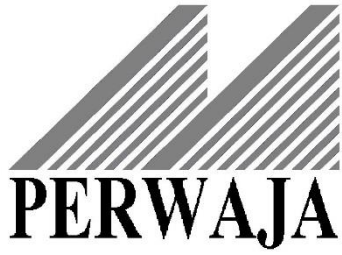


**PERWAJA HOLDINGS BERHAD (798513-D)**  
(Incorporated in Malaysia)



**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016**

**PERWAJA HOLDINGS BERHAD (798513-D)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2016**

	<b>Individual Quarter (Q1)</b>		<b>Cumulative Quarter (3 Mths)</b>	
	<b>Current Year Quarter 30.09.2016 Unaudited RM'000</b>	<b>Preceding Year Corresponding Quarter 30.09.2015 Unaudited RM'000</b>	<b>Current Year to Date 30.09.2016 Unaudited RM'000</b>	<b>Preceding Year Corresponding Period 30.09.2015 Unaudited RM'000</b>
Revenue	82	146	82	146
Operating expenditure	(25,546)	(21,357)	(25,546)	(21,357)
Other income	262	213	262	213
Finance costs	(37,189)	(41,087)	(37,189)	(41,087)
Loss before taxation	(62,391)	(62,085)	(62,391)	(62,085)
Taxation	-	-	-	-
Loss after taxation	(62,391)	(62,085)	(62,391)	(62,085)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive expenses	(62,391)	(62,085)	(62,391)	(62,085)
Total comprehensive expenses attributable to:				
Equity holders of the parent	(62,391)	(62,085)	(62,391)	(62,085)
Non-controlling interest	-	-	-	-
	(62,391)	(62,085)	(62,391)	(62,085)
Loss per share (Note 26) :				
- Basic LPS (sen)	(11.14)	(11.09)	(11.14)	(11.09)

*The above condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.*

**PERWAJA HOLDINGS BERHAD (798513-D)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2016**

	<b>Unaudited As at End of Current Quarter 30.09.2016 RM'000</b>	<b>Audited As at Preceding Financial Year End 30.06.2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	811,794	830,498
<b>Current assets</b>		
Inventories	82,429	82,429
Receivables	1,801	3,306
Tax recoverable	146	146
Cash and bank balances	11,148	11,836
	<u>95,524</u>	<u>97,717</u>
<b>TOTAL ASSETS</b>	<u>907,318</u>	<u>928,215</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	560,000	560,000
Irredeemable convertible unsecured loan stocks	2,798	2,798
Redeemable convertible unsecured loan stocks	10,748	10,748
Reserves	(2,531,813)	(2,469,422)
<b>Total equity</b>	<u>(1,958,267)</u>	<u>(1,895,876)</u>
<b>Non-current liabilities</b>		
Deferred taxation	932	932
Loan and borrowings (Note 22)	276,338	276,339
	<u>277,270</u>	<u>277,271</u>
<b>Current liabilities</b>		
Payables	1,465,703	1,425,339
Overdrafts and short term borrowings (Note 22)	1,122,612	1,121,481
	<u>2,588,315</u>	<u>2,546,820</u>
<b>Total liabilities</b>	<u>2,865,585</u>	<u>2,824,091</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>907,318</u>	<u>928,215</u>
<b>Net (liabilities)/assets per share attributable to equity holders of the parent (RM)</b>	<u>(3.50)</u>	<u>(3.39)</u>

*The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.*

**PERWAJA HOLDINGS BERHAD (798513-D)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Attributable to Equity Holders of the Company						Total Equity RM'000
	Non-distributable					Distributable	
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	ICULS RM'000	RCULS RM'000	Accumulated Losses RM'000	
Balance at 1 July 2016	560,000	101,502	287,776	10,748	2,798	(2,858,700)	(1,895,876)
Comprehensive losses for the period	-	-	-	-	-	(62,391)	(62,391)
<b>Balance at 30 September 2016</b>	<b>560,000</b>	<b>101,502</b>	<b>287,776</b>	<b>10,748</b>	<b>2,798</b>	<b>(2,921,091)</b>	<b>(1,958,267)</b>
Balance at 1 July 2015	560,000	101,502	287,776	10,748	2,798	(2,471,364)	(1,508,540)
Comprehensive losses for the period	-	-	-	-	-	(62,085)	(62,085)
<b>Balance at 30 September 2015</b>	<b>560,000</b>	<b>101,502</b>	<b>287,776</b>	<b>10,748</b>	<b>2,798</b>	<b>(2,533,449)</b>	<b>(1,570,625)</b>

*The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.*

**PERWAJA HOLDINGS BERHAD (798513-D)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	<b>Unaudited 3 months ended 30.09.2016 RM'000</b>	<b>Unaudited 3 months ended 30.09.2015 RM'000</b>
<b>Cash Flows For Operating Activities</b>		
Loss before taxation	(62,391)	(62,087)
Adjustments for non-cash flow:		
Allowance for impairment losses on receivables	-	232
Depreciation of property, plant and equipment	18,704	19,689
Interest expenses	37,189	41,087
Operating loss before working capital changes	(6,498)	(1,079)
Decrease/(Increase) in receivables	1,505	(1,742)
Increase/(Decrease) in payables	537	(268)
Cash for operation	(4,456)	(3,089)
Interest paid	(1,140)	(3,665)
Income tax paid	-	(129)
Net cash for operating activities	(5,596)	(6,883)
<b>Cash Flows From Financing Activities</b>		
Advances from related parties	3,779	1,360
Repayment of hire purchase obligation	(10)	(7)
Net cash from financing activities	3,769	1,353
Net decrease in cash and cash equivalents	(1,827)	(5,530)
Cash and cash equivalents at beginning of the period	(33,025)	(5,931)
Cash and cash equivalents at end of the period	(34,852)	(11,461)
<b>Composition of cash and cash equivalents</b>		
Cash and bank balances	11,148	13,573
Bank overdrafts	(46,000)	(25,034)
Cash and cash equivalents at end of the period	(34,852)	(11,461)

*The above condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.*

# PERWAJA HOLDINGS BERHAD (798513-D)

(Incorporated in Malaysia)

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

### PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

#### 1. Basis of reporting preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard 134 Interim Financial Reporting (“MFRS 134”) and International Accounting Standards 34 Interim Financial Reporting (“IAS 34”) and Chapter 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statement should be read in conjunction with the audited financial statements for the financial period ended 30 June 2016. These explanatory notes attached to the 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 Group since the financial year ended 30 June 2016.

The financial statements have been prepared on the assumption that the Group is a going concern. The Group incurred net losses during the financial year ended 30 June 2016 of RM387 million and, as of that date, the Group had net current liabilities of RM2,449 million and recorded capital deficiencies of RM1,896 million.

The Group was unable to meet its loan obligations since the previous financial year. As at 30 June 2016, the outstanding borrowings and bank overdrafts of the Group amounted to RM1,117 million.

On 26 November 2013 the Company announced that it became an Affected Listed Issue pursuant to Paragraph 2.1(e) and (f) of Practice Note N0.17/2011 (“PN 17”) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

The Company is currently in the midst of preparing a debt restructuring scheme with a view to reaching an agreement with its lenders to restructure the defaulted debts of the Group. The proposed debt restructuring scheme is part of a restructuring exercise that the Company is currently formulating to address the Company’s PN 17 status. The Company is required to submit its Proposed Regularisation Plan to the relevant authorities by 30 September 2016. On 9 January 2015, 13 April 2015, 18 June 2015, 29 July 2015, 13 October 2015, 11 January 2016, 27 April 2016, 21 July 2016 and 14 November 2016, Bursa Securities approved the Company’s application for an extension of time up to 30 March 2017 to submit its Regularisation Plan to the regulatory authorities. The Company had on 15 July 2015 announced its proposed regularisation plan and had on 24 March 2016 announced that it had entered into a supplemental agreement in relation to the proposed regularisation plan.

On 27 May 2016, the Company has been granted an order pursuant to Section 176(1) and Section 176 (10) of the Companies Act, 1965 by the High Court of Malaya in Kuala Lumpur to restrain all proceedings and actions brought by any party including its creditors for a period of 90 days effective from 27 May 2016. The Order was applied for to facilitate the Company to convene a meeting with its creditors pursuant to Section 176(1) of the Act for the purpose of considering and if thought fit, to approve with or without any alteration or modification, a proposed scheme of arrangement and compromise for the Company. On 24 August 2016, the Company has been granted an extension of the Order by the High Court up till 25 November 2016.

# PERWAJA HOLDINGS BERHAD (798513-D)

(Incorporated in Malaysia)

## 1. Basis of Preparation (Continued)

In addition, the major subsidiary company of the Group, Perwaja Steel Sdn Bhd (“PSSB”) has been granted an order pursuant to Section 176(1) and Section 176 (10) of the Companies Act, 1965 by the High Court of Malaya in Kuala Lumpur on 29 October 2013 to restrain all the further proceedings or the taking of any proceeding or action brought by any party including the scheme creditors for a period of 90 days effective from 29 October 2013. The above order was applied for in order to facilitate PSSB to convene a meeting with its creditors pursuant to Section 176 (10) of the Companies Act, 1965 for the purpose of considering and if thought fit, to approve with or without any alteration or modification, a proposed scheme of arrangement and compromise of PSSB. The subsidiary has been granted an extension of the Order on 27 January 2014, 25 July 2014, 21 January 2015, 21 February 2015, 17 March 2015, 21 August 2015, 17 November 2015, 16 May 2016, 1 July 2016, 9 August 2016 and 25 August 2016. On 25 August 2016, PSSB has been granted an extension of the Order pursuant to Section 176(1) and 176(10) of the Companies Act, 1965 by the High Court up till 24 November 2016.

Save that the Order shall not be applicable against, RHB Bank Berhad, Standard Chartered Bank Malaysia Berhad, Kuwait Finance House (Malaysia) Berhad, OCBC Bank (Malaysia) Berhad, Tenaga Nasional Berhad, Petroliam Nasional Berhad, Government of Malaysia, Peninsula Shipping Limited and Samarco Mineracao S.A.

In view of the matters set out above, there are material uncertainties that may cast significant doubt on the ability of the Group to continue as going concern.

The going concern assumption is highly dependent upon the successful restructuring of the defaulted debts, the successful approval and implementation of the Regularisation Plan, and the ability of the Group to attain profitable operations to generate sufficient cash flows to fulfil their obligations as and when they fall due. In the event that these are not forthcoming, the Group may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group be unable to continue as going concern.

The financial statements of the Group does not include any adjustments and classifications relating to the recorded assets and liabilities that may be necessary if the Group is unable to continue as a going concern.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2016.

No new accounting standards and interpretations (including the consequential amendments) have been adopted by the Group during the current financial year.

# PERWAJA HOLDINGS BERHAD (798513-D)

(Incorporated in Malaysia)

## 1. Basis of Preparation (Continued)

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011) : <i>Sale or contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred until further notice
Amendments to MFRS 11 : <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011) : <i>Investment Entities – Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 15 : <i>Effective Date of MFRS 15</i>	1 January 2018
Amendments to MFRS 15 : <i>Clarifications to MFRS15 ‘Revenue from Contracts with Customers’.</i>	1 January 2018
Amendments to MFRS 101 : <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 107 : <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 : <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 116 and MFRS 138 : <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 : <i>Agriculture – Bearers Plants</i>	1 January 2016
Amendments to MFRS 127 (2011) : <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The above accounting standards and interpretations (including the consequential amendments) is expected to have no material impact on the financial statements of the Group operations except as follows:-

### (i) MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking ‘expected loss’ impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.



# PERWAJA HOLDINGS BERHAD (798513-D)

(Incorporated in Malaysia)

## 1. Basis of Preparation (Continued)

### (ii) MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15 & Amendments to MFRS 15: Clarifications to MFRS 15

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purpose of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

## 2. Auditors' report

Due to the significance of the matters described in Note 1 Basis of Preparation, the Auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis of an audit opinion. Accordingly, the Auditors do not express an opinion on the preceding financial statements ended 30 June 2016.

## 3. Seasonal or cyclical factors

The main business operation of the Group is generally related to manufacturing and trading in direct produce iron, steel billets, beam blank and blooms. However, the Group has ceased its business operations since August 2013 and currently in the midst of preparing for a debt restructuring scheme with its lenders and creditors. Accordingly, there is no seasonal and cyclical factors affecting the business of the Group during the current quarter under review.

## 4. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current quarter and financial period.

## 5. Material changes in estimates

There were no changes in estimates of amount relating to the prior financial period that have a material effect in the current quarter under review.

## 6. Debt and equity securities

There have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and financial period.

# PERWAJA HOLDINGS BERHAD (798513-D)

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## 7. Dividends paid

No dividend was paid during the financial period.

## 8. Segmental Revenue & Results

	<b>Manufacturing And Trading of Steel Billets RM'000</b>	<b>Training And Education RM'000</b>	<b>Investment Holdings RM'000</b>	<b>Group RM'000</b>
3 Months ended 30.09.16				
<u>Revenue</u>				
External revenue	-	82	-	82
Inter-segment revenue	-	-	-	-
	-	82	-	82
Consolidation adjustments and eliminations				-
Consolidated Revenue				<u>82</u>
<u>Result</u>				
Result before following adjustments	(6,313)	(89)	(96)	(6,498)
Depreciation of property, plant and equipment	(18,691)	(13)	-	(18,704)
Segment results	(25,004)	(102)	(96)	(25,202)
Finance cost				(37,189)
Consolidated loss after taxation				<u>(62,391)</u>

## 9. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current quarter under review.

## 10. Capital commitments

The total capital commitments being approved and contracted for since the previous financial year amounted to RM69.2 million. However, the Group has ceased its operations since August 2013 and currently in the midst of preparing for a debt restructuring scheme with its lenders and creditors. Accordingly, the capital commitment amount will be subject to the outcome of the successful implementation of the restructuring scheme.

# PERWAJA HOLDINGS BERHAD (798513-D)

(Incorporated in Malaysia)

## 11. Subsequent event

On 14 November 2016, Bursa Malaysia Securities Berhad approved the Company's application for an extension of time up to 30 March 2017 to submit its regularisation plan to the relevant regulatory authorities.

In respect of the notices issued by Tenaga Nasional Berhad on the Company's wholly-owned subsidiary, Perwaja Steel Sdn Bhd pursuant to the Section 218 of the Companies Act, 1965. On 10 November 2016 and 18 November 2016, Kuala Lumpur High Court had granted an adjournment of the hearing of the winding up petitions to 16 February 2017 and 17 February 2017 respectively to facilitate a resolution between the parties. The Court has further directed the parties to report on the progress of the resolution on 16 February 2017 and 17 February 2017.

## 12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period.

## 13. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets, which upon becoming enforceable, may have a material effect on the net assets, profits or financial position of the Group except the followings:-

(i) Claim by a supplier:

	<b>RM'000</b>
- Claim I	15,165
	<hr/>
	15,165
	<hr/>

### Claim I

A claim has been made by a supplier for substantial loss suffered on the termination of Sale and Purchase of Slag Agreement. As at the date of this report, the Management is not aware of any legal proceedings being instituted by the supplier against the subsidiary.

## 14. Related Party Transaction

The Group's related party transaction in the current quarter is as follows:

	<b>Current Quarter ended 30.09.2016 RM'000</b>	<b>Current Year ended 30.09.2016 RM'000</b>
Interest charged by related parties	3,296	3,296
	<hr/>	<hr/>

# PERWAJA HOLDINGS BERHAD (798513-D)

(Incorporated in Malaysia)

## PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

### 15. Review of performance of the Company and its principal subsidiaries

For the current quarter under review, the Group reported a revenue of RM0.08 million and a pre-tax loss of RM62.4 million.

The revenue for the current quarter derived from its training and education segment. The Group's main revenue contributor segment, the manufacturing and trading of steel billets has ceased its operations since August 2013 when the gas and electricity supplies to the Kemaman Plant were curtailed.

Pre-tax losses reported in current quarter were mainly derived from interest expense of RM37.2 million, and depreciation charges for the quarter amounted to RM18.7 million.

### 16. Material changes in profit before tax for the current quarter results compared to the results of the preceding quarter

The Group recorded a pre-tax loss of RM62.4 million as compared to the preceding quarter's pre-tax loss of RM62.1 million. The higher pre-tax loss in the current quarter were mainly due to lower revenue and other income recorded in current quarter.

### 17. Prospects for the financial year ending 30 June 2017

On 26 November 2013, the Company was designated as Affected Listed Issuer under Practice Note ("PN") 1 and PN 17 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("the MMLR"). Accordingly, the Company is required to inter alia submit a regularisation plan to the relevant authority within 12 months from the date of such announcement. The Company is currently in the process of formulating such Regularisation Plan. The Company had on 15 July 2015 announced its proposed Regularisation Plan and on 30 November 2015 the Company submitted an application for extension of time to Bursa Malaysia Securities Berhad ("Bursa Securities") to submit the Company's regularisation plan to the regulatory authorities. On 14 November 2016, Bursa Securities approved the Company's application for an extension of time up to 30 March 2017.

On 27 May 2016, the Company has been granted an order pursuant to Section 176(1) and Section 176 (10) of the Companies Act, 1965 by the High Court of Malaya in Kuala Lumpur to restrain all proceedings and actions brought by any party including its creditors for a period of 90 days effective from 27 May 2016. The Order was applied for to facilitate the Company to convene a meeting with its creditors pursuant to Section 176(1) of the Act for the purpose of considering and if thought fit, to approve with or without any alteration or modification, a proposed scheme of arrangement and compromise for the Company. On 24 August 2016, the Company has been granted an extension of the Order by the High Court up till 25 November 2016.

# PERWAJA HOLDINGS BERHAD (798513-D)

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## 17. Prospects for the financial year ending 30 June 2017 (Continued)

In addition, the major subsidiary of the Group, PSSB has been granted an order pursuant to Section 176(1) and Section 176 (10) of the Companies Act, 1965 by the High Court of Malaya in Kuala Lumpur on 29 October 2013 to restrain all the further proceedings or the taking of any proceeding or action brought by any party including the scheme creditors for a period of 90 days effective from 29 October 2013. The above order was applied for in order to facilitate PSSB to convene a meeting with its creditors pursuant to Section 176 (10) of the Companies Act, 1965 for the purpose of considering and if thought fit, to approve with or without any alteration or modification, a proposed scheme of arrangement and compromise of PSSB. The subsidiary has been granted an extension of the Order on 27 January 2014, 25 July 2014, 21 January 2015, 21 February 2015, 17 March 2015, 21 August 2015, 17 November 2015, 16 May 2016, 1 July 2016, 9 August 2016 and 25 August 2016, has been granted an extension of the Order pursuant to Section 176(1) and 176(10) of the Companies Act, 1965 by the High Court up till 24 November 2016.

Save that the Order shall not be applicable against, RHB Bank Berhad, Standard Chartered Bank Malaysia Berhad, Kuwait Finance House (Malaysia) Berhad, OCBC Bank (Malaysia) Berhad, Tenaga Nasional Berhad, Petroliaam Nasional Berhad, Government of Malaysia, Peninsula Shipping Limited and Samarco Mineracao S.A.

The Group is undertaking a debt restructuring exercise to address its liquidity issue. The Group's prospect is highly dependent on the following successful events:

- i) approval of the restructuring scheme by the scheme creditors;
- ii) negotiation with secured lenders and Government of Malaysia; and
- iii) implementation of the restructuring scheme.

In view of the above, the prospects will continue to be challenging.

## 18. Variance between Actual Profit and Forecast Profit

The Group did not issue any profit forecast in a public document during the current financial period.

## 19. Taxation

The Group's effective tax rate for the current quarter and financial period is lower than the prevailing statutory tax rate of 24%, mainly due to tax losses in the current quarter and financial period.

## 20. Loss Before Taxation

Included in the loss before taxation are the following items:

	Current quarter		Cumulative quarter	
	3 months ended	3 months ended	3 months ended	3 months ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	18,704	19,689	18,704	19,689
Interest expense	37,189	41,087	37,189	41,087

# PERWAJA HOLDINGS BERHAD (798513-D)

(Incorporated in Malaysia)

## 20. Loss Before Taxation (Continued)

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	3 months ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Rental of lease	-	5	-	5
Rental of premises	90	111	90	111
Staff Costs	200	331	200	331

## 21. Status of Corporate Proposal

### Corporate Debt Restructuring Committee (CDRC)

On 26 September 2013, the Group obtained approval from CDRC to mediate with the financial lenders of the Group for the purpose of debt restructuring exercise with the financial lenders.

### Restraining Order under Section 176 (10) of the Companies Act, 1965

The major subsidiary of the Group, PSSB has been granted an order pursuant to Section 176(1) and Section 176 (10) of the Companies Act, 1965 by the High Court of Malaya in Kuala Lumpur on 29 October 2013 to restrain all the further proceedings or the taking of any proceeding or action brought by any party including the scheme creditors for a period of 90 days effective from 29 October 2013. The above order was applied for in order to facilitate PSSB to convene a meeting with its creditors pursuant to Section 176 (10) of the Companies Act, 1965 for the purpose of considering and if thought fit, to approve with or without any alteration or modification, a proposed scheme of arrangement and compromise of PSSB. The subsidiary has been granted an extension of the Order on 27 January 2014, 25 July 2014, 21 January 2015, 21 February 2015, 17 March 2015, 21 August 2015, 17 November 2015, 16 May 2016, 1 July 2016, 9 August 2016 and 25 August 2016. On 25 August 2016, PSSB has been granted an extension of the Order pursuant to Section 176(1) and 176(10) of the Companies Act, 1965 by the High Court up till 24 November 2016. Save that the Order shall not be applicable against, RHB Bank Berhad, Standard Chartered Bank Malaysia Berhad, Kuwait Finance House (Malaysia) Berhad, OCBC Bank (Malaysia) Berhad, Tenaga Nasional Berhad, Petroliaam Nasional Berhad, Government of Malaysia, Peninsula Shipping Limited and Samarco Mineracao S.A.

On 27 May 2016, the Company has been granted an order pursuant to Section 176(1) and Section 176 (10) of the Companies Act, 1965 by the High Court of Malaya in Kuala Lumpur to restrain all proceedings and actions brought by any party including its creditors for a period of 90 days effective from 27 May 2016. The Order was applied for to facilitate the Company to convene a meeting with its creditors pursuant to Section 176(1) of the Act for the purpose of considering and if thought fit, to approve with or without any alteration or modification, a proposed scheme of arrangement and compromise for the Company. On 24 August 2016, the Company has been granted an extension of the Order by the High Court up till 25 November 2016.

# PERWAJA HOLDINGS BERHAD (798513-D)

(Incorporated in Malaysia)

## 21. Status of Corporate Proposal (Continued)

### Execution of Memorandum of Agreement and Master Framework Agreement with Zhiyuan International Investment & Holding Group (Hong Kong) Co Limited (“Zhiyuan”)

Further to the Memorandum of Agreement with Zhiyuan dated 11 February 2015 and 29 April 2015 which were duly announced to Bursa Malaysia, the Company on 15 July 2015 executed a Master Framework Agreement with Zhiyuan in relation to Zhiyuan’s participation in the Proposed Regularisation Scheme which is to be submitted to Bursa Malaysia by 30 September 2015. The Company on 15 July 2015 made the requisite announcement to this effect to the Bursa Malaysia. Zhiyuan has on 30 November 2015 notified the Company that it has completed its due diligence on PHB group. The Company on 23 March 2016 have entered into a supplemental master framework agreement to vary certain terms of the Proposed Regularisation Scheme and to make amendments and additions to the agreement.

### Submission of Proposed Regularisation Plan

The Company had on 15 July 2015 announced its proposed Regularisation Plan and on 30 November 2015 the Company submitted an application for extension of time to Bursa Malaysia to submit the Company’s regularisation plan to the regulatory authorities. On 14 November 2016, Bursa Malaysia approved the Company’s application for an extension of time up to 30 March 2017.

## 22. Group borrowings and debt securities

The Group’s borrowings as at 30 September 2016 were as follows:-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<u>Short term borrowings:-</u>			
Bankers’ acceptances	561,296	-	561,296
Term Loan	172,824	-	172,824
Murabahah Medium Term Loan	110,000	-	110,000
Bank Overdraft	46,000	-	46,000
Short-term loan	-	25,000	25,000
Loan from a related party	-	83,440	83,440
Loan from the Malaysian Government	-	117,131	117,131
ICULS	-	4,864	4,864
Hire purchase payables	-	2,057	2,057
	<u>890,120</u>	<u>232,492</u>	<u>1,122,612</u>
<u>Long term borrowing:-</u>			
Hire Purchase payables	-	68	68
RCULS	-	276,270	276,270
Total	-	<u>276,338</u>	<u>276,338</u>
	<u>890,120</u>	<u>508,830</u>	<u>1,398,950</u>

## 23. Derivative Financial Instruments

There were no derivative financial instruments as at the reporting date.

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### 24. Material Litigation

On 22 March 2016, the Company and its related party, Kinsteel Berhad (“Kinsteel”), had on 17 March 2016 been served with a summary judgement for the case where ICBC Standard Bank Plc (“ICBC”) is claiming from PHB and Kinsteel (collectively known as the “Defendants”) pursuant to the Deed of Guarantee and Indemnity between ICBC and PHB dated 8 May 2012 and Deed of Guarantee and Indemnity between ICBC and Kinsteel dated 6 June 2012 (“Guarantees”) together with interests and costs of enforcing the Guarantees on a full indemnity basis, including (without limitation) the costs of proceedings.

The Guarantees had arisen whereby PHB and Kinsteel had agreed to guarantee the payment of and indemnify ICBC for any failure by Perwaja Steel Sdn Bhd (“PSSB”) to pay monies owing to ICBC pursuant to a sale and purchase agreement entered into between PSSB and ICBC for the sale of steel scrap by ICBC to PSSB.

The summary judgement had been entered for ICBC in the sum of USD1,633,895.64 together with interest in the sum of USD1,501,369.56. The Defendants shall pay ICBC’s costs summarily assessed on the standard basis in the sum of GBP75,000 by 31 March 2016. The company is currently seeking the necessary legal advice to appeal to the judgement.

On 26 August 2016, 3 Notices pursuant to Section 218 of the Act were served on the Company’s wholly-owned subsidiary, PSSB by Tenaga Nasional Berhad (“TNB”). PSSB had entered into a settlement agreement with TNB dated 18 February 2014 (“Settlement Agreement”) where it was agreed that PSSB will settle the amount of RM164,049,445. PSSB had failed to perform its payment obligations pursuant to the Settlement Agreement given that it has ceased operations since August 2013 resulting in TNB taking action pursuant to the 3 Notices to terminate the Settlement Agreement and to demand from PSSB all remaining outstanding amounts.

TNB is demanding for a total payment of RM131,526,614 calculated based on the principal amount under the Judgement of Court dated 1 October 2013, 21 February 2014 and 30 October 2013 obtained at the High Court of Malaya plus interest at the rate of 5% per annum calculated on the judgement sum up to 26 August 2016 plus costs. The Company is given 21 days from the date of service of the Notices i.e. 26 August 2016 to settle the said outstanding amount failing which winding up proceedings shall be instituted against the Company. TNB has on 19 September 2016 served 3 winding up petitions on PSSB. Kuala Lumpur High Court had on 10 November 2016 and 18 November 2016 granted an adjournment of the hearing of the winding up petitions to 16 February 2017 and 17 February 2017 respectively to facilitate a resolution between the parties.

The amount owing to TNB pursuant to the Settlement Agreement has been accrued for in the accounts of PSSB. In addition, PSSB has ceased operations since August 2013 and as such, the Notices are not expected to have any further operational impact on PSSB.

PSSB has sought legal advice from its solicitors who have advised PSSB to take steps to resist the Notices on the basis that PSSB and the Company, are in the midst of finalising a proposed regularisation plan for all the creditors of the Group. Given the impending regularisation plan and the restraining order already obtained by PSSB, PSSB will also seek clarification from the High Court of Malaya on the Notices.

Except for the above claims, as at 22 November 2016, neither our Company nor any of our subsidiaries is engaged in any additional material litigation and arbitration either as plaintiff or defendant, save and except those that have been disclosed previously, which has a material effect on the financial position of our Company or our subsidiaries and our Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company or our subsidiaries.



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## 25. Proposed Dividend

There was no dividend proposed or declared for the current quarter and the financial period.

## 26. Loss Per Share (“LPS”)

The basic LPS is calculated based on the Group's net losses attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue during the current quarter and the financial period as follows:

	<b>Current quarter 3 months ended 30.09.2016 RM'000</b>	<b>Cumulative period 3 months ended 30.09.2016 RM'000</b>
Net loss attributable to ordinary shareholders of the company	(62,391)	(62,391)
Weighted average number of ordinary shares in issue	560,000	560,000
Basic LPS (sen)	(11.14)	(11.14)

The diluted loss per share is equal to the loss earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

## 27. Realised and Unrealised Profits/Losses Disclosure

The accumulated losses as at 30 September 2016 and 30 September 2015 is analysed as follows:

	<b>As at 30.09.2016 RM'000</b>	<b>As at 30.09.2015 RM'000</b>
Total accumulated losses :		
- Realised	(3,865,501)	(3,474,583)
- Unrealised	-	(3,276)
	<hr/>	<hr/>
	(3,865,501)	(3,477,859)
Less : Consolidation adjustments	944,410	944,410
Total Accumulated Losses	<hr/> <hr/>	<hr/> <hr/>
	(2,921,091)	(2,533,449)

## 28. Comparatives

Certain comparative figures have been reclassified to conform with the current period's presentation.

## **PERWAJA HOLDINGS BERHAD (798513-D)**

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### **29. Review by External Auditors**

The Board had engaged the external auditors to review and report on the interim condensed consolidated financial statements for the three-month period ended 30 September 2016. Accordingly, the interim condensed consolidated financial report for the financial period under review has been reviewed by the Company's external auditors in accordance with International Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".