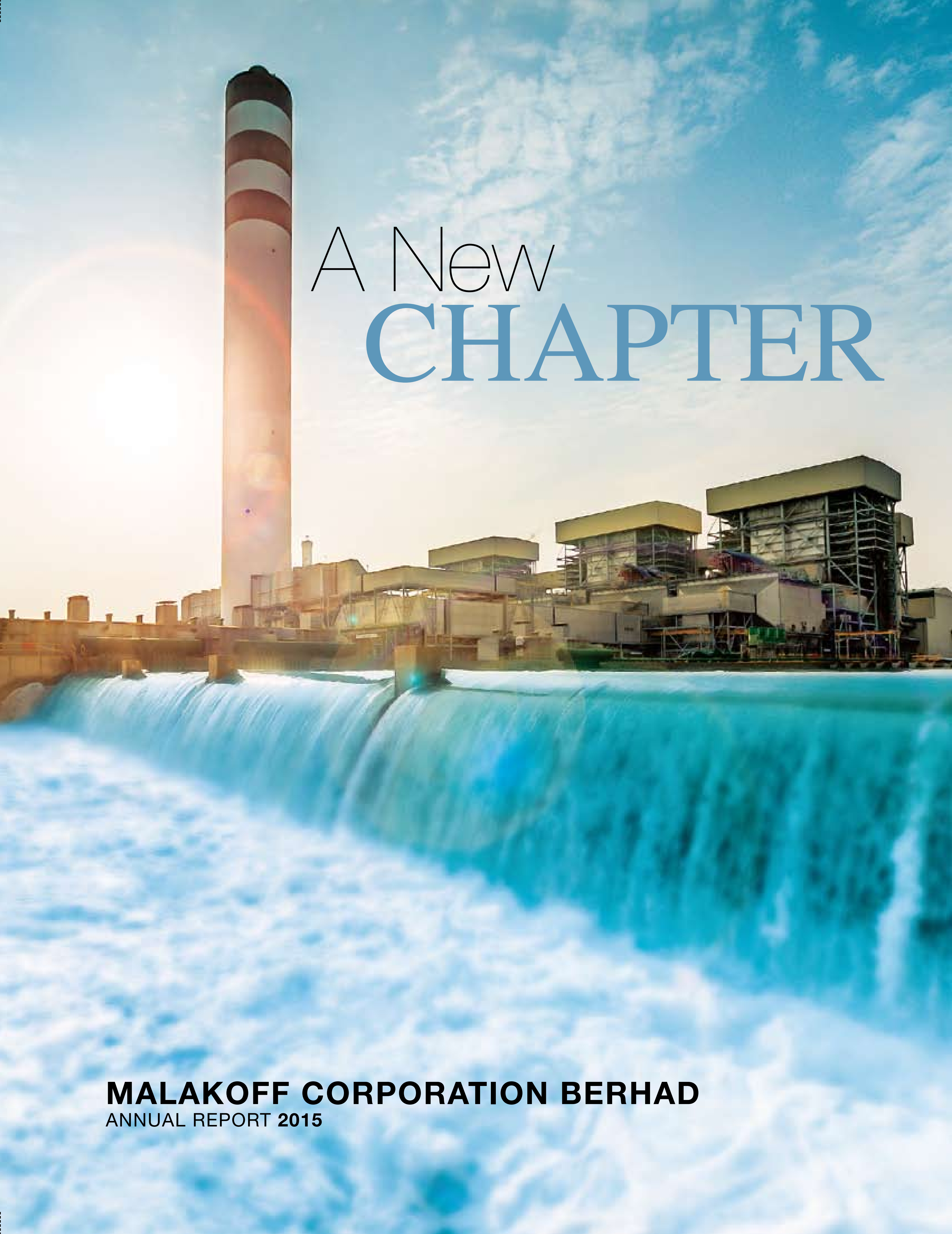

A New CHAPTER

MALAKOFF CORPORATION BERHAD

ANNUAL REPORT **2015**

a new chapter

Maintaining the highest standards of our thrust as a newly listed entity, Malakoff is committed to evaluating and addressing the strategies that will lay the foundations for our long-term focused growth.

With our stable of six power plants in Malaysia forming our core gas, oil and coal cluster igniting at optimal output within Malakoff's power nucleus, the promise and potential of our pulsating stage begins.

By marking a new chapter in our direction, we are attesting to sustainability, maximising the value of our assets, as well as demonstrating operational and organisational excellence that will expand our power generation and water desalination capacity.

ANNUAL GENERAL MEETING

of **MALAKOFF CORPORATION BERHAD**

Mahkota II, Hotel Istana
73, Jalan Raja Chulan
50200 Kuala Lumpur, on
Thursday, 21 April 2016
at **11.00 a.m.**

40

CHAIRMAN'S STATEMENT

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PERFORMANCE REVIEW

78

CORPORATE RESPONSIBILITY

insideContents

VISION AND MISSION

GOAL
TO BE A PREMIER GLOBAL
POWER AND WATER COMPANY

CORE BUSINESSES
POWER GENERATION AND
WATER DESALINATION

CRITICAL STRENGTHS
- Project development & execution
- License To Operate power plant
- Financial discipline
- Strong governance structure

MISSION
- Aspiring to become the preferred employer of choice
- Deliver superior shareholder value
- Sought after as a Partner
- Sustaining Best in Class operating discipline
- Earning respect as a Good Corporate Citizen

CORPORATE VALUES
- Integrity
- Teamwork
- Innovation
- Excellence
- Harmony

CORPORATE OVERVIEW

Malakoff Corporation Berhad ("Malakoff") is an independent power and water producer based in Asia with a world-class reputation. Our core businesses include power generation, water desalination and operation & maintenance services. In Malaysia, we own an effective generation capacity of 5,346 MW comprising of six power stations that run on gas, oil and coal.

Malakoff's Malaysian power generation assets with total effective capacity of 5,346 MW are held through a number of subsidiaries and associate companies:

- SEV Power Plant through a 93.75 percent equity interest in Segari Energy Ventures Sdn Bhd;
- GB3 Power Plant through a 75.0 percent equity interest in GB3 Sdn Bhd;
- Prai Power Plant through its wholly-owned subsidiary Prai Power Sdn Bhd;
- Tanjung Bin Power Plant through a 90.0 percent equity interest in Tanjung Bin Power Sdn Bhd;
- Port Dickson Power Plant through a 100.0 percent equity interest in Port Dickson Power Berhad, via its wholly-owned subsidiary Hypergantic Sdn Bhd; and
- Kapar Power Plant through a 40.0 percent equity interest in Kapar Energy Ventures Sdn Bhd.

On the international front, we own an effective capacity of 690 MW of power and 358,850 m^3/day of water desalination. These projects are located in Saudi Arabia, Bahrain, Algeria and Australia.

Furthermore, Malakoff provides services through its wholly-owned subsidiary companies:

- Operation and maintenance services through wholly-owned Malakoff Power Berhad and Teknik Janakuasa Sdn Bhd;
- Electricity distribution activities through Malakoff Utilities Sdn Bhd, a wholly-owned subsidiary, that currently supplies centralised chilled water and distributes electricity to the landmark Kuala Lumpur Sentral development; and
- Project management services for in-house and external projects through Malakoff Engineering, a wholly-owned subsidiary of Malakoff.

At Malakoff, we aim to work together with all stakeholders for productive partnerships. We believe that long-term partnerships re-enforce our success. As an asset-centered organisation, we maximise the value of assets we manage for our shareholders and partners. We do this by fully understanding the elements of cost, risk and performance unique to the environment in which we operate.

IN THE NEWS


Loji Tanjung Bin ikut jadual

Kerja pembinaan loji jana kuasa arang batu Malakoff Corporation di Tanjung Bin, dengan keupayaan penjanaan sehingga 1,000 megawatt (MW), adalah mengikut jadual, kata Pembantu Pengarah Projek Tanjung Bin Energy Sdn Bhd, Mohd Syahrul Izwan Ismail.

Menafikan laporan projek Loji Tenaga Tanjung Bin Energy (T4) tertangguh selama enam bulan, beliau, yakin loji itu akan dapat mula beroperasi pada 1 Mac tahun depan seperti dijadualkan.

"Saya tidak pasti bagaimana laporan itu timbul, tetapi setahu kami, 1 Mac tahun depan masih menjadi tarikh sasaran untuk kami menyiapkan projek itu," katanya kepada pemberita semasa sesi lawatan sehari ke Loji Tenaga Tanjung Bin (TBPP) dan T4 Malakoff di Pontian, Johor.

Lakaran loji T4.

Fasa akhir

Mohd Syahrul Izwan berkata, paip tumpu, garisan memunggah arang batu, loji rawatan air, stesen pemunggahan bahan api, alat ubah utama serta alat suis bervoltan rendah dan sederhana, telah siap dan sedia untuk beroperasi, manakala pembinaan dandang dan turbin T4 pada fasa akhir.

Malakoff Corp diberikan kontrak bernilai RM6.5 bilion pada Jun 2011 untuk membina T4.

Kerja-kerja pembinaan dilaksanakan oleh anak syarikatnya, Tanjung Bin Energy, bermula pada Mac 2012.

Loji tenaga baharu itu akan meningkatkan kapasiti penjanaan semasa TBPP sebanyak 2,100MW kepada jumlah kapasiti penjanaan yang digabungkan sebanyak 3,100MW di Tanjung Bin.

FAKTA NOMBOR

RM6.5 bilion

nilai kontrak bina T4

LOJI TANJUNG BIN
IKUT JADUAL OPERASI MAC TAHUN DEPAN

BISNES B2

Malakoff: No delay to our Tanjung Bin power plant

Malaysia's largest IPP says media reports of delay not true and misleading

Malakoff's Tanjung Bin plant boiler ignited

by KAVITHAH RAKWAN

MALAKOFF Corp Bhd's 1,000MW Tanjung Bin Energy (T4) power plant boiler was successfully ignited using fuel oil on May 31.

"The fuel-firing of the boiler on May 31, 2015, is a major step towards the timely completion of the power plant.

"It will pave the way for the next equally important milestones, such as the boiler's coal-firing and thereafter the power plant's synchronisation to the national power grid," said COO Habib Husin.

Malakoff earlier said it is looking at synchronising the transmission line with the ... by September this ...

Peluang dekati penyu Pantai Pasir Panjang

Keprihatinan

menjaga ekosistem marin negara

Malakoff: Tanjung Bin power plant completion 'on track'

BY SULHI AZMAN

KUALA LUMPUR: Malakoff Corp Bhd announced that the completion of its 1,000MW Tanjung Bin Energy coal-fired power plant (T4) is on track. This follows the ignition of the Johor-based power plant's boiler on Sunday.

Malakoff chief operating officer Habib Husin said in a statement yesterday that T4 is expected to start running commercially on March, 2016.

"The fuel-firing of the boiler on May 31, 2015 is a major step towards the timely completion of the power plant. It will pave the way for the next equally important milestones, such as the boiler's coal-firing and thereafter the power plant's synchronisation to the national power grid," Habib said.

According to Malakoff's website, the company has 11 electricity-generation projects in Malaysia, Saudi Arabia, Algeria, Bahrain and Australia.

These power plants have a collective effective electricity-generation capacity of 6,036MW.

In Malaysia, Malakoff's effective capacity stands at 5,346MW from its six power plants here.

Malakoff rai kakitangan berkhidmat lebih 10 tahun

KUALA LUMPUR – Malakoff Corporation Bhd (Malakoff) telah meraikan 126 kakitangannya yang telah berkhidmat lebih daripada 10 tahun di syarikat itu dalam satu majlis yang diadakan di Johor Bahru serentak dengan program Karnival Sukan Malakoff.

Kumpulan kakitangan yang terbabit telah menerima Anugerah Khidmat Setia.

Menurut Naib Presiden Eksekutif Korporat, Malakoff, Shaharul Farez Hassan, daripada jumlah kumpulan tersebut, 24 kakitangan terdiri daripada mereka yang berkhidmat selama 20 tahun, 47 penerima anugerah

SHAHARUL (lima dari kiri) bergambar bersama sebahagian daripada penerima Anugerah ... yang diraikan di Johor Bahru baru-baru ini.

Tambah loji janakuasa arang batu

Malakoff chairman Tan Sri Syed Anwar Jamalullail (right) with (from left) Malakoff CEO Datuk Seri Syed Faisal Albar, MMC Corp group MD Datuk Seri Che Khalib Mohamad Noh and its chairman Tan Sri Syed Abdul Jabbar Syed Hassan checking the performance of Malakoff on its maiden trading on Bursa Malaysia yesterday.

Malakoff to LIGHT UP ASEAN

MALAKOFF Corp, which was the most active stock on Bursa Malaysia on its trading debut yesterday, is turning to Asean in a bid to increase its power generation capacity to 10,000 megawatts by 2020.

REPORT ON B2

Malakoff keen on Asean marts

HUGE APPETITE: Company plans to boost power generation capacity to 10,000MWs by 2020

Malakoff Bhd

Intra-day price
Open : RM1.81
High : RM1.84
Low : RM1.76
Closing : RM1.80

马拉科夫电力

限或延长

AWARDS AND ACCOLADES

from L to R:

Malakoff was named one of Malaysia's Top 30 Green Catalysts for 2014 Award, an award to recognise and honour individuals and organisations who have had significant environmental, economic and social impact in expanding the country's Green Technology sector. The GreenTech Awards is one of the many initiatives championed by GreenTech Malaysia to catalyse the Green Technology agenda in line with the aspirations of the National Green Technology Policy 2009.

Malakoff also won the Competitive Glocal Employer Award 2015 from Social Security Organisation ("PERKESO") and Ministry of Human Resource at the National Labour Day 2015 celebration. The award was a recognition of various Human Resource programmes which aimed at developing, achieving and sustaining a culture of effective working environment.

Port Dickson Power Plant won the National Occupational Safety and Health Excellence Award 2015, on 18 November from the Department of Occupational Safety and Health ("DOSH"), under the Ministry of Human Resources. This is the second consecutive year Port Dickson Power Plant received this award.

CORPORATE INFORMATION

DIRECTORS

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Independent Non-Executive Chairman

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
Non-Independent Non-Executive Director

DATUK MUHAMAD NOOR BIN HAMID
Non-Independent Non-Executive Director

CINDY TAN LER CHIN
Non-Independent Non-Executive Director

DATO' WAN KAMARUZAMAN BIN WAN AHMAD
Non-Independent Non-Executive Director

DATUK OOI TEIK HUAT
Non-Independent Non-Executive Director

TAN SRI DATO' SERI ALAUDDIN BIN DATO' MD SHERIFF
Independent Non-Executive Director

DATUK IDRIS BIN ABDULLAH
Independent Non-Executive Director

DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR
Independent Non-Executive Director

KOHEI HIRAO
Independent Non-Executive Director

ZALMAN BIN ISMAIL
Alternate to Dato' Wan Kamaruzaman bin Wan Ahmad

COMPANY SECRETARIES

YEOH SOO MEI (MAICSA 7032259)
NISHAM @ ABU BAKAR BIN AHMAD (MAICSA 7043879)

BOARD AUDIT COMMITTEE MEMBERS

DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR
Chairman

DATUK IDRIS BIN ABDULLAH

TAN SRI DATO' SERI ALAUDDIN BIN DATO' MD SHERIFF

DATUK OOI TEIK HUAT

BOARD NOMINATION AND REMUNERATION COMMITTEE MEMBERS

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Chairman

DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR

TAN SRI DATO' SERI ALAUDDIN BIN DATO' MD SHERIFF

DATUK IDRIS BIN ABDULLAH

DATUK MUHAMAD NOOR BIN HAMID

DATUK OOI TEIK HUAT

BOARD RISK COMMITTEE MEMBERS

DATUK IDRIS BIN ABDULLAH
Chairman

DATUK MUHAMAD NOOR BIN HAMID

DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR

CINDY TAN LER CHIN

BOARD PROCUREMENT COMMITTEE MEMBERS

DATUK MUHAMAD NOOR BIN HAMID
(Chairman)

TAN SRI DATO' SERI ALAUDDIN BIN DATO' MD SHERIFF

DATUK OOI TEIK HUAT

CINDY TAN LER CHIN

REGISTERED OFFICE

Level 12, Block 4, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
Tel : +603-2263 3388
Fax : +603-2263 3333

AUDITORS

KPMG
Level 10, KPMG Tower
No. 8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7841 8000
Fax : +603-7841 8152

PRINCIPAL BANKS

CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

COMPANY ADDRESS

Level 10, Block 4, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
Tel : +603-2263 3388
Fax : +603-2263 3333
Website : www.malakoff.com.my

MALAKOFF'S STRUCTURE as at 23 February 2016

POWER GENERATION

- 93.75% Segari Energy Ventures Sdn Bhd
- 75% GB3 Sdn Bhd
- 100% Prai Power Sdn Bhd
- 90% Tanjung Bin Power Sdn Bhd
- 40% Kapar Energy Ventures Sdn Bhd
- 100% Hypergantic Sdn Bhd
  - 100% Port Dickson Power Berhad
- 100% Tanjung Bin Energy Sdn Bhd
  - 100% Tanjung Bin Energy Issuer Berhad

OPERATION AND MAINTENANCE SERVICES

- 100% Malakoff Power Berhad
  - 100% Tanjung Bin O&M Berhad
  - 100% PDP O&M Sdn Bhd
- 100% Teknik Janakuasa Sdn Bhd
  - 100% Natural Analysis Sdn Bhd I
  - 100% TJSB Services Sdn Bhd
  - 100% TJSB International Limited
    - 100% TJSB International (Shoaiba) Limited
      - 20% Saudi-Malaysia Operation & Maintenance Services Company Limited
      - 20% Al-Imtiaz Operation & Maintenance Company Limited
    - 100% TJSB Middle East Limited
    - 31.5% Muscat City Desalination Operation and Maintenance Company LLC
  - 100% TJSB Global Sdn Bhd
    - 49% Hyflux-TJSB Algeria SPA
  - 95% PT. Teknik Janakuasa

ELECTRICITY DISTRIBUTION

- 100% Malakoff Utilities Sdn Bhd

I Dormant

II Malakoff's effective equity interest of 20 percent and 12 percent in SAMAWEC and SWEC respectively is held via MGL which holds 40 percent equity interest in MSCSB which in turn holds 50 percent equity interest in SAMAWEC. SAMAWEC holds 60 percent equity interest in SWEC.

III Malakoff's effective equity interest of 11.9 percent in SEPCO is held via MGL which holds 40 percent equity interest in MSCSB which in turn holds 50 percent equity interest in SAMAWEC. SAMAWEC holds 60 percent in SEHCO which in turn holds 97.5 percent equity interest in SEPCO. SAMAWEC also holds a direct equity interest of 1 percent in SEPCO.

IV Malakoff's effective equity interest of 43.48 percent in SPHL is held via Malakoff Technical (Dhofar) Limited which holds a direct 43.48 percent equity interest in OTPL which in turn holds 100 percent equity interest in SPHL.

V Malakoff's effective equity interest of 35.7 percent in AAS is held via MADSB which holds 70 percent equity interest in TDIC which in turn holds 51 percent equity interest in AAS.

VI Malakoff's effective interest of 40 percent in HPC is held via MHHCL which holds 57.14 percent equity interest in MSHHCL which in turn holds 70 percent equity interest in HPC.

VII MWM holds 50 percent participating interest in the unincorporated joint venture of the Macarthur Wind Farm.

PROJECT MANAGEMENT

- 100% Malakoff Engineering Sdn Bhd
  - 100% MESB Project Management Sdn Bhd [I]

OFFSHORE

- 100% Spring Assets Limited [I]
- 100% Malakoff Capital (L) Ltd [I]
- 100% Malakoff International Limited ("MIL")
  - 100% Malakoff Oman Desalination Company Limited
    - 45% Muscat City Desalination Company S.A.O.C
  - 100% Malakoff Hidd Holding Company Limited [VI]
    - 57.14% Malakoff Summit Hidd Holding Company Limited [VI]
      - 40% Hidd Power Company B.S.C (c) ("HPC") [VI]
  - 100% Pacific Goldtree Sdn Bhd
    - 100% Skyfirst Power Sdn Bhd
      - 100% Wind Macarthur Holdings (T) Pty. Limited
        - 100% Wind Macarthur (T) Pty. Limited
          - 100% Wind Macarthur Finco Pty. Limited
    - 100% Malakoff Australia Pty. Ltd.
      - 100% Malakoff Holdings Pty. Ltd.
        - 100% Malakoff Wind Macarthur Holdings Pty. Limited
          - 100% Malakoff Wind Macarthur Pty. Limited ("MWM") [VII]
  - 100% Malakoff Gulf Limited ("MGL")
    - 40% Malaysian Shoaiba Consortium Sdn Bhd ("MSCSB")
      - 20% Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEC") [II]
        - 12% Shuaibah Water & Electricity Company Limited ("SWEC") [II]
        - 12% Shuaibah Expansion Holding Company Limited ("SEHCO") [III]
          - 11.7% Shuaibah Expansion Project Company Limited ("SEPCO") [III] — 0.2% (SAMAWEC)
  - 100% Malakoff Technical (Dhofar) Limited
    - 43.48% Oman Technical Partners Limited ("OTPL") [IV]
      - 43.48% Salalah Power Holdings Limited ("SPHL") [IV]
  - 100% Malakoff AlDjazair Desal Sdn Bhd ("MADSB")
    - 70% Tlemcen Desalination Investment Company SAS ("TDIC")
      - 35.7% Almiyah Attilemcania SPA ("AAS") [V]

OTHERS

- 100% Tuah Utama Sdn Bhd
  - 20% Lekir Bulk Terminal Sdn Bhd
- 54% Desa Kilat Sdn Bhd
- 100% Malakoff R&D Sdn Bhd

FINANCIAL STATISTICS

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Operating Results				
Revenue	5,301,987	5,594,484	286,231	991,336
Earnings before interest, taxes, depreciation and amortisation	2,481,004	2,460,914	200,147	900,068
Profit before tax	702,040	595,484	178,096	759,363
Net profit attributable to owners of the company	453,234	341,549	159,194	744,090
Key Balance Sheet Items				
Property, plant and equipment	15,059,639	14,323,952	43,168	46,782
Total assets	30,372,592	29,336,072	10,871,343	11,063,412
Total borrowings	17,347,608	18,227,479	–	1,800,000
Total liabilities	24,354,038	25,159,456	1,228,995	2,991,002
Share capital	500,000	355,523	500,000	355,523
Shareholders' equity	5,803,550	3,963,649	9,642,348	8,072,410
Share information				
Basic earnings per share [1] (sen)	10.00	9.53		
Diluted earnings per share [2] (sen)	9.78	8.54		
Dividend (sen)	7.00[3]	5.97[4]		
Net assets per share (sen)	1.16[5]	11.28[5]		
Share price as at 23 February 2016 (RM)	1.62	N.A.		
Financial Ratios				
Return on assets (%)	1.49	1.16		
Return on equity (%)	7.81	8.62		
EBITDA margin (%)	46.79	43.99		

1 *Based on weighted average number of ordinary shares of 4,531,422,000 and 3,582,082,000 respectively.*

2 *Based on weighted average number of ordinary shares of 4,635,616,000 and 4,000,000,000 respectively after adjustment for the effects of all dilutive potential ordinary shares.*

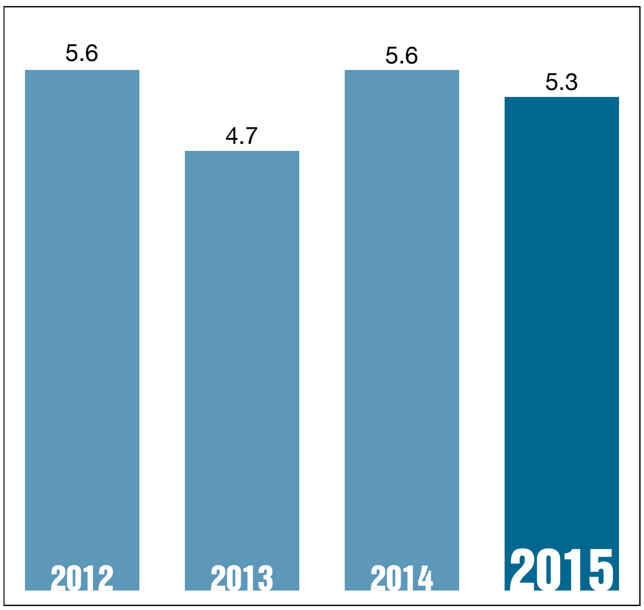
3 *Based on interim dividend paid of 5.0 sen and proposed final dividend of 2.0 sen for dividend payment in respect of financial year ended 31 December 2015.*

4 *Based on dividend paid on the ordinary shares and preference shares of the Company in respect of financial year ended 31 December 2014 after adjustments to the numbers of shares to show the effect of the current enlarged issued and fully paid-up ordinary shares capital.*

5 *Based on number of ordinary shares of 5,000,000,000 and 351,344,000 respectively.*

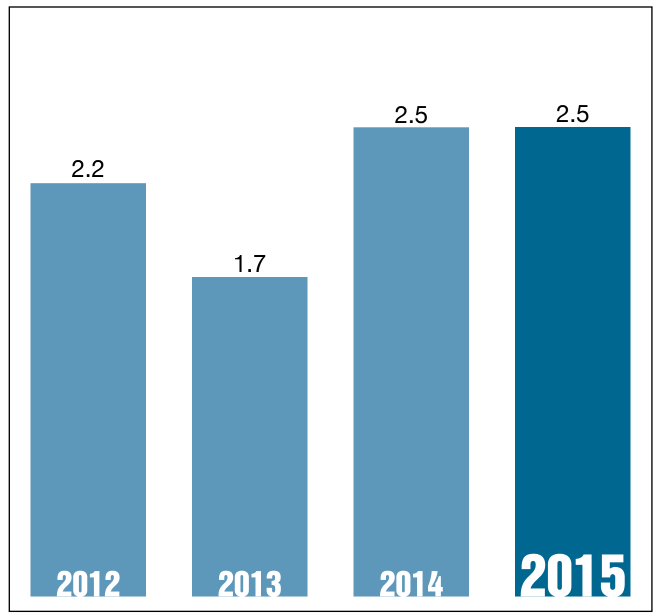
REVENUE

(RM BILLION)



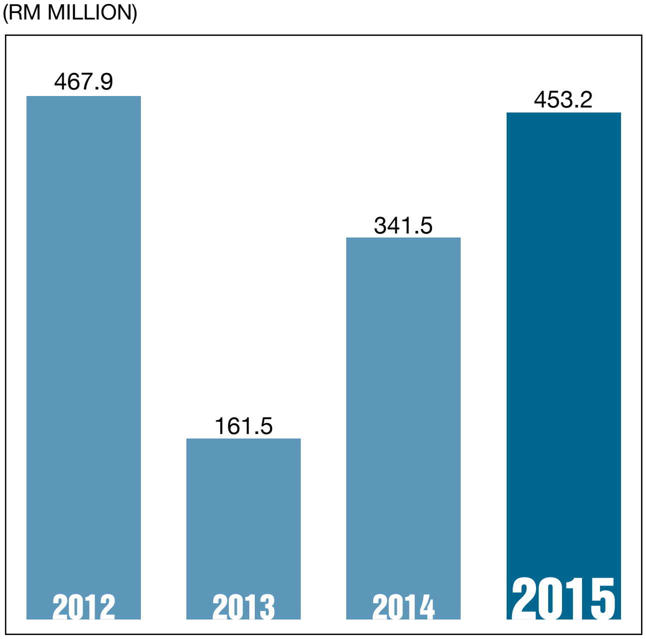
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION

(RM BILLION)



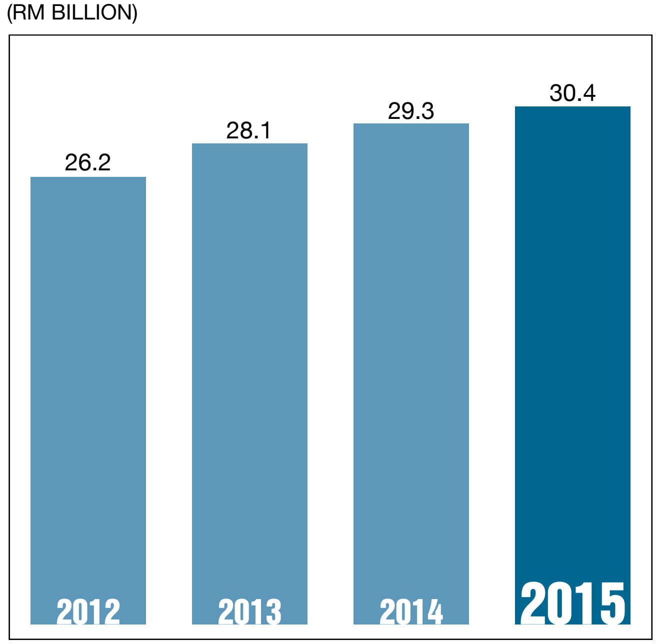
PROFIT AFTER TAX AND MINORITY INTEREST

(RM MILLION)



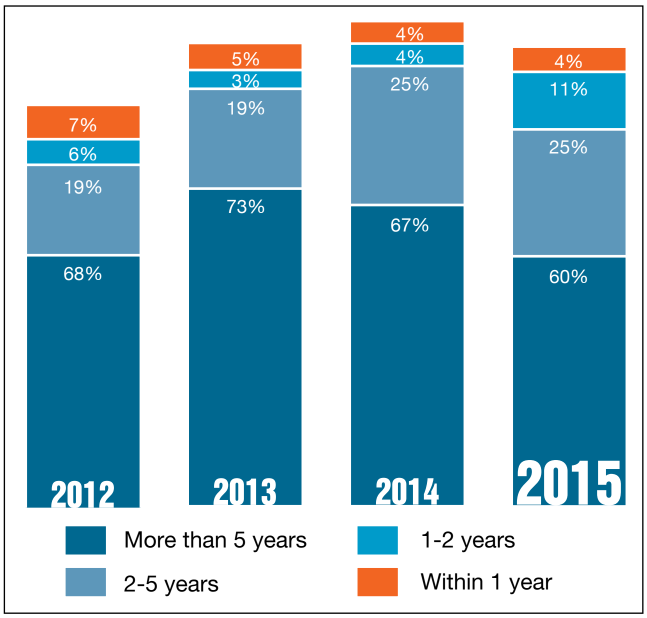
TOTAL ASSETS

(RM BILLION)

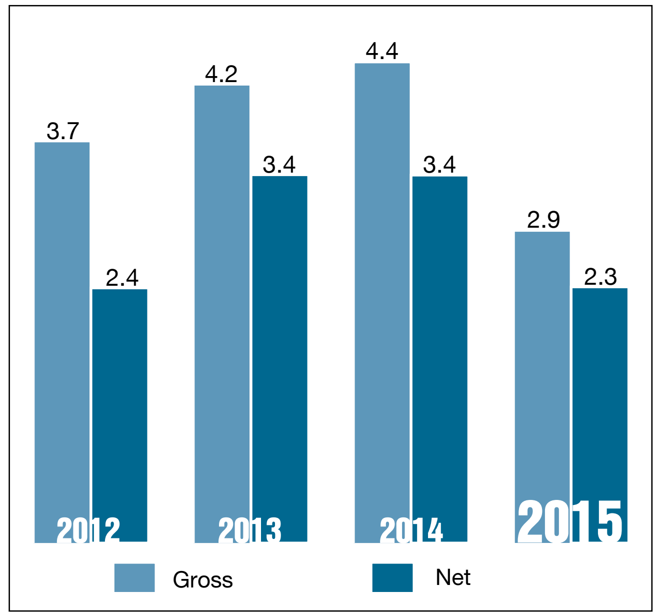


FINANCIAL STATISTICS (continued)

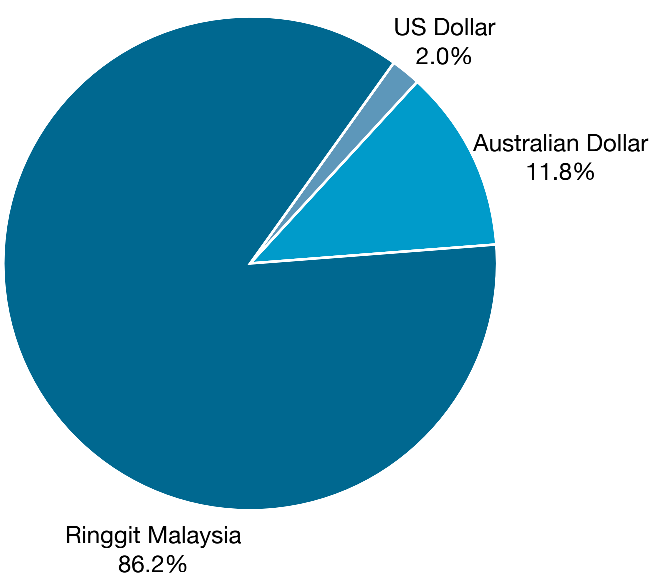
DEBT MATURITY



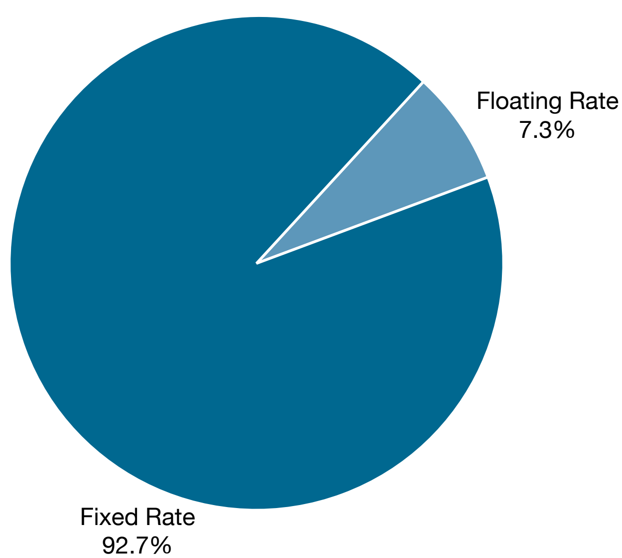
GEARING RATIO (X)



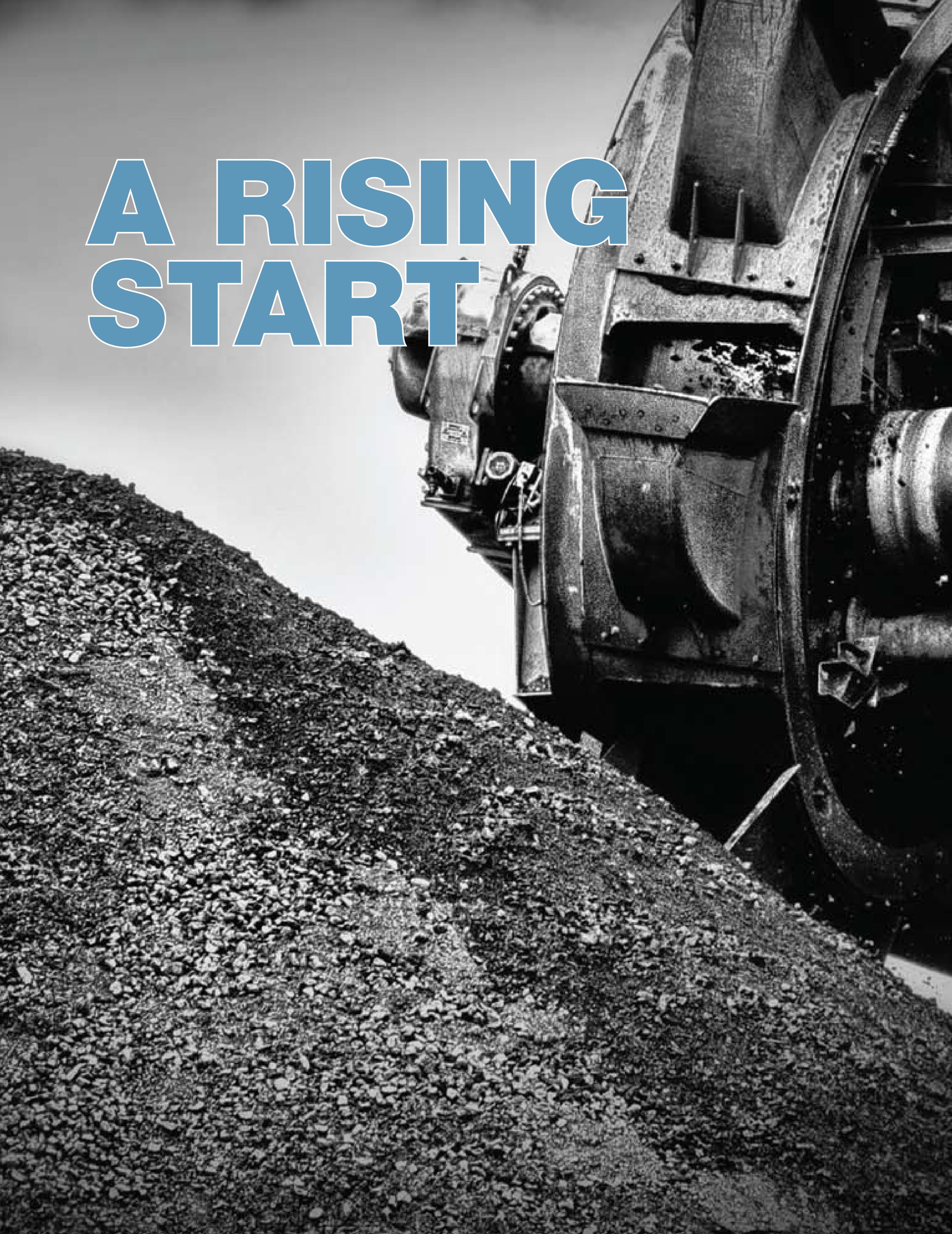
DEBT PROFILE BY FOREIGN CURRENCY



DEBT PROFILE BY INTEREST RATE TERMS



A RISING START



BOARD OF DIRECTORS

Seated from L to R:

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Independent Non-Executive Chairman

CINDY TAN LER CHIN
Non-Independent Non-Executive Director

DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR
Independent Non-Executive Director

DATO' SRI CHE KHALIB BIN MOHAMAD NOH
Non-Independent Non-Executive Director

Standing from L to R:

DATO' WAN KAMARUZAMAN BIN WAN AHMAD
Non-Independent Non-Executive Director

DATUK MUHAMAD NOOR BIN HAMID
Non-Independent Non-Executive Director

DATUK IDRIS BIN ABDULLAH
Independent Non-Executive Director

TAN SRI DATO' SERI ALAUDDIN BIN DATO' MD SHERIFF
Independent Non-Executive Director

DATUK OOI TEIK HUAT
Non-Independent Non-Executive Director

KOHEI HIRAO
Independent Non-Executive Director

ZALMAN BIN ISMAIL
Alternate to Dato' Wan Kamaruzaman bin Wan Ahmad

BOARD OF DIRECTORS' PROFILE

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL

Independent Non-Executive Chairman

Tan Sri Dato' Seri Syed Anwar Jamalullail, aged 64, a Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Chairman on 1 December 2014. He is also the Chairman of the Board Nomination and Remuneration Committee.

Tan Sri holds a Bachelor of Arts degree in Accounting from Macquarie University, Sydney, Australia, having qualified in 1974. He is also a Chartered Accountant and Certified Practising Accountant (Australia).

Tan Sri commenced his career with Malaysia Airlines System Berhad in 1975 as a Financial Accountant, before moving on to hold senior positions in various companies. His last position was as the Group Managing Director of Amanah Capital Partners Berhad. Tan Sri was the former Chairman of Lembaga Tabung Haji Investment Panel. He was also the former Chairman of Media Prima Berhad, MRCB Berhad, DRB-Hicom Berhad, EON Bank Berhad, Uni Asia Life Assurance Berhad, Uni Asia General Insurance Berhad, and Radicare (M) Sdn Bhd. He was also an independent director of Maxis Communication Berhad and Bangkok Bank Berhad.

Currently, Tan Sri is the Chairman of Cahya Mata Sarawak Berhad, Lembaga Zakat Selangor, and Pulau Indah Ventures Sdn Bhd (a joint venture company between Khazanah Nasional Berhad and Temasek Holdings of Singapore). He is also the Chancellor of SEGi University.

BOARD OF DIRECTORS' PROFILE (continued)

DATO' SRI CHE KHALIB BIN MOHAMAD NOH

Non-Independent Non-Executive Director

Dato' Sri Che Khalib Mohamad Noh, aged 50, a Malaysian, was appointed to the Board as the Managing Director on 1 July 2013. He resigned as the Managing Director on 8 December 2014 and has been redesignated as a Non-Independent Non-Executive Director of the Company on 9 December 2014.

He is a member of the Malaysian Institute of Accountants (CA, M) and also a Fellow of the Association of Chartered Certified Accountants (FCCA, UK) United Kingdom.

He began his career with Messrs Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong group including Projek Lebuhraya Utara Selatan Berhad (PLUS), HBN Management Services Sdn Bhd, Renong Overseas Corporation Sdn Bhd and Marak Unggul Sdn Bhd, which is the consortium responsible for the management of the Keretapi Tanah Melayu Berhad. In June 1999, he joined Ranhill Utilities Berhad as Chief Executive Officer. He then assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad in 2002.

He was then appointed as the President/Chief Executive Officer of Tenaga Nasional Berhad ("TNB") on 1 July 2004 where he served TNB for eight years until the completion of his contract on 30 June 2012. During his tenure at TNB, Dato' Sri Che Khalib Mohamad Noh drove many improvement initiatives that resulted in TNB becoming one of the success stories in the Malaysia's GLC Transformation Programme. He shaped and set the corporate strategies for TNB when he came up with its 20-year strategic plan in September 2005.

At present, he is the Group Managing Director of MMC Corporation Berhad ("MMC"). Prior to his current role, he served as Chief Operating Officer of Finance, Strategy and Planning at DRB-Hicom Berhad. He has also served on the Board of Directors in several of the United Engineers Malaysia Berhad group of companies, in Bank Industri & Teknologi Malaysia Berhad and in Khazanah Nasional Berhad from 2000 to 2004, where he also served on the Executive Committee. He currently sits on the boards of MMC, Zelan Berhad, Johor Port Berhad, MMC Engineering Group Berhad, Aliran Ihsan Resources Berhad, Bank Muamalat Malaysia Berhad, Gas Malaysia Berhad, NCB Holdings Berhad, Kontena Nasional Berhad, Northport (Malaysia) Bhd, Port Dickson Power Berhad and several private limited companies.

He has received many accolades in recognition of his strong leadership including being named Malaysia's "CEO of the Year" in 2008, organised by the New Straits Times and American Express. He was also named "CEO of the Year" at the inaugural Asia Power and Electricity Awards 2010 and was the recipient of the Lifetime Achievement Award at the Asian Utility Industry Awards 2012.

DATUK MUHAMAD NOOR BIN HAMID

Non-Independent Non-Executive Director

Datuk Muhamad Noor Hamid, aged 64, a Malaysian, was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 13 July 2009. He is Chairman of the Board Procurement Committee and also a member of Board Nomination and Remuneration Committee and Board Risk Committee.

He obtained a Bachelor of Science (Hons) in Mechanical Engineering from Sunderland Polytechnic, England in 1977 and a Post Graduate Diploma in Gas Engineering from the Institute of Gas Technology in Chicago, Illinois, USA in 1980. He attended the Management Program in 1992 at the Wharton Business School of Management, University of Pennsylvania, USA.

He has held numerous positions during his 20 years of service in PETRONAS and PETRONAS Gas Sdn Bhd, including heading the Peninsular Gas Utilisation II project team. He also worked in OGP Technical Services Sdn Bhd, a joint venture company between PETRONAS and Novacorp Corporation of Canada, where he was the General Manager of the Pipeline Division. His expertise has taken him to overseas assignments mainly in Sudan where he was the Project Director for the Muglad Basin Oil Development Project. In 2000, he was appointed as the Chief Operating Officer of Projass Engineering Sdn Bhd, a Class A Bumiputera construction company. He joined Gas Malaysia Berhad in 2003 as Chief Operating Officer and was subsequently appointed as Chief Executive Officer in February 2004. On 24 April 2006, he was promoted to the position of Managing Director of Gas Malaysia Berhad. On 31 December 2013, he retired from Gas Malaysia Berhad. He currently sits on the Board of SapuraKencana Petroleum Berhad.

He has more than 30 years of direct working experience in the oil and gas industry ranging from project planning and implementation, operation, consulting and contracting.

BOARD OF DIRECTORS' PROFILE (continued)

CINDY TAN LER CHIN

Non-Independent Non-Executive Director

Madam Cindy Tan Ler Chin, aged 55, a Malaysian, was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 9 August 2007. She is also a member of the Board Risk Committee and Board Procurement Committee.

She obtained an Honours degree in Economics, majoring in statistics, from Universiti Kebangsaan Malaysia in 1984. In 1991, she obtained a Certified Diploma in Accounting and Finance, accorded by the Chartered Association of Certified Accountants. In 1995, she attended the Wharton-National University of Singapore Banking Programme.

She joined the Employees Provident Fund ("EPF") in 1984. Since then she has served in the Finance Department, Treasury Department, Fund Management Function and was the Head of Fixed Income Investment of EPF until June 2009, before she was appointed to her current position as the Head of Investment Compliance and Settlement of EPF.

DATUK OOI TEIK HUAT

Non-Independent Non-Executive Director

Datuk Ooi Teik Huat, aged 56, a Malaysian, was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 1 January 2012. He is also a member of the Board Audit Committee, Board Nomination and Remuneration Committee and Board Procurement Committee.

He obtained a Bachelor degree in Economics from Monash University, Melbourne, Australia in 1984 and is a member of the Malaysian Institute of Accountants and CPA Australia.

He began his career with Messrs Hew & Co., Chartered Accountants in 1984. After leaving Messrs Hew & Co in June 1989, he joined Malaysian International Merchant Bankers Berhad. He subsequently joined Pengkalan Securities Sdn Bhd in August 1993 as Head of Corporate Finance, before leaving in September 1996 to set up Meridian Solutions Sdn Bhd where he is presently a director.

He also sits on the board of directors of MMC Corporation Berhad, Tradewinds (M) Berhad, Tradewinds Plantation Berhad, DRB-HICOM Berhad, Zelan Berhad, Johor Port Berhad, Gas Malaysia Berhad, MARDEC Berhad, Padiberas Nasional Berhad, Tradewinds Corporation Berhad and several private limited companies.

BOARD OF DIRECTORS' PROFILE (continued)

TAN SRI DATO' SERI ALAUDDIN BIN DATO' MD SHERIFF

Independent Non-Executive Director

Tan Sri Dato' Seri Alauddin Dato' Md Sheriff, aged 69, a Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Director on 11 December 2012. He is also a member of the Board Nomination and Remuneration Committee, Board Audit Committee and Board Procurement Committee.

He was admitted as an Utter Barrister of the Honourable Society of Inner Temple, London, having been called to the Bar of England & Wales in 1970.

He held various posts in the legal and judicial service since 1971. He started his career with the Judiciary as a Magistrate in Bukit Mertajam in 1971 and in Kangar in 1972. Thereafter, he was appointed as President of the Sessions Court in Sungai Petani, Kuantan and Taiping. In 1977, he was appointed as Senior Federal Counsel with the Income Tax Department and the Attorney General's Chambers. In June 1979, he was seconded to PETRONAS Carigali Sdn Bhd as its Secretary cum Legal Advisor. Thereafter, he was appointed as the Legal Advisor to the State of Johor in October 1980. In April 1982, he took the office of the Legal Advisor of Negeri Sembilan. He was again appointed as the Legal Advisor to the State of Johor in June 1983. He was appointed as the Chairman of the Advisory Board in the Prime Minister's Department since June 1989.

He was appointed as Judicial Commissioner of the High Court of Malaya in Kuala Lumpur on 1 February 1992 and was transferred to the High Court of Malaya in Johor in the same year. He was later elevated as the Judge of the High Court wherein he had served in the High Courts of Johor, Kangar and Alor Star before being elevated to the Court of Appeal in April 2001. After serving for about three years in the Court of Appeal, he was elevated to the Federal Court of Malaysia on 12 July 2004. During his tenure as a Judge of the Federal Court, he had the occasion of carrying out the duties and functions of the President of the Court of Appeal from 15 August 2006 until 4 September 2007. On 5 September 2007, he was appointed as the Chief Judge of Malaya and on 18 October 2008, he was appointed as the President of the Court of Appeal until his retirement in August 2011. He currently sits on the boards of Affin Holdings Berhad and Vertical Inter Circle Sdn Bhd.

DATUK IDRIS BIN ABDULLAH

Independent Non-Executive Director

Datuk Idris bin Abdullah, aged 58, a Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Director on 11 December 2012. He is Chairman of the Board Risk Committee and also a member of the Audit Committee and Nomination and Remuneration Committee.

He graduated from Universiti Malaya in 1981 with a LLB. (Hons) degree and is currently a Senior Partner in Messrs. Idris & Company Advocates, Kuching Sarawak. His career started in 1981 where he read in chambers at Messrs. Ting Tung Ming Esq in Sibu, Sarawak. In 1982, he was admitted to The Roll of Advocates of The High Court of Malaya in Sabah and Sarawak. He also served as Resident Lawyer at Ting & Company, Sibu, Sarawak from 1981 to 1983, the In-House Legal Advisor of Sarawakian Group of Companies from 1984 to 1985 and has been with Messrs. Idris & Company Advocates, Kuching, Sarawak since 1985 and is currently a Senior Partner in Messrs. Idris & Company Advocates, Kuching, Sarawak.

His experience in the corporate sector began in 1979 as a partner/shareholder in a group of Bumiputra companies in Sibu, Sarawak. From 1995 to date, he is an advisor to a number of Sarawak companies engaged in construction and building, motor trading, recreation club and educational institution. He was also a director/shareholder of a Bumiputra PKK Class A/CIDB Group 7 company engaged in a number of government building/ infrastructure projects. From September 2002 to September 2005, he was the Director and Chairman of Kuantan Flour Mills Berhad.

He is a former Commission Member of the Companies Commission of Malaysia (“SSM”) from 2007 to 2014 and was also a Commission Member of the Malaysian Communications and Multimedia Commission (“SKMM”) from 2011 to 2015. He was a director of Bank Pembangunan Berhad (Malaysian Development Bank Berhad) from 2010 to 2014. He sits on the board of directors of NCB Holdings Berhad.

BOARD OF DIRECTORS' PROFILE (continued)

DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR

Independent Non-Executive Director

Datuk Dr. Syed Muhamad Syed Abdul Kadir, aged 69, a Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Director on 11 December 2012. He is Chairman of the Board Audit Committee and also a member of the Board Nomination and Remuneration Committee and Board Risk Committee.

He graduated with a Bachelor of Arts (Hons.) from Universiti Malaya in 1971. He obtained a Masters of Business Administration from the University of Massachusetts, USA, in 1977 and proceeded to obtain a PhD (Business Management) from Virginia Polytechnic Institute and State University, USA in 1986. In 2005, he obtained a Bachelor of Jurisprudence (Hons.) from the University of Malaya. He obtained the Certificate in Legal Practice in 2008 from the Malaysian Professional Legal Board. He was admitted as an Advocate and Solicitor of the High Court of Malaya in July 2009, and obtained the Master of Law (Corporate Law) from Universiti Teknologi MARA in December 2009. In June 2011, he became a member of the Chartered Institute of Arbitrators, United Kingdom and in May 2012, he became the fellow of the said Institute.

He started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration (INTAN) and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and thereafter assumed the post of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management), Finance Division of Federal Treasury. Between June 1993 to June 1997, he joined the board of directors of Asian Development Bank, Manila, the Philippines, first as alternate Executive Director and later as an Executive Director. In July 1997, he joined the Ministry of Finance as Secretary (Tax Division) and subsequently became the Deputy Secretary General (Operations) of Ministry of Finance. Prior to his retirement, he was Secretary General, Ministry of Human Resources from August 2000 to February 2003.

He is the Chairman of CIMB Islamic Bank Berhad, CIMB Middle East B.S.C (c) and CIMB-Principal Islamic Asset Management Sdn Bhd. He is also a Director of CIMB Bank Berhad, Euro Holdings Berhad, Solution Engineering Holdings Berhad, BSL Corporation Berhad, ACR ReTakaful Berhad, Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad. He also holds directorships in a number of private companies.

DATO' WAN KAMARUZAMAN BIN WAN AHMAD

Non-Independent Non-Executive Director

Dato' Wan Kamaruzaman Wan Ahmad, aged 56, a Malaysian, was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 21 May 2013.

He obtained a Bachelor of Economics degree in Analytical Economics from the University of Malaya in 1981.

He is currently the Chief Executive Officer of Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") and has been serving since May 2013. Previously, he served as the General Manager of Treasury Department at the Employees Provident Fund from October 2007 until April 2013. He started his working career with Malayan Banking Berhad ("Maybank") since 1981, mostly in Treasury Department with two overseas postings at Hamburg, Germany as Chief Dealer and London, United Kingdom as Treasury Manager. After leaving Maybank, he served in several companies within the Affin bank group, as the Chief Executive Officer of Affin Moneybrokers Sdn Bhd from July 1994 to August 2003 and as the Chief Executive Officer of Affin Trust Management Sdn Bhd from September 2003 to November 2005.

He was also a board member of Affin Futures Sdn Bhd from September 1999 to December 2002 and a board member of Affin Fund Management Sdn Bhd from January 2004 to November 2005. He joined Kemuncak Facilities Management Sdn Bhd as the Executive Director-Finance and served the company until September 2006. He then joined Izoma Sdn Bhd as Executive Director-Finance from October 2006 till August 2007. He is a board member of Valuecap Sdn Bhd and Director of Prima Ekuiti (UK) Ltd, a subsidiary company of KWAP. He was appointed as the first Chairman of the Institutional Investors Council which was established in 2015 to represent the interest of institutional investors in Malaysia. He is also a member of the Financial Stock Exchange – Environmental, Social & Governance Advisory Committee in London since September 2015.

BOARD OF DIRECTORS' PROFILE (continued)

KOHEI HIRAO

Independent Non-Executive Director

Mr Kohei Hirao, aged 62, a Japanese, was appointed to the Board of the Company as an Independent Non-Executive Director of the Company on 20 January 2016.

He graduated from the faculty of Economics, Kyoto University, Japan.

He is currently the Advisor of Sumitomo Corporation ("Sumitomo"), a position he had held since 2015. He is mainly in charge of worldwide infrastructure businesses, especially in the power business field. He has held numerous positions in Sumitomo since he joined Sumitomo in 1977 up to his present position. He had held positions of Corporate Officer and Executive Officer (General Manager, Power & Social Infrastructure Business Division in charge of worldwide power businesses) at Sumitomo in 2006 and 2008 respectively. In 2010, Mr Hirao was appointed as the Executive Officer (General Manager, Telecommunication, Environment & Industrial Infrastructure Business Division in charge of worldwide infrastructure businesses) before he was appointed in 2011 as the Managing Executive Officer (General Manager, Telecommunication, Environment & Industrial Infrastructure Business Division) at Sumitomo where he was responsible for the worldwide infrastructure businesses.

In 2012, he assumed the position of Managing Executive Officer (General Manager for Asia at Sumitomo where he was responsible for all of Sumitomo's businesses in Asia) and also President & Chief Executive Officer at Sumitomo Corporation Asia Pte. Ltd. In 2013, he was appointed as the President and Chief Executive Officer at Sumitomo Corporation Asia & Oceania Pte. Ltd. where he was responsible for all of Asia & Oceania portfolio of businesses in infrastructure, steel, automobile, chemical, media, food and real estate.

ZALMAN BIN ISMAIL

Alternate to Dato' Wan Kamaruzaman bin Wan Ahmad

Mr Zalman Ismail, 44, a Malaysian, was appointed as the alternate director to Dato' Wan Kamaruzaman Wan Ahmad on 21 May 2013. He was a board member of the Company since 18 March 2013 before he resigned on 21 May 2013 to assume his current position on the Board as the alternate director to Dato' Wan Kamaruzaman Wan Ahmad.

He obtained a Bachelor's degree (Hons) in Business Administration (Finance) from Eastern Michigan University, USA in 1994.

He started his career in 1995 when he joined Rating Agency Malaysia as a credit analyst until 1997. He then worked as a stock broking analyst at Dresdner Kleinwort Benson Research (M) Sdn Bhd from 1997 to 1999. In 1999, he joined a telecommunication engineering company, Twin Worldwide Communication Sdn Bhd as General Manager of Finance & Operations until 2005.

He joined the Sime Darby Group in 2005 and held various positions in the Group including as Head of Value Management and Head of Investor Relations for the Sime Darby group and Head of Business Development for its Healthcare Division prior to leading the Strategy and Business Development Department of Sime Darby Property Berhad until 2011. He has over 19 years work experience and he also spearheaded the valuation and closing team for the mega plantation merger between Sime Darby Berhad, Kumpulan Guthrie Berhad and Golden Hope Plantations Berhad.

He is currently the Director of Alternative Investment Department, Kumpulan Wang Persaraan (Diperbadankan) (KWAP), a position he held since 2011. His responsibilities include maximising long-term returns through investments in private equity, property and infrastructure both local and overseas.

ADDITIONAL INFORMATION IN RELATION TO THE BOARD OF DIRECTORS ("DIRECTORS")

(i) ***Details of any interest in securities***
Save and except for Tan Sri Dato' Seri Syed Anwar Jamalullail, Dato' Sri Che Khalib Mohamad Noh, Datuk Muhamad Noor Hamid, Datuk Ooi Teik Huat, Datuk Idris Abdullah and Datuk Dr. Syed Muhamad Syed Abdul Kadir, none of the other Directors own any shares in the Company.

Directors' interests in the Company are set out in the Shareholdings Statistics on page 265 of this Annual Report.

(ii) ***Family Relationship with Directors and/or Major Shareholders***
None of the Directors of the Company has any family relationship with other Directors and/or major shareholders of the Company.

(iii) ***Conflict of Interest***
None of the Directors of the Company has any conflict of interest with the Company.

(iv) ***Convictions for Offences***
None of the Directors of the Company has any conviction for offences within the past 10 years (other than traffic offences).

(v) ***Attendance at Board Meetings***
The attendance of the Directors (except for Mr. Kohei Hirao who was appointed on 20 January 2016) at its meetings held during the financial year ended 31 December 2015 are set out on page 111 of this Annual Report. Mr. Kohei Hirao had attended two board meetings since the date of his appointment on the Board of Company.

MEMBERS OF MANAGEMENT COMMITTEE

from L to R:

HABIB HUSIN
Acting Chief Executive Officer/Executive Vice President, Operations

SHAHARUL FAREZ HASSAN
Executive Vice President, Corporate

RUSWATI OTHMAN
Chief Financial Officer/Senior Vice President,
Group Finance & Accounts Division

from L to R:

NORDIN KASIM
Senior Vice President, Operation & Maintenance Division

MOHD SHOKRI DAUD
Senior Vice President, Asset Management Division

AZHARI SULAIMAN
Senior Vice President, Group Planning & Strategy Division

AFFAN MOHD NAWI
Senior Vice President, Group Corporate Services Division

ACTING CHIEF EXECUTIVE OFFICER'S PROFILE

HABIB HUSIN

Acting Chief Executive Officer/
Executive Vice President, Operations

Mr Habib Husin, aged 55, was appointed as the Acting Chief Executive Officer of the Company on 1 January 2016. He is also an Executive Vice President, Operations ("EVP, Operations") of the Company.

He obtained his Bachelor in Engineering (Electrical and Electronics) degree from University of Wales, United Kingdom in 1983. He attended and completed Harvard Senior Management Development Programme in Malaysia in August 2004, Harvard Finance Programme in April 2005 and Advanced Management Programme in June 2009 at Wharton Business School, University of Pennsylvania in Philadelphia, USA.

He started his career in September 1983 as an Assistant Instrument Maintenance Engineer at Tuanku Jaafar Power Station for Lembaga Letrik Negara (currently known as TNB). In September 1985, he was transferred to Kapar Power Plant (Phases I and II) and was subsequently promoted to Instrument Maintenance Engineer in 1987. He was awarded an Excellence in Career award in 1987 for exceptional effort and outstanding achievement. In September 1990, he joined Sarawak Shell Berhad as Instrument Reliability Engineer before moving to ICI Paints (Mal) Sdn Bhd as Works Engineer in August 1992. He was also awarded a Silver Award from ICI for exceptional effort and outstanding achievement in 1996.

In July 1998, he joined Malakoff Berhad ("MB") as the Senior Manager, Technical Audit Department. His role was to provide consultancy services on all engineering and management matters pertaining to the operations of the Lumut Power Plant and to conduct technical and safety due diligence from time to time for new projects and proposed acquisitions. He was promoted to Assistant General Manager, Business Organisation and Technical Services in January 2000. In addition to the previous role, his scope of work was to oversee the business reorganisation and strengthening the technical services group to enable the MB group to play an effective role as an international power player.

In September 2001, he was appointed as General Manager Projects in Segari Energy Ventures Sdn Bhd ("SEV"). In July 2004, he was promoted to Chief Operating Officer in SEV. He was made the Senior Vice President, Asset Management Division in April 2006 overseeing all the assets held under the MB group. He was promoted to Chief Operating Officer of the Company in October 2010 to oversee the Operations and Maintenance Division and the Asset Management Division. He was redesignated to his current position as EVP, Operations of the Company on 3 August 2015.

He currently sits on the boards of Tanjung Bin Energy Issuer Berhad, Tanjung Bin O&M Berhad, Malakoff Power Berhad, Port Dickson Power Berhad and several private companies under Malakoff Corporation Berhad Group.

Mr Habib Husin holds 360,000 ordinary shares in the Company. He does not have any family relationship with any Director and/or major shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years, other than traffic offences, if any.

A TURNING POINT

CHAIRMAN'S STATEMENT

Dear Stakeholders,

I am pleased to report that Malakoff Corporation Berhad ("Malakoff" or "the Group") made strong strides forward on several fronts for the financial year ended 31 December 2015 (FY2015). In May 2015, we listed Malakoff on Bursa Malaysia in line with our long-term objective of positioning the Group as Malaysia's leading multinational power and water company.

TAN SRI DATO' SERI
SYED ANWAR JAMALULLAIL
Chairman

CHAIRMAN'S STATEMENT (continued)

I am delighted to say that our RM2.74 billion initial public offering ("IPO") exercise was well received and lauded as the largest Malaysian IPO since 2012, topping the list of Top 10 equity capital market deals for 2015. We also leveraged on our inherent strengths to turn in a sound financial and operational performance as well as deliver on our strategic goals. The fact that all this was achieved amidst challenging operating environments on both the domestic and international fronts, bears testament to the resilience and hard work of our people.

On the domestic front, several of our plants continued to turn in a consistent performance above the Independent Power Producer ("IPP") industry average in terms of energy availability factor and thermal efficiency. At the same time, our overseas plants continued their fine performance according to plan. In FY2015, our Port Dickson Power Plant successfully secured a three-year

extension period for its Power Purchase Agreement ("PPA") which came into effect on 1 March 2016. Progress on the new RM6.7 billion coal-fired Tanjung Bin Energy Power Plant has been smooth and is expected to achieve commercial operation in the March of 2016. This will add another 1,000 MW to our effective domestic power generation capacity of approximately 5,346 megawatts ("MW"), thereby strengthening our position as the largest IPP in Malaysia and Southeast Asia ("SEA").

Our results to date come on the back of solid business fundamentals, a disciplined management approach and the sacrifices of our diligent employees. At the same time, we continue to address a number of operational, structural and cost issues which are helping us establish a better pathway into the future. With all the building blocks in place, Malakoff is now strongly positioned to embark on a new chapter of dynamic and long-term, sustainable growth.

A CHALLENGING OPERATING ENVIRONMENT

In 2015, global economic growth moderated, slowing to 2.4 per cent from 2.6 percent in 2014. Growth in emerging markets and developing economies declined for the fifth consecutive year, while the advanced economies experienced a modest recovery. This took place against a backdrop of post-crisis lows in commodity prices, restrained capital flows and subdued global trade. Global economic progress was influenced by the unrelenting slowdown and rebalancing of economic activity in China, the gradual tightening of monetary policy in the United States amidst resilient domestic economic recovery, as well as the easing of monetary policy by central banks in other major advanced economies. Growth was also adversely impacted by lower prices for energy and other commodities.

The year saw Malaysia's real GDP dropping to an estimated 4.7 percent in 2015 from 6.0 percent in 2014. Being a major producer and exporter of crude oil, natural gas, and palm oil, Malaysia's economy was impacted by the plunge in demand and prices for hydrocarbons and other commodities. The nation's economic growth was also affected by the slowdown in China, a leading trade partner, plus subdued expansion of household spending as consumers cautiously reacted to new income and price realities amidst economic uncertainty.

SOUND FINANCIAL PERFORMANCE

I am pleased to report that amidst this challenging backdrop, the Group's Profit After Tax and Minority Interest ("PATMI") rose 32.7 percent to RM453.2 million in FY2015 from RM341.6 million in FY2014. This strong performance was mainly due to the higher contribution from Tanjung Bin Power, lower finance costs and higher interest income which was offset by share of losses from associate companies.

The Group's revenue, however, fell 5.2 percent to RM5,302.0 million, from RM5,594.5 million in the preceding year. The lower results was mainly attributable to lower capacity factors registered by our coal fired and certain gas fired power plants, scheduled outages taken by certain power plants as part of their maintenance cycles, as well as lower distillate firing.

Total assets have been steadily rising over the years and as at the end of FY2015 stood at RM30.4 billion, mainly due to the construction and development of the new Tanjung Bin Energy Power Plant. The Group has strong cash-generating ability due to the dependable cash flows from its IPPs. According to Rating Agency Malaysia ("RAM"), Malakoff has a credit rating of at least AA3/AA at various levels in our group of companies.

KEY CORPORATE DEVELOPMENTS IN FY2015

The year saw us embarking on various initiatives to strengthen our position as the largest IPP in Malaysia and SEA.

On 15 May 2015, Malakoff was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Hailed as the largest Malaysian IPO in three years (since 2012), it topped the list of top 10 equity capital market deals for the year amounting to RM15.3 billion. Malakoff's IPO entailed a total of 1.52 billion shares, with 84 percent for institutional investors and the rest for retail investors. We raised over RM2.7 billion in IPO proceeds, of which RM2.3 billion was raised from shares offered to institutional investors through the book building exercise, the offering to investors approved by the Ministry of International Trade and Industry, as well as our 12 cornerstone investors.

CHAIRMAN'S STATEMENT (continued)

The institutional book building tranche was 13 times oversubscribed while the offering to the Malaysian public was oversubscribed by 1.24 times. The IPO proceeds have been used to redeem the Unrated Junior Sukuk Musharakah reducing our gearing and strengthening our capital structure thereby allowing the Group to benefit from greater financial flexibility. We are now in a position to optimise our capital structure to capitalise on emerging growth opportunities.

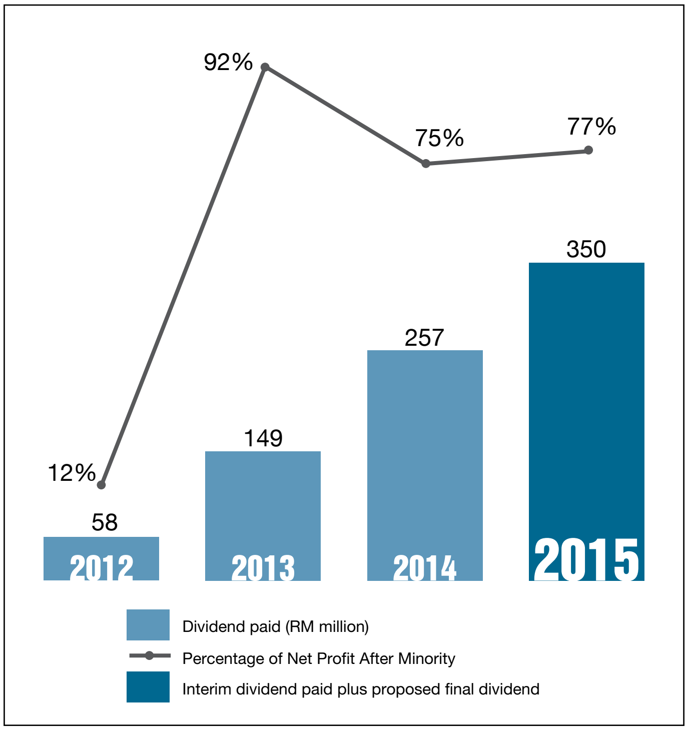
In December 2015, Malakoff's indirect wholly-owned subsidiary Port Dickson Power Berhad ("PD Power") secured a three-year extension to sell electricity to state-backed Tenaga Nasional Berhad ("TNB"). The extension was subject to several conditions including negotiating a new contract with TNB and PETRONAS, Malaysia's national petroleum company, on a new gas supply agreement. The terms were successfully met by PD Power. The extension which came into effect on 1 March 2016 and lasts until 28 February 2019, is expected to contribute positively to the earnings and net assets of the company going forward. The short-term extension of the PPA relating to PD Power's 436 MW gas-fired power plant in Port Dickson is intended to meet power demand until newer power plants enter the national grid.

SHAREHOLDER VALUE CREATION

In FY2015, the Group's basic earnings per share ("EPS") grew 4.9 percent to 10.00 sen in comparison to EPS of 9.53 sen in FY2014. Meanwhile, the Group achieved Return on Equity ("ROE") of 7.81 percent during the same period. Malakoff continues to maintain a healthy balance sheet and a comfortable net gearing of 2.3 times to sustain existing operations.

As part of a new dividend policy effective 1 January 2015, the Company will target a dividend payout ratio of not less than 70.0 percent of its consolidated profit attributable to the owners of our Company. This policy will enable shareholders to participate in the Company's profits, whilst retaining adequate reserves for working capital requirements.

In view of FY2015's sound performance and after considering the Group's funding requirements, the Board of Directors is pleased to recommend a single tier final dividend of 2.0 sen per ordinary share of RM0.10 each subject to shareholders' approval at the coming annual general meeting on 21 April 2016. Together with the first and second interim dividends totalling 5.0 sen per ordinary share of RM0.10 paid out in July and December respectively, the total dividend for FY2015 will amount to 7.0 sen per ordinary share of RM0.10 each.



As part of our efforts to create value for our shareholders, your Board remains committed to upholding the highest standards of corporate governance and risk management practices throughout the Group. We strive to continuously improve the effective application of the principles and best practices as laid down by the Malaysian Code on Corporate Governance, the Corporate Governance Guide as well as the Main Market Listing Requirement issued by Bursa Securities.

In FY2015, the Board set its sights on enhancing existing controls. As a result, the Group's Corporate Disclosure Policy, related party transactions ("RPT") and recurrent RPT policies and procedures, plus a Group Code of Conduct, were established. The Board also implemented a policy to include another Independent Director on the Board thereby bringing the total number of Independent Directors to five or 50.0 percent of the composition of the Board. This will provide further balance to the Board's decision making process.

As part of the Board's endeavours to develop a robust risk management framework, the year saw us formalising a Risk Management Department to ensure the thorough rollout of risk management activities and initiatives throughout the Group. Today, a Board Risk Committee provides effective oversight of the Group's risk appetite, functions and processes and is supported by the Management Risk Committee. In FY2015, a comprehensive Business Continuity Management ("BCM") programme including a BCM Policy and Framework were established for the Group's headquarters in Kuala Lumpur. We will continue to enhance the Group's governance and risk management practices. Further details of Malakoff's governance and risk management policies can be found in the relevant sections of this Annual Report.

Malakoff also remains committed to delivering intangible value to our shareholders. Over the course of FY2015, we garnered several awards and accolades for our commitment to excellence on several fronts. We were hailed as one of Malaysia's Top 30 Green Catalysts for 2014 for our significant environmental, economic and social impact in expanding the country's green technology sector. We also received the Competitive Glocal Employer Award 2015 from social security organisation PERKESO and the Ministry of Human Resource at the National Labour Day 2015 celebrations. This is apt recognition that Malakoff's Human Resource programmes are bearing fruit. For the second consecutive year, our Port Dickson Power Plant received the National Occupational Safety and Health Excellence Award from the Department of Occupational Safety and Health under the Ministry of Human Resources, underscoring our commitment to upholding stringent safety and health practices.

MOVING FORWARD

As Malakoff moves forward on its journey to success, there are several elements that we will continue to leverage on to strengthen with Malakoff as an attractive investor proposition.

Today Malakoff is the largest IPP in Malaysia and SEA in terms of effective generation capacity. The six IPPs owned by our subsidiaries and an associate have a total effective power generation capacity of 5,346 MW, giving us a commanding 24.7 percent market share of the total installed capacity in Peninsular Malaysia. Moving forward, we aim to expand our effective power generation to 10,000 MW and our effective water production capacity by approximately 50.0 percent by 2020. With the 1,000 MW Tanjung Bin Energy Power Plant expected to come online soon, we are making good strides forward in the right direction.

As we grow our power generation and international independent water production portfolio as well as extend our international footprint, we are making the move from being a domestic player into a leading multinational power generator and water producer. Today, we have diversified our geographic presence from wholly within Malaysia to having operations in the Kingdom of Saudi Arabia, Algeria, Bahrain, Oman and Australia. Internationally the Group has a total effective capacity of 690 MW and 358,850 m^3 per day in terms of effective power generation and water production capacity.

CHAIRMAN'S STATEMENT (continued)

Approximately 96.2 percent of the Group's revenue is generated by the power generation business, from which it receives capacity as well as energy payments from TNB. Malakoff has the longest remaining PPA life-span amongst Malaysian IPPs plus a high level of contracted revenue of 91.2 percent. This bodes well for our long-term sustainable growth ambitions.

Our business model is designed to ensure sustainable growth well into the future. Over the past few years, we have made a conscious decision to move away from an overwhelming dependence on natural gas in our power plants to achieving a more balanced fuel mix that includes coal, multi-fuels and oil. Even as we have expanded our international footprint, we have also taken the opportunity to diversify our earnings base by venturing into new but related areas of business such as wind energy, water production, electricity and chilled water distribution, as well as operation and maintenance ("O&M") services including power plant training.

Over the years, Malaysia has gradually shifted its energy mix for power generation to reduce over-reliance on just one source. Coal is expected to increase its contribution to the nation's energy mix to 46.0 percent by the year 2020. Our Tanjung Bin Power Plant is one of the largest privately owned coal-fired power plants in SEA accounting for around 29.3 percent of Peninsular Malaysia's total installed coal-fired generation capacity. Once the Tanjung Bin Energy Power Plant comes online and is added onto the entire Tanjung Bin power complex portfolio, our share will increase to around 38.0 percent.

A focus on operational excellence has ensured that our plants are managed and maintained efficiently and cost-effectively to meet world-class standards. This has enabled some of our plants to achieve higher than industry averages, which is matched by a commendable performance in the key areas of Health, Safety and the Environment ("HSE") as well as overall plant performance.

Our standing in the industry has enabled us to forge mutually beneficial relationships that include high-quality counter-parties in the business, suppliers and an international network of vendors and strategic partners. These relationships have done much to strengthen our business.

Moving forward, we are confident that the Group's performance in FY2016 will strengthen as we expect the coal fired and gas fired power plants to continue to perform well. At the same time, the Group's finance costs will be lower with the redemption of the Unrated Junior Sukuk Musharakah from our IPO proceeds. With the new Tanjung Bin Energy Power Plant expected to commence commercial operations soon, we are confident of delivering a stronger performance in the near-term. As we venture forth, we are determined to maintain a steadfast focus on our core competencies. We will also set our sights on improving efficiency and profitability through prudent financial management and cost control initiatives, as well as work to enhance our people's skills and expertise. All these will help us unlock the full potential of Malakoff's businesses.

In addressing the current absence of a CEO for the company, we would like to assure our shareholders that we are confident that the current management team led by a very experienced Habib Husin as the Acting CEO is fully able to execute the various strategic initiatives that have been laid out for 2016 and beyond. Nevertheless, the search for the new CEO is well underway and we would like to record our commitment towards announcing the replacement very soon.

ACKNOWLEDGEMENTS

Malakoff's success thus far can be attributed to many parties. On behalf of the Board of Directors of Malakoff Corporation Berhad, I wish to convey my sincere appreciation to all our shareholders and customers for your steadfast support and confidence in the Group. My heartfelt gratitude to our bankers and financiers, partners, business associates, suppliers, various government bodies, regulators, Bursa Securities as well as the members of the media for your kind support and cooperation as well as continued commitment to Malakoff.

I would especially like to thank Malakoff's dedicated management team and our employees throughout the world for their fine work and the spirit of excellence they continue to exhibit. We are indeed grateful for your tireless efforts and sacrifices. My deep gratitude to my fellow Board members for their wise counsel and astute insights that helped steer Malakoff through our listing exercise and the challenges of our business landscape.

At this time, I would like to bid farewell to Mr. Craig Robert Martin and Mr. Kanad Singh Virk who stepped down as Non-Independent and Non-Executive Directors effective October and November 2015 respectively. We thank these gentlemen for their contributions and wish them every success in their new endeavours.

I also wish to pay tribute to Dato' Sri Syed Faisal Albar, our former CEO, who resigned effective 31 December 2015 to pursue other career opportunities. During his tenure with us, he helped take Malakoff from strength to strength and was responsible for our successful IPO. His leadership qualities were inspiring and did much to produce a unified, talented and disciplined workforce. The Board and I thank him for his worthy contributions, bid him adieu and wish him good success in his future undertakings. As Malakoff looks for an appropriate replacement CEO, let me reassure you that our day-to-day operations will remain unaffected while the implementation of our key strategies remains steadfast as our management team has extensive experience in this area.

Please join me in extending a warm welcome to Mr. Kohei Hirao, who was appointed to the Board as an Independent Non-Executive Director in January 2016. Currently the Advisor of Sumitomo Corporation, Mr. Kohei Hirao brings to the table extensive experience from overseeing the running of Sumito's worldwide infrastructure businesses, especially its power business. We look forward to Mr. Kohei Hirao's contributions.

As Malakoff embraces a new financial year and begins a new chapter in our corporate annals, I trust all our stakeholders will continue to give us their unstinting support as we set our sights on expanding our horizons and pursuing new opportunities of growth.

Thank you.

TAN SRI DATO' SERI
SYED ANWAR JAMALULLAIL
Chairman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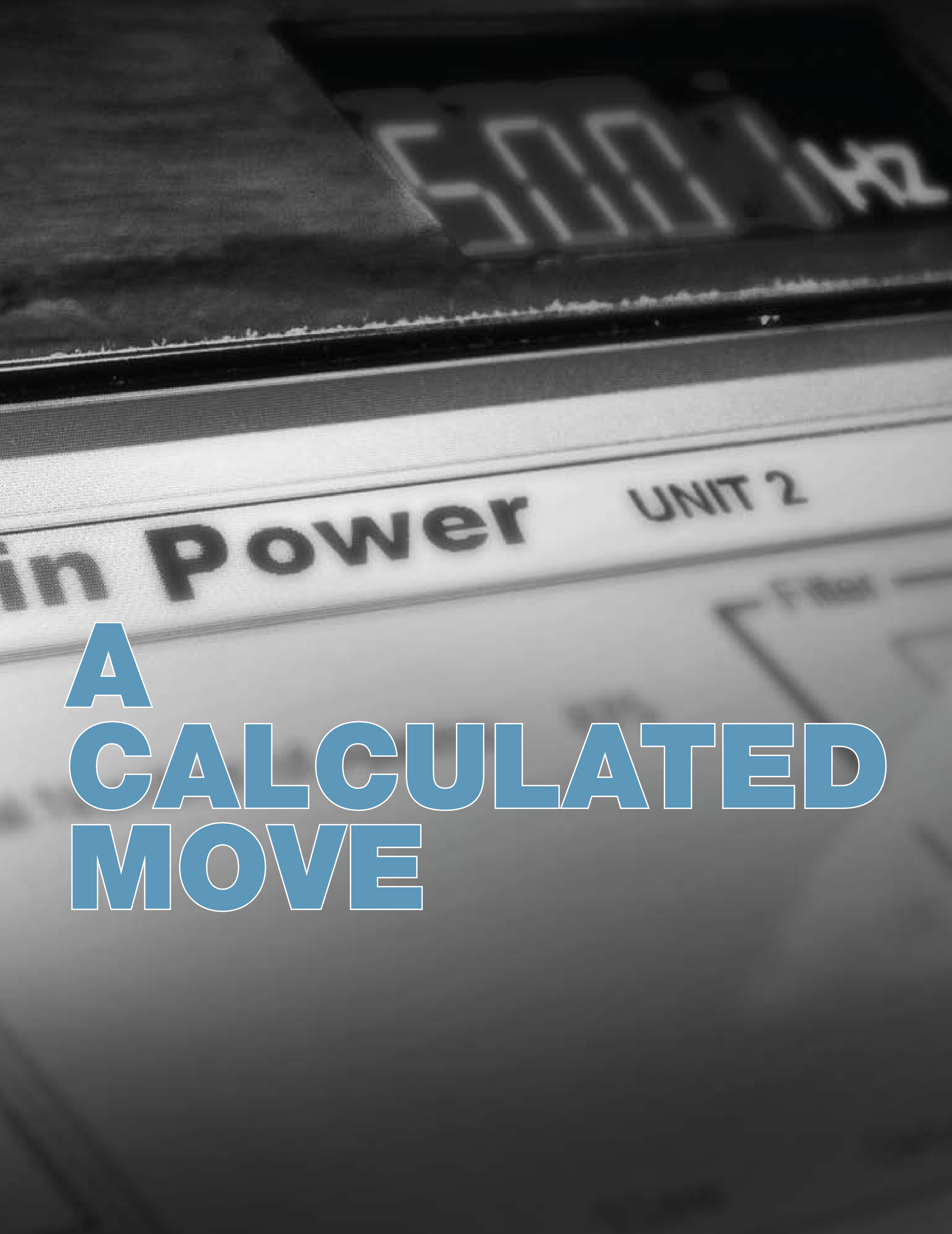
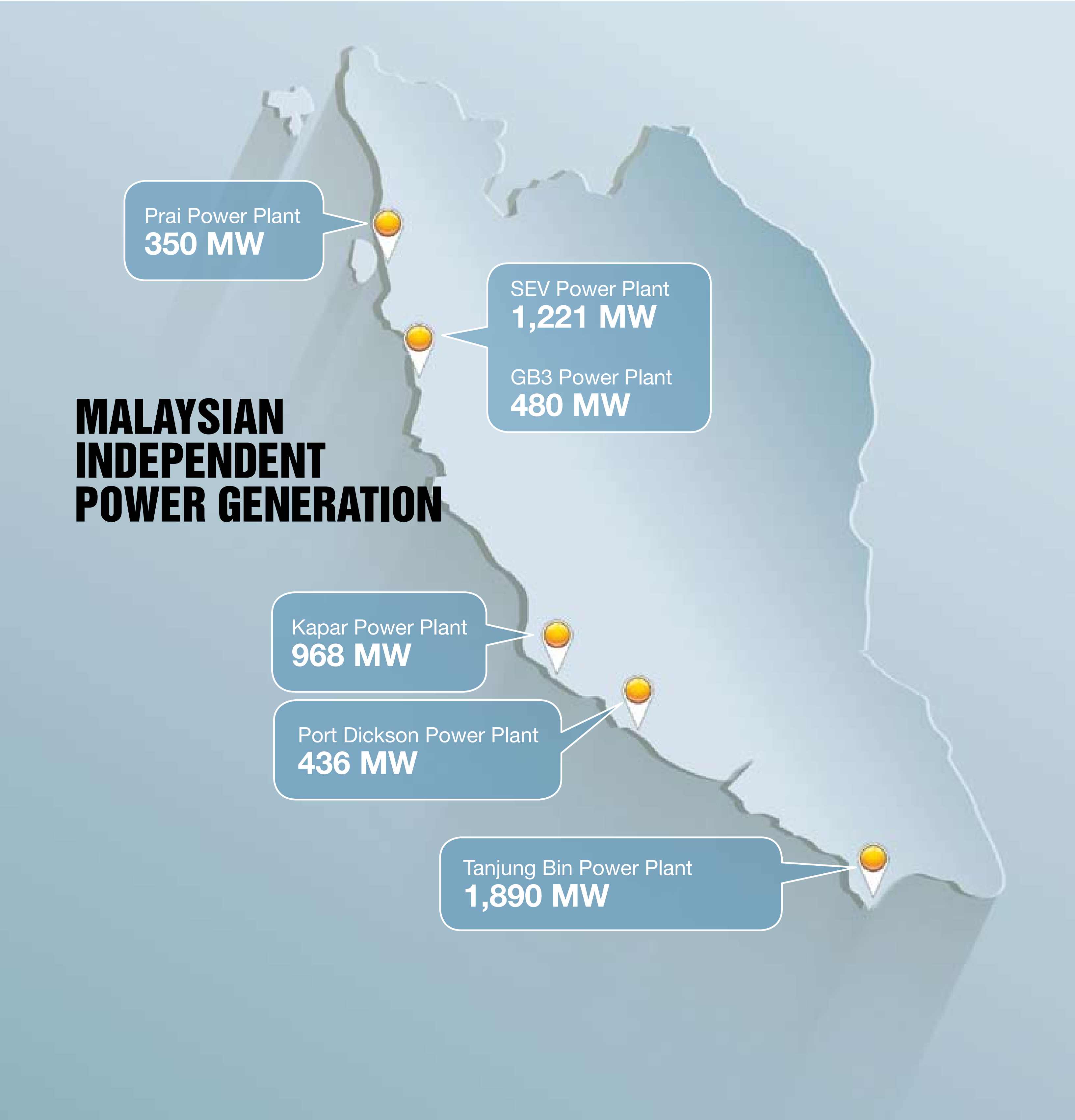
Tanjung
Login

A CALCULATED MOVE

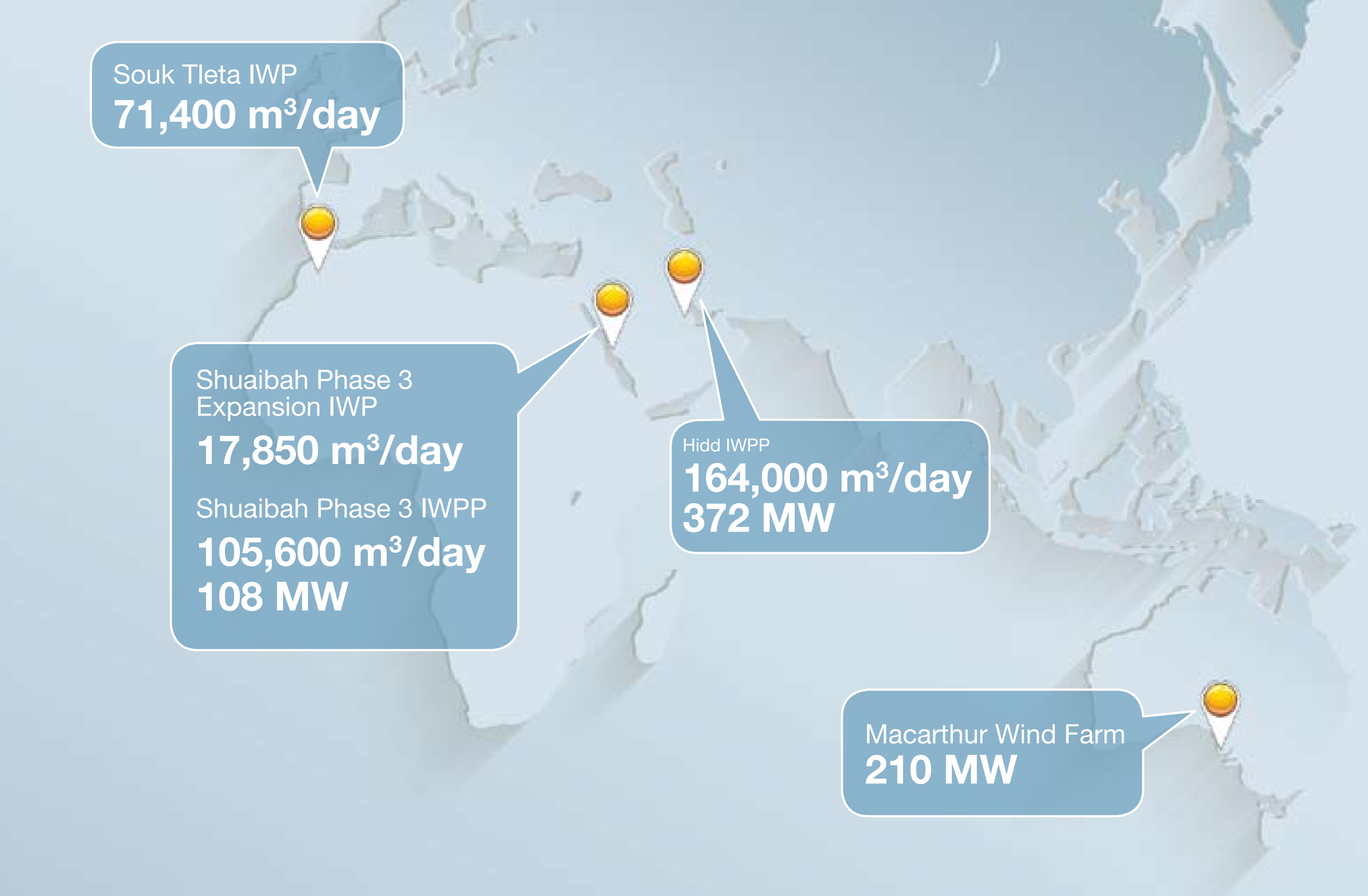


DOMESTIC AND INTERNATIONAL FOOTPRINT as at 31 December 2015

MALAYSIAN INDEPENDENT POWER GENERATION



INTERNATIONAL INDEPENDENT WATER PRODUCTION & POWER GENERATION



TOTAL EFFECTIVE POWER GENERATING CAPACITY

Malaysia
5,346 MW

International
690 MW

TOTAL EFFECTIVE WATER PRODUCTION CAPACITY

358,850 m³/day

PERFORMANCE REVIEW

The financial year 2015 ("FY2015") was a rewarding one for the Malakoff Group. In spite of the challenging operating environments on both the home and international fronts, we made good strides forward to deliver robust operational performance.

We continued to leverage on our inherent strengths to reinforce Malakoff's position as the largest Independent Power Producer ("IPP") in Malaysia while exploring emerging marketplace opportunities and delivering on our strategic goals. Our good earnings base, robust business model as well as wealth of expertise, backed by an experienced workforce and our solid record of accomplishment, all helped bolster our competitiveness in the year under review.

TODAY, MALAKOFF HAS IN PLACE A GOOD EARNINGS BASE, A ROBUST BUSINESS MODEL AS WELL AS WEALTH OF EXPERTISE, BACKED BY AN EXPERIENCED WORKFORCE AND OUR SOLID RECORD OF ACCOMPLISHMENT

PERFORMANCE REVIEW (continued)

Asset Performance

DOMESTIC POWER GENERATION

Malakoff remains the largest IPP in Malaysia and Southeast Asia ("SEA"). With an effective domestic power generation capacity of approximately 5,346 megawatts ("MW"), we command a respectable 24.7 percent market share of the total installed capacity in Peninsular Malaysia. Our domestic power generation assets comprise three combined cycle gas turbine ("CCGT") power plants, an open cycle gas turbine ("OCGT") power plant, and one coal-fired thermal plant.

The Tanjung Bin Power Plant, one of the largest privately owned coal-fired plants in SEA based on generation capacity, accounts for approximately 29.3 percent of Peninsular Malaysia's total installed coal-fired generation capacity. Via one of our associates, we also have a substantial stake in one power plant with multi-fuel generation facilities.

Malakoff sells all power generated by the abovementioned six domestic plants to Tenaga Nasional Berhad ("TNB") under long-term Power Purchase Agreements ("PPAs"). These plants are all compliant with MS ISO 9001 Quality Management System, OHSAS 18001, MS 1722 Occupational Safety and Health Management System as well as ISO 14001 Environmental Management System and ISO 27001 Information Security Management System standards.

SUBSIDIARY-OWNED POWER PLANTS

Tanjung Bin Power Plant

Malakoff has a stake in the Tanjung Bin Power Plant through our 90.0 percent subsidiary, Tanjung Bin Power Sdn Bhd. The 2,100 MW power plant is the first private coal-fired power plant in Malaysia and one of the biggest independent coal-fired power plants in SEA based on generation capacity. It consumes various types of bituminous and sub-bituminous coal imported from Australia, Indonesia, Russia and South Africa. The plant continues to play a vital role as an anchor plant supplying power to the national grid.

In terms of electricity generation, the Tanjung Bin Power Plant supplied approximately 14,157 GWh of electricity generation to the national grid in FY2015, at an average capacity factor of 76.9 percent. While the plant registered an equivalent availability factor of 77.8 percent, a decline from the previous year due to several planned outages for the purpose of maintenance repairs and inspection, this did not have any significant commercial impact on Malakoff's overall financial performance.

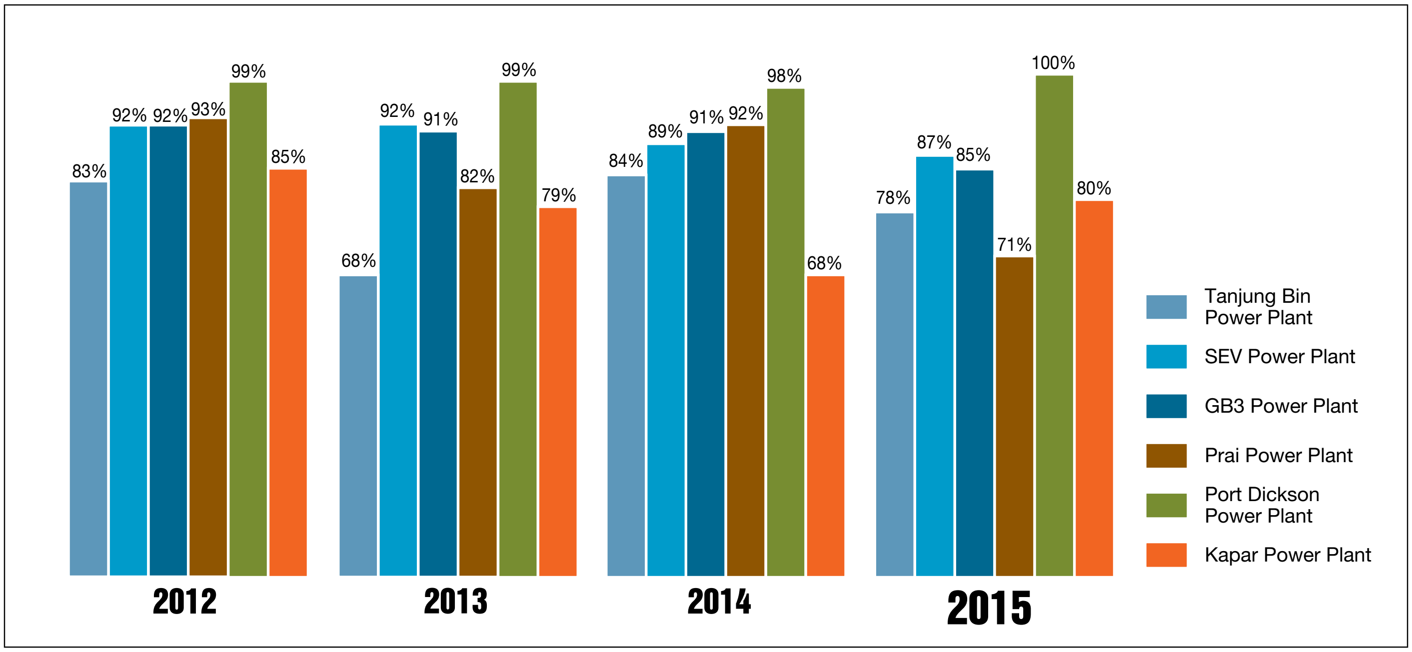
OVERVIEW OF MALAKOFF'S DOMESTIC AND INTERNATIONAL POWER ASSETS

AS AT 31 DECEMBER 2015

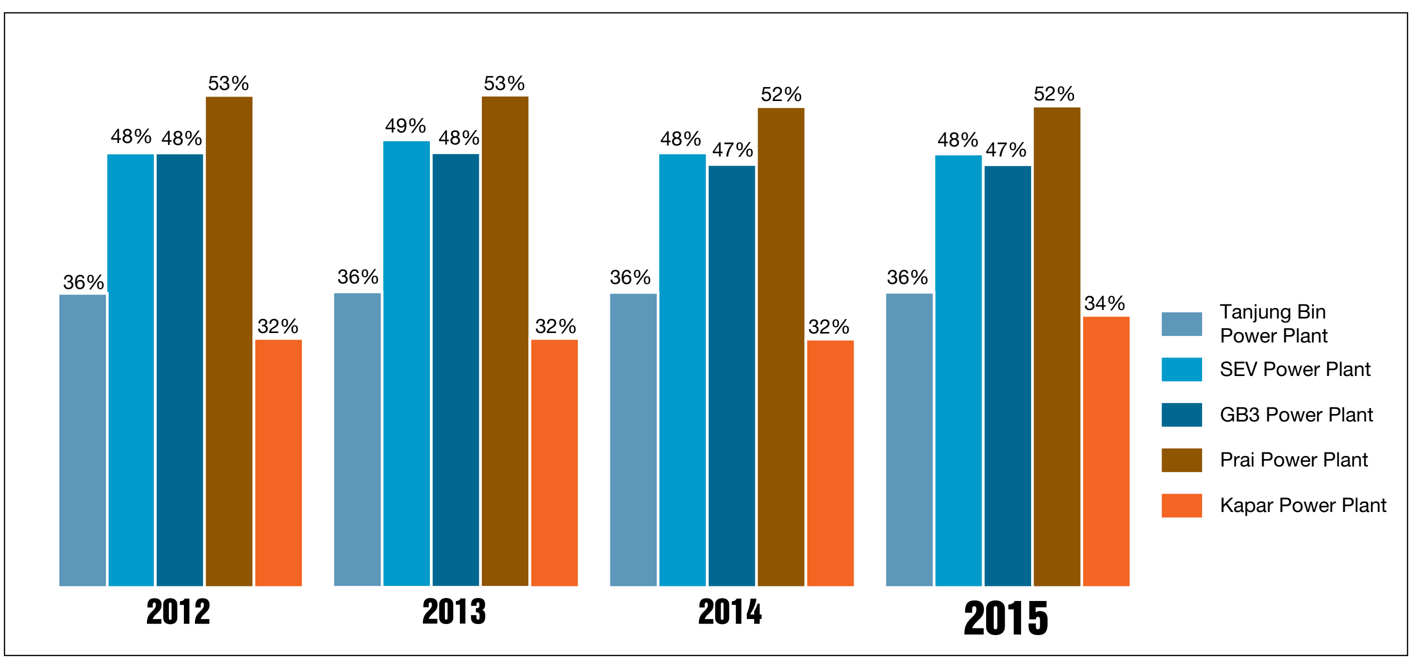
Plant Name	Location	Plant Type	PPA Expiration	Generating Capacity	Effective Equity Participation	Effective Capacity
SEV Power Plant	Malaysia	CCGT	2027	1,303.0 MW	93.75%	1,221.6 MW
GB3 Power Plant	Malaysia	CCGT	2022	640.0 MW	75.0%	480.0 MW
Prai Power Plant	Malaysia	CCGT	2024	350.0 MW	100.0%	350.0 MW
Tanjung Bin Power Plant	Malaysia	Coal	2031	2,100.0 MW	90.0%	1,890.0 MW
Port Dickson Power Plant	Malaysia	OCGT	2019	436.4 MW	100.0%	436.4 MW
Kapar Power Plant	Malaysia	Multi-Fuel	2019/29	2,420.0 MW	40.0%	968.0 MW
Shuaibah Phase 3 Expansion IWP	Kingdom of Saudi Arabia	Water	2029	150,000 m^3/day	11.9%	17,850 m^3/day
Shuaibah Phase 3 IWPP	Kingdom of Saudi Arabia	Water/Oil	2030	880,000 m^3/day 900.0 MW	12.0%	105,600 m^3 day 108.0 MW
Souk Tleta IWP	Algeria	Water	2036	200,000 m^3/day	35.7%	71,400 m^3/day
Hidd IWPP	Bahrain	Water/Natural Gas/Distillate Oil	2027	410,000 m^3/day 929.0 MW	40.0%	164,000 m^3 day 372.0 MW
Macarthur Wind Farm	Australia	Wind	2038	420.0 MW	50.0%	210.0 MW
Total Effective Power Generation Capacity						**6,036.0 MW**
Total Effective Water Production Capacity						**358,850m^3/day**

CCGT: Combined Cycle Gas Turbine
OCGT: Open Cycle Gas Turbine

EQUIVALENT AVAILABILITY FACTOR



THERMAL EFFICIENCY



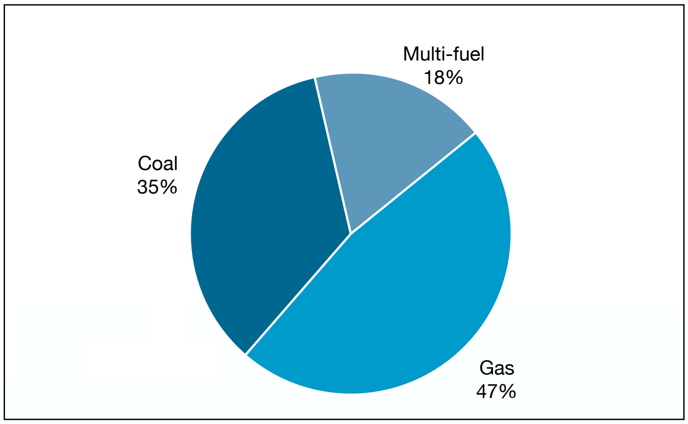
PERFORMANCE REVIEW (continued)

In FY2015, the plant recorded an unplanned outage rate ("UOR") of 2.39 percent, far below the threshold under the PPA with TNB. To sustain the reliability of the plant, to meet greater energy demand from coal-fired power plants nationwide, as well as to cope with the complexities of utilising various coal types from Australia, Indonesia, Russia and South Africa, major engineering improvements were performed on each of the three generating units of the plant over the course of FY2015 and were fully completed in February 2016. The works encompassed a wide range of activities mainly involving boiler major modification works and steam turbine overhaul. With these extensive enhancements, the plant's three generating units are expected to operate in an optimal manner while ensuring we derive maximum revenue.

The extensive enhancement activities involved an accumulated total of 210 days of major planned outage. By July and October 2015 respectively, two generating units had successfully completed their major planned outages ahead of schedule and without any Lost Time Injury ("LTI"). By February 2016, the major planned outage for the last generating unit was completed on schedule and within the required safety parameters.

Going forward, several major improvement projects in relation to coal handling activities will be implemented in phases to further improve efficiency and ensure the continuous supply of coal to the Tanjung Bin Power Plant and the adjacent Tanjung Bin Energy Power Plant.

EFFECTIVE CAPACITY BY FUEL TYPE



Tanjung Bin Energy Power Plant

To capitalise on the increasing role of coal-fired power generation in Malaysia, Malakoff is currently constructing a new RM6.7 billion 1,000 MW coal-fired power plant adjacent to the existing Tanjung Bin Power Plant. The plant is projected to achieve its commercial operation date ("COD") in March 2016. Towards the end of January 2016, the new Tanjung Bin Energy Power Plant had achieved some 99.6 percent of its completion target.

Total electricity sold (TWh)	2012	2013	2014	2015
Tanjung Bin Power Plant	14.6	11.8	15.3	14.2
SEV Power Plant	3.1	8.0	8.0	7.8
GB3 Power Plant	3.3	2.0	1.9	2.5
Prai Power Plant	2.3	2.0	2.1	1.6
Kapar Power Plant	11.8	12.8	10.7	10.9
Port Dickson Power Plant	0.1	0.6	0.6	0.5

Several project milestones were successfully achieved over course of the year. These included the unloading of the first coal, full steam blowing of the boiler pipelines, the running of the turbine at a full speed at 3,000 rpm, and the first firing of the boiler using coal. Other major milestones included the completion of construction and dry commissioning of the reclaim conveyor lines to the boiler, as well as the completion of first turbine-steam-to-set milestone.

On 15 October 2015, the plant successfully achieved its initial operation date ("IOD") through its first synchronisation of the plant to the national power grid. Subsequently, on 8 December 2015, the plant reached its first 1,000 MW nameplate capacity. As the project progresses towards its COD, the remaining mechanical and electrical erection works are being completed at an accelerated pace. Ongoing commissioning and plant tuning works are progressing nicely and several grid code compliance tests have been successfully completed.

SEV Power Plant

Through Malakoff's 93.75 percent-owned subsidiary, Segari Energy Ventures Sdn Bhd ("SEV"), we have a stake in the 1,303 MW SEV Power Plant. Now in its 20th year of operation, this plant is the largest CCGT power plant owned by an IPP in Malaysia. In 2013, SEV was awarded a 10-year extension of the PPA that will see it continuing to sell electricity to TNB until June 2027.

The SEV Power Plant continues to maintain an optimal performance level in terms of availability, reliability and efficiency. In the year under review, it achieved an average capacity factor of approximately 68.70 percent and delivered approximately 7,842 gigawatt-hours ("GWh") of electricity to the national grid. The plant also registered an availability factor of 86.78 percent, thereby exceeding the threshold under the PPA with TNB. In meeting all the required performance criteria, the plant received full capacity payments for FY2015.

GB3 Power Plant

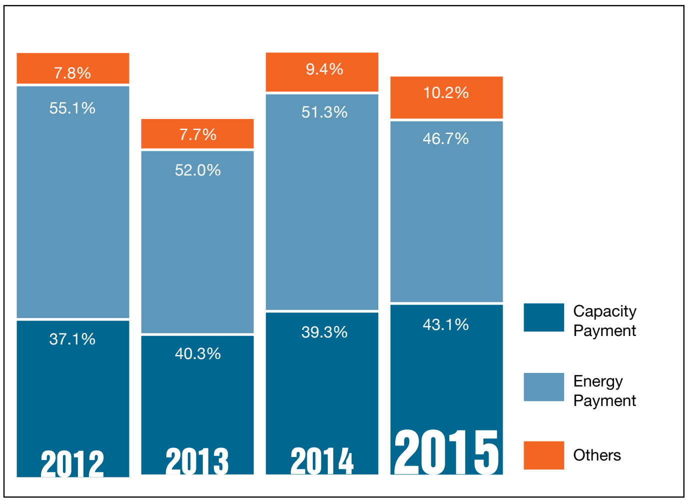
Malakoff has a substantial stake in the GB3 Power Plant through 75.0 percent-owned subsidiary, GB3 Sdn Bhd. Located adjacent to the SEV Power Plant, GB3 Power Plant is a CCGT power plant. In its 14th year of operation, the plant delivered a total of 2,542 GWh of electricity to the national grid, achieving an average capacity factor of approximately 45.3 percent for FY2015. However, the plant recorded a lower equivalent availability factor of 85.22 percent, a slight decline from the previous year due to several planned outages.

The SEV and GB3 power plants, collectively known as the Lumut Power Plant, continued to demonstrate their proven reliability despatching power as demanded. Aside from the successful recertification of its various general management systems, the Lumut Power Plant also successfully had its ISO/IEC 27001 Information Security Management System re-certified in October 2015 thereby attesting to the integrity of its information security measures.

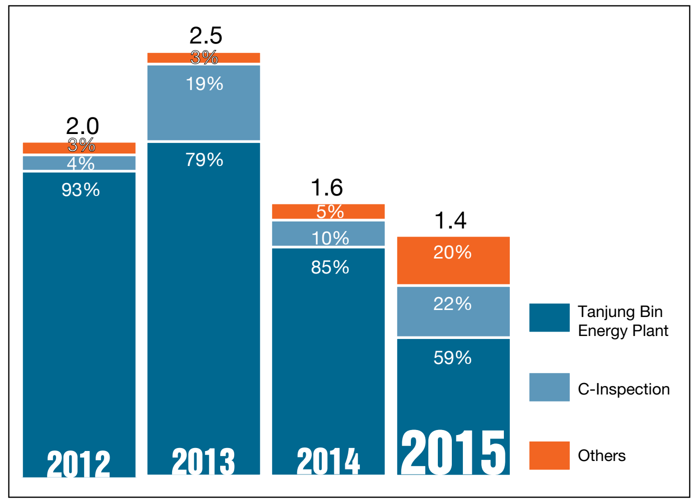
To ensure the plant's capabilities and reliability continued at an optimal level, several plant improvement projects were implemented. These included compressor upgrades, HEPA filter upgrades, human machine interface upgrades, base load adjustments, exhaust gas casing replacements and generator protection system upgrades. To meet the plant's high reliability and availability targets, several major maintenance activities and inspections were conducted, while several more inspection activities are scheduled for FY2016.

PERFORMANCE REVIEW (continued)

REVENUE CONTRIBUTION



CAPITAL EXPENDITURE (RM BILLION)



Prai Power Plant

Through the Group's wholly-owned subsidiary Prai Power Sdn Bhd, Malakoff owns Prai Power Plant. This CCGT plant features one gas turbine, one heat recovery steam generator and one steam turbine with a unique single shaft configuration that provides reliable, efficient and low emission power supply to the national grid. With a dependable capacity of 350 MW, this plant is one of the most efficient natural gas-fuelled power plants in Malaysia. For the year in review, it recorded a net efficiency of 51.8 percent.

In operation since 2003, the Prai Power Plant delivered a total of 1,589 GWh of electricity to the national grid in FY2015. It also recorded an average capacity factor of 51.84 percent while registering an equivalent availability factor of 70.76 percent in tandem with the increased number of planned outage days.

Over the course of the year, annual scheduled maintenance activities were carried out on critical components of the plant, including the gas turbine and heat recovery steam generator to ensure the plant's reliability and efficiency. FY2015 also marked the 12th year of the Prai Power Plant's commercial operations without LTI with a total of 3.7 million man-hours recorded.

Port Dickson Power Plant

The Group's Port Dickson Power Plant is a 436.4 MW OCGT power plant that supplies electricity to the national grid for peaking and emergency requirements. Following the acquisition in May 2014 of the remaining 75.0 percent equity interest in the facility via our wholly-owned subsidiary, Hypergantic Sdn Bhd, Malakoff now has a 100.0 percent stake in the plant.

Over the past 21 years, the Port Dickson Power Plant has repeatedly set exemplary performance standards. Its many stellar achievements include registering an exceptionally high availability factor of over 99.0 percent, a forced outage rate of less than 0.1 percent, and commercial starting reliability of close to 100.0 percent.

On 14 December 2015, the Port Dickson Power Plant received a conditional letter of award for a three-year extension period effective 1 March 2016 following the expiry of the existing PPA on 21 January 2016. On 12 February 2016, a new PPA was executed, marking the extension for the Port Dickson Power Plant.

ASSOCIATE-OWNED POWER PLANT

Kapar Power Plant

Malakoff has a 40.0 percent stake in the Kapar Power Plant via Kapar Energy Ventures ("KEV"). Also known as the Sultan Salahuddin Abdul Aziz Power Plant, the plant is contributing 15.0 percent of the country's energy demand. Today, the Kapar Power Plant boasts a total generating capacity of 2,420 MW comprising the following facilities utilising multi-fuel sources:

Generating Facility 1 (GF1):
2x300 MW Dual-Fuel Firing (gas and oil)

Generating Facility 2 (GF2):
2x300 MW Triple-Fuel Firing (coal, gas and oil)

Generating Facility 3 (GF3):
2x500 MW Dual-Fuel Firing (coal and gas)

Generating Facility 4 (GF4):
2x110 MW Open Cycle Gas Turbine

The Kapar Power Plant has also been equipped with an ESP designed to meet the regulatory particulate emission limits imposed by the Department of Environment ("DOE"). The plant has also been certified as meeting ISO 14001 environmental certification standards. Moreover, its 300-hectare ash pond area has become a safe haven for more than 60 species of migratory birds plying the East Asian-Australian Flyway during the annual migratory season. In FY2015, the plant recorded an availability factor of 79.9 percent, with a total electricity sold of 10,936.9 GWh.

INTERNATIONAL ASSETS

Macarthur Wind Farm (Australia)

In 2013, the Group ventured into the renewable energy ("RE") market and the Australian continent via its acquisition of a 50.0 percent interest in the Macarthur Wind Farm. Located in the state of Victoria, this wind farm is the largest in the Southern Hemisphere.

Completed in January 2013, the state-of-the-art Macarthur Wind Farm features 140 Vestas V112 – 3.0 MW wind turbines that provide a total capacity of 420 MW, sufficient to power more than 220,000 average sized homes in Victoria and reduce 1.5 million tonnes of greenhouse gases each year. This is in line with the Australian Government's RE target whereby 23.5 percent of Australia's electricity is to be derived from renewable resources by 2020.

For FY2015, the plant recorded an equivalent availability factor of 98.7 percent, an improvement over the previous year.

Shuaibah Phase 3 Independent Water and Power Project (Saudi Arabia)

In the gulf region, Malakoff has a 12.0 percent effective stake in the Shuaibah Phase 3 Independent Water and Power Project ("IWPP"), which is located near Jeddah in the Kingdom of Saudi Arabia. This IWPP is the Group's first overseas venture and comprises a 3x300 MW crude oil-fired power plant and an 880,000 m^3/day multi-stage flash distillation unit for the desalination of seawater. The project is a build, own and operate ("BOO") project under a 20-year Power and Water Purchase Agreement ("PWPA") with the Water and Electricity Company of Saudi Arabia.

Into its sixth year of operation in FY2015, the plant underwent two scheduled planned outages in relation to the Steam Turbine Major Inspection to maintain plant reliability. For the year in review, it recorded an availability factor of 85.1 percent and 85.2 percent for power generation and water production respectively.

Shuaibah Phase 3 Expansion Independent Water Project (Saudi Arabia)

Malakoff has expanded its market share in the water production business through an 11.9 percent equity stake in the Shuaibah Expansion Project Company Ltd. The Shuaibah Phase 3 Expansion Independent Water Project has a capacity of 150,000 m^3/day and utilises reverse osmosis technology to desalinate seawater. From the onset of its commissioning in 2009, the plant has continued to perform well. In FY2015, it recorded an availability factor of 97.8 percent.

Souk Tleta Independent Water Project (Algeria)

The Group's maiden foray into the North African region came via an effective 35.7 percent stake in the Souk Tleta Independent Water Project. The 200,000 m^3/day plant, which is located in the Wilaya of Tlemcen in Algeria, uses reverse osmosis technology to desalinate seawater. Since the plant achieved its COD in April 2011, Malakoff has continued to invest significant resources and technical expertise in the plant to ensure it performs at an optimal level.

Al Hidd Power Generation and Water Desalination Plant (Bahrain)

Malakoff to date has a 40.0 percent stake in the Al Hidd Independent Water and Power Plant in Bahrain, making it one of the Group's largest overseas investment to date. Comprising three phases including a gas-fuelled CCGT phase, the plant has a total power generation capacity of 929 MW and water production capacity of 410,000 m^3/day. Utilising the multi-stage flash and multi-effect distillation process, the plant continues to perform steadily. In FY2015, it achieved an availability factor of 94.8 percent and 95.0 percent for power generation and water production respectively.

Al Ghubrah Independent Water Project (Sultanate of Oman)

Malakoff is part of a consortium awarded a contract to build, own and operate the Al Ghubrah Independent Water Project in the Sultanate of Oman. Under a WPA with the Oman Power and Water Procurement Co, will use reverse osmosis technology to deliver up to 191,000 m^3/day of water over a period of 20 years. The project's COD is 19 February 2016.

Operation & Maintenance

The Group's portfolio of power generation and water production assets is complemented by our strong Operation and Maintenance ("O&M") capabilities. Today, we deliver O&M services through our wholly-owned subsidiaries Malakoff Power Berhad ("MPower") and Teknik Janakuasa Sdn Bhd ("TJSB"). While MPower is responsible for servicing the Group's power plants in Malaysia, TJSB is tasked with looking after the Group's associates, joint venture partners as well as third-party clients, both locally and abroad.

To date, the Group has 20 years of O&M experience under its belt and a proven track record of operating different power plants. These include CCGT, OCGT and coal-fired plants as well as multi-stage flash desalination plants, reverse osmosis plants and multi-effect distillation and co-generation plants. We approach O&M performance improvement activities in a systematic manner centring our efforts on strengthening capability development. Our continual improvement efforts all aim to ensure that our assets perform at sustainable, world-class standards.

DOMESTIC O&M BUSINESS

In line with our continuous improvement efforts on the domestic front, we continue to make long-term investments in cutting-edge O&M tools and methodologies such as Reliability-Centred Maintenance and Root-Cause Analysis. In FY2015, we implemented several upgrading projects to enhance the capabilities and reliability of the Group's plants. To meet the high reliability and availability targets, major maintenance and inspection activities were also undertaken.

INTERNATIONAL O&M BUSINESS

Building upon over a decade of O&M experience on the domestic front, Malakoff continues to strengthen its O&M foothold in the international arena. Our efforts to date have seen us successfully securing and executing O&M contracts with a range of third party clients, notably in the MENA region. The Group's wealth of O&M experience encompasses O&M services for coal-fired, CCGT and OCGT power plants, the provision of technical, simulator and audit training as well as overhaul services. Through expanding our O&M business in a particular market or region, we have the benefit of familiarising ourselves with the local business environment before committing to any capital investment. This entry strategy has proven to be a fruitful one thus far.


MALAKOFF

PERFORMANCE REVIEW (continued)

In FY2015, our subsidiary TJSB which specialises in the provision of O&M services for the power generation and water desalination sectors, continued to meet client O&M needs throughout Asia and the Middle East. Through its subsidiaries, TJSB Middle East Limited, and PT Teknik Janakuasa respectively, TJSB is today operating and maintaining the Azzour South Add-On 1200 MW OCGT Power Plant in Kuwait and a 2x60 MW coal fired power plant in Banten, Indonesia. Together with consortium partner, Sumitomo Corporation of Japan, TJSB has taken the lead role in managing the O&M contract of the 190,000 m^3 per day Al Ghubrah Independent Water Plant in Oman since the plant achieved commercial operation in February 2016.

To increase its visibility and build strategic partnerships, TJSB undertook several brand building activities in FY2015 including participating as an exhibitor at the Power-Gen Asia 2015 in Thailand and delivering a case study on O&M best practices at the Annual Power & Electricity Indonesia Conference 2015. To build its O&M service pipeline, TJSB participated in bids for several projects in Kuwait, Bangladesh, Myanmar, the Philippines and Indonesia. In line with its expansion strategy, TJSB will continue to explore O&M opportunities either independently or with its partners in the Middle East and North Africa ("MENA"), Southeast Asia ("SEA") and South Asia regions.

MAINTENANCE, REPAIR AND OVERHAUL SERVICES

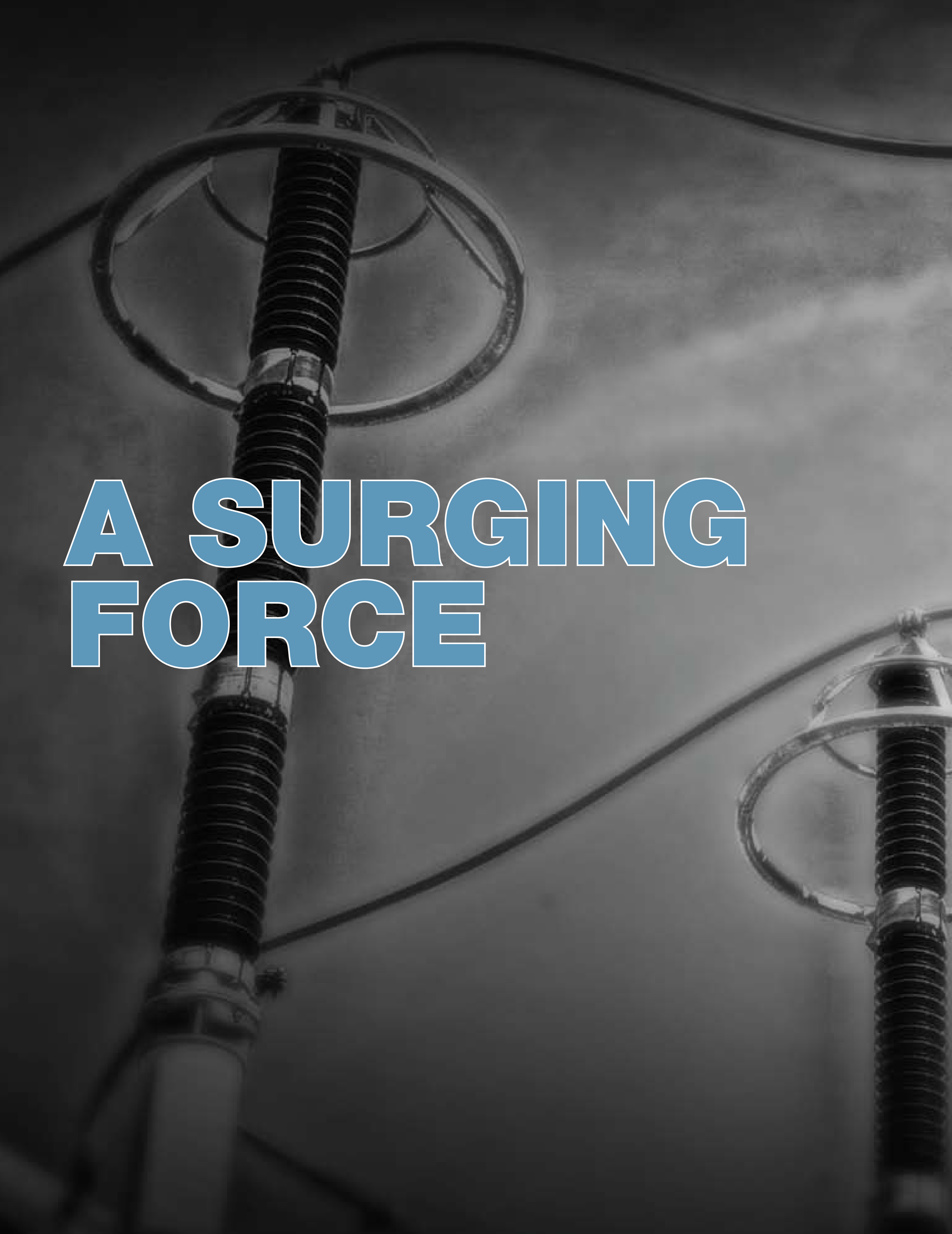
To consolidate the Group's position as a leading IPP in Malaysia and the region, we also offer Maintenance, Repair and Overhaul ("MRO") services via a wholly-owned subsidiary of TJSB, namely TJSB Services. The company provides MRO solutions covering a wide spectrum of power-related facilities and equipment to both local and overseas clients. Its range of services includes major and minor overhaul of thermal and gas plants, engineering field services, as well as cost-effective solutions for customers requiring original equipment manufacturer ("OEM") support.

TECHNICAL SUPPORT GROUP

The Group's mounting O&M activities are complemented by the Technical Support Group ("TSG") which has the responsibility for reviewing relevant internal processes and making recommendations so as to achieve performance targets. TSG continually identifies, studies and implements improvement initiatives at all plants, to ensure higher plant availability and reliability. It has led and participated in failure investigations and root cause analyses with the aim of avoiding recurrences. It has also rendered support in terms of unit and part assessments during outages or inspections relating to gas turbines, steam turbines and boilers.

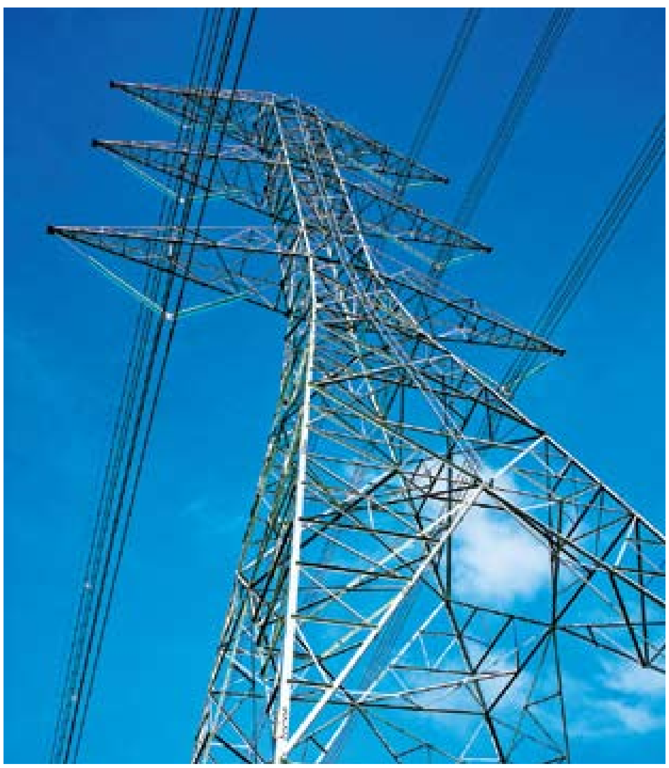

G3 G1 G2 G4

A SURGING FORCE



PERFORMANCE REVIEW (continued)

Electricity Distribution & Chilled Water Supply



The Group's wholly-owned subsidiary, Malakoff Utilities Sdn Bhd ("MUSB"), holds the exclusive rights to distribute electricity for the Kuala Lumpur Sentral Development ("KL Sentral") and chilled water for some selected customers. Leveraging on the Group's reputation for performance and service excellence, MUSB's customer base continues to expand in tandem with the on-going development of KL Sentral as a business and transportation hub.

MUSB has been supplying chilled water to Plaza Sentral Office since November 2001. To meet growing needs, it has increased its Centralised Chilled Water Plant's capacity to 17,000 refrigerant tonnes. In keeping pace with technology, MUSB has employed the latest thermal energy storage ("TES") technology to promote sustainability and improve energy utilisation whilst reducing the environmental impact of its operations.

MUSB's electricity distribution system continues to expand with new medium-voltage customers stemming from Q-Sentral, St Regis Hotel & Residences, Ascott Hotel and the 1 Sentrum offices. As a result, the demand for electricity in FY2015 rose to 50.44 MW from the 44.89 MW recorded in the previous year. With more development activities underway in the area, this rising trend is expected to continue for the near future. In total, MUSB now has 2,221 customer accounts as compared to 1,764 in the preceding year.

MUSB gauges its performance through continuous customer feedback at the MUSB Customer Care Centre, and through annual survey. The company upholds courtesy, care and attention to detail as the pillars on which it builds the customer experience. The surveys and customer feedback are essential to ensuring the bar is continually raised in customer service excellence. Based on the FY2015 survey, some 91.0 percent of customers were satisfied with the overall services provided by MUSB, while 100.0 percent of the respondents at MUSB Customer Care were reportedly satisfied with their overall experience. Being a customer-centric business, MUSB will continue to look at ways to elevate the customer service experience.

Moving forward, MUSB is actively exploring opportunities to extend its activities beyond the KL Sentral area. With an established record of accomplishment and through leveraging on the Group's synergies, it is exploring the prospect of embarking on new ventures as a multiple utility provider.


BAHAYA
DANGER

Corporate Services

INFORMATION TECHNOLOGY

The Group leverages on information technology ("IT") to drive almost every area of its operations. In FY2015, we continued to tap the power of IT to enhance work processes, safeguard data confidentiality and integrity, as well as automate business processes for greater efficiency. We successfully migrated the Group to the new GST regime that came into effect on 1 April 2015.

We also rely heavily on IT to drive our Business Continuity Planning ("BCP") initiative, which ensures business resilience in the face of a disaster or disruption to business activities. As an integral part of the BCP initiative, a disaster recovery plan for the Group's IT system is in place while tests are conducted at regular intervals to ensure preparedness.

RISK MANAGEMENT

Malakoff is committed to implementing effective risk management practices to safeguard the interests of the Group and its shareholders. To this end, the Board Risk Committee ("BRC") provides effective oversight of the Group's risk appetite as well as its risk management functions and processes. The Management Risk Committee ("MRC") is tasked with supporting the BRC through integrating risk management strategies, policies, risk tolerance and risk appetite as well as reviewing the application of risk management practices across the Group in line with Malakoff's Management Policy and Framework ("ERMPF").The ERMPF is based on the ISO 31000:2009 Risk Management Principles and Guidelines codified by the International Organisation for Standardisation ("ISO").

In FY2015, a comprehensive Business Continuity Management ("BCM") programme was established for Malakoff's headquarters in Kuala Lumpur. It provides a framework for building resiliency and ensures an effective response mechanism is in place to ensure the smooth delivery of critical services following a disruptive event. The BCM Policy and Framework is integrated with the Crisis Management Plan and Crisis Communication Plan to ensure that the Group is well prepared to respond quickly to any business interruption or unexpected disaster that could affect its operations.

HEALTH, SAFETY & THE ENVIRONMENT ("HSE")

The Group places a high value on HSE issues and goes all out to conduct its business in a manner that does no harm to the health and safety of people, nor has significant impact on the environment. We are committed to providing our employees and contractors with safe and healthy workplaces and proper facilities to help them do their jobs effectively. To this end, we have established and implemented a HSE-management system ("HSEMS") which identifies, assesses, manages and mitigates hazards and associated risks.

PERFORMANCE REVIEW (continued)

HSE Performance of Malakoff Power Plants

Among our stable of power plants, the Tanjung Bin Power Plant was the star performer in FY2015 with a total of 5,994,148 man-hours without LTI reported during the period. For the Group as a whole, we improved our LTI frequency rate in FY2015 achieving a zero LTI rate in comparison to a 0.08 LTI rate recorded previously. Since the last LTI frequency rate reported in February 2014, the Group has registered 12.33 million accumulative safe man-hours worked.

Over the course of FY2015, the Group reinforced its commitment to good HSE practices by raising standards in all areas and strengthening existing systems and procedures. OSH training modules were developed and incorporated by our O&M Division as part of their Competency Base Assessment ("CBA") by the Technical Training Department. The CBA provides a comprehensive HSE competency management reference and it is the responsibility of O&M Senior Management to cascade, discuss and deliberate the various facets of process and behavioural safety down the line. The O&M Division also organised HSE programmes throughout the year for the benefit of staff and contractors.

As the leading IPP in the Energy sector, the Group's operations have a sizeable presence in the environment. As such, we remain committed to achieving excellence in environmental management in order to preserve and upgrade the environment for the benefit of future generations. The Group continues to tap the Malakoff HSE Management System ("HSEMS") to manage HSE risks and ensure that our operations comply with subscribed HSE regulatory requirements. To ensure the effective implementation of the HSEMS, a Mandatory Control Framework is in place to strengthen HSE governance throughout the Group.

Today, the Group leads the market in installing the Continuous Emission Monitoring System ("CEMS") for its boilers as required by the DOE. All power plants conduct chemical health risk assessments to ensure that they are compliant with clean environment standards. In FY2015, a series of water effluent discharge and air emission monitoring studies were conducted at all power plants as per the licensing requirements under the Environmental Quality Act.

As we move forward, we will continue to focus our efforts on implementing key HSE risk management strategies and initiatives throughout the Group. It is a moral obligation that we owe our employees, customers, constituencies, Our stakeholders and the public at large.

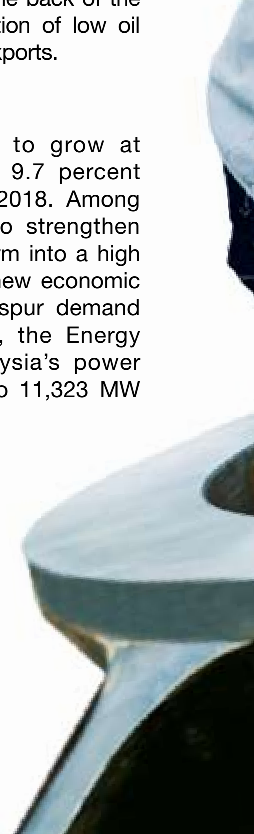
OUTLOOK AND PROSPECTS

In its World Economic Outlook, the International Monetary Fund predicts that global growth will gradually increase to 3.4 percent in 2016 and 3.6 percent in 2017. The modest and imbalanced recovery in the advanced economies is expected to continue while output gaps will further narrow. The prediction for the emerging markets and developing economies while diverse, is still quite challenging. The slowdown in China's economy, lower commodity prices, and strains in some large emerging market economies, are expected to weigh on growth prospects between 2016 and 2017.

Malaysia's economy is forecasted to expand at a slower pace in 2016 and continue to moderate in 2017 on the back of a slowdown in domestic demand. The World Bank forecasts GDP growth of 4.5 percent for Malaysia over the next two years on the back of the easing of private consumption growth, the continuation of low oil prices, and the effect of low commodity prices on exports.

National Electricity Consumption

Domestic power supply demand is projected to grow at a Compound Annual Growth Rate ("CAGR") of 9.7 percent from 126,556 GWh in 2014 to 183,310 GWh in 2018. Among the main drivers of growth will be the efforts to strengthen Malaysia's GDP in line with its ambitions to transform into a high income nation by 2020. The establishment of five new economic growth corridors to promote free trade will help spur demand growth. To meet the expected rise in demand, the Energy Commission plans to increase Peninsular Malaysia's power generation capacity by an additional 10,923 MW to 11,323 MW between 2014 and 2020.




MALAKOFF
MALAKOFF

PERFORMANCE REVIEW (continued)

Electricity and Water Consumption in Middle East and North Africa

In the region, electricity and water demand are set to grow to keep abreast of economic and population growth as well as increasing urbanisation. Between 2014 and 2018, electricity demand is forecasted to increase by 9.4 percent, while water demand will grow by 2.1 percent. Saudi Arabia, Bahrain and the Sultanate of Oman all plan to expand their electricity and water capacity to meet growing demand.

Electricity Consumption in Southeast Asia

In SEA, electricity consumption is expected to grow at a CAGR of 7.7 percent between 2008 and 2018 on the back of an increasing rate of urbanisation, liberalisation of the power generation market and abundant availability of fuel.

Electricity Consumption in Other Key Markets

Australia's electricity generation sector is expected to develop organically to register a CAGR of 3.1 percent between 2014 and 2018. Given the Australian Government's emphasis on renewable energy, wind power generation is projected to grow at a CAGR of around 25.5 percent between 2013 and 2020.

STRATEGIES GOING FORWARD

Moving forward, the Group will continue to focus its efforts on expanding its footprint in emerging key markets with an emphasis on mergers and acquisitions while strengthening our position in the international power generation and water desalination industries. We will continue to leverage on our O&M strength and capabilities to ensure that our assets perform at sustainable, world-class standards.

As we venture forth, we will continue to build upon the strong foundations established thus far and look for opportunities to further unlock the value-creating potential of our businesses. In line with our overarching goal of providing long-term growth for our stakeholders, our roadmap to success will encompass several key strategies.

Strengthening Our Power Generation Platform

The Energy Commission has plans to increase the power generation capacity in Peninsular Malaysia by an additional 10,923 MW to 11,323 MW between 2014 and 2020. In tandem with this, Malakoff will expand the Group's effective power generation capacity from our current 6,036 MW to 10,000 MW by 2020. Once the commercial operations at the Tanjung Bin Energy Power Plant take off another 1,000 MW will be added to our effective power generation capacity. We also have a significant land bank with long remaining land leases that can be utilised for further capacity expansion or contract extension beyond the duration of the existing PPAs.

Beyond national boundaries, we continue to accelerate our business development activities to expand our portfolio not only in SEA and MENA, but also in countries with developed and matured energy markets. To mitigate risks and enhance our competitive advantage in securing greenfield as well as brownfield projects, we will seek alliances with strategic partners.

Expanding the Renewable Energy Portfolio

Today, the Malaysian Government is promoting the use of indigenous RE resources under the National Renewable Energy Policy and Action Plan. To accelerate investment in RE technologies, the Sustainable Energy Development Authority ("SEDA") has implemented the feed-in-tariff mechanism to contribute towards the Renewable Energy Fund. We continue to look at a variety of options to expand our RE portfolio, including the implementation of a waste-to-energy project in Kuala Lumpur and run-of-river hydroelectricity projects in East and Peninsular Malaysia. We are also focusing our efforts on RE opportunities in developed markets such as Australia and the United Kingdom where electricity production from RE is a priority.

PERFORMANCE REVIEW (continued)

Aggressive Expansion of the O&M Business

Malakoff's strong culture of operational excellence and disciplined management, ensures that our assets are managed and maintained in an efficient and cost effective manner. We have developed a reliable operational methodology which has resulted in some of our plants achieving results above the IPP industry average. On the strength of our good track record, we have successfully secured and executed O&M contracts with numerous third-party clients in Malaysia and internationally.

Today, Malakoff, via subsidiary TJSB, has a hand in operating power and/or water desalination plants in the Kingdom of Saudi Arabia, Algeria, Kuwait, Indonesia and Oman. As at end FY2015, by way of our international O&M activities in the power and water segments, the Group had a total effective capacity of 690 MW and 358,850 m^3 per day, respectively.

Our O&M expansion programme overseas continues to serve as an important entry point strategy providing us the opportunity to familiarise ourselves with a new market before committing the Group to any capital investment. We are currently exploring emerging O&M opportunities in the Middle East and South Asia, as well as other SEA countries via aggressive marketing activities and participation in relevant power and water exhibitions and conferences. Going forward, we are aiming to double the contribution from the O&M business by the year 2020.

Growing the Electricity and Chilled Water Distribution Business

Malakoff currently supplies electricity and chilled water for air conditioning to buildings in the KL Sentral area and there is significant potential to extend this business to similar development projects in major cities throughout Malaysia.

Towards Sustainable Growth

To ensure our growth is sustainable, we have adopted a two-pronged strategy to maintain strong operational capabilities whilst driving shareholder returns. Operationally, we aim to attract and retain the top talent that the market can offer and strengthen this talent pool via development programmes, comprehensive talent assessments, plus the support of a team of dedicated trainers who have expertise in power operations. On the financial front, we will set our sights on optimising our asset portfolio, capital structure and cost of funding. This will be central to the overriding objective of ensuring sustainable growth to meet the expectations of stakeholders.

These strategies, coupled with a steely determination to deliver a robust performance in a sustainable manner, will ensure that Malakoff confidently maintains its leadership position and continues to deliver value to shareholders in the coming years.

INVESTOR RELATIONS

Mindful that shareholders place high importance on performance, integrity and transparency, an Investor Relations ("IR") unit was established in July 2015 following Malakoff Corporation Berhad's ("the Company") public listing on the Main Market of Bursa Malaysia Securities Berhad on 15 May 2015. Among the responsibilities of the IR unit are to monitor the movement of the Company's share price, implement investor engagement activities as well as serve as a two-way communication medium between the Company and members of the investing community.

To provide an interactive platform for communication, the IR unit coordinates meetings, conference calls, site visits as well as management participation in investment conferences, during which information regarding the Company's operations, strategies, financial management as well as industry trends are openly discussed. In compliance with the Company's Corporate Disclosure Policy, the Company is usually represented during these occasions by the IR officer and at least one member of the management, i.e., the Acting Chief Executive Officer, Executive Vice President (Corporate), Chief Financial Officer and Head of the Asset Management Division. The details of the post-IPO IR activities undertaken between July and December 2015 are summarised in the tables provided below.

Activities	Number of events
Briefings to analysts and fund managers	3
Site visits	3
Number of investment conferences organised by financial institutions	4
Number of one-to-one meetings at conferences	30
Number of company visits and conference calls	25
Number of analysts and fund managers met by management	197

BRIEFINGS

Date	Event	Type of Meeting	No of participants*
27 May 2015	First Quarter 2015 Financial Results	Analyst Briefing	26
21 August 2015	Second Quarter 2015 Financial Results	Conference Call	58
20 November 2015	Third Quarter 2015 Financial Results	Conference Call	40

**Participants comprise of analysts, fund managers and representatives of financial institutions.*

CONFERENCES

Date	Event	Venue	Organiser
September 2015	dBAccess Malaysia/Singapore Corporate Day	Singapore	Deutsche Bank
September 2015	RHB Asian Sharia Conference	Kuala Lumpur	RHB OSK
September 2015	Affin Hwang Daiwa Malaysia Corporate Day	Tokyo	Affin Hwang
October 2015	Invest Malaysia Hong Kong	Hong Kong	Bursa Malaysia/ RHB OSK

ANALYST COVERAGE

No	Organisation
1	Affin Hwang
2	AmResearch
3	BIMB Securities
4	BoA Merrill Lynch
5	CIMB
6	CLSA
7	Credit Suisse
8	Deutsche Bank
9	HSBC
10	JPMorgan
11	KAF Seagroatt
12	Kenanga
13	Macquarie
14	Maybank Kim Eng
15	Morgan Stanley
16	Nomura
17	Public Investment
18	RHB Research
19	TA Securities
20	UOB Kay Hian

CORPORATE RESPONSIBILITY

As Malaysia's largest Independent Power Producer, Malakoff is committed to ensuring that our long-term growth and profitability are founded upon responsible and sustainable corporate practices. As such, we continue to embed good Corporate Responsibility ("CR") practices into our operations in the areas of the Marketplace, Community, Workplace and Environment. These help ensure that our economic ambitions are balanced out with good societal and environmental performance.

Introduced in 2009, the Malakoff Community Partnerships initiative serves as the Group's flagship CR initiative and continues to make a positive impact on stakeholders. We also continue to strengthen our CSR Framework that underscores our mission to be an active and responsible participant in the communities in which we operate. From the Board level, to the teams on the ground who are going about their daily tasks, CR is embedded deeply within all levels of our organisation. Our commitment to good CR practices is reflected in the significant amount of resources that we have invested to improve our CR programmes and ensure their relevance to our many stakeholders. Going forward, the integration of good CR practices will remain an integral component of Malakoff's business strategy to ensure our sustainable growth.

In 2015, our efforts to affect significant environmental, economic and social impact within the communities around us culminated in Malakoff bagging three prestigious awards.

In recognition of our green initiatives, Malakoff was named one of the recipients of the "Malaysia's Top 30 Green Catalysts for 2014 Award." Organised by Malaysian Green Technology Corporation (GreenTech Malaysia), the GreenTech Awards is one of the many initiatives championed by GreenTech Malaysia to catalyse the Green Technology agenda in line with the aspirations of the National Green Technology Policy 2009.

Malakoff was also awarded the "Competitive Glocal Employer Award 2015" in recognition of our efforts to be a world-class employer committed to providing a sustainable and holistically productive work environment through various employee engagement activities and human resource programmes. This award comes in the wake of our winning the "Best Employer to Work for in Asia 2013" award from HR Asia.

The year also saw our Port Dickson Power Plant receiving the "National Occupational Safety and Health Excellence Award 2015" from the Department of Occupational Safety and Health ("DOSH"), under the Ministry of Human Resources. This award, the second consecutive award for the Port Dickson plant, is apt recognition of the stringent health and safety practices that our power plants employ. It was awarded following vigorous audits by the DOSH across the country.

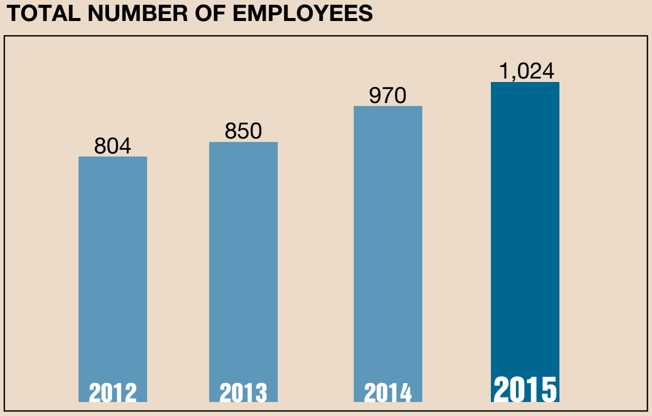
CORPORATE RESPONSIBILITY (continued)

Our Commitment to WORKPLACE DEVELOPMENT

The Malakoff Workforce

As at 31 December 2015, the Group's workforce stood strong at 1,024 employees. As at 31 December 2015, we had a 1:5 ratio for our female to male employees, while our executive and non-executive employee levels stood at 2:1.

TOTAL NUMBER OF EMPLOYEES



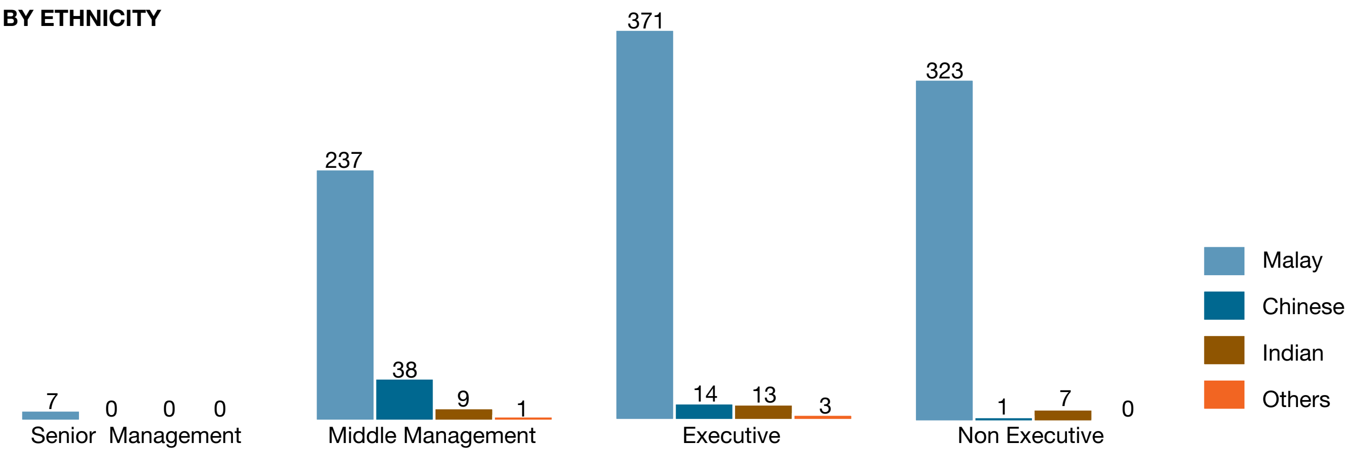
Welcoming Diversity

Being an equal opportunity employer, Malakoff believes in employing, appointing, promoting, developing and rewarding our employees through the principles of meritocracy and fairness. We hire and promote people based on definite criteria and in line with local legislation. The measures help ensure that the Malakoff family remains well-balanced, secure and harmonious.

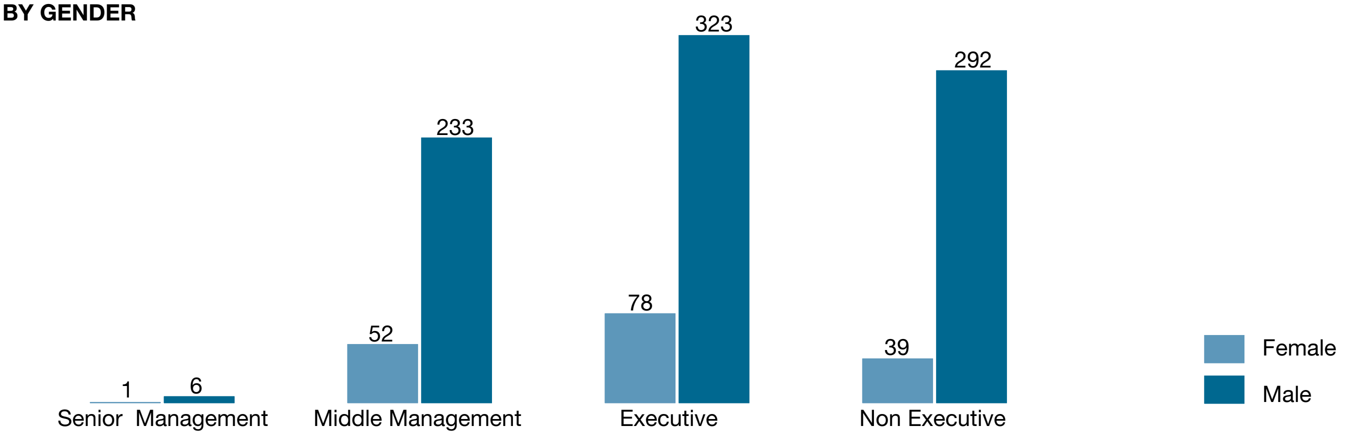
We are also committed to promoting equal opportunities and encourage diversity and inclusiveness both in our workplace and marketplace. Our policies and initiatives such as recruitment, retention, training and development, as well as Malakoff-sponsored corporate and social activities, are carried out in a manner that do not discriminate against ethnicity, gender, age, disability, or status. The Group's local workforce reflects the diversity of the Malaysian population, while our international ventures comprise employees the majority of whom stem from those respective geographies. This is an essential trait when serving the diverse needs of the different markets that we have operations in.

The following charts illustrate the composition of the Malakoff Group's diverse workforce as at 31 December 2015:

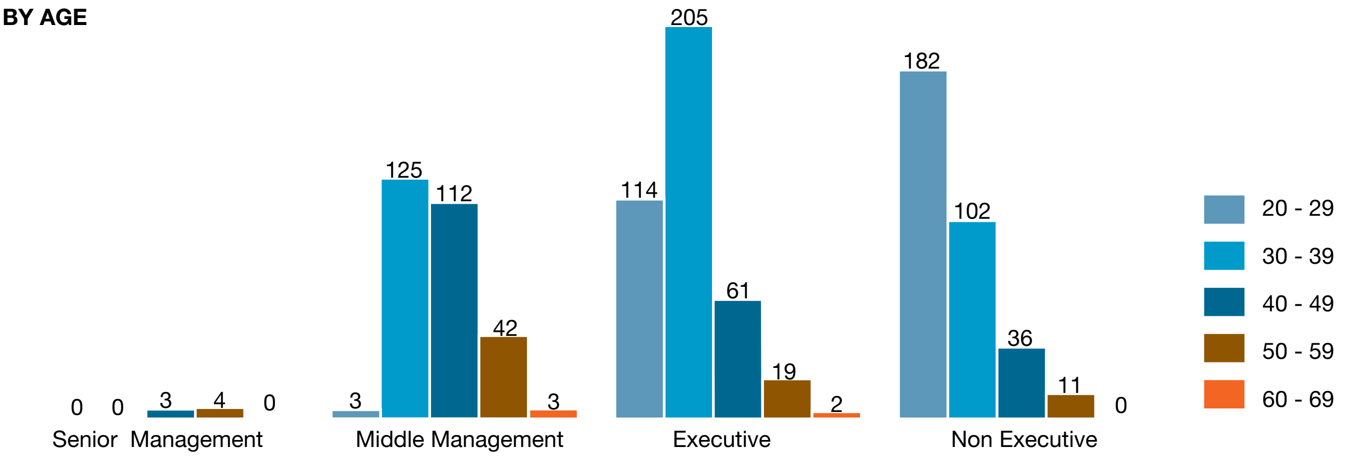
BY ETHNICITY



BY GENDER



BY AGE



CORPORATE RESPONSIBILITY (continued)

Strengthening Employee Competencies

Here at Malakoff, our employees form the cornerstone of our identity. As we set our sights on becoming a dynamic multinational power and water company, we understand the importance of investing in our employees and strengthening their competencies. We accomplish this by identifying exceptional people, developing their skills, and creating an environment that fosters their growth as leaders. We are dedicated to ensuring that every employee is able to realise his or her potential while achieving maximum productivity in a culture that values teamwork, innovation, integrity, harmony and excellence.

In 2015, we focused our efforts on developing Malakoff's own characteristic brand of leadership under a rebranded Organisational & Talent Development Department (formerly known as Training & Development). To mark the shift in approach towards employee training and development, we established our own in-house trainers that facilitate Malakoff leadership ideology. This initiative seeks to go beyond the sole task of enhancing employees' talents, to establishing a conducive environment for our employees to perform at their optimum levels.

Founded on our Critical Success Factors, Malakoff's Organisational & Talent Development programmes today provides a platform to help employees hone their skills and talents. By focusing on enhancing our employees' competencies, they can readily achieve their key performance indicators ("KPIs") and drive business success.

Complementing Training and Development Efforts

Malakoff understands the need to invest in development programmes to ensure our people are equipped with the right skills and competencies to meet the demands of the international arena. In 2015, Malakoff set about to enhance core competencies on the technical and commercial skills fronts including developing business acumen and analytical ability. A large part of our training focused on developing our Operation & Maintenance ("O&M") employees that makes up approximately 70.0 percent of our total workforce. These training programmes include on-the-job training assignments, plants simulators and classroom training sessions, designed to provide staff with the fundamental knowledge and skills essential to operating and maintaining a power plant confidently, whether they worked in a coal-fired power plant or a combined-cycle gas turbine plant.

The year also saw us developing trainers to inculcate the Malakoff leadership ideology across all departments. We also initiated Lunch & Learn sessions on a range of topics such as spirituality, health, parenting, and wealth planning to show employees how to adopt a more holistic approach towards work as well as how to inculcate a good work-life balance.

Driving a High Performance Culture

As part of our efforts to drive a high performance culture and empower our employees, we restructured the Group's performance management system in 2015. The revamped system today places an emphasis on clear goal setting while an appropriate KPIs-related measurement has been rolled out that aligns with our evolving business strategy and operational goals.

Attracting and Retaining Talent

The year saw us introducing the Malakoff Graduates Development Programme ("MGDP") under the umbrella of our Executive Development Programme that was founded in 2007. The MGDP serves as a platform for our Young Graduates to build a solid foundation of knowledge and to gain mastery of management techniques so that they might move up and succeed in leadership roles within the Company.

Supported by experienced mentors, our young talent were given the opportunity to work across different power plants within the Group. They also experienced cross-sharing of information while working in dynamic teams to tackle exciting and varied projects.

Bolstering Employee Engagement Efforts

Malakoff is committed to developing and improving its employee engagement efforts to build a unified and dynamic workforce. To this end, we employed Human Resource Business Partners ("HRBPs") to work closely with our management and employees to improve work relationships, build morale as well as increase productivity and retention.

Assigned to specific business Operations and Corporate respectively, the HRBPs act as change agents by promoting organisational change by providing guidance and coaching on succession planning, career path development and performance management.

Our Commitment to COMMUNITY DEVELOPMENT

Malakoff has a long tradition of giving back to and elevating communities. We believe in positively impacting the communities that surround us to bring about hope and a bright future for the generations to come. Our community-based CR efforts range from cash donations to the adoption of schools, the preservation of the environment to the development of communities.

A Renewed Focus on Education

To demonstrate our commitment to educational efforts, we rolled out several programmes in 2015, that revolved around schools located within the vicinity of the Segari Energy Power Plant, Prai Power Plant and Tanjung Bin Power Plant. Through our Edufund programme, 12 Malaysian schools in the districts of Lumut (Perak), Prai (Penang), Pontian (Johor) and Port Dickson (Negeri Sembilan) were gifted a total of RM103,820 to fund refurbishments as well extra-curricular programmes. Other programmes included extending financial assistance to schoolchildren and university students as well as providing tuition, revision and motivational classes.

Helping Enrich Communities

In support of the community in Kawasan 1 Mukim Serkat, Pontian (Johor), Malakoff funded the construction of a RM2.6 million mosque for the community. Named Masjid Al-Amin Kampung Sungai Dinar, the construction of the mosque was completed in 2015. With the guidance of a zakat committee, Malakoff sought to help enrich the lives of the less fortunate living in villages surrounding our power plants. To this end, we gifted a total of RM769,500 to 629 individual recipients and 42 educational institutions. A further RM50,0000 was spent on organising communal gatherings to improve local facilities and promote a cleaner environment.

Our Commitment to MARKETPLACE DEVELOPMENT

Timely Communications via Diverse Platforms

Our efforts to strengthen our marketplace include leveraging on technology to build and maintain healthy ties with our shareholders, consumers and other stakeholders. To this end, we continue to enhance our corporate website (www.malakoff.com.my) that provides shareholders, potential investors as well as members of the media and public, transparent, credible and timely information on the Company. The Media Centre section on our website is a credible source for the latest news, publications and media clippings on Malakoff. Via the Investor Relations section of our website, stakeholders can access all announcements made by the Company to Bursa Securities including quarterly results, dividend information and presentation slides for analyst briefings.

On top of this, our Annual Report and Annual General Meetings serve as opportune platforms to disseminate updates on the Group's financial results, performance, strategic direction as well as our outlook and prospects.

Malakoff's management team continues to take a proactive approach in engaging with the investing community by providing in-depth insights into the Group's results, market conditions, long-term prospects and strategies to promote a deeper understanding of our strategic vision. They engage in regular communications with stakeholders through private one-to-one meetings, teleconferences and dialogues with institutional investors as well as quarterly briefings with analysts from across the globe. Our aim is to build and maintain transparency with the investing community through open and accessible communication channels. Since our public listing on 15 May 2015, our teams conducted 3 analyst briefings, 3 site visits and 55 meetings during which the management interfaced with Malaysian and foreign investors.

Committed to Upholding the Highest Standards

Being a Company that values solid, sustainable performance and high quality, we subscribe to the highest standards in fulfilling our responsibility to the marketplace and our stakeholders. To this end, all the Group's six local power plants have received accreditation for their full compliance with the MS ISO 9001 Quality Management System, OHSAS 18001, MS 1722 Occupational Safety and Health Management System, ISO 14001 Environmental Management System and ISO 27001 Information Security Management System standards.

We are also committed to implementing stringent Health, Safety, Security and Environment ("HSSE") management practices in every aspect of our operations. We have zero-tolerance for safety violations and continue to enhance our operational performance through good HSSE practices as well as a proactive Occupational Safety and Health ("OSH") culture. We place a high value on conducting our business in a manner that does no harm to the health and safety of people, nor has a negative impact on the environment. The Group's various plants are always in a state of readiness to mitigate untoward incidents by conducting drills to enhance the competency of their responses.

CORPORATE RESPONSIBILITY (continued)

Our Commitment to ENVIRONMENTAL PRESERVATION

Committed to Sustainable Initiatives

As a conscientious corporate citizen, we are committed to operating in a sustainable and environmentally friendly manner that ensures the longevity of our operations and the community around us. In 2015, we demonstrated our commitment to preserving the environment by continuing to roll out several long-term programmes.

Rehabilitating Marine Biodiversity

Since 2011, Malakoff has been collaborating with the Ministry of Natural Resources and Environment ("NRE") and Department of Marine Park Malaysia ("DMP") in efforts to promote marine biodiversity conservation within Malaysia. In August 2015, we collectively undertook The Malakoff Coral Planting and Reef Clean-Up Project at Pulau Aur (Johor). The event involved 20 volunteer divers, local fishermen, students and tourists with the common objective of coral rehabilitation and conservation. Other marine conservation programmes include a turtle awareness event i.e., "Kenali Penyu, Sayangi Penyu", aimed at promoting awareness among the public on the existing ecological threats to turtles.

MOVING FORWARD

Over the years Malakoff has steadfastly built up its reputation as a company that is committed to undertaking meaningful CR activities that deliver true and sustainable value as well as establish enduring ties with our many stakeholders. Moving forward, we remain committed to integrating good and sustainable CR practices within our operations, people, communities and environment, so that we stand out as a model for responsible corporate behaviour.

Through innovation, hard work, and an unwavering focus on balancing out our healthy bottom-line performance with good social and environmental performance, we are confident of safeguarding the sustainable growth of the Malakoff Group for the long-term.

CORPORATE EVENTS HIGHLIGHTS

25 MARCH 2015

MEDIA FAMILIARISATION TRIP TO TANJUNG BIN POWER PLANT & TANJUNG BIN ENERGY (T4)

27 MARCH 2015

FRIENDLY FOOTBALL MATCH AGAINST ENERGY COMMISSION

09 APRIL 2015

SPECIAL GATHERING FOR PRAYERS AND THANKSGIVING

11 APRIL 2015

MINISTER OF MINISTRY OF ENERGY, GREEN TECHNOLOGY AND WATER (KETTHA) VISIT TO TANJUNG BIN POWER PLANT AND TANJUNG BIN ENERGY CONSTRUCTION SITE

17 APRIL 2015

LAUNCHING OF MALAKOFF PROSPECTUS

14 MAY 2015

A TALK AT MASJID KHAIRUL JARIAH, SEGARI

15 MAY 2015

MALAKOFF LISTING DAY AT BURSA MALAYSIA

20 MAY 2015

MALAKOFF TURTLE AWARENESS PROGRAMME IN SEGARI, PERAK

CORPORATE EVENTS HIGHLIGHTS (continued)

27 MAY 2015

FIRST QUARTER FINANCIAL RESULT ANALYST BRIEFING

05 JUNE 2015

TNB BUYER, KETTHA AND ENERGY COMMISSION VISIT AT THE COAL HANDLING CONTROL ROOM OF TANJUNG BIN POWER PLANT

14 JUNE 2015

GOLF TOURNAMENT WITH PERAK AUTHORITIES

04 JULY 2015

HANDOVER OF ZAKAT DONATION TO KUKUP LOCAL REPRESENTATIVE

31 JULY 2015

EID UL-FITRI GATHERING IN KUALA LUMPUR HEADQUARTERS

07 AUGUST 2015

EID UL-FITRI CELEBRATION IN TANJUNG BIN POWER PLANT

11 AUGUST 2015

EID UL-FITRI CELEBRATION IN PORT DICKSON POWER PLANT

13 AUGUST 2015

EID UL-FITRI CELEBRATION IN PRAI POWER PLANT

CORPORATE EVENTS HIGHLIGHTS (continued)

14 AUGUST 2015

EID UL-FITRI CELEBRATION IN LUMUT POWER PLANT

20 AUGUST 2015

THE NEWLY REFURBISHED COMPUTER LAB OFFICIATED AT SEKOLAH KEBANGSAAN PORT DICKSON

25 AUGUST 2015

HANDOVER OF GIFTS TO HAJ PILGRIMS IN SERKAT (JOHOR)

29-31 AUGUST 2015

THE MALAKOFF CORAL PLANTING AND REEF CLEAN-UP PROGRAMME

07 SEPTEMBER 2015

SHAREHOLDERS VISIT TANJUNG BIN POWER PLANT

11 SEPTEMBER 2015

SERMON AT LOCAL MOSQUE IN SERKAT (JOHOR)

03 OCTOBER 2015

MALAKOFF SPORTS CARNIVAL IN JOHOR BAHRU

03 OCTOBER 2015

MALAKOFF LONG TERM SERVICE AWARDS CELEBRATES 126 RECIPIENTS

CORPORATE EVENTS HIGHLIGHTS (continued)

08 OCTOBER 2015

LUMUT POWER PLANT SAFETY WEEK

27 OCTOBER 2015

TANJUNG BIN ENERGY POWER PLANT'S FIRST SYNCHRONISATION TO THE MALAYSIAN GRID

31 OCTOBER 2015

MALAKOFF GOLF INVITATIONAL TOURNAMENT

04 NOVEMBER 2015

SEND OFF FOR SHAHROM ABDULLAH'S EXPEDITION TO SOUTH POLE

05 NOVEMBER 2015

TANJUNG BIN POWER PLANT CELEBRATED 5 MILLION MAN HOURS WITHOUT LOST TIME INJURY DURING SAFETY WEEK

21 NOVEMBER 2015

SPORTS CARNIVAL IN SERKAT (JOHOR)

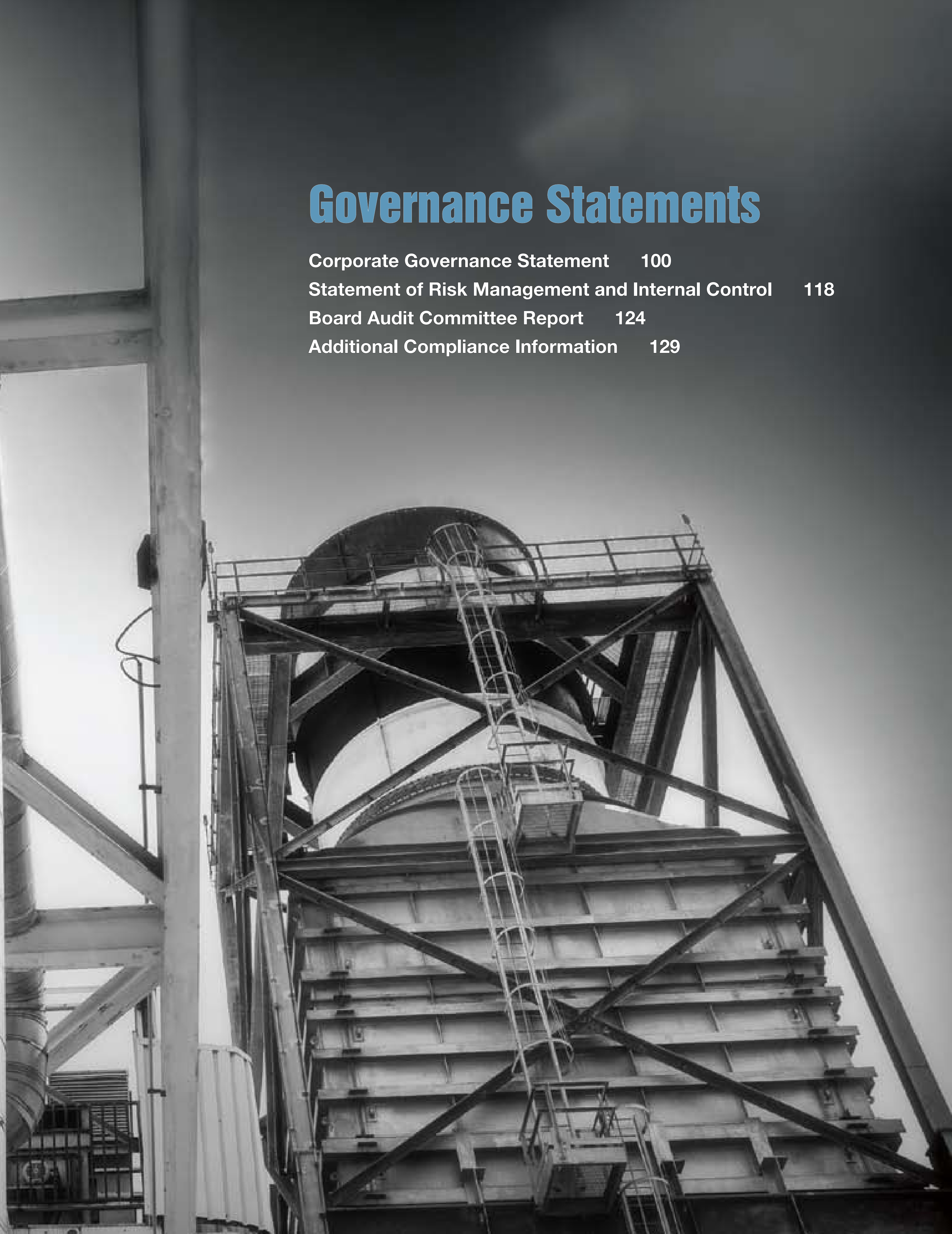
26 NOVEMBER 2015

PRAI POWER PLANT SAFETY WEEK

04 DECEMBER 2015

FRIENDLY FOOTBALL AND NETBALL MATCHES WITH TNB

Governance Statements



CORPORATE GOVERNANCE STATEMENT

The Board of Malakoff Corporation Berhad ("Malakoff" or "the Company") takes cognisance of the Malaysian Code of Corporate Governance 2012 ("**MCCG 2012**") issued by the Securities Commission Malaysia, and is committed, where possible, having regard to the size and ownership of the Company, to achieving and sustaining high standards of corporate governance and compliance with all the MCCG 2012's best practice recommendations.

The Company's framework of corporate governance is also guided by and based on the corporate governance requirements of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") and its Corporate Governance Guide: Towards Boardroom Excellence, 2nd Edition.

This Statement outlines the main corporate governance practices applied by the Company and its subsidiaries ("the Group") throughout the year and its efforts in demonstrating good corporate citizenship through environmental awareness, ethical behaviour and sound corporate governance practices to balance the interests of all stakeholders, including its shareholders, management, customers, suppliers, business associates, regulatory bodies and the community. The Board, having approved the Corporate Governance Statement on 8 March 2016, wishes to report that since the Company obtained its listing status on the Main Market of Bursa Malaysia on 15 May 2015, the Group has followed, where possible, the recommendations of the MCCG 2012. The Board is also in the midst of implementing certain recommendations that have not been put in place.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(Principle 1 of the MCCG 2012)

a) Board Charter

The Board Charter clearly sets out the functions, responsibilities, and processes of the Board and ensures that Board members are aware of their roles and duties. This is pivotal to leading and managing the Group as a trusted leading independent power producer in the nation, as well as essential for realising long-term shareholder value.

The main task of the Board is to oversee the overall strategy and business direction of the Group in line with the Company's vision and mission and to serve the best interests of the Company and its stakeholders. In order to ensure the continuous relevance of the Board Charter, the Board conducts periodic reviews of the Board Charter, when necessary. The Board Charter, which is available on the Company's website, is subject to periodic reviews and updates to ensure compliance with regulatory requirements.

b) Principal Responsibilities and Functions of the Board

The Board's principal responsibilities are to provide guidance to the management with regard to the Group's strategic planning, business conduct, risk assessment and management, as well as financial and operational management activities. The Board is also tasked with providing counsel on acquisitions, divestment policies and succession planning, as well with reviewing the adequacy and integrity of the Group's system of internal control and its management information system.

The Board's primary responsibilities as set out in its Board Charter and which are in line with the best practices of the MCCG 2012 are set out below:

(i) to review and adopt a strategic plan for the Group;

(ii) to oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;

(iii) to identify principal risks and ensure the implementation of appropriate systems to manage these risks;

(iv) to implement succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;

(v) to develop and implement an investor relations programme or shareholders' communications policy for the Company;

(vi) to review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;

(vii) to formalise ethical standards through a code of conduct and by ensuring compliance; and

(viii) to ensure that the Company's strategies promote sustainability.

Annually, corporate key performance indicators ("**KPIs**") with quantifiable targets are set by the Board to ensure the Chief Executive Officer ("CEO") and the management team achieve the key result areas that the Board wishes the management to focus on so that the budget set for the year is met. The critical areas identified by the Board for 2016 include financials targets and the execution of business plans to increase the profitability of the Group. These areas carry the highest weightage for the Corporate KPIs set for 2016. The remuneration of the CEO and the management team will then be determined by their achievements in relation to the targets set out in the Corporate KPIs.

The Board continues to implement a succession management programme to ensure that at any point in time there is ready talent to undertake key and business critical positions across the Group. In the recently approved corporate KPIs for 2016, the Board had included succession planning and talent management as key areas that require management's attention. The management is required, through the Corporate KPIs, to achieve set targets for certain milestones under the succession planning and talent management programmes developed over the past few years. One of the strategies employed by the Company in increasing the number of internal successors is the development and implementation of succession plans for leadership positions. These key critical positions are identified and monitored through leadership development programmes, job rotation and other activities deemed appropriate. For talent management, the Company adopts an eclectic approach, which includes formal training by renowned experts, job assignments, stretched assignments, cross-divisional projects and active coaching and mentoring.

The Board Charter sets out the roles, duties, responsibilities and function of the Board whilst the Limits of Authority of the Group further define the matters specifically reserved for the Board and those delegated to the management. There are key matters which have been reserved by the Board for its deliberation and decision to ensure that the direction and control of the Group's business are within its control. These include amongst others, the following:

- adoption of an annual business plan and a budget forecast for four successive years thereafter;
- material acquisition and disposal or closure of businesses;
- establishment and development of new businesses via bidding exercises for new power generation and/or water desalination business locally and overseas, as the case may be;
- material capital investment for the Group;
- declaration of dividends and approval of financial statements, including accounting policies of the Group;
- financing of the Group's activities; and
- any corporate restructuring of the Group.

The Board is chaired by an Independent Non-Executive Director, and meets at least four times a year on scheduled occasions every quarter. If required, additional meetings are scheduled. To assist the Board in the discharge of its stewardship role, several board committees have been established, namely the Board Audit Committee ("**BAC**"), Board Risk Committee ("**BRC**"), Board Nomination and Remuneration Committee ("**BNRC**") and Board Procurement Committee ("**BPC**").

Prior to the BNRC's formation on 23 November 2015, the remuneration and nomination matters of the Board were undertaken separately by the Remuneration Committee ("**RC**") and Nomination Committee ("**NC**"). The Board had decided to merge these two committees to enable cohesive deliberation of remuneration and nomination matters which were often overlapping. The merger of these committees facilitated seamless decision making which more often than not involved both nomination and remuneration considerations. Today, all recommendations by the abovementioned committees are submitted to the Board for its consideration and approval.

The Board is ultimately responsible for the decision making of the matters discussed at these committees except for the BPC. The Board has delegated limited powers and authority to the BPC for the review and approval of material procurement for the Group at certain thresholds, depending on the type of procurements. All decisions made and approvals by BPC will be reported to the Board at the Board meetings of the Company. Any procurement proposal of the Group exceeding the thresholds delegated to the BPC is brought to the Board for its decision and approval.

c) Codes and Policies

(i) Code of Conduct

Following the listing of the Company in May 2015, the Board on 23 November 2015 had approved the adoption of the Code of Conduct ("**COC**") which came into effect on 1 January 2016. The COC outlines the Group's commitment to appropriate and ethical practices. All Directors and the employees of the Group are guided by the COC which sets out the principles, practices and standards of good personal and corporate behaviour. Failure to comply with the COC is tantamount to a serious breach and the appropriate actions will be taken by the Company for any non-compliance.

(ii) Whistleblower Policy

The Board acknowledges that misconduct such as violation of laws, rules, regulations, production fault, fraud, safety violations or corruption are usually recognised first by the people at work within the Group. Therefore, it has put in place the Whistleblower Policy which serves as an early warning system to help the Company detect any wrongdoings and alert the management to take the appropriate corrective actions before a problem escalates into a crisis. It also serves to mitigate any possible harmful effects to the Group. The adoption of the Whistleblower Policy for the Group provides an avenue for employees to make good-faith reports on unlawful, unethical or unacceptable behaviour or conduct without fear of reprisal. The identity of the whistle-blower and the concerns raised are treated with utmost confidentiality.

(iii) Corporate Disclosure Policies and Guidelines

Recognising that the dissemination of information to shareholders and investors in a timely manner is essential, the Board has during the financial year, established the Corporate Disclosure Policies and Guidelines ("**CDP**") to systematically guide the management. This is enabling comprehensive, accurate and timely disclosure of material information and corporate proposals pertaining to the Company and its subsidiaries to regulators, shareholders and stakeholders in line with the provisions under the Corporate Disclosure Guides issued by Bursa Malaysia.

The adopted CDP guides how material information is disseminated to investors, shareholders and other stakeholders of the Company. The CDP also identifies designated spokespersons to address third parties at different situations and forums.

(iv) Related Party Transaction Policies and Procedures

To assist the Board in complying with paragraphs 10.08 and 10.09 of the MMLR of Bursa Malaysia, the Board has approved an internal process which enables management to monitor and report related party transactions ("**RPTs**") and recurrent related party transactions ("**RRPTs**") entered into/to be entered into by the Group to the BAC on a quarterly basis. The Board through the BAC will ensure that the RPTs entered into/have been entered into by the Group (in the case of the RRPTs) have/are entered at an arm's length basis, on normal commercial terms and are not detrimental to the minority shareholders of the Company.

A RPT Policies and Procedures have been developed and put in place for the Group to guide the Board and each employee as to their roles and responsibilities when a RPT/ RRPT is entered into by the Company and the Group. These set out the manner in which the RPTs and RRPTs should be approached before the Group enters into such transactions. These also spell out the process for monitoring, reporting and compliance as well as the various obligations of the Company and the Group under the MMLR of Bursa Malaysia when certain thresholds of the value of the transactions are triggered.

d) Promoting Sustainability

The Board is committed to promoting sustainability practices in the Group and to maintaining a good balance in relation to the environmental, social and governance aspects of the Group's businesses. A report of the Company's corporate responsibility initiatives are set out in pages 78 to 89 of this Annual Report.

In line with Bursa Malaysia's call to switch the focus of the Company's reporting from corporate social responsibility ("**CSR**") to sustainability which covers a wider range of the Company's management of material economic, environmental and social ("**EES**") risks and opportunities, the Company will take steps to report the current EES practices which reside in different pockets of the organisation and will systematically plan its EES efforts as a group. The Company will also look into areas where EES efforts need to be enhanced. The Board acknowledges that a narrative statement on the Company's management of material EES risks and opportunities is required for inclusion in the Annual Report effective from the issuance of the Annual Report on or after 31 December 2016, and will comply with this requirement accordingly.

e) Access to Information and Advice

In order to discharge its duties and responsibilities, the Board receives accurate, timely and clear information through the Company Secretary, under the direction of the Chairman. In addition to engaging the management for information, it has the opportunity to request for supplementary or explanatory information from the management. The management also provides periodic updates on issues, which require the Board's close attention through electronic mail updates from the Company Secretary. Status updates on matters reported in the last Board meeting will be updated as part of matters arising from the previous meeting. This is now a fixed item on the agenda of scheduled Board meetings throughout the year.

From time to time, whenever the Board requires relevant information updates from any member of the management team, the relevant member of the management team is invited to attend meetings of the Board and its committees to provide the Board with any such relevant information or updates. External advisers may also be invited to attend Board and Board committee meetings, as the case may be, to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda.

Where necessary, the Board collectively and individually has the right to obtain external independent legal, accounting or other professional advice at the Company's expense to assist with its decision-making process.

f) Company Secretary

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary, who is qualified, experienced and competent, advises the Board on updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of the Directors, their impact and implication to the Company, including fiduciary duties and responsibilities.

The Company Secretary organises and attends all Board and Board committee meetings as well as ensures meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are maintained accordingly at the registered office of the Company and produced for inspection if required. The removal of the Company Secretary is a matter for the Board to decide.

2. STRENGTHEN COMPOSITION

(Principle 2 of the MCCG 2012)

a) Board Balance and Composition

The Company is led by an experienced and dynamic Board which is chaired by an Independent Non-Executive Director. The Board comprises ten Directors, all of whom are entirely Non-Executive Directors. Of this number, five Directors are Independent Directors and the other five are Non-Independent Directors. Half of the Board comprises Independent Directors and this exceeds Bursa Malaysia's requirement for at least two Directors, or one-third of the Board members, whichever is higher, to be independent.

The size of and diverse personalities on the Board enable the Board to effectively discharge its duties and responsibilities to meet the Company's scope of business. The Board also has the right balance of members where the interests of the major shareholders of the Company are adequately represented whilst the presence of a 50 percent ratio of Independent Directors on the Board will ensure that the best interests of the minority shareholders are being served. With this, the Board is also fulfilling *Recommendation 3.5 of the MCCG 2012* whereby 50 percent of the Board comprises Independent Directors including the Chairman of the Company.

The Board comprises members with a good mix of skills, knowledge and attributes as they come from diverse academic and educational backgrounds and possess extensive experience and expertise in areas important to the Group such as accounting, business, corporate strategy, law, engineering, financial planning and corporate governance experience which are relevant to meet the complexities of the Group's businesses. The profile of each Director is set out in pages 22 to 33 of this Annual Report.

The Non-Executive Directors contribute their invaluable knowledge and business insights to ensure that all strategies proposed by the management are fully deliberated on and considered in line with long-term interests of the Group as well as its shareholders and stakeholders. The Board constitutes solely Non-Executive Directors who are committed to business integrity and professionalism in all their activities. The Non-Executive Directors do not participate in the day-to-day management of the Group and do not personally engage in any business dealings or other relationship with the Group. This is to ensure that they are capable of exercising judgment objectively whilst acting in the best interests of the Group, its stakeholders and shareholders, including minority shareholders. To enhance accountability, the Board has specific functions reserved for the Board and those delegated to the management.

The presence of Independent Non-Executive Directors has encouraged independent judgement, evaluation and scrutiny in relation to decisions taken by the Board. The impartiality of these Directors, is also contributing significantly to the decision making process. Members of the Board have no personal interest or ties to the Group that could adversely affect the independence and objective judgment of the Board. In upholding independence that ensures objectivity and fairness in the Board's decision making process, the Board undertakes an annual assessment of all these Directors evaluating the manner in which each Director has discharged their duties and how they have deliberated the Company's proposals in compliance with *Recommendation 3.1 of the MCCG 2012*.

b) Re-election and Re-appointment of Directors

The Company's Articles of Association mandates that all Directors should submit themselves for re-election at least once every three years, in compliance with the requirements of Bursa Malaysia. The Articles of Association also mandates that one-third of the Board shall retire from office every year and shall be eligible for re-election at the Annual General Meeting ("**AGM**"). In this respect, Madam Cindy Tan Ler Chin, Datuk Idris Abdullah and Datuk Dr. Syed Muhamad Syed Abdul Kadir shall retire accordingly, and being eligible, will offer themselves for re-election at the Company's forthcoming AGM.

The Company's Articles of Association also states that any Director appointed in the case of a casual vacancy since the last AGM must also offer himself/herself for re-election at the next AGM. Therefore, Mr. Kohei Hirao who was newly appointed on 20 January 2016 shall retire accordingly and being eligible, will offer himself for re-election.

The performance and contribution of the Directors seeking re-election are to be considered and recommended by the BNRC before the names of these Directors are submitted and recommended by the Board to the shareholders for re-election into office. For the financial year in review, this was done through a Board assessment conducted by the Board whereby Board members were required to conduct a peer assessment of other Directors in areas pertaining to his/her knowledge, skills, qualifications and contributions to Board discussions, to name a few. The BNRC's recommendations on the Directors standing for re-election at the forthcoming AGM are stated in the Explanatory Note 2 under the Notice of AGM.

None of the Directors of the Company has attained the age of 70 where he/she shall retire and offer himself/herself for re-appointment pursuant to Section 129 of the Malaysian Companies Act, 1965.

c) Diversity

The Board acknowledges the importance of diversity as an essential measure of good corporate governance and a critical attribute of a well-functioning board. Diversified views enhance Board discussions and ensure that the decisions made by the Board have been considered from all points of view. The Board acknowledges that diversity presents itself in a number of forms, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

The Board, through the BNRC, takes appropriate measures to ensure that boardroom diversity is considered as part of its selection and recruitment exercise. However, the merits of the individual and the knowledge and expertise relevant to the Company, will be the overarching criteria when considering the selection of new candidates on the Board. Currently, Madam Cindy Tan Ler Chin, the nominee director of the Employees Provident Fund on the Board is the only female member of the 10 member Board, whilst Mr. Kohei Hirao, a Japanese national, fulfils the ethnicity and cultural diversity requirements for Board.

Although the Company does not currently have a written policy on diversity pertaining to the selection of its Board members, the Board has always taken into account diversity as one of the selection criteria of Board appointees as it recognises that a diversified Board will provide effective and dynamic discussions at the Board level. All of the board members except for Mr. Kohei Hirao, had been serving on the Board prior to the listing of the Company in May 2015.

The Board is also supportive of the recommendations of the MCCG 2012 concerning the establishment of boardroom and workforce gender diversity. The Board through the BNRC will give priority consideration to female candidates to fill any casual vacancy. Nevertheless, the evaluation of the suitability of candidates as a new Board member or for the workforce is largely dependent on the candidates' competency, skills, expertise, experience and commitment, regardless of gender.

d) Board Committees

Under the Company's Articles of Association, the Board has, amongst other things, the power to establish any committee for managing any of the affairs of the Company and may lay down, vary or annul such rules and regulations as it thinks fit for the conduct of the business thereof.

The Board currently has four Board committees, each of which is operating within their respectively defined terms of reference that are approved by the Board to assist it in discharging its responsibilities. The report on the proceedings of the committees' meetings, its recommendations, and activities are submitted to the Board by the Chairman of each of these Board committees at each of the scheduled Board meetings for the Board's evaluation and consideration. Ultimately, the final decision on the matters deliberated at the Board committees rest entirely with the Board except for the BPC, where it has been granted limited powers and authority to review and approve material procurements for the Group at certain thresholds, depending on the type of procurements. The terms of reference of the BPC are detailed herein.

i) BNRC

The BNRC which was recently formed and constituted by the Board on 23 November 2015 operates under its terms of reference as stated herein. Prior to the formation of the BNRC, the remuneration and nomination matters of the Board were separately considered by the RC and NC. The Board has decided to merge these two committees to enable cohesive deliberation of remuneration and nomination matters that often overlap.

Under its terms of reference, the BNRC shall comprise at least three members who are Non-Executive Directors, the majority of whom shall be Independent Directors. The Chairman of the Committee must be an Independent Non-Executive Director.

The BNRC is chaired by YAM Tan Sri Dato' Seri Syed Anwar Jamalullail, the Chairman of the Company and an Independent Non-Executive Director, with the support of five others, three of whom are Independent Non-Executive Directors. Most of the members of the BNRC are former members of the NC and RC so that there is continuity in the implementation of policies recommended by the former NC and RC.

One of the objectives of the BNRC is to assist the Board in fulfilling its corporate governance responsibilities with regard to nomination and remuneration matters of the Board and the Senior Management of the Company.

In this respect, the BNRC, under its terms of reference, is required to develop, review and recommend to the Board, the Policy on Board Composition, having regard to the mix of skills, knowledge, experience, expertise, independence and diversity (including gender, ethnicity and age) and other qualities required to facilitate effective and efficient functioning of the Board. This includes core competencies which the Non-Executive Directors should bring to the Board, and to annually review the same. Although there is currently no written policy with regard to Board composition within the organisation, the Board through the BNRC always considers the above factors when the Board appoints a new Director to the Board and when it annually assesses its Board composition in line with the needs and requirements of the operations of the Company.

The BNRC is also responsible to recommend the candidates for the Directors, CEO, the Executive Directors (if any) and the Senior Management of the Group by considering the prospective Director, CEO, Executive Director and Senior Management's character, experience, competence, integrity and time commitment, as prescribed by Paragraph 2.20A of the MMLR of Bursa Malaysia.

Summary of Key Activities

Being a newly constituted committee, the BNRC held one meeting during the financial year under review where it considered and recommended the proposed Corporate KPIs for 2016 for approval by the Board.

Prior to the establishment of the BNRC, each of the NC and RC of the Company met three and four times respectively and undertook key activities, amongst others, as summarised below:-

- Recommended the composition of the newly formed BNRC of the Company and remuneration of its members ;
- Recommended the appointment of key personnel to the Group, namely, the Executive Vice President, Corporate and the Senior Vice President, Corporate Services Division, during the financial year and their remuneration packages;
- Recommended the assessment tool and approach for the Board assessment in respect of the performance of the Board, individual Directors and board committees for the period from January to December 2015. This assessment includes among other elements, the following:
    - review and assessment of the annual performance, composition and effectiveness of the Board and the board committees as a whole;
    - review of the annual independence assessment of the Independent Directors; and
    - review and assessment of the performance of Directors and to make recommendations to the Board with regard to the Directors who are seeking re-election, re-appointment and continuation in office at AGM;
- Recommended the Corporate KPI achievements for FY2014; and
- Recommended to the Board the remuneration review, annual salary increment for FY2015 and performance bonus for the Senior Management of the Company and all confirmed employees of the Group in general.

The first step taken by the Board after the listing in May last year, through the then NC was to carry out a Board assessment exercise to assess the size and composition of the current Board and Board committees as well as the effectiveness of each of these committees via feedback from the Board as a whole. Through its annual assessment and recommendations made by the BNRC, the Board believes that the current size and composition of the Board is conducive to making appropriate decisions and incorporates a diversity of perspectives and skills in order to represent the best interest of the Company as a whole.

In formulating remuneration levels, the BNRC considers the assessment on the performance of the CEO and the executive director against such targets as well as benchmarking to market rate for benefits-in-kind, annual increments and bonus and to make recommendations to the Board, whenever necessary. For the remuneration of the CEO and executive director(s), the BNRC reviews and recommends to the Board the contractual and remuneration arrangement to the remuneration policy.

Directors' Remuneration

The Board, through the BNRC, reviews the level of remuneration of Non-Executive Directors that reflects the current demanding challenges in discharging their fiduciary duties, roles and responsibilities, whether individually or collectively, as well as the complexity of the Company's operation and the industry. Their remuneration packages are benchmarked against the market once every three years to ensure that their remuneration packages remain competitive and relevant.

The aggregate remuneration of the Directors categorised into the appropriate components are enumerated in Note 35 of the Audited Financial Statements on page 247 of this Annual Report. Board fees and Board committee fees paid to the Directors during the financial year are summarised as follows:

Category	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries	-	-
Fees	-	1,162,500
Meeting allowances	-	409,500
Other allowances	-	134,926
Other emoluments	-	346,359
Estimated monetary value of benefit-in-kind	-	44,400

The Directors' remuneration is broadly categorised into the following bands:

Amount of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM100,001 to RM150,000	-	2
RM150,001 to RM200,000	-	4
RM200,001 to RM250,000	-	3
RM350,001 to RM400,000	-	1

The Board is also conscious of the need to ensure proper processes are in place to deal with succession issues at Board level. There is a thorough process for the selection, nomination and appointment of suitable candidates to the Board as well as diversity in the Board, as it is recognised that a Board with diversified members will lend to more effective and dynamic discussions at the Board level.

ii) BPC

The Board, had on 21 August 2015, approved the formation of the BPC as a committee to review and approve the procurement activities of the Group within its authority limits under the Company's Limits of Authority. With the formation of the BPC, the Board can now fully focus on critical business and strategy matters whilst due attention is given by this committee to review and approve procurement activities undertaken by the management for the Group.

The BPC comprises four members who are Non-Executive Directors with one member who is an Independent Director. The eligibility of Directors to serve as a committee member of the BPC shall automatically cease once they no longer serve as a Director of the Company. The BPC is chaired by the Non-Executive Non-Independent Director.

The BPC shall convene meetings as and when required to deliberate the procurement award recommendations to meet the business needs of the Group. Since its formation, the BPC had over the course of the financial year under review, approved one procurement on the recommendation of the Company's Management Procurement Committee ("MPC"). All decisions of the BPC are made known to the Board at the next best opportunity to keep them informed.

In fulfilling its objectives, the BPC undertakes the following functions, roles and responsibilities:

- to review, evaluate and approve or disapprove procurements by the Group in accordance to the Limits of Authority approved by the Board; and
- to assist the Board in regulating compliance in line with the Group's Procurement Policies and Procedures.

(iii) BRC

The BRC which was established on 25 November 2014, comprises four Non-Executive Directors, two of whom are Independent Directors. The BRC, chaired by an Independent Non-Executive Director of the Company, is a dedicated committee formed by the Board to provide oversight of the key risks that the Group faces and must manage. It allows in-depth deliberation and focuses on the risk management activities of the Group by the committee, prior to making recommendations to the Board. High and extreme risks faced by the Company and Group will be highlighted to the Board for its information and notation.

The terms of reference of the BRC include the following:

- to review the processes for determining and communicating the Company's risk appetite;
- to oversee the establishment, implementation and adequacy of the risk management system of the Group of which the effectiveness of the system is reviewed annually;
- to review and approve the risk management framework and policies to be adopted by the Group. The risk framework is constantly monitored and reviewed to ensure risks and controls are updated to reflect current situations and ensure relevance at any given time;
- to review management's processes for identifying, analysing, evaluating and treating risks, as well as communicating the identified risks across the Group;
- to review periodic reports on risk management of the Group and deliberate on key risk issues highlighted by the Management Risk Committee;
- to report to the Board the key risks of the Group and the action plans to mitigate these risks;
- to provide independent assurance to the Board on the effectiveness of risk management processes in the Group;
- to invite outside counsel, subject-matter experts and other advisors, to the extent it deems necessary or appropriate, to facilitate expert discussion and seek expert opinion; and
- to carry out such other assignments as may be delegated by the Board.

Details of the BRC and a summary of its activities are spelt out in the Statement of Risk Management and Internal Control which appears on pages 118 to 123 of this Annual Report.

(iv) BAC

Details on the BAC are elaborated in the Board Audit Committee Report which appears on pages 124 to 128 of this Annual Report.

3. REINFORCE INDEPENDENCY

(Principle 3 of the MCCG 2012)

a) Separation of Powers between the Chairman and the CEO

In line with the recommendation of the MCCG 2012, there is a clear division of responsibility of the Chairman and CEO which promotes accountability and facilitates division of responsibilities between the two roles. The CEO, assisted by the Senior Management, is responsible for the business and day-to-day management of the Company. This division of roles between these two positions will ensure that no one individual has unfettered powers over decision making.

The Chairman

Tan Sri Dato' Seri Syed Anwar Jamalullail has been the Independent Non-Executive Chairman of the Company since 1 December 2014. As the Chairman, he is responsible for leading and ensuring the adequacy and effectiveness of the Board's performance and governance process. He also acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated. He works closely with the rest of the Board members in forming policy framework and strategies to align the business activities driven by the management team.

The CEO

Encik Habib Husin has been appointed as the Acting CEO of the Company since the departure of the Group's former CEO, Dato' Sri Syed Faisal Albar Syed A.R Albar, on 31 December 2015. He is also the Executive Vice President, Operations of the Group. He takes over the responsibility of providing the stewardship of the Group's direction and the day-to-day management of the Group. The Acting CEO together with the Senior Management manage the business of the Group according to the business plans, instructions and directions of the Board. The Acting CEO, with the management team, also implements the Group's policies and decisions as adopted by the Board, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies.

The Senior Management comprises the following:-

(i) Acting CEO

(ii) Executive Vice President, Operations

(iii) Executive Vice President, Corporate

(iv) Chief Financial Officer

(v) Senior Vice President, Group Planning and Strategy Division

(vi) Senior Vice President, Asset Management Division

(vii) Senior Vice President, Operation & Maintenance Division

(viii) Senior Vice President, Corporate Services Division

b) Board Independence

Currently, five out of ten Board members are Independent Directors who are able to exercise independent judgment on issues of strategy, performance and resources of the Group. The Independent Non-Executive Directors of the Board play an important role in upholding the views of objectivity and independence in the discussion and decision making process of the Board. Their advice and judgment on interests, is not only limited to the Group, but also encompasses shareholders, employees, customers, suppliers and the communities in which the Group conducts its operations. The Independent Non-Executive Directors represent and protect the interests of shareholders and are tasked to provide an impartial view and quality advice to the decision making process of the Board.

c) Independence Assessment of Independent Directors

During the financial year under review, all of the Independent Directors (save for Mr. Kohei Hirao who was appointed after the financial year under review), had declared their independence based on criteria set out in Paragraph 1.01 of the MMLR of Bursa Malaysia. During the year, none of the Independent Directors had any interest or relationship that could reasonably be perceived to materially interfere with the independent exercise of their judgment. Materiality is assessed on a case-to-case basis by the Board and each Director is required to regularly disclose to the Board all information that may be relevant to this assessment, including their interests in contracts and other directorships held. Therefore, based on their declarations and actions as Board members, the BNRC is satisfied that the Independent Directors have complied with the independence criteria as prescribed by the MMLR and continue to bring independent and objective judgement to Board deliberations.

The MCCG 2012 recommends that the tenure of an Independent Director should be limited to a cumulative term of nine years. After that tenure, the said Independent Director may continue to serve the Board upon reaching the nine year limit subject to him/her being re-designated as a Non-Independent Director. Currently, the Company does not have a policy in setting the limit on the tenure of the Independent Non-Executive Directors as the Board believes that the continued service by Directors provides stability and continuity in the policies implemented which will benefit the Board and the Group as a whole. However, in line with the recommendation of the MCCG 2012, the BNRC will be reviewing the policy on the tenure of the Independent Non-Executive Directors of the Company, including the Chairman of the Company.

If the Board has the intention to retain a Director as an Independent Director beyond the cumulative term of nine years, the Board must justify the decision and seek shareholders' approval at a general meeting. The justification for the retention of the Independent Director will be subject to the recommendations of the BNRC which is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criterion of independence.

As all of the Independent Non-Executive Directors of the Company have served less than nine years in the Company, the MCCG 2012 recommendation will not be applicable at this juncture. The BNRC will continue, on an annual basis, to assess the independence of the Independent Non-Executive Directors.

d) Senior Independent Non-Executive Director

The commentary to Recommendation 2.1 of the MCCG 2012 proposes that the chair of the nominating committee should be the Senior Independent Director identified by the Board. The main role of the Senior Independent Director is to act as a sounding board for the Chairman. If the Board is undergoing a period of stress, and/or there is a perceived conflict of interest involving the Chairman, the Senior Independent Director is expected to provide leadership and advice to the Board. The Senior Independent Director can also be the focal point to whom the concerns of the stakeholders and shareholders of the Company can be conveyed. The Board of the Company had deliberated and decided that the appointment of a Senior Independent Director is not required since the Chairman of the Board is already an Independent Director. The Board will review from time to time the need to appoint a Senior Independent Non-Executive Director.

e) Conflicts of Interest

To uphold good corporate governance and to ensure that decisions made are not influenced, any transaction of the Group involving interests of the major shareholders in whom these Non-Independent Non-Executive Directors represent will declare such interest to the Board and will abstain from all deliberations at the Board meeting.

4. FOSTER COMMITMENT

(Principle 4 of the MCCG 2012)

The Board meets at least four times every financial year and, as and when necessary, for any matters arising between regular Board meetings. The Board and Board committees meetings are scheduled in advance to ensure that the Directors are able to plan ahead and to ensure their attendance at those meetings. The Board ordinarily schedules three additional meetings on top of the required quarterly meeting annually, to cater for any urgent matters which require the Board's decision and approval. Any additional meeting, on top of the seven scheduled meetings, will be convened by the Company Secretary, after consultation with the Chairman and the management.

A total of eleven Board meetings were held during the financial year ended 31 December 2015. The details of attendance are as follows:

Name of Directors	No. of meetings attended
Tan Sri Dato' Seri Syed Anwar Jamalullail	11 out of 11
Dato' Sri Che Khalib Mohamad Noh	11 out of 11
Datuk Muhamad Noor Hamid	10 out of 11
Datuk Ooi Teik Huat	11 out of 11
Cindy Tan Ler Chin	11 out of 11
Tan Sri Dato' Seri Alauddin Dato' Md Sheriff	10 out of 11
Datuk Dr. Syed Muhamad Syed Abdul Kadir	11 out of 11
Datuk Idris Abdullah	8 out of 11
Dato' Wan Kamaruzaman Wan Ahmad	9 out of 11 (2 other meetings attended by his alternate)
Kanad Singh Virk (resigned with effect from 30 November 2015)	8 out of 9 (1 other meeting attended by his alternate)

Mr. Kohei Hirao's Board attendance is not set out as he was appointed after the financial year end.

a) Time Commitment

Pursuant to the Articles of Association of the Company, the decisions of the Board can be passed by a simple majority with the Chairman having a casting vote. However, the decisions of the Board are ordinarily made unanimously or by consensus. Proposals which are substantive and material in nature are considered and discussed at length at Board meetings whilst proposals relating to administrative and operational matters will be taken by way of Directors' circular resolutions between scheduled and special meetings. In 2015, a total of twenty-seven resolutions ranging from administrative to operational issues were approved by the directors via circular resolutions.

The agenda for the meetings of the Board are set by the Company Secretary in consultation with the Chairman and the CEO. The Board is given due notice with regard to matters to be discussed through the agenda of the meeting. The relevant board papers and reports are issued in a timely manner prior the meeting to provide the Directors sufficient time to peruse the proposals at hand for a meaningful discussion and for effective decision making at Board meetings. The quality and manner in which information is provided to the Board is reviewed at each meeting and annually as part of the Board's evaluation process.

CORPORATE GOVERNANCE STATEMENT (continued)

All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of the minutes of the meetings. Although there is currently no written policy on the Directors' commitment in discharging their responsibilities, the Directors have displayed their utmost commitment in understanding the proposals at hand and engaging in in-depth discussion with the management before a decision is made at Board meetings. Directors may also be asked to carry out special assignments to facilitate the Board in discharging its duty. During the financial year, the management and Board tapped on the experience of a Director, who has vast project management experience, to visit a project site in Oman which was facing some challenges. This Director inspected the site and provided his insights and perspectives to the Board on the progress of the project which was being developed by the Company-led consortium.

Each individual member of the Board is expected to devote sufficient time to the Company in carrying out his or her duties and responsibilities as this plays an important role in the development of the Group's policy and oversight of the management of the Company. This time commitment of Board members will be communicated to new members of the Board upon their appointment.

The Board will be developing a procedure to be followed by Directors before accepting any new external Board appointment. This notification is expected to include an indication of the time that will be spent on the new external appointment. If there is a potential conflict in the pending appointment, it will be tabled at the BNRC notwithstanding the fact that paragraph 15.06 of the MMLR of Bursa Malaysia allows for a Director to sit on the boards of up to five listed issuers.

b) Directors' Training

The Board acknowledges that to remain relevant and effective in carrying out their duties as Board members of the Company, it is important that Directors undergo continuous training and learning programmes from time to time. During the year, the BNRC carried out a Board matrix competency exercise for each member of the Board as part of the Board evaluation exercise. This exercise enabled the determination of key areas of improvement for each of the Directors and their respective training needs to bridge their respective competency gaps. As a result, each Director will receive targeted training dedicated to him/her to enable these Directors to be equipped with the required skills set and knowledge to carry out his/her duties effectively as a Director of the Company.

All Directors are encouraged to attend continuous education programmes and continuous training to enhance their business acumen and professionalism in discharging their duties to the Group as well as to help them to keep abreast of the current developments and business environment affecting their roles and responsibilities. The Company Secretary who receives regular updates on training programmes from various organisations including the regulators will circulate it to the Directors for their consideration.

All of the Directors of the Company have attended the Mandatory Accreditation Programme ("**MAP**") conducted by Bursatra Sdn Bhd. Mr. Kohei Hirao, being a new Director appointed on 20 January 2016 has attended his MAP training within the timeframe granted by Bursa Malaysia. The management have also provided him a brief business overview of the Group to ensure he familiarises himself with the Group.

In compliance with paragraph 15.08(2) and Appendix 9C (Part A, paragraph 28) of the MMLR of Bursa Malaysia, all Directors (during the financial year ended 31 December 2015) had attended at least one training sessions, some of which are listed below:-

(i) Invitation to Lead the Change: Getting Women on Board Event organised by PEMANDU

(ii) Forum on Corporate Governance – Balancing Rules & Practices (ACCA, KPMG and MSWG)

(iii) Roles & Responsibilities of Directors under the Listing Requirements & Introduction to Integrated Reporting

(iv) Board Chairman Series: Tone from the Chair & Establishing Boundaries organised by Joint Programme ICLRF & Bursa Malaysia

(v) Power Talk Series "Executing Your Growth Strategy with Certainty" with Anand Sharma (USA) organised by Malaysian Directors Academy ("MINDA")

(vi) FIDE Forums on the following:

- Focus Group Discussion – Towards more Equitable Remuneration Practices for Directors and Financial Institutions
- Focus Group 1: Islamic Banking and Investment Banking Businesses
- Focus Group 2: Insurance Takaful and Reinsurance Business
- Dialogue with the Governor, Bank Negara Malaysia
- Industry Consultation Session
- Board's Strategic Leadership: Innovation & Growth in Uncertain Times
- Impact of the New Accounting Standards on Insurance Companies – What Directors should be aware of
- Board Leadership Series on Board Leading Change: Organisational Transformation Strategy as Key to Sustainable Growth in Challenging Times

(vii) Briefing Session on Bank Negara Malaysia Annual Report 2014/Financial Stability and Payment Systems Report 2014 – Takaful Operators organised by Bank Negara Malaysia

(viii) Briefing on Shariah Risk Management Framework

(ix) Bursa Invest Malaysia 2015 organised by Bursa Malaysia

(x) 7th Annual Corporate Governance Summit

(xi) Future of Auditor Reporting – The Game Changer for Boardroom organised by Bursa Malaysia

(xii) Advanced Women Directors' the Training Programme (AWDTP) 2015 organised by the Ministry of Women, Family and Community Development

(xiii) Anti-Money Laundering Act & Counter Financing Terrorism and Anti-Fraud Programme

(xiv) Sustainability symposiums: Responsible Business. Responsible Investing organised by Bursa Malaysia

(xv) Qualified Risk Director Programme: Series 7 – Boards Masterclass on Effective ERM Practices and Practical ERM Implementation Issues organised by Institute of Enterprise Risk Practitioners ("IERP")

(xvi) Qualified Risk Director Programme: Series 8 – Boards Masterclass on Leadership During Crisis organised by IERP

(xvii) Corporate Directors Advanced Programme (CDAP): Finance for Non-Finance Directors – Financial Language in the Boardroom organised by MINDA

(xviii) Nominating Committee Programme 2: Effective Board Evaluations organised by Bursa Malaysia

(xix) Seminar Optimising Performance Amid Uncertainty, The Business of Innovation 2015 & Global Transformation Forum

(xx) J.P. Morgan Investor Services Forum 2015, Kuala Lumpur

(xxi) Executive Media Training Workshop

During the year, the Board organised its annual offsite breakout session with the management to discuss the Group's strategies and business plans. Guest speakers were invited to brief the Board on the latest developments in the power industry, new business ventures as well as potential markets in which the Company could tap for growth. The key takeaways from the session were used by the management to develop the Group's strategies and business plans for 2016.

Board members also made visits to the Group's power plants and met with the management to facilitate their understanding of the Group's businesses and operations. An induction programme will be developed and conducted for all newly appointed Board members.

Board members will continue to assess their own training needs and undergo relevant training and development programmes to enhance their skills and knowledge and to keep abreast with new developments in the business environment.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

(Principle 5 of the MCCG 2012)

a) Financial Reporting

The Board is responsible for ensuring that accounting records are kept properly and that the financial statements are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. Timely announcements on the quarterly results and issuance of the Annual Report to Bursa Malaysia reflect the Board's commitment to provide timely and up-to-date assessments on the Group's performance and prospects to shareholders, investors, regulatory authorities and other stakeholders of the Company.

The Board is assisted by the BAC in overseeing the Group's financial reporting processes and the quality and integrity of the financial reporting. These processes aim to provide assurance that the financial statements and the notes accompanying the financial statements are completed in accordance with applicable legal requirements and accounting standards and reflect a true and fair view of the Group's financial position.

b) Internal Control

The Board has the overall responsibility for maintaining a system of internal control that provides reasonable assurance for effective and efficient operations, compliance with laws and regulations, as well as adherence with internal procedures and guidelines.

The Statement on Risk Management and Internal Control is set out on pages 124 to 128 of this Annual Report.

c) Relationship with Auditors

The external and internal auditors are invited to present to the BAC the significant audit findings that they wish to bring to the attention of the BAC at every quarterly meeting of the BAC. The BAC also meets with both the internal and external auditors at least twice a year without the presence of the management or whenever it deems it necessary. This is to encourage open discussion between the BAC and external auditors as to the level of co-operation of the management during the audit, the areas for improvement of the audit exercise, or any other concerns it wishes to bring to attention of the BAC.

The services provided by the external auditors include statutory audits and non-audit services. The terms of engagement for the services rendered by the internal and external auditors are reviewed by the BAC who makes recommendations for approval by the Board.

The BAC also reviews the proposed fees for audit services of the external auditors and makes recommendations for approval by the Board.

The BAC through the Company Secretary facilitates the assessment of both the internal and external auditors. The assessment involves the completion of sets of questionnaires that include amongst other things, the adequacy of resources, the quality and adequacy of personnel carrying out the audit, the quality of audit reports received by the BAC and the adequacy of coverage of the audit. The feedback of the Chief Financial Officer through the completion of a different set of questionnaire is also sought as to the quality of the audit reports and the performance of the external auditors.

The abovementioned assessments will assist the BAC in determining and recommending the proposed re-appointment of the external auditors of the Company and their fees. As the assessments by both the BAC and the Chief Financial Officer on the external auditors were satisfactory for the year under review, the Board recommends their re-appointment, upon which shareholders' approval will be sought at the AGM.

6. RECOGNISE AND MANAGE RISKS

(Principle 6 of the MCCG 2012)

a) Risk Management Framework

Recognising the importance of a sound risk management framework to manage the Company's risks as a whole, the Board has delegated the oversight of its Risk Management Policy to the BRC, including the review of the effectiveness of the Company's internal control system and risk management process. The BRC reports regularly to the Board to enable it to review the Group's risk framework.

The management, through the Management Risk Committee ("MRC"), is responsible for promoting and applying the Enterprise Risk Management Policy & Framework ("ERMPF") for the Group. The MRC is a management consultative platform where operational and technical risks are communicated, discussed, and strategies formulated in managing such risks in order to support the strategic objectives of the Company. The MRC is also responsible for monitoring the effectiveness of risk control and mitigation plans and providing status updates on extreme and high risks to the BRC on a quarterly basis. Every business unit within the Group has its own risk management setup that supports the MRC in terms of risk identification, risk analysis, risk evaluation and risk treatment. Each of the risk management setups comprise risk scorecard owners, risk coordinators, risk owners, control owners and action plan owners, herein collectively known as risk users.

In general, the Risk Management Department ("RMD") supports the BRC and MRC not only in executing risk analysis and reporting, but also in cultivating the risk perception and culture of the Company through risk awareness programmes, sessions and trainings. In particular, the RMD is also the conduit of all the business units with regard to the execution of the planned risk management activities that are consistent with the ERMPF. The RMD is also responsible for identifying, developing and implementing risk assessment techniques and tools that are up-to-date and relevant to the business and operational requirements of the Company. Last but not least, the RMD manages the ERM System ("ERMS") to ensure that the risk registers are up-to-date and accessible to risk users.

The Group's inherent system of internal control and risk management framework are designed to manage, rather than eliminate the risk of failure to achieve the Company's corporate objectives as well as to safeguard shareholders' investments and the Company's assets. Details of the Company's risk management framework and internal control system are set out in the Statement on Risk Management and Internal Control on pages 124 to 128 of this Annual Report.

b) Internal Audit Function

The Internal Audit Department ("IAD") is responsible for reviewing all policies and processes of the Group and its relationship with third parties. It provides the Board through the BAC with an independent assurance on the processes, risk exposures and systems of internal controls. The responsibilities of the IAD include the following:

- assessing and reporting the effectiveness and adequacy of internal control systems;
- ascertaining and reporting the level of compliance to relevant regulations and Group policies and procedures;
- determining and reporting the accuracy, timeliness and completeness of relevant data, readings and reports; and
- reviewing and reporting on the safeguards surrounding the economic utilisation of resources.

Details of the Company's internal audit function are set out in the Statement on Risk Management and Internal Control on page 122 and in the Board Committee Report on page 128 of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(Principle 7 of the MCCG 2012)

a) Corporate Disclosure Policies and Guidelines

To ensure that shareholders, investors and stakeholders receive detailed and timely information, the Company over the course of the financial year, adopted the Corporate Disclosure Policies and Guidelines ("CDP"). The CDP ensure that there is a systematic approach within the organisation to communicate material information and disseminate it to various stakeholders such as investment regulators, members of the media and the investment community.

The CDP was established based on the basic principles of transparency, timeliness, fairness, continuity and confidentiality apart from complying with the MMLR of Bursa Malaysia. The CDP covers all manner and/or platform of formal and informal correspondences and communication which is taken by the Company. A Disclosure Committee comprising the CEO, Executive Vice President, Corporate, Executive Vice President, Operations, Chief Financial Officer (primary contact) and Company Secretary will administer the CDP including determining material information, ensuring timely disclosure to Bursa Malaysia, monitoring compliance and overseeing disclosure procedures.

b) Insider Trading

To ensure orderly market activities in relation to the Company's share price, the CDP sets out guidelines on trading restrictions for Directors, officers or employees privy to material information. A blackout period of thirty (30) calendar days is imposed to avoid selective disclosure, particularly prior to announcement of financial results. Notices on the closed period for trading in the Company's securities are circulated to the Directors, officers or employees who are privy to any price-sensitive information and knowledge in advance of the closed period where applicable. The Directors, officers or employees who are privy to material information are prohibited from trading in securities of the Company up to one market day after the material information is released to the public.

The Company employs a wide range of communication modes with its shareholders primarily through its website at www.malakoff.com.my which has a dedicated section on announcements released through Bursa Malaysia. The website will be further enhanced to have a dedicated section for investors incorporating media releases, investor presentations, quarterly and annual financial statements, announcements, share and financial information, annual reports and circulars/ statements to shareholders.

8. STRENGTHENING RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

(Principle 8 of the MCCG 2012)

a) Annual Report and Shareholders' Participation at General Meetings

The Board recognises the importance of safeguarding the interests of its shareholders and values feedback from its shareholders. The Board assumes overall accountability and responsibility for managing constructive dialogue and effective engagement with both institutional and private investors of the Company so as to encourage active participation in discussion and deliberation by the shareholders.

The Board believes that the shareholders or the prospective new investors are entitled to receive timely and material information about their investment to assist them in making informed investment decisions. Information on the Company's financial performance, business activities, corporate social responsibilities and other key activities are provided in the Company's Annual Report. The Board aims to present a clear and comprehensive statement of disclosures in the Annual Report to its shareholders.

The Annual Report will be sent in a timely manner to the shareholders in electronic/digital format together with a printed abridged version incorporating the summarised financial statements of the Company, notice of general meeting and the proxy form. A full version of the Annual Report will be made available on the Company's website at www.malakoff.com.my for access by the shareholders. A hard copy of the Annual Report will be provided upon request by the shareholders of the Company.

The general meeting serves as a crucial platform for the Board and Senior Management to engage with shareholders and encourage effective shareholder communication on the Company's performance, corporate and business developments and any other matters affecting shareholders' interests.

An AGM is held every year to consider ordinary business and any other special business of the Company whereby a full explanation on special business items will be provided in the notice of AGM to inform shareholders about the effects of the proposed resolutions arising from such items. The external auditors will be present at the AGM to answer shareholders' queries on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company, and the independent audit review of the Company's financial position.

The general meeting also serves as an avenue for the Chairman and the Board members to engage in two-way communication with shareholders. Shareholders are encouraged to attend the general meeting and participate in the question and answer session with the Board personally and exercise their right to vote on the proposed resolutions. Shareholders will be informed of their right to demand for poll at general meetings, and the Company will ensure that a vote of shareholders is taken on a poll at the general meetings on the resolution approving the RPTs. The outcome of voting on the proposed resolutions will be released via Bursa Link to the public at large and uploaded to the Company's website after the general meeting.

Other than the forum of general meetings, the Board encourages other mediums of communication between the Company and its shareholders or investors as follows:

(i) the disclosure of full and timely information on the Group's major developments pursuant to the MMLR of Bursa Malaysia;

(ii) all information of the Group's activities or press releases made available on the Company's website;

(iii) all announcements released to Bursa Malaysia and uploaded onto the Company's website; and

(iv) briefing sessions to be held between the Company's Senior Management and investors.

b) Communication and Engagement with Shareholders or Investors

The Company regularly interfaces with research analysts, local and international fund managers, institutional investors as well as members of the media/business editors. The Company's objective is to consistently provide investors with timely and accurate information that would assist them in their evaluation and investment decisions. Relationships with the investment community are nurtured based on integrity, qualitative information and active engagement whereas investors' confidence is built on the management's ability to perform and deliver effectively. To meet this objective, an Investor Relations ("IR") unit was established within the Group Finance and Accounts Division following the Company's listing in 2015. One of the tasks of the IR unit is to serve as an avenue for two-way communication medium between the Company and the investing community. Based on the questions and comments expressed by analysts and investors, the IR unit provides feedback to the management on investors' sentiment towards the Company as well as any matters that may require follow-up action. Among the engagement activities undertaken by IR are quarterly analyst briefings, one-to-one meetings at investment conferences, non-deal roadshows, management presentations, site visits as well as networking events. The IR activities undertaken over the course of FY2015 post Initial Public Offering ("IPO") are provided on page 77 of this Annual Report.

To ensure the Company keeps abreast of best IR practices and changing trends in serving investors, the Company is registered as a corporate member of the Malaysian Investor Relations Association under Bursa Malaysia as of July 2015.

9. STATEMENT OF DIRECTORS' RESPONSIBILITIES

(Pursuant to paragraph 15.26(a) of the MMLR of Bursa Malaysia)

The Board has given its assurance that the audited financial statements are prepared in accordance with the Companies Act, 1965 and the applicable approved accounting standards for each financial year as to present to give a true and fair view of the state of affairs of the Group and the Company in a transparent manner at the end of the financial year and of the results and cash flows for the financial year.

The Directors' Report for the audited financial statements of the Company and the Group is outlined on pages 132 to 136 of this Annual Report together with the details of the Company and the Group financial statements for the financial year ended 31 December 2015 which are set out on page 137 to 253 of this Annual Report.

10. COMPLIANCE STATEMENT BY THE BOARD ON THE CORPORATE GOVERNANCE STATEMENT

This Statement on the Company's corporate governance practices is made in compliance with paragraph 15.25 of the MMLR of Bursa Malaysia.

Having reviewed and deliberated this Statement, the Board is satisfied that to the best of its knowledge the Company is substantially in compliance with the Principles and Recommendations set out in the MCCG 2012 as well as the relevant paragraphs under the MMLR of Bursa Malaysia for the financial year under review. Any recommendations in the MCCG 2012 which have not been implemented since the listing of the Company in May 2015 will be reviewed by the Board and be implemented where possible and where relevant to the Group's business.

This Statement has been presented and approved by the Board at its meeting held on 8 March 2016.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Malakoff Corporation Berhad ("Malakoff") affirms its overall responsibility for reviewing the adequacy and effectiveness of its risk management and internal controls processes. The processes in place are designed to ensure key risk areas are managed to an acceptable level to achieve its business objectives. Malakoff's risk management and internal control system is an ongoing process designed to meet its needs based on the business direction of Malakoff Corporation Berhad in line with the changes of business environment, operating conditions and regulatory requirements.

The Board is aware that the risk management and internal control system can only provide reasonable and not absolute assurance against the risk of material loss or occurrences of unforeseeable circumstances. As such, the Board is constantly reviewing the adequacy and integrity of Malakoff's risk management and systems of internal control.

The Statement on Risk Management and Internal Control is made in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This is in line with the Malaysian Code on Corporate Governance ("MCCG") 2012 which requires public listed companies to maintain a sound system of risk management and internal controls to provide assurance and safeguard shareholders' investments, customers' interests and company assets.

RISK MANAGEMENT

Malakoff applies risk management across the entire organisation as well as specific functions, programmes, projects and activities. The implementation of risk management strengthens management practices, decision making and the resource allocation process, while at the same time protects stakeholders' interests and strengthens trust and confidence in Malakoff.

Risk Management Framework

Malakoff is committed to undertaking continual improvements in risk management activities as well as in the assessment, monitoring and review of all key risk areas to ensure a sustainable business that provides steady growth and enhances stakeholder value. The Board's commitment toward this was reflected in the establishment of the Board Risk Committee ("BRC") on November 2014. The BRC was set up in acknowledgement of the growing importance of the risk management function in safeguarding the interests of Malakoff and its shareholders. The principal role of the BRC is to provide an effective oversight of Malakoff's risk appetite, risk management functions and practices.

Terms of Reference (TOR): Board Risk Committee

Members	At least Two (2) Non-Executive Independent Directors and one (1) Non-Executive Non-Independent Director.
Secretary	The Company Secretary shall act as the Secretary of the Committee, unless otherwise determined by the Chairman of the Committee.
Quorum	Majority of members present.
Frequency of Meetings	At least once in every quarter and at such other times as the Chairman of the Committee considers necessary.
Notice of Meetings	Unless otherwise agreed by the Committee members, notice of each meeting confirming the venue, time and date together with an agenda of items to be deliberated, shall be forwarded to each member of the Committee at least five (5) business days prior to the date of the meeting.
Minutes	The Company Secretary shall minute the proceedings and resolutions of all Committee meetings. Recommendations of the Committee are to be referred to the Board for approval. Minutes of Committee meetings shall be circulated to all members of the Committee. Minutes shall be confirmed by the Committee and signed by the Chairman. Approved minutes shall be distributed to all members of the Board for information at the next Board meeting.
Responsibilities	1. To review the processes for determining and communicating the Company's risk appetite. 2. To oversee the establishment, implementation and adequacy of the risk management system of the Group of which the effectiveness of the system is reviewed annually. 3. To review and approve the risk management framework and policies to be adopted by the Group. The framework is constantly monitored and reviewed to ensure risks and controls are updated to reflect the current situation and ensure relevance at any given time. 4. To review Management's processes for identifying, analysing, evaluating and treating risks, as well as communicating the identified risks across the Group. 5. To review periodic reports on risk management of the Group and deliberate on key risk issues highlighted by the Management Risk Committee ("MRC"). 6. To report to the Board on the key risks of the Group and the action plans to mitigate these risks. 7. To provide independent assurance to the Board of the effectiveness of risk management processes in the Group. 8. To invite outside counsel, subject-matter experts and other advisors, to the extent it deems necessary or appropriate, to facilitate expert discussion and seek expert opinion. 9. To carry out such other assignments related to risks as may be delegated by the Board.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (continued)

The MRC continuously supports the BRC in integrating risk management strategies, policies, risk tolerance and risk appetite as well as in reviewing the application of risk management practices across Malakoff Corporation Berhad in line with its Enterprise Risk Management Policy and Framework ("ERMPF"). The ERMPF is based on ISO 31000:2009 Risk Management – Principles and Guidelines codified by the International Organisation for Standardisation ("ISO").

Risk Management is integrated into Malakoff's everyday business activities and risk-based evaluation is incorporated into its decision making process. This demonstrates the emphasis placed by the Board on the risk management agenda and underlines the importance of a well-managed risk management programme. Echoing the tone of the Board, the MRC continues to reinforce risk management principles among employees to ensure continuous improvement at all levels.

Malakoff defines risk as events that could affect the company's objectives. It is measured by the likelihood of the risk occurring and the impact if the risk occurs. Malakoff's ERMPF will ensure that the process of identifying, evaluating and treating risk are in place to protect Malakoff from material losses. It will assist Malakoff in making decisions and prioritising the implementation of the risk treatment.

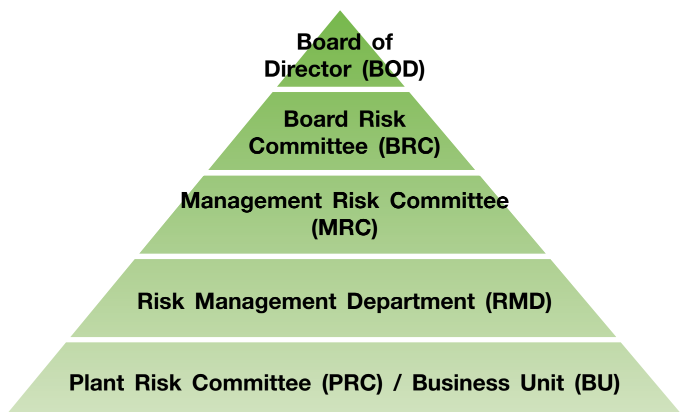
IMPACT LIKELIHOOD	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain					
Likely					
Possible					
Unlikely					
Rare					

Monitor and Review

Monitoring and reviewing of risks is an essential and integral part of the risk management process for Malakoff. Monitoring and reviewing the risk provides Malakoff reasonable assurance that risks are being managed effectively as expected and ensure that risk profiles anticipate and reflect the changing business conditions and potential exposure.

Risk Reporting

On a quarterly basis, a risk register containing the identified risk are discussed and deliberated at the MRC meeting chaired by the Chief Executive Officer ("CEO"). The reports are subsequently tabled to the BRC for deliberation and recommendations for the identified risks, ongoing controls and mitigation actions are implemented. The Board notes the report on the risks faced by Malakoff and actions taken by management to mitigate the risks. The overview of Malakoff's reporting structure is provided in the table below:



Malakoff strives to continually improve the processes in place and will further enhance these practices based on the recommendations of MCCG 2012 and the revised guidelines on the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

Corporate Digital Assurance

To enhance Malakoff's risk management practises, a Corporate Digital Assurance module had been employed in the Enterprise Risk Management ("ERMS") to ensure that the scorecard owners, risk owners, control owners and action plan owners provide assurance with respect to the status of all material risks, controls and management actions.

The respective owners will provide assurance that they have reviewed and updated the Corporate Risk Scorecard system with the status of all material risks, controls and management actions.

In relation to the Risk Management process, the owners also certify that:

- The risks, controls and management actions information within the Corporate Risk Scorecard are accurate and complete.
- Where exposure is considered acceptable they have documented and validated that the control activities are in place and are effective.
- Where an individual risk has been assessed as unacceptable, management actions have been formulated and individuals have been identified as owners, with accompanying due dates to address the risk.
- To the extent that an individual risk is not perceived to be within their control (either directly or as delegated to the immediate management team), it will be documented and elevated to the appropriate level of management within the Company.

In addition, the owners also confirm that the risk management process has been complied with and the information for which they are responsible for under Corporate Risk Scorecard fairly reflects the position of the Company.

Business Continuity Management (BCM)

In 2015, Malakoff put in place a Business Continuity Management ("BCM") initiative for its Kuala Lumpur headquarters which is in accordance with the ISO 22301 Business Continuity Management standard. The BCM Policy and Framework ("BCMPF") was approved on May 2015 by the Board. It provides a framework for building resiliency and enabling effective responses to continue delivering critical services following a disruptive event. The BCMPF is integrated with the Crisis Management Plan and Crisis Communication Plan. With the full implementation of BCM at the Group level, Malakoff will able to respond quickly with regard to any business interruption or unexpected disaster that could affect its operations.

INTERNAL CONTROL SYSTEM

The key features of the Malakoff control structure that provide reasonable assurance against the occurrence of an event that could prevent the achievement of business objectives are as follows:

The Board

The Board of Malakoff provides direction and oversight on internal controls. The terms of reference and responsibilities are defined together with the Board Charter. The specific lines of responsibility, accountability and delegation of authority as approved by the Board to facilitate Malakoff's operations rest with the CEO and MRC.

Business Plan, Budget and Reporting

Malakoff establishes annual business plans and budgets that have been recommended by management and approved by the Board before commencement of the new financial year.

The Board reviews the result against budget on a quarterly basis in conjunction with the public announcement of Malakoff's quarterly financial result under the Main Market Listing Requirement of Bursa Securities.

Policies and Procedures

Documented internal policies and procedures are in place to ensure compliance with internal controls and the relevant rules and regulations. They are reviewed regularly to ensure that the gaps in controls are addressed and where required, policies and procedures are revised to meet with the business climate.

Limit of Authorisation

Authorisation limits in respect of organisational requirements such as purchasing of goods and services, cash management and disbursements, contracting and banking transactions are clearly defined and documented. The limits are reviewed and updated regularly to reflect the business environment, operational and structural changes.

Internal Audit

The Internal Audit Department ("IAD") provides independent assurance on the adequacy of governance, risk management and control processes. This is to assess the effectiveness of Malakoff internal control system.

The IAD reports functionally to the Board Audit Committee ("BAC"). IAD is independent of the activities that they audit and perform their duties with impartiality, proficiency and due professional care.

For the financial year ended 31 December 2015, the IAD carried out five full audits and six follow-up audits at the power plants covering plant operation and maintenance, inventory management, health, safety, security and the environment, scheduled waste management, project management and the management of procurement processes. In addition, it also conducted one project review. Observations arising from the aforesaid audit activities were presented together with the agreed upon management action plans to the BAC for its review and approval.

IAD also performs quarterly status update on the management corrective actions to ensure the effectiveness and efficiency of the internal controls processes.

Whistle Blowing

A Whistleblower Policy is available and a whistleblower channel is provided for all employees and third parties to disclose improper conducts. This Policy also accords protection to whistleblowers from detrimental action.

Joint Venture and Associates

Malakoff ensures that investment and interest in material joint ventures and/or associates, are protected by having board representation at the respective joint ventures and/or associates. The management of the joint ventures and/or associates is also responsible to oversee the operation and performance of the joint venture and/or associates.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:

- A quarterly review of Malakoff's actual financial and operational performance against planned performance and other key financial and operational performance indicators.
- The Risk Management Department's presents the Malakoff Risk Management Report to the BRC every quarter to provide an overview of Malakoff's key risks and action plans in mitigating the risks. The BRC notes and provides its views which are then communicated to the respective risk owners by the Risk Management Department. The report is then escalated to the Board upon deliberation by BRC; and
- The Board Audit Committee ("BAC') deliberates and discusses reports issued by the Internal Audit report and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective actions for issue discussed are also updated to the BAC to enable monitoring of the actions.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS

The risk management and internal control defined above have been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report.

In making this statement, the Board had received assurance from the CEO, Chief Financial Officer and Head of Risk Management that the risk management and internal control process are operating adequately and effectively, in all material aspect for the reporting period.

The Board is of the opinion that the risk management and internal control are adequate and effective in providing reasonable assurance for the year under review.

There was no major internal control weakness identified during the year under review that may result in any material loss that would require disclosure in this statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2015, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement is made in accordance with the resolution of the Board dated 8th March 2016.

BOARD AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Malakoff Corporation Berhad is pleased to present the Board Audit Committee ("BAC" or "the Committee") Report for the financial year ended 31 December 2015.

MEMBERS OF BOARD AUDIT COMMITTEE

Datuk Dr. Syed Muhamad Syed Abdul Kadir Independent Non-Executive Director	Chairman
Tan Sri Dato' Seri Alauddin Dato' Md Sheriff Independent Non-Executive Director	Member
Datuk Idris Abdullah Independent Non-Executive Director	Member
Datuk Ooi Teik Huat Non-Independent Non-Executive Director (Member of the Malaysian Institute of Accountants and CPA Australia)	Member

THE TERMS OF REFERENCE

The BAC was established by the Board on 9 November 2007 and was reconstituted on 11 December 2012 under the Terms of Reference as stated herein. The Committee's primary objectives are as follows:

1. To assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries' ("the Group") management of business, financial risk processes, accounting and financial reporting practices;

2. To determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, codes of conduct and applicable legal and regulatory requirements;

3. To serve as an objective party independent from the management team in the review of the financial information of the Company and Group presented by the management for distribution to shareholders and the general public;

4. To provide direction and oversight over the internal and external auditors of the Company to ensure their independence from the management; and

5. To evaluate the quality of audits conducted by the internal and external auditors on the Company and Group.

The BAC reports to the Board on the matters falling within the Committee's terms of reference on a quarterly basis.

Composition

Under its Terms of Reference, the BAC shall have at least three members with the majority being Independent Non-Executive Directors. The members of the Committee shall elect a Chairman from among the members who shall be an Independent Non-Executive Director. At least one member of the Committee must be a member of the Malaysian Institute of Accountants or have at least three years working experiences and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified by Part II of the 1st Schedule of the Accountants Act 1967 and to fulfil such other requests as prescribed and approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

No alternate Director shall be the member of the Committee. In order to form a quorum in respect of a meeting of the BAC, the majority of members present must be independent directors. If a member of the Committee resigns, dies and for any reason ceases to be a member resulting in the non-compliance with the above paragraph, the Board shall, within three months of that event, appoint such number of new members as may be required.

The Board must review the term of office and performance of the BAC and each of its members at least once every three years to determine whether the BAC and its members have carried out their duties in accordance with their terms of reference.

Meetings and Minutes

Meetings shall be held at least four times a year or more frequently as circumstances dictate. The Chairman shall call a meeting of the Committee, if requested to do so by any BAC member, the management or the internal or external auditors.

During the financial year ended 31 December 2015, four BAC meetings were held as required by the terms of reference. The BAC members and the details of their attendance at the BAC meetings are as follows:

Members	No. of meetings attended
Datuk Dr. Syed Muhamad Syed Abdul Kadir	4 out of 4
Tan Sri Dato' Seri Alauddin Dato' Md Sheriff	4 out of 4
Datuk Idris Abdullah	3 out of 4
Datuk Ooi Teik Huat	4 out of 4

A representative of the external and internal auditors shall normally be invited to attend the meetings of the BAC. The Head of Internal Audit and Company Secretaries (who are also the secretaries to the BAC) are also in attendance during the meetings.

Upon the invitation of the BAC, the Chief Executive Officer ("CEO") and other officers will attend the BAC meetings to deliberate on matters within their purview. Other board members may attend BAC meetings upon the invitation of the BAC.

After each meeting, the BAC Chairman submits a report on matters deliberated to the Board of Directors for their information and attention. Matters reserved for the Board's approval are tabled at the Board meetings. Action lists are issued by the Company Secretary on the decisions made and actions required by the relevant personnel and the management for their action.

The BAC shall meet at least twice a year with the internal and external auditors without the attendance of the executive members of the Committee (of which there are currently none) and the management of the Company.

Minutes of each meeting shall be kept and distributed to each member of the Committee and the Board. The Chairman of the Committee shall report on each meeting to the Board. The Chairman of the BAC should engage on a continuous basis with senior management, the Chairman of the Board, the Managing Director or the CEO, the Chief Financial Officer, the Financial Controller, and the internal auditors to be kept informed of matters affecting the Company.

Authority

The Committee is authorised by the Board:-

- to investigate any matter within its terms of reference;
- to have the resources in order to perform its duties and responsibilities as set out in its terms of reference;
- to have full and unrestricted access to information pertaining to the Company and the Group including the ability to call on any officer of the Company and/or the Group in carrying out the Committee's duties;
- to have direct communication channels to the internal and external auditors;
- to obtain, at the expense of the Company, external legal or other independent professional advice if it considers necessary; and
- to convene meetings with the external auditors or the internal auditors without the attendance of the executive members of the Group, whenever deemed necessary.

Duties and Responsibilities

The duties and responsibilities of the BAC comprise among others, the following:

(a) External audit

(i) to consider the appointment of the external auditors including the audit fees and any questions in relation to the resignation or dismissal of the external auditors before making a recommendation to the Board;

(ii) to review and discuss with the external auditors, before the audit commences, the nature and scope of the audit, and to discuss any significant problems that may be foreseen with the external auditors before the audit commences, as well as to ensure that the audit is carried out effectively and efficiently for the Company and the Group; and

(iii) to review the audit findings and management's responses including the status of previous audit recommendations.

BOARD AUDIT COMMITTEE REPORT (continued)

b) Internal audit ("IA")

(i) to review the IA plan, consider the major findings of IA and management's responses, monitor the implementation of any recommendations made therein and ensure effective coordination between the internal and external auditors;

(ii) to review the adequacy of the scope, functions, competency and resources of the IA programme, IA functions and that it has the necessary authority to carry out its work;

(iii) to review the audit reports and results of the IA process and where necessary, ensure that appropriate action is taken on recommendations of the IA function;

(iv) to direct and where appropriate, supervise any special project or investigation considered necessary;

(v) to determine the remit of the IA function which reports directly to the BAC. The IA function should be independent of the activities they audit and should be performed impartially, with proficiency and due professional care;

(vi) to review and appraise or assess the performance of members of the IA function/firm carrying out the IA function; and

(vii) to consider the major findings of internal investigations and management's response.

c) Financial reporting review

(i) to review with the management and the external auditors, the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:

- any change in accounting policies and practices;
- significant and unusual events;
- major judgmental areas;
- significant adjustments resulting from the audit;
- the going-concern assumption;
- compliance with accounting standards; and
- compliance with other legal requirements and the Main Market Listing Requirements of Bursa Malaysia ("MMLR").

d) Related party transactions ("RPTs")

(i) to review any RPTs and conflicts of interest situation that may arise within the Company or Group including any transaction, procedure or course that raises questions about management's integrity; and

(ii) to review the procedures set by the Company to monitor RPTs to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third-parties dealing at arm's length and are not to the detriment of the Company's minority shareholders.

e) Internal control

(i) to review the effectiveness of internal control systems and the internal and/or external auditors' evaluation of these systems.

f) Other matters

(i) to arrange for periodic reports from the management, the external auditors and the internal auditors to assess the impact of significant regulatory changes and accounting or reporting developments proposed by accounting and other bodies, or any significant matter that may have a bearing on the annual examination;

(ii) to discuss problems and reservation arising from the IA, interim and final audits, and on matters that the internal and external auditors may wish to discuss (in the absence of the management, where necessary);

(iii) to report to the Board at least once a year, the activities of the BAC, including the number of meetings held during the year and the details of attendance of each audit member in respect of the meetings; and a summary of the activities of the IA function or activity;

(iv) where the BAC is of the view that a matter reported by it to our Board has not been satisfactorily resolved resulting in a breach of the MMLR, the BAC must promptly report such a matter to Bursa Malaysia and/or the Securities Commission; and

(v) to carry out any other functions that may be mutually agreed upon by the Board.

SUMMARY OF ACTIVITIES

In line with the terms of reference of the BAC, the following activities were carried out by the Committee during the financial year:

a) Financial Reporting

(i) Reviewed and recommended for the Board's approval, the unaudited quarterly financial statements and the necessary announcements relating to the Group's financial results to Bursa Malaysia;

(ii) Reviewed and recommended for the Board's approval, the annual audited financial statements;

(iii) Recommended the declarations of final and interim dividends of the Company; and

(iv) Reviewed and recommended the Statement on Internal Control and the BAC Report for the Board's approval for inclusion of these statements in the Annual Report.

b) IA

(i) Reviewed the annual IA strategy and plan to ensure adequate scope and comprehensive coverage over the activities of the Group;

(ii) Reviewed the IA reports issued by the IA department ("IAD") on the effectiveness and adequacy of governance, risk management, operational and compliance processes;

(iii) Reviewed quarterly updates on the progress of the IA plan and reports, recommendations and management's responses, status of corrective actions and activities carried out by the IAD. Improvement actions in the areas of internal control, systems and efficiency enhancements as proposed by the IAD were discussed together with the management and the IAD;

(iv) Reviewed the adequacy and effectiveness of agreed corrective actions taken by the management on all significant and secondary audit issues raised through the follow-up audit reports;

(v) Suggested additional improvement opportunities in the areas of the system of internal controls within the organisation;

(vi) Reviewed the effectiveness and adequacy of the audit process, resource requirements and assessed the performance of the IA team for the year. The BAC carried out a performance assessment review of the Head of IA and the IAD in respect of the quality of the audit, scope of the audit, the adequacy of resources and suitability of staff in the IAD for the financial year ended 31 December 2015;

(vii) Met with the heads of department/divisions with significant audit findings to seek clarification on areas for improvements and to seek their commitment in closing all audit issues as per the recommendations of the IAD; and

(viii) Met with the internal auditors without the presence of the management to ensure there were no restrictions on the scope of their audit and to discuss any matters that they may wish to present.

c) External Audit

(i) Reviewed the external auditors' terms of engagement, audit plan and strategy and scope of work for the financial year;

(ii) Reviewed the results and issues arising from the external audit for the financial year and the resolution of issues highlighted in their report to the BAC as well as the management's response;

(iii) Reviewed the annual report and the audited financial statements of the Company and Group prior to the submission to the Board for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act 1965 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board ("MASB");

(iv) Reviewed the Group's compliance with the MMLR, MASB and other relevant legal and regulatory requirements with regard to the quarterly and year-end financial statements;

(v) Assessed the performance and effectiveness of the external auditors and made recommendations on their appointment and audit fee with management's feedback; and

(vi) Met with the external auditors without the presence of the management to ensure there were no restrictions to the scope of its audit and to discuss any matters that they may wish to present.

d) RPTs

(i) Reviewed the RPTs including recurrent related parties transactions ("RRPTs") entered into by the Company and the Group on a quarterly basis for monitoring of the Company's obligations to the thresholds prescribed by the MMLR and for compliance of such obligations under the MMLR, if any.

e) Others

(i) Reviewed and recommended the proposed revision of the Whistleblower Policy of the Group;

(ii) Reviewed and recommended the Policies and Procedures of the RPTs and RRPTs;

(iii) Reviewed and recommended the revised Limits of Authority for the Board's approval;

(iv) Reviewed major litigations, claims and/or issues with substantial financial impact; and

(v) The Board as a whole conducted a BAC assessment on its composition, size and effectiveness, the result of which was highly satisfactory.

IA FUNCTIONS AND ACTIVITIES

The IAD is responsible for reviewing all policies and processes of the Group and its relationship with third parties. It provides the Board through the BAC with independent assurance of the processes, risk exposures and systems of internal controls. The responsibilities of the IAD include the following:

- assessing and reporting the effectiveness and adequacy of internal control systems;
- ascertaining and reporting the level of compliance to relevant regulations and Group policies and procedures;
- determining and reporting the accuracy, timeliness and completeness of relevant data, readings and reports; and
- reviewing and reporting the safeguarding of economic utilisation of resources.

The annual IA Plan of the Company is drawn up based on the assessment of risks and previous audit history. Additionally, the management's feedback is also obtained on specific areas of coverage. Prior to tabling the said plan to the BAC, concurrence is sought from the CEO.

The IAD employs the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organisations to identify control elements that need to be improved. These elements are Control Environment, Risk Management, Control Activities, Monitoring and Information & Communication.

The results of IA activities are reported on a quarterly basis to the BAC and this reporting is a permanent item on the agenda during the Board's regular meetings. In the IA final report, the state of internal control in the areas covered during the audit are rated as Satisfactory, Needs Improvement, Unsatisfactory or Unacceptable, and these ratings are linked into the Key Performance Indicators (KPIs) of the business units being audited via a pre-determined scoring system approved by the Board via BAC.

From time to time, the IAD also performs reviews on existing and past projects to identify weaknesses, anomalies and unethical practices, if any, during the said projects' procurement and project management processes.

For both planned audits and reviews, the IAD also provides quarterly status update on the corrective actions undertaken by management until follow-up audits are carried out to assess the extent to which the business unit or project that has been audited or reviewed, has made progress in implementing the intended course of action.

The IAD is the administrator of the Company's Whistleblower Policy and responsible for providing assurance on the system for RPTs and RRPTs within the Group.

For the financial year ended 31 December 2015, the IAD carried out five full audits and six follow-up audits at the power plants covering plant operation and maintenance, inventory management, health, safety, security and the environment, scheduled waste management, project management and the management of procurement processes. In addition, it also conducted one project review. The total number of staff in IAD is five, including its Head.

Furthermore, the Company's then holding company, MMC Corporation Berhad, through its Group IAD conducted three full audits, five follow-up audits and one project management review on the Group covering RPTs, procurement, project management, Malakoff Utilities Sdn Bhd, and human resources.

Observations arising from the aforesaid eight full internal audits, eleven follow-up audits and two project reviews were presented together with the agreed upon management action plans to the BAC for its review and approval. The total cost in carrying out the audit activities is RM1,294,820.

This statement is made in accordance with the resolution of the Board of Directors duly passed on 8 March 2016.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

Entire gross proceeds from the Public Issue of RM1.8 billion had been utilised on 15 May 2015 to fully redeem the RM1.8 billion Junior Sukuk Musharakah, which featured a profit rate of 6.3% per annum until September 2015 and a profit rate of 9.3% thereafter, with a tenure of 30 years maturing in 2042.

SHARE BUY-BACKS

During the financial year, there were no share buy-backs by the Company.

OPTION OR CONVERTIBLE SECURITIES

During the financial year, there were no options or convertible securities issued by the Company.

DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any Depository Receipt Programme.

SANCTIONS AND/OR PENALTIES

During the financial year, there was no material sanctions and/or penalties imposed on the Company.

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company or its subsidiaries for the financial year by the Company's auditors, or a firm or corporation affiliated to the auditors' firm amounted to RM3.2 million.

VARIATION IN RESULTS

There is no material variance between the results for the financial period and the unaudited results previously announced by the Company.

PROFIT GUARANTEE

During the financial year, there was no profit guarantee given by the Company.

MATERIAL CONTRACT

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involve Directors' and major shareholders' interests during the financial year ended 31 December 2015.

Financial Statements

DIRECTORS' REPORT

for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	453,234	159,194
Non-controlling interests	42,662	–
	495,896	159,194

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in Note 16 to the financial statements.

DIVIDENDS

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

i) a final single-tier dividend of 28.46 sen per ordinary share totalling RM100,000,000 in respect of the financial year ended 31 December 2014 on 5 March 2015.

ii) a first single-tier interim dividend of 3.00 sen per ordinary share totalling RM150,000,000 in respect of the financial year ended 31 December 2015 on 8 July 2015.

iii) a second single-tier interim dividend of 2.00 sen per ordinary share totalling RM100,000,000 in respect of the financial year ended 31 December 2015 on 28 December 2015.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2015 of 2.00 sen per ordinary share amounting to approximately RM100,000,000 (based on 5,000,000,000 ordinary shares of RM0.10 each in issue as at 31 December 2015) will be proposed for the shareholders' approval.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail (Chairman)
Dato' Sri Che Khalib bin Mohamad Noh
Datuk Muhamad Noor bin Hamid
Tan Ler Chin
Datuk Ooi Teik Huat
Tan Sri Dato' Seri Alauddin bin Dato' Md Sheriff
Datuk Idris bin Abdullah @ Das Murthy
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
Wan Kamaruzaman bin Wan Ahmad
Zalman bin Ismail (alternate Director to Wan Kamaruzaman bin Wan Ahmad)
Kanad Singh Virk (resigned on 30 November 2015)
Craig Robert Martin (alternate Director to Kanad Singh Virk) (resigned on 1 October 2015)
Kohei Hirao (appointed on 20 January 2016)

DIRECTORS' INTERESTS IN SHARES

The interests in the shares of the Company and of its related corporations of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.2015	Bought	(Sold)	At 31.12.2015
Direct interests in the Company:				
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail (Chairman)	–	290,000	–	290,000
Dato' Sri Che Khalib bin Mohamad Noh	–	420,000	–	420,000
Datuk Muhamad Noor bin Hamid	–	321,200	–	321,200
Datuk Ooi Teik Huat	–	420,000	–	420,000
Datuk Idris bin Abdullah @ Das Murthy	–	290,000	–	290,000
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	–	150,000	–	150,000

None of the other Directors holding office at 31 December 2015 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

ISSUE OF SHARES

During the financial year, the Company undertook the pre-initial public offering exercise in conjunction with and as an integral part of the listing of the Company as below:

a) As at 31 March 2015, the Company had a total of 41,792,004 redeemable convertible preference shares ("RCPS") issued with a par value of RM0.10 each ("Existing RCPS"). On 1 April 2015, in accordance with the terms of the Existing RCPS, the Company issued 1 additional RCPS of RM0.90 each for every 1 Existing RCPS, held by the holders of the Existing RCPS. Thereafter, the Company consolidated 1 Existing RCPS and 1 RCPS of RM0.90 each into 1 new RCPS of RM1.00 each. Subsequently, the RCPS were converted by all holders of the RCPS into 41,792,004 new ordinary shares of RM1.00 each in the Company ("Pre-subdivided Shares") ("Conversion of RCPS").

b) Upon completion of the conversion of RCPS, the Company undertook a bonus issue of 6,863,966 new Pre-subdivided Shares, which were credited as fully paid-up, on a pro-rata basis to the existing shareholders of the Company, calculated based on their respective shareholdings in the Company after the Conversion of RCPS ("Bonus Issue"). Subsequently, the issued and paid-up share capital of the Company increased from 393,136,034 Pre-subdivided Shares to 400,000,000 Pre-subdivided Shares.

c) After the Bonus Issue, the Company undertook a subdivision of 1 Pre-subdivided Share of RM1.00 each in the Company into 10 ordinary shares of RM0.10 each in the Company, which were credited as fully paid-up. Subsequently, the authorised share capital of the Company was altered and increased to RM1,000,000,000 comprising 10,000,000,000 ordinary shares of RM0.10 each whilst the resultant issued and paid-up share capital of the Company is RM400,000,000 comprising 4,000,000,000 ordinary shares of RM0.10 each as disclosed in Note 16 to the financial statements.

d) The Company issued 1,000,000,000 new ordinary shares of RM0.10 each per ordinary share as part of the Initial Public Offering at RM1.80 per ordinary share. The Company's entire issued and fully paid-up share capital was listed on the Main Market of Bursa Malaysia Securities Berhad on 15 May 2015.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or in the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT

for the year ended 31 December 2015 (continued)

SIGNIFICANT EVENTS

The significant events during the year are as disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events during the year are as disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail
Chairman

Dato' Sri Che Khalib bin Mohamad Noh
Director

Kuala Lumpur

Date: 8 March 2016

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current assets					
Property, plant and equipment	3	15,059,639	14,323,952	43,168	46,782
Intangible assets	4	4,206,253	4,704,227	–	–
Prepaid lease payments	5	69,852	70,331	–	–
Investment in subsidiaries	6	–	–	8,134,741	8,134,741
Investment in associates	7	1,179,323	1,203,319	983,200	998,400
Investment in an equity accounted joint venture	8	55,440	57,885	–	–
Finance lease receivable	9	2,197,169	1,990,974	–	–
Derivative financial assets	10	509,010	99,147	–	–
Trade and other receivables	11	102,615	114,793	–	–
Deferred tax assets	12	817,933	779,849	–	–
Total non-current assets		24,197,234	23,344,477	9,161,109	9,179,923
Current assets					
Trade and other receivables	11	1,882,638	1,304,283	1,373,199	1,254,606
Inventories	13	575,094	518,434	–	–
Current tax assets		235,039	272,469	23,900	35,889
Other investments	14	629,241	321,509	–	–
Cash and cash equivalents	15	2,853,346	3,574,900	313,135	592,994
Total current assets		6,175,358	5,991,595	1,710,234	1,883,489
Total assets		30,372,592	29,336,072	10,871,343	11,063,412
Equity					
Share capital	16	500,000	355,523	500,000	355,523
Share premium	16	5,192,215	3,575,837	5,192,215	3,575,837
Reserves	16	37,623	61,274	840	840
Retained profits/(Accumulated losses)		73,712	(28,985)	3,949,293	4,140,210
Equity attributable to owners of the Company		5,803,550	3,963,649	9,642,348	8,072,410
Non-controlling interests		215,004	212,967	–	–
Total equity		6,018,554	4,176,616	9,642,348	8,072,410

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015 (continued)

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current liabilities					
Loans and borrowings	17	16,624,567	17,493,217	–	1,800,000
Employee benefits	18	84,898	74,907	13,599	12,347
Provision for decommissioning cost	19	68,058	–	–	–
Deferred income	20	2,968,256	2,811,196	–	–
Derivative financial liabilities	10	152,497	167,338	–	–
Deferred tax liabilities	12	2,726,034	2,721,062	426	–
Total non-current liabilities		22,624,310	23,267,720	14,025	1,812,347
Current liabilities					
Trade and other payables	21	824,322	964,646	1,214,970	1,178,655
Provision for decommissioning cost	19	–	10,868	–	–
Current tax liabilities		12,134	23,872	–	–
Loans and borrowings	17	723,041	734,262	–	–
Derivative financial liabilities	10	29,124	27,704	–	–
Deferred income	20	141,107	130,384	–	–
Total current liabilities		1,729,728	1,891,736	1,214,970	1,178,655
Total liabilities		24,354,038	25,159,456	1,228,995	2,991,002
Total equity and liabilities		30,372,592	29,336,072	10,871,343	11,063,412

The notes on pages 146 to 250 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	22	5,301,987	5,594,484	286,231	991,336
Cost of sales		(3,699,687)	(3,956,082)	–	–
Gross profit		1,602,300	1,638,402	286,231	991,336
Other income		71,987	95,343	3,055	3,038
Administrative expenses		(216,344)	(228,122)	(95,393)	(100,304)
Other operating expenses		(149,085)	(234,231)	–	–
Results from operating activities		1,308,858	1,271,392	193,893	894,070
Finance income	23	192,053	132,688	85,358	34,505
Finance costs	24	(794,618)	(911,242)	(101,155)	(169,212)
Net finance costs		(602,565)	(778,554)	(15,797)	(134,707)
Other non-operating income		–	60,979	–	–
Share of (loss)/profit of equity – accounted associates and a joint venture, net of tax		(4,253)	41,667	–	–
Profit before tax		702,040	595,484	178,096	759,363
Income tax expense	25	(206,144)	(182,640)	(18,902)	(15,273)
Profit for the year	26	495,896	412,844	159,194	744,090
Other comprehensive (expense)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	27	(537)	413	(111)	(2,339)
Items that may be reclassified subsequently to profit or loss					
Cash flow hedge	27	(31,085)	(78,095)	–	–
Share of loss on hedging reserve of equity-accounted associates	27	(24,615)	(22,608)	–	–
Foreign currency translation differences for foreign operations	27	32,049	5,166	–	–
		(23,651)	(95,537)	–	–
Other comprehensive expense for the year		(24,188)	(95,124)	(111)	(2,339)
Total comprehensive income for the year		471,708	317,720	159,083	741,751

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015 (continued)

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit attributable to:					
Owners of the Company		453,234	341,549	159,194	744,090
Non-controlling interests		42,662	71,295	–	–
Profit for the year		495,896	412,844	159,194	744,090
Total comprehensive income attributable to:					
Owners of the Company		429,046	246,425	159,083	741,751
Non-controlling interests		42,662	71,295	–	–
Total comprehensive income for the year		471,708	317,720	159,083	741,751
Earnings per ordinary share (sen)					
Basic	28	10.00	9.53		
Diluted	28	9.78	8.54		

The notes on pages 146 to 250 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2015

Group	Attributable to owners of the Company										
	Non-distributable							Distributable			
	Share capital		Share premium		Reserves						
	Ordinary RM'000	Preference RM'000	Ordinary RM'000	Preference RM'000	Capital redemption RM'000	Translation RM'000	Hedging RM'000	Retained profit/ (Accumulated losses) RM'000	Total RM'000	Non–controlling interests RM'000	Total equity RM'000
At 1 January 2014	351,344	4,179	3,162,096	413,741	840	(20,110)	176,081	(172,447)	3,915,724	223,422	4,139,146
Remeasurement of defined benefit liability	–	–	–	–	–	–	–	413	413	–	413
Foreign currency translation differences for foreign operations	–	–	–	–	–	5,166	–	–	5,166	–	5,166
Cash flow hedge	–	–	–	–	–	–	(78,095)	–	(78,095)	–	(78,095)
Share of loss on hedging reserves attributable to associates	–	–	–	–	–	–	(22,608)	–	(22,608)	–	(22,608)
Other comprehensive income/ (expenses) for the year	–	–	–	–	–	5,166	(100,703)	413	(95,124)	–	(95,124)
Profit for the year	–	–	–	–	–	–	–	341,549	341,549	71,295	412,844
Comprehensive income for the year	–	–	–	–	–	5,166	(100,703)	341,962	246,425	71,295	317,720
Dividends to owners of the Company	–	–	–	–	–	–	–	(198,500)	(198,500)	–	(198,500)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	(81,750)	(81,750)
Total distribution to owners	–	–	–	–	–	–	–	(198,500)	(198,500)	(81,750)	(280,250)
At 31 December 2014	351,344	4,179	3,162,096	413,741	840	(14,944)	75,378	(28,985)	3,963,649	212,967	4,176,616

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015 (continued)

	Attributable to owners of the Company										
	Non-distributable							Distributable			
	Share capital		Share premium		Reserves						
Group	Ordinary RM'000	Preference RM'000	Ordinary RM'000	Preference RM'000	Capital redemption RM'000	Translation RM'000	Hedging RM'000	(Accumulated losses)/ Retained profit RM'000	Total RM'000	Non–controlling interests RM'000	Total equity RM'000
At 31 December 2014/ 1 January 2015	351,344	4,179	3,162,096	413,741	840	(14,944)	75,378	(28,985)	3,963,649	212,967	4,176,616
Remeasurement of defined benefit liability	–	–	–	–	–	–	–	(537)	(537)	–	(537)
Foreign currency translation differences for foreign operations	–	–	–	–	–	32,049	–	–	32,049	–	32,049
Cash flow hedge	–	–	–	–	–	–	(31,085)	–	(31,085)	–	(31,085)
Share of loss on hedging reserves attributable to associates	–	–	–	–	–	–	(24,615)	–	(24,615)	–	(24,615)
Other comprehensive income/ (expense) for the year	–	–	–	–	–	32,049	(55,700)	(537)	(24,188)	–	(24,188)
Profit for the year	–	–	–	–	–	–	–	453,234	453,234	42,662	495,896
Comprehensive income/(expense) for the year	–	–	–	–	–	32,049	(55,700)	452,697	429,046	42,662	471,708
Contribution by and distribution to owners of the Company											
Issue of preference shares	–	37,613	–	(37,613)	–	–	–	–	–	–	–
Conversion of preference shares	41,792	(41,792)	376,128	(376,128)	–	–	–	–	–	–	–
Issue of bonus shares	6,864	–	(6,864)	–	–	–	–	–	–	–	–
Issue of ordinary shares	100,000	–	1,700,000	–	–	–	–	–	1,800,000	–	1,800,000
Share issue expenses	–	–	(39,145)	–	–	–	–	–	(39,145)	–	(39,145)
Dividends to owners of the Company	–	–	–	–	–	–	–	(350,000)	(350,000)	–	(350,000)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	(40,625)	(40,625)
Total transactions with owners	148,656	(4,179)	2,030,119	(413,741)	–	–	–	(350,000)	1,410,855	(40,625)	1,370,230
At 31 December 2015	500,000	–	5,192,215	–	840	17,105	19,678	73,712	5,803,550	215,004	6,018,554

The notes on pages 146 to 250 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015 (continued)

	/--- Attributable to owners of the Company ---/						
	/---Non-distributable---/					Distributable	
	Share capital		Share premium		Reserves		
Company	Ordinary RM'000	Preference RM'000	Ordinary RM'000	Preference RM'000	Capital redemption RM'000	Retained profits RM'000	Total RM'000
At 1 January 2014	351,344	4,179	3,162,096	413,741	840	3,596,959	7,529,159
Remeasurement of defined benefit liability	–	–	–	–	–	(2,339)	(2,339)
Other comprehensive expense for the year	–	–	–	–	–	(2,339)	(2,339)
Profit for the year	–	–	–	–	–	744,090	744,090
Comprehensive income for the year	–	–	–	–	–	741,751	741,751
Dividends to the owners of the Company	–	–	–	–	–	(198,500)	(198,500)
At 31 December 2014/1 January 2015	351,344	4,179	3,162,096	413,741	840	4,140,210	8,072,410
Remeasurement of defined benefit liability	–	–	–	–	–	(111)	(111)
Other comprehensive expense for the year	–	–	–	–	–	(111)	(111)
Profit for the year	–	–	–	–	–	159,194	159,194
Comprehensive income for the year	–	–	–	–	–	159,083	159,083
Contribution by and distribution to owners of the Company							
Issue of preference shares	–	37,613	–	(37,613)	–	–	–
Conversion of preference shares	41,792	(41,792)	376,128	(376,128)	–	–	–
Issue of bonus shares	6,864	–	(6,864)	–	–	–	–
Issue of ordinary shares	100,000	–	1,700,000	–	–	–	1,800,000
Share issue expenses	–	–	(39,145)	–	–	–	(39,145)
Dividends to the owners of the Company	–	–	–	–	–	(350,000)	(350,000)
Total transactions with owners	148,656	(4,179)	2,030,119	(413,741)	–	(350,000)	1,410,855
At 31 December 2015	500,000	–	5,192,215	–	840	3,949,293	9,642,348

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities				
Profit before tax	702,040	595,484	178,096	759,363
Adjustments for:				
Amortisation of prepaid lease payments	4,376	4,344	–	–
Amortisation of intangible assets	534,166	511,742	–	–
Amortisation of transaction costs of hedging instruments	12,146	12,146	–	–
Depreciation of property, plant and equipment	625,711	558,644	6,254	5,997
Finance costs	794,618	911,242	101,155	169,212
Impairment loss on other receivables	5,120	–	5,120	–
Impairment loss on trade receivables	6,956	48,973	–	–
Finance income	(192,053)	(132,688)	(85,358)	(34,505)
(Gain)/Loss on disposal of property, plant and equipment	(78)	2,622	(78)	(177)
Gain arising from change in fair value of derivative financial instruments	(8,527)	(5,891)	–	–
Goodwill written off	7,373	–	–	–
Property, plant and equipment written off	68,854	20,897	–	–
Expenses related to retirement benefit plans	11,692	11,976	2,677	3,043
Reversal of impairment loss on trade receivables	(3,170)	(3,295)	–	–
Share of loss/(profit) of equity-accounted associates and a joint venture entity, net of tax	4,253	(41,667)	–	–
Operating profit before changes in working capital	2,573,477	2,494,529	207,866	902,933
Changes in:				
Inventories	(56,660)	(20,291)	–	–
Trade and other receivables	(711,652)	(2,413)	(55,537)	(336,912)
Trade and other payables	75,842	112,275	9,984	220,386
Provision for decommissioning costs	68,058	–	–	–
Deferred income	167,783	273,095	–	–
Employee benefits	(1,701)	(4,484)	(1,425)	(3,260)
Cash generated from operations	2,115,147	2,852,711	160,888	783,147
Income taxes paid	(277,232)	(219,365)	(6,487)	(17,398)
Income taxes refund	61,363	68,604	–	–
Net cash from operating activities	1,899,278	2,701,950	154,401	765,749

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015 (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from investing activities				
Acquisition of property, plant and equipment	(1,430,361)	(1,614,561)	(2,749)	(3,002)
Acquisition of prepaid lease payments	(3,897)	–	–	–
Acquisition of subsidiaries, net of cash and cash equivalents acquired	–	(153,541)	–	–
Dividends received from associates	32,479	19,975	–	–
(Increase)/Decrease in other investments	(307,732)	844,445	–	–
Interest received	122,427	111,997	17,071	6,351
Increase in investment in associates	(45,852)	(36,755)	–	–
Proceeds from disposal of property, plant and equipment	187	215	187	215
Proceeds from redemption of unsecured loan stocks	15,200	29,682	15,200	400
Redemption of unsecured loan stocks	(21,747)	(57,625)	–	–
Net cash (used in)/from investing activities	(1,639,296)	(856,168)	29,709	3,964
Cash flows from financing activities				
Dividends paid to the owners of the Company	(350,000)	(198,500)	(350,000)	(198,500)
Dividends paid to non-controlling interests	(40,625)	(81,750)	–	–
Interest paid	(766,728)	(965,724)	(74,824)	(112,804)
Proceeds from issue of shares	1,800,000	–	1,800,000	–
Payment of listing expenses	(39,145)	–	(39,145)	–
Proceeds from borrowings	977,885	1,559,239	–	–
Repayment of borrowings	(2,584,394)	(959,930)	(1,800,000)	–
Redemption of preference shares	21,471	–	–	–
Net cash used in financing activities	(981,536)	(646,665)	(463,969)	(311,304)
Net (decrease)/increase in cash and cash equivalents	(721,554)	1,199,117	(279,859)	458,409
Cash and cash equivalents at beginning of the year	3,574,900	2,375,783	592,994	134,585
Cash and cash equivalents at end of the year	2,853,346	3,574,900	313,135	592,994

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks and other licensed corporations	15	2,526,595	3,112,052	304,755	584,852
Cash and bank balances	15	326,751	462,848	8,380	8,142
		2,853,346	3,574,900	313,135	592,994

The notes on pages 146 to 250 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Malakoff Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business and registered office

Level 12, Block 4
Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur

This consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and a joint venture.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 8 March 2016.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12*, Disclosure of Interests in Other Entities* and MFRS 128*, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138*, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141*, Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments *to* MFRS 10*, Consolidated Financial Statements* and MFRS 128*, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14, amendments to MFRS 11 and amendments to MFRS 141 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) **MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) **MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

1. BASIS OF PREPARATION (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

(i) Cash flow hedge accounting

The Group enters into various types of hedging contracts to hedge the interest rate risk and foreign exchange risk which both are arisen from the loan transactions. In merchant markets these contracts typically fall within the definition of derivative financial instruments and accordingly have to be marked to market. Accounting for these contracts as cash flow hedges allows, to the extent the hedge is effective, the changes in value of the derivatives to be deferred in equity. In order to achieve cash flow hedge accounting it is necessary for the Group to determine, on an ongoing basis, whether a forecast transaction is both highly probable and whether the hedge is effective. This requires both subjective and objective measures of determination.

(ii) Fair value of derivatives

The Group adopted MFRS 13, *Fair Value Measurement*. The Group recorded its derivative contracts on its statement of financial position at fair value. Changes in the value of its derivative contracts in each period were recorded in earnings unless hedge accounting criteria were met which allow the movement in fair value to be recorded within equity. The Group estimated the fair value of its derivative contracts by reference to forward and discount curves. The forward curve was derived from a reputable provider of financial market data, over the short-term horizon period, and from valuation techniques over the more distant horizon period. The assumptions used during the application of valuation techniques would directly impact the shape of the forward curve. The forward curves were only estimated of future rates and thus possess inherent uncertainty and subjectivity.

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

(iii) Residual value

The residual values of power plants are the estimated amount that the Group's subsidiaries would be able to generate from the extension of the Power Purchase Agreements ("PPA"), based on the discounted cash flows that the assets will generate on a 5 to 10 year extension of PPA agreements and/or based on the valuation judgement by a professional valuer.

The PPA agreements provide an option to extend the PPA for another 5 to 15 years at the end of initial concession period. Estimating the useful lives and residual values of power plants involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual useful lives and residual values of the assets however, may be different from expected.

The Group's subsidiaries considered and adopted the recoverable values of the assets on the valuation judgement by a professional valuer and/or the discounted cash flow with the assumptions as shown in Note 2 (d)(iv).

An increase in the estimated residual value of the power plants would reduce depreciation charge and increase the carrying value of property, plant and equipment. If the estimate changes by 10%, depreciation will increase/ (decrease) by RM25,683,000 per annum.

(iv) Impairment of loan and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtors, the probability that the debtors will enter bankruptcy, and default or significant delay in payments are considered objective evidence that the receivables are impaired. In determining this, management makes judgment as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtors, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgments as to whether an impairment loss should be recorded as an expense. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. As at 31 December 2015, the total allowance for impairment loss was approximately RM271,673,000 (2014: RM360,627,000).

(v) Provision for retirement benefits

The provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, future salary increase, mortality rates, resignation rate and normal retirement age. As such, this estimated provision amount is subject to significant uncertainty. The assumptions used to estimate the provision is as disclosed in Note 18.

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

(vi) Provision for decommissioning cost

The decommissioning cost of power plant is the estimated amount that the Group would incur to remove or dismantle the power plant based on the valuation judgement by a professional valuer. The present value is calculated using amounts discounted over the remaining period of the PPA and estimated extension of 5 to 10 years by using the appropriate discount rate. An increase in the estimated decommissioning cost of power plant would increase the carrying value of power plant and increase depreciation charge. If the decommissioning cost of power plant changes by 10%, the carrying value of power plant will approximately increase/(decrease) by RM6,295,000 and annual depreciation charge will increase/(decrease) by RM724,000. The assumptions used to estimate the provision are disclosed in Note 19.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iv) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(v) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2009 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets *(continued)*

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iv) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and assets under construction are measured at cost less any accumulated impairment losses. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. All spare parts which expected to be used for more than one period is classified under C-inspection costs within property, plant and equipment. Spare parts will be depreciated from the date that they are used.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	5 – 20 years
• C-inspection costs	3 – 6 years
• Plant and machinery	5 – 31 years
• Office equipment and furniture	5 years
• Motor vehicles	5 years
• Computers	3 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(iv) Residual value

Estimating the useful life and residual value of power plant involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual useful life and residual value of the asset however, may be different from expected.

In assessing the appropriateness of the residual values adopted, management considered the recoverable values of the assets based on the following methods:

(a) Valuation judgement by a professional valuer

The residual value of the plant and machinery assets of Port Dickson Power Berhad is estimated to be RM61.8 million.

The valuation judgement by a professional valuer was derived using the following critical assumptions:

i) All plant and equipment will be removed only at the end of the power supply agreement;
ii) The recoverable steel within the power house and tank farm will be sold in the local market; and
iii) All metals of value will be recovered.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(iv) Residual value (continued)

(b) The discounted cash flow method

The discounted cash flows were derived using the following critical assumptions:

1) extension of five to ten years of the PPAs at the end of the initial concession period, in view of:

   i) limited new power plants being constructed;
   ii) increase in demand for power; and
   iii) Tenaga Nasional Berhad ("TNB")'s continued reliance on Independent Power Producers ("IPPs").

The existing PPAs expire as follows:

PPA Owner	Year of expiry	Residual value RM'million 2015	Residual value RM'million 2014
Segari Energy Ventures Sdn. Bhd. ("SEV")	2027	370.0	370.0
GB3 Sdn. Bhd. ("GB3")	2022	514.0	514.0
Prai Power Sdn. Bhd. ("PPSB")	2024	315.0	315.0
Tanjung Bin Power Sdn. Bhd. ("TBP")	2031	1,924.0	1,924.0
		3,123.0	3,123.0

2) an estimated Variable Operating Rate ("VOR") during the extension period for which management deems to be reasonable based on the expected demand and the VOR rate at the end of the PPAs;
3) an average despatch factor of 45% to 77% to reflect the future demand for power by the industry; and
4) the pre-tax discount rate of 10% per annum.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

(a) Group as lessee

Leasehold land

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(b) Group as lessor

Power Purchase Agreements

The Group adopted IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, which prescribed that the determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfillment of the arrangement is dependent on the use of specific asset and whether the arrangement conveys a right to use such assets. An arrangement that contains a lease is accounted for as a finance lease or an operating lease. Payment for services and the cost of inputs of the arrangement are excluded from the calculation of the minimum lease payments.

The operating lease income is recognised over the term of the lease on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint venture.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets with a finite useful life are amortised from the date that they are available for use. Amortisation is recognised in profit or loss based on straight-line basis over its useful life or using the unit of production method.

The estimated useful lives for the current and comparative period are as follows:

• Interest over Power Purchase Agreements	2 – 25 years
• Interest over Power and Water Purchase Agreement	15 years
• Interest over Operation and Maintenance Agreements	2 – 25 years

Amortisation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries, investments in associates and joint venture) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Employee benefits (continued)

(ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's and the Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed at regular interval by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group and the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group and the Company determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group and the Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(l) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue and other income

(i) Energy payments, operation and maintenance charges and project management fees

Revenue is measured at the fair value of the consideration received or receivable and is recognised in profit or loss as it accrues.

(ii) Capacity payment

Revenue is recognised on a straight-line basis where the PPA is considered to be or to contain an operating lease.

(iii) Electricity revenue

Electricity revenue is recognised when electricity is consumed by customers. Electricity revenue includes an estimated value of the electricity consumed by customers from the date of their last meter reading and period end. Accrued unbilled revenues are reversed the following month when actual billings occur.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(vi) Lease income

Lease income is recognised in profit or loss by using effective interest method over the term of the lease.

(n) Deferred income

Deferred income comprises the capacity payments received from TNB in relation to the PPAs. The amount is recognised in profit or loss on a straight-line basis over the term of the respective PPAs in profit or loss.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Borrowing costs (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for decommissioning which arises principally in connection with the power plant is measured based on the valuation judgement by a professional valuer; the present value is calculated using amounts discounted over the existing Power Purchase Agreements. The liability is recognised (together with a corresponding amount as part of the power plant) once an obligation crystallises in the period when a reasonable estimate can be made. Subsequently, the Group accretes the discount to profit or loss using the effective interest rate method.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Asset under construction RM'000	Power plants RM'000	C-Inspection costs RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Total RM'000
Cost											
At 1 January 2014	21,516	13,182	27,793	3,830,416	12,003,129	1,118,262	113,610	110,283	10,451	76,139	17,324,781
Acquisition through business combination	94,000	–	6,083	–	674,056	–	4,408	1,708	142	1,041	781,438
Additions	–	–	1,610	1,375,951*	53,267	158,358	6,666	12,521	1,169	5,019	1,614,561
Disposal	–	–	–	(580)	(2,056)	–	(1,041)	(2,109)	(592)	(155)	(6,533)
Write-off	–	–	–	–	(26,229)	–	–	–	–	–	(26,229)
Reclassification	–	–	–	(4,021)	–	–	3,104	917	–	–	–
At 31 December 2014/ 1 January 2015	115,516	13,182	35,486	5,201,766	12,702,167	1,276,620	126,747	123,320	11,170	82,044	19,688,018
Additions	–	–	601	854,791	240,349	312,942	8,256	7,347	1,085	4,990	1,430,361
Disposal	–	–	–	–	–	–	–	–	(404)	(4)	(408)
Write-off	–	–	–	–	(93,612)	–	(1,413)	–	–	(1)	(95,026)
Reclassification	–	–	–	(81,196)	217,487	(136,291)	–	–	–	–	–
At 31 December 2015	115,516	13,182	36,087	5,975,361	13,066,391	1,453,271	133,590	130,667	11,851	87,029	21,022,945

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Asset under construction RM'000	Power plants RM'000	C-Inspection costs RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Total RM'000
Accumulated depreciation											
At 1 January 2014	–	2,432	16,000	–	3,625,756	440,390	32,716	75,710	6,932	63,814	4,263,750
Acquisition through business combination	–	–	5,546	–	538,332	–	4,299	1,432	98	993	550,700
Depreciation for the year	–	63	2,050	–	363,022	165,653	8,059	10,488	1,501	7,808	558,644
Disposal	–	–	–	–	–	–	(1,033)	(1,992)	(521)	(150)	(3,696)
Write-off	–	–	–	–	(5,332)	–	–	–	–	–	(5,332)
At 31 December 2014/ 1 January 2015	–	2,495	23,596	–	4,521,778	606,043	44,041	85,638	8,010	72,465	5,364,066
Depreciation for the year	–	135	2,671	–	384,968	210,338	8,293	11,172	1,254	6,880	625,711
Disposal	–	–	–	–	–	–	–	–	(295)	(4)	(299)
Write-off	–	–	–	–	(25,333)	–	(838)	–	–	(1)	(26,172)
At 31 December 2015	–	2,630	26,267	–	4,881,413	816,381	51,496	96,810	8,969	79,340	5,963,306
Carrying amounts											
At 1 January 2014	21,516	10,750	11,793	3,830,416	8,377,373	677,872	80,894	34,573	3,519	12,325	13,061,031
At 31 December 2014/ 1 January 2015	115,516	10,687	11,890	5,201,766	8,180,389	670,577	82,706	37,682	3,160	9,579	14,323,952
At 31 December 2015	115,516	10,552	9,820	5,975,361	8,184,978	636,890	82,094	33,857	2,882	7,689	15,059,639

* Includes interest capitalised of RM285,586,000 (2014: RM246,794,000).

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.1 Securities

At 31 December 2015, certain of the Group's properties with a carrying amount of RM11,855,559,000 (31 December 2014: RM11,734,456,000) were charged as securities for debt securities issued by the subsidiaries (see Note 17 – loans and borrowings).

3.2 Provision for decommissioning costs

During the financial year ended 31 December 2015, the Group engaged an expert to perform a reassessment on the decommissioning costs reflecting current economic conditions, which resulted in the recognition of provision for decommissioning costs. As a result of the change in estimate, the value of power plants increased. The effect of the change on depreciation expense, recognised in cost of sales is approximately RM3,922,000 per annum.

Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Total RM'000
Cost								
At 1 January 2014	21,516	5,515	17,055	154	21,207	2,054	12,762	80,263
Additions	–	–	–	–	191	553	2,258	3,002
Disposal	–	–	–	–	(1,725)	(450)	–	(2,175)
Reclassification	–	–	–	–	(25)	–	25	–
At 31 December 2014/ 1 January 2015	21,516	5,515	17,055	154	19,648	2,157	15,045	81,090
Additions	–	–	–	–	61	640	2,048	2,749
Disposal	–	–	–	–	–	(404)	(1)	(405)
At 31 December 2015	21,516	5,515	17,055	154	19,709	2,393	17,092	83,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2014	–	941	8,793	154	8,712	1,483	10,365	30,448
Depreciation for the year	–	58	800	–	3,088	260	1,791	5,997
Disposal	–	–	–	–	(1,725)	(412)	–	(2,137)
Reclassification	–	–	–	–	10	–	(10)	–
At 31 December 2014/ 1 January 2015	–	999	9,593	154	10,085	1,331	12,146	34,308
Depreciation for the year	–	58	801	–	3,095	319	1,981	6,254
Disposal	–	–	–	–	–	(295)	(1)	(296)
At 31 December 2015	–	1,057	10,394	154	13,180	1,355	14,126	40,266
Carrying amounts								
At 1 January 2014	21,516	4,574	8,262	–	12,495	571	2,397	49,815
At 31 December 2014/ 1 January 2015	21,516	4,516	7,462	–	9,563	826	2,899	46,782
At 31 December 2015	21,516	4,458	6,661	–	6,529	1,038	2,966	43,168

4. INTANGIBLE ASSETS

		Subsidiaries			Associates		
Group	Note	Goodwill RM'000	Interest over Power Purchase and Operation and Maintenance Agreements RM'000	Total RM'000	Goodwill RM'000	Interest over over Power Purchase and Power and Water Purchase Agreements RM'000	Total RM'000
Cost							
At 1 January 2014		8,232	7,651,870	7,660,102	284,765	939,073	1,223,838
Addition		–	100,739	100,739	–	–	–
Effect of movements in exchange rate		–	–	–	19,214	–	19,214
At 31 December 2014/ 1 January 2015		8,232	7,752,609	7,760,841	303,979	939,073	1,243,052
Effect of movements in exchange rate		–	–	–	69,290	–	69,290
At 31 December 2015		8,232	7,752,609	7,760,841	373,269	939,073	1,312,342
Amortisation and impairment loss							
At 1 January 2014		859	2,587,884	2,588,743	–	717,477	717,477
Amortisation for the year		–	467,871	467,871	–	43,871	43,871
At 31 December 2014/ 1 January 2015		859	3,055,755	3,056,614	–	761,348	761,348
Amortisation for the year		–	490,601	490,601	–	43,565	43,565
Impairment during the year	4.1	7,373	–	7,373	–	–	–
At 31 December 2015		8,232	3,546,356	3,554,588	–	804,913	804,913
Carrying amounts							
At 1 January 2014		7,373	5,063,986	5,071,359	284,765	221,596	506,361
At 31 December 2014/ 1 January 2015		7,373	4,696,854	4,704,227	303,979	177,725	481,704
At 31 December 2015		–	4,206,253	4,206,253	373,269	134,160	507,429

4.1 During the current financial year, the Group has decided to write-off its goodwill related to its subsidiaries amounting to RM7,373,000.

4. INTANGIBLE ASSETS (continued)

Intangible assets arising from interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements

The Group's revenue is substantially derived from the generation and sale of electricity energy and generating capacity in Malaysia, which is governed by the Power Purchase Agreements ("PPAs") (together with the Independent Power Producer Licence ("IPP Licences") issued by the Ministry of Energy, Water and Communications) and Power and Water Purchase Agreement ("PWPA") held by the respective power producing subsidiaries and associates. The Operation and Maintenance Agreements ("OMAs") held by certain subsidiaries engaged in operation and maintenance are associated with the specific Independent Power Producer within the Group.

The Group has determined the expected cash flows to be generated from the PPAs, OMAs (together with the IPP Licences) and PWPA as Intangible Assets.

The PPAs, the IPP Licences and OMAs held by subsidiaries in Malaysia are recognised as a single asset in accordance with MFRS 138 *Intangible Assets* in view that they are required for the generation, operation and maintenance, sale of electricity energy and generating capacity in Malaysia.

There are six (6) PPAs (together with the respective IPP Licences) held respectively by the Group's power producing subsidiaries of Segari Energy Ventures Sdn. Bhd. ("SEV"), GB3 Sdn. Bhd. ("GB3"), Prai Power Sdn. Bhd. ("PPSB") and Tanjung Bin Power Sdn. Bhd. ("TBP") and associates, namely Kapar Energy Ventures Sdn. Bhd. ("KEV") and Port Dickson Power Berhad ("PDP"). There are five (5) OMAs held by the Group's operations and maintenance subsidiaries namely Malakoff Power Berhad ("MPB") and Tanjung Bin O&M Berhad ("TBOM"). There is one (1) PWPA held by Hidd Power Company B.S.C. (c) ("HPC"), an associate company.

These PPAs, PWPA and OMAs are the key documents that govern the underlying strength of the Group's cash flows, which provide for, inter alia, the electricity tariff, supply, operations and maintenance and all other terms to be met by the subsidiaries and associates.

Initial measurement

The fair values of the Intangible Assets arising from the PPAs, PWPA and OMAs were measured using the Multi-Period Excess Earnings Method ("MEEM") under the income method. The underlying rationale in the MEEM was that the fair value of an Intangible Asset represents the present value of the net income after taxes attributable to the Intangible Asset. The net income attributable to the Intangible Asset was the excess income after charging a fair return on and of all the assets that are necessary (contributory assets) to realise the net income. The contributory asset charges ("CAC") were based on the fair value of each contributory asset and represent the return on the assets. The assumption in calculating the CAC was that the owner of the Intangible Asset "rents" or "leases" the contributory assets from a hypothetical third party in an arm's length transaction in order to be able to derive income from the Intangible Asset. The present value of the expected income attributable to the Intangible Assets less CAC and taxes represents the value of the Intangible Asset.

4. INTANGIBLE ASSETS (continued)

Initial measurement (continued)

The management had applied the following ***key assumptions*** in deriving the present value of the net income after taxes attributable to the Intangible Assets at the acquisition date:

• Remaining useful life of PPAs/PWPA/OMAs	2 – 25 years (in accordance with the respective PPAs, PWPA and OMAs)
• Dependable Capacity ("DC"):	
– Power	350 MW – 2,420 MW
– Water	17,047 m^3/hour
• Capacity Factor:	
– Power	10% – 75% of DC
– Water	91% – 99% of DC
• Net Output:	
– Electrical (million kW/hour)	213 – 11,197
– Water (thousand m^3)	67,370 – 73,771
• Capacity Rate:	
– Power (RM/kW/month)	11.35 – 50.00
– Water (RM/m^3/month)	1,222 – 1,339
• Fixed Operating Rate under Revenue (RM/kW/month)	4.00 – 10.50
• Variable Operating Rate under Revenue	
– Power (RM/kW/month)	0.013 – 4.775
– Water (RM/m^3/month)	58.20 – 116.40
• Fuel price (RM/mmBtu)	4.60 – 13.70
• CAC	17.77% – 28.00% of revenue

In applying the MEEM valuation methodology, the expected cash flows were discounted to their present value equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This was calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate ranges from 7.5% to 9% (2014: 7.5% to 9%) per annum.

4. INTANGIBLE ASSETS (continued)

Impairment testing for cash generating units ("CGUs") containing goodwill and interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements

The carrying amounts of the goodwill and the interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements are allocated to the following CGUs:

	Carrying amount	
Goodwill	2015 RM'000	2014 RM'000
CGUs – PPAs		
SEV – gas-fuelled generation	–	1,565
GB3 – gas-fuelled generation	–	392
PPSB – gas-fuelled generation	–	377
TBP – coal-fired thermal generation	–	3,159
	–	5,493
CGU – OMA		
MPB	–	1,880
CGU – PWPA		
HPC – gas-fuelled and water production	373,269	303,979
Total goodwill	373,269	311,352
Less: Goodwill in an associate	(373,269)	(303,979)
	–	7,373

4. INTANGIBLE ASSETS (continued)

Impairment testing for cash generating units ("CGUs") containing goodwill and interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements (continued)

	Carrying amount	
Interest over PPAs, OMAs and PWPA	2015 RM'000	2014 RM'000
CGUs – Interest over PPAs		
SEV – gas-fuelled generation	312,056	456,518
GB3 – gas-fuelled generation	182,550	206,491
PPSB – gas-fuelled generation	192,507	213,684
TBP – coal-fired thermal generation	2,099,654	2,228,448
PDP – gas-fuelled generation	3,359	61,723
	2,790,126	3,166,864
KEV – multi-fuel power generation	72,120	110,447
	2,862,246	3,277,311
CGUs – Interest over OMAs		
MPB	950,952	1,037,299
TBOM	465,175	492,690
	1,416,127	1,529,989
CGU – Interest over PWPA		
HPC – gas-fuelled and water production	62,040	67,279
Total interest over PPAs, PWPA and OMAs	4,340,413	4,874,579
Less: Intangible assets in associates	(134,160)	(177,725)
	4,206,253	4,696,854

4. INTANGIBLE ASSETS (continued)

Impairment testing for cash generating units ("CGUs") containing goodwill and interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements (continued)

The impairment test of the above CGUs was based on the value in use, determined by discounting future cash flows to their present value equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This is calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate was 10% (2014: 7.5%) per annum. The discount rate reflects the current market assessment of the time value of money and is based on the estimated cost of capital. The management had applied the following ***key assumptions*** in deriving the present value of the net cash flow before taxes attributable to the Intangible Assets:

It is assumed that the terms of the PPAs will remain unchanged throughout the concession period.

• Remaining useful life of PPAs/PWPA/OMAs	2 – 16 years (in accordance with the respective PPAs, PWPA and OMAs)
• Dependable Capacity ("DC"):	
– Power	350MW – 2,420MW (in accordance to the specifications of the respective plants)
– Water	17,047 m^3/hour
• Capacity Factor:	
– Power	1% – 98% of DC
– Water	93% – 97% of DC
• Net Output:	
– Electrical (million kW/hour)	427 – 16,251
– Water (thousand m^3)	67,044 – 73,216
• Capacity Rate:	
– Power (RM/kW/month)	5.85 – 50.00
– Water (RM/m^3/month)	1,464
• Fixed Operating Rate under Revenue:	
– Power (RM/kW/month)	5.06 – 10.30
– Water (RM/m^3/month)	278 – 341
• Variable Operating Rate under Revenue:	
– Power (RM/kW/month)	0.0065 – 6.47
– Water (RM/m^3/month)	106 – 130
• Fuel price (RM/mmBtu)	6.07 – 70.55
• Variable Operating Rate under Cost	
– Power (RM/kW/month)	0.0071 – 0.0223
• Fixed Operating Rate under Cost	
– Power (RM/kW/month)	2.25 – 5.06
• CAC	0.2% – 27.7% of revenue

The values assigned to the key assumptions represent management's assessment of future trends in the power and utilities industry and are based on external sources and internal sources (historical data). As at 31 December 2015 and 31 December 2014, the estimated recoverable amount of all the CGUs exceeds the carrying amount of the goodwill and interest on PPAs/PWPA/OMAs of the CGUs.

The above estimates are particularly sensitive in an increase/(decrease) of the discount rate used. A 0.5 percentage point increase/(decrease) in the discount rate used would have (decreased)/increased the recoverable amounts of interest on PPAs/PWPA/OMAs of the CGUs by (RM129,000,000)/RM135,000,000

5. PREPAID LEASE PAYMENTS

Leasehold land	Unexpired period less than 50 years RM'000
Group	
Cost	
At 1 January 2014/31 December 2014/1 January 2015	109,326
Addition during the year	3,897
At 31 December 2015	113,223
Amortisation	
At 1 January 2014	34,651
Amortisation for the year	4,344
At 31 December 2014/1 January 2015	38,995
Amortisation for the year	4,376
At 31 December 2015	43,371
Carrying amounts	
At 1 January 2014	74,675
At 31 December 2014/1 January 2015	70,331
At 31 December 2015	69,852

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
At cost		
Unquoted shares	8,134,741	8,134,741

6. INVESTMENT IN SUBSIDIARIES (continued)

Details of subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2015	2014	Principal activities
Direct subsidiary				
1. Segari Energy Ventures Sdn. Bhd.	Malaysia	93.75	93.75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
2. GB3 Sdn. Bhd.	Malaysia	75	75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
3. Prai Power Sdn. Bhd.	Malaysia	100	100	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
4. Tanjung Bin Power Sdn. Bhd.	Malaysia	90	90	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 2,100 MW coal-fired electricity generating facility and sale of electrical energy and generating capacity of the power plant
5. Hypergantic Sdn. Bhd.	Malaysia	100	100	Investment holding
6. Tanjung Bin Energy Sdn. Bhd.	Malaysia	100	100	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 1,000 MW coal-fired electricity generating facility
7. Teknik Janakuasa Sdn. Bhd.	Malaysia	100	100	Investment holding company and provision of operation and maintenance and any related services
8. Malakoff Utilities Sdn. Bhd.	Malaysia	100	100	Build, own and operate an electricity distribution system and a centralised chilled water plant system
9. Malakoff Engineering Sdn. Bhd.	Malaysia	100	100	Provision of engineering and project management services

6. INVESTMENT IN SUBSIDIARIES (continued)

Details of subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2015	2014	Principal activities
Direct subsidiary (continued)				
10. Spring Assets Limited	British Virgin Islands	100	100	Dormant
11. Malakoff Capital (L) Limited	Federal Territory of Labuan, Malaysia	100	100	Dormant
12. Malakoff International Limited	Cayman Islands	100	100	Offshore – Investment holding
13. Tuah Utama Sdn. Bhd.	Malaysia	100	100	Investment holding
14. Desa Kilat Sdn. Bhd.	Malaysia	54	54	Land reclamation, development and/or sale of reclaimed land
15. Malakoff Power Berhad	Malaysia	100	100	Operation and maintenance of power plants
16. Malakoff R&D Sdn. Bhd.	Malaysia	100	100	Promoting, developing, acquiring and enhancing the Group's capacity and innovation in the energy business
Indirect subsidiary				
Held through Tanjung Bin Energy Sdn. Bhd.				
17. Tanjung Bin Energy Issuer Berhad	Malaysia	100	100	Administer and manage the development of a 1,000 MW coal-fired electricity generating facility
Held through Teknik Janakuasa Sdn. Bhd.				
18. Natural Analysis Sdn. Bhd.	Malaysia	100	100	Dormant
19. TJSB Services Sdn. Bhd.	Malaysia	100	100	Provision of maintenance, repair and overhaul and any related services to power plants and any other plants of similar main and auxiliary operating systems
20. TJSB International Limited	Cayman Islands	100	100	Offshore – Investment holding
21. TJSB Global Sdn. Bhd.	Malaysia	100	100	Investment holding
22. PT. Teknik Janakuasa^	Indonesia	95	95	Provision of operation and maintenance services to power plant and/or other utility plants

6. INVESTMENT IN SUBSIDIARIES (continued)

Details of subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2015	2014	Principal activities
Indirect subsidiary (continued)				
Held through TJSB International Limited				
23. TJSB International (Shoaiba) Limited	British Virgin Islands	100	100	Offshore – Investment holding
24. TJSB Middle East Limited	British Virgin Islands	100	100	Operation and maintenance of power plant
Held through Malakoff Engineering Sdn. Bhd.				
25. MESB Project Management Sdn. Bhd.	Malaysia	100	100	Dormant
Held through Malakoff International Limited				
26. Malakoff Gulf Limited	British Virgin Islands	100	100	Offshore – Investment holding
27. Malakoff Technical (Dhofar) Limited	British Virgin Islands	100	100	Offshore – Investment holding
28. Malakoff AlDjazair Desal Sdn. Bhd.	Malaysia	100	100	Investment holding
29. Malakoff Oman Desalination Company Limited	British Virgin Islands	100	100	Offshore – Investment holding
30. Malakoff Hidd Holding Company Limited	Guernsey	100	100	Asset, property, investment, intellectual property and other holding companies
31. Pacific Goldtree Sdn. Bhd.	Malaysia	100	100	Investment holding
Held through Malakoff AlDjazair Desal Sdn. Bhd.				
32. Tlemcen Desalination Investment Company SAS*	France	70	70	Offshore – Investment holding
Held through Malakoff Hidd Holding Company Limited				
33. Malakoff Summit Hidd Holding Company Limited	Guernsey	57.14	57.14	Asset, property, investment, intellectual property and other holding companies
Held through Malakoff Power Berhad				
34. Tanjung Bin O&M Berhad	Malaysia	100	100	Operation and maintenance of power plant
35. PDP O&M Sdn. Bhd.^	Malaysia	100	100	Operation and maintenance of power plant

6. INVESTMENT IN SUBSIDIARIES (continued)

Details of subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2015	2014	Principal activities
Indirect subsidiary (continued)				
Held through Hypergantic Sdn. Bhd.				
36. Port Dickson Power Berhad^	Malaysia	100	100	Independent power producer licensed by the Government to supply electricity exclusively to Tenaga Nasional Berhad
Held through Pacific Goldtree Sdn. Bhd.				
37. Skyfirst Power Sdn. Bhd.	Malaysia	100	100	Investment holding
Held through Skyfirst Power Sdn. Bhd.				
38. Malakoff Australia Pty. Ltd.*	Australia	100	100	Investment holding
39. Wind Macarthur Holdings (T) Pty. Limited*	Australia	100	100	Investment holding
Held through Malakoff Australia Pty. Ltd.				
40. Malakoff Holdings Pty. Ltd.*	Australia	100	100	Investment holding
Held through Malakoff Holdings Pty. Ltd.				
41. Malakoff Wind Macarthur Holdings Pty. Limited*	Australia	100	100	Investment holding
Held through Malakoff Wind Macarthur Holdings Pty. Limited				
42. Malakoff Wind Macarthur Pty. Limited*	Australia	100	100	Leasing of wind turbine assets
Held through Wind Macarthur Holdings (T) Pty. Limited				
43. Wind Macarthur (T) Pty. Limited*	Australia	100	100	Leasing of plant and equipment
Held through Wind Macarthur (T) Pty. Limited				
44. Wind Macarthur Finco Pty. Limited*	Australia	100	100	Financing operations for Macarthur wind farm project

* Audited by other member firms of KPMG International

^ Not audited by member firms of KPMG International

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. INVESTMENT IN SUBSIDIARIES (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group	Segari Energy Ventures Sdn. Bhd. RM'000	GB3 Sdn. Bhd. RM'000	Tanjung Bin Power Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2015					
NCI percentage of ownership interest and voting interest	6.25%	25%	10%		
Carrying amount of NCI	49,246	123,844	44,319	(2,405)	215,004
Profit/(Loss) allocated to NCI	4,541	11,805	26,600	(284)	42,662
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	1,885,002	924,925	6,130,806		
Current assets	839,839	236,653	2,620,082		
Non-current liabilities	(1,707,167)	(542,510)	(7,910,397)		
Current liabilities	(229,742)	(123,693)	(397,322)		
Net assets	787,932	495,375	443,169		
Year ended 31 December					
Revenue	1,204,968	417,564	2,862,273		
Profit for the year	72,655	47,220	306,136		
Total comprehensive income	72,655	47,220	306,136		
Cash flows from operating activities	356,733	134,482	902,708		
Cash flows used in investing activities	(131,196)	(46,659)	(602,245)		
Cash flows used in financing activities	(283,056)	(114,558)	(674,828)		
Net decrease in cash and cash equivalents	(57,519)	(26,735)	(374,365)		
Dividend paid to NCI	625	20,000	20,000	–	40,625

6. INVESTMENT IN SUBSIDIARIES (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

:

Group	Segari Energy Ventures Sdn. Bhd. RM'000	GB3 Sdn. Bhd. RM'000	Tanjung Bin Power Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2014					
NCI percentage of ownership interest and voting interest	6.25%	25%	10%		
Carrying amount of NCI	45,330	132,039	37,719	(2,121)	212,967
Profit allocated to NCI	8,495	16,653	45,994	153	71,295
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	1,921,664	965,029	6,133,816		
Current assets	925,084	305,504	2,440,401		
Non-current liabilities	(1,885,884)	(623,910)	(7,607,851)		
Current liabilities	(235,587)	(118,468)	(629,318)		
Net assets	725,277	528,155	337,048		
Year ended 31 December					
Revenue	1,329,272	399,841	3,027,070		
Profit for the year	135,915	66,612	459,936		
Total comprehensive income	135,915	66,612	459,936		
Cash flows from operating activities	355,636	244,930	1,542,080		
Cash flows from investing activities	57,109	5,415	201,287		
Cash flows used in financing activities	(716,324)	(293,137)	(984,439)		
Net (decrease)/increase in cash and cash equivalents	(303,579)	(42,792)	758,928		
Dividend paid to NCI	11,250	27,500	43,000	–	81,750

7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost				
Unquoted shares:				
– in Malaysia	14,400	14,400	641,770	641,770
– outside Malaysia	86,333	40,481	–	–
Unquoted preference shares:				
– in Malaysia	4,000	4,000	–	–
Unquoted loan stocks:				
– in Malaysia	341,430	356,630	341,430	356,630
– outside Malaysia	128,678	143,878	–	–
Pre-acquisition reserves	125,275	125,275	–	–
Share of post-acquisition reserves	(28,222)	36,951	–	–
	671,894	721,615	983,200	998,400
Add: Intangible assets acquired through business combination (see Note 4)				
Goodwill	373,269	303,979	–	–
Interest over PPA and PWPA	939,073	939,073	–	–
	1,312,342	1,243,052	–	–
Less: Amortisation of intangible assets				
At 1 January	(297,702)	(253,831)	–	–
Amortisation for the year	(43,565)	(43,871)	–	–
At 31 December	(341,267)	(297,702)	–	–
Less: Impairment loss on intangible assets				
At 1 January/31 December	(463,646)	(463,646)	–	–
Carrying amount	507,429	481,704	–	–
	1,179,323	1,203,319	983,200	998,400

7. INVESTMENT IN ASSOCIATES (continued)

Details of associates are as follows (continued):

No.	Name of associate	Country of incorporation	Effective ownership and voting interest (%) 2015	2014	Principal activities
1.	Kapar Energy Ventures Sdn. Bhd.	Malaysia	40	40	Generation and sale of electricity
2.	Lekir Bulk Terminal Sdn. Bhd.	Malaysia	20	20	Development, ownership and management of a dry bulk terminal
3.	Malaysian Shoaiba Consortium Sdn. Bhd.	Malaysia	40	40	Investment holding
4.	Saudi-Malaysia Water & Electricity Company Limited	Saudi Arabia	20	20	Offshore – Investment holding
5.	Shuaibah Water & Electricity Company Limited	Saudi Arabia	12	12	Design, construction, commissioning, testing, possession, operation and maintenance of crude oil fired power generation and water desalination plant
6.	Shuaibah Expansion Holding Company Limited	Saudi Arabia	12	12	Development, construction, ownership, operation and maintenance of Shuaibah Phase 3 Expansion independent water producer ("IWP") and transport and sale of water and undertake all works and activities related thereto, directly or through another company holding most of its shares or stock
7.	Shuaibah Expansion Project Company Limited	Saudi Arabia	11.9	11.9	Development, construction, possession, operation and maintenance of the Shuaibah Phase 3 Expansion IWP, transfer and sell water and all relevant works and activities
8.	Oman Technical Partners Limited	British Virgin Islands	43.4	43.4	Offshore – Investment holding
9.	Salalah Power Holdings Limited	Bermuda	43.4	43.4	Offshore – Investment holding
10.	Al-Imtiaz Operation and Maintenance Company Limited	Saudi Arabia	20	20	Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination

7. INVESTMENT IN ASSOCIATES (continued)

Details of associates are as follows (continued):

No.	Name of associate	Country of incorporation	Effective ownership and voting interest (%) 2015	2014	Principal activities
11.	Saudi-Malaysia Operation and Maintenance Services Company Limited	Saudi Arabia	20	20	Operation and maintenance of power and water desalination plant
12.	Hyflux-TJSB Algeria SPA	Algeria	49	49	Operation and maintenance of water desalination plant
13.	Hidd Power Company B.S.C. (c)	Bahrain	40	40	Building, operation and maintenance of power and water stations for special purposes (specific supply only)
14.	Muscat City Desalination Operation and Maintenance Company LLC	Oman	31.5	31.5	Operation and maintenance of pump stations and pipelines, installation and repair of electric power and transformer plants and telecommunications and radar plants, export and import offices, and laying and maintenance of all kinds of pipes, business agencies (excluding portfolio and securities) and wholesale industrial chemicals
15.	Muscat City Desalination Company S.A.O.C	Oman	45	45	Desalination of water

7. INVESTMENT IN ASSOCIATES (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Group	Kapar Energy Ventures Sdn. Bhd. RM'000	Shuaibah Water & Electricity Company Limited RM'000	Hidd Power Company B.S.C. (c) RM'000	Muscat City Desalination Company S.A.O.C RM'000	Other individually immaterial associates RM'000	Total RM'000
2015						
Summarised financial information						
As at 31 December						
Non-current assets	2,649,569	7,746,988	3,970,964	1,071,174		
Current assets	1,536,189	540,759	401,596	200,460		
Non-current liabilities	(3,119,160)	(6,351,503)	(3,734,514)	(364,529)		
Current liabilities	(1,028,589)	(696,030)	(491,838)	(794,893)		
Net assets	38,009	1,240,214	146,208	112,212		
Year ended 31 December						
(Loss)/Profit	(153,098)	220,650	106,077	(35,542)		
Other comprehensive income/(expense)	–	149,058	(65,707)	(40,072)		
Total comprehensive (expense)/income	(153,098)	369,708	40,370	(75,614)		
Included in the total comprehensive (expense)/income is:						
Revenue	1,758,453	1,052,970	1,285,547	–		
Depreciation and amortisation	(273)	(289,087)	(208,697)	–		
Interest income	15,658	1,378	–	–		
Interest expense	(286,410)	(365,162)	(173,770)	(274)		
Income tax expense	15,316	–	–	–		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	15,204	148,826	58,483	50,496	57,455	330,464
Goodwill	–	–	373,269	–	–	373,269
Intangible assets	72,120	–	62,040	–	–	134,160
Redeemable unsecured loan stocks	341,430	–	–	–	–	341,430
Carrying amount in the statement of financial position	428,754	148,826	493,792	50,496	57,455	1,179,323
Group's share of result						
Year ended 31 December						
Group's share of (loss)/profit for the year	(61,239)	26,478	42,431	(15,993)	6,515	(1,808)
Group's share of other comprehensive income/(expense)	–	17,887	(26,283)	(18,032)	1,813	(24,615)
Group's share of total comprehensive (expense)/income	(61,239)	44,365	16,148	(34,025)	8,328	(26,423)
Other information						
Dividend received	–	–	24,720	–	7,759	32,479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVESTMENT IN ASSOCIATES (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

Group	Kapar Energy Ventures Sdn. Bhd. RM'000	Shuaibah Water & Electricity Company Limited RM'000	Hidd Power Company B.S.C. (c) RM'000	Other individually immaterial associates RM'000	Total RM'000
2014					
Summarised financial information					
As at 31 December					
Non-current assets	2,860,229	6,739,485	3,375,084		
Current assets	1,519,584	429,755	317,601		
Non-current liabilities	(3,235,750)	(5,337,201)	(3,106,649)		
Current liabilities	(952,954)	(538,611)	(418,414)		
Net assets	191,109	1,293,428	167,622		
Year ended 31 December					
(Loss)/Profit	(128,789)	269,492	104,130		
Other comprehensive income/(expense)	–	13,800	(59,423)		
Total comprehensive (expense)/income	(128,789)	283,292	44,707		
Included in the total comprehensive (expense)/ income is:					
Revenue	1,973,405	947,910	1,039,970		
Depreciation and amortisation	(241)	(241,788)	(160,454)		
Interest income	18,277	–	13		
Interest expense	(187,406)	(320,412)	(155,233)		
Income tax expense	(42,801)	–	–		
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	76,444	155,212	67,050	66,279	364,985
Goodwill	–	–	303,979	–	303,979
Intangible assets	110,447	–	67,278	–	177,725
Redeemable unsecured loan stocks	356,630	–	–	–	356,630
Carrying amount in the statement of financial position	543,521	155,212	438,307	66,279	1,203,319
Group's share of result					
Year ended 31 December					
Group's share of (loss)/profit for the year	(51,515)	32,339	41,652	12,536	35,012
Group's share of other comprehensive income/(expense)	–	1,656	(23,769)	(495)	(22,608)
Group's share of total comprehensive (expense)/income	(51,515)	33,995	17,883	12,041	12,404
Other information					
Dividend received	–	–	(16,975)	(3,000)	(19,975)

8. INVESTMENT IN AN EQUITY ACCOUNTED JOINT VENTURE

Group	2015 RM'000	2014 RM'000
At cost		
Unquoted shares, outside Malaysia	64,118	64,118
Share of post-acquisition reserves	(8,678)	(6,233)
	55,440	57,885

The Group has an interest in Almiyah Attilemcania SPA ("AAS"), a joint arrangement which is principally engaged in the construction, operation and maintenance of a sea water desalination plant and marketing of desalinated water produced in Algeria. AAS is structured as a separate vehicle and provides the Group rights to the net assets of the entity. Accordingly, the Group has classified the investment in AAS as an equity accounted joint venture.

The following tables summarise the financial information of AAS, as adjusted for any differences in accounting policies and reconcile the information to the carrying amount of the Group's interest in AAS, which is accounted for using the equity method.

	2015 RM'000	2014 RM'000
Percentage of ownership interest	35.7%	35.7%
Percentage of voting interest	40.0%	40.0%
Summarised financial information		
As at 31 December		
Non-current assets	467,576	492,250
Current assets	211,529	232,888
Non-current liabilities	(441,307)	(485,737)
Current liabilities	(82,504)	(77,258)
	155,294	162,143
Year ended 31 December		
(Loss)/Profit for the year	(6,848)	18,641
Included in the (loss)/profit for the year are:		
Revenue	87,315	120,755
Depreciation and amortisation	(21,079)	(21,463)
Interest expense	(15,184)	(17,139)
Reconciliation of net assets to carrying amount		
As at 31 December		
Group's share of net assets	55,440	57,885
Carrying amount in the statement of financial position	55,440	57,885
Group's share of result		
Year ended 31 December		
Group's share of (loss)/profit for the year	(2,445)	6,655

9. FINANCE LEASE RECEIVABLE

The finance lease receivable relates to the 25-year lease agreement for the right to use and occupy 3 parcels of land, substation and assets.

The future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

Group	2015 RM'000	2014 RM'000
Minimum lease payments:		
Within one year	172,848	143,629
1-2 years	175,249	157,675
2-5 years	559,926	495,574
Over 5 years	4,101,405	3,916,436
Gross investment in finance lease	5,009,428	4,713,314
Less: Unearned finance income	(2,812,259)	(2,722,340)
Present value of minimum lease payments	2,197,169	1,990,974
Analysed as:		
1-2 years	2,707	211
2-5 years	46,751	24,960
Over 5 years	2,147,711	1,965,803
Total finance lease receivable	2,197,169	1,990,974
Comprising:		
Non-current	2,197,169	1,990,974
	2,197,169	1,990,974

For the financial year ended 31 December 2015, the Group recognised a finance lease income of RM164,421,000 (2014: RM160,161,000) as disclosed in Note 22.

10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	2015 Assets RM'000	2015 Liabilities RM'000	2014 Assets RM'000	2014 Liabilities RM'000
Non-current				
Derivatives used for hedging				
– Interest rate swaps	–	(152,497)	–	(167,338)
– Cross currency swaps	509,010	–	99,147	–
	509,010	(152,497)	99,147	(167,338)
Current				
Derivatives used for hedging				
– Interest rate swaps	–	(29,124)	–	(27,704)
	–	(29,124)	–	(27,704)
	509,010	(181,621)	99,147	(195,042)

Interest rate and cross currency swaps are used to achieve an appropriate mix of fixed and floating interest rate exposure within the Group's policy. The Group entered into interest rate and cross currency swaps, to hedge the interest rate and foreign exchange risks. The interest rate and cross currency swaps were entered into for a period of 5 to 17 years.

11. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current					
Other receivables	11.1	102,615	114,793	–	–
Current					
Trade					
Trade receivables	11.2	1,214,105	905,118	–	–
Less: Allowance for impairment loss		(271,673)	(360,627)	–	–
		942,432	544,491	–	–
Non-trade					
Amount due from subsidiaries		–	–	972,812	921,736
Amount due from an associate	11.3	389,996	320,370	389,996	320,554
Other receivables		401,567	297,619	4,044	7,930
Deposits and prepayments		148,643	141,803	6,347	4,386
		940,206	759,792	1,373,199	1,254,606
		1,882,638	1,304,283	1,373,199	1,254,606
		1,985,253	1,419,076	1,373,199	1,254,606

11.1 Other receivables

Other receivables represent the transaction costs which arose from derivative instruments, which will be amortised systematically over the tenure of the hedged item.

11. TRADE AND OTHER RECEIVABLES (continued)

11.2 Trade receivables

Included in trade receivables of the Group is an amount owing from an entity that is under control of the Government of Malaysia (a party that has an indirect significant influence on the Group) as at the reporting period as follows:

	Gross balance outstanding	
	2015 RM'000	2014 RM'000
Tenaga Nasional Berhad	1,192,801	876,984

11.3 Amount due from an associate

The amount due from an associate relates to interest receivable subject to compounded interest rate of 5% per annum (2014: compounded interest rate of 5% per annum) and is repayable on demand.

12. DEFERRED TAX ASSETS AND (LIABILITIES)

Deferred tax assets and (liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Group						
Property, plant and equipment	–	–	(1,778,955)	(1,989,694)	(1,778,955)	(1,989,694)
Provisions	75,416	216,594	–	–	75,416	216,594
Intangibles	–	–	(915,165)	(1,087,657)	(915,165)	(1,087,657)
Unutilised tax losses	24,090	21,467	–	–	24,090	21,467
Unutilised capital allowances	4,061	229,829	–	–	4,061	229,829
Deferred income	746,247	707,283	–	–	746,247	707,283
Deferred expense	–	–	(63,795)	(41,279)	(63,795)	(41,279)
Others	–	2,244	–	–	–	2,244
Tax assets/(liabilities)	849,814	1,177,417	(2,757,915)	(3,118,630)	(1,908,101)	(1,941,213)
Set-off of tax	(31,881)	(397,568)	31,881	397,568	–	–
Net tax assets/(liabilities)	817,933	779,849	(2,726,034)	(2,721,062)	(1,908,101)	(1,941,213)
Company						
Property, plant and equipment	–	–	(426)	–	(426)	–

12. DEFERRED TAX ASSETS AND (LIABILITIES) (continued)

Movements in temporary differences during the year:

Group	At 1.1.2014 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 27) RM'000	Arising from business combination (Note 37) RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 27) RM'000	At 31.12.2015 RM'000
Deferred tax assets								
Provisions	147,053	19,168	39,715	10,658	216,594	(138,873)	(2,305)	75,416
Unutilised tax losses	38,143	(16,676)	–	–	21,467	2,623	–	24,090
Unutilised capital allowances	518,904	(289,075)	–	–	229,829	(225,768)	–	4,061
Deferred income	641,928	65,355	–	–	707,283	38,964	–	746,247
Others	2,244	–	–	–	2,244	(2,244)	–	–
Tax assets	1,348,272	(221,228)	39,715	10,658	1,177,417	(325,298)	(2,305)	849,814
Set-off of tax	(650,760)	253,192	–	–	(397,568)	365,687	–	(31,881)
Net tax assets	697,512	31,964	39,715	10,658	779,849	40,389	(2,305)	817,933
Deferred tax liabilities								
Property, plant and equipment	(2,093,386)	130,041	–	(26,349)	(1,989,694)	210,739	–	(1,778,955)
Intangibles	(1,183,274)	120,802	–	(25,185)	(1,087,657)	172,492	–	(915,165)
Deferred expense	(19,545)	(21,734)	–	–	(41,279)	(22,516)	–	(63,795)
Tax liabilities	(3,296,205)	229,109	–	(51,534)	(3,118,630)	360,715	–	(2,757,915)
Set-off of tax	650,760	(253,192)	–	–	397,568	(365,687)	–	31,881
Net tax liabilities	(2,645,445)	(24,083)	–	(51,534)	(2,721,062)	(4,972)	–	(2,726,034)

Company	At 1.1.2014 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2015 RM'000
Deferred tax assets					
Provisions	2,555	(2,555)	–	–	–
Deferred tax liabilities					
Property, plant and equipment	–	–	–	(426)	(426)

12. DEFERRED TAX ASSETS AND (LIABILITIES) (continued)

Included in the Group's deferred tax assets as at 31 December 2015 is deferred tax in relation to Malakoff Australia Pty. Ltd.'s joint venture in the Macarthur wind farm project of RM27,241,000. During the financial year 2015, the Group had an application to the Australian Taxation Office ("ATO") for a private ruling to confirm the taxation implications in relation to the initial restructuring and asset transfer within the Malakoff Group. Whilst the outcome of the ruling was positive, the ATO indicated that the swap contracts with AGL Hydro Partnership ("AGL") may not be allowed as tax deductions under the Taxation of Financial Agreements ("TOFA") rules.

The Group is of the view that the swap contracts with AGL represent TOFA assets and therefore are allowed as tax deductions under TOFA rules.

The Group has estimated an increase in deferred tax liability of AUD43,330,086 (approximately RM136,086,801) as at 31 December 2015, if the swap contracts are deemed as non-deductible assets from the perspective of tax authorities.

13. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
At cost		
Consumables	370,928	269,848
Coal	134,950	161,345
Diesel fuel	69,216	87,241
	575,094	518,434

14. OTHER INVESTMENTS

	Group	
	2015 RM'000	2014 RM'000
Loans and receivables:		
Deposits with licensed banks and other licensed corporations	629,241	321,509

Included in other investments of the Group are amounts that are placed with licensed banks which are under control of the Government of Malaysia (a party that has an indirect significant influence on the Group) as follows:

	Group	
	2015 RM'000	2014 RM'000
Deposits with licensed banks and other licensed corporations	498,858	170,360

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks and other licensed corporations	2,526,595	3,112,052	304,755	584,852
Cash and bank balances	326,751	462,848	8,380	8,142
	2,853,346	3,574,900	313,135	592,994

Included in cash and cash equivalents of the Group and of the Company are amounts that are placed with licensed banks and other licensed corporations which are under control of the Government of Malaysia (a party that has an indirect significant influence on the Group and on the Company) as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks and other licensed corporations	2,097,863	2,763,796	313,135	586,569

16. CAPITAL AND RESERVES

Share capital

	2015		2014	
Group and Company	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Authorised:				
Ordinary shares				
At 1 January of RM1.00 each	490,000	490,000	490,000	490,000
Reclassified of ordinary shares at RM1.00 each to RCPS at RM0.90 each	(90,000)	(90,000)	–	–
Conversion of RCPS at RM1.00	100,000	100,000	–	–
Subdivision of par value to RM0.10 each	–	4,500,000	–	–
Created during the year	500,000	5,000,000	–	–
At 31 December of RM0.10 each/RM1.00 each	1,000,000	10,000,000	490,000	490,000
Redeemable convertible non-cumulative preference shares				
At 1 January of RM0.10 each	10,000	100,000	10,000	100,000
Reclassified of ordinary shares at RM1.00 each to RCPS at RM0.90 each	90,000	100,000		
Consolidation of par value to RM1.00 each	–	(100,000)	–	–
Conversion of RCPS at RM1.00 each	(100,000)	(100,000)	–	–
At 31 December of RM1.00 each/RM0.10 each	–	–	10,000	100,000

16. CAPITAL AND RESERVES (continued)

Share capital (continued)

Group and Company	2015 Amount RM'000	2015 Number of shares '000	2014 Amount RM'000	2014 Number of shares '000
Issued and fully paid:				
Ordinary shares				
At 1 January of RM1.00 each	351,344	351,344	351,344	351,344
Conversion of RCPS at RM1.00 each	41,792	41,792	–	–
Bonus issue at RM1.00 each	6,864	6,864	–	–
Subdivision of par value to RM0.10 each	–	3,600,000	–	–
Issued during the year at RM0.10 each	100,000	1,000,000	–	–
At 31 December of RM0.10 each/RM1.00 each	500,000	5,000,000	351,344	351,344
Redeemable convertible non-cumulative preference shares				
At 1 January of RM0.10 each	4,179	41,792	4,179	41,792
Issued during the year at RM0.90 each	37,613	41,792		
Consolidation of par value to RM1.00 each	–	(41,792)	–	–
Conversion of RCPS at RM1.00 each	(41,792)	(41,792)	–	–
At 31 December of RM1.00 each/RM0.10 each	–	–	4,179	41,792

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Redeemable convertible non-cumulative preference shares ("RCPS")

During the financial year, holders of RCPS received one additional RCPS of RM0.90 each for every one existing RCPS held by the holders of the RCPS. Subsequently, all RCPS are consolidated into one new RCPS of RM1.00 each. Following the consolidation of these RCPS, they converted the entire 41,792,004 consolidated RCPS into 41,792,004 new ordinary shares of RM1.00 each. These new ordinary shares rank pari-passu to the existing ordinary share in the Company.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

16. CAPITAL AND RESERVES (continued)

Capital redemption reserve

The Company had on 1 October 2009 redeemed 8,400,000 RCPS at a redemption price of RM10.00 per share comprising the nominal amount of RM0.10 each and premium of RM9.90 each to the RCPS holders registered in the Company's Register of Members. The redemption of the RCPS was made proportionately in respect of each holding of RCPS, fully paid out from the retained profits and share premium account of the Company.

In accordance with the requirement of Section 67A of the Companies Act, 1965, an amount equivalent to the nominal value of the RCPS totalling RM840,000 was transferred from the retained profits to the capital redemption reserve.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related transactions that have not yet occurred.

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

17. LOANS AND BORROWINGS

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current					
Secured					
Al-Istisna bonds	17.1	–	64,650	–	–
AUD term loan 1	17.2	–	454,217	–	–
AUD term loan 2	17.3	1,578,690	1,462,219	–	–
RM term loan	17.4	12,081	47,153	–	–
Commodity Murabahah Term Financing-I	17.5	–	30,000	–	–
Sukuk Ijarah medium term notes	17.6	3,620,590	3,581,077	–	–
Sukuk medium term notes	17.7	3,855,385	3,884,427	–	–
Sukuk Wakalah	17.8	345,000	400,000	–	–
Senior Sukuk Murabahah	17.9	3,290,000	3,290,000	–	–
Senior RM term loan	17.10	647,000	364,000	–	–
Senior USD term loan	17.11	1,587,369	644,800	–	–
USD term loan	17.12	332,317	286,363	–	–
Unsecured					
Junior EBL term loan	17.13	1,251,635	1,058,064	–	–
Subordinated loan notes		104,500	126,247	–	–
Unrated Junior Sukuk Musharakah	17.14	–	1,800,000	–	1,800,000
		16,624,567	17,493,217	–	1,800,000

17. LOANS AND BORROWINGS (continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current					
Secured					
Al-Istisna bonds	17.1	64,650	64,845	–	–
AUD term loan 1	17.2	439,698	–	–	–
AUD term loan 2	17.3	24,237	13,629	–	–
RM term loan	17.4	5,135	1,347	–	–
Commodity Murabahah Term Financing-I	17.5	15,000	155,000	–	–
Sukuk medium term notes	17.7	100,000	440,000	–	–
Sukuk Wakalah	17.8	55,000	50,000	–	–
USD term loan	17.12	19,321	9,441	–	–
		723,041	734,262	–	–
		17,347,608	18,227,479	–	1,800,000

17.1 Al-Istisna bonds issued by Prai Power Sdn. Bhd. ("PPSB")

Security

As at 31 December 2015, the Al-Istisna bonds is secured over property, plant and equipment with a carrying amount of RM580,299,000 (2014: RM534,692,000).

Significant covenant

PPSB is required to maintain a debt-to-equity ratio of not more than 4:1 and an annual finance service ratio of at least 1.4 times commencing from the third year of the first issuance of the bonds.

17.2 AUD term loan 1 drawdown by Malakoff International Limited ("MIL")

Security

As at 31 December 2015, the AUD term loan 1 is secured over a first ranking share pledge over investment in subsidiaries and assignment of MIL's rights under certain intercompany loans.

Significant covenant

MIL is required to maintain a total debt-to-equity ratio of the parent (the Company) of not more than 1.25:1 and a Group total debt-to-equity ratio of not more than 7:1.

17. LOANS AND BORROWINGS (continued)

17.3 AUD term loan 2 drawdown by Wind Macarthur Finco Pty Limited ("WMF")

Security

As at 31 December 2015, the AUD term loan 2 is secured over certain subsidiaries' security documents.

Significant covenant

WMF is required to maintain a minimum projected debt service cover ratio of 1.10:1 on any two consecutive calculation date.

17.4 RM term loan drawdown by Malakoff Utilities Sdn. Bhd. ("MUSB")

Security

As at 31 December 2015, the RM term loan is secured over certain property, plant and equipment with a carrying amount of RM35,244,000 (2014: RM40,384,000).

Significant covenant

MUSB is required to maintain a debt-to-equity ratio of not more than 1.50:1 and a debt service cover ratio of not less than 1.20 times.

17.5 Commodity Murabahah Term Financing-I drawdown by Port Dickson Power Berhad ("PDP")

Security

The Commodity Murabahah Term Financing-I is secured against the Debenture, the Assignment of PPA Proceeds, the Assignment and Charge of Designated Accounts and other documents.

Significant covenant

PDP is required to maintain a finance service coverage ratio of at least 1.10 times.

17.6 Sukuk Ijarah medium term notes issued by Tanjung Bin Power Sdn. Bhd. ("TBP")

Security

As at 31 December 2015, the Sukuk Ijarah Medium term notes are secured over property, plant and equipment with a carrying amount of RM5,187,295,000 (2014: RM5,182,815,000).

Significant covenant

TBP is required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of at least 1.25 times.

17.7 Sukuk medium term notes issued by Malakoff Power Berhad ("MPB")

Security

As at 31 December 2015, the Sukuk medium term notes are secured over an irrevocable and unconditional guarantee under the principal of Kafalah from Malakoff Corporation Berhad, an assignment and charge over MPB designated accounts and a third party assignment and charge over Malakoff Corporation Berhad's disposal proceeds account.

Significant covenant

MPB is required to maintain an aggregated debt-to-equity ratio of not more than 1:1 and the Group debt-to-equity ratio of not more than 5.5:1.

17. LOANS AND BORROWINGS (continued)

17.8 Sukuk Wakalah issued by Tanjung Bin O&M Berhad ("TBOM")

Security

As at 31 December 2015, the Sukuk Wakalah is secured over the Operation and Maintenance Agreement, Sub Operation and Maintenance Agreement and Asset Sales Agreement held by TBOM and all the balances in TBOM's designated accounts.

Significant covenant

TBOM is required to maintain a debt-to-equity ratio of not more than 80:20 commencing 24 months after the issue date until the final maturity and a finance service cover ratio of at least 1.25 times.

17.9 Senior Sukuk Murabahah issued by Tanjung Bin Energy Issuer Berhad ("TBEI")

Security

As at 31 December 2015, the Senior Sukuk Murabahah is secured over TBEI's property, plant and equipment with a carrying amount of RM6,052,721,000 (2014: RM5,172,937,000).

Significant covenant

TBEI is required to maintain a debt-to-equity ratio of not exceeding 80:20 and a finance service cover ratio of not less than 1.05:1.

17.10 Senior RM term loan drawdown by Tanjung Bin Energy Issuer Berhad ("TBEI")

Security

As at 31 December 2015, the Senior RM term loan is secured over TBEI's property, plant and equipment as disclosed in Note 17.9.

Significant covenant

TBEI is required to maintain a debt-to-equity ratio of not exceeding 80:20 and a finance service cover ratio of not less than 1.05:1.

17.11 Senior USD term loan drawdown by Tanjung Bin Energy Issuer Berhad ("TBEI")

Security

As at 31 December 2015, the Senior USD term loan is secured over TBEI's property, plant and equipment as disclosed in Note 17.9.

Significant covenant

TBEI is required to maintain a debt-to-equity ratio of not exceeding 80:20 and a finance service cover ratio of not less than 1.05:1.

17.12 USD term loan drawdown by Malakoff International Limited ("MIL")

Security

As at 31 December 2015, the USD term loan is secured over MIL's designated account and MIL's investment in a subsidiary.

Significant covenant

MIL is required to maintain a debt-to-equity ratio of the Guarantor (the Company) of not more than 1.25:1 and a Group debt-to-equity ratio of not more than 7:1.

17. LOANS AND BORROWINGS (continued)

17.13 Junior EBL term loan facility drawdown by Tanjung Bin Energy Issuer Berhad ("TBEI")

Significant covenant

TBEI is required to maintain a debt-to-equity ratio of the Original Sponsor (the Company) of not more than 1.25:1 and a Group debt-to-equity ratio of not more than 7:1.

17.14 Unrated Junior Sukuk Musharakah

In 2014, pursuant to the terms and conditions of the Unrated Junior Sukuk Musharakah ("Instrument"), the Instrument will either expire on 3 September 2042 or when the Group and the Company trigger the special event, whichever is earlier. Special event is the date of listing of the Company's entire and issued paid-up share capital on Bursa Malaysia Securities Berhad or such other stock exchanges. In determining the effective interest rate to account for the present value of the Instrument at the end of the reporting period, the Group and the Company considered all contractual terms of the Instrument, including the timing and probability of triggering the special event.

The gross proceeds of RM1,800,000,000 arising from the Initial Public Offering was utilised by Malakoff to fully redeem the RM1,800,000,000 Unrated Junior Sukuk Musharakah.

18. EMPLOYEE BENEFITS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Defined benefit obligations	94,399	90,526	21,931	26,322
Fair value of plan assets	(9,501)	(15,619)	(8,332)	(13,975)
Net defined benefit liabilities	84,898	74,907	13,599	12,347

The Company's Staff Retirement Benefits Scheme ("The Scheme") provides pension benefits for the eligible employees upon retirement. Five entities within the Group, namely Malakoff Corporation Berhad, Teknik Janakuasa Sdn. Bhd., Malakoff Utilities Sdn. Bhd., Malakoff Engineering Sdn. Bhd. and Malakoff Power Berhad participated in making contributions to The Scheme.

The following table shows the reconciliation from the opening balance to the closing balance for net defined benefit liability and its components:

18. EMPLOYEE BENEFITS (continued)

Movement in defined benefit obligations

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Defined benefit obligations at beginning of the year	90,526	84,203	26,322	24,317
Included in profit or loss				
Current service cost	7,784	8,459	2,060	2,501
Interest cost	4,700	4,499	1,309	1,371
Other service cost	–	(54)	–	–
	12,484	12,904	3,369	3,872
Included in other comprehensive income				
Actuarial (gain)/loss arising from:				
– Demographic assumptions	–	(1,160)	–	(233)
– Financial assumptions	–	1,238	–	149
– Experience adjustments	–	(872)	–	2,630
– Others	–	–	–	(152)
	–	(794)	–	2,394
Others				
Benefits paid directly by the employer	(2,387)	(3,069)	(1,536)	(147)
Benefits paid by the plan	(6,224)	(2,718)	(6,224)	(2,261)
Intercompany employee transfers	–	–	–	(1,853)
	(8,611)	(5,787)	(7,760)	(4,261)
Defined benefit obligations at end of the year	94,399	90,526	21,931	26,322

18. EMPLOYEE BENEFITS (continued)

Movement in fair value of plan assets

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Plan assets at beginning of the year	(15,619)	(16,788)	(13,975)	(14,092)
Included in profit or loss				
Interest income	(792)	(928)	(692)	(829)
	(792)	(928)	(692)	(829)
Included in other comprehensive income				
Return on scheme assets lesser than discount rate	686	782	111	928
Others	–	–	–	(983)
	686	782	111	(55)
Others				
Benefits paid by the plan	6,224	2,718	6,224	2,261
Employer contribution	–	(1,403)	–	(1,260)
	6,224	1,315	6,224	1,001
Plan assets at end of the year	(9,501)	(15,619)	(8,332)	(13,975)

18. EMPLOYEE BENEFITS (continued)

Movement in net defined benefit liabilities

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net defined benefit liabilities at beginning of the year	74,907	67,415	12,347	10,225
Included in profit or loss				
Current service cost	7,784	8,459	2,060	2,501
Interest cost	3,908	3,571	617	542
Other service cost	–	(54)	–	–
	11,692	11,976	2,677	3,043
Included in other comprehensive income				
Actuarial (gain)/loss arising from:				
– Demographic assumptions	–	(1,160)	–	(233)
– Financial assumptions	–	1,238	–	149
– Loss due to experience	–	(872)	–	2,630
Return on scheme assets lesser than discount rate	686	782	111	928
Others	–	–	–	(1,135)
	686	(12)	111	2,339
Others				
Benefits paid directly by the employer	(2,387)	(3,069)	(1,536)	(147)
Employer contribution	–	(1,403)	–	(1,260)
Intercompany employee transfer	–	–	–	(1,853)
	(2,387)	(4,472)	(1,536)	(3,260)
Net defined benefit liabilities at end of the year	84,898	74,907	13,599	12,347

The Group expects to pay RM5,706,000 in contributions to the defined benefit plan in 2016.

18. EMPLOYEE BENEFITS (continued)

Plan assets

The major categories of plan assets are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity instruments	5,843	8,981	5,124	8,036
Malaysian government securities	2,100	3,998	1,841	3,578
Corporate bonds	–	500	–	447
Foreign investments	1,045	1,234	917	1,104
Derivatives	10	–	8	–
Cash and cash equivalents	456	609	400	545
Others	47	297	42	265
	9,501	15,619	8,332	13,975

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
Discount rate	5.40%	5.40%	5.40%	5.40%
Salary inflation	7.88%	7.90%	7.88%	7.90%

As at 31 December 2015, The Scheme duration is estimated to be around 10 years (2014: 11 years).

18. EMPLOYEE BENEFITS (continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Impact on the aggregate service and interest costs				
Discount rate				
One percentage point increase	(418)	(522)	(118)	(112)
One percentage point decrease	436	559	115	116
Salary inflation				
One percentage point increase	1,645	1,610	438	438
One percentage point decrease	(1,401)	(1,392)	(384)	(383)
Impact on the defined benefit obligation				
Discount rate				
One percentage point increase	(9,184)	(8,680)	(2,310)	(2,212)
One percentage point decrease	10,690	10,147	2,650	2,548
Salary inflation				
One percentage point increase	11,440	9,884	2,865	2,485
One percentage point decrease	(9,982)	(8,637)	(2,536)	(2,203)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

19. PROVISION FOR DECOMMISSIONING COST

Group	2015 RM'000	2014 RM'000
Non-current	68,058	–
Current	–	10,868
	68,058	10,868

19. PROVISION FOR DECOMMISSIONING COST (continued)

Provision for decommissioning cost is the estimated cost that the Group will have to incur in removing or dismantling the power plants at the end of the estimated useful lives of the power plant.

The provision is based on the valuation report dated 1 December 2015 by a professional valuer. The present value is derived by discounting the decommissioning cost over the remaining useful lives of the power plants based on a discount rate of 7.5%.

20. DEFERRED INCOME

Group	2015 RM'000	2014 RM'000
At beginning of the year	2,941,580	2,668,485
Additions	298,167	333,359
Credited to profit or loss	(130,384)	(60,264)
At end of the year	3,109,363	2,941,580
Non-current	2,968,256	2,811,196
Current	141,107	130,384
At end of the year	3,109,363	2,941,580

21. TRADE AND OTHER PAYABLES

		Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade					
Trade payables	21.1	303,822	407,152	–	–
Non-trade					
Other payables	21.2	168,877	137,979	10,324	6,591
Accrued expenses	21.2	351,623	419,515	7,138	37,611
Amounts due to subsidiaries	21.3	–	–	1,197,508	1,134,453
		520,500	557,494	1,214,970	1,178,655
		824,322	964,646	1,214,970	1,178,655

21. TRADE AND OTHER PAYABLES (continued)

21.1 Trade payables

Included in trade payables of the Group are amounts owing to entities that are under control of the Government of Malaysia (a party that has an indirect significant influence on the Group) as at the reporting period as follows:

	Gross balance outstanding	
	2015 RM'000	2014 RM'000
Petroliam Nasional Berhad	57,366	26,339
Petronas Dagangan Berhad	992	33,641
TNB Fuel Services Sdn. Bhd.	198,391	315,992
Tenaga Nasional Berhad	9,234	6,219
	265,983	382,191

21.2 Other payables and accrued expenses

As at 31 December 2015, included in accrued expenses of the Group were interest expense payable of RM139,408,000 (2014: RM171,865,000) and provision for CESS fund of RM27,991,000 (2014: RM45,582,000).

21.3 Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand except for an amount of RM763,392,000 (2014: RM762,783,000), which is subject to an interest rate of 7.71% (2014: 7.71%).

22. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Electricity generation and distribution	5,099,017	5,398,177	–	–
Project management fees	1,164	1,701	1,164	1,701
Rental income from estate	2,202	4,341	2,202	4,341
Operation and maintenance fees	35,183	30,104	–	–
Finance lease income	164,421	160,161	–	–
Dividends from subsidiaries	–	–	256,375	958,876
Management fees from subsidiaries	–	–	26,490	26,418
	5,301,987	5,594,484	286,231	991,336

23. FINANCE INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income of financial assets that are not at fair value through profit or loss	203,759	140,354	85,358	34,505
Recognised in profit or loss	192,053	132,688	85,358	34,505
Capitalised on qualifying assets as a deduction from the borrowing costs:				
Property, plant and equipment	11,706	7,666	–	–
	203,759	140,354	85,358	34,505

24. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss				
– Loans and borrowings	1,086,504	1,165,702	101,155	169,212
Other finance costs	5,406	–	–	–
	1,091,910	1,165,702	101,155	169,212
Recognised in profit or loss	794,618	911,242	101,155	169,212
Capitalised on qualifying assets:				
Property, plant and equipment	297,292	254,460	–	–
	1,091,910	1,165,702	101,155	169,212

25. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense				
Malaysian – current year	249,909	180,874	17,948	7,810
Overseas – current year	4,673	3,711	–	–
(Over)/Under provision in prior years	(13,021)	5,936	528	4,908
	241,561	190,521	18,476	12,718
Deferred tax expense				
Origination and reversal of temporary differences	(66,750)	(6,177)	426	–
Under/(Over) provision in prior years	31,333	(1,704)	–	2,555
	(35,417)	(7,881)	426	2,555
Total income tax expense	206,144	182,640	18,902	15,273
Reconciliation of tax expense				
Profit for the year	495,896	412,844	159,194	744,090
Total income tax expense	206,144	182,640	18,902	15,273
Profit excluding tax	702,040	595,484	178,096	759,363
Tax at Malaysian tax rate of 25% (2014: 25%)	175,510	148,871	44,524	189,841
Non-taxable income	(15,559)	–	(64,094)	(239,719)
Non-deductible expenses	68,548	38,902	37,944	57,688
Effect of tax rates in foreign jurisdictions	3,505	170	–	–
Effect of corporate tax rate reduction on deferred tax*	(45,235)	–	–	–
Effect of share of results of associates	1,063	(10,417)	–	–
Current year losses for which no deferred tax asset was recognised	–	882	–	–
(Over)/Under provision in prior years				
– current tax	(13,021)	5,936	528	4,908
– deferred tax	31,333	(1,704)	–	2,555
Total income tax expense	206,144	182,640	18,902	15,273

* A reduction in the corporate tax rate from 25% to 24% was proposed in the 2014 budget. For the Group, management has used judgement with regard to determining temporary differences expected to reverse and estimated the temporary difference. The effect of any change is recognised in the profit or loss. The reduction will be effective 1 January 2016.

26. PROFIT FOR THE YEAR

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the year is arrived at after charging:				
Amortisation of intangible assets	534,166	511,742	–	–
Amortisation of prepaid lease payments	4,376	4,344	–	–
Amortisation of transaction costs of hedging instruments	12,146	12,146	–	–
Auditors' remuneration:				
Audit fees				
– KPMG Malaysia	540	500	130	100
– Affiliates of KPMG Malaysia	496	779	–	377
– Other audit firms	118	146	–	–
Non-audit fees				
– KPMG Malaysia	1,334	702	1,282	660
– Affiliates of KPMG Malaysia	1,824	2,127	315	1,361
– Other audit firms	346	1,395	163	633
Contribution and Corporate Social Responsibility activities	9,000	5,350	–	–
Depreciation of property, plant and equipment	625,711	558,644	6,254	5,997
Loss on disposal of property, plant and equipment	–	2,622	–	–
Impairment loss on other receivables	5,120	–	5,120	–
Impairment loss on trade receivables	6,956	48,973	–	–
Personnel expenses (including key management personnel):				
Contribution to Employees Provident Fund	19,346	17,401	5,447	4,644
Expenses related to retirement benefit plans	11,692	11,976	2,677	3,043
Wages, salaries and others	135,424	133,769	35,481	37,943
Plant and equipment written off	68,854	20,897	–	–
Realised foreign exchange loss	625	2,079	223	100
Unrealised foreign exchange loss	3,231	3,136	–	–
Zakat expenses	1,369	2,052	1,369	2,052
and after crediting:				
Dividends from subsidiaries	–	–	256,375	958,876
Gain on disposal of property, plant and equipment	78	–	78	177
Gain arising from change in fair value of derivative financial instruments	8,527	5,891	–	–
Reversal of impairment loss on trade receivables	3,170	3,295	–	–
Realised foreign exchange gain	9,447	1,776	–	–
Unrealised foreign exchange gain	15,603	17,226	–	–
Bargain purchase gain	–	33,398	–	–
Fair value gain of existing interest in the acquiree (Port Dickson Power Berhad)	–	27,581	–	–

27. OTHER COMPREHENSIVE INCOME

	Before tax RM'000	Tax credit/ (expense) RM'000	Net of tax RM'000
Group			
2015			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	(686)	149	(537)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge – Loss arising during the year	(28,631)	(2,454)	(31,085)
Share of losses on hedging reserve of equity-accounted associates	(24,615)	–	(24,615)
Foreign currency translation differences for foreign operations			
– Gain arising during the year	32,049	–	32,049
	(21,197)	(2,454)	(23,651)
2014			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	12	401	413
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge – Loss arising during the year	(117,409)	39,314	(78,095)
Share of losses on hedging reserve of equity-accounted associates	(22,608)	–	(22,608)
Foreign currency translation differences for foreign operations			
– Gain arising during the year	5,166	–	5,166
	(134,851)	39,314	(95,537)
Company			
2015			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	(111)	–	(111)
2014			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	(2,339)	–	(2,339)

28. EARNINGS PER SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2015	2014
Profit attributable to ordinary shareholders (RM'000)	453,234	341,549
Weighted average number of ordinary shares at 31 December ('000)	4,531,422	3,582,080
Basic earnings per ordinary share (sen)	10.00	9.53

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2015 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Group	2015	2014
Profit attributable to ordinary shareholders (RM'000)	453,234	341,549
Weighted average number of ordinary shares at 31 December (basic) ('000)	4,531,422	3,582,080
Effect of conversion of redeemable convertible preference shares ('000)	104,194	417,920
Weighted average number of ordinary shares at 31 December ('000)	4,635,616	4,000,000
Diluted earnings per share (sen)	9.78	8.54

29. DIVIDENDS

Dividends recognised by the Company:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2015			
Final 2014 ordinary	28.46	100,000	5 March 2015
Interim 2015 ordinary	3.00	150,000	8 July 2015
Interim 2015 ordinary	2.00	100,000	28 December 2015
Total amount		350,000	
2014			
Interim 2014 ordinary	16.14	56,708	8 April 2014
Interim 2014 preference	100.00	41,792	8 April 2014
Interim 2014 ordinary	28.46	100,000	9 September 2014
Total amount		198,500	

After the end of the reporting period the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial year upon approval by the owners of the Company.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2015 of 2.00 sen per ordinary share amounting to approximately RM100,000,000 (based on 5,000,000,000 ordinary shares of RM0.10 each in issue as at 31 December 2015) will be proposed for the shareholders' approval.

30. OPERATING SEGMENTS

The Group has two operating segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer ("the chief operating decision maker") reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's operating segments:

- Asset management

  Asset management division is responsible for managing assets to achieve the greatest return and the process of monitoring and maintaining facilities systems.

- Operations and maintenance ("O&M")

  O&M division is responsible for providing repair and maintenance services for all the power plant equipment within the Group.

Segment profit and loss is measured based on profit before taxes, finance costs, interest income and share of profit of equity-accounted associates and a joint venture, net of tax as included in the internal management reports that are reviewed by the chief operating decision maker.

Segment assets

The segment assets consist of property, plant and equipment, intangible assets, prepaid lease payments, investment in an equity accounted joint venture, finance lease receivable, derivative financial assets, other receivables, deferred tax assets, trade and other receivables, inventories, current tax assets, other investments and cash and cash equivalents of the segment. Investment in associates is excluded from the segment assets. The segment assets is included in the internal management reports that are reviewed by the chief operating decision maker.

Segment liabilities

The segment liabilities consist of loans and borrowings, employee benefits, deferred income, deferred tax liabilities, derivative financial liabilities, provision for decommissioning cost, trade and other payables and current tax liabilities of the segment. The segment liabilities is included in the internal management reports that are reviewed by the chief operating decision maker.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

30. OPERATING SEGMENTS (continued)

	Asset management		O&M		Eliminations[A]		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Business segments								
Revenue from external customers	5,266,804	5,564,380	35,183	30,104	–	–	5,301,987	5,594,484
Inter-segment revenue	444,064	1,509,844	1,041,163	992,948	(1,485,227)	(2,502,792)	–	–
Total segment revenue	5,710,868	7,074,224	1,076,346	1,023,052	(1,485,227)	(2,502,792)[A]	5,301,987	5,594,484
Results from operating activities	1,848,212	3,088,676	177,400	345,576	(716,754)	(2,162,860)[B]	1,308,858	1,271,392
Finance income							192,053	132,688
Finance costs							(794,618)	(911,242)
Other non-operating income							–	60,979
Share of (loss)/profit of equity-accounted associates and a joint venture, net of tax							(4,253)	41,667
Income tax expense							(206,144)	(182,640)
Profit for the year							495,896	412,844

A. Inter-segment transactions are eliminated on consolidation.

B. Adjustments consists of inter-segment transactions of RM210,101,000 (2014: RM1,677,841,000) and amortisation of intangible assets of RM506,653,000 (2014: RM485,019,000).

30. OPERATING SEGMENTS (continued)

	Asset management		O&M		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Segment assets	26,938,453	25,809,779	2,254,816	2,322,974	29,193,269	28,132,753
Investment in associates	1,179,323	1,203,319	–	–	1,179,323	1,203,319
Total assets					30,372,592	29,336,072
Segment liabilities	19,411,092	19,905,755	4,942,946	5,253,701	24,354,038	25,159,456
Capital expenditure	1,428,259	1,608,583	5,999	5,978	1,434,258	1,614,561
Non-cash expenses items:						
Amortisation of intangible assets	(420,304)	(401,261)	(113,862)	(110,481)	(534,166)	(511,742)
Amortisation of prepaid lease payments	(4,376)	(4,344)	–	–	(4,376)	(4,344)
Amortisation of transaction costs of hedging instruments	(12,146)	(12,146)	–	–	(12,146)	(12,146)
Depreciation	(622,928)	(555,876)	(2,783)	(2,768)	(625,711)	(558,644)
Expenses related to retirement benefit plans	(3,427)	(3,844)	(8,265)	(8,132)	(11,692)	(11,976)
Impairment loss on trade receivables	(6,956)	(48,973)	–	–	(6,956)	(48,973)
Impairment loss on other receivables	(5,120)	–	–	–	(5,120)	–
Goodwill written off	(5,493)	–	(1,880)	–	(7,373)	–
Property, plant and equipment written off	(68,854)	(20,897)	–	–	(68,854)	(20,897)
	(1,149,604)	(1,047,341)	(126,790)	(121,381)	(1,276,394)	(1,168,722)

30. OPERATING SEGMENTS (continued)

Geographical information

The Asset Management and O&M segments are managed on a worldwide basis, but operate facilities in Malaysia, Indonesia, Middle East and Australia.

Geographic revenue information is based on geographical location of the customers. Geographic non-current assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates and investment in an equity accounted joint venture) and deferred tax assets.

Group	Revenue RM'000	Non-current assets RM'000
Geographical information		
2015		
Malaysia	5,102,383	19,335,744
Indonesia	17,314	–
Middle East	17,869	–
Australia	164,421	–
	5,301,987	19,335,744
2014		
Malaysia	5,404,240	19,098,510
Indonesia	14,823	–
Middle East	15,260	–
Australia	160,161	–
	5,594,484	19,098,510

Major customer

The following is a major customer with revenue equal or more than 10% of the Group's total revenue:

	Revenue	
	2015 RM'000	2014 RM'000
All common control company of:		
Tenaga Nasional Berhad	4,973,481	5,457,407

31. FINANCIAL INSTRUMENTS

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

a) Loans and receivables (L&R);
b) Financial liabilities measured at amortised cost (FL); and
c) Fair value through profit or loss (FVTPL) – Designated upon initial recognition (DUIR)

Group	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL- DUIR RM'000
2015			
Financial assets			
Trade and other receivables*	1,810,575	1,810,575	–
Finance lease receivable	2,197,169	2,197,169	–
Other investments	629,241	629,241	–
Cash and cash equivalents	2,853,346	2,853,346	–
Derivative financial assets	509,010	–	509,010
	7,999,341	7,490,331	509,010
Financial liabilities			
Loans and borrowings	(17,347,608)	(17,347,608)	–
Trade and other payables*	(809,165)	(809,165)	–
Derivative financial liabilities	(181,621)	–	(181,621)
	(18,338,394)	(18,156,773)	(181,621)
2014			
Financial assets			
Trade and other receivables*	1,257,485	1,257,485	–
Finance lease receivable	1,990,974	1,990,974	–
Other investments	321,509	321,509	–
Cash and cash equivalents	3,574,900	3,574,900	–
Derivative financial assets	99,147	–	99,147
	7,244,015	7,144,868	99,147
Financial liabilities			
Loans and borrowings	(18,227,479)	(18,227,479)	–
Trade and other payables	(964,646)	(964,646)	–
Derivative financial liabilities	(195,042)	–	(195,042)
	(19,387,167)	(19,192,125)	(195,042)

* Excludes non-financial instruments

31. FINANCIAL INSTRUMENTS (continued)

31.1 Categories of financial instruments (continued)

Company	Carrying amount RM'000	L&R/ (FL) RM'000
2015		
Financial assets		
Trade and other receivables	1,373,199	1,373,199
Cash and cash equivalents	313,135	313,135
	1,686,334	1,686,334
Financial liabilities		
Trade and other payables*	(1,214,729)	(1,214,729)
	(1,214,729)	(1,214,729)
2014		
Financial assets		
Trade and other receivables	1,254,606	1,254,606
Cash and cash equivalents	592,994	592,994
	1,847,600	1,847,600
Financial liabilities		
Loans and borrowings	(1,800,000)	(1,800,000)
Trade and other payables	(1,178,655)	(1,178,655)
	(2,978,655)	(2,978,655)

* Excludes non-financial instruments

31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loans and receivables	194,853	94,676	80,238	34,505
Financial liabilities measured at amortised cost	(1,091,910)	(1,165,702)	(101,155)	(169,212)
Fair value through profit or loss designated upon initial recognition	8,527	5,891	–	–
	(888,530)	(1,065,135)	(20,917)	(134,707)

31. FINANCIAL INSTRUMENTS (continued)

31.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

31.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees of banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on significant customers requiring credit over a certain amount. The Group and the Company do not require collateral in respect of financial assets.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group and the Company. Given their high credit ratings, management does not expect any counterparty to fail to meet their obligations.

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debts due from TNB, representing approximately 49% (2014: 40%) of the total receivables of the Group. The maximum exposures to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2015 RM'000	2014 RM'000
Domestic	941,429	537,509
Others	1,003	6,982
	942,432	544,491

31. FINANCIAL INSTRUMENTS (continued)

31.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Impairment RM'000	Net RM'000
2015			
Not past due	934,855	–	934,855
Past due 0 – 30 days	1,466	–	1,466
Past due 31 – 120 days	5,259	–	5,259
Past due more than 120 days	272,525	(271,673)	852
	1,214,105	(271,673)	942,432
2014			
Not past due	539,708	–	539,708
Past due 0 – 30 days	–	–	–
Past due 31 – 120 days	4,402	–	4,402
Past due more than 120 days	361,008	(360,627)	381
	905,118	(360,627)	544,491

At the end of the reporting period, trade receivables with a carrying amount of RM7,577,000 (2014: RM4,783,000) were past due but not considered impaired. These trade receivables relate to customers for whom there has not been significant change in credit quality and the amounts are considered recoverable.

31. FINANCIAL INSTRUMENTS (continued)

31.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The movements in the allowance for impairment loss on trade receivables during the financial year were:

Group	2015 RM'000	2014 RM'000
At beginning of the year	360,627	228,288
Impairment loss recognised	6,956	48,973
Impairment loss reversed	(3,170)	(3,295)
Impairment loss written off	(92,740)	–
Acquisition through business combination	–	86,661
At end of the year	271,673	360,627

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is probable, the amount considered irrecoverable is written off against the receivable directly.

Intercompany advances

Risk management objectives, policies and processes for managing the risk

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are wholly owned by the Company.

31.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31. FINANCIAL INSTRUMENTS (continued)

31.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest):

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2015							
Financial liabilities							
Secured							
Al-Istisna bonds	64,650	9.20	67,990	67,990	–	–	–
AUD term loan 1	439,698	BBSY + margin 1.85	448,968	448,968	–	–	–
AUD term loan 2	1,602,927	5.72-7.90	2,135,411	140,549	143,124	1,294,131	557,607
RM term loan	17,216	6.67	19,279	6,155	5,813	7,311	–
Commodity Murabahah Term Financing-I	15,000	4.45	15,039	15,039	–	–	–
Sukuk Ijarah medium term notes	3,620,590	4.54-5.45	5,827,530	201,539	201,539	1,605,782	3,818,670
Sukuk medium term notes	3,955,385	4.50-6.25	8,885,680	381,769	252,275	2,344,664	5,906,972
Sukuk Wakalah	400,000	4.13-5.60	554,768	74,628	72,379	44,855	362,906
Senior Sukuk Murabahah	3,290,000	4.65-6.20	5,740,783	192,457	274,284	749,290	4,524,752
Senior RM term loan	647,000	5.23-5.80	929,266	34,644	78,305	318,924	497,393
Senior USD term loan	1,587,369	5.80	2,061,470	38,956	91,562	417,863	1,513,089
USD term loan	351,638	Libor + margin 2.50	366,479	29,328	337,151	–	–
Unsecured							
Junior EBL term loan	1,251,635	5.15-5.23	1,330,558	67,020	1,263,538	–	–
Subordinated loan notes	104,500	9.00	188,316	20,609	14,447	28,906	124,354
Trade and other payables	809,165	–	809,165	809,165	–	–	–
	18,156,773		29,308,702	2,528,816	2,734,417	6,811,726	17,305,743

31. FINANCIAL INSTRUMENTS (continued)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest):

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2014							
Financial liabilities							
Secured							
Al-Istisna bonds	129,495	9.00-9.20	141,895	73,905	67,990	–	–
AUD term loan 1	454,217	BBSY + margin 1.85	472,133	20,373	451,760	–	–
AUD term loan 2	1,475,848	5.72-7.90	2,068,357	121,282	128,153	1,256,673	562,249
RM term loan	48,500	6.67-6.84	65,624	4,598	8,421	23,112	29,493
Commodity Murabahah Term Financing-I	185,000	4.45	191,147	160,837	30,310	–	–
Sukuk Ijarah medium term notes	3,581,077	4.54-5.45	6,029,069	201,539	201,539	1,129,617	4,496,374
Sukuk medium term notes	4,324,427	4.30-6.25	9,608,431	722,751	381,769	1,794,549	6,709,362
Sukuk Wakalah	450,000	3.95-5.60	626,299	71,530	74,628	102,228	377,913
Senior Sukuk Murabahah	3,290,000	4.65-6.20	5,931,672	190,889	192,456	768,234	4,780,093
Senior RM term loan	364,000	5.23-5.80	503,833	19,510	19,564	239,294	225,465
Senior USD term loan	644,800	5.80	795,785	15,607	14,325	211,122	554,731
USD term loan	295,804	Libor + margin 2.50	308,707	12,820	21,541	274,346	–
Unsecured							
Junior EBL term loan	1,058,064	5.15-5.23	1,181,588	56,557	56,868	1,068,163	–
Subordinated loan notes	126,247	9.00-12.00	182,010	30,505	20,241	33,734	97,530
Unrated Junior Sukuk Musharakah	1,800,000	6.30-9.30	6,436,410	113,400	168,776	501,283	5,652,951
Trade and other payables	964,646	–	964,646	964,646	–	–	–
	19,192,125		35,507,606	2,780,749	1,838,341	7,402,355	23,486,161

31. FINANCIAL INSTRUMENTS (continued)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest):

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2015							
Financial liabilities							
Unsecured							
Other payables and accruals	17,221	–	17,221	17,221	–	–	–
Amounts due to subsidiaries	763,392	7.71	822,250	822.250	–	–	–
Amounts due to subsidiaries	434,116	–	434,116	434,116	–	–	–
	1,214,729		1,273,587	1,273,587	–	–	–
2014							
Financial liabilities							
Unsecured							
Unrated Junior Sukuk Musharakah	1,800,000	6.30-9.30	6,436,410	113,400	168,776	501,283	5,652,951
Other payables and accruals	44,202	–	44,202	44,202	–	–	–
Amounts due to subsidiaries	762,783	7.71	821,594	821,594	–	–	–
Amounts due to subsidiaries	371,670	–	371,670	371,670			
	2,978,655		7,673,876	1,350,866	168,776	501,283	5,652,951

31. FINANCIAL INSTRUMENTS (continued)

31.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

31.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar (AUD), Swiss Franc (CHF), Kuwait Dinar (KWD), Euro (EUR) and US Dollar (USD).

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	AUD RM'000	CHF RM'000	KWD RM'000	EUR RM'000	USD RM'000
2015					
Deposits with licensed banks	32,755	–	17,272	18,415	87,731
Trade and other receivables	263	–	1,003	–	1,816
Loans and borrowings	(2,042,625)	–	–	–	(351,638)
Trade and other payables	(108)	(5,034)	–	(3,389)	(4,798)
Net exposure	(2,009,715)	(5,034)	18,275	15,026	(266,889)
2014					
Deposits with licensed banks	23,317	–	9,610	161,377	114,583
Trade and other receivables	17,399	63,334	6,982	–	7,114
Loans and borrowings	(1,930,064)	–	–	–	(295,804)
Trade and other payables	(17,393)	(1,249)	–	(2,909)	(3,149)
Net exposure	(1,906,741)	62,085	16,592	158,468	(177,256)

31. FINANCIAL INSTRUMENTS (continued)

31.6 Market risk (continued)

31.6.1 Currency risk (continued)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have functional currencies other than Ringgit Malaysia. A 10% (2014: 10%) strengthening of the RM against the following currencies would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
Group	2015 RM'000	2014 RM'000
AUD	150,729	143,006
CHF	378	(4,656)
KWD	(1,371)	(1,244)
EUR	(1,127)	(11,885)
USD	20,017	13,294
	168,626	138,515

A 10% (2014: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

31.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

In managing interest rate risk, the Group maintains a balanced portfolio consisting mainly fixed instruments. All interest rate exposures are monitored and managed proactively by the Group's management.

31. FINANCIAL INSTRUMENTS (continued)

31.6 Market risk (continued)

31.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on carrying amounts at the end of the reporting period was:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate instruments				
– Financial assets	3,482,587	3,433,561	304,755	584,852
– Financial liabilities	(16,081,613)	(17,121,942)	–	(1,800,000)
Floating rate instruments				
– Financial liabilities	(1,265,995)	(1,105,537)	–	–

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bps") in interest rates at the end of the reporting period would have increased/(decreased) equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss		Equity	
	100 bps increases RM'000	100 bps decreases RM'000	100 bps increases RM'000	100 bps decreases RM'000
2015				
Floating rate instruments	12,660	(12,660)	–	–
Interest rate swaps	–	–	65,908	(74,291)
Cross currency swaps	–	–	126,487	(126,487)
Cash flow sensitivity (net)	12,660	(12,660)	192,395	(200,778)
2014				
Floating rate instruments	11,055	(11,055)	–	–
Interest rate swaps	–	–	109,191	(111,749)
Cross currency swaps	–	–	111,251	(111,251)
Cash flow sensitivity (net)	11,055	(11,055)	220,442	(223,000)

31. FINANCIAL INSTRUMENTS (continued)

31.7 Hedging activities

31.7.1 Cash flow hedge

The Group has entered into various interest rate swaps ("IRS") and cross currency swaps ("CCS") in order to hedge the interest rate risk and foreign exchange risk in relation to the variability in cash flows on the floating rate RM and USD loans of RM967,604,587 (75% of Junior Tranche Loan), RM525,000,000 (75% of Senior Tranche Loan), USD400,000,000 (100% of USD Loan) and AUD517,644,989 loan.

For the IRS and CCS held by a subsidiary in Malaysia, the notional amount of the various swaps start with RM96,953,206 and thereafter as per schedule for Junior IRS, RM44,273,673 and thereafter as per schedule for Senior IRS and USD33,752,607 and thereafter as per schedule for CCS. The IRS and CCS were entered into for a period of 5 years for Junior IRS, 12 years for Senior IRS and 15 years for CCS.

For the IRS held by a subsidiary in Australia, the Group has IRS with a notional value of AUD464 million. The IRS were entered into for a period of 10 to 17 years tenor.

The following table indicates the periods in which the cash flows associated with the IRS and CCS are expected to occur and affect profit or loss:

Group	Carrying amount RM'000	Expected cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2015						
Financial asset						
Cross currency swaps	509,010	28,451	(20,664)	(8,964)	5,945	52,134
Financial liability						
Interest rate swaps	(181,621)	(278,646)	(44,923)	(45,933)	(103,534)	(84,256)
2014						
Financial asset						
Cross currency swaps	99,147	1,460	(66,536)	(17,211)	6,906	78,301
Financial liability						
Interest rate swaps	(195,042)	(253,448)	(43,030)	(34,929)	(91,127)	(84,362)

During the financial year, a loss of RM31,085,000 (2014: loss of RM78,095,000) was recognised in other comprehensive income.

31. FINANCIAL INSTRUMENTS (continued)

31.7 Hedging activities (continued)

31.7.1 Cash flow hedge (continued)

Ineffectiveness gain amounting to RM8,527,000 (2014: RM5,891,000) was recognised in profit or loss during the financial year in respect of the hedge.

Sensitivity analysis

Fair value sensitivity analysis

A change of 10% strengthening/weakening of the USD at the end of the reporting period would have increased/(decreased) equity by the amount shown below:

	Equity	
	10% strengthening of USD RM'000	10% weakening of USD RM'000
2015		
Cross currency swaps	188,678	(188,678)
Fair value sensitivity (net)	188,678	(188,678)
2014		
Cross currency swaps	100,410	(100,410)
Fair value sensitivity (net)	100,410	(100,410)

31.8 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

31. FINANCIAL INSTRUMENTS (continued)

31.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2015 Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Non-current										
Financial assets										
Derivative financial assets:										
Cross currency swaps	–	509,010	–	509,010	–	–	–	–	509,010	509,010
Finance lease receivable	–	–	–	–	–	–	2,197,169	2,197,169	2,197,169	2,197,169
	–	509,010	–	509,010	–	–	2,197,169	2,197,169	2,706,179	2,706,179
Financial liabilities										
Derivative financial liabilities:										
Interest rate swaps	–	(152,497)	–	(152,497)	–	–	–	–	(152,497)	(152,497)
Loans and borrowings (secured):										
AUD term loan 2	–	–	–	–	–	–	(1,579,559)	(1,579,559)	(1,579,559)	(1,578,690)
RM term loan	–	–	–	–	–	–	(12,912)	(12,912)	(12,912)	(12,081)
Sukuk Ijarah medium term notes	–	–	–	–	–	(3,998,686)	–	(3,998,686)	(3,998,686)	(3,620,590)
Sukuk medium term notes	–	–	–	–	–	(4,367,140)	–	(4,367,140)	(4,367,140)	(3,855,385)
Sukuk Wakalah	–	–	–	–	–	(339,384)	–	(339,384)	(339,384)	(345,000)
Senior Sukuk Murabahah	–	–	–	–	–	(3,280,130)	–	(3,280,130)	(3,280,130)	(3,290,000)
Senior USD term loan	–	–	–	–	–	–	(1,629,813)	(1,629,813)	(1,629,813)	(1,587,369)
Senior RM term loan	–	–	–	–	–	–	(681,550)	(681,550)	(681,550)	(647,000)
USD term loan	–	–	–	–	–	–	(341,954)	(341,954)	(341,954)	(332,317)
Balance carried forward	–	(152,497)	–	(152,497)	–	(11,985,340)	(4,245,788)	(16,231,128)	(16,383,625)	(15,420,929)

31. FINANCIAL INSTRUMENTS (continued)

31.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2015 Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Non-current										
Balance brought forward	–	(152,497)	–	(152,497)	–	(11,985,340)	(4,245,788)	(16,231,128)	(16,383,625)	(15,420,929)
Financial liabilities										
Loans and borrowings (unsecured):										
Junior EBL term loan	–	–	–	–	–	–	(1,256,546)	(1,256,546)	(1,256,546)	(1,251,635)
Subordinated loan notes	–	–	–	–	–	–	(98,722)	(98,722)	(98,722)	(104,500)
	–	–	–	–	–	–	(1,355,268)	(1,355,268)	(1,355,268)	(1,356,135)
	–	(152,497)	–	(152,497)	–	(11,985,340)	(5,601,056)	(17,586,396)	(17,738,893)	(16,777,064)

31. FINANCIAL INSTRUMENTS (continued)

31.8 Fair value information (continued)

2014 Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Non-current										
Financial assets										
Derivative financial assets:										
Cross currency swaps	–	99,147	–	99,147	–	–	–	–	99,147	99,147
Finance lease receivable	–	–	–	–	–	–	1,990,974	1,990,974	1,990,974	1,990,974
	–	99,147	–	99,147	–	–	1,990,974	1,990,974	2,090,121	2,090,121
Financial liabilities										
Derivative financial liabilities:										
Interest rate swaps	–	(167,338)	–	(167,338)	–	–	–	–	(167,338)	(167,338)
Loans and borrowings (secured):										
Al-Istisna bonds	–	–	–	–	–	(68,290)	–	(68,290)	(68,290)	(64,650)
AUD term loan 1	–	–	–	–	–	–	(446,625)	(446,625)	(446,625)	(454,217)
AUD term loan 2	–	–	–	–	–	–	(1,542,641)	(1,542,641)	(1,542,641)	(1,462,219)
RM term loan	–	–	–	–	–	–	(50,271)	(50,271)	(50,271)	(47,153)
Commodity Murabahah Term Financing-I	–	–	–	–	–	–	(31,252)	(31,252)	(31,252)	(30,000)
Sukuk Ijarah medium term notes	–	–	–	–	–	(3,993,541)	–	(3,993,541)	(3,993,541)	(3,581,077)
Sukuk medium term notes	–	–	–	–	–	(4,485,585)	–	(4,485,585)	(4,485,585)	(3,884,427)
Sukuk Wakalah	–	–	–	–	–	(391,768)	–	(391,768)	(391,768)	(400,000)
Senior Sukuk Murabahah	–	–	–	–	–	(3,313,032)	–	(3,313,032)	(3,313,032)	(3,290,000)
Senior USD term loan	–	–	–	–	–	–	(680,891)	(680,891)	(680,891)	(644,800)
Senior RM term loan	–	–	–	–	–	–	(383,510)	(383,510)	(383,510)	(364,000)
USD term loan	–	–	–	–	–	–	(295,040)	(295,040)	(295,040)	(286,363)
Balance carried forward	–	(167,338)	–	(167,338)	–	(12,252,216)	(3,430,230)	(15,682,446)	(15,849,784)	(14,676,244)

31. FINANCIAL INSTRUMENTS (continued)

31.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2014 Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Non-current										
Balance brought forward	–	(167,338)	–	(167,338)	–	(12,252,216)	(3,430,230)	(15,682,446)	(15,849,784)	(14,676,244)
Financial liabilities										
Loans and borrowings (unsecured):										
Junior EBL term loan	–	–	–	–	–	–	(1,114,776)	(1,114,776)	(1,114,776)	(1,058,064)
Unrated Junior Sukuk Musharakah	–	–	–	–	–	(1,876,946)	–	(1,876,946)	(1,876,946)	(1,800,000)
Subordinated loan notes	–	–	–	–	–	–	(117,088)	(117,088)	(117,088)	(126,247)
	–	–	–	–	–	(1,876,946)	(1,231,864)	(3,108,810)	(3,108,810)	(2,984,311)
	–	(167,338)	–	(167,338)	–	(14,129,162)	(4,662,094)	(18,791,256)	(18,958,594)	(17,660,555)
Company										
Financial liabilities										
Loans and borrowings (unsecured):										
Unrated Junior Sukuk Musharakah	–	–	–	–	–	(1,876,946)	–	(1,876,946)	(1,876,946)	(1,800,000)

31. FINANCIAL INSTRUMENTS (continued)

31.8 Fair value information (continued)

Level 2 fair value

Derivatives

The IRS and CCS instruments held by the subsidiary in Malaysia are not actively traded therefore market-based prices are not readily available. The fair values of the instruments are calculated based on the present value of future principal and interest cash flows. The spot rates, forward rates and foreign exchange rates used to calculate present value are directly observable from the market.

For the IRS held by the subsidiary in Australia, the fair value of IRS are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account of the credit risk of the certain subsidiaries and counterparties where appropriate.

Non-derivative financial liabilities

Fair value of the long term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Finance lease receivable	Discounted cash flows using a rate based on current market rate of borrowing of a subsidiary
Loan and borrowings	Discounted cash flows using applicable and prevailing rate at the reporting date

Valuation process applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to maintain a strong capital base and to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants.

32.1 *The Company debt-to-equity ratio is applied to the following loans and borrowings:*

a) Sukuk medium term notes issued by Malakoff Power Berhad ("MPB")

b) Junior EBL term loan for Tanjung Bin Energy Issuer Berhad ("TBEI")

For the Sukuk medium term notes issued by MPB, the Company is required to maintain an aggregated debt-to-equity ratio of the Company of not more than 1:1.

For the Junior EBL term loan for TBEI, the Company is required to maintain an aggregated debt-to-equity ratio of the Company of not more than 1.25:1.

The following shows the debt-to-equity ratios as at the end of the financial years:

	2015	2014
Company debt-to-equity ratio	0.72:1	0.74:1

c) USD term loan for Malakoff International Limited ("MIL")

d) AUD term loan 1 for MIL

For the USD term loan and AUD term loan 1 obtained by MIL, the Company is required to maintain its debt-to-equity ratio of the Company of not more than 1.25:1.

The following shows the debt-to-equity ratio as at the end of following years:

	2015	2014
Company debt-to-equity ratio	0.71:1	0.73:1

32. CAPITAL MANAGEMENT (continued)

32.2 *The Group debt-to-equity ratio is applied to the following loans and borrowings:*

a) Sukuk medium term notes issued by Malakoff Power Berhad ("MPB")

b) USD term loan for Malakoff International Limited ("MIL")

c) AUD term loan 1 for MIL

d) Junior EBL term loan for Tanjung Bin Energy Issuer Berhad ("TBEI")

For the Sukuk medium term notes issued by MPB, the Group is required to maintain its debt-to-equity ratio of not more than 5.5:1.

For the USD term loan and AUD term loan 1 obtained by MIL and Junior EBL term loan for TBEI, the Group is required to maintain its debt-to-equity ratio of not more than 7:1.

The following shows the debt-to-equity ratio as at the end of following years:

	2015	2014
Group debt-to-equity ratio	3.06:1	3.00:1

33. CAPITAL COMMITMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Plant and equipment				
Contracted but not provided for	657,433	1,297,372	–	–
Authorised but not contracted for	645,214	457,522	3,066	2,223
	1,302,647	1,754,894	3,066	2,223

34. CONTINGENCIES

Guarantees

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Guarantees – secured	464,020	368,166	238,883	176,066

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

Contingent liabilities not considered remote

Litigations

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

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

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. It was alleged that AAS has failed to repatriate a sum of USD26.9 million.

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).

Notwithstanding the decision of the Court, AAS has been advised by its solicitor, Maitre Ahcene Bouskia, 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.

Based on the advice from the external legal counsel, the Directors are of the opinion that a provision is not required as it is not probable that a future sacrifice of economic benefit will be required.

34. CONTINGENCIES (continued)

Contingent liabilities not considered remote (continued)

Litigations (continued)

(ii) Request for arbitration proceedings by International Water Treatment LLC ("IWT") and Muscat City Desalination Company S.A.O.C ("MCDC")

The arbitration arose pursuant to an Engineering, Procurement and Commisiong ("EPC") contract dated 10 April 2014 in relation to the Al Ghubrah IWP ("Al Ghubrah EPC Contract"). Under the Al Ghubrah EPC Contract, MCDC is the owner of the works to be constructed and IWT is the contractor.

The arbitration commenced on 2 October 2014, when IWT filed a request for arbitration with the London Court of International Arbitration ("LCIA"), alleging the following claims:

i) IWT has sought to challenge the delay liquidated damages clause under the Al Ghubrah EPC Contract ("LD Clause") on the bases that it is a "penalty", and is therefore unenforceable; and

ii) failing MCDC's ability to provide IWT with an extension of time, IWT is entitled to complete within a reasonable period of time.

However, IWT has failed to particularise the grounds on which its claims are based in the arbitration. MCDC has filed a response to request for arbitration on 30 October 2014, defending its position as to the enforceability of the LD Clause and has required IWT to further particularise its claims. A tribunal was appointed by the LCIA on 13 February 2015 and a procedural hearing took place on 14 May 2015. A revised procedural timetable for the arbitration has been agreed and the main evidential hearing has been rescheduled to 24 April 2016 – 27 April 2016.

Based on the advice from the external legal counsel, the Directors are of the opinion that a provision is required as it is probable that a future sacrifice of economic benefit will be required, thus the associate has recognised a provision amounting to RM75,621,000 in its profit or loss during the financial year.

34. CONTINGENCIES (continued)

Contingent assets

Litigations

(i) Arbitration proceedings between Port Dickson Power Berhad ("PDP") ("Claimant") and Tenaga Nasional Berhad ("TNB") ("Respondent")

On 26 March 2013, PDP commenced arbitration proceedings against TNB in relation to the following:

a) a claim by PDP against TNB of an amount of RM56,642,029 for the outstanding Fixed Operating Rate ("FOR") and Variable Operating Rate ("VOR") adjustments for the period from February 1999 to November 2011 together with interest thereon; and

b) a claim that PDP is entitled to bill and be paid by TNB for the capacity payments and energy payments from December 2011 onwards based on the adjusted FOR and VOR of RM7.05/kW/month and RM0.0157/kWh, respectively, pursuant to the PDP's PPA.

Alternatively, PDP claimed the following:

a) an amount of RM86,891,242 against TNB for the outstanding FOR and VOR adjustments for the period from February 1999 to August 2014 together with interest thereon, pursuant to the adjustment factors of the FOR and VOR stipulated in the PDP's PPA; and

b) a claim that PDP is entitled to bill and be paid by TNB for the capacity payments and energy payments from September 2014 onwards based on the adjusted FOR and VOR of RM7.05/kW/month and RM0.0204/kWh, respectively, pursuant to the PDP's PPA.

PDP and TNB ("Parties") filed their joint expert's report and the list of issues on 12 November 2014. The hearing proceeded before the tribunal from 26 to 30 January 2015 at the Kuala Lumpur Regional Centre for Arbitration ("KLRCA") before the three-member tribunal, consisting of Dr. Eun Young Park, Mr. James Spigelman and Mr. Andrew Jeffries ("Tribunal").

Subsequently, the Tribunal has directed the Parties to provide the latest calculation of the claims. PDP was required to submit the calculations and revised remedies on 13 February 2015, while TNB was to provide its comments on the calculations before 6 March 2015.

As the Tribunal's award would include an award on the costs incurred for this arbitration proceeding, the Tribunal directed Parties to file their costs submissions. PDP's solicitors prepared the submissions, including the total legal costs and disbursements incurred by PDP. Both Parties exchanged their respective costs submissions on 13 March 2015, and subsequently both Parties replied each other's Costs Submissions on 27 March 2015.

PDP had on 3 September 2015 received the final award ("Award") of the Arbitration. The details of the Award are as follows:

(a) PDP's request for relief and TNB's position respectively are dismissed.

(b) PDP is to pay 50% of TNB's legal costs amounting to RM1,420,752.

(c) PDP and TNB are to pay respectively 75% and 25% of the KLRCA costs and expenses for the sum of USD245,740 (approximately RM1,039,259), namely USD184,305 (approximately RM779,444) by PDP and USD61,435 (approximately RM259,815) by TNB.

(d) PDP and TNB are to pay respectively 75% and 25% of the KLRCA costs and expenses for the sum of USD30,000 (approximately RM126,873), namely USD22,500 (approximately RM95,175) by PDP, and USD7,500 (approximately RM31,725) by TNB.

PDP has recognised the amounts related to the above in its profit or loss during the financial year.

34. CONTINGENCIES (continued)

Contingent assets (continued)

Litigations (continued)

(ii) Litigation action initiated by Tanjung Bin Power Sdn. Bhd. ("TBP") against IHI Corporation Japan, ISHI Power Sdn. Bhd. and IHI Power Systems (M) Sdn. Bhd.

TBP, a subsidiary of the Malakoff Corporation Berhad, commenced proceeding before the Malaysia High Court on 2 December 2015 against the following three (3) Defendants:

– IHI Corporation Japan ("IHI")
– ISHI Power Sdn. Bhd. ("ISHI")
– IHI Power Systems (M) Sdn. Bhd. ("IPSM")

The total amount claimed is RM782,023,406 (excluding interest and costs) under 8 different heads. TBP is seeking damages from IHI, ISHI and IPSM for breaches of the duty of care, which they individually and/or collectively owed to TBP.

The claims against the separate Defendants are made under separate heads and the amounts claimed vary. The total amount claimed, though quantified as above, is estimated and therefore subject to change.

The claims includes relief sought from the court for TBP's loss and damage, including the costs of repairs and replacement, and economic losses such as in relation to available capacity payments and daily utilisation payments. TBP has also claimed for interest as well as costs.

The Defendants have entered appearances and their respective defences. They have also each filed an application to strike out the actions against them and the court has directed parties to file in their respective affidavits pertaining to the same. Parties are directed to attend court on 18 March 2016 to obtain further directions from court.

35. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates and key management personnel.

35. RELATED PARTIES (continued)

Significant related party transactions

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 11, 14, 15 and 21.

		Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
i.	**Associates**				
	Interest income on unsecured subordinated loan notes	69,626	26,410	69,626	26,410
ii.	**Subsidiaries**				
	Management fees	–	–	26,491	26,418
	Dividends	–	–	256,375	958,876
	Interest expense on advances from a subsidiary	–	–	(59,472)	(55,812)
iii.	**Entities that are under control of the Government of Malaysia (a party that has direct or indirect significant influence on the Group and the Company)**				
	Tenaga Nasional Berhad				
	Sales of capacity and energy	5,143,523	5,457,407	–	–
	Purchase of electricity bulk supply	(113,456)	(79,670)	–	–
	Petroliam Nasional Berhad				
	Purchase of gas	(627,329)	(596,983)	–	–
	Petronas Dagangan Berhad				
	Purchase of diesel	(3,999)	(32,060)	–	–
	TNB Fuel Services Sdn. Bhd.				
	Purchase of coal	(1,491,447)	(1,608,691)	–	–
	Purchase of diesel	(1,607)	(42,847)	–	–
	Financial institutions and other corporations				
	Interest income	93,725	84,777	15,732	4,980
	Interest expense	(18,526)	(50,400)	(18,526)	(50,400)
	Energy Commission				
	CESS fund contribution	(35,946)	(11,847)	–	–

35. RELATED PARTIES (continued)

Significant related party transactions (continued)

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
iv. **Key management personnel**				
Directors				
– Salary	–	563	–	563
– Fees	1,163	893	1,163	893
– Meeting allowances	412	317	410	315
– Other allowances	135	292	135	292
– Other emoluments	1,296	281	346	239
– Estimated monetary value of benefit-in-kind	59	3	44	3
Total short term employee benefits	3,065	2,349	2,098	2,305

36. SIGNIFICANT EVENTS DURING THE YEAR

Listing on Bursa Securities Malaysia Berhad

The Company's entire issued and fully paid-up share capital was listed on the Main Market of Bursa Malaysia Securities Berhad on 15 May 2015. The entire gross proceeds from the public issue of RM1,800,000,000 has been utilised by the Company to fully redeem the Unrated Junior Sukuk Musharakah.

37. ACQUISITION OF SUBSIDIARIES

Acquisition of subsidiaries – Port Dickson Power Berhad and PDP O&M Sdn. Bhd. (formerly known as Sime Darby Biofuels Sdn. Bhd.)

On 30 April 2014, the Group acquired 112,500 ordinary shares of RM1.00 each and 112,500 redeemable preference shares of RM1.00 each in Port Dickson Power Berhad for RM289,000,000, representing 75% of the total issued and paid-up share capital of Port Dickson Power Berhad. Prior to the acquisition, Port Dickson Power Berhad was an equity accounted investee with 25% equity interest held by the Group. Arising from the acquisition, Port Dickson Power Berhad becomes a wholly owned subsidiary of the Group.

On 30 April 2014, in connection with the above acquisition, the Group also acquired 2 ordinary shares of RM1.00 each in PDP O&M Sdn. Bhd. for RM11,000,000, representing 100% of the total issued and paid-up share capital of PDP O&M Sdn. Bhd. Arising from the acquisition, PDP O&M Sdn. Bhd. becomes a wholly owned subsidiary of the Group.

37. ACQUISITION OF SUBSIDIARIES (continued)

Acquisition of subsidiaries – Port Dickson Power Berhad and PDP O&M Sdn. Bhd. (formerly known as Sime Darby Biofuels Sdn. Bhd.) (continued)

The total purchase consideration for the acquisition was RM300,000,000, satisfied in cash. The companies are engaged in generating, operating and maintaining a gas-fuelled generation power plant in Port Dickson, Negeri Sembilan. In the eighth months to 31 December 2014, the subsidiaries contributed revenue of RM223,534,000 and profit of RM75,715,000. If the acquisition had occurred on 1 January 2014, management estimates that consolidated revenue would have been RM5,719,608,000 and consolidated profit for the financial year would have been RM400,299,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

The following summarises the recognised amount of assets and liabilities assumed at the acquisition date:-

Identifiable assets acquired and liabilities assumed

	Note	RM'000
Property, plant and equipment	3	230,738
Intangible assets	4	100,739
Deferred tax assets	12	10,658
Inventories		19,068
Trade and other receivables		38,616
Cash and cash equivalents		146,459
Trade and other payables		(46,767)
Current tax liabilities		(18,246)
Deferred tax liabilities	12	(51,534)
Total identifiable net assets		429,731

Net cash outflow arising from acquisition of subsidiaries

	RM'000
Purchase consideration settled in cash and cash equivalents	(300,000)
Less: cash and cash equivalents acquired	146,459
	(153,541)

37. ACQUISITION OF SUBSIDIARIES (continued)

Acquisition of subsidiaries – Port Dickson Power Berhad and PDP O&M Sdn. Bhd. (formerly known as Sime Darby Biofuels Sdn. Bhd.) (continued)

Bargain purchase

Bargain purchase was recognised as a result of the acquisition as follows:

	RM'000
Purchase consideration	300,000
Fair value of existing interest in the acquiree	96,333
Fair value of identifiable assets, liabilities and contingent liabilities	(429,731)
	(33,398)

The remeasurement to fair value of the Group's existing 25% interest in the acquiree resulted in a gain of RM27,581,000 (RM96,333,000 less RM68,752,000 carrying value of equity-accounted investee at acquisition date), which were recognised in other non-operating income in the statement of profit or loss and other comprehensive income.

Acquisition-related costs

The Group incurred acquisition-related costs of RM736,000 related to external legal fees and due diligence costs. The legal fees and due diligence costs were included in administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

38. SUBSEQUENT EVENTS

Execution of a Power Purchase Agreement ("PPA") between Port Dickson Power Berhad ("PDP"), a wholly-owned subsidiary of the Group and Tenaga Nasional Berhad ("TNB")

PDP had executed the PPA with TNB in connection with the conditional award received by PDP to undertake the extension of the operations of PDP's existing power plant commencing on 1 March 2016 and shall expire on 28 February 2019.

The PPA dated 12 February 2016 regulates and governs the rights and obligations of both PDP and TNB for the generation and sale of electricity and to make generating capacity available to TNB from its 436 MW open-cycle power plant located at Port Dickson, Negeri Sembilan.

39. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
– realised	7,807,388	7,446,401	3,949,719	4,140,210
– unrealised	(979,233)	(869,740)	(426)	–
	6,828,155	6,576,661	3,949,293	4,140,210
Total share of retained earnings of associates				
– realised	174,902	190,231	–	–
– unrealised	(41,097)	(54,619)	–	–
Total share of retained earnings of joint venture				
– realised	(8,678)	(6,233)	–	–
	6,953,282	6,706,040	3,949,293	4,140,210
Less: Consolidation adjustments	(6,879,570)	(6,735,025)	–	–
Total retained earnings/ (accumulated losses)	73,712	(28,985)	3,949,293	4,140,210

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 137 to 249 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 39 on page 250 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail
Chairman

Dato' Sri Che Khalib bin Mohamad Noh
Director

Kuala Lumpur

Date: 8 March 2016

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Ruswati binti Othman**, the officer primarily responsible for the financial management of Malakoff Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 137 to 250 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 8 March 2016.

Ruswati binti Othman

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

to the members of Malakoff Corporation Berhad
(Company No. 731568-V)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malakoff Corporation Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 137 to 250.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 39 on page 250 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Muhammad Azman Bin Che Ani
Approval Number: 2922/04/16(J)
Chartered Accountant

Petaling Jaya

Date: 8 March 2016

LIST OF PROPERTIES

PROPERTIES OWNED

No.	Name of registered owner/(Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2015 RM
1.	**Malakoff** PN 356979 Lot 12248, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia Persiaran Segari Off Highway 60 Daerah Manjung, 32200 Segari Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years expiring on 30 July 2096	Industrial land/The land is currently tenanted by Digi Telecommunications Sdn Bhd and is used as a base transceiver station for the operation of Digi Telecommunications Sdn Bhd's cellular telephone network.	480 sq metre/ 14.5 Ha	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak.	4,705,003.54 Refer to note (2)
2.	**Malakoff** Refer to note (3) Windsor Estate, Ulu Sepetang 34010 Taiping, Perak Darul Ridzuan, Malaysia Freehold	Refer to note (3)/The lands are currently used for oil palm cultivation.	N/A/ 735.5 HA	Nil	21,516,000.00 Refer to note (2)
3.	**Malakoff** Parcel no. 2A-8-1, 2A-8-2, 2A-9-1 and 2A-9-2, Plaza Sentral Level 8 and Level 9, Block 2A Plaza Sentral, Jalan Stesen Sentral 5 50470 Kuala Lumpur, Malaysia Freehold Refer to note (4)	Four office units on the 8th and 9th floor of a commercial building/Currently used as office space by Malakoff.	1,228 sq metre/N/A	Nil	3,367,602.00
4.	**Malakoff** Parcel no. CS/3B/12-3, CS/3B/12-3A CS/3B/12-5, CS/3B/12-6, CS/3B/12-7 CS/3B/13-3, CS/3B/13-3A, CS/3B/13-5 CS/3B/13-6 and CS/3B/13-7, Plaza Sentral Level 12 and Level 13, Block 3B Plaza Sentral, Jalan Stesen Sentral 5 50470 Kuala Lumpur, Malaysia Freehold Refer to note (4)	Ten office units on the 12th and 13th floor of a commercial building/Currently used as office space by Malakoff.	1,986 sq metre/	Nil	4,093,628.62
5	**SEV** HSD 29841 PT 6325, Mukim of Pengkalan Baharu, District of Manjung Perak Darul Ridzuan, Malaysia Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years expiring on 12 January 2094	Industrial land/The land is currently used for the SEV Power Plant, which includes an administration building, a single-storey simulator training building, a single-storey clubhouse, a guard house, a gas turbine building, a steam turbine building, a fuel oil tank farm, a warehouse and a black start diesel generator building.	26,787 sq metre/148,400 sq metre	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak.	Refer to notes (2) and (5)

LIST OF PROPERTIES (continued)

PROPERTIES OWNED (continued)

No.	Name of registered owner/(Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2015 RM
6.	**GB3** HSD 29843 PT 6327 Mukim of Pengkalan Baharu District of Manjung Perak Darul Ridzuan, Malaysia Lumut Power Plant Persiaran Segari Off Highway 60 Daerah Manjung, 32200 Segari Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years expiring on 12 January 2094	Industrial land/The land is currently used for the GB3 Power Plant which includes an administration building, ten units of cooling tower, workshop building and a gas and steam turbine building.	12,384 sq metre/111,600 sq metre	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak. Lease of part of the land registered in favour of GB3 on 22 June 2001 for a period of 21 years from 21 June 2001 until 21 June 2022. Charge created in favour of Maybank on 1 November 2013	Refer to notes (2) and (5)
7.	**GB3** HSD 29845 PT 6329 Mukim of Pengkalan Baharu District of Manjung Perak Darul Ridzuan, Malaysia Lumut Power Plant Persiaran Segari Off Highway 60 Daerah Manjung, 32200 Segari Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years expiring on 12 January 2094	Industrial land/The land is currently used for the Lumut Power Plant, which includes the PETRONAS gas metering equipment station. It also has the interconnection facilities such as gas pipelines and venting equipment to supply gas to the Lumut Power Plant.	N/A/ 12,100 sq metre	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak. Lease of part of the land registered in favour of GB3 on 22 June 2001 for a period of 21 years from 21 June 2001 until 21 June 2022. Charge created in favour of Maybank on 1 November 2013	Refer to notes (2) and (5)
8.	**GB3** PN 356978 Lot 12247 Mukim of Pengkalan Baharu District of Manjung Perak Darul Ridzuan, Malaysia GB3 Sdn Bhd, Lumut Power Plant Persiaran Segari Off Highway 60 Daerah Manjung, 32200 Segari Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years expiring on 30 July 2096	Industrial land/The land is currently used for storage of diesel tanks and erected with a chemical storage building and a fuel oil pump station used by the GB3 Power Plant.	1,095 sq metre/ 1.69 Ha	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak. Charge to guarantee principal payment created in favour Maybank IB on 11 September 2007	380,000.00 Refer to note (2)
9.	**PD Power** GRN 237771 Lot 13409 Pekan and District of Port Dickson Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Commercial or industrial land for power plant/The land is currently used for the Port Dickson Power Plant which includes a building to house four units of gas turbine, a fuel oil tank farm, a warehouse and a black start diesel generator.	5,560 sq metre/ 94,210 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
10.	**PD Power** GRN 237773 Lot 13411 Pekan and District of Port Dickson Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Commercial or industrial land for electrical substation/The land is currently used for TNB switch yard and transmission for interconnection facilities.	N/A/ 5,459 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)

LIST OF PROPERTIES (continued)

PROPERTIES OWNED (continued)

No.	Name of registered owner/(Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2015 RM
11.	**PD Power** GRN 237774 Lot 13412 Pekan and District of Port Dickson Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Building land for office building/ The land is currently used for double-storey administration office building for the Port Dickson Power Plant.	510 sq metre/ 4,654 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
12.	**PD Power** GRN 237776 Lot 13415 Pekan and District of Port Dickson Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Commercial or industrial land for gas station/The land is currently used for PETRONAS gas metering equipment station and interconnection facilities.	N/A/ 7,392 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
13.	**PD Power** GRN 237768 Lot 13406 Pekan and District of Port Dickson Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Building land for residential/ Vacant land.	N/A/ 1,684 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
14.	**PD Power** GRN 237769 Lot 13407 Pekan and District of Port Dickson Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Building land for residential/ Vacant land.	N/A/ 6,143 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
15.	**PD Power** GRN 237770 Lot 13408 Pekan and District of Port Dickson Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Agriculture land/Vacant land and pond.	N/A/ 6.641 Ha	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
16.	**PD Power** GRN 237775 Lot 13414, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold	Building land for kids playground/The land is currently used for public children playground.	N/A/ 5,345 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)

PROPERTIES OWNED (continued)

No.	Name of registered owner/(Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2015 RM
17.	**PD Power** GRN 237777 Lot 13416 Pekan and District of Port Dickson Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Building land for residential/ The land is currently used for single-storey guard house building for the Port Dickson Power Plant.	42 sq metre/ 3,225 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
18.	**PD Power** HSD 21135 Lot 484 Mukim and District of Port Dickson Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Building land for multipurpose hall/The land is currently used for multipurpose public hall.	760 sq metre/ 0.553 Ha	Nil	Refer to note (6)
19.	**PD Power** HSD 21134 Lot 483 Mukim and District of Port Dickson Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Building land for recreational field/The land is currently used for public football field and multipurpose court.	N/A/ 1.897 Ha	Nil	Refer to note (6)
20.	**PD Power** 23 parcels of land held under GRN 35822 Lot 6976 to GRN 35830 Lot 6984, GRN 35832 Lot 6986 to GRN 35837 Lot 6991 and GRN 35884 Lot 7041 to GRN 35891 Lot 7048, all located at Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia No. 1 to 9, No. 11 to 16, No. 117 to 124 Jalan Tun Sambanthan, Taman NLFCS Tg. Gemuk, 71000 Port Dickson Negeri Sembilan Darul Khusus, Malaysia Freehold	Building lands for low cost residential/The land is currently erected with 23 units of low cost houses which are currently vacant.	65 sq metre for each house/ 111 sq metre for each lot	Nil	1,101,578.95
21.	**TJSB** Parcel no. CS/3B/13A-3, CS/3B/13A-4 CS/3B/13A-5, CS/3B/13A-6 and CS/3B/13A-7, Plaza Sentral Level 13A, Block 3B, Plaza Sentral Jalan Stesen Sentral 5 50470 Kuala Lumpur, Malaysia Freehold Refer to note (7)	Five office units on the 13Ath floor of a commercial building/ Currently used as office space by TJSB.	975 sq metre/ N/A	N/A	1,419,676

LIST OF PROPERTIES (continued)

PROPERTIES OWNED (continued)

No.	Name of registered owner/(Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2015 RM
22.	**M Utilities** Level no. Minus 9M, Building no. 4 Plaza Sentral Suite 4-G-A, Ground Floor, Block 4 Plaza Sentral, Jalan Stesen Sentral 5 50470 Kuala Lumpur, Malaysia Freehold Refer to note (9)	The underground level of a commercial building/Currently used for centralised chilled water plant system for Plaza Sentral.	2,507 sq metre/ N/A	N/A	Refer to note (8)
23.	**M Utilities** Level no. 0M, Building no. 4 Plaza Sentral Suite 4-G-A, Ground Floor, Block 4 Plaza Sentral, Jalan Stesen Sentral 5 50470 Kuala Lumpur, Malaysia Freehold Refer to note (9)	The ground level of a commercial building/Currently used for centralised chilled water plant system for Plaza Sentral and maintenance office.	970 sq metre/ N/A	N/A	Refer to note (8)
24.	**M Utilities** Level no. 5.4M and 4.7M Building no. 4, Plaza Sentral Suite 4-G-A, Ground Floor, Block 4 Plaza Sentral, Jalan Stesen Sentral 5 50470 Kuala Lumpur, Malaysia Freehold Refer to note (9)	The lower ground level of a commercial building/Currently used as Malakoff's training centre.	983 sq metre/ N/A	N/A	Refer to note (8)
25.	**M Utilities** Level Minus 6.5M, Building no. 4, Plaza Sentral Suite 4-G-A, Ground Floor, Block 4 Plaza Sentral, Jalan Stesen Sentral 5 50470 Kuala Lumpur, Malaysia Freehold Refer to note (9)	The underground level of a commercial building/Currently used as the central control room and centralised chilled water plant system plant room.	2,272 sq metre/ N/A	N/A	Refer to note (8)
26.	**DKSB** HSD 30118 PT 34621, Mukim of Sitiawan, Perak Darul Ridzuan, Malaysia Near Jalan Teluk Rubiah 32040 Seri Manjung, Perak, Malaysia Leasehold for a period of 99 years expiring on 17 January 2109	Building land for residential/ Vacant land.	N/A/ 11,684 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (10)
27.	**MWF (T Co Pty Ltd) and WMPL as trustee for Wind Macarthur Trust** Volume 11427 Folio 798 Lot 1, part 1886 Macarthur-Hawkesdale Road, Macarthur, Victoria, Australia Freehold	The substation land is currently used for the operation and maintenance of the Macarthur Wind Farm.	Approximately 2.25 Ha/ 3.37 Ha	N/A	Refer to note (11)

PROPERTIES OWNED (continued)

Notes:

(1) These industrial lands are occupied by third-parties.

(2) Excluding buildings and fixtures on the land.

(3) Malakoff is the registered proprietor of 37 parcels of land ("Windsor Lands") which are collectively known as the Windsor Estate. The Windsor Estate is currently tenanted by Tradewinds Plantech Sdn Bhd commencing from 1 February 2016 until 31 January 2017, pursuant to the tenancy agreement dated 1 February 2016 Among the 37 parcels of Windsor Lands, the following 34 parcels of the said lands are used as agricultural land for commercial planting – oil palm, which are consistent with the express conditions in their respective issue document of title:

No.	***Land titles no.***
i.	*GM 297 Lot 4615, GM 7229 Lot 4309, GRN 49012 Lot 5408, GRN 53898 Lot 5538, GRN 53899 Lot 5539, GRN 59198 Lot 2665, GRN 59203 Lot 446, GRN 66379 Lot 4136 and GRN 66619 Lot 2790* *All lands are located at Mukim of Batu Kurau, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia*
ii.	*GM 445 Lot 315, GM 446 Lot 332, GM 448 Lot 317, GM 451 Lot 316, GM 454 Lot 364, GM 459 Lot 359, GM 460 Lot 361, GM 507 Lot 421, GM 511 Lot 437, GM 512 Lot 440, GM 516 Lot 473, GM 517 Lot 474, GM 518 Lot 475, GM 519 Lot 476, GM 520 Lot 477, GM 521 Lot 480, GM 522 Lot 481, GM 523 Lot 490, GM 549 Lot 629, GRN 45878 Lot 462, GRN 45879 Lot 690, GRN 45880 Lot 691, GRN 60574 Lot 504, GRN 62453 Lot 502 and GRN 65982 Lot 408* *All lands are located at Mukim of Kamunting, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia*

Pursuant to a letter dated 18 December 2013 issued by Pejabat Pengarah Tanah dan Galian Negeri Perak to Pejabat Daerah dan Tanah Larut, Matang dan Selama, the remaining three parcels of Windsor Lands are subject to government compulsory acquisition ("Said Windsor Lands"). The Said Windsor Lands are currently pending completion of government compulsory acquisition. As such, the express condition of the Said Windsor Lands has yet to be reflected in their respective issue document of title to reflect the existing use of the Said Windsor Lands. Further details of the Said Windsor Lands are as follows:

No.	***Land titles no.***	***Description of property/Existing express condition***
i.	*GRN 49011 Lot 5407 and GRN 59202 Lot 2825* *Both lands are located at Mukim of Batu Kurau,* *Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia*	*Agricultural land for agricultural purposes*
ii.	*GRN 48916 Lot 505, Mukim of Kamunting, District of Larut and Matang, Perak Darul Ridzuan, Malaysia*	*Agricultural land for commercial planting – rubber*

(4) Pursuant to the sale and purchase agreements dated 3 December 1999 and 21 June 2005 between Kuala Lumpur Sentral Sdn Bhd and Malakoff, respectively, the parcels identified above are held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.

(5) The audited NBV as at 31 December 2015 of the properties under item no. 5 to item no. 7 is RM5,644,000.00. The respective properties were not audited on an individual basis.

(6) The audited NBV as at 31 December 2015 of the properties under item no. 9 to item no. 19 is RM12,896,000.00. The respective properties were not audited on an individual basis.

(7) Pursuant to the sale and purchase agreement dated 17 December 1996 between Kuala Lumpur Sentral Sdn Bhd and TJSB, the parcel identified above is held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.

(8) The audited NBV as at 31 December 2015 of the properties under item no. 22 to item no. 25 is RM2,138,475.00 .The respective properties were not audited on an individual basis.

(9) Pursuant to the sale and purchase agreement dated 14 April 2005 between Kuala Lumpur Sentral Sdn Bhd and M Utilities, the parcels identified above are held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.

(10) The audited NBV of the property under item no. 26 as at 31 December 2015 is RM1.00, as the cost of the land was charged out as part of our project expense.

(11) As the Macarthur Wind Farm is arranged under a finance lease arrangement, substantially all the risks and rewards incidental to ownership of the Macarthur Wind Farm are transferred to AGL Hydro, as the operator of the Macarthur Wind Farm. As such, no carrying value is recognised in our financial statements in respect of the properties relating to the Macarthur Wind Farm.

None of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

LIST OF PROPERTIES (continued)

PROPERTIES LEASED/TENANTED

No.	Name of lessor/lessee or landlord/ tenant or grantor/grantee/Lot. no./Postal address	Description of property/ Existing use	Built-up area/ Land area	Tenure/Date of expiry	Rental RM
1.	**TNB (as lessor)/PPSB (as lessee)** HSD 50349 PT 10, Bandar Prai District of Seberang Perai Tengah Pulau Pinang, Malaysia Prai Power Plant, Prai Power Station Jalan Perusahaan, 13600 Prai Pulau Pinang, Malaysia	Industrial land for power station/The land is currently used for the Prai Power Plant complex which includes turbine building, demineralisation plant, chemical lab, pump room, chlorination room, guard house, hydrogen cylinder store, H-boiler pump power station, fuel gas station, fuel oil pump house, foam station, programmable logic controller, building and electric fuel gas, inflammable material store, administration building and sheds.	6,954 sq metre/ 9.819 acres	A lease for a period of 24 years, expiring on 7 November 2024	Lump sum payment of 16,000,000.00
2.	**Seaport (as lessor)/TBP (as lessee)** HSD 11438 PTD 1859 Mukim of Serkat, District of Pontian Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin Serkat 82030 Pontian Johor Darul Takzim, Malaysia	Industrial land for heavy industries of power station only/The land is currently used for the Tanjung Bin Power Plant complex and other related purpose.	238,716 sq metre/69.963 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
3.	**Seaport (as lessor)/TBP (as lessee)** HSD 10927 PTD 1773 Mukim of Serkat, District of Pontian Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin Serkat 82030 Pontian Johor Darul Takzim, Malaysia	Building land for coal ash disposal pond/Vacant land with mudflat area.	N/A/ 156.533 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
4.	**Seaport (as lessor)/TBP (as lessee)** HSD 10924 PTD 1771 Mukim of Serkat, District of Pontian Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin Serkat 82030 Pontian Johor Darul Takzim, Malaysia	Commercial or industrial land for permanent jetty and any structure related thereto/ The land is currently erected with a permanent jetty and the structures related thereto including conveyor belt and coal unloaders.	N/A/ 1.730 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
5.	**Seaport (as lessor)/TBP (as lessee)** HSD 13031 PTD 2098 Mukim of Serkat, District of Pontian Johor Darul Takzim, Malaysia Tanjung Bin Power Plant Lot 1769 & Lot 1770, Tanjung Bin Serkat 82030 Pontian Johor Darul Takzim, Malaysia	Industrial land for coal ash disposal pond/The land is currently used as ash pond for the Tanjung Bin Power Plant.	N/A/ 91.024 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)

PROPERTIES LEASED/TENANTED (continued)

No.	Name of lessor/lessee or landlord/ tenant or grantor/grantee/Lot. no./Postal address	Description of property/ Existing use	Built-up area/ Land area	Tenure/Date of expiry	Rental RM
6.	**Seaport (as lessor)/TBP (as lessee)** HSD 13032 PTD 2099 Mukim of Serkat, District of Pontian Johor Darul Takzim, Malaysia Tanjung Bin Power Plant Lot 1769 & Lot 1770, Tanjung Bin Serkat 82030 Pontian Johor Darul Takzim, Malaysia	Industrial land for coal ash disposal pond/The land is currently used as ash pond for the Tanjung Bin Power Plant.	N/A/ 0.597 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
7	**Seaport (as lessor)/TBE (as lessee)** HSD 13028 PTD 2095 Mukim of Serkat, District of Pontian Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin Serkat 82030 Pontian Johor Darul Takzim, Malaysia	Industrial land for power station and other related purposes only/The land is currently under construction to be used for the Tanjung Bin Energy Power Plant.	N/A/ 8.118 Ha	A lease for a period of 45 years, expiring on 31 January 2048 Refer to note (4)	Refer to note (1) plus a nominal value of 10.00
8.	**Seaport (as lessor)/TBE (as lessee)** HSD 13029 PTD 2096, Mukim of Serkat, District of Pontian Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin Serkat 82030 Pontian Johor Darul Takzim, Malaysia	Industrial land for coal yard/ The land is currently under construction to be used for the coal yard of the Tanjung Bin Energy Power Plant.	N/A/ 21.996 Ha	A lease for a period of 45 years, expiring on 31 January 2048 Refer to note (4)	Refer to note (1) plus a nominal value of 10.00
9.	**SWW (as lessor)/TBE (as lessee) and HSBC (the security agent)** HSD 13393 PTD 2150 Mukim of Serkat, District of Pontian Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin Serkat 82030 Pontian Johor Darul Takzim, Malaysia	Industrial land for the petrochemical centre and the maritime industry/The land will be used for any other contingency to the Tanjung Bin Energy Power Plant.	N/A/ 0.444 Ha	A lease commencing from 7 March 2012 to the day before the 25th anniversary of the COD of the Tanjung Bin Energy Power Plant Refer to note (5)	Nil Refer to note (5)
10.	**Lembaga Tabung Haji (as landlord)/ Malakoff (as tenant)** Part of GRN 46226, Lot 78 Section 0070 Town of Kuala Lumpur, Level 7 to Level 13, Building no. 4 Plaza Sentral, Brickfields Kuala Lumpur, Malaysia Level 7 to Level 13, Block 4 Plaza Sentral, Jalan Stesen Sentral 50470 Kuala Lumpur, Malaysia	Seven office units each on the 7th, 8th, 9th, 10th, 11th, 12th and 13th floor of a commercial building/Currently used as office space by Malakoff.	7,854 sq metre/N/A	A tenancy for a period of three years, expiring on 30 June 2018	507, 234.00 per month
11.	**Lembaga Tabung Haji (as landlord)/M Utilities (as tenant)** Part of GRN 46226, Lot 78 Section 0070 Town of Kuala Lumpur, Level Ground Building no. 4, Plaza Sentral Brickfields, Kuala Lumpur, Malaysia Suite 4-G-A, Ground Floor, Block 4 Plaza Sentral, Jalan Stesen Sentral 5 50470 Kuala Lumpur, Malaysia	The ground level of a commercial building/Currently used as office space by M Utilities.	562 sq metre/ N/A	A tenancy for a period of three years, expiring on 30 June 2018	60,480.00 per month

LIST OF PROPERTIES (continued)

PROPERTIES LEASED/TENANTED (continued)

No.	Name of lessor/lessee or landlord/ tenant or grantor/grantee/Lot. no./Postal address	Description of property/ Existing use	Built-up area/ Land area	Tenure/Date of expiry	Rental RM
12.	**Multiple landowners/WMPL and Macarthur WFPL (as lessees)** 16 parcels of lands relating to the Macarthur Wind Farm 1850 Macarthur-Hawkesdale Road Macarthur, Victoria 3286, Australia	Rural land with a lease granted for the operation and maintenance of the wind power equipment and additional ancillary rights of the Macarthur Wind Farm.	N/A/ 2,225 acres	A lease for a period of 25 years, expiring on 1 February 2038	Refer to note (9)
13.	Perisai Petroleum Teknologi Berhad (as tenant)	Block 3B, Level 13A of commercial building currently used as office space by Perisai.	10,491 sq ft	A lease for a period of three years from 15 April 2013 until 15 April 2016	71, 338.80
14.	Prasarana Malaysia Berhad	Prasarana is currently renting the office space upon early termination of the tenancy by Alliance.	10, 689 sqft	Effective date of lease from 16 October 2015 until 15 September 2017	68, 409.60
15.	Prasarana Malaysia Berhad	Block 3B, level 12 of commercial building currently used as office space by Prasarana.	10, 689 sqft	Effective date of lease from 1 July 2015 until 30 June 2017	70, 547.40
16.	Lantera Permai Sdn Bhd	Block 2A level 8 & 9 of commercial building currently used as office space by Lantera.	13, 216 sqft	Effective date of lease from 1 January 2015 until 31 December 2017	83, 260.80

Notes:

(1) Pursuant to the lease agreement dated 18 February 2003 and its supplemental agreements dated 1 October 2003 and 19 August 2014, respectively, between Seaport and TBP, the total rental of the lease for all four lots (and a parcel of land held under PTD 1858, which has been transferred to and registered with TNB in 2006 pursuant to the terms of the TBP PPA and is currently erected with a switchyard used for the Tanjung Bin Power Plant) is RM102,050,000.00 and has been paid by TBP in the manner as set out in the said agreements, with the final payment made on 14 March 2005 (i.e. prior to the registration of the lease). A portion of land title no. HSD 11438 PTD 1859 is sub-leased to TBE pursuant to a sub-lease agreement dated 29 February 2012 between TBP and TBE.

(2) TBP as the owner of the jetty has been granted an operational licence issued by Johor Port Authority to operate the jetty.

(3) The EPC contractors have contractual obligations under the TBEI EPC Contract to ensure the necessary permits and approvals are obtained for the buildings relating to the Tanjung Bin Energy Power Plant, prior to its expected COD in March 2016. An application for the CCC will be submitted by the EPC contractors to the relevant authority upon physical completion of the construction of the Tanjung Bin Energy Power Plant of which the CCC should be obtained no later than the expected COD of the Tanjung Bin Energy Power Plant in March 2016.

(4) A presentation for registration of lease in favour of TBE and creation of charge over the lease in favour of TBE's financing parties for Lot PTD 2095 and PTD 2096 have been made to the Johor Land Office on 11 February 2015. The issuance of the new document of titles to TBE have completed on 12 March 2015.

(5) Pursuant to the land lease agreement entered into between TBE and SWW dated 6 January 2016, a presentation for registration of lease in favour of TBE and creation of charge over the lease in favour of TBE's financing parties for Lot PTD 2150 have been made to the Johor Land Office on 16 February 2016. The issuance of new document of title to TBE is currently pending from the Johor Land Office. The consideration for the lease of RM1,194,794 has been paid by TBE to SWW.

LIST OF PROPERTIES (continued)

(6) *WMPL is the assignee of MWMPL's 50% interest in the unincorporated joint venture which owns the Macarthur Wind Farm. MWMPL and Macarthur WFPL were the original lessees pursuant to the relevant agreement to lease entered into with the respective landowners in respect of each Uebergang Land, Officer Land and Robertson Land (each as defined below, and collectively referred to as the "Leased Lands") ("Lease Agreement"). As at the Latest Practicable Date, registrable leases have yet to be executed with each of the relevant landowners. However, under the Victorian property law, the agreements to lease give WMPL and Macarthur WFPL an equitable interest in the land subject to the relevant Lease Agreement. WMPL and Macarthur WFPL shall pay the landowners a specified annual rental calculated in accordance to the relevant rental agreements entered into with the respective landowners. Below are the details of Leased Lands:*

No.	Landowners	Certificate title no.
1.	*John Oswald Uebergang and Debbie Lynne Uebergang (the "**Uebergang Landowners**")*	*Volume 9344 Folio 311 ("**Uebergang Land**")*
	The Uebergang Landowners intend to subdivide the Uebergang Land. WMPL and Macarthur WFPL have given their consent for the Uebergang Landowners to effect the same. Under the Victorian property law, the equitable lease granted to WMPL and Macarthur WFPL on the Uebergang Land is protected against any third-party purchasers of the interest of the land.	
2.	*(i) Brandon Pastoral Company Pty Ltd;*	*(i) Volume 8657 Folio 557 and Volume 8067 Folio 619;*
	(ii) Hamish Robert Falkner Officer and Anna Jen Officer; and	*(ii) Volume 9388 Folio 101, Volume 5950 Folio 962 and Volume 10043 Folio 134; and*
	(iii) Hamish Robert Falkner Officer and Anna Jen Officer, Janet Officer, Marnie Fraser Officer (being the legal personal representatives of Brian Campbell Officer, deceased),	*(iii) Volume 9715 Folio 216*
	*(collectively known as "**Officer Landowners**")*	*(collectively known as "**Officer Land**")*
3.	*(i) Atoz Pty Ltd;*	*(i) Volume 9252 Folio 946, Volume 8941 Folio 283, Volume 8689 Folio 213, Volume 9604 Folio 841 and Volume 7664 Folio 185;*
	(ii) Ibenmouth Pty Ltd; and	*(ii) Volume 8076 Folio 341; and*
	*(iii) Thomas Chute Robertson, (collectively known as "**Robertson Landowners**")*	*(iii) Volume 8406 Folio 476, Volume 8124 Folio 653 and Volume 5313 Folio 585, (collectively known as "**Robertson Land**")*

(7) *The rental amount is subject to confidentiality provisions in the respective rental agreements.*

Save as disclosed above, where an application has been made to change the conditions of the land use, none of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties.

LIST OF PROPERTIES (continued)

MATERIAL EQUIPMENT

Description	Audited NBV as at 31 December 2015
	RM '000
The building, plant and machinery of the SEV Power Plant	1,557,268
The building, plant and machinery of the GB3 Power Plant	775,624
The building, plant and machinery of the Prai Power Plant	579,188
The building, plant and machinery of the TBP Power Plant	5,172,520
The building, plant and machinery of the Port Dickson Power Plant	66,052
Total	8,150,652

The Macarthur Wind Farm includes infrastructure, turbines and a substation. As the Macarthur Wind Farm is arranged under a finance lease arrangement, substantially all the risks and rewards incidental to ownership of the Macarthur Wind Farm are transferred to AGL Hydro, as the operator of the Macarthur Wind Farm. As such, no carrying value is recognised in our financial statements in respect of the equipment utilised for the Macarthur Wind Farm.

Save for PD Power, the material equipment of the respective IPPs have been secured under the financing facilities taken up by the respective IPPs for purposes of the relevant construction of power plant. The financing facilities taken up by SEV in relation to construction of the SEV Power Plant have been fully repaid.

SHAREHOLDINGS STATISTICS
as at 23 February 2016

Class of Securities	:	Ordinary shares of RM0.10 each
Authorised Share Capital	:	RM1,000,000,000.00 divided into 10,000,000,000 ordinary shares of RM0.10 each
Issued and Paid-up Share Capital	:	RM500,000,000.00 divided into 5,000,000,000 ordinary shares of RM0.10 each
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	13,266

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	31	0.23	443	0.00
100 – 1,000	2,791	21.04	1,613,493	0.03
1,001 – 10,000	6,640	50.05	31,273,052	0.63
10,001 – 100,000	3,264	24.60	95,181,994	1.91
100,001 to less than 5% of issued shares	534	4.03	1,030,093,561	20.60
5% and above of issued shares	6	0.05	3,841,837,457	76.83
TOTAL	**13,266**	**100.00**	**5,000,000,000**	**100.00**

DIRECTORS' INTERESTS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name	No. of shares	%	No. of shares	%
Tan Sri Dato' Seri Syed Anwar Jamalullail *– Shares held through Maybank Nominees (Tempatan) Sdn Bhd*	290,000	0.01	–	–
Dato' Sri Che Khalib bin Mohamad Noh	420,000	0.01	–	–
Datuk Muhamad Noor bin Hamid	321,200	0.01	–	–
Datuk Ooi Teik Huat	420,000	0.01	–	–
Datuk Idris bin Abdullah *– Shares held through Cimsec Nominees (Tempatan) Sdn Bhd*	290,000	0.01	–	–
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	150,000	0.00	–	–
Tan Sri Dato' Seri Alauddin bin Md Sheriff	–	–	–	–
Tan Ler Chin	–	–	–	–
Dato' Wan Kamaruzaman bin Wan Ahmad	–	–	–	–
Kohei Hirao	–	–	–	–
Zalman bin Ismail (Alternate director to Dato' Wan Kamaruzaman bin Wan Ahmad)	–	–	–	–

SHAREHOLDINGS STATISTICS

as at 23 February 2016 (continued)

SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
No	Name	No. of shares	%	No. of shares	%
1	Anglo-Oriental (Annuities) Sdn Bhd ("AOA") [(1)]	981,341,460	19.63	–	–
2	MMC Corporation Berhad ("MMC")	897,695,630	17.95	981,341,460 [(2)]	19.63
3	Employees Provident Fund Board [(3)]	875,215,633	17.50	–	–
4	Lembaga Tabung Haji [(4)]	501,546,300	10.03	–	–
5	Kumpulan Wang Persaraan (Diperbadankan) [(5)]	334,610,334	6.69	–	–
6	Amanah Saham Bumiputera [(6)]	251,428,100	5.03	–	–
7	Seaport Terminal (Johore) Sdn Bhd ("Seaport") [(7)]	–	–	1,897,037,090	37.58
8	Indra Cita Sdn Bhd ("ICSB") [(8)]	–	–	1,897,037,090	37.58
9	Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor [(9)]	–	–	1,897,037,090	37.58

Notes:

(1) Of which 363,046,040 shares held through its own account, 448,384,230 shares held through Bank Muamalat Malaysia Berhad and 169,911,190 shares held through Maybank Securities Nominees (Tempatan) Sdn Bhd.

(2) Deemed interested in 981,341,460 shares held by AOA in Malakoff by virtue of its 100% direct shareholding in AOA.

(3) Of which 875,215,633 shares held through Citigroup Nominees (Tempatan) Sdn Bhd.

(4) Of which 500,000,000 shares held through its own account and 1,546,300 shares held through Citigroup Nominees (Tempatan) Sdn Bhd.

(5) Of which 318,258,334 shares held through its own account and 16,352,000 shares held through various Citigroup Nominees (Tempatan) Sdn Bhd CDS accounts.

(6) Of which 251,428,100 shares held through Amanahraya Trustees Berhad.

(7) Deemed interested by virtue of its direct major shareholdings in MMC.

(8) Deemed interested through Seaport.

(9) Deemed interested through ICSB

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
1	MMC CORPORATION BERHAD	897,695,630	17.95
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	875,215,633	17.50
3	LEMBAGA TABUNG HAJI	500,000,000	10.00
4	BANK MUAMALAT MALAYSIA BERHAD PLEDGED SECURITIES ACCOUNT FOR ANGLO-ORIENTAL (ANNUITIES) SDN BHD	448,384,230	8.97
5	ANGLO-ORIENTAL (ANNUITIES) SDN BHD	363,046,040	7.26
6	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	318,258,334	6.37
7	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	251,428,100	5.03
8	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) FOR ANGLO-ORIENTAL (ANNUITIES) SDN. BHD.	169,911,190	3.40
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	61,079,700	1.22

SHAREHOLDINGS STATISTICS
as at 23 February 2016 (continued)

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	45,000,000	0.90
11	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	39,472,300	0.79
12	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	36,556,600	0.73
13	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	35,672,900	0.71
14	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	32,801,568	0.66
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (FAMILY PRF EQ)	28,474,500	0.57
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	21,762,400	0.44
17	PERTUBUHAN KESELAMATAN SOSIAL	21,600,000	0.43
18	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	20,000,000	0.40
19	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	18,822,800	0.38
20	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	18,606,100	0.37
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	18,500,000	0.37
22	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD YAYASAN HASANAH (AUR-VCAM)	17,433,100	0.35
23	UOBM NOMINEES (ASING) SDN BHD BANQUE DE LUXEMBOURG FOR RAM (LUX) SYSTEMATIC FUNDS – EMERGING MARKETS EQUITIES	16,483,700	0.33
24	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK	16,392,800	0.33
25	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SECTOR SELECT FUND	16,310,000	0.33
26	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	13,176,800	0.26
27	PERMODALAN NASIONAL BERHAD	12,600,000	0.25
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	12,551,600	0.25
29	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (CIMB-P 6939-404)	11,193,200	0.22
30	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	11,103,000	0.22
	TOTAL	**4,349,532,225**	**86.99**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING ("AGM") OF MEMBERS OF **MALAKOFF CORPORATION BERHAD** WILL BE HELD AT THE **MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA** ON **THURSDAY, 21 APRIL 2016 AT 11.00 A.M.** FOR THE PURPOSE OF CONSIDERING AND, IF THOUGHT FIT, PASSING THE FOLLOWING RESOLUTIONS:

ORDINARY BUSINESS

1. "THAT the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Directors' Report and Auditors' Report thereon be and are hereby received."

   Please refer to Explanatory Note 1

2. "THAT the payment of Directors' fees of RM1,162,500.00 for the financial year ended 31 December 2015 be and is hereby approved."

   Resolution 1

3. "THAT the final single-tier dividend of 2 sen per share for the financial year ended 31 December 2015 be and is hereby approved."

   Resolution 2

4. "THAT Madam Tan Ler Chin, who retires in accordance with Article 105 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."

   Resolution 3
   Please refer to Explanatory Note 2(i)

5. "THAT Datuk Idris bin Abdullah, who retires in accordance with Article 105 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."

   Resolution 4
   Please refer to Explanatory Note 2(ii)

6. "THAT Datuk Dr. Syed Muhamad bin Syed Abdul Kadir, who retires in accordance with Article 105 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."

   Resolution 5
   Please refer to Explanatory Note 2(iii)

7. "THAT Mr. Kohei Hirao, who retires in accordance with Article 111 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."

   Resolution 6
   Please refer to Explanatory Note 2(iv)

8. "THAT KPMG, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed as Auditors of the Company until the conclusion of the next AGM, AND THAT the remuneration to be paid to them be fixed by the Board."

   Resolution 7

SPECIAL BUSINESS

9. "THAT the payment of Directors' fees not exceeding RM1,500,000 for each financial year commencing from the financial year ending 31 December 2016 be and is hereby approved."

Resolution 8
Please refer to Explanatory Note 3

NOTICE OF BOOK CLOSURE AND NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT shareholders who are registered in the Register of Members and Record of Depositors at the close of business on 9 May 2016 shall be entitled to the final dividend which will be paid on 27 May 2016.

A depositor shall qualify for dividend entitlement only in respect of:

a) Shares transferred into the Depositor's securities account before 4.00 p.m on 9 May 2016 in respect of ordinary transfers; and

b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") on a cum entitlement basis according to the Rules of Bursa Malaysia Securities.

BY ORDER OF THE BOARD

Yeoh Soo Mei (MAICSA 7032259)
Nisham @ Abu Bakar bin Ahmad (MAICSA 7043879)
Company Secretaries

Kuala Lumpur
29 March 2016

Notes:

1. The proxy form, to be valid, must be deposited at the Company's Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the meeting or any adjournment thereof.

2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to attend and vote at his stead. A member of the Company may appoint up to two (2) proxies to attend the same meeting. Where the member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

3. In case of a corporation, the proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

4. In the case of joint holders, the signature of any one of them will suffice.

5. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless it specifies the proportion of its holdings to be represented by each proxy.

NOTICE OF ANNUAL GENERAL MEETING (continued)

6. Only depositors whose names appear on the Record of Depositors as at 14 April 2016 shall be entitled to attend the Annual General Meeting or appoint proxies to attend and/or vote on their behalf.

7. Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.

8. Registration of members/proxies attending the meeting will commence at 9.00 a.m. on the day of the meeting and shall remain open until the conclusion of the AGM or such a time as may be determined by the Chairman of the meeting. Members/proxies are required to produce identification documents for registration.

Explanatory Notes on Ordinary Business:-

1. Audited Financial Statements for the financial year ended 31 December 2015

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

2. Re-election of Retiring Directors

The proposed ordinary resolutions 3, 4, 5 and 6 under Agenda 4 to 7 respectively are to seek the shareholders' approval on the re-election of the Directors standing for re-election in accordance with the Articles of Association of the Company. The Board recommends the re-election of the following Directors for the following reasons:-

i) Madam Tan Ler Chin retires in accordance with Article 105

- She possesses vast experience and in-depth knowledge in the finance and investment aspects of business operations. She is also the only woman director on the Board and had brought diversity into the boardroom discussion through her detailed and thorough deliberations at the boardroom as well as giving invaluable guidance to the management.

ii) Datuk Idris Abdullah retires in accordance with Article 105

- He possesses vast legal knowledge and his business acumen gained throughout his career had enabled him to have a good understanding of the business and the environment in which it operates and the challenges it faces.

iii) Datuk Dr. Syed Muhamad Syed Abdul Kadir retires in accordance with Article 105

- He has a diverse education background in both the business and legal faculty. Given his invaluable exposure and experience to both the public and private sectors, he has brought to the Board insights of how the business should be managed and operated within the confines of the regulatory environment in which the Group operates. Being meticulous and disciplined, Datuk Dr. Syed Muhamad has brought the right balance in the proceedings of the Board and board committees in which he is Chairman and member.

iv) Mr. Kohei Hirao retires in accordance with Article 111

- His experience in managing worldwide infrastructure businesses, especially in the power business field as well a conglomerate business with a diverse business portfolio. As the latest addition to the Board, the Company will leverage on his international experience and his strong networking which will bode well with the Company's aggressive international expansion plans.

Explanatory Notes on Special Business:-

3. Directors' Fees

The proposed ordinary resolution 8, if passed, will empower the board to pay directors' fees not exceeding RM1,500,000.00 for each financial year commencing from the financial year ending 31 December 2016 pursuant to Article 98 of the Articles of Association of the Company.

The last review of the Board's fees was made in 2013 prior to the listing of the Company. The proposal to increase the directors' fees is to bring it in line with market and also to reward the Non-Executive Directors for the greater responsibility and accountability due to the change in the status of the Company as a listed company. The revision in the directors' fees will also ensure the retention of the Board members whose skills, knowledge and experience are invaluable to the Company.

ADMINISTRATIVE DETAILS

ADMINISTRATIVE DETAILS FOR THE TENTH ANNUAL GENERAL MEETING OF MALAKOFF CORPORATION BERHAD TO BE HELD AT THE MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA ON THURSDAY, 21 APRIL 2016 AT 11.00 A.M.

PARKING

- Parking for visitors is available at the parking bays of the Hotel. Parking fee will be borne by Malakoff. Visitors are to exchange their entry tickets with exit tickets at the designated counter outside the Ballroom.

REGISTRATION

- Registration will start at 9.00 a.m. and registration counters will remain open until the conclusion of the Annual General Meeting or such time as may be determined by the Chairman of the meeting.

- Please read the signage placed around the Hotel to ascertain where you should register for the meeting and join the queue accordingly.

- Please produce your original Identity Card (IC) during the registration for verification and ensure that you collect your IC thereafter.

- After the verification and registration, you will be given an identification tag and a food coupon (limited to one food coupon per shareholder/proxy present at the Annual General Meeting regardless of the number of shareholders the proxy represents).

- No person will be allowed to enter the Ballroom without the identification tag.

REFRESHMENT

- Light refreshment will be served at Mahkota Foyer before the commencement of the Annual General Meeting.

- Packed lunch will be distributed upon conclusion of the Annual General Meeting. Each shareholder or proxy **present** at the Annual General Meeting is entitled to **one packed lunch only** by producing the food coupon at a venue to be announced by the Chairman. No lost food coupon will be replaced by the Company.

DOOR GIFT

- No door gift will be distributed at the Annual General Meeting.

RECORD OF DEPOSITORS FOR ATTENDANCE AT ANNUAL GENERAL MEETING

- For the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 14 April 2016. Only depositors whose names appear on the Record of Depositors as at 14 April 2016 shall be entitled to attend the Annual General Meeting or appoint proxies to attend and/or vote on their behalf.

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PROXY FORM

MALAKOFF CORPORATION BERHAD (731568-V)

No. of Ordinary Share(s) held	
CDS Account No.	

I/We, ____ NRIC/Passport No: ____________________________

(Full name in block letters)

of ____

(Address in full)

being a member/members of MALAKOFF CORPORATION BERHAD, hereby appoint

	Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy 1	______________	______________	______________	and/or failing him/her
Proxy 2	______________	______________	______________	or failing him/her the

the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Tenth Annual General Meeting of the Company to be held at the Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Thursday, 21 April 2016 at 11.00 a.m., and at any adjournments thereof, on the following resolutions referred to in notice of the Annual General Meeting:

(Please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit).

1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Directors' Report and Auditors' Report thereon.			
ORDINARY BUSINESS			**FOR**	**AGAINST**
2.	Payment of Directors' fees of RM1,162,500 for the financial year ended 31 December 2015	(Resolution 1)		
3.	Declaration of final single-tier dividend of 2 sen per share	(Resolution 2)		
4.	Re-election of Madam Tan Ler Chin who retires in accordance with Article 105 of the Company's Articles of Association	(Resolution 3)		
5.	Re-election of Datuk Idris bin Abdullah who retires in accordance with Article 105 of the Company's Articles of Association	(Resolution 4)		
6.	Re-election of Datuk Dr. Syed Muhamad bin Syed Abdul Kadir who retires in accordance with Article 105 of the Company's Articles of Association	(Resolution 5)		
7.	Re-election of Mr. Kohei Hirao who retires in accordance with Article 111 of the Company's Articles of Association	(Resolution 6)		
8.	Re-appointment of Messrs. KPMG as Auditors of the Company	(Resolution 7)		
SPECIAL BUSINESS				
9.	Payment of Directors' fees not exceeding RM1,500,000 for each financial year commencing from the financial year ending 31 December 2016	(Resolution 8)		

Signed this _____________day of_________2016

____

Signature of member/Common Seal

Notes:

1. The proxy form, to be valid, must be deposited at the Company's Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the meeting or any adjournment thereof.
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4. In the case of joint holders, the signature of any one of them will suffice.
5. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless it specifies the proportion of its holdings to be represented by each proxy.
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8. Only depositors whose names appear on the Record of Depositors as at 14 April 2016 shall be entitled to attend the Annual General Meeting or appoint proxies to attend and/or vote on their behalf.

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Malakoff Corporation Berhad
Annual General Meeting

STAMP

To

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House,
Pusat Dagangan Dana 1, Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor Darul Ehsan,
Malaysia

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MALAKOFF
A Member of MMC Group

MALAKOFF CORPORATION BERHAD (731568-V)
Level 12, Block 4, Plaza Sentral, Jalan Stesen Sentral 5,
50470 Kuala Lumpur, MALAYSIA.

Tel : +603-2263 3388 Fax : +603-2263 3333

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