

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2021



UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	NOTE	Individual Quarter		Cummulative Period	
		Current year	Preceding year	Current year	Preceding year
		quarter	quarter	to date	to date
		30/09/2021	30/09/2020	30/09/2021	30/09/2020
		RM'000	RM'000	RM'000	RM'000
Revenue		380,599	385,478	1,109,974	1,122,637
Cost of sales		(280,164)	(293,584)	(841,932)	(841,666)
Gross profit		<u>100,435</u>	<u>91,894</u>	<u>268,042</u>	<u>280,971</u>
Other items of income					
Interest income		13,253	11,354	40,333	36,757
Other income		2,500	5,962	8,367	12,626
Other items of expense					
Admin/Operating expenses		(73,610)	(54,782)	(187,828)	(176,136)
Finance costs		(19,272)	(18,873)	(64,910)	(61,076)
Share of results of associates		4,852	3,808	11,737	12,225
Profit before tax and zakat		<u>28,158</u>	<u>39,363</u>	<u>75,741</u>	<u>105,367</u>
Income tax expense and zakat	B5	(10,217)	(15,539)	(31,640)	(33,438)
Profit net of tax		<u>17,941</u>	<u>23,824</u>	<u>44,101</u>	<u>71,929</u>
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		(1,383)	(2,827)	844	673
Remeasurement of defined benefit liability			-		(4,407)
Total other comprehensive income		<u>(1,383)</u>	<u>(2,827)</u>	<u>844</u>	<u>(3,734)</u>
Total comprehensive income for the period/year		<u>16,558</u>	<u>20,997</u>	<u>44,945</u>	<u>68,195</u>
Profit net of tax attributable to:					
Owners of the parent		8,521	15,096	24,870	46,474
Non-controlling interests		9,420	8,728	19,231	25,455
		<u>17,941</u>	<u>23,824</u>	<u>44,101</u>	<u>71,929</u>
Total comprehensive income attributable to:					
Owners of the parent		7,117	12,268	25,700	42,739
Non-controlling interests		9,441	8,729	19,245	25,456
		<u>16,558</u>	<u>20,997</u>	<u>44,945</u>	<u>68,195</u>
Earnings per share (sen):					
Basic	B11	0.68	1.42	2.20	4.36
Diluted		0.68	1.42	2.20	4.36
EBITDA (includes amortisation of services concession assets)		<u>108,376</u>	<u>145,700</u>	<u>376,369</u>	<u>427,730</u>
EBIT		<u>34,177</u>	<u>45,799</u>	<u>100,318</u>	<u>133,457</u>

Notes :

- (1) The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of Ranhill Utilities Berhad ("the Company") for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.



UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30/09/2021 RM'000	Audited As at 31/12/2020 RM'000
Non-current assets		
Property, plant and equipment	219,623	222,434
Service concession assets	722,787	-
Intangibles	423,015	308,579
Rights of use of assets	13,194	9,079
Deferred tax assets	49,798	40,874
Investment in an associates	205,454	180,447
Operating financial assets	484,890	549,092
Trade and other receivables	90,751	146,156
Other non-current assets	8,865	10,077
	<u>2,218,377</u>	<u>1,466,738</u>
Current assets		
Operating financial assets	80,162	77,490
Trade and other receivables	341,857	309,012
Contract related assets	101,188	32,154
Inventories	110,236	88,853
Tax recoverable	5,605	7,281
Other current assets	24,696	13,770
Other financial assets	20,425	55,673
Deposits, cash and bank balances	234,354	258,245
	<u>918,523</u>	<u>842,478</u>
Total assets	<u>3,136,900</u>	<u>2,309,216</u>
Current liabilities		
Retirement benefit obligations	13,850	10,634
Loans and borrowings	107,922	97,111
Trade and other payables	288,181	260,784
Contract related liabilities	6,716	779
Service concession obligations	339,093	-
Tax payable	8,365	4,619
	<u>764,127</u>	<u>373,927</u>
Net current assets	<u>154,396</u>	<u>468,551</u>



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

	Unaudited As at 30/09/2021 RM'000	Audited As at 31/12/2020 RM'000
Non-current liabilities		
Retirement benefit obligations	70,523	76,461
Loans and borrowings	879,147	981,468
Trade and other payables	5,089	3,851
Service concession obligations	350,435	-
Consumer deposits	252,286	253,327
Deferred tax liabilities	28,910	27,554
	<u>1,586,390</u>	<u>1,342,661</u>
Total liabilities	<u>2,350,517</u>	<u>1,716,588</u>
Net assets	<u>786,383</u>	<u>592,628</u>
Equity attributable to owners of the parent		
Share capital	1,438,993	1,282,907
Treasury shares	(7,658)	(6,277)
Employee share reserve	542	459
Other reserves	(888,598)	(889,428)
Retained earnings	87,538	76,312
	<u>630,817</u>	<u>463,973</u>
Non-controlling interests	155,566	128,655
Total equity	<u>786,383</u>	<u>592,628</u>
Total equity and liabilities	<u>3,136,900</u>	<u>2,309,216</u>
Net assets per share attributable to owners of the parent (RM) ²	<u>0.56</u>	<u>0.43</u>

Notes:

(1) The Unaudited Condensed Statements of Financial Position should be read in conjunction with the Audited Financial Statements of Ranhill Utilities Berhad ("the Company") for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

(2) Based on weighted average number of shares post acquisition.

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Share capital	Treasury shares	Employee share reserves	Currency translation reserves	Equity component of convertible unsecured loan stock	Merger reserve/ (deficit)	Retained earnings	Total	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	1,282,907	(6,277)	459	15,524	1,063	(906,015)	76,312	463,973	128,655	592,628
Profit net of tax	-	-	-	-	-	-	24,870	24,870	19,231	44,101
Other comprehensive income	-	-	-	830	-	-	-	830	14	844
Total comprehensive income	-	-	-	830	-	-	24,870	25,700	19,245	44,945
Transaction with owners										
-Purchase of treasury shares	-	(10,351)	-	-	-	-	-	(10,351)	-	(10,351)
- Long-term incentive plan ("LTIP")										
- share-based payment expenses	-	-	83	-	-	-	-	83	-	83
-Issuance of share pursuant to acquisition of subsidiaries	156,086	-	-	-	-	-	-	156,086	-	156,086
-Issuance of equity to non-controlling interest	-	-	-	-	-	-	-	-	19,489	19,489
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	-	(98)	(98)
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,065)	(1,065)
-Dividends paid via:										
- distribution of treasury shares	-	8,970	-	-	-	-	(13,644)	(4,674)	-	(4,674)
- cash	-	-	-	-	-	-	-	-	(10,660)	(10,660)
Total transaction with owners	156,086	(1,381)	83	-	-	-	(13,644)	141,144	7,666	148,810
At 30 September 2021	1,438,993	(7,658)	542	16,354	1,063	(906,015)	87,538	630,817	155,566	786,383

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Share capital RM'000	Treasury shares RM'000	Employee share reserves RM'000	Currency translation reserves RM'000	component of unsecured loan stock RM'000	Merger reserve/ (deficit) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2020 (as previously stated)	1,275,319	-	-	13,007	1,063	(906,015)	198,870	582,244	217,864	800,108
Restatement of comparatives	-	-	-	-	-	-	(113,341)	(113,341)	(75,561)	(188,902)
At 1 January 2020 (restated)	1,275,319	-	-	13,007	1,063	(906,015)	85,529	468,903	142,303	611,206
Profit net of tax	-	-	-	-	-	-	46,474	46,474	25,456	71,930
Others comprehensive income	-	-	-	673	-	-	(4,408)	(3,735)	-	(3,735)
Total comprehensive income	-	-	-	673	-	-	42,066	42,739	25,456	68,195

Transaction with owners

-Issuance of share pursuant to dividend reinvestment plan ("DRP")	7,588	-	-	-	-	-	-	7,588	-	7,588
- Long-term incentive plan ("LTIP") - share-based payment expenses	-	-	82	-	-	-	-	82	-	82
-Purchase of treasury shares	-	(10,644)	-	-	-	-	-	(10,644)	-	(10,644)
-Issuance of equity to non-controlling interest	-	-	-	-	-	-	-	-	221	221
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	-	(89)	(89)
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,088)	(1,088)
-Dividends on ordinary shares	-	-	-	-	-	-	(31,515)	(31,515)	(25,600)	(57,115)
Total transaction with owners	7,588	(10,644)	82	-	-	-	(31,515)	(34,489)	(26,556)	(61,045)
At 30 September 2020	1,282,907	(10,644)	82	13,680	1,063	(906,015)	96,080	477,153	141,203	618,356

Notes:

(1) The Unaudited Condensed Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements of Ranhill Utilities Berhad ("the Company") for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

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Ranhill

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS ⁽¹⁾

	9 months ended 30/09/2021 RM'000	9 months ended 30/09/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	75,741	105,367
Adjustments for:		
Depreciation of property, plant and equipment	30,080	40,336
Depreciation of right-use-of asset	2,278	1,831
Gain on disposal of property, plant and equipment	(43)	(71)
Net (gain)/loss on disposal of right-use-of asset	(4)	136
Property, plant and equipment written off	82	679
Amortisation of service concession asset	240,962	250,595
Amortisation of software	2,731	1,511
Share of results of associates	(11,737)	(12,225)
Share based payment expenses	83	82
Bad debts written off	-	17
Bad debts recovered	(17)	-
Provision for retirement benefit plan	4,738	5,116
Inventories written off	42	-
Net unrealised foreign exchange gain	(3,060)	(2,639)
Allowance for expected credit losses on:		
-Trade receivables	387	614
Reversal for liquidated ascertained damages	-	(80)
Interest income	(40,333)	(36,757)
Finance costs	64,910	61,076
Operating profit before working capital changes	<u>366,840</u>	<u>415,588</u>
Receivables	56,046	(53,783)
Payables	(96,859)	(53,134)
Inventories	(21,425)	(13,349)
Operating financial asset	92,206	66,790
Contract related assets	(27,256)	978
Contract related liability	(954)	1,286
Other non-current and current asset	<u>(8,838)</u>	<u>(9,225)</u>
Cash generated from operations	359,760	355,151
Retirement benefits plan paid	(7,355)	(5,310)
Tax paid	(25,124)	(23,777)
Zakat paid	-	(1,250)
Repayment of lease rental payable to PAAB	<u>(238,845)</u>	<u>(262,196)</u>
Net cash generated from operating activities	<u>88,436</u>	<u>62,618</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22,076)	(48,789)
Purchase of right-of-use assets	-	(1,471)
Proceeds from disposal of property, plant and equipment	117	72
Proceeds from disposal of right-of-use assets	81	0
Net cashflow effect on acquisition of subsidiary	43,626	203
Disposal of short term investments	35,248	49,210
Purchase of software	(3,305)	(3,429)
Interest received	2,231	8,273
Net cash generated from investing activities	<u>55,922</u>	<u>4,069</u>

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Ranhill

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (continued) ⁽¹⁾	9 months ended 30/09/2021 RM'000	9 months ended 30/09/2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal of fixed deposits with banking facilities	5,304	125,510
Drawdown of loans and borrowings	5,000	-
Repayment of lease liabilities	(1,977)	(2,072)
Repayment of principal portion of loans and borrowings	(96,660)	(94,041)
Purchase of treasury shares	(10,351)	(10,644)
Dividends paid	(14,861)	(72,716)
Repayment of interest portion of loans and borrowings	(49,991)	(53,686)
Net cash used in financing activities	<u>(163,536)</u>	<u>(107,649)</u>
Net decrease in cash and cash equivalents	(19,178)	(40,962)
Effect of exchange rate changes on cash and cash equivalents	(2,219)	(7,775)
Cash and cash equivalents at beginning of year	118,853	167,302
Cash and cash equivalents at end of the period	<u>97,456</u>	<u>118,565</u>
Cash and cash equivalents at end of financial period comprise the following:		
Cash at banks and on hand	63,565	77,186
Short term deposits with licensed banks	170,789	202,867
Total deposits, cash and bank balances	<u>234,354</u>	<u>280,053</u>
Bank overdraft	(2,810)	(408)
Restricted deposits, cash and bank balances	(126,764)	(143,341)
Deposit pledge as securities to licensed bank	(6,348)	(533)
Deposit with maturities of three months or more	(976)	(17,206)
Cash and cash equivalents	<u>97,456</u>	<u>118,565</u>

Notes:

- (1) The Unaudited Condensed Statements of Cash Flows should be read in conjunction with the Audited Financial Statements of Ranhill Utilities Berhad ("the Company") for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

SECTION A: NOTES TO THE QUARTERLY RESULTS
A1. Basis of Preparation

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

These interim financial statements should be read in conjunction with the Audited Financial Statements of Ranhill Utilities Berhad ("the Company") for the financial year ended 31 December 2020 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 2020.

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 2020.

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

On 1 January 2021, 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 2021.

Description	Effective for annual periods beginning on or after
MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform Phase 2	1 January 2021
MFRS 16 : Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)	1 April 2021

The adoption of the above standards and interpretation did not have any material effect on the financial performance or position of the Group and the Company.

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A2. Changes in Accounting Policies (continued)
Standards and Amendments in Issue but Not Yet Effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"	1 January 2022
MFRS 3: Reference to the Conceptual Framework (Amendments to MFRS 3)	1 January 2022
MFRS 16: Property, Plant and Equipment—Proceeds before Intended Use (Amendments to MFRS 116)	1 January 2022
MFRS 137: Onerous Contracts—Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
MFRS 101 : Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
MFRS 108: Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)	1 January 2023
MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

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

A3. Audit Report

There was no audit qualification reported in the Auditors' Report on the financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020.

A4. Seasonality of Cyclicity of Operations

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

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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 16 July 2021, Company's new shares totalling 222,980,657 units were listed and quoted on Bursa Malaysia Securities Berhad pursuant to the acquisition of 100% Ranhill Bersekutu Sdn Bhd ("RBSB) and 51% of Ranhill Worley Sdn Bhd ("RWSB"). The issued share capital of the Company increased on 15 July 2021 from 1,072,936,566 to 1,295,917,223.
- (b) As at 30 September 2021, the Company held 10,770,763 repurchased shares as treasury shares (post distribution of share dividends to shareholder on 16 October 2020 (10,617,974 treasury shares) and 21 May 2021 (10,618,163 treasury shares). The treasury shares are held at a carrying amount of RM7,657,135.

A8. Dividend Paid

During the period ended 30 September 2021, the following dividend was distributed:

In respect of the financial year ended 31 December 2020:

- (a) Third interim dividend was declared on 29 March 2021 by way of dividend-in-specie to the shareholders of 1 share dividend for every 100 ordinary shares. The value of the share dividend per the Company treasury share is equivalent to a gross cash dividend of 0.84 sen per share. The share dividend amounted to 10,618,163 was distributed to shareholders from Company treasury shares on 21 May 2021.

In respect of the financial year ended 31 December 2021:

- (a) First interim dividend was declared on 30 August 2021 by way of dividend-in-specie to the shareholders of 0.5 share dividend for every 100 ordinary shares. The value of the share dividend per the Company treasury share is equivalent to a gross cash dividend of 0.73 sen per share. The share dividend of 6,425,580 was distributed to shareholders from Company treasury shares on 22 October 2021.

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A9. Segmental Information

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

For the period ended 30 September 2021:

BY BUSINESS SEGMENTS	Environment RM'000	Services RM'000	Energy RM'000	Others RM'000	Total RM'000
Revenue					
Sales to external Customers	870,740	173,266	157,403	47,638	1,249,047
Inter-segment elimination	-	(91,435)	-	(47,638)	(139,073)
	870,740	81,831	157,403	-	1,109,974
Results					
Segment profit/(loss)	112,480	10,606	1,262	(80,247)	44,101
Segment assets	1,925,978	370,864	776,892	96,512	3,170,246
Segment liabilities	1,203,068	141,586	474,751	564,458	2,383,863
Proforma scenario					
Results					
Segment profit/(loss)	112,480	10,606	1,262	(80,247)	44,101
Add/(less): Sukuk interest	(24,829)	-	(2,288)	27,117	-
Adjusted segment profit/(loss)	87,651	10,606	(1,026)	(53,130)	44,101
Segment assets	1,925,978	370,864	776,892	96,512	3,170,246
Add/(less): Bank balances related to Sukuk	46,588	-	4,292	(50,880)	-
Adjusted segment Assets	1,972,566	370,864	781,184	45,632	3,170,246
Segment liabilities	1,203,068	141,586	474,751	564,458	2,383,863
Add/(less): Sukuk loan	504,340	-	46,467	(550,807)	-
Adjusted segment liabilities	1,707,408	141,586	521,218	13,651	2,383,863

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A9. Segmental Information (continued)

For the period ended 30 September 2020:

BY BUSINESS SEGMENTS	Environment RM'000	Services RM'000	Energy RM'000	Others RM'000	Total RM'000
Revenue					
Sales to external customers	884,028	113,003	200,610	138,073	1,335,714
Inter-segment elimination	-	(75,004)	-	(138,073)	(213,077)
	884,028	37,999	200,610	-	1,122,637
Results					
Segment profit/(loss)	125,107	9,265	9,942	(72,385)	71,929
Segment assets	1,261,803	115,773	1,092,349	153,276	2,623,201
Segment liabilities	593,940	46,677	575,436	599,890	1,815,943
Proforma scenario					
Results					
Segment profit/(loss)	125,107	9,265	9,942	(72,385)	71,929
Add/(less): Sukuk interest	(26,485)	-	(2,440)	28,925	-
Adjusted segment profit/(loss)	98,622	9,265	7,502	(43,460)	71,929
Segment assets	1,261,803	115,773	1,092,349	153,276	2,623,201
Add/(less): Bank balances related to Sukuk	67,025	-	6,175	(73,200)	-
Adjusted segment assets	1,328,828	115,773	1,098,524	80,076	2,623,201
Segment liabilities	593,940	46,677	575,436	599,890	1,815,943
Add/(less): Sukuk loan	536,582	-	49,437	(586,019)	-
Adjusted segment liabilities	1,130,522	46,677	624,873	13,871	1,815,943

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A9. Segmental Information (continued)

Environment segment

- Year to date revenue generated is RM870.7 million (2020: RM884.0 million), a decrease of RM13.3 million compared to its preceding year, mainly due to lower commercial water consumption in Johor due to Movement Control Order (“MCO”).
- Year to date profit after taxation is RM112.5 million (2020: RM125.1 million) a decrease of RM12.6 million compared to its preceding year, mainly due to lower contribution by Ranhill SAJ.

Services segment

- Revenue of RM81.8 million (2020: RM38.0 million), an increase of RM43.8 million compared to its preceding year mainly contributed by newly acquisition of subsidiaries (Ranhill Bersekutu Sdn Bhd (“RBSB”) and Ranhill Worley Sdn Bhd (“RWSB”)) during the year.
- Year to date profit after taxation is RM10.6 million (2020: RM9.3 million) an increase profit of RM1.3 million compared to its preceding year, mainly contributed by RBSB and RWSB, while offsetted by lower contribution by Ranhill Water services (“RWS”) due higher recognition of direct material cost, subcontractor cost, purchase consumables and staff cost.

Energy segment

- Revenue of RM157.4 million (2020: RM200.6 million), a decrease of RM43.2 million compared to its preceding year mainly due to lower capacity payment in Ranhill Powertron (“RPI”) post completion of loan repayment.

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 except as disclosed below:

- (a) On 12 July 2021, the Company completed the acquisition of 100% of RBSB’s shares of 15,346,170 and 51% RWSB’s shares of 4,488,309 via an issuance of Company’s new shares totaling 222,980,657 units which listed and quoted on Bursa Malaysia Securities Berhad on 16 July 2021. The Purchase Price Allocation document yet to be finalized.

A11. Contingent Liabilities

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2021**
A12. Capital Commitments

The Group has the following capital commitments in respect of:

	30.09.2021 RM'000	31.12.2020 RM'000
Approved and contracted for	8,583	351
Approved but not contracted for	18,521	4,575
	27,104	4,926

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) The Company had completed the purchase of its issued ordinary shares of 6,513,800 from the open market. Therefore, the total of treasury shares as at 26 November 2021 is 10,858,983.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2021**
SECTION B: BURSA SECURITIES LISTING REQUIREMENT (PART A OF APPENDIX 9B)
B1. Detailed Analysis of Performance of All Operating Segments
Performance for the quarter and year-to-date

	Individual Quarter		Changes %	Cumulative Period		Changes %
	Current year quarter 30.09.2021 RM'000	Preceding year quarter 30.09.2020 RM'000		Current year to date 30.09.2021 RM'000	Preceding year to date 30.09.2020 RM'000	
Revenue	380,599	385,478	-1.3%	1,109,974	1,122,637	-1.1%
Operating profit	29,325	43,074	-31.9%	88,581	117,461	-24.6%
Profit Before Interest, Tax and Zakat	34,177	46,882	-27.1%	100,318	129,686	-22.6%
Profit Before Tax and Zakat	28,158	39,363	-28.5%	75,741	105,367	-28.1%
Profit After Tax	17,941	23,824	-24.7%	44,101	71,929	-38.7%
Profit Attributable to Ordinary Equity Holder of the Parent	8,521	15,096	-43.6%	24,870	46,474	-46.5%

For the quarter and period ended 30 September 2021, the Group recorded a revenue of RM380.6 million and RM1,110.0 million respectively (Q32020 : RM385.5 million, YTD2020 : RM1,122.6 million) while profit attributable to ordinary equity holder of the parent are RM8.5 million and RM24.9 million respectively (Q32020 : RM15.1 million, YTD2020: RM46.5 million).

The decrease in revenue for the quarter and year to date (against prior year corresponding quarter) were the result of lower revenue in Energy segment attributed by lower capacity payment in RPI post loan completion, lower revenue in Environment segment due to lower contribution by Ranhill SAJ and by an increase revenue in Services segment contributed by new subsidiaries acquired during the year (RWSB and RBSB).

Profit attributable to ordinary equity holder of the parent for the quarter decreased by RM6.6 million (compared to preceding year's quarter) mainly due to higher direct material and subcontractor cost in RWS and higher overhead in RWT and HQ.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2021**
B2. Comparison of Results for Current Quarter Ended 30 September 2021 Compared to the Immediate Preceding Quarter

	Individual Quarter		Changes %
	Current year quarter 30.09.2021 RM'000	Immediate preceding quarter 30.06.2021 RM'000	
Revenue	380,599	365,612	4.1%
Operating Profit	29,325	31,308	-6.3%
Profit Before Interest, Tax and Zakat	34,177	34,014	0.5%
Profit Before Tax and Zakat	28,158	25,023	12.5%
Profit/(loss) After Tax	17,941	13,091	37.0%
Profit/(loss) Attributable to Ordinary Equity Holder of the parent	8,521	9,051	-5.9%

The Group recorded a revenue of RM380.9 million in the current quarter compared to its immediate preceding quarter's revenue of RM365.6 million, an increase of RM15.0 million or 4.1%, mainly contributed by Services segment (RM32.1 million) arising from the acquisition of new subsidiaries and by lower revenue by Environment segment (RM16.8 million).

The profit attributable to ordinary equity holder of the parent for the current quarter slightly decreased by RM0.6 million from a profit of RM9.1 million in quarter 2 FY2021 to a profit of RM8.5 million.

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B3. Prospects

Initiatives to explore the opportunity in expanding water supply operations to other states in Malaysia are still actively sought, based on the “Asset-Light” model and our achievement in operating the water supply services in Johor for over 20 years, since 1999.

RanhillSAJ will continue to expedite pipe rehabilitation and replacement works to realise further reduction in non-revenue water (“NRW”) going forward. This is expected to be achieved via pipe rehabilitation works and Active Leak Control (“ALC”) activities that have been proposed under the Rehabilitation 2020 (“Rehab 2020”) and Rehab 2021 programmes respectively.

We have submitted the proposals to industry regulator, SPAN under its OP5 Business Plan. We look forward to receiving SPAN’s approval on the proposals that will enable all proposed pipe rehabilitation programmes to be implemented and completed by end 2022 to achieve the 2023 OP5 NRW target level of 22%. 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.

In the international front, RWT operates 12 industrial wastewater treatment plant in China totalling 227MLD (via joint venture with SIIC (a state-owned entity)).

The Group also owns and operates 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 114MLD in Thailand. The Group aims to convert its existing Operations & Maintenance (“O&M”) contracts to longer-term ROT concessions, consistent with its strategic objective of expanding into the long-term regulated asset business in Thailand utilising the same strategy.

In line with the Company’s planned expansion in the Environment sector, Ranhill, along with several strategic business partners have formed a Consortium to undertake bidding for the development of ‘Source-to-Tap’ project that aims to extract 10,000 litre per second (lps) sourced from the Jatiluhur dam and supply treated water to 5 regions namely DKI Jakarta, Bekasi City, Bekasi Regency, Karawang Regency and Bogor Regency.

The Consortium have submitted the Feasibility Studies (“FS”) to the Ministry of Public Works and Public Housing of Republic of Indonesia (“PUPR”), and is awaiting the acceptance of the FS and the award of ‘Initiator Status’ to the Consortium, before PUPR calls for a tender exercise.

Our energy division is proposing an extension to the Power Purchase Agreement (“PPA”) for our Teluk Salut Power Plant beyond its existing concession term that expires in 2029. We had commenced negotiation for the PPA extension and are of the view that the terms proposed are attractive and competitive and will hold us in good stead in extending the PPA.

In addition, the energy division is also in discussion with other Ranhill subsidiaries to install ground-mounted solar PV or rooftop solutions to be installed in the latter’s respective facilities. The business will be based on the Nett Energy Metering and / or Solar PPA concept where the energy division will develop, finance and operate the solar PV plants on a long-term basis.

Ranhill’s Energy Division looks forward to the expected completion of the Sabah East-West Transmission line in 2023. The transmission line will enable up to 400 MW of additional electricity to be despatched from Sabah’s West Coast to the East Coast.

We will continue to identify and pursue opportunities towards realising its aspirations of securing 1,000 MW of gas fired capacity by 2022, and 300 MW of Solar PV energy by 2024.

B3. Prospects (continue)

On 19 August 2021 Ranhill Solar I Sdn Bhd ("RSI") signed the Large Scale Solar Phase 4 ("LSS4@Mentari") Photovoltaic Power Purchase Agreement ("PPA") with Tenaga Nasional Berhad ("TNB"). RSI will design, construct, own, operate and maintain a solar photovoltaic energy generating facility with the capacity of 50MWa.c. (the "Facility") at Batang Padang, Perak.

The PPA governs the obligations of RSI and TNB to sell and purchase the energy generated by the Facility to TNB for a period of 21 years from the commercial operation date in accordance with the agreed terms and conditions as stipulated in the PPA.

The successful tender of LSS4@Mentari is Ranhill's first venture into asset ownership of large scale solar project. Ranhill views this Project as a step in the right direction as the Group pursues development of renewable energy in helping to contribute to the country's energy transition to a cleaner and greener Malaysia.

Our newly acquired subsidiary, Ranhill Bersekutu Sdn Bhd ("RBSB"), an engineering and project management entity with over 40 years of experience in development of large scale project has been appointed as the main engineering, procurement, construction and commissioning ("EPCC") contractor for this project.

Ranhill also aims to participate in the coming LSS 5 bidding exercise expected in in 2021. The experience gained from the previous participation in LSS 3 and LSS 4 will be helpful in assisting us in submitting competitive bids in any tender exercises.

B4. Profit Forecast

Not applicable.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2021**
B5. Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 30.09.2021 RM'000	Preceding year quarter 30.09.2020 RM'000	Current year to date 30.09.2021 RM'000	Preceding year to date 30.09.2020 RM'000
Malaysia taxation:				
Current taxation	11,108	8,575	31,742	19,700
(Over)/under provision prior years	(54)	(1)	166	(86)
Foreign taxation:				
Current taxation	53	2	133	2
Deferred taxation	77	203	236	358
Deferred taxation				
Current taxation	(665)	5,456	9	16,865
(Over)/under provision prior years	(302)	221	(646)	370
	10,217	14,456	31,640	37,209
Zakat				
Zakat expenses	-	1,083	-	1,333
Overprovision in prior year	-	-	-	(5,104)
	-	1,083	-	(3,771)
	10,217	15,539	31,640	33,438

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

In 2018, the new Finance Act 2018 which comes into effect on 26 December 2018, introduced a 7-Year Limitation on carry forward of unabsorbed business losses, unutilised reinvestment and investment allowances. Such ruling meant that Ranhill Powertron II can only utilise its unutilised investment allowance against any taxable profit up to year 2025, requiring a potential reversal of deferred tax asset to the income statement of RM42.8 million (2020:RM42.8 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.

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021
B6. Profit/(Loss) Before Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 30.09.2021 RM'000	Preceding year quarter 30.09.2020 RM'000	Current year to date 30.09.2021 RM'000	Preceding year to date 30.09.2020 RM'000
Amortisation of service concession assets	61,620	84,518	240,962	250,595
Amortisation of software	837	567	2,731	1,511
Depreciation of property, plant and equipment	10,483	14,240	30,080	40,336
Depreciation of right use of assets	1,259	576	2,278	1,831
Unrealised foreign exchange gain	(202)	(1,012)	(3,060)	(2,639)
Realised foreign exchange gain	(173)	(65)	(328)	(226)
Allowance for expected credit losses on:				
- Trade receivables	-	-	387	614
Property, plant and equipment written off	-	672	82	679
Provision/(Reversal) for liquidated ascertained damages	167	(269)	-	(80)

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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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2021**
B8. Group Borrowings

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

	As at period ended 30 September 2021					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Bank overdraft		376	-	-	-	376
- Revolving credit	-	10,000	-	-	-	10,000
- Term loan	2,525	-	10,142	-	12,667	-
- Musharakah Medium Term Notes ("mMTN")	-	40,737	-	351,877	-	392,614
- SUKUK	-	45,757	-	505,048	-	550,805
Sub total	2,525	96,870	10,142	856,925	12,667	953,795
Unsecured						
- Bank overdraft	-	2,434	-	-	-	2,434
- Convertible unsecured loan stocks ("CULS")	-	-	-	6,904	-	6,904
Sub total	-	2,434	-	6,904	-	9,338
Total borrowing	2,525	99,304	10,142	863,829	12,667	963,133
Lease liability	140	5,953	253	4,923	393	10,876
Grand Total	2,665	105,257	10,395	868,752	13,060	974,009
						987,069

	As at year ended 31 December 2020					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Revolving credit	-	5,000	-	-	-	5,000
- Term loan	3,696	-	13,374	-	17,070	-
- Musharakah Medium Term Notes ("mMTN")	-	50,570	-	394,247	-	444,817
- SUKUK	-	35,799	-	559,959	-	595,758
Sub total	3,696	91,369	13,374	954,206	17,070	1,045,575
Unsecured						
- Convertible unsecured loan stocks ("CULS")	-	-	-	10,406	-	10,406
Sub total	-	-	-	10,406	-	10,406
Total borrowing	3,696	91,369	13,374	964,612	17,070	1,055,981
Lease liability		2,046		3,482		5,528
Grand Total	3,696	93,415	13,374	968,094	17,070	1,061,509
						1,078,579

B9. Changes in Material Litigation

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

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

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

- A. Defendant's application to set aside the Judgment dated 9.3.2020 (Enclosure 55)
 1. On 14.6.2021 Y.A. Tuan Mohd Nazlan Bin Mohd Ghazali dismissed Enclosure 55 with costs of RM 5,000 to be paid by the Defendant to Plaintiff.
 2. On 15.6.2021 the Defendant filed a Notice of Appeal against the decision made by Y.A. Tuan Mohd Nazlan Bin Mohd Ghazali to the Court of Appeal.
 3. The case is fixed for hearing in the Court of Appeal on 11.2.2022.

- B. Bankruptcy Proceedings filed by Company against Mohd Fakrunizam Bin Ibrahim (MFBI)
 1. Stay of bankruptcy proceedings application pending MFBI's appeal to the Court of Appeal (as described in item A 2 above) was filed by the Defendant and the KL High Court Registrar on 24.9.2021 allowed MFBI's application.
 2. Company filed an appeal against the Registrar's decision and the same is fixed for hearing on 21.1.2022.

- C. MFBI filed a Civil Suit against his previous Counsel M/s Hanif Abdul Rahman & Associates and Company. On 15.9.2021 Company was advised that MFBI had filed a suit in KL High Court claiming for the followings:
 1. A declaration that the summary judgment dated 9.3.2020, the High Court order dated 1.10.2020 and the orders of Court of Appeal ("CO") both dated 27.1.2021 in the COA are not binding on MFBI;
 2. A declaration that M/s Hanif Abdul Rahman & Assoc acted fraudulently for both KL High Court and COA matters;
 3. A declaration that the signatures on the affidavits filed by MFBI for both KL High Court and COA matters mentioned above are forgeries and/or false;
 4. A declaration that Company is not entitled to act upon the judgment of KL High Court and COA; and
 5. An order that all the judgments made by the KH High Court and COA to be set aside;

Company is represented by M/s Sanjay Mohan in this suit. Company has filed its Statement of Defense by 25.10.2021.

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

The following dividend was declared (payable by 30 September 2021) in respect of the financial year ended 31 December 2021:

- (a) First interim dividend was declared on 30 August 2021 by way of dividend-in-specie to the shareholders of 0.5 share dividend for every 100 ordinary shares. The value of the share dividend per the Company treasury share is equivalent to a gross cash dividend of 0.73 sen per share. The share dividend of 6,425,580 was distributed to shareholders from Company treasury shares on 22 October 2021.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2021**
B11. Earnings per Share

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

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.09.2021 RM'000	Preceding Year Quarter 30.09.2020 RM'000	Current Year-To-Date 30.09.2021 RM'000	Preceding Year-To-Date 30.09.2020 RM'000
<u>Basic earnings per share</u>				
Net profit attributable to ordinary shares	8,521	15,096	24,870	46,474
Weighted Average Number of Ordinary Shares in issue ('000)	1,252,785	1,062,622	1,128,034	1,066,282
Basic earnings per share (sen)	0.68	1.42	2.20	4.36
<u>Diluted earnings per share</u>				
Weighted Average Number of Ordinary Shares in issue ('000)	1,252,785	1,062,622	1,128,034	1,066,282
Adjustment for LTIP ('000)	2,318	677	2,318	227
Weighted Average Number of Ordinary Shares for diluted earnings per shares ('000)	1,255,103	1,063,299	1,130,352	1,066,509
Diluted earnings per share (sen)	0.68	1.42	2.20	4.36

By Order of the Board
Lau Bey Ling
Leong Shiak Wan
Company Secretaries
Kuala Lumpur
Date: 29 November 2021