



**RANHILL BERHAD (430537-K)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**  
**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	1st Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/09/2010 RM'000	Preceding Year Corresponding Quarter 30/09/2009 RM'000	Current Year To date 30/09/2010 RM'000	Preceding Year Corresponding Period 30/09/2009 RM'000
Revenue	8	443,239	501,030	443,239	501,030
Cost of sales		(329,927)	(370,095)	(329,927)	(370,095)
Gross profit		113,312	130,935	113,312	130,935
Other operating income		38,513	32,426	38,513	32,426
Administrative expenses		(65,504)	(43,496)	(65,504)	(43,496)
Tendering and marketing expenses		(4,417)	(3,718)	(4,417)	(3,718)
Operating profit		81,904	116,147	81,904	116,147
Finance costs		(37,313)	(69,673)	(37,313)	(69,673)
Finance income		4,658	6,385	4,658	6,385
Finance costs-net		(32,655)	(63,288)	(32,655)	(63,288)
Share of (loss)/profit of associates		(512)	92	(512)	92
Profit before taxation		48,737	52,951	48,737	52,951
Taxation - Company and subsidiaries	17	(15,404)	(27,956)	(15,404)	(27,956)
Profit for the year		33,333	24,995	33,333	24,995
<u>Other comprehensive income/(loss) net of tax</u>					
Currency translation difference		(9,703)	2,081	(9,703)	2,081
Total comprehensive income for the period		23,630	27,076	23,630	27,076
<u>Profit attributable to:</u>					
Owners of the parent		15,636	8,381	15,636	8,381
Minority interests		17,697	16,614	17,697	16,614
		33,333	24,995	33,333	24,995
<u>Total comprehensive income attributable to:</u>					
Owners of the parent		6,731	10,759	6,731	10,759
Minority interests		16,899	16,317	16,899	16,317
		23,630	27,076	23,630	27,076
Basic/diluted earnings per share attributable to: equity holders of the Company	26	Sen 2.62	Sen 1.40	Sen 2.62	Sen 1.40

**THESE CONDENSED FINANCIAL STATEMENTS ARE TO BE READ IN CONJUNCTION  
WITH THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**



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**RANHILL BERHAD (430537-K)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010  
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As At End of Current Quarter	As At Preceding Year Financial Year End
Note	30 September 2010 RM'000	30 June 2010 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	1,435,673	1,397,327
Prepaid lease payment	5,400	5,443
Intangible assets	311,173	311,203
Goodwill	41,162	41,162
Investments in associates	7,811	8,528
Available-for-sale financial assets	189,226	189,226
Operating financial assets	71,269	72,232
Investment in oil and gas properties	14,578	14,686
Deferred tax assets	355,207	364,403
	2,431,499	2,404,210
<b>Current assets</b>		
Inventories	24,374	27,823
Trade and other receivables	717,914	779,214
Operating financial assets	801	688
Amount due from customers on contracts	757,492	759,123
Prepayments	43,920	43,620
Tax recoverable	19,666	19,325
Amounts due from jointly controlled entities	20,578	23,464
Amounts due from associates	7,010	2,631
Derivative financial instruments	1,282	-
Deposits, bank and cash balances	661,304	602,758
<b>Total Current assets</b>	2,254,341	2,258,646
<b>Less : Current liabilities</b>		
Trade and other payables	896,419	955,447
Amount due to customers on contracts	490,051	485,656
Amounts due to an associate	216	216
Amounts due to jointly controlled entities	21,373	20,783
Short term borrowings	212,010	236,299
Current tax liabilities	25,339	25,770
Provision for retirement benefits	2,568	2,245
	1,647,976	1,726,416
<b>Total Current liabilities</b>	1,647,976	1,726,416
<b>Net Current assets/(liabilities)</b>	606,365	532,230
<b>Less : Non-current liabilities</b>		
Consumer deposits	63,184	62,122
Provision for retirement benefits	41,145	40,831
Deferred tax liabilities	23,370	23,466
Finance lease liabilities	2,040	1,961
Long term loans	1,597,176	1,599,989
Convertible unsecured loan stocks	4,137	11,600
	1,731,052	1,739,969
	1,306,812	1,196,471
<b>Equity</b>		
Share capital	597,265	597,265
Share premium	185,333	185,333
Other reserves	(7,717)	1,309
Accumulated losses	(52,315)	(112,128)
	722,566	671,779
Capital and reserves attributable to equity holders of the Company	722,566	671,779
Minority interests	576,662	524,692
	1,299,228	1,196,471
Convertible unsecured loan stocks	7,584	-
<b>Total equity</b>	1,306,812	1,196,471
	-	-
Net tangible assets per share (RM)	0.62	0.53

\* Net tangible assets = shareholders' funds less intangible assets divided by number of shares in issue

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**RANHILL BERHAD (430537-K)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Issued and fully paid ordinary shares of RM1 each

Note	Number of shares 000	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Accumulated losses RM'000	Sub-total RM'000	Minority Interest RM'000	Total RM'000
<b>At 1 July 2010</b>								
-as previously reported	597,265	597,265	185,333	1,309	(112,128)	671,779	524,692	1,196,471
- change in accounting policy				(121)	20,343	20,222	(1,795)	18,427
As restated	597,265	597,265	185,333	1,188	(91,785)	692,001	522,897	1,214,898
<b>Total comprehensive income</b>				<b>(8,905)</b>	<b>15,636</b>	<b>6,731</b>	<b>16,899</b>	<b>23,630</b>
Disposal of shares in subsidiaries					23,834	23,834	49,166	73,000
Dividends for the year ended 30 June 2010					-	-	(12,300)	(12,300)
<b>As at 30 September 2010</b>	<b>597,265</b>	<b>597,265</b>	<b>185,333</b>	<b>(7,717)</b>	<b>(52,315)</b>	<b>722,566</b>	<b>576,662</b>	<b>1,299,228</b>
<b>At 1 July 2009</b>								
-as previously reported	597,265	597,265	185,333	(27,584)	(142,902)	612,112	684,262	1,296,374
- change in accounting policy				1,066	20,795	21,861	9,368	31,229
As restated	597,265	597,265	185,333	(26,518)	(122,107)	633,973	693,630	1,327,603
<b>Total comprehensive income</b>				<b>2,378</b>	<b>8,381</b>	<b>10,759</b>	<b>16,317</b>	<b>27,076</b>
Disposal of interest in a subsidiary to minority interest					-	-	(1)	(1)
Dividends for the year ended 30 June 2009					-	-	(180,000)	(180,000)
<b>At 30 September 2009</b>	<b>597,265</b>	<b>597,265</b>	<b>185,333</b>	<b>(24,140)</b>	<b>(113,726)</b>	<b>644,732</b>	<b>529,946</b>	<b>1,174,678</b>

THESE CONDENSED FINANCIAL STATEMENTS ARE TO BE READ IN CONJUNCTION WITH THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010



**RANHILL BERHAD (430537-K)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**  
**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	3 months ended 30 September 2010 RM'000	3 months ended 30 September 2009 RM'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	320,342	351,552
Cash paid to suppliers and employees	(296,726)	(416,895)
<b>Cash generated from/(used in) operations</b>	<u>23,616</u>	<u>(65,343)</u>
Tax refund	-	1,064
Tax paid	(8,078)	(7,226)
Net cash flow generated from/(used in) operating activities	<u>15,538</u>	<u>(71,505)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(61,193)	(246,732)
Proceeds from disposal of property, plant and equipment	192	11,950
Proceed from disposal of water related assets	65,722	736,568
Proceed from disposal of shares in subsidiary to minority interest	73,000	-
Acquisition of associate companies	205	(2,313)
Placement of fixed deposits pledged	(45,073)	(60,542)
Deposits paid against purchase consideration for additional interest in subsidiary	-	(450)
Interest received	1,769	1,900
Net cash flow generated from investing activities	<u>34,622</u>	<u>440,381</u>
<b>Cash flows from financing activities</b>		
Payment for termination of Swap Agreement	-	(20,751)
Funds from borrowings	54,639	189,030
Repayment of term loans	(63,884)	(281,884)
Payments of finance lease liabilities	(298)	(7,334)
Interest paid	(9,846)	(53,435)
Dividend paid to minority interests	(12,300)	(211,200)
Net cash flow used in financing activities	<u>(31,689)</u>	<u>(385,574)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	18,471	(16,698)
<b>Effect of foreign exchange rate changes</b>	(5,821)	(836)
<b>Cash and cash equivalents</b>		
- at the beginning of the period	<u>213,045</u>	<u>319,189</u>
- at the end of the period	<u>225,695</u>	<u>301,655</u>

<i>NOTE 1</i>	<u>RM'000</u>	<u>RM'000</u>
Bank and cash balances*	262,390	289,288
Deposits with licensed banks*	398,914	425,382
As per Condensed Consolidated Balance Sheet	<u>661,304</u>	<u>714,670</u>
Restricted deposits*	(246,635)	(211,460)
Restricted sinking funds	(146,274)	(171,090)
Bank overdrafts (Note 21)	(42,700)	(30,465)
As per Condensed Consolidated Cash Flow	<u>225,695</u>	<u>301,655</u>

\*The restricted deposits of RM246.635m consist of RM203.545m which are pledged with banks as security for banking facilities and RM43.090m for the USD220m bond Debt Service Reserve Account.

**THESE CONDENSED FINANCIAL STATEMENTS ARE TO BE READ IN CONJUNCTION WITH THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

## EXPLANATORY NOTES

### 1. ACCOUNTING POLICIES

The quarterly financial statements have been prepared in accordance with Financial Reporting Standards (“FRS”) 134 - Interim Financial Reporting and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, and should be read in conjunction with Ranhill Berhad’s financial statements for the year ended 30 June 2010, which have been prepared in accordance with FRSs.

The significant accounting policies applied are consistent with those adopted for the audited financial statements for the year ended 30 June 2010 except for the adoption of the following new standards, amendments to standards and IC interpretations issued by Malaysian Accounting Standards Board (“MASB”) that are mandatory for the Group for the financial year beginning 1 July 2010:

FRS 3	Business Combinations
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 2	Share-based Payment Vesting Conditions and Cancellations
Amendment to FRS 3	Business Combinations
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 101	Presentation of Financial Statements
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 117	Leases
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly-Controlled Entity or Associate
Amendment to FRS 128	Investments in Associates
Amendment to FRS 131	Interests in Joint Ventures
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 140	Investment Property
IC Interpretation 4	Determining whether an arrangement contains a lease
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 14	FRS 119 The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the following standards as set out below:

(a) **Presentation of financial statements (FRS 101 (revised) “Presentation of financial statements”)**

The revised standard prohibits the presentation of items of income and expenses (that is ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes

in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a statement of comprehensive income which can be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in a single statement.

**(b) Financial assets (FRS 139 "Financial instruments: Recognition and Measurement")**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. Set out below are the major changes in classifications of financial assets of the Group:

**(i) Available-for-sale financial assets**

Other investments, previously measured at cost and subject to impairment, are now classified as available-for-sale financial assets. These are initially measured at fair value plus transaction costs and subsequently, at fair value.

Changes in fair values of available-for-sale equity securities are recognised in other comprehensive income, together with the related currency translation differences. A significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the asset is impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are reversed through other comprehensive income and not through profit or loss.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit or loss.

**(ii) Loans and receivables**

Non-current receivables, previously measured at invoice amount and subject to impairment, are now classified as loans and receivables and measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method.

When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

**(iii) Fair value through profit or loss**

Derivative financial instruments were not previously recognised in the financial statements on inception. These are now recognised and measured at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value recognised in profit or loss at each reporting date.



**RANHILL BERHAD (430537-K)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

(iv) Payables

Payables were previously measured initially and subsequently at cost, are now initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method.

The Group has applied the new policies in relation to the financial instruments above in accordance with the transitional provisions in FRS 139 by recognising and re-measuring all financial assets and financial liabilities as at 1 July 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained earnings and available-for-sale reserves as appropriate. Comparatives are not restated.

The effects arising from the adoption of FRS 139, other than those disclosed in the statement of changes in equity, are set out below:

	Opening balance as at 1 July 2010 RM'000	Effect of FRS 139/FRS 132 RM'000	Adjusted opening balance at 1 July 2010 RM'000
<b>Non Current Assets</b>			
Other investments	189,226	(189,226)	0
Available-for-sale financial assets	0	189,226	189,226
<b>Current Assets</b>			
Trade and other receivables	779,214	(14,208)	765,006
Amounts due from jointly controlled entities	23,464	(8)	23,456
Amounts due from associates	2,631	(65)	2,566
Derivative financial instruments	0	1,455	1,455
Deposits, bank and cash balances	602,758	<u>(12,005)</u> <b>(24,831)</b>	590,753
<b>Current Liabilities</b>			
Trade and other payables	(955,447)	27,497	(927,950)
Amounts due to jointly controlled entities	(20,783)	48	(20,735)
Short-term borrowings	(236,299)	656	(235,643)
<b>Non Current Liabilities</b>			
Long term loans	(1,599,989)	15,057	(1,584,932)
Convertible Unsecured Loan Stocks ("CULS")	(11,600)	<u>7,584</u> <b>50,842</b>	(4,016)
<b>Equity</b>			
Convertible Unsecured Loan Stocks ("CULS")	0	(7,584)	(7,584)
Accumulated losses	112,128	(20,343)	91,785
Other reserves	(1,309)	121	(1,188)
Minority Interest	(524,691)	<u>1,795</u> <b>26,011</b>	522,896



**RANHILL BERHAD (430537-K)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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	<u>Increase/(decrease)</u>
	FRS139
	RM'000
<b>Balance Sheet as at 30 Sept 2010</b>	
<b>Current Assets</b>	
Trade and other receivables	104
Amounts due from associates	11
Derivative financial instruments	(173)
Deposit, bank and cash balances	<u>990</u>
	<b>932</b>
<b>Current Liabilities</b>	
Trade and other payables	2,427
Amounts due to jointly controlled entities	6
Short-term borrowings	(337)
<b>Non Current Liabilities</b>	
Long term loan	0
Convertible Unsecured Loan Stocks ("CULS")	<u>303</u>
	<b>2,399</b>
<b>Equity</b>	
Retained earnings	(2,032)
Other reserves	6
Minority interest	<u>559</u>
	<b>(1,467)</b>
<b>For 3 months ended 30 September 2010</b>	
Other operating income	1,282
Interest income	1,595
Interest expenses	(4,350)
<b>Effect on Earning per shares (sen)</b>	<b>(0.34)</b>

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**2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The preceding annual financial statements were not subject to any qualification.

**3. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS**

The business operations of the Group are not materially affected by seasonal or cyclical fluctuations.

**4. ITEMS OF UNUSUAL NATURE AND AMOUNT**

There were no unusual items.

**5. CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior interim periods of the last financial year which give a material effect in the current interim period.

**6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter and the financial year to-date.

**7. DIVIDENDS PAID**

There were no dividends paid during the current quarter and financial year to-date.

**8. SEGMENTAL REPORTING**

Management has identified the reported operating segments based on the reports reviewed by the Chief Operating Officer ("COO") that are used to make strategic decisions.

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**RANHILL BERHAD (430537-K)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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The segmental report of the Group for the financial year to-date is as follows:

Financial Year To-date 30/09/10								
By activities	EPC & EPCM		Concession, Infrastructure and Investment		Operation & maintenance		Elimination	Total
	Local RM'000	International RM'000	Local RM'000	International RM'000	Local RM'000	International RM'000	RM'000	RM'000
Total revenue	100,508	99,791	77,266	-	175,623	(4,752)	-	448,436
Intersegment revenue	-	-	(1,088)	-	(3,572)	(537)	-	(5,197)
External revenue	100,508	99,791	76,178	-	172,051	(5,289)	-	443,239
Total		200,299		76,178		166,762		
	22.7%	22.5%	17.2%	0.0%	38.8%	-1.2%		100%
Adjusted EBITDA	5,982	13,283	35,638	-	38,448	(246)	(24,117)	68,988
Total		19,265		35,638		38,202		
	8.7%	19.3%	51.6%	0.0%	55.7%	-0.4%	-34.9%	100%

\* EPC & EPCM/PMC – Engineering, procurement, construction/construction management services and project management services.



**RANHILL BERHAD (430537-K)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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Financial Year To-date 30/09/09								
By activities	EPC & EPCM		Concession, Infrastructure and Investment **		Operation & maintenance		Elimination	Total
	Local RM'000	International RM'000	Local RM'000	International RM'000	Local RM'000	International RM'000	RM'000	RM'000
Total revenue	138,927	137,962	161,952	-	67,437	3,426	-	509,704
Intersegment revenue	(30)	-	(1,172)	-	(7,472)	-	-	(8,674)
External revenue	138,897	137,962	160,780	-	59,965	3,426	-	501,030
Adjusted EBITDA		276,859		160,780		63,391		
	27.7%	27.5%	32.1%	0.0%	12.0%	0.7%		100.0%
	14,158	24,407	96,727	-	10,644	(233)	(24,181)	121,523
		38,565		96,727		10,411		
	11.7%	20.1%	79.6%	0.0%	8.8%	-0.2%	-19.9%	100.0%

\* EPC & EPCM/PMC – Engineering, procurement, construction/construction management services and project management services.

\*\*Figures for Concession, Infrastructure and Investment and Operation & maintenance segments has been restated to effect the adoption of IFRIC 12.



**RANHILL BERHAD (430537-K)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

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Total assets								
By activities	EPC & EPCM		Concession, Infrastructure and Investment		Operation & maintenance		Elimination	Total
	Local RM'000	International RM'000	Local RM'000	International RM'000	Local RM'000	International RM'000	RM'000	RM'000
30 September 2010	551,705	847,052	2,438,475	129,588	1,013,963	97,489	(747,639)	4,330,633
30 September 2009	624,533	725,510	2,525,302	50,333	1,075,848	109,849	(924,836)	4,186,539

A reconciliation of total adjusted EBITDA to total profit before tax is provide as follows:

	<b>30.09.10</b>	<b>30.09.09</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Adjusted EBITDA for reportable segments</b>	68,988	121,522
Interest expenses (under cost of sales)	10	(20)
Depreciation and amortisation	(19,535)	(15,115)
Unrealised forex gain/loss	32,441	9,759
<b>Profit from operation</b>	81,904	116,146
Finance cost	(37,313)	(69,673)
Finance income	4,658	6,385
Share of post tax profits of associates	(512)	93
<b>Profit before taxation</b>	48,737	52,951

Reportable segments assets are reconciled to total assets as follows:

	<b>30.09.10</b>	<b>30.09.09</b>
	<b>RM'000</b>	<b>RM'000</b>
Total segment assets	4,330,633	4,186,539
Deferred tax asset	355,207	392,573
<b>Total assets per balance sheet</b>	<b>4,685,840</b>	<b>4,579,112</b>

The reduction on the reported revenue for EPC&EPCM segment as compared to its preceding year is mainly due to the lower recognition of revenue from Senai Desaru Expressway and Melut Expansion project as the projects are nearing their completion stage.

The lower EBITDA reported for Concession, Infrastructure and Investment segment as compared to its preceding year is mainly due to the high contribution from the water concession in Johor prior to the migration exercise on 1 September 2009.

The higher revenue and EBITDA reported for Operation and Maintenance as compared to its preceding year is mainly due to contribution from the local water- projects in Ranhill Utilities.

#### **9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The valuation of property, plant and equipment has been brought forward without any amendments from the previous financial statements.

#### **10. SUBSEQUENT MATERIAL EVENTS**

There are no subsequent material events for the quarter in review.

#### **11. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

The Group's contingent liabilities are as follows: -

- (a) Corporate and bank guarantees of the Group are as follows:

	<b>As at 30/09/10</b>
	<b>RM'000</b>
Bank guarantees facilities utilized by:	
• third parties *	3,215
• related parties *	36,416
• an unincorporated joint venture**	7,718
<b>Total</b>	<b>47,349</b>

\* these are customers who obtained the contracts and awarded them to the Group, and the bank guarantees were utilized for the purposes of the said contracts.

\*\* the bank guarantee is secured against the joint venture's project proceeds.

- (b) A Parental Guarantee had been issued by the Company in favour of PetroDar Operating Company Limited for the due and complete performance by an unincorporated joint venture for the Engineering, Procurement, Construction and Commissioning of the Al-Jabalyn Central Processing Facilities, Palouge Field Production Facilities and Operation Base Camp Project for the Melut Basin Oil Development, Republic of Sudan.



**12. CAPITAL COMMITMENTS**

Capital commitments not provided for in the financial statements as at 30 September 2010:

	<b>As at 30/09/10</b>
	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Approved and contracted for	36,335
Approved but not contracted for	22,926
<b>Total</b>	<b>59,261</b>

**13. REVIEW OF PERFORMANCE**

The Group registered a consolidated revenue of RM443.2 million and a profit after tax of RM33.3 million for the quarter under review. The revenue registered is RM57.8 million lower as compared to the preceding year's corresponding quarter mainly due to the lower recognition of revenue from Senai Desaru Expressway and Libya Housing project. However, there are marginal improvements in terms of profit after tax attributable to equity holders (PATMI) of RM15.6 million as compared with preceding year corresponding quarter's PATMI of only RM8.4 million due to unrealised forex exchange gain.

**14. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

The Group recorded a consolidated revenue of RM443.2 million for the quarter under review, which is RM200.9 million lower as compared to the preceding quarter's revenue of RM644.1 million. This is mainly due to lower recognition of water revenue & services in SAJ & RWS and EPC in Libya.

A profit before tax of RM48.7 million was recorded for the quarter under review, a RM23.7 million increase from the profit before tax of RM25.0 million registered in the preceding quarter mainly due to higher unrealized forex exchange gain in current quarter.

**15. FACTORS THAT INFLUENCE THE GROUP'S PROSPECTS**

The E&C sector continues to improve its planning and controlling processes to mitigate any possible risk to maintain its competitiveness amongst local and international competitors. In addition, the Group expects continuing strong growth from its Oil & Gas EPCM arm through Ranhill WorleyParsons Sdn Bhd as it further enhances its world class skill sets and benefits from its lower cost base compared to its international competitors.

As in the past, the water and power business will continue to provide steady and recurring revenue, income and cash flow to the Group in the future. The Group expects the revenue and profit contribution from the power business to increase in the coming years once its new 190MW combined cycle power plant becomes fully operational in early 2011. As for the water division, the group also expects additional revenue and profit contribution once its plants in Xinxiang 50MLD and Hefei 30MLD become fully operational in December 2010 and early next year respectively. The water treatment plant in Haldia 113.5MLD, Kolkata, India is also due to be fully operational in December 2010.

The Group continues to be exposed to fluctuations in the exchange rate of the US Dollar and Malaysian Ringgit particularly in respect of payments of interest and principal on the USD bond.



**16. PROFIT FORECAST/ PROFIT GUARANTEE**

Not applicable.

**17. TAXATION**

Taxation comprises the following: -

<b>Taxation</b>	<b>Individual Quarter 3 month ended 30 September 2010</b>	<b>Cumulative period 3 month ended 30 September 2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Malaysia taxation:</b>		
Current taxation	4,822	4,822
Under provision in prior years	1,237	1,237
<b>Foreign taxation:</b>		
Current taxation	247	247
<b>Deferre d taxati on</b>		
Current taxation	9,098	9,098
<b>Total</b>	<b>15,404</b>	<b>15,404</b>

The Group's effective tax rate for the current quarter and financial period ended 30 September 2010 was higher than statutory tax mainly due to higher non deductible expenses.

**18. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There was no sale of unquoted investments and/or properties for the current quarter and the financial year to-date.

**19. PURCHASE OR DISPOSAL OF QUOTED SECURITIES**

There was no purchase or disposal of quoted securities for the current quarter and the financial year to-date.

**20. STATUS OF CORPORATE PROPOSALS**

There was no corporate proposal for the current quarter and the financial year to date.



**21. GROUP BORROWINGS AND DEBT SECURITIES**

As at 30 September 2010, the Group's borrowings are as follows

Borrowing	Secured		Unsecured		Total RM'000
	Short term RM'000	Long term RM'000	Short term RM'000	Long term RM'000	
Bank overdrafts	8,098	-	34,602	-	42,700
Bankers acceptance/Trust Receipts	2,738	-	-	-	2,738
USD220 million nominal value guaranteed notes	-	673,448	-	-	673,448
Convertible Unsecured Loan Stocks (i)	-	-	-	4,137	4,137
Islamic Medium Term Notes (ii)	55,000 *	423,172 *	-	-	478,172
Revolving credits	2,000	-	12,000	-	14,000
Term loan (iii)	889	4,490	-	-	5,379
Term loan (iv)	74	129	-	-	203
Term loans (v)	16,246	-	-	-	16,246
Term loan (vi)	365	5,615	-	-	5,980
Term loan (vii)	23,859	-	-	-	23,859
Term loan (viii)	-	490,322 *	-	-	490,322
Term loan (ix)	10,408	-	-	-	10,408
Interest payable **	-	-	45,731	-	45,731
<b>Sub-total</b>	<b>119,677</b>	<b>1,597,176</b>	<b>92,333</b>	<b>4,137</b>	<b>1,813,323</b>
Hire-purchase and Finance lease	1,349	2,040	-	-	3,280
<b>Total Borrowing</b>	<b>121,026</b>	<b>1,599,216</b>	<b>92,333</b>	<b>4,137</b>	<b>1,816,712</b>





**RANHILL BERHAD (430537-K)**  
**INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

**Ranhill**

Borrowings denominated in foreign currency are as follows: -

Borrowings	Secured		Unsecured	
	Short term RM'000	Long term RM'000	Short term RM'000	Long term RM'000
Trust receipts – USD	-	-	-	-
Term loan – USD	10,482	129	14,997	-
Term loan – Thai Baht	889	4,490	-	-
Bank overdraft – Thai Baht	214	-	-	-
Term loan – Chinese Renminbi	365	5,615	-	-
USD220 million nominal value guaranteed notes	-	673,448	-	-

*Note*

\* *Non-recourse borrowings to Ranhill*

\*\* *Interest payable represents the interest that has been accrued for all borrowings as at reporting date.*

- (i) *The Convertible Unsecured Loan Stocks (“CULS”) represent the 20% interest held by minority shareholders of Ranhill Powertron Sdn Bhd. The CULS will be redeemed if not converted before the maturity date in 2019.*
- (ii) *The Islamic Medium Term Notes were issued by Powertron to finance the conversion works of a power plant from open cycle to combined cycle.*
- (iii) *This amount represents borrowings by Ranhill Water Technologies Sdn Bhd to finance the construction and equipment under 20 years water treatment concession (Amata Nakorn)*
- (iv) *The amount represents borrowings by Penang Water Limited (“PWL”) (a jointly controlled entity held by Ranhill Water Technologies Sdn Bhd) to finance the cost of machineries, equipments and M & E works.*
- (v) *The amount represents borrowings by Ranhill Engineers and Constructors Sdn Bhd amounting to RM69 million resulting from the conversion of the outstanding trusts receipt/letter of credit into a term loan facility and remaining RM22 million resulting from the conversion of the overdue trade bills under account receivables financing facility into a term loan facility.*
- (vi) *This amount represents a borrowing by Ranhill (Nanchang) Waste Water Co. Ltd (a subsidiary held by Ranhill Utilities Berhad) to finance the Construction of the BOT Plant.*
- (vii) *This amount represents a borrowing by RII to refinance the outstanding amount of RII’s existing syndicated trust receipts facility guaranteed by Ranhill Berhad.*
- (viii) *This amount represents a borrowing by Ranhill Powertron II Sdn Bhd to finance its 190MW combined cycle project at Teluk Salut, Sabah. The funds would be drawn down from the facility limit of RM668million on several stages over the 27 months’ construction period.*
- (ix) *This amount represents a borrowing by Amona Ranhill Consortium Sdn Bhd to finance its Aluminium formworks for Libya project*

Based on the total borrowings of RM848.2 million (excluding the non-recourse project finance loans) and the group’s shareholders’ funds of RM722.6 million, the gearing ratio of the group stands at 1.17 times (Q12010:1.70 times).



**22. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK**

Interest Rate Swap

In September 2007, the Company entered into a swap transaction with a notional amount of RM155 million with the objective of reducing the interest cost under the Islamic Medium Term Notes Programme of RM540 million in Nominal Value issued by Ranhill Powertron Sdn Bhd. The swap was contracted to end on June 2012. However, in the best interest of the Company, the management decided to terminate the swap transaction on 13 September 2010 and a loss of RM2.1 million has been affected in the income statement.

Forward Currency Contracts

The Group has entered into foreign exchange contract/agreements as stated in below schedule. The changes in fair value of these forward currency contracts as recognized in the Group's financial statements amounted to RM1,281,749.

Contract Value (USD)	Contract Value (RM)	Change in fair value of derivative financial asset
9,986,934.37	32,231,258	1,281,749

**23. DISCLOSURE ON UNREALISED GAIN/(LOSS)**

As at 30 September 2010, the Group has unrealised gains amounting to RM35.9 million and unrealised losses amounting to RM12.7 million in the unaudited interim consolidated accumulated losses of the Group as follows:

	<b>Group Unrealised gain</b>	<b>Group Unrealised loss</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax	517	9,615
Unrealised gains/ losses due to changes in fair value of derivatives financial instruments	1,282	1,455
Unrealised gain/ loss on translation of monetary assets / liabilities denominated in currency other than the functional currency of the entity	34,120	1,679
	<b>35,919</b>	<b>12,749</b>

**24. MATERIAL LITIGATION**

Save as disclosed previously and as updated below, the Board has confirmed that the Company and its subsidiaries are not presently engaged in any material litigation either as plaintiff or defendant, claims or arbitration and they are not aware of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Company and/or its subsidiaries:-



- (a) Johor Bahru High Court Civil Suit No. MT2-22-766-2007: Bukit Lenang Development Sdn Bhd (“Plaintiff”) v Telekom Malaysia Berhad (“First Defendant”), Tenaga Nasional Berhad (“Second Defendant”) and SAJ Holdings Sdn Bhd (“SAJH”) (“Third Defendant”) (collectively known as the “Defendants”)

On 4<sup>th</sup> October 2010, the Plaintiff has withdrawn its suit against SAJ for damages in the sum of RM29.4 million, for allegedly wrongfully supplying water to the occupants and/or squatters at the Plaintiff’s lands without any order as to cost and without any liberty to file afresh.

- (b) MAM Contracting and Construction Co. Ltd (“MAM”) against Ranhill Petroneeds Joint Venture (“RPJV”), an unincorporated joint venture of Ranhill International Inc (“RII”) (a wholly owned subsidiary of Ranhill Berhad) and Petroneeds Services International Co (“Petroneeds”) in the Khartoum North District Court.

During the hearing of MAM’s claim on 31.10.2010, the Court has adjourned the hearing to 21 December 2010 and 16 January 2011 respectively.

The solicitors are of the opinion that RPJV has a strong case against MAM.

## 25. DIVIDENDS

The Directors do not recommend any interim dividend for the current quarter.

## 26. EARNINGS PER SHARE

Earnings per share	1st Quarter		Cumulative Period	
	Current Year Quarter 30/09/10	Preceding Year Corresponding Quarter 30/09/09	Current Year to-date 30/09/10	Preceding Year to-date 30/09/09
Net profit for the period (RM’000)	15,636	8,381	15,636	8,381
<b><u>Basic earnings per share</u></b>				
Weighted average number of ordinary shares in issue (‘000)	597,265	597,265	597,265	597,265
Basic earnings per share (sen)	2.62	1.40	2.62	1.40

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the quarter and financial year to-date.

## 27. AUTHORISED FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 30 November 2010.