

FINANCIAL HIGHLIGHTS

Khazanah's portfolio value as measured by its Net Worth Adjusted (NWA) declined to RM91 billion on 31 December 2018, a 21.6% drop from RM116 billion on 31 December 2017.

Realisable Asset Value (RAV) also declined to RM136 billion from RM157 billion during the same period. The long-term portfolio performance remained on an upward trajectory, with NWA achieving an 11.0% return per annum over the last 10 years.

Khazanah's portfolio was affected by global economic uncertainty in 2018, which saw markets underperform due to geopolitical tensions and a pessimistic growth outlook for emerging markets. In addition, the portfolio was further impacted by domestic developments, including a subdued earnings outlook, market volatility, and regulatory changes during the period under review.

Khazanah recorded a Loss Before Tax of RM6.3 billion in 2018, compared to a Profit Before Tax of RM2.9 billion a year earlier. Profitability was affected due to fewer divestments, reduced dividend income and higher impairments, during a period of transition for Khazanah in an unfavorable market. Khazanah declared a dividend of RM1.5 billion for 2018.

Last year, the Government initiated a restructuring and reorganisation of Khazanah involving leadership changes in the Board of Directors and management, as well as a refreshed mandate and objectives. As part of this, Khazanah undertook a review and revaluation of its investments, which is reflected in its 2018 results.



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Financial Statements 2018

PORTFOLIO PERFORMANCE

| | RAV ¹ (RM billion) | NWA ² (RM billion) |
|-------------|-----------------------------------|----------------------------------|
| 31 Dec 2008 | 68 | 32 |
| 31 Dec 2017 | 157 | 116 |
| 31 Dec 2018 | 136 | 91 |
| △2017-2018 | -22 (-13.8%) | -25 (-21.6%) |
| △2008-2018 | +68 (+7.2% p.a. ³) | +59 (+11% p.a. ³) |

¹ RAV: Market value of all equities, securities and cash held; where no market price is available, a conservative estimate of value is used

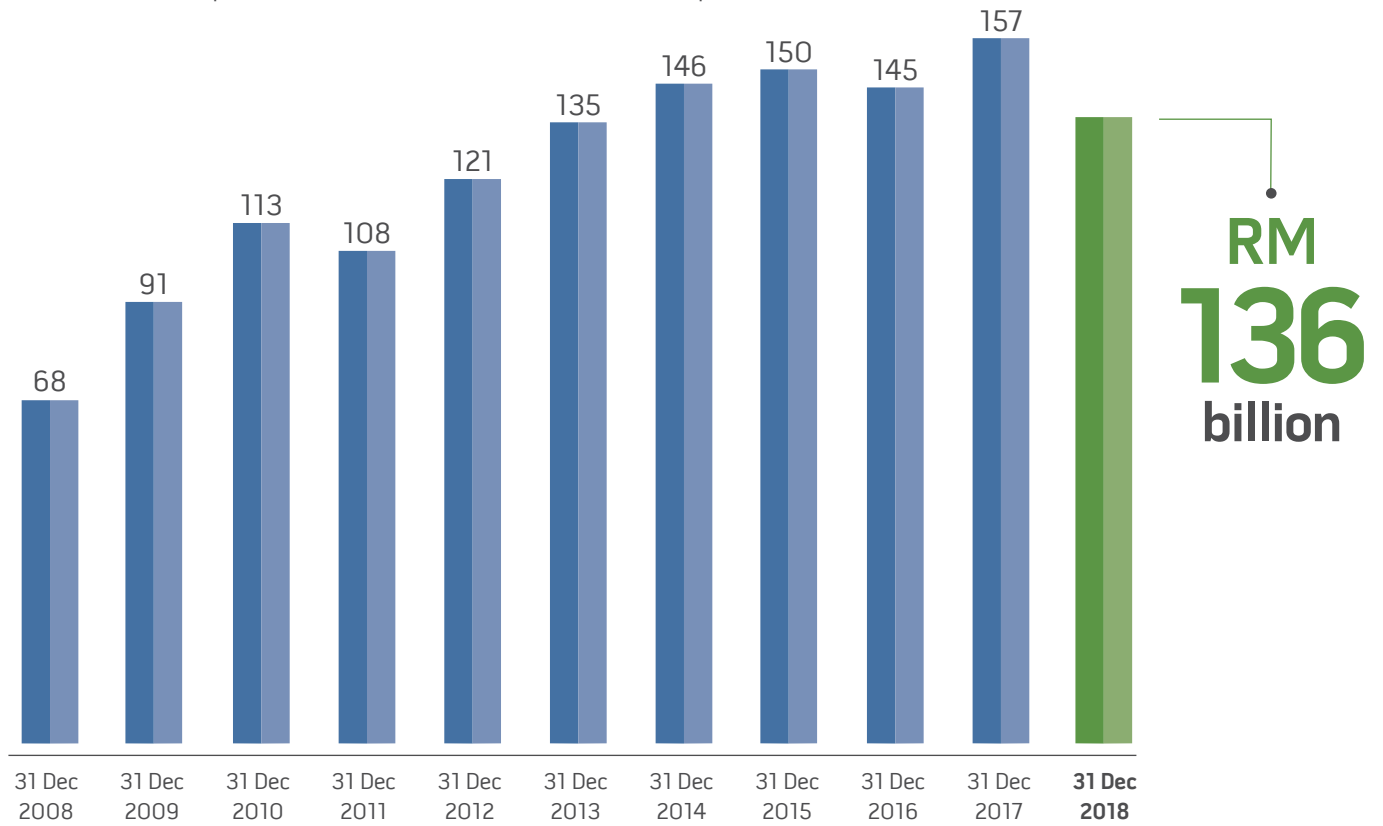
² NWA: RAV less total liabilities and adjusted to measure value created

³ Compounded Annual Growth Rate

Note: Figures are rounded to nearest decimal point

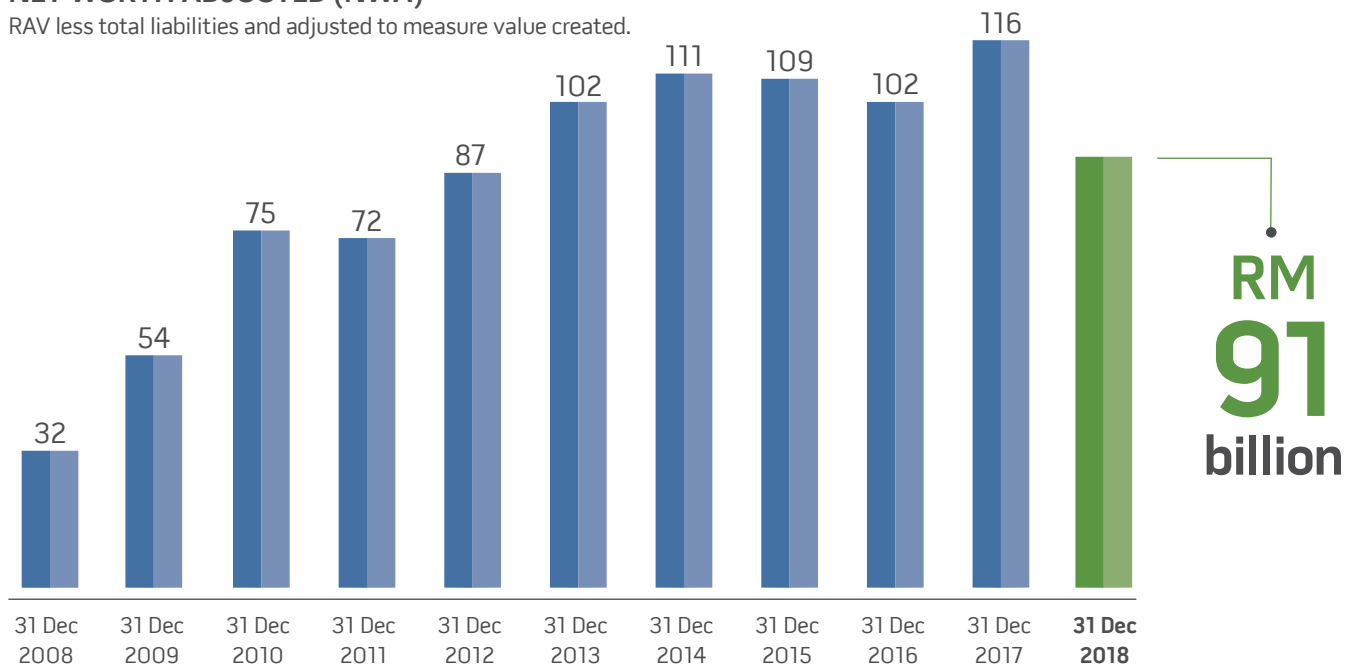
REALISABLE ASSET VALUE (RAV)

Market value of all equities, securities and cash held; where no market price is available, a conservative estimate of value is used.



NET WORTH ADJUSTED (NWA)

RAV less total liabilities and adjusted to measure value created.



INDEPENDENT AUDITORS' REPORT

**To the directors of Khazanah Nasional Berhad
(Incorporated in Malaysia)**

REPORT ON THE SUMMARY FINANCIAL INFORMATION

Opinion

The summary financial information, which comprises the summary balance sheets as at 31 December 2018, 2017, 2016, 2015 and 2014, the summary income statements for the years then ended, and related notes, are derived from the audited financial statements of Khazanah Nasional Berhad and the management accounts for the years ended 31 December 2018, 2017, 2016, 2015 and 2014.

In our opinion, the accompanying summary financial information are consistent, in all material respects, with those audited financial statements and the management accounts, in accordance with the basis described on page 27.

Summary financial information

The summary financial information does not contain all the disclosures required by the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. Reading the summary financial information and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements of Khazanah Nasional Berhad and the auditors' report thereon. The summary financial information and those audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those audited financial statements.

The audited financial statements and our report thereon

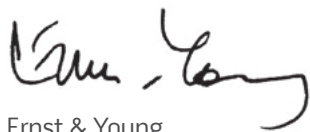
We expressed an unmodified audit opinion on those audited financial statements in our reports for the respective years.

Directors' responsibility for the summary financial information

Directors are responsible for the preparation of the summary financial information in accordance with the basis described on page 27.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summary financial information are consistent, in all material respects, with those audited financial statements based on our procedures, which were conducted in accordance with Malaysian Approved Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".



Ernst & Young
19 April 2019
Kuala Lumpur

SELECTED FINANCIAL INDICATORS

INCOME STATEMENTS (RM MILLION)

For the years ended 31 December

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|------------------------------------------------|---------|-------|-------|-------|-------|
| Revenue | 4,471 | 6,112 | 6,210 | 5,763 | 7,949 |
| Profit/(loss) before taxation | (6,271) | 2,896 | 1,566 | 1,181 | 3,217 |
| Taxation | (249) | (88) | (129) | (126) | (129) |
| Net profit/(loss) for the year | (6,520) | 2,808 | 1,437 | 1,055 | 3,088 |
| Dividends declared: | | | | | |
| - Normal dividend | (1,000) | (700) | (650) | (650) | (650) |
| - Special dividend | (500) | (300) | - | (400) | (250) |
| Net profit/(loss) for the year after dividends | (8,020) | 1,808 | 787 | 5 | 2,188 |

BALANCE SHEET (RM MILLION)

As at 31 December

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------------|--------|--------|--------|--------|--------|
| Current assets | 3,852 | 6,141 | 5,071 | 6,089 | 5,214 |
| Non-current assets | 82,967 | 86,426 | 83,378 | 78,253 | 72,687 |
| Total assets | 86,819 | 92,567 | 88,449 | 84,342 | 77,901 |
| Current liabilities | 17,109 | 12,064 | 10,338 | 13,575 | 13,282 |
| Non-current liabilities | 38,793 | 39,136 | 40,280 | 34,414 | 29,280 |
| Total liabilities (see Note A) | 55,902 | 51,200 | 50,618 | 47,989 | 42,562 |
| Share capital | 12,284 | 12,284 | 6,644 | 6,644 | 6,644 |
| Share premium | - | - | 3,840 | 3,840 | 3,840 |
| Retained profits | 9,587 | 17,607 | 16,983 | 16,010 | 16,004 |
| Other reserves | 9,046 | 11,476 | 10,364 | 9,859 | 8,851 |
| Shareholders' funds | 30,917 | 41,367 | 37,831 | 36,353 | 35,339 |
| Total equity and liabilities | 86,819 | 92,567 | 88,449 | 84,342 | 77,901 |

Note A - Included in total liabilities are borrowings as follows:

BORROWINGS (RM MILLION)

As at 31 December

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Khazanah's Government-guaranteed bonds | 12,626 | 14,013 | 14,373 | 15,683 | 15,019 |
| Other bonds and notes | 23,015 | 19,449 | 17,253 | 17,123 | 14,760 |
| Term loans | 5,067 | 5,022 | 5,286 | 4,215 | 3,397 |
| Exchangeable Sukuk | 2,899 | 4,622 | 4,826 | 3,423 | 3,748 |
| Revolving credit facilities | 11,628 | 6,766 | 7,525 | 6,012 | - |
| | 55,235 | 49,872 | 49,263 | 46,456 | 36,924 |

The above income statements and balance sheets are derived from Khazanah's Proforma Financial Statements, which refers to consolidation of the financial statements of Khazanah (Company) and its Special Purpose Vehicles (SPVs). These SPVs are wholly-owned subsidiaries of Khazanah, which have been set up to actively hold investments or as funding vehicles of the Company.