

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2023



UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	NOTE	Individual Quarter		Cumulative Period	
		Current year quarter 30/09/2023 RM'000	Preceding year quarter 30/09/2022 RM'000	Current year to date 30/09/2023 RM'000	Preceding year to date 30/09/2022 RM'000
Revenue		609,386	433,989	1,723,127	1,285,784
Cost of sales		(501,649)	(336,192)	(1,387,756)	(983,309)
Gross profit		<u>107,737</u>	<u>97,797</u>	<u>335,371</u>	<u>302,475</u>
Other items of income					
Interest income		15,217	15,257	44,366	45,636
Other income		9,357	13,865	27,413	16,773
Other items of expense					
Admin/Operating expenses		(89,101)	(82,548)	(265,842)	(240,255)
Finance costs		(17,114)	(18,083)	(53,232)	(56,557)
Share of results of associates		4,188	3,423	13,137	8,808
Profit/(loss) before tax and zakat		<u>30,284</u>	<u>29,711</u>	<u>101,213</u>	<u>76,880</u>
Income tax expense and zakat	B5	(10,709)	(11,403)	(37,382)	(33,303)
Profit/(loss) net of tax		<u>19,575</u>	<u>18,308</u>	<u>63,831</u>	<u>43,577</u>
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		(1,521)	(8,400)	2,117	(5,492)
Total other comprehensive income		<u>(1,521)</u>	<u>(8,400)</u>	<u>2,117</u>	<u>(5,492)</u>
Total comprehensive income/(loss) for the period/year		<u>18,054</u>	<u>9,908</u>	<u>65,948</u>	<u>38,085</u>
Profit/(loss) net of tax attributable to:					
Owners of the parent		10,224	9,324	33,401	23,705
Non-controlling interests		9,351	8,984	30,430	19,872
		<u>19,575</u>	<u>18,308</u>	<u>63,831</u>	<u>43,577</u>
Total comprehensive income/(loss) attributable to:					
Owners of the parent		8,706	927	35,518	18,218
Non-controlling interests		9,348	8,981	30,430	19,867
		<u>18,054</u>	<u>9,908</u>	<u>65,948</u>	<u>38,085</u>
Earnings/loss per share (sen):					
Basic	B11	0.79	0.72	2.59	1.84
Diluted		0.79	0.72	2.59	1.83
EBITDA (includes amortisation of services concession assets)		<u>136,863</u>	<u>128,904</u>	<u>412,829</u>	<u>376,849</u>
EBIT		<u>32,181</u>	<u>32,537</u>	<u>110,079</u>	<u>87,801</u>

Notes :

(1) The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of Ranhill Utilities Berhad ("the Company") for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
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UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30/09/2023 RM'000	Audited As at 31/12/2022 RM'000
Non-current assets		
Property, plant and equipment	266,638	249,455
Service concession assets	83,101	331,899
Intangibles	396,906	397,611
Rights of use of assets	40,894	25,175
Deferred tax assets	27,523	47,265
Investment property	3,117	2,589
Investment in associates	230,100	214,419
Operating financial assets	443,588	481,881
Trade and other receivables	173,223	172,578
Contract related assets	157,907	30,048
Other non-current assets	4,760	5,971
	<u>1,827,757</u>	<u>1,958,891</u>
Current assets		
Operating financial assets	56,162	58,256
Trade and other receivables	478,477	495,117
Contract related assets	157,631	118,842
Inventories	134,138	146,193
Tax recoverable	12,951	13,800
Other current assets	33,217	15,797
Other financial assets	17,025	65,840
Deposits, cash and bank balances	263,773	388,988
	<u>1,153,374</u>	<u>1,302,833</u>
Total assets	<u>2,981,131</u>	<u>3,261,724</u>
Current liabilities		
Retirement benefit obligations	13,644	17,589
Loans and borrowings	199,583	166,528
Trade and other payables	419,742	439,501
Contract related liabilities	11,079	6,488
Service concession obligations	163,151	372,781
Tax payable	5,498	9,809
	<u>812,697</u>	<u>1,012,696</u>
Net current assets	<u>340,677</u>	<u>290,137</u>

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

	Unaudited As at 30/09/2023 RM'000	Audited As at 31/12/2022 RM'000
Non-current liabilities		
Retirement benefit obligations	56,842	65,570
Loans and borrowings	841,020	932,715
Trade and other payables	2,980	2,927
Consumer deposits	262,720	258,754
Deferred tax liabilities	34,570	33,974
	<u>1,198,132</u>	<u>1,293,940</u>
Total liabilities	<u>2,010,829</u>	<u>2,306,636</u>
Net assets	<u>970,302</u>	<u>955,088</u>
Equity attributable to owners of the parent		
Share capital	1,439,646	1,438,993
Treasury shares	(3,569)	(3,569)
Employee share reserve	-	1,185
Other reserves	(885,400)	(887,517)
Retained earnings	203,624	214,717
	<u>754,301</u>	<u>763,809</u>
Non-controlling interests	216,001	191,279
Total equity	<u>970,302</u>	<u>955,088</u>
Total equity and liabilities	<u>2,981,131</u>	<u>3,261,724</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.59</u>	<u>0.59</u>

Notes:

- (1) The Unaudited Condensed Statements of Financial Position should be read in conjunction with the Audited Financial Statements of Ranhill Utilities Berhad ("the Company") for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.



UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Share capital	Treasury shares	Employee share reserves	Currency translation reserves	Equity component of unsecured loan stock	Merger reserve/ (deficit)	Retained earnings	Total	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	1,438,993	(3,569)	1,185	18,137	361	(906,015)	214,717	763,809	191,279	955,088
Profit net of tax							33,401	33,401	30,430	63,831
Other comprehensive income	-	-	-	2,117	-	-	-	2,117	-	2,117
Total comprehensive income	-	-	-	2,117	-	-	33,401	35,518	30,430	65,948
Transaction with owners										
-Vested Long-term incentive plan ("LTIP") shares	653		(653)	-	-	-	-	-	-	-
-Lapse of granted shares			(608)				608	-		-
- Award of LTIP shares	-	-	76	-	-	-	-	76	-	76
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	-	(750)	(750)
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	-	(58)	(58)
-Dividends paid via:										
- distribution of treasury shares	-	-	-	-	-	-	(45,102)	(45,102)	-	(45,102)
- cash	-	-	-	-	-	-	-	-	(4,900)	(4,900)
Total transaction with owners	653	-	(1,185)	-	-	-	(44,494)	(45,026)	(5,708)	(50,734)
At 30 September 2023	1,439,646	(3,569)	-	20,254	361	(906,015)	203,624	754,301	216,001	970,302

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾



	Share capital RM'000	Treasury shares RM'000	Employee share reserves 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 2022	1,438,993	(7,963)	671	23,122	361	(906,015)	131,625	680,794	179,086	859,880
Profit net of tax	-	-	-	-	-	-	23,705	23,705	19,872	43,577
Others comprehensive income	-	-	-	(5,487)	-	-	-	(5,487)	(5)	(5,492)
Total comprehensive income	-	-	-	(5,487)	-	-	23,705	18,218	19,867	38,085
Transaction with owners										
- Award of LTIP shares	-	-	385	-	-	-	-	385	-	385
-Purchase of treasury shares	-	(3,664)	-	-	-	-	-	(3,664)	-	(3,664)
-Non-controlling interest arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	3,487	3,487
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	-	(750)	(750)
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	-	(50)	(50)
-Dividends paid via:										
- distribution of treasury shares	-	8,058	-	-	-	-	(3,750)	4,308	-	4,308
- cash	-	-	-	-	-	-	-	-	(19,608)	(19,608)
Total transaction with owners	-	4,394	385	-	-	-	(3,750)	1,029	(16,921)	(15,892)
At 30 September 2022	1,438,993	(3,569)	1,056	17,635	361	(906,015)	151,580	700,041	182,032	882,073

Notes:

(1) The Unaudited Condensed Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements of Ranhill Utilities Berhad ("the Company") for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS ⁽¹⁾

	9 months ended 30/09/2023 RM'000	9 months ended 30/09/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	101,213	76,880
Adjustments for:		
Depreciation of property, plant and equipment	37,222	31,127
Depreciation of right-use-of asset	6,788	4,361
Depreciation of investment property	44	-
Net (gain)/loss on disposal of property, plant and equipment	(47)	(13)
Amortisation of service concession asset	254,520	249,255
Amortisation of software	3,724	3,552
Amortisation of customer contract	452	753
Share of results of associates	(13,137)	(8,808)
Share based payment expenses	76	385
Property, plant and equipment written off	11	-
Bad debts recovered	(70)	(15)
Provision for retirement benefit plan	3,846	4,228
Net unrealised foreign exchange loss/(gain)	(6,921)	(2,278)
Reversal allowance for expected credit losses		
- Trade receivables	(27)	(9)
- Other receivables	(196)	-
Allowance for expected credit losses on:		
- Trade receivables	-	27
- Associates	-	140
Provision for liquidated ascertained damages	-	440
Interest income	(44,366)	(45,636)
Finance costs	53,232	56,557
Operating profit before working capital changes	<u>396,364</u>	<u>370,946</u>
Receivables	21,141	15,908
Payables	3,992	(20,992)
Inventories	12,055	(27,289)
Operating financial asset	79,119	87,625
Contract related assets	(166,648)	(23,771)
Contract related liability	4,591	(1,127)
Other non-current and current asset	(16,209)	10,219
Cash generated from operations	<u>334,405</u>	<u>411,519</u>
Retirement benefits plan paid	(16,529)	(4,821)
Tax paid	(20,528)	(37,481)
Repayment of lease rental payable to PAAB	(218,855)	(228,264)
Net cash generated from operating activities	<u><u>78,493</u></u>	<u><u>140,953</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(52,776)	(35,260)
Proceeds from disposal of property, plant and equipment	74	610
(Addition)/disposal of short term investments	48,815	39,601
Net cashflow effect on acquisition of subsidiaries	-	7,467
Purchase of software	(3,471)	(4,935)
Interest received	6,001	2,644
Net cash (used in)/generated from investing activities	<u><u>(1,357)</u></u>	<u><u>10,127</u></u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023



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

	9 months ended 30/09/2023 RM'000	9 months ended 30/09/2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
(Placement)/withdrawal of fixed deposits with banking facilities	(23,817)	(20,268)
Drawdown of loans and borrowings	30,404	15,424
Repayment of lease liabilities	(7,281)	(2,763)
Repayment of principal portion of loans and borrowings	(107,754)	(101,785)
Purchase of treasury shares	-	(3,664)
Dividends paid	(75,445)	(19,733)
Repayment of interest portion of loans and borrowings	(49,212)	(48,112)
Net cash used in financing activities	<u>(233,105)</u>	<u>(180,901)</u>
Net decrease in cash and cash equivalents	(155,969)	(29,821)
Effect of exchange rate changes on cash and cash equivalents	(866)	(2,583)
Cash and cash equivalents at beginning of year	245,435	201,890
Cash and cash equivalents at end of the period	<u>88,600</u>	<u>169,486</u>
Cash and cash equivalents at end of financial period comprise the following:		
Cash at banks and on hand	60,774	163,312
Short term deposits with licensed banks	202,999	164,722
Total deposits, cash and bank balances	<u>263,773</u>	<u>328,034</u>
Bank overdraft	(12,513)	(5,008)
Restricted deposits, cash and bank balances	(147,994)	(140,058)
Deposit pledge as securities to licensed bank	(8,666)	(7,420)
Deposit with maturities of three months or more	(6,000)	(6,062)
Cash and cash equivalents	<u>88,600</u>	<u>169,486</u>

Notes:

(1) The Unaudited Condensed Statements of Cash Flows should be read in conjunction with the Audited Financial Statements of Ranhill Utilities Berhad ("the Company") for the financial year ended 31 December 2022 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 Utilities Berhad ("the Company") for the financial year ended 31 December 2022 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 2022.

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 2022.

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

On 1 January 2023, 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 2023.

Description	Effective for annual periods beginning on or after
MFRS 101 : Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
MFRS 108: Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)	1 January 2023
MFRS 112: International Tax Reform-Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)	1 January 2023

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 16: Lease Liabilities in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
MFRS 101: Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
MFRS 107 and MFRS 7: Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)	1 January 2024
MFRS 121: Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)	1 January 2025
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)	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 2022.

A4. Seasonality of Cyclicity 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 12 September 2023, the Company announced the allotment and issuance of 868,600 ordinary shares in relation to the vesting of the Long Term Incentive Plan ("LTIP") to eligible employees. The total enlarged issued share capital as at 11 September 2023 is RM1,439,645,886 represented by 1,296,785,823 units of ordinary shares.
- b) As at 30 September 2023, the Company held 7,279,165 treasury shares with a carrying amount of RM3,569,186.

A8. Dividend Paid

During the period ended 30 September 2023, the following dividend was distributed:

In respect of the financial year ended 31 December 2022:

- a) First interim dividend of 0.5 sen per share on 1,288,638,058 ordinary shares, amounting to a dividend payable of RM6,443,190 has been declared on 16 December 2022, and paid on 18 January 2023.
- b) Second interim dividend of 2.0 sen per share on 1,288,638,058 ordinary shares, amounting to a dividend payable of RM25,772,761 has been declared on 6 April 2023, paid on 15 May 2023.

In respect of the financial year ended 31 December 2023:

- a) First interim dividend of 1.5 sen per share on 1,288,638,058 ordinary shares, amounting to a dividend payable of RM19,329,600 has been declared on 29 May 2023, and paid on 30 June 2023.

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Ranhill

A9. Segmental Information

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

For the period ended 30 September 2023:

BY BUSINESS SEGMENTS	Environment RM'000	Engineering Services RM'000	Energy RM'000	Others RM'000	Total RM'000
Revenue					
Sales to external Customers	966,671	656,871	341,453	23,817	1,988,812
Inter-segment elimination	-	(241,868)	-	(23,817)	(265,685)
	966,671	415,003	341,453	-	1,723,127
Results					
Segment profit/(loss)	81,226	43,460	6,046	(66,901)	63,831
Segment assets	1,385,094	531,043	937,611	127,383	2,981,131
Segment liabilities	695,938	244,553	390,637	679,701	2,010,829
Proforma scenario					
Results					
Segment profit/(loss)	81,226	43,460	6,046	(66,901)	63,831
Add/(less):					
Sukuk interest	(20,758)	-	(1,913)	22,671	-
Adjusted segment profit/(loss)	60,468	43,460	4,133	(44,230)	63,831
Segment assets	1,385,094	531,043	937,611	127,383	2,981,131
Add/(less):					
Bank balances related to Sukuk	58,985	-	5,435	(64,420)	-
Adjusted segment Assets	1,444,079	531,043	943,046	62,963	2,981,131
Segment liabilities	695,935	244,553	390,637	679,701	2,010,829
Add/(less):					
Sukuk loan	420,172	-	38,712	(458,884)	-
Adjusted segment liabilities	1,116,110	244,553	429,349	220,817	2,010,829



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Ranhill

A9. Segmental Information (continued)

For the period ended 30 September 2022:

BY BUSINESS SEGMENTS	Environment RM'000	Engineering Services RM'000	Energy RM'000	Others RM'000	Total RM'000
(Restated)					
Revenue					
Sales to external customers	880,955	287,329	201,790	90,243	1,460,317
Inter-segment elimination	-	(84,290)	-	(90,243)	(174,533)
	880,955	203,039	201,790	-	1,285,784
Results					
Segment profit/(loss)	87,222	26,213	(17)	(69,841)	43,577
Segment assets	1,698,016	405,027	811,362	80,745	2,995,150
Segment liabilities	992,203	123,753	440,215	556,906	2,113,077
Proforma scenario					
Results					
Segment profit/(loss)	87,222	26,213	(17)	(69,841)	43,577
Add/(less):					
Sukuk interest	(22,825)	-	(2,103)	24,928	-
Adjusted segment profit/(loss)	64,397	26,213	(2,120)	(44,913)	43,577
Segment assets	1,698,016	405,027	811,362	80,745	2,995,150
Add/(less):					
Bank balances related to Sukuk	47,092	-	4,339	(51,431)	-
Adjusted segment assets	1,745,108	405,027	815,701	29,314	2,995,150
Segment liabilities	992,203	123,753	440,215	556,906	2,113,077
Add/(less):					
Sukuk loan	462,443	-	42,607	(505,050)	-
Adjusted segment liabilities	1,454,646	123,753	482,822	51,856	2,113,077

Environment segment

- Year to date revenue generated of RM966.7 million (2022: RM881.0 million), an increase of RM85.7 million compared to its preceding year, was mainly due to higher recognition of water revenue contributed by Ranhill SAJ Sdn Bhd ("RanhillSAJ") arising from non-domestic tariff hike.



A9. Segmental Information (continued)

Environment segment (continued)

- Year to date profit after taxation of RM81.2 million (2022: RM87.2 million), a decrease of RM6.0 million compared to its preceding year, was mainly due to the lower profit by RanhillSAJ mainly higher recognition of utilities due to increase of new ICPT rate imposed by TNB, higher maintenance NRW cost and higher in chemicals usage due to higher production volume.

Engineering Services segment

- Year to date revenue of RM415.0 million (2022: RM203.0 million), an increase of RM212.0 million was mainly due to higher contribution from Ranhill Worley Sdn Bhd (“RWSB”) arising from chargeable hours of its newly secured projects.
- Year to date profit after tax of RM43.5 million (2022:RM26.2 million), an increase of RM17.3 million mainly contributed by RWSB.

Energy segment

- Year to date revenue of RM341.5 million (2022: RM201.8 million), an increase of RM139.7 million compared to its preceding year was mainly contributed by the recognition of the construction progress of Ranhill Solar I (“RSI”) in Bidor.
- Year to date profit after tax of RM6.0 million (2022: loss RM0.02 million), an increase of RM6.1 million mainly due to recognition of profit from RSI in Bidor. The financing cost approximate RM6.0 million for the project resides in Ranhill Solar Ventures Sdn Bhd (“RSV”) (segment: Others).

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:

	30.09.2023 RM'000	31.12.2022 RM'000
Approved and contracted for	1,358	5,170
Approved but not contracted for	5,746	8,225
	7,104	13,395

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 30.09.2023 RM'000	Preceding year quarter 30.09.2022 RM'000		Current year to date 30.09.2023 RM'000	Preceding year to date 30.09.2022 RM'000	
Revenue	609,386	433,989	40.4%	1,723,127	1,285,784	34.0%
Operating profit	27,993	29,114	-3.9%	96,942	78,993	22.7%
Profit Before Interest, Tax and Zakat	32,181	32,537	-1.1%	110,079	87,801	25.4%
Profit Before Tax and Zakat	30,284	29,711	1.9%	101,213	76,880	31.7%
Profit After Tax	19,575	18,308	6.9%	63,831	43,577	46.5%
Profit Attributable to Ordinary Equity Holder of the Parent	10,224	9,324	9.7%	33,401	23,705	40.9%

For the quarter and period ended 30 September 2023, the Group recorded a revenue of RM609.4 million and RM1,723.1 million respectively (Q32022: RM434.0 million, YTD2022: RM1,285.8 million) while profit/(loss) attributable to ordinary equity holder of the parent are RM10.2 million and RM33.4 million respectively (Q32022: RM9.3 million, YTD2022: RM23.7 million).

The increase in revenue for the quarter (against prior year corresponding quarter) was mainly due to higher recognition of water revenue by RanhillSAJ arising from non-domestic tariff hike, higher revenue from RWSB, recognition of the construction progress of Ranhill Solar I ("RSI") and higher recognition of Net Electrical Output ("NEO") and capacity factor reported in Ranhill Sabah Energy I Sdn Bhd ("RSEI") (formerly known as Ranhill Powertron I Sdn Bhd ("RPI")).

Profit attributable to ordinary equity holder of the parent for the quarter increased by RM0.9 million (compared to preceding year's quarter) from RM9.3 million.

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B2. Comparison of Results for Current Quarter Ended 30 September 2023 Compared to the Immediate Preceding Quarter

	Individual Quarter		Changes %
	Current year quarter 30.09.2023 RM'000	Immediate preceding quarter 30.06.2023 RM'000	
Revenue	609,386	593,665	2.6%
Operating Profit	27,993	37,308	-25.0%
Profit Before Interest, Tax and Zakat	32,181	42,495	-24.3%
Profit Before Tax and Zakat	30,284	39,786	-23.9%
Profit/(loss) After Tax	19,575	23,309	-16.0%
Profit/(loss) Attributable to Ordinary Equity Holder of the parent	10,224	12,057	-15.2%

The Group recorded a revenue of RM609.4 million in the current quarter compared to its immediate preceding quarter's revenue of RM593.7 million, an increase of RM15.7 million or 2.6%, mainly contributed by:

- higher revenue recognition from Engineering services segment (RM14.2 million);
- higher revenue recognition mainly from Energy Segment (RM11.3 million);
- Offset by lower revenue recognition revenue from Ranhill Water Services Sdn Bhd ("RWS") of RM8.2 million due to delay progress at Pipe Rehab Pakej 1 - Kota Bharu Timur.

The profit attributable to ordinary equity holder of the parent for the current quarter decreased by RM1.8 million from RM12.1 million recorded in quarter 2 FY2023 to RM10.2 million mainly contributed by:

- lower profit from Ranhill Sabah Energy II Sdn Bhd ("RSEII") (formerly known as Ranhill Powertron II Sdn Bhd ("RPII")) of RM2.0million mainly due to higher maintenance cost in relation to major inspection GT1B and multiple work in September and slightly lower profit contribution from RWS due to delay progress in Pipe Rehab Pakej 1 - Kota Bharu Timur.

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B3. Prospects

Environment

In line with the Company's planned expansion in the Environment sector, Ranhill, along with strategic business partners have formed a Consortium as Project Promoters to undertake the development of 'Source-to-Tap' project that aims to extract 5,000 litre per second (approximately 432MLD) to supply treated water to three (3) regions namely DKI Jakarta Selatan, Bekasi City and Bekasi Regency. The Government of Indonesia recently upgraded the status of the proposal to National Strategic Project thus giving it priority and importance.

The Consortium have submitted the Feasibility Studies ("FS") to the Ministry of Public Works and Public Housing of Republic of Indonesia ("PUPR"), and after in-depth discussions and negotiations is awaiting the acceptance of the FS and the award of 'Initiator Status' to the Consortium, before PUPR calls a tender exercise for the implementation of the project.

In Thailand, AnuRAK had submitted BOT Concession bids for

1. Upgrading existing reclamation water treatment plant no.2 in Amata City Rayong Industrial Estate from 7 MLD to 10 MLD.
2. New 20 MLD waste water treatment plant and 10 MLD reclamation water treatment plant in Amata Rayong Industrial Estate Phase 3.

The company's ability in providing customised solutions and specialized facilities to treat complicated wastewater with complex and demanding waste characteristics will serve as a competitive edge when bidding for contracts.

Energy

Our energy division had proposed an extension to the PPA for our 190MW Teluk Salut Power Plant beyond its existing concession term that expires in 2029. This is a possible solution to address the growth in energy demand in Sabah beyond 2029.

The consortium of Ranhill-SEC has received the Letter of Notification as the successful bidder for the 100 MW CCGT in Kimanis, Sabah on 31 March 2023. The project is expected to achieve its Commercial Operation Date on 1 Mac 2026. Currently, the consortium is finalizing the project documents such as Power Purchase Agreement ("PPA"), Land Lease Agreement, Equipment Supply Contract, Long Term Service Agreement and Engineering, Procurement, Construction and Commissioning ("EPC") Contract.

We look forward to the expected completion of the Sabah East-West Transmission line in 2023 where the transmission line will enable up to 400 MW of additional electricity to be despatched from Sabah's West Coast to the East Coast. With 380MW of installed capacity in the West Coast of Sabah we view positively the prospect to export electricity to the East coast.

As the Group pursues development of renewable energy in contributing to the country's energy transition to a cleaner and greener Malaysia, we are optimistic of our successful tender of LSS4@Mentari being Ranhill's first venture into asset ownership of 50MWac large scale solar project. The project achieved financial close ("FC") on 17 November 2022 and with current project implementation progress at 98.9% (as of 31 October 2023), is on target to achieve the Scheduled Commercial Operation Date of 31 December 2023, as set out in the PPA.



B3. Prospects (continued)

Engineering services

With Engineering Services being another business division of the Group, significant projects have been secured by Ranhill Worley Sdn Bhd ("Ranhill Worley") in Front End Engineering Design ("FEED") and Detailed Design Engineering ("DDE") of oil and gas facilities and installations as well as Carbon Capture & Storage ("CCS") projects. Ranhill Worley has proven to be a strong engineering services hub in securing major offshore projects and recognize as one of Worley's global businesses center of excellence for offshore projects world wide.

Amongst others, these include world's largest offshore experience:

- 1) DDE of the new floating production, storage, and offloading ("FPSO") vessel, P-82 for Brazilian state-owned oil and gas producer, Petroleo Brasileiro S.A ("Petrobras"), one of the largest vessels to be deployed in the Buzios field, an ultra-deepwater oil and gas field covering an area of 853 km² in the pre-salt Santos Basin, about 180-km off the coast of Rio de Janeiro, Brazil;
- 2) DDE of two compression complexes associated with the North Field Production Sustainability Offshore Compression Complexes Project which includes two of the largest fixed steel jacket compression platforms ever built. The Qatar North Field is the world's largest natural gas field;and
- 3) DDE of Kasawari CCS Project (the world's largest offshore CCS project, capturing over three (3) million tons per annum of carbon dioxide from the Kasawari gas field offshore Sarawak);

It is anticipated that even with the most aggressive projections of renewable energy transition there will still be need for hydrocarbons to be part of the energy mix. Therefore, moving forward, Carbon Capture & Storage ("CCS") will be a key part of global transition to net zero carbon emissions. Ranhill Worley is committed to working together with our customers to navigate their energy transition process to decarbonize the extraction of hydrocarbons.

Ranhill shall continue to make strides towards realising its target of attaining 3,000 MLD of water, wastewater and reclaimed water treatment capacity by 2027 and continue to pursue our energy target of having 1,000 MW of generation capacity.

B4. Profit Forecast

Not applicable.

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B5. Taxation

The taxation for the Company for the period under review is as follows:

	Individual Quarter		Cumulative Period	
	Current year quarter 30.09.2023 RM'000	Preceding year quarter 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Preceding year to date 30.09.2022 RM'000
Malaysia taxation:				
Current taxation	4,854	10,754	15,401	29,768
(Over)/under provision prior years	1,033	(1,134)	795	(1,245)
Foreign taxation:				
Current taxation	(15)	26	38	103
Deferred taxation	(86)	(136)	(311)	(385)
Deferred taxation				
Current taxation	4,739	1,734	21,090	2,122
(Over)/under provision prior years	184	159	369	2,940
	10,709	11,403	37,382	33,303
Zakat				
Zakat expense in current year	-	-	-	-
	10,709	11,403	37,382	33,303

The Company's effective tax rate (excluding the results of associates 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 RSEII 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 RM42.1 million (2022:RM42.1 million).

RSEII, through its tax consultant, has since appealed to the Ministry of Finance ("MoF") to allow RSEII to utilise the investment allowance up to the end of the concession period in year 2032.

Management has consulted its solicitors who have advised that, based on the facts and circumstances of the approval of the investment allowance to RSEII in prior years, it is reasonable for RSEII to place reliance on such approval and continue with the utilisation of the investment allowance in full in accordance with its terms therein.



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B6. Profit/(Loss) Before Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 30.09.2023 RM'000	Preceding year quarter 30.09.2022 RM'000	Current year to date 30.09.2023 RM'000	Preceding year to date 30.09.2022 RM'000
Amortisation of service concession assets	87,533	83,085	254,520	249,255
Amortisation of software	1,213	1,215	3,724	3,552
Amortisation of customer contract	151	150	452	753
Depreciation of property, plant and equipment	13,141	10,370	37,222	31,127
Depreciation of right use of assets	2,600	1,547	6,788	4,361
Depreciation of investment property	44	-	44	-
Unrealised foreign exchange (gain)/loss	(4,772)	(5,067)	(6,921)	(2,278)
Realised foreign exchange loss	2,141	116	3,397	391
Reversal of allowance for expected credit losses on:				
- Trade receivables	-	-	(27)	(9)
- Other receivables	-	258	-	-
- Associates	71	-	(196)	-
Allowance for expected credit losses on:				
- Trade receivables	-	27	237	27
- Other receivables	-	140	-	140
Property, plant and equipment written off	-	-	11	-

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 2023					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Bank overdraft	-	10,091	-	-	-	10,091
- Revolving credit	-	40,000	-	-	-	40,000
- Term loan	3,820	40,000	4,443	29,495	8,263	69,495
- Musharakah Medium Term Notes ("mMTN")	-	50,472	-	250,930	-	301,402
- SUKUK Murabahah RM650m	-	46,557	-	412,327	-	458,884
- SUKUK Murabahah RM310m *	-	-	-	108,416	-	108,416
Sub total	3,820	187,120	4,443	801,168	8,263	988,288
Unsecured						
- Bank overdraft	-	2,422	-	-	-	2,422
- Convertible unsecured loan stocks ("CULS")	-	-	-	6,834	-	6,834
Sub total	-	2,422	-	6,834	-	9,256
Total borrowing	3,820	189,542	4,443	808,002	8,263	997,544
Lease liability	108	6,113	-	28,575	108	34,688
Grand Total	3,928	195,655	4,443	836,577	8,371	1,032,232
						1,040,603

	As at year ended 31 December 2022					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Bank overdraft	-	2,382	-	-	-	2,382
- Revolving credit	-	15,000	-	-	-	15,000
- Term loan	3,586	39,942	6,961	29,337	10,547	69,279
- mMTN	-	50,764	-	302,613	-	353,377
- SUKUK Murabahah RM650m	-	46,932	-	466,510	-	513,442
- SUKUK Murabahah RM310m *	-	-	-	106,667	-	106,667
Sub total	3,586	155,020	6,961	905,127	10,547	1,060,147
Unsecured						
- Bank overdraft	-	2,328	-	-	-	2,328
- CULS	-	-	-	6,776	-	6,776
Sub total	-	2,328	-	6,776	-	9,104
Total borrowing	3,586	157,348	6,961	911,903	10,547	1,069,251
Lease liability	156	5,438	68	13,783	224	19,221
Grand Total	3,742	162,786	7,029	925,686	10,771	1,088,472
						1,099,243

Note: * The Sukuk Murabahah RM310m will be issued in 3 tranches. As at 31 December 2022, 1st tranche has been issued.



B9. Changes in Material Litigation

Save as disclosed below, as at the date of this report, 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.

On 15th April 2019, the Company submitted a statement of claim against the Defendant to recover RM7.0 million paid to him as part payment for shares in the acquisition of SM Hydro Energy Sdn Bhd ("SM Hydro"). The suit was initiated upon the termination of the Share Sale and Purchase Agreement ("SSPA"), a result of the failure of SM Hydro to secure the award of a power project to satisfactory terms in accordance with the SSPA. The Group is seeking to recover RM7.0 million paid as part payment for the acquisition of shares in SM Hydro.

The Group was successful in the suit, however several appeals were made by the Defendant, as follows:

- A. Defendant's application to set aside the Judgment dated 9.3.2020 (Enclosure 55) is fixed a case management on 29.1.2024
- B. Bankruptcy Proceedings filed by Company against Mohd Fakrunizam Bin Ibrahim (MFBI) with the Creditor's Petition fixed for a case management on 15.11.2023.
- C. MFBI filed a Civil Suit against his previous Counsel M/s Hanif Abdul Rahman & Associates and Company. On 15.9.2021 Company was advised that MFBI had filed a suit in KL High Court claiming for the following:
 1. A declaration that the summary judgment dated 9.3.2020, the High Court order dated 1.10.2020 and the orders of Court of Appeal ("CO") both dated 27.1.2021 in the COA are not binding on MFBI;
 2. A declaration that M/s Hanif Abdul Rahman & Assoc acted fraudulently for both KL High Court and COA matters;
 3. A declaration that the signatures on the affidavits filed by MFBI for both KL High Court and COA matters mentioned above are forgeries and/or false;
 4. A declaration that Company is not entitled to act upon the judgment of KL High Court and COA; and
 5. An order that all the judgments made by the KH High Court and COA to be set aside;
 6. Damages for fraud in the tort of deceit against M/s Hanif Abdul Rahman & Assoc; and
 7. Interest for the damages at the rate of 5% per annum until full settlement;
 8. Cost and such other reliefs.

Company filed an application to strike out MFBI's claim (Encl. 16), the Court has fixed the hearing date on 20.09.2022. Counsel advised that the appeal is fixed for hearing on 18.8.2023. On 18.8.2023 the Court of Appeal allowed Company's appeal and struck out MFBI's claim against Company with costs of RM15,000 to be paid by MFBI to Company.

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.



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B10. Dividend Payable

There was no dividend payable for the current quarter and current financial year-to-date.

B11. Earnings per Share

The calculation of the earnings per share for the Group is based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue.

For the purpose of calculating diluted earnings per share, the profit attributable to owners of the Company for the year and the weighted average number of ordinary shares issued during the financial year has been adjusted for the dilutive effects of all potential ordinary shares such as the LTIP granted to employees.

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.09.2023 RM'000	Preceding Year Quarter 30.09.2022 RM'000	Current Year-To-Date 30.09.2023 RM'000	Preceding Year-To-Date 30.09.2022 RM'000
<u>Basic earnings per share</u>				
Net profit attributable to ordinary shares	10,224	9,324	33,401	23,705
Weighted Average Number of Ordinary Shares in issue ('000)	1,289,497	1,288,641	1,288,928	1,288,885
Basic (loss)/earnings per share (sen)	0.79	0.72	2.59	1.84
<u>Diluted earnings per share</u>				
Weighted Average Number of Ordinary Shares in issue ('000)	1,289,497	1,288,641	1,288,928	1,288,885
Adjustment for LTIP ('000)	-	3,806	-	3,902
Weighted Average Number of Ordinary Shares for diluted earnings per shares ('000)	1,289,497	1,292,447	1,288,928	1,292,787
Diluted earnings per share (sen)	0.79	0.72	2.59	1.83

On behalf of the Board
Tan Sri Hamdan Mohamad
Chairman and Chief Executive
Kuala Lumpur
Date: 14 November 2023