



# FINANCIAL STATEMENTS

118	Directors' Report
122	Statements of Financial Position
124	Statements of Profit or Loss and Other Comprehensive Income
126	Statements of Changes in Equity
129	Statements of Cash Flows
131	Notes to the Consolidated Financial Statements
235	Statement by Directors
236	Statutory Declaration
237	Independent Auditors' Report

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

### PRINCIPAL ACTIVITIES

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

### RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	355,463	248,458
Non-controlling interests	50,579	-
	406,042	248,458

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

### DIVIDENDS

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

- i) a final single-tier dividend of 2.00 sen per ordinary share totalling RM100,000,000 in respect of the financial year ended 31 December 2015 on 27 May 2016.
- ii) a single-tier interim dividend of 3.50 sen per ordinary share totalling RM175,000,000 in respect of the financial year ended 31 December 2016 on 4 October 2016.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2016 of 3.50 sen per ordinary share amounting to RM175,000,000 (based on 5,000,000,000 ordinary shares in issue as at 31 December 2016) will be proposed for the shareholders' approval.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

### DIRECTORS OF THE COMPANY

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

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail (Chairman)  
 Datuk Wira Azhar bin Abdul Hamid (Group Managing Director) (appointed on 1 May 2016)  
 Dato' Sri Che Khalib bin Mohamad Noh  
 Datuk Muhamad Noor bin Hamid  
 Tan Ler Chin  
 Datuk Ooi Teik Huat  
 Tan Sri Dato' Seri Alauddin bin Dato' Md Sheriff  
 Datuk Idris bin Abdullah @ Das Murthy  
 Datuk Dr. Syed Muhamad bin Syed Abdul Kadir  
 Dato' Wan Kamaruzaman bin Wan Ahmad  
 Zalman bin Ismail (alternate Director to Dato' Wan Kamaruzaman bin Wan Ahmad)  
 Kohei Hirao

### DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares		
	At 1.1.2016	Bought (Sold)	At 31.12.2016
Direct interests in the Company:			
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail (Chairman)	290,000	-	290,000
Datuk Wira Azhar bin Abdul Hamid	-	531,700	531,700
Dato' Sri Che Khalib bin Mohamad Noh	420,000	-	420,000
Datuk Muhamad Noor bin Hamid	321,200	-	321,200
Datuk Ooi Teik Huat	420,000	-	420,000
Datuk Idris bin Abdullah @ Das Murthy	290,000	-	290,000
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	150,000	-	150,000

None of the other Directors holding office at 31 December 2016 had any interest in the shares of the Company and of its related corporations during the financial year.

### DIRECTORS' BENEFITS

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

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

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

**ISSUE OF SHARES**

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

**OPTIONS GRANTED OVER UNISSUED SHARES**

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

**OTHER STATUTORY INFORMATION**

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or in the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

**AUDITORS**

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

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

.....  
**YAM Tan Sri Dato' Seri Syed Anwar Jamalullail**  
Chairman

.....  
**Datuk Wira Azhar bin Abdul Hamid**  
Director

Kuala Lumpur

Date: 7 March 2017

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group			Company	
		31.12.2016	31.12.2015	1.1.2015	31.12.2016	31.12.2015
		RM'000	RM'000	RM'000	RM'000	RM'000
			Restated	Restated		
<b>Non-current assets</b>						
Property, plant and equipment	3	14,604,469	15,059,639	14,323,952	39,254	43,168
Intangible assets	4	3,721,431	4,206,253	4,704,227	-	-
Prepaid lease payments	5	68,336	69,852	70,331	-	-
Investment in subsidiaries	6	-	-	-	8,134,741	8,134,741
Investment in associates	7	1,476,010	1,140,887	1,165,732	1,231,860	983,200
Investment in a joint venture	8	-	55,440	57,885	-	-
Finance lease receivable	9	2,264,999	2,197,169	1,990,974	-	-
Derivative financial assets	10	670,796	509,010	99,147	-	-
Other receivables	11	91,902	102,615	114,793	-	-
Deferred tax assets	12	69,568	71,686	72,566	-	-
<b>Total non-current assets</b>		22,967,511	23,412,551	22,599,607	9,405,855	9,161,109
<b>Current assets</b>						
Trade and other receivables	11	2,046,557	1,882,638	1,304,283	1,201,357	1,373,199
Inventories	13	662,273	575,094	518,434	-	-
Current tax assets		176,592	235,039	272,469	23,066	23,900
Other investments	14	1,403,801	629,241	321,509	-	-
Cash and cash equivalents	15	3,006,802	2,853,346	3,574,900	320,490	313,135
<b>Total current assets</b>		7,296,025	6,175,358	5,991,595	1,544,913	1,710,234
<b>Total assets</b>		30,263,536	29,587,909	28,591,202	10,950,768	10,871,343
<b>Equity</b>						
Share capital	16	500,000	500,000	355,523	500,000	500,000
Share premium	16	5,192,215	5,192,215	3,575,837	5,192,215	5,192,215
Reserves	16	111,162	37,623	61,274	840	840
Retained profits/(Accumulated losses)		112,335	35,276	(66,572)	3,917,541	3,949,293
<b>Equity attributable to owners of the Company</b>		5,915,712	5,765,114	3,926,062	9,610,596	9,642,348
<b>Non-controlling interests</b>		215,583	215,004	212,967	-	-
<b>Total equity</b>		6,131,295	5,980,118	4,139,029	9,610,596	9,642,348

STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016 (CONTINUED)

	Note	Group			Company	
		31.12.2016	31.12.2015	1.1.2015	31.12.2016	31.12.2015
		RM'000	RM'000	RM'000	RM'000	RM'000
			Restated	Restated		
<b>Non-current liabilities</b>						
Loans and borrowings	17	15,626,429	16,624,567	17,493,217	-	-
Employee benefits	18	94,828	84,898	74,907	19,600	13,599
Provision for decommissioning cost	19	85,625	68,058	-	-	-
Deferred income	20	3,230,403	2,968,256	2,811,196	-	-
Derivative financial liabilities	10	153,681	152,497	167,338	-	-
Deferred tax liabilities	12	1,776,677	1,979,787	2,013,779	1,705	426
<b>Total non-current liabilities</b>		20,967,643	21,878,063	22,560,437	21,305	14,025
<b>Current liabilities</b>						
Trade and other payables	21	1,002,243	824,322	964,646	1,318,867	1,214,970
Provision for decommissioning cost	19	-	-	10,868	-	-
Current tax liabilities		117,378	12,134	23,872	-	-
Loans and borrowings	17	1,910,419	723,041	734,262	-	-
Derivative financial liabilities	10	31,411	29,124	27,704	-	-
Deferred income	20	103,147	141,107	130,384	-	-
<b>Total current liabilities</b>		3,164,598	1,729,728	1,891,736	1,318,867	1,214,970
<b>Total liabilities</b>		24,132,241	23,607,791	24,452,173	1,340,172	1,228,995
<b>Total equity and liabilities</b>		30,263,536	29,587,909	28,591,202	10,950,768	10,871,343

The notes on pages 131 to 234 are an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000 Restated	2016 RM'000	2015 RM'000
Revenue	22	6,098,420	5,301,987	362,136	286,231
Cost of sales		(4,385,710)	(3,699,687)	-	-
<b>Gross profit</b>		1,712,710	1,602,300	362,136	286,231
Other income		125,780	71,987	3,261	3,055
Administrative expenses		(221,741)	(216,344)	(99,072)	(95,393)
Other operating expenses		(177,379)	(149,085)	-	-
<b>Results from operating activities</b>		1,439,370	1,308,858	266,325	193,893
Finance income	23	191,252	192,053	56,186	85,358
Finance costs	24	(1,012,045)	(794,618)	(59,470)	(101,155)
<b>Net finance costs</b>		(820,793)	(602,565)	(3,284)	(15,797)
Share of profit/(loss) of equity-accounted associates and a joint venture, net of tax		18,964	(5,102)	-	-
<b>Profit before tax</b>		637,541	701,191	263,041	178,096
Income tax expense	25	(231,499)	(206,144)	(14,583)	(18,902)
<b>Profit for the year</b>	26	406,042	495,047	248,458	159,194
<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 liability	27	(3,404)	(537)	(5,210)	(111)
<b>Items that may be reclassified subsequently to profit or loss</b>					
Cash flow hedge	27	15,631	(31,085)	-	-
Share of gain/(loss) on hedging reserve of equity-accounted associates	27	54,537	(24,615)	-	-
Foreign currency translation differences for foreign operations	27	3,371	32,049	-	-
		73,539	(23,651)	-	-
<b>Other comprehensive income/(expense) for the year</b>		70,135	(24,188)	(5,210)	(111)
<b>Total comprehensive income for the year</b>		476,177	470,859	243,248	159,083



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

		Group		Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
	Note		Restated		
<b>Profit attributable to:</b>					
Owners of the Company		355,463	452,385	248,458	159,194
Non-controlling interests		50,579	42,662	-	-
<b>Profit for the year</b>		<b>406,042</b>	<b>495,047</b>	<b>248,458</b>	<b>159,194</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		425,598	428,197	243,248	159,083
Non-controlling interests		50,579	42,662	-	-
<b>Total comprehensive income for the year</b>		<b>476,177</b>	<b>470,859</b>	<b>243,248</b>	<b>159,083</b>
<b>Earnings per ordinary share (sen)</b>					
Basic	28	7.11	9.98		
Diluted	28	7.11	9.76		

The notes on pages 131 to 234 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2016

Group	Attributable to owners of the Company									
	Non-distributable					Distributable				
	Share capital	Share premium	Reserves	Capital		Retained Profit	Total	Non-controlling interests	Total equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2015, as previously stated</b>										
Prior year adjustment (Note 36)	351,344	4,179	3,162,096	840	(14,944)	75,378	(28,985)	3,963,649	212,967	4,176,616
<b>At 1 January 2015, restated</b>	-	-	-	-	-	-	(37,587)	(37,587)	-	(37,587)
Remeasurement of defined benefit liability	351,344	4,179	3,162,096	840	(14,944)	75,378	(66,572)	3,926,062	212,967	4,139,029
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	(537)	(537)	-	(537)
Cash flow hedge	-	-	-	-	32,049	-	-	32,049	-	32,049
Share of loss on hedging reserves attributable to associates	-	-	-	-	-	(31,085)	-	(31,085)	-	(31,085)
Other comprehensive income/ (expense) for the year	-	-	-	-	-	(24,615)	-	(24,615)	-	(24,615)
Profit for the year, restated	-	-	-	-	32,049	(55,700)	(537)	(24,188)	-	(24,188)
<b>Comprehensive income/ (expense) for the year</b>	-	-	-	-	-	-	452,385	452,385	42,662	495,047
Contribution by and distribution to owners of the Company	-	-	-	-	32,049	(55,700)	451,848	428,197	42,662	470,859
Issue of preference shares	-	37,613	-	-	(37,613)	-	-	-	-	-
Conversion of preference shares	41,792	(41,792)	376,128	-	(376,128)	-	-	-	-	-
Issue of bonus shares	6,864	-	(6,864)	-	-	-	-	-	-	-
Issue of ordinary shares	100,000	-	1,700,000	-	-	-	-	1,800,000	-	1,800,000
Share issue expenses	-	-	(39,145)	-	-	-	-	(39,145)	-	(39,145)
Dividends to owners of the Company	-	-	-	-	-	-	(350,000)	(350,000)	-	(350,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(40,625)	(40,625)	(40,625)
<b>Total transactions to owners</b>	148,656	(4,179)	2,030,119	-	(413,741)	-	(350,000)	1,410,855	(40,625)	1,370,230
<b>At 31 December 2015, restated</b>	500,000	-	5,192,215	840	17,105	19,678	35,276	5,765,114	215,004	5,980,118

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

Company	Attributable to owners of the Company						
	Non-distributable					Distributable	
	Share capital		Share premium		Reserves	Retained profits	Total
	Ordinary RM'000	Preference RM'000	Ordinary RM'000	Preference RM'000	Capital redemption RM'000		
<b>At 1 January 2015</b>	351,344	4,179	3,162,096	413,741	840	4,140,210	8,072,410
Remeasurement of defined benefit liability	-	-	-	-	-	(111)	(111)
Other comprehensive expense for the year	-	-	-	-	-	(111)	(111)
Profit for the year	-	-	-	-	-	159,194	159,194
<b>Comprehensive income for the year</b>	-	-	-	-	-	159,083	159,083
Contribution by and distribution to owners of the Company							
Issue of preference shares	-	37,613	-	(37,613)	-	-	-
Conversion of preference shares	41,792	(41,792)	376,128	(376,128)	-	-	-
Issue of bonus shares	6,864	-	(6,864)	-	-	-	-
Issue of ordinary shares	100,000	-	1,700,000	-	-	-	1,800,000
Share issue expenses	-	-	(39,145)	-	-	-	(39,145)
Dividends to the owners of the Company	-	-	-	-	-	(350,000)	(350,000)
<b>Total transactions with owners</b>	148,656	(4,179)	2,030,119	(413,741)	-	(350,000)	1,410,855
<b>At 31 December 2015/ 1 January 2016</b>	500,000	-	5,192,215	-	840	3,949,293	9,642,348
Remeasurement of defined benefit liability	-	-	-	-	-	(5,210)	(5,210)
Other comprehensive expense for the year	-	-	-	-	-	(5,210)	(5,210)
Profit for the year	-	-	-	-	-	248,458	248,458
<b>Comprehensive income for the year</b>	-	-	-	-	-	243,248	243,248
Dividends to the owners of the Company	-	-	-	-	-	(275,000)	(275,000)
<b>At 31 December 2016</b>	500,000	-	5,192,215	-	840	3,917,541	9,610,596

The notes on pages 131 to 234 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
		Restated		
<b>Cash flows from operating activities</b>				
Profit before tax	637,541	701,191	263,041	178,096
Adjustments for:				
Amortisation of prepaid lease payments	4,569	4,376	-	-
Amortisation of intangible assets	495,364	534,166	-	-
Amortisation of transaction costs of hedging instruments	12,178	12,146	-	-
Depreciation of property, plant and equipment	900,833	625,711	6,391	6,254
Finance costs	1,012,045	794,618	59,470	101,155
Impairment loss on other receivables	-	5,120	-	5,120
Impairment loss on trade receivables	-	6,956	-	-
Finance income	(191,252)	(192,053)	(56,186)	(85,358)
Loss/(Gain) on disposal of property, plant and equipment	162	(78)	162	(78)
Gain arising from change in fair value of derivative financial instruments	(16,962)	(8,527)	-	-
Goodwill written off	-	7,373	-	-
Property, plant and equipment written off	23,014	68,854	-	-
Expenses related to retirement benefit plans	11,695	11,692	2,474	2,677
Reversal of impairment loss on trade receivables	-	(3,170)	-	-
Share of (profit)/loss of equity-accounted associates and a joint venture, net of tax	(18,964)	5,102	-	-
<b>Operating profit before changes in working capital</b>	2,870,223	2,573,477	275,352	207,866
<i>Changes in:</i>				
Inventories	(87,179)	(56,660)	-	-
Trade and other receivables	(859,305)	(711,652)	(35,399)	(55,537)
Trade and other payables	452,398	75,842	46,271	9,984
Provision for decommissioning costs	17,567	68,058	-	-
Deferred income	224,187	167,783	-	-
Employee benefits	(1,765)	(1,701)	(3,527)	(1,425)
<b>Cash generated from operations</b>	2,616,126	2,115,147	282,697	160,888
Income taxes paid	(275,040)	(277,232)	(12,470)	(6,487)
Income taxes refund	23,492	61,363	-	-
<b>Net cash from operating activities</b>	2,364,578	1,899,278	270,227	154,401

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(468,990)	(1,430,361)	(2,790)	(2,749)
Acquisition of prepaid lease payments	(3,053)	(3,897)	-	-
Dividends received from associates	29,237	32,479	-	-
Increase in other investments	(774,560)	(307,732)	-	-
Interest received	144,275	122,427	8,767	17,071
Increase in investment in associates	-	(45,852)	-	-
Proceeds from disposal of property, plant and equipment	151	187	151	187
Proceeds from redemption of unsecured loan stocks	6,000	15,200	6,000	15,200
Redemption of unsecured loan stocks	(12,000)	(21,747)	-	-
<b>Net cash (used in)/from investing activities</b>	<b>(1,078,940)</b>	<b>(1,639,296)</b>	<b>12,128</b>	<b>29,709</b>
<b>Cash flows from financing activities</b>				
Dividends paid to the owners of the Company	(275,000)	(350,000)	(275,000)	(350,000)
Dividends paid to non-controlling interests	(50,000)	(40,625)	-	-
Interest paid	(734,586)	(766,728)	-	(74,824)
Proceeds from issue of shares	-	1,800,000	-	1,800,000
Payment of listing expenses	-	(39,145)	-	(39,145)
Proceeds from borrowings	608,469	977,885	-	-
Repayment of borrowings	(700,499)	(2,584,394)	-	(1,800,000)
Redemption of preference shares	19,434	21,471	-	-
<b>Net cash used in financing activities</b>	<b>(1,132,182)</b>	<b>(981,536)</b>	<b>(275,000)</b>	<b>(463,969)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>153,456</b>	<b>(721,554)</b>	<b>7,355</b>	<b>(279,859)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,853,346</b>	<b>3,574,900</b>	<b>313,135</b>	<b>592,994</b>
<b>Cash and cash equivalents at end of the year</b>	<b>3,006,802</b>	<b>2,853,346</b>	<b>320,490</b>	<b>313,135</b>

**(i) Cash and cash equivalents**

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

		<b>Group</b>		<b>Company</b>	
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks and other licensed corporations	15	2,646,098	2,526,595	312,354	304,755
Cash and bank balances	15	360,704	326,751	8,136	8,380
		<b>3,006,802</b>	<b>2,853,346</b>	<b>320,490</b>	<b>313,135</b>

The notes on pages 131 to 234 are an integral part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

## Principal place of business and registered office

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

This consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and a joint venture.

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

These financial statements were authorised for issue by the Board of Directors on 7 March 2017.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

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

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

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017***

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

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**1. BASIS OF PREPARATION (CONTINUED)****(a) Statement of compliance (continued)*****MFRSs, Interpretations and amendments effective for a date yet to be confirmed***

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

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

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018 except for Amendments to MFRS 1, MFRS 2, MFRS 4 and MFRS 140 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

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

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

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

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

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

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

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

**(iii) MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group and Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

**(iv) Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)***

The amendments clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**1. BASIS OF PREPARATION (CONTINUED)****(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**(d) Use of estimates and judgements**

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

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

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

**(i) Carrying amount of power plants****a) Gas fired power plant**

The residual values of gas fired power plants are the estimated amount that the Group's subsidiaries would be able to generate based on the valuation judgement by an independent professional valuer.

The Group's subsidiaries considered and adopted the recoverable values of the assets based on the valuation judgement by an independent professional valuer with the assumptions as shown in Note 3.2. Estimating the residual values of power plants involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual residual values of the assets however, may be different from expected.

**b) Coal fired power plant**

The residual values of coal fired power plants are the estimated amount that the Group's subsidiaries would be able to generate from the extension of their Power Purchase Agreements ("PPA"), based on the discounted cash flows that the assets will generate on a 10 year extension of PPAs .

The PPAs provide an option to extend the PPA for another 5 to 15 years at the end of initial concession period. Estimating the useful lives and residual values of power plants involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual useful lives and residual values of the assets however, may be different from expected. The Group's subsidiaries considered and adopted the recoverable values of the assets based on the discounted cash flows with the assumptions as shown in Note 3.2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**1. BASIS OF PREPARATION (CONTINUED)****(d) Use of estimates and judgements (continued)*****(ii) Impairment of loan and receivables***

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

Where there is objective evidence of impairment, management makes judgments as to whether an impairment loss should be recorded as an expense. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

***(iii) Provision for retirement benefits***

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of consolidation*****(i) Subsidiaries***

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)****(ii) Business combinations**

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

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

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

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

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

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

**(iii) Loss of control**

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

**(iv) Associates**

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)****(iv) Associates (continued)**

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

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

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

**(v) Joint arrangements**

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

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

**(vi) Non-controlling interests**

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

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

**(vii) Transactions eliminated on consolidation**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Foreign currency****(i) Foreign currency transactions**

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

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

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

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

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

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

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

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

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

**(c) Financial instruments****(i) Initial recognition and measurement**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

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

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

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

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

***(b) Loans and receivables***

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

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

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

***Financial liabilities***

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Financial instruments (continued)****(iii) Regular way purchase or sale of financial assets**

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

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

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

**(iv) Hedge accounting*****Cash flow hedge***

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

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

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

**(v) Derecognition**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Property, plant and equipment****(i) Recognition and measurement**

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

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

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

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

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

**(ii) Subsequent costs**

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

**(iii) Depreciation**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Property, plant and equipment (continued)****(iii) Depreciation (continued)**

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

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

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

**(e) Leased assets****(i) Finance lease**

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

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

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

**(ii) Operating lease****(a) Group as lessee****Leasehold land**

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Leased assets (continued)****(ii) Operating lease (continued)****(b) Group as lessor****Power Purchase Agreements**

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

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

**(f) Intangible assets****(i) Goodwill**

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

**(ii) Other intangible assets**

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

**(iii) Subsequent expenditure**

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

**(iv) Amortisation**

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Inventories**

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

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

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

**(h) Cash and cash equivalents**

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

**(i) Impairment****(i) Financial assets**

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

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

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

**(ii) Other assets**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Impairment (continued)****(ii) Other assets (continued)**

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

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

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

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

**(j) Equity instruments**

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

**(i) Ordinary shares**

Ordinary shares are classified as equity.

**(ii) Preference share capital**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Employee benefits****(i) Short-term employee benefits**

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

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

**(ii) State plans**

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

**(iii) Defined benefit plans**

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

The calculation of defined benefit obligations is performed at regular interval by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group and the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group and the Company determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group and the Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(l) Contingencies****(i) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(ii) Contingent assets**

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

**(m) Revenue and other income****(i) Energy payments, operation and maintenance charges and project management fees**

Revenue is measured at the fair value of the consideration received or receivable and is recognised in profit or loss as it accrues.

**(ii) Capacity payment**

Revenue is recognised on a straight-line basis where the PPA is considered to be or to contain an operating lease.

**(iii) Electricity revenue**

Electricity revenue is recognised when electricity is consumed by customers. Electricity revenue includes an estimated value of the electricity consumed by customers from the date of their last meter reading and period end. Accrued unbilled revenues are reversed the following month when actual billings occur.

**(iv) Dividend income**

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

**(v) Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

**(vi) Lease income**

Lease income is recognised in profit or loss by using effective interest method over the term of the lease.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(n) Deferred income**

Deferred income comprises the capacity payments received from Tenaga Nasional Berhad in relation to the PPAs. The amount is recognised in profit or loss on a straight-line basis over the term of the respective PPAs in profit or loss.

**(o) Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**(p) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for decommissioning which arises principally in connection with the power plant is measured based on the valuation judgement by an independent professional valuer; the present value is calculated using amounts discounted over the existing PPAs. The liability is recognised (together with a corresponding amount as part of the power plant) once an obligation crystallises in the period when a reasonable estimate can be made. Subsequently, the Group accretes the discount to profit or loss using the effective interest rate method.

The provision is based on the valuation reports by an independent professional valuer. The present value is derived by discounting the decommissioning cost over the remaining useful lives of the power plants based on a discount rate of 7.5% (2015: 7.5%).

**(r) Earnings per ordinary share**

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**(s) Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

**(t) Fair value measurement**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(t) Fair value measurement (continued)**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Asset under construction RM'000	Power plants RM'000	C- Inspection costs RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Total RM'000
<b>Cost</b>											
<b>At 1 January 2015</b>	115,516	13,182	35,486	5,201,766	12,702,167	1,276,620	126,747	123,320	11,170	82,044	19,688,018
Additions	-	-	601	854,791*	240,349	312,942	8,256	7,347	1,085	4,990	1,430,361
Disposal	-	-	-	-	-	-	-	-	(404)	(4)	(408)
Write-off	-	-	-	-	(93,612)	-	(1,413)	-	-	(1)	(95,026)
Reclassification	-	-	-	(81,196)	217,487	(136,291)	-	-	-	-	-
<b>At 31 December 2015/ 1 January 2016</b>	115,516	13,182	36,087	5,975,361	13,066,391	1,453,271	133,590	130,667	11,851	87,029	21,022,945
Additions	-	-	594	77,880*	81,017	282,776	2,386	16,326	3,196	4,815	468,990
Disposal	-	-	-	-	-	-	-	-	(553)	-	(553)
Write-off	-	-	-	-	(30,942)	-	-	-	-	-	(30,942)
Reclassification	-	-	-	(5,982,418)	5,984,376	-	(1,959)	(2)	-	3	-
<b>At 31 December 2016</b>	115,516	13,182	36,681	70,823	19,100,842	1,736,047	134,017	146,991	14,494	91,847	21,460,440

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Asset under construction RM'000	Power plants RM'000	C-Inspection costs RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Total RM'000
<b>Accumulated depreciation</b>											
<b>At 1 January 2015</b>	-	2,495	23,596	-	4,521,778	606,043	44,041	85,638	8,010	72,485	5,364,066
Depreciation for the year	-	135	2,671	-	384,968	210,338	8,293	11,172	1,254	6,880	625,711
Disposal	-	-	-	-	-	-	-	-	(295)	(4)	(299)
Write-off	-	-	-	-	(25,333)	-	(838)	-	-	(1)	(26,172)
<b>At 31 December 2015/ 1 January 2016</b>	-	2,630	26,267	-	4,881,413	816,381	51,496	96,810	8,969	79,340	5,963,306
Depreciation for the year	-	135	1,497	-	624,574	237,440	18,586	11,611	1,475	5,515	900,833
Disposal	-	-	-	-	-	-	-	-	(240)	-	(240)
Write-off	-	-	-	-	(7928)	-	-	-	-	-	(7,928)
Reclassification	-	-	-	-	-	-	-	324	(305)	(19)	-
<b>At 31 December 2016</b>	-	2,765	27,764	-	5,498,059	1,053,821	70,082	108,745	9,899	84,836	6,855,971
<b>Carrying amounts</b>											
At 1 January 2015	115,516	10,687	11,890	5,201,766	8,180,389	670,577	82,706	37,682	3,160	9,579	14,323,952
At 31 December 2015/ 1 January 2016	115,516	10,552	9,820	5,975,361	8,184,978	636,890	82,094	33,857	2,882	7,689	15,059,639
At 31 December 2016	115,516	10,417	8,917	70,823	13,602,783	682,226	63,935	38,246	4,595	7,011	14,604,469

\* Includes interest capitalised for the year amounting to RM71,218,000 (2015: RM285,586,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****3.1 Securities**

At 31 December 2016, certain Group's properties with a carrying amount of RM11,070,361,000 (2015: RM11,855,559,000) were charged as securities for debt securities issued by the subsidiaries (see Note 17 – loans and borrowings).

**3.2 Residual value**

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

The residual value of power plant assets are as below:

PPA Owner	Note	Year of expiry	Residual value	
			RM'million 2016	RM'million 2015
<b>Gas fired power plants</b>				
Segari Energy Ventures Sdn. Bhd.	(i)	2027	170.0	370.0
GB3 Sdn. Bhd.	(i)	2022	90.0	514.0
Prai Power Sdn. Bhd.	(i)	2024	50.0	315.0
Port Dickson Power Berhad		2019	61.8	61.8
			371.8	1,260.8
<b>Coal fired power plants</b>				
Tanjung Bin Energy Sdn. Bhd. ("TBE")	(ii)	2041	1,433.0	-
Tanjung Bin Power Sdn. Bhd.		2031	1,924.0	1,924.0
			3,357.0	1,924.0

- (i) During the financial year ended 31 December 2016, the subsidiaries of the Group reviewed the residual value of gas fired power plants as the result of developments in the domestic industry. The residual value of gas fired power plants, which management previously estimated based on extension to the current PPAs of 5 to 10 years, is now estimated based on valuation judgement by an independent professional valuer. As a result, the estimated residual value has decreased. The effect of the change on depreciation expense, recognised in cost of sales, is an increase of RM109,504,000 per annum.

- (ii) TBE commenced operations on 21 March 2016 and recognized a residual value amounting to RM1.4 billion.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****3.2 Residual value (continued)**

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

**a) Valuation judgement by an independent professional valuer for gas fired power plants**

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

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

A 5% increase/(decrease) in the residual value would have resulted in a (decrease)/increase in depreciation expense of RM2,660,000 per annum.

**b) The discounted cash flow method for coal fired power plants**

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

- 1) Extension of ten years of the PPAs at the end of the initial concession period, in view of:
  - i) the initial term of the existing PPAs and the expected useful life of coal fired power plants;
  - ii) increase in demand for power; and
  - iii) Tenaga Nasional Berhad's continued reliance on Independent Power Producers.
- 2) An estimated Variable Operating Rate ("VOR") during the extension period which management deems to be reasonable based on the expected demand and the VOR rate at the end of the PPAs;
- 3) An average despatch factor of 45% to 77% to reflect the future demand for power; and
- 4) The pre-tax discount rate of 9.9% to 10.21% per annum.

A 5% increase/(decrease) in the residual value would have resulted in a (decrease)/increase in depreciation expense of RM8,361,000 per annum.

**3.3 Impairment testing for carrying amount of property, plant and equipment**

Consequent to the revision in the residual value of gas fired power plants (See Note 3.2 – Residual value), power plant assets with carrying amount of RM2,114,163,000 were tested for impairment.

For the purpose of impairment testing, the carrying amount of property, plant and equipment represents the cash-generating unit which are monitored for internal management services.

The recoverable amounts of the cash generating units were based on their value in use.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****3.4 Impairment testing for carrying amount of property, plant and equipment (continued)**

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for the remaining PPA terms were extrapolated. Management believes that this year forecast period is appropriate as it represents the remaining PPA terms;
- Contracted tariffs were determined based on the agreed tariffs in the PPA;
- Net energy output were determined based on the forecasted demand prepared by the customers; and
- A pre-tax discount rate of 9.88% to 10.97% was applied in determining the recoverable amount of the unit.

The values assigned to the key assumptions represent management's assessment of future trends in the power industry and are based on external sources and internal sources (historical data).

There is no impairment loss on property, plant and equipment based on the impairment tests.

The above estimates are particularly sensitive in an increase of the pre-tax discount rate used. A 1.5% increase in the pre-tax discount rate would have resulted in an impairment of RM29,700,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Total RM'000
<b>Cost</b>								
<b>At 1 January 2015</b>	21,516	5,515	17,055	154	19,648	2,157	15,045	81,090
Additions	-	-	-	-	61	640	2,048	2,749
Disposal	-	-	-	-	-	(404)	(1)	(405)
<b>At 31 December 2015/ 1 January 2016</b>	21,516	5,515	17,055	154	19,709	2,393	17,092	83,434
Additions	-	-	-	-	139	18	2,633	2,790
Disposal	-	-	-	-	-	(553)	-	(553)
<b>At 31 December 2016</b>	21,516	5,515	17,055	154	19,848	1,858	19,725	85,671
<b>Accumulated depreciation</b>								
<b>At 1 January 2015</b>	-	999	9,593	154	10,085	1,331	12,146	34,308
Depreciation for the year	-	58	801	-	3,095	319	1,981	6,254
Disposal	-	-	-	-	-	(295)	(1)	(296)
<b>At 31 December 2015/ 1 January 2016</b>	-	1,057	10,394	154	13,180	1,355	14,126	40,266
Depreciation for the year	-	58	800	-	2,945	290	2,298	6,391
Disposal	-	-	-	-	-	(240)	-	(240)
<b>At 31 December 2016</b>	-	1,115	11,194	154	16,125	1,405	16,424	46,417
<b>Carrying amounts</b>								
At 1 January 2015	21,516	4,516	7,462	-	9,563	826	2,899	46,782
At 31 December 2015/ 1 January 2016	21,516	4,458	6,661	-	6,529	1,038	2,966	43,168
At 31 December 2016	21,516	4,400	5,861	-	3,723	453	3,301	39,254

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 4. INTANGIBLE ASSETS

Group	Note	Subsidiaries			Associates		
		Goodwill	Interest over Power Purchase and Operation and Maintenance Agreements	Total	Goodwill	Interest over Power Purchase and Power and Water Purchase Agreements	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>							
At 1 January 2015		8,232	7,752,609	7,760,841	303,979	939,073	1,243,052
Effect of movements in exchange rate		-	-	-	69,290	-	69,290
At 31 December 2015 /1 January 2016		8,232	7,752,609	7,760,841	373,269	939,073	1,312,342
Effect of movements in exchange rate		-	-	-	16,736	-	16,736
At 31 December 2016		8,232	7,752,609	7,760,841	390,005	939,073	1,329,078
<b>Amortisation and impairment loss</b>							
At 1 January 2015		859	3,055,755	3,056,614	-	761,348	761,348
Amortisation for the year		-	490,601	490,601	-	43,565	43,565
Impairment during the year	4.1	7,373	-	7,373	-	-	-
At 31 December 2015 /1 January 2016		8,232	3,546,356	3,554,588	-	804,913	804,913
Amortisation for the year		-	484,822	484,822	-	10,542	10,542
At 31 December 2016		8,232	4,031,178	4,039,410	-	815,455	815,455
<b>Carrying amounts</b>							
At 1 January 2015		7,373	4,696,854	4,704,227	303,979	177,725	481,704
At 31 December 2015 /1 January 2016		-	4,206,253	4,206,253	373,269	134,160	507,429
At 31 December 2016		-	3,721,431	3,721,431	390,005	123,618	513,623

4.1 In prior year, the Group wrote-off its goodwill related to its subsidiaries amounting to RM7,373,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**4. INTANGIBLE ASSETS (CONTINUED)****Intangible assets arising from interest over Power Purchase, Power and Water Purchase and Operation and Maintenance Agreements**

The Group's revenue is substantially derived from the generation and sale of electricity energy and generating capacity in Malaysia, which is governed by the Power Purchase Agreements ("PPAs") (together with the Independent Power Producer Licence ("IPP Licences") issued by the Ministry of Energy, Water and Communications) and Power and Water Purchase Agreement ("PWPA") held by the respective power producing subsidiaries and associates. The Operation and Maintenance Agreements ("OMAs") held by certain subsidiaries engaged in operation and maintenance are associated with the specific Independent Power Producer within the Group.

The Group has determined the expected cash flows to be generated from the PPAs, OMAs (together with the IPP Licences) and PWPA as Intangible Assets.

The PPAs, the IPP Licences and OMAs held by subsidiaries in Malaysia are recognised as a single asset in accordance with MFRS 138 *Intangible Assets* in view that they are required for the generation, operation and maintenance, sale of electricity energy and generating capacity in Malaysia.

There are six (6) PPAs (together with the respective IPP Licences) held respectively by the Group's power producing subsidiaries of Segari Energy Ventures Sdn. Bhd. ("SEV"), GB3 Sdn. Bhd. ("GB3"), Prai Power Sdn. Bhd. ("PPSB"), Tanjung Bin Power Sdn. Bhd. ("TBP"), Port Dickson Power Berhad ("PDP") and an associate, namely Kapar Energy Ventures Sdn. Bhd. ("KEV"). There are five (5) OMAs held by the Group's operations and maintenance subsidiaries namely Malakoff Power Berhad ("MPB") and Tanjung Bin O&M Berhad ("TBOM"). There is one (1) PWPA held by Hidd Power Company B.S.C. (c) ("HPC"), an associate company.

These PPAs, PWPA and OMAs are the key documents that govern the underlying strength of the Group's cash flows, which provide for, inter alia, the electricity tariff, supply, operations and maintenance and all other terms to be met by the subsidiaries and associates.

**Initial measurement**

The fair values of the Intangible Assets arising from the PPAs, PWPA and OMAs were measured using the Multi-Period Excess Earnings Method ("MEEM") under the income method. The underlying rationale in the MEEM was that the fair value of an Intangible Asset represents the present value of the net income after taxes attributable to the Intangible Asset. The net income attributable to the Intangible Asset was the excess income after charging a fair return on and of all the assets that are necessary (contributory assets) to realise the net income. The contributory asset charges ("CAC") were based on the fair value of each contributory asset and represent the return on the assets. The assumption in calculating the CAC was that the owner of the Intangible Asset "rents" or "leases" the contributory assets from a hypothetical third party in an arm's length transaction in order to be able to derive income from the Intangible Asset. The present value of the expected income attributable to the Intangible Assets less CAC and taxes represents the value of the Intangible Asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 4. INTANGIBLE ASSETS (CONTINUED)

## Initial measurement (continued)

The management had applied the following **key assumptions** in deriving the present value of the net income after taxes attributable to the Intangible Assets at the acquisition date:

• Remaining useful life of PPAs/PWPA/OMAs	2 – 25 years (in accordance with the respective PPAs, PWPA and OMAs)
• Dependable Capacity ("DC"):	
- Power	350 MW – 2,420 MW
- Water	17,047 m <sup>3</sup> /hour
• Capacity Factor:	
- Power	10% – 75% of DC
- Water	91% – 99% of DC
• Net Output:	
- Electrical (million kW/hour)	213 – 11,197
- Water (thousand m <sup>3</sup> )	67,370 – 73,771
• Capacity Rate:	
- Power (RM/kW/month)	11.35 – 50.00
- Water (RM/m <sup>3</sup> /month)	1,222 – 1,339
• Fixed Operating Rate under Revenue (RM/kW/month)	4.00 – 10.50
• Variable Operating Rate under Revenue	
- Power (RM/kW/month)	0.013 – 4.775
- Water (RM/m <sup>3</sup> /month)	58.20 – 116.40
• Fuel price (RM/mmBtu)	4.60 – 13.70
• CAC	17.77% - 28.00% of revenue

In applying the MEEM valuation methodology, the expected cash flows were discounted to their present value equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This was calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate ranges from 7.5% to 9% per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 4. INTANGIBLE ASSETS (CONTINUED)

**Impairment testing for cash generating units ("CGUs") containing goodwill and interest over Power Purchase and Power and Water Purchase Agreements**

The carrying amounts of the goodwill and the interest over Power Purchase Agreements are allocated to the following CGUs:

	Carrying amount	
	2016	2015
	RM'000	RM'000
<b>Goodwill</b>		
<b>CGU – PWPA</b>		
HPC – gas-fuelled and water production	390,005	373,269
Total goodwill	390,005	373,269
Less: Goodwill in an associate	(390,005)	(373,269)
	-	-
<b>Interest over PPA</b>		
<b>CGU - Interest over PPA</b>		
HPC - gas-fuelled and water production	56,785	62,040
KEV - multi-fuel power generation	66,833	72,120
Total intangible assets	123,618	134,160
Less: Intangible assets in associates	(123,618)	(134,160)
	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 4. INTANGIBLE ASSETS (CONTINUED)

**Impairment testing for cash generating units ("CGUs") containing goodwill and interest over Power Purchase and Power and Water Purchase Agreements (continued)**

The impairment test of the above CGUs was based on the value in use, determined by discounting future cash flows to their present value equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This is calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate was 9% - 10% (2015: 10%) per annum. The discount rate reflects the current market assessment of the time value of money and is based on the estimated cost of capital. The management had applied the following **key assumptions** in deriving the present value of the net cash flow before taxes attributable to the Intangible Assets:

It is assumed that the terms of the PPAs will remain unchanged throughout the concession period.

• Remaining useful life of PPA/PWPA	11 – 13 years (in accordance with the respective PPA and PWPA)
• Dependable Capacity ("DC"):	
- Power	929 - 2,420MW
- Water	17,047 m <sup>3</sup> /hour
• Capacity Factor:	
- Power	1% – 98% of DC
- Water	94% – 97% of DC
• Net Output:	
- Electrical (million kW/hour)	1,760 – 11,433
- Water (thousand m <sup>3</sup> )	67,376 – 73,216
• Capacity Rate:	
- Power (RM/kW/month)	11.61 – 27.46
- Water (RM/m <sup>3</sup> /month)	1,529
• Fixed Operating Rate under Revenue:	
- Power (RM/kW/month)	5.27 – 7.08
- Water (RM/m <sup>3</sup> /month)	282 – 346
• Variable Operating Rate under Revenue:	
- Power (RM/kW/month)	0.0068 – 6.5
- Water (RM/m <sup>3</sup> /month)	103 – 127
• Fuel price (RM/mmBtu)	9.00 – 31.40

The values assigned to the key assumptions represent management's assessment of future trends in the power and utilities industry and are based on external sources and internal sources (historical data). As at 31 December 2016 and 31 December 2015, the estimated recoverable amount of all the CGUs exceeds the carrying amount of the goodwill and interest on PPA/PWPA of the CGUs.

The above estimates are particularly sensitive in an increase/(decrease) of the discount rate used. A 0.5 percentage point increase/(decrease) in the discount rate used would have (decreased)/increased the recoverable amounts of interest on PPA of the CGUs by (RM27,888,000)/ RM28,993,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 5. PREPAID LEASE PAYMENTS

	Unexpired period less than 50 years RM'000
<b>Leasehold land</b>	
<b>Group</b>	
<b>Cost</b>	
At 1 January 2015	109,326
Addition during the year	3,897
At 31 December 2015/1 January 2016	113,223
Addition during the year	3,053
At 31 December 2016	116,276
<b>Amortisation</b>	
At 1 January 2015	38,995
Amortisation for the year	4,376
At 31 December 2015/1 January 2016	43,371
Amortisation for the year	4,569
At 31 December 2016	47,940
<b>Carrying amounts</b>	
At 1 January 2015	70,331
At 31 December 2015/1 January 2016	69,852
At 31 December 2016	68,336

## 6. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	RM'000	RM'000
At cost		
Unquoted shares	8,134,741	8,134,741



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows:

		Principal place of business / Country of incorporation	Effective ownership interest and voting interest (%)		
Name of subsidiary			2016	2015	Principal activities
Direct subsidiary					
1.	Segari Energy Ventures Sdn. Bhd.	Malaysia	93.75	93.75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
2.	GB3 Sdn. Bhd.	Malaysia	75	75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
3.	Prai Power Sdn. Bhd.	Malaysia	100	100	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
4.	Tanjung Bin Power Sdn. Bhd.	Malaysia	90	90	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 2,100 MW coal-fired electricity generating facility and sale of electrical energy and generating capacity of the power plant
5.	Hypergantic Sdn. Bhd.	Malaysia	100	100	Investment holding
6.	Tanjung Bin Energy Sdn. Bhd.	Malaysia	100	100	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 1,000 MW coal-fired electricity generating facility
7.	Teknik Janakuasa Sdn. Bhd.	Malaysia	100	100	Investment holding company and provision of operation and maintenance and any related services
8.	Malakoff Utilities Sdn. Bhd.	Malaysia	100	100	Build, own and operate an electricity distribution system and a centralised chilled water plant system
9.	Malakoff Engineering Sdn. Bhd.	Malaysia	100	100	Provision of engineering and project management services
10.	Spring Assets Limited	British Virgin Islands	100	100	Dormant

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Principal place of business / Country of incorporation	Effective ownership interest and voting interest (%)		
Name of subsidiary		2016	2015	Principal activities
Direct subsidiary (continued)				
11. Malakoff Capital (L) Limited	Federal Territory of Labuan, Malaysia	100	100	Dormant
12. Malakoff International Limited	Cayman Island	100	100	Offshore - Investment holding
13. Tuah Utama Sdn. Bhd.	Malaysia	100	100	Investment holding
14. Desa Kilat Sdn. Bhd.	Malaysia	54	54	Land reclamation, development and/or sale of reclaimed land
15. Malakoff Power Berhad	Malaysia	100	100	Operation and maintenance of power plants
16. Malakoff R&D Sdn. Bhd.	Malaysia	100	100	Promoting, developing, acquiring and enhancing the Group's capacity and innovation in the energy business
Indirect subsidiary				
Held through Tanjung Bin Energy Sdn. Bhd.				
17. Tanjung Bin Energy Issuer Berhad	Malaysia	100	100	Administer and manage the development of a 1,000 MW coal-fired electricity generating facility
Held through Teknik Janakuasa Sdn. Bhd.				
18. Natural Analysis Sdn. Bhd.	Malaysia	100	100	Dormant
19. TJSB Services Sdn. Bhd.	Malaysia	100	100	Provision of maintenance, repair and overhaul and any related services to power plants and any other plants of similar main and auxiliary operating systems
20. TJSB International Limited	Cayman Islands	100	100	Offshore – Investment holding
21. TJSB Global Sdn. Bhd.	Malaysia	100	100	Investment holding
22. PT. Teknik Janakuasa^	Indonesia	95	95	Provision of operation and maintenance services to power plant and/or other utility plants

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business / Country of incorporation	Effective ownership interest and voting interest (%)		Principal activities
		2016	2015	
Indirect subsidiary (continued)				
Held through TJSB International Limited				
23. TJSB International (Shoaiba) Limited	British Virgin Islands	100	100	Offshore – Investment holding
24. TJSB Middle East Limited	British Virgin Islands	100	100	Operation and maintenance of power plant
Held through Malakoff Engineering Sdn. Bhd.				
25. MESB Project Management Sdn. Bhd.	Malaysia	100	100	Dormant
Held through Malakoff International Limited				
26. Malakoff Gulf Limited	British Virgin Islands	100	100	Offshore – Investment holding
27. Malakoff Technical (Dhofar) Limited	British Virgin Islands	100	100	Offshore – Investment holding
28. Malakoff AIDjazair Desal Sdn. Bhd.	Malaysia	100	100	Investment holding
29. Malakoff Oman Desalination Company Limited	British Virgin Islands	100	100	Offshore – Investment holding
30. Malakoff Hidd Holding Company Limited	Guernsey	100	100	Asset, property, investment, intellectual property and other holding companies
31. Pacific Goldtree Sdn. Bhd.	Malaysia	100	100	Investment holding
Held through Malakoff AIDjazair Desal Sdn. Bhd.				
32. Tlemcen Desalination Investment Company SAS*	France	70	70	Offshore – Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business / Country of incorporation	Effective ownership interest and voting interest (%)		Principal activities
		2016	2015	
Indirect subsidiary (continued)				
Held through Malakoff Hidd Holding Company Limited				
33. Malakoff Summit Hidd Holding Company Limited	Guernsey	57.14	57.14	Asset, property, investment, intellectual property and other holding companies
Held through Malakoff Power Berhad				
34. Tanjung Bin O&M Berhad	Malaysia	100	100	Operation and maintenance of power plant
35. PDP O&M Sdn. Bhd.^	Malaysia	100	100	Operation and maintenance of power plant
Held through Hypergantic Sdn. Bhd.				
36. Port Dickson Power Berhad^	Malaysia	100	100	Independent power producer licensed by the Government to supply electricity exclusively to Tenaga Nasional Berhad
Held through Pacific Goldtree Sdn. Bhd.				
37. Skyfirst Power Sdn. Bhd.	Malaysia	100	100	Investment holding
Held through Skyfirst Power Sdn. Bhd.				
38. Malakoff Australia Pty. Ltd.*	Australia	100	100	Investment holding
39. Wind Macarthur Holdings (T) Pty. Limited*	Australia	100	100	Investment holding
Held through Malakoff Australia Pty. Ltd.				
40. Malakoff Holdings Pty. Ltd.*	Australia	100	100	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business / Country of incorporation	Effective ownership interest and voting interest (%)		Principal activities
		2016	2015	
Indirect subsidiary (continued)				
Held through Malakoff Holdings Pty. Ltd.				
41. Malakoff Wind Macarthur Holdings Pty. Limited*	Australia	100	100	Investment holding
Held through Malakoff Wind Macarthur Holdings Pty. Limited				
42. Malakoff Wind Macarthur Pty. Limited*	Australia	100	100	Leasing of wind turbine assets
Held through Wind Macarthur Holdings (T) Pty. Limited				
43. Wind Macarthur (T) Pty. Limited*	Australia	100	100	Leasing of plant and equipment
Held through Wind Macarthur (T) Pty. Limited				
44. Wind Macarthur Finco Pty. Limited*	Australia	100	100	Financing operations for Macarthur wind farm project

\* Audited by other member firms of KPMG International

^ Not audited by member firms of KPMG International

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group	Segari Energy Ventures Sdn. Bhd.	GB3 Sdn. Bhd.	Tanjung Bin Power Sdn. Bhd.	Other subsidiaries with immaterial NCI	Total
2016	RM'000	RM'000	RM'000	RM'000	RM'000
NCI percentage of ownership interest and voting interest	6.25%	25%	10%		
Carrying amount of NCI	55,425	110,736	51,964	(2,542)	215,583
Profit/(Loss) allocated to NCI	6,179	6,892	37,647	(139)	50,579
<b>Summarised financial information before intra-group elimination</b>					
As at 31 December					
Non-current assets	1,775,838	696,976	5,404,981		
Current assets	876,354	207,545	3,200,791		
Non-current liabilities	(1,455,722)	(368,743)	(7,541,209)		
Current liabilities	(309,675)	(92,833)	(544,923)		
Net assets	886,795	442,945	519,640		
<b>Year ended 31 December</b>					
Revenue	1,176,061	308,347	2,991,412		
Profit for the year	98,863	27,570	376,471		
Total comprehensive income	98,863	27,570	376,471		
Cash flows from operating activities	410,365	91,894	1,268,072		
Cash flows used in investing activities	(171,790)	(4,749)	(616,185)		
Cash flows used in financing activities	(259,851)	(80,000)	(593,875)		
Net (decrease)/increase in cash and cash equivalents	(21,276)	7,145	58,012		
Dividend paid to NCI	-	20,000	30,000	-	50,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

<b>Group</b>	<b>Segari Energy Ventures Sdn. Bhd.</b>	<b>GB3 Sdn. Bhd.</b>	<b>Tanjung Bin Power Sdn. Bhd.</b>	<b>Other subsidiaries with immaterial NCI</b>	<b>Total</b>
<b>2015</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>Restated</b>	<b>Restated</b>	<b>Restated</b>		
NCI percentage of ownership interest and voting interest	6.25%	25%	10%		
Carrying amount of NCI	49,246	123,844	44,319	(2,405)	215,004
Profit/(Loss) allocated to NCI	4,541	11,805	26,600	(284)	42,662
<b>Summarised financial information before intra-group elimination</b>					
As at 31 December					
Non-current assets	1,855,206	826,003	5,546,934		
Current assets	839,839	236,653	2,620,082		
Non-current liabilities	(1,677,371)	(443,588)	(7326,525)		
Current liabilities	(229,742)	(123,693)	(397,322)		
Net assets	787,932	495,375	443,169		
<b>Year ended 31 December</b>					
Revenue	1,204,968	417,564	2,862,273		
Profit for the year	72,655	47,220	306,136		
Total comprehensive income	72,655	47,220	306,136		
Cash flows from operating activities	356,733	134,482	902,708		
Cash flows used in investing activities	(131,196)	(46,659)	(602,245)		
Cash flows used in financing activities	(283,056)	(114,558)	(674,828)		
Net decrease in cash and cash equivalents	(57,519)	(26,735)	(374,365)		
Dividend paid to NCI	625	20,000	20,000	-	40,625

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 7. INVESTMENT IN ASSOCIATES

	Group			Company	
	2016	2015	2014	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated	Restated		
At cost					
<i>Unquoted shares:</i>					
- in Malaysia	269,060	14,400	14,400	896,430	641,770
- outside Malaysia	86,333	86,333	40,481	-	-
<i>Unquoted preference shares:</i>					
- in Malaysia	4,000	4,000	4,000	-	-
<i>Unquoted loan stocks:</i>					
- in Malaysia	335,430	341,430	356,630	335,430	341,430
- outside Malaysia	115,478	128,678	143,878	-	-
<i>Pre-acquisition reserves</i>	125,275	125,275	125,275	-	-
Share of post-acquisition reserves	26,811	(66,658)	(636)	-	-
	962,387	633,458	684,028	1,231,860	983,200
Add: Intangible assets acquired through business combination (see Note 4)					
Goodwill	390,005	373,269	303,979	-	-
Interest over PPA and PWPA	939,073	939,073	939,073	-	-
	1,329,078	1,312,342	1,243,052	-	-
Less: Amortisation of intangible assets					
At 1 January	(341,267)	(297,702)	(253,831)	-	-
Amortisation for the year	(10,542)	(43,565)	(43,871)	-	-
At 31 December	(351,809)	(341,267)	(297,702)	-	-
Less: Impairment loss on intangible assets					
At 1 January/31 December	(463,646)	(463,646)	(463,646)	-	-
Carrying amount	513,623	507,429	481,704	-	-
	1,476,010	1,140,887	1,165,732	1,231,860	983,200



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates are as follows:

No.	Name of associate	Country of incorporation	Effective ownership interest and voting interest (%)		Principal activities
			2016	2015	
1.	Kapar Energy Ventures Sdn. Bhd.	Malaysia	40	40	Generation and sale of electricity
2.	Lekir Bulk Terminal Sdn. Bhd.	Malaysia	20	20	Development, ownership and management of a dry bulk terminal
3.	Malaysian Shoaiba Consortium Sdn. Bhd.	Malaysia	40	40	Investment holding
4.	Saudi-Malaysia Water & Electricity Company Limited	Saudi Arabia	20	20	Offshore - Investment holding
5.	Shuaibah Water & Electricity Company Limited	Saudi Arabia	12	12	Design, construction, commissioning, testing, possession, operation and maintenance of crude oil fired power generation and water desalination plant
6.	Shuaibah Expansion Holding Company Limited	Saudi Arabia	12	12	Development, construction, ownership, operation and maintenance of Shuaibah Phase 3 Expansion independent water producer ("IWP") and transport and sale of water and undertake all works and activities related thereto, directly or through another company holding most of its shares or stock
7.	Shuaibah Expansion Project Company Limited	Saudi Arabia	11.9	11.9	Development, construction, possession, operation and maintenance of the Shuaibah Phase 3 Expansion IWP, transfer and sell water and all relevant works and activities
8.	Oman Technical Partners Limited	British Virgin Islands	43.4	43.4	Offshore - Investment holding
9.	Salalah Power Holdings Limited	Bermuda	43.4	43.4	Offshore - Investment holding
10.	Al-Imtiaz Operation and Maintenance Company Limited	Saudi Arabia	20	20	Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**7. INVESTMENT IN ASSOCIATES (CONTINUED)**

Details of associates are as follows (continued):

No.	Name of associate	Country of incorporation	Effective ownership interest and voting interest (%)		Principal activities
			2016	2015	
11.	Saudi-Malaysia Operation and Maintenance Services Company Limited	Saudi Arabia	20	20	Operation and maintenance of power and water desalination plant
12.	Hyflux-TJSB Algeria SPA	Algeria	49	49	Operation and maintenance of water desalination plant
13.	Hidd Power Company B.S.C. (c)	Bahrain	40	40	Building, operation and maintenance of power and water stations for special purposes (specific supply only)
14.	Muscat City Desalination Operation and Maintenance Company LLC	Oman	31.5	31.5	Operation and maintenance of pump stations and pipelines, installation and repair of electric power and transformer plants and telecommunications and radar plants, export and import offices, and laying and maintenance of all kinds of pipes, business agencies (excluding portfolio and securities) and wholesale of industrial chemicals
15.	Muscat City Desalination Company S.A.O.C	Oman	45	45	Desalination of water

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Group	Kapar Energy Ventures Sdn. Bhd.	Shuaibah Water & Electricity Company Limited	Hidd Power Company B.S.C. (c)	Muscat City Desalination Company S.A.O.C	Lekir Bulk Terminal Sdn. Bhd.
2016	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Summarised financial information</b>					
<b>As at 31 December</b>					
Non-current assets	2,315,125	7,340,856	3,641,403	1,136,363	399,215
Current assets	1,651,326	661,976	613,752	138,821	63,955
Non-current liabilities	(3,049,302)	(5,678,419)	(3,760,524)	(956,312)	(236,152)
Current liabilities	(311,531)	(757,910)	(225,704)	(185,046)	(64,596)
Net assets	605,618	1,566,503	268,927	133,826	162,422
<b>Year ended 31 December</b>					
(Loss)/Profit	(69,045)	363,653	110,511	13,969	23,305
Other comprehensive income	-	124,590	84,111	7,643	-
Total comprehensive (expense)/income	(69,045)	488,243	194,622	21,612	23,305
<b>Included in the total comprehensive (expense)/income is:</b>					
Revenue	1,853,105	1,205,194	1,561,246	136,364	33,056
Depreciation and amortisation	(1,237)	(309,401)	(222,792)	(30,112)	(6,403)
Interest income	18,138	-	-	-	507
Interest expense	(220,827)	(367,905)	(162,282)	(31,231)	(784)
Income tax expense	(12,985)	(25,328)	-	-	(3,074)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

Group	Kapar Energy Ventures Sdn. Bhd.	Shuaibah Water & Electricity Company Limited	Hidd Power Company B.S.C. (c)	Muscat City Desalination Company S.A.O.C	Lekir Bulk Terminal Sdn. Bhd.	Other individually immaterial associates	Total
2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Reconciliation of net assets to carrying amount</b>							
<b>As at 31 December</b>							
Group's share of net assets	242,247	187,980	107,571	60,222	32,484	(3,547)	626,957
Goodwill	-	-	390,005	-	-	-	390,005
Intangible assets	66,833	-	56,785	-	-	-	123,618
Redeemable unsecured loan stocks	335,430	-	-	-	-	-	335,430
Carrying amount in the statements of financial position	644,510	187,980	554,361	60,222	32,484	(3,547)	1,476,010
<b>Group's share of results</b>							
<b>Year ended 31 December</b>							
Group's share of (loss)/profit for the year	(27,618)	43,638	44,204	6,286	4,661	3,233	74,404
Group's share of other comprehensive income	-	14,951	33,644	3,439	-	2,503	54,537
Group's share of total comprehensive (expense)/income	(27,618)	58,589	77,848	9,725	4,661	5,736	128,941
<b>Other information</b>							
Dividend received	-	-	28,762	-	-	475	29,237

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

Group	Kapar Energy Ventures Sdn. Bhd.	Shuaibah Water & Electricity Company Limited	Hidd Power Company B.S.C. (c)	Muscat City Desalination Company S.A.O.C	Lekir Bulk Terminal Sdn. Bhd.
2015	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Summarised financial information</b>					
<b>As at 31 December, restated</b>					
Non-current assets	2,649,569	7,976,209	3,970,964	1,071,174	148,346
Current assets	1,536,189	238,029	401,596	200,460	88,451
Non-current liabilities	(3,119,160)	(5,975,264)	(3,734,514)	(364,529)	(72,996)
Current liabilities	(1,028,589)	(998,760)	(491,838)	(794,893)	(24,685)
Net assets	38,009	1,240,214	146,208	112,212	139,116
<b>Year ended 31 December, restated</b>					
(Loss)/Profit	(153,098)	220,650	106,077	(35,542)	16,800
Other comprehensive income/ (expense)	-	149,058	(65,707)	(40,072)	-
Total comprehensive (expense)/income	(153,098)	369,708	40,370	(75,614)	16,800
<b>Included in the total comprehensive (expense)/income is:</b>					
Revenue	1,758,453	1,052,970	1,285,547	-	95,956
Depreciation and amortisation	(273)	(289,087)	(208,697)	-	(16,914)
Interest income	15,658	1,378	-	-	1,995
Interest expense	(286,410)	(365,162)	(173,770)	(274)	(2,420)
Income tax expense	15,316	-	-	-	(8,061)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

Group	Kapar Energy Ventures Sdn. Bhd.	Shuaibah Water & Electricity Company Limited	Hidd Power Company B.S.C. (c)	Muscat City Desalination Company S.A.O.C	Lekir Bulk Terminal Sdn. Bhd.	Other individually immaterial associates	Total
2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Reconciliation of net assets to carrying amount</b>							
<b>As at 31 December, restated</b>							
Group's share of net assets	15,204	148,826	58,483	50,496	27,823	(8,804)	292,028
Goodwill	-	-	373,269	-	-	-	373,269
Intangible assets	72,120	-	62,040	-	-	-	134,160
Redeemable unsecured loan stocks	341,430	-	-	-	-	-	341,430
Carrying amount in the statements of financial position	428,754	148,826	493,792	50,496	27,823	(8,804)	1,140,887
<b>Group's share of results</b>							
<b>Year ended 31 December, restated</b>							
Group's share of (loss)/profit for the year	(61,239)	26,478	42,431	(15,993)	3,360	2,306	(2,657)
Group's share of other comprehensive income/ (expense)	-	17,887	(26,283)	(18,032)	-	1,813	(24,615)
Group's share of total comprehensive (expense)/ income	(61,239)	44,365	16,148	(34,025)	3,360	4,119	(27,272)
<b>Other information</b>							
Dividend received	-	-	24,720	-	-	7,759	32,479

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

Group	Kapar Energy Ventures Sdn. Bhd.	Shuaibah Water & Electricity Company Limited	Hidd Power Company B.S.C. (c)	Lekir Bulk Terminal Sdn. Bhd.	Other individually immaterial associates	Total
2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Summarised financial information</b>						
<b>As at 31 December, restated</b>						
Non-current assets	2,860,229	6,739,485	3,375,084	166,756		
Current assets	1,519,584	429,755	317,601	69,385		
Non-current liabilities	(3,235,750)	(5,337,201)	(3,106,649)	(67,707)		
Current liabilities	(952,954)	(538,611)	(418,414)	(11,120)		
Net assets	191,109	1,293,428	167,622	157,314		
<b>Year ended 31 December, restated</b>						
(Loss)/Profit	(128,789)	269,492	104,130	28,551		
Other comprehensive income/(expense)	-	13,800	(59,423)	-		
Total comprehensive (expense)/income	(128,789)	283,292	44,707	28,551		
<b>Included in the total comprehensive (expense)/income is:</b>						
Revenue	1,973,405	947,910	1,039,970	101,088		
Depreciation and amortisation	(241)	(241,788)	(160,454)	(15,869)		
Interest income	18,277	-	13	1,523		
Interest expense	(187,406)	(320,412)	(155,233)	(2,000)		
Income tax expense	(42,801)	-	-	(11,455)		
<b>Reconciliation of net assets to carrying amount</b>						
<b>As at 31 December, restated</b>						
Group's share of net assets	76,444	155,212	67,050	31,463	(2,771)	327,398
Goodwill	-	-	303,979	-	-	303,979
Intangible assets	110,447	-	67,278	-	-	177,725
Redeemable unsecured loan stocks	356,630	-	-	-	-	356,630
Carrying amount in the statements of financial position	543,521	155,212	438,307	31,463	(2,771)	1,165,732

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**7. INVESTMENT IN ASSOCIATES (CONTINUED)**

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates (continued).

<b>Group</b>	<b>Kapar Energy Ventures Sdn. Bhd.</b>	<b>Shuaibah Water &amp; Electricity Company Limited</b>	<b>Hidd Power Company B.S.C. (c)</b>	<b>Lekir Bulk Terminal Sdn. Bhd.</b>	<b>Other individually immaterial associates</b>	<b>Total</b>
<b>2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group's share of results</b>						
<b>Year ended 31 December, restated</b>						
Group's share of (loss)/profit for the year	(51,515)	32,339	41,652	1,879	10,657	35,012
Group's share of other comprehensive income/(expense)	-	1,656	(23,769)	-	(495)	(22,608)
Group's share of total comprehensive (expense)/income	(51,515)	33,995	17,883	1,879	10,162	12,404
<b>Other information</b>						
Dividend received	-	-	16,975	-	3,000	19,975

7.1 During the financial year, Kapar Energy Ventures Sdn. Bhd. ("KEV"), a 40% owned associate, had restructured the terms of its Redeemable Unsecured Loan Stocks ("RULS"). The interest rate payable on the RULS has been reduced from 15% to 8% per annum and the compounding interest from 5% to 0% per annum with effect from 1 December 2016.

Following the restructuring, the sum of RM254,660,000 due from the associate was derecognised and recognised as an additional capital contribution in the associate. See Note 11.3.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 8. INVESTMENT IN A JOINT VENTURE

Group	2016 RM'000	2015 RM'000
<b>At cost</b>		
Unquoted shares, outside Malaysia	64,118	64,118
Share of post-acquisition reserves	(64,118)	(8,678)
	-	55,440

The Group has an interest in Almiyah Attilemcania SPA ("AAS"), a joint arrangement which is principally engaged in the construction, operation and maintenance of a sea water desalination plant and marketing of desalinated water produced in Algeria. AAS is structured as a separate vehicle and provides the Group rights to the net assets of the entity. Accordingly, the Group has classified the investment in AAS as a joint venture.

The following tables summarise the financial information of AAS, as adjusted for any differences in accounting policies and reconcile the information to the carrying amount of the Group's interest in AAS, which is accounted for using the equity method.

	Note	2016 RM'000	2015 RM'000
Percentage of ownership interest		35.7%	35.7%
Percentage of voting interest		40.0%	40.0%
<b>Summarised financial information</b>			
<b>As at 31 December</b>			
Non-current assets		467,339	467,576
Current assets		174,081	211,529
Non-current liabilities		(452,484)	(441,307)
Current liabilities		(188,936)	(82,504)
		-	155,294
<b>Year ended 31 December</b>			
Loss for the year	8.1	(155,294)	(6,848)
<b>Included in the (loss)/profit for the year are:</b>			
Revenue		14,573	87,315
Depreciation and amortisation		(21,568)	(21,079)
Interest expense		(14,884)	(15,184)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 8. INVESTMENT IN A JOINT VENTURE (CONTINUED)

	Note	2016 RM'000	2015 RM'000
<b>Reconciliation of net assets to carrying amount</b>			
<b>As at 31 December</b>			
Group's share of net assets		-	55,440
Carrying amount in the statements of financial position		-	55,440
<b>Group's share of result</b>			
<b>Year ended 31 December</b>			
Group's share of loss for the year		(55,440)	(2,445)

8.1 During the financial year, the Group has made a provision in relation to a dispute in the joint venture. The provision was made up to the carrying amount of the investment in the joint venture as disclosed in Note 34(i).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**9. FINANCE LEASE RECEIVABLE**

The finance lease receivable relates to the 25-year lease agreement for the right to use and occupy 3 parcels of land, substation and assets.

The future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

<b>Group</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
<b>Minimum lease payments:</b>		
Within one year	180,678	172,848
1-2 years	187,262	175,249
2-5 years	592,197	559,926
Over 5 years	4,026,282	4,101,405
Gross investment in finance lease	4,986,419	5,009,428
Less : Unearned finance income	(2,721,420)	(2,812,259)
Present value of minimum lease payments	2,264,999	2,197,169
<b>Analysed as:</b>		
1-2 years	9,796	2,707
2-5 years	67,466	46,751
Over 5 years	2,187,737	2,147,711
Total finance lease receivable	2,264,999	2,197,169
<b>Comprising:</b>		
Non-current	2,264,999	2,197,169
	2,264,999	2,197,169

For the financial year ended 31 December 2016, the Group recognised a finance lease income of RM170,837,000 (2015: RM164,421,000) as disclosed in Note 22.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	2016		2015	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Non-current</b>				
Derivatives used for hedging				
- Interest rate swaps	-	(153,681)	-	(152,497)
- Cross currency swaps	670,796	-	509,010	-
	670,796	(153,681)	509,010	(152,497)
<b>Current</b>				
Derivatives used for hedging				
- Interest rate swaps	-	(31,411)	-	(29,124)
	-	(31,411)	-	(29,124)
	670,796	(185,092)	509,010	(181,621)

Interest rate and cross currency swaps are used to achieve an appropriate mix of fixed and floating interest rate exposure within the Group's policy. The Group entered into interest rate and cross currency swaps, to hedge the interest rate and foreign exchange risks. The interest rate and cross currency swaps were entered into for a period of 5 to 17 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>					
Other receivables	11.1	91,902	102,615	-	-
<b>Current</b>					
<b>Trade</b>					
Trade receivables	11.2	1,472,533	1,214,105	-	-
Less: Allowance for impairment loss		(271,673)	(271,673)	-	-
		1,200,860	942,432	-	-
<b>Non-trade</b>					
Amount due from subsidiaries		-	-	1,008,238	972,812
Amount due from an associate	11.3	182,312	389,996	182,312	389,996
Other receivables		511,128	401,567	3,084	4,044
Deposits and prepayments		152,257	148,643	7,723	6,347
		845,697	940,206	1,201,357	1,373,199
		2,046,557	1,882,638	1,201,357	1,373,199
		2,138,459	1,985,253	1,201,357	1,373,199

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**11. TRADE AND OTHER RECEIVABLES (CONTINUED)****11.1 Other receivables**

Other receivables represent the transaction costs which arose from derivative instruments, which will be amortised systematically over the tenure of the hedged item.

**11.2 Trade receivables**

Included in trade receivables of the Group is an amount owing from an entity that is under control of the Government of Malaysia (a party that has an indirect significant influence on the Group) as at the reporting period as follows:

	<b>Gross balance outstanding</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Tenaga Nasional Berhad	1,442,736	1,192,801

**11.3 Amount due from an associate**

During the financial year, KEV, a 40% owned associate had restructured the terms of its RULS. The interest rate payable on the RULS has been reduced from 15% to 8% per annum and the compounding interest from 5% to 0% per annum with effect from 1 December 2016.

Following the restructuring, the sum of RM254,660,000 due from the associate was derecognised and recognised as an additional capital contribution in the associate.

The recoverable sum of the amount due from an associate was based on the present value of estimated future cash flows.

The estimated future cash flows was determined based on the future cash flows expected to be generated from the associate's cash generating unit and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for a further 8-year period were extrapolated. Management believes that this 13-year forecast period is appropriate as it represents the remaining PPA term;
- Contracted tariffs were determined based on the agreed tariffs in the PPA;
- Net energy output were determined based on the forecasted demand prepared by the customers;
- Repayment of principal and interest on the RULS were determined based on the associate's projected availability of funds; and
- Interest rate is based on the revised interest rate that has been approved by the Board of Directors of the associate.

The values assigned to the key assumptions represent management's assessment of future trends in the power industry and are based on external sources and internal sources (historical data).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 12. DEFERRED TAX ASSETS AND (LIABILITIES)

Deferred tax assets and (liabilities) are attributable to the following:

Group	Assets				Liabilities				Net	
	2016 RM'000	2015 RM'000 Restated	2014 RM'000 Restated	2016 RM'000	2015 RM'000 Restated	2014 RM'000 Restated	2016 RM'000	2015 RM'000 Restated	2016 RM'000 Restated	2015 RM'000 Restated
Property, plant and equipment	-	-	-	(2,140,336)	(1,778,955)	(1,989,694)	(2,140,336)	(1,778,955)	(1,989,694)	(1,989,694)
Provisions	75,881	75,416	216,594	-	-	-	75,881	75,416	216,594	216,594
Intangibles	-	-	-	(804,627)	(915,165)	(1,087,657)	(804,627)	(915,165)	(1,087,657)	(1,087,657)
Unutilised tax losses	7,893	24,090	21,467	-	-	-	7,893	24,090	21,467	21,467
Unutilised capital allowances	440,339	4,061	229,829	-	-	-	440,339	4,061	229,829	229,829
Deferred income	800,052	746,247	707,283	-	-	-	800,052	746,247	707,283	707,283
Deferred expenses	-	-	-	(86,311)	(63,795)	(41,279)	(86,311)	(63,795)	(41,279)	(41,279)
Others	-	-	2,244	-	-	-	-	-	2,244	2,244
Tax assets/(liabilities)	1,324,165	849,814	1,177,417	(3,031,274)	(2,757,915)	(3,118,630)	(1,707,109)	(1,908,101)	(1,941,213)	(1,941,213)
Set-off of tax	(1,254,597)	(778,128)	(1,104,851)	1,254,597	778,128	1,104,851	-	-	-	-
Net tax assets/(liabilities)	69,568	71,686	72,566	(1,776,677)	(1,979,787)	(2,013,779)	(1,707,109)	(1,908,101)	(1,941,213)	(1,941,213)
<b>Company</b>										
Property, plant and equipment	-	-	-	(1,705)	(426)	-	(1,705)	(426)	(426)	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 12. DEFERRED TAX ASSETS AND (LIABILITIES) (CONTINUED)

Movements in temporary differences during the year:

Group	At 1.1.2015 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 27) RM'000	At 31.12.2015/ 1.1.2016 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 27) RM'000	At 31.12.2016 RM'000
	Restated	Restated	Restated	Restated			
<b>Deferred tax assets</b>							
Provisions	216,594	(138,873)	(2,305)	75,416	(1,618)	2,083	75,881
Unutilised tax losses	21,467	2,623	-	24,090	(16,197)	-	7,893
Unutilised capital allowances	229,829	(225,768)	-	4,061	436,278	-	440,339
Deferred income	707,283	38,964	-	746,247	53,805	-	800,052
Others	2,244	(2,244)	-	-	-	-	-
Tax assets	1,177,417	(325,298)	(2,305)	849,814	472,268	2,083	1,324,165
Set-off of tax	(1,104,851)	326,723	-	(778,128)	(476,469)	-	(1,254,597)
Net tax assets	72,566	1,425	(2,305)	71,686	(4,201)	2,083	69,568
<b>Deferred tax liabilities</b>							
Property, plant and equipment	(1,989,694)	210,739	-	(1,778,955)	(361,381)	-	(2,140,336)
Intangibles	(1,087,657)	172,492	-	(915,165)	110,538	-	(804,627)
Deferred expense	(41,279)	(22,516)	-	(63,795)	(22,516)	-	(86,311)
Tax liabilities	(3,118,630)	360,715	-	(2,757,915)	(273,359)	-	(3,031,274)
Set-off of tax	1,104,851	(326,723)	-	778,128	476,469	-	1,254,597
Net tax liabilities	(2,013,779)	33,992	-	(1,979,787)	203,110	-	(1,776,677)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 12. DEFERRED TAX ASSETS AND (LIABILITIES) (CONTINUED)

Movements in temporary differences during the year:

Company	At 1.1.2015 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2015/ 1.1.2016 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2016 RM'000
<b>Deferred tax liabilities</b>					
Property, plant and equipment	-	(426)	(426)	(1,279)	(1,705)

Included in the Group's deferred tax assets as at 31 December 2016 is deferred tax in relation to Malakoff Australia Pty. Ltd.'s joint venture in the Macarthur wind farm project amounting to RM26,733,000. During the financial year 2015, the Group had an application to the Australian Taxation Office ("ATO") for a private ruling to confirm the taxation implications in relation to the initial restructuring and asset transfer within the Malakoff Group. Whilst the outcome of the ruling was positive, the ATO indicated that the swap contracts with AGL Hydro Partnership ("AGL") may not be allowed as tax deductions under the Taxation of Financial Agreements ("TOFA") rules.

The Directors of the subsidiary is of the view that the swap contracts with AGL represent TOFA assets and therefore are allowed as tax deductions under TOFA rules.

The Group has estimated an increase in deferred tax liability of AUD41,687,000 (approximately RM134,983,000) as at 31 December 2016, if the swap contracts are deemed as non-deductible assets from the perspective of tax authorities.

## 13. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
<b>At cost</b>		
Consumables	387,611	370,928
Coal	206,220	134,950
Diesel fuel	68,442	69,216
	662,273	575,094

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 14. OTHER INVESTMENTS

	Group	
	2016 RM'000	2015 RM'000
<b>Loans and receivables:</b>		
Deposits with licensed banks and other licensed corporations	1,403,801	629,241

Included in other investments of the Group are amounts that are placed with licensed banks which are under control of the Government of Malaysia (a party that has an indirect significant influence on the Group) as follows:

	Group	
	2016 RM'000	2015 RM'000
Deposits with licensed banks and other licensed corporations	1,307,764	498,858

## 15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks and other licensed corporations	2,646,098	2,526,595	312,354	304,755
Cash and bank balances	360,704	326,751	8,136	8,380
	3,006,802	2,853,346	320,490	313,135

Included in cash and cash equivalents of the Group and of the Company are amounts that are placed with licensed banks and other licensed corporations which are under control of the Government of Malaysia (a party that has an indirect significant influence on the Group and on the Company) as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks and other licensed corporations	2,409,872	2,097,863	220,477	313,135

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 16. CAPITAL AND RESERVES

*Share capital*

Group and Company	2016		2015	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
<b>Authorised:</b>				
Ordinary shares				
At 1 January of RM0.10 each/RM1.00 each	1,000,000	10,000,000	490,000	490,000
Reclassified of ordinary shares at RM1.00 each to RCPS at RM0.90 each	-	-	(90,000)	(90,000)
Conversion of RCPS at RM1.00 each	-	-	100,000	100,000
Subdivision of par value to RM0.10 each	-	-	-	4,500,000
Created during the year	-	-	500,000	5,000,000
At 31 December of RM0.10 each	1,000,000	10,000,000	1,000,000	10,000,000
Redeemable convertible non-cumulative preference shares				
At 1 January of RM0.10 each	-	-	10,000	100,000
Reclassified of ordinary shares at RM1.00 each to RCPS at RM0.90 each	-	-	90,000	100,000
Consolidation of par value to RM1.00 each	-	-	-	(100,000)
Conversion of RCPS at RM1.00 each	-	-	(100,000)	(100,000)
At 31 December of RM0.10 each	-	-	-	-
<b>Issued and fully paid:</b>				
Ordinary shares				
At 1 January of RM0.10 each/RM1.00 each	500,000	5,000,000	351,344	351,344
Conversion of RCPS at RM1.00 each	-	-	41,792	41,792
Bonus issue at RM1.00 each	-	-	6,864	6,864
Subdivision of par value to RM0.10 each	-	-	-	3,600,000
Issued during the year at RM0.10 each	-	-	100,000	1,000,000
At 31 December of RM0.10 each	500,000	5,000,000	500,000	5,000,000
Redeemable convertible non-cumulative preference shares				
At 1 January of RM0.10 each	-	-	4,179	41,792
Issued during the year at RM0.90 each	-	-	37,613	41,792
Consolidation of par value to RM1.00 each	-	-	-	(41,792)
Conversion of RCPS at RM1.00 each	-	-	(41,792)	(41,792)
At 31 December of RM0.10 each	-	-	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**16. CAPITAL AND RESERVES (CONTINUED)*****Ordinary shares***

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

***Redeemable convertible non-cumulative preference shares ("RCPS")***

In 2015, holders of RCPS received one additional RCPS of RM0.90 each for every one existing RCPS held by the holders of the RCPS. Subsequently, all RCPS are consolidated into one new RCPS of RM1.00 each. Following the consolidation of these RCPS, the Company converted the entire 41,792,004 consolidated RCPS into 41,792,004 new ordinary shares of RM1.00 each. These new ordinary shares rank pari-passu to the existing ordinary share in the Company.

***Foreign currency translation reserve***

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

***Capital redemption reserve***

The Company had on 1 October 2009 redeemed 8,400,000 RCPS at a redemption price of RM10.00 per share comprising the nominal amount of RM0.10 each and premium of RM9.90 each to the RCPS holders registered in the Company's Register of Members. The redemption of the RCPS was made proportionately in respect of each holding of RCPS, fully paid out from the retained profits and share premium account of the Company.

In accordance with the requirement of Section 67A of the Companies Act, 1965, an amount equivalent to the nominal value of the RCPS totalling RM840,000 was transferred from the retained profits to the capital redemption reserve.

***Hedging reserve***

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related transactions that have not yet occurred.

***Share premium***

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 17. LOANS AND BORROWINGS

		Group	
	Note	2016 RM'000	2015 RM'000
Non-current			
Secured			
AUD term loan 1	17.2	453,320	-
AUD term loan 2	17.3	1,597,680	1,578,690
RM term loan	17.4	6,946	12,081
Sukuk Ijarah medium term notes	17.6	3,662,891	3,620,590
Sukuk medium term notes	17.7	3,921,702	3,855,385
Sukuk Wakalah	17.8	290,000	345,000
Senior Sukuk Murabahah	17.9	3,205,000	3,290,000
Senior RM term loan	17.10	653,310	647,000
Senior USD term loan	17.11	1,743,080	1,587,369
USD term loan	17.12	-	332,317
Unsecured			
Junior EBL term loan	17.13	-	1,251,635
Subordinated loan notes		92,500	104,500
		15,626,429	16,624,567
Current			
Secured			
Al-Istisna bonds	17.1	-	64,650
AUD term loan 1	17.2	-	439,698
AUD term loan 2	17.3	29,919	24,237
RM term loan	17.4	5,135	5,135
Commodity Murabahah Term Financing-I	17.5	-	15,000
Sukuk medium term notes	17.7	-	100,000
Sukuk Wakalah	17.8	55,000	55,000
Senior Sukuk Murabahah	17.9	85,000	-
Senior RM term loan	17.10	46,690	-
Senior USD term loan	17.11	51,320	-
USD term loan	17.12	347,216	19,321
Unsecured			
Junior EBL term loan	17.13	1,290,139	-
		1,910,419	723,041
		17,536,848	17,347,608

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**17. LOANS AND BORROWINGS (CONTINUED)****17.1 AI-Istisna bonds issued by Prai Power Sdn. Bhd. ("PPSB")***Security*

As at 31 December 2015, the AI-Istisna bonds are secured over property, plant and equipment with a carrying amount of RM580,299,000. The AI-Istisna bonds have been fully redeemed during the financial year.

**17.2 AUD term loan 1 drawdown by Malakoff International Limited ("MIL")***Security*

As at 31 December 2016, the AUD term loan 1 is secured over a first ranking share pledged over investment in subsidiaries and assignment of MIL's rights under certain intercompany loans.

*Significant covenant*

During the financial year, MIL had refinanced the AUD term loan 1. Following the refinancing, MIL is required to maintain a total debt-to-equity ratio of the parent (the Company) of not more than 1:1 (2015: 1.25:1) and a Group total debt-to-equity ratio of not more than 5.5:1 (2015: 7:1).

**17.3 AUD term loan 2 drawdown by Wind Macarthur Finco Pty Limited ("WMF")***Security*

As at 31 December 2016, the AUD term loan 2 is secured over certain subsidiaries' security documents.

*Significant covenant*

WMF is required to maintain a minimum projected debt service cover ratio of 1.10:1 on any two consecutive calculation date.

**17.4 RM term loan drawdown by Malakoff Utilities Sdn. Bhd. ("MUSB")***Security*

As at 31 December 2016, the RM term loan is secured over certain property, plant and equipment with a carrying amount of RM30,574,000 (2015: RM35,244,000).

*Significant covenant*

MUSB is required to maintain a debt-to-equity ratio of not more than 1.50:1 and a debt service cover ratio of not less than 1.20 times.

**17.5 Commodity Murabahah Term Financing-I drawdown by Port Dickson Power Berhad ("PDP")***Security*

The Commodity Murabahah Term Financing-I is secured against the Debenture, the Assignment of PPA Proceeds, the Assignment and Charge of Designated Accounts and other documents. The Commodity Murabahah Term Financing-I has been fully settled during the financial year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**17. LOANS AND BORROWINGS (CONTINUED)****17.6 Sukuk Ijarah medium term notes issued by Tanjung Bin Power Sdn. Bhd. ("TBP")***Security*

As at 31 December 2016, the Sukuk Ijarah medium term notes are secured over property, plant and equipment with a carrying amount of RM5,088,042,000 (2015: RM5,187,295,000).

*Significant covenant*

TBP is required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of at least 1.25 times.

**17.7 Sukuk medium term notes issued by Malakoff Power Berhad ("MPB")***Security*

As at 31 December 2016, the Sukuk medium term notes are secured over an irrevocable and unconditional guarantee under the principal of Kafalah from Malakoff Corporation Berhad, an assignment and charge over MPB designated accounts and a third party assignment and charge over Malakoff Corporation Berhad's disposal proceeds account.

*Significant covenant*

MPB is required to maintain an aggregated debt-to-equity ratio of not more than 1:1 and the Group debt-to-equity ratio of not more than 5.5:1.

**17.8 Sukuk Wakalah issued by Tanjung Bin O&M Berhad ("TBOM")***Security*

As at 31 December 2016, the Sukuk Wakalah is secured over the Operation and Maintenance Agreement, Sub Operation and Maintenance Agreement and Asset Sales Agreement held by TBOM and all the balances in TBOM's designated accounts.

*Significant covenant*

TBOM is required to maintain a debt-to-equity ratio of not more than 80:20 commencing 24 months after the issue date until the final maturity and a finance service cover ratio of at least 1.25 times.

**17.9 Senior Sukuk Murabahah issued by Tanjung Bin Energy Issuer Berhad ("TBEI")***Security*

As at 31 December 2016, the Senior Sukuk Murabahah is secured over TBEI's property, plant and equipment with a carrying amount of RM5,951,745,000 (2015: RM6,052,721,000).

*Significant covenant*

TBEI is required to maintain a debt-to-equity ratio of not exceeding 80:20 and a finance service cover ratio of not less than 1.05:1.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**17. LOANS AND BORROWINGS (CONTINUED)****17.10 Senior RM term loan drawdown by Tanjung Bin Energy Issuer Berhad ("TBEI")***Security*

As at 31 December 2016, the Senior RM term loan is secured over TBEI's property, plant and equipment as disclosed in Note 17.9.

*Significant covenant*

TBEI is required to maintain a debt-to-equity ratio of not exceeding 80:20 and a finance service cover ratio of not less than 1.05:1.

**17.11 Senior USD term loan drawdown by Tanjung Bin Energy Issuer Berhad ("TBEI")***Security*

As at 31 December 2016, the Senior USD term loan is secured over TBEI's property, plant and equipment as disclosed in Note 17.9.

*Significant covenant*

TBEI is required to maintain a debt-to-equity ratio of not exceeding 80:20 and a finance service cover ratio of not less than 1.05:1.

**17.12 USD term loan drawdown by Malakoff International Limited ("MIL")***Security*

As at 31 December 2016, the USD term loan is secured over MIL's designated account and its investment in a subsidiary.

*Significant covenant*

MIL is required to maintain a debt-to-equity ratio of the Guarantor (the Company) of not more than 1.25:1 and a Group debt-to-equity ratio of not more than 7:1.

**17.13 Junior EBL term loan facility drawdown by Tanjung Bin Energy Issuer Berhad ("TBEI")***Significant covenant*

TBEI is required to maintain a debt-to-equity ratio of the Original Sponsor (the Company) of not more than 1.25:1 and a Group debt-to-equity ratio of not more than 7:1.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 18. EMPLOYEE BENEFITS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Defined benefit obligations	102,463	94,399	21,593	21,931
Fair value of plan assets	(7,635)	(9,501)	(1,993)	(8,332)
Net defined benefit liabilities	94,828	84,898	19,600	13,599

The Company's Staff Retirement Benefits Scheme ("The Scheme") provides pension benefits for the eligible employees upon retirement. Five entities within the Group, namely Malakoff Corporation Berhad, Teknik Janakuasa Sdn. Bhd., Malakoff Utilities Sdn. Bhd., Malakoff Engineering Sdn. Bhd. and Malakoff Power Berhad participated in making contributions to The Scheme.

The following table shows the reconciliation from the opening balance to the closing balance for net defined benefit liability and its components:

## Movement in defined benefit obligations

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Defined benefit obligations at beginning of the year	94,399	90,526	21,931	26,322
<b>Included in profit or loss</b>				
Current service cost	7,301	7,784	1,797	2,060
Interest cost	4,943	4,700	1,146	1,309
	12,244	12,484	2,943	3,369
<b>Included in other comprehensive income</b>				
Actuarial loss arising from:				
- Financial assumptions	2,022	-	385	-
	2,022	-	385	-
<b>Others</b>				
Benefits paid directly by the employer	(3,486)	(2,387)	(1,313)	(1,536)
Benefits paid by the plan	(2,716)	(6,224)	(2,353)	(6,224)
	(6,202)	(8,611)	(3,666)	(7,760)
Defined benefit obligations at end of the year	102,463	94,399	21,593	21,931

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 18. EMPLOYEE BENEFITS (CONTINUED)

## Movement in fair value of plan assets

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Plan assets at beginning of the year	(9,501)	(15,619)	(8,332)	(13,975)
<b>Included in profit or loss</b>				
Interest income	(549)	(792)	(469)	(692)
	(549)	(792)	(469)	(692)
<b>Included in other comprehensive income</b>				
Return on scheme assets lesser than discount rate	814	686	4,825	111
	814	686	4,825	111
<b>Others</b>				
Benefits paid by the plan	2,716	6,224	2,353	6,224
Employer contribution	(1,115)	-	(370)	-
	1,601	6,224	1,983	6,224
Plan assets at end of the year	(7,635)	(9,501)	(1,993)	(8,332)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 18. EMPLOYEE BENEFITS (CONTINUED)

## Movement in net defined benefit liabilities

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net defined benefit liabilities at beginning of the year	84,898	74,907	13,599	12,347
<b>Included in profit or loss</b>				
Current service cost	7,301	7,784	1,797	2,060
Interest cost	4,394	3,908	677	617
	11,695	11,692	2,474	2,677
<b>Included in other comprehensive income</b>				
Actuarial loss arising from:				
- Financial assumptions	2,022	-	385	-
Return on scheme assets lesser than discount rate	814	686	4,825	111
	2,836	686	5,210	111
<b>Others</b>				
Benefits paid directly by the employer	(3,486)	(2,387)	(1,313)	(1,536)
Employer contribution	(1,115)	-	(370)	-
	(4,601)	(2,387)	(1,683)	(1,536)
Net defined benefit liabilities at end of the year	94,828	84,898	19,600	13,599

The Group expects to pay RM4,155,000 in contributions to the defined benefit plan in 2017.

## Plan assets

The major categories of plan assets are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Equity instruments	4,519	5,843	1,180	5,124
Malaysian government securities	1,496	2,100	391	1,841
Foreign investments	176	1,045	46	917
Derivatives	-	10	-	8
Cash and cash equivalents	1,153	456	301	400
Others	291	47	75	42
	7,635	9,501	1,993	8,332

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 18. EMPLOYEE BENEFITS (CONTINUED)

**Actuarial assumptions**

Principal actuarial assumptions at the end of the reporting period:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Discount rate	5.20%	5.40%	5.20%	5.40%
Salary inflation	7.88%	7.88%	7.88%	7.88%

As at 31 December 2016, The Scheme duration is estimated to be around 11 years (2015: 11 years).

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Impact on the aggregate service and interest costs</b>				
<b>Discount rate</b>				
One percentage point increase	(314)	(418)	(97)	(118)
One percentage point decrease	310	436	103	115
<b>Salary inflation</b>				
One percentage point increase	1,560	1,645	394	438
One percentage point decrease	(1,348)	(1,401)	(332)	(384)
<b>Impact on the defined benefit obligation</b>				
<b>Discount rate</b>				
One percentage point increase	(9,809)	(9,184)	(2,340)	(2,310)
One percentage point decrease	11,524	10,690	2,961	2,650
<b>Salary inflation</b>				
One percentage point increase	13,400	11,440	3,443	2,865
One percentage point decrease	(11,544)	(9,982)	(2,786)	(2,536)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 19. PROVISION FOR DECOMMISSIONING COST

Group	2016	2015
	RM'000	RM'000
Non-current	85,625	68,058
	85,625	68,058

Provision for decommissioning cost is the estimated cost that the Group will have to incur in removing or dismantling the power plants at the end of the estimated useful lives of the power plant.

## 20. DEFERRED INCOME

Group	2016	2015
	RM'000	RM'000
At beginning of the year	3,109,363	2,941,580
Additions	365,294	298,167
Credited to profit or loss	(141,107)	(130,384)
At end of the year	3,333,550	3,109,363
Non-current	3,230,403	2,968,256
Current	103,147	141,107
At end of the year	3,333,550	3,109,363

## 21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Trade</b>					
Trade payables	21.1	501,655	303,822	-	-
<b>Non-trade</b>					
Other payables	21.2	86,814	168,877	10,721	10,324
Accrued expenses	21.2	413,774	351,623	5,655	7,138
Amounts due to subsidiaries	21.3	-	-	1,302,491	1,197,508
		500,588	520,500	1,318,867	1,214,970
		1,002,243	824,322	1,318,867	1,214,970

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 21. TRADE AND OTHER PAYABLES (CONTINUED)

## 21.1 Trade payables

Included in trade payables of the Group are amounts owing to entities that are under control of the Government of Malaysia (a party that has an indirect significant influence on the Group) as at the reporting period as follows:

	Gross balance outstanding	
	2016 RM'000	2015 RM'000
Petroliam Nasional Berhad	46,917	57,366
Petronas Dagangan Berhad	-	992
TNB Fuel Services Sdn. Bhd.	435,058	198,391
Tenaga Nasional Berhad	9,663	9,234
	491,638	265,983

## 21.2 Other payables and accrued expenses

As at 31 December 2016, included in accrued expenses of the Group were interest expense payable of RM140,263,000 (2015: RM139,408,000) and provision for CESS fund of RM32,562,000 (2015: RM27,991,000).

## 21.3 Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand except for an amount of RM771,326,000 (2015: RM771,326,000), which is subject to an interest rate of 7.71 % (2015: 7.71 %).

## 22. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Electricity generation and distribution	5,885,222	5,099,017	-	-
Project management fees	1,686	1,164	1,686	1,164
Rental income from estate	4,264	2,202	4,264	2,202
Operation and maintenance fees	36,411	35,183	-	-
Finance lease income	170,837	164,421	-	-
Dividends from subsidiaries	-	-	330,085	256,375
Management fees from subsidiaries	-	-	26,101	26,490
	6,098,420	5,301,987	362,136	286,231

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**23. FINANCE INCOME**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income of financial assets that are not at fair value through profit or loss	193,828	203,759	56,186	85,358
Recognised in profit or loss	191,252	192,053	56,186	85,358
Capitalised on qualifying assets as a deduction from the borrowing costs:				
- Property, plant and equipment	2,576	11,706	-	-
	193,828	203,759	56,186	85,358

**24. FINANCE COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest expense of financial liabilities that are not at fair value through profit or loss				
- Loans and borrowings	1,080,857	1,086,504	59,470	101,155
Other finance costs	4,982	5,406	-	-
	1,085,839	1,091,910	59,470	101,155
Recognised in profit or loss	1,012,045	794,618	59,470	101,155
Capitalised on qualifying assets:				
- Property, plant and equipment	73,794	297,292	-	-
	1,085,839	1,091,910	59,470	101,155

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 25. INCOME TAX EXPENSE

## Recognised in profit or loss

	Group		Company	
	2016 RM'000	2015 RM'000 Restated	2016 RM'000	2015 RM'000
<b>Current tax expense</b>				
Malaysian – current year	414,599	249,909	14,197	17,948
Overseas – current year	7,999	4,673	-	-
Under/(Over) provision in prior years	7,810	(13,021)	(893)	528
	430,408	241,561	13,304	18,476
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(195,884)	(66,750)	1,313	426
(Over)/Under provision in prior years	(3,025)	31,333	(34)	-
	(198,909)	(35,417)	1,279	426
Total income tax expense	231,499	206,144	14,583	18,902
<b>Reconciliation of tax expense</b>				
Profit for the year	406,042	495,047	248,458	159,194
Total income tax expense	231,499	206,144	14,583	18,902
Profit excluding tax	637,541	701,191	263,041	178,096
Tax at Malaysian tax rate of 24% (2015: 25%)	153,010	175,298	63,130	44,524
Non-taxable income	(17,451)	(15,559)	(79,220)	(64,094)
Non-deductible expenses	94,732	68,548	31,600	37,944
Effect of tax rates in foreign jurisdictions	974	3,505	-	-
Effect of corporate tax rate reduction on deferred tax*	-	(45,235)	-	-
Effect of share of results of associates	(4,551)	1,275	-	-
Under/(Over) provision in prior years				
- current tax	7,810	(13,021)	(893)	528
- deferred tax	(3,025)	31,333	(34)	-
Total income tax expense	231,499	206,144	14,583	18,902

\* A reduction in the corporate tax rate from 25% to 24% was proposed in the 2014 budget. For the Group, management has used judgement with regard to determining temporary differences expected to reverse and estimated the temporary difference. The effect of any change is recognised in the profit or loss. The reduction will be effective 1 January 2016.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 26. PROFIT FOR THE YEAR

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Profit for the year is arrived at after charging:</b>				
Amortisation of intangible assets	495,364	534,166	-	-
Amortisation of prepaid lease payments	4,569	4,376	-	-
Amortisation of transaction costs of hedging instruments	12,178	12,146	-	-
Auditors' remuneration:				
Audit fees				
- KPMG	1,975	2,199	743	552
- Other audit firms	569	464	230	162
Non-audit fees				
- KPMG*	1,322	1,995	576	1,165
Contribution and Corporate Social Responsibility activities	12,000	9,000	-	-
Depreciation of property, plant and equipment	900,833	625,711	6,391	6,254
Loss on disposal of property, plant and equipment	162	-	162	-
Impairment loss on other receivables	-	5,120	-	5,120
Impairment loss on trade receivables	-	6,956	-	-
Personnel expenses (including key management personnel):				
Contribution to Employees Provident Fund	22,087	19,346	6,915	5,447
Expenses related to retirement benefit plans	11,695	11,692	2,474	2,677
Wages, salaries and others	152,269	135,424	40,560	35,481
Plant and equipment written off	23,014	68,854	-	-
Realised foreign exchange loss	4,858	625	-	223
Unrealised foreign exchange loss	10,041	3,231	-	-
Zakat expenses	1,592	1,369	1,592	1,369
<b>and after crediting:</b>				
Dividends from subsidiaries	-	-	330,085	256,375
Gain on disposal of property, plant and equipment	-	78	-	78
Gain arising from change in fair value of derivative financial instruments	16,962	8,527	-	-
Reversal of impairment loss on trade receivables	-	3,170	-	-
Realised foreign exchange gain	535	9,447	530	-
Unrealised foreign exchange gain	1,362	15,603	-	-

\* The non-audit fees paid/payable primarily relates to tax services and advisory services in relation to potential acquisitions and sustainability reporting training.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 27. OTHER COMPREHENSIVE INCOME

Group	Before tax RM'000	Tax credit/ (expense) RM'000	Net of tax RM'000
<b>2016</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liability	(2,836)	(568)	(3,404)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedge - Gain arising during the year	12,980	2,651	15,631
Share of gain on hedging reserve of equity-accounted associates	54,537	-	54,537
Foreign currency translation differences for foreign operations			
- Gain arising during the year	3,371	-	3,371
	70,888	2,651	73,539
<b>2015</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liability	(686)	149	(537)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedge - Loss arising during the year	(28,631)	(2,454)	(31,085)
Share of losses on hedging reserve of equity-accounted associates	(24,615)	-	(24,615)
Foreign currency translation differences for foreign operations			
- Gain arising during the year	32,049	-	32,049
	(21,197)	(2,454)	(23,651)
<b>Company</b>			
<b>2016</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liability	(5,210)	-	(5,210)
<b>2015</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liability	(111)	-	(111)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**28. EARNINGS PER SHARE****Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 31 December 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

<b>Group</b>	<b>2016</b>	<b>2015 Restated</b>
Profit attributable to ordinary shareholders (RM'000)	355,463	452,385
Weighted average number of ordinary shares at 31 December ('000)	5,000,000	4,531,422
Basic earnings per ordinary share (sen)	7.11	9.98

**Diluted earnings per ordinary share**

The calculation of diluted earnings per ordinary share at 31 December 2016 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

<b>Group</b>	<b>2016</b>	<b>2015 Restated</b>
Weighted average number of ordinary shares at 31 December (basic) ('000)	5,000,000	4,531,422
Effect of conversion of redeemable convertible preference shares ('000)	-	104,194
Weighted average number of ordinary shares at 31 December ('000)	5,000,000	4,635,616
Diluted earnings per share (sen)	7.11	9.76

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**29. DIVIDENDS**

Dividends recognised by the Company:

	<b>Sen per share (net of tax)</b>	<b>Total amount RM'000</b>	<b>Date of payment</b>
<b>2016</b>			
Final 2015 ordinary	2.00	100,000	27 May 2016
Interim 2016 ordinary	3.50	175,000	4 October 2016
Total amount		<u>275,000</u>	
<b>2015</b>			
Final 2014 ordinary	28.46	100,000	5 March 2015
Interim 2015 ordinary	3.00	150,000	8 July 2015
Interim 2015 ordinary	2.00	100,000	28 December 2015
Total amount		<u>350,000</u>	

After the end of the reporting period the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial year upon approval by the owners of the Company.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2016 of 3.50 sen per ordinary share amounting to RM175,000,000 (based on 5,000,000,000 ordinary shares in issue as at 31 December 2016) will be proposed for the shareholders' approval.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**30. OPERATING SEGMENTS**

The Group has two operating segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group Managing Director ("the chief operating decision maker") reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's operating segments:

- Asset management

Asset management division is responsible for managing assets to achieve the greatest return and the process of monitoring and maintaining facilities systems.

- Operations and maintenance ("O&M")

O&M division is responsible for providing repair and maintenance services for all the power plant equipment within the Group.

Segment profit and loss is measured based on profit before taxes, finance costs, interest income and share of profit of associates and a joint venture, net of tax as included in the internal management reports that are reviewed by the chief operating decision maker.

**Segment assets**

The segment assets consist of property, plant and equipment, intangible assets, prepaid lease payments, investment in a joint venture, finance lease receivable, derivative financial assets, other receivables, deferred tax assets, trade and other receivables, inventories, current tax assets, other investments and cash and cash equivalents of the segment. Investment in associates is excluded from the segment assets. The segment assets is included in the internal management reports that are reviewed by the chief operating decision maker.

**Segment liabilities**

The segment liabilities consist of loans and borrowings, employee benefits, deferred income, deferred tax liabilities, derivative financial liabilities, provision for decommissioning costs, trade and other payables and current tax liabilities of the segment. The segment liabilities is included in the internal management reports that are reviewed by the chief operating decision maker.

**Segment capital expenditure**

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 30. OPERATING SEGMENTS (CONTINUED)

	Asset management		O&M		Eliminations <sup>(A)</sup>		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
								Restated
<b>Business segments</b>								
Revenue from external customers	6,062,009	5,266,804	36,411	35,183	-	-	6,098,420	5,301,987
Inter-segment revenue	963,040	444,064	1,058,762	1,041,163	(2,021,802)	(1,485,227)	-	-
<b>Total segment revenue</b>	<b>7,025,049</b>	<b>5,710,868</b>	<b>1,095,173</b>	<b>1,076,346</b>	<b>(2,021,802)</b>	<b>(1,485,227)<sup>(A)</sup></b>	<b>6,098,420</b>	<b>5,301,987</b>
<b>Results from operating activities</b>	<b>2,451,116</b>	<b>1,848,212</b>	<b>302,852</b>	<b>177,400</b>	<b>(1,314,598)</b>	<b>(716,754)<sup>(B)</sup></b>	<b>1,439,370</b>	<b>1,308,858</b>
Finance income							191,252	192,053
Finance costs							(1,012,045)	(794,618)
Share of profit/(loss) of equity-accounted associates and a joint venture, net of tax							18,964	(5,102)
Income tax expense							(231,499)	(206,144)
<b>Profit for the year</b>							<b>406,042</b>	<b>495,047</b>

A. Inter-segment transactions are eliminated on consolidation.

B. Adjustments consists of inter-segment transactions of RM1,780,428,000 (2015: RM1,223,407,000) and amortisation of intangible assets of RM465,830,000 (2015: RM506,653,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 30. OPERATING SEGMENTS (CONTINUED)

	Asset management		O&M		Consolidated	
	2016 RM'000	2015 RM'000 Restated	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000 Restated
<b>Segment assets</b>	26,255,084	26,192,206	2,532,442	2,254,816	28,787,526	28,447,022
Investment in associates	1,476,010	1,140,887	-	-	1,476,010	1,140,887
Total assets					30,263,536	29,587,909
<b>Segment liabilities</b>	19,322,832	18,664,845	4,809,409	4,942,946	24,132,241	23,607,791
<b>Capital expenditure</b>	465,285	1,428,259	6,758	5,999	472,043	1,434,258
<b>Non-cash expenses items:</b>						
Amortisation of intangible assets	(405,289)	(420,304)	(90,075)	(113,862)	(495,364)	(534,166)
Amortisation of prepaid lease payments	(4,569)	(4,376)	-	-	(4,569)	(4,376)
Amortisation of transaction costs of hedging instruments	(10,713)	(12,146)	-	-	(10,713)	(12,146)
Depreciation	(897,570)	(622,928)	(3,263)	(2,783)	(900,833)	(625,711)
Expenses related to retirement benefit plans	(3,282)	(3,427)	(8,413)	(8,265)	(11,695)	(11,692)
Impairment loss on trade receivables	-	(6,956)	-	-	-	(6,956)
Impairment loss on other receivables	-	(5,120)	-	-	-	(5,120)
Goodwill written off	-	(5,493)	-	(1,880)	-	(7,373)
Property, plant and equipment written off	(23,014)	(68,854)	-	-	(23,014)	(68,854)
	(1,344,437)	(1,149,604)	(101,751)	(126,790)	(1,446,188)	(1,276,394)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 30. OPERATING SEGMENTS (CONTINUED)

**Geographical information**

The Asset Management and O&M segments are managed on a worldwide basis, but operate facilities in Malaysia, Indonesia, Middle East and Australia.

Geographic revenue information is based on geographical location of the customers. Geographic non-current assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates and investment in a joint venture) and deferred tax assets.

<b>Group</b>	<b>Revenue</b>	<b>Non-current</b>
<b>Geographical information</b>	<b>RM'000</b>	<b>assets</b>
		<b>RM'000</b>
<b>2016</b>		
Malaysia	5,895,219	18,394,236
Indonesia	18,999	-
Middle East	13,365	-
Australia	170,837	-
	6,098,420	18,394,236
<b>2015</b>		
Malaysia	5,102,383	19,335,744
Indonesia	17,314	-
Middle East	17,869	-
Australia	164,421	-
	5,301,987	19,335,744

**Major customer**

The following is a major customer with revenue equal or more than 10% of the Group's total revenue:

	<b>Revenue</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>All common control company of:</b>		
Tenaga Nasional Berhad	5,750,628	4,973,481



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS

## 31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- a) Loans and receivables (L&R);
- b) Financial liabilities measured at amortised cost (FL); and
- c) Fair value through profit or loss (FVTPL) – Designated upon initial recognition (DUIR)

<b>Group</b>	<b>Carrying amount</b>	<b>L&amp;R/ (FL)</b>	<b>FVTPL- DUIR</b>
<b>2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>			
Trade and other receivables*	1,973,633	1,973,633	-
Finance lease receivable	2,264,999	2,264,999	-
Other investments	1,403,801	1,403,801	-
Cash and cash equivalents	3,006,802	3,006,802	-
Derivative financial asset	670,796	-	670,796
	<b>9,320,031</b>	<b>8,649,235</b>	<b>670,796</b>
<b>Financial liabilities</b>			
Loans and borrowings	(17,536,848)	(17,536,848)	-
Trade and other payables*	(987,029)	(987,029)	-
Derivative financial liabilities	(185,092)	-	(185,092)
	<b>(18,708,969)</b>	<b>(18,523,877)</b>	<b>(185,092)</b>
<b>2015</b>			
<b>Financial assets</b>			
Trade and other receivables*	1,810,575	1,810,575	-
Finance lease receivable	2,197,169	2,197,169	-
Other investments	629,241	629,241	-
Cash and cash equivalents	2,853,346	2,853,346	-
Derivative financial assets	509,010	-	509,010
	<b>7,999,341</b>	<b>7,490,331</b>	<b>509,010</b>
<b>Financial liabilities</b>			
Loans and borrowings	(17,347,608)	(17,347,608)	-
Trade and other payables*	(809,165)	(809,165)	-
Derivative financial liabilities	(181,621)	-	(181,621)
	<b>(18,338,394)</b>	<b>(18,156,773)</b>	<b>(181,621)</b>

\* Excludes non-financial instruments

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.1 Categories of financial instruments (continued)

Company	Carrying amount RM'000	L&R/ (FL) RM'000
<b>2016</b>		
<b>Financial assets</b>		
Trade and other receivables	1,201,357	1,201,357
Cash and cash equivalents	320,490	320,490
	1,521,847	1,521,847
<b>Financial liabilities</b>		
Trade and other payables*	(1,318,860)	(1,318,860)
	(1,318,860)	(1,318,860)
<b>2015</b>		
<b>Financial assets</b>		
Trade and other receivables	1,373,199	1,373,199
Cash and cash equivalents	313,135	313,135
	1,686,334	1,686,334
<b>Financial liabilities</b>		
Trade and other payables*	(1,214,729)	(1,214,729)
	(1,214,729)	(1,214,729)

\* Excludes non-financial instruments

## 31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loans and receivables	191,252	194,853	56,186	80,238
Financial liabilities measured at amortised cost	(1,085,839)	(1,091,910)	(59,470)	(101,155)
Fair value through profit or loss designated upon initial recognition	16,962	8,527	-	-
	(877,625)	(888,530)	(3,284)	(20,917)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**31. FINANCIAL INSTRUMENTS (CONTINUED)****31.3 Financial risk management**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**31.4 Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given.

**Receivables**

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees of banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on significant customers requiring credit over a certain amount. The Group and the Company do not require collateral in respect of financial assets.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group and the Company. Given their high credit ratings, management does not expect any counterparty to fail to meet their obligations.

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debts due from TNB, representing approximately 57% (2015: 49%) of the total receivables of the Group. The maximum exposures to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS(CONTINUED)

## 31.4 Credit risk (continued)

## Receivables (continued)

*Exposure to credit risk, credit quality and collateral (continued)*

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2016 RM'000	2015 RM'000
Domestic	1,193,040	941,429
Others	7,820	1,003
	1,200,860	942,432

*Impairment losses*

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Impairment RM'000	Net RM'000
<b>2016</b>			
Not past due	1,191,780	-	1,191,780
Past due 0 – 30 days	1,789	-	1,789
Past due 31 – 120 days	5,708	-	5,708
Past due more than 120 days	273,256	(271,673)	1,583
	1,472,533	(271,673)	1,200,860
<b>2015</b>			
Not past due	934,855	-	934,855
Past due 0 – 30 days	1,466	-	1,466
Past due 31 – 120 days	5,259	-	5,259
Past due more than 120 days	272,525	(271,673)	852
	1,214,105	(271,673)	942,432

At the end of the reporting period, trade receivables with a carrying amount of RM9,080,000 (2015: RM7,577,000) were past due but not considered impaired. These trade receivables relate to customers for whom there has not been significant change in credit quality and the amounts are considered recoverable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**31. FINANCIAL INSTRUMENTS (CONTINUED)****31.4 Credit risk (continued)****Receivables (continued)***Impairment losses (continued)*

The movements in the allowance for impairment loss on trade receivables during the financial year were:

<b>Group</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
At beginning of the year	271,673	360,627
Impairment loss recognised	-	6,956
Impairment loss reversed	-	(3,170)
Impairment loss written off	-	(92,740)
At end of the year	271,673	271,673

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is probable, the amount considered irrecoverable is written off against the receivable directly.

**Intercompany advances***Risk management objectives, policies and processes for managing the risk*

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Advances are only provided to subsidiaries which are wholly owned by the Company.

**31.5 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.5 Liquidity risk (continued)

*Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest):

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2016</b>							
<b><i>Financial liabilities</i></b>							
<b><i>Secured</i></b>							
AUD term loan 1	453,320	BBSY + margin 1.33	487,646	14,204	14,204	459,238	-
AUD term loan 2	1,627,599	5.98-7.82	2,086,549	155,985	1,219,741	189,137	521,686
RM term loan	12,081	6.67	12,989	5,756	5,413	1,820	-
Sukuk Ijarah medium term notes	3,662,891	4.54-5.45	5,625,991	201,539	201,539	1,878,647	3,344,266
Sukuk medium term notes	3,921,702	4.90-6.25	8,503,911	252,275	568,775	2,591,465	5,091,396
Sukuk Wakalah	345,000	4.25-5.60	480,141	72,379	14,924	99,897	292,941
Senior Sukuk Murabahah	3,290,000	4.65-6.20	5,548,326	274,284	246,172	749,324	4,278,546
Senior RM term loan	700,000	4.90-5.80	945,833	78,077	95,060	341,624	431,072
Senior USD term loan	1,794,400	5.80	2,861,385	155,395	178,722	661,163	1,866,105
USD term loan	347,216	Libor + margin 2.50	348,075	348,075	-	-	-
<b><i>Unsecured</i></b>							
Junior EBL term loan	1,290,139	4.90-5.15	1,301,397	1,301,397	-	-	-
Subordinated loan notes	92,500	9.00	151,945	14,710	13,968	47,416	75,851
Trade and other payables	987,029	-	987,029	987,029	-	-	-
	<b>18,523,877</b>		<b>29,341,217</b>	<b>3,861,105</b>	<b>2,558,518</b>	<b>7,019,731</b>	<b>15,901,863</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.5 Liquidity risk (continued)

*Maturity analysis (continued)*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2015</b>							
<b>Financial liabilities</b>							
<b>Secured</b>							
Al-Istisna bonds	64,650	9.20	67,990	67,990	-	-	-
AUD term loan 1	439,698	BBSY + margin 1.85	448,968	448,968	-	-	-
AUD term loan 2	1,602,927	5.72-7.90	2,135,411	140,549	143,124	1,294,131	557,607
RM term loan	17,216	6.67	19,279	6,155	5,813	7,311	-
Commodity Murabahah Term Financing-I	15,000	4.45	15,039	15,039	-	-	-
Sukuk Ijarah medium term notes	3,620,590	4.54-5.45	5,827,530	201,539	201,539	1,605,782	3,818,670
Sukuk medium term notes	3,955,385	4.50-6.25	8,885,680	381,769	252,275	2,344,664	5,906,972
Sukuk Wakalah	400,000	4.13-5.60	554,768	74,628	72,379	44,855	362,906
Senior Sukuk Murabahah	3,290,000	4.65-6.20	5,740,783	192,457	274,284	749,290	4,524,752
Senior RM term loan	647,000	5.23-5.80	929,266	34,644	78,305	318,924	497,393
Senior USD term loan	1,587,369	5.80	2,615,749	84,500	141,185	566,867	1,823,197
USD term loan	351,638	Libor + margin 2.50	366,479	29,328	337,151	-	-
Balance carried forward	15,991,473		27,606,942	1,677,566	1,506,055	6,931,824	17,491,497

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.5 Liquidity risk (continued)

*Maturity analysis (continued)*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2015</b>							
<b><i>Financial liabilities (continued)</i></b>							
Balance carried forward	15,991,473		27,606,942	1,677,566	1,506,055	6,931,824	17,491,497
<b><i>Unsecured</i></b>							
Junior EBL term loan	1,251,635	5.15-5.23	1,330,558	67,020	1,263,538	-	-
Subordinated loan notes	104,500	9.00	188,316	20,609	14,447	28,906	124,354
Trade and other payables	809,165	-	809,165	809,165	-	-	-
	<u>18,156,773</u>		<u>29,934,981</u>	<u>2,574,360</u>	<u>2,784,040</u>	<u>6,960,730</u>	<u>17,615,851</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.5 Liquidity risk (continued)

*Maturity analysis (continued)*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
<b>2016</b>				
<b>Financial liabilities</b>				
<b>Unsecured</b>				
Other payables and accruals	16,369	-	16,369	16,369
Amounts due to subsidiaries	771,326	7.71	830,795	830,795
Amounts due to subsidiaries	531,165	-	531,165	531,165
	<b>1,318,860</b>		<b>1,378,329</b>	<b>1,378,329</b>
<b>2015</b>				
<b>Financial liabilities</b>				
<b>Unsecured</b>				
Other payables and accruals	17,221	-	17,221	17,221
Amounts due to subsidiaries	771,326	7.71	830,795	830,795
Amounts due to subsidiaries	426,182	-	426,182	426,182
	<b>1,214,729</b>		<b>1,274,198</b>	<b>1,274,198</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

## 31.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar (AUD), Swiss Franc (CHF), Kuwait Dinar (KWD), Euro (EUR) and US Dollar (USD).

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	AUD RM'000	CHF RM'000	KWD RM'000	EUR RM'000	USD RM'000
<b>2016</b>					
Deposits with licensed banks	14,515	-	4,040	-	82,017
Trade and other receivables	1,998	-	11,532	-	38,351
Loans and borrowings	(2,080,920)	-	-	-	(347,216)
Trade and other payables	(560)	(6,399)	-	(383)	(1,619)
<b>Net exposure</b>	<b>(2,064,967)</b>	<b>(6,399)</b>	<b>15,572</b>	<b>(383)</b>	<b>(228,467)</b>
<b>2015</b>					
Deposits with licensed banks	32,755	-	17,272	18,415	87,731
Trade and other receivables	263	-	1,003	-	1,816
Loans and borrowings	(2,042,625)	-	-	-	(351,638)
Trade and other payables	(108)	(5,034)	-	(3,389)	(4,798)
<b>Net exposure</b>	<b>(2,009,715)</b>	<b>(5,034)</b>	<b>18,275</b>	<b>15,026</b>	<b>(266,889)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.6 Market risk (continued)

## 31.6.1 Currency risk (continued)

*Currency risk sensitivity analysis*

Foreign currency risk arises from Group entities which have functional currencies other than Ringgit Malaysia. A 10% (2015: 10%) strengthening of the RM against the following currencies would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	Profit or loss	
	2016 RM'000	2015 RM'000
AUD	156,938	150,729
CHF	486	378
KWD	(1,183)	(1,371)
EUR	29	(1,127)
USD	17,364	20,017
	173,634	168,626

A 10% (2015: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## 31.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

In managing interest rate risk, the Group maintains a balanced portfolio consisting mainly fixed instruments. All interest rate exposures are monitored and managed proactively by the Group's management.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.6 Market risk (continued)

## 31.6.2 Interest rate risk (continued)

*Exposure to interest rate risk*

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on carrying amounts at the end of the reporting period was:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Fixed rate instruments</b>				
- Financial assets	4,410,603	3,482,587	312,354	304,755
- Financial liabilities	(16,238,777)	(16,081,613)	-	-
<b>Floating rate instruments</b>				
- Financial liabilities	(1,298,071)	(1,265,995)	-	-

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bps") in interest rates at the end of the reporting period would have increased/(decreased) equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss		Equity	
	100 bps increases RM'000	100 bps decreases RM'000	100 bps increases RM'000	100 bps decreases RM'000
<b>2016</b>				
Floating rate instruments	12,980	(12,980)	-	-
Interest rate swaps	-	-	106,631	(101,085)
Cross currency swaps	-	-	115,744	(115,744)
Cash flow sensitivity (net)	12,980	(12,980)	222,375	(216,829)
<b>2015</b>				
Floating rate instruments	12,660	(12,660)	-	-
Interest rate swaps	-	-	65,908	(74,291)
Cross currency swaps	-	-	126,487	(126,487)
Cash flow sensitivity (net)	12,660	(12,660)	192,395	(200,778)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.7 Hedging activities

## 31.7.1 Cash flow hedge

The Group has entered into various interest rate swaps ("IRS") and cross currency swaps ("CCS") in order to hedge the interest rate risk and foreign exchange risk in relation to the variability in cash flows on the floating rate RM and USD loans of RM967,604,587 (75% of Junior Tranche Loan), RM525,000,000 (75% of Senior Tranche Loan), USD400,000,000 (100% of USD Loan) and AUD517,644,989 loan.

For the IRS and CCS held by a subsidiary in Malaysia, the notional amount of the various swaps start with RM96,953,206 and thereafter as per schedule for Junior IRS, RM44,273,673 and thereafter as per schedule for Senior IRS and USD33,752,607 and thereafter as per schedule for CCS. The IRS and CCS were entered into for a period of 5 years for Junior IRS, 12 years for Senior IRS and 15 years for CCS.

For the IRS held by a subsidiary in Australia, the Group has IRS with a notional value of AUD464 million. The IRS were entered into for a period of 10 to 17 years tenor.

The following table indicates the periods in which the cash flows associated with the IRS and CCS are expected to occur and affect profit or loss:

Group	Carrying amount RM'000	Expected cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
<b>2016</b>						
<b>Financial asset</b>						
Cross currency swaps	670,796	65,721	(11,637)	(1,400)	23,601	55,157
<b>Financial liability</b>						
Interest rate swaps	(185,092)	(312,526)	(55,244)	(48,315)	(109,112)	(99,855)
<b>2015</b>						
<b>Financial asset</b>						
Cross currency swaps	509,010	28,451	(20,664)	(8,964)	5,945	52,134
<b>Financial liability</b>						
Interest rate swaps	(181,621)	(310,923)	(45,551)	(47,469)	(111,929)	(105,974)

During the financial year, a gain of RM15,631,000 (2015: loss of RM31,085,000) was recognised in other comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**31. FINANCIAL INSTRUMENTS (CONTINUED)****31.7 Hedging activities (continued)****31.7.1 Cash flow hedge (continued)**

Ineffectiveness gain amounting to RM16,962,000 (2015: RM8,527,000) was recognised in profit or loss during the financial year in respect of the hedge.

**Sensitivity analysis***Fair value sensitivity analysis*

A change of 10% strengthening/weakening of the USD at the end of the reporting period would have increased/(decreased) equity by the amount shown below:

	Equity	
	10% strengthening of USD RM'000	10% weakening of USD RM'000
<b>2016</b>		
Cross currency swaps	206,247	(206,247)
Fair value sensitivity (net)	206,247	(206,247)
<b>2015</b>		
Cross currency swaps	188,678	(188,678)
Fair value sensitivity (net)	188,678	(188,678)

**31.8 Fair value information**

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.8 Fair value information (continued)

2016	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Non-current										
Financial assets										
Derivative financial assets:										
Cross currency swaps	-	670,796	-	670,796	-	-	-	-	670,796	670,796
Finance lease receivable	-	-	-	-	-	-	2,264,999	2,264,999	2,264,999	2,264,999
	-	670,796	-	670,796	-	-	2,264,999	2,264,999	2,935,795	2,935,795
Financial liabilities										
Derivative financial liabilities:										
Interest rate swaps	-	(153,681)	-	(153,681)	-	-	-	-	(153,681)	(153,681)
Loans and borrowings										
(secured):										
AUD term loan 1	-	-	-	-	-	-	(467,524)	(467,524)	(467,524)	(453,320)
AUD term loan 2	-	-	-	-	-	-	(1,685,552)	(1,685,552)	(1,685,552)	(1,597,680)
RM term loan	-	-	-	-	-	-	(7,424)	(7,424)	(7,424)	(6,946)
Sukuk Ijarah medium term notes	-	-	-	-	-	(4,054,293)	-	(4,054,293)	(4,054,293)	(3,662,891)
Sukuk medium term notes	-	-	-	-	-	(4,427,422)	-	(4,427,422)	(4,427,422)	(3,921,702)
Sukuk Wakalah	-	-	-	-	-	(287,145)	-	(287,145)	(287,145)	(290,000)
Senior Sukuk Murabahah	-	-	-	-	-	(3,295,577)	-	(3,295,577)	(3,295,577)	(3,205,000)
Senior RM term loan	-	-	-	-	-	-	(685,322)	(685,322)	(685,322)	(653,310)
Senior USD term loan	-	-	-	-	-	-	(1,794,787)	(1,794,787)	(1,794,787)	(1,743,080)
(unsecured):										
Subordinated loan notes	-	-	-	-	-	-	(111,296)	(111,296)	(111,296)	(92,500)
	-	(153,681)	-	(153,681)	-	(12,064,437)	(4,751,905)	(16,816,342)	(16,970,023)	(15,780,110)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.8 Fair value information (continued)

2015	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM' 000	Carrying amount RM' 000
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Non-current										
Financial assets										
Derivative financial assets:										
Cross currency swaps	-	509,010	-	509,010	-	-	-	-	509,010	509,010
Finance lease receivable	-	-	-	-	-	-	2,197,169	2,197,169	2,197,169	2,197,169
	-	509,010	-	509,010	-	-	2,197,169	2,197,169	2,706,179	2,706,179
Financial liabilities										
Derivative financial liabilities:										
Interest rate swaps	-	(152,497)	-	(152,497)	-	-	-	-	(152,497)	(152,497)
Loans and borrowings										
(secured):										
AUD term loan 2	-	-	-	-	-	-	(1,579,559)	(1,579,559)	(1,579,559)	(1,578,690)
RM term loan	-	-	-	-	-	-	(12,912)	(12,912)	(12,912)	(12,081)
Sukuk Ijarah medium term notes	-	-	-	-	-	(3,998,686)	-	(3,998,686)	(3,998,686)	(3,620,590)
Sukuk medium term notes	-	-	-	-	-	(4,367,140)	-	(4,367,140)	(4,367,140)	(3,855,385)
Sukuk Wakalah	-	-	-	-	-	(339,384)	-	(339,384)	(339,384)	(345,000)
Senior Sukuk Murabahah	-	-	-	-	-	(3,280,130)	-	(3,280,130)	(3,280,130)	(3,290,000)
Senior RM term loan	-	-	-	-	-	-	(681,550)	(681,550)	(681,550)	(647,000)
Senior USD term loan	-	-	-	-	-	-	(1,629,813)	(1,629,813)	(1,629,813)	(1,587,369)
USD term loan	-	-	-	-	-	-	(341,954)	(341,954)	(341,954)	(332,317)
Balance carried forward	-	(152,497)	-	(152,497)	-	(11,985,340)	(4,245,788)	(16,231,128)	(16,383,625)	(15,420,929)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.8 Fair value information (continued)

2015	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Non-current										
Balance brought forward	-	(152,497)	-	(152,497)	-	(11,985,340)	(4,245,788)	(16,231,128)	(16,383,625)	(15,420,929)
Financial liabilities										
Loans and borrowings										
(unsecured):										
Junior EBL term loan	-	-	-	-	-	-	(1,256,546)	(1,256,546)	(1,256,546)	(1,251,635)
Subordinated loan notes	-	-	-	-	-	-	(98,722)	(98,722)	(98,722)	(104,500)
	-	-	-	-	-	-	(1,355,268)	(1,355,268)	(1,355,268)	(1,356,135)
	-	(152,497)	-	(152,497)	-	(11,985,340)	(5,601,056)	(17,586,396)	(17,738,893)	(16,777,064)

**Level 2 fair value****Derivatives**

The IRS and CCS instruments held by the subsidiary in Malaysia are not actively traded therefore market-based prices are not readily available. The fair values of the instruments are calculated based on the present value of future principal and interest cash flows. The spot rates, forward rates and foreign exchange rates used to calculate present value are directly observable from the market.

For the IRS held by the subsidiary in Australia, the fair value of IRS are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account of the credit risk of the certain subsidiaries and counterparties where appropriate.

**Non-derivative financial liabilities**

Fair value of the long term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**31. FINANCIAL INSTRUMENTS (CONTINUED)****31.8 Fair value information (continued)*****Transfers between Level 1 and Level 2 fair values***

There has been no transfer between Level 1 and 2 fair values during the financial year (2015: no transfer in either directions).

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as the key unobservable inputs used in the valuation models.

**Financial instruments not carried at fair value**

Type	Description of valuation technique and inputs used
Finance lease receivable	Discounted cash flows using a rate based on current market rate of borrowing of a subsidiary
Loans and borrowings	Discounted cash flows using applicable and prevailing rates at the reporting date

**Valuation process applied by the Group for Level 3 fair value**

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

**32. CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to maintain a strong capital base and to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants.

**32.1 The Company debt-to-equity ratio is applied to the following loans and borrowings:**

- a) Sukuk medium term notes issued by Malakoff Power Berhad ("MPB")**
- b) Junior EBL term loan for Tanjung Bin Energy Issuer Berhad ("TBEI")**

For the Sukuk medium term notes issued by MPB, the Company is required to maintain an aggregated debt-to-equity ratio of the Company of not more than 1:1.

For the Junior EBL term loan for TBEI, the Company is required to maintain an aggregated debt-to-equity ratio of the Company of not more than 1.25:1.

The following shows the debt-to-equity ratios as at the end of the financial years:

	2016	2015
Company debt-to-equity ratio	0.70:1	0.72:1

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**32. CAPITAL MANAGEMENT (CONTINUED)****32.1 The Company debt-to-equity ratio is applied to the following loans and borrowings: (continued)**

- c) USD term loan for Malakoff International Limited ("MIL")*  
*d) AUD term loan 1 for MIL*

For the USD term loan obtained by MIL, the Company is required to maintain its debt-to-equity ratio of the Company of not more than 1.25:1.

For the AUD term loan 1 obtained by MIL, the Company is required to maintain its debt-to-equity ratio of the Company of not more than 1:1.

The following shows the debt-to-equity ratio as at the end of following years:

	2016	2015
Company debt-to-equity ratio	0.69:1	0.71:1

**32.2 The Group debt-to-equity ratio is applied to the following loans and borrowings:**

- a) Sukuk medium term notes issued by Malakoff Power Berhad ("MPB")*  
*b) USD term loan for Malakoff International Limited ("MIL")*  
*c) AUD term loan 1 for MIL*  
*d) Junior EBL term loan for Tanjung Bin Energy Issuer Berhad ("TBEI")*

For the Sukuk medium term notes issued by MPB and AUD term loan 1 obtained by MIL, the Group is required to maintain its debt-to-equity ratio of not more than 5.5:1.

For the USD term loan obtained by MIL and Junior EBL term loan for TBEI, the Group is required to maintain its debt-to-equity ratio of not more than 7:1.

The following shows the debt-to-equity ratio as at the end of following years:

	2016	2015 Restated
Group debt-to-equity ratio	3.00:1	3.08:1

**33. CAPITAL COMMITMENTS**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Plant and equipment</b>				
Contracted but not provided for	-	657,433	-	-
Authorised but not contracted for	559,124	645,214	6,004	3,066
	559,124	1,302,647	6,004	3,066

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**34. CONTINGENCIES****Guarantees**

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Guarantees - secured	519,623	464,020	169,507	238,883

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

**Contingent liabilities not considered remote****Litigations**

- (i) Proceedings by the Public Prosecutor of Algeria against Almiyah Attilemcania SPA ("AAS")

On 4 September 2014, a joint venture of the Group, AAS, was charged in the Court of Ghazouet in the district of Tlemcen, Algeria, for an alleged breach of foreign exchange regulations concerning a sum of USD26.9 million. The Group holds an indirect effective interest of 35.7% in AAS via Tlemcen Desalination Investment Company SAS ("TDIC"), an indirect subsidiary of Malakoff International Limited.

During the financial year 2009, it was discovered that there was a considerable gap between the value of the delivered equipment received as per the invoices declared to the customs and the value of the milestone payments made by AAS to the supplier cum contractor ("Invoice Gap"). AAS wrote to the supplier cum contractor requesting for clarifications as they are responsible to resolve tax and customs issues. The Invoice Gap however was not resolved by the supplier cum contractor and the Algerian Customs then initiated investigations and thereafter a charge was brought against AAS. It was alleged that AAS had failed to repatriate a sum of USD26.9 million.

The Court had on 24 December 2014 convicted AAS and had subsequently imposed a penalty of DZD3,929,038,151 (approximately RM148.3 million at the exchange rate of RM1: DZD26.5) ("Penalty"). The Group's liability arising from the Penalty, in proportion to the Group's 35.7% effective interest in AAS via TDIC, which may impact the profit of the Group, amounts to DZD1,402,666,620 (approximately RM52.9 million). The Court of appeal upheld the decision and the Penalty imposed by the Court on 2 March 2016.

Notwithstanding the decision of the Court, AAS has been advised by its solicitor, Maitre Ahcene Bouskia, an attorney admitted to the Algerian Supreme Court, that the Penalty would not be enforced until the exhaustion of all rights to appeal by AAS in respect of the proceedings.

AAS solicitor had filed an appeal to the Supreme Court on 17 June 2016. AAS had filed grounds of appeal on 9 August 2016 but the Supreme Court has not fixed any hearing date in respect of the appeal.

The Group has recognised a provision amounting to RM36,107,000 in its profit or loss during the financial year. Notwithstanding this, AAS will continue with the appeal until the exhaustion of all rights.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**34. CONTINGENCIES (CONTINUED)****Contingent assets****Litigations**

- (i) Litigation action initiated by Tanjung Bin Power Sdn. Bhd. ("TBP") against IHI Corporation Japan, ISHI Power Sdn. Bhd. and IHI Power Systems (M) Sdn. Bhd.

TBP, a subsidiary of the Malakoff Corporation Berhad, commenced proceeding before the Malaysia High Court on 2 December 2015 against the following three (3) Defendants:

- IHI Corporation Japan ("IHI")
- ISHI Power Sdn. Bhd. ("ISHI")
- IHI Power Systems (M) Sdn. Bhd. ("IPSM")

The total amount claimed is RM782,023,406 (excluding interest and costs) under 8 different heads. TBP is seeking damages from IHI, ISHI and IPSM for breaches of the duty of care, which they individually and/or collectively owed to TBP.

The claims against the separate Defendants are made under separate heads and the amounts claimed vary. The total amount claimed, though quantified as above, is estimated and therefore subject to change.

The claims includes relief sought from the Court for TBP's loss and damage, including the costs of repairs and replacement, and economic losses such as in relation to available capacity payments and daily utilisation payments. TBP has also claimed for interest as well as costs.

The Defendants have entered appearances and their respective defenses. They have also each filed an application to strike out the actions against TBP. The matter came up for hearing of the striking out application on 22 July 2016. However, the Court adjourned the hearing to 22 August 2016 whereby the Court had dismissed Defendants' application to strike out the suit filed by TBP. The main suit is now fixed for full trial commencing from 5 December 2016. TBP proceeded with the oral opening submission on 5 December 2016.

However, the judge invited parties to consider whether, due to the voluminous documents and technical evidence relating to nature of the suit and/or claims, it will be in the best interest of parties for resolution before a technically qualified arbitrator. The judge fixed 19 January 2017 for case management whereby parties had agreed in principle to pursue via a court-mandated arbitration in respect of the liability issues. The main suit is now fixed for final case management on 16 March 2017 for parties to finalise the agreed terms of the court-mandated arbitration.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 35. RELATED PARTIES

**Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates and key management personnel.

**Significant related party transactions**

Related party transactions have been entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 11, 14, 15 and 21.

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>i. Associates</b>				
Interest income on unsecured subordinated loan notes	46,977	69,626	46,977	69,626
<b>ii. Subsidiaries</b>				
Management fees	-	-	26,101	26,491
Dividends	-	-	330,085	256,375
Interest expense on advances from a subsidiary	-	-	(59,470)	(59,472)
<b>iii. Entities that are under control of the Government of Malaysia (a party that has direct or indirect significant influence on the Group and the Company)</b>				
Tenaga Nasional Berhad				
Sales of capacity and energy	5,880,998	5,143,523	-	-
Purchase of electricity bulk supply	(119,112)	(113,456)	-	-
Petroleum Nasional Berhad				
Purchase of gas	(529,921)	(627,329)	-	-
Petronas Dagangan Berhad				
Purchase of diesel	(933)	(3,999)	-	-
TNB Fuel Services Sdn. Bhd.				
Purchase of coal	(1,927,065)	(1,491,447)	-	-
Purchase of diesel	(316)	(1,607)	-	-
Financial institutions and other corporations				
Interest income	114,607	88,174	7,047	13,001
Interest expense	-	(18,526)	-	(18,526)
Energy Commission				
CESS fund contribution	(29,088)	(35,946)	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 35. RELATED PARTIES (CONTINUED)

## Significant related party transactions (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>iv. Key management personnel</b>				
Directors				
- Salary	1,000	-	1,000	-
- Fees	1,165	1,163	1,165	1,163
- Meeting allowances	485	412	484	410
- Other allowances	282	135	282	135
- Other emoluments	1,433	1,296	458	346
- Estimated monetary value of benefit-in-kind	123	59	104	44
Total short term employee benefits	4,488	3,065	3,493	2,098

## 36. COMPARATIVE FIGURES

## (i) Explanation of prior years adjustments on an associate

During the financial year, the Group's associate, Lekir Bulk Terminal Sdn. Bhd. ("LBT"), a 20% owned associate of Tuah Utama Sdn. Bhd., which in turn is a wholly owned subsidiary of the Company, has reassessed the recognition of facility payment charged to its customer and concluded that there had been over-recognition of revenue in the previous years. As a result thereof, LBT has restated its deferred income, deferred tax liabilities/assets and retained earnings balances in prior year, retrospectively. Accordingly, the Group has restated the carrying amount of investment in associates and the retained profits.

## (ii) Deferred tax reclassification

During the financial year, the Group reclassified its deferred tax assets to set-off against deferred tax liabilities and to conform to the current financial year presentation. There are no impact on the profit or loss or retained earnings on this reclassification.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 36. COMPARATIVE FIGURES (CONTINUED)

## (ii) Deferred tax reclassification (continued)

These are now applied retrospectively and the effects are as follows:

## Statements of financial position as at 31 December 2015

Group	31.12.2015		1.1.2015	
	As previously stated RM'000	As restated RM'000	As previously stated RM'000	As restated RM'000
Investment in associates	1,179,323	1,140,887	1,203,319	1,165,732
(Retained profits)/ Accumulated losses	(73,712)	(35,276)	28,985	66,572
Deferred tax assets	817,933	71,686	779,849	72,566
Deferred tax liabilities	(2,726,034)	(1,979,787)	(2,721,062)	(2,013,779)

## Statements of profit or loss and other comprehensive income for the year ended 31 December 2015

Group	As previously stated RM'000	As restated RM'000
Share of profit of equity-accounted associates and a joint venture, net of tax	(4,253)	(5,102)
Profit before tax	702,040	701,191
Profit after tax	495,896	495,047
Profit attributable to owners of the Company	453,234	452,385
Total comprehensive income attributable to owners of the Company	429,046	428,197



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**37. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000 Restated</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Total retained earnings of the Company and its subsidiaries				
- realised	8,074,380	7,807,388	3,919,246	3,949,719
- unrealised	(883,086)	(979,233)	(1,705)	(426)
	7,191,294	6,828,155	3,917,541	3,949,293
Total share of retained earnings of associates				
- realised	215,108	122,866	-	-
- unrealised	(31,722)	(27,497)	-	-
Total share of retained earnings of joint venture				
- realised	(64,118)	(8,678)	-	-
	7,310,562	6,914,846	3,917,541	3,949,293
Less: Consolidation adjustments	(7,198,227)	(6,879,570)	-	-
Total retained earnings	112,335	35,276	3,917,541	3,949,293

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

## STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 122 to 233 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 37 on page 234 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....  
**YAM Tan Sri Dato' Seri Syed Anwar Jamalullail**

Chairman

.....  
**Datuk Wira Azhar bin Abdul Hamid**

Director

Kuala Lumpur

Date: 7 March 2017

## STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Ruswati binti Othman, the officer primarily responsible for the financial management of Malakoff Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 122 to 234 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Ruswati binti Othman, I/C No 600211-02-5136, in the State of Kuala Lumpur on 7 March 2017.

.....  
**Ruswati binti Othman**

Before me:

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MALAKOFF CORPORATION BERHAD (COMPANY NO. 731568-V) (INCORPORATED IN MALAYSIA)

### Opinion

We have audited the financial statements of Malakoff Corporation Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 122 to 233.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of this report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill and amount due from associates	
Refer to Note 2 - Significant accounting policy: Intangible assets and Note 4 and 11 – Intangible Assets and Trade and Other Receivables.	
The key audit matter	How the matter was addressed in our audit
<p>We focused on goodwill and investment in associates of the Group as the carrying amount is material and the impairment test is sensitive to a reasonably possible change in assumptions.</p> <p>There is significant judgement involved in forecasting and discounting of future cash flows, which is the basis of assessment of the recoverability of goodwill and investment in associates.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>We evaluated management's cash flow forecasts and the process by which they were developed. We compared these forecasts to Board approved business plans and also compared previous forecasts to actual results to assess the performance of the business and the accuracy of the forecasting;</li> <li>We obtained confirmation that the key assumptions were subject to oversight from the Directors;</li> <li>We evaluated and challenged the following key assumptions used in the cash flows: <ul style="list-style-type: none"> <li>Contracted tariff – we agreed the contracted tariff used in the projections to agreed tariff as per Power Purchase Agreement (PPAs);</li> <li>Net energy output – we compared the assumption to the forecasted demand prepared by Tenaga Nasional Berhad; and</li> <li>Discount rate – we used our own specialist to compare the discount rate used to industry practice and external source.</li> </ul> </li> <li>We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill and investment in associates.</li> </ul>

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF MALAKOFF CORPORATION BERHAD (COMPANY NO. 731568-V) (INCORPORATED IN MALAYSIA)**  
**(CONTINUED)**

**Key Audit Matters (continued)**

<b>Carrying amount of property, plant and equipment</b>	
Refer to Note 2 - Significant accounting policy: Property, plant and equipment and Note 3 – Property, plant and equipment.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The carrying amount of power plant assets is largely dependent on the estimated residual value of each power plant at the end of the PPA period. The Group estimated the residual value based on projected cash flows derived from the use of the power plant asset or disposal value of the assets at the end of the PPA period.</p> <p>Due to the inherent uncertainty involved in projecting and discounting future cash flows, which are the basis of the assessment of residual value, this is one of the key judgmental areas that our audit is concentrated on.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• We assessed the methodologies used by the external valuers to estimate the fair value at the end of the PPA;</li> <li>• We evaluated the external valuer's competency, capabilities and objectivity;</li> <li>• We checked, on a sample basis, the accuracy and relevance of the input data provided by management to the external valuer;</li> <li>• We evaluated management's cash flow forecasts and the process by which they were developed. We compared these forecasts to Board approved business plans and also compared previous forecasts to actual results to assess the performance of the business and the accuracy of the forecasting;</li> <li>• We obtained confirmation that the key assumptions were subject to oversight from the Directors;</li> <li>• We evaluated and challenged the following key assumptions used in the cash flows: <ul style="list-style-type: none"> <li>• Contracted tariff – we agreed the contracted tariff used in the projections to agreed tariff as per the PPA;</li> <li>• Extension of PPA – we challenged this assumption by comparing against extension given to other power plant and based on our knowledge of the industry;</li> <li>• Net energy output – we compared the assumption to the forecasted demand prepared by Tenaga Nasional Berhad;</li> <li>• Discount rate – we used our own specialist to compare the discount rate used to industry practice and external source; and</li> <li>• Metal price – we compared against industry data from external source.</li> </ul> </li> <li>• We also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the provision.</li> </ul>

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF MALAKOFF CORPORATION BERHAD (COMPANY NO. 731568-V) (INCORPORATED IN MALAYSIA)**  
**(CONTINUED)**

**Key Audit Matters (continued)**

<b>Contingent liability and legal proceedings</b>	
Refer to Note 2 - Significant accounting policy: Provisions and Note 34 – Contingencies and Note 12 – Deferred tax assets/(liabilities)	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>In the normal course of business, potential exposures may arise from general legal proceedings, guarantees, and government investigations. Whether there is a liability is inherently uncertain, the amounts involved are potentially significant and the application of accounting standards to determine the amount, if any, to be provided as a liability, is inherently subjective.</p> <p>It is a significant area that our audit focuses on because the amounts involved are significant and the application of accounting standards to determine the amount, if any, to be provided as liability is inherently subjective.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• Assessment of correspondence with the Group's external counsel accompanied by discussion and formal confirmations from that counsel;</li> <li>• Analyzed correspondence with regulators, and monitored external sources of information; and</li> <li>• We also assessed whether the Group's disclosures detailing significant legal proceedings adequately disclose the potential liabilities of the Group.</li> </ul>

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF MALAKOFF CORPORATION BERHAD (COMPANY NO. 731568-V) (INCORPORATED IN MALAYSIA)  
(CONTINUED)**

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF MALAKOFF CORPORATION BERHAD (COMPANY NO. 731568-V) (INCORPORATED IN MALAYSIA)**  
**(CONTINUED)**

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements, being accounts that have been included in the consolidated accounts.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Reporting Responsibilities**

The supplementary information set out in Note 37 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matter(s)**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**

(LLP0010081-LCA & AF 0758)

Chartered Accountants

7 March 2017

Petaling Jaya

**Muhammad Azman bin Che Ani**

Approval Number: 2922/04/18 (J)

Chartered Accountant



# LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP

The details of lands and buildings owned by us are set out below:

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Net book value as at 31 December 2016 RM
1.	<b>Malakoff</b>  PN 356979 Lot 12248, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia  Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia  Leasehold for a period of 99 years, expiring on 30 July 2096	Industrial land/The land is currently tenanted by Digi Telecommunications Sdn Bhd and is used as a base transceiver station for the operation of Digi Telecommunications Sdn Bhd's cellular telephone network.	480 sq metre/ 14.5 Ha	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak.	4,400,732.96  Refer to note (2)
2.	<b>Malakoff</b>  Refer to note (3)  Windsor Estate, Ulu Sepetang 34010 Taiping, Perak Darul Ridzuan, Malaysia  Freehold	Refer to note (3)/The lands are currently used for oil palm cultivation.	N/A/ 735.5 Ha	Nil	21,516,000.00  Refer to note (2)
3.	<b>Malakoff</b>  Parcel no. 2A-8-1, 2A-8-2, 2A-9-1 and 2A-9-2, Plaza Sentral  Level 8 and Level 9, Block 2A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (4)	Four office units on the 8 <sup>th</sup> and 9 <sup>th</sup> floor of a commercial building/ Currently tenanted by Lanteria Permai Sdn Bhd.	1,232 sq metre	N/A	2,768,917.20
4.	<b>Malakoff</b>  Parcel no. CS/3B/12-3, CS/3B/12-3A, CS/3B/12-5, CS/3B/12-6, CS/3B/12-7, CS/3B/13-3, CS/3B/13-3A, CS/3B/13-5, CS/3B/13-6 and CS/3B/13-7, Plaza Sentral  Level 12 and Level 13, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (4)	Ten office units on the 12 <sup>th</sup> and 13 <sup>th</sup> floor of a commercial building/ Currently tenanted by Prasarana Malaysia Berhad.	1,986 sq metre	N/A	3,091,107.30

## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Net book value as at 31 December 2016  RM
5.	<b>SEV</b>  HSD 29841 PT 6325, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia  Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia  Leasehold for a period of 99 years, expiring on 12 January 2094	Industrial land/The land is currently used for the SEV Power Plant, which includes an administration building, a single-storey simulator training building, a single-storey clubhouse, a guard house, a gas turbine building, a steam turbine building, a fuel oil tank farm, a warehouse and a black start diesel generator building.	26,787 sq metre/ 148,400 sq metre	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak.	Refer to notes (2) and (5)
6.	<b>GB3</b>  HSD 29843 PT 6327, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia  Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia  Leasehold for a period of 99 years, expiring on 12 January 2094	Industrial land/The land is currently used for the GB3 Power Plant which includes an administration building, ten units of cooling tower, workshop building and a gas and steam turbine building.	12,384 sq metre/ 111,600 sq metre	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak.	Refer to notes (2) and (5)
7.	<b>GB3</b>  HSD 29845 PT 6329, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia  Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia  Leasehold for a period of 99 years, expiring on 12 January 2094	Industrial land/The land is currently used for the Lumut Power Plant, which includes the PETRONAS gas metering equipment station. It also has the interconnection facilities such as gas pipelines and venting equipment to supply gas to the Lumut Power Plant.	N/A/ 12,100 sq metre	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak.	Refer to notes (2) and (5)

## LIST OF PROPERTIES

PROPERTIES OWNED BY OUR GROUP					
No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Net book value as at 31 December 2016  RM
8.	<b>GB3</b>  PN 356978 Lot 12247, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia  GB3 Sdn Bhd, Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia  Leasehold for a period of 99 years, expiring on 30 July 2096	Industrial land/The land is currently used for storage of diesel tanks and erected with a chemical storage building and a fuel oil pump station used by the GB3 Power Plant.	1,095 sq metre/1.69 Ha	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak.	375,000.00  Refer to note (2)
9.	<b>PD Power</b>  GRN 237771 Lot 13409, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Commercial or industrial land for power plant/The land is currently used for the Port Dickson Power Plant which includes a building to house four units of gas turbine, a fuel oil tank farm, a warehouse and a black start diesel generator.	5,560 sq metre/ 94,210 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
10.	<b>PD Power</b>  GRN 237773 Lot 13411, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Commercial or industrial land for electrical substation/The land is currently used for TNB switch yard and transmission for interconnection facilities.	N/A/ 5,459 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
11.	<b>PD Power</b>  GRN 237774 Lot 13412, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for office building/ The land is currently used for double-storey administration office building for the Port Dickson Power Plant.	510 sq metre/ 4,654 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)

## LIST OF PROPERTIES

PROPERTIES OWNED BY OUR GROUP					
No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Net book value as at 31 December 2016 RM
12.	<b>PD Power</b> GRN 237776 Lot 13415, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Commercial or industrial land for gas station/The land is currently used for PETRONAS gas metering equipment station and interconnection facilities.	N/A/ 7,392 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
13.	<b>PD Power</b> GRN 237768 Lot 13406, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for residential/Vacant land.	N/A/ 1,684 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
14.	<b>PD Power</b> GRN 237769 Lot 13407, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for residential/Vacant land.	N/A/ 6,143 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
15.	<b>PD Power</b> GRN 237770 Lot 13408, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Agriculture land/Vacant land and pond.	N/A/ 6.641 Ha	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)

## LIST OF PROPERTIES

PROPERTIES OWNED BY OUR GROUP					
No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Net book value as at 31 December 2016 RM
16.	<b>PD Power</b> GRN 237775 Lot 13414, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for kids playground/The land is currently used for public children playground.	N/A/ 5,345 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
17.	<b>PD Power</b> GRN 237777 Lot 13416, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for residential/The land is currently used for single-storey guard house building for the Port Dickson Power Plant.	42 sq metre/ 3,225 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
18.	<b>PD Power</b> HSD 21135 Lot 484, Mukim and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for multipurpose hall/The land is currently used for multipurpose public hall.	760 sq metre/ 0.554 Ha	Nil	Refer to note (6)
19.	<b>PD Power</b> HSD 21134 Lot 483, Mukim and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for recreational field/The land is currently used for public football field and multipurpose court.	N/A/ 1.897 Ha	Nil	Refer to note (6)

## LIST OF PROPERTIES

PROPERTIES OWNED BY OUR GROUP					
No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Net book value as at 31 December 2016 RM
20.	<b>PD Power</b>  23 parcels of land held under GRN 35822 Lot 6976 to GRN 35830 Lot 6984, GRN 35832 Lot 6986 to GRN 35837 Lot 6991 and GRN 35884 Lot 7041 to GRN 35891 Lot 7048, all located at Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  No. 1 to 9, No. 11 to 16, No. 117 to 124, Jalan Tun Sambanthan, Taman NLFCs, Tg. Gemuk, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building lands for low cost residential/ The land is currently erected with 23 units of low cost houses which are currently vacant.	65 sq metre for each house/ 111 sq metre for each lot	Nil	Nil
21.	<b>TJSB</b>  Parcel no. CS/3B/13A-3, CS/3B/13A-4, CS/3B/13A-5, CS/3B/13A-6 and CS/3B/13A-7, Plaza Sentral  Level 13A, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (7)	Five office units on the 13A <sup>th</sup> floor of a commercial building/ Currently tenanted by Alpha Perisai Sdn Bhd.	975 sq metre/ N/A	N/A	1,169,144.83
22.	<b>M Utilities</b>  Level no. Minus 9M, Building No. 4, Plaza Sentral  Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (9)	The underground level of a commercial building/ Currently used for centralised chilled water plant system for Plaza Sentral.	2,507 sq metre/ N/A	N/A	Refer to note (8)
23.	<b>M Utilities</b>  Level no. 0M, Building No. 4, Plaza Sentral  Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (9)	The ground level of a commercial building/ Currently used for centralised chilled water plant system for Plaza Sentral and maintenance office.	970 sq metre/ N/A	N/A	Refer to note (8)

## LIST OF PROPERTIES

PROPERTIES OWNED BY OUR GROUP					
No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Built-up area/ Land area	Restriction in interest/ encumbrances	Net book value as at 31 December 2016 RM
24.	<b>M Utilities</b>  Level no. 5.4M and 4.7M, Building No. 4, Plaza Sentral  Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (9)	The lower ground level of a commercial building/ Currently used as Malakoff's training centre.	983 sq metre/ N/A	N/A	Refer to note (8)
25.	<b>M Utilities</b>  Level Minus 6.5M, Building No. 4, Plaza Sentral  Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (9)	The underground level of a commercial building/ Currently used as the central control room and centralised chilled water plant system plant room.	2,272 sq metre/ N/A	N/A	Refer to note (8)
26.	<b>DKSB</b>  HSD 30118 PT 34621, Mukim of Sitiawan, Perak Darul Ridzuan, Malaysia  Near Jalan Teluk Rubiah, 32040 Seri Manjung, Perak, Malaysia  Leasehold for a period of 99 years, expiring on 17 January 2109	Building land for residential/ Vacant land.	N/A/ 11,684 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (10)
27.	<b>MWF (T Co Pty Ltd) and WMPL as trustee for Wind Macarthur Trust</b>  Volume 11427 Folio 798  Lot 1, part 1886 Macarthur-Hawkesdale Road, Macarthur, Victoria, Australia  Freehold	The substation land is currently used for the operation and maintenance of the Macarthur Wind Farm.	Approximately 2.25 Ha / 3.37 Ha	N/A	Refer to note (11)

## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP

**Notes:**

- (1) These industrial lands are occupied by third-parties.
- (2) Excluding buildings and fixtures on the land.
- (3) Malakoff is the registered proprietor of 37 parcels of land ("Windsor Lands") which are collectively known as the Windsor Estate. The Windsor Estate is currently tenanted by Tradewinds Plantech Sdn Bhd commencing from 1 February 2016 until 31 January 2017. Pending execution of new supplemental agreement, Among the 37 parcels of Windsor Lands, the following 34 parcels of the said lands are used as agricultural land for commercial planting – oil palm, which are consistent with the express conditions in their respective issue document of title:

**No. Land titles no.**

- i. GM 297 Lot 4615, GM 7229 Lot 4309, GRN 49012 Lot 5408, GRN 53898 Lot 5538, GRN 53899 Lot 5539, GRN 59198 Lot 2665, GRN 59203 Lot 446, GRN 66379 Lot 4136 and GRN 66619 Lot 2790  
All lands are located at Mukim of Batu Kurau, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia
- ii. GM 445 Lot 315, GM 446 Lot 332, GM 448 Lot 317, GM 451 Lot 316, GM 454 Lot 364, GM 459 Lot 359, GM 460 Lot 361, GM 507 Lot 421, GM 511 Lot 437, GM 512 Lot 440, GM 516 Lot 473, GM 517 Lot 474, GM 518 Lot 475, GM 519 Lot 476, GM 520 Lot 477, GM 521 Lot 480, GM 522 Lot 481, GM 523 Lot 490, GM 549 Lot 629, GRN 45878 Lot 462, GRN 45879 Lot 690, GRN 45880 Lot 691, GRN 60574 Lot 504, GRN 62453 Lot 502 and GRN 65982 Lot 408  
All lands are located at Mukim of Kamunting, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia

Pursuant to a letter dated 18 December 2013 issued by Pejabat Pengarah Tanah dan Galian Negeri Perak to Pejabat Daerah dan Tanah Larut, Matang dan Selama, the remaining three parcels of Windsor Lands are subject to government compulsory acquisition ("Said Windsor Lands"). The Said Windsor Lands are currently pending completion of government compulsory acquisition. As such, the express condition of the Said Windsor Lands has yet to be reflected in their respective issue document of title to reflect the existing use of the Said Windsor Lands. Further details of the Said Windsor Lands are as follows:

**No. Land titles no.****Description of property/Existing express condition**

- |     |  |  |
|-----|--|--|
| i.  | GRN 49011 Lot 5407 and GRN 59202 Lot 2825<br>Both lands are located at Mukim of Batu Kurau, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia | Agricultural land for agricultural purposes        |
| ii. | GRN 48916 Lot 505, Mukim of Kamunting, District of Larut and Matang, Perak Darul Ridzuwan, Malaysia  | Agricultural land for commercial planting - rubber |
- (4) Pursuant to the sale and purchase agreements dated 3 December 1999 and 21 June 2005 between Kuala Lumpur Sentral Sdn Bhd and Malakoff, respectively, the parcels identified above are held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.
- (5) The NBV as at 31 December 2016 of the properties under item no. 5 to item no. 7 is RM5,572,000.00. The respective properties were not audited on an individual basis.
- (6) The NBV as at 31 December 2016 of the properties under item no. 9 to item no. 19 is RM12,896,000.00. The respective properties were not audited on an individual basis.
- (7) Pursuant to the sale and purchase agreement dated 17 December 1996 between Kuala Lumpur Sentral Sdn Bhd and TJSB, the parcel identified above is held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.
- (8) The NBV as at 31 December 2016 of the properties under item no. 22 to item no. 25 is RM1,842,084.00. The respective properties were not audited on an individual basis.
- (9) Pursuant to the sale and purchase agreement dated 14 April 2005 between Kuala Lumpur Sentral Sdn Bhd and M Utilities, the parcels identified above are held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.
- (10) The NBV of the property under item no. 26 as at 31 December 2016 is RM1.00, as the cost of the land was charged out as part of our project expense.
- (11) As the Macarthur Wind Farm is arranged under a finance lease arrangement, substantially all the risks and rewards incidental to ownership of the Macarthur Wind Farm are transferred to AGL Hydro, as the operator of the Macarthur Wind Farm. As such, no carrying value is recognised in our financial statements in respect of the properties relating to the Macarthur Wind Farm.

None of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.



## LIST OF PROPERTIES

## PROPERTIES LEASED/TENANTED BY OUR GROUP

The details of material properties leased/tenanted by us are set out below:

No.	Name of lessor/lessee or landlord/ tenant or grantor/ grantee/Lot. no./ Postal address	Description of property/ Existing use	Built-up area/Land area	Tenure/ Date of expiry	Rental RM
1.	<b>TNB (as lessor)/PPSB (as lessee)</b>				
	HSD 50349 PT 10, Bandar Prai, District of Seberang Perai Tengah, Pulau Pinang, Malaysia	Industrial land for power station/ The land is currently used for the Prai Power Plant complex which includes turbine building, demineralisation plant, chemical lab, pump room, chlorination room, guard house, hydrogen cylinder store, H-boiler pump power station, fuel gas station, fuel oil pump house, foam station, programmable logic controller, building and electric fuel gas, inflammable material store, administration building and sheds Land sub lease approximately 2088.706 sq metre to Petroliaam Nasional Berhad as per Sub Lease Agreement dated 5 July 2006.	6,954 sq metre/ 46.168 acres	A lease for a period of 24 years, expiring on 7 November 2024	Lump sum payment of 16,000,000.00
	Prai Power Plant, Prai Power Station, Jalan Perusahaan, 13600 Prai, Pulau Pinang, Malaysia				
2.	<b>Seaport (as lessor)/TBP (as lessee)</b>				
	HSD 11438 PTD 1859, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia	Industrial land for heavy industries of power station only/ The land is currently used for the Tanjung Bin Power Plant complex and other related purpose.	238,716 sq metre/ 69.963 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
	Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia				
3.	<b>Seaport (as lessor)/TBP (as lessee)</b>				
	HSD 10927 PTD 1773, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia	Building land for coal ash disposal pond/ Vacant land with mudflat area.	N/A/ 156.533 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
	Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia				
4.	<b>Seaport (as lessor)/TBP (as lessee)</b>				
	HSD 10924 PTD 1771, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia	Commercial or industrial land for permanent jetty and any structure related thereto/ The land is currently erected with a permanent jetty and the structures related thereto including conveyor belt and coal unloaders.	N/A/ 1.730 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
	Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia				

## LIST OF PROPERTIES

## PROPERTIES LEASED/TENANTED BY OUR GROUP

No.	Name of lessor/lessee or landlord/ tenant or grantor/ grantee/Lot. no./ Postal address	Description of property/ Existing use	Built-up area/Land area	Tenure/ Date of expiry	Rental RM
5.	<b>Seaport (as lessor)/TBP (as lessee)</b> HSD 13031 PTD 2098, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for coal ash disposal pond/The land is currently used as ash pond for the Tanjung Bin Power Plant.	N/A/ 91.024 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
6.	<b>Seaport (as lessor)/TBP (as lessee)</b> HSD 13032 PTD 2099, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for coal ash disposal pond/The land is currently used as ash pond for the Tanjung Bin Power Plant.	N/A/ 0.597 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
7.	<b>Seaport (as lessor)/TBE (as lessee)</b> HSD 13028 PTD 2095, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for power station and other related purposes only/The land is currently under construction to be used for the Tanjung Bin Energy Power Plant.	N/A/ 8.118 Ha	A lease for a period of 45 years, expiring on 31 January 2048  Refer to note (3)	Refer to note (1) plus a nominal value of 10.00
8.	<b>Seaport (as lessor)/TBE (as lessee)</b> HSD 13029 PTD 2096, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for coal yard/ The land is currently under construction to be used for the coal yard of the Tanjung Bin Energy Power Plant.	N/A/ 21.996 Ha	A lease for a period of 45 years, expiring on 31 January 2048 Refer to note (3)	Refer to note (1) plus a nominal value of 10.00
9.	<b>SWW (as lessor)/TBE (as lessee)</b> HSD 13393 PTD 2150, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for the petrochemical centre and the maritime industry/The land will be used for any other contingency to the Tanjung Bin Energy Power Plant.	N/A/ 0.444 Ha	A lease commencing from 7 March 2012 to the day before the 25th anniversary of the COD of the Tanjung Bin Energy Power Plant  Refer to note (4)	Nil  Refer to note (4)

## LIST OF PROPERTIES

## PROPERTIES LEASED/TENANTED BY OUR GROUP

No.	Name of lessor/lessee or landlord/ tenant or grantor/ grantee/Lot. no./ Postal address	Description of property/ Existing use	Built-up area/Land area	Tenure/ Date of expiry	Rental RM
10.	<b>Lembaga Tabung Haji (as landlord)/ Malakoff (as tenant)</b>  Part of GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur, Level 7 to Level 13, Building no. 4, Plaza Sentral, Brickfields, Kuala Lumpur, Malaysia  Level 7 to Level 13, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia	Seven office units each on the 7th, 8th, 9th, 10th, 11th, 12th and 13th floor of a commercial building/ Currently used as office space by Malakoff.	7,854 sq metre/ N/A	A tenancy for a period of three years, expiring on 30 June 2018	507,234.00 per month
11.	<b>Lembaga Tabung Haji (as landlord)/ M Utilities (as tenant)</b>  Part of GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur, Level Ground, Building no. 4, Plaza Sentral, Brickfields, Kuala Lumpur, Malaysia  Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia	The ground level of a commercial building/ Currently used as office space by M Utilities.	562 sq metre/ N/A	A tenancy for a period of three years, expiring on 30 June 2018	60,480.00 per month
12.	<b>Multiple landowners/ WMPL and Macarthur WFPL (as lessees)</b>  16 parcels of lands relating to the Macarthur Wind Farm  1850 Macarthur-Hawkesdale Road, Macarthur, Victoria 3286, Australia  Refer to note (8)	Rural land with a lease granted for the operation and maintenance of the wind power equipment and additional ancillary rights of the Macarthur Wind Farm.	N/A/ 13591 acres	A lease for a period of 25 years, expiring on 1 February 2038	Refer to note (9)
13.	Alpha Perisai Sdn Bhd (as tenant)	Block 3B, Level 13A of commercial building currently used as office space by Alpha Perisai Sdn Bhd.	10,689 sq ft	A lease for a period of three years from 16 April 2016 until 15 May 2019	67,142.40 per month
14.	Prasarana Malaysia Berhad	Block 3B, level 12 of commercial building currently used as office space by Prasarana Malaysia Berhad.  Block 3B, Level 13 of commercial building currently used as office space by Prasarana Malaysia Berhad.	10,689 sq ft  10,689 sq ft	Effective date of lease from 1 July 2015 until 30 June 2017  Effective date of lease from 16 October 2015 until 15 September 2017	70,547.40 per month  68,409.60 per month
15.	Lanterana Permai Sdn Bhd	Block 2A level 8 & 9 of commercial building currently used as office space by Lanterana Permai Sdn Bhd.	13,216 sq ft	Effective date of lease from 1 January 2014 until 31 December 2016	83,260.80 per month

## LIST OF PROPERTIES

## PROPERTIES LEASED/TENANTED BY OUR GROUP

**Notes:**

- (1) Pursuant to the lease agreement dated 18 February 2003 and its supplemental agreements dated 1 October 2003 and 19 August 2014, respectively, between Seaport and TBP, the total rental of the lease for all four lots (and a parcel of land held under PTD 1858, which has been transferred to and registered with TNB in 2006 pursuant to the terms of the TBP PPA and is currently erected with a switchyard used for the Tanjung Bin Power Plant) is RM102,050,000.00 and has been paid by TBP in the manner as set out in the said agreements, with the final payment made on 14 March 2005 (i.e. prior to the registration of the lease). A portion of land title no. HSD 11438 PTD 1859 is sub-leased to TBE pursuant to a sub-lease agreement dated 29 February 2012 between TBP and TBE.
- (2) A presentation for registration of lease in favour of TBE and creation of charge over the lease in favour of TBE's financing parties for Lot PTD 2095 and PTD 2096 have been made to the Johor Land Office on 11 February 2015. The issuance of the new document of titles to TBE have completed on 12 March 2015.
- (3) Pursuant to the land lease agreement entered into between TBE and SWW dated 6 January 2016, a presentation for registration of lease in favour of TBE and creation of charge over the lease in favour of TBE's financing parties for Lot PTD 2150 have been made to the Johor Land Office on 16 February 2016. The issuance of new document of title to TBE has completed on 16 March 2016. The consideration for the lease of RM1,194,794 has been paid by TBE to SWW.
- (4) WMPL is the assignee of MWML's 50% interest in the unincorporated joint venture which owns the Macarthur Wind Farm. MWML and Macarthur WFPL were the original lessees pursuant to the relevant agreement to lease entered into with the respective landowners in respect of each Uebergang Land, Officer Land and Robertson Land (each as defined below, and collectively referred to as the "Leased Lands") ("Lease Agreement"). As at the Latest Practicable Date, registrable leases have yet to be executed with each of the relevant landowners. However, under the Victorian property law, the agreements to lease give WMPL and Macarthur WFPL an equitable interest in the land subject to the relevant Lease Agreement. WMPL and Macarthur WFPL shall pay the landowners a specified annual rental calculated in accordance to the relevant rental agreements entered into with the respective landowners. Below are the details of Leased Lands:

No.	Landowners	Certificate title no.
1.	John Oswald Uebergang and Debbie Lynne Uebergang (the " <b>Uebergang Landowners</b> ")	Volume 9344 Folio 311 (" <b>Uebergang Land</b> ")
	The Uebergang Landowners intend to subdivide the Uebergang Land. WMPL and Macarthur WFPL have given their consent for the Uebergang Landowners to effect the same. Under the Victorian property law, the equitable lease granted to WMPL and Macarthur WFPL on the Uebergang Land is protected against any third-party purchasers of the interest of the land.	
2.	(i) Brandon Pastoral Company Pty Ltd;	(i) Volume 8657 Folio 557 and Volume 8067 Folio 619;
	(ii) Hamish Robert Falkner Officer and Anna Jen Officer; and	(ii) Volume 9388 Folio 101, Volume 5950 Folio 962 and Volume 10043 Folio 134; and
	(iii) Hamish Robert Falkner Officer and Anna Jen Officer, Janet Officer, Marnie Fraser Officer (being the legal personal representatives of Brian Campbell Officer, deceased), (collectively known as " <b>Officer Landowners</b> ")	(iii) Volume 9715 Folio 216, (collectively known as " <b>Officer Land</b> ")
3.	(i) Atoz Pty Ltd;	(i) Volume 9252 Folio 946, Volume 8941 Folio 283, Volume 8689 Folio 213, Volume 9604 Folio 841 and Volume 7664 Folio 185;
	(ii) Ibenmouth Pty Ltd; and	(ii) Volume 8076 Folio 341; and
	(iii) Thomas Chute Robertson, (collectively known as " <b>Robertson Landowners</b> ")	(iii) Volume 8406 Folio 476, Volume 8124 Folio 653 and Volume 5313 Folio 585, (collectively known as " <b>Robertson Land</b> ")

- (5) The rental amount is subject to confidentiality provisions in the respective rental agreements.

Save as disclosed above, where an application has been made to change the conditions of the land use, none of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties.

## LIST OF PROPERTIES

**MATERIAL EQUIPMENT**

The material equipment used by our operations are set out below:

Description	NBV as at 31 December 2016
	RM '000
The building, power plant and machinery of the SEV Power Plant	1,452,617
The building, power plant and machinery of the GB3 Power Plant	677,904
The building, power plant and machinery of the Prai Power Plant	519,960
The building, power plant and machinery of the TB Power Plant	5,014,821
The building, power plant and machinery of the Port Dickson Power Plant	65,000
The building, power plant and machinery of the TBE Power Plant	5,943,905
Total	13,674,207

The Macarthur Wind Farm includes infrastructure, turbines and a substation. As the Macarthur Wind Farm is arranged under a finance lease arrangement, substantially all the risks and rewards incidental to ownership of the Macarthur Wind Farm are transferred to AGL Hydro, as the operator of the Macarthur Wind Farm. As such, no carrying value is recognised in our financial statements in respect of the equipment utilised for the Macarthur Wind Farm.

Save for PD Power, the material equipment of the respective IPPs have been secured under the financing facilities taken up by the respective IPPs for purposes of the relevant construction of power plant. The financing facilities taken up by SEV and GB3 in relation to construction of the SEV and GB3 power plant have been fully repaid.

# SHAREHOLDINGS STATISTICS

AS AT 23 FEBRUARY 2017

## ANALYSIS OF SHAREHOLDINGS

Class of Securities	:	Ordinary shares
Issued and Paid-up Share Capital	:	RM500,000,000.00 with total number of issued shares of 5,000,000,000 ordinary shares
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	14,084

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	49	0.35	684	0.00
100 – 1,000	2,656	18.86	1,527,992	0.03
1,001 – 10,000	7,203	51.14	35,510,105	0.71
10,001 – 100,000	3,633	25.80	107,748,543	2.16
100,001 to less than 5% of issued shares	537	3.81	1,113,931,119	22.28
5% and above of issued shares	6	0.04	3,741,281,557	74.82
TOTAL	14,084	100.00	5,000,000,000	100.00

## DIRECTORS' INTERESTS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

### Directors' Interest in the Company

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Y.A.M Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail	290,000	0.01	-	-
- Shares held through Maybank Nominees (Tempatan) Sdn Bhd				
Datuk Wira Azhar bin Abdul Hamid	531,700	0.01	-	-
Dato' Sri Che Khalib bin Mohamad Noh	420,000	0.01	-	-
Datuk Muhamad Noor bin Hamid	321,200	0.01	-	-
Datuk Ooi Teik Huat	420,000	0.01	-	-
Datuk Idris bin Abdullah				
- Shares held through Cimsec Nominees (Tempatan) Sdn Bhd	290,000	0.01	-	-
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	150,000	0.00	-	-
Tan Sri Dato' Seri Alauddin bin Md Sheriff	-	-	-	-
Tan Ler Chin	-	-	-	-
Dato' Wan Kamaruzaman bin Wan Ahmad	-	-	-	-
Kohei Hirao	-	-	-	-
Zalman bin Ismail (Alternate director to Dato' Wan Kamaruzaman bin Wan Ahmad)	-	-	-	-

# SHAREHOLDINGS STATISTICS AS AT 23 FEBRUARY 2017

## Substantial Shareholders according to the Register of Substantial Shareholders

No	Name	Direct		Indirect	
		No. of shares	%	No. of shares	%
1	Anglo-Oriental (Annuities) Sdn Bhd ("AOA") <sup>(1)</sup>	981,341,460	19.63	-	-
2	MMC Corporation Berhad ("MMC")	897,695,630	17.95	981,341,460 <sup>(2)</sup>	19.63
3	Employees Provident Fund Board <sup>(3)</sup>	643,138,133	12.86	-	-
4	Lembaga Tabung Haji <sup>(4)</sup>	508,662,000	10.17	-	-
5	Kumpulan Wang Persaraan (Diperbadankan) <sup>(5)</sup>	406,444,334	8.13	-	-
6	Amanah Saham Bumiputera <sup>(6)</sup>	304,000,000	6.08	-	-
7	Seaport Terminal (Johore) Sdn Bhd ("Seaport") <sup>(7)</sup>	-	-	1,879,037,090	37.58
8	Indra Cita Sdn Bhd ("ICSB") <sup>(8)</sup>	-	-	1,879,037,090	37.58
9	Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor <sup>(9)</sup>	-	-	1,879,037,090	37.58

Notes:

- (1) Of which 340,046,040 shares are held through its own account, 448,384,230 shares held through Bank Muamalat Malaysia Berhad and 192,911,190 shares held through Maybank Securities Nominees (Tempatan) Sdn Bhd.
- (2) Deemed interested in 981,341,460 shares held by AOA in Malakoff by virtue of its 100% direct shareholding in AOA.
- (3) Of which 643,138,133 shares are held through Citigroup Nominees (Tempatan) Sdn. Bhd.
- (4) Of which 500,000,000 shares are held through its own account, 2,001,300 shares held through Cartaban Nominees (Tempatan) Sdn. Bhd., 3,966,300 shares held through Citigroup Nominees (Tempatan) Sdn Bhd., 2,195,600 shares held through Maybank Nominees (Tempatan) Sdn. Bhd. (Exempt An for Maybank Islamic Asset Management Sdn. Bhd., under omnibus account and 498,800 shares are held through CIMB Islamic Nominees (Tempatan) Sdn. Bhd.
- (5) Of which 383,184,934 shares are held through its own account and 23,259,400 shares are held through various Citigroup Nominees (Tempatan) Sdn Bhd's CDS accounts.
- (6) Of which 304,000,000 shares are held through Amanahraya Trustees Berhad.
- (7) Deemed interested by virtue of its direct major shareholdings in MMC.
- (8) Deemed interested through Seaport.
- (9) Deemed interested through ICSB

**SHAREHOLDINGS STATISTICS  
AS AT 23 FEBRUARY 2017**

**30 Largest Shareholders**

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
1	MMC CORPORATION BERHAD	897,695,630	17.95
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	643,138,133	12.86
3	LEMBAGA TABUNG HAJI	500,000,000	10.00
4	BANK MUAMALAT MALAYSIA BERHAD PLEDGED SECURITIES ACCOUNT FOR ANGLO-ORIENTAL (ANNUITIES) SDN BHD	448,384,230	8.97
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	383,184,934	7.66
6	ANGLO-ORIENTAL (ANNUITIES) SDN BHD	340,046,040	6.80
7	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	304,000,000	6.08
8	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) FOR ANGLO-ORIENTAL (ANNUITIES) SDN. BHD.	192,911,190	3.86
9	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	98,000,000	1.96
10	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	62,537,900	1.25
11	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	51,724,200	1.03
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	49,245,700	0.98
13	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	44,900,300	0.90
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	40,400,000	0.81
15	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	29,303,500	0.59
16	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	25,000,000	0.50
17	HSBC NOMINEES (ASING) SDN BHD TNTC FOR BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION	24,324,300	0.49
18	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	23,985,000	0.48
19	PERMODALAN NASIONAL BERHAD	23,473,600	0.47
20	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	21,853,300	0.44



**SHAREHOLDINGS STATISTICS  
AS AT 23 FEBRUARY 2017**

**30 Largest Shareholders (continued)**

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
21	PERTUBUHAN KESELAMATAN SOSIAL	21,600,000	0.43
22	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM DIDIK	20,867,400	0.42
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	18,500,000	0.37
24	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD YAYASAN HASANAH (AUR-VCAM)	17,433,100	0.35
25	UOBM NOMINEES (ASING) SDN BHD BANQUE DE LUXEMBOURG FOR RAM (LUX) SYSTEMATIC FUNDS - EMERGING MARKETS EQUITIES	16,667,200	0.33
26	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SECTOR SELECT FUND	16,310,000	0.33
27	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	13,176,800	0.26
28	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY INCOME FUND	12,711,000	0.25
29	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	12,551,600	0.25
30	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	11,600,000	0.23
<b>TOTAL</b>		<b>4,365,525,057</b>	<b>87.31</b>

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ELEVENTH ANNUAL GENERAL MEETING ("AGM") OF MEMBERS OF **MALAKOFF CORPORATION BERHAD (Company No. 731568-V) ("MCB" OR "THE COMPANY")** WILL BE HELD AT THE **MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA** ON **WEDNESDAY, 19 APRIL 2017 AT 10.30 A.M.** FOR THE PURPOSE OF CONSIDERING AND, IF THOUGHT FIT, PASSING THE FOLLOWING RESOLUTIONS:

## ORDINARY BUSINESS

1. "THAT the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors' Report and Auditors' Report thereon be and are hereby received."

***(Please refer to Explanatory Note 1)***

2. "THAT a final single-tier dividend of 3.5 sen per share for the financial year ended 31 December 2016 be and is hereby approved." **Resolution 1**

3. "THAT the following Directors who retire in accordance with Article 105 of the Company's Articles of Association be and are hereby re-elected as the Directors of the Company:-

I Datuk Muhamad Noor bin Hamid **Resolution 2**

II Tan Sri Dato' Seri Alauddin bin Dato' Md Sheriff **Resolution 3**

III Datuk Ooi Teik Huat **Resolution 4**

IV Dato' Wan Kamaruzaman bin Wan Ahmad **Resolution 5**

***(Please refer to Explanatory Note 2)***

4. "THAT the payment of Directors' fees of RM1,165,403 to the Non-Executive Directors for the financial year ended 31 December 2016 be and is hereby approved." **Resolution 6**

5. "THAT the payment of Directors' remuneration (excluding Directors' fees and Board committee fees) at the capping amount of RM1,110,000 to the Non-Executive Directors from 31 January 2017 until the conclusion of the next AGM of the Company ("Relevant Period") be and is hereby approved." **Resolution 7**

***(Please refer to Explanatory Note 3)***

6. "THAT Messrs. KPMG PLT, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed as Auditors of the Company until the conclusion of the next AGM, AND THAT the remuneration to be paid to them be fixed by the Board." **Resolution 8**

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

## NOTICE OF BOOK CLOSURE AND NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT shareholders who are registered in the Register of Members and Record of Depositors at the close of business on 5 May 2017 shall be entitled to the final dividend which will be paid on 23 May 2017.

A depositor shall qualify for dividend entitlement only in respect of:

- a) Shares transferred into the Depositor's securities account before 4.00 p.m on 5 May 2017 in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") on a cum entitlement basis according to the Rules of Bursa Malaysia Securities.

## NOTICE OF ANNUAL GENERAL MEETING

### BY ORDER OF THE BOARD

**Yeoh Soo Mei (MAICSA 7032259)**

**Nisham @ Abu Bakar bin Ahmad (MAICSA 7043879)**

Company Secretaries

Kuala Lumpur

28 March 2017

### Notes:

1. The proxy form, to be valid, must be deposited at the office of Boardroom Corporate Services (KL) Sdn Bhd at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the meeting or any adjournment thereof.
2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to attend and vote at his stead. A member of the Company may appoint up to two (2) proxies to attend the same meeting. Where the member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
3. In case of a corporation, the proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
4. In the case of joint holders, the signature of any one of them will suffice.
5. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless it specifies the proportion of its shareholding to be represented by each proxy.
6. Only depositors whose names appear on the Record of Depositors as at 11 April 2017 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on their behalf.
7. Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
8. Registration of members/proxies attending the meeting will commence at 8.30 a.m. on the day of the meeting and shall remain open until the conclusion of the AGM or such a time as may be determined by the Chairman of the meeting. Members/proxies are required to produce identification documents for registration.

## NOTICE OF ANNUAL GENERAL MEETING

### Explanatory Notes on Ordinary Business:-

#### 1. Audited Financial Statements for the financial year ended 31 December 2016

This Agenda item is meant for discussion only as under the provisions of Section 340(1) of the Companies Act, 2016 and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

#### 2. Re-election of Directors retiring in accordance with Article 105

The proposed ordinary resolutions 2, 3, 4 and 5 under Agenda 3 of the Eleventh AGM are to seek the shareholders' approval on the re-election of the Directors standing for re-election in accordance with the Articles of Association of the Company. The Board, after having received their consent for re-election, recommends the re-election of the following directors for the following reasons:-

- **Datuk Muhamad Noor bin Hamid**

Datuk Muhamad Noor bin Hamid, is a mechanical engineer by training and has 30 years of direct working experience in the oil and gas industry ranging from project planning and implementation, operation, consulting and contracting. Backed by strong technical experience and his work experience both locally and overseas, Datuk Muhamad Noor often serves as a sounding board to both the management and the Board on key technical issues faced by the Group's water and power plants including the areas of procurement where he sits as the Chairman of the Board Procurement Committee ("BPC"). Datuk Muhamad Noor is also a member of two other board committees namely, the Board Risk and Investment Committee and Board Nomination and Remuneration Committee ("BNRC").

- **Tan Sri Dato' Seri Alauddin bin Dato' Md Sheriff**

Tan Sri Dato' Seri Alauddin bin Dato' Md Sheriff is knowledgeable in areas of law and judicial and had held various posts in the judicial service since 1971. The last position held by Tan Sri Alauddin before he retired in August 2011 was the President of the Court of Appeal. The Board has benefitted from the legal insights and depths he has brought to the Board's discussion and decision. He has also provided legal opinions where necessary on the interpretation of the law concerning the business of the Group. Tan Sri Alauddin is a member of two board committees namely Board Audit Committee ("BAC") and BPC, and was the former BNRC member before making way for a restructuring exercise to optimize the size of the BNRC.

In line with the Malaysian Code on Corporate Governance 2012, the BNRC had carried out independence assessment on Tan Sri Alauddin where he had declared independence as per the criteria prescribed by the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. The BNRC had, based on self-declaration of Tan Sri Alauddin that coincides with his behaviour and in the manner in which he conducts himself on the Board, satisfied that he has complied with the spirit of independence prescribed by the MMLR. His re-election will continue to bring independent and objective judgement to the Board deliberations.

- **Datuk Ooi Teik Huat**

Datuk Ooi is knowledgeable in the area of accounts and economics and has corporate finance industry experience gained through his career. Datuk Ooi is committed in ensuring that he provides constructive feedback and ideas in the Board deliberations. He also provides insightful details to the compliance and governance issues of the Company to the Board and the management. Datuk Ooi sits on two committees of the Board namely BAC and BPC, and was the former BNRC member before making way for a restructuring exercise to optimize the size of the BNRC.

- **Dato' Wan Kamaruzaman bin Wan Ahmad**

Dato' Wan Kamaruzaman is knowledgeable in the area of economics and had illustrious career both in the private and government sectors in the area of treasury where he gained invaluable exposure and experience working locally and internationally. As the Company has business presence both local and overseas, Dato' Wan Kamaruzaman has been able to provide invaluable advice to both the management and the Board on key operational issues and growth plans of the Company.

## NOTICE OF ANNUAL GENERAL MEETING

**3. Directors' allowances and/or benefits payable to the Non-Executive Directors ("NEDs") of the Company from 31 January 2017 until the conclusion of the next AGM**

With the enforcement of Section 230(1) of Companies Act 2016 ("CA 2016") effective 31 January 2017, the listed company is required to table, amongst others, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries for the shareholders' approval at a general meeting.

The proposed ordinary resolution 7 under Agenda 5, if passed, will allow the payment of the following Directors' remuneration (excluding Directors' fees and Board committee fees) to the NEDs of the Company on a monthly basis and/or as and when incurred within the Relevant Period:-

- Allowances payable by the Company comprising meeting allowances, annual leave passage and/or annual reimbursable fee including benefits-in-kind to the Chairman.

Details of the estimated Directors' remuneration (excluding Directors' fees and Board Committee fees) for NEDs for the Relevant Period are set out below:-

**Resolution 7**

Directors	Meeting Allowances for Board and Board Committees (RM)	Other Allowances <sup>1</sup> (RM)	Benefits- in- Kind (RM)	Total (RM)
<b>Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail (Chairman)</b>	56,000	25,000	172,200 <sup>2</sup>	253,200
<b>Dato' Sri Che Khalib bin Mohamad Noh</b>	40,000 <sup>3</sup>	25,000	-	65,000
<b>Datuk Muhamad Noor bin Hamid</b>	90,000	25,000	-	111,000
<b>Cindy Tan Ler Chin</b>	68,000	25,000	-	89,000
<b>Kohei Hirao</b>	40,000	25,000	-	65,000
<b>Datuk Ooi Teik Huat</b>	77,000	25,000	-	102,000
<b>Datuk Dr. Syed Muhamad bin Syed Abdul Kadir</b>	97,000	25,000	-	118,000
<b>Datuk Idris bin Abdullah</b>	97,000	25,000	-	118,000
<b>Tan Sri Dato' Seri Alauddin bin Dato' Md Sheriff</b>	77,000	25,000	-	102,000
<b>Dato' Wan Kamaruzaman bin Wan Ahmad</b>	40,000	25,000	-	65,000
<b>Zalman bin Ismail (Alternate Director to Dato' Wan Kamaruzaman bin Wan Ahmad)</b>	Refer to Note <sup>4</sup>	N/A	N/A	-
<b>TOTAL</b>	<b>682,000</b>	<b>250,000</b>	<b>172,200</b>	<b>1,104,200 (capped at 1,110,000)</b>

The directors' remuneration quoted above are same as those received by NEDs in the previous year.

Notes:

<sup>1</sup> Other allowances to the NEDs comprising annual leave passage & annual supplemental fees

<sup>2</sup> Benefits in kind comprising company car, company driver, petrol, utilities & medical reimbursements

<sup>3</sup> Meeting allowance is shared on an equal basis between the NED and MMC Corporation Berhad (which nominated the NED on the Board).

<sup>4</sup> Meeting allowance will be paid to the alternate director in the event that he attends meetings in the absence of Dato' Wan Kamaruzaman bin Wan Ahmad.

**4. Abstention from Voting**

Any of the Directors who is a shareholder of the Company shall abstain from voting on the resolution in respect of his re-election at the Eleventh AGM, and the NEDs who are shareholders of the Company will also abstain from voting on the resolutions concerning remuneration to the NEDs at the Eleventh AGM.

## ADMINISTRATIVE DETAILS

ADMINISTRATIVE DETAILS FOR THE ELEVENTH ANNUAL GENERAL MEETING ("AGM") OF MALAKOFF CORPORATION BERHAD ("MALAKOFF" or "THE COMPANY") TO BE HELD AT THE MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA ("HOTEL") ON WEDNESDAY, 19 APRIL 2017 AT 10.30 A.M.

### PARKING

- Parking is available at the parking bays of the Hotel. Parking fee for those attending the AGM will be borne by Malakoff. The attendees of the AGM are advised to exchange their entry tickets with exit tickets at the designated counter outside the Ballroom.

### REGISTRATION

- Registration will start at 8.30 a.m. and registration counters will remain open until the conclusion of the AGM or such time as may be determined by the Chairman of the meeting.
- Please read the signage placed around the Hotel to ascertain where you should register for the AGM and join the queue accordingly.
- Please produce your original Identity Card (IC) during the registration for verification and ensure that you collect your IC thereafter. No person will be allowed to register on behalf of another person even with the original IC of that person.
- After the verification and registration, you will be given an identification tag and a food coupon (limited to one per shareholder/proxy present at the AGM regardless of the number of shareholder he/she represents). No lost food coupon or unclaimed food coupon will be replaced by the Company.
- Shareholders or proxies who are not present at the AGM are *not* entitled to the food coupon. If both the shareholder and his/her appointed proxy(ies) are present at the AGM, only one food coupon will be given to the shareholder or his/her proxy who registers first.
- No person will be allowed to enter the Ballroom without the identification tag.

### REFRESHMENT

- Light refreshment will be served at Mahkota I before the commencement of the AGM.
- No person will be allowed to enter Mahkota I without the identification tag.
- There will be *no* lunch served after the AGM.

### DOOR GIFT

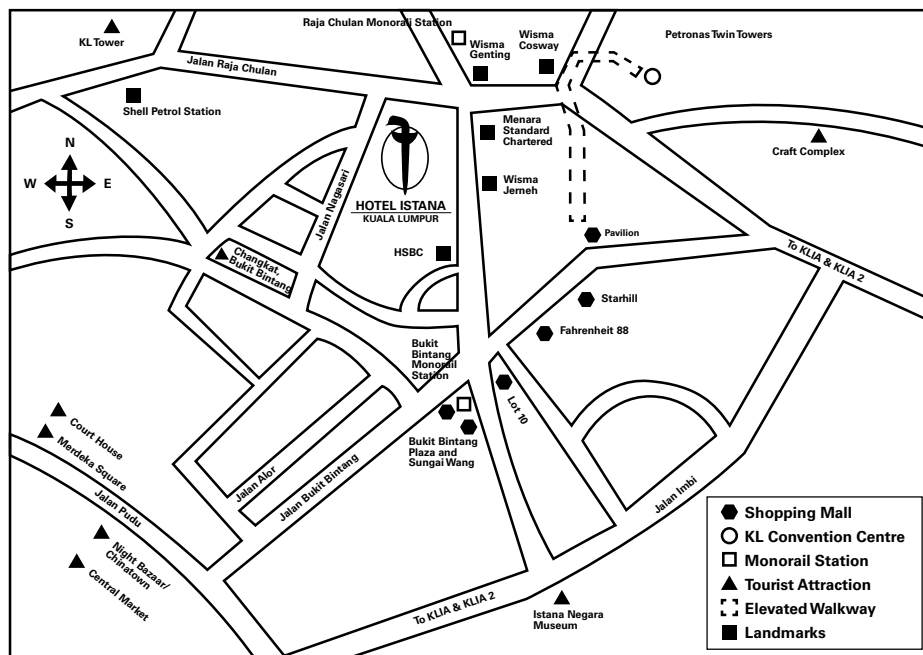
- No door gift will be distributed at the AGM.

### RECORD OF DEPOSITORS FOR ATTENDANCE AT THE AGM

- Only depositors whose names appear on the Record of Depositors as at 11 April 2017 shall be entitled to attend the AGM or appoint proxy(ies) to attend and/or vote on their behalf.

### VOTING PROCEDURE

- All resolutions as set out in the Notice of the 11th AGM of the Company will be put to vote by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- The Company's appointed poll administrator, Boardroom Corporate Services (KL) Sdn Bhd, will assist to conduct the poll by way of electronic voting and the independent scrutineers will verify and validate the results of the poll at the AGM.
- For proxy enquires, kindly contact Boardroom Corporate Services (KL) Sdn. Bhd. (Refer to page 9 for contact details).



Map of Hotel Istana



# PROXY FORM

MALAKOFF CORPORATION BERHAD (731568-V)

No. of Ordinary Share(s) Held	
CDS Account No.	

I/We \_\_\_\_\_ NRIC/Passport No: \_\_\_\_\_  
(Full name in block letters)

of \_\_\_\_\_ Tel No: \_\_\_\_\_  
(Address in full)

being a member/members of Malakoff Corporation Berhad, hereby appoint

	Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy 1	_____	_____	_____	and/or failing him/her
Proxy 2	_____	_____	_____	or failing him/her,

the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at the Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Wednesday, 19 April 2017 at 10.30 a.m., and at any adjournments thereof, on the following resolutions referred to in the notice of the Annual General Meeting:

(Please indicate with an "X" in the space provided below on how you wish your votes are to be casted on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote or abstain from voting on the resolutions as he/they may think fit).

1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors' Report and Auditors' Report thereon.		
<b>ORDINARY BUSINESS</b>		<b>FOR</b>	<b>AGAINST</b>
2.	Declaration of final single-tier dividend of 3.5 sen per share (Resolution 1)		
3.	Re-election of Datuk Muhammad Noor Hamid who retires in accordance with Article 105 of the Company's Articles of Association (Resolution 2)		
4.	Re-election of Tan Sri Dato' Seri Alauddin bin Dato' Md Sheriff who retires in accordance with Article 105 of the Company's Articles of Association (Resolution 3)		
5.	Re-election of Datuk Ooi Teik Huat who retires in accordance with Article 105 of the Company's Articles of Association (Resolution 4)		
6.	Re-election of Dato' Wan Kamaruzaman bin Wan Ahmad who retires in accordance with Article 105 of the Company's Articles of Association (Resolution 5)		
7.	Payment of Directors' fees of RM1,165,403 for the financial year ended 31 December 2016 (Resolution 6)		
8.	Payment of Directors' remuneration (excluding Directors' fees and Board committee fees) to the Non-Executive Directors from 31 January 2017 until the conclusion of the next annual general meeting of the Company at the capping amount of RM1,110,000 (Resolution 7)		
9.	Re-appointment of Messrs. KPMG PLT as Auditors of the Company (Resolution 8)		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature of member / Common Seal

## Notes:

- The proxy form, to be valid, must be deposited at the office of Boardroom Corporate Services (KL) Sdn Bhd at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the meeting or any adjournment thereof.
- A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to attend and vote at his stead. A member of the Company may appoint up to two (2) proxies to attend the same meeting. Where the member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- In case of a corporation, the proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- In the case of joint holders, the signature of any one of them will suffice.
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless it specifies the proportion of its shareholdings to be represented by each proxy.
- Only depositors whose names appear on the Record of Depositors as at 11 April 2017 shall be entitled to attend the Annual General Meeting or appoint proxies to attend and/or vote on their behalf.
- Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
- Registration of members/proxies attending the meeting will commence at 8.30 a.m. on the day of the meeting and shall remain open until the conclusion of the Annual General Meeting or such a time as may be determined by the Chairman of the meeting. Members/proxies are required to produce identification documents for registration.



Please fold here

**Malakoff Corporation Berhad**  
Eleventh Annual General Meeting



To:

**THE ADMINISTRATION AND POLLING AGENT**  
**BOARDROOM CORPORATE SERVICES (KL) SDN BHD**  
Lot 6.05, Level 6, KPMG Tower,  
8 First Avenue, Bandar Utama,  
47800 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia.

Please fold here



# MALAKOFF

A Member of  **MMC** Group

## **MALAKOFF CORPORATION BERHAD**

(731568-V)

Level 7, Block 4, Plaza Sentral, Jalan Stesen Sentral 5,  
50470 Kuala Lumpur, Malaysia.

TEL

+6 03 2263 3388

FAX

+6 03 2263 3333

**[www.malakoff.com.my](http://www.malakoff.com.my)**



**MALAKOFF ANNUAL REPORT 2016**

Printed on FSC certified material