

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2022



UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	Individual Quarter		Cummulative Period	
	Current year quarter 30/9/2022 RM'000	Preceding year quarter 30/9/2021 RM'000	Current year to date 30/9/2022 RM'000	Preceding year to date 30/9/2021 RM'000
Revenue	433,989	380,599	1,285,784	1,109,974
Cost of sales	(336,192)	(280,164)	(983,309)	(841,932)
Gross profit	97,797	100,435	302,475	268,042
Other items of income				
Interest income	15,257	13,253	45,636	40,333
Other income	13,865	2,500	16,773	8,367
Other items of expense				
Admin/Operating expenses	(82,548)	(73,610)	(240,255)	(187,828)
Finance costs	(18,083)	(19,272)	(56,557)	(64,910)
Share of results of associates	3,423	4,852	8,808	11,737
Profit/(loss) before tax and zakat	29,711	28,158	76,880	75,741
Income tax expense and zakat	B5 (11,403)	(10,217)	(33,303)	(31,640)
Profit/(loss) net of tax	18,308	17,941	43,577	44,101
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	(8,400)	(1,383)	(5,492)	844
Total other comprehensive income	(8,400)	(1,383)	(5,492)	844
Total comprehensive income/(loss) for the period/year	9,908	16,558	38,085	44,945
Profit/(loss) net of tax attributable to:				
Owners of the parent	9,324	8,521	23,705	24,870
Non-controlling interests	8,984	9,420	19,872	19,231
	18,308	17,941	43,577	44,101
Total comprehensive income/(loss) attributable to:				
Owners of the parent	927	7,147	18,218	25,700
Non-controlling interests	8,981	9,411	19,867	19,245
	9,908	16,558	38,085	44,945
Earnings/loss per share (sen):				
Basic	B11 0.72	0.68	1.84	2.20
Diluted	0.72	0.68	1.83	2.20
EBITDA (includes amortisation of services concession assets)	128,904	108,376	376,849	376,369
EBIT	32,537	34,177	87,801	100,318

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30/9/2022 RM'000	Audited As at 31/12/2021 RM'000
Non-current assets		
Property, plant and equipment	248,067	244,390
Service concession assets	415,424	664,679
Intangibles	402,365	401,736
Rights of use of assets	21,321	23,367
Deferred tax assets	61,678	65,104
Investment in an associates	216,162	208,616
Operating financial assets	491,943	531,184
Trade and other receivables	101,205	100,519
Contract related assets	17,495	3,897
Other non-current assets	6,750	7,962
	<u>1,982,410</u>	<u>2,251,454</u>
Current assets		
Operating financial assets	60,372	67,925
Trade and other receivables	345,435	337,763
Contract related assets	97,236	85,981
Inventories	143,983	116,694
Tax recoverable	12,221	7,480
Other current assets	9,724	18,725
Other financial assets	15,735	55,336
Deposits, cash and bank balances	328,034	339,825
	<u>1,012,740</u>	<u>1,029,729</u>
Total assets	<u>2,995,150</u>	<u>3,281,183</u>
Current liabilities		
Retirement benefit obligations	14,908	14,922
Loans and borrowings	163,558	150,474
Trade and other payables	316,256	313,285
Contract related liabilities	3,943	5,070
Service concession obligations	379,279	360,025
Tax payable	5,742	10,320
	<u>883,686</u>	<u>854,096</u>
Net current assets	<u>129,054</u>	<u>175,633</u>

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

	Unaudited As at 30/9/2022 RM'000	Audited As at 31/12/2021 RM'000
Non-current liabilities		
Retirement benefit obligations	69,631	70,244
Loans and borrowings	787,128	893,862
Trade and other payables	4,938	5,121
Service concession obligations	81,396	318,576
Consumer deposits	256,376	251,063
Deferred tax liabilities	29,922	28,341
	<u>1,229,391</u>	<u>1,567,207</u>
Total liabilities	<u>2,113,077</u>	<u>2,421,303</u>
Net assets	<u>882,073</u>	<u>859,880</u>
Equity attributable to owners of the parent		
Share capital	1,438,993	1,438,993
Treasury shares	(3,569)	(7,963)
Employee share reserve	1,056	671
Other reserves	(888,019)	(882,532)
Retained earnings	151,580	131,625
	<u>700,041</u>	<u>680,794</u>
Non-controlling interests	182,032	179,086
Total equity	<u>882,073</u>	<u>859,880</u>
Total equity and liabilities	<u>2,995,150</u>	<u>3,281,183</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.54</u>	<u>0.58</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 2021 and the accompanying explanatory notes attached to these interim financial statements.



UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

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

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Share capital RM'000	Treasury shares RM'000	Employee share reserves RM'000	Currency translation reserves RM'000	Equity component of convertible unsecured loan stock RM'000	Merger reserve/ (deficit) RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2021 (as previously stated)	1,282,907	(6,277)	459	15,524	1,063	(906,015)	76,312	463,973	128,655	592,628
Restatement of comparatives	-	-	-	245	-	-	42,668	42,913	7,409	50,322
At 1 January 2021 (restated)	1,282,907	(6,277)	459	15,769	1,063	(906,015)	118,980	506,886	136,064	642,950
Profit net of tax	-	-	-	-	-	-	24,870	24,870	19,231	44,101
Others comprehensive income	-	-	-	830	-	-	-	830	14	844
Total comprehensive income	-	-	-	830	-	-	24,870	25,700	19,245	44,945
Transaction with owners										
- Long-term incentive plan ("LTIP")										
- share-based payment expenses	-	-	83	-	-	-	-	83	-	83
-Purchase of treasury shares	-	(10,351)	-	-	-	-	-	(10,351)	-	(10,351)
-Issuance of share pursuant to acquisition of subsidiaries	156,086	-	-	-	-	-	-	156,086	-	156,086
- Non-controlling interest arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	19,489	19,489
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,065)	(1,065)
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	-	(98)	(98)
-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	16,599	1,063	(906,015)	130,206	673,730	162,975	836,705

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS ⁽¹⁾

	9 months ended 30/9/2022 RM'000	9 months ended 30/9/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	76,880	75,741
Adjustments for:		
Depreciation of property, plant and equipment	31,127	30,080
Depreciation of right-use-of asset	4,361	2,278
Net (gain)/loss on disposal of property, plant and equipment	(13)	(43)
Net (gain)/loss on disposal of right-of-use asset	-	(4)
Property, plant and equipment written off	-	82
Amortisation of service concession asset	249,255	240,962
Amortisation of software	3,552	2,731
Amortisation of customer contract	753	-
Share of results of associates	(8,808)	(11,737)
Share based payment expenses	385	83
Bad debts recovered	(15)	(17)
Provision for retirement benefit plan	4,228	4,738
Inventories written off	-	42
Net unrealised foreign exchange loss/(gain)	(2,278)	(3,060)
Reversal allowance for expected credit losses	(9)	-
Allowance for expected credit losses on:		
-Trade receivables	27	387
-Associates	140	-
Provision for liquidated ascertained damages	440	-
Interest income	(45,636)	(40,333)
Finance costs	56,557	64,910
Operating profit before working capital changes	<u>370,946</u>	<u>366,840</u>
Receivables	15,908	56,986
Payables	(20,992)	(96,859)
Inventories	(27,289)	(21,425)
Operating financial asset	87,625	92,206
Contract related assets	(23,771)	(27,256)
Contract related liability	(1,127)	(954)
Other non-current and current asset	<u>10,219</u>	<u>(8,838)</u>
Cash generated from operations	411,519	360,700
Retirement benefits plan paid	(4,821)	(7,355)
Tax paid	(37,481)	(25,124)
Repayment of lease rental payable to PAAB	<u>(228,264)</u>	<u>(238,845)</u>
Net cash generated from operating activities	<u>140,953</u>	<u>89,376</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(35,260)	(22,076)
Proceeds from disposal of property, plant and equipment	610	117
Proceeds from disposal of right-of-use asset	-	81
Disposal of short term investments	39,601	35,248
Net cashflow effect on acquisition of subsidiaries	7,467	43,626
Purchase of software	(4,935)	(3,305)
Interest received	2,644	2,231
Net cash generated from investing activities	<u>10,127</u>	<u>55,922</u>

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (continued) ⁽¹⁾	9 months ended 30/9/2022 RM'000	9 months ended 30/9/2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
(Placement)/withdrawal of fixed deposits with banking facilities	(20,268)	5,304
Drawdown of loans and borrowings	15,424	5,000
Repayment of lease liabilities	(2,763)	(1,977)
Repayment of principal portion of loans and borrowings	(101,785)	(96,660)
Purchase of treasury shares	(3,664)	(10,351)
Dividends paid	(19,733)	(14,861)
Repayment of interest portion of loans and borrowings	(48,112)	(49,991)
Net cash used in financing activities	<u>(180,901)</u>	<u>(163,536)</u>
Net decrease in cash and cash equivalents	(29,821)	(18,238)
Effect of exchange rate changes on cash and cash equivalents	(2,583)	(3,159)
Cash and cash equivalents at beginning of year	<u>201,890</u>	<u>118,853</u>
Cash and cash equivalents at end of the period	<u>169,486</u>	<u>97,456</u>

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

Cash at banks and on hand	163,312	63,565
Short term deposits with licensed banks	<u>164,722</u>	<u>170,789</u>
Total deposits, cash and bank balances	328,034	234,354
Bank overdraft	(5,008)	(2,810)
Restricted deposits, cash and bank balances	(140,058)	(126,764)
Deposit pledge as securities to licensed bank	(7,420)	(6,348)
Deposit with maturities of three months or more	<u>(6,062)</u>	<u>(976)</u>
Cash and cash equivalents	<u>169,486</u>	<u>97,456</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 2021 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 2021 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 2021.

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 2021.

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

On 1 January 2022, 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 2022.

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

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

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A2. Changes in Accounting Policies (continued)

Standards and Amendments in Issue but Not Yet Effective

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

Description	Effective for annual periods beginning on or after
MFRS 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 16: Lease Liabilities in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
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 2021.

A4. Seasonality of Cyclical of Operations

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

A5. Unusual Significant Items

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



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) As at 30 September 2022, the Company held 7,279,165 repurchased shares as treasury shares (post distribution of share dividends to shareholder on 16 October 2020 (10,617,974 treasury shares), 21 May 2021 (10,618,163 treasury shares), 22 October 2021 (6,425,580 treasury shares), 20 January 2022 (6,411,318 treasury shares) and 20 April 2022 (6,420,500 treasury shares)). The treasury shares are held at a carrying amount of RM 3,569,186.

A8. Dividend Paid

During the period ended 30 September 2022, the following dividend was distributed:

In respect of the financial year ended 31 December 2021:

- (a) Second interim dividend was declared on 29 November 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 0.335 sen per share. The share dividend of 6,411,318 was distributed to shareholders from Company treasury shares on 20 January 2022.
- (b) Third interim dividend was declared on 25 February 2022 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 0.29 sen per share. The share dividend of 6,420,500 was distributed to shareholders from Company treasury shares on 20 April 2022.

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Ranhill

A9. Segmental Information

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

For the financial period ended 30 September 2022:

BY BUSINESS SEGMENTS	Environment RM'000	Engineering Services RM'000	Energy RM'000	Others RM'000	Total RM'000
Revenue					
Sales to external Customers	880,955	287,329	201,790	92,363	1,462,437
Inter-segment elimination	-	(84,290)	-	(92,363)	(176,653)
	880,955	203,039	201,790	-	1,285,784
Results					
Segment profit/(loss)	87,222	26,213	(17)	(69,841)	43,577
Segment assets	1,698,016	405,027	811,362	80,745	2,995,150
Segment liabilities	992,203	123,753	440,215	556,906	2,113,077
Proforma scenario					
Results					
Segment profit/(loss)	87,222	26,213	(17)	(69,841)	43,577
Add/(less): Sukuk interest	(22,825)	-	(2,103)	24,928	-
Adjusted segment profit/(loss)	64,397	26,213	(2,120)	(44,913)	43,577
Segment assets	1,698,016	405,027	811,362	80,745	2,995,150
Add/(less): Bank balances related to Sukuk	47,092	-	4,339	(51,431)	-
Adjusted segment Assets	1,745,108	405,027	815,701	29,314	2,995,150
Segment liabilities	992,203	123,753	440,215	556,906	2,113,077
Add/(less): Sukuk loan	462,443	-	42,607	(505,050)	-
Adjusted segment liabilities	1,454,646	123,753	482,822	51,856	2,113,077



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A9. Segmental Information (continued)

For the financial period ended 30 September 2021:

BY BUSINESS SEGMENTS (Restated)	Environment RM'000	Engineering Services RM'000	Energy RM'000	Others RM'000	Total RM'000
Revenue					
Sales to external customers	870,740	172,741	157,403	47,638	1,248,522
Inter-segment elimination	-	(90,910)	-	(47,638)	(138,548)
	870,740	81,831	157,403	-	1,109,974
Results					
Segment profit/(loss)	88,222	10,606	1,262	(55,989)	44,101
Segment assets	1,892,632	370,864	776,892	96,512	3,136,900
Segment liabilities	1,169,722	141,586	474,751	564,458	2,350,517
Proforma scenario					
Results					
Segment profit/(loss)	88,222	10,606	1,262	(55,989)	44,101
Add/(less): Sukuk interest	(24,829)	-	(2,288)	27,117	-
Adjusted segment profit/(loss)	63,393	10,606	(1,026)	(28,872)	44,101
Segment assets	1,892,632	370,864	776,892	96,512	3,136,900
Add/(less): Bank balances related to Sukuk	46,588	-	4,292	(50,880)	-
Adjusted segment assets	1,939,220	370,864	781,184	45,632	3,136,900
Segment liabilities	1,169,722	141,586	474,751	564,458	2,350,517
Add/(less): Sukuk loan	504,340	-	46,467	(550,807)	-
Adjusted segment liabilities	1,674,062	141,586	521,218	13,651	2,350,517

Environment segment

- Year to date revenue generated is RM881.0 million (2021: RM870.7 million), an increase of RM10.3 million compared to its preceding year, mainly due to higher recognition water revenue contributed by RanhillSAJ arising from higher consumption in commercial sector.
- Year to date profit after taxation is RM87.2 million (2021: RM88.2 million), a decrease of RM1.0 million compared to its preceding year, mainly due to decrease in construction revenue resulting from lesser expansion work/additional plant in China.



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A9. Segmental Information (continued)

Engineering Services segment

- Year to date revenue and profit after tax of RM203.0 million (2021: RM81.8 million) and RM26.2 million (2021:RM10.6 million) respectively, recorded an increase in revenue of RM121.2 million and profit after tax of RM15.6 million mainly due to higher contribution from Ranhill Bersekutu Sdn Bhd (“RBSB”) and Ranhill Worley Sdn Bhd (“RWSB”) in current year compared to prior year which we only acquired in Q3 2021.

Energy segment

- Year to date revenue of RM201.8 million (2021: RM157.4 million), an increase of RM44.4 million compared to its preceding year mainly due to higher energy payment fuel revenue in Ranhill Powertron Sdn Bhd (“RPI”) and Ranhill Powertron II Sdn Bhd (“RPII”) to compensate the higher diesel consumption (pass through cost) during Petronas gas curtailment during the year.

A10. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter and current financial year-to-date.

A11. Contingent Liabilities

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

A12. Capital Commitments

The Group has the following capital commitments in respect of:

	30.09.2022 RM'000	31.12.2021 RM'000
Approved and contracted for	5,651	10,147
Approved but not contracted for	7,461	17,207
	13,112	27,354

A13. Significant Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the current quarter and current financial year to date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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SECTION B: BURSA SECURITIES LISTING REQUIREMENT (PART A OF APPENDIX 9B)

B1. Detailed Analysis of Performance of All Operating Segments

Performance for the quarter and year-to-date

	Individual Quarter		Changes %	Cumulative Period		Changes %
	Current year quarter 30.09.2022 RM'000	Preceding year quarter 30.09.2021 RM'000		Current year to date 30.09.2022 RM'000	Preceding year to date 30.09.2021 RM'000	
Revenue	433,989	380,599	14.0%	1,285,784	1,109,974	15.8%
Operating profit	29,114	29,325	-0.7%	78,993	88,581	-10.8%
Profit Before Interest, Tax and Zakat	32,537	34,177	-4.8%	87,801	100,318	-12.5%
Profit Before Tax and Zakat	29,711	28,158	5.5%	76,880	75,741	1.5%
Profit After Tax	18,308	17,941	2.0%	43,577	44,101	-1.2%
Profit Attributable to Ordinary Equity Holder of the Parent	9,324	8,521	9.4%	23,705	24,870	-4.7%

For the quarter and year ended 30 September 2022, the Group recorded a revenue of RM434.0 million and RM1,285.8 million respectively (Q32021 : RM380.6 million, YTD2021 : RM1,110.0 million) while profit/(loss) attributable to ordinary equity holder of the parent are RM9.3 million and RM23.7 million respectively (Q32021 : RM8.5 million, YTD2021: RM24.9 million).

The increase in revenue for the quarter (against prior year corresponding quarter) substantially due to increased revenue in Services segment contributed by newly acquired subsidiaries (RWSB, RBSB and PRW), higher energy payment fuel revenue in RPI and RPII and recognition of Large Scale Solar 4 ("LSS4") revenue in Ranhill Solar I Sdn Bhd ("RSI").

Profit attributable to ordinary equity holder of the parent for the quarter increased by RM0.8 million (compared to preceding year's quarter) from RM8.5 million profit in Q3FY2021.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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B2. Comparison of Results for Current Quarter Ended 30 September 2022 Compared to the Immediate Preceding Quarter

	Individual Quarter		Changes %
	Current year quarter 30.09.2022 RM'000	Immediate preceding quarter 30.06.2022 RM'000	
Revenue	433,989	458,380	-5.3%
Operating Profit	29,114	28,865	0.9%
Profit Before Interest, Tax and Zakat	32,537	31,251	4.1%
Profit Before Tax and Zakat	29,711	27,601	7.6%
Profit/(loss) After Tax	18,308	12,881	42.1%
Profit/(loss) Attributable to Ordinary Equity Holder of the parent	9,324	7,001	33.2%

The Group recorded a revenue of RM434.0 million in the current quarter compared to its immediate preceding quarter's revenue of RM458.4 million, a decrease of RM24.4million or 5.3%, mainly due to lower revenue recognition from Energy segment of RM18.0 million due to lower energy payment fuel revenue in RPI and RPII due to lower diesel consumption in current quarter respectively.

The profit attributable to ordinary equity holder of the parent for the current quarter increase by RM2.3 million from RM7.0 million recorded in quarter 2 FY2022 to RM9.3 million mainly due to lower maintenance cost in RPII as there's no major maintenance for this quarter.

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B3. Prospects

Environment

The Group is actively exploring initiatives to expand our water supply operations to other states in Malaysia through the “*Asset-Light*” model as stated in the Water Supply Industry Act 2006. Based on our achievement in successfully operating the water supply services in Johor for over 23 years, we are confident to be considered as a partner in the event any State Government looks for private sector to collaborate in operating the state’s water supply operations.

In the international front, RWHK Ltd operates 12 industrial wastewater treatment plants in China totalling 227MLD (via joint venture with SIIC (a Shanghai Municipal Government State-Owned Entity)). The Group also wholly owns and operates 9 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 112MLD in Thailand.

RWT (Thai) Ltd and AnuRAK, will continue to pursue opportunities within industrial parks where both companies have a presence, as well as other earmarked industrial parks. Identified locations include the Thai-Chinese Rayong Industrial Zone, IECO and Sahaphat industrial parks. The company’s ability in providing customised solutions and specialized facilities to treat complicated wastewater with complex and demanding waste characteristics will serve as a competitive edge when bidding for contracts.

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

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

Energy

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

Along the same line, on 29 April 2022 Ranhill, together with partner Sabah Energy Corporation Sdn Bhd, submitted a tender for the Request For Proposal called by the Energy Commission for the development of 100MW Combined Cycle Gas Turbine (“CCGT”) plant at West Coast Sabah. Despite the initial expiry of the Bid Bond on 29 October 2022, Suruhanjaya Tenaga had requested our bid bond to be extended.



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B3. Prospects (continued)

We are also in discussion with Suruhanjaya Tenaga and the Ministry of Natural Resources and Energy (“KETSA”) to develop solar farms with the electricity generated be used solely by Ranhill SAJ’s Johor water operations. The project, to be developed under the Self-Consumption (“Self-Co”) concept will allow for a stable electricity cost to Ranhill SAJ and thus a stable tariff in the long run.

Recently, on 7 November 2022, Suruhanjaya Tenaga issued a Request for Proposal (“RFP”) for the development of Corporate Green Power Programme (“CGPP”) for the development of solar farm between 5M – 30MW. The solar farm will sign a Virtual Power Purchase Agreement (“PPA”) with corporate consumer for the sale of electricity. It is anticipated that up to 600MW quota will be made available by Suruhanjaya Tenaga for this programme. The RFP will close on 6 February 2023 with expected Commercial Operation Date (“COD”) by December 2025.

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

As the Group pursues development of renewable energy in contributing to the country’s energy transition to a cleaner and greener Malaysia, we are optimistic of our successful tender of LSS4@Mentari being Ranhill’s first venture into asset ownership of large scale solar project. The project achieved financial close (“FC”) on 17 November 2022 and with current project implementation progress at 24.54%, are on target to achieve the Commercial Operation Date of 31 December 2023, as set out in the PPA.

Engineering services

With Engineering Services being another business division of the Group, significant projects have been secured by Ranhill Worley Sdn Bhd in Front End Engineering Design (“FEED”) and Detailed Design Engineering (“DDE”) of oil and gas facilities and installations as well as Carbon Capture & Storage (“CCS”) projects in 2022.

Amongst others, these includes the new floating production, storage, and offloading (“FPSO”) vessel, P-82 for Brazilian state-owned oil and gas producer, Petroleo Brasileiro S.A (“Petrobras”), one of the largest vessels to be deployed in the Buzios field, an ultra-deepwater oil and gas field covering an area of 853 km² in the pre-salt Santos Basin, about 180-km off the coast of Rio de Janeiro, Brazil.

Ranhill Worley also recently in November 2022 secured the DDE of Kasawari CCS Project (the world’s largest offshore CCS project, capturing over three (3) million tons per annum of carbon dioxide from the Kasawari gas field offshore Sarawak) and the DDE of the offshore platform for the Rosmari-Marjoram gas project, off the coast of Sarawak.

In September 2022 Ranhill Worley also secured the provision of FEED for offshore facilities of the SK10B Lang Lebah development project offshore Sarawak being developed by Thailand’s PTT Exploration and Production PCL.



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B3. Prospects (continued)

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

The commendable performance in reducing NRW in Johor presents the Group an opportunity to propose comprehensive NRW programs to all state water operators categorised under Approach 2 of the Matching Grant programmed of the Federal Government. These states are Johor, Melaka, Selangor, Perak, Penang and Terengganu. Aside from state governments, we will also engage government ministries and agencies as well as private sector players to undertake NRW related projects. The Group has been actively participating in PAAB issued tenders for Pipe Replacement works and has so far secured four contracts under these scopes of works.

Ranhill shall continue to make strides towards realising its target of attaining 3,000 MLD of water, wastewater and reclaimed water treatment capacity by 2024, with 400 MLD coming from international operations. We shall also continue to pursue our energy target of having 1,000 MW of generation capacity and 300MW of renewable capacity.

B4. Profit Forecast

Not applicable.

B5. Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 30.09.2022 RM'000	Preceding year quarter 30.09.2021 RM'000	Current year to date 30.09.2022 RM'000	Preceding year to date 30.09.2021 RM'000
Malaysia taxation:				
Current taxation	10,754	11,108	29,768	31,742
(Over)/under provision prior years	(1,134)	(54)	(1,245)	166
Foreign taxation:				
Current taxation	26	53	103	133
Deferred taxation	(136)	77	(385)	236
Deferred taxation				
Current taxation	1,734	(665)	2,122	9
(Over)/under provision prior years	159	(302)	2,940	(646)
	11,403	10,217	33,303	31,640



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B5. Taxation (continued)

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

In 2018, the new Finance Act 2018 which comes into effect on 26 December 2018, introduced a 7-Year Limitation on carry forward of unabsorbed business losses, unutilised reinvestment and investment allowances. Such ruling meant that 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 RM47.5 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 Ranhill Powertron II in prior years, it is reasonable for Ranhill Powertron II to place reliance on such approval and continue with the utilisation of the investment allowance in full in accordance with its terms therein.

B6. Profit/(Loss) Before Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 30.09.2022 RM'000	Preceding year quarter 30.09.2021 RM'000	Current year to date 30.09.2022 RM'000	Preceding year to date 30.09.2021 RM'000
Amortisation of service concession assets	83,085	61,620	249,255	240,962
Amortisation of software	1,215	837	3,552	2,731
Amortisation of Customer contract	150	-	753	-
Depreciation of property, plant and equipment	10,370	10,483	31,127	2,278
Depreciation of right use of assets	1,547	1,259	4,361	-
Unrealised foreign exchange (gain)/loss	(5,067)	(202)	(2,278)	(328)
Realised foreign exchange gain	116	(173)	391	-
Reversal of allowance for expected credit losses on: - Trade receivables	-	-	(9)	-
Allowance for expected credit losses on: - Trade receivables	27	-	27	387
- Associates	398	-	140	-
Property, plant and equipment written off	-	-	-	82
Provision for liquidated ascertained damages	94	167	440	-



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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B7. Status of Corporate Proposal Announced

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

B8. Group Borrowings

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

	As at period ended 30 September 2022					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Bank overdraft	-	2,535	-	-	-	2,535
- Revolving credit	-	13,500	-	-	-	13,500
- Term loan	2,757	40,000	7,916	-	10,673	40,000
- Musharakah Medium Term Notes ("mMTN")	-	50,474	-	301,403	-	351,877
- SUKUK	-	46,165	-	458,884	-	505,049
Sub total	2,757	152,674	7,916	760,287	10,673	912,961
Unsecured						
- Bank overdraft	-	2,473	-	-	-	2,473
- Convertible unsecured loan stocks ("CULS")	-	-	-	6,713	-	6,713
Sub total	-	2,473	-	6,713	-	9,186
Total borrowing	2,757	155,147	7,916	767,000	10,673	922,147
Lease liability	147	5,507	103	12,109	250	17,616
Grand Total	2,904	160,654	8,019	779,109	10,923	939,763
						950,686

	As at year ended 31 December 2021					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Bank overdraft	-	2,270	-	-	-	2,270
- Revolving credit	-	9,000	-	-	-	9,000
- Term loan	3,544	40,248	8,269	-	11,813	40,248
- Musharakah Medium Term Notes ("mMTN")	-	40,871	-	353,377	-	394,248
- SUKUK	-	46,517	-	513,442	-	559,959
Sub total	3,544	138,906	8,269	866,819	11,813	1,005,725
Unsecured						
- Bank overdraft	-	2,393	-	-	-	2,393
- Convertible unsecured loan stocks ("CULS")	-	-	-	6,664	-	6,664
Sub total	-	2,393	-	6,664	-	9,057
Total borrowing	3,544	141,299	8,269	873,483	11,813	1,014,782
Lease liability	144	5,487	220	11,890	364	17,377
Grand Total	3,688	146,786	8,489	885,373	12,177	1,032,159
						1,044,336



B9. Changes in Material Litigation

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

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

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

- A. Defendant's application to set aside the Judgment dated 9.3.2020 (Enclosure 55) is fixed for hearing on 13.12.2022 by The Court of Appeal.
- B. Bankruptcy Proceedings filed by Company against Mohd Fakrunizam Bin Ibrahim (MFBI) with the Creditor's Petition fixed for a case management on 13.12.2022.
- 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;
 6. Damages for fraud in the tort of deceit against M/s Hanif Abdul Rahman & Assoc; and
 7. Interest for the damages at the rate of 5% per annum until full settlement;
 8. Cost and such other reliefs.

Company filed an application to strike out MFBI's claim (Encl. 16), the Court has fixed the hearing date on 20.09.2022. The High Court also fixed a case management for the main suit on 06.02.2024 and trial dates on 6th-8th May 2024.

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

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



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B10. Dividend Payable

There was no dividend payable for the period ended 30 September 2022.

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 30.09.2022 RM'000	Preceding Year Quarter 30.09.2021 RM'000	Current Year-To-Date 30.09.2022 RM'000	Preceding Year-To-Date 30.09.2021 RM'000
<u>Basic earnings per share</u>				
Net profit attributable to ordinary shares	9,324	8,521	23,705	24,870
Weighted Average Number of Ordinary Shares in issue ('000)	1,288,641	1,252,713	1,288,885	1,128,010
Basic (loss)/earnings per share (sen)	0.72	0.68	1.84	2.20
<u>Diluted earnings per share</u>				
Weighted Average Number of Ordinary Shares in issue ('000)	1,288,641	1,252,713	1,288,885	1,128,010
Adjustment for LTIP ('000)	3,806	2,390	3,902	2,342
Weighted Average Number of Ordinary Shares for diluted earnings per shares ('000)	1,292,447	1,255,103	1,292,787	1,130,352
Diluted earnings per share (sen)	0.72	0.68	1.83	2.20

On behalf of the Board
Tan Sri Hamdan Mohamad
Chairman and Chief Executive
Kuala Lumpur
Date: 30 November 2022