

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2015
Condensed Consolidated Statement of Profit or Loss

	<i>Note</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	To date	Corresponding
		3 months ended	Quarter	9 months ended	Period
		30.09.2015	30.09.2014	30.09.2015	30.09.2014
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
Continuing operations					
Revenue	A14(a)	46,249	193,216	175,175	364,987
Other income		28,366	8,258	53,314	22,096
Operating costs		(77,293)	(201,093)	(234,647)	(399,827)
Depreciation and amortisation expenses		(5,312)	(2,510)	(14,514)	(8,011)
Loss from operations		(7,990)	(2,129)	(20,672)	(20,755)
Finance costs		(4,095)	(4,777)	(12,122)	(14,729)
Share of results of associates		(1)	(1)	(2)	(1)
Share of results of joint venture		(320)	-	(112)	(44)
Loss before tax		(12,406)	(6,907)	(32,908)	(35,529)
Taxation:-					
- Income taxation		(4,519)	389	(4,997)	(54)
- Deferred taxation		(3,961)	356	2,360	5,789
	B5	(8,480)	745	(2,637)	5,735
Loss net of tax from continuing operations		(20,886)	(6,162)	(35,545)	(29,794)
Discontinued operations					
Profit net of tax from discontinued operations	A15	60,682	66,680	200,157	196,335
Profit net of tax		39,796	60,518	164,612	166,541
Attributable to:					
Owners of the parent		40,087	60,291	165,301	166,683
Non-controlling interests		(291)	227	(689)	(142)
Profit net of tax		39,796	60,518	164,612	166,541
		sen	sen	sen	sen
Basic (loss)/earnings per share attributable to owners of the parent:					
	B11				
continuing operations		(5.00)	(1.56)	(8.45)	(7.24)
discontinued operations		14.73	16.29	48.54	47.95
		9.73	14.73	40.09	40.71

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2015
Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit net of tax	39,796	60,518	164,612	166,541
Other Comprehensive Income:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation	18,356	4,483	12,388	2,746
Net fair value difference of short-term investment	34	30	106	180
Total comprehensive income	58,186	65,031	177,106	169,467
Total comprehensive income/(loss) attributable to:				
Owners of the parent	58,255	63,969	177,563	169,058
Non-controlling interests	(69)	1,062	(457)	409
	58,186	65,031	177,106	169,467

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2015
Condensed Consolidated Statement of Financial Position

	Note	As at 30.09.2015 RM'000 Unaudited	As at 31.12.2014 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	A10	268,764	244,414
Investment properties	A10	181,557	181,495
Service concession assets		78,995	64,512
Investment in associates		48	46
Investment in joint venture		775	814
Goodwill		27,172	26,351
Deferred tax assets		18,180	18,227
		575,491	535,859
Current assets			
Inventories		494	1,211
Trade and other receivables		123,779	239,318
Short-term investments		11,397	10,269
Tax recoverable		2,511	6,799
Cash and bank balances		392,150	446,347
		530,331	703,944
Assets classified as held for sale	A15	3,917,653	3,618,098
		4,447,984	4,322,042
TOTAL ASSETS		5,023,475	4,857,901
Equity and liabilities			
Equity attributable to equity owners of the parent			
Share capital		418,021	415,960
Reserves		1,843,492	1,665,929
Treasury shares		(5,941)	(5,941)
Shareholders' equity		2,255,572	2,075,948
Non-controlling interest		(2,424)	(1,967)
Total equity		2,253,148	2,073,981
Non-current liabilities			
Loans and borrowings	B7	179,850	191,380
Trade and other payables		-	150
Deferred tax liabilities		22,131	21,235
		201,981	212,765
Current liabilities			
Loans and borrowings	B7	42,717	29,981
Trade and other payables		159,275	269,518
Tax payable		701	306
		202,693	299,805
Liabilities classified as held for sale	A15	2,365,653	2,271,350
		2,568,346	2,571,155
Total liabilities		2,770,327	2,783,920
TOTAL EQUITY AND LIABILITIES		5,023,475	4,857,901
Net assets per share attributable to owners of the parent (RM)		5.42	5.02

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2015
Condensed Consolidated Statement of Changes in Equity

-----|----- Attributable to Owners of the Parent -----|-----

Note	----- ----- Non-distributable ----- -----							Distributable				
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Currency Exchange Reserves RM'000	Revaluation Reserves RM'000	Equity Component of RCSSI RM'000	Other Reserves RM'000	Available-for-sale Reserves RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
9 months period ended 30 September 2015												
At 1 January 2015	415,960	104,629	(5,941)	(921)	119,719	6,410	(340,759)	242	1,776,609	2,075,948	(1,967)	2,073,981
Foreign currency translation	-	-	-	12,177	-	-	(21)	-	-	12,156	232	12,388
Fair value gain on short-term investment	-	-	-	-	-	-	-	106	-	106	-	106
Total other comprehensive income/(expenses)	-	-	-	12,177	-	-	(21)	106	-	12,262	232	12,494
Profit/(loss) for the year	-	-	-	-	-	-	-	-	165,301	165,301	(689)	164,612
Total comprehensive income/(expenses)	-	-	-	12,177	-	-	(21)	106	165,301	177,563	(457)	177,106
Contribution by and distributions to owners of the Company :												
Exercise of warrants	2,061	-	-	-	-	-	-	-	-	2,061	-	2,061
Total transactions with owners of the Company	2,061	-	-	-	-	-	-	-	-	2,061	-	2,061
At 30 September 2015	418,021	104,629	(5,941)	11,256	119,719	6,410	(340,780)	348	1,941,910	2,255,572	(2,424)	2,253,148
9 months period ended 30 September 2014												
At 1 January 2014	411,261	102,879	(5,941)	5,387	69,088	6,770	(340,943)	29	1,528,226	1,776,756	(2,207)	1,774,549
Foreign currency translation	-	-	-	2,005	-	-	190	-	-	2,195	551	2,746
Fair value gain on short-term investment	-	-	-	-	-	-	-	180	-	180	-	180
Total other comprehensive income/(expenses)	-	-	-	2,005	-	-	190	180	-	2,375	551	2,926
Profit/(loss) for the year	-	-	-	-	-	-	-	-	166,683	166,683	(142)	166,541
Total comprehensive income/(expenses)	-	-	-	2,005	-	-	190	180	166,683	169,058	409	169,467
Contribution by and distributions to owners of the Company :												
Exercise of warrants	2,079	-	-	-	-	-	-	-	-	2,079	-	2,079
Total transactions with owners of the Company	2,079	-	-	-	-	-	-	-	-	2,079	-	2,079
At 30 September 2014	413,340	102,879	(5,941)	7,392	69,088	6,770	(340,753)	209	1,694,909	1,947,893	(1,798)	1,946,095

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2015
Condensed Consolidated Statement of Cash Flow

	9 months ended 30.09.2015	9 months ended 30.09.2014
Note	RM'000	RM'000
	Unaudited	Unaudited
Cash flow from operating activities		
Receipts from customers	509,988	729,640
Other income	3,529	5,627
Payments for operating expenses	(240,205)	(347,539)
Payments to contractors	(213,821)	(364,003)
Cash generated from operations	<u>59,491</u>	<u>23,725</u>
Tax refund/(paid)	3,621	(534)
Interest received	11,334	10,811
Net cash generated from operating activities	<u>74,446</u>	<u>34,002</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(12,892)	(17,472)
Additions of service concession assets	(2,398)	(1,259)
Net advance to associate	(4)	(2)
Net advance to joint venture	(73)	(80)
Proceeds from disposal of investment in subsidiary	-	104
Proceeds from disposal of short-term investment	-	47,020
Proceeds from disposal of property, plant and equipment	1,819	48
Net cash (used in)/generated from investing activities	<u>(13,548)</u>	<u>28,359</u>
Cash flow from financing activities		
Proceeds from loans and borrowings	25,017	134,315
Proceeds from hire-purchase payables	1,688	-
Repayment of loans and borrowings	(53,743)	(168,150)
Repayment of obligation under finance leases	(2,253)	(3,639)
Proceeds from conversion of warrants to ordinary shares	2,061	2,134
Interest paid	(71,738)	(74,334)
Net cash used in financing activities	<u>(98,968)</u>	<u>(109,674)</u>
Net decrease in cash and cash equivalents	(38,070)	(47,313)
Effects of exchange rate on cash and cash equivalents	1,229	471
Cash and cash equivalents at beginning of financial period	<u>487,978</u>	<u>538,912</u>
Cash and cash equivalents at end of financial period	<u>451,137</u>	<u>492,070</u>
Cash and cash equivalents comprise:		
Deposits with licensed banks	423,193	494,776
Cash and bank balances	78,051	182,378
	<u>501,244</u>	<u>677,154</u>
Less : pledged deposits	(50,107)	(185,084)
	<u>451,137</u>	<u>492,070</u>
(a) The cash and cash equivalents are as follows:		
Deposits with licensed banks	350,109	415,226
Cash and bank balances	42,041	122,644
	<u>392,150</u>	<u>537,870</u>
Assets held for sale	109,094	139,284
	<u>501,244</u>	<u>677,154</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2015

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting in Malaysia, IAS 34: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. 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 31 December 2014.

The Company has classified its interest in SYABAS as a joint venture in accordance with MFRS 10 and 11 even though it has 70% equity interest in it. In doing so, the Company considered the terms and conditions of the shareholders' agreements, voting rights and the practical ability to unilaterally direct the relevant activities of SYABAS. The Company assessed that the Group does not have control over SYABAS but has joint control in SYABAS since the acquisition in 2005.

A2. Significant Accounting Policies

In the preparation of this interim financial statements, the accounting policies and the method of computation of the most recent annual financial statements were followed except as disclosed below:-

(a) Adoption of Standards, Amendments and IC Interpretations

The Group adopted the following Standards, Amendments and IC Interpretations:

Description		Effective for annual periods beginning on or after
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 2	Share-based Payment (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2010 - 2012 Cycle) and (Annual Improvements to MFRSs 2011 - 2013 Cycle)	1 July 2014
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2010 -2012 Cycle) and (Annual Improvements 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 140	Investment Property (Annual Improvements 2011-2013 Cycle)	1 July 2014

The adoption of the above standards and interpretations have no material impact on the financial statements in the period of initial application.

(b) Standards issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but are not yet effective and have not been applied by the Group:

Description		Effective for annual periods beginning on or after
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 10	Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Joint Arrangements	1 January 2016
MFRS 14	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 116 and MFRS 138	Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 141	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 119	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Employee Benefits (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 134	Separate Financial Statements – Equity Method in Separate Financial Statements	1 January 2016
MFRS 15	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)	1 January 2016
MFRS 9	Revenue from Contracts with Customers	1 January 2018
	Financial Instruments (2014)	1 January 2018

The Group is expected to apply the above mentioned pronouncements beginning from the respective dates the pronouncements become effective. The Group is currently assessing the impact of adopting the above pronouncements.

A3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2014 was not qualified.

A4 Seasonal or cyclical factors

The business of the Group is not subject to seasonal or cyclical fluctuation.

A5 Unusual items due to their nature, size or incidence

There was no item affecting the assets, liabilities, equity, net income or cash flows of the Group that is unusual because of their nature, size or incidence during the current financial quarter and financial year-to-date except as disclosed in Note A15.

A6 Changes in estimates

There were no significant changes in the estimates of the amount reported in the interim periods of the prior financial years that have a material effect in the current financial quarter and financial year-to-date results.

A7 Debt and equity securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current financial quarter and financial year-to-date.

(a) Share Capital

During the quarter ended 30 September 2015, the issued and paid-up share capital of the Company had been increased from RM418,006,379 comprising 418,006,379 ordinary shares of RM1.00 each to RM418,021,104 comprising 418,021,104 ordinary shares of RM1.00 each by the issuance of 14,725 new ordinary shares of RM1.00 each at RM14,725 pursuant to the conversion of warrants.

As at the financial year-to-date, the issued and paid-up share capital of the Company had been increased from RM415,959,777 comprising 415,959,777 ordinary shares of RM1.00 each to RM418,021,104 comprising 418,021,104 ordinary shares of RM1.00 each by the issuance of 2,061,327 new ordinary shares of RM1.00 each at RM2,061,327 pursuant to the conversion of warrants.

A8 Dividend paid

There was no dividend paid during the current financial quarter and financial year-to-date (1.1.2014 to 30.09.2014 : Nil).

A9 Segment revenue and results

The segmental analysis of the Group for the current financial quarter and financial year-to-date are as follows:

a)	Water and Wastewater RM'000	Oil and Gas RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Results for 3 months ended 30 September 2015								
Operating Revenue								
Sales to external customers	164	2,984	42,904	197	-	46,249	175,291	221,540
Finance income	1	709	235	7,167	-	8,112	9,994	18,106
Other income	938	(290)	(31)	21,006	(1,369)	20,254	58,931	79,185
	1,103	3,403	43,108	28,370	(1,369)	74,615	244,216	318,831
Operating expenses	(3,718)	(18,682)	(41,911)	19,540	(32,522)	(77,293)	(105,905)	(183,198)
Reversal of impairment of trade receivables	-	-	-	-	-	-	16,587	16,587
Impairment loss on assets held for sale	-	-	-	-	-	-	(33,891)	(33,891)
Share of results of associates	-	-	-	(1)	-	(1)	-	(1)
Share of results of joint venture	-	-	-	(320)	-	(320)	(4,158)	(4,478)
Amortisation and depreciation	(1,002)	(2,591)	(96)	(1,623)	-	(5,312)	(1,816)	(7,128)
Segment results	(3,617)	(17,870)	1,101	45,966	(33,891)	(8,311)	115,033	106,722
Finance costs						(4,095)	(33,290)	(37,385)
(Loss)/profit before tax						(12,406)	81,743	69,337
Results for 3 months ended 30 September 2014								
Operating Revenue								
Sales to external customers	122	154,149	38,752	193	-	193,216	141,741	334,957
Finance income	(4)	39	-	6,137	-	6,172	12,294	18,466
Other income	554	1,579	-	1,128	(1,175)	2,086	35,767	37,853
	672	155,767	38,752	7,458	(1,175)	201,474	189,802	391,276
Operating expenses	(2,409)	(101,244)	(46,095)	8,459	3,124	(138,165)	(68,913)	(207,078)
Rental expenses on project equipment	-	(44,928)	-	-	-	(44,928)	-	(44,928)
Impairment of trade receivables	-	-	-	(18,000)	-	(18,000)	(5,186)	(23,186)
Share of results of associates	-	-	-	(1)	-	(1)	-	(1)
Share of results of joint venture	-	-	-	-	-	-	(3,844)	(3,844)
Amortisation and depreciation	(460)	(2,071)	168	(147)	-	(2,510)	(3,925)	(6,435)
Segment results	(2,197)	7,524	(7,175)	(2,231)	1,949	(2,130)	107,934	105,804
Finance costs						(4,777)	(34,383)	(39,160)
(Loss)/profit before tax						(6,907)	73,551	66,644

	Water and Wastewater RM'000	Oil and Gas RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Results for 9 months ended 30 September 2015								
Operating Revenue								
Sales to external customers	461	59,105	115,084	525	-	175,175	475,194	650,369
Finance income	5	1,086	523	20,650	-	22,264	30,517	52,781
Other income	2,209	314	(31)	31,296	(2,738)	31,050	145,497	176,547
	2,675	60,505	115,576	52,471	(2,738)	228,489	651,208	879,697
Operating expenses	(7,472)	(75,709)	(112,185)	6,067	(31,315)	(220,614)	(226,408)	(447,022)
Rental expenses on project equipment	-	(14,033)	-	-	-	(14,033)	-	(14,033)
Impairment of trade receivables	-	-	-	-	-	-	(6,751)	(6,751)
Impairment loss on assets held for sale	-	-	-	-	-	-	(33,891)	(33,891)
Share of results of associates	-	-	-	(2)	-	(2)	-	(2)
Share of results of joint venture	-	-	-	(112)	-	(112)	(12,016)	(12,128)
Amortisation and depreciation	(2,812)	(8,685)	(224)	(2,793)	-	(14,514)	(6,705)	(21,219)
Segment results	(7,609)	(37,922)	3,167	55,631	(34,053)	(20,786)	365,437	344,651
Finance costs						(12,122)	(98,944)	(111,066)
(Loss)/profit before tax						(32,908)	266,493	233,585
Results for 9 months ended 30 September 2014								
Operating Revenue								
Sales to external customers	441	314,317	49,938	291	-	364,987	426,566	791,553
Finance income	-	326	-	17,875	-	18,201	38,055	56,256
Other income	1,027	2,124	3	1,422	(681)	3,895	130,078	133,973
	1,468	316,767	49,941	19,588	(681)	387,083	594,699	981,782
Operating expenses	(6,347)	(222,664)	(57,237)	(26,176)	3,929	(308,495)	(200,575)	(509,070)
Rental expenses on project equipment	-	(91,332)	-	-	-	(91,332)	-	(91,332)
Impairment of trade receivables	-	-	-	-	-	-	(37,289)	(37,289)
Share of results of joint venture	-	-	-	(44)	-	(44)	(11,107)	(11,151)
Amortisation and depreciation	(1,170)	(6,324)	(73)	(444)	-	(8,011)	(11,138)	(19,149)
Segment results	(6,049)	(3,553)	(7,369)	(7,077)	3,248	(20,800)	334,590	313,790
Finance costs						(14,729)	(98,384)	(113,113)
(Loss)/profit before tax						(35,529)	236,206	200,677

b)	Water and Wastewater RM'000	Oil and Gas RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Assets and Liabilities								
As at 30 September 2015								
Segment assets	112,092	258,820	111,400	2,263,852	(1,661,033)	1,085,131	3,837,480	4,922,611
Unallocated assets						20,691	80,173	100,864
Total assets						1,105,822	3,917,653	5,023,475
Segment liabilities	29,767	214,159	106,467	693,138	(661,689)	381,842	1,810,492	2,192,334
Unallocated liabilities						22,832	555,161	577,993
Total liabilities						404,674	2,365,653	2,770,327
Assets and Liabilities								
As at 30 September 2014								
Segment assets	64,425	555,182	48,360	2,011,077	(1,465,368)	1,213,676	3,502,824	4,716,500
Unallocated assets						27,649	80,173	107,822
Total assets						1,241,325	3,582,997	4,824,322
Segment liabilities	21,682	526,830	49,939	1,110,981	(653,825)	1,055,607	1,822,620	2,878,227
Unallocated liabilities						14,733	500,758	515,491
Total liabilities						1,070,340	2,323,378	3,393,718

A10 Valuation of property, plant and equipment and investment properties

The valuations of certain property, plant and equipment and investment properties have been brought forward without amendment from the latest audited annual financial statements.

A11 Subsequent events

- (1) The Board of Directors of the Company had on 14 September 2015 mutually agreed with Air Selangor for a further extension until 15 October 2015 for the fulfillment of the conditions precedent stated in the conditional sale and purchase agreement dated 11 November 2014 signed between the Company and Pengurusan Air Selangor Sdn Bhd (formerly known as Temasek Tiasa Sdn Bhd) ("Air Selangor") ("SPA") ("8th Extension of Time"). The Board of PNHB's decision is premised on the fact that both the Federal and State Government had on 8 September 2015 fulfilled the conditions precedent in the Master Agreement.

On 8 October 2015, the Board of Directors of the Company received a confirmation from Air Selangor on the following:-

- (i) The unconditional date for the conditional sale and purchase agreement dated 11 November 2014 signed between the Company and Air Selangor ("SPA"), being the date on which the last of the Conditions Precedent and the Special Covenants (as defined in the SPA) have been fulfilled and satisfied, is on 8 October 2015; and
- (ii) The Completion Date (as defined in the SPA) is on 15 October 2015.

On 15 October 2015, the Board of Directors of the Company announced that the Company had received the balance purchase price of RM1,554.3 million from Air Selangor. The Proposed Disposals have been completed on 15 October 2015. Accordingly, Puncak Niaga (M) Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd had ceased to be a subsidiary and joint venture company of PNHB Group respectively with effect from 15 October 2015.

Based on management's best estimates, the effects of disposals on the financial position of the Group is as follows:-

	RM'000
Property, plant and equipment	2,230
Service concession assets	14,985
Operating financial assets	688,727
Trade and other receivables	3,016,184
Inventories	6,260
Tax recoverable	80,173
Cash and bank balances	109,094
Loans and borrowings	(1,725,319)
Trade and other payables	(85,173)
Deferred tax liabilities	(555,161)
Net assets disposed	<u>1,552,000</u>
Net disposal proceed	1,552,000
Cash & cash equivalent of subsidiary disposed of	(109,094)
Net cash inflow to the Group on disposal	<u>1,442,906</u>

- (2) On 15 October 2015, PNSB had transferred all the shares held in its two (2) wholly-owned subsidiaries, namely, Ideal Water Resources Sdn Bhd ("IWRSB") and Unggul Raya (M) Sdn Bhd ("URSB") comprising two (2) ordinary shares of RM1.00 each and one hundred (100) ordinary shares of RM1.00 each respectively to the Company at a cash consideration of RM2.00 and RM100.00 respectively ("Transfer") in accordance with the terms and conditions as stipulated in the conditional sale and purchase agreement dated 11 November 2014 between the Company and Air Selangor ("SPA").

- (3) On 2 November 2015, the Company had announced a Special Dividend of RM1.00 per ordinary share to the entitled shareholders of the Company on 8 December 2015 and the Special Dividend will be paid on 23 December 2015 pursuant to the completion of the Proposed Disposals approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 7 January 2015. The Company had also announced that holders of Puncak's existing Warrants 2013/2018 ("Warrant Holders") who wish to be entitled to the Special Dividend should exercise their rights to subscribe for new Puncak Shares by lodging their duly completed exercise forms together with the relevant subscription monies with Puncak's Share Registrar on or before 5.00 p.m. on 25 November 2015. This is to enable the new Puncak Shares arising from such exercise to be allotted to the respective Warrant Holders such that their names will appear in the Record of Depositors of Puncak Shares at 5.00 p.m. on 8 December 2015.
- (4) The Company's stock was reclassified from the 'Infrastructure Project Companies' sector to 'Construction' sector with effect from 9.00 a.m on 13 November 2015 by Bursa Malaysia Securities Berhad.

Save as disclosed above, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements of the Group for the current financial quarter.

A12 Changes in the composition of the Group

- a) As at 6 February 2015, the paid up registered capital of Luwei (Pingdingshan) Water Co. Ltd ("LUWEI") increased from USD6,530,000 to USD7,550,000 arising from Sino Water Pte Ltd ("SINO") investing an additional USD1,020,000 in LUWEI, a 92.84% owned limited liability subsidiary incorporated in Lushan County, Henan Province, in the PRC under the China Company Law, thereby resulting in LUWEI becoming a 93.81% owned subsidiary of SINO with a total investment of USD7,082,500.

Save as disclosed above, there were no other changes in the composition of the Group during the current financial quarter and financial year-to-date.

A13 Contingent liabilities and contingent assets

There is no contingent liability as at 30 September 2015 except for the following:

Tax penalty - PNSB (Discontinued operations)

PNSB recognised all the invoices issued to SYABAS in its income statement for the supply of treated water as revenue.

PNSB had appealed to the Inland Revenue Board of Malaysia ("IRB") to revise the tax computations for YA2009 to YA2011 to take into account the following tax adjustments:

- i. To claim a deduction under Section 34(2) of the Income Tax Act 1967 ("the Act") in respect of the amount owing from SYABAS for treated water supplied which was not collectible as at end of the basis period for YA2009 to YA2011 respectively; and
- ii. To include as gross income and subject to tax on the bad and doubtful debts claimed as tax deduction under item (i) above which was recovered from SYABAS in the subsequent years of assessment pursuant to Section 30(1) of the Act, i.e. when the payment is received from SYABAS, it will become taxable.

PNSB had fully paid all the tax instalments for YA2009, YA2010 and YA2011 and is appealing for tax refund from IRB.

IRB had replied to PNSB's petition of appeal on 5 August 2013 wherein IRB had requested PNSB to prove that the amount owing by SYABAS is bad debts pursuant to Section 34(2) of the Act.

PNSB had submitted a RM Nil tax payable for YA2012, YA2013 and YA2014 and estimated the tax payable for YA2015 and YA2014 based on the same approach as the tax appeal above. Nevertheless, deferred tax liabilities have been provided accordingly.

In the event that IRB does not grant approval to PNSB to claim a deduction under Section 34(2) of the Act in respect of amount owing from SYABAS for treated water supplied, PNSB will be exposed to a potential tax penalty under Section 107C(10) of the Act for YA2012 in respect of late payment of tax. PNSB had expressed its awareness on the matter and the final outcome will be based on IRB's decision on the matter.

The hearing dates originally fixed for hearing on 7 April 2015 was adjourned and changed to case management wherein the Special Commissioner of Income Tax fixed the matter for hearing on 18 and 19 October 2016.

As at the reporting date, there is a potential tax penalty, which is pending the outcome of PNSB's appeal to the Special Commissioners of Income Tax fixed for hearing on 18 and 19 October 2016.

No contingent assets had arisen since 31 December 2014.

Upon completion of the Proposed Disposals, PNSB had ceased to be a subsidiary of PNHB Group with effect from 15 October 2015.

A14 Other material disclosures

a) Revenue

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 3 months ended 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year To date 9 months ended 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM'000
Water and wastewater	164	122	461	441
Oil and gas construction revenue	2,984	154,149	59,105	314,317
Other construction revenue	42,904	38,752	115,084	49,938
Others	197	193	525	291
	46,249	193,216	175,175	364,987

b) Commitments

	As at 30.09.2015 RM'000
Capital expenditures: Contracts approved and contracted for	<u>202</u>

c) Acquisition and disposal of property, plant and equipment

	9 months ended 30.09.2015		
	At cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Acquisition	14,580	650	13,930
Disposal	(6,640)	(1,639)	(5,001)
	<u> </u>	<u> </u>	<u> </u>

A15 Discontinued operations

On 11 November 2014, the Company entered into a conditional sale and purchase agreement with Air Selangor, a wholly owned subsidiary of Kumpulan Darul Ehsan Berhad ("KDEB") for the proposed disposal by the Company of the entire equity interest and cumulative convertible redeemable preference shares held in Puncak Niaga (M) Sdn Bhd ("PNSB") and the proposed disposal by the Company of 70% equity interest and RM212.0 million nominal value of redeemable convertible unsecured loan stocks held in Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") for a total cash consideration of RM1,555.3 million (collectively referred to as the "Proposed Disposals").

The Proposed Disposals was completed on 15 October 2015. As at 30 September 2015, PNSB and SYABAS were classified as held for sale and as discontinued operations. The comparative consolidated statements of profit or loss and comprehensive income have been re-presented to show the discontinued operations separately from the continuing operations.

Profit net of tax from discontinued operations based on management's best estimates were summarised as follows :

	30.09.2015	30.09.2014
	RM'000	RM'000
Revenue	475,194	426,566
Other income	176,014	168,133
Impairment loss on assets held for sale	(33,891)	-
Operating expenses	(233,159)	(237,864)
Depreciation and amortisation expenses	(6,705)	(11,138)
Finance costs	(98,944)	(98,384)
Share of results of joint venture	(12,016)	(11,107)
	<u>266,493</u>	<u>236,206</u>
Taxation	(66,336)	(39,871)
Profit net of tax from discontinued operations	<u>200,157</u>	<u>196,335</u>

Assets and liabilities classified as held for sale as at 30 September 2015 based on management's best estimates were summarised as follows :

	30.09.2015	31.12.2014
	RM'000	RM'000
Assets classified as held for sale		
Property, plant and equipment	2,230	2,596
Service concession assets	14,985	14,329
Operating financial assets	688,727	780,058
Trade and other receivables	3,016,184	2,567,324
Inventories	6,260	5,857
Tax recoverable	80,173	80,173
Cash and bank balances	109,094	167,761
	<u>3,917,653</u>	<u>3,618,098</u>
Liabilities classified as held for sale		
Loans and borrowings	1,725,319	1,725,899
Trade and other payables	85,173	53,648
Deferred tax liabilities	555,161	491,803
	<u>2,365,653</u>	<u>2,271,350</u>

The net cash flow incurred by PNSB as at 30 September 2015 are as follows:

	30.09.2015	30.09.2014
	RM'000	RM'000
Net cash from operating activities	92,937	76,768
Net cash used in investing activities	(187)	(17,672)
Net cash used in financing activities	(79,794)	(182,516)
Net cash inflow/(outflow)	<u>12,956</u>	<u>(123,420)</u>
Commitments	30.09.2015	31.12.2014
	RM'000	RM'000
Capital expenditures:		
Contracts approved and contracted for	44,106	12,425

A16 Financial instruments

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate fair values due to the relatively short-term nature of these financial instruments.

The following are the analysis of the carrying amount and fair value of those financial instruments not carried at fair value. These fair values are categorised under Level 3 of the fair value hierarchy.

Carrying amount	Fair value	Carrying amount	Fair value
30.09.2015	30.09.2015	31.12.2014	31.12.2014
RM'000	RM'000	RM'000	RM'000

Financial liabilities :

Loans and borrowings	(222,567)	(218,061)	(221,361)	(219,952)
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Short-term investment of the Group and of the Company amounted to RM11,397,000 (31.12.2014 : RM10,269,000) which is carried at fair value is categorised under Level 2 of the fair value hierarchy.

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities using discounted cash flow method.

A17 Significant related party transactions

Related party transactions have been entered in the normal course of business under normal trade terms. The significant related party transactions of the Group for the financial year-to-date are shown below:

	9 months Ended 30.09.2015 RM'000	9 months Ended 30.09.2014 RM'000
Transactions with joint venture :-		
RCULS interest receivable	12,016	11,107
Compensation for late payment	144,893	124,812
Sales of bulk quantity of treated water	452,579	416,246

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance

Continuing operations

For the current financial quarter, the Group registered a lower revenue of RM46.2 million compared to RM193.2 million reported in the preceding year's corresponding financial quarter, representing a decrease of RM147.0 million or 76.1%.

For the current financial year-to-date, the Group registered a lower revenue of RM175.2 million compared to RM365.0 million reported in the preceding year's corresponding period, representing a decrease of RM189.8 million or 52.0%.

The decrease in revenue in the current financial quarter and financial year-to-date was mainly due to lower revenue contribution from the Oil and Gas segment as a result of the downturn in the oil and gas sector.

For the current financial quarter, the Group reported a loss before tax ("LBT") of RM12.4 million compared to a LBT of RM6.9 million reported in the preceding year's corresponding financial quarter, representing a negative variance of RM5.5 million or 79.7%.

However, the Group reported a lower LBT of RM32.9 million for the current financial year-to-date as compared to a LBT of RM35.5 million recorded in the preceding year's corresponding financial year-to-date, representing a favourable variance of RM2.6 million or 7.3%. The lower LBT reported in the current financial year-to-date was mainly due to lower operating costs.

The review of the Group's performance by each segment is as follows:

(a) Water and Wastewater :

The Water and Wastewater segment reported a loss before interest and tax ("LBIT") of RM3.6 million in the current financial quarter compared to RM2.2 million in the preceding year's corresponding financial quarter, representing a negative variance of RM1.4 million or 63.6%. The higher LBIT in the current financial quarter was mainly due to higher operating expenses.

For the current financial year-to-date, the Water and Wastewater segment reported a higher LBIT of RM7.6 million compared to RM6.0 million in the preceding year's corresponding financial year-to-date, representing a negative variance of RM1.6 million or 26.7%. The higher LBIT in the current financial year-to-date was mainly due to higher operating expenses, amortisation and depreciation expenses.

(b) Oil and Gas :

For the current financial quarter, the Oil and Gas segment reported a LBIT of RM17.9 million as compared to a PBIT of RM7.5 million reported in the preceding year's corresponding financial quarter, representing a negative variance of RM25.4 million or 338.7%. The LBIT reported for the current financial quarter was mainly due to lower revenue as a result of the downturn in the oil and gas sector.

Consequently, for the current financial year-to-date, the Oil and Gas Division reported a higher segment LBIT of RM37.9 million as compared to RM3.6 million reported in the preceding year's corresponding financial year-to-date, representing a negative variance of RM34.3 million.

(c) Construction :

The Construction segment reported a PBIT of RM1.1 million in the current financial quarter as compared to a LBIT of RM7.2 million in the preceding year's corresponding financial quarter, representing an increase of RM8.3 million or 115.3%. The segment PBIT reported in the current financial quarter was mainly due to higher profit contribution.

For the current financial year-to-date, the Construction segment reported a PBIT of RM3.2 million as compared to a LBIT of RM7.4 million in the preceding year's corresponding financial year-to-date, representing an improvement of RM10.6 million or 143.2%. The PBIT reported in the current financial year-to-date was mainly due to higher profit contribution from the construction projects secured in year 2014.

(d) Discontinued operations :

The Water Treatment segment had been separately reported as discontinued operations as disclosed in Note A15 in the current financial quarter and financial year-to-date in view of the Proposed Disposals. The Water Treatment segment reported a higher PBIT of RM115.0 million in the current financial quarter as compared to RM107.9 million in the preceding year's corresponding financial quarter, representing an improvement of RM7.1 million or 6.6%. For the current financial year-to-date, the Water Treatment segment reported a higher PBIT of RM365.4 million as compared to RM334.6 million in the preceding year's corresponding financial year-to-date, representing an improvement of RM30.8 million or 9.2%. The higher PBIT in the current financial quarter and financial year-to-date were mainly due to higher water treatment revenue generated and compensation for the late payment offset with impairment loss on assets held for sale.

B2 Comparison of profit before taxation with the immediate preceding financial quarter

The Group reported a lower LBT of RM12.4 million from the continuing operations for the current financial quarter compared to a LBT of RM15.9 million from the continuing operations registered in the immediate preceding financial quarter, representing a decrease of RM3.5 million or 22.0%. The lower LBT reported in the current financial quarter was mainly due to higher contribution from the construction segment.

B3 Prospects

The Company had on 11 November 2014 entered into a conditional sale and purchase agreement with Pengurusan Air Selangor Sdn Bhd (formerly known as Temasek Tiasa Sdn Bhd) ("Air Selangor"), a wholly owned subsidiary of Kumpulan Darul Ehsan Berhad ("KDEB") for the proposed disposal by PNHB of the entire equity interest and cumulative convertible redeemable preference shares held in Puncak Niaga (M) Sdn Bhd ("PNSB") and the proposed disposal by the Company of 70% equity interest and RM212.0 million nominal value of redeemable convertible unsecured loan stocks held in Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") ("SPA") for a total cash consideration of RM1,555.3 million ("Disposal Consideration") (as disclosed in Notes A15 and B6) and the Proposed Disposal had been completed on 15 October 2015.

On the Construction sector, the Group will continue to be involved in the construction of water-related and sewerage facilities. The Group's current major projects include the capacity upgrading of the Bayong WTP in Sarikei, Sarawak; the supply, jointing and laying of pipelines and the construction of three water reservoirs and booster stations in Pakan, Sarawak; and the construction of new sewer pipe network and pumping stations including the rationalisation of the existing sewerage infrastructure in Bunus, Kuala Lumpur. The Group is also currently involved in several ongoing construction tenders related to the water and environmental sectors in Malaysia.

Despite the downturn in the Oil and Gas sector, the Group hopes to secure projects for its Transportation and Installation operations of offshore facilities under the ongoing Pan Malaysia Package B contract with Petronas from 2014 to 2016.

Post completion of the Proposed Disposals, the Group is looking to continuously expand its operations in areas related to its core businesses and core competencies in water and wastewater, sewerage, environmental engineering and construction and oil and gas, both locally and abroad as well as exploring opportunities in new business sectors such as oil palm plantation sector and property development sector.

B4 Variances from profit forecast and profit guarantee

The disclosure requirements for explanatory notes for variances from profit forecast or profit guarantee are not applicable.

B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended 30.09.2015	3 months ended 30.09.2014	9 months ended 30.09.2015	9 months ended 30.09.2014
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
In respect of current year:-				
- income tax	(4,452)	389	(4,939)	-
- foreign income tax	8	-	17	(54)
- deferred tax	(3,961)	356	2,360	5,789
	(8,405)	745	(2,562)	5,735
In respect of prior year:-				
- over provision of income tax	(75)	-	(75)	-
	(8,480)	745	(2,637)	5,735
<u>Discontinued operations</u>				
- income tax	402	-	-	-
- deferred tax	(21,463)	(6,871)	(66,336)	(39,871)
	(29,541)	(6,126)	(68,973)	(34,136)

The effective tax rate of the Group (excluding the result of associates and joint venture which were equity accounted net of tax) for the current financial quarter and financial year-to-date was lower than the Malaysian statutory tax rate mainly due to unabsorbed tax losses and income subject to lower tax rate in certain jurisdiction on certain subsidiaries.

B6 Status of corporate proposals

There are no corporate proposals prior to the issuance of this interim financial statements except as disclosed below:

- (1) The Company had on 11 November 2014 entered into a conditional sale and purchase agreement with Pengurusan Air Selangor Sdn Bhd (formerly known as Temasek Tiasa Sdn Bhd) ("Air Selangor"), a wholly owned subsidiary of Kumpulan Darul Ehsan Berhad ("KDEB") for the proposed disposal by PNHB of the entire equity interest and cumulative convertible redeemable preference shares held in Puncak Niaga (M) Sdn Bhd ("PNSB") and the proposed disposal by the Company of 70% equity interest and RM212.0 million nominal value of redeemable convertible unsecured loan stocks held in Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") ("SPA") for a total cash consideration of RM1,555.3 million (collectively referred to as the "Proposed Disposals").

The Proposed Disposals involved the disposals of the following by the Company to Air Selangor:

- (i) the entire equity interest in PNSB comprising 10,000,000 ordinary shares of RM1.00 each in PNSB ("PNSB Shares") and 48,000,000 cumulative convertible redeemable preference shares of RM0.10 each in PNSB ("PNSB CCRPS") for a total cash consideration of RM1,117.5 million, which represents a discount of between 14.1% and 24.8% to the indicative valuation of between RM1,301.0 million and RM1,486.0 million; and
- (ii) 70% equity interest held in SYABAS comprising 45,500,000 ordinary shares of RM1.00 each in SYABAS ("SYABAS Shares") for a cash consideration of RM225.8 million and RM212.0 million nominal value of redeemable convertible unsecured loan stocks ("SYABAS RCULS") for a cash consideration of RM212.0 million. The disposal of the SYABAS shares represents a discount of between 65.2% and 69.5% to the indicative valuation of between RM648.0 million and RM740.0 million.

The terms of the Proposed Disposals are as follows:

- (i) Air Selangor will assume all the CA (as explained in Note 1 below) related business (including all CA related assets and liabilities), PNSB's CA related employees, SYABAS' employees and employees of Perbadanan Urus Air Selangor Berhad ("PUAS") upon completion of the Proposed Disposals;
- (ii) The Company shall cause and procure PNSB to effect the following on the date falling 7 days after the date on which the last of the special covenants and the conditions precedent (which have not been otherwise waived by Air Selangor) have been fulfilled and satisfied ("Completion Date"):
 - (a) the transfer by PNSB of all of the shares in Unggul Raya (M) Sdn Bhd and Ideal Water Resources Sdn Bhd to the Company and/or its subsidiaries;
 - (b) the transfer of PNSB's non-CA related real properties ("Properties"), the non-CA related assets and the non-CA related motor vehicles by PNSB to the Company and/or its subsidiaries;
 - (c) the novation of the non-CA related contracts and the specified non-CA contract to the Company and/or its subsidiaries together with all liabilities and/or receivables arising therefrom;
 - (d) the novation of all non-CA related liabilities to the Company and/or its subsidiaries
 - (e) the transfer of PNSB's non-CA related employees to the Company and/or its subsidiaries;
 - (f) the cancellation of PNSB's non-CA related performance bonds issued by RHB Bank Berhad and United Overseas Bank Berhad and termination of the facility granted by United Overseas Bank (Malaysia) Berhad to PNSB;
 - (g) the transfer and/or novation of PNSB's non-CA related tenders submitted by PNSB prior to the date of the SPA, and all contracts arising from the acceptance of such tenders by the relevant counterparties to the Company and/or its subsidiaries; and
 - (h) the waiver by PNSB of a sum not exceeding RM350.0 million due and owing by the Company and its subsidiaries to PNSB.

The Proposed Disposals are conditional upon the following conditions precedent being fulfilled not later than 2 months from the date of the SPA, or any other extended date as the parties may mutually agree in writing:

- (i) the unconditional approval of the Government of Malaysia ("Federal Government") through Unit Kerjasama Awam Swasta at the Prime Minister's Department ("UKAS") (in satisfaction of the approval required for the EGM);
- (ii) the unconditional approval of State Government through Unit Perancang Ekonomi Negeri ("UPEN") which was obtained on 1 December 2014;
- (iii) the unconditional approvals of ACQUA SPV Bhd and the respective trustees of the bonds issued by PNSB and SYABAS which was obtained on 18 December 2014;
- (iv) the unconditional approval of Minister of Finance pursuant to SYABAS concession agreement which was obtained on 24 December 2014;

- (v) the unconditional approvals of RHB Bank Berhad which was obtained on 5 January 2015 and Bank Pembangunan Malaysia Berhad which was obtained on 8 January 2015;
- (vi) the unconditional approval of SPAN which was obtained on 6 January 2015;
- (vii) the approval of the shareholders of the Company which was obtained at the EGM held on 7 January 2015;
- (viii) (1) the approval of the holders of the RM165,000,000 nominal value of 5-year redeemable convertible secured Sukuk Ijarah issued by the Company which was obtained on 8 January 2015; and
 - (2) the release and discharge of the existing charge over 2,500,000 of the PNSB Shares and 16,800,000 of the SYABAS Shares in favour of PB Trustee Services Berhad ("Charge") and in connection thereto, the approval of PB Trustee Services Berhad which was obtained on 8 January 2015;
- (ix) the execution of each of
 - (1) the agreement between the State Government and Air Selangor for the transfer of water-supply related assets to Air Selangor;
 - (2) the master agreement executed by Air Selangor, Pengurusan Aset Air Berhad ("PAAB"), the State Government and the Federal Government for the transfer to PAAB of water-supply related assets ("Master Agreement"); and
 - (3) the lease agreement and facility agreement between Air Selangor and PAAB for the leaseback of the water-supply related assets acquired by PAAB (collectively, the "Transfer Agreements").
- (x) the receipt by Air Selangor of (1) a written waiver by Kumpulan Perangsang Selangor Berhad ("KPS") of its pre-emption rights under the shareholders agreement dated 31 December 2004 entered into between the Company, KDEB and SYABAS as supplemented by the supplemental shareholders' agreement dated 20 February 2009 entered into between the Company, KDEB, SYABAS and KPS ("Shareholders Agreement"); and (2) KPS' written consent to terminate the Shareholders Agreement effective on the Completion Date;
- (xi) the due receipt by Air Selangor a sum not less than the Disposal Consideration paid by PAAB to Air Selangor under the Master Agreement ("PAAB Sum"); and
- (xii) the receipt by Air Selangor of a confirmation from PAAB that it is satisfied with the results of the due diligence inquiry carried out on PNSB, SYABAS and PUAS.

Note 1:

The operations and business carried on by PNSB in connection with the following agreements entered into between PNSB and the State Government of Selangor Darul Ehsan ("State Government") (including all amendments and supplementary agreements mutually agreed to in writing):

- (i) Privatisation Cum Concession Agreement dated 22 September 1994;
- (ii) Wangsa Maju Water Treatment Plant Concession Agreement dated 31 December 2004;
- (iii) Construction Cum Operation Agreement dated 22 March 1995;
- (iv) Sg Sireh Water Treatment Plant Operation & Maintenance Agreement dated 7 March 2008;
- (v) Sg Lolo Water Treatment Plant (Extension) Operation & Maintenance Agreement dated 16 August 2007;

and including all rights connected to the Bernam River Headworks (Baru) water treatment plant as granted by Suruhanjaya Perkhidmatan Air Negara or any other public authority (hereinafter collectively referred to as "CA").

On 7 January 2015, the shareholders of the Company had at the Company's Extraordinary General Meeting ("EGM") approved the resolutions for the Proposed Disposals and the Proposed Distribution as set out in the Notice of EGM dated 16 December 2014.

(1) Special Resolution 1

Proposed Disposal by the Company of the following:

- (i) the entire equity interest and cumulative convertible redeemable preference shares held in PNSB to Pengurusan Air Selangor Sdn Bhd (formerly known as Temasek Tiasa Sdn Bhd) ("Air Selangor"); and
- (ii) 70% equity interest held in SYABAS and RM212.0 million nominal value of redeemable convertible unsecured loan stocks to Air Selangor

for a total cash consideration of RM1,555.3 million ("Disposal consideration") (collectively referred to as the "Proposed Disposal").

(2) Ordinary Resolution 1

Proposed Distribution of a minimum amount of RM1.00 per ordinary share of RM1.00 each in the issued and paid-up share capital of the Company up to a maximum distribution of RM534.3 million only via a special cash dividend payment to the entitled shareholders of the Company at an entitlement date to be determined and announced at a later date by the Board of Directors of the Company ("Proposed Distribution").

On 13 January 2015, the Board of Directors of the Company announced that the conditions precedent stipulated in the conditional sale and purchase agreement dated 11 November 2014 between the Company and Air Selangor have not been fully met and that the Company was discussing with Air Selangor on a mutually agreed date for the extension of the date of fulfilment of the conditions precedent.

On 14 January 2015, the Company and Air Selangor mutually agreed to an extension until 9 February 2015 for the fulfilment of the conditions precedent stated in the SPA.

On 10 February 2015, upon the written request of Air Selangor, the Company and Air Selangor had mutually agreed to a second extension until 9 March 2015 for the fulfilment of the conditions precedent stated in the the SPA.

On 10 March 2015, the Company announced that all conditions precedent which are to be fulfilled by the Company have been met.

On 16 March 2015, upon the written request of Air Selangor, the Company and Air Selangor had mutually agreed to a third extension until 9 April 2015 for the fulfilment of the conditions precedent stated in the SPA.

On 9 April 2015, the Company and Air Selangor had mutually agreed to a further extension until 11 May 2015 for the fulfilment of the conditions precedent stated in the SPA ("4th Extension of Time").

The Board of the Company had at a meeting held on 21 May 2015, mutually agreed with Air Selangor for a further extension until 11 June 2015 for the fulfilment of the conditions precedent stated in the SPA ("5th Extension of Time").

On 15 June 2015, the Company announced that the Board of the Company had mutually agreed with Air Selangor for a further extension until 13 July 2015 for the fulfilment of the conditions precedent stated in the SPA ("6th Extension of Time").

The Board of Directors of the Company had on 14 July 2015 mutually agreed with Air Selangor for a further extension of two months until 14 September 2015 for the fulfillment of the conditions precedent stated in the SPA ("7th Extension of Time"). The Board of Directors of the Company's decision is premised on the fact that both the Federal and State Government had executed the Supplemental Master Agreement on 10 July 2015.

The Board of Directors of the Company had on 14 September 2015 mutually agreed with Air Selangor for a further extension until 15 October 2015 for the fulfillment of the conditions precedent stated in the conditional sale and purchase agreement dated 11 November 2014 signed between the Company and Air Selangor ("SPA") ("8th Extension of Time"). The Board of PNHB's decision is premised on the fact that both the Federal and State Government had on 8 September 2015 fulfilled the conditions precedent in the Master Agreement.

On 8 October 2015, the Board of Directors of the Company received a confirmation from Air Selangor on the following:-

- (i) The unconditional date for the conditional sale and purchase agreement dated 11 November 2014 signed between the Company and Air Selangor ("SPA"), being the date on which the last of the Special Covenants and the Conditions Precedent (as defined in the SPA) have been fulfilled and satisfied, is on 8 October 2015; and
- (ii) The Completion Date (as defined in the SPA) is on 15 October 2015.

On 15 October 2015, the Board of Directors of the Company announced that the Company had received the balance purchase price of RM1,554.3 million from Air Selangor. The Proposed Disposals have been completed on 15 October 2015. Accordingly, Puncak Niaga (M) Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd had ceased to be a subsidiary and joint venture company of PNHB Group respectively with effect from 15 October 2015.

On 15 October 2015, PNSB had transferred all the shares held in its two (2) wholly-owned subsidiaries, namely, Ideal Water Resources Sdn Bhd ("IWRSB") and Unggul Raya (M) Sdn Bhd ("URSB") comprising two (2) ordinary shares of RM1.00 each and one hundred (100) ordinary shares of RM1.00 each respectively to the Company at cash consideration of RM2.00 and RM100.00 respectively ("Transfer") in accordance with the terms and conditions as stipulated in the conditional sale and purchase agreement dated 11 November 2014 between the Company and Air Selangor ("SPA").

B7 Loans and borrowings

Details of the Group's borrowings and debt securities as at 30 September 2015 are as follows:-

	Current RM'000	Non-current RM'000
Secured		
Term loans	-	7,097
USD36 million term loan	35,164	17,582
Redeemable Convertible Secured Sukuk Ijarah ("RCCSI")	-	141,537
Obligation Under Finance Leases	2,431	872
Revolving Credit Facility	3,077	-
	<hr/> 40,672	<hr/> 167,088
Unsecured		
Lushan MOF Novated World Bank Loan	2,045	12,762
	<hr/> 42,717	<hr/> 179,850

All loans and borrowings are denominated in Ringgit Malaysia except for Lushan MOF Novated World Bank Loan and KGL's term loan which are denominated in United States Dollar ("USD") totalling USD3.3 million and USD12.0 million respectively.

B8 Off balance sheet financial instruments

As at the latest practicable date prior to the issuance of this interim financial statements, the Group has not entered into any financial instruments with off balance sheet risk.

B9 Material litigation

a) **Kris Heavy Engineering & Construction Sdn Bhd ("KHEC")**

1) The First Arbitration Proceedings

KHEC, a sub-contractor for the Chennai Water Supply Augmentation Project 1 - Package III ("Chennai Project"), has initially referred certain disputed claims totalling Rs8,44,26,981 (equivalent to approximately RM6.75 million) against PNHB-LANCO-KHEC JV ("the Consortium"), a jointly controlled entity in India of the Company.

Arising from the arbitration proceedings initiated by KHEC, both KHEC and the Consortium have each appointed a qualified civil engineer as their arbitrator respectively, and both arbitrators have selected a retired Judge of the High Court in Chennai, India as the third arbitrator who will also act as the presiding arbitrator of the arbitral tribunal. The arbitral tribunal was officially constituted on 24 September 2005. On 28 September 2005, the Company was informed that the arbitral tribunal has fixed the following dates for the filing of the arbitration cause papers as part of the preliminary procedural formalities:-

- i) claim by the claimant, KHEC to be filed before 4 October 2005;
- ii) rejoinder by the respondent, the Consortium to be filed before 18 November 2005; and
- iii) reply rejoinder by the claimant, KHEC to be filed before 5 December 2005.

The Consortium had on 2 January 2006, filed its counter-claim amounting to Rs13,61,61,931 (equivalent to approximately RM10.89 million) against KHEC's claim of Rs8,44,26,981 (equivalent to approximately RM6.75 million) to the arbitral tribunal in India.

The Statement of Claim lodged by KHEC had subsequently been revised from Rs8,44,26,981 (equivalent to approximately RM6.75 million) to Rs9,84,58,245 (equivalent to approximately RM7.88 million) whilst the counter-claim submitted by the Consortium, had also been revised as per the rejoinder, from Rs13,61,61,931 (equivalent to approximately RM10.89 million) to Rs13,63,39,505 (equivalent to approximately RM10.91 million).

The Company was notified on 4 March 2009 by solicitors acting on behalf of Consortium that the Arbitration Panel had at its meeting held on 26 February 2009 accepted the letter of withdrawal from the Arbitration Panel dated 18 February 2009 from the arbitrator nominated by KHEC. As such, the date for further meeting of the Arbitration Panel was to be communicated after the appointment of the substitute arbitrator to be nominated by KHEC under Section 15(2) of the Arbitration and Conciliation Act, 1996 of India.

The Company was notified on 25 June 2009 that the first sitting of the newly formed Arbitration Panel for the First Arbitration Proceedings comprising the Presiding Arbitrator, the arbitrator nominated by the Consortium and the substitute arbitrator nominated by KHEC was held on 20 June 2009.

The continued hearing date for the First Arbitration Proceedings were fixed on 31 August 2013, 28 September 2013 and 29 September 2013, 9 November 2013 and 10 November 2013.

At the hearing held on 10 November 2013, the Arbitration Panel has tentatively fixed the continued hearing of the First Arbitration Proceedings on 4 January 2014 and 5 January 2014.

The continued hearing tentatively scheduled on 4 January 2014 and 5 January 2014 did not proceed as scheduled.

On 29 January 2014, the Arbitration Panel had fixed the continued hearing of the First Arbitration Proceedings on 8 February 2014 and 9 February 2014, respectively.

The continued hearing proceeded on 8 February 2014 but the hearing date of 9 February 2014 was vacated due to non-availability of the Chief Arbitrator. The Arbitration Panel has fixed the continued hearing dates for the First Arbitration Proceedings on 29 May 2014 and 30 May 2014.

The hearing for the First Arbitration Proceedings fixed on 29 May 2014 and 30 May 2014 did not proceed as scheduled and was fixed by the Arbitration Panel on 4 July 2014 to be fixed on 16 August 2014 and 17 August 2014.

The hearing of the First Arbitration Proceedings fixed on 16 August 2014 and 17 August 2014 proceeded as scheduled.

The Arbitration Panel has tentatively fixed the next continued hearing dates on 24 October 2014 and 25 October 2014.

The hearing of the First Arbitration Proceedings fixed on 24 October 2014 and 25 October 2014 proceeded as scheduled.

On 17 November 2014, the Arbitration Panel has fixed the continued hearing dates for the First Arbitration Proceedings on 6 and 7 December 2014 respectively.

On 26 November 2014, the Arbitration Panel has rescheduled the continued hearing dates for the First Arbitration Proceedings originally scheduled on 6 December 2014 and 7 December 2014 to 24 January 2015 and 25 January 2015, respectively.

On 7 January 2015, the Arbitration Panel postponed the continued hearing dates for the First Arbitration Proceedings originally scheduled on 24 January 2015 and 25 January 2015. The Panel has yet to schedule new dates for the continued hearing.

2) **The Second Arbitration Proceedings**

KHEC had commenced a second arbitration proceedings against the PNHB-Lanco members of the Consortium ("the Second Arbitration") on the basis of the terms of the Joint Venture Agreement dated 13 February 2003 and the Supplemental Agreement to the Joint Venture Agreement dated 26 March 2003 respectively, entered into between the Company, Lanco Infratech Limited and KHEC whereby KHEC is claiming for loss of profit (inclusive of interest and other cost) amounting to Rs5,44,32,916 (equivalent to approximately RM4.35 million) as they allege that they, despite being a 10% shareowner, received only 4.31% out of the total value of the contract works of the Chennai Project. Subsequently, KHEC had filed in an amended claim for damages and lost of profit from Rs5,44,32,916 to Rs55,44,32,916 (equivalent to approximately RM44.3 million). PNHB-Lanco's counsel had filed an interim application to dismiss the claim of Rs50,00,00,000 (equivalent to approximately RM39.9 million) for compensation for loss of opportunity on the basis that it is frivolous and unreasonable.

The Second Arbitration proceedings which were heard by a single arbitrator have been completed wherein the parties have submitted their respective written submissions on 1 December 2012.

On 1 April 2013, PNHB-Lanco members of the Consortium received the Arbitrator's Final Award dated 29 March 2013 wherein the PNHB-Lanco members of the Consortium are to pay interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs14,62,503 (approximately RM83,627.38) only to the claimant, KHEC Heavy Engineering and Construction Sdn Bhd on or before 30 April 2013 and all other claims by the claimant were rejected.

PNHB-Lanco member of consortium had on 27 April 2013 complied with the Final Award of the Arbitration dated 29 March 2013 by paying the interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs.14,62,503 to KHEC.

KHEC had informed the Company of its intention to challenge the Final Award of the Arbitrator dated 29 March 2013. However, as of to-date, no documents have been served by KHEC on the PNHB-LANCO members of the Consortium.

The claimant, KHEC Heavy Engineering & Construction Sdn Bhd had on 4 November 2013 served the PNHB-LANCO members of the Consortium with a copy of the Petition filed at the Madras High Court to appeal against the decision of the Arbitrator dated 29 March 2013. The Madras High Court had fixed the Petition for hearing on 2 December 2013.

On 2 December 2013, the Madras High Court postponed the hearing of the Petition filed by KHEC to 3 December 2013.

On 3 December 2013, the Madras High Court fixed the continued hearing of the Petition filed by KHEC on 10 December 2013.

On 10 December 2013, the Madras High Court postponed the hearing of the Petition filed by KHEC, wherein the new hearing date had yet to be fixed by the Madras High Court.

B10 Dividend

Save for the payment of a Special Dividend to the entitled shareholders of the Company post-completion of the Proposed Disposal of PNSB and SYABAS as disclosed in Note A11 and Note B6, no dividend had been proposed or declared during the current financial quarter and financial year-to-date under review (1.1.2014 to 30.09.2014 : Nil).

B11 (Loss)/Earnings per share

Basic (loss)/earnings per ordinary share

Basic (loss)/earnings per share are calculated based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding, excluding treasury shares held by the Company.

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 3 months ended 30.09.2015	Preceding Year Corresponding Quarter 30.09.2014	Current Year to date 9 months ended 30.09.2015	Preceding Year Corresponding Period 30.09.2014
(Loss)/profit net of tax attributable to owners of the parent	(RM'000)				
- continuing operations		(20,595)	(6,389)	(34,856)	(29,652)
- discontinued operations		60,682	66,680	200,157	196,335
		40,087	60,291	165,301	166,683
Weighted average number of ordinary shares in issue	('000)	412,099	409,446	412,358	409,446
Basic (loss)/earnings per share	(sen)				
- continuing operations		(5.00)	(1.56)	(8.45)	(7.24)
- discontinued operations		14.73	16.29	48.54	47.95
		9.73	14.73	40.09	40.71

Diluted (loss)/earnings per ordinary share

The diluted (loss)/earnings per share has not been disclosed as it is anti-dilutive.

B12 Retained earnings

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings of the Company and its subsidiaries :		
- realised	2,999,695	2,646,781
- unrealised	<u>(542,768)</u>	<u>(488,263)</u>
	<u>2,456,927</u>	<u>2,158,518</u>
Total share of accumulated losses of joint ventures :		
- realised	(360,474)	(348,458)
Less : Consolidation adjustments	<u>(154,543)</u>	<u>(33,451)</u>
	<u>(515,017)</u>	<u>(381,909)</u>
Total retained earnings	<u>1,941,910</u>	<u>1,776,609</u>

By Order of the Board

TAN BEE LIAN (MAICSA 7006285)
LEE SIEW YOKE (MAICSA 7053733)
Secretaries

Shah Alam
24 November 2015