Ranhill

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (1)

	NOTE	Individual Quarter		Cummulative Period	
		Current year quarter 31/12/2019 RM'000	Preceding year quarter 31/12/2018 RM'000	Current year to date 31/12/2019 RM'000	Preceding year to date 31/12/2018 RM'000
Revenue		391,840	418,161	1,629,943	1,559,856
Cost of sales		(178,185)	(303,900)	(1,063,567)	(1,089,189)
Gross profit		213,655	114,261	566,376	470,667
Other items of income					
Interest income		14,932	15,039	54,471	57,588
Other income		7,745	5,629	13,951	15,519
Other items of expense					
Admin/Operating expenses		(118,341)	(82,946)	(299,130)	(267,653)
Finance costs		(26,347)	(31,585)	(102,404)	(125,602)
Zakat		(4,271)	(4,543)	(6,787)	(5,516)
Share of results of associates		1,282	(202)	9,906	7,112
Profit before tax		88,655	15,653	236,383	152,115
Income tax expense	B5	(50,579)	(15,861)	(105,125)	(66,645)
Profit net of tax		38,076	(208)	131,258	85,470
Other comprehensive income:					
Foreign currency translation		(423)	(4,807)	2,469	(2,094)
Share of other comprehensive gain of an associa		(205)	(99)	(1,010)	-
		(628)	(4,906)	1,459	(2,094)
Total comprehensive income for the year/period		37,448	(5,114)	132,717	83,376
Profit net of tax attributable to:					
Owners of the parent		23,837	(7,749)	81,505	42,308
Non-controlling interests		14,239	7,541	49,753	43,162
		38,076	(208)	131,258	85,470
Total comprehensive income attributable to:					
Owners of the parent		23,208	(12,655)	82,965	40,217
Non-controlling interests		14,240	7,541	49,752	43,159
		37,448	(5,114)	132,717	83,376
Earnings per share (sen):					
Basic	B11	2.24	(0.73)	7.65	3.97
Diluted		N/A	N/A	N/A	N/A
EBITDA (includes amortisation of services concession assets)		191,244	131,500	664,294	603,068
EBIT		100,070	32,199	284,316	220,129

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.

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION (1)

	Unaudited As at 31/12/2019 RM'000	Audited As at 31/12/2018 RM'000
Non-current assets		
Property, plant and equipment	577,624	573,848
Service concession assets	327,299	661,061
Intangibles	299,294	295,025
Finance lease receivables	409,342	460,699
Deferred tax assets	65,070	130,366
Investment in a joint venture	-	5
Investment in an associates	160,924	155,223
Operating financial assets	97,267	43,756
Trade and other receivables	160,593	70,408
Contract assets	135	35,377
Rights of use of assets	4,440	-
Other non-current assets	12,026	13,975
	2,114,014	2,439,743
Current assets		
Finance lease receivable	51,357	47,657
Operating financial assets	1,583	6,585
Trade and other receivables	210,233	249,352
Contract assets	32,513	32,823
Inventories	89,070	89,381
Tax recoverable	1,358	7,272
Other current assets	11,071	33,990
Other financial assets	75,635	72,894
Deposits, cash and bank balances	453,892	355,876
	926,712	895,830
Total assets	3,040,726	3,335,573
Current liabilities		
Retirement benefit obligations	11,162	15,829
Finance lease payables	721	1,014
Loans and borrowings	131,019	89,908
Zakat	10,474	8,093
Trade and other payables	302,255	260,275
Contract liability	57	23
Service concession obligations	328,970	333,822
Tax payable	15,825	501
	800,483	709,465
Net current assets	126,229	186,365

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

	Unaudited As at 31/12/2019 RM'000	Audited As at 31/12/2018 RM'000
Non-current liabilities		
Retirement benefit obligations	72,370	72,561
Finance lease payables	1,312	1,935
Loans and borrowings	1,033,066	1,113,401
Trade and other payables	230	1,216
Service concession obligations	-	352,581
Consumer deposits	251,458	244,364
Deferred tax liabilities	81,298	83,299
	1,439,734	1,869,357
Total liabilities	2,240,217	2,578,822
Net assets	800,509	756,751
Equity attributable to owners of the parent		
Share capital	1,275,319	1,275,319
Other reserves	(891,946)	(893,405)
Retained earnings	199,215	167,455
	582,588	549,369
Non-controlling interests	217,921	207,382
Total equity	800,509	756,751
Total equity and liabilities	3,040,726	3,335,573
Net assets per share attributable to owners of the parent (RM) [2]	0.55	0.52

Notes:

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

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

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	-	1,459	-	-	81,506	82,965	49,752	132,717
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	(1,450)	(1,450)
-Unwinding on interest expense on CULS attibutable to non-controlling interests	-	-	-	-	-	-	(163)	(163)
-Dividends on ordinary shares	-	-	-	-	(49,746)	(49,746)	(37,600)	(87,346)
At 31 December 2019	1,275,319	13,006	1,063	(906,015)	199,215	582,588	217,921	800,509
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	-	(2,094)	-	-	42,311	40,217	43,159	83,376
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	(1,450)	(1,450)
-Unwinding on interest expense on CULS attibutable to non-controlling interests	-	-	-	-	-	-	(218)	(218)
-Dividends on ordinary shares	-	-	-	-	(71,064)	(71,064)	(29,600)	(100,664)
At 31 December 2018	1,275,319	11,547	1,063	(906,015)	167,455	549,369	207,382	756,751

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.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (1)

	12 months ended 31/12/2019 RM'000	12 months ended 31/12/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	236,383	152,115
Adjustments for:		
Depreciation of property, plant and equipment and right use of asset	54,923	51,670
Net gain on disposal of property, plant and equipment	(103)	(94)
Property, plant and equipment written off	206	144
Amortisation of service concession asset	324,067	330,564
Amortisation of operating rights	-	37
Amortisation of software	988	668
Share of results of associates	(9,906)	(7,112)
Net bad debts written off	1,284	1,858
Provision for retirement benefit plan	8,228	9,166
Zakat	6,787	5,516
Inventories written off	-	30
Impairment on investment in an associate and a jointly control entities	5	18,451
Net unrealised foreign exchange (gain)/loss	1,674	3,457
Allowance for expected credit losses on:		.
-Trade receivables	2,900	3,206
-Other receivables	5,217	3,500
Reversal for liquidated ascertained damages	-	(759)
Reversal of impairment of expected credit losses on:		
-Trade receivable	-	(3,541)
Waive of lease rental	(114,693)	-
Interest income	(54,471)	(57,588)
Interest expense	102,404	125,602
Operating profit before working capital changes	565,893	636,890
Receivables	27,460	14,343
Payables	50,624	(134,730)
Inventories	334	(7,899)
Finance lease receivables	84,168	84,168
Operating financial asset	(44,474)	21,356
Contract assets	35,047	(101,940)
Contract liability	34	23
Other non-current and current asset	24,875	24,408
Cash generated from operations	743,961	536,619
Retirement benefits plan paid	(13,150)	(8,901)
Zakat paid	(4,406)	(6,949)
Tax paid	(21,350)	(23,596)
Repayment of lease rental payable to PAAB	(350,190)	(343,212)
Net cash generated from operating activities	354,865	153,961

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

	12 months ended 31/12/2019 RM'000	12 months ended 31/12/2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(57,379)	(36,276)
Proceeds from disposal of property, plant and equipment	754	299
Placement of short term investments	(2,741)	(60,545)
Purchase of software	(5,257)	(1,521)
Interest received	13,203	11,408
Net cash used in investing activities	(51,420)	(86,635)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Placement)/withdrawal of fixed deposits with banking facilities	(74,060)	114,764
Drawdown of loans and borrowings	3,086	664,388
Finance lease principal repayments	(1,561)	(1,495)
Payment of principal portion of lease liabilities	(1,420)	-
Repayment of loans and borrowings	(53,793)	(604,207)
Dividends paid	(89,596)	(86,414)
Interest paid	(70,239)	(98,022)
Net cash used in financing activities	(287,583)	(10,986)
Net increase in cash and cash equivalents	15,862	56,340
Effect of exchange rate changes on cash and cash equivalents	8,619	3,135
Cash and cash equivalents at beginning of year	200,817	141,342
Cash and cash equivalents at end of year	225,298	200,817

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

Cash at banks and on hand	100,399	149,917
Short tem deposits with licensed banks	353,493	205,959
Total deposits, cash and bank balances	453,892	355,876
Bank overdrafts	-	(525)
Restricted deposits, cash and bank balances	(182,594)	(77,080)
Deposit with maturities of three months or more	(46,000)	(77,454)
Cash and cash equivalents	225,298	200,817
	-	

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 has adopted MFRS 16 since 1 January 2019 and did 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.

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.

A2. Changes in Accounting Policies (continued)

MFRS 16 Leases (continued)

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.

The following table presents the impact of changes to the statement of financial position of the Company resulting from the adoption of MFRS 16 Leases as at 1 January 2019 :

	As at 1 January 2019	Changes	As at 1 January 2019
	RM'000	RM'000	RM'000
Non-current asset			
Right of use asset	-	2,675	2,675
Non-current liabilities			
Lease liabilities	-	1,756	1,756
Current liabilities			
Lease liabilities	-	919	919

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.

A2. Changes in Accounting Policies (continued)

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.

Standards and Amendments in Issue but Not Yet Effective

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

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

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

A3. Audit Report

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

A4. Seasonality of Cyclicality of Operations

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

A5. Unusual Significant Items

There were no significant items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size or incidence for the current quarter and current financial year-to-date except for the item mentioned in Note B1 and B2.

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 announced 177,659,392 issuance of bonus new ordinary shares on the basis of 1 bonus share for every 5 existing Company shares.

A8. Dividend Paid

During the financial year ended 31 December 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 2019 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 2019 respectively as final single tier dividend of 1.0 sen per share on 888,315,767 ordinary shares.

In respect of the financial year ended 31 December 2019:

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

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A9. Segmental Information

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

For the financial year ended 31 December 2019:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	1,299,036	330,907	242,188	1,872,131
Inter-segment elimination	-	-	(242,188)	(242,188)
	1,299,036	330,907	-	1,629,943
Results				
Segment profit/(loss)	211,278	22,898	(102,918)	131,258
Segment assets	1,707,569	1,164,598	168,559	3,040,726
Segment liabilities	944,727	627,643	667,847	2,240,217
Proforma scenario				
Results				
Segment profit/(loss)	211,278	22,898	(102,918)	131,258
Add/(less):				
Sukuk interest	(37,251)	(3,432)	40,683	-
Adjusted segment profit/(loss)	**174,027**	**19,466**	**(62,235)**	**131,258**
Segment assets	1,707,569	1,164,598	168,559	3,040,726
Add/(less):				
Bank balances related to Sukuk	132,102	12,171	(144,273)	-
Adjusted segment Assets	**1,839,671**	**1,176,769**	**24,286**	**3,040,726**
Segment liabilities	944,727	627,643	667,847	2,240,217
Add/(less):				
Sukuk loan	578,193	53,271	(631,464)	-
Adjusted segment liabilities	**1,522,920**	**680,914**	**36,383**	**2,240,217**

A9. Segmental Information (continued)

For the financial year ended 31 December 2018:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	1,250,493	309,363	195,533	1,755,389
Inter-segment elimination	-	-	(195,533)	(195,533)
	1,250,493	309,363	-	1,559,856
Results				
Segment profit/(loss)	137,638	60,653	(112,821)	85,470
Segment assets	2,004,346	1,258,405	72,822	3,335,573
Segment liabilities	1,272,264	677,251	629,307	2,578,822
Proforma scenario				
Results				
Segment profit/(loss)	137,638	60,653	(112,821)	85,470
Add/(less):				
Sukuk interest	(37,911)	(3,493)	41,404	-
Adjusted segment profit/(loss)	**99,727**	**57,160**	**(71,417)**	**85,470**
Segment assets	2,004,346	1,258,405	72,822	3,335,573
Add/(less):				
Bank balances related to Sukuk	43,417	4,000	(47,417)	-
Adjusted segment assets	**2,047,763**	**1,262,405**	**25,405**	**3,335,573**
Segment liabilities	1,272,264	677,251	629,307	2,578,822
Add/(less):				
Sukuk loan	573,177	52,809	(625,986)	-
Adjusted segment liabilities	**1,845,441**	**730,060**	**3,321**	**2,578,822**

A9. Segmental Information (continued)

Environment segment

1. Revenue generated of RM1,299.0 million (2018: RM1,250.5 million) was an increase of RM48.5 million compared to its preceding year mainly due to increase in volume of water consumption.

2. Profit after taxation of RM211.7 million (2018: RM137.6 million) was an increase of RM74.1 million compared to its preceding year mainly due to the lower unwinding interest (compared to 2018) as Ranhill SAJ Sdn. Bhd. ("RanhillSAJ") is in 2nd year of its operating period coupled with waiver of lease rental of approximately RM80.0 million (at Net Present Value ("NPV")) offsetted against below one off expenses:

    - Arrears in Gunung Pulai and Sungai Skudai lease rental of RM9.0 million,
    - Electricity arrears of RM9.0 million,
    - Additional maintenance cost of RM7.0 million
    - Sponsorship and Corporate Social Responsibility ("CSR") work of RM23.0 million,
    - Additional month bonus provision for Ranhill SAJ staff of RM7.0 million
    - Provision for potential amount payable in relation to RWHK's claim for the aborted Wastewater Treatment plant at Chang Feng, China of RM7.4 million.

Power segment

1. Revenue of RM332.9 million (2018: RM309.4 million) was an increase of RM23.5 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 RM25.2 million (2018: RM60.7 million) decreased by RM35.5 million mainly due scheduled Hot gas path inspection maintenance work cost for GT1A and GT1B at Ranhill Powertron II Sdn Bhd and reversal of deferred tax asset of RM15.0 million due to lower load factor forecasted for remaining years of concession vs tax allowances granted.

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:

	31.12.2019 RM'000	31.12.2018 RM'000
Approved and contracted for	775	390
Approved but not contracted for	3,290	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 except as disclosed below:

(a) On 31 January 2020, Company has announced that the Company has allotted and issued 6,961,407 new Company shares pursuant to the Dividend Reinvestment Plan ("DRP") in relation to the announcement made on 7 November 2019, 9 December 2019, 13 December 2019,16 December 2019, 3 January 2020, 23 January 2020 and 30 January 2020. With the listing of the said new Company shares, the total enlarged number of Company shares is 1,072,936,566 shares.

(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. In the EGM on 27 February 2020, shareholders approved the share buy-back proposals.

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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			Cumulative Period		
	Current year quarter 31.12.2019 RM'000	Preceding year quarter 31.12.2018 RM'000	Changes %	Current year to date 31.12.2019 RM'000	Preceding year to date 31.12.2018 RM'000	Changes %
Revenue	391,840	418,161	-6.3%	1,629,943	1,559,856	4.5%
Operating profit	103,059	36,944	179.0%	281,197	218,533	28.7%
Profit Before Interest and Tax	100,070	32,199	210.8%	284,316	220,129	29.2%
Profit Before Tax	88,655	15,653	466.4%	236,383	152,115	55.4%
Profit After Tax	38,076	(208)	-18405.8%	131,258	85,470	53.6%
Profit Attributable to Ordinary Equity Holder of the Parent	23,837	(7,749)	-407.6%	81,505	42,308	92.6%

For the quarter and year to date ended 31 December 2019, the Group recorded a revenue of RM391.8 million and RM1,629.9 million respectively (Q42018 : RM418.2 million, YTD2018 : RM1,559.9 million) while profit attributable to ordinary equity holder of the parent of RM23.8 million and RM81.5 million (Q42018 : loss RM7.7 million, YTD2018: RM42.3 million).

The decrease in revenue for the quarter mainly contributed by the power segment due to lower net electric output generated following scheduled Hot gas path inspection maintenance work cost for GT1A and the reduction of tariff from RM43.23/kw per month to RM22.24kW per month. Meanwhile the increase in revenue for year to date was mainly contributed by the environment segment due to growth in water consumption.

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B1. Detailed Analysis of Performance of All Operating Segments (Continued)

Performance for the quarter and year-to-date (continued)

Profit attributable to ordinary equity holder of the parent for the quarter and year to date increased by RM33.7 million and RM41.4 million compared to quarter and year to date 2018 was mainly due to one off impairment of investment in associate of RM18.7m and provision of non-recoverability of RM3.5 million in relation to Sandakan project recognised in quarter and year to date 2018, lower unwinding interest of approximately RM3.0 million and RM12 million for quarter and year to date compared to 2018 plus a recognition of reversal of prior year lease rental of approximately RM64.0 million (at NPV) offsetted against the following non-recurring expenses:

- Arrears in Gunung Pulai and Sungai Skudai lease rental of RM5.6 million,
- Electricity arrears of RM5.0 million,
- Additional maintaining cost of RM4.2 million
- Sponsorship and Corporate Social Responsibility ("CSR") work of RM16.9 million,
- Additional month bonus provision of RM7.8 million,
- Provision for potential amount payable in relation to RWHK's claim for the aborted Wastewater Treatment plant at Chang Feng, China of RM7.4 million
- Reversal of deferred tax asset of RM12.0 million due to lower load factor forecasted for remaining years of concession vs tax allowances granted.

B2. Comparison of Results for Current Quarter Ended 31 December 2019 Compared to the Immediate Preceding Quarter

	Individual Quarter		**Changes %**
	Current year quarter 31.12.2019 RM'000	**Immediate preceding quarter 30.09.2019 RM'000**	
Revenue	391,840	409,060	-4.2%
Operating Profit	103,059	55,519	85.6%
Profit Before Interest and Tax	100,070	59,287	68.8%
Profit Before Tax	88,655	47,871	85.2%
Profit/(loss) After Tax	38,076	28,991	31.3%
Profit/(loss) Attributable to Ordinary Equity Holder of the parent	23,837	17,630	35.2%

The Group recorded a revenue of RM391.8 million in the current quarter compared to its immediate preceding quarter's revenue of RM409.1 million, a decrease of RM17.2 million or 4.2% mainly due to scheduled maintenance of a gas turbine, which resulted in lower electricity produced and sold.

B2. Comparison of Results for Current Quarter Ended 31 December 2019 Compared to the Immediate Preceding Quarter (Continued)

The profit attributable to ordinary equity holder of the parent for the current quarter has increased by RM6.2 million from RM17.6 million in quarter 3 2019 to RM23.8 million in quarter 4 2019 mainly due to recognition of reversal of prior year lease rental of approximately RM64.0 million (at NPV) offsetted against the following non-recurring expenses:

- Arrears in Gunung Pulai and Sungai Skudai lease rental of RM5.6 million,
- Electricity arrears of RM5.0 million,
- Additional maintaining cost of RM4.2 million
- Sponsorship and Corporate Social Responsibility ("CSR") work of RM12.9 million,
- Additional month bonus provision of RM7.8 million,
- Provision for potential amount payable in relation to RWHK's claim for the aborted Wastewater Treatment plant at Chang Feng, China of RM7.4 million
- Reversal of deferred tax asset of RM12.0 million due to lower load factor forecasted for remaining years of concession vs tax allowances granted.

B3. Prospects

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 2456 MLD) and wastewater treatment capacity, of which 400 MLD is to be from international segment by 2022.

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

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

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 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 24.11% as at 31 December 2019.

Ranhill Water Technologies Sdn Bhd ("RWT") was awarded a local sewage treatment plant ("STP") contract in Malaysia, namely for the 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.

Currently, we operate 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.

B3. Prospects (continued)

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 renewal contract, into a long term contract with 20-year Concession Period (the "Amata ROT"). Along with the two awarded concessions, the tariffs had also been revised to be higher than from the O&M contracts.

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

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.

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

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

Additionally, the Company, had on 26 November 2019 entered into three Memorandum of Understanding with PT Jasa Sarana to explore business opportunities in the West Java Province, Republic of Indonesia. The MOUs expressed the intention of both parties to jointly carry out cooperation in relation to the proposed development of a Geothermal Power Plant in the Cisolok-Cisukarame Geothermal Working Area, Mini Hydro Projects in West Java Province and the implementation of the infrastructure for Cirebon Raya Regional and Legok Nangka Regional Waste Management and Final Disposal Project.

To enhance our international presence, we aim to further strengthen our operational presence in the region focusing on investment and development opportunities within the Environment and Power segments in South East Asia.

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 31.12.2019 RM'000	Preceding year quarter 31.12.2018 RM'000	Current year to date 31.12.2019 RM'000	Preceding year to date 31.12.2018 RM'000
Malaysia taxation:				
Current taxation	17,144	4,654	41,242	19,492
(Over)/under provision prior years	(580)	(1,215)	518	(1,305)
Foreign taxation:				
Current taxation	(7)	31	-	51
Deferred taxation	(159)	(203)	794	-
Deferred taxation				
Current taxation	19,961	10,217	46,760	46,456
Under provision prior years	14,220	2,377	15,811	1,951
	50,579	15,861	105,125	66,645

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 and reversal of RM15 million deferred tax asset by Ranhill Powertron II.

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 2026, requiring a potential reversal of deferred tax asset to the income statement of RM57.7 million.

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. Our initial appeal was rejected and was announced on 14 May 2019. The appeal has not been approved based on MoF's reply on 26 July 2019. We have since submitted the third appeal against the decision. MoF had via its letter dated 18 October 2019 have agree to reassess Ranhill's appeal despite its earlier rejections.

Subsequently, via an email dated 18 February 2020, MOF informed that additional time is required for the assessment as they are also seeking technical and legal advice before any decision can be made.

B6. Profit/(Loss) Before Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 31.12.2019 RM'000	Preceding year quarter 31.12.2018 RM'000	Current year to date 31.12.2019 RM'000	Preceding year to date 31.12.2018 RM'000
Amortisation of service concession assets	74,170	83,915	324,067	330,564
Amortisation of software	631	294	988	668
Amortisation of concession rights	-	-	-	37
Depreciation of property, plant and equipment and right use of assets	16,373	15,092	54,923	51,670
Unrealised foreign exchange (gain)/loss	(400)	(4,100)	1,674	3,457
Realised foreign exchange gain	(44)	4,390	(134)	95
Allowance for expected credit losses on:				
- Trade receivables	2,632	3,206	2,900	3,206
- Other receivables	1,717	3,500	5,217	3,500
Property, plant and equipment written off	103	63	206	144
Provision for liquidated ascertained damages	-	-	-	(759)
Loss/(Gain) on disposal of property, plant and equipment	(313)	(63)	(103)	(93)
Impairment of investment in jointly controlled entity	5	-	5	-
Impairment of investment in associate	-	18,451	-	18,451
Waiver on lease rental	(114,693)	-	(114,693)	-

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 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	-	74,370	-	557,094	-	631,464
Sub total	**5,065**	**124,476**	**17,939**	**1,001,911**	**23,004**	**1,126,387**
Unsecured						
- Convertible unsecured loan stocks ("CULS")	-	-	-	10,213	-	10,213
Sub total	**-**	**-**	**-**	**10,213**	**-**	**10,213**
Total borrowing	**5,065**	**124,476**	**17,939**	**1,012,124**	**23,004**	**1,136,600**
Lease liability		1,478		3,003		4,481
Grand Total	**5,065**	**125,954**	**17,939**	**1,015,127**	**23,004**	**1,141,081**
						1,164,085

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

B9. Changes in Material Litigation

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

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

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

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

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

On 13.06 2019 Ranhill filed an application under Order 14 Rule 1 Rule of Court 2012 for Summary Judgment of RM 7.0 mil (Enclosure 8) 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 (Enclosure 10) 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.

Both applications were fixed for hearing on 7 January 2020 before YA Dato' Indera Mohd Sofian bin Tan Sri Abd Razak. However the hearing was adjourned to 9 March 2020 as the Learned Judge has to give priority to an on-going full trial.

B9. Changes in Material Litigation (continued)

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

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

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

B10. Dividend Payable

Dividends declared and paid / to be paid for the financial year ended 31 December 2019 are as disclosed below:

(a) Second interim dividend of 2.0 sen per share on 1,065,975,159 ordinary shares, amounting to a dividend payable of RM21,319,503 was announced on 7 November 2019 with the option to elect for DRP. Subsequently on 16 December 2019, the Company announced that the second interim dividend will be paid on 30 January 2020. On 31 January 2020, the Company announced that Company has allotted and issued 6,961,407 new Company shares pursuant to the DRP.

(b) Third interim dividend of 1.0 sen per share on 1,072,936,566 ordinary shares, amounting to a dividend payable of RM10,729,366 was declared on 27 February 2020, payable on 31 March 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 31.12.2019 RM'000	**Preceding Year Quarter 31.12.2018 * RM'000**	**Current Year-To-Date 31.12.2019 RM'000**	**Preceding Year-To-Date 31.12.2018 * RM'000**
Basic earnings/(loss) per share				
Profit/(Loss) attributable to members of the Company	23,837	(7,749)	81,505	42,308
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)	2.24	(0.73)	7.65	3.97

* 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: 27 February 2020