

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

	<b>3 months ended 30.06.2023 RM'000 (Unaudited)</b>	<b>3 months ended 30.06.2022 RM'000 (Unaudited)</b>	<b>Cumulative 6 months ended 30.06.2023 RM'000 (Unaudited)</b>	<b>Cumulative 6 months ended 30.06.2022 RM'000 (Unaudited)</b>
Revenue	2,364,894	2,318,476	4,650,042	4,202,250
Cost of sales	(2,664,416)	(1,947,626)	(4,826,405)	(3,565,806)
<b>Gross (loss)/profit</b>	(299,522)	370,850	(176,363)	636,444
Other income	34,587	2,572	38,450	8,890
Administrative expenses	(53,190)	(64,195)	(115,452)	(117,012)
Impairment loss on financial instruments	-	(6,132)	-	(12,239)
Other operating expenses	(40,875)	(29,670)	(86,173)	(58,414)
<b>Results from operating activities</b>	(359,000)	273,425	(339,538)	457,669
Finance income	19,386	23,165	39,319	47,080
Finance costs	(143,612)	(155,865)	(287,066)	(313,544)
<b>Net finance costs</b>	(124,226)	(132,700)	(247,747)	(266,464)
Share of profit of equity-accounted associates and joint ventures, net of tax	29,487	55,883	49,109	103,584
<b>(Loss)/Profit before tax</b>	(453,739)	196,608	(538,176)	294,789
Tax benefit/(expense)	98,954	(64,166)	112,139	(92,585)
<b>(Loss)/Profit for the period</b>	(354,785)	132,442	(426,037)	202,204
<b>Other comprehensive (expense)/income, net of tax</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurement of defined benefit liabilities	503	-	503	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
Cash flow hedge	601	(9,415)	(2,935)	2,101
Share of gain/(loss) on hedging reserve of equity-accounted associates and joint ventures	7,061	30,716	(12,391)	76,747
Foreign currency translation differences for foreign operations	16,219	15,325	18,353	17,721
	23,881	36,626	3,027	96,569
<b>Other comprehensive income for the period</b>	24,384	36,626	3,530	96,569
<b>Total comprehensive (expense)/ income for the period</b>	(330,401)	169,068	(422,507)	298,773

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<b>(Loss)/Profit attributable to:</b>				
Equity holders of the Company	(318,727)	119,145	(394,416)	170,026
Non-controlling interests	(36,058)	13,297	(31,621)	32,178
<b>(Loss)/Profit for the period</b>	<u>(354,785)</u>	<u>132,442</u>	<u>(426,037)</u>	<u>202,204</u>
<b>Total comprehensive (expense)/income attributable to:</b>				
Equity holders of the Company	(294,343)	155,771	(390,886)	266,595
Non-controlling interests	(36,058)	13,297	(31,621)	32,178
<b>Total comprehensive (expense)/income for the period</b>	<u>(330,401)</u>	<u>169,068</u>	<u>(422,507)</u>	<u>298,773</u>
<b>(Loss)/Earnings per ordinary share (sen)</b>				
Basic/diluted, restated	(6.52)	2.44	(8.55)	3.00

**Condensed Consolidated Statements Of Financial Position  
As At 30 June 2023**

	<b>As at 30.06.2023 RM'000 (Unaudited)</b>	<b>As at 31.12.2022 RM'000 (Audited)</b>
<b>Assets</b>		
Property, plant and equipment	10,638,041	10,956,764
Right-of-use assets	114,131	89,001
Investment properties	15,600	15,600
Concession assets	128,189	134,629
Intangible assets	2,387,069	2,527,206
Investments in associates	1,016,394	991,707
Investments in joint ventures	820,594	835,907
Other investments	2,484	2,484
Derivative financial assets	58,929	74,275
Trade and other receivables	11,269	11,435
Deferred tax assets	253,652	234,291
<b>Total non-current assets</b>	<b>15,446,352</b>	<b>15,873,299</b>
Derivative financial assets	59,818	46,558
Trade and other receivables	1,707,284	2,086,908
Inventories	1,124,780	1,681,346
Current tax assets	139,249	63,348
Other investments	804,436	692,740
Cash and cash equivalents	1,428,347	1,539,630
<b>Total current assets</b>	<b>5,263,914</b>	<b>6,110,530</b>
<b>Total assets</b>	<b>20,710,266</b>	<b>21,983,829</b>
<b>Equity</b>		
Share capital	5,693,055	5,693,055
Treasury shares	(98,647)	(98,647)
Reserves	328,163	325,136
Accumulated losses	(895,521)	(358,471)
<b>Equity attributable to owners of the Company</b>	<b>5,027,050</b>	<b>5,561,073</b>
Perpetual sukuk	800,000	800,000
Non-controlling interests	260,405	334,745
<b>Total equity</b>	<b>6,087,455</b>	<b>6,695,818</b>
<b>Liabilities</b>		
Loans and borrowings	7,640,702	7,771,205
Lease liabilities	15,531	13,032
Employee benefits	84,636	78,766
Provision for decommissioning costs	213,044	207,846
Provision for concession assets	190,807	186,984
Deferred income	2,709,860	2,825,693
Deferred tax liabilities	858,717	996,502
<b>Total non-current liabilities</b>	<b>11,713,297</b>	<b>12,080,028</b>

**Condensed Consolidated Statements Of Financial Position**  
**As At 30 June 2023**

	<b>As at</b> <b>30.06.2023</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>As at</b> <b>31.12.2022</b> <b>RM'000</b> <b>(Audited)</b>
Trade and other payables	1,410,790	1,599,445
Current tax liabilities	8,139	99,229
Loans and borrowings	961,845	972,203
Lease liabilities	7,159	7,998
Provision for decommissioning costs	53,001	53,001
Provision for concession assets	137,044	143,775
Employee benefits	8,713	8,713
Deferred income	322,812	323,513
Derivative financial liabilities	11	106
<b>Total current liabilities</b>	<u>2,909,514</u>	<u>3,207,983</u>
<b>Total liabilities</b>	<u>14,622,811</u>	<u>15,288,011</u>
<b>Total equity and liabilities</b>	<u><u>20,710,266</u></u>	<u><u>21,983,829</u></u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	1.03	1.14

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

	/----- Attributable to owners of the Company -----/						Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	/----- Non-distributable -----/		Distributable		Accumulated Losses RM'000	Total RM'000			
	Share Capital RM'000	Treasury Shares RM'000	Reserves						
			Translation RM'000	Hedging RM'000					
<b>At 1 January 2023</b>	5,693,055	(98,647)	10,479	314,657	(358,471)	5,561,073	800,000	334,745	6,695,818
Remeasurement of defined benefit liabilities	-	-	-	-	503	503	-	-	503
Foreign currency translation differences for foreign operations	-	-	18,353	-	-	18,353	-	-	18,353
Cash flow hedge	-	-	-	(2,935)	-	(2,935)	-	-	(2,935)
Share of loss on hedging reserve of equity-accounted associates and joint ventures	-	-	-	(12,391)	-	(12,391)	-	-	(12,391)
Other comprehensive income/(expense) for the period	-	-	18,353	(15,326)	503	3,530	-	-	3,530
Loss for the period	-	-	-	-	(394,416)	(394,416)	-	(31,621)	(426,037)
Comprehensive income/(expense) for the period	-	-	18,353	(15,326)	(393,913)	(390,886)	-	(31,621)	(422,507)
Distribution to holder of perpetual sukuk	-	-	-	-	(23,406)	(23,406)	-	-	(23,406)
Dividends to owners of the Company	-	-	-	-	(119,731)	(119,731)	-	-	(119,731)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(42,719)	(42,719)
Total distribution to owners	-	-	-	-	(119,731)	(119,731)	-	(42,719)	(162,450)
<b>At 30 June 2023</b>	<b>5,693,055</b>	<b>(98,647)</b>	<b>28,832</b>	<b>299,331</b>	<b>(895,521)</b>	<b>5,027,050</b>	<b>800,000</b>	<b>260,405</b>	<b>6,087,455</b>

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

	/----- Attributable to owners of the Company -----/								Total Equity RM'000
	/----- Non-distributable -----/				Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Reserves		Accumulated Losses RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	
RM'000	RM'000	Translation RM'000	Hedging RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2022</b>	5,693,055	(98,647)	(5,975)	205,777	(399,172)	5,395,038	800,000	311,688	6,506,726
Foreign currency translation differences for foreign operations	-	-	17,721	-	-	17,721	-	-	17,721
Cash flow hedge	-	-	-	2,101	-	2,101	-	-	2,101
Share of gain on hedging reserve of equity-accounted associates and joint ventures	-	-	-	76,747	-	76,747	-	-	76,747
Other comprehensive income for the period	-	-	17,721	78,848	-	96,569	-	-	96,569
Profit for the period	-	-	-	-	170,026	170,026	-	32,178	202,204
Comprehensive income for the period	-	-	17,721	78,848	170,026	266,595	-	32,178	298,773
Distribution to holder of perpetual sukuk	-	-	-	-	(23,406)	(23,406)	-	-	(23,406)
Dividends to owners of the Company	-	-	-	-	(97,740)	(97,740)	-	-	(97,740)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(33,892)	(33,892)
Redemption of preference shares to non-controlling interests	-	-	-	-	-	-	-	(1,852)	(1,852)
Total distribution to owners	-	-	-	-	(97,740)	(97,740)	-	(35,744)	(133,484)
<b>At 30 June 2022</b>	5,693,055	(98,647)	11,746	284,625	(350,292)	5,540,487	800,000	308,122	6,648,609

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

	<b>6 months ended 30.06.2023 RM'000 (Unaudited)</b>	<b>6 months ended 30.06.2022 RM'000 (Unaudited)</b>
<b>Cash flows from operating activities</b>		
<b>(Loss)/Profit before tax</b>	(538,176)	294,789
<b>Adjustments for :</b>		
Non cash-items	557,597	818,637
Finance costs	287,066	313,544
Finance income	(39,319)	(47,080)
Share of profit of equity-accounted associates and joint ventures, net of tax	(49,109)	(103,584)
<b>Operating profit before changes in working capital</b>	<u>218,059</u>	<u>1,276,306</u>
<i>Changes in working capital:</i>		
Net change in current assets	927,626	(1,264,781)
Net change in current liabilities	(217,270)	321,109
Net change in non-current liabilities	(118,907)	(151,933)
<b>Cash generated from operations</b>	<u>809,508</u>	<u>180,701</u>
Tax paid, net	(211,360)	(134,241)
<b>Net cash from operating activities</b>	<u>598,148</u>	<u>46,460</u>
<b>Cash flows from investing activities</b>		
Change in other investments	(111,696)	1,286,911
Dividends received from associates	1,884	4,333
Dividends received from joint ventures	43,593	15,092
Interest received	37,492	40,878
Purchase of property, plant and equipment	(75,760)	(178,767)
Purchase of concession assets	(641)	-
Proceeds from disposal of property, plant and equipment	47	10
<b>Net cash (used in)/from investing activities</b>	<u>(105,081)</u>	<u>1,168,457</u>
<b>Cash flows from financing activities</b>		
Distribution to perpetual sukuk holder	(23,406)	(23,406)
Dividends paid to owners of the Company	(119,731)	(97,740)
Dividends paid to non-controlling interests	(42,719)	(33,892)
Redemption of preference shares to non-controlling interests	-	(1,852)
Interest paid	(229,679)	(258,125)
Proceeds from borrowings	2,000	710,000
Repayment of borrowings	(185,610)	(877,222)
Payment of lease liabilities	(5,205)	(5,040)
<b>Net cash used in financing activities</b>	<u>(604,350)</u>	<u>(587,277)</u>

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

	<b>6 months ended 30.06.2023 RM'000 (Unaudited)</b>	<b>6 months ended 30.06.2022 RM'000 (Unaudited)</b>
Net (decrease)/increase in cash and cash equivalents	(111,283)	627,640
Cash and cash equivalents at beginning of the period	1,539,630	1,568,819
Cash and cash equivalents at end of the period	<u><u>1,428,347</u></u>	<u><u>2,196,459</u></u>
<b>Cash and cash equivalents comprise :</b>		
Cash and bank balances	515,839	444,315
Deposits with licensed banks and other licensed corporations	912,508	1,752,144
	<u><u>1,428,347</u></u>	<u><u>2,196,459</u></u>



## Notes to the interim financial statements

### 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, *Interim Financial Reporting* and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

The audited financial statements of the Group for the financial year ended 31 December 2022 were prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The significant accounting policies adopted in these interim financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2022, except the Group adopted the following Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023 as follows:

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

The adoption of the above did not have any material impact on the financial statements of the Group.

### 2. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

### 3. Seasonal or cyclical factors

The Group's operations have not been affected by seasonal or cyclical factors.

### 4. Unusual items

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

The coal prices, however, are experiencing a downtrend from December 2022 through mid-2023 in line with the reduction in coal demand as the European Union ("EU") has started to source energy supply from alternative countries as well as the growing global renewable energy transition. Consequently, the Group recorded substantial negative fuel margin from Tanjung Bin Power Sdn. Bhd. ("TBP") and Tanjung Bin Energy Sdn. Bhd. ("TBE") coal plants, resulting in material adverse effect on the Group's income statement with a net loss of RM318.7 million and RM394.4 million for the current quarter and 6-month period ended 30 June 2023, respectively.

Save for the above, there was no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review because of its nature, size and incidence.

#### **5. Changes in estimates**

There was no material change in financial estimates made in prior financial year that could materially affect the current interim results.

#### **6. Debt and equity securities**

On 10 April 2023, Alam Flora Sdn. Bhd. (“AFSB”) completed the establishment of the Islamic Commercial papers and Islamic Medium Term Notes programme which have a combined aggregate limit of up to RM700.0 million based on the Shariah principle of Murabahah (via Tawarruq arrangement) and is structured under the Sustainability Frameworks (“ASEAN Green SRI Sukuk Murabahah”). The proceeds from the initial issuances of RM1.0 million respectively under each programme were utilised to finance the working capital and capital expenditure requirements of AFSB group.

On 10 May 2023 and 28 June 2023, AFSB and Tanjung Bin O&M Berhad paid RM1.0 million and RM15.0 million, respectively as part of the scheduled repayment sukuk programme.

Save for the above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

#### **7. Dividends paid**

On 26 May 2023, the Company paid a final dividend of 2.45 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM119,731,000 in respect of the financial year ended 31 December 2022.

## 8. Segment reporting

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

	<u>Power generation</u>			<u>Waste Management and Environmental Services</u>	<u>Others</u>			<u>Elimination</u>			<u>Total</u>		
	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Foreign RM'000	Total RM'000
Revenue from external customers	4,119,700	-	4,119,700	441,322	89,020	-	89,020	-	-	-	4,650,042	-	4,650,042
Inter-segment revenue	-	-	-	-	544,097	104,277	648,374	(544,097)	(104,277)	(648,374)	-	-	-
<b>Total segment revenue</b>	<b>4,119,700</b>	<b>-</b>	<b>4,119,700</b>	<b>441,322</b>	<b>633,117</b>	<b>104,277</b>	<b>737,394</b>	<b>(544,097)</b>	<b>(104,277)</b>	<b>(648,374)</b>	<b>4,650,042</b>	<b>-</b>	<b>4,650,042</b>
<b>(Loss)/Profit after tax</b>	<b>(349,525)</b>	<b>43,513</b>	<b>(306,012)</b>	<b>58,435</b>	<b>179,950</b>	<b>109,059</b>	<b>289,009</b>	<b>(357,670)</b>	<b>(109,799)</b>	<b>(467,469)</b>	<b>(468,810)</b>	<b>42,773</b>	<b>(426,037)</b>

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

	<u>Power generation</u>			<b>Waste Management and Environmental Services</b>	<u>Others</u>			<u>Elimination</u>			<u>Total</u>		
	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Foreign RM'000	Total RM'000
Revenue from external customers	3,709,033	-	3,709,033	427,840	65,377	-	65,377	-	-	-	4,202,250	-	4,202,250
Inter-segment revenue	-	-	-	-	729,244	19,210	748,454	(729,244)	(19,210)	(748,454)	-	-	-
<b>Total segment revenue</b>	<b>3,709,033</b>	<b>-</b>	<b>3,709,033</b>	<b>427,840</b>	<b>794,621</b>	<b>19,210</b>	<b>813,831</b>	<b>(729,244)</b>	<b>(19,210)</b>	<b>(748,454)</b>	<b>4,202,250</b>	<b>-</b>	<b>4,202,250</b>
<b>Profit after tax</b>	<b>228,912</b>	<b>103,584</b>	<b>332,496</b>	<b>62,549</b>	<b>330,215</b>	<b>20,291</b>	<b>350,506</b>	<b>(517,515)</b>	<b>(25,832)</b>	<b>(543,347)</b>	<b>104,161</b>	<b>98,043</b>	<b>202,204</b>

**9. Property, plant and equipment**

There was no valuation of property, plant and equipment during the current quarter ended 30 June 2023 except for the amounts carried forward pertaining to certain Group properties that had been revalued in the past.

**10. Events subsequent to the end of the current interim period**

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

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

There was no change in the composition of the Group during the current quarter ended 30 June 2023.

**12. Changes in contingent liabilities or contingent assets**

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2022 except for the following bank guarantees issued to third parties:

	<b>30.6.2023</b> RM'mil	<b>31.12.2022</b> RM'mil
Company and subsidiaries	<u>584.0</u>	<u>537.4</u>

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

**13. Capital commitments**

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

	<b>30.6.2023</b> RM'mil	<b>31.12.2022</b> RM'mil
Property, plant and equipment:		
Authorised and contracted for	61.0	58.1
Authorised but not contracted for	<u>952.6</u>	<u>1,037.2</u>
	<u><u>1,013.6</u></u>	<u><u>1,095.3</u></u>

**14. Related party transactions**

	<b>30.6.2023</b> RM'mil	<b>30.6.2022</b> RM'mil
Associated company:		
Interest income on unsecured subordinated loan notes	<u>-</u>	<u>12.2</u>

**Additional information required by the Bursa Securities Listing Requirements****15. Review of performance****Quarter 2, 2023 vs Quarter 2, 2022**

For the quarter ended 30 June 2023, the Group recorded RM2,364.9 million in revenue, an increase of RM46.4 million or 2.0% from RM2,318.5 million reported in the corresponding quarter ended 30 June 2022, primarily due to higher energy payment and capacity income recorded from Tanjung Bin Energy Sdn. Bhd. (“TBE”) given the higher applicable coal price (“ACP”) and shorter duration of plant outage together with higher energy payment recorded from Segari Energy Ventures Sdn. Bhd. (“SEV”) given the increase in despatch factor. However, these were partially offset by lower energy payment recorded from Tanjung Bin Power Sdn. Bhd. (“TBP”) impacted by the decline in ACP and absence of revenue contribution from GB3 Sdn. Bhd. (“GB3”) following the expiry of the Power Purchase Agreement (“PPA”) on 30 December 2022.

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

Conversely, the Group recorded loss before taxation of RM453.7 million, a significant reduction of RM650.3 million from profit before taxation of RM196.6 million reported in the corresponding quarter ended 30 June 2022, primarily due to substantial negative fuel margin recorded at TBP and TBE coal plants of RM556.2 million and RM14.9 million, respectively impacted by the higher weighted average fuel costs, lower contribution from GB3 following the expiry of PPA, higher operating insurance costs and lower share of profit from associates and joint ventures. However, these were partially moderated by higher capacity income from TBE given the shorter duration of plant outage, partial insurance claims on TBE’s Low-Pressure Turbine blade failure and lower net finance costs.

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

For the period ended 30 June 2023, the Group recorded RM4,650.0 million in revenue, an increase of RM447.8 million or 10.7% from RM4,202.2 million reported in the corresponding period ended 30 June 2022, primarily due to higher energy payment recorded from TBP and TBE coal plants on the back of the higher ACP as well as higher capacity income recorded from TBE given the shorter duration of plant outage. However, these were partially offset by the absence of revenue contribution from GB3 following the expiry of PPA.

Conversely, the Group recorded loss before taxation of RM538.2 million, a significant reduction of RM833.0 million from profit before taxation of RM294.8 million reported in the corresponding period ended 30 June 2022, primarily due to substantial negative fuel margin recorded at TBP and TBE coal plants of RM643.6 million and RM32.4 million, respectively impacted by higher weighted average fuel costs, lower contribution from GB3 gas plant following the expiry of PPA, higher operating insurance costs and lower share of profit from associates and joint ventures. However, these were partially moderated by higher capacity income from TBE given the shorter duration of plant outage, partial insurance claims on TBE’s Low-Pressure Turbine blade failure and lower net finance costs.

## 16. Variation of results against immediate preceding quarter

### Quarter 2, 2023 vs Quarter 1, 2023

The Group recorded higher loss before taxation of RM453.7 million in the current quarter compared with loss before taxation of RM84.4 million reported in the immediate preceding quarter, primarily due to substantial negative fuel margin recorded at TBP and higher operation and maintenance costs. However, these were partially moderated by the improved contribution from TBE given the shorter duration of plant outage and partial insurance claims on Low-Pressure Turbine blade failure.

## 17. Current prospects

Bank Negara Malaysia has maintained its forecast on the Gross Domestic Product (“GDP”) at 4.0% to 5.0% for 2023 as domestic demand remained resilient. Continuous support from strong domestic demand, intact economic fundamentals and improved outlook are expected to be key drivers as the Malaysian economy navigates through the second half of 2023.

Global coal prices have declined over sixty percent to approximately USD128/tonne in June 2023 from USD396/tonne in January 2023 with the same trend reflected in the current Applicable Coal Price (“ACP”) (*Source: Bloomberg*), after experiencing extreme volatility and high prices in 2021 and 2022. The decline was in line with the reduction in coal demand as the EU has started to source energy supply from alternative countries as well as the growing global renewable energy transition. The Group’s thermal assets continue to focus on its operational efficiencies to enhance reliability and availability to mitigate the impact of negative fuel margin.

On 27 July 2023, the Government launched the National Energy Transition Roadmap (“NETR”) Phase 1 which outlines ten (10) flagship catalyst projects and initiatives based on six (6) energy levers, namely energy efficiency, renewable energy, hydrogen, bioenergy, green mobility and carbon, capture, utilisation and storage. Malakoff’s biomass cofiring project has been identified as one of the flagship catalyst projects at the existing 2,100 MW Tanjung Bin Power Plant, which involves the burning of biomass along with coal. A pilot phase is slated in 2024, with a gradual increase of up to 15% biomass cofiring capacity by 2027.

On 14 July 2023, the Group achieved financial close on RP Hydro Kelantan Sdn. Bhd. (“RP Hydro”), an 84 MW run-of-river small hydropower plant project to be developed in Kelantan. This project marks the Group’s inroad into the hydropower segment, which is aligned with the Malaysia Renewable Energy Roadmap focusing on hydropower as one of the technology-specific pillars towards achieving a low-carbon economy.

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

**18. (Loss)/Profit before tax**

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

	<b>3 months ended 30.6.2023</b>	<b>3 months ended 30.6.2022</b>	<b>Cumulative 6 months ended 30.6.2023</b>	<b>Cumulative 6 months ended 30.6.2022</b>
	RM'mil	RM'mil	RM'mil	RM'mil
Finance income	(19.4)	(23.2)	(39.3)	(47.1)
Finance costs	143.6	155.9	287.1	313.5
Depreciation	201.9	228.3	402.1	460.1
Amortisation of intangibles assets	73.3	79.8	145.9	158.8
Impairment loss on financial instruments	-	6.1	-	12.2
Net foreign exchange (gain)/loss	(6.6)	-	(6.8)	0.1

**19. Profit forecast or profit guarantee**

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

**20. Tax expense**

	<b>3 months ended 30.6.2023</b>	<b>3 months ended 30.6.2022</b>	<b>Cumulative 6 months ended 30.6.2023</b>	<b>Cumulative 6 months ended 30.6.2022</b>
	RM'mil	RM'mil	RM'mil	RM'mil
Current tax expense	18.0	92.1	44.1	156.1
Deferred tax expense	(117.0)	(27.9)	(156.2)	(63.5)
Total tax (benefit)/expense	<u>(99.0)</u>	<u>64.2</u>	<u>(112.1)</u>	<u>92.6</u>

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



## 21. Status of corporate proposal announced

Definitive Agreements between Rising Promenade Sdn. Bhd. (“RPSB”), RP Hydro (Kelantan) Sdn. Bhd. (“RPHK”), Rising O&M Engineering Services Sdn. Bhd. (“ROMES”), Tuah Utama Sdn. Bhd. (“TUSB”) and Malakoff Technical Solutions Sdn. Bhd. (“MTSSB”)

On 21 March 2023, the Company together with its wholly-owned subsidiaries, TUSB and MTSSB entered into a Heads of Agreement with RPSB, RPHK and ROMES which sets out the principal parameters between the parties in relation to their respective participation in the development, design, financing, insurance, procurement, construction, installation, testing, commissioning, ownership, operation, management and maintenance of three (3) hydroelectric renewable energy plants, namely Kemubu Small Hydropower Plant (“SHP”), Kuala Geris SHP and Serasa SHP with installed capacity of 29.0MW, 25.0MW and 30.0MW respectively, all located in the District of Kuala Krai, Kelantan (“Project”).

MCB's participation in the Project is by way of:

- a) the purchase of 70% ordinary shares in RPHK through TUSB;
- b) the subscription of up to 250,000,000 preference shares in RPHK through TUSB; and
- c) the purchase of 70% ordinary shares in ROMES from RPSB for the Project through MTSSB.

Subsequently on 14 July 2023, the Project has successfully achieved its financial close of which the Project will be financed via a combination of ASEAN Green SRI Sukuk Wakalah issuance of RM975.0 million in nominal value and shareholders' equity contribution based on a Finance-to-Equity Ratio (FE Ratio) of 80:20.

The Company will make the necessary announcement upon the execution of the share sales and purchase agreements (“SSPA”) of the Project.

## 22. Borrowings

	<b>30.6.2023</b>	<b>31.12.2022</b>
	RM'mil	RM'mil
Current		
- Secured	931.8	942.2
- Unsecured	30.0	30.0
	<u>961.8</u>	<u>972.2</u>
Non-current		
- Secured	7,640.7	7,771.2
	<u>8,602.5</u>	<u>8,743.4</u>

The breakdown of Group borrowings by currency is as follows:

	<b>30.6.2023</b>	<b>31.12.2022</b>
	RM'mil	RM'mil
Functional currency		
- RM	8,378.6	8,502.0
- USD	223.9	241.4
	<u>8,602.5</u>	<u>8,743.4</u>

## 23. Changes in material litigation

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

On 22 June 2023, the Supreme Court of Algeria had delivered its judgment, dismissing the appeal filed by AAS against the decision by the Court of Appeal of Tlemcen in respect of alleged breach of foreign exchange regulations and the penalty of DZD3,929,038,115.36.

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

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

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

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

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

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

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

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

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

MCB and TDIC have been advised that the Arbitral Tribunal is expected to render its final award between September and October 2023.

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

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

PPSB alleged that GE Entities breached the duty to exercise reasonable care and skill to properly design, manufacture, supply and install a GE 109FA single shaft gas turbine at the Prai Power Plant. By reason of the alleged breach, PPSB claims for, among others, loss and damages in the sum of RM72,094,050 from GE Entities.

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

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

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

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

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

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

**24. Dividend Payable**

The Directors recommend the payment of an interim dividend of 1.50 sen per ordinary share in respect of the financial year ending 31 December 2023. The interim dividend will be paid on 27 October 2023 to shareholders registered on the Company's Register of Members at the close of business on 29 September 2023.

In the corresponding quarter ended 30 June 2022, the Directors recommended the payment of an interim dividend of 2.80 sen per ordinary shares in respect of the financial year ended 31 December 2022. The interim dividend was paid on 27 October 2022.

**25. Earnings per ordinary share**

	<b>3 months ended 30.6.2023</b>	<b>3 months ended 30.6.2022</b>	<b>Cumulative 6 months ended 30.6.2023</b>	<b>Cumulative 6 months ended 30.6.2022</b>
Basic/Diluted Earnings per Ordinary Share				
(Loss)/Profit for the period attributable to equity holders (RM mil)	(318.7)	119.1	(394.4)	170.0
Distribution to perpetual sukuk holder (RM mil)	-	-	(23.4)	(23.4)
(Loss)/Profit for the period attributable to ordinary shareholders (RM mil)	(318.7)	119.1	(417.8)	146.6
Weighted average number of ordinary shares (mil)	4,887.0	4,887.0	4,887.0	4,887.0
Basic/diluted (loss)/earnings per ordinary share (sen), restated <sup>#</sup>	(6.52)	2.44	(8.55)	3.00

Note<sup>#</sup> - The comparatives have been restated to exclude the distribution to perpetual sukuk holder from profit attributable to ordinary shareholders.

**26. Authorisation for issue**

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 August 2023.

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