Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the Period Ended 30 September 2020

	3 months ended 30.9.2020 RM'000 (Unaudited)	3 months ended 30.9.2019 RM'000 (Unaudited)	9 months ended 30.9.2020 RM'000 (Unaudited)	9 months ended 30.9.2019 RM'000 (Unaudited)
Continuing operations				
Revenue	1,482,895	1,820,329	4,763,037	5,563,002
Cost of sales	(1,239,038)	(1,535,627)	(3,912,988)	(4,651,835)
Gross profit	243,857	284,702	850,049	911,167
Other income	7,562	53,255	64,071	79,894
Administrative expenses	(54,071)	(46,597)	(163,206)	(141,873)
Other operating expenses	(34,792)	(29,150)	(93,239)	(80,881)
Results from operating activities	162,556	262,210	657,675	768,307
Finance income	40,975	57,885	136,607	178,403
Finance costs	(185,622)	(212,105)	(565,003)	(637,685)
Net finance costs	(144,647)	(154,220)	(428,396)	(459,282)
Share of profit of equity-accounted associates and joint ventures, net of tax	49,676	18,209	141,033	44,429
Profit before tax	67,585	126,199	370,312	353,454
Income tax expense	(6,997)	(26,182)	(91,414)	(134,480)
Profit from continuing operations	60,588	100,017	278,898	218,974
Discontinued operations				
Profit from discontinued operations, net of tax	-	12,002	-	36,919
Profit for the period	60,588	112,019	278,898	255,893
Other comprehensive (expense)/income, net of tax				
Continuing operations				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	-	-	(4,393)	-
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	(2,568)	(2,398)	(72,223)	(33,646)
Share of loss on hedging reserve of equity-accounted associates and joint ventures	(17,431)	(15,236)	(47,175)	(50,834)
Foreign currency translation differences for foreign operations	(6,445)	(3,454)	18	3,541
	(26,444)	(21,088)	(119,380)	(80,939)
Other comprehensive expense for the period	(26,444)	(21,088)	(123,773)	(80,939)
Discontinued operations				
Other comprehensive expense from discontinued operations, net of tax for the period	-	(2,017)	-	(53,478)
Total other comprehensive expense for the period	(26,444)	(23,105)	(123,773)	(134,417)
Total comprehensive income for the period	34,144	88,914	155,125	121,476

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the Period Ended 30 September 2020

	3 months ended 30.9.2020 RM'000 (Unaudited)	3 months ended 30.9.2019 RM'000 (Unaudited)	9 months ended 30.9.2020 RM'000 (Unaudited)	9 months ended 30.9.2019 RM'000 (Unaudited)
Profit attributable to:				
Owners of the Company				
- Continuing operations	50,802	82,492	244,939	176,829
- Discontinued operations	-	12,002	-	36,919
	50,802	94,494	244,939	213,748
Non-controlling interests	9,786	17,525	33,959	42,145
Profit for the period	60,588	112,019	278,898	255,893
Total comprehensive income/(expense) attributable to:				
Owners of the Company				
- Continuing operations	24,358	61,404	121,166	95,890
- Discontinued operations	-	9,985	-	(16,559)
	24,358	71,389	121,166	79,331
Non-controlling interests	9,786	17,525	33,959	42,145
Total comprehensive income for the period	34,144	88,914	155,125	121,476
Earnings per ordinary share (sen)				
Basic/diluted				
- From continuing operations	1.04	1.68	5.01	3.62
- From discontinued operations	-	0.25	-	0.75
	1.04	1.93	5.01	4.37

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 30 September 2020

	As at 30.9.2020 RM'000 (Unaudited)	As at 31.12.2019 RM'000 (Restated)
Non-current assets		
Property, plant and equipment	12,431,735	12,881,334
Investment properties	15,300	15,300
Concession assets	189,403	204,283
Intangible assets	3,221,663	3,453,653
Investments in associates	768,119	744,991
Investments in joint ventures	661,396	635,383
Other investments	23,999	21,515
Derivative financial assets	272,695	327,643
Trade and other receivables	492,410	526,419
Deferred tax assets	177,553	148,045
Total non-current assets	18,254,273	18,958,566
Current assets		
Trade and other receivables	1,207,822	1,501,259
Inventories	600,436	693,058
Current tax assets	78,163	67,774
Other investments	3,902,032	2,509,476
Cash and cash equivalents	681,162	2,745,389
Assets classified as held for sale	65,000	65,000
Total current assets	6,534,615	7,581,956
Total assets	**24,788,888**	**26,540,522**
Equity		
Share capital	5,693,055	5,693,055
Treasury shares	(98,647)	(98,647)
Reserves	33,800	153,180
Accumulated losses	(245,197)	(237,857)
Equity attributable to owners of the Company	5,383,011	5,509,731
Perpetual sukuk	800,000	800,000
Non-controlling interests	358,200	365,516
Total equity	6,541,211	6,675,247
Non-current liabilities		
Loans and borrowings	10,244,213	10,889,063
Lease liabilities	7,170	11,622
Employee benefits	84,896	107,159
Provision for decommissioning cost	98,351	93,724
Provision for concession assets	290,785	253,590
Deferred income	3,433,384	3,661,066
Derivative financial liabilities	18,046	10,013
Deferred tax liabilities	1,226,753	1,275,513
Total non-current liabilities	15,403,598	16,301,750

Condensed Consolidated Statements of Financial Position
As at 30 September 2020

	As at 30.9.2020 RM'000 (Unaudited)	As at 31.12.2019 RM'000 (Restated)
Current liabilities		
Trade and other payables	1,298,867	1,593,219
Current tax liabilities	46,537	39,742
Loans and borrowings	1,079,334	1,509,082
Lease liabilities	8,699	12,144
Provision for concession assets	2,017	197
Deferred income	391,263	391,341
Provision for decommissioning cost	17,362	17,800
Total current liabilities	2,844,079	3,563,525
Total liabilities	18,247,677	19,865,275
Total equity and liabilities	**24,788,888**	**26,540,522**
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 30 September 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
Adjustments upon completion of Purchase Price Allocation	-	-	-	-	3,243	3,243	-	(3,389)	(146)
At 1 January 2020, restated	5,693,055	(98,647)	(12,652)	165,832	(237,857)	5,509,731	800,000	365,516	6,675,247
Remeasurement of defined benefit liability	-	-	-	-	(4,393)	(4,393)	-	-	(4,393)
Foreign currency translation differences for foreign operations	-	-	18	-	-	18	-	-	18
Cash flow hedge	-	-	-	(72,223)	-	(72,223)	-	-	(72,223)
Share of loss on hedging reserve of equity-accounted associates and joint ventures	-	-	-	(47,175)	-	(47,175)	-	-	(47,175)
Other comprehensive income/(expense) for the period	-	-	18	(119,398)	(4,393)	(123,773)	-	-	(123,773)
Profit for the period	-	-	-	-	244,939	244,939	-	33,959	278,898
Comprehensive income/(expense) for the period	-	-	18	(119,398)	240,546	121,166	-	33,959	155,125
Profit distribution of perpetual sukuk	-	-	-	-	(47,032)	(47,032)	-	-	(47,032)
Incorporation of a subsidiary	-	-	-	-	-	-	-	20	20
Dividends to owners of the Company	-	-	-	-	(200,854)	(200,854)	-	-	(200,854)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(35,724)	(35,724)
Redemption of preference shares to non-controlling interests	-	-	-	-	-	-	-	(5,571)	(5,571)
Total distribution to owners	-	-	-	-	(200,854)	(200,854)	-	(41,295)	(242,149)
At 30 September 2020	5,693,055	(98,647)	(12,634)	46,434	(245,197)	5,383,011	800,000	358,200	6,541,211

Condensed Consolidated Statement of Changes in Equity
For the Period Ended 30 September 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	-	-	(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

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 30 September 2020

	9 months ended 30.9.2020 RM'000 (Unaudited)	9 months ended 30.9.2019 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before tax		
Continuing operations	370,312	353,454
Discontinued operations	-	39,779
	370,312	393,233
Adjustments for :		
Non-cash items	983,243	851,425
Finance costs	565,003	707,748
Finance income	(136,607)	(178,842)
Share of profit of equity-accounted associates and joint ventures, net of tax	(141,033)	(44,429)
Operating profit before changes in working capital	1,640,918	1,729,135
Changes in working capital:		
Net change in current assets	479,356	325,637
Net change in current liabilities	(307,872)	(260,194)
Net change in non-current liabilities	(219,219)	225,889
Cash generated from operations	1,593,183	2,020,467
Tax paid	(212,957)	(318,233)
Net cash from operating activities	1,380,226	1,702,234
Cash flows from investing activities		
Acquisition of joint ventures, net of cash and cash equivalents acquired	-	(294,891)
Change in other investments	(1,392,556)	(62,180)
Dividends received from associates	9,746	15,683
Dividends received from joint ventures	30,974	75,017
Interest received	127,689	164,297
Other investment in redeemable cumulative convertible preference share	(2,484)	(4,740)
Purchase of property, plant and equipment	(220,482)	(141,964)
Purchase of concession assets	(6,447)	-
Net cash used in investing activities	(1,453,560)	(248,778)
Cash flows from financing activities		
Distribution to perpetual sukuk holder	(47,032)	(47,071)
Dividends paid to the owners of the Company	(200,854)	(171,076)
Dividends paid to non-controlling interests	(35,724)	(25,000)
Redemption of redeemable preference shares to non-controlling interests	(5,571)	-
Interest paid	(553,481)	(656,570)
Proceeds from issuance of shares to non-controlling interests	20	34
Proceeds from redemption of preference shares	-	8,455
Purchase of treasury shares	-	(1,041)
Repayment of borrowings	(1,138,153)	(780,502)
Payment of lease liabilities	(10,098)	(4,627)
Net cash used in financing activities	(1,990,893)	(1,677,398)

Condensed Consolidated Statements of Cash Flows
For the Period Ended 30 September 2020

	9 months ended 30.9.2020 RM'000 (Unaudited)	9 months ended 30.9.2019 RM'000 (Unaudited)
Net decrease in cash and cash equivalents	(2,064,227)	(223,942)
Cash and cash equivalents at beginning of the period	2,745,389	1,515,147
Cash and cash equivalents at end of the period	**681,162**	**1,291,205**
Cash and cash equivalents comprise :		
Cash and bank balances	169,449	319,200
Deposits with licensed banks and other licensed corporations	511,713	972,005
	681,162	**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 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 Power Sdn. Bhd. ("TBP") and Tanjung Bin Energy Issuer Berhad ("TBEI") sukuk programme of RM500.0 million and RM35.0 million, respectively.

7. Dividends paid

On 13 October 2020, the Company paid an interim dividend of 2.80 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM136,834,916 in respect of the financial year ending 31 December 2020.

8. Segment reporting

The Group's segmental reporting for the financial period ended 30 September 2020 is as follows:

	Local RM'000	Foreign RM'000	Eliminations RM'000	Total RM'000
Continuing operations				
Revenue from external customers	4,762,543	494	-	4,763,037
Inter-segment revenue	1,041,961	41,097	(1,083,058)	-
Total segment revenue	5,804,504	41,591	(1,083,058)	4,763,037
Profit after tax	716,674	17,389	(455,165)	278,898

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

	Local RM'000	Foreign RM'000	Eliminations 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

^ 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 17(a).

9. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 30 September 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

There was no material event subsequent to the end of the current quarter ended 30 September 2020.

11. Changes in composition of the Group

There was no change in the composition of the Group during the current quarter ended 30 September 2020.

12. Assets classified as held for sale

On 11 December 2019, Port Dickson Power Berhad ("PDP"), a wholly-owned subsidiary of the Company, had 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 first quarter of 2021. Accordingly, these power plant assets are reclassified as current assets in accordance with MFRS 5, *Non-Current Assets Held for Sale* and *Discontinued Operations.*

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:

	30.9.2020	**31.12.2019**
	RM'mil	RM'mil
Company and subsidiaries	464.4	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:

	30.9.2020	**31.12.2019**
	RM'mil	RM'mil
Property, plant and equipment:		
Authorised and contracted for	35.3	106.8
Authorised but not contracted for	444.3	510.7
	479.6	617.5

15. Related party transactions

	30.9.2020 RM'mil	30.9.2019 RM'mil
Associated company:		
Interest income on unsecured subordinated loan notes	18.5	17.4

16. Significant events during the period

a) Purchase price allocation for acquisition of Alam Flora Sdn. Bhd. ("AFSB")

On 5 December 2019, Tunas Pancar Sdn. Bhd., a wholly-owned subsidiary of the Company, completed the acquisition of 97.37% equity interest in AFSB for a total cash consideration of RM869,000,000. At the acquisition date, the Group had estimated the provisional goodwill and intangible assets at RM85 million and RM607 million, respectively.

During the current financial period, the Group completed the purchase price allocation ("PPA") in accordance with MFRS 3, *Business Combinations* and adjustments were made to the fair value of net assets, provisional intangible assets and goodwill recorded at the date of the acquisition. The effect of the adjustments is set out below:

Group	**Preliminary Assessment RM'000**	**Adjustments during Measurement Period RM'000**	**Final Assessment RM'000**
Property, plant and equipment	56,013	7,302	63,315
Investment properties	15,300	-	15,300
Concession assets	204,333	-	204,333
Intangible assets	607,215	(105,439)	501,776
Deferred tax assets	26,689	867	27,556
Trade and other receivables	204,344	-	204,344
Inventories	1,298	-	1,298
Cash and cash equivalents	470,722	-	470,722
Loans and borrowings	(24,949)	-	(24,949)
Lease liabilities	(7,874)	-	(7,874)
Provision for concession assets	(254,888)	-	(254,888)
Deferred tax liabilities	(145,609)	25,306	(120,303)
Trade and other payables	(341,717)	-	(341,717)
Current tax liabilities	(3,352)	-	(3,352)
Fair value of identifiable net assets	**807,525**	**(71,964)**	**735,561**

The above fair value adjustments were recorded with effect from the date of acquisition. As a result, certain balances on the statement of financial position as at 31 December 2019 were restated (refer to Note 17(b)).

The effect of the adjustments made upon the completion of PPA is set out below:

	RM'000
Fair value of consideration transferred	869,000
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired	19,345
Cost of business combination	**888,345**
Adjusted net assets acquired	(354,600)
Fair value of intangible assets	(501,264)
Deferred tax liabilities	120,303
Fair value of identifiable net assets	**(735,561)**
Goodwill	**152,784**

Fair value measurement

The intangible assets and goodwill arising from the acquisition amounting to RM501.3 million and RM152.8 million, respectively were measured and accounted for using the Multi-Period Excess Earning Method ("MEEM") under the income method.

b) Purchase price allocation for acquisition of Desaru Investment (Cayman Isl.) Limited ("DIL")

On 12 September 2019, Malakoff Gulf Limited, a wholly-owned indirect subsidiary of the Company completed the acquisition of the entire equity interest in DIL. Following the acquisition, the Company's effective equity interest in Malaysian Shoaiba Consortium Sdn. Bhd. ("MSCSB") increased from 40% to 80%. MSCSB has a 50% equity interest in Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEC"). Hence, SAMAWEC had been classified as a joint venture of the Group. At the acquisition date, the Group had estimated the provisional intangible assets at RM63.3 million.

During the current financial period, the Group completed the PPA in accordance with MFRS 3, *Business Combinations* and adjustments were made to the fair value of net assets and provisional intangible assets recorded at the date of the acquisition. The effect of the adjustments is set out below:

Group	**Preliminary Assessment RM'000**	**Adjustments during Measurement Period RM'000**	**Final Assessment RM'000**
Investments in joint ventures	738,739	9,165	747,904
Cash and cash equivalents	544	-	544
Deferred tax liabilities	-	(5,469)	(5,469)
Trade and other payables	(2,055)	-	(2,055)
Fair value of identifiable net assets	**737,228**	**3,696**	**740,924**

The above fair value adjustments were recorded with effect from the date of acquisition. As a result, certain balances on the statement of financial position as at 31 December 2019 were restated (refer to Note 17(b)).

The effect of the adjustments made upon the completion of PPA is set out below:

	RM'000
Fair value of consideration transferred	294,891
Fair value of existing interest	294,891
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired	148,184
Cost of business combination	**737,966**
Adjusted net assets acquired	(679,893)
Fair value of intangible assets	(66,500)
Deferred tax liabilities	5,469
Fair value of identifiable net assets	**(740,924)**
Bargain purchase	**(2,958)**

Fair value measurement

The intangible assets and bargain purchase arising from the acquisition amounting to RM66.5 million and RM3.0 million, respectively were measured and accounted for using the MEEM under the income method.

c) Acquisition of a freehold land located in Mukim Pulau Sebang, Daerah Alor Gajah, Melaka

On 22 September 2020, Malakoff R&D Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement ("SPA") with Eksklusif Pesona Sdn. Bhd. to acquire a plot of freehold land of approximately 71.44 hectares or 176.5 acres in size held under title No. GRN 57532, Lot 16277, located in Mukim Pulau Sebang, Daerah Alor Gajah, Melaka for a purchase consideration of RM150 million subject to any adjustment thereto in accordance with the terms of the SPA.

Upon completion of the land acquisition, MCB Group will be well positioned to undertake the development of renewable energy projects in the future.

17. Comparative figures

a) Disposal of a subsidiary

On 18 December 2019, Skyfirst Power Sdn. Bhd., a wholly-owned indirect subsidiary of the Company 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. As such, the results have been presented as discontinued operations for the period ended 30 September 2019. The discontinued operations are presented separately from continuing operations as follows:

	3 months ended 30.9.2020 RM'000	**3 months ended 30.9.2019** RM'000	**Cumulative 9 months ended 30.9.2020** RM'000	**Cumulative 9 months ended 30.9.2019** RM'000
Discontinued operations				
Revenue	-	38,707	-	118,169
Cost of sales	-	-	-	-
Gross profit	-	38,707	-	118,169
Other income	-	(267)	-	-
Administrative expenses	-	(267)	-	(1,654)
Other operating expenses	-	(2,441)	-	(7,112)
Results from operating activities	-	35,732	-	109,403
Finance income	-	111	-	439
Finance costs	-	(23,063)	-	(70,063)
Profit before tax	-	12,780	-	39,779
Income tax expense	-	(778)	-	(2,860)
Profit from discontinued operations	-	12,002	-	36,919
Other comprehensive income/(expense), net of tax				
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	-	1,975	-	(47,964)
Foreign currency translation differences for foreign operations	-	(3,992)	-	(5,514)
Other comprehensive expense, net of tax from discontinued operations	-	(2,017)	-	(53,478)
Total comprehensive income/(expense) for the period from discontinued operations	-	9,985	-	(16,559)

b) Completion of purchase price allocation for acquisitions of Alam Flora Sdn. Bhd. (“AFSB”) and Desaru Investment (Cayman Isl.) Limited (“DIL”)

Following completion of the PPA for the acquisitions of AFSB and DIL during the current financial period, the Group adjusted the fair values of certain identifiable assets and liabilities. The fair values were adjusted retrospectively. The restatement of comparatives as at 31 December 2019 are as follows:

	As previously stated RM’000	Adjustments RM’000	As restated RM’000
Non-current assets			
Property, plant and equipment	12,874,076	7,258	12,881,334
Intangible assets	3,490,922	(37,269)	3,453,653
Investments in joint ventures	626,322	9,061	635,383
Deferred tax assets	146,498	1,547	148,045
Equity			
Accumulated losses	(241,100)	3,243	(237,857)
Non-controlling interests	368,905	(3,389)	365,516
Non-current liabilities			
Deferred tax liabilities	1,294,770	(19,257)	1,275,513

Additional information required by the Bursa Securities Listing Requirements

18. Review of performance

The performance review for the corresponding quarter and period ended 30 September 2019 includes Malakoff Australia Pty. Ltd ("MAPL") group's financial results presented as discontinued operations, disclosed in Note 17(a).

The Covid-19 pandemic situation continues to weigh on the overall economy in countries across the world including Malaysia and by extension business concerns. The impact of the pandemic however, was not material to the Group's operations and results for the financial period ended 30 September 2020.

Nevertheless, the Group continues to monitor and manage the Group's operations as the Covid-19 situation evolves.

Quarter 3, 2020 vs Quarter 3, 2019

For the quarter ended 30 September 2020, the Group recorded RM1,482.9 million in revenue, a decrease of 20.2% from RM1,859.0 million reported in the corresponding quarter ended 30 September 2019, primarily due to lower energy payment recorded from Segari Energy Ventures Sdn. Bhd. ("SEV") given the lower despatch factor as well as from Tanjung Bin Power Sdn. Bhd. ("TBP") and Tanjung Bin Energy Sdn. Bhd. ("TBE") following the decline in applicable coal price ("ACP"). However, these were partially moderated by revenue contribution from Alam Flora Sdn. Bhd. ("AFSB"), the newly acquired subsidiary.

Correspondingly, the Group recorded lower profit before taxation of RM67.6 million, a decrease of 51.4% from RM139.0 million reported in the corresponding quarter ended 30 September 2019, primarily attributed to lower contributions from coal plants impacted by the decline in ACP, lower daily utilisation payment ("DUP") from TBP in line with the scheduled reduction in tariff effective 28 September 2019, deconsolidation of MAPL upon disposal of the Group's investment in December 2019 and absence of gain on remeasurement of investment following completion of 12% additional interest in Shuaibah IWPP in September 2019. However, these were partially moderated by contribution from AFSB as well as higher contributions from investments in associates given the absence of share of losses from 40% owned Kapar Energy Ventures Sdn. Bhd. ("KEV") following impairment of the carrying amount of investment in December 2019 and contribution from Shuaibah IWPP.

Year-to-date, 2020 vs Year-to-date, 2019

For the financial period ended 30 September 2020, the Group recorded RM4,763.0 million in revenue, a decrease of 16.2% from RM5,681.2 million reported in the corresponding period, primarily due to lower energy payment recorded from TBP and SEV following the decline in ACP and lower despatch factor respectively, TBP's lower DUP in line with the scheduled reduction in tariff and deconsolidation of MAPL upon disposal of the Group's investment in December 2019. However, these were partially moderated by revenue contribution from AFSB, the newly acquired subsidiary which was completed on 5 December 2019.

Correspondingly, the Group recorded lower profit before taxation of RM370.3 million, a decrease of 5.8% from RM393.2 million in the corresponding period, primarily attributed to TBP's lower DUP, absence of gain on remeasurement of investment following completion of 12% additional interest in Shuaibah IWPP in September 2019 and deconsolidation of MAPL upon disposal of the

Group's investment in December 2019. However, these were partially moderated by contribution from AFSB, TBE's settlement agreement with Alstom Power Systems and GE Power Services (Malaysia) Sdn. Bhd. (collectively referred as "GE") in relation to the losses and damages incurred as a result of failure events which occurred between April 2017 and June 2019, lower operations and maintenance costs as well as higher contributions from investments in associates given the absence of share of losses from 40% owned KEV and contribution from Shuaibah IWPP.

19. Variation of results against immediate preceding quarter

Quarter 3, 2020 vs Quarter 2, 2020

The Group recorded significantly lower profit before taxation of RM67.6 million in the current quarter compared with RM162.5 million in the immediate preceding quarter given the absence of TBE's settlement agreement with GE in relation to the losses and damages incurred as a result of failure events which occurred between April 2017 and June 2019 and higher operations and maintenance costs.

20. Current prospects

The recently announced Malaysian Budget 2021 on the development of rural electricity distribution projects and extension of the RM2 billion financing scheme for investment in green technology augurs well for power companies such as Malakoff Group. In addition, the sizeable allocation of RM500 million for the environmental and waste management services presents business opportunities to Alam Flora Sdn Bhd, the newly acquired subsidiary.

The Group is set to expand its waste management footprint by venturing into waste-to-energy ("WTE"), biogas and biomass power plants. In line with this, the Group will be participating in the bid for a WTE plant in Bukit Payong, Johor with a capacity of 800 tonnes per day as part of the Government's target to set up six (6) WTE plants nationwide by 2025.

The Group continues to seek a larger role in the Renewable Energy ("RE") sector in line with the Government's target to increase the current RE capacity mix to 20% by 2025. On 4 September 2020, the Group signed a Solar Power Purchase Agreement ("SPPA") with Northport (Malaysia) Berhad to carry out a rooftop solar project with a capacity of 4.98 MW. On 22 September 2020, the Group announced that it is acquiring 71.44 hectares of land in Alor Gajah, Melaka for RM150 million, to be used for future development of RE projects including but not limited to large scale solar, WTE, biomass and biogas power plants. The land acquisition is part of the Group's long-term target of achieving power generation capacity of 10,000 MW.

As uncertainties on the speed of economic recovery heighten, the Group continues to focus on enhancing its plant operational efficiency and cost-saving measures during this challenging period.

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

21. Profit before tax

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

	3 months ended 30.9.2020 RM'mil	**3 months ended 30.9.2019** RM'mil	**Cumulative 9 months ended 30.9.2020** RM'mil	**Cumulative 9 months ended 30.9.2019** RM'mil
Finance income	(41.0)	(58.0)	(136.6)	(178.8)
Finance costs	185.6	235.2	565.0	707.7
Depreciation	223.3	234.2	663.1	654.8
Amortisation of intangibles assets	80.3	71.1	240.9	212.4
Impairment loss on financial instruments	6.2	-	18.5	-
Property, plant and equipment written off	0.6	-	7.0	5.0
Net foreign exchange loss/(gain)	0.1	(0.3)	1.6	(1.0)

22. Profit forecast or profit guarantee

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

23. Tax expense

	3 months ended 30.9.2020 RM'mil	**3 months ended 30.9.2019** RM'mil	**Cumulative 9 months ended 30.9.2020** RM'mil	**Cumulative 9 months ended 30.9.2019** RM'mil
Current tax expense	47.6	92.3	175.9	316.3
Deferred tax expense	(40.6)	(65.3)	(84.5)	(179.0)
Total tax expense	7.0	27.0	91.4	137.3

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

24. Borrowings

	30.9.2020 RM'mil	31.12.2019 RM'mil
Current		
- Secured	1,079.3	1,509.0
Non-current		
- Secured	10,214.2	10,859.1
- Unsecured	30.0	30.0
	10,244.2	10,889.1
	11,323.5	12,398.1

The breakdown of Group borrowings by currency is as follows:

	30.9.2020 RM'mil	31.12.2019 RM'mil
Functional currency		
- RM	11,024.3	11,716.3
- AUD	-	387.1
- USD	299.2	294.7
	11,323.5	12,398.1

25. 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 ("Invoice Gap") between the value of the equipment received as per the invoices declared to the Algerian Customs and the value of the milestone payments made by AAS to the supplier cum contractor ("Contractor"). AAS wrote to the Contractor seeking clarifications as the Contractor was responsible for resolving tax and customs issues. However, as the Invoice Gap was not resolved by the Contractor, the Algerian Customs initiated investigations and thereafter filed a charge against AAS for repression of foreign exchange regulations.

On 4 September 2014, AAS was charged in the Court of Ghazaouet in the District of Tlemcen, Algeria, for alleged breach of foreign exchange regulations concerning a sum of USD26.9 million. The Court of Ghazaouet convicted AAS on 24 December 2014 and subsequently imposed a penalty of DZD3,929,038,151 (approximately RM148.3 million at the exchange rate of RM1: DZD26.5) ("Penalty") on AAS. On 2 March 2016, the Court of Appeal upheld the decision and the Penalty imposed by the Court of Ghazaouet.

Notwithstanding the decision of the Court of Ghazaouet as upheld by the Court of Appeal, AAS has been advised by its solicitor, Maitre Hadjer Becha, an attorney admitted to the Algerian Supreme Court, that the Penalty will not be enforced until the exhaustion of all rights of appeal by AAS in respect of the proceedings.

On 17 June 2016, AAS filed an appeal at the Supreme Court of Algeria. To date, the Supreme Court of Algeria has not made any decision on the appeal.

The Group's liability arising from the Penalty, in proportion to the Group's 35.7% effective interest in AAS, via Tlemcen Desalination Investment Company SAS, which may impact the profit of the Group amounts to DZD1,402,666,620 (approximately RM52.9 million). In 2016, the Group's carrying amount of investment in AAS had 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 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 ("WPA"), 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 of contract 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 audits 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 costs of 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 the Algerian courts and currently pending appeal by AAS to the Algerian Supreme Court).

The Respondents filed their respective Answers to the Request at the ICC in May 2019. The arbitral tribunal comprising three (3) arbitrators was constituted on 20 September 2019.

On 17 January 2020, the Respondents filed their respective submissions on jurisdictional objections against AEC's claims at the ICC. The Claimant filed its reply on 28 February 2020 and the Respondents submitted their reply on 15 April 2020.

On 15 June 2020, the arbitral tribunal conducted a virtual hearing of the Respondents' jurisdictional objections for parties' counsels to present their respective submissions. The parties are awaiting the arbitral tribunal's award or decision on the Respondents' jurisdictional objections.

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 January 2020 that GE Energy Parts, Inc ("1st Respondent"), GE Power Systems (Malaysia) Sdn. Bhd. ("2nd Respondent"), General Electric International, Inc ("3rd Respondent), and General Electric Company ("4th Respondent") had 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 around 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 dated 12 December 2012 ("SRA") for the settlement of disputes in relation to two incidents at the Prai Power Plant which occurred in 2006 and 2009 and the Long-Term Service Agreement between MPB and the 1st and 2nd Respondents dated 19 December 2000 ("LTSA").

In the Joinder Application, the Respondents alleged that:

a) the commencement of the Arbitration constitutes a breach of the SRA;
b) under the SRA, MCB and MPB are liable to indemnify the Respondents against the Arbitration;
c) under the LTSA, MPB is liable to indemnify the Respondents against the Arbitration;
d) MPB has breached its insurance obligations under the LTSA; and
e) if the Respondents are found liable for the 2015 Incident, MPB is liable for contributory negligence as the operator of Prai Power Plant.

On 20 June 2020, the arbitral tribunal, upon review of parties' written submissions, decided in its discretion to grant the Joinder Application under Rule 7.8 of the SIAC Rules to join MCB and MPB as parties to the SIAC Arbitration. The arbitral tribunal did not find it necessary to decide on the merits of the claims at this juncture, which will instead be decided at the merits hearing of the SIAC Arbitration.

The Respondents in their Statement of Claim dated 7 September 2020 alleged:

(a) breach of the SRA by both MCB and MPB, in that the Claimant's claim is extinguished by the SRA;
(b) MCB and MPB are required to indemnify the Respondents against the Claimant's claim under the SRA (MCB and MPB) and the LTSA (MPB only);
(c) breach of insurance obligations by MPB under the LTSA, in allegedly failing to procure the required waiver of subrogation; and
(d) MPB ought to be held liable for the 2015 Incident, in full or by way of contributory negligence, as the operator of the plant.

On 26 October 2020, MCB and MPB submitted their Statement of Defence, pleading *inter alia* the following defences:

(a) MCB's and MPB's obligation to indemnify under the SRA does not arise because the 2015 Incident is fundamentally different from the 2006 and 2009 Incidents. Further or alternatively, any finding by the arbitral tribunal that the Claimant's claim is a breach of the SRA will result in the dismissal of the Claimant's claim in the first instance, in which event there will be no indemnifiable loss incurred by the Respondents;
(b) MPB has no obligation to indemnify the 3rd and 4th Respondents under the LTSA because the 3rd and 4th Respondents are not parties to the LTSA. Further or alternatively, MPB's obligation to indemnify under the LTSA does not arise because the Claimant's claim, being a claim for negligence in *inter alia* design, does not arise out of the LTSA. Further or alternatively, MPB's obligation to indemnify does not arise because the Claimant is bound by the same limits of liability that bind MPB;
(c) MPB did not breach its insurance obligations under the LTSA, because MPB procured insurance which complied with the requirements of the LTSA. Further or alternatively, if there were a breach (which MPB has denied), the 1st and 2nd Respondents would not have suffered any indemnifiable loss; and
(d) MPB is not liable for contributory negligence in operating the Prai Power Plant, because MPB fulfilled its operations and maintenance obligations. Further or alternatively, legally, the Respondents would not be entitled to any contribution from MPB.

The Respondents had sought an extension of the due date for the submission of its Statement of Reply from 16 November 2020 to 30 November 2020.

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, had 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 had identified multiple breaches by the Contractor of its contractual duties under the EPCC Contract, including *inter alia* 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 delay damages ("Delay Damages") under the EPCC Contract.
b) The Contractor 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 ("Warranty Bond").

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 Delay Damages;
ii) An order that the Contractor pay the sum of RM7,900,567.53 (being Delay Damages of RM36,335,778.96 less remaining milestone claims of RM28,435,211.43);
iii) An order that the Contractor forthwith deliver the Warranty Bond;
iv) Alternatively to (iii) above, an order that the Contractor 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 milestone payments of RM28,435,211.43.

The parties are now awaiting official confirmation on the commencement of the arbitration to be issued by the Director of the AIAC (whose appointment is still pending).

26. Dividend Payable

No dividend has been recommended by the Directors for the quarter ended 30 September 2020 (30 September 2019: Nil).

27. Earnings per ordinary share

	3 months ended 30.9.2020	3 months ended 30.9.2019	Cumulative 9 months ended 30.9.2020	Cumulative 9 months ended 30.9.2019
Basic/Diluted Earnings per Ordinary Share				
Profit for the period attributable to owners of the Company (RM mil)	50.8	94.5	244.9	213.7
Weighted average number of ordinary shares (mil)	4,887.0	4,887.0	4,887.0	4,887.4
Basic/diluted earnings per ordinary share (sen)	1.04	1.93	5.01	4.37

28. Authorisation for issue

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 24 November 2020.

By Order of the Board
Noor Raniz bin Mat Nor (MAICSA No.7061903)
Cheryl Rinai Kalip (LS 0008258)
Secretaries
Kuala Lumpur
24 November 2020