

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
Quarterly Report on Unaudited Consolidated Results
For the Year Ended 31 December 2023

	3 months ended 31.12.2023 RM'000 (Unaudited)	3 months ended 31.12.2022 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.2023 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.2022 RM'000 (Audited)
Revenue	2,262,419	2,972,722	9,066,954	10,355,150
Cost of sales	(2,008,707)	(2,579,873)	(8,890,448)	(8,663,764)
Gross profit	253,712	392,849	176,506	1,691,386
Other income	48,804	112,843	92,551	126,412
Administrative expenses	(58,080)	(85,366)	(239,295)	(264,530)
Impairment loss on investment in associates	(96,065)	(203,272)	(96,065)	(398,272)
Impairment loss on financial instruments	-	-	-	(12,239)
Other operating expenses	(50,070)	(48,923)	(196,507)	(159,784)
Results from operating activities	98,301	168,131	(262,810)	982,973
Finance income	17,981	19,249	75,993	85,312
Finance costs	(137,418)	(141,077)	(566,969)	(607,932)
Net finance costs	(119,437)	(121,828)	(490,976)	(522,620)
Share of (loss)/profit of equity-accounted associates and joint ventures, net of tax	(288,650)	115,029	(201,131)	276,418
(Loss)/Profit before tax	(309,786)	161,332	(954,917)	736,771
Tax (expense)/benefit	(40,598)	(102,318)	92,984	(350,868)
(Loss)/Profit for the period/year	(350,384)	59,014	(861,933)	385,903
Other comprehensive (expense)/income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liabilities	(3,740)	20,252	(3,025)	20,252
Items that may be reclassified subsequently to profit or loss				
Cash flow hedge	(319)	972	(2,976)	2,584
Share of (loss)/gain on hedging reserve of equity-accounted associates and joint ventures	(46,390)	1,405	556	106,296
Foreign currency translation differences for foreign operations	(6,467)	(18,139)	25,962	16,454
	(53,176)	(15,762)	23,542	125,334
Other comprehensive (expense)/income for the period/year	(56,916)	4,490	20,517	145,586
Total comprehensive (expense)/income for the period/year	(407,300)	63,504	(841,416)	531,489

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(Loss)/Profit attributable to:				
Equity holders of the Company	(357,121)	41,864	(837,160)	302,225
Non-controlling interests	6,737	17,150	(24,773)	83,678
(Loss)/Profit for the period/year	<u>(350,384)</u>	<u>59,014</u>	<u>(861,933)</u>	<u>385,903</u>
Total comprehensive (expense)/income attributable to:				
Equity holders of the Company	(414,037)	46,354	(816,643)	447,811
Non-controlling interests	6,737	17,150	(24,773)	83,678
Total comprehensive (expense)/income for the period/ year	<u>(407,300)</u>	<u>63,504</u>	<u>(841,416)</u>	<u>531,489</u>
(Loss)/Earnings per ordinary share (sen)				
Basic/diluted	(7.31)	0.86	(18.10)	5.22

Condensed Consolidated Statements Of Financial Position
As At 31 December 2023

	As at 31.12.2023 RM'000 (Unaudited)	As at 31.12.2022 RM'000 (Audited)
Assets		
Property, plant and equipment	10,487,492	10,956,764
Right-of-use assets	104,002	89,001
Investment properties	16,400	15,600
Concession assets	121,772	134,629
Intangible assets	2,260,095	2,527,206
Investments in associates	571,806	991,707
Investments in joint ventures	773,853	835,907
Other investments	2,484	2,484
Derivative financial assets	24,309	74,275
Trade and other receivables	9,081	11,435
Deferred tax assets	275,475	234,291
Total non-current assets	14,646,769	15,873,299
Derivative financial assets	69,991	46,558
Trade and other receivables	1,565,098	2,086,908
Inventories	785,003	1,681,346
Current tax assets	157,586	63,348
Other investments	727,012	692,740
Cash and cash equivalents	2,329,600	1,539,630
Total current assets	5,634,290	6,110,530
Total assets	20,281,059	21,983,829
Equity		
Share capital	5,693,055	5,693,055
Treasury shares	(98,647)	(98,647)
Reserves	348,678	325,136
Accumulated losses	(1,438,893)	(358,471)
Equity attributable to owners of the Company	4,504,193	5,561,073
Perpetual sukuk	800,000	800,000
Non-controlling interests	257,102	334,745
Total equity	5,561,295	6,695,818
Liabilities		
Loans and borrowings	7,940,385	7,771,205
Lease liabilities	11,451	13,032
Employee benefits	87,971	78,766
Provision for decommissioning costs	227,080	207,846
Provision for concession assets	129,055	186,984
Deferred income	2,501,372	2,825,693
Deferred tax liabilities	849,949	996,502
Total non-current liabilities	11,747,263	12,080,028

Condensed Consolidated Statements Of Financial Position
As At 31 December 2023

	As at 31.12.2023 RM'000 (Unaudited)	As at 31.12.2022 RM'000 (Audited)
Trade and other payables	1,391,376	1,599,445
Current tax liabilities	4,580	99,229
Loans and borrowings	896,700	972,203
Lease liabilities	4,580	7,998
Provision for decommissioning costs	52,735	53,001
Provision for concession assets	202,447	143,775
Employee benefits	7,423	8,713
Deferred income	412,660	323,513
Derivative financial liabilities	-	106
Total current liabilities	<u>2,972,501</u>	<u>3,207,983</u>
Total liabilities	<u>14,719,764</u>	<u>15,288,011</u>
Total equity and liabilities	<u><u>20,281,059</u></u>	<u><u>21,983,829</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.92	1.14

**Condensed Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2023**

	/----- Attributable to owners of the Company -----/ /----- Non-distributable -----/				Distributable		Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Reserves		Accumulated Losses RM'000	Total RM'000			
			Translation RM'000	Hedging RM'000					
At 1 January 2023	5,693,055	(98,647)	10,479	314,657	(358,471)	5,561,073	800,000	334,745	6,695,818
Remeasurement of defined benefit liabilities	-	-	-	-	(3,025)	(3,025)	-	-	(3,025)
Foreign currency translation differences for foreign operations	-	-	25,962	-	-	25,962	-	-	25,962
Cash flow hedge	-	-	-	(2,976)	-	(2,976)	-	-	(2,976)
Share of gain on hedging reserve of equity-accounted associates and joint ventures	-	-	-	556	-	556	-	-	556
Other comprehensive income/(expense) for the year	-	-	25,962	(2,420)	(3,025)	20,517	-	-	20,517
Loss for the year	-	-	-	-	(837,160)	(837,160)	-	(24,773)	(861,933)
Comprehensive income/(expense) for the year	-	-	25,962	(2,420)	(840,185)	(816,643)	-	(24,773)	(841,416)
Distribution to holder of perpetual sukuk	-	-	-	-	(47,200)	(47,200)	-	-	(47,200)
Acquisition of subsidiaries	-	-	-	-	-	-	-	8,775	8,775
Dividends to owners of the Company	-	-	-	-	(193,037)	(193,037)	-	-	(193,037)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(61,645)	(61,645)
Total distribution to owners	-	-	-	-	(193,037)	(193,037)	-	(61,645)	(254,682)
At 31 December 2023	5,693,055	(98,647)	36,441	312,237	(1,438,893)	4,504,193	800,000	257,102	5,561,295

Condensed Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2023

	/----- Attributable to owners of the Company -----/								
	/----- Non-distributable -----/				Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Reserves		Accumulated Losses RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Translation RM'000			Hedging RM'000						
At 1 January 2022	5,693,055	(98,647)	(5,975)	205,777	(399,172)	5,395,038	800,000	311,688	6,506,726
Remeasurement of defined benefit liabilities	-	-	-	-	20,252	20,252	-	-	20,252
Foreign currency translation differences for foreign operations	-	-	16,454	-	-	16,454	-	-	16,454
Cash flow hedge	-	-	-	2,584	-	2,584	-	-	2,584
Share of gain on hedging reserve of equity-accounted associates and joint ventures	-	-	-	106,296	-	106,296	-	-	106,296
Other comprehensive income for the year	-	-	16,454	108,880	20,252	145,586	-	-	145,586
Profit for the year	-	-	-	-	302,225	302,225	-	83,678	385,903
Comprehensive income for the year	-	-	16,454	108,880	322,477	447,811	-	83,678	531,489
Distribution to holder of perpetual sukuk	-	-	-	-	(47,200)	(47,200)	-	-	(47,200)
Dividends to owners of the Company	-	-	-	-	(234,576)	(234,576)	-	-	(234,576)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(58,195)	(58,195)
Redemption of preference shares to non-controlling interests	-	-	-	-	-	-	-	(2,426)	(2,426)
Total distribution to owners	-	-	-	-	(234,576)	(234,576)	-	(60,621)	(295,197)
At 31 December 2022	5,693,055	(98,647)	10,479	314,657	(358,471)	5,561,073	800,000	334,745	6,695,818

Condensed Consolidated Statements Of Cash Flows
For the Year Ended 31 December 2023

	12 months ended 31.12.2023 RM'000 (Unaudited)	12 months ended 31.12.2022 RM'000 (Audited)
Cash flows from operating activities		
(Loss)/Profit before tax	(954,917)	736,771
Adjustments for :		
Non cash-items	1,304,849	1,744,133
Finance costs	566,969	607,932
Finance income	(75,993)	(85,312)
Share of loss/(profit) of equity-accounted associates and joint ventures, net of tax	201,131	(276,418)
Operating profit before changes in working capital	<u>1,042,039</u>	<u>2,727,106</u>
<i>Changes in working capital:</i>		
Net change in current assets	1,420,623	(1,905,010)
Net change in current liabilities	(394,281)	(35,389)
Net change in non-current liabilities	(237,178)	(329,220)
Cash generated from operations	<u>1,831,203</u>	<u>457,487</u>
Tax paid, net	(282,486)	(397,925)
Net cash from operating activities	<u>1,548,717</u>	<u>59,562</u>
Cash flows from investing activities		
Additional investment in joint venture	-	(1,030)
Acquisition of a subsidiary, net of cash and cash equivalent acquired	913,107	-
Change in other investments	(34,272)	1,924,353
Dividends received from associates	31,536	11,775
Dividends received from joint ventures	159,521	92,733
Interest received	71,865	84,535
Purchase of property, plant and equipment	(292,969)	(300,807)
Purchase of concession assets	(470)	(404)
Proceeds from disposal of property, plant and equipment	175	24
Net cash from investing activities	<u>848,493</u>	<u>1,811,179</u>
Cash flows from financing activities		
Distribution to perpetual sukuk holder	(47,200)	(47,200)
Dividends paid to owners of the Company	(193,037)	(234,576)
Dividends paid to non-controlling interests	(61,645)	(58,195)
Redemption of preference shares to non-controlling interests	-	(2,426)
Interest paid	(390,501)	(549,848)
Proceeds from borrowings	2,526	710,000
Repayment of borrowings	(907,547)	(1,707,818)
Payment of lease liabilities	(9,836)	(9,867)
Net cash used in financing activities	<u>(1,607,240)</u>	<u>(1,899,930)</u>

Condensed Consolidated Statements Of Cash Flows
For the Year Ended 31 December 2023

	12 months ended 31.12.2023 RM'000 (Unaudited)	12 months ended 31.12.2022 RM'000 (Audited)
Net increase/(decrease) in cash and cash equivalents	789,970	(29,189)
Cash and cash equivalents at beginning of the year	1,539,630	1,568,819
Cash and cash equivalents at end of the year	<u>2,329,600</u>	<u>1,539,630</u>
Cash and cash equivalents comprise :		
Cash and bank balances	1,294,726	618,312
Deposits with licensed banks and other licensed corporations	1,034,874	921,318
	<u>2,329,600</u>	<u>1,539,630</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, experienced a downtrend from December 2022 onwards particularly in the first half of 2023 during which the global coal prices have declined over sixty percent to approximately USD128/tonne in June 2023 from USD396/tonne in January 2023 (*Source: Bloomberg*) in line with the reduction in coal demand as the European Union ("EU") started to adopt energy supply from alternative sources as well as the growing global renewable energy transition. Consequently, the Group recorded substantial negative fuel margin, net of tax and minority interests for the first nine months of 2023 from Tanjung Bin Power Sdn. Bhd.

(“TBP”) and Tanjung Bin Energy Sdn. Bhd. (“TBE”) coal plants of RM542.4 million and RM49.7 million, respectively impacted by the higher weighted average coal costs. This has resulted in material adverse effect on the Group’s income statement for the 12-month ended 31 December 2023.

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

5. Changes in estimates

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

6. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter except for the scheduled repayment of Malakoff Power Berhad (“MPB”) sukuk programme of RM320.0 million.

7. Dividends paid

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

- i. 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 on 26 May 2023.
- ii. An interim dividend of 1.50 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM73,304,000 in respect of the financial year ended 31 December 2023 on 27 October 2023.

8. Segment reporting

The Group's segmental reporting for the financial year ended 31 December 2023 is as follows:

	<u>Power generation</u>			<u>Waste Management and Environmental Services</u>	<u>Others</u>			<u>Elimination</u>			<u>Total</u>		
	<u>Local</u> <u>RM'000</u>	<u>Foreign</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>	<u>Local</u> <u>RM'000</u>	<u>Local</u> <u>RM'000</u>	<u>Foreign</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>	<u>Local</u> <u>RM'000</u>	<u>Foreign</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>	<u>Local</u> <u>RM'000</u>	<u>Foreign</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Revenue from external customers	8,011,898	-	8,011,898	878,558	176,498	-	176,498	-	-	-	9,066,954	-	9,066,954
Inter-segment revenue	-	-	-	-	1,484,988	249,857	1,734,845	(1,484,988)	(249,857)	(1,734,845)	-	-	-
Total segment revenue	8,011,898	-	8,011,898	878,558	1,661,486	249,857	1,911,343	(1,484,988)	(249,857)	(1,734,845)	9,066,954	-	9,066,954
(Loss)/Profit after tax	(310,146)	(211,309)	(521,455)	112,633	710,561	233,642	944,203	(1,136,414)	(260,900)	(1,397,314)	(623,366)	(238,567)	(861,933)

The Group's segmental reporting for the financial year ended 31 December 2022 is as follows:

	<u>Power generation</u>			<u>Waste Management and Environmental Services</u>	<u>Others</u>			<u>Elimination</u>			<u>Total</u>		
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>Local</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue from external customers	9,346,037	-	9,346,037	872,812	136,301	-	136,301	-	-	-	10,355,150	-	10,355,150
Inter-segment revenue	-	-	-	-	1,291,400	117,265	1,408,665	(1,291,400)	(117,265)	(1,408,665)	-	-	-
Total segment revenue	9,346,037	-	9,346,037	872,812	1,427,701	117,265	1,544,966	(1,291,400)	(117,265)	(1,408,665)	10,355,150	-	10,355,150
Profit/(Loss) after tax	844,933	173,861	1,018,794	103,337	153,200	64,636	217,836	(564,339)	(389,725)	(954,064)	537,131	(151,228)	385,903

9. Property, plant and equipment

There was no revaluation of property, plant and equipment during the current quarter ended 31 December 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 31 December 2023.

11. Changes in composition of the Group

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

On 7 September 2023, TUSB and MTSSB completed the acquisitions of 70% equity interests in RPHK and ROMES for a total cash consideration of RM35.0 million and RM0.7 million, respectively. As a result, the Group recognized goodwill of RM15.2 million for the financial year ended 31 December 2023.

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

	RM'mil
Property, plant and equipment	40.0
Other receivables	1.0
Cash and bank balances ^{Note1}	948.8
Other payables	(5.4)
Borrowing ^{Note1}	(955.2)
Non-controlling interests	(8.7)
Share of net assets acquired	20.5
Goodwill	15.2
Purchase consideration settled in cash	35.7
Less: Cash and cash equivalents of subsidiaries acquired	(948.8)
Cash inflow of the Group on the acquisitions through Business Combination	<u>(913.1)</u>

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

12. Changes in contingent liabilities or contingent assets

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

	31.12.2023 RM'mil	31.12.2022 RM'mil
Company and subsidiaries	<u>834.4</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:

	31.12.2023 RM'mil	31.12.2022 RM'mil
Property, plant and equipment:		
Authorised and contracted for	509.9	58.1
Authorised but not contracted for	994.1	1,037.2
	<u>1,504.0</u>	<u>1,095.3</u>

14. Related party transactions

	31.12.2023 RM'mil	31.12.2022 RM'mil
Associated company:		
Interest income on unsecured subordinated loan notes	<u>-</u>	<u>12.2</u>

Additional information required by the Bursa Securities Listing Requirements**15. Review of performance****Quarter 4, 2023 vs Quarter 4, 2022**

For the quarter ended 31 December 2023, the Group recorded RM2,262.4 million in revenue, a decrease of RM710.3 million or 23.9% from RM2,972.7 million reported in the corresponding quarter ended 31 December 2022, primarily due to lower energy payment recorded from Tanjung Bin Power Sdn. Bhd. (“TBP”) impacted by the decline in applicable coal price (“ACP”) and absence of revenue contribution from GB3 Sdn. Bhd. (“GB3”) following the expiry of the Power Purchase Agreement (“PPA”) on 30 December 2022.

The Group recorded loss before taxation of RM309.8 million, a significant reduction of RM471.1 million from profit before taxation of RM161.3 million reported in the corresponding quarter ended 31 December 2022, primarily due to the recognition of share of loss from Al-Hidd IWPP, a 40% foreign associate in Bahrain and further impairment loss on the Group’s carrying value of investment in Al-Hidd IWPP.

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

For the year ended 31 December 2023, the Group recorded RM9,067.0 million in revenue, a decrease of RM1,288.2 million or 12.4% from RM10,355.2 million reported in the corresponding year ended 31 December 2022, primarily due to lower energy payment recorded from TBP coal plant impacted by the decline in ACP and absence of revenue contribution from GB3 following the expiry of the PPA. However, these were partially moderated by higher energy payment and capacity income recorded from TBE given the higher despatch factor and shorter duration of plant outage.

The Group recorded loss before taxation of RM954.9 million, a significant reduction of RM1,691.7 million from profit before taxation of RM736.8 million reported in the corresponding year ended 31 December 2022, primarily due to the substantial negative fuel margin recorded for the first nine months of 2023 at TBP and TBE coal plants, lower contribution from GB3 gas plant following the expiry of PPA, recognition of share of loss from Al-Hidd IWPP, a 40% foreign associate in Bahrain and further impairment loss on the Group’s carrying value of investment in Al-Hidd IWPP.

16. Variation of results against immediate preceding quarter**Quarter 4, 2023 vs Quarter 3, 2023**

The Group recorded higher loss before taxation of RM309.8 million in the current quarter compared with loss before taxation of RM107.0 million reported in the immediate preceding quarter, primarily due to the recognition of share of loss from Al-Hidd IWPP, a 40% foreign associate in Bahrain and further impairment loss on the Group’s carrying value of investment in Al-Hidd IWPP.

17. Current prospects

The country recorded a Gross Domestic Product (“GDP”) of 3.7% (2022: 8.7%) due to slower global trade, geopolitical tensions and tighter monetary policies. For 2024, BNM expects the growth to trend higher, anchored by expansion in domestic demand and recovery in exports, supported by Budget 2024 measures (*Source:BNM’s Quarterly Bulletin Fourth Quarter of 2023*). As for coal prices, the global benchmark recorded relatively steady fluctuation within the range of USD120/tonne to USD160/tonne since the second half of 2023 (*Source:Bloomberg*), with the same trend reflected in the current Applicable Coal Price (“ACP”).

On 1 December 2023, Malakoff inked a Heads of Agreement (“HOA”) with Abu Dhabi Future Energy Company PJSC-Masdar (“Masdar”) to identify potential business opportunities through investment and development of solar photovoltaic power plant project with a targeted aggregate capacity of up to 1,000 MW and other potential Renewable Energy (“RE”) projects.

On 12 December 2023, Malakoff through its wholly-owned subsidiary, Malakoff Radiance Sdn Bhd secured a solar agreement with Railway Assets Corporation (“RAC”) and Keretapi Tanah Melayu Berhad (“KTMB”) for the development, operation and maintenance of carport and rooftop solar systems with a total capacity of 1.42 MWp at railway stations, depots and park and ride terminals in Perak, Pulau Pinang, Selangor, Johor and Negeri Sembilan.

On 16 January 2024, Alam Flora Environmental Solutions (“AFES”) signed a Memorandum of Understanding (“MoU”) with the Malaysian Nuclear Agency to harness advanced nuclear technology to convert plastic waste into valuable fuel and to produce high-value products more efficiently at a lower cost. This project not only aims to significantly reduce plastic waste, but also to propel both AFES and Malaysian Nuclear Agency to the forefront of environmental conservation, fostering a commitment to sustainable practices and the advancement of technology.

The Group expects overall performance to be satisfactory for the financial year ending 31 December 2024 in view of the gradual stability in global coal prices observed since the second half of 2023.

18. (Loss)/Profit before tax

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

	3 months ended 31.12.2023	3 months ended 31.12.2022	Cumulative 12 months ended 31.12.2023	Cumulative 12 months ended 31.12.2022
	RM'mil	RM'mil	RM'mil	RM'mil
Finance income	(17.9)	(19.2)	(75.9)	(85.3)
Finance costs	137.3	141.0	566.8	607.9
Depreciation	205.4	235.6	812.2	928.7
Amortisation of intangibles assets	74.0	80.6	294.0	320.0
Impairment loss on financial instruments	-	-	-	12.2
Impairment loss on investment in associates	96.1	203.3	96.1	398.3
Net foreign exchange (gain)/loss	(2.0)	2.9	(7.9)	2.3

19. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter ended 31 December 2023.

20. Tax expense

	3 months ended 31.12.2023	3 months ended 31.12.2022	Cumulative 12 months ended 31.12.2023	Cumulative 12 months ended 31.12.2022
	RM'mil	RM'mil	RM'mil	RM'mil
Current tax expense	24.9	115.2	93.4	449.2
Deferred tax expense	15.7	(12.9)	(186.4)	(98.3)
Total tax expense/(benefit)	<u>40.6</u>	<u>102.3</u>	<u>(93.0)</u>	<u>350.9</u>

The Group's effective tax rate for the current quarter was lower than the statutory income tax rate primarily due to the effect of share of loss of an associate and certain expenses which are not deductible for tax purposes.

The Group's effective tax rate for the current financial year does not reflect the statutory tax rate primarily due to a net tax benefit in respect of losses recorded by certain subsidiaries.

21. Status of corporate proposal announced

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

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

22. Borrowings

	31.12.2023	31.12.2022
	RM'mil	RM'mil
Current		
- Secured	896.7	942.2
- Unsecured	<u>30.0</u>	<u>30.0</u>
	<u>926.7</u>	<u>972.2</u>
Non-current		
- Secured	<u>7,910.4</u>	<u>7,771.2</u>
	<u><u>8,837.1</u></u>	<u><u>8,743.4</u></u>

The breakdown of Group borrowings by currency is as follows:

	31.12.2023	31.12.2022
	RM'mil	RM'mil
Functional currency		
- RM	8,616.8	8,502.0
- USD	<u>220.3</u>	<u>241.4</u>
	<u><u>8,837.1</u></u>	<u><u>8,743.4</u></u>

23. Changes in material litigation

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

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

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

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

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

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

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

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

The Arbitral Tribunal conducted the arbitration hearing in Paris on 21 November 2022 to 24 November 2022.

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

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

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

- (a) MCB and Hyflux did not breach any of the provisions under the JVA as alleged by AEC;
- (b) All of AEC's claims for damages against MCB and Hyflux are dismissed;
- (c) TDIC is ordered to transfer its shares in AAS to AEC for an amount of DZD1 in accordance with the Framework Agreement;
- (d) The Respondents shall bear their own legal costs;
- (e) TDIC shall bear in full the costs of the arbitration, comprising the Arbitral Tribunal's fees and expenses and the ICC's administrative expenses, as determined by ICC. In this regard, TDIC is ordered to reimburse AEC the sum of USD882,569.67 towards the said costs of the arbitration;
- (f) TDIC is ordered to reimburse AEC the sum of EUR1,822,085.97, being 50% of AEC's legal costs; and
- (g) All other claims and submissions are dismissed.

[The sums stated in items (e) and (f) above are subject to default interest equivalent to the bank interest rate for short-term loans applicable in Algeria plus 2% of the amount of interest per month of late payment from the date of the Final Award until full payment by TDIC.]

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

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

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

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

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

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

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

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

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

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

On 10 January 2024, one of the members of the Arbitral Tribunal had decided to withdraw himself as a co-arbitrator due to unexpected health complications. On 22 January 2024, the Arbitral Tribunal confirmed that the previously scheduled hearing dates from 7 March 2024 to 20 March 2024 are now vacated. The substitute co-arbitrator is in the process of being appointed.

24. Dividend Payable

Announcement on the final dividend for the financial year ended 31 December 2023 will be made upon the finalisation of the Audited Financial Statements in March 2024.

25. Earnings per ordinary share

	3 months ended 31.12.2023	3 months ended 31.12.2022	Cumulative 12 months ended 31.12.2023	Cumulative 12 months ended 31.12.2022
Basic/Diluted Earnings per Ordinary Share				
(Loss)/Profit for the period attributable to equity holders (RM mil)	(357.1)	41.9	(837.2)	302.2
Distribution to perpetual sukuk holder (RM mil) [#]	-	-	(47.2)	(47.2)
(Loss)/Profit for the period attributable to ordinary shareholders (RM mil)	(357.1)	41.9	(884.4)	255.0
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)	(7.31)	0.86	(18.10)	5.22

Note[#] - The distribution to perpetual sukuk holder is classified as equity in the financial statement based on the underlying of issuing terms of the sukuk program.

26. Authorisation for issue

The interim financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 23 February 2024.

By Order of the Board
 Noor Raniz bin Mat Nor (MAICSA No.7061903)
 Zaidatul Neezma binti Zainal Abidin (MACS 01677)
 Secretaries
 Kuala Lumpur
 23 February 2024