



RANHILL BERHAD (430537-K)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2010
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Ranhill

	Note	2nd Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2010 RM'000	Preceding Year Corresponding Quarter 31/12/2009 RM'000	Current Year To date 31/12/2010 RM'000	Preceding Year Corresponding Period 31/12/2009 RM'000
Revenue	8	567,280	560,893	1,010,519	1,061,924
Cost of sales		(442,354)	(383,888)	(772,282)	(753,983)
Gross profit		124,926	177,005	238,237	307,941
Other operating income		7,942	21,818	46,455	54,243
Administrative expenses		(56,734)	(116,572)	(122,238)	(160,070)
Tendering and marketing expenses		(2,139)	(3,991)	(6,555)	(7,709)
Operating profit		73,995	78,260	155,899	194,405
Finance costs		(34,990)	(42,005)	(72,303)	(111,678)
Finance income		8,537	9,201	13,194	15,586
Finance costs-net		(26,453)	(32,804)	(59,109)	(96,092)
Share of (loss)/profit of associates		(63)	568	(574)	661
Profit before taxation		47,479	46,024	96,216	98,974
Taxation					
- Company and subsidiaries	17	(17,367)	(10,695)	(32,771)	(38,651)
Profit for the year		30,112	35,329	63,445	60,323
<u>Other comprehensive income</u> <u>net of tax</u>					
Currency translation difference		11,912	7,622	2,209	9,703
Total comprehensive income for the period		42,024	42,951	65,654	70,026
<u>Profit attributable to:</u>					
Owners of the parent		14,223	14,434	29,859	22,815
Minority interests		15,889	20,895	33,586	37,508
		30,112	35,329	63,445	60,323
<u>Total comprehensive income attributable to:</u>					
Owners of the parent		24,581	22,316	31,312	33,075
Minority interests		17,443	20,635	34,342	36,951
		42,024	42,951	65,654	70,026
Basic/diluted earnings per share attributable to: equity holders of the Company	26	Sen 2.38	Sen 2.42	Sen 5.00	Sen 3.82

**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 SECOND QUARTER ENDED 31 DECEMBER 2010
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As At End of Current Quarter	As At Preceding Year Financial Year End
Note	31 December 2010 RM'000	30 June 2010 RM'000
Non-current assets		
Property, plant and equipment	1,474,734	1,397,327
Prepaid lease payment	5,365	5,443
Intangible assets	311,147	311,203
Goodwill	41,162	41,162
Investments in associates	7,748	8,528
Available-for-sale financial assets	189,246	189,226
Operating financial assets	73,283	72,232
Investment in oil and gas properties	14,581	14,686
Deferred tax assets	348,202	364,403
	2,465,468	2,404,210
Current assets		
Inventories	35,990	27,823
Trade and other receivables	774,971	779,214
Operating financial assets	4,543	688
Amount due from customers on contracts	775,814	759,123
Prepayments	62,267	43,620
Tax recoverable	14,401	19,325
Amounts due from jointly controlled entities	21,880	23,464
Amounts due from associates	9,014	2,631
Derivative financial instruments	898	-
Deposits, bank and cash balances	624,166	602,758
Total Current assets	2,323,944	2,258,646
Less : Current liabilities		
Trade and other payables	850,648	955,447
Amount due to customers on contracts	507,023	485,656
Amounts due to an associate	216	216
Amounts due to jointly controlled entities	18,303	20,783
Short term borrowings	878,526	236,299
Current tax liabilities	27,568	25,770
Provision for retirement benefits	2,599	2,245
Total Current liabilities	2,284,883	1,726,416
Net Current assets/(liabilities)	39,061	532,230
Less : Non-current liabilities		
Consumer deposits	65,390	62,122
Provision for retirement benefits	42,349	40,831
Deferred tax liabilities	22,989	23,466
Finance lease liabilities	1,782	1,961
Long term loans	1,027,271	1,599,989
Convertible unsecured loan stocks	4,262	11,600
	1,164,043	1,739,969
	1,340,486	1,196,471
Equity		
Share capital	597,265	597,265
Share premium	185,333	185,333
Other reserves	2,641	1,309
Accumulated losses	(38,092)	(112,128)
Capital and reserves attributable to equity holders of the Company	747,147	671,779
Minority interests	585,755	524,692
	1,332,902	1,196,471
Convertible unsecured loan stocks	7,584	-
Total equity	1,340,486	1,196,471
	-	-
Net tangible assets per share (RM)	0.66	0.53

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

**THESE CONDENSED FINANCIAL STATEMENTS ARE TO BE READ IN CONJUNCTION
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RANHILL BERHAD (430537-K)
INTERIM REPORT FOR THE SECONND QUARTER ENDED 31 DECEMBER 2010
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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Issued and fully paid ordinary shares of RMI 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
At 1 July 2010								
-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
Total comprehensive income				1,453	29,859	31,312	34,342	65,654
Disposal of shares in subsidiaries				-	23,834	23,834	49,166	73,000
Dividends for the year ended 30 June 2010				-	-	-	(20,650)	(20,650)
At 31 December 2010	597,265	597,265	185,333	2,641	(38,092)	747,147	585,755	1,332,902
At 1 July 2009								
-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
Total comprehensive income				10,260	22,815	33,075	36,951	70,026
Disposal of interest in a subsidiary to minority interest				-	-	-	(1)	(1)
Dividends for the year ended 30 June 2009				-	-	-	(226,000)	(226,000)
At 31 December 2009	597,265	597,265	185,333	(16,258)	(99,292)	667,048	504,580	1,171,628

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 SECOND QUARTER ENDED 31 DECEMBER 2010
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended 31 December 2010 RM'000	6 months ended 31 December 2009 RM'000
Cash flows from operating activities		
Cash receipts from customers	710,028	804,678
Cash paid to suppliers and employees	(745,252)	(802,552)
Cash (used in)/generated from operations	<u>(35,224)</u>	<u>2,126</u>
Tax refund	5,295	1,064
Tax paid	(16,622)	(14,051)
Net cash flow generated used in operating activities	<u>(46,551)</u>	<u>(10,861)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(119,924)	(408,259)
Proceeds from disposal of property, plant and equipment	252	236
Proceed from disposal of water related assets	86,221	845,631
Proceed from disposal of shares in subsidiary to minority interest	73,000	-
Acquisition of associate companies	205	(2,423)
Placement of fixed deposits pledged	(51,295)	(40,902)
Deposits paid against purchase consideration for additional interest in subsidiary	-	(7,950)
Purchase of other investment	(20)	(14,190)
Interest received	3,904	3,075
Net cash flow (used in)/generated from investing activities	<u>(7,657)</u>	<u>375,218</u>
Cash flows from financing activities		
Payment for termination of Swap Agreement	-	(20,751)
Funds from borrowings	202,818	314,678
Repayment of term loans	(82,222)	(317,565)
Payments of finance lease liabilities	(645)	(7,788)
Interest paid	(72,354)	(122,652)
Dividend paid to minority interests	(20,650)	(257,200)
Net cash flow generated from/(used in) financing activities	<u>26,947</u>	<u>(411,278)</u>
Net decrease in cash and cash equivalents	(27,261)	(46,921)
Effect of foreign exchange rate changes	(3,058)	(2,783)
Cash and cash equivalents		
- at the beginning of the period	213,045	319,189
- at the end of the period	<u>182,726</u>	<u>269,485</u>

<i>NOTE 1</i>	<u>RM'000</u>	<u>RM'000</u>
Bank and cash balances*	272,673	292,260
Deposits with licensed banks*	351,493	370,042
As per Condensed Consolidated Balance Sheet	<u>624,166</u>	<u>662,302</u>
Restricted deposits*	(240,374)	(203,838)
Restricted sinking funds	(162,384)	(159,073)
Bank overdrafts (Note 21)	(38,682)	(29,906)
As per Condensed Consolidated Cash Flow	<u>182,726</u>	<u>269,485</u>

*The restricted deposits of RM240.374m consist of RM197.182m which are pledged with banks as security for banking facilities and RM43.192m 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

PART A : EXPLANATORY NOTES

1. ACCOUNTING POLICIES

The quarterly financial statements have been prepared in accordance with Financial Reporting Standards (øFRSö) 134 - Interim Financial Reporting and Appendix 9B of the Bursa Malaysia Securities Berhad (øBursa Securitiesö) 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 (øMASBö) 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~~

PART A : EXPLANATORY NOTES

1. ACCOUNTING POLICIES (Continued)

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

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.

PART A : EXPLANATORY NOTES

1. ACCOUNTING POLICIES (Continued)

**(b) Financial assets (FRS 139 “Financial instruments: Recognition and Measurement”)
(Continued)**

(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.

(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:

	<u>Opening balance as at 1 July 2010</u> RMø000	<u>Effect of FRS 139/FRS 132</u> RMø000	<u>Adjusted opening balance at 1 July 2010</u> RMø000
Non Current Assets			
Other investments	189,226	(189,226)	0
Available-for-sale financial assets	0	189,226	189,226
Current Assets			
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> (24,831)	590,753
Current Liabilities			
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)
Non Current Liabilities			
Long term loans	(1,599,989)	15,057	(1,584,932)
Convertible Unsecured Loan Stocks (øCULSø)	(11,600)	<u>7,584</u> 50,842	(4,016)



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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2010
NOTES TO THE ACCOUNTS

PART A : EXPLANATORY NOTES

1. ACCOUNTING POLICIES (Continued)

	<u>Opening balance as at 1 July 2010</u>	<u>Effect of FRS 139/FRS 132</u>	<u>Adjusted opening balance at 1 July 2010</u>
	RMø000	RMø000	RMø000
Equity			
Convertible Unsecured Loan Stocks (øCULSø)	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>	522,896
		(26,011)	
		<u>Increase/(decrease)</u>	
		FRS139	
		RMø000	
Balance Sheet as at 31 December 2010			
Current Assets			
Trade and other receivables		921	
Amounts due from associates		23	
Derivative financial instruments		(557)	
Deposit, bank and cash balances		<u>4,338</u>	
		4,725	
Current Liabilities			
Trade and other payables		5,003	
Amounts due to jointly controlled entities		12	
Short-term borrowings		(542)	
Non Current Liabilities			
Long term loan		0	
Convertible Unsecured Loan Stocks (øCULSø)		<u>614</u>	
		5,087	
Equity			
Retained earnings		(646)	
Other reserves		(18)	
Minority interest		<u>302</u>	
		(362)	
For 6 months ended 31 December 2010			
Other operating income		898	
Interest income		6,289	
Interest expenses		(7,531)	
Minority interest		<u>(302)</u>	
		(646)	
Effect on Earning per shares (sen)		(0.11)	



PART A : EXPLANATORY NOTES

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 current 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 (öCOÖö) that are used to make strategic decisions.

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NOTES TO THE ACCOUNTS

PART A : EXPLANATORY NOTES

8. SEGMENTAL REPORTING (Continued)

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

Financial Year To-date 31/12/10								
By activities	EPC & EPCM		Concession, Infrastructure and Investment		Operation & maintenance		Elimination RM'000	Total RM'000
	Local RM'000	International RM'000	Local RM'000	International RM'000	Local RM'000	International RM'000		
Total revenue	248,383	262,657	158,977	-	350,788	-	-	1,020,805
Intersegment revenue	(28)	-	(2,281)	-	(7,143)	(834)	-	(10,286)
External revenue	248,355	262,657	156,696	-	343,645	(834)	-	1,010,519
Total		511,012		156,696		342,811		
	24.6%	26.0%	15.5%	0.0%	34.0%	-0.1%		100%
Adjusted EBITDA	35,927	31,125	29,650	(3)	68,530	(714)	(4,225)	160,290
Total		67,052		29,647		67,816		
	22.4%	19.4%	18.5%	0.0%	42.7%	-0.4%	-2.6%	100%

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



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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2010
NOTES TO THE ACCOUNTS

PART A : EXPLANATORY NOTES

8. SEGMENTAL REPORTING (Continued)

Financial Year To-date 31/12/09								
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	328,343	288,666	114,394	-	333,842	8,740	-	1,073,985
Intersegment revenue	(62)	-	(2,718)	-	(9,281)	-	-	(12,061)
External revenue	328,281	288,666	111,676	-	324,561	8,740	-	1,061,924
Total		616,947		111,676		333,301		
	30.9%	27.2%	10.5%	0.0%	30.6%	0.8%		100.0%
Adjusted EBITDA	28,264	41,718	30,578	-	112,114	10	(5,681)	207,003
Total		69,982		30,578		112,124		
	13.7%	20.2%	14.7%	0.0%	54.2%	0.0%	-2.7%	100.0%

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



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

PART A : EXPLANATORY NOTES

8. SEGMENTAL REPORTING (Continued)

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
31 December 2010	533,504	949,519	2,508,185	138,049	1,002,420	103,321	(793,788)	4,441,210
31 December 2009	506,538	906,161	2,631,560	107,955	1,052,357	98,870	(1,024,047)	4,279,394

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

	31.12.10	31.12.09
	RM'000	RM'000
Adjusted EBITDA for reportable segments	160,290	207,003
Interest expenses (under cost of sales)	(1,301)	(3,273)
Depreciation and amortisation	(39,034)	(28,361)
Unrealised forex gain/loss	35,944	19,037
Profit from operation	155,899	194,406
Finance cost	(72,303)	(111,678)
Finance income	13,194	15,586
Share of post tax profits of associates	(574)	660
Profit before taxation	96,216	98,974

PART A : EXPLANATORY NOTES

8. SEGMENTAL REPORTING (Continued)

Reportable segments assets are reconciled to total assets as follows:

	31.12.10	31.12.09
	RM'000	RM'000
Total segment assets	4,441,210	4,279,394
Deferred tax asset	348,202	391,446
Total assets per balance sheet	4,789,412	4,670,840

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 higher revenue reported for Concession, Infrastructure and Investment segment as compared to its preceding year is mainly due to the high contribution from the power division as 2/3 of the Powertron 2 (130MW) has achieved its Commercial Operating Date (öCODö).

The lower EBITDA reported for Operation and Maintenance as compared to its preceding year is mainly due to the increased of lease rental to PAAB in current year 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 under 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:

	As at 31/12/10
	RM'000
Bank guarantees facilities utilized by:	
• third parties *	3,215
• related parties *	32,423
• an unincorporated joint venture**	7,728
Total	43,366

* 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.

PART A : EXPLANATORY NOTES

11. CONTINGENT LIABILITIES OR CONTINGENT ASSETS (Continued)

- (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 31 December 2010:

	As at 31/12/10
	RM'000
Property, plant and equipment	
Approved and contracted for	1,787
Approved but not contracted for	33,240
Total	35,027

PART B : BURSA SECURITIES LISTING REQUIREMENTS (PART A of Appendix 9B)

13. REVIEW OF PERFORMANCE

The Group registered a consolidated revenue of RM567.3 million and a profit after tax of RM30.1 million for the quarter under review. The revenue registered is RM6.4 million higher as compared to the preceding year's corresponding quarter mainly due to higher recognition from Powertron 2 (130MW) project. However the profit after tax attributable to equity holders (PATMI) of RM14.2 million is comparable to the preceding year corresponding quarter's PATMI of RM14.4 million.

14. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded a consolidated revenue of RM567.3 million for the quarter under review, this is RM124.1 million higher as compared to the preceding quarter's revenue of RM443.2 million. This is mainly due to higher contribution from SAJ Holdings Sdn. Bhd. and Ranhill Water Services Sdn Bhd.

The PATMI of RM14.2 million was recorded for the quarter under review, a RM1.4 million decrease from the PATMI of RM15.6 million registered in the preceding quarter mainly due to the net effect of higher contribution from the EPC sector and lesser unrealized forex exchange gain recorded in current quarter.

15. FACTORS THAT INFLUENCE THE GROUP'S PROSPECTS

With the recently awarded oil and gas contract by Petronas, the Group expects continuing strong growth from its Oil & Gas sector arm through Ranhill WorleyParsons Sdn Bhd. Ranhill WorleyParsons Sdn Bhd further enhances its world class skill sets and benefits from its lower cost base compared to its international competitors.

PART B : BURSA SECURITIES LISTING REQUIREMENTS (PART A of Appendix 9B)

15. FACTORS THAT INFLUENCE THE GROUP'S PROSPECTS (Continued)

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 June 2011. As for the water division, the group also expects additional revenue and profit contribution once its plants in Xinxiang 50MLD become fully operational in June 2011. The water treatment plant in Haldia 113.5MLD, Kolkata, India and Hefei 30MLD are to be fully completed by April 2011.

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: -

Taxation	Individual Quarter 3 month ended 31 December 2010	Cumulative period 6 month ended 31 December 2010
	RM'000	RM'000
Malaysia taxation:		
Current taxation	4,755	9,577
Under provision in prior years	(3)	1,234
Foreign taxation:		
Current taxation	5,988	6,235
Deferred taxation		
Current taxation	6,627	15,725
Total	17,367	32,771

The Group's effective tax rate for the current quarter and financial period ended 31 December 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.



PART B : BURSA SECURITIES LISTING REQUIREMENTS (PART A of Appendix 9B)

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.

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PART B : BURSA SECURITIES LISTING REQUIREMENTS (PART A of Appendix 9B)

21. GROUP BORROWINGS AND DEBT SECURITIES

As at 31 December 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	8,338	-	30,343	-	38,681
Bankers acceptance/Trust Receipts	2,862	-	-	-	2,862
USD220 million nominal value guaranteed notes	675,761	-	-	-	675,761
Convertible Unsecured Loan Stocks (i)	-	-	-	4,262	4,262
Islamic Medium Term Notes (ii)	55,000 *	423,039 *	-	-	478,039
Revolving credits	2,000	-	12,000	-	14,000
Term loan (iii)	954	4,285	-	-	5,239
Term loans (iv)	74	129	-	-	203
Term loan (v)	7,883	-	-	-	7,884
Term loan (vi)	614	5,060	-	-	5,674
Term loan (vii)	16,380	-	-	-	16,380
Term loan (viii)	-	531,695 *	-	-	531,695
Term loan (ix)	7,390	-	-	-	7,390
Term loan (x)	-	63,063	-	-	63,063
Term loan (xi)	42,638	-	-	-	42,638
Interest payable **	-	-	16,288	-	16,288
Sub-total	819,894	1,027,271	58,632	4,262	1,910,059
Hire-purchase and Finance lease	1,153	1,782	-	-	2,935
Total Borrowing	821,047	1,029,053	58,632	4,262	1,912,994

PART B : BURSA SECURITIES LISTING REQUIREMENTS (PART A of Appendix 9B)

21. GROUP BORROWINGS AND DEBT SECURITIES (Continued)

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 ó USD	-	-	-	-
Term loan ó USD	23,884	63,192	14,997	-
Term loan ó Thai Baht	954	4,285	-	-
Bank overdraft ó Thai Baht	232	-	-	-
Term loan ó Chinese Renminbi	614	5,060	-	-
USD220 million nominal value guaranteed notes	675,761	-	-	-

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 resulting from the conversion of the outstanding trusts receipt/letter of credit and 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 Sdn Bhd) 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*

PART B : BURSA SECURITIES LISTING REQUIREMENTS (PART A of Appendix 9B)

21. GROUP BORROWINGS AND DEBT SECURITIES (Continued)

- (x) *This amount represents a borrowing by Amona Ranhill Consortium Sdn Bhd to part finance the operational expenditure and the purchase of equipments and based camp setup expenditure for housing development project in Tajura, Libya.*
- (xi) *This amount represents a bridging loan facility by RB to pay the coupon interest in relation to the USD Notes(USD220mil Guaranteed Notes)*

Based on the total borrowings of RM903.2 million (excluding the non-recourse project finance loans) and the group's shareholders' funds of RM747.1 million, the gearing ratio of the group stands at 1.21 times (Q22010:1.46 times).

22. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

Save as disclosed previously and as updated below, the Company has no financial instruments with off balance sheet risk.

Forward Currency Contracts

The Group has entered into foreign exchange contracts/agreements as stated in below schedule. The change in fair value of these forward currency contracts as recognized in the Group's financial statements amounted to RM897,650.

Contract Value (USD)	Contract Value (RM)	Change in fair value of derivative financial asset
7,400,000	20,603,250	897,650

23. DISCLOSURE ON UNREALISED GAIN/(LOSS)

As at 31 December 2010, the Group has unrealised gains amounting to RM38.3 million and unrealised losses amounting to RM19.0 million in the unaudited interim consolidated accumulated losses of the Group as follows:

	Group Unrealised gain	Group Unrealised loss
	RM'000	RM'000
Deferred tax	499	16,225
Unrealised gains/ losses due to changes in fair value of derivatives financial instruments	898	1,455
Unrealised gain/ loss on translation of monetary assets / liabilities denominated in currency other than the functional currency of the entity	36,935	1,363
	38,332	19,043

PART B : BURSA SECURITIES LISTING REQUIREMENTS (PART A of Appendix 9B)

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) MAM Contracting and Construction Co. Ltd (δMAMö) against the unincorporated joint venture of Ranhill International Inc (δRIIö) and Petroneeds Services International Co (δPetroneedsö) In the Khartoum North District Court

During the trial on 16 January 2011, The Court adjourned the trial to 27.02.2011 and 06.03.2011 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	2nd Quarter		Cumulative Period	
	Current Year Quarter 31/12/10	Preceding Year Corresponding Quarter 31/12/09	Current Year to-date 31/12/10	Preceding Year to-date 31/12/09
Net profit for the period (RMø000)	14,223	14,434	29,859	22,815
<u>Basic earnings per share</u>				
Weighted average number of ordinary shares in issue (ø000)	597,265	597,265	597,265	597,265
Basic earnings per share (sen)	2.38	2.42	5.00	3.82

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 24 February 2011.