Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the Period Ended 31 March 2020

	3 months ended 31.3.2020 RM'000 (Unaudited)	3 months ended 31.3.2019 RM'000 (Unaudited)	3 months ended 31.3.2020 RM'000 (Unaudited)	3 months ended 31.3.2019 RM'000 (Unaudited)
Continuing operations				
Revenue	1,773,973	1,967,608	1,773,973	1,967,608
Cost of sales	(1,442,488)	(1,640,555)	(1,442,488)	(1,640,555)
Gross profit	331,485	327,053	331,485	327,053
Other income	3,331	13,693	3,331	13,693
Administrative expenses	(54,988)	(57,062)	(54,988)	(57,062)
Other operating expenses	(39,147)	(30,017)	(39,147)	(30,017)
Results from operating activities	240,681	253,667	240,681	253,667
Finance income	49,118	59,885	49,118	59,885
Finance costs	(190,419)	(212,019)	(190,419)	(212,019)
Net finance costs	(141,301)	(152,134)	(141,301)	(152,134)
Share of profit of equity-accounted associates and joint ventures, net of tax	40,824	16,496	40,824	16,496
Profit before tax	140,204	118,029	140,204	118,029
Income tax expense	(36,892)	(50,798)	(36,892)	(50,798)
Profit from continuing operations	103,312	67,231	103,312	67,231
Discontinued operations				
Profit from discontinued operations, net of tax	-	12,387	-	12,387
Profit for the period	103,312	79,618	103,312	79,618
Other comprehensive expense, net of tax				
Continuing operations				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	(4,393)	-	(4,393)	-
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	(67,803)	(13,859)	(67,803)	(13,859)
Share of loss on hedging reserve of equity-accounted associates and joint ventures	(61,207)	(15,923)	(61,207)	(15,923)
Foreign currency translation differences for foreign operations	(59,167)	(4,845)	(59,167)	(4,845)
	(188,177)	(34,627)	(188,177)	(34,627)
Other comprehensive expense for the period	(192,570)	(34,627)	(192,570)	(34,627)
Discontinued operations				
Other comprehensive expense from discontinued operations, net of tax for the period	-	(29,752)	-	(29,752)
Total comprehensive (expense)/income for the period	(89,258)	15,239	(89,258)	15,239

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the Period Ended 31 March 2020

	3 months ended 31.3.2020 RM'000 (Unaudited)	3 months ended 31.3.2019 RM'000 (Unaudited)	3 months ended 31.3.2020 RM'000 (Unaudited)	3 months ended 31.3.2019 RM'000 (Unaudited)
Profit attributable to :				
Owners of the Company				
- Continuing operations	89,178	54,617	89,178	54,617
- Discontinued operations	-	12,387	-	12,387
	89,178	67,004	89,178	67,004
Non-controlling interests	14,134	12,614	14,134	12,614
Profit for the period	103,312	79,618	103,312	79,618
Total comprehensive (expense)/income attributable to :				
Owners of the Company				
- Continuing operations	(103,392)	19,990	(103,392)	19,990
- Discontinued operations	-	(17,365)	-	(17,365)
	(103,392)	2,625	(103,392)	2,625
Non-controlling interests	14,134	12,614	14,134	12,614
Total comprehensive (expense)/income for the period	(89,258)	15,239	(89,258)	15,239
Earnings per ordinary share (sen)				
Basic/diluted				
- From continuing operations	1.82	1.12	1.82	1.12
- From discontinued operations	-	0.25	-	0.25
	1.82	1.37	1.82	1.37

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Financial Position
As at 31 March 2020

	As at 31.3.2020 RM'000 (Unaudited)	As at 31.12.2019 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	12,784,076	12,874,076
Investment properties	15,300	15,300
Concession assets	201,045	204,283
Intangible assets	3,412,549	3,490,922
Investments in associates	718,864	744,991
Investments in joint ventures	644,435	626,322
Other investments	23,999	21,515
Derivative financial assets	323,946	327,643
Trade and other receivables	515,077	526,419
Deferred tax assets	170,700	146,498
Total non-current assets	18,809,991	18,977,969
Current assets		
Trade and other receivables	1,299,075	1,501,259
Inventories	663,573	693,058
Current tax assets	77,366	67,774
Other investments	3,357,655	2,509,476
Cash and cash equivalents	1,577,973	2,745,389
Assets classified as held for sale	65,000	65,000
Total current assets	7,040,642	7,581,956
Total assets	**25,850,633**	**26,559,925**
Equity		
Share capital	5,693,055	5,693,055
Treasury shares	(98,647)	(98,647)
Reserves	(34,997)	153,180
Accumulated losses	(179,682)	(241,100)
Equity attributable to owners of the Company	5,379,729	5,506,488
Perpetual sukuk	800,000	800,000
Non-controlling interests	377,762	368,905
Total equity	6,557,491	6,675,393
Non-current liabilities		
Loans and borrowings	10,491,190	10,889,063
Lease liabilities	8,767	11,622
Provision for concession assets	266,756	253,590
Employee benefits	94,091	107,159
Provision for decommissioning cost	93,745	93,724
Deferred income	3,586,417	3,661,066
Derivative financial liabilities	16,997	10,013
Deferred tax liabilities	1,294,922	1,294,770
Total non-current liabilities	15,852,885	16,321,007

Condensed Consolidated Statements of Financial Position
As at 31 March 2020

	As at 31.3.2020 RM'000 (Unaudited)	As at 31.12.2019 RM'000 (Audited)
Current liabilities		
Trade and other payables	1,490,145	1,593,219
Current tax liabilities	48,605	39,742
Loans and borrowings	1,480,191	1,509,082
Lease liabilities	12,056	12,144
Provision for concession assets	197	197
Deferred income	391,263	391,341
Provision for decommissioning cost	17,800	17,800
Total current liabilities	3,440,257	3,563,525
Total liabilities	19,293,142	19,884,532
Total equity and liabilities	**25,850,633**	**26,559,925**
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.10	1.13

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statement of Changes in Equity
For the Period Ended 31 March 2020

	/---- 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 2020	5,693,055	(98,647)	(12,652)	165,832	(241,100)	5,506,488	800,000	368,905	6,675,393
Remeasurement of defined benefit liability	-	-	-	-	(4,393)	(4,393)	-	-	(4,393)
Foreign currency translation differences for foreign operations	-	-	(59,167)	-	-	(59,167)	-	-	(59,167)
Cash flow hedge	-	-	-	(67,803)	-	(67,803)	-	-	(67,803)
Share of loss on hedging reserve of equity-accounted associates and joint ventures	-	-	-	(61,207)	-	(61,207)	-	-	(61,207)
Other comprehensive expense for the period	-	-	(59,167)	(129,010)	(4,393)	(192,570)	-	-	(192,570)
Profit for the period	-	-	-	-	89,178	89,178	-	14,134	103,312
Comprehensive (expense)/income for the period	-	-	(59,167)	(129,010)	84,785	(103,392)	-	14,134	(89,258)
Profit distribution of perpetual sukuk	-	-	-	-	(23,367)	(23,367)	-	-	(23,367)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(5,277)	(5,277)
Total distribution to owners	-	-	-	-	-	-	-	(5,277)	(5,277)
At 31 March 2020	5,693,055	(98,647)	(71,819)	36,822	(179,682)	5,379,729	800,000	377,762	6,557,491

Condensed Consolidated Statement of Changes in Equity
For the Period Ended 31 March 2020

	/---- 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	(82,620)	5,644,573	800,000	219,686	6,664,259
Foreign currency translation differences for foreign operations	-	-	(6,659)	-	-	(6,659)	-	-	(6,659)
Cash flow hedge	-	-	-	(41,797)	-	(41,797)	-	-	(41,797)
Share of loss on hedging reserve of equity-accounted associates and joint ventures	-	-	-	(15,923)	-	(15,923)	-	-	(15,923)
Other comprehensive expense for the period	-	-	(6,659)	(57,720)	-	(64,379)	-	-	(64,379)
Profit for the period	-	-	-	-	67,004	67,004	-	12,614	79,618
Comprehensive (expense)/income for the period	-	-	(6,659)	(57,720)	67,004	2,625	-	12,614	15,239
Profit distribution of perpetual sukuk	-	-	-	-	(23,018)	(23,018)	-	-	(23,018)
Purchase of treasury shares	-	(295)	-	-	-	(295)	-	-	(295)
At 31 March 2019	5,693,055	(97,901)	(3,009)	70,374	(38,634)	5,623,885	800,000	232,300	6,656,185

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Cash Flows
For the Period Ended 31 March 2020

	3 months ended 31.3.2020 RM'000 (Unaudited)	3 months ended 31.3.2019 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before tax		
Continuing operations	140,204	118,029
Discontinued operations	-	13,413
	140,204	131,442
Adjustments for :		
Non-cash items	315,841	287,628
Finance costs	190,419	235,617
Finance income	(49,118)	(60,031)
Share of loss of equity-accounted associates and joint ventures, net of tax	(40,824)	(16,496)
Operating profit before changes in working capital	556,522	578,160
Changes in working capital:		
Net changes in current assets	281,794	251,458
Net changes in current liabilities	(136,158)	(257,615)
Net changes in non-current liabilities	(79,325)	73,548
Cash generated from operations	622,833	645,551
Income taxes paid	(64,509)	(106,754)
Net cash from operating activities	558,324	538,797
Cash flows from investing activities		
Change in other investments	(848,179)	(536,758)
Dividends received from associates	3,913	-
Interest received	45,742	45,052
Other investment in redeemable cumulative convertible preference share	(2,484)	(2,290)
Purchase of property, plant and equipment	(128,525)	(26,902)
Purchase of concession assets	(177)	-
Net cash used in investing activities	(929,710)	(520,898)
Cash flows from financing activities		
Distribution to perpetual sukuk holder	(23,367)	(23,018)
Dividends paid to non-controlling interests	(5,277)	-
Interest paid	(240,668)	(252,066)
Proceeds from redemption of preference shares	-	8,455
Purchase of treasury shares	-	(295)
Repayment of borrowings	(523,282)	(109,152)
Payment of lease liabilities	(3,436)	(1,539)
Net cash used in financing activities	(796,030)	(377,615)
Net decrease in cash and cash equivalents	(1,167,416)	(359,716)
Cash and cash equivalents at beginning of the period	2,745,389	1,515,147
Cash and cash equivalents at end of the period	**1,577,973**	**1,155,431**

Condensed Consolidated Statements of Cash Flows
For the Period Ended 31 March 2020

	3 months ended 31.3.2020 RM'000 (Unaudited)	3 months ended 31.3.2019 RM'000 (Unaudited)
Cash and cash equivalents comprise :		
Cash and bank balances	143,869	247,402
Deposits with licensed banks and other licensed corporations	1,434,104	908,029
	1,577,973	**1,155,431**

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 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 2019 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 2019 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 2019, except the Group adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2020 as follows:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measuremen*t and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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 2019 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 made in prior financial year 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 Energy Issuer Berhad's Sukuk Murabahah of RM40.0 million.

7. Dividends paid

There was no dividend paid during the current quarter ended 31 March 2020.

8. Segment reporting

The Group's segmental reporting for the financial period ended 31 March 2020 is as follows:

	Local RM'000	Foreign RM'000	Elimination RM'000	Total RM'000
Continuing operations				
Revenue from external customers	1,773,479	494	-	1,773,973
Inter-segment revenue	384,688	3,913	(388,601)	-
Total segment revenue	2,158,167	4,407	(388,601)	1,773,973
Profit after tax	253,105	(476)	(149,317)	103,312

The Group's segmental reporting for the corresponding financial period ended 31 March 2019 is as follows:

	Local RM'000	Foreign RM'000	Elimination RM'000	Total RM'000
Continuing operations				
Revenue from external customers	1,966,908	700	-	1,967,608
Inter-segment revenue	191,327	-	(191,327)	-
	2,158,235	700	(191,327)	1,967,608
Discontinued operations^				
Revenue from external customer	-	39,737	-	39,737
	-	39,737	-	39,737
Total segment revenue	2,158,235	40,437	(191,327)	2,007,345
Profit after tax from:				
Continuing operations	76,904	(7,620)	(2,053)	67,231
Discontinued operations	-	13,929	(1,542)	12,387
	76,904	6,309	(3,595)	79,618

^ Malakoff Australia Pty. Ltd ("MAPL") group's financial results are presented as discontinued operations following disposal of 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Macarthur Pty Limited that was completed on 18 December 2019. Details are disclosed in Note 16.

9. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 31 March 2020 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

The Covid-19 pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The Covid-19 pandemic had adversely affected the economy and by extension business concerns.

However, the impact of the pandemic was not material to the Group's operations and results for the period ended 31 March 2020.

As at the date of the announcement, the Covid-19 situation is still evolving. The Group is actively monitoring and managing the Group's operations to minimise its impact to the Group's operations and earnings.

11. Changes in composition of the Group

There was no change in the composition of the Group during the current quarter ended 31 March 2020.

12. Assets classified as held for sale

On 11 December 2019, Port Dickson Power Berhad ("PDP"), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement ("SPA") with Pacific Energy Company Limited, Nigeria to dispose four (4) units of used gas turbines and generators, related auxiliaries and spare parts (collectively referred to as "power plant assets") for a cash consideration of USD19 million.

Barring unforeseen circumstances, the disposal of the power plant assets is expected to be completed by the fourth quarter of 2020. Accordingly, these power plant assets are reclassified as current assets in accordance with MFRS 5, *Non-Current Assets Held for Sale* and *Discontinued Operations* effective fourth quarter of 2019.

13. 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 2019 except for the following bank guarantees issued to third parties:

	31.3.2020	**31.12.2019**
	RM'mil	RM'mil
Company and subsidiaries	481.3	467.5

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

14. Capital commitments

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

	31.3.2020 RM'mil	31.12.2019 RM'mil
Property, plant and equipment:		
Authorised and contracted for	7.7	106.8
Authorised but not contracted for	493.8	510.7
	501.5	617.5

15. Related party transactions

	31.3.2020 RM'mil	31.3.2019 RM'mil
Associated company:		
Interest income on unsecured subordinated loan notes	6.1	8.3

16. Comparative figures

On 18 December 2019, Skyfirst Power Sdn. Bhd., a wholly-owned indirect subsidiary of the Company had completed the disposal 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. The segment was not a discontinued operation as at 31 March 2019, hence the comparative consolidated statements of profit or loss and other comprehensive income have been restated to conform with current year presentation. There is no impact on the profit or loss or retained earnings from this reclassification. The discontinued operations are presented separately from continuing operations as follows:

	3 months ended 31.3.2020 RM'000	3 months ended 31.3.2019 RM'000	Cumulative 3 months ended 31.3.2020 RM'000	Cumulative 3 months ended 31.3.2019 RM'000
Discontinued operations				
Revenue	-	39,737	-	39,737
Cost of sales	-	-	-	-
Gross profit	-	39,737	-	39,737
Other income	-	196	-	196
Administrative expenses	-	(788)	-	(788)
Other operating expenses	-	(2,280)	-	(2,280)
Results from operating activities	-	36,865	-	36,865
Finance income	-	146	-	146
Finance costs	-	(23,598)	-	(23,598)
Profit before tax	-	13,413	-	13,413
Income tax expense	-	(1,026)	-	(1,026)
Profit from discontinued operations	-	12,387	-	12,387

	3 months ended 31.3.2020 RM'000	3 months ended 31.3.2019 RM'000	Cumulative 3 months ended 31.3.2020 RM'000	Cumulative 3 months ended 31.3.2019 RM'000
Discontinued operations (cont'd)				
Other comprehensive expense, net of tax				
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	-	(27,938)	-	(27,938)
Foreign currency translation differences for foreign operations	-	(1,814)	-	(1,814)
Other comprehensive expense, net of tax from discontinued operations	-	(29,752)	-	(29,752)
Total comprehensive expense for the period from discontinued operations	-	(17,365)	-	(17,365)

Additional information required by the Bursa Securities Listing Requirements

17. Review of performance

The performance review for the corresponding quarter ended 31 March 2019 includes Malakoff Australia Pty. Ltd ("MAPL") group's financial results presented as discontinued operations, disclosed in Note 16.

Quarter 1, 2020 vs Quarter 1, 2019

For the quarter ended 31 March 2020, the Group recorded RM1,774.0 million in revenue, a decrease of 11.6% from RM2,007.3 million reported in the corresponding quarter ended 31 March 2019, primarily due to lower energy payment recorded given the decline in applicable coal price ("ACP") at Tanjung Bin Power Sdn. Bhd. ("TBP") and Tanjung Bin Energy Sdn. Bhd. ("TBE") as well as decrease in despatch factor at Segari Energy Ventures Sdn. Bhd. ("SEV") and Prai Power Sdn. Bhd. ("PPSB") gas plants following scheduled outage maintenance works. However, these were partially moderated by revenue contribution from newly acquired subsidiary, Alam Flora Sdn. Bhd. ("AFSB"), the acquisition of which was completed on 5 December 2019.

Conversely, the Group recorded higher profit before taxation of RM140.2 million, an increase of 6.7% from RM131.4 million reported in the corresponding quarter ended 31 March 2019, primarily attributed to contribution from AFSB, lower operations and maintenance costs and higher contributions from investments in associates subsequent to the completion of 12% additional interest in Shuaibah IWPP on 12 September 2019 and absence of share of losses from 40%-owned Kapar Energy Ventures Sdn Bhd ("KEV") as a result of provisions made up to the carrying amount of investment in KEV as at 31 December 2019. These were partially offset by lower fuel margin recorded at TBE impacted by the decline in ACP, lower daily utilisation payment ("DUP") at TBP upon scheduled reduction in tariff under the existing Purchase Power Agreement ("PPA") on 28 September 2019 and absence of contribution from MAPL following disposal of the Group's investment in MAPL on 18 December 2019.

18. Variation of results against immediate preceding quarter

Quarter 1, 2020 vs Quarter 4, 2019

The Group recorded higher profit before taxation of RM140.2 million in the current quarter compared with 137.7 million in the immediate preceding quarter, primarily due to higher contributions from TBP and TBE coal plants, absence of net impairment loss on carrying value of investment in KEV and absence of share of losses from KEV as a result of provisions made up to the carrying amount of investment in KEV as at 31 December 2019. These were partially offset by the absence of one-off gain from the disposal of the Group's investment in MAPL.

19. Current prospects

Global economic conditions have weakened significantly. Measures to contain the Covid-19 pandemic have disrupted economic activity across most economies. Recent indicators show that the global economy is already contracting, with global growth projected to be negative for the year. Growth prospects should improve in 2021 with the expected containment of the pandemic.

For Malaysia, domestic economic conditions have similarly been affected by the pandemic. Widespread containment measures globally, international border closures and the consequent weak external demand environment will exert a larger drag on domestic economic activity. The Movement Control Order ("MCO"), while necessary to contain the spread of the virus, has also constrained production capacity and spending. The outlook for growth continues to be subject to a high degree of uncertainty, particularly with respect to developments surrounding the pandemic. *(Source: Excerpts from Bank Negara Malaysia's Monetary Policy Statement issued on 5 May 2020)*

Notwithstanding the slowdown, the Group continues to provide its services to support the economy as an essential services provider. Our power plants and waste collection services continue to operate as usual. However, the MCO induced reduction in demand for electricity has affected the dispatch of electricity during the period. This had resulted in lower revenue from energy payment but capacity payment remained intact for the power plants. The Group will continue to adapt to the new normal arising from the pandemic whilst continuing to execute its strategic initiatives to achieve operational excellence, sustainable growth and strengthen its fundamentals.

In addition to its on-going solid waste management activities, Alam Flora Sdn. Bhd. ("Alam Flora") has been actively involved in sanitisation and disinfection services around Kuala Lumpur, Putrajaya and Pahang as part of the government's efforts to contain the spread of Covid-19. Alam Flora is actively exploring other sustainable projects including actively promoting awareness in E-Waste Collection and has set up two E-Waste drop off points within the Klang Valley area.

The Group will continue to seek opportunities to expand its Renewable Energy capacity such as the rooftop solar, mini hydro and biogas projects. Development activities for the recently awarded 2.4MW biogas plant in Kota Tinggi, Johor and the 55MW small hydro projects are progressing according to approved timelines.

Based on the foregoing, the Group expects performance to remain satisfactory for the financial year ending 31 December 2020.

20. Profit before tax

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

	3 months ended 31.3.2020 RM'mil	**3 months ended 31.3.2019** RM'mil	**Cumulative 3 months ended 31.3.2020** RM'mil	**Cumulative 3 months ended 31.3.2019** RM'mil
Finance income	(49.1)	(60.0)	(49.1)	(60.0)
Finance costs	190.4	235.6	190.4	235.6
Depreciation	216.4	211.0	216.4	211.0
Amortisation of intangibles assets	81.2	70.6	81.2	70.6
Impairment loss on financial instruments	6.1	-	6.1	-
Property, plant and equipment written off	2.1	-	2.1	-
Net foreign exchange loss	0.1	0.2	0.1	0.2

21. Profit forecast or profit guarantee

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

22. Tax expense

	3 months ended 31.3.2020 RM'mil	**3 months ended 31.3.2019** RM'mil	**Cumulative 3 months ended 31.3.2020** RM'mil	**Cumulative 3 months ended 31.3.2019** RM'mil
Current tax expense	65.2	117.1	65.2	117.1
Deferred tax expense	(28.3)	(65.3)	(28.3)	(65.3)
Total tax expense	36.9	51.8	36.9	51.8

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

23. Borrowings

	31.3.2020	31.12.2019
	RM'mil	RM'mil
Current		
- Secured	1,480.2	1,509.0
Non-current		
- Secured	10,461.2	10,859.1
- Unsecured	30.0	30.0
	10,491.2	10,889.1
	11,971.4	12,398.1

The breakdown of Group borrowings by currency is as follows:

	31.3.2020	31.12.2019
	RM'mil	RM'mil
Functional currency		
- RM	11,660.9	11,716.3
- AUD	-	387.1
- USD	310.5	294.7
	11,971.4	12,398.1

24. Changes in material litigation

i) *Proceedings by the Public Prosecutor of Algeria against Almiyah Attilemcania SpA ("AAS")*

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.

On 4 September 2014, 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.

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.

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

AAS' solicitors had informed on 30 December 2019, that to date, the appeal has not yet been assigned to any chamber and therefore no hearing date has been scheduled.

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 ("WPA") 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.

On 17 January 2020, the Respondents filed their respective submissions on jurisdictional objections at the ICC. The Claimant filed its reply on 28 February 2020 and the Respondents have submitted their reply on 15 April 2020. Hearing on the jurisdictional objections has been scheduled on 15 to 16 June 2020, with the award on the issues of jurisdiction and admissibility to be rendered by 30 September 2020.

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.

The representatives of GE and MCB & MPB had a without prejudice meeting on 25 October 2019 whereby the parties agreed to refer the dispute to parties' higher management for further negotiation.

Following the meeting of senior management between the parties on 21 November 2019, in the interest of cost, the parties agreed to waive the requirement for non-binding mediation as prescribed under the dispute resolution provision in the LTSA/SRA.

GE has refiled the application to join MCB and MPB as parties to GE's Counterclaim, since GE, MCB and MPB had conducted and completed the dispute resolution process under the SRA and LTSA without any successful resolution of the dispute.

In view of the extension of the Movement Control Order, the Tribunal has ordered that:

a) the first written submissions shall be filed and exchanged by 27 April 2020, and the reply submissions shall be filed and exchanged by 11 May 2020; and
b) if for any reason, the physical hearing does not take place, the Tribunal will make its decisions on the basis of the written submissions.

iv) Commencement of arbitration by Tanjung Bin Energy Sdn. Bhd. against Consortium HSL-TGE-GASB, comprising HSL Constructor Pte Ltd., HSL Constructor Sdn. Bhd., Tecgates Engineering (M) Sdn. Bhd. and Gema Antara Sdn. Bhd. under AIAC arbitration rules

Tanjung Bin Energy Sdn. Bhd. ("TBE"), a wholly-owned subsidiary of the Company, has on 12 March 2020, commenced arbitration against Consortium HSL-TGE-GASB, an unincorporated joint venture comprising (a) HSL Constructor Pte Ltd; (b) HSL Constructor Sdn Bhd; (c) Tecgates Engineering (M) Sdn Bhd; and (d) Gema Antara Sdn Bhd (collectively "Contractor") in relation to disputes arising from the Engineering, Procurement, Construction and Commissioning Contract dated 9 June 2017 for the New Coal Unloading Jetty and Associated Bulk Material Handling System at 1x1000MW Coal Fired Power Plant at Tanjung Bin, Johor ("EPCC Contract") in accordance with the Arbitration Rules of the Asian International Arbitration Centre, Kuala Lumpur.

TBE has identified multiple breaches by the Contractor of its contractual duties under the EPCC Contract, including but not limited to the following:

a) The Contractor failed to complete all work which is stated in the EPCC Contract as required for the work to be considered as completed for the purposes of taking over under the EPCC Contract by 6 March 2019, the stipulated Time for Completion. Accordingly, the Contractor is obligated to pay to TBE the sum of RM36,335,778.96, being the liquidated and ascertained damages ("LAD") under the EPCC Contract.
b) The Contractor has failed to deliver to TBE a warranty bond of RM12,111,926.32, being 5% of the contract price, in accordance with the requirements under the EPCC Contract, following the issuance of the Taking Over Certificate dated 25 July 2019 by TBE.

TBE therefore seeks the following reliefs and remedies against the Contractor in the arbitration:

i) a declaration that TBE is entitled to the full payment of RM36,335,778.96 as LAD;
ii) the Contractor to pay the sum of RM7,900,567.53 (being LAD of RM36,335,778.96 less remaining milestone claims of RM28,435,211.43);
iii) the Contractor to forthwith deliver the warranty bond;
iv) in alternative for (iii) above, the Contractor to pay the amount required to be guaranteed by the warranty bond, i.e. RM12,111,926.32;
v) costs; and
vi) such further or other relief(s) as the arbitral tribunal deems fit.

The Contractor submitted its Response to Notice of Arbitration on 10 April 2020, denying TBE's claims and counterclaiming the milestones payment of RM28,435,211.43 instead.

25. Dividend Payable

No interim dividend has been recommended by the Directors for the quarter ended 31 March 2020 (31 March 2019: Nil).

On 19 February 2020, the Board of Directors has approved and declared a final dividend of 4.11 sen per ordinary share in respect of the financial year ended 31 December 2019. The final dividend will be paid on 12 June 2020 to shareholders registered in the record of depositors at the close of business on 15 May 2020.

26. Earnings per ordinary share

	3 months ended 31.3.2020	**3 months ended 31.3.2019**	**Cumulative 3 months ended 31.3.2020**	**Cumulative 3 months ended 31.3.2019**
Basic/Diluted Earnings per Ordinary Share				
Profit for the period attributable to owners of the Company (RM'mil)	89.2	67.0	89.2	67.0
Weighted average number of ordinary shares ('mil)	4,887.0	4,887.9	4,887.0	4,887.9
Basic/diluted earnings per ordinary share (sen)	1.82	1.37	1.82	1.37

27. Authorisation for issue

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 May 2020.

By Order of the Board
Noor Raniz bin Mat Nor (MAICSA No.7061903)
Sharifah Ashtura Jamalullail binti Syed Osman (LS 0009113)
Secretaries
Kuala Lumpur
20 May 2020