**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**
**Quarterly Report on Unaudited Consolidated Results**
**For the Period Ended 30 September 2019**

| | 3 months ended 30.9.2019 RM'000 (Unaudited) | 3 months ended 30.9.2018 RM'000 (Unaudited) | 9 months ended 30.9.2019 RM'000 (Unaudited) | 9 months ended 30.9.2018 RM'000 (Unaudited) |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Revenue | 1,820,329 | 1,871,622 | 5,563,002 | 5,337,764 |
| Cost of sales | (1,535,627) | (1,574,310) | (4,651,835) | (4,434,654) |
| **Gross profit** | 284,702 | 297,312 | 911,167 | 903,110 |
| Other income | 53,255 | 66,709 | 79,894 | 98,066 |
| Administrative expenses | (46,597) | (52,589) | (141,873) | (146,421) |
| Other operating expenses | (29,150) | (17,296) | (80,881) | (75,014) |
| **Results from operating activities** | 262,210 | 294,136 | 768,307 | 779,741 |
| Finance income | 57,885 | 67,254 | 178,403 | 186,791 |
| Finance costs | (212,105) | (222,360) | (637,685) | (664,263) |
| **Net finance costs** | (154,220) | (155,106) | (459,282) | (477,472) |
| Share of profit of equity-accounted associates and joint ventures, net of tax | 18,209 | 14,384 | 44,429 | 47,169 |
| **Profit before tax** | 126,199 | 153,414 | 353,454 | 349,438 |
| Income tax expense | (26,182) | (69,433) | (134,480) | (161,675) |
| **Profit from continuing operations** | 100,017 | 83,981 | 218,974 | 187,763 |
| **Discontinued operations** | | | | |
| Profit from discontinued operations, net of tax | 12,002 | 14,465 | 36,919 | 41,670 |
| **Profit for the period** | 112,019 | 98,446 | 255,893 | 229,433 |
| **Other comprehensive (expense)/income, net of tax** | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Cash flow hedge | (423) | (29,016) | (81,610) | (96,025) |
| Share of (loss)/gain on hedging reserve of equity-accounted associates and joint ventures | (15,236) | 11,194 | (50,834) | 91,131 |
| Foreign currency translation differences for foreign operations | (7,446) | (11,250) | (1,973) | (28,375) |
| **Other comprehensive expense for the period** | (23,105) | (29,072) | (134,417) | (33,269) |
| **Total comprehensive income for the period** | 88,914 | 69,374 | 121,476 | 196,164 |

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**
**Quarterly Report on Unaudited Consolidated Results**
**For the Period Ended 30 September 2019**

| | 3 months ended 30.9.2019 RM'000 (Unaudited) | 3 months ended 30.9.2018 RM'000 (Unaudited) | 9 months ended 30.9.2019 RM'000 (Unaudited) | 9 months ended 30.9.2018 RM'000 (Unaudited) |
|---|---|---|---|---|
| **Profit attributable to :** | | | | |
| Owners of the Company | 94,494 | 83,498 | 213,748 | 188,950 |
| Non-controlling interests | 17,525 | 14,948 | 42,145 | 40,483 |
| **Profit for the period** | 112,019 | 98,446 | 255,893 | 229,433 |
| **Total comprehensive income attributable to :** | | | | |
| Owners of the Company | 71,389 | 54,426 | 79,331 | 155,681 |
| Non-controlling interests | 17,525 | 14,948 | 42,145 | 40,483 |
| **Total comprehensive income for the period** | 88,914 | 69,374 | 121,476 | 196,164 |
| **Earnings per ordinary share (sen)** | | | | |
| Basic/diluted | | | | |
| - From continuing operations | 1.68 | 1.40 | 3.62 | 2.98 |
| - From discontinued operations | 0.25 | 0.30 | 0.75 | 0.84 |
| | 1.93 | 1.70 | 4.37 | 3.82 |

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Financial Position**
**As at 30 September 2019**

| | As at 30.9.2019 RM'000 (Unaudited) | As at 31.12.2018 RM'000 (Audited) |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 12,998,302 | 13,443,183 |
| Intangible assets | 2,870,169 | 3,074,174 |
| Prepaid lease payments | - | 59,094 |
| Investments in associates | 1,220,905 | 1,529,720 |
| Investments in joint ventures | 677,025 | - |
| Other investments | 20,988 | 16,248 |
| Finance lease receivable | - | 2,018,982 |
| Derivative financial assets | 380,219 | 412,576 |
| Trade and other receivables | 63,397 | 71,144 |
| Deferred tax assets | 112,090 | 143,363 |
| **Total non-current assets** | 18,343,095 | 20,768,484 |
| **Current assets** | | |
| Trade and other receivables | 2,016,509 | 2,213,285 |
| Inventories | 722,204 | 760,804 |
| Current tax assets | 138,663 | 127,768 |
| Finance lease receivable | - | 14,103 |
| Other investments | 3,644,658 | 3,582,478 |
| Cash and cash equivalents | 1,211,667 | 1,515,147 |
| Assets classified as held for sale | 2,099,454 | - |
| **Total current assets** | 9,833,155 | 8,213,585 |
| **Total assets** | **28,176,250** | **28,982,069** |
| **Equity** | | |
| Share capital | 5,693,055 | 5,693,055 |
| Treasury shares | (98,647) | (97,606) |
| Reserves | (2,673) | 131,744 |
| Accumulated lossess | (87,019) | (82,425) |
| **Equity attributable to owners of the Company** | 5,504,716 | 5,644,768 |
| Perpetual sukuk | 800,000 | 800,000 |
| Non-controlling interests | 384,311 | 219,686 |
| **Total equity** | 6,689,027 | 6,664,454 |
| **Non-current liabilities** | | |
| Loans and borrowings | 11,315,478 | 13,315,158 |
| Lease liabilities | 10,432 | - |
| Employee benefits | 127,793 | 128,264 |
| Provision for decommissioning cost | 109,938 | 96,214 |
| Deferred income | 4,047,531 | 3,858,668 |
| Derivative financial liabilities | 7,073 | 179,539 |
| Deferred tax liabilities | 1,178,414 | 1,350,705 |
| **Total non-current liabilities** | 16,796,659 | 18,928,548 |

**Condensed Consolidated Statements of Financial Position**
**As at 30 September 2019**

| | As at 30.9.2019 RM'000 (Unaudited) | As at 31.12.2018 RM'000 (Audited) |
|---|---|---|
| **Current liabilities** | | |
| Trade and other payables | 1,130,197 | 1,343,938 |
| Current tax liabilities | 83,549 | 75,170 |
| Loans and borrowings | 1,763,696 | 1,885,274 |
| Derivative financial liabilities | - | 26,271 |
| Deferred income | 86,999 | 58,414 |
| Liabilities classified as held for sale | 1,626,123 | - |
| **Total current liabilities** | 4,690,564 | 3,389,067 |
| **Total liabilities** | 21,487,223 | 22,317,615 |
| **Total equity and liabilities** | **28,176,250** | **28,982,069** |
| **Net assets per share attributable to ordinary equity holders of the parent (RM)** | 1.13 | 1.15 |

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Changes in Equity**
**For the Period Ended 30 September 2019**

| | Attributable to owners of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Non-distributable | | | | Distributable | | | | |
| | | | Reserves | | | | | | |
| | Share Capital RM'000 | Treasury Shares RM'000 | Translation RM'000 | Hedging RM'000 | Accumulated Losses RM'000 | Total RM'000 | Perpetual Sukuk RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
| **At 1 January 2019** | 5,693,055 | (97,606) | 3,650 | 128,094 | (82,425) | 5,644,768 | 800,000 | 219,686 | 6,664,454 |
| Adjustment on initial application of MFRS 16 | - | - | - | - | (195) | (195) | - | - | (195) |
| **At 1 January 2019, restated** | 5,693,055 | (97,606) | 3,650 | 128,094 | (82,620) | 5,644,573 | 800,000 | 219,686 | 6,664,259 |
| Foreign currency translation differences for foreign operations | - | - | (1,973) | - | - | (1,973) | - | - | (1,973) |
| Cash flow hedge | - | - | - | (81,610) | - | (81,610) | - | - | (81,610) |
| Share of loss on hedging reserve of equity-accounted associates and joint ventures | - | - | - | (50,834) | - | (50,834) | - | - | (50,834) |
| Other comprehensive expense for the period | - | - | (1,973) | (132,444) | - | (134,417) | - | - | (134,417) |
| Profit for the period | - | - | - | - | 213,748 | 213,748 | - | 42,145 | 255,893 |
| Comprehensive (expense)/income for the period | - | - | (1,973) | (132,444) | 213,748 | 79,331 | - | 42,145 | 121,476 |
| Profit distribution of perpetual sukuk | - | - | - | - | (47,071) | (47,071) | - | - | (47,071) |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | 147,480 | 147,480 |
| Dividends to owners of the Company | - | - | - | - | (171,076) | (171,076) | - | - | (171,076) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | (25,000) | (25,000) |
| Total distribution to owners | - | - | - | - | (171,076) | (171,076) | - | (25,000) | (196,076) |
| Purchase of treasury shares | - | (1,041) | - | - | - | (1,041) | - | - | (1,041) |
| **At 30 September 2019** | 5,693,055 | (98,647) | 1,677 | (4,350) | (87,019) | 5,504,716 | 800,000 | 384,311 | 6,689,027 |

**Condensed Consolidated Statement of Changes in Equity**
**For the Period Ended 30 September 2019**

| | Attributable to owners of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Non-distributable | | | | Distributable | | | | |
| | | | Reserves | | | | | | |
| | Share Capital RM'000 | Treasury Shares RM'000 | Translation RM'000 | Hedging RM'000 | Accumulated Losses 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 | 175,398 | (20,464) | 5,851,493 | 800,000 | 225,570 | 6,877,063 |
| Foreign currency translation differences for foreign operations | - | - | (28,375) | - | - | (28,375) | - | - | (28,375) |
| Cash flow hedge | - | - | - | (96,025) | - | (96,025) | - | - | (96,025) |
| Share of gain on hedging reserve of equity-accounted associates | - | - | - | 91,131 | - | 91,131 | - | - | 91,131 |
| Other comprehensive (expense)/income 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 |
| Profit distribution of perpetual sukuk | - | - | - | - | (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) | 170,504 | (61,797) | 5,695,303 | 800,000 | 211,102 | 6,706,405 |

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Cash Flows**
**For the Period Ended 30 September 2019**

| | 9 months ended 30.9.2019 RM'000 (Unaudited) | 9 months ended 30.9.2018 RM'000 (Unaudited) |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Profit before tax from:** | | |
| Continuing operations | 353,454 | 349,438 |
| Discontinued operations | 39,779 | 53,282 |
| | 393,233 | 402,720 |
| ***Adjustments for :*** | | |
| Non-cash items | 881,267 | 802,338 |
| Finance costs | 707,748 | 738,297 |
| Finance income | (178,842) | (186,924) |
| Share of profit of equity-accounted associates and joint ventures, net of tax | (44,429) | (47,169) |
| Gain on remeasurement of existing investment in Shuaibah | (29,842) | - |
| **Operating profit before changes in working capital** | 1,729,135 | 1,709,262 |
| *Changes in working capital:* | | |
| Net changes in current assets | 325,637 | 283,877 |
| Net changes in current liabilities | (260,194) | (614,644) |
| Net changes in non-current liabilities | 225,889 | 233,601 |
| **Cash generated from operations** | 2,020,467 | 1,612,096 |
| Income taxes paid | (318,233) | (321,433) |
| **Net cash from operating activities** | 1,702,234 | 1,290,663 |
| **Cash flows from investing activities** | | |
| Additional investment in an associate | - | (3,914) |
| Additional investment in jointly controlled entity | (294,891) | - |
| Change in other investments | (62,180) | (1,317,971) |
| Dividends received from associates and joint ventures | 90,700 | 18,774 |
| Interest received | 164,297 | 160,081 |
| Other investment in Redeemable Cumulative Convertible Preference Shares | (4,740) | - |
| Proceeds from disposal of investments in associates | - | 113,478 |
| Purchase of property, plant and equipment | (141,964) | (138,709) |
| Redemption of unsecured loan stocks | - | (55,500) |
| Proceeds from redemption on unsecured loan stocks | - | 21,600 |
| **Net cash used in investing activities** | (248,778) | (1,202,161) |

**Condensed Consolidated Statements of Cash Flows**
**For the Period Ended 30 September 2019**

| | 9 months ended 30.9.2019 RM'000 (Unaudited) | 9 months ended 30.9.2018 RM'000 (Unaudited) |
|---|---|---|
| **Cash flows from financing activities** | | |
| Distribution to perpetual sukuk holder | (47,071) | (47,588) |
| Dividends paid to the owners of the Company | (171,076) | (182,695) |
| Dividends paid to non-controlling interests | (25,000) | (55,000) |
| Interest paid | (656,570) | (672,115) |
| Proceeds from issuance of shares to non-controlling interests | 34 | 49 |
| Purchase of treasury shares | (1,041) | (81,588) |
| Redemption of preference shares | 8,455 | 39,340 |
| Repayment of borrowings | (780,502) | (210,178) |
| Payment of lease liabilities | (4,627) | - |
| **Net cash used in financing activities** | (1,677,398) | (1,209,775) |
| | | |
| **Net decrease in cash and cash equivalents** | (223,942) | (1,121,273) |
| **Cash and cash equivalents at beginning of the period** | 1,515,147 | 2,355,529 |
| **Cash and cash equivalents at end of the period** | **1,291,205** | **1,234,256** |
| | | |
| **Cash and cash equivalents comprise :** | | |
| Cash and bank balances | 319,200 | 115,709 |
| Deposits with licensed banks and other licensed corporations | 972,005 | 1,118,547 |
| | **1,291,205** | **1,234,256** |
| | | |
| **The cash and cash equivalent should be read as follows:** | | |
| Cash and cash equivalent | 1,211,667 | |
| Cash and cash equivalent under assets classified as held for sale | 79,538 | |
| | 1,291,205 | |

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 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 2018 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 2018 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 2018, except the Group adopted the following MFRSs, Interpretations and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2019 as follows:

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

The adoption of the above did not have any material impact on the financial statements of the Group, except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has applied the simplified transitional approach on the initial application date of 1 January 2019 and did not restate comparative amounts for the period prior to first adoption. Right-of-use assets were measured on transition as if the new rules had always been applied.

The impact on the Group's statement of financial position as at 1 January 2019 is as follows:

| | As previously stated | Effects of MFRS 16 adoption | As restated |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| **Non-current assets** | | | |
| Property, plant and equipment | 13,443,183 | 72,950 | 13,516,133 |
| Prepaid lease payments | 59,094 | (59,094) | - |
| **Non-current liabilities** | | | |
| Lease liabilities | - | (14,051) | (14,051) |
| **Equity** | | | |
| Accumulated losses | (82,425) | (195) | (82,620) |

## 2. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2018 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 scheduled repayment of Tanjung Bin Power Sdn. Bhd. ("TBP") and Tanjung Bin Energy Issuer Berhad ("TBEI") Sukuk programme of RM525.0 million and RM35.0 million, respectively.

## 7. Dividends paid

On 11 October 2019, the Company paid an interim dividend of 2.44 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM119,241,000 in respect of the financial year ending 31 December 2019.

## 8. Segment reporting

The Group's segmental reporting for the financial period ended 30 September 2019 is as follows:

| | Local RM'000 | Foreign RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Revenue from external customers | 5,561,679 | 1,323 | - | 5,563,002 |
| Inter-segment revenue | 827,644 | 56,394 | (884,038) | - |
| | 6,389,323 | 57,717 | (884,038) | 5,563,002 |
| **Discontinued operations** | | | | |
| Revenue from external customer | - | 118,169 | - | 118,169 |
| | - | 118,169 | - | 118,169 |
| **Total segment revenue** | 6,389,323 | 175,886 | (884,038) | 5,681,171 |
| **Profit after tax from:** | | | | |
| Continuing operations | 521,495 | 235,754 | (538,275) | 218,974 |
| Discontinued operations | - | 41,545 | (4,626) | 36,919 |
| | 521,495 | 277,299 | (542,901) | 255,893 |

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

| | Local RM'000 | Foreign RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Revenue from external customers | 5,334,715 | 3,049 | - | 5,337,764 |
| Inter-segment revenue | 1,097,267 | 80,950 | (1,178,217) | - |
| | 6,431,982 | 83,999 | (1,178,217) | 5,337,764 |
| **Discontinued operations** | | | | |
| Revenue from external customer | - | 123,198 | - | 123,198 |
| | - | 123,198 | - | 123,198 |
| **Total segment revenue** | 6,431,982 | 207,197 | (1,178,217) | 5,460,962 |
| **Profit after tax from:** | | | | |
| Continuing operations | 847,616 | 227,935 | (887,788) | 187,763 |
| Discontinued operations | - | 51,399 | (9,729) | 41,670 |
| | 847,616 | 279,334 | (897,517) | 229,433 |

**9. Property, plant and equipment**

There was no valuation of property, plant and equipment during the current quarter ended 30 September 2019 except for the amounts carried forward pertaining to certain Group properties that had been revalued in the past.

**10. Events subsequent to the end of current interim period**

On 29 October 2019, Skyfirst Power Sdn. Bhd., a wholly-owned indirect subsidiary of the Company had entered into a conditional Share and Unit Purchase Agreement ("SPA" or "Agreement") with Megawatt Financing Pty Ltd and AMPCI Macarthur Wind (T) Pty Ltd to dispose of its entire 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty Limited ("Proposed Disposal") comprising:

i) 1 ordinary share in Malakoff Australia Pty Ltd;
ii) 1 ordinary share in Wind Macarthur Holdings (T) Pty Limited; and
iii) the entire ordinary units in Wind Macarthur Holdings Trust as at the completion date of the Proposed Disposal, consisting of 130,328,010 units as at the date of the Agreement and such other additional units to be issued pursuant to the unpaid present entitlements' steps plan as set out in the SPA.

Barring unforeseen circumstances, the Proposed Disposal is expected to be completed by the first quarter of 2020.

The presentation and disclosure of the financial impact of the aforementioned discontinued operations have been reflected in the Group's financial statements in accordance with MFRS 5, *Non-Current Assets Held For Sale* and *Discontinued Operations*. The results of the discontinued operations are as follows:

| | **3 months ended 30.9.2019** RM'000 | **3 months ended 30.9.2018** RM'000 | **Cumulative 9 months ended 30.9.2019** RM'000 | **Cumulative 9 months ended 30.9.2018** RM'000 |
|---|---|---|---|---|
| **Discontinued operations** | | | | |
| Revenue | 38,707 | 41,054 | 118,169 | 123,198 |
| Cost of sales | - | - | - | - |
| Gross profit | 38,707 | 41,054 | 118,169 | 123,198 |
| Other income | (267) | 550 | - | 550 |
| Administrative expenses | (267) | (173) | (1,654) | 488 |
| Other operating expenses | (2,441) | (899) | (7,112) | 2,947 |
| Results from operating activities | 35,732 | 40,532 | 109,403 | 127,183 |
| Finance income | 111 | 92 | 439 | 133 |
| Finance costs | (23,063) | (28,643) | (70,063) | (74,034) |
| Profit before tax | 12,780 | 11,981 | 39,779 | 53,282 |
| Income tax (expense)/income | (778) | 2,484 | (2,860) | (11,612) |
| Profit from discontinued operations | 12,002 | 14,465 | 36,919 | 41,670 |

| | As at 30.9.2019 RM'000 |
|---|---|
| **Assets classified as held for sale** | |
| Finance lease receivable | 1,958,030 |
| Deferred tax assets | 61,176 |
| Trade and other receivables | 343 |
| Current tax assets | 367 |
| Cash and cash equivalents | 79,538 |
| | 2,099,454 |

| | As at 30.9.2019 RM'000 |
|---|---|
| **Liabilities classified as held for sale** | |
| Trade and other payables | 1,860 |
| Derivative financial liabilities | 266,211 |
| Loans and borrowings | 1,355,386 |
| Deferred tax liabilities | 2,666 |
| | 1,626,123 |

## 11. Changes in composition of the Group

a) On 8 July 2019, Tuah Utama Sdn. Bhd. ("TUSB"), a wholly-owned subsidiary of the Company incorporated a private company limited by shares under the Companies Act 2016 known as Malakoff Radiance Sdn. Bhd. ("MRSB"). MRSB was incorporated as the special purpose vehicle company to carry out the business of developing, financing, constructing, operating and maintaining photovoltaic ("PV") solar projects. The share capital of MRSB is RM2 comprising two (2) ordinary shares which have been issued and fully paid-up by TUSB.

b) On 15 July 2019, the Company incorporated a private company limited by shares under the Companies Act 2016 known as Silver Solar Sdn. Bhd. ("SSSB"). SSSB was incorporated as the special purpose vehicle company to carry out the business of developing, financing, constructing, operating and maintaining PV solar projects. The share capital of SSSB is RM2 comprising two (2) ordinary shares which have been issued and fully paid-up by the Company.

c) On 17 September 2019, TUSB subscribed 32,500 new ordinary shares each of the enlarged share capital of Batu Bor Hidro Sdn. Bhd. and Lubuk Paku Sdn. Bhd. ("SPVs"). The subscriptions of new ordinary shares enable participation by the Company in the business of developing, constructing, operating and maintaining small hydro projects in Malaysia. The SPV share capital is RM50,000 each, comprising 50,000 ordinary shares which have been issued and fully paid-up by TUSB and Touch Meccanica Sdn. Bhd.

d) On 11 July 2019, Malakoff Gulf Limited, a wholly-owned indirect subsidiary of the Company had entered into a Share Sale Agreement ("SSA") with Khazanah Nasional Berhad ("Khazanah") to acquire the entire equity interest in Desaru Investment (Cayman Isl.) Limited ("DIL") comprising 1 ordinary share for a cash consideration of USD70 million upon the terms and conditions of the SSA ("Proposed Acquisition of Desaru"). The Proposed Acquisition of Desaru was completed on 12 September 2019 pursuant to the SSA.

Following the completion of the Proposed Acquisition of Desaru, DIL became an indirect wholly-owned subsidiary of the Company whilst Malaysian Shoaiba Consortium Sdn. Bhd. ("MSCSB") became 80% owned indirect subsidiary of the Company. Correspondingly, the Company's indirect effective equity interest in Saudi-Malaysia Water & Electricity Co. Ltd and Al-Imtiaz Operation & Maintenance Company Limited has increased from 20% to 40%.

On the acquisition date, the Group recorded provisional intangible assets of RM62 million arising from the fair value of the acquired net assets of DIL and MSCSB. The Management in accordance with MFRS 3, *Business Combination*, has 12 months from the date of acquisition to complete the Purchase Price Allocation (PPA).

## 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 2018 except for the following bank guarantees issued to third parties:

| | **30.9.2019** | **31.12.2018** |
|---|---|---|
| | RM'mil | RM'mil |
| Company and subsidiaries | 393.5 | 423.5 |

These guarantees mainly consist of 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:

| | **30.9.2019** | **31.12.2018** |
|---|---|---|
| | RM'mil | RM'mil |
| Property, plant and equipment: | | |
| Authorised and contracted for | 73.2 | 83.6 |
| Authorised but not contracted for | 117.0 | 245.9 |
| | 190.2 | 329.5 |

## 14. Related party transactions

| | **30.9.2019** | **30.6.2018** |
|---|---|---|
| | RM'mil | RM'mil |
| Associated company: | | |
| Interest income on unsecured subordinated loan notes | 26.4 | 20.1 |

## Additional information required by the Bursa Securities Listing Requirements

### 15. Review of performance

Performance of the Group under review includes Malakoff Australia Pty Ltd ("MAPL") group's financial results currently presented as discontinuing operations, disclosed in Note 10.

**Quarter 3, 2019 vs Quarter 3, 2018**

For the quarter ended 30 September 2019, the Group recorded RM1,859.0 million in revenue, a decrease of 2.8% from RM1,912.7 million reported in the corresponding quarter ended 30 September 2018, primarily due to lower energy payment recorded from TBP coal plant given the lower dispatch factor following the plant's scheduled maintenance outage performed between 24 August 2019 to 21 October 2019.

Correspondingly, the Group recorded lower profit before taxation of RM139.0 million compared with RM165.4 million reported in corresponding quarter ended 30 September 2018, primarily attributed to higher operations and maintenance costs and absence of gain from the disposal of 20% equity interest in Lekir Bulk Terminal Sdn. Bhd ("LBTSB"). However, these were partially moderated by improved contribution from Tanjung Bin Energy Sdn. Bhd. ("TBE") coal plant and gain on remeasurement of existing investment in Shuaibah following completion of the acquisition of Khazanah's equity interest in DIL.

**Year-to-date, 2019 vs Year-to-date, 2018**

For the financial period ended 30 September 2019, the Group recorded RM5,681.2 million in revenue, an increase of 4.0% compared with RM5,461.0 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 Segari Energy Ventures Sdn. Bhd. ("SEV") given the higher dispatch factor.

Conversely, the Group recorded profit before taxation of RM393.2 million, a decrease of 2.4% from RM402.7 million reported in the corresponding period of the preceding year, primarily attributed to higher operations and maintenance costs, higher depreciation charges and absence of gain from the disposal of investment in LBTSB. However, these were partially moderated by improved contribution from TBE coal plant given the shorter plant outage duration, lower barging and demurrage costs following completion of coal unloading jetty, lower net finance costs coupled with gain on remeasurement of existing investment in Shuaibah.

### 16. Variation of results against immediate preceding quarter

**Quarter 3, 2019 vs Quarter 2, 2019**

The Group recorded higher profit before taxation of RM139.0 million in the current quarter compared with RM122.8 million in the immediate preceding quarter, primarily attributed to gain on remeasurement of existing investment in Shuaibah following completion of the acquisition of Khazanah's equity interest in DIL.

## 17. Current prospects

The recently tabled Budget 2020 reiterated the Government's aspiration to migrate from the present Power Purchase Agreement ("PPA") mechanism to an open market system in line with its recent announcement of the 10-year masterplan to reform the domestic power supply industry.

The Group will continue to monitor the development with a view to capitalizing on the opportunities presented by the reform especially in the area of renewable energy.

The Group also continues to focus on enhancing the efficiency and reliability of its assets. To this end, our Tanjung Bin Energy Plant had undertaken a 73-day scheduled outage in the first half of 2019 and its Unscheduled Outage Rate ("UOR") has now reduced to below 6%.

As part of the Group's effort to further optimize its capital structure and unlock the value of its assets, the Group had, on 29 October 2019, entered into a conditional Share and Unit Purchase Agreement (SPA) with AMP Capital of Australia to dispose of its entire 50% participating interest in Macarthur Wind Farm, Australia for a cash consideration of AUD356.85 million.

Based on the foregoing, the Group expects overall performance to remain satisfactory for the financial year ending 31 December 2019.

## 18. Profit before tax

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

| | **3 months ended 30.9.2019** RM'mil | **3 months ended 30.9.2018** RM'mil | **Cumulative 9 months ended 30.9.2019** RM'mil | **Cumulative 9 months ended 30.9.2018** RM'mil |
|---|---|---|---|---|
| Finance income | (58.0) | (67.3) | (178.8) | (186.9) |
| Finance costs | 235.2 | 251.0 | 707.7 | 738.3 |
| Depreciation | 234.2 | 211.8 | 654.8 | 629.9 |
| Amortisation of intangibles assets | 71.1 | 70.6 | 212.4 | 211.9 |
| Property, plant and equipment written off | (0.7) | 3.7 | 5.0 | 3.7 |
| Net foreign exchange gain | (0.3) | (1.4) | (1.0) | (3.9) |

## 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 30.9.2019 RM'mil | 3 months ended 30.9.2018 RM'mil | Cumulative 9 months ended 30.9.2019 RM'mil | Cumulative 9 months ended 30.9.2018 RM'mil |
|---|---|---|---|---|
| Current tax expense | 92.3 | 67.4 | 316.3 | 326.1 |
| Deferred tax expense | (65.3) | (0.5) | (179.0) | (152.8) |
| Total tax expense | 27.0 | 66.9 | 137.3 | 173.3 |

The Group's effective tax rate for the current quarter was lower than the statutory income tax rate primarily due to the over provision of tax in prior year. For the year to date, however, the Group's effective tax rate was higher than the statutory income tax rate primarily due to certain expenses not deductible for tax purposes.

## 21. Status of corporate proposals announced

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

The Company and TMSB ("the Parties") have completed the full feasibility study at one of the potential sites in September 2019. On 23 September 2019, the Parties participated in the e-bidding exercise organised by Sustainable Energy Development Authority ("SEDA") for two (2) small hydro projects namely Batu Bor project (30MW) and Lubuk Paku project (25MW), both at Sg. Pahang. The result of the e-bidding exercise is expected to be announced by SEDA in December 2019.

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 Share Sale Agreement ("SSA") 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 of Alam Flora").

The Purchase Consideration for the Proposed Acquisition of Alam Flora shall be satisfied in cash whereby:

(a) upon execution of the SSA, TPSB 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) TPSB shall pay the balance of the Purchase Consideration of RM925,717,800 to the Vendor on completion of the Proposed Acquisition of Alam Flora.

The Proposed Acquisition of Alam Flora had been approved by the shareholders of the Company during Extraordinary General Meeting held on 2 October 2018.

On 29 July 2019, TPSB and HICOM Holdings have mutually agreed to extend the Cut-Off Date (as defined therein in the SSA) for a further period of six (6) months until 31 January 2020 in order to fulfil the conditions precedent of the SSA.

## 22. Borrowings

| | **30.9.2019** | **31.12.2018** |
|---|---|---|
| | RM'mil | RM'mil |
| Current | | |
| - Secured | 1,787.8 | 1,885.3 |
| Non-current | | |
| - Secured | 12,616.8 | 13,285.1 |
| - Unsecured | 30.0 | 30.0 |
| | 12,646.8 | 13,315.1 |
| | 14,434.6 | 15,200.4 |

The breakdown of Group borrowings by currency is as follows:

| | **30.9.2019** | **31.12.2018** |
|---|---|---|
| | RM'mil | RM'mil |
| Functional currency | | |
| - RM | 12,381.4 | 13,059.0 |
| - AUD | 1,751.5 | 1,827.1 |
| - USD | 301.7 | 314.3 |
| | 14,434.6 | 15,200.4 |

## 23. 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 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 filed 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' solicitors had filed an appeal at the Supreme Court on 17 June 2016 and subsequently submitted the grounds of appeal on 9 August 2016. The Supreme Court has yet to deliver any decision on the appeal.

In 2016, the Group's carrying amount of investment in AAS has been fully provided in respect of the foregoing.

*ii) Request for Arbitration under International Chamber of Commerce International Court of Arbitration ("ICC") filed by Algerian Energy Company SPA ("AEC" or "Claimant") against (1) Tlemcen Desalination Investment Company SAS ("TDIC"), (2) Hyflux Limited ("Hyflux") and (3) Malakoff Corporation Berhad ("MCB" or "Company") in relation to the Souk Tleta seawater desalination plant in the district of Tlemcen, Algeria ("Plant")*

On 19 March 2019, AEC had filed a Request for Arbitration ("Request") at ICC, Paris, against TDIC, Hyflux and MCB (collectively referred to as "Respondents") in relation to the Water Purchase Agreement dated 9 December 2007, Framework Agreement of December 2007 ("FA"), Joint Venture Agreement dated 28 March 2007 ("JVA") and Dispute Resolution Protocol dated 9 December 2007 ("DRP") (collectively referred to as "Contract Documents").
In the Request, the Claimant has alleged, amongst others, that the Respondents:

a) are liable for breaches and negligence in the design, operation and maintenance of the Plant; and
b) wrongly objected to the termination of the WPA, transfer of shares to AEC and carrying out of technical audit under the FA.

In this regard, the reliefs sought by the Claimant from the arbitral tribunal include, inter alia:

a) a declaration that the Respondents have breached their contractual obligations under the contracts between the parties, in particular the Contract Documents;
b) an order that the WPA was validly terminated for events of default;
c) an order for TDIC to transfer its shares in Almiyah Attilemcania SpA ("AAS"), the project company, to AEC at the price of 1 Algerian Dinar;
d) an order for the Respondents to indemnify AEC for damages incurred as a result of their breaches, estimated on an interim basis at 80 Million Euro;
e) an order for the Respondents to pay all the costs for the Plant rehabilitation to be completed by a third party to be selected by AEC; and
f) an order for the Respondents to guarantee the payment or reimburse the fine of 3,929 million Algerian Dinar (imposed on AAS by Algerian courts and currently pending outcome of AAS' appeal at Algerian Supreme Court).

MCB has appointed international arbitration lawyers in Paris and Kuala Lumpur to advise on the Request and take the necessary steps to defend its position and vigorously challenge AEC's claims in the ICC arbitration, and possibly counterclaim against AEC.

The Respondents had filed their respective Answers to the Request at the ICC in May 2019 raising, amongst others, various preliminary objections. The ICC Court had considered the said preliminary objections and decided on 8 August 2019 that the arbitration shall proceed. The arbitral tribunal was constituted on 20 September 2019. The preliminary call between the arbitral tribunal and the parties is scheduled to take place on 21 November 2019.

The Request is not expected to have any operational impact on MCB Group. The financial impact, if any, of the Request, cannot be determined with finality at this juncture as the statement of claim has yet to be submitted by AEC.

*iii)* *Application to join Malakoff Corporation Berhad ("MCB") and Malakoff Power Berhad ("Joinder Application") in the Singapore International Arbitration Centre Arbitration No. 278 of 2018 ("Arbitration") between Prai Power Sdn. Bhd. ("Claimant"), a wholly-owned subsidiary of MCB, and (1) GE Energy Parts, Inc, (2) GE Power Systems (Malaysia) Sdn. Bhd., (3) General Electric International, Inc, and (4) General Electric Company (Collectively "Respondents")*

MCB was notified on 9 August 2019 that GE Energy Parts, Inc ("1st Respondent"), GE Power Systems (Malaysia) Sdn. Bhd. ("2nd Respondent"), General Electric International, Inc, and General Electric Company (collectively referred to as "Respondents") have filed an application ("Joinder Application") to join MCB and MPB, a wholly-owned subsidiary of MCB, as parties to the Respondents' Counterclaim, in the arbitration initiated by Allianz General Insurance Company (Malaysia) Berhad ("AGI") on 24 September 2018 under the Arbitration Rules of Singapore Arbitration Centre as a subrogated action ("Arbitration"), in the name of the Claimant, against the Respondents, in relation to an incident on or about 18 July 2015 ("2015 Incident") which resulted in damage to a gas turbine at the Claimant's 350MW Combined Cycle Gas Turbine Power Plant situated in Prai, Penang ("Prai Power Plant").

The Claimant alleged, among others, that the Respondents had failed to exercise reasonable care and skill to properly design, manufacture, supply and install a GE 109FA single shaft gas turbine at the Prai Power Plant and therefore claimed for, among others, loss and damage in the sum of RM72,094,050.12 from the Respondents.

On 22 April 2019, the Respondents filed a Counterclaim against the Claimant, seeking damages for breach of the Settlement and Release Agreement between the Respondents, Claimant, MCB and MPB which was entered into on 12 December 2012 ("SRA") for resolution of disputes in relation to two incidents at the Prai Power Plant which occurred in 2006 and 2009 and the agreement between the Claimant and the 1st and 2nd Respondents which was entered into on 19 December 2000 ("Agreement by the Claimant") in relation to a Long-Term Service Agreement between MPB and the 1st and 2nd Respondents.

In the Joinder Application, the Respondents alleged that:

a) the commencement of the Arbitration constitutes a breach of the SRA, in respect of which MCB and MPB are liable;

b) under the SRA, MCB and MPB are liable to indemnify the Respondents against the Arbitration; and
c) if the Respondents are found liable for the 2015 Incident, MPB is liable for contributory negligence as the operator of Prai Power Plant.

Following MCB's and MPB's submission against the Joinder Application, the Respondents had on 2 October 2019 withdrawn the Joinder Application with liberty to file afresh and commenced amicable dispute resolution process with MCB and MPB.

## 24. Dividend Payable

No dividend has been recommended by the Directors for the quarter ended 30 September 2019 (30 September 2018: Nil).

## 25. Earnings per ordinary share

| | 3 months ended 30.9.2019 | 3 months ended 30.9.2018 | Cumulative 9 months ended 30.9.2019 | Cumulative 9 months ended 30.9.2018 |
|---|---|---|---|---|
| Basic/Diluted Earnings per Ordinary Share | | | | |
| Profit for the period attributable to owners of the Company (RM'mil) | 94.5 | 83.5 | 213.7 | 189.0 |
| Weighted average number of ordinary shares ('mil) | 4,887.0 | 4,915.4 | 4,887.4 | 4,943.5 |
| Basic/diluted earnings per ordinary share (sen) | 1.93 | 1.70 | 4.37 | 3.82 |

## 26. Authorisation for issue

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 November 2019.

By Order of the Board
Yeoh Soo Mei (MAICSA No.7032259)
Sharifah Ashtura Jamalullail binti Syed Osman (LS 0009113)
Secretaries
Kuala Lumpur
20 November 2019