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

| | 3 months ended 30.6.2020 RM'000 (Unaudited) | 3 months ended 30.6.2019 RM'000 (Unaudited) | 6 months ended 30.6.2020 RM'000 (Unaudited) | 6 months ended 30.6.2019 RM'000 (Unaudited) |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Revenue | 1,506,169 | 1,775,065 | 3,280,142 | 3,742,673 |
| Cost of sales | (1,231,462) | (1,475,653) | (2,673,950) | (3,116,208) |
| **Gross profit** | 274,707 | 299,412 | 606,192 | 626,465 |
| Other income | 53,178 | 12,946 | 56,509 | 26,639 |
| Administrative expenses | (54,147) | (38,214) | (109,135) | (95,276) |
| Other operating expenses | (19,300) | (21,714) | (58,447) | (51,731) |
| **Results from operating activities** | 254,438 | 252,430 | 495,119 | 506,097 |
| Finance income | 46,514 | 60,633 | 95,632 | 120,518 |
| Finance costs | (188,962) | (213,561) | (379,381) | (425,580) |
| **Net finance costs** | (142,448) | (152,928) | (283,749) | (305,062) |
| Share of profit of equity-accounted associates and joint ventures, net of tax | 50,533 | 9,724 | 91,357 | 26,220 |
| **Profit before tax** | 162,523 | 109,226 | 302,727 | 227,255 |
| Income tax expense | (47,525) | (57,500) | (84,417) | (108,298) |
| **Profit from continuing operations** | 114,998 | 51,726 | 218,310 | 118,957 |
| **Discontinued operations** | | | | |
| Profit from discontinued operations, net of tax | - | 12,530 | - | 24,917 |
| **Profit for the period** | 114,998 | 64,256 | 218,310 | 143,874 |
| **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 | (1,852) | (17,389) | (69,655) | (31,248) |
| Share of profit/(loss) on hedging reserve of equity-accounted associates and joint ventures | 31,463 | (19,675) | (29,744) | (35,598) |
| Foreign currency translation differences for foreign operations | 65,630 | 11,840 | 6,463 | 6,995 |
| | 95,241 | (25,224) | (92,936) | (59,851) |
| **Other comprehensive income/(expense) for the period** | 95,241 | (25,224) | (97,329) | (59,851) |
| **Discontinued operations** | | | | |
| Other comprehensive expense from discontinued operations, net of tax for the period | - | (21,709) | - | (51,461) |
| **Total other comprehensive income/(expense) for the period** | 95,241 | (46,933) | (97,329) | (111,312) |
| **Total comprehensive income for the period** | 210,239 | 17,323 | 120,981 | 32,562 |

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

| | 3 months ended 30.6.2020 RM'000 (Unaudited) | 3 months ended 30.6.2019 RM'000 (Unaudited) | 6 months ended 30.6.2020 RM'000 (Unaudited) | 6 months ended 30.6.2019 RM'000 (Unaudited) |
|---|---|---|---|---|
| **Profit attributable to:** | | | | |
| Owners of the Company | | | | |
| - Continuing operations | 104,959 | 39,720 | 194,137 | 94,337 |
| - Discontinued operations | - | 12,530 | - | 24,917 |
| | 104,959 | 52,250 | 194,137 | 119,254 |
| Non-controlling interests | 10,039 | 12,006 | 24,173 | 24,620 |
| **Profit for the period** | 114,998 | 64,256 | 218,310 | 143,874 |
| | | | | |
| **Total comprehensive income/(expense) attributable to:** | | | | |
| Owners of the Company | | | | |
| - Continuing operations | 200,200 | 14,496 | 96,808 | 34,486 |
| - Discontinued operations | - | (9,179) | - | (26,544) |
| | 200,200 | 5,317 | 96,808 | 7,942 |
| Non-controlling interests | 10,039 | 12,006 | 24,173 | 24,620 |
| **Total comprehensive income for the period** | 210,239 | 17,323 | 120,981 | 32,562 |
| | | | | |
| **Earnings per ordinary share (sen)** | | | | |
| Basic/diluted | | | | |
| - From continuing operations | 2.15 | 0.81 | 3.97 | 1.93 |
| - From discontinued operations | - | 0.26 | - | 0.51 |
| | 2.15 | 1.07 | 3.97 | 2.44 |

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 June 2020**

| | As at 30.6.2020 RM'000 (Unaudited) | As at 31.12.2019 RM'000 (Restated) |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 12,609,767 | 12,881,334 |
| Investment properties | 15,300 | 15,300 |
| Concession assets | 197,646 | 204,283 |
| Intangible assets | 3,299,024 | 3,453,653 |
| Investments in associates | 750,171 | 744,991 |
| Investments in joint ventures | 667,560 | 635,383 |
| Other investments | 23,999 | 21,515 |
| Derivative financial assets | 325,467 | 327,643 |
| Trade and other receivables | 503,750 | 526,419 |
| Deferred tax assets | 167,505 | 148,045 |
| **Total non-current assets** | 18,560,189 | 18,958,566 |
| | | |
| **Current assets** | | |
| Trade and other receivables | 866,204 | 1,501,259 |
| Inventories | 639,340 | 693,058 |
| Current tax assets | 79,975 | 67,774 |
| Other investments | 3,942,556 | 2,509,476 |
| Cash and cash equivalents | 1,417,361 | 2,745,389 |
| Assets classified as held for sale | 65,000 | 65,000 |
| **Total current assets** | 7,010,436 | 7,581,956 |
| | | |
| **Total assets** | **25,570,625** | **26,540,522** |
| | | |
| **Equity** | | |
| Share capital | 5,693,055 | 5,693,055 |
| Treasury shares | (98,647) | (98,647) |
| Reserves | 60,244 | 153,180 |
| Accumulated losses | (272,334) | (237,857) |
| **Equity attributable to owners of the Company** | 5,382,318 | 5,509,731 |
| Perpetual sukuk | 800,000 | 800,000 |
| Non-controlling interests | 354,190 | 365,516 |
| **Total equity** | 6,536,508 | 6,675,247 |
| | | |
| **Non-current liabilities** | | |
| Loans and borrowings | 10,783,458 | 10,889,063 |
| Lease liabilities | 7,374 | 11,622 |
| Provision for concession assets | 279,673 | 253,590 |
| Employee benefits | 92,397 | 107,159 |
| Provision for decommissioning cost | 96,808 | 93,724 |
| Deferred income | 3,509,554 | 3,661,066 |
| Derivative financial liabilities | 18,046 | 10,013 |
| Deferred tax liabilities | 1,251,226 | 1,275,513 |
| **Total non-current liabilities** | 16,038,536 | 16,301,750 |

**Condensed Consolidated Statements of Financial Position**
**As at 30 June 2020**

| | As at 30.6.2020 RM'000 (Unaudited) | As at 31.12.2019 RM'000 (Restated) |
|---|---|---|
| **Current liabilities** | | |
| Trade and other payables | 1,334,973 | 1,593,219 |
| Current tax liabilities | 39,799 | 39,742 |
| Loans and borrowings | 1,198,871 | 1,509,082 |
| Lease liabilities | 11,053 | 12,144 |
| Provision for concession assets | 1,822 | 197 |
| Deferred income | 391,263 | 391,341 |
| Provision for decommissioning cost | 17,800 | 17,800 |
| **Total current liabilities** | 2,995,581 | 3,563,525 |
| **Total liabilities** | 19,034,117 | 19,865,275 |
| **Total equity and liabilities** | **25,570,625** | **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 June 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 | - | - | 6,463 | - | - | 6,463 | - | - | 6,463 |
| Cash flow hedge | - | - | - | (69,655) | - | (69,655) | - | - | (69,655) |
| Share of loss on hedging reserve of equity-accounted associates and joint ventures | - | - | - | (29,744) | - | (29,744) | - | - | (29,744) |
| Other comprehensive income/(expense) for the period | - | - | 6,463 | (99,399) | (4,393) | (97,329) | - | - | (97,329) |
| Profit for the period | - | - | - | - | 194,137 | 194,137 | - | 24,173 | 218,310 |
| Comprehensive income/(expense) for the period | - | - | 6,463 | (99,399) | 189,744 | 96,808 | - | 24,173 | 120,981 |
| Profit distribution of perpetual sukuk | - | - | - | - | (23,367) | (23,367) | - | - | (23,367) |
| Dividends to owners of the Company | - | - | - | - | (200,854) | (200,854) | - | - | (200,854) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | (35,499) | (35,499) |
| Total distribution to owners | - | - | - | - | (200,854) | (200,854) | - | (35,499) | (236,353) |
| **At 30 June 2020** | 5,693,055 | (98,647) | (6,189) | 66,433 | (272,334) | 5,382,318 | 800,000 | 354,190 | 6,536,508 |

**Condensed Consolidated Statement of Changes in Equity**
**For the Period Ended 30 June 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 | - | - | 5,473 | - | - | 5,473 | - | - | 5,473 |
| Cash flow hedge | - | - | - | (81,187) | - | (81,187) | - | - | (81,187) |
| Share of loss on hedging reserve of equity-accounted associates and joint ventures | - | - | - | (35,598) | - | (35,598) | - | - | (35,598) |
| Other comprehensive income/(expense) for the period | - | - | 5,473 | (116,785) | - | (111,312) | - | - | (111,312) |
| Profit for the period | - | - | - | - | 119,254 | 119,254 | - | 24,620 | 143,874 |
| Comprehensive income/(expense) for the period | - | - | 5,473 | (116,785) | 119,254 | 7,942 | - | 24,620 | 32,562 |
| Profit distribution of perpetual sukuk | - | - | - | - | (23,018) | (23,018) | - | - | (23,018) |
| Dividends to owners of the Company | - | - | - | - | (171,076) | (171,076) | - | - | (171,076) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | (10,000) | (10,000) |
| Total distribution to owners | - | - | - | - | (171,076) | (171,076) | - | (10,000) | (181,076) |
| Purchase of treasury shares | - | (1,002) | - | - | - | (1,002) | - | - | (1,002) |
| **At 30 June 2019** | 5,693,055 | (98,608) | 9,123 | 11,309 | (157,460) | 5,457,419 | 800,000 | 234,306 | 6,491,725 |

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 June 2020**

| | 6 months ended 30.6.2020 RM'000 (Unaudited) | 6 months ended 30.6.2019 RM'000 (Unaudited) |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Profit before tax** | | |
| Continuing operations | 302,727 | 227,255 |
| Discontinued operations | - | 26,999 |
| | 302,727 | 254,254 |
| ***Adjustments for :*** | | |
| Non-cash items | 643,594 | 579,413 |
| Finance costs | 379,381 | 472,580 |
| Finance income | (95,632) | (120,846) |
| Share of profit of equity-accounted associates and joint ventures, net of tax | (91,357) | (26,220) |
| **Operating profit before changes in working capital** | 1,138,713 | 1,159,181 |
| *Changes in working capital:* | | |
| Net change in current assets | 741,080 | 306,269 |
| Net change in current liabilities | (273,534) | 18,222 |
| Net change in non-current liabilities | (144,139) | 148,525 |
| **Cash generated from operations** | 1,462,120 | 1,632,197 |
| Income taxes paid | (145,304) | (193,808) |
| **Net cash from operating activities** | 1,316,816 | 1,438,389 |
| **Cash flows from investing activities** | | |
| Change in other investments | (1,433,080) | (740,703) |
| Dividends received from associates | 3,913 | 15,683 |
| Dividends received from joint ventures | 30,974 | - |
| Interest received | 79,738 | 85,482 |
| Other investment in redeemable cumulative convertible preference share | (2,484) | (3,830) |
| Purchase of property, plant and equipment | (174,683) | (141,672) |
| Purchase of concession assets | (6,447) | - |
| **Net cash used in investing activities** | (1,502,069) | (785,040) |
| **Cash flows from financing activities** | | |
| Distribution to perpetual sukuk holder | (23,367) | (23,018) |
| Dividends paid to the owners of the Company | (200,854) | (171,076) |
| Dividends paid to non-controlling interests | (35,499) | (10,000) |
| Interest paid | (352,869) | (412,568) |
| Proceeds from redemption of preference shares | - | 8,455 |
| Purchase of treasury shares | - | (1,002) |
| Repayment of borrowings | (523,282) | (132,867) |
| Payment of lease liabilities | (6,904) | (3,079) |
| **Net cash used in financing activities** | (1,142,775) | (745,155) |

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

| | 6 months ended 30.6.2020 RM'000 (Unaudited) | 6 months ended 30.6.2019 RM'000 (Unaudited) |
|---|---|---|
| **Net decrease in cash and cash equivalents** | (1,328,028) | (91,806) |
| **Cash and cash equivalents at beginning of the period** | 2,745,389 | 1,515,147 |
| **Cash and cash equivalents at end of the period** | **1,417,361** | **1,423,341** |
| | | |
| **Cash and cash equivalents comprise :** | | |
| Cash and bank balances | 543,791 | 298,691 |
| Deposits with licensed banks and other licensed corporations | 873,570 | 1,124,650 |
| | **1,417,361** | **1,423,341** |

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.

**7. Dividends paid**

On 12 June 2020, the Company paid a final dividend of 4.11 sen per ordinary shares on 4,886,961,300 ordinary shares in issue, totalling RM200,854,000 in respect of the financial year ended 31 December 2019.

**8. Segment reporting**

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

| | Local RM'000 | Foreign RM'000 | Eliminations RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Revenue from external customers | 3,279,648 | 494 | - | 3,280,142 |
| Inter-segment revenue | 830,819 | 34,887 | (865,706) | - |
| **Total segment revenue** | 4,110,467 | 35,381 | (865,706) | 3,280,142 |
| **Profit after tax** | 632,992 | 20,973 | (435,655) | 218,310 |

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

| | Local RM'000 | Foreign RM'000 | Eliminations RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Revenue from external customers | 3,741,751 | 922 | - | 3,742,673 |
| Inter-segment revenue | 441,380 | 56,394 | (497,774) | - |
| | 4,183,131 | 57,316 | (497,774) | 3,742,673 |
| **Discontinued operations^** | | | | |
| Revenue from external customer | - | 79,462 | - | 79,462 |
| | - | 79,462 | - | 79,462 |
| **Total segment revenue** | 4,183,131 | 136,778 | (497,774) | 3,822,135 |
| **Profit after tax from:** | | | | |
| Continuing operations | 242,222 | 42,384 | (165,649) | 118,957 |
| Discontinued operations | - | 28,001 | (3,084) | 24,917 |
| | 242,222 | 70,385 | (168,733) | 143,874 |

*^ 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.*

**9. Property, plant and equipment**

There was no valuation of property, plant and equipment during the current quarter ended 30 June 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 June 2020.

**11. Changes in composition of the Group**

a) On 3 June 2020, Tuah Utama Sdn. Bhd. ("TUSB"), a wholly-owned subsidiary of the Company together with Concord Alliance Sdn. Bhd. ("Concord") jointly incorporated Southern Biogas Sdn. Bhd. ("SBSB"), a private company limited by shares under the Companies Act 2016 of which TUSB and Concord hold 60% and 40% equity interest, respectively. SBSB was incorporated as the special purpose company to carry out the business of developing, operating and maintaining biogas power plant. The share capital of SBSB is RM50,000 comprising 50,000 ordinary shares which have been issued and fully paid-up.

b) On 28 May 2020, the Company subscribed two (2) ordinary shares of Radiant Summit Global Ltd. ("RSG"), a special purpose vehicle company to facilitate the Company's participation in offshore investment projects. The share capital of RSG is USD2 comprising two (2) ordinary shares which have been issued and fully paid-up.

**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 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:

| | **30.6.2020** | **31.12.2019** |
|---|---|---|
| | RM'mil | RM'mil |
| Company and subsidiaries | 460.2 | 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:

| | **30.6.2020** | **31.12.2019** |
|---|---:|---:|
| | RM'mil | RM'mil |
| Property, plant and equipment: | | |
| Authorised and contracted for | 33.1 | 106.8 |
| Authorised but not contracted for | 452.2 | 510.7 |
| | 485.3 | 617.5 |

## 15. Related party transactions

| | **30.6.2020** | **30.6.2019** |
|---|---:|---:|
| | RM'mil | RM'mil |
| Associated company: | | |
| Interest income on unsecured subordinated loan notes | 12.3 | 17.4 |

## 16. Purchase price allocation for acquisitions of a subsidiary and a joint venture

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 Alam Flora Sdn. Bhd. ("AFSB") for a total cash consideration of RM869,000,000.

The fair value of AFSB's assets and liabilities as at the date of acquisition was measured provisionally, pending completion of an independent valuation on the purchase price allocation ("PPA"). In accordance with MFRS 3, *Business Combinations*, the Group has a period of twelve (12) months from the date of the acquisition (the "Measurement Period") to complete the PPA. At the acquisition date, the Group had estimated the provisional goodwill and intangible assets at RM85 million and RM607 million, respectively.

During the current quarter under review, the Group completed the valuation of PPA 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 made during the Measurement Period 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).

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

| | **RM'000** |
|---|---|
| Fair value of consideration transferred | 869,000 |
| Non-controlling interest, 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 adjusted 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 Desaru Investment (Cayman Isl.) Limited ("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"). This has resulted in SAMAWEC being classified as a joint venture of the Group.

The fair value of SAMAWEC's assets and liabilities as at the date of acquisition was measured provisionally, pending completion of an independent valuation on the PPA. Similarly, in accordance with MFRS 3, *Business Combinations*, the Group has a period of twelve (12) months from the date of the acquisition to complete the PPA. At the acquisition date, the Group had estimated the provisional intangible assets at RM63.3 million.

During the current quarter under review, the Group completed the valuation of PPA 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 made during the Measurement Period 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).

The effect of the adjustments made upon the completion of purchase price allocation during the Measurement Period is set out below:

| | **RM'000** |
|---|---|
| Fair value of consideration transferred | 294,891 |
| Fair value of existing interest | 294,891 |
| Non-controlling interest, 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.

## 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. The segment was not a discontinued operation as at 30 June 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 30.6.2020 RM'000 | 3 months ended 30.6.2019 RM'000 | Cumulative 6 months ended 30.6.2020 RM'000 | Cumulative 6 months ended 30.6.2019 RM'000 |
|---|---|---|---|---|
| **Discontinued operations** | | | | |
| Revenue | - | 39,725 | - | 79,462 |
| Cost of sales | - | - | - | - |
| Gross profit | - | 39,725 | - | 79,462 |
| Other income | - | 71 | - | 267 |
| Administrative expenses | - | (599) | - | (1,387) |
| Other operating expenses | - | (2,391) | - | (4,671) |
| Results from operating activities | - | 36,806 | - | 73,671 |
| Finance income | - | 182 | - | 328 |
| Finance costs | - | (23,402) | - | (47,000) |
| Profit before tax | - | 13,586 | - | 26,999 |
| Income tax expense | - | (1,056) | - | (2,082) |
| Profit from discontinued operations | - | 12,530 | - | 24,917 |
| Other comprehensive expense, net of tax | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Cash flow hedge | - | (22,001) | - | (49,939) |
| Foreign currency translation differences for foreign operations | - | 292 | - | (1,522) |
| Other comprehensive expense, net of tax from discontinued operations | - | (21,709) | - | (51,461) |
| Total comprehensive expense for the period from discontinued operations | - | (9,179) | - | (26,544) |

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

Following the completion of the PPA for the acquisitions of AFSB and DIL as disclosed in Note 16, the Group adjusted the fair values of certain identifiable assets and liabilities. The adjustments were accounted for 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 June 2019 includes Malakoff Australia Pty. Ltd ("MAPL") group's financial results presented as discontinued operations, disclosed in Note 17.

The Covid-19 pandemic as announced by the World Health Organisation in March 2020 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 June 2020.

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

**Quarter 2, 2020 vs Quarter 2, 2019**

For the quarter ended 30 June 2020, the Group recorded RM1,506.2 million in revenue, a decrease of 17.0% from RM1,814.8 million reported in the corresponding quarter ended 30 June 2019, primarily due to lower energy payment recorded from Tanjung Bin Power Sdn. Bhd. ("TBP") and Segari Energy Ventures Sdn. Bhd. ("SEV") following the decline in applicable coal price ("ACP") and lower despatch factor respectively, TBP's lower daily utilisation payment ("DUP") in line with the scheduled reduction in tariff effective 28 September 2019 and absence of revenue contribution from MAPL upon completion of its disposal in December 2019. However, these were partially moderated by higher energy payment recorded from Tanjung Bin Energy Sdn. Bhd. ("TBE") given the shorter duration of plant outage and revenue contribution from the newly acquired subsidiary, Alam Flora Sdn. Bhd. ("AFSB").

Conversely, the Group recorded higher profit before taxation of RM162.5 million, an increase of 32.3% from RM122.8 million reported in the corresponding quarter ended 30 June 2019, primarily attributed to contribution from AFSB, higher contribution from TBE following shorter duration of plant outage and settlement agreement reached 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 at TBE's plant between April 2017 and June 2019 as well as higher contributions from investments in associates subsequent to the completion of 12% additional interest in Shuaibah IWPP on 12 September 2019 and also absence of share of losses from 40%-owned Kapar Energy Ventures Sdn Bhd ("KEV") following impairment of the carrying amount of investment as at 31 December 2019. However, these were partially offset by TBP's lower DUP in line with scheduled reduction in tariff effective 28 September 2019 and absence of contribution from MAPL upon disposal of the Group's investment in December 2019.

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

For the financial period ended 30 June 2020, the Group recorded RM3,280.1 million in revenue, a decrease of 14.2% from RM3,822.1 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 absence of revenue contribution from MAPL upon disposal of the Group's investment in 2019. However, these were partially moderated by AFSB's revenue contribution, the newly acquired subsidiary which was completed on 5 December 2019.

Conversely, the Group recorded higher profit before taxation of RM302.7 million, an increase of 19.0% from RM254.3 million in the corresponding period primarily attributed to contribution from AFSB, higher contribution from TBE following shorter duration of plant outage and settlement agreement reached with GE in relation to the losses and damages incurred as a result of failure events which occurred at TBE's plant between April 2017 and June 2019, lower operations and maintenance costs and higher contributions from investments in associates subsequent to the completion of 12% additional interest in Shuaibah IWPP and absence of share of losses from 40%-owned KEV. However, these were partially offset by TBP's lower DUP and absence of contribution from MAPL upon disposal of the Group's investment in December 2019.

## 19. Variation of results against immediate preceding quarter

**Quarter 2, 2020 vs Quarter 1, 2020**

The Group recorded higher profit before taxation of RM162.5 million in the current quarter compared with RM140.2 million in the immediate preceding quarter, primarily attributed to higher contribution from TBE following the settlement agreement reached with GE in relation to the losses and damages incurred as a result of failure events which occurred at TBE's plant between April 2017 and June 2019 as well as higher contributions from foreign investment in associates.

## 20. Current prospects

With the partial lifting of the Movement Control Order ("MCO") in May 2020, the country's economic activity is expected to gradually recover and improve in the second half ("2H") of 2020, supported by the sizeable fiscal and monetary measures provided by the Government.

Notwithstanding the above, the country's electricity demand is expected to fall by 6% this year due to drop in economic activities, particularly in the industrial and commercial sectors. The prolonged MCO period resulted in lower energy income due to reduce capacity factor of the power plants, which was offset by corresponding reduction in fuel costs. As an essential service provider, the Group continues to focus on enhancing the operational efficiency of its plants, particularly on cost saving measures in the wake of the challenges brought about by the COVID-19 outbreak.

In May 2020, to help reactivate the Malaysian economy adversely affected by the global pandemic, the Government opened competitive bidding for the 4th cycle of Large-Scale Solar ("LSS4") in Peninsular Malaysia, with a total capacity of 1,000MW worth RM4 billion. Participation in LSS4 would allow the Group the opportunity to expand its Renewable Energy capacity, alongside its progress on the biogas and small hydro projects.

Based on the foregoing, the Group expects 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 30.6.2020** RM'mil | **3 months ended 30.6.2019** RM'mil | **Cumulative 6 months ended 30.6.2020** RM'mil | **Cumulative 6 months ended 30.6.2019** RM'mil |
|---|---|---|---|---|
| Finance income | (46.5) | (60.8) | (95.6) | (120.8) |
| Finance costs | 189.0 | 237.0 | 379.4 | 472.6 |
| Depreciation | 223.4 | 209.6 | 439.8 | 420.6 |
| Amortisation of intangibles assets | 79.4 | 70.7 | 160.6 | 141.3 |
| Impairment loss on financial instruments | 6.2 | - | 12.3 | - |
| Property, plant and equipment written off | 6.4 | 5.7 | 6.4 | 5.7 |
| Net foreign exchange loss/(gain) | 1.4 | (0.9) | 1.5 | (0.7) |

## 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 30.6.2020** RM'mil | **3 months ended 30.6.2019** RM'mil | **Cumulative 6 months ended 30.6.2020** RM'mil | **Cumulative 6 months ended 30.6.2019** RM'mil |
|---|---|---|---|---|
| Current tax expense | 63.0 | 107.1 | 128.2 | 224.2 |
| Deferred tax expense | (15.5) | (48.5) | (43.8) | (113.8) |
| Total tax expense | 47.5 | 58.6 | 84.4 | 110.4 |

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.

## 24. Borrowings

| | 30.6.2020 | 31.12.2019 |
|---|---|---|
| | RM'mil | RM'mil |
| Current | | |
| - Secured | 1,198.9 | 1,509.0 |
| Non-current | | |
| - Secured | 10,753.4 | 10,859.1 |
| - Unsecured | 30.0 | 30.0 |
| | 10,783.4 | 10,889.1 |
| | 11,982.3 | 12,398.1 |

The breakdown of Group borrowings by currency is as follows:

| | 30.6.2020 | 31.12.2019 |
|---|---|---|
| | RM'mil | RM'mil |
| Functional currency | | |
| - RM | 11,674.0 | 11,716.3 |
| - AUD | - | 387.1 |
| - USD | 308.3 | 294.7 |
| | 11,982.3 | 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 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 were 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 had 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 had 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 as such 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 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 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 had 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 had 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 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 should 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.

On 15 June 2020, the arbitral tribunal of the ICC arbitration had conducted a virtual hearing on jurisdictional objections for parties' counsels to present their submissions. The arbitral tribunal will inform the parties of the delivery of its decision which is expected to be rendered by 30 September 2020.

On 30 July 2020, ICC Secretariat had informed the parties that Hyflux had failed to remit its portion of the advance deposit on the ICC costs (USD 151,668) which was due on 23 July 2020 and requested AEC to make the necessary payment by 13 August 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") 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 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.

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 and they are best to be decided at the hearing of the SIAC Arbitration.

Parties' solicitors are in the process of discussing the procedural protocol (no. 2) to be submitted to the Tribunal for approval.

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 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 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.

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

**26. Dividend Payable**

The Directors recommend the payment of an interim dividend of 2.80 sen per ordinary share in respect of the financial year ending 31 December 2020. The interim dividend will be paid on 16 October 2020 to shareholders registered on the Company's Register of Members at the close of business on 17 September 2020.

In the corresponding quarter ended 30 June 2019, the Directors recommended the payment of an interim dividend of 2.44 sen per ordinary share in respect of the financial year ended 31 December 2019. The interim dividend was paid on 11 October 2019.

## 27. Earnings per ordinary share

| | 3 months ended 30.6.2020 | 3 months ended 30.6.2019 | Cumulative 6 months ended 30.6.2020 | Cumulative 6 months ended 30.6.2019 |
|---|---|---|---|---|
| Basic/Diluted Earnings per Ordinary Share | | | | |
| Profit for the period attributable to owners of the Company (RM mil) | 105.0 | 52.3 | 194.1 | 119.3 |
| Weighted average number of ordinary shares (mil) | 4,887.0 | 4,887.0 | 4,887.0 | 4,887.7 |
| Basic/diluted earnings per ordinary share (sen) | 2.15 | 1.07 | 3.97 | 2.44 |

## 28. Authorisation for issue

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 18 August 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
18 August 2020