

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



UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	Individual Quarter		Cummulative Period	
	Current year quarter 30/6/2019 RM'000	Preceding year quarter 30/06/2018 RM'000	Current year to date 30/6/2019 RM'000	Preceding year to date 30/06/2018 RM'000
Revenue	423,992	379,470	829,043	739,756
Cost of sales	(303,211)	(260,299)	(592,546)	(506,225)
Gross profit	120,781	119,171	236,497	233,531
Other items of income				
Interest income	13,571	15,343	27,081	29,084
Other income	413	1,783	3,488	7,705
Other items of expense				
Admin/Operating expenses	(60,199)	(66,378)	(117,366)	(120,497)
Finance costs	(25,524)	(29,704)	(52,183)	(62,386)
Zakat	(902)	(250)	(2,266)	(500)
Share of results of associates	2,129	3,409	4,606	4,721
Profit before tax	50,269	43,374	99,857	91,658
Income tax expense	B5 (19,006)	(17,064)	(35,666)	(34,408)
Profit net of tax	31,263	26,310	64,191	57,250
Other comprehensive income:				
Foreign currency translation	3,108	3,220	3,442	(2,403)
Share of other comprehensive gain of an associates	(438)	191	(19)	257
Remeasurement of defined benefit liability	-	-	-	-
	2,670	3,411	3,423	(2,146)
Total comprehensive income for the year/period	33,933	29,721	67,614	55,104
Profit net of tax attributable to:				
Owners of the parent	18,671	15,432	40,038	33,572
Non-controlling interests	12,592	10,878	24,153	23,678
	31,263	26,310	64,191	57,250
Total comprehensive income attributable to:				
Owners of the parent	21,342	18,844	43,461	31,427
Non-controlling interests	12,591	10,877	24,153	23,677
	33,933	29,721	67,614	55,104
Earnings per share (sen):				
Basic	B11 1.75	1.45	3.76	3.15
Diluted	N/A	N/A	N/A	N/A
EBITDA (includes amortisation of services concession assets)	159,399	152,364	317,340	313,842
EBIT	62,222	57,735	124,959	124,960

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.

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UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited	Audited
	As at	As at
	30/6/2019	31/12/2018
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	564,039	573,848
Service concession assets	497,509	661,061
Intangibles	295,029	295,025
Finance lease receivables	435,500	460,699
Deferred tax assets	109,829	130,366
Investment in a joint venture	5	5
Investment in an associates	159,896	155,223
Operating financial assets	92,040	43,756
Trade and other receivables	70,408	70,408
Contract assets	-	35,377
Other non-current assets	13,167	13,975
	<u>2,237,422</u>	<u>2,439,743</u>
Current assets		
Finance lease receivable	49,473	47,657
Operating financial assets	6,141	6,585
Trade and other receivables	282,536	249,352
Contract assets	23,418	32,823
Inventories	95,638	89,381
Tax recoverable	2,123	7,272
Other current assets	21,362	33,990
Other financial assets	27,566	72,894
Deposits, cash and bank balances	400,747	355,876
	<u>909,004</u>	<u>895,830</u>
Total assets	<u>3,146,426</u>	<u>3,335,573</u>
Current liabilities		
Retirement benefit obligations	12,299	15,829
Finance lease payables	755	1,014
Loans and borrowings	112,131	89,908
Zakat	6,972	8,093
Trade and other payables	240,892	260,275
Contract liability	1,839	23
Service concession obligations	347,451	333,822
Tax payable	641	501
	<u>722,980</u>	<u>709,465</u>
Net current assets	<u>186,024</u>	<u>186,365</u>



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

	Unaudited As at 30/6/2019 RM'000	Audited As at 31/12/2018 RM'000
Non-current liabilities		
Retirement benefit obligations	72,695	72,561
Finance lease payables	1,520	1,935
Loans and borrowings	1,044,559	1,113,401
Trade and other payables	852	1,216
Service concession obligations	180,130	352,581
Consumer deposits	249,445	244,364
Deferred tax liabilities	83,243	83,299
	<u>1,632,444</u>	<u>1,869,357</u>
Total liabilities	<u>2,355,424</u>	<u>2,578,822</u>
Net assets	<u>791,002</u>	<u>756,751</u>
Equity attributable to owners of the parent		
Share capital	1,275,319	1,275,319
Other reserves	(889,982)	(893,405)
Retained earnings	189,727	167,455
	<u>575,064</u>	<u>549,369</u>
Non-controlling interests	215,938	207,382
Total equity	<u>791,002</u>	<u>756,751</u>
Total equity and liabilities	<u>3,146,426</u>	<u>3,335,573</u>
Net assets per share attributable to owners of the parent (RM) ⁽²⁾	<u>0.54</u>	<u>0.62</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 2018 and the accompanying explanatory notes attached to these interim financial statements.

(2) The net asset in 2019 was based on enlarged number of shares of 1,065,975,159 compared to 888,315,767 in 2018.



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	-	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
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	-	(2,146)	-	-	33,573	31,427	23,677	55,104
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	(725)	(725)
-Dividends on ordinary shares	-	-	-	-	(35,533)	(35,533)	(11,750)	(47,283)
At 30 June 2018	1,275,319	11,495	1,063	(906,015)	194,248	576,110	206,693	782,803

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.

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS ⁽¹⁾

	6 months ended 30/6/2019 RM'000	6 months ended 30/06/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	99,857	91,658
Adjustments for:		
Depreciation of property, plant and equipment	25,166	24,169
Net gain on disposal of property, plant and equipment	385	33
Property, plant and equipment written off	32	49
Amortisation of service concession asset	166,979	164,432
Amortisation of concession rights	-	32
Amortisation of software	236	249
Share of profit of associates	(4,606)	(4,721)
Net bad debts written off	-	42
Provision for retirement benefit plan	3,974	4,962
Zakat	2,266	500
Net unrealised foreign exchange (gain)/loss	(105)	764
Allowance impairments other receivables	3,773	-
Interest income	(27,081)	(29,084)
Interest expense	52,183	62,386
Operating profit before working capital changes	<u>323,059</u>	<u>315,471</u>
Receivables	(38,451)	(37,026)
Payables	(18,247)	(8,655)
Inventories	(6,241)	(11,994)
Finance lease receivables	42,084	21,699
Operating financial asset	(45,464)	2,740
Contract assets	44,872	(19,055)
Contract liability	1,815	1,520
Other current asset	13,441	6,939
Cash generated from operations	<u>316,868</u>	<u>271,639</u>
Retirement benefits plan paid	(7,370)	(3,534)
Zakat paid	(3,388)	(6,726)
Tax paid	(10,770)	(11,118)
Repayment of lease rental payable to PAAB	(176,320)	(212,616)
Net cash generated from operating activities	<u>119,020</u>	<u>37,645</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,515)	(10,815)
Proceeds from disposal of property, plant and equipment	227	22
(Additional)/Disposal of short term investments	45,328	(38,277)
Purchase of software	(240)	(670)
Interest received	6,070	28,844
Net cash (used in)/generated from investing activities	<u>35,870</u>	<u>(20,896)</u>



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

	6 months ended 30/6/2019 RM'000	6 months ended 30/06/2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
(Placement)/withdrawal of fixed deposits with banking facilities	(80,096)	78,706
Drawdown of term loans	4,059	650,002
Finance lease principal repayments	(1,100)	(732)
Repayment of borrowings	(70,390)	(591,613)
Dividends paid	(30,016)	(60,283)
Payment of issuance cost for Sukuk	-	(44,000)
Interest paid	(19,443)	(47,817)
Net cash used in financing activities	<u>(196,986)</u>	<u>(15,737)</u>
Net (decrease)/ increase in cash and cash equivalents	(42,096)	1,012
Effect of exchange rate changes on cash and cash equivalents	7,396	6,340
Cash and cash equivalents at beginning of year	<u>200,817</u>	<u>141,342</u>
Cash and cash equivalents at end of year	<u>166,117</u>	<u>148,694</u>
Cash and cash equivalents at end of financial period comprise the following:		
Cash at banks and on hand	97,129	72,185
Short term deposits with licensed banks	<u>303,618</u>	<u>267,445</u>
Total deposits, cash and bank balances	400,747	339,630
Bank overdrafts	-	(1,717)
Restricted deposits, cash and bank balances	(126,674)	(59,219)
Deposit with maturities of three months or more	<u>(107,956)</u>	<u>(130,000)</u>
Cash and cash equivalents	<u>166,117</u>	<u>148,694</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 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 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 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 June 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.

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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 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)

For the period ended 30 June 2018:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	591,558	148,198	69,915	809,671
Inter-segment elimination	-	-	(69,915)	(69,915)
	591,558	148,198	-	739,756
Results				
Segment profit/(loss)	74,799	29,372	(46,921)	57,250
Segment assets	2,177,088	1,252,636	95,847	3,525,571
Segment liabilities	1,439,200	675,169	626,061	2,740,430
Proforma scenario				
Results				
Segment profit/(loss)	74,799	29,372	(46,921)	57,250
Add/(less):				
Sukuk interest	(19,254)	(1,774)	21,028	-
Adjusted segment profit/(loss)	55,545	27,598	(25,893)	57,250
Segment assets	2,177,088	1,252,636	95,847	3,525,571
Add/(less):				
Bank balances related to Sukuk	16,191	1,492	(17,683)	-
Adjusted segment assets	2,193,279	1,254,128	78,164	3,525,571
Segment liabilities	1,439,200	675,169	626,061	2,740,430
Add/(less):				
Sukuk loan	570,505	52,563	(623,068)	-
Adjusted segment liabilities	2,009,705	727,732	2,993	2,740,430

A9. Segmental Information (continued)

Environment segment

1. Revenue generated of RM659.6 million (2018: RM591.6 million) was an increase of RM68.0 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 RM90.5 million (2018: RM74.8 million) was an increase of RM15.7 million compared to its preceding year mainly due to the above similar reason.

Power segment

1. Revenue of RM169.4 million (2018: RM148.2 million) was an increase of RM21.2 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 RM24.3 million (2018: RM29.4 million) decreased by RM5.1 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:

	30.06.2019 RM'000	31.12.2018 RM'000
Approved and contracted for	263	390
Approved but not contracted for	3,802	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.

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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 30.06.2019 RM'000	Preceding year quarter 30.06.2018 RM'000		Current year to date 30.06.2019 RM'000	Preceding year to date 30.06.2018 RM'000	
Revenue	423,992	379,470	11.7%	829,043	739,756	12.1%
Operating profit	60,995	54,576	11.8%	122,619	120,739	1.6%
Profit Before Interest and Tax	62,222	57,735	7.8%	124,959	124,960	0.0%
Profit Before Tax	50,269	43,374	15.9%	99,857	91,658	8.9%
Profit After Tax	31,263	26,310	18.8%	64,191	57,250	12.1%
Profit Attributable to Ordinary Equity Holder of the Parent	18,671	15,432	21.0%	40,038	33,572	19.3%

For the quarter and year to date ended 30 June 2019, the Group recorded a revenue of RM424.0 million and RM829.0 million respectively (Q22018 : RM379.5 million, YTD2018 : RM739.8 million) while profit attributable to ordinary equity holder of the parent of RM18.7 million and RM40.0 million (Q22018 : RM15.4 million, YTD2018: RM33.6 million).

The increase in revenue for the quarter and year to date was mainly contributed by the environment segment due to the increase in volume of water consumption in Ranhill SAJ Sdn. Bhd. ("RanhillSAJ"), higher contribution from RWT group and power division amounting to RM38.8 million, RM25.6 million and RM21.2 million respectively .

Profit before tax for the quarter and year to date increased by RM6.9 million and RM8.2 million mainly due to higher contribution from water segment.

Profit attributable to ordinary equity holder of the parent for the quarter and year to date increased by RM3.2 million and RM6.5 million compared to quarter and year to date 2018 was also due to similar reason as above.

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

	Individual Quarter		Changes %
	Current year quarter 30.06.2019 RM'000	Immediate preceding quarter 31.03.2019 RM'000	
Revenue	423,992	405,051	4.7%
Operating Profit	60,995	61,624	-1.0%
Profit Before Interest and Tax	62,222	62,737	-0.8%
Profit Before Tax	50,269	49,588	1.4%
Profit/(loss) After Tax	31,263	32,928	-5.1%
Profit/(loss) Attributable to Ordinary Equity Holder of the parent	18,671	21,367	-12.6%

The Group recorded a revenue of RM424.0 million in the current quarter compared to its immediate preceding quarter's revenue of RM405.1 million, an increase of RM18.9 million or 4.7% due to higher in volume of water consumption in RanhillSaj.

The profit before tax for the current quarter of RM50.2 million, a slight increase of RM0.7 million from RM49.6 million profit in quarter 1 2019.

The profit attributable to ordinary equity holder of the parent for the current quarter has decreased by RM2.7 million from RM21.4 million in quarter 1 2019 to RM18.7 million in quarter 2 2019.

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B3. Prospects

Ranhill targets to own and operate gross 1,000 MW power plants that deliver clean energy and 3,000 MLD water 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.

Recently, at a Water and Power Conference in Kuala Lumpur, the Ministry of Water, Land and Natural Resources (“KATS”) has reiterated the policy of integrating water and sewerage as per Water Services Industry Act 2006 (“WSIA”). RanhillSAJ supported the policy and this will augurs well for the implementation of the joint billing of water and sewerage services between RanhillSAJ and Indah Water Konsortium (“IWK”) and the eventual integration of water and sewerage services.

Our 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.

Recently, 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. 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 and large scale solar in tandem with the aspirations of the Malaysian government to increase its generation capacity from renewable energy sources.

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.

B3. Prospects (continued)

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.

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 30.06.2019 RM'000	Preceding year quarter 30.06.2018 RM'000	Current year to date 30.06.2019 RM'000	Preceding year to date 30.06.2018 RM'000
Malaysia taxation:				
Current taxation	9,332	5,073	15,271	9,556
(Over)/under provision prior years	(154)	(48)	(111)	(47)
Foreign taxation:				
Current taxation	2	35	2	35
Deferred taxation	468	82	881	136
Deferred taxation				
Current taxation	9,358	11,894	18,032	24,700
(Over)/under provision prior years	-	28	1,591	28
	19,006	17,064	35,666	34,408

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B5. Taxation (continued)

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. We have since submitted an appeal against the decision of the MoF and awaiting the outcome.

B6. Profit/(Loss) Before Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 30.06.2019 RM'000	Preceding year quarter 30.06.2018 RM'000	Current year to date 30.06.2019 RM'000	Preceding year to date 30.06.2018 RM'000
Amortisation of service concession assets	84,030	82,213	166,979	164,432
Amortisation of software	118	124	236	249
Amortisation of concession rights	-	16	-	32
Depreciation of property, plant and equipment	13,029	12,276	25,166	24,169
Unrealised foreign exchange (gain)/loss	950	1,823	(105)	5,970
Realised foreign exchange gain	(2)	218	(91)	(4,159)
Allowance for expected credit losses on:				
- Other receivables	273	-	3,773	-
Property, plant and equipment written off	21	26	32	33
Provision for liquidated ascertained damages	-	(759)	-	(759)
Loss on disposal of property, plant and equipment	444	-	386	33

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B7. Status of Corporate Proposal Announced

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

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 2019					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Term loan	5,083	-	20,422	-	25,505	-
- Musharakah Medium Term Notes ("mMTN")	-	49,896	-	442,995	-	492,891
- SUKUK	-	57,152	-	571,020	-	628,172
Sub total	5,083	107,048	20,422	1,014,015	25,505	1,121,063
Unsecured						
- Convertible unsecured loan stocks ("CULS")	-	-	-	10,122	-	10,122
Sub total	-	-	-	10,122	-	10,122
Grand Total	5,083	107,048	20,422	1,024,137	25,505	1,131,185
						1,156,690

	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"). The 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.

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

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Financial Year ended 31 December 2019. In event of a positive outcome from the suit, the amounts will be written back.

B9. Changes in Material Litigation (continued)

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 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 30.06.2019 RM'000	Preceding Year Quarter 30.06.2018 * RM'000	Current Year-To-Date 30.06.2019 RM'000	Preceding Year-To-Date 30.06.2018 * RM'000
<u>Basic earnings/(loss) per share</u>				
Profit/(Loss) attributable to members of the Company	18,671	15,432	40,038	33,572
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)	1.75	1.45	3.76	3.15

* 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: 14 August 2019