

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2017



Ranhill

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

| | Individual Quarter | | Cumulative Period | |
|---|---|---|---|---|
| | Current year quarter 31/03/2017 RM'000 | Preceding year quarter 31/03/2016 RM'000 | Current year to date 31/03/2017 RM'000 | Preceding year to date 31/03/2016 RM'000 |
| Revenue | 351,950 | 344,751 | 351,950 | 344,751 |
| Cost of sales | (248,142) | (241,251) | (248,142) | (241,251) |
| Gross profit | 103,808 | 103,500 | 103,808 | 103,500 |
| Other items of income | | | | |
| Interest income | 14,258 | 15,987 | 14,258 | 15,987 |
| Other income | 3,875 | 2,140 | 3,875 | 2,140 |
| Other items of expense | | | | |
| Administrative expenses | (52,080) | (43,171) | (52,080) | (43,171) |
| Other operating expenses | (319) | (404) | (319) | (404) |
| Tendering and marketing expenses | (472) | (234) | (472) | (234) |
| Finance costs | (26,717) | (47,630) * | (26,717) | (47,630) * |
| Zakat | (700) | (2,491) | (700) | (2,491) |
| Share of results of a joint venture | - | 136 | - | 136 |
| Share of results of associates | 1,475 | - | 1,475 | - |
| Profit/(loss) before tax | 43,128 | 27,833 | 43,128 | 27,833 |
| Income tax expense | B5 (16,598) | (15,714) | (16,598) | (15,714) |
| Profit/(loss) net of tax | 26,530 | 12,119 | 26,530 | 12,119 |
| Other comprehensive income: | | | | |
| Foreign currency translation | 1,608 | (11,722) | 1,608 | (11,722) |
| Share of other comprehensive loss of an associates | (18) | - | (18) | - |
| Total comprehensive income/(loss) for the year/period | 28,120 | 397 | 28,120 | 397 |
| Profit/(loss) net of tax attributable to: | | | | |
| Owners of the parent | 15,694 | 6,906 | 15,694 | 6,906 |
| Non-controlling interests | 10,836 | 5,213 | 10,836 | 5,213 |
| | 26,530 | 12,119 | 26,530 | 12,119 |
| Total comprehensive (loss)/income attributable to: | | | | |
| Owners of the parent | 17,284 | (4,816) | 17,284 | (4,816) |
| Non-controlling interests | 10,836 | 5,213 | 10,836 | 5,213 |
| | 28,120 | 397 | 28,120 | 397 |
| Earnings per share (sen): | | | | |
| Basic | B12 1.77 | 1.11 | 1.77 | 1.11 |
| Diluted | N/A | N/A | N/A | N/A |
| EBITDA (includes amortisation of services concession assets) | 142,318 | 146,705 | 142,318 | 146,705 |

* Finance cost Q1 2016 has included RM13.343 million one-off premium on Islamic Medium Term Notes redemption. Adjusted for the one-off premium redemption expense, the Group's profit before tax and profit net of tax attributable to owners of the parent will be RM41.176 million and RM14.911 million respectively.

**RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
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ENDED 31 MARCH 2017**



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 2016 and the accompanying explanatory notes attached to these interim financial statements.

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2017



Ranhill
Audited
As at
31/12/2016
RM'000

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

| | Unaudited | Audited |
|----------------------------------|-------------------|-------------------|
| | As at | As at |
| | 31/03/2017 | 31/12/2016 |
| | RM'000 | RM'000 |
| Non-current assets | | |
| Property, plant and equipment | 570,167 | 575,250 |
| Service concession assets | 225,030 | 300,039 |
| Intangibles | 295,163 | 295,193 |
| Operating financial asset | 65,178 | 64,258 |
| Finance lease receivables | 541,832 | 552,580 |
| Deferred tax assets | 206,444 | 215,787 |
| Investment in an associate | 170,043 | 169,840 |
| Investment in a joint venture | 5 | 5 |
| Trade and other receivables | 70,408 | 72,188 |
| | <u>2,144,270</u> | <u>2,245,140</u> |
| Current assets | | |
| Finance lease receivables | 41,812 | 41,038 |
| Operating financial asset | 7,453 | 7,253 |
| Trade and other receivables | 314,687 | 331,453 |
| Inventories | 81,560 | 75,562 |
| Tax recoverable | 3,843 | 3,479 |
| Other current assets | 21,477 | 28,229 |
| Other financial assets | 12,593 | 14,175 |
| Deposits, cash and bank balances | 519,877 | 460,269 |
| | <u>1,003,302</u> | <u>961,458</u> |
| Total assets | <u>3,147,572</u> | <u>3,206,598</u> |
| Current liabilities | | |
| Retirement benefit obligations | 7,788 | 7,065 |
| Finance lease payables | 1,550 | 1,632 |
| Short term borrowings | 95,306 | 94,450 |
| Zakat | 9,400 | 8,699 |
| Trade and other payables | 392,559 | 416,966 |
| Other current liability | 10,306 | 5,229 |
| Service concession obligations | 248,606 | 333,401 |
| Tax payable | 352 | 983 |
| | <u>765,867</u> | <u>868,425</u> |
| Net current assets | <u>237,435</u> | <u>93,033</u> |
| Non-current liabilities | | |
| Retirement benefit obligations | 85,562 | 85,808 |
| Finance lease payables | 2,078 | 2,478 |
| Long term borrowings | 1,165,684 | 1,155,943 |
| Trade and other payables | 68,491 | 86,523 |
| Service concession obligations | - | - |
| Consumer deposits | 224,525 | 180,354 |
| Deferred tax liabilities | 67,211 | 65,017 |
| | <u>1,613,551</u> | <u>1,576,123</u> |
| Total liabilities | <u>2,379,418</u> | <u>2,444,548</u> |

**RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
 ENDED 31 MARCH 2017**



Ranhill
 Audited
 As at
 31/12/2016
 RM'000

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

| | Unaudited As at 31/03/2017 RM'000 | Audited As at 31/12/2016 RM'000 |
|---|--|--|
| Net assets | <u>768,154</u> | <u>762,050</u> |
| Equity attributable to owners of the parent | | |
| Share capital | 888,316 | 888,316 |
| Share premium | 387,003 | 387,003 |
| Other reserves | (879,708) | (881,298) |
| Retained earnings | <u>182,711</u> | <u>184,783</u> |
| | 578,322 | 578,804 |
| Non controlling interest | <u>189,832</u> | <u>183,246</u> |
| Total equity | <u>768,154</u> | <u>762,050</u> |
| Total equity and liabilities | <u>3,147,572</u> | <u>3,206,598</u> |
| Net assets per share attributable to owners of the parent (RM) | <u>0.65</u> | <u>0.65</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 2016 and the accompanying explanatory notes attached to these interim financial statements.

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
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ENDED 31 MARCH 2017



UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2017 ⁽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 2017 | 888,316 | 387,003 | 23,654 | 1,063 | (906,015) | 184,783 | 578,804 | 183,246 |
| Total comprehensive income | - | - | 1,590 | - | - | 15,694 | 17,284 | 10,836 |
| -Dividends on ordinary shares | - | - | - | - | - | (17,766) | (17,766) | (4,250) |
| At 31 March 2017 | 888,316 | 387,003 | 25,244 | 1,063 | (906,015) | 182,711 | 578,322 | 189,832 |
| At 1 January 2016 | 565,995 | 339,597 | 25,809 | 1,063 | (906,015) | 146,419 | 172,868 | 211,416 |
| Total comprehensive income | - | - | (11,722) | - | - | 6,906 | (4,816) | 5,213 |
| -New public issuance of shares | 322,321 | 64,464 | - | - | - | - | 386,785 | - |
| -Share issuance expenses | - | (19,330) | - | - | - | - | (19,330) | - |
| -Dividends on ordinary shares | - | - | - | - | - | - | - | (46,300) |
| At 31 March 2016 | 888,316 | 384,731 | 14,087 | 1,063 | (906,015) | 153,325 | 535,507 | 170,329 |

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 2016 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 CASH FLOWS ⁽¹⁾

| | 3 months ended 31/03/2017 RM'000 | 3 months ended 31/03/2016 RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 43,128 | 27,833 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 11,689 | 12,214 |
| Net (gain)/loss on disposal of property, plant and equipment | (2) | - |
| Property, plant and equipment written off | 6 | 2 |
| Amortisation of service concession asset | 75,010 | 75,008 |
| Amortisation of concession rights | 15 | - |
| Amortisation of software | 17 | 7 |
| Share of profit of a joint venture | - | (102) |
| Share of profit of an associates | (1,475) | - |
| Provision retirement benefit plan | 2,191 | 2,213 |
| Zakat | 700 | 2,491 |
| Unrealised foreign exchange (gain)/loss | 545 | (26) |
| Allowance for impairments | - | 521 |
| Interest income | (14,258) | (15,987) |
| Interest expense | 26,717 | 47,630 |
| Operating profit before working capital changes | <u>144,283</u> | <u>151,804</u> |
| Receivable | 21,001 | (50,226) |
| Payables | 14,288 | 19,639 |
| Inventories | (5,990) | (1,763) |
| Finance lease receivables | 21,042 | 21,043 |
| Operating financial asset | 800 | - |
| Other current asset | 6,750 | 6,240 |
| Cash generated from operations | <u>202,174</u> | <u>146,737</u> |
| Retirement benefits plan paid | (1,714) | (1,494) |
| Tax paid | (6,042) | (3,093) |
| Lease rental payable to PAAB | (84,795) | (69,268) |
| Net cash generated from operating activities | <u>109,623</u> | <u>72,882</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (6,601) | (577) |
| Proceeds from disposal of property, plant and equipment | 5 | - |
| Disposal of short term investments | 1,582 | 2,018 |
| Interest received | 3,190 | 4,200 |
| Net cash (used in)/generated from investing activities | <u>(1,824)</u> | <u>5,641</u> |



UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS (continued) ⁽¹⁾

| | 3 months ended 31/03/2017 RM'000 | 3 months ended 31/03/2016 RM'000 |
|--|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net (placement)/withdrawal of fixed deposits with banking facilities | (15,098) | (108,437) |
| Drawdown of term loans | 850 | - |
| Finance lease principal repayments | (494) | (331) |
| Proceeds from issuance of shares | - | 386,785 |
| Payment of initial public offering exercise expenses | - | (12,472) |
| Repayment of borrowings | (1,422) | (220,000) |
| Dividends paid | (39,782) | (46,300) |
| Interest paid | (5,189) | (24,235) |
| Net cash used in financing activities | <u>(61,135)</u> | <u>(24,990)</u> |
| Net increase in cash and cash equivalents | 46,664 | 53,533 |
| Effect of exchange rate changes on cash and cash equivalents | (1,375) | - |
| Cash and cash equivalents at beginning of year | <u>285,086</u> | <u>305,545</u> |
| Cash and cash equivalents at end of year | <u>330,375</u> | <u>359,078</u> |

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

| | | |
|---|------------------|------------------|
| Cash at banks and on hand | 101,470 | 153,359 |
| Short term deposits with licensed bank | 418,407 | 559,483 |
| Total deposits, cash and bank balances | <u>519,877</u> | <u>712,842</u> |
| Bank overdrafts | (2,719) | - |
| Restricted deposits, cash and bank balances | <u>(186,783)</u> | <u>(353,764)</u> |
| Cash and cash equivalents | <u>330,375</u> | <u>359,078</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 2016 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 ("IASB") 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 2016 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 2016.

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 2016.

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

On 1 January 2017, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2017.

| Description | Effective for annual periods beginning on or after |
|---|---|
| MFRS 107 Disclosures Initiatives (Amendments to MFRS 107) | 1 January 2017 |
| MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112) | 1 January 2017 |

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

Standards and Amendments in Issue but Not Yet Effective

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

| Description | Effective for annual periods beginning on or after |
|---|---|
| MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2) | 1 January 2018 |
| MFRS 15 Revenue from Contracts with Customers | 1 January 2018 |
| MFRS 9 Financial Instruments | 1 January 2018 |
| MFRS 16 Leases | 1 January 2019 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

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

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.

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 2016.

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 for non-recurring rationalisation and relocation expenses of our power and head-quarters staff of approximately RM2.6 million.

A6. Material Changes in Estimates

There were no major changes in estimates that have a material effect in the current quarter and current financial year-to-date.

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter and current financial year-to-date except for those disclosed in Note B7.

A8. Dividend Paid

During the financial period ended 31 March 2017, the following payments of dividend were made in respect of the financial year ended 31 December 2016:

- (a) RM17,766,315 was declared and paid on 28 February 2017 and 29 March 2017 respectively as third interim single tier dividend of 2.0 sen per share on 888,315,767 ordinary shares.

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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 March 2017:

| | Environment RM'000 | Power RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---------------------------------------|-------------------------------|-------------------------|--------------------------|-------------------------------|-------------------------|
| BY BUSINESS SEGMENTS | | | | | |
| Revenue | | | | | |
| Sales to external customers | 278,558 | 73,392 | - | - | 351,950 |
| Inter-segment elimination | - | - | 101,379 | (101,379) | - |
| | <u>278,558</u> | <u>73,392</u> | <u>101,379</u> | <u>(101,379)</u> | <u>351,950</u> |
| Results | | | | | |
| Segment profit/(loss) | <u>36,447</u> | <u>11,443</u> | <u>(21,360)</u> | | <u>26,530</u> |
| Segment assets | <u>1,589,688</u> | <u>1,380,283</u> | <u>177,601</u> | | <u>3,147,572</u> |
| Segment liabilities | <u>1,007,696</u> | <u>734,238</u> | <u>637,484</u> | | <u>2,379,418</u> |
| Proforma scenario | | | | | |
| Results | | | | | |
| Segment profit/(loss) | 36,447 | 11,443 | (21,360) | | 26,530 |
| Add/(less): | | | | | |
| Sukuk interest | <u>(10,019)</u> | <u>(1,547)</u> | <u>11,566</u> | | <u>-</u> |
| Adjusted segment profit/(loss) | <u>26,428</u> | <u>9,896</u> | <u>(9,794)</u> | | <u>26,530</u> |
| Segment assets | 1,589,688 | 1,380,283 | 177,601 | | 3,147,572 |
| Add/(less): | | | | | |
| Bank balances related to Sukuk | <u>115,884</u> | <u>17,892</u> | <u>(133,776)</u> | | <u>-</u> |
| Adjusted segment assets | <u>1,705,572</u> | <u>1,398,175</u> | <u>43,825</u> | | <u>3,147,572</u> |
| Segment liabilities | 1,007,696 | 734,238 | 637,484 | | 2,379,418 |
| Add/(less): | | | | | |
| Sukuk loan | <u>526,718</u> | <u>81,321</u> | <u>(608,039)</u> | | <u>-</u> |
| Adjusted segment liabilities | <u>1,534,414</u> | <u>815,559</u> | <u>29,445</u> | | <u>2,379,418</u> |

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A9. Segmental Information (continued)

For the financial period ended 31 March 2016:

| | Environment RM'000 | Power RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---------------------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|
| BY BUSINESS SEGMENTS | | | | | |
| Revenue | | | | | |
| Sales to external customers | 268,358 | 76,361 | 32 | - | 344,751 |
| Inter-segment elimination | - | - | 93,792 | (93,792) | - |
| | <u>268,358</u> | <u>76,361</u> | <u>93,824</u> | <u>(93,792)</u> | <u>344,751</u> |
| Results | | | | | |
| Segment profit/(loss) | <u>32,453</u> | <u>(1,669)</u> | <u>(18,665)</u> | | <u>12,119</u> |
| Segment assets | <u>1,805,062</u> | <u>1,422,903</u> | <u>448,520</u> | | <u>3,676,485</u> |
| Segment liabilities | <u>1,402,029</u> | <u>781,153</u> | <u>787,467</u> | | <u>2,970,649</u> |
| Proforma scenario | | | | | |
| Results | | | | | |
| Segment profit/(loss) | 32,453 | (1,669) | (18,665) | | 12,119 |
| Add/(less): | | | | | |
| Sukuk interest | <u>(12,777)</u> | <u>(1,973)</u> | <u>14,750</u> | | <u>-</u> |
| Adjusted segment profit/(loss) | <u>19,676</u> | <u>(3,642)</u> | <u>(3,915)</u> | | <u>12,119</u> |
| Segment assets | 1,805,062 | 1,422,903 | 448,520 | | 3,676,485 |
| Add/(less): | | | | | |
| Bank balances related to Sukuk | <u>86,888</u> | <u>13,415</u> | <u>(100,303)</u> | | <u>-</u> |
| Adjusted segment assets | <u>1,891,950</u> | <u>1,436,318</u> | <u>348,217</u> | | <u>3,676,485</u> |
| Segment liabilities | 1,402,029 | 781,153 | 787,467 | | 2,970,649 |
| Add/(less): | | | | | |
| Sukuk loan | <u>663,887</u> | <u>102,499</u> | <u>(766,386)</u> | | <u>-</u> |
| Adjusted segment liabilities | <u>2,065,916</u> | <u>883,652</u> | <u>21,081</u> | | <u>2,970,649</u> |

A10. Changes in the Composition of the Group

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

A11. Contingent Liabilities

On 20 March 2017, a wholly owned subsidiary of the Company, Ranhill Water Technologies Sdn Bhd (“RWTSB”) received a legal notice from WRP Asia Pacific Sdn Bhd (“WRP”), demanding RWTSB to commence and complete the design and construction of a water treatment plant, intake plant and pipeline (“Project”) in accordance with the purchase order agreed between the two parties failing which, WRP will proceed to terminate the Project and claim for damages which include additional costs to complete the Project, operational loss, wasted expenditure, loss of profits and other consequential loss.

RWTSB has disputed the claim from WRP stating that the commencement of the Project is subject to the approval by the relevant authority which has not been secured by WRP. Accordingly, RWT has no obligation and responsibility to commence the Project.

The Company has been advised by its legal counsel that the Company has complete defence as the claim by WRP is without merit. Accordingly, no provision for any liability has been made in the financial statements.

A12. Capital Commitments

The Group has the following capital commitments in respect of:

| | 31.3.2017 | 31.12.2016 |
|---------------------------------|------------------|-------------------|
| | RM'000 | RM'000 |
| Approved and contracted for | 249 | 1,403 |
| Approved but not contracted for | 5,789 | 2,217 |
| | <u>6,038</u> | <u>3,620</u> |

A13. Significant Events Subsequent to the Balance Sheet Date

There was no material events subsequent to the current quarter ended 31 March 2017.

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

B1. Detailed Analysis of Performance of All Operating Segments

Performance for the first quarter ended 31 March 2017 versus the same quarter in Year 2016

During the quarter ended 31 March 2017, the Group recorded a revenue of RM351.9 million (Q1 2016: RM344.8 million) and profit or loss before tax of RM43.1 million (Q1 2016: RM27.8 million).

Environment segment

For the quarter and year ended;

1. Revenue generated of RM278.6 million (Q1 2016: RM268.4 million) was an increase of RM10.2 million compared to its preceding year's quarter.
2. Profit before taxation of RM48.5 million (Q1 2016: RM44.5 million) was an increase of RM4.0 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.

Power segment

For the quarter and year ended;

1. Revenue generated of RM73.4 million (Q1 2016: RM76.4 million) was a decrease of RM3.0 million compared to its preceding year's quarter mainly due to lower demand of electricity in Ranhill Powertron II.
2. Profit before taxation of RM16.0 million (Q1 2016: 2.0 million) was an increase of RM14.0 million compared to the preceding year's quarter. The higher profit before tax was mainly due to an one-off IMTN premium redemption of RM13.3 million in Q1 2016. The profit for Q1 2017 could be higher by approximately RM2.1 million had not the power division undertaken the rationalisation and relocation exercise.

B2. Comparison of Results for Current Quarter Ended 31 March 2017 Compared to the Immediate Preceding Quarter

The Group recorded revenue of RM351.9 million in the current quarter compared to its immediate preceding quarter's revenue of RM382.4 million, a decrease of RM30.5 million or 8.0%. The profit before taxation for the current quarter decreased by RM3.0 million to RM43.1 million compared to RM46.1 million in the immediate preceding quarter.

Environment segment

1. Revenue generated of RM278.6 million (Q4 2016: RM303.1 million) was a decrease of RM24.5 million compared to the immediate preceding quarter.
2. Profit before taxation of RM48.5 million (Q4 2016: RM55.5 million) was a decrease of RM7.0 million compared to the immediate preceding quarter.

The decrease in revenue were mainly due to non-consolidation of RWHK's revenue upon its 60% divestment in end December 2016 (approximately RM17 million revenue recorded in Q4 2016) and slight drop in revenue from Non-Revenue Water of approximately RM6 million while the decrease in profit were substantially due to the one-off recognition of gain on deemed disposal in Q4 2016.

Power segment

1. Revenue generated of RM73.4 million (Q4 2016: RM79.4 million) was a decrease of RM6.0 million compared to the immediate preceding quarter.
2. Profit before taxation of RM16.0 million (Q4 2016: RM15.6 million) was a decrease of RM0.4 million compared to the immediate preceding quarter.

These decreases in revenue were mainly due to a lower demand of electricity while the decrease in profit were mainly due to non-recurring rationalisation and relocation cost of the power division of approximately RM2.1 million 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 to jointly expand its China's water business. Our investment in China will further be enhanced by the following:

- (i) Procuring new wastewater concession contracts especially in the sector of industrial wastewater attributed by its synergised effect.
- (ii) Refinancing the borrowings in China water business. This is currently on-going and we foresee future interest savings in the China water business.
- (iii) Commencing work on projects that MOUs had been signed recently with the USD30 million working capital injection by SIIC. Furthermore, the fund injection will enable continue procurement of new wastewater concessions 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. The signing of MOU between SAJR and Indah Water Konsortium ("IWK") to undertake the joint billing of water supply and sewerage services in Johor and the potential integration of water supply and sewerage services is expected to contribute additional revenue and profit to the Group.

As for the power sector, we foresee gradual growth in electricity demand from the Company's current 2 X 190MW plants. The Company and its strategic partner is in the final phase of negotiation with regards to the 300MW Combined Cycle Power Plant in Sandakan, which will contribute additional revenue and profit to the group.

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 31.3.2017 RM'000 | Preceding year quarter 31.3.2016 RM'000 | Current year to date 31.3.2017 RM'000 | Preceding year to date 31.3.2016 RM'000 |
| Malaysia taxation: | | | | |
| Current taxation | 5,025 | 7,265 | 5,025 | 7,265 |
| Foreign taxation: | | | | |
| Current taxation | 39 | - | 39 | - |
| Deferred taxation | 75 | - | 75 | - |
| Deferred taxation | | | | |
| Current taxation | 11,459 | 7,897 | 11,459 | 7,897 |
| Under/(Over) provision in prior years | - | 552 | - | 552 |
| | <u>16,598</u> | <u>15,714</u> | <u>16,598</u> | <u>15,714</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 as 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 31.3.2017 RM'000 | Preceding year quarter 31.3.2016 RM'000 | Current year to date 31.3.2017 RM'000 | Preceding year to date 31.3.2016 RM'000 |
| Amortisation of service concession assets | 75,010 | 75,008 | 75,010 | 75,008 |
| Amortisation of software | 17 | 7 | 17 | 7 |
| Amortisation of concession rights | 15 | - | 15 | - |
| Depreciation of property, plant and equipment | 11,689 | 12,214 | 11,689 | 12,214 |
| Listing expenses | - | 808 | - | 808 |
| IMTN premium redemption | - | 13,343 | - | 13,343 |
| Unrealised foreign exchange (gain)/loss | 545 | (26) | 545 | (26) |
| Realised foreign exchange loss(gain) | (770) | 89 | (770) | 89 |
| Property, plant and equipment written off | 6 | 2 | 6 | 2 |
| Allowance for impairments | - | 521 | - | 521 |
| Loss/(Gain) on disposal of property, plant and equipment | (2) | - | (2) | - |
| Rationalisation and relocation costs | 2,609 | - | 2,609 | - |

B7. Status of Corporate Proposal Announced

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

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B8. Group Borrowings

Particular of the Group's borrowings are as follows:

| | As at 31.3.2017 RM'000 | As at 31.12.2016 RM'000 |
|--|---------------------------------------|--|
| (i) Current | | |
| Secured:- | | |
| Bank Overdraft | 285 | 516 |
| Term loan | 3,231 | 3,073 |
| Sukuk Musharakah ("Sukuk") | 58,043 | 56,939 |
| Musharakah Medium Term Notes ("mMTN") | 28,885 | 28,885 |
| | <u>90,444</u> | <u>89,413</u> |
| Unsecured:- | | |
| Bank Overdraft | 2,434 | 2,982 |
| Term loan | 227 | 378 |
| Banker acceptance | 2,201 | 1,677 |
| | <u>4,861</u> | <u>5,037</u> |
| Total short term borrowings | <u>95,306</u> | <u>94,450</u> |
| (ii) Non-current | | |
| Secured:- | | |
| Term loan | 10,633 | 11,354 |
| Sukuk Musharakah ("Sukuk") | 549,996 | 539,535 |
| Musharakah Medium Term Notes ("mMTN") | 594,997 | 593,975 |
| | <u>1,154,605</u> | <u>1,144,864</u> |
| Unsecured:- | | |
| - Convertible unsecured loan stocks ("CULS") | 11,079 | 11,079 |
| Total long term borrowings | <u>1,165,684</u> | <u>1,155,943</u> |
| Total borrowings | <u>1,260,990</u> | <u>1,250,393</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 31.3.2017 RM'000 | As at 31.12.2016 RM'000 |
|----------------------------------|---------------------------------------|--|
| (i) Short Term Borrowings | | |
| Secured:- | | |
| Ringgit Malaysia | 86,928 | 85,824 |
| Thailand Baht | 3,516 | 3,589 |
| | <u>90,444</u> | <u>89,413</u> |
| Unsecured:- | | |
| Ringgit Malaysia | 4,635 | 4,658 |
| Thailand Baht | 227 | 379 |
| | <u>4,862</u> | <u>5,037</u> |
| | <u>95,306</u> | <u>94,450</u> |
| (ii) Long Term Borrowings | | |
| Secured:- | | |
| Ringgit Malaysia | 1,143,972 | 1,133,510 |
| Thailand Baht | 10,633 | 11,354 |
| | <u>1,154,605</u> | <u>1,144,864</u> |
| Unsecured:- | | |
| Ringgit Malaysia | 11,079 | 11,079 |
| | <u>1,165,684</u> | <u>1,155,943</u> |
| Total borrowings | <u>1,260,990</u> | <u>1,250,393</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 31.3.2017 RM'000 | As at 31.12.2016 RM'000 |
|---|---------------------------------------|--|
| Total retained profits/(accumulated losses) of the Company and its subsidiaries | | |
| - Realised | 295,102 | 271,075 |
| - Unrealised ^{N1} | 109,167 | 130,370 |
| | <u>404,269</u> | <u>401,445</u> |
| Total share of retained profits/(accumulated losses) of joint venture | | |
| - Realised | - | 6,843 |
| - Unrealised ^{N1} | - | (92) |
| | <u>-</u> | <u>6,751</u> |
| Total share of retained profits/(accumulated losses) of the associates | | |
| - Realised | 8,845 | 9 |
| - Unrealised ^{N1} | (994) | (384) |
| | <u>7,851</u> | <u>(375)</u> |
| | <u>412,120</u> | <u>407,821</u> |
| Less: consolidation adjustments ^{N2} | <u>(229,409)</u> | <u>(223,038)</u> |
| Total group retained profits as per group accounts | <u><u>182,711</u></u> | <u><u>184,783</u></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

A final single-tier dividend in respect of the financial year ended 31 December 2016, of 2.0 sen per share on 888,315,767 ordinary shares, amounting to a dividend payable of RM17,766,315 has been proposed for shareholders' approval at the forthcoming Annual General Meeting. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

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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 31.3.2017 RM'000 | Preceding Year Quarter 31.3.2016 RM'000 | Current Year-To- Date 31.3.2017 RM'000 | Preceding Year-To- Date 31.3.2016 RM'000 |
| <u>Basic earnings per share</u> | | | | |
| Profit/(Loss) attributable to members of the Company | 15,694 | 6,906 | 15,694 | 6,906 |
| Weighted Average Number of Ordinary Shares ('000) | 888,316 | 622,667 | 888,316 | 622,667 |
| Basic earnings per share (sen) | 1.77 | 1.11 | 1.77 | 1.11 |

By Order of the Board
 Lau Bey Ling
 Leong Shiak Wan
 Company Secretaries
 Kuala Lumpur
 Date: 19 May 2017