

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the Period Ended 30 September 2023

	3 months ended 30.09.2023 RM'000 (Unaudited)	3 months ended 30.09.2022 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.2023 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.2022 RM'000 (Unaudited)
Revenue	2,154,493	3,180,178	6,804,535	7,382,428
Cost of sales	<u>(2,055,336)</u>	<u>(2,518,085)</u>	<u>(6,881,741)</u>	<u>(6,083,891)</u>
Gross (loss)/profit	99,157	662,093	(77,206)	1,298,537
Other income	5,297	4,679	43,747	13,569
Administrative expenses	(65,763)	(62,152)	(181,215)	(179,164)
Impairment loss on investment in an associate	-	(195,000)	-	(195,000)
Impairment loss on financial instruments	-	-	-	(12,239)
Other operating expenses	<u>(60,264)</u>	<u>(52,447)</u>	<u>(146,437)</u>	<u>(110,861)</u>
Results from operating activities	(21,573)	357,173	(361,111)	814,842
Finance income	<u>18,693</u>	<u>18,983</u>	<u>58,012</u>	<u>66,063</u>
Finance costs	<u>(142,485)</u>	<u>(153,311)</u>	<u>(429,551)</u>	<u>(466,855)</u>
Net finance costs	(123,792)	(134,328)	(371,539)	(400,792)
Share of profit of equity-accounted associates and joint ventures, net of tax	<u>38,410</u>	<u>57,805</u>	<u>87,519</u>	<u>161,389</u>
(Loss)/Profit before tax	(106,955)	280,650	(645,131)	575,439
Tax benefit/(expense)	<u>21,443</u>	<u>(155,965)</u>	<u>133,582</u>	<u>(248,550)</u>
(Loss)/Profit for the period	<u>(85,512)</u>	<u>124,685</u>	<u>(511,549)</u>	<u>326,889</u>
Other comprehensive (expense)/income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liabilities	212	-	715	-
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	<u>278</u>	<u>(489)</u>	<u>(2,657)</u>	<u>1,612</u>
Share of gain on hedging reserve of equity-accounted associates and joint ventures	<u>59,337</u>	<u>28,144</u>	<u>46,946</u>	<u>104,891</u>
Foreign currency translation differences for foreign operations	<u>14,076</u>	<u>16,872</u>	<u>32,429</u>	<u>34,593</u>
	<u>73,691</u>	<u>44,527</u>	<u>76,718</u>	<u>141,096</u>
Other comprehensive income for the period	<u>73,903</u>	<u>44,527</u>	<u>77,433</u>	<u>141,096</u>
Total comprehensive (expense)/ income for the period	<u>(11,609)</u>	<u>169,212</u>	<u>(434,116)</u>	<u>467,985</u>

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(Loss)/Profit attributable to:				
Equity holders of the Company	(85,623)	90,335	(480,039)	260,361
Non-controlling interests	111	34,350	(31,510)	66,528
(Loss)/Profit for the period	<u>(85,512)</u>	<u>124,685</u>	<u>(511,549)</u>	<u>326,889</u>
Total comprehensive (expense)/income attributable to:				
Equity holders of the Company	(11,720)	134,862	(402,606)	401,457
Non-controlling interests	111	34,350	(31,510)	66,528
Total comprehensive (expense)/income for the period	<u>(11,609)</u>	<u>169,212</u>	<u>(434,116)</u>	<u>467,985</u>
(Loss)/Earnings per ordinary share (sen)				
Basic/diluted, restated	(2.24)	1.36	(10.79)	4.36

Condensed Consolidated Statements Of Financial Position
As At 30 September 2023

	As at 30.09.2023 RM'000 (Unaudited)	As at 31.12.2022 RM'000 (Audited)
Assets		
Property, plant and equipment	10,536,603	10,956,764
Right-of-use assets	108,059	89,001
Investment properties	15,600	15,600
Concession assets	125,065	134,629
Intangible assets	2,336,017	2,527,206
Investments in associates	1,022,964	991,707
Investments in joint ventures	911,198	835,907
Other investments	2,484	2,484
Derivative financial assets	30,008	74,275
Trade and other receivables	10,113	11,435
Deferred tax assets	278,387	234,291
Total non-current assets	15,376,498	15,873,299
Derivative financial assets	71,328	46,558
Trade and other receivables	1,633,072	2,086,908
Inventories	1,055,429	1,681,346
Current tax assets	164,692	63,348
Other investments	649,142	692,740
Cash and cash equivalents	2,290,117	1,539,630
Total current assets	5,863,780	6,110,530
Total assets	21,240,278	21,983,829
Equity		
Share capital	5,693,055	5,693,055
Treasury shares	(98,647)	(98,647)
Reserves	401,854	325,136
Accumulated losses	(1,004,712)	(358,471)
Equity attributable to owners of the Company	4,991,550	5,561,073
Perpetual sukuk	800,000	800,000
Non-controlling interests	268,743	334,745
Total equity	6,060,293	6,695,818
Liabilities		
Loans and borrowings	8,090,958	7,771,205
Lease liabilities	11,291	13,032
Employee benefits	84,202	78,766
Provision for decommissioning costs	215,643	207,846
Provision for concession assets	185,987	186,984
Deferred income	2,657,587	2,825,693
Deferred tax liabilities	842,879	996,502
Total non-current liabilities	12,088,547	12,080,028

Condensed Consolidated Statements Of Financial Position
As At 30 September 2023

	As at 30.09.2023 RM'000 (Unaudited)	As at 31.12.2022 RM'000 (Audited)
Trade and other payables	1,492,961	1,599,445
Current tax liabilities	8,408	99,229
Loans and borrowings	1,062,048	972,203
Lease liabilities	6,888	7,998
Provision for decommissioning costs	53,001	53,001
Provision for concession assets	143,775	143,775
Employee benefits	8,713	8,713
Deferred income	315,644	323,513
Derivative financial liabilities	-	106
Total current liabilities	<u>3,091,438</u>	<u>3,207,983</u>
Total liabilities	<u>15,179,985</u>	<u>15,288,011</u>
Total equity and liabilities	<u><u>21,240,278</u></u>	<u><u>21,983,829</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.02	1.14

Condensed Consolidated Statement of Changes in Equity
For the Period Ended 30 September 2023

	/----- Attributable to owners of the Company -----/								
	/----- Non-distributable -----/				Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Reserves		Accumulated Losses RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Translation RM'000			Hedging RM'000						
At 1 January 2023	5,693,055	(98,647)	10,479	314,657	(358,471)	5,561,073	800,000	334,745	6,695,818
Remeasurement of defined benefit liabilities	-	-	-	-	715	715	-	-	715
Foreign currency translation differences for foreign operations	-	-	32,429	-	-	32,429	-	-	32,429
Cash flow hedge	-	-	-	(2,657)	-	(2,657)	-	-	(2,657)
Share of loss on hedging reserve of equity-accounted associates and joint ventures	-	-	-	46,946	-	46,946	-	-	46,946
Other comprehensive income/(expense) for the period	-	-	32,429	44,289	715	77,433	-	-	77,433
Loss for the period	-	-	-	-	(480,039)	(480,039)	-	(31,510)	(511,549)
Comprehensive income/(expense) for the period	-	-	32,429	44,289	(479,324)	(402,606)	-	(31,510)	(434,116)
Distribution to holder of perpetual sukuk	-	-	-	-	(47,200)	(47,200)	-	-	(47,200)
Acquisition of subsidiaries	-	-	-	-	-	-	-	8,775	8,775
Dividends to owners of the Company	-	-	-	-	(119,731)	(119,731)	-	-	(119,731)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(43,253)	(43,253)
Total distribution to owners	-	-	-	-	(119,731)	(119,731)	-	(43,253)	(162,984)
At 30 September 2023	5,693,055	(98,647)	42,908	358,946	(1,004,726)	4,991,536	800,000	268,757	6,060,293

Condensed Consolidated Statement of Changes in Equity
For the Period Ended 30 September 2023

	/----- Attributable to owners of the Company -----/								Total Equity RM'000
	/----- Non-distributable -----/			Distributable				Non-controlling Interests RM'000	
	Share Capital RM'000	Treasury Shares RM'000	Reserves		Accumulated Losses RM'000	Total RM'000	Perpetual Sukuk RM'000		
		Translation RM'000	Hedging RM'000						
At 1 January 2022	5,693,055	(98,647)	(5,975)	205,777	(399,172)	5,395,038	800,000	311,688	6,506,726
Foreign currency translation differences for foreign operations	-	-	34,593	-	-	34,593	-	-	34,593
Cash flow hedge	-	-	-	1,612	-	1,612	-	-	1,612
Share of gain on hedging reserve of equity-accounted associates and joint ventures	-	-	-	104,891	-	104,891	-	-	104,891
Other comprehensive income for the period	-	-	34,593	106,503	-	141,096	-	-	141,096
Profit for the period	-	-	-	-	260,361	260,361	-	66,528	326,889
Comprehensive income for the period	-	-	34,593	106,503	260,361	401,457	-	66,528	467,985
Distribution to holder of perpetual sukuk	-	-	-	-	(47,200)	(47,200)	-	-	(47,200)
Dividends to owners of the Company	-	-	-	-	(97,740)	(97,740)	-	-	(97,740)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(36,543)	(36,543)
Redemption of preference shares to non-controlling interests	-	-	-	-	-	-	-	(2,426)	(2,426)
Total distribution to owners	-	-	-	-	(97,740)	(97,740)	-	(38,969)	(136,709)
At 30 September 2022	5,693,055	(98,647)	28,618	312,280	(283,751)	5,651,555	800,000	339,247	6,790,802

Condensed Consolidated Statements Of Cash Flows
For the Period Ended 30 September 2023

	9 months ended 30.09.2023 RM'000 (Unaudited)	9 months ended 30.09.2022 RM'000 (Unaudited)
Cash flows from operating activities		
(Loss)/Profit before tax	(645,131)	575,439
Adjustments for :		
Non cash-items	866,056	1,334,562
Finance costs	429,551	466,855
Finance income	(58,012)	(66,063)
Share of profit of equity-accounted associates and joint ventures, net of tax	(87,519)	(161,389)
Operating profit before changes in working capital	<u>504,945</u>	<u>2,149,404</u>
<i>Changes in working capital:</i>		
Net change in current assets	1,073,833	(2,674,498)
Net change in current liabilities	(114,135)	917,289
Net change in non-current liabilities	(179,525)	(230,998)
Cash generated from operations	<u>1,285,118</u>	<u>161,197</u>
Tax paid, net	(260,745)	(204,725)
Net cash from operating activities	<u>1,024,373</u>	<u>(43,528)</u>
Cash flows from investing activities		
Additional investment in joint venture	-	(1,020)
Acquisition of subsidiaries, net of cash and cash equivalent acquired	913,107	-
Change in other investments	43,598	1,509,182
Dividends received from associates	1,869	4,407
Dividends received from joint ventures	43,593	15,092
Interest received	53,489	60,550
Purchase of property, plant and equipment	(135,243)	(226,538)
Purchase of concession assets	(641)	(438)
Proceeds from disposal of property, plant and equipment	137	26
Net cash from investing activities	<u>919,909</u>	<u>1,361,261</u>
Cash flows from financing activities		
Distribution to perpetual sukuk holder	(47,200)	(47,200)
Dividends paid to owners of the Company	(119,731)	(97,740)
Dividends paid to non-controlling interests	(43,253)	(36,543)
Redemption of preference shares to non-controlling interests	-	(2,426)
Interest paid	(390,501)	(449,611)
Proceeds from borrowings	2,000	710,000
Repayment of borrowings	(587,545)	(1,367,818)
Payment of lease liabilities	(7,565)	(7,906)
Net cash used in financing activities	<u>(1,193,795)</u>	<u>(1,299,244)</u>

Condensed Consolidated Statements Of Cash Flows
For the Period Ended 30 September 2023

	9 months ended 30.09.2023 RM'000 (Unaudited)	9 months ended 30.09.2022 RM'000 (Unaudited)
Net increase in cash and cash equivalents	750,487	18,489
Cash and cash equivalents at beginning of the period	1,539,630	1,568,819
Cash and cash equivalents at end of the period	2,290,117	1,587,308
Cash and cash equivalents comprise :		
Cash and bank balances	1,177,373	316,466
Deposits with licensed banks and other licensed corporations	1,112,744	1,270,842
	2,290,117	1,587,308

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 2022 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 2022 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 2022, except the Group adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023 as follows:

- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

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 2022 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

Coal prices had seen a significant increase in 2021 and 2022, largely attributed to the increase in global coal demand from China and Europe post Covid-19 following the economic reopening, further aggravated by the ongoing Russia-Ukraine conflict.

The coal prices, however, are experiencing a downtrend from December 2022 onwards particularly in the second quarter of 2023 of which the global coal prices have declined over sixty percent to approximately USD128/tonne in June 2023 from USD396/tonne in January 2023 (*Source: Bloomberg*) in line with the reduction in coal demand as the European Union ("EU") has started to adopt energy supply from alternative sources as well as the growing global renewable energy transition. Consequently, the Group recorded substantial negative fuel margin, net of tax and minority interests from Tanjung Bin Power Sdn. Bhd. ("TBP") and Tanjung Bin

Energy Sdn. Bhd. (“TBE”) coal plants of RM542.4 million and RM49.7 million, respectively impacted by the higher weighted average coal costs. This has resulted in material adverse effect on the Group’s income statement with a net loss of RM480.0 million for the financial period ended 30 September 2023.

Save for the above, there was no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group during the financial period 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 TBP and TBE sukuk programme of RM320.0 million and RM35.0 million, respectively.

7. Dividends paid

On 27 October 2023, the Company paid an interim dividend of 1.50 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM73,304,000 in respect of the financial year ending 31 December 2023.

8. Segment reporting

The Group's segmental reporting for the financial period ended 30 September 2023 is as follows:

	<u>Power generation</u>			<u>Waste Management and Environmental Services</u>	<u>Others</u>			<u>Elimination</u>			<u>Total</u>		
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>		<u>Local</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>Local</u>	<u>Foreign</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue from external customers	6,011,585	-	6,011,585	660,445	132,505	-	132,505	-	-	-	6,804,535	-	6,804,535
Inter-segment revenue	-	-	-	-	726,956	104,262	831,218	(726,956)	(104,262)	(831,218)	-	-	-
Total segment revenue	6,011,585	-	6,011,585	660,445	859,461	104,262	963,723	(726,956)	(104,262)	(831,218)	6,804,535	-	6,804,535
(Loss)/Profit after tax	(386,465)	80,336	(306,129)	81,428	130,448	106,221	236,669	(411,014)	(112,503)	(523,517)	(585,603)	74,054	(511,549)

The Group's segmental reporting for the corresponding financial period ended 30 September 2022 is as follows:

	<u>Power generation</u>			<u>Waste Management and Environmental Services</u>	<u>Others</u>			<u>Elimination</u>			<u>Total</u>		
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>Local</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue from external customers	6,633,361	-	6,633,361	648,158	100,909	-	100,909	-	-	-	7,382,428	-	7,382,428
Inter-segment revenue	-	-	-	-	925,315	27,872	953,187	(925,315)	(27,872)	(953,187)	-	-	-
Total segment revenue	6,633,361	-	6,633,361	648,158	1,026,224	27,872	1,054,096	(925,315)	(27,872)	(953,187)	7,382,428	-	7,382,428
Profit after tax	567,566	153,978	721,544	95,293	323,756	(11,995)	311,761	(808,668)	6,959	(801,709)	177,947	148,942	326,889

9. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 30 September 2023 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 the current interim period

There was no material event subsequent to the end of the current quarter ended 30 September 2023.

11. Changes in composition of the Group

On 21 March 2023, the Company together with its wholly-owned subsidiaries, Tuah Utama Sdn. Bhd. (“TUSB”) and Malakoff Technical Solutions Sdn. Bhd. (“MTSSB”) entered into a Heads of Agreement with Rising Promenade Sdn. Bhd. (“RPSB”), RP Hydro (Kelantan) Sdn. Bhd. (“RPHK”), Rising O&M Engineering Services Sdn. Bhd. (“ROMES”) for the participation in the development, design, financing, insurance, procurement, construction, installation, testing, commissioning, ownership, operation, management and maintenance of three (3) hydroelectric renewable energy plants, namely Kemubu Small Hydropower Plant (“SHP”), Kuala Geris SHP and Serasa SHP with installed capacity of 29.0MW, 25.0MW and 30.0MW respectively, all located in the District of Kuala Krai, Kelantan (“Project”).

On 7 September 2023, TUSB and MTSSB completed the acquisitions of 70% equity interests in RPHK and ROMES for a total cash consideration of RM35.0 million and RM0.7 million, respectively. Following the completion of the acquisitions, the Group recorded provisional Intangible Assets (“IA”) of RM15.2 million arising from the share of net assets acquired of RPHK and ROMES. The Management in accordance with MFRS 3, Business Combination, has 12 months from the date of acquisition to complete the Purchase Price Allocation (PPA).

The following summarizes the amounts of assets and liabilities of RPHK and ROMES recognized at the acquisition date:

	RM'mil
Property, plant and equipment	40.0
Other receivables	1.0
Cash and bank balances ^{Note 1}	948.8
Other payables	(5.4)
Borrowing ^{Note 1}	(955.2)
Non-controlling interests	(8.7)
Share of net assets acquired	20.5
Provisional IA	15.2
Purchase consideration settled in cash	35.7
Less: Cash and cash equivalents of subsidiaries acquired	(948.8)
Cash inflow of the Group on the acquisitions through Business Combination	<u>(913.1)</u>

Note 1 – Includes proceeds from the issuance of RPHK’s ASEAN Green SRI Sukuk program to part finance the Project.

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 2022 except for the following bank guarantees issued to third parties:

	30.9.2023 RM'mil	31.12.2022 RM'mil
Company and subsidiaries	<u>856.1</u>	<u>537.4</u>

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

13. Capital commitments

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

	30.9.2023 RM'mil	31.12.2022 RM'mil
Property, plant and equipment:		
Authorised and contracted for	60.3	58.1
Authorised but not contracted for	<u>946.2</u>	<u>1,037.2</u>
	<u>1,006.5</u>	<u>1,095.3</u>

14. Related party transactions

	30.9.2023 RM'mil	30.9.2022 RM'mil
Associated company:		
Interest income on unsecured subordinated loan notes	<u>-</u>	<u>12.2</u>

Additional information required by the Bursa Securities Listing Requirements**15. Review of performance****Quarter 3, 2023 vs Quarter 3, 2022**

For the quarter ended 30 September 2023, the Group recorded RM2,154.5 million in revenue, a decrease of RM1,025.7 million or 32.2% from RM3,180.2 million reported in the corresponding quarter ended 30 September 2022, primarily due to lower energy payment recorded from Tanjung Bin Power Sdn. Bhd. (“TBP”) and Tanjung Bin Energy Sdn. Bhd. (“TBE”) impacted by the decline in applicable coal price (“ACP”) as well as absence of revenue contribution from GB3 Sdn. Bhd. (“GB3”) following the expiry of the Power Purchase Agreement (“PPA”) on 30 December 2022.

Correspondingly, the Group recorded loss before taxation of RM107.0 million, a significant reduction of RM173.6 million from profit before taxation of RM280.6 million reported in the corresponding quarter ended 30 September 2022, primarily due to negative fuel margin recorded at TBP and TBE coal plants of RM149.4 million and RM33.0 million, respectively largely impacted by the higher weighted average coal costs, lower contribution from GB3 following the expiry of PPA and lower share of profit from associates and joint ventures.

Year-to-date, 2023 vs Year-to-date, 2022

For the period ended 30 September 2023, the Group recorded RM6,804.5 million in revenue, a decrease of RM577.9 million or 7.8% from RM7,382.4 million reported in the corresponding period ended 30 September 2022, primarily due to lower energy payment recorded from TBP coal plant impacted by the decline in ACP and absence of revenue contribution from GB3 following the expiry of the PPA. However, these were partially moderated by higher energy payment and capacity income recorded from TBE given the higher despatch factor and shorter duration of plant outage.

Correspondingly, the Group recorded loss before taxation of RM645.1 million, a significant reduction of RM1,220.5 million from profit before taxation of RM575.4 million reported in the corresponding period ended 30 September 2022, primarily due to substantial negative fuel margin recorded at TBP and TBE coal plants of RM793.0 million and RM65.4 million, respectively largely impacted by higher weighted average coal costs, lower contribution from GB3 gas plant following the expiry of PPA, higher operating insurance costs and lower share of profit from associates and joint ventures.

(Note: TBE and TBP recorded different ACP as TBE, a supercritical coal-fired power plant utilizes 100% sub-bituminous coal type while TBP coal-fired power plant utilizes both bituminous and sub-bituminous coal types of up to 70% and 30%, respectively.)

16. Variation of results against immediate preceding quarter**Quarter 3, 2023 vs Quarter 2, 2023**

The Group recorded lower loss before taxation of RM107.0 million in the current quarter compared with loss before taxation of RM453.7 million reported in the immediate preceding quarter, primarily due to lower negative fuel margin recorded from TBP and TBE coal plants brought by the lower fluctuation in global coal prices in the second half of 2023.

17. Current prospects

Bank Negara Malaysia has reported that the nation is on track to achieve 4% Gross Domestic Product (“GDP”) in 2023. In the third quarter of 2023, GDP expanded by 3.3% (Q2 2023:2.9%) driven mainly by higher domestic spending, recovery in inbound tourism, continued improvements in the labour market and higher construction activity. Global benchmark coal prices increased by 25% to USD160/tonne at the end of September 2023 from USD128/tonne in June 2023(*Source: Bloomberg*), with the same trend reflected in the current Applicable Coal Price (ACP).

On 15 September 2023, Alam Flora Environmental Solutions Sdn. Bhd. (“AFES”) unveiled an innovative recycling facility, Recovery Initiative Sustainable Eco-Facility Kuala Lumpur (“RISE KL”), that doubles as an educational centre dedicated to promoting comprehensive knowledge and best practices in recycling and waste segregation. RISE KL with a capacity of 50 tonnes per day aims to achieve Malakoff’s recycling rate target of 15% to 20% by 2025 as well as to support the national recycling rate of 40%.

On 4 October 2023, Malakoff signed a Memorandum of Understanding (“MoU”) with ports under the MMC Group of Companies (“MMC Ports”) to explore the collective potential through collaboration and to undertake business exploration in various green power initiatives including, but not limited to, any solar power programme under the Government’s initiatives such as the Corporate Green Power Programme (“CGPP”), Self-Consumption (“SelCo”), cold ironing or shore-to-ship power supply and the installation of Electric Vehicle (“EV”) charging stations.

On 1 November 2023, Malakoff through its wholly-owned subsidiary, Malakoff Radiance Sdn. Bhd. signed a Solar Power Purchase Agreement (“SPPA”) with the DRB-HICOM Group of Companies (“DRB-HICOM”) for the development, operation and maintenance of solar photovoltaic systems totaling 20.78 MWp, with total electricity generation of 26,546.45 MWh per annum.

These initiatives with MMC Ports and DRB-Hicom reflect Malakoff’s commitment towards achieving a 500 MW target of solar projects within the Albukhary Group of Companies.

On 27 October 2023, Malakoff entered into a conditional Share Sale and Purchase Agreement with Metacorp Berhad for the proposed acquisition of 49% equity interest in E-Idaman Sdn. Bhd. (“E-Idaman”) through its wholly-owned subsidiary, Tuah Utama Sdn.Bhd. (“TUSB”). The proposed acquisition presents an opportunity for Malakoff to expand its waste management and environmental portfolio and establish a stronger foothold in this evolving environmental business landscape.

The Group expects a negative overall performance for the financial year ending 31 December 2023 taking into consideration impacts from global coal prices. Nonetheless, the Group will continue to optimise its plants’ operational efficiencies to cushion the adverse impact.

18. (Loss)/Profit before tax

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

	3 months ended 30.9.2023	3 months ended 30.9.2022	Cumulative 9 months ended 30.9.2023	Cumulative 9 months ended 30.9.2022
	RM'mil	RM'mil	RM'mil	RM'mil
Finance income	(18.7)	(19.0)	(58.0)	(66.1)
Finance costs	142.5	153.3	429.6	466.9
Depreciation	204.6	233.1	606.7	693.1
Amortisation of intangibles assets	74.0	80.6	219.9	239.4
Impairment loss on financial instruments	-	-	-	12.2
Impairment loss on investment in an associate	-	195.0	-	195.0
Net foreign exchange (gain)/loss	0.9	(0.7)	(5.9)	(0.6)

19. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter ended 30 September 2023.

20. Tax expense

	3 months ended 30.9.2023	3 months ended 30.9.2022	Cumulative 9 months ended 30.9.2023	Cumulative 9 months ended 30.9.2022
	RM'mil	RM'mil	RM'mil	RM'mil
Current tax expense	24.4	177.8	68.4	334.0
Deferred tax expense	(45.8)	(21.8)	(202.0)	(85.4)
Total tax (benefit)/expense	<u>(21.4)</u>	<u>156.0</u>	<u>(133.6)</u>	<u>248.6</u>

The effective tax rate for the financial period under review does not reflect the statutory tax rate as the Group reported a net tax benefit mainly due to losses recorded by certain subsidiaries and expenses which are not deductible for tax purposes.

21. Status of corporate proposal announced

On 27 October 2023, Tuah Utama Sdn. Bhd. ("TUSB"), a wholly-owned subsidiary of the Company, entered into a conditional Share Sale and Purchase agreement with Metacorp Berhad for the proposed acquisition of 49% equity interest in E-Idaman Sdn. Bhd. ("E-Idaman") for a purchase consideration of RM133,200,000. The principal activities of E-Idaman are that of investment holding and the provision of project management, consultancy and contracting services in the field of solid waste management. E-Idaman through its wholly-owned subsidiary, Environment Idaman Sdn. Bhd. provides waste collection and disposal services for municipal wastes under a 22-year concession granted by the Government of Malaysia for the provision of solid waste collection and public cleansing management services in Kedah and Perlis.

Save for the above, there was no other corporate proposal announced up to the date of this announcement.

22. Borrowings

	30.9.2023	31.12.2022
	RM'mil	RM'mil
Current		
- Secured	1,032.0	942.2
- Unsecured	30.0	30.0
	<u>1,062.0</u>	<u>972.2</u>
Non-current		
- Secured	<u>8,091.0</u>	<u>7,771.2</u>
	<u>9,153.0</u>	<u>8,743.4</u>

The breakdown of Group borrowings by currency is as follows:

	30.9.2023	31.12.2022
	RM'mil	RM'mil
Functional currency		
- RM	8,927.8	8,502.0
- USD	225.2	241.4
	<u>9,153.0</u>	<u>8,743.4</u>

23. Changes in material litigation

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

On 22 June 2023, the Supreme Court of Algeria had delivered its judgment, dismissing the appeal filed by AAS against the decision by the Court of Appeal of Tlemcen in respect of alleged breach of foreign exchange regulations and the penalty of Algerian Dinar (“DZD”) 3,929,038,115.36.

Based on the legal advice of MCB’s solicitors in Algeria, as the judgment is against AAS only, it should not have any direct impact on MCB.

- ii) *International Chamber of Commerce International Court of Arbitration (“ICC”) Arbitration No. 24250/DDA between Algerian Energy Company SPA (“AEC”) and (1) Tlemcen Desalination Investment Company SAS (“TDIC”), (2) Hyflux Limited (“Hyflux”) and (3) Malakoff Corporation Berhad (“MCB”) in relation to Souk Tleta Seawater Desalination Plant in Tlemcen, Algeria*

On 19 March 2019, AEC had initiated the arbitration at ICC, Paris, against TDIC, an indirect 70%-owned subsidiary of the Group, Hyflux and MCB (collectively “Respondents”) in relation to the Water Purchase Agreement dated 9 December 2007, Framework Agreement dated 9 December 2007 (“Framework Agreement”), Joint Venture Agreement dated 28 March 2007 (“JVA”) and Dispute Resolution Protocol dated 9 December 2007.

On 2 August 2021, AEC filed its Statement of Claim, seeking, *inter alia*, (a) damages of USD288.4 million as compensation for its loss in respect of the alleged breaches under the JVA, and (b) transfer of TDIC’s shares in Almiyah Attilemcania SpA (“AAS”), the project company, for the sum of DZD1 only.

In response, MCB and TDIC filed their Statement of Defence together with technical, quantum/financial and legal expert reports, refuting AEC’s claims, on 17 December 2021.

On 19 April 2022, AEC filed its Statement of Reply, increasing its claim to USD401.8 million (principal) or USD378.3 million (alternative). On 29 July 2022, MCB and TDIC filed their Rejoinder, in response to AEC’s Statement of Reply.

The arbitration hearing was held before the Arbitral Tribunal in Paris on 21 to 24 November 2022.

Pursuant to the Arbitral Tribunal’s directions, AEC, MCB and TDIC had submitted their respective Post-Hearing Briefs on 15 March 2023 and Statements of Costs on 14 April 2023.

On 18 July 2023, the Arbitral Tribunal declared the proceedings closed with respect to the matters to be decided in the arbitration.

On 27 September 2023, the Arbitral Tribunal rendered the Final Award, deciding *inter alia* as follows:

- (a) MCB did not breach any of the provisions under the JVA as alleged by AEC;
 - (b) All of AEC's claims for damages against MCB and Hyflux are dismissed;
 - (c) TDIC is ordered to transfer its shares in AAS to AEC for an amount of DZD1 in accordance with the Framework Agreement;
 - (d) The Respondents shall bear their own legal costs;
 - (e) TDIC shall bear in full the costs of the arbitration, comprising the Arbitral Tribunal's fees and expenses and the ICC's administrative expenses, as determined by ICC. In this regard, TDIC is ordered to reimburse AEC the sum of USD882,569.67 towards the said costs of the arbitration;
 - (f) TDIC is ordered to reimburse AEC the sum of EUR1,822,085.97, being 50% of AEC's legal costs; and
 - (g) All other claims and submissions are dismissed.
- [The sums stated in items (e) and (f) above are subject to default interest equivalent to the bank interest rate for short-term loans applicable in Algeria plus 2% of the amount of interest per month of late payment from the date of the Final Award until full payment by TDIC.]*

The Final Award is not expected to have any material financial impact on the Group for the financial year ending 31 December 2023. MCB Group's carrying amount of investment in AAS had been fully provided for in financial year 2016.

- iii) *Singapore International Arbitration Centre Arbitration No. 278 of 2018 Claim 1 (formerly Main Action) between Prai Power Sdn Bhd ("PPSB") (as Claimant) and (1) GE Energy Parts, Inc ("GE Energy Parts"), (2) GE Power Systems (Malaysia) Sdn Bhd ("GE Power Systems"), (3) General Electric International, Inc ("GE International"), and (4) General Electric Company ("GE") (collectively "GE Entities") (as Respondents); and Claim 2 (formerly Third Party Claim) between GE Entities (as Claimants) and (1) Malakoff Power Berhad ("MPB"), and (2) Malakoff Corporation Berhad ("MCB") (collectively "Malakoff Entities") (as Respondents), in relation to Prai Power Plant*

On 24 September 2018, Allianz General Insurance Company (Malaysia) Berhad initiated the arbitration as a subrogated action, in the name of PPSB, against GE Entities, in relation to an incident on or about 18 July 2015 ("2015 Incident") which resulted in damage to a gas turbine at PPSB's 350MW Combined Cycle Gas Turbine Power Plant situated in Prai, Penang ("Prai Power Plant").

PPSB alleged that GE Entities breached the duty 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. By reason of the alleged breach, PPSB claims for, among others, loss and damages in the sum of RM72,094,050 from GE Entities.

In addition to filing their Defence on 22 April 2019, GE Entities filed a Counterclaim against PPSB alleging breach of:

- a) the Settlement and Release Agreement dated 12 December 2012 ("SRA") in relation to two incidents at the Prai Power Plant in 2006 and 2009; and
- b) the agreement dated 19 December 2000 ("PPSB Agreement") in relation to a Long-Term Service Agreement between MPB, GE Energy Parts and GE Power System.

On 9 August 2019, GE Entities filed a Joinder Application, seeking to join Malakoff Entities as parties to GE Entities' Counterclaim, alleging that:

- a) the commencement of the arbitration constitutes a breach of the SRA, in respect of which Malakoff Entities are liable;
- b) Malakoff Entities are liable to indemnify GE Entities against any liability under the arbitration; and
- c) if GE Entities are found liable for the 2015 Incident, MPB is liable for contributory negligence as the operator of the Prai Power Plant.

On 20 June 2020, the Arbitral Tribunal granted the Joinder Application to join Malakoff Entities as the Respondents in Claim 2 of GE Entities.

Following the passing of a member of the Arbitral Tribunal on 29 January 2023 and the appointment of the substitute member on 17 March 2023, the hearing had been rescheduled to take place from 7 to 20 March 2024.

There were no material developments during the current quarter under review.

24. Dividend Payable

No dividend has been recommended by the Directors in the quarter ended 30 September 2023 (30 September 2022: Nil).

25. Earnings per ordinary share

	3 months ended 30.9.2023	3 months ended 30.9.2022	Cumulative 9 months ended 30.9.2023	Cumulative 9 months ended 30.9.2022
Basic/Diluted Earnings per Ordinary Share				
(Loss)/Profit for the period attributable to equity holders (RM mil)	(85.6)	90.3	(480.0)	260.4
Distribution to perpetual sukuk holder (RM mil)	(23.8)	(23.8)	(47.2)	(47.2)
(Loss)/Profit for the period attributable to ordinary shareholders (RM mil)	(109.4)	66.5	(527.2)	213.2
Weighted average number of ordinary shares (mil)	4,887.0	4,887.0	4,887.0	4,887.0
Basic/diluted (loss)/earnings per ordinary share (sen), restated [#]	(2.24)	1.36	(10.79)	4.36

Note[#] - The comparatives have been restated to exclude the distribution to perpetual sukuk holder from profit attributable to ordinary shareholders.

26. Authorisation for issue

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 24 November 2023.

By Order of the Board
 Noor Raniz bin Mat Nor (MAICSA No.7061903)
 Zaidatul Neezma binti Zainal Abidin (MACS 01677)
 Secretaries
 Kuala Lumpur
 24 November 2023