
- ☐ PBT/PAT
- ☐ Total assets
- ☐ Shareholders' funds
- ☐ Debt

Details of the proposal:

- ☐ Complete or partial divestment, injection of new equity
- ☐ Stake available/size of the deal/amount required
- ☐ If new equity, proposed use of proceeds

Industry/Sector Overview:

- ☐ Size
- ☐ Growth rate
- ☐ Industry characteristics
- ☐ Market players

Please submit your business proposal to:

Investment Department
Ekuiti Nasional Berhad
Level 13, Surian Tower
No. 1 Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya, Selangor

Tel: 03-7710 7171
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