

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2016



Ranhill

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	Individual Quarter		Cumulative Period	
	Current year	Preceding year	Current year	Preceding year
	quarter	quarter	to date	to date
NOTE	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Revenue	382,214	334,480	1,454,849	1,315,121
Cost of sales	(294,104)	(255,437)	(1,043,775)	(967,134)
Gross profit	88,110	79,043	411,074	347,987
Other items of income				
Interest income	26,461	15,963	83,487	61,904
Other income	29,362	1,564	56,850	7,296
Other items of expense				
Administrative expenses	(71,850)	(113,406) *	(222,519)	(226,383) *
Other operating expenses	(82)	(173)	(948)	(1,347)
Tendering and marketing expenses	(1,423)	(675)	(2,404)	(1,749)
Finance costs	(29,157)	(22,323)	(142,092)	(99,454)
Zakat	(1,214)	(529)	(5,212)	(1,619)
Share of results of a joint venture	7,535	3,357	8,763	16,474
Share of results of associates	(887)	-	(887)	-
Profit/(loss) before tax	46,855	(37,179) *	186,112	103,109 *
Income tax expense	B5 (20,488)	(22,025)	(68,742)	(51,814)
Profit/(loss) net of tax	26,367	(59,204) *	117,370	51,295 *
Other comprehensive income:				
Foreign currency translation to be reclassified to profit or loss in subsequent periods	41,708	(6,101)	16,378	18,120
Total comprehensive income/(loss) for the year/period	68,075	(65,305)	133,748	69,415
Profit/(loss) net of tax attributable to:				
Owners of the parent	17,010	(64,303) *	75,825	22,345 *
Non-controlling interests	9,357	5,099	41,545	28,950
	26,367	(59,204)	117,370	51,295
Total comprehensive income attributable to:				
Owners of the parent	58,718	(70,404)	92,206	40,465
Non-controlling interests	9,357	5,099	41,542	28,950
	68,075	(65,305)	133,748	69,415
Earnings per share (sen):				
Basic	B12 1.91	N/A	9.22	3.95
Diluted	N/A	N/A	N/A	N/A
EBITDA (includes amortisation of services concession assets)	140,127	56,847	597,291	488,994

* Include exceptional one-off items such as cost of assuming listing status and reverse-take-over (RTO) expenses totally approximately RM60m and exclude SUKUK finance cost prior to completion of RTO approximately RM40m.

**RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
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ENDED 31 DECEMBER 2016**



Ranhill

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾ (continued)

Notes :

- (1) The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
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ENDED 31 DECEMBER 2016



Ranhill
Audited
As at
31/12/2015
RM'000

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 31/12/2016 RM'000	Audited As at 31/12/2015 RM'000
Non-current assets		
Property, plant and equipment	576,142	576,324
Service concession assets	298,190	600,062
Intangibles	295,352	297,338
Operating financial asset	64,258	-
Finance lease receivables	552,580	593,618
Deferred tax assets	216,869	252,470
Investment in an associate	93,217	-
Investment in a joint venture	-	157,702
Trade and other receivables	74,403	72,855
	<u>2,171,011</u>	<u>2,550,369</u>
Current assets		
Finance lease receivables	41,038	38,082
Operating financial asset	7,253	-
Trade and other receivables	414,553	333,680
Inventories	75,562	74,995
Tax recoverable	3,510	2,198
Other current assets	36,215	24,378
Other financial assets	13,501	18,942
Deposits, cash and bank balances	462,805	550,872
	<u>1,054,437</u>	<u>1,043,147</u>
Total assets	<u>3,225,448</u>	<u>3,593,516</u>
Current liabilities		
Retirement benefit obligations	7,065	7,969
Finance lease payables	1,631	1,273
Short term borrowings	94,451	833,111
Zakat	8,700	8,942
Trade and other payables	438,271	529,745
Other current liability	2,738	302
Service concession obligations	329,862	390,962
Tax payable	957	1,496
	<u>883,675</u>	<u>1,773,800</u>
Net current liabilities	<u>170,762</u>	<u>(730,653)</u>
Non-current liabilities		
Retirement benefit obligations	85,808	83,976
Finance lease payables	2,479	2,572
Long term borrowings	1,155,943	799,862
Trade and other payables	85,957	4,357
Service concession obligations	-	320,273
Consumer deposits	180,354	169,452
Deferred tax liabilities	64,120	54,940
	<u>1,574,661</u>	<u>1,435,432</u>
Total liabilities	<u>2,458,336</u>	<u>3,209,232</u>

**RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
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 ENDED 31 DECEMBER 2016**



Ranhill
 Audited
 As at
 31/12/2015
 RM'000

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

	Unaudited As at 31/12/2016 RM'000	Audited As at 31/12/2015 RM'000
Net assets	<u>767,112</u>	<u>384,284</u>
Equity attributable to owners of the parent		
Share capital	888,316	565,995
Share premium	387,003	339,597
Other reserves	(879,643)	(879,143)
Retained earnings	188,488	146,419
	<u>584,164</u>	<u>172,868</u>
Non controlling interest	182,948	211,416
Total equity	<u>767,112</u>	<u>384,284</u>
Total equity and liabilities	<u>3,225,448</u>	<u>3,593,516</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.66</u>	<u>0.31</u>

Notes:

- (1) The Unaudited Condensed Statements of Financial Position should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 ⁽¹⁾

	Share capital RM'000	Share premium 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
At 1 January 2016	565,995	339,597	25,809	1,063	(906,015)	146,419	172,868	211,416
Total comprehensive income	-	-	16,381	-	-	75,825	92,206	41,542
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	(168)
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	(1,571)
-New public issuance of shares	322,321	64,464	-	-	-	-	386,785	-
-Share issuance expenses	-	(17,058)	-	-	-	-	(17,058)	-
-Reclassify foreign currency to income statement	-	-	(16,881)	-	-	-	(16,881)	-
-Effect on acquisition of a subsidiary	-	-	-	-	-	-	-	(64)
-Effect on disposal of a subsidiary	-	-	-	-	-	-	-	43
-Dividends on ordinary shares	-	-	-	-	-	(33,756)	(33,756)	(68,250)
At 31 December 2016	888,316	387,003	25,309	1,063	(906,015)	188,488	584,164	182,948

Notes:

(1) The Unaudited Condensed Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 ⁽¹⁾

	Share capital RM'000	Share premium RM'000	Currency translation reserves RM'000	Equity component of unsecured loan stock RM'000	Merger reserve/ (deficit) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2015	-	-	7,689	2,657	501,882	299,734	811,962	217,433	1,029,395
Total comprehensive income	-	-	18,120	-	-	22,345	40,465	28,950	69,415
-Issuance of share capital arising from the RTO	565,995	339,597	-	(1,594)	(1,407,897)	(56,500)	(560,399)	-	(560,399)
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	(142)	(142)
-Dividends paid by subsidiaries prior to combination/RTO	-	-	-	-	-	(119,160)	(119,160)	(33,375)	(152,535)
-CULS interest paid to non-controlling interest	-	-	-	-	-	-	-	(1,450)	(1,450)
At 31 December 2015	565,995	339,597	25,809	1,063	(906,015)	146,419	172,868	211,416	384,284

Notes:

(1) The Unaudited Condensed Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (TO BE UPDATED) ⁽¹⁾

	12 months ended 31/12/2016 RM'000	12 months ended 31/12/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	186,112	103,109
Adjustments for:		
Depreciation of property, plant and equipment	47,867	45,943
Net (gain)/loss on disposal of property, plant and equipment	(318)	119
Property, plant and equipment written off	21	12
Amortisation of service concession asset	304,536	300,031
Amortisation of concession rights	125	-
Amortisation of software	46	2,361
Negative goodwill arising from acquisition of remaining shares in RWTC	(21,910)	-
Share of profit of a joint venture	(8,763)	(16,474)
Share of profit of an associates	887	-
Recycle of forex reserve/Remeasurement loss on disposal (loss control)	3,162	-
Provision retirement benefit plan	8,852	8,940
Net bad debts written-off	3	195
Zakat	5,212	1,619
Bad debts recovered	-	(82)
Unrealised foreign exchange (gain)/loss	(3,328)	233
Allowance for impairments	1,985	2,083
Provision for foreseeable losses	-	194
Provision for liquidated ascertained damages	2,965	1,039
Cost of assuming listing status of Symphony House Berhad	-	45,592 *
Interest income	(83,487)	(61,904)
Interest expense	142,092	99,454
Operating profit before working capital changes	<u>586,059</u>	<u>532,464</u>
Receivable	13,460	(78,284)
Payables	(242,537)	87,617
Inventories	180	(1,374)
Finance lease receivables	84,168	84,168
Operating financial asset	54,083	-
Other current asset	(14,388)	(16,086)
Cash generated from operations	<u>481,025</u>	<u>608,505</u>
Retirement benefits plan paid	(7,924)	(8,621)
Zakat paid	(5,454)	(619)
Tax paid	(21,968)	(13,009)
Lease rental payable to PAAB	(291,787)	(223,300)
Net cash generated from operating activities	<u>153,892</u>	<u>362,956</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(45,317)	(41,553)
Proceeds from disposal of property, plant and equipment	363	295
Disposal of short term investments	-	6,888
Purchase of software	(36)	(58)

* Exceptional one-off item.



UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (TO BE UPDATED) (continued) ⁽¹⁾

	12 months ended 31/12/2016 RM'000	12 months ended 31/12/2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (continued)		
Net cash outflow effects on the acquisition of remaining shares in RWTC	(115,321)	-
Net cashoutflow effect on disposal of subsidiary	140,515	-
Investment in Islamic Money market funds	5,441	-
Proceed from management buy-out	-	60,000
Dividend received from joint venture	6,143	-
Interest received	23,699	13,074
Net cash generated from investing activities	<u>15,487</u>	<u>38,646</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from a joint venture	-	2,500
Net (placement)/withdrawal of fixed deposits with banking facilities	99,626	(29,561)
Drawdown of term loans	1,664	-
Repayment of hire purchase	(1,411)	(1,231)
Proceeds from issuance of shares	386,785	-
Payment of initial public offering exercise expenses	(13,073)	-
Repayment of borrowings	(419,068)	(85,000)
Payment of premium loan redemption	(17,890)	-
Payment of guarantee fee	(13,837)	-
Dividends paid	(102,006)	(177,589)
Interest paid	(91,560)	(60,115)
Net cash generated from financing activities	<u>(170,770)</u>	<u>(350,996)</u>
Net (decrease)/increase in cash and cash equivalents	(1,391)	50,606
Effect of exchange rate changes on cash and cash equivalents	6,417	-
Cash and cash equivalents at beginning of year	<u>305,545</u>	<u>254,939</u>
Cash and cash equivalents at end of year	<u>310,571</u>	<u>305,545</u>

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

Cash at banks and on hand	125,952	164,535
Short term deposits with licensed bank	336,853	386,337
Total deposits, cash and bank balances	<u>462,805</u>	<u>550,872</u>
Bank overdrafts	(3,498)	-
Restricted deposits, cash and bank balances	<u>(148,736)</u>	<u>(245,327)</u>
Cash and cash equivalents	<u>310,571</u>	<u>305,545</u>

Notes:

- (1) The Unaudited Condensed Statements of Cash Flows should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

SECTION A: NOTES TO THE QUARTERLY RESULTS

A1. Basis of Preparation

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

These interim financial statements should be read in conjunction with the Audited Financial Statements of Ranhill Holdings Berhad ("the Company") for the financial year ended 31 December 2015 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 2015.

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 2015 as well as those mandatory new/revised standards that take effects on annual financial period commencing on and after 1 January 2016, except for the following:-

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.

MFRS 9	Financial Instruments ¹
MFRS 15	Revenue from Contract with Customers ¹
MFRS 16	Leases ²

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided MFRS 15 is also applied.

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 except as discussed below:

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A2. Changes in Accounting Policies (continued)

MFRS 9, Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 15, Revenue from Contract with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 16, Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

A2. Changes in Accounting Policies (continued)

The Directors anticipate that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the Group financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Group performs a detailed review.

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 2015.

A4. Seasonality of Cyclicity 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 unusual in nature, size or incidence for the current quarter and current financial year-to-date except the following:

- (a) Bond redemption premium of RM13.3 million that has been charged to income statement and fully paid upon the group's redemption of the Group's Islamic Medium Term Notes ("IMTN") in 1st quarter 2016.
- (b) Recognition of negative goodwill of RM21.9 million upon acquisition of the remaining shares in Ranhill Water Technologies (Cayman) Ltd. ("RWTC") in the 2nd quarter.
- (c) Sukuk redemption premium and its related expenses of RM5.9 million have been charged to income statement in 3rd quarter 2016 and additional expenses of RM0.6 million in 4th quarter 2016.

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.

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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 for those disclosed in Note B7.

A8. Dividend Paid

During the financial period ended 31 December 2016, the following payments of dividend were made:

- (a) RM15,989,696 was declared and paid on 26 August 2016 and 28 September 2016 respectively as first interim single tier dividend of 1.8 sen per share on 888,315,767 ordinary shares.
- (b) RM17,766,315 was declared and paid on 19 December 2016 and 19 January 2017 respectively as second interim single tier dividend of 2.0 sen per share on 888,315,767 ordinary shares.

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RANHILL HOLDINGS BERHAD (Company No: 1091059-K)
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FOURTH QUARTER ENDED 31 DECEMBER 2016



A9. Segmental Information

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

For the financial period ended 31 December 2016:

	Environment RM'000	Power RM'000	Others RM'000	Elimination RM'000	Total RM'000
BY BUSINESS SEGMENTS					
Revenue					
Sales to external customers	1,136,563	318,237	49	-	1,454,849
Inter-segment elimination	-	-	333,147	(333,147)	-
	<u>1,136,563</u>	<u>318,237</u>	<u>333,196</u>	<u>(333,147)</u>	<u>1,454,849</u>
Results					
Segment profit/(loss)	<u>175,036</u>	<u>37,515</u>	<u>(95,181)</u>		<u>117,370</u>
Segment assets	<u>1,743,737</u>	<u>1,366,081</u>	<u>115,630</u>		<u>3,225,448</u>
Segment liabilities	<u>1,089,990</u>	<u>742,961</u>	<u>625,385</u>		<u>2,458,336</u>
Proforma scenario					
Results					
Segment profit/(loss)	175,036	37,515	(95,181)		117,370
Add/(less):					
Sukuk interest	(44,963)	(6,942)	51,905		-
Sukuk premium redemption and its related cost	<u>(5,614)</u>	<u>(867)</u>	<u>6,481</u>		<u>-</u>
Adjusted segment profit/(loss)	<u>124,459</u>	<u>29,706</u>	<u>(36,795)</u>		<u>117,370</u>
Segment assets	1,743,737	1,366,081	115,630		3,225,448
Add/(less):					
Bank balances related to Sukuk	<u>48,905</u>	<u>7,551</u>	<u>(56,456)</u>		<u>-</u>
Adjusted segment assets	<u>1,792,642</u>	<u>1,373,632</u>	<u>59,174</u>		<u>3,225,448</u>
Segment liabilities	1,089,990	742,961	625,385		2,458,336
Add/(less):					
Sukuk loan	<u>516,699</u>	<u>79,774</u>	<u>(596,473)</u>		<u>-</u>
Adjusted segment liabilities	<u>1,606,689</u>	<u>822,735</u>	<u>28,912</u>		<u>2,458,336</u>

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 FOURTH QUARTER ENDED 31 DECEMBER 2016**



A9. Segmental Information (continued)

For the financial period ended 31 December 2015:

	Environment RM'000	Power RM'000	Others RM'000	Elimination RM'000	Total RM'000
BY BUSINESS SEGMENTS					
Revenue					
Sales to external customers	1,011,181	303,469	471	-	1,315,121
Inter-segment elimination	-		(10,627)	10,627	-
	<u>1,011,181</u>	<u>303,469</u>	<u>(10,156)</u>	<u>10,627</u>	<u>1,315,121</u>
Results					
Segment profit/(loss)	<u>94,213</u>	<u>33,268</u>	<u>(76,186)</u>		<u>51,295</u>
Segment assets	<u>1,858,483</u>	<u>1,539,680</u>	<u>195,353</u>		<u>3,593,516</u>
Segment liabilities	<u>1,386,405</u>	<u>991,377</u>	<u>831,450</u>		<u>3,209,232</u>
Proforma scenario					
Results					
Segment profit/(loss)	94,213	33,268	(76,186)		51,295
Add/(less):					
Sukuk interest	<u>(2,246)</u>	<u>(347)</u>	<u>2,593</u>		<u>-</u>
Adjusted segment profit/(loss)	<u>91,967</u>	<u>32,921</u>	<u>(73,593)</u>		<u>51,295</u>
Segment assets	1,858,483	1,539,680	195,353		3,593,516
Add/(less):					
Bank balances related to Sukuk	<u>33,424</u>	<u>5,160</u>	<u>(38,584)</u>		<u>-</u>
Adjusted segment assets	<u>1,891,907</u>	<u>1,544,840</u>	<u>156,769</u>		<u>3,593,516</u>
Segment liabilities	1,386,405	991,377	831,450		3,209,232
Add/(less):					
Sukuk loan	<u>651,110</u>	<u>100,527</u>	<u>(751,637)</u>		<u>-</u>
Adjusted segment liabilities	<u>2,037,515</u>	<u>1,091,904</u>	<u>79,813</u>		<u>3,209,232</u>

A10. Changes in the Composition of the Group

During the financial year-to-date, the following changes in composition were effected:

- (a) RWTC was previously recognised as a Joint Venture when the group owned approximately 52% of RWTC. With the acquisition of its remaining shares on 20 May 2016, RWTC is now fully consolidated to the group. The investment in joint venture of RM157.7 million as per the statement of financial position as at 31 December 2015 has now been classified as investment in subsidiary and the results of RWTC is being accounted for in accordance with “MFRS 3 Business Combination”.
- (b) On 15 November 2016, Ranhill Capital Sdn Bhd, a wholly owned subsidiary of the Company has acquired two (2) ordinary shares of RM1 each representing 100% of the total issued and paid-up share capital of the following companies for a total consideration of RM2 for each company:
 - (i) Ranhill Watertech Solutions Sdn Bhd (“RWatertech”)
 - (ii) Ranhill Water Transfer Sdn Bhd (“RWTransfer”)
 - (iii) Ranhill Water Resources Sdn Bhd (“RWResources”)

As a result of the acquisitions, the companies have become wholly owned subsidiaries of the Company. The principal activities of these companies are investment holding.

- (c) On 12 December 2016, 60% interest in RWHK was disposed by the group which resulted in RWHK now being accounted as an associate in accordance with “MFRS 128 Investments in Associates and Joint Ventures”.

A11. Contingent Liabilities

There were no contingent liabilities that, upon becoming enforceable, may have an adverse material impact on the results of operations or financial condition of the Group as at 31 December 2016.

A12. Capital Commitments

As at year end, the Group has the following capital commitments in respect of:

	31.12.2016	31.12.2015
	RM'000	RM'000
Approved and contracted for	1,402	330
Approved but not contracted for	2,218	2,216
	<u>3,620</u>	<u>2,546</u>

A13. Significant Events Subsequent to the Balance Sheet Date

There was no material events subsequent to the current quarter ended 31 December 2016.

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

B1. Detailed Analysis of Performance of All Operating Segments

For the quarter and year-to-date

During the quarter ended 31 December 2016, the Group recorded a revenue of RM382.2 million (Q4 2015: RM334.5 million) and profit or loss before tax of RM46.9 million (Q4 2015: -RM37.2 million). The revenue and profit before taxation for the year amount to RM1,454.8 million (2015: RM1,315.1 million) and RM186.1 million (2015: RM103.1 million) respectively.

Environment segment

For the quarter;

1. Revenue generated of RM303.1 million (Q4 2015: RM260.0 million) was an increase of RM43.1 million compared to its preceding year's quarter.
2. Profit before taxation of RM56.3 million (Q4 2015: RM19.5 million) was an increase of RM36.8 million compared to its preceding year's quarter.

The increases in revenue and profit for the quarter compared to the preceding year's quarter were mainly due to increase in volume of water consumption coupled with increase in customer base arising from new developments of housing and industrial areas. The reduction in finance cost and consolidation of RWTC (after 20 May 2016) has also assisted in the revenue and profit growth.

For the year ended;

1. Revenue generated of RM1,136.6 million (2015: RM1,011.2 million) was an increase of RM125.4 million compared to its preceding year.
2. Profit before taxation of RM221.8 million (2015: 127.5 million) was an increase of RM94.3 million compared to its preceding year.

The increases in revenue and profit for the year ended were mainly due to increase in volume of water consumption coupled with increase in customer base arising from new developments of housing and industrial areas. The reduction in finance cost and consolidation of RWTC (after 20 May 2016) has also assisted in the revenue and profit growth.

Power segment

For the quarter;

1. Revenue generated of RM79.2 million (Q4 2015: RM74.3 million) was an increase of RM4.9 million compared to its preceding year's quarter.
2. Profit before taxation of RM15.6 million (Q4 2015: 11.2 million) was an increase of RM4.4 million compared to the preceding year's quarter.

The increases in revenue and profit were a result of lesser maintenance cost incurred during the quarter compared to the preceding year's quarter.

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

For the year ended;

1. Revenue generated of RM318.2 million (2015: 303.5 million) was an increase of RM14.7 million compared to its preceding year.
2. Profit before taxation of RM59.5 million (2015: RM51.9 million) was an increase of RM7.6 million compared to its preceding year.

These increases were mainly contributed by the increase in power output being produced and lower maintenance cost during the year.

B2. Variation of Results for Current Quarter Ended 31 December 2016 Compared to the Immediate Preceding Quarter

The Group recorded revenue of RM382.2 million in the current quarter compared to its immediate preceding quarter's revenue of RM370.8 million, an increase of RM11.4 million or 3.1%. The profit before taxation for the current quarter increased by RM5.8 million to RM52.5 million compared to RM46.7 million in the immediate preceding quarter.

Environment segment

1. Revenue generated of RM303.1 million (Q3 2016: RM281.4 million) was an increase of RM21.7 million compared to the immediate preceding quarter.
2. Profit before taxation of RM56.3 million (Q3 2016: RM52.5 million) was an increase of RM3.8 million compared to the immediate preceding quarter.
3. The proforma profit before taxation (after allocating the Sukuk related cost) for the current quarter increased by RM9.5 million to RM45.5 million compared to immediate preceding quarter's profit before taxation of RM36.0 million.

These increases were mainly due to growth in water volume consumption and increased customer base from this segment.

Power segment

1. Revenue generated of RM79.2 million (Q3 2016: RM89.5 million) was a decrease of RM10.3 million compared to the immediate preceding quarter.
2. Profit before taxation of RM15.6 million (Q3 2016: RM24.6 million) was a decrease of RM9 million compared to the immediate preceding quarter.
3. The proforma profit before taxation (after allocating the Sukuk related cost) for the current quarter is RM14.0 million, a slight drop of RM0.7 million compared to immediate preceding quarter's profit before taxation of RM14.7 million.

These decreases were mainly due to a lower demand in current quarter compared to the immediate preceding quarter.

B3. Prospects

The International Environment sector (especially China) is expected to experience growth following the signing of a strategic partnership with SIIC (as per disclosure in Note B7 (c)) to jointly expand its China's water business. The strategic partnership will enable the Joint Venture to:-

- (i) Procure new wastewater concession contracts especially in the sector of industrial wastewater attributed by its synergised effect.
- (ii) Obtain favourable financing terms and possibly facilitate tariff adjustment negotiation.
- (iii) Commence work on projects that MOUs had been signed recently with the USD30 million working capital injection by SIIC. The fund injection will provide further platform for business expansion.

The collaboration will also mitigate any request for increase in local participation. The proceeds from the divestment allow Ranhill to embark on potential growth in power sector, international environment sector in Thailand and other potential investments.

Growth in the local environment segment is expected to be supported by the increasing demand in water for the state of Johor, especially with the development of new housing and industrial areas.

As for the power sector, apart from expected growth in electricity demand from the Company's current 2 X 190MW plants, the Company has received a letter from the Energy Commission to develop a 300 MW combined cycle gas turbine power plant in Sabah.

B4. Profit Forecast

Not applicable.

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B5. Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 31.12.2016 RM'000	Preceding year quarter 31.12.2015 RM'000	Current year to date 31.12.2016 RM'000	Preceding year to date 31.12.2015 RM'000
Malaysia taxation:				
Current taxation	3,630	2,993	20,964	10,706
(Over)/Under provision in prior years	(1,833)	753	(2,261)	757
Foreign taxation:				
Current taxation	94	-	134	-
Deferred taxation	1,462	-	2,416	-
Deferred taxation				
Current taxation	15,814	11,782	47,495	33,178
Under/(Over) provision in prior years	1,321	6,497	(6)	7,173
	<u>20,488</u>	<u>22,025</u>	<u>68,742</u>	<u>51,814</u>

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

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B6. Profit/(Loss) Before Taxation

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

	Individual Quarter		Cumulative Period	
	Current year quarter 31.12.2016 RM'000	Preceding year quarter 31.12.2015 RM'000	Current year to date 31.12.2016 RM'000	Preceding year to date 31.12.2015 RM'000
Amortisation of service concession assets	79,512	62,177	304,536	300,031
Amortisation of software	15	2,340	46	2,361
Amortisation of concession rights	50	-	125	-
Depreciation of property, plant and equipment	10,999	23,149	47,867	45,943
Listing expenses	1,952	-	5,633	-
Cost of assuming the listing status of Symphony	-	45,592	-	45,592
Reverse takeover expenses	-	6,614	-	9,918
IMTN premium redemption	-	-	13,343	-
Negative goodwill arising from acquisition of remaining share in RWTC	(3,817)	-	(21,910)	-
Unrealised foreign exchange (gain)/loss	(3,398)	235	(3,328)	235
Realised foreign exchange Loss(gain)	254	386	(1,050)	714
Provision for/(Reversal of) liquidated ascertained damages	1,274	(720)	2,965	1,039
Property, plant and equipment written off	5	4	21	12
Allowance for impairments	1,464	2,083	1,985	2,083
Loss/(Gain) on disposal of property, plant and equipment	12	(109)	(292)	119
Sukuk premium redemption and related expenses	587	-	6,481	-
Recycle of forex reserve/ Remeasurement loss on disposal (loss control)	3,162	-	3,162	-

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B7. Status of Corporate Proposal Announced

- (a) The Company was successfully listed on 16 December 2015 upon completion of its reverse takeover exercise. During the year, the Company successfully raised RM386.785 million from the issuance of 322.321 million shares at a retail price of RM1.20 per share. Shares of Ranhill had commenced trading on Bursa Malaysia Securities Berhad on 16 March 2016. RM220 million was used to redeem IMTN in end March 2016 while another RM100 million has been utilised to partially redeem the SUKUK on 29 August 2016.
- (b) On 20 May 2016, the Company has completed the acquisition of the remaining RWT (Cayman) with a final purchase consideration of USD29,009,404.48 (approximately RM116 million). Accordingly, RWT (Cayman) has become a wholly owned subsidiary of Ranhill Holdings Berhad.
- (c) On 27 September 2016, RWTC, a wholly owned subsidiary of the Company has entered into a sales and purchase agreement (“SPA”) with SIIC Environment Holdings Limited (“SIIC”), Asia Wisdom Investment Limited (“AWIL”) in relation to the Proposed Divestment for a total cash consideration of RMB273.90 million (approximately RM169.11 million). The Proposed Divestment entails the divestment of 60% equity interest in Ranhill Water (Hong Kong) Limited (“RWHK”), a wholly owned subsidiary of RWTC comprising 159,989,376 ordinary shares to AWIL (“Purchaser”), an indirect wholly-owned subsidiary of SIIC.
- (d) On 15 November 2016, Ranhil Capital Sdn Bhd, a wholly owned subsidiary of the Company has acquired two (2) ordinary shares of RM1 each representing 100% of the total issued and paid-up share capital of the following companies for a total consideration of RM2 for each company:
- (i) Ranhill Watertech Solutions Sdn Bhd (“RWatertech”)
 - (ii) Ranhill Water Transfer Sdn Bhd (“RWTransfer”)
 - (iii) Ranhill Water Resources Sdn Bhd (“RWResources”)
- As a result of the acquisitions, the companies have become wholly owned subsidiaries of the Company. The principal activities of these companies are investment holding.
- (e) On 5 December 2016, an EGM was held for the Proposed Divestment of RWHK. The shareholders of Ranhill have approved and passed by way of poll, the ordinary resolution pertaining to the Proposed Divestment of 60% equity interest in RWHK. Pursuant to the shareholders’ approval, all conditions precedent as stipulated in the SPA for the Proposed Divestment have been fulfilled.

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B7. Status of Corporate Proposal Announced (continued)

- (f) On 12 December 2016, the Proposed Divestment of RWHK was completed. Accordingly, RWHK has ceased to be a subsidiary and become a 40% associated company of the Company. Extracted details of the Divestment (as per Shareholders Circular dated 18 November 2016) are as follows:

Purpose utilisation	RM (in million)	Note	Expected time frame for utilisation of proceeds from the Completion Date (12 December 20016)
Investment in new power projects	100.00	(a)	Within 42 months from the date of letter of award, if any
Working capital	37.33	(b)	Within 12 months
RCSB Designated Account	20.00	(c)	Within 3 months
Estimated stamp duties, taxes and other direct expenses	8.37	(d)	Within 6 months
Estimated expenses in relation to the Proposed Divestment	3.16	(d)	Within 3 months
Total	168.86		

Note

- (a) *Ranhill intends to utilise part of the proceeds to fund the future expansion in the power projects. Ranhill will from time to time identify and evaluate these investment opportunities with a view to strengthen and grow its businesses. In the event that the investment in new power projects have been identified, an announcement will be made and shareholders' approval will be obtained by Ranhill in accordance to the provisions of the Listing Requirements, if required. In the event that no suitable investments are identified by Ranhill, the excess amount will be allocated to working capital.*
- (b) *The proceeds will be utilised for general working capital requirements in respect of the Group's day to day operations to support the Group's business operations which include amongst others, payment to trade creditors, salaries, utilities and business development expenses. The breakdown of the proceeds to be utilised for each component of the operating expenses has not been determined at this juncture. The actual utilisation for each component of working capital may differ at the time of utilisation.*
- (c) *The proceeds from the Proposed Divestment will be deposited unto the RCSB Designated Account as per the terms and conditions pursuant to the consents obtained from the Sukuk Guarantors as described in Section 2.5.2 (g) of "Circular to Shareholders in Relation to Proposed Divestment of 60% Equity Interest in Ranhill Water (Hong Kong) Limited, a Wholly-owned Subsidiary of Ranhill Water Technologies (Cayman) Ltd. Which in Turn is an Indirect Wholly-owned Subsidiary of Ranhill Holdings Berhad to Asia Wisdom Investments Limited, an Indirect Wholly-owned Subsidiary of SIIC Environment Holdings Ltd. for a Total Cash Consideration of RMB273.90 million (Approximately RM168.86 million)" Dated 18 November 2016.*
- (d) *Mainly expenses related to taxes and professional fees incurred in relation to the Proposed Divestment based on exchange rate translation being the middle rate prevailing as at 5.00 p.m. published by BNM on LPD announcement: (i) RMB1.00: RM0.615 (ii) HKD100: RM53.8128.*

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B8. Group Borrowings

Particular of the Group's borrowings as at 31 December 2016 are as follows:

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
(i) Current		
Secured:-		
Bank Overdraft	516	-
Term loan	3,074	-
Sukuk Musharakah ("Sukuk")	56,939	749,044
Islamic Medium Term Notes ("iMTN")	-	55,605
Musharakah Medium Term Notes ("mMTN")	28,885	28,462
	<u>89,414</u>	<u>833,111</u>
Unsecured:-		
Bank Overdraft	2,982	-
Term loan	378	-
Banker acceptance	1,677	-
	<u>5,037</u>	<u>-</u>
Total short term borrowings	<u>94,451</u>	<u>833,111</u>
(ii) Non-current		
Secured:-		
Term loan	11,354	-
Sukuk Musharakah ("Sukuk")	539,535	-
Islamic Medium Term Notes ("iMTN")	-	166,091
Musharakah Medium Term Notes ("mMTN")	593,975	622,860
	<u>1,144,864</u>	<u>788,951</u>
Unsecured:-		
- Convertible unsecured loan stocks ("CULS")	11,079	10,911
Total long term borrowings	<u>1,155,943</u>	<u>799,862</u>
Total borrowings	<u><u>1,250,394</u></u>	<u><u>1,632,973</u></u>

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B8. Group Borrowings (continued)

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

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
(i) Short Term Borrowings		
Secured:-		
Ringgit Malaysia	85,824	833,111
Thailand Baht	3,590	-
	<u>89,414</u>	<u>833,111</u>
Unsecured:-		
Ringgit Malaysia	4,659	-
Thailand Baht	378	-
	<u>5,037</u>	<u>-</u>
	<u>94,451</u>	<u>833,111</u>
(ii) Long Term Borrowings		
Secured:-		
Ringgit Malaysia	1,133,510	788,951
Thailand Baht	11,354	-
	<u>1,144,864</u>	<u>788,951</u>
Unsecured:-		
Ringgit Malaysia	11,079	10,911
	<u>1,155,943</u>	<u>10,911</u>
Total borrowings	<u>1,250,394</u>	<u>1,632,973</u>

B9. Changes in Material Litigation

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

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B10. Realised and Unrealised Profits

The following analysis is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants.

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	276,472	145,491
- Unrealised ^{N1}	138,479	170,035
	<u>414,951</u>	<u>315,526</u>
Total share of retained profits/(accumulated losses) from jointly controlled entities		
- Realised	84,252	71,590
- Unrealised ^{N1}	(12,176)	(1,194)
	<u>72,076</u>	<u>70,396</u>
	<u>487,027</u>	<u>385,922</u>
Less: consolidation adjustments ^{N2}	<u>(298,539)</u>	<u>(239,503)</u>
Total group retained profits as per group accounts	<u>188,488</u>	<u>146,419</u>

^{N1} The unrealised retained profits are mainly deferred tax provisions, net gains arising from re-measurement of assets and liabilities at fair value through profit or loss and translation gains or losses of monetary items denominated in a currency other than the functional currency.

^{N2} Consolidation adjustments are mainly eliminations of pre-acquisition profits or losses, fair value adjustments arising from the business combination and non-controlling interests' share of retained profits or accumulated losses.

B11. Dividend Payable

The following dividends have been announced on 28 February 2017 for the financial year ended 31 December 2016:

- (a) 2.0 sen per share dividend as 3rd interim single tier dividend, payable in March 2017.
- (b) Proposal to pay a further 2.0 sen per share dividend as final dividend to be paid upon shareholders' approval at the forthcoming Third (3rd) Annual General Meeting.

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B12. Earnings per Share

The calculation of the earnings per share for the Group is based on profit after taxation and non-controlling interests on the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2016 RM'000	Preceding Year Quarter 31.12.2015 RM'000	Current Year-To- Date 31.12.2016 RM'000	Preceding Year-To- Date 31.12.2015 RM'000
<u>Basic earnings per share</u>				
Profit/(Loss) attributable to members of the Company	17,010	(64,303)	75,825	22,345
Weighted Average Number of Ordinary Shares ('000)*	888,316	565,995	822,266	565,995
Basic earnings per share (sen)	1.91	N/A	9.22	3.95

Notes:

N/A Not Applicable

* Based on the issued and paid-up share capital after completion of the public offering

By Order of the Board
 Lau Bey Ling
 Leong Shiak Wan
 Company Secretaries
 Kuala Lumpur
 Date: 28 February 2017