

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the period ended 30 September 2017

	3 months ended 30.9.2017 RM'000 (Unaudited)	3 months ended 30.9.2016 RM'000 (Unaudited)	Cumulative 9 months ended 30.9.2017 RM'000 (Unaudited)	Cumulative 9 months ended 30.9.2016 RM'000 (Unaudited)
Revenue	1,821,432	1,514,280	5,337,066	4,384,871
Cost of sales	(1,482,193)	(1,112,755)	(4,107,886)	(3,185,105)
Gross profit	339,239	401,525	1,229,180	1,199,766
Other income	138,550	19,244	152,153	112,425
Administrative expenses	(63,911)	(37,825)	(175,515)	(164,070)
Other operating expenses	(35,205)	(32,019)	(126,252)	(126,306)
Results from operating activities	378,673	350,925	1,079,566	1,021,815
Finance income	52,387	44,567	156,171	136,285
Finance costs	(241,153)	(274,523)	(779,134)	(736,627)
Net finance costs	(188,766)	(229,956)	(622,963)	(600,342)
Share of profit of equity-accounted associates and a joint venture, net of tax	22,978	22,179	84,023	20,329
Profit before tax	212,885	143,148	540,626	441,802
Income tax expense	(126,214)	(85,084)	(221,691)	(141,123)
Profit for the period	86,671	58,064	318,935	300,679
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	47,275	9,535	(888)	(73,937)
Share of profit/(loss) on hedging reserve of equity-accounted associates	12,844	15,079	41,811	(22,387)
Foreign currency translation differences for foreign operations	(2,336)	7,730	(8,790)	8,275
Other comprehensive income/(expense) for the period	57,783	32,344	32,133	(88,049)
Total comprehensive income for the period	144,454	90,408	351,068	212,630

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Profit attributable to :				
Owners of the Company	64,175	51,505	266,227	265,231
Non-controlling interests	22,496	6,559	52,708	35,448
Profit for the period	<u>86,671</u>	<u>58,064</u>	<u>318,935</u>	<u>300,679</u>
Total comprehensive income attributable to :				
Owners of the Company	121,958	83,849	298,360	177,182
Non-controlling interests	22,496	6,559	52,708	35,448
Total comprehensive income for the period	<u>144,454</u>	<u>90,408</u>	<u>351,068</u>	<u>212,630</u>
Earnings per ordinary share (sen)				
Basic/Diluted	1.28	1.03	5.32	5.30

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Financial Position
As at 30 September 2017

	As at 30.9.2017 RM'000 (Unaudited)	As at 31.12.2016 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	14,139,052	14,604,469
Intangible assets	3,414,175	3,721,431
Prepaid lease payments	64,869	68,336
Investment in associates	1,547,702	1,476,010
Investment in a joint venture	-	-
Finance lease receivable	2,312,905	2,264,999
Derivative financial assets	524,594	670,796
Other receivables	83,844	91,902
Deferred tax assets	125,814	69,568
Total non-current assets	<u>22,212,955</u>	<u>22,967,511</u>
Current assets		
Trade and other receivables	2,183,011	2,046,557
Inventories	719,047	662,273
Current tax assets	145,137	176,592
Other investments	2,046,746	1,403,801
Cash and cash equivalents	2,577,014	3,006,802
Total current assets	<u>7,670,955</u>	<u>7,296,025</u>
Total assets	<u>29,883,910</u>	<u>30,263,536</u>
Equity		
Share capital	500,000	500,000
Share premium	5,192,215	5,192,215
Reserves	143,295	111,162
Retained profits	179,768	112,335
Equity attributable to owners of the Company	<u>6,015,278</u>	<u>5,915,712</u>
Perpetual sukuk	800,000	-
Non-controlling interests	233,291	215,583
Total equity	<u>7,048,569</u>	<u>6,131,295</u>
Non-current liabilities		
Loan and borrowings	14,609,815	15,626,429
Employee benefits	100,280	94,828
Provision for decommissioning cost	90,266	85,625
Deferred income	3,472,303	3,230,403
Deferred tax liabilities	1,637,424	1,776,677
Derivative financial liabilities	116,514	153,681
Total non-current liabilities	<u>20,026,602</u>	<u>20,967,643</u>

Condensed Consolidated Statements of Financial Position
As at 30 September 2017

	As at 30.9.2017 RM'000 (Unaudited)	As at 31.12.2016 RM'000 (Audited)
Current liabilities		
Trade and other payables	1,152,206	1,002,243
Current tax liabilities	191,087	117,378
Loans and borrowings	1,378,918	1,910,419
Deferred income	58,806	103,147
Derivative financial liabilities	27,722	31,411
Total current liabilities	<u>2,808,739</u>	<u>3,164,598</u>
Total liabilities	<u>22,835,341</u>	<u>24,132,241</u>
Total equity and liabilities	<u>29,883,910</u>	<u>30,263,536</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.20	1.18

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the period ended 30 September 2017

	/----- Attributable to owners of the Company -----/									
	/----- Non distributable -----/					Distributable				
	Share Capital RM'000	Share Premium RM'000	Reserves			Retained Profits RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Capital Redemption RM'000			Translation RM'000	Hedging RM'000						
At 1 January 2017	500,000	5,192,215	840	20,476	89,846	112,335	5,915,712	-	215,583	6,131,295
Foreign currency translation differences for foreign operations	-	-	-	(8,790)	-	-	(8,790)	-	-	(8,790)
Cash flow hedge	-	-	-	-	(888)	-	(888)	-	-	(888)
Share of profit on hedging reserves attributable to associates	-	-	-	-	41,811	-	41,811	-	-	41,811
Other comprehensive (expense)/income for the period	-	-	-	(8,790)	40,923	-	32,133	-	-	32,133
Profit for the period	-	-	-	-	-	266,227	266,227	-	52,708	318,935
Comprehensive (expense)/income for the period	-	-	-	(8,790)	40,923	266,227	298,360	-	52,708	351,068
Issuance of perpetual sukuk	-	-	-	-	-	-	-	800,000	-	800,000
Distribution to perpetual sukuk holders	-	-	-	-	-	(23,794)	(23,794)	-	-	(23,794)
Dividends to owners of the Company	-	-	-	-	-	(175,000)	(175,000)	-	-	(175,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(35,000)	(35,000)
Total distribution to owners	-	-	-	-	-	(175,000)	(175,000)	-	(35,000)	(210,000)
At 30 September 2017	500,000	5,192,215	840	11,686	130,769	179,768	6,015,278	800,000	233,291	7,048,569

Condensed Consolidated Statement of Changes in Equity
For the period ended 30 September 2017

	/----- Attributable to owners of the Company -----/									
	/----- Non distributable -----/					Distributable				
	Share Capital RM'000	Share Premium RM'000	Reserves			Retained Profits RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Capital Redemption RM'000			Translation RM'000	Hedging RM'000						
At 1 January 2016, restated	500,000	5,192,215	840	17,105	19,678	35,276	5,765,114	-	215,004	5,980,118
Foreign currency translation differences for foreign operations	-	-	-	8,275	-	-	8,275	-	-	8,275
Cash flow hedge	-	-	-	-	(73,937)	-	(73,937)	-	-	(73,937)
Share of loss on hedging reserves attributable to associates	-	-	-	-	(22,387)	-	(22,387)	-	-	(22,387)
Other comprehensive income/(expense) for the period	-	-	-	8,275	(96,324)	-	(88,049)	-	-	(88,049)
Profit for the period	-	-	-	-	-	265,231	265,231	-	35,448	300,679
Comprehensive income/(expense) for the period	-	-	-	8,275	(96,324)	265,231	177,182	-	35,448	212,630
Dividends to owners of the Company	-	-	-	-	-	(275,000)	(275,000)	-	-	(275,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(45,000)	(45,000)
Total distribution to owners	-	-	-	-	-	(275,000)	(275,000)	-	(45,000)	(320,000)
At 30 September 2016, as restated	500,000	5,192,215	840	25,380	(76,646)	25,507	5,667,296	-	205,452	5,872,748

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Cash Flows
For the period ended 30 September 2017

	9 months ended 30.9.2017 RM'000 (Unaudited)	9 months ended 30.9.2016 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before tax	540,626	441,802
Adjustments for :		
Non cash-item	1,026,884	1,068,243
Finance costs	779,134	736,627
Finance income	(156,171)	(136,285)
Share of profit of equity-accounted associates and a joint venture, net of tax	(84,023)	(20,329)
Operating profit before changes in working capital	<u>2,106,450</u>	<u>2,090,058</u>
<i>Changes in:</i>		
Net change in current assets	(375,042)	(365,430)
Net change in current liabilities	262,792	(62,899)
Net change in non-current liabilities	202,200	181,010
Cash generated from operations	<u>2,196,400</u>	<u>1,842,739</u>
Income taxes paid	(303,090)	(163,300)
Net cash from operating activities	<u>1,893,310</u>	<u>1,679,439</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(226,805)	(467,561)
Acquisition of prepaid lease payments	-	(3,053)
Dividend received from associates	12,897	15,976
Increase in other investments	(642,945)	(1,169,069)
Interest received	124,256	104,663
Proceeds from redemption on unsecured loan stocks	6,400	6,000
Redemption of unsecured loan stocks	(7,000)	(12,000)
Net cash used in investing activities	<u>(733,197)</u>	<u>(1,525,044)</u>
Cash flows from financing activities		
Distribution to perpetual sukuk holder	(23,794)	-
Dividends paid to the owners of the Company	(175,000)	(275,000)
Dividends paid to non-controlling interests	(35,000)	(45,000)
Interest paid	(631,855)	(606,636)
Proceeds from issuance of perpetual sukuk	800,000	-
Proceeds from borrowings	346,160	608,469
Repayment of borrowings	(1,874,412)	(591,725)
Redemption of preference shares	4,000	-
Net cash used in financing activities	<u>(1,589,901)</u>	<u>(909,892)</u>

Condensed Consolidated Statements of Cash Flows
For the period ended 30 September 2017

	9 months ended 30.9.2017 RM'000 (Unaudited)	9 months ended 30.9.2016 RM'000 (Unaudited)
Net decrease in cash and cash equivalents	(429,788)	(755,497)
Cash and cash equivalents at beginning of the period	<u>3,006,802</u>	<u>2,853,346</u>
Cash and cash equivalents at end of the period	<u>2,577,014</u>	<u>2,097,849</u>
Cash and cash equivalents comprise :		
Deposits with licensed banks and other licensed corporations	2,286,278	1,898,886
Cash and bank balances	<u>290,736</u>	<u>198,963</u>
	<u>2,577,014</u>	<u>2,097,849</u>

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") 134, Interim Financial Reporting and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

The audited financial statements of the Group for the financial year ended 31 December 2016 was prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The significant accounting policies adopted in these interim financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2016, except the Group adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2017 as follows:

- Amendments to MFRS 12, Disclosure of interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above did not have any material impact on the financial statements of the Group.

2. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

3. Seasonal or cyclical factors

The Group's operations have not been affected by seasonal or cyclical factors.

4. Unusual items

There was no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review because of its nature, size and incidence.

5. Changes in estimates

There was no material change in financial estimates that could materially affect the current interim results.

6. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter except for the repayment of Tanjung Bin Energy Issuer Sdn. Bhd.'s Sukuk Murabahah of RM40.0 million on 15 September 2017.

7. Dividend paid

Since the end of previous financial year, the Company paid:

- i. A final single-tier dividend of 3.5 sen per ordinary share totalling RM175,000,000 in respect of the financial year ended 31 December 2016 on 23 May 2017.
- ii. An interim single-tier dividend of 2.5 sen per ordinary share totalling RM125,000,000 in respect of the financial year ending 31 December 2017 on 6 October 2017.

8. Segment reporting

During the current period, the Chief Executive Officer has reviewed the asset management and the operation & maintenance segments and is of the view that they are interdependent and form a single strategic business unit. As such, no segmental reporting in relation to these two segments was prepared for this quarter.

Nevertheless, as the Group continues to explore potential growth opportunities to expand its presence worldwide, internal management report is now focused on contribution from local and foreign segments. As a result, the Group's segmental reporting for the current period was prepared on this basis.

The Group's segmental reporting for the financial period ended 30 September 2017 is as follows:

	Local RM'000	Foreign RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	5,188,475	148,591	-	5,337,066
Inter-segment revenue	1,205,390	46,862	(1,252,252)	-
Total segment revenue	6,393,865	195,453	(1,252,252)	5,337,066
Profit after tax	692,803	75,772	(449,640)	318,935

The Group's segmental reporting for the corresponding financial period ended 30 September 2016 is as follows:

	Local RM'000	Foreign RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	4,234,057	150,814	-	4,384,871
Inter-segment revenue	1,426,010	58,851	(1,484,861)	-
Total segment revenue	5,660,067	209,665	(1,484,861)	4,384,871
Profit after tax	797,327	123,307	(619,955)	300,679

9. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 30 September 2017 except for the amounts carried forward pertaining to certain Group's properties that had been revalued in the past.

10. Material events subsequent to the end of current interim period

There was no material event subsequent to the end of the current quarter ended 30 September 2017.

11. Changes in composition of the Group

There was no change in the composition of the Group during the current quarter ended 30 September 2017.

12. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2016 except for the following bank guarantees issued to third parties:

	30.09.2017 RM'mil	31.12.2016 RM'mil
Company and subsidiaries	<u>636.5</u>	<u>519.6</u>

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

13. Capital commitments

Capital commitments of the Group not provided for in the interim financial report are as follows:

	30.09.2017 RM'mil	31.12.2016 RM'mil
Property, plant and equipment: Authorised but not contracted for	<u>332.3</u>	<u>559.1</u>

14. Related party transactions

	30.09.2017 RM'mil	31.12.2016 RM'mil
Associated company: Interest income on unsecured subordinated loan notes	<u>31.9</u>	<u>31.6</u>

Additional information required by the Bursa Securities Listing Requirements**15. Review of performance****Quarter 3, 2017 vs Quarter 3, 2016**

For the quarter ended 30 September 2017, the Group recorded RM1,821.4 million in revenue, a 20.3% increase from RM1,514.3 million reported in the corresponding quarter ended 30 September 2016, mainly due to higher applicable coal price registered by Tanjung Bin Power Sdn. Bhd. (“TBP”) and Tanjung Bin Energy Sdn. Bhd. (“TBE”). This was partly offset by lower capacity payment recorded by Segari Energy Ventures Sdn. Bhd. (“SEV”) following the new revised Power Purchase Agreement (“PPA”) commencing 1 July 2017.

The Group’s profit before taxation increased to RM212.9 million compared to RM143.1 million reported in corresponding quarter ended 30 September 2016, mainly due to compensation received from settlement of dispute between TBP and IHI and higher contribution from TBE. This was partly offset by lower capacity payment recorded by SEV following the new revised PPA commencing 1 July 2017.

Year-to-date, 2017 vs Year-to-date, 2016

For the financial period ended 30 September 2017, the Group recorded RM5,337.1 million in revenue, a 21.7% increase from RM4,384.9 million reported in the corresponding period of the preceding year, mainly due to higher applicable coal price registered by TBP and nine (9) months revenue contribution by TBE for the current period compared to six (6) months revenue for the corresponding period.

The Group’s profit before taxation increased to RM540.6 million compared to RM441.8 million reported in corresponding period of the preceding year, mainly due to higher fuel margin, compensation received from settlement of dispute between TBP and IHI and higher contribution from associates. This was partly offset by lower capacity payment recorded by SEV following the new revised PPA commencing 1 July 2017 and insurance claim on rotor replacement recorded in the corresponding period.

16. Variation of results against immediate preceding quarter**Quarter 3, 2017 vs Quarter 2, 2017**

The Group recorded a higher profit before taxation of RM212.9 million in the current quarter compared to RM153.1 million in the immediate preceding quarter attributed to compensation received from settlement of dispute between TBP and IHI and higher TBE’s contribution. This was partially offset by lower capacity payment recorded by SEV following the new revised PPA commencing 1 July 2017.

17. Current prospects

The results for the financial year ending 31 December 2017 will be affected by the lower capacity payment in the new revised Segari Energy Ventures Sdn Bhd's Power Purchase Agreement commencing 1 July 2017 but will be partly offset by compensation received from settlement of dispute between TBP and IHI.

The Group will continue with its strategic initiatives to achieve future sustainable growth whilst focusing on plant efficiencies and cost management. The Group expects the results to remain satisfactory for the financial year ending 31 December 2017.

18. Profit before tax

Profit before tax is stated after (crediting)/charging the following items:

	3 months ended 30.09.2017 RM'mil	3 months ended 30.09.2016 RM'mil	Cumulative 9 months ended 30.09.2017 RM'mil	Cumulative 9 months ended 30.09.2016 RM'mil
Finance income	(52.4)	(44.6)	(156.2)	(136.3)
Finance cost	241.2	274.5	779.1	736.6
Depreciation	231.8	280.7	691.9	663.9
Amortisation of intangibles	70.6	123.0	315.1	372.4
Net foreign exchange loss	1.6	0.1	2.3	14.2

19. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter.

20. Tax expense

	3 months ended 30.09.2017 RM'mil	3 months ended 30.09.2016 RM'mil	Cumulative 9 months ended 30.09.2017 RM'mil	Cumulative 9 months ended 30.09.2016 RM'mil
Current tax expense	193.5	143.0	423.3	304.9
Deferred tax expense	(67.3)	(58.0)	(201.6)	(163.8)
Total tax expense	<u>126.2</u>	<u>85.0</u>	<u>221.7</u>	<u>141.1</u>

The Group's effective tax rate for the current quarter and financial period are higher than the statutory income tax rate mainly due to underprovision of prior years' tax in light of recent development in the interpretation of taxation regulations.

21. Status of corporate proposals announced

On 16 October 2017, the Board of Directors of Malakoff Corporation Berhad (“MCB” or “the Company”) announced the Company’s intention to seek the approval of its shareholders for the authority for MCB to purchase its own shares of up to 10% of MCB’s prevailing issued ordinary share capital at any time at an extraordinary general meeting (“EGM”) to be convened on 28 November 2017.

22. Borrowings

	30.09.2017	31.12.2016
	RM’mil	RM’mil
Current		
- Secured	1,378.9	620.3
- Unsecured	-	1,290.1
	<u>1,378.9</u>	<u>1,910.4</u>
Non-current		
- Secured	14,524.3	15,533.9
- Unsecured	85.5	92.5
	<u>14,609.8</u>	<u>15,626.4</u>
	<u>15,988.7</u>	<u>17,536.8</u>

The currency exposure pertaining to borrowings for the Group is as follows:-

	30.09.2017	31.12.2016
	RM’mil	RM’mil
Functional currency		
- RM	13,547.0	15,108.7
- AUD	2,103.9	2,080.9
- USD	337.8	347.2
	<u>15,988.7</u>	<u>17,536.8</u>

23. Realised and unrealised profit disclosure

The retained profits as at 30 September 2017 is analysed as follows:-

	30.09.2017	31.12.2016
	RM'mil	RM'mil
Total retained earnings of the Company and its subsidiaries		
- realised	8,157.6	8,074.4
- unrealised	(703.4)	(883.1)
	<u>7,454.2</u>	<u>7,191.3</u>
Total share of retained earnings of associates		
- realised	214.3	215.1
- unrealised	(56.3)	(31.7)
	<u>158.0</u>	<u>183.4</u>
Total share of retained earnings of equity accounted joint venture		
- realised	(64.1)	(64.1)
	<u>(64.1)</u>	<u>(64.1)</u>
Total retained earnings before consolidation adjustments	7,548.1	7,310.6
Less : consolidation adjustments	(7,368.3)	(7,198.3)
Total retained profit	<u><u>179.8</u></u>	<u><u>112.3</u></u>

24. Changes in material litigation

(i) *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 ("Court") 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 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 regarding foreign exchange regulation offences and the flow of capital to and from overseas.

The Court had on 24 December 2014 convicted AAS and had subsequently imposed a penalty of DZD3,929,038,151 (approximately RM148.3 million at the exchange rate of RM1: DZD26.5) ("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 DZD1,402,666,620 (approximately RM52.9 million). The court of appeal upheld the decision and the Penalty imposed by the Court on 2 March 2016.

Notwithstanding the decision of the Court, AAS has been advised by its solicitor, Maitre Hadjer Becha, 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 solicitor had filed an appeal to the Supreme Court on 17 June 2016. AAS had filed grounds of appeal on 9 August 2016 but the Supreme Court has not fixed any hearing date in respect of the appeal.

The Group has recognised a provision amounting to RM36.1 million in previous financial year. Notwithstanding this, AAS will continue with the appeal until the exhaustion of all rights.

(ii) *Litigation action initiated by Tanjung Bin Power Sdn Bhd (“TBP”) against IHI Corporation Japan, ISHI Power Sdn Bhd and IHI Power Systems (M) Sdn Bhd*

TBP, a subsidiary of the Malakoff Corporation Berhad, commenced proceeding before the Malaysia High Court on 2 December 2015 against the following three (3) Defendants:

- IHI Corporation Japan (“IHI”)
- ISHI Power Sdn. Bhd. (“ISHI”)
- IHI Power Systems (M) Sdn. Bhd. (“IPSM”)

The total amount claimed is RM782,023,406 (excluding interest and costs) under 8 different heads. TBP is seeking damages from IHI, ISHI and IPSM for breaches of the duty of care, which they individually and/or collectively owed to TBP.

The claims against the separate Defendants are made under separate heads and the amounts claimed vary. The total amount claimed, though quantified as above, is estimated and therefore subject to change.

The claims include relief sought from the court for TBP’s loss and damage, including the costs of repairs and replacement, and economic losses such as in relation to available capacity payments and daily utilisation payments. TBP has also claimed for interest as well as costs.

The Defendants have entered appearances and their respective defenses. They have also each filed an application to strike out the actions against TBP. The matter came up for hearing of the striking out application on 22 July 2016. However, the court adjourned the hearing to 22 August 2016 whereby the court had dismissed Defendants’ application to strike out the suit filed by TBP. The main suit was fixed for full trial commencing from 5 December 2016.

TBP proceeded with the oral opening submission on 5 December 2016. However, the judge invited parties to consider whether, due to the voluminous documents and technical evidence relating to nature of the suit and/or claims, it will be in the best interest of parties for resolution before a technically qualified arbitrator.

The court had granted order on 16 March 2017 for the suit to be referred to court-mandated arbitration. The court mandated arbitration was fixed for hearing from 16 August 2017 until 20 August 2017. Court had also fixed 6 September 2017 for further case management to monitor the progress of the court mandated arbitration.

On 4 August 2017, TBP and IHI had entered into settlement agreement with the Defendant and with Sumitomo Corporation, Zelan Holdings (M) Sdn Bhd and Sumi-Power Malaysia Sdn Bhd in the arbitration proceeding referred to in item (iii) below (“Arbitration Proceeding”) to resolve and settle the disputes between all parties in accordance with the terms and conditions of the settlement agreement.

A consent judgment had been entered on 9 August 2017 in the Litigation Action on a strictly without admission of liability basis and TBP as the claimant, withdrew and discontinued the Litigation Action and the Arbitration Proceeding in item (iii) below respectively on the terms and conditions set out in the aforementioned agreement. Full settlement has been made by IHI on 6 November 2017.

- (iii) *Arbitration proceeding against Sumitomo Corporation, Zelan Holdings (M) Sdn. Bhd. (“Zelan Holdings”) and Sumi-Power Malaysia Sdn. Bhd.*

Tanjung Bin Power Sdn. Bhd. (“TBP”) had on 23 November 2016, issued a notice of arbitration (“Arbitration”) against Sumitomo Corporation, Zelan Holdings (M) Sdn. Bhd. (“Zelan Holdings”) and Sumi-Power Malaysia Sdn. Bhd. (collectively referred to as “EPCC Contractors”).

TBP is and was at all material times, the owner of the Tanjung Bin Power plant, a power station consisting of three 700 MW coal-fired plants (“Plant”). The EPCC Contractors were engaged to provide TBP with and TBP relied on the EPCC Contractors for the engineering, design, procurement, construction, commissioning and related services in respect of amongst others, the Plant and its related facilities (“EPCC Contract”).

The Arbitration is in respect of loss and damage suffered by TBP as a consequence of the EPCC Contractors’ and/or their agent(s)’ negligence and/or breaches of duties and/or obligations under the EPCC Contract.

TBP as the claimant, withdrew and discontinued the Arbitration Proceeding upon entry of the consent judgment and in accordance to the settlement agreement disclosed in item (ii) above.

Save as disclosed above, there has been no significant change in material litigation, including the status of pending material litigation in respect of the Group during the current quarter under review.

25. Dividend Payable

No dividend has been recommended by the Directors in respect of the current quarter ended 30 September 2017 and corresponding quarter ended 30 September 2016.

26. Earnings per ordinary share

	3 months ended 30.09.2017	3 months ended 30.09.2016	Cumulative 9 months ended 30.09.2017	Cumulative 9 months ended 30.09.2016
Basic/Diluted Earnings per Ordinary Share				
Profit for the period attributable to owners of the Company (RM'mil)	64.2	51.5	266.2	265.2
Weighted average number of ordinary shares ('mil)	5,000.0	5,000.0	5,000.0	5,000.0
Basic earnings per ordinary share (sen)	1.28	1.03	5.32	5.30

27. Authorisation for issue

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 21 November 2017.

By Order of the Board

Yeoh Soo Mei (MAICSA No.7032259)

Sharifah Ashtura Jamalullail binti Syed Osman (LS 0009113)

Secretaries

Kuala Lumpur

21 November 2017