Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the period ended 30 September 2018

	3 months ended 30.9.2018 RM'000 (Unaudited)	**3 months ended 30.9.2017 RM'000 (Unaudited)**	**9 months ended 30.9.2018 RM'000 (Unaudited)**	**9 months ended 30.9.2017 RM'000 (Unaudited)**
Revenue	1,912,676	1,821,432	5,460,962	5,337,066
Cost of sales	(1,560,379)	(1,482,193)	(4,394,525)	(4,107,886)
Gross profit	352,297	339,239	1,066,437	1,229,180
Other income	67,259	138,550	98,616	152,153
Administrative expenses	(52,762)	(63,911)	(145,933)	(175,515)
Other operating expenses	(32,126)	(35,205)	(112,196)	(126,252)
Results from operating activities	334,668	378,673	906,924	1,079,566
Finance income	67,346	52,387	186,924	156,171
Finance costs	(251,003)	(241,153)	(738,297)	(779,134)
Net finance costs	(183,657)	(188,766)	(551,373)	(622,963)
Share of profit of equity-accounted associates and a joint venture, net of tax	14,384	22,978	47,169	84,023
Profit before tax	165,395	212,885	402,720	540,626
Income tax expense	(66,949)	(126,214)	(173,287)	(221,691)
Profit for the period	98,446	86,671	229,433	318,935
Other comprehensive (expense)/income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	(29,016)	47,275	(96,025)	(888)
Share of profit on hedging reserve of equity-accounted associates	11,194	12,844	91,131	41,811
Foreign currency translation differences for foreign operations	(11,250)	(2,336)	(28,375)	(8,790)
Other comprehensive (expense)/income for the period	(29,072)	57,783	(33,269)	32,133
Total comprehensive income for the period	69,374	144,454	196,164	351,068

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the period ended 30 September 2018

	3 months ended 30.9.2018 RM'000 (Unaudited)	3 months ended 30.9.2017 RM'000 (Unaudited)	9 months ended 30.9.2018 RM'000 (Unaudited)	9 months ended 30.9.2017 RM'000 (Unaudited)
Profit attributable to :				
Owners of the Company	83,498	64,175	188,950	266,227
Non-controlling interests	14,948	22,496	40,483	52,708
Profit for the period	98,446	86,671	229,433	318,935
Total comprehensive income attributable to :				
Owners of the Company	54,426	121,958	155,681	298,360
Non-controlling interests	14,948	22,496	40,483	52,708
Total comprehensive income for the period	69,374	144,454	196,164	351,068
Earnings per ordinary share (sen)				
Basic/diluted	1.70	1.28	3.82	5.32

The 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 2017 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Financial Position
As at 30 September 2018

	As at 30.9.2018 RM'000 (Unaudited)	As at 31.12.2017 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	13,481,466	13,976,303
Intangible assets	3,142,174	3,346,176
Prepaid lease payments	60,248	63,715
Investments in associates	1,581,199	1,571,049
Other investment	11,058	-
Finance lease receivable	2,069,663	2,208,203
Derivative financial assets	411,323	417,283
Trade and other receivables	73,764	81,540
Deferred tax assets	150,390	139,487
Total non-current assets	20,981,285	21,803,756
Current assets		
Trade and other receivables	2,193,231	2,118,834
Inventories	661,511	858,774
Current tax assets	117,593	139,275
Finance lease receivable	10,332	-
Other investments	3,948,742	2,641,829
Cash and cash equivalents	1,234,256	2,355,529
Total current assets	8,165,665	8,114,241
Total assets	**29,146,950**	**29,917,997**
Equity		
Share capital	5,693,055	5,693,055
Treasury shares	(83,229)	(1,641)
Reserves	78,728	111,997
Retained profits	46,347	87,680
Equity attributable to owners of the Company	5,734,901	5,891,091
Perpetual sukuk	800,000	800,000
Non-controlling interests	211,102	225,570
Total equity	6,746,003	6,916,661
Non-current liabilities		
Loans and borrowings	13,996,160	14,180,158
Employee benefits	122,563	115,773
Provision for decommissioning cost	96,680	91,831
Deferred income	3,782,341	3,553,403
Derivative financial liabilities	156,076	112,048
Deferred tax liabilities	1,401,355	1,567,578
Total non-current liabilities	19,555,175	19,620,791

Condensed Consolidated Statements of Financial Position
As at 30 September 2018

	As at 30.9.2018 RM'000 (Unaudited)	As at 31.12.2017 RM'000 (Audited)
Current liabilities		
Trade and other payables	1,103,426	1,512,301
Current tax liabilities	104,092	135,342
Loans and borrowings	1,553,515	1,650,823
Derivative financial liabilities	26,362	23,665
Deferred income	58,377	58,414
Total current liabilities	2,845,772	3,380,545
Total liabilities	22,400,947	23,001,336
Total equity and liabilities	**29,146,950**	**29,917,997**
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.17	1.18

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the period ended 30 September 2018

	Attributable to owners of the Company								
	Non distributable				Distributable				
			Reserves						
	Share Capital RM'000	Treasury Shares RM'000	Translation RM'000	Hedging RM'000	Retained Profits RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2018	5,693,055	(1,641)	5,145	106,852	87,680	5,891,091	800,000	225,570	6,916,661
Foreign currency translation differences for foreign operations	-	-	(28,375)	-	-	(28,375)	-	-	(28,375)
Cash flow hedge	-	-	-	(96,025)	-	(96,025)	-	-	(96,025)
Share of profit on hedging reserves of equity-accounted associates	-	-	-	91,131	-	91,131	-	-	91,131
Other comprehensive expense for the period	-	-	(28,375)	(4,894)	-	(33,269)	-	-	(33,269)
Profit for the period	-	-	-	-	188,950	188,950	-	40,483	229,433
Comprehensive (expense)/income for the period	-	-	(28,375)	(4,894)	188,950	155,681	-	40,483	196,164
Distribution to perpetual sukuk holders	-	-	-	-	(47,588)	(47,588)	-	-	(47,588)
Incorporation of a subsidiary	-	-	-	-	-	-	-	49	49
Dividends to owners of the Company	-	-	-	-	(182,695)	(182,695)	-	-	(182,695)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(55,000)	(55,000)
Total distribution to owners	-	-	-	-	(182,695)	(182,695)	-	(55,000)	(237,695)
Purchase of treasury shares	-	(81,588)	-	-	-	(81,588)	-	-	(81,588)
At 30 September 2018	5,693,055	(83,229)	(23,230)	101,958	46,347	5,734,901	800,000	211,102	6,746,003

Condensed Consolidated Statement of Changes in Equity
For the period ended 30 September 2018

	/------- Attributable to owners of the Company									
	/------- Non distributable				/------/	Distributable				
			Reserves							
	Share Capital RM'000	Share Premium RM'000	Capital Redemption RM'000	Translation RM'000	Hedging RM'000	Retained Profits RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity 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 of equity-accounted associates	-	-	-	-	41,811	-	41,811	-	-	41,811
Other comprehensive expense 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

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Cash Flows
For the period ended 30 September 2018

	9 months ended 30.9.2018 RM'000 (Unaudited)	9 months ended 30.9.2017 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before tax	402,720	540,626
Adjustments for :		
Non cash-items	802,338	1,026,884
Finance costs	738,297	779,134
Finance income	(186,924)	(156,171)
Share of profit of equity-accounted associates and a joint venture, net of tax	(47,169)	(84,023)
Operating profit before changes in working capital	1,709,262	2,106,450
Changes in working capital:		
Net change in current assets	283,877	(375,042)
Net change in current liabilities	(614,793)	262,792
Net change in non-current liabilities	233,750	202,200
Cash generated from operations	1,612,096	2,196,400
Income taxes paid	(321,433)	(303,090)
Net cash from operating activities	1,290,663	1,893,310
Cash flows from investing activities		
Purchase of property, plant and equipment	(138,709)	(226,805)
Dividend received from associates	18,774	12,897
Changes in other investments	(1,317,971)	(642,945)
Interest received	160,081	124,256
Increase in investment in associates	(3,914)	-
Proceeds from redemption on unsecured loan stocks	21,600	6,400
Proceeds from disposal of associates	113,478	-
Redemption of unsecured loan stocks	(55,500)	(7,000)
Net cash used in investing activities	(1,202,161)	(733,197)
Cash flows from financing activities		
Distribution to perpetual sukuk holder	(47,588)	(23,794)
Dividends paid to the owners of the Company	(182,695)	(175,000)
Dividends paid to non-controlling interests	(55,000)	(35,000)
Interest paid	(672,115)	(631,855)
Proceeds from issuance of perpetual sukuk	-	800,000
Proceeds from issuance of shares to non-controlling interests	49	-
Proceeds from borrowings	-	346,160
Repayment of borrowings	(210,178)	(1,874,412)
Redemption of preference shares	39,340	4,000
Purchase of treasury shares	(81,588)	-
Net cash used in financing activities	(1,209,775)	(1,589,901)

Condensed Consolidated Statements of Cash Flows
For the period ended 30 September 2018

	9 months ended 30.9.2018 RM'000 (Unaudited)	9 months ended 30.9.2017 RM'000 (Unaudited)
Net decrease in cash and cash equivalents	(1,121,273)	(429,788)
Cash and cash equivalents at beginning of the period	2,355,529	3,006,802
Cash and cash equivalents at end of the period	**1,234,256**	**2,577,014**
Cash and cash equivalents comprise :		
Cash and bank balances	115,709	290,736
Deposits with licensed banks and other licensed corporations	1,118,547	2,286,278
	1,234,256	**2,577,014**

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 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 ("MFRS") 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 2017 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 2017 were prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017, except the Group adopted the following MFRSs, Interpretations and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2018 as follows:

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

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 2017 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 following:

During the current quarter under review, the Company had repurchased a total of 9,349,600 ordinary shares from the open market for a total consideration of RM8,049,656 at an average cost of RM0.86 per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016. As at 30 September 2018, the total number of treasury shares held is 1.77% of the total paid up share capital of the Company.

7. Dividend paid

On 11 October 2018, the Company paid an interim single-tier dividend of 2.1 sen per ordinary share amounting to RM103,225,000 in respect of the financial year ending 31 December 2018.

8. Segment reporting

The Group's segmental reporting for the financial period ended 30 September 2018 is as follows:

	Local RM'000	Foreign RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	5,334,715	126,247	-	5,460,962
Inter-segment revenue	1,097,267	80,950	(1,178,217)	-
Total segment revenue	6,431,982	207,197	(1,178,217)	5,460,962
Profit after tax	847,616	141,178	(759,361)	229,433

The Group's segmental reporting for the corresponding 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

9. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 30 September 2018 except for the amounts carried forward pertaining to certain Group properties that had been revalued in the past.

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

On 18 November 2018, a joint venture of the Group, Almiyah Attilemcania SpA ("AAS") and its holding company, Tlemcen Desalination Investment Company SAS ("TDIC"), an indirect subsidiary of Malakoff International Limited which in turn is a wholly-owned subsidiary of the Group, had received a notice of termination dated 12 November 2018 ("Notice") issued by Sonatrach SpA and L'Algerienne Des Eaux (collectively referred to as "Offtakers"), giving eight (8) days' prior written notice from the date of receipt of the Notice, for the termination of the Water Purchase Agreement ("WPA") for the sea water desalination plant in the District of Tlemchen, Algeria based on the alleged breach of WPA due to failure of AAS and TDIC to honour the remediation commitments that were notified by the Offtakers.

TDIC will be seeking legal advice and taking the necessary steps to challenge the purported termination by the Offtakers in accordance with the WPA.

The Group's carrying amount of investment in AAS had been fully provided for in year 2016. The purported termination of the WPA is not expected to have any material impact on the financial results, net assets and gearing of the Group for financial year ending 31 December 2018.

11. Changes in composition of the Group

On 5 September 2018, Tuah Utama Sdn Bhd ("TUSB"), a wholly-owned subsidiary of the Company had completed the disposal of TUSB's 20% equity interest in Lekir Bulk Terminal Sdn Bhd ("LBTSB") to Pelabuhan Lumut Sdn. Bhd. ("PLSB"), representing 13,600,000 ordinary shares in LBTSB, for a total cash consideration of RM90,000,000 ("Purchase Price") in accordance with the terms and conditions of the Shares Sale Agreement. TUSB had received the full payment of the Purchase Price and delivered all the Completion Documents to PLSB. With the completion of the disposal, LBTSB ceased to be an associate of the Company.

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 2017 except for the following bank guarantees issued to third parties:

	30.9.2018 RM'mil	**31.12.2017** RM'mil
Company and subsidiaries	423.3	641.2

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

13. Provision for financial assistance

In accordance with paragraph 8.23(1)(ii) and Practice Note 11 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements on the provision of financial assistance, Tanjung Bin Power Sdn. Bhd. ("TBP"), a subsidiary of the Company, has during the period under review, made additional advance payments on behalf of an EPC contractor amounting to RM1.7 million in respect of the upgrading works on conveyor belt system ("the project") which was critical for the operation of the power plant. As at 30 September 2018, the project had been fully completed and the cumulative advance payments made by TBP amounted to RM34.6 million.

The financial assistance did not have any material effect on the earnings and net assets of the subsidiary and the Group.

14. Capital commitments

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

	30.9.2018 RM'mil	**31.12.2017** RM'mil
Property, plant and equipment:		
Authorised and contracted for	174.9	243.6
Authorised but not contracted for	56.7	130.9
	231.6	374.5

15. Related party transactions

	30.9.2018 RM'mil	**30.9.2017** RM'mil
Associated company:		
Interest income on unsecured subordinated loan notes	26.8	31.9

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

Quarter 3, 2018 vs Quarter 3, 2017

For the quarter ended 30 September 2018, the Group recorded RM1,912.7 million in revenue, a 5.0% increase from RM1,821.4 million reported in the corresponding quarter ended 30 September 2017, primarily due to higher energy payment recorded from Tanjung Bin Power Sdn. Bhd. ("TBP") coal plant on the back of higher applicable coal price as well as from Segari Energy Ventures Sdn. Bhd. ("SEV") given the higher dispatch factor and increase in natural gas tariff under the extended Power Purchase Agreement ("PPA"). However, these were partially offset by lower energy and capacity payment at Tanjung Bin Energy Sdn. Bhd. ("TBE") due to plant outage.

Conversely, the Group recorded profit before taxation of RM165.4 million, a 22.3% decrease from RM212.9 million reported in corresponding quarter ended 30 September 2017, primarily attributed to the compensation payment received from settlement of dispute with IHI over TBP's boiler failure recorded in the corresponding quarter of 2017 and lower contribution from TBE due to the plant outage. However, these were partially moderated by gain from the disposal of the Company's 20% equity interest in Lekir Bulk Terminal Sdn Bhd ("LBTSB"), lower depreciation of C-inspection costs as a result of revision in the useful lives of C-inspection for gas plants as well as lower operation and maintenance costs.

Year-to-date, 2018 vs Year-to-date, 2017

For the financial period ended 30 September 2018, the Group recorded RM5,461.0 million in revenue, a slight increase of 2.3% compared with RM5,337.1 million reported in the corresponding period of the preceding year, primarily due to higher energy payment recorded from TBP and TBE coal plants on the back of higher applicable coal price as well as from SEV given the higher dispatch factor and increase in natural gas tariff under the extended PPA. However, these were partially offset by SEV's lower capacity payment given the reduction in tariff under the extended PPA.

Conversely, the Group recorded profit before taxation of RM402.7 million, a 25.5% decrease from RM540.6 million reported in corresponding period of the preceding year, primarily attributed to lower capacity payment recorded by SEV given the reduction in tariff under the extended PPA, lower fuel margin recorded at TBP and TBE coal plants, lower contributions from associates investments as well as TBP's compensation payment received from settlement of dispute with IHI over TBP's boiler failure recorded in the corresponding period. However, these were partially moderated by lower depreciation of C-inspection costs as a result of revision in the useful lives of C-inspection for gas plants, lower operation and maintenance costs, lower finance costs upon settlement of Junior EBL in the corresponding period as well as gain from the disposal of investment in LBTSB.

17. Variation of results against immediate preceding quarter

Quarter 3, 2018 vs Quarter 2, 2018

The Group recorded higher profit before taxation of RM165.4 million in the current quarter compared with RM140.3 million in the immediate preceding quarter, primarily attributed to the gain from the disposal of investment in LBTSB. This was however partially offset by lower contribution from TBE and higher operation and maintenance costs.

18. Current prospects

Malaysia's Budget 2019 indicates a balancing of fiscal consolidation and growth which augurs well for sustained domestic demand. This will provide a firm and robust footing for stronger electricity demand from the industrial and domestic sectors, hence serving as a catalyst for the Group's earnings.

The Group will continue to place emphasis on ensuring sustained plant availability and reliability through various improvement initiatives as well as enhanced operational efficiencies. Besides embarking on close engagement with key stakeholders, the Group continues to be on the lookout for potential opportunities to build strategic partnerships in existing and high growth regions.

Recently, Malakoff signed a Joint-Development Agreement (JDA) with Concord Alliance Sdn. Bhd. to explore and develop biogass-powered power generation projects. Under the collaboration, both parties intend to jointly develop, operate and maintain renewable energy ("RE") projects including biogas and biomass-based power generation identified by both parties. This is in line with Malakoff's strategy to expand the RE segment and contribute towards meeting the Government's target to increase Malaysia's RE capacity to 20% by 2025. The acquisition of Alam Flora Sdn. Bhd. had been approved by Malakoff shareholders on 2 October 2018 but it is still subject to completion of certain conditions precedent.

The Government's recent move to expand the Supply Agreement for Renewable Energy (SARE) programme to allow consumers to install solar panels in their homes under a solar leasing concept together with the improved Net Energy Metering (NEM) mechanism to allow consumers to enjoy better rebates for solar power augurs well for the growth of RE in the country. The Group is also currently evaluating several potential RE opportunities within and outside the country to increase its RE generation capacity.

Based on the foregoing, the Group expects its performance to remain satisfactory for the financial year ending 31 December 2018.

19. Profit before tax

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

	3 months ended 30.9.2018 RM'mil	3 months ended 30.9.2017 RM'mil	Cumulative 9 months ended 30.9.2018 RM'mil	Cumulative 9 months ended 30.9.2017 RM'mil
Finance income	(67.3)	(52.4)	(186.9)	(156.2)
Finance cost	251.0	241.2	738.3	779.1
Depreciation	211.8	231.8	629.9	691.9
Amortisation of intangibles assets	70.6	70.6	211.9	315.1
Property, plant and equipment written off	3.7	-	3.7	0.3
Net foreign exchange (gain)/loss	(1.4)	1.6	(3.9)	2.3

20. Profit forecast or profit guarantee

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

21. Tax expense

	3 months ended 30.9.2018 RM'mil	3 months ended 30.9.2017 RM'mil	Cumulative 9 months ended 30.9.2018 RM'mil	Cumulative 9 months ended 30.9.2017 RM'mil
Current tax expense	67.4	193.5	326.1	423.3
Deferred tax expense	(0.5)	(67.3)	(152.8)	(201.6)
Total tax expense	66.9	126.2	173.3	221.7

The Group's effective tax rates for the current period were higher than the statutory income tax rate mainly due to certain expenses not deductible for tax purposes.

22. Status of corporate proposals announced

i) Memorandum of Understanding ("MOU") with Touch Meccanica Sdn. Bhd. ("TMSB")

On 14 August 2018, the Company and TMSB have mutually agreed to extend the validity period of the MOU for six (6) months from 7 July 2018 to 7 January 2019. The extension is to facilitate the parties to continue to work on the feasibility study and finalise discussion on the Definitive Agreement and the relevant regulatory matters. All other provisions contained in the MOU shall remain unchanged.

The parties are currently working on the power system study on the small hydro projects to determine the project feasibility and preparing submission to the relevant authorities to secure necessary approvals. Concurrently, the parties are also in the midst of discussing the terms of the anticipated shareholders agreement and incorporation of a special purpose vehicle company for the purpose of project development.

ii) Proposed acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. (“Alam Flora”) by Tunas Pancar Sdn. Bhd. (“TPSB”)

On 1 August 2018, TPSB, a wholly-owned subsidiary of the Company entered into a conditional share sale agreement with HICOM Holdings Berhad (“HICOM Holdings” or “Vendor”), a wholly-owned subsidiary of DRB-HICOM Berhad for the acquisition of 74,000,000 ordinary shares in Alam Flora, representing 97.37% of its equity interest for a total cash consideration of RM944,610,000 (“Proposed Acquisition” or “SSA”).

The Purchase Consideration for the Proposed Acquisition shall be satisfied in cash whereby TPSB:

(a) upon execution of the SSA, paid a sum of RM18,892,200 equivalent to 2% of the Purchase Consideration, being the deposit and part payment of the Purchase Consideration, to the Vendor’s solicitors as stakeholders; and

(b) shall pay the balance of the Purchase Consideration of RM925,717,800 to the Vendor on completion of the Proposed Acquisition.

The Proposed Acquisition had been approved by the shareholders of the Company during Extraordinary General Meeting held on 2 October 2018 and is currently in the midst of fulfilment of certain conditions precedent.

23. Borrowings

	30.9.2018	**31.12.2017**
	RM’mil	RM’mil
Current		
- Secured	1,553.5	1,650.8
Non-current		
- Secured	13,966.2	14,094.6
- Unsecured	30.0	85.6
	13,996.2	14,180.2
	15,549.7	15,831.0

The breakdown of Group borrowings by currency is as follows:

	30.9.2018	**31.12.2017**
	RM’mil	RM’mil
Functional currency		
- RM	13,363.9	13,505.2
- AUD	1,871.4	2,002.0
- USD	314.4	323.8
	15,549.7	15,831.0

24. Changes in material litigation

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.

In 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 clarification 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 in respect of repression of foreign exchange regulations.

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 yet to fix the hearing date in respect of the appeal.

In 2016, the Group's carrying amount of investment in AAS has been fully provided in respect of the foregoing. Notwithstanding this, AAS will continue with the appeal until the exhaustion of all rights.

25. Dividend Payable

No dividend has been recommended by the Directors for the quarter ended 30 September 2018 (30 September 2017: Nil).

26. Earnings per ordinary share

	3 months ended 30.9.2018	3 months ended 30.9.2017	Cumulative 9 months ended 30.9.2018	Cumulative 9 months ended 30.9.2017
Basic/Diluted Earnings per Ordinary Share				
Profit for the period attributable to owners of the Company (RM'mil)	83.5	64.2	189.0	266.2
Weighted average number of ordinary shares ('mil)	4,915.5	5,000.0	4,943.7	5,000.0
Basic/diluted earnings per ordinary share (sen)	1.70	1.28	3.82	5.32

27. Authorisation for issue

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 23 November 2018.

By Order of the Board
Yeoh Soo Mei (MAICSA No.7032259)
Sharifah Ashtura Jamalullail binti Syed Osman (LS 0009113)
Secretaries
Kuala Lumpur
23 November 2018