

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



UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

| | NOTE | Individual Quarter | | Cumulative Period | |
|---|------|---|---|---|---|
| | | Current year quarter 30/09/2018 RM'000 | Preceding year quarter 30/09/2017 RM'000 | Current year to date 30/09/2018 RM'000 | Preceding year to date 30/09/2017 RM'000 |
| Revenue | | 401,939 | 383,549 | 1,141,695 | 1,103,482 |
| Cost of sales | | (279,064) | (282,533) | (785,289) | (772,941) |
| Gross profit | | 122,875 | 101,016 | 356,406 | 330,541 |
| Other items of income | | | | | |
| Interest income | | 13,465 | 12,890 | 42,549 | 43,579 |
| Other income | | 2,185 | 2,323 | 9,890 | 8,070 |
| Other items of expense | | | | | |
| Admin/Operating expenses | | (64,210) | (49,652) | (184,707) | (170,099) |
| Finance costs | | (31,631) | (23,564) | (94,017) | (75,917) |
| Zakat | | (473) | (1,171) | (973) | (2,650) |
| Share of results of associates | | 2,593 | 5,474 | 7,314 | 8,639 |
| Profit before tax | | 44,804 | 47,316 | 136,462 | 142,163 |
| Income tax expense | B5 | (16,376) | (13,135) | (50,784) | (52,403) |
| Profit net of tax | | 28,428 | 34,181 | 85,678 | 89,760 |
| Other comprehensive income: | | | | | |
| Foreign currency translation | | 5,116 | (3,908) | 2,713 | (7,606) |
| Share of other comprehensive loss of an associates | | (158) | 1,466 | 99 | 4,211 |
| Remeasurement of defined benefit liability | | - | 2,764 | - | 2,764 |
| | | 4,958 | 322 | 2,812 | (631) |
| Total comprehensive income for the year/period | | 33,386 | 34,503 | 88,490 | 89,129 |
| Profit net of tax attributable to: | | | | | |
| Owners of the parent | | 16,485 | 25,196 | 50,057 | 55,404 |
| Non-controlling interests | | 11,943 | 8,985 | 35,621 | 34,356 |
| | | 28,428 | 34,181 | 85,678 | 89,760 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 21,445 | 24,964 | 52,872 | 54,218 |
| Non-controlling interests | | 11,941 | 9,539 | 35,618 | 34,911 |
| | | 33,386 | 34,503 | 88,490 | 89,129 |
| Earnings per share (sen): | | | | | |
| Basic | B11 | 1.86 | 2.84 | 5.64 | 6.24 |
| Diluted | | N/A | N/A | N/A | N/A |
| EBITDA (includes amortisation of services concession assets) | | 157,726 | 153,751 | 471,568 | 443,858 |

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.

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



UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

| | Unaudited As at 30/09/2018 RM'000 | Audited As at 31/12/2017 RM'000 |
|----------------------------------|--|--|
| Non-current assets | | |
| Property, plant and equipment | 589,231 | 589,486 |
| Service concession assets | 739,946 | - |
| Intangibles | 294,469 | 294,209 |
| Operating financial asset | 65,026 | 63,597 |
| Finance lease receivables | 472,949 | 508,356 |
| Deferred tax assets | 139,536 | 167,664 |
| Investment in an associate | 178,601 | 172,176 |
| Investment in a joint venture | 5 | 5 |
| Other investment | 1,190 | - |
| Trade and other receivables | 70,408 | 71,158 |
| | <u>2,551,361</u> | <u>1,866,651</u> |
| Current assets | | |
| Finance lease receivables | 46,775 | 44,224 |
| Operating financial asset | 1,853 | 4,212 |
| Trade and other receivables | 284,126 | 276,917 |
| Inventories | 95,866 | 81,512 |
| Tax recoverable | 7,082 | 4,894 |
| Other current assets | 41,928 | 31,633 |
| Other financial assets | 59,496 | 11,442 |
| Deposits, cash and bank balances | 342,390 | 411,165 |
| | <u>879,516</u> | <u>865,999</u> |
| Total assets | <u>3,430,877</u> | <u>2,732,650</u> |
| Current liabilities | | |
| Retirement benefit obligations | 14,690 | 10,729 |
| Finance lease payables | 1,119 | 1,454 |
| Short term borrowings | 90,258 | 117,326 |
| Zakat | 3,550 | 9,526 |
| Trade and other payables | 266,893 | 362,127 |
| Other current liability | 1,282 | - |
| Service concession obligations | 326,008 | - |
| Tax payable | 2,102 | 2,197 |
| | <u>705,902</u> | <u>503,359</u> |
| Net current assets | <u>173,614</u> | <u>362,640</u> |
| Non-current liabilities | | |
| Retirement benefit obligations | 74,246 | 77,396 |
| Finance lease payables | 2,145 | 2,868 |
| Long term borrowings | 1,095,517 | 1,040,214 |
| Trade and other payables | 329 | 19,070 |
| Service concession obligations | 435,008 | - |
| Consumer deposits | 244,067 | 238,613 |
| Deferred tax liabilities | 80,867 | 72,987 |
| | <u>1,932,179</u> | <u>1,451,148</u> |
| Total liabilities | <u>2,638,081</u> | <u>1,954,507</u> |



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

| | Unaudited As at 30/09/2018 RM'000 | Audited As at 31/12/2017 RM'000 |
|---|--|--|
| Net assets | <u>792,796</u> | <u>778,143</u> |
| Equity attributable to owners of the parent | | |
| Share capital | 1,275,319 | 1,275,319 |
| Other reserves | (888,499) | (891,311) |
| Retained earnings | <u>194,916</u> | <u>198,157</u> |
| | 581,736 | 582,165 |
| Non controlling interest | <u>211,060</u> | <u>195,978</u> |
| Total equity | <u>792,796</u> | <u>778,143</u> |
| Total equity and liabilities | <u>3,430,877</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.

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



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 | - | - | 2,812 | - | - | 50,060 | 52,872 | 35,618 | 88,490 |
| -CULS interest paid to non-controlling interests | - | - | - | - | - | - | - | (1,088) | (1,088) |
| -Unwinding on interest expense on CULS attributable to non-controlling interests | - | - | - | - | - | - | - | (98) | (98) |
| -Dividends on ordinary shares | - | - | - | - | - | (53,301) | (53,301) | (19,350) | (72,651) |
| At 30 September 2018 | 1,275,319 | - | 16,453 | 1,063 | (906,015) | 194,916 | 581,736 | 211,060 | 792,796 |
| 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 | - | - | (3,395) | - | - | 57,613 | 54,218 | 34,911 | 89,129 |
| -CULS interest paid to non-controlling interests | - | - | - | - | - | - | - | (84) | (84) |
| -Unwinding on interest expense on CULS attributable to non-controlling interests | - | - | - | - | - | (8) | (8) | (875) | (883) |
| -Dividends on ordinary shares | - | - | - | - | - | (35,533) | (35,533) | (20,600) | (56,133) |
| At 30 September 2017 | 888,316 | 387,003 | 19,326 | 1,063 | (906,015) | 190,082 | 579,775 | 196,598 | 776,373 |

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.

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



UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS ⁽¹⁾

| | 9 months ended 30/09/2018 RM'000 | 9 months ended 30/09/2017 RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 136,462 | 142,163 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 36,578 | 35,878 |
| Net (gain)/loss on disposal of property, plant and equipment | (30) | (140) |
| Property, plant and equipment written off | 97 | 797 |
| Amortisation of service concession asset | 246,649 | 233,391 |
| Amortisation of concession rights | 37 | 48 |
| Amortisation of software | 374 | 40 |
| Gain on disposal of a subsidiary | - | (144) |
| Share of profit of an associates | (7,314) | (8,639) |
| Bad debts written off | 42 | 206 |
| Allowance/(Writeback allowance) for slow-moving inventories | - | (47) |
| Provision retirement benefit plan | 7,011 | 6,453 |
| Zakat | 974 | 2,650 |
| Unrealised foreign exchange (gain)/loss | 1,152 | 2,719 |
| Interest income | (42,549) | (43,579) |
| Interest expense | 94,017 | 75,917 |
| Operating profit before working capital changes | 473,500 | 447,713 |
| Receivable | (10,581) | (29,789) |
| Payables | (37,419) | (74,568) |
| Inventories | (14,346) | (1,415) |
| Finance lease receivables | 32,856 | 63,127 |
| Operating financial asset | 2,128 | 2,549 |
| Other current asset | (8,927) | 157 |
| Cash generated from operations | 437,211 | 407,774 |
| Retirement benefits plan paid | (6,200) | (7,484) |
| Zakat paid | (6,950) | (79) |
| Tax paid | (17,296) | (16,723) |
| Lease rental payable to PAAB | (289,035) | (252,260) |
| Net cash generated from operating activities | 117,730 | 131,228 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (36,051) | (25,879) |
| Proceeds from disposal of property, plant and equipment | 186 | 143 |
| Additional of short term investments | (48,054) | (5,637) |
| Purchase of software | (670) | (56) |
| Purchase of other investment | (1,190) | - |
| Net cash inflow on disposal of a subsidiary | - | 485 |
| Interest received | 42,275 | 10,941 |
| Net cash (used in)/generated from investing activities | (43,504) | (20,003) |



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

| | 9 months ended 30/09/2018 RM'000 | 9 months ended 30/09/2017 RM'000 |
|--|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net (placement)/withdrawal of fixed deposits with banking facilities | 171,514 | (61,440) |
| Drawdown of term loans | 655,988 | 915 |
| Finance lease principal repayments | (1,078) | (1,286) |
| Repayment of borrowings | (592,490) | (95,846) |
| Dividends paid | (85,651) | (47,250) |
| Payment of issuance cost for Sukuk | (44,000) | - |
| Interest paid | (79,031) | (60,307) |
| Net cash used in financing activities | <u>25,252</u> | <u>(265,214)</u> |
| Net (decrease)/ increase in cash and cash equivalents | 99,478 | (153,989) |
| Effect of exchange rate changes on cash and cash equivalents | 4,023 | (2,496) |
| Cash and cash equivalents at beginning of year | 141,342 | 285,086 |
| Cash and cash equivalents at end of year | <u>244,843</u> | <u>128,601</u> |
| Cash and cash equivalents at end of financial period comprise the following: | | |
| Cash at banks and on hand | 96,330 | 45,469 |
| Short term deposits with licensed bank | 246,060 | 318,422 |
| Total deposits, cash and bank balances | 342,390 | 363,891 |
| Bank overdrafts | (1,136) | (2,165) |
| Restricted deposits, cash and bank balances | (96,411) | (233,125) |
| Cash and cash equivalents | <u>244,843</u> | <u>128,601</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 ("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 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 September 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.

In respect of the financial year ended 31 December 2018:

- (a) RM17,766,315 was declared and paid on 9 August 2018 and 6 September 2018 respectively as first 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)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2018



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 September 2018:

| BY BUSINESS SEGMENTS | Environment RM'000 | Power RM'000 | Others RM'000 | Total RM'000 |
|---------------------------------------|---------------------------|---------------------|----------------------|---------------------|
| Revenue | | | | |
| Sales to external customers | 915,782 | 225,913 | 127,400 | 1,269,095 |
| Inter-segment elimination | - | - | (127,400) | (127,400) |
| | 915,782 | 225,913 | - | 1,141,695 |
| Results | | | | |
| Segment profit/(loss) | 109,723 | 48,869 | (72,914) | 85,678 |
| Segment assets | 2,062,651 | 1,266,132 | 102,094 | 3,430,877 |
| Segment liabilities | 1,333,597 | 685,522 | 618,962 | 2,638,081 |
| | | | | |
| Proforma scenario | | | | |
| Results | | | | |
| Segment profit/(loss) | 109,723 | 48,869 | (72,914) | 85,678 |
| Add/(less): | | | | |
| Sukuk interest | (28,541) | (2,630) | 31,171 | - |
| Adjusted segment profit/(loss) | 81,182 | 46,239 | (41,743) | 85,678 |
| Segment assets | 2,062,651 | 1,266,132 | 102,094 | 3,430,877 |
| Add/(less): | | | | |
| Bank balances related to Sukuk | 43,273 | 3,987 | (47,260) | - |
| Adjusted segment Assets | 2,105,924 | 1,270,119 | 54,834 | 3,430,877 |
| Segment liabilities | 1,333,597 | 685,522 | 618,962 | 2,638,081 |
| Add/(less): | | | | |
| Sukuk loan | 563,807 | 51,946 | (615,753) | - |
| Adjusted segment liabilities | 1,897,404 | 737,468 | 3,209 | 2,638,081 |
| | | | | |

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



A9. Segmental Information (continued)

For the financial year ended 30 September 2017:

| BY BUSINESS SEGMENTS | Environment RM'000 | Power RM'000 | Others RM'000 | Total RM'000 |
|---------------------------------------|---------------------------|---------------------|----------------------|---------------------|
| Revenue | | | | |
| Sales to external customers | 870,158 | 233,324 | 197,053 | 1,300,535 |
| Inter-segment elimination | - | - | (197,053) | (197,053) |
| | 870,158 | 233,324 | - | 1,103,482 |
| Results | | | | |
| Segment profit/(loss) | 128,220 | 38,489 | (76,949) | 89,760 |
| Segment assets | 1,357,673 | 1,321,294 | 172,393 | 2,851,360 |
| Segment liabilities | 780,240 | 701,592 | 575,449 | 2,057,281 |
| | | | | |
| Proforma scenario | | | | |
| Results | | | | |
| Segment profit/(loss) | 128,220 | 38,489 | (76,949) | 89,760 |
| Add/(less): | | | | |
| Sukuk interest | (29,466) | (4,549) | 34,015 | - |
| Adjusted segment profit/(loss) | 98,754 | 33,940 | (42,934) | 89,760 |
| Segment assets | 1,357,673 | 1,321,294 | 172,393 | 2,851,360 |
| Add/(less): | | | | |
| Bank balances related to Sukuk | 123,419 | 19,055 | (142,474) | - |
| Adjusted segment assets | 1,481,092 | 1,340,349 | 29,919 | 2,851,360 |
| Segment liabilities | 780,240 | 701,592 | 575,449 | 2,057,281 |
| Add/(less): | | | | |
| Sukuk loan | 470,993 | 72,718 | (543,711) | - |
| Adjusted segment liabilities | 1,251,233 | 774,310 | 31,738 | 2,057,281 |
| | | | | |

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



A9. Segmental Information (continued)

Environment segment

1. Revenue generated of RM915.8 million (2017: RM870.2 million) was an increase of RM45.6 million compared to its preceding year mainly due to slight increase in volume of water consumption.
2. However, profit after taxation of RM109.7 million (2017: RM128.2 million) was a decrease of RM18.5 million compared to its preceding year substantially due to higher unwinding interest (RM31.6 million) in 1st year of 4th operating period compared to lower unwinding interest (RM12.1 million) in 3rd year of operating period.

Power segment

1. Revenue and profit after tax of RM225.9 million (2017: RM233.3 million) was a decrease of RM7.4 million compared to its preceding year mainly due to lower capacity payment revenue in current year compare to previous year as higher PPA tariff in 2017.
2. However, profit after taxation of RM48.9 million (2017: RM38.5 million) improved from 2017's by RM10.4 million mainly due to lower maintenance cost and overhead cost.

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:

| | 30.09.2018 RM'000 | 31.12.2017 RM'000 |
|---------------------------------|------------------------------------|------------------------------------|
| Approved and contracted for | 368 | 2,359 |
| Approved but not contracted for | 5,722 | 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 September 2018

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 30.09.2018 RM'000 | Preceding year quarter 30.09.2017 RM'000 | | Current year to date 30.09.2018 RM'000 | Preceding year to date 30.09.2017 RM'000 | |
| Revenue | 401,939 | 383,549 | 4.8% | 1,141,695 | 1,103,482 | 3.5% |
| Operating profit | 60,850 | 53,687 | 13.3% | 181,589 | 168,512 | 7.8% |
| Profit Before Interest and Tax | 62,970 | 57,990 | 8.6% | 187,930 | 174,501 | 7.7% |
| Profit Before Tax | 44,804 | 47,316 | -5.3% | 136,462 | 142,163 | -4.0% |
| Profit After Tax | 28,428 | 34,181 | -16.8% | 85,678 | 89,760 | -4.5% |
| Profit/(Loss) Attributable to Ordinary Equity Holder of the Parent | 16,485 | 25,196 | -34.6% | 50,057 | 55,404 | -9.7% |

For the quarter and year to date ended 30 September 2018, the Group recorded a revenue of RM401.9 million and RM1,141.7 million (Q3 2017 : RM383.5 million, YTD 2017 : RM1,103.5 million) and profit attributable to ordinary equity holder of RM16.5 million and RM50.1 million (Q3 2017 : RM25.2 million, YTD 2017 : RM 55.4 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 decreased by approximately RM8 million compared to Q3 2017 due to higher unwinding interest in 1st year of 4th operating period compared to lower unwinding interest in Q3 2017, which is the 3rd year of 3rd operating period (Qtr 2018: RM9.7 million, Qtr 2017: RM 3.4 million). The variance for the year to date profit attributable to ordinary equity holder of the parent was also due to the same reason (YTD 2018: RM31.7 million, YTD 2017: RM 12.1 million).

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



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

| | Individual Quarter | | Changes % |
|--|---|--|--------------|
| | Current year quarter 30.09.2018 RM'000 | Immediate preceding quarter 30.06.2018 RM'000 | |
| Revenue | 401,939 | 379,470 | 5.9% |
| Operating Profit | 60,850 | 54,576 | 11.5% |
| Profit Before Interest and Tax | 62,970 | 57,735 | 9.1% |
| Profit Before Tax | 44,804 | 43,374 | 3.3% |
| Profit After Tax | 28,428 | 26,310 | 8.1% |
| Profit/(Loss) Attributable to Ordinary Equity Holder of the Parent | 16,485 | 15,432 | 6.8% |

The Group recorded a revenue of RM401.9 million in the current quarter compared to its immediate preceding quarter's revenue of RM379.5 million, an increase of RM22.4 million or 5.9% 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 increased slightly by RM1.1 million to RM16.5 million compared to RM15.4 million in the immediate preceding quarter.

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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.

Additionally, SAJR has concluded the Memorandum of Understanding on the Joint Billing Arrangement between SAJR and Indah Water Konsortium Sdn Bhd ("IWK"), and have signed the Joint Billing Agreement on 7 November 2018, to undertake the joint billing exercise for water supply and sewerage services in the state of Johor (excluding Johor Bahru City and Pasir Gudang which are currently managed by respective city councils). This agreement may pave the way for a potential integration of water supply and sewerage operations in the state of Johor, which has been the aspiration of the Water Services Industry Act 2006. For Ranhill, this potential integration offers an opportunity for its Environment segment to diversify into a relevant sub-segment within the industry and to holistically develop and strengthen water and sewerage assets in the state of Johor.

Our NRW management services has completed several water related contracts in the region valued at RM800m and has saved >500MLD of treated water through NRW contracts. As part of the national NRW reduction program in 6 states, RWS being a reputable NRW company stands a good chance of securing the contracts via open tender.

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 335.5 MLD (221.5 MLD in China and 114 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 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.

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



B5. Taxation

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

| | Individual Quarter | | Cumulative Period | |
|---------------------------------------|---|---|---|---|
| | Current year quarter 30.09.2018 RM'000 | Preceding year quarter 30.09.2017 RM'000 | Current year to date 30.09.2018 RM'000 | Preceding year to date 30.09.2017 RM'000 |
| Malaysia taxation: | | | | |
| Current taxation | 5,282 | 5,119 | 14,838 | 14,523 |
| (Over)/under provision prior years | (43) | 81 | (90) | 81 |
| Foreign taxation: | | | | |
| Current taxation | (15) | 10 | 20 | 107 |
| Deferred taxation | 67 | (149) | 203 | 5 |
| Deferred taxation | | | | |
| Current taxation | 11,539 | 8,180 | 36,239 | 37,793 |
| (Over)/under provision prior years | (454) | (106) | (426) | (106) |
| | 16,376 | 13,135 | 50,784 | 52,403 |
| | | | | |

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



B6. Profit/(Loss) Before Taxation

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

| | Individual Quarter | | Cumulative Period | |
|---|--|--|--|--|
| | Current year quarter 30.09.2018 RM'000 | Preceding year quarter 30.09.2017 RM'000 | Current year to date 30.09.2018 RM'000 | Preceding year to date 30.09.2017 RM'000 |
| Amortisation of service concession assets | 82,217 | 83,371 | 246,649 | 233,391 |
| Amortisation of software | 125 | 11 | 374 | 40 |
| Amortisation of concession rights | 5 | 17 | 37 | 48 |
| Depreciation of property, plant and equipment | 12,409 | 12,362 | 36,578 | 35,878 |
| Unrealised foreign exchange (gain)/loss | 1,587 | 644 | 7,557 | 2,719 |
| Realised foreign exchange (gain)/loss | (136) | (524) | (4,295) | (1,387) |
| Provision for liquidated ascertained damages | - | - | (759) | - |
| Property, plant and equipment written off | 48 | 788 | 81 | 796 |
| Gain on disposal of property, plant and equipment | (63) | - | (30) | (140) |
| Rationalisation and relocation costs | - | - | - | 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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RANHILL HOLDINGS BERHAD (Company No: 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
THIRD QUARTER ENDED 30 SEPTEMBER 2018



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 September 2018 | | | | | |
|--|--------------------------------------|---------------|---------------|------------------|------------------|------------------|
| | Short term | | Long term | | Total borrowings | |
| | THB | RM | THB | RM | THB | RM |
| Secured | | | | | | |
| - Bank Overdraft | 193 | - | - | - | 193 | - |
| - Term loan | 4,038 | - | 10,711 | - | 14,749 | - |
| - Musharakah Medium Term Notes ("mMTN") | - | 49,528 | - | 492,892 | - | 542,420 |
| - SUKUK | - | 35,205 | - | 580,548 | - | 615,753 |
| Sub total | 4,231 | 84,733 | 10,711 | 1,073,440 | 14,942 | 1,158,173 |
| Unsecured | | | | | | |
| - Bank Overdraft | - | 943 | - | - | - | 943 |
| -Letter of credit | - | 351 | - | - | - | 351 |
| - Convertible unsecured loan stocks ("CULS") | - | - | - | 11,366 | - | 11,366 |
| Sub total | - | 1,294 | - | 11,366 | - | 12,660 |
| Grand Total | 4,231 | 86,027 | 10,711 | 1,084,806 | 14,942 | 1,170,883 |
| | | | | | | 1,185,775 |

| | 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 |

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



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 second 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 13 November 2018 and payable on 13 December 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 30.09.2018 RM'000 | Preceding Year Quarter 30.09.2017 RM'000 | Current Year-To- Date 30.09.2018 RM'000 | Preceding Year-To- Date 30.09.2017 RM'000 |
| <u>Basic earnings per share</u> | | | | |
| Profit/(Loss) attributable to members of the Company | 16,485 | 25,196 | 50,057 | 55,404 |
| Weighted Average Number of Ordinary Shares ('000) | 888,316 | 888,316 | 888,316 | 888,316 |
| Basic earnings per share (sen) | 1.86 | 2.84 | 5.64 | 6.24 |

By Order of the Board
 Lau Bey Ling
 Leong Shiak Wan
 Company Secretaries
 Kuala Lumpur
 Date: 13 November 2018