

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND
QUARTER ENDED 30 JUNE 2018



Ranhill

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	Individual Quarter		Cummulative Period	
	Current year quarter 30/06/2018 RM'000	Preceding year quarter 30/06/2017 RM'000	Current year to date 30/06/2018 RM'000	Preceding year to date 30/06/2017 RM'000
Revenue	379,470	367,983	739,756	719,933
Cost of sales	(260,299)	(242,266)	(506,225)	(490,408)
Gross profit	119,171	125,717	233,531	229,525
Other items of income				
Interest income	15,343	16,431	29,084	30,689
Other income	1,783	1,872	7,705	5,747
Other items of expense				
Admin/Operating expenses	(66,378)	(67,576)	(120,497)	(120,447)
Finance costs	(29,704)	(25,636)	(62,386)	(52,353)
Zakat	(250)	(779)	(500)	(1,479)
Share of results of associates	3,409	1,690	4,721	3,165
Profit before tax	43,374	51,719	91,658	94,847
Income tax expense	B5 (17,064)	(22,670)	(34,408)	(39,268)
Profit net of tax	26,310	29,049	57,250	55,579
Other comprehensive income:				
Foreign currency translation	3,220	(5,306)	(2,403)	(3,698)
Share of other comprehensive loss of an associates	191	2,763	257	2,745
Remeasurement of defined benefit liability	-	-	-	-
	3,411	(2,543)	(2,146)	(953)
Total comprehensive income for the year/period	29,721	26,506	55,104	54,626
Profit net of tax attributable to:				
Owners of the parent	15,432	14,514	33,572	30,208
Non-controlling interests	10,878	14,535	23,678	25,371
	26,310	29,049	57,250	55,579
Total comprehensive income attributable to:				
Owners of the parent	18,844	11,970	31,427	29,254
Non-controlling interests	10,877	14,536	23,677	25,372
	29,721	26,506	55,104	54,626
Earnings per share (sen):				
Basic	B11 1.74	1.63	3.78	3.40
Diluted	N/A	N/A	N/A	N/A
EBITDA (includes amortisation of services concession assets)	152,364	147,789	313,842	290,107

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 2017 and the accompanying explanatory notes attached to these interim financial statements.

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Ranhill

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited	Audited
	As at	As at
	30/06/2018	31/12/2017
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	575,963	589,486
Service concession assets	822,162	-
Intangibles	294,598	294,209
Operating financial asset	61,112	63,597
Finance lease receivables	484,973	508,356
Deferred tax assets	148,778	167,664
Investment in an associate	174,765	172,176
Investment in a joint venture	5	5
Other investment	1,190	-
Trade and other receivables	70,408	71,158
	<u>2,633,954</u>	<u>1,866,651</u>
Current assets		
Finance lease receivables	45,908	44,224
Operating financial asset	3,533	4,212
Trade and other receivables	310,528	276,917
Inventories	93,499	81,512
Tax recoverable	6,258	4,894
Other current assets	43,732	31,633
Other financial assets	48,529	11,442
Deposits, cash and bank balances	339,630	411,165
	<u>891,617</u>	<u>865,999</u>
Total assets	<u>3,525,571</u>	<u>2,732,650</u>
Current liabilities		
Retirement benefit obligations	12,886	10,729
Finance lease payables	1,203	1,454
Short term borrowings	64,159	117,326
Zakat	3,300	9,526
Trade and other payables	292,373	362,127
Other current liability	1,526	-
Service concession obligations	319,795	-
Tax payable	2,122	2,197
	<u>697,364</u>	<u>503,359</u>
Net current assets	<u>194,253</u>	<u>362,640</u>
Non-current liabilities		
Retirement benefit obligations	76,667	77,396
Finance lease payables	2,399	2,868
Long term borrowings	1,123,445	1,040,214
Trade and other payables	329	19,070
Service concession obligations	517,639	-
Consumer deposits	243,613	238,613
Deferred tax liabilities	78,974	72,987
	<u>2,043,066</u>	<u>1,451,148</u>
Total liabilities	<u>2,740,430</u>	<u>1,954,507</u>

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

	Unaudited As at 30/06/2018 RM'000	Audited As at 31/12/2017 RM'000
Net assets	<u>785,141</u>	<u>778,143</u>
Equity attributable to owners of the parent		
Share capital	1,275,319	1,275,319
Other reserves	(893,457)	(891,311)
Retained earnings	<u>196,197</u>	<u>198,157</u>
	578,059	582,165
Non controlling interest	<u>207,082</u>	<u>195,978</u>
Total equity	<u>785,141</u>	<u>778,143</u>
Total equity and liabilities	<u>3,525,571</u>	<u>2,732,650</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.65</u>	<u>0.66</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 2017 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY ⁽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	Total equity RM'000
At 1 January 2018	1,275,319	-	13,641	1,063	(906,015)	198,157	582,165	195,978	778,143
Total comprehensive income	-	-	(2,146)	-	-	33,573	31,427	23,677	55,104
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	(725)	(725)
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	(98)	(98)
-Dividends on ordinary shares	-	-	-	-	-	(35,533)	(35,533)	(11,750)	(47,283)
At 30 June 2018	1,275,319	-	11,495	1,063	(906,015)	196,197	578,059	207,082	785,141
At 1 January 2017	888,316	387,003	22,721	1,063	(906,015)	168,010	561,098	183,246	744,344
Total comprehensive income	-	-	(953)	-	-	30,208	29,255	25,372	54,627
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	(84)	(84)
-Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	(870)	(870)
-Dividends on ordinary shares	-	-	-	-	-	(35,533)	(35,533)	-	(35,533)
At 30 June 2017	888,316	387,003	21,768	1,063	(906,015)	162,685	554,820	207,664	762,484

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 2017 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS ⁽¹⁾

	6 months ended 30/06/2018 RM'000	6 months ended 30/06/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	91,658	94,847
Adjustments for:		
Depreciation of property, plant and equipment	24,169	23,516
Net (gain)/loss on disposal of property, plant and equipment	33	(140)
Property, plant and equipment written off	49	8
Amortisation of service concession asset	164,432	150,020
Amortisation of concession rights	32	31
Amortisation of software	249	29
Gain on disposal of a subsidiary	-	(144)
Share of profit of an associates	(4,721)	(3,165)
Bad debts written off	42	-
Allowance/(Writeback allowance) for slow-moving inventories	-	(48)
Provision retirement benefit plan	4,962	4,383
Zakat	500	1,479
Unrealised foreign exchange (gain)/loss	764	2,075
Interest income	(29,084)	(30,689)
Interest expense	62,386	52,353
Operating profit before working capital changes	<u>315,471</u>	<u>294,555</u>
Receivable	(37,026)	(24,483)
Payables	(8,655)	(27,487)
Inventories	(11,994)	(5,701)
Finance lease receivables	21,699	42,084
Operating financial asset	2,740	1,652
Other current asset	<u>(10,596)</u>	<u>(4,247)</u>
Cash generated from operations	271,639	276,373
Retirement benefits plan paid	(3,534)	(3,484)
Zakat paid	(6,726)	(79)
Tax paid	(11,118)	(10,985)
Lease rental payable to PAAB	<u>(212,616)</u>	<u>(165,980)</u>
Net cash generated from operating activities	<u>37,645</u>	<u>95,845</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,815)	(8,411)
Proceeds from disposal of property, plant and equipment	22	143
Disposal of short term investments	(37,087)	(5,587)
Purchase of software	(670)	485
Purchase of other investment	(1,190)	-
Interest received	<u>28,844</u>	<u>8,741</u>
Net cash (used in)/generated from investing activities	<u>(20,896)</u>	<u>(4,629)</u>

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

	6 months ended 30/06/2018 RM'000	6 months ended 30/06/2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (placement)/withdrawal of fixed deposits with banking facilities	208,706	(35,717)
Drawdown of term loans	650,002	891
Finance lease principal repayments	(732)	(882)
Repayment of borrowings	(591,613)	(94,031)
Dividends paid	(60,283)	(56,133)
Payment of issuance cost for Sukuk	(44,000)	-
Interest paid	(47,817)	(56,636)
Net cash used in financing activities	<u>114,263</u>	<u>(242,508)</u>
Net (decrease)/ increase in cash and cash equivalents	131,012	(151,292)
Effect of exchange rate changes on cash and cash equivalents	6,340	(1,100)
Cash and cash equivalents at beginning of year	<u>141,342</u>	<u>285,086</u>
Cash and cash equivalents at end of year	<u>278,694</u>	<u>132,694</u>
Cash and cash equivalents at end of financial period comprise the following:		
Cash at banks and on hand	72,185	17,502
Short term deposits with licensed bank	<u>267,445</u>	<u>325,415</u>
Total deposits, cash and bank balances	339,630	342,917
Bank overdrafts	(1,717)	(2,821)
Restricted deposits, cash and bank balances	<u>(59,219)</u>	<u>(207,402)</u>
Cash and cash equivalents	<u>278,694</u>	<u>132,694</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 2017 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 2017 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 2017.

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 2017.

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

On 1 January 2018, 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 2018.

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 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

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

A2. Changes in Accounting Policies (continued)

Standards and Amendments in Issue but Not Yet Effective

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

Description	Effective for annual periods beginning on or after
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
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 16, Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

A2. Changes in Accounting Policies (continued)

Standards and Amendments in Issue but Not Yet Effective (continued)

MFRS 16, Leases (continued)

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

For finance leases where the Group is a lessee, the Group has already recognised an asset and a related finance lease liability for such lease arrangements. Accordingly, for such lease arrangements, the Group does not anticipate the application of MFRS 16 to have a significant impact on the Group's financial statements.

MFRS 119 Plan Amendments, Curtailment or Settlement (Amendments to MFRS 119)

The amendments require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement, which occurs during the reporting period. The amendments also clarify how the requirements for accounting for a plan amendment, curtailment or settlement affect the asset ceiling requirements.

The amendments should be applied prospectively to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted. These amendments will not have a significant impact on the Group's and the Company's financial statements.

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 2017.

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 were unusual in nature, size or incidence for the current quarter and current financial year-to-date.

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter and current financial year-to-date except as follows:

- a) On 26 January 2018, the Company's wholly-owned subsidiary, Ranhill Capital Sdn Bhd ("RCSB") has successfully redeemed the outstanding Islamic Medium Term Notes ("IMTN") of up to RM800.0 million and issued an IMTN of up to RM650 million via Company's indirect subsidiary, SAJ Capital Sdn. Bhd. in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) ("Sukuk Murabahah").

A8. Dividend Paid

During the financial year ended 30 June 2018, the following payments of dividend were made:

In respect of the financial year ended 31 December 2017:

- (a) RM17,766,315 was declared and paid on 16 January 2018 and 14 February 2018 respectively as second interim single tier dividend of 2.0 sen per share on 888,315,767 ordinary shares.
- (b) RM17,766,315 was declared and paid on 13 April 2018 and 30 May 2018 respectively as final 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 more meaningful contributions from the segments by apportioning the cost of acquiring the environment and power segments to the respective segment.

For the financial year ended 30 June 2018:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	591,558	148,198	69,915	809,671
Inter-segment elimination	-	-	(69,915)	(69,915)
	591,558	148,198	-	739,756
Results				
Segment profit/(loss)	74,799	29,372	(46,921)	57,250
Segment assets	2,177,088	1,252,636	95,847	3,525,571
Segment liabilities	1,439,200	675,169	626,061	2,740,430
Proforma scenario				
Results				
Segment profit/(loss)	74,799	29,372	(46,921)	57,250
Add/(less): Sukuk interest	(19,254)	(1,774)	21,028	-
Adjusted segment profit/(loss)	55,545	27,598	(25,893)	57,250
Segment assets	2,177,088	1,252,128	95,847	3,525,571
Add/(less): Bank balances related to Sukuk	16,191	1,492	(17,683)	-
Adjusted segment Assets	2,193,279	1,254,128	78,164	3,525,571
Segment liabilities	1,439,200	675,169	626,061	2,740,430
Add/(less): Sukuk loan	570,505	52,563	(623,068)	-
Adjusted segment liabilities	2,009,705	727,732	2,993	2,740,430

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A9. Segmental Information (continued)

For the financial year ended 30 June 2017:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	574,774	145,159	184,821	904,754
Inter-segment elimination	-	-	(184,821)	(184,821)
	574,774	145,159	-	719,933
Results				
Segment profit/(loss)	84,226	28,769	(57,416)	55,579
Segment assets	1,439,099	1,309,112	169,189	2,917,400
Segment liabilities	893,600	687,712	576,498	2,157,810
Proforma scenario				
Results				
Segment profit/(loss)	84,226	28,769	(57,416)	55,579
Add/(less):				
Sukuk interest	(20,310)	(3,136)	23,446	-
Adjusted segment profit/(loss)	63,916	25,633	(33,970)	55,579
Segment assets	1,439,099	1,309,112	169,189	2,917,400
Add/(less):				
Bank balances related to Sukuk	116,358	17,965	(134,323)	-
Adjusted segment assets	1,555,457	1,327,077	34,866	2,917,400
Segment liabilities	893,600	687,712	576,498	2,157,810
Add/(less):				
Sukuk loan	461,837	71,304	(533,141)	-
Adjusted segment liabilities	1,355,437	759,016	43,357	2,157,810

A9. Segmental Information (continued)

Environment segment

1. Revenue generated of RM591.6 million (2017: RM574.8 million) was an increase of RM16.8 million compared to its preceding year mainly due to slight increase in volume of water consumption.
2. However, profit after taxation of RM72.3 million (2017: RM84.2 million) was a slight decrease of RM11.9 million compared to its preceding year substantially due to higher unwinding interest in 1st year of operating period.

Power segment

1. Revenue and profit after tax of RM148.2 million and RM29.4 million improved slightly from 2017's RM145.2 million and RM28.8 million respectively.

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 except as follows:

- a) On 8 March 2018, the Group via its wholly-owned subsidiary, Ranhill Capital Sdn. Bhd. ("RCSB") incorporated a new wholly-owned subsidiary in Singapore, namely Ranhill International Pte Ltd with an initial issued share capital of SGD2.00.

A11. Contingent Liabilities

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

A12. Capital Commitments

The Group has the following capital commitments in respect of:

	30.06.2018 RM'000	31.12.2017 RM'000
Approved and contracted for	328	2,359
Approved but not contracted for	5,762	3,792
	6,090	6,151

A13. Significant Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the current quarter ended 30 June 2018.

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

B1. Detailed Analysis of Performance of All Operating Segments

Performance for the quarter and year-to-date

	Individual Quarter		Changes %	Cumulative Period		Changes %
	Current year quarter 30.06.2018 RM'000	Preceding year quarter 30.06.2017 RM'000		Current year to date 30.06.2018 RM'000	Preceding year to date 30.06.2017 RM'000	
Revenue	379,470	367,983	3.1%	739,756	719,933	2.8%
Operating profit	54,576	60,013	-9.1%	120,739	114,825	5.2%
Profit Before Interest and Tax	57,735	60,924	-5.2%	124,960	116,511	7.3%
Profit Before Tax	43,374	51,719	-16.1%	91,658	94,847	-3.4%
Profit After Tax	26,310	29,049	-9.4%	57,250	55,579	3.0%
Profit/(Loss) Attributable to Ordinary Equity Holder of the Parent	15,432	14,514	6.3%	33,572	30,208	11.1%

For the quarter and year to date ended 30 June 2018, the Group recorded a revenue of RM379.5 million and RM739.8 million (Q2 2017 : RM368.0 million, YTD 2017 : RM719.9 million) and profit attributable to ordinary equity holder of RM15.4 million and RM33.6 million (Q2 2017 : RM14.5 million, YTD 2017 : RM 30.2 million).

The increase in revenue for the quarter and year to date was mainly contributed by the environment segment due to the increase in volume of water consumption in SAJ Ranhill Sdn. Bhd. ("SAJR").

Profit attributable to ordinary equity holder of the parent for the quarter and year to date has also increased in tandem with the increase in revenue explained above.

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B2. Comparison of Results for Current Quarter Ended 30 June 2018 Compared to the Immediate Preceding Quarter

	Individual Quarter		Changes %
	Current year quarter 30.06.2018 RM'000	Immediate preceding quarter 31.03.2018 RM'000	
Revenue	379,470	360,286	5.3%
Operating Profit	54,576	66,163	-17.5%
Profit Before Interest and Tax	57,735	67,225	-14.1%
Profit Before Tax	43,374	48,284	-10.2%
Profit After Tax	26,310	30,940	-15.0%
Profit/(Loss) Attributable to Ordinary Equity Holder of the Parent	15,432	18,140	-14.9%

The Group recorded a revenue of RM379.5 million in the current quarter compared to its immediate preceding quarter's revenue of RM360.3 million, an increase of RM19.2 million or 5.3% due to increase in volume of water consumption in SAJR and also higher revenue contribution from Thailand.

The profit attributable to ordinary equity holder of the parent for the current quarter has decreased slightly by RM2.7 million to RM15.4 million compared to RM18.1 million in the immediate preceding quarter.

B3. Prospects

Ranhill targets to own and operate gross 1000 MW power plants that deliver clean energy and 3000 MLD water and wastewater treatment capacity, of which 700 MLD is to be from international segment by 2022.

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. Studies on alternative potential water resources conducted by our local environment segment are expected to contribute additional revenue and profit to the Group especially from the exploration of ground water sources in the south and south east areas of Johor. Domestically, our capacity is expected to grow 3% to 4% annually.

In the international environment sector, the target of 700 MLD capacity will be achieved through growth from China and Thailand. Currently, our international treatment capacity is at 289.5 MLD (187.5 MLD in China and 102 MLD in Thailand). In line with the anticipated growth of industrial parks in these markets, we strive to continue leveraging on our good track record and relationship with

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B3. Prospects (continued)

existing clients and at the same time develop new customers to grow our footprint in the region. We are bullish in securing more industrial water and wastewater treatment projects with an additional treatment capacity not only from Amata Industrial park but other industrial parks in Thailand.

Ranhill has rigorously embarked on steps towards achieving the goals and amongst the initiatives that had been undertaken are the review of our international concession agreements and the incorporation of a special purpose vehicle in Singapore to undertake international investment and to tap into international financing opportunities and larger pool of investors.

B4. Profit Forecast

Not applicable.

B5. Taxation

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

	Individual Quarter		Cumulative Period	
	Current year	Preceding year	Current year	Preceding year
	quarter 30.06.2018 RM'000	quarter 30.06.2017 RM'000	to date 30.06.2018 RM'000	to date 30.06.2017 RM'000
Malaysia taxation:				
Current taxation	5,073	4,379	9,556	9,404
(Over)/under provision prior years	(48)	-	(47)	-
Foreign taxation:				
Current taxation	35	58	35	97
Deferred taxation	82	79	136	154
Deferred taxation				
Current taxation	11,894	18,154	24,700	29,613
(Over)/under provision prior years	28	-	28	-
	17,064	22,670	34,408	39,268

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 substantially due to the non-allowable tax expenses of 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 30.06.2018 RM'000	Preceding year quarter 30.06.2017 RM'000	Current year to date 30.06.2018 RM'000	Preceding year to date 30.06.2017 RM'000
Amortisation of service concession assets	82,213	75,010	164,432	150,020
Amortisation of software	124	12	249	29
Amortisation of concession rights	16	16	32	31
Depreciation of property, plant and equipment	12,276	11,827	24,169	23,516
Unrealised foreign exchange (gain)/loss	1,823	1,530	5,970	2,075
Realised foreign exchange (gain)/loss	218	(93)	(4,159)	(863)
Provision for liquidated ascertained damages	(759)	-	(759)	-
Property, plant and equipment written off	26	2	33	8
Gain on disposal of property, plant and equipment	-	(138)	33	(140)
Rationalisation and relocation costs	-	6,092	-	8,701

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

	As at period ended 30 June 2018					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Bank Overdraft	303	-	-	-	303	-
- Term loan	3,248	-	5,784	-	9,032	-
- Musharakah Medium Term Notes ("mMTN")	-	49,528	-	492,892	-	542,420
- SUKUK	-	9,666	-	613,403	-	623,069
Sub total	3,551	59,194	5,784	1,106,295	9,335	1,165,489
Unsecured						
- Bank Overdraft	-	1,414	-	-	-	1,414
- Convertible unsecured loan stocks ("CULS")	-	-	-	11,366	-	11,366
Sub total	-	1,414	-	11,366	-	12,780
Grand Total	3,551	60,608	5,784	1,117,661	9,335	1,178,269
						1,187,604

	As at year ended 31 December 2017					
	Short term		Long term		Total borrowings	
	THB	RM	THB	RM	THB	RM
Secured						
- Bank Overdraft	-	-	-	-	-	-
- Term loan	3,199	-	7,666	-	10,865	-
- Musharakah Medium Term Notes ("mMTN")	-	49,287	-	544,687	-	593,974
- SUKUK	-	62,942	-	476,593	-	539,535
Sub total	3,199	112,229	7,666	1,021,280	10,865	1,133,509
Unsecured						
- Bank Overdraft	-	1,898	-	-	-	1,898
- Convertible unsecured loan stocks ("CULS")	-	-	-	11,268	-	11,268
Sub total	-	1,898	-	11,268	-	13,166
Grand Total	3,199	114,127	7,666	1,032,548	10,865	1,146,675
						1,157,540

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 proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group, as at the date of this report.

B10. Dividend Payable

A first interim dividend in respect of the financial year ended 31 December 2018 of 2.0 sen per share on 888,315,767 ordinary shares, amounting to a dividend payable of RM17,766,315 has been announced on 9 August 2018 and payable before 7 September 2018.

B11. 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 Period	
	Current Year Quarter 30.06.2018 RM'000	Preceding Year Quarter 30.06.2017 RM'000	Current Year-To-Date 30.06.2018 RM'000	Preceding Year-To-Date 30.06.2017 RM'000
<u>Basic earnings per share</u>				
Profit/(Loss) attributable to members of the Company	15,432	14,514	33,572	30,208
Weighted Average Number of Ordinary Shares ('000)	888,316	888,316	888,316	888,316
Basic earnings per share (sen)	1.74	1.63	3.78	3.40

By Order of the Board
 Lau Bey Ling
 Leong Shiak Wan
 Company Secretaries
 Kuala Lumpur
 Date: 9 August 2018