

13. ACCOUNTANTS' REPORT (Cont'd)



Malakoff Corporation Berhad
Accountants' Report

6. Dividends

Dividends recognised by the Company since the date of incorporation are as follows:

| | Sen per share (net of tax) | Total amount RM'000 | Date of payment |
|--|----------------------------------|---------------------------|--------------------|
| Financial year ended 31 December 2007 | | | |
| Interim 2007 ordinary | 6.65 | 23,360 | 7.12.2007 |
| Interim 2007 preference | 73.00 | 36,640 | 7.12.2007 |
| Total amount | | <u>60,000</u> | |
| Financial year ended 31 December 2008 | | | |
| Final 2007 ordinary | 11.38 | 40,000 | 2.4.2008 |
| Interim 2008 ordinary | 12.20 | 42,858 | 3.9.2008 |
| Interim 2008 preference | 74.00 | 37,142 | 3.9.2008 |
| Total amount | | <u>120,000</u> | |
| Financial year ended 31 December 2009 | | | |
| Final 2008 ordinary | 16.98 | 59,674 | 2.4.2009 |
| Final 2008 ordinary | 7.21 | 25,326 | 2.4.2009 |
| Total amount | | <u>85,000</u> | |
| Financial year ended 31 December 2010 | | | |
| Final 2009 ordinary | 12.29 | 43,208 | 2.4.2010 |
| Interim 2009 preference | 100.00 | 41,792 | 2.4.2010 |
| Interim 2010 ordinary | 13.44 | 47,208 | 2.9.2010 |
| Interim 2010 preference | 100.00 | 41,792 | 2.9.2010 |
| Total amount | | <u>174,000</u> | |
| Financial year ended 31 December 2011 | | | |
| Final 2010 ordinary | 24.19 | 85,000 | 1.4.2011 |
| Interim 2011 ordinary | 14.86 | 52,208 | 8.9.2011 |
| Interim 2011 preference | 100.00 | 41,792 | 8.9.2011 |
| Total amount | | <u>179,000</u> | |
| Financial year ended 31 December 2012 | | | |
| Final 2011 ordinary | 24.19 | 85,000 | 2.4.2012 |
| Interim 2012 ordinary | 16.39 | 57,578 | 11.9.2012 |
| Interim 2012 preference | 100.00 | 41,792 | 11.9.2012 |
| Total amount | | <u>184,370</u> | |

13. ACCOUNTANTS' REPORT (Cont'd)



Malakoff Corporation Berhad
Accountants' Report

6. Dividends (continued)

Dividends recognised by the Company since the date of incorporation are as follows: (continued)

| | Sen per share (net of tax) | Total amount RM'000 | Date of payment |
|--|----------------------------------|---------------------------|--------------------|
| Financial year ended 31 December 2013 | | | |
| Interim 2013 ordinary | 13.72 | 48,208 | 20.5.2013 |
| Interim 2013 preference | 100.00 | 41,792 | 20.5.2013 |
| Interim 2013 ordinary | 28.75 | 101,000 | 28.8.2013 |
| Total amount | | <u>191,000</u> | |
| Financial year ended 31 December 2014 | | | |
| Interim 2014 ordinary | 16.14 | 56,708 | 8.4.2014 |
| Interim 2014 preference | 100.00 | 41,792 | 8.4.2014 |
| Interim 2014 ordinary | 28.46 | 100,000 | 9.9.2014 |
| Total amount | | <u>198,500</u> | |

After the end of the reporting period the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial year upon approval by the owners of the Company.

| | Sen per share (net of tax) | Total amount RM'000 |
|---------------------|----------------------------------|---------------------------|
| Final 2014 ordinary | 28.46 | <u>100,000</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



Malakoff Corporation Berhad
Accountants' Report

7. Events subsequent to Reporting Date

No events occurred subsequent to 31 December 2014 to the date of this report that will require adjustments to or disclosure in this report other than those disclosed in Note 39 of the historical financial information of the Group.

A handwritten signature in black ink, appearing to be 'KPMG' with a stylized flourish.

KPMG
Firm Number: AF 0758
Chartered Accountants

A handwritten signature in black ink, consisting of several overlapping, sweeping lines.

Muhammad Azman Bin Che Ani
Approval Number: 2922/04/16(J)
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)

Malakoff Corporation Berhad
Accountants' Report



**SECTION A -- HISTORICAL FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED
31 DECEMBER 2012, 2013 AND 2014**

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group

Consolidated statements of financial position as at 31 December 2012, 2013 and 2014

| | Note | 31 December | | |
|--|------|-------------------|-------------------|-------------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 3 | 11,124,456 | 13,061,031 | 14,323,952 |
| Intangible assets | 4 | 5,498,521 | 5,071,359 | 4,704,227 |
| Prepaid lease payments | 5 | 79,021 | 74,675 | 70,331 |
| Investment in associates | 6 | 1,369,667 | 1,294,458 | 1,203,319 |
| Investment in an equity accounted joint venture | 7 | 47,433 | 51,230 | 57,885 |
| Finance lease receivable | 8 | - | 2,012,945 | 1,990,974 |
| Derivative financial assets | 19 | - | 80,241 | 99,147 |
| Other receivables | 10 | 139,083 | 126,939 | 114,793 |
| Deferred tax assets | 9 | 611,570 | 697,512 | 779,849 |
| Total non-current assets | | 18,869,751 | 22,470,390 | 23,344,477 |
| Current assets | | | | |
| Trade and other receivables | 10 | 1,490,171 | 1,266,268 | 1,304,283 |
| Inventories | 11 | 493,799 | 479,075 | 518,434 |
| Current tax assets | | 210,560 | 310,817 | 272,469 |
| Other investments | 12 | 2,455,577 | 1,165,954 | 321,509 |
| Cash and cash equivalents | 13 | 2,698,393 | 2,375,783 | 3,574,900 |
| Total current assets | | 7,348,500 | 5,597,897 | 5,991,595 |
| Total assets | | 26,218,251 | 28,068,287 | 29,336,072 |
| Equity | | | | |
| Share capital | 14 | 355,523 | 355,523 | 355,523 |
| Share premium | 14 | 3,575,837 | 3,575,837 | 3,575,837 |
| Reserves | 14 | 1,492 | 156,811 | 61,274 |
| Accumulated losses | | (145,413) | (172,447) | (28,985) |
| Equity attributable to owners of the Company | | 3,787,439 | 3,915,724 | 3,963,649 |
| Non-controlling interests | | 340,297 | 223,422 | 212,967 |
| Total equity | | 4,127,736 | 4,139,146 | 4,176,616 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

**Consolidated statements of financial position
as at 31 December 2012, 2013 and 2014 (continued)**

| | Note | 31 December | | |
|--------------------------------------|------|-------------------|-------------------|-------------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Non-current liabilities | | | | |
| Loans and borrowings | 15 | 14,221,261 | 16,611,760 | 17,493,217 |
| Employee benefits | 16 | 73,216 | 67,415 | 74,907 |
| Deferred income | 17 | 2,338,602 | 2,608,222 | 2,811,196 |
| Deferred tax liabilities | 9 | 2,750,242 | 2,645,445 | 2,721,062 |
| Derivative financial liabilities | 19 | 162,750 | 31,762 | 167,338 |
| Total non-current liabilities | | 19,546,071 | 21,964,604 | 23,267,720 |
| Current liabilities | | | | |
| Trade and other payables | 18 | 1,435,326 | 934,116 | 975,514 |
| Current tax liabilities | | 16,718 | 4,214 | 23,872 |
| Loans and borrowings | 15 | 1,041,897 | 931,625 | 734,262 |
| Derivative financial liabilities | 19 | - | 34,319 | 27,704 |
| Deferred income | 17 | 50,503 | 60,263 | 130,384 |
| Total current liabilities | | 2,544,444 | 1,964,537 | 1,891,736 |
| Total liabilities | | 22,090,515 | 23,929,141 | 25,159,456 |
| Total equity and liabilities | | 26,218,251 | 28,068,287 | 29,336,072 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

Consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2012, 2013 and 2014

| | Note | Financial year ended 31 December | | |
|--|------|----------------------------------|----------------|----------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Revenue | 20 | 5,587,608 | 4,717,419 | 5,594,484 |
| Cost of sales | | (4,041,435) | (3,503,949) | (3,956,082) |
| Gross profit | | 1,546,173 | 1,213,470 | 1,638,402 |
| Other income | | 102,123 | 79,082 | 95,343 |
| Administrative expenses | | (251,660) | (265,262) | (228,122) |
| Other operating expenses | | (159,157) | (325,079) | (234,231) |
| Results from operating activities | | 1,237,479 | 702,211 | 1,271,392 |
| Finance income | 21 | 159,380 | 161,052 | 132,688 |
| Finance costs | 22 | (797,279) | (840,318) | (911,242) |
| Net finance costs | | (637,899) | (679,266) | (778,554) |
| Other non-operating income | | - | - | 60,979 |
| Share of profit of equity-accounted associates and a joint venture, net of tax | | 105,051 | 61,202 | 41,667 |
| Profit before tax | | 704,631 | 84,147 | 595,484 |
| Income tax (expense)/benefit | 25 | (156,816) | 150,511 | (182,640) |
| Profit for the year | 37 | 547,815 | 234,658 | 412,844 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

Consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2012, 2013 and 2014 (continued)

| | Note | Financial year ended 31 December | | |
|---|------|----------------------------------|----------------|----------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Other comprehensive (expense)/ income, net of tax | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Remeasurement of defined benefit liability | 23 | | | |
| | 16 | (13,104) | 2,433 | 413 |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Cash flow hedge | 23 | (5,107) | 238,418 | (78,095) |
| Share of loss on hedging reserve of equity-accounted associates | | - | (57,230) | (22,608) |
| Foreign currency translation differences for foreign operation | | 5,759 | (25,869) | 5,166 |
| | | 652 | 155,319 | (95,537) |
| Other comprehensive (expense)/ income for the year | | (12,452) | 157,752 | (95,124) |
| Total comprehensive income for the year | | 535,363 | 392,410 | 317,720 |
| Profit attributable to: | | | | |
| Owners of the Company | | 467,852 | 161,533 | 341,549 |
| Non-controlling interests | | 79,963 | 73,125 | 71,295 |
| Profit for the year | | 547,815 | 234,658 | 412,844 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

Consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2012, 2013 and 2014 (continued)

| | Note | Financial year ended 31 December | | |
|--|------|----------------------------------|----------------|----------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | | 455,400 | 319,285 | 246,425 |
| Non-controlling interests | | 79,963 | 73,125 | 71,295 |
| Total comprehensive income for the year | | 535,363 | 392,410 | 317,720 |
| Earnings per ordinary share (RM) | | | | |
| Basic | 27 | 1.33 | 0.46 | 0.97 |
| Diluted | 27 | 1.19 | 0.41 | 0.87 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

Consolidated statements of changes in equity for the years ended 31 December 2012, 2013 and 2014

| | Share capital | | Share premium | | Reserves | | Attributable to owners of the Company | | Distributable | | Non-controlling interests | | Total equity RM'000 |
|---|---------------|--------|---------------|---------|----------|--------|---------------------------------------|-----------|---------------|----------|---------------------------|--------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At 1 January 2012 | 351,344 | 4,179 | 3,162,096 | 413,741 | 840 | - | - | (415,791) | 3,516,409 | 301,351 | 3,817,760 | | |
| Remeasurement of defined benefit liability | - | - | - | - | - | - | - | (13,104) | (13,104) | - | (13,104) | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | 5,759 | - | - | 5,759 | - | 5,759 | | |
| Cash flow hedge | - | - | - | - | - | - | (5,107) | - | (5,107) | - | (5,107) | | |
| Other comprehensive income/(expense) for the year | - | - | - | - | - | 5,759 | (5,107) | (13,104) | (12,452) | - | (12,452) | | |
| Profit for the year | - | - | - | - | - | - | - | 467,852 | 467,852 | 79,963 | 547,815 | | |
| Comprehensive income for the year | - | - | - | - | - | 5,759 | (5,107) | 454,748 | 455,400 | 79,963 | 535,363 | | |
| Dividends to owners of the Company | - | - | - | - | - | - | - | (184,370) | (184,370) | - | (184,370) | | |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | (41,017) | (41,017) | | |
| Total distribution to owners | - | - | - | - | - | - | - | (184,370) | (184,370) | (41,017) | (225,387) | | |
| At 31 December 2012 | 351,344 | 4,179 | 3,162,096 | 413,741 | 840 | 5,759 | (5,107) | (145,413) | 3,787,439 | 340,297 | 4,127,736 | | |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)



Consolidated statements of changes in equity for the years ended 31 December 2012, 2013 and 2014 (continued)

| | Share capital | | Share premium | | Reserves | | Distributable | | Non-controlling interests | | Total equity RM'000 |
|---|---------------|--------|---------------|---------|----------|----------|---------------|-----------|---------------------------|-----------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At 1 January 2013 | 351,344 | 4,179 | 3,162,096 | 413,741 | 840 | 5,759 | (5,107) | (145,413) | 3,787,439 | 340,297 | 4,127,736 |
| Remeasurement of defined benefit liability | - | - | - | - | - | - | - | 2,433 | 2,433 | - | 2,433 |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | (25,869) | - | - | (25,869) | - | (25,869) |
| Cash flow hedge | - | - | - | - | - | - | 238,418 | - | 238,418 | - | 238,418 |
| Share of loss in reserves attributable to associates | - | - | - | - | - | - | (57,230) | - | (57,230) | - | (57,230) |
| Other comprehensive (expense)/income for the year | - | - | - | - | - | (25,869) | 181,188 | 2,433 | 157,752 | - | 157,752 |
| Profit for the year | - | - | - | - | - | - | - | 161,533 | 161,533 | 73,125 | 234,658 |
| Comprehensive income for the year | - | - | - | - | - | (25,869) | 181,188 | 163,966 | 319,285 | 73,125 | 392,410 |
| Dividends to owners of the Company | - | - | - | - | - | - | - | (191,000) | (191,000) | - | (191,000) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | (190,000) | (190,000) |
| Total distribution to owners | - | - | - | - | - | - | - | (191,000) | (191,000) | (190,000) | (381,000) |
| At 31 December 2013 | 351,344 | 4,179 | 3,162,096 | 413,741 | 840 | (20,110) | 176,081 | (172,447) | 3,915,724 | 223,422 | 4,139,146 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)



Consolidated statements of changes in equity for the years ended 31 December 2012, 2013 and 2014 (continued)

| | Share capital | | Share premium | | Reserves | | Attributable to owners of the Company | | Distributable | | Non-controlling interests | | Total equity RM'000 |
|---|---------------|--------|---------------|---------|----------|----------|---------------------------------------|-----------|---------------|----------|---------------------------|--------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At 1 January 2014 | 351,344 | 4,179 | 3,162,096 | 413,741 | 840 | (20,110) | 176,081 | (172,447) | 3,915,724 | 223,422 | 4,139,146 | | |
| Remeasurement of defined benefit liability | - | - | - | - | - | - | - | 413 | 413 | - | 413 | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | 5,166 | - | - | 5,166 | - | 5,166 | | |
| Cash flow hedge | - | - | - | - | - | - | (78,095) | - | (78,095) | - | (78,095) | | |
| Share of loss on hedging reserve of equity-accounted associates | - | - | - | - | - | - | (22,608) | - | (22,608) | - | (22,608) | | |
| Other comprehensive income/(expense) for the year | - | - | - | - | - | 5,166 | (100,703) | 413 | (95,124) | - | (95,124) | | |
| Profit for the year | - | - | - | - | - | - | - | 341,549 | 341,549 | 71,295 | 412,844 | | |
| Comprehensive income for the year | - | - | - | - | - | 5,166 | (100,703) | 341,962 | 246,425 | 71,295 | 317,720 | | |
| Dividends to owners of the Company | - | - | - | - | - | - | - | (198,500) | (198,500) | - | (198,500) | | |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | (81,750) | (81,750) | | |
| Total distribution to owners | - | - | - | - | - | - | - | (198,500) | (198,500) | (81,750) | (280,250) | | |
| At 31 December 2014 | 351,344 | 4,179 | 3,162,096 | 413,741 | 840 | (14,944) | 75,378 | (28,985) | 3,963,649 | 212,967 | 4,176,616 | | |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

Consolidated statements of cash flows for the years ended 31 December 2012, 2013 and 2014

| | Financial year ended 31 December | | |
|---|----------------------------------|------------------|------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Cash flows from operating activities | | | |
| Profit before tax | 704,631 | 84,147 | 595,484 |
| <i>Adjustments for:</i> | | | |
| Amortisation of prepaid lease payments | 4,343 | 4,346 | 4,344 |
| Amortisation of intangible assets | 440,093 | 469,837 | 511,742 |
| Amortisation of transaction costs of hedging instruments | 7,327 | 12,144 | 12,146 |
| Depreciation of property, plant and equipment | 435,632 | 471,266 | 558,644 |
| Finance costs | 797,279 | 840,318 | 911,242 |
| Gain on disposal of investment in a subsidiary | (26,700) | - | - |
| Impairment loss on trade receivables | 16,105 | 177,273 | 48,973 |
| Interest income | (159,380) | (161,052) | (132,688) |
| Loss on disposal of property, plant and equipment | - | - | 2,622 |
| Gain arising from change in fair value of derivative financial instruments | (912) | (44,041) | (5,891) |
| Property, plant and equipment written off | 1,774 | 127,126 | 20,897 |
| Expenses related to retirement benefit plans | 8,760 | 13,260 | 11,976 |
| Reversal of impairment loss on trade receivables | (10,307) | (6,079) | (3,295) |
| Share of profit of equity-accounted associates and a joint venture entity, net of tax | (105,051) | (61,202) | (41,667) |
| | <u>2,113,594</u> | <u>1,927,343</u> | <u>2,494,529</u> |
| <i>Changes in:</i> | | | |
| Inventories | (9,374) | 14,723 | (20,291) |
| Trade and other receivables | (133,820) | 7,311 | (2,413) |
| Trade and other payables | 11,220 | (422,536) | 112,275 |
| Deferred income | 289,669 | 279,380 | 273,095 |
| Employee benefits | (2,441) | (16,628) | (4,484) |
| Cash generated from operations | <u>2,268,848</u> | <u>1,789,593</u> | <u>2,852,711</u> |
| Income taxes paid | (226,404) | (152,989) | (150,761) |
| Net cash from operating activities | <u>2,042,444</u> | <u>1,636,604</u> | <u>2,701,950</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

Consolidated statements of cash flows for the years ended 31 December 2012, 2013 and 2014 (continued)

| | Financial year ended 31 December | | |
|---|----------------------------------|--------------------|------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | (1,978,304) | (2,534,967) | (1,614,561) |
| Acquisition of assets and liabilities of Hicom Power Sdn. Bhd., net of cash and cash equivalents acquired | (76,665) | - | - |
| Acquisition of associates | (347,563) | (2,472) | - |
| Acquisition of subsidiaries, net of cash and cash equivalents acquired | - | (360,151) | (153,541) |
| (Increase)/Decrease in other investments | (968,832) | 1,289,623 | 844,445 |
| Dividends received from associates | 62,904 | 54,368 | 19,975 |
| Decrease in deposits pledged | 16,323 | - | - |
| Increase in investment in associates | - | - | (36,755) |
| Interest received | 99,458 | 146,440 | 111,997 |
| Proceeds from disposal of property, plant and equipment | - | - | 215 |
| Proceeds from disposal of a subsidiary | 74,568 | - | - |
| Proceeds from redemption of unsecured loan stocks | 44,735 | - | 29,682 |
| Redemption of unsecured loan stocks | (59,219) | (19,543) | (57,625) |
| Net cash used in investing activities | (3,132,595) | (1,426,702) | (856,168) |
| Cash flows from financing activities | | | |
| Dividends paid to the owners of the Company | (184,370) | (191,000) | (198,500) |
| Dividends paid to non-controlling interests | (41,017) | (190,000) | (81,750) |
| Interest paid | (644,269) | (923,463) | (965,724) |
| Repayment of borrowings | (6,284,000) | (11,289,771) | (959,930) |
| Proceeds from borrowings | 9,343,174 | 12,061,722 | 1,559,239 |
| Net cash from/(used in) financing activities | 2,189,518 | (532,512) | (646,665) |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

Consolidated statements of cash flows for the years ended 31 December 2012, 2013 and 2014 (continued)

| | Note | Financial year ended 31 December | | |
|--|------|----------------------------------|----------------|----------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Net increase/(decrease) in cash and cash equivalents | | 1,099,367 | (322,610) | 1,199,117 |
| Cash and cash equivalents at beginning of the year | | 1,599,026 | 2,698,393 | 2,375,783 |
| Cash and cash equivalents at end of the year | (i) | 2,698,393 | 2,375,783 | 3,574,900 |

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

| | Note | Financial year ended 31 December | | |
|--|------|----------------------------------|----------------|----------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Deposits with licensed banks and other licensed corporations | | 5,066,330 | 3,306,899 | 3,433,561 |
| Less: Other investments | 12 | (2,455,577) | (1,165,954) | (321,509) |
| | | 2,610,753 | 2,140,945 | 3,112,052 |
| Cash and bank balances | 13 | 87,640 | 234,838 | 462,848 |
| | | 2,698,393 | 2,375,783 | 3,574,900 |

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****Notes to the consolidated financial statements**

These consolidated financial statements of Malakoff Corporation Berhad (“Malakoff” or “the Company”) and its subsidiaries (“the Group”) have been prepared solely in connection with the initial public offering and the listing of and quotation for the entire issued and paid-up share capital of Malakoff.

The financial statements of the Group comprise subsidiaries, associates and an equity accounted joint venture as disclosed in Notes 36, 6 and 7 respectively. The principal activities of the subsidiaries, associates and an equity accounted joint venture and effective percentage of equity holdings are stated in the respective Note 36, 6 and 7 to the consolidated financial statements.

1. Basis of preparation**(a) Statement of compliance**

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) and International Financial Reporting Standards (“IFRSs”).

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosures of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements: Disclosure Initiative*

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)

The Group plans to apply the abovementioned accounting standards, amendments and interpretations which are applicable to the Group for annual periods beginning on or after 1 July 2014, 1 January 2016, 1 January 2017 and 1 January 2018.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

(i) *Lease accounting*

The Group has adopted IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, which prescribes that the determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfilment of the arrangement is depended on the use of specific assets and whether the arrangement conveys a right to use such assets. The adoption of IC Interpretation 4 has resulted in operating lease accounting being applied to the Group entities as lessor for the Power Purchase Agreements.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

1. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

(ii) Cash flow hedge accounting

The Group entered into various types of hedging contracts to hedge the interest rate risks and foreign exchange risk which both are arisen from the loan transactions. In merchant markets these contracts typically fall within the definition of derivative financial instruments and accordingly have to be marked to market. Accounting for these contracts as cash flow hedges allows, to the extent the hedge is effective, the changes in value of the derivatives to be deferred in equity. In order to achieve cash flow hedge accounting it is necessary for the Group to determine, on an on-going basis, whether a forecast transaction is both highly probable and whether the hedge is effective. This requires both subjective and objective measures of determination.

(iii) Fair value of derivatives

In the previous financial years, the Group presented its financial statements in accordance with the requirements of MFRS 132 "Financial Instruments: Presentation and Disclosure" and MFRS 139 "Financial Instruments: Recognition and Measurement". In accordance with MFRS 139, the Group records its derivative contracts on its balance sheet at fair value. Changes in the value of its derivative contracts in each period are recorded in earnings unless strict hedge accounting criteria are met which allow the movement in fair value to be recorded within equity. The Group estimates the fair value of its derivative contracts by reference to forward and discount curves. The forward curve is derived from a reputable provider of financial market data, over the short-term horizon period, and from valuation techniques over the more distant horizon period. The assumptions used during the application of valuation techniques will directly impact the shape of the forward curve. The forward curves are only estimates of future rates and thus possess inherent uncertainty and subjectivity.

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement*. The details of the accounting policies are shown in Note 2(s).

(iv) Residual value

The Group assesses the appropriateness of the residual values of the power plants at the end of the initial concession period. The Group considered and adopted the recoverable values of the assets based on the valuation judgement by a professional valuer and the discounted cash flow method with the assumptions as shown in Note 2(d)(iv).

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

1. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

(v) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtors, the probability that the debtors will enter bankruptcy, and default or significant delay in payments are considered objective evidence that the receivables are impaired. In determining this, management makes judgment as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtors, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgments as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. As at 31 December 2014, the total allowance for impairment loss was approximately RM360,627,000 (31 December 2013: RM228,288,000, 31 December 2012: RM57,094,000).

(vi) Provision for retirement benefits

The provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, future salary increase, mortality rates, resignation rate and normal retirement age. As such, this estimated provision amount is subject to significant uncertainty.

(vii) Deferred Tax

Estimating the deferred tax assets to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing our ability to utilise tax benefits through future earnings.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****2. Significant accounting policies (continued)****(a) Basis of consolidation (continued)****(ii) Business combinations (continued)**

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Group's statement of financial position at cost less any impairment losses, unless it is classified as held for sale or distribution. The cost of investments includes transaction cost.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Group's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Group, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Group. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****2. Significant accounting policies (continued)****(b) Foreign currency (continued)****(ii) Operations denominated in functional currencies other than Ringgit Malaysia**

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2009 (the date when the Group first adopted MFRSs) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group categorise financial instruments as follows:

*Financial assets**(a) Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measure are measure at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)).

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

(iii) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain and loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Hedge accounting (continued)

Cash flow hedge (continued)

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge transaction is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****2. Significant accounting policies (continued)****(d) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are 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. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other operating expenses" respectively in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that assets, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. All spare parts including common spares, emergency spares and consumable spares which expected to be used for more than one period is classified under C-inspection costs within property, plant and equipment. Spare parts which can only be used as part of an equipment purchased or plant constructed are depreciated in the same manner of the C-inspection costs. Common spare that can be used for more than a single equipment or plant is not depreciated before use. Upon use, it is depreciated over the remaining estimated useful life of the larger equipment or plant.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|----------------------------------|--------------|
| • Buildings | 5 - 20 years |
| • C-inspection costs | 3 - 6 years |
| • Plant and machinery | 5 - 31 years |
| • Office equipment and furniture | 5 years |
| • Motor vehicles | 5 years |
| • Computers | 3 years |

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

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iv) Residual value

The Group charges depreciation on its depreciable property, plant and equipment based on the useful lives and residual values of the assets. Estimating the useful lives and residual values of property, plant and equipment involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual useful lives and residual values of the assets however, may be different from expected.

The Power Purchase Agreements (“PPAs”) provide for the disposal of the power plants at the end of the initial concession period, in the event that the PPAs are not extended. In assessing the appropriateness of the residual values adopted, management considered the recoverable values of the assets based on the following methods:

(a) Valuation judgement by a professional valuer

The residual value as at 21 January 2016 of the plant and machinery assets of Port Dickson Power Berhad will be RM61.8 million.

The valuation judgement by a professional valuer was derived using the following critical assumptions:

- (i) All plant and equipment will be removed only at the end of the 21 year power supply agreement;
- (ii) The recoverable steel within the power house and tank farm will be sold in the local market; and
- (iii) All metals of value will be recovered.

(b) The discounted cash flow method (“DCF”)

The discounted cash flows were derived using the following critical assumptions:

- (1) extension of five to ten years of the PPAs at the end of the initial concession period, in view of:
 - (i) limited new power plants being constructed;
 - (ii) increase in demand for power; and
 - (iii) Tenaga Nasional Berhad (“TNB”)’s continued reliance on Independent Power Producers (“IPPs”).

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iv) Residual value (continued)

(b) The discounted cash flow method ("DCF") (continued)

The existing PPAs expire as follow:

| PPA Owner | Year of expiry | 31 December | | |
|----------------------------------|----------------|--------------------|--------------------|--------------------|
| | | 2012 RM'million | 2013 RM'million | 2014 RM'million |
| Segari Energy Ventures Sdn. Bhd. | 2027 | 370 | 370 | 370 |
| GB3 Sdn. Bhd. | 2022 | 514 | 514 | 514 |
| Prai Power Sdn. Bhd. | 2024 | 315 | 315 | 315 |
| Tanjung Bin Power Sdn. Bhd. | 2031 | 1,924 | 1,924 | 1,924 |
| | | 3,123 | 3,123 | 3,123 |

- (2) an estimated Variable Operating Rate ("VOR") during the extension period which management deems to be reasonable based on the expected demand and the VOR rate at the end of the PPA;
- (3) an average despatch factor of 20% and 83% to reflect the future demand for power by the industry; and
- (4) the pre-tax discount rate of 7.5% per annum.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance lease (continued)

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

(a) *Group as lessee***Leasehold land**

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(b) *Group as lessor***Power purchase agreement**

The Group adopted IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, which prescribed that the determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific asset and whether the arrangement conveys a right to use such assets. An arrangement that contains a lease is accounted for as a finance lease or an operating lease. Payment for services and the cost of inputs of the arrangement are excluded from the calculation of the minimum lease payments.

The operating lease income is recognised over the term of the lease on a straight-line basis.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint venture.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible assets with indefinite useful life are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets with a finite useful life are amortised from the date that they are available for use. Amortisation is based on straight-line basis over its useful life or using the unit of production method. The amortisation is recognised within the "cost of sales" and "other operating expenses", respectively in statement of profit or loss and other comprehensive income.

Amortisation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****2. Significant accounting policies (continued)****(g) Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short term commitments.

(i) Impairment**(i) Financial assets**

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates and joint venture) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****2. Significant accounting policies (continued)****(i) Impairment (continued)****(ii) Other assets (continued)**

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not re-measured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****2. Significant accounting policies (continued)****(k) Employee benefits****(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income.

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****2. Significant accounting policies (continued)****(k) Employee benefits (continued)****(iii) Defined benefit plans (continued)**

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(l) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(m) Revenue and other income

(i) Energy payments, operation and maintenance charges and project management fees

Revenue is measured at the fair value of the consideration received or receivable and is recognised in profit or loss as it accrues.

(ii) Capacity payment

Revenue is recognised on a straight-line basis where the PPA is considered to be or to contain an operating lease.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Lease income

Lease income is recognised in profit or loss by using effective interest method over the term of the lease.

(n) Deferred income

Deferred income comprise the capacity payments received from Tenaga Nasional Berhad in relation to the PPA. The amount is credited to profit or loss on a straight-line basis over the term of the respective PPA under "Revenue" in the statement of comprehensive income.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(o) Borrowing costs (continued)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

2. Significant accounting policies (continued)

(p) Income tax (continued)

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****2. Significant accounting policies (continued)****(s) Fair value measurement (continued)**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)



3. Property, plant and equipment

| Cost | Freehold land RM'000 | Leasehold land RM'000 | Buildings RM'000 | Construction under development ⁽ⁱ⁾ RM'000 | Power plants RM'000 | C-Inspection costs RM'000 | Plant and machinery RM'000 | Office equipment and furniture RM'000 | Motor vehicles RM'000 | Computers RM'000 | Total RM'000 |
|--|----------------------|-----------------------|------------------|--|---------------------|---------------------------|----------------------------|---------------------------------------|-----------------------|------------------|--------------|
| | | | | | | | | | | | |
| At 1 January 2012 | 21,516 | 13,182 | 27,789 | 27,514 | 12,100,047 | 707,560 | 52,170 | 76,227 | 6,723 | 60,853 | 13,093,581 |
| Additions | - | - | 2 | 1,834,163* | 13,795 | 85,506 | 33,762 | 5,492 | 1,077 | 4,729 | 1,978,526 |
| Write-off | - | - | - | (1,774) | - | - | - | - | - | - | (1,774) |
| Reclassification | - | - | - | (22,408) | - | - | 22,408 | - | - | - | - |
| At 31 December 2012/1 January 2013 | 21,516 | 13,182 | 27,791 | 1,837,495 | 12,113,842 | 793,066 | 108,340 | 81,719 | 7,800 | 65,582 | 15,070,333 |
| Additions | - | - | 2 | 1,994,384* | 24,599 | 470,309 | 5,270 | 27,191 | 2,651 | 10,561 | 2,534,967 |
| Write-off | - | - | - | - | (135,312) | (145,113) | - | (90) | - | (4) | (280,519) |
| Reclassification | - | - | - | (1,463) | - | - | - | 1,463 | - | - | - |
| At 31 December 2013/1 January 2014 | 21,516 | 13,182 | 27,793 | 3,830,416 | 12,003,129 | 1,118,262 | 113,610 | 110,283 | 10,451 | 76,139 | 17,324,781 |
| Acquisition through business combination | 94,000 | - | 6,083 | - | 674,056 | - | 4,408 | 1,708 | 142 | 1,041 | 781,438 |
| Additions | - | - | 1,610 | 1,375,951* | 53,267 | 158,358 | 6,666 | 12,521 | 1,169 | 5,019 | 1,614,561 |
| Disposal | - | - | - | (580) | (2,056) | - | (1,041) | (2,109) | (592) | (155) | (6,533) |
| Write-off | - | - | - | - | (26,229) | - | - | - | - | - | (26,229) |
| Reclassification | - | - | - | (4,021) | - | - | 3,104 | 917 | - | - | - |
| At 31 December 2014 | 115,516 | 13,182 | 35,486 | 5,201,766 | 12,702,167 | 1,276,620 | 126,747 | 123,320 | 11,170 | 82,044 | 19,688,018 |

* Includes interest capitalised of RM246,794,000 (31 December 2013: RM173,337,000, 31 December 2012: RM96,355,000).



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

3. Property, plant and equipment (continued)

| | Freehold land RM'000 | Leasehold land RM'000 | Buildings RM'000 | Construction RM'000 | Asset ⁽ⁱ⁾ under construction RM'000 | Power plants RM'000 | C- Inspection costs RM'000 | Plant and machinery RM'000 | Office equipment and furniture RM'000 | Motor vehicles RM'000 | Computers RM'000 | Total RM'000 |
|---|-------------------------|--------------------------|---------------------|------------------------|---|------------------------|----------------------------------|-------------------------------|---|--------------------------|---------------------|-----------------|
| Accumulated | | | | | | | | | | | | |
| Depreciation | | | | | | | | | | | | |
| At 1 January 2012 | - | 2,161 | 13,324 | - | - | 2,966,908 | 400,092 | 18,381 | 57,047 | 5,253 | 47,079 | 3,510,245 |
| Depreciation for the year | - | 136 | 1,338 | - | - | 347,312 | 66,569 | 2,704 | 9,348 | 621 | 7,604 | 435,632 |
| At 31 December 2012/ | | | | | | | | | | | | |
| 1 January 2013 | - | 2,297 | 14,662 | - | - | 3,314,220 | 466,661 | 21,085 | 66,395 | 5,874 | 54,683 | 3,945,877 |
| Depreciation for the year | - | 135 | 1,338 | - | - | 337,461 | 101,153 | 11,631 | 9,355 | 1,058 | 9,135 | 471,266 |
| Write-off | - | - | - | - | - | (25,925) | (127,424) | - | (40) | - | (4) | (153,393) |
| At 31 December 2013/ | | | | | | | | | | | | |
| 1 January 2014 | - | 2,432 | 16,000 | - | - | 3,625,756 | 440,390 | 32,716 | 75,710 | 6,932 | 63,814 | 4,263,750 |
| Acquisition through business combination | - | - | 5,546 | - | - | 538,332 | - | 4,299 | 1,432 | 98 | 993 | 550,700 |
| Depreciation for the year | - | 63 | 2,050 | - | - | 363,022 | 165,653 | 8,059 | 10,488 | 1,501 | 7,808 | 558,644 |
| Disposal | - | - | - | - | - | - | - | (1,033) | (1,992) | (521) | (150) | (3,696) |
| Write-off | - | - | - | - | - | (5,332) | - | - | - | - | - | (5,332) |
| At 31 December 2014 | | | | | | | | | | | | |
| | - | 2,495 | 23,596 | - | - | 4,521,778 | 606,043 | 44,041 | 85,638 | 8,010 | 72,465 | 5,364,066 |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

3. Property, plant and equipment (continued)

| Carrying amount | Freehold land RM'000 | Leasehold land RM'000 | Buildings RM'000 | under construction RM'000 | Power plants RM'000 | C- Inspection costs RM'000 | Plant and machinery RM'000 | Office equipment and furniture RM'000 | Motor vehicles RM'000 | Computers RM'000 | Total RM'000 |
|--|-------------------------|--------------------------|---------------------|------------------------------|------------------------|----------------------------------|-------------------------------|--|--------------------------|---------------------|-----------------|
| | | | | | | | | | | | |
| At 31 December 2012/ 1 January 2013 | 21,516 | 10,885 | 13,129 | 1,837,495 | 8,799,622 | 326,405 | 87,255 | 15,324 | 1,926 | 10,899 | 11,124,456 |
| At 31 December 2013/ 1 January 2014 | 21,516 | 10,750 | 11,793 | 3,830,416 | 8,377,373 | 677,872 | 80,894 | 34,573 | 3,519 | 12,325 | 13,061,031 |
| At 31 December 2014 | 115,516 | 10,687 | 11,890 | 5,201,766 | 8,180,389 | 670,577 | 82,706 | 37,682 | 3,160 | 9,579 | 14,323,952 |

(i) The Tanjung Bin Energy Issuer Berhad's ("TBEI") Power Plant is being constructed by the EPC contractors comprising Alstom Power, Alstom Services, Shin Eversendai and Mudajaya pursuant to the TBEI EPC Contract. Under this contract, the EPC contractors have been appointed for the design, engineering, procurement, construction, installation, testing, commissioning and completion of the TBEI's Power Plant. The payments to the EPC contractors under the TBEI EPC Contract are based on certain milestones specified under the contract being achieved. Under this contract, the EPC contractors are required to achieve the plant's Commercial Operation Date ("COD") by 1 March 2016.

The EPC contractors for the construction of the TBEI's Power Plant have reported to the Group that the actual physical completion stood at 84.36% against a scheduled completion of 92.72%, resulting in a variance of approximately 9% of the construction progress as of 31 December 2014 due to civil engineering works at the plant site. Efforts are currently being put in place including extending working hours with increased manpower and resources by the EPC contractors to reduce the said variance. The civil engineering works related to the plant have now substantially completed, and the Group believe that the variance will be further reduced. The Group expects to make an insurance claim with respect to any delay in achieving the plant's COD and expects that the insurance proceeds will substantially mitigate any claims.

Securities

At 31 December 2014, certain of the Group's properties with a carrying amount of RM13,335,958,000 (31 December 2013: RM12,261,679,000, 31 December 2012: RM10,664,800,000) were charged as securities for debt securities issued by the subsidiaries (see Note 15 – loans and borrowings).

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

4. Intangible assets



| | Subsidiaries | | | Associates | | |
|---|--------------------|---|-----------------|--------------------|--|-----------------|
| | Goodwill RM'000 | Interest over Power Purchase and Operation and Maintenance Agreements RM'000 | Total RM'000 | Goodwill RM'000 | Interest over Power Purchase and Power and Water Purchase Agreements RM'000 | Total RM'000 |
| <i>Cost</i> | | | | | | |
| 1 January 2012 | 8,232 | 7,103,796 | 7,112,028 | - | 857,970 | 857,970 |
| Addition | - | 548,074 | 548,074 | 265,583 | 81,103 | 346,686 |
| 31 December 2012/ 1 January 2013 | 8,232 | 7,651,870 | 7,660,102 | 265,583 | 939,073 | 1,204,656 |
| Effect of movements in exchange rate | - | - | - | 19,182 | - | 19,182 |
| 31 December 2013/ 1 January 2014 | 8,232 | 7,651,870 | 7,660,102 | 284,765 | 939,073 | 1,223,838 |
| Addition | - | 100,739 | 100,739 | - | - | - |
| Effect of movements in exchange rate | - | - | - | 19,214 | - | 19,214 |
| 31 December 2014 | 8,232 | 7,752,609 | 7,760,841 | 303,979 | 939,073 | 1,243,052 |
| <i>Amortisation and impairment loss</i> | | | | | | |
| At 1 January 2012 | 859 | 1,759,167 | 1,760,026 | - | 636,264 | 636,264 |
| Amortisation for the year | - | 401,555 | 401,555 | - | 38,538 | 38,538 |
| At 31 December 2012/ 1 January 2013 | 859 | 2,160,722 | 2,161,581 | - | 674,802 | 674,802 |
| Amortisation for the year | - | 427,162 | 427,162 | - | 42,675 | 42,675 |
| At 31 December 2013/ 1 January 2014 | 859 | 2,587,884 | 2,588,743 | - | 717,477 | 717,477 |
| Amortisation for the year | - | 467,871 | 467,871 | - | 43,871 | 43,871 |
| At 31 December 2014 | 859 | 3,055,755 | 3,056,614 | - | 761,348 | 761,348 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)



4. Intangible assets (continued)

| | Subsidiaries | | Associates | | |
|------------------------------------|--------------------|--|--------------------|--|-----------------|
| | Goodwill RM'000 | Interest over Power Purchase and Operation and Maintenance Agreement RM'000 | Goodwill RM'000 | Interest over Power Purchase and Power and Water Purchase Agreements RM'000 | Total RM'000 |
| <i>Carrying amount</i> | | | | | |
| At 31 December 2012/1 January 2013 | 7,373 | 5,491,148 | 265,583 | 264,271 | 529,854 |
| At 31 December 2013/1 January 2014 | 7,373 | 5,063,986 | 284,765 | 221,596 | 506,361 |
| At 31 December 2014 | 7,373 | 4,696,854 | 303,979 | 177,725 | 481,704 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

4. Intangible assets (continued)

Intangible assets arising from interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements

The Group's revenue is substantially derived from the generation and sale of electricity energy and generating capacity in Malaysia, which is governed by the Power Purchase Agreements ("PPAs") (together with the Independent Power Producer ("IPP Licences") issued by the Ministry of Energy, Water and Communications) and Power and Water Purchase Agreement ("PWPA") held by the respective power producing subsidiaries and associates. The Operation and Maintenance Agreements ("OMAs") which held by certain subsidiaries that engaged in operations and maintenance are in associated with the specific Independent Power Producer within the Group.

The Group has determined the expected cash flows to be generated from the PPAs, OMAs (together with the IPP Licences) and PWPA as Intangible Assets.

The PPAs and the IPP Licences and OMAs held by subsidiaries in Malaysia are recognised as a single asset in accordance with MFRS 138 *Intangible Assets* in view that they are required for the generation, operation and maintenance, sale of electrical energy and generating capacity in Malaysia.

In 2012 and 2013, there were six (6) PPAs (together with the respective IPP Licences) held respectively by the Group's power producing subsidiaries of Segari Energy Ventures Sdn. Bhd. ("SEV"), GB3 Sdn. Bhd. ("GB3"), Prai Power Sdn. Bhd. ("PPSB") and Tanjung Bin Power Sdn. Bhd. ("TBP") and associates namely Kapar Energy Ventures Sdn. Bhd. ("KEV") and Port Dickson Power Berhad ("PD Power"). There were four (4) OMAs held by the Group's operations and maintenance subsidiaries namely Teknik Janakuasa Sdn. Bhd. ("TJSB"), Natural Analysis Sdn. Bhd. ("NASB"), Tanjung Bin O&M Berhad ("TBOM") and Malakoff Power Berhad ("MPB"). One (1) PWPA is held by Hidd Power Company B.S.C ("HPC"), an associate company.

In 2013, the OMAs held by TJSB and NASB were transferred to MPB, a wholly owned subsidiary of the Group with the completion of the Group's internal reorganisation exercise on 18 January 2013.

In 2014, the Group has acquired additional 75% and 100% equity interest in PD Power and PDP O&M Sdn. Bhd. ("PDP OM"), respectively. The acquisition was completed on 30 April 2014 upon which, the Group recognised an intangible asset arising from the acquisition of interest over the PPA and OMA held by PD Power and PDP OM, respectively. As at 31 December 2014, there were six (6) PPAs, one (1) PWPA and five (5) OMAs held by the Group.

These PPAs, PWPA and OMAs are the key documents that govern the underlying strength of the Group's cash flow, which provide for, *inter alia*, the electricity tariff, supply, operations and maintenance and all other terms to be met by the subsidiaries and associates.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

4. Intangible assets (continued)

Measurement

The fair value of the Intangible Assets arising from the PPAs, PWPA and OMAs were measured using the Multi-Period Excess Earnings Method ("MEEM") under the income method. The underlying rationale in the MEEM was that the fair value of an Intangible Asset represents the present value of the net income after taxes attributable to the Intangible Asset. The net income attributable to the Intangible Asset was the excess income after charging a fair return on and of all the assets that are necessary (contributory assets) to realise the net income. The contributory asset charges ("CAC") were based on the fair value of each contributory asset and represent the return on the assets. The assumption in calculating the CAC was that the owner of the Intangible Asset "rents" or "leases" the contributory assets from a hypothetical third party in an arm's length transaction in order to be able to derive income from the Intangible Asset. The present value of the expected income attributable to the Intangible Assets less CAC and taxes represents the value of the Intangible Asset.

The management had applied the following *key assumptions* in deriving the present value of the net income after taxes attributable to the Intangible Assets at the acquisition date:

| | |
|--|--|
| ● Remaining useful life of PPAs/PWPA/ OMAs | 2 – 25 years (in accordance with the respective PPAs, PWPA and OMAs) |
| ● Dependable Capacity :-Power :-Water | 350 MW – 2,420 MW 17,047 m ³ /hour |
| ● Capacity Factor :-Power :-Water | 10% – 75% of DC 91% – 99% of DC |
| ● Net Output :-Electrical (million kW/hour) :-Water (thousand m ³) | 213 – 11,197 67,370 – 73,771 |
| ● Capacity Rate :-Power (RM/kW/month) :-Water (RM/m ³ /month) | 11.35 – 50.00 1,222 – 1,339 |
| ● Fixed Operating Rate under Revenue (RM/kW/month) | 4.00 – 10.50 |
| ● Variable Operating Rate under Revenue :-Power (RM/kW/month) :-Water (RM/m ³ /month) | 0.013 – 4.775 58.20 – 116.40 |
| ● Fuel price (RM/mmBtu) | 4.60 – 13.70 |
| ● CAC | 17.77% – 28.00% of EBITDA |

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****4. Intangible assets (continued)****Measurement (continued)**

In applying the MEEM valuation methodology, the expected cash flows were discounted to their present value equivalent using a rate of return that reflects the relative risk of the cashflows, as well as the time value of money. This was calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate was range from 7.5% to 9% (2013: 9% to 10%, 2012: 9% to 10%) per annum.



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

4. Intangible assets (continued)

Impairment testing for cash generating units ("CGUs") containing goodwill and interest over Power Purchase, Power and Water Purchase, Power and Water Purchase and Operation and Maintenance Agreements

The carrying amounts of the goodwill and the interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements are allocated to the following CGUs:

| | Allocated amount RM'000 | Impairment loss for the year RM'000 | Carrying amount | |
|--|----------------------------|--|-----------------|----------------|
| | | | 2012 RM'000 | 2014 RM'000 |
| Goodwill | | | | |
| CGUs – PPAs | | | | |
| SEV – gas-fuelled generation | 1,565 | - | 1,565 | 1,565 |
| GB3 – gas-fuelled generation | 392 | - | 392 | 392 |
| PPSB – gas-fuelled generation | 377 | - | 377 | 377 |
| TBP – coal-fired thermal generation | 3,159 | - | 3,159 | 3,159 |
| | 5,493 | - | 5,493 | 5,493 |
| CGUs – OMA | | | | |
| TJSB ⁽ⁱ⁾ | - | - | 1,577 | - |
| NASB ⁽ⁱ⁾ | - | - | 303 | - |
| MPB ⁽ⁱ⁾ | 1,880 | - | - | 1,880 |
| | 1,880 | - | 1,880 | 1,880 |
| CGU – PWPA | | | | |
| HPC – gas-fuelled and water production | 285,200 | - | 265,583 | 303,979 |
| Total goodwill | 292,573 | - | 272,956 | 311,352 |
| Less: Goodwill in an associate | (285,200) | - | (265,583) | (303,979) |
| | 7,373 | - | 7,373 | 7,373 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

4. Intangible assets (continued)

Impairment testing for cash generating units ("CGUs") containing goodwill and interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements (continued)

| | Allocated amount RM'000 | Impairment loss | | | | Carrying amount | | | |
|--|----------------------------|-----------------|--------|--------|-----------|-----------------|-----------|--------|--------|
| | | 2012 | | 2013 | | 2012 | | 2013 | |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest over PPAs, PWPA and OMAs | | | | | | | | | |
| CGUs - Interest over PPAs | | | | | | | | | |
| SEV - gas-fuelled generation | 492,633 | - | - | - | 745,441 | 600,979 | 456,518 | | |
| GB3 - gas-fuelled generation | 212,477 | - | - | - | 254,374 | 230,433 | 206,491 | | |
| PPSB - gas-fuelled generation | 218,978 | - | - | - | 256,037 | 234,860 | 213,684 | | |
| TBP - coal-fired thermal generation | 2,260,646 | - | - | - | 2,486,035 | 2,357,241 | 2,228,448 | | |
| PD Power - gas-fuelled generation | 76,354 | - | - | - | - | - | 61,723 | | |
| | 3,261,088 | - | - | - | 3,741,887 | 3,423,513 | 3,166,864 | | |
| KEV - multi-fuel power generation | 120,105 | - | - | - | 186,513 | 149,078 | 110,447 | | |
| | 3,381,193 | - | - | - | 3,928,400 | 3,572,591 | 3,277,311 | | |
| CGUs - Interest over OMAs | | | | | | | | | |
| TJSB ⁽ⁱ⁾ | - | - | - | - | 1,171,805 | - | - | | |
| NASB ⁽ⁱ⁾ | - | - | - | - | 31,587 | - | - | | |
| MPB ⁽ⁱ⁾ | 1,058,240 | - | - | - | - | 1,121,061 | 1,037,299 | | |
| TBOM | 499,569 | - | - | - | 545,869 | 519,412 | 492,690 | | |
| | 1,557,809 | - | - | - | 1,749,261 | 1,640,473 | 1,529,989 | | |
| CGU - Interest over PWPA | | | | | | | | | |
| HPC - gas-fuelled and water production | 68,588 | - | - | - | 77,758 | 72,518 | 67,279 | | |
| Total interest over | | | | | | | | | |
| PPAs, PWPA and OMAs | 5,007,590 | - | - | - | 5,755,419 | 5,285,582 | 4,874,579 | | |
| Less: Intangible assets in associates | (188,693) | - | - | - | (264,271) | (221,596) | (177,725) | | |
| | 4,818,897 | - | - | - | 5,491,148 | 5,063,986 | 4,696,854 | | |

(i) On 18 January 2013, the Group and the Company completed the internal reorganisation exercise which had resulted the creation of a Malaysia centric operation and maintenance ("O&M") entity, MPB through acquisition of the O&M business of TJSB and NASB. Consequently, the intangible assets from the interest over the OMAs held by TJSB and NASB were transferred to MPB. The internal reorganisation exercise did not entail any acquisition of new companies or disposal of any existing companies within the Group. As such, the Company's effective interest on its subsidiaries and associates remain unchanged.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

4. Intangible assets (continued)

Impairment testing for cash generating units (“CGUs”) containing goodwill and interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements (continued)

As at 31 December 2014, the total recoverable amount of the CGUs of the subsidiaries estimated based on value in use method, was RM16,390,000,000 (2013: RM15,164,000,000, 2012: RM11,187,000,000).

The impairment test of the above CGUs was based on the expected cash flows discounted to their present value equivalent using a rate of return that reflects the relative risk of the cashflows, as well as the time value of money. This is calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate was 7.5% (2013: 10%, 2012: 10%) per annum. The discount rate reflects the current market assessment of time value of money and is based on the estimated cost of capital. The management had applied the following *key assumptions* in deriving the present value of the net cash flow before taxes attributable to the Intangible Assets:

- It is assumed that the terms of the PPAs will remain unchanged throughout the concession period. It is assumed that HPC will obtain an approval for 10 year extension to its PWPA upon expiry.
- Remaining useful life of PPAs/PWPA/OMAs 8 – 17 years (in accordance with the respective PPAs, PWPA and OMAs)
- Dependable Capacity (DC) :-Power 350MW – 2,420MW (in accordance to the specifications of the respective plants)
:-Water 17,047 m³/hour
- Capacity Factor :-Power 1% – 98% of DC
:-Water 94% – 98% of DC
- Net Output :-Electrical (million kW/hour) 550 – 15,200
:-Water (thousand m³) 67,435 – 72,670
- Capacity Rate :-Power (RM/kW/month) 5.85 – 50.00
:-Water (RM/m³/month) 1,115
- Fixed Operating Rate under
Revenue – Power (RM/kW/month) 4.54 – 10.50
Revenue – Water (RM/m³/month) 208 – 256
- Variable Operating Rate under
Revenue :-Power (RM/kW/month) 0.0064 – 4.84
:-Water (RM/m³/month) 78 – 96
- Fuel price (RM/mmBtu) 6.07 – 63.39
- Variable Operating Rate under
Cost – Power (RM/kW/month) 0.0071 – 0.0240
- Fixed Operating Rate under
Cost – Power (RM/kW/month) 2.25 – 12.99

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

4. Intangible assets (continued)

Impairment testing for cash generating units (“CGUs”) containing goodwill and interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements (continued)

The values assigned to the key assumption represent management’s assessment of future trends in the power and utilities industry and are based on external sources and internal sources (historical data). As at 31 December 2014, 31 December 2013 and 31 December 2012, the estimated recoverable amount exceeds the carrying amount of the goodwill and interest on PPAs/PWPA/OMAs of the CGUs.

The above estimates are particularly sensitive in the following area:

An increase/(decrease) of 1 percentage point in the discount rate used would have (decreased)/increased the recoverable amounts by (RM687,000,000)/RM754,000,000.

5. Prepaid lease payments

| Leasehold land | Unexpired period less than 50 years RM'000 |
|--|---|
| Cost | |
| At 1 January 2012/31 December 2012/ 1 January 2013/31 December 2013/ 1 January 2014/31 December 2014 | 109,326 |
| Amortisation | |
| At 1 January 2012 | 25,962 |
| Amortisation for the year | 4,343 |
| | 30,305 |
| At 31 December 2012/1 January 2013 | 30,305 |
| Amortisation for the year | 4,346 |
| | 34,651 |
| At 31 December 2013/1 January 2014 | 34,651 |
| Amortisation for the year | 4,344 |
| | 38,995 |
| At 31 December 2014 | 38,995 |
| Carrying amounts | |
| At 31 December 2012/1 January 2013 | 79,021 |
| At 31 December 2013/1 January 2014 | 74,675 |
| At 31 December 2014 | 70,331 |

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13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

6. Investment in associates

| | 31 December | | |
|--|------------------|------------------|------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| At cost | | | |
| <i>Unquoted shares:</i> | | | |
| - in Malaysia | 41,475 | 41,475 | 14,400 |
| - outside Malaysia | 1,254 | 3,726 | 40,481 |
| <i>Unquoted preference shares:</i> | | | |
| - in Malaysia | 4,000 | 4,000 | 4,000 |
| <i>Unquoted loan stocks:</i> | | | |
| - in Malaysia | 357,030 | 357,030 | 356,630 |
| - outside Malaysia | 151,568 | 151,568 | 122,286 |
| Pre-acquisition reserves | 66,775 | 66,775 | 125,275 |
| Share of post-acquisition reserves | 217,711 | 163,523 | 58,543 |
| | <u>839,813</u> | <u>788,097</u> | <u>721,615</u> |
| Add: Intangible assets acquired through business combination (see Note 4) | | | |
| - Goodwill | 265,583 | 284,765 | 303,979 |
| - Interest over PPA and PWPA | 939,073 | 939,073 | 939,073 |
| | <u>1,204,656</u> | <u>1,223,838</u> | <u>1,243,052</u> |
| Less: Amortisation of intangible assets | | | |
| At 1 January | (172,618) | (211,156) | (253,831) |
| Amortisation for the year | (38,538) | (42,675) | (43,871) |
| At 31 December | <u>(211,156)</u> | <u>(253,831)</u> | <u>(297,702)</u> |
| Less: Impairment loss on intangible assets | | | |
| At 1 January/31 December | <u>(463,646)</u> | <u>(463,646)</u> | <u>(463,646)</u> |
| Carrying amount | 529,854 | 506,361 | 481,704 |
| | <u>1,369,667</u> | <u>1,294,458</u> | <u>1,203,319</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

6. Investment in associates (continued)

Details of associates are as follows:

| No. | Name of associate | Country of incorporation | Effective ownership interest (%) | | | Effective voting interest (%) | | | Principal activities |
|-----|--|--------------------------|----------------------------------|-------------|-------------|-------------------------------|-------------|--|----------------------|
| | | | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 | |
| | | | 31 December | 31 December | 31 December | 31 December | 31 December | | |
| 1. | Port Dickson Power Berhad* | Malaysia | 25 | 25 | - | 25 | 25 | Independent power producer licensed by the Government to supply electricity exclusively to TNB | |
| 2. | Kapar Energy Ventures Sdn. Bhd. | Malaysia | 40 | 40 | 40 | 40 | 40 | Generation and sale of electricity | |
| 3. | Lekir Bulk Terminal Sdn. Bhd. | Malaysia | 20 | 20 | 20 | 20 | 20 | Development, ownership and management of a dry bulk terminal | |
| 4. | Malaysian Shoaiba Consortium Sdn. Bhd. | Malaysia | 40 | 40 | 40 | 40 | 40 | Investment holding | |
| 5. | Saudi-Malaysia Water & Electricity Company Limited | Saudi Arabia | 20 | 20 | 20 | 20 | 20 | Offshore - Investment holding | |
| 6. | Shuaibah Water & Electricity Company Limited | Saudi Arabia | 12 | 12 | 12 | 12 | 12 | Design, construction, commissioning, testing, possession, operation and maintenance of crude oil fired power generation and water desalination plant | |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)



6. Investment in associates (continued)

Details of associates are as follows (continued):

| No. | Name of associate | Country of incorporation | Effective ownership interest (%) | | | Principal activities |
|-----|--|--------------------------|----------------------------------|-------------|-------------|--|
| | | | 2012 | 2013 | 2014 | |
| | | | 31 December | 31 December | 31 December | |
| 7. | Shuaibah Expansion Holding Company Limited | Saudi Arabia | 12 | 12 | 12 | Development, construction, ownership, operation and maintenance of Shuaibah Phase 3 Expansion independent water producer ("IWP") and transport and sale of water and undertake all works and activities related thereto, directly or through another company holding most of its shares or stock |
| 8. | Shuaibah Expansion Project Company Limited | Saudi Arabia | 11.9 | 11.9 | 11.9 | Development, construction, possession, operation and maintenance of the Shuaibah Phase 3 Expansion IWP, transfer and sell water and all relevant works and activities |
| 9. | Oman Technical Partners Limited | British Virgin Islands | 43.4 | 43.4 | 43.4 | Offshore - Investment holding |
| 10. | Salalah Power Holdings Limited | Bermuda | 43.4 | 43.4 | 43.4 | Offshore - Investment holding |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

6. Investment in associates (continued)

Details of associates are as follows (continued):

| No. | Name of associate | Country of incorporation | Effective ownership interest (%) | | | Effective voting interest (%) | | | Principal activities |
|-----|---|--------------------------|----------------------------------|-------|-------|-------------------------------|------|------|---|
| | | | 2012 | 2013 | 2014 | 31 December | 2013 | 2014 | |
| 11. | Al-Imtiaz Operation and Maintenance Company Limited | Saudi Arabia | 20 | 20 | 20 | 20 | 20 | 20 | Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination |
| 12. | Saudi-Malaysia Operation and Maintenance Services Company Limited | Saudi Arabia | 20 | 20 | 20 | 20 | 20 | 20 | Operation and maintenance of power and water desalination plant |
| 13. | Hyflux-TJSB Algeria SPA | Algeria | 49 | 49 | 49 | 49 | 49 | 49 | Operation and maintenance of water desalination plant |
| 14. | Hidd Power Company B.S.C | Bahrain | 39.97 | 39.97 | 39.97 | 40 | 40 | 40 | Building, operation and maintenance of power and water stations for special purposes (specific supply only) |
| 15. | Muscat City Desalination Operation and Maintenance Company LLC | Oman | - | 31.5 | 31.5 | - | 31.5 | 31.5 | Operation and maintenance of pump stations and pipelines, installation and repair of electric power and transformer plants and telecommunications and radar plants, export and import offices, and laying and maintenance of all kinds of pipes |
| 16. | Muscat City Desalination Company S.A.O.C | Oman | - | 45 | 45 | - | 45 | 45 | Desalination of water |

* In 2014, the Group has acquired additional 75% stake in Port Dickson Power Berhad (Note 34)

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

6. Investment in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

| | <-----31 December 2012 -----> | | | |
|---|--|--|--|---|
| | Port Dickson Power Berhad RM'000 | Kapar Energy Ventures Sdn. Bhd. RM'000 | Shuaibah Water & Electricity Company Limited RM'000 | Hidd Power Company B.S.C RM'000 |
| Summarised financial information | | | | |
| As at 31 December | | | | |
| Non-current assets | 116,988 | 3,462,526 | 6,193,650 | 3,154,110 |
| Current assets | 223,670 | 1,296,217 | 388,962 | 270,757 |
| Non-current liabilities | (23,210) | (3,124,732) | (5,763,543) | (2,944,293) |
| Current liabilities | (48,461) | (1,290,314) | (172,816) | (354,610) |
| Net assets | 268,987 | 343,697 | 646,253 | 125,964 |
| Year ended 31 December | | | | |
| Profit for the year | 107,581 | 49,512 | 248,586 | 68,655 |
| Other comprehensive income | - | - | 33,112 | 20,562 |
| Total comprehensive income | 107,581 | 49,512 | 281,698 | 89,217 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

6. Investment in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

| | ←-----31 December 2012-----> | | | | | |
|--|--|--|--|---|---|-----------------|
| | Port Dickson Power Berhad RM'000 | Kapar Energy Ventures Sdn. Bhd. RM'000 | Shuaibah Water & Electricity Company Limited RM'000 | Hidd Power Company B.S.C RM'000 | Other individually immaterial associates RM'000 | Total RM'000 |
| Included in the total comprehensive income is: | | | | | | |
| Revenue | 239,148 | 3,086,729 | 881,066 | 951,779 | | |
| Depreciation and amortisation | (25,226) | (269) | (225,301) | (150,590) | | |
| Interest income | 2,005 | 13,205 | - | 13 | | |
| Interest expense | (1,024) | (287,587) | (317,508) | (161,509) | | |
| Income tax (expense)/benefit | (36,127) | 12,267 | - | - | | |
| Reconciliation of net assets to carrying amount | | | | | | |
| As at 31 December | | | | | | |
| Group's share of net assets | 67,247 | 137,479 | 77,550 | 50,348 | 150,159 | 482,783 |
| Goodwill | - | - | - | 265,583 | - | 265,583 |
| Intangible assets | - | 186,513 | - | 77,758 | - | 264,271 |
| Redeemable unsecured loan stocks | - | 357,030 | - | - | - | 357,030 |
| Carrying amount in the statement of financial position | 67,247 | 681,022 | 77,550 | 393,689 | 150,159 | 1,369,667 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)



6. Investment in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

| | -----31 December 2012-----> | | | | | |
|---|--|--|--|---|---|-----------------|
| | Port Dickson Power Berhad RM'000 | Kapar Energy Ventures Sdn. Bhd. RM'000 | Shuaibah Water & Electricity Company Limited RM'000 | Hidd Power Company B.S.C RM'000 | Other individually immaterial associates RM'000 | Total RM'000 |
| Group's share of result | | | | | | |
| Year ended 31 December | | | | | | |
| Group's share of profit/(loss) for the year | 26,895 | 19,805 | 29,830 | 27,441 | (849) | 103,122 |
| Group's share of other comprehensive income | - | - | - | - | - | - |
| Group's share of total comprehensive income/(expense) | 26,895 | 19,805 | 29,830 | 27,441 | (849) | 103,122 |
| Other information | | | | | | |
| Dividend received | 18,937 | - | 5,125 | 35,842 | 3,000 | 62,904 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

6. Investment in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

| | ←-----31 December 2013-----→ | | | |
|---|--|--|--|---|
| | Port Dickson Power Berhad RM'000 | Kapar Energy Ventures Sdn. Bhd. RM'000 | Shuaibah Water & Electricity Company Limited RM'000 | Hidd Power Company B.S.C RM'000 |
| Summarised financial information | | | | |
| As at 31 December | | | | |
| Non-current assets | 134,949 | 3,002,390 | 6,531,350 | 3,257,531 |
| Current assets | 152,386 | 1,733,204 | 429,933 | 293,508 |
| Non-current liabilities | (15,387) | (3,387,729) | (5,294,617) | (2,985,281) |
| Current liabilities | (35,461) | (1,027,965) | (553,766) | (414,676) |
| Net assets | 236,487 | 319,900 | 1,112,900 | 151,082 |
| Year ended 31 December | | | | |
| Profit/(Loss) for the year | 78,500 | (44,097) | 237,302 | 69,916 |
| Other comprehensive income | - | - | - | 263,751 |
| Total comprehensive income/(expense) | 78,500 | (44,097) | 237,302 | 333,667 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

6. Investment in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

| | ←-----31 December 2013-----→ | | | | | |
|---|--|--|--|---|---|-----------------|
| | Port Dickson Power Berhad RM'000 | Kapar Energy Ventures Sdn. Bhd. RM'000 | Shuaibah Water & Electricity Company Limited RM'000 | Hidd Power Company B.S.C RM'000 | □ther individually immaterial associates RM'000 | Total RM'000 |
| Included in the total comprehensive income/(expense) is: | | | | | | |
| Revenue | 321,602 | 2,622,256 | 902,163 | 976,116 | | |
| Depreciation and amortisation | (22,937) | (244) | (232,130) | (165,311) | | |
| Interest income | 1,713 | 16,937 | - | 13 | | |
| Interest expense | (1,314) | (288,523) | (324,195) | (156,318) | | |
| Income tax expense | (26,548) | (35,775) | - | - | | |
| Reconciliation of net assets to carrying amount | | | | | | |
| As at 31 December | | | | | | |
| Group's share of net assets | 59,122 | 127,960 | 124,344 | 60,388 | 59,253 | 431,067 |
| Goodwill | - | - | - | 284,765 | - | 284,765 |
| Intangible assets | - | 149,078 | - | 72,518 | - | 221,596 |
| Redeemable unsecured loan stocks | - | 357,030 | - | - | - | 357,030 |
| Carrying amount in the statement of financial position | 59,122 | 634,068 | 124,344 | 417,671 | 59,253 | 1,294,458 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

6. Investment in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

| | ←-----31 December 2013-----> | | | | | |
|--|--|--|--|---|---|-----------------|
| | Port Dickson Power Berhad RM'000 | Kapar Energy Ventures Sdn. Bhd. RM'000 | Shuaibah Water & Electricity Company Limited RM'000 | Hidd Power Company B.S.C RM'000 | Other individually immaterial associates RM'000 | Total RM'000 |
| Group's share of result | | | | | | |
| Year ended 31 December | 19,625 | (17,639) | 28,476 | 27,945 | (1,002) | 57,405 |
| Group's share of profit/(loss) for the year | - | - | (106,987) | 71,873 | (22,116) | (57,230) |
| Group's share of other comprehensive (expense)/income | 19,625 | (17,639) | (78,511) | 99,818 | (23,118) | 175 |
| Group's share of total comprehensive income/(expense) | 27,750 | - | - | 23,947 | 2,671 | 54,368 |
| Other information | | | | | | |
| Dividend received | | | | | | |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

6. Investment in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

| | <-----31 December 2014-----> | | |
|---|--|--|---|
| | Kapar Energy Ventures Sdn. Bhd. RM'000 | Shuaibah Water & Electricity Company Limited RM'000 | Hidd Power Company B.S.C RM'000 |
| Summarised financial information | | | |
| As at 31 December | | | |
| Non-current assets | 2,860,229 | 6,739,485 | 3,375,084 |
| Current assets | 1,519,584 | 429,755 | 317,601 |
| Non-current liabilities | (3,235,750) | (5,337,201) | (3,106,649) |
| Current liabilities | (952,954) | (538,611) | (418,414) |
| Net assets | 191,109 | 1,293,428 | 167,622 |
| Year ended 31 December | | | |
| (Loss)/Profit for the year | (128,789) | 269,492 | 104,130 |
| Other comprehensive income/(expense) | - | 13,800 | (59,423) |
| Total comprehensive (expense)/income | (128,789) | 283,292 | 44,707 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

6. Investment in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

| | -----31 December 2014 -----> | | | | |
|---|--|--|---|---|-----------------|
| | Kapar Energy Ventures Sdn. Bhd. RM'000 | Shuaibah Water & Electricity Company Limited RM'000 | Hidd Power Company B.S.C RM'000 | Other individually immaterial associates RM'000 | Total RM'000 |
| Included in the total comprehensive (expense)/income is: | | | | | |
| Revenue | 1,973,405 | 947,910 | 1,039,970 | | |
| Depreciation and amortisation | (241) | (241,788) | (160,454) | | |
| Interest income | 18,277 | - | 13 | | |
| Interest expense | (187,406) | (320,412) | (155,233) | | |
| Income tax expense | (42,801) | - | - | | |
| Reconciliation of net assets to carrying amount | | | | | |
| As at 31 December | | | | | |
| Group's share of net assets | 76,444 | 155,212 | 67,050 | 66,279 | 364,985 |
| Goodwill | - | - | 303,979 | - | 303,979 |
| Intangible assets | 110,447 | - | 67,278 | - | 177,725 |
| Redeemable unsecured loan stocks | 356,630 | - | - | - | 356,630 |
| Carrying amount in the statement of financial position | 543,521 | 155,212 | 438,307 | 66,279 | 1,203,319 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

6. Investment in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

| | -----31 December 2014 -----> | | | | |
|--|--|--|---|---|-----------------|
| | Kapar Energy Ventures Sdn. Bhd. RM'000 | Shuaibah Water & Electricity Company Limited RM'000 | Hidd Power Company B.S.C RM'000 | Other individually immaterial associates RM'000 | Total RM'000 |
| Group's share of result | | | | | |
| Year ended 31 December | | | | | |
| Group's share of (loss)/profit for the year | (51,515) | 32,339 | 41,652 | 12,536 | 35,012 |
| Group's share of other comprehensive income/(expense) | - | 1,656 | (23,769) | (495) | (22,608) |
| Group's share of total comprehensive (expense)/income | (51,515) | 33,995 | 17,883 | 12,041 | 12,404 |
| Other information | | | | | |
| Dividend received | - | - | (16,975) | (3,000) | (19,975) |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

7. Investment in an equity accounted joint venture

| | 31 December | | |
|------------------------------------|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| At cost | | | |
| Unquoted shares, outside Malaysia | 64,118 | 64,118 | 64,118 |
| Share of post-acquisition reserves | (16,685) | (12,888) | (6,233) |
| | <u>47,433</u> | <u>51,230</u> | <u>57,885</u> |

Almiyah Attilemcania SPA ("AAS"), a joint arrangement which is principally engaged in the construction, operation and maintenance of a sea water desalination plant and marketing of desalinated water produced in Algeria.

AAS is structured as a separate vehicle and provides the Group rights to the net assets of the entity. Accordingly, the Group has classified the investment in AAS as an equity accounted joint venture.

The following tables summarise the financial information of AAS, as adjusted for any differences in accounting policies and reconcile the information to the carrying amount of the Group's interest in AAS.

| | 31 December | | |
|----------------------------------|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Percentage of ownership interest | 35.7% | 35.7% | 35.7% |
| Percentage of voting interest | 40.0% | 40.0% | 40.0% |

Summarised financial information**As at 31 December**

| | | | |
|-------------------------|----------------|----------------|----------------|
| Non-current assets | 477,103 | 535,944 | 492,250 |
| Current assets | 236,535 | 192,352 | 232,888 |
| Non-current liabilities | (509,702) | (511,791) | (485,737) |
| Current liabilities | (71,070) | (73,004) | (77,258) |
| Net assets | <u>132,866</u> | <u>143,501</u> | <u>162,143</u> |

Year ended 31 December

| | | | |
|---------------------|--------------|---------------|---------------|
| Profit for the year | <u>5,402</u> | <u>10,636</u> | <u>18,641</u> |
|---------------------|--------------|---------------|---------------|

Included in the profit or loss for the year are:

| | | | |
|-------------------------------|----------|----------|----------|
| Revenue | 111,170 | 121,082 | 120,755 |
| Depreciation and amortisation | (20,576) | (23,156) | (21,463) |
| Interest expense | (20,455) | (19,752) | (17,139) |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

7. Investment in an equity accounted joint venture (continued)

| | 31 December | | |
|--|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Summarised financial information (continued) | | | |
| Reconciliation of net assets to carrying amount | | | |
| As at 31 December | | | |
| Group's share of net assets | 47,433 | 51,230 | 57,885 |
| Carrying amount in the statement of financial position | 47,433 | 51,230 | 57,885 |
| Group's share of result | | | |
| Year ended 31 December | | | |
| Group's share of profit for the year | 1,929 | 3,797 | 6,655 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

8. Finance lease receivable

The finance lease receivable relates to the 25-year lease agreement for the right to use and occupy 3 parcels of land, substation and assets.

The future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

| | 31 December | |
|---|--------------------|------------------|
| | 2013 | 2014 |
| | RM'000 | RM'000 |
| Minimum lease payments: | | |
| Within one year | 141,499 | 143,629 |
| 1-2 years | 146,452 | 157,675 |
| 2-5 years | 492,726 | 495,574 |
| Over 5 years | 4,166,757 | 3,916,436 |
| Gross investment in finance lease | 4,947,434 | 4,713,314 |
| Less : Unearned finance income | (2,934,489) | (2,722,340) |
| Present value of minimum lease payments | <u>2,012,945</u> | <u>1,990,974</u> |
| Analysed as: | | |
| Within one year | - | - |
| 1-2 years | - | 211 |
| 2-5 years | - | 24,960 |
| Over 5 years | 2,012,945 | 1,965,803 |
| Total finance lease receivable | <u>2,012,945</u> | <u>1,990,974</u> |
| Comprising: | | |
| Current | - | - |
| Non-current | 2,012,945 | 1,990,974 |
| | <u>2,012,945</u> | <u>1,990,974</u> |

For the financial year ended 31 December 2014, the Group recognised a finance lease income of RM160,161,000 (31 December 2013: RM80,268,000).

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

9. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | | Liabilities | | | Net | | |
|-------------------------------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Property, plant and equipment | - | - | - | (2,165,541) | (2,093,386) | (1,989,694) | (2,165,541) | (2,093,386) | (1,989,694) |
| Provisions | 70,814 | 147,053 | 216,594 | - | - | - | 70,814 | 147,053 | 216,594 |
| Intangibles | - | - | - | (1,293,661) | (1,183,274) | (1,087,657) | (1,293,661) | (1,183,274) | (1,087,657) |
| Unutilised tax losses | - | 38,143 | 21,467 | - | - | - | - | 38,143 | 21,467 |
| Unutilised capital allowances | 650,196 | 518,904 | 229,829 | - | - | - | 650,196 | 518,904 | 229,829 |
| Deferred income | 597,276 | 641,928 | 707,283 | - | - | - | 597,276 | 641,928 | 707,283 |
| Deferred expense | - | - | - | - | (19,545) | (41,279) | - | (19,545) | (41,279) |
| Others | 2,244 | 2,244 | 2,244 | - | - | - | 2,244 | 2,244 | 2,244 |
| Tax assets/(liabilities) | 1,320,530 | 1,348,272 | 1,177,417 | (3,459,202) | (3,296,205) | (3,118,630) | (2,138,672) | (1,947,933) | (1,941,213) |
| Set-off of tax | (708,960) | (650,760) | (397,568) | 708,960 | 650,760 | 397,568 | - | - | - |
| Net tax assets/(liabilities) | 611,570 | 697,512 | 779,849 | (2,750,242) | (2,645,445) | (2,721,062) | (2,138,672) | (1,947,933) | (1,941,213) |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information the Group (continued)

9. Deferred tax assets and liabilities (continued)

Movements in temporary differences during the year:

| | At 31.12.2011/ 1.1.2012 RM'000 | Recognised in profit or loss (Note 25) RM'000 | At 31.12.2012/ 1.1.2013 RM'000 | Recognised in profit or loss (Note 25) RM'000 | At 31.12.2013/ 1.1.2014 RM'000 | Recognised in profit or loss (Note 25) RM'000 | At 31.12.2014 1.1.2014 RM'000 | Recognised in other comprehensive income (Note 23) RM'000 | Arising from business combination (Note 34) RM'000 | At 31.12.2014 RM'000 |
|----------------------------------|---|---|---|---|---|---|--|--|--|----------------------------|
| Deferred tax assets | | | | | | | | | | |
| Provisions | 61,408 | 9,406 | 70,814 | 76,239 | 147,053 | 19,168 | 39,715 | 10,658 | 216,594 | |
| Unutilised tax losses | - | - | - | 38,143 | 38,143 | (16,676) | - | - | 21,467 | |
| Unutilised capital allowances | 750,059 | (99,863) | 650,196 | (131,292) | 518,904 | (289,075) | - | - | 229,829 | |
| Deferred income | 524,860 | 72,416 | 597,276 | 44,652 | 641,928 | 65,355 | - | - | 707,283 | |
| Others | 2,244 | - | 2,244 | - | 2,244 | - | - | - | 2,244 | |
| Tax assets | 1,338,571 | (18,041) | 1,320,530 | 27,742 | 1,348,272 | (221,228) | 39,715 | 10,658 | 1,177,417 | |
| Set-off of tax | (802,536) | 93,576 | (708,960) | 58,200 | (650,760) | 253,192 | - | - | (397,568) | |
| Net tax assets | 536,035 | 75,535 | 611,570 | 85,942 | 697,512 | 31,964 | 39,715 | 10,658 | 779,849 | |
| Deferred tax liabilities | | | | | | | | | | |
| Property, plant and equipment | (2,098,125) | (67,416) | (2,165,541) | 72,155 | (2,093,386) | 130,041 | - | - | (26,349) | (1,989,694) |
| Intangibles | (1,403,141) | 109,480 | (1,293,661) | 110,387 | (1,183,274) | 120,802 | - | - | (25,185) | (1,087,657) |
| Deferred expense | - | - | - | (19,545) | (19,545) | (21,734) | - | - | - | (41,279) |
| Tax liabilities | (3,501,266) | 42,064 | (3,459,202) | 162,997 | (3,296,205) | 229,109 | - | - | (51,534) | (3,118,630) |
| Set-off of tax | 802,536 | (93,576) | 708,960 | (58,200) | 650,760 | (253,192) | - | - | 397,568 | |
| Net tax liabilities | (2,698,730) | (51,512) | (2,750,242) | 104,797 | (2,645,445) | (24,083) | - | - | (51,534) | (2,721,062) |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

10. Trade and other receivables

| | Note | 31 December | | |
|-------------------------------------|------|----------------|----------------|----------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Non-current | | | | |
| Other receivables | 10.1 | 139,083 | 126,939 | 114,793 |
| Current | | | | |
| Trade | | | | |
| Trade receivables | 10.2 | 1,041,886 | 922,631 | 905,118 |
| Less: Allowance for impairment loss | | (57,094) | (228,288) | (360,627) |
| | | 984,792 | 694,343 | 544,491 |
| Non-trade | | | | |
| Amount due from an associate | 10.3 | 268,558 | 293,960 | 320,370 |
| Other receivables | | 136,408 | 136,456 | 297,619 |
| Deposits | | 65,475 | 105,783 | 107,150 |
| Prepayments | | 34,938 | 35,726 | 34,653 |
| | | 505,379 | 571,925 | 759,792 |
| | | 1,490,171 | 1,266,268 | 1,304,283 |
| | | 1,629,254 | 1,393,207 | 1,419,076 |

10.1 Other receivables

Other receivables represent the transaction costs which arose from derivative instruments, which will be amortised systematically over the tenure of the hedged item.

10.2 Trade receivables

Included in trade receivables of the Group is amount owing from an entity that is under common control by the Government of Malaysia (a party that has direct or indirect significant influence on the Group) as at the reporting period as follows:

| | Gross balance outstanding 31 December | | |
|------------------------|--|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Tenaga Nasional Berhad | 1,035,038 | 886,743 | 876,984 |

10.3 Amount due from an associate

The amount due from an associate relates to interest receivable subject to the existing terms of the unsecured loan stocks.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

11. Inventories

| | 31 December | | |
|------------------------|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| At cost | | | |
| Spares and consumables | 227,164 | 235,076 | 269,848 |
| Coal | 193,619 | 173,724 | 161,345 |
| Diesel fuel | 73,016 | 70,275 | 87,241 |
| | <u>493,799</u> | <u>479,075</u> | <u>518,434</u> |

12. Other investments

| | 31 December | | |
|--|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Loans and receivables: | | | |
| Deposits with licensed banks and other licensed corporations | 2,455,577 | 1,165,954 | 321,509 |

The carrying amount of fixed deposits is assumed to reasonably approximate their fair values.

Included in other investments of the Group are amounts that are placed with licensed banks and other licensed corporations which are under common control by the Government of Malaysia (a party that has an indirect significant influence on the Group) as at the reporting periods as follows:

| | 31 December | | |
|--|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Deposits with licensed banks and other licensed corporations | 1,070,413 | 681,542 | 170,360 |

13. ACCOUNTANTS' REPORT



A Historical Financial Information of the Group (continued)

13. Cash and cash equivalents

| | 31 December | | |
|--|------------------|------------------|------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Deposits with licensed banks and other licensed corporations | 2,610,753 | 2,140,945 | 3,112,052 |
| Cash and bank balances | 87,640 | 234,838 | 462,848 |
| | <u>2,698,393</u> | <u>2,375,783</u> | <u>3,574,900</u> |

Included in cash and cash equivalents of the Group are amounts that are placed with licensed banks and other licensed corporations which are under common control by the Government of Malaysia (a party that has an indirect significant influence on the Group) as at the reporting periods as follows:

| | 31 December | | |
|--|------------------|------------------|------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Deposits with licensed banks and other licensed corporations | <u>2,561,639</u> | <u>1,778,039</u> | <u>2,763,796</u> |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

14. Capital and reserves

14.1 Share capital

| | 31 December 2012 | | 31 December 2013 | | 31 December 2014 | |
|---|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|
| | Amount RM'000 | Number of shares '000 | Amount RM'000 | Number of shares '000 | Amount RM'000 | Number of shares '000 |
| Authorised: | | | | | | |
| Ordinary shares of RM1 each | 490,000 | 490,000 | 490,000 | 490,000 | 490,000 | 490,000 |
| Redeemable convertible non-cumulative preference shares of RM0.10 each | 10,000 | 100,000 | 10,000 | 100,000 | 10,000 | 100,000 |
| Issued and fully paid: | | | | | | |
| Ordinary shares of RM1 each: | | | | | | |
| At beginning/end of the year | 351,344 | 351,344 | 351,344 | 351,344 | 351,344 | 351,344 |
| Redeemable convertible non-cumulative preference shares of RM0.10 each: | | | | | | |
| At the beginning/end of the year | 4,179 | 41,792 | 4,179 | 41,792 | 4,179 | 41,792 |
| | 355,523 | 393,136 | 355,523 | 393,136 | 355,523 | 393,136 |

13. ACCOUNTANTS' REPORT (Cont'd)

**A Historical Financial Information of the Group (continued)****14. Capital and reserves (continued)****14.2 Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14.3 Redeemable convertible non-cumulative preference shares

Holders of redeemable convertible (at the option of the Company in the event the Company is listed on Bursa Malaysia) non-cumulative preference shares receive a non-cumulative gross dividend of RM1 per share at the Company's discretion and are distributed in priority to all dividends declared and payable to the Company's ordinary shareholders. They do not have the right to participate in any additional dividends declared for ordinary shareholders. Preference shares do not carry the right to vote except for variation of holders' rights to the class of shares, proposal to wind up and during the winding up of the Company, proposal to reduce the share capital of the Company and on the proposal for the disposal of the whole Company's property, business or undertaking. The preference shares shall rank equally among themselves in all respects and shall rank in senior to the ordinary shares but junior to the Junior Sukuk.

14.4 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

14.5 Capital redemption reserve

The Company had on 1 October 2009 redeemed 8,400,000 Redeemable Convertible Preference Shares ("RCPS") at a redemption price of RM10.00 per share comprising the nominal amount of RM0.10 each and premium of RM9.90 each to the RCPS holders registered in the Company's Register of Members. The redemption of the RCPS was made proportionately in respect of each holding of RCPS, fully paid out from the retained profits and share premium account of the Company.

In accordance with the requirement of Section 67A of the Companies Act, 1965, an amount equivalent to the nominal value of the RCPS totalling RM840,000 was transferred from the retained profits to the capital redemption reserve.

14.6 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related transactions that have not yet occurred.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

15. Loans and borrowings

| | 31 December | | |
|-------------------------------------|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Non-current | | | |
| <i>Secured</i> | | | |
| Al-Bai Bithamin Ajil ("ABBA") bonds | 130,000 | - | - |
| Al-Istisna bonds | 193,231 | 129,495 | 64,650 |
| AUD term loan 1 | - | 425,508 | 454,217 |
| AUD term loan 2 | - | 1,501,324 | 1,462,219 |
| RM term loan 1 | - | 39,220 | 47,153 |
| RM term loan 2 | - | - | 30,000 |
| Sukuk Ijarah medium term notes | 3,508,439 | 3,544,065 | 3,581,077 |
| Sukuk medium term notes 1 | 4,641,439 | - | - |
| Sukuk medium term notes 2 | - | 4,244,338 | 3,884,427 |
| Sukuk Wakalah | - | 450,000 | 400,000 |
| Senior Sukuk Murabahah | 3,290,000 | 3,290,000 | 3,290,000 |
| Senior USD term loan | - | - | 644,800 |
| Senior RM term loan | - | - | 364,000 |
| USD term loan | 266,989 | 277,107 | 286,363 |
| <i>Unsecured</i> | | | |
| Junior EBL term loan | 330,103 | 726,905 | 1,058,064 |
| Subordinated loan notes | 61,060 | 183,798 | 126,247 |
| Unrated Junior Sukuk Musharakah | 1,800,000 | 1,800,000 | 1,800,000 |
| | 14,221,261 | 16,611,760 | 17,493,217 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

15. Loans and borrowings (continued)

| | 31 December | | |
|-------------------------------------|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Current | | | |
| Secured | | | |
| Al-Bai Bithaman Ajil ("ABBA") bonds | 120,000 | 130,000 | - |
| Al-Istisna bonds | 63,639 | 63,736 | 64,845 |
| AUD term loan 2 | - | 10,872 | 13,629 |
| Commercial papers | - | 198,173 | - |
| RM term loan 1 | - | - | 1,347 |
| RM term loan 2 | - | - | 155,000 |
| Sukuk Ijarah medium term notes | 150,000 | - | - |
| Sukuk medium term notes 1 | 700,000 | - | - |
| Sukuk medium term notes 2 | - | 500,000 | 440,000 |
| Sukuk Wakalah | - | 20,000 | 50,000 |
| USD term loan | 8,258 | 8,844 | 9,441 |
| | 1,041,897 | 931,625 | 734,262 |
| | 15,263,158 | 17,543,385 | 18,227,479 |

Security

- As at 31 December 2014, bonds, medium term and loan notes of the Group were secured over property, plant and equipment with a carrying amount of RM13,335,958,000 (31 December 2013: RM12,261,679,000, 31 December 2012: RM10,664,800,000).
- As at 31 December 2014, Sukuk Wakalah was secured over the Operation and Maintenance Agreement, Sub Operation and Maintenance Agreement and Asset Sales Agreement held by a subsidiary, Tanjung Bin O&M Berhad ("TBOM") and all the balances in the Revenue Account, Operating Account, Finance Service Reserve Account, Maintenance Reserve Account and Overhaul Reserve Account of TBOM.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

15. Loans and borrowings (continued)

Significant covenants

The borrowings are subject to the fulfillment of the following significant covenants:

- i) ABBA bonds issued by GB3 Sdn. Bhd. ("GB3")

GB3 is required to maintain a debt-to-equity ratio of not more than 9:1 during post-completion (of the power plant) period and a debt service cover ratio of at least 1.25 times commencing from the commercial operation date. The ABBA bonds was fully redeemed in 2014.

- ii) Al-Istisna bonds issued by Prai Power Sdn. Bhd. ("PPSB")

PPSB is required to maintain a debt-to-equity ratio of not more than 4:1 and an annual finance service ratio of at least 1.4 times commencing from the third year of the first issuance of the bonds.

- iii) AUD term loan 1 drawdown by Malakoff International Limited ("MIL")

MIL is required to maintain a total debt-to-equity ratio of the parent (the Company) of not more than 1.25:1 and a Group total debt-to-equity ratio of not more than 7:1.

- iv) AUD term loan 2 drawdown by Wind Macarthur Finco Pty. Limited ("MWF")

MWF is required to maintain a minimum projected debt service cover ratio of 1.10:1 on any two consecutive calculation date.

- v) RM term loan 1 drawdown by Malakoff Utilities Sdn. Bhd. ("MUSB")

MUSB is required to maintain a debt-to-equity ratio of not more than 1.50:1 and a debt service cover ratio of not less than 1.20 times.

- vi) RM term loan 2 drawdown by Port Dickson Power Berhad ("PD Power")

RM term loan 2 was drawdown by PD Power during the financial period. PD Power is required to maintain a finance service coverage ratio of at least 1.10 times.

- vii) Sukuk Ijarah medium term notes issued by Tanjung Bin Power Sdn. Bhd. ("TBP")

TBP is required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of at least 1.25 times.

- viii) Sukuk medium term notes 1 issued by the Company

In 2012, the Company was required to maintain a debt-to-equity ratio of not more than 1.25:1 and the Group debt-to-equity ratio of not more than 7:1. Sukuk medium term notes 1 have been fully redeemed in 2013.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

15. Loans and borrowings (continued)

Significant covenants (continued)

- ix) Sukuk medium term notes 2 issued by Malakoff Power Berhad ("MPB")
- MPB is required to maintain an aggregated debt-to-equity ratio of not more than 1:1 and the Group debt-to-equity ratio of not more than 5.5:1.
- x) Sukuk Wakalah issued by Tanjung Bin O&M Berhad ("TBOM")
- TBOM is required to maintain a debt-to-equity ratio of not more than 80:20 commencing 24 months after the issue date until the final maturity and a finance service cover ratio of at least 1.25 times.
- xi) Senior Sukuk Murabahah issued by Tanjung Bin Energy Issuer Berhad ("TBEI")
- TBEI is required to maintain a debt-to-equity ratio of not exceed 80:20 and a finance service cover ratio of not less than 1.05:1.
- xii) Senior USD term loan drawdown by Tanjung Bin Energy Issuer Berhad ("TBEI")
- Senior USD term loan was drawdown by TBEI during the financial year. TBEI is required to maintain a debt-to-equity ratio of not exceed 80:20 and a finance service cover ratio of not less than 1.05:1.
- xiii) Senior RM term loan drawdown by Tanjung Bin Energy Issuer Berhad ("TBEI")
- Senior RM term loan was drawdown by TBEI during the financial year. TBEI is required to maintain a debt-to-equity ratio of not exceed 80:20 and a finance service cover ratio of not less than 1.05:1.
- xiv) USD term loan drawdown by Malakoff International Limited ("MIL")
- MIL is required to maintain a debt-to-equity ratio of the Guarantor (the Company) of not more than 1.25:1 and a Group debt-to-equity ratio of not more than 7:1.
- xv) Junior EBL term loan facility drawdown by Tanjung Bin Energy Issuer Berhad ("TBEI")
- TBEI is required to maintain a debt-to-equity ratio of the Original Sponsor (the Company) of not more than 1.25:1 and a Group debt-to-equity ratio of not more than 7:1.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

15. Loans and borrowings (continued)

Significant covenants (continued)

xvi) Commercial papers issued by Malakoff Power Berhad ("MPB")

In 2013, MPB was required to maintain a consolidated company debt-to-equity ratio of not more than 1.25:1 and a Group debt-to-equity ratio of not more than 7:1. Commercial papers have been fully redeemed during the financial year.

Terms and debt repayment schedule

| | Year of maturity | Carrying amount RM'000 | Under 1 year RM'000 | 1-2 years RM'000 | 2-5 years RM'000 | Over 5 years RM'000 |
|--------------------------------------|------------------|---------------------------|---------------------------|------------------------|------------------------|---------------------------|
| 31 December 2012 | | | | | | |
| <i>Secured</i> | | | | | | |
| ABBA bonds | 2013-2014 | 250,000 | 120,000 | 130,000 | - | - |
| Al-Istisna bonds | 2013-2016 | 256,870 | 63,639 | 63,736 | 129,495 | - |
| Sukuk Ijarah medium term notes | 2013 -2029 | 3,658,439 | 150,000 | - | - | 3,508,439 |
| Sukuk medium term notes 1 | 2013-2025 | 5,341,439 | 700,000 | 700,000 | 2,100,000 | 1,841,439 |
| Senior Sukuk Murabahah | 2017-2032 | 3,290,000 | - | - | 85,000 | 3,205,000 |
| USD term loan | 2017 | 275,247 | 8,258 | 8,258 | 258,731 | - |
| <i>Unsecured</i> | | | | | | |
| Junior EBL term loan | 2017 | 330,103 | - | - | 330,103 | - |
| Subordinated loan notes | 2013-2031 | 61,060 | - | - | - | 61,060 |
| Unrated Junior Sukuk Musharakah | 2042 | 1,800,000 | - | - | - | 1,800,000 |
| | | 15,263,158 | 1,041,897 | 901,994 | 2,903,329 | 10,415,938 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

15. Loans and borrowings (continued)

Terms and debt repayment schedule (continued)

| | Year of maturity | Carrying amount RM'000 | Under 1 year RM'000 | 1-2 years RM'000 | 2-5 years RM'000 | Over 5 years RM'000 |
|---------------------------------|------------------|---------------------------|---------------------------|------------------------|------------------------|---------------------------|
| 31 December 2013 | | | | | | |
| <i>Secured</i> | | | | | | |
| ABBA bonds | 2014 | 130,000 | 130,000 | - | - | - |
| Al-Istisna bonds | 2014-2016 | 193,231 | 63,736 | 64,845 | 64,650 | - |
| AUD term loan 1 | 2016 | 425,508 | - | - | 425,508 | - |
| AUD term loan 2 | 2014-2030 | 1,512,196 | 10,872 | 16,233 | 1,082,255 | 402,836 |
| RM term loan 1 | 2015-2024 | 39,220 | - | 1,089 | 13,073 | 25,058 |
| Commercial papers | 2014 | 198,173 | 198,173 | - | - | - |
| Sukuk Ijarah medium term notes | 2019-2029 | 3,544,065 | - | - | - | 3,544,065 |
| Sukuk medium term notes 2 | 2014-2031 | 4,744,338 | 500,000 | 440,000 | 430,000 | 3,374,338 |
| Sukuk Wakalah | 2014-2029 | 470,000 | 20,000 | 50,000 | 110,000 | 290,000 |
| Senior Sukuk Murabahah | 2017-2032 | 3,290,000 | - | - | 145,000 | 3,145,000 |
| USD term loan | 2014-2017 | 285,951 | 8,844 | 8,844 | 268,263 | - |
| <i>Unsecured</i> | | | | | | |
| Junior EBL term loan | 2017 | 726,905 | - | - | 726,905 | - |
| Subordinated loan notes | 2022-2031 | 183,798 | - | - | - | 183,798 |
| Unrated Junior Sukuk Musharakah | 2042 | 1,800,000 | - | - | - | 1,800,000 |
| | | 17,543,385 | 931,625 | 581,011 | 3,265,654 | 12,765,095 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

15. Loans and borrowings (continued)

Terms and debt repayment schedule (continued)

| | Year of maturity | Carrying amount RM'000 | Under 1 year RM'000 | 1-2 years RM'000 | 2-5 years RM'000 | Over 5 years RM'000 |
|---------------------------------|------------------|------------------------|---------------------|------------------|------------------|---------------------|
| 31 December 2014 | | | | | | |
| <i>Secured</i> | | | | | | |
| Al-Istisna bonds | 2015-2016 | 129,495 | 64,845 | 64,650 | - | - |
| AUD term loan 1 | 2016 | 454,217 | - | 454,217 | - | - |
| AUD term loan 2 | 2015-2030 | 1,475,848 | 13,629 | 22,109 | 1,055,505 | 384,605 |
| RM term loan 1 | 2015-2024 | 48,500 | 1,347 | 5,389 | 16,167 | 25,597 |
| RM term loan 2 | 2015-2016 | 185,000 | 155,000 | 30,000 | - | - |
| Sukuk Ijarah medium term notes | 2019 -2029 | 3,581,077 | - | - | 525,000 | 3,056,077 |
| Sukuk medium term notes 2 | 2015-2031 | 4,324,427 | 440,000 | 100,000 | 1,000,000 | 2,784,427 |
| Sukuk Wakalah | 2015-2029 | 450,000 | 50,000 | 55,000 | 55,000 | 290,000 |
| Senior Sukuk Murabahah | 2017-2032 | 3,290,000 | - | - | 210,000 | 3,080,000 |
| Senior RM term loan | 2017-2024 | 364,000 | - | - | 182,420 | 181,580 |
| Senior USD term loan | 2017-2027 | 644,800 | - | - | 164,300 | 480,500 |
| USD term loan | 2015-2017 | 295,804 | 9,441 | 15,734 | 270,629 | - |
| <i>Unsecured</i> | | | | | | |
| Junior EBL term loan | 2017 | 1,058,064 | - | - | 1,058,064 | - |
| Subordinated loan notes | 2022-2032 | 126,247 | - | - | - | 126,247 |
| Unrated Junior Sukuk Musharakah | 2042 | 1,800,000 | - | - | - | 1,800,000 |
| | | 18,227,479 | 734,262 | 747,099 | 4,537,085 | 12,209,033 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

15. Loans and borrowings (continued)

15.1 Unrated Junior Sukuk Musharakah

Pursuant to the terms and conditions of the unrated Junior Sukuk Musharakah (“Instrument”), the Instrument will either expire on 3 September 2042 or when the Group and the Company trigger the special event, whichever is earlier. Special event is the date of listing of the Company’s entire and issued paid-up share capital on Bursa Malaysia Securities Berhad or such other stock exchanges. In determining the effective interest rate to account for the present value of the Instrument at the end of the reporting period, the Group and the Company considered all contractual terms of the Instrument, including the timing and probability of triggering the special event.

The Company’s intention to list the entire issued and paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad remained unchanged and is expected to crystallise within 12 months from the current reporting period. Accordingly, an estimated cash flows is used to compute the present value instead of using the contractual cash flow over the full contractual term of the Instrument. The present value of the Instrument at the end of the reporting period was approximately its carrying amount due to the short term nature of the Instrument.

16. Employee benefits

| | 31 December | | |
|---------------------------------|--------------------|-----------------|-----------------|
| | 2012 | 2013 | 2014 |
| | RM'000 | RM'000 | RM'000 |
| Defined benefit obligations | 75,101 | 84,203 | 90,526 |
| Fair value of plan assets | <u>(1,885)</u> | <u>(16,788)</u> | <u>(15,619)</u> |
| Net defined benefit liabilities | <u>73,216</u> | <u>67,415</u> | <u>74,907</u> |

The Company’s Staff Retirement Benefits Scheme (“Scheme”) provides pension benefits for the eligible employees upon retirement. Five entities within the Group, namely Malakoff Corporation Berhad, Teknik Janakuasa Sdn. Bhd., Malakoff Utilities Sdn. Bhd., Malakoff Engineering Sdn. Bhd. (“MESB”) and Malakoff Power Berhad (“MPB”) participated in making contributions to the Scheme. In 2012, MESB and MPB did not adhere to the Scheme.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

16. Employee benefits (continued)

The following table shows the reconciliation from the opening balance to the closing balance for net defined benefit liability and its components.

Movement in defined benefit obligations

| | 31 December | | |
|--|--------------------|----------------|----------------|
| | 2012 | 2013 | 2014 |
| | RM'000 | RM'000 | RM'000 |
| Defined benefit obligations at beginning of the year | 55,905 | 75,101 | 84,203 |
| Included in profit or loss | | | |
| Current service cost | 5,881 | 8,555 | 8,459 |
| Interest cost | 3,587 | 3,943 | 4,499 |
| Other service cost | - | 834 | (54) |
| | <u>9,468</u> | <u>13,332</u> | <u>12,904</u> |
| Included in other comprehensive income | | | |
| Actuarial loss/(gain) arising from: | | | |
| - Demographic assumptions | - | - | (1,160) |
| - Financial assumptions | 9,696 | (2,265) | 1,238 |
| - Experience adjustments | 2,856 | - | (872) |
| | <u>12,552</u> | <u>(2,265)</u> | <u>(794)</u> |
| Other | | | |
| Benefits paid directly by the employer | (1,016) | (990) | (3,069) |
| Benefits paid by the plan | (1,808) | (975) | (2,718) |
| | <u>(2,824)</u> | <u>(1,965)</u> | <u>(5,787)</u> |
| Defined benefit obligations at end of the year | <u>75,101</u> | <u>84,203</u> | <u>90,526</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

16. Employee benefits (continued)

Movement in fair value of plan assets

| | 31 December | | |
|---|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Plan assets at beginning of the year | (2,112) | (1,885) | (16,788) |
| Included in profit or loss | | | |
| Interest income | (708) | (72) | (928) |
| Included in other comprehensive income | | | |
| Return on scheme assets lesser/(greater) than discount rate | 552 | (168) | 782 |
| Other | | | |
| Benefits paid by the plan | 1,808 | 975 | 2,718 |
| Employer contribution | (1,425) | (15,638) | (1,403) |
| | 383 | (14,663) | 1,315 |
| Plan assets at end of the year | (1,885) | (16,788) | (15,619) |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

16. Employee benefits (continued)

Movement in net defined benefit liabilities

| | 31 December | | |
|---|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Net defined benefit liabilities at beginning of the year | 53,793 | 73,216 | 67,415 |
| Included in profit or loss | | | |
| Current service cost | 5,881 | 8,555 | 8,459 |
| Interest cost | 2,879 | 3,871 | 3,571 |
| Other service cost | - | 834 | (54) |
| | 8,760 | 13,260 | 11,976 |
| Included in other comprehensive income | | | |
| Actuarial loss/(gain) arising from: | | | |
| - Demographic assumptions | - | - | (1,160) |
| - Financial assumptions | 9,696 | (2,265) | 1,238 |
| - Loss due to experience | 2,856 | - | (872) |
| Return on scheme assets lesser/(greater) than discount rate | 552 | (168) | 782 |
| | 13,104 | (2,433) | (12) |
| Other | | | |
| Benefits paid directly by the employer | (1,016) | (990) | (3,069) |
| Employer contribution | (1,425) | (15,638) | (1,403) |
| | (2,441) | (16,628) | (4,472) |
| Net defined benefit liabilities at end of the year | 73,216 | 67,415 | 74,907 |

The Group expects to pay RM1,868,000 in contributions to the defined benefit plans in 2015.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

16. Employee benefits (continued)

Plan assets

The major categories of plan assets are as follows:

| | 31 December | | |
|---------------------------------|--------------------|---------------|---------------|
| | 2012 | 2013 | 2014 |
| | RM'000 | RM'000 | RM'000 |
| Equity instruments | 925 | 8,237 | 8,981 |
| Malaysian government securities | 392 | 3,492 | 3,998 |
| Corporate bonds | - | - | 500 |
| Foreign investments | 333 | 2,965 | 1,234 |
| Cash and cash equivalents | 207 | 1,847 | 609 |
| Others | 28 | 247 | 297 |
| | <u>1,885</u> | <u>16,788</u> | <u>15,619</u> |

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period:

| | 31 December | | |
|------------------|--------------------|-------------|-------------|
| | 2012 | 2013 | 2014 |
| Discount rate | 5.0% | 5.3% | 5.4% |
| Salary inflation | 7.9% | 7.9% | 7.9% |

As at 31 December 2014, the Scheme duration is estimated to be around 11 years.

Sensitivity analysis

The Group disclosed the sensitivity analysis for the financial year ended 31 December 2013 and 31 December 2014.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | 31 December | |
|---|--------------------|---------------|
| | 2013 | 2014 |
| | RM'000 | RM'000 |
| Impact on the aggregate service and interest costs | | |
| Discount rate | | |
| One percentage point increase | (784) | (522) |
| One percentage point decrease | 892 | 559 |
| Salary inflation | | |
| One percentage point increase | 1,818 | 1,610 |
| One percentage point decrease | (1,541) | (1,392) |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

16. Employee benefits (continued)

Sensitivity analysis (continued)

| | 31 December | |
|---|----------------|----------------|
| | 2013 RM'000 | 2014 RM'000 |
| <i>Impact on the defined benefit obligation</i> | | |
| Discount rate | | |
| One percentage point increase | (9,517) | (8,680) |
| One percentage point decrease | 11,244 | 10,147 |
| Salary inflation | | |
| One percentage point increase | 11,852 | 9,884 |
| One percentage point decrease | (10,196) | (8,637) |

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

17. Deferred income

| | 31 December | | |
|----------------------------|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| At beginning of the year | 2,099,436 | 2,389,105 | 2,668,485 |
| Additions | 330,786 | 329,882 | 333,359 |
| Credited to profit or loss | (41,117) | (50,502) | (60,264) |
| At end of the year | 2,389,105 | 2,668,485 | 2,941,580 |
| Non-current | 2,338,602 | 2,608,222 | 2,811,196 |
| Current | 50,503 | 60,263 | 130,384 |
| | 2,389,105 | 2,668,485 | 2,941,580 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

18. Trade and other payables

| | Note | 31 December | | |
|------------------|------|----------------|----------------|----------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Trade | | | | |
| Trade payables | 18.1 | 340,081 | 223,161 | 407,152 |
| Non-trade | | | | |
| Other payables | 18.2 | 596,425 | 370,943 | 148,847 |
| Accrued expenses | 18.2 | 498,820 | 340,012 | 419,515 |
| | | 1,095,245 | 710,955 | 568,362 |
| | | 1,435,326 | 934,116 | 975,514 |

18.1 Trade payables

Included in trade payables of the Group are amounts owing to entities that are under common control by the Government of Malaysia (a party that has indirect significant influence on the Group) as at the reporting period as follows:

| | Net balance outstanding | | |
|-----------------------------|-------------------------|----------------|----------------|
| | 31 December | | |
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Petroliam Nasional Berhad | 41,768 | 68,445 | 26,339 |
| Petronas Dagangan Berhad | - | - | 33,641 |
| TNB Fuel Services Sdn. Bhd. | 280,936 | 99,391 | 315,992 |
| Tenaga Nasional Berhad | 3,866 | 4,995 | 6,219 |
| | 326,570 | 172,831 | 382,191 |

18.2 Other payables and accrued expenses

As at 31 December 2014, included in accrued expenses of the Group were interest expense payable of RM171,865,000 (31 December 2013: RM193,196,000, 31 December 2012: RM276,341,000) and provision for CESS fund of RM45,582,000 (31 December 2013: RM26,480,000, 31 December 2012: RM30,398,000).

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

19. Derivative financial assets/(liabilities)

| | 31 December | | |
|------------------------------|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Assets | | | |
| Non-current | | | |
| Derivatives used for hedging | | | |
| - Interest rate swaps | - | 16,134 | - |
| - Cross currency swaps | - | 64,107 | 99,147 |
| | - | 80,241 | 99,147 |
| Liabilities | | | |
| Non-current | | | |
| Derivatives used for hedging | | | |
| - Interest rate swaps | (17,501) | (31,762) | (167,338) |
| - Cross currency swaps | (145,249) | - | - |
| | (162,750) | (31,762) | (167,338) |
| Current | | | |
| Derivatives used for hedging | | | |
| - Interest rate swaps | - | (34,319) | (27,704) |
| | (162,750) | (66,081) | (195,042) |

Interest rate swap and cross currency swap are used to achieve an appropriate mix of fixed and floating interest rate exposure within the Group's policy. The Group entered into interest rate swaps and cross currency swaps, to hedge the interest rate risk and foreign exchange risk. The interest rate swaps and cross currency swaps were entered into for a period of 5 years to 25 years tenure.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

20. Revenue

| | Financial year ended 31 December | | |
|---|-------------------------------------|------------------|------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Electricity generation and distribution | 5,452,073 | 4,612,563 | 5,398,177 |
| Project management fees | - | 967 | 1,701 |
| Rental income from estate | 5,206 | 3,638 | 4,341 |
| Operation and maintenance fees | 130,329 | 19,983 | 30,104 |
| Finance lease income | - | 80,268 | 160,161 |
| | <u>5,587,608</u> | <u>4,717,419</u> | <u>5,594,484</u> |

21. Finance income

| | Financial year ended 31 December | | |
|--|-------------------------------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Interest income of financial assets that are not at fair value through profit or loss | <u>222,341</u> | <u>203,267</u> | <u>140,354</u> |
| Recognised in profit or loss | 159,380 | 161,052 | 132,688 |
| Capitalised on qualifying assets as a reduction of borrowing costs: | | | |
| - Property, plant and equipment | <u>62,961</u> | <u>42,215</u> | <u>7,666</u> |
| | <u>222,341</u> | <u>203,267</u> | <u>140,354</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

22. Finance costs

| | Financial year ended 31 December | | |
|--|-------------------------------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Interest expense of financial liabilities that are not at fair value through profit or loss: | | | |
| - Loans and borrowings | 956,595 | 1,055,870 | 1,165,702 |
| Recognised in profit or loss | 797,279 | 840,318 | 911,242 |
| Capitalised on qualifying assets: | | | |
| - Property, plant and equipment | 159,316 | 215,552 | 254,460 |
| | 956,595 | 1,055,870 | 1,165,702 |

23. Other comprehensive income

| | 31 December 2012 | | |
|---|----------------------|--------------------------|----------------------|
| | Before tax RM'000 | Tax benefit RM'000 | Net of tax RM'000 |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined benefit liability | (17,472) | 4,368 | (13,104) |
| Items that may be reclassified subsequently to profit or loss | | | |
| Cash flow hedge | | | |
| - Loss arising during the year | (5,107) | - | (5,107) |
| Foreign currency translation differences for foreign operations | | | |
| - Gain arising during the year | 5,759 | - | 5,759 |
| | 652 | - | 652 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

23. Other comprehensive income (continued)

| | 31 December 2013 | | |
|---|----------------------|--------------------------|----------------------|
| | Before tax RM'000 | Tax expense RM'000 | Net of tax RM'000 |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined benefit liability | 3,245 | (812) | 2,433 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Cash flow hedge | | | |
| - Gain arising during the year | 238,418 | - | 238,418 |
| Share of losses on hedging reserve of equity-accounted associates | (57,230) | - | (57,230) |
| Foreign currency translation differences for foreign operations | | | |
| - Loss arising during the year | (25,869) | - | (25,869) |
| | <u>155,319</u> | <u>-</u> | <u>155,319</u> |
| 31 December 2014 | | | |
| | Before tax RM'000 | Tax benefit RM'000 | Net of tax RM'000 |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined benefit liability | 12 | 401 | 413 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Cash flow hedge | | | |
| - Loss arising during the year | (117,409) | 39,314 | (78,095) |
| Share of losses on hedging reserve of equity-accounted associates | (22,608) | - | (22,608) |
| Foreign currency translation differences for foreign operations | | | |
| - Gain arising during the year | 5,166 | - | 5,166 |
| | <u>(134,851)</u> | <u>39,314</u> | <u>(95,537)</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

24. Key management personnel compensation

The key management personnel compensations are as follows:

| | Financial year ended 31 December | | |
|--|-------------------------------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Directors | | | |
| - Salary | - | - | 563 |
| - Fees | 404 | 915 | 893 |
| - Meeting allowances | 117 | 331 | 317 |
| - Other allowances | 35 | 639 | 292 |
| - Other emoluments | 104 | 238 | 281 |
| - Estimated monetary value of benefit-in-kind | - | - | 3 |
| Total short term employee benefits | 660 | 2,123 | 2,349 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

25. Income tax expense/(benefit)

Recognised in profit or loss

| | Financial year ended 31 December | | |
|--|-------------------------------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Total income tax expense/(benefit) | 156,816 | (150,511) | 182,640 |
| Major components of income tax expense include: | | | |
| Current tax expense | | | |
| Malaysian – current year | 161,957 | 35,509 | 180,874 |
| Overseas – current year | - | - | 3,711 |
| | 161,957 | 35,509 | 184,585 |
| Under provision in prior years | 18,882 | 4,719 | 5,936 |
| | 180,839 | 40,228 | 190,521 |
| Deferred tax expense | | | |
| Origination and reversal of temporary differences | (37,767) | (196,367) | (6,177) |
| Under/(Over) provision in prior years | 13,744 | 5,628 | (1,704) |
| | (24,023) | (190,739) | (7,881) |
| Total income tax expense/(benefit) | 156,816 | (150,511) | 182,640 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

25. Income tax expense/(benefit) (continued)

Reconciliation of tax expense/(benefit)

| | Financial year ended 31 December | | |
|--|-------------------------------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Profit for the year | 547,815 | 234,658 | 412,844 |
| Total income tax expense/(benefit) | 156,816 | (150,511) | 182,640 |
| Profit excluding tax | 704,631 | 84,147 | 595,484 |
| Tax at Malaysian tax rate of 25% | 176,158 | 21,037 | 148,871 |
| Non-deductible expenses | 154,084 | 103,899 | 84,277 |
| Tax incentives | (120,000) | (119,200) | - |
| Tax paid arising from previous unrecognised temporary difference | (38,412) | - | - |
| Effect of tax rates in foreign jurisdictions | - | - | 170 |
| Effect of deduction on C-inspection costs | (21,377) | (114,606) | (40,216) |
| Effect of corporate tax rate reduction on deferred tax* | - | (36,688) | (5,159) |
| Effect of share of results of associates | (26,263) | (15,300) | (10,417) |
| Current year losses for which no deferred tax asset was recognised | - | - | 882 |
| Under/(Over) provision in prior years | | | |
| - current tax | 18,882 | 4,719 | 5,936 |
| - deferred tax | 13,744 | 5,628 | (1,704) |
| Total income tax expense/(benefit) | 156,816 | (150,511) | 182,640 |

* A reduction in the corporate tax rate from 25% to 24% was proposed in the 2014 budget. For the Group, management has used judgement with regard to determining temporary differences expected to reverse and estimated the temporary difference. The effect of any change is recognised in the profit or loss. The reduction will be effective 1 January 2016.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

26. Dividends

Dividends recognised by the Company:

| | Sen per share (net of tax) | Total amount RM'000 | Date of payment |
|-------------------------|----------------------------------|---------------------------|--------------------|
| 2012 | | | |
| Final 2011 ordinary | 24.19 | 85,000 | 2.4.2012 |
| Interim 2012 ordinary | 16.39 | 57,578 | 11.9.2012 |
| Interim 2012 preference | 100.00 | 41,792 | 11.9.2012 |
| Total amount | | <u>184,370</u> | |
| 2013 | | | |
| Interim 2013 ordinary | 13.72 | 48,208 | 20.5.2013 |
| Interim 2013 preference | 100.00 | 41,792 | 20.5.2013 |
| Interim 2013 ordinary | 28.75 | 101,000 | 28.8.2013 |
| Total amount | | <u>191,000</u> | |
| 2014 | | | |
| Interim 2014 ordinary | 16.14 | 56,708 | 8.4.2014 |
| Interim 2014 preference | 100.00 | 41,792 | 8.4.2014 |
| Interim 2014 ordinary | 28.46 | 100,000 | 9.9.2014 |
| Total amount | | <u>198,500</u> | |

After the end of the reporting period the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial year upon approval by the owners of the Company.

| | Sen per share (net of tax) | Total amount RM'000 |
|---------------------|----------------------------------|---------------------------|
| Final 2014 ordinary | 28.46 | <u>100,000</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

27. Earnings per share

| | | 31 December | | |
|--|-----|----------------|----------------|----------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Basic and diluted earnings per share are based on: | | | | |
| Net profit attributable to ordinary shareholders | A | 467,852 | 161,533 | 341,549 |
| a) Basic earnings per share | | | | |
| Number of ordinary shares | B | 351,344 | 351,344 | 351,344 |
| Basic earnings per share (RM) | A/B | 1.33 | 0.46 | 0.97 |

b) Diluted earnings per share

The Company will undertake a conversion of the RCPS in conjunction with and as an integral part of the listing and quotation for the entire enlarged issued and paid-up share capital. As at 31 December 2014, the Company had a total of 41,792,004 RCPS issued with a par value of RM0.10. The Company will issue one (1) additional RCPS having a par value of RM0.90 for each RCPS issued in the Company. The total issue of 83,584,008 RCPS in the Company will be consolidated into 41,792,004 RCPS with a par value of RM1.00 each and thereafter converted by the shareholders of the Company into 41,792,004 new ordinary shares.

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all RCPS as mentioned above.

| | | 31 December | | |
|--|-----|----------------|----------------|----------------|
| | | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Weighted average number of ordinary shares of RM1.00 each in issue | | 351,344 | 351,344 | 351,344 |
| Adjustments for the conversion of the RCPS | | 41,792 | 41,792 | 41,792 |
| | C | 393,136 | 393,136 | 393,136 |
| Diluted earnings per share (RM) | A/C | 1.19 | 0.41 | 0.87 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

28. Operating segments, geographical and customer information

The Group has two operating segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Asset management

Asset management division is responsible for managing assets to achieve the greatest return, and the process of monitoring and maintaining facilities systems.

- Operations and maintenance ("O&M")

Operation and maintenance division is responsible for providing repair and maintenance services for all the power plant equipment within the Group.

Segment profit and loss is measured based on profit before taxes, finance costs, interest income and share of profit for equity-accounted associates and a joint venture, net of tax as included in the internal management reports that are reviewed by the Group's Chief Executive Officer (the chief operating decision maker).

Segment assets

The segment assets consist of property, plant and equipment, intangible assets, prepaid lease payments, investment in an equity accounted joint venture, finance lease receivable, derivative financial assets, other receivables, deferred tax assets, trade and other receivables, inventories, current tax assets, other investments and cash and cash equivalents of the segment. Investment in associates is excluded from the segment assets. The segment assets is included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Segment liabilities

The segment liabilities consist of loans and borrowings, employee benefits, deferred income, deferred tax liabilities, derivative financial liabilities, trade and other payables and current tax liabilities of the segment. The segment liabilities is included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

28. Operating segments, geographical and customer information (continued)

| | 31 December 2012 | | | |
|--|----------------------------|-----------------|-----------------------------------|------------------------|
| | Asset management RM'000 | O&M RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| Business segments | | | | |
| Revenue from external customers | 5,457,279 | 130,329 | - | 5,587,608 |
| Inter-segment revenue | 766,330 | 459,160 | (1,225,490) | - |
| Total segment revenue | <u>6,223,609</u> | <u>589,489</u> | <u>(1,225,490)</u> ^(A) | <u>5,587,608</u> |
| Results from operating activities | <u>2,176,746</u> | <u>254,335</u> | <u>(1,193,602)</u> ^(B) | 1,237,479 |
| Finance income | | | | 159,380 |
| Finance costs | | | | (797,279) |
| Share of profit of equity-accounted associates and a joint venture, net of tax | | | | 105,051 |
| Income tax expense | | | | <u>(156,816)</u> |
| Profit for the year | | | | <u>547,815</u> |
| Segment assets | 22,370,203 | 2,478,381 | | 24,848,584 |
| Investment in associates | 1,369,667 | - | | <u>1,369,667</u> |
| Total assets | | | | <u>26,218,251</u> |
| Segment liabilities | 21,105,780 | 984,735 | | <u>22,090,515</u> |
| Capital expenditure | 1,975,927 | 2,599 | | <u>1,978,526</u> |
| Non-cash expenses items: | | | | |
| Amortisation of intangible assets | (356,911) | (83,182) | | (440,093) |
| Amortisation of prepaid lease payments | (4,343) | - | | (4,343) |
| Amortisation of transaction cost of hedging instruments | (7,327) | - | | (7,327) |
| Depreciation | (432,049) | (3,583) | | (435,632) |
| Impairment loss on trade receivables | (16,105) | - | | (16,105) |
| Property, plant and equipment written off | (1,774) | - | | (1,774) |
| Expenses related to retirement benefit plans | <u>(2,576)</u> | <u>(6,184)</u> | | <u>(8,760)</u> |
| | <u>(821,085)</u> | <u>(92,949)</u> | | <u>(914,034)</u> |

A. Inter-segment transactions are eliminated on consolidation

B. Adjustments consists of inter-segment transactions of RM755,714,000 and amortisation of intangible assets of RM437,888,000

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

28. Operating segments, geographical and customer information (continued)

| | 31 December 2013 | | | Consolidated RM'000 |
|--|-------------------------------|------------------|-----------------------------------|------------------------|
| | Asset management RM'000 | O&M RM'000 | Eliminations RM'000 | |
| Business segments | | | | |
| Revenue from external customers | 4,697,436 | 19,983 | - | 4,717,419 |
| Inter-segment revenue | 3,799,413 | 896,993 | (4,696,406) | - |
| Total segment revenue | 8,496,849 | 916,976 | (4,696,406) ^(A) | 4,717,419 |
| Results from operating activities | | | | |
| Finance income | | | | 161,052 |
| Finance costs | | | | (840,318) |
| Share of profit of equity-accounted associates and a joint venture, net of tax | | | | 61,202 |
| Income tax benefit | | | | 150,511 |
| Profit for the year | | | | 234,658 |
| Segment assets | 24,403,617 | 2,370,212 | | 26,773,829 |
| Investment in associates | 1,294,458 | - | | 1,294,458 |
| Total assets | | | | 28,068,287 |
| Segment liabilities | 17,972,278 | 5,956,863 | | 23,929,141 |
| Capital expenditure | 2,530,522 | 4,445 | | 2,534,967 |
| Non-cash expenses items: | | | | |
| Amortisation of intangible assets | (361,049) | (108,788) | | (469,837) |
| Amortisation of prepaid lease payments | (4,346) | - | | (4,346) |
| Amortisation of transaction cost of hedging instruments | (12,144) | - | | (12,144) |
| Depreciation | (468,728) | (2,538) | | (471,266) |
| Impairment loss on trade receivables | (177,273) | - | | (177,273) |
| Property, plant and equipment written off | (127,076) | (50) | | (127,126) |
| Expenses related to retirement benefit plans | (4,831) | (8,429) | | (13,260) |
| | (1,155,447) | (119,805) | | (1,275,252) |

A. Inter-segment transactions are eliminated on consolidation

B. Adjustments consists of inter-segment transactions of RM4,318,522,000 and amortisation of intangible assets of RM443,380,000

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

28. Operating segments, geographical and customer information (continued)

| | 31 December 2014 | | | Consolidated RM'000 |
|--|-------------------------------|------------------|-----------------------------------|------------------------|
| | Asset management RM'000 | O&M RM'000 | Eliminations RM'000 | |
| Business segments | | | | |
| Revenue from external customers | 5,564,380 | 30,104 | - | 5,594,484 |
| Inter-segment revenue | 1,509,844 | 992,948 | (2,502,792) | - |
| Total segment revenue | <u>7,074,224</u> | <u>1,023,052</u> | <u>(2,502,792) ^(A)</u> | <u>5,594,484</u> |
| Results from operating activities | <u>3,088,676</u> | <u>345,576</u> | <u>(2,162,860) ^(B)</u> | 1,271,392 |
| Finance income | | | | 132,688 |
| Finance costs | | | | (911,242) |
| Other non-operating income | | | | 60,979 |
| Share of profit of equity-accounted associates and a joint venture, net of tax | | | | 41,667 |
| Income tax expense | | | | (182,640) |
| Profit for the year | | | | <u>412,844</u> |
| Segment assets | 25,809,779 | 2,322,974 | | 28,132,753 |
| Investment in associates | 1,203,319 | - | | 1,203,319 |
| Total assets | | | | <u>29,336,072</u> |
| Segment liabilities | 19,905,755 | 5,253,701 | | <u>25,159,456</u> |
| Capital expenditure | 1,608,583 | 5,978 | | <u>1,614,561</u> |
| Non-cash expenses items: | | | | |
| Amortisation of intangible assets | (401,261) | (110,481) | | (511,742) |
| Amortisation of prepaid lease payments | (4,344) | - | | (4,344) |
| Amortisation of transaction cost of hedging instruments | (12,146) | - | | (12,146) |
| Depreciation | (555,876) | (2,768) | | (558,644) |
| Impairment loss on trade receivables | (48,973) | - | | (48,973) |
| Property, plant and equipment written off | (20,897) | - | | (20,897) |
| Expenses related to retirement benefit plans | (3,844) | (8,132) | | (11,976) |
| | <u>(1,047,341)</u> | <u>(121,381)</u> | | <u>(1,168,722)</u> |

A. Inter-segment transactions are eliminated on consolidation

B. Adjustments consists of inter-segment transactions of RM1,677,841,000 and amortisation of intangible assets of RM485,019,000.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

28. Operating segments, geographical and customer information (continued)

Geographical information

The Asset Management and O&M segments are managed on a worldwide basis, but operate facilities in Malaysia, Indonesia, Middle East and Australia.

Geographic revenue information is based on the geographical location of the customer. Geographic non-current asset information is based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates and investment in an equity accounted joint venture) and deferred tax assets.

| | 31 December | | |
|----------------|------------------|------------------|------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Revenue | | | |
| Malaysia | 5,576,269 | 4,617,842 | 5,404,240 |
| Indonesia | - | 3,059 | 14,823 |
| Middle East | 11,339 | 16,250 | 15,260 |
| Australia | - | 80,268 | 160,161 |
| | <u>5,587,608</u> | <u>4,717,419</u> | <u>5,594,484</u> |

| | 31 December | | |
|---------------------------|-------------------|-------------------|-------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Non-current assets | | | |
| Malaysia | 16,701,998 | 18,207,065 | 19,098,510 |
| Indonesia | - | - | - |
| Middle East | - | - | - |
| Australia | - | - | - |
| | <u>16,701,998</u> | <u>18,207,065</u> | <u>19,098,510</u> |

Major customer

The following is major customer with revenue equal or more than 10% of the Group's total revenue:

| | Revenue 31 December | | |
|---------------------------------------|------------------------|------------------|------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| All common control company of: | | | |
| Tenaga Nasional Berhad | <u>5,665,095</u> | <u>4,726,492</u> | <u>5,457,407</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Financial liabilities measured at amortised cost (FL); and
- (c) Fair value through profit or loss (FVTPL) – Designated upon initial recognition (DUIR)

| | Carrying amount RM'000 | L&R/ (FL) RM'000 | FVTPL- DUIR RM'000 |
|------------------------------|------------------------------|------------------------|--------------------------|
| Financial assets | | | |
| 31 December 2012 | | | |
| Trade and other receivables* | 1,443,088 | 1,443,088 | - |
| Other investments | 2,455,577 | 2,455,577 | - |
| Cash and cash equivalents | 2,698,393 | 2,698,393 | - |
| | <u>6,597,058</u> | <u>6,597,058</u> | <u>-</u> |
| 31 December 2013 | | | |
| Trade and other receivables* | 1,218,397 | 1,218,397 | - |
| Finance lease receivable | 2,012,945 | 2,012,945 | - |
| Other investments | 1,165,954 | 1,165,954 | - |
| Cash and cash equivalents | 2,375,783 | 2,375,783 | - |
| Derivatives financial assets | 80,241 | - | 80,241 |
| | <u>6,853,320</u> | <u>6,773,079</u> | <u>80,241</u> |
| 31 December 2014 | | | |
| Trade and other receivables* | 1,257,485 | 1,257,485 | - |
| Finance lease receivable | 1,990,974 | 1,990,974 | - |
| Other investments | 321,509 | 321,509 | - |
| Cash and cash equivalents | 3,574,900 | 3,574,900 | - |
| Derivatives financial assets | 99,147 | - | 99,147 |
| | <u>7,244,015</u> | <u>7,144,868</u> | <u>99,147</u> |

*Excludes non-financial instruments

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.1 Categories of financial instruments (continued)

| | Carrying amount RM'000 | L&R/ (FL) RM'000 | FVTPL- DUIR RM'000 |
|----------------------------------|------------------------------|------------------------|--------------------------|
| Financial liabilities | | | |
| 31 December 2012 | | | |
| Loans and borrowings | (15,263,158) | (15,263,158) | - |
| Trade and other payables | (1,435,326) | (1,435,326) | - |
| Derivative financial liabilities | (162,750) | - | (162,750) |
| | <u>(16,861,234)</u> | <u>(16,698,484)</u> | <u>(162,750)</u> |
| 31 December 2013 | | | |
| Loans and borrowings | (17,543,385) | (17,543,385) | - |
| Trade and other payables | (934,116) | (934,116) | - |
| Derivative financial liabilities | (66,081) | - | (66,081) |
| | <u>(18,543,582)</u> | <u>(18,477,501)</u> | <u>(66,081)</u> |
| 31 December 2014 | | | |
| Loans and borrowings | (18,227,479) | (18,227,479) | - |
| Trade and other payables | (975,514) | (975,514) | - |
| Derivative financial liabilities | (195,042) | - | (195,042) |
| | <u>(19,398,035)</u> | <u>(19,202,993)</u> | <u>(195,042)</u> |

29.2 Net gains and losses arising from financial instruments

| | Financial year ended 31 December | | |
|--|-------------------------------------|------------------|------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Loans and receivables | 153,582 | (10,142) | 87,010 |
| Financial liabilities measured at amortised cost | (797,279) | (840,318) | (911,242) |
| Fair value through profit or loss - Designated upon initial recognition | 912 | 44,041 | 5,891 |
| | <u>(642,785)</u> | <u>(806,419)</u> | <u>(818,341)</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

29.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment debt securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given.

Receivables*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees of banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on significant customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Given their high credit ratings management does not expect any counterparty to fail to meet their obligations.

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debts due from Tenaga Nasional Berhad (TNB), representing approximately 40% (31 December 2013: 55%, 31 December 2012: 66%) of the total receivables of the Group. The maximum exposures to credit risk for the Group are represented by the carrying amount of each financial asset.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

| | Gross RM'000 | Impairment RM'000 | Net RM'000 |
|-----------------------------|------------------|----------------------|----------------|
| 31 December 2012 | | | |
| Not past due | 472,781 | - | 472,781 |
| Past due 0 – 30 days | 428,582 | - | 428,582 |
| Past due 31 – 120 days | 20,556 | (14,473) | 6,083 |
| Past due more than 120 days | 119,967 | (42,621) | 77,346 |
| | <u>1,041,886</u> | <u>(57,094)</u> | <u>984,792</u> |
| 31 December 2013 | | | |
| Not past due | 345,520 | (20,058) | 325,462 |
| Past due 0 – 30 days | 365,162 | (20,983) | 344,179 |
| Past due 31 – 120 days | 1,955 | (186) | 1,769 |
| Past due more than 120 days | 209,994 | (187,061) | 22,933 |
| | <u>922,631</u> | <u>(228,288)</u> | <u>694,343</u> |
| 31 December 2014 | | | |
| Not past due | 532,275 | - | 532,275 |
| Past due 0 – 30 days | 7,433 | - | 7,433 |
| Past due 31 – 120 days | 4,402 | - | 4,402 |
| Past due more than 120 days | 361,008 | (360,627) | 381 |
| | <u>905,118</u> | <u>(360,627)</u> | <u>544,491</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.4 Credit risk (continued)

Receivables (continued)

At the end of the reporting period, trade receivables with a carrying amount of RM4,783,000 (31 December 2013: RM24,702,000, 31 December 2012: RM83,429,000) were past due but not considered impaired. These trade receivables relate to customers for whom there has not been significant change in credit quality and the amounts are considered recoverable.

The movements in the allowance for impairment loss on trade receivables during the financial year were:

| | 31 December | | |
|--|--------------------|----------------|----------------|
| | 2012 | 2013 | 2014 |
| | RM'000 | RM'000 | RM'000 |
| At beginning of the year | 56,450 | 57,094 | 228,288 |
| Impairment loss recognised | 16,105 | 177,273 | 48,973 |
| Impairment loss reversed | (10,307) | (6,079) | (3,295) |
| Impairment loss written off | (5,154) | - | - |
| Acquisition through business combination | - | - | 86,661 |
| At end of the year | <u>57,094</u> | <u>228,288</u> | <u>360,627</u> |

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is probable, the amount considered irrecoverable is written off against the receivable directly.

29.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group 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.

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)



29. Financial instruments (continued)

29.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest):

| | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|---------------------------------|---------------------------|--------------------------------|----------------------------------|------------------------|-----------------------|-----------------------|-----------------------------|
| 31 December 2012 | | | | | | | |
| <i>Financial liabilities</i> | | | | | | | |
| <i>Secured</i> | | | | | | | |
| ABBA bonds | 250,000 | 8.00 | 280,400 | 140,000 | 140,400 | - | - |
| Al-Istisna bonds | 256,870 | 8.70-9.20 | 304,883 | 84,310 | 78,678 | 141,895 | - |
| Sukuk Ijarah medium term notes | 3,658,439 | 3.85-5.45 | 6,587,922 | 357,314 | 201,539 | 604,617 | 5,424,452 |
| Sukuk medium term notes I | 5,341,439 | 5.78-6.98 | 7,476,195 | 1,029,424 | 988,592 | 2,714,054 | 2,744,125 |
| Senior Sukuk Murabahah | 3,290,000 | 4.65-6.20 | 6,312,926 | 190,365 | 190,888 | 657,630 | 5,274,043 |
| USD term loan | 275,247 | Libor + margin 2.5 | 312,171 | 16,534 | 16,534 | 279,103 | - |
| <i>Unsecured</i> | | | | | | | |
| Junior EBL term loan | 330,103 | 5.15-5.23 | 380,513 | 15,515 | 15,515 | 349,483 | - |
| Subordinated loan notes | 61,060 | 12.00-16.00 | 146,563 | 41,251 | 33,744 | 71,568 | - |
| Unrated Junior Sukuk Musharakah | 1,800,000 | 6.30-9.30 | 6,717,210 | 113,400 | 113,400 | 503,117 | 5,987,293 |
| Trade and other payables | 1,435,326 | - | 1,435,326 | 1,435,326 | - | - | - |
| | <u>16,698,484</u> | | <u>29,954,109</u> | <u>3,423,439</u> | <u>1,779,290</u> | <u>5,321,467</u> | <u>19,429,913</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)



29. Financial instruments (continued)

29.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

| | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under | | More than | |
|--------------------------------|---------------------------|--------------------------------|----------------------------------|------------------|-----------------------|-----------------------|-------------------|
| | | | | 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | 5 years RM'000 |
| 31 December 2013 | | | | | | | |
| Financial liabilities | | | | | | | |
| <i>Secured</i> | | | | | | | |
| ABBA bonds | 130,000 | 8.00 | 140,400 | 140,400 | - | - | - |
| Al-Istisna bonds | 193,231 | 8.90-9.20 | 220,573 | 78,678 | 73,905 | 67,990 | - |
| AUD term loan 1 | 425,508 | BBSY + margin 1.85 | 475,878 | 20,137 | 20,137 | 435,604 | - |
| AUD term loan 2 | 1,512,196 | 5.50 | 2,228,048 | 121,695 | 126,057 | 1,364,963 | 615,333 |
| RM term loan 1 | 39,220 | 6.67 | 55,905 | 2,625 | 3,705 | 19,504 | 30,071 |
| Commercial papers | 198,173 | 3.65 | 200,000 | 200,000 | - | - | - |
| Sukuk Ijarah medium term notes | 3,544,065 | 4.54-5.45 | 6,230,608 | 201,539 | 201,539 | 604,617 | 5,222,913 |
| Sukuk medium term notes 2 | 4,744,338 | 4.10-6.25 | 10,391,182 | 782,751 | 722,751 | 1,202,819 | 7,682,861 |
| Sukuk Wakalah | 470,000 | 3.95-5.60 | 668,737 | 42,439 | 71,530 | 161,931 | 392,837 |
| Senior Sukuk Murabahah | 3,290,000 | 4.65-6.20 | 6,122,562 | 190,889 | 190,889 | 712,914 | 5,027,870 |
| USD term loan | 285,951 | Libor + margin 2.50 | 313,717 | 17,331 | 17,065 | 279,321 | - |
| Balance carried forward | 14,832,682 | | 27,047,610 | 1,798,484 | 1,427,578 | 4,849,663 | 18,971,885 |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

31 December 2013

Financial liabilities (continued)

Balance brought forward

| | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under | | More than | |
|---------------------------------|---------------------------|--------------------------------|----------------------------------|------------------|-----------------------|-----------------------|-------------------|
| | | | | 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | 5 years RM'000 |
| Balance brought forward | 14,832,682 | | 27,047,610 | 1,798,484 | 1,427,578 | 4,849,663 | 18,971,885 |
| Unsecured | | | | | | | |
| Junior EBL term loan | 726,905 | 5.15-5.23 | 837,904 | 34,875 | 35,037 | 767,992 | - |
| Subordinated loan notes | 183,798 | 9.00-12.00 | 237,556 | 12,423 | 23,583 | 19,906 | 181,644 |
| Unrated Junior Sukuk Musharakah | 1,800,000 | 6.30-9.30 | 6,603,811 | 113,400 | 167,400 | 502,659 | 5,820,352 |
| Trade and other payables | 934,116 | - | 934,116 | 934,116 | - | - | - |
| | 18,477,501 | | 35,660,997 | 2,893,298 | 1,653,598 | 6,140,220 | 24,973,881 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

| | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|--------------------------------|---------------------------|--------------------------------|----------------------------------|------------------------|-----------------------|-----------------------|-----------------------------|
| 31 December 2014 | | | | | | | |
| Financial liabilities | | | | | | | |
| Secured | | | | | | | |
| Al-Istisna bonds | 129,495 | 9.00-9.20 | 141,895 | 73,905 | 67,990 | - | - |
| AUD term loan 1 | 454,217 | BBSY + margin 1.85 | 472,133 | 20,373 | 451,760 | - | - |
| AUD term loan 2 | 1,475,848 | 5.72-7.90 | 2,068,357 | 121,282 | 128,153 | 1,256,673 | 562,249 |
| RM term loan 1 | 48,500 | 6.67-6.84 | 65,624 | 4,598 | 8,421 | 23,112 | 29,493 |
| RM term loan 2 | 185,000 | 4.45 | 191,147 | 160,837 | 30,310 | - | - |
| Sukuk Ijarah medium term notes | 3,581,077 | 4.54-5.45 | 6,029,069 | 201,539 | 201,539 | 1,129,617 | 4,496,374 |
| Sukuk medium term notes 2 | 4,324,427 | 4.30-6.25 | 9,608,431 | 722,751 | 381,769 | 1,794,549 | 6,709,362 |
| Sukuk Wakalah | 450,000 | 3.95-5.60 | 626,299 | 71,530 | 74,628 | 102,228 | 377,913 |
| Senior Sukuk Murabahah | 3,290,000 | 4.65-6.20 | 5,931,672 | 190,889 | 192,456 | 768,234 | 4,780,093 |
| Senior RM term loan | 364,000 | 5.23-5.80 | 503,833 | 19,510 | 19,564 | 239,294 | 225,465 |
| Senior USD term loan | 644,800 | 5.80 | 795,785 | 15,607 | 14,325 | 211,122 | 554,731 |
| USD term loan | 295,804 | Libor + margin 2.50 | 308,707 | 12,820 | 21,541 | 274,346 | - |
| Balance carried forward | 15,243,168 | | 26,742,952 | 1,615,641 | 1,592,456 | 5,799,175 | 17,735,680 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)



29. Financial instruments (continued)

29.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

31 December 2014

Financial liabilities (continued)

Balance brought forward

| | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under | | | | More than 5 years RM'000 |
|---------------------------------|---------------------------|--------------------------------|----------------------------------|------------------|-----------------------|-----------------------|-------------------|--------------------------------|
| | | | | 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | 5 years RM'000 | |
| Balance brought forward | 15,243,168 | | 26,742,952 | 1,615,641 | 1,592,456 | 5,799,175 | 17,735,680 | |
| Unsecured | | | | | | | | |
| Junior EBL term loan | 1,058,064 | 5.15-5.23 | 1,181,588 | 56,557 | 56,868 | 1,068,163 | - | |
| Subordinated loan notes | 126,247 | 9.00-12.00 | 182,010 | 30,505 | 20,241 | 33,734 | 97,530 | |
| Unrated Junior Sukuk Musharakah | 1,800,000 | 6.30-9.30 | 6,436,410 | 113,400 | 168,776 | 501,283 | 5,652,951 | |
| Trade and other payables | 975,514 | - | 975,514 | 975,514 | - | - | - | |
| | 19,202,993 | | 35,518,474 | 2,791,617 | 1,838,341 | 7,402,355 | 23,486,161 | |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

29.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar (AUD), Swiss Franc (CHF), Kuwait Dinar (KWD), Euro (EUR) and US Dollar (USD).

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

| | AUD RM'000 | CHF RM'000 | KWD RM'000 | EUR RM'000 | USD RM'000 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| 31 December 2012 | | | | | |
| Deposits with licensed banks | - | - | 11,298 | - | 36,329 |
| Trade and other receivables | - | - | - | - | 585 |
| Loans and borrowings | - | - | - | - | (275,247) |
| Trade and other payables | - | (744) | - | (26,516) | (40,003) |
| Net exposure | - | (744) | 11,298 | (26,516) | (278,336) |
| 31 December 2013 | | | | | |
| Deposits with licensed banks | 42,751 | 43,767 | 23,368 | - | 28,647 |
| Trade and other receivables | - | - | 5,396 | - | 11,245 |
| Loans and borrowings | (1,937,704) | - | - | - | (285,951) |
| Trade and other payables | (23,013) | - | - | (61,538) | (58,729) |
| Net exposure | (1,917,966) | 43,767 | 28,764 | (61,538) | 304,788 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.6 Market risk (continued)

29.6.1 Currency risk (continued)

| | AUD RM'000 | CHF RM'000 | KWD RM'000 | EUR RM'000 | USD RM'000 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| 31 December 2014 | | | | | |
| Deposits with licensed banks | 23,317 | - | 9,610 | 161,377 | 114,583 |
| Trade and other receivables | 17,399 | 63,334 | 6,982 | - | 7,114 |
| Loans and borrowings | (1,930,064) | - | - | - | (295,804) |
| Trade and other payables | (17,393) | (1,249) | - | (2,909) | (3,149) |
| Net exposure | (1,906,741) | 62,085 | 16,592 | 158,468 | (177,256) |

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have functional currencies other than Ringgit Malaysia ("RM"). A 10% (31 December 2013: 10%, 31 December 2012: 10%) strengthening of the RM against the following currencies would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

| Profit or loss | 31 December | | |
|----------------|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| AUD | - | 143,847 | 143,006 |
| CHF | 56 | (3,283) | (4,656) |
| KWD | (848) | (2,157) | (1,244) |
| EUR | 1,989 | 4,616 | (11,885) |
| USD | 20,876 | 22,859 | 13,294 |
| | 22,073 | 165,882 | 138,515 |

A 10% (2013: 10%, 2012: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.6 Market risk (continued)

29.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

In managing interest rate risk, the Group maintains a balanced portfolio consisting mainly fixed instruments. All interest rate exposures are monitored and managed proactively by the Group's management.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments based on carrying amounts at the end of the reporting period was:

| | 31 December | | |
|----------------------------------|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Fixed rate instruments | | | |
| - Financial assets | 5,066,330 | 3,306,899 | 3,433,561 |
| - Financial liabilities | 14,657,808 | 16,650,200 | 17,121,942 |
| Floating rate instruments | | | |
| - Financial liabilities | 605,350 | 893,185 | 1,105,537 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.6 Market risk (continued)

29.6.2 Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased (decreased) equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

| | Profit or loss | | Equity | |
|-----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 100 bps increases RM'000 | 100 bps decreases RM'000 | 100 bps increases RM'000 | 100 bps decreases RM'000 |
| 31 December 2012 | | | | |
| Interest rate swaps | - | - | 57,842 | (57,842) |
| Cross currency swaps | - | - | 100,772 | (100,772) |
| Cash flow sensitivity (net) | - | - | 158,614 | (158,614) |
| 31 December 2013 | | | | |
| Floating rate instrument | 8,932 | (8,932) | - | - |
| Interest rate swaps | 28,448 | (2,728) | 149,276 | (162,133) |
| Cross currency swaps | - | - | 104,235 | (104,235) |
| Cash flow sensitivity (net) | 37,380 | (11,660) | 253,511 | (266,368) |
| 31 December 2014 | | | | |
| Floating rate instrument | 11,055 | (11,055) | - | - |
| Interest rate swaps | - | - | 109,191 | (111,749) |
| Cross currency swaps | - | - | 111,251 | (111,251) |
| Cash flow sensitivity (net) | 11,055 | (11,055) | 220,442 | (223,000) |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.7 Hedging activities

29.7.1 Cash flow hedge

The Group has entered into various interest rate swaps and cross currency swaps in order to hedge the interest rate risk and foreign exchange risk in relation to the variability in cash flows on the floating rate RM and USD loans of RM967,604,587 (75% of Junior Tranche Loan), RM525,000,000 (75% of Senior Tranche Loan) and USD400,000,000 (100% of USD Loan) and AUD517,644,989 loan.

For the interest rate swaps and cross currency swaps that held by a subsidiary in Malaysia, the notional amount of the various swaps start with RM96,953,206 and thereafter as per schedule for Junior IRS, RM44,273,673 and thereafter as per schedule for Senior IRS and USD33,752,607 and thereafter as per schedule for CCS. The interest rate swaps and cross currency swaps were entered into for a period of 5 years for Junior IRS, 12 years for Senior IRS and 15 years for CCS.

For the interest rate swaps that held by a subsidiary in Australia, the Group had interest rate swaps with a notional value of AUD464 million. The interest rate swaps were entered into for a period of 10 to 17 years tenor.

The following table indicates the periods in which the cash flows associated with the interest rate swap are expected to occur and affect profit or loss:

| | Carrying amount RM'000 | Expected cash flows RM'000 | Under 1 year RM'000 | 1-2 years RM'000 | 2-5 years RM'000 | More than 5 years RM'000 |
|------------------------------|------------------------------|----------------------------------|---------------------------|------------------------|------------------------|-----------------------------------|
| 31 December 2012 | | | | | | |
| Financial liabilities | | | | | | |
| Interest rate swaps | (17,501) | (18,806) | (1,957) | (4,870) | (12,547) | 568 |
| Cross currency swaps | (145,249) | (485,862) | - | (21,269) | (156,667) | (307,926) |
| | <u>(162,750)</u> | <u>(504,668)</u> | <u>(1,957)</u> | <u>(26,139)</u> | <u>(169,214)</u> | <u>(307,358)</u> |
| 31 December 2013 | | | | | | |
| Financial assets | | | | | | |
| Interest rate swaps | 16,134 | 17,138 | (8,859) | (6,671) | 2,130 | 30,538 |
| Cross currency swaps | 64,107 | 32,909 | (13,542) | (26,139) | (24,682) | 97,272 |
| | <u>80,241</u> | <u>50,047</u> | <u>(22,401)</u> | <u>(32,810)</u> | <u>(22,552)</u> | <u>127,810</u> |
| Financial liability | | | | | | |
| Interest rate swap | <u>(66,081)</u> | <u>(87,601)</u> | <u>(32,242)</u> | <u>(25,985)</u> | <u>(37,331)</u> | <u>7,957</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.7 Hedging activities (continued)

29.7.1 Cash flow hedge (continued)

| | Carrying amount RM'000 | Expected cash flows RM'000 | Under 1 year RM'000 | 1-2 years RM'000 | 2-5 years RM'000 | More than 5 years RM'000 |
|----------------------------|------------------------------|----------------------------------|---------------------------|------------------------|------------------------|-----------------------------------|
| 31 December 2014 | | | | | | |
| Financial assets | | | | | | |
| Cross currency swaps | 99,147 | 1,460 | (66,536) | (17,211) | 6,906 | 78,301 |
| Financial liability | | | | | | |
| Interest rate swap | (195,042) | (253,449) | (43,030) | (34,929) | (91,127) | (84,362) |

During the financial year, a loss of RM78,095,000 (31 December 2013: gain of RM238,418,000, 31 December 2012: loss of RM5,107,000) was recognised in other comprehensive income.

Ineffectiveness gain amounting to RM5,891,000 (31 December 2013: gain of RM44,041,000, 31 December 2012: RM912,000) was recognised in profit or loss during the financial year in respect of the hedge.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.7 Hedging activities (continued)

29.7.1 Cash flow hedge (continued)

Sensitivity analysis

Fair value sensitivity analysis

A change of 10% strengthening/weakening of the USD at the end of the reporting period would have increased/(decreased) equity by the amount shown below:

| | Equity | |
|------------------------------|--|--------------------------------------|
| | 10% strengthening of USD RM'000 | 10% weakening of USD RM'000 |
| 31 December 2012 | | |
| Cross currency swaps | 22,994 | (22,994) |
| Fair value sensitivity (net) | <u>22,994</u> | <u>(22,994)</u> |
| 31 December 2013 | | |
| Cross currency swaps | 35,128 | (35,128) |
| Fair value sensitivity (net) | <u>35,128</u> | <u>(35,128)</u> |
| 31 December 2014 | | |
| Cross currency swaps | 100,410 | (100,410) |
| Fair value sensitivity (net) | <u>100,410</u> | <u>(100,410)</u> |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.8 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

| 31 December 2012 | Fair value of financial instruments carried at fair value | | | Total RM'000 | Fair value of financial instruments not carried at fair value* Total RM'000 | Total fair value RM'000 | Carrying amount RM'000 |
|--|---|-------------------|-------------------|-----------------|---|----------------------------|---------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | | | |
| Non-current | | | | | | | |
| Financial liabilities | | | | | | | |
| Derivative financial liabilities: | | | | | | | |
| Interest rate swaps | - | (17,501) | - | (17,501) | - | (17,501) | (17,501) |
| Cross currency swaps | - | (145,249) | - | (145,249) | - | (145,249) | (145,249) |
| Loans and borrowings (secured): | | | | | | | |
| ABBA bonds | - | - | - | - | (265,724) | (265,724) | (130,000) |
| Al-Istisna bonds | - | - | - | - | (277,995) | (277,995) | (193,231) |
| Sukuk Ijarah medium term notes | - | - | - | - | (4,160,319) | (4,160,319) | (3,508,439) |
| Sukuk medium term notes 1 | - | - | - | - | (5,964,070) | (5,964,070) | (4,641,439) |
| Senior Sukuk Murabahah | - | - | - | - | (3,243,700) | (3,243,700) | (3,290,000) |
| USD Term loan | - | - | - | - | (279,372) | (279,372) | (266,989) |
| Balance carried forward | - | (162,750) | - | (162,750) | (14,191,180) | (14,353,930) | (12,192,848) |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)



29. Financial instruments (continued)

29.8 Fair value information (continued)

| 31 December 2012 | Fair value of financial instruments carried at fair value | | | Total RM'000 | Fair value of financial instruments not carried at fair value* Total RM'000 | Total fair value RM'000 | Carrying amount RM'000 |
|--|---|-------------------|-------------------|-----------------|---|----------------------------|---------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | | | |
| Non-current | | | | | | | |
| Balance brought forward | - | (162,750) | - | (162,750) | (14,191,180) | (14,353,930) | (12,192,848) |
| Financial liabilities | | | | | | | |
| Loans and borrowings (unsecured): | | | | | | | |
| Junior EBL term loan | - | - | - | - | (330,960) | (330,960) | (330,103) |
| Unrated Junior Sukuk Musharakah | - | - | - | - | (1,878,862) | (1,878,862) | (1,800,000) |
| Subordinated loan notes | - | - | - | - | (146,563) | (146,563) | (61,060) |
| | - | - | - | - | (2,356,385) | (2,356,385) | (2,191,163) |
| | - | (162,750) | - | (162,750) | (16,547,565) | (16,710,315) | (14,384,011) |

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.8 Fair value information (continued)

| 31 December 2013 | Fair value of financial instruments carried at fair value | | | | Fair value of financial instruments not carried at fair value | | | | Total fair value RM'000 | Carrying amount RM'000 |
|-------------------------------------|---|----------------|----------------|--------------|---|----------------|----------------|--------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | | |
| Non-current | | | | | | | | | | |
| Financial assets | | | | | | | | | | |
| Derivative financial assets: | | | | | | | | | | |
| Interest rate swaps | - | 16,134 | - | 16,134 | - | - | - | - | 16,134 | 16,134 |
| Cross currency swaps | - | 64,107 | - | 64,107 | - | - | - | - | 64,107 | 64,107 |
| Finance lease receivable | - | - | - | - | - | - | 2,012,945 | 2,012,945 | 2,012,945 | 2,012,945 |
| | - | 80,241 | - | 80,241 | - | - | 2,012,945 | 2,012,945 | 2,093,186 | 2,093,186 |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.8 Fair value information (continued)

| 31 December 2013 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|--|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| Non-current | | | | | | | | |
| Financial liabilities | | | | | | | | |
| Derivative financial liabilities: | | | | | | | | |
| Interest rate swaps | - | (31,762) | - | - | - | - | (31,762) | (31,762) |
| Loans and borrowings (secured): | | | | | | | | |
| Al-Istisna bonds | - | - | - | - | (204,756) | - | (204,756) | (129,495) |
| AUD term loan 1 | - | - | - | - | (445,455) | - | (445,455) | (425,508) |
| AUD term loan 2 | - | - | - | - | (1,632,807) | - | (1,632,807) | (1,501,324) |
| RM term loan 1 | - | - | - | - | (32,728) | - | (32,728) | (39,220) |
| Sukuk Ijarah medium term notes | - | - | - | - | (4,051,205) | - | (4,051,205) | (3,544,065) |
| Sukuk medium term notes 2 | - | - | - | - | (5,472,619) | - | (5,472,619) | (4,244,338) |
| Sukuk Wakalah | - | - | - | - | (464,837) | - | (464,837) | (450,000) |
| Senior Sukuk Murabahah | - | - | - | - | (3,355,574) | - | (3,355,574) | (3,290,000) |
| USD term loan | - | - | - | - | (281,569) | - | (281,569) | (277,107) |
| Balance carried forward | - | (31,762) | - | - | (15,941,550) | - | (15,941,550) | (13,932,819) |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.8 Fair value information (continued)

| 31 December 2013 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|--|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| Non-current | | | | | | | | |
| Balance brought forward | - | (31,762) | - | - | (15,941,550) | - | (15,941,550) | (13,932,819) |
| Financial liabilities | | | | | | | | |
| Loans and borrowings (unsecured): | | | | | | | | |
| Junior EBL term loan | - | - | - | - | (729,031) | - | (729,031) | (726,905) |
| Unrated Junior Sukuk | - | - | - | - | (1,878,862) | - | (1,878,862) | (1,800,000) |
| Musharakah | - | - | - | - | - | (147,933) | (147,933) | (183,798) |
| Subordinated loan notes | - | - | - | - | (2,607,893) | (147,933) | (2,755,826) | (2,710,703) |
| | - | (31,762) | - | - | (18,549,443) | (147,933) | (18,697,376) | (16,643,522) |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.8 Fair value information (continued)

| 31 December 2014 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|------------------------------|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | | |
| Non-current | | | | | | | | |
| Financial assets | | | | | | | | |
| Derivative financial assets: | | | | | | | | |
| Cross currency swaps | - | 99,147 | - | - | - | - | - | 99,147 |
| Finance lease receivable | - | - | - | - | - | 1,990,974 | 1,990,974 | 1,990,974 |
| | - | 99,147 | - | - | - | 1,990,974 | 2,090,121 | 2,090,121 |

A Historical Financial Information of the Group (continued)



29. Financial instruments (continued)

29.8 Fair value information (continued)

| 31 December 2014 | Fair value of financial instruments carried at fair value | | | Fair value of financial instruments not carried at fair value | | | Total fair value RM'000 | Carrying amount RM'000 |
|--|---|----------------|----------------|---|----------------|----------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| Non-current | | | | | | | | |
| Financial liabilities | | | | | | | | |
| Derivative financial liabilities: | | | | | | | | |
| Interest rate swaps | - | (167,338) | - | - | - | - | (167,338) | (167,338) |
| Loans and borrowings (secured): | | | | | | | | |
| Al-Istisna bonds | - | - | - | - | (68,290) | - | (68,290) | (64,650) |
| AUD term loan 1 | - | - | - | - | (446,625) | - | (446,625) | (454,217) |
| AUD term loan 2 | - | - | - | - | (1,542,641) | - | (1,542,641) | (1,462,219) |
| RM term loan 1 | - | - | - | - | (50,271) | - | (50,271) | (47,153) |
| RM term loan 2 | - | - | - | - | (31,252) | - | (31,252) | (30,000) |
| Sukuk Ijarah medium term notes | - | - | - | - | (3,993,541) | - | (3,993,541) | (3,581,077) |
| Sukuk medium term notes 2 | - | - | - | - | (4,485,585) | - | (4,485,585) | (3,884,427) |
| Sukuk Wakalah | - | - | - | - | (391,768) | - | (391,768) | (400,000) |
| Senior Sukuk Murabahah | - | - | - | - | (3,313,032) | - | (3,313,032) | (3,290,000) |
| Senior USD term loan | - | - | - | - | (680,891) | - | (680,891) | (644,800) |
| Senior RM term loan | - | - | - | - | (383,510) | - | (383,510) | (364,000) |
| USD term loan | - | - | - | - | (295,040) | - | (295,040) | (286,363) |
| Balance carried forward | - | (167,338) | - | - | (15,682,446) | - | (15,849,784) | (14,676,244) |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)



29. Financial instruments (continued)

29.8 Fair value information (continued)

| 31 December 2014 | Fair value of financial instruments carried at fair value | | | | Fair value of financial instruments not carried at fair value | | | | Total fair value RM'000 | Carrying amount RM'000 |
|--|---|----------------|----------------|--------------|---|----------------|----------------|--------------|-------------------------|------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | | |
| Non-current | | | | | | | | | | |
| Balance brought forward | - | (167,338) | - | (167,338) | - | (15,682,446) | - | (15,682,446) | (15,849,784) | (14,676,244) |
| Financial liabilities | | | | | | | | | | |
| Loans and borrowings (unsecured): | | | | | | | | | | |
| Junior EBL term loan | - | - | - | - | - | (1,114,776) | - | (1,114,776) | (1,114,776) | (1,058,064) |
| Unrated Junior Sukuk Musharakah | - | - | - | - | - | (1,876,946) | - | (1,876,946) | (1,876,946) | (1,800,000) |
| Subordinated loan notes | - | - | - | - | - | - | (117,088) | (117,088) | (117,088) | (126,247) |
| | - | - | - | - | - | (2,991,722) | (117,088) | (3,108,810) | (3,108,810) | (2,984,311) |
| | - | (167,338) | - | (167,338) | - | (18,674,168) | (117,088) | (18,791,256) | (18,958,594) | (17,660,555) |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.8 Fair value information (continued)

Level 2 fair value

Derivatives

The interest rate swaps and cross currency swaps instruments that held by the subsidiary in Malaysia are not actively traded therefore market-based prices are not readily available. The fair values of the instruments are calculated based on the present value of future principal and interest cash flows. The spot rates, forward rates and foreign exchange rates used to calculate present value are directly observable from the market.

For the interest rate swaps that held by the subsidiary in Australia, the fair value of interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account of the credit risk of the Group and counterparty where appropriate.

Non-derivative financial liabilities

Fair value of the long term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values in 2012, 2013 and 2014.



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

29. Financial instruments (continued)

29.8 Fair value information (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as the key unobservable inputs used in the valuation models.

a) Financial instruments not carried at fair value

| Type | Description of valuation technique and inputs used |
|--------------------------|---|
| Finance lease receivable | Discounted cash flows using a rate based on current market rate of borrowing of the Group |
| Subordinated loan notes | Discounted cash flows using a rate based on the weighted average cost of capital of the Company at the reporting date |

Valuation process applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

30. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants.

30.1 ABBA bonds issued by GB3 Sdn. Bhd. ("GB3")

GB3's strategy was to maintain a debt-to-equity ratio of not more than 9:1 and a debt service cover ratio of at least 1.25 times. The following shows the debt-to-equity ratios and debt service cover ratios at the end of the financial years:

| | 31 December | | |
|--------------------------|-------------|---------|------|
| | 2012 | 2013 | 2014 |
| Debt-to-equity ratio | 0.46:1 | 0.20:1 | - |
| Debt service cover ratio | 31.28:1 | 40.52:1 | - |

ABBA bonds have been fully redeemed in 2014.

30.2 Al-Istisna bonds issued by Prai Power Sdn. Bhd. ("PPSB")

PPSB's strategy is to maintain a debt-to-equity ratio of not more than 4:1 and an annual finance service ratio of at least 1.4 times. The following shows the debt-to-equity ratios and annual finance service ratios at the end of the financial years:

| | 31 December | | |
|------------------------------|-------------|--------|--------|
| | 2012 | 2013 | 2014 |
| Debt-to-equity ratio | 0.59:1 | 0.39:1 | 0.25:1 |
| Annual finance service ratio | 1.70:1 | 2.00:1 | 2.48:1 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

30. Capital management (continued)

30.3 *Sukuk Ijarah medium term notes issued by Tanjung Bin Power Sdn. Bhd. ("TBP")*

TBP's strategy is to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of at least 1.25 times. The following shows the debt-to-equity ratios and finance service cover ratios at the end of the financial years:

| | 31 December | | |
|-----------------------------|-------------|--------|--------|
| | 2012 | 2013 | 2014 |
| Debt-to-equity ratio | 2.74:1 | 2.87:1 | 3.34:1 |
| Finance service cover ratio | - | 4.13:1 | 8.87:1 |

The finance service cover ratio is not applicable to the subsidiary as at 31 December 2012 as there was no distribution made in any 12 months period between one principal payment date and the next principal date during that financial year.

30.4 *Senior Sukuk Murabahah, Senior USD term loan and Senior RM term loan issued by Tanjung Bin Energy Issuer Berhad ("TBEI")*

TBEI's strategy is to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of at least 1.05 times. The first of such finance service cover ratio is to be computed for the first full calculation period ending after the commencement date of the power plants. The following shows the debt-to-equity ratios at the end of the financial years:

| | 31 December | | |
|----------------------|-------------|--------|--------|
| | 2012 | 2013 | 2014 |
| Debt-to-equity ratio | 3.54:1 | 3.57:1 | 3.58:1 |

The first finance service cover ratio is not presented until the completion date of the project.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

30. Capital management (continued)

30.5 RM Term loan 1 drawdown by Malakoff Utilities Sdn. Bhd. ("MUSB")

MUSB's strategy is to maintain a debt-to-equity ratio of not more than 1.50:1 and a debt service cover ratio of at least 1.20 times.

The following shows the debt-to-equity ratio and debt service cover ratio at the end of the financial years:

| | 31 December | |
|--------------------------|--------------------|-------------|
| | 2013 | 2014 |
| Debt-to-equity ratio | 0.71:1 | 0.68:1 |
| Debt service cover ratio | 22.5:1 | 27.5:1 |

30.6 RM Term loan 2 drawdown by Port Dickson Power Berhad ("PD Power")

In 2014, PD Power's strategy is to maintain a finance service coverage ratio of at least 1.10 times.

The following shows the finance service coverage ratio at the end of the financial year:

| | 31 December |
|-----------------------------|--------------------|
| | 2014 |
| Finance service cover ratio | 5.33:1 |

30.7 Sukuk Wakalah issued by Tanjung Bin O&M Berhad ("TBOM")

TBOM's strategy is to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of at least 1.25 times. The first debt-to-equity ratio is to be computed 24 months after the issue date.

The following shows the finance service cover ratio at the end of the financial years:

| | 31 December | |
|-----------------------------|--------------------|-------------|
| | 2013 | 2014 |
| Finance service cover ratio | 9.44:1 | 3.33:1 |

The first debt-to-equity ratio is not presented until 24 months after the issue date.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

30. Capital management (continued)

30.8 *AUD term loan 2 drawdown by Wind Macarthur Finco Pty Limited ("MWF")*

MWF's strategy is to maintain a minimum projected debt service cover ratio of 1.10:1 on any two consecutive calculation date.

The following shows the projected debt service cover at the end of the financial years:

| | 31 December | |
|--------------------------|--------------------|---------------|
| | 2013 | 2014 |
| Debt service cover ratio | <u>1.24:1</u> | <u>1.42:1</u> |

30.9 *The Company debt-to-equity ratio is applied to the following loans and borrowings:*

- 30.9.1 *a) Sukuk medium term notes 2 issued by Malakoff Power Berhad ("MPB")*
b) Commercial papers issued by MPB
c) Junior EBL term loan for TBEI

For the Sukuk medium term notes 2 issued by MPB, the Company is required to maintain an aggregated Company debt-to-equity ratio of the Company of not more than 1:1.

For the commercial papers issued by MPB and Junior EBL term loan for TBEI, the Company is required to maintain an aggregated company debt-to-equity ratio of the Company of not more than 1.25:1. Commercial papers have been fully redeemed during the financial year.

The following shows the debt-to-equity ratios as at the end of the financial years:

| | 31 December | |
|----------------------|--------------------|---------------|
| | 2013 | 2014 |
| Debt-to-equity ratio | <u>0.84:1</u> | <u>0.74:1</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

30. Capital management (continued)

30.9 *The Company debt-to-equity ratio is applied to the following loans and borrowings: (continued)*

- 30.9.2 *a) Sukuk medium term notes 1 issued by the Company
b) USD term loan for Malakoff International Limited ("MIL")
c) AUD term loan 1 for MIL*

For the Sukuk medium term notes 1, the Company's strategy remains unchanged from 2012, was to maintain a debt-to-equity ratio of not more than 1.25:1. The Company has fully redeemed Sukuk medium term notes 1 in 2013.

For the USD term loan and AUD term loan 1 obtained by MIL, the Company is required to maintain its debt-to-equity ratio of not more than 1.25:1.

The following shows the debt-to-equity as at the end of the following years:

| | 31 December | | |
|------------------------------|--------------------|-------------|-------------|
| | 2012 | 2013 | 2014 |
| Company debt-to-equity ratio | 1.06:1 | 0.84:1 | 0.73:1 |

30.10 *The Group debt-to-equity ratio is applied to the following loans and borrowings:*

- a) Sukuk medium term notes 1 issued by the Company
b) Sukuk medium term notes 2 issued by MPB
c) Commercial papers issued by MPB
d) USD term loan for Malakoff International Limited ("MIL")
e) AUD term loan 1 for MIL
f) Junior EBL term loan for TBEI*

For Sukuk medium term notes 1 issued by the Company and Sukuk medium term notes 2 issued by MPB, the Group is required to maintain its debt-to-equity ratio of not more than 5.5:1.

For the commercial papers issued by MPB, USD term loan and AUD term loan 1 obtained by MIL and Junior EBL term loan for TBEI, the Group is required to maintain its debt-to-equity ratio of not more than 7:1. Commercial papers have been fully redeemed in 2014.

The following shows the debt-to-equity as at the end of the following years:

| | 31 December | | |
|----------------------------|--------------------|-------------|-------------|
| | 2012 | 2013 | 2014 |
| Group debt-to-equity ratio | 2.47:1 | 2.92:1 | 3.00:1 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

31. Capital commitments

| | 31 December | | |
|-----------------------------------|------------------|------------------|------------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Plant and equipment | | | |
| Contracted but not provided for | 4,592,430 | 2,101,576 | 1,297,372 |
| Authorised but not contracted for | 304,011 | 340,373 | 457,522 |
| | <u>4,896,441</u> | <u>2,441,949</u> | <u>1,754,894</u> |

32. Contingencies

a) Guarantees

| | 31 December | | |
|----------------------|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| Guarantees - secured | 440,441 | 382,573 | 368,166 |

These guarantees mainly consist of guarantees for bid bonds, performance bonds and security deposits for projects.

b) Material litigation

The status of material litigation of the Group are as follows:

- (i) Arbitration proceedings between Port Dickson Power Berhad ("PD Power") ("Claimant") and Tenaga Nasional Berhad ("TNB") ("Respondent")

On 26 March 2013, PD Power commenced arbitration proceedings against TNB in relation to the following:

- a) a claim by PD Power against TNB of an amount of RM56,642,029 for the outstanding FOR and VOR adjustments for the period from February 1999 to November 2011 together with interest thereon; and
- b) a claim that PD Power is entitled to bill and be paid by TNB for the capacity payments and energy payments from December 2011 onwards based on the adjusted FOR and VOR of RM7.05/kW/month and RM0.0157/kWh, respectively, pursuant to the PD Power's PPA.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

32. Contingencies (continued)

b) Material litigation (continued)

- (i) Arbitration proceedings between Port Dickson Power Berhad ("PD Power") ("Claimant") and Tenaga Nasional Berhad ("TNB") ("Respondent") (continued)

Alternatively, PD Power claimed the following:

- a) an amount of RM86,891,242 against TNB for the outstanding FOR and VOR adjustments for the period from February 1999 to August 2013 together with interest thereon, pursuant to the adjustment factors of the FOR and VOR stipulated in the PD Power's PPA; and
- b) a claim that PD Power is entitled to bill and be paid by TNB for the capacity payments and energy payments from September 2013 onwards based on the adjusted FOR and VOR of RM7.05/kW/month and RM0.0204/kWh, respectively, pursuant to the PD Power's PPA.

PD Power and TNB ("Parties") have filed their joint expert's report and the list of issues on 12 November 2014. The hearing proceeded before the tribunal from 26 to 30 January 2015 at the Kuala Lumpur Regional Centre for Arbitration before the three-member tribunal, consisting of Dr. Eun Young Park, Mr. James Spigelman and Mr. Andrew Jeffries ("Tribunal").

Subsequently, the Tribunal has directed the Parties to provide the latest calculation of the claims. PD Power is required to submit the calculations and revised remedies on 13 February 2015, while TNB is to provide its comments on the calculations before 6 March 2015.

As the Tribunal's award would include an award on the costs incurred for this arbitration proceeding, the Tribunal has directed Parties to file their costs submissions. PD Power's solicitors will prepare the submissions, including the total legal costs and disbursements incurred by PD Power. Both Parties have filed their respective Cost Submissions on 13 March 2015.

It is expected that the arbitration award from the Tribunal will be rendered within a month after the costs submission are delivered by the both parties to the Tribunal. No amounts have been recognised in these financial statements for this gain contingency.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

32. Contingencies (continued)

b) Material litigation (continued)

- (ii) Proceedings by the Public Prosecutor of Algeria against Almiyah Attilemcania SPA ("AAS")

On 4 September 2014, a joint venture of the Group, AAS, was charged in the Court of Ghazouet in the district of Tlemcen, Algeria, for an alleged breach of foreign exchange regulations concerning a sum of USD26.9 million. The Group holds an indirect effective interest of 35.7% in AAS via Tlemcen Desalination Investment Company SAS ("TDIC"), an indirect subsidiary of Malakoff International Limited.

During the financial year 2009, it was discovered that there was a considerable gap between the value of the delivered equipment received as per the invoices declared to the Algerian customs and the value of the milestone payments made by AAS to the supplier cum contractor ("Invoice Gap"). AAS wrote to the supplier cum contractor requesting for clarifications as they are responsible to resolve tax and customs issues. The Invoice Gap however was not resolved by the supplier cum contractor and the Algerian Customs then initiated investigations and thereafter a charge was brought against AAS. It was alleged that AAS has failed to repatriate a sum of USD26.9 million.

The lower court of Ghazouet ("Court") in the district of Tlemcen has on 24 December 2014 convicted AAS and has subsequently imposed a penalty of AD3,929,038,151 (approximately RM157.2 million at the exchange rate of RM1:AD25) ("Penalty"). The Group's liability arising from the Penalty, in proportion to the Group's 35.7% effective interest in AAS via TDIC, which may impact the profit of the Group, amounts to AD1,402,666,620 (approximately RM56.1 million).

Notwithstanding, AAS has been advised by its solicitor, Maitre Ahcene Bouskia, an attorney admitted to the Algerian Supreme Court, that the Penalty would not be enforced until the exhaustion of all rights to appeal by AAS in respect of the proceedings. AAS has on 29 December 2014 filed an appeal against the decision of the Court to the Algerian Court of Appeal.

In the opinion of the Directors, after taking appropriate legal advice, it is not probable an outflow of resources embodying economic benefits will be required to resolve this matter. Therefore no provisions have been made in the financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

32. Contingencies (continued)

b) Material litigation (continued)

- (iii) Request for arbitration proceedings by International Water Treatment LLC ("IWT") and Muscat City Desalination Company S.A.O.C. ("MCDC")

The arbitration arose pursuant to an EPC contract dated 10 April 2013 in relation to the Al Ghubrah IWP ("Al Ghubrah EPC Contract"). Under the Al Ghubrah EPC Contract, MCDC is the owner of the works to be constructed and IWT is the contractor.

The arbitration commenced on 2 October 2014, when IWT filed a request for arbitration with the London Court of International Arbitration ("LCIA"), alleging the following claims:

- i) IWT has sought to challenge the delay liquidated damages clause under the Al Ghubrah EPC Contract ("LD Clause") on the bases that it is a "penalty", and is therefore unenforceable; and
- ii) failing MCDC's ability to provide IWT with an extension of time, IWT is entitled to complete within a reasonable period of time.

However, IWT has failed to particularise the grounds on which its claims are based in the arbitration. MCDC has filed a response to request for arbitration on 30 October 2014, defending its position as to the enforceability of the LD Clause and has required IWT to further particularise its claims. MCDC and IWT are currently waiting for the LCIA to appoint the Tribunal, after which a procedural timetable will be put in place. A tribunal was appointed by the LCIA on 13 February 2015 and a procedural hearing has been fixed for 7 May 2015.

In the opinion of the Directors, after taking appropriate legal advice, it is not probable an outflow of resources embodying economic benefits will be required to resolve this matter. Therefore no provisions have been made in the financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

33. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries and associates and key management personnel. Related party transactions have been entered into the normal course of business under normal trade terms.

The significant related party transactions of the Group are as follows:

Significant related party transactions

| | 31 December | | |
|--|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| (i) An associate: | | | |
| - Interest income on unsecured subordinated loan notes | 59,922 | 65,402 | 26,410 |
| - Project management fees | - | 967 | 1,701 |
| (ii) Entities that are under common control by a party that controls the Group and the Company: | | | |
| Hicom Power Sdn. Bhd.: | | | |
| - Operation and maintenance subcontract fee income | 109,633 | - | - |
| - Operation and maintenance subcontract fee expense | (277,947) | - | - |
| (iii) Entities that are under common control by the Government of Malaysia (a party that has direct or indirect significant influence on the Group and the Company): | | | |
| Tenaga Nasional Berhad: | | | |
| - Sales of capacity and energy | 5,665,095 | 4,726,492 | 5,457,407 |
| - Purchase of electricity bulk supply | (47,232) | (56,856) | (79,670) |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

33. Related parties (continued)

The significant related party transactions of the Group are as follows: (continued)

Significant related party transactions (continued)

| | 31 December | | |
|--|----------------|----------------|----------------|
| | 2012 RM'000 | 2013 RM'000 | 2014 RM'000 |
| (iii) Entities that are under common control by the Government of Malaysia (a party that has direct or indirect significant influence on the Group and the Company) (continued): | | | |
| Petroliam Nasional Berhad: | | | |
| - Purchase of gas | (398,263) | (567,051) | (596,983) |
| Petronas Dagangan Berhad: | | | |
| - Purchase of diesel | (75,431) | (42,206) | (32,060) |
| TNB Fuel Services Sdn. Bhd.: | | | |
| - Purchase of coal | (2,045,174) | (1,311,467) | (1,608,691) |
| - Purchase of diesel | - | - | (42,847) |
| Financial institutions and other corporations: | | | |
| - Interest income | 61,917 | 74,774 | 84,777 |
| - Interest expense | (16,570) | (50,400) | (50,400) |
| Energy Commission: | | | |
| - CESS fund contribution | (29,486) | (29,598) | (11,847) |
| Malaysian Resources Corporation Berhad: | | | |
| - Sales of centralised chilled water and electricity | 29,654 | 32,753 | 26,703 |
| Lembaga Tabung Haji: | | | |
| - Interest expense | (20,712) | (63,000) | (63,000) |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

34. Acquisition and disposal of subsidiaries

34.1 Acquisition of subsidiaries - Port Dickson Power Berhad and PDP O&M Sdn. Bhd. (formerly known as Sime Darby Biofuels Sdn. Bhd.)

On 30 April 2014, the Group acquired 112,500 ordinary shares of RM1.00 each and 112,500 redeemable preference shares of RM1.00 each in Port Dickson Power Berhad for RM289,000,000, representing 75% of the total issued and paid up share capital of Port Dickson Power Berhad. Prior to the acquisition, Port Dickson Power Berhad was an equity accounted investee with 25% equity interest held by the Group. Arising from the acquisition, Port Dickson Power Berhad becomes a wholly owned subsidiary of the Group.

On 30 April 2014, in connection with the above acquisition, the Group also acquired 2 ordinary shares of RM1.00 each in PDP O&M Sdn. Bhd. for RM11,000,000, representing 100% of the total issued and paid up share capital of PDP O&M Sdn. Bhd. Arising from the acquisition, PDP O&M Sdn. Bhd. becomes a wholly owned subsidiary of the Group.

The total purchase consideration for the acquisition is RM300,000,000, satisfied in cash. The companies are engaged in generating, operating and maintaining a gas-fuelled generation power plant in Port Dickson, Negeri Sembilan. In the eighth months to 31 December 2014, the subsidiaries contributed revenue of RM223,534,000 and profit of RM75,715,000. If the acquisition had occurred on 1 January 2014, management estimates that consolidated revenue would have been RM5,719,608,000 and consolidated profit for the financial year would have been RM400,299,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

The following summarises the recognised amount of assets and liabilities assumed at the acquisition date:-

Identifiable assets acquired and liabilities assumed

| | Note | RM'000 |
|-------------------------------|------|----------------|
| Property, plant and equipment | 3 | 230,738 |
| Intangible assets | 4 | 100,739 |
| Deferred tax assets | 9 | 10,658 |
| Inventories | | 19,068 |
| Trade and other receivables | | 38,616 |
| Cash and cash equivalents | | 146,459 |
| Trade and other payables | | (46,767) |
| Current tax liabilities | | (18,246) |
| Deferred tax liabilities | 9 | (51,534) |
| Total identifiable net assets | | <u>429,731</u> |

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13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

34. Acquisition and disposal of subsidiaries (continued)

34.1 Acquisition of subsidiaries - Port Dickson Power Berhad and PDP O&M Sdn. Bhd. (formerly known as Sime Darby Biofuels Sdn. Bhd.) (continued)

The following summarises the recognised amount of assets and liabilities assumed at the acquisition date: (continued)

Net cash outflow arising from acquisition of subsidiaries

| | RM'000 |
|---|------------------|
| Purchase consideration settled in cash and cash equivalents | (300,000) |
| Less: cash and cash equivalents acquired | 146,459 |
| | <u>(153,541)</u> |

Bargain purchase

A bargain purchase gain was recognised and reported in other non-operating income in the statement of profit or loss and other comprehensive income as a result of the acquisition as follows:

| | RM'000 |
|---|------------------|
| Purchase consideration | 300,000 |
| Fair value of existing interest in the acquiree | 96,333 |
| Fair value of identifiable assets, liabilities and contingent liabilities | <u>(429,731)</u> |
| | <u>(33,398)</u> |

The remeasurement to fair value of the Group's existing 25% interest in the acquiree also resulted in a gain of RM27,581,000 (RM96,333,000 less RM68,752,000 carrying value of equity-accounted investee at acquisition date), which has been recognised and reported as other non-operating income in the statement of profit or loss and other comprehensive income.

Acquisition-related costs

The Group incurred acquisition-related costs of RM736,000 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

34. Acquisition and disposal of subsidiaries (continued)

34.2 Acquisition of subsidiary – Malakoff Wind Macarthur Holdings Pty. Ltd. (formerly known as Meridian Wind Macarthur Holdings Pty. Ltd.)

On 28 June 2013, the Group acquired the entire issued and paid up share capital of Malakoff Wind Macarthur Holdings Pty. Ltd. (“MWMH”) for a cash consideration approximately of RM383,164,000. As a result of the acquisition, MWMH has an indirect 50% participating interest in an unincorporated joint venture of the Macarthur Wind Farm, through its wholly-owned subsidiary, Malakoff Wind Macarthur Pty. Ltd. (“MWM”) (formerly known as Meridian Wind Macarthur Pty. Ltd.). The completion of the construction of the Macarthur Wind Farm was on 31 January 2013.

The following summarises the recognised amount of assets and liabilities acquired at the acquisition date:

Identifiable assets acquired and liabilities assumed

| | RM'000 |
|----------------------------------|----------------|
| Finance lease receivables | 2,021,035 |
| Cash and cash equivalents | 23,013 |
| Loans and borrowings | (1,527,819) |
| Derivative financial liabilities | (110,052) |
| Other payables and accruals | (23,013) |
| | <u>383,164</u> |

Net cash outflow arising from acquisition of subsidiary

| | RM'000 |
|---|------------------|
| Purchase consideration settled in cash and cash equivalents | (383,164) |
| Less: cash and cash equivalents acquired | 23,013 |
| | <u>(360,151)</u> |

The Group incurred acquisition-related costs of RM6,146,000 related to arranger fees. The arranger fee had been included in administrative expenses in the Group's consolidated statements of profit or loss and other comprehensive income.

From the date of acquisition, MWM contributed approximately RM80,000,000 to the revenue and RM59,000,000 to profit before tax of the consolidated entity. If the acquisition had occurred on 1 January 2013, management estimates that consolidated revenue would have been RM4,786,683,000 and consolidated profit for the financial year would have been RM218,487,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2013.

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

34. Acquisition and disposal of subsidiaries (continued)

34.3 Acquisition of subsidiary – Malakoff Hidd Holding Company Limited (formerly known as IP Middle East Holding Company Limited) and Malakoff Summit Hidd Holding Company Limited (formerly known as IPSUM Hidd Holding Company Limited)

In 2012, Malakoff International Limited (“MIL”), a wholly-owned subsidiary of the Company acquired 100% and 57.1% of the equity interest in Malakoff Hidd Holding Company Limited (formerly known as IP Middle East Holding Company Limited) (“MHHCL”) and Malakoff Summit Hidd Holding Company Limited (formerly known as IPSUM Hidd Holding Company Limited), respectively for a total cash consideration of RM347,563,000. Both the subsidiaries are principally engaged in investment holding activities. As a result of the acquisition, the Group has an effective equity interest of 39.97% on Hidd Power Company B.S.C. (“HPC”) and it became an associate of the Group. No revenue was contributed by the subsidiaries acquired during the year. From the acquisition date to 31 December 2012, the Group shared of profit of HPC amounting to RM20,357,000. If the acquisition had occurred on 1 January 2012, management estimates that the consolidated profit for the financial year would have been RM555,259,000.

Intangible asset and goodwill arising from the acquisition amounting to RM81,103,000 and RM266,460,000, respectively which have been measured and accounted for using the Multi-Period Excess Earning Method under the income method as disclosed in Note 4 to the financial statements. The following summarises the recognised amounts of intangible asset and goodwill acquired at the acquisition date of the subsidiaries:

Identifiable assets acquired and liabilities assumed

| | RM'000 |
|---|---------------|
| Property, plant and equipment | 3,082,618 |
| Receivables | 306,109 |
| Inventories | 47,140 |
| Cash and cash equivalents | 54,217 |
| Bank borrowings | (2,643,294) |
| Derivative financial instruments | (611,695) |
| Deferred revenue | (111,940) |
| Other liabilities | (290,614) |
| Net liabilities | (167,459) |
| Intangible asset arising from acquisition | 370,369 |
| Net intangible asset | 202,910 |
| Group share of intangible asset | 81,103 |
| Purchase consideration / Cash outflow on acquisition | (347,563) |
| Goodwill | 266,460 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

34. Acquisition and disposal of subsidiaries (continued)

34.4 Disposal of subsidiary – Malakoff Jordan Generation Limited

In 2012, a wholly-owned subsidiary of the Company, Malakoff International Limited (“MIL”) disposed off Malakoff Jordan Generation Limited (“MJGL”), a wholly-owned subsidiary of MIL to a third party for a consideration sum of RM74,568,000. As a result, Malakoff ceased to hold an indirect equity interest in Enara Energy Investment Company (“Enara”) and Central Electricity Generating Company Limited (“CEGCO”), associates of the Group.

The disposal had the following effect on the financial position of the Group as follows:

| | RM'000 |
|--|---------------|
| Investment in a subsidiary | ..* |
| Investment in associates | (47,868) |
| Net assets | (47,868) |
| Total disposal proceeds, settled by cash | 74,568 |
| Gain on disposal recognised in statements of profit or loss and other comprehensive income | <u>26,700</u> |

*Denotes RM2

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

35. Acquisition of assets and liabilities

- (i) In 2012, Tanjung Bin O&M Berhad (formerly known as Sterling Asia Berhad), a wholly-owned subsidiary of the Company entered into a conditional asset sale agreement with Hicom Power Sdn. Bhd. ("HPSB") for the acquisition of the rights, assets and liabilities of HPSB for a total cash consideration of RM575,000,000. The acquisition was completed on 17 December 2012.

Intangible asset arising from the acquisition amounting to RM548,074,000 has been measured and accounted for using the Multi-Period Excess Earning Method under the income method as disclosed in Note 4 to the financial statements.

The following summarises the recognised amounts of assets and liabilities acquired at the acquisition date:

Identifiable assets acquired and liabilities assumed

| | RM'000 |
|--|------------------|
| Property, plant and equipment | 222 |
| Trade and other receivables | 67,296 |
| Cash and cash equivalents | 38,335 |
| Inventories | 558 |
| Trade and other payables | <u>(79,485)</u> |
| Net assets | 26,926 |
| Purchase consideration | <u>(575,000)</u> |
| Intangible asset | <u>548,074</u> |
| Net cash outflow arising from the acquisition | |
| Cash and cash equivalents acquired | 38,335 |
| Less: Total deposit paid as at acquisition date | <u>(115,000)</u> |
| Cash outflow on acquisition, net of cash and cash equivalents acquired | <u>(76,665)</u> |

Acquisition-related costs

The Group incurred acquisition-related cost of RM18 million related to stamp duty. The stamp duty has been included in other operating expenses in Group's consolidated statements of profit or loss and other comprehensive income.



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries

Details of subsidiaries are as follows:

| No. | Name of subsidiary | Country of incorporation | Effective interest (%) | | | Principal activities |
|--------------------------|----------------------------------|--------------------------|------------------------|-------|-------|--|
| | | | 2012 | 2013 | 2014 | |
| DIRECT SUBSIDIARY | | | | | | |
| 1. | Segari Energy Ventures Sdn. Bhd. | Malaysia | 93.75 | 93.75 | 93.75 | Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant |
| 2. | GB3 Sdn. Bhd. | Malaysia | 75 | 75 | 75 | Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant |
| 3. | Prai Power Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant |
| 4. | Tanjung Bin Power Sdn. Bhd. | Malaysia | 90 | 90 | 90 | Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 2,100 MW coal fired electricity generating facilities and sale of electrical energy and generating capacity of the power plant |

A Historical Financial Information of the Group (continued)



36. Investments in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

| No. | Name of subsidiary | Country of incorporation | Effective interest (%) | | Principal activities |
|-----|--------------------------------------|--------------------------|------------------------|------------------|---|
| | | | 31 December 2012 | 31 December 2013 | |
| | DIRECT SUBSIDIARY (continued) | | | | |
| 5. | Hypergantac Sdn. Bhd. | Malaysia | 100 | 100 | Investment holding |
| 6. | Tanjung Bin Energy Sdn. Bhd. | Malaysia | 100 | 100 | Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 1,000 MW coal-fired electricity generating facility |
| 7. | Teknik Janakuasa Sdn. Bhd. | Malaysia | 100 | 100 | Investment holding company and provision of operation and maintenance and any related services |
| 8. | Malakoff Utilities Sdn. Bhd. | Malaysia | 100 | 100 | Build, own and operate an electricity distribution system and a centralised chilled water plant system |
| 9. | Malakoff Engineering Sdn. Bhd. | Malaysia | 100 | 100 | Provision of engineering and project management services |
| 10. | Spring Assets Limited | British Virgin Islands | 100 | 100 | Dormant |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

| No. | Name of subsidiary | Country of incorporation | Effective interest (%) | | | Principal activities |
|--|----------------------------------|---------------------------------------|------------------------|------|------|---|
| | | | 2012 | 2013 | 2014 | |
| | | | 31 December | | | |
| DIRECT SUBSIDIARY (continued) | | | | | | |
| 11. | Malakoff Capital (L) Limited | Federal Territory of Labuan, Malaysia | 100 | 100 | 100 | Dormant |
| 12. | Malakoff International Limited | Cayman Islands | 100 | 100 | 100 | Offshore – Investment holding |
| 13. | Tuah Utama Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Investment holding |
| 14. | Desa Kilat Sdn. Bhd. | Malaysia | 54 | 54 | 54 | Land reclamation, development and/or sale of reclaimed land |
| 15. | Malakoff Power Berhad | Malaysia | 100 | 100 | 100 | Operation and maintenance of power plants |
| 16. | Malakoff R&D Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Promoting, developing, acquiring and enhancing the Group's capacity and innovation in the energy business |
| INDIRECT SUBSIDIARY | | | | | | |
| Held through Tanjung Bin Energy Sdn. Bhd. | | | | | | |
| 17. | Tanjung Bin Energy Issuer Berhad | Malaysia | 100 | 100 | 100 | Administer and manage the development of a 1,000MW coal-fired electricity generating facility |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

| No. | Name of subsidiary | Country of incorporation | Effective interest (%) | | | Principal activities |
|-----|--|--------------------------|------------------------|------|------|---|
| | | | 2012 | 2013 | 2014 | |
| | | | 31 December | | | |
| | INDIRECT SUBSIDIARY (continued) | | | | | |
| | Held through Teknik Janakuasa Sdn. Bhd. | | | | | |
| 18. | Natural Analysis Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Dormant |
| 19. | TJSB Services Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Provision of maintenance, repair and overhaul and any related services to power plants and any other plants of similar main and auxiliary operating systems |
| 20. | TJSB International Limited | Cayman Islands | 100 | 100 | 100 | Offshore – Investment holding |
| 21. | TJSB Global Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Investment holding |
| 22. | PT. Teknik Janakuasa [^] | Indonesia | - | 95 | 95 | Provision of operations and maintenance services to power plant and/or other utility plants |
| | Held through TJSB International Limited | | | | | |
| 23. | TJSB International (Shoaiba) Limited | British Virgin Islands | 100 | 100 | 100 | Offshore – Investment holding |
| 24. | TJSB Middle East Limited | British Virgin Islands | 100 | 100 | 100 | Operation and maintenance of power plant |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

| No. | Name of subsidiary | Country of incorporation | Effective interest (%) | | | Principal activities |
|-----|--|--------------------------|------------------------|------|------|-------------------------------|
| | | | 2012 | 2013 | 2014 | |
| | | | 31 December | | | |
| | | | | | | |
| | INDIRECT SUBSIDIARY (continued) | | | | | |
| | Held through Malakoff Engineering Sdn. Bhd. | | | | | |
| 25. | MESB Project Management Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Dormant |
| | Held through Malakoff International Limited | | | | | |
| 26. | Malakoff Gulf Limited | British Virgin Islands | 100 | 100 | 100 | Offshore – Investment holding |
| 27. | Malakoff Technical (Dhofar) Limited | British Virgin Islands | 100 | 100 | 100 | Offshore – Investment holding |
| 28. | Malakoff AIDjazzair Desal Sdn. Bhd. | Malaysia | 100 | 100 | 100 | Investment holding |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

| No. | Name of subsidiary | Country of incorporation | Effective interest (%) | | Principal activities |
|-----|--|--------------------------|------------------------|------------------|--|
| | | | 2012 | 31 December 2013 | |
| | INDIRECT SUBSIDIARY (continued) | | | | |
| | Held through Malakoff International Limited (continued) | | | | |
| 29. | Malakoff Oman Desalination Company Limited | British Virgin Islands | 100 | 100 | Offshore – Investment holding |
| 30. | Malakoff Hidd Holding Company Limited | Guernsey | 100 | 100 | Asset, property, investment, intellectual property and other holding companies |
| 31. | Pacific Goldtree Sdn. Bhd. | Malaysia | - | 100 | Investment holding |
| | Held through Malakoff AIDjazair Desal Sdn. Bhd. | | | | |
| 32. | Tlemcen Desalination Investment Company SAS* | France | 70 | 70 | Offshore -- Investment holding |
| | Held through Malakoff Hidd Holding Company Limited | | | | |
| 33. | Malakoff Summit Hidd Holding Company Limited | Guernsey | 57.14 | 57.14 | Asset, property, investment, intellectual property and other holding companies |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

| No. | Name of subsidiary | Country of incorporation | Effective interest (%) | | Principal activities |
|-----|---|--------------------------|------------------------|------|--|
| | | | 2012 | 2013 | |
| | | | 31 December | | |
| | | | 2012 | 2013 | 2014 |
| | | | | | |
| | INDIRECT SUBSIDIARY (continued) | | | | |
| | Held through Malakoff Power Berhad | | | | |
| 34. | Tanjung Bin O&M Berhad | Malaysia | 100 | 100 | 100 |
| | | | | | Operation and maintenance of power plant |
| 35. | PDP O&M Sdn. Bhd. (formerly known as Sime Darby Biofuels Sdn. Bhd.) [^] # | Malaysia | - | - | 100 |
| | | | | | Operation and maintenance of power plant |
| | Held through Pacific Goldtree Sdn. Bhd. | | | | |
| 36. | Skyfirst Power Sdn. Bhd. | Malaysia | - | 100 | 100 |
| | | | | | Investment holding |
| | Held through Skyfirst Power Sdn. Bhd. | | | | |
| 37. | Malakoff Australia Pty. Ltd.* | Australia | - | 100 | 100 |
| | | | | | Investment holding |
| 38. | Wind Macarthur Holdings (T) Pty. Limited* | Australia | - | 100 | 100 |
| | | | | | Investment holding |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

| No. | Name of subsidiary | Country of incorporation | Effective interest (%) | | Principal activities |
|-----|--|--------------------------|------------------------|------|--------------------------------|
| | | | 2012 | 2013 | |
| | | | 31 December | 2014 | |
| | INDIRECT SUBSIDIARY (continued) | | | | |
| | Held through Malakoff Australia Pty. Ltd. | | | | |
| 39. | Malakoff Holdings Pty. Ltd.* | Australia | - | 100 | Investment holding |
| | Held through Malakoff Holdings Pty. Ltd. | | | | |
| 40. | Malakoff Wind Macarthur Holdings Pty. Ltd.* | Australia | - | 100 | Investment holding |
| | Held through Malakoff Wind Macarthur Holdings Pty. Ltd. | | | | |
| 41. | Malakoff Wind Macarthur Pty. Ltd.* | Australia | - | 100 | Leasing of wind turbine assets |
| | Held through Wind Macarthur Holdings (T) Pty. Limited | | | | |
| 42. | Wind Macarthur (T) Pty. Limited* | Australia | - | 100 | Leasing of plant and equipment |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

| No. | Name of subsidiary | Country of incorporation | Effective interest (%) | | Principal activities |
|-----|---|--------------------------|------------------------|------------------|---|
| | | | 31 December 2012 | 31 December 2013 | |
| | INDIRECT SUBSIDIARY (continued) | | | | |
| | Held through Wind Macarthur (T) Pty. Limited | | | | |
| 43. | Wind Macarthur Finco Pty. Limited* | Australia | - | 100 | Financing operations for Macarthur wind farm project |
| | Held through Hypergantic Sdn. Bhd. | | | | |
| 44. | Port Dickson Power Berhad^# | Malaysia | - | 100 | Independent power producer licensed by the Government to supply electricity exclusively to Tenaga Nasional Berhad |

* Audited by other member firm of KPMG International

Acquired during the financial year (Note 34)

^ Audited by firms other than KPMG

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)



36. Investments in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

| | ←-----31.12.2012-----> | | | | |
|--|--|----------------------------|---|--|-----------------|
| | Segari Energy Ventures Sdn. Bhd. RM'000 | GB3 Sdn. Bhd. RM'000 | Tanjung Bin Power Sdn. Bhd. RM'000 | Other subsidiaries with immaterial NCI RM'000 | Total RM'000 |
| NCI percentage of ownership interest and voting interest | 6.25% | 25% | 10% | | |
| Carrying amount of NCI | 151,618 | 114,950 | 75,854 | (2,125) | 340,297 |
| Profit/(loss) allocated to NCI | 26,997 | 23,641 | 29,329 | (4) | 79,963 |

Summarised financial information before intra-group elimination

As at 31 December

| | | | |
|-------------------------|-----------|-----------|-------------|
| Non-current assets | 2,117,678 | 987,592 | 6,144,540 |
| Current assets | 1,166,903 | 572,081 | 2,044,363 |
| Non-current liabilities | (666,678) | (807,006) | (6,701,136) |
| Current liabilities | (192,009) | (292,869) | (766,730) |
| Net assets | 2,425,894 | 459,798 | 721,037 |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

| | ←-----31.12.2012-----> | | Other subsidiaries with immaterial NCI | | Total |
|--|---|----------------------|--|--------|--------|
| | Segari Energy Ventures Sdn. Bhd. RM'000 | GB3 Sdn. Bhd. RM'000 | Tanjung Bin Power Sdn. Bhd. RM'000 | RM'000 | RM'000 |
| Summarised financial information before intra-group elimination (continued) | | | | | |
| Year ended 31 December | | | | | |
| Revenue | 1,125,292 | 583,593 | 3,352,972 | | |
| Profit/Total comprehensive income for the year | 431,952 | 94,562 | 293,289 | | |
| Cash flows from operating activities | 536,117 | 173,555 | 1,038,082 | | |
| Cash flows from/(used in) investing activities | 29,223 | 6,887 | (7,863) | | |
| Cash flows used in financing activities | (486,689) | (187,078) | (700,051) | | |
| Net increase/(decrease) in cash and cash equivalents | 78,651 | (6,636) | 330,168 | | |
| Dividend paid to NCI | 11,817 | - | 29,200 | - | 41,017 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

| | ←-----31.12.2013-----→ | | |
|--------------------------------|--|----------------------------|---|
| | Segari Energy Ventures Sdn. Bhd. RM'000 | GB3 Sdn. Bhd. RM'000 | Tanjung Bin Power Sdn. Bhd. RM'000 |
| 6.25% | 48,085 | 25% | 10% |
| Carrying amount of NCI | 21,467 | 27,937 | 23,871 |
| Profit/(Loss) allocated to NCI | 48,085 | 142,886 | 34,725 |
| | 21,467 | 27,937 | 23,871 |
| | | | (2,274) |
| | | | (150) |
| | | | 223,422 |
| | | | 73,125 |

Other
subsidiaries
with
immaterial
NCI

Total
RM'000

NCI percentage of ownership interest and voting interest

Carrying amount of NCI

Profit/(Loss) allocated to NCI

Summarised financial information before intra-group elimination

As at 31 December

Non-current assets

Current assets

Non-current liabilities

Current liabilities

Net assets

| | | |
|-------------|-----------|-------------|
| 2,049,393 | 976,095 | 6,205,353 |
| 1,405,620 | 470,180 | 1,847,406 |
| (2,403,032) | (688,523) | (7,327,993) |
| (282,619) | (186,209) | (417,577) |
| 769,362 | 571,543 | 307,189 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

| | ←-----31.12.2013-----→ | | | | |
|--|--|----------------------------|---|--|-----------------|
| | Segari Energy Ventures Sdn. Bhd. RM'000 | GB3 Sdn. Bhd. RM'000 | Tanjung Bin Power Sdn. Bhd. RM'000 | Other subsidiaries with immaterial NCI RM'000 | Total RM'000 |
| Summarised financial information before intra-group elimination (continued) | | | | | |
| Year ended 31 December | | | | | |
| Revenue | 1,373,779 | 412,098 | 2,451,698 | | |
| Profit/Total comprehensive income for the year | 343,468 | 111,745 | 238,714 | | |
| Cash flows from operating activities | 470,910 | 170,425 | 1,084,199 | | |
| Cash flows (used in)/from investing activities | (226,546) | 68,097 | (1,345,551) | | |
| Cash flows used in financing activities | (354,010) | (155,980) | (60,907) | | |
| Net (decrease)/increase in cash and cash equivalents | (109,646) | 82,542 | (322,259) | | |
| Dividend paid to NCI | 125,000 | - | 65,000 | - | 190,000 |

13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

| | ←-----31.12.2014-----→ | | | | |
|--|--|----------------------------|---|--|-----------------|
| | Segari Energy Ventures Sdn. Bhd. RM'000 | GB3 Sdn. Bhd. RM'000 | Tanjung Bin Power Sdn. Bhd. RM'000 | Other subsidiaries with immaterial NCI RM'000 | Total RM'000 |
| NCI percentage of ownership interest and voting interest | 6.25% | 25% | 10% | | |
| Carrying amount of NCI | 45,330 | 132,039 | 37,719 | (2,121) | 212,967 |
| Profit allocated to NCI | 8,495 | 16,653 | 45,994 | 153 | 71,295 |

Summarised financial information before intra-group elimination

| As at 31 December | | | | |
|-------------------------|-------------|-----------|-------------|--|
| Non-current assets | 1,921,664 | 965,029 | 6,133,816 | |
| Current assets | 925,084 | 305,504 | 2,440,401 | |
| Non-current liabilities | (1,885,884) | (623,910) | (7,607,851) | |
| Current liabilities | (235,587) | (118,468) | (629,318) | |
| Net assets | 725,277 | 528,155 | 337,048 | |



13. ACCOUNTANTS' REPORT (Cont'd)

A Historical Financial Information of the Group (continued)

36. Investments in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

| | ←-----31.12.2014-----→ | | | | |
|--|--|----------------------------|---|--|-----------------|
| | Segari Energy Ventures Sdn. Bhd. RM'000 | GB3 Sdn. Bhd. RM'000 | Tanjung Bin Power Sdn. Bhd. RM'000 | Other subsidiaries with immaterial NCI RM'000 | Total RM'000 |
| Summarised financial information before intra-group elimination (continued) | | | | | |
| Year ended 31 December | | | | | |
| Revenue | 1,329,272 | 399,841 | 3,027,070 | | |
| Profit/Total comprehensive income for the year | 135,915 | 66,612 | 459,936 | | |
| Cash flows from operating activities | 355,636 | 244,930 | 1,542,080 | | |
| Cash flows from investing activities | 57,109 | 5,415 | 201,287 | | |
| Cash flows used in financing activities | (716,324) | (293,137) | (984,439) | | |
| Net (decrease)/increase in cash and cash equivalents | (303,579) | (42,792) | 758,928 | | |
| Dividend paid to NCI | 11,250 | 27,500 | 43,000 | - | 81,750 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

37. Profit for the year

| | Financial year ended | | |
|---|----------------------|------------------|------------------|
| | 31 December | | |
| | 2012 | 2013 | 2014 |
| | RM'000 | RM'000 | RM'000 |
| Profit for the year is arrived at after charging: | | | |
| A. Expenses by nature | | | |
| Amortisation of intangible assets | 404,900 | 432,403 | 473,110 |
| Amortisation of prepaid lease payments | 4,343 | 4,346 | 4,344 |
| Amortisation of transaction costs of hedging instruments | 7,327 | 12,144 | 12,146 |
| Auditors' remuneration: | | | |
| Audit fee | | | |
| - KPMG Malaysia | 463 | 500 | 500 |
| - Affiliates of KPMG Malaysia | - | 315 | 779 |
| - Other audit firms | - | - | 146 |
| Non-audit fees | | | |
| - KPMG Malaysia | 1,526 | 1,895 | 702 |
| - Affiliates of KPMG Malaysia | 1,137 | 2,644 | 2,127 |
| - Other audit firms | 707 | 1,386 | 1,395 |
| Changes in inventories of spares and consumables | (9,374) | 14,723 | (20,291) |
| Contribution and Corporate Social Responsibility activities | 55,000 | 12,000 | 5,350 |
| Depreciation of property, plant and equipment | 435,632 | 471,266 | 558,644 |
| Fuel costs | 2,701,600 | 2,158,800 | 2,497,586 |
| Net foreign exchange loss | - | 6,139 | - |
| Operation and maintenance fees to HICOM Power | 277,500 | - | - |
| Personnel expenses (including key management personnel): | | | |
| - Contribution to Employees Provident Fund | 14,359 | 12,823 | 17,401 |
| - Expenses related to retirement benefit plans | 8,760 | 13,260 | 11,976 |
| - Wages, salaries and others | 107,498 | 96,513 | 133,769 |
| Plant and equipment written off | 1,774 | 127,126 | 20,897 |
| Others | 279,943 | 400,928 | 463,623 |
| Total cost of sales and administrative expenses | 4,293,095 | 3,769,211 | 4,184,204 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

37. Profit for the year (continued)

| | Financial year ended | | |
|---|----------------------|----------------|----------------|
| | 31 December | | |
| | 2012 | 2013 | 2014 |
| | RM'000 | RM'000 | RM'000 |
| Profit for the year is arrived at after charging: (continued) | | | |
| B. Other operating expenses | | | |
| Amortisation of intangible assets | 35,193 | 37,434 | 38,632 |
| Net impairment loss on trade receivables | 5,798 | 171,194 | 45,678 |
| Others | 118,166 | 116,451 | 149,921 |
| Total other operating expenses | 159,157 | 325,079 | 234,231 |
| and after crediting: | | | |
| C. Other operating income | | | |
| Gain on disposal of investment in a subsidiary | 26,700 | - | - |
| Net foreign exchange gain | - | - | 13,787 |
| Gain arising from change in fair value of derivative financial instruments | 912 | 44,041 | 5,891 |
| Others | 74,511 | 35,041 | 75,665 |
| Total other operating income | 102,123 | 79,082 | 95,343 |
| D. Other non-operating income | | | |
| Bargain purchase gain | - | - | 33,398 |
| Fair value gain of existing interest in the acquiree (Port Dickson Power Berhad) | - | - | 27,581 |
| Total other non-operating income | - | - | 60,979 |

13. ACCOUNTANTS' REPORT (Cont'd)



A Historical Financial Information of the Group (continued)

38. Significant events during the year

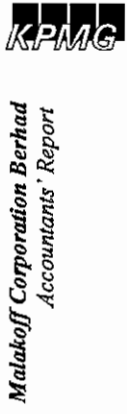
During the financial year, the Group undertook the following corporate activities:

- (i) Acquired 75% equity interest in Port Dickson Power Berhad, comprising 112,500 ordinary shares of RM1.00 each and 112,500 redeemable preference shares of RM1.00 each through a wholly owned subsidiary, Hypergantic Sdn. Bhd. for a cash consideration of RM289,000,000.
- (ii) Acquired 100% equity interest in PDP O&M Sdn. Bhd. (formerly known as Sime Darby Biofuels Sdn. Bhd.) comprising 2 ordinary shares of RM1.00 each through a wholly owned subsidiary, Malakoff Power Berhad for a cash consideration of RM11,000,000.

39. Subsequent events

- a) On 13 January 2015, a wholly-owned subsidiary of the Group, Malakoff Oman Desalination Company Limited ("MODC") subscribed new issuance of shares of 3,643,839 at a nominal value of Omani Riyal ("RO") 1 (equivalent to RM9.15) each, representing 45% of its portion of existing interest in an associate, Muscat City Desalination Company S.A.O.C ("MCDC") share capital at a subscription price of RO 1.35 (equivalent to RM12.3536) each. The total value of subscription amount is RO 4,919,183 (equivalent to RM45,015,000).
- b) On 6 February 2015, the Directors of the Company recommended the final single-tier dividend of approximately 28.46 sen per ordinary share of RM1.00 each totalling RM100,000,000 in respect of the financial year ended 31 December 2014.
- c) On 1 April 2015, the Company undertook a pre-initial public offering exercise in conjunction with the initial public offering of ordinary shares of the Company and listing of and quotation of the entire enlarged issued and paid up share capital of the Company on Main Market of Bursa Malaysia Securities Berhad, which includes the following:
 - (i) Conversion of the Redeemable Convertible Preference Shares
 - (ii) Issued bonus shares
 - (iii) Subdivision of shares

13. ACCOUNTANTS' REPORT (Cont'd)



SECTION B -- HISTORICAL FINANCIAL INFORMATION OF PORT DICKSON POWER BERHAD

13. ACCOUNTANTS' REPORT (Cont'd)

**B Historical Financial Information of Port Dickson Power Berhad****Statements of financial position as at 30 June 2012 and 2013**

| | 2012 RM'000 | 2013 RM'000 |
|--------------------------------------|----------------|----------------|
| Non-current assets | | |
| Property, plant and equipment | 131,098 | 108,429 |
| Trade receivable | - | 37,937 |
| Total non-current assets | <u>131,098</u> | <u>146,366</u> |
| Current assets | | |
| Inventories | 15,026 | 25,256 |
| Trade and other receivables | 150,966 | 89,901 |
| Cash and cash equivalents | 32,080 | 32,072 |
| Total current assets | <u>198,072</u> | <u>147,229</u> |
| Total assets | <u>329,170</u> | <u>293,595</u> |
| Equity | | |
| Share capital | 300 | 300 |
| Retained profits | 254,885 | 221,202 |
| Total equity | <u>255,185</u> | <u>221,502</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 16,687 | 2,253 |
| Provision for decommissioning | 8,237 | 9,069 |
| Post-employment benefits | - | 5,286 |
| Total non-current liabilities | <u>24,924</u> | <u>16,608</u> |
| Current liabilities | | |
| Trade and other payables | 12,192 | 28,928 |
| Current tax liabilities | 36,869 | 26,557 |
| Total current liabilities | <u>49,061</u> | <u>55,485</u> |
| Total liabilities | <u>73,985</u> | <u>72,093</u> |
| Total equity and liabilities | <u>329,170</u> | <u>293,595</u> |

13. ACCOUNTANTS' REPORT (Cont'd)

**B Historical Financial Information of Port Dickson Power Berhad (continued)****Statements of profit or loss and other comprehensive income for the years ended 30 June 2012 and 2013**

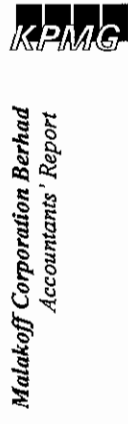
| | 2012 RM'000 | 2013 RM'000 |
|---|----------------|----------------|
| Revenue | 315,033 | 305,741 |
| Cost of sales | (56,825) | (138,161) |
| Gross profit | 258,208 | 167,580 |
| Administrative expenses | (17,140) | (23,970) |
| Other operating expenses | (9,399) | (40,784) |
| Results from operating activities | 231,669 | 102,826 |
| Finance income | 2,351 | 1,666 |
| Finance costs | (3,590) | (1,047) |
| Net finance (costs)/income | (1,239) | 619 |
| Profit before tax | 230,430 | 103,445 |
| Income tax expense | (57,766) | (26,128) |
| Profit/Total comprehensive income for the year | 172,664 | 77,317 |

13. ACCOUNTANTS' REPORT (Cont'd)

**B Historical Financial Information of Port Dickson Power Berhad (continued)****Statements of cash flows for the years ended 30 June 2012 and 2013**

| | 2012 RM'000 | 2013 RM'000 |
|---|----------------|----------------|
| Cash flows from operating activities | | |
| Profit before tax | 230,430 | 103,445 |
| <i>Adjustments for:</i> | | |
| Allowance for diminution in value for spares | 2,699 | 99 |
| Depreciation of property, plant and equipment | 28,684 | 23,070 |
| Finance income | (2,351) | (1,666) |
| Finance costs | 3,590 | 1,047 |
| Impairment loss for trade receivables | - | 32,222 |
| Loss on disposal of property, plant and equipment | - | 20 |
| Post-employment benefits | - | 5,071 |
| | 263,052 | 163,308 |
| Change in inventories | 3,633 | (10,329) |
| Change in trade and other payables | (4,618) | 16,736 |
| Change in trade and other receivables | (132,902) | (9,094) |
| Cash generated from operations | 129,165 | 160,621 |
| Income taxes paid | (52,052) | (50,874) |
| Net cash from operating activities | 77,113 | 109,747 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (178) | (421) |
| Finance income received | 2,351 | 1,666 |
| Net cash from investing activities | 2,173 | 1,245 |
| Cash flows from financing activities | | |
| Dividends paid to owners of the Company | (63,750) | (111,000) |
| Interest paid | (3,389) | - |
| Repayment of borrowings | (49,700) | - |
| Net cash used in financing activities | (116,839) | (111,000) |
| Decrease in cash and cash equivalents | (37,553) | (8) |
| Cash and cash equivalents at beginning of the year | 69,633 | 32,080 |
| Cash and cash equivalents at end of the year | 32,080 | 32,072 |

13. ACCOUNTANTS' REPORT (Cont'd)



**SECTION C – HISTORICAL FINANCIAL INFORMATION OF
MALAKOFF WIND MACARTHUR HOLDINGS PTY LTD**

13. ACCOUNTANTS' REPORT (Cont'd)



C Historical Financial Information of Malakoff Wind Macarthur Holdings Pty Ltd

Statements of financial position as at 30 June 2012 and as at 31 December 2013

| | 30 June 2012 RM'000 | 31 December 2013 RM'000 |
|--------------------------------------|------------------------------------|--|
| Non-current assets | | |
| Investment in subsidiaries | 534,177 | 153,450 |
| Deferred tax assets | 35 | - |
| Total non-current assets | 534,212 | 153,450 |
| Current assets | | |
| Other receivables | 4 | 489,169 |
| Cash and cash equivalents | 305 | - |
| Total current assets | 309 | 489,169 |
| Total assets | 534,521 | 642,619 |
| Equity | | |
| Share capital | 564,369 | 183,642 |
| Accumulated losses | (27,860) | (27,811) |
| Foreign currency translation reserve | (2,121) | (2,144) |
| Total equity | 534,388 | 153,687 |
| Current liabilities | | |
| Other payables and accruals | 112 | - |
| Current tax liabilities | 21 | - |
| Loan and borrowings | - | 488,932 |
| Total current liabilities | 133 | 488,932 |
| Total liabilities | 133 | 488,932 |
| Total equity and liabilities | 534,521 | 642,619 |

13. ACCOUNTANTS' REPORT (Cont'd)


**C Historical Financial Information of Malakoff Wind Macarthur Holdings Pty Ltd
(continued)**
**Statements of profit or loss and other comprehensive income for the
year ended 30 June 2012 and for the eighteen-month period ended
31 December 2013**

| | 01.07.2011 to 30.06.2012 RM'000 | 01.07.2012 to 31.12.2013 RM'000 |
|--|--|--|
| Other revenue | - | - |
| Gross profit | - | - |
| Administrative expenses | (59) | 82 |
| Results from operating activities | (59) | 82 |
| Finance income | 56 | 6 |
| (Loss)/Profit before tax | (3) | 88 |
| Income tax benefit/(expense) | 15 | (38) |
| Profit for the year/period | 12 | 50 |

13. ACCOUNTANTS' REPORT (Cont'd)


**C Historical Financial Information of Malakoff Wind Macarthur Holdings Pty Ltd
(continued)**
**Statements of cash flows for the year ended 30 June 2012 and for
the eighteen-month period ended 31 December 2013**

| | 01.07.2011 to 30.06.2012 RM'000 | 01.07.2012 to 31.12.2013 RM'000 |
|--|--|--|
| Cash flows from operating activities | | |
| (Loss)/Profit before tax | (3) | 88 |
| <i>Adjustments for:</i> | | |
| Finance income | (56) | (6) |
| | (59) | 82 |
| Change in trade and other receivables | 42,184 | (489,166) |
| Change in trade and other payables | (11,559) | 488,830 |
| Cash generated from/(used in) operations | 30,566 | (254) |
| Tax paid | - | (24) |
| Net cash from/(used in) operating activities | 30,566 | (278) |
| Cash flows from investing activities | | |
| Interest received | 56 | (6) |
| (Increase)/decrease in investment in subsidiaries | (278,947) | 380,727 |
| Net cash (used in)/from investing activities | (278,891) | 380,721 |
| Cash flows from financing activity | | |
| Return of capital to parent | 238,374 | (380,727) |
| Net cash from/(used in) financing activity | 238,374 | (380,727) |
| Decrease in cash and cash equivalents | (9,951) | (284) |
| Cash and cash equivalents at beginning of the year/period | 10,282 | 305 |
| Effect of exchange rate fluctuations | (26) | (21) |
| Cash and cash equivalents at end of the year/period | 305 | - |

13. ACCOUNTANTS' REPORT (Cont'd)



**SECTION D – HISTORICAL FINANCIAL INFORMATION OF
MALAKOFF WIND MACARTHUR PTY LTD**

13. ACCOUNTANTS' REPORT (Cont'd)

**D Historical Financial Information of Malakoff Wind Macarthur Pty Ltd****Statements of financial position as at 30 June 2012 and as at 31 December 2013**

| | 30 June | 31 December |
|--------------------------------------|------------------|--------------------|
| | 2012 | 2013 |
| | RM'000 | RM'000 |
| Non-current assets | | |
| Work in progress | 1,301,027 | - |
| Trade and other receivables | - | 1,529,647 |
| Deferred tax assets | 49,399 | - |
| Total non-current assets | 1,350,426 | 1,529,647 |
| Current assets | | |
| Other receivables | 5,802 | 563,036 |
| Cash and cash equivalents | 239,479 | 23,181 |
| Total current assets | 245,281 | 586,217 |
| Total assets | 1,595,707 | 2,115,864 |
| Equity | | |
| Share capital | 534,177 | 153,450 |
| Cash flow hedge reserve | (112,120) | - |
| Accumulated losses | (7,535) | (93,468) |
| Foreign currency translation reserve | (1,260) | (46,929) |
| Total equity | 413,262 | 13,053 |
| Non-current liabilities | | |
| Trade and other payables | - | 1,999,876 |
| Borrowings | 1,019,214 | - |
| Derivative financial instruments | 143,231 | - |
| Total non-current liabilities | 1,162,445 | 1,999,876 |
| Current liabilities | | |
| Trade and other payables | 3,049 | 98,758 |
| Current tax payable | 10 | 4,177 |
| Derivative financial instruments | 16,941 | - |
| Total current liabilities | 20,000 | 102,935 |
| Total liabilities | 1,182,445 | 2,102,811 |
| Total equity and liabilities | 1,595,707 | 2,115,864 |

13. ACCOUNTANTS' REPORT (Cont'd)



D Historical Financial Information of Malakoff Wind Macarthur Pty Ltd (continued)

Statements of profit or loss and other comprehensive income for the year ended 30 June 2012 and for the eighteen-month period ended 31 December 2013

| | 01.07.2011 to 30.06.2012 RM'000 | 01.07.2012 to 31.12.2013 RM'000 |
|---|--|--|
| Revenue | 12,307 | 161,777 |
| Gross profit | <u>12,307</u> | <u>161,777</u> |
| Administrative expense | <u>(282)</u> | <u>(389)</u> |
| Results from operating activities | 12,025 | 161,388 |
| Finance income | 1,023 | 15,317 |
| Finance costs | (14,434) | (222,131) |
| Net finance costs | <u>(13,411)</u> | <u>(206,814)</u> |
| Loss before income tax | (1,384) | (45,426) |
| Income tax benefit/(expense) | <u>1,411</u> | <u>(40,506)</u> |
| Profit/(Loss) for the year/period | <u>27</u> | <u>(85,932)</u> |
| Other comprehensive (expense)/income | | |
| (Loss)/gain on cash flow hedge taken to equity | (157,623) | 37,546 |
| Transfer of cash flow hedge reserve to profit and loss on de-recognition of financial instruments | - | 115,980 |
| Income tax benefit/(expense) relating to components of other comprehensive income | <u>47,287</u> | <u>(46,058)</u> |
| Other comprehensive (expense)/income for the year/period | <u>(110,336)</u> | <u>107,468</u> |
| Total comprehensive (expense)/income for the year/period | <u>(110,309)</u> | <u>21,536</u> |

13. ACCOUNTANTS' REPORT (Cont'd)



D Historical Financial Information of Malakoff Wind Macarthur Pty Ltd (continued)

Statements of cash flows for the year ended 30 June 2012 and for the eighteen-month period ended 31 December 2013

| | 01.07.2011 to 30.06.2012 RM'000 | 01.07.2012 to 31.12.2013 RM'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Loss before tax | (1,384) | (45,426) |
| <i>Adjustments for:</i> | | |
| Finance costs | 15,594 | - |
| Finance income | - | (493) |
| Gain on interest rate swap | - | (14,826) |
| Transfer of cash flow hedge through other comprehensive income on de-recognition of financial derivatives | - | 81,187 |
| | 14,210 | 20,442 |
| Change in trade and other receivables | (2,997) | 5,083 |
| Change in trade and other payables | (8,107) | (1,242) |
| Change in related party operating loans | - | (1,960) |
| Change in finance lease receivable | - | (3,748) |
| Net cash from operating activities | 3,106 | 18,575 |
| Cash flows from investing activities | | |
| Interest received | - | 493 |
| Payment for construction of wind farm assets | (1,105,311) | (318,921) |
| Proceeds from issue of finance lease | - | 1,994,202 |
| Sale of interest rate swap | - | (95,375) |
| Loans to related parties – payment made | - | (489,201) |
| Net cash (used in)/from investing activities | (1,105,311) | 1,091,198 |
| Cash flows from financing activities | | |
| Proceeds from issue of capital | 278,945 | - |
| Proceeds from borrowings | 992,258 | (921,092) |
| Repayment of related party loans | (42,187) | - |
| Return of capital to parent | - | (380,727) |
| Net cash from/(used in) financing activities | 1,229,016 | (1,301,819) |
| Increase/(Decrease) in cash and cash equivalents | 126,811 | (192,046) |
| Cash and cash equivalents at beginning of the year/period | 112,733 | 239,479 |
| Effect of exchange rate fluctuations | (65) | (24,252) |
| Cash and cash equivalents at end of the year/period | 239,479 | 23,181 |

14. DIRECTORS' REPORT

MALAKOFF

Malakoff Corporation Berhad (731568-V)
Level 10, Block 4, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur, Malaysia
tel 603 2263 3388 fax 603 2263 3333

Registered Office:

Level 12, Block 4, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
Malaysia

Date: **08 APR 2015**

The Shareholders
Malakoff Corporation Berhad

Dear Sir/Madam

On behalf of the Board of Directors of Malakoff Corporation Berhad ("**Malakoff**"), we wish to report after due inquiry that during the period from 31 December 2014 (being the date to which the last audited consolidated financial statements of Malakoff have been made up) to the date herein (being a date not earlier than 14 days before the issue of this Prospectus):

- (a) the business of Malakoff and its subsidiaries ("**Malakoff Group**") has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited consolidated financial statements of Malakoff which have adversely affected the trading or the values of the assets of the Malakoff Group;
- (c) the current assets of the Malakoff Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Malakoff Group;
- (e) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings since the last audited consolidated financial statements of Malakoff; and
- (f) save as disclosed in this Prospectus, there has been no material change in the published reserves or any unusual factors affecting the profits of the Malakoff Group since the last audited consolidated financial statements of Malakoff.

Yours faithfully

For and on behalf of the Board of Directors of
MALAKOFF CORPORATION BERHAD



DATU' SRI CHE KHALIB MOHAMAD NOH
Director

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.
- (ii) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the two years preceding the date of this Prospectus.
- (iv) As at the date of this Prospectus, we have not agreed, conditionally or unconditionally, to put the share capital of our Company or any of our subsidiaries under option.
- (v) Save for the Issue Shares reserved for subscription by our Directors and eligible employees of our Group as disclosed in Section 4.3.2(i) of this Prospectus, and subject to the Listing, there is currently no other scheme involving our employees and directors in the share capital of our Company or any of our subsidiaries.
- (vi) Save as disclosed in this Prospectus, and save as provided under our Articles and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

15.2 EXTRACTS OF OUR ARTICLES

The following provisions are reproduced from our Articles and are qualified in its entirety by the provisions of our Articles and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Articles unless they are otherwise defined herein or the context otherwise requires.

| Words | Meaning |
|--------------------------|---|
| Act | The Companies Act, 1965 and any statutory modification, amendment or re-enactment thereof for the time being in force and all subsidiary legislation made thereunder. |
| Articles | These Articles of Association as originally framed or altered from time to time by special resolution or other regulations of the Company for the time being in force. |
| Board | Board of directors for the time being of the Company. |
| Central Depositories Act | Securities Industry (Central Depositories) Act, 1991 and any statutory modification, amendment or re-enactment thereof for the time being in force and includes all subsidiary legislation made thereunder. |
| Central Depository | Bursa Malaysia Depository Sdn Bhd (Company No.: 165570-W) and its successors-in-title. |
| Company | Malakoff Corporation Berhad (Company No.: 731568-V). |
| Deposited Security | A security standing to the credit of a Securities Account and includes securities in a Securities Account that is in suspense. |

15. ADDITIONAL INFORMATION (Cont'd)

| Words | Meaning |
|----------------------|---|
| Depositor | A holder of Securities Account established by the Central Depository. |
| Directors | The Directors for the time being of the Company and unless otherwise stated, includes their duly appointed alternate Directors. |
| Listing Requirements | The Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad, including any modification, or amendment that may be made to the Listing Requirements from time to time and such practice notes or circulars as may be issued by Bursa Malaysia Securities Berhad, from time to time. |
| Member | Unless otherwise expressed to the contrary, includes any person/persons for the time being holding shares in the Company and whose name appears in the Register of Members (except Central Depository or its nominee company), including a Depositor who shall be treated as if he was a member pursuant to Section 35 of the Central Depositories Act but excludes the Central Depository in its capacity as bare trustee. |
| Minister | Minister of Finance Malaysia or the minister for the time being in charge with the responsibility for finance. |
| Record of Depositors | A record provided by the Central Depository to the Company under Chapter 24.0 of the Rules. |
| Rules | The Rules of the Central Depository including any amendments that may be made from time to time. |
| Securities Account | An account established by the Central Depository for a Depositor for the recording of deposits of securities and for dealings in such securities by the Depositor as permitted under the Central Depositories Act and/or Rules. |
| Share | A share in the share capital of the Company and includes a preferred or deferred as well as an ordinary share and also stock and any security which carries any power of voting with respect to the management of the Company. |
| Stock Exchange | Bursa Malaysia Securities Berhad (Company No.: 635998-W) or such other name as it may assume from time to time and such other stock exchange, if any, upon which the shares of the Company may be listed and quoted. |

(i) Transfer of Shares**"39. Restriction on transfer**

Subject to the restrictions imposed by these Articles, the Listing Requirements and the provisions of any written law and all rules and regulations made thereunder including the Central Depositories Act and the Rules (with respect to the transfer of Deposited Security), Shares shall be transferable, but every transfer must be in writing and in such form prescribed and approved by the Stock Exchange, or such form as may from time to time be prescribed under the Act or approved by the Stock Exchange or such authorities of the stock exchange on which the Company's Shares are listed.

15. ADDITIONAL INFORMATION (Cont'd)

40. Transferor's right

Subject to the Central Depositories Act and the Rules, any member may transfer all or any of the shares by instrument in writing in the form prescribed and approved by the Stock Exchange. The instrument of transfer of any share shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Record of Depositors in respect thereof.

41. Transfer of securities

Subject to these Articles, there shall be no restriction on the transfer of fully-paid-up shares except where required by law. The transfer of any listed security or class of listed security of the Company shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, respectively, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

42. Refusal to register transfers

- (1) Subject to the restrictions imposed by these Articles and the provisions of any other law, there shall be no restrictions on the transfer of fully paid securities. No shares shall be in any circumstances be knowingly transferred to any infant, bankrupt or person of unsound mind. In case of Deposited Securities, the Central Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules.
- (2) The Directors may decline to register the transfer of a share (not being fully paid share) to a person of whom they shall not approve, and they may also decline to register the transfer of a share on which the Company has a lien or any transfer of shares, whether fully paid up or not, made to an infant or person of unsound mind.
- (3) If the Directors decline to register any transfer they shall within one month after the date on which the transfer was lodged with the Company, send to the transferor and to the transferee, notice of the refusal.

43. Suspension of registers

The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine not exceeding in the whole 30 days in any year. Subject always to the Listing Requirements of the Stock Exchange, at least ten Market Days' notice of intention to close the said register shall be given to the Stock Exchange. The said notice shall state the purpose or purposes for which the register is being closed. At least three Market Days prior notice shall be given to the Central Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions, at least seven Market Days prior notice shall be given to the Central Depository.

44. Renunciation

Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

15. ADDITIONAL INFORMATION (Cont'd)**45. Non-liability for the Company's Directors and officer in respect of transfer**

Neither the Company nor its Directors nor any of its officers shall incur any liability for the act of the Central Depository in registering or acting upon a transfer of shares made by a Member or any persons entitled to the shares by reason of the death, bankruptcy or insanity of the Members although the same may by reason of any fraud or other cause not known to the Company or its Directors or the Central Depository or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee, of the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

46. Whereabouts of Member unknown

- (1) Where by the exercise of reasonable diligence the Company is unable to discover the whereabouts of a Member for a period of not less than ten years the Company may cause an advertisement in a newspaper circulating in the place shown in the Register or the Record of Depositors as the address of the Member stating that the Company after expiration of one month from the date of the advertisement intends to transfer the shares to the Minister.
- (2) If after the expiration of one month from the date of the advertisement the whereabouts of the Member remains unknown, the Company may transfer the shares held by the Member to the Minister and for this purpose may execute for and on behalf of such Member, a transfer of those shares to the Minister."

(ii) Remuneration of Directors**"98. Directors' remuneration**

Fees of Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that: -

- (a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;
- (c) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (d) salaries and other emoluments payable to Executive Directors pursuant to a contract of service need not be determined by the Company in a general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.

15. ADDITIONAL INFORMATION (Cont'd)**99. Reimbursement of expenses**

- (1) The Directors (or their respective alternate Directors) shall be paid all their travelling within or outside Malaysia and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company, any committee of the Directors or general meeting of the Company or in connection to the business of the Company.
- (2) If any Director, being willing and having been called upon to do so, shall render or perform extra or special services of any kind, including services on any committees established by the Board, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive sum as the Board may think fit for expenses, and also such remuneration as the Board may think fit, either on a fixed sum or as a percentage of profits or otherwise, and such remuneration may, as the Board shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.

102. Remuneration of Managing Director and executive Director

The remuneration of a Managing Director or Managing Directors or Executive Directors pursuant to these Articles and subject to the terms of any agreement entered into in any particular case shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover."

(iii) Voting and Borrowing Powers of Directors**"126. Borrowing powers of Directors**

Subject to Article 126, the Directors may from time to time at their discretion raise or borrow or obtain credit facilities for the purpose of the Company such sums of money as they think proper and may also raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company, or other securities (whether at par or at a discount or premium or otherwise), charged upon all or any part of the property of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and dispositions in security or bonds or cash deposit, with or without power of sale, and upon such other terms and conditions as the Directors shall think fit. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its subsidiaries.

127. Borrowings for unrelated third parties prohibited

The Directors shall not borrow any money or mortgage or charge any of the Company or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any unrelated third-party unless it is permitted by the Listing Requirements.

15. ADDITIONAL INFORMATION (Cont'd)

128. Debentures may be assignable

Debentures, debenture stock or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

135. (1) Declaration of interest and restriction of voting

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of his interest in accordance with the provisions of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, an interest, and if he does so vote, his vote shall not be counted."

(iv) Changes in Capital and Variation of Class Rights**"3. Issue of Shares**

- (1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject always to the provisions of the Act and to these Articles, and to the provisions of any resolution of the Company, the Shares of the Company shall be under the control of the Directors who may allot and issue or otherwise dispose of the same to such persons and on such terms and conditions with such preferred, deferred or other special rights or such restrictions whether in regard to dividend, voting or return of share capital, and either at a premium or otherwise and at such time or times as the Directors may think fit but the Directors in making any issue of Shares shall comply with the following conditions:-
- (a) no Director shall participate in an issue of Shares or options to employees of the Company and its subsidiary companies unless the shareholders in general meeting have approved of the specific allotment to be made to such Director;
 - (b) no Shares shall be issued at a discount, except in compliance with the provisions of the Act;
 - (c) the rights attaching to Shares of a class other than ordinary shares shall be expressed in the resolutions passed for creating the same;
 - (d) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than five per cent (5%) of the nominal amount of the shares;
 - (e) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person or corporation without the prior approval of the Members in general meeting;

15. **ADDITIONAL INFORMATION** (Cont'd)

- (f) subject to any direction to the contrary that may be given by the Company in general meeting, and Article 3(1)(g) below any original shares for the time being unissued and not allotted and any new Shares from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares to which they are entitled. The offer shall be made by notice specifying the number of Shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may dispose of those Shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new Shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under these Articles; and
- (g) notwithstanding Article 3(1)(f) above, the Company may in the following circumstances only apply to the Stock Exchange to waive the requirement of convening extraordinary general meetings to obtain shareholders' approval for further issues of shares (other than bonus or rights issues):
- (i) in the case of an issue of Shares for a consideration other than cash where the aggregate issues of Shares in any one financial year of the Company do not exceed 10% of the issued capital of the Company; and
- (ii) in the case of an issue of Shares for cash where the aggregate issues of Shares in any one financial year of the Company do not exceed 5% of the issued capital of the Company and at the preceding annual general meeting of the Company, general approval has been obtained by Ordinary Resolution to the issues of shares not exceeding 5% of the then issued capital of the Company for cash prior to the next annual general meeting.

(2) **Allotment and despatch of notice of allotment for an issue**

Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and issue securities (which are prescribed securities), despatch notices of allotment to the allottees and make an application for the quotation of such Shares within the following prescribed period or such other period as may be prescribed by the Stock Exchange:-

- (a) in respect of an issue to the public, within eight Market Days of the final application date;
- (b) in respect of a rights issue within eight Market Days of the final application date for the rights issue;
- (c) in respect of a bonus issue within eight Market Days of the books closing date for the bonus issue;

15. ADDITIONAL INFORMATION (Cont'd)

- (d) in respect of any issuance of shares pursuant to an employees' share option scheme within eight Market Days of the date of receipt of notice of exercise of the option duly accompanied by the requisite payment; or
- (e) in respect of an issuance of shares arising from the conversion or the exercise of the convertible securities within eight Market Days of the date of receipt of a subscription form duly accompanied by the requisite payment.

7. Modification of class rights

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding or representing by proxy one-third of the issued shares of the class provided if any such separate general meeting shall be adjourned by reason of there being no quorum present, and at the adjourned meeting, a quorum shall not be present within half an hour from the time appointed for such adjourned meeting, those holders of the shares of the class in question who are present in person or by proxy shall be a quorum. Any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply."

15.3 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

As our Shares are proposed for quotation on the Official List of the Main Market of Bursa Securities, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of the Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears on the Record of Depositors maintained by Bursa Depository in respect of the Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

Subject to the above, there is no limitation on the right to own securities in our Company, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on such securities, which is imposed by Malaysian law or by the constituent documents of our Company.

15. ADDITIONAL INFORMATION (Cont'd)

15.4 GENERAL INFORMATION

- (i) The nature of our business has been disclosed in Section 7 of this Prospectus.
- (ii) Save for the companies within our Group as disclosed in Section 6 of this Prospectus, our Company has not established any other place of business outside Malaysia.
- (iii) Apart from the listing sought on the Main Market of Bursa Securities, our Company is not listed on any stock exchange.
- (iv) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 16 of this Prospectus.
- (v) The date and time of the opening and closing of the application of the Retail Offering are set out in the Indicative Timetable Section and Sections 4.1, 4.2 and 16.1 of this Prospectus.
- (vi) Shares under the Retail Offering are payable in full at the Retail Price upon application. The Institutional Offering investors shall pay the Institutional Price for the Shares under the Institutional Offering.
- (vii) Save as disclosed in Section 4.9 of this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or is payable by our Company within the two years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in or debentures of our Company and in connection with the issue or sale of any capital of our Company and no Director or Promoter or expert is or are entitled to receive any such payment or any other benefits.
- (viii) During the last financial year up to the date of this Prospectus, there were no:
 - (a) public take-over offers by third-parties in respect of our Shares; and
 - (b) public take-over offers by our Company in respect of other companies' shares.
- (ix) Except as disclosed in Section 9.3 of this Prospectus, there is no person, so far as known to us, who directly or indirectly, jointly or severally, exercise control over us.
- (x) As at the Latest Practicable Date, save for withholding tax and statutory reserve requirements, there are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and the remittance of profits of our foreign subsidiaries, associates and joint venture to Malaysia.

15. ADDITIONAL INFORMATION (Cont'd)

15.5 MATERIAL LITIGATION OF OUR GROUP, ASSOCIATES AND JOINT VENTURE

Save as disclosed below, as at the Latest Practicable Date, we, our associates and our joint venture are not engaged in any material litigation, claims or arbitrations, whether as plaintiff or defendant, and our Directors confirm that there are no proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial or business position of our Group:

(i) Involving our Group

Arbitration proceedings between PD Power (Claimant) and TNB (Respondent)

On 26 March 2013, PD Power commenced arbitration proceedings against TNB in relation to the following:

- (a) a claim by PD Power against TNB of an amount of RM56,642,029.42 for the outstanding FOR and VOR adjustments for the period from February 1999 to November 2011 together with interest thereon; and
- (b) a claim that PD Power is entitled to bill and be paid by TNB for the capacity payments and energy payments from December 2011 onwards based on the adjusted FOR and VOR of RM7.05/kW/month and RM0.0157/kWh, respectively, pursuant to the PD Power PPA.

Alternatively, PD Power claimed the following:

- (a) an amount of RM86,891,242.50 against TNB for the outstanding FOR and VOR adjustments for the period from February 1999 to August 2013 together with interest thereon, pursuant to the adjustment factors of the FOR and VOR stipulated in the PD Power PPA; and
- (b) a claim that PD Power is entitled to bill and be paid by TNB for the capacity payments and energy payments from September 2013 onwards based on the adjusted FOR and VOR of RM7.05/kW/month and RM0.0204/kWh, respectively, pursuant to the PD Power PPA.

The arbitration proceeding was heard before an arbitral tribunal from 26 January 2015 to 30 January 2015 at the Kuala Lumpur Regional Centre for Arbitration. After conclusion of the oral submissions by the parties, the arbitral tribunal directed PD Power to provide the latest calculation of PD Power's claims and to revise the reliefs sought on or before 13 February 2015, while TNB is to provide its comments on the calculations prepared by PD Power on or before 6 March 2015.

The award to be rendered by the arbitral tribunal will include an award on costs incurred for the arbitration proceedings. The arbitral tribunal directed the parties to file submissions on costs, being the total legal costs and disbursements incurred. The parties are to exchange their submissions on costs on or before 13 March 2015 and the parties are given leave to reply to the other party's submissions on costs on or before 27 March 2015. Both parties have filed their respective costs submissions on 13 March 2015.

It is expected that the award from the arbitral tribunal will be rendered within a month after the submission on costs and the reply (if any) are delivered by the parties to the arbitral tribunal.

PD Power's solicitors believe that PD Power's position as set out above should prevail.

15. ADDITIONAL INFORMATION (Cont'd)

(ii) Involving our associates and joint venture

(a) Proceedings by the Public Prosecutor of Algeria against AAS

Our joint venture, AAS, had entered into a supply contract with Hydrochem (S) Pte Ltd ("HS") and a construction contract with Hyflux Engineering Algeria Eurl ("HEA"), all for the construction of the Souk Tleta IWP. The parties also signed a bridging agreement to treat the supply contract and the construction contract as one single contract.

During the FYE 31 December 2009, it was discovered that there was a considerable gap of approximately USD26.9 million between the value of the delivered equipment received as per the invoices declared to the Algerian customs and the value of the milestone payments made by AAS to HS ("**Invoice Gap**"). Under Algerian Law, these could be interpreted as offences against the Order N°96-22 regarding the repression of foreign exchange regulation offences and the flow of capital to and from overseas. Under the supply contract, HS is responsible to ensure that the value of the equipment declared to the customs and delivered to site is equal to the value of the milestone payments. Furthermore, under the construction contract, HEA is responsible on all customs clearance matters.

AAS wrote to both HS and HEA requesting for clarifications as they are responsible to resolve tax and customs issues. The Invoice Gap however was not resolved by both HS and HEA and the Algerian customs then initiated investigations and thereafter a charge was brought against AAS. It was alleged that AAS has failed to repatriate a sum of USD26.9 million.

On 4 September 2014, AAS was charged in the lower Court of Ghazouet in the district of Tlemcen, Algeria ("**Court**"), for an alleged breach of foreign exchange regulations concerning a sum of USD26.9 million. Our Company holds an indirect effective interest of 35.7% in AAS via TDIC, which in turn is a subsidiary of Malakoff IL.

The Court has on 24 December 2014 convicted AAS and has subsequently imposed a penalty of AD3,929,038,151.36 (approximately USD44.6 million at the exchange rate of USD1: AD88) ("**Penalty**"). Our liability arising from the Penalty, in proportion to our 35.7% effective interest in AAS via TDIC, which may impact the PAT of our Group, amounts to AD1,402,666,620.03 (approximately USD15.9 million).

Notwithstanding the decision of the Court, AAS has been advised by its solicitor, Maitre Ahcene Bouskia, an attorney admitted to the Algerian Supreme Court, that the Penalty would not be enforced until the exhaustion of all rights to appeal by AAS in respect of the proceedings. AAS has on 29 December 2014 filed an appeal against the decision by the Court to the Algerian Court of Appeal. The Court of Appeal is expected to decide within approximately six months from the date of the appeal.

Based on the legal opinion provided by AAS' solicitor, AAS has a good chance of success in its appeal and as advised by its solicitor, AAS has defences against the charge, based on procedural as well as substantive grounds.

15. ADDITIONAL INFORMATION (Cont'd)

(b) Request for arbitration proceedings by International Water Treatment LLC ("IWT") and MCDC

The arbitration arose pursuant to an EPC contract dated 10 April 2013 in relation to the Al Ghubrah IWP ("Al Ghubrah EPC Contract"). Under the Al Ghubrah EPC Contract, MCDC is the owner of the works to be constructed and IWT is the contractor.

The arbitration commenced on 2 October 2014, when IWT filed a request for arbitration with the London Court of International Arbitration ("LCIA"), alleging the following claims:

- (aa) IWT has sought to challenge the delay liquidated damages clause under the Al Ghubrah EPC Contract ("LD Clause") on the bases that it is a "penalty", and is therefore unenforceable ("Delay LD"); and
- (bb) failing MCDC's ability to provide IWT with an extension of time, IWT is entitled to complete the works within a reasonable period of time.

However, IWT has failed to particularise the grounds on which its claims are based in the arbitration.

MCDC has filed a response to the request for arbitration on 30 October 2014, defending its position as to the enforceability of the LD Clause and has required IWT to further particularise its claims. A tribunal was appointed by the LCIA on 13 February 2015 and a procedural hearing has been fixed for 7 May 2015.

MCDC takes the view that the Delay LD is not a penalty and therefore is enforceable. The liquidated damages receivable from IWT from 12 October 2014, being the originally intended date of commencement of commercial operation which is now expected to be in the third quarter of 2015, has not been recognised in the books of MCDC for the FYE 31 December 2014.

15.6 MATERIAL CONTRACTS OF OUR GROUP

Save as disclosed below, we have not entered into any material contracts that are not in the ordinary course of business during the two years preceding the date of this Prospectus:

15.6.1 Share purchase agreement dated 28 June 2013

Agreement dated 28 June 2013 between M Holdings, Three River Holdings No. 2 Limited ("TRHL") and Meridian Energy Australia Pty Limited ("MEAPL") whereby TRHL and MEAPL agreed to sell to M Holdings and M Holdings agreed to purchase, 174,330,816 ordinary shares of AUD1.00 each in Meridian Wind Macarthur Holdings Pty Limited (now known as MWMHPL), representing the entire share capital of Meridian Wind Macarthur Holdings Pty Limited, for a total cash consideration of AUD130,328,000 upon the terms and subject to the conditions contained in the agreement. The transaction was completed on 28 June 2013.

15.6.2 Share purchase agreement dated 7 April 2014

Agreement dated 7 April 2014 between HSB and Sime Darby Energy whereby Sime Darby Energy agreed to sell to HSB and HSB agreed to purchase, 112,500 ordinary shares of RM1.00 each and 112,500 RPS of RM1.00 each in PD Power, representing 75% of the issued and paid-up capital of PD Power, for a total cash consideration of RM289,000,000 upon the terms and subject to the conditions contained in the agreement. The transaction was completed on 30 April 2014.

15. ADDITIONAL INFORMATION (Cont'd)

15.6.3 Macarthur Wind Farm Unincorporated Joint Venture Deed dated 5 June 2008 as amended and restated on 29 August 2011 and further amended on 27 June 2013

Unincorporated Joint Venture Deed dated 5 June 2008 between MWMPL, Macarthur WFPL and Wind Macarthur (T) Pty Limited as amended and restated on 29 August 2011 and further amended on 27 June 2013 to regulate the contribution of initial assets by MWMPL and Macarthur WFPL to the joint venture (the key assets being the easement agreements, particular intellectual property and wind monitoring equipment and data), and to govern the rights to intellectual property developed in respect of the Macarthur Wind Farm and the relationship between MWMPL and Macarthur WFPL, being the owners of the Macarthur Wind Farm in relation to the operation and maintenance of the Macarthur Wind Farm. The parties agreed to incur the obligations and grant the rights to each other party under the deed in consideration for their entry into the deed.

15.6.4 Macarthur Wind Farm Operation Agreement dated 5 June 2008 as amended and restated on 12 August 2010

Macarthur Wind Farm Operation Agreement dated 5 June 2008 between MWMPL, Macarthur WFPL and AGL Hydro as amended and restated on 12 August 2010 in relation to the appointment of AGL Hydro as the operator of the Macarthur Wind Farm. The parties agreed to incur the obligations and grant the rights to each other party under the agreement in consideration for their entry into the agreement.

15.6.5 MWMPL Bare Trust Deed dated 8 January 2015

Bare trust deed dated 8 January 2015 between AGL HP2 Pty Limited, as a partner in the AGL Hydro Partnership (in its capacity as trustee for the bare trust), Macarthur WFPL, MWMPL and AGL Hydro (in its personal capacity) to appoint AGL HP2 Pty Limited as a bare trustee for MWMPL in relation to MWMPL's entitlement to Nominated Environmental Products (meaning the renewable energy certificates nominated by AGL Hydro under the MWMPL NEP Contract and which, as at the Latest Practicable Date, are large-scale generating certificates created under the *Renewable Energy (Electricity) Act 2000* (Cth.)), upon the terms and subject to the conditions contained in the deed.

15.6.6 Macarthur WFPL Bare Trust Deed dated 8 January 2015

Bare trust deed dated 8 January 2015 between AGL HP2 Pty Limited, as a partner in the AGL Hydro Partnership (in its capacity as trustee for the bare trust), Macarthur WFPL, MWMPL and AGL Hydro (in its personal capacity) to appoint AGL HP2 Pty Limited as a bare trustee for Macarthur WFPL in relation to Macarthur WFPL's entitlement to Nominated Environmental Products (meaning the renewable energy certificates nominated by AGL Hydro under the fixed forward commodity contract for nominated environmental products dated 12 August 2010 between Macarthur WFPL and AGL Hydro as amended and restated on 29 August 2011 and further amended on 27 June 2013 and which, as at the Latest Practicable Date, are large-scale generating certificates created under the *Renewable Energy (Electricity) Act 2000* (Cth.)), upon the terms and subject to the conditions contained in the deed.

15.6.7 Master cornerstone placing agreement dated 7 April 2015

Master cornerstone placing agreement dated 7 April 2015 entered into among our Company, the Selling Shareholders, the Joint Global Coordinators, RHB and the Cornerstone Investors, under which the Cornerstone Investors agree to purchase an aggregate of 533,765,000 Shares, representing approximately 10.7% of the enlarged issued and paid-up share capital of our Company, pursuant to the Institutional Offering at the Institutional Price, on the terms and subject to the conditions set out in the master cornerstone placing agreement and the relevant individual cornerstone placing agreement.

15. ADDITIONAL INFORMATION (Cont'd)**15.6.8 Retail underwriting agreement dated 7 April 2015**

Retail underwriting agreement dated 7 April 2015 entered into between our Company, the Joint Managing Underwriters and the Joint Underwriters to jointly underwrite 242,500,000 Issue Shares under the Retail Offering at a total managing underwriting fee and an underwriting commission calculated at the rate of 0.3% and 1.2% of the Retail Price, respectively, multiplied by the number of Issue Shares underwritten.

15.7 CONSENTS

The written consents of the Principal Bankers, the Transaction Manager, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters, the Joint Underwriters, the Co-Lead Managers, the Legal Advisers, the Share Registrar and the Issuing House as set out in the Corporate Directory of this Prospectus to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and the Reporting Accountants to the inclusion of its name, the Accountants' Report, and the Reporting Accountants' Report on the Unaudited Pro Forma Consolidated Financial Statements and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn. A written consent under Chapter 17 of the Prospectus Guidelines is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the U.S. Securities Act, which is applicable only to transactions involving securities registered under the U.S. Securities Act. As the offering of our securities in the international offering will not be registered under the U.S. Securities Act, the Auditors and the Reporting Accountants have not filed a consent under Section 7 of the U.S. Securities Act.

The written consent of the Independent Market Research Consultant to the inclusion of its name, the executive summary of the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of PricewaterhouseCoopers, being the Auditors of PD Power to the inclusion of its name, and report relating to the audited financial statements of PD Power for the 18-month financial period ended 31 December 2014 and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

15.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 12 months from the date of this Prospectus:

- (i) our Memorandum and Articles;
- (ii) commercial contracts which our Group is dependent on and our material contracts as referred to in Sections 7.24 and 15.6 of this Prospectus, respectively. For the GSAs, if you wish to inspect these agreements, you will have to, on your own, obtain the prior written consent from PETRONAS and thereafter, produce to us such written consent prior to inspecting any of these agreements at our registered office;
- (iii) our audited consolidated financial statements for the FYE 31 December 2012, 2013 and 2014;
- (iv) audited financial statements of our subsidiaries for the FYE 31 December 2012, 2013 and 2014;

15. ADDITIONAL INFORMATION (Cont'd)

- (v) Reporting Accountants' Report on the Unaudited Pro Forma Consolidated Financial Statements as included in Section 12.7 of this Prospectus;
- (vi) Accountants' Report as included in Section 13 of this Prospectus;
- (vii) Executive summary of the IMR Report as included in Section 8 of this Prospectus and the IMR Report as prepared by the Independent Market Research Consultant;
- (viii) Directors' Report as included in Section 14 of this Prospectus;
- (ix) letters of consent referred to in Section 15.7 of this Prospectus; and
- (x) cause papers in relation to the material litigation referred to in Section 15.5 of this Prospectus.

15.9 RESPONSIBILITY STATEMENTS

Our Directors, the Promoters and the Selling Shareholders have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and they confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, CIMB, and RHB as the Joint Principal Advisers, acknowledge that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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16. PROCEDURES FOR APPLICATION

16.1 OPENING AND CLOSING OF APPLICATIONS

Applications for the Issue Shares will be accepted and closed at the time and date stated as below:

OPENING OF THE RETAIL OFFERING: 10:00 a.m., 17 April 2015

CLOSING OF THE RETAIL OFFERING: 5:00 p.m., 28 April 2015

Our Directors and the Joint Managing Underwriters may decide in their absolute discretion to extend the closing time and date for applications to any later time(s) and/or date(s). If they decide to extend the closing time and/or date for the applications, the Price Determination Date and dates for the balloting of applications for Issue Shares under the Retail Offering, allotment/ transfer of the IPO Shares to successful applicants and our Listing may be extended accordingly. Any extension will be announced in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

Late applications will not be accepted.

16.2 METHODS OF APPLICATION AND CATEGORY OF INVESTORS

16.2.1 Application for Issue Shares under the Retail Offering

Applications for the Issue Shares pursuant to the Retail Offering may be made using either of the following:

| Type of application form | Category of investor |
|--|---|
| WHITE Application Form or Electronic Share Application ⁽¹⁾ or Internet Share Application ⁽²⁾ | Malaysian Public (for individuals) |
| WHITE Application Form only | Malaysian Public (for non-individuals, e.g. corporations, institutions, etc.) |
| PINK Application Form only | Eligible Malakoff Persons and Eligible MMC Persons |
| BLUE Application Form only | Entitled Shareholders of MMC |

Notes:

(1) *The following surcharge per Electronic Share Application will be charged by the Participating Financial Institutions:*

- (i) *Affin Bank Berhad – No fee will be charged for application by their account holders;*
- (ii) *AmBank (M) Berhad – RM1.00 per Electronic Share Application;*
- (iii) *CIMB Bank Berhad – RM2.50 per Electronic Share Application;*
- (iv) *HSBC Bank Malaysia Berhad – RM2.50 per Electronic Share Application;*
- (v) *Malayan Banking Berhad – RM1.00 per Electronic Share Application;*
- (vi) *Public Bank Berhad – RM2.00 per Electronic Share Application;*
- (vii) *RHB Bank Berhad – RM2.50 per Electronic Share Application; and*
- (viii) *Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50 per Electronic Share Application.*

16. PROCEDURES FOR APPLICATION (Cont'd)

- (2) *The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institutions:*
- (i) *Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders;*
 - (ii) *Affin Hwang Investment Bank Berhad (trade.affinhwang.com) – No fee will be charged for application by their account holders;*
 - (iii) *CIMB (www.eipocimb.com) – RM2.00 per Internet Share Application for payment via CIMB Bank Berhad or Malayan Banking Berhad;*
 - (iv) *CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;*
 - (v) *Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00 per Internet Share Application;*
 - (vi) *Public Bank Berhad (www.pbepbank.com) – RM2.00 per Internet Share Application; and*
 - (vii) *RHB Bank Berhad (www.rhb.com.my) – RM2.50 per Internet Share Application.*

You must have a CDS account before you can submit your application either by way of Application Forms or Electronic Share Application as well as Internet Share Application.

The Eligible Malakoff Persons and the Eligible MMC Persons who have made applications using the PINK Application Forms and the Entitled Shareholders of MMC who have made applications using the BLUE Application Forms may still apply for the Issue Shares allocated to the Malaysian Public under the Retail Offering using the WHITE Application Form, the Electronic Share Application or the Internet Share Application.

However, applicants using the WHITE, the PINK and the BLUE Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using the WHITE Application Forms are not allowed to make additional applications using the Electronic Share Applications and the Internet Share Applications, and vice versa.

16.2.2 Application for IPO Shares under the Institutional Offering

Malaysian institutional and selected investors and foreign institutional and selected investors being allocated the IPO Shares under the Institutional Offering (other than the Bumiputera institutional and selected investors approved by the MITI) will be contacted directly by the respective Joint Global Coordinators, Joint Bookrunners and Co-Lead Managers and shall follow the instructions as communicated by the respective Joint Global Coordinators, Joint Bookrunners and Co-Lead Managers.

Bumiputera institutional and selected investors approved by the MITI who have been allocated the Issue Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

16.3 PROCEDURES FOR APPLICATION AND ACCEPTANCE

Application must be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles. You agree to be bound by our Memorandum and Articles.

16.3.1 Application by the Malaysian Public under the Retail Offering (WHITE Application Forms, Electronic Share Applications or Internet Share Applications)

Eligibility

You can only apply for the Issue Shares allocated to the Malaysian Public under the Retail Offering if you meet the following requirements:

- (i) you must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 17 of this Prospectus;
- (ii) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the closing date of the Retail Offering with a Malaysian address;
 - (b) a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in item (ii) (b) or (c) above or the trustees thereof; and

- (iii) you are not a director or an employee of the Issuing House or their immediate family members.

Applications by the Malaysian Public must be made on the WHITE Application Forms provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application. The amount payable in full upon application is RM1.80 per Issue Share.

Applicants using the WHITE Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using WHITE Application Forms are not allowed to make additional applications using the Electronic Share Applications and the Internet Share Applications, and vice versa.

16. PROCEDURES FOR APPLICATION (Cont'd)**16.3.2 Application by the Eligible Malakoff Persons and the Eligible MMC Persons (PINK Application Forms)**

The Eligible Malakoff Persons and the Eligible MMC Persons will be provided separately with PINK Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus. The amount payable in full upon application is RM1.80 per Issue Share.

The Eligible Malakoff Persons and the Eligible MMC Persons are not precluded from making additional applications under the Malaysian Public category using the WHITE Application Forms. If you are an Entitled Shareholder of MMC, you are also entitled to apply under the Restricted Offering using the BLUE Application Forms. Applicants using the PINK Application Forms are not allowed to submit multiple applications in the same category of application.

16.3.3 Application by the Entitled Shareholders of MMC (BLUE Application Forms)

Applications by the Entitled Shareholders of MMC for the Issue Shares which have been set aside for the Restricted Offering must be made on the BLUE Application Forms and NOT by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. The Entitled Shareholders of MMC must follow the notes and instructions in the said document as well as the cover letter accompanying the BLUE Application Form and where relevant, in this Prospectus. The amount payable in full upon application is RM1.80 per Issue Share.

The Entitled Shareholders of MMC are not precluded from making additional applications for the Issue Shares made available under the Malaysian Public category using the WHITE Application Forms.

Applicants using the BLUE Application Forms are not allowed to submit multiple applications in the same category of application.

72,000,000 Issue Shares are reserved for application by the Entitled Shareholders of MMC via the Restricted Offering, and shall be allocated in the following manner:

- (i) each Entitled Shareholder of MMC who applies for at least 100 Issue Shares is guaranteed an allocation of 100 Issue Shares; and
- (ii) any remaining Issue Shares after the allocation under item (i) above shall be allocated to the Entitled Shareholders of MMC who apply in excess of 100 Issue Shares on a pro-rata basis according to their respective shareholdings in MMC as at the Entitlement Date,

subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out above is achieved.

Any fractional entitlements and odd lots arising from the Restricted Offering will be disregarded and rounded down to the nearest board lot, and the aggregate of such fractions and such odd lots will be dealt with in such manner or on such terms as our Board may deem fit and expedient in the best interest of our Company.

As our Shares are prescribed securities, the Shares will be credited into the respective CDS accounts of the Entitled Shareholders of MMC. No physical share certificate will be issued but the notices of allotment shall be despatched.

16. PROCEDURES FOR APPLICATION (Cont'd)

The entitlement of the Entitled Shareholders of MMC to participate in the Restricted Offering is non-renounceable and non-tradable. Entitled Shareholders of MMC are not allowed to submit multiple applications for the Issue Shares made available under the Restricted Offering and our Board has the absolute discretion to reject multiple applications. However, the Restricted Offering does not preclude the Entitled Shareholders of MMC from making additional applications for the Issue Shares made available under the Malaysian Public category using the WHITE Application Forms.

Excluded Shareholders are advised that they shall be solely responsible to seek their own advice as to the laws of any jurisdiction which they may be subject to. Participation in the Restricted Offering by any of the shareholders of MMC shall be based on their warranty to our Company, MMC or the Joint Principal Advisers that they may lawfully so participate without our Company, MMC, the Joint Principal Advisers, the Share Registrar and/or other advisers and experts being in breach of the laws of any jurisdiction other than the laws of Malaysia to which the Excluded Shareholders are or might be subject to.

Excluded Shareholders will have no rights or claims whatsoever against us, the Promoters, the Joint Principal Advisers, the Joint Managing Underwriters, the Joint Underwriters, any of their respective Directors or any other persons involved in the Restricted Offering in respect of their entitlement to apply for the Issue Shares under the Restricted Offering. We, the Promoters, the Joint Principal Advisers, the Joint Managing Underwriters, the Joint Underwriters, any of their respective Directors or any other persons involved in the Restricted Offering shall not accept any responsibility and liability in the event that any acceptance under the Restricted Offering is or becomes illegal, unenforceable, voidable or void or shall contravene the laws in such countries and jurisdictions.

This Prospectus will not be registered under any applicable securities legislation of any foreign jurisdiction. Accordingly, the Prospectus will not be sent to the Excluded Shareholders.

BLUE Application Form

This Prospectus will be distributed to the Entitled Shareholders of MMC in CD-ROM format (contents of which will be in printable format), save for the Entitled Shareholders of MMC whose registered addresses maintained with Bursa Depository are in East Malaysia.

However, the Entitled Shareholders of MMC may request for a copy of the printed Prospectus from the Share Registrar or our Company or MMC at no cost and are given an option to have the printed Prospectuses despatched to them free of charge to their mailing address within two Market Days from the date of receipt of their request, or to obtain the printed Prospectuses from the following locations as stated below:

- (i) our Company;
- (ii) MMC;
- (iii) Share Registrar;
- (iv) Issuing House; and
- (v) ADAs disclosed in Section 17 of this Prospectus.

Any delivery charges, if applicable, will be borne by our Company.

The BLUE Application Forms can be obtained from the Share Registrar.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

Application and payment for the Issue Shares under the Restricted Offering must be made on the BLUE Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions printed therein.

The completed BLUE Application Form, together with the remittance in RM for the full amount payable in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made out in favour of "MIH SHARE ISSUE ACCOUNT NO. 565" and crossed "A/C PAYEE ONLY" and endorsed on the reverse side with the name, address and CDS account number of the applicant in block letters, must be received by our Share Registrar no later than 5:00 p.m. on 28 April 2015, or such later date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion. Cheques or any other modes of payment will not be accepted and will be rejected.

Each completed BLUE Application Form must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** in the official envelope provided, to the following address:

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel. No.: +603 7841 8000
Fax No.: +603 7841 8151 or +603 7841 8152

so as to arrive no later than 5:00 p.m. on 28 April 2015, or such later date or dates as our Directors and the Joint Managing Underwriters, may decide in their absolute discretion.

The Entitled Shareholders of MMC, who wish to apply for the Issue Shares which have been set aside for the Restricted Offering using the BLUE Application Form may check their eligibility by referring to our Share Registrar at the address stated above.

16.4 PROCEDURES FOR APPLICATIONS BY WAY OF APPLICATION FORMS

Each application for the Issue Shares under the Retail Offering must be made by the relevant category of investors on the correct Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions contained therein. The Application Forms together with the notes and instructions contained therein shall constitute as an integral part of this Prospectus. Applications which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of the Application Form or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of our Directors.

Full instructions for the application for the Issue Shares offered and the procedures to be followed are set out in the Application Forms. All applicants are advised to read the Application Forms and the notes and instructions therein carefully.

The Malaysian Public should adhere to the following procedures in making their applications under the Retail Offering:

Step 1: Obtain application documents

Obtain the relevant Application Form together with the Official "A" and "B" envelopes and a copy of this Prospectus.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

The WHITE Application Forms can be obtained subject to availability from the following parties:

- (i) Maybank IB;
- (ii) CIMB;
- (iii) RHB;
- (iv) participating organisations of Bursa Securities;
- (v) members of the Association of Banks in Malaysia;
- (vi) members of the Malaysian Investment Banking Association;
- (vii) Issuing House; and
- (viii) our Company.

Step 2: Read this Prospectus

In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

Step 3: Complete the relevant Application Forms

You must complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions contained therein and in this Prospectus.

(i) Personal particulars

You must ensure that your personal particulars submitted in your application are identical with the records maintained by Bursa Depository. Please inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, your name and national registration identity card ("**NRIC**") number must be the same as:

- (a) your NRIC;
- (b) any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) your "Resit Pengenalan Sementara (KPPK 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara, 1990.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly as that stated in your authority card.

For corporations/institutions, the name and certificate of incorporation number must be the same as that stated in the certificate of incorporation or the certificate of change of name, where applicable.

If you are a non-Malaysian (in the case of PINK or BLUE Application Forms), your name and passport number must be exactly as that stated in your passport.

Our Company together with the Issuing House will not issue any acknowledgment of receipt of your Application Form or application monies.

16. PROCEDURES FOR APPLICATION (Cont'd)**(ii) CDS account number**

You must state your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

(iii) Details of payment

You must state the details of your payment in the appropriate boxes provided in the Application Form.

(iv) Number of Issue Shares applied

Applications must be for at least 100 Issue Shares or multiples of 100 Issue Shares for applicants using the WHITE, the PINK and the BLUE Application Forms.

Step 4: Prepare appropriate form of payment

You must prepare the correct form of payment in RM for the FULL amount payable for the Issue Shares based on the Retail Price, which is RM1.80 per Issue Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO. 565**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address. We only accept the following forms of payment:

- (i) Banker's Draft or Cashier's Order purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants);
- (ii) Money Order or Postal Order (for applicants from Sabah and Sarawak only); or
- (iii) Guaranteed Giro Order ("**GGO**") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants).

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

Step 5: Finalise application

Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (KPPK 09)"/authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable)) into the Official "A" envelope and seal it.

You must write your name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (KPPK 09)"/authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable).

Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

16. PROCEDURES FOR APPLICATION (Cont'd)**Step 6: Submit application**

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents can be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd (258345-X)
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia

OR

P.O. Box 8269
 Pejabat Pos Kelana Jaya
 46785 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia,

so as to arrive no later than 5:00 p.m. on 28 April 2015 or such later date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion.

16.5 PROCEDURES FOR APPLICATION BY WAY OF AN ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for the Issue Shares allocated to the Malaysian Public under the Retail Offering by way of Electronic Share Application.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Electronic Share Application and the procedures for Electronic Share Applications at ATMs of the Participating Financial Institution before making an Electronic Share Application.

16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (i) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Issue Shares made available to the Malaysian Public under the Retail Offering at an ATM belonging to other Participating Financial Institutions.
- (ii) You **must have a CDS account**.
- (iii) You are advised to read and understand this Prospectus before making your application.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (iv) You may apply for the Issue Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. You are to submit at least the following information through the ATM, where the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so:
- (a) Personal Identification Number (PIN);
 - (b) MIH Share Issue Account No. 565;
 - (c) CDS account number;
 - (d) number of Issue Shares applied for and/or the RM amount to be debited from the account; and
 - (e) confirmation of several mandatory statements as set out in Section 16.5.3 of this Prospectus.

16.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- (i) Affin Bank Berhad;
- (ii) AmBank (M) Berhad;
- (iii) CIMB Bank Berhad;
- (iv) HSBC Bank Malaysia Berhad;
- (v) Malayan Banking Berhad;
- (vi) Public Bank Berhad;
- (vii) RHB Bank Berhad; or
- (viii) Standard Chartered Bank Malaysia Berhad (at selected branches only).

16.5.3 Terms and conditions of Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "**Steps for Electronic Share Application through a Participating Financial Institution's ATM**" in Section 16.5.1 of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application.

You must have a CDS account to be eligible to use the Electronic Share Application.

The CDS account must be in your own name. Invalid or nominee or third party CDS accounts will **not** be accepted.

16. PROCEDURES FOR APPLICATION (Cont'd)

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

Upon the closing of the Retail Offering at 5:00 p.m. on 28 April 2015, or such later date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion ("**Closing Time and Date**"), the Participating Financial Institutions shall submit a magnetic tape containing their respective customers' applications for the Issue Shares to the Issuing House as soon as practicable but no later than 12:00 p.m. of the second business day after the Closing Time and Date.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you operate a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your name. Your application will be rejected if you fail to comply with the foregoing.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below and in Section 16.7 of this Prospectus:

- (i) the Electronic Share Application shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles.
- (ii) you are required to confirm the following statements (by pressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given are true and correct:
 - (a) you are at least 18 years of age as at the Closing Time and Date;
 - (b) you are a Malaysian citizen residing in Malaysia;
 - (c) you have read this Prospectus and understood and agreed with the terms and conditions of the application;
 - (d) the Electronic Share Application is the only application that you are submitting for the Issue Shares allocated to the Malaysian Public under the Retail Offering; and
 - (e) you hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be deemed to have confirmed each of the above statements as well as giving express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of Financial Services Act, 2013 and Section 45 of the SICDA) to the disclosure by the relevant Participating Financial Institutions and/or Bursa Depository, as the case may be, of any of your particulars to the Issuing House and/or any relevant regulatory bodies.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (iii) **You confirm that you are not applying for the Issue Shares as a nominee of any other person and that any Electronic Share Application that you make is made in your own name, as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for the Issue Shares allocated to the Malaysian Public under the Retail Offering, whether at the ATMs of any Participating Financial Institution or using Internet Share Application or using the WHITE Application Forms.**
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the predesignated keys (or buttons) on the ATM keyboard) of the number of Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number of Issue Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles.
- (vi) We reserve the right not to accept any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market for our Shares.
- (vii) You request and authorise us:
 - (a) to credit our Issue Shares allocated to you into your CDS account; and
 - (b) to issue share certificate(s) representing such shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (viii) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, the Issuing House and/or the Participating Financial Institution and irrevocably agree that if:
 - (a) our Company and/or the Issuing House do not receive your Electronic Share Application and/or payment; and
 - (b) data relating to your Electronic Share Application and/or payment is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us and/or the Issuing House,

16. PROCEDURES FOR APPLICATION (Cont'd)

you shall be deemed not to have made an Electronic Share Application and you shall not make any claim whatsoever against our Company, the Issuing House and/or the Participating Financial Institution for the Issue Shares applied for or for any compensation, loss or damage.

- (ix) All of your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be true and correct, and we, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (x) You must ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform Bursa Depository promptly of any change in your address, failing which the notification letter of successful allotment will be sent to your registered address last maintained with Bursa Depository.
- (xi) By making and completing an Electronic Share Application, you agree that:
 - (a) in consideration of us agreeing to allow and accept the application for Issue Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - (b) we, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond our and their control;
 - (c) notwithstanding the receipt of any payment by or on our behalf, the notice of successful allocation for prescribed securities issued in respect of the Issue Shares for which your Electronic Share Application has been successfully completed is the only confirmation for the acceptance of your offer to subscribe for and purchase the said Issue Shares;
 - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of the Issue Shares allotted to you;
 - (e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia; and
 - (f) if you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (xii) The Issuing House, on the authority of our Directors, reserves the right to reject applications which do not conform to these instructions.

16.6 PROCEDURES FOR APPLICATION BY WAY OF AN INTERNET SHARE APPLICATION

Only Malaysian individuals may apply for the Issue Shares allocated to the Malaysian Public under the Retail Offering by way of Internet Share Application.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Share Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Share Application.

16.6.1 Steps for Internet Share Application through an Internet Participating Financial Institution's website

Step 1: Set up of account

Before making an application by way of Internet Share Application, you **must have all** of the following:

- (i) an existing account with access to internet financial services with:
 - (a) **Affin Bank Berhad** at www.affinOnline.com;
 - (b) **Affin Hwang Investment Bank Berhad** at trade.affinhwang.com;
 - (c) **CIMB** at www.eipocimb.com;
 - (d) **CIMB Bank Berhad** at www.cimbclicks.com.my;
 - (e) **Malayan Banking Berhad** at www.maybank2u.com.my;
 - (f) **Public Bank Berhad** at www.pbepbank.com; or
 - (g) **RHB Bank Berhad** at www.rhb.com.my.

You need to have your user identification and PIN/password for the internet financial services facility; and

- (ii) an individual CDS account registered in your name (and not in a nominee's name) and in the case of a joint account, an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name.

Step 2: Read this Prospectus

You are advised to read and understand this Prospectus before making your application.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

Step 3: Apply through Internet

We have set out possible steps for an application of our Issue Shares via Internet Share Application below for illustration purposes only.

Please note that the actual steps for Internet Share Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below.

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (ii) Log in to the internet financial services facility by entering your user identification and PIN/password.
- (iii) Navigate to the section of the website on applications in respect of IPO.
- (iv) Select the counter in respect of the Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number with a financial institution ("**Authorised Financial Institutions**") to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) After selecting the designated hyperlink on the screen, you will have to confirm and undertake that the following mandatory statements are true and correct:
 - (a) you are at least 18 years of age as at the Closing Time and Date;
 - (b) you are a Malaysian citizen residing in Malaysia;
 - (c) you have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - (d) you agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus, before making the Internet Share Application;
 - (e) the Internet Share Application is the only application that you are submitting for the Issue Shares allocated to the Malaysian Public under the Retail Offering;
 - (f) you authorise the Internet Participating Financial Institution with which you have an account to deduct the full amount payable for the Issue Shares from your account with the said Internet Participating Financial Institution;

16. PROCEDURES FOR APPLICATION (Cont'd)

- (g) you give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of SICDA) to the disclosure by the relevant Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House, the Authorised Financial Institution and/or any other relevant regulatory bodies;
- (h) you are not applying for the Issue Shares as a nominee of any other person and the application is made in your own name, as the beneficial owner and subject to the risks referred to in this Prospectus; and
- (i) you authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Retail Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Retail Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment for the Retail Offering.
- (x) You must pay for the Issue Shares through the website of the Authorised Financial Institution, failing which the Internet Share Application is **not completed**, despite the display of the Confirmation Screen. "**Confirmation Screen**" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Issue Shares applied for, which can be printed out by you for your records.
- (xi) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Issue Shares is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xii) You are advised to print out the Confirmation Screen for reference and records.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

16.6.2 Terms and conditions of Internet Share Applications

THE TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. PLEASE REFER TO THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION FOR THE EXACT TERMS AND CONDITIONS AND INSTRUCTIONS.

- (i) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application, which would result in the internet financial services website displaying the Confirmation Screen. You are required to complete your Internet Share Application by the close of the Retail Offering mentioned in Section 16.1 of this Prospectus.
- (ii) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser amount that may be allotted to you. Your confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as your acceptance of the number of Issue Shares allotted to you.
- (iii) You request and authorise us to credit the Issue Shares allotted to you into your CDS account and to issue share certificate(s) representing those Issue Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (iv) You acknowledge that your Internet Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, faults with computer software, computer security threats such as virus, hackers and crackers, fires and other events beyond the control of our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution and irrevocably agree that if:
 - (a) our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment; and
 - (b) data relating to your Internet Share Application and/or payment is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution,
 you shall be deemed not to have made an Internet Share Application and you shall not make any claim whatsoever against our Company, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution for the Issue Shares applied for or for any compensation, loss or damage.
- (v) You must ensure that your personal particulars submitted in your application and/or your personal particulars as recorded by the Internet Participating Financial Institution are correct, accurate and identical with the records maintained by Bursa Depository. Otherwise, your Internet Share Application will be rejected. You must inform Bursa Depository promptly of any change in your address, failing which the notification letter of successful allotment will be sent to your registered address last maintained with Bursa Depository.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (vi) You irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue of the Issue Shares allotted to you.
- (vii) You agree that in relation to any legal action, proceedings or disputes arising out of or in relation with the contract between the parties and/or the Internet Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (viii) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by us, the Issuing House and/or the Internet Participating Financial Institution for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution.
- (ix) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application.
- (x) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Promoters, the Joint Principal Advisers, the Joint Managing Underwriters, the Joint Underwriters, any of their respective Directors or any other persons involved in the Retail Offering shall not be liable for any information not contained in this Prospectus which may have been relied by you in making the Internet Share Application.

16.7 TERMS AND CONDITIONS

An application under the Retail Offering is subject to the following additional terms and conditions:

- (i) You are required to pay the Retail Price of RM1.80 for each Issue Share you have applied for.
- (ii) You can submit only one application for the Issue Shares allocated to the Malaysian Public under the Retail Offering. For example, if you submit an application using the WHITE Application Form, you cannot submit an Electronic Share Application or Internet Share Application.

However, if you have made an application under the PINK or the BLUE Application Forms, you can still apply for the Issue Shares allocated to the Malaysian Public under the Retail Offering using the WHITE Application Form or by way of Electronic Share Application or Internet Share Application.

The Issuing House, acting under the authority of our Directors, has the discretion to reject applications that appear to be multiple applications under each category of investors.

We wish to caution you that if you submit more than one application in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and may be punished with a minimum fine of RM1.0 million and a jail term of up to 10 years under Section 182 of the CMSA.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (iii) Each application under the WHITE, the PINK and the BLUE Application Forms, the Electronic Share Application and the Internet Share Application must be for at least 100 Issue Shares or multiples of 100 Issue Shares.
- (iv) Your application must be made in connection with and subject to this Prospectus and our Memorandum and Articles. You agree to be bound by our Memorandum and Articles should you be allotted any of our Shares.
- (v) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.
- (vi) We or the Issuing House will not issue any acknowledgement of receipt of your application or application monies.
- (vii) No application shall be deemed to have been accepted by reason of remittances having been presented for payment.

Our acceptance of your application to subscribe for or purchase the Issue Shares shall be constituted by the issue of notices of allotment for the Issue Shares allotted to you.
- (viii) Submission of your CDS account number in your application includes your authority/consent in accordance with Malaysian laws of the right of Bursa Depository, the Participating Financial Institution and the Internet Participating Financial Institution (as the case may be) to disclose information pertaining to your CDS account and other relevant information to us, the Issuing House and any relevant regulatory bodies (as the case may be).
- (ix) **You agree to accept our decision as final should we decide not to allot any Issue Shares to you.**

16.8 AUTHORITY OF OUR DIRECTORS AND THE ISSUING HOUSE

Applicants will be selected in a manner to be determined by our Directors. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market for our Shares.

The Issuing House, on the authority of our Directors, reserves the right to:

- (i) reject Application Forms, Electronic Share Application and Internet Share Application (where applicable) which do not conform to the instructions in this Prospectus or are illegible, incomplete or inaccurate;
- (ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without assigning any reason therefor; and
- (iii) bank in all application monies including those from unsuccessful/partially successful applicants which would subsequently be refunded (where applicable) without interest.

If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

16.9 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription in the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine acceptance of applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market for our Shares. Pursuant to the Listing Requirements, we need to have a minimum of 25% of our Shares for which Listing is sought to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon completion of our IPO and at the time of Listing. In the event that the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all applications will be refunded in full without interest.

In the event of an under-subscription in the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus, all the Issue Shares not applied for under the Retail Offering will be underwritten by the Joint Underwriters pursuant to the Retail Underwriting Agreement.

16.10 UNSUCCESSFUL/PARTIALLY SUCCESSFUL AND REJECTED APPLICANTS

Application monies in respect of the unsuccessful/partially successful and rejected applicants will be refunded without interest in the following manner.

16.10.1 For applications by way of an Application Form

- (i) The application monies or the balance of it, as the case may be, will be refunded to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary/registered post to your address maintained with Bursa Depository (for partially successful and rejected applications) if you have not provided such bank account information to Bursa Depository within 10 Market Days from the date of the final ballot.
- (ii) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to the address stated in the NRIC or any valid temporary identity document issued by the National Registration Department or "Resit Pengenalan Sementara (KPPK 09)" from time to time at your own risk.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected or unsuccessful or only partly successful will be refunded without interest by the Issuing House as per item (i) or (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary/registered post to your address maintained with Bursa Depository or as per item (ii) above (as the case may be) within 10 Market Days from the date of the final ballot.

16. PROCEDURES FOR APPLICATION (Cont'd)

16.10.2 For applications by way of Electronic Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful application within two Market Days after the balloting date. The application monies or the balance of it will be credited into your account without interest with the Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. You may check your account on the fifth Market Day from the balloting date.
- (ii) Where your successfully balloted application under the Electronic Share Application is subsequently rejected, the full amount of your application monies will be refunded without interest to you by crediting into your account with the Participating Financial Institution.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by crediting into your account with the Participating Financial Institution no later than 10 Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Participating Financial Institution will credit the application monies (or any part thereof) into your account without interest within two Market Days after the receipt of confirmation from the Issuing House.

16.10.3 For applications by way of Internet Share Application

- (i) The Issuing House shall inform the Internet Participating Financial Institutions of the non-successful or partially successful application within two Market Days after the balloting date. The Internet Participating Financial Institution will arrange with the Authorised Financial Institution to credit the application monies or the balance of it into your account without interest or other benefit arising therefrom with the Authorised Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. You may check your account on the fifth Market Day from the balloting date.
- (ii) Where your successfully balloted application under the Internet Share Application is subsequently rejected, the full amount of your application monies will be refunded without interest to you by crediting into your account with the Internet Participating Financial Institution.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by crediting into your account with the Internet Participating Financial Institution no later than 10 Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the application monies (or any part thereof) into your account without interest within two Market Days after the receipt of confirmation from the Issuing House.

16. PROCEDURES FOR APPLICATION (Cont'd)

16.11 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) The Issue Shares allotted to you will be credited into your CDS account. We will not be issuing any physical share certificates to you. You shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.
- (ii) A notice of allotment will be despatched to you at the address last maintained with Bursa Depository at your own risk prior to our Listing. This is your only acknowledgement of acceptance of the application.
- (iii) In the event that the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to you without any interest thereon. For applications made via the Application Form, the refund will be credited into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or despatched, in the form of cheques, by ordinary post to your address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository. For applications made via the Electronic Share Application or Internet Share Application, the refund will be credited into your account with the Participating Financial Institution or the Internet Participating Financial Institution, respectively. All refunds will be made within 10 Market Days from the date of final ballot of applications, at your own risk.

16.12 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

| <u>Mode of application</u> | <u>Parties to direct the queries</u> |
|---|---|
| Application Forms (except for the BLUE Application Forms) | Issuing House |
| BLUE Application Forms | Share Registrar |
| Electronic Share Application | Participating Financial Institutions |
| Internet Share Application | Internet Participating Financial Institution and Authorised Financial Institution |

You may also check the status of your application by calling the Issuing House at +603 7841 8000 or +603 7841 8289 or your ADA at the telephone number as stated in Section 17 of this Prospectus between five to 10 Market Days (during office hours only) after the balloting date.

17. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

| Name | Address and telephone number | Broker code |
|------------------------------------|--|--------------------|
| KUALA LUMPUR | | |
| AFFIN HWANG INVESTMENT BANK BERHAD | 2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel. No.: +603 7710 6688 | 068-009 |
| AFFIN HWANG INVESTMENT BANK BERHAD | No. 57-10 Level 10 The Boulevard, Mid Valley City Lingkar Syed Putra 59000 Kuala Lumpur Tel. No.: +603 2287 2273 | 068-017 |
| AFFIN HWANG INVESTMENT BANK BERHAD | Ground, Mezzanine & 3 rd Floor Chulan Tower No. 3 Jalan Conlay 50450 Kuala Lumpur Tel. No.: +603 2143 8668 | 068-018 |
| AFFIN HWANG INVESTMENT BANK BERHAD | No. 38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel. No.: +603 9130 8803 | 068-021 |
| ALLIANCE INVESTMENT BANK BERHAD | 17 th Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: +603 2604 3333 | 076-001 |
| AMINVESTMENT BANK BERHAD | 15 th Floor Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2036 2633 | 086-001 |
| BIMB SECURITIES SDN BHD | Level 32 Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: +603 2691 8887 | 024-001 |
| CIMB INVESTMENT BANK BERHAD | Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888 | 065-001 |
| FA SECURITIES SDN BHD | A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5 Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel. No.: +603 2288 1676 | 021-002 |

17. LIST OF ADAS (Cont'd)

| <u>Name</u> | <u>Address and telephone number</u> | <u>Broker code</u> |
|---|--|--------------------|
| KUALA LUMPUR (Cont'd) | | |
| HONG LEONG INVESTMENT BANK BERHAD | Level 7, Menara HLA No. 3 Jalan Kia Peng 50450 Kuala Lumpur Tel. No.: +603 2168 1168/ +603 2710 1168 | 066-001 |
| HONG LEONG INVESTMENT BANK BERHAD | Level 18, Menara Raja Laut 288 Jalan Raja Laut 50350 Kuala Lumpur Tel. No.: +603 2692 8899 | 066-006 |
| INTER-PACIFIC SECURITIES SDN BHD | West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel. No.: +603 2117 1888 | 054-001 |
| INTER-PACIFIC SECURITIES SDN BHD | Ground Floor 7-0-8 Jalan 3/109F Danau Business Center Danau Desa 58100 Kuala Lumpur Tel. No.: +603 7984 7796 | 054-003 |
| INTER-PACIFIC SECURITIES SDN BHD | No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel. No.: +603 9056 2921 | 054-005 |
| JUPITER SECURITIES SDN BHD | Levels 8 & 9 Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2034 1888 | 055-001 |
| KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD | 11 th - 14 th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No.: +603 2168 8800 | 053-001 |
| KENANGA INVESTMENT BANK BERHAD | Level 8, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2164 9080 | 073-001 |
| KENANGA INVESTMENT BANK BERHAD | M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel. No.: +603 4297 8806 | 073-020 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|------------------------------------|---|-------------|
| KUALA LUMPUR (Cont'd) | | |
| KENANGA INVESTMENT BANK BERHAD | Ground, Mezzanine, 1 st and 2 nd Floors (West & Center Wing) & 1 st Floor East Wing Bangunan ECM Libra 8, Jalan Damansara Endah, Damansara Heights 50490 Kuala Lumpur Tel. No.: +603 2089 2888 | 073-021 |
| KENANGA INVESTMENT BANK BERHAD | 1 st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2178 1133 | 073-029 |
| M & A SECURITIES SDN BHD | Level 1 – 3, No. 45 & 47 and No. 43-6 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel. No.: +603 2282 1820 | 057-002 |
| M & A SECURITIES SDN BHD | 22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel. No.: +603 7983 9890 | 057-004 |
| MAYBANK INVESTMENT BANK BERHAD | Level 5-13, MaybanLife Tower Dataran Maybank No. 1 Jalan Maarof 59000 Kuala Lumpur Tel. No.: +603 2297 8888 | 098-001 |
| MERCURY SECURITIES SDN BHD | L-7-2, No. 2, Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel. No.: +603 6203 7227 | 093-002 |
| MIDF AMANAH INVESTMENT BANK BERHAD | Level 21, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2173 8888 | 026-001 |
| PM SECURITIES SDN BHD | Ground, Mezzanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel. No.: +603 2146 3000 | 064-001 |
| PUBLIC INVESTMENT BANK BERHAD | 27 th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: +603 2031 3011 | 051-001 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|--|---|--------------------|
| KUALA LUMPUR (Cont'd) | | |
| RHB INVESTMENT BANK BERHAD | Level 3A, Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: +603 9287 3888 | 087-001 |
| RHB INVESTMENT BANK BERHAD | 12 th , 15 th & 21 st Floor Plaza OSK, Jalan Ampang 50450 Kuala Lumpur Tel. No.: +603 2333 8333 | 087-018 |
| RHB INVESTMENT BANK BERHAD | No. 62 & 64 Vista Magna Jalan Prima, Metro Prima Kepong 52100 Kuala Lumpur Tel. No.: +603 6257 5869 | 087-028 |
| RHB INVESTMENT BANK BERHAD | No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel. No.: +603 4280 4798 | 087-054 |
| RHB INVESTMENT BANK BERHAD | Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel. No.: +603 9058 7222 | 087-058 |
| TA SECURITIES HOLDINGS | Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. No.: +603 2072 1277 | 058-003 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | N-1-3, Plaza Damas 60 Jalan Sri Hartamas 1 Sri Hartamas, 50480 Kuala Lumpur Tel. No.: +603 6205 6000 | 078-004 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Ground & 19 th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel. No.: +603 2147 1888 | 078- 010 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|------------------------------------|--|--------------------|
| SELANGOR DARUL EHSAN | | |
| AFFIN HWANG INVESTMENT BANK BERHAD | 16 th , 18 th -20 th Floor Plaza Masalam 2 Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel. No.: +603 5513 3288 | 068-002 |
| AFFIN HWANG INVESTMENT BANK BERHAD | East Wing & Central Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 5635 6688 | 068-010 |
| AFFIN HWANG INVESTMENT BANK BERHAD | 3 rd & 4 th Floor Wisma Meru No. 1 Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: +603 3343 9999 | 068-019 |
| AFFIN HWANG INVESTMENT BANK BERHAD | Lot 229, 2 nd Floor The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7729 8016 | 068-020 |
| AFFIN HWANG INVESTMENT BANK BERHAD | 1 st Floor, 20-22 Jalan 21/22, SEA Park 46300 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7877 6229 | 068-022 |
| AFFIN HWANG INVESTMENT BANK BERHAD | No.79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel. No.: +603 3322 1999 | 068-023 |
| AMINVESTMENT BANK BERHAD | 4 th Floor, Plaza Damansara Utama 2, Jalan SS21/60, 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7710 6613 | 086-001 |
| CIMB INVESTMENT BANK BERHAD | Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7717 3388 | 065-009 |

17. LIST OF ADAS (Cont'd)

| <u>Name</u> | <u>Address and telephone number</u> | <u>Broker code</u> |
|--------------------------------------|--|--------------------|
| SELANGOR DARUL EHSAN (Cont'd) | | |
| JF APEX SECURITIES BERHAD | 3 rd , 5 th , 6 th and 10 th Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel. No.: +603 8736 1118 | 079-001 |
| JF APEX SECURITIES BERHAD | 15 th & 16 th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7620 1118 | 079-002 |
| JF APEX SECURITIES BERHAD | Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel. No.: +603 5879 0163 | 079-004 |
| JUPITER SECURITIES SDN BHD | No 42-46, 3 rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5632 4838 | 055-004 |
| KENANGA INVESTMENT BANK BERHAD | Ground – Fifth Floor East Wing, Quattro West No.4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7862 6200 | 073-005 |
| KENANGA INVESTMENT BANK BERHAD | 55C (2 nd Floor) Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8024 1773 | 073-006 |
| KENANGA INVESTMENT BANK BERHAD | Lot 240, 2 nd Floor The Curve No.6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: +603 7725 9095 | 073-016 |
| KENANGA INVESTMENT BANK BERHAD | Level 1 East Wing Wisma Consplant 2 7 Jln SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5621 2118 | 073-030 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|--------------------------------------|---|--------------------|
| SELANGOR DARUL EHSAN (Cont'd) | | |
| KENANGA INVESTMENT BANK BERHAD | No. 35, Ground, 1 st & 2 nd Floor Jalan Tiara 3, Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel. No.: +603 3348 8080 | 073-035 |
| MALACCA SECURITIES SDN BHD | Subang Jaya Branch No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5636 1533 | 012-002 |
| MALACCA SECURITIES SDN BHD | SS2 Petaling Jaya Branch No. 58A & 60A Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel. No. :+603 7876 1533 | 012-003 |
| MAYBANK INVESTMENT BANK BERHAD | Suite 8.02, Level 8, Menara Trend Intan Millennium Square 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel. No.: +603 3050 8888 | 098-003 |
| MAYBANK INVESTMENT BANK BERHAD | Wisma Bentley Music Level 1, No 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7718 8888 | 098-004 |
| PM SECURITIES SDN BHD | No. 157 & 159, Jalan Kenari 23A, Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: +603 8070 0773 | 064-003 |
| PM SECURITIES SDN BHD | No.18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel. No.: +603 3341 5300 | 064-007 |
| RHB INVESTMENT BANK BERHAD | 24, 24M, 24A, 26M, 28M, 28A, 30, 30M & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7873 6366 | 087-011 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|--------------------------------------|---|--------------------|
| SELANGOR DARUL EHSAN (Cont'd) | | |
| RHB INVESTMENT BANK BERHAD | No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel. No.: +603 8736 3378 | 087-045 |
| RHB INVESTMENT BANK BERHAD | Ground and 1 st Floor, No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel. No.: +603 6092 8916 | 087-047 |
| RHB INVESTMENT BANK BERHAD | Ground and Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 1/2, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: +603 3343 9180 | 087-048 |
| RHB INVESTMENT BANK BERHAD | Ground and 1 st Floor No. 13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: +603 8070 6899 | 087-049 |
| RHB INVESTMENT BANK BERHAD | 11-1, 11-2, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 6148 3361 | 087-051 |
| RHB INVESTMENT BANK BERHAD | Unit 1B & 2B Jalan USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8022 1888 | 087-059 |
| SJ SECURITIES SDN BHD | Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel. No.: +603 5192 0202 | 096-001 |
| SJ SECURITIES SDN BHD | 101B, Jalan SS15/5A 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5631 7888 | 096-002 |
| SJ SECURITIES SDN BHD | No. 74-2 Jalan Batu Nilam 5 Selangor Darul Ehsan Tel. No.: +603 3322 1915 | 096-004 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|--------------------------------------|--|--------------------|
| SELANGOR DARUL EHSAN (Cont'd) | | |
| TA SECURITIES HOLDINGS BERHAD | No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8025 1880 | 058-005 |
| TA SECURITIES HOLDINGS BERHAD | 2 nd Floor, Wisma TA No.1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7729 571 | 058-007 |
| MELAKA | | |
| CIMB INVESTMENT BANK BERHAD | Ground, 1 st , 2 nd and 3 rd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel. No. : +606 2898 800 | 065-006 |
| KENANGA INVESTMENT BANK BERHAD | 71 (Ground, A & B) & 73 (Ground, A & B) Jalan Merdeka, Taman Melaka Raya 75000 Melaka Tel. No.: +606 3372 550 | 073-028 |
| KENANGA INVESTMENT BANK BERHAD | 22A & 22A-1, 26 & 26-1, Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel. No.: +606 3372 550 | 073-034 |
| MALACCA SECURITIES SDN BHD | No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel. No.: +606 3371 533 | 012-001 |
| MERCURY SECURITIES SDN BHD | No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2921 898 | 093-003 |
| PM SECURITIES SDN BHD | No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel. No.: +606 2866 008 | 064-006 |
| RHB INVESTMENT BANK BERHAD | No.19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2833 622 | 087-002 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|---------------------------------------|---|--------------------|
| MELAKA (Cont'd) | | |
| RHB INVESTMENT BANK BERHAD | 579, 580 dan 581 Taman Melaka Raya 75000 Melaka Tel. No.: +606 2825 211 | 087-026 |
| TA SECURITIES HOLDINGS BERHAD | 59, 59A and 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2862 618 | 058-008 |
| PERAK DARUL RIDZUAN | | |
| AFFIN HWANG INVESTMENT BANK BERHAD | 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: +605 8066 688 | 068-003 |
| AFFIN HWANG INVESTMENT BANK BERHAD | 2 nd & 3 rd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2559 988 | 068-015 |
| CIMB INVESTMENT BANK BERHAD | Ground, 1 st , 2 nd and 3 rd Floor No. 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan | 065-010 |
| HONG LEONG INVESTMENT BANK BERHAD | 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2530 888 | 066-003 |
| KENANGA INVESTMENT BANK BERHAD | Ground, 1 st , 2 nd & 4 th Floor 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2422 828 | 073-022 |
| KENANGA INVESTMENT BANK BERHAD | No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6222 828 | 073-026 |
| KENANGA INVESTMENT BANK BERHAD | Ground Floor, No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel. No.: +605 6939 828 | 073-031 |

17. LIST OF ADAS (Cont'd)

| <u>Name</u> | <u>Address and telephone number</u> | <u>Broker code</u> |
|-------------------------------------|---|--------------------|
| PERAK DARUL RIDZUAN (Cont'd) | | |
| M & A SECURITIES SDN BHD | 5 th , 6 th Floor & Unit 8A M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No.: +605 2419 800 | 057-001 |
| MAYBANK INVESTMENT BANK BERHAD | B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2453 400 | 098-002 |
| RHB INVESTMENT BANK BERHAD | Ground and 1 st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6236 498 | 087-014 |
| RHB INVESTMENT BANK BERHAD | Ground and 1 st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel. No.: +605 6921 228 | 087-016 |
| RHB INVESTMENT BANK BERHAD | 21-25 Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2415 100 | 087-023 |
| RHB INVESTMENT BANK BERHAD | Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel. No.: +605 8088 229 | 087-034 |
| RHB INVESTMENT BANK BERHAD | Ground Floor, No. 72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel. No.: +605 4651 261 | 087-044 |
| RHB INVESTMENT BANK BERHAD | Ground Floor, No. 2 Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel. No.: +605 7170 888 | 087-052 |
| TA SECURITIES HOLDINGS BERHAD | Ground, 1 st and 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel. No.: +605 2531 313 | 058-001 |

17. LIST OF ADAS (Cont'd)

| <u>Name</u> | <u>Address and telephone number</u> | <u>Broker code</u> |
|--|--|--------------------|
| PERAK DARUL RIDZUAN (Cont'd) | | |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6216 010 | 078-009 |
| PULAU PINANG | | |
| AFFIN HWANG INVESTMENT BANK BERHAD | Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60 Green Hall 10200 Penang Tel. No.: +604 2636 996 | 068-001 |
| AFFIN HWANG INVESTMENT BANK BERHAD | No. 2 & 4, Jalan Perda Barat Bandar Perda 14000 Penang Tel. No.: +604 5372 882 | 086-006 |
| ALLIANCE INVESTMENT BANK BERHAD | Ground & Mezzanine Floor Bangunan Barkath, 21 Beach Street, 10300 Georgetown Penang Tel. No.: +604 2611 688 | 076-015 |
| AMINVESTMENT BANK BERHAD | 3 rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Penang Tel. No.: +604 2261 818 | 086-001 |
| AMINVESTMENT BANK BERHAD | Level 3 No. 15, Lebuhr Pantai 10300 Pulau Pinang Tel. No.: +604 2619 288 | 086-007 |
| CIMB INVESTMENT BANK BERHAD | Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: +604 2385 900 | 065-001 |
| INTER-PACIFIC SECURITIES SDN BHD | Ground Floor Mezzanine & 8 th Floor Sentral Tower 3 Penang Street 10200 Penang Tel. No.: +604 2690 888 | 054-002 |
| JUPITER SECURITIES SDN BHD | 20-1, Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Pulau Pinang Tel. No.: +604 6412 881 | 055-003 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|-----------------------------------|--|--------------------|
| PULAU PINANG (Cont'd) | | |
| KENANGA INVESTMENT BANK BERHAD | 7 th , 8 th & 16 th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Penang Tel. No.: +604 2283 355 | 073-023 |
| M & A SECURITIES SDN BHD | 332H-1 & 332G-2 Harmony Square, Jalan Perak 11600 Georgetown Penang Tel. No.: +604 2817 611 | 057-005 |
| M & A SECURITIES SDN BHD | 216, 216A, 218 & 218A Pengkalan Weld Lebuh Macallum 10030 Penang Tel. No.: +604 2617 611 | 057-008 |
| MALACCA SECURITIES SDN BHD | Tanjung Tokong Penang Branch Prima Tanjung Suite 98-3-13A Jalan Fettes 11200 Tanjung Tokong Pulau Pinang Tel. No.: +604 8981 525 | 012-004 |
| MAYBANK INVESTMENT BANK BERHAD | Lot 1.02, 1 st Floor Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Pulau Pinang Tel. No.: +604 2196 888 | 098-006 |
| MERCURY SECURITIES SDN BHD | Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel. No.: +604 3322 123 | 093-001 |
| MERCURY SECURITIES SDN BHD | 2 nd Floor, Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel. No.: +604 2639 118 | 093-004 |
| MERCURY SECURITIES SDN BHD | 70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru 10300 Penang Tel. No.: +604 6400 822 | 093-006 |
| PM SECURITIES SDN BHD | Level 25, Menara BHL 51 Jalan Sultan Ahmad Shah 10050 Penang Tel. No.: +604 2273 000 | 064-004 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|--|---|--------------------|
| PULAU PINANG (Cont'd) | | |
| RHB INVESTMENT BANK BERHAD | Ground, 1 st and 2 nd Floor No. 2677 Jalan Chain Ferry, Taman Inderawasih, 13600 Seberang Prai Penang Tel. No.: +604 3900 022 | 087-005 |
| RHB INVESTMENT BANK BERHAD | Ground, 1 st and 2 nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Penang Tel. No.: +604 5402 888 | 087-015 |
| RHB INVESTMENT BANK BERHAD | 834, Jalan Besar, Sungai Bakap 14200 Sungai Jawi SPS Penang Tel. No.: +604 5831 888 | 087-032 |
| RHB INVESTMENT BANK BERHAD | 64 & 64-D Ground – 3 rd & 5 th – 8 th Floor Lebuh Bishop 10200 Penang Tel. No.: +604 2634 222 | 087-033 |
| RHB INVESTMENT BANK BERHAD | Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5 dan 15-2-6 dan 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Penang Tel. No.: +604 6404 888 | 087-042 |
| RHB INVESTMENT BANK BERHAD | 41-A, 41-B dan 41-C Lintang Angsana Bandar Baru Air Itam 11500 Penang Tel. No.: +604 8352 988 | 087-056 |
| SJ SECURITIES SDN BHD | 12 th Floor, Office Tower Hotel Royal Penang No. 3 Jalan Larut 10050 Georgetown Pulau Pinang Tel. No.: +604 228 9836 | 096-003 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 1 st Floor Bangunan Heng Guan No. 171, Jalan Burmah 10050 Penang Tel. No.: +604 2299 318 | 078-002 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|--|---|--------------------|
| PULAU PINANG (Cont'd) | | |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Penang Tel. No.: +604 5541 388 | 078-003 |
| PERLIS INDRA KAYANGAN | | |
| RHB INVESTMENT BANK BERHAD | Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Tel. No.: +604 9793 888 | 087-060 |
| KEDAH DARUL AMAN | | |
| AFFIN HWANG INVESTMENT BANK BERHAD | No. 70A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel. No.: +604 4256 666 | 068-011 |
| ALLIANCE INVESTMENT BANK BERHAD | Lot T-30, 2 nd Floor, Wisma PKNK, Jalan Sultan Badlishah, 05000 Alor Setar Kedah Darul Aman Tel. No.: +604 7317 088 | 076-004 |
| RHB INVESTMENT BANK BERHAD | No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel. No.: +604 4204 888 | 087-017 |
| RHB INVESTMENT BANK BERHAD | 35, Ground Floor Jalan Suria 1 Jalan Bayu 09000 Kulim Kedah Darul Aman Tel. No.: +604 4964 888 | 087-019 |
| RHB INVESTMENT BANK BERHAD | Ground and 1 st Floor 214-A, 214-B, 215-A dan 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel. No.: +604 7209 888 | 087-021 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Lot 4, 5 & 5A, 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel. No.: +604 7322 111 | 078-007 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|-------------------------------------|---|--------------------|
| NEGERI SEMBILAN DARUL KHUSUS | | |
| AFFIN HWANG INVESTMENT BANK BERHAD | 1 st Floor 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7612 288 | 068-007 |
| AFFIN HWANG INVESTMENT BANK BERHAD | No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel. No.: +606 4553 188 | 068-013 |
| KENANGA INVESTMENT BANK BERHAD | 1C & 1D, Ground & 1 st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7655 998 | 073-033 |
| MAYBANK INVESTMENT BANK BERHAD | Wisma HM No. 43 Jalan Dr. Krishnan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7669 555 | 098-005 |
| PM SECURITIES SDN BHD | 1 st & 3 rd Floor 18 - 21 Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7623 131 | 064-002 |
| RHB INVESTMENT BANK BERHAD | Ground, 1 st & 2 nd Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7641 641 | 087-024 |
| RHB INVESTMENT BANK BERHAD | 1 st Floor No. 3601 Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel. No.: +606 4421 000 | 087-037 |
| RHB INVESTMENT BANK BERHAD | Ground & Mezzanine Floor No. 346 & 347 Batu 1/2, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel. No.: +606 6461 234 | 087-046 |
| JOHOR DARUL TAKZIM | | |
| AFFIN HWANG INVESTMENT BANK BERHAD | Level 7, Johor Bahru City Square (Office Tower), No. 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel. No.: +607 2222 692 | 068-004 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|------------------------------------|---|-------------|
| JOHOR DARUL TAKZIM (Cont'd) | | |
| ALLIANCE INVESTMENT BANK BERHAD | No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel. No.: +607 7717 922 | 076-006 |
| AMINVESTMENT BANK BERHAD | 18 th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 3343 855 | 086-001 |
| AMINVESTMENT BANK BERHAD | 3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4342 282 | 086-002 |
| CIMB INVESTMENT BANK BERHAD | No. 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3405 888 | 065-011 |
| INTER-PACIFIC SECURITIES SDN BHD | 95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: +607 2231 211 | 054-004 |
| JUPITER SECURITIES SDN BHD | 30-1, Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3538 878 | 055-002 |
| KENANGA INVESTMENT BANK BERHAD | Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3333 600 | 073-004 |
| KENANGA INVESTMENT BANK BERHAD | Ground and Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel. No.: +607 9333 515 | 073-009 |
| KENANGA INVESTMENT BANK BERHAD | No. 33 & 35 (Ground & 1 st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel. No.: +607 7771 161 | 073-010 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|------------------------------------|--|--------------------|
| JOHOR DARUL TAKZIM (Cont'd) | | |
| KENANGA INVESTMENT BANK BERHAD | Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel. No.: +606 9782 292 | 073-011 |
| KENANGA INVESTMENT BANK BERHAD | No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4326 963 | 073-017 |
| KENANGA INVESTMENT BANK BERHAD | Suite 16-02, 16-03 & 16-03 Level 16, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 2237 423 | 073-019 |
| KENANGA INVESTMENT BANK BERHAD | 57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: +606 9531 222 | 073-024 |
| KENANGA INVESTMENT BANK BERHAD | Ground Floor, 234 Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel. No.: +607 4678 885 | 073-025 |
| M & A SECURITIES SDN BHD | Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3381 233 | 057-003 |
| M & A SECURITIES SDN BHD | 26, Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel. No.: +607 2366 288 | 057-006 |
| M & A SECURITIES SDN BHD | No. 27, 27A & 27B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3351 988 | 057-007 |
| MALACCA SECURITIES SDN BHD | 74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3351 533 | 012-005 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|------------------------------------|---|--------------------|
| JOHOR DARUL TAKZIM (Cont'd) | | |
| MERCURY SECURITIES SDN BHD | Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3316 992 | 093-005 |
| PM SECURITIES SDN BHD | Ground & 1 st Floor No. 43 & 43A Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4333 608 | 064-008 |
| RHB INVESTMENT BANK BERHAD | 6 th Floor, Wisma Tiong Hua, 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel. No.: +607 2788 821 | 087-006 |
| RHB INVESTMENT BANK BERHAD | 53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4380 288 | 087-009 |
| RHB INVESTMENT BANK BERHAD | No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: +606 9538 262 | 087-025 |
| RHB INVESTMENT BANK BERHAD | Ground & 1 st Floor No. 119 dan 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel. No.: +607 5577 628 | 087-029 |
| RHB INVESTMENT BANK BERHAD | Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel. No.: +607 9321 543 | 087-030 |
| RHB INVESTMENT BANK BERHAD | Ground & 1 st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel. No.: +607 7769 655 | 087-031 |

17. LIST OF ADAS (Cont'd)

| <u>Name</u> | <u>Address and telephone number</u> | <u>Broker code</u> |
|--|---|--------------------|
| JOHOR DARUL TAKZIM (Cont'd) | | |
| RHB INVESTMENT BANK BERHAD | Ground, 1 st & 2 nd Floor No. 10 Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel. No.: +607 6626 288 | 087-035 |
| RHB INVESTMENT BANK BERHAD | Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel. No.: +606 9787 180 | 087-038 |
| RHB INVESTMENT BANK BERHAD | No. 2, 1 st Floor Jalan Makmur Taman Sri Aman 58300 Labis Johor Darul Takzim Tel. No.: +607 9256 881 | 087-039 |
| RHB INVESTMENT BANK BERHAD | Ground, 1 st & 2 nd Floor Nos. 21 dan 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3522 293 | 087-043 |
| TA SECURITIES HOLDINGS BERHAD | 7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel. No.: +607 9435 278 | 058-009 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Levels 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 3332 000 | 078-001 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | No. 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel. No.: +607 6637 398 | 078-005 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | No. 70 Jalan Rosmerah 2/17 Taman Johor Jaya 81000 Johor Bahru Johor Darul Takzim Tel. No.: +607 3513 218 | 078-006 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|--|---|--------------------|
| JOHOR DARUL TAKZIM (Cont'd) | | |
| UOB KAY HIAN SECURITIES (M) SDN BHD | No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel. No.: +607 5121 633 | 078-008 |
| PAHANG DARUL MAKMUR | | |
| ALLIANCE INVESTMENT BANK BERHAD | Ground, Mezzanine & 1 st Floor B-400, Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel. No.: +606 5660 800 | 076-002 |
| CIMB INVESTMENT BANK BERHAD | Ground, 1 st & 2 nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel. No.: +609 5057 800 | 065-007 |
| JUPITER SECURITIES SDN BHD | 2 nd Floor, Lot No. 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel. No.: +609 2234 136 | 055-005 |
| KENANGA INVESTMENT BANK BERHAD | A15, A17 & A19, Ground Floor Lorong Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel. No.: +606 5171 698 | 073-027 |
| RHB INVESTMENT BANK BERHAD | Ground & 1 st Floor 98, Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel. No.: +606 2234 943 | 087-022 |
| RHB INVESTMENT BANK BERHAD | Ground & 1 st Floor No 76-A Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel. No.: +605 4914 913 | 087-041 |
| RHB INVESTMENT BANK BERHAD | B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel. No.: +606 5173 811 | 087-007 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|---------------------------------------|--|--------------------|
| KELANTAN DARUL NAIM | | |
| RHB INVESTMENT BANK BERHAD | No. 3953-H, Ground & 1 st Floor Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel. No.: +606 7430 077 | 087-020 |
| TA SECURITIES HOLDINGS BERHAD | 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: +609 7432 288 | 058-004 |
| TERENGGANU DARUL IMAN | | |
| ALLIANCE INVESTMENT BANK BERHAD | Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: +606 6317 922 | 076-009 |
| FA SECURITIES SDN BHD | No. 51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: +609 6238 128 | 021-001 |
| RHB INVESTMENT BANK BERHAD | Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel. No.: +606 8583 109 | 087-027 |
| RHB INVESTMENT BANK BERHAD | 31A, Ground Floor 31A & 31B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel. No.: +606 6261 816 | 087-055 |
| SARAWAK | | |
| AFFIN HWANG INVESTMENT BANK BERHAD | Ground Floor & 1 st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel. No.: +6082 341 999 | 068-005 |
| AFFIN HWANG INVESTMENT BANK BERHAD | No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No.: +6086 330 008 | 068-016 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|--------------------------------|---|--------------------|
| SARAWAK (Cont'd) | | |
| AMINVESTMENT BANK BERHAD | 1 st Floor No. 162, 164, 166 & 168 Jalan Abell 93100 Kuching Sarawak Tel. No.: +6082 244 791 | 086-001 |
| CIMB INVESTMENT BANK BERHAD | Level 1, Wisma STA 26, Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel. No.: +6082 358 606 | 065-001 |
| CIMB INVESTMENT BANK BERHAD | No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Tel. No.: +6084 367 700 | 065-001 |
| KENANGA INVESTMENT BANK BERHAD | Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: +6085 435 577 | 073-002 |
| KENANGA INVESTMENT BANK BERHAD | Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93400 Kuching Sarawak Tel. No.: +6082 338 000 | 073-003 |
| KENANGA INVESTMENT BANK BERHAD | Ground & 1 st Floor Lorong Kampung Datu 3 96000 Sibul Sarawak Tel. No.: +6084 313 855 | 073-012 |
| KENANGA INVESTMENT BANK BERHAD | Ground Floor of Survey Lot No 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel. No.: +6086 337 588 | 073-018 |
| RHB INVESTMENT BANK BERHAD | Lot 170 & 171 Section 49, K. T. L. D. Jalan Chan Chin Ann 93100 Kuching Sarawak Tel. No.: +6082 422 252 | 087-008 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|---------------------------------------|--|--------------------|
| SARAWAK (Cont'd) | | |
| RHB INVESTMENT BANK BERHAD | Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel. No.: +6082 250 888 | 087-003 |
| RHB INVESTMENT BANK BERHAD | 2 nd Floor, Lot 1268 dan Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel. No.: +6085 422 788 | 087-012 |
| RHB INVESTMENT BANK BERHAD | 102 Pusat Pedada Jalan Pedada 98000 Sibu Sarawak Tel. No.: +6084 329 100 | 087-013 |
| RHB INVESTMENT BANK BERHAD | Ground & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No.: +6086 311 770 | 087-053 |
| TA SECURITIES HOLDINGS BERHAD | 12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel. No.: +6084 319 998 | 058-002 |
| TA SECURITIES HOLDINGS BERHAD | 2 nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Padungan 93100 Kuching Sarawak Tel. No.: +6082 236 333 | 058-006 |
| SABAH | | |
| AFFIN HWANG INVESTMENT BANK BERHAD | Suite 1-9-E1, 9 th Floor CPS Tower, Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel. No.: +6088 311 688 | 068-008 |
| CIMB INVESTMENT BANK BERHAD | 1 st & 2 nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel. No.: +6088 328 878 | 065-001 |

17. LIST OF ADAS (Cont'd)

| Name | Address and telephone number | Broker code |
|-------------------------------------|---|--------------------|
| SABAH (Cont'd) | | |
| KENANGA INVESTMENT BANK BERHAD | Level 8, Wisma Great Eastern 68 Jalan Gaya 88000 Kota Kinabalu Sabah Tel. No.: +6088 236 188 | 073-032 |
| RHB INVESTMENT BANK BERHAD | 5 th Floor Wisma BSN Sabah Jalan Kemajuan, Karamunsing 80000 Kota Kinabalu Sabah Tel. No.: +6088 269 788 | 087-010 |
| RHB INVESTMENT BANK BERHAD | Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza Off Jalan Lintas 88300 Kota Kinabalu Sabah Tel. No.: +6088 258 618 | 087-036 |
| RHB INVESTMENT BANK BERHAD | Ground Floor, Block 2, Lot 4 & Lot 5 Bandar Indah Mile 4, North Road 91000 Sandakan Sabah Tel. No.: +6089 229 286 | 087-057 |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 11, Equity House, Block K Sadong Jaya Karamunsing 88100 Kota Kinabalu Tel. No.: +6088 234 090 | 078-011 |

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ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS

A.1 DETAILS OF OUR MAJOR LICENCES, PERMITS AND APPROVALS

Details of our major licences, permits and approvals for our operations as at the Latest Practicable Date together with the main conditions attached and status of compliance are as follows:

| No. | Licensee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|---------------------------------|---|--|---------------------------------|
| 1. | SEV | KeTTHA | 15 July 1993/ (30 June 2017) | To use, work or operate any electrical installation to be constructed by or for SEV at the SEV Power Plant. To supply energy to or for the use of TNB and/or to any person approved by the EC with the written approval of the KeTTHA. | <p>(a) SEV shall at all times take cognisance of the Government's economic policies particularly in relation to Bumiputera equity participation.</p> <p>(b) SEV shall maintain not less than 50% of total nominal plant generation capacity i.e. 1,303 MW as dependable capacity and for availability of energy to meet the capacity and energy demand of TNB at all times unless SEV is prevented from doing so due to compliance with regulatory requirements or the malfunction or failure of any plant, equipment or installation beyond its control, or as a result of events not within the control of SEV.</p> <p>(c) SEV shall ensure that the dependable capacity and availability of energy mentioned above are met at all times and that the operations of the SEV Power Plant are to continue uninterrupted notwithstanding arbitration, contractual or industrial dispute which SEV may be engaged in except where it is prevented from doing so in the circumstances mentioned in paragraph (b) above.</p> <p>(d) SEV shall submit to the EC at monthly intervals, all information relating to the maximum daily load and energy sold per month, units generated, plant efficiency and performances, report on plant breakdown, forced or mandatory outages, schedule of maintenance and overhaul programme.</p> | In compliance, where applicable |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|----------------------------|---------------------------------------|--|----------------------|
| 2. | SEV | DOE | 2 February 1994/ (N/A) | EIA approval for the SEV Power Plant. | <p>(a) Noise: the noise levels at the boundaries of the plant shall not exceed 65 dB(A) each time it is monitored throughout the life of the premise.</p> <p>(b) Water quality: any discharge of sewage and industrial effluents into any water sources shall be treated to comply with the Environmental Quality (Industrial Effluents) Regulations, 2009 ("Industrial Effluents Regulations") and the Environmental Quality (Sewage) Regulations, 2009 ("Sewage Regulations").</p> <p>(c) Air quality:</p> <p>(i) Any gaseous emission and other forms of airborne pollutants shall be controlled to comply with the Environmental Quality (Clean Air) Regulations, 1978 ("Clean Air Regulations").</p> <p>(ii) Prior written approval from the Director General of Environmental Quality shall be obtained for any installation of the fuel burning equipment pursuant to the Clean Air Regulations.</p> <p>(iii) The level of ambient air concentrations for the parameters of total suspended particulates, nitrogen oxides, sulphur oxides, carbon monoxide and hydrocarbon shall be controlled to comply with the Malaysian Ambient Air Quality Guidelines.</p> | In compliance |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|--------------------------------------|---|--|---------------------------------|
| 3. | SEV | MDTCC | 10 October 2014/ (9 October 2015) | To purchase and store scheduled controlled articles i.e. diesel pursuant to the Control of Supplies Act, 1961 ("Control of Supplies Act"). | <p>(d) Waste: scheduled waste must be handled in accordance with the Environmental Quality (Scheduled Wastes) Regulations, 2005 ("Scheduled Wastes Regulations").</p> <p>(a) SEV is not permitted to store diesel at any location other than at Lot No. 7236 Mukim of Pengkalan Baharu, Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia unless a written permission is given by the controller of supplies ("Controller").</p> | In compliance |
| 4. | GB3 | KeTTHA | 7 August 2001/ (6 August 2024) | To use, work or operate any electrical installation to be constructed by or for GB3 at the GB3 Power Plant. To supply energy to and for the use of TNB and/or to any other person permitted by the EC with the written approval of the KeTTHA. | <p>(b) SEV must not have in its possession or control more than 14,000,000 litres of diesel.</p> <p>(a) Further to the EC's approval letter dated 15 February 2013, KeTTHA has approved the change in the equity structure of GB3 Bumiputera shareholding to a minimum of 30.0% in conjunction with the Listing. Any changes to the shareholders and the shareholding structure shall be subject to the prior written approval of the KeTTHA.</p> <p>(b) GB3 shall maintain not less than 60% of the total nominal plant generation capacity i.e. 640 MW as dependable capacity and for availability of energy to meet the capacity and energy demand of TNB approved under this licence at all times unless GB3 is prevented from doing so due to compliance with regulatory requirements or the malfunction or failure of any plant, equipment or installation beyond its control, or as a result of events not within the control of GB3.</p> | In compliance, where applicable |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|----------------------------|---------------------------------------|--|----------------------|
| (c) | | | | | The GB3 Power Plant shall be operated and maintained by GB3 throughout the period of this licence, solely for the purpose of supplying electricity to TNB and/or any other person permitted by the EC with the written approval of the KeTTHA. | |
| (d) | | | | | GB3 shall at all times take cognisance of the Government's policies in particular Bumiputera equity participation, the transfer of technology and expertise to Malaysians, the employment of local personnel, contractors and services and the use of local materials and products. | |
| (e) | | | | | GB3 shall submit to the EC at monthly interval, information on the maximum daily load, electricity sold per month, overall plant efficiency and performance, quantity and type of fuel used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme. | |
| | | | | | Refer to notes (1) and (2) | |
| 5. | GB3 | DOE | 13 November 2000/ (N/A) | EIA approval for the GB3 Power Plant. | (a) Noise: any work or activity within the project site should be controlled so as not to generate noise exceeding 65 dB(A) during the day and not exceed 55 dB(A) during the night at the boundary of the project area, except the northern boundary of the power station in which the permitted noise level is 70 dB(A). | In compliance |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|----------------------------|--------------------------|--|----------------------|
| | | | | | <p>(b) Water quality:</p> <p>(i) All sewage, sludge, effluent and cooling water generated by the power plant shall be treated to comply with the Sewage Regulations and the Industrial Effluents Regulations prior to discharge into the waters.</p> <p>(ii) Monitoring of effluent quality discharged from the power plant to the sea, and seawater quality in the vicinity of the power plant shall be conducted once a month. Parameters to be analysed include biochemical oxygen demand, dissolved oxygen, total suspended solid, oil and grease, and heavy metals.</p> | |
| | | | | | <p>(c) Air quality:</p> <p>(i) Ambient air quality monitoring for parameters of nitrogen oxides, sulphur oxides, total suspended particulates and temperature shall be implemented during earthwork, construction and operations of the GB3 Power Plant. The ambient air quality monitoring must be carried out once in every three months.</p> <p>(ii) Continuous emission monitoring system should be installed in the stacks of GB3 Power Plant and the emission measurement for nitrogen oxide, sulphur oxide, and particulate matter should be carried out every month.</p> | |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|---|---|--|---------------------------------|
| 6. | GB3 | MDTCC | 10 October 2014/ (9 October 2015) | To purchase and store scheduled controlled articles i.e. diesel pursuant to the Control of Supplies Act. | (a) GB3 is not permitted to store diesel at any location other than at Lot No. 2729 Mukim of Pengkalan Baharu, Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia unless a written permission is given by the Controller. (b) GB3 must not have in its possession or control more than 7,000,000 litres of diesel. | In compliance |
| 7. | PPSB | KeTTHA | 20 February 2001/ (19 February 2024) | To use, work or operate any electrical installation to be constructed by or for PPSB at the Prai Power Plant. To sell and supply electricity to and for the use of TNB and/or to any other person permitted by the EC with the written approval of the KeTTHA. | (a) Further to the EC's approval letter dated 15 February 2013, KeTTHA has approved the change in the equity structure of PPSB Bumiputera shareholding to a minimum of 30.0% in conjunction with the Listing. Any changes to the shareholders and shareholding structure shall be subject to prior written approval of the KeTTHA. (b) PPSB shall maintain not less than 60% of the total nominal plant generation capacity i.e. 350 MW as dependable capacity and for availability of energy to meet the capacity and energy demand of TNB at all times unless PPSB is prevented from doing so due to compliance with regulatory requirements or the malfunction or failure of any plant, equipment or installation beyond its control, or as a result of events not within the control of PPSB. | In compliance, where applicable |
| | | | | | (c) PPSB shall ensure that the operations of the Prai Power Plant are to continue uninterrupted notwithstanding arbitration, contractual or industrial dispute which PPSB may be engaged in except where it is prevented from doing so in the circumstances mentioned in paragraph (b) above. | |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|----------------------------|--|--|----------------------|
| | | | | | <p>(d) The Prai Power Plant shall be operated and maintained by PPSB throughout the period of this licence, solely for the purpose of supplying electricity to TNB and/or any other person permitted by the EC.</p> <p>(e) PPSB shall at all times take cognisance of the Government's policies in particular Bumiputera equity participation, the transfer of technology and expertise to Malaysians, the employment of local personnel, contractors and services and the use of local materials and products.</p> <p>(f) PPSB shall submit to the EC at monthly interval, information on the maximum daily load, electricity sold per month, overall plant efficiency and performance, quantity and type of fuel used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.</p> | |
| 8. | PPSB | DOE | 30 January 2001/ (N/A) | EIA approval for the Prai Power Plant. | Refer to notes (1) and (2) | In compliance |
| | | | | | <p>(a) Any increase or change in the generating capacity of the power plant is not permitted without prior approval of the Director General of Environmental Quality.</p> <p>(b) Water quality: any discharge of sewage and industrial effluents into any water sources shall be treated to meet the criteria stipulated in the Industrial Effluents Regulations and the Sewage Regulations.</p> | |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|---------------------------------------|---|--|---------------------------------|
| 9. | PPSB | MDTCC | 20 May 2014/ (19 May 2015) | To purchase and store scheduled controlled articles i.e. diesel pursuant to the Control of Supplies Act. | <p>(c) Air quality: any gaseous emission and other forms of airborne pollutants shall be controlled to comply with Standard C limit of the Clean Air Regulations.</p> <p>(d) Waste: scheduled waste shall be handled in accordance with the Scheduled Wastes Regulations.</p> <p>(a) PPSB is not permitted to store diesel at any location other than at Lot 278-280, MK1, Lorong Perusahaan 3, Prai Industrial Complex Prai, Pulau Pinang, Malaysia unless a written permission is given by the Controller.</p> | In compliance |
| 10. | PD Power | KeTTHA | 1 December 1993/ (31 January 2016) | To use, work or operate any electrical installation to be constructed by or for PD Power at the Port Dickson Power Plant. To supply energy to or for the use of TNB and/or to any person approved by the EC with the written approval of the KeTTHA. | <p>(b) PPSB must not have in its possession or control more than 5,000,000 litres of diesel.</p> <p>(a) PD Power shall at all times take cognisance of the Government's economic policies particularly in relation to Bumiputera equity participation.</p> <p>(b) PD Power shall maintain not less than 50% of total nominal plant generation capacity i.e. 440.0 MW as dependable capacity and for availability of energy to meet the capacity and energy demand of TNB at all times unless PD Power is prevented from doing so due to compliance with regulatory requirements or the malfunction or failure of any plant, equipment or installation beyond its control, or as a result of events not within the control of PD Power.</p> | In compliance, where applicable |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|----------------------------|---|--|----------------------|
| 11. | PD Power | DOE | 4 April 1994/ (N/A) | EIA approval for the Port Dickson Power Plant. | <p>(c) PD Power shall ensure that the dependable capacity and availability of energy mentioned above are met at all times and that the operations of the Port Dickson Power Plant are to continue uninterrupted notwithstanding arbitration, contractual or industrial dispute which PD Power may be engaged in except where it is prevented from doing so in the circumstances mentioned in paragraph (b) above.</p> <p>(d) PD Power shall submit to the EC at monthly intervals, all information relating to the maximum daily load and energy sold per month, units generated, plant efficiency and performances, report on plant breakdown, forced or mandatory outages, schedule of maintenance and overhaul programme.</p> | In compliance |
| | | | | | <p>(a) Noise: the noise levels at the boundaries of the plant shall not exceed 65 dB(A) during the day and 55 dB(A) during the night.</p> <p>(b) Water quality: any discharge of sewage and industrial effluents into any water sources shall be treated to comply with the Industrial Effluents Regulations and the Sewage Regulations.</p> <p>(c) Air quality:</p> <p>(i) Any gaseous emission and other forms of airborne pollutants shall be controlled to comply with the Clean Air Regulations.</p> | |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|---------------------------------------|--|---|----------------------|
| 12. | PD Power | MDTCC | 15 January 2015/ (14 January 2016) | To purchase and store scheduled controlled articles i.e. diesel pursuant to the Control of Supplies Act. | <p>(ii) Prior written approval from the Director General of Environmental Quality shall be obtained for any installation of the fuel burning equipment pursuant to the Clean Air Regulations.</p> <p>(iii) The level of ambient air concentrations for the parameters of total suspended particulates, nitrogen oxides, sulphur oxides, carbon monoxide and hydrocarbon shall be controlled to comply with the Malaysian Ambient Air Quality Guidelines.</p> <p>(d) Waste: scheduled waste must be handled in accordance with the Scheduled Wastes Regulations.</p> <p>(a) PD Power is not permitted to store diesel at any location other than at Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia unless a written permission is given by the Controller.</p> <p>(b) PD Power must not have in its possession or control more than 16,200,000 litres of diesel.</p> | In compliance |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|--|--|--|---------------------------------|
| 13. | TBP | KeTTHA | 26 September 2003/ (25 September 2031) | To use, work or operate, or permit to be used, worked or operated any electrical installation to be constructed by or for TBP at the Tanjung Bin Power Plant. To supply electricity to and for the use of TNB and/or to any other person permitted by the EC with the written approval of the KeTTHA. | (a) Further to the EC's approval letter dated 15 February 2013, KeTTHA has approved the change in the equity structure of TBP Bumiputera shareholding to a minimum of 30.0% in conjunction with the Listing. Any changes to the shareholders and the shareholding structure shall be subject to the prior written approval of the KeTTHA. (b) TBP shall maintain not less than 60% of the total nominal plant generation capacity i.e. 2,100 MW as dependable capacity and for availability of energy to meet the electricity demand of TNB at all times unless TBP is prevented from doing so due to compliance with regulatory requirements or the malfunction or failure of any plant, equipment or installation beyond its control, or as a result of events not within the control of TBP. (c) TBP shall ensure that the operations of the Tanjung Bin Power Plant are to continue uninterrupted notwithstanding arbitration, contractual or industrial dispute which TBP may be engaged in except where it is prevented from doing so in the circumstances mentioned in paragraph (b) above. (d) The Tanjung Bin Power Plant shall be operated and maintained by TBP throughout the period of this licence, solely for the purpose of supplying electricity to TNB and/or any other person permitted by the EC with the written approval of the KeTTHA. | In compliance, where applicable |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|----------------------------|---|--|----------------------|
| 14. | TBP | DOE | 17 October 2003/ (N/A) | EIA approval for Tanjung Bin Power Plant. | <p>(e) TBP shall at all times take cognisance of the Government's policies in particular Bumiputera equity participation, the transfer of technology and expertise to Malaysians, the employment of local personnel, contractors and services and the use of local materials and products.</p> <p>(f) TBP shall submit to the EC at monthly interval, information on the maximum daily load, electricity sold per month, overall plant efficiency and performance, quantity and type of fuel used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme.</p> | In compliance |
| | | | | | Refer to notes (1) and (2) | |
| | | | | | <p>(a) Cooling water system: any discharge from the cooling water system shall be in compliance of Industrial Effluents Regulations before it is discharged into the Johor Straits.</p> | |
| | | | | | (b) Water quality: | |
| | | | | | <p>(i) All wastewater from the plant operations including cooling water shall be treated to comply with the Industrial Effluents Regulations and the Sewage Regulations before it is discharged into any watercourse. The temperature of the cooling water shall be measured on an on-going basis to ensure that it always adheres to the standards prescribed under the regulations.</p> | |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|----------------------|---------------------------------------|-------------------------------------|--|----------------------|
| | | | | | <p>(ii) All sewage including sullage shall be treated to comply with the Sewage Regulations before being discharged into any watercourse.</p> | |
| | | | | | <p>(c) Coal: only coal containing sulphur content of 0.9% or less is allowed as fuel. The emission of sulphur oxides shall be controlled by the installation of flue gas desulphurisation unit as stated in the EIA report.</p> | |
| | | | | | <p>(d) Air quality: ambient air quality monitoring for parameters of carbon monoxide, sulphur oxides, nitrogen oxides, total suspended particulate, heavy metal such as cadmium, arsenic, mercury and lead shall commence from the COD of the project. The Tanjung Bin Power Plant must be completed with continuous emission monitoring system for the carbon monoxide, sulphur oxides, nitrogen oxides and total suspended particulate parameters.</p> | |
| | | | | | <p>(e) Waste: scheduled waste must be handled in accordance with the Scheduled Wastes Regulations.</p> | |
| 15. | TBP | Johor Port Authority | 1 January 2015/ (31 December 2015) | Licence to operate a private jetty. | <p>(a) This licence is valid only at PTD 1771 and PTD 1864, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia.</p> <p>(b) The authorised cargoes under this licence are coal and pulverised fly ash.</p> <p>(c) TBP may only operate cargoes owned by TBP.</p> | In compliance |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|--|--|--|----------------------|
| 16. | TBP | MDTCC | 10 May 2014/ (9 May 2015) | To purchase and store scheduled controlled articles i.e. diesel pursuant to the Control of Supplies Act. | (a) TBP is not permitted to store diesel at any location other than at Lot 1769 & Lot 1770, 3 x 700 MW Coal Fire Power Plant, Serkat 82030, Pontian, Johor Darul Takzim, Malaysia unless a written permission is given by the Controller. (b) TBP must not have in its possession or control more than 3,022,000 litres of diesel. | In compliance |
| 17. | TBE | KeTTHA | 27 January 2012/ (28 February 2041) | To use, work or operate any generation, installation and its associated facilities, any transmission and/or interconnection facilities, to be constructed by or for TBE at the Tanjung Bin Energy Power Plant. To supply or sell energy to TNB and/or other person permitted by the EC with the written approval of the KeTTHA. | (a) The shareholders and the shareholding structure of TBE shall be in accordance to declaration made by TBE as per the submission for the issuance of licence. Further to the EC's approval letter dated 15 February 2013, KeTTHA has approved the change in the equity structure of TBE Bumiputera shareholding to a minimum of 30.0% in conjunction with the Listing. (b) TBE undertakes that the present shareholders and shareholding structure as set out in paragraph (a) shall remain the same within a period of seven years from the date of signing of the TBE PPA or until the completion of the project, whichever shall occur later. Any changes to the shareholders and the shareholding structure shall be subject to the prior written approval of the KeTTHA. | In compliance |
| | | | | | (c) TBE shall maintain not less than 50% of the total nominal plant generation capacity i.e. 1,000 MW as dependable capacity and an average annual availability of the Tanjung Bin Energy Power Plant rolling over a period of five years, of not less than 85% throughout the period of this licence to meet the electricity demand of TNB and/or any other person | |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|----------------------------|--|--|---------------------------------|
| | | | | | permitted by the EC with the written approval of the KeTTHA at all times unless TBE is prevented from doing so due to compliance with regulatory requirements or the malfunction or failure of any plant, equipment or installation beyond its control, or as a result of events not within the control of TBE. | |
| | | | | | (d) TBE shall at all times take cognisance of the Government's policies in particular Bumiputera equity participation, the transfer of technology and expertise to Malaysians, the employment of local personnel, contractors and services and the use of local materials and products. | |
| | | | | | (e) TBE shall submit to the EC at monthly interval, information on the maximum daily load, electricity sold per month, overall plant efficiency and performance, quantity and type of fuel used per month, accidents, breakdown of major plants or equipment, forced and mandatory outages and schedule of maintenance and overhaul programme. | |
| | | | | | Refer to notes (1) and (2) | |
| 18. | TBE | DOE | 14 October 2011/ (N/A) | EIA approval for the Tanjung Bin Energy Power Plant. | (a) Coal: only coal with sulphur content of 1.0% or less is allowed as fuel. The specification of coal used as fuel, is as per the EIA report dated 25 July 2011. The emission of sulphur oxides shall be controlled with the installation of flue gas desulphurisation unit as stated in the EIA report. | In compliance, where applicable |
| | | | Refer to note (3) | | | |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|----------------------------|--------------------------|--|----------------------|
| | | | | | <p>(b) Pursuant to the Clean Air Regulations, written approval from the DOE must be obtained prior to any installation of burners, chimneys, boilers, furnaces, air pollution control equipment, standby generator and other combustion equipment for the facility of coal-fired power plant.</p> <p>(c) Cooling water system: the temperature of the cooling water must be continuously controlled and treated to ensure that it is in compliance with the Industrial Effluents Regulations, before it is discharged into Malaysian waters and a written notification must be given to the DOE.</p> <p>(d) Air quality: any gaseous emission and air impurities from the chimneys shall be controlled throughout the project and must be in compliance with the Clean Air Regulations.</p> <p>(e) Water quality:</p> <p>(i) Any discharge of surface water runoff from the project site to the boundaries of the project site shall not contain the following parameters:</p> <ol style="list-style-type: none"> 1. NTU; and 2. total suspended solid greater than 50 mg/litre. | |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|----------|---------------------|----------------------------|--------------------------|---|----------------------|
| | | | | | <p>(ii) Any earthwork activities should be stopped if the turbidity parameter has exceeded 250 NTU at the discharge point of the sediment trap pond. The earthwork activities may be carried out if the sediment trap pond is repaired. Any records for the repair and maintenance of the sediment trap pond shall be kept for the inspection of the DOE.</p> <p>(iii) Any effluent and cooling water generated from the power plant operation shall be treated to comply with the Industrial Effluents Regulations, prior to discharge to the Malaysian waters.</p> <p>(iv) Any discharge of domestic sewage into any water sources must comply with the Sewage Regulations.</p> <p>(f) Noise: the level of noise at the boundaries of the project site throughout the construction and operation of the power plant shall be controlled as follows:</p> <p>(i) for any work or activity carried out within the project site, it shall not exceed 65 dB(A) during the day and not exceed 60 dB(A) during the night at the northern, southern and western boundaries of project area and for the eastern boundary, it shall not exceed 65 dB(A) during the day and the night.</p> | |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|-------------|---------------------|---------------------------------------|--|--|---------------------------------|
| 19. | TBE | DOE | 2 July 2012/ (N/A) | DOE approval for the environmental management plan report. | <p>(ii) for any work or activity carried out within the project site, it shall not exceed 75 dB(A) during the day and the night at the boundary of coal unloading jetty and conveyor.</p> <p>(g) Waste: scheduled waste shall be handled in accordance with the First Schedule of Scheduled Wastes Regulations and shall be disposed or treated at premises licensed by the DOE.</p> <p>(a) Water quality: waste water and effluent from the plant operation including cooling water, sewage, outfall water and effluent must comply with Standard B limit of the Industrial Effluents Regulations before they are discharged into any Malaysian waters.</p> <p>(b) Air quality: the air quality monitoring shall be conducted with a continuous emission monitoring system for the parameters stated in the condition 34 of the EIA approval in order to monitor the level of gas before it is discharged from the chimneys. The system must be connected on line to the DOE and must be well functioning at all times.</p> | In compliance, where applicable |
| 20. | M Utilities | KeTTHA | 15 October 2006/ (14 October 2017) | To use, work or operate any installation of electrical distribution facility at Kawasan Pembangunan Kuala Lumpur Sentral, Kuala Lumpur ("Area of Supply") and to supply electricity to or for the use of any person in the Area of Supply. | <p>(a) M Utilities shall ensure the capacity of the facility is adequate to meet the capacity and electricity demand of the consumer approved under this licence unless M Utilities is prevented from doing so due to compliance with regulatory requirements or malfunction or failure of any equipment or installation beyond its control, or as a result of events not within its control.</p> | In compliance |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|--|--|-----------------------------|---|---|----------------------|
| 21. | AGL HP2 Pty Limited Refer to note (4) | Clean Energy Regulator, Australia | 30 September 2012/ (N/A) | To allow for the generation, creation, registration and sale of renewable energy certificates (known as Large-scale Generation Certificate) by the Macarthur Wind Farm as an accredited power station in Australia. | <p>(b) M Utilities shall plan, use, work, operate and maintain the facility according to prudent utility practices to ensure that the supply to consumer is continuous, safe and reliable and of acceptance quality.</p> <p>(c) M Utilities shall not offer to supply and sell electricity to consumers in the Area of Supply at a tariff that is higher than the tariff applicable to the same category of consumers of TNB approved by the KeTTHA, pursuant to Section 26 of the Electricity Supply Act.</p> <p>The licensee (as the Nominated Person) must comply with the requirements of the <i>Renewable Energy (Electricity) Act 2000 (Cth)</i> of Australia and the associated regulations on an ongoing basis.</p> | In compliance |
| 22. | Macarthur WFPL MWMPL AGL Hydro | Essential Services Commissions of the State of Victoria, Australia ("ESC") | 28 March 2012/ (N/A) | To authorise the licensees to generate electricity in the State of Victoria, Australia for supply or sale on the terms and conditions set out in this licence. | <p>(a) The licensees must comply with the ongoing requirements, including:</p> <p>(i) payment of fees pursuant to the terms of this licence;</p> <p>(ii) demonstration of on-going technical capacity to undertake the authorised activities;</p> <p>(iii) compliance with all applicable laws and regulatory instruments in Australia including the Electricity Distribution Code and Electricity System Code issued by the ESC;</p> | In compliance |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|-----|--|---------------------|----------------------------|---|--|----------------------|
| 23. | AGL Hydro Refer to notes (4) and (5) | AEMO | 21 August 2012/ (N/A) | To allow the licensee to generate and sell electricity to the National Electricity Market of Australia. | <p>(v) refraining from holding a controlling interest in one or more other licences granted by the ESC or a substantial interest in two or more other licences granted by the ESC; and</p> <p>(v) provision of information as properly requested by the ESC in relation to the ongoing technical capacity of the licensee and notification of any breaches of the licence conditions.</p> <p>(b) Each licensee is jointly and severally liable for any failure to comply with the conditions of this licence.</p> <p>(a) The licensee must have a permanent establishment in Australia.</p> <p>(b) The licensee shall not be under administration.</p> <p>(c) The licensee shall meet the acceptable credit criteria (or provide AEMO with credit support in a form acceptable to AEMO).</p> <p>(d) All acts, omissions, statements, representations and notices of the licensee (acting as the regulatory intermediary for MVMPL and Macarthur WFPL and in its capacity as a registered participant) are deemed to be acts, omissions, statements, representations and notices of MVMPL and Macarthur WFPL.</p> | In compliance |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

| No. | Licencee | Approving authority | Date of issue/ (expiry) | Type of licence/approval | Equity and other material conditions imposed | Status of compliance |
|---------------|----------|---------------------|----------------------------|--|--|----------------------|
| | | | | | (e) The licensee, MWMPPL and Macarthur WFPL are jointly and severally liable for the acts, omissions, statements, representations and notices of the licensee (acting as the regulatory intermediary for MWMPPL and Macarthur WFPL and in its capacity as a registered participant). | |
| Notes: | | | | | | |
| (1) | | | | Refer to Annexure A.2 of this Prospectus for other terms of the said IPP Licence. | | |
| (2) | | | | Other conditions imposed by the licence issued to each GB3, PPSB, TBP and TBE are set out below: | | |
| | | | | (i) the IPP shall comply with and implement all measures and requirements imposed by the Director General of Environmental Quality and/or other relevant authorities when approving the IPP's EIA report for the construction and operation of the generating station for protection of the environment throughout the period of the respective licence; | | |
| | | | | (ii) the IPP shall ensure that at all times during the period of the respective licence, its sole business shall be the generation and supply of electricity; and | | |
| | | | | (iii) the IPP shall not undertake any other business without the prior written approval of the KeTTHA, provided such approval shall not be unreasonably refused. | | |
| (3) | | | | The supplemental EIA approval dated 3 November 2011 was issued to TBE to amend some of the conditions to the EIA approval. | | |
| (4) | | | | MWMPPL and Macarthur WFPL as the owners of the Macarthur Wind Farm and AGL Hydro as the operator of the Macarthur Wind Farm have entered into a trust arrangement on 8 January 2015 whereby: | | |
| | | | | (i) AGL HP2 Pty Limited is appointed as bare trustee for MWMPPL in relation to MWMPPL's entitlement of the renewable energy certificates generated, created and registered by and in respect of the Macarthur Wind Farm; and | | |
| | | | | (ii) AGL HP2 Pty Limited shall remain as the Nominated Person in relation to the Macarthur Wind Farm. | | |
| (5) | | | | Provides the basis for an exemption in favour of MWMPPL and Macarthur WFPL from the requirement to register individually with AEMO. | | |

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

A.2 OTHER TERMS OF THE IPP LICENCES

The EC with the approval of the KeTTHA, pursuant to Section 9 of the Electricity Supply Act, issues the IPP Licences to the relevant IPPs to use, work or operate or permit to use, work or operate any electrical installation and its associated facilities constructed by or for the respective IPPs, and for the IPPs to supply or sell energy to TNB and/or any other person permitted by the EC with the written approval of the KeTTHA in accordance with the licence. The relevant IPP Licences held by GB3, PPSB, TBP and TBE provide for the following terms, among others, to be observed during the tenure of the IPP Licences:

A.2.1 GB3

(i) Step-in rights of the EC

Notwithstanding any contractual obligations of GB3, in the event the licence is suspended or revoked by the EC upon breach of any of the conditions of the licence, the EC may step in, solely for the purpose of exercising its duties and functions prescribed under the Electricity Supply Act and the regulations and the grid code made thereunder.

(ii) Restriction of changes in shareholdings

Any changes to the shareholders and the shareholding structure shall be subject to the prior written approval of the KeTTHA.

(iii) No right of extension

Nothing in the licence shall be deemed to entitle GB3, as of right to an extension of the term of the licence or to renewal thereof, provided that the EC in consultation with the KeTTHA, may extend the period of the licence upon such terms and conditions as EC may deem fit to impose.

(iv) Suspension of the licence

If GB3 has failed to comply with or is in breach of any condition of the licence, and has failed or neglected to remedy the same after GB3 has been requested to do so by the EC or if GB3 has failed to comply with any directive or order or notice given in writing pursuant to conditions of the licence by the EC or if GB3 has breached the provision of the GB3 PPA entered into with TNB and has failed to remedy such breach despite notice from TNB to remedy the same, the EC may, upon service of written notice to GB3, suspend the licence.

(v) Revocation of licence

The EC may at any time revoke the licence by giving not less than 30 days notice in writing to GB3 at its registered office in, *inter-alia*, any of the following circumstances:

- (a) upon breach of any of the conditions imposed in the licence;
- (b) if GB3 ceases to work or operate the GB3 Power Plant;
- (c) insolvency of GB3;
- (d) if the GB3 PPA has expired or is revoked and terminated; and

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

(e) if the generating units are not completed on or before the following dates for each generating unit:

- (1) December 2001 for the first gas turbine generating unit;
- (2) January 2002 for the second gas turbine generating unit;
- (3) February 2002 for the third gas turbine generating unit; and
- (4) February 2003 for the steam turbine generating unit,

or within such extended period as may be allowed in writing by the EC.

When the licence is revoked pursuant to the above, GB3 shall not be entitled to any payment of compensation whatsoever from the Government for any loss or damage that may have occurred, incurred or suffered by GB3.

A.2.2 PPSB

(i) Step-in rights of the EC

Notwithstanding any contractual obligations of PPSB, in the event the licence is suspended or revoked by the EC upon breach of any of the conditions of the licence, the EC may step in, solely for the purpose of exercising its duties and functions prescribed under the Electricity Supply Act and the regulations and the grid code made thereunder.

(ii) Restriction of changes in shareholdings

Any changes to the shareholders and the shareholding structure shall be subject to the prior written approval of the KeTTHA.

(iii) No right of extension

Nothing in the licence shall be deemed to entitle PPSB, as of right to an extension of the term of the licence or to renewal thereof, provided that the EC in consultation with the KeTTHA, may extend the period of the licence upon such terms and conditions as the EC may deem fit to impose.

(iv) Suspension of the licence

If PPSB has failed to comply with or is in breach of any condition of the licence, and has failed or neglected to remedy the same after PPSB has been requested to do so by the EC or if PPSB has failed to comply with any directive or order or notice given in writing pursuant to conditions of the licence by the EC or if PPSB has breached the provision of the PPSB PPA entered into with TNB and has failed to remedy such breach despite notice from TNB to remedy the same, the EC may, upon service of written notice to PPSB, suspend the licence.

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**(v) Revocation of licence**

The EC may at any time revoke the licence by giving not less than 30 days notice in writing to PPSB at its registered office in, *inter-alia*, any of the following circumstances:

- (a) upon breach of any of the conditions imposed in the licence;
- (b) if PPSB ceases to work or operate the Prai Power Plant;
- (c) insolvency of PPSB;
- (d) if the PPSB PPA has expired or is revoked and terminated; and
- (e) if the generating units are not completed on or before March 2003 or within such extended period as may be allowed in writing by the EC.

When the licence is revoked pursuant to the above, PPSB shall not be entitled to any payment of compensation whatsoever from the Government or the EC for any loss or damage that may have occurred, incurred or suffered by PPSB.

A.2.3 TBP**(i) Step-in rights of the EC**

Notwithstanding any contractual obligations of TBP, in the event the licence is suspended or revoked upon breach of any of the conditions of the licence, the EC may step in, solely for the purpose of exercising its duties and functions prescribed under the Electricity Supply Act and the regulations and the grid code made thereunder.

(ii) Restriction of changes in shareholdings

Any changes to the shareholders and the shareholding structure shall be subject to the prior written approval of the KeTTHA.

(iii) No right of extension

Nothing in the licence shall be deemed to entitle TBP, as of right to an extension of the term of the licence or to renewal thereof, provided that the EC in consultation with the KeTTHA, may extend the period of the licence upon such terms and conditions as the EC may deem fit to impose.

(iv) Suspension of the licence

If TBP has failed to comply with or is in breach of any condition of the licence, and has failed or neglected to remedy the same after TBP has been requested to do so by the EC or if TBP has failed to comply with any directive or order or notice given in writing pursuant to conditions of the licence by the EC or if TBP has breached the provision of the TBP PPA entered into with TNB and has failed to remedy such breach despite notice from TNB to remedy the same, the EC may, upon service of written notice to TBP, suspend the licence.

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)**(v) Revocation of licence**

The EC may at any time revoke the licence by giving not less than 30 days notice in writing to TBP at its registered office in, *inter-alia*, any of the following circumstances:

- (a) upon breach of any of the conditions imposed in the licence;
- (b) if TBP ceases to work or operate the Tanjung Bin Power Plant;
- (c) insolvency of TBP;
- (d) if the TBP PPA has expired or is revoked and terminated; and
- (e) if the generating units are not completed on or before March 2003 or within such extended period as may be allowed in writing by the EC.

When the licence is revoked pursuant to the above, TBP shall not be entitled to any payment of compensation whatsoever from the Government or the EC for any loss or damage that may have occurred, incurred or suffered by TBP.

A.2.4 TBE**(i) Step-in rights of the EC**

Notwithstanding any contractual obligations of TBE, in the event the licence is suspended or revoked upon breach of any of the conditions of the licence and without prejudice to any other right or remedy of TBE, the EC shall issue a 90 days notice to step in, solely for the purpose of exercising its duties and functions prescribed under the Electricity Supply Act and the regulations made thereunder.

(ii) Refinancing activities

TBE shall notify the EC as soon as practicable of its intention to refinance its existing debt and shall not carry out such refinancing activities without the prior written approval of the EC, provided such approval shall not be unreasonably refused, if the EC is satisfied that:

- (a) the refinancing is provided for under the TBE PPA or for the purpose of reducing the cost of financing as agreed in the TBE PPA; and
- (b) the refinancing activities will not in any way jeopardise the financial ability of TBE to continue fulfilling its obligations under the licence.

(iii) Restriction of changes in shareholdings

TBE undertakes to the Government that the present shareholders and shareholding structure as declared by TBE remain the same within a period of seven years from the date of signing of the TBE PPA or until the completion of the Tanjung Bin Energy Power Plant project, whichever shall occur later. Any changes to the shareholders and the shareholding structure shall be subject to the prior written approval of the KeTTHA.

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

(iv) No right of extension

Nothing in the licence shall be deemed to entitle TBE, as of right to an extension of the term of the licence or to renewal thereof, provided that the EC in consultation with the KeTTHA, may extend the period of the licence upon such terms and conditions as the EC may deem fit to impose.

(v) Suspension of the licence

If TBE has failed to comply with any directive or order or notice given in writing by the EC pursuant to conditions of the licence or the provision of the Electricity Supply Act or if TBE has failed to comply with or is in breach of any condition of the licence, the EC may, upon service of written notice to TBE request TBE to remedy the breach within 90 days.

(vi) Revocation of licence

If TBE constitute any of the following circumstances:

- (a) upon breach of any of the conditions imposed in the licence;
- (b) if TBE ceases to work or operate and maintain the installation;
- (c) if the TBE PPA is revoked and terminated by TNB; and
- (d) insolvency of TBE,

the EC may allow TBE to remedy the non-compliance within 90 days from the date TBE received the notice of non-compliance from the EC. If the non-compliance still persists or cannot be remedied within the time stipulated above, the EC shall have the full right to revoke the licence by giving 30 days notice of revocation in writing to TBE at its registered office.

Where the licence is revoked pursuant to the above, TBE shall not be entitled to any payment of compensation whatsoever from the Government or the EC for any loss or damage that may have occurred, incurred or suffered by TBE.

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ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT

B.1 PROPERTIES OWNED BY OUR GROUP

The details of lands and buildings owned by us are set out below:

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|---|---|-------------------------------|--------------------------------|---|-----------------------------|---|
| 1. | Malakoff PN 356979 Lot 12248, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia Persiaran Segani Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years, expiring on 30 July 2096 | Industrial land/ The land is currently tenanted by Digi Telecommunications Sdn Bhd and is used as a base transceiver station for the operation of Digi Telecommunications Sdn Bhd's cellular telephone network. | N/A Refer to note (1) | 480 sq metre/ 14.5 Ha | The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak. | Nil | 4,705,003.54 Refer to note (2) |
| 2. | Malakoff Refer to note (3) Windsor Estate, Ulu Sepetang 34010 Taiping, Perak Darul Ridzuan, Malaysia Freehold | Refer to note (3)/ The lands are currently used for oil palm cultivation. | N/A | N/A/ 735.5 Ha | Nil | Nil | 21,516,000.00 Refer to note (2) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|--|---|-------------------------------|--------------------------------|----------------------------|-----------------------------|---|
| 3. | Malakoff Parcel no. 2A-8-1, 2A-8-2, 2A-9-1 and 2A-9-2, Plaza Sentral Level 8 and Level 9, Block 2A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold | Four office units on the 8 th and 9 th floor of a commercial building/ Currently used as office space by Malakoff. | 4 August 2010 | 1,228 sq metre/ N/A | N/A | Nil | 3,367,602.00 |
| 4. | Malakoff Parcel no. CS/3B/12-3, CS/3B/12-3A, CS/3B/12-5, CS/3B/12-6, CS/3B/12-7, CS/3B/13-3, CS/3B/13-3A, CS/3B/13-5, CS/3B/13-6 and CS/3B/13-7, Plaza Sentral Level 12 and Level 13, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold | Ten office units on the 12 th and 13 th floor of a commercial building/ Currently used as office space by Malakoff. | 7 December 2006 | 1,986 sq metre/ N/A | N/A | Nil | 4,093,628.62 |
| | Refer to note (4) | | | | | | |
| | Refer to note (4) | | | | | | |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|--|---|---|--|---|--|---|
| 5. | SEV HSD 29841 PT 6325, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years, expiring on 12 January 2094 | Industrial land/ The land is currently used for the SEV Power Plant, which includes an administration building, a single-storey simulator training building, a single- storey clubhouse, a guard house, a gas turbine building, a steam turbine building, a fuel oil tank farm, a warehouse and a black start diesel generator building. | 11 February 1999, 2 March 2005, 24 March 2005 and 21 March 2006 | 26,787 sq metre/ 148,400 sq metre | The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak. | Nil | Refer to notes (2) and (5) |
| 6. | GB3 HSD 29843 PT 6327, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years, expiring on 12 January 2094 | Industrial land/ The land is currently used for the GB3 Power Plant which includes an administration building, ten units of cooling tower, workshop building and a gas and steam turbine building. | 7 November 2002 | 12,384 sq metre/ 111,600 sq metre | The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak. | (i) Lease of part of the land registered in favour of GB3 on 22 June 2001 for a period of 21 years commencing from 22 June 2001 and expiring on 21 June 2022 (ii) Charge created by GB3 in favour of Maybank IB registered on 1 November 2013 | Refer to notes (2) and (5) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|---|--|-------------------------------|--------------------------------|---|--|---|
| 7. | GB3 HSD 29845 PT 6329, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years, expiring on 12 January 2094 | Industrial land/ The land is currently used for the Lumut Power Plant, which includes the PETRONAS gas metering equipment station. It also has the interconnection facilities such as gas pipelines and venting equipment to supply gas to the Lumut Power Plant. | 11 February 1999 | N/A/ 12,100 sq metre | The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak. | (i) Lease of part of the land registered in favour of GB3 on 22 June 2001 for a period of 21 years commencing from 22 June 2001 and expiring on 21 June 2022 (ii) Charge created by GB3 in favour of Maybank IB registered on 1 November 2013 | Refer to notes (2) and (5) |
| 8. | GB3 PN 356978 Lot 12247, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia GB3 Sdn Bhd, Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years, expiring on 30 July 2096 | Industrial land/ The land is currently used for storage of diesel tanks and erected with a chemical storage building and a fuel oil pump station used by the GB3 Power Plant. | 2 March 2005 | 1,095 sq metre/ 1.69 Ha | The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak. | Charge to guarantee principal payment created by GB3 in favour of Maybank IB registered on 11 September 2007 | 385,000.00 Refer to note (2) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|--|--|-------------------------------|--|---|-----------------------------|---|
| 9. | PD Power GRN 237771 Lot 13409, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Commercial or industrial land for power plant/ The land is currently used for the Port Dickson Power Plant which includes a building to house four units of gas turbine, a fuel oil tank farm, a warehouse and a black start diesel generator. | 29 January 1997 | 5,560 sq metre/ 94,210 sq metre | The land cannot be transferred, charged, leased without the prior approval of the state authority. | Nil | Refer to note (6) |
| 10. | PD Power GRN 237773 Lot 13411, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Commercial or industrial land for electrical substation/ The land is currently used for TNB switch yard and transmission for interconnection facilities. | 29 January 1994 | N/A/ 5,459 sq metre | The land cannot be transferred, charged, leased without the prior approval of the state authority. | Nil | Refer to note (6) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|--|--|-------------------------------|------------------------------------|---|-----------------------------|---|
| 11. | PD Power GRN 237774 Lot 13412, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Building land for office building/ The land is currently used for double-storey administration office building for the Port Dickson Power Plant. | 29 January 1997 | 510 sq metre/ 4,654 sq metre | The land cannot be transferred, charged, leased without the prior approval of the state authority. | Nil | Refer to note (6) |
| 12. | PD Power GRN 237776 Lot 13415, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Commercial industrial land for gas station/ The land is currently used for PETRONAS gas metering equipment station and interconnection facilities. | 29 January 1997 | N/A/ 7,392 sq metre | The land cannot be transferred, charged, leased without the prior approval of the state authority. | Nil | Refer to note (6) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|---|---|-------------------------------|--------------------------------|---|-----------------------------|---|
| 13. | PD Power | | | | | | |
| | GRN 237768 Lot 13406, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia | Building land for residential/ Vacant land. | N/A | N/A/ 1,684 sq metre | The land cannot be transferred, charged, leased without the prior approval of the state authority. | Nil | Refer to note (6) |
| | Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia | | | | | | |
| | Freehold | | | | | | |
| 14. | PD Power | | | | | | |
| | GRN 237769 Lot 13407, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia | Building land for residential/ Vacant land. | N/A | N/A/ 6,143 sq metre | The land cannot be transferred, charged, leased without the prior approval of the state authority. | Nil | Refer to note (6) |
| | Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia | | | | | | |
| | Freehold | | | | | | |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|--|--|-------------------------------|--------------------------------|---|-----------------------------|---|
| 15. | PD Power GRN 237770 Lot 13408, Pekan and District of Port Dickson, Negeri Sembilan Darul Khulus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khulus, Malaysia Freehold | Agriculture land/ Vacant land and pond. | N/A | N/A/ 6.641 Ha | The land cannot be transferred, charged, leased without the prior approval of the state authority. | Nil | Refer to note (6) |
| 16. | PD Power GRN 237775 Lot 13414, Pekan and District of Port Dickson, Negeri Sembilan Darul Khulus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khulus, Malaysia Freehold | Building land for kids playground/ The land is currently used for public children playground. | N/A | N/A/ 5,345 sq metre | The land cannot be transferred, charged, leased without the prior approval of the state authority. | Nil | Refer to note (6) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|--|--|-------------------------------|-----------------------------------|---|-----------------------------|---|
| 17. | PD Power GRN 237777 Lot 13416, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Building land for residential/ The land is currently used for single-storey guard house building for the Port Dickson Power Plant. | 29 January 1997 | 42 sq metre/ 3,225 sq metre | The land cannot be transferred, charged, leased without the prior approval of the state authority. | Nil | Refer to note (6) |
| 18. | PD Power HSD 21135 Lot 484, Mukim and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Building land for multipurpose hall/ The land is currently used for multipurpose public hall. | 29 January 1997 | 760 sq metre/ 0.553 Ha | Nil | Nil | Refer to note (6) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|---|--|-------------------------------|---|----------------------------|-----------------------------|---|
| 19. | PD Power HSD 21134 Lot 483, Mukim and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Building land for recreational field/ The land is currently used for public football field and multipurpose court. | N/A | N/A/ 1.897 Ha | Nil | Nil | Refer to note (6) |
| 20. | PD Power 23 parcels of land held under GRN 35822 Lot 6976 to GRN 35830 Lot 6984, GRN 35832 Lot 6986 to GRN 35837 Lot 6991 and GRN 35884 Lot 7041 to GRN 35891 Lot 7048, all located at Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia No. 1 to 9, No. 11 to 16, No. 117 to 124, Jalan Tun Sambanthan, Taman NLFCS, Tg. Gemuk, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Building lands for low cost residential/ The land is currently erected with 23 units of low cost houses which are currently vacant. | 24 January 1992 | 65 sq metre for each house/ 111 sq metre for each lot | Nil | Nil | 1,101,578.95 |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|--|---|-------------------------------|--------------------------------|----------------------------|-----------------------------|---|
| 21. | TJSB Parcel no. CS/3B/13A-3, CS/3B/13A-4, CS/3B/13A-5, CS/3B/13A-6 and CS/3B/13A- 7, Plaza Sentral Level 13A, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold | Five office units on the 13A th floor of a commercial building/ Currently used as office space by TJSB. | 7 December 2006 | 975 sq metre/ N/A | N/A | Nil | 1,670,207.11 |
| 22. | M Utilities Level no. Minus 9M, Building no. 4, Plaza Sentral Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold | The underground level of a commercial building/ Currently used for centralised chilled water plant system for Plaza Sentral. | 6 August 2003 | 2,507 sq metre/ N/A | N/A | Nil | Refer to note (8) |
| | Refer to note (9) | | | | | | |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|--|--|-------------------------------|--------------------------------|----------------------------|-----------------------------|---|
| 23. | M Utilities Level no. 0M, Building no. 4, Plaza Sentral Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold Refer to note (9) | The ground level of a commercial building/ Currently used for centralised chilled water plant system for Plaza Sentral and maintenance office. | 6 August 2003 | 970 sq metre/ N/A | N/A | Nil | Refer to note (8) |
| 24. | M Utilities Level no. 5.4M and 4.7M, Building no. 4, Plaza Sentral Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold Refer to note (9) | The lower ground level of a commercial building/ Currently used as Malakoff's training centre. | 6 August 2003 | 983 sq metre/ N/A | N/A | Nil | Refer to note (8) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 RM |
|-----|--|---|-------------------------------|--------------------------------|---|-----------------------------|---|
| 25. | M Utilities Level Minus 6.5M, Building no. 4, Plaza Sentral Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold Refer to note (9) | The underground level of a commercial building/ Currently used as the central control room and centralised chilled water plant system plant room. | 6 August 2003 | 2,272 sq metre/ N/A | N/A | Nil | Refer to note (8) |
| 26. | DKSB HSD 30118 PT 34621, Mukim of Sitiawan, Perak Darul Ridzuan, Malaysia Near Jalan Teluk Rubiah, 32040 Seri Manjung, Perak, Malaysia Leasehold for a period of 99 years, expiring on 17 January 2109 | Building land for residential/ Vacant land. | N/A | N/A/ 11,684 sq metre | The land cannot be transferred, charged, leased without the prior approval of the state authority. | Nil | Refer to note (10) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of registered owner/ (Beneficial owner, if applicable)/Lot. no./Postal address/Tenure | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Restriction in interest | Encumbrances on property | Audited NBV as at 31 December 2014 |
|-----|---|---|-------------------------------|--------------------------------|----------------------------|-----------------------------|---------------------------------------|
| | | | | | | | RM |

27. Macarthur WFPL and WMPL
as trustee for Wind
Macarthur Trust

Volume 11427 Folio 798

Lot 1, part 1886 Macarthur-
Hawkesdale Road, Macarthur,
Victoria, Australia

Freehold

The substation land is
currently used for the
operation and
maintenance of the
Macarthur Wind Farm.

29
November
and
2012

Approximately
2.25 Ha /
3.37 Ha

N/A

Mortgage in favour of
ANZ Fiduciary Services
Pty Ltd

Refer to note (11)

Notes:

(1) These industrial lands are occupied by third-parties. Hence, the CCCs of these properties were obtained by these third-parties, and not by our Group.

(2) Excluding buildings and fixtures on the land.

(3) Malakoff is the registered proprietor of 37 parcels of land ("Windsor Lands") which are collectively known as the Windsor Estate. The Windsor Estate is currently tenanted by Nadi Rumpun Sdn Bhd for a period of one year commencing from 1 December 2013 until 30 November 2014, pursuant to the tenancy agreement dated 29 March 2010 and as supplemented by the supplemental agreements dated 27 December 2010, 13 February 2012, 15 March 2013 and 18 July 2014. As at the Latest Practicable Date, Malakoff is in the midst of renewing the tenancy agreement with Nadi Rumpun Sdn Bhd.

Among the 37 parcels of Windsor Lands, the following 34 parcels of the said lands are used as agricultural land for commercial planting – oil palm, which are consistent with the express conditions in their respective issue document of title:

No. Land titles no.

i. GM 297 Lot 4615, GM 7229 Lot 4309, GRN 49012 Lot 5408, GRN 53898 Lot 5538, GRN 53899 Lot 5539, GRN 59198 Lot 2665, GRN 59203 Lot 446, GRN 66379 Lot 4136 and GRN 66619 Lot 2790

All lands are located at Mukim of Batu Kurau, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Land titles no. | |
|-----|---|---|
| ii. | <p>GM 445 Lot 315, GM 446 Lot 332, GM 448 Lot 317, GM 451 Lot 316, GM 454 Lot 364, GM 459 Lot 359, GM 460 Lot 361, GM 507 Lot 421, GM 511 Lot 437, GM 512 Lot 440, GM 516 Lot 473, GM 517 Lot 474, GM 518 Lot 475, GM 519 Lot 476, GM 520 Lot 477, GM 521 Lot 480, GM 522 Lot 481, GM 523 Lot 490, GM 549 Lot 629, GRN 45878 Lot 462, GRN 45879 Lot 690, GRN 45880 Lot 691, GRN 60574 Lot 504, GRN 62453 Lot 502 and GRN 65982 Lot 408</p> <p>All lands are located at Mukim of Kamunting, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia</p> <p>Pursuant to a letter dated 18 December 2013 issued by Pejabat Pengarah Tanah dan Galian Negeri Perak to Pejabat Daerah dan Tanah Larut, Matang dan Selama, the remaining three parcels of Windsor Lands are subject to government compulsory acquisition ("Said Windsor Lands"). The Said Windsor Lands are currently being valuated for the purpose of government compulsory acquisition. As such, the express condition of the Said Windsor Lands has yet to be reflected in their respective issue document of title to reflect the existing use of the Said Windsor Lands. Further details of the Said Windsor Lands are as follows:</p> | |
| No. | Land titles no. | Description of property/ Existing express condition |
| i. | GRN 49011 Lot 5407 and GRN 59202 Lot 2825 | Agricultural land for agricultural purposes |
| ii. | Both lands are located at Mukim of Batu Kurau, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia | Agricultural land for commercial planting - rubber |
| (4) | GRN 48916 Lot 505, Mukim of Kamunting, District of Larut and Matang, Perak Darul Ridzuan, Malaysia | Pursuant to the sale and purchase agreements dated 3 December 1999 and 21 June 2005 between Kuala Lumpur Sentral Sdn Bhd and Malakoff, respectively, the parcels identified above are held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles. |
| (5) | The audited NBV as at 31 December 2014 of the properties under item no. 5 to item no. 7 is RM5,716,000.00. The respective properties were not audited on an individual basis. | |
| (6) | The audited NBV as at 31 December 2014 of the properties under item no. 9 to item no. 19 is RM12,896,000.00. The respective properties were not audited on an individual basis. | |
| (7) | Pursuant to the sale and purchase agreement dated 17 December 1996 between Kuala Lumpur Sentral Sdn Bhd and TJSB, the parcel identified above is held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles. | |
| (8) | The audited NBV as at 31 December 2014 of the properties under item no. 22 to item no. 25 is RM2,399,083.67. The respective properties were not audited on an individual basis. | |
| (9) | Pursuant to the sale and purchase agreement dated 14 April 2005 between Kuala Lumpur Sentral Sdn Bhd and M Utilities, the parcels identified above are held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles. | |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

- (10) *The audited NBV of the property under item no. 26 as at 31 December 2014 is RM1.00, as the cost of the land was charged out as part of our project expense.*
- (11) *As the Macarthur Wind Farm is arranged under a finance lease arrangement, substantially all the risks and rewards incidental to ownership of the Macarthur Wind Farm are transferred to AGL Hydro, as the operator of the Macarthur Wind Farm. As such, no carrying value is recognised in our financial statements in respect of the properties relating to the Macarthur Wind Farm.*

None of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

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ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**B.2 PROPERTIES LEASED/TENANTED BY OUR GROUP**

The details of material properties leased/tenanted by us are set out below:

| No. | Name of lessor/lessee or landlord/tenant or grantor/grantee/Lot. no./Postal address | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Tenure/Date of expiry | Rental RM |
|-----|---|---|--|-----------------------------|---|-----------------------------------|
| 1. | TNB (as lessor)/PPSB (as lessee) HSD 50349 PT 10, Bandar Prai, District of Seberang Perai Tengah, Pulau Pinang, Malaysia Prai Power Plant, Prai Power Station, Jalan Perusahaan, 13600 Prai, Pulau Pinang, Malaysia | Industrial land for power station/ The land is currently used for the Prai Power Plant complex which includes turbine building, demineralisation plant, chemical lab, pump room, chlorination room, guard house, hydrogen cylinder store, H-boiler pump power station, fuel gas station, fuel oil pump house, foam station, programmable logic controller, building and electric fuel gas, inflammable material store, administration building and sheds. | 22 July 2002 and 10 March 2003 | 6,954 sq metre/ 9.819 acres | A lease for a period of 24 years, expiring on 7 November 2024 | Lump sum payment of 16,000,000.00 |
| 2. | Seaport (as lessor)/TBP (as lessee) HSD 11438 PTD 1859, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia | Industrial land for heavy industries of power station only/ The land is currently used for the Tanjung Bin Power Plant complex and other related purpose. | 22 August 2007, 21 September 2007, 30 November 2007 and 31 December 2007 | 238,716 sq metre/ 69.963 Ha | A lease for a period of 45 years, expiring on 31 January 2048 | Refer to note (1) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of lessor/lessee or landlord/tenant or grantor/grantee/Lot. no./Postal address | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Tenure/Date of expiry | Rental RM |
|-----|---|--|--------------------------|--------------------------|---|-------------------|
| 3. | Seaport (as lessor)/TBP (as lessee) HSD 10927 PTD 1773, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia | Building land for coal ash disposal pond/ Vacant land with mudflat area. | N/A | N/A/ 156.533 Ha | A lease for a period of 45 years, expiring on 31 January 2048 | Refer to note (1) |
| 4. | Seaport (as lessor)/TBP (as lessee) HSD 10924 PTD 1771, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia | Commercial or industrial land for permanent jetty and any structure related thereto/ The land is currently erected with a permanent jetty and the structures related thereto including conveyor belt and coal unloaders. | N/A Refer to note (2) | N/A/ 1.730 Ha | A lease for a period of 45 years, expiring on 31 January 2048 | Refer to note (1) |
| 5. | Seaport (as lessor)/TBP (as lessee) HSD 13031 PTD 2098, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia | Industrial land for coal ash disposal pond/ The land is currently used as ash pond for the Tanjung Bin Power Plant. | N/A | N/A/ 91.024 Ha | A lease for a period of 45 years, expiring on 31 January 2048 | Refer to note (1) |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of lessor/lessee or landlord/tenant or grantor/grantee/Lot. no./Postal address | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Tenure/Date of expiry | Rental RM |
|-----|---|--|--------------------------|--------------------------|--|---|
| 6. | Seaport (as lessor)/TBP (as lessee) HSD 13032 PTD 2099, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia | Industrial land for coal ash disposal pond/ The land is currently used as ash pond for the Tanjung Bin Power Plant. | N/A | N/A/ 0.597 Ha | A lease for a period of 45 years, expiring on 31 January 2048 | Refer to note (1) |
| 7. | Seaport (as lessor)/TBE (as lessee) HSD 13028 PTD 2095, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia | Industrial land for power station and other related purposes only/ The land is currently under construction to be used for the Tanjung Bin Energy Power Plant. | N/A Refer to note (3) | N/A/ 8.118 Ha | A lease for a period of 45 years, expiring on 31 January 2048 Refer to note (4) | Refer to note (1) plus a nominal value of 10.00 |
| 8. | Seaport (as lessor)/TBE (as lessee) HSD 13029 PTD 2096, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia | Industrial land for coal yard/ The land is currently under construction to be used for the coal yard of the Tanjung Bin Energy Power Plant. | N/A Refer to note (3) | N/A/ 21.996 Ha | A lease for a period of 45 years, expiring on 31 January 2048 Refer to note (4) | Refer to note (1) plus a nominal value of 10.00 |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of lessor/lessee or landlord/tenant or grantor/grantee/Lot. no./Postal address | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Tenure/Date of expiry | Rental RM |
|-----|---|--|--------------------------|---------------------------|---|--------------------------|
| 9. | SWW (as lessor)/TBE (as lessee) and HSBC (the security agent) HSD 12862 PTD 2052, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia | Industrial land for the petrochemical centre and the maritime industry/ A portion of the land will be used for the switchyard, interconnection facilities and any other contingency to the Tanjung Bin Energy Power Plant. | N/A Refer to note (3) | N/A/ Refer to note (5) | A lease commencing from 7 March 2012 to the day before the 25th anniversary of the COD of the Tanjung Bin Energy Power Plant Refer to note (6) | Nil Refer to note (7) |
| 10. | Lembaga Tabung Haji (as landlord)/Malakoff (as tenant) Part of GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur, Level 7 to Level 13, Building no. 4, Plaza Sentral, Brickfields, Kuala Lumpur, Malaysia Level 7 to Level 13, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia | Seven office units each on the 7 th , 8 th , 9 th , 10 th , 11 th , 12 th and 13 th floor of a commercial building/ Currently used as office space by Malakoff. | 6 August 2003 | 7,854 sq metre/ N/A | A tenancy for a period of three years, expiring on 30 June 2015 | 574,865.20 per month |
| 11. | Lembaga Tabung Haji (as landlord)/M Utilities (as tenant) Part of GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur, Level Ground, Building no. 4, Plaza Sentral, Brickfields, Kuala Lumpur, Malaysia Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia | The ground level of a commercial building/ Currently used as office space by M Utilities. | 6 August 2003 | 562 sq metre/ N/A | A tenancy for a period of three years, expiring on 30 June 2015 | 60,480.00 per month |

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Name of lessor/lessee or landlord/tenant or grantor/grantee/Lot. no./Postal address | Description of property/ Existing use | Date of issuance of CCC | Built-up area/ Land area | Tenure/Date of expiry | Rental RM |
|-----|---|---|-------------------------|-----------------------------|---|-------------------|
| 12. | Multiple landowners/ WMPL and Macarthur WFPL (as lessees) | | | | | |
| | 16 parcels of lands relating to the Macarthur Wind Farm | Rural land with a lease granted for the operation and maintenance of the wind power equipment and additional ancillary rights of the Macarthur Wind Farm. | N/A | N/A/ 2,225 acres | A lease for a period of 25 years, expiring on 1 February 2038 | Refer to note (9) |
| | 1850 Macarthur-Hawkesdale Road, Macarthur, Victoria 3286, Australia | | | | | |
| | Refer to note (8) | | | | | |

Notes:

- (1) Pursuant to the lease agreement dated 18 February 2003 and its supplemental agreements dated 1 October 2003 and 19 August 2014, respectively, between Seaport and TBP, the total rental of the lease for all four lots (and a parcel of land held under PTD 1858, which has been transferred to and registered with TNB in 2006 pursuant to the terms of the TBP PPA and is currently erected with a switch yard used for the Tanjung Bin Power Plant) is RM102,050,000.00 and has been paid by TBP in the manner as set out in the said agreements, with the final payment made on 14 March 2005 (i.e. prior to the registration of the lease). A portion of land title no. HSD 11438 PTD 1859 is sub-leased to TBE pursuant to a sub-lease agreement dated 29 February 2012 between TBP and TBE.
- (2) TBP as the owner of the jetty has been granted an operational licence issued by Johor Port Authority to operate the jetty. The details of the licence are as per item no. 15 of Annexure A.1 of this Prospectus.
- (3) The EPC contractors have contractual obligations under the TBEI EPC Contract to ensure the necessary permits and approvals are obtained for the buildings relating to the Tanjung Bin Energy Power Plant, prior to its expected COD in March 2016. An application for the CCC will be submitted by the EPC contractors to the relevant authority upon physical completion of the construction of the Tanjung Bin Energy Power Plant of which the CCC should be obtained no later than the expected COD of the Tanjung Bin Energy Power Plant in March 2016. For details of certain warranties and obligations by the EPC contractors in respect of the Tanjung Bin Energy Power Plant and provisions relating to the termination, see Annexure C.15 of this Prospectus.
- (4) A presentation for registration of lease in favour of TBE and creation of charge over the lease in favour of TBE's financing parties for these lands have been made to the Pejabat Tanah dan Galian Johor on 11 February 2015. The issuance of the new document of titles to TBE is currently pending.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

(5) An application to subdivide the land into three plots was made on 21 April 2014 ("Subdivision Application"). The land is to be subdivided as follows:

| No. | Plot | Propose new land area | Propose new category of land use/express condition | Remarks |
|-----|--------|-----------------------|--|--|
| 1. | Plot 1 | 1.0 Ha | Building land for switchyard | Plot 1 will be transferred to TNB pursuant to the provisions of TBE PPA. |
| 2. | Plot 2 | 0.444 Ha | Industrial land for petrochemical centre and maritime industry | SWW will lease Plot 2 to TBE for Tanjung Bin Energy Power Plant. |
| 3. | Plot 3 | 96.156 Ha | Industrial land for petrochemical centre and maritime industry | N/A. |

Pursuant to the Subdivision Application, a development order was approved by the Pontian District Council on 9 March 2015. The approval for the Subdivision Application is expected to be obtained in November 2015, which is within eight months from the date of approval of the development order.

(6) Upon subdivision of the land and issuance of the new land titles, SWW shall execute in favour of TBE, a valid and registrable lease in respect of Plot 2. A lease agreement will be entered into between TBE and SWW and such lease agreement will be substantially on the same terms with the Amended and Restated Tripartite Lease Agreement dated 9 February 2015.

TBEI is obliged under the financing documents to complete the change of the relevant land condition for the purpose of registering the lease of the said land in order to create a charge over the lease no later than 28 February 2015 (being three years from 29 February 2012). As the approval for the Subdivision Application is only expected to be obtained in November 2015, TBEI's lenders have granted an extension of time for a period of one year (i.e. from 28 February 2015 to 28 February 2016) to fulfil the said condition.

(7) The consideration for the lease will only due upon the registration of a lease in favour of TBE.

(8) WMPL is the assignee of MMWPL's 50% interest in the unincorporated joint venture which owns the Macarthur Wind Farm. MMWPL and Macarthur WFPL were the original lessees pursuant to the relevant agreement to lease entered into with the respective landowners in respect of each Uebergang Land, Officer Land and Robertson Land (each as defined below, and collectively referred to as the "Leased Lands") ("Lease Agreement"). As at the Latest Practicable Date, registrable leases have yet to be executed with each of the relevant landowners. However, under the Victorian property law, the agreements to lease give WMPL and Macarthur WFPL an equitable interest in the land subject to the relevant Lease Agreement. WMPL and Macarthur WFPL shall pay the landowners a specified annual rental calculated in accordance to the relevant rental agreements entered into with the respective landowners. Below are the details of Leased Lands:

| No. | Landowners | Certificate title no. |
|-----|---|--|
| 1. | John Oswald Uebergang and Debbie Lynne Uebergang (the "Uebergang Landowners") | Volume 9344 Folio 311 ("Uebergang Land") |

The Uebergang Landowners intend to subdivide the Uebergang Land. WMPL and Macarthur WFPL have given their consent for the Uebergang Landowners to effect the same. Under the Victorian property law, the equitable lease granted to WMPL and Macarthur WFPL on the Uebergang Land is protected against any third-party purchasers of the interest of the land.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

| No. | Landowners | Certificate title no. |
|-----|---|--|
| 2. | <p>(i) Brandon Pastoral Company Pty Ltd;</p> <p>(ii) Hamish Robert Falkner Officer and Anna Jen Officer; and</p> <p>(iii) Hamish Robert Falkner Officer and Anna Jen Officer, Janet Officer, Mamie Fraser Officer (being the legal personal representatives of Brian Campbell Officer, deceased),</p> <p>(collectively known as "Officer Landowners")</p> | <p>(i) Volume 8657 Folio 557 and Volume 8067 Folio 619;</p> <p>(ii) Volume 9388 Folio 101, Volume 5950 Folio 962 and Volume 10043 Folio 134; and</p> <p>(iii) Volume 9715 Folio 216, (collectively known as "Officer Land")</p> |
| 3. | <p>(i) Atoz Pty Ltd;</p> <p>(ii) Ibenmouth Pty Ltd; and</p> <p>(iii) Thomas Chute Robertson, (collectively known as "Robertson Landowners")</p> | <p>(i) Volume 9252 Folio 946, Volume 8941 Folio 283, Volume 8689 Folio 213, Volume 9604 Folio 841 and Volume 7664 Folio 185;</p> <p>(ii) Volume 8076 Folio 341; and</p> <p>(iii) Volume 8406 Folio 476, Volume 8124 Folio 653 and Volume 5313 Folio 585,</p> |

(9) The rental amount is subject to confidentiality provisions in the respective rental agreements.

Save as disclosed above, where an application has been made to change the conditions of the land use, none of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**B.3 MATERIAL EQUIPMENT**

The material plants and equipment used by our operations are set out below:

| Description | Audited NBV as at 31 December 2014 |
|---|---------------------------------------|
| | RM '000 |
| The building, plant and machinery of the SEV Power Plant | 1,635,708 |
| The building, plant and machinery of the GB3 Power Plant | 802,810 |
| The building, plant and machinery of the Prai Power Plant | 533,012 |
| The building, plant and machinery of the TBP Power Plant | 5,092,248 |
| The building, plant and machinery of the Port Dickson Power Plant | 74,310 |
| Total | 8,138,088 |

The Macarthur Wind Farm includes infrastructure, turbines and a substation. As the Macarthur Wind Farm is arranged under a finance lease arrangement, substantially all the risks and rewards incidental to ownership of the Macarthur Wind Farm are transferred to AGL Hydro, as the operator of the Macarthur Wind Farm. As such, no carrying value is recognised in our financial statements in respect of the equipment utilised for the Macarthur Wind Farm.

Save for PD Power, the material equipment of the respective IPPs have been secured under the financing facilities taken up by the respective IPPs for purposes of the relevant construction of power plant. The financing facilities taken up by SEV in relation to construction of the SEV Power Plant have been fully repaid.

For further information relating to the respective power plants and the Macarthur Wind Farm, see Sections 7.6 and 7.7.5 of this Prospectus, respectively.

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ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON

Below are the other salient provisions of the contracts which we are dependent on. For further details of these contracts, see Section 7.24 of this Prospectus.

C.1 Existing SEV PPA**Rights and obligations**

SEV and TNB's rights and obligations in respect of the despatch of electrical energy, operation, maintenance and testing of the SEV Power Plant, under the Existing SEV PPA include, but are not limited to, the following:

- (i) SEV shall operate and maintain the SEV Power Plant in accordance with the operating and maintenance standards recommended by the equipment suppliers, prudent utility practices, and the performance standards and operational guidelines as provided under the Existing SEV PPA;
- (ii) SEV shall notify TNB of any limitations, restrictions or outages affecting the SEV Power Plant;
- (iii) TNB shall provide the SEV Power Plant with supply of back-up and start-up electricity during scheduled, unscheduled or emergency outages at such rates to be agreed by the parties, but only to the extent such electricity is not available or cannot be delivered to the SEV Power Plant;
- (iv) SEV shall immediately declare to the control centre any interruption in the availability of the SEV Power Plant or any reduction in the net generating capacity of the SEV Power Plant available at the interconnection points for despatch;
- (v) in accordance with the requirements of TNB's system and prudent utility practices, SEV is to co-ordinate maintenance outages with TNB, including providing TNB with at least 24 hours' notice prior to removing a block or the SEV Power Plant from service;
- (vi) TNB shall inspect and test all metering devices at its own expense on a regular schedule in accordance with prudent utility practices. If any TNB-owned metering equipment is found to be defective or inaccurate, it shall be adjusted, repaired, replaced and/or recalibrated by TNB;
- (vii) SEV shall at all times (a) use its best efforts to maintain the equivalent availability factor at 86% or more; and (b) maintain in storage at the SEV Power Plant a quantity of alternate fuel;
- (viii) SEV shall not, without the prior written consent of TNB, sell any electrical energy generated from, or generating capacity of the SEV Power Plant to any third-party other than TNB; and
- (ix) SEV may not terminate or modify any of the financing documents or enter into any refinancing or additional financing with respect to the SEV Power Plant that may reasonably be expected to have a material adverse effect on the rights of TNB, without the prior written consent of TNB.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

Force majeure

Subject to limitations under the Existing SEV PPA, if either SEV or TNB is unable by reason of a force majeure event (an event beyond the reasonable control of the parties and through no fault or negligence of the parties claiming such force majeure event and such force majeure event causes delay or disruption in the performance of the parties' obligation) in performing any of its obligations set out under the Existing SEV PPA, the obligations of the parties shall be suspended or excused to the extent of each performance being affected by the force majeure event. Such events include, but are not limited to, the following:

- (i) unusually severe weather conditions;
- (ii) strikes or other work stoppage, acts of public enemies or terrorists or act of war or riots;
- (iii) failure to obtain or renew any relevant Government authorisation relating to the ownership, operation and maintenance of the SEV Power Plant, or the performance of the obligations under the Existing SEV PPA, unless such failure is due to an act or omission of SEV;
- (iv) accident, earthquake, sabotage or fire, expropriation or compulsory acquisition of the Existing SEV PPA; and
- (v) any unavailability or interruption in the supply of fuel as a result of PETRONAS having failed to perform its obligation under the fuel supply contract, and having been excused for such failure, by reason of the occurrence of a force majeure event under the fuel supply contract.

The parties shall only be able to claim benefit of the effect of force majeure event to excuse their obligations under the Existing SEV PPA for any force majeure event that occurs after the effective date of the Existing SEV PPA. No obligations of the parties that are required to be completely performed prior to the occurrence of a force majeure event shall be excused as a result of occurrence of that event. Subject to the provisions of the Existing SEV PPA, the obligation of the parties to pay money due, including the obligation of TNB to make any capacity payments due shall not be excused as a result of any force majeure event. If a force majeure event cannot be remedied within a period of 180 days from the initial occurrence of such force majeure event, the party not excused by such force majeure event may terminate the Existing SEV PPA or extend such period, at its sole discretion, for an additional period of time necessary to remedy such force majeure event, so long as the party claiming force majeure is exercising reasonable diligence to remedy such force majeure event, which shall include reasonable and diligent efforts by SEV to repair or rebuild the SEV Power Plant. In no event shall such additional reasonable period of time exceed 18 months or in the case of replacement or rebuilding a steam turbine, 24 months.

Events of default

The Existing SEV PPA provides for the following events of default by SEV and TNB which will result in the termination of the Existing SEV PPA. Major events of default include:

- (i) the equivalent availability factor (based upon a dependable capacity of 1,303 MW and determined on a monthly basis) of the SEV Power Plant shall, for any reason other than due to any force majeure events, be less than 50% for a period of 12 or more consecutive months;
- (ii) SEV or TNB's failure to make payments for undisputed amounts due under the Existing SEV PPA within 60 days after receipt of written notice of such non-payment;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (iii) SEV or TNB's failure to comply with any material obligations under the Existing SEV PPA, and such failure continue uncured for a period of 45 days after notification of such failure from the non-defaulting party provided that if such failure cannot be cured within a period of 45 days with the exercise of reasonable diligence, then such cure shall be extended for an additional period of 45 days so long as the defaulting party is exercising reasonable diligence to cure such failure; or
- (iv) SEV's IPP Licence being suspended, revoked, terminated or expired.

Upon termination, the non-defaulting party shall be excused and relieved of all obligations and liabilities under the Existing SEV PPA, except for payment of amounts due before such termination.

Within 180 days prior to the expiry of the initial term or any extension thereof or after the early termination of the Existing SEV PPA, SEV shall grant TNB the option to purchase the SEV Power Plant and the plant site, subject to the approval of the EC, in accordance with the terms and conditions as provided in the Existing SEV PPA. The purchase price for such purposes shall be the then fair market value of the SEV Power Plant and the plant site as determined in accordance with the valuations procedures as provided for in the Existing SEV PPA. Notwithstanding TNB's option to purchase, SEV shall also have the right to mortgage the SEV Power Plant and the plant site to the financiers as required under the financing documents.

Capacity payments

Under the Existing SEV PPA, TNB shall make capacity payments to SEV in amounts calculated in accordance with the following formula:

$$CP = DC \times (CRF + FOR) \times F \times (AF/AT)$$

where

- CP = Capacity payment (in RM) for such capacity billing period
- DC = Average of the dependable capacity (net) of the facility for such capacity billing period in kW weighted by the number of hours attributed to each period of differing dependable capacity of the facility in such capacity billing period, except for the duration when there is in effect a deemed capacity of the facility as provided in the Existing SEV PPA, then such deemed capacity of the facility shall apply
- CRF = Capacity rate financial (in RM/kW/Month) for such capacity billing period as set out in the Existing SEV PPA
- FOR = Fixed operating rate (in RM/kW/Month) for such capacity billing period as set out in the Existing SEV PPA
- F = Factor set at 1.0 if AF is greater than or equal to 86% and set at AF/AT if AF is less than 86%
- AF = For each capacity billing period occurring (i) in the first contract year, AF equals the arithmetic average of the monthly equivalent availability factor for the previous six months (including such capacity billing period) expressed as a percentage, provided that for purposes of determining CP for each of the first five months following the COD for Block 1, the monthly equivalent availability factor will be deemed to be 86% for each of those months prior to the COD for Block 1 for which no actual monthly equivalent availability

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

factor exists, and (ii) thereafter, AF equals the arithmetic average of the monthly equivalent availability factor for the previous 12 months (including such capacity billing period) expressed as a percentage

AT = Availability target set (i) at 86% if the AF is less than 86%, and (ii) equal to AF for values of AF equal to or greater than 86%, except that, for each capacity billing period for which AF is greater than 92%, the availability target is set at 92% if (x) AF for each of the previous 12 capacity billing periods is also greater than 92% and (y) DC for each of such capacity billing period and the previous 12 capacity billing periods is not less than 1,238 MW

Energy payments

Under the Existing SEV PPA, TNB shall make energy payments to SEV in amounts calculated in accordance with the following formula:

$$EP = FP + (VOR \times NEO)$$

where

EP = Energy payment (in RM) for such block in such energy billing period

FP = Fuel payment (in RM) for net electrical output delivered from such block in such energy billing period as determined in accordance with the Table B.4 of Appendix B of the Existing SEV PPA

NEO = Net electrical output (in kWh) delivered from such block in such energy billing period

VOR = Variable operating rate (in RM/kWh) for such energy billing period as set out in the Existing SEV PPA

C.2 New SEV PPA

Rights and obligations

SEV and TNB's rights and obligations (including that of the grid system operator) in respect of the despatch of electrical energy, operation, maintenance and testing of the SEV Power Plant, under the New SEV PPA include, but are not limited to, the following:

- (i) SEV shall submit the agreed annual scheduled available capacity for each generating block, for each contract year, to TNB and /or the grid system operator;
- (ii) SEV shall declare and notify at 10.00 am each day (or such other time otherwise advised) throughout the New SEV PPA Term (as defined in Section 7.24.1(ii) of this Prospectus) to the grid system operator the declared daily available capacity for each generating block for the following day. SEV may redeclare the declared daily available capacity for each generating block at any time to allow for changes and deration;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

- (iii) the despatching of any generating block shall be at the grid system operator's discretion, but in accordance with prudent utility practices, the design limits, the grid code and within the generation characteristics as set out in the New SEV PPA and shall not exceed the declared daily available capacity prevailing at the time of the despatch instruction;
- (iv) SEV shall comply with any despatch instruction and shall not generate more than 1% exceeding the level of generation specified in the despatch instruction over any one-hour period unless due to an excused event (caused by or attributable to TNB or the grid system operator or the grid system), which causes the fluctuation in the level of generation. SEV shall generate at least 99% of the level of generation specified in the despatch instruction;
- (v) during an emergency operation, SEV shall use its best efforts to deliver electrical energy and comply with instructions under the direction of TNB's control centre and shall co-operate with the control centre in establishing emergency plans and shall consult the control centre before changing its generation schedule;
- (vi) subject to prior written notice and approval from TNB and the grid system operator, SEV may reschedule or shorten the period of any scheduled outage, maintenance outage or major overhaul outage, provided always that such outage shall not be postponed into the next contract year unless unavoidable. The revised annual scheduled available capacity for the relevant generating block (taking into account only scheduled outages, maintenance outages or major overhaul outages) shall be the agreed annual scheduled available capacity for that contract year for the generating block;
- (vii) where the grid system operator requires the postponement of a scheduled outage, maintenance outage or major overhaul outage, SEV shall comply with the instructions of the grid system operator. The revised annual scheduled available capacity for the relevant generating block (taking into account only scheduled outages, maintenance outages or major overhaul outages) shall as far as possible be consistent with the availability target for the contract year to which it relates;
- (viii) SEV shall ensure during the New SEV PPA Term that the contractual available capacity or the tested annual available capacity of a generating block, over any three consecutive years do not fall below the minimum threshold capacity of 521.2 MW and the forced outage over any contract year do not exceed the first unscheduled outage limit (UOL₁) by more than 20%;
- (ix) TNB shall have the right to request the grid system operator to conduct a monitoring test on a generating block at any time, subject to a maximum of six monitoring tests in respect of each generating block in each contract year. Upon receipt of such request from TNB, SEV shall not be entitled to redeclare its declared daily available capacity of the generating block until the completion of the monitoring test. The net electrical output generated pursuant to a monitoring test is not test energy and such net electrical output shall be paid by TNB in accordance with the provisions under the New SEV PPA; and
- (x) pursuant to a monitoring test by TNB, SEV is required to ensure that each generating block achieves and maintains a level of generation of at least 99% of the lower of (a) its prevailing contractual available capacity or tested annual available capacity for that generating block, and (b) the level of generation specified in the notice for such monitoring test in accordance with the start-up time and ramp rates as set out in the New SEV PPA, over any one-hour period for the duration of the monitoring test.

In the event SEV fails a monitoring test or fails to comply with a despatch instruction but prior to the date the electrical energy is next re-established pursuant to a revalidation test, SEV may deliver electrical energy above the prevailing deemed

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

declared available capacity for such generating block in which event TNB shall pay to SEV energy payments for net electrical output as despatched but shall not be obliged to pay available capacity payments for any electrical energy delivered above the deemed declared available capacity.

Force majeure

Subject to limitations under the New SEV PPA, if either SEV or TNB is unable or delayed by reason of a force majeure event (an event beyond the reasonable control of the parties and through no fault or negligence of the parties claiming such force majeure event and such force majeure event causes delay or disruption in the performance of the parties' obligation) in performing any of its obligations set out under the New SEV PPA, the obligations of the parties shall be suspended or excused to the extent of each performance being affected by the force majeure event. Such events include, but are not limited to, the following:

- (i) acts of public enemies or terrorists or acts of war, whether or not a war is declared, acts of force by a foreign nation or embargo;
- (ii) any force majeure affecting the performance of any party to the fuel supply contracts or other contract relating to the operation and maintenance of the SEV Power Plant;
- (iii) failure to obtain or renew any relevant Government authorisation;
- (iv) unusually severe weather conditions; and
- (v) an emergency condition (a condition described in the grid code or in the judgment of the grid system operator, based on prudent utility practices which could among others, reasonably be expected to adversely affect the provision of electricity supply to the end users).

A force majeure event shall not include normal wear and tear or random flaws in materials and equipments or breakdown in equipments, non-delivery of gas by PETRONAS under the New SEV GSA (except where such non-delivery is in itself caused by a force majeure event under the New SEV GSA) or any full or partial curtailment in the electric output of the SEV Power Plant that arises or is caused by the acts or omissions of a third-party (except where such curtailment is in itself caused by a force majeure event).

In an event of force majeure affecting both SEV and TNB and for the duration of such force majeure, TNB shall continue to make the available capacity payments to SEV only to the extent the SEV Power Plant is available to deliver generating capacity and electrical energy to TNB.

If a force majeure event prevents either party from substantially performing any material obligation for a period exceeding 180 days, that period may be extended by a further 180 days (or such other period the parties' shall agree upon after consultation), failing which, either party may terminate the New SEV PPA.

Events of default

The New SEV PPA provides for the following events of default by SEV and TNB which will result in the termination of the New SEV PPA. Major events of default include:

- (i) SEV or TNB's failure to make payments of any amount of substantial nature which is due 60 days after receipt of notice of non-payment;
- (ii) SEV or TNB's failure to comply with any obligations under the New SEV PPA (other than payment obligations) for a period of 90 days after notification of such failure from the non-defaulting party;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (iii) SEV's IPP Licence being suspended, revoked, terminated or expired due to default of SEV and has caused the SEV's IPP Licence not being reinstated or renewed;
- (iv) SEV abandons the SEV Power Plant and fails to resume its activities within a period of time agreeable to TNB; or
- (v) SEV fails to rectify its performance deficiency as set out in the New SEV PPA within a period of 12 months to the satisfaction of TNB.

In the event of a default, the non-defaulting party may terminate the New SEV PPA by written notice subject to a cure period of 90 days and an extension of 180 days thereafter. If TNB terminates the New SEV PPA due to an event of default by SEV, TNB shall have the option to purchase the SEV Power Plant from SEV at a price to be determined in accordance with the provisions set out in the New SEV PPA. Alternatively, TNB shall also have the right to assume partial or complete operational responsibility for the SEV Power Plant, exercisable during the occurrence and continuance of an event of default which could reasonably be expected to materially adversely affect SEV's ability to operate and maintain the SEV Power Plant in accordance with the New SEV PPA. TNB's step-in rights to operate the SEV Power Plant shall not extend beyond 180 days for each occasion. In no event shall TNB's election to step-in to operate the SEV Power Plant be deemed to be a transfer of title or a transfer of SEV's obligations as owner of the SEV Power Plant.

If SEV terminates the New SEV PPA due to an event of default by TNB, SEV shall have the option to sell the SEV Power Plant to TNB at a price to be determined in accordance with the provisions set out in the New SEV PPA.

Available capacity payments

Under the New SEV PPA, TNB shall make available capacity payments to SEV in amounts calculated in accordance with the following formulae:

- (A) The available capacity payment for each day of a billing period the available capacity payment for each day of a billing period and for the facility shall be calculated in accordance with the formulae set out in (1), (2), (3) or (4) below as applicable, where, if for day i in the billing period:

- (1) $DAC_{AW} \geq DAC_{PW}$,

$$ACP_i = FAP$$

- (2) (i) $DAC_{AW} < DAC_{PW}$; and

(ii) $(\sum_k (DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) \leq UOL_1$,

$$ACP_i = FAP$$

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (3) (i) $DAC_{AW} < DAC_{PW}_i$;
(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) > UOL_1$; and
(iii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) \leq UOL_2$,

$$ACP_i = FAP \times \left[\frac{(DAC_{AW} + (TAAC_F - DAC_{PW}))}{TAAC_F} \right]$$

- (4) (i) $DAC_{AW} < DAC_{PW}_i$ and
(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) > UOL_2$,

$$ACP_i = \left\{ FAP \times \left[\frac{(DAC_{AW} + (TAAC_F - DAC_{PW}))}{TAAC_F} \right] \right\} - R$$

(B) The available capacity payment for the billing period for the facility shall be calculated as the aggregate of the available capacity payments for each day in the billing period, determined as follows:

$$ACP = \sum_{i=1}^n ACP_i$$

where

ACP = Available capacity payment (in RM) for the billing period provided that if for any billing period $ACP < 0$, then the value of ACP shall be zero

ACP_i = Available capacity payment (in RM) for each day i in the billing period provided that if for any day i in the billing period, $ACP_i < 0$, then the value of ACP_i shall be zero

FAP = Fixed availability payment (in RM) for the facility for that day calculated as follows:

$CCR \times CAC_F \times 1000 \times 1 \text{ day}$ for the facility in its first contract year; and

$CCR \times TAAC_F \times 1000 \times 1 \text{ day}$ for the facility subsequent to its first contract year;

except for the duration when there is in effect a deemed declared available capacity for the facility and the provisions of Clause 10.8(c) of the New SEV PPA apply, in which case:

FAP for such duration = $CCR \times AAC_F \times 1000$

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

| | | |
|-------------------|---|--|
| AAC _F | = | Weighted average of the actual daily available capacity (in MW) for the facility made available by SEV to TNB for each day <i>i</i> in the billing period, for the duration when there is in effect a deemed declared available capacity for the facility and the provisions of Clause 10.8(c) of the New SEV PPA apply |
| CCR | = | Capacity charge rate (in RM/kW/day) |
| | = | $(CRF + FOR) \times \frac{12}{N}$ |
| CAC _F | = | Contractual available capacity for the facility (in MW) |
| TAAC _F | = | Tested annual available capacity for the facility for that contract year (in MW) |
| CRF | = | Capacity rate financial for that billing period (in RM/kW/month) |
| FOR | = | Fixed operating rate for that billing period (in RM/kW/month) |
| DAC _{AW} | = | Weighted average of the daily available capacity (actual) of the facility (in MW) for such day |
| DAC _{PW} | = | Weighted average of the daily available capacity (planned) of the facility (in MW) for such day |
| N | = | (a) 365, for the first and last contract years in the New SEV PPA Term which has less than 365 days; (b) 366, for the first or last contract year in the New SEV PPA Term if the first or the last contract year is a leap year; or (c) the actual number of days in the prevailing contract year for all intervening contract years |
| n | = | Total number of days in the billing period |
| <i>i</i> | = | Day <i>i</i> of the billing period |
| R | = | Factor used to reflect the performance of the facility for such day (in RM), determined as follows: $(DAC_{PW} - DAC_{AW}) \times 1000 \times CCR$ |
| UOL ₁ | = | First unscheduled outage limit (in kWh), determined in accordance with the following equation: $UOL_1 = UOR \times TAAC_F \times 1000 \times 8760$ |
| UOL ₂ | = | Second unscheduled outage limit (in kWh), determined in accordance with the following equation: $UOL_2 = (UOR + 2\%) \times TAAC_F \times 1000 \times 8760$ |
| UOR | = | Unplanned outage rate (expressed as a percentage) which has the value of 4% |

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- $\sum_k (DAC_{PWk} - DAC_{AWk})$ = Aggregate of the difference between DAC_{PW} and DAC_{AW} for each day k (in MW) provided that beginning from the COD of the first generating block and continuing for the New SEV PPA Term, the difference between DAC_{PW} and DAC_{AW} for each day k shall be equal to zero if DAC_{PW} is less than or equal to DAC_{AW} for such day k
- k = An index representing each of the previous 365 days prior to day i

Energy payments

Under the New SEV PPA, TNB shall make energy payments to SEV in amounts calculated in accordance with the following formula:

$$EP = FP + (VOR \times NEO)$$

where

- EP = Energy payment (in RM) for the generating block in such billing period, excluding any test energy payment made in the billing period for the generating block pursuant to G1.2 of the New SEV PPA
- FP = Fuel payment (in RM) for net electrical output delivered from the generating block in such billing period as determined in accordance with Attachment B of Appendix G of the New SEV PPA, excluding fuel payments for test energy delivered from the generating block in the billing period and paid pursuant to G1.2 of the New SEV PPA
- NEO = Net electrical output (in kWh) delivered from the generating block in such billing period (less any test energy delivered from the generating block in the billing period pursuant to G1.2 of the New SEV PPA)
- VOR = Variable operating rate (in RM/kWh) for that billing period

C.3 Existing SEV GSA

Events of default

The Existing SEV GSA provides for the following events of default which will result in the termination of the Existing SEV GSA. The following events include:

- (i) if either party breaches its warranty made under the Existing SEV GSA;
- (ii) if SEV fails to pay the amount owed after 30 days has elapsed beyond the due date;
- (iii) if either party becomes insolvent or suspends payment of its debt generally or is otherwise unable to pay its debts as and when they fall due or if receivership is applied for or enters into an arrangement with its creditors;
- (iv) if SEV's IPP Licence is revoked; or

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

- (v) if a force majeure event has been claimed by one party with the result that no dry gas has been delivered or received under the Existing SEV GSA for a continuous period of not less than two years.

In the event of a default, the non-defaulting party may terminate the Existing SEV GSA by giving the defaulting party a written notice of six months.

C.4 New SEV GSA

Events of default

The New SEV GSA provides for the following events which allow the non-defaulting party to terminate the New SEV GSA with immediate effect by a written notice to the defaulting party. The following events include:

- (i) where a party commits a material breach under the New SEV GSA and such breach is not remedied within 30 days from notification of such breach;
- (ii) where a party becomes insolvent or suspends payment of its debts or is unable to pay its debts as and when they fall due;
- (iii) where a receiver, manager, liquidator or a similar officer is applied by or over the party or over all or a substantial part of its assets or an order or a resolution is passed for the winding-up, liquidation and/or dissolution of that party;
- (iv) where a party secures or compounds with or enters into an arrangement with its creditors;
- (v) where SEV's IPP Licence is revoked during the existence of the New SEV GSA;
- (vi) where the New SEV PPA is terminated at any time during the existence of the New SEV GSA; or
- (vii) where a party commits a breach under the New SEV GSA which is incapable of remedy upon giving not less than 14 days' written notice.

The New SEV GSA also allows PETRONAS to terminate the New SEV GSA by giving a 14 days written notice to SEV in the following circumstances:

- (i) SEV uses or attempts to use the gas as described under the New SEV GSA illegally or not in accordance with the purposes specified under the New SEV GSA;
- (ii) SEV causes damage to PETRONAS's facilities and such facilities have not been restored to its original condition within 30 days or such later date as specified;
- (iii) SEV violates any material laws or regulation in the performance of its obligations under the New SEV GSA;
- (iv) SEV fails to take gas after a lapse of 90 days continuously from the last day of offtake at any time due to any reason other than a force majeure event or any failure by PETRONAS to make delivery of the gas to the delivery point;
- (v) SEV is unable to take or receive gas continuously for a period of two months at any time during the supply period, being 10 years from the first contractual delivery date due to any reason other than a force majeure event, maintenance shutdown, operational shutdown or any failure by PETRONAS to make delivery of the gas at the delivery point; or

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

- (vi) the suspension of gas (in accordance with the New SEV GSA) continues for more than 30 days.

PETRONAS may also terminate the New SEV GSA by giving written notice if:

- (i) the bank guarantee is not maintained and increased accordingly by SEV within 30 days of the relevant date;
- (ii) the bank guarantee is not furnished by SEV within 30 days of the required date; or
- (iii) the SEV's IPP Licence is not issued by the first contractual delivery date.

C.5 GB3 PPA

Rights and obligations

GB3 and TNB's rights and obligations (including that of the grid system operator) in respect of the despatch of electrical energy, operation, maintenance and testing of the GB3 Power Plant, under the GBE PPA include, but are not limited to, the following:

- (i) GB3 shall furnish to the operations committee (the committee set up by the parties to discuss, co-ordinate and agree to relevant technical and operational issues under the GB3 PPA comprising two representatives from both GB3 and TNB), the proposed annual scheduled available capacity for that contract year to meet its availability target, at least 90 days prior to the start of that contract year, to which the operations committee shall review and agree within 60 days from the receipt of the proposed annual scheduled available capacity from GB3. Where a decision cannot be reached, the matter shall be referred to the grid system operator, whose decision shall be final and conclusive;
- (ii) GB3 shall submit the agreed annual scheduled available capacity for each contract year to TNB and the grid system operator no later than 15 days prior to 1 January of that contract year;
- (iii) GB3 shall declare and notify at 10.00 am each day (or such other time otherwise advised) throughout the GB3 PPA Term (as defined in Section 7.24.2(i) of this Prospectus) to the grid system operator the declared daily available capacity for the following day. GB3 may redeclare the declared daily available capacity at any time to allow for changes and deration;
- (iv) the despatching of the GB3 Power Plant shall be at the grid system operator's discretion, but in accordance with the GB3 PPA and shall not exceed the declared daily available capacity prevailing at the time of the despatch instruction;
- (v) GB3 shall comply with any despatch instruction and shall not generate more than 1% exceeding the level of generation specified in the despatch instruction over any one-hour period unless due to an excused event (caused by or attributable to TNB or the grid system operator or the grid system), which causes the fluctuation in the level of generation. GB3 shall generate at least 99% of the lower of (a) its prevailing contractual available capacity or tested annual available capacity, or (b) the level of generation specified in the despatch instruction;
- (vi) during an emergency operation, GB3 shall use all reasonable efforts to deliver electrical energy at TNB's control centre request and shall co-operate with the control centre in establishing emergency plans and shall consult the control centre before changing its generation schedule;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

- (vii) subject to the approval of the operations committee, GB3 may schedule or reschedule any scheduled outage, maintenance outage or major overhaul outage. The annual scheduled available capacity for that contract year shall be revised to reflect the changes where a scheduled outage or major overhaul outage is rescheduled. For rescheduling of the maintenance outage, the approval of the grid system operator is required;
- (viii) where the grid system operator requires the postponement of a scheduled outage, maintenance outage or major overhaul outage, GB3 shall comply with the instructions of the grid system operator. The annual scheduled available capacity for that contract year shall be revised to reflect the changes where a scheduled outage or major overhaul outage is postponed;
- (ix) TNB shall have the right to request the grid system operator to conduct a monitoring test on the GB3 Power Plant at any time, subject to a maximum of six monitoring tests in each contract year. Upon receipt of such request from TNB, GB3 shall not be entitled to redeclare its declared daily available capacity until the completion of the monitoring test. The net electrical output generated pursuant to a monitoring test is not test energy and such net electrical output shall be paid by TNB in accordance with the GB3 PPA; and
- (x) pursuant to a monitoring test by TNB, GB3 is required to ensure that the GB3 Power Plant maintains a level of generation of at least 99% of the lower of (a) its prevailing contractual available capacity or tested annual available capacity, as the case may be, and (b) the level of generation specified in the notice for such monitoring test, over any one-hour period for the duration of the monitoring test.

In the event GB3 fails a monitoring test or fails to comply with a despatch instruction but prior to the date the electrical energy is next re-established pursuant to a revalidation test, GB3 may deliver electrical energy above the prevailing deemed declared available capacity in which event TNB shall pay to GB3 energy payments for net electrical output as despatched but shall not be obliged to pay available capacity payments for any electrical energy delivered above the deemed declared available capacity. In addition, in the event GB3 abandons the GB3 Power Plant (failure of GB3 to operate the GB3 Power Plant for a continuous period of six months otherwise due to TNB's breach of material obligation, repair and maintenance works, a force majeure event or an emergency condition) after the construction commencement date, GB3 shall pay to TNB liquidated damages in an amount not exceeding the aggregate of RM45.0 million.

Force majeure

Subject to limitations under the GB3 PPA, if either GB3 or TNB is unable or delayed by reason of a force majeure event (an event beyond the reasonable control of the parties and through no fault or negligence of the parties claiming such force majeure event and such force majeure event causes delay or disruption in the performance of the parties' obligation) in performing any of its obligations set out under the GB3 PPA, the obligations of the parties shall be suspended or excused to the extent of each performance being affected by the force majeure event. Such events include, but are not limited, to the following:

- (i) acts of public enemies or terrorists, public disorders or violent demonstrations, explosions and other natural calamities;
- (ii) any force majeure affecting the performance of any party to the fuel supply contracts or other contract relating to the operation and maintenance of the GB3 Power Plant;
- (iii) failure to obtain or renew any relevant Government authorisation relating to the operation and maintenance of the GB3 Power Plant;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (iv) any unavailability or interruption in the supply of fuel; and
- (v) an emergency condition (a condition described in the grid code or in the judgment of the grid system operator, based on prudent utility practices which could among others, reasonably be expected to adversely affect the provision of electricity supply to the end users).

In an event of force majeure affecting GB3 and for the duration of such force majeure, TNB shall pay available capacity payments to GB3 only to the extent the GB3 Power Plant is available to deliver electrical energy to TNB.

In an event of force majeure affecting TNB and for the duration of such force majeure, TNB shall pay GB3 its costs of debt servicing and any unavoidable costs that GB3 necessarily and reasonably incurs to the extent GB3 is not entitled under its insurances to receive insurance proceeds which reimburse GB3 arising from such costs incurred. However, if TNB exercises its statutory right to operate the GB3 Power Plant, TNB shall continue to make energy payment and available capacity payments to GB3 in accordance with the GB3 PPA. If a force majeure event prevents either party from substantially performing any material obligation for a period exceeding 180 days, that period may be extended by a further 180 days (or such other period the parties' shall agree upon after consultation), failing which, either party may terminate the GB3 PPA.

Events of default

The GB3 PPA provides for the following events of default by GB3 and TNB which will result in the termination of the GB3 PPA. Major events of default include:

- (i) GB3 or TNB's failure to make payments of any amount of substantial nature which is due 60 days after receipt of notice of non-payment;
- (ii) GB3 or TNB's failure to comply with any material obligations under the GB3 PPA (other than payment obligations) for a period of 180 days after notification of such failure from the non-defaulting party;
- (iii) GB3's IPP Licence being suspended, revoked, terminated or expired due to omission, fault or negligence of GB3 and GB3's IPP Licence not reinstated or renewed;
- (iv) without the prior written approval of the Government, the aggregate Bumiputera interest in GB3 becomes less than 30%; or
- (v) GB3 abandons the GB3 Power Plant and fails to resume its activities within a period of time agreeable to TNB.

In the event of a default, the non-defaulting party may terminate the GB3 PPA by written notice subject to a cure period of 180 days. If TNB terminates the GB3 PPA due to an event of default by GB3, TNB shall have the option to purchase the GB3 Power Plant from GB3 at a price to be determined in accordance with the provisions set out in the GB3 PPA. Alternatively, TNB shall also have the right to assume partial or complete operational responsibility for the GB3 Power Plant, exercisable only upon the expiration of any applicable cure period granted to GB3 and where TNB's step-in rights are acknowledged by the financing parties to the GB3 Power Plant. TNB's step-in rights to operate the GB3 Power Plant shall not extend beyond 180 days for each occasion. In no event shall TNB's election to step-in to operate the GB3 Power Plant be deemed to be a transfer of title or a transfer of GB3's obligations as owner of the GB3 Power Plant.

If GB3 terminates the GB3 PPA due to an event of default by TNB, GB3 shall have the option to sell the GB3 Power Plant to TNB at a price to be determined in accordance with the provisions set out in the GB3 PPA.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

Available capacity payments

Under the GB3 PPA, TNB shall make available capacity payments to GB3 in amounts calculated in accordance with the following formulae:

(A) The available capacity payment for each day of a billing period and for the facility shall be calculated in accordance with the formula set out in (1), (2), (3) or (4) below as applicable, where, if for day i in the billing period :

(1) $DAC_{AW} \geq DAC_{PW}$,

$$ACP_i = FAP$$

(2) (i) $DAC_{AW} < DAC_{PW_i}$ and

(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) \leq UOL_1$,

$$ACP_i = FAP$$

(3) (i) $DAC_{AW} < DAC_{PW_i}$ and

(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) > UOL_1$; and

(iii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) \leq UOL_2$,

$$ACP_i = [FAP \times (DAC_{AW} / DAC_{PW})]$$

(4) (i) $DAC_{AW} < DAC_{PW_i}$ and

(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) > UOL_2$,

$$ACP_i = [FAP \times (DAC_{AW} / DAC_{PW})] - P$$

(B) The available capacity payment for the billing period for the facility shall be calculated as the aggregate of the available capacity payments for each day in the billing period, determined as follows:

$$ACP = \sum_{i=1}^n ACP_i$$

where

ACP = Available capacity payment (in RM) for the billing period

ACP_i = Available capacity payment (in RM) for each day i in the billing period

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

| | | |
|----------------------------------|---|---|
| FAP | = | Fixed availability payment (in RM/day) CCR x TAAC (or CAC, as the case may be) x 1000 for each contract year |
| CCR | = | Capacity charge rate (in RM/kW/day): $(CRF + FOR) \times \frac{12}{N}$ |
| CAC | = | Contractual available capacity (in MW) |
| TAAC | = | Tested annual available capacity for that contract year (in MW) |
| CRF | = | Capacity rate financial for that billing period (in RM/kW/month) |
| FOR | = | Fixed operating rate for that billing period (in RM/kW/month) |
| DAC _{AW} | = | Daily available capacity (actual) (in MW) for the facility for such day |
| DAC _{PW} | = | Daily available capacity (planned) (in MW) for the facility for such day |
| N | = | (a) 365, for the first, the second and last contract years in the GB3 PPA Term; or (b) the actual number of days in the prevailing contract year for all intervening contract years |
| n | = | Total number of days in the billing period |
| i | = | Day <i>i</i> of the billing period |
| P | = | Factor used to reflect the performance of the facility for such day (in RM), determined as follows: $(DAC_{PW} - DAC_{AW}) \times 1000 \times CCR$ |
| UOL ₁ | = | First unscheduled outage limit (in kWh), determined in accordance with the following equation: $UOL_1 = UOR \times TAAC \times 1000 \times 8760$ |
| UOL ₂ | = | Second unscheduled outage limit (in kWh), determined in accordance with the following equation: $UOL_2 = (UOR + 2\%) \times TAAC \times 1000 \times 8760$ |
| UOR | = | Unplanned outage rate (expressed as a percentage) which has the value of 4% |
| $\sum_k (DAC_{PWk} - DAC_{AWk})$ | = | Aggregate of the difference between DAC _{PW} and DAC _{AW} for each <i>k</i> (in MW), subject to the following provisions: (a) beginning from the COD of the first unit and continuing for the GB3 PPA Term, the difference between DAC _{PW} and DAC _{AW} for each day <i>k</i> prior to the COD of the first unit shall be deemed to be equal to zero; and |

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (b) beginning from the COD of the first unit, and continuing for the GB3 PPA Term, the difference between DAC_{PW} and DAC_{AW} for each day k shall be equal to zero (0) if DAC_{PW} is less than or equal to DAC_{AW} for such day k

k = An index representing each of the previous 365 days prior to day j

Energy payments

Under the GB3 PPA, TNB shall make energy payments to GB3 in amounts calculated in accordance with the following formula:

$$EP = FP + (VOR \times NEO)$$

where

- EP = Energy payment (in RM) for the facility in such billing period, excluding any energy payment made in the billing period for the facility pursuant to G1.2(B)(b)(ii) and G1.2(D)(b)(ii) of the GB3 PPA
- FP = Fuel payment (in RM) for net electrical output delivered from the facility in such billing period as determined in accordance with Attachment B of the Appendix G of the GB3 PPA, excluding fuel payments for test energy delivered from the facility in the billing period and paid for pursuant to G1.2(B)(b)(ii) and G1.2(D)(b)(ii) of the GB3 PPA
- NEO = Net electrical output (in kWh) delivered from the facility in such billing period (less any test energy delivered from the facility in the billing period pursuant to G1.2(B)(b)(ii) and G1.2(D)(b)(ii) of the GB3 PPA)
- VOR = Variable operating rate (in RM/kWh) for that billing period

C.6 GB3 GSA

Event of default

The GB3 GSA provides for the following events of default which will result in the termination of the GB3 GSA. The following events include:

- (i) if either party breaches its warranty made under the GB3 GSA;
- (ii) if GB3 fails to pay the amount owed after 30 days has elapsed beyond the due date;
- (iii) if either party becomes insolvent or suspends payment of its debt generally or is otherwise unable to pay its debts as and when they fall due or if receivership is applied for or enters into an arrangement with its creditors;
- (iv) if GB3's IPP Licence is revoked; or
- (v) if a force majeure event has been claimed by one party with the result that no dry gas has been delivered or received under the GB3 GSA for a continuous period of not less than two years.

In the event of a default, the non-defaulting party may terminate the GB3 GSA by giving the defaulting party a written notice of six months.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

C.7 PPSB PPA

Rights and obligations

PPSB and TNB's rights and obligations (including that of the grid system operator) in respect of the despatch of electrical energy, operation, maintenance and testing of the Prai Power Plant, under the PPSB PPA include, but not limited to the following:

- (i) PPSB shall furnish to the operations committee (the committee set up by the parties to discuss, co-ordinate and agree to relevant technical and operational issues under the PPSB PPA comprising two representatives from both PPSB and TNB), the proposed annual scheduled available capacity for that contract year to meet its availability target, at least 90 days prior to the start of that contract year, to which the operations committee shall review and agree within 60 days from the receipt of the proposed annual scheduled available capacity from PPSB. Where a decision cannot be reached, the matter shall be referred to the grid system operator, whose decision shall be final and conclusive;
- (ii) PPSB shall submit the agreed annual scheduled available capacity for each contract year to TNB and the grid system operator no later than 15 days prior to 1 January of that contract year;
- (iii) PPSB shall declare and notify at 10.00 am each day (or such other time otherwise advised) throughout the PPSB PPA Term (as defined in Section 7.24.3(i) of this Prospectus) to the grid system operator the declared daily available capacity for the following day. PPSB may redeclare the declared daily available capacity at any time to allow for changes and deration;
- (iv) the despatching of the Prai Power Plant shall be at the grid system operator's discretion, but in accordance with the PPSB PPA and shall not exceed the declared daily available capacity prevailing at the time of the despatch instruction;
- (v) PPSB shall comply with any despatch instruction and shall not generate more than 1% exceeding the level of generation specified in the despatch instruction over any one-hour unless due to an excused event (caused by or attributable to TNB or the grid system operator or the grid system), which causes the fluctuation in the level of generation. PPSB shall generate at least 99% of the lower of (a) its prevailing contractual available capacity or tested annual available capacity, or (b) the level of generation specified in the despatch instruction;
- (vi) during an emergency operation, PPSB shall use all reasonable efforts to deliver electrical energy at TNB's control centre request and shall co-operate with the control centre in establishing emergency plans and shall consult the control centre before changing its generation schedule;
- (vii) subject to the approval of the operations committee, PPSB may schedule or reschedule any scheduled outage, maintenance outage or major overhaul outage. The annual scheduled available capacity for that contract year shall be revised to reflect the changes where a scheduled outage or major overhaul outage is rescheduled. For rescheduling of the maintenance outage, the approval of the grid system operator is required;
- (viii) where the grid system operator requires the postponement of a scheduled outage, maintenance outage or major overhaul outage, PPSB shall comply with the instructions of the grid system operator. The annual scheduled available capacity for that contract year shall be revised to reflect the changes where a scheduled outage or major overhaul outage is postponed;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

- (ix) TNB shall have the right to request the grid system operator to conduct a monitoring test on the Prai Power Plant at any time, subject to a maximum of six monitoring tests in each contract year. Upon receipt of such request from TNB, PPSB shall not be entitled to redeclare its declared daily available capacity until the completion of the monitoring test. The net electrical output generated pursuant to a monitoring test is not test energy and such net electrical output shall be paid by TNB in accordance with the PPSB PPA; and
- (x) pursuant to a monitoring test by TNB, PPSB is required to ensure that the Prai Power Plant maintains a level of generation of at least 99% of the lower of (a) its prevailing contractual available capacity or tested annual available capacity, as the case may be, and (b) the level of generation specified in the notice for such monitoring test, over any one-hour period for the duration of the monitoring test.

In the event PPSB fails a monitoring test or fails to comply with a despatch instruction, PPSB shall pay TNB a sum of RM1.0 million per occurrence as agreed liquidated damages. PPSB may declare and deliver electrical energy above the prevailing deemed declared daily available capacity in which event TNB shall pay to PPSB energy payments for net electrical output as despatched but shall only be obliged to pay available capacity payments for the electrical energy delivered at the deemed declared available capacity. In addition, in the event PPSB abandons the Prai Power Plant (failure of PPSB to operate the Prai Power Plant for a continuous period of six months otherwise due to TNB's breach of material obligation, repair and maintenance works, a force majeure event or an emergency condition) after the construction commencement date, PPSB shall pay to TNB liquidated damages in an amount not exceeding the aggregate of RM36.0 million.

Force majeure

Subject to limitations under the PPSB PPA, if either PPSB or TNB is unable or delayed by reason of a force majeure event (an event beyond the reasonable control of the parties and through no fault or negligence of the parties claiming such force majeure event and such force majeure event causes delay or disruption in the performance of the parties' obligation) in performing any of its obligations set out under the PPSB PPA, the obligations of the parties shall be suspended or excused to the extent of each performance being affected by the force majeure event. Such events include, and not limited to:

- (i) acts of public enemies or terrorists, public disorders or violent demonstrations, explosions and other natural calamities;
- (ii) any force majeure affecting the performance of any party to the fuel supply contracts or other contract relating to the operation and maintenance of the Prai Power Plant;
- (iii) any change-in-law;
- (iv) failure to obtain or renew any relevant Government authorisation relating to the operation and maintenance of the Prai Power Plant;
- (v) any unavailability or interruption in the supply of fuel; and
- (vi) an emergency condition (a condition described in the grid code or in the judgment of the grid system operator, based on prudent utility practices which could among others, reasonably be expected to adversely affect the provision of electricity supply to the end users).

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

In an event of force majeure affecting PPSB and for the duration of such force majeure, TNB shall pay available capacity payments to PPSB only to the extent the Prai Power Plant is available to deliver electrical energy to TNB.

In an event of force majeure affecting TNB and for the duration of such force majeure, TNB shall pay PPSB its costs of debt servicing and any unavoidable costs that PPSB necessarily and reasonably incurs to the extent PPSB is not entitled under its insurances to receive insurance proceeds which reimburse PPSB arising from such costs incurred. However, if TNB exercises its statutory right to operate the Prai Power Plant, TNB shall continue to make energy payments and available capacity payments to PPSB in accordance with the PPSB PPA. If a force majeure event prevents either party from substantially performing any material obligations for a period exceeding 180 days, that period may be extended by a further 180 days (or such other period the parties' shall agree upon after consultation), failing which, either party may terminate the PPSB PPA.

Events of default

The PPSB PPA provides for the following events of default by PPSB and TNB which will result in the termination of the PPSB PPA. Major events of default include:

- (i) PPSB or TNB's failure to make payments of any amount of substantial nature which is due 60 days after receipt of notice of non-payment;
- (ii) PPSB or TNB's failure to comply with any material obligations under the PPSB PPA (other than payment obligations) for a period of 180 days after notification of such failure from the non-defaulting party;
- (iii) PPSB's IPP Licence being suspended, revoked, terminated or expired due to omission, fault or negligence of PPSB and PPSB's IPP Licence is not reinstated or renewed;
- (iv) without the prior written approval of the Government, the aggregate Bumiputera interest in PPSB becomes less than 51%; or
- (v) PPSB abandons the Prai Power Plant and fails to resume its activities within a period of time agreeable to TNB.

In the event of a default, the non-defaulting party may terminate the PPSB PPA by written notice subject to a cure period of 180 days. If TNB terminates the PPSB PPA due to an event of default by PPSB, TNB shall have the option to purchase the Prai Power Plant from PPSB at a price to be determined in accordance with the provisions set out in the PPSB PPA. Alternatively, TNB shall also have the right to assume partial or complete operational responsibility for the Prai Power Plant, exercisable only upon the expiration of any applicable cure period granted to PPSB and where TNB's step-in rights are acknowledged by the financing parties to the Prai Power Plant. TNB's step-in rights to operate the Prai Power Plant shall not extend beyond 180 days for each occasion. In no event shall TNB's election to step-in to operate the Prai Power Plant be deemed to be a transfer of title or a transfer of PPSB's obligations as owner of the Prai Power Plant.

If PPSB terminates the PPSB PPA due to an event of default by TNB, PPSB shall have the option to sell the Prai Power Plant to TNB at a price to be determined in accordance with the provisions set out in the PPSB PPA.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

Available capacity payments

Under the PPSB PPA, TNB shall make available capacity payments to PPSB in amounts calculated in accordance with the following formula:

(A) The available capacity payment for each day of a billing period and for the facility shall be calculated in accordance with the formula set out in (1), (2), (3) or (4) below as applicable, where, if for day i in the billing period:

(1) $DAC_{AW} \geq DAC_{PW}$,

$$ACP_i = FAP$$

(2) (i) $DAC_{AW} < DAC_{PW}$; and

(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) \leq UOL_1$,

$$ACP_i = FAP$$

(3) (i) $DAC_{AW} < DAC_{PW}$; and

(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) > UOL_1$; and

(iii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) \leq UOL_2$,

$$ACP_i = [FAP \times (DAC_{AW} / DAC_{PW})]$$

(4) (i) $DAC_{AW} < DAC_{PW}$; and

(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) > UOL_2$,

$$ACP_i = [FAP \times (DAC_{AW} / DAC_{PW})] - P$$

(B) The available capacity payment for the billing period for the facility shall be calculated as the aggregate of the available capacity payments for each day in the billing period, determined as follows:

$$ACP = \sum_{i=1}^n ACP_i$$

where

ACP = Available capacity payment (in RM) for the billing period

ACP_i = Available capacity payment (in RM) for each day i in the billing period

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

| | | |
|-------------------|---|---|
| FAP | = | Fixed availability payment (in RM/day) |
| | = | CCR x TAAC x 1000 for each contract year |
| CCR | = | Capacity charge rate (in RM/kW/day): |
| | = | $(CRF + FOR) \times \frac{12}{N}$ |
| CAC | = | Contractual available capacity (in MW) |
| TAAC | = | Tested annual available capacity for that contract year (in MW) |
| CRF | = | Capacity rate financial for that billing period (in RM/kW/month) |
| FOR | = | Fixed operating rate for that billing period (in RM/kW/month) |
| DAC _{AW} | = | Daily available capacity (actual) (in MW) of the facility for such day |
| DAC _{PW} | = | Daily available capacity (planned) (in MW) of the facility for such day |
| N | = | (a) 365, for the first and last contract years in the PPSB PPA Term; or (b) the actual number of days in the prevailing contract year for all intervening contract years |
| n | = | Total number of days in the billing period |
| i | = | Day <i>i</i> of the billing period |
| P | = | Factor used to reflect the performance of the facility for such day (in RM/day), determined as follows: $(DAC_{PW} - DAC_{AW}) \times 1000 \times CCR$ |
| UOL ₁ | = | First unscheduled outage limit (in kWh), determined in accordance with the following equation: $UOL_1 = UOR \times TAAC \times 1000 \times 8760$ |
| UOL ₂ | = | Second unscheduled outage limit (in kWh), determined in accordance with the following equation: $UOL_2 = (UOR + 2\%) \times TAAC \times 1000 \times 8760$ |
| UOR | = | Unplanned outage rate (expressed as a percentage) which has the value of 4% |

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

$\sum_k (DAC_{PWk} - DAC_{AWk})$ = Aggregate of the difference between DAC_{PW} and DAC_{AW} for each day k (in MW), subject to the following provisions:

- (a) beginning from the COD and continuing for the PPSB PPA Term, the difference between DAC_{PW} and DAC_{AW} for each day k prior to the COD shall be deemed to be equal to zero; and
- (b) beginning from the COD and continuing for the PPSB PPA Term, the difference between DAC_{PW} and DAC_{AW} for each day k shall be equal to zero if DAC_{PW} is less than or equal to DAC_{AW} for such day k

k = An index representing each of the previous 365 days prior to day i

Energy payments

Under the PPSB PPA, TNB shall make energy payments to PPSB in amounts calculated in accordance with the following formula:

$$EP = FP + (VOR \times NEO)$$

where

- EP = Energy payment (in RM) for the facility in such billing period, excluding any energy payment made in the billing period for the facility pursuant to G1.2(b)(ii) of the PPSB PPA
- FP = Fuel payment (in RM) for net electrical output delivered from the facility in such billing period as determined in accordance with Attachment B of Appendix G of the PPSB PPA, excluding fuel payments for test energy delivered from the facility in the billing period and paid for pursuant to G1.2(b)(ii) of the PPSB PPA
- NEO = Net electrical output (in kWh) delivered from the facility in such billing period (less any test energy delivered from the facility in the billing period pursuant to G1.2(b)(ii) of the PPSB PPA)
- VOR = Variable operating rate (in RM/kWh) for that billing period

C.8 PPSB GSA

Events of default

The PPSB GSA provides for the following events of default which will result in the termination of the PPSB GSA. The following events include:

- (i) if either party breaches its warranty made under the PPSB GSA;
- (ii) if PPSB fails to pay the amount owed after 30 days has elapsed beyond the due date;
- (iii) if either party becomes insolvent or suspends payment of its debt generally or is otherwise unable to pay its debts as and when they fall due or if receivership is applied for or enters into an arrangement with its creditors;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

- (iv) if PPSB's IPP Licence is revoked; or
- (v) if a force majeure event has been claimed by one party with the result that no dry gas has been delivered or received under the PPSB GSA for a continuous period of not less than two years.

In the event of a default, the non-defaulting party may terminate the PPSB GSA by giving the defaulting party a written notice of six months.

C.9 PD Power PPA

Rights and obligations

PD Power and TNB's rights and obligations in respect of the despatch of electrical energy, operation, maintenance and testing of the Port Dickson Power Plant, under the PD Power PPA include, but not limited to the following:

- (i) PD Power shall operate and maintain the Port Dickson Power Plant in accordance with the prudent utility practices, and the performance standards and operational guidelines as provided under the PD Power PPA;
- (ii) PD Power shall notify TNB of any limitations, restrictions or outages affecting the Port Dickson Power Plant;
- (iii) TNB shall provide the Port Dickson Power Plant with supply of back-up and start-up electricity during scheduled, unscheduled or emergency outages at such rates and other terms to be agreed by the parties, but only to the extent such electricity is available or can be delivered to the Port Dickson Power Plant;
- (iv) PD Power shall immediately declare to the control centre any interruption in the availability of the Port Dickson Power Plant or any reduction in the net generating capacity of the Port Dickson Power Plant available at the interconnection points for despatch;
- (v) in accordance with the requirements of TNB's system and prudent utility practices, PD Power is to co-ordinate maintenance outages with TNB, including providing TNB with at least 24 hours' notice prior to removing a block or the Port Dickson Power Plant from service;
- (vi) TNB shall inspect and test all metering devices at its own expense on a regular schedule in accordance with prudent utility practices. If any TNB-owned metering equipment is found to be defective or inaccurate, it shall be adjusted, repaired, replaced and/or recalibrated by TNB;
- (vii) PD Power shall at all times maintain in storage at the Port Dickson Power Plant a quantity of alternate fuel; and
- (viii) PD Power may not terminate or modify any of the financing documents or enter into any refinancing or additional financing with respect to the Port Dickson Power Plant that may reasonably be expected to have a material adverse effect in the rights of TNB, without the prior written consent of TNB.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

Force majeure

Subject to limitations under the PD Power PPA, if either PD Power or TNB is unable by reason of a force majeure event (an event beyond the reasonable control of the parties and through no fault or negligence of the parties claiming such force majeure event and such force majeure event causes delay or disruption in the performance of the parties' obligation) in performing any of its obligations set out under the PD Power PPA, then upon such party giving notice and full particulars of such event as soon as practicable after the occurrence thereof, the obligations of the parties shall be suspended or excused to the extent of each performance being affected by the force majeure event. Such events include, and not limited to:

- (i) unusually severe weather conditions;
- (ii) strikes or other work stoppage, acts of public enemies or terrorists or act of war or riots;
- (iii) change-in-law;
- (iv) failure to obtain or renew any relevant Government authorisation relating to the ownership, operation and maintenance of the Port Dickson Power Plant, or the performance of the obligations under the PD Power PPA, unless such failure is due to an act or omission of PD Power;
- (v) accident, earthquake, sabotage or fire, expropriation or compulsory acquisition of the Port Dickson Power Plant; and
- (vi) any unavailability or interruption in the supply of fuel.

The parties shall only be able to claim benefit of the effect of force majeure event to excuse their obligations under the PD Power PPA for any force majeure event that occurs after the effective date of the PD Power PPA. No obligations of the parties that are required to be completely performed prior to the occurrence of a force majeure event shall be excused as a result of occurrence of that event. Subject to the provisions of the PD Power PPA, the obligation of the parties to pay money due, including the obligation of TNB to make any capacity payments due shall not be excused as a result of any force majeure event. If a force majeure event cannot be remedied within a period of 180 days from the initial occurrence of such force majeure event, the party not excused by such force majeure event may terminate the PD Power PPA or extend such period, at its sole discretion, for an additional period of time necessary to remedy such force majeure event, so long as the party claiming force majeure is exercising reasonable diligence to remedy such force majeure event, which shall include reasonable and diligent efforts by PD Power to repair or rebuild the Port Dickson Power Plant. In no event shall such additional reasonable period of time exceed 18 months.

Events of default

The PD Power PPA provides for the following events of default by PD Power and TNB which will result in the termination of the PD Power PPA. Major events of default include:

- (i) the monthly equivalent availability factor (based upon a dependable capacity of 436.4 MW and determined on a monthly basis) of the Port Dickson Power Plant shall, for any reason other than due to any force majeure events, be less than 65% for a period of 12 or more consecutive months;
- (ii) PD Power or TNB's failure to make payments for undisputed amounts due under the PD Power PPA within 60 days after receipt of written notice of such non-payment;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (iii) PD Power or TNB's failure to comply with any material obligations under the PD Power PPA, and such failure continue uncured for a period of 45 days after notification of such failure from the non-defaulting party provided that if such failure cannot be cured within a period of 45 days with the exercise of reasonable diligence, then such cure shall be extended for an additional period of 90 days so long as the defaulting party is exercising reasonable diligence to cure such failure; or
- (iv) PD Power's IPP Licence being suspended, revoked, terminated or expired.

Upon termination, the non-defaulting party shall be excused and relieved of all obligations and liabilities under the PD Power PPA, except for payment of amounts due before such termination.

Capacity payments

Under the PD Power PPA, TNB shall make capacity payments to PD Power in amounts calculated in accordance with the following formula:

$$CP = DC \times (CRF + FOR) \times F \times (AF/AT)$$

where

- CP = Capacity payment (in RM) for such capacity billing period
- DC = Average of the dependable capacity of the facility for such capacity billing period in kW weighted by the number of hours attributed to each period of differing dependable capacity of the facility in such capacity billing period
- CRF = Capacity rate financial for such capacity billing period as set out in the PD Power PPA
- FOR = Fixed operating rate (in RM/kW/Month) for such capacity billing period as set out in the PD Power PPA
- F = Factor set (i) at 1.0 if AF is greater or equal to 80%; (ii) at 0.95 if AF is greater or equal to 65% but less than 80%; (iii) at 0.9 if AF is greater than or equal to 50% but less than 65%; and (iv) at AF/AT if AF is less than 50%
- AF = For each capacity billing period, AF equals the arithmetic average of the monthly equivalent availability factor for the previous 12 capacity billing periods (including such capacity billing period), expressed as a percentage, provided that for purposes of determining CP for each of the first 11 months following the COD for Block 1, the monthly equivalent availability factor will be deemed to be 87% during those months prior to such COD for which no actual monthly equivalent availability factor exists
- AT = Availability target set (i) at 87% if AF is less than 87%, and (ii) equal to AF for values of AF equal to or greater than 87%, except that, for each capacity billing period for which AF is greater than 94%, the availability target is set at 93% if (x) the monthly equivalent availability factor for each of the previous six capacity billing periods is also greater than 94%, (y) for each of such capacity billing period and the previous six capacity billing periods, DC_U for each unit is not less than 103.5 MW, and DC is not less than 414 MW, and (z) such capacity billing period is occurring at least 12 months after the COD for Block 2.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

As used herein, "DC_U" means, for each unit, the average of the dependable capacity of such unit for such capacity billing period in kW weighted by the number of hours attributed to each period of differing dependable capacity of such unit in such capacity billing period

Energy payments

Under the PD Power PPA, TNB shall make energy payments to PD Power in amounts calculated in accordance with the following formula:

$$EP = (E \times H \times NEO) / 1,000,000 + VOR \times NEO/S$$

where

- EP = Energy payment (in RM) for such energy billing period
- E = Weighted average cost of fuel (in RM/mmbtu) paid by PD Power under the PD Power GSA (which shall include any taxes actually paid by PD Power in respect of such fuel) and used at the facility during such energy billing period, calculated by dividing (i) the aggregate amount (in RM) paid by PD Power for such fuel by (ii) the aggregate mmbtu of such fuel
- H = Assumed net heat rate (in BTU/kWh) set at 12,108 BTU/kWh based on (i) higher calorific value at assumed conditions, and (ii) the relevant unit operating at a continuous load of 100% of the net generating capacity of such unit available for dispatch by TNB
- NEO = Net electrical output (in kWh) of the facility for such energy billing period
- VOR = Variable operating rate (in RM/kWh) for such energy billing period as set out in the PD Power PPA
- S = The quotient obtained from dividing (i) the product of (A) the number of start-ups requested by TNB during such billing period (excluding any additional start-ups caused by PD Power or the facility, e.g. tripping or outage of the facility, or failure of the facility to start-up after a start-up request by TNB), (B) 18.18 mmbtu/start-up, and (C) E (as determined above) by (ii) 1,000,000

C.10 PD Power GSA

Events of default

The PD Power GSA provides for the following events of default which will result in the termination of the PD Power GSA. The following events include:

- (i) if either party breaches its warranty made under the PD Power GSA;
- (ii) if PD Power fails to pay the amount owed after 30 days has elapsed beyond the due date;
- (iii) if either party becomes insolvent or suspends payment of its debt generally or is otherwise unable to pay its debts as and when they fall due or if receivership is applied for or enters into an arrangement with its creditors;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (iv) if PD Power's IPP Licence is revoked;
- (v) if the PD Power PPA is terminated; or
- (vi) if a force majeure event has been claimed by one party with the result that no dry gas has been delivered or received under the PD Power GSA for a continuous period of more than two years.

In the event of a default, the non-defaulting party may terminate the PD Power GSA by giving the defaulting party a written notice of six months.

C.11 TBP PPA

Rights and obligations

TBP and TNB's rights and obligations (including that of the grid system operator) in respect of the despatch of electrical energy, operation, maintenance and testing of the Tanjung Bin Power Plant, under the TBP PPA include, and not limited to the following:

- (i) TBP shall furnish to the operations committee (the committee set up by the parties to discuss, co-ordinate and agree to relevant technical and operational issues under the TBP PPA comprising two representatives from both TBP and TNB), the proposed annual scheduled available capacity for that contract year to meet its availability target, at least 90 days prior to the start of that contract year, to which the operations committee shall review and agree within 60 days from the receipt of the proposed annual scheduled available capacity from TBP. Where a decision cannot be reached, the matter shall be referred to the grid system operator, whose decision shall be final and conclusive;
- (ii) TBP shall submit the agreed annual scheduled available capacity for each contract year to TNB and the grid system operator no later than 15 days prior to 1 January of that contract year;
- (iii) TBP shall declare and notify at 10.00 am each day (or such other time otherwise advised) throughout the TBP PPA Term (as defined in Section 7.24.5(i) of this Prospectus) to the grid system operator the declared daily available capacity for the following day. TBP may redeclare the declared daily available capacity at any time to allow for changes and deration;
- (iv) the despatching of the Tanjung Bin Power Plant shall be at the grid system operator's discretion, but in accordance with the TBP PPA and shall not exceed the declared daily available capacity prevailing at the time of the despatch instruction;
- (v) TBP shall comply with any despatch instruction and shall not generate more than 1% exceeding the level of generation specified in the despatch instruction over any one-hour unless due to an excused event (caused by or attributable to TNB or the grid system operator or the grid system), which causes the fluctuation in the level of generation. TBP shall generate at least 99% of the lower of (a) its prevailing contractual available capacity or tested annual available capacity, and (b) the level of generation specified in the despatch instruction;
- (vi) during an emergency operation, TBP shall use all reasonable efforts to deliver electrical energy at TNB's control centre request and shall co-operate with the control centre in establishing emergency plans and shall consult the control centre before changing its generation schedule;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

- (vii) subject to the approval of the operations committee, TBP may schedule or reschedule any scheduled outage, maintenance outage or major overhaul outage. The annual scheduled available capacity for that contract year shall be revised to reflect the changes where a scheduled outage or major overhaul outage is rescheduled. For rescheduling of the maintenance outage, the approval of the grid system operator is required;
- (viii) where the grid system operator requires the postponement of a scheduled outage, maintenance outage or major overhaul outage, TBP shall comply with the instructions of the grid system operator. The annual scheduled available capacity for that contract year shall be revised to reflect the changes where a scheduled outage or major overhaul outage is postponed;
- (ix) TNB shall have the right to request the grid system operator to conduct a monitoring test on the Tanjung Bin Power Plant at any time, subject to a maximum of six monitoring tests in each contract year. Upon receipt of such request from TNB, TBP shall not be entitled to redeclare its declared daily available capacity until the completion of the monitoring test. The net electrical output generated pursuant to a monitoring test is not test energy and such net electrical output shall be paid by TNB in accordance with the TBP PPA; and
- (x) pursuant to a monitoring test by TNB, TBP is required to ensure that the Tanjung Bin Power Plant maintains a level of generation of at least 99% of the lower of (a) its prevailing contractual available capacity or tested annual available capacity, as the case may be, and (b) the level of generation specified in the notice for such monitoring test, over any one-hour period for the duration of the monitoring test.

In the event TBP fails a monitoring test or fails to comply with a despatch instruction and until the date the electrical energy is next re-established pursuant to a revalidation test, TBP shall pay TNB an amount equal to (x) the difference between the reference despatch level (in kW), multiplied by (y) the applicable capacity charge rate (in RM/kW/day) for the prevailing contract year for the Tanjung Bin Power Plant, multiplied by (z) the reference period (in days) of which such reference period shall be capped at 180 days. In addition, in the event TBP abandons the Tanjung Bin Power Plant (failure of TBP to operate the Tanjung Bin Power Plant for a continuous period of six months otherwise due to TNB's breach of material obligation, repair and maintenance works, a force majeure event or an emergency condition) after the construction commencement date, TBP shall pay to TNB liquidated damages in an amount not exceeding the aggregate of RM45.0 million.

Force majeure

Subject to limitations under the TBP PPA, if either TBP or TNB is unable or delayed by reason of a force majeure event (an event beyond the reasonable control of the parties and through no fault or negligence of the parties claiming such force majeure event and such force majeure event causes delay or disruption in the performance of the parties' obligation) in performing any of its obligations set out under the TBP PPA, the obligations of the parties shall be suspended or excused to the extent of each performance being affected by the force majeure event. Such events include, and not limited to:

- (i) acts of public enemies or terrorists, public disorders or violent demonstrations, explosions and other natural calamities;
- (ii) any force majeure affecting the performance of any party to the fuel supply contracts or other contract relating to the operation and maintenance of the Tanjung Bin Power Plant;
- (iii) failure to obtain or renew any relevant Government authorisations;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

- (iv) any interruption in the supply of nominated fuel to the Tanjung Bin Power Plant due to the default or negligence of the nominated fuel supplier under the TBP CSTA or due to a force majeure event thereunder; and
- (v) an emergency condition (a condition described in the grid code or in the judgment of the grid system operator, based on prudent utility practices which could among others, reasonably be expected to adversely affect the provision of electricity supply to the end users).

In an event of force majeure affecting TBP and for the duration of such force majeure, TNB shall pay available capacity payments and daily utilisation payments to TBP only to the extent the Tanjung Bin Power Plant is available to deliver electrical energy to TNB.

In an event of force majeure affecting TNB and for the duration of such force majeure, TNB shall continue to pay available capacity payments to TBP only to the extent and in respect of the units available to deliver electrical energy to TNB. TNB shall also pay TBP the difference (if a positive value) between (i) its costs of debt servicing and any unavoidable costs TBP necessarily and reasonably incurs; and (ii) the total available capacity payments and daily utilisation payments due to TBP and any insurance proceeds which reimburse TBP arising from such costs incurred. If a force majeure event prevents either party from substantially performing any material obligation for a period exceeding 180 days, that period may be extended by a further 180 days (or such other period the parties' shall agree upon after consultation), failing which, either party may terminate the TBP PPA.

Events of default

The TBP PPA provides for the following events of default by TBP and TNB which will result in the termination of the TBP PPA. Major events of default include:

- (i) TBP or TNB's failure to make payment of any amount of substantial nature which is due and payable within 60 days after receipt of notice of non-payment;
- (ii) TBP or TNB's failure to comply with any material obligations under the TBP PPA (other than payment obligations) for a period of 180 days after notification of such failure from the non-defaulting party;
- (iii) TBP abandons the project (which is failure to operate the Tanjung Bin Power Plant for a continuous period of more than six months unless TNB is in breach of a material obligation; or the Tanjung Bin Power Plant is subject to repair, rehabilitation or repowering; or TBP is excused from doing so in accordance with the terms and conditions of the TBP PPA) and fails to resume its activities within the timeframe agreeable by TNB;
- (iv) TBP's IPP Licence being suspended, revoked, terminated or expired due to TBP's default and TBP has not caused TBP's IPP Licence to be reinstated or renewed;
- (v) without the prior written approval of the Government, the aggregate Bumiputera interest in TBP becomes less than 51%;
- (vi) TBP terminates the TBP PPA as a result of an event of default by TNB; or
- (vii) prior to the seventh anniversary of the COD of the first unit of the Tanjung Bin Power Plant, without the prior written approval of the Government, (a) save for any sale, conveyance, transfer or disposal pursuant to any Islamic financing in accordance with the principles of Syariah and the following which TBP reacquires title to the project, TBP sells, conveys, transfers or otherwise disposes of the project or any material part or any of its interest to any person or enters into an agreement to do so; or (b) any shareholder sells, transfers or otherwise disposes of any share of TBP (including the assignment of the beneficial interest therein or the creation of any charge or other

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

security interest over such share or to subscribe for such share) or any interest in such share or enters into an agreement to do so; or (c) there is a change in control of TBP.

In the event of a default, the non-defaulting party may terminate the TBP PPA by written notice subject to a cure period of 180 days. If TNB terminates the TBP PPA due to an event of default by TBP, TNB shall have the option to purchase the Tanjung Bin Power Plant from TBP at a price to be determined in accordance with the provisions set out in the TBP PPA. Alternatively, TNB shall also have the right to assume partial or complete operational responsibility for the Tanjung Bin Power Plant, exercisable only upon the expiration of any applicable cure period granted to TBP and where TNB's step-in rights are acknowledged by the financing parties to the Tanjung Bin Power Plant. TNB's step-in rights to operate the Tanjung Bin Power Plant shall not extend beyond 180 days for each occasion. In no event shall TNB's election to step-in to operate the Tanjung Bin Power Plant be deemed to be a transfer of title or a transfer of TBP's obligations as owner of the Tanjung Bin Power Plant.

If TBP terminates the TBP PPA due to an event of default by TNB, TBP shall have the option to sell the Tanjung Bin Power Plant to TNB at a price to be determined in accordance with the provisions set out in the TBP PPA.

Available capacity payments

Under the TBP PPA, TNB shall make available capacity payments to TBP in amounts calculated in accordance with the following formula:

- (A) The available capacity payment for each day of a billing period and for the facility shall be calculated in accordance with the formula set out in (1), (2), (3) or (4) below as applicable, where, if for day i in the billing period:

- (1) $DAC_{AW} \geq DAC_{PW}$,

$$ACP_i = FAP$$

- (2) (i) $DAC_{AW} < DAC_{PW}$; and

(ii) $(\sum_k (DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) \leq UOL_1$,

$$ACP_i = FAP$$

- (3) (i) $DAC_{AW} < DAC_{PW}$; and

(ii) $(\sum_k (DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) > UOL_1$; and

(iii) $(\sum_k (DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) \leq UOL_2$,

$$ACP_i = [FAP \times ((DAC_{AW} + (TAAC_F - DAC_{PW})) / TAAC_F)]$$

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (4) (i) $DAC_{AW} < DAC_{PW}$ and
(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) > UOL_2$,

$$ACP_i = [FAP \times ((DAC_{AW} + (TAAC_F - DAC_{PW})) / TAAC_F)] - P$$

- (B) The available capacity payment for the billing period for the facility shall be calculated as the aggregate of the available capacity payments for each day in the billing period, determined as follows:

$$ACP = \sum_{i=1}^n ACP_i$$

where

| | | |
|------------|---|---|
| ACP | = | Available capacity payment (in RM) for the billing period |
| ACP_i | = | Available capacity payment (in RM) for each day i in the billing period |
| FAP | = | Fixed availability payment (in RM) for the facility for one day |
| | = | The sum of the fixed availability payment (in RM) for each unit for that day calculated as follows: |
| | | CCR x CAC, x 1000 x 1 day for each unit in its first contract year; and |
| | | CCR x TAAC, x 1000 x 1 day for each unit subsequent to its first contract year |
| CCR | = | Capacity charge rate (in RM/kW/day) |
| | = | $(X_r \times CRF + FOR) \times \frac{12}{N}$ |
| X_r | = | 0.85 |
| CAC, | = | Contractual available capacity for the relevant unit (in MW) |
| TAAC, | = | Tested annual available capacity for the for the relevant unit for that contract year (in MW) |
| $TAAC_F$ | = | Tested annual available capacity for the facility for that contract year (in MW) |
| CRF | = | Capacity rate financial for that billing period (in RM/kW/month) |
| FOR | = | Fixed operating rate for that billing period (in RM/kW/month) |
| DAC_{AW} | = | Daily available capacity (actual) (in MW) of the facility for such day |
| DAC_{PW} | = | Daily available capacity (planned) (in MW) of the facility for such day |

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

| | | |
|----------------------------------|---|---|
| N | = | (a) 365, for the first and last contract years in the TBP PPA Term; or (b) the actual number of days in the prevailing contract year for all intervening contract years |
| n | = | Total number of days in the billing period |
| <i>i</i> | = | Day <i>i</i> of the billing period |
| P | = | Factor used to reflect the performance of the facility for such day (in RM), determined as follows: $(DAC_{PW} - DAC_{AW}) \times 1000 \times CCR$ |
| UOL ₁ | = | First unscheduled outage limit (in kWh), determined in accordance with the following equation: $UOL_1 = UOR \times TAAC_F \times 1000 \times 8760$ |
| UOL ₂ | = | Second unscheduled outage limit (in kWh), determined in accordance with the following equation: $UOL_2 = (UOR + 2\%) \times TAAC_F \times 1000 \times 8760$ |
| UOR | = | Unplanned outage rate (expressed as a percentage) which has the value of 6% |
| $\sum_k (DAC_{PWk} - DAC_{AWk})$ | = | Aggregate of the difference between DAC_{PW} and DAC_{AW} for each day <i>k</i> (in MW), subject to the following provisions: (a) beginning from the COD of the first unit and continuing for the TBP PPA Term, the difference between DAC_{PW} and DAC_{AW} for each day <i>k</i> prior to the COD of the first unit shall be deemed to be equal to zero; (b) beginning from the COD of the first unit and continuing for the TBP PPA Term, the difference between DAC_{PW} and DAC_{AW} for each day <i>k</i> shall be equal to zero if DAC_{PW} is less than or equal to DAC_{AW} for such day <i>k</i> ; and (c) beginning from the 1 st day of each of the 6 th , 10 th , 14 th , 18 th and 22 nd contract year, the aggregate of the difference between DAC_{PW} and DAC_{AW} for each day <i>k</i> prior to such day shall be equal to zero |
| <i>k</i> | = | An index representing each of the previous 365 days prior to day <i>i</i> |

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

Energy payments

Under the TBP PPA, TNB shall make energy payments to TBP in amounts calculated in accordance with the following formula:

$$EP = FP + (VOR \times NEO)$$

where

- EP = Energy payment (in RM) for the unit in such billing period, excluding any energy payment made in the billing period for the unit pursuant to G1.2(B)(b)(ii) of the TBP PPA
- FP = Fuel payment (in RM) for net electrical output delivered from the unit in such billing period as determined in accordance with Attachment B of the Appendix G of the TBP PPA, excluding fuel payments for test energy delivered from the unit in the billing period and paid pursuant to G1.2(B)(b)(ii) of the TBP PPA
- NEO = Net electrical output (in kWh) delivered from the unit in such billing period (less any test energy delivered from the unit in the billing period pursuant to G1.2(B)(b)(ii) of the TBP PPA)
- VOR = Variable operating rate (in RM/kWh) for that billing period

Utilisation payment

Under the TBP PPA, TNB shall make utilisation payments to TBP in amounts calculated in accordance with the following formula:

- (A) The daily utilisation payment ("DUP") for each day i of a billing period and for the relevant unit shall be calculated in accordance with formula set out in (1), (2), (3) or (4) below as applicable:

- (1) (i) where such day i is a Sunday or a Public Holiday; or
(ii) where such day i is a Weekday or Saturday and $AH_i = PKH_i$ or
(iii) $DAC_{UPW} = 0$

$$DUP_{ui} = TAAC_u \times [X_d - X_i] \times CRF_{day} \times 1000$$

- (2) (i) where such day i is a Weekday or Saturday; and
(ii) $AH_i < PKH_i$ and
(iii) $\sum_{u=1}^3 [(PKH_{kui} - AH_{kui}) \times TAAC_u \times 1000] \leq UOL_3$

$$DUP_{ui} = TAAC_u \times [(X_d - X_i) \times CRF_{day}] \times 1000$$

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (3) (i) where such day i is a Weekday or Saturday; and
(ii) $AH_i < PKH_i$ and
(iii) $UOL_3 < \sum_{u=1}^3 [(PKH_{kui} - AH_{kui}) \times TAAC_u \times 1000] \leq UOL_4$

$$DUP_{ui} = TAAC_u \times [(X_d - X_t) \times CRF_{day}] \times AH_u / PKH_u \times 1000$$

- (4) (i) where such day i is a Weekday or Saturday; and
(ii) $AH_i < PKH_i$ and
(iii) $\sum_{u=1}^3 [(PKH_{kui} - AH_{kui}) \times TAAC_u \times 1000] \geq UOL_4$

$$DUP_{ui} = TAAC_u \times [(X_d - X_t) \times CRF_{day}] \times AH_u / PKH_u \times 1000 - P_2$$

The daily utilisation payment for each day i of a billing period and for the facility shall be determined as follows:

$$DUP_i = \sum_{u=1}^3 DUP_{ui}$$

- (B) The utilisation payment for the billing period and for the facility shall be calculated as the aggregate of the DUP for each day i in the billing period, determined as follows:

$$UP = \sum_1^n DUP_i$$

- (C) The utilisation payment for any contract year for the facility being the aggregate of utilisation payments for all billing periods in that contract year shall not exceed the maximum annual utilisation payment, calculated as follows:

$$UP_{Max} = (1.025 - X_t) \times CRF \times TAAC_F \times 1000 \times 12 \times \frac{N_1}{N}$$

In the event the utilisation payment for any contract year exceeds the maximum annual utilisation payment, the excess shall, to the extent such excess has been paid to TBP during that contract year, become immediately due and payable by TBP to TNB and to the extent such excess or any part thereof has not been paid, shall not be payable by TNB to TBP.

The terms used above shall have the meanings set out below:

- DUP_{ui} = Daily utilisation payment (in RM) for each unit for each day i in the billing period
 DUP_i = Daily utilisation payment (in RM) for the facility for each day i in the billing period
UP = Utilisation payment (in RM) for the billing period

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

| | | |
|---|---|---|
| UP _{max} | = | Maximum annual utilisation payment that can be received by TBP in a contract year in respect of the facility |
| AH | = | Number of hours (or portion thereof) the unit is available on day <i>i</i> during PKH |
| PKH | = | Peak hours on that day; (a) for a Weekday, the peak hours are the period between 8 a.m. and 6 a.m.; or (b) for a Saturday, the peak hours are the period between 8 a.m. and 1 p.m. |
| PKH year | = | Number of peak hours in a year: (10 x total number of weekdays in a contract year) + (5 x total number of Saturdays in a contract year) |
| UOL ₃ | = | Third unscheduled outage limit (in kWh) determined in accordance with the following equation: $UOL_3 = UOR_2 \times TAAC_F \times 1000 \times PKH_{year}$ |
| UOL ₄ | = | Fourth unscheduled outage limit (in kWh) determined in accordance with the following equation: $UOL_4 = (UOR_2 + 1\%) \times TAAC_F \times 1000 \times PKH_{year}$ |
| UOR ₂ | = | Unplanned outage rate (expressed as a percentage) which has the value of 3.5% |
| Weekday | = | Monday to Friday except a Public Holiday |
| Saturday | = | Saturday except when it is a Public Holiday when it shall be considered as Public Holiday for the purpose of the Appendix G in the TBP PPA |
| Public Holiday | = | Any day (that is not a Sunday) on which banks are not open for business in Kuala Lumpur |
| P ₂ | = | Factor used to reflect performance of the unit for the peak hours for such day <i>i</i> (in RM) $[(PKH_{ui} - AH_{ui}) / PKH_{ui}] \times TAAC_u \times [(X_d - X_t) \times CRF_{day}] \times 1000$ |
| $\sum_{u=1}^3 PKH_{kui} [(PKH_{kui} - AH_{kui}) \times TAAC_u \times 1000]$ | = | Aggregate of the difference of the Availability between the peak hours (PKH) and available peak hours (AH) for each day <i>k</i> (in hours) in respect of the three Units comprising the Facility, subject to the following provisions: (i) beginning from the COD of the first unit and continuing for the TBP PPA Term, the difference of the availability between PKH and AH for each day <i>k</i> prior to the COD of the first unit shall be deemed to be zero; |

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (ii) beginning from the COD of the first unit and continuing for the TBP PPA Term, the difference of the availability between PKH_{ui} and AH_{ui} for each day k shall be equal to zero if PKH_{ui} is less than or equal to AH_{ui} for such day k ; and
- (iii) beginning from the 1st day of each of the 6th, 10th, 14th, 18th and 22nd contract year, the aggregate of the difference of the availability between PKH_{ui} and AH_{ui} for each day k prior to such day shall be equal to zero
- k = An index representing each of the previous 365 days prior to day i
- CRF_{day} = $CRF \times \frac{12}{N}$
- N = (a) 365, for the first and last contract years in the TBP PPA Term; or
(b) the actual number of days in the prevailing contract year for all intervening contract years
- N_1 = Actual number of days in that contract year
- n = Total number of days in the billing period
- CRF = Capacity rate financial for that billing period (in RM/kW/month)
- $TAAC_u$ = Tested annual availability capacity of the relevant unit for that contract year (in MW)
- $TAAC_F$ = Tested annual availability capacity of the facility for that contract year (in MW)
- i = Day i of the billing period
- u = Each unit in the facility
- X_{di} for a unit = (a) 1, when $DAC_{UPW} = 0$; or
(b) 0.925, when $DAC_{UPW} > 0$ and $DAC_{UAW} = 0$; or
(c) X_{di} of the same Weekday or Saturday or Sunday or Public Holiday immediately prior to that day wherever applicable subject to a maximum of 1, if due to a constrain in the grid system, that unit cannot be despatched at all or at the level of its DAC_{UAW} ; or
(d) the applicable value (based on whether it is a Weekday, Saturday, Sunday or Public Holiday) set opposite MDR for that day i . If MDR for that day i does not correspond to any of the values set out, then the following formula shall be used to determine the factor X_{di} corresponding to MDR for that day i ;

$$X_{di} = X_{dH} + \frac{(X_{dL} - X_{dH}) \times (MDR - MDR_H)}{(MDR_L - MDR_H)}$$

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

where:

MDR = Ratio MDC_u/DAC_{upw} for each unit expressed as a percentage for day i ;

X_{dH} = X_d factor corresponding to day i set opposite MDR_H

X_{dL} = X_d factor corresponding to day i set opposite MDR_L

MDR_H = Lowest percentage ratio expressed as a percentage, that has a value higher than MDR;

MDR_L = Highest percentage ratio expressed as a percentage, that has a value lower than MDR

X_r = 0.85

MDC_u = (i) Maximum despatched capacity for the day (in MW) is the highest average level of despatched capacity (in MW) met by the unit (as measured by the TNB metering equipment for any half hour period); or

(ii) when any of the available units is shutdown for the whole of that day in accordance with the GSO's instructions, then the MDC for each of the available units (including the available unit(s) that have been shutdown where MDC is zero) shall be deemed (for the purposes of determining the MDR and X_d) to be the sum of the maximum despatched capacity being the highest average level of despatched capacity (in MW) (as measured by the TNB Metering Equipment for any half hour period) of each of the available units in the facility divided by the number of available units in the facility

DAC_{UPW} = Daily available capacity (planned) (in MW) of the relevant unit for that day

DAC_{UAW} = Daily available capacity (actual) (in MW) of the relevant unit for that day

C.12 TBP CSTA

Rights and obligations

TFS and TBP's rights and obligations in respect of the supply, delivery and purchase of coal under the TBP CSTA include, and not limited to the following:

- (i) TBP shall notify TFS, on or before 7 October of each delivery year, the estimate of the quantity of coal TBP will require from TFS for the next five years;
- (ii) TFS shall furnish TBP (and submit to the fuel committee for approval) with a master supply plan setting out, inter alia, the source, manner and timing in which TFS intends to procure and supply coal to TBP throughout the entire delivery term. In addition, based on TBP's notice of the estimated quantity of coal required for the next five years, TFS shall prepare and furnish to TBP a draft coal supply plan (which is also subject to the fuel committee's approval). The fuel committee shall comprise representatives from TNB, TBP, TFS and the Energy Commission and shall have the powers as set out under the TBP PPA in relation to coal;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (iii) in each delivery year, TFS shall supply and TBP shall purchase such coal scheduled, for delivery to TBP, pursuant to the notice by TBP specifying the quantity of coal nominated by TBP for delivery in each month ("**Monthly Nomination**"). Where TBP fails to provide such Monthly Nomination, the quantity of coal deemed to be nominated by TBP for delivery shall be equal to 60% of the average of the aggregate tonnage of coal nominated for delivery in the two months immediately preceding the delivery month. Save as expressly provided under the TBP CSTA, TFS shall be the sole and exclusive supplier of coal to TBP and TBP undertakes not to purchase coal from or through any other person.

In the event TNB or the grid system operator despatches electrical energy at a level lower than TNB's prior estimates of despatch levels for a delivery month or upon occurrence of forced outage resulting in stockpiles of coal at the Tanjung Bin Power Plant being at a maximum, TBP may give notice to cancel or reduce the Monthly Nomination for a delivery month subject to the limitation provisions as set out under the TBP CSTA. In addition, TBP may also exercise this option if an event of force majeure prevents the discharging of vessels at the discharge port or such an event of force majeure has resulted in stockpiles of coal being at a maximum. Due to the inability of TBP in accepting the Monthly Nomination which cannot be cancelled due to the reasons above, TBP may request TFS to either divert such shipment of coal to an alternative party designated by TBP or to sell such shipment to another party at a price not lower than that approved by TBP. Any costs incurred by TFS pursuant to such requests shall be paid by TBP. Where such request arises due to TNB or grid system operator's constraints, the costs incurred by TFS shall be apportioned by half;

- (iv) TFS shall enter into coal purchase contracts with producers of coal ("**Producers**") for the supply of selected coals to be supplied to TBP (subject to the approval of the fuel committee). The fuel committee shall not be allowed to approve more than eight selected coals/contracts proposed by TFS. However, TFS shall be entitled to enter into spot, short-term or other contract for the purchase of other selected coals and supply the same to TBP as part of the Monthly Nominations provided that the total number of supplied within a calendar year quarter shall not exceed 11. The aggregate coal purchase contract quantities (which is the aggregate tonnage of coal that the Producer is obliged to supply, including TFS's option to purchase in a year, multiplied by 6,300 kcal/kg and divided by the mean value of the GCV) ("**CPC Quantities**") that the Producers are obliged to supply to TFS (including quantities that TFS has the option to purchase) pursuant to the coal purchase contracts in each delivery year shall not be less than 4,320,000 tonnes or, if less, 80% of estimated average annual quantity of coal;
- (v) TBP shall have the right to reject delivery of any shipment of coal due to the coal failing to meet any of the coal quality rejection limits listed under the TBP CSTA within 24 hours of receipt by TBP of the certificate of the rejection limit analysis. In addition, TBP also has the option to reject a shipment, midway of the discharging process if such discharge is deemed to pose a risk of causing material damage to the discharge port or to the Tanjung Bin Power Plant due to combustion attributable to the coal and such notice of rejection may be exercised within six hours of commencement of discharge of shipment. TBP shall also be entitled to reject a shipment of coal where the certification indicates that the shipment contains more than negligible impurities within 24 hours of receipt by TBP of the impurities free certificate;
- (vi) TBP may resell coal ordered pursuant to the Monthly Nominations to TFS or to third parties (with the prior written consent of TFS) for purposes of stockpile management in accordance with prudent utility practices. TBP shall account to TFS annually for any net profit delivered from such resale of coal to third parties; and

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (vii) TFS shall prepare a remedial plan (setting forth TFS's plan for shipments of coal to be delivered to TBP to deal with the circumstances giving rise thereto) in the event of non-delivery, rejection or withdrawal of coal as provided under the TBP CSTA, within three business days, for the implementation of TFS.

Force majeure

Subject to limitations under the TBP CSTA, if either TBP or TFS is unable by reason of a force majeure event (an event beyond the reasonable control of the parties and through no fault or negligence of the parties claiming such force majeure event and such force majeure event causes delay or disruption in the performance of the parties' obligation) in performing any of its obligations set out under the TBP CSTA, the obligations of the parties shall be suspended or excused to the extent of such force majeure event. Such events include, and not limited to:

- (i) failure to obtain or renew any relevant Government approval relating to the performance of obligations under the TBP CSTA;
- (ii) damage to, or breakdown of, any of the wharf or loading gear, at the loading port or at the discharge port;
- (iii) unavailability or breakdown of vessels, machinery or equipment used to produce coal other than due to the negligence or wilful misconduct of the affected party;
- (iv) unavailability, obstruction or blockage, of the loading port or discharge port;
- (v) unusually severe congestion or unusually long queue of vessels at the loading port that were not reasonably foreseeable;
- (vi) any event of force majeure declared under the TBP PPA; and
- (vii) any event of force majeure declared by any Producer or TFS under the coal purchase contracts.

If a force majeure event occurs and continues for a period exceeding 270 days and the parties are unable to reach an agreement to continue with the TBP CTSA, either party may terminate the TBP CSTA by giving the other party 30 days written notice of such termination. Where a force majeure event prevents TFS from supplying and delivering coal to TBP under the TBP CSTA, TBP may enter into contracts to purchase coal from any third parties, including the Producers. TBP shall notify TFS of the terms and conditions of such contracts.

Termination

The TBP CSTA provides for the following terminating events which will result in the termination of the TBP CSTA. The following events include, and not limited to the following:

- (i) TNB ceases control of TFS, in which any party may terminate the TBP CSTA by giving notice of not less than 120 days to the other party;
- (ii) a change in policy or law which allows an IPP to purchase coal freely from any party other than TFS;
- (iii) TFS or TBP's failure to pay any undisputed amount when due;
- (iv) TFS's failure to provide or implement a remedial plan, resulting in TBP having to purchase replacement coal (exceeding three times in a delivery year);

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

- (v) TFS's failure to meet the requirements of maintaining CPC Quantities for the next two delivery years;
- (vi) TFS or TBP's failure to perform or breaches any of its material obligations and such breach is not remedied within 30 days after notification of such failure;
- (vii) TFS's failure to terminate a defaulting Producer in accordance with the TBP CSTA;
- (viii) a resolution for the bankruptcy, insolvency, winding up, liquidation of TFS or TBP is passed; or
- (ix) TFS's failure to seek the approval of the fuel committee for the replacement coal contracts.

In the event of a default, the non-defaulting party may terminate the TBP CSTA by providing not less than 30 days prior written notice of such termination to the defaulting party. However, such termination shall not occur if the defaulting party cures or remedies such event of default before the date of expiration specified in the notice. Where a termination of the TBP CSTA arising from a terminating event by TFS, TBP may acquire coal from any other party, including Producers and TFS shall bear the net incremental acquisition and transportation costs with respect to such coal (over and above the base price). TBP may also exercise its option to issue a notice requiring TFS to prepare and submit to TBP a default remedial plan to remedy such an event of default within a period of 60 days, in lieu of termination.

C.13 TBE PPA

Rights and obligations

TBE and TNB's rights and obligations (including that of the grid system operator) in respect of the despatch of electrical energy, operation, maintenance and testing of the Tanjung Bin Energy Power Plant, under the TBE PPA include, and not limited to the following:

- (i) TBE shall furnish TNB with the proposed annual scheduled available capacity for the contract year in which the COD occurs ("**Initial Contract Year**"). Within 15 days after the COD of the Tanjung Bin Energy Power Plant, TBE shall submit any desired change to the annual scheduled available capacity for the Initial Contract Year to take into account any difference between the date of the scheduled COD and the actual date of the COD;
- (ii) TBE shall prepare the proposed annual scheduled available capacity for the Initial Contract Year to meet the availability target applicable to that contract year, in accordance with the TBE PPA;
- (iii) TBE shall declare and notify at 10.00 am each day (or such other time otherwise advised) after the COD to the grid system operator the declared daily available capacity for the following day. TBE may redeclare the declared daily available capacity at any time to allow for changes and deration;
- (iv) the despatching of the Tanjung Bin Energy Power Plant shall be at the grid system operator's discretion, but in accordance with the TBE PPA and shall not exceed the declared daily available capacity prevailing at the time of the despatch instruction;
- (v) TBE shall comply with any despatch instruction and shall not generate more than 1% exceeding the level of generation specified in the despatch instruction over any one-hour period unless due to an excused event (being a force majeure event or any fluctuation in the level of generation as a result of any event caused to TNB or the grid system operator or the grid system). TBE shall generate at least 99% of the level of generation specified in the relevant despatch instruction in accordance with the

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

ramp rates unless due to an excused event. Failure of such compliance shall cause TBE to pay TNB liquidated damages in an amount equal to RM250,000 for each failure to comply with the despatch instruction or the monitoring test. However, if a failure is the third such failure arising within a period of 14 days, TBE shall pay TNB an amount equal to (x) the difference between the reference despatch level specified in the despatch instruction (in kW) and such deemed declared available capacity (in kW), multiplied by (y) the applicable capacity charge rate (in RM/kW/day) for the prevailing contract year for the Tanjung Bin Energy Power Plant, multiplied by (z) the reference period (in days) of which such reference period shall be capped at 180 days; and

- (vi) TNB shall have the right to request the grid system operator to conduct a monitoring test on the Tanjung Bin Energy Power Plant at any time after giving notice to TBE and the grid system operator. Pursuant to a monitoring test by TNB, TBE is required to ensure that the Tanjung Bin Energy Power Plant maintains a level of generation of at least 99% of the lower of (a) its prevailing contractual available capacity or tested annual available capacity, as the case may be, and (b) the level of generation specified in the notice for such monitoring test in accordance with the ramp rates unless due to an excused event. TNB shall be entitled to carry out six monitoring tests in respect of the Tanjung Bin Energy Power Plant in each contract year.

Force majeure

Subject to limitations under the TBE PPA, if either TBE or TNB is unable or delayed by reason of a force majeure event (an event beyond the reasonable control of the parties and through no fault or negligence of the parties claiming such force majeure event and such force majeure event causes delay or disruption in the performance of the parties' obligation) in performing any of its obligations set out under the TBE PPA, the obligations of the parties shall be suspended or excused to the extent of each performance being affected by the force majeure event. Such events include, and not limited to:

- (i) acts of public enemies or terrorists or acts of war, whether or not war is declared, acts of force by a foreign nation or embargo;
- (ii) any force majeure affecting the performance of any person that is a party to the TBEI EPC Contract or other contract between TBE and such person relating to the construction, operation or maintenance of the Tanjung Bin Energy Power Plant;
- (iii) failure to obtain or renew any relevant Government authorisations;
- (iv) any interruption in the supply of nominated fuel to the Tanjung Bin Energy Power Plant due to the default or negligence of the nominated fuel supplier under the TBE CSTA or due to a force majeure event;
- (v) an emergency condition (a condition described in the grid code or in the judgment of the grid system operator, based on prudent utility practices which could among others, reasonably be expected to adversely affect the provision of electricity supply to the end users); and
- (vi) any force majeure event affecting the performance of TNB relating to the construction of the design, construction, engineering, installation, testing and commissioning of the interbus transformer and the transmission works at the Tanjung Bin Energy Power Plant.

In an event of force majeure affecting TBE and for the duration of such force majeure, TNB shall pay available capacity payments to TBE only to the extent the Tanjung Bin Energy Power Plant is available to deliver electrical energy to TNB.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

In an event of force majeure affecting TNB and for the duration of such force majeure, TNB shall continue to pay available capacity payments to TBE only to the extent the Tanjung Bin Energy Power Plant is available to deliver electrical energy to TNB. TNB shall also pay TBE the difference (if a positive value) between (i) its costs of debt servicing and any unavoidable costs TBE necessarily and reasonably incurs; and (ii) the total available capacity payments due to TBE and any insurance proceeds which reimburse TBE arising from such costs incurred. If a force majeure event prevents either party from substantially performing any material obligation for a period exceeding 180 days, that period may be extended by a further 180 days (or such other period the parties' shall agree upon after consultation), failing which, either party may terminate the TBE PPA.

Events of default

The TBE PPA provides for the following events of default by TBE and TNB which will result in the termination of the TBE PPA. Major events of default include:

- (i) TBE or TNB's failure to make payment of any amount of substantial nature which is due 60 days after receipt of notice of non-payment;
- (ii) TBE or TNB's failure to comply with any obligations under the TBE PPA (other than payment obligations) for a period of 90 days after notification of such failure from the non-defaulting party;
- (iii) TBE abandons the project (which is failure to operate the Tanjung Bin Energy Power Plant for a continuous period of more than six months unless TNB is in breach of a material obligation; or the Tanjung Bin Energy Power Plant is subject to repair, rehabilitation or repowering; or TBE is excused from doing so in accordance with the terms and conditions of the TBE PPA) and fails to resume its activities within the timeframe agreeable by TNB;
- (iv) TBE's IPP Licence being suspended, revoked, terminated or expired due to omission, fault or negligence of TBE and TBE's IPP Licence is not reinstated or renewed;
- (v) without the prior written approval of the Government, the aggregate Bumiputera interest in TBE becomes less than the percentage as provided in the TBE's IPP Licence (as set out in Annexure A of this Prospectus);
- (vi) the TBE CSTA is terminated by the nominated fuel supplier as a result of a default by TBE;
- (vii) prior to the seventh anniversary of the COD of the Tanjung Bin Energy Power Plant, without the prior written approval of the Government, (a) TBE sells, conveys, transfers or otherwise disposes of the project or any material part or any of its interest to any person or enters into an agreement to do so; or (b) any shareholder (which refers to any person who owns or controls TBE or Malakoff) sells, transfers or otherwise disposes of any share of TBE (including the assignment of the beneficial interest therein or the creation of any charge or other security interest over such share or to subscribe for such share) or any interest in such share or enters into an agreement to do so; or (c) there is a change in control of TBE; or
- (viii) the COD of the Tanjung Bin Energy Power Plant fails to occur within six months of the scheduled COD, which is 1 March 2016.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

In the event of a default, the non-defaulting party may terminate the TBE PPA by written notice subject to a cure period of 180 days. If TNB terminates the TBE PPA due to an event of default by TBE, TNB shall have the option to purchase the Tanjung Bin Energy Power Plant from TBE at a price to be determined in accordance with the provisions set out in the TBE PPA. Alternatively, TNB shall also have the right to assume partial or complete operational responsibility for the Tanjung Bin Energy Power Plant, exercisable only upon the expiration of any applicable cure period granted to TBE and where TNB's step-in rights are acknowledged by the financing parties to the Tanjung Bin Energy Power Plant. TNB's step-in rights to operate the Tanjung Bin Energy Power Plant shall not extend beyond 180 days for each occasion. In no event shall TNB's election to step-in to operate the Tanjung Bin Energy Power Plant be deemed to be a transfer of title or a transfer of TBE's obligations as owner of the Tanjung Bin Energy Power Plant.

If TBE terminates the TBE PPA due to an event of default by TNB, TBE shall have the option to sell the Tanjung Bin Energy Power Plant to TNB at a price to be determined in accordance with provisions set out in the TBE PPA.

If, due to the default of TBE or its contractors or agents under the TBE PPA, the COD of the Tanjung Bin Energy Power Plant does not occur as scheduled on 1 March 2016, TBE shall pay to TNB liquidated damages in an amount equal to RM600,000 per day for each day from the scheduled COD until the earlier of either the COD of the Tanjung Bin Energy Power Plant or the termination of the TBE PPA or 180 days after the scheduled COD. Where TBE abandons (failure of TBE to operate the Tanjung Bin Energy Power Plant for a continuous period of six months otherwise due to TNB's breach of material obligation, repair and maintenance works, a force majeure event or an emergency condition) the Tanjung Bin Energy Power Plant after the COD, TBE shall pay TNB liquidated damages in an amount equal to RM108.0 million. The aggregate of liquidated damages payable by TBE for the delay in achieving the COD and the abandonment of the Tanjung Bin Energy Power Plant shall not exceed RM108.0 million.

Available capacity payments

Under the TBE PPA, TNB shall make available capacity payments to TBE in amounts calculated in accordance with the following formula:

- (A) The available capacity payment for each day of a billing period and for the facility shall be calculated in accordance with the formula set out in (1), (2), (3) or (4) below as applicable, where, if for day i in the billing period:

(1) $DAC_{AW} \geq DAC_{PW}$,

$$ACP_i = FAP$$

(2) (i) $DAC_{AW} < DAC_{PW}$, and

(ii) $(\sum_k (DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) \leq UOL_1$,

$$ACP_i = FAP$$

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (3) (i) $DAC_{AW} < DAC_{PW}$; and
(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) > UOL_1$; and
(iii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) \leq UOL_2$,

$$ACP_i = [FAP \times ((DAC_{AW} + (TAAC - DAC_{PW})) / TAAC)]$$

- (4) (i) $DAC_{AW} < DAC_{PW}$; and
(ii) $(\sum_k(DAC_{PWk} - DAC_{AWk}) \times 1000 \times 24) > UOL_2$,

$$ACP_i = [FAP \times ((DAC_{AW} + (TAAC - DAC_{PW})) / TAAC)] - R$$

- (B) The available capacity payment for the billing period for the facility shall be calculated as the aggregate of the available capacity payments for each day in the billing period, determined as follows:

$$ACP = \sum_{i=1}^n ACP_i$$

where

ACP = Available capacity payment (in RM) for the billing period provided that if for any billing period $ACP < 0$, then the value of ACP (ignoring the negative sign) shall be the amount due and owed to TNB for that billing period by TBE, and shall be so reflected by TBE in the billing statement

ACP_i = Available capacity payment (in RM) for each day i in the billing period provided that if for any day i in the billing period, $ACP_i < 0$, then TBE agrees that the value of ACP_i (ignoring the negative sign) shall be the amount owed to TNB for that day i in the billing period from TBE and TNB shall be given credit of such value of ACP_i for such day i in the billing period

FAP = Fixed availability payment (in RM) for the facility for one day calculated as follows:

CCR x CAC x 1000 x 1 day for the facility in its first contract year; and

CCR x TAAC x 1000 x 1 day for the facility subsequent to its first contract year;

except for the duration when there is in effect a deemed declared available capacity and the provisions of Clause 14.7(c) of the TBE PPA apply, in which case:

FAP for such duration = CCR x AAC x 1000 x 1 day

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

| | | |
|----------------------------------|---|--|
| AAC | = | Weighted average of the actual daily available capacity (in MW) made available by TBE to TNB for each day i in the billing period, for the duration when there is in effect a deemed declared available capacity and the provisions of Clause 14.7(c) of the TBE PPA apply |
| CCR | = | Capacity charge rate (in RM/kW/day): |
| | = | $(CRF + FOR) \times \frac{12}{N}$ |
| CAC | = | Contractual available capacity (in MW) |
| TAAC | = | Tested annual available capacity for that contract year (in MW) |
| CRF | = | Capacity rate financial for that billing period (in RM/kW/month) |
| FOR | = | Fixed operating rate for that billing period (in RM/kW/month) |
| DAC _{AW} | = | Daily available capacity (actual) (in MW) for such day |
| DAC _{PW} | = | Daily available capacity (planned) (in MW) for such day |
| N | = | (a) 365, for the first and last contract years in the TBE PPA Term (as defined in Section 7.24.6(i) of this Prospectus) ; or (b) the actual number of days in the prevailing contract year for all intervening contract years |
| n | = | Total number of days in the billing period |
| i | = | Day i of the billing period |
| R | = | Factor used to reflect the performance of the facility for such day (in RM), determined as follows: $(DAC_{PW} - DAC_{AW}) \times 1000 \times CCR$ |
| UOL ₁ | = | First unscheduled outage limit (in kWh), determined in accordance with the following equation: $UOL_1 = UOR \times TAAC \times 1000 \times 8760$ |
| UOL ₂ | = | Second unscheduled outage limit (in kWh), determined in accordance with the following equation: $UOL_2 = (UOR + 2\%) \times TAAC \times 1000 \times 8760$ |
| UOR | = | Unplanned outage rate (expressed as a percentage) which has the value of 6% |
| $\sum_k (DAC_{PWk} - DAC_{AWk})$ | = | Aggregate of the difference between DAC _{PW} and DAC _{AW} for each day k (in MW) provided that beginning from the commercial operation date and continuing for the TBE PPA Term, the difference between DAC _{PW} and DAC _{AW} for each day k shall be equal to zero (0) if DAC _{PW} is less than or equal to DAC _{AW} for such day k |
| k | = | An index representing each of the previous 365 days prior to day i |

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

Energy payments

Under the TBE PPA, TNB shall make energy payments to TBE in amounts calculated in accordance with the following formula:

$$EP = FP + (VOR \times NEO)$$

where

- EP = Energy payment (in RM) for the facility in such billing period, excluding any test energy payment made in the billing period for the facility pursuant to G1.2 of the TBE PPA, excluding fuel payment for test energy delivered from the facility in the billing period and paid for
- FP = Fuel payment (in RM) for net electrical output delivered from the facility in such billing period as determined in accordance with Attachment B of the Appendix G of the TBE PPA, excluding fuel payment for test energy delivered from the facility in the billing period and paid for
- NEO = Net electrical output (in kWh) delivered from the facility in such billing period (less any test energy delivered from the facility in the billing period pursuant to G1.2 of the TBE PPA)
- VOR = Variable operating rate (in RM/kWh) for that billing period

C.14 TBE CSTA

Rights and obligations

TFS and TBE's rights and obligations in respect of the supply, delivery and purchase of coal under the TBE CSTA include, and not limited to the following:

- (i) TBE shall notify TFS, on or before 7 October of each delivery year, the estimate of the quantity of coal TBE will require from TFS for the next five years and shall update the estimate no less than two months before the commencement of each delivery year;
- (ii) TFS shall prepare and furnish to TBE a draft coal supply plan (which is also subject to the fuel committee's approval), based on TBE's notice of the estimated quantity of coal required for the next five years. The fuel committee shall comprise representatives from TNB, TBE and TFS and shall have the powers as set out under the TBE PPA in relation to coal;
- (iii) in each delivery year, TFS shall supply and TBE shall purchase such coal scheduled, for delivery to TBE, pursuant to the notice by TBE specifying the quantity of coal nominated by TBE for delivery in each month ("**Monthly Nomination**"). Where TBE fails to provide such Monthly Nomination, the quantity of coal deemed to be nominated by TBE for delivery shall be equal to 60% of the average of the aggregate tonnage of coal nominated for delivery in the two months immediately preceding the delivery month. Save as expressly provided under the TBE CSTA, TFS shall be the sole and exclusive supplier of coal to TBE and TBE undertakes not to purchase coal from or through any other person.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

In the event TNB or the grid system operator despatches electrical energy at a level lower than TNB's prior estimates of despatch levels for a delivery month or upon occurrence of forced outage resulting in stockpiles of coal at the Tanjung Bin Energy Power Plant being at a maximum, TBE may give notice to cancel or reduce the Monthly Nomination for a delivery month subject to the limitation provisions as set out under the TBE CSTA. In addition, TBE may also exercise this option if an event of force majeure prevents the discharging of vessels at the discharge port or such an event of force majeure has resulted in stockpiles of coal being at a maximum. Due to the inability of TBE in accepting the Monthly Nomination which cannot be cancelled due to the reasons above, TBE may request TFS to either divert such shipment of coal to an alternative party designated by TBE or to sell such shipment to another party. Any costs incurred by TFS pursuant to such requests shall be paid by TBE. In the event of a sale to the third-party, TBE shall also pay the base price for the shipment less the proceeds of sale by TFS.

In the event the stockpiles of coal at the Tanjung Bin Energy Power Plant drop below the minimum stockpile level by the end of the month ("**Specified Delivery Month**"), which is 312,000 tonnes as specified under the TBE PPA, as a result of TNB or the grid system operator despatching electrical energy during the preceding month at a higher level than TNB's estimate of despatch levels, TBE may place additional request for coal to be delivered within the Specified Delivery Month ("**Supplemental Nomination**") in addition to that specified in the Monthly Nomination. Upon TBE exercising its request for the Supplemental Nomination, TBE shall not be allowed to request for diversion with respect to any shipment of coal or to request for cancellation thereof;

- (iv) TFS shall identify the supplier from whom TFS may (but shall not be obliged to) purchase coal for onward supply to TBE and enter into coal purchase contracts with these suppliers ("**Suppliers**");
- (v) TBE shall have the right to reject delivery of any shipment of coal due to the coal failing to meet any of the coal quality rejection limits listed under the TBE CSTA within 24 hours of receipt by TBE of the certificate of the rejection limit analysis. In addition, TBE also has the option to reject a shipment, midway of the discharging process if such discharge is deemed to pose a risk of causing material damage to the discharge port or to the Tanjung Bin Energy Power Plant due to combustion attributable to the coal and such notice of rejection may be exercised within six hours of commencement of discharge of shipment. TBE shall also be entitled to reject a shipment of coal with proven impurities, which rejection may be exercise by giving notice of rejection within six hours of commencement of discharge of the shipment;
- (vi) TBE shall not resell or otherwise dispose of the coal supplied by TFS without the consent of TFS;
- (vii) TFS shall prepare a remedial plan (setting forth TFS's plan for shipments of coal to be delivered to TBE to deal with the circumstances giving rise thereto) in the event of non-delivery and rejection of coal as provided under the TBE CSTA, within three business days, for the implementation of TFS; and
- (viii) TBE shall keep TFS regularly informed on the stockpile level of coal at the Tanjung Bin Energy Power Plant, changes to TNB's latest estimates of despatch levels and any differences in TNB or the grid system operators's despatching from the Tanjung Bin Energy Power Plant as compared to TNB's recent estimates of the despatch levels.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

Force majeure

Subject to limitations under the TBE CSTA, if either TBE or TFS is unable by reason of a force majeure event (an event beyond the reasonable control of the parties and through no fault or negligence of the parties claiming such force majeure event and such force majeure event causes delay or disruption in the performance of the parties' obligation) in performing any of its obligations set out under the TBE CSTA, the obligations of the parties shall be suspended or excused to the extent of such force majeure event. Such events include, and not limited to:

- (i) failure to obtain or renew any relevant Government authorisation relating to the performance of obligations under the TBE CSTA (including any required export or import permit or approval from the relevant government instrumentality of any country in respect of the export or import of the coal);
- (ii) damage to, or breakdown of, any of the wharf or loading gear, at the loading port or at the discharge port;
- (iii) unavailability or breakdown of vessels, machinery or equipment used to produce coal other than due to the negligence or wilful misconduct of the affected party;
- (iv) unavailability, obstruction or blockage, of the loading port or discharge port;
- (v) unusually severe congestion or unusually long queue of vessels at the loading port that were not reasonably foreseeable;
- (vi) any event of force majeure declared under the TBE PPA;
- (vii) unavailability or breakdown of machinery or equipment at the Tanjung Bin Energy Power Plant that has been declared by TBE as an event of force majeure under the TBE PPA; and
- (viii) any event of force majeure declared by any supplier or TFS under the coal purchase contracts.

If a force majeure event occurs and continues for a period exceeding 270 days and the parties are unable to reach an agreement to continue with the TBE CTSA, either party may terminate the TBE CSTA by giving the other party 30 days written notice of such termination. Where a force majeure event prevents TFS from supplying and delivering coal to TBE under the TBE CSTA, TBE may enter into contracts to purchase coal from any third parties, including the Suppliers.

Termination

The TBE CSTA provides for the following terminating events which will result in the termination of the TBE CSTA. The following events include, and not limited to the following:

- (i) TNB ceases control of TFS (owning 20% or more of the securities of TFS), in which any party may terminate the TBE CSTA by giving notice of not less than 120 days to the other party;
- (ii) TFS or TBE's failure to pay any undisputed amount when due;
- (iii) TFS or TBE's failure to perform or breaches any of its material obligations and such breach is not remedied within 30 days after notification of such failure;
- (iv) TFS's failure to suspend deliveries of coal from a defaulting Supplier pursuant to the right to reject a shipment of coal by TBE; or

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (v) a resolution for the bankruptcy, insolvency, winding up, liquidation of TFS or TBE is passed.

In the event of a default, the non-defaulting party may terminate the TBE CSTA by providing not less than 30 days prior written notice of such termination to the defaulting party. However, such termination shall not occur if the defaulting party cures or remedies such event of default before the date of expiration specified in the notice. Where a termination of the TBE CSTA arising from a terminating event by TFS, TBE may acquire coal from any other party, including Suppliers and TFS shall bear the net incremental acquisition and transportation costs with respect to such coal (over and above the base price). TBE may also exercise its option to issue a notice requiring TFS to prepare and submit to TBE a default remedial plan to remedy such an event of default within a period of 60 days, in lieu of termination.

C.15 TBEI EPC Contract

Warranties

The EPC contractors provide for certain warranties in respect of the EPC works carried out at the Tanjung Bin Energy Power Plant and they include, and not limited to the following:

- (i) In relation to the warranty period for the Tanjung Bin Energy Power Plant:
- (a) the warranty period for the Tanjung Bin Energy Power Plant shall be 24 months commencing on the date of the Substantial Completion of the Tanjung Bin Energy Power Plant (as defined in Section 7.24.7 of this Prospectus) ("**Initial Warranty Period for the Tanjung Bin Energy Power Plant**").
 - (b) an extension of a further 24 months from the completion date of any repair/replacement works carried out where any parts of the Tanjung Bin Energy Power Plant are being repaired and/or replaced during the Initial Warranty Period for the Tanjung Bin Energy Power Plant ("**Extended Warranty Period for the Tanjung Bin Energy Power Plant**"). Notwithstanding the foregoing, the aggregate length of the Initial Warranty Period for the Tanjung Bin Energy Power Plant and the Extended Warranty Period for the Tanjung Bin Energy Power Plant shall not exceed 48 months from the date of Substantial Completion of the Tanjung Bin Energy Power Plant.
 - (c) an extension of a further warranty period of 36 months from the expiration of the Extended Warranty Period for the Tanjung Bin Energy Power Plant will be granted in respect of any latent defects discovered in such parts of the Tanjung Bin Energy Power Plant which are repaired and/or replaced ("**Latent Defects Period for the Tanjung Bin Energy Power Plant**"). Notwithstanding the foregoing, the Latent Defects Period for the Tanjung Bin Energy Power Plant shall not exceed 72 months from the date of Substantial Completion of the Tanjung Bin Energy Power Plant.
 - (d) for a period of nine years after the date of Substantial Completion of the Tanjung Bin Energy Power Plant ("**Finishing Superheater Warranty Period**"), the EPC contractors warrant that the finishing section of the superheater ("**Finishing Superheater**") of the Tanjung Bin Energy Power Plant shall be free from defects directly resulting from overheating caused by the Finishing Superheater and the Initial Warranty Period for the Tanjung Bin Energy Power Plant, the Extended Warranty Period for the Tanjung Bin Energy Power Plant and the Latent Defects Period for the Tanjung Bin Energy Power Plant shall not apply to the Finishing Superheater.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (ii) In relation to the warranty period for the interconnection facilities:
- (a) the warranty period for the interconnection facilities shall be 24 months commencing on the date of the substantial completion of the interconnection facilities ("**Initial Warranty Period for the Interconnection Facilities**").
 - (b) an extension of a further 24 months from the completion date of any repair/replacement works carried out where any parts are being repaired and/or replaced during the Initial Warranty Period for the Interconnection Facilities ("**Extended Warranty Period for the Interconnection Facilities**"). Notwithstanding the foregoing, the aggregate length of the Initial Warranty Period for the Interconnection Facilities and the Extended Warranty Period for the Interconnection Facilities shall not exceed 48 months from the date of substantial completion of the interconnection facilities.
 - (c) an extension of a further warranty period of 24 months from the expiration of the Extended Warranty Period for the Interconnection Facilities will be granted in respect of any latent defects discovered in such parts of the interconnection facilities which are repaired and/or replaced ("**Latent Defects Period for the Interconnection Facilities**"). Notwithstanding the foregoing, the Latent Defects Period for the Interconnection Facilities shall not exceed 60 months from the date of substantial completion of the interconnection facilities.
- (iii) In relation to the warranty period for the metering equipment:
- (a) the warranty period for the metering equipment shall be 24 months commencing on the date of the substantial completion of the metering equipment ("**Initial Warranty Period for the Metering Equipment**").
 - (b) an extension of a further 24 months from the completion date of any repair/replacement works carried out where any parts are being repaired and/or replaced during the Initial Warranty Period for the Metering Equipment ("**Extended Warranty Period for the Metering Equipment**"). Notwithstanding the foregoing, the aggregate length of the Initial Warranty Period for the Metering Equipment and the Extended Warranty Period for the Metering Equipment shall not exceed 36 months from the date of substantial completion of the metering equipment.
 - (c) an extension of a further warranty period of 24 months from the expiration of the Extended Warranty Period for the Metering Equipment will be granted in respect of any latent defects discovered in such parts of the metering equipment which are repaired and/or replaced ("**Latent Defects Period for the Metering Equipment**"). Notwithstanding the foregoing, the Latent Defects Period for the Metering Equipment shall not exceed 60 months from the date of substantial completion of the metering equipment.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

Obligations

The EPC contractors' obligations in respect of the Tanjung Bin Energy Power Plant include, and not limited to the following:

- (i) in respect of the Tanjung Bin Energy Power Plant, the EPC contractors' obligations shall not be completed until the final acceptance certificate for the Tanjung Bin Energy Power Plant has been signed by TBEI, which shall be issued within 28 days after the expiration of the Finishing Superheater Warranty Period, subject to the EPC contractors' completion of all other outstanding minor works or otherwise, deemed to have been issued three months after the expiry of the Finishing Superheater Warranty Period;
- (ii) in respect of the interconnection facilities, the EPC contractors' obligations shall not be completed until the final acceptance certificate for the interconnection facilities has been signed by TBEI, which shall be issued within 28 days after the expiration of the Latent Defects Period for the Interconnection Facilities, subject to the EPC contractors' completion of all other outstanding minor works or otherwise, deemed to have been issued three months after the expiry of the Latent Defects Period for the Interconnection Facilities; and
- (iii) in respect of the metering equipment, the EPC contractors' obligations shall not be completed until the final acceptance certificate for the metering equipment has been signed by TBEI, which shall be issued within 28 days after the expiration of the Initial Warranty Period for the Metering Equipment, the Extended Warranty Period for the Metering Equipment, or the Latent Defects Period for the Metering Equipment subject to the EPC contractors' completion of all other outstanding minor works or otherwise, deemed to have been issued three months after the expiry of the Latent Defects Period for the Metering Equipment.

Termination

TBEI may terminate the EPC contractors' engagement under the TBEI EPC Contract on the occurrence of any of the following events, among others:

- (i) the EPC contractors' material breach of its obligations under the TBEI EPC Contract, which has directly resulted in the termination of the TBE PPA;
- (ii) the EPC contractors' abandonment of the Tanjung Bin Energy Power Plant and not resuming its obligations after a period of 28 days of notification from TBEI;
- (iii) failure to repair or replace any parts of the materials or equipment which are not in accordance with the TBEI EPC Contract within 28 days of notification from TBEI;
- (iv) the EPC contractors' assignment or charge of the TBEI EPC Contract; or the subcontract of the EPC works in breach of the TBEI EPC Contract;
- (v) the EPC contractors fail to achieve the Substantial Completion of the Tanjung Bin Energy Power Plant by the longstop substantial completion date, the date which is 180 days from the Substantial Completion of the Tanjung Bin Energy Power Plant;
- (vi) the EPC contractors have incurred liability in excess of the cap on liability or has incurred liquidated damages in excess of the cap on liquidated damages;
- (vii) the EPC contractors have failed to replace the parent company guarantee or any bond, where required within 28 days of such guarantee becoming invalid;

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

- (viii) the EPC contractors have failed to pay an undisputed amount exceeding EUR20.0 million which is due to TBEI and such failure is continuing for more than 28 days following notification from TBEI; or
- (ix) a force majeure event (includes strikes by persons other than the EPC contractors and other employees and subcontractors of the EPC contractors) occurs for a continuous period of 180 days.

In addition, at any time, TBEI may terminate the TBEI EPC Contract by giving one month's notice to the EPC contractors in which case the EPC contractors shall be reimbursed in accordance to the termination provisions under the TBEI EPC Contract by TBEI.

The EPC contractors shall be entitled to terminate the TBEI EPC Contract where TBEI has not instructed the EPC contractors to reinstate any damage to the EPC works within 90 days of EPC contractors's notification to TBEI on the suspension of the design and execution of the EPC works upon the happening of a risk event to TBEI which resulted in loss or damage to the EPC works, equipment or materials; or where the EPC contractors do not receive payment due by TBEI within 30 days after the expiry of notice to TBEI; or similarly, an event of force majeure occurring for a continuous period of 180 days. In such events, the EPC contractors may terminate the TBEI EPC Contract by giving a 14 days' notice to TBEI (save for, where a terminating event is due to the insolvency of TBEI, the termination is on immediate notice).

If the EPC contractors fail to attain the Substantial Completion of the Tanjung Bin Energy Power Plant, the EPC contractors shall, subject to the provisions set out in the TBEI EPC Contract, pay to TBEI liquidated and ascertain damages equal to RM2.0 million ("**Delay LDs**") for each day for the period commencing on the day of the Substantial Completion of the Tanjung Bin Energy Power Plant until the such time when the Tanjung Bin Energy Power Plant is completed. The liability of the EPC contractors to TBEI shall be limited to the following:

- (a) Delay LDs shall not exceed 15% of the EPC Contract Price (as defined in Section 7.24.7 of this Prospectus);
- (b) interim performance liquidated damages and the final performance liquidated damages shall not exceed 15% of the EPC Contract Price;
- (c) the sum of the Delay LDs, the interim performance liquidated damages and the final performance liquidated damages in aggregate shall not exceed 20% of the EPC Contract Price; and
- (d) liquidated damages payable in respect of the Tanjung Bin Energy Power Plant's failure to attain the key minimum performance level relating to the guarantee net electrical output and the amount of RM650,601,000 in relation to the guaranteed weighted net heat rate.

TBEI and TBE had prior to the TBEI EPC Contract entered into the turnkey contract on 23 February 2012 ("**Turnkey Contract**"). Pursuant to the terms of the Turnkey Contract, TBEI is engaged by TBE for the provision of supply, transportation, delivery to site, construction, erection, installation, testing, commissioning, completion and training in the use of the turnkey works (through the engagement of the EPC contractors) and the turnkey services, for the Tanjung Bin Energy Power Plant. TBE shall pay to TBEI, a lump sum payment of RM1,572,105,255 for the turnkey services and RM4,835,823,377 for the turnkey works. TBEI's obligation to TBE as a turnkey contractor and the provisions under the Turnkey Contract mirrors the provisions of the TBEI EPC Contract.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)**C.16 Long-Term Spare Parts Agreement ("LTPA")****Termination**

Pursuant to the terms of the LTPA, either party reserves the right either to terminate a purchase order in whole or in part, upon the following events:

- (i) either party breaches any terms and conditions in the LTPA fundamentally and no remedy is acceptable for such a breach;
- (ii) either party becomes bankrupt or insolvent, or carries on business under an administrator or manager for the benefit of his creditors or goes into liquidation; or
- (iii) either party sells its business and associated technologies to a third-party and approval from the other party to such an assignment is not sought.

Should M Power intends to terminate a purchase order pursuant to the terminating events provided under items (i) to (iii) above, M Power shall notify Alstom Services within 30 days of such termination event. Should M Power decide that it has defensible reasons to cancel the purchase order in its entirety, Alstom Services shall refund the relevant amount paid by M Power as an advance payment, where the Spare Parts (as defined in Section 7.24.8(i) of this Prospectus) are not rendered. Should M Power be of the opinion that Alstom Services has persistently, fundamentally and evidently been in breach of the terms and conditions of the LTPA, M Power shall have the right to cancel the LTPA by giving a notice to Alstom Services within 30 days of such breach. M Power shall have the right to be paid an amount of CHF2,500,000.00 as compensation for the breach.

Should Alstom Services intend to terminate a purchase order pursuant to the terminating events provided under items (i) to (iii) above, Alstom Services shall notify M Power within 30 days of such termination event. Should Alstom Services decide that it has defensible reasons to cancel the purchase order in its entirety, Alstom Services shall be entitled to withhold any shipment relating to the purchase order price in dispute. However, if M Power has paid the purchase order price in full, Alstom Services shall not be entitled to withhold but instead deliver the shipment as scheduled. Should Alstom Services be of the opinion that M Power has persistently, fundamentally and evidently been in breach of the terms and conditions of the LTPA, Alstom Services shall have the right to cancel the LTPA by giving a notice to M Power within 30 days of such breach. Alstom Services shall have the right to be paid an amount of CHF2,500,000.00 as compensation for the breach.

C.17 Long-Term Reconditioning Service Agreement ("LTRA")**Termination**

Pursuant to the terms of the LTRA, either party reserves the right either to terminate a purchase order in whole or in part, upon the following events:

- (i) either party breaches any terms and conditions in the LTRA fundamentally and no remedy is acceptable for such a breach;
- (ii) either party becomes bankrupt or insolvent, or carries on business under an administrator or manager for the benefit of his creditors or goes into liquidation;
- (iii) either party sells its business and associated technologies to a third-party and approval from the other party to such an assignment is not sought; or
- (iv) M Power violates the exclusivity provisions under the LTRA.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

Should M Power intend to terminate a purchase order pursuant to the terminating events provided under items (i) to (iv) above, M Power shall notify Alstom Services within 30 days of such termination event. Should M Power decide that it has defensible reasons to cancel the purchase order in its entirety, Alstom Services shall refund the relevant amount paid by M Power as an advance payment, where the Reconditioning Services (as defined in 7.24.8(ii) of this Prospectus) are not rendered. Should M Power be of the opinion that Alstom Services has persistently, fundamentally and evidently been in breach of the terms and conditions of the LTRA, M Power shall have the right to cancel the LTRA by giving a notice to Alstom Services within 30 days of such breach. M Power shall have the right to be paid an amount of CHF1,500,000.00 as compensation for the breach.

Should Alstom Services intend to terminate a purchase order pursuant to the terminating events provided under items (i) to (iv) above, Alstom Services shall notify M Power within 30 days of such termination event. Should Alstom Services decide that it has defensible reasons to cancel the purchase order in its entirety, Alstom Services shall be entitled to withhold any shipment relating to the purchase order price in dispute. However, if M Power has paid the purchase order price in full, Alstom Services shall not be entitled to withhold but instead deliver the shipment as scheduled. Should Alstom Services be of the opinion that M Power has persistently, fundamentally and evidently been in breach of the terms and conditions of the LTRA, Alstom Services shall have the right to cancel the LTRA by giving a notice to M Power within 30 days of such breach. Alstom Services shall have the right to be paid an amount of CHF1,500,000.00 as compensation for the breach.

C.18 Long-Term Service Agreement (“LTSA”)

Termination

Pursuant to the terms of the LTSA, the LTSA may be terminated upon the following events:

- (i) either party becomes insolvent;
- (ii) either party commits material breach of the LTSA and fails to cure the breach within 30 days of notice, or where such breach is not curable within the 30 days, fails to cure the breach within the further 30 days thereafter;
- (iii) M Power exercising its option to terminate at completion of 56,000 or 104,000 Factored Fire Hours (“FFH”) (as the case may be);
- (iv) an excusable event (events or circumstances or causes which are beyond the parties’ reasonable control), resulting in a delay which extends for more than 120 days and the parties have not agreed upon a revised basis for continuing the work at the end of the delay including any equitable price adjustment; or
- (v) termination of the PPSB PPA due to industry restructuring (and not due to the default of PPSB or M Power).

Where in the case of termination arising from default and/or insolvency under items (i) and (ii) above, the defaulting party shall pay the non-defaulting party the buy-out amount (which is an amount to be payable as liquidated damages as set out in the LTSA during each identified FFH) of the covered unit in the event of such termination. Where in the case of termination arising from termination events under items (iv) and (v) above, the buy-out amount will not be applicable to the parties. Termination or expiration of the LTSA shall not relieve either party of any obligation arising out of work performed prior to termination.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

C.19 MWMPPL Electricity Contract

Termination

The MWMPPL Electricity Contract will immediately terminate in certain circumstances including:

- (i) the termination of the MWMPPL Agency Deed;
- (ii) the termination of the fixed forward commodity contract for electricity between Macarthur WFPL and AGL Hydro dated 12 August 2010 as amended and restated on 29 August 2011 and further amended on 27 June 2013 ("**Macarthur WFPL Electricity Contract**") or the fixed forward commodity contract for nominated environmental products dated 12 August 2010 between Macarthur WFPL and AGL Hydro as amended and restated on 29 August 2011 and further amended on 27 June 2013 ("**Macarthur WFPL NEP Contract**") provided that Macarthur WFPL is no longer a related corporation of AGL Hydro;
- (iii) the guarantee given by AGL Energy Limited of AGL Hydro's obligations under the MWMPPL Electricity Contract is terminated or withdrawn without MWMPPL's consent; or
- (iv) AGL Energy Limited's credit rating falls below a certain rating threshold and it is not replaced.

Under the swap tripartite deed between MWMPPL, Macarthur WFPL and AGL Hydro dated 12 August 2010, if Macarthur WFPL is in default under the Macarthur WFPL Electricity Contract or Macarthur WFPL NEP Contract, then AGL Hydro must give MWMPPL an opportunity to remedy their default before terminating the Macarthur WFPL Electricity Contract or Macarthur WFPL NEP Contract (which would cause the automatic termination of the MWMPPL Electricity Contract and the MWMPPL NEP Contract).

If AGL Hydro is the defaulting party and the Macarthur WFPL Electricity Contract is terminated as a result, the MWMPPL Electricity Contract will terminate immediately (along with the MWMPPL NEP Contract). Where AGL Hydro is in default, it makes commercial sense given the nature of the joint venture for the MWMPPL Electricity Contract and the Macarthur WFPL Electricity Contract to be terminated at the same time.

Events of default

Under the MWMPPL Electricity Contract, where there is an event of default or other "fault" event such as failure to pay, breach or repudiation, bankruptcy, termination of guarantee, event of default under the Macarthur WFPL Electricity Contract or the Macarthur WFPL NEP Contract or the MWMPPL Agency Deed, or insurance policy proceeds not made available as required, compensatory payments are not required to be made by the non-defaulting party and only the defaulting party will be required to make a payment.

If there is a termination event or other "no-fault" event such as termination of the Transmission Connection Agreement, Agreements for Lease, MWMPPL Asset Management Deed, or the occurrence of certain uninsurable events, neither party is required to make a payment upon early termination.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

The events of default under the MWMPL Electricity Contract which may lead to the termination of the contract include:

- (i) failure by a party to make, when due, any payment under the contract;
- (ii) breach or repudiation of the contract and a failure by a party to comply with or perform any agreement or obligation (other than an obligation to make a payment) required by the contract; and
- (iii) bankruptcy (where a party is dissolved, becomes insolvent or is otherwise unable to pay its debts as they become due).

C.20 MWMPL NEP Contract

Termination

The MWMPL NEP Contract will immediately terminate in certain circumstances including:

- (i) the termination of the MWMPL Agency Deed;
- (ii) the termination of the Macarthur WFPL Electricity Contract or the Macarthur WFPL NEP Contract provided that Macarthur WFPL is no longer a related corporation of AGL Hydro;
- (iii) the guarantee given by AGL Energy Limited of AGL Hydro's obligations under the MWMPL NEP Contract is terminated or withdrawn without MWMPL's consent; or
- (iv) AGL Energy Limited's credit rating falls below a certain rating threshold and it is not replaced.

Under the swap tripartite deed between MWMPL, Macarthur WFPL and AGL Hydro dated 12 August 2010, if Macarthur WFPL is in default under the Macarthur WFPL Electricity Contract or the Macarthur WFPL NEP Contract, then AGL Hydro must give MWMPL an opportunity to remedy their default before terminating the Macarthur WFPL Electricity Contract or the Macarthur WFPL NEP Contract (which would cause the automatic termination of the MWMPL Electricity Contract and the MWMPL NEP Contract).

If AGL Hydro is the defaulting party and the Macarthur WFPL NEP Contract is terminated as a result, the MWMPL NEP Contract will terminate immediately (along with the MWMPL Electricity Contract). Where AGL Hydro is in default, it makes commercial sense given the nature of the joint venture for the MWMPL NEP Contract and the Macarthur WFPL NEP Contract to be terminated at the same time.

Events of default

Under the MWMPL NEP Contract, where there is an event of default or other "fault" event, such as the failure to pay, breach or repudiation, bankruptcy, termination of guarantee, event of default under the Macarthur WFPL Electricity Contract or the Macarthur WFPL NEP Contract or the MWMPL Agency Deed, or insurance policy proceeds not made available as required, compensatory payments are not required to be made by the non-defaulting party and only the defaulting party will be required to make a payment.

If there is a termination event or other "no-fault" event, such as termination of the Transmission Connection Agreement, Agreements for Lease, MWMPL Asset Management Deed, the occurrence of certain uninsurable events, neither party is required to make a payment upon early termination.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

The events of default under the MWMPPL NEP Contract which may ultimately lead to termination of the contracts include:

- (i) failure by a party to make, when due, any payment under the contract;
- (ii) breach or repudiation of the contract and a failure by a party to comply with or perform any agreement or obligation (other than an obligation to make a payment) required by the contract; and
- (iii) bankruptcy (where a party is dissolved, becomes insolvent or is otherwise unable to pay its debts as they become due).

C.21 MWMPPL Agency Deed

Termination

MWMPPL and/or Macarthur WFPL may terminate the MWMPPL Agency Deed within four months after first becoming aware of the occurrence of an event of default in respect of AGL Hydro. An event of default occurs in respect of a party:

- (i) immediately upon the occurrence of an insolvency event;
- (ii) following a material breach which is not remedied within a 20-business day cure period; or
- (iii) following a financial breach which is not remedied within a five-business day cure period.

An event of default also occurs in respect of AGL Hydro if the Deed of Guarantee and Indemnity provided by AGL Hydro in relation to the MWMPPL Swap Contracts, the MWMPPL Agency Deed and the MWMPPL Asset Management Deed is withdrawn or terminated, or the credit rating of AGL Hydro falls below a certain rating threshold, and a replacement guarantee is not provided within 10 business days.

MWMPPL and Macarthur WFPL may not terminate the MWMPPL Agency Deed for breach by AGL Hydro of its agency obligations in respect of the key contracts unless the relevant breach constitutes an event of willful default.

AGL Hydro may terminate the MWMPPL Agency Deed:

- (i) within four months after first becoming aware of the occurrence of an event of default (as listed above) in respect of MWMPPL and Macarthur WFPL (as the owners of the Macarthur Wind Farm ("**Owners**"));
- (ii) the occurrence of an uninsurable event which results in the average daily capacity of the Macarthur Wind Farm in the 20 business days immediately following the date on which the uninsurable event occurs being less than 66.7% of a reduction proportion calculated in accordance with the MWMPPL Agency Deed;
- (iii) if the Transmission Connection Agreements or Connection Services Deed are terminated (other than in certain circumstances where AGL Hydro or Macarthur WFPL caused the termination); or
- (iv) if the property arrangements are terminated for an event of default in respect of the Owners.

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON (Cont'd)

Change-in-law

The risk of changes-in-law and changes to the renewable energy certificates scheme established under the *Renewable Energy (Electricity) Act 2000 (Cth)* and which allows for the creation and sale of renewable energy certificates, as provided for in the MWMPL NEP Contract, is assigned to AGL Hydro under the MWMPL Agency Deed.

The extent of the Owners' obligation in the event of a change-in-law affecting the renewable energy certificates scheme, is limited to doing such things as required to enable AGL Hydro to benefit from any such change.

Adjustment to payments of MWMPL Electricity Contract

The circumstance in which payments under the MWMPL Electricity Contract can be adjusted, as set out in the MWMPL Agency Deed, are as follows:

- (i) post 10-year insurable event – the Macarthur Wind Farm is damaged by an insurable event on or after the 10th anniversary of the commissioning date and AGL Hydro elects not to repair, replace or reinstate the Macarthur Wind Farm. Any insurance proceeds will be paid to the Owners by way of prepayment of the swap payments and these swap payments will be reduced for the balance of the term accordingly;
- (ii) uninsurable event – the Macarthur Wind Farm is damaged by an insurable event but the finance parties retain the insurance proceeds (other than in the scenario described above) or an uninsurable event occurs – the swap payments are reduced on a pro rata basis relative to the reduction of the capacity of the Macarthur Wind Farm; and
- (iii) landowners – any of the property arrangements described in Annexure B.2 of this Prospectus are terminated as a consequence of an act or omission of MWMPL or Macarthur WFPL and AGL Hydro elects to keep the MWMPL Agency Deed on foot – the swap payments are reduced on a pro rata basis relative to the reduction in the rated capacity of the Macarthur Wind Farm.

In addition, the MWMPL Agency Deed provides for additional payments or rebates in circumstances where the Owners terminate the MWMPL Asset Management Deed for AGL Hydro's default and the operating and maintenance costs faced by the Owners are greater or less than the amounts that would have been paid to AGL Hydro under the MWMPL Asset Management Deed.

Adjustment to payments of MWMP NEP Contract

The circumstance in which payments under the MWMPL NEP Contract can be adjusted, as set out in the MWMPL Agency Deed, are as follows:

- (i) post 10-year insurable event – the Macarthur Wind Farm is damaged by an insurable event on or after the 10th anniversary of the commissioning date and AGL Hydro elects not to repair, replace or reinstate the Macarthur Wind Farm. Any insurance proceeds will be paid to the Owners by way of prepayment of the swap payments and these swap payments will be reduced for the balance of the term accordingly;
- (ii) uninsurable event – the Macarthur Wind Farm is damaged by an insurable event but the finance parties retain the insurance proceeds (other than in the scenario described above) or an uninsurable event occurs – the swap payments are reduced on a pro rata basis relative to the reduction of the capacity of the Macarthur Wind Farm; and

ANNEXURE C: OTHER SALIENT PROVISIONS OF THE CONTRACTS WHICH OUR GROUP IS DEPENDENT ON *(Cont'd)*

- (iii) landowners – any of the property arrangements described in Annexure B.2 of this Prospectus are terminated as a consequence of an act or omission of MWMPL or Macarthur WFPL and AGL Hydro elects to keep the MWMPL Agency Deed on foot – the swap payments are reduced on a pro rata basis relative to the reduction in the rated capacity of the Macarthur Wind Farm.

In addition, the MWMPL Agency Deed provides for additional payments or rebates in circumstances where the Owners terminate the MWMPL Asset Management Deed for AGL Hydro's default and the operating and maintenance costs faced by the Owners are greater or less than the amounts that would have been paid to AGL Hydro under the MWMPL Asset Management Deed.

C.22 MWMPL Asset Management Deed

Termination

- (i) MWMPL and/or Macarthur WFPL may terminate the MWMPL Asset Management Deed within four months after first becoming aware of the occurrence of an event of default in respect of AGL Hydro;
- (ii) AGL Hydro has a reciprocal right to terminate within four months of first becoming aware of the occurrence of an event of default in respect of MWMPL and/or Macarthur WFPL; or
- (iii) the MWMPL Asset Management Deed will be terminated automatically if the MWMPL Agency Deed or either one of the, or both, MWMPL Swap Contracts (including the MWMPL Electricity Contract and MWMPL NEP Contract) are terminated for any reason.

Events of default

An event of default (which gives rise to a right for a non-defaulting party to terminate the MWMPL Asset Management Deed within four months of first becoming aware of its existence) occurs in respect of a party:

- (i) immediately upon the occurrence of an insolvency event;
- (ii) following a material breach which is not remedied within a 20-business day cure period;
- (iii) following a financial breach, such as failure to pay an amount due and payable under the MWMPL Asset Management Deed, which is not remedied within a five-business day cure period; and
- (iv) where the MWMPL Agency Deed is terminated as a consequence of an event of default applicable to that party (as provided in the MWMPL Agency Deed).

An event of default also occurs in respect of AGL Hydro if the Deed of Guarantee and Indemnity provided by AGL in relation to the MWMPL Swap Contracts, the MWMPL Agency Deed and the MWMPL Asset Management Deed is withdrawn or terminated, or the credit rating of AGL Hydro falls below a certain rating threshold, and a replacement guarantee is not provided within 10 business days.

**ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH
FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

Company No.

263941

V

PORT DICKSON POWER BERHAD

(Company No. 263941-V)

(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED

FROM 1 JULY 2013 TO 31 DECEMBER 2014

**ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH
FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)**

Company No.

263941

V

PORT DICKSON POWER BERHAD
(Company No. 263941-V)
(Incorporated in Malaysia)

DIRECTORS

Dato' Sri Che Khalib bin Mohamad Noh
Dato' Sri Syed Faisal Albar bin Syed A.R Albar
Habib bin Husin

SECRETARY

Yeoh Soo Mei

AUDITORS

PricewaterhouseCoopers

REGISTERED OFFICE

Ground Floor, Wisma Budiman
Persiaran Raja Chulan
50200 Kuala Lumpur
Malaysia

PRINCIPAL PLACE OF BUSINESS

Level 9, Block 4, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
Malaysia

Batu 2, Jalan Seremban
71000 Port Dickson
Negeri Sembilan Darul Khusus
Malaysia

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

263941

V

PORT DICKSON POWER BERHAD
(Company No. 263941-V)
(Incorporated in Malaysia)

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ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

263941

V

PORT DICKSON POWER BERHAD

(Company No. 263941-V)

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial period from 1 July 2013 to 31 December 2014.

PRINCIPAL ACTIVITY

The Company is an independent power producer licensed by the Government to supply electricity exclusively to Tenaga Nasional Berhad ("TNB"). There has been no significant change in the nature of this activity during the financial period.

CHANGE IN FINANCIAL YEAR END

The financial year end for the Company has been changed from 30 June to 31 December to be coterminous with the financial year of the Company's intermediate holding company, Malakoff Corporation Berhad. Accordingly, the Statement of Comprehensive Income, Statement of Changes of Equity, Statement of Cash Flows and related notes have been presented for the 18 months ended 31 December 2014. The amounts presented in the financial statements are therefore not entirely comparable.

FINANCIAL RESULTS

| | RM'000 |
|---------------------------------|---------|
| Profit for the financial period | 128,284 |

DIVIDENDS

The dividends paid or declared by the Company since the previous financial year ended 30 June 2013 were as follows:

| | RM'000 |
|--|----------------|
| First interim single tier dividend of RM270.00 per ordinary share, paid on 24 September 2013 | 40,500 |
| Second interim single tier dividend of RM135.00 per ordinary share, paid on 14 May 2014 | 20,250 |
| Third interim single tier dividend of RM1,265.00 per ordinary share, paid on 9 July 2014 | 189,750 |
| Fourth interim single tier dividend of RM380.00 per ordinary share, paid on 31 October 2014 | 57,000 |
| | <u>307,500</u> |

The Directors do not recommend the payment of any final dividend for the financial period ended 31 December 2014.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD
(Company No. 263941-V)
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

RESERVES AND PROVISIONS

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

SHARE CAPITAL

There were no changes in the issued and paid-up share capital of the Company during the financial period.

DIRECTORS

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

| | |
|--|--|
| Dato' Sri Che Khalib bin Mohamad Noh | (appointed as Chairman on 9 December 2014) (appointed on 30 April 2014) |
| Dato' Sri Syed Faisal Albar bin Syed A.R Albar | (appointed on 22 September 2014) |
| Habib bin Husin | (resigned on 28 February 2014 as alternate Director, appointed on 1 March 2014 as Director) |
| Ruswati binti Othman | (appointed on 30 April 2014, resigned on 22 September 2014) |
| Dato' Ir. Jauhari bin Hamidi | (resigned on 30 April 2014) |
| Mohamad Nor bin Ali | (resigned on 30 April 2014) |
| Yahya bin Yunus | (resigned on 30 April 2014) |
| Zainal Abidin bin Abd Jalil | (resigned on 28 February 2014) |

In accordance with the Company's Articles of Association, all the Directors are required to retire at the forthcoming Annual General Meeting.

DIRECTORS' BENEFITS

During and at the end of the financial period from 1 July 2013 to 31 December 2014, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than remuneration received or entitled to be received by a director as a full time employee in any related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Note 7 to the financial statements.

DIRECTORS' INTERESTS IN SHARES

None of the other Directors in office at the end of the financial period held any interest in shares or options over ordinary shares in the Company, its ultimate holding company or its related corporations or in participatory interest made available by its related corporations during the financial period.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD

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DIRECTORS' REPORT (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 action had been taken in relation to the writing off of bad debts and the making of impairment for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate impairment had been made for doubtful debts; and
- (b) to ensure that any current assets other than debts, which were unlikely to be realised at their book value in the ordinary course of business had 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 amount written off for bad debts or the amount of the impairment 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.

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 in respect of the Company which has arisen since the end of the financial period other than those arising in the ordinary course of business.

OTHER STATUTORY INFORMATION

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 of misleading.

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

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD

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DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

In the opinion of the Directors:

- (a) the results of the Company's operations during the financial period 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 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.

SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

On 30 April 2014, Hypergantic Sdn. Bhd. a wholly-owned subsidiary of Malakoff Corporation Berhad, successfully completed the acquisition of the remaining 75% equity interest in the Company. The Company is now a wholly-owned subsidiary of Hypergantic Sdn. Bhd..

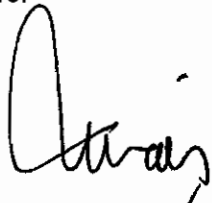
IMMEDIATE, INTERMEDIATE AND ULTIMATE HOLDING COMPANY

The Directors regard Hypergantic Sdn. Bhd., Malakoff Corporation Berhad, MMC Corporation Berhad and Indra Cita Sdn. Bhd. as the immediate, intermediate, penultimate and ultimate holding company respectively. All companies are incorporated in Malaysia.

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 dated 6 February 2015.



DATO' SRI CHE KHALIB
BIN MOHAMAD NOH
DIRECTOR



DATO' SRI SYED FAISAL ALBAR
BIN SYED A.R ALBAR
DIRECTOR

Kuala Lumpur
6 February 2015

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD

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(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 18 MONTHS FINANCIAL PERIOD FROM 1 JULY 2013 TO 31
DECEMBER 2014**

| | <u>Note</u> | Period from 1.7.2013 to <u>31.12.2014</u> RM'000 | Period from 1.7.2012 to <u>30.6.2013</u> RM'000 Restated |
|---|-------------|---|--|
| Revenue | 5 | 492,440 | 305,741 |
| Cost of sales | | <u>(236,857)</u> | <u>(153,204)</u> |
| Gross profit | | 255,583 | 152,537 |
| Administrative expenses | | (11,069) | (11,815) |
| Other operating expenses | | <u>(63,128)</u> | <u>(37,896)</u> |
| Results from operating activities | | 181,386 | 102,826 |
| Finance income | 6 | 5,966 | 1,666 |
| Finance costs | 6 | <u>(6,876)</u> | <u>(1,047)</u> |
| Profit before tax | 7 | 180,476 | 103,445 |
| Tax expense | 8 | <u>(52,192)</u> | <u>(26,128)</u> |
| Profit and total comprehensive income for the financial period | | <u><u>128,284</u></u> | <u><u>77,317</u></u> |

The notes on pages 10 to 43 form part of these financial statements.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD

(Company No. 263941-V)

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

| | <u>Note</u> | <u>31.12.2014</u> RM'000 | <u>30.6.2013</u> RM'000 Restated | <u>1.7.2012</u> RM'000 Restated |
|--|-------------|-----------------------------|--|---------------------------------------|
| NON CURRENT ASSETS | | | | |
| Property, plant and equipment | 9 | 88,527 | 108,429 | 131,098 |
| Receivables | 10 | - | 37,937 | - |
| | | <u>88,527</u> | <u>146,366</u> | <u>131,098</u> |
| CURRENT ASSETS | | | | |
| Receivables | 10 | 49,293 | 89,901 | 150,966 |
| Inventories | 11 | 19,364 | 25,256 | 15,026 |
| Amount due from intermediate holding company | 20 | 2 | - | - |
| Other investments | 12 | 28,184 | - | - |
| Cash and cash equivalents | 13 | 126,084 | 32,072 | 32,080 |
| | | <u>222,927</u> | <u>147,229</u> | <u>198,072</u> |
| TOTAL ASSETS | | <u><u>311,454</u></u> | <u><u>293,595</u></u> | <u><u>329,170</u></u> |
| EQUITY | | | | |
| Share capital | 14 | 300 | 300 | 300 |
| Retained earnings | | 41,986 | 221,202 | 254,885 |
| TOTAL EQUITY | | <u>42,286</u> | <u>221,502</u> | <u>255,185</u> |
| NON CURRENT LIABILITIES | | | | |
| Deferred taxation | 16 | 5,139 | 2,253 | 16,687 |
| Provision for decommissioning | 17 | 10,868 | 9,069 | 8,237 |
| Post-employment benefits | 18 | 5,383 | 5,286 | - |
| Borrowing | 21 | 15,000 | - | - |
| | | <u>36,390</u> | <u>16,608</u> | <u>24,924</u> |
| CURRENT LIABILITIES | | | | |
| Payables | 19 | 43,976 | 28,119 | 10,720 |
| Tax payable | | 16,206 | 26,557 | 36,869 |
| Amounts due to immediate holding company | 20 | - | 7 | 648 |
| Amounts due to related companies | 20 | 1,189 | 802 | 824 |
| Borrowing | 21 | 171,407 | - | - |
| | | <u>232,778</u> | <u>55,485</u> | <u>49,061</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>311,454</u></u> | <u><u>293,595</u></u> | <u><u>329,170</u></u> |

The notes on pages 10 to 43 form part of these financial statements.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD
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**STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTHS FINANCIAL PERIOD FROM 1 JULY 2013 TO 31
DECEMBER 2014**

| | <u>Note</u> | <u>Share capital</u> RM'000 | <u>Retained earnings</u> RM'000 | <u>Total</u> RM'000 |
|---|-------------|------------------------------------|--|------------------------|
| At 1 July 2013 | | 300 | 221,202 | 221,502 |
| Profit and total comprehensive income for the financial period | | - | 128,284 | 128,284 |
| Transaction with owners: | | | | |
| - dividends paid | 15 | - | (307,500) | (307,500) |
| At 31 December 2014 | | <u>300</u> | <u>41,986</u> | <u>42,286</u> |
| At 1 July 2012 | | 300 | 254,885 | 255,185 |
| Profit and total comprehensive income for the financial year | | - | 77,317 | 77,317 |
| Transaction with owners: | | | | |
| - dividends paid | 15 | - | (111,000) | (111,000) |
| At 30 June 2013 | | <u>300</u> | <u>221,202</u> | <u>221,502</u> |

The notes on pages 10 to 43 form part of these financial statements.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD

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STATEMENT OF CASH FLOWS

FOR THE 18 MONTHS FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2014

| | <u>Note</u> | Period from 1.7.2013 to 31.12.2014 RM'000 | Period from 1.7.2012 to 30.6.2013 RM'000 |
|---|-------------|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the financial period | | 128,284 | 77,317 |
| Adjustments for: | | | |
| (Reversal)/Allowance for diminution in value for spares | | (25) | 99 |
| Impairment for trade receivable | | 60,518 | 32,222 |
| Property, plant and equipment | | | |
| - depreciation | | 22,055 | 23,070 |
| - written off | | 290 | 20 |
| Post-employment benefits | | (294) | 5,071 |
| Finance costs | | 6,876 | 1,047 |
| Finance income | | (5,966) | (1,666) |
| Tax expense | | 52,192 | 26,128 |
| Operating profit before working capital changes | | <u>263,930</u> | <u>163,308</u> |
| Changes in working capital: | | | |
| Trade and other receivables | | 18,416 | (9,100) |
| Inventories | | 5,918 | (10,329) |
| Trade and other payables | | 15,857 | 17,399 |
| Inter-company balances | | 378 | (663) |
| Net cash generated from operations | | <u>304,499</u> | <u>160,615</u> |
| Tax paid | | (59,657) | (50,874) |
| Net cash inflow from operating activities | | <u>244,842</u> | <u>109,741</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property, plant and equipment | | (1,806) | (421) |
| Acquisition of other investments | | (28,184) | - |
| Finance income received | | 5,577 | 1,672 |
| Net cash (used in)/from investing activities | | <u>(24,413)</u> | <u>1,251</u> |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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PORT DICKSON POWER BERHAD
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STATEMENT OF CASH FLOWS
FOR THE 18 MONTHS FINANCIAL PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2014 (CONTINUED)

| | <u>Note</u> | Period from 1.7.2013 to 31.12.2014 RM'000 | Period from 1.7.2012 to 30.6.2013 RM'000 |
|---|-------------|--|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Finance cost paid | | (3,917) | - |
| Dividends paid | 15 | (307,500) | (111,000) |
| Borrowings | | | |
| - drawdown | 21 | 210,000 | - |
| - repayment | | (25,000) | - |
| Net cash used in financing activities | | <u>(126,417)</u> | <u>(111,000)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 94,012 | (8) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD | | <u>32,072</u> | <u>32,080</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | 13 | <u><u>126,084</u></u> | <u><u>32,072</u></u> |

The notes on pages 10 to 43 form part of these financial statements.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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PORT DICKSON POWER BERHAD
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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

1 GENERAL INFORMATION

The Company is an independent power producer licensed by the Government to supply electricity exclusively to Tenaga Nasional Berhad ("TNB").

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

The Directors regard Hypergantic Sdn. Bhd., Malakoff Corporation Berhad, MMC Corporation Berhad and Indra Cita Sdn. Bhd. as the immediate, intermediate, penultimate and ultimate holding company respectively. All companies are incorporated in Malaysia.

The address of the registered office of the Company is Ground Floor, Wisma Budiman, Persiaran Raja Chulan, 50200 Kuala Lumpur, Malaysia.

The address of the principal place of business of the Company is Level 9, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia and Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia.

2 BASIS OF PREPARATION

(a) General

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia. The financial statements have been prepared under the historical cost convention except as disclosed in the summary of principal accounting policies.

The financial year end for the Company has been changed from 30 June to 31 December to be coterminous with the financial year of the Company's intermediate holding company, Malakoff Corporation Berhad. Accordingly, the Statement of Comprehensive Income, Statement of Changes of Equity, Statement of Cash Flows and related notes have been presented for the 18 months ended 31 December 2014. The amounts presented in the financial statements are therefore not entirely comparable.

The Company entered into Power Purchase Agreement (PPA) with Tenaga Nasional Berhad ("TNB") for the sale of generating capacity and electrical energy from Port Dickson Power Plant. The PPA provides that the Company is to design, construct, own, operate and maintain an electricity generating facility with a nominal capacity of 436.4 MW and to generate and deliver electrical energy and make generating capacity available to TNB.

The PPA provides for an initial term period of 21 years beginning from the Commercial Operation Date ("COD") of the Port Dickson Power Plant, which commenced operation in January 1995 and shall expire in January 2016. The PPA term may be extended for up to three additional periods of five years each. The Company is currently in the process of discussion for an extension to this PPA. In the event, the Company is unable to renew or extend the PPA term, the Directors may consider either selling the power plant equipment to a third-party or using the equipment in Malakoff Corporation Berhad's other power plants in or outside of Malaysia.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

2 BASIS OF PREPARATION

(a) General (continued)

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 financial statements are presented in Ringgit Malaysia (RM) which is the Company's functional and presentation currency.

(b) The new accounting standards, amendments to published standards and improvements to existing standards effective and applicable for the Company's financial period beginning 1 July 2013 are as follows:

- MFRS 13 – Fair Value Measurement
- Amendments to MFRS 119 – Employee Benefits
- Amendments to MFRS 7 – Financial Instruments: Disclosures
- Amendments to MFRS 101 – Presentation of Financial Statements
- Amendments to MFRS 116 – Property, Plant and Equipment
- Amendments to MFRS 132 – Financial Instruments: Presentation
- Amendments to MFRS 136 – Impairment of Assets
- Amendments to MFRS 139 – Financial Instruments: Recognition and Measurement
- IC Interpretation 21 – Levies

The adoptions of the above have not resulted in any significant changes to the Company's results and financial position, except in respect of Amendment to MFRS 116 – Property, Plant and Equipment as disclosed in Note 28 to the financial statements.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

- (c) 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 or after 1 January 2015:

• Amendments to MFRS 13 – Fair Value Measurement

Amendments to MFRS 13 relates to the Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when Malaysian Accounting Standards Board (MASB) issued MFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendment also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 – Financial Instruments: Recognition and Measurement or MFRS 9 – Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 – Financial Instruments: Presentation.

• Amendments to MFRS 116 – Property, Plant and Equipment

Amendments to MFRS 116 clarifies that when an asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

• Amendments to MFRS 124 – Related Party Disclosures

Amendments to MFRS 124 extends the definition of 'related party' to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

• Amendment to MFRS 119 – Employee Benefits

Amendments to MFRS 119 clarifies that if contributions from employees or third parties to defined benefit plans is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)**2 BASIS OF PREPARATION (CONTINUED)**

- (c) 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 or after 1 January 2016:

- Amendment to MFRS 116 – Property, plant and equipment

Amendments to MFRS 116 clarify that the use of revenue-based methods to calculate the depreciation are not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

(iii) Financial year beginning on or after 1 January 2017:

- MFRS 15 – Revenue from Contracts with Customers

MFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 – Revenue and MFRS 111 – Construction contracts and related interpretations.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

2 BASIS OF PREPARATION (CONTINUED)

- (c) 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)

- (iv) Financial year beginning on or after 1 January 2018:

- MFRS 9 – Financial Instruments

MFRS 9 will replace MFRS 139 – Financial Instruments: Recognition and Measurement. The complete version of MFRS 9 was issued in November 2014.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The adoption of the above will not result in any significant changes to the Company's results and financial position. The Company is in the process of assessing the full impact of MFRS 15 – Revenue from Contracts with Customers and MFRS 9 – Financial Instruments, on the financial statements of the Company in the year of initial application.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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PORT DICKSON POWER BERHAD

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT IN APPLYING ACCOUNTING POLICIES

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 revenue and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are outlined below:

(a) Residual value of property, plant and equipment

The residual value of property, plant and equipment is the estimated amount that the Company would obtain from disposal of the asset, after deducting costs of disposal based on the valuation judgement by a professional valuer.

The Company charges depreciation on its depreciable property, plant and equipment based on the useful lives and residual values of the assets. Estimating the useful lives and residual values of property, plant and equipment involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual useful lives and residual values of the assets however, may be different from expected.

The Power Purchase Agreements ("PPAs") provide for the disposal of the power plants at the end of the initial concession period, in the event that the PPAs are not extended. In assessing the appropriateness of the residual values adopted, management considered the recoverable values of the assets based on valuation judgement by a professional valuer.

The residual value as at 21 January 2016 of the plant and machinery assets is estimated at RM61.8 million.

The valuation judgement by a professional valuer was derived using the following critical assumptions:

- (i) All plant and equipment will be removed only at the end of the 21 years power supply agreement
- (ii) The recoverable steel within the power house and tank farm will be sold in the local market
- (iii) All metals of value will be recovered

An increase in the estimated residual value of property, plant and equipment would reduce the depreciation charge and increase the carrying value of property, plant and equipment. If the estimate changes by 10%, depreciation will be reduced/increased by RM3,090,000.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(b) Decommissioning cost of property, plant and equipment

The decommissioning cost of property, plant and equipment is the estimated amount that the Company would incur to remove or dismantle the property, plant and equipment based on the valuation judgment by a professional valuer. The present value is calculated using amounts discounted over the remaining years of the Power Purchase Agreement ("PPA") by using the appropriate discount rate. An increase in the estimated decommissioning cost of property, plant and equipment would increase the carrying value of property, plant and equipment and increase the depreciation charge. If the decommissioning cost of property, plant and equipment changes by 10%, the carrying value of property, plant and equipment will approximately be increased/reduced by RM589,406 and RM1,352,743 respectively and annual depreciation charge will be increased/reduced by RM294,703 and RM676,371 respectively.

(c) Impairment for trade receivable

The impairment for trade receivable is based on management's assessment of the information available as at the date of reporting on the recoverability of the trade receivable and the progress of the dispute resolution between the Company and its customer. An increase in the estimated impairment for trade receivable would decrease the carrying value of trade receivable. If the estimated collectable amount changes by 10%, the impairment for trade receivable will be reduced/increased by RM9,274,011.

(d) Post-employment benefits

Post-employment benefits are the estimated cost which will be incurred as a consequence of the expiry of the PPA. The obligation is measured based on the estimated staff salary at the end of the PPA term and applying the compensation factors approved by the Directors; the present value is calculated using amounts discounted over the remaining years of the PPA by using the market yield of high quality corporate bonds. It is also assumed that the current staff is to remain with the Company at the end of the PPA term.

An increase in the estimated staff salary at the end of the PPA term would increase the staff cost and increase the post-employment benefits obligation. If the increment factor for the staff salary and the market yield of high quality corporate bonds changes by 10%, the post-employment benefits will approximately be reduced/increased by RM303,335.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating. The cost of certain property, plant and equipment includes the decommissioning costs, the obligation which will be incurred as a consequence of installing the asset.

Freehold land is not depreciated as it has an indefinite life.

Other property, plant and equipment are depreciated on a straight line basis to allocate the cost to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

| | |
|-------------------------------|---------------|
| Buildings | 20 years |
| Plant and machinery | 10 - 21 years |
| Office equipment and fittings | 5 years |
| Workshop equipment | 5 years |
| Motor vehicles | 5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

At each of the reporting date, the Company assesses whether there is any indication of impairment. If such indication exist, an analysis is performed to assess whether the carrying amounts of the assets is fully recoverable. A write down is made if the carrying amounts exceed the recoverable amount. See accounting policy Note 4(o) on impairment of non-financial assets.

(b) Overhauls of power plant

Asset replacement costs incurred by the Company for major scheduled overhauls of the power plant are capitalised as part of plant and machinery and depreciated on a straight line basis over their estimated useful lives, until the end of the PPA term.

(c) Provision for decommissioning of property, plant and equipment

Provision for decommissioning which arises principally in connection with the power plant facilities is measured based on the valuation judgment by a professional valuer; the present value is calculated using amounts discounted over the economic useful life of the assets. The liability is recognised (together with a corresponding amount as part of the related property, plant and equipment) once an obligation crystallises in the period when a reasonable estimate can be made. Subsequently, the Company accretes the discount to profit or loss using the effective interest rate method.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(e) Inventories

Inventories comprise of distillate oil and spares.

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

In the current financial period, the Company adopted the amendments to MFRS 116 – Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle) and classified spare parts as inventories unless the item of spare part is held for own use and expected to be used during more than one period in which it is classified as property, plant and equipment. In the previous financial years, all spare parts were classified as inventories. The change in accounting policy has been applied retrospectively. The effect from the adoption of the amendments for MFRS 116 – Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle) is disclosed in Note 28.

(f) Trade and other receivables

Receivables are carried at anticipated realisable value. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Specific impairment are made for debts which have been identified as bad or doubtful. In addition, estimates are made for doubtful debts which are not specifically identified, based on a review of all outstanding amounts at the financial period end. See Note 4 (p)(i) for accounting policies on financial assets.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of 3 months or less, and bank overdrafts.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Current and deferred taxation

Income tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)**4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Borrowing and borrowing cost**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(k) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation.

Where the Company expects a provision to be reimbursed by another party, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

(l) Revenue recognition

Revenue of the Company comprises amounts earned for generating capacity and sale of electricity to TNB. Capacity charges are recognised based on the billing of the available capacity in accordance with the contractual terms in the Power Purchase Agreement. Sale of electricity are energy payments recognised as revenue based on the electricity delivered to TNB.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits

(a) Short term employee benefits

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

(b) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity (a fund). The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company's contributions to a defined contribution plan are charged to the profit or loss in the year in which they relate.

(c) Post-employment benefit

Post-employment benefits are the estimated cost of compensation payable to the staff which will be incurred as a consequence of the expiry of the PPA. The obligation is measured based on the estimated staff salary at the end of the PPA term and applying the compensation factors approved by the Directors.

(n) Share capital

Proceeds from ordinary shares issued are accounted for as equity, with the nominal value of the shares being separately disclosed as share capital. Redeemable preference shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Dividends to equity holders are debited directly to equity in the period in which they are declared.

(o) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which carrying amount of the assets exceeds recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. The impairment loss is charged to profit and loss. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit and loss unless it reverses an impairment loss on a revalued assets in which case it is taken to revaluation surplus reserve.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments

(i) Financial assets

• Classification

The Company's financial assets are receivables, amount due from ultimate holding company, other investments and cash and cash equivalents. These financial assets are categorised as loans and receivables.

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.

• Recognition and initial measurement

Regular purchases and sales of financial assets are recognised at trade-date, the date on which the Company commits to purchase or sell the asset.

These financial assets are recorded at fair value plus transaction costs and thereafter, they are measured at amortised cost using the effective interest method less accumulated impairment losses.

• Subsequent measurement – gain and losses

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

Financial assets are assessed individually as well as collectively for objective evidence of impairment. If evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

• Derecognition

Financial assets are derecognised 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.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (continued)

(ii) Financial liabilities

The Company's financial liabilities are payables, amounts due to immediate holding company, amounts due to related companies and borrowings. These financial liabilities are recognised at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of less than 12 months after the reporting date, and the balance is classified as non-current.

(q) Impairment of financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related accumulated impairment losses account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(r) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

5 REVENUE

The revenue of the Company comprises amounts earned for generating capacity and sale of electricity to TNB.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

| | | | |
|---|---|---|--|
| 6 | FINANCE INCOME AND COSTS | Period from 1.7.2013 to <u>31.12.2014</u> RM'000 | Period from 1.7.2012 to <u>30.6.2013</u> RM'000 |
| | <u>Finance income</u> | | |
| | Interest income on deposits with licensed banks and investment banks | 5,966 | 1,666 |
| | <u>Finance costs</u> | | |
| | Accretion of discounts | | |
| | - provision for decommissioning cost | (1,162) | (832) |
| | - post-employment benefits | (391) | (215) |
| | Interest expense on term loan | (5,323) | - |
| | | <u>(6,876)</u> | <u>(1,047)</u> |
| 7 | PROFIT BEFORE TAX | Period from 1.7.2013 to <u>31.12.2014</u> RM'000 | Period from 1.7.2012 to <u>30.6.2013</u> RM'000 |
| | Profit before tax is arrived at after charging/(crediting): | | |
| | Auditors' remuneration: | | |
| | - Statutory audit fees | 105 | 59 |
| | - Assurance related fees | 350 | 143 |
| | Contribution to Electricity Supply Industries Trust Account | 2,935 | 1,977 |
| | Depreciation | 22,055 | 23,070 |
| | Fuel costs | 186,152 | 112,691 |
| | Impairment for trade receivable | 60,518 | 32,222 |
| | (Reversal)/Allowance for diminution in value of spares | (25) | 99 |
| | Staff costs: | | |
| | - Salaries, wages and bonuses | 2,332 | 1,618 |
| | - Defined contribution plan | 256 | 183 |
| | - Post-employment benefits | (294) | 5,071 |
| | - Other employee benefits | 2,492 | 716 |
| | Write-off of property, plant and equipment | 290 | 20 |
| | | <u>290</u> | <u>20</u> |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

7 PROFIT BEFORE TAX (CONTINUED)

Included in staff costs above are Directors' remuneration as detailed below:

| | Period from 1.7.2013 to <u>31.12.2014</u> RM'000 | Period from 1.7.2012 to <u>30.6.2013</u> RM'000 |
|---------------------------|---|--|
| Salary and bonus | 875 | 626 |
| Defined contribution plan | 112 | 108 |
| Other employee benefits | 43 | 63 |
| | <u>1,030</u> | <u>797</u> |

There is no fee paid to the Directors during the financial period except for the chairman's allowance of RM13,911.29 (30.06.2013: Nil). There is no benefit-in-kind received by the Directors during the financial period (30.06.2013: Nil).

8 TAX EXPENSE

| | Period from 1.7.2013 to <u>31.12.2014</u> RM'000 | Period from 1.7.2012 to <u>30.6.2013</u> RM'000 |
|---|---|--|
| The tax expense for the financial period comprises: | | |
| Current tax: | | |
| Malaysian income tax | 50,826 | 40,553 |
| (Over)/Under accrual in prior years | (1,520) | 9 |
| Deferred tax: | | |
| Origination and reversal of temporary differences (Note 16) | 2,886 | (14,434) |
| | <u>52,192</u> | <u>26,128</u> |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

8 TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

| | Period from 1.7.2013 to <u>31.12.2014</u> RM'000 | Period from 1.7.2012 to <u>30.6.2013</u> RM'000 |
|---|---|--|
| Profit before tax | 180,476 | 103,445 |
| Tax calculated at the Malaysian statutory tax rate of 25% (2013: 25%) | 45,119 | 25,861 |
| Income not subject to tax | (100) | - |
| Expenses not deductible for tax purposes | 579 | 258 |
| Under accrual of tax in prior year | 6,522 | 9 |
| Effect of changes in tax rate | 72 | - |
| Tax expense for the year | 52,192 | 26,128 |
| Applicable tax rate (%) | 25 | 25 |
| Effective tax rate (%) | 28.92 | 25.26 |

The Malaysian statutory tax rate will be reduced to 24% from the current period's rate of 25%, effective from year of assessment 2016.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

9 PROPERTY, PLANT AND EQUIPMENT

| | Freehold land RM'000 | Buildings RM'000 | Plant and machinery RM'000 | Office equipment and fittings RM'000 | Workshop equipment RM'000 | Motor vehicles RM'000 | Total RM'000 |
|------------------------------------|----------------------------|---------------------|----------------------------------|---|---------------------------------|-----------------------------|-----------------|
| 31.12.2014 | | | | | | | |
| Net book value at 1 July 2013 | 12,896 | 938 | 94,073 | 376 | 85 | 61 | 108,429 |
| Additions | - | 1,610 | 637 | 137 | 59 | - | 2,443 |
| Depreciation charge | - | (1,115) | (20,593) | (238) | (82) | (27) | (22,055) |
| Written off | - | - | (138) | (118) | - | (34) | (290) |
| Net book value at 31 December 2014 | 12,896 | 1,433 | 73,979 | 157 | 62 | - | 88,527 |
| Cost | 12,896 | 7,693 | 617,761 | 2,288 | 3,367 | - | 644,005 |
| Accumulated depreciation | - | (6,260) | (543,782) | (2,131) | (3,305) | - | (555,478) |
| Net book value | 12,896 | 1,433 | 73,979 | 157 | 62 | - | 88,527 |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

30.6.2013, restated

| | Freehold land RM'000 | Buildings RM'000 | Plant and machinery RM'000 | Office equipment and fittings RM'000 | Workshop equipment RM'000 | Motor vehicles RM'000 | Total RM'000 |
|--------------------------------|----------------------------|---------------------|----------------------------------|---|---------------------------------|-----------------------------|-----------------|
| Net book value at 1 July 2012 | 12,896 | 1,301 | 116,470 | 232 | 115 | 84 | 131,098 |
| Additions | - | - | - | 393 | 28 | - | 421 |
| Depreciation charge | - | (363) | (22,397) | (229) | (58) | (23) | (23,070) |
| Written off | - | - | - | (20) | - | - | (20) |
| Net book value at 30 June 2013 | 12,896 | 938 | 94,073 | 376 | 85 | 61 | 108,429 |
| Cost | 12,896 | 6,083 | 617,393 | 2,715 | 4,573 | 237 | 643,897 |
| Accumulated depreciation | - | (5,145) | (523,320) | (2,339) | (4,488) | (176) | (535,468) |
| Net book value | 12,896 | 938 | 94,073 | 376 | 85 | 61 | 108,429 |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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| | | | |
|----|---|-------------------|------------------|
| 10 | RECEIVABLES | | |
| | | <u>31.12.2014</u> | <u>30.6.2013</u> |
| | | RM'000 | RM'000 |
| | <u>Financial instrument</u> | | |
| | Trade receivable | 111,402 | 153,938 |
| | Less: impairment for trade receivable | (92,740) | (32,222) |
| | | <hr/> | <hr/> |
| | Trade receivable – net | 18,662 | 121,716 |
| | Interest receivables | 399 | 10 |
| | Deposits | 54 | 57 |
| | Other receivables | 28,497 | 50 |
| | | <hr/> | <hr/> |
| | | 47,612 | 121,833 |
| | | <hr/> | <hr/> |
| | <u>Non-financial instruments</u> | | |
| | Prepayments | 1,681 | 6,005 |
| | | <hr/> | <hr/> |
| | Total receivables | 49,293 | 127,838 |
| | Less: Non-current portion: trade receivable | - | (37,937) |
| | | <hr/> | <hr/> |
| | Current portion | 49,293 | 89,901 |
| | | <hr/> <hr/> | <hr/> <hr/> |

All non-current receivables are due more than 12 months from the end of the financial period and the amount of impairment made for the trade receivable as of 31 December 2014 was RM92,740,105 (30.06.2013: RM32,221,550).

Other receivables include RM28,371,779 to be reimbursed by Sime Darby Energy Sdn. Bhd. in relation to potential additional tax and penalty due to loan stock interest as disclosed in Note 22(a).

The movements of the Company's impairment for trade receivable during the financial period are as follows:

| | | | |
|--|---------------------------------|-------------------|------------------|
| | | <u>31.12.2014</u> | <u>30.6.2013</u> |
| | | RM'000 | RM'000 |
| | At 1 July | 32,222 | - |
| | Impairment for trade receivable | 60,518 | 32,222 |
| | | <hr/> | <hr/> |
| | At 31 December/30 June | 92,740 | 32,222 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The impairment for trade receivable is due to the differences in interpretation of the PPA terms between TNB and the Company. This is based on management's assessment of the information available as at the date of reporting on the recoverability of the trade receivable and the progress of the dispute resolution between TNB and the Company. The Company has filed a Notice of Arbitration in relation to this matter. The status of the arbitration is disclosed in Note 22(b).

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

10 RECEIVABLES (CONTINUED)

The ageing of trade receivable as at the end of the reporting period is as follows:

| | <u>31.12.2014</u> RM'000 | <u>30.6.2013</u> RM'000 |
|-------------------------------|-----------------------------|--|
| Not impaired | | |
| - not past due | 18,662 | 48,827 |
| - past due by | | |
| 1 to 30 days | - | 36,351 |
| 31 to 60 days | - | 467 |
| 61 to 90 days | - | 8 |
| 91 to 180 days | - | 1,295 |
| more than 180 days | - | 34,768 |
| Impaired | 92,740 | 32,222 |
| Trade receivable | <u>111,402</u> | <u>153,938</u> |
| | | |
| 11 INVENTORIES | <u>31.12.2014</u> RM'000 | <u>30.6.2013</u> RM'000 Restated |
| Distillate oil | 18,807 | 24,574 |
| Spares | 557 | 682 |
| | <u>19,364</u> | <u>25,256</u> |
| | | |
| 12 OTHER INVESTMENTS | <u>31.12.2014</u> RM'000 | <u>30.6.2013</u> RM'000 |
| Deposits with a licensed bank | <u>28,184</u> | <u>-</u> |
| | | |
| 13 CASH AND CASH EQUIVALENTS | <u>31.12.2014</u> RM'000 | <u>30.6.2013</u> RM'000 |
| Deposits with: | | |
| - licensed banks | 106,994 | 25,760 |
| - licensed investment banks | - | 5,340 |
| Cash at bank and in hand | 19,090 | 972 |
| | <u>126,084</u> | <u>32,072</u> |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

| | | | |
|----|---|-----------------------------|----------------------------|
| 14 | SHARE CAPITAL | <u>31.12.2014</u> RM'000 | <u>30.6.2013</u> RM'000 |
| | Authorised: | | |
| | 250,000 ordinary shares of RM1.00 each | 250 | 250 |
| | 250,000 redeemable preference shares of RM1.00 each | 250 | 250 |
| | At 31 December/30 June | <u>500</u> | <u>500</u> |
| | Issued and fully paid: | | |
| | 150,000 ordinary shares of RM1.00 each | 150 | 150 |
| | 150,000 redeemable preference shares of RM1.00 each | 150 | 150 |
| | At 31 December/30 June | <u>300</u> | <u>300</u> |

The redeemable preference shares ("RPS") have priority in the repayment of capital over the ordinary shares in the event of the winding up of the Company but have no rights to dividends and no voting rights except in the event of the winding up of the Company and reduction of the Company's capital and propositions affecting the rights of the preference shareholders. Redemption all or in part, is solely at the option of the Company.

| | | | |
|----|--|-----------------------------|----------------------------|
| 15 | DIVIDENDS | <u>31.12.2014</u> RM'000 | <u>30.6.2013</u> RM'000 |
| | First interim single tier dividend of RM270.00 per ordinary share, paid on 24 September 2013 (2013: First interim single tier dividend of RM270.00 per ordinary share, paid on 28 November 2012) | 40,500 | 40,500 |
| | Second interim single tier dividend of RM135.00 per ordinary share, paid on 14 May 2014 (2013: Second interim single tier dividend of RM470.00 per ordinary share, paid on 7 January 2013) | 20,250 | 70,500 |
| | Third interim single tier dividend of RM1,265.00 per ordinary share, paid on 9 July 2014 (2013: Nil) | 189,750 | - |
| | Fourth interim single tier dividend of RM380.00 per ordinary share, paid on 31 October 2014 (2013: Nil) | 57,000 | - |
| | | <u>307,500</u> | <u>111,000</u> |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

16 DEFERRED TAXATION

The analysis of deferred tax assets and deferred tax liabilities as follows:

| | <u>31.12.2014</u> RM'000 | <u>30.6.2013</u> RM'000 |
|---------------------------------------|-----------------------------|----------------------------|
| Deferred tax assets: | | |
| - recoverable within next 12 months | (4,147) | (10,922) |
| - recoverable after 12 months | (1,292) | (2,893) |
| | <u>(5,439)</u> | <u>(13,815)</u> |
| Deferred tax liabilities | | |
| - recoverable within next 12 months | 8,486 | 9,859 |
| - recoverable after 12 months | 2,092 | 6,209 |
| | <u>10,578</u> | <u>16,068</u> |
| Deferred tax liabilities (net) | <u>5,139</u> | <u>2,253</u> |

The components and movements of the Company's deferred tax assets and liabilities during the financial period are as follows:

| | <u>Allowances and provisions</u> RM'000 | <u>Total</u> RM'000 |
|---|--|-------------------------|
| <u>31.12.2014</u> | | |
| <u>Deferred tax assets</u> | | |
| At 1 July 2013 | (13,815) | (13,815) |
| Charged to profit or loss | | |
| - origination and reversal of temporary difference | 8,376 | 8,376 |
| At 31 December 2014 (before offsetting) | <u>(5,439)</u> | <u>(5,439)</u> |
| Offsetting | | 5,439 |
| At 31 December 2014 (after offsetting) | | <u>-</u> |
| | | |
| | <u>Property, plant and equipment</u> RM'000 | <u>Others</u> RM'000 |
| <u>Deferred tax liabilities</u> | | <u>Total</u> RM'000 |
| At 1 July 2013 | 15,663 | 405 |
| Charged to profit or loss | | |
| - origination and reversal of temporary differences | (5,202) | (288) |
| At 31 December 2014 (before offsetting) | <u>10,461</u> | <u>117</u> |
| Offsetting | | (5,439) |
| At 31 December 2014 (after offsetting) | | <u>5,139</u> |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

16 DEFERRED TAXATION (CONTINUED)

The components and movements of the Company's deferred tax assets and liabilities during the financial period are as follows: (continued)

| <u>30.06.2013</u> | <u>Allowances and provisions RM'000</u> | <u>Total RM'000</u> |
|--|---|------------------------------------|
| <u>Deferred tax assets</u> | | |
| At 1 July 2012 | (4,494) | (4,494) |
| Charged to profit or loss - origination and reversal of temporary difference | (9,321) | (9,321) |
| At 30 June 2013 (before offsetting) | (13,815) | (13,815) |
| Offsetting | | 13,815 |
| At 30 June 2013 (after offsetting) | | - |
| | | <u><u> </u></u> |
| | <u>Property, plant and equipment RM'000</u> | <u>Others RM'000</u> |
| | | <u>Total RM'000</u> |
| <u>Deferred tax liabilities</u> | | |
| At 1 July 2012 | 21,177 | 4 |
| Charged to profit or loss - origination and reversal of temporary differences | (5,514) | 401 |
| At 30 June 2013 (before offsetting) | 15,663 | 405 |
| Offsetting | | 16,068 |
| At 30 June 2013 (after offsetting) | | (13,815) |
| | | <u><u> </u></u> |
| | | 2,253 |
| | | <u><u> </u></u> |

The movements during the financial period relating to deferred tax are as follows:

| | <u>31.12.2014 RM'000</u> | <u>30.6.2013 RM'000</u> |
|----------------------------------|------------------------------|-----------------------------|
| At 1 July | 2,253 | 16,687 |
| Charged to profit or loss | 2,886 | (14,434) |
| At 31 December 2014/30 June 2013 | <u><u>5,139</u></u> | <u><u>2,253</u></u> |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

17 PROVISION FOR DECOMMISSIONING

The movements during the financial period are as follows:

| | <u>31.12.2014</u> RM'000 | <u>30.6.2013</u> RM'000 |
|--|-----------------------------|----------------------------|
| At 1 July | 9,069 | 8,237 |
| Additional provision | 637 | - |
| Accretion during the financial period/year | 1,162 | 832 |
| At 31 December 2014/30 June 2013 | <u>10,868</u> | <u>9,069</u> |

Provision for decommissioning is the estimated cost that will have to be incurred in removing or dismantling the property, plant and equipment at the end of the PPA term on 21 January 2016.

This provision is based on the valuation report dated 31 January 2014 by a professional valuer. The present value is derived by discounting the decommissioning cost over the remaining useful life of the power plant based on the appropriate discount rate.

18 POST-EMPLOYMENT BENEFITS

The movements during the period are as follows:

| | <u>31.12.2014</u> RM'000 | <u>30.6.2013</u> RM'000 |
|--|-----------------------------|----------------------------|
| At 1 July | 5,286 | - |
| (Reversal)/Additional provision during the financial period/year | (294) | 5,071 |
| Accretion during the financial period/year | 391 | 215 |
| At 31 December 2014/30 June 2013 | <u>5,383</u> | <u>5,286</u> |

Post-employment benefits are the estimated cost which will be incurred as a consequence of the expiry of the PPA term. The Company is expected to pay these amounts as compensation to the staff at the end of the PPA term on 21 January 2016.

The obligation is measured based on compensation factors approved by the Directors. The present value is calculated using amounts discounted over the remaining years of the PPA by using 5.4%, the market yield of high quality corporate bonds. Salary increment is estimated at 8% and staff turnover rate of 0%.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

19 PAYABLES

| | <u>31.12.2014</u> | <u>30.6.2013</u> |
|----------------|-------------------|------------------|
| | RM'000 | RM'000 |
| Trade payables | 3,521 | 17,476 |
| Accruals | 39,124 | 10,374 |
| Other payables | 1,331 | 269 |
| | <u>43,976</u> | <u>28,119</u> |

Accruals include potential additional tax and penalty due to loan stock interest as disclosed in Note 22(a).

20 AMOUNTS DUE FROM/(TO) THE INTERMEDIATE HOLDING COMPANY, IMMEDIATE HOLDING COMPANY AND RELATED COMPANIES

Amounts due from/(to) the intermediate holding company, immediate holding company and related companies are unsecured, interest-free and have no fixed terms of repayment.

21 BORROWING

On 26 May 2014, the Company obtained RM210,000,000 from Commodity Murabahah Team Financing-i Facility ("Facility") repayable over seven quarter-annual instalments. The Murabahah profit rate is 4.55% per annum.

The Facility is secured against the Debenture, the Assignment of PPA Proceeds, the Assignment and Charge of Designated Accounts and other documents for the time being or from time to time constituting security for the obligations and liabilities of the Company under this Agreement which are agreed by the Company.

In the event the Company is unable to obtain an extension of the period under the Power Purchase Agreement by 30 June 2015, the principal repayment amount in July 2015 and October 2015 shall be increased from RM40.0 million to RM47.5 million per quarter and the principal repayment amount in January 2016 shall be reduced from RM30.0 million to RM15.0 million.

22 MATERIAL LITIGATION

The outstanding material litigations are as follows:

(a) Director General of Inland Revenue ("DGIR")

The Company was served with a letter by the Inland Revenue Board ("IRB") for which IRB contends that the Company is liable for additional tax and penalty due to loan stock interest. IRB had quoted Section 140(1) of the Income Tax Act as the basis of their case.

The High Court had on 5 April 2012 granted order in favour of the Company, and amongst others ordered for the refund of the tax duly paid by the Company to IRB together with interest and costs.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

22 MATERIAL LITIGATION (CONTINUED)

(a) Director General of Inland Revenue ("DGIR") (continued)

On 23 August 2012, the Company received RM607,782 being the refund payment from IRB, however not inclusive of interest and costs. The Company lawyers sent letters to the IRB in August 2012 and September 2012 to claim the interest and costs as per the court order.

On 4 May 2012, Notice of Appeal was filed by IRB to Court of Appeals ("COA") and received by the Company on 7 May 2012. The Company filed a motion to strike out IRB's appeal and which was subsequently disallowed by COA on 12 November 2012.

On 29 January 2014, COA allowed IRB's appeal. This means the High Court decision delivered on 5 April 2012 has been set aside and thus the taxes arising from the notices of additional assessment for the years 2004 and 2005 are due and payable by the Company with immediate effect. During the financial period, the Company has paid in full a total of RM14,568,768 for the additional tax and penalty due to loan stock interest for the years of assessments 2004 and 2005 which are under litigation.

The Leave Application was filed on 27 February 2014 and was initially fixed for hearing on 8 July 2014. However, the hearing date was later converted to a case management date as the parties are still exploring settlement possibilities.

Subsequently, during the case management on 30 September 2014, Revenue Counsel representing IRB requested another two months to check and verify certain details pertaining to the proposed settlement.

In this regard, the Deputy Register fixed the case management date on 1 December 2014. During the case management on 1 December 2014, the Deputy Registrar has fixed 16 March 2015 for the hearing of the Leave Application.

In the Directors' opinion, based on the development above, the Company has provided RM37,829,039 of potential additional tax and penalty due to loan stock interest for the year of assessments 2006 to 2012 with a corresponding receivable of RM28,371,779 based on indemnification given by Sime Darby Energy Sdn. Bhd. up to a limit of 75% of the losses suffered from the case.

(b) Tenaga Nasional Berhad (TNB)

On 26 March 2013, PDP commenced arbitration proceedings against TNB in relation to the following:

- a) a claim by PDP against TNB of an amount of RM56,642,029 for the outstanding FOR and VOR adjustments for the period from February 1999 to November 2011 together with interest thereon; and
- b) a claim that PDP is entitled to bill and be paid by TNB for the capacity payments and energy payments from December 2011 onwards based on the adjusted FOR and VOR of RM7.05/kW/month and RM0.0157/kWh, respectively, pursuant to the PDP's PPA.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

22 MATERIAL LITIGATION (CONTINUED)

(b) Tenaga Nasional Berhad (TNB) (continued)

Alternatively, PDP claimed the following:

- a) an amount of RM86,891,242 against TNB for the outstanding FOR and VOR adjustments for the period from February 1999 to August 2013 together with interest thereon, pursuant to the adjustment factors of the FOR and VOR stipulated in the PDP's PPA; and
- b) a claim that PDP is entitled to bill and be paid by TNB for the capacity payments and energy payments from September 2013 onwards based on the adjusted FOR and VOR of RM7.05/kW/month and RM0.0204/kWh, respectively, pursuant to the PDP's PPA.

PDP and TNB ("Parties") have filed their joint expert's report and the list of issues on 12 November 2014. The hearing proceeded before the tribunal from 26 to 30 January 2015 at the Kuala Lumpur Regional Centre for Arbitration before the three-member tribunal, consisting of Dr. Eun Young Park, Mr. James Spigelman and Mr. Andrew Jeffries ("Tribunal").

Subsequently, the Tribunal has directed the Parties to provide the latest calculation of the claims. PDP is required to submit the calculations and revised remedies on 13 February 2015, while TNB is to provide its comments on the calculations before 6 March 2015.

As the Tribunal's award would include an award on the costs incurred for this arbitration proceeding, the Tribunal has directed Parties to file their costs submissions. PDP's solicitors will prepare the submissions, including the total legal costs and disbursements incurred by PDP. Both Parties are to exchange their respective costs submissions on 13 March 2015, and subsequently both Parties may reply each other's Costs Submissions on 27 March 2015.

It is expected that the arbitration award from the Tribunal will be rendered within a month after the costs submission are delivered by the both parties to the Tribunal. No amounts have been recognised in these financial statements for this gain contingency.

23 NON-CANCELLABLE OPERATING LEASE

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables are analysed as follows:

| | <u>31.12.2014</u> | <u>30.6.2013</u> |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| Receivable not later than 1 year | 181,769 | 187,852 |
| Receivable later than 1 year and not later than 5 years | 15,147 | 296,211 |
| | <u> </u> | <u> </u> |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)**24 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES**

For the purposes of these financial statements, parties are considered to be related to the Company where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Directors regard Hypergantic Sdn. Bhd., Malakoff Corporation Berhad, MMC Corporation Berhad and Indra Cita Sdn. Bhd. as the immediate, intermediate, penultimate and ultimate holding company respectively. All companies are incorporated in Malaysia.

The related party transactions described below were carried out in the normal course of business on agreed terms and prices. The significant related party transactions arising during the financial period are as follows:

| | Period from 1.7.2013 to <u>31.12.2014</u> RM'000 | Period from 1.7.2012 to <u>30.6.2013</u> RM'000 |
|--|---|--|
| An entity that is under common control by a party that controls the Company: | | |
| Operational and maintenance fees: | | |
| - PDP O&M Sdn. Bhd. | (6,888) | - |
| - Sime Darby Energy Sdn. Bhd. | (10,062) | (11,502) |
| Insurance premium | | |
| - Sime Darby Lockton Insurance Brokers Sdn. Bhd. | (4,243) | (4,120) |
| Entities that are under common control by the Government of Malaysia (a party that has direct or indirect significant influence on the Company): | | |
| Tenaga Nasional Berhad: | | |
| - Sales of electricity | 492,440 | 305,741 |
| Petroleum Nasional Berhad: | | |
| - Purchase of gas | (70,799) | (14,444) |
| Bank and financial institutions | | |
| - Interest income | 1,372 | 196 |
| | <u>1,372</u> | <u>196</u> |

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of senior management of the Company. The transactions with key management personnel are disclosed in Note 7.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

25 FINANCIAL INSTRUMENTS

(a) FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities are categorised as follows:

| <u>Loans and receivables</u> | <u>31.12.2014</u> | <u>30.06.2013</u> |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| Receivables | 47,612 | 121,833 |
| Amount due from intermediate holding company | 2 | - |
| Other investments | 28,184 | - |
| Cash and cash equivalents | 126,084 | 32,072 |
| Total financial assets | 201,882 | 153,905 |
| <u>Financial liabilities at amortised cost</u> | <u>31.12.2014</u> | <u>30.06.2013</u> |
| | RM'000 | RM'000 |
| Payables | 43,976 | 28,119 |
| Amounts due to immediate holding company | - | 7 |
| Amounts due to related companies | 1,189 | 802 |
| Borrowing | 186,407 | - |
| Total financial liabilities | 231,572 | 28,928 |

(b) FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The carrying amounts of other investments, cash and cash equivalents, short term receivables, payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

| | <u>As at 31 December 2014</u> | |
|-------------------------|-------------------------------|-------------------|
| | <u>Carrying Amount</u> | <u>Fair Value</u> |
| | RM'000 | RM'000 |
| Borrowing (non-current) | 15,000 | 15,618 |

In estimating the fair value of the long term borrowings, the valuation method was based on Level 2 - Valuation inputs that are observable for the asset or liability, either directly or indirectly.

Fair value of the long term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. There has been no transfer between levels during the financial period.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

25 FINANCIAL INSTRUMENTS (CONTINUED)

(c) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks including liquidity and cash flow risk and credit and counterparty risk. Financial risk management is carried out through risk review, internal control systems, insurance programmes and adherence to Company financial risk management policies and the Group Policies and Authorities. The Board regularly reviews these risks and approves the policies covering the management of these risks.

(i) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to this risk arises primarily from mismatches of maturities of financial assets and liabilities. To mitigate this risk to an acceptable level, the Company maintains sufficient cash.

The undiscounted contractual cash flows of the Company's financial liabilities as at the end of the reporting date are as follows:

| | On demand or within 1 year RM'000 | Between 2 and 5 years RM'000 | Total contractual cashflows RM'000 | Total carrying amount RM'000 |
|---|--|---------------------------------------|---|---------------------------------------|
| <u>2014</u> | | | | |
| Payables | 43,976 | - | 43,976 | 43,976 |
| Amounts due to immediate holding company | 1,189 | - | 1,189 | 1,189 |
| Borrowing | 171,407 | 15,000 | 186,407 | 186,407 |
| | <u>216,572</u> | <u>15,000</u> | <u>231,572</u> | <u>231,572</u> |
| <u>2013</u> | | | | |
| Payables | 28,119 | - | 28,119 | 28,119 |
| Amounts due to immediate holding company | 7 | - | 7 | 7 |
| Amounts due to related companies | 802 | - | 802 | 802 |
| | <u>28,928</u> | <u>-</u> | <u>28,928</u> | <u>28,928</u> |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

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|--------|---|
| 263941 | V |
|--------|---|

PORT DICKSON POWER BERHAD
(Company No. 263941-V)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

25 FINANCIAL INSTRUMENTS (CONTINUED)

(c) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Credit and counterparty risk

The trade receivable of the Company is primarily derived from transactions with TNB. The Company also invests surplus cash in money market instruments with licensed financial institutions. The Company considers the risk of material loss in the event of non-performance by TNB and the licensed financial institutions to be unlikely.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings, issued by RAM Rating Services Berhad (RAM) and Malaysian Rating Corporation Berhad (MARC), rating agencies or to historical information about counterparty default rates:

| | <u>31.12.2014</u> | <u>30.6.2013</u> |
|------------------------------|-------------------|------------------|
| | RM'000 | RM'000 |
| <u>Cash at bank</u> | | |
| Counterparties rated by RAM | | |
| - AAA | 19,090 | 969 |
| <u>Short term deposits</u> | | |
| Counterparties rated by MARC | | |
| - AA- | - | 5,340 |
| Counterparties rated by RAM | | |
| - AAA/AA3 | 135,178 | 25,760 |
| | <u>154,268</u> | <u>32,069</u> |
| <u>Trade receivable</u> | | |
| Counterparties rated by RAM | | |
| - AAA | <u>18,662</u> | <u>121,716</u> |

26 CAPITAL MANAGEMENT

The Company considers all debts and equity, excluding the amount due to intercompany, as capital. The Company's capital management objectives are to ensure its ability to continue as a going concern and maximise shareholders' value. This is achieved through reviewing and managing its equity, debt and cash.

The Company seeks to achieve optimal capital structure by taking into consideration return expected by shareholders, cost of debts, capital expenditure, scheduled maintenance, investment opportunities and projected cash flows. Whilst the current practice provides a reasonable balance between maintenance expenses and cash dividends, the Company may adjust the dividend payout, equity levels and debt levels to achieve the optimal capital structure.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

| | |
|--------|---|
| 263941 | V |
|--------|---|

PORT DICKSON POWER BERHAD
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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

27 SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

On 30 April 2014, Hypergantic Sdn. Bhd. a wholly-owned subsidiary of Malakoff Corporation Berhad, successfully completed the acquisition of the remaining 75% equity interest in the Company. The Company is now a wholly-owned subsidiary of Hypergantic Sdn. Bhd..

28 COMPARATIVE FIGURES

(a) Changes in accounting policies

Explanation of adoption amendments to MFRS 116 – “Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)”.

During the financial period, the Company has adopted the amendments to MFRS 116 and classified spare parts as inventories unless the item of spare part is held for own use and expected to be used during more than one period in which it is classified as property, plant and equipment. In the previous financial periods, all spare parts were classified as inventories. Upon adoption of amendments to MFRS 116, the Company reclassified strategic spare parts previously accounted for under inventories to “Plant and machinery” under property, plant and equipment. The change in accounting policy has been applied retrospectively.

Statement of financial position as at 30 June 2013

| | As previously stated RM'000 | Effect of adoption of amendments to MFRS 116 RM'000 | As restated RM'000 |
|-------------------------------|--------------------------------------|---|-----------------------|
| Property, plant and equipment | 105,229 | 3,200 | 108,429 |
| Inventories | 28,456 | (3,200) | 25,256 |
| | <u> </u> | <u> </u> | <u> </u> |

Statement of financial position as at 1 July 2012

| | As previously stated RM'000 | Effect of adoption of amendments to MFRS 116 RM'000 | As restated RM'000 |
|-------------------------------|--------------------------------------|---|-----------------------|
| Property, plant and equipment | 127,898 | 3,200 | 131,098 |
| Inventories | 18,226 | (3,200) | 15,026 |
| | <u> </u> | <u> </u> | <u> </u> |

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

263941

V

PORT DICKSON POWER BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

28 COMPARATIVE FIGURES (CONTINUED)

(b) Reclassification of statement of comprehensive income items

During the financial period, the Company made certain reclassification to the comparatives to conform with the presentation of its intermediate holding company, Malakoff Corporation Berhad, resulting in the financial statements providing more relevant information about the effects of the transaction on the Company's financial performance.

Statement of comprehensive income for the financial year 2013

| | As previously <u>stated</u> RM'000 | <u>Reclassification</u> RM'000 | <u>As restated</u> RM'000 |
|--------------------------|---|-----------------------------------|------------------------------|
| Operating expenses | (202,915) | 202,915 | - |
| Cost of sales | - | (153,204) | (153,204) |
| Gross profit | - | 152,537 | 152,537 |
| Administrative expenses | - | (11,815) | (11,815) |
| Other operating expenses | - | (37,896) | (37,896) |
| | <u> </u> | <u> </u> | <u> </u> |

29 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 6 February 2015.

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)

Company No.

263941 V

PORT DICKSON POWER BERHAD

(Company No. 263941-V)
(Incorporated in Malaysia)

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

We, Dato' Sri Che Khalib bin Mohamad Noh and Dato' Sri Syed Faisal Albar bin Syed A.R Albar, two of the Directors of Port Dickson Power Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 5 to 43 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 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 requirements of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors dated 6 February 2015.

DATO' SRI CHE KHALIB
BIN MOHAMAD NOH
DIRECTOR

DATO' SRI SYED FAISAL ALBAR
BIN SYED A.R ALBAR
DIRECTOR

Kuala Lumpur
6 February 2015

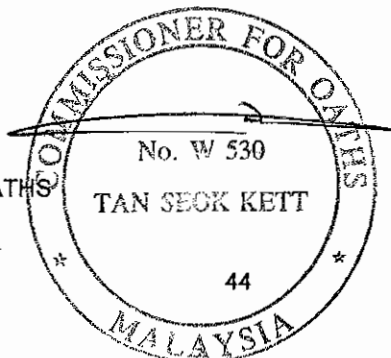
STATUTORY DECLARATION PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, Ho Chee Sheong, the person primarily responsible for the financial management of Port Dickson Power Berhad, do solemnly and sincerely declare that the financial statements set out on pages 5 to 43 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.

HO CHEE SHEONG

Subscribed and solemnly declared by the abovenamed, Ho Chee Sheong, at Kuala Lumpur in Malaysia, on 6 February 2015, before me.

COMMISSIONER FOR OATHS
Lot 350, 3rd Floor, Wisma M.V.
Jalan Raja Chulan,
50200 Kuala Lumpur.



ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF PORT DICKSON POWER BERHAD
(Company No. 263941-V)
(Incorporated in Malaysia)****REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Port Dickson Power Berhad on pages 5 to 43 which comprise the statement of financial position as at 31 December 2014 of the Company, and the statements of total comprehensive income, changes in equity and cash flows of the Company for financial period from 1 July 2013 to 31 December 2014, and a summary of significant accounting policies and other explanatory notes, as set out on notes 1 to 29.

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 are 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 judgment, 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.

*PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my*

ANNEXURE D: AUDITED FINANCIAL STATEMENTS OF PD POWER FOR THE 18-MONTH
FINANCIAL PERIOD ENDED 31 DECEMBER 2014 (Cont'd)



INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF PORT DICKSON POWER BERHAD (CONTINUED)
(Company No. 263941-V)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of its financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

NG GAN HOOI
(No. 2914/04/15 (J))
Chartered Accountant

Kuala Lumpur
6 February 2015