



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
 ENDED 30 JUNE 2020**

Ranhill

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	NOTE	Individual Quarter		Cummulative Period	
		Current year quarter 30/06/2020 RM'000	Preceding year quarter 30/06/2019 RM'000	Current year to date 30/06/2020 RM'000	Preceding year to date 30/06/2019 RM'000
Revenue		368,878	423,992	737,159	829,043
Cost of sales		(281,034)	(303,211)	(548,082)	(592,546)
Gross profit		87,844	120,781	189,077	236,497
Other items of income					
Interest income		11,750	13,571	25,403	27,081
Other income		1,891	413	6,664	3,488
Other items of expense					
Admin/Operating expenses		(61,333)	(60,199)	(121,354)	(117,366)
Finance costs		(20,257)	(25,524)	(42,203)	(52,183)
Zakat		5,104	(902)	4,854	(2,266)
Share of results of associates		4,579	2,129	8,417	4,606
Profit before tax		29,578	50,269	70,858	99,857
Income tax expense	B5	(8,835)	(19,006)	(22,753)	(35,666)
Profit net of tax		20,743	31,263	48,105	64,191
Other comprehensive income/(loss):					
Foreign currency translation		2,305	2,670	3,500	3,423
Remeasurement of defined benefit liability		(4,407)	-	(4,407)	-
Total other comprehensive income/(loss)		(2,102)	2,670	(907)	3,423
Total comprehensive income for the year/period		18,641	33,933	47,198	67,614
Profit net of tax attributable to:					
Owners of the parent		13,188	18,671	31,378	40,038
Non-controlling interests		7,555	12,592	16,727	24,153
		20,743	31,263	48,105	64,191
Total comprehensive income attributable to:					
Owners of the parent		11,086	21,342	30,471	43,461
Non-controlling interests		7,555	12,591	16,727	24,153
		18,641	33,933	47,198	67,614
Earnings per share (sen):					
Basic	B11	1.24	1.75	2.94	3.76
Diluted		N/A	N/A	N/A	N/A
EBITDA (includes amortisation of services concession assets)		134,688	159,399	282,030	317,340
EBIT		38,085	62,222	87,658	124,959

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 2019 and the accompanying explanatory notes attached to these interim financial statements.



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UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30/06/2020 RM'000	Audited As at 31/12/2019 RM'000
Non-current assets		
Property, plant and equipment	575,634	578,891
Service concession assets	164,175	327,299
Intangibles	301,341	299,293
Rights of use of assets	9,138	10,123
Finance lease receivables	382,187	409,342
Deferred tax assets	50,691	64,780
Investment in an associates	174,781	160,924
Operating financial assets	90,350	89,354
Trade and other receivables	151,625	160,593
Contract assets	-	135
Other non-current assets	11,218	12,026
	<u>1,911,140</u>	<u>2,112,760</u>
Current assets		
Finance lease receivable	53,313	51,357
Operating financial assets	9,857	9,496
Trade and other receivables	295,438	211,390
Contract assets	20,535	24,302
Inventories	105,129	89,070
Tax recoverable	2,469	1,358
Other current assets	15,391	11,064
Other financial assets	28,818	75,635
Deposits, cash and bank balances	262,556	453,892
	<u>793,506</u>	<u>927,564</u>
Total assets	<u>2,704,646</u>	<u>3,040,324</u>
Current liabilities		
Retirement benefit obligations	12,804	11,162
Loans and borrowings	92,307	93,076
Zakat	5,388	11,492
Trade and other payables	214,870	300,390
Contract liabilities	7,021	57
Service concession obligations	167,566	328,970
Tax payable	9,583	15,825
	<u>509,539</u>	<u>760,972</u>
Net current assets	<u>283,967</u>	<u>166,592</u>

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

	Unaudited As at 30/06/2020 RM'000	Audited As at 31/12/2019 RM'000
Non-current liabilities		
Retirement benefit obligations	74,198	72,370
Loans and borrowings	980,080	1,073,042
Trade and other payables	230	1,076
Consumer deposits	251,256	251,458
Deferred tax liabilities	78,921	81,298
	<u>1,384,685</u>	<u>1,479,244</u>
Total liabilities	<u>1,894,224</u>	<u>2,240,216</u>
Net assets	<u>810,422</u>	<u>800,108</u>
Equity attributable to owners of the parent		
Share capital	1,282,907	1,275,319
Treasury shares	(8,695)	-
Other reserves	(888,445)	(891,945)
Retained earnings	204,457	198,870
	<u>590,224</u>	<u>582,244</u>
Non-controlling interests	220,198	217,864
Total equity	<u>810,422</u>	<u>800,108</u>
Total equity and liabilities	<u>2,704,646</u>	<u>3,040,324</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.55</u>	<u>0.55</u>

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 2019 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Share capital RM'000	Treasury shares	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 2020	1,275,319	-	13,007	1,063	(906,015)	198,870	582,244	217,864	800,108
Total comprehensive income	-	-	3,500	-	-	26,971	30,471	16,727	47,198
-Issue of share -dividend reinvestment plan	7,588	-	-	-	-	-	7,588	-	7,588
-Purchase of own shares	-	(8,695)	-	-	-	-	(8,695)	-	(8,695)
-Acquisition of subsidiary	-	-	-	-	-	-	-	221	221
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	(89)	(89)
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	(725)	(725)
-Dividends on ordinary shares	-	-	-	-	-	(21,384)	(21,384)	(13,800)	(35,184)
At 30 June 2020	1,282,907	(8,695)	16,507	1,063	(906,015)	204,457	590,224	220,198	810,422
At 1 January 2019	1,275,319	-	11,547	1,063	(906,015)	167,455	549,369	207,382	756,751
Total comprehensive income	-	-	3,423	-	-	40,038	43,461	24,153	67,614
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	(725)	(725)
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	(72)	(72)
-Dividends on ordinary shares	-	-	-	-	-	(17,766)	(17,766)	(14,800)	(32,566)
At 30 June 2019	1,275,319	-	14,970	1,063	(906,015)	189,727	575,064	215,938	791,002

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 2019 and the accompanying explanatory notes attached to these interim financial statements.



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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS ⁽¹⁾

	6 months ended 30/06/2020 RM'000	6 months ended 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	70,858	99,857
Adjustments for:		
Depreciation of property, plant and equipment	26,096	24,421
Depreciation of right-use-of asset	1255	745
Net gain on disposal of property, plant and equipment	(65)	385
Net gain on disposal of right-use-of asset	136	-
Property, plant and equipment written off	7	32
Amortisation of service concession asset	166,077	166,979
Amortisation of software	944	236
Share of results of associates	(8,417)	(4,606)
Net bad debts written off	17	-
Provision for retirement benefit plan	3,411	3,974
Provision/(reversal) zakat	(4,854)	2,266
Net unrealised foreign exchange (gain)/loss	(1,627)	(105)
Allowance for expected credit losses on:		.
-Trade receivables	614	-
-Other receivables	-	3,773
Provision for liquidated ascertained damages	189	-
Interest income	(25,403)	(27,081)
Interest expense	42,203	52,183
Operating profit before working capital changes	271,441	323,059
Receivables	(64,149)	(38,451)
Payables	(64,342)	(18,247)
Inventories	(16,057)	(6,241)
Finance lease receivables	42,084	42,084
Operating financial asset	1,955	(45,464)
Contract assets	4,048	44,872
Contract liability	6,955	1,815
Other non-current and current asset	(3,516)	13,441
Cash generated from operations	178,419	316,868
Retirement benefits plan paid	(4,360)	(7,370)
Tax paid	(18,658)	(10,770)
Zakat paid	(1,250)	(3,388)
Repayment of lease rental payable to PAAB	(170,735)	(176,320)
Net cash (used in)/generated from operating activities	(16,584)	119,020



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

	6 months ended 30/06/2020 RM'000	6 months ended 30/06/2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22,889)	(14,666)
Purchase of right-of-use assets	(395)	(849)
Proceeds from disposal of property, plant and equipment	66	227
Net cashoutflow effect on acquisition of subsidiary	234	-
Disposal/(placement) of short term investments	46,817	45,328
Purchase of software	(2,991)	(240)
Interest received	6,160	6,070
Net cash generated from investing activities	<u>27,002</u>	<u>35,870</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Placement)/withdrawal of fixed deposits with banking facilities	148,042	(80,096)
Drawdown of loans and borrowings	(1)	4,059
Repayment of lease liabilities	(1,453)	(1,100)
Repayment of loans and borrowings	(109,963)	(51,848)
Purchase of own shares	(8,695)	-
Dividends paid	(55,916)	(30,016)
Interest paid	(19,367)	(37,985)
Net cash used in financing activities	<u>(47,353)</u>	<u>(196,986)</u>
Net increase in cash and cash equivalents	(36,935)	(42,096)
Effect of exchange rate changes on cash and cash equivalents	(6,539)	7,396
Cash and cash equivalents at beginning of year	<u>167,302</u>	<u>200,817</u>
Cash and cash equivalents at end of year	<u>123,828</u>	<u>166,117</u>

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

Cash at banks and on hand	62,432	97,129
Short term deposits with licensed banks	200,124	303,618
Total deposits, cash and bank balances	<u>262,556</u>	<u>400,747</u>
Bank overdrafts	(180)	-
Restricted deposits, cash and bank balances	(120,902)	(126,674)
Deposit pledge as securities to licence bank	(533)	-
Deposit with maturities of three months or more	<u>(17,113)</u>	<u>(107,956)</u>
Cash and cash equivalents	<u>123,828</u>	<u>166,117</u>

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 2019 and the accompanying explanatory notes attached to these interim financial statements.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
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9SECTION 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 2019 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 2019.

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 2019.

Adoption of New and Revised Financial Reporting Standards ("FRSs")

On 1 January 2020, 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 2020.

Description	Effective for annual periods beginning on or after
MFRS 101 and MFRS 108: Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020
MFRS 3: Definition of a Business (Amendments to MFRS 3)	1 January 2020
MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
Conceptual Framework: Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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.

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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 17 Insurance Contracts MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	1 January 2021 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 2019.

A4. Seasonality of Cyclical 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 except for the recent COVID-19 pandemic where the Group (although in utilities industry), experienced slight drop in revenue and profit.

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.

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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 30 January 2020, the Company had successfully issued and allotted 6,961,407 new Company shares pursuant to shareholders opting for shares under the Dividend Reinvestment Plan ("DRP"). The Company had established a DRP which will provide the shareholders with an option to elect to reinvest their cash dividend declared by the Company which includes any interim, final, special or any other cash dividend in the Company's shares. The second interim tax exempt (single-tier) dividend declared on 7 November 2019 was subjected to DRP, of which the election period will close on 17 January 2020.
- (b) On 3 February 2020, Company has proposed share buy-back authority of up to ten percent (10%) of the total number of its issued and paid up share capital.
- (c) As at 30 June 2020, the Company had completed the purchase of its issued ordinary shares from the open market on the respective dates as below and the shares purchased are held as treasury shares in accordance with Section 127(16) of the Companies Act 2016:

On:	Number Of shares '000	On:	Number Of shares '000	On:	Number Of shares '000
3 March 2020	200	16 April 2020	120	12 June 2020	500
4 March 2020	400	17 April 2020	30	15 June 2020	150
5 March 2020	500	20 April 2020	80	16 June 2020	450
6 March 2020	100	21 April 2020	40	17 June 2020	30
11 March 2020	400	22 April 2020	45	18 June 2020	40
12 March 2020	140	23 April 2020	30	19 June 2020	40
16 March 2020	400	27 April 2020	110.4	24 June 2020	30
18 March 2020	600	29 April 2020	50	25 June 2020	40
19 March 2020	400	30 April 2020	55		
20 March 2020	150	5 May 2020	24.6		
23 March 2020	350	6 May 2020	10		
25 March 2020	188.7	12 May 2020	11		
26 March 2020	130	13 May 2020	50		
27 March 2020	160	15 May 2020	50		
30 March 2020	100	18 May 2020	60		
1 April 2020	119	20 May 2020	130		
2 April 2020	143	21 May 2020	10		
3 April 2020	100	22 May 2020	10		
6 April 2020	100	28 May 2020	250		
7 April 2020	90	29 May 2020	50		
8 April 2020	130	1 June 2020	20		
9 April 2020	80	2 June 2020	50		
10 April 2020	40	3 June 2020	20		
13 April 2020	90	9 June 2020	125		
14 April 2020	80	10 June 2020	60		
15 April 2020	70	11 June 2020	1,000		
					9,031.7

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A8. Dividend Paid

During the period ended 30 June 2020, the following payments of dividend were made:

In respect of the financial year ended 31 December 2019:

- (a) RM21,319,503 was declared on 7 November 2019 with the option to elect for DRP and Company has allotted and issued 6,961,407 new Company shares pursuant to the DRP while remaining of the dividend was paid on 30 January 2020 as second interim single tier dividend of 2.0 sen per share on 1,065,975,159 ordinary shares.
- (b) RM10,729,366 was declared on 27 February 2020 as third interim single tier dividend of 1.0 sen per share on 1,072,936,566 ordinary shares. However only RM10,713,966 being paid on 31 March 2020 after taking into consideration of shares buy back of 4,218,700 ordinary shares.
- (c) Final dividend of 1.0 sen per share under single tier system was declared on 21 April 2020. RM10,670,908 being paid on 28 May 2020 after taking consideration of shares buy back of 5,845,700 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 June 2020:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	607,365	129,794	69,940	807,099
Inter-segment elimination	-	-	(69,940)	(69,940)
	607,365	129,794	-	737,159
Results				
Segment profit/(loss)	79,675	15,742	(47,312)	48,105
Segment assets	1,480,437	1,114,621	109,588	2,704,646
Segment liabilities	726,089	571,590	596,545	1,894,224
Proforma scenario				
Results				
Segment profit/(loss)	79,675	15,742	(47,312)	48,105
Add/(less): Sukuk interest	(17,726)	(1,633)	19,359	-
Adjusted segment profit/(loss)	61,949	14,109	(27,953)	48,105
Segment assets	1,480,437	1,114,621	109,588	2,704,646
Add/(less): Bank balances related to Sukuk	63,551	5,855	(69,406)	-
Adjusted segment Assets	1,543,988	1,120,476	40,182	2,704,646
Segment liabilities	726,089	571,590	596,545	1,894,224
Add/(less): Sukuk loan	542,887	50,018	(592,905)	-
Adjusted segment liabilities	1,268,976	621,608	3,640	1,894,224

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A9. Segmental Information (continued)

For the financial year ended 30 June 2019:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	659,616	169,427	88,740	917,783
Inter-segment elimination	-	-	(88,740)	(88,740)
	659,616	169,427	-	829,043
Results				
Segment profit/(loss)	90,527	24,303	(50,639)	64,191
Segment assets	1,846,921	1,190,741	108,764	3,146,426
Segment liabilities	1,088,723	635,128	631,573	2,355,424
Proforma scenario				
Results				
Segment profit/(loss)	90,527	24,303	(50,639)	64,191
Add/(less): Sukuk interest	(18,428)	(1,698)	20,126	-
Adjusted segment profit/(loss)	72,099	22,605	(30,513)	64,191
Segment assets	1,846,921	1,190,741	108,764	3,146,426
Add/(less): Bank balances related to Sukuk	72,430	6,673	(79,103)	-
Adjusted segment assets	1,919,351	1,197,414	29,661	3,146,426
Segment liabilities	1,088,723	635,128	631,573	2,355,424
Add/(less): Sukuk loan	575,179	52,993	(628,172)	-
Adjusted segment liabilities	1,663,902	688,121	3,401	2,355,424

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A9. Segmental Information (continued)

Environment segment

1. Revenue generated of RM607.4 million (2019: RM659.6 million), decreased by RM52.2 million compared to its preceding year mainly due to lower water consumption and lower contribution from developers in Ranhill SAJ resulted from the implementation of Movement Control Order ("MCO") by government.
2. Profit after taxation of RM79.7 million (2019: RM90.5 million) decreased by RM10.8 million compared to its preceding year mainly due to the above same reason and discount given to B40 of income group approximately RM2.6 million.

Power segment

1. Revenue of RM129.8million (2019: RM169.4 million), decreased by RM39.6 million compared to its preceding year mainly due to the reduction of power tariff (Capacity Payment Revenue-Capacity Rate Financial ("CPcrf")) upon full repayment of project loan in 2019 as stipulated in the Power Purchase Agreement (from RM33.63/kW per month to RM20.07/kW per month).
2. Profit after taxation of RM15.7 million (2019: RM24.3 million) decreased by RM8.6 million mainly due to the above same reason.

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:

	30.06.2020 RM'000	31.12.2019 RM'000
Approved and contracted for	55	775
Approved but not contracted for	4,870	3,290
	4,925	4,065

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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 except as disclosed below:

- (a) From 1 July 2020, the Company had completed the purchase of its issued ordinary shares from the open market on the respective dates as below and the shares purchased are held as treasury shares in accordance with Section 127(16) of the Companies Act 2016:

On:	Number of shares '000
7 July 2020	10
8 July 2020	52.5
14 July 2020	5
15 July 2020	25
21 July 2020	387.7
22 July 2020	22
23 July 2020	200
27 July 2020	20
29 July 2020	160
30 July 2020	50
21 August 2020	680
Sub total	1,612.2
Plus: From 3 March 2020 to 30 June 2020	9,031.7
	10,643.9

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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 30.06.2020 RM'000	Preceding year quarter 30.06.2019 RM'000		Current year to date 30.06.2020 RM'000	Preceding year to date 30.06.2019 RM'000	
Revenue	368,878	423,992	-13.0%	737,159	829,043	-11.1%
Operating profit	28,402	60,995	-53.4%	74,387	122,619	-39.3%
Profit Before Interest and Tax	38,085	62,222	-38.8%	87,658	124,959	-29.9%
Profit Before Tax	29,578	50,269	-41.2%	70,858	99,857	-29.0%
Profit After Tax	20,743	31,263	-33.7%	48,105	64,191	-25.1%
Profit Attributable to Ordinary Equity Holder of the Parent	13,188	18,671	-29.4%	31,378	40,038	-21.6%

For the quarter and year to date ended 30 June 2020, the Group recorded a revenue of RM368.9 million and RM737.2 million respectively (Q22019 : RM424.0 million, YTD2019 : RM829.0 million) while profit attributable to ordinary equity holder of the parent of RM13.2 million and RM31.4 million (Q22019 : RM18.7 million, YTD2019: RM40.0 million).

The decrease in revenue for the quarter and year to date were mainly contributed by :-

- Lower water revenue and lower developer contribution coupled with RM2.6 million discount to B40 of income group in RanhillSAJ of approximately of RM 39.7 million resulted from implementation of MCO by government.
- lower EPC revenue from Ranhill Water Technology of RM 18.1 million
- reduction in power tariff (Capacity Payment Revenue-Capacity Rate Financial ("CPcrf")) upon full repayment of project loan as stipulated in the Power Purchase Agreement which contribute to lower revenue of approximately RM 35 million.

Profit attributable to ordinary equity holder of the parent for the quarter and year to date decreased by RM5.5 million and RM8.6 million (compared to preceding year's quarter and year to date) was mainly due to the above same reason.

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B2. Comparison of Results for Current Quarter Ended 30 June 2020 Compared to the Immediate Preceding Quarter

	Individual Quarter		Changes %
	Current year quarter 30.06.2020 RM'000	Immediate preceding quarter 31.03.2020 RM'000	
Revenue	368,878	368,281	0.2%
Operating Profit	28,402	45,985	-38.2%
Profit Before Interest and Tax	38,085	49,573	-23.2%
Profit Before Tax	29,578	41,280	-28.3%
Profit/(loss) After Tax	20,743	27,362	-24.2%
Profit/(loss) Attributable to Ordinary Equity Holder of the parent	13,188	18,190	-27.5%

The Group recorded a revenue of RM368.9 million in the current quarter compared to its immediate preceding quarter's revenue of RM368.3 million, a slightly increase of RM0.6 million or 0.2% from previous quarter.

The profit attributable to ordinary equity holder of the parent for the current quarter has decreased by RM5.0 million from RM18.2 million in quarter 1 FY2020 mainly due to lower water revenue and lower contribution from developers and discount of RM2.6 million to B40 of income group in RanhillSAJ.

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B3. Prospects

With the recent COVID-19 pandemic and the country's control measures to prevent the spread of the virus via the Movement Control Order ("MCO"), the Group foresees it will be a challenging year ahead. The Group will exercise caution in managing the Group business to ensure continuous recurring and stable source of cashflow is generated to support the operations and optimise the value of the stakeholders. Management will implement the necessary austerity measures without jeopardising operations and services. Given the outbreak and the recent change in the country's administration, the negotiations on tariff hike is expected to take longer than expected to materialise.

Initiatives to explore the opportunity in expanding water supply operations to other states in Malaysia are still actively sought, based on the "Asset-Light" model. Our achievement in operating the water supply services in Johor over the past 2 decades has been sterling.

Over the years, 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 and is at its fifth successive NRW project in the state of Johor 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 approximate 25% as at 30 June 2020.

Internationally, RWT operates 12 industrial wastewater treatment plant in China totalling 227MLD (via joint venture with SIIC (a state-owned entity) and 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 in Thailand. The Amata ROT contract signed last year 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.

As for the power division, we are proposing an extension of the existing concession at our Teluk Salut Power Plant beyond its existing concession end-2029. We intend to commence negotiation with the government for the PPA extension in 2020. We are of the view that a continued competitive tariff will hold us in good stead in renegotiating an extended tenure going forward. Additionally, the power division is also in discussion with other Ranhill subsidiaries to install ground-mounted solar PV or rooftop solutions to be installed in the latter's respective facilities. The business will be based on the Net Energy Metering and / or Solar PPA concept where the power division will develop, finance and operate the solar PV plants on a long-term basis. Subsidiaries stand to benefit from a stable tariff over the long-term, which enables them to better plan their budget requirements going forward.

The Group has executed an MOU and a Consortium Agreement with Maynilad Water Services, Inc., Metropac Water Investments Corporation, PT Varsha Zamindo Lestari and Perusahaan Perseroan PT Pembangunan Perumahan TBK to cooperate to conduct feasibility studies and thereafter and participate in bidding process to develop drinking water system from Jatiluhur dam and to distribute drinking water into 5 areas in DKI Jakarta. A 'letter to proceed' has been received by the Ministry of Public Works and Public Housing of the Republic of Indonesia which authorised the feasibility studies to be conducted exclusively.

Ranhill maintains its target to own and operate gross 1,000 MW (currently 380 MW) power plants that deliver clean energy and 3,000 MLD water (currently 2,456 MLD) and wastewater treatment capacity, of which 400 MLD is to be from international segment by 2022.

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B3. Prospects (continued)

With the aforementioned growth prospects, Ranhill is exploring the possibility of a secondary listing on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) by way of an introduction to broaden its investor base and gain access to an additional platform for future fund raising to finance the Company’s regional expansion.

B4. Profit Forecast

Not applicable.

B5. Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 30.06.2020 RM'000	Preceding year quarter 30.06.2019 RM'000	Current year to date 30.06.2020 RM'000	Preceding year to date 30.06.2019 RM'000
Malaysia taxation:				
Current taxation	4,539	9,332	11,125	15,271
(Over)/under provision prior years	(85)	(154)	(85)	(111)
Foreign taxation:				
Current taxation	-	(411)	-	2
Deferred taxation	2	881	155	881
Deferred taxation				
Current taxation	4,334	9,358	11,409	18,032
Under provision prior years	45	-	149	1,591
	8,835	19,006	22,753	35,666

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 can only utilise its unutilised investment allowance against any taxable profit up to year 2025, requiring a potential reversal of deferred tax asset to the income statement of RM42.7 million (2018:RM57.7 million).

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B5. Taxation

Ranhill Powertron II, through its tax consultant, has since appealed to the Ministry of Finance ("MoF") to allow Ranhill Powertron II to utilise the investment allowance up to the end of the concession period in year 2032. The appeal is currently under assessment and consideration by the MoF.

B6. Profit/(Loss) Before Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 30.06.2020 RM'000	Preceding year quarter 30.06.2019 RM'000	Current year to date 30.06.2020 RM'000	Preceding year to date 30.06.2019 RM'000
Amortisation of service concession assets	82,057	84,030	166,077	166,979
Amortisation of software	533	118	944	236
Depreciation of property, plant and equipment	13,368	12,653	26,096	24,421
Depreciation of right use of assets	645	376	1,255	745
Unrealised foreign exchange (gain)/loss	138	950	(1,627)	(105)
Realised foreign exchange gain	33	(2)	(161)	(91)
Allowance for expected credit losses on:				
- Trade receivables	-	-	614	-
- Other receivables	-	273	-	3,773
Property, plant and equipment written off	7	21	7	32
Provision for liquidated ascertained damages	269	-	189	-
(Gain)/loss on disposal of property, plant and equipment	(3)	444	(64)	386
Loss on disposal of right use of assets	136	-	136	-

B7. Status of Corporate Proposal Announced

There are no corporate proposals announced but not completed at the date of this report except as disclosed below:

- (a) On 19 June 2020, the Company has appointed CIMB Bank Berhad to proceed with the submission for the proposed secondary listing on Main Board of the Singapore Exchange Securities Trading Limited to access additional platform for future fund raising to finance the Company's regional expansion. On 22 June 2020, the Company has informed that the details of the proposed secondary listing have not been finalised yet and further announcement will be made to Bursa Malaysia Securities Berhad once the details are finalised.

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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 June 2020					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Bank overdraft	177	3	-	-	177	3
- Term loan	4,574	-	15,910	-	20,484	-
- Musharakah Medium Term Notes ("mMTN")	-	50,382	-	392,613	-	442,995
- SUKUK	-	35,741	-	557,164	-	592,905
Sub total	4,751	86,126	15,910	949,777	20,661	1,035,903
Unsecured						
- Convertible unsecured loan stocks ("CULS")	-	-	-	10,301	-	10,301
Sub total	-	-	-	10,301	-	10,301
Total borrowing	4,751	86,126	15,910	960,078	20,661	1,046,204
Lease liability		1,430		4,092		5,522
Grand Total	4,751	87,556	15,910	964,170	20,661	1,051,726
						1,072,387

	As at year ended 31 December 2019					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Term loan	5,065	-	17,939	-	23,004	-
- Musharakah Medium Term Notes ("mMTN")	-	50,106	-	444,817	-	494,923
- SUKUK	-	35,706	-	595,757	-	631,463
Sub total	5,065	85,812	17,939	1,040,574	23,004	1,126,386
Unsecured						
- Convertible unsecured loan stocks ("CULS")	-	-	-	10,213	-	10,213
Sub total	-	-	-	10,213	-	10,213
Total borrowing	5,065	85,812	17,939	1,050,787	23,004	1,136,599
Lease liability		2,199		4,316		6,515
Grand Total	5,065	88,011	17,939	1,055,103	23,004	1,143,114
						1,166,118

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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:

- a) On 15th April 2019, Ranhill Holdings Berhad ("the Company") has filed a Writ of Summons and Statement of Claims (the "Suit") in Kuala Lumpur High Court against Dato' Mohd Fakrunizam Bin Ibrahim ("Defendant");
- b) The Company is seeking to recover RM7.0 million paid to the Defendant being part payment for sale of shares in SM Hydro Energy Sdn Bhd ("SM Hydro") where both the Company and the Defendant had executed a Share Sale and Purchase Agreement ("SSPA") dated 6th April 2017 and supplemented by a Supplemental Share Sale and Purchase Agreement dated 4th July 2017 ("Supplemental SSPA");
- c) Prior to the execution of the SSPA and the Supplemental SSPA the Defendant represented that the Company's acquisition of shares in SM Hydro would allow the Company access to interest in the power project in Sandakan ("Project"). Due to failure in the negotiation of the terms and conditions stipulated in the CLOA, which were onerous and not commercially viable the Project was cancelled by the Energy Commission through a letter dated 26th October 2018 issued to the consortium consisting of SM Hydro and Sabah Development Energy (Sandakan) Sdn Bhd informing on the cancellation of the Project;
- d) Pursuant to the failure to achieve the award of the Project upon satisfactory terms in accordance with the Supplemental SSPA, the Company terminated the Supplemental SSPA and is seeking to recover the RM7.0 million paid as part payment for shares in SM Hydro through the Suit. Under the Suit the Company filed an application for recovery of RM 7.0 million by way of Summary Judgment (Enclosure 8). Meanwhile the Defendant filed an application to amend its Defence and to include counter claim for the sum of RM14 million (Enclosure 10);
- e) After hearing of both applications The High Court had on 9th March 2020 made the following decisions:
 - i. The Company's application in Enclosure 8 is allowed with costs.
 - ii. The Defendant's application in Enclosure 10 to include proposed amendments to paragraphs 19 and 20 of the Proposed Amended Statement of Defence was not allowed. However, the Defendant's Application to include Counterclaim of RM14 million against the Company was allowed.
- f) As a result to the decisions made by the High Court the following events had took place:
 - i. The Defendant had served the Defence and Amended Counterclaim to the Company on 19th March 2020. The Company had duly filed Reply to Defence and Defence to Amended Counterclaim re-dated 31st March 2020. The Company had also filed an application to strike out the Defendant's Amended Counterclaim (Enclosure 34). The hearing of application in Enclosure 34 is fixed on 1st October 2020;

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B9. Changes in Material Litigation (continued)

- ii. The Defendant had filed for an appeal against the High Court's decision in Enclosure 8 to the Court of Appeal and a Notice of Appeal had been served by the Defendant's counsel to the Company on 19th March 2020. The Company is currently preparing a Notice of Motion to strike out the Notice of Appeal dated 19th March 2020 filed by the Defendant on the ground that the Defendant filed the memorandum of appeal and the record of appeal beyond the time prescribed by the law and also failed to comply with the requirements in the preparation of the record of appeal;
- iii. As for the enforcement of summary judgment, the company has obtained an order on 5th August 2020 to serve a bankruptcy notice on the Defendant by way of substituted service by placing an advertisement in a local newspaper.

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 June 2020.

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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 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 * RM'000	Current Year-To- Date 30.06.2020 RM'000	Preceding Year-To- Date 30.06.2019 * RM'000
<u>Basic earnings/(loss) per share</u>				
Profit/(Loss) attributable to members of the Company	13,188	18,671	31,378	40,038
Weighted Average Number of Ordinary Shares ('000)	1,066,470	1,065,975	1,068,131	1,065,975
Basic earnings/(loss) per share (sen)	1.24	1.75	2.94	3.76

* 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: 26 August 2020