If an industry restructuring (in the event the electricity industry in Malaysia is revamped with a view to set up a power pool or other market system) is implemented and the parties have not reached an agreement on amendments to the TBE PPA within a period of six months from the commencement of such negotiations, TNB may terminate the TBE PPA immediately by giving written notice to TBE and TNB shall purchase the Tanjung Bin Energy Power Plant from TBE in the manner and for the purchase price determined under the TBE PPA. TBE shall render its assistance to TNB by participating in any intermediate market set up prior to such restructuring and providing relevant data to its operations which is not commercially confidential as TNB may request, in the event of an industry restructuring and ensure that the financing parties for TBE in relation to the Tanjung Bin Energy Power Plant acknowledge and are bound by TNB's rights.

The principal sale and purchase obligations of both TBE and TNB are as follows:

(a) TNB shall purchase all test energy generated by a unit in accordance with the TBE PPA throughout the TBE PPA Term;

(b) TBE shall deliver and TNB shall purchase the net electrical output generated by the Tanjung Bin Energy Power Plant upon a despatch instruction, payment of which is in accordance with the TBE PPA;

(c) TBE shall declare and sell, and TNB shall purchase the daily available capacity of the Tanjung Bin Energy Power Plant, payment of which is in accordance with the TBE PPA; and

(d) TBE shall, during an emergency condition, use all reasonable efforts to provide electrical energy or generating capacity above the declared daily available capacity of the Tanjung Bin Energy Power Plant and TNB shall reimburse TBE for any reasonable additional costs incurred by TBE.

TNB however, shall not be obliged to purchase the net electrical output generated from the Tanjung Bin Energy Power Plant under the following events:

(a) an emergency condition occurs within the grid system which resulted in TNB being unable to accept net electrical output from the Tanjung Bin Energy Power Plant;

(b) the net electrical output does not conform to the electrical characteristics described in the TBE PPA; and

(c) TNB intentionally interrupts the acceptance of electrical energy from the Tanjung Bin Energy Power Plant to conduct necessary maintenance of the interconnection facilities, metering equipment or grid system, provided that advance notice of not less than 72 hours of any such planned maintenance has been given.

Notwithstanding the events stipulated under items (a) and (c) above, TNB shall continue to make available capacity payments to TBE in accordance with the terms of the TBE PPA unless the occurrence of any of the events set out above is due to a breach or default by TBE of its obligations under the TBE PPA. TNB shall also reimburse TBE for any reasonable additional costs incurred by TBE as a result of a shutdown of the Tanjung Bin Energy Power Plant (if applicable), arising from the events stipulated under items (a) and (c) above which are caused by TNB. Additionally, TBE shall not be obliged to deliver and sell the net electrical output from the Tanjung Bin Energy Power Plant as a result of an emergency condition.

The TBE PPA provides for TNB to pay TBE the following:

(a) test energy payments, for the electrical energy despatched by a unit during the test period;

(b) energy payments;

(c) available capacity payments; and

(d) start-up payments,

all of which, the payment amounts are determined in accordance with the TBE PPA.

For details on TBE's and TNB's rights and obligations under the TBE PPA, the provisions relating to the force majeure events and events of default as well as the computations of the available capacity payments and energy payments, see Annexure C.13 of this Prospectus.

If there is a change-in-law which requires TBE to make any material capital improvement or other material modification to the Tanjung Bin Energy Power Plant in order to comply with any such law, where such improvement or modification is in excess of RM10.0 million for any contract year, TBE shall be entitled to an extension of the TBE PPA Term, which shall be mutually agreed between TBE and TNB, and where such an extension is not commercially feasible, a revision to the capacity rate financial, as the case may be. A change in the grid code shall be treated as a change-in-law.

Further details on the equity restriction applicable to TBE are set out in Annexure A of this Prospectus.

(ii) The TBE CSTA was entered into between TBE and TFS for the supply and delivery of coal by TFS to TBE. The TBE CSTA requires TFS to provide coal for the Tanjung Bin Energy Power Plant to meet TBE's obligations to generate and deliver electrical energy under the TBE PPA. The TBE CSTA provides for a term period which mirrors the TBE PPA Term under the TBE PPA and shall, where the term under the TBE CSTA is not extended by mutual agreement of the parties, continue in effect until the earlier of its expiry in 2041 or termination of the TBE CSTA.

In the event TBE is entitled to procure coal from other party other than TFS due to TFS's default under the TBE CSTA, TBE shall obtain the prior approval of the fuel committee. The TBE CSTA provides that TFS will reimburse TBE for any higher cost of coal purchased from third-parties in an event due to TFS's default under the TBE CSTA. If the price of coal supplied by third-parties are different from the applicable coal price set by TNB (in consultation with both TFS and TBE), TNB shall pay to TBP the differential amount of the price of coal paid by TBE to third-parties where a higher applicable coal price is incurred for a shipment of coal.

The base price for coal delivered in any delivery month shall be derived by multiplying the prevailing applicable coal price by 23.0274, being the factor to convert RM per GJ to RM per tonne of coal, using an assumed GCV equal to the reference GCV of 5,500 kcal/kg. The base price shall vary from time to time in accordance with variation in the applicable coal price.

For details on TBE's and TFS' rights and obligations in respect of the supply, delivery and purchase of coal under the TBE CSTA and the provisions relating to the force majeure events and termination, see Annexure C.14 of this Prospectus.

7.24.7 TBEI

The TBEI EPC Contract was entered into between TBEI and the EPC contractors, comprising Alstom Power, Alstom Services, Shin Eversendai and Mudajaya, for the design, engineering, procurement, construction, installation, testing, commissioning and completion of the Tanjung Bin Energy Power Plant, the interconnection facilities and the metering equipment by the EPC contractors.

Under the terms of the TBEI EPC Contract, the TBEI EPC Contract provides that the EPC contractors shall achieve the following milestones: (i) the substantial completion of the interconnection facilities and the metering equipment of the Tanjung Bin Energy Power Plant by 30 June 2014; and (ii) the substantial completion of the Tanjung Bin Energy Power Plant on 1 March 2016 ("**Substantial Completion of the Tanjung Bin Energy Power Plant**"). TBEI shall pay to the EPC contractors a lump-sum price ("**EPC Contract Price**"). The EPC Contract Price comprise an onshore portion and an offshore portion. The onshore portion is in the amount of approximately RM2.2 billion and the offshore portion is in the amount of approximately USD534.0 million and approximately EUR238.0 million.

For details on certain warranties and obligations by the EPC contractors in respect of the Tanjung Bin Energy Power Plant and provisions relating to the termination, see Annexure C.15 of this Prospectus.

7.24.8 M Power

(i) The preamble to the long-term spare parts agreement and the long-term spare parts agreement, both dated 18 August 2011 were entered into between TJSB and Alstom Services and as novated by the novation agreement dated 18 January 2013 made between TJSB, Alstom Services and M Power for the novation of these agreements by TJSB to M Power ("**LTPA**"), for the provision of spare parts comprising hot gas path components of gas turbines such as turbine blading, rotor, compressor blading, combustion chamber and other installation hardwares and other non gas/steam turbine spare parts that are required for the equipments in the Lumut Power Plant (collectively "**Spare Parts**") by Alstom Services. The LTPA takes effect from 18 August 2011 until the earlier of (i) the completion of a total of 17 C-Inspections for gas turbine units (tentatively scheduled to complete in March 2022), and including a total of 3 C-Inspections for steam turbine units (tentatively scheduled to complete in May 2016), or (ii) 31 December 2022. TJSB is to pay the purchase order price in accordance with the terms of the LTPA for the supply of the Spare Parts.

For provisions relating to the termination of the LTPA, see Annexure C.16 of this Prospectus.

(ii) The preamble to the long-term reconditioning service agreement and the long-term reconditioning service agreement, both dated 18 August 2011 were entered into between TJSB and Alstom Services and as novated by the novation agreement dated 18 January 2013 made between TJSB, Alstom Services and M Power for the novation of these agreements by TJSB to M Power ("**LTRA**"), for the provision of reconditioning services on turbine rotor blades, turbine rotor heat shields, turbine stator vanes, turbine stator heat shields, lances and burner in the Lumut Power Plant by Alstom Services (collectively, "**Reconditioning Services**"). The LTRA shall be in force from 18 August 2011 until the earlier of (i) the completion of a total of 17 C-Inspections for gas turbine units (tentatively scheduled to be completed in March 2022), and including a total of 3 C-Inspections for steam turbine units (tentatively scheduled to be completed in May 2016), or (ii) 31 December 2022.

For provisions relating to the termination of the LTRA, see Annexure C.17 of this Prospectus.

(iii) Long-term service agreement dated 19 December 2000 and as amended by the amendment agreements dated 25 October 2002 and 1 January 2009 were entered into between NASB, GE Energy Parts, Inc. ("**GEEPI**") and GE Power Systems (Malaysia) Sdn Bhd ("**GEPSM**") and further amended pursuant to the settlement and release agreement between our Company, PPSB, NASB, GEEPI, GEPSM, General Electric International Inc and General Electric Company dated 12 December 2012 and further novated by the novation agreement dated 18 January 2013 made between NASB, GEEPI, GEPSM and M Power for the novation of these agreements by NASB to M Power ("**LTSA**"), provide for the following:

(a) provision of maintenance services with respect to the covered unit; and

(b) the supply of parts and services (including technical advice, repair and labour services) for the maintenance of the covered unit,

by GEEPI and GEPSM.

NASB shall pay to GEEPI and GEPSM, the LTSA price (which comprises the mobilisation payment, the periodic payments and the initial spare parts price) which excludes the payments payable for unplanned maintenance and additional works performed. The LTSA takes effect on 19 December 2000 and shall expire upon the completion of three major inspections or 23 years (being on 18 December 2023), whichever is earlier, unless sooner terminated.

For provisions relating to the termination of the LTSA, see Annexure C.18 of this Prospectus.

7.24.9 MWMPL

(i) The MWMPL Electricity Contract provides the mechanism under which the overall offtake price received by MWMPL for the electricity generated by the Macarthur Wind Farm is determined. The MWMPL Electricity Contract is documented as a confirmation under a 2002 International Swaps and Derivatives Association ("**ISDA**") Master Agreement. The MWMPL Electricity Contract operates as a contract in which MWMPL receives the difference between a fixed price for a fixed volume of electricity and the price at which the electricity generated by the Macarthur Wind Farm is sold into the merchant electricity market.

MWMPL Electricity Contract provides for a term of 25 years and terminates on 31 January 2038.

During the term of the MWMPL Electricity Contract, AGL Hydro agrees to pay MWMPL a fixed price for a fixed volume of electricity (irrespective of the amount of electricity generated by the Macarthur Wind Farm) and MWMPL agrees to pay to AGL Hydro the market proceeds from the sale of electricity.

Payments under the MWMPL Electricity Contract can be adjusted in limited circumstances which are set out in the MWMPL Agency Deed. For details on these circumstances, see Annexure C.21 of this Prospectus.

MWMPL is required to obtain the prior consent of AGL Hydro for any assignment of its rights under the MWMPL Electricity Contract and consent may not be unreasonably withheld or delayed.

For provisions relating to the termination and events of default under the MWMPL Electricity Contract, see Annexure C.19 of this Prospectus.

(ii) The MWMPL NEP Contract provides the mechanism under which the overall price received by MWMPL for the renewable energy certificates created by the Macarthur Wind Farm is determined. The MWMPL NEP Contract is documented as a confirmation under a 2002 ISDA Master Agreement. The MWMPL NEP Contract acts as a fixed forward commodity contract in which MWMPL sells all its specified portion (50%) of the renewable energy certificates (meaning the large-scale generating certificates created under the *Renewable Energy (Electricity) Act 2000* (Cth)) ("**Nominated Environmental Products**") generated by the Macarthur Wind Farm and is paid a fixed amount for a notional fixed quantity of renewable energy certificates.

The MWMPL NEP Contract terminates on the date which is the earlier of (i) the date of expiration or termination of the regulatory scheme that governs the Nominated Environmental Products, provided that on that date no other environmental product is a Nominated Environmental Product as provided under the MWMPL NEP Contract; or (ii) 30 December 2030. Following the expiry of the MWMPL NEP Contract, additional payments are to be made by AGL Hydro to MWMPL and Macarthur WFPL under the MWMPL Agency Deed, which are structured so as to deliver an equivalent payment stream.

During the term of the MWMPL NEP Contract, AGL Hydro agrees to pay a fixed price for a fixed quantity of renewable energy certificates and MWMPL agrees to pay to AGL Hydro the market proceeds from the sale of renewable energy certificates.

Payments under the MWMPL NEP Contract can be adjusted in limited circumstances which are set out in the MWMPL Agency Deed. For details on these circumstances, see Annexure C.21 of this Prospectus.

MWMPL is required to obtain the prior consent of AGL Hydro for any assignment of its rights under the MWMPL NEP Contract and consent may not be unreasonably withheld or delayed.

For provisions relating to the termination and events of default under the MWMPL NEP Contract, see Annexure C.20 of this Prospectus.

(iii) The MWMPL Agency Deed provides for the treatment of renewable energy certificates under the MWMPL NEP Contract and general environmental products (any renewable energy certificate other than Nominated Environmental Products), the appointment of AGL Hydro as agent for MWMPL under key contracts, including landowner agreements and construction contracts, and the consequences of damage to the Macarthur Wind Farm. The MWMPL Agency Deed commences on the date of execution until the earlier of the date the MWMPL Agency Deed is terminated or the day immediately prior to the 25th anniversary of 1 February 2013.

MWMPL is required to obtain the prior consent of AGL Hydro for any assignment of its rights under the MWMPL Agency Deed and consent may not be unreasonably withheld or delayed.

For provisions relating to the termination and change-in-law under the MWMPL Agency Deed as well as the adjustment to payments of the MWMPL Electricity Contract and the MWMPL NEP Contract, see Annexure C.21 of this Prospectus.

(iv) The MWMPL Asset Management Deed provides for the appointment AGL Hydro to manage the construction process for the Macarthur Wind Farm and to operate, maintain and manage the Macarthur Wind Farm for the term of the MWMPL Swap Contracts. The MWMPL Asset Management Deed takes effect from the date of execution until the earlier of the date the MWMPL Asset Management Deed is terminated or the day immediately prior to the 25th anniversary of the 1 February 2013.

During the term of the MWMPL Asset Management Deed, AGL Hydro will receive payment of the quarterly maintenance fees, as provided under the MWMPL Asset Management Deed, from MWMPL and Macarthur WFPL.

MWMPL is required to obtain the prior consent of AGL Hydro for any assignment of its rights under the MWMPL Asset Management Deed and consent may not be unreasonably withheld or delayed.

For provisions relating to the termination and events of default under the MWMPL Asset Management Deed, see Annexure C.22 of this Prospectus.

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FROST & SULLIVAN

MSC MALAYSIA Status Company

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Date: 16 APR 2015

The Board of Directors
Malakoff Corporation Berhad
Level 12, Block 4, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
Malaysia

Dear Sirs,

Executive Summary of the Independent Market Research Report on the Electricity Supply Industry in Malaysia, selected South East Asia countries and Australia, and on the Electricity Supply and Water Production Industries in the Middle East and North Africa ("MENA") Region for Malakoff Corporation Berhad ("Malakoff" or the "Company")

We, Frost & Sullivan GIC Malaysia Sdn Bhd ("**Frost & Sullivan**"), have prepared this Executive Summary of the Independent Market Research report on the electricity supply industries in Malaysia, selected South East Asia countries and Australia, and on the electricity supply and water production industries in the MENA region ("**the Report**") for inclusion in Malakoff's Prospectus dated 17 Apr 2015 ("**Prospectus**") in relation to the initial public offering and the listing of and quotation for the entire enlarged issued and paid-up share capital of Malakoff on the Main Market of Bursa Malaysia Securities Berhad.

We are aware that this Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 215 of the Capital Markets and Services Act, 2007.

This research is undertaken with the purpose of providing an analysis on the electricity supply industries in Malaysia and selected South East Asia countries and on the electricity supply and water production industries in the MENA region, as well as an overview on the electricity supply industry in Australia.

We acknowledge that if we are aware of any significant changes affecting the content of this Report between the date hereof and the issue date of the Prospectus, we have an on-going obligation to either cause this Report to be updated for the changes and, where applicable, cause Malakoff to issue a supplementary prospectus, or withdraw our consent to the inclusion of this Report in the Prospectus.

Frost & Sullivan has prepared this Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this Report. We believe that this Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this Report. This Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this Report or otherwise.

For and on behalf of Frost & Sullivan GIC Malaysia Sdn Bhd:

June Liang
Director
Business and Financial Services

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Note:

Any inconsistencies in the following Report relating to breakdown of figures and percentages are the results of rounding off.

1 ANALYSIS OF THE ELECTRICITY SUPPLY INDUSTRY IN MALAYSIA

1.1 ECONOMIC OVERVIEW OF MALAYSIA

The Malaysian economy registered a higher growth of 5.8% in the fourth quarter of 2014 (3Q 2014: 5.6%), driven mainly by stronger private sector spending. On the supply side, growth was sustained by the major economic sectors, supported by trade and domestic activities. On a quarter to quarter seasonally-adjusted basis, growth momentum increased to 2.0% (3Q 2014: 0.9%). For the year of 2014, the Malaysian economy grew by 6.0%.

The Malaysian economy is expected to remain on a steady growth path. The gradual recovery in global growth will lend support to manufactured export performance, although overall export growth would likely remain modest amid lower commodity prices. Domestic demand is expected to remain favourable amidst the lower oil prices. Investment activity is projected to remain resilient, with broad-based capital spending by both the private and public sectors cushioning the lower oil and gas-related investment activity. While private consumption is expected to moderate, the steady rise in income and employment, and the additional disposable income from the lower oil prices would support household spending.

Source: Extracted from the Economic and Financial Developments in Malaysia in the Fourth Quarter of 2014, BNM

1.2 BACKGROUND OF THE ELECTRICITY SUPPLY INDUSTRY IN MALAYSIA

The electricity supply industry in Malaysia jointly refers to the power generation, transmission and distribution of electricity. The electricity supply industry in Malaysia is vital to the development of Malaysia and serves a combined consumer base from the residential, commercial, industrial and other sectors[1]. The Government of Malaysia monitors and closely regulates the electricity supply industry through various Government agencies, among others, such as the Economic Planning Unit ("**EPU**") (Energy Unit), Ministry of Energy, Green Technology and Water ("**KeTTHA**"), Energy Information Bureau and Energy Commission ("**EC**").

The power generation utility companies comprise Tenaga Nasional Berhad ("**TNB**") in Peninsular Malaysia, Sabah Electricity Sdn Bhd ("**SESB**") in Sabah, Sarawak Energy Berhad ("**SEB**"), owned by the Sarawak State Government, Independent Power Producers ("**IPPs**") and small power generation plants under the Small Renewable Energy Power ("**SREP**") programme licenced by the Government of Malaysia. Utility companies, IPPs and participants under the SREP programme generate electricity from energy sources to be sold to consumers. The Government of Malaysia owns a golden share[2] in TNB which gives it veto power for major decisions in TNB, which is also the controlling shareholder of SESB in Sabah. Meanwhile, TNB, SESB and SEB (via Syarikat SESCO Bhd ("**SESCO**")) are responsible for the transmission and distribution of electricity to end consumers in Peninsular Malaysia, Sabah and Sarawak respectively. The electricity generated is transmitted throughout the country via the National Power Grid or the respective state grids. In Peninsular Malaysia, the National Power Grid is owned by TNB, while SESB and SESCO own the state grids in Sabah and Sarawak respectively.

Private Participation in the Power Generation Industry

In 1992, following a nationwide power blackout and a series of interruptions, the Government of Malaysia, through the award of Power Purchase Agreements ("**PPAs**"), opened the electricity generation sector to private participants or the IPPs. The first generation of gas-fired IPP power plants began commercial operations in 1993 and 1994. Two of the power plants, one owned by Malakoff Corporation Berhad ("**Malakoff**") i.e. the plant under Segari Energy Ventures Sdn Bhd ("**Segari Energy Ventures**") in Lumut and another via Malakoff's

[1] Source: EC's Performance & Statistical Information 2012

[2] A golden share gives its shareholder veto power over changes to a company's charter.

then associate company, Port Dickson Power Berhad ("**Port Dickson Power**"[3]), are among the first generation IPPs. The second generation gas-fired IPP power plants began commercial operations between 1998 and 2001. Malakoff's plants under Prai Power Sdn Bhd ("**Prai Power**"), GB3 Sdn Bhd ("**GB3**") and associate Kapar Energy Ventures Sdn Bhd ("**Kapar Energy Ventures**") are under this category. The third generation of mainly coal-fired power plants, namely those under Ranhill Powertron Sdn Bhd ("**Ranhill Powertron I**"), Ranhill Powertron II Sdn Bhd ("**Ranhill Powertron II**"), Jimah Energy Ventures Sdn Bhd ("**Jimah Energy Ventures**") and Malakoff's Tanjung Bin Power Sdn Bhd ("**Tanjung Bin Power**"), have each been in commercial operations for less than 10 years.

1.3 ELECTRICITY CONSUMPTION TRENDS

1.3.1 Historical Electricity Consumption Trends

The electricity consumption in Malaysia is estimated to have increased at a compound annual growth rate ("**CAGR**") of 5.5% from 92,814 Gigawatt hours ("**GWh**") in 2008 to 121,271 GWh in 2013. Moving forward, the demand for electricity consumption will accelerate upwards at a healthy pace as a result of future economic growth. Electricity consumption in Malaysia is anticipated to grow at a CAGR of 9.7%, from 126,565 GWh in 2014 to 183,310 GWh in 2018.

Frost & Sullivan estimates that the demand for electricity consumption in Peninsular Malaysia is expected to grow at a CAGR of 3.5% from 110,193 GWh in 2014 to 126,571 GWh in 2018. The growth in electricity consumption in Peninsular Malaysia is expected to be driven by economic growth in the Iskandar Development Region in South Johor ("**Iskandar Malaysia**"). For example, the projected power supply demand in Iskandar Malaysia is expected to grow from 1,479 megawatt ("**MW**") in 2010 to 2,254 MW in 2020[4] at a CAGR of 4.3%..

Table 1:1: Historical and Projected Electricity Consumption (GWh) in Malaysia and Peninsular Malaysia, 2008 – 2018F

Year	Malaysia		Peninsular Malaysia		East Malaysia	
	Electricity Consumption (GWh)	Growth Rate (%)	Electricity Consumption (GWh)	Growth Rate (%)	Electricity Consumption (GWh)	Growth Rate (%)
2008	92,814	n/a	84,924	n/a	7,890	n/a
2009	96,312	3.8	87,950	3.6	8,362	6.0
2010	104,523	8.5	94,666	7.6	9,857	17.9
2011	107,386	2.7	97,939	3.5	9,447	-4.2
2012	116,354	8.4	102,174	4.3	14,180	50.1
2013E	121,271	4.2	106,057	3.8	15,214	7.3
2014F	126,565	4.4	110,193	3.9	16,372	7.6
2015F	140,487	11.0	114,160	3.6	26,327	60.8
2016F	154,524	10.0	118,155	3.5	36,368	38.1
2017F	168,793	9.2	122,291	3.5	46,502	27.9
2018F	183,310	8.6	126,571	3.5	56,739	22.0
CAGR 2008 to 2013E	**5.5%**		**4.5%**		**14.0%**	
CAGR 2014F to 2018F	**9.7%**		**3.5%**		**36.4%**	

Source: EC's Performance *& Statistical Information, National Energy Balance 2010 – 2012, Peninsular Malaysia Electricity Supply Industry Outlook 2014, SEB and Frost & Sullivan*

Peninsular Malaysia remains the primary consumer of electricity in Malaysia, consuming about 90% of the electricity generated. This region consumed approximately 81,710 GWh of

[3] Port Dickson Power is a wholly-owned subsidiary of Malakoff since April 2014.
[4] Source: South Johor Economic Region *Comprehensive Development Plan* 2006 to 2025 (SJER CDP 2006 to 2025)

electricity in 2007 and its consumption increased to 102,174 GWh in 2012 at a CAGR of 4.6%. Meanwhile, Sabah and Sarawak have been growing at a faster pace of 8.3% and 16.6% respectively over the same period, while still recording lower electricity consumption compared to Peninsular Malaysia. In 2013, the consumer base of electricity in Peninsular Malaysia exceeded 7.9 million as compared to Sarawak and Sabah, which had only approximately 510,000 and 574,000 consumers, respectively in the corresponding year. Frost & Sullivan estimates that the demand for electricity consumption in East Malaysia is expected to grow at a CAGR of 36.4% from 16,372 GWh in 2014 to 56,739 GWh in 2018.

Table 1:2: Electricity Consumption (GWh) in Malaysia by Region, 2007 – 2013

Location	Number of Consumers ('000)							CAGR (%)
	2007	2008	2009	2010	2011	2012	2013	
Peninsular Malaysia	6,688	6,932	7,177	7,432	7,652	7,879	7,929	2.9
Sabah	384	402	420	441	464	486	510	4.8
Sarawak	448	466	484	505	529	549	574	4.2
Malaysia	**7,520**	**7,800**	**8,081**	**8,378**	**8,645**	**8,914**	**9,013**	**3.1**

Note: Data for 2013 is not publicly available as at the publication of this Report.

Source: EC's Performance & Statistical Information and Frost & Sullivan

Table 1:3: Number of Consumers ('000) in Malaysia by Region, 2007 – 2013

Sector	Number of Consumers ('000)							CAGR (%)
	2007	2008	2009	2010	2011	2012	2013	
Industrial	29	29	29	29	30	31	32	1.7
Commercial	1,180	1,240	1,301	1,367	1,430	1,489	1,496	4.0
Residential	6,259	6,475	6,692	6,919	7,117	7,322	7,409	2.9
Others*	52	56	59	63	68	72	76	6.5
Total	**7,520**	**7,800**	**8,081**	**8,378**	**8,645**	**8,914**	**9,013**	**3.1**

Note: Data for 2013 is not publicly available as at the publication of this Report.

Source: EC's Performance & Statistical Information and Frost & Sullivan

Frost & Sullivan estimates the electricity consumption of the industrial segment to grow at a CAGR of 9.6% between the period of 2014 and 2018, from 55,400 GWh to 79,972 GWh as a result of the implementation of key Entry Point Projects planned under the Economic Transformation Programme ("**ETP**"). In addition, the residential and commercial segment as well as the others segment are expected to grow at a CAGR of 9.4% and 27.8%, respectively over the same period. Electricity consumption in the residential and commercial segment is expected to increase from 70,071 GWh in 2014 to 100,417 GWh in 2018, growing at a CAGR of 9.4%.

Table 1:4: Electricity Consumption (GWh) in Malaysia by Sector, 2008 to 2018F

Year	Industrial	Residential & Commercial	Others*
2008	42,844	49,572	398
2009	43,225	52,710	377
2010	46,419	57,611	492
2011	47,032	59,834	520
2012	52,406	63,355	593
2013E	52,645	67,798	827
2014F	55,400	70,071	1,094
2015F	61,847	77,169	1,470
2016F	67,827	84,798	1,899
2017F	73,946	92,465	2,382
2018F	79,972	100,417	2,921
CAGR 2008 to 2013E	**4.2%**	**6.5%**	**15.8%**
CAGR 2014F to 2018F	**9.6%**	**9.4%**	**27.8%**

*Includes public lighting, mining and agriculture, among others.

Source: EC's Performance & Statistical Information and Frost & Sullivan

1.3.2 Industry Drivers

Government Initiatives to Drive Economic Growth

The economic growth and pace of a country's development strongly correlates with the amount of electricity utilised. As a country develops, more electricity is required for new residential and commercial property developments, increasing industrial activities, as well as other public amenities which include, among others, public lighting and public transport (such as light-rail transit and mass rapid transit). Hence, growth in Malaysia's gross domestic product ("**GDP**") per capita reflects the total electricity consumption per capita trend, which has increased from 1990 to 2012. In 2013, the Malaysian economy grew by 4.7%[5] and its GDP stood at RM787.6 billion[6]. GDP in Malaysia grew further by 6.0% in 2014[7] and according to the Ministry of Finance Malaysia, GDP growth is expected to range from 4.5% to 5.5% for 2015[8].

Further growth in the economy is outlined in the 10th Malaysia Plan ("**10MP**"), which strives to transform Malaysia into a high income nation by 2020 by focusing on 12 National Key Economic Areas ("**NKEAs**"). Among the identified NKEAs are wholesale and retail, financial services, tourism, electronics and electrical, education and greater Kuala Lumpur. The Government of Malaysia has also committed to the establishment of five economic growth corridors to promote free trade. These corridors are the Iskandar Malaysia Region, Northern Corridor Economic Region, East Coast Economic Region, Sabah Development Corridor and Sarawak Corridor of Renewable Energy. The electricity supply industry in Malaysia is expected to experience growth in the coming years, as a direct result of economic growth within Malaysia.

Increasing Usage of Electrical and Electronic Consumer Products

Electricity has become one of the basic necessities for modern living. It is used to power lights, drive industries and operate public facilities such as the water supply system, communication system and public transportation system and most importantly, the national security systems. The increase in Malaysia's GDP per capita is expected to bring about an increase in the disposable income amongst the population, which in turn will drive the sale of consumer electrical and electronic products.

1.3.3 Industry Constraints

Effects of the Global Economic Recession

The industrial and commercial sectors are the largest consumers of electricity. Electricity is required in mining and construction activities as well as to operate factories, refineries, manufacturing facilities, commercial or business centres and retail outlets. As such, any economic slowdown may impact these sectors as consumer spending slowed, resulting in a decrease in demand for products and raw materials. This further leads to reduced construction, mining and industrial activities, signifying that energy requirement from these sectors will also decrease.

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[5] BNM
[6] GDP at 2005 prices, retrieved from DOS Malaysia
[7] BNM
[8] Special Address by the Prime Minister titled "Current Economic Developments and Government's Financial Position" dated 20 January 2015

1.4 ELECTRICITY SUPPLY TRENDS

1.4.1 Installed Capacity

According to EC, as at 31 January 2015, the installed capacity in Peninsular Malaysia stood at 21,509.4 MW[9,10]. The three largest IPPs in Peninsular Malaysia based on effective capacity are Malakoff (with a market share of 24.9%), Edra Global Energy Bhd ("**Edra**") (14.4%) and YTL (5.4%). In addition, TNB also holds a market share of 50.2% based on its effective capacity in IPPs and non-IPPs in Peninsular Malaysia. Out of the 21,509.4 MW, the installed capacity of coal-fired power plants totalled up to 7,170 MW. Tanjung Bin Power, which has a capacity of 2,100 MW, is the largest coal-fired power plant in Peninsular Malaysia as at 31 January 2015, accounting for approximately 29.3% of the total installed capacity of coal-fired power plants in Peninsular Malaysia. Tanjung Bin Power is also the first privately owned coal-fired power plant in Malaysia and one of the largest privately owned coal-fired power plants in SEA, based on generation capacity, as at 20 March 2015. Due to unavailability of publicly available information of comparable installed capacity for East Malaysia and types of power plants, the following sections have been prepared based on information as of 2012.

In 2012, the total installed capacity in Malaysia was recorded at 28,296 MW, of which 84.0% or 23,759 MW was located in Peninsular Malaysia. In Malaysia, IPPs held 60.5% or 17,127 MW of the total installed capacity. IPPs in Peninsular Malaysia owned 15,289 MW of the total 17,127 MW. Meanwhile, TNB owned 6,986 MW of the total installed capacity in non-IPP power plants in Peninsular Malaysia, where all of its power plants are situated. Thus, TNB held a market share of 24.7% in Malaysia. Elsewhere, SEB and SESB owned the remaining 6.3% or 1,769 MW of the total installed capacity in Malaysia. SEB held 4.8% or 1,352 MW of the total installed capacity in Malaysia while SESB owned 1.5% or 417 MW.

Table 1:5: Installed Capacity (MW) by Type of Plant in Peninsular Malaysia, Sabah and Sarawak, 2012

		Hydro	Natural Gas	Coal	Fuel Oil	Diesel	Total
PM	TNB	1,911	5,075	-	-	-	6,986
	IPPs	20	8,069	7,200	-	-	15,289
	Co-generation	-	834	-	35	7	876
	Self-Generation	-	31	-	-	577	608
	Subtotal	**1,931**	**14,009**	**7,200**	**35**	**584**	**23,759**
SAB	SESB	69	105	-	-	244	417
	IPPs	-	494	-	144	-	638
	Co-generation	-	42	-	-	60	102
	Self-Generation	-	-	-	-	526	526
	Subtotal	**69**	**641**	**-**	**144**	**830**	**1,683**
SWK	SEB	101	608	480	-	163	1,352
	IPPs	1,200	-	-	-	-	1,200
	Co-generation	-	289	-	-	-	289
	Self-Generation	-	-	-	-	13	13
	Subtotal	**1,301**	**897**	**480**	**-**	**176**	**2,854**
TOTAL		**3,301**	**15,547**	**7,680**	**179**	**1,590**	**28,296**

PM – Peninsular Malaysia; SWK – Sarawak; SAB – Sabah
Notes:
(1) Data for 2013 is not publicly available as at the publication of this Report

[9] Peninsular Malaysia Electricity Supply Outlook 2013 and 2014
[10] Source: Excluding Nur Generation Sdn Bhd, Musteq Hydro Sdn Bhd, co-generation and self-generation, as well as including the retirement of 240 MW generation set in Pasir Gudang Power Station as published by EC

(2) Numbers may not add up to total amount due to rounding

Source: National Energy Balance Report 2012, Frost & Sullivan

1.4.2 Key Sources of Electricity

The total installed capacity in Malaysia in 2012, including the installed capacity from self-generation and co-generation, was estimated at 28,296 MW, which represents a CAGR of 6.9% from 21,666 MW in 2008. Estimates for 2012 indicate that 54.91% of fuel used for power generation was sourced from natural gas, followed by coal (27.13%), hydroelectric power (11.72%), diesel (5.61%) and fuel oil (0.63%).

The installed capacity for coal-fired power plants recorded a CAGR of 5.7%, having increased from 6,145 MW in 2008 to 7,680 MW in 2012, which is higher than the CAGR of gas-fired power plants. Gas-fired power plants recorded a CAGR of 4.9% over the same period. During this period, the Government of Malaysia approved four major power plant projects in Peninsular Malaysia, one of which was Malakoff's additional 1,000 MW capacity expansion of its Tanjung Bin coal-fired power plant in Pontian, Johor.

Table 1:6: Installed Capacity (MW) by Fuel Type in Malaysia, 2008 – 2012

Year	Installed Capacity (MW)					
	Natural Gas	Coal	Hydro	Diesel	Oil	Total
2008	12,821	6,145	2,106	339	255	21,666
2009	13,581	7,680	2,108	389	270	24,028
2010	13,767	7,680	2,108	346	260	24,161
2011	14,956	7,680	3,002	1,513	810	27,961
2012	15,547	7,680	3,301	1,590	179	28,296
CAGR 2008- 2012	**4.9%**	**5.7%**	**12.0%**	**47.1%**	**-8.5%**	**6.9%**

Note: Data for 2013 is not publicly available as at the publication of this Report.

Source: National Energy Balance Malaysia

Table 1:7: Percentage of Installed Capacity (%) by Fuel Type in Malaysia, 2008 – 2012

Year	Installed Capacity (%)				
	Natural Gas	Coal	Hydro	Diesel	Fuel Oil
2008	59.18	28.36	9.72	1.56	1.18
2009	56.53	31.96	8.77	1.62	1.12
2010	56.98	31.79	8.72	1.43	1.08
2011	53.49	27.47	10.74	5.41	2.90
2012	54.94	27.14	11.67	5.62	0.63

Note: Data for 2013 is not publicly available as at the publication of this Report in 2014

Source: EC's Performance & Statistical Information 2012, National Energy Balance Malaysia

The electricity supply industry is a key consumer of both fossil and non-fossil fuels. Total fuel consumption in this industry increased from 24,164 kilo tonnes of oil equivalent ("**ktoe**") in 2008 to 29,181 ktoe in 2012. The increase of 20.8% in terms of total fuel consumption is inevitable as the industry continues to serve an increasing consumer base from both the residential and commercial sectors. Frost & Sullivan notes that fuel is a pass through item, whereby IPPs are able to pass on the purchase cost of fuel to TNB for reimbursement.

Among different types of fuel, natural gas is an attractive choice of fuel as it receives price subsidy from the Government of Malaysia. Natural gas has generally formed the largest percentage of consumed fossil fuels in the electricity supply industry, forming more than half of the total fuel consumption in 2008 in Malaysia. It has since decreased to approximately 40% in 2012, as the Government of Malaysia has shifted towards coal and other sources which would lower the subsidy cost to the Government of Malaysia and also mitigate supply chain issues such as the December 2010 fire at Bekok offshore platform and the April to June 2011 Petroliam Nasional Berhad ("**PETRONAS**") gas maintenance shutdown. In 2011, increased fuel oil consumption was due to the additional use of coals, oils and distillate fuel to compensate for the gas supply chain issues.

Table 1:8: Total Fuel Consumption (ktoe) in the Electricity Supply Industry in Malaysia, 2008 – 2012

Year	Total Fuel Consumption (ktoe)					
	Coal	Natural Gas*	Hydro	Diesel	Fuel Oil	Total
2008	8,069	13,651	1,964	299	181	24,164
2009	9,010	13,390	1,627	384	205	24,616
2010	12,951	17,000	1,577	415	125	32,068
2011	13,013	10,977	1,850	981	1,103	27,924
2012	14,138	11,533	2,149	811	550	29,181

Note: Data for 2013 is not publicly available as at the publication of this Report.

Source: National Energy Balance 2012 and Frost & Sullivan

1.4.2.1 Non-Renewable Energy

Natural Gas

Malaysia has higher reserves of non-associated natural gas compared to associated gas. As at January 2012, Malaysia's associated gas reserves stood at 16.3 trillion standard cubic feet ("**tscf**") compared to 75.8 tscf of non-associated gas reserves.

Table 1:9: Reserves (tscf) of Natural Gas in Malaysia as at end 2013 and Production of Natural Gas (million standard cubic feet ("mmscf") per day ("mmscf/d")) in Malaysia as at 1 January 2012

Region	Reserves, trillion standard cubic feet (tscf)			Production million standard cubic feet per day, (mmscf/d)*
	Associated	Non-associated	Total	
Peninsular Malaysia	9,325	25,649	34,974	2,119.62
Sabah	3,765	9,454	13,218	436.16
Sarawak	3,330	46,798	50,123	3,965.25
Total	**16,420**	**81,901**	**98,315**	**6,521.03**

Note:

* Data for production is as at 1 January 2012, being the latest publicly available information.

Source: PETRONAS, National Energy Balance 2012, Malaysia Energy Statistics Handbook 2014, KeTTHA and EC

Natural gas is considered a cleaner fuel resource compared to coal and diesel because it produces fewer pollutants. Specifically, natural gas produces less carbon dioxide per unit of heat produced, which in turn results in natural gas-fired power plants having less maintenance for plants utilising it as a fuel. In 2012, approximately 56.5% of natural gas consumption was used for power generation[11].

Table 1:10: Consumption of Natural Gas (mmscf) in Malaysia, 2012

Sectors	Peninsular Malaysia	Sabah	Sarawak	Malaysia
Residential	21	-	-	21
Commercial	858	-	-	858
Industry	167,023	5,813	877	173,713
Non-energy	72,440	68,097	59,545	200,082
Transport	11,129	-	-	11,129
Power Stations	442,400	31,534	26,664	500,598
Total	**693,871**	**105,444**	**87,086**	**886,401**

[11] Data for 2013 is not publicly available as at the publication of this Report.

Notes:
(1) Data for 2013 is not publicly available as at the publication of this Report.
(2) Non-energy refers to the consumption of natural gas for use in the production of other petroleum products such as white spirit, paraffin waxes, lubricants, bitumen and other products.

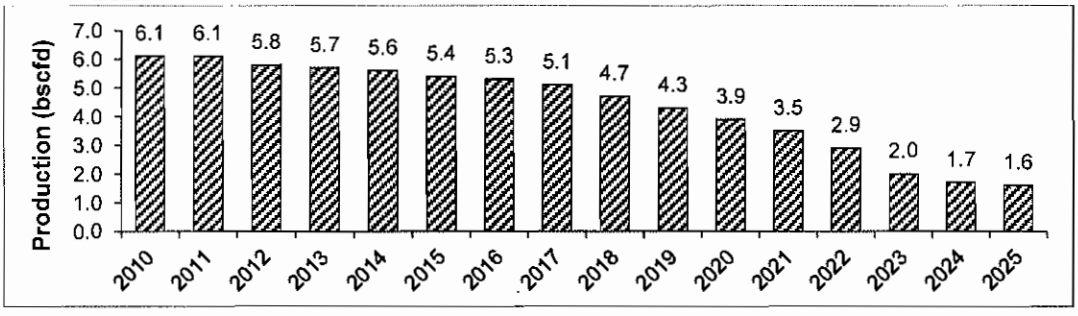
Source: National Energy Balance 2012, KeTTHA and EC

The longevity of the natural gas industry is dependent on natural gas reserves. The 2012 proven gas reserves in Malaysia were estimated to be 92.122 tscf. At 2012 production rates, the estimated gas reserves in both Peninsular Malaysia and East Malaysia are expected to last for about four decades.

Even though the estimated consumption of natural gas is expected to increase, the volume of natural gas from sources in Malaysia that is available for domestic use remains limited as natural gas continues to be used as an important foreign exchange revenue source. In order to meet the anticipated increase in demand for natural gas, the Government of Malaysia announced the construction of the first liquefied natural gas ("**LNG**") regasification terminal in Sungai Udang off the coast of Melaka, under the 10MP. This plant, with a capacity to receive, store and vaporise up to 3.8 million metric tonnes per annum ("**MTpa**") or 530 mmscf/d of LNG has been operational since May 2013. In November 2014, PETRONAS announced that it has entered into a joint venture with Dialog LNG Sdn Bhd[12] to develop a second LNG regasification terminal in Pengerang, Johor and the terminal is expected to be commissioned in 2017. The purpose of these two LNG regasification terminals is to counter the limited natural gas supply in Peninsular Malaysia, PETRONAS intends to import LNG into these LNG regasification terminal for regasification and distribution.

Domestic gas production, including imports from the Joint Development Area with Thailand, is expected to decline at a rate of 12% per annum over the coming decade. Presently, there is insufficient gas supply in the region to support Malaysia's anticipated demand for additional piped gas imports[13]. The ETP also anticipates a decline in the production of natural gas in Peninsular Malaysia between 2010 and 2025. The production of natural gas is expected to decline from 6.1 billion standard cubic feet per day ("**bscfd**") in 2010 to 1.6 bscfd in 2025 at a rate of 73.8%. Nevertheless, the actual production of natural gas in 2012 was higher than expected at 6.5 mmscf/d as compared to the expected production of 5.8 mmscf/d.

Chart 1:1: Anticipated Decline in the Production of Natural Gas (Peninsular Malaysia), 2010 – 2025



Source: ETP: A Roadmap for Malaysia, October 2010

The Government of Malaysia has been focusing on rationalising the subsidies on gas for the power and non-power sectors by 2015 as mentioned in the 10MP. The gas prices are revised twice a year to gradually reflect the market rates. For the period from January 2007 to June 2008, the Government of Malaysia had set the domestic price of natural gas at RM6.40 per million British thermal unit ("**mmbtu**") and this was revised to RM14.41 per

[12] Source: Announcement by PETRONAS Gas Bhd dated 14 November 2014.
[13] Extracted from the Independent Market Research Report, 2012 prepared by Frost & Sullivan for Gas Malaysia Berhad.

mmbtu in July 2008, RM10.70 per mmbtu in March 2009 and RM13.70 per mmbtu in June 2011. Effective January 2014, the price of subsidised gas used by the power sector was raised by 10.9% to RM15.20 per mmbtu. Nevertheless, in November 2014, EC announced that the current electricity rate will be maintained up to June 2015 in the interest of maintaining the welfare of Malaysian in view of the Government of Malaysia's ongoing subsidy rationalisation programs. As a result of this, the price for natural gas for the power generation industry will be maintained at RM15.20 per mmbtu until June 2015.

According to the Energy Information Administration ("**EIA**"), shale gas is a globally abundant resource. As of 2014, there are 3 countries, namely the US, Canada and China with commercially viable production of shale gas[14], while other countries have conducted laboratory test wells[15]. The 3 countries with the largest recoverable shale gas resources, which are China, Argentina and Algeria, have expressed interest in exploring its shale gas industry. However, Frost & Sullivan notes that shale gas production outside of the US is still in an early development stage, where multiple challenges, such as water scarcity (in China and Algeria), environmental concerns and lack of potential investments in Argentina are required to be addressed before large scale operation can be considered. Nonetheless, the lower production cost of shale gas and its abundant availability is expected to lead to a downward pressure on gas prices in the future.

Coal

Malaysia has abundant coal reserves in Sabah and Sarawak, with total reserves of 1,938.4 million MT as at 31 December 2012[16], but its coal-mining industry is underdeveloped. Development of these coal deposits would likely satisfy a large portion of the demand from the domestic power sector. However, these deposits are located in rural areas where the infrastructure is not fully developed. Furthermore, these deposits largely contain coal with low carbon value, which would lower the efficiency of power plants. Most of these coal deposits are only available through underground mining, which requires substantial capital investments. Due to these additional costs, the Government of Malaysia has opted to import coal from countries with larger coal reserves and more established coal industries, such as Indonesia, Australia, South Africa and Russia rather than developing the local coal mining industry[17].

Table 1:11: Consumption of Coal (metric tonnes ("MT")) in Malaysia, 2012

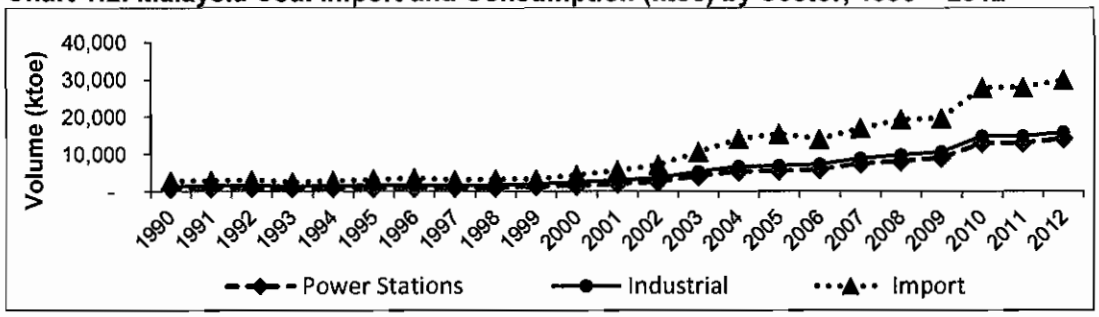
Sectors	Peninsular Malaysia	Sabah	Sarawak	Malaysia
Industrial	2,585,569	-	157,506	2,743,075
Power Stations	20,388,022	-	2,038,016	22,426,038
Total	22,973,591	-	2,195,522	25,169,113

Note: Data for 2013 is not publicly available as at the publication of this Report.

Source: National Energy Balance 2012, KeTTHA and EC

[14] EIA
[15] Article titled "North America leads the world in production of shale gas" published by EIA,
[16] National Energy Balance 2012, KeTTHA and EC
[17] TNBF: A Power Source Perspective to Energy Supply Stability, Cost and Environment

Chart 1:2: Malaysia Coal Import and Consumption (ktoe) by Sector, 1990 – 2012



Note: Data for and 2013 is not publicly available as at the publication of this Report.

Source: National Energy Balance 2012, KeTTHA and EC

In 2012, there were seven coal-fired power plants in Malaysia and the Government of Malaysia announced plans to commission another one in Sabah during the 10MP period. Coal is expected to remain a key source of alternative fuel in the coming years as the Government of Malaysia promotes research and development ("**R&D**") to identify technologies in reducing carbon emissions[18]. In addition, the Government of Malaysia has also been promoting investment in the latest supercritical boiler technologies to ensure greater efficiency and sustainability.

The power sector procures coal at global market rates and is not subsidised by the Government of Malaysia. The average cost of coal is expected to be lower than the average price of unsubsidised natural gas per unit of sold of electricity as Malaysia moves towards the rationalisation of subsidies for natural gas by 2015. Coal has the potential to emerge as a cheaper source of fuel due to its wider global availability.

The Newcastle free on board ("**FOB**") coal price, which is a key reference in the Asian thermal coal market, dropped by 17.1% from USD84.6 in 2013 to USD70.13 per MT in 2014.

Table 1:12: Production of Coal (million MT) Global and Malaysia, and Prices of Coal (USD/MT) Newcastle FOB and Malaysia (USD/mmbtu), 2007 – 2013

	Coal Production Volume		Coal Price	
Year	Global (million MT)	Malaysia (million MT)	Newcastle FOB (USD/MT) [1]	Malaysia (c.i.f) (USD/MT) [2]
2007	6,593	1.1	65.73	45.30
2008	6,829	1.2	127.10	76.40
2009	6,906	2.1	71.84	90.20
2010	7,262	2.4	98.97	88.20
2011	7,708	2.8	121.45	106.90
2012	7,893	2.9	96.36	103.60
2013	7,896	n/a	84.60	83.60

Notes:
(1) Coal (Newcastle), freight on board price.
(2) Average cost of coal in Malaysia, cost, insurance, and freight import price, as incurred by TNB during the FY2007 – FY2013 period
(3) Data for Malaysia coal production in 2013 is not publicly available as at the publication of this Report.

*Source: TNB Annual Report 2007 – 2013, Department of Statistics ("**DOS**") Malaysia Mining & Quarrying Production Data 2007 - 2012, BP Statistical Review 2014, KeTTHA, World Bank Commodity Price Data (Pink Sheet) published on 3 March 2015*

1.4.2.2 Renewable Energy

In 2012, the total installed capacity and electricity generation from renewable energy[19] by public licencees totalled 185 MW and 623.2 GWh, respectively[20]. During the same period,

[18] National Energy Policy
[19] Includes mini hydroelectric, solar PV and biomass renewable sources

the total installed capacity and electricity generation from renewable energy by private licencees in the same period were reported to be 715 MW and 1,295.5 GWh, respectively.

Hydroelectric

In 2012, Malaysia had a total installed capacity of 3,301 MW of major hydroelectric power stations. The total installed capacity for major hydroelectric power stations in Peninsular Malaysia was 1,931 MW in 2012, with the largest percentage of this installed capacity located in the state of Perak at 649 MW. East Malaysia has huge potential in producing hydroelectric power due to many rivers flowing through Sabah and Sarawak. In Sabah the registered installed capacity for 2012 stood at 69 MW. The registered installed capacity for Sarawak was only 94 MW in 2010 but it has reached 1,301 MW in 2012. The huge leap was due to the commencement of partial operation of Bakun Hydroelectric Plant in August 2011. As of December 2012, four of the eight turbines were already operating at an installed capacity of 1,200 MW out of the expected 2,400 MW upon completion of the power station. This makes it the largest hydroelectric power station by installed capacity in Malaysia.

The Government of Malaysia has approved three hydroelectric power plant projects, namely the Ulu Jelai hydroelectric power plant ("**Ulu Jelai Hydroelectric Plant**") (372 MW) in Pahang, the Hulu Terengganu hydroelectric power plant ("**Hulu Terengganu Hydroelectric Plant**") (265 MW) in Terengganu and the Bakun Hydroelectric Plant (2,400 MW) in Sarawak. The construction of the Ulu Jelai Hydroelectric Plant and Hulu Terengganu Hydroelectric Plant are targeted to be completed between 2015 and 2016, while the construction of the remaining 1,200 MW capacity of the Bakun Hydroelectric Plant is targeted to be completed between 2015 and 2017.

Biomass

The Government of Malaysia has specific biomass energy programmes for development, demonstration and commercialisation of technology, such as the SREP programme and Biomass-based Power Generation and Co-generation in Malaysian Palm Oil Industry ("**BioGen**") programme[21]. Various incentives are offered to local players that are involved in the renewable energy projects involving biomass as fuel source. These include the increase in electricity feed-in tariff ("**FiT**") from the current 21 cents/kWh to 35 cents/kWh for biogas and biomasses as well as a tax exemption of 100% of statutory income for 10 years and investment tax allowance of 100% for five years to be offset against 100% of statutory income for millers, depending on whether electricity generated is sold or utilised by the plant. Malaysia also targets construction of 500 biogas plants by 2020 under the NKEA of the palm oil sector. The installed capacity of biomass for power generation capacity in Malaysia is around 2.7% of total installed capacity in 2012.

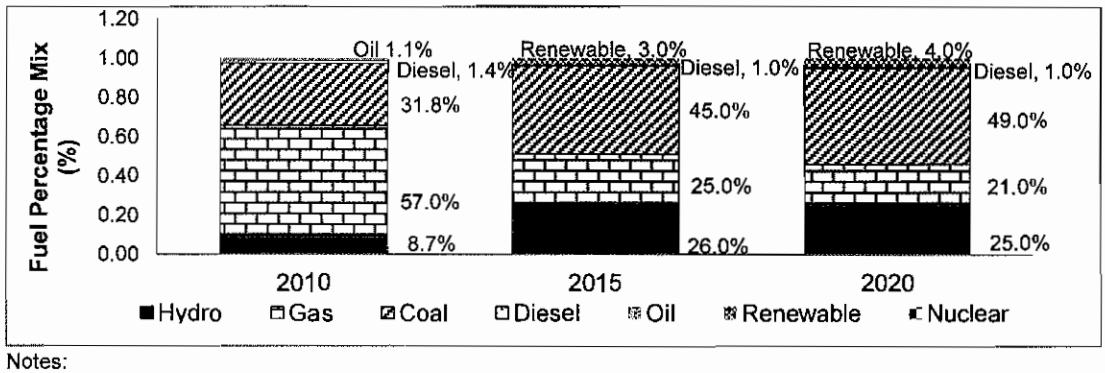
1.4.3 Evolution of Fuel Mix

In the 10MP, the Government of Malaysia had allocated RM7 billion for the construction of two coal-fired power plants, to ensure a reliability and stability of electricity supply in Peninsular Malaysia. The Government of Malaysia has also approved the increase in the capacity of TNB Janamanjung power plant by 1,000 MW, which is expected to be completed by 2015. In June 2011, the Government of Malaysia awarded another 1,000 MW coal-fired power plant construction project to Tanjung Bin Energy Sdn Bhd (formerly known as Transpool Sdn Bhd), a subsidiary of Malakoff. This plant will be built adjoining to the existing Tanjung Bin power plant in Johor and is expected to be operational in 2016. In addition, the

[20] Data for 2013 is not publicly available as at the publication of this Report.
[21] The BioGen programme is a collaboration effort between United Nations Development Program ("**UNDP**") and Global Environment Facility with Government of Malaysia and other private organisations.

consortium of 1MDB and Mitsui & Co., Ltd was awarded the Track 3B project, a 2 x 1000 MW ultra-supercritical coal-fired thermal power plant in June 2014. The additional installed capacity in these projects is large and will therefore result in higher coal requirements for electricity generation in the medium term. The Government of Malaysia also intends to build a coal-fired power plant along the east coast of Sabah. This plant will utilise clean coal technology. In light of these developments, the fuel mix of coal is expected to increase from 36.9% in 2010 to 43.2% in 2015 and 48.0% in 2020.

Chart 1:3: Targeted Fuel Generation Mix (%) in Malaysia, 2010 – 2020

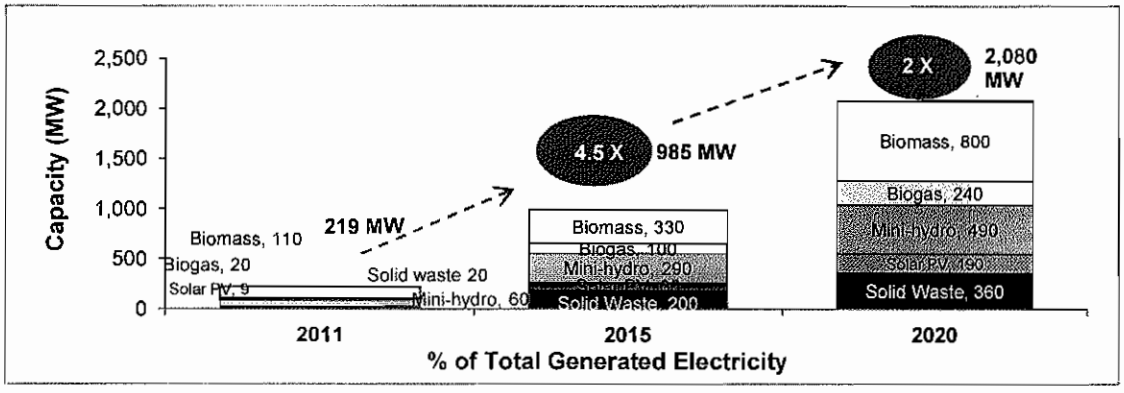


Notes:
(1) Data on Renewable for 2010 is not available.
(2) Breakdown for diesel and oil not available from 2015 onwards.

*Source: Ministry of Science, Technology and Innovation, Malaysia ("**MOSTI**"): "MOSTI - Fuel Mix till 2030", 2010*[22]

In addressing Malaysia's medium-term electricity requirements, the 10MP focuses on developing alternative energy sources, such as hydroelectric power and biomass. The Government of Malaysia intends to increase the contribution of renewable energy in electricity generation from 219 MW in 2011 to 985 MW in 2015, or 5.5% of the nation's total electricity generation mix. In line with this, several measures have been identified to promote the adoption of renewable energy, which include the introduction of a FiT surcharge of 1.6% of the total electricity bill and the establishment of a Renewable Energy Fund, which is placed under the purview of Sustainable Energy Development Authority of Malaysia ("**SEDA**") to support the development of renewable energy.

Chart 1:4: Renewable Energy Capacity (MW) Targets in 10MP for Malaysia, 2011 to 2015 to 2020



Source: SEDA

[22] " Nuclear Power Programme Development in Malaysia – Prospects and Preparation" by Ir Dr Mohamad Puad Haji Abu, Director, Nuclear Power Division, Malaysian Nuclear Agency, MOSTI, 2010

Some of the first generation IPPs and TNB power plants with service level agreements ("**SLAs**") that will expire between 2014 and 2017 still have considerable remaining life beyond the expiration of their PPAs/SLAs and can be extended without incurring much additional capital expenditure. In view of this, in April 2012, EC undertook a restricted tender among these power plants to bid for renewal of existing facilities on extension of either five or ten years. The objective of the restricted tender was to secure the required capacity at the lowest levelised system cost and to minimise completion risk. In October 2012, EC announced that the following parties were offered renewals to operate existing plants at the capacity, levelised tariff and extension period as indicated below:

- Genting Sanyen Power Sdn Bhd ("**Genting Sanyen**") (now known as Kuala Langat Power Plant ("**KLPP**")), 675 MW[23] installed capacity plant and tariff of RM0.353/kWh for a term of ten years;
- Segari Energy Ventures, 1,303 MW installed capacity plant and tariff of RM0.363/kWh for a term of ten years; and
- TNB's Sultan Iskandar (Pasir Gudang), 275 MW installed capacity plant and tariff of RM0.374/kWh for a term of five years.

EC targets approximately 10,924 MW to 11,324 MW of additional power generation capacity in Peninsular Malaysia between 2014 and 2020 (including the continuation of existing PPAs), with approximately 4,778 MW of new power supply agreements by 2016, under which the plants are targeted to be operational between 2015 and 2016. These plants are targeted to be operational between 2015 and 2016 primarily to replace first generation PPAs which commenced operations in early 1990s and are gradually expiring, as well as to cater for the increasing demand for electricity in Malaysia.

Table 1:13: Selected Planned New Generation Capacity Projects in Peninsular Malaysia till year 2020

Expected Commencement Year	Name	Location	IPP (Yes/ No)	Capacity (MW)
2015	Manjung 4 coal-fired power plant	Perak	Yes	1,010
2015	Connaught Bridge Repowering plant	Selangor	No	385
2015	TNB Hulu Terengganu Hydroelectric Plant Phase 1 (Puah Station)	Terengganu	No	250
2016	TNB Hulu Terengganu Hydroelectric Plant Phase 2 (Tembat Station)	Terengganu	No	15
2016	TNB Ulu Jelai Hydroelectric Plant	Pahang	No	372
2016	Tanjung Bin Energy coal-fired power plant	Johor	Yes	1,000
2016	TNB Prai combined-cycle power plant	Penang	Yes	1,071
2016	Genting Sanyen combined-cycle power plant works extension	Selangor	Yes	675
2017	PETRONAS Cogeneration Pengerang power plant (1st unit)	Johor	No	400
2017	Segari Energy Ventures combined-cycle power plant works extension	Perak	Yes	1,303
2017	TNB Sultan Iskandar (Pasir	Johor	No	275

[23] 675 MW is the available capacity of the power plant during the process of restricted tender. The capacity of the Genting Sanyen Power Plant (now known as KLPP) has increased to 762 MW as of the second quarter 2014 as a result of expansion in its installed capacity

Expected Commencement Year	Name	Location	IPP (Yes/ No)	Capacity (MW)
	Gudang) combined-cycle power plant works extension			
2017	Track 3A coal-fired power plant	Perak	Yes	1,000
2018	Hydroelectric power plant works in Chenderoh Unit 5	Perak	No	12
2018	Track 3B, Unit 1	Negeri Sembilan	Yes	1,000
2018	Combined-cycle gas turbine power plant (Track 4A)	Pahang	No	1,000 - 1,400
2019	Track 3B, Unit 2	Negeri Sembilan	Yes	1,000
2020	Tekai hydroelectric power plant	Pahang	No	156
			Total	**10,924 – 11,324**

Source: Peninsular Malaysia Electricity Supply Outlook 2014

To resolve Malaysia's energy imbalance over the long-term, the Government of Malaysia plans to develop two nuclear power plants, of which the first plant is expected to be operational by 2021. The Government of Malaysia has engaged Malaysia Nuclear Power Corporation ("**MNPC**") to lead the planning and feasibility study for nuclear energy development.

Frost & Sullivan notes that coal will be gaining advantage over natural gas as the preferred source for electricity generation in Malaysia over the short to medium-term because of the Government of Malaysia's plan to reduce subsidies and diversify fuel mix. According to EC[24], there will be an additional 5,010 MW of coal-fired power plants targeted to be commissioned between 2014 and 2020. Renewable energy resources such as hydroelectric power and biomass will feature more prominently as a source of fuel in East Malaysia due to the higher availability of land and fuel supply sources. In the long-term, Frost & Sullivan expects that Malaysia will be seeking to lower its dependency on fossil fuels by developing nuclear energy, but anticipates that fossil fuels such as coal and natural gas will remain as key sources of fuel for electricity generation until 2030.

1.4.4 Reserve Margin

EC targets a reserve margin of 25% for Malaysia[25]. Between 2008 and 2012, the reserve margin for Peninsular Malaysia was always above its recommended margin[26].

Table 1:14: Generation Capacity, Peak Demand / Load (MW) and Reserve Margin (%) in Peninsular Malaysia, 2008 – 2012

Year	Reserve Margin (%)	Peak Demand / Load (MW)	Generation Capacity (MW)
2008	41	14,007	19,723
2009	53	14,245	21,817
2010	45	15,072	21,817
2011	41	15,476	21,817
2012	37	15,826	21,609

Source: EC's Performance & Statistical Information 2012, TNB Annual Reports 2008-2012 and Frost & Sullivan

In 2009, the reserve margin for Peninsular Malaysia was at its highest, at 53%, mainly supported by the commissioning of a 1,400 MW coal-fired power plant and a 708 MW (Phase

[24] Peninsular Malaysia Electricity Supply Outlook 2014 published by EC
[25] Issues of Concerns to the General Public Relating to Electricity Supply Sector (FAQs) published by EC in 2013
[26] Issues of Concerns to the General Public Relating to Electricity Supply Sector (FAQs) published by EC in 2013

2) combined-cycle gas turbine, both located in Port Dickson, by Jimah Energy Ventures and TNB's Tuanku Jaafar II Power Station respectively.

Table 1:15: Reserve Margin (%) for East Malaysia in 2010 to 2012

Year	Sabah	Sarawak
2010	49.4	23.7
2011	35.3	66.8
2012	31.8	95.1

Notes:
(1) Most diesel units in SESB are aged sets. Hence, they are derated due to thermal limitations. However, during each set's operational state, some generating units are not available due to maintenance outages as well as unexpected breakdowns; the actual operation capacity available to system operation for dispatch was very limited. Therefore, in the calculation of reserve margin, the actual operational capacity of aged diesel units of SESB used is less than the installed capacity.
(2) Reserve margin for Sabah and Sarawak calculated based on available capacity. Available capacity for Sabah was based on dependable capacity.

Source: National Energy Balance 2010 - 2012, Frost & Sullivan

The increase in reserve margin for Sarawak in 2012 was mainly due to the capacity addition of 300 MW at the Bakun Hydroelectric Plant in Sarawak, which increased the total installed capacity of the project to 1,200 MW. The outlook for reserve margin for Peninsular Malaysia is expected to be above 25% for the period 2013 to 2018. Frost & Sullivan expect the Government of Malaysia to continue to focus on investments in new generation capacity to ensure the reserve margin is above 25%.

1.4.5 Product Substitution

Although there is no risk of substitution for power generation activities, the scheduled generation between industry players running on a particular fuel source face the risk of being substituted by other industry players as a result of disruption in fuel supply. For example, in light of the gas curtailment issues and fluctuation in oil price, changes in the Government of Malaysia's policies may result in the displacement of certain current facilities to make way for the installation of power generation facilities that use alternative fuel sources such as coal or nuclear.

1.4.6 Reliance and Vulnerability to Import

Malaysia depends primarily on imported coal as domestic coal reserves are located in remote areas, which makes exploitation of these coal resources challenging due to non-accessibility. Power plants consumed approximately 70% of the total supply of coal (import and domestic production) annually. Malaysia imports coal from Australia (19%), Indonesia (68%), South Africa (12%) and Russia (1%) in 2013[27]. Coal procurement is carried out by TNB Fuel Services Sdn Bhd ("**TNBF**") which allocates coal supply to various generators based on their respective Coal Supply and Transportation Agreements. As coal is imported and not subsidised by the Government of Malaysia, it is exposed to price fluctuation risks. The LNG import and regasification facilities at Sungai Udang, Malacca is up and running since May 2013 with a capacity of 3.8 million MTpa, while the second facility at Pengerang, Johor, is estimated to be completed by 2017, which will enable Malaysia to import LNG on a larger scale[28]. PETRONAS is investing in Bintulu Floating LNG plant which is expected to become operational by end of 2015 and will be able to accommodate the LNG regasification facility in Sungai Udang, Malacca. Currently, the regasification facility is importing gas from

[27] TNBF: A Power Source Perspective to Energy Supply Stability, Cost and Environment
[28] PETRONAS, Petronas Reaches Final Investment Decision For Pengerang Integrated Complex

Brunei, Qatar, Nigeria and Norway on short-term contracts. Once the Bintulu plant becomes operational, this would reduce the dependency of Malaysia on LNG imports significantly.

1.4.7 Future Outlook and Prospects

New Energy Policy

The 10MP highlights several efforts by the Government of Malaysia to create a sustainable industry despite volatile global energy pricing and limited gas resources, especially in Peninsular Malaysia. The New Energy Policy was introduced in the 10MP and it aims to:

1. Increase and diversify generation capacity;
2. Strengthen transmission and distribution networks;
3. Improve customer service delivery; and
4. Restructure the electricity supply industry.

Budget 2015

As part of Malaysia's plan to reduce the disparity between urban and rural areas, the Government of Malaysia is expected to continue to develop rural areas. In 2015, a sum of RM1.1 billion has been allocated to implement electricity connection for 15,000 houses nationwide, while an additional 10 lamp posts will be installed in 22,000 villages each at a total provision of RM56 million. In addition, electricity consumption for the first 300 units will not be subjected to the Goods and Services Tax expected to be implemented from April 2015.

1.5 COMPETITIVE LANDSCAPE AND STRUCTURE

The electricity supply industry has experienced strong historical growth, stable prices and has been one of the main pillars of growth for the Malaysian economy. The level of competition for players with expiring PPAs is high as they have to compete for PPA extensions via a competitive bidding process where newer players participate in the tendering process. New power plant projects are also awarded via the competitive bidding process, thus increasing the level of competition between the IPPs, while providing opportunities for newer entrants in the market.

Industry Players (IPPs)

As of the end of 2013, there were 23 licenced IPPs in Malaysia, of which 16 were located in Peninsular Malaysia, 6 in Sabah and 1 in Sarawak.

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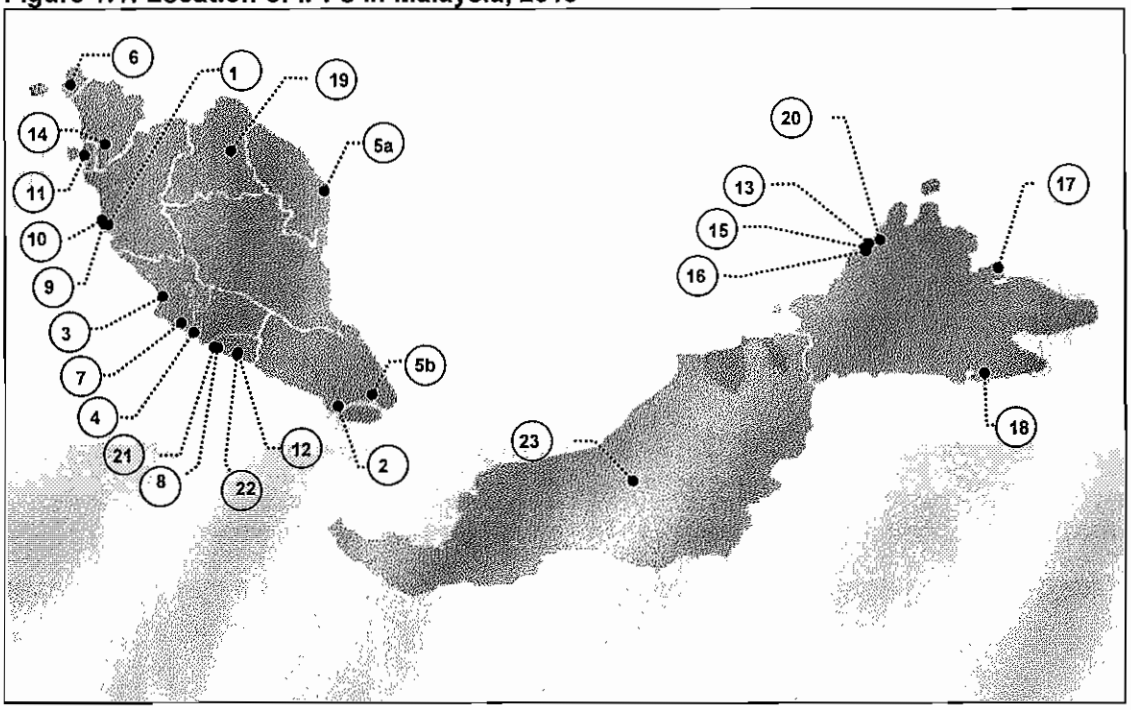
Figure 1:1: Location of IPPs in Malaysia, 2013



Note:
(1) Details of the plants are provided in Chapter 1.5.1.

Source: Frost & Sullivan

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1.5.1 Profile of Key IPPs as of 31 *December* 2012

No	Licencee	Name of Power Plant	Type of Plant	Installed Capacity (MW) in 2012	Units Generated (GWh) in 2012	Units Sold (GWh) in 2012	Date of Issue of Licence	PPA Expiry
1	TNB Janamanjung, Perak[a]	Manjung Power Station	3 x 700 MW (coal)	2,100	15,933	14,737	21 May 1998	August 2030
2	Tanjung Bin Power, Tanjung Bin, Pontian, Johor[b]	Tanjung Bin Power Station	3 x 700 MW (coal)	2,100	15,266	14,572	26 September 2003	September 2031
3	Kapar Energy Ventures, Kapar, Klang, Selangor[b]	Sultan Salahuddin Abdul Aziz Shah Power Station	2 x 300 MW (thermal) 2 x 300 MW, 2 x 500 MW (coal) 2 x 110 MW (gas turbines)	2,420	12,638	11,786	1 July 2004	July 2019
4	Jimah Energy Ventures, Port Dickson, Negeri Sembilan[c d]	Jimah Power Station	2 x 700 MW (coal)	1,400	10,967	10,367	22 March 2005	December 2033
5	YTL a) Paka, Terengganu b) Pasir Gudang, Johor	 Paka Power Station Pasir Gudang Power Station	2 x 390 MW (combined-cycle) 1 x 390 MW (combined-cycle)	780 390	7,540	7,407	7 April 1993	September 2015
6	Teknologi Tenaga Perlis Consortium Sdn Bhd, Kuala Sungai Baru, Perlis[c]	TTPC Perlis Power Station	1 x 650 MW (combined-cycle)	650	4,585	4,513	26 August 1998	March 2024
7	Genting Sanyen, Kuala Langat, Selangor[d e]	Genting Sanyen Kuala Langat Power Station	1 x 720 MW (combined-cycle)	720[h]	4,054	3,955	1 July 1993	February 2026
8	Panglima Power Sdn Bhd, Alor Gajah, Malacca[d]	Telok Gong Power Station 2	1 x 720 MW (combined-cycle)	720	4,412	4,283	7 August 2001	February 2023
9	GB3, Lumut, Perak[b c]	Lumut GB3 Power Station	1 x 640 MW (combined-cycle)	640	3,385	3,341	7 August 2001	December 2022
10	Segari Energy Ventures, Lumut, Perak[b e]	Lumut Power Station	2 x 651.5 MW (combined-cycle)	1,303	3,127	3,078	15 July 1993	June 2027

11	Prai Power, Seberang Prai, Penang[b]	Prai Power Station	1 x 350 MW (combined-cycle)	350	2,381	2,333	20 February 2001	June 2024
12	Pahlawan Power Sdn Bhd, Malacca Power Station, Tanjung Kling, Malacca[d]	Tanjung Kling Power Station	1 x 330 MW (combined-cycle)	334	1,775	1,740	26 May 1999	August 2020
13	Ranhill Powertron I, Kota Kinabalu Industrial Park, Kota Kinabalu, Sabah[f]	Teluk Salut Combined-Cycle Power Station	2 x 95 MW (combined-cycle)	190	1,254	1,216	13 August 2006	October 2029
14	Nur Generation Sdn Bhd, Kulim High-Tech Industrial Park, Kedah	Nur Generation Plants	2 x 220 MW (combined-cycle)	440	1,227	1,207	17 September 1998	n/a
15	Sepangar Bay Corporation Sdn Bhd, Kota Kinabalu Industrial Park, Sabah	Sepangar Bay Power Station	1 x 100 MW (combined-cycle)	100	666	642	18 May 2006	May 2029
16	Ranhill Powertron II, Lot 35 (IZ4), Kota Kinabalu Industrial Park, Kota Kinabalu, Sabah[f]	Rugading Combined-Cycle Power Station	190 MW (combined-cycle)	190	1,254	1,184	11 September 2009	September 2032
17	Stratavest Sdn Bhd, Sandakan, Sabah	Stratavest Power Station	4 x 15 MW (diesel engines)	60	146	141	1 October 1996	December 2019
18	Serudong Power Sdn Bhd, Tawau, Sabah	Tawau Power Station	3 x 12 MW (diesel engines)	36	234	226	1 April 1995	December 2018
19	Musteq Hydro Sdn Bhd, Sg Kenerong, Kelantan	Sg Kenerong Small Hydro Power Station	2 x 10 MW (mini hydro)	20	103	103	18 November 1994	November 2024]
20	ARL Tenaga Sdn Bhd, Melawa, Sabah	Melawa Power Station	4 x 12.5 MW (diesel engines)	50	59	56	14 June 1994	October 2016
21	Port Dickson Power, Tanjung Gemuk, Port Dickson, Negeri Sembilan[b]	Port Dickson Power Station	4 x 110 MW (gas turbines)	440	86	86	1 December 1993	January 2016
22	Powertek Berhad, Alor Gajah, Malacca[d]	Telok Gong Power Station 1	4 x 110 MW (gas turbines)	440	62	61	1 December 1993	January 2016
23	Sarawak Hidro Sdn Bhd, Bakun Sarawak[g]	Bakun Hydroelectric Plant	2X1,200 MW (hydro)	1,200	2,745	2,712	June, 2011	n/a

Notes:

(1) The typical contract duration for a PPA is 21 years for gas-based power plants and 25 years for coal-fired power plants.

(2) Data for 2013 is not publicly available as at the publication of this Report.

a) Wholly-owned subsidiary of TNB.

b) The above power plants are wholly-owned by Malakoff, except for Kapar Energy Ventures and Port Dickson Power where Malakoff owns 40% and 25% in these respective companies. In April 2014, Malakoff acquired the remaining 75% stake in Port Dickson Power and increased its stake to 100%. Collectively, Malakoff has a gross licenced capacity of 7,249.4 MW, including the capacity of its associate as of 30 June 2014.

c) The above power plants are associates of TNB. TNB owns a 20% stake in each of these companies.

d) These power plants were acquired by 1MDB[29]. In 2012, Pahlawan Power's installed capacity was recorded at 330 MW, compared to its licenced capacity of 334 MW.

e) In 2012, both Segari Energy Ventures and Genting Sanyen were granted a 10-year extension upon the expiry of their PPAs in 2017 and 2016, respectively[30].

f) Although Ranhill Powertron I had licenced capacity of 190 MW since the date of issuance of its licence, it only had an installed capacity of 120 MW. Full commencement of its 190 MW power plant only began in October 2008. Although Ranhill Powertron II Sdn Bhd had licenced capacity of 190 MW since the date of issuance of its licence, it only had an installed capacity of 130 MW. Full commencement of its 190 MW power plant only began in April 2011.

g) Bakun Hydroelectric Plant is owned and operated by an entity under the federal government (Sarawak Hidro Sdn Bhd). In 2012, the project operated at a total installed capacity of 1,200 MW out of the total licenced capacity of 2,400 MW.

h) As of the second quarter of 2014, the installed capacity of Genting Sanyen (currently known as KLPP) is recorded at 762 MW.

Source: EC's Performance & Statistical Information 2010, 2011 and 2012, Frost & Sullivan

[29] 1MDB

[30] Media release by EC titled "Results of International Competitive Bidding for New Capacity in Prai and Restricted Tender for Renewal of Operating Licences of First Generation IPP and TNB Plants" dated 9 October 2012

Profile of Selected Companies with Interests in IPPs in Malaysia, 2012

The effective capacity of companies with interests in IPPs is shown in the table below based on publically available information for 2012.

No	Power Plants	Type of Plant	Equity Stake	2012		Date of Issue of Licence
				Installed Capacity (MW)	Effective Capacity (MW)	
Malakoff						
1	Tanjung Bin Power, Tanjung Bin, Pontian, Johor	3 x 700 MW (coal)	90.00%	2,100	1,890.0	26 September 2003
2	Segari Energy Ventures, Lumut, Perak	2 x 651.5 MW (combined-cycle)	93.75%	1,303	1,221.6	15 July 1993
3	GB3, Lumut, Perak	1 x 640 MW (combined-cycle)	75.00%	640	480.0	7 August 2001
4	Prai Power, Seberang Prai, Penang	1 x 350 MW (combined-cycle)	100.00%	350	350.0	20 February 2001
5	Kapar Energy Ventures, Kapar District, Klang, Selangor	2 x 300 MW (thermal) 2 x 300 MW, 2 x 500 MW (coal) 2 x 110 MW (gas turbines)	40.00%	2,420	968.0	1 July 2004
6	Port Dickson Power, Tanjung Gemuk, Port Dickson, Negeri Sembilan[e)]	4 x 110 MW (gas turbines)	25.00%	436.4	109.1	1 December 1993
				7,249.4	**5,018.7**	
TNB						
1	TNB Janamanjung, Perak	3 x 700 MW (coal)	100.00%	2,100	2,100.0	21 May 1998
2	Kapar Energy Ventures, Kapar District, Klang, Selangor	2 x 300 MW (thermal) 2 x 300 MW, 2 x 500 MW (coal) 2 x 110 MW (gas turbines)	60.00%	2,420	1,452.0	1 July 2004
3	Jimah Energy Ventures, Port Dickson, Negeri Sembilan	2 x 700 MW (coal)	20.00%	1,400	280.0	22 March 2005
4	Teknologi Tenaga Perlis Consortium Sdn Bhd, Kuala Sungai Baru, Perlis	1 x 650 MW (combined-cycle)	20.00%	650	130.0	26 August 1998
5	GB3, Lumut, Perak	1 x 640 MW (combined-cycle)	20.00%	640	128.0	7 August 2001
6	Nur Generation Sdn Bhd, Kulim High-Tech Industrial Park, Kedah	2 x 220 MW (combined-cycle)	20.00%	440	88.0	17 September 1998

No	Power Plants	Type of Plant	Equity Stake	2012		Date of Issue of Licence
				Installed Capacity (MW)	Effective Capacity (MW)	
				7,650	**4,178.0**	
Edra						
1	Powertek Berhad, Alor Gajah, Malacca	4 x 110 MW (gas turbines)	100.00%	440	440.0	1 December 1993
2	Panglima Power Sdn Bhd, Alor Gajah, Malacca	1 x 720 MW (combined-cycle)	100.00%	720	720.0	7 August 2001
3	Pahlawan Power Sdn Bhd, Malacca Power Station, Tanjung Keling, Malacca	1 x 330 MW (combined-cycle)	100.00%	330	330.0	26 May 1999
4	KLPP, Kuala Langat, Selangor	1 x 720 MW (combined-cycle)	75.00%	720	540.0	1 July 1993
				2,210	**2,030.0**	
YTL Corporation Berhad						
1	YTL					
	a) Paka, Terengganu	2 x 390 MW (combined-cycle)	100.00%	780	780.0	7 April 1993
	b) Pasir Gudang, Johor	1 x 390 MW (combined-cycle)	100.00%	390	390.0	
				1,170	**1,170.0**	
Jimah Energy Ventures Holding Sdn Bhd (1MDB acquired the entire stake in January 2014)						
1	Jimah Energy Ventures, Port Dickson, Negeri Sembilan	2 x 700 MW (coal)	75.00%	1,400	1,050.0	22 March 2005
				1,400	**1,050.0**	
Jati Cakerawala Sdn Bhd						
1	Teknologi Tenaga Perlis Consortium Sdn Bhd, Kuala Sungai Baru, Perlis	1 x 650 MW (combined-cycle)	80.00%	650	520.0	26 August 1998
				650	**520.0**	
Sime Darby Berhad (Malakoff acquired the entire stake in April 2014)						
1	Port Dickson Power, Tanjung Gemuk, Port Dickson, Negeri Sembilan[b)]	4 x 110 MW (gas turbines)	75.00%	440	330.0	1 December 1993
				440	**330.0**	
Ranhill Berhad						
1	Ranhill Powertron I, Kota Kinabalu Industrial Park,	2 x 95 MW (combined-cycle)	60.00%	190	114.0	13 August 2006

No	Power Plants	Type of Plant	Equity Stake	2012		Date of Issue of Licence
				Installed Capacity (MW)	Effective Capacity (MW)	
	Kota Kinabalu, Sabah					
2	Ranhill Powetron II, Lot 35 (IZ4), Kota Kinabalu Industrial Park, Kota Kinabalu, Sabah	190 MW (combined-cycle)	80.00%	190	152.0	11 September 2009
				380	**266.0**	
SESB						
1	Serudong Power Sdn Bhd, Tawau, Sabah	3 X 12 MW (diesel)	31.03%	36	11.2	1 April 1995
2	Ranhill Powertron I, Kota Kinabalu Industrial Park, Kota Kinabalu, Sabah	2 x 95 MW (combined-cycle)	40.00%	190	76.0	13 August 2006
3	Ranhill Powetron II, Lot 35 (IZ4), Kota Kinabalu Industrial Park, Kota Kinabalu, Sabah	190 MW (combined-cycle)	20.00%	190	38.0	11 September 2009
				416	**125.2**	

Notes:
a) In April 2014, Malakoff acquired the remaining 75% stake in Port Dickson Power and increased its stake to 100%.
b) As of the second quarter of 2014, the installed capacity of Genting Sanyen (currently known as KLPP) is recorded at 762 MW.

Source: EC's Performance & Statistical Information 2012, TNB Annual Report 2012, Genting Bhd Annual Report 2012, YTL Corporation Berhad Annual Report 2012, Sime Darby Bhd Annual Report 2012 and Frost & Sullivan

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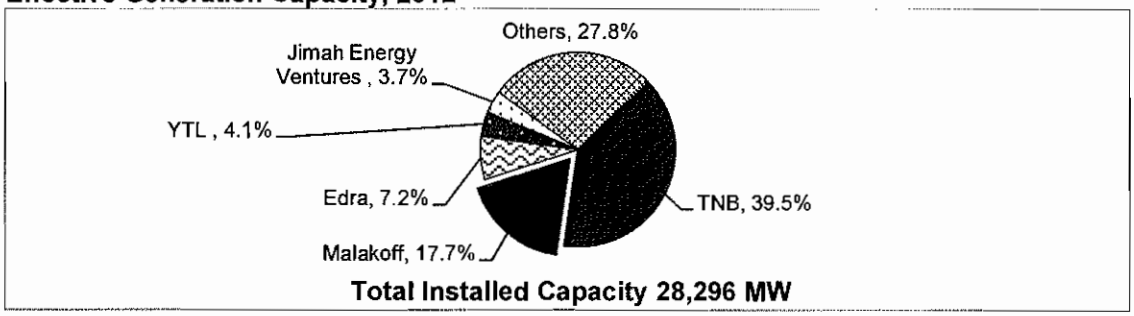
In 2012, given that TNB owned several IPPs[31] in Malaysia, it held the largest market share of 39.5% of Malaysia's total installed capacity, based on effective generation capacity. Frost & Sullivan also notes that Malakoff had a market share of 17.7% of the total installed capacity in Malaysia based on effective generation capacity in 2012, making it the second largest power generation player after TNB in Malaysia.

In the same order, TNB also owned the largest market share of 47.0% based on effective generation capacity of the total installed capacity in Peninsular Malaysia in 2012. Following behind was Malakoff with a market share of 21.1% in 2012.

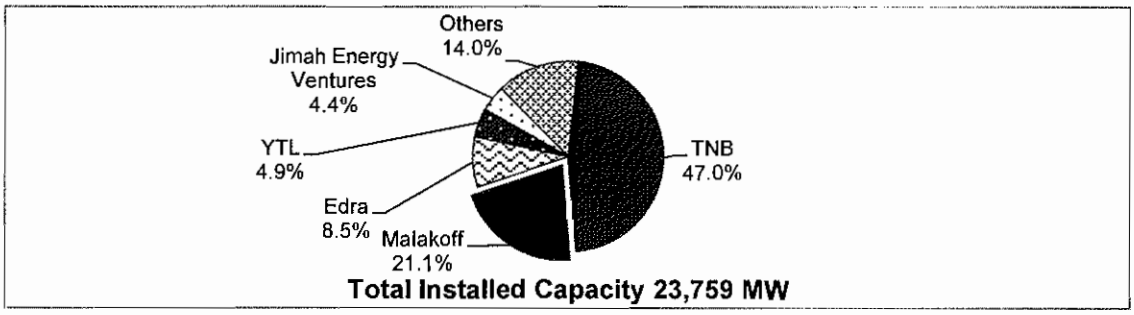
Chart 1:5: Market Share (%) of Companies with Interests in IPPs in Malaysia based on Effective Generation Capacity, 2012



Notes:
(1) TNB's market share includes TNB's IPP and non-IPP power plants
(2) Excludes installed capacity for biomass and other renewable energy
(3) Others include installed capacity through co-generation and self-generation

Source: EC's Performance & Statistical Information 2012, TNB Annual Report 2012, Genting Bhd Annual Report 2012, YTL Corporation Berhad Annual Report 2012, Sime Darby Bhd Annual Report 2012, Malakoff Annual Report 2012 and Frost & Sullivan

Chart 1:6: Market Share (%) of Companies with Interests in IPPs in Peninsular Malaysia based on Effective Generation Capacity, 2012



Notes:
(1) TNB's market share includes TNB's IPP and non-IPP power plants
(2) Excludes installed capacity for biomass and other renewable energy
(3) Others include installed capacity through co-generation and self-generation

Source: EC's Performance & Statistical Information 2012, TNB Annual Report 2012, Genting Bhd Annual Report 2012, YTL Corporation Berhad Annual Report 2012, Sime Darby Bhd Annual Report 2012, Malakoff Annual Report 2012 and Frost & Sullivan

[31] As of 2012, TNB Janamanjung was a wholly-owned subsidiary of TNB. TNB also held 60% interest in Kapar Energy Ventures, 20% interest in Jimah Energy Ventures, 20% interest in Teknologi Tenaga Perlis Consortium Sdn Bhd, 20% interest in GB3 Sdn Bhd and 20% interest in Nur Generation Sdn Bhd.

TNB-owned Power Stations

Table 1:16: List of TNB Plants (non-IPP) in Malaysia, 2014

No.	Plant / Location	Type of Plant	Licenced Capacity (MW)
1	Sultan Iskandar, Pasir Gudang, Johor*	269 MW (combined-cycle) 2 x 110 MW (gas turbine)	489
2	Sultan Ismail, Paka, Terengganu	1,136 MW (combined-cycle)	1,136
3	Tuanku Jaafar I, Port Dickson, Negeri Sembilan Tuanku Jaafar II, Port Dickson, Negeri Sembilan	714 MW (combined-cycle) 708 MW (combined-cycle)	1,422
4	Putrajaya, Federal Territory	3 x 135 MW (combined-cycle) 2 x 110 MW (combined-cycle)	625
5	Connaught Bridge, Klang, Selangor	308 MW (combined-cycle) 4 x 130 MW (gas turbine)	828
6	Gelugor, Penang	389 MW (combined-cycle)	389
7	Sungai Perak Scheme, Gerik, Perak	1,249 MW (hydro)	1,249
8	Sultan Mahmud, Kenyir Lake, Terengganu	400 MW (hydro)	400
9	Cameron Highland, Pahang	262 MW (hydro)	262
Total			**6,800**

* Awarded a 5-year extension upon expiry in 2017 and would be operating as an IPP thereafter.

Source: TNB Annual Report 2012, Peninsular Malaysia Electricity Supply Industry Outlook 2014 and Frost & Sullivan

Table 1:17: Installed Capacity of TNB-owned Power Stations (MW) in Malaysia

Year	Installed Capacity (MW)	Units Generated (GWh)
2006	6,346	26,746
2007	6,346	25,388
2008	6,346	27,691
2009	7,040[a)]	29,608
2010	7,040	27,689
2011	7,054	24,018
2012	6,986[b)]	26,329

Notes:

a) The increase was due to the commissioning of 694 MW combined cycle block (second phase) at Tuanku Jaafar II Power Station in January 2009.

b) The decrease was due to retirement of 68MW diesel-fired capacity from Peninsular Malaysia system and relocated to Sabah.

(1) Data for 2013 is not publicly available as at the publication of this Report.

Source: TNB Annual Reports 2006-2012, EC's Performance & Statistical Information 2012, Frost & Sullivan

In 2012, TNB announced that it had committed RM9.7 billion to increase generation capacity over the next five years. A significant percentage from this RM9.7 billion will be spent on building power plants between 2012 and 2017[32].

1.5.2 Market Share and Ranking

1.5.2.1 Total Installed Capacity of Power Generation Companies in Malaysia

The power generation segment of the electric supply industry in Malaysia comprises 23 licenced IPPs, 9 TNB-owned power stations, as well as SESB-owned and SEB-owned power plants in 2012.

[32] http://www.st.gov.my/v4/index.php?option=com_content&view=article&id=6142%3Atnb-allocates-rm97-billion-to-increase-generating-capacity&catid=794%3Aenergy-news&Itemid=1201&lang=en, as at 10 December 2012

Market share in this segment is determined by the installed capacity of all power generation companies' power plants in Malaysia as reported by EC.

As at the end of December 2012, Malakoff's effective capacity based on equity stake was 5,018.7 MW, including its associate company, Kapar Energy Ventures and Malakoff's then associate company, Port Dickson Power. This constituted 17.7% of the total installed capacity in Malaysia. Meanwhile, among the total installed capacity of power generation companies in Peninsular Malaysia, Malakoff recorded a market share of 21.1% in 2012.

Chart 1:7: Malakoff's Market Share (%) among Power Generation Companies based on Effective Capacity in Malaysia (by Installed Capacity), 2012

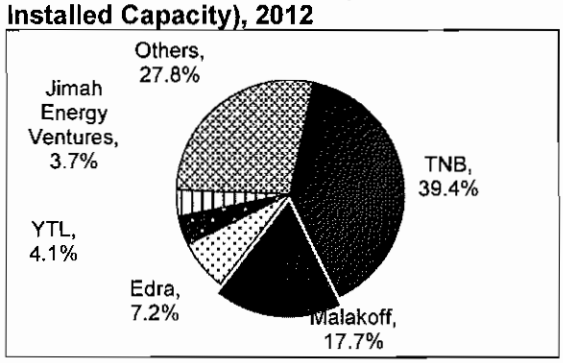
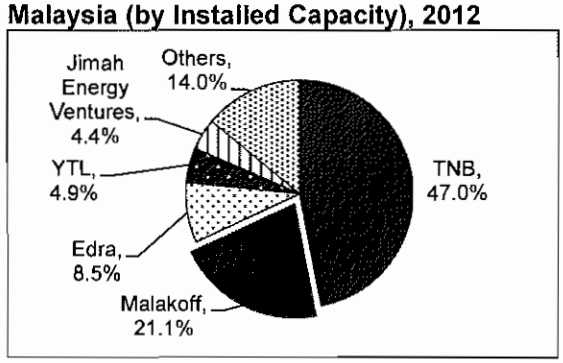


Chart 1:8: Malakoff's Market Share (%) among Power Generation Companies based on Effective Capacity in Peninsular Malaysia (by Installed Capacity), 2012



Notes:
(1) TNB's market share includes TNB's IPP and non-IPP power plants
(2) Excludes installed capacity for biomass and other renewable energy
(3) Others include installed capacity through co-generation and self-generation

Source: EC's Performance & Statistical Information 2012, Malakoff Annual Report 2012 and Frost & Sullivan

1.5.2.2 Installed Capacity of IPPs in Malaysia

As at the end of December 2012, Malaysia had a total installed capacity of 17,127 MW from IPPs. Malakoff's effective capacity based on equity stake was 5,018.7 MW, including its associate company, Kapar Energy Ventures and Malakoff's then associate company, Port Dickson Power. This constituted 29.3% of the total installed power generation capacity of IPPs in Malaysia. With a market share of 29.3% in 2012, Malakoff was a key player in the power generation industry in Malaysia.

Malakoff was also the largest IPP in Peninsular Malaysia in 2012, where all of its power plants are situated. Malakoff's installed power generation of 5,018.7 MW, including its associate company, Kapar Energy Ventures and Malakoff's then associate company, Port Dickson Power, constituted 32.8% of the total installed power generation capacity of IPPs in Peninsular Malaysia in 2012.

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Chart 1:9: Malakoff's Market Share (%) among IPPs based on Effective Capacity in Malaysia, 2012

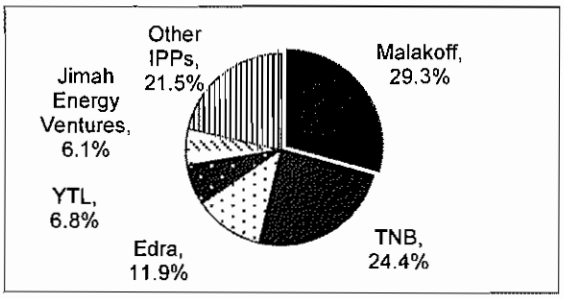
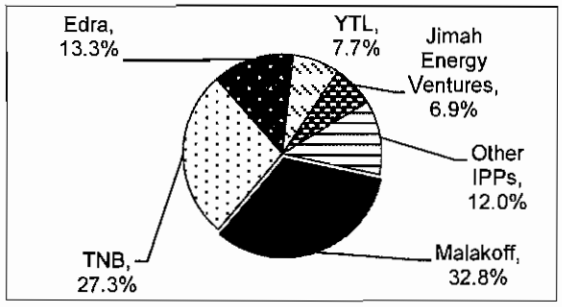


Chart 1:10: Malakoff's Market Share (%) among IPPs based on Effective Capacity in Peninsular Malaysia, 2012



Notes:
(1) TNB's market share excludes non-IPP power plants
(2) Excludes installed capacity for biomass and other renewable energy
(3) Others include installed capacity through co-generation and self-generation

Source: EC's Performance & Statistical Information 2012, Malakoff Annual Report 2012 and Frost & Sullivan

1.5.2.3 Total Installed Capacity of Coal-fired Power Plants in Malaysia

The coal-fired power plants segment of the electricity supply industry in Malaysia comprises 7 licenced power plants, of which 4 are IPP power plants located in Peninsular Malaysia, while the remain 3 coal-fired power plants are located in Sarawak. As at the end of December 2012, the total installed capacity of coal-fired power plants in Malaysia was 7,680 MW. Malakoff's effective capacity based on its equity stake was 2,530.0 MW, including its associate company, Kapar Energy Ventures, and it contributed towards 32.9% of the total installed power generation capacity of coal-fired power plants in Malaysia.

Meanwhile, among the coal-fired power plants in Peninsular Malaysia, Malakoff had a market share of 35.1% as at the end of December 2012. Malakoff's Tanjung Bin power plant has an installed capacity of 2,100 MW, and accounted for approximately 29.2% of Peninsular Malaysia's coal-fired installed capacity as at 31 December 2012.

Chart 1:11: Malakoff's Market Share (%) among Coal-fired Power Plants based on Effective Capacity in Malaysia, 2012

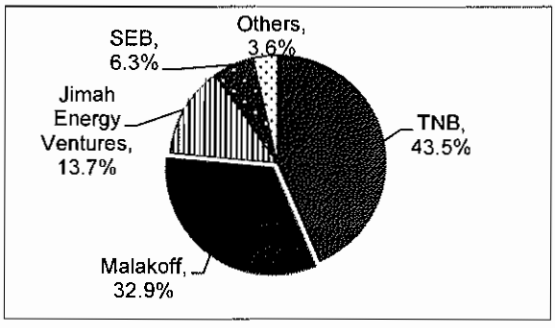
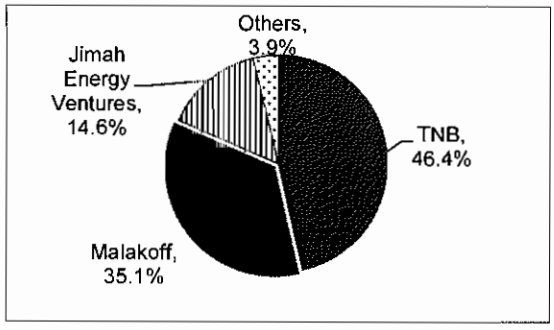


Chart 1:12: Malakoff's Market Share (%) among Coal-fired Power Plants based on Effective Capacity in Peninsular Malaysia, 2012



Notes:
(1) TNB's market share includes TNB's IPP and non-IPP power plants
(2) Others include installed capacity through co-generation and self-generation

Source: EC's Performance & Statistical Information 2012, Malakoff Annual Report 2012 and Frost & Sullivan

1.5.2.4 Total Installed Capacity of Gas-fired Power Plants in Malaysia

The gas-fired power generation segment of the electricity supply industry in Malaysia consists of non-coal fossil fuels fired power plants. This segment had a total installed capacity of 15,546 MW as at end December 2012. Malakoff's effective capacity based on its equity stake in its associate company, Kapar Energy Ventures and Malakoff's then associate company, Port Dickson Power was 2,488.7 MW, accounting for 16.0% as at the end of December 2012.

Meanwhile in 2012, Malakoff had a larger market share of 17.8% in Peninsular Malaysia with its effective capacity of 2,488.7 MW. In 2012, TNB was the largest power generation company with an effective capacity of 5,913.0 MW in this segment.

Chart 1:13: Malakoff's Market Share (%) among Gas-fired Power Plants based on Effective Capacity in Malaysia, 2012

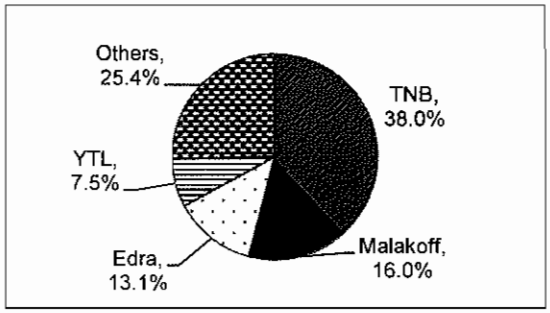
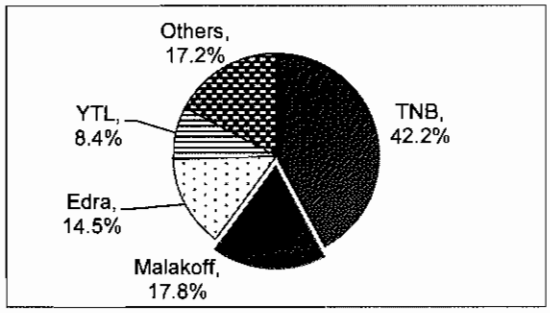


Chart 1:14: Malakoff's Market Share (%) among Gas-fired Power Plants based on Effective Capacity in Peninsular Malaysia, 2012



Notes:
(1) TNB's market share includes TNB's IPP and non-IPP power plants
(2) Others include installed capacity through co-generation and self-generation

Source: EC's Performance & Statistical Information 2012, Malakoff Annual Report 2012 and Frost & Sullivan

1.5.2.5 Actual Units Sold by IPPs in Malaysia

As at end of December 2012, EC had reported a total of 89,744 GWh units of electricity sold by IPPs in Malaysia[33]. From this total, Malakoff, including its associate company, Kapar Energy Ventures and Malakoff's then associate company, Port Dickson Power, sold approximately 25,574 GWh of electricity based on its equity stake. Based on this, Malakoff constituted 28.5% of total electricity sold in Malaysia in 2012. Meanwhile, in the same year, a total of 83,567 GWh of electricity was sold by IPPs in Peninsular Malaysia. As such, Malakoff's unit of electricity sold accounted for 30.6% of the total electricity sold in Peninsular Malaysia.

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[33] Data for 2013 is not publicly available as at the publication of this Report.

Chart 1:15: Malakoff's Market Share (%) in Malaysia (by Actual Units Sold), 2012

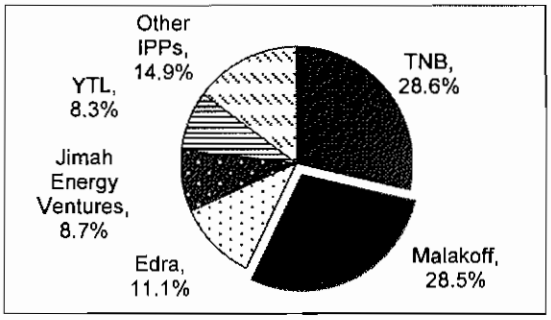
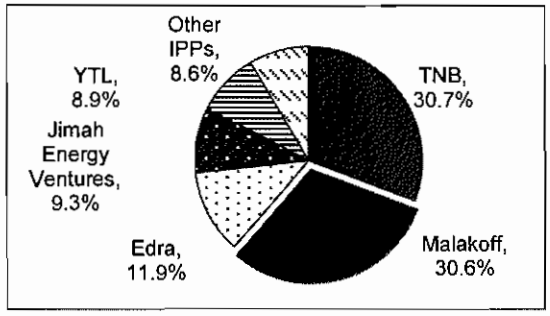


Chart 1:16: Malakoff's Market Share (%) in Peninsular Malaysia (by Actual Units Sold), 2012



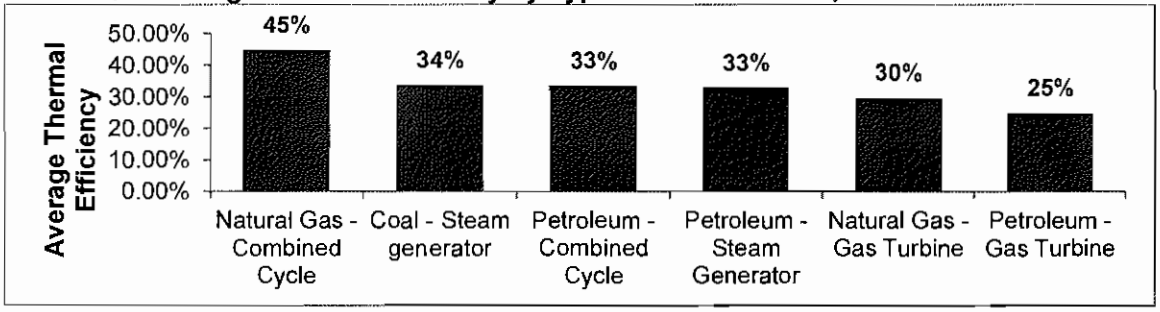
Source: EC's Performance & Statistical Information 2012, Malakoff Annual Report 2012 and Frost & Sullivan

1.5.3 Operational Performance

1.5.3.1 Thermal efficiency

Thermal efficiency is defined as the effectiveness of conversion from steam / heat to electricity. A thermal efficiency of 100% would mean that all energy put into the generator produces or is fully converted into the desired output. However, thermal efficiency is typically much less than 100% as not all heat energy is converted to electricity energy. There are various factors determining the conversion of energy, such as types of generators, power plant emission controls, age of power plant, leakages and friction, amongst others.

Chart 1:17: Average Thermal Efficiency by Types of Power Plants, 2012



Source: EIA, Frost & Sullivan

For example, in terms of design of power plant, a combined cycle power plant is able to use multiple processes to recover and utilise residual heat to further generate electricity during the power generation process, while an open cycle gas turbine is not able to utilise such residual heat. Therefore, the thermal efficiency of a combined cycle power plant is usually higher than that of an open cycle gas turbine. Besides, age and maintenance of power plants are also vital factors affecting leakages, friction and other heat losses and subsequently affecting the thermal efficiency of power plants.

The thermal efficiency for Malakoff's GB3, Segari Energy Ventures, Prai Power and Tanjung Bin Power have been consistently above IPP industry averages between 2008 and 2012, indicating high thermal efficiency performances for these plants. Among these four power plants, the highest thermal efficiency was recorded by Prai Power at 53.0% in 2008.

Table 1:18: Average Thermal Efficiency of TNB, IPPs and Malakoff's Generation Plant from 2008 to 2012

Type of Prime Mover	Plant	2008	2009	2010	2011	2012
		(%)				
Combined Cycle	**Average TNB**	**41.2**	**41.0**	**41.2**	**40.8**	**44.3**
	Average IPPs	**44.8**	**44.3**	**41.9**	**43.9**	**44.0**
	GB3	48.9	47.8	47.6	47.5	48.4
	Segari Energy Ventures	49.5	49.9	48.2	48.6	47.7
	Prai Power	53.0	52.7	52.1	52.3	52.8
Conventional Coal	**Average TNB**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	Average IPPs	**33.8**	**34.7**	**33.1**	**35.1**	**35.5**
	Tanjung Bin Power	34.7	35.4	35.5	36.2	36.2
	Kapar Energy Ventures – Phase 2	NA	32.9	33.2	33.2	33.3
	Kapar Energy Ventures – Phase 3	NA	33.5	34.6	34.2	34.1
Open Cycle	**Average TNB**	**25.6**	**17.4**	**22.6**	**22.3**	**26.3**
	Average IPPs	**26.1**	**27.4**	**27.3**	**27.1**	**26.8**
	Kapar Energy Ventures – Phase 4	NA	26.8	27.0	27.2	26.7

NA – Not available
Note:
(1) Average TNB and Average IPPs data for 2013 is not publicly available as at the publication of this Report.
(2) Kapar Energy Ventures – Phase 1 is a conventional thermal power plant.

Source: EC's Performance & Statistical Information 2012 and Malakoff

1.5.3.2 Equivalent Availability Factor ("EAF")

EAF is a measure of power plant availability derived based on the amount of time an electric power generating unit is available for service during a period. The availability of a power plant varies significantly, depending on the type of fuel, the design of the plant and how the plant is operated. All other variables being constant, plants that operate less frequently have higher availability factors because they require less maintenance. Similarly, newer plants tend to have significantly higher availability factors. Nonetheless, some power plants require temporary shutdown on their operations for preventive maintenance and / or improvements in design and technology, thus affecting their EAF.

Malakoff's Port Dickson Power plant has been consistently performing above IPP industry averages between 2008 and 2012, indicating high EAF performance for the plant. The highest EAF was recorded at 99.5% by Port Dickson Power in 2011.

Table 1:19: Average EAF of TNB, IPPs and Malakoff's Generation Plants from 2008 to 2012

Type of Prime Mover	Plant	2008	2009	2010	2011	2012
		(%)				
Combined Cycle	**Average TNB**	**90.7**	**93.2**	**90.5**	**84.9**	**94.1**
	Average IPPs	**90.7**	**91.2**	**90.6**	**88.5**	**95.1**
	GB3	86.3	75.6	82.0	91.3	91.9
	Segari Energy Ventures	93.9	97.3	94.7	95.6	92.0
	Prai Power	92.7	86.5	88.3	89.2	92.7
Conventional Coal	**Average TNB**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	Average IPPs	**78.5**	**78.0**	**84.3**	**80.5**	**84.1**
	Tanjung Bin Power	85.0	90.7	86.4	81.3	83.1
	Kapar Energy Ventures – Phase 2	NA	65.6	90.8	85.0	79.2
	Kapar Energy Ventures – Phase 3	NA	51.8	65.5	75.6	86.7
Open Cycle	**Average TNB**	**97.0**	**97.3**	**92.6**	**97.5**	**94.1**
	Average IPPs	**98.1**	**98.4**	**97.9**	**94.5**	**95.1**
	Port Dickson Power	NA	99.4	99.3	99.5	99.3
	Kapar Energy Ventures – Phase 4	NA	96.5	95.2	84.9	86.5

NA – Not available
Notes:
(1) Average TNB and Average IPPs data for 2013 is not publicly available as at the publication of this Report.
(2) Kapar Energy Ventures – Phase 1 is a conventional thermal power plant.

Source: EC's Performance & Statistical Information 2012 and Malakoff

1.6 RELEVANT LAWS AND REGULATION

1.6.1 Electricity Supply Regulations

Malaysia's power sector has evolved through a series of significant changes from a structural standpoint supported by strong enabling regulatory framework. Key pre-privatisation and post-privatisation policy reforms in the sector are illustrated below:

Table 1:20: Evolution of the power regulatory environment in Malaysia

Situation from 2000 to 2010	Situation from 2013 onwards
Tendering process for all IPPs on the basis of negotiation	Competitive bidding process introduced
Issues regarding the restructuring of the first generation IPPs	Incorporation of necessary condition to ensure the first generation IPPs achieve the efficiency levels
Concerns on electricity and fuel security	Adoption of Electricity Security Index by the Electricity Supply and Tariff Planning and Implementation Committee and being deployed by EC
Issues regarding gas subsidies and no mechanism for tariff pass through	Implementation of incentive based regulation, Fuel Cost Pass Through ("**FCPT**") and Stabilisation Mechanism
Traditional utility governance structure	Guidelines for ring fencing of the single buyer and system operator and accounting separation of various TNB divisions are in the process of implementation

*Source: MyPOWER Corporation ("**MyPOWER**")*

Major electricity sector related regulations are summarised below:

Electricity Supply Act 1990

The Electricity Supply Act 1990 provides for the regulation of the electricity supply industry, the supply of electricity at reasonable prices, the licencing of any electrical installation, the control of any electrical installation, plant and equipment with respect to matters relating to the safety of persons and the efficient use of electricity.

PPA

Each private IPP player needs to sign a long-term PPA with the state utility companies to off-take the generated electricity and to supply it to the main grid.

Environmental Policies and Legislation include:

Kyoto Protocol[34]

In September 2002, Malaysia ratified the Kyoto Protocol and became a party to the United Nations ("**UN**") Framework on Climate Change. The Kyoto Protocol outlines specific quantified and binding commitments for limiting or reducing green house gas ("**GHG**") emissions caused by humans in advanced nations or nations in transition to a market economy for the commitment period of 2008 to 2012. These countries are classified as Annex I parties. In the case of developing countries, the targets are not legally binding and these countries are classified as non-Annex I parties. Malaysia is currently classified as a non-Annex I party due to its status as a developing country.

Green Technology Policy[35]

Launched by the Prime Minister of Malaysia in 2009, Malaysia's Green Technology Policy was designed to implement better and more efficient technology without negatively impacting the environment.

[34] Malaysia Green Technology Corporation ("**GreenTech Malaysia**")
[35] Source: KeTTHA, as at 20 March 2015

1.6.2 Regulating Authorities

Malaysia's electricity supply industry has various stakeholders overseeing different aspects across the value chain of the industry. EC is the main regulatory and planning body for the industry alongside KeTTHA and EPU (Energy Unit). The roles and responsibilities of these respective government agencies are:

EC:

EC is a statutory body created under the Energy Commission Act 2001 with the responsibility to regulate the energy sector in Malaysia, specifically the electricity supply industry and piped gas supply industry in Peninsular Malaysia, Sabah and Sarawak. The major functions of EC are economic regulation, tariff setting, technical regulation, consumer protection and safety regulation.

KeTTHA:

KeTTHA was established on 9 April 2009. The major functions of the ministry include implemention of development policies in the power industry, water and green technology, provision of a comprehensive and integrated infrastructure that meets the standards and quality as well as a conducive environment for industrial development and technology.

EPU (Energy Unit):

EPU is the principal government agency in Malaysia and was established in 1961. EPU formulates policies and strategies for sustainable development of the energy sector.

Ministry of Rural and Regional Development:

The Ministry of Rural and Regional Development is tasked to draft policies governing the supply of electricity to rural areas throughout Malaysia.

Energy Information Bureau:

Energy Information Bureau is responsible for energy policy and planning, reducing energy costs and environmental protection.

Department of Environment ("DOE"):

DOE monitors power plants during developmental and operational phase. DOE analyses the impact of power plants on the environment and surrounding communities.

1.6.3 Government Policies

National Energy Policy

Malaysia's National Energy Policy was introduced in 1979 with three guiding principles governing the future development of the energy sector[36].

To further complement the National Energy Policy, the Government of Malaysia introduced the four-fuel strategy in 1981 to establish the security and stability of fuel supply. This strategy was aimed at reducing the nation's dependency on oil as a key source of energy, and promotes an energy supply mix of oil, gas, hydropower and coal. To address the issue of supply security, the strategy promotes the use of local fuel resources. As such, the electricity subsector witnessed great improvement in adopting this strategy, as evidenced in the comparison of generation fuel mix between 1990 and 2012 where the dependency on oil by the electricity supply industry reduced significantly and options in natural gas and coal fuel have been explored. In 2001, the Four Fuel Policy was being amended to become the Five Fuel Policy, with the inclusion of renewable energy such as biomass, solar PV and mini hydroelectric power as the fifth fuel resource in energy supply mix.

[36] Source: KeTTHA, as at 20 March 2015

Government Initiatives to Increase the National Power Generation Capacity

The Government of Malaysia has further announced specific initiatives to increase electricity generation capacity in Peninsular Malaysia (Please refer to Table 1:14: Selected Planned New Geenration Capacity Projects in Peninsular Malaysia till year 2020 for more information).

TNB has also carried out a feasibility study to evaluate the possibilities of linking the National Power Grid in Peninsular Malaysia to Sumatera, Indonesia. This grid linkage project is likely to be rolled out in 2015.

The Government of Malaysia is committed to provide sufficient electricity to meet the anticipated increase in electricity consumption over the long term.

The Government of Malaysia has also in the past intervened to revise electricity tariffs to ensure that all levels of the population have access to affordable electricity. This trend is expected to continue in the coming years.

2 OVERVIEW OF THE ELECTRICITY SUPPLY INDUSTRY IN SOUTH EAST ASIA (SEA)

2.1 ECONOMIC OVERVIEW OF ASIA

Economic activity in Asia picked up speed in the second half of 2013, as exports to advanced economies accelerated. Domestic demand has been solid and retail sales across much of Asia have been brisk. Exports, particularly to the United States and the Euro area, have gained momentum. Countries with strong fundamentals and policies managed to navigate the pressures seen in mid-2013 and early 2014 from slowing capital flows, with many in emerging Asia unscathed and looking more positive. Despite increasing volatility, financial conditions remain accommodative, partly because weaker currencies are providing some offset.

For Asia as a whole, growth is expected to accelerate modestly, from 5.2% in 2013 to about 5.5% in both 2014 and 2015. The improved outlook in advanced economies, alongside more competitive exchange rates in some cases, will help boost exports. Domestic demand will continue to be supported by strong labour markets and still-buoyant credit growth. Policies are expected to remain accommodative, although in a few cases (India, Indonesia) interest rate hikes on the one hand will attenuate vulnerabilities, but on the other hand could weigh on growth. In Japan, fiscal consolidation will be a headwind. Inflation is expected to increase slightly, albeit remaining generally low across the region, as output gaps close. The main exceptions are India and Indonesia, whose high inflation rates should continue to moderate further.

2.2 BACKGROUND OF THE ELECTRICITY SUPPLY INDUSTRY IN SEA

Robust economic development has accelerated the demand for power especially in developing economies in SEA, such as Indonesia, the Philippines and Vietnam. Access to continuous and reliable power has become indispensable for businesses. Power sector expansion continues in the region due to growing urbanisation, rising middle class population and progressive growth in electrification ratio. Significant reserves of coal (27.9 billion MT) and gas (7.5 trillion cubic meters) in SEA have increased the dominance of coal-fired and gas-fired power plants in the region's electricity mix. The role of coal and gas-fired technologies in power generation is likely to remain significant, despite the growing importance of nuclear and renewable energy technologies. Utility companies and IPPs in SEA have both invested heavily in combined-cycle gas turbine power plants and coal-fired power plants in 2011 and 2012 and the trend is expected to continue during the period of 2014 to 2018.

Countries like Singapore, Brunei and Thailand registered electrification ratios of 100.0%, 99.7% and 99.3% respectively, while several other countries in SEA such as Myanmar, Cambodia, Vietnam, Indonesia, Philippines, Lao PDR and some parts of East Malaysia are yet to be completely covered by their respective national power grid due to topographical challenges. These countries face power blackouts and brownouts and have to rely on other power generation technologies, especially diesel generators to meet their electricity needs.

Many SEA countries continue to rely significantly on fossil fuels and hydroelectric power plants above 25 MW capacity to generate electricity. However, to improve their respective electrification ratio as well as to address demand for power, the Governments of the SEA countries have emphasised on energy diversification in their energy policies.

2.3 ELECTRICITY CONSUMPTION TRENDS

Electricity consumption of countries in SEA has grown from 519,165 GWh in 2008 to 742,758 GWh in 2013, representing a CAGR of 7.4%. Frost & Sullivan estimates that the region's electricity consumption is expected to grow at a CAGR of 7.9% to 1,086,576 GWh in 2018. Frost & Sullivan expects Indonesia and Singapore to register a forecasted electricity consumption growth with a CAGR of 8.4% and 3.9%, respectively, from 2014 to 2018.

According to International Monetary Fund ("**IMF**"), Singapore's GDP is forecasted to grow at a CAGR of 5.5% from 2014 to 2020 as the country focuses on sustainable and inclusive growth driven by increasing productivity and innovations. Frost & Sullivan estimates electricity consumption in Singapore to grow from 46,676 GWh in 2014 to 54,472 GWh in 2018 at a CAGR of 3.9%. Due to unavailability of natural resources, Singapore will continue to import energy from neighbouring countries to meet the country's energy needs.

Frost & Sullivan estimates electricity consumption in Indonesia to grow from 203,345 MW from 2014 to 280,278 MW in 2018 at a CAGR of 8.4%. In order to meet this demand, the installed capacity would have to be increased. According to Rencana Usaha Penyediaan Tenaga LIstrik 2013–2022, the development of additional generation capacity has been planned to meet the growing demand for electricity, The planned additional capacity of 59.5 GW, of which 25.5GW have been allocated for the private sector, will provide opportunities for the involvement of private companies[37].

Table 2:1: Historical and Projected Total Electricity Consumption, 2008-2018F

Year	Electricity Consumption (GWh)			
	Singapore	Indonesia	Others*	Total**
2008	38,987	129,019	351,159	519,165
2009	38,823	134,582	366,567	539,972
2010	42,252	147,297	408,072	597,621
2011	43,007	157,993	431,317	632,317
2012	44,201	173,991	472,026	690,218
2013	44,923	187,541	510,294	742,758
2014E	46,676	203,345	550,320	800,341
2015F	48,507	223,454	603,867	875,828
2016F	50,395	244,876	653,104	948,375
2017F	52,556	268,152	704,938	1,025,646
2018F	54,472	280,278	751,826	1,086,576
CAGR 2008–2013	**2.9%**	**7.8%**	7.8%	7.4%
CAGR 2014-2018F	**3.9%**	**8.4%**	**8.1%**	**7.9%**

*Others include Brunei, Cambodia, Laos, Malaysia, Myanmar, Philippines, Thailand and Vietnam.** Some totals may not add up due to rounding.

*Source: For Singapore: Historical numbers 2008 to 2013 taken from the Singapore Energy Statistics 2014 by the Energy Market Authority ("**EMA**") of Singapore. For Indonesia: Historical numbers 2008 to 2013 are taken from Ministry of Energy and Mineral Resources. For Thailand: Historical numbers 2008 to 2012 are taken from The Energy Policy and Planning Office, Ministry of Energy Thailand. For Philippines: Historical numbers 2008 to 2012 taken from Department of Energy's Power Statistics 2012. Historical numbers for all other countries are taken from EIA publication.*

[37] 17.1 GW of the total planned additional capacity has not been allocated as of the publication of RUPTL 2013-2022 in December 2013.

2.4 INDUSTRY DRIVERS

2.4.1 Increasing Rate of Urbanisation

Table 2:2: Urbanisation Rate, countries in SEA, 2014 and 2050

Country	2014	2050
Brunei	77%	84%
Malaysia	74%	86%
Indonesia	53%	71%
Thailand	49%	72%
Philippines	44%	56%
Lao PDR	38%	61%
Myanmar	34%	55%
Vietnam	33%	54%
Cambodia	21%	36%
SEA	**50%**	**66%**

Source: UN's World Urbanisation Prospects 2014

As the urbanisation rate[38] in the SEA region increases, there is a growing need to satisfy the urban population's energy demand. Demand for additional power generation capacity is acutely evident in emerging economies such as Thailand, Vietnam, Indonesia and the Philippines.

2.4.2 Liberalisation of the Power Generation Market

Power shortages, tight reserve margins and power utility companies' lack of cash reserves are driving the liberalisation of power markets. As such, in encouraging private power producers to invest in the competitive power generation market, majority of the SEA countries are moving towards adopting a single off-taker model mainly to protect financiers of power generation projects from market risk and retail-level regulatory risk, enabling investments to be commercially profitable. The degree of competitiveness varies from country to country and Governments are now more open to regional power integration and private sector participation in projects. The increasing pace of power sector liberalisation presents a business expansion opportunity for power producers in the SEA region.

2.4.3 Abundant Availability of Fuel

The abundant availability of coal and natural gas reserves in SEA has enabled power plant developers to obtain fuel resources domestically or within the region. Coal is one of the fossil fuels easily sourced in SEA, with Indonesia being the largest producer within the region[39]. According to Bundesanstalt für Geowissenschaften und Rohstoffe ("***BGR***"), Indonesia was ranked fourth (4^{th}) largest coal producer in the world in 2013 with 430.0 million tonnes of coal production. Easy access to low-cost fuel spurs the high adoption rate of proven technologies such as coal-fired power plants in the SEA region, especially in Indonesia that predominantly uses gas-fired power plants with steam turbines and boilers. Indonesia has ample natural gas reserves that facilitate the installation of gas-fired power plants. Indonesia has the largest proven natural gas reserves in the Asia Pacific region, with approximately 1.5% of the world's total estimated proven natural gas reserves in 2013. In addition, Malaysia and Indonesia are the world's ninth (9^{th}) and tenth (10^{th}) largest exporter of LNG respectively.

[38] Urbanisation is calculated using the World Bank's population estimates and urban ratios from the UN World Urbanisation Prospects. Urbanisation refers to the increase in the proportion of people living in towns and cities when a country is still developing. Increase in urbanisation rates creates more demand for goods and services.

[39] According to the EIA, top five coal producers in 2012 were China, the US, India, Australia and Indonesia. Indonesia is the only country located in the SEA region.

2.5 MARKET SIZE OF POWER GENERATION INDUSTRY IN SEA

The market size by installed capacity in SEA is estimated to be 173,671 MW in 2013 and expected to grow at a CAGR of 4.5% to 216,604 MW in 2018. Frost & Sullivan's research based on publicly available information shows that Malakoff is the largest IPP in terms of effective power generation capacity installed in SEA as at 20 March 2015.

Table 2:3: Top 5 Largest Companies with Interests in IPPs in SEA as at 20 March 2015

Name of IPP	Country of Incorporation	Countries of Operation	Effective Capacity (MW)
Malakoff	Malaysia	Malaysia, Saudi Arabia, Algeria, Australia, Bahrain, Oman	6,035.6
Ratchaburi Electricity Generating Holding PCL.	Thailand	Thailand, Lao PDR, Australia	5,612.55
Edra	Malaysia	Malaysia, Egypt, Bangladesh, the UAE, Pakistan	5,594.2
Electricity Generating Public Company Limited	Thailand	Thailand, Australia, The Philippines	4,917.86
YTL	Malaysia	Malaysia, Singapore, Indonesia, Australia	4,556.0

Source: Companies' annual and quarterly reports, Frost & Sullivan

2.6 INDUSTRY CONSTRAINTS

Obstacles and Transparency of Project Agreements

IPPs usually enter into PPAs with state-owned utility companies which have an effective monopoly over their respective countries' electrical transmission and distribution services. In the SEA region, IPPs face difficulties in negotiating tariffs that are commercially acceptable for both new and extension of existing PPAs. Furthermore, terms of the PPAs are often not tailored to the IPPs' specific operating circumstances and may contain ambiguous provisions. This challenge is more prominent in Indonesia, the Philippines and Vietnam. The lack of transparency and clarity in project agreements and the inability to agree on mutually favourable PPAs have led to project delays in the recent years.

Access to Capital

Power plant development is highly capital intensive and requires significant capital investment by project developers. Usually, power projects also involve extensive debt capital structure. Hence, the ability to execute a successful project on time largely depends on the ability of the utility companies or IPPs to obtain financing. In countries like Indonesia, the Philippines, Myanmar and Vietnam where PPAs are characterised by lengthy negotiations and bureaucratic processes, prolonged negotiations can result in a longer project completion cycle. IPPs need to have a strong relationship with their lenders in order to be able to negotiate for flexibility in timing of loan disbursement until the conclusion of negotiations with all other parties involved.

Fuel Costs and Supply Constraints

Generally, the responsibility to arrange fuel for power plants is borne by the IPPs, where each of the IPPs enters into a fuel supply agreement with a fuel provider in the host country or one from neighbouring countries. In some markets and for certain types of projects, the IPPs may either enter into a long-term fuel supply agreement or opt to purchase fuel in the spot market. Securing a reliable fuel supply is highly critical for coal and gas-fired power plants as any shortages in fuel supply will disrupt the IPPs' ability to generate continuous electricity, thus causing IPPs to employ more costly alternatives.

3 BRIEF OVERVIEW OF THE ELECTRICITY SUPPLY INDUSTRY IN AUSTRALIA

3.1 BACKGROUND OF ELECTRICITY SUPPLY INDUSTRY IN AUSTRALIA

In Australia, the power generation industry was state-owned and centralised until the mid-1990s'. However, the market opened up to liberalisation which started in the 1990s' in New South Wales ("**NSW**"), and subsequently expanded to Victoria, Queensland and South Australia. The National Electricity Market ("**NEM**") was established in 1997. In 2004, Australian Energy Regulator ("**AER**") was established to regulate the energy markets and networks, along with two other operating bodies under NEM. The Australian Energy Market Commission ("**AEMC**") was established to manage transmission operation and planning process and Australian Energy Market Operator ("**AEMO**") as the power system and market operator for NEM.

Australia has two major wholesale electricity pools – the NEM and the Wholesale Electricity Market ("**WEM**") operating in the South West Interconnected System ("**SWIS**") in Western Australia with the latter facilitating the power flows across Southwest of Western Australia. The NEM facilitates market determined power flows across the Australian Capital Territory, NSW, Queensland, South Australia, Victoria and Tasmania. Western Australia and the Northern Territory are not connected to the NEM because of their geographical distance from the eastern region of Australia. Wholesale electricity pool is a systematic electricity trading model where power generators, customers and retailers within the participating jurisdictions trade electricity. In the NEM, the pool acts as a central dispatch system managed by AEMO. Trading of electricity in the NEM is conducted on spot basis, where supply and demand are instantaneously matched in real time through a centrally coordinated process. Price offers are submitted by power generators at 5-minute intervals, which will be determined by AEMO's system on the selected power generator to meet the prevailing demand.

On the contrary, apart from overseeing the operation of electricity trading, the WEM adopts the Reserve Capacity Mechanism that ensures adequate capacity is built to meet customer demand. Retailers are also able to enter into long-term bilateral contracts with the power generators and only the electricity volume that is not already covered in the bilateral contracts is traded on the WEM. Trading of electricity in the WEM is conducted on a day-ahead basis whereby market participants are able to adjust their existing net bilateral positions for the next trading day.

Power generation outside of the territories of NEM and SWIS include power generation in the North West Interconnected System ("**NWIS**"), power generation in Nothern Territory, and other off-grid power generation. The NWIS is owned by the Western Australia State Government and operates in the northwest part of Western Australia where majority of industrial and resource-based activities are located. The NWIS now extends across an area measuring approximately 400 km east to west and 350 km north to south. It services the communities of Dampier, Wickham, Pannawonica, Paraburdoo and Tom Price through the Pilbara Iron (Rio Tinto) Network and Port Hedland, South Hedland, Karratha, Roebourne and Point Samson through the Horizon Power Network. Meanwhile, the power generation industry in Northern Territory is small reflecting the territory's small population size.

Regulatory Framework

Within the NEM, AEMO regulates the connection, pricing and supply within the wholesale electricity pool. It is responsible for maintaining and developing the rules and market related procedures that govern the operation of NEM. AEMO has developed forecasts and planning for the NEM based on annual economic data, consumption trends, industrial activities, etc. AEMO operates under the National Electricity Law and National Electricity Rules ("**NER**"), which are reviewed, amended, and sanctioned by the AEMC. AEMC is also responsible for the development of regulation under the National Electricity Law, the National Gas Law and the National Energy Retail Law. The AER is responsible to monitor the market activities within NEM to ensure compliance with National Electricity Law and the NER. The AER, the AMEC and AEMO are regulatory arms reporting to the Council of Australian Governments ("**COAG**") Energy Council (formerly known as Standing Council on Energy Resources). The COAG Energy Council is responsible policy decision related to the energy markets in Australia.

Within the WEM, the equivalent authority governing the wholesale electricity market is the Independent Market Operator ("**IMO**"), who is also responsible for maintaining and developing the Wholesale Electricity Market Rules ("**WEMR**") and related market procedures that govern the operation of WEM. Other key regulatory bodies that oversee the WEM operation include the Ministry of Energy, which establish the initial market rules, appoints the Board of the IMO, and approves proposed changes to Protected Provision in the Market Rules and the Economic Regulatory Authority ("**ERA**"), which performs regulatory and market surveillance roles and approves IMO budgets, as well as the Electricity Review Board ("**ERB**"), which acts as an adjudicator for appeals.

In Australia, new power generation projects need to be lodged with the relevant authorities for project and environment appraisals in each state jurisdiction.

Table 3:1: State Authorities Responsible for Power Generation Projects, Australia, 2014

Jurisdiction	Authority	Applicable Laws
Western Australia	Economic Regulatory Authority	Electricity Industry Act 2004
Northern Territory	Utilities Commission	Electricity Reform Act
New South Wales	Division of Resources and Energy (New South Wales Trade & Investment)	Environmental Planning and Assessment Amendment (Part 3A Repeal) Act 2011
Victoria	Essential Services Commission	Electricity Industry Act 2000
Tasmania	Tasmanian Energy Regulator	Electricity Supply Industry Act 1995, Energy Co-ordination and Planning Act 1995, Electricity Reform Act 2012
South Australia	Essential Services Commission of South Australia	Essential Services Commission Act
Queensland	Department of Energy and Water Supply	Electricity Act 1994

Source: State Governments of Each Jurisdiction, Frost & Sullivan

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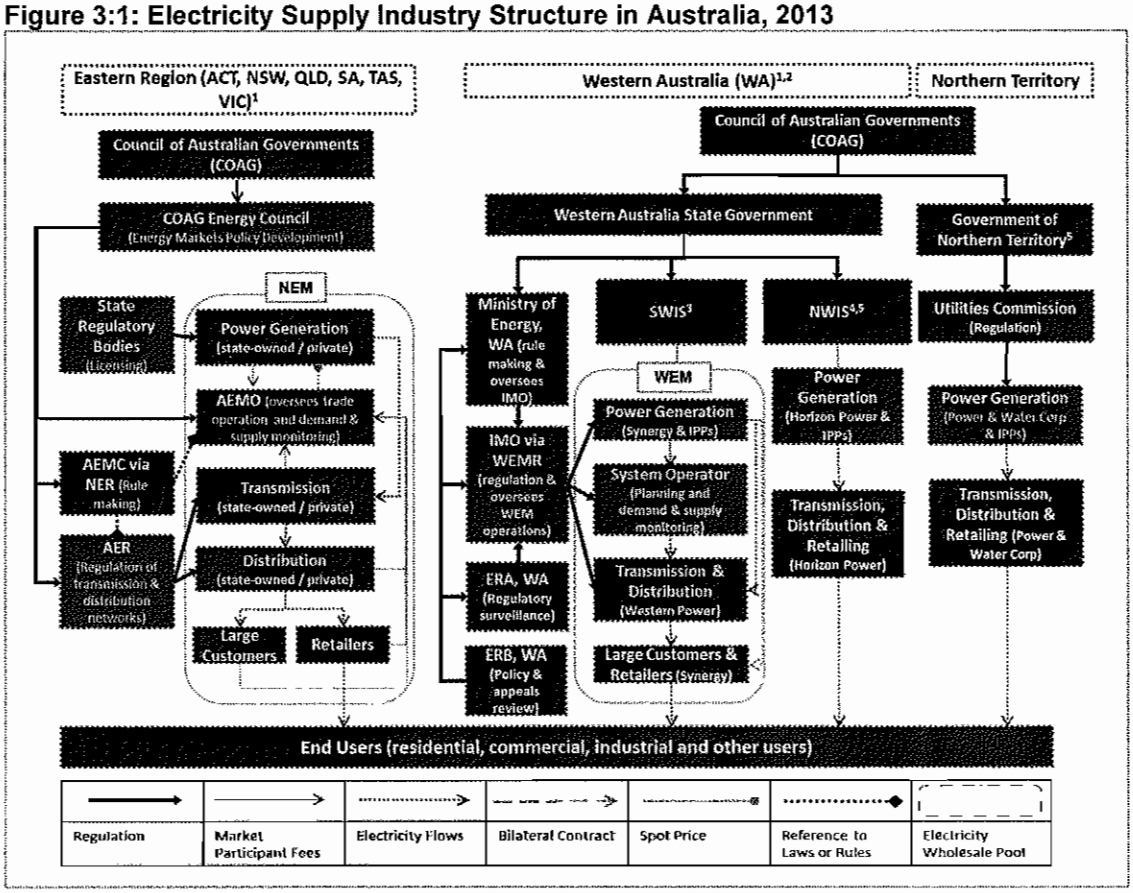
Figure 3:1: Electricity Supply Industry Structure in Australia, 2013



Notes:

(1) ACT – Australia Capital Territory, NSW – New South Wales, QLD – Queensland, SA – South Australia, TAS – Tasmania, VIC – Victoria, WA – Western Australia
(2) Depiction of 29 isolated regional power systems is excluded
(3) Includes Perth and extends from Albany in the south, to Kalgoorlie in the east and to Kalbarri in the north
(4) Includes the communities of Dampier, Wickham, Pannawonica, Paraburdoo and Tom Price through the Pilbara Iron (Rio Tinto) Network and Port Hedland, South Hedland, Karratha, Roebourne and Point Samson through the Horizon Power Network
(5) NWIS and Northern Territory do not operate in the wholesale electricity market model due to small scale of the electricity supply system

Source: Frost &Sullivan

3.2 ELECTRICITY CONSUMPTION TRENDS

The electricity consumption in Australia between 2000–2001 and 2010–2011, increased from 224,641 GWh to 252,620 GWh at a CAGR of 1.2% However, in 2011-2012, electricity consumption declined by 1.1% to 249,884 Gwh and this continued in the following year with a decline of 0.3% in 2012-2013. The recent decline in electricity consumption was mainly driven by the reduction in electricity generation using coal (black and brown coal) due to the introduction of the carbon pricing[40] in July 2012 and the improvement on energy consumption efficiency. Moving forward, the Bureau of Resource and Energy Economics ("**BREE**") has forecasted the electricity demand to grow with a CAGR of 2.0% from 2008-2009 to 2019-2020F, reaching a total electricity consumption of 310,000 GWh by 2019-2020F.

[40] Part of Clean Energy Plan; where entities that emit over 25,000 MT of carbon per year and not participating in transport or agriculture industry are required to obtain permits. These permits can be purchased or can be obtain under industry assistance measures.

Table 3:2: Electricity Consumption (GWh) in Australia, 2008-2009 to 2019-2020F

Year	Electricity Consumption (GWh)	Growth Rate (%)
2008-2009	249,531	n/a
2009-2010	252,133	1.0
2010-2011	252,620	0.2
2011-2012	249,884	-1.3
2012-2013	249,075	-0.3
2013-2014E	256,325	2.9
2014-2015F	263,997	3.0
2015-2016F	272,126	3.1
2016-2017F	280,749	3.2
2017-2018F	289,905	3.3
2018-2019F	299,639	3.4
2019-2020F	310,000	3.5
CAGR 2008-2009 – 2012-2013: - 0.05%		
CAGR 2013-2014E – 2019-2020F: 3.2%		

Source: BREE, and Frost & Sullivan

3.2.1 Industry Drivers

Population growth

Australia's population has grown at a CAGR of 1.6% from 21.7 million in 2008-2009 to 23.1 million in 2012-2013. According to Australian Bureau of Statistics, by 2020 the total population for Australia is expected to reach 26.3 million, representing a CAGR of 1.8% from 2013-2014 to 2019-2020F. Australia had a per capita consumption electricity of 10,712 kWh in 2011, behind few developed countries such as Iceland (52,373.8 kWh), Norway (23,173.6 kWh) and Canada (15,473.2 kWh).

Economic Development

As a developed nation, Australia's economy is driven by technology and capital-intensive industries. Leaving aside the global economic challenges faced in 2008, Australia economy has posted a GDP CAGR of 8.1% from 2008 to 2013. This growth was primarily driven by domestic demand and expansion in manufacturing and construction industry. Australia's GDP increased from AUD311.3 billion in 1990 to AUD1,560.1 billion in 2013. In 2014, Australia's GDP is expected to grow 4.5% according to Reserve Bank of Australia, which is at a higher rate compared to its decade average of around 4.0%.

Industrial Development

In 2014-2015 more LNG projects are expected to be launched in Queensland, which is expected to drive electricity consumption in the region. Arrow LNG plant was one of the key LNG projects which were approved by the Australian Government in 2013. This includes construction of a gas pipeline, construction of a liquefaction facility where coal seam gas will be converted to LNG and stored for shipment in LNG carriers to growing LNG markets. The project is expected to produce up to 18 million MT of LNG per annum. The LNG project will boost level of electricity consumption due to the electricity demand increase to power up the LNG plants starting 2016-2017, upon completion of Phase 1, with the construction of Phase 2 starting in 2022-2023.

Government Policy

Australia is also looking to generate electricity using renewable sources such as wind, solar and hydro. By focusing on wind energy, the Australian Government plans to develop more efficient ways of generating electricity. In 2013 alone a total of 18 plants (705 MW) inclusive of wind, hydro, solar, biogas and geothermal power plants were commissioned. Going forward, the Australian government is expecting a strong growth (23.6% annually) in rooftop PV installations, particularly in Queensland and Victoria and also strong growth (10.0% annually) in total energy efficiency savings, with key contributions from air conditioning, refrigeration and electronics.

3.3 ELECTRICITY SUPPLY TRENDS

3.3.1 Evolution of Fuel Mix

Black coal and brown coal-fired power generation[41] is likely to contribute to a substantial share of the total power generation in Australia despite a decline in last 5 years. Natural gas and wind power generation is expected to increase further in the next 5 to 7 years gradually replacing black and brown coal-fired power generation. The future mix of generation projects in Australia is impacted by federal energy policies, through incentives for withdrawing existing plant, or a reassessment of the timing and/or technology of proposed future projects.

Along with high costs in transmission and distribution to growing demand and the cost of replacing old power poles (aged up to 50 to 60 year) and transmission wires, electricity price in NSW increased over 85% over 2011-2012 and 2012-2013[42]. In the backdrop of increasing electricity prices, consumers have taken measures to reduce power consumption by installing small scale renewable energy systems (mostly solar), or transitioning to natural gas. Consumers have been given the option to pay a small amount of extra cost to include renewable energy generation in the power they consume.

Table 3:3: Power Generation Forecast, by Fuel Type, Australia, 2008-2009 to 2019-2020F

Year	Power Generation (TWh)					
	Black Coal	Brown Coal	Natural Gas	Others	Renewables	Total
2008-2009	127.3	57.0	37.7	9.0	18.6	249.6
2009-2010	123.7	56.1	44.6	6.1	21.8	252.3
2010-2011	117.0	55.3	49.0	5.8	26.2	253.3
2011-2012	116.7	55.1	48.6	3.8	25.8	250.0
2012-2013	111.5	47.6	51.0	6.4	32.6	249.1
2012-2014E	113.3	48.3	52.7	6.2	35.8	256.3
2014-2015F	115.2	49.0	54.5	6.0	39.3	264.0
2015-2016F	117.1	49.8	56.2	5.8	43.2	272.1
2016-2017F	119.0	50.6	58.1	5.6	47.5	280.8
2017-2018F	121.0	51.4	60.0	5.4	52.2	290.0
2018-2019F	123.0	52.2	62.0	5.2	57.3	299.7
2019-2020F	125.0	53.0	64.0	5.0	63.0	310.0
CAGR 2008-2009 – 2012-2013	**-3.3%**	**-4.4%**	**7.8%**	**-8.2%**	**15.1%**	**-0.1%**
CAGR 2012-2013 – 2019-2020F	**1.6%**	**1.5%**	**3.3%**	**-3.5%**	**9.9%**	**3.2%**

Note:
(1) Other includes oil and multi-fuel fired power plants[43].
(2) Renewable includes wind, hydro, solar PV and bio energy.

Source: BREE, 2014; Frost & Sullivan estimates

The total electricity generated in Australia during 2012-2013 was 249.1 TWh. Approximately 44.8% of the total generation was fuelled by black coal followed by natural gas and brown coal at 20.5% and 19.1% respectively. The renewables fuel source accounted for 13.1% of the total electricity generated in 2012-2013. However, this is expected to increase to 20.3% by 2019-2020F, due to the efforts of the Australian Government to improve the input of renewable energy segment for generating electricity. Usage of black coal in generating electricity is

[41] Black coal and brown coal are the two major types of mineral coal and named after their colours. Sub-bituminous coal, bituminous coal and anthracite are together known as black coal. Brown coal is also called lignite. Black coal has four times the heating value of brown coal.
[42] Electricity Price from AEMO, http://www.aemo.com.au/Electricity/Data/Price-and-Demand/Average-Price-Tables
[43] Multi-fuel tired power plants refer to power plants that run on more than one type of fuels. There are mainly two types of multi-fuel fired plants: natural gas and liquids, and coal and natural gas.

expected to reduce to 40.3%, in line with the Australian Government efforts to reduce emissions level of coal-fired plants and increase renewable energy fuel mix in the long term.

3.3.2 Renewable Energy

The generation capacity continues to evolve in line with the Australian Government's renewable energy policies. The Australian Government has implemented a number of measures to increase the uptake of renewable energy in Australia. Key amongst these are the Renewable Energy Target ("**RET**"), carbon pricing policies, as well as the establishments of the Australian Renewable Energy Agency ("**ARENA**") and the Clean Energy Finance Corporation ("**CEFC**"). The RET targets 20% of the power generation capacity in Australia to be generated by renewable resources by 2020.

Amongst all types of renewable energy generation, wind energy is the most widely adopted renewable energy in Australia, followed by hydro and solar. According to the Australian Energy Resource Assessment[44], the Southern and South-western coasts of Australia are amongst the best wind resources in the world for wind energy.

Investment in large-scale solar power generation is also increasing rapidly. Australia has the highest average solar radiation per square metre[45] of any continent and has capabilities in solar PV research and technology development according to a report on solar energy by Australian Energy Resource Assessment.

As of October 2013, nuclear power generation has not been considered as an option in Australia despite Australia being among the top 3 largest producers of uranium in the world[46]. However there are continuous studies done on the importance of nuclear power for Australia in the future.

The investments in renewable energy continues to grow, driven by mature technologies, government initiatives such as the RET policy that facilitate the gradual shift from coal-centred power generation to a portfolio of energy resources power generation with renewable energy playing a larger role in the energy mix.

Wind

With its high returns, wind power generation is a mature technology and is the largest renewable energy generation sector in Australia. Wind power generation is also expected to experience the highest growth during the forecast period between 2012-2013 and 2017-2018. Wind projects dominate the list of all current projects at advanced stages of completion. However, conditions for new development are increasingly challenging with public community objections to wind farms on the basis of noise disturbances and environmental threats to wildlife. In 2013, the installed capacity of wind generation in Australia is 3,240 MW from 68 farms in total, the largest being MaCarthur wind farm in Victoria topping the rest at 420 MW. The performance of wind farms are highly dependent on the location which determines the wind resources and power transmission infrastructure.

3.3.2.1 Renewable Energy in Victoria

Victoria has abundant renewable energy sources, such as onshore wind, solar, hydroelectricity, bio-energy, geothermal, wave and tidal energy sources.

However the utilisation of these resources faces economic, environmental, social, and regulatory constraints. In Victoria, the local council is the authority responsible for an application

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[44] Wind resources: a term used to describe the availability, strength, and consistency of wind, that are combined used to assess potential to generate wind power

[45] Source: Geoscience Australia, http://arena.gov.au/files/2013/08/Chapter-10-Solar-Energy.pdf

[46] World Nuclear Association 2013, *"World Uranium Mining Production", July 2013.* [Accessed on 4 November 2013] http://www.world-nuclear.org/info/Nuclear-Fuel-Cycle/Mining-of-Uranium/World-Uranium-Mining-Production/#.UndTJSfiT3A

for a permit for a wind energy facility, except where a project is designated as being of state significance under Part 9A of the Planning and Environment Act 1987, which falls under the purview of the Victoria State Government.

Despite the statement from National Health and Medical Research Council ("**NHMRC**") that dismissed the health concerns of wind farms in 2009, as a compromise to community oppositions towards wind farms, the Victoria government issued a restriction stating that if an existing dwelling is located within two kilometres of any wind turbine that forms part of a proposed wind energy facility, the permit application must be accompanied by evidence of the written consent of the owner of the dwelling. The application is prohibited by the planning scheme where evidence of written consent is not provided.

In addition to the research conducted by NHMRC, Victorian Health Department has conducted a research (May 2013) which further dismissed the purported health concerns caused by wind farm operations.

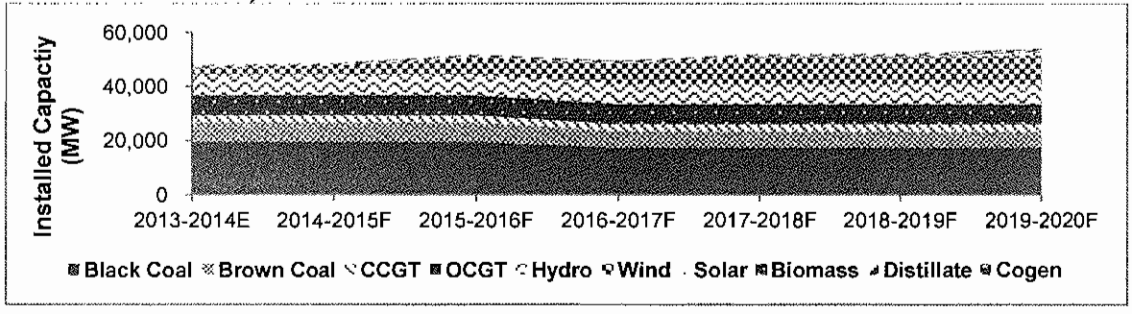
3.3.3 Power Generation Capacity in Australia

3.3.3.1 NEM

In 2013-2014, the installed capacity under NEM was 47,891 MW and comprised a range of fuel generation mix (55.6% coal, 21.2% natural gas, 5.5% wind, 16.0% hydroelectric power and 1.7% others).

According to National Transmission Network Development Plan, installed capacity for NEM will total up to 53,967 MW by 2019-2020F, comprising a range of fuel generation mix (43.1% coal, 18.8% natural gas, 19.5% wind, 14.2% hydro, 4.4% others). The increase in installed capacity relies heavily on renewable power projects mainly wind and solar power for NEM. The future mix of generation projects in NEM is impacted by federal energy policies, through changed incentives for withdrawing existing plant, or a reassessment of the timing and/or technology of proposed future projects.

Chart 3:1: Installed Capacity Forecast by Technology (MW) within NEM, Australia (2013-2014 to 2019-2020F)



Note:
(1) Torrrens Island A and B generation is included as OCGT rather than Gas/steam sub-critical

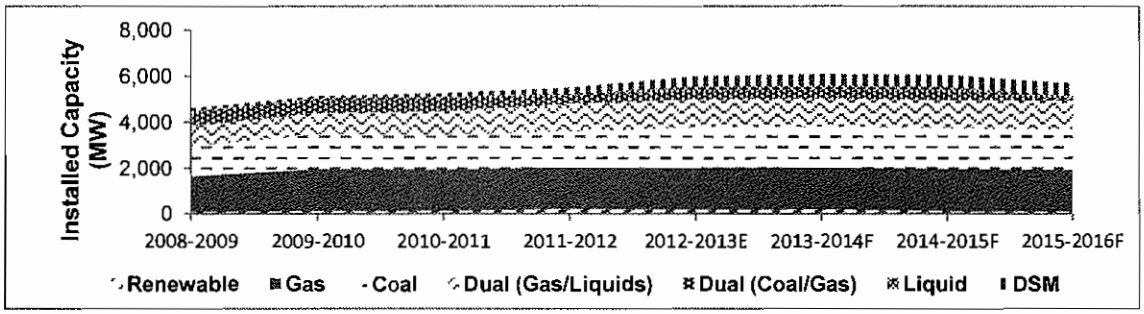
Source: National Transmission Network Development Plan 2013, AEMO

3.3.3.2 SWIS

The IMO is responsible for demand, supply, and reserve capacity tracking[47] within SWIS network in Western Australia. In 2012-2013 the installed capacity in SWIS is estimated to be about 5,995.6 MW. The Reserve Capacity Mechanism was set up in 2005 to provide incentive to attract more participants in the wholesale electricity market in Southwest of Western Australia. This ensures sufficient capacity to meet system needs and to promote efficiencies in the market.

[47] Reserve margin level

Chart 3:2: Installed Capacity Forecast by Fuel Type within SWIS, Australia, 2008-2009 – 2015-2016F



Notes:
(1) DSM – Demand Side Management
(2) Forecast numbers provided by IMO is until 2015-2016F

Source: IMO, 2013

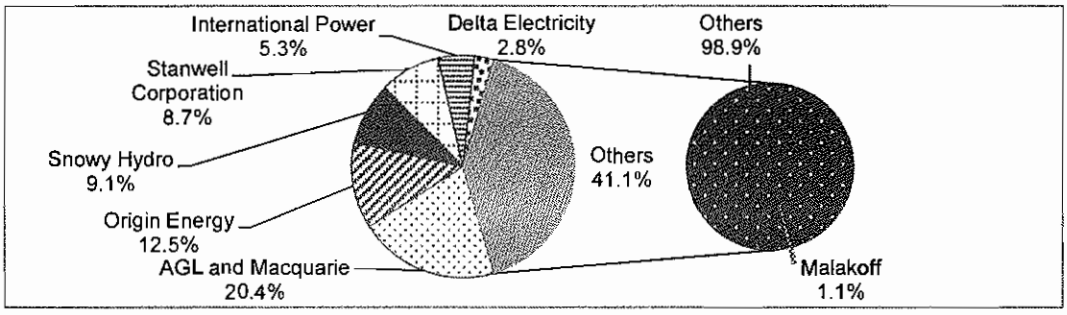
The future mix of generation projects in SWIS is impacted by federal energy policies, through changed incentives for withdrawing existing plant, or a reassessment of the timing and/or technology of proposed future projects.

3.3.4 Competitive Landscape

3.3.4.1 NEM

Wholesale electricity in eastern and southern Australia is traded through the NEM, covering Australian Capital Territory, NSW, Queensland, South Australia, Victoria and Tasmania. As of 2013-2014, the total installed capacity under NEM was 47,891 MW. AGL Macquarie is the largest power company based on effective installed capacity with approximately 20.4% of market share for NEM, followed by Origin Energy with 12.5% market share.

Chart 3:3: Market Share (%) of Selected Power Generation Companies based on Effective Capacity in NEM, as of 2013-2014



Source: AER 2013; Frost & Sullivan Analysis

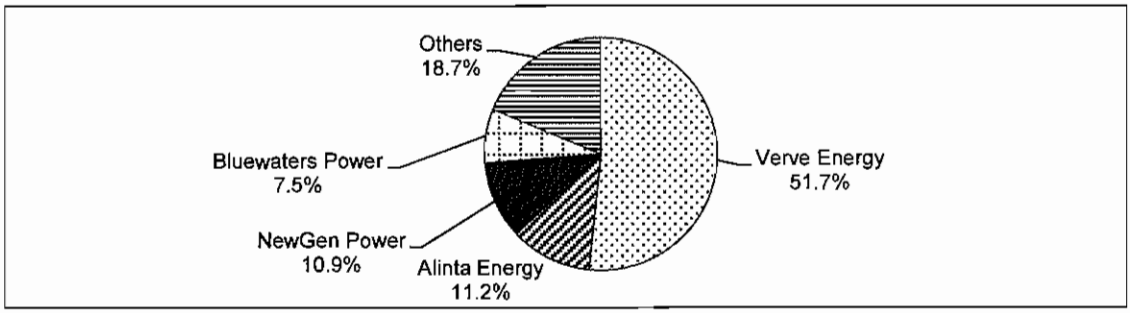
Aside from principal generation businesses, there are a few power generators for consumers who are connected to the grids in NEM or SWIS and are able to sell surplus power back to the grids. These are typically industrial consumers such as Alummina and Alinta Gas, amongst others. There is no publicly stated restriction on foreign investment entering the power generation in Australia, aside from the existing project approval, registration and compliance requirements in each state jurisdiction and respective electricity wholesale network.

3.3.4.2 SWIS

There are more than 12 power generating companies, which is made up of privately owned capacities (Alinta and NewGen Power) and state-owned capacities (Verve Energy) under SWIS. In 2012-2013 the installed capacity stood at 5,995.6 MW. In April 2013, the Government of Western Australia announced a merger of the State's electricity retailer (Synergy) and generator

(Verve Energy), effective January 2014, aimed at enhancing efficiencies in the energy market of West Australian regions.

Chart 3:4: Market Share (%) of Selected Power Generation Companies based on Effective Capacity in SWIS, as of 2012-2013

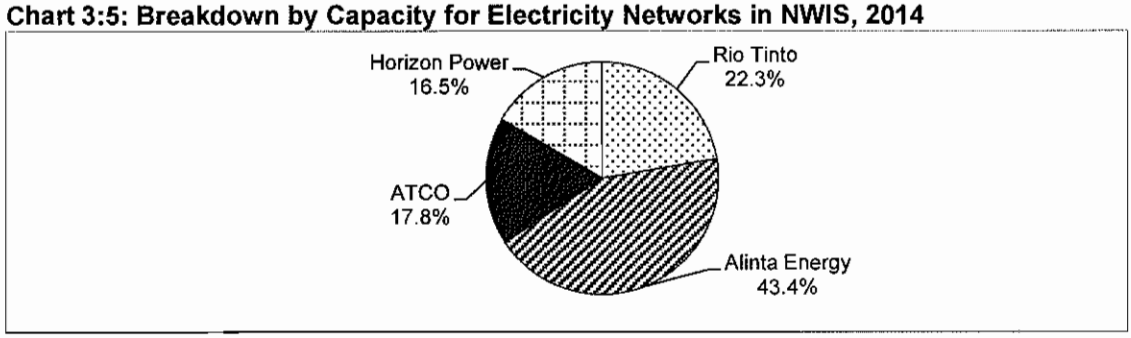


Source: IMO 2013; Frost & Sullivan Analysis

3.3.4.3 NWIS

The participants for power generation in the NWIS are Rio Tinto Group, ATCO Australia, Alinta Energy, and Horizon Power. These stakeholders own and operate the NWIS. The total installed capacity for NWIS was 484 MW as of 2014. Alinta Energy owns the largest power generation capacity in the NWIS at approximately 210.0 MW (43.4%) of the total power generation capacity. This is followed by Rio Tinto with 108.0 MW (22.3%), ATCO with 86.0 MW (17.8%) and Horizon Power with approximately 80 MW (16.5%).

Chart 3:5: Breakdown by Capacity for Electricity Networks in NWIS, 2014

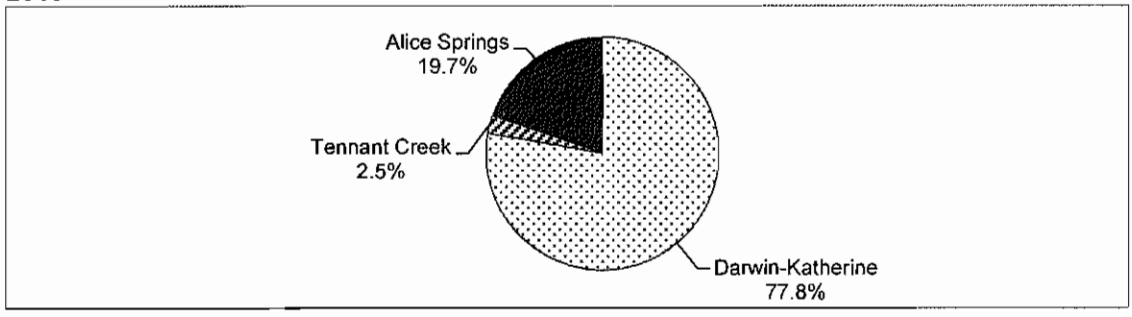


Source: Public Utilities Office, Department of Finance, Government of Western Australia

3.3.4.4 Northern Territory

The total installed capacity for the Northern Territory was 670 MW as of 2013. The territory is broken into three main network systems which are not interconnected, namely Darwin-Katherine, Alice Springs Electricity Network and Tennant Creek.

Chart 3:6: Breakdown by Capacity for Electricity Networks in the Northern Territory, 2013



Source: Utilities Commission Australia, 2013

Power and Water Corporation, a state entity covers approximately 92.1% of total installed capacity in the Northern Territory of Australia. Its total installed generation capacity is more than 617 MW as of 2013, split between Power and Water Corporation (559MW) and 58 MW contracted capacity under PPAs with IPPs (including, NGT (NT) Pty Ltd, Central Energy Power Pty Ltd, Cosmo Power Pty Ltd, TKLN Solar Pty Ltd, amongst others). Power and Water Corporation is the largest electricity producer in the Northern Territory power generation market.

3.4 INDUSTRY OUTLOOK AND PROSPECTS

Frost & Sullivan estimates that the electricity demand is expected to grow at a CAGR of 3.2% from 2012-2013 to 2019-2020F[48], and is subject to the variations with different economic and climatic outlook during the forecast period.

Correspondingly, the power generation industry is expected to grow simultaneously. Nevertheless, the installed capacity of black coal and brown coal is expected to decrease and supplemented by renewable energy generation to meet the RET. Among all types of renewable power generation, wind energy is likely to gain the fastest growth in the next decade for its mature technology, feasible economics, and available wind resource. Frost & Sullivan expects wind power generation to grow at a CAGR of approximately 25.5% over 2012-2013 and 2019-2020F. Large scale wind energy generation is the most favourable form of renewable power source with about 2,220 MW installed capacity projects announced up to 2019 in Australia mostly in the region of South Australia.

The Australian electricity sector is expected to develop organically with a mixture of domestic and international participants. According to the Statement of Opportunities in both NEM and SWIS, the Australian power generation sector offers an annual growth rate of about 1.0% to 1.5% and 2.5% respectively. The off-grid area (that is out of NEM and SWIS) also offers growth potential given the resource sector development in those areas.

4 ANALYSIS OF THE ELECTRICITY SUPPLY AND WATER PRODUCTION INDUSTRY IN THE MIDDLE EAST AND NORTH AFRICA (MENA) REGION

4.1 ECONOMIC OVERVIEW OF MENA

A large and possibly persistent decline in oil prices, and slower-than-projected growth in the euro area, China, Japan and Russia, have substantially altered the economic context for countries in the Middle East and Central Asia. The appropriate policy response will depend on whether a country is an oil exporter or importer. A common theme, however, is that these developments present both an opportunity and an impetus to reform energy subsidies and step up structural reform efforts to support jobs and growth.

Lower oil prices have weakened the external and fiscal balaces of oil exporters, including members of the Gulf Cooperation Council ("**GCC**")[49]. Oil exporters in the Middle East, North Africa, Afghanistan and Pakistan ("**MENAP**") regions are faced with substantial losses in government revenues and exports as a result of the large decline in oil prices. Many countries have significant buffers in the form of foreign assets that will allow them to avoild steep spending cuts and limit the drag on growth.

Across the MENAP region, with buffers eroding at varying speeds, most countries will need to re-assess medium-term spending plans and, if lower oil prices persist for a prolonged period, will need to adjust gradually to the new realities in the global oil market. Some countries that do not have signinfcant buffers or borrowing capacity will need to adjust more quickly, with adverse consequences for economic growth. In all oil-exporting coutnries, deepening economic reforms

[48] BREE and Frost & Sullivan

[49] The high-income GCC countries comprised of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

aimed at diversifying economies away from oil, and encouraging growth and job creation, would help mitigate any adverse effects of fiscal consolidation growth.

Oil importers in the MENAP region are benefiting from lower oil prices. Energy import bills are reduced, and, where lower oil prices are passed on to end-users, production costs decline and disposable income rises. Yet in most oil-importing countries gains from lower oil prices are offset by other adverse factors, such as slower-than-expected domestic demand growth and a weaker-than-expected outlook for growth in the key trading partner countries: the euro area and GCC for MENAP oil importers. In addition, some countries export non-oil commodities, the prices for which have been declining. As a result, impact on growth and on fiscal and current account deficits is mixed, with expected improvements in some countries but a worsening in others.

Lower oil prices create favourable conditions for continuing subsidy reforms and for stepping up structural reform efforts to support medium-term growth and job creation. However, oil importers should not overestimate the positive impact of the decline in oil prices on their economies: demand growth is weak in trading partner countries and there is considerable uncertainty about the persistence of lower oil prices and the availability of external financing.

Overall, the growth in the GCC is expected to be around 3.4% in 2015. In the non-GCC oil exporters, growth is expected to be 2.4%. Oil production and evolving conflicts in the region constitute important downside risks to the outlook. The oil producers from the Organisation of the Petroleum Exporting Countries are not expected to cut oil production under baseline projections, but appartent oversupply in the global oil market suggests that the risks for oil production are skewed to the downside. In addition, countries in conflict or difficult security situations (Iraq, Libya, Yemen) or facing a difficult external environment (Iran) could also suffer from declining oil production and/or face downside risks from conflict-induced disruptions in non-oil economic activitiy.

4.2 BACKGROUND OF MENA'S ELECTRICITY SUPPLY INDUSTRY AND WATER PRODUCTION INDUSTRY

Economic growth in the MENA region has led to a marked growth in electricity consumption. Total electricity consumption in the region[50] has increased at a CAGR of 4.7% from 607,081 GWh in 2008 to 765,046 GWh in 2013. Frost & Sullivan anticipates that electricity demand in this region will further increase at a CAGR of 9.4% to reach 1,184,118 GWh by 2018.

A notable trend in this region's power generation sector is the integration of water production and power generation plant as a measure to meet the electricity demand, while in parallel, combating the water scarcity issue, one of the major concerns of the Governments in the region. These plants utilise natural gas or oil in a combined cycle generation process in which steam generated from the gas turbines are fed into steam turbines to generate electricity. At the same time, the steam produced from the gas turbines is supplied back to the desalination plant to distill sea water through water desalination methods. The Government of Algeria launched a programme to build 13 seawater desalination plants along its coastline with a design capacity of 2.3 million m^3 per day. The Government of Saudi Arabia has announced similar expansion plans, whereby it intends to increase the desalination capacity in the country by 577,000 m^3 per day over the forecast period.

Saudi Arabia maintains its leading global position in desalination industry as it produces over 18% of the world's production. The Saline Water Conversion Corporation ("**SWCC**") plants together with other independent and private desalination plants produce over 6 million cubic meters of desalinated water per day. SWCC's plants contribute 60% of this production to meet the demand for fresh water in the main regions of Saudi Arabia.

[50] MENA region include Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Tunisia, UAE and Yemen.

4.2.1 Background of the Electricity Supply Industry in the MENA Region

The MENA region is blessed with vast reserves of natural gas and oil, which is why the power generation industry in this region is heavily dependent on these same fuel sources. For the past 6 years, the electricity supply industry in the MENA region grew from 607,081 GWh in 2008 to 765,046 GWh in 2013 at a CAGR of 4.7%[51] driven by increased economic and population growth.

Development of IPPs and Independent Water and Power Producers ("IWPPs") in the MENA Region

Before the mid-1990s, the power generation and/or water production plants in the MENA region were financed and built solely by each government. However, after the mid-1990s, the governments in the MENA region have increasingly turned to the IPP and IWPP models as alternative sources for electricity supply. IWPPs are private companies that build and operate power and desalination plants, and sell the electricity generated and the water produced by their respective plants.

Under the IPP and IWPP operating model, the government identifies the need for a new power plant along with its specifications, and invites private sector developers to tender for the right to finance, build and operate the plant. Once the plant is completed, it is managed by the private sector. However, its output (electricity and water produced) is sold back to the government through a PPA or in the case of an IWPP, a Power and Water Purchase Agreement ("**PWPA**").

4.2.2 Background on the Water Production Industry in the MENA Region

Water Sourcing

In the MENA region, sources of water include the renewable natural sources, non-renewable groundwater or wastewater. Renewable natural resources are categorised into groundwater resources, surface water resources and the overlap of both. Non-renewable groundwater is groundwater with negligible rate of recharge on the human time-scale whereas wastewater refers to urban or industrial wastewater which will be treated for reuse[52].

Water Treatment

Extracted renewable natural resources are either supplied directly to consumers without any form of treatment or channelled to water production plant to remove contaminants. Desalination is the water treatment method adopted by countries in the MENA region. It is used as a non-conventional water supply method mainly due to the depleting groundwater resources as a result of over-exploitation.

Water Production

Water production is the process of removing dissolved salts from water, thus producing freshwater from seawater or brackish water[53]. There are two methods of desalination, namely thermal distillation and membrane desalination. Techniques of thermal distillation include multi-stage flash ("**MSF**") and multi-effect distillation ("**MED**"), while membrane desalination techniques include reverse osmosis ("**RO**"), nanofiltration, electrodialysis and electrodeionisation.

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[51] Source: AUPTDE

[52] Food and Agriculture Organisation of the UN Online: http://www.fao.org/docrep/005/Y4473E/y4473e06.htm, as at 10 December 2012

[53] International Desalination Association. *"Desalination – a critical element of water solutions for the 21st century"*, page 48 as at 10 December 2012

Water Transmission

Desalinated water is transmitted to end consumers through public main pipes. There are generally three main segments of water consumers in the region, namely agricultural, industrial and domestic.

Water Industry Challenges in the MENA Region

The main water issue faced by the MENA region is water scarcity. The availability of groundwater water resources is scarce in the MENA region as it is generally characterised by harsh climatic conditions whereby its average rainfall is decreasing. This leads to higher temperatures as well as higher evaporation and transpiration rates, all of which result in repeated drought and increased desertification.

The increasing population in the region also leads to a more serious question of water scarcity. The reducing trend of renewable water resources results in insufficient supply to meet the increasing demand for water as a result of the rising population. In addition, water efficiency is another concern in the MENA region. Non-revenue water ("**NRW**") percentages[54] are also impacting the efficiency of the water industry in the MENA region. Some MENA countries such as Algeria, Egypt and Saudi Arabia have percentages that close to or higher than the global average of 35%. NRW for Saudi Arabia in 2013 was close to 20%.

Water scarcity impacts the region economically and socially. Industries, especially those that rely heavily on water, face difficulty in having continuous supplies of treated water for operations and people in these countries do not have sufficient water volumes to support daily activities. This has led to MENA countries cooperating with organisations such as the World Health Organisation, World Bank, African Development Bank, European Investment Bank and Islamic Development Bank to resolve these water shortage issues. As a result, many foreign private water companies are entering the industry through public-private-partnership ("**PPP**") or joint ventures and operating as Independent Water Producers ("**IWPs**") or IWPPs.

4.3 ANALYSIS OF THE ELECTRICITY INDUSTRY IN THE MENA REGION

4.3.1 Electricity ConsumptionTrends

As of 2013, the top 3 countries in the MENA region with the highest electricity consumption were Saudi Arabia at 256,688 GWh or 33.6%, Egypt at 140,257 GWh or 18.3% and the UAE at 101,454 GWh or 13.3% of the total electricity consumption.

The Arab Union of Electricity tracks electricity consumption in four broad sectors: residential, industrial, commercial and others. In 2013 total electricity consumption in the MENA region was recorded at 765,046 GWh. Approximately 43.2% of total electricity consumption in the region was consumed by the residential segment. Meanwhile, the industrial segment consumed approximately 20.6% of electricity whereby the largest user in the industrial segment was the petroleum refining industry. This was followed by the commercial and others segments which accounted for approximately 16.3% and 19.9% respectively of total electricity consumption in the region.

Total electricity consumption in the MENA region increased at a CAGR of 4.7% from 607,081 GWh in 2008 to 765,046 GWh in 2013 on the back of higher electricity consumption from the commercial (CAGR 9.9%), residential (CAGR 4.4%), industrial (CAGR 3.5%) and others (CAGR 3.2%) segments.

Electricity consumption per capita has also been on an upward trend increasing from 2,016 kWh in 2008 to 2,331 kWh in 2013 at a CAGR of 3.5% supported by increasing population numbers which increased from 301.1 million in 2008 to 328.2 million in 2013.

[54] NRW percentage is the percentage of water that has been produced and is "lost" before it reaches the customer.

Table 4:1: Electricity Consumption (GWh) in the MENA Region, 2008 to 2018F

Year	Electricity Consumption (GWh)	Growth Rate (%)
2008	607,081	n/a
2009	651,866	7.4
2010	688,902	5.7
2011	728,605	5.8
2012	755,524	3.7
2013	765,046	1.3
2014F	826,340	8.0
2015F	897,502	8.6
2016F	981,076	9.3
2017F	1,076,356	9.7
2018F	1,184,118	10.0
CAGR 2008 to 2013: 4.7%		
CAGR 2014F to 2018F: 9.4%		

Source: EIA (International Energy Statistics); AUPTDE; Frost & Sullivan Analysis

Frost & Sullivan estimates electricity consumption to increase from 826,340 GWh to 1,184,118 GWh at a CAGR of 9.4% between 2014 and 2018. The projected increase in population and urbanisation are also attributed as factors driving the consumption of electricity moving forward.

4.3.2 Demand Drivers

Economic Growth

The economic growth and pace of a country's development correlates positively with the amount of electricity utilised. As a country develops, more electricity would be required for new residential and commercial property developments as well as increased industrial activities. The MENA region's GDP increased from USD2,001.2 billion in 2008 to USD2,754.5 billion in 2013 at a CAGR of 6.6%. The electricity supply industry in the MENA region is expected to experience growth in the coming years as a direct result of economic growth within the region. The region's GDP was estimated to have increased to USD3,640.3 billion by 2018, at a year-on-year growth rate of 6.3%[55] from 2014.

Population Growth and Urbanisation

The increased socio-economic growth in the region which is characterised by population growth and by a young, dynamic and increasingly urbanising population as seen from an urbanisation rate of between 34% to 99% in 2014 would lead to higher demand for electricity as the growing population requires more electricity to meet its basic needs i.e. electricity to power electronic gadgets as well as lighting and air conditioning in building. Moreover, a growing population also signifies higher levels of water consumption in the MENA region, which translates to higher electricity needs for water production activities.

4.4 ANALYSIS OF THE WATER PRODUCTION INDUSTRY IN THE MENA REGION

4.4.1 Water Consumption Trends

In 2013, total water consumption in the MENA region was estimated to reach 775.1 million m^3 per day, a CAGR increase of 1.7% from 712.6 million m^3 per day in 2008. The agricultural sector consumed an estimated 79.8% of total water consumption in 2013 or 618.3 million m^3 of water per day. This sector was the largest consuming segment of water in the region mainly for the production of food for local supplies. The second largest consumer of water was the

[55] Frost & Sullivan estimates based on latest available data from the International Monetary Fund's ("**IMF**") World Economic Outlook 2014, excluding Palestine and Syria.

municipal sector which consumed an estimated 10.5% of the total consumption in 2013 or 81.7 million m^3 per day. Industrial sector consumed the least water in the region and only accounted for an estimated 9.7% of the total consumption with a volume of 75.1 million m^3 per day.

Frost & Sullivan estimates the water consumption in the MENA region will increase at a CAGR of 2.1% between 2014 and 2018. In 2018 the agricultural sector is expected to remain as the main consumer of water at a proportion of more than 671.7 million m^3 per day or 78.1% of the total forecast consumption. The water consumed by the municipal sector is expected to account for approximately 98.3 million m^3 water per day or 11.4% of the total consumption in 2018, mainly due to the improved accessibility to clean water over the years. Industrial consumption will constitute approximately 90.5 million m^3 per day or 10.5% of the total consumption.

Table 4:2: Water Consumption (million m^3 per day) by Segments, Domestic Water Consumption per Capita per day (litres) and Population (million) Trends in the MENA Region, 2008-2018F

Year	Water Consumption (million m^3 per day)				Municipal Water Consumption per Capita per Day (litre)	Population (million)
	Municipal	Agricultural	Industrial	Total		
2008	68.0	581.9	62.7	712.6	225.8	301.1
2009	70.5	586.0	65.0	721.5	228.7	308.3
2010	72.9	590.8	67.4	731.1	231.8	314.5
2011	75.7	599.7	69.9	745.3	241.5	313.4
2012	78.6	608.9	72.5	760.0	244.8	321.1
2013	81.7	618.3	75.1	775.1	249.0	328.2
2014F	84.8	628.0	77.9	790.7	252.8	335.4
2015F	88.1	637.9	80.9	806.9	257.0	342.8
2016F	91.4	648.9	83.9	824.2	260.9	350.3
2017F	94.8	660.1	87.1	842.0	265.0	357.8
2018F	98.3	671.7	90.5	860.5	269.2	365.2
CAGR (2008-2013)	**3.7%**	**1.2%**	**3.7%**	**1.7%**	**2.0%**	**1.7%**
CAGR (2014F-2018F)	**3.8%**	**1.7%**	**3.8%**	**2.1%**	**1.6%**	**2.2%**

*Source: GWI; Food and Agriculture Organisation of the UN AQUASTAT database ("**FAO AQUASTAT**")*[56]

4.4.2 Demand Drivers

Water Scarcity and Low Replenishment Rates

The demand for desalinated water in the region is mainly driven by the fact that the region is facing severe water scarcity. The average renewable water resources per capita for the MENA region registered at 308.9 m^3 in 2012, which represented a drop of 11.4% from 344.1 m^3 in 2007[57]. The water crisis here is partly caused by the change in rainfall patterns as a result of climate change, low replenishment of underground water and industrial and urban pollution. Countries such as Algeria and Morocco experienced drought in the past two decades which severely impacted water supply.

The depleting renewable and non-renewable water resources caused a shift to the utilisation of desalinated water in agricultural, the residential and industrial activities. Over the last six years (2007-2012) the agricultural sector was the largest water consumer in the region. Its water demand constituted more than 80% of total water consumption. The development of the agricultural sector is important in the MENA region in view of food security for the population. Governments of the MENA countries are working on increasing the local food supply and

[56] FAO AQUASTATonline database accessed 20 March 2015

[57] Frost & Sullivan estimates based on the World Bank's Renewable Internal Freshwater Resources Per Capita Indicator. Online database accessed on 20 March 2015.

reducing food imports. This sector is expected to continue generating the largest water demand going forward.

Population Growth and Urbanisation

The population in the MENA region has increased from 301.1 million in 2008 to 335.4 million in 2013 at a CAGR of 1.8%. The increasing population trend is mainly due to the urbanisation in the region. The urbanisation rate in the region increased from 57.4% in 2008 to 61.3% in 2013[58]. As a result of urbanisation, a greater movement of population to the urban areas is anticipated. This migration of expatriates to the MENA region as a result of employment opportunities is also expected to increase the population headcount in this region. The higher demand for water triggers the establishment of more water infrastructure such as water production plants and water transmission facilities in urban areas to produce sufficient volumes of desalinated water.Going forward, it is expected that the population in the MENA countries will grow at an annual rate of 1.4% between 2014 and 2018[59]. This population increasing trend is expected to further drive demand for water from residential consumers.

4.5 COUNTRY ANALYSIS

4.5.1 Algeria

4.5.1.1 Industry Structure

The state utility of Algeria, National Society for Electricity and Gas ("**Sonelgaz**") controls all electricity generation, transmission and distribution in Algeria. Electricity is generated by Sonelgaz owned power plants, IPPs and IWPPs. All electricity generated by IPPs/IWPPs must be sold back to Sonelgaz and only Sonelgaz has the sole right to transmit and distribute electricity to consumers in the industrial, commercial, residential and other segments.

Meanwhile, a large portion of electricity is needed in the water production process. Water sources such as ground or sea water are desalinated and supplied to consumers in the agriculture, residential, industrial and other segments. The National Water Holding Company and National Sanitation Company preside over all water production companies which are supervised under the authority of the Ministry of Water Resources in Algeria.

4.5.1.2 Electricity Consumption Trends

Total electricity consumption in Algeria reached 45,050 GWh in 2013. The industrial segment was the largest electricity consumer in the country, accounting for approximately 39.0% of total electricity consumption which the residential segment trail closely with 38.1%. The commercial and others segments made up the remaining electricity consumption with 19.5% and 3.4% respectively.

Frost & Sullivan estimates that Algeria's electricity consumption will grow at a CAGR of 7.5% between 2014 and 2018, as a result of urbanisation, population growth as well as growth in electricity consumption per capita. The industrial sector is expected to remain the biggest consumer sector comprising approximately 40.0% or 26,160 GWh of total electricity consumption in 2018. Residential consumption is expected to increase to 22,236 GWh in 2018 and account for approximately 34.0% of the total consumption whereas consumption by the commercial sector is foreseen to constitute approximately 13,734 GWh or 21.0% of total electricity consumption.

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[58] Frost & Sullivan estimates based on the World Bank's Urban Population Indicator. Online database accessed on 20 March 2015.

[59] IMF World Economic Outlook 2014

Table 4:3: Electricity Consumption (GWh) in Algeria, 2008–2018F

Year	Electricity Consumption (GWh)	Growth Rate (%)
2008	32,584	-
2009	33,817	3.8
2010	35,803	5.9
2011	38,901	8.7
2012	43,150	10.9
2013	45,050	4.4
2014F	48,950	8.7
2015F	52,300	6.8
2016F	56,200	7.5
2017F	60,600	7.8
2018F	65,400	7.9
CAGR 2008-2013: 6.7%		
CAGR 2014-2018F: 7.5%		

Source: AUPTDE and Frost & Sullivan

4.5.1.3 Electricity Supply Trends

The installed capacity in Algeria increased from 8,501 MW in 2008 to 15,098 MW in 2013 at a CAGR of 12.2% on the back of capacity additions from combined cycle which recorded a CAGR of 39.2% in the same period.

Almost half (49.3%) of the 56,148 GWh of electricity generated in Algeria are from combined cycle power plant, followed by gas turbines (31.0%) and steam turbines (17.1%). The country is also connected to the Maghreb interconnection which is part of the Mediterranean Electricity Ring energy corridor that connects the power grids of several countries in Europe, North Africa and Middle East.

Going forward, the capacity to generate electricity in Algeria is expected to expand further in order to meet the increasing electricity demand. The Government of Algeria plans to allocate nearly USD30 billion for the production of 1,200 MW per year by 2020 to meet the growing demand for electricity, as announced in 2012. The Government of Algeria also introduced an emergency programme to add 8,400 MW in new capacity in 2015-2017 as a measure to replenish demand.

Table 4:4: Installed Capacity (MW) by Sources in Algeria, 2008 to 2013

Year	Hydro	Diesel	Natural Gas	Steam Turbines	Combined Cycle	Others	Total
2008	230	216	4,490	2,740	825	-	8,501
2009	228	237	6,320	2,487	2,052	-	11,324
2010	228	245	6,320	2,487	2,052	-	11,332
2011	228	272	6,352	2,487	2,052	-	11,390
2012	228	297	6,686	2,487	3,252	-	12,950
2013	228	301	7,670	2,435	4,314	150	15,098
CAGR (2008-2013)	**-0.2%**	**6.9%**	**11.3%**	**-2.3%**	**39.2%**	**-**	**12.2%**

Source: AUPTDE and Frost & Sullivan

Table 4:5: Selected New Power Generation Capacity (MW) in Algeria, 2015 to 2017

IPP Power Plant	Installed Capacity (MW)	Expected Completion Date
Hassi R'mel II	400	2015
Ras Djinet	1200	2016
Ain Arnat	1200	2016
Nama	1,163	2017

Source: Frost & Sullivan[60]

[60] Frost & Sullivan Research Publication 2012, *"Overview of the Algerian Electricity Industry", May 2012*

4.5.1.4 Water Consumption Trends

Total water consumption in Algeria grew from an estimated 16.2 million m^3 per day in 2008 to 17.7 million m^3 per day in 2013 at a CAGR of 1.8%. In 2013, the agriculture sector accounted for approximately 57.0% of total water consumption or 10.1 million m^3 of water per day. Meanwhile, residential water consumption made up approximately 35.0% of the total consumption or 6.2 million m^3 of water per day. Industrial water demand took up only 7.0% of the total consumption or 1.2 million m^3 of water per day.

The water demand from the residential and the industrial segments grew at a CAGR of 3.6% and 1.8% respectively from 2008 and 2013, mainly as a result of higher population and industrial growth trends. The agriculture segment grew at only a CAGR of 0.8% during the same period. The estimated domestic water consumption per capita per day grew from 150.3 litres in 2008 to 163.6 litres at a CAGR of 1.7% in the same period.

Table 4:6: Water Consumption (million m^3 per day) in Algeria, 2008 – 2018F

Year	Water Consumption (million m^3 per day)	Growth Rate (%)
2008	16.2	-
2009	16.5	1.9
2010	17.1	3.0
2011	17.1	0.6
2012	17.4	1.8
2013	17.7	1.7
2014F	18.3	3.4
2015F	18.9	3.3
2016F	19.6	3.7
2017F	20.2	3.1
2018F	20.9	3.5
CAGR 2008-2013: 1.8%		
CAGR 2014F-2018F: 3.4%		

Source: National Office of Statistics Algeria, World Bank and Frost & Sullivan

Frost & Sullivan expects water consumption in Algeria to increase at a CAGR of 3.4% between 2014 and 2018 supported by the growing population, urbanisation and industrialisation in the country. Consumption from the agricultural sector is expected to remain as the biggest consumer sector comprising approximately 10.8 million m^3 water per day or 51.7% of total water consumption in 2018. Residential consumption is expected to increase slightly and account for approximately 7.3 million m^3 water per day or 34.9% of the total consumption whereas consumption by the industrial consumer is foreseen to constitute approximately 2.7 million m^3 water per day or 12.9% of the consumption.

4.5.1.5 Water Supply Trends

Total water production plant capacity in Algeria increased from 0.3 million m^3 per day in 2008 to 1.6 million m^3 per day in 2013 at a CAGR of 39.8%[61].

In 2005, the Government of Algeria launched a seawater production programme to build 13 water production plants with a total design capacity of 2.3 million m^3 per day along the country's coastline. The objective of this initiative is to increase local water supply to various user segments especially the agricultural sector which its water demand is expected to be high under the agricultural irrigation expansion plan. According to GWI, 11 of these 13 water desalination plant project tenders were contracted out between 2005 and 2008, of which two were withdrawn in 2009, namely El Taraf that was suspended due to high tender pricing and Oued Sebt due to failure to secure financing. As of 2013, 9 of the remaining plants were in operation or under

[61] Source: Frost & Sullivan analysis

construction. As a result of the suspended projects of El Taraf and Oued Sebt, in 2013 the Algerian Energy Company ("**AEC**") planned to build another four desalination plants each of 100,000 m^3 per day capacity In November 2014, the water production capacity in Algeria has been increased with the commencement of commercial operation of Magtaa Desalination Plant with a capacity of 500,000 m^3, which will supply water to Oran, Algeria's second largest city.

4.5.1.6 Competitive Landscape

4.5.1.6.1 Profile of IWP Players

Based on publicly available information, the effective capacity of companies with interests in IWPs was tabulated for the period of 2013. In 2013, Malakoff's effective capacity in Algeria based on water production plant design capacity was 71,400 m^3 per day.

Table 4:7: Profile of Selected Companies with Interests in IPPs and IWPPs based on Water Production Plant Design Capacity (m^3 per day) in Algeria, 2013

No	Water Production Plants	Equity Stake	2013	
			Plant Design Capacity (m^3 per day)	Effective capacity based on equity stake (m^3 per day)
Algerian Energy Company (AEC)				
1	Souk Tleta Water Production Plant	49.0	200,000	98,000
2	Beni Saf Water Production Plant	49.0	200,000	98,000
3	Hamma Water Production Plant	30.0	200,000	60,000
4	Mostaganem Water Production Plant	49.0	200,000	98,000
5	Skikda Water Production Plant	49.0	100,000	49,000
6	Fouka Water Production Plant	49.0	120,000	58,800
7	Honaine Water Production Plant	49.0	200,000	98,000
8	Cap Djinet Water Production Plant	49.0	100,000	49,000
			1,320,000	**608,800**
Hyflux Ltd				
1	Souk Tleta Water Production Plant	15.1	200,000	30,200
			200,000	**30,200**
Geida (Spanish consortium comprising Grupo ACS companies, Cobra and Tedagua)				
1	Beni Saf Water Production Plant	51.0	200,000	102,000
			200,000	**102,000**
General Electric Company (GE)				
1	Hamma Water Production Plant	70.0	200,000	140,000
			200,000	**140,000**
Malakoff				
1	Souk Tleta Water Production Plant	35.7	200,000	71,400
			200,000	**71,400**
Fomento de Construccionesy Contratas SA (FCC)				
1	Mostaganem Water Production Plant	25.5	200,000	51,000
2	Cap Djinet Water Production Plant	25.5	100,000	25,500
			300,000	**76,500**
GS Engineering & Construction Corporation (GS Engineering)				
1	Mostaganem Water Production Plant	25.5	200,000	51,000
2	Cap Djinet Water Production Plant	25.5	100,000	25,500
			300,000	**76,500**
Abengoa SA (Abengoa)				
1	Honaine Water Production Plant	25.5	200,000	51,000
2	Skikda Water Production Plant	34.0	100,000	34,000
			300,000	**85,000**
Sacyr Group (Sacyr)				
1	Honaine Water Production Plant	25.5	200,000	51,000
2	Skikda Water Production Plant	17.0	100,000	17,000
			300,000	**68,000**
Acciona SA (Acciona)				
1	Fouka Water Production Plant	25.5	120,000	30,600
			120,000	**30,600**
SNC-Lavalin Group Inc (SNC-Lavalin)				

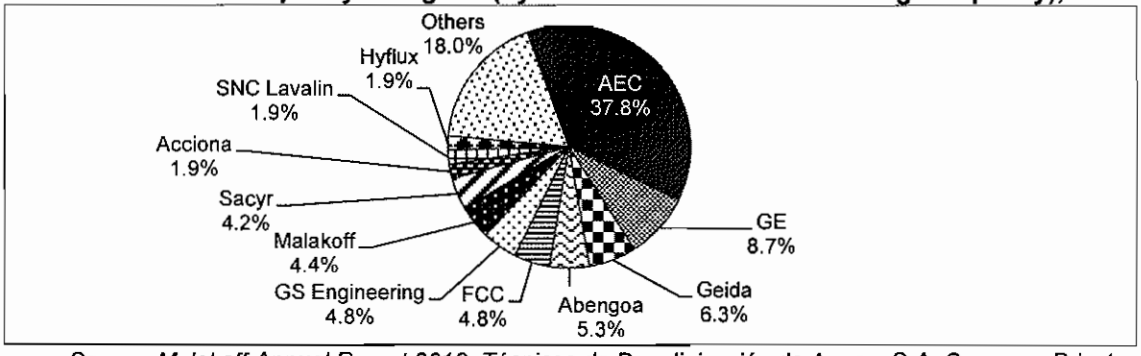
1	Fouka Water Production Plant	25.5	120,000	30,600
			120,000	**30,600**

Source: Malakoff Annual Report 2013, Técnicas de Desalinización de Aguas, S.A, Overseas Private Investment Corporation, World Bank and Frost & Sullivan

4.5.1.6.2 Market Share by Water Production Plant Design Capacity

In 2013, Algeria had a total water desalination design capacity of 1.6 million m^3 per day. The top 5 players with the largest market share based on effective capacity in 2013 were the AEC with a market share of 37.8%, GE with a market share of 8.7%, Geida with a market share of 6.3%, Abengoa with a market share of 5.3% as well as FCC and GS Engineering with a market share of 4.8% each. Amongst the other players in the water desalination industry in Algeria are Malakoff with a market share of 4.4%, Sacyr with a market share of 4.2% as well as Acciona and SNC Lavalin with a market share of 1.9% each as of 2013.

Chart 4:1: Malakoff's Market Share (%) among Selected Companies with Interests in IWPs based on Effective Capacity in Algeria (by Water Production Plant Design Capacity), 2013



Source: Malakoff Annual Report 2013, Técnicas de Desalinización de Aguas, S.A, Overseas Private Investment Corporation, World Bank and Frost & Sullivan

4.5.1.7 Industry Outlook and Prospects

Demand for electricity in Algeria is expected to grow from 48,950 GWh in 2014 to 65,400 GWh in 2018. In order to cater for the increase in electricity demand, the Ministry of Energy and Mines, Algeria ("**MEM**") announced in August 2012 plans to increase power production capacity by a further 8,000 MW over the next 5 years, therefore presenting opportunities for both public and private players to increase their power generation capacities in this country. Sonelgaz is planning to spend USD7.6 billion from 2014 to 2017 to increase generation capacity excluding renewable projects. An additional investments of USD13.9 billion is also envisaged on the transmission and distribution system.

Algeria has significant indigenous energy resources and has been involved in desalination for many years for industrial use mainly for the development of oil and gas projects. Algeria is on the forefront of desalination compared to many other countries in the region as it considers desalination to be a long term solution and is working towards it.

The demand for water in Algeria is expected to grow from an estimated 18.3 million m^3 per day to 20.9 million m^3 per day between 2014 and 2018 based on Frost & Sullivan's forecast. Going forward, Algeria is expected to remain as a key market in the MENA region for investments in the water production sector especially in the areas of new infrastructure projects.

Frost & Sullivan notes that economic nationalism has been growing since the Government of Algeria passed the Loi de Finances Complementaire (Supplementary Financing Act) in July 2009 which dictates that foreign companies can only hold a 49% interest in an Algerian company while the remaining 51% must be held by an Algerian company or consortium. Additionally, the Code des Marches states that Algerian company will be given preference over foreign players when it comes to new projects procurement. However, there is still a need for

foreign expertise in large scale projects which translates to opportunities for foreign players such as Malakoff.

4.5.2 Bahrain

4.5.2.1 Industry Structure

The electricity supply industry in Bahrain is heavily dependent on fuel sources such as natural gas and oil. These fuel sources belong to the National Oil and Gas Authority which supplies the necessary fuel sources to the Ministry of Electricity and Water, Bahrain ("**MEW**"), IPPs and IWPPs for electricity generation.

In Bahrain, the electricity generation, transmission and distribution processes are all controlled by the MEW. Electricity supplied to the country comes from MEW owned power plants, IPPs and IWPPs and all electricity generated by IPPs/IWPPs must be sold back to MEW. The MEW also oversees all water supply, transmission and distribution processes in the country.

4.5.2.2 Electricity Consumption Trends

Total electricity consumption in Bahrain was recorded at 13,350 GWh in 2013. The residential segment was the largest electricity user in the country, accounting for nearly half of Bahrain's total electricity consumption whereby approximately 48.0% of electricity was used on air conditioning particularly during the summer months of April to November each year due to the hot and humid weather in the region. Meanwhile, the commercial segment accounted for approximately 36.0% of total electricity consumption followed by the industrial and others segments which respectively made up the remaining 15.0% and 1.0%.

Total electricity consumption in Bahrain increased at a CAGR of 6.6% from 9,719 GWh in 2008 to 13,350 GWh in 2013 on the back of higher electricity consumption from the commercial segment which recorded a CAGR of 8.9% during this period. Meanwhile electricity consumption per capita dropped from 12,149 kWh in 2008 to 11,125 kWh in 2013 at a CAGR of -1.7% due to more growth in population compared to the electricity consumption.

Frost & Sullivan estimates that the electricity consumption in this country will increase at a CAGR of 4.1% between 2014 and 2018, driven by population growth and the country's urbanisation. Consumption from the residential sector is expected to remain as the biggest consumer sector comprising approximately 49.0% or 7,938 GWh of total electricity consumption in 2018. Commercial consumption is expected to increase to 5,670 GWh in 2018 and account for approximately 35.0% of the total consumption whereas consumption by the industrial sector is foreseen to constitute approximately 2,511 GWh or 15.5% of total electricity consumption.

Table 4:8: Electricity Consumption (GWh) in Bahrain, 2008–2018F

Year	Electricity Consumption (GWh)	Growth Rate (%)
2008	9,719	n/a
2009	10,180	4.7
2010	12,143	19.3
2011	12,263	1.0
2012	12,644	3.1
2013	13,350	5.6
2014F	13,800	3.4
2015F	14,300	3.6
2016F	14,900	4.2
2017F	15,600	4.7
2018F	16,200	3.8
CAGR 2008-2013: 6.6%		
CAGR 2014F-2018F: 4.1%		

Source: AUPTDE and Frost & Sullivan

4.5.2.3 Electricity Supply Trends

The installed electricity generation capacity in Bahrain increased from 2,734 MW in 2008 to 3,934 MW in 2013. In 2013, gas supplied approximately 97.5% of the country's electricity while the remaining 2.5% was generated from oil.

Table 4:9: Installed Energy Generation Capacity (MW) by Sources in Bahrain, 2008 – 2013

Year	Natural Gas	Oil	Total
2008	2,634	100	2,734
2009	2,634	100	2,734
2010	2,634	100	2,734
2011	2.634	100	2,734
2012	3,868	100	3,968
2013	3,834	100	3,934
CAGR (2008-2013)	**7.8%**	**0.0%**	**7.5%**

Source: AUPTDE and Frost & Sullivan

The country is also connected to the GCC Power Grid whereby the electricity grids of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE are interconnected and allow electricity exchange among the 6 member countries.

4.5.2.4 Water Consumption Trends

Water consumption in Bahrain increased from 0.31 million m^3 per day in 2008 to 0.42 million m^3 per day in 2013 at a CAGR of 6.3%. The consumption was mainly from the domestic or residential sector which constituted approximately 77.1% of total water consumption in 2013. The commercial sector consumed approximately 19.8% of the total whereas the industrial sector accounted for a minority portion of about 3.1% only.

Water consumed in the country was mainly generated from desalinated water given that the country reduced the usage of brackish groundwater sources due to its depleting and deteriorating quality problems. The estimated water consumption per capita per day in Bahrain has reduced at a CAGR of 3.5% from 333 m^3 per day in 2008 to 278 m^3 per day in 2013.

Frost & Sullivan expects water consumption in Bahrain to grow at a slower CAGR of 3.2% between 2014 and 2018 as the government is expected to reduce its water subsidies further in response to the weakening state of public finances[62]. Yet, about 80% of the water demand in 2018 or about 0.33 million m^3 per day is expected to come from residential users, which is supported by urbanisation and growth in population.

Table 4:10: Water Consumption (million m^3 per day) in Bahrain, 2008 – 2018F

Year	Water Consumption (million m^3 per day)	Growth Rate (%)
2008	0.31	n/a
2009	0.32	3.2
2010	0.39	21.9
2011	0.41	5.1
2012	0.41	n/a
2013	0.42	2.4
2014F	0.44	4.8
2015F	0.45	2.3
2016F	0.47	4.4
2017F	0.48	2.1
2018F	0.50	4.2
CAGR 2008-2013: 6.3%		
CAGR 2014F-20187F: 3.2%		

[62] IMF Press Release No. 14/126

Source: Central Informatics Organisation of Bahrain and Frost & Sullivan

4.5.2.5 Water Supply Trends

Total water production in Bahrain is on the rise at a CAGR of 4.8% from 0.45 million m^3 per day in 2008 to 0.57 million m^3 per day in 2013. Bahrain's natural water resources were almost exhausted by the agricultural sector over the last decade. Hence, the water demand was mainly met by desalinated water which grew at a higher CAGR 5.6% between 2008 and 2013.

Table 4:11: Total Water Production (million m^3 per day) in Bahrain by Source, 2008-2013

Year	Desalination	Groundwater	Total
2008	0.38	0.07	0.45
2009	0.45	0.04	0.49
2010	0.48	0.05	0.53
2011	0.48	0.07	0.55
2012	0.48	0.07	0.55
2013	0.50	0.07	0.57
CAGR (2008-2013)	**5.6%**	**0.0%**	**4.8%**

Note: Exclude other water sources such as freshwater and water reuse, which is not publicly available.

Source: Central Informatics Organisation of Bahrain and Frost & Sullivan

4.5.2.6 Competitive Landscape

4.5.2.6.1 Profile of IPP/IWP/IWPP Players

Based on publicly available information, the effective capacity of companies with interests in IWPPs was tabulated for the period of 2013. In 2013, Malakoff also had an effective generation capacity of 371.6 MW based on power plant installed capacity. Additionally, Malakoff's effective capacity in Bahrain based on water production plant design capacity was 164,000 m^3 per day.

Table 4:12: Profile of Selected Companies with Interests in IPPs based on Power Plant Installed Capacity (MW) in Bahrain, 2013

No	Power Plants	Equity Stake	2013	
			Installed Capacity (MW)	Effective capacity based on equity stake (MW)
Suez Energy International (Suez)				
1	Al Ezzel Power Plant	45.0	950	427.5
2	Al Hidd Power and Water Plant	30.0	929	278.7
3	Al Dur Power and Water Plant*	45.1	1,234	556.5
			3,113	1262.7
Gulf Investment Corporation (GIC)				
1	Al Ezzel Power Plant	45.0	950	427.5
2	Al Dur Power and Water Plant	25.0	1234	308.5
			2184	736.0
Malakoff				
1	Al Hidd Power and Water Plant	40.0	929	371.6
			929	371.6
Sumitomo Corporation (Sumitomo)				
1	Al Hidd Power and Water Plant	30.0	929	278.7
			929	278.7
Pension Fund Commission				
1	Al Ezzel Power Plant	10.0	950	95.0
			950	95.0

**Other stake holders of Al Dur Power and Water Plant include GIC, Social Insurance Organisation, Bahrain Islamic Bank, Capital Management House, First Energy Bank and Bunyah (Instrata Capital)*

*Source: MEED, Kingdom of Bahrain Electricity and Water Authority ("**BEWA**"), Company websites and Frost & Sullivan*

Table 4:13: Profile of Selected Companies with Interests in IWPs and IWPPs based on Water Production Plant Design Capacity (m^3 per day) in Bahrain, 2013

No	Water Production Plants	Equity Stake	2013	
			Plant Design Capacity (m^3 per day)	Effective capacity based on equity stake (m^3 per day)
Kingdom of Bahrain Electricity and Water Authority (BEWA)				
1	Sitra Power and Water Plant	100.0	114,000	114,000
2	Ras Abu Jarjur Water Plant	100.0	73,000	73,000
			187,000	187,000
Malakoff				
1	Al Hidd Power and Water Plant	40.0	410,000	164,000
			410,000	164,000
Suez Energy International (Suez)				
1	Al Hidd Power and Water Plant	30.0	410,000	123,000
2	Al Dur Power and Water Plant*	45.1	182,880	82,479
			592,880	205,479
Sumitomo Corporation (Sumitomo)				
1	Al Hidd Power and Water Plant	30.0	410,000	123,000
			410,000	123,000
Bahrain Mumtalakat Holding Company (BMHC)				
1	Aluminium Bahrain Plant	69.4	35,000	24,283
			35,000	24,283
SABIC Investment Company				
1	Aluminium Bahrain Plant	20.6	35,000	7,217
			35,000	7,217
The General Public				
1	Aluminium Bahrain Plant	10.0	35,000	3,500
			35,000	3,500
Gulf Investment Corporation (GIC)				
1	Al Dur Power and Water Plant*	10.0	182,880	18,288
			182,880	18,288

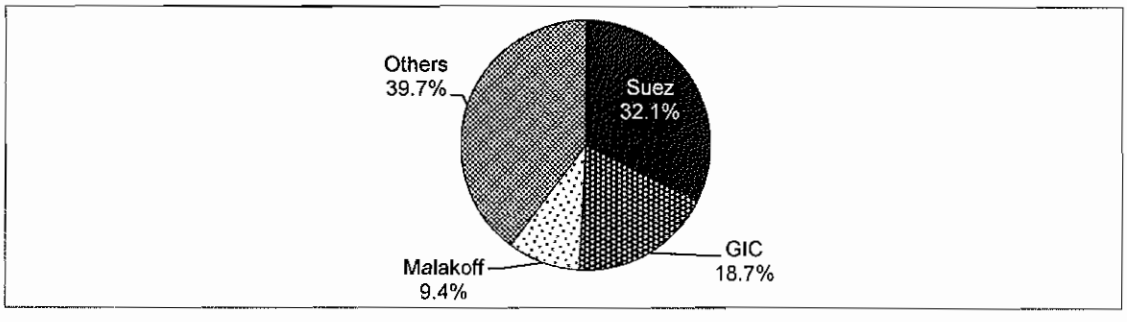
**Al Dur Power and Water Plant: Capacity of 48 million imperial gallon per day (converted to m3 per day)*

Source: Malakoff Annual Report 2013, BEWA[63] and Frost & Sullivan

4.5.2.6.2 Market Share by Installed Generation Capacity

The installed capacity in Bahrain was recorded at 3,934 MW in 2013. The top 3 players with the highest market share were the Suez with a market share of 32.1%, GIC with a market share of 18.7% and Malakoff with a market share of 9.4%.

Chart 4:2: Malakoff's Market Share (%) among Selected Companies with Interests in IPPs and IWPPs based on Effective Capacity in Bahrain (by Installed Capacity of Power Plant), 2013



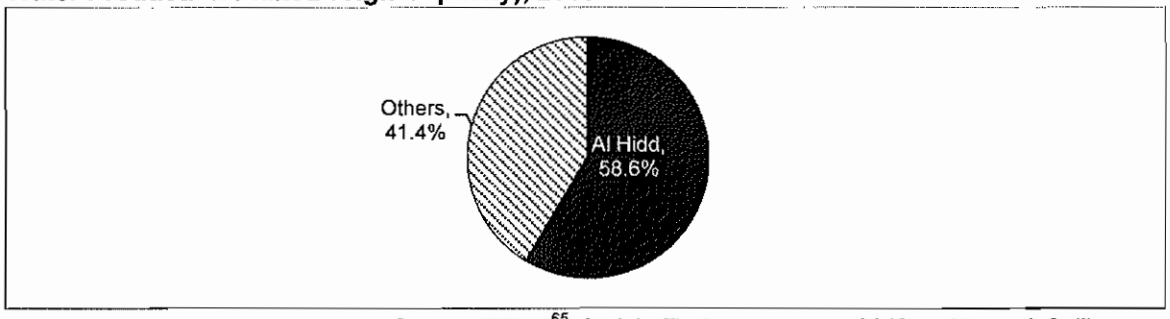
Source: BEWA[64], Malakoff Annual Report 2013 and Frost & Sullivan

[63] Kingdom of Bahrain Electricity and Water Authority. Website accesed on 20 March 2015 http://www.mew.gov.bh/default.asp?action=category&id=65

4.5.2.6.3 Market Share by Water Production Capacity

Total water production capacity in Bahrain was recorded at 720,000 m^3 per day in 2013. Al Hidd Power and Water Plant ("**Al Hidd**") garnered a market share of 58.6% with a water production capacity of 410,000 m^3 per day in 2013.

Chart 4:3: Market Share (%) of IWPs and IWPPs based on Gross Capacity in Bahrain (by Water Production Plant Design Capacity), 2013



Source: BEWA[65], Malakoff's Annual Report 2013 and Frost & Sullivan

As at December 2013, Al Hidd was the largest IWPP in Bahrain and accounted for approximately 34.0% of Bahrain's gross installed power generation capacity and approximately 58.6% of Bahrain's gross water production capacity in 2013.

4.5.2.7 Industry Outlook and Prospects

Frost & Sullivan expects the demand for electricity in Bahrain to grow from 13,349 GWh in 2013 to 16,200 GWh in 2018 at a CAGR of 4.3%. The Government of Bahrain plans to increase the country's installed capacity by another 2,400 MW in the next few years. The projects include a second power and desalination plant at Al Dur Power and Water Plant ("**Al Dur**") with a generation capacity of 1,200 MW. The plant will cost about USD2.0 billion and is expected to open by late 2015 or early 2016. Al Dur when completed in 2016 is likely to supply 1,200 to 1,500 MW of power availability per day. Other development in pockets includes a 25 MW waste to energy plant to come online by 2015.

Frost & Sullivan expects demand for water in Bahrain to grow from approximately 437.2 million m^3 per day in 2014 to 497.9 million m^3 per day in 2018. The nation's water needs are met by its existing 5 water plants. As of 2014, the Government of Bahrain has not announced any new water plant projects for the forecast period. However, opportunities for private players still exist in the form of buying into or increasing their shareholding in existing water plants.

4.5.3 Saudi Arabia

4.5.3.1 Industry Structure

Fuel sources such as natural gas and oil belong to the Ministry of Petroleum and Mineral Resources which supplies the necessary fuel sources to Saudi Electricity Company ("**SEC**") whereby SEC is the sole generator, transmitter and distributor of electricity in Saudi. The Ministry of Water and Electricity Saudi Arabia ("**MWE**") is responsible for establishing policies and plans for the electricity and water industry whereas the Electricity and Cogeneration Regulatory Authority of Saudi Arabia ("**ECRA**") is responsible for regulating the industry and the

[64] www.mew.gov.bh. Website accessed on 20 March 2015
http://www.mew.gov.bh/default.asp?action=category&id=65

[65] BEWA. Website accesed on 20 March 2015 http://www.mew.gov.bh/default.asp?action=category&id=65

issuance of licences to any person involved in the industry. Currently SEC is responsible for the tendering and procurement of IPPs.

The water production industry falls under the jurisdiction of the MWE as well. On the other hand, the Water and Energy Company was established as a limited liability company with the objective of being the offtaker for all electricity and desalinated water produced by IWPPs.

4.5.3.2 Electricity Consumption Trends

Total electricity consumption in Saudi Arabia reached 256,688 GWh in 2013. The residential segment consumed 49.0% of total electricity in Saudi Arabia. Similar to most GCC countries, air conditioning accounted for almost 80% of residential electricity consumption due to the harsh weather conditions. Meanwhile, the industrial segment used approximately 19.9%. This was followed by the commercial segment at 15.4% while others, which include the agriculture and hospital segments, accounted for approximately 15.8% of total electricity consumption in Saudi Arabia.

Total electricity consumption in Saudi Arabia increased at a CAGR of 7.2% from 181,098 GWh in 2008 to 256,688 GWh in 2013 on the back of higher electricity consumption from the commercial (CAGR 13.1%), industrial (CAGR 9.5%), residential (CAGR 5.4%) and other segments (CAGR of 5.7%). Electricity consumption per capita has also been on an upward trend, increasing from 7,019 kWh in 2008 to 8,556 kWh in 2013 at a CAGR of 4.0% driven by strong demand from the commercial and industrial segments.

Frost & Sullivan estimates that electricity consumption will increase at a CAGR of 6.3% between 2014 and 2018. This growth is driven by the expanding population, higher electricity consumption per capita and urbanisation in Saudi Arabia. Consumption from the residential sector is expected to remain as the biggest consumer sector comprising more than 44.0% of total electricity consumption in 2018. Meanwhile, industrial consumption is expected to increase to 75,578 GWh in 2018 and account for approximately 21.7% of the total consumption whereas consumption by the commercial sector is foreseen to constitute approximately 68,579 GWh or 19.7% of total electricity consumption.

Table 4:14: Electricity Consumption (GWh) in Saudi Arabia, 2008–2018F

Year	Electricity Consumption (GWh)	Growth Rate (%)
2008	181,098	n/a
2009	193,472	6.8
2010	212,263	9.7
2011	219,661	3.5
2012	240,288	9.4
2013	256,688	6.8
2014F	272,800	6.3
2015F	289,800	6.2
2016F	308,000	6.3
2017F	327,200	6.2
2018F	347,700	6.3
CAGR 2008-2013: 7.2%		
CAGR 2014F-2018F: 6.3%		

Source: AUPTDE and Frost & Sullivan

4.5.3.3 Electricity Supply Trends

The installed energy generation capacity in Saudi Arabia increased from 39,242 MW in 2008 to 58,462 MW in 2013 at a CAGR of 8.3% on the back of capacity additions from the combined cycle power plants (CAGR of 21.7%) and diesel power plants (CAGR of 17.6%) for the past 5 years. The country is also connected to the GCC Power Grid.

Table 4:15: Installed Energy Generation Capacity (MW) by Sources in Saudi Arabia, 2008 to 2013

Year	Diesel	Combined Cycle	Gas	Steam	Others	Total
2008	877	2,371	18,915	12,795	4,284	39,242
2009	1,127	2,369	22,389	12,795	5,902	44,582
2010	1,107	2,300	24,495	12,795	8,441	49,138
2011	1,415	2,299	25,281	13,986	8,168	51,149
2012	1,727	2,331	26,327	13,986	9,217	53,588
2013	1,969	6,342	24,416	14,686	11,049	58,462
CAGR (2008-2013)	**17.6%**	**21.7%**	**5.2%**	**2.8%**	**20.9%**	**8.3%**

Source: AUPTDE and Frost & Sullivan

The capacity to generate electricity in Saudi Arabia is expected to expand further in order to meet the increasing electricity demand. In 2011, the SEC announced a series of new IPPs with a total installed capacity of 12,260 MW to be built until 2021 to meet total electricity demand.

Table 4:16: Selected Targeted Installed Capacity Projects in Saudi Arabia, 2014-2018

IPP Power Plant	Installed Capacity (MW)	Expected Completion Date
Qurayyah IPP*	3,927	2014
Rabigh IPP2	2,050	2016
Duba IPP Phase 2	1,700	2017
SWCC Yanbu 3	3,100	2016

Note: * Qurayyah IPP has begun commercial operation in Q2 2014.

Source: SEC[66], SWCC[67], MEED, Frost & Sullivan

4.5.3.4 Water Consumption Trends

Total water consumption in Saudi Arabia was estimated to be 47.4 million m^3 per day in 2013, declining from 58.8 million m^3 per day in 2008. The agriculture sector accounted for approximately 81.3% of the total water consumption or 38.6 million m^3 per day. This is largely due to the Government of Saudi Arabia's plan to achieve self-sufficiency in the country's food production. Meanwhile the municipal sector made up approximately 13.7% of the total consumption, which was equivalent to 6.5 million m^3 of desalinated water per day. The industrial sector consumed an estimated 2.4 million m^3 of desalinated water in a day which accounted for 5.0% of the total consumption. Saudi Arabia's municipal water consumption per capita decreased slightly at a CAGR of 0.04% from an estimated 217.1 litres per day in 2008 to 216.7 litres per day in 2013.

Table 4:17: Water Consumption (million m^3 per day) in Saudi Arabia, 2008–2018F

Year	Water Consumption (million m^3 per day)	Growth Rate (%)
2008	58.8	n/a
2009	53.6	-8.8%
2010	49.1	-8.4%
2011	48.4	-1.4%
2012	47.9	-1.0%
2013	47.4	-1.0%
2014F	47.0	-0.8%
2015F	46.5	-1.1%
2016F	46.7	0.4%
2017F	47.0	0.6%

[66] www.se.com.sa. Website accessed on 20 March 2015
http://www.se.com.sa/SEC/English/Menu/Partners/IPP+Program/Projects.htm

[67] http://www.swcc.gov.sa/default.asp?pid=68, Website accessed on 20 March 2015

Year	Water Consumption (million m^3 per day)	Growth Rate (%)
2018F	47.2	0.4%
CAGR 2008-2013: -4.2%		
CAGR 2014F-2018F: 0.1%		

Source: Extracted from the Independent Market Report prepared by Frost & Sullivan for Malakoffy

Frost & Sullivan projects total water consumption in Saudi Arabia to remain stagnant at a CAGR of 0.1% between 2014 and 2018. Water demand from the agricultural sector is expected to remain as the highest among all the three user segments in 2018 and account for approximately 36.9 million m^3 water per day or 78.3% of the total consumption. Consumption from the residential and industrial segments are forecast to reach 7.6 million m^3 per day and 2.7 million m^3 per day respectively (16.1% and 5.7% respectively of the total water consumption).

Ever since the objective to achieve food self-sufficiency set by the Government in the early 1980s, non-renewable groundwater resources was the main water resource to meet water demand. The depletion of this resource increases the importance of desalinated water in the water supply system. In addition, driven by other factors such as further industrialisation, economic diversification from the oil and gas industry and the Economic Cities Programme undertaken by the Saudi Arabian Government to develop more new cities, housing areas and employment opportunities, the demand for desalinated water is expected to further increase.

4.5.3.5 Water Supply Trends

Total water production plant capacity in Saudi Arabia increased from 4.1 million m^3 per day in 2008 to 5.4 million m^3 per day in 2013 at a CAGR of 6.1%.

Table 4:18: Total Water Production Plant Design Capacity (million m^3 per day) in Saudi Arabia, 2008 - 2013

Year	Water Production Plant Design Capacity (million m^3 per day)
2008	4.1
2009	4.2
2010	4.3
2011	4.8
2012	5.5
2013	5.5
CAGR (2008-2013)	**6.1%**

Note 1: Water production capacity refers to water desalination capacity.

Source: Saudi Japanese Consortium, World Bank and Frost & Sullivan Analysis

SWCC is executing the Ra'as Al Khair Water Desalination Plant with a capacity of 1,025,000 m^3 per day and with a power output of 2,400 MW. Similarly, the Yanbu Water Desalination Plant Phase 3 with a capacity of 550,000 m^3 per day and power output of 2,500 MW is also under execution.

Table 4:19: SWCC's Plants under execution, 2014

Plant	Technology Used	Design Capacity	
		Water(m^3 per day)	Power(MW)
Ra'as Al Khair Plant	MSF+RO	1,025,000	2400
Yanbu 3	MSF	550,000	2500

Source: SWCC

4.5.3.6 Competitive Landscape

4.5.3.6.1 Profile of IPP/IWP/IWPP Players

Yanbu Phase 2 Expansion MED Seawater Desalination Plant became operational in December 2012 producing 68,190 m^3/day of water and 690 MW of electricity. The facility is owned by Power and Water Utility Company for Jubail and Yanbu ("**MARAFIQ**").

Table 4:20: Profile of Selected Companies with Interests in IWPs and IWPPs based on Water Production Plant Design Capacity in Saudi Arabia, 2013

No	Water Production Plants	Equity Stake (%)	2013	
			Plant Design Capacity (m^3 per day)	Effective capacity based on equity stake (m^3 per day)
Saline Water Conversion Corporation (SWCC)				
1	28 Plants at 17 locations across Saudi Arabia	Not available	2,918,665	2,918,665
			2,918,665	**2,918,665**
Saudi Electricity Company (SEC)				
1	Shuqaiq Power Plant	8.0	212,000	16,960
2	Shuaibah Phase 3 IWPP	8.0	880,000	70,400
3	Shuaibah Phase 3 Expansion IWP	8.0	150,000	12,000
			1,242,000	**99,360**
Public Investment Fund (PIF)				
1	Shuqaiq Power Plant	32.0	212,000	67,840
2	Shuaibah Phase 3 IWPP	32.0	880,000	281,600
3	Shuaibah Phase 3 Expansion IWP	32.0	150,000	48,000
			1,242,000	**397,400**
Saudi-Malaysia Water & Electricity Company Limited (SAMAWEC)*				
1	Shuaibah Phase 3 IWPP	60.0	880,000	528,000
2	Shuaibah Phase 3 Expansion IWP	60.0	150,000	90,000
			1,030,000	**618,000**
Suez Consortium (Suez Energy International of Belgium, Gulf Investment Corporation of Kuwait and ACWA Power Projects of Saudi Arabia)				
1	Jubail Power Plant	60.0	800,000	480,000
			800,000	**480,000**
MARAFIQ JV (Power and Water Utility Company for Jubail and Yandu (MARAFIQ), SEC, PIF)				
1	Jubail Power Plant	40.0	800,000	320,000
2	Yanbu Phase 2 Desalination Plant	100.0	68,190	68,190
			868,190	**388,190**

* *Consortium of Malaysian and Saudi companies respectively, with both holding 50% of the equity. SAMAWEC is owned 30% by ACWA Power and the remaining 30% by Malaysian consortium (TNB, Malakoff and Khazanah Nasional Berhad)*

*Source: Malakoff's Annual Report 2013, Water and Electricity Company of Saudi Arabia ("**WEC**")[68], ACWA Power[69], MARAFIQ[70], and Frost & Sullivan*

Table 4:21: Profile of Selected Companies with Interests in IPPs based on Power Plant Installed Capacity (MW) in Saudi Arabia, 2013

No	Power Plants	Equity Stake (%)	2013	
			Installed Capacity (MW)	Effective capacity based on equity stake (MW)
Saudi Electricity Company (SEC)				
1	Shuqaiq Power Plant	8.0	850	68.0
2	Shuaibah Phase 3 IWPP	8.0	900	72.0
3	Rabigh IPP 1	20.0	1,200	240.0
4	Riyadh PP11	50.0	1,729	864.5
			4,679	**1244.5**

[68] WEC 2013. Websites accessed on 20 March 2015. http://www.wec.com.sa/PageContentDetails.aspx?menuId=13

[69] ACWA Power 2013. Website accessed on 20 March 2015 http://www.acwapower.com/project/3/jubail-water-and-power-company.html

[70] MARAFIQ 2013. Website accessed on 20 March 2015 http://www.marafiq.com.sa/en/proj/proj_3.aspx.

No	Power Plants	Equity Stake (%)	2013	
			Installed Capacity (MW)	Effective capacity based on equity stake (MW)
Saudi Arabian Oil Company (Saudi Aramco)				
1	Ras Tanura Power Plant	100.0	1,070	1,070.0
2	Ju'aymah Power Plant	100.0		
3	Shedgum Power Plant	100.0		
4	Uthmaniyah Power Plant	100.0		
			1,070	**1,070**
Suez Consortium (Suez Energy International of Belgium, Gulf Investment Corporation of Kuwait and ACWA Power Projects of Saudi Arabia)				
1	Jubail Power Plant	60.0	2,745	1,647.0
			2,745	**1,647**
MARAFIQ JV (Power and Water Utility Company for Jubail and Yandu (MARAFIQ), SEC, PIF)				
1	Jubail Power Plant	40.0	2,745	1,098.0
			2,745	**1,098**
Public Investment Fund (PIF)				
1	Shuqaiq Power Plant	32.0	850	272.0
2	Shuaibah Phase 3 IWPP	32.0	900	288.0
			1,750	**560**
Saudi-Malaysia Water & Electricity Company Limited (SAMAWEC)*				
1	Shuaibah Phase 3 IWPP	60.0	900	540.0
			900	**540**
ACWA Consortium (ACWA Power International and Korean Electric Power Company (KEPCO)				
1	Rabigh 1PP 1	80.0	1,200	960.0
			1,200	**960**
GDF Suez				
1	Riyadh PP11	20.0	1,729	345.8
			1,729	**345.8**
Aljomaih Holding Co.				
1	Riyadh PP11	15.0	1,729	259.3
			1,729	**259.3**
Sojitz Corporation (Blue Horizon)				
1	Riyadh PP11	15.0	1,729	259.3
		15	**1,729**	**259.3**

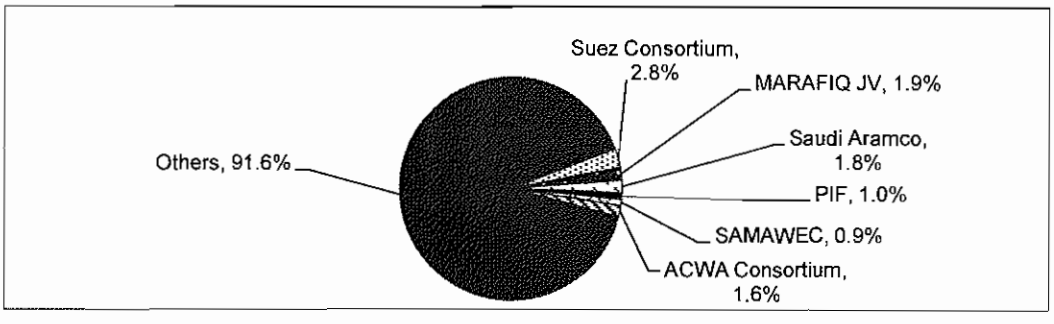
* Consortium of Malaysian and Saudi companies respectively, with both holding 50% of the equity. SAMAWEC is owned 30% by ACWA Power and the remaining 30% by Malaysian consortium (TNB, Malakoff and Khazanah Nasional Berhad)

Source: SEC, MEED, Company Websites and Frost & Sullivan

4.5.3.6.2 Market Share by Installed Generation Capacity

The installed energy generation capacity in Saudi Arabia was recorded at 58,462 MW in 2013. The top 5 players with the highest effective installed generation capacity were Suez Consortium (2.8%), MARAFIQ JV (1.9%), Saudi Aramco (1.8%) and PIF (1.0%) and SAMAWEC (0.9%). SAMAWEC is a consortium of Malaysian and Saudi Arabian companies, where the Malaysian consortium comprises Khazanah Nasional Berhad, Malakoff and TNB.

Chart 4:4: Market Share (%) of Selected Companies with Interests in IPPs and IWPPs based on Effective Capacity in Saudi Arabia (by Power Plant Installed Capacity), 2013

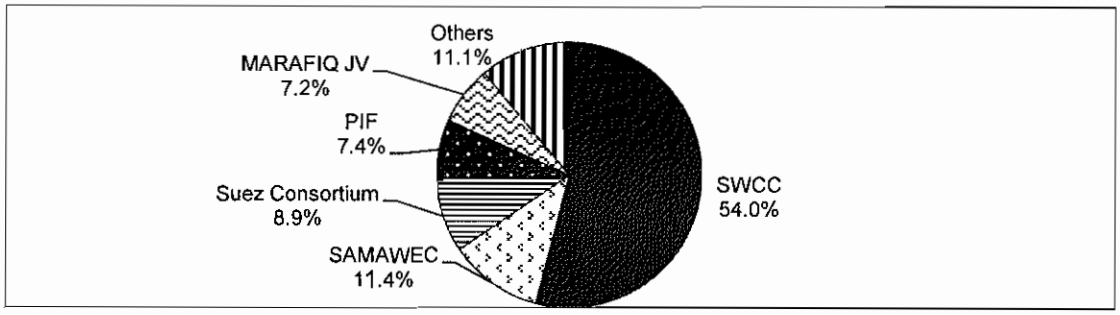


Source: SEC[71], MEED, Company Websites and Frost & Sullivan

4.5.3.6.3 Market Share by Water Production Plant Design Capacity

The total design capacity for water production plant in Saudi Arabia was 5.4 million m^3 per day in 2013. The top 5 players with the highest effective generation capacity were SWCC (54.0%), SAMAWEC (11.4%), Suez Consortium (8.9%), PIF (7.4%) and MARAFIQ JV (7.2%).

Chart 4:5: Market Share (%) of Selected Companies with Interests in IPPs and IWPPs based on Effective Capacity in Saudi Arabia (by Water Production Plant Design Capacity), 2013



Source: Malakoff's Annual Report 2013, WEC[72], ACWA Power[73], MARAFIQ[74], and Frost & Sullivan

Malakoff's plants, namely the Shuaibah Phase 3 IWPP and Shuaibah 3 Expansion IWP, marked a total design capacity of 1,030,000 m^3 per day, and accounted for a collective market share of 10.1% (Shuaibah Phase 3 IWPP, 8.6%, and Shuaibah 3 Expansion IWP, 1.5%) of the gross plant design capacity in Saudi Arabia. As at December 2013, Shuaibah Phase 3 IWPP and Shuaibah 3 Expansion IWP collectively formed the largest independent water project in the MENA region.

4.5.3.7 Industry Outlook and Prospects

Frost & Sullivan forecasts the demand for electricity in Saudi Arabia to increase from 272,800 GWh in 2014 to 347,700 GWh in 2018. The country is already executing a USD80 billion expansion plan for power projects through the Kingdom's Ninth Development Plan (2010 -2014), which aims to increase installed capacity by an additional 20.4 GWh by 2014. In 2013, the SEC asserted that the country will need USD80 billion in investments to expand the country's electricity generation to meet the growing demand, thereby necessitating the SEC to produce an additional 30,000 MW. The generation capacity in Saudi Arabia is likely to expand to 120 GW by 2032, as an enormous power augmentation programme by the government to meet increasing demand. This translates to opportunities to public and private players to expand the electricity infrastructure in Saudi Arabia to support the country's increasing demand for electricity.

As a result of its policy of food independence, Saudi Arabia's agricultural sector has dominated the demand for water in the country. The unsustainable high level of water usage has forced the Government of Saudi Arabia to turnaround its policy and gradually begin to reduce the amount of water intake by the agriculture sector. Further the liberalisation and privatisation of the economy will continue to present enormous opportunities in the water sector. At the same time

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[71] www.wec.com.sa. Website accessed on 20 March 2015 http://www.wec.com.sa/PageContentDetails.aspx?menuId=13

[72] WEC 2013. Websites accessed on 20 March 2015. http://www.wec.com.sa/items.aspx?catId=17

[73] ACWA Power 2013. Website accessed on 20 March 2015 http://www.acwapower.com/project/3/jubail-water-and-power-company.html

[74] MARAFIQ 2013. Website accessed on 20 March 2015 http://www.marafiq.com.sa/en/proj/proj_3.aspx.

government revenues assimilated from the rich oil production and exports can inadvertently be also diverted towards this sector. Select goals from the Ninth Development Plan include increasing the storage capacity of dams and that of desalination plants.

As such, Frost & Sullivan estimates the demand for water in Saudi Arabia to remain stagnant from approximately 47.0 million m^3 per day in 2014 to 47.2 million m^3 per day in 2018, due to the above rebalancing methods of the Government of Saudi Arabia.

4.5.4 Oman

4.5.4.1 Industry Structure

The electricity supply industry in Oman is heavily dependent on fuel sources such as natural gas and oil. These fuel sources belong to the Ministry of Oil and Gas, which supplies the necessary fuel sources to the Electricity Holding Company SAOC ("**EHC**"). EHC is a government-owned company that holds shares in electricity companies, thereby controlling the electricity generation, transmission and distribution processes in Oman. The Oman Power and Water Procurement Company ("**OPWP**") is the single buyer of power and water for all IPP or IWPP projects within Oman.

4.5.4.2 Electricity Consumption Trends

Oman has one of the fastest-growing electricity supply industries in the MENA region. Between 2008 and 2013, electricity consumption in Oman increased from 12,850 GWh in 2008 to 22,791 GWh in 2013 recording a CAGR of 12.7%. This growth was mainly driven by the strong CAGR of 8.9% from the residential sector, which accounted for more than half of the total electricity demand in Oman. Meanwhile, the commercial sector, the second largest consumer, consumed 4,527 GWh of electricity in 2013, up at a CAGR of 12.4% from 2008. The industrial sector, which accounted for 16.1% of the total electricity consumption, grew from a low base of 983 GWh in 2008 to 3,686 GWh in 2013 at a CAGR of 30.3%.

Between 2008 and 2013, the electricity consumption per capita increased from 4,589 kWh to 6,331 kWh at a CAGR of 6.6%. This increment in per capita consumption of electricity reflected the upward trend of Oman's GDP per capita during the same period.

Frost & Sullivan anticipates that Oman's electricity consumption will increase from 25,397 GWh in 2014 to 37,573 GWh in 2018 at a CAGR of 10.3%. This high forecast growth in Oman is attributed to the growing population, increased income per capita and its oil-production activities.

Table 4:22: Electricity Consumption (GWh) in Oman, 2008–2018F

Year	Electricity Consumption (GWh)	Growth Rate (%)
2008	12,850	n/a
2009	14,482	12.7
2010	16,133	8.5
2011	18,512	12.5
2012	20,958	10.4
2013	22,791	19.8
2014F	25,397	11.4
2015F	28,509	12.3
2016F	31,224	9.5
2017F	34,480	10.4
2018F	37,573	9.0
CAGR 2008-2013: 12.1%		
CAGR 2014-2018F: 10.3		

Source: Oman Statistical Yearbook 2008 to 2013, 7 Year Statement (2014 – 2020) published by OPWP and Frost & Sullivan

4.5.4.3 Electricity Supply Trends

The installed capacity in Oman witnessed an upward trend between 2008 and 2013, increasing from 4,006 MW to 4,938 MW. Growth in installed capacity was low during the 2009 to 2010 period as a result of lower investments for infrastructure projects due to the then financial crisis.

Due to the availability of natural gas as a by-product from its heavy oil-production activities, this nation is largely dependent on natural gas to fuel power generation.

Table 4:23: Installed Energy Generation Capacity (MW) by Sources in Oman, 2008 to 2013

Year	Diesel	Combined Cycle	Gas	Steam	Others	Total
2008	364	1,036	2,502	104	-	4,006
2009	364	1,036	2,502	104	-	4,006
2010	364	1,036	2,502	104	-	4,006
2011	300	1,690	1,845	105	710*	3,940
2012	300	1,690	2,843	105	-	4,938
2013	300	1,690	2,843	105	-	4,938
CAGR (2008-2013)	**-3.8%**	**10.3%**	**2.6%**	**0.2%**	**n/a**	**4.3%**

**not considered in the Total as per AUPTDE*

Source: AUPTDE and Frost & Sullivan

4.5.4.4 Water Consumption Trends

Total water consumption in Oman was estimated to be at 3.8 million m^3 per day in 2013, a CAGR increase of 0.5% from 3.7 million m^3 per day in 2008. The agriculture sector accounted for approximately 84.2% of total water consumption or 3.2 million m^3 of water per day due to the Government of Oman's initiatives to encourage growth of the agriculture industry in the country. Meanwhile the residential sector made up 13.2% of the total consumption, which was equivalent to 0.5 million m^3 of desalinated water per day. The increase in residential water demand was mainly caused by the growing population. The industrial sector consumed approximately 0.1 million m^3 of desalinated water per day which only accounted for 2.6% of the total consumption. Oman's domestic water consumption per capita decreased at a CAGR of 0.6% from an estimated 142.9 litres in 2008 to 138.9 litres in 2013. Overall, total water consumption in Oman is slightly higher than that in Bahrain, due to the Government of Oman's initiatives and support to encourage more agricultural activities in the country.

Table 4:24: Water Consumption (million m^3 per day) in Oman, 2008–2018F

Year	Water Consumption (million m^3 per day)	Growth Rate (%)
2008	3.7	n/a
2009	3.7	2.8%
2010	3.7	0.0%
2011	3.7	0.0%
2012	3.8	2.7%
2013	3.8	0.0%
2014F	3.8	0.0%
2015F	3.9	2.6%
2016F	3.9	0.0%
2017F	3.9	0.0%
2018F	4.0	2.6%
CAGR 2008-2013: 0.5%		
CAGR 2014F-2018F: 1.3%		

Source: FAO AQUASTAT[75], World Bank and Frost & Sullivan

[75] FAO AQUASTAT. Online database accessed on 20 March 2015

Between 2014 and 2018, Frost & Sullivan forecasts total water consumption in Oman to grow at a CAGR of 1.3%. Water demand from the agricultural sector is expected to remain as the highest among all the three user segments in 2018 and account for 3.2 million m^3 water per day or 80.3% of the total consumption. Consumption from the residential and industrial segments are forecast to reach 0.7 million m^3 per day and 0.1 million m^3 per day respectively (18.4% and 1.3% respectively of the total water consumption).

4.5.4.5 Water Supply Trends

Total water production plant capacity in Oman increased from 0.8 million m^3 per day in 2008 to 1.2 million m^3 per day in 2013 at a CAGR of 8.4%.

Table 4:25: Total Water Production Plant Design Capacity (million m^3 per day) in Oman, 2008-2013

Year	Water Production Plant Design Capacity (million m^3 per day)
2008	0.8
2009	0.9
2010	1.1
2011	1.1
2012	1.2
2013	1.2
CAGR (2007-2012)	**8.4%**

Note 1: water production capacity refers to water desalination capacity.

Source: FAO AQUASTAT[76]

The total water production plant design capacity in Oman is expected to expand further in order to meet increasing water demand. OPWP and ACWA Power Barka have signed a Water Purchase Agreement for the expansion of the latter's existing Barka-2 IWPP water production capacity by 45,460 m^3 per day. This expansion project has commenced commercial operation in May 2014[77]. Subsequently in November 2014, ACWA Power was awarded another expansion project by OPWP for the phase 2 expansion of Barka IWP with a capacity of 57,000 m^3 per day and is expected to be commissioned in October 2015.

Meanwhile, the Indian water-technology company VA Tech Wabag Limited won a contract in May 2012 for the expansion of the water production plant at the Sohar Industrial Port complex. The expansion will increase total capacity of the plant to 20,000 m^3 per day with completion expected by mid-2013.

In 2012, Malakoff, together with consortium members comprising Japan's Sumitomo and Spain's Cadagua SA, won a bid for the development and construction of the Al Ghubrah IWP in Muscat, Oman with a water production capacity of 191,000 m^3 per day. The plant is expected to operate commercially by 2015.

Table 4:26: Targeted Additional Installed Capacity (m^3 per day) in Oman, 2014 - 2018

Water Production Plant	Design Capacity (m^3 per day)	Expected Completion Date
Al Ghubrah IWP	191,000	2015
Barka 1 IWP Phase 2	57,000	2015
Sur IWP expansion	50,000	2015
Qurrayat IWP	200,000	2017
Suwayq IWP	225,000	2018

Note: Water production capacity refers to water desalination capacity.

Source: 7 Year Statement (2014 – 2020) published by OPWP and Frost & Sullivan

[76] FAO AQUASTAT. Online database accessed on 20 March 2015

[77] BNC website, retrieved from https://www.bncnetwork.net/News/ACWA_Power_awarded_water_expansion_project_at_Barka_in_Oman_/HK1qYzOJ---e4=

4.5.4.6 Competitive Landscape

4.5.4.6.1 Profile of IPP/IWP/IWPP Players

Based on publicly available information, the effective capacity of companies with interests in IWPPs tabulated for the period of 2013 are as follows:

Table 4:27: Profile of Selected Companies with Interests in IPPs based on Power Plant Installed Capacity (MW) in Oman, 2013[78]

No	Power plants	Installed Capacity (MW)
ACWA Power International		
1	Barka Power and Water Plant	427
Al Kamil Power Company		
1	Al Kamil Power Plant	297
SMN Power Holding SAOG		
1	SMN Barka Power and Water Plant	1,041
2	Al Rusail Power Plant	665
		1,706
Sohar Power Company SAOG		
1	Sohar Power and Water Plant	590
United Power Company		
1	Manah Power Plant	270
Wadi Al Jizzi Power Company		
1	Al Jizzi Power Plant	245
Sembcorp Salalah O&M Services Company[1] (Sembcorp Salalah)		
1	Salalah IWPP	445

Note 1: The Sembcorp Salalah O&M Services Company is a JV between Sembcorp Utilities (70%) and Oman Investment Corporation (30%)

Source: EHC[79], MEED, Company Websites and Frost & Sullivan

Table 4:28: Profile of Selected Companies with Interests in IWPs and IWPPs based on Water Production Plant Design Capacity (m^3 per day) in Oman, 2013

No	Water Production Plants	Plant Design Capacity (m^3 per day)
ACWA Power International		
1	Barka-1 IWPP	136,460
SMN Power Holding SAOG		
1	SMN Barka-2 IWPP	120,000
Sohar Power Company SAOG		
1	Sohar-1 IWPP	150,000
Sembcorp Salalah O&M Services Company[1] (Sembcorp Salalah)		
1	Salalah IWPP	69,000

Source: Malakoff Annual Report 2013, Suez-Tractebel Operation and Maintenance Oman L.L.C.(STOMO)[80], ACWA Power[81], OPWPC[82] and Frost & Sullivan

[78] OPWPC Annual Report 2013, *pg.23*, http://www.omanpwp.com/PDF/OPWP%20Annual%20Report%202013%20eng.pdf

[79] www.ehcoman.com. Website accessed on 20 March 2015 http://www.ehcoman.com/businesses.aspx#

[80] STOMO 2011. Website accessed on 20 March 2015, http://www.stomo.com.om/aboutus.html

4.5.4.7 Industry Outlook and Prospects

Frost & Sullivan projects the demand for electricity in Oman to grow from 25,397 GWh in 2014 to 37,573 GWh in 2018 at a CAGR of 10.3%. A growing population with a corresponding rising electricity demand is leading Oman to invest heavily in its electrical infrastructure, with the country in the process of preparing tenders for new power plants in Dhofar and Salalah in a bid to boost the country's generating capacity by 2,000 MW to 5,000 MW. This translates to opportunities for public and private players to expand their electricity infrastructure in Oman to support the country's increasing demand for electricity.

A growing economy has brought an increase in urbanization with a corresponding demand for high levels of service and quality for water supplies. Frost & Sullivan projects the demand for water in Oman to grow from 3.8 million m^3 per day in 2014 to 4.0 million m^3 per day in 2018 driven by growing population and agricultural activities which is encouraged by the Government of Oman to reduce the country's dependence on oil exports. Hence, investments in new water infrastructure are crucial to cater for the increasing water needs of the country. This could lead to opportunities for all players including public or private players in the water production market in Oman.

5 PROSPECTS AND OUTLOOK FOR MALAKOFF

As of 20 March 2015, Malakoff was the largest IPP in terms of effective power generation capacity installed in SEA with an effective capacity of 6,035.6 MW. In the same period, Malakoff was also the largest company with interests in IPPs in Malaysia in terms of installed capacity, with a gross installed capacity of 7,249.4 MW and an effective installed capacity of approximately 5,346.0 MW via its interests in five subsidiaries and one associate company. Meanwhile in the MENA region, Malakoff has a portfolio of power and water assets with a total net power generation capacity of 480 MW and net water production capacity of 358,850 m^3 per day. In Australia, Malakoff is also a major player in the wind energy generation sector with an effective installed capacity of 210 MW.

Electricity consumption in Malaysia is forecasted by Frost & Sullivan to grow at a CAGR of 9.7%, from 126,565 GWh in 2014 to 183,310 GWh in 2018. The projected growth of the electricity supply industry is expected to be driven by the Government of Malaysia's initiatives to drive the economic growth in Malaysia and the increasing usage of electrical and electronic consumer products.

In light of the increasing demand for electricity, the Government of Malaysia intends to increase the contribution of renewable energy from 41.5 MW in 2009 to 2,080 MW in 2020, or 11.0% of the nation's total electricity generation mix. Frost & Sullivan also notes that coal will be gaining advantage over natural gas as the preferred source for electricity generation in Malaysia over the short to medium term.

Electricity supply industry in Australia is also likely to experience a steady growth in line with the growth in population, economy and industrial development, as well as the Australian Government's focus in expanding the country's power generation capacity. Frost & Sullivan expects wind power generation to grow at a CAGR of approximately 25.5% over 2012-2013 and 2019-2020. Large scale wind energy generation is the most favourable form of renewable power source with about 2,220 MW installed capacity projects announced up to 2019 in Australia mostly in the region of South Australia. Malakoff's 50% ownership of the Macarthur Wind Farm, which is the largest wind farm in the Southern Hemisphere as of 20 March 2015, bodes well with the favourable market environment for wind energy generation in Australia.

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[61] ACWA Power 2014, *Our Investments Overview*. Website accessed on 20 March 2015 http://www.acwapower.com/our-investments.html

[62] OPWPC Annual Report 2012, *pg. 15-17*. http://www.omanpwp.com/PDF/01-AR-2012-Oman%20Power-eng.pdf

Additionally, the electricity supply industry in the MENA region is projected to grow at a CAGR of 9.4% from 826,340 GWh in 2014 to 1,184,118 GWh in 2018. Meanwhile, Frost & Sullivan anticipates that water consumption will further increase at a CAGR of 2.1% to reach 860.5 million m^3 per day in 2018.

In order to cater for the increase in electricity demand in Algeria, the MEM has announced in 2012 its plans to allocate nearly USD30 billion for the production of 1,200 MW per year by 2020 to meet the growing demand for electricity. The Algerian government also introduced an emergency programme to add 8,400 MW in new capacity between 2015 and 2017. Meanwhile, the Government of Bahrain plans to increase the country's installed capacity by another 2,400 MW in the next few years. The Government of Saudi Arabia is already executing a USD80 billion expansion plan for power projects and aims to increase its installed capacity by an additional 20.4 GWh by the end of 2014. On the other hand, demand for water in Saudi Arabia is expected to be driven by its growing population and the new Economic Cities Programme. The Government of Oman has been executing plans for power projects to increase the installed capacity by 2,000 to 5,000 MW over the medium term. Additionally, the Government of Oman is also looking to expand its nation's water production capacity to meet its increased demand for water. The rising demand for electricity and water driven by increasing an population, increasing consumption per capita and economic growth, coupled with various supporting government initiatives to facilitate the growth in these countries are viewed as possible sources of growth for Malakoff in these nations and regionally.

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9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.1 BOARD OF DIRECTORS

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**"), which contains recommendations to improve upon or to enhance corporate governance as an integral part of the business activities and culture of such companies. The MCCG 2012 is specifically targeted for listed companies on Bursa Securities, and listed companies with FYE 31 December 2012 onwards are required to report the extent of the adoption of the principles and recommendations of MCCG 2012 in their annual reports.

Our Board is committed to achieving and sustaining high standards of corporate governance. In regards to the above, our Board will provide a statement on the extent of compliance with the MCCG 2012 in our first annual report as a listed entity for the FYE 31 December 2015.

Within the limits set by our Articles, our Board is responsible for the governance and management of our Company. To ensure the effective discharge of its functions, our Board endeavours to follow the MCCG 2012, which sets out the following responsibilities:

(i) to review, challenge and approve our annual corporate plan, which includes our overall corporate strategy, marketing plan, human resources plan, information technology plan, financial plan, budget, regulations plan and risk management plan;

(ii) to oversee the conduct of our businesses and to determine whether the businesses are being properly managed;

(iii) to identify principal risks and ensure the implementation of appropriate internal controls and mitigation risks to effectively monitor and manage these risks;

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

(v) to oversee the development and implementation of a shareholder communications policy for our Company; and

(vi) to review the adequacy and the integrity of our management information and internal controls systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines (including the Listing Requirements, securities laws and the Act).

In accordance with Article 105 of our Articles, at each AGM, one-third of our Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third with a minimum of one, shall retire from office and an election of Directors shall take place PROVIDED ALWAYS that each Director shall retire from office at least once in every three years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.

In accordance with Article 106 of our Articles, the Directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

In accordance with Article 111 of our Articles, the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, provided that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with our Articles. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

The number of Directors shall not be less than two but not more than 12. At least two of our Directors or one-third of our Board, whichever is higher, must also at all times be Independent Directors. As at the date of this Prospectus, our Board consists of 12 Directors, including two alternate Directors and four Independent Directors.

The details of the members of our Board, the majority of whom are Malaysian, as at the date of this Prospectus, and the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office are as follows:

Director	Age	Date of appointment	Designation	Date of expiration of the current term of office	No. of years and months in office as at the Latest Practicable Date
YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	63	1 December 2014	Independent Non-Executive Chairman	Subject to rotation at the AGM in year 2017	Approximately 4 months
Dato' Sri Che Khalib Mohamad Noh	49	1 July 2013	Non-Independent Non-Executive Director	Subject to rotation at the AGM in year 2017	1 year and approximately 9 months
Datuk Muhamad Noor Hamid	63	13 July 2009	Non-Independent Non-Executive Director	Subject to rotation at the AGM in year 2017	5 years and approximately 9 months
Datuk Ooi Teik Huat	55	1 January 2012	Non-Independent Non-Executive Director	Subject to rotation at the AGM in year 2017	3 years and approximately 3 months
Tan Ler Chin	54	9 August 2007	Non-Independent Non-Executive Director	To retire at the next AGM in year 2016	7 years and approximately 8 months
Wan Kamaruzaman Wan Ahmad	55	21 May 2013	Non-Independent Non-Executive Director	Subject to rotation at the AGM in year 2017	1 year and 10 months
Kanad Singh Virk	48	16 December 2013	Non-Independent Non-Executive Director	Subject to rotation at the AGM in year 2017	1 year and approximately 3 months
Tan Sri Dato' Seri Alauddin Dato' Md Sheriff	68	11 December 2012	Independent Non-Executive Director	Subject to rotation at the AGM in year 2017	2 years and approximately 4 months
Datuk Dr. Syed Muhamad Syed Abdul Kadir	68	11 December 2012	Independent Non-Executive Director	To retire at the next AGM in year 2016	2 years and approximately 4 months
Datuk Idris Abdullah @ Das Murthy	58	11 December 2012	Independent Non-Executive Director	To retire at the next AGM in year 2016	2 years and approximately 4 months

Director	Age	Date of appointment	Designation	Date of expiration of the current term of office	No. of years and months in office as at the Latest Practicable Date
Zalman Ismail[1]	43	21 May 2013	Alternate to Wan Kamaruzaman Wan Ahmad	N/A	1 year and 10 months
Craig Robert Martin[2]	44	7 January 2014	Alternate to Kanad Singh Virk	N/A	1 year and approximately 3 months

Notes:

(1) *Appointed previously as our Director on 18 March 2013 to 21 May 2013. He resigned and was appointed as alternate Director to Wan Kamaruzaman Wan Ahmad on 21 May 2013.*

(2) *Appointed previously as alternate Director to Andrew Rowan Ian Yee from 12 December 2012 to 16 December 2013.*

9.1.1 Profile of our Directors

(i) YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail

YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail, aged 63, was appointed to our Board as our Independent Non-Executive Chairman on 1 December 2014. He is also the Chairman of our Remuneration Committee.

YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail holds a Bachelor of Arts degree in Accounting from Macquarie University in Sydney, Australia which he graduated in 1975. He is a qualified Chartered Accountant, having qualified in 1983 from the Malaysian Institute of Accountants ("**MIA**") and in 1984 from CPA Australia.

He commenced his career with Malaysia Airlines Systems Berhad in 1975 as a Financial Accountant, before moving on to Price Waterhouse Australia in 1980. He then joined D & C Nomura Merchant Bank Berhad for a year from 1984 to 1985 as Investment Manager. In 1986, he joined Amanah Merchant Bank Berhad where he held the position of Corporate Finance Manager. He was then appointed as a Managing Director of Mega SPJ Sdn Bhd and Coral Land Sdn Bhd, property development companies from 1989 to 1998. He then served Amanah Capital Partners Bhd as its Group Managing Director from October 1998 to 2002. Since then, YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail was appointed as Chairman of several companies including Malaysian Resources Corporation Berhad, Media Prima Berhad, Realmild (M) Sdn Bhd, Radicare (M) Sdn Bhd, DRB-HICOM Berhad, EON Capital Berhad and EON Bank Berhad from 2002 until 2009. He was also a former Director of Maxis Communications Berhad and Bangkok Bank Berhad.

YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail was also the former Chairman of the Lembaga Tabung Haji Investment Panel and Matrix Capacity Petroleum Group Berhad. He is currently the Chairman of Nestle (M) Berhad, Pulau Indah Ventures Sdn Bhd (a joint venture company between Khazanah Nasional Berhad ("**Khazanah**") and Temasek Holdings (Private) Limited) and Cahya Mata Sarawak Berhad. He is also the Chancellor of SEGi University and the Chairman of the Board of Trustee of Lembaga Zakat Selangor.

(ii) Dato' Sri Che Khalib Mohamad Noh

Dato' Sri Che Khalib Mohamad Noh, aged 49, was appointed to our Board as our Managing Director on 1 July 2013. He resigned as our Managing Director on 8 December 2014 and has been redesignated as our Non-Independent Non-Executive Director on 9 December 2014.

Dato' Sri Che Khalib Mohamad Noh is a member of the MIA (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.

Dato' Sri Che Khalib Mohamad Noh was then appointed as the President/Chief Executive Officer of 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, Dato' Sri Che Khalib Mohamad Noh is the Group Managing Director of MMC. Prior to his current role, he served as Chief Operating Officer of Finance, Strategy and Planning at DRB-HICOM Berhad. Dato' Sri Che Khalib Mohamad Noh had 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 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 and several private limited companies.

Dato' Sri Che Khalib Mohamad Noh 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.

(iii) Datuk Muhamad Noor Hamid

Datuk Muhamad Noor Hamid, aged 63, was appointed to our Board as our Non-Independent Non-Executive Director on 13 July 2009. He is also a member of our Nomination Committee and our Risk Committee.

Datuk Muhamad Noor Hamid 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 has also attended the Management Program in 1992 at the Wharton Business School of Management, University of Pennsylvania, USA.

Datuk Muhamad Noor Hamid 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 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.

(iv) Datuk Ooi Teik Huat

Datuk Ooi Teik Huat, aged 55, was appointed to our Board as our Non-Independent Non-Executive Director on 1 January 2012. He is also a member of our Audit Committee.

Datuk Ooi Teik Huat obtained a Bachelor degree in Economics from Monash University, Melbourne, Australia in 1984 and is a member of the MIA and CPA Australia.

Datuk Ooi Teik Huat began his career with Messrs Hew & Co. (now known as Messrs Mazars), Chartered Accountants in 1984. After leaving Messrs Hew & Co in June 1989, he joined Malaysian International Merchant Bankers Berhad (now known as Hong Leong Investment Bank Berhad) until August 1993. He subsequently joined Pengkalan Securities Sdn Bhd (now known as PM 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.

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

(v) Tan Ler Chin

Tan Ler Chin, aged 54, was appointed to our Board as our Non-Independent Non-Executive Director on 9 August 2007. She is also a member of our Risk Committee.

Tan Ler Chin 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.

Tan Ler Chin joined 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.

(vi) Wan Kamaruzaman Wan Ahmad

Wan Kamaruzaman Wan Ahmad, aged 55, was appointed to our Board as our Non-Independent Non-Executive Director on 21 May 2013. He is also a member of our Remuneration Committee.

Wan Kamaruzaman Wan Ahmad obtained a Bachelor of Economics degree in Analytical Economics from the University of Malaya in 1981.

Wan Kamaruzaman Wan Ahmad is currently the Chief Executive Officer of KWAP and has been serving since May 2013. Previously, he served as the General Manager of Treasury Department at EPF from October 2007 until April 2013. He started his working career with Malayan Banking Berhad ("**Maybank**") in 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 till 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 Chairman of i-VCap Management Sdn Bhd. He is also a director of Prima Ekuiti (UK) Ltd, a subsidiary company of KWAP.

(vii) Kanad Singh Virk

Kanad Singh Virk, aged 48, was appointed to our Board as our Non-Independent Non-Executive Director on 16 December 2013.

Kanad Singh Virk received a Bachelor of Arts degree with a joint major in Mathematical Economics and History from Pomona College, USA in 1988 and a Juris Doctor Degree (*magna cum laude*) from the University of Minnesota Law School, USA in 1992.

Kanad Singh Virk is the Managing Director of Standard Chartered Private Equity Limited, based in Singapore and a Director and the Chief Operating Officer of SCI Asia. He has 20 years of experience, including private equity investing, mergers and acquisitions, project finance and financings in a broad range of industries. In his capacity as the Chief Operating Officer of SCI Asia, he leads SCI Asia's functions related to legal, compliance, finance and accounting. He has been actively involved in the execution, management and exit of several investments.

Prior to joining Standard Chartered in 2008, he was with Goldman Sachs for 10 years, where he held several senior positions, including the Chief Operating Officer of Private Wealth Management – Europe, the Middle East and Africa and earlier, Asia, and was a member of the Asia ex-Japan Mergers and Acquisitions group in the Investment Banking Division. He previously worked as a lawyer in mergers and acquisitions and energy project finance at Cravath, Swaine & Moore in New York and later at Skadden Arps, Slate, Meagher, Flom LLP in Los Angeles, Hong Kong, London and Vienna.

(viii) Tan Sri Dato' Seri Alauddin Dato' Md Sheriff

Tan Sri Dato' Seri Alauddin Dato' Md Sheriff, aged 68, was appointed to our Board as our Independent Non-Executive Director on 11 December 2012. He is also the Chairman of our Nomination Committee and a member of our Audit Committee.

Tan Sri Dato' Seri Alauddin Dato' Md Sheriff 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.

Tan Sri Dato' Seri Alauddin Dato' Md Sheriff 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.

Tan Sri Dato' Seri Alauddin Dato' Md Sheriff 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 also sits on the board of AFFIN Holdings Berhad and Vertical Inter Circle Sdn Bhd.

(ix) Datuk Dr. Syed Muhamad Syed Abdul Kadir

Datuk Dr. Syed Muhamad Syed Abdul Kadir, aged 68, was appointed to our Board as our Independent Non-Executive Director on 11 December 2012. He is also the Chairman of our Audit Committee and a member of our Remuneration Committee and Risk Committee.

Datuk Dr. Syed Muhamad Syed Abdul Kadir 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.

Datuk Dr. Syed Muhamad Syed Abdul Kadir 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.

Datuk Dr. Syed Muhamad Syed Abdul Kadir 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.

(x) Datuk Idris Abdullah @ Das Murthy

Datuk Idris Abdullah @ Das Murthy, aged 58, was appointed to our Board as our Independent Non-Executive Director on 11 December 2012. He is also the Chairman of our Risk Committee and a member of our Audit Committee and Nomination Committee.

Datuk Idris Abdullah @ Das Murthy graduated from Universiti Malaya in 1981 with a LLB. (Hons.) degree. 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 Flourmills Berhad.

He is the former Commission Member of the Companies Commission of Malaysia and is also a Commission Member of the Malaysian Communications and Multimedia Commission (SKMM).

Datuk Idris Abdullah @ Das Murthy is the Chairman of Xian Leng Holdings Berhad and also sits on the board of directors of several private limited companies.

(xi) Zalman Ismail

Zalman Ismail, aged 43, was appointed to our Board as the alternate Director to Wan Kamaruzaman Wan Ahmad on 21 May 2013. Zalman Ismail was a member to our Board on 18 March 2013 before he resigned on 21 May 2013 to assume his current position as the alternate Director to Wan Kamaruzaman Wan Ahmad.

Zalman Ismail obtained a Bachelor's degree (Hons.) in Business Administration (Finance) from Eastern Michigan University, United States in 1994.

He started his career in 1995 where 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 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 of 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.

Zalman Ismail is currently the Director of Alternative Investment Department, 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.

(xii) Craig Robert Martin

Craig Robert Martin, aged 44, was appointed to our Board as alternate Director to Kanad Singh Virk on 7 January 2014.

Craig Robert Martin obtained his Masters degree in Electronic Engineering from the University of York, United Kingdom and a Masters in Business Administration with distinction from INSEAD in 1992 and 2000, respectively. He has lived and worked in SEA for 21 years and during the last 14 years, he has been responsible for originating, structuring and executing numerous private equity deals for institutional investors. He also developed, structured and raised funds from institutional and retail sources.

He joined Capital Advisors Partners Asia Pte Ltd ("**CapAsia**") in mid-2010 where he is a Managing Director and Head of Fund for the South East Asian Strategic Assets Fund and the CapAsia ASEAN Infrastructure Fund III ("**CAIF III**"). He is a member of the investment committees for the South East Asian Strategic Assets Fund and CAIF III and sits on the board of directors of the General Partner for CapAsia's Islamic Infrastructure Fund. Prior to joining CapAsia, he was with Prudential Asset Management (Singapore) Limited (now known as Eastspring Investments (Singapore) Limited), a wholly-owned subsidiary of Prudential Plc for five years, where he served as an Investment Director of Prudential Vietnam Fund Management Company from 2005 to 2009. Before joining Prudential, he was with Standard Chartered Private Equity Pte Limited, a wholly-owned subsidiary of Standard Chartered Bank Plc, from its inception where he served as an Associate Director.

He is a member of the Singapore Institute of Directors and sits on several of CapAsia's boards and also holds a number of external non-executive director roles. He is a non-executive director of Myanmar Investments International Limited, a public company listed on the London Stock Exchange.

Our Directors also hold directorships in other companies, as disclosed in Section 9.1.3 of this Prospectus.

9.1.2 Shareholding of our Directors

The following table sets forth the direct and indirect shareholding of our Directors before and after the IPO based on our Register of Directors' Shareholdings as at the date of this Prospectus (assuming full subscription of the Issue Shares allocated to the Eligible Malakoff Persons and the Eligible MMC Persons):

	Before the IPO				After the IPO[1]			
	Direct		Indirect		Direct		Indirect	
Director	No. of Shares	%	No. of Shares	%	No. of Shares	%[2]	No. of Shares	%[2]
YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	-	-	-	-	290,000	*	-	-
Dato' Sri Che Khalib Mohamad Noh	-	-	-	-	420,000	*	-	-
Datuk Muhamad Noor Hamid	-	-	-	-	290,000	*	-	-
Datuk Ooi Teik Huat	-	-	-	-	420,000	*	-	-
Tan Ler Chin	-	-	-	-	290,000	*	-	-
Wan Kamaruzaman Wan Ahmad	-	-	-	-	290,000	*	-	-
Kanad Singh Virk	-	-	-	-	290,000	*	-	-
Tan Sri Dato' Seri Alauddin Dato' Md Sheriff	-	-	-	-	290,000	*	-	-
Datuk Dr. Syed Muhamad Syed Abdul Kadir	-	-	-	-	290,000	*	-	-
Datuk Idris Abdullah @ Das Murthy	-	-	-	-	290,000	*	-	-
Zalman Ismail	-	-	-	-	140,000	*	-	-
Craig Robert Martin	-	-	-	-	140,000	*	-	-

Notes:

* *Less than 0.1%.*

(1) *Excludes Shares they may subscribe for under the Malaysian Public's portion and any Excess Issue Shares that they may subscribe for under the allocation to the Eligible Malakoff Persons and/or the Eligible MMC Persons.*

(2) *Based on our enlarged number of Shares in issue of 5,000,000,000 Shares.*

9.1.3 Principal business activities performed by our Directors outside our Group in the past five years

Save as disclosed below, as at the Latest Practicable Date, none of our Directors have performed any principal business activities outside our Group. The directorships of our Directors outside our Group at present and in the past five years preceding the Latest Practicable Date are as follows:

Director	Directorships	Principal activities	Involvement in business activities other than as a director
YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	*Present directorships:*		• Chancellor of SEGi University • Chairman of the Board of Trustee of Lembaga Zakat Selangor
	• Cahya Mata Sarawak Bhd	• Investment holding company and provides centralised treasury and administrative services to its group	
	• Pulau Indah Ventures Sdn Bhd	• Investment holding and investment in property related projects	
	• Ribu Jaya Development Sdn Bhd	• Provision of consultancy and interior designing work	
	• Nestle (M) Berhad	• Investment holding company, food and beverages including nutrition and Nestle professional	
	• Titanium Arrow Sdn Bhd	General trading, investment company, property	
	Previous directorships:		
	• Amity Bond Sdn Bhd *(resigned on 22 March 2010)*	• Investment holding	
	• Rahmat Samudera (M) Sdn Bhd *(resigned on 30 August 2010)*	• Traders, dealers and distributors of petroleum, diesel and related products	
	• CPK Solutions Sdn Bhd *(resigned on 31 October 2010)*	• Tyre management and assessment outsourcing services	
	• CPK Outsourcing Sdn Bhd *(resigned on 31 October 2010)*	• Dormant	
	• Tanjung Manis Food & Industrial Park Sdn Bhd *(resigned on 30 April 2011)*	• Investment holding and managing Tanjung Manis Food and Industrial Park	
	• P.O.D Advisory Sdn Bhd *(resigned on 13 May 2011)*	• A human resource consultant	
	• Seri Sarawak Resources Sdn Bhd *(resigned on 1 July 2011)*	• Dormant	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail *(Cont'd)*	*Previous directorships (Cont'd):*		
	• Media City Development Sdn Bhd *(resigned on 12 June 2012)*	• Construction, generation and maintenance of infrastructure and broadcast system	
	• Altel Communications Sdn Bhd *(resigned on 12 June 2012)*	• To provide wireless broadband networks and other related services to the country	
	• MYTV Broadcasting Sdn Bhd *(resigned on 26 June 2013)*	• Dormant	
	• Desa Kayangan Sdn Bhd *(resigned on 3 July 2013)*	• Dormant	
	• Matrix Capacity Petroleum Group Berhad *(resigned on 5 February 2015)*	• General importers, exporters and suppliers	
Dato' Sri Che Khalib Mohamad Noh	*Present directorships:*		• Group Managing Director of MMC
	• AOA	• Investment holding	
	• Aliran Ihsan Resources Berhad	• Investment holding and property investment	
	• Bank Muamalat Malaysia Berhad	• Islamic banking business and related financial services	
	• City Island Holdings Limited	• Offshore - Investment holding	
	• Gas Malaysia Berhad	• Sell, market and distribute natural gas to industrial, commercial and residential customers in the Peninsular Malaysia	
	• Enigma Harmoni Sdn Bhd	• Property development	
	• Jati Saksama Sdn Bhd	• Export and import of other general-purpose machinery, stock, share and bond brokers, and real estate activities with own or leased property	
	• Johor Port Berhad	• Port and other related activities	
	• JP Logistics Sdn Bhd	• Providing warehouse and office space, rendering cargo and container handling, freight forwarding, internal and external haulage services, container repairs and maintenance and yard operations	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Sri Che Khalib Mohamad Noh *(Cont'd)*	*Present directorships (Cont'd):*		
	• Khafah Holdings Sdn Bhd	• Dormant	
	• Kotug Asia Sdn Bhd	• Provision of tug boat services	
	• MMC	• Undertakes mining and mineral exploration activities and also derives income from its investments whereas subsidiaries of MMC are principally involved in engineering, infrastructure and utilities	
	• MMC Engineering Group Berhad	• Engineering, management services and investment holding	
	• MMC Engineering Services Sdn Bhd	• Specialised engineering construction work	
	• MMC Gamuda Joint Venture Sdn Bhd	• Managing and constructing the electrified double tracking project from Ipoh to Padang Besar	
	• MMC Gamuda KVMRT (PDP) Sdn Bhd	• Undertake, construct, maintain, improve, develop, implement, control, execute and manage any Mass Rapid Transit project in Malaysia or elsewhere	
	• MMC Gamuda KVMRT (T) Sdn Bhd	• Undertake, pre-qualifying and tendering of the tunneling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit project	
	• MMC International Holdings Limited	• Offshore - Inactive	
	• MMC Overseas Pte Ltd	• Offshore - Investment holding	
	• MMC Ports Limited	• Offshore - Investment holding	
	• MMC Rail Ventures Sdn Bhd	• Dormant	
	• MMC Saudi Arabia Limited	• Offshore - Investment holding	
	• MMC Saudi Holdings Limited	• Offshore - Investment holding	
	• MMC Tepat Teknik Sdn Bhd *(formerly known as Tepat Teknik Sdn Bhd)*	• Construction and fabrication	
	• MMC Utilities Limited	• Offshore - Investment holding and provision of management services to its subsidiaries	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Sri Che Khalib Mohamad Noh *(Cont'd)*	*Present directorships (Cont'd):*		
	• MMC Ventures Sdn Bhd	• Investment holding company	
	• MMC-Shapadu (Holdings) Sdn Berhad[1]	• Investment holdings	
	• NCB Holdings Berhad	• Investment holding and provision of management services to its subsidiaries	
	• Northern Double (M) Sdn Bhd	• Records and cassette selling	
	• Pelabuhan Tanjung Pelepas Sdn Bhd	• Constructing, operating, maintaining and managing Pelabuhan Tanjung Pelepas together with the provison of port facilities and other related services under the terms of a license to be issued by the Johor Port authority	
	• Pembentungan Langat Sdn Bhd	• A special purpose vehicle to undertake the sewage project in Sungai Langat	
	• Penang Port Sdn Bhd	• Operating, maintaining, managing and provision of port, facilities and other related services	
	• POS Malaysia Berhad[2]	• Provision of postal and its related services which include receiving and despatching of postal	
	• Projek SMART Holdings Sdn Bhd	• Investment holding	
	• Red Sea Gateway Terminal Limited	• Offshore - Investment holding	
	• Red Sea Ports Development Limited	• Offshore - Investment holding	
	• Salcon MMCB AZSB JV Sdn Bhd	• Engineering and construction	
	• Sarawak Hidro Sdn Bhd	• Supplying electricity, constructing supply lines, generating stations and transformer stations	

[1] *Under members' voluntary winding-up.*

[2] *Dato' Sri Che Khalib Mohamad Noh has resigned as the Director of Pos Malaysia Berhad effective 6 April 2015.*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Sri Che Khalib Mohamad Noh *(Cont'd)*	*Present directorships (Cont'd):*		
	• Senai Airport Terminal Services Sdn Bhd	• Development, operation and maintenance of Senai International Airport and provision of airport aviation related services and property development	
	• Senai High Tech Park Sdn Bhd	• Construct, develop, equip, maintain, carry on, market and manage the Senai Technology Park in Johor	
	• Southern Water Corporation Sdn Bhd	• Investment holding, water treatment and rehabilitation of water treatment plants and construction of water works	
	• SWW	• Investment holding and property development	
	• Syarikat Mengurus Air Banjir & Terowong Sdn Bhd	• Design and construct the stormwater management and road tunnel project (SMART)	
	• Tradewinds International Sdn Bhd	• Real estate consultant and management of the property, buildings, lands and estates, property development and investment	
	• Tunas Tertib Sdn Bhd	• Export and import of a variety of goods without any particular specialisation, buying, selling, renting and operating of self-owned or leased real estate *i.e.* residential buildings, and activities of holding companies	
	• Zelan Berhad	• Investment holding, civil engineering and construction of power plant and buildings	
	Previous directorships:		
	• Eastern Sabah Power Consortium Sdn Bhd *(resigned on 30 June 2012)*	• To carry on the business of any matter relating to electricity especially the business of generation and supply of electricity for any purpose in Malaysia and other parts of the world	
	• Fibrecomm Network (M) Sdn Bhd *(resigned on 30 June 2012)*	• Provision of fibre optic transmission network services	
	• KEV *(resigned on 30 June 2012)*	• Generation and sale of electricity	

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Sri Che Khalib Mohamad Noh *(Cont'd)*	*Previous directorships (Cont'd):*		
	• Lahad Datu Energy Sdn Bhd *(resigned on 30 June 2012)*	• Dormant	
	• Lahad Datu Holdings Sdn Bhd *(resigned on 30 June 2012)*	• Principally engaged in the operation and maintenance of power plants and generation of electricity	
	• Malaysia Transformer Manufacturing Sdn Bhd *(resigned on 30 June 2012)*	• Manufacturing, selling and repairing, distribution, power and earthing transformer	
	• Oasis Parade Sdn Bhd *(resigned on 30 June 2012)*	• Investment company	
	• Orion Mission Sdn Bhd *(resigned on 30 June 2012)*	• Investment holding company	
	• Sabah Electricity Sdn Bhd *(resigned on 30 June 2012)*	• Business of generation, transmission, distribution and sale of electricity in Sabah	
	• Seatrac Sdn Bhd *(resigned on 30 June 2012)*	• Dormant	
	• Tenaga Switchgear Sdn Bhd *(resigned on 30 June 2012)*	• Principally engaged in the business of assembling and manufacturing of high voltage switchgears and contracting of turnkey transmission substations	
	• TNB *(resigned on 30 June 2012)*	• Business of the generation, transmission, distribution and sales of electricity	
	• TNB Energy Services Sdn Bhd *(resigned on 30 June 2012)*	• Generating, distributing, supplying, dealing, selling of different kinds of energy sources and related technical services	
	• TNB Engineering Corporation Sdn Bhd *(resigned on 30 June 2012)*	• Principally engaged as turnkey contractors, energy project development specialising in district cooling system and co-generation including operation and maintenance works	
	• TNB Engineers Sdn Bhd *(resigned on 30 June 2012)*	• Dormant	
	• TFS *(resigned on 30 June 2012)*	• Supplying fuel and coal for power generation	
	• TNB Integrated Learning Solution Sdn Bhd *(resigned on 30 June 2012)*	• Providing training courses	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Sri Che Khalib Mohamad Noh *(Cont'd)*	*Previous directorships (Cont'd):*		
	• TNB International Sdn Bhd *(resigned on 30 June 2012)*	• Dormant	
	• TNB Janamanjung Sdn Bhd *(resigned on 30 June 2012)*	• Generate and deliver electricity energy and generating capacity to TNB	
	• TNB Prai Sdn Bhd *(resigned on 30 June 2012)*	• Primarily involved in the generation, sale and supply electricity, providing operation and maintenance services for power plant	
	• TNB Quantum Solutions Sdn Bhd *(resigned on 30 June 2012)*	• Carry out the business of consultancy, advisory, capability development and corporate coordination programs to government businesses, commerce and industry in all sector	
	• TNB Repair and Maintenance Sdn Bhd *(resigned on 30 June 2012)*	• Providing repair and maintenance services to heavy industries and other related services	
	• TNB Research Sdn Bhd *(resigned on 30 June 2012)*	• Research and development, consultancy and other services	
	• TNEC Construction Sdn Bhd *(resigned on 30 June 2012)*	• Dormant	
	• Universiti Tenaga Nasional Sdn Bhd *(resigned on 30 June 2012)*	• Providing higher education	
	• Tenaga Cable Industries Sdn Bhd *(resigned on 30 June 2012)*	• Manufacturing and distribution of power and general cables, aluminium rods and related activities	
	• Malaysian Shoaiba Consortium Sdn Bhd *(resigned on 27 July 2012)*	• Investment holding	
	• Alam Flora Sdn Bhd *(resigned on 30 June 2013)*	• Management of integrated solid waste	
	• Automotive Conversion Engineering Sdn Bhd *(resigned on 30 June 2013)*	• Conversion and modification of motor vehicles and distribution of car accessories	
	• Automotive Corporation (Malaysia) Sdn Bhd *(resigned on 30 June 2013)*	• Sale of motor vehicles and related spare parts and accessories	
	• Defence Services Sdn Bhd *(resigned on 30 June 2013)*	• Specialised defence engineering works including refurbishment and upgrading of armoured vehicles	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Sri Che Khalib Mohamad Noh *(Cont'd)*	*Previous directorships (Cont'd):*		
	• DRB-HICOM Auto Solutions Sdn Bhd *(resigned on 30 June 2013)*	• Vehicle importation, logistics, vehicle pre-delivery inspection, value added services and the sale of vehicles	
	• DRB-HICOM Commercial Vehicles Sdn Bhd *(resigned on 30 June 2013)*	• Sale of motor vehicles and related spare parts and accessories	
	• DRB-HICOM Leasing Sdn Bhd *(resigned on 30 June 2013)*	• Leasing of vehicles and fleet management services	
	• DRB-HICOM Defence Technologies Sdn Bhd *(resigned on 30 June 2013)*	• Manufacture, supply, maintenance, marketing, refurbishment or retrofitting of military and commercial vehicles, equipment and spare parts for Malaysian and regional governments	
	• EON Auto Mart Sdn Bhd *(resigned on 30 June 2013)*	• Sales of motor vehicles and related spare parts and servicing of vehicles	
	• Euromobil Sdn Bhd *(resigned on 30 June 2013)*	• Import, distribution and marketing of vehicles and related spare parts and accessories and servicing of vehicles	
	• Glenmarie Development (Pahang) Sdn Bhd *(resigned on 30 June 2013)*	• Building and leasing property	
	• Glenmarie Properties Sdn Bhd *(resigned on 30 June 2013)*	• Investment holding and provision of management services	
	• HICOM Auto Sdn Bhd *(resigned on 30 June 2013)*	• Sale of motor vehicles and related spare parts and accessories	
	• HICOM Power Sdn Bhd *(resigned on 30 June 2013)*	• Dormant	
	• HICOM University College Sdn Bhd *(resigned on 30 June 2013)*	• Higher educational and vocational training institution	
	• KL Airport Services Sdn Bhd *(resigned on 30 June 2013)*	• Airport related ground handling, inflight catering, cargo handling, warehouse space and supply chain management including custom forwarding agents services	
	• Motosikal dan Enjin Nasional Sdn Bhd *(resigned on 30 June 2013)*	• Manufacture, assemble and distribute motorcycles, related spare parts and accessories	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Sri Che Khalib Mohamad Noh *(Cont'd)*	*Previous directorships (Cont'd):*		
	• Proton City Development Corporation Sdn Bhd *(resigned on 30 June 2013)*	• Property development	
	• Proton Holdings Berhad *(resigned on 30 June 2013)*	• Investment holding	
	• Proton Edar Sdn Bhd *(resigned on 30 June 2013)*	• Sale of motor vehicles and related spare parts and accessories	
	• Puspakom Sdn Bhd *(resigned on 30 June 2013)*	• Inspection of commercial vehicles for roadworthiness and the inspection of other vehicles	
	• Tradewinds Hotels & Resorts Sdn Bhd *(resigned on 22 September 2014)*	• Investment holding and hotel business	
Datuk Muhamad Noor Hamid	*Present directorship:* Nil		Nil
	Previous directorships:		
	• Gas Malaysia Berhad *(resigned on 31 December 2013)*	• Sell, market and distribute natural gas to industrial, commercial and residential customers in the Peninsular Malaysia	
	• MMC Engineering Group Berhad *(resigned on 31 December 2013)*	• Engineering, management services and investment holding	
	• Gas Malaysia (LPG) Sdn Bhd *(resigned on 28 January 2014)*	• Supply of liquified petroleum gas via reticulation system	
	• Pelantar Teknik (M) Sdn Bhd *(resigned on 28 January 2014)*	• Property holding	
	• KEV *(resigned on 1 October 2014)*	• Generation and sale of electricity	
Datuk Ooi Teik Huat	*Present directorships:*		Nil
	• Central Sugars Refinery Sdn Bhd	• Sugar refining	
	• DRB-HICOM Berhad	• Investment holding company with investments in the automotive (including defence), services and property and construction segments	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Datuk Ooi Teik Huat *(Cont'd)*	*Present directorships (Cont'd):*		
	• Gas Malaysia Berhad	• Sell, market and distribute natural gas to industrial, commercial and residential customers in the Peninsular Malaysia	
	• Gula Padang Terap Sdn Bhd	• Sugar refining	
	• Johor Port Berhad	• Port and other related activities	
	• MARDEC Berhad	• Rubber product manufacturing	
	• Meridian Solutions Sdn Bhd	• Provisions of corporate advisory services	
	• MMC	• Undertakes mining and mineral exploration activities and also derives income from its investments whereas subsidiaries of MMC are principally involved in engineering, infrastructure and utilities	
	• Padiberas Nasional Berhad	• Procuring, collecting, processing, importing, exporting, purchasing, storing, packaging, distribution of rice, paddy and other grains, which include activities such as seed production, paddy faming, paddy procurement, paddy processing, rice processing and rice storage, distribution and marketing of rice, research and development of paddy seeds, rice and related products and investment holding	
	• Pelabuhan Tanjung Pelepas Sdn Bhd	• Constructing, operating, maintaining and managing Pelabuhan Tanjung Pelepas together with the provision of port facilities and other related services under the terms of a licence to be issued by the Johor Port authority	
	• Penang Port Sdn Bhd	• Operating, maintaining, managing and provision of port, facilities and other related services	
	• Senai Airport Terminal Services Sdn Bhd	• Development, operation and maintenance of Senai International Airport and provision of airport aviation related services and property development	
	• SKS Pars Refining Company Sdn Bhd	• To carry on the business of producers, refiners, storage and/or distributors of petroleum and petroleum product	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Datuk Ooi Teik Huat *(Cont'd)*	*Present directorship (Cont'd):*		
	• Tradewinds (M) Berhad	• Provision of management services and investment holding	
	• Tradewinds International Sdn Bhd	• Real estate consultant and management of the property, buildings, lands and estates, property development and investment	
	• Tradewinds Plantation Berhad	• Investment holdings and provision of management services	
	• Zelan Berhad	• Investment holding, civil engineering and construction of power plant and buildings	
	Previous directorship:		
	• Edaran Otomobil Nasional Bhd *(resigned on 15 July 2010)*	• Marketing and servicing of vehicles and investment holding	
Tan Ler Chin	*Present directorship:*		• Head of Investment Compliance and Settlement of EPF
	Nil		
	Previous directorships:		
	• Malaysia Building Society Berhad *(resigned on 30 November 2011)*	• Investment holding, money market activities and provision of financing, advancing and financial guarantees on a secured and unsecured basis, which includes Islamic financing and other related financial service	
	• Asia Pacific Investment Company *(resigned on 4 April 2012)*	• Investment in sub-urban retail assets predominantly in Singapore	
	• RHB-H&F Management Company Sendirian Berhad *(as alternate director)* *(wound-up)*	• Provision for investment, consultancy and management services	
Wan Kamaruzaman Wan Ahmad	*Present directorships:*		• Chief Executive Officer of KWAP
	• Bread & Butter Sdn Bhd	• Dormant	
	• i-VCAP Management Sdn Bhd	• Islamic fund management activities	
	• Prima Ekuiti (UK) Ltd	• Fund management services	
	• Valuecap Sdn Bhd	• Investment in securities	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Wan Kamaruzaman Wan Ahmad *(Cont'd)*	*Previous directorships:*		
	• UMW Equipment Sdn Bhd *(resigned on 16 August 2012)*	• Distribution of industrial and heavy equipment and related spares in Peninsular Malaysia	
	• UMW (East Malaysia) Sdn Bhd *(resigned on 1 March 2013)*	• Distribution of industrial and heavy equipment and related spares in Sabah and Sarawak	
	• UMW Holdings Berhad *(resigned on 30 April 2013)*	• Investment holding company	
	• Tegap Harmoni Sdn Bhd *(resigned on 22 July 2014)*	• Construction holding company	
Kanad Singh Virk	*Present directorships:*		• Managing Director, Standard Chartered Private Equity Limited
	• CEC Africa Investments Limited	• Power development	
	• Cherroots Nigeria Limited	• Investment holding company	
	• Copperbelt Energy Corporation plc	• Power transmission and distribution	
	• Energy World Corporation, Ltd	• Oil and gas, and power generation	
	• Maxpower Group Pte Ltd *(as alternate director)*	• Power generation in Indonesia and Myanmar	
	• SCI Asia Partners *(in liquidation)*	• Investment management	
	• SCI Asia Tollroads *(in liquidation)*	• Investment management	
	• Standard Chartered IL&FS Infrastructure (Cayman) Ltd	• Fund equity	
	• Standard Chartered IL&FS Asia Infrastructure Growth Fund, L.P.	• Fund limited partnership	
	• Standard Chartered IL&FS Asia Infrastructure Growth Fund Company Limited	• Fund general partner	
	• SCI Asia	• Fund investment vehicle	
	• Standard Chartered IL&FS Management (Singapore) Pte Limited	• Fund investment management	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Kanad Singh Virk *(Cont'd)*	*Previous directorship:* Nil		
Tan Sri Dato' Seri Alauddin Dato' Md Sheriff	*Present directorships:*		Nil
	• AFFIN Holdings Berhad	• Investment holding	
	• Vertical Inter Circle Sdn Bhd	• Investment holding activities	
	Previous directorship:		
	• SP Setia Berhad *(resigned on 10 December 2014)*	• Building contractors and investment holding company	
Datuk Dr. Syed Muhamad Syed Abdul Kadir	*Present directorships:*		Nil
	• ACR ReTakaful Berhad	• Underwriting of general retakaful business	
	• Avicennia Capital Sdn Bhd	• Insurance holding company	
	• BSL Corporation Berhad	• Investment holding company	
	• CIMB Bank Berhad	• Commercial banking and related financial services	
	• CIMB Islamic Bank Berhad	• Islamic banking and related financial services	
	• CIMB Middle East B.S.C. (c)	• Islamic investment management	
	• CIMB-Principal Islamic Asset Management Sdn Bhd	• To provide institutional asset management business in accordance with Shariah principal	
	• Euro Holdings Berhad	• Investment holding company	
	• Orissa Wicomm (M) Sdn Bhd	• Distribution of green technology products	
	• SMIB Cycleworld Ventures Sdn Bhd	• Supply and install insulated sandwich panels	
	• Solution Engineering Holdings Berhad	• Investment holding and provision of management services	
	• Sun Life Malaysia Assurance Berhad	• Underwriting of life business insurance	
	• Sun Life Malaysia Takaful Berhad	• Underwriting of family Takaful and general Takaful business	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Datuk Dr. Syed Muhamad Syed Abdul Kadir *(Cont'd)*	*Previous directorships:*		
	• Dagang Net Technologies Sdn Bhd *(resigned on 27 May 2010)*	• Trade facilitation	
	• Eltek Power (Malaysia) Sdn Bhd *(resigned on 6 August 2013)*	• Supply of telecommunication items	
	• CIMB Group Sdn Bhd *(resigned on 30 June 2014)*	• Investment holding	
	• CIMB Group Holdings Berhad *(resigned on 30 June 2014)*	• Investment holding	
	• Bursa Malaysia Berhad *(resigned on 5 August 2014)*	• Exchange holdings companies, treasury management and the provision of management and administrative services to its subsidiaries	
Datuk Idris Abdullah @ Das Murthy	*Present directorships:*		• Commission Member of the Malaysian Communications and Multimedia Commission
	• PJB Packers Sdn Bhd	• General merchandise	
	• Xian Leng Holdings Berhad	• Investment holding and provision of management services	
	Previous directorships:		
	• Industrial Power Technology Pte Ltd *(resigned on 18 December 2012)*	• Engineering, procurement and construction	
	• Konsortium Rangkaian Serantau Sdn Bhd *(resigned on 16 November 2013)*	• Telecommunications	
	• Bank Pembangunan Malaysia Berhad *(resigned on 17 March 2014)*	• Development financial institution providing medium to long-term financing to infrastructure, maritime and high technology sectors	
	• BI Credit & Leasing Berhad *(resigned on 17 March 2014)*	• Credit and leasing	
	• Pembangunan Leasing Corporation Sdn Bhd *(resigned on 17 March 2014)*	• Financial leasing	
	• PLC Credit & Factoring Sdn Bhd *(resigned on 17 March 2014)*	• General insurance	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Datuk Idris Abdullah @ Das Murthy *(Cont'd)*	*Previous directorships (Cont'd):*		
	• APAC Coal Limited *(resigned on 14 May 2014)*	• Investment holding	
	• Magnus Energy Group Ltd *(resigned on 30 June 2014)*	• Investment holding	
Zalman Ismail	*Present directorships:*		• Director of Alternative Investment Department of KWAP
	• Jambatan Kedua Sdn Bhd	• Constructing, developing and operating the second Penang bridge	
	• Munchy Food Industries Sdn Bhd	• Manufacture and sale of confectionary products	
	• Tap Crunch International Sdn Bhd	• Investment holdings	
	• Tap Crunch Sdn Bhd	• Investment holdings	
	Previous directorships:		
	• Malaysia Land Development Company Berhad *(resigned on 1 February 2011)*	• Property investment, management and investment holding	
	• Seriemas Development Sdn Bhd *(as alternate director) (resigned on 1 February 2011)*	• Property development and provision of related consultancy services	
	• Glengowrie Properties Sdn Bhd *(dissolved on 7 April 2011)*	• Property development	
	• Genting View Resort Development Sdn Bhd *(resigned on 27 July 2011)*	• Property development and provision of management services	
	• GVR Construction Sdn Bhd *(resigned on 27 July 2011) (dissolved on 8 August 2013)*	• Builder and contractors of development projects	
	• Shaw Brothers (M) Sdn Bhd *(resigned on 27 July 2011)*	• Investment holding, property investment and provision of management services	
	• Sime Darby Building Management Services Sdn Bhd *(resigned on 27 July 2011)*	• Property management services	

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Zalman Ismail *(Cont'd)*	*Previous directorships (Cont'd):*		
	• Sime Darby CPB Properties Sdn Bhd *(resigned on 27 July 2011) (dissolved on 1 June 2013)*	• Property management and related services	
	• Sime Darby GVR Management Sdn Bhd *(resigned on 27 July 2011)*	• Resort management	
	• Sime Darby Melawati Development Sdn Bhd *(resigned on 27 July 2011)*	• Property development, property management and property investment	
	• Sime Darby Nilai Utama Sdn Bhd *(resigned on 27 July 2011)*	• Property development	
	• Sime Darby Pagoh Development Sdn Bhd *(resigned on 27 July 2011)*	• Property investment and development	
	• Sime Darby Properties Builders Sdn Bhd *(resigned on 27 July 2011)*	• General construction	
	• Sime Darby Properties Harta Sdn Bhd *(resigned on 27 July 2011)*	• Property investment and management	
	• Sime Darby Properties Landscaping Sdn Bhd[3] *(resigned on 27 July 2011)*	• Provision of landscaping service	
	• Sime Darby Properties Realty Sdn Bhd *(resigned on 27 July 2011)*	• Property development and management	
	• Sime Darby Putra Heights Development Sdn Bhd *(resigned on 27 July 2011)*	• Property investment and development	
	• Sime Darby Sungai Kantan Development Sdn Bhd *(resigned on 27 July 2011)*	• Property development and management	
	• Sime Healthcare Sdn Bhd *(resigned on 27 July 2011)*	• Property investment	
	• Sime UEP Executive Suites Sdn Bhd *(resigned on 27 July 2011) (dissolved on 21 July 2014)*	• Property investment and joint property development	

[3] *Under members' voluntary winding-up.*

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Zalman Ismail *(Cont'd)*	*Previous directorships (Cont'd):*		
	• Sime Wood Industries Sdn Bhd *(resigned on 27 July 2011)*	• Property investment and provision of management services	
	• Solarvest Sdn Bhd[4] *(resigned on 27 July 2011)*	• Investment holding	
	• Syarikat Perumahan Guthrie Sdn Bhd *(resigned on 27 July 2011)*	• Property development	
	• Tegas Setia Sdn Bhd[5] *(resigned on 27 July 2011)*	• Investment holding	
	• The Glengowrie Rubber Company Sdn Bhd *(resigned on 27 July 2011)*	• Property investment and development	
	• Vicworld (M) Sdn Bhd *(resigned on 27 July 2011) (dissolved on 24 September 2014)*	• Property development	
	• Wisma Sime Darby Sdn Bhd *(resigned on 27 July 2011)*	• Property investment, management and related services	
	• Valuecap Sdn Bhd *(as alternate director) (resigned on 14 May 2014)*	• Investment in securities	
	• Negara Properties Services Sdn Bhd *(dissolved on 21 July 2014)*	• Property management and maintenance	
Craig Robert Martin	*Present directorships:*		• Managing Director of Capital Advisors Partners Asia Pte Ltd
	• Asia Infrastructure Fund GP Limited	• General partner in a closed ended infrastructure fund	• Executive Director of Capital Advisors Partners Asia Sdn Bhd
	• AIF Infrastructure Fund Private Limited	• Investment holding company	
	• AIF Toll Road Holdings 1 Pte Ltd	• Investment holding company	
	• AIF Infrastructure Fund Management Private Limited	• Investment advisory company	
	• CAIF III Infrastructure Holdings Sdn Bhd	• Investment holding company	
	• CAIF III Pte Ltd	• Investment holding company	

[4] *Under members' voluntary winding-up.*
[5] *Under members' voluntary winding-up.*

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Craig Robert Martin *(Cont'd)*	*Present directorships (Cont'd):*		• Head of Fund for the South East Asian Strategic Assets Fund and CAIF III • Advisor to the board of Albizia ASEAN Opportunities Fund • Advisor to the boad of Albizia ASEAN Tenggara Fund
	• CapAsia ASEAN Infrastructure Fund General Partner Limited	• General partner in a closed ended infrastructure fund	
	• CapAsia Islamic Infrastructure Fund (General Partner) Limited	• General partner in a closed ended infrastructure fund	
	• CapAsia Management Limited	• Investment holding company	
	• CapAsia Solar One Ltd	• Investment holding company	
	• Capital Advisors Partners Asia Pte Ltd	• Fund management	
	• Capital Advisors Partners Asia Sdn Bhd	• Investment advisory	
	• CapAsia ASEAN Wind Holdings Cooperatief UA	• Investment holding company	
	• CIIF Infrastructure Holdings Sdn Bhd	• Investment holding company	
	• George Street Capital Advisors Pte Ltd	• Investment holding company	
	• George Street Capital BVI Limited	• Investment holding company	
	• Myanmar Investments International Limited	• Investment company	
	• Myanmar Investments Limited	• Investment holding company	
	• Myanmar Investments (Singapore) Pte Ltd	• Investment holding company	
	• MIL Management Pte Ltd	• Investment holding company	
	• MIL No.2 Pte Ltd	• Investment holding company	
	• MIL No.3 Pte Ltd	• Investment holding company	
	• PetroWind Energy Inc	• Owner and developer of a 36 MW wind power project in the Philippines	
	• PT CapAsia Indonesia Ltd	• Investment consulting company	
	• SEASAF	• Investment holding company	
	• Seasaf Education Sdn Bhd[6]	• Investment holding	

[6] *Under members' voluntary winding-up.*

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Craig Robert Martin *(Cont'd)*	*Present directorships (Cont'd):*		
	• Seasaf Highway Sdn Bhd	• Investment holding company	
	• SEASAF 1 Resources Pte Ltd	• Investment holding company	
	• Indochina Research Limited	• Investment holding company	
	Previous directorships:		
	• Proconco Joint Stock Company *(resigned on 20 April 2010)*	• Producer of animal feed in Vietnam	
	• Fine Seas Limited *(in liquidation) (resigned on 20 April 2010)*	• Investment holding company	
	• Envoy Media Partners Limited *(resigned on 20 April 2010)*	• Investment holding company	
	• Amanda Foods Private Limited *(in liquidation) (resigned on 20 April 2010)*	• Investment holding company	
	• Vietnam Industrial Investments Limited *(as alternate director) (resigned on 25 June 2010)*	• Manufacturer of steel products in Vietnam	
	• Vinausteel Limited *(resigned on 25 June 2010)*	• Manufacturer of steel products in Vietnam	
	• SSE Steel Limited *(resigned 25 June 2010)*	• Manufacturer of steel products in Vietnam	
	• Corbyns International Limited *(resigned on 25 June 2010)*	• Investment holding company	
	• Albizia ASEAN Opportunities Fund *(resigned on 31 December 2012)*	• Mutual fund	
	• DPRM (Asia) Pte Ltd *(resigned on 26 July 2013)*	• Investment holding company	
	• AIF Toll Road Holdings (Thailand) Company Limited *(resigned on 15 November 2013)*	• Investment holding company	

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Craig Robert Martin *(Cont'd)*	*Previous directorships (Cont'd):*		
	• Don Muang Tollway Public Co Ltd *(resigned on 15 November 2013)*	• Operates a 29-km elevated six lane tolls road that runs from the centre of Bangkok to the north, passing through the Don Muang International Airport	

9.1.4 Involvement of our Directors in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers and/or suppliers

Save as disclosed below, as at the Latest Practicable Date, none of our Directors have any interest, directorships and/or shareholdings, whether direct or indirect, in other businesses or corporations which are (i) carrying on a similar trade as that of our Group; or (ii) our customers and/or suppliers:

Director	Business/Corporation	Principal activity	Nature of interest
Kanad Virk Singh	*Similar trade as that of our Group:*		
	• CEC Africa Investments Limited	• Power development	• Non-executive director
	• Copperbelt Energy Corporation plc	• Power transmission and distribution	• Non-executive director
	• Energy World Corporation, Ltd	• Oil and gas, and power generation	• Non-executive director
	• Maxpower Group Pte Ltd	• Power generation in Indonesia and Myanmar	• Alternate director
Craig Robert Martin	*Similar trade as that of our Group:*		
	• PetroWind Energy Inc	• Owner and developer of a 36 MW wind power project in the Philippines	• Non-executive director

Our Directors are of the view that the interests held by Kanad Singh Virk and Craig Robert Martin in other businesses or corporations which carry on similar trade as that of our Group do not give rise to any conflict of interest situation with the business currently held and pursued by our Group as they are non-executive directors or alternate director and they are not involved in the day-to-day operations of the abovementioned companies. On matters or transactions requiring the approval of our Board, Directors who are deemed interested or conflicted in such matters shall be required to abstain from deliberations and voting on the resolutions relating to these matters or transactions.

9.1.5 Audit Committee

Our Audit Committee was formed by our Board on 9 November 2007 and was reconstituted on 11 December 2012. Our Audit Committee currently comprises the following members, of which a majority of them are Independent Non-Executive Directors:

Director	Designation	Directorship
Datuk Dr. Syed Muhamad Syed Abdul Kadir	Chairman	Independent Non-Executive Director
Tan Sri Dato' Seri Alauddin Dato' Md Sheriff	Member	Independent Non-Executive Director
Datuk Idris Abdullah @ Das Murthy	Member	Independent Non-Executive Director
Datuk Ooi Teik Huat	Member	Non-Independent Non-Executive Director

The duties and functions of our Audit Committee comprise among others, the following:

(i) External audit

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

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

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

(ii) Internal audit

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

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

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

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

(e) to review and appraise or assess the performance of members of the internal audit function/firm carrying out the internal audit function; and

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

(iii) Financial reporting review

(a) to review with our management and the external auditors, the quarterly results and year-end financial statements prior to the approval by our 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 Listing Requirements.

(iv) Related party transactions

(a) to review any related party transaction and conflicts of interest situation that may arise within our Company or Group including any transaction, procedure or course that raises questions of management integrity; and

(b) to review the procedures set by our Company to monitor related party transactions 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 our Company's minority shareholders.

(v) Internal control

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

(vi) Other matters

(a) to arrange for periodic reports from our 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;

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

(c) to report to our Board at least once a year, the activities of the Audit Committee, 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 internal audit function or activity;

(d) where our Audit Committee is of the view that a matter reported by it to our Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, our Audit Committee must promptly report such matter to Bursa Securities and/or the SC; and

(e) to carry out any other functions that may be mutually agreed upon by our Audit Committee and our Board.

9.1.6 Nomination Committee

Our Nomination Committee was established by our Board on 11 December 2012. Our Nomination Committee currently comprises the following members, of which a majority of them are Independent Non-Executive Directors:

Director	Designation	Directorship
Tan Sri Dato' Seri Alauddin Dato' Md Sheriff	Chairman	Independent Non-Executive Director
Datuk Idris Abdullah @ Das Murthy	Member	Independent Non-Executive Director
Datuk Muhamad Noor Hamid	Member	Non-Independent Non-Executive Director

Our Nomination Committee undertakes, among others, the following functions:

(i) to consider and recommend to our Board suitable persons for appointment as new Board members of our Company, our committees and our subsidiaries as well as the Chief Executive Officer. In making its recommendations, the Nomination Committee will consider the candidates':

(a) skills, knowledge, expertise and experience;

(b) professionalism;

(c) integrity; and

(d) in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee will evaluate the candidates' ability to discharge such responsibilities/functions as expected from the Independent Non-Executive Director;

(ii) to consider candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder;

(iii) to annually review the performance of our Board members, our committee and subsidiaries as well as the required mix of skills and experience and other qualities of our Board members as well as the Chief Executive Officer, including core competencies which Non-Executive Directors should bring to our Board;

(iv) to annually assess the effectiveness of our Board as a whole, its committees, the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Chief Executive Officer. All assessments and evaluations carried out by our Nomination Committee in the discharge of all its function should be properly documented;

(v) to consider and recommend a policy regarding the period of service of the Executive and Non-Executive Directors of our Company and our subsidiaries;

(vi) to consider and recommend any other measures to upgrade the effectiveness of our Board, our committees and the boards of our subsidiaries;

(vii) to consider and recommend solutions on issues of conflicts of interest affecting our Company's Directors and our subsidiaries;

(viii) to recommend the appointment of nominees of our Company to the boards of our subsidiaries. The Chairman is given the mandate to finalise and recommend nominee directors of our Company to the respective board of our subsidiaries;

(ix) to review and recommend to our Board the succession plan of the Chairman of our Board and the target group that comprises the Chief Executive Officer, the Chief Operating Officer and the Heads of Division ("**Target Group**") and the training programmes for our Board;

(x) to oversee the appointment, management succession planning and performance evaluation of the Target Group;

(xi) to ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements; and

(xii) to carry out such other assignments as may be delegated by our Board.

9.1.7 Remuneration Committee

Our Remuneration Committee was formed by our Board on 9 November 2007 and was reconstituted on 11 December 2012. Our Remuneration Committee currently comprises the following members:

Director	Designation	Directorship
YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	Chairman	Independent Non-Executive Chairman
Datuk Dr. Syed Muhamad Syed Abdul Kadir	Member	Independent Non-Executive Director
Wan Kamaruzaman Wan Ahmad	Member	Non-Independent Non-Executive Director

Our Remuneration Committee undertakes, among others, the following functions:

(i) to review and recommend the general remuneration policy of our Company and our Group;

(ii) to establish a formal and transparent procedure for the development of a remuneration policy for our Directors and the Target Group;

(iii) to establish an objective remuneration structure for our Directors, Executive Directors and the Target Group and to review the performance of the Executive Directors (if applicable) and the Target Group, and to provide recommendations to our Board on their remuneration;

(iv) the recommendation of remuneration for our Directors and the Target Group shall be based on the following considerations:

(a) levels of remuneration structure are sufficient to attract and retain the individuals needed to run our Company successfully at our Board as well as the senior management levels;

(b) links rewards to both our Company and individual performances, responsibilities and expertise;

(c) aligns the interests of our Directors, the Target Group and our stakeholders with the business strategy and long-term objectives of our Company; and

(d) is based on information obtained from independent remuneration sources within similar industry;

(v) to recommend the appointment and promotion of the Target Group and determine their salaries and recommend salary revisions and improvements (as necessary) together with fringe benefits, perquisites and bonus programme;

(vi) to recommend suitable short-term and long-term incentive plans including the setting of appropriate performance targets as well as a programme for management development;

(vii) to implement a formal appraisal process for the evaluation of the effectiveness of our Board as a whole, the committees and the individual contribution of each Board member;

(viii) to provide remuneration input on any contract of employment or related contract with our Executive Directors (if applicable) or the Chief Executive Officer on behalf of our Company;

(ix) to keep abreast of the terms and conditions of service of our Executive Director and Target Group for market comparability and reviews, and to recommend changes to our Board, whenever necessary;

(x) to make recommendations to our Board on our Company's framework of remuneration and its cost and to determine on behalf of our Board, specific remuneration packages and conditions of employment (including pension rights) for our Directors and the Target Group; and

(xi) to carry out such other assignments as may be delegated by our Board.

9.1.8 Risk Committee

Our Risk Committee was formed by our Board on 25 November 2014. Our Risk Committee currently comprises the following members:

Director	Designation	Directorship
Datuk Idris Abdullah @ Das Murthy	Chairman	Independent Non-Executive Director
Datuk Dr. Syed Muhamad Syed Abdul Kadir	Member	Independent Non-Executive Director
Datuk Muhamad Noor Hamid	Member	Non-Independent Non-Executive Director
Tan Ler Chin	Member	Non-Independent Non-Executive Director

Our Risk Committee undertakes, among others, the following functions:

(i) to review the processes for determining and communicating our Company's risk appetite;

(ii) to oversee the establishment, implementation and adequacy of the risk management system of our Group of which the effectiveness of the system is reviewed annually;

(iii) to review and approve the risk management framework and policies to be adopted by our Group. The framework is constantly monitored and reviewed to ensure risks and controls are updated to reflect current situation and ensure relevance at any given time;

(iv) to review our management's processes for identifying, analysing, evaluating and treating risks, as well as communicating the identified risks across our Group;

(v) to review periodic reports on risk management of our Group and deliberate on key risk issues highlighted by the management risk committee;

(vi) to report to our Board on the key risks of our Group and the action plans to mitigate these risks;

(vii) to provide independent assurance to our Board of the effectiveness of risk management processes in our Group;

(viii) 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

(ix) to carry out such other assignments related to risks as may be delegated by our Board.

9.1.9 Service contracts with our Directors

As at the date of this Prospectus, there are no existing or proposed service contracts between our Directors and our Company.

9.1.10 Remuneration of our Directors

The aggregate remuneration and benefits paid or proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 31 December 2014 and FYE 31 December 2015 respectively, are as follows:

	Remuneration band	
Director	**For the FYE 31 December 2014 (Actual)**	**For the FYE 31 December 2015 (Estimate)**
YAM Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	RM1 - RM50,000[1]	RM450,001 - RM500,000
Dato' Sri Che Khalib Mohamad Noh	RM550,001 - RM600,000	RM100,001 - RM150,000[2]
Datuk Muhamad Noor Hamid	RM150,001 - RM200,000	RM150,001 - RM200,000
Datuk Ooi Teik Huat	RM150,001 - RM200,000	RM150,001 - RM200,000
Tan Ler Chin	RM100,001 - RM150,000	RM150,001 - RM200,000
Wan Kamaruzaman Wan Ahmad	RM100,001 - RM150,000	RM150,001 - RM200,000
Kanad Singh Virk	-	RM100,001 - RM150,001
Tan Sri Dato' Seri Alauddin Dato' Md Sheriff	RM200,001 - RM250,000	RM200,001 - RM250,000
Datuk Dr. Syed Muhamad Syed Abdul Kadir	RM150,001 - RM200,000	RM250,001 - RM300,000
Datuk Idris Abdullah @ Das Murthy	RM150,001- RM200,000	RM200,001 - RM250,000
Zalman Ismail	RM1 - RM50,000	RM1 - RM50,000
Craig Robert Martin	RM1 - RM50,000	RM1 - RM50,000

Notes:

(1) Since his appointment as our Chairman on 1 December 2014.

(2) He resigned as our Managing Director on 8 December 2014 and has been redesignated as our Non-Independent Non-Executive Director on 9 December 2014.

The remuneration of our Directors, which includes Directors' fees, bonus and such other allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

9.2 KEY MANAGEMENT

Our key management is responsible for our day-to-day management and operations. Our key management consists of experienced personnel in charge of matters related to plant production, operation and maintenance, asset management, ventures, marketing, business development, strategic planning and risk management, finance, corporate services, and human resources and administration.

The members of our key management as at the date of this Prospectus are set out below:

Key management	Nationality	Age	Designation
Dato' Sri Syed Faisal Albar Syed A.R Albar	Malaysian	49	Chief Executive Officer
Habib Husin	Malaysian	54	Chief Operating Officer
Ruswati Othman	Malaysian	55	Chief Financial Officer/Senior Vice President, Group Finance and Accounts Division
Azhari Sulaiman	Malaysian	54	Senior Vice President, Ventures Division
Nordin Kasim	Malaysian	55	Senior Vice President, Operation and Maintenance Division
Mohd Shokri Daud	Malaysian	46	Senior Vice President, Asset Management Division

The management and operations of our Group is led by Dato' Sri Syed Faisal Albar Syed A.R Albar, our Chief Executive Officer.

9.2.1 Profile of our key management

(i) Dato' Sri Syed Faisal Albar Syed A.R Albar

Dato' Sri Syed Faisal Albar Syed A.R Albar, aged 49, is our Chief Executive Officer. He obtained a Bachelor of Arts (Accountancy) from Barat College of DePaul University, USA in 1987 and passed the AIPCA Professional Certification from University of Illinois, Urbana Champaign, USA in 1990. He attended the Advanced Programme at Harvard Business School, Boston, USA and obtained Certificate on Effective Strategies for Media Companies in 2007. He is a member of the Malaysian Institute of Certified Public Accountants ("**MICPA**") and American Institute of Certified Public Accountants. He was also a Council Member of MICPA for the 2010 to 2013 term.

Dato' Sri Syed Faisal Albar Syed A.R Albar's career spans across various executive positions. He started his career by spending almost a decade with PricewaterhouseCoopers Kuala Lumpur since 1991. He had also served PricewaterhouseCoopers, San Francisco, California in 1995 before returning to Kuala Lumpur in 1997 and subsequently joined The New Straits Times Press (Malaysia) Berhad ("**NSTP**") in May 2000 as its Chief Financial Officer. He was subsequently appointed as the Chief Executive Officer of NSTP in 2003, a position he held until 2008.

From 2008 to 2011, Dato' Sri Syed Faisal Albar Syed A.R Albar was the Group Managing Director of POS Malaysia Berhad. During his time at POS Malaysia Berhad, he was also the Chairman of ASEAN Postal Business Group, where postal organisations of each of the ASEAN countries are a member of. Prior to joining our Company in July 2014, Dato' Sri Syed Faisal Albar Syed A.R Albar was the Chief Executive Officer of Gas Malaysia Berhad from January 2014. He was also the Executive Director of Konsortium Logistik Berhad ("**KLB**") for a short span of time from May 2013 until December 2013 to assist Ekuiti Nasional Berhad, the majority owner of KLB, in the disposal of KLB's business.

From 2011 to 2014, he had served on various boards in a non-executive capacity. Dato' Sri Syed Faisal Albar Syed A.R Albar was on the board of Malaysia Airports Holdings Berhad as a nominee director for Khazanah and was also a director of Hong Leong Bank Berhad. Within this period, he also sat on the board of Kwasa Land Sdn Bhd, a wholly-owned subsidiary of EPF, and was tasked to develop a township in Sungai Buloh, Selangor over 2,400 acres land previously owned by Rubber Research Institute Malaysia. In January 2013, he was appointed by Khazanah as a project advisor on the creation of a food-cluster project in Iskandar Malaysia, Johor. As part of his effort to contribute to society, Dato' Sri Syed Faisal Albar Syed A.R Albar served on the board of Yayasan Kelana Ehsan, a public trust entity providing funds for charitable activities with the intention to improve the livelihood of residents in the State of Selangor.

Dato' Sri Syed Faisal Albar Syed A.R Albar currently sits on the board of directors of KLB as its Non-Executive Director, LBT, KEV and several private limited companies.

(ii) Habib Husin

Habib Husin, aged 54, is our Chief Operating Officer. 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 ("**ICI Paints**") as Works Engineer in August 1992. He was also awarded a Silver Award from ICI Paints for exceptional effort and outstanding achievement in 1996.

In July 1998, he joined MB as 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 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 our Company in October 2010 to oversee the Operation and Maintenance Division and the Asset Management Division.

Habib Husin is currently an alternate director of LBT and MSCSB. He is also a member of the board of directors of KEV, OTPL, SPHL, SAMAWEC, SWEC, SEHCO, SEPCO, AAS, Hyflux-TJSB Algeria, Hidd Power and MCDC.

(iii) Ruswati Othman

Ruswati Othman, aged 55, is our Chief Financial Officer and Senior Vice President of our Group Finance and Accounts Division. She obtained her Bachelor of Science degree in Chemistry and Master of Business Administration degree (majoring in Accounting and Finance) from University of Bradford, England, United Kingdom and University of Massachusetts, Boston, Massachusetts, USA in 1984 and 1988, respectively. She completed the Advanced Management Programme at Wharton Business School, University of Pennsylvania, Philadelphia, USA in October 2011.

She started her career as an Executive in the Chemical Division of Behn Meyer & Co. in August 1984. She joined Southern Bank Berhad as an officer in April 1989. She was appointed as Assistant Manager, Corporate Planning and Investments at Melewar Corporation Berhad in May 1990. Among others, she was involved in the setting up of an international food chain and a highway project for the group.

In May 1994, she joined MB as Manager, Corporate Planning. In 1997, she was promoted to Senior Manager and as the Head, Research and Risk Management Department. She was appointed as Assistant General Manager, Corporate Finance and Risk Management in 1999 and promoted to General Manager and Head, Corporate Finance and Risk Management Department in 2000. In November 2004, she was promoted to the position of Chief Financial Officer/Senior Vice President, Group Finance and Accounts Division of MB. Her current responsibilities include managing our Group's Accounts and Treasury Department and our Corporate and Project Finance Department. She oversees the overall accounting and reporting functions in our Group and heads our team for corporate finance exercises such as equity and debt financing, as well as mergers and acquisitions and project finance exercises for companies within our Group.

Ruswati Othman is currently an alternate director of KEV and also a member of the board of directors of Hidd Power and a private limited company.

(iv) Azhari Sulaiman

Azhari Sulaiman, aged 54, is our Senior Vice President of our Ventures Division. He obtained his Bachelor of Science degree in Electrical & Electronic Engineering from Loughborough University of Technology, England, United Kingdom in July 1984 and Masters in Business Administration from Universiti Malaya in August 1996. Azhari Sulaiman completed the High Performance Leadership Programme at Harvard Business School, San Francisco, California, USA in May 2012.

He first joined Lembaga Letrik Negara (now known as TNB) in September 1983 as a Computer Maintenance Engineer in the Computer Maintenance Department. In 1986, he was promoted to Senior Engineer, where he was involved mainly in the development of control centres, and repair and maintenance of the National Load Despatch Centre SCADA/EMS computer systems and Remote Terminal Units (RTUs).

In January 1994, he was transferred to the Business Management Unit of the Transmission Division as Senior Manager, Commercial. In January 1999, he was designated as the Head of Energy Procurement Unit. His work experience from 1994 till before he resigned in August 2004 includes the development of IPP programme for TNB which includes improvements to the PPAs, CSTAs and related processes, negotiation and execution, monitoring of progress, coordination, compliance, commercial operations, performances, disputes and resolution and lastly, billing and invoice. He was also involved in work related to the restructuring of the electricity supply industry which includes third-party access, use of system charges, energy trading, etc.

In August 2004, he joined MB as Chief Operating Officer of TBP. In his capacity as Chief Operating Officer, he was responsible to ensure that the construction and commissioning of MB's first coal-fired power plant was on schedule and within budget. On completion of the Tanjung Bin Power Plant project, he was transferred to assume the position of Vice President, Business Development in MB. He currently serves as Senior Vice President of Ventures Division of our Company where he is responsible for project development for our Group.

(v) **Nordin Kasim**

Nordin Kasim, aged 55, is our Senior Vice President of our Operation and Maintenance Division. He obtained his Bachelor Science (1st Class Hons.) in Electrical Engineering degree from University of Wales, United Kingdom in 1984. He completed the Senior Management Development Programme at Harvard Business School, Malaysia in August 2010.

He started his career in September 1984 as Electrical and Instrumentation Engineer with ICI Fertilizer, ICI Industrial Chemicals and ICI Agrochemicals, subsidiaries of Chemical Company of Malaysia Berhad. He was promoted to Electrical and Instrumentation Section Manager in December 1994.

In April 1995, he joined BP Chemicals as Electrical and Instrumentation Supervisor. In December 1997, he was re-designated to Deputy Maintenance Manager. He then joined MEASAT Broadcast Network System Sdn Bhd in August 1998 as Maintenance Manager.

He later joined TJSB in July 1999 as Maintenance Manager of the Centralised Utility Facilities ("**CUF**") in Gebeng, Kuantan, Pahang. He was subsequently promoted to Plant Manager in 2002.

Upon successful completion of the CUF project in October 2004, he was transferred to the Prai Power Plant as Plant Manager. In September 2006, he was transferred to the Lumut Power Plant as Plant Manager and was promoted and transferred to his current position as Senior Vice President, Operation and Maintenance Division in January 2009.

Nordin Kasim is a member of the board of directors of OTPL.

(vi) Mohd Shokri Daud

Mohd Shokri Daud, aged 46, is our Senior Vice President of our Asset Management Division. He graduated with a degree in Electrical Engineering from Northern Arizona University, Arizona, USA in 1991. He has approximately 22 years of experience in the power industry where his core competency is in power plant control and operation. He completed the Malakoff Senior Leadership Development Programme in 2012 and the Management Development Programme, Asian Institute of Management, Manila, the Philippines in 2010.

He joined TNB in April 1992 as Control and Instrumentation ("**C&I**") Engineer in Sultan Ismail Power Station, Paka, Terengganu, Malaysia. In August 1995, he joined TJSB as C&I Engineer in the Lumut Power Plant and was promoted to C&I Maintenance Manager, and subsequently to Senior Manager, Technical Support Department in January 2000. In this role, he took the lead in providing technical support in areas related to Electrical, Control and Instrumentation (EC&I). He was also actively involved in the development of the GB3 Power Plant project until he was promoted to Assistant General Manager, Operations in July 2002 where he oversaw the operations of the Lumut Power Plant.

He was appointed as Vice President, Overseas Operation and Maintenance Division in May 2006 where he became more involved in different activities including the acquisition of CEGCO, project work related to Shuaibah Phase 3 IWPP and key bidding and acquisition activities. From June 2008 to April 2010, he was the Plant Manager for the Prai Power Plant. He was transferred to the Operation and Maintenance headquarters in Kuala Lumpur to assume the role as Vice President for Technical Support Group in May 2010. In September 2012, he was assigned to Asset Management Division as Vice President to oversee operations of the generating assets of the organisation.

Mohd Shokri Daud is currently a member of the board of directors of Al-Imtiaz, Hidd Power, MCDOMC and SAMAOMCO.

9.2.2 Shareholding of our key management

The following table sets forth the direct and indirect shareholding of each of our key management before and after the IPO (assuming full subscription of the Issue Shares allocated to the Eligible Malakoff Persons and the Eligible MMC Persons):

	Before the IPO				After the IPO[1]			
	Direct		Indirect		Direct		Indirect	
Key management	No. of Shares	%	No. of Shares	%	No. of Shares	%[2]	No. of Shares	%[2]
Dato' Sri Syed Faisal Albar Syed A.R Albar	-	-	-	-	160,000	*	-	-
Habib Husin	-	-	-	-	240,000	*	-	-
Ruswati Othman	-	-	-	-	172,000	*	-	-
Azhari Sulaiman	-	-	-	-	118,000	*	-	-
Nordin Kasim	-	-	-	-	118,000	*	-	-
Mohd Shokri Daud	-	-	-	-	118,000	*	-	-

Notes:

* *Less than 0.1%.*

(1) *Excludes Shares they may subscribe for under the Malaysian Public's portion and any Excess Issue Shares that they may subscribe for under the allocation to the Eligible Malakoff Persons.*

(2) *Based on our enlarged number of Shares in issue of 5,000,000,000 Shares.*

9.2.3 Service contracts with key management

As at the date of this Prospectus, there are no existing or proposed service contracts between our key management personnel and us except for the service contract dated 26 June 2014 between our Company and Dato' Sri Syed Faisal Albar Syed A.R Albar for the employment of Dato' Sri Syed Faisal Albar Syed A.R Albar as our Chief Executive Officer. The salient terms of the service contract, among others, are as follows:

(i) we shall employ him as our Chief Executive Officer on a three-year fixed term contract from 1 July 2014 to manage our overall business operations and such appointment may be expanded to include the provision of services of similar nature to other subsidiaries, associates or related companies within our Group;

(ii) his tenure of service with our Company shall cease, by reason of contract expiry after three years of tenure on 30 June 2017 or until such time as decided by our Board. The option to extend the tenure shall be on amicable and mutual basis between him and our Company; and

(iii) the service contract may be terminated by either party by giving three months' notice in writing to the other party. A payment of three months may be made in lieu of notice, or part thereof.

9.2.4 Remuneration of our Chief Executive Officer

The aggregate remuneration and benefits paid or proposed to be paid to our Chief Executive Officer for services rendered in all capacities to our Group for the FYE 31 December 2014 and FYE 31 December 2015, respectively, are as follows:

	Remuneration band	
Chief executive officer	**For the FYE 31 December 2014 (Actual)**	**For the FYE 31 December 2015 (Estimate)**
Dato' Sri Syed Faisal Albar Syed A.R Albar	RM600,000 – RM650,000[1]	RM1,900,000 – RM2,000,000

Note:

(1) *Dato' Sri Syed Faisal Albar Syed A.R Albar was appointed as our Chief Executive Officer on 1 July 2014.*

The remuneration of our Chief Executive Officer, which includes salaries, bonus, fees and allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board.

9.2.5 Involvement of our key management in other businesses or corporations

Save as disclosed below, as at the Latest Practicable Date, none of our key management is involved in the management and day-to-day operations of other businesses or corporations. The directorships of our key management outside our Group at present and in the past five years preceding the Latest Practicable Date are as follows:

Key management	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Sri Syed Faisal Albar Syed A.R Albar	*Present directorships*:		Nil
	• Don Capital Sdn Bhd	• Investment advisory services, export and import of earth colours, fluorspar and mineral valued chiefly as a source of chemicals wholesale of a variety of goods without any particular specialisation	
	• Edaran Perintis Sdn Bhd	• General merchandise	
	• Hidd Power	• Building, operation and maintenance of power and water stations for special purposes (specific supply only)	
	• KEV	• Generation and sale of electricity	
	• KLB	• Provision of total logistics services and inventory solutions, which includes the provision of container haulage services, freight forwarding, shipping agency and chartering services, warehousing and distribution services and insurance agency	
	• LBT	• Development, ownership and management of a dry bulk terminal	
	• MSCSB	• Investment holding	
	• MCDC	• Desalination of water	
	• Onepark Sdn Bhd	• Setting of parking facilities and all business related thereto, general trading and investment holding	
	• Optimum Connection Sdn Bhd	• Telecommunication	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Key management	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Sri Syed Faisal Albar Syed A.R Albar *(Cont'd)*	*Present directorships (Cont'd):*		
	• Rentak Istimewa Sdn Bhd	• General trading	
	Previous directorships:		
	• Capital Surfers Sdn Bhd *(dissolved on 27 May 2010)*	• To transact business in information technology, etc, research and development of computers and related products and to transact business as general traders	
	• POS Malaysia Berhad *(resigned on 1 January 2012)*	• Provision of postal and its related services which include receiving and despatching of postal	
	• Datapos (M) Sdn Bhd *(resigned on 5 January 2012)*	• Printing and insertion of document for mailing	
	• MICPA *(resigned on 16 March 2013)*	• Advancement of accountancy profession	
	• Yayasan Kelana Ehsan *(resigned on 31 December 2013)*	• Public trust entity providing funds for charitable activities with the intention to improve the livelihood of residents in the State of Selangor	
	• Kwasa Land Sdn *Bhd (resigned on 31 December 2013)*	• Master developer engaged in the business of property development and investment holding	
	• Malaysia Airport Holdings Berhad *(resigned on 31 December 2013)*	• Investment holdings	
	• Hong Leong Bank Berhad *(resigned on 29 January 2014)*	• Principally engaged in all aspects of commercial banking business and in the provision of related services	
	• Ferro Mining Sdn Bhd *(resigned on 13 February 2014)*	• Business of iron ore or mining, explore and develop and trading of iron ore or mining	
	• Cegas Unggul Sdn Bhd *(dissolved on 19 March 2014)*	• Dormant	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Key management	Directorships	Principal activities	Involvement in business activities other than as a director
Dato' Sri Syed Faisal Albar Syed A.R Albar *(Cont'd)*	*Previous directorships (Cont'd):*		
	• Gas Malaysia (LPG) Sdn Bhd *(resigned on 1 July 2014)*	• Selling of liquefied petroleum gas via a reticulation system	
	• Gas Malaysia Energy Advance Sdn Bhd *(resigned on 1 July 2014)*	• Import of crude gaseous hydrocarbon (natural gas)	
	• Pelantar Teknik (M) Sdn Bhd *(resigned on 1 July 2014)*	• Property holding	
Habib Husin	*Present directorships:*		Nil
	• AAS	• Construction, operation and maintenance of a sea water desalination plant and marketing of the desalinated water produced	
	• Hidd Power	• Building, operation and maintenance of power and water stations for special purposes (specific supply only)	
	• Hyflux-TJSB Algeria	• Operation and maintenance of water desalination plant	
	• KEV	• Generation and sale of electricity	
	• LBT *(as alternate director)*	• Development, ownership and management of a dry bulk terminal	
	• MCDC	• Desalination of water	
	• MSCSB *(as alternate director)*	• Investment holding	
	• OTPL	• Offshore – investment holding	
	• SAMAWEC	• Offshore – investment holding	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Key management	Directorships	Principal activities	Involvement in business activities other than as a director
Habib Husin *(Cont'd)*	*Present directorships (Cont'd):*		
	• SEHCO	• Development, construction, ownership, operation and maintenance of the Shuaibah Phase 3 Expansion 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	
	• SEPCO	• Development, construction, possession, operation and maintenance of the Shuaibah Phase 3 Expansion IWP, transfer and sell water and all relevant works and activities	
	• SPHL	• Offshore – investment holding	
	• SWEC	• Design, construction, commissioning, testing, possession, operation and maintenance of crude oil fired power generation and water desalination plant	
	Previous directorships:		
	• CEGCO *(resigned on 29 March 2012)*	• Generate electrical energy in different regions of Jordan	
	• Enara Energy Investment Company *(resigned on 29 March 2012)*	• Offshore – investment holding	
	• Al-Imtiaz *(resigned on 8 May 2013)*	• Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination	
	• SAMAOMCO *(resigned on 8 May 2013)*	• Operation and maintenance of power and water desalination plant	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Key management	Directorships	Principal activities	Involvement in business activities other than as a director
Ruswati Othman	*Present directorships:*		• Shareholder of Istipintar Sdn Bhd
	• Istipintar Sdn Bhd	• Investment holding	
	• Hidd Power	• Building, operation and maintenance of power and water stations for special purposes (specific supply only)	
	• KEV (as alternate director)	• Generation and sale of electricity	
	Previous directorship:		
	Nil		
Nordin Kasim	*Present directorship:*		Nil
	• OTPL	• Offshore – investment holding	
	Previous directorships:		
	• KEV *(resigned on 11 October 2010)*	• Generation and sale of electricity	
	• Al-Imtiaz *(resigned on 31 March 2011)*	• Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination	
	• SAMAOMCO *(resigned on 31 March 2011)*	• Operation and maintenance of power and water desalination plant	
	• MCDOMC *(resigned on 3 November 2014)*	• 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 of industrial chemicals	
	• Hidd Power *(resigned on 12 November 2014)*	• Building, operation and maintenance of power and water stations for special purposes (specific supply only)	

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Key management	Directorships	Principal activities	Involvement in business activities other than as a director
Mohd Shokri Daud	*Present directorships:*		Nil
	• Al-Imtiaz	• Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination	
	• Hidd Power	• Building, operation and maintenance of power and water stations for special purposes (specific supply only)	
	• MCDOMC	• 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 of industrial chemicals	
	• SAMAOMCO	• Operation and maintenance of power and water desalination plant	
	Previous directorship:		
	• MSCSB *(resigned on 22 September 2014)*	• Investment holding	

The involvement of our key management mentioned above in other principal business activities outside our Group will not affect their continued contribution to the management and day-to-day operations of our Group.

9.2.6 Management succession plan

The succession planning initiative is an integral part of our talent management process as we recognise the importance of ensuring continuity in our management to sustain our Company's business plans. The initiative encompasses a process where critical positions are identified and a talent pool from middle management and above is established. Potential employees are then put through rigorous assessment tests to identify leadership capabilities that could be harnessed for greater value to benefit our Group and the individual. The talent pool is dynamic and is continuously assessed to ensure that they remain relevant to the needs of our Group.

The initiative comprises two types of development programmes that are aimed at the different levels of the talent pool. They are the Senior Leadership Development Programme ("**SLDP**") and the Leadership Development Programme ("**LDP**"). The SLDP is aimed at developing our "Future Leaders" for senior management positions whilst the LDP is aimed at developing high potentials in the middle management level. Both programmes enable our Group to fast track selected talent to occupy higher and broader roles in the organisation and comprise leadership programmes, on-the-job learning, and coaching and mentoring programmes.

The development programmes ensure that the talent pool is constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of responsibilities, decision-making process and knowledge to advance to higher management positions. Our Company has also developed the individual development plan for all participants which will form the basis for their continuous development.

9.3 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.3.1 Profile of the Promoters

(i) MMC

MMC was incorporated in Malaysia as a private limited company under the Act on 19 November 1976 under the name of Malayan Tin Dredging (M) Sdn Bhd. It was converted into a public company and changed its name to Malayan Tin Dredging (M) Bhd on 8 March 1977. On 10 October 1981, it changed its name to Malaysia Mining Corporation Berhad and on 4 June 2004, it assumed its current name. MMC is a utilities and infrastructure group with interests in ports and logistics, energy and utilities, and engineering and construction. MMC's key businesses in the ports and logistics segment include the Port of Tanjung Pelepas (Malaysia's largest container terminal) and Johor Port (a multi-purpose port). In energy and utilities segment, MMC has controlling stakes in our Company (Malaysia's largest IPP), Gas Malaysia Berhad (supplier of reticulated natural gas to non-power sector in Peninsular Malaysia) and Aliran Ihsan Resources Berhad (a water treatment plants operator in Malaysia).

MMC has a strong track record in engineering and construction projects, as demonstrated in the development of innovative projects such as the Stormwater Management and Road Tunnel (SMART) Motorway as well as the 329 km electrified double track railway project in the Northern part of Malaysia. In addition, MMC Gamuda KVMRT (PDP) Sdn Bhd is the Project Delivery Partner ("**PDP**") for the Klang Valley Mass Rapid Transit: Sungai Buloh – Kajang line while MMC Gamuda KVMRT (T) Sdn Bhd is the contractor for the underground works package in relation to the same. Further, MMC Gamuda KVMRT (PDP SSP) Sdn Bhd has been appointed as the PDP for the implementation of the Klang Valley Mass Rapid Transit: Sungai Buloh – Serdang – Putrajaya Line/Line 2 project. MMC is also currently undertaking the proposed development of Langat 2 Water Treatment Plant and Water Reticulation System in Selangor/Wilayah Persekutuan (Phase 1) as well as the proposed construction of Langat Sewage Treatment Plant and the Extension of the Sewerage Pipe Network in Sungai Langat River Basin Catchment Area. MMC's involvement in the said projects is in line with the Malaysian New Economic Model's strategic reform initiative to re-energise the private sector as one of the engines of economic growth.

MMC's other operations include Senai International Airport and its international business in the utilities and logistics sectors. MMC has an effective equity interest of 20% in Red Sea Gateway Terminal Company Limited which operates a container terminal at Jeddah Islamic Port in the Kingdom of Saudi Arabia as well as a direct equity interest of 15.73% in NCB Holdings Berhad, a public company listed on the Main Market of Bursa Securities and the parent company of Northport (Malaysia) Berhad which operates a multi-purpose port in Port Klang, Malaysia.

The substantial shareholders of MMC and its respective shareholdings in MMC as at the Latest Practicable Date are as follows:

	Direct		Indirect	
Substantial shareholder	**No. of shares held**	**%**	**No. of shares held**	**%**
Seaport	1,576,108,840	51.76	-	-
Amanahraya Trustees Berhad (Skim Amanah Saham Bumiputera)	617,592,900	20.28	-	-
EPF	[1]169,662,600	5.57	-	-
Indra Cita	-	-	[2]1,576,108,840	51.76
TSSM	-	-	[3]1,576,108,840	51.76

Notes:

(1) Includes 1,490,000 shares held directly by EPF as well as 165,359,200 shares and 2,813,400 shares held through two separate nominee accounts.

(2) Deemed interested through its shareholding in Seaport pursuant to Section 6A of the Act.

(3) Deemed interested through his shareholding in Indra Cita pursuant to Section 6A of the Act.

(ii) AOA

AOA was incorporated in Malaysia under the Act on 3 May 1971 as a private limited company under its present name. AOA is a wholly-owned subsidiary of MMC and its principal activity is investment holding.

9.3.2 Profile of our substantial shareholders

(i) MMC

MMC is also a Promoter. For details on MMC's profile, see Section 9.3.1(i) of this Prospectus.

(ii) AOA

AOA is also a Promoter. For details on AOA's profile, see Section 9.3.1(ii) of this Prospectus.

(iii) EPF

EPF is a social security organisation that provides retirement saving scheme to its members. As at 31 December 2014, EPF has a total of 14.19 million members. Contributions made to EPF are invested in accordance with the EPF Act 1991 and through a number of approved financial instruments to generate income. They include Malaysian government securities, money market investments, loan and bonds, equity and property.

EPF registered gross investment income of RM39.08 billion and has total investment assets of RM636.53 billion as at 31 December 2014. The net investment income of EPF as at 31 December 2014 is RM37.82 billion. The top list of equity investments on Bursa Securities as at 31 December 2014 includes, amongst others, Malaysia Building Society Berhad, RHB Capital Bhd, Malaysian Resources Corporation Bhd, Shell Refining Co. F.O.M. Bhd, Media Prima Bhd, Genting Plantations Bhd, Alliance Financial Group Bhd and UMW Holdings Bhd. EPF is also a substantial shareholder of TNB, which in turn has interests in our Company as a customer i.e. the offtaker.

(iv) KWAP

KWAP was established in Malaysia on 1 March 2007 under the Retirement Fund Act, 2007 (Act 662) replacing the repealed Pensions Trust Fund Act, 1991 (Act 454). With the incorporation of KWAP, all powers, functions, activities, assets and liabilities of the Pension Trust Fund were taken over in totality by KWAP.

The objective of KWAP is to manage the fund established under Section 13 of Retirement Fund Act 2007 (Act 662) (the "**Fund**") towards achieving optimum returns on its investments. The Fund shall be applied towards assisting the Federal Government in financing its pension liability.

The functions of KWAP are as follows:

- management of contributions from the Federal Government, statutory bodies, local authorities and other agencies; and
- administration, management and investment of the Fund in equity, fixed income securities, money market instruments and other forms of investments as permitted under the Retirement Fund Act 2007 (Act 662).

As at 31 December 2014, the Fund stood at RM110.47 billion (at cost).

(v) **SCI Asia**

SCI Asia is a Pan Asian Infrastructure Fund with USD658 million in commitments which is jointly managed by the Standard Chartered Bank Principal Finance Group and IL&FS Investment Managers Ltd. SCI Asia invests in high-growth infrastructure assets in China, India and SEA.

As at 31 December 2014, the Pan Asian Infrastructure Fund has invested more than USD350 million in Asian companies which own infrastructure assets, including operating toll roads, power plants cable networks and waste management services.

Notwithstanding SCI Asia's investments in power plants business in India and SEA, their operations are not in the markets that our Group operates.

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9.3.3 Shareholding of our substantial shareholders

The following table sets forth the direct and indirect shareholdings of our substantial shareholders before and after our IPO based on our Register of Substantial Shareholders' Shareholdings as at the date of this Prospectus:

					After our IPO							
	Before our IPO				Assuming the Over-allotment Option is not exercised[4]				Assuming the Over-allotment Option is fully exercised[5]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
AOA[6]	1,142,304,370	28.6	-	-	992,738,370	19.8	-	-	927,303,570	18.5	-	-
MMC[6]	897,695,630	22.4	[1]1,142,304,370	28.6	897,695,630	18.0	992,738,370	19.8	897,695,630	18.0	[1]927,303,570	18.5
EPF[6]	1,200,000,000	30.0	-	-	972,138,000	19.4	-	-	872,448,800	17.4	-	-
KWAP[6]	400,000,000	10.0	-	-	324,046,000	6.5	-	-	290,816,400	5.8	-	-
SCI Asia[6]	260,000,000	6.5	-	-	210,630,000	4.2	-	-	189,030,800	3.8	-	-
Seaport[6]	-	-	[2]2,040,000,000	51.0	-	-	[2]1,890,434,000	37.8	-	-	[2]1,824,999,200	36.5
Amanahraya Trustees Berhad (Skim Amanah Saham Bumiputera)[6]	-	-	[2]2,040,000,000	51.0	-	-	[2]1,890,434,000	37.8	-	-	[2]1,824,999,200	36.5
Indra Cita[6]	-	-	[3]2,040,000,000	51.0	-	-	[3]1,890,434,000	37.8	-	-	[3]1,824,999,200	36.5
TSSM[6]	-	-	[4]2,040,000,000	51.0	-	-	[4]1,890,434,000	37.8	-	-	[4]1,824,999,200	36.5

Notes:

(1) *Deemed interest by virtue of its shareholding in AOA pursuant to Section 6A of the Act.*

(2) *Deemed interest by virtue of its shareholding in MMC pursuant to Section 6A of the Act.*

(3) *Deemed interest by virtue of its shareholding in Seaport pursuant to Section 6A of the Act.*

(4) *Deemed interest by virtue of his shareholding in Indra Cita pursuant to Section 6A of the Act.*

(5) *Based on our enlarged number of Shares in issue of 5,000,000,000 Shares.*

(6) *Based on the assumption that in the event our substantial shareholders are also shareholders of MMC, they will not be participating in the Restricted Offering.*

9.3.4 Changes in the Promoters' and our substantial shareholders' shareholdings in our Company for the past three years

Save for the issuance of Shares to the Promoters and our substantial shareholders pursuant to the Pre-IPO Exercise as detailed in Section 6.1.2 of this Prospectus and as disclosed below, there has been no change in the Promoters' and our substantial shareholders' shareholdings in our Company for the past three years preceding the date of this Prospectus:

(i) transfer of 2,308,647 ordinary shares of RM1.00 each and 274,611 RCPS of RM0.10 each in our Company from MMC to AOA on 1 October 2013; and

(ii) transfer of 19,874,954 ordinary shares of RM1.00 each and 2,364,106 RCPS of RM0.10 each in our Company from MMC to AOA on 26 November 2014.

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9.3.5 Involvement of our substantial shareholders in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers and/or suppliers

Save as disclosed below, as at the Latest Practicable Date, none of our substantial shareholders have any interest, whether direct or indirect, in other businesses or corporations which are (i) carrying on a similar trade as that of our Group; or (ii) our customers and/or suppliers.

Substantial shareholder	Businesses/Corporations	Nature of interest
EPF[1]	*Customers of M Utilities:* • Nu Sentral Sdn Bhd; • 348 Sentral Sdn Bhd; • Excellent Bonanza Sdn Bhd; • Kuala Lumpur Sentral Sdn Bhd; • Telekom Malaysia Berhad; • CIMB; • CIMB Bank Berhad; • Malayan Banking Berhad; • UMW Corporation Sdn Bhd; • UMW Oil & Gas Corporation Berhad; • Axiata Group Berhad; and • Celcom Axiata Berhad *Suppliers of M Utilities:* • One Sentral Park Sdn Bhd; and • Semasa Sentral Sdn Bhd	• EPF is a substantial shareholder of Malaysian Resources Corporation Berhad as at the Latest Practicable Date and Nu Sentral Sdn Bhd, 348 Sentral Sdn Bhd, Excellent Bonanza Sdn Bhd, Kuala Lumpur Sentral Sdn Bhd, One Sentral Park Sdn Bhd, Semasa Sentral Sdn Bhd, Semasa Services Sdn Bhd and Semasa Parking Sdn Bhd are subsidiaries of Malaysian Resources Corporation Berhad.
	Suppliers of our Company: • Semasa Services Sdn Bhd; and • Semasa Parking Sdn Bhd	• EPF is a substantial shareholder of CIMB Group Holdings Berhad (which is the holding company of CIMB and CIMB Bank Berhad), Malayan Banking Berhad, UMW Holdings Berhad (which is the holding company of UMW Corporation Sdn Bhd), UMW Oil & Gas Corporation Berhad and Axiata Group Berhad (including its wholly-owned subsidiary, Celcom Axiata Berhad) as at the Latest Practicable Date.
	Customer of SEV, GB3, PPSB, PD Power and TBP: • TNB[2]	• EPF is a substantial shareholder of TNB as at the Latest Practicable Date.
	Supplier of SEV, GB3, PPSB and PD Power: • PETRONAS Gas	• EPF is a substantial shareholder of PETRONAS Gas as at the Latest Practicable Date.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

Substantial shareholder	Businesses/Corporations	Nature of interest
EPF[1] *(Cont'd)*	*Supplier of SEV, GB3, PPSB, TBP, M Power and TBOMB:* • TNB Repair and Maintenance Sdn Bhd	• EPF is a substantial shareholder of TNB as at the Latest Practicable Date and TNB Repair and Maintenance Sdn Bhd is a wholly-owned subsidiary of TNB.
	Supplier of TBP: • TFS[3]	• EPF is a substantial shareholder of TNB as at the Latest Practicable Date and TFS is a wholly-owned subsidiary of TNB.
KWAP	*Supplier of SEV, GB3, PPSB and PD Power:* • PETRONAS Gas	• KWAP is a substantial shareholder of PETRONAS Gas as at the Latest Practicable Date.
SCI Asia	*Similar trade as that of our Group:* • Maxpower Group Pte Ltd • ILFS Energy Development Company Limited	• SCI Asia is a substantial shareholder of Maxpower Group Pte Ltd and a shareholder of ILFS Energy Development Company Limited as at the Latest Practicable Date.

Notes:

(1) *List of companies is based on EPF's top 30 equity investments as at 31 December 2014.*

(2) *TBE is also expected to generate and deliver electrical energy and sell its generating capacity to TNB pursuant to the TBE PPA.*

(3) *TBE is also expected to purchase coal from TFS pursuant to the TBE CSTA.*

Our Directors are of the view that the interests of SCI Asia in other businesses and corporations which carry on similar trade as that of our Group do not compete directly with our business in view that both Maxpower Group Pte Ltd and ILFS Energy Development Company Limited operate outside of Malaysia. Further, the representatives of SCI Asia that sit on the board of directors of these companies are non-executive directors and they are not involved in the day-to-day operations of these companies.

Notwithstanding, the interests that are held by our substantial shareholders and the interests that may be held by our substantial shareholders in the future in other businesses or corporations which are carrying on a similar trade as our Group and/or our customers or suppliers may give rise to a conflict of interest situation with our businesses. Although such interests may give rise to a conflicts of interest situation, such substantial shareholders and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transactions that require the approval of our shareholders in respect of their direct or indirect interests. Such transactions will be carried out on an arm's length basis and on usual commercial terms.

9.4 RELATIONSHIPS OR ASSOCIATIONS BETWEEN OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, there are no family relationships/associations between our Directors, key management, Promoters and substantial shareholders:

(i) Dato' Sri Che Khalib Mohamad Noh, who is our Non-Independent Non-Executive Director, is also the Group Managing Director of MMC and a Director of AOA, a Promoter and our substantial shareholder;

(ii) Datuk Ooi Teik Huat, who is our Non-Independent Non-Executive Director, is also a Director of MMC, a Promoter and our substantial shareholder;

(iii) Tan Ler Chin, who is our Non-Independent Non-Executive Director, is also the Head of Investment Compliance and Settlement of EPF, our substantial shareholder;

(iv) Wan Kamaruzaman Wan Ahmad, who is our Non-Independent Non-Executive Director, is also the Chief Executive Officer of KWAP, our substantial shareholder;

(v) Kanad Singh Virk, who is our Non-Independent Non-Executive Director, is also a Director of SCI Asia, our substantial shareholder; and

(vi) Zalman Ismail, who is the alternate Director of Wan Kamaruzaman Wan Ahmad, is also a Director of Alternative Investment Department of KWAP, our substantial shareholder.

9.5 DECLARATION BY OUR DIRECTORS, KEY MANAGEMENT AND PROMOTERS

None of our Directors, key management or Promoters is and has been involved in any of following events (whether in or outside Malaysia):

(i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;

(ii) disqualified from acting as a director of any corporation or from taking part, directly or indirectly, in the management of any corporation;

(iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(v) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

9.6 OTHER MATTERS

Save as disclosed in Section 9.1.10 of this Prospectus, no other amounts or benefits has been paid or intended to be paid to the Promoters, our Directors and substantial shareholders within the two years preceding the date of this Prospectus, except for remuneration received by our Directors in the course of their employment and directors' fees, and dividends paid to our shareholders.

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10. APPROVALS AND CONDITIONS

10.1 APPROVALS AND CONDITIONS

The SC has, via its letter dated 4 February 2015, approved our IPO and the Listing under Subsection 214(1) of the CMSA, subject to compliance with the following conditions:

	Details of condition imposed	Status of compliance
(i)	Our Company to allocate IPO Shares equivalent to at least 12.5% of our enlarged issued and paid-up share capital at the point of listing to Bumiputera investors. This includes the shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera investors; and	To be complied
(ii)	Maybank IB/CIMB/RHB/Our Company to fully comply with the requirements of the Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing.	Noted

The SC has, via its letters dated 18 December 2014, 13 February 2015 and 12 March 2015, approved the reliefs sought by us from having to comply with certain requirements under the Equity Guidelines and Prospectus Guidelines. The details of the reliefs sought and the accompanying conditions imposed by the SC are as follows:

Reference	Details of relief granted	Details of conditions imposed (if any)	Status of compliance (if any)
Equity Guidelines			
Paragraph 2(e) of Appendix I of Part IV	To allow us to disclose only the following information in the listing application: (i) proposals submitted to the SC by or on behalf of our Company and/or our subsidiaries (if any), including any proposals submitted by or on behalf of MB which relates to our subsidiaries, after 18 July 2007; and (ii) proposals submitted to the SC by or on behalf of our Company and/or our subsidiaries (if any), including any proposals submitted by or on behalf of MB which relates to our subsidiaries, which have yet to be completed and/or where there are still conditions to be met.	-	Not applicable
Paragraph 4(a) of Appendix I of Part IV	Relief from the requirement to provide the SC with the following information: (i) ultimate beneficial ownership of shares held under nominees/corporations (other than those held by our Group) in each of our non-wholly owned subsidiaries, associates and joint venture; and (ii) ultimate beneficial ownership of shares held by SCI Asia and SEASAF in our Company.	-	Not applicable

10. APPROVALS AND CONDITIONS *(Cont'd)*

Reference	Details of relief granted	Details of conditions imposed (if any)	Status of compliance (if any)
Paragraph 4(a), Practice Note 4 of Part VI	To allow the placement of the IPO Shares to the following parties: (i) Permodalan Nasional Berhad ("**PNB**"), Skim Amanah Saham Bumiputera and other unit trust funds managed by PNB; and (ii) persons connected to EPF and KWAP (collectively referred to as "**Statutory Institutions**") as well as SCI Asia and SEASAF whereby such persons are connected to the Statutory Institutions, SCI Asia and SEASAF by virtue of being a partner of the director, major shareholder, or a partner of a person connected with that director or major shareholder of our Company as defined under the Listing Requirements.	-	Not applicable
Paragraph 6, Practice Note 4 of Part VI	To allow the submission of the final list of placees as soon as practicable after the Listing, instead of prior to the Listing.	-	Not applicable
Prospectus Guidelines			
Paragraphs 8.01(a) and (c) of Part I (Division 1)	Relief from the requirement to disclose the following information:		
	(i) history of business from inception to date, including important events in the development of our associates and joint venture outside Malaysia; and	-	Not applicable
	(ii) changes in the issued and paid-up capital for the last three years and details of any outstanding warrants, options, convertible securities and uncalled capital of our associates and joint venture.	-	Not applicable
Paragraphs 8.02(m) and 18.01(b) of Part I (Division 1)	(i) To exclude disclosure of information on the GSAs between PETRONAS and SEV, GB3, PPSB and PD Power, save for information as contained in Attachment A of the letters from PETRONAS dated 11 December 2014, from the Prospectus and to not make the GSAs available for public inspection.	-	Not applicable

10. APPROVALS AND CONDITIONS *(Cont'd)*

Reference	Details of relief granted	Details of conditions imposed (if any)	Status of compliance (if any)
Paragraphs 8.02(m) and 18.01(b) of Part I (Division 1) *(Cont'd)*	(ii) To exclude disclosure of the identified sections of the following contracts in the Prospectus and to redact such information in the copies to be made available for public inspection: (a) Contract: LTSA (as defined in Section 7.24.8(iii) of this Prospectus) Sections to be redacted: Matters relating to GE's responsibilities, pricing terms, relevant termination terms and other specifications under the terms as referred to in the LTSA. (b) Contract: MWMPL Electricity Contract (excluding the deed of amendment and restatement dated 29 August 2011) Sections to be redacted: Matters relating to pricing terms, insurance, adjustment rates, fixed load details and electricity swap prices. (c) Contract: MWMPL NEP Contract (excluding the deed of amendment and restatement dated 29 August 2011) Sections to be redacted: Matters relating to pricing terms, adjustment rates, fixed REC quantity (as defined in the MWMPL NEP Contract), swap prices and swap amounts. (d) Contract: Deed of amendment and restatement dated 29 August 2011 in relation to the MWMPL Electricity Contract and the MWMPL NEP Contract ("**MWMPL Swap Amendment and Restatement Deed**") Sections to be redacted: Matters relating to pricing terms, credit account details, guarantee, transfer of interest, insurance, adjustment rates, fixed load details, electricity swap prices, fixed REC quantity (as defined in the MWMPL NEP Contract), swap prices and swap amounts under the terms of the MWMPL Electricity Contract and the MWMPL NEP Contract as referred to in the MWMPL Swap Amendment and Restatement Deed.		

10. APPROVALS AND CONDITIONS *(Cont'd)*

Reference	Details of relief granted	Details of conditions imposed (if any)	Status of compliance (if any)
Paragraphs 8.02(m) and 18.01(b) of Part I (Division 1) *(Cont'd)*	(e) Contract: MWMPL Agency Deed (excluding the deed of amendment and restatement dated 8 January 2015) Sections to be redacted: Matters relating to the identity of relevant third-parties, pricing terms, adjustments to the financial model, liability, insurance, intellectual property and other specifications under the terms as referred to in the MWMPL Agency Deed. (f) Contract: Deed of amendment and restatement in respect of the MWMPL Agency Deed dated 8 January 2015 between MWMPL, Macarthur WFPL and AGL Hydro ("**MWMPL Further Agency Amendment and Restatement Deed**") Sections to be redacted: Matters relating to the identity of relevant third-parties, pricing terms, adjustments to the financial models, liability insurance, intellectual property and other specifications under the terms in the MWMPL Further Agency Amendment and Restatement Deed. (g) Contract: MWMPL Asset Management Deed Sections to be redacted: Matters relating to the pricing terms, intellectual property, liability, identity of relevant third-parties and other specifications under the terms as referred to in the MWMPL Asset Management Deed.		
Paragraphs 9.01(c) and (d) of Part I (Division 1)	Relief from the requirement to disclose the following information: (i) ultimate beneficial ownership of shares held by SCI Asia in our Company; and (ii) changes in the shareholdings of the indirect shareholder(s) of SCI Asia in our Company during the past three years.	-	Not applicable

10. APPROVALS AND CONDITIONS *(Cont'd)*

Reference	Details of relief granted	Details of conditions imposed (if any)	Status of compliance (if any)
Paragraph 11.01(a) of Part I (Division 1)	Relief from the requirement to disclose any related party transactions and recurrent related party transactions between our Group and persons connected to the Statutory Institutions.	-	Not applicable
Paragraphs 11.03(a)(i) and (ii) of Part I (Division 1)	(i) To limit the assessment and disclosure of the Statutory Institutions' interest in other businesses and corporations carrying on a similar trade as our Group or which are customers and suppliers of our Group based on the respective principal activities of the Statutory Institutions' investee companies as set out in the latest available annual report of the respective Statutory Institution, and as supplemented by other relevant information available in the public domain; and	-	Not applicable
	(ii) To exclude disclosure of the details of SCI Asia's interest in other businesses and corporations carrying on a similar trade as our Group or which are customers and suppliers of our Group.	-	Not applicable
Paragraph 13.10 of Part I (Division 1)	Relief from the requirement to include the standalone audit reports of the applicable audited financial statements in the Accountants' Report.	-	Not applicable
Paragraphs 16.07 and 18.01(b) of Part I (Division 1)	To exclude disclosure of the identified sections of the following contracts in the Prospectus and to redact such information in the following contracts to be made available for public inspection: (i) Contract: Unincorporated joint venture deed dated 5 June 2008 between MWMPL, Macarthur WFPL and Wind Macarthur (T) Pty Limited as amended and restated on 29 August 2011 and further amended on 27 June 2013 ("**Macarthur Wind Farm Unincorporated Joint Venture Deed**") Sections to be redacted: Identity of relevant third-parties, asset allocation, pricing terms, intellectual property and other specifications under the terms as referred to in the Macarthur Wind Farm Unincorporated Joint Venture Deed.	-	Not applicable

10. APPROVALS AND CONDITIONS *(Cont'd)*

Reference	Details of relief granted	Details of conditions imposed (if any)	Status of compliance (if any)
Paragraphs 16.07 and 18.01(b) of Part I (Division 1) *(Cont'd)*	(ii) Contract: Macarthur Wind Farm operation agreement dated 5 June 2008 between MWMPL, Macarthur WFPL and AGL Hydro as amended and restated on 12 August 2010 ("**Macarthur Wind Farm Operation Agreement**") Sections to be redacted: Matters relating to the allocation of liability. (iii) Contract: Bare trust deed (in favour of MWMPL) dated 8 January 2015 between AGL HP2 Pty Limited, as a partner in the AGL Hydro Partnership (in its capacity as trustee of the bare trust), Macarthur WFPL, MWMPL and AGL Hydro (in its personal capacity) Sections to be redacted: Matters relating to the allocation of the trustee's liability. (iv) Contract: Bare trust deed (in favour of Macarthur WFPL) dated 8 January 2015 between AGL HP2 Pty Limited, as a partner in the AGL Hydro Partnership (in its capacity as trustee of the bare trust), Macarthur WFPL, MWMPL and AGL Hydro (in its personal capacity) Sections to be redacted: Matters relating to the allocation of the trustee's liability.		
Paragraph 18.01(h) of Part I (Division 1) and Paragraph 1.09(j) of Part II	Relief from the requirement to submit to the SC and make available for inspection, the audited financial statements of each individual subsidiary of our Company for the interim financial period, if any.	-	Not applicable
Paragraphs 19.01(d)(ii), (d)(iv) (in respect of mitigating factors only), (d)(ix) and d(x) of Part I (Division 1)	Relief from the requirement to disclose the following matters with regard to construction risk: (i) Expected progress schedule; (ii) Nature of risks and mitigating factors; (iii) Geology and construction methods; and (iv) Terms and conditions of performance bonds and construction guarantees.	To disclose the amount of the performance bonds relating to the construction of the Tanjung Bin Energy Power Plant.	Complied. Refer to Sections 7.6.4.6 and 12.2.7(viii) of this Prospectus.

10. APPROVALS AND CONDITIONS *(Cont'd)*

Reference	Details of relief granted	Details of conditions imposed (if any)	Status of compliance (if any)
Paragraphs 19.01(k)(iv) and (k)(vi) of Part I (Division 1)	Relief from the requirement to disclose the following matters with regard to financing: (i) salient terms of bank financing and other credit/guarantee agreements including recourse/non-recourse nature of arrangement; and (ii) any security arrangement entered into with loan providers or other credit suppliers including assignment of assets.	-	Not applicable
Paragraph 19.01(l) of Part I (Division 1)	Relief from the requirement to include a feasibility study.	-	Not applicable
Paragraph 19.01(m) of Part I (Division 1)	Relief from the requirement to disclose financial projections by corporation until expiry of concession/licence.	-	Not applicable
Paragraph 19.01(n)(iii) of Part I (Division 1)	Relief from the requirement to disclose the criteria for future investment projects.	-	Not applicable

The SC has, via its letter dated 4 February 2015, approved our Listing under the equity requirement for public companies and noted that the effects of our Listing on the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company arising from the implementation of our IPO would be as follows:

			After our IPO			
	Before our IPO		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised[1]	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Bumiputera[2]						
MMC	78,850,000	22.4	897,695,630	18.0	897,695,630	18.0
AOA	100,335,456	28.6	992,738,370	19.8	927,303,570	18.5
Other institutional investors	-	-	[3]550,000,000	11.0	[3]550,000,000	11.0
Retail investors	-	-	[3]75,000,000	1.5	[3]75,000,000	1.5
	179,185,456	51.0	2,515,434,000	50.3	2,449,999,200	49.0
Non-Bumiputera						
EPF	105,403,209	30.0	972,138,000	19.4	872,448,800	17.5
KWAP	35,134,403	10.0	324,046,000	6.5	290,816,400	5.8
Other investors[4][5]	-	-	-	-	-	-
Foreigners[4][5]	31,620,962	9.0	1,188,382,000	23.8	1,386,735,600	27.7
Total	**351,344,030**	**100.0**	**5,000,000,000**	**100.0**	**5,000,000,000**	**100.0**

Notes:

(1) *Assumes that the over-allotted Shares are fully subscribed by non-Bumiputera Malaysian and/or foreign institutional and selected investors.*

(2) *Comprising individuals, nominee companies, corporations, government agencies and institutions. Excludes the Eligible Malakoff Persons, the Eligible MMC Persons and the Entitled Shareholders of MMC (collectively, "**Eligible and Entitled Persons**") who are assumed to be Non-Bumiputera.*

(3) *Assumes all the Shares allocated to Bumiputera investors under the Retail Offering and to Bumiputera investors approved by the MITI under the Institutional Offering are fully subscribed.*

(4) *Includes the Eligible and Entitled Persons as the number of Shares to be taken up by the Eligible and Entitled Persons who are Bumiputera investors cannot be determined at this juncture.*

(5) *The breakdown of amount between the other non-Bumiputera investors and foreigners can only be determined after the closing of the application period for the IPO Shares.*

The SAC of the SC has, via its letter dated 15 January 2015, classified our Shares as Shariah-compliant securities ("**Shariah-Compliant Classification**") based on our audited financial statements for the FYE 31 December 2013, subject to the SC approving the Listing. The SAC of the SC has also, via its letter dated 26 March 2015, reaffirmed the said Shariah-Compliant Classification based on our latest audited financial statements for the FYE 31 December 2014.

The MITI has, via its letter dated 22 January 2015, stated that it has taken note and has no objection for us to implement the Listing via the implementation of the Pre-IPO Exercise and IPO which involves, among others, an allocation of 550,000,000 Issue Shares to Bumiputera investors approved by the MITI, subject to the SC approving the Listing.

Bursa Securities has, via its letter dated 27 February 2015, resolved to approve the admission of our Company to the Official List of the Main Market of Bursa Securities and the Listing.

In conjunction with the Listing, KeTTHA has via the EC's letter dated 15 February 2013, approved the changes to the equity structure of some of our subsidiaries that operate power plants, namely GB3, PPSB, TBP and TBE. However, our Company is required to ensure that such changes do not affect the operations of the respective power plants as well as these subsidiaries' fulfilment of their obligations under the respective PPAs and licence conditions. For further details on the equity restriction applicable to our subsidiaries, see Annexure A of this Prospectus.

10.2 MORATORIUM ON THE SALE OF OUR SHARES

Pursuant to the Equity Guidelines, the Shares held by the Promoters amounting to 1,890,434,000 Shares representing 37.8% of our enlarged issued and paid-up share capital at the date of admission of our Company to the Official List of the Main Market of Bursa Securities are to be placed under moratorium. In this respect, our Shares that are subject to moratorium are set out below:

	Direct		Indirect	
Promoter	**No. of Shares**	**%**	**No. of Shares**	**%**
MMC	897,695,630	18.0	992,738,370	[1]19.8
AOA	[2]992,738,370	19.8	-	-

Notes:

(1) *Deemed interest by virtue of its shareholding in AOA pursuant to Section 6A of the Act.*

(2) *Assuming the Over-allotment Option is not exercised.*

The Promoters have fully accepted the moratorium. The Promoters will not be permitted to sell, transfer or assign any part of their interest in our Shares under moratorium for a six-month period beginning from the date of the Listing.

The above restrictions do not apply:

(i) in respect of our Shares that may be sold pursuant to the Over-allotment Option to be granted by AOA, being one of the Over-allotment Option Providers to the Stabilising Manager (on behalf of the Placement Managers); and

(ii) to the transfer of Shares by AOA as contemplated under the Share Lending Agreement provided that the restriction will apply to the Shares returned to AOA pursuant to the Share Lending Agreement.

The above moratorium restrictions are specifically endorsed on the share certificate representing the Shares held by the Promoters which are under moratorium to ensure that our Company's share registrar does not register any transfer that contravenes such restrictions.

In accordance with the Equity Guidelines, MMC being the holding company of AOA has undertaken not to sell, transfer or assign its entire shareholding in AOA for a six-month period beginning from the date of the Listing.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

11.1 RELATED PARTY TRANSACTIONS

Under the Listing Requirements, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiaries which involves the interests, direct or indirect, of a related party. A "related party" of a listed issuer (not being a special purpose acquisition company) is:

(i) a director having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or

(ii) a major shareholder which includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, who has or had an interest or interests in one or more voting shares in a corporation and the nominal amount of that share or the aggregate of the nominal amounts of those shares is:

  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or

  (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or

(iii) a person connected with such director or major shareholder.

Certain transactions, despite falling within the definition of a related party transaction above, are not normally regarded as related party transactions. These are detailed in Paragraph 10.08(11) of the Listing Requirements.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

11.1.1 Non-recurrent related party transactions

Save as disclosed below, there are no other existing or potential material non-recurrent related party transactions for the past three FYE 31 December 2012, 2013 and 2014 that we have entered into in respect of which rights and obligations are subsisting and/or proposed as at the date of this Prospectus. Our Directors confirm that the non-recurrent related party transaction is carried out on an arm's length basis and on normal commercial terms which are not detrimental to our non-interested shareholders.

Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value (RM'000)
17 December 2012	HICOM Power and TBOMB	**Interested major shareholders** • MMC[2] • Seaport[2] • Indra Cita[2] • TSSM[2] **Interested Directors** • Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan[3] • Datuk Muhamad Noor Hamid[3] • Datuk Ooi Teik Huat[3]	Acquisition of the entire business, including all of the rights and assets of HICOM Power (subject to certain excluded assets and liabilities) by Sterling Asia Berhad *(now known as TBOMB)*. HICOM Power provides operation and maintenance services to Tanjung Bin Power Plant pursuant to a 25-year concession that expires in September 2031.[1]	575,000[4]

Notes:

(1) *Dato' Sri Che Khalib Mohamad Noh is the representative of MMC on our Board as well as the Group Managing Director of MMC and our Non-Independent Non-Executive Director. At the date of this transaction, he was not a Director of our Company.*

(2) *TBOMB is a wholly-owned subsidiary of M Power which in turn is our wholly-owned subsidiary. MMC is our major shareholder having a 51.0% aggregate direct and indirect equity interest in our Company. MMC is 51.76% owned by Seaport which is a wholly-owned subsidiary of Indra Cita which in turn is 99.9% owned by TSSM. TSSM, Seaport and Indra Cita are deemed to have an interest in the shares of our Company held by MMC. TSSM has a 90.0% equity interest in Etika Strategi Sdn Bhd which in turn holds 55.92% equity interest in DRB-HICOM Berhad ("**DRB-HICOM**"). HICOM Power is a wholly-owned subsidiary of DRB-HICOM. As such, TSSM is a common major shareholder of both TBOMB and HICOM Power.*

(3) *Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan was also the representative of MMC on our Board and our Chairman prior to his resignation on 30 November 2014. Datuk Muhamad Noor Hamid and Datuk Ooi Teik Huat are the representatives of MMC on our Board.*

(4) *Malakoff and DRB-HICOM had appointed Messrs Deloitte Corporate Advisory Services Sdn Bhd to appraise the assets and liabilities of HICOM Power. The acquisition consideration of RM575,000,000 was arrived at on a willing buyer-willing seller basis after taking into consideration the valuation by the said valuer and future earnings potential and potential synergistic benefits to our Group.*

11.1.2 Recurrent related party transactions

Our Group has not entered into and is not involved in any existing or potential recurrent related party transactions which is material to our Group which involves the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them (as defined in the Listing Requirements) for the past three FYE 31 December 2012, 2013 and 2014 and we do not anticipate to enter into and/or to be involved in any material recurrent related party transaction until our next AGM which is anticipated to be held before May 2016.

Under Paragraph 10.08(11)(m) of the Listing Requirements, a transaction entered between the listed issuer or any of its subsidiaries and another person where there are no other interested relationships except for:

(i) common major shareholders; or

(ii) a person connected with a major shareholder being a major shareholder of the other person,

is not normally regarded as related party transaction, provided that the following conditions are satisfied:

(a) the major shareholder and/or the person connected with the major shareholder is/are not the largest shareholder of the listed issuer;

(b) the major shareholder and/or the person connected with the major shareholder is/are not a party to the said transaction, initiator, agent or involved in any other manner in the said transaction;

(c) the major shareholder does not have any representative in an executive capacity on the board of directors of the listed issuer or any of its subsidiaries; and

(d) the major shareholder is:

(A) a statutory institution who is managing funds belonging to the general public;

(B) a closed end fund, unit trust or investment fund (but excluding an investment holding company); or

(C) an insurance corporation whose activities are regulated by any written law relating to insurance and are subject to supervision by Bank Negara Malaysia, and the said insurance corporation is managing its insurance funds (together with its own shareholders' funds or otherwise). For the purposes of this subparagraph, "insurance funds" has the meaning given in section 2 of the Insurance Act, 1996.

The transactions entered into with the related parties of EPF and KWAP as set out in Section 9.3.5 of this Prospectus which are recurrent in nature are not deemed as recurrent related party transactions under Paragraph 10.08(11)(m) of the Listing Requirements as both EPF and KWAP are not our largest shareholder, are not a party to the transactions, initiator, agent or involved in any other manner in the said transactions, do not have any representative in an executive capacity on our Board, the board of directors of Malaysian Resources Corporation Berhad, CIMB Group Holdings Berhad, Malayan Banking Berhad, UMW Holdings Berhad, UMW Oil & Gas Corporation Berhad, Axiata Group Berhad, TNB, PETRONAS Gas and their respective subsidiaries as set out in Section 9.3.5 of this Prospectus, and are statutory institutions managing funds belonging to the general public.

Notwithstanding the above, our Directors confirm that the transactions entered into with the related parties of EPF and KWAP as set out in Section 9.3.5 of this Prospectus which are recurrent in nature are carried out on an arm's length basis and on normal commercial terms which are not detrimental to our non-interested shareholders.

11.1.3 Transactions entered into that are unusual in their nature or conditions

There are no unusual transactions in their nature or conditions, involving goods, services, tangible or intangible assets to which we were a party in respect of the past three FYE 31 December 2012, 2013 and 2014.

11.1.4 Outstanding loans and guarantees

There are no outstanding loans (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the past three FYE 31 December 2012, 2013 and 2014, immediately preceding the date of this Prospectus.

11.2 CONFLICTS OF INTEREST

11.2.1 Audit Committee review

The Audit Committee reviews any related party transaction and conflicts of interest that may arise within our Group. The Audit Committee periodically reviews the procedures set by our Company to monitor related party transactions 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 our Company's minority shareholders. All reviews by the Audit Committee are reported to our Board for its further action.

11.2.2 Monitoring and oversight of related party transactions and conflicts of interest

Related party transactions, by their very nature, involve a conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers of our Group and the Directors are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed herein and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of the companies within our Group not to enter into transactions with related parties unless these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to third parties dealing at arm's length with our Group and are not to the detriment of our Company's minority shareholders.

11.3 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

11.3.1 Declaration by Maybank IB

Maybank IB and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders, our and/or their affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the Latest Practicable Date, our Group does not have credit facilities with Maybank IB. However, as at the Latest Practicable Date, the Maybank Group is one of the holders of the Junior Sukuk Musharakah issued by our Company and has extended credit facilities to our Group. The holding of the Junior Sukuk Musharakah and extension of the said credit facilities are in the ordinary course of business of the Maybank Group. It is expected that the Junior Sukuk Musharakah issued by our Company will be redeemed using the proceeds from the IPO.

Notwithstanding the foregoing, Maybank IB has confirmed that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as the Transaction Manager and the Joint Principal Adviser for the IPO, the Joint Global Coordinator and the Joint Bookrunner for the Institutional Offering as well as the Joint Managing Underwriter and the Joint Underwriter for the Retail Offering as:

(i) the extension of credit facilities arose in the ordinary course of business of the Maybank Group;

(ii) the conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and the Maybank Group's own internal controls and checks; and

(iii) the total aggregate outstanding amount owed by our Group to the Maybank Group is not material when compared to the audited NA of the Maybank Group as at 31 December 2014 of RM53.0 billion.

Maybank IB has also confirmed that as at the Latest Practicable Date, it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Transaction Manager and the Joint Principal Adviser for the IPO, the Joint Global Coordinator and the Joint Bookrunner for the Institutional Offering as well as the Joint Managing Underwriter and the Joint Underwriter for the Retail Offering.

11.3.2 Declaration by CIMB

CIMB, its subsidiaries and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of retail investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group, our shareholders, our and/or their affiliates and/or any other person(s), hold long or short positions in securities issued by our Company and/or its affiliates, make investment recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of CIMB Group generally acting independently of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group.

As at the Latest Practicable Date, CIMB Bank Berhad has extended credit facilities to our Group. In addition, CIMB Bank Berhad has subscribed to fixed income securities issued by our Group and is one of the holders of the Junior Sukuk Musharakah issued by our Company. It is expected that the Junior Sukuk Musharakah issued by our Company will be redeemed using the proceeds from the IPO.

SEASAF, an existing shareholder of our Company holding 2.5% equity stake in our Company, is wholly-owned by The South East Asian Strategic Assets Fund LP ("**The Fund**"). The Fund is a limited partnership. Its general partner is CapAsia South East Asian Strategic Asset Fund (General Partner) Ltd ("**SEASAF GP**"). CIMB Strategic Assets Sdn Bhd (wholly owned by CIMB Group Sdn Bhd) has a 60% equity stake in SEASAF GP. CIMB Bank Berhad (99.9% owned by CIMB Group Sdn Bhd) is one of the limited partners of The Fund, holding approximately 25.06% of the total commitment of The Fund. CIMB Strategic Assets Sdn Bhd also owns 40% equity stake in Capital Advisors Partners Asia Sdn Bhd, which in turn owns a 100% equity stake in Capital Advisors Partners Asia Pte Ltd, and who are both the investment advisors for The Fund via appointment by the SEASAF GP.

Datuk Dr. Syed Muhamad Syed Abdul Kadir, our Independent Non-Executive Director is also a chairman and/or non-independent non-executive director in a number of companies under the CIMB Group. In addition, Craig Robert Martin, our alternate Director to Kanad Singh Virk, our Non-Independent Non-Executive Director, is also a Director of Capital Advisors Partners Asia Sdn Bhd, a 40% joint venture of CIMB Strategic Assets Sdn Bhd (wholly-owned subsidiary of CIMB Group Sdn Bhd).

CIMB is of the view that the abovementioned do not result in a conflict of interest in respect of its capacity as the Joint Principal Adviser for the IPO, the Joint Global Coordinator and the Joint Bookrunner for the Institutional Offering as well as the Joint Managing Underwriter and the Joint Underwriter for the Retail Offering due to the following:

(i) CIMB Bank Berhad is a licensed commercial bank and the extension of credit facilities to our Group arose in the ordinary course of business of CIMB Bank Berhad;

(ii) the total credit facilities granted by CIMB Bank Berhad are not material when compared to the audited NA of the CIMB Group as at 31 December 2014 of RM37.4 billion;

(iii) The Fund's investment in our Company through its wholly-owned entity, SEASAF, was made independent of the role of CIMB as the Joint Principal Adviser for the IPO, the Joint Global Coordinator and the Joint Bookrunner for the Institutional Offering as well as the Joint Managing Underwriter and the Joint Underwriter for the Retail Offering;

(iv) The Fund's 2.5% stake in our Company through its wholly-owned entity, SEASAF (which may be diluted upon completion of the IPO) is not a controlling stake and accordingly, The Fund does not have the capacity to dominate decision making, whether directly or indirectly, in relation to the operations of our Company; and

(v) Datuk Dr. Syed Muhamad Syed Abdul Kadir and Craig Robert Martin's directorships do not extend to day-to-day management and operations of any companies under the CIMB Group.

11.3.3 Declaration by RHB

EPF is a common shareholder of RHB Capital Berhad ("**RHB Capital**"), the holding company of RHB, and our Company. Whilst EPF has nominated directors on both the board of Directors of RHB Capital and our Company, they have been appointed in a non-executive capacity and hence EPF is not involved in the day-to-day operations of both RHB Capital and our Company. Further, there are no common directors appointed by EPF to the board of Directors of RHB Capital and our Company.

RHB and/or its related companies ("**RHB Banking Group**") engage in private banking, commercial banking and investment banking transactions which include, *inter-alia*, brokerage, securities trading, assets and fund management as well as credit transaction services. The RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Prospectus. In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide their services or to engage in any transactions (in their own account or otherwise) with any member of our Group or any other entity or person, hold long or short positions, and may trade or otherwise effect transactions for their own account or the account of their customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. The related companies of RHB may also bid for the IPO Shares to be offered under the Institutional Offering.

As at the Latest Practicable Date, whilst our Group does not have credit facilities directly with RHB, the RHB Banking Group has in the ordinary course of its banking business extended credit facilities to our Group. Notwithstanding this, RHB, as part of the RHB Banking Group has confirmed that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as the Joint Principal Adviser for the IPO, the Joint Bookrunner for the Institutional Offering as well as the Joint Managing Underwriter and the Joint Underwriter for the Retail Offering as:

(i) the extension of credit facilities arose in the ordinary course of business of the RHB Banking Group;

(ii) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act, 2013, Islamic Financial Service Act, 2013 and RHB Banking Group's own internal controls and checks; and

(iii) the total outstanding amount owed by our Group is not material when compared to the audited NA of the RHB Banking Group as at 31 December 2014 of RM18.8 billion.

RHB has confirmed that as at the Latest Practicable Date, it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacities as the Joint Principal Adviser for the IPO, the Joint Bookrunner for the Institutional Offering as well as the Joint Managing Underwriter and the Joint Underwriter for the Retail Offering.

11.3.4 Declaration by Credit Suisse

Credit Suisse AG, together with its affiliates, branches and subsidiaries (together, the "**Credit Suisse Group**"), is a full service securities firm engaged in securities trading and brokerage activities as well as investment banking and financial advisory services. In the ordinary course of its trading and brokerage activities, members of the Credit Suisse Group may hold positions, for their own account or the accounts of customers, in equity, debt or other securities of members of our Company, the Selling Shareholders and their respective affiliates.

The Credit Suisse Group may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective affiliates in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and investment banking transactions, including providing loans or entering into other financing arrangements, with our Company, the Selling Shareholders and their respective affiliates, for which the Credit Suisse Group has received, or may in the future receive, customary compensation.

Credit Suisse has confirmed that, notwithstanding the above, it does not have a conflict of interest which prevents it from acting in its capacity as the Joint Global Coordinator and the Joint Bookrunner in relation to the IPO and the Listing.

The Credit Suisse Group will not receive any proceeds from the IPO, except with respect to the fees and expenses incurred by Credit Suisse in connection with acting as the Joint Global Coordinator and the Joint Bookrunner in relation to the IPO and the Listing.

11.3.5 Declaration by J.P. Morgan

J.P. Morgan and/or its subsidiaries, branches, affiliates and associates (the "**J.P. Morgan Group**"), in its capacity as principal or agent, is and may in the future, be involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, wealth management, research, securities issuance, trading (customer and proprietary) and brokerage) from which conflicting interests or duties may arise. The J.P. Morgan Group has engaged, and may in the future engage, in transactions with, and has performed, and may in the future perform, services for members of our Company, in addition to the role set out in this Prospectus.

In addition, in the ordinary course of its global investment banking and commercial banking activities, J.P. Morgan and other members of the J.P. Morgan Group may at any time offer or provide services to or engage in any transaction (on its own account or otherwise) with members of our Company and/or any other persons, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of its customers, in debt or equity securities (or related derivative instruments) or senior loans of members of our Company.

J.P. Morgan has confirmed that notwithstanding the above, it does not have a conflict of interest which prevents it from acting in its capacity as the Joint Global Coordinator and the Joint Bookrunner for the IPO.

11.3.6 Declaration by Albar & Partners

Albar & Partners has confirmed that there is no conflict of interest in its capacity as the Legal Adviser to our Company as to Malaysian law and for the IPO.

11.3.7 Declaration by Cleary Gottlieb Steen & Hamilton LLP

Cleary Gottlieb Steen & Hamilton LLP has confirmed that there is no conflict of interest in its capacity as the Legal Adviser to our Company as to United States and English law in relation to the IPO.

11.3.8 Declaration by Adnan Sundra & Low

Adnan Sundra & Low has confirmed that there is no conflict of interest in its capacity as the Legal Adviser to the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters, the Joint Underwriters and the Co-Lead Managers as to Malaysian law in relation to the IPO.

11.3.9 Declaration by Clifford Chance Pte Ltd

Clifford Chance Pte Ltd has confirmed that there is no conflict of interest in its capacity as the Legal Adviser to the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Managers as to United States and English law, in relation to the IPO.

11.3.10 Declaration by KPMG

KPMG has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants in relation to the IPO.

11.3.11 Declaration by Frost & Sullivan

Frost & Sullivan has confirmed that there is no conflict of interest in its capacity as the Independent Market Research Consultant in relation to the IPO.

11.3.12 Declaration by Deutsche Bank AG, Hong Kong Branch

Deutsche Bank AG, Hong Kong Branch and its affiliates (the "**Deutsche Bank Group**") are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. The Deutsche Bank Group has engaged and may in the future engage in transactions and perform services for our Company, our subsidiaries and/or our affiliates in addition to the role set out in this Prospectus. In addition, in the ordinary course of business, any member of the Deutsche Bank Group may at any time offer or provide its services to or engage in transactions, securities trading and brokerage activities as well as investment banking, bank lending and financial advisory services (on its own account or otherwise) with any members of our Company, our subsidiaries and/or our affiliates, or any other entity, hold long and short positions in securities issued by our Company, our subsidiaries and/or our affiliates make recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its customers in debt or equity securities or senior loans of any member of our Company, our subsidiaries and/or our affiliates. Accordingly there may be situations where parts of the Deutsche Bank Group and/or its clients may have interests or take actions that may conflict with the interests of Malakoff, its subsidiaries and/or its affiliates. Further, the Deutsche Bank Group holds 0.01% in MMC as of 25 March 2015.

Deutsche Bank AG, Hong Kong Branch has considered the factors involved and it believes that objectivity and independence in carrying out its role as Joint Bookrunner for the IPO, have been and will be maintained at all times for the following reasons:

(i) Deutsche Bank and its affiliates are engaged in securities trading and brokerage activities as well as investment banking and financial advisory services and its appointment as Joint Bookrunner for the IPO is in the ordinary course of its business;

(ii) Deutsche Bank's investment in MMC was made in the ordinary course of business as part of its securities trading and brokerage activities and is independent of Deutsche Bank's appointment as Joint Bookrunner; and

(iii) The divisions of Deutsche Bank are required to comply with strict policies and guidelines issued by the relevant regulatory authorities governing its investment banking business which call for, among others, strict Chinese Wall policies between different business and divisions, and clear segregation between investment, dealing and advisory activities.

Deutsche Bank AG, Hong Kong Branch has confirmed that it is not aware of any circumstances that exist or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Joint Bookrunner for the IPO.

11.3.13 Declaration by Hong Leong Investment Bank Berhad

Hong Leong Investment Bank Berhad and its subsidiaries and associated companies, as well as its holding company, and the subsidiaries and associated companies of its holding company ("**HL Group**") are engaged in a diverse range of industries, banking and financial services, manufacturing and distribution, property development and investments, hospitality and leisure, and principal investments. In the ordinary course of business, any member of the HL Group may at any time offer or provide its services to or engage in transactions with any member of our Company.

Notwithstanding the above, Hong Leong Investment Bank Berhad is of the view that there is no conflict of interest in its capacity as the Joint Bookrunner and the Joint Underwriter for the IPO, in relation to our Listing.

11.3.14 Declaration by Merrill Lynch (Singapore) Pte Ltd

Bank of America Corporation, the ultimate parent company of Merrill Lynch (Singapore) Pte Ltd, and/or its subsidiaries, branches, affiliates and associates (collectively, the "**BAC Group**"), comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In its capacity as principal or agent, the BAC Group is, and may in the future, be involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, wealth management, research, trading (customer and proprietary) and brokerage), from which conflicting interests or duties may arise. Members of the BAC Group have engaged in, and may in the future engage in, investment banking and other commercial dealings with our Company and/or our affiliates and shareholders, in addition to the role set out in this Prospectus.

In addition, in the ordinary course of its business activities, Merrill Lynch (Singapore) Pte Ltd and other members of the BAC Group may at any time offer or provide services to or engage in any transaction (on its own account or otherwise) with us, our affiliates and/or any other persons, or make investment recommendations and/or publish or express independent research views in respect of securities or financial instruments, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of its customers, in debt or equity securities (or related derivative securities, including swaps) or financial instruments (including bank loans) of our Company or any of our affiliates.

Merrill Lynch (Singapore) Pte Ltd is of the view that notwithstanding the above, as at the lodgement date of this Prospectus, Merrill Lynch (Singapore) Pte Ltd has confirmed that there is no conflict of interest that prevents Merrill Lynch (Singapore) Pte Ltd from acting in its capacity as the Joint Bookrunner for the IPO.

11.3.15 Declaration by Morgan Stanley & Co. International plc

Morgan Stanley & Co International plc, together with its affiliates, is a global financial services firm engaged in a wide range of securities trading and brokerage activities, investment banking, financial advisory, investment management and wealth management businesses. Morgan Stanley & Co International plc and/or its affiliates may in the ordinary course of business engage in any one or more of the following:

(i) perform investment banking transactions with or provide services to our Company and/or our affiliates for which Morgan Stanley & Co International plc and/or its affiliates have received or may in the future receive compensation;

(ii) acquire shares where legally permissible in the IPO other than as the Joint Bookrunner for the IPO outside Malaysia; and

(iii) trade the securities of our Company and/or our affiliates for its own account and for the accounts of its customers, and may at any time hold a long or short position in such activities.

Morgan Stanley & Co International plc is of the view that notwithstanding the above, as at the lodgement date of this Prospectus, Morgan Stanley & Co International plc has confirmed that there is no conflict of interest that prevents Morgan Stanley & Co International plc from acting in its capacity as the Joint Bookrunner for the IPO.

11.3.16 Declaration by Nomura International (Hong Kong) Limited

Nomura International (Hong Kong) Limited and its affiliates (collectively, the "**Nomura Group**") are engaged in a wide range of financial services and businesses (including, without limitation, advisory services, asset and investment management, securities and derivatives trading, financing, investment banking and research). Each member of the Nomura Group provides such services and pursues such businesses for its own account and for the account of its respective clients. As with other global financial institutions, in the ordinary course of their businesses, the members of the Nomura Group and their respective clients may now or in the future have interests or take actions that conflict with the interests of our Company, which may include, among other things, holding long or short positions in debt, equity or other securities of our Company or our affiliates. In order to address such potential conflicts of interest, the Nomura Group has procedures to identify when a conflict arises that could adversely affect the services that the Nomura Group provides to its clients. Based on such procedures, Nomura International (Hong Kong) Limited has not identified any conflict of interest as of the date hereof that would, in its opinion, affect or impair Nomura Singapore Limited's services to our Company in its capacity as the Joint Bookrunner for the IPO.

11.3.17 Declaration by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch

HSBC Holdings Plc and its subsidiaries including HSBC (collectively, "**HSBC Group**") engage in transactions with and perform services for our Group. HSBC Group has extended credit facilities and/or has engaged and in the future may engage in transactions in the ordinary course of its banking business with our Group.

Notwithstanding this, HSBC Holdings Plc is of the view that there is no conflict of interests which prevents HSBC Holdings Plc from acting in its capacity as the Joint Bookrunner for the IPO.

11.3.18 Declaration by Affin Hwang Investment Bank Berhad

Affin Hwang Investment Bank Berhad has confirmed that there is no conflict of interest in its capacity as the Joint Underwriter for the IPO, in relation to our Listing.

11.3.19 Declaration by AmInvestment Bank Berhad

As at the Latest Practicable Date, AmInvestment Bank Berhad does not have any equity interest and has not extended any credit facilities to our Group. Nevertheless, as at the Latest Practicable Date, AmBank (M) Berhad, a wholly-owned subsidiary of AMMB Holdings Berhad and a related company to AmInvestment Bank Berhad, has granted total credit facilities of RM48.5 million to our Group.

Notwithstanding the above, AmInvestment Bank Berhad is of the opinion that its role as the Joint Underwriter to our Company for the IPO, in relation to our Listing, does not give rise to a conflict of interest situation in view that:

(i) AmInvestment Bank Berhad is a licensed investment bank which provides a wide range of investment banking services, *inter-alia*, including loan syndications, corporate finance and advisory, debt capital markets and treasury products. Hence, its appointment as the Joint Underwriter for the IPO, in relation to our Listing, is in its ordinary course of business;

(ii) AmBank (M) Berhad is a licensed commercial bank which provides loans, advances and financing, deposit services, credit cards, remittance services, foreign exchange and Islamic banking services. Therefore, the credit facilities extended to our Group represent transactions entered into in its ordinary course of business;

(iii) the lines of business of AmInvestment Bank Berhad and AmBank (M) Berhad are distinct and their operations are independent of one another; and

(iv) the conducts of AmInvestment Bank Berhad and AmBank (M) Berhad are regulated strictly by the Financial Services Act, 2013 and by their own internal controls and checks.

AmInvestment Bank Berhad has confirmed that there is no conflict of interest in its capacity as the Joint Underwriter for the IPO, in relation to our Listing.

11.3.20 Declaration by Bank Muamalat Malaysia Berhad

As at the Latest Practicable Date, Bank Muamalat Malaysia Berhad has extended credit facilities to our Group and holds fixed income securities issued by our Group.

In addition, Dato' Seri Che Khalib Mohamad Noh, is a Non-Executive Non-Independent Director of Bank Muamalat Malaysia Berhad and is also a Non-Executive Non-Independent Director of our Company.

Bank Muamalat Malaysia Berhad is of the view that the abovementioned do not result in a conflict of interest in respect of its capacity as the Joint Underwriter for the IPO due to the following:

(i) Bank Muamalat Malaysia Berhad is a licensed Islamic bank and the extension of credit facilities and investment in fixed income securities issued by our Group arose in the ordinary course of business of Bank Muamalat Malaysia Berhad; and

(ii) Dato' Seri Che Khalib Mohamad Noh's directorships do not extend to day-to-day management and operations of any companies under Bank Muamalat Malaysia Berhad.

Bank Muamalat Malaysia Berhad has confirmed that there is no conflict of interest in its capacity as the Joint Underwriter for the IPO, in relation to our Listing.

11.3.21 Declaration by KAF Investment Bank Berhad

KAF Investment Bank Berhad has confirmed that there is no conflict of interest in its capacity as the Joint Underwriter for the IPO, in relation to our Listing.

11.3.22 Declaration by Kenanga Investment Bank Berhad

Kenanga Investment Bank Berhad has confirmed that there is no conflict of interest in its capacity as the Joint Underwriter for the IPO, in relation to our Listing.

11.3.23 Declaration by MIDF Amanah Investment Bank Berhad

MIDF Amanah Investment Bank Berhad has confirmed that there is no conflict of interest in its capacity as the Joint Underwriter for the IPO, in relation to our Listing.

11.3.24 Declaration by Public Investment Bank Berhad

Public Investment Bank Berhad has confirmed that there is no conflict of interest in its capacity as the Joint Underwriter for the IPO, in relation to our Listing.

11.3.25 Declaration by CLSA Singapore Pte Ltd

In the ordinary course of business, CLSA Singapore Pte Ltd and/or its affiliated companies (collectively, the "**CLSA Group**") do or may engage in transactions with and perform services for our Company and/or our affiliates. Members of the CLSA Group may extend credit facilities or may engage in private banking, commercial banking and investment banking transactions including, *inter-alia*, brokerage, securities trading, asset and funds management and credit transaction services in their ordinary course of business with our Company and/or our affiliates. Further, any member of the CLSA Group may at any time offer or provide its services to, or engage in any transactions (on its own account or otherwise), with our Company and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates.

CLSA Singapore Pte Ltd has confirmed that as at the Latest Practicable Date, there is no conflict of interest in its capacity as the Co-Lead Manager in relation to the IPO.

11.3.26 Declaration by Macquarie Capital (Singapore) Pte Limited

Macquarie Capital (Singapore) Pte Limited has confirmed that there is no conflict of interest in its capacity as the Co-Lead Manager in relation to the IPO.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

12.1.1 Selected historical consolidated financial data

The following selected historical consolidated financial data for the FYE 31 December 2012, 2013 and 2014 have been extracted from the Accountants' Report included in Section 13 of this Prospectus. Our consolidated financial statements are prepared in accordance with MFRS and IFRS.

The following selected historical consolidated financial data should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects" in Section 12.2 of this Prospectus and the Accountants' Report in Section 13 of this Prospectus.

The selected historical consolidated financial data included in this Prospectus do not reflect our Group's results of operations, financial position and cash flows in the future, and our Group's past operating results are not indicative of our Group's future operating performance.

	FYE 31 December		
	2012	**2013[1]**	**2014[2][3]**
	(RM'000)	**(RM'000)**	**(RM'000)**
Selected income statement data:			
Revenue	5,587,608	4,717,419	5,594,484
Cost of sales	(4,041,435)	(3,503,949)	(3,956,082)
Gross profit	1,546,173	1,213,470	1,638,402
Other income	102,123	79,082	95,343
Administrative expenses	(251,660)	(265,262)	(228,122)
Other operating expenses	(159,157)	(325,079)	(234,231)
Results from operating activities	1,237,479	702,211	1,271,392
Finance income	159,380	161,052	132,688
Finance costs	(797,279)	(840,318)	(911,242)
Net finance costs	(637,899)	(679,266)	(778,554)
Other non-operating income	-	-	60,979
Share of profit of equity-accounted associates and a joint venture, net of tax	105,051	61,202	41,667
PBT	704,631	84,147	595,484
Income tax (expense)/benefit	(156,816)	150,511	(182,640)
Profit for the year	**547,815**	**234,658**	**412,844**
Profit attributable to:			
Owners of our Company	467,852	161,533	341,549
Non-controlling interests	79,963	73,125	71,295
Profit for the year	**547,815**	**234,658**	**412,844**
Other selected financial data:			
EBITDA[4]	2,229,925	1,721,006	2,460,914
Gross margin (%)	27.7	25.7	29.3
EBITDA margin (%)	39.9	36.5	44.0
PBT margin (%)	12.6	1.8	10.6
PAT margin (%)	9.8	5.0	7.4
No. of ordinary shares of RM1.00 each in issue ('000)	351,344	351,344	351,344
EPS			
- Basic (RM)	1.3	0.5	1.0
- Diluted[5] (RM)	1.2	0.4	0.9
Net dividend per share			
- Ordinary (sen)	40.6	42.5	44.6
- Preference (sen)	100.0	100.0	100.0

Notes:

(1) *Includes the results of MWMHPL and MWMPL for the period from 29 June 2013 to 31 December 2013 as a result of our acquisition of M Holdings which was completed on 28 June 2013. M Holdings is the holding company of MWMHPL, which in turn is the holding company of MWMPL, which holds the 50.0% participating interest in the unincorporated joint venture that owns the Macarthur Wind Farm.*

(2) *Includes the results of MWMHPL and MWMPL for the period from 1 January 2014 to 31 December 2014.*

(3) *PD Power was our 25%-owned associate until 30 April 2014, when we acquired the remaining 75% equity interest in PD Power and thereafter, PD Power became our 100%-owned subsidiary. As such, the results of PD Power were consolidated into our Group for the period from 1 May 2014 to 31 December 2014.*

(4) *EBITDA represents earnings before interest, taxation, depreciation, amortisation and impairment of intangible assets.*

(5) *Calculated on the assumption that the Conversion of RCPS has been completed.*

The table below sets forth a reconciliation of our profit for the years indicated to EBITDA.

	FYE 31 December		
	2012	**2013**	**2014**
	(RM'000)	**(RM'000)**	**(RM'000)**
Profit for the year	547,815	234,658	412,844
Income tax expense /(benefit)	156,816	(150,511)	182,640
PBT	704,631	84,147	595,484
Finance income	(159,380)	(161,052)	(132,688)
Finance costs	797,279	840,318	911,242
Depreciation, amortisation and impairment of intangible assets	887,395	957,593	1,086,876
EBITDA	**2,229,925**	**1,721,006**	**2,460,914**

EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with MFRS and IFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under MFRS or IFRS and should not be considered as an alternative to net income results from operating activities or any other performance measures derived in accordance with MFRS or IFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following discussion and analysis should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus. Our financial statements for the FYE 31 December 2012, 2013 and 2014 have been prepared in accordance with MFRS and IFRS.

12.2.1 Overview

According to Frost & Sullivan, we are the largest IPP in Malaysia and SEA in terms of total generation capacity as at the Latest Practicable Date. As a multinational water and power company, we are also engaged in the independent water production and power generation business in the MENA region and the renewable energy business in Australia, with a combined effective water production capacity of approximately 358,850 m^3 per day and power generation capacity of approximately 690 MW as at the Latest Practicable Date. In addition, we are engaged in the operation and maintenance business, serving our own power plants in Malaysia as well as power plants and water plants of certain of our associates, our joint venture and third-party clients. To complement our Malaysian independent power generation business, we also operate an electricity and chilled water distribution business, provide project management services and are working to develop additional renewable energy projects.

In Malaysia, through our subsidiaries, we own three CCGT power plants, one OCGT power plant and one coal-fired thermal power plant, and, through an associate, we have an interest in a power plant that has multi-fuel power generation facilities. All of these power plants are located in Peninsular Malaysia.

All of our power plants and our associate's power plant in Malaysia sell the power that they generate to TNB pursuant to long-term PPAs. TNB owns the National Grid, which is the electricity power transmission network in Peninsular Malaysia.

12.2.2 Major factors affecting our Group's financial condition and results of operations

Our operating results have been and, we expect, will continue to be, affected by a number of factors, including those set out below:

(i) Investments in overseas projects

Our international independent water production and power generation business consists of our equity interests in our overseas subsidiary, associates and joint venture that are engaged in this business. Our acquisitions of interests or investments in such subsidiary, associates and joint venture have included the following:

- the Shuaibah Phase 3 Expansion IWP in the Kingdom of Saudi Arabia, in which we hold an 11.9% interest and which commenced commercial operation in 2009, and the Shuaibah Phase 3 IWPP in the Kingdom of Saudi Arabia, in which we hold a 12.0% interest and which commenced commercial operation in 2010;

- the Souk Tleta IWP in Algeria, in which we hold a 35.7% interest and which commenced commercial operation in 2011;

- a 40.0% interest in the Hidd IWPP in Bahrain in 2012;
- the Al Ghubrah IWP in the Sultanate of Oman, in which we hold a 45.0% interest and which is scheduled to commence commercial operation in 2015; and
- a 50.0% participating interest in the unincorporated joint venture that owns the Macarthur Wind Farm, which we acquired in June 2013.

Our consolidated statements of profit or loss and other comprehensive income include the results of our subsidiary, MWMHPL, which indirectly holds the 50.0% participating interest in the unincorporated joint venture that owns the Macarthur Wind Farm. Pursuant to IC Interpretation 4, the Macarthur Wind Farm Contracts are accounted for as finance lease and payments under these contracts are recognised as finance lease income under our revenue. Pursuant to the terms of the Macarthur Wind Farm Contracts, payments that we receive from the lessee are net of costs and expenses. Accordingly, we do not recognise any cost of sales in respect of this revenue. This arrangement results in us reporting higher gross margins. Consequently, the consolidation of the results of the Macarthur Wind Farm has and is expected to continue to improve our gross margins. For further information on lease accounting, see Section 12.2.3(i) of this Prospectus and note 2 of Section A of the Accountant's Report in Section 13 of this Prospectus.

Using the equity method, our consolidated statements of profit or loss and other comprehensive income also include our share of profit or loss and other comprehensive income of each associate and a joint venture under "share of profit of equity-accounted associates and a joint venture, net of tax" and "share of loss on hedging reserve of equity-accounted associates". Accordingly, our consolidated revenue, cost of sales, gross profit and other components of our consolidated statements of profit or loss and other comprehensive income do not include the results of our associates and joint venture. Investments in our associates and joint venture are included in our statement of financial position using the equity method less any impairment losses, and the cost of investment includes transaction costs.

If, consistent with our strategy, we increase our investments in overseas projects through our overseas subsidiaries, associates or joint ventures, we expect that the results of these overseas subsidiaries, associates and joint ventures will have a greater impact on our consolidated results of operations. In addition, such investments may increase our funding needs in the future, which would increase our level of indebtedness and our finance costs. Potential investments such as these may also affect our liquidity and capital resources, specifically our cash flows used in investing activities.

(ii) Impact of operational issues at our power plants

Any inability of our power plants to generate or deliver power due to operational issues could decrease, if not eliminate, revenues derived by us from our power plants, as well as increase our cost of sales and expenses due to costs and expenses related to replacement and repair of power plant equipment.

(a) Tanjung Bin Power Plant

We own a 90% equity interest in TBP, our subsidiary that owns the Tanjung Bin Power Plant.

The Tanjung Bin Power Plant experienced a number of unscheduled outages which materially and adversely affected our financial performance beginning in the first quarter of 2013. In response to these issues, in July 2013, we commenced implementation of a recovery programme of remedial and improvement works and other steps to address these issues, including rectifications and improvements to components of the boiler, equipment replacement and combustion improvements. The recovery programme implemented at the Tanjung Bin Power Plant has led to improvements in the operations at the plant since March 2014, thereby improving our financial results. For further information on our Tanjung Bin Power Plant's operating statistic, see Section 7.6.3.6 of this Prospectus.

Capacity payments from the Tanjung Bin Power Plant decreased from RM943.8 million in the FYE 31 December 2012 to RM775.6 million in the FYE 31 December 2013. However, with the implementation and completion of the recovery programme, capacity payments from the plant have since increased from RM775.6 million in the FYE 31 December 2013 to RM944.0 million in the FYE 31 December 2014. The recovery programme implemented at the Tanjung Bin Power Plant also resulted in write-offs in 2013 relating to replaced power plant equipment, including write-offs of RM109.4 million that were charged to cost of sales. The write-offs of RM109.4 million represent the carrying cost of the replaced equipment less accumulated depreciation.

(b) Kapar Power Plant

We own a 40.0% equity interest in KEV, our associate that owns the Kapar Power Plant.

Phase 3 of the Kapar Power Plant experienced outages caused by operational issues, including cooling water pump problems, turbine vibration and hydrogen embrittlement from 2008 to 2011. As a result of these operational issues at the Kapar Power Plant, we recognised impairment of intangible assets in relation to the plant. Cash flows to be generated pursuant to the PPAs (and the IPP Licences) of our subsidiaries and associate in Malaysia and from our OMAs are intangible assets with finite useful lives that are amortised and tested for impairment. For further information on the measurement of these intangible assets, see note 4 of Section A of the Accountants' Report in Section 13 of this Prospectus. We recognised a RM44.1 million impairment loss for KEV in the FYE 31 December 2011 as part of our operating expenses. Combined with the impairment loss of intangible assets for KEV of RM98.3 million, RM123.2 million and RM197.9 million that we recognised in 2008, 2009 and 2010, respectively, these impairment losses totalled RM463.5 million.

We believe that steps taken at KEV since 2009, including repairs and improvements to address problems such as cooling water pump issues, turbine vibration and hydrogen embrittlement, contributed to improved operations at the Kapar Power Plant in 2011 up to the third quarter of 2013. However, the Kapar Power Plant again experienced outages in the fourth quarter of 2013 and during the FYE 31 December 2014, primarily as a result of problems with turbine vibration. KEV is taking steps to address these problems, including the appointment of a reputable international consultant to assist in the preparation and implementation of a business improvement plan for the Kapar Power Plant. Our financial condition and results of operations may continue to be affected by our ownership in KEV.

We hold RULS issued by KEV and record payments receivable on these RULS as part of our finance income. Due to operational issues at the Kapar Power Plant in the FYE 31 December 2014, the payment of interest on the RULS for the FYE 31 December 2014 was deferred. This resulted in a mark-down in the effective interest rate and the fair value of the RULS in 2014 in accordance with MFRS 139. Accordingly, our finance income was reduced by RM40.0 million in the FYE 31 December 2014. However, our share of KEV's losses in the FYE 31 December 2014, which decreased by the same amount of RM40.0 million, offsets the negative impact on our PBT.

(iii) New power projects

We are constructing and developing the Tanjung Bin Energy Power Plant, a 1,000 MW coal-fired thermal power plant that we expect to begin commercial operation in 2016. This new plant will be co-located with our existing Tanjung Bin Power Plant in Johor, Malaysia, and will share certain infrastructure with that plant, but it will be separately operated and despatched and have its own PPA. We will also provide operation and maintenance services to the Tanjung Bin Energy Power Plant under a long-term OMA. We estimate that the total cost of this project will be approximately RM6.7 billion, of which approximately RM4.8 billion will be engineering, procurement and construction costs. We have secured debt financing for this power plant of approximately RM5.2 billion, with the remaining project cost of RM1.5 billion being financed through an equity bridge loan provided by commercial banks and our internally generated funds. We made capital expenditures of approximately RM1.8 billion for the construction of the Tanjung Bin Energy Power Plant in the FYE 31 December 2012, RM2.0 billion in the FYE 31 December 2013 and RM1.4 billion in the FYE 31 December 2014. We expect to make capital expenditures for this project of RM0.8 billion in the FYE 31 December 2015. We will not recognise revenue from the Tanjung Bin Energy Power Plant until 2016, when we expect to begin receiving payments under the TBE PPA. The terms of the capacity payments under the TBE PPA are similar to those under the TBP PPA, although the TBE PPA's tariffs in respect of capacity payments are higher than those under the TBP PPA. For further information on the rates payable under the TBE PPA, see Section 7.6.5 of this Prospectus.

Our strategy includes expanding our effective power generation and water production capacity in Malaysia and overseas. To achieve this objective, we will need to develop or acquire additional new power and water projects in Malaysia and overseas. These new projects will require additional capital expenditures thereby resulting in increased borrowings and finance costs and, for projects in which we are involved in the developmental stage, we will only recognise revenue upon commissioning of the project.

(iv) Acquisition of the business of HICOM Power

On 17 December 2012, we acquired from HICOM Power its entire business, including all its rights and assets, save for certain excluded assets and liabilities, for a cash consideration of RM575 million. HICOM Power was principally involved in providing operation and maintenance services to the Tanjung Bin Power Plant pursuant to a 25-year concession that expires in September 2031. One of our subsidiaries was the subcontractor to HICOM Power and provided the operation and maintenance services to the Tanjung Bin Power Plant. As a result of this acquisition, we reported lower cost of sales and consequently higher gross profits in respect of our provision of operation and maintenance services to the Tanjung Bin Power Plant.

(v) PD Power Acquisition

On 30 April 2014, we acquired the remaining 75% equity interest in PD Power, making it our wholly-owned subsidiary. PD Power owns the Port Dickson Power Plant, a 436.4 MW OCGT power plant located in Port Dickson, Negeri Sembilan, Malaysia. PD Power supplies power exclusively to TNB pursuant to the PD Power PPA with a term of 21 years expiring in January 2016, and is renewable for an additional three terms of five years each, upon mutual consent of the parties. Prior to the PD Power Acquisition, we accounted for our 25% equity interest in PD Power using the equity method of accounting. Accordingly, our consolidated statements of profit or loss and other comprehensive income for the FYE 31 December 2012 and 2013 included our share of profit or loss and other comprehensive income of PD Power under "share of profit of equity-accounted associates and a joint venture, net of tax", and our consolidated revenue, cost of sales, gross profit and the other components of our consolidated statements of profit or loss and other comprehensive income for the FYE 31 December 2012 and 2013 did not include the results of operation of PD Power. After the PD Power Acquisition in April 2014, we consolidated the results of operation of PD Power for the period from 1 May 2014 to 31 December 2014. As a result of this acquisition, we reported higher profits resulting from the consolidation of the results of operations of the Port Dickson Power Plant. In addition, in the FYE 31 December 2014, we recognised fair valuation gains from the revaluation assessments resulting from the PD Power Acquisition because the net recognised amount of PD Power's assets acquired and liabilities assumed were higher than (i) the purchase price for the PD Power Acquisition and (ii) the carrying value of our existing 25% equity interest in PD Power.

(vi) Extension of term for the SEV Power Plant to sell power to TNB on modified terms

The term for the SEV Power Plant to sell power to TNB was to expire in 2017. However, in February 2013, SEV signed a supplemental agreement to the Existing SEV PPA, which applies from March 2013 to June 2017, and the New SEV PPA, which applies from July 2017 to June 2027. The Existing SEV PPA, which became effective in March 2013, and the New SEV PPA provide for lower levelised tariffs as compared to the Existing SEV PPA. However, the extension will allow the SEV Power Plant to continue contributing revenue and cash flows to our Group for an additional 10 years. For information on the relevant rates under the Existing SEV PPA and the New SEV PPA, see Section 7.6.5 of this Prospectus.

Pursuant to IC Interpretation 4, the SEV Power Plant's PPA is accounted for as an operating lease, and the capacity payments under the PPA are recognised on a straight-line basis. For further information, see Section 12.2.3(i) of this Prospectus. No adjustment to the lease revenue will be made in respect of capacity payments to be recognised under the Existing SEV PPA through June 2017, even though the lower tariff level that we have agreed with TNB in respect of the extension will apply for this period. From an accounting perspective, the rebate provided to TNB until June 2017 will be accounted for as a lease incentive for the New SEV PPA on the basis that the PPA extension and the rebate are closely linked. Accordingly, the rebate given will be reported as a deferred expense that will be amortised over the life of the New SEV PPA. For the period from July 2017 to the end of the New SEV PPA in June 2027, we will recognise lower capacity payment revenue under the operating lease treatment.

12.2.3 Critical accounting policies

In preparing our consolidated financial statements, we are required to make estimates, assumptions and judgements regarding uncertainties that affect certain reported amounts of revenue and expenses during the reporting period, as well as certain reported amounts of our assets and liabilities and the disclosure of our contingent assets and liabilities at the date of the financial statements. We base these estimates, assumptions and judgements on our historical experience and on various other reasonable factors, which we review and evaluate on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Our actual results may differ from these estimates, assumptions and judgements under different conditions. We believe our most critical accounting policies that result in the application of estimates, assumptions or judgements are the following:

(i) Lease accounting

In the FYE 31 December 2011, we adopted IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, which prescribes that the determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement and applied it retrospectively. IC Interpretation 4 requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific assets and whether the arrangement conveys a right to use such assets. Pursuant to IC Interpretation 4, we have determined that the PPAs of our subsidiaries in Malaysia, and the Macarthur Wind Farm Contracts contain leases.

The adoption of IC Interpretation 4 resulted in the PPAs of our subsidiaries in Malaysia being accounted for as operating leases, and accordingly, our revenue from capacity payments under the PPAs of our subsidiaries in Malaysia is recognised on a straight-line basis over the term of the relevant PPA. Previously, these PPAs were accounted for as normal sale and purchase contracts. The application of IC Interpretation 4 resulted in a decrease in revenue of RM289.5 million in the FYE 31 December 2012, RM201.1 million in the FYE 31 December 2013, and RM179.3 million in the FYE 31 December 2014, respectively, compared to the previous accounting method.

The actual capacity payments received from a cash flow perspective under the PPAs of our subsidiaries in Malaysia and the revenue recognised under the operating lease treatment (also known as "capacity payment") were as follows for the years indicated:

	FYE 31 December					
	2012		2013		2014	
	Actual capacity payments received	Revenue recognised	Actual capacity payments received	Revenue recognised	Actual capacity payments received	Revenue recognised
	(RM in millions)					
For the period from 1 January to 31 December						
SEV	701.3	742.5	(1)613.8	742.5	(2)588.4	742.5
GB3	269.2	229.1	269.2	229.3	269.7	228.2
PPSB	167.3	155.4	164.9	153.0	167.2	155.3
TBP	1,222.5	943.8	1,053.6	775.6	1,224.0	944.0
For the period from 1 May to 31 December						
PD Power(3)	-	-	-	-	130.6	130.6
Total	**2,360.3**	**2,070.8**	**2,101.5**	**1,900.4**	**2,379.9**	**2,200.6**

Notes:

(1) Includes rebates in relation to the extension of the Existing SEV PPA provided to TNB for the year amounting to RM78.2 million.

(2) Includes rebates in relation to the extension of the Existing SEV PPA provided to TNB for the year amounting to RM93.8 million.

(3) PD Power was our 25%-owned associate until 30 April 2014, when we acquired the remaining 75% equity interest in PD Power, and thereafter, PD Power became our 100%-owned subsidiary. As such, revenue recognised from PD Power was consolidated into our Group for the period from 1 May 2014 to 31 December 2014.

In June 2013, we acquired a 50.0% participating interest in the unincorporated joint venture that owns the Macarthur Wind Farm. Under IC Interpretation 4, the Macarthur Wind Farm Contracts are accounted for as finance lease as these contracts transfer substantially all the risks and rewards incidental to ownership of the Macarthur Wind Farm to AGL Hydro, as the lessee and operator of the Macarthur Wind Farm. Pursuant to IC Interpretation 4, we recognise the Macarthur Wind Farm Contracts as finance lease receivables in an amount equal to our net investment in the unincorporated joint venture that owns the Macarthur Wind Farm and the loans and swaps we used to fund the acquisition. Payments by AGL Hydro in respect of the Macarthur Wind Farm Contracts are treated as finance lease income with a corresponding reduction in the lease receivable so as to achieve a constant rate of interest on the remaining balance of the lease receivables. For the period from 29 June 2013 to 31 December 2013, the actual payments received from a cash flow perspective under the Macarthur Wind Farm Contracts were RM75.2 million, while the revenue recognised as finance lease income was RM80.3 million. For the FYE 31 December 2014, the actual payments received from a cash flow perspective under the Macarthur Wind Farm Contracts were RM142.9 million, while the revenue recognised as finance lease income was RM160.2 million.

(ii) Depreciation and residual values

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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 we 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.

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

Estimating the useful lives and residual values of property, plant and equipment involves significant judgement and the selection of a 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 may differ from expectations.

If the PPAs for our power plants in Malaysia are not extended, such PPAs provide for the disposal of our power plants at the end of the initial term. Our management determined the residual values of our power plants by considering the valuation judgment of a professional valuer and using the discounted cash flow method. The resulting discounted cash flows assumed an extension of five to ten years for each PPA initial term given the limited construction of new power plants, increased demand for power in Malaysia and TNB's continued reliance on IPPs. In addition, these discounted cash flows assumed a reasonable variable operating rate during the extension, an average despatch factor to reflect future power demand and a discount rate. For further information on the residual values of our power plants, see note 2(d)(iv) of Section A of the Accountants' Report in Section 13 of this Prospectus.

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

(iii) Impairment

(a) Financial assets

All financial assets (except for financial assets categorised as investments in subsidiaries, investments in associates and joint ventures) 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.

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.

(b) 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 and intangible assets 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 (the "**cash-generating unit**"). 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 to sell. 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.

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 or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group 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.

(iv) Hedge accounting

Beginning in the FYE 31 December 2012, we elected to apply cash flow hedge accounting on some of our borrowings that expose us to interest rate and foreign exchange risk.

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 and 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 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.

12.2.4 Results of operations

(i) Overview

The following discussion of our results of operations with respect to the FYE 31 December 2012, 2013 and 2014, is based on, and should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus.

Components of our results of operations are described below.

(ii) Revenue

We derive revenues primarily from our power generation business in Malaysia, in which we receive payments from TNB, our sole offtaker in Malaysia, pursuant to our PPAs. Payments we receive pursuant to the PPAs in Malaysia include principally an available capacity payment, which covers the power plant's fixed costs and capital costs regardless of whether TNB despatches the power generated from the power plant, and an energy payment, which covers the power plant's fuel costs and variable operation and maintenance costs that are incurred when TNB despatches the power generated from the power plant. The energy payments we receive from TNB are driven by our power plant's actual despatch, which varies according to TNB's despatch requirements from time to time of our power plants, and our fuel costs, which vary according to the quantity, price and type of fuel (coal, natural gas or distillate oil) our power plants use. Increased despatch of the power generated from our power plants leads to higher energy payments received by us, and thus contribute to higher revenues, but this increase in revenues is substantially offset by higher payments for fuel purchases that are included in our cost of sales.

Under our Malaysian subsidiaries' PPAs, the revenue recognised from capacity payments under the operating lease treatment and the energy payments were as follows for the years indicated:

	FYE 31 December					
	2012		2013		2014	
			Revenue recognised from			
	Capacity payments	Energy payments	Capacity payments	Energy payments	Capacity payments	Energy payments
	(RM in millions)					
For the period from 1 January to 31 December						
SEV	742.5	358.1	742.5	631.3	742.5	586.8
GB3	229.1	354.5	229.3	182.8	228.2	171.6
PPSB	155.4	158.2	153.0	134.7	155.3	143.2
TBP	943.8	2,210.4	775.6	1,505.5	944.0	1,875.7
For the period from 1 May to 31 December						
PD Power[1]	-	-	-	-	130.6	92.9
Total	**2,070.8**	**3,081.2**	**1,900.4**	**2,454.3**	**2,200.6**	**2,870.2**

Note:

(1) PD Power was our 25%-owned associate until 30 April 2014, when we acquired the remaining 75% equity interest in PD Power, and thereafter, PD Power became our 100%-owned subsidiary. As such, revenue recognised from PD Power was consolidated into our Group for the period from 1 May 2014 to 31 December 2014.

We also derive revenues from a finance lease for the right to use and occupy certain parcels of land, a substation and assets related to the Macarthur Wind Farm, from our electricity and chilled water distribution business and from our operation and maintenance business where we receive fees from external clients (including our associates and joint venture) for operation and maintenance services provided for their plants. In addition, we generate other forms of revenue, namely, rental income from an oil palm plantation estate in Perak, Malaysia and project management fees from project management services for external projects.

The following table sets forth the components of our revenue for the years indicated, in absolute terms and as a percentage of our total revenue:

	FYE 31 December					
	2012		2013		2014	
	RM	%	RM	%	RM	%
	(in millions, except percentages)					
Electricity generation and distribution	5,452.1	97.6	4,612.6	97.8	5,398.2	96.5
Project management fees	-	-	0.9	-	1.7	-
Rental income from estate	5.2	0.1	3.6	0.1	4.3	0.1
Operation and maintenance fees	130.3	2.3	20.0	0.4	30.1	0.5
Finance lease income	-	-	80.3	1.7	160.2	2.9
Total revenue	**5,587.6**	**100.0**	**4,717.4**	**100.0**	**5,594.5**	**100.0**

The following table sets forth the components of our revenue from electricity generation and distribution for the years indicated, in absolute terms and as a percentage of our total revenue from electricity generation and distribution:

	FYE 31 December					
	2012		2013		2014	
	RM	%	RM	%	RM	%
	(in millions, except percentages)					
Electricity generation:						
Capacity payment	2,070.8	38.0	1,900.4	41.2	2,200.6	40.8
Energy payment	3,081.2	56.5	2,454.3	53.2	2,870.2	53.2
Availability factor bonus	24.7	0.5	-	-	-	-
Daily utilisation payment	199.7	3.6	171.0	3.7	207.8	3.8
Distribution:						
Electricity and chilled water distribution	75.7	1.4	86.9	1.9	119.6	2.2
Total revenue from electricity generation and distribution	**5,452.1**	**100.0**	**4,612.6**	**100.0**	**5,398.2**	**100.0**

The decrease in revenue from operation and maintenance fees in the FYE 31 December 2013 compared to the FYE 31 December 2012 was primarily because we no longer receive fees from HICOM Power for the operation and maintenance services provided to the Tanjung Bin Power Plant, as these services are now carried out by our wholly-owned subsidiary, TBOMB and therefore no longer reflected in revenue.

(iii) Cost of sales

Fuel costs, depreciation (including amortisation of C-Inspection costs) and amortisation of intangible assets account for the majority of our cost of sales. The premium paid over the fair value of the power plants that were acquired by our subsidiaries and associate in Malaysia, are intangible assets with finite useful lives that are amortised. This premium mainly represents the economic benefits to be derived from the future cash flows to be generated pursuant to the PPAs (and the IPP Licences) of our subsidiaries and associate in Malaysia and from our OMAs. However, the amortisation of such intangible assets for our associate is not included in our cost of sales because our share of profit or loss and other comprehensive income of an associate is recognised under "share of profit of equity-accounted associates and a joint venture, net of tax" and "share of loss on hedging reserve of equity-accounted associates".

Pursuant to the terms of the Macarthur Wind Farm Contracts, payments that we receive from the lessee are net of costs and expenses. Accordingly, we do not recognise any cost of sales in respect of this revenue.

The following table sets forth the major components of our cost of sales for the years indicated:

	FYE 31 December					
	2012		2013		2014	
	RM	%	RM	%	RM	%
	(in millions, except percentages)					
Fuel	2,701.6	66.9	2,158.8	61.6	2,497.6	63.1
Depreciation, plus amortisation of C-Inspection costs	425.2	10.5	454.9	13.0	539.9	13.6
Amortisation of intangible assets	404.9	10.0	432.4	12.3	473.1	12.0
Operation and maintenance:						
- Costs in TJSB, NASB, M Power and TBOMB[1][2]	222.1	5.5	283.7	8.1	285.3	7.2
- Fees to HICOM Power[2]	277.5	6.9	-	-	-	-
Write-off of replaced Tanjung Bin Power Plant equipment	-	-	109.4	3.1	31.6	0.8
Others	[3]10.1	0.2	[4]64.7	1.9	[5]128.6	3.3
Total cost of sales	**4,041.4**	**100.0**	**3,503.9**	**100.0**	**3,956.1**	**100.0**

Notes:

(1) The provision of operation and maintenance services for the SEV Power Plant, the GB3 Power Plant and the Prai Power Plant by TJSB and NASB were novated to M Power pursuant to the respective novation agreements dated 18 January 2013.

(2) The provision of operation and maintenance services for the Tanjung Bin Power Plant was novated from HICOM Power to TBOMB upon completion of the acquisition of business of HICOM Power in December 2012.

(3) Includes, among others, electricity and chilled water distribution costs of RM49.1 million. This amount was offset by operational performance related reimbursements of RM39.0 million from HICOM Power for not meeting the performance target at the Tanjung Bin Power Plant. The operation and maintenance services provided by HICOM Power for the Tanjung Bin Power Plant was subsequently novated to TBOMB in December 2012.

(4) Includes, among others, electricity and chilled water distribution costs of RM59.3 million.

(5) Includes, among others, electricity and chilled water distribution costs of RM82.3 million and the payment to TNB of availability target penalties relating to the Tanjung Bin Power Plant amounting to RM40.0 million.

The significant decrease in the cost of sales in the FYE 31 December 2013 compared to the FYE 31 December 2012 was primarily a result of lower payments for fuel purchases, driven primarily by lower utilisation of our coal-fired Tanjung Bin Power Plant as a result of the unscheduled outages at the plant and lower average coal prices. Our cost of sales also decreased because we no longer pay fees to HICOM Power for the operation and maintenance services to the Tanjung Bin Power Plant, as these services are now carried out by our wholly-owned subsidiary, TBOMB.

The lower payments for fuel purchases and the elimination of operation and maintenance services fees were, however, partly offset by the expenses for remedial and improvement works to address the issues at the Tanjung Bin Power Plant. In response to these issues, in July 2013, we commenced implementation of a recovery programme of remedial and improvement works and other steps to address these issues, including rectifications and improvements to components of the boiler, equipment replacement and combustion improvements. Replacement of power plant equipment resulted in write-offs, which include write-offs of RM109.4 million that were charged to cost of sales. The write-offs of RM109.4 million represent the carrying cost of the replaced equipment less accumulated depreciation. The recovery programme implemented at the Tanjung Bin Power Plant has led to improvements in the operations at the plant since March 2014, thereby improving our financial results.

(iv) Gross profit and gross margin

We derive a majority of our gross profits from the available capacity payments under the PPAs of our subsidiaries in Malaysia and finance lease income payments under the Macarthur Wind Farm Contracts. The following table sets forth our revenue, gross profit and gross margin for the years indicated:

	FYE 31 December		
	2012	2013	2014
	(RM in millions, except percentages)		
Revenue	5,587.6	4,717.4	5,594.5
Gross profit	1,546.2	1,213.5	1,638.4
Gross margin	27.7%	25.7%	29.3%

(v) Other income

The major components of other income vary from year to year and have included gains on disposal of investments, income from the sale of coal ash, and payments from TNB for unutilised scheduled outages at our power plants. If during a financial year, we do not receive capacity payments from TNB due to unscheduled outages, we are able to offset this reduction in capacity payments by receiving payments from TNB for unutilised scheduled outages during the same financial year. However, these types of payments from TNB may not exceed the amount of the reduction in capacity payments due to unscheduled outages.

(vi) Administrative expenses

Our administrative expenses consist primarily of staff-related costs, professional fees, contributions and corporate social responsibility activities, depreciation of office equipment and furniture and fitting and acquisition-related costs. Staff-related costs include salary and wages, staff training expenses, staff travel expenses, employee retirement plan contributions and director remuneration.

(vii) Other operating expenses

Our other operating expenses consist primarily of insurance premiums, mandatory contributions to the electricity supply industry cess fund created by the Energy Commission, sales taxes and duties, licence fees, coal handling fees, bad debt expenses relating to disputed payments under the PPAs of our subsidiaries in Malaysia and amortisation and impairment of intangible asset relating to an associate. The premium paid over the fair value of the power plant that was acquired by our associate in Malaysia, is an intangible asset with finite useful lives that is amortised. This premium mainly represents the economic benefits to be derived from the future cash flows to be generated pursuant to the PPA (and the IPP Licence) of our associate in Malaysia. We recognised bad debt expenses of RM156.0 million and RM31.6 million for the FYE 31 December 2013 and 2014, respectively, for doubtful trade receivables that are being disputed by TNB arising from payments in relation to unscheduled outages at the Tanjung Bin Power Plant as described in Section 12.2.2(ii)(a) of this Prospectus. We also recognised an impairment charge for the intangible assets related to our associate, KEV, which has experienced operational issues at the Kapar Power Plant, as described in Section 12.2.2(ii)(b) of this Prospectus.

(viii) Finance income

Finance income relates primarily to interest income in respect of cash and cash equivalents deposited with licenced banks and other licenced financial institutions and interest accruing on the RULS issued by our associate, KEV. In addition, under MFRS 139, we recognised a fair value loss on the RULS issued by KEV. Due to operational issues at the Kapar Power Plant in the FYE 31 December 2014, the payment of interest on the RULS for the FYE 31 December 2014 was deferred. This resulted in a mark-down in the effective interest rate and the fair value of the RULS in 2014. The mark-down in the fair value of the RULS in the FYE 31 December 2014 was RM40.0 million, and was charged to finance income, resulting in a significant reduction in finance income in this period. However, our share of KEV's losses in the FYE 31 December 2014, which decreased by the same amount of RM40.0 million, offsets the negative impact on our PBT.

(ix) Finance costs

Our finance costs relate primarily to interest expense for our project financing, as well as interest expense for debt that was incurred for the Acquisition.

(x) Other non-operating income

Our other non-operating income relates to gains from acquisitions. In the FYE 31 December 2014, we recognised other non-operating income of RM61.0 million arising from fair valuation gains because the net recognised amount of PD Power's assets acquired and liabilities assumed were higher than (i) the purchase price for the PD Power Acquisition and (ii) the carrying value of our existing 25% equity interest in PD Power.

(xi) Share of profit of equity-accounted associates and a joint venture, net of tax

Our share of profit of equity-accounted associates and a joint venture, net of tax, reflects the results of our associates and our joint venture, namely AAS, using the equity method of accounting.

(xii) Analysis of revenue, results and share of profits or losses

(a) Revenue by entities

The following table sets forth the breakdown of our revenue by the entities within our Group, each in absolute terms and as a percentage of our total revenue, for the years indicated.

	2012		2013		2014	
	RM (in millions)	% of revenue	RM (in millions)	% of revenue	RM (in millions)	% of revenue
For the period from 1 January to 31 December						
Malakoff[1]	691.3	12.4	3,689.2	78.2	991.3	17.7
SEV[2]	1,125.3	20.1	1,373.8	29.1	1,329.3	23.8
GB3	583.6	10.4	412.1	8.7	399.8	7.1
PPSB	313.6	5.6	287.7	6.1	298.4	5.3
TBP[3]	3,353.0	60.0	2,451.6	52.0	3,027.1	54.1
HSB	19.0	0.3	27.8	0.6	267.0	4.8
M Utilities	75.7	1.4	86.8	1.8	119.6	2.1
MESB and its subsidiary	17.7	0.3	21.3	0.5	21.3	0.4
SPSB and its subsidiaries[4]	-	-	80.3	1.7	230.0	4.1
TJSB	487.0	8.7	72.9	1.5	39.2	0.7
NASB	57.2	1.0	2.9	0.1	-	-
M Power	-	-	546.1	11.6	586.2	10.5
TBOMB	33.6	0.6	272.4	5.8	323.5	5.8
TJSB Middle East	11.2	0.2	16.1	0.3	15.1	0.3
TJSB Global	-	-	2.7	0.1	-	-
TJSB Services	0.4	*	0.7	*	-	-
TJSB International	-	-	-	-	39.4	0.7
TJSB International (Shoaiba)	0.2	*	0.2	*	0.2	*
PT Teknik Janakuasa	-	-	3.0	0.1	14.8	0.3
Tuah Utama	3.4	0.1	0.4	*	3.4	0.1
Malakoff IL and its subsidiaries[5]	40.9	0.7	65.8	1.4	163.5	2.9
Inter-company eliminations	(1,225.5)	(21.8)	(4,696.4)	(99.6)	(2,502.7)	(44.8)
For the period from 1 May to 31 December						
PD Power[6]	-	-	-	-	223.5	4.0
PDP O&M	-	-	-	-	4.6	0.1
Total	**5,587.6**	**100.0**	**4,717.4**	**100.0**	**5,594.5**	**100.0**

12. FINANCIAL INFORMATION *(Cont'd)*

Notes:

* *Less than 0.1%*

(1) *Our Company's revenue, prior to inter-company eliminations, increased from RM691.3 million in the FYE 31 December 2012 to RM3,689.2 million in the FYE 31 December 2013 and decreased to RM991.3 million in the FYE 31 December 2014, primarily due to higher dividends received from SEV, TJSB and TBP during the FYE 31 December 2013 as a result of a restructuring exercise undertaken by our Group during the year.*

(2) *Under the Existing SEV PPA, in addition to the capacity payment and the energy payment, we are also paid an availability factor bonus if the SEV Power Plant's availability factor is more than 92% and its dependable capacity is not less than 1,238 MW, in each case for the preceding 12 months capacity billing periods. The availability factor bonus is included in the available capacity payment under the Existing SEV PPA. However, pursuant to IC Interpretation 4, the SEV Power Plant's PPA is accounted for as an operating lease, and the capacity payments under the PPA are recognised on a straight-line basis, without regard to any availability factor bonus payments. Accordingly, payments of the availability factor bonus are included in this table but are not reflected in the table showing the capacity payments for SEV in Section 12.2.4(ii) above, and the sum of the capacity payments and the energy payments for SEV in the table in Section 12.2.4(ii) above is less than the total revenue of SEV in this table.*

(3) *Under the TBP PPA, in addition to the capacity payment and the energy payment, we are also paid a daily utilisation payment based on the daily maximum despatch of each unit of the plant per day. Payments of the daily utilisation payment are included in this table but are not reflected in the table showing the capacity payments and energy payments for TBP in Section 12.2.4(ii) above, and accordingly, the sum of the capacity payments and the energy payments for TBP in the table in Section 12.2.4(ii) above is less than the total revenue of TBP in this table.*

(4) *In June 2013, we acquired MWMHPL through M Holdings, which is a subsidiary of M Australia, which in turn is a subsidiary of SPSB. MWMHPL indirectly holds a 50.0% participating interest in the unincorporated joint venture that owns the Macarthur Wind Farm. As such, the revenue generated from the Macarthur Wind Farm was consolidated for the period from 29 June 2013 to 31 December 2013 and the FYE 31 December 2014.*

(5) *Excludes revenue from SPSB and its subsidiaries.*

(6) *PD Power was our 25%-owned associate until 30 April 2014, when we acquired the remaining 75% equity interest in PD Power, and thereafter, PD Power became our 100%-owned subsidiary. As such, revenue recognised from PD Power has been consolidated into our Group for the period from 1 May 2014 to 31 December 2014.*

12. FINANCIAL INFORMATION *(Cont'd)*

(b) Revenue by geographical location

The following table sets forth the breakdown of our revenue by geographical locations of our customers, each in absolute terms and as a percentage of our total revenue, for the years indicated.

	FYE 31 December					
	2012		2013		2014	
	RM (in millions)	% of revenue	RM (in millions)	% of revenue	RM (in millions)	% of revenue
Malaysia	5,576.3	99.8	4,617.8	97.9	5,404.2	96.6
Indonesia	-	-	3.1	0.1	14.8	0.3
Middle East	11.3	0.2	16.2	0.3	15.3	0.3
Australia	-	-	80.3	1.7	160.2	2.8
Total	**5,587.6**	**100.0**	**4,717.4**	**100.0**	**5,594.5**	**100.0**

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12. FINANCIAL INFORMATION *(Cont'd)*

(c) Results from operating activities of the entities within our Group

The following table sets forth the breakdown of our results from the operating activities of the entities within our Group, each in absolute terms and as a percentage of our total results from operating activities, for the years indicated.

	2012		2013		2014	
	RM (in millions)	% of results from operating activities	RM (in millions)	% of results from operating activities	RM (in millions)	% of results from operating activities
For the period from 1 January to 31 December						
Malakoff	603.8	48.8	3,563.2	507.4	894.1	70.3
SEV	408.0	33.0	481.4	68.5	314.5	24.7
GB3	147.6	11.9	111.4	15.9	93.6	7.4
HSB	19.0	1.5	27.7	3.9	266.0	20.9
PPSB	150.2	12.1	89.8	12.8	82.9	6.5
TBP	759.8	61.4	491.2	70.0	917.1	72.1
TBE	(0.8)	(0.1)	(0.8)	(0.1)	(1.8)	(0.1)
TBEI	(6.4)	(0.5)	(10.0)	(1.4)	9.4	0.7
M Utilities	21.2	1.7	11.7	1.7	20.6	1.6
MESB and its subsidiary	9.3	0.8	4.4	0.6	0.5	*
SPSB and its subsidiaries[1]	-	-	104.9	14.9	232.2	18.3
TJSB	232.4	18.8	641.1	91.3	34.3	2.7
NASB	20.0	1.6	20.4	2.9	^	*
M Power	-	-	24.8	3.5	199.8	15.7
TBOMB	0.8	0.1	(169.9)	(24.2)	61.1	4.8
TJSB Middle East	(0.2)	(*)	9.5	1.4	0.5	*
TJSB Services	-	-	0.8	0.1	(4.0)	(0.3)
TJSB International	(0.1)	(*)	^	*	39.4	3.1
TJSB International (Shoaiba)	0.4	*	0.1	*	0.2	*
TJSB Global	-	-	2.6	0.4	^	*
PT Teknik Janakuasa	-	-	0.8	0.1	9.8	0.8
DKSB	^	*	^	*	^	*
Tuah Utama	3.4	0.3	0.4	0.1	3.4	0.3
Malakoff R&D	^	*	^	*	(0.1)	(*)
SAL	-	-	^	*	^	*
Malakoff IL and its subsidiaries[2]	[3]62.8	5.1	58.7	8.4	157.2	12.4
Inter-company eliminations	(1,193.8)	(96.5)	(4,762.0)	(678.2)	(2,162.8)	(170.1)
For the period from 1 May to 31 December						
PD Power[4]	-	-	-	-	98.9	7.8
PDP O&M	-	-	-	-	4.6	0.4
Total	**1,237.4**	**100.0**	**702.2**	**100.0**	**1,271.4**	**100.0**

Notes:

* *Less than 0.1%*

^ *Less than RM100,000*

(1) In June 2013, we acquired MWMHPL through M Holdings, which is a subsidiary of M Australia, which in turn is a subsidiary of SPSB. MWMHPL indirectly holds a 50.0% participating interest in the unincorporated joint venture that owns the Macarthur Wind Farm. As such, the results from the Macarthur Wind Farm were consolidated for the period from 29 June 2013 to 31 December 2013 and the FYE 31 December 2014.

(2) Excludes results from SPSB and its subsidiaries.

(3) Includes the gain on disposal of our entire interest in CEGCO, the owner of multi-fuel power plants in Jordan in 2012.

(4) PD Power was our 25%-owned associate until 30 April 2014 when we acquired the remaining 75% equity interest in PD Power, and thereafter, PD Power became our 100%-owned subsidiary. As such, the results of PD Power were consolidated into our Group for the period from 1 May 2014 to 31 December 2014.

(d) Results from operating activities by geographical location

The following table sets forth the breakdown of our results from the operating activities by geographical location of our customers, each in absolute terms and as a percentage of our total results from operating activities, for the years indicated.

	FYE 31 December					
	2012		2013		2014	
	RM (in millions)	% of results from operating activities	RM (in millions)	% of results from operating activities	RM (in millions)	% of results from operating activities
Malaysia	2,368.3	191.4	5,287.6	753.1	2,994.9	235.6
Indonesia	-	-	0.8	0.1	9.8	0.8
Middle East	62.9	5.1	70.9	10.1	177.3	13.9
Australia	-	-	104.9	14.9	252.2	19.8
Intercompany eliminations	(1,193.8)	(96.5)	(4,762.0)	(678.2)	(2,162.8)	(170.1)
Total	**1,237.4**	**100.0**	**702.2**	**100.0**	**1,271.4**	**100.0**

(e) Share of profits or losses of equity-accounted associates and a joint venture, net of tax

The following table sets forth the breakdown of our share of profits or losses of our equity-accounted associates and a joint venture, net of tax, each as a percentage of our total PBT, for the years indicated.

	FYE 31 December					
	2012		2013		2014	
	RM (in millions)	% of PBT	RM (in millions)	% of PBT	RM (in millions)	% of PBT
For the period from 1 January to 31 December						
KEV	19.9	2.8	(19.1)	(22.7)	(91.4)	(15.3)
PD Power[1]	26.8	3.8	10.6	12.6	-	-
SWEC	29.9	4.2	28.5	33.9	32.3	5.4
SEPCO	0.1	*	2.9	3.4	1.0	0.2
AAS	1.9	0.3	3.8	4.5	6.6	1.1
Hidd Power	20.4	2.9	27.9	33.2	41.6	7.0
LBT	6.1	0.9	6.6	7.8	1.9	0.3
Adjustments related to KEV's fair valuation of RULS pursuant to MFRS 139	-	-	-	-	40.0	6.7
For the period from 1 January to 30 April						
PD Power[1]	-	-	-	-	9.6	1.6
Total	**105.1**	**14.9**	**61.2**	**72.7**	**41.6**	**7.0**

Notes:

* *Less than 0.1%*

(1) PD Power was our 25%-owned associate until 30 April 2014 when we acquired the remaining 75% equity interest in PD Power, and thereafter, PD Power became our 100%-owned subsidiary. As such, the results of PD Power were consolidated into our Group for the period from 1 May 2014 to 31 December 2014.

12.2.5 Review of performance for the FYE 31 December 2012 compared to the FYE 31 December 2013

The following table presents our consolidated statements of income information, the percentage such amounts represent of our total revenue and their percentage change for the years indicated.

	FYE 31 December				
	2012		2013		
	RM	% of revenue	RM	% of revenue	% change
	(in millions, except percentages)				
Revenue	5,587.6	100.0	4,717.4	100.0	(15.6)
Cost of sales	(4,041.4)	(72.3)	(3,503.9)	(74.3)	(13.3)
Gross profit	1,546.2	27.7	1,213.5	25.7	(21.5)
Other income	102.1	1.8	79.0	1.7	(22.6)
Administrative expenses	(251.7)	(4.6)	(265.3)	(5.6)	5.4
Other operating expenses	(159.2)	(2.8)	(325.0)	(6.9)	104.2
Results from operating activities	1,237.4	22.1	702.2	14.9	(43.3)
Finance income	159.4	2.9	161.0	3.4	1.1
Finance costs	(797.3)	(14.3)	(840.3)	(17.8)	5.4
Net finance costs	(637.9)	(11.4)	(679.3)	(14.4)	6.5
Other non-operating income	-	-	-	-	-
Share of profit of equity-accounted associates and a joint venture, net of tax	105.1	1.9	61.2	1.3	(41.8)
PBT	704.6	12.6	84.1	1.8	(88.1)
Income tax (expense)/benefit	(156.8)	(2.8)	150.5	3.2	(196.0)
Profit for the year	**547.8**	**9.8**	**234.6**	**5.0**	**(57.2)**
Profit attributable to:					
Owners of our Company	467.9	8.4	161.5	3.4	(65.5)
Non-controlling interests	79.9	1.4	73.1	1.6	(8.5)
Profit for the year	**547.8**	**9.8**	**234.6**	**5.0**	**(57.2)**

(i) Revenue

Our revenue decreased by 15.6% from RM5,587.6 million in the FYE 31 December 2012 to RM4,717.4 million in the FYE 31 December 2013. The decrease was primarily due to lower revenue from the Tanjung Bin Power Plant, which decreased from RM3,353.0 million in the FYE 31 December 2012 to RM2,451.6 million in the FYE 31 December 2013. Lower revenue from the Tanjung Bin Power Plant was due to the unscheduled outages at the plant as described in Section 12.2.2(ii)(a) of this Prospectus, which resulted in lower capacity payments and lower energy payments from the plant. Since fuel costs are passed through as a component of the energy payments paid to us under the PPAs of our subsidiaries in Malaysia, lower average coal prices contributed to lower energy payments, as did the lower plant utilisation, primarily as a result of the unscheduled outages at the Tanjung Bin Power Plant.

(ii) Cost of sales

Our cost of sales decreased by 13.3% from RM4,041.4 million in the FYE 31 December 2012 to RM3,503.9 million in the FYE 31 December 2013. The decrease was primarily a result of lower payments for fuel purchases, which decreased by 20.1% from RM2,701.6 million in the FYE 31 December 2012 to RM2,158.8 million in the FYE 31 December 2013, driven primarily by lower utilisation of our coal-fired Tanjung Bin Power Plant as a result of the unscheduled outages at the plant and lower average coal prices. In addition, our cost of sales also decreased because we no longer pay fees to HICOM Power for the operation and maintenance services to the Tanjung Bin Power Plant, as these services are now carried out by our wholly-owned subsidiary, TBOMB. The lower payments for fuel purchases and the elimination of operation and maintenance services fees were partly offset by expenses for remedial and improvement works to address the issues at the Tanjung Bin Power Plant, including a write-off of RM109.4 million that represents the carrying cost of the replaced equipment less accumulated depreciation.

(iii) Gross profit and gross margin

Our revenue decreased by 15.6% from RM5,587.6 million in the FYE 31 December 2012 to RM4,717.4 million in the FYE 31 December 2013 primarily due to lower revenue from the Tanjung Bin Power Plant, which decreased from RM3,353.0 million in the FYE 31 December 2012 to RM2,451.6 million in the FYE 31 December 2013.

However, the decrease in our revenue of 15.6% was proportionately higher than the decrease in our cost of sales of 13.3% primarily due to expenses for remedial and improvement works to address the issues at the Tanjung Bin Power Plant.

As a result, our gross profit decreased by 21.5% from RM1,546.2 million in the FYE 31 December 2012 to RM1,213.5 million in the FYE 31 December 2013, and our gross margin decreased from 27.7% in the FYE 31 December 2012 to 25.7% in the FYE 31 December 2013.

(iv) Other income

Our other income decreased by 22.6% from RM102.1 million in the FYE 31 December 2012 to RM79.0 million in the FYE 31 December 2013, primarily due to our recognition in the FYE 31 December 2012 of the gain on the disposal of our entire interest in CEGCO, income recognised in respect of interest owed by TNB for its delayed payment of scheduled escalations in the available capacity payments and energy payments for the GB3 Power Plant and the Prai Power Plant, while there was no such comparable income in the FYE 31 December 2013. The decrease was also partially attributable to lower payments from TNB for unutilised scheduled outages, offset in part by fair valuation gains from interest rate swaps.

(v) Administrative expenses

Our administrative expenses increased by 5.4% from RM251.7 million in the FYE 31 December 2012 to RM265.3 million in the FYE 31 December 2013, primarily as a result of higher professional fee expenses related to the acquisition of overseas investments and other internal corporate reorganisation exercises and higher staff-related costs. These were partially offset by lower contributions and corporate social responsibility activities.

(vi) Other operating expenses

Our other operating expenses increased from RM159.2 million in the FYE 31 December 2012 to RM325.0 million in the FYE 31 December 2013, mainly due to bad debt expenses recognised for doubtful trade receivables that are being disputed by TNB arising from payments in relation to unscheduled outages at the Tanjung Bin Power Plant.

(vii) Finance income

Our finance income increased by 1.1% from RM159.4 million in the FYE 31 December 2012 to RM161.0 million in the FYE 31 December 2013.

(viii) Finance costs

Our finance costs increased by 5.4% from RM797.3 million in the FYE 31 December 2012 to RM840.3 million in the FYE 31 December 2013, mainly reflecting higher interest payments as a result of increased borrowings resulting from our consolidation of the results of our 50.0% participating interest in the unincorporated joint venture that owns the Macarthur Wind Farm.

(ix) Share of profit of equity-accounted associates and a joint venture, net of tax

Our share of profit of equity-accounted associates and a joint venture, net of tax, decreased from RM105.1 million in the FYE 31 December 2012 to RM61.2 million in the FYE 31 December 2013. This decrease mainly reflected losses recorded by our associate, KEV and lower profit contribution from our then-associate PD Power. The losses recorded by KEV in the FYE 31 December 2013 were primarily due to operational issues at the Kapar Power Plant as described in Section 12.2.2(ii)(b) of this Prospectus. PD Power recorded lower profits in the FYE 31 December 2013 primarily due to provisions made in relation to a dispute with TNB relating to the escalation rates applicable to energy payments and capacity payments under the PD Power PPA. For further information on this dispute, see Section 15.5(i) of this Prospectus.

(x) PBT

As a result of the factors discussed above, our PBT decreased from RM704.6 million in the FYE 31 December 2012 to RM84.1 million in the FYE 31 December 2013. Our PBT margin decreased from 12.6% in the FYE 31 December 2012 to 1.8% in the FYE 31 December 2013.

(xi) Income tax benefit/expense

In the FYE 31 December 2013, we had an income tax benefit of RM150.5 million, compared to income tax expense of RM156.8 million in the FYE 31 December 2012. Our effective tax rate was a negative 179.0% in the FYE 31 December 2013, compared to a statutory rate of 25%, and the difference between our effective rate and the statutory rate was largely a result of a RM119.2 million tax incentive applicable to us in the FYE 31 December 2013, the effect of deduction on C-Inspection costs of RM114.6 million, the effect of an expected corporate tax rate reduction on deferred tax of RM36.7 million and the effect of share of results of associates of RM15.3 million, which were offset in part by non-deductible expenses of RM103.9 million and the effects of under-provision of tax in the FYE 31 December 2012 recognised in the FYE 31 December 2013 of RM10.3 million. An under- or over-provision of tax is recognised in the year under review to reflect the difference between the actual tax paid for the year under review against the tax provisions made in the immediately preceding year based on estimates. In the FYE 31 December 2012, our effective tax rate was 22.3%, compared to a statutory rate of 25.0%, and the difference between these rates was largely the result of a RM120.0 million tax incentive applicable to us, the effect of share of results of associates, reversal of over provisioning in prior years and the effects of which were offset in part by non-deductible expenses.

(xii) Profit for the year

As a result of the factors discussed above, our profit for the year decreased by 57.2% from RM547.8 million in the FYE 31 December 2012 to RM234.6 million in the FYE 31 December 2013. Our PAT margin decreased from 9.8% in the FYE 31 December 2012 to 5.0% in the FYE 31 December 2013.

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12.2.6 Review of performance for the FYE 31 December 2013 compared to the FYE 31 December 2014

The following table presents our consolidated statements of income information, the percentage such amounts represent of our total revenue and their percentage change for the years indicated.

	FYE 31 December				
	2013		2014		
	RM	% of revenue	RM	% of revenue	% change
	(in millions, except percentages)				
Revenue	4,717.4	100.0	5,594.5	100.0	18.6
Cost of sales	(3,503.9)	(74.3)	(3,956.1)	(70.7)	12.9
Gross profit	1,213.5	25.7	1,638.4	29.3	35.0
Other income	79.0	1.7	95.3	1.7	20.6
Administrative expenses	(265.3)	(5.6)	(228.1)	(4.1)	(14.0)
Other operating expenses	(325.0)	(6.9)	(234.2)	(4.2)	(27.9)
Results from operating activities	702.2	14.9	1,271.4	22.7	81.1
Finance income	161.0	3.4	132.6	2.4	(17.6)
Finance costs	(840.3)	(17.8)	(911.2)	(16.3)	8.4
Net finance costs	(679.3)	(14.4)	(778.6)	(13.9)	14.6
Other non-operating income	-	-	61.0	1.1	-
Share of profit of equity-accounted associates, and a joint venture, net of tax	61.2	1.3	41.6	0.7	(32.0)
PBT	84.1	1.8	595.4	10.6	608.0
Income tax benefit/(expense)	150.5	3.2	(182.6)	(3.3)	(221.3)
Profit for the year	**234.6**	**5.0**	**412.8**	**7.4**	**76.0**
Profit attributable to:					
Owners of our Company	161.5	3.4	341.5	6.1	111.5
Non-controlling interests	73.1	1.6	71.3	1.3	(2.5)
Profit for the year	**234.6**	**5.0**	**412.8**	**7.4**	**76.0**

(i) Revenue

Our revenue increased by 18.6% from RM4,717.4 million in the FYE 31 December 2013 to RM5,594.5 million in the FYE 31 December 2014. The increase was primarily due to improved performance of the Tanjung Bin Power Plant, higher finance lease income resulting from revenue recognised from the Macarthur Wind Farm for all 12 months in 2014 compared to only six months for the period in 2013, and the consolidation of the results of operation of PD Power following the PD Power Acquisition. Revenue from the Tanjung Bin Power Plant increased from RM2,451.6 million in the FYE 31 December 2013 to RM3,027.1 million in the FYE 31 December 2014, primarily due to the completion in March 2014 of the recovery programme that was implemented beginning in July 2013.

(ii) Cost of sales

Our cost of sales increased by 12.9% from RM3,503.9 million in the FYE 31 December 2013 to RM3,956.1 million in the FYE 31 December 2014. The increase was a result of higher payments for fuel purchases, which increased by 15.7% from RM2,158.8 million in the FYE 31 December 2013 to RM2,497.6 million in the FYE 31 December 2014. This increase was driven primarily by higher utilisation of our coal-fired Tanjung Bin Power Plant as a result of the completion of its recovery programme in March 2014 and our consolidation of the results of operation of PD Power after the PD Power Acquisition.

(iii) Gross profit and gross margin

Due to improved performance of the Tanjung Bin Power Plant, higher finance lease income resulting from revenue recognised from the Macarthur Wind Farm for all 12 months in 2014 compared to only six months in 2013, and the consolidation of the results of operation of PD Power following the PD Power Acquisition, our gross profit increased by 35.0% from RM1,213.5 million in the FYE 31 December 2013 to RM1,638.4 million in the FYE 31 December 2014. Our gross margin increased from 25.7% to 29.3%, which was mainly due to the recognition of revenue from the Macarthur Wind Farm Contracts and improved performance of the Tanjung Bin Power Plant. Payments we receive from the lessee of the Macarthur Wind Farm are net of costs and expenses so we do not recognise any cost of sales in respect of this revenue, which results in higher gross margin.

(iv) Other income

Our other income increased by 20.6% from RM79.0 million in the FYE 31 December 2013 to RM95.3 million in the FYE 31 December 2014, primarily due to unutilised scheduled outages payments received from TNB amounting to RM35.6 million during the FYE 31 December 2014, which is higher than the payments received during the FYE 31 December 2013 of RM3.0 million. This is due to improved performance at the Tanjung Bin Power Plant following the completion of the recovery programme in March 2014, which resulted in TBP requiring less time to complete the scheduled maintenance works at the plant. Pursuant to the TBP PPA, TBP is allowed a certain number of days in which the Tanjung Bin Power Plant can be shut down to undertake scheduled maintenance works ("**Scheduled Outages**"). However, in the event TBP does not fully utilise the days allocated for Scheduled Outages, TBP is entitled to claim from TNB a certain amount for such unutilised days based on the terms of the TBP PPA.

(v) Administrative expenses

Our administrative expenses decreased by 14.0% from RM265.3 million in the FYE 31 December 2013 to RM228.1 million in the FYE 31 December 2014, primarily as a result of professional fee expenses of RM25.9 million and contributions to corporate social responsibility activities of RM8.0 million, which were lower than similar expenses in the FYE 31 December 2013.

(vi) Other operating expenses

Our other operating expenses decreased by 27.9% from RM325.0 million in the FYE 31 December 2013 to RM234.2 million in the FYE 31 December 2014, mainly because we recognised bad debt expenses for doubtful trade receivables that are being disputed by TNB of RM31.6 million in 2014, which is lower than the RM156.0 million recognised in 2013. The disputed amounts arose from the Tanjung Bin Power Plant payments in relation to unscheduled outages at the plant.

(vii) Finance income

Our finance income decreased by 17.6% from RM161.0 million in the FYE 31 December 2013 to RM132.6 million in the FYE 31 December 2014. The decrease in finance income was mainly a result of the recognition of a charge of RM40.0 million due to the decline in the fair value of the RULS issued by our associate, KEV pursuant to MFRS 139.

(viii) Finance costs

Our finance costs increased by 8.4% from RM840.3 million in the FYE 31 December 2013 to RM911.2 million in the FYE 31 December 2014, mainly due to higher interest payments as a result of increased borrowings resulting from the consolidation of the results of our 50.0% participating interest in unincorporated joint venture that owns the Macarthur Wind Farm for all 12 months in 2014 compared to only six months in 2013.

(ix) Other non-operating income

We recognised other non-operating income of RM61.0 million in the FYE 31 December 2014 arising from fair valuation gains from the PD Power Acquisition because the net recognised amount of PD Power's assets acquired and liabilities assumed were higher than (i) the purchase price for the PD Power Acquisition and (ii) the carrying value of our existing 25% equity interest in PD Power. No other non-operating income was recognised in the FYE 31 December 2013.

(x) Share of profit of equity-accounted associates and a joint venture, net of tax

Our share of profit of equity-accounted associates and a joint venture, net of tax, decreased by 32.0% from RM61.2 million in the FYE 31 December 2013 to RM41.6 million in the FYE 31 December 2014. This decrease mainly reflected losses recorded by our associate, KEV, which were partially offset by higher contribution from our associate, Hidd Power. The losses recorded by KEV in the FYE 31 December 2014 were primarily due to operational issues at the Kapar Power Plant, although this was partially offset by additional profits of RM40.0 million from the deferral of interest payments on KEV's RULS.

(xi) PBT

As a result of the factors discussed above, our PBT increased substantially from RM84.1 million in the FYE 31 December 2013 to RM595.4 million in the FYE 31 December 2014. Our PBT margin increased from 1.8% in the FYE 31 December 2013 to 10.6% in the FYE 31 December 2014.

(xii) Income tax expense/benefit

In the FYE 31 December 2014, we incurred income tax expense of RM182.6 million, compared to income tax benefit of RM150.5 million in the FYE 31 December 2013. Our effective tax rate was 30.7%, compared to a statutory rate of 25%, and the difference between these rates was largely the result of non-deductible expenses of RM84.3 million, which were offset in part by the effects of deduction on C-Inspection costs of RM40.2 million and the effects of share of results of associates of RM10.4 million.

(xiii) Profit for the year

As a result of the factors discussed above, our net profit increased significantly from RM234.6 million in the FYE 31 December 2013 to RM412.8 million in the FYE 31 December 2014. Our PAT margin increased from 5.0% in the FYE 31 December 2013 to 7.4% in the FYE 31 December 2014.

12.2.7 Liquidity and capital resources

(i) Working capital

Our principal sources of liquidity are cash generated from our operations, cash and cash equivalents, credit extended by our suppliers and borrowings from financial institutions, including borrowings under project financing arrangements for our power plants. Following the Listing, we expect to use the same principal sources of liquidity. Our ability to rely on these sources of funding could be affected by our results of operations and financial position and by the conditions in the Malaysian and international financial markets.

As at 31 December 2014, we had cash and cash equivalents of RM3,574.9 million and total borrowings of RM18,227.5 million. Our cash and cash equivalents excluded other investments of RM321.5 million, which consisted of deposits with licensed banks and other licensed corporations that had original maturities exceeding three months. Our working capital, calculated as current assets minus current liabilities, was RM4,099.9 million as at 31 December 2014. Taking into consideration our funding requirements for our committed capital expenditure, expected funds to be generated from cash flows from operations, as well as our existing level of cash and cash equivalents and credit sources, our Board is of the opinion that we will have adequate working capital for at least 12 months from the date of this Prospectus.

(ii) Cash flows

The following table sets forth a summary of our cash flows for the years indicated:

	FYE 31 December		
	2012	2013	2014
	(RM in millions)		
Net cash from operating activities	2,042.4	1,636.6	2,702.0
Net cash used in investing activities	(3,132.5)	(1,426.7)	(856.2)
Net cash from/(used in) financing activities	2,189.5	(532.5)	(646.7)
Net increase/(decrease) in cash and cash equivalents	1,099.4	(322.6)	1,199.1
Cash and cash equivalents at beginning of the year	1,599.0	2,698.4	2,375.8
Cash and cash equivalents at end of the year	**2,698.4**	**2,375.8**	**3,574.9**

Most of our cash and cash equivalents are held in RM. Our Board is of the opinion that there are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to availability of distributable reserves and/or loans or advances and compliance with financial covenants. For further information on the significant covenants in respect of our borrowings, see note 15 of Section A of the Accountants' Report in Section 13 of this Prospectus.

(a) Net cash from operating activities

We had positive net cash flows from operating activities for the FYE 31 December 2012, 2013 and 2014.

Net cash from operating activities in the FYE 31 December 2012 was RM2,042.4 million, which consisted primarily of receipts from customers of RM5,928.7 million, offset by payments made to suppliers of RM3,491.2 million, payments made to employees of RM168.7 million and income tax paid of RM226.4 million.

Net cash from operating activities in the FYE 31 December 2013 decreased by 19.9% from RM2,042.4 million in the FYE 31 December 2012 to RM1,636.6 million, which consisted of receipts from customers of RM5,287.2 million, offset by payments made to suppliers of RM3,330.2 million, payments made to employees of RM167.5 million and income tax paid of RM152.9 million. The decrease in net cash from operating activities of RM405.8 million in the FYE 31 December 2013 compared to the FYE 31 December 2012 was primarily due to a reduction in gross profit margin in the FYE 31 December 2013 mainly resulting from the unscheduled outages at the Tanjung Bin Power Plant. This was partially offset by lower income tax paid of RM73.5 million in the FYE 31 December 2013 compared to the FYE 31 December 2012. In the FYE 31 December 2013, receipts from customers, payments made to suppliers and payments made to employees decreased by RM641.5 million, RM161.0 million and RM1.2 million, respectively, compared to the FYE 31 December 2012.

Net cash from operating activities in the FYE 31 December 2014 increased by 65.1% from RM1,636.6 million in the FYE 31 December 2013 to RM2,702.0 million, which consisted of receipts from customers of RM6,017.4 million, offset by payments made to suppliers of RM2,966.5 million, payments made to employees of RM198.1 million and income tax paid of RM150.8 million. The increase in net cash from operating activities of RM1,065.4 million in the FYE 31 December 2014 compared to the FYE 31 December 2013 was primarily due to improved performance of the Tanjung Bin Power Plant, higher finance lease income resulting from revenue recognised from the Macarthur Wind Farm for all 12 months in 2014 compared to only six months for the period in 2013, the consolidation of the results of operation of PD Power following the PD Power Acquisition and payment by TNB of billings for 13 months (November 2013 to November 2014) in 2014, compared to payment of billings for 12 months (November 2012 to October 2013) in 2013. In the FYE 31 December 2014, receipts from customers and payments made to employees increased by RM730.2 million and RM30.6 million, respectively, while payments made to suppliers decreased by RM363.7 million, each compared to the FYE 31 December 2013.

(b) Net cash used in investing activities

Net cash used in investing activities in the FYE 31 December 2012 was RM3,132.5 million, consisting primarily of acquisition of property, plant and equipment of RM1,978.3 million (of which RM1,816.3 million was attributed to the acquisition of plant and equipment for the construction and development of the Tanjung Bin Energy Power Plant), aggregate deposit placements with licensed banks and other licensed corporations that have original maturities exceeding three months amounting to RM968.8 million, investment in an associate that owns the Hidd IWPP of RM347.6 million and payment for the HICOM Power acquisition of RM76.7 million. These were partly offset by interest received of RM99.5 million, proceeds of RM74.6 million from the disposal of our entire interest in CEGCO, the owner of multi-fuel power plants in Jordan, and dividends received from our associates of RM62.9 million.

Net cash used in investing activities in the FYE 31 December 2013 was RM1,426.7 million, consisting primarily of acquisition of property, plant and equipment of RM2,535.0 million (of which RM1,977.1 million was attributable to the acquisition of plant and equipment for the construction and development of the Tanjung Bin Energy Power Plant) and payment for the acquisition of the Macarthur Wind Farm of RM360.2 million. These were partly offset by aggregate withdrawals from other investments consisting of deposits placed with licensed banks and other licensed corporations that have original maturities exceeding three months amounting to RM1,289.6 million, interest received of RM146.4 million and dividends received from our associates of RM54.4 million.

Net cash used in investing activities in the FYE 31 December 2014 was RM856.2 million, consisting primarily of acquisition of property, plant and equipment of RM1,614.6 million (of which RM1,379.5 million was attributable to the acquisition of plant and equipment for the construction and development of the Tanjung Bin Energy Power Plant) and payment for the PD Power Acquisition of RM153.5 million. These were partly offset by aggregate withdrawals from other investments consisting of deposits placed with licensed banks and other licensed corporations that have original maturities exceeding three months amounting to RM844.4 million, interest received of RM112.0 million and dividends received from our associates of RM20.0 million.

(c) Net cash from/(used in) financing activities

Net cash from financing activities in the FYE 31 December 2012 was RM2,189.5 million, consisting primarily of proceeds from borrowings of RM9,343.2 million, mainly for the construction and development of the Tanjung Bin Energy Power Plant, which were partially offset by repayment of borrowings of RM6,284.0 million, interest paid of RM644.3 million and dividends paid to our shareholders of RM184.4 million.

Net cash used in financing activities in the FYE 31 December 2013 was RM532.5 million, consisting primarily of repayment of borrowings of RM11,289.8 million and interest paid of RM923.5 million, which were partly offset by proceeds from borrowings of RM12,061.7 million, mainly to restructure and refinance the borrowings of our Company and our subsidiary, M Power.

Net cash from financing activities in the FYE 31 December 2014 was RM646.7 million, consisting primarily of proceeds from borrowings of RM1,559.2 million, mainly for the construction and development of the Tanjung Bin Energy Power Plant and to finance the PD Power Acquisition. This was partly offset by interest paid of RM965.7 million and repayment of borrowings of RM959.9 million.

(iii) Loans and borrowings

The table below sets forth our total outstanding loans and borrowings, all of which are interest-bearing, as at 31 December 2014. For further information on our capital management strategy to maintain an optimal debt-to-equity ratio that complies with our respective debt covenants, see note 30 of Section A of the Accountants' Report in Section 13 of this Prospectus.

	As at 31 December 2014		
Loans and borrowings	**RM (in millions, unless otherwise stated)**	**Issuer**	**Year of maturity**
Short-term debt			
Secured			
Al-Istisna bonds	64.9	PPSB	2015 - 2016
AUD term loan 2	13.7	WMFPL	2015 - 2030
RM term loan 1	1.3	M Utilities	2015 - 2024
RM term loan 2	155.0	PD Power	2015 - 2016
Sukuk medium term notes 2[(1)]	440.0	M Power	2015 - 2031
Sukuk Wakalah	50.0	TBOMB	2015 - 2029
USD term loan	9.4	Malakoff IL	2015 - 2017
Total short-term debt	734.3		
Long-term debt			
Secured			
Al-Istisna bonds	64.7	PPSB	2015 - 2016
AUD term loan 1	454.2	Malakoff IL	2016
AUD term loan 2	1,462.2	WMFPL	2015 - 2030
RM term loan 1	47.1	M Utilities	2015 - 2024
RM term loan 2	30.0	PD Power	2015 - 2016
Sukuk Ijarah medium term notes	3,581.1	TBP	2019 - 2029
Sukuk medium term notes 2[(1)]	3,884.4	M Power	2015 - 2031
Sukuk Wakalah	400.0	TBOMB	2015 - 2029
Senior Sukuk Murabahah	3,290.0	TBEI	2017 - 2032
Senior USD term loan	644.8	TBEI	2017 - 2022
Senior RM term loan	364.0	TBEI	2017 - 2024
USD term loan	286.4	Malakoff IL	2015 - 2017
Unsecured			
Junior equity bridge loan term loan	1,058.1	TBEI	2017
Subordinated loan notes	126.2	SEV, GB3, PPSB and TBP	2022 - 2032 2042
Junior Sukuk Musharakah[(1)]	1,800.0	Malakoff	
Total long-term debt	17,493.2		
Total loans and borrowings	**18,227.5**		
Gearing ratio (times)[(2)]	4.4		

Notes:

(1) Loans and borrowings incurred in connection with the Acquisition or refinancing thereof (including associated fees and expenses), refinancing of MB's debts, as well as for general working capital purposes.

(2) Calculated by dividing total loans and borrowings by total equity.

The table below sets forth our outstanding loans and borrowings by the currency in which they are denominated as of the date indicated:

Currency	As at 31 December 2014 (RM in millions)
RM	16,001.6
USD	(1)295.8
AUD	(2)1,930.1
Total loans and borrowings	**18,227.5**

Notes:

(1) Translated based on the exchange rate of USD1.00 to RM3.50 as at 31 December 2014.

(2) Translated based on the exchange rate of AUD1.00 to RM2.90 as at 31 December 2014.

We have not defaulted on payments of either interest or principal for any of our borrowings throughout the FYE 31 December 2012, 2013 and 2014. We are not in breach of any terms and conditions or covenants associated with credit arrangements or bank loans that can materially affect our financial position and results or business operations, or the investment by holders of our securities.

For information on the major encumbrances of our Group's properties, see Annexure B of this Prospectus.

The table below sets forth the maturity profile of our loans and borrowings, taking into account contractual interest rates and contractual cash flows based on undiscounted contractual payments, as of the date indicated. For further information on these financial liabilities, see note 15 of Section A of the Accountants' Report in Section 13 of this Prospectus.

	As at 31 December 2014 (RM in millions)
Within 1 year	734.3
1-2 years	747.1
2-5 years	4,537.1
More than 5 years	12,209.0
Total contractual cash flows for loans and borrowings	**18,227.5**

The table below sets forth the outstanding principal amounts of our loans and borrowings, by fixed and floating interest rate terms, as at 31 December 2014:

	As at 31 December 2014 (RM in millions)
Fixed rate	17,122.0
Floating rate	1,105.5
Total loans and borrowings	**18,227.5**

(iv) Capital expenditures

We incurred capital expenditures of RM1,978.3 million, RM2,535.0 million and RM1,614.6 million for the FYE 31 December 2012, 2013 and 2014, respectively, the breakdown of which is as follows:

	FYE 31 December		
	2012	**2013**	**2014**
		(RM in millions)	
Buildings	-	-	1.6
Asset under construction	1,834.2	1,994.4	1,375.9
Power plant	13.8	24.6	53.3
C-Inspection costs	85.5	470.3	158.4
Plant and machinery	33.7	5.3	6.7
Office equipment and furniture	5.4	27.2	12.5
Motor vehicles	1.0	2.7	1.2
Computers	4.7	10.5	5.0
Total capital expenditures	***1,978.3**	**2,535.0**	**1,614.6**

Note:

* *Including the acquisition of property, plant and equipment amounting to approximately RM222,000 pursuant to the asset sale agreement dated 18 October 2012 between HICOM Power and TBOMB for the acquisition of the entire business including all rights and assets (except certain excluded assets and liabilities as provided in the said agreement) of HICOM Power by TBOMB for a total cash consideration of RM575.0 million, which was completed on 17 December 2012.*

The majority of our capital expenditures during the past FYE 31 December 2012, 2013 and 2014 is related to our power plants, in particular for the construction and development of the Tanjung Bin Energy Power Plant that began in 2012, and C-Inspection costs.

Our actual capital expenditures may vary from projected amounts due to various factors, including changes in market conditions, our ability to generate sufficient cash flows from operations, our ability to obtain adequate financing for these planned capital expenditures, demand for our products and services, governmental policies regarding the industries in which we operate and the condition of the Malaysian and the global economy. In addition, our planned capital expenditures do not include any expenditure for potential acquisitions or investments that we may evaluate from time to time.

We expect to meet our capital expenditure requirements through our cash and cash equivalents on hand, cash generated from future operations and/or financing activities (including project financing). Our ability to obtain financing and to make timely repayments of our debt obligations are subject to various uncertainties, including our future results of operations, financial condition and cash flows, the condition of the Malaysian and the global economy and the markets for our products and services, the cost of financing, the condition of financial markets and the willingness of banks to provide financing facilities to us.

(v) Material commitments

We have material commitments of RM1,754.9 million as at 31 December 2014. These commitments consist of the following:

Material commitments	As at 31 December 2014 (RM in millions)
Plant and equipment	
Commitments authorised and contracted for	1,297.4
Commitments authorised but not contracted for	457.5
Total	**1,754.9**

The majority of our capital commitments as at 31 December 2014 were related to the construction and development of the Tanjung Bin Energy Power Plant, which we have made capital expenditures of RM1.4 billion in the FYE 31 December 2014.

We expect to make capital expenditures of approximately RM1.2 billion in 2015. We intend to meet our material commitments through our cash and cash equivalents on hand, cash generated from future operations and/or financing activities (including project financing).

Except as disclosed above, as at 31 December 2014, our Board confirms that there are no material capital commitments incurred or known to be incurred by us that have not been provided for which, upon becoming enforceable, may have a material impact on our financial results or financial position.

(vi) Material divestitures

Save for the disposal of our 12.75% interest in CEGCO for a cash consideration of RM74.6 million during the FYE 31 December 2012, there has not been any material divestiture undertaken by us for the FYE 31 December 2012, 2013 and 2014, and up to the Latest Practicable Date.

As at the Latest Practicable Date, we do not have any uncompleted material divestiture.

(vii) Material litigation or arbitration proceedings

As at the Latest Practicable Date, our Board confirms that there are no pending material litigation or arbitration proceedings that, upon becoming enforceable, may have a material adverse impact on our financial performance and position other than the proceedings disclosed in Section 15.5 of this Prospectus. For a description of these proceedings, see Section 15.5 of this Prospectus.

(viii) Contingent liabilities

As at 31 December 2014, we had contingencies consisting of secured guarantees of RM368.2 million, which mainly consisted of guarantees for performance bonds, importation of spare parts and security deposits for projects, including an RM108.0 million performance bond in favour of TNB payable for, among other contingencies, a delay in achieving the scheduled COD of 2016 for the Tanjung Bin Energy Power Plant.

As at 31 December 2014, our Board confirms that there are no pending contingent liabilities that, upon becoming enforceable, may have a material adverse impact on our financial performance and position other than those related to the proceedings disclosed in Section 15.5 of this Prospectus. For a description of these proceedings, see Section 15.5 of this Prospectus and note 32 of Section A of the Accountant's Report included in Section 13 of this Prospectus.

(ix) Key financial ratios

The following table sets forth certain of our key financial ratios as of the dates indicated:

	As at 31 December		
	2012	**2013**	**2014**
Trade receivables (RM in millions)[1]	984.8	694.3	544.5
Trade receivables turnover days[2]	64.3	53.7	35.5
Trade payables (RM in millions)[3]	340.1	223.2	407.2
Trade payables turnover days[4]	30.7	23.3	37.6
Current ratio (times)[5]	2.9	2.8	3.2
Gearing ratio (times)[6]	3.7	4.2	4.4

Notes:

(1) *Trade receivables reflect primarily outstanding amounts receivable from TNB under the PPAs, after impairment of trade receivables.*

(2) *Trade receivables multiplied by 365 days over total revenue for the respective years indicated.*

(3) *Trade payables reflect primarily outstanding amounts payable to suppliers of fuel.*

(4) *Trade payables multiplied by 365 days over total cost of sales for the respective years indicated.*

(5) *Calculated by dividing current assets by current liabilities as of the dates indicated.*

(6) *Calculated by dividing total loans and borrowings by total equity.*

(a) Trade receivables turnover days

Our trade receivables consist primarily of amounts receivable from TNB under the PPAs of our subsidiaries in Malaysia. The normal credit term provided to TNB is 30 days from the date of TNB's receipt of our invoices. There are typically no significant changes to our trade receivables turnover days as substantially all our receivables are due from a single customer, TNB. The decrease in our trade receivables turnover days as at 31 December 2013 compared to 31 December 2012 was mainly due to lower payments received from the Tanjung Bin Power Plant due to an ongoing dispute with TNB in relation to unscheduled outages at the plant. The decrease in our trade receivables turnover days as at 31 December 2014 compared to 31 December 2013 was mainly due to a significant decrease in our trade receivables as at 31 December 2014 because we received payment from TNB of a significant portion of our billings for November 2014 in December 2014, compared to the prior year, when we received payment of our TNB billings for November 2013 in January 2014.

The ageing analysis for trade receivables as at 31 December 2014 is as follows:

		Past due			
	Current	1-30 days	31-120 days	More than 120 days	Total
	(RM in millions, except percentages)				
Trade receivables	532.3	7.4	4.4	361.0	905.1
Impairment of trade receivables	-	-	-	(360.6)	(360.6)
Trade receivables (net)	**532.3**	**7.4**	**4.4**	**0.4**	**544.5**
% of our total trade receivables (net)	97.8	1.4	0.8	*	100.0

Note:

* *Less than 0.1%*

The impairment of trade receivables overdue for more than 120 days as at 31 December 2014 of RM360.6 million relate mainly to trade receivables that are being disputed by TNB in 2013 and 2014. The disputed amounts primarily arose from capacity payments and energy payments of RM207.4 million in respect of the Tanjung Bin Power Plant and RM92.7 million in respect of the Port Dickson Power Plant. For further information on the disputes relating to the Port Dickson Power Plant, see Section 15.5(i) of this Prospectus. The disputed amounts disclosed in Section 15.5(i) of this Prospectus was for the period from February 1999 to August 2013 and is therefore lower than the disputed amounts recorded as impaired trade receivables overdue for more than 120 days as at 31 December 2014.

(b) Trade payables turnover days

Our trade payables consist primarily of amounts due to fuel suppliers, such as PETRONAS and TFS. Our credit period for trade payables generally ranges from 30 to 60 days. Our trade payables turnover days were lower in 2013 compared to 2012, primarily due to lower fuel purchases, mainly as a result of lower utilisation of our coal-fired Tanjung Bin Power Plant as a result of the unscheduled outages at the plant. Our trade payables turnover days were higher as at 31 December 2014 compared to 31 December 2013, primarily due to higher fuel purchases, which mainly resulted from higher utilisation of our coal-fired Tanjung Bin Power Plant following the completion in March 2014 of its recovery programme that was implemented beginning in July 2013 and our consolidation of the results of operation of PD Power after the PD Power Acquisition.

(c) Current ratio and gearing ratio

Our current ratio decreased from 2.9 times as at 31 December 2012 to 2.8 times as at 31 December 2013, primarily because our cash and cash equivalents decreased significantly. The decrease in our cash and cash equivalents was primarily due to repayments of borrowings and lower capacity payments from the Tanjung Bin Power Plant, as well as acquisition of power plant equipment and higher interest payments. Our current ratio increased from 2.8 times as at 31 December 2013 to 3.2 times as at 31 December 2014, primarily because our cash and cash equivalents increased significantly due to higher capacity payments from Tanjung Bin Power Plant.

Our gearing ratio increased significantly from 3.7 times as at 31 December 2012, to 4.2 times as at 31 December 2013 and to 4.4 times as at 31 December 2014, as our total loans and borrowings increased in comparison to our total equity. The increase in our gearing ratio as at 31 December 2013 was mainly due to a significant increase in our total borrowings primarily resulting from our consolidation of the results of our 50.0% participating interest in the unincorporated joint venture that owns the Macarthur Wind Farm.

12.2.8 Financial risk management

We are exposed to certain financial risks that arise in our normal course of business. The objective of our financial risk management is to minimise potential adverse effects from the unpredictability of financial markets on our financial performance. We use relevant financial instruments to hedge our exposure to such risk, including interest rate and foreign currency forward contracts.

Our Board has overall responsibility for the oversight of financial risk management, including the identification of operational and strategic risks, and subsequent action plans to manage these risks. Our management is responsible for identifying, monitoring and managing our risk exposures.

The financial risks that we manage are summarised below.

(i) Foreign currency risk

We are exposed to foreign currency risk as a result of transactions entered into in currencies other than the functional currencies of the companies in our Group. Our exposure primarily consists of borrowings and, to a significantly lesser extent, trade and other payables. As at 31 December 2014, our borrowings are primarily in RM and AUD, with a smaller amount in USD. We generally match the currency in which the funding is required and in which revenues are generated for repayment. We have hedging instruments to manage our foreign currency exposures with respect to most of our outstanding debt facilities denominated in USD.

(ii) Interest rate risk

Most of our borrowings have been secured at fixed interest rates, at both our subsidiary and holding company levels, and are measured at amortised cost. As a result, we do not believe that our exposure to interest rate risk is significant.

As at 31 December 2014, our exposure to interest rate risk arises predominantly from acquisition financing linked to variable interest rates. We have entered into interest rate swaps to hedge against fluctuations in interest rates. Our interest rate exposure is monitored and managed by our treasury department. As at 31 December 2014, our floating rate loans and borrowings were RM1,105.5 million or 6.1% of our total loans and borrowings.

(iii) Commodity price risk

While we purchase substantial amounts of commodities, primarily fuel for our power plants, we believe we are exposed to limited levels of commodity price risk because under the PPAs for our power plants, our cost of fuel is generally passed onto TNB.

(iv) Liquidity and cash flow risks

We maintain sufficient levels of cash and cash equivalents to meet our operational and working capital needs by closely monitoring both the rolling forecasts and actual cash flows. We also have access to credit facilities maintained with a number of financial institutions to meet our liquidity requirements.

We seek to ensure that all our subsidiaries maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities. We aim to achieve this through efficient working capital management related to, for example, accounts receivable and accounts payable, that enables us to convert our current assets into cash to meet all obligations for payment as and when they become due.

(v) Capital risk

Our primary objective when managing capital is to ensure that we maintain healthy capital ratios to support our business and maximise shareholders' value. In order to maintain or adjust the capital structure, we may adjust the amount of dividends paid to our shareholders, return capital to shareholders or issue new shares.

(vi) Credit risk

Our exposure to credit risk arises principally from our receivables from customers and our investment debt securities. Our trade receivables consist primarily of amounts receivable from TNB under the PPAs of our subsidiaries in Malaysia. We have credit policies in place, and our exposure to credit risk is monitored on an ongoing basis. Permissible investments are limited to liquid securities with counterparties that have a credit rating equal to or better than our Group.

12.2.9 Treasury policies and objectives

Our treasury policy is to maintain sufficient working capital to finance our operations and meet our anticipated commitments arising from operational expenditure and financial liabilities by maintaining adequate liquidity and credit facilities.

We manage our liquidity to ensure access to sufficient funding at acceptable costs to meet our business needs and financial obligations throughout our business cycles. Our liquidity and funding plans are designed to meet our funding requirements under normal and stress scenarios, which include primarily purchases of fuel and raw materials, payroll, principal payments on outstanding borrowings, dividends, and general obligations such as operating expenses, collateral deposits held or collateral posted to counterparties. We have historically relied on cash generated from our business operations and external unsecured and secured sources, including credit extended by our suppliers, bankers' acceptances, term loans, revolving credits and other borrowings from financial institutions. Our funding policy is to obtain the most suitable type of financing and favourable cost of funding as our financing needs arise.

Most of our cash and cash equivalents are held in RM and a substantial majority of our borrowings are denominated in RM. However, we also enter into transactions in currencies other than RM, which consist primarily of purchases of specialty parts, components and equipment from overseas suppliers, primarily in AUD, USD, EUR and CHF, and overseas investments, primarily in AUD and USD. From time to time, we use hedging instruments to manage our foreign exchange exposures to mitigate adverse effects on our business margins. Our Board reviews our foreign currency risk and strategies as needed to mitigate adverse impacts that may result from fluctuations in foreign currency exchange rates.

12.2.10 Inflation

We do not believe that inflation has had a material impact on our business, financial condition or results of operations for the year presented, and our PPAs include scheduled escalations in relation to operating rates. However, inflation may affect our financial performance by increasing certain of our operating expenses, including expenses relating to labour costs, administrative expenses and other operating expenses. Any increase in the inflation rate beyond levels experienced in the past may affect our operations and financial performance if we are unable to fully offset higher costs through increased revenues.

12.2.11 Seasonality

We do not believe that seasonality has had a material impact on our business, financial condition or results of operations.

12.2.12 Government/economic/fiscal/monetary policies

We are incorporated in Malaysia, and historically, we have derived, and continue to derive, the majority of our revenues and operating profits from Malaysia.

In Peninsular Malaysia, each IPP sells the power that it generates to TNB pursuant to a long-term PPA. Currently, there are three generations of PPAs. With each successive generation of PPAs, IPPs are coming under increasing pressure to provide more competitively priced tariffs. In addition, to the extent PPAs are renewed or extended, they may be for shorter periods than current renewals or extensions.

In addition, the Malaysian power generation industry is impacted by governmental regulations, policies and strategies. Under the Electricity Supply Act, a licence is required for the operation of any power generation installation and its associated facilities, any transmission and/or interconnection facilities and the supply and sale of electrical energy to TNB and/or to any other person permitted by the Energy Commission. The operation and maintenance of the power plants owned by our subsidiaries and associate and the sale of power that is generated by these power plants to TNB are dependent on a licence granted by the Energy Commission. In addition, our electricity and chilled water distribution business relies on a licence granted by the Energy Commission to supply electricity to buildings in the Kuala Lumpur Sentral Development. Malaysia's National Energy Policy, together with its fuel diversification strategy, have resulted in a reduced dependency on oil and increased use of natural gas, coal and other fuels, including renewable energy. In order to improve national power generation capacity, the Government seeks to diversify alternative fuel sources, particularly through the increased use of hydropower and the importation of coal and LNG. In addition, the Government has approved additional power generation capacity, such as the construction of the Tanjung Bin Energy Power Plant.

Further, our subsidiaries in Malaysia that own power plants presently enjoy import duty and sales tax exemptions on qualifying equipment that are imported and locally sourced. This qualifying equipment includes equipment and machinery directly used in power generation.

We are engaged in the renewable energy business in Australia. Through our indirect wholly-owned subsidiary, we hold a participating interest in the unincorporated joint venture that owns the Macarthur Wind Farm. The growth of the power industry in Australia in general, and renewable energy in particular, is impacted by population growth, economic development (which has primarily been driven by domestic demand and expansion in the manufacturing and construction industries), industrial development (including construction of LNG projects) and government policies and initiatives on the use of renewable energy (in particular, those that promote the uptake of renewable energy in Australia). Development of wind projects are further impacted by local community acceptance, including potential objections on the basis of noise disturbances and environmental threats to wildlife.

We are also engaged in the international water production and power generation business in the MENA region through our interests in our associates and a joint venture, whose results of operations affect our profitability. Due to increasing population numbers and increased energy and water demand as a result of improving living standards after the mid-1990s, governments in the MENA region have increasingly turned to IWPPs and IWPs. Under the current model, the government identifies the need for a new plant and invites private sector developers to bid for the right to finance, build and operate the plant. Once the plant is completed, the private sector continues to operate and manage the plant, although the water produced and power generated by this plant are sold to the government through a PWPA in the case of power and water and through a WPA in the case of water.

As a result, changes in political, economic, fiscal and monetary conditions in Malaysia and the global markets generally could materially and adversely affect our business, financial condition, results of operations and future growth. For further information on the risks relating to government, economic, fiscal or monetary policies or factors that may materially affect our operations, see Section 5 of this Prospectus.

12.2.13 Order book

Due to the nature of our business, we do not maintain an order book. For further information on our business, see Section 7 of this Prospectus.

12.2.14 Prospects

The results of our operations for the year ending 31 December 2015 are expected to be primarily influenced by the following factors, in addition to the factors included in Sections 5 and 12.2.2 of this Prospectus.

- our ability to maintain our current operations and grow our revenues;
- the condition of the Malaysian and the global economy and expectations of economic recovery;
- our ability to manage our operating costs; and
- impact of the incurrence of indebtedness, including as a result of any change in interest charges on the indebtedness.

Except as disclosed above and in Sections 5 and 12.2.2 of this Prospectus, our Board confirms that there are no other known trends, factors, demands, commitments, events or uncertainties that are reasonably likely to have a material effect on our financial condition and results of operations, and our Board expects our performance for the FYE 31 December 2015 to be satisfactory.

12.3 CAPITALISATION AND INDEBTEDNESS

The table below presents our Group's capitalisation and long-term indebtedness as at 31 December 2014 based on our latest available actual historical consolidated financial statements and based on the unaudited pro forma consolidated statement of financial position as at 31 December 2014, on the assumption that the following transactions had been effected on 31 December 2014:

(i) payment of the final single-tier ordinary dividend of RM100.0 million declared in respect of the FYE 31 December 2014 which was declared by our Board on 6 February 2015 and subsequently paid to our ordinary shareholders on 5 March 2015 ("**Final Dividend**");

(ii) Pre-IPO Exercise; and

(iii) IPO, Listing and the utilisation of proceeds arising from the Public Issue as set out in Section 4.8 of this Prospectus ("**Utilisation**").

The following information should be read in conjunction with the Reporting Accountants' Report on the Unaudited Pro Forma Consolidated Financial Statements and the Accountants' Report set out in Sections 12.7 and 13 of this Prospectus, respectively.

The pro forma financial information below does not represent our actual capitalisation and long-term indebtedness as at 31 December 2014 and is provided for illustrative purposes only. The total long-term indebtedness of our Group is not guaranteed by any third-party.

	Historical	Pro Forma I	Pro Forma II	Pro Forma III
	As at 31 December 2014[1]	After the Final Dividend	After Pro Forma I and the Pre-IPO Exercise	After Pro Forma II, our IPO, the Listing and Utilisation[2]
	(RM in millions)			
Long-term debt, excluding current portion				
Secured				
- Al-Istisna bonds	64.7	64.7	64.7	64.7
- AUD term loan 1	454.2	454.2	454.2	454.2
- AUD term loan 2	1,462.2	1,462.2	1,462.2	1,462.2
- RM term loan 1	47.1	47.1	47.1	47.1
- RM term loan 2	30.0	30.0	30.0	30.0
- Sukuk Ijarah medium term notes	3,581.1	3,581.1	3,581.1	3,581.1
- Sukuk medium term notes 2	3,884.4	3,884.4	3,884.4	3,884.4
- Sukuk Wakalah	400.0	400.0	400.0	400.0
- Senior Sukuk Murabahah	3,290.0	3,290.0	3,290.0	3,290.0
- Senior USD term loan	644.8	644.8	644.8	644.8
- Senior RM term loan	364.0	364.0	364.0	364.0
- USD term loans	286.4	286.4	286.4	286.4
Unsecured				
- Junior equity bridge loan term loan	1,058.1	1,058.1	1,058.1	1,058.1
- Subordinated loan notes	126.2	126.2	126.2	126.2
- Junior Sukuk Musharakah	1,800.0	1,800.0	1,800.0	-
	17,493.2	**17,493.2**	**17,493.2**	**15,693.2**
Total shareholders' equity	3,963.6	3,863.6	3,863.6	5,616.9
Non-controlling interest	213.0	213.0	213.0	213.0
Total equity	**4,176.6**	**4,076.6**	**4,076.6**	**5,829.9**
Total capitalisation[3]	**21,669.8**	**21,569.8**	**21,569.8**	**21,523.1**

Notes:

(1) *Extracted from the Accountants' Report in Section 13 of this Prospectus.*

(2) *Refers to the utilisation of proceeds arising from the Public Issue as set out in Section 4.8 of this Prospectus.*

(3) *Computed based on total long-term debt, excluding current portion plus total equity.*

12.4 SELECTED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

The selected pro forma consolidated statement of financial position data has been derived from the Unaudited Pro Forma Consolidated Financial Statements set out in Section 12.7 of this Prospectus, using historical financial statements that were prepared in accordance with MFRS and IFRS, and in a manner consistent with both the format of the financial statements and the accounting policies of our Group, except as disclosed in Section 12.7 of this Prospectus.

The selected pro forma consolidated statement of financial position data as at 31 December 2014 has been prepared for illustrative purposes only to show the effects on our historical consolidated statement of financial position as at 31 December 2014, on the assumption that the following transactions had been effected on 31 December 2014:

(i) payment of the Final Dividend (as defined in Section 12.3 of this Prospectus);

(ii) Pre-IPO Exercise; and

(iii) IPO, Listing and the Utilisation (as defined in Section 12.3 of this Prospectus).

The selected pro forma consolidated statement of financial position data should be read in conjunction with the Reporting Accountants' Report on the Unaudited Pro Forma Consolidated Financial Statements as set out in Section 12.7 of this Prospectus.

The selected pro forma consolidated statement of financial position data is not necessarily indicative of the financial position that would have been attained had the abovementioned transactions actually occurred on 31 December 2014. The selected pro forma consolidated statement of financial position data has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the actual financial position of our Group.

	Historical	Pro Forma I	Pro Forma II	Pro Forma III
	As at 31 December 2014	After the Final Dividend	After Pro Forma I and the Pre-IPO Exercise	After Pro Forma II, our IPO, Listing and Utilisation
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
NON-CURRENT ASSETS				
Property, plant and equipment	14,323,952	14,323,952	14,323,952	14,323,952
Intangible assets	4,704,227	4,704,227	4,704,227	4,704,227
Prepaid lease payments	70,331	70,331	70,331	70,331
Investment in associates	1,203,319	1,203,319	1,203,319	1,203,319
Investment in an equity-accounted joint venture	57,885	57,885	57,885	57,885
Finance lease receivable	1,990,974	1,990,974	1,990,974	1,990,974
Derivative financial assets	99,147	99,147	99,147	99,147
Other receivables	114,793	114,793	114,793	114,793
Deferred tax assets	779,849	779,849	779,849	779,849
TOTAL NON-CURRENT ASSETS	**23,344,477**	**23,344,477**	**23,344,477**	**23,344,477**

12. FINANCIAL INFORMATION *(Cont'd)*

	Historical	Pro Forma I	Pro Forma II	Pro Forma III
	As at 31 December 2014	After the Final Dividend	After Pro Forma I and the Pre-IPO Exercise	After Pro Forma II, our IPO, Listing and Utilisation
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
CURRENT ASSETS				
Trade and other receivables	1,304,283	1,304,283	1,304,283	1,304,283
Inventories	518,434	518,434	518,434	518,434
Current tax assets	272,469	272,469	272,469	272,469
Other investments	321,509	321,509	321,509	321,509
Cash and cash equivalents	3,574,900	3,474,900	3,474,900	3,428,136
TOTAL CURRENT ASSETS	**5,991,595**	**5,891,595**	**5,891,595**	**5,844,831**
TOTAL ASSETS	**29,336,072**	**29,236,072**	**29,236,072**	**29,189,308**
EQUITY				
Share capital	355,523	355,523	400,000	500,000
Share premium	3,575,837	3,575,837	3,531,360	5,190,040
Reserves	61,274	61,274	61,274	61,274
Accumulated losses	(28,985)	(128,985)	(128,985)	(134,429)
Equity attributable to owners of our Company	3,963,649	3,863,649	3,863,649	5,616,885
Non-controlling interests	212,967	212,967	212,967	212,967
TOTAL EQUITY	**4,176,616**	**4,076,616**	**4,076,616**	**5,829,852**
NON-CURRENT LIABILITIES				
Loans and borrowings	17,493,217	17,493,217	17,493,217	15,693,217
Employee benefits	74,907	74,907	74,907	74,907
Deferred income	2,811,196	2,811,196	2,811,196	2,811,196
Deferred tax liabilities	2,721,062	2,721,062	2,721,062	2,721,062
Derivative financial liabilities	167,338	167,338	167,338	167,338
TOTAL NON-CURRENT LIABILITES	**23,267,720**	**23,267,720**	**23,267,720**	**21,467,720**
CURRENT LIABILITIES				
Trade and other payables	975,514	975,514	975,514	975,514
Current tax liabilities	23,872	23,872	23,872	23,872
Loans and borrowings	734,262	734,262	734,262	734,262
Derivative financial liabilities	27,704	27,704	27,704	27,704
Deferred income	130,384	130,384	130,384	130,384
TOTAL CURRENT LIABILITIES	**1,891,736**	**1,891,736**	**1,891,736**	**1,891,736**
TOTAL LIABILITIES	**25,159,456**	**25,159,456**	**25,159,456**	**23,359,456**
TOTAL EQUITY AND LIABILITIES	**29,336,072**	**29,236,072**	**29,236,072**	**29,189,308**
NA per ordinary share (RM)	11.89	11.60	1.02	1.17
Gearing ratio (times)[1]	4.4	4.5	4.5	2.8

Note:

(1) Calculated by dividing total loans and borrowings by total equity.

12.5 SELECTED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME DATA

The selected pro forma consolidated statement of profit or loss and other comprehensive income data has been derived from the Unaudited Pro Forma Consolidated Financial Statements set out in Section 12.7 of this Prospectus, using historical financial statements that were prepared in accordance with MFRS and IFRS, and in a manner consistent with both the format of the financial statements and the accounting policies of our Group, except as disclosed in Section 12.7 of this Prospectus.

The selected pro forma consolidated statement of profit or loss and other comprehensive income data for the FYE 31 December 2014 has been prepared for illustrative purposes only to show the effects on our historical consolidated statement of profit or loss and other comprehensive income for the FYE 31 December 2014, on the assumption that the PD Power Acquisition, as well as the charge of the estimated fees and expenses for our IPO and the Listing had been effected on 1 January 2014.

The selected pro forma consolidated statement of profit or loss and other comprehensive income data should be read in conjunction with the Reporting Accountants' Report on the Unaudited Pro Forma Consolidated Financial Statements as set out in Section 12.7 of this Prospectus.

The selected pro forma consolidated statement of profit or loss and other comprehensive income data is not necessarily indicative of the future financial results that would have been attained had the PD Power Acquisition and the IPO actually occurred on 1 January 2014. The selected pro forma consolidated statement of profit or loss and other comprehensive income data has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the actual results of our Group.

	Pro Forma FYE 31 December 2014 (RM'000)
Revenue	5,719,608
Cost of sales	(4,021,966)
Gross profit	1,697,642
Other income	95,315
Administrative expenses	(249,678)
Other operating expenses	(275,281)
Results from operating activities	**1,267,998**
Finance income	133,883
Finance costs	(911,957)
Net finance costs	**(778,074)**
Other non-operating income	60,979
Share of profit of equity-accounted associates and a joint venture, net of tax	32,038
PBT	**582,941**
Income tax expense	(188,085)
Profit for the year	**394,856**
Other comprehensive expense, net of tax	
Items that will not be reclassified subsequently to profit or loss	
Remeasurement of defined benefit liability	413
Items that may be reclassified subsequently to profit or loss	
Cash flow hedge	(78,095)
Share of loss on hedging reserve of equity-accounted associates	(22,608)
Foreign currency translation differences for foreign operations	5,166
	(95,537)
Other comprehensive expense for the year	**(95,124)**
Total comprehensive income for the year	**299,732**

12.6 SELECTED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS DATA

The selected pro forma consolidated statement of cash flows data has been derived from the Unaudited Pro Forma Consolidated Financial Statements set out in Section 12.7 of this Prospectus, using historical financial statements that were prepared in accordance with MFRS and IFRS, and in a manner consistent with both the format of the financial statements and the accounting policies of our Group, except as disclosed in Section 12.7 of this Prospectus.

The selected pro forma consolidated statement of cash flows data for the FYE 31 December 2014 has been prepared for illustrative purposes only to show the effects on our historical consolidated statement of cash flows for the FYE 31 December 2014, on the assumption that the following transactions had been effected on 1 January 2014:

(i) PD Power Acquisition;

(ii) payment of the Final Dividend (as defined in Section 12.3 of this Prospectus); and

(iii) IPO, Listing and the Utilisation (as defined in Section 12.3 of this Prospectus).

The selected pro forma consolidated statement of cash flows data should be read in conjunction with the Reporting Accountants' Report on the Unaudited Pro Forma Consolidated Financial Statements as set out in Section 12.7 of this Prospectus.

The selected pro forma consolidated statement of cash flows data is not necessarily indicative of the future cash flows of the operations that would have been attained had the abovementioned transactions actually occurred on 1 January 2014. The selected pro forma consolidated statement of cash flows data has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the actual cash flows of our Group.

	Pro Forma FYE 31 December 2014 (RM'000)
Cash flows from operating activities	
PBT	589,462
Adjustments for:	
Amortisation of prepaid lease payments	4,344
Amortisation of intangible assets	511,742
Amortisation of transaction costs of hedging instruments	12,146
Depreciation of property, plant and equipment	563,465
Finance costs	912,112
Gain arising from change in fair value of derivative instruments	(5,891)
Impairment loss on trade receivables	48,973
Interest income	(133,884)
Loss on disposal of property, plant and equipment	2,622
Property, plant and equipment written off	20,897
Expenses related to retirement benefit plans	18,219
Reversal of impairment loss on trade receivables	(3,295)
Share of profit of equity-accounted associates and a joint venture entity, net of tax	(32,038)
	2,508,874
Changes in:	
Inventories	(13,540)
Trade and other receivables	26,592
Trade and other payables	127,006
Deferred income	273,095
Employee benefits	(4,484)
Cash generated from operation	**2,917,543**
Income taxes paid	(166,835)
Net cash from operating activities	**2,750,708**

12. FINANCIAL INFORMATION *(Cont'd)*

	Pro Forma FYE 31 December 2014 (RM'000)
Cash flows from investing activities	
Acquisition of property, plant and equipment	(1,616,686)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(200,500)
Decrease in other investments	844,445
Dividends received from associates	19,975
Interest received	113,193
Increase in investment in associates	(36,755)
Proceeds from disposal of property, plant and equipment	215
Proceeds from redemption of unsecured loan stocks	29,682
Redemption of unsecured loan stocks	(57,625)
Net cash used in investing activities	**(904,056)**
Cash flows from financing activties	
Dividends paid to the owners of our Company	(298,500)
Dividends paid to non-controlling interests	(81,750)
Interest paid	(966,594)
Proceeds from issuance of shares	1,800,000
Payment of listing expenses	(46,764)
Repayment of borrowings	(2,759,930)
Proceeds from borrowings	1,559,239
Net cash (used in)/ from financing activities	**(794,299)**
Net increase in cash and cash equivalents	**1,052,353**
Cash and cash equivalents at beginning of the year	**2,375,783**
Cash and cash equivalents at end of the year	**3,428,136**

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12.7 REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

KPMG

KPMG (Firm No. AF 0758)
Chartered Accountants
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The Board of Directors
Malakoff Corporation Berhad
Level 12, Block 4
Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur

3 April 2015

Dear Sirs

Malakoff Corporation Berhad ("Malakoff" or "Company")
Report on the compilation of unaudited pro forma consolidated financial statements in relation to the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad

We have completed our assurance engagement to report on the compilation of unaudited pro forma consolidated financial statements of Malakoff Corporation Berhad and its subsidiaries ("Group") prepared by the Board of Directors of the Company. The unaudited pro forma consolidated financial statements of Malakoff consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2014, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2014, and the related notes as set out in Appendix 1 (which we have stamped for purpose of identification), which is included in this Section 12.7 of the Prospectus of the Company. The applicable criteria on the basis of which the Board of Directors of the Company has compiled the unaudited pro forma consolidated financial statements are specified in the notes thereon in accordance with the requirement of the *Prospectus Guidelines* issued by Securities Commission Malaysia ("Prospectus Guidelines").

The unaudited pro forma consolidated financial statements has been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions as set out in Notes 3, 4, 5 and 6 in Appendix 1 to the unaudited pro forma consolidated financial statements on the Group's financial position as at 31 December 2014 and financial performance and cash flows for the year ended 31 December 2014 as if the events or transactions had taken place as at 1 January 2014. As part of this process, statements about the Group's financial position, financial performance and cash flows have been extracted by the Board of Directors of the Company from the financial statements of the Group for the year ended 31 December 2014 on which an audit report has been issued.

Directors' Responsibilities for the Unaudited Pro forma Consolidated Financial Statements

The Board of Directors of the Company is responsible for compiling the unaudited pro forma consolidated financial statements on the basis set out in Note 2 in Appendix 1, to the unaudited pro forma consolidated financial statements as required under the Prospectus Guidelines.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the unaudited pro forma consolidated financial statements has been compiled, in all material respects, by the Board of Directors of the Company on the basis set out in Note 2 in Appendix 1.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus,* issued by the Malaysian Institute of Accountants. This standard requires us to comply with ethical requirements and plans and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the unaudited pro forma consolidated financial statements on the basis set out in Note 2 in Appendix 1.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions made on any historical financial statements used in compiling the unaudited pro forma consolidated financial statements, nor have we, in the course of this engagement, performed an audit or review of the financial statements used in compiling the unaudited pro forma consolidated financial statements.

The purpose of unaudited pro forma consolidated financial statements included in a prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial statements of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for the purpose of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma consolidated financial statements has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the unaudited pro forma consolidated financial statements provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma consolidated financial statements reflects the proper application of those adjustments to the unadjusted financial statements.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma consolidated financial statements has been compiled, and other relevant engagement circumstances.

Reporting Accountants' Responsibilities (continued)

Our procedures on the unaudited pro forma consolidated financial statements have not been carried out in accordance with attestation standards and practices generally accepted in the United States of America, and accordingly, should not be relied on as if they had been carried out in accordance with those standards.

The engagement also involves evaluating the overall presentation of the unaudited pro forma consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Opinion

In our opinion,

(a) the unaudited pro forma consolidated financial statements has been properly compiled, in all material respects, on the basis set out in Note 2 in Appendix 1 using the historical financial statements prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies of the Company, and, where appropriate, of its subsidiaries; and

(b) each material adjustment made to the statements used in the preparation of the unaudited pro forma consolidated financial statements is appropriate for the purpose of preparing the unaudited pro forma consolidated financial statements.

Other Matters

Our report on the unaudited pro forma consolidated financial statements has been prepared solely for inclusion in the Prospectus of the Company in connection with the listing of the shares of the Company on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon or used for any other purposes.

Yours faithfully

KPMG
Firm Number: AF 0758
Chartered Accountants

Muhammad Azman Bin Che Ani
Approval Number: 2922/04/16(J)
Chartered Accountant

Appendix 1

MALAKOFF CORPORATION BERHAD
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

1. INTRODUCTION

The Unaudited Pro Forma Financial Statements should be read in conjunction with the historical financial statements of Malakoff Corporation Berhad ("Malakoff" or the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2014, which are set out in Section 12 of the Prospectus of the Company dated 17 April 2015 ("Prospectus").

The Unaudited Pro Forma Financial Statements has been prepared for inclusion in the Prospectus in connection with the initial public offering ("IPO") of ordinary shares of the Company and listing of and quotation for the entire enlarged issued and paid up share capital of Malakoff on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

The Company is a limited liability company incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business	**Registered office**
Level 12, Block 4	Level 12, Block 4
Plaza Sentral	Plaza Sentral
Jalan Stesen Sentral 5	Jalan Stesen Sentral 5
50470 Kuala Lumpur	50470 Kuala Lumpur

Malakoff's principal activity is to carry on the business of an investment holding company whilst the principal activities of its subsidiaries are as follows:

(i) generation and sale of electricity, energy and generating capacity of power plants;
(ii) design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 1,000 megawatt coal-fired electricity generating facility;
(iii) leasing of wind turbine assets, plant and equipment and financing operations for Macarthur wind farm project;
(iv) provision of operation and maintenance services to power plants;
(v) provision of engineering and project management services;
(vi) operation of an electricity and distribution system and a centralised chilled water plant system;
(vii) land reclamation, development and/or sale of reclaimed lands;
(viii) research and development activities; and
(ix) asset, property, investment, intellectual property and other holding companies.

The immediate holding company is MMC Corporation Berhad ("MMC"), a company incorporated in Malaysia and listed on the Main Market of Bursa Securities. The ultimate holding company is Indra Cita Sdn. Bhd., a company incorporated in Malaysia.

Appendix 1

MALAKOFF CORPORATION BERHAD
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

2. BASIS OF PREPARATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The Unaudited Pro Forma Consolidated Financial Statements has been compiled based on:

i) the historical consolidated financial statements of the Group for the year ended 31 December 2014, which were prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs");

ii) the historical financial results of Port Dickson Power Berhad ("PD Power") for the twelve (12) months period ended 31 December 2014, which was prepared in accordance with MFRSs and IFRSs.

The Unaudited Pro Forma Consolidated Financial Statements is expressed in Ringgit Malaysia ("RM"), and rounded to the nearest thousand, unless otherwise stated.

3. GROUP ACQUISITION

3.1 Acquisition of PD Power

On 30 April 2014, the Group completed the acquisition of the remaining 75% equity interest in PD Power for a cash consideration of RM289,000,000.

4. THE PROPOSAL

4.1 Proposed final dividend

The Company proposed a final single tier ordinary dividend of RM100,000,000 in respect of the year ended 31 December 2014 ("Proposed Final Dividend").

5. THE PRE-IPO EXERCISE

Malakoff undertook the following transactions ("Pre-IPO Exercise") in conjunction with and as an integral part of the Listing of the Company. The Pre-IPO Exercise is conditional upon, among others, the approval by the Securities Commission Malaysia and is undertaken to facilitate the IPO and the Listing of Malakoff.

5.1 Conversion of the Redeemable Convertible Preference Shares ("RCPS")

As at 31 December 2014, Malakoff had a total of 41,792,004 RCPS issued with a par value of RM0.10 each ("Existing RCPS"). In accordance with the terms of the Existing RCPS, Malakoff issued 1 additional RCPS of RM0.90 each for every 1 Existing RCPS, held by the holders of the Existing RCPS. Thereafter, Malakoff 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 Malakoff ("Pre-subdivided Shares") ("Conversion of RCPS").

Appendix 1

MALAKOFF CORPORATION BERHAD
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

5. THE PRE-IPO EXERCISE (CONTINUED)

5.2 Bonus Issue

Upon completion of the conversion of RCPS, Malakoff 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 Malakoff, calculated based on their respective shareholdings in Malakoff after the Conversion of RCPS ("Bonus Issue"). Subsequently, the issued and paid-up share capital of Malakoff increased from 393,136,034 Pre-subdivided Shares to 400,000,000 Pre-subdivided Shares.

5.3 Subdivision of Shares

After the Bonus Issue, Malakoff undertook a subdivision of 1 Pre-subdivided Share of RM1.00 each in Malakoff into 10 ordinary shares of RM0.10 each in Malakoff, which were credited as fully paid-up. Subsequently, the authorised share capital of Malakoff 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 Malakoff is RM400,000,000 comprising 4,000,000,000 ordinary shares of RM0.10 each ("Subdivision of Shares").

6. INITIAL PUBLIC OFFERING ("IPO")

Malakoff's IPO consists of an institutional offering and a retail offering of up to 1,571,740,000 Malakoff Shares ("IPO Shares") comprising an offer for sale of up to 521,740,000 existing Malakoff Shares ("Offer Shares")("Offer for Sale") and a public issue of 1,000,000,000 new Malakoff shares ("Issue Shares")("Public Issue") which are offered by the selling shareholders and the Company.

6.1 Institutional Offering

Institutional Offering of up to 1,279,240,000 IPO shares comprising up to 521,740,000 Offer Shares and 757,500,000 Issue Shares to Malaysian and foreign institutional and selected investors including Bumiputera institutional and selected investors approved by the Ministry of International Trade and Industry at a price to be determined by way of bookbuilding ("Institutional Price")("Institutional Offering").

6.2 Retail Offering

Retail Offering of 242,500,000 Issue Shares to the directors of Malakoff, the eligible employees of the Group, persons who have contributed to the success of the Group, the directors and eligible employees of MMC, the entitled shareholders of MMC and the Malaysian public ("Retail Offering").

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MALAKOFF CORPORATION BERHAD
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

6. INITIAL PUBLIC OFFERING ("IPO") (CONTINUED)

6.3 Utilisation of proceeds

The Group will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of approximately RM939,132,000 and will accrue entirely to the selling shareholders. The gross proceeds of RM1,800,000,000 arising from the Public Issue is expected to be utilised by Malakoff to fully redeem the RM1,800,000,000 Junior Sukuk Musharakah.

6.4 Payment of estimated IPO expenses

The estimated IPO expenses totalling RM46,764,000 comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. A total of RM41,320,000 is assumed to be directly attributable to the Public Issue and as such will be debited against the share premium account whereas the remaining IPO expenses of RM5,444,000 are assumed to be attributable to the Listing and as such, will be charged to the profit or loss account.

The selling shareholders and the Company will bear their own professional fees, placement fees and miscellaneous expenses in respect of the Offer for Sale.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

7. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

The Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 December 2014 as set out below has been prepared for illustrative purposes only to show the effects of the historical Consolidated Statement of Financial Position as at 31 December 2014 on the assumption that the Proposal, the Pre-IPO Exercise and the IPO as set out in Note 4, Note 5 and Note 6, respectively had been effected on 31 December 2014, and should be read in conjunction with the notes in this Section.

	Historical		Pro Forma I		Pro Forma II		Pro Forma III
RM'000	**Consolidated Statement of Financial Position**	**The Proposal (i)**	**After the Proposal**	**The Pre-IPO Exercise (ii)**	**After Pro Forma I and the Pre-IPO exercise**	**The IPO (iii)**	**After Pro Forma II and the IPO**
Non-current assets							
Property, plant and equipment	14,323,952	-	14,323,952	-	14,323,952	-	14,323,952
Intangible assets	4,704,227	-	4,704,227	-	4,704,227	-	4,704,227
Prepaid lease payments	70,331	-	70,331	-	70,331	-	70,331
Investment in associates	1,203,319	-	1,203,319	-	1,203,319	-	1,203,319
Investment in an equity accounted joint venture	57,885	-	57,885	-	57,885	-	57,885
Finance lease receivable	1,990,974	-	1,990,974	-	1,990,974	-	1,990,974
Derivative financial assets	99,147	-	99,147	-	99,147	-	99,147
Other receivables	114,793	-	114,793	-	114,793	-	114,793
Deferred tax assets	779,849	-	779,849	-	779,849	-	779,849
Total non-current assets	23,344,477	-	23,344,477	-	23,344,477	-	23,344,477

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MALAKOFF CORPORATION BERHAD
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

7. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONTINUED)

	Historical		Pro Forma I		Pro Forma II		Pro Forma III
RM'000	Consolidated Statement of Financial Position	The Proposal (i)	After the Proposal	The Pre-IPO Exercise (ii)	After Pro Forma I and the Pre-IPO exercise	The IPO (iii)	After Pro Forma II and the IPO
Current assets							
Trade and other receivables	1,304,283	-	1,304,283	-	1,304,283	-	1,304,283
Inventories	518,434	-	518,434	-	518,434	-	518,434
Current tax assets	272,469	-	272,469	-	272,469	-	272,469
Other investments	321,509	-	321,509	-	321,509	-	321,509
Cash and cash equivalents	3,574,900	(100,000)	3,474,900	-	3,474,900	(46,764)	3,428,136
Total current assets	5,991,595	(100,000)	5,891,595	-	5,891,595	(46,764)	5,844,831
Total assets	29,336,072	(100,000)	29,236,072	-	29,236,072	(46,764)	29,189,308

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

7. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONTINUED)

	Historical		Pro Forma I		Pro Forma II		Pro Forma III
RM'000	**Consolidated Statement of Financial Position**	**The Proposal (i)**	**After the Proposal**	**The Pre-IPO Exercise (ii)**	**After Pro Forma I and the Pre-IPO exercise**	**The IPO (iii)**	**After Pro Forma II and the IPO**
Equity							
Share capital	355,523	-	355,523	44,477	400,000	100,000	500,000
Share premium	3,575,837	-	3,575,837	(44,477)	3,531,360	1,658,680	5,190,040
Reserves	61,274	-	61,274	-	61,274	-	61,274
Accumulated losses	(28,985)	(100,000)	(128,985)	-	(128,985)	(5,444)	(134,429)
Equity attributable to owners of the Company	3,963,649	(100,000)	3,863,649	-	3,863,649	1,753,236	5,616,885
Non-controlling interests	212,967	-	212,967	-	212,967	-	212,967
Total equity	4,176,616	(100,000)	4,076,616	-	4,076,616	1,753,236	5,829,852
Non-current liabilities							
Loans and borrowings	17,493,217	-	17,493,217	-	17,493,217	(1,800,000)	15,693,217
Employee benefits	74,907	-	74,907	-	74,907	-	74,907
Deferred income	2,811,196	-	2,811,196	-	2,811,196	-	2,811,196
Deferred tax liabilities	2,721,062	-	2,721,062	-	2,721,062	-	2,721,062
Derivative financial liabilities	167,338	-	167,338	-	167,338	-	167,338
Total non-current liabilities	23,267,720	-	23,267,720	-	23,267,720	(1,800,000)	21,467,720

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

7. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONTINUED)

	Historical		Pro Forma I		Pro Forma II		Pro Forma III
RM'000	**Consolidated Statement of Financial Position**	**The Proposal (i)**	**After the Proposal**	**The Pre-IPO Exercise (ii)**	**After Pro Forma I and the Pre-IPO exercise**	**The IPO (iii)**	**After Pro Forma II and the IPO**
Current liabilities							
Trade and other payables	975,514	-	975,514	-	975,514	-	975,514
Current tax liabilities	23,872	-	23,872	-	23,872	-	23,872
Loans and borrowings	734,262	-	734,262	-	734,262	-	734,262
Derivative financial liabilities	27,704	-	27,704	-	27,704	-	27,704
Deferred income	130,384	-	130,384	-	130,384	-	130,384
Total current liabilities	1,891,736	-	1,891,736	-	1,891,736	-	1,891,736
Total liabilities	25,159,456	-	25,159,456	-	25,159,456	(1,800,000)	23,359,456
Total equity and liabilities	29,336,072	(100,000)	29,236,072	-	29,236,072	(46,764)	29,189,308

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

7. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONTINUED)

			Pro Forma I		Pro Forma II		Pro Forma III
	As at 31.12.2014	The Proposal (i)	After the Proposal	The Pre-IPO Exercise (ii)	After Pro Forma I and the Pre-IPO exercise	The IPO (iii)	After Pro Forma II and the IPO
Number of ordinary shares of RM1.00 each	351,344,030	-	351,344,030	(351,344,030)	-	-	-
Number of ordinary shares of RM0.10 each	-	-	-	4,000,000,000	4,000,000,000	1,000,000,000	5,000,000,000
Number of RCPS of RM0.10 each / RM1.00 each	41,792,004	-	41,792,004	(41,792,004)	-	-	-
Net assets (RM'000)	4,176,616	-	4,076,616	-	4,076,616	-	5,829,852
Net tangible (liabilities) / assets (RM'000)	(527,611)	-	(627,611)	-	(627,611)	-	1,125,625
Net assets per ordinary share (RM)	11.89	-	11.60	-	1.02	-	1.17
Net tangible (liabilities) / assets per ordinary share (RM)	(1.50)	-	(1.79)	-	(0.16)	-	0.23

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

7. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONTINUED)

7.1 Pro Forma adjustments to the Unaudited Pro Forma Consolidated Statement of Financial Position

(i) Pro Forma I – The Proposal
Pro Forma I incorporates the effects of the Proposed Final Dividend as detailed in Note 4.

(ii) Pro Forma II – The Pre-IPO Exercise
Pro Forma II incorporates the effects of Pro Forma I and the Conversion of RCPS, Bonus Issue and Subdivision of Shares as detailed in Note 5.

(iii) Pro Forma III – The IPO
Pro Forma III incorporates the effects of Pro Forma II and the effects of the Public Issue, utilisation of proceeds arising from the Public Issue and payment of estimated IPO expenses as detailed in Note 6.

7.2 Effects of the Proposal, the Pre-IPO Exercise and the IPO on the Unaudited Pro Forma Consolidated Statement of Financial Position

(a) Movement in share capital after the Pre-IPO Exercise and the IPO

	Ordinary Shares		RCPS		Share Capital
	No. of shares ('000)	RM'000	No. of shares ('000)	RM'000	Total RM'000
Balance as at 31 December 2014	351,344	351,344	41,792	4,179	355,523
Effect of Pro Forma II, the Pre-IPO Exercise					
- Issuance of RCPS with a par value of RM0.90 each	-	-	41,792	37,613	37,613
- Conversion of RCPS to new ordinary shares of RM1 each	41,792	41,792	(41,792)	(41,792)	-
- Bonus Issue	6,864	6,864	-	-	6,864
- Subdivision of Shares	3,600,000	-	-	-	-
	3,648,656	48,656	-	(4,179)	44,477
Pro Forma II	4,000,000	400,000	-	-	400,000
Effect of Pro Forma III, IPO					
- Public Issue	1,000,000	100,000	-	-	100,000
Pro Forma III	5,000,000	500,000	-	-	500,000

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7. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONTINUED)

7.2 Effects of the Proposal, the Pre-IPO Exercise and the IPO on the Unaudited Pro Forma Consolidated Statement of Financial Position (continued)

(b) Movement in share premium after the Pre-IPO Exercise and the IPO

	Share Premium		
	Ordinary RM'000	**RCPS RM'000**	**Total RM'000**
Balance as at 31 December 2014	3,162,096	413,741	3,575,837
Effect of Pro Forma II, the Pre-IPO Exercise			
- Issuance of RCPS with a par value of RM0.90 each	-	(37,613)	(37,613)
- Conversion of RCPS to new ordinary shares of RM1 each	376,128	(376,128)	-
- Bonus Issue	(6,864)	-	(6,864)
	369,264	(413,741)	(44,477)
Pro Forma II	3,531,360	-	3,531,360
Effect of Pro Forma III, IPO			
- Public Issue	1,700,000	-	1,700,000
- Payment of estimated expenses incurred for the IPO on new ordinary shares	(41,320)	-	(41,320)
	1,658,680	-	1,658,680
Pro Forma III	5,190,040	-	5,190,040

(c) Movement in accumulated losses after the Proposal and the IPO

	RM'000
Balance as at 31 December 2014	(28,985)
Effect of Pro Forma I, the Proposal	
- Proposed Final Dividend	(100,000)
Pro Forma I	(128,985)
Effect of Pro Forma III, the IPO	
- Payment of estimated expenses incurred for the IPO on new ordinary shares	(5,444)
Pro Forma III	(134,429)

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7. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (CONTINUED)

7.2 Effects of the Proposal, the Pre-IPO Exercise and the IPO on the Unaudited Pro Forma Consolidated Statement of Financial Position (continued)

(d) Movement in cash and cash equivalents after the Proposal and the IPO

	RM'000
Balance as at 31 December 2014	3,574,900
Effect of Pro Forma I, the Proposal	
- Proposed Final Dividend	(100,000)
Pro Forma I	3,474,900
Effect of Pro Forma III, the IPO	
- Decrease in cash and cash equivalents	(46,764)
Pro Forma III	3,428,136

7.3 Basis of preparation

The historical Consolidated Statement of Financial Position as at 31 December 2014 has been derived from the historical consolidated financial statements of the Group for the year ended 31 December 2014, which was prepared in accordance with MFRSs and IFRSs and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The Unaudited Pro Forma Consolidated Statement of Financial Position as at 31 December 2014 has been prepared for illustrative purposes only to show the effects on the historical Consolidated Statement of Financial Position as at 31 December 2014 on the assumption that the Proposal, the Pre-IPO Exercise and the IPO as set out in Note 4, Note 5 and Note 6, respectively had been effected on 31 December 2014, and should be read in conjunction with the notes in this Section.

The historical consolidated financial statements of the Group for the year ended 31 December 2014 used in the preparation of the Unaudited Pro Forma Consolidated Statement of Financial Position was not subjected to any qualifications, modifications or disclaimers.

The Unaudited Pro Forma Consolidated Statement of Financial Position is not necessarily indicative of the financial position that would have been attained had the Proposal, the Pre-IPO Exercise and the IPO as set out in Note 4, Note 5 and Note 6, respectively actually occurred at the respective dates. The Unaudited Pro Forma Consolidated Statement of Financial Position has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the actual financial position of the Group.

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MALAKOFF CORPORATION BERHAD
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

8. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income has been compiled solely for illustration purposes to show the effects of the Group Acquisition and the IPO set out in Note 3 and Note 6, respectively for the year ended 31 December 2014.

	Pro forma 2014 RM'000
Revenue	5,719,608
Cost of sales	(4,021,966)
Gross profit	1,697,642
Other income	95,315
Administrative expenses	(249,678)
Other operating expenses	(275,281)
Results from operating activities	1,267,998
Finance income	133,883
Finance costs	(911,957)
Net finance costs	(778,074)
Other non-operating income	60,979
Share of profit of equity – accounted associates and a joint venture, net of tax	32,038
Profit before tax	582,941
Income tax expense	(188,085)
Profit for the year	394,856
Other comprehensive income/(expense), net of tax	
Items that will not be reclassified subsequently to profit or loss	
Remeasurement of defined benefit liability	413
Items that may be reclassified subsequently to profit or loss	
Cash flow hedge	(78,095)
Share of loss on hedging reserve of equity-accounted associates	(22,608)
Foreign currency translation differences for foreign operations	5,166
	(95,537)
Other comprehensive expense for the year	(95,124)
Total comprehensive income for the year	299,732

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

8. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

The Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income has been compiled solely for illustration purposes to show the effects of the Group Acquisition and the IPO set out in Note 3 and Note 6, respectively for the year ended 31 December 2014 after incorporating the following adjustments:

	Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income	Group Acquisition (i)	The IPO (ii)	Pro forma
	RM'000	RM'000	RM'000	RM'000
Revenue	5,594,484	125,124	-	5,719,608
Cost of sales	(3,956,082)	(65,884)	-	(4,021,966)
Gross profit	1,638,402	59,240	-	1,697,642
Other income	95,343	(28)	-	95,315
Administrative expenses	(228,122)	(16,112)	(5,444)	(249,678)
Other operating expenses	(234,231)	(41,050)	-	(275,281)
Results from operating activities	1,271,392	2,050	(5,444)	1,267,998
Finance income	132,688	1,195	-	133,883
Finance costs	(911,242)	(715)	-	(911,957)
Net finance costs	(778,554)	480	-	(778,074)
Other non-operating income	60,979	-	-	60,979
Share of profit of equity-accounted associates and a joint venture, net of tax	41,667	(9,629)	-	32,038
Profit before tax	595,484	(7,099)	(5,444)	582,941
Income tax expense	(182,640)	(5,445)	-	(188,085)
Profit for the year	412,844	(12,544)	(5,444)	394,856
Other comprehensive income/(expense), net of tax				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	413	-	-	413
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	(78,095)			(78,095)
Share of loss on hedging reserve of equity-accounted associates	(22,608)	-	-	(22,608)
Foreign currency translation differences for foreign operations	5,166	-	-	5,166
	(95,537)	-	-	(95,537)

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8. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income	Group Acquisition (i)	The IPO (ii)	Pro forma
	RM'000	RM'000	RM'000	RM'000
Other comprehensive expense for the year	(95,124)	-	-	(95,124)
Total comprehensive income for the year	317,720	(12,544)	(5,444)	299,732

8.1 Adjustments in arriving at the Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income as below:

i) historical financial results of PD Power prior to the actual acquisition by the Group for the period from 1 January 2014 to the acquisition date and elimination of the equity accounting for the share of results of PD Power for the period from 1 January 2014 to the acquisition date; and

ii) charge of the estimated IPO expenses to profit or loss.

8.2 Basis of preparation

The historical Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2014 has been derived from the historical consolidated financial statements of the Group for the year ended 31 December 2014, which were prepared in accordance with MFRSs and IFRSs and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2014 has been prepared for illustrative purposes only to show the effects on the historical Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2014 on the assumption that the Group Acquisition and the IPO as set out in Note 3 and Note 6, respectively had been effected on 1 January 2014, and should be read in conjunction with the Notes in this Section.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

8. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

8.2 Basis of preparation (continued)

The historical consolidated financial statements of the Group for the year ended 31 December 2014 used in the preparation of the Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income were not subjected to any qualifications, modifications or disclaimers.

The Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income is not necessarily indicative of the future financial results that would have been attained had the Group Acquisition and the IPO actually occurred at the respective date. The Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the actual results of the Group.

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MALAKOFF CORPORATION BERHAD
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

9. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

The Unaudited Pro Forma Consolidated Statement of Cash Flows has been compiled solely for illustration purpose to show the effects of the Group Acquisition, the Proposal and the IPO set out in Note 3, Note 4 and Note 6, respectively for the year ended 31 December 2014.

	Pro forma 2014 RM'000
Cash flows from operating activities	
Profit before tax	589,462
Adjustments for:	
Amortisation of prepaid lease payments	4,344
Amortisation of intangible assets	511,742
Amortisation of transaction costs of hedging instruments	12,146
Depreciation of property, plant and equipment	563,465
Finance costs	912,112
Gain arising from change in fair value of derivative instruments	(5,891)
Inpairment loss on trade receivables	48,973
Interest income	(133,884)
Loss on disposal of property, plant and equipment	2,622
Property, plant and equipment written off	20,897
Expenses related to retirement benefit plans	18,219
Reversal of impairment loss on trade receivables	(3,295)
Share of profit of equity-accounted associates and a joint venture entity, net of tax	(32,038)
	2,508,874
Changes in:	
Inventories	(13,540)
Trade and other receivables	26,592
Trade and other payables	127,006
Deferred income	273,095
Employee benefits	(4,484)
Cash generated from operation	2,917,543
Income taxes paid	(166,835)
Net cash from operating activities	2,750,708
Cash flows from investing activities	
Acquisition of property, plant and equipment	(1,616,686)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(200,500)
Decrease in other investments	844,445
Dividends received from associates	19,975
Interest received	113,193
Increase in investment in associates	(36,755)
Proceeds from disposal of property, plant and equipment	215
Proceeds from redemption of unsecured loan stocks	29,682
Redemption of unsecured loan stocks	(57,625)
Net cash used in investing activities	(904,056)

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

9. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Pro forma 2014 RM'000
Cash flows from financing activities	
Dividends paid to the owners of the Company	(298,500)
Dividends paid to non-controlling interests	(81,750)
Interest paid	(966,594)
Proceeds from issuance of shares	1,800,000
Payment of listing expenses	(46,764)
Repayment of borrowings	(2,759,930)
Proceeds from borrowings	1,559,239
Net cash used in financing activities	(794,299)
Net increase in cash and cash equivalents	1,052,353
Cash and cash equivalents at beginning of the year	2,375,783
Cash and cash equivalents at end of the year	3,428,136

Appendix 1

MALAKOFF CORPORATION BERHAD
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

9. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

The Unaudited Pro Forma Consolidated Statement of Cash Flows has been compiled solely for illustration purposes to show the effects of the Group Acquisition, the Proposal and the IPO as set out in Note 3, Note 4 and Note 6, respectively for the year ended 31 December 2014 after incorporating the following adjustments:

	Historical Consolidated Statement of Cash Flows	Group Acquisition (i)	The Proposal (ii)	The IPO (iii)	Pro forma
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax	595,484	(578)	-	(5,444)	589,462
Adjustments for:					
Amortisation of prepaid lease payments	4,344	-	-	-	4,344
Amortisation of intangible assets	511,742	-	-	-	511,742
Amortisation of transaction costs of hedging instruments	12,146	-	-	-	12,146
Depreciation of property, plant and equipment	558,644	4,821	-	-	563,465
Finance costs	911,242	870	-	-	912,112
Gain arising from change in fair value of derivative financial instruments	(5,891)	-	-	-	(5,891)
Impairment loss on trade receivables	48,973	-	-	-	48,973
Interest income	(132,688)	(1,196)	-	-	(133,884)
Loss on disposal of property, plant and equipment	2,622	-	-	-	2,622
Property, plant and equipment written off	20,897	-	-	-	20,897
Expenses related to retirement benefit plans	11,976	6,243	-	-	18,219
Reversal of impairment loss on trade receivables	(3,295)	-	-	-	(3,295)
Share of profit of equity-accounted associates and a joint venture entity, net of tax	(41,667)	9,629	-	-	(32,038)
	2,494,529	19,789	-	(5,444)	2,508,874
Changes in:					
Inventories	(20,291)	6,751	-	-	(13,540)
Trade and other receivables	(2,413)	29,005	-	-	26,592
Trade and other payables	112,275	9,287	-	5,444	127,006
Deferred income	273,095	-	-	-	273,095
Employee benefits	(4,484)	-	-	-	(4,484)
Cash generated from operation	2,852,711	64,832	-	-	2,917,543
Income taxes paid	(150,761)	(16,074)	-	-	(166,835)
Net cash from operating activities	2,701,950	48,758			2,750,708

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Appendix 1

MALAKOFF CORPORATION BERHAD
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

9. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Historical Consolidated Statement of Cash Flows	Group Acquisition (i)	The Proposal (ii)	The IPO (iii)	Pro forma
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(1,614,561)	(2,125)	-	-	(1,616,686)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(153,541)	(46,959)	-	-	(200,500)
Decrease in other investments	844,445	-	-	-	844,445
Dividends received from associates	19,975	-	-	-	19,975
Increase in investment in associates	(36,755)	-	-	-	(36,755)
Interest received	111,997	1,196	-	-	113,193
Proceeds from disposal of property, plant and equipment	215	-	-	-	215
Proceeds from redemption of unsecured loan stocks	29,682	-	-	-	29,682
Redemption of unsecured loan stocks	(57,625)	-	-	-	(57,625)
Net cash used in investing activities	(856,168)	(47,888)	-	-	(904,056)
Cash flows from financing activities					
Dividends paid to the owners of the Company	(198,500)	-	(100,000)	-	(298,500)
Dividends paid to non-controlling interests	(81,750)	-	-	-	(81,750)
Interest paid	(965,724)	(870)	-	-	(966,594)
Proceeds from issuance of shares	-	-	-	1,800,000	1,800,000
Payment of listing expenses	-	-	-	(46,764)	(46,764)
Repayment of borrowings	(959,930)	-	-	(1,800,000)	(2,759,930)
Proceeds from borrowings	1,559,239	-	-	-	1,559,239
Net cash from financing activities	(646,665)	(870)	(100,000)	(46,764)	(794,299)
Net increase in cash and cash equivalents	1,199,117	-	(100,000)	(46,764)	1,052,353
Cash and cash equivalents at beginning of the year	2,375,783	-	-	-	2,375,783
Cash and cash equivalents at end of the year	3,574,900	-	(100,000)	(46,764)	3,428,136

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Appendix 1

MALAKOFF CORPORATION BERHAD
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THEREON

9. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

9.1 Adjustments in arriving at the Unaudited Pro Forma Consolidated Statement of Cash Flows as below:

i) historical financial results of PD Power prior to the actual acquisition by the Group for the period from 1 January 2014 to the acquisition date;

ii) proposed final single tier ordinary dividend amounting to RM100,000,000; and

iii) recognition of gross proceeds arising from the IPO, utilisation of proceeds and payment of estimated IPO expenses.

9.2 Basis of preparation

The historical Consolidated Statement of Cash Flows for the year ended 31 December 2014 has been derived from the historical consolidated financial statements of the Group for the year ended 31 December 2014, which were prepared in accordance with MFRSs and IFRSs and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The Unaudited Pro Forma Consolidated Statement of Cash Flows for the year ended 31 December 2014 has been prepared for illustrative purposes only to show the effects on the historical Consolidated Statement of Cash Flows for the year ended 31 December 2014 on the assumption that the Group Acquisition, the Proposal and the IPO as set out in Note 3, Note 4 and Note 6, respectively had been effected on 1 January 2014, and should be read in conjunction with the Notes in this Section.

The historical consolidated financial statements of the Group for the year ended 31 December 2014 used in the preparation of the Unaudited Pro Forma Consolidated Statement of Cash Flows were not subjected to any qualifications, modifications or disclaimers.

The Unaudited Pro Forma Consolidated Statement of Cash Flows is not necessarily indicative of the future cash flows of the operations that would have been attained had the Group Acquisition, the Proposal and the IPO actually occurred at the respective date. The Unaudited Pro Forma Consolidated Statement of Cash Flows has been prepared for illustrative purposes only, and because of its nature, does not give a true picture of the actual cash flows of the Group.

12.8 DIVIDEND POLICY

It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth.

As we are a holding company, our Company's income, and therefore our ability to pay dividends, is dependent upon the dividends we receive from our subsidiaries, associates and joint venture. The payment of dividends by our subsidiaries, associates and joint venture will depend upon their distributable profits, operating results, financial conditions, capital expenditure plans and other factors that their respective boards of directors deem relevant. Dividends may only be paid out of distributable reserves. In addition, covenants in the loan agreements of our Company's subsidiaries, associates and joint venture, such as maintaining minimum debt-to-equity ratio and finance service cover ratio, may limit their ability to declare or pay cash dividends.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval. However, our ability to pay dividends or make other distributions to our shareholders will depend upon a number of factors, including:

- the level of our cash, gearing, return on equity and retained earnings;
- our expected financial performance;
- our projected levels of capital expenditure and other investment plans;
- our working capital requirements; and
- our existing and future debt obligations.

We propose to pay dividends out of cash generated from our operations after setting aside necessary funding for capital expenditure and working capital requirements. As part of this policy, our Company targets a dividend payout ratio of not less than 70.0% of our consolidated profit attributable to the owners of our Company under MFRS, beginning 1 January 2015.

The following table sets forth our dividend payout ratio to our ordinary shareholders for the years indicated.

	FYE 31 December		
	2012	**2013**	**2014**
Dividend payout ratio[(1)]	12.3%	92.4%	75.2%

Note:

(1) Calculated by dividing total dividends declared in respect of the financial years by the profit attributable to the owners of our Company of the respective financial years.

The lower dividend payout ratio in the FYE 31 December 2012 was due to lower dividends declared in respect of the FYE 31 December 2012. The higher dividend payout ratio in the FYE 31 December 2013 was due to lower profit attributable to the owners of our Company in the FYE 31 December 2013 mainly as a result of the unscheduled outages at the Tanjung Bin Power Plant as described in Section 12.2.2(ii)(a) of this Prospectus. The higher dividend payout ratio in the FYE 31 December 2014 was due to higher dividends declared in respect of the FYE 31 December 2014. Notwithstanding the fluctuations in the dividend payout ratios for the financial years under review, our Company has been paying constant dividends to our ordinary shareholders and holders of the RCPS for the years indicated below:

	FYE 31 December		
	2012	**2013**	**2014**
	(RM'000)	**(RM'000)**	**(RM'000)**
Dividends paid to:			
▪ Ordinary shareholders	142,578	149,208	156,708
▪ Holders of the RCPS	41,792	41,792	41,792
Total dividends paid	**184,370**	**191,000**	**198,500**

All the RCPS have been converted into ordinary shares of our Company pursuant to the Conversion of RCPS.

Investors should note that this dividend policy merely describes our Company's present intention and shall not constitute legally binding statements in respect of our Company's future dividends that are subject to modification at our Board's discretion.

See Section 5 of this Prospectus for factors which may affect or restrict our ability to pay dividends.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

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The Board of Directors
Malakoff Corporation Berhad
Level 12, Block 4,
Jalan Stesen Sentral 5,
50470 Kuala Lumpur

Date: 3 April 2015

Dear Sirs,

Accountants' Report

1. Introduction

This report has been compiled by Messrs KPMG, an approved company auditor, for inclusion in the Prospectus of Malakoff Corporation Berhad (hereinafter known as "Malakoff" or "the Company") in connection with the initial public offering and listing of and quotation for the enlarged issued and paid-up share capital of Malakoff on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and an offering of ordinary shares outside Malaysia by Malakoff in the United States of America to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "Act") and the United States of America under Regulation S of the Act and should not be relied upon for any other purposes.

2. General information

2.1 Background

Malakoff was incorporated in Malaysia under the Companies Act, 1965 on 26 April 2006 as a private limited company under the name of Nucleus Avenue (M) Sdn. Bhd. On 26 September 2006, it was converted into a public company and assumed the name of Nucleus Avenue (M) Berhad. On 25 April 2007, the Company changed its name from Nucleus Avenue (M) Berhad to Malakoff Corporation Berhad. On 30 April 2007, Malakoff acquired Malakoff Berhad's entire business and undertaking including all the assets (other than cash) and liabilities of the company ("Acquisition"). At present, Malakoff has an effective power generation capacity of 5,346 MW comprising of six (6) power plants in Malaysia. Malakoff also has interest in power and water projects located in Saudi Arabia, Algeria, Bahrain, Australia and Oman.

Malakoff is principally engaged in investment holding activities, whilst the principal activities of Malakoff's subsidiaries are disclosed in Note 3 of this Accountants' Report. Malakoff is domiciled in Malaysia and the address of its principal place of business is as follows:

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

2.2 Share capital

At the date of incorporation, on 26 April 2006, Malakoff's authorised share capital was RM500,000,000.00 consisting of 490,000,000 ordinary shares of RM1.00 each and 100,000,000 redeemable convertible preference shares ("RCPS") of RM0.10 each. At as that date, Malakoff's issued and paid-up share capital was RM2.00 consisting of 2 ordinary shares of RM1.00 each.

Details of the changes in the issued and fully paid-up share capital of Malakoff since its date of incorporation are as follows:

Date of allotment/ redemption	Number of ordinary shares ("OR") & RCPS issued/ (redeemed)	Par value per ordinary share/ RCPS (RM)	Purpose of share issuance	Issued and fully paid-up share capital (cumulative) (RM)
26.04.2006	2	1.00	Issued for cash as subscribers' shares	2
27.04.2007	179,185,454 (OR) 25,597,922 (RCPS)	1.00 0.10	Issued to MMC Corporation Berhad as consideration for the Acquisition	181,745,248.20
30.04.2007	172,158,574 (OR) 24,594,082 (RCPS)	1.00 0.10	Issued to Employees Provident Fund, Kumpulan Wang Persaraan (Diperbadankan), Standard Chartered Private Equity Limited and Premier Unity Sdn Bhd (now known as SEASAF Power Sdn Bhd) for cash	356,363,230.40
01.10.2009	(8,400,000) (RCPS)	0.10	The total nominal value of RM840,000 was redeemed out of retained profits available for dividends and the total premium payable amounting to RM75,600,000 was provided out of the share premium account.	355,523,230.40

2.2 Share capital (continued)

Date of allotment/ redemption	Number of ordinary shares ("OR") & RCPS issued/ (redeemed)	Par value per ordinary share/ RCPS (RM)	Purpose of share issuance	Issued and fully paid-up share capital (cumulative) (RM)
01.04.2015	41,792,004 (RCPS)	0.90	Issued new RCPS	393,136,034.00
01.04.2015	(41,792,004) (RCPS) (41,792,004) (RCPS) 41,792,004 (RCPS)	0.10 0.90 1.00	Consolidated RCPS into 1 new RCPS of RM1.00 each	393,136,034.00
01.04.2015	(41,792,004) (RCPS) 41,792,004 (OR)	1.00 1.00	Converted RCPS into new ordinary shares of RM1.00 each	393,136,034.00
01.04.2015	6,863,966 (OR)	1.00	Issued bonus shares	400,000,000.00
01.04.2015	(400,000,000) (OR) 4,000,000,000 (OR)	1.00 0.10	Subdvision of 1 OR of RM1.00 each into 10 OR of RM0.10 each	400,000,000.00

3. Information on subsidiaries

The subsidiaries of Malakoff as at 31 December 2014 and their principal activities are as follows:

No.	Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
	DIRECT SUBSIDIARY			
1.	Segari Energy Ventures Sdn. Bhd.	Malaysia	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	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generatmg capacity of the power plant
3.	Prai Power Sdn. Bhd.	Malaysia	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	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	Investment holding
6.	Tanjung Bin Energy Sdn. Bhd.	Malaysia	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	Investment holding company and provision of operation and maintenance and any related services

3. Information on subsidiaries (continued)

No.	Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
	DIRECT SUBSIDIARY (continued)			
8.	Malakoff Utilities Sdn. Bhd.	Malaysia	100	Build, own and operate an electricity distribution system and a centralised chilled water plant system
9.	Malakoff Engineering Sdn. Bhd.	Malaysia	100	Provision of engineering and project management services
10.	Spring Assets Limited	British Virgin Islands	100	Dormant
11.	Malakoff Capital (L) Limited	Federal Territory of Labuan, Malaysia	100	Dormant
12.	Malakoff International Limited	Cayman Islands	100	Offshore – Investment holding
13.	Tuah Utama Sdn. Bhd.	Malaysia	100	Investment holding
14.	Desa Kilat Sdn. Bhd.	Malaysia	54	Land reclamation, development and/or sale of reclaimed land
15.	Malakoff Power Berhad	Malaysia	100	Operation and maintenance of power plants
16.	Malakoff R&D Sdn. Bhd.	Malaysia	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	Administer and manage the development of a 1,000MW coal-fired electricity generating facility

3. Information on subsidiaries (continued)

No.	Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
	INDIRECT SUBSIDIARY (continued)			
	Held through Teknik Janakuasa Sdn. Bhd.			
18.	Natural Analysis Sdn. Bhd.	Malaysia	100	Dormant
19.	TJSB Services Sdn. Bhd.	Malaysia	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	Offshore - Investment holding
21.	TJSB Global Sdn. Bhd.	Malaysia	100	Investment holding
22.	PT Teknik Janakuasa	Indonesia	95	Provision of operation and maintenance services to power plant and/or other utility plants
	Held through TJSB International Limited			
23.	TJSB International (Shoaiba) Limited	British Virgin Islands	100	Offshore - Investment holding
24.	TJSB Middle East Limited	British Virgin Islands	100	Operation and maintenance of power plant
	Held through Malakoff Engineering Sdn. Bhd.			
25.	MESB Project Management Sdn. Bhd.	Malaysia	100	Dormant

3. Information on subsidiaries (continued)

No.	Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
	INDIRECT SUBSIDIARY (continued)			
	Held through Malakoff International Limited			
26.	Malakoff Gulf Limited	British Virgin Islands	100	Offshore - Investment holding
27.	Malakoff Technical (Dhofar) Limited	British Virgin Islands	100	Offshore - Investment holding
28.	Malakoff AlDjazair Desal Sdn. Bhd.	Malaysia	100	Investment holding
29.	Malakoff Oman Desalination Company Limited	British Virgin Islands	100	Offshore – Investment holding
30.	Malakoff Hidd Holding Company Limited	Guernsey	100	Asset, property, investment, intellectual property and other holding companies
31.	Pacific Goldtree Sdn. Bhd.	Malaysia	100	Investment holding
	Held through Malakoff AlDjazair Desal Sdn. Bhd.			
32.	Tlemcen Desalination Investment Company SAS	France	70	Offshore – Investment holding

3. Information on subsidiaries (continued)

No.	Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
	INDIRECT SUBSIDIARY (continued)			
	Held through Malakoff Hidd Holding Company Limited			
33.	Malakoff Summit Hidd Holding Company Limited	Guernsey	57.14	Asset, property, investment, intellectual property and other holding companies
	Held through Malakoff Power Berhad			
34.	Tanjung Bin O&M Berhad	Malaysia	100	Operation and maintenance of power plant
35.	PDP O&M Sdn. Bhd (formerly known as Sime Darby Biofuels Sdn. Bhd.)	Malaysia	100	Operation and maintenance of power plant
	Held through Pacific Goldtree Sdn. Bhd.			
36.	Skyfirst Power Sdn. Bhd.	Malaysia	100	Investment holding
	Held through Skyfirst Power Sdn. Bhd.			
37.	Malakoff Australia Pty. Ltd.	Australia	100	Investment holding
38.	Wind Macarthur Holdings (T) Pty. Limited	Australia	100	Investment holding

3. Information on subsidiaries (continued)

No.	Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
	INDIRECT SUBSIDIARY (continued)			
	Held through Malakoff Australia Pty. Ltd.			
39.	Malakoff Holdings Pty. Ltd.	Australia	100	Investment holding
	Held through Malakoff Holdings Pty. Ltd.			
40.	Malakoff Wind Macarthur Holdings Pty. Ltd.	Australia	100	Investment holding
	Held through Malakoff Wind Macarthur Holdings Pty. Ltd.			
41.	Malakoff Wind Macarthur Pty. Ltd.	Australia	100	Leasing of wind turbine assets
	Held through Wind Macarthur Holdings (T) Pty. Limited			
42.	Wind Macarthur (T) Pty. Limited	Australia	100	Leasing of plant and equipment
	Held through Wind Macarthur (T) Pty. Limited			
43.	Wind Macarthur Finco Pty. Limited	Australia	100	Financing operations for Macarthur wind farm project
	Held through Hypergantic Sdn. Bhd.			
44.	Port Dickson Power Berhad	Malaysia	100	Independent power producer licensed by the Government to supply electricity exclusively to TNB

4. Financial statements and auditors

The financial year end of Malakoff and its subsidiaries ("the Group") is 31 December.

The financial statements of all the subsidiaries in the Group were audited by KPMG and member firms of KPMG International for all the relevant financial years under review except for:-

Entity's name	Financial year	Auditors
Port Dickson Power Berhad*	31 December	PwC Malaysia
PDP O&M Sdn. Bhd.*	31 December	PwC Malaysia
PT Teknik Janakuasa	31 December	Ecovis Idris & Sudiharto

*Acquired during the financial year ended 31 December 2014

5. Basis of preparation of financial information

5.1 Malakoff Corporation Berhad

The historical financial information presented in this report has been prepared from the following source:

The audited consolidated financial statements of the Group, which comprise the consolidated statements of financial position as at 31 December 2012, 31 December 2013 and 31 December 2014 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014, which have been reported on by us without modification to our opinion to the shareholders.

The consolidated financial statements of the Group have been prepared under the historical cost convention, except where otherwise stated in the significant accounting policies. The consolidated financial statements for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 state that they were prepared by management of the Group in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

5. Basis of preparation of financial information (continued)

5.1 Malakoff Corporation Berhad (continued)

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ('000), unless otherwise indicated.

No consolidated financial statements have been prepared in respect of any period subsequent to 31 December 2014. The historical financial information of the Group for the financial years ended 31 December 2012 and 31 December 2013 and 31 December 2014 are set out in Section A of this report.

5.2 Port Dickson Power Berhad ("PD Power")

The historical financial information set out in Section B of this report which comprises the statements of financial position as at 30 June 2012 and 30 June 2013 and the statements of profit or loss and other comprehensive income, and cash flows for the financial years ended 30 June 2012 and 30 June 2013. The annual financial statements in the respective financial year were audited by PwC in Malaysia. The audit reports on all annual financial statements for the above years were not subject to any modification or qualification.

The financial statements of PD Power have been prepared under the historical cost convention, except where otherwise stated in the significant accounting policies. The financial statements for the financial years ended 30 June 2012 state that they were prepared by management of PD Power in accordance with the Financial Reporting Standards in Malaysia. The financial statements for the financial year ended 30 June 2013 state that they were prepared by management of PD Power in accordance with MFRSs and IFRSs.

In connection with the listing, KPMG in Malaysia had been appointed by the Group to conduct a review on the financial statements of PD Power for the financial years ended 30 June 2012 and 30 June 2013 which state that they were prepared by management of PD Power in accordance with MFRSs and IFRSs. We have expressed a review conclusion on these financial statements as reported on by us without modification to the Directors of the Company.

5. Basis of preparation of financial information (continued)

5.3 Malakoff Wind Macarthur Holdings Pty Limited ("MWMH") and Malakoff Wind Macarthur Pty. Limited ("MWM")

The historical financial information set out in Section C of this report which comprises the statements of financial position as at 30 June 2012 and 31 December 2013 and the statements of profit or loss and other comprehensive income, and cash flows for the financial year/period ended 30 June 2012 and 31 December 2013. The financial statements for the financial year/period ended 30 June 2012 and 31 December 2013 were audited by the following auditors:

Financial year/period ended	Auditors
30 June 2012[1]	Deloitte Touche Tohmatsu
31 December 2013	KPMG Melbourne LLP

[1] formerly known as Meridian Wind Macarthur Holdings Pty. Limited and Meridian Wind Macarthur Pty. Limited

The audit reports on all annual financial statements for the above year/period were not subject to any modification or qualification.

The financial statements of MWMH and MWM for the financial year/period ended 30 June 2012 and 31 December 2013 have been prepared under the historical cost convention, except where otherwise stated in the significant accounting policies in accordance with the Australia Accounting Standards ("AASBs") (including Australia Interpretations) adopted by Australia Accounting Standards Board ("AASB").

In connection with the listing, KPMG in Malaysia had been appointed by the Group to conduct a review on the financial statements of MWMH and MWM for the financial year/period ended 30 June 2012 and 31 December 2013 which state they were prepared by management of MWMH and MWM in accordance with MFRSs and IFRSs. We have expressed a review conclusion on these financial statements as reported on by us without modification to the Directors of the Company.