RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (1)

	NOTE	Individual Quarter: Current year quarter 30/9/2019 RM'000	Individual Quarter: Preceding year quarter 30/09/2018 RM'000	Cummulative Period: Current year to date 30/9/2019 RM'000	Cummulative Period: Preceding year to date 30/09/2018 RM'000
Revenue		409,060	401,939	1,238,103	1,141,695
Cost of sales		(292,836)	(279,064)	(885,382)	(785,289)
Gross profit		116,224	122,875	352,721	356,406
Other items of income					
Interest income		12,458	13,465	39,539	42,549
Other income		2,718	2,185	6,206	9,890
Other items of expense					
Admin/Operating expenses		(63,423)	(64,210)	(180,789)	(184,707)
Finance costs		(23,874)	(31,631)	(76,057)	(94,017)
Zakat		(250)	(473)	(2,516)	(973)
Share of results of associates		4,018	2,593	8,624	7,314
Profit before tax		47,871	44,804	147,728	136,462
Income tax expense	B5	(18,880)	(16,376)	(54,546)	(50,784)
Profit net of tax		28,991	28,428	93,182	85,678
Other comprehensive income:					
Foreign currency translation		(550)	5,116	2,892	2,713
Share of other comprehensive gain of an associates		(786)	(158)	(805)	99
Remeasurement of defined benefit liability			-	-	-
		(1,336)	4,958	2,087	2,812
Total comprehensive income for the year/period		27,655	33,386	95,269	88,490
Profit net of tax attributable to:					
Owners of the parent		17,630	16,485	57,668	50,057
Non-controlling interests		11,361	11,943	35,514	35,621
		28,991	28,428	93,182	85,678
Total comprehensive income attributable to:					
Owners of the parent		16,296	21,445	59,757	52,872
Non-controlling interests		11,359	11,941	35,512	35,618
		27,655	33,386	95,269	88,490
Earnings per share (sen):					
Basic	B11	1.65	1.55	5.41	4.70
Diluted		N/A	N/A	N/A	N/A
EBITDA (includes amortisation of services concession assets)		155,710	157,726	473,050	471,568
EBIT		59,287	62,970	184,246	187,930

Notes :

(1) The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

Ranhill

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION (1)

	Unaudited As at 30/9/2019 RM'000	Audited As at 31/12/2018 RM'000
Non-current assets		
Property, plant and equipment	561,155	573,848
Service concession assets	414,591	661,061
Intangibles	294,971	295,025
Finance lease receivables	422,543	460,699
Deferred tax assets	102,695	130,366
Investment in a joint venture	5	5
Investment in an associates	159,690	155,223
Operating financial assets	95,516	43,756
Trade and other receivables	70,408	70,408
Contract assets	-	35,377
Other non-current assets	12,763	13,975
	2,134,337	2,439,743
Current assets		
Finance lease receivable	50,407	47,657
Operating financial assets	3,926	6,585
Trade and other receivables	293,445	249,352
Contract assets	18,926	32,823
Inventories	82,112	89,381
Tax recoverable	3,949	7,272
Other current assets	22,640	33,990
Other financial assets	27,681	72,894
Deposits, cash and bank balances	439,009	355,876
	942,095	895,830
Total assets	3,076,432	3,335,573
Current liabilities		
Retirement benefit obligations	11,654	15,829
Finance lease payables	709	1,014
Loans and borrowings	94,845	89,908
Zakat	7,222	8,093
Trade and other payables	243,815	260,275
Contract liability	3,927	23
Service concession obligations	353,856	333,822
Tax payable	9,136	501
	725,164	709,465
Net current assets	216,931	186,365

Ranhill

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION (1) (continued)

	Unaudited As at 30/9/2019 RM'000	Audited As at 31/12/2018 RM'000
Non-current liabilities		
Retirement benefit obligations	72,345	72,561
Finance lease payables	1,348	1,935
Loans and borrowings	1,053,694	1,113,401
Trade and other payables	852	1,216
Service concession obligations	91,048	352,581
Consumer deposits	250,776	244,364
Deferred tax liabilities	83,171	83,299
	1,553,234	1,869,357
Total liabilities	2,278,398	2,578,822
Net assets	798,034	756,751
Equity attributable to owners of the parent		
Share capital	1,275,319	1,275,319
Other reserves	(891,318)	(893,405)
Retained earnings	196,699	167,455
	580,700	549,369
Non-controlling interests	217,334	207,382
Total equity	798,034	756,751
Total equity and liabilities	3,076,432	3,335,573
Net assets per share attributable to owners of the parent (RM) (2)	0.54	0.52

Notes:

(1) The Unaudited Condensed Statements of Financial Position should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

(2) The net asset in 2018 was based on enlarged number of shares of 1,065,975,159.

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

Ranhill

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY (1)

	Share capital RM'000	Currency translation reserves RM'000	Equity component of convertible unsecured loan stock RM'000	Merger reserve/ (deficit) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2019	1,275,319	11,547	1,063	(906,015)	167,455	549,369	207,382	756,751
Total comprehensive income	-	2,087	-	-	57,670	59,757	35,512	95,269
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	(1,088)	(1,088)
-Unwinding on interest expense on CULS attibutable to non-controlling interests	-	-	-	-	-	-	(72)	(72)
-Dividends on ordinary shares	-	-	-	-	(28,426)	(28,426)	(24,400)	(52,826)
At 30 September 2019	1,275,319	13,634	1,063	(906,015)	196,699	580,700	217,334	798,034
At 1 January 2018	1,275,319	13,641	1,063	(906,015)	198,157	582,165	195,978	778,143
Effect of adoption of new accounting standards	-	-	-	-	(1,949)	(1,949)	(487)	(2,436)
As at 1 January 2018 (restated)	1,275,319	13,641	1,063	(906,015)	196,208	580,216	195,491	775,707
Total comprehensive income	-	2,812	-	-	50,060	52,872	35,618	88,490
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	(1,088)	(1,088)
-Unwinding on interest expense on CULS attibutable to non-controlling interests	-	-	-	-	-	-	(98)	(98)
-Dividends on ordinary shares	-	-	-	-	(53,301)	(53,301)	(19,350)	(72,651)
At 30 September 2018	1,275,319	16,453	1,063	(906,015)	192,967	579,787	210,573	790,360

Notes:

(1) The Unaudited Condensed Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

Ranhill

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (1)

	9 months ended 30/9/2019 RM'000	9 months ended 30/09/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	147,728	136,462
Adjustments for:		
Depreciation of property, plant and equipment	38,550	36,578
Net gain on disposal of property, plant and equipment	210	(30)
Property, plant and equipment written off	105	97
Amortisation of service concession asset	249,897	246,649
Amortisation of concession rights	-	37
Amortisation of software	357	374
Share of profit of associates	(8,624)	(7,314)
Net bad debts written off	-	42
Provision for retirement benefit plan	5,827	7,011
Zakat	2,516	974
Net unrealised foreign exchange (gain)/loss	2,074	1,152
Allowance impairments other receivables	3,773	-
Interest income	(39,539)	(42,549)
Interest expense	76,057	94,017
Operating profit before working capital changes	478,931	473,500
Receivables	(47,879)	(10,581)
Payables	(14,033)	(37,419)
Inventories	7,289	(14,346)
Finance lease receivables	63,125	32,856
Operating financial asset	(45,134)	2,128
Contract assets	49,707	(19,664)
Contract liability	3,904	1,306
Other current asset	12,571	9,431
Cash generated from operations	508,481	437,211
Retirement benefits plan paid	(10,227)	(6,200)
Zakat paid	(3,388)	(6,950)
Tax paid	(15,960)	(17,296)
Repayment of lease rental payable to PAAB	(264,523)	(289,035)
Net cash generated from operating activities	214,383	117,730
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26,119)	(36,051)
Proceeds from disposal of property, plant and equipment	406	186
(Additional)/Disposal of short term investments	45,213	(48,054)
Purchase of software	(303)	(670)
Purchase of other investment	-	(1,190)
Interest received	8,285	42,275
Net cash (used in)/generated from investing activities	27,482	(43,504)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (continued) (1)

	9 months ended 30/9/2019 RM'000	9 months ended 30/09/2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
(Placement)/withdrawal of fixed deposits with banking facilities	(52,286)	70,535
Drawdown of term loans	3,546	655,988
Finance lease principal repayments	(1,323)	(1,078)
Repayment of borrowings	(71,373)	(592,490)
Dividends paid	(59,476)	(85,651)
Payment of issuance cost for Sukuk	-	(44,000)
Interest paid	(37,470)	(79,031)
Net cash used in financing activities	(218,382)	(75,727)
Net (decrease)/ increase in cash and cash equivalents	23,483	(1,501)
Effect of exchange rate changes on cash and cash equivalents	7,889	4,023
Cash and cash equivalents at beginning of year	200,817	141,342
Cash and cash equivalents at end of year	232,189	143,864

Cash and cash equivalents at end of financial period comprise the following:

Cash at banks and on hand	72,560	96,330
Short tem deposits with licensed banks	366,449	246,060
Total deposits, cash and bank balances	439,009	342,390
Bank overdrafts	-	(1,136)
Restricted deposits, cash and bank balances	(180,820)	(96,411)
Deposit with maturities of three months or more	(26,000)	(100,979)
Cash and cash equivalents	232,189	143,864

Notes:

(1) The Unaudited Condensed Statements of Cash Flows should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

SECTION A: NOTES TO THE QUARTERLY RESULTS

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), International Accounting Standard Board ("IAS") 34: Interim Financial Reporting issued by the International Accounting Standard Board ("IASB") and paragraph 9.22 and Part A of Appendix 9B of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities ("Bursa Securities").

These interim financial statements should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

These interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("the Group") since the financial year ended 31 December 2018.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted by the Company in this interim financial report are consistent with those adopted as disclosed in the Audited Financial Statements of the Company for the financial year ended 31 December 2018.

Adoption of New and Revised Financial Reporting Standards (“FRSs”)

On 1 January 2019, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2019.

Description	Effective for annual periods beginning on or after
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

The adoption of the above standards and interpretation did not have any material effect on the financial performance or position of the Group and the Company except as discussed below:

A2. Changes in Accounting Policies (continued)

MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments must be applied retrospectively. Earlier application is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group plans to adopt MFRS 16 prospectively, with an initial application date of 1 January 2019. The Group will not restate the comparative information, which continues to be reported under MFRS 117. Differences arising from the adoption of MFRS 16 will be recognised directly in retained earnings and other components of equity.

A2. Changes in Accounting Policies (continued)

MFRS 16 Leases (continued)

The Group will elect to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e. photocopying machines and water dispensers) and car park that are considered of low value.

Based on initial assessment, the Group expects its non-cancellable operating lease commitments to be impacted by the new standard. The Group is also assessing if the use of water meter pipes and gas transfer pipelines are scoped in this new standard.

For finance leases where the Group is a lessee, the Group has already recognised an asset and a related finance lease liability for such lease arrangements. Accordingly, for such lease arrangements, the Group does not anticipate the application of MFRS 16 to have a significant impact on the Group's financial statements.

MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

The amendments clarify that an entity applies MFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in MFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying MFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associates or joint venture that arise from applying MFRS 128 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. The directors of the Company do not expect the amendments to have any impact on the Group’s and the Company’s financial statements.

MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

The amendments require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement, which occurs during the reporting period. The amendments also clarify how the requirements for accounting for a plan amendment, curtailment or settlement affect the asset ceiling requirements.

The amendments should be applied prospectively to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted. These amendments will not have a significant impact on the Group’s and the Company’s financial statements.

A2. Changes in Accounting Policies (continued)

Standards and Amendments in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments, which were in issue but not yet effective and not early adopted by the Group are as listed below.

Description	Effective for annual periods beginning on or after
MFRS 101 Definition of Material (Amendments to MFRS 101)	1 January 2020
MFRS 3 Business Combinations (Amendments to MFRS 3)	1 January 2020
MFRS 108 Definition of Material (Amendments to MFRS 108)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

A3. Audit Report

There was no audit qualification reported in the Auditors' Report on the financial statements of the Company and its subsidiaries for the financial year ended 31 December 2018.

A4. Seasonality of Cyclicality of Operations

The results for the current quarter under review were not materially affected by seasonal or cyclical factors.

A5. Unusual Significant Items

There were no significant items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size or incidence for the current quarter and current financial year-to-date.

A6. Material Changes in Estimates

There were no major changes in estimates that have a material effect in the current quarter and current financial year-to-date.

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter and current financial year-to-date except as disclosed below:

(a) On 2 May 2019, the Company has announce of 177,659,392 bonus new ordinary shares on the basis of 1 bonus share for every 5 existing Company shares.

A8. Dividend Paid

During the period ended 30 September 2019, the following payments of dividend were made:

In respect of the financial year ended 31 December 2018:

(a) RM8,883,158 was declared and paid on 28 February 2019 and 1 April 2018 respectively as third interim single tier dividend of 1.0 sen per share on 888,315,767 ordinary shares.

(b) RM8,883,158 was declared and paid on 18 March 2019 and 14 May 2018 respectively as final single tier dividend of 1.0 sen per share on 888,315,767 ordinary shares.

In respect of the financial year ended 31 December 2019:

(a) RM10,659,752 was declared and paid on 10 July 2019 and 9 August 2019 respectively as first interim single tier dividend of 1.0 sen per share on 1,065,975,159 ordinary shares.

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A9. Segmental Information

Segmental results are summarized as follows with a reportable proforma segment profit, segment asset and segment liabilities after apportioning the Sukuk related assets, liabilities and cost to the environment and power segments, to reflect more meaningful contributions from the segments by apportioning the cost of acquiring the environment and power segments to the respective segment.

For the period ended 30 September 2019:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	973,611	264,492	144,548	1,382,651
Inter-segment elimination	-	-	(144,548)	(144,548)
	973,611	264,492	-	1,238,103
Results				
Segment profit/(loss)	137,831	33,660	(78,309)	93,182
Segment assets	1,727,583	1,214,064	134,785	3,076,432
Segment liabilities	994,822	656,266	627,310	2,278,398
Proforma scenario				
Results				
Segment profit/(loss)	137,831	33,660	(78,309)	93,182
Add/(less):				
Sukuk interest	(27,799)	(2,561)	30,360	-
Adjusted segment profit/(loss)	**110,032**	**31,099**	**(47,949)**	**93,182**
Segment assets	1,727,583	1,214,064	134,785	3,076,432
Add/(less):				
Bank balances related to Sukuk	107,909	9,942	(117,851)	-
Adjusted segment Assets	**1,835,492**	**1,224,006**	**16,934**	**3,076,432**
Segment liabilities	994,822	656,266	627,310	2,278,398
Add/(less):				
Sukuk loan	568,741	52,400	(621,141)	-
Adjusted segment liabilities	**1,563,563**	**708,666**	**6,169**	**2,278,398**

A9. Segmental Information (continued)

For the period ended 30 September 2018:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	915,782	225,913	127,400	1,269,095
Inter-segment elimination	-	-	(127,400)	(127,400)
	915,782	225,913	-	1,141,695
Results				
Segment profit/(loss)	109,723	48,869	(72,914)	85,678
Segment assets	2,062,651	1,266,132	102,094	3,430,877
Segment liabilities	1,333,597	685,522	618,962	2,638,081
Proforma scenario				
Results				
Segment profit/(loss)	109,723	48,869	(72,914)	85,678
Add/(less): Sukuk interest	(28,541)	(2,630)	31,171	-
Adjusted segment profit/(loss)	**81,182**	**46,239**	**(41,743)**	**85,678**
Segment assets	2,062,651	1,266,132	102,094	3,430,877
Add/(less): Bank balances related to Sukuk	43,273	3,987	(47,260)	-
Adjusted segment assets	**2,105,924**	**1,270,119**	**54,834**	**3,430,877**
Segment liabilities	1,333,597	685,522	618,962	2,638,081
Add/(less): Sukuk loan	563,807	51,946	(615,753)	-
Adjusted segment liabilities	**1,897,404**	**737,468**	**3,209**	**2,638,081**

A9. Segmental Information (continued)

Environment segment

1. Revenue generated of RM973.6 million (2018: RM915.8 million) was an increase of RM57.8 million compared to its preceding year mainly due to increase in volume of water consumption and higher in developer contribution mainly from Country Garden Pacificview Sdn Bhd for new development project.

2. Profit after taxation of RM137.8 million (2018: RM109.7 million) was an increase of RM15.7 million compared to its preceding year mainly due to the above reason and also assisted by lower unwinding interest (compared to 2018) as Ranhill SAJ Sdn. Bhd. ("RanhillSAJ") is in 2nd year of its operating period.

Power segment

1. Revenue of RM264.5 million (2018: RM225.9 million) was an increase of RM38.6 million compared to its preceding year mainly due to higher net electric output and higher diesel consumption (of which fuel cost is treated in the PPA as a pass-through cost, resulting in higher revenue) with minimal or no profit impact.

2. However, profit after taxation of RM33.7 million (2018: RM48.9 million) decreased by RM15.2 million mainly due scheduled Hot gas path inspection maintenance work cost for GT1A at Ranhill Powertron II Sdn Bhd .

A10. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter and current financial year-to-date.

A11. Contingent Liabilities

There were no contingent liabilities for the current quarter and current financial year-to-date.

A12. Capital Commitments

The Group has the following capital commitments in respect of:

	30.09.2019 RM'000	31.12.2018 RM'000
Approved and contracted for	345	390
Approved but not contracted for	3,720	5,700
	4,065	6,090

A13. Significant Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the current quarter and current financial year to date.

SECTION B: BURSA SECURITIES LISTING REQUIREMENT (PART A OF APPENDIX 9B)

B1. Detailed Analysis of Performance of All Operating Segments

Performance for the quarter and year-to-date

	Individual Quarter		Changes %	Cumulative Period		Changes %
	Current year quarter 30.09.2019 RM'000	Preceding year quarter 30.09.2018 RM'000		Current year to date 30.09.2019 RM'000	Preceding year to date 30.09.2018 RM'000	
Revenue	409,060	401,939	1.8%	1,238,103	1,141,695	8.4%
Operating profit	55,519	60,850	-8.8%	178,138	181,589	-1.9%
Profit Before Interest and Tax	59,287	62,970	-5.8%	184,246	187,930	-2.0%
Profit Before Tax	47,871	44,804	6.8%	147,728	136,462	8.3%
Profit After Tax	28,991	28,428	2.0%	93,182	85,678	8.8%
Profit Attributable to Ordinary Equity Holder of the Parent	17,630	16,485	6.9%	57,668	50,057	15.2%

For the quarter and year to date ended 30 September 2019, the Group recorded a revenue of RM409.1 million and RM1,238.1 million respectively (Q32018 : RM401.9 million, YTD2018 : RM1,141.7 million) while profit attributable to ordinary equity holder of the parent of RM17.6 million and RM57.7 million (Q32018 : RM16.5 million, YTD2018: RM50.1 million).

The increase in revenue for the quarter and year to date was mainly contributed by the environment segment due to 2-3% consumption volume growth.

Profit before tax for the quarter and year to date increased by RM3.1 million and RM11.2 million mainly due to higher contribution from environment segment (including lower unwinding interest as RanhillSAJ is in 2nd year of its operating period compared to 2018).

Profit attributable to ordinary equity holder of the parent for the quarter and year to date increased by RM1.1 million and RM7.6 million compared to quarter and year to date 2018 was substantially due to similar reason as above. Year to date profit attributable to ordinary equity holder of the parent has increased by 15.2% to RM57.7 million compared to preceding year.

B2. Comparison of Results for Current Quarter Ended 30 September 2019 Compared to the Immediate Preceding Quarter

	Individual Quarter		Changes %
	Current year quarter 30.09.2019 RM'000	Immediate preceding quarter 30.06.2019 RM'000	
Revenue	409,060	423,992	-3.5%
Operating Profit	55,519	60,995	-9.0%
Profit Before Interest and Tax	59,287	62,222	-4.7%
Profit Before Tax	47,871	50,269	-4.8%
Profit/(loss) After Tax	28,991	31,263	-7.3%
Profit/(loss) Attributable to Ordinary Equity Holder of the parent	17,630	18,671	-5.6%

The Group recorded a revenue of RM409.1 million in the current quarter compared to its immediate preceding quarter's revenue of RM424.0 million, a decrease of RM14.9 million or 3.5% mainly due to lower capacity payment ("CP") revenue from our power segment due to the commencement of 2nd tier tariff (upon scheduled full redemption of iMTN). The 2nd tier tariff will have minimal impact to profit as finance cost has reduced accordingly.

The profit before tax for the current quarter of RM47.9 million, a slight decrease of RM2.4 million from RM50.3 million profit in quarter 2 2019.

The profit attributable to ordinary equity holder of the parent for the current quarter has decreased slightly by RM1.1 million from RM18.7 million in quarter 2 2019 to RM17.6 million in quarter 3 2019.

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B3. Prospects

During the quarter under review, the Group has obtained a waiver from Pengurusan Aset Air Berhad ("PAAB") on lease rental on RM247 million water assets in relation to the Rural Water Supply project, resulting in a savings of lease rental to be paid of approximately RM15 million a year increasing at a rate 2% per year from 1 October 2019. In addition, there will be a reimbursement in an overpayment of approximately RM140 million for the period from 1 September 2009 until 30 September 2019. The Company is in the midst of discussion with PAAB to schedule the refund of the overpayment via reduction of future lease rental. As we are in the midst of finalising the scheme, the recovery of overpayment has yet to be reflected in the quarterly result.

Ranhill targets to own and operate gross 1,000 MW (currently 380 MW) power plants that deliver clean energy and 3,000 MLD water (currently 2456 MLD) and wastewater treatment capacity, of which 400 MLD is to be from international segment by 2022.

Growth in the local environment segment is expected to be supported by the increasing demand in water for the state of Johor, especially with the development of new housing and industrial areas. Domestically, our capacity is expected to grow 3% to 4% annually.

Simultaneously, initiatives to explore the opportunity in expanding water supply operations to other states in Malaysia are actively sought. Similar to our successful case in Johor, our proposals were based on the "Asset-Light" model and our achievement in operating the water supply operation in Johor for the past 20 years, since 1999.

Our Non-Revenue Water ("NRW") management services have completed several water related contracts in the region valued at RM800m and has saved >500MLD of treated water through NRW contracts. RWS being a reputable NRW company stands a good chance of securing local NRW contracts via open tender.

On July 1, 2019, RWS has secured an RM151.5m 2-year Non-Revenue Water (NRW) reduction contract in Johor. This is its fifth successive NRW project in the state through competitive open tender process since 2011. RWS has been undertaking NRW projects in Johor successfully in a holistic manner since its inception in 2005 and has reduced NRW from over 37% in 2005 to 22.85% as at 30 April 2019.

Ranhill Water Technologies Sdn Bhd ("RWT") was awarded a local sewage treatment plant ("STP") contract in Malaysia, namely for the iconic Forest City project. The Forest City STP gives us further credence as we bid for similar contracts not only with Forest City but other property developers in Malaysia.

As for the power division, on 21 February 2019, Ranhill signed a collaborative agreement with Thailand's Treasure Specialty Co. Ltd ("TS Co") to jointly set-up a 1,150 MW CCGT power plant in Kedah with 100% of power generated exported to southern Thailand. We have received the full support from the Malaysian government. As the need for clean energy grows, Ranhill, through its niche capabilities, expertise and well-structured cost competitive utilising existing infrastructure is well positioned to meet such demand.

Ranhill is embarking on steps towards achieving growth in its power business. Ranhill is pursuing the development of new gas power plants in the ASEAN region, as well as diversifying into the renewable energy business such as, geothermal, large scale solar and waste-to-energy in tandem with the aspirations of the Malaysian government to increase its generation capacity from renewable energy sources.

B3. Prospects (continued)

To enhance our international presence, we aim to further strengthen our operational presence in Thailand. Currently, we are operating 10 water and wastewater treatment plants and reclamation plant with industrial park developers and other private enterprises which contribute to the total treatment design capacity of 114 MLD.

On 15th May 2019, Amata Water Co. Ltd had issued an LOA which involves the conversion of two (2) existing Operations and Maintenance Contract ("O&M Contract"), currently a yearly contract renewed annually, into a 20-year Concession Period (the "Amata ROT"). Along with the two awarded concessions, the tariffs had also been revised to be higher than from the O&M contracts.

The Amata ROT project meets our targeted growth plan and enhances our presence in Thailand. The Amata ROT contract with long concession period augurs well with our objective of expanding into long term regulated asset business in Thailand. The target is to increase our capacity in Thailand to 174 MLD by 2022 by securing more water and wastewater projects from major industrial parks like Amata.

Our plants have gained a commendable reputation for meeting the standards set by local authorities and for efficient, technology driven, cost-effective water management. Given Ranhill Group's expertise, track record and sustainable practices, clearly there are opportunities to be tapped in water and wastewater management in Thailand.

In line with the anticipated growth of industrial parks in these markets, we strive to continue leveraging on our good track record and relationship with existing clients and at the same time develop new customers to grow our footprint in the region. We are optimistic in securing more industrial water and wastewater treatment projects with an additional treatment capacity not only from Amata Industrial park but other industrial parks in Thailand.

Leveraging on our expertise and experience gained from the Company's operations, Ranhill aspires to replicate its water reclamation experience in Malaysia's industrial parks as well as highly specialised industrial installations and factories such as petrochemical, rubber gloves and palm oil.

B4. Profit Forecast

Not applicable.

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Ranhill

B5. Taxation

The taxation for the Company for the financial year under review is as follows:

	Individual Quarter		Cumulative Period	
	Current year quarter 30.09.2019 RM'000	Preceding year quarter 30.09.2018 RM'000	Current year to date 30.09.2019 RM'000	Preceding year to date 30.09.2018 RM'000
Malaysia taxation:				
Current taxation	8,827	5,282	24,098	14,838
(Over)/under provision prior years	1,209	(43)	1,098	(90)
Foreign taxation:				
Current taxation	5	(15)	7	20
Deferred taxation	72	67	953	203
Deferred taxation				
Current taxation	8,767	11,539	26,799	36,239
(Over)/under provision prior years	-	(454)	1,591	(426)
	18,880	16,376	54,546	50,784

The Company's effective tax rate (excluding the results of associates and joint venture which are equity accounted net of tax) for the quarter and current year to date were higher than the statutory tax rate substantially due to the non-allowable tax expenses of Sukuk interest.

In 2018, the new Finance Act 2018 which comes into effect on 26 December 2018, introduced a 7-Year Limitation on carry forward of unabsorbed business losses, unutilised reinvestment and investment allowances. Such ruling meant that Ranhill Powertron II Sdn Bhd (“RanhillPower II”) can only utilise its unutilised investment allowance against any taxable profit up to year 2026, requiring a potential reversal of deferred tax asset to the income statement of RM57.7 million.

RanhillPower II, through its tax consultant, has since appealed to the Ministry of Finance (“MoF”) to allow RanhillPower II to utilise the investment allowance up to the end of the concession period in year 2032. Our initial appeal was rejected and was announced on 14 May 2019. The appeal has not been approved based on MoF’s reply on 26 July 2019. We have since submitted the third/final appeal against the decision of the MoF and awaiting the outcome.

Ranhill

B6. Profit/(Loss) Before Taxation

The following items have been included in arriving at profit before taxation:

	Individual Quarter		Cumulative Period	
	Current year quarter 30.09.2019 RM'000	Preceding year quarter 30.09.2018 RM'000	Current year to date 30.09.2019 RM'000	Preceding year to date 30.09.2018 RM'000
Amortisation of service concession assets	82,918	82,217	249,897	246,649
Amortisation of software	121	125	357	374
Amortisation of concession rights	-	5	-	37
Depreciation of property, plant and equipment	13,384	12,409	38,550	36,578
Unrealised foreign exchange (gain)/loss	2,179	1,587	2,074	7,557
Realised foreign exchange gain	1	(136)	(90)	(4,295)
Allowance for expected credit losses on: - Other receivables	-	-	3,773	-
Property, plant and equipment written off	71	48	103	81
Provision for liquidated ascertained damages	-	-	-	(759)
Gain on disposal of property, plant and equipment	(176)	(63)	210	(30)

B7. Status of Corporate Proposal Announced

There are no corporate proposals announced but not completed at the date of this report.

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B8. Group Borrowings

Particular of the Group borrowings in RM equivalent analysed by currencies in which the borrowings are denominated are as follows:

	As at period ended 30 September 2019					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Term loan	5,062	-	19,322	-	24,384	-
- Musharakah Medium Term Notes ("mMTN")	-	49,896	-	442,996	-	492,892
- SUKUK	-	39,887	-	581,254	-	621,141
Sub total	**5,062**	**89,783**	**19,322**	**1,024,250**	**24,384**	**1,114,033**
Unsecured						
- Convertible unsecured loan stocks ("CULS")	-	-	-	10,122	-	10,122
Sub total	**-**	**-**	**-**	**10,122**	**-**	**10,122**
Grand Total	**5,062**	**89,783**	**19,322**	**1,034,372**	**24,384**	**1,124,155**
						1,148,539

	As at year ended 31 December 2018					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Bank Overdraft	53	-	-	-	53	-
- Term loan	4,414	-	17,648	-	22,062	-
- Musharakah Medium Term Notes ("mMTN")	-	49,764	-	494,923	-	544,687
- SUKUK	-	35,205	-	590,781	-	625,986
Sub total	**4,467**	**84,969**	**17,648**	**1,085,704**	**22,115**	**1,170,673**
Unsecured						
- Bank Overdraft	-	472	-	-	-	472
- Convertible unsecured loan stocks ("CULS")	-	-	-	10,049	-	10,049
Sub total	**-**	**472**	**-**	**10,049**	**-**	**10,521**
Grand Total	**4,467**	**85,441**	**17,648**	**1,095,753**	**22,115**	**1,181,194**
						1,203,309

B9. Changes in Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant, which has a material effect on the financial position of the Group, and the Directors do not have any knowledge of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group, as at the date of this report except as disclosed below:

On 15 April 2019, the Company has submitted a statement of claim against the Defendant to recover RM7.0 million paid to him as part payment for shares in SM Hydro Energy Sdn Bhd ("SM Hydro"). Tthe Group have been advised by the legal counsel that Dato' Mohd Fakrunizam Bin Ibrahim ("Defendant") had, on 10 April 2019, entered his appearance at the High Court at Kuala Lumpur pursuant to the writ filed by the Company.

On 6 April 2017, parties entered into a share sale and purchase agreement, supplemented by a supplemental share sale and purchase agreement dated 4 July 2017 ("SSPA") whereby the Company agreed to acquire all the shares of SM Hydro from the vendors upon terms and conditions stipulated therein. Announcement on the execution of the SSPA was made on 4 July 2017 and the announcement on the transfer of the shares was made on 11 July 2017. Pursuant to the representations made by the Defendant, the acquisition would allow the Company access to interest in the power project in Sandakan ("Project"). On 12 February 2018, parties to the Project were awarded a conditional award ("CLOA") of the Project. The announcement on the CLOA was made on 12 February 2018. The Company sought to negotiate the terms and conditions stipulated in the CLOA, which were onerous and not commercially viable. However, the request was unsuccessful and the Project was cancelled. By a letter dated 26 October 2018, the Energy Commission issued to the consortium consisting of SM Hydro and Sabah Development Energy (Sandakan) Sdn Bhd ("SDESB") informing SM Hydro and SDESB on the cancellation of the Project. Announcement on the cancellation of the Project was made on 29 October 2018.

Pursuant to the failure to achieve the award of the Project upon satisfactory terms in accordance with the SSPA, the Company terminated the SSPA and is seeking to recover RM7.0 million paid as part payment for shares in SM Hydro.

This matter is fixed for further case management on 17.6.2019 for parties to file their respective interlocutory application.

On 13.06 2019 Ranhill filed an application under Order 14 Rule 1 Rule of Court 2012 for Summary Judgment of RM 7.0 mil being the claimed amount under the suite on grounds that the Defendant has no bona fide issues to be tried in his Defence and the Defendant has failed to honour the terms in the Share Sale and Purchase Agreement dated 6 April 2017 , and Supplemental Share Sale and Purchase Agreement dated 4 July 2017.

On 17.06.2019 the Defendant filed an application under Order 20 rule 5(1) and Order 5 rule 2(1) Rules of Court 2012 to amend its Defence inter alia to state that Ranhill is prevented to initiate the claims to Court due to arbitration clause in the SSPA and SA and to include counterclaim for the sum of RM 14mil on grounds that the Defendant had satisfied its obligation under the Share Sale and Purchase Agreement dated 6 April 2017 , and Supplemental Share Sale and Purchase Agreement dated 4 July 2017.

B9. Changes in Material Litigation (continued)

Enclosure 10 (Defendant's application to amend its statement of defence) is to be heard together with Enclosure 8 (Plaintiff's application for summary judgment) before Judge YA Dato' Indera Mohd Sofian bin Tan Sri Abd Razak on 7.11.2019.

We had made a conservative approach to impair RM3.5 million in Financial Year ended 31 December 2018, being 50% of the said amount. The remaining 50% has also been provided in quarter 1 of Financial Year ended 31 December 2019. In event of a positive outcome from the suit, the amounts will be written back.

None of the directors, major shareholders and persons connected with the directors and major shareholders of the Company has any interest, direct or indirect, in the above matter.

The Company will make further announcement if there are any material development in respect of the above matter.

B10. Dividend Payable

There was no dividend payable for the period ended 30 September 2019.

B11. Earnings per Share

The calculation of the earnings per share for the Group is based on profit after taxation and non-controlling interests on the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		**Cumulative Period**	
	Current Year Quarter 30.09.2019 RM'000	**Preceding Year Quarter 30.09.2018 * RM'000**	**Current Year-To-Date 30.09.2019 RM'000**	**Preceding Year-To-Date 30.09.2018 * RM'000**
<u>Basic earnings/(loss) per share</u>				
Profit/(Loss) attributable to members of the Company	17,630	16,485	57,668	50,057
Weighted Average Number of Ordinary Shares ('000)	1,065,975	1,065,975	1,065,975	1,065,975
Basic earnings/(loss) per share (sen)	1.65	1.55	5.41	4.70

* Enlarged share capital due to bonus issue (without consideration) is treated as if it had occurred at the earliest presented period as to give a comparable result.

By Order of the Board
Lau Bey Ling
Leong Shiak Wan
Company Secretaries
Kuala Lumpur
Date: 7 November 2019