

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST
QUARTER ENDED 31 MARCH 2018



Ranhill

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME ⁽¹⁾

	Individual Quarter		Cummulative Period	
	Current year quarter 31/03/2018 RM'000	Preceding year quarter 31/03/2017 RM'000	Current year to date 31/03/2018 RM'000	Preceding year to date 31/03/2017 RM'000
NOTE				
Revenue	360,286	351,950	360,286	351,950
Cost of sales	(245,926)	(248,142)	(245,926)	(248,142)
Gross profit	114,360	103,808	114,360	103,808
Other items of income				
Interest income	13,741	14,258	13,741	14,258
Other income	5,922	3,875	5,922	3,875
Other items of expense				
Admin/Operating expenses	(54,119)	(52,871)	(54,119)	(52,871)
Finance costs	(32,682)	(26,717)	(32,682)	(26,717)
Zakat	(250)	(700)	(250)	(700)
Share of results of a joint venture	-	-	-	-
Share of results of associates	1,312	1,475	1,312	1,475
Profit/(loss) before tax	48,284	43,128	48,284	43,128
Income tax expense	(17,344)	(16,598)	(17,344)	(16,598)
Profit/(loss) net of tax	30,940	26,530	30,940	26,530
Other comprehensive income:				
Foreign currency translation	(5,623)	1,608	(5,623)	1,608
Recycled foreign currency translation to profit or loss	-	-	-	-
Share of other comprehensive loss of an associates	66	(18)	66	(18)
Remeasurement of defined benefit liability	-	-	-	-
	(5,557)	1,590	(5,557)	1,590
Total comprehensive income/(loss) for the year/period	25,383	28,120	25,383	28,120
Profit/(loss) net of tax attributable to:				
Owners of the parent	18,140	15,694	18,140	15,694
Non-controlling interests	12,800	10,836	12,800	10,836
	30,940	26,530	30,940	26,530
Total comprehensive (loss)/income attributable to:				
Owners of the parent	12,583	17,284	12,583	17,284
Non-controlling interests	12,800	10,836	12,800	10,836
	25,383	28,120	25,383	28,120
Earnings per share (sen):				
Basic	2.04	1.77	2.04	1.77
Diluted	N/A	N/A	N/A	N/A
EBITDA (includes amortisation of services concession assets)	161,478	142,318	161,478	142,318

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 FIRST QUARTER
ENDED 31 MARCH 2018



Ranhill

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 31/03/2018 RM'000	Audited As at 31/12/2017 RM'000
Non-current assets		
Property, plant and equipment	581,628	589,486
Service concession assets	904,411	-
Intangibles	294,738	294,209
Operating financial asset	61,122	63,597
Finance lease receivables	496,774	508,356
Deferred tax assets	158,288	167,664
Investment in an associate	168,602	172,176
Investment in a joint venture	5	5
Trade and other receivables	70,408	71,158
	<u>2,735,976</u>	<u>1,866,651</u>
Current assets		
Finance lease receivables	45,058	44,224
Operating financial asset	5,380	4,212
Trade and other receivables	305,812	276,917
Inventories	89,938	81,512
Tax recoverable	6,252	4,894
Other current assets	34,544	31,633
Other financial assets	11,831	11,442
Deposits, cash and bank balances	447,749	411,165
	<u>946,564</u>	<u>865,999</u>
Total assets	<u>3,682,540</u>	<u>2,732,650</u>
Current liabilities		
Retirement benefit obligations	11,808	10,729
Finance lease payables	1,297	1,454
Short term borrowings	55,769	117,326
Zakat	9,420	9,526
Trade and other payables	327,385	362,127
Other current liability	4,482	-
Service concession obligations	313,654	-
Tax payable	2,187	2,197
	<u>726,002</u>	<u>503,359</u>
Net current assets	<u>220,562</u>	<u>362,640</u>
Non-current liabilities		
Retirement benefit obligations	75,796	77,396
Finance lease payables	2,679	2,868
Long term borrowings	1,174,645	1,040,214
Trade and other payables	2,306	19,070
Service concession obligations	598,868	-
Consumer deposits	240,373	238,613
Deferred tax liabilities	76,474	72,987
	<u>2,171,141</u>	<u>1,451,148</u>
Total liabilities	<u>2,897,143</u>	<u>1,954,507</u>

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2018



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

	Unaudited As at 31/03/2018 RM'000	Audited As at 31/12/2017 RM'000
Net assets	<u>785,397</u>	<u>778,143</u>
Equity attributable to owners of the parent		
Share capital	1,275,319	1,275,319
Other reserves	(896,868)	(891,311)
Retained earnings	<u>198,531</u>	<u>198,157</u>
	576,982	582,165
Non controlling interest	<u>208,415</u>	<u>195,978</u>
Total equity	<u>785,397</u>	<u>778,143</u>
Total equity and liabilities	<u>3,682,540</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 FIRST QUARTER ENDED 31 MARCH 2018



Ranhill

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
At 1 January 2018	1,275,319	-	13,641	1,063	(906,015)	198,157	582,165	195,978
Total comprehensive income	-	-	(5,557)	-	-	18,140	12,583	12,800
-CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	(363)
-Dividends on ordinary shares	-	-	-	-	-	(17,766)	(17,766)	-
At 31 March 2018	1,275,319	-	8,084	1,063	(906,015)	198,531	576,982	208,415
At 1 January 2017	888,316	387,003	22,721	1,063	(906,015)	168,010	561,098	186,246
Total comprehensive income	-	-	1,590	-	-	15,694	17,284	10,836
-Dividends on ordinary shares	-	-	-	-	-	(17,766)	(17,766)	-
At 31 March 2017	888,316	387,003	24,311	1,063	(906,015)	165,938	560,616	197,082

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 FIRST QUARTER
ENDED 31 MARCH 2018



Ranhill

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS ⁽¹⁾

	3 months ended 31/03/2018 RM'000	3 months ended 31/03/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	48,284	43,128
Adjustments for:		
Depreciation of property, plant and equipment	11,893	11,689
Net (gain)/loss on disposal of property, plant and equipment	33	(2)
Property, plant and equipment written off	7	6
Amortisation of service concession asset	82,219	75,010
Amortisation of concession rights	16	15
Amortisation of software	125	17
Share of profit of an associates	(1,312)	(1,475)
Bad debts written off	42	-
Provision retirement benefit plan	2,095	2,191
Zakat	250	700
Unrealised foreign exchange (gain)/loss	4,147	545
Interest income	(13,741)	(14,258)
Interest expense	32,682	26,717
Operating profit before working capital changes	166,740	144,283
Receivable	(41,004)	21,001
Payables	(18,348)	14,288
Inventories	(8,441)	(5,990)
Finance lease receivables	21,042	21,042
Operating financial asset	(1,264)	800
Other current asset	1,053	6,750
Cash generated from operations	119,778	202,174
Retirement benefits plan paid	(2,616)	(1,714)
Zakat paid	(356)	-
Tax paid	(5,907)	(6,042)
Lease rental payable to PAAB	(92,947)	(84,795)
Net cash generated from operating activities	17,952	109,623
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,374)	(6,601)
Proceeds from disposal of property, plant and equipment	22	5
Disposal of short term investments	(389)	1,582
Purchase of software	(670)	-
Interest received	2,489	3,190
Net cash (used in)/generated from investing activities	(2,922)	(1,824)

RANHILL HOLDINGS BERHAD (Company No : 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2018



Ranhill

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

	3 months ended 31/03/2018 RM'000	3 months ended 31/03/2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (placement)/withdrawal of fixed deposits with banking facilities	145,088	(15,098)
Drawdown of term loans	650,000	850
Finance lease principal repayments	(345)	(494)
Repayment of borrowings	(540,865)	(1,422)
Dividends paid	(30,766)	(39,782)
Payment of issuance cost for Sukuk	(44,000)	-
Interest paid	(16,146)	(5,189)
Net cash used in financing activities	<u>162,966</u>	<u>(61,135)</u>
Net (decrease)/ increase in cash and cash equivalents	177,996	46,664
Effect of exchange rate changes on cash and cash equivalents	3,389	(1,375)
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>322,727</u>	<u>330,375</u>
Cash and cash equivalents at end of financial period comprise the following:		
Cash at banks and on hand	65,771	101,470
Short term deposits with licensed bank	<u>381,978</u>	<u>418,407</u>
Total deposits, cash and bank balances	447,749	519,877
Bank overdrafts	(2,185)	(2,719)
Restricted deposits, cash and bank balances	<u>(122,837)</u>	<u>(186,783)</u>
Cash and cash equivalents	<u>322,727</u>	<u>330,375</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 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 31 March 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.

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RANHILL HOLDINGS BERHAD (Company No: 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 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 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 year ended 31 March 2018:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	288,574	71,712	1,583	361,869
Inter-segment elimination	-	-	(1,583)	(1,583)
	288,574	71,712	-	360,286
Results				
Segment profit/(loss)	40,558	16,278	(25,896)	30,940
Segment assets	2,255,997	1,322,997	103,546	3,682,540
Segment liabilities	1,548,215	731,641	617,287	2,897,143
Proforma scenario				
Results				
Segment profit/(loss)	40,558	16,278	(25,896)	30,940
Add/(less):				
Sukuk interest	(9,832)	(1,120)	10,952	-
Adjusted segment profit/(loss)	30,726	15,158	(14,944)	30,940
Segment assets	2,255,997	1,322,997	103,546	3,682,540
Add/(less):				
Bank balances related to Sukuk	16,175	1,490	(17,665)	-
Adjusted segment assets	2,272,172	1,324,487	85,881	3,682,540
Segment liabilities	1,548,215	731,641	617,287	2,897,143
Add/(less):				
Sukuk loan	561,279	51,713	(612,992)	-
Adjusted segment liabilities	2,109,494	783,354	4,295	2,897,143

RANHILL HOLDINGS BERHAD (Company No: 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2018



A9. Segmental Information (continued)

For the financial year ended 31 March 2017:

BY BUSINESS SEGMENTS	Environment RM'000	Power RM'000	Others RM'000	Total RM'000
Revenue				
Sales to external customers	278,558	73,392	101,379	453,329
Inter-segment elimination	-	-	(101,379)	(101,379)
	278,558	73,392	-	351,950
Results				
Segment profit/(loss)	36,447	11,443	(21,360)	26,530
Segment assets	1,589,688	1,380,283	117,601	3,147,572
Segment liabilities	1,007,696	734,238	637,484	2,379,418
Proforma scenario				
Results				
Segment profit/(loss)	36,447	11,443	(21,360)	26,530
Add/(less):				
Sukuk interest	(10,019)	(1,547)	11,566	-
Adjusted segment profit/(loss)	26,428	9,896	(9,794)	26,530
Segment assets	1,589,688	1,380,283	177,601	3,147,572
Add/(less):				
Bank balances related to Sukuk	115,884	17,892	(133,776)	-
Adjusted segment assets	1,705,572	1,398,175	43,825	3,147,572
Segment liabilities	1,007,696	734,238	637,484	2,379,418
Add/(less):				
Sukuk loan	526,718	81,321	(608,039)	-
Adjusted segment liabilities	1,534,414	815,559	29,445	2,379,418

RANHILL HOLDINGS BERHAD (Company No: 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2018



A9. Segmental Information (continued)

Environment segment

1. Revenue generated of RM288.6million (2017: RM278.6million) was an increase of RM10.0 million compared to its preceding year mainly due to increase in volume of water consumption in line with the increase in no of customers account.
2. Profit after taxation of RM40.6 million (2017: RM36.4 million) was a slight increase of RM4.2 million compared to its preceding year in tandem with increase in revenue during the quarter.

Power segment

1. Revenue generated of RM71.7 million (2017: RM73.4 million) was a decrease of RM1.7 million compared to its preceding year mainly due to lower due to lower Capacity Rate Financial tariff used as per Power Purchase Agreement (2018:RM40.47/kw ; 2017: RM44.15/Kw).
2. Profit after taxation of RM16.3 million (2017: RM11.4 million) was an increase of RM4.9 million compared to its preceding year substantially due to the lower maintenance cost and fuel cost in current quarter.

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:

	31.03.2018 RM'000	31.12.2017 RM'000
Approved and contracted for	240	2,359
Approved but not contracted for	5,850	3,792
	6,090	6,151

A13. Significant Events Subsequent to the Balance Sheet Date

There was no material events subsequent to the current quarter ended 31 March 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 31.03.2018 RM'000	Preceding year quarter 31.03.2017 RM'000		Current year to date 31.03.2018 RM'000	Preceding year to date 31.03.2017 RM'000	
Revenue	360,286	351,950	2.4%	360,286	351,950	2.4%
Operating profit	66,163	54,812	20.7%	66,163	54,812	20.7%
Profit Before Interest and Tax	67,225	55,587	20.9%	67,225	55,587	20.9%
Profit Before Tax	48,284	43,128	12.0%	48,284	43,128	12.0%
Profit After Tax	30,940	26,530	16.6%	30,940	26,530	16.6%
Profit/(Loss) Attributable to Ordinary Equity Holder of the Parent	18,140	15,694	15.6%	18,140	15,694	15.6%

The group recorded a revenue for the quarter and year to date ended 31 March 2018 of RM360.3 million (Q1 2017: RM352.0 million) and profit after tax of RM30.9 million (Q1 2017: RM26.5 million).

The increase in quarter and year to date group revenue was mainly contributed by the increase revenue in environment segment due to increase in volume of water consumption in line with the increase in number of customer accounts.

Profit after taxation for the quarter and year to date has increased in tandem with the increased in revenue explained above.

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RANHILL HOLDINGS BERHAD (Company No: 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2018



B2. Comparison of Results for Current Quarter Ended 31 March 2018 Compared to the Immediate Preceding Quarter

	Individual Quarter		Changes %
	Current year quarter 31.03.2018 RM'000	Immediate preceding quarter 31.12.2017 RM'000	
Revenue	360,286	375,237	-4.0%
Operating Profit	66,163	65,296	1.3%
Profit Before Interest and Tax	67,225	61,346	9.6%
Profit Before Tax	48,284	55,935	-13.7%
Profit After Tax	30,940	30,816	0.4%
Profit/(Loss) Attributable to Ordinary Equity Holder of the Parent	18,140	16,948	7.0%

The Group recorded revenue of RM360.3 million in the current quarter compared to its immediate preceding quarter's revenue of RM375.2 million, a decrease of RM14.9 million or 4.0%.

The decreases in group revenue were mainly contributed by the decrease in revenue in power segment due to lower energy sold to SESB and lower recognition of revenue by Ranhill Water Services

The profit after taxation for the current quarter has increased slightly by RM0.1 million to RM30.9 million compared to RM30.8 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 internationally by year 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 exploration of ground water sources in south and south east areas of Johor. Domestically, our capacity is expected to grow at 3% to 4% annually.

In the international environment sector, the target of 700 MLD capacity will be pursued through a combination of growth mainly in 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

RANHILL HOLDINGS BERHAD (Company No: 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2018



B3. Prospects (continued)

industrial parks at 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 have earmarked 166 MLD in China for 2018 and 2019 and 12 MLD in Thailand; representing an estimated growth of 50% in the Company's total capacity internationally.

Ranhill has rigorously embarked on steps towards achieving the goals. 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 quarter 31.03.2018 RM'000	Preceding year quarter 31.03.2017 RM'000	Current year to date 31.03.2018 RM'000	Preceding year to date 31.03.2017 RM'000
Malaysia taxation:				
Current taxation	4,483	5,025	4,483	5,025
(Over)/under provision prior years	1	-	1	-
Foreign taxation:				
Current taxation	-	39	-	39
Deferred taxation	54	75	54	75
Deferred taxation				
Current taxation	12,806	11,459	12,806	11,459
	17,334	16,598	17,334	16,598

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.

RANHILL HOLDINGS BERHAD (Company No: 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 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 31.03.2018 RM'000	Preceding year quarter 31.03.2017 RM'000	Current year to date 31.03.2018 RM'000	Preceding year to date 31.03.2017 RM'000
Amortisation of service concession assets	82,219	75,010	82,219	75,010
Amortisation of software	125	17	125	17
Amortisation of concession rights	16	15	16	15
Depreciation of property, plant and equipment	11,893	11,689	11,893	11,689
Unrealised foreign exchange (gain)/loss	4,147	545	4,147	545
Realised foreign exchange (gain)/loss	(4,377)	(770)	(4,377)	(770)
Property, plant and equipment written off	7	6	7	6
Gain on disposal of property, plant and equipment	33	(2)	33	(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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RANHILL HOLDINGS BERHAD (Company No: 1091059-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE
FIRST QUARTER ENDED 31 MARCH 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 31 March 2018					
	Short term (RM'000)		Long term (RM'000)		Total borrowings (RM'000)	
	THB	RM	THB	RM	THB	RM
Secured						
- Bank Overdraft	300	-	-	-	300	-
- Term loan	3,237	-	6,757	-	9,994	-
- Musharakah Medium Term Notes ("mMTN")	-	49,288	-	544,687	-	593,975
- SUKUK	-	1,059	-	611,933	-	612,992
Sub total	3,537	50,347	6,757	1,156,620	10,294	1,206,967
Unsecured						
- Bank Overdraft	-	1,885	-	-	-	1,885
- Convertible unsecured loan stocks ("CULS")	-	-	-	11,268	-	11,268
Sub total	-	1,885	-	11,268	-	13,153
Grand Total	3,537	52,232	6,757	1,167,888	10,294	1,220,120
						1,230,414

	As at year ended 31 December 2017					
	Short term (RM'000)		Long term (RM'000)		Total borrowings (RM'000)	
	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 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.

B10. Dividend Payable

A final single-tier dividend in respect of the financial year ended 31 December 2017, of 2.0 sen per share on 888,315,767 ordinary shares, amounting to a dividend payable of RM17,766,315 has been declared on 13 April 2018 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 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 31.03.2018 RM'000	Preceding Year Quarter 31.03.2017 RM'000	Current Year-To-Date 31.03.2018 RM'000	Preceding Year-To-Date 31.03.2017 RM'000
<u>Basic earnings per share</u>				
Profit/(Loss) attributable to members of the Company	18,140	15,694	18,140	15,694
Weighted Average Number of Ordinary Shares ('000)	888,316	888,316	888,316	888,316
Basic earnings per share (sen)	2.04	1.77	2.04	1.77

By Order of the Board
Lau Bey Ling
Leong Shiak Wan
Company Secretaries
Kuala Lumpur
Date: 7 May 2018