

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the Year Ended 31 December 2017

	3 months ended 31.12.2017 RM'000 (Unaudited)	3 months ended 31.12.2016 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.2017 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.2016 RM'000 (Audited)
Revenue	1,793,374	1,713,549	7,130,440	6,098,420
Cost of sales	(1,479,988)	(1,200,605)	(5,587,874)	(4,385,710)
Gross profit	313,386	512,944	1,542,566	1,712,710
Other income	13,924	13,355	166,077	125,780
Administrative expenses	(58,415)	(57,671)	(233,930)	(221,741)
Other operating expenses	(29,912)	(51,073)	(156,164)	(177,379)
Results from operating activities	238,983	417,555	1,318,549	1,439,370
Finance income	57,119	54,967	213,290	191,252
Finance costs	(253,417)	(275,418)	(1,032,551)	(1,012,045)
Net finance costs	(196,298)	(220,451)	(819,261)	(820,793)
Share of profit/(loss) of equity-accounted associates and a joint venture, net of tax	5,215	(1,365)	89,238	18,964
Profit before tax	47,900	195,739	588,526	637,541
Income tax benefit/(expense)	10,103	(90,376)	(211,588)	(231,499)
Profit for the period/year	58,003	105,363	376,938	406,042
Other comprehensive (expense)/income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	(10,812)	(3,404)	(10,812)	(3,404)
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	(68,477)	89,568	(69,365)	15,631
Share of profit on hedging reserve of equity-accounted associates	44,560	76,924	86,371	54,537
Foreign currency translation differences for foreign operations	(6,541)	(4,904)	(15,331)	3,371
	(30,458)	161,588	1,675	73,539
Other comprehensive (expense)/income for the period/year	(41,270)	158,184	(9,137)	70,135
Total comprehensive income for the period/year	16,733	263,547	367,801	476,177

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	3 months ended 31.12.2017 RM'000 (Unaudited)	3 months ended 31.12.2016 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.2017 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.2016 RM'000 (Audited)
Profit attributable to :				
Owners of the Company	43,724	90,232	309,951	355,463
Non-controlling interests	14,279	15,131	66,987	50,579
Profit for the period/year	<u>58,003</u>	<u>105,363</u>	<u>376,938</u>	<u>406,042</u>
Total comprehensive income attributable to :				
Owners of the Company	2,454	248,416	300,814	425,598
Non-controlling interests	14,279	15,131	66,987	50,579
Total comprehensive income for the period/year	<u>16,733</u>	<u>263,547</u>	<u>367,801</u>	<u>476,177</u>
Earnings per ordinary share (sen)				
Basic/Diluted	0.87	1.80	6.20	7.11

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Financial Position
As at 31 December 2017

	As at 31.12.2017 RM'000 (Unaudited)	As at 31.12.2016 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	13,976,303	14,604,469
Intangible assets	3,346,176	3,721,431
Prepaid lease payments	63,715	68,336
Investment in associates	1,571,049	1,476,010
Investment in a joint venture	-	-
Finance lease receivable	2,208,203	2,264,999
Derivative financial assets	417,283	670,796
Other receivables	81,540	91,902
Deferred tax assets	139,487	69,568
Total non-current assets	<u>21,803,756</u>	<u>22,967,511</u>
Current assets		
Trade and other receivables	2,118,834	2,046,557
Inventories	858,774	662,273
Current tax assets	139,275	176,592
Other investments	2,641,829	1,403,801
Cash and cash equivalents	2,355,529	3,006,802
Total current assets	<u>8,114,241</u>	<u>7,296,025</u>
Total assets	<u><u>29,917,997</u></u>	<u><u>30,263,536</u></u>
Equity		
Share capital	5,693,055	500,000
Share premium	-	5,192,215
Treasury shares	(1,641)	-
Reserves	111,997	111,162
Retained profits	87,680	112,335
Equity attributable to owners of the Company	<u>5,891,091</u>	<u>5,915,712</u>
Perpetual sukuk	800,000	-
Non-controlling interests	225,570	215,583
Total equity	<u>6,916,661</u>	<u>6,131,295</u>
Non-current liabilities		
Loans and borrowings	14,180,158	15,626,429
Employee benefits	115,773	94,828
Provision for decommissioning cost	91,831	85,625
Deferred income	3,553,403	3,230,403
Deferred tax liabilities	1,567,578	1,776,677
Derivative financial liabilities	112,048	153,681
Total non-current liabilities	<u>19,620,791</u>	<u>20,967,643</u>

Condensed Consolidated Statements of Financial Position
As at 31 December 2017

	As at 31.12.2017 RM'000 (Unaudited)	As at 31.12.2016 RM'000 (Audited)
Current liabilities		
Trade and other payables	1,512,301	1,002,243
Current tax liabilities	135,342	117,378
Loans and borrowings	1,650,823	1,910,419
Deferred income	58,414	103,147
Derivative financial liabilities	23,665	31,411
Total current liabilities	<u>3,380,545</u>	<u>3,164,598</u>
Total liabilities	<u>23,001,336</u>	<u>24,132,241</u>
Total equity and liabilities	<u><u>29,917,997</u></u>	<u><u>30,263,536</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.18	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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2017**

	/----- Attributable to owners of the Company -----/							Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	/----- Non distributable -----/			Reserves			Distributable				
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Redemption RM'000	Translation RM'000	Hedging RM'000	Retained Profits 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
Remeasurement of defined benefit liability	-	-	-	-	-	-	(10,812)	(10,812)	-	-	(10,812)
Foreign currency translation differences for foreign operations	-	-	-	-	(15,331)	-	-	(15,331)	-	-	(15,331)
Cash flow hedge	-	-	-	-	-	(69,365)	-	(69,365)	-	-	(69,365)
Share of profit on hedging reserves attributable to associates	-	-	-	-	-	86,371	-	86,371	-	-	86,371
Other comprehensive (expense)/income for the year	-	-	-	-	(15,331)	17,006	(10,812)	(9,137)	-	-	(9,137)
Profit for the year	-	-	-	-	-	-	309,951	309,951	-	66,987	376,938
Comprehensive (expense)/income for the year	-	-	-	-	(15,331)	17,006	299,139	300,814	-	66,987	367,801
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	800,000	-	800,000
Distribution to perpetual sukuk holders	-	-	-	-	-	-	(23,794)	(23,794)	-	-	(23,794)
Dividends to owners of the Company	-	-	-	-	-	-	(300,000)	(300,000)	-	-	(300,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(57,000)	(57,000)
Total distribution to owners	-	-	-	-	-	-	(300,000)	(300,000)	-	(57,000)	(357,000)
Purchase of treasury shares	-	-	(1,641)	-	-	-	-	(1,641)	-	-	(1,641)
Transition to no-par value regime ¹	5,193,055	(5,192,215)	-	(840)	-	-	-	-	-	-	-
At 31 December 2017	5,693,055	-	(1,641)	-	5,145	106,852	87,680	5,891,091	800,000	225,570	6,916,661

¹ As at 31 December 2017, all amounts standing to the credit of the Group's share premium and capital redemption reserves accounts have been consolidated into share capital account in accordance with Section 618(2) of the Companies Act, 2016.

**Condensed Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2017**

	/----- Attributable to owners of the Company -----/							Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	/----- Non distributable -----/			Reserves			Distributable				
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Redemption RM'000	Translation RM'000	Hedging RM'000	Retained Profits RM'000				
At 1 January 2016	500,000	5,192,215	-	840	17,105	19,678	35,276	5,765,114	-	215,004	5,980,118
Remeasurement of defined benefit liability	-	-	-	-	-	-	(3,404)	(3,404)	-	-	(3,404)
Foreign currency translation differences for foreign operations	-	-	-	-	3,371	-	-	3,371	-	-	3,371
Cash flow hedge	-	-	-	-	-	15,631	-	15,631	-	-	15,631
Share of loss on hedging reserves attributable to associates	-	-	-	-	-	54,537	-	54,537	-	-	54,537
Other comprehensive income/(expense) for the year	-	-	-	-	3,371	70,168	(3,404)	70,135	-	-	70,135
Profit for the year	-	-	-	-	-	-	355,463	355,463	-	50,579	406,042
Comprehensive income for the year	-	-	-	-	3,371	70,168	352,059	425,598	-	50,579	476,177
Dividends to owners of the Company	-	-	-	-	-	-	(275,000)	(275,000)	-	-	(275,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(50,000)	(50,000)
Total distribution to owners	-	-	-	-	-	-	(275,000)	(275,000)	-	(50,000)	(325,000)
At 31 December 2016	500,000	5,192,215	-	840	20,476	89,846	112,335	5,915,712	-	215,583	6,131,295

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Cash Flows
For the Year Ended 31 December 2017

	12 months ended 31.12.2017 RM'000 (Unaudited)	12 months ended 31.12.2016 RM'000 (Audited)
Cash flows from operating activities		
Profit before tax	588,526	637,541
Adjustments for :		
Non cash-item	1,314,924	1,430,853
Finance costs	1,032,551	1,012,045
Finance income	(213,290)	(191,252)
Share of profit of equity-accounted associates and a joint venture, net of tax	(89,238)	(18,964)
Operating profit before changes in working capital	<u>2,633,473</u>	<u>2,870,223</u>
<i>Changes in:</i>		
Net change in current assets	88,144	(946,484)
Net change in current liabilities	149,360	450,633
Net change in non-current liabilities	284,473	241,754
Cash generated from operations	<u>3,155,450</u>	<u>2,616,126</u>
Income taxes paid	(435,115)	(251,548)
Net cash from operating activities	<u>2,720,335</u>	<u>2,364,578</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(304,509)	(468,990)
Acquisition of prepaid lease payments	-	(3,053)
Dividend received from associates	21,535	29,237
Increase in other investments	(1,238,028)	(774,560)
Interest received	171,010	144,275
Proceeds from redemption on unsecured loan stocks	6,400	6,000
Proceeds from disposal of property, plant and equipment	-	151
Redemption of unsecured loan stocks	(7,000)	(12,000)
Net cash used in investing activities	<u>(1,350,592)</u>	<u>(1,078,940)</u>
Cash flows from financing activities		
Distribution to perpetual sukuk holder	(23,794)	-
Dividends paid to the owners of the Company	(300,000)	(275,000)
Dividends paid to non-controlling interests	(57,000)	(50,000)
Interest paid	(905,485)	(734,586)
Proceeds from issuance of perpetual sukuk	800,000	-
Proceeds from borrowings	346,160	608,469
Repayment of borrowings	(1,883,256)	(700,499)
Redemption of preference shares	4,000	19,434
Purchase of treasury shares	(1,641)	-
Net cash used in financing activities	<u>(2,021,016)</u>	<u>(1,132,182)</u>

Condensed Consolidated Statements of Cash Flows
For the Year Ended 31 December 2017

	12 months ended 31.12.2017 RM'000 (Unaudited)	12 months ended 31.12.2016 RM'000 (Audited)
Net (decrease)/increase in cash and cash equivalents	(651,273)	153,456
Cash and cash equivalents at beginning of the year	<u>3,006,802</u>	<u>2,853,346</u>
Cash and cash equivalents at end of the year	<u>2,355,529</u>	<u>3,006,802</u>
Cash and cash equivalents comprise :		
Cash and bank balances	537,223	360,704
Deposits with licensed banks and other licensed corporations	<u>1,818,306</u>	<u>2,646,098</u>
	<u>2,355,529</u>	<u>3,006,802</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 ("MFRSs") 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 2016 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 2016 was prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016, except the Group adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2017 as follows:

- Amendments to MFRS 12, Disclosure of interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

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 2016 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, the Company had repurchased a total of 1,824,400 ordinary shares from the open market for a total consideration of RM1,641,294 at an average cost of RM0.90 per share. The repurchase transactions were financed by internally generated fund. The repurchased shares are held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016. As at 31 December 2017, the total number of treasury shares held is 0.036% of the total paid up share capital of the Company.

7. Dividend paid

Since the end of previous financial year, the Company paid:

- i. A final single-tier dividend of 3.5 sen per ordinary share totalling RM175,000,000 in respect of the financial year ended 31 December 2016 on 23 May 2017.
- ii. An interim single-tier dividend of 2.5 sen per ordinary share totalling RM125,000,000 in respect of the financial year ended 31 December 2017 on 6 October 2017.

8. Segment reporting

The Chief Executive Officer has during the current period, reviewed the asset management and the operation & maintenance segments and is of the view that they are interdependent and form a single strategic business unit. As such, there was no segmental reporting in relation to these two segments.

As the Group continues to explore and diversify its assets portfolio, both domestically and internationally, internal management reporting emphasizes on contribution from local and foreign segments. Therefore, these new segments are reported under the Group's segmental reporting for the current period.

The Group's segmental reporting for the financial year ended 31 December 2017 is as follows:

	Local RM'000	Foreign RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	6,937,934	192,506	-	7,130,440
Inter-segment revenue	1,463,847	79,253	(1,543,100)	-
Total segment revenue	8,401,781	271,759	(1,543,100)	7,130,440
Profit after tax	1,050,947	101,451	(775,460)	376,938

The Group's segmental reporting for the corresponding financial year ended 31 December 2016 is as follows:

	Local RM'000	Foreign RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	5,895,219	203,201	-	6,098,420
Inter-segment revenue	1,913,470	108,332	(2,021,802)	-
Total segment revenue	7,808,689	311,533	(2,021,802)	6,098,420
Profit after tax	1,140,133	185,260	(919,351)	406,042

9. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 31 December 2017 except for the amounts carried forward pertaining to certain Group's 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 31 December 2017.

11. Changes in composition of the Group

There was no change in the composition of the Group during the current quarter ended 31 December 2017.

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 2016 except for the following bank guarantees issued to third parties:

	31.12.2017 RM'mil	31.12.2016 RM'mil
Company and subsidiaries	<u>641.2</u>	<u>519.6</u>

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

13. Provision for financial assistance

Pursuant to 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, a subsidiary of the Company, Tanjung Bin Power Sdn. Bhd. (“TBP”) has as at 31 December 2017 made advance payments on behalf of an EPC contractor amounting to RM25.4 million in respect of the upgrading works on conveyor belt system which is critical for the operation of the power plant.

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:

	31.12.2017 RM'mil	31.12.2016 RM'mil
Property, plant and equipment: Authorised but not contracted for	<u>374.5</u>	<u>559.1</u>

15. Related party transactions

	31.12.2017 RM'mil	31.12.2016 RM'mil
Associated company: Interest income on unsecured subordinated loan notes	<u>42.3</u>	<u>31.6</u>

Additional information required by the Bursa Securities Listing Requirements**16. Review of performance****Quarter 4, 2017 vs Quarter 4, 2016**

For the quarter ended 31 December 2017, the Group recorded RM1,793.4 million in revenue, an increase of 4.7% compared with RM1,713.5 million reported in the corresponding quarter ended 31 December 2016, primarily due to higher energy payment recorded at Tanjung Bin Power Sdn. Bhd. (“TBP”) and Tanjung Bin Energy Sdn. Bhd. (“TBE”) coal plants on the back of higher applicable coal price. However, these were partially offset by lower capacity payment recorded at Segari Energy Ventures Sdn. Bhd. (“SEV”) gas plant following revision of the Power Purchase Agreement (“PPA”) commencing 1 July 2017.

Conversely, the Group’s profit before taxation decreased to RM47.9 million compared with RM195.7 million reported in corresponding quarter ended 31 December 2016, primarily due to lower capacity payment recorded at SEV gas plant following revision of the PPA, commencing 1 July 2017 and lower contribution from TBE caused by the unscheduled plant outages. However, these were partially moderated by higher fuel margin recorded at TBP and TBE coal plants on the back of higher applicable coal price.

Year-to-date, 2017 vs Year-to-date, 2016

For the financial year ended 31 December 2017, the Group recorded RM7,130.4 million in revenue, an increase of 16.9% compared with RM6,098.4 million reported in the corresponding period of the preceding year, primarily due to higher energy payment recorded at TBP and TBE coal plants on the back of higher applicable coal price as well as higher capacity payment at TBE, which recorded twelve-month’s revenue for the current period compared with nine-month’s revenue for the corresponding period. However, these were partially offset by TBE’s loss in capacity payment caused by unscheduled plant outages.

Conversely, the Group recorded profit before taxation of RM588.5 million, a 7.7% decrease from RM637.5 million reported in corresponding period of the preceding year, primarily due to lower capacity payment recorded by SEV following revision of the PPA, commencing 1 July 2017, partially moderated by higher fuel margin recorded at both coal plants, compensation payment from settlement of disputes with IHI over TBP’s boiler failure and positive performance from associates investments overseas.

17. Variation of results against immediate preceding quarter**Quarter 4, 2017 vs Quarter 3, 2017**

The Group recorded lower profit before taxation of RM47.9 million in the current quarter compared with RM212.9 million in the immediate preceding quarter, primarily attributed to the fact that there was a compensation payment received from settlement of disputes with IHI over TBP’s boiler failure in the last quarter and lower contribution from TBE caused by unscheduled plant outages.

18. Current prospects

Malaysia's economy is projected to grow at a more moderate GDP growth rate of 5.2% in 2018 on the back of slower exports but supported by resilient domestic demand, which is expected to contribute positively towards the overall growth of the energy and power industry.

The Group is well positioned to benefit from the projected demand with the successful commissioning of Tanjung Bin Energy (TBE) Thermal Power Plant in March 2016 which had added 1,000MW to the Group's portfolio of power generation assets in Malaysia, increasing its net generation capacity to 6,346MW. The Group will continue to pursue growth opportunities locally to expand its generation capacity especially the renewable energy segment. The Group will also continue to explore opportunistic investment overseas to complement its local generation business.

In the meantime, the Group will continue in its efforts to improve its operational efficiency and effectiveness especially in relation to improving the plants availability and performance, as well as to strengthen its cost management aspect of the business in view of the more competitive landscape of the energy and power industry going forward.

Based on the above, 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 31.12.2017	3 months ended 31.12.2016	Cumulative 12 months ended 31.12.2017	Cumulative 12 months ended 31.12.2016
	RM'mil	RM'mil	RM'mil	RM'mil
Finance income	(57.1)	(55.0)	(213.3)	(191.3)
Finance cost	253.4	275.4	1,032.6	1,012.0
Depreciation	235.3	237.0	927.2	900.8
Amortisation of intangibles	70.6	123.0	385.8	495.4
Net foreign exchange loss/(gain)	7.1	(9.6)	9.4	4.6

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 31.12.2017	3 months ended 31.12.2016	Cumulative 12 months ended 31.12.2017	Cumulative 12 months ended 31.12.2016
	RM'mil	RM'mil	RM'mil	RM'mil
Current tax expense	59.0	124.8	482.3	429.6
Deferred tax expense	(69.1)	(34.4)	(270.7)	(198.1)
Total tax (benefit)/expense	<u>(10.1)</u>	<u>90.4</u>	<u>211.6</u>	<u>231.5</u>

The Group's effective tax rate for the current quarter is lower than the statutory income tax mainly due to certain income not subject to tax. The Group's effective tax rate for the financial year is higher than the statutory income tax rate mainly due to under provision of prior years' tax in light of recent development in the interpretation of taxation regulations.

22. Status of corporate proposals announced

On 28 November 2017, the shareholders of Malakoff Corporation Berhad ("Company") had during an Extraordinary General Meeting (EGM) approved for the Company to purchase its own shares of up to 10% of the Company's issued share capital. Pursuant to the approval, the Company had during the period under review, purchased a total of 1,824,400 ordinary shares from the open market as disclosed in Note 6.

23. Borrowings

	31.12.2017	31.12.2016
	RM'mil	RM'mil
Current		
- Secured	1,650.8	620.3
- Unsecured	-	1,290.1
	<u>1,650.8</u>	<u>1,910.4</u>
Non-current		
- Secured	14,094.6	15,533.9
- Unsecured	85.6	92.5
	<u>14,180.2</u>	<u>15,626.4</u>
	<u>15,831.0</u>	<u>17,536.8</u>

The currency exposure pertaining to borrowings for the Group is as follows:-

	31.12.2017	31.12.2016
	RM'mil	RM'mil
Functional currency		
- RM	13,505.2	15,108.7
- AUD	2,002.0	2,080.9
- USD	323.8	347.2
	<u>15,831.0</u>	<u>17,536.8</u>

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 (“Court”) 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.

During the financial year 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 clarifications 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 regarding foreign exchange regulation offences and the flow of capital to and from overseas.

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.

The Group has recognised a provision amounting to RM36.1 million in previous financial year. Notwithstanding this, AAS will continue with the appeal until the exhaustion of all rights.

Save as disclosed above, there has been no significant change in material litigation, including the status of pending material litigation in respect of the Group during the current quarter under review.

25. Dividend Payable

The Board of Directors has recommended the payment of a final single-tier dividend of 3.7 sen per ordinary shares in respect of the financial year ended 31 December 2017, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

For the corresponding quarter ended 31 December 2016, a final single-tier dividend of 3.5 sen per ordinary shares totalling RM175,000,000 in respect of the financial year ended 31 December 2016 was declared on 20 February 2017 and subsequently paid on 23 May 2017.

26. Earnings per ordinary share

	3 months ended 31.12.2017	3 months ended 31.12.2016	Cumulative 12 months ended 31.12.2017	Cumulative 12 months ended 31.12.2016
Basic/Diluted Earnings per Ordinary Share				
Profit for the period attributable to owners of the Company (RM'mil)	43.7	90.2	310.0	355.5
Weighted average number of ordinary shares ('mil)	4,999.8	5,000.0	4,999.9	5,000.0
Basic/diluted earnings per ordinary share (sen)	0.87	1.80	6.20	7.11

27. Authorisation for issue

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 21 February 2018.

By Order of the Board

Yeoh Soo Mei (MAICSA No.7032259)

Sharifah Ashtura Jamalullail binti Syed Osman (LS 0009113)

Secretaries

Kuala Lumpur

21 February 2018