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

	3 months ended 30.6.2018 RM'000 (Unaudited)	3 months ended 30.6.2017 RM'000 (Unaudited)	Cumulative 6 months ended 30.6.2018 RM'000 (Unaudited)	Cumulative 6 months ended 30.6.2017 RM'000 (Unaudited)
Revenue	1,944,052	1,734,611	3,548,286	3,515,634
Cost of sales	(1,578,919)	(1,315,212)	(2,834,146)	(2,625,693)
Gross profit	365,133	419,399	714,140	889,941
Other income	13,668	5,997	31,357	13,603
Administrative expenses	(39,276)	(42,122)	(93,171)	(111,604)
Other operating expenses	(37,469)	(45,205)	(80,070)	(91,047)
Results from operating activities	302,056	338,069	572,256	700,893
Finance income	59,933	53,068	119,578	103,784
Finance costs	(238,941)	(266,401)	(487,294)	(537,981)
Net finance costs	(179,008)	(213,333)	(367,716)	(434,197)
Share of profit of equity-accounted associates and a joint venture, net of tax	17,228	28,328	32,785	61,045
Profit before tax	140,276	153,064	237,325	327,741
Income tax expense	(76,660)	(36,216)	(106,338)	(95,477)
Profit for the period	63,616	116,848	130,987	232,264
Other comprehensive (expense)/income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	(142,409)	(50,628)	(67,009)	(48,163)
Share of profit on hedging reserve of equity-accounted associates	15,248	18,981	79,937	28,967
Foreign currency translation differences for foreign operations	5,362	(917)	(17,125)	(6,454)
Other comprehensive expense for the period	(121,799)	(32,564)	(4,197)	(25,650)
Total comprehensive (expense)/ income for the period	(58,183)	84,284	126,790	206,614

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

	3 months ended 30.6.2018 RM'000 (Unaudited)	3 months ended 30.6.2017 RM'000 (Unaudited)	Cumulative 6 months ended 30.6.2018 RM'000 (Unaudited)	Cumulative 6 months ended 30.6.2017 RM'000 (Unaudited)
Profit attributable to :				
Owners of the Company	52,547	103,266	105,452	202,052
Non-controlling interests	11,069	13,582	25,535	30,212
Profit for the period	63,616	116,848	130,987	232,264
Total comprehensive (expense)/income attributable to :				
Owners of the Company	(69,252)	70,702	101,255	176,402
Non-controlling interests	11,069	13,582	25,535	30,212
Total comprehensive (expense)/income for the period	(58,183)	84,284	126,790	206,614
Earnings per ordinary share (sen)				
Basic/diluted	1.06	2.07	2.13	4.04

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

Condensed Consolidated Statements of Financial Position
As at 30 June 2018

	As at 30.6.2018 RM'000 (Unaudited)	As at 31.12.2017 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	13,655,166	13,976,303
Intangible assets	3,210,176	3,346,176
Prepaid lease payments	61,405	63,715
Investments in associates	1,632,698	1,571,049
Investment in a joint venture	-	-
Other investment	5,300	-
Finance lease receivable	2,070,977	2,208,203
Derivative financial assets	380,383	417,283
Trade and other receivables	76,385	81,540
Deferred tax assets	190,875	139,487
Total non-current assets	21,283,365	21,803,756
Current assets		
Trade and other receivables	2,152,400	2,118,834
Inventories	647,392	858,774
Current tax assets	119,482	139,275
Finance lease receivable	10,326	-
Other investments	3,093,590	2,641,829
Cash and cash equivalents	1,922,200	2,355,529
Total current assets	7,945,390	8,114,241
Total assets	**29,228,755**	**29,917,997**
Equity		
Share capital	5,693,055	5,693,055
Treasury shares	(70,179)	(1,641)
Reserves	107,800	111,997
Retained profits	(12,969)	87,680
Equity attributable to owners of the Company	5,717,707	5,891,091
Perpetual sukuk	800,000	800,000
Non-controlling interests	187,915	225,570
Total equity	6,705,622	6,916,661
Non-current liabilities		
Loans and borrowings	14,594,562	14,180,158
Employee benefits	119,829	115,773
Provision for decommissioning cost	95,064	91,831
Deferred income	3,711,788	3,553,403
Derivative financial liabilities	173,795	112,048
Deferred tax liabilities	1,438,044	1,567,578
Total non-current liabilities	20,133,082	19,620,791

Condensed Consolidated Statements of Financial Position
As at 30 June 2018

	As at 30.6.2018 RM'000 (Unaudited)	As at 31.12.2017 RM'000 (Audited)
Current liabilities		
Trade and other payables	1,106,218	1,512,301
Current tax liabilities	197,196	135,342
Loans and borrowings	1,000,767	1,650,823
Derivative financial liabilities	27,456	23,665
Deferred income	58,414	58,414
Total current liabilities	2,390,051	3,380,545
Total liabilities	22,523,133	23,001,336
Total equity and liabilities	**29,228,755**	**29,917,997**
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.16	1.18

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

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

	/---- Attributable to owners of the Company ---- /								
	/---- Non distributable ----/				Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Translation RM'000	Hedging RM'000	Retained Profits/ (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	106,852	87,680	5,891,091	800,000	225,570	6,916,661
Foreign currency translation differences for foreign operations	-	-	(17,125)	-	-	(17,125)	-	-	(17,125)
Cash flow hedge	-	-	-	(67,009)	-	(67,009)	-	-	(67,009)
Share of profit on hedging reserves of equity-accounted associates	-	-	-	79,937	-	79,937	-	-	79,937
Other comprehensive expense for the period	-	-	(17,125)	12,928	-	(4,197)	-	-	(4,197)
Profit for the period	-	-	-	-	105,452	105,452	-	25,535	130,987
Comprehensive (expense)/income for the period	-	-	(17,125)	12,928	105,452	101,255	-	25,535	126,790
Distribution to perpetual sukuk holders	-	-	-	-	(23,406)	(23,406)	-	-	(23,406)
Incorporation of a subsidiary	-	-	-	-	-	-	-	49	49
Dividends to owners of the Company	-	-	-	-	(182,695)	(182,695)	-	-	(182,695)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(63,239)	(63,239)
Total distribution to owners	-	-	-	-	(182,695)	(182,695)	-	(63,239)	(245,934)
Purchase of treasury shares	-	(68,538)	-	-	-	(68,538)	-	-	(68,538)
At 30 June 2018	5,693,055	(70,179)	(11,980)	119,780	(12,969)	5,717,707	800,000	187,915	6,705,622

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

	Attributable to owners of the Company									
	Non distributable					Distributable				
			Reserves							
	Share Capital RM'000	Share Premium RM'000	Capital Redemption RM'000	Translation RM'000	Hedging RM'000	Retained Profits RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2017	500,000	5,192,215	840	20,476	89,846	112,335	5,915,712	-	215,583	6,131,295
Foreign currency translation differences for foreign operations	-	-	-	(6,454)	-	-	(6,454)	-	-	(6,454)
Cash flow hedge	-	-	-	-	(48,163)	-	(48,163)	-	-	(48,163)
Share of profit on hedging reserves of equity-accounted associates	-	-	-	-	28,967	-	28,967	-	-	28,967
Other comprehensive expense for the period	-	-	-	(6,454)	(19,196)	-	(25,650)	-	-	(25,650)
Profit for the period	-	-	-	-	-	202,052	202,052	-	30,212	232,264
Comprehensive (expense)/income for the period	-	-	-	(6,454)	(19,196)	202,052	176,402	-	30,212	206,614
Issuance of perpetual sukuk	-	-	-	-	-	-	-	800,000	-	800,000
Dividends to owners of the Company	-	-	-	-	-	(175,000)	(175,000)	-	-	(175,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(30,000)	(30,000)
Total distribution to owners	-	-	-	-	-	(175,000)	(175,000)	-	(30,000)	(205,000)
At 30 June 2017	500,000	5,192,215	840	14,022	70,650	139,387	5,917,114	800,000	215,795	6,932,909

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

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

	6 months ended 30.6.2018 RM'000 (Unaudited)	**6 months ended 30.6.2017 RM'000 (Unaudited)**
Cash flows from operating activities		
Profit before tax	237,325	327,741
Adjustments for :		
Non cash-items	566,062	717,938
Finance costs	487,294	537,981
Finance income	(119,578)	(103,784)
Share of profit of equity-accounted associates and a joint venture, net of tax	(32,785)	(61,045)
Operating profit before changes in working capital	1,138,318	1,418,831
Changes in working capital:		
Net change in current assets	361,698	(228,904)
Net change in current liabilities	(601,386)	173,342
Net change in non-current liabilities	161,618	119,943
Cash generated from operations	1,060,248	1,483,212
Income taxes paid	(165,905)	(157,431)
Net cash from operating activities	894,343	1,325,781
Cash flows from investing activities		
Purchase of property, plant and equipment	(96,878)	(86,523)
Dividend received from associates	20,585	12,838
Changes in other investments	(457,061)	(776,238)
Interest received	99,496	82,095
Increase in investment in associates	(3,914)	-
Proceeds from redemption on unsecured loan stocks	10,800	6,400
Proceeds from disposal of an associate	23,478	-
Redemption of unsecured loan stocks	(55,500)	-
Net cash used in investing activities	(458,994)	(761,428)
Cash flows from financing activities		
Distribution to perpetual sukuk holder	(23,406)	-
Dividends paid to the owners of the Company	(182,695)	(175,000)
Dividends paid to non-controlling interests	(63,239)	(30,000)
Interest paid	(428,641)	(467,643)
Proceeds from issuance of perpetual sukuk	-	800,000
Proceeds from issuance of shares to non-controlling interests	49	-
Proceeds from borrowings	-	346,160
Repayment of borrowings	(102,208)	(1,784,557)
Redemption of preference shares	-	4,000
Purchase of treasury shares	(68,538)	-
Net cash used in financing activities	(868,678)	(1,307,040)

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

	6 months ended 30.6.2018 RM'000 (Unaudited)	6 months ended 30.6.2017 RM'000 (Unaudited)
Net decrease in cash and cash equivalents	(433,329)	(742,687)
Cash and cash equivalents at beginning of the period	2,355,529	3,006,802
Cash and cash equivalents at end of the period	**1,922,200**	**2,264,115**
Cash and cash equivalents comprise :		
Cash and bank balances	257,271	441,785
Deposits with licensed banks and other licensed corporations	1,664,929	1,822,330
	1,922,200	**2,264,115**

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

Notes to the interim financial statements

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

The audited financial statements of the Group for the financial year ended 31 December 2017 were prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The significant accounting policies adopted in these interim financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2017, except the Group adopted the following MFRSs, Interpretations and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2018 as follows:

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

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

2. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

3. Seasonal or cyclical factors

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

4. Unusual items

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

5. Changes in estimates

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

6. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter except for the following:

During the current quarter under review, the Company had repurchased a total of 23,411,000 ordinary shares from the open market for a total consideration of RM20,330,775 at an average cost of RM0.87 per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016. As at 30 June 2018, the total number of treasury shares held is 1.58% of the total paid up share capital of the Company.

7. Dividend paid

On 1 June 2018, the Company paid a final single-tier dividend of 3.7 sen per ordinary share on the 4,937,701,200 ordinary shares in issue, totalling RM182,695,000 in respect of the financial year ended 31 December 2017.

8. Segment reporting

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

	Local RM'000	Foreign RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	3,463,838	84,448	-	3,548,286
Inter-segment revenue	894,266	74,522	(968,788)	-
Total segment revenue	4,358,104	158,970	(968,788)	3,548,286
Profit after tax	683,241	100,083	(652,337)	130,987

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

	Local RM'000	Foreign RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	3,414,787	100,847	-	3,515,634
Inter-segment revenue	891,606	46,640	(938,246)	-
Total segment revenue	4,306,393	147,487	(938,246)	3,515,634
Profit after tax	532,295	65,887	(365,918)	232,264

9. Property, plant and equipment

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

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

There was no material event subsequent to the end of the current quarter ended 30 June 2018.

11. Changes in composition of the Group

On 8 June 2018, Teknik Janakuasa Sdn. Bhd. ("TJSB") a wholly-owned subsidiary of the Company together with Zelleco Engineering Sdn Bhd ("Zelleco") had jointly incorporated a private company limited by shares under the Companies Act 2016 known as TJZ Suria Sdn. Bhd. ("TJZ Suria"). TJZ Suria was incorporated as the special purpose company to provide operation, maintenance and repair services for a solar photovoltaic energy generating facility in Kota Tinggi, Johor Darul Takzim, with a capacity of 29MW ("Facility") and associated transmission line and facilities for the development and operation of the Facility.

The share capital of TJZ Suria is RM100,000 comprising 100,000 ordinary shares which have been issued and fully paid-up. TJSB and Zelleco, hold 51% and 49% equity interest in TJZ Suria respectively.

12. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2017 except for the following bank guarantees issued to third parties:

	30.6.2018	**31.12.2017**
	RM'mil	RM'mil
Company and subsidiaries	393.5	641.2

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

13. Provision for financial assistance

In accordance with paragraph 8.23(1)(ii) and Practice Note 11 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements on the provision of financial assistance, Tanjung Bin Power Sdn. Bhd. ("TBP"), a subsidiary of the Company, has during the period under review, made additional advance payments on behalf of an EPC contractor amounting to RM0.1 million in respect of the upgrading works on conveyor belt system ("the project") which is critical for the operation of the power plant. As at 30 June 2018, the project is nearing completion and has received cumulative advance payments amounting to RM32.9 million.

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

14. Capital commitments

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

	30.6.2018 RM'mil	**31.12.2017** RM'mil
Property, plant and equipment:		
Authorised and contracted for	204.5	243.6
Authorised but not contracted for	70.4	130.9
	274.9	374.5

15. Related party transactions

	30.6.2018 RM'mil	**30.6.2017** RM'mil
Associated company:		
Interest income on unsecured subordinated loan notes	20.1	21.7

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

Quarter 2, 2018 vs Quarter 2, 2017

For the quarter ended 30 June 2018, the Group recorded RM1,944.1 million in revenue, a 12% increase from RM1,734.6 million reported in the corresponding quarter ended 30 June 2017, primarily due to higher energy payment recorded from Tanjung Bin Energy Sdn. Bhd. ("TBE") and Tanjung Bin Power Sdn. Bhd. ("TBP") coal plants on the back of higher applicable coal price as well as from Segari Energy Ventures Sdn. Bhd. ("SEV") following the increase in tariff of natural gas price under the extended Power Purchase Agreement ("PPA"). However, these were partially offset by SEV's lower capacity payment upon reduction in tariff under the extended PPA.

Conversely, the Group recorded profit before taxation of RM140.3 million, an 8% decrease from RM153.1 million reported in corresponding quarter ended 30 June 2017, primarily attributed to lower contribution from SEV following the reduction in tariff under the extended PPA, and lower fuel margin recorded at TBP and TBE coal plants. However, these were partially moderated by lower depreciation of C-inspection costs following revision in the useful lives of C-inspection for gas plants.

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

For the financial period ended 30 June 2018, the Group recorded RM3,548.3 million in revenue, a slight increase of 0.9% compared with RM3,515.6 million reported in the corresponding period of the preceding year, primarily due to higher energy payment recorded from SEV following the increase in tariff of natural gas price under the extended PPA as well as from TBP and TBE on the back of higher applicable coal price. However, these were partially offset by SEV's lower capacity payment upon reduction in tariff under the extended PPA.

Conversely, the Group recorded profit before taxation of RM237.3 million, a 27.6% decrease from RM327.7 million reported in corresponding period of the preceding year, primarily attributed to lower capacity payment recorded by SEV following the reduction in tariff under the extended PPA, lower fuel margin recorded at TBP and TBE coal plants and lower contributions from associates investments. However, these were partially moderated by lower depreciation of C-inspection costs following revision in the useful lives of C-inspection for gas plants, lower operation and maintenance costs and lower finance costs upon settlement of Junior EBL in the corresponding period.

17. Variation of results against immediate preceding quarter

Quarter 2, 2018 vs Quarter 1, 2018

The Group recorded significantly higher profit before taxation of RM140.3 million in the current quarter compared with RM97.0 million in the immediate preceding quarter, primarily attributed to the fair valuation gain arising from financial instruments coupled with lower operation and maintenance costs.

18. Current prospects

Notwithstanding the recent development in the political, economic and regulatory landscape, the Group continues to remain positive on the overall outlook for 2018. The current government's commitment towards energy reforms and the smooth transition towards the implementation of Regulatory Period 2 (RP2) augurs well for the energy industry. Malaysia continues to have a strong, expanding economy with Gross Domestic Product (GDP) growth expected to remain steady at 5.4% this year, as forecasted by the World Bank.

Strong electricity demand from the industrial and domestic sectors and enhanced operational efficiencies will continue to be the catalysts in the Group's earnings. The Group will continue to focus on improving the performance and reliability of its assets to minimize disruption. On the international front, the Group's existing overseas investments are expected to yield positive returns in the coming quarters. The Group also continues to explore potential opportunities, both greenfield as well as brownfield, in high growth regions.

In line with the government's vision to increase renewable energy (RE) in the nation's energy mix, the Group aspires to grow its presence in the RE space domestically within the next five years. The Minister of Energy, Science, Technology, Environment and Climate Change of Malaysia had recently called for a push of RE's contribution to the power-generation mix from the current 2% to 20% by 2025. The Group will also continue to explore for potential RE opportunities overseas. The Group is pleased to clinch its first operations and maintenance (O&M) contract for a 29MW large solar photovoltaic power plant in Johor as its maiden foray into the domestic RE sector.

As part of its efforts to expand its earnings base while expanding its presence in the RE sector, the Group has also entered into a conditional share sale agreement (SSA) for the proposed acquisition of a 97.37% interest in Alam Flora. This will allow the Group to enter into the captive high growth area of waste management and environmental services. In addition, there are potential synergistic opportunities to leverage on the core competencies of the Group and Alam Flora to develop increasingly important Waste-to-Energy (WTE) projects for the country.

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

19. Profit before tax

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

	3 months ended 30.6.2018 RM'mil	3 months ended 30.6.2017 RM'mil	Cumulative 6 months ended 30.6.2018 RM'mil	Cumulative 6 months ended 30.6.2017 RM'mil
Finance income	(59.9)	(53.1)	(119.6)	(103.8)
Finance cost	238.9	266.4	487.3	538.0
Depreciation	211.5	230.1	418.0	460.1
Amortisation of intangibles	70.6	122.3	141.3	244.5
Net foreign exchange (gain)/loss	(2.4)	0.5	(2.5)	0.7

20. Profit forecast or profit guarantee

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

21. Tax expense

	3 months ended 30.6.2018 RM'mil	3 months ended 30.6.2017 RM'mil	Cumulative 6 months ended 30.6.2018 RM'mil	Cumulative 6 months ended 30.6.2017 RM'mil
Current tax expense	152.3	100.2	258.6	229.8
Deferred tax expense	(75.6)	(64.0)	(152.3)	(134.3)
Total tax expense	76.7	36.2	106.3	95.5

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

22. Status of corporate proposals announced

i) Share buyback

On 26 April 2018, the Company had during its 12th Annual General Meeting obtained approval from shareholders for the renewal of share buy-back authority to purchase the Company's own shares of up to 10% of the total number of issued shares subject to Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities ("prevailing laws").

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

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

iii) Proposed acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. ("Alam Flora") by Tunas Pancar Sdn. Bhd. ("TPSB")

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

The Purchase Consideration for the Proposed Acquisition shall be satisfied in cash by TPSB in the following manner:

(a) upon execution of the SSA, TPSB has 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) the balance of the Purchase Consideration of RM925,717,800 shall be paid by TPSB to the Vendor on completion of the Proposed Acquisition.

iv) Proposed disposal by Tuah Utama Sdn Bhd ("TUSB"), a wholly-owned subsidiary of the Company, of its 20% equity interest in Lekir Bulk Terminal Sdn Bhd ("LBTSB") to Pelabuhan Lumut Sdn Bhd ("PLSB")

The Company had on 20 August 2018 received a letter from Integrax Berhad ("Integrax"), a wholly-owned subsidiary of Tenaga Nasional Berhad, offering to acquire TUSB's 20% equity interest in LBTSB, comprising thirteen million and six hundred thousand (13,600,000) ordinary shares ("Sale Shares") in LBTSB, for a total cash consideration of Ringgit Malaysia Ninety Million (RM90,000,000.00) only ("Purchase Price") upon the terms and conditions of the Shares Sale Agreement ("SSA") to be entered into, the provisions of which have been agreed upon and finalized by both parties recently.

The Company has, through its letter to Integrax dated 23 August 2018, accepted the abovementioned offer. The Company will make the necessary announcement upon the execution of the SSA.

23. Borrowings

	30.6.2018	31.12.2017
	RM'mil	RM'mil
Current		
- Secured	1,000.8	1,650.8
Non-current		
- Secured	14,564.5	14,094.6
- Unsecured	30.0	85.6
	14,594.5	14,180.2
	15,595.3	15,831.0

The breakdown of Group borrowings by currency is as follows:

	30.6.2018	31.12.2017
	RM'mil	RM'mil
Functional currency		
- RM	13,413.9	13,505.2
- AUD	1,874.5	2,002.0
- USD	306.9	323.8
	15,595.3	15,831.0

24. Changes in material litigation

Proceedings by the Public Prosecutor of Algeria against Almiyah Attilemcania SPA ("AAS")

On 4 September 2014, a joint venture of the Group, AAS, was charged in the Court of Ghazouet in the district of Tlemcen, Algeria, for an alleged breach of foreign exchange regulations concerning a sum of USD26.9 million. The Group holds an indirect effective interest of 35.7% in AAS via Tlemcen Desalination Investment Company SAS ("TDIC"), an indirect subsidiary of Malakoff International Limited.

In 2009, it was discovered that there was a considerable gap between the value of the delivered equipment received as per the invoices declared to the customs and the value of the milestone payments made by AAS to the supplier cum contractor ("Invoice Gap"). AAS wrote to the supplier cum contractor requesting for clarification as they are responsible to resolve tax and customs issues. The Invoice Gap however was not resolved by the supplier cum contractor and the Algerian Customs then initiated investigations and thereafter a charge was brought against AAS in respect of repression of foreign exchange regulations.

The Court had on 24 December 2014 convicted AAS and had subsequently imposed a penalty of DZD3,929,038,151 (approximately RM148.3 million at the exchange rate of RM1: DZD26.5) ("Penalty"). The Group's liability arising from the Penalty, in proportion to the Group's 35.7% effective interest in AAS via TDIC, which may impact the profit of the Group, amounts to DZD1,402,666,620 (approximately RM52.9 million). The Court of Appeal upheld the decision and the Penalty imposed by the Court on 2 March 2016.

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

AAS solicitor had filed an appeal to the Supreme Court on 17 June 2016. AAS had filed grounds of appeal on 9 August 2016 but the Supreme Court has not fixed any hearing date in respect of the appeal.

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

25. Dividend Payable

The Directors recommend the payment of a single-tier interim dividend of 2.1 sen per ordinary share in respect of the financial year ending 31 December 2018. The interim dividend will be paid on 11 October 2018 to shareholders registered on the Company's Register of Members at the close of business on 13 September 2018.

In the corresponding quarter ended 30 June 2017, the Directors recommended a single-tier interim dividend of 2.5 sen per ordinary shares on 5,000,000,000 ordinary shares amounting to RM125,000,000 in respect of the financial year ended 31 December 2017. The dividend was paid on 6 October 2017.

26. Earnings per ordinary share

	3 months ended 30.6.2018	**3 months ended 30.6.2017**	**Cumulative 6 months ended 30.6.2018**	**Cumulative 6 months ended 30.6.2017**
Basic/Diluted Earnings per Ordinary Share				
Profit for the period attributable to owners of the Company (RM'mil)	52.5	103.3	105.5	202.1
Weighted average number of ordinary shares ('mil)	4,934.6	5,000.0	4,957.8	5,000.0
Basic/diluted earnings per ordinary share (sen)	1.06	2.07	2.13	4.04

27. Authorisation for issue

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

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