

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited First Quarterly Financial Statements Ended 31 March 2016**  
**Condensed Consolidated Statement of Profit or Loss**

	<i>Note</i>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	To date	Corresponding
		3 months ended	Quarter	3 months ended	Period
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	A14(a)	13,200	63,474	13,200	63,474
Other income		12,409	14,186	12,409	14,186
Operating costs		(65,693)	(74,083)	(65,693)	(74,083)
Depreciation and amortisation expenses		(4,272)	(4,062)	(4,272)	(4,062)
Loss from operations		(44,356)	(485)	(44,356)	(485)
Finance costs		(821)	(4,035)	(821)	(4,035)
Share of results of joint venture		-	56	-	56
Loss before tax		(45,177)	(4,464)	(45,177)	(4,464)
Taxation (expenses)/credit		(501)	3,249	(501)	3,249
<b>Loss net of tax from continuing operations</b>		(45,678)	(1,215)	(45,678)	(1,215)
<b>Discontinued operations</b>					
Profit net of tax from discontinued operations	A15	-	66,885	-	66,885
<b>(Loss)/Profit net of tax</b>		(45,678)	65,670	(45,678)	65,670
<b>Attributable to:</b>					
Owners of the parent		(45,547)	65,832	(45,547)	65,832
Non-controlling interests		(131)	(162)	(131)	(162)
(Loss)/Profit net of tax		(45,678)	65,670	(45,678)	65,670
		sen	sen	sen	sen
<b>Basic (loss)/earnings per share attributable to owners of the parent:</b>	<i>B11</i>				
continuing operations		(10.14)	(0.26)	(10.14)	(0.26)
discontinued operations		-	16.23	-	16.23
		(10.14)	15.97	(10.14)	15.97

**(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 2015 and the accompanying explanatory notes attached to the interim financial statements.)**

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited First Quarterly Financial Statements Ended 31 March 2016**  
**Condensed Consolidated Statement of Comprehensive Income**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current Year Quarter 3 months ended 31.03.2016 RM'000 Unaudited	Preceding Year Corresponding Quarter 31.03.2015 RM'000 Unaudited	Current Year To date 3 months ended 31.03.2016 RM'000 Unaudited	Preceding Year Corresponding Period 31.03.2015 RM'000 Audited
(Loss)/Profit net of tax	(45,678)	65,670	(45,678)	65,670
<b>Other Comprehensive (loss)/income:</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency translation	8,158	(4,994)	8,158	(4,994)
Net fair value difference of short-term investment	-	34	-	34
<b>Item that may not be subsequently reclassified to profit or loss</b>				
Realisation of revaluation reserves	-	(162)	-	(162)
<b>Total comprehensive (loss)/income</b>	<b>(37,520)</b>	<b>60,548</b>	<b>(37,520)</b>	<b>60,548</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the parent	(37,691)	60,601	(37,691)	60,601
Non-controlling interests	171	(53)	171	(53)
	<b>(37,520)</b>	<b>60,548</b>	<b>(37,520)</b>	<b>60,548</b>

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)**

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited First Quarterly Financial Statements Ended 31 March 2016**  
**Condensed Consolidated Statement of Financial Position**

	Note	As at 31.03.2016 RM'000 Unaudited	As at 31.12.2015 RM'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A10	184,168	195,194
Investment properties	A10	181,557	181,557
Service concession assets		54,004	61,203
Investment in associates		2	2
Investment in joint venture		826	739
Goodwill		1,249	1,249
Deferred tax assets		25,222	25,722
		447,028	465,666
<b>Current assets</b>			
Inventories		205	106
Trade and other receivables		97,605	97,063
Short-term investments		927,177	922,146
Tax recoverable		2,511	2,433
Cash and bank balances		334,942	378,549
		1,362,440	1,400,297
<b>TOTAL ASSETS</b>		1,809,468	1,865,963
<b>Equity and liabilities</b>			
<b>Equity attributable to equity owners of the parent</b>			
Share capital		449,284	449,284
Reserves		1,197,684	1,235,057
Treasury shares		(5,941)	(5,941)
<b>Shareholders' equity</b>		1,641,027	1,678,400
<b>Non-controlling interest</b>		(4,330)	(4,183)
<b>Total equity</b>		1,636,697	1,674,217
<b>Non-current liabilities</b>			
Loans and borrowings	B7	20,677	31,694
Deferred tax liabilities		9,533	9,720
		30,210	41,414
<b>Current liabilities</b>			
Loans and borrowings	B7	35,687	39,488
Trade and other payables		106,729	110,700
Tax payable		145	144
		142,561	150,332
<b>Total liabilities</b>		172,771	191,746
<b>TOTAL EQUITY AND LIABILITIES</b>		1,809,468	1,865,963
<b>Net assets per share attributable to owners of the parent (RM)</b>		3.67	3.75

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited First Quarterly Financial Statements Ended 31 March 2016**  
**Condensed Consolidated Statement of Changes in Equity**

	Attributable to Owners of the Parent											
	Non-distributable							Distributable				
	Share Capital	Share Premium	Treasury Shares	Foreign Currency Translation Reserves	Revaluation Reserves	Equity Component of RCSSI	Other Reserves	Available-for-sale Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>3 months period ended 31 March 2016</b>												
<b>At 1 January 2016</b>	449,284	105,379	(5,941)	211	119,719	-	(20,123)	-	1,029,871	1,678,400	(4,183)	1,674,217
Foreign currency translation	-	-	-	8,165	-	-	9	-	-	8,174	(16)	8,158
Total other comprehensive income/(expenses)	-	-	-	8,165	-	-	9	-	-	8,174	(16)	8,158
Loss for the period	-	-	-	-	-	-	-	-	(45,547)	(45,547)	(131)	(45,678)
Total comprehensive income/(expenses)	-	-	-	8,165	-	-	9	-	(45,547)	(37,373)	(147)	(37,520)
<b>At 31 March 2016</b>	<b>449,284</b>	<b>105,379</b>	<b>(5,941)</b>	<b>8,376</b>	<b>119,719</b>	<b>-</b>	<b>(20,114)</b>	<b>-</b>	<b>984,324</b>	<b>1,641,027</b>	<b>(4,330)</b>	<b>1,636,697</b>
<b>3 months period ended 31 March 2015</b>												
<b>At 1 January 2015</b>	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	-	-	-	(5,103)	-	-	-	-	-	(5,103)	109	(4,994)
Fair value gain on short-term investment	-	-	-	-	-	-	-	34	-	34	-	34
Revaluation of land and buildings, net of tax	-	-	-	-	(162)	-	-	-	-	(162)	-	(162)
Total other comprehensive income/(expenses)	-	-	-	(5,103)	(162)	-	-	34	-	(5,231)	109	(5,122)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	65,832	65,832	(162)	65,670
Total comprehensive income/(expenses)	-	-	-	(5,103)	(162)	-	-	34	65,832	60,601	(53)	60,548
Contribution by and distributions to owners of the Company :												
Exercise of warrants	2,046	-	-	-	-	-	-	-	-	2,046	-	2,046
<b>Total transactions with owners of the Company</b>	<b>2,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,046</b>	<b>-</b>	<b>2,046</b>
<b>At 31 March 2015</b>	<b>418,006</b>	<b>104,629</b>	<b>(5,941)</b>	<b>(6,024)</b>	<b>119,557</b>	<b>6,410</b>	<b>(340,759)</b>	<b>276</b>	<b>1,842,441</b>	<b>2,138,595</b>	<b>(2,020)</b>	<b>2,136,575</b>

(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 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited First Quarterly Financial Statements Ended 31 March 2016**  
**Condensed Consolidated Statement of Cash Flow**

	<b>3 months ended 31.03.2016</b>	<b>3 months ended 31.03.2015</b>
<b>Note</b>	RM'000	RM'000
	Unaudited	Unaudited Restated
<b><u>Continuing operations</u></b>		
<b>Cash flow from operating activities</b>		
Receipts from customers	34,028	137,760
Other income	549	537
Payments for operating expenses	(58,826)	(37,164)
Payments to contractors	<u>(14,611)</u>	<u>(107,957)</u>
Cash used in operations	(38,860)	(6,824)
Tax paid	(101)	(86)
Interest received	2,371	2,890
Net cash used in operating activities	<u>(36,590)</u>	<u>(4,020)</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(892)	(320)
Net advance to joint venture	(87)	-
Proceeds from disposal of investment in a subsidiary and joint venture	296	-
Proceeds from disposal of short-term investments	3,932	-
Proceeds from disposal of property, plant and equipment	95	-
Net cash generated from/(used in) investing activities	<u>3,344</u>	<u>(320)</u>
<b>Cash flow from financing activities</b>		
Proceeds from loans and borrowings	277	708
Repayment of loans and borrowings	(9,345)	(7,248)
Repayment of obligation under finance leases	(373)	(440)
Conversion of warrants 2013/2018	-	2,046
Decrease of pledged deposits	-	86
Interest paid	(466)	(747)
Net cash used in financing activities	<u>(9,907)</u>	<u>(5,595)</u>
Net decrease in cash and cash equivalents from continuing operations	(43,153)	(9,935)
<b>Discontinued operations</b>		
Net cash generated from operating activities	-	35,486
Net cash generated used in investing activities	-	(7,235)
Net cash generated used in financing activities	<u>-</u>	<u>(30,197)</u>
Net decrease in cash and cash equivalents from discontinued operations	<u>-</u>	<u>(1,946)</u>
Effects of exchange rate on cash and cash equivalents	(454)	499
<b>Cash and cash equivalents at beginning of financial period</b>	<u>378,522</u>	<u>487,951</u>
<b>Cash and cash equivalents at end of financial period</b>	<u><u>334,915</u></u>	<u><u>476,569</u></u>
<b>Cash and cash equivalents comprise:</b>		
Deposits with licensed banks	270,040	482,789
Cash and bank balances	64,902	149,937
	<u>334,942</u>	<u>632,726</u>
Less : pledged deposits	(27)	(156,157)
	<u><u>334,915</u></u>	<u><u>476,569</u></u>
(a) The cash and cash equivalents comprise the following:		
Deposits with licensed banks	270,040	371,256
Cash and bank balances	64,902	72,223
	<u>334,942</u>	<u>443,479</u>
Assets held for sale	-	189,247
	<u><u>334,942</u></u>	<u><u>632,726</u></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 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited First Quarterly Financial Statements Ended 31 March 2016**

**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 Malaysian Financial Reporting Standard ("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 2015. The 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 2015.

**A2. Significant Accounting Policies**

In the preparation of this condensed consolidated 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 Annual Improvements to Standards**

The Group adopted the following Standards, Amendments and Annual Improvements to Standards :-

Description	Effective for annual periods beginning on or after	
MFRS 14	Regulatory Deferral Accounts	1 January 2016
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 and MFRS 128	Consolidated Financial Statements, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined
Amendments to MFRS 10, MFRS 12 and MFRS 128	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Joint Arrangements Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Property, Plant and Equipment and Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Property, Plant and Equipment and Agriculture - Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 127	Separate Financial Statements – Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)	1 January 2016

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 107	Statements of Cash Flows – Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Income Taxes - Recognition of Deferred Tax Assets for Unrealised	1 January 2017
MFRS 9	Financial Instruments (2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019

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 2015 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.

**A6 Changes in estimates**

There were no significant changes in the estimates of the amount reported in the current financial year-to-date results.

**A7 Debt and equity securities**

There were no other significant issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current financial quarter and financial year-to-date.

**A8 Dividend paid**

There was no dividend paid during the current financial quarter and financial year-to-date (31.3.2015 : 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	Construction RM'000	Oil and Gas RM'000	Others RM'000	Elimination RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
<b>Results for 3 months ended 31 March 2016</b>								
<b>Operating Revenue</b>								
Sales to external customers	2,876	10,232	-	92	-	13,200	-	13,200
Finance income	1	-	593	2,169	-	2,763	-	2,763
Other income	702	28	89	28,438	(19,611)	9,646	-	9,646
	3,579	10,260	682	30,699	(19,611)	25,609	-	25,609
Operating expenses	(2,660)	(22,624)	(7,730)	(52,290)	19,611	(65,693)	-	(65,693)
Amortisation and depreciation	(904)	(139)	(1,615)	(1,614)	-	(4,272)	-	(4,272)
<b>Segment results</b>	15	(12,503)	(8,663)	(23,205)	-	(44,356)	-	(44,356)
Finance costs						(821)	-	(821)
<b>Loss before tax</b>						(45,177)	-	(45,177)
<b>Results for 3 months ended 31 March 2015</b>								
<b>Operating Revenue</b>								
Sales to external customers	159	26,970	36,123	222	-	63,474	149,422	212,896
Finance income	2	108	376	6,767	-	7,253	10,174	17,427
Other income	372	-	281	6,992	(712)	6,933	44,686	51,619
	533	27,078	36,780	13,981	(712)	77,660	204,282	281,942
Operating expenses	(1,782)	(22,380)	(33,072)	(3,528)	712	(60,050)	(58,620)	(118,670)
Rental expenses on project equipment	-	-	(14,033)	-	-	(14,033)	-	(14,033)
Impairment of trade receivables	-	-	-	-	-	-	(11,669)	(11,669)
Share of results of joint venture	-	-	-	56	-	56	(3,810)	(3,754)
Amortisation and depreciation	(898)	(40)	(2,780)	(344)	-	(4,062)	(2,683)	(6,745)
<b>Segment results</b>	(2,147)	4,658	(13,105)	10,165	-	(429)	127,500	127,071
Finance costs						(4,035)	(32,589)	(36,624)
<b>(Loss)/Profit before tax</b>						(4,464)	94,911	90,447



b)	Water and Wastewater RM'000	Construction RM'000	Oil and Gas RM'000	Others RM'000	Elimination RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
<b>Assets and Liabilities</b>								
<b>As at 31 March 2016</b>								
Segment assets	94,469	76,656	157,016	1,847,558	(393,964)	1,781,735	-	1,781,735
Unallocated assets						27,733	-	27,733
<b>Total assets</b>						<b>1,809,468</b>	<b>-</b>	<b>1,809,468</b>
Segment liabilities	101,814	94,884	157,780	164,845	(356,216)	163,107	-	163,107
Unallocated liabilities						9,678	-	9,678
<b>Total liabilities</b>						<b>172,785</b>	<b>-</b>	<b>172,785</b>
<b>Assets and Liabilities</b>								
<b>As at 31 March 2015</b>								
Segment assets	99,965	82,987	352,781	2,061,235	(1,450,969)	1,145,999	3,669,138	4,815,137
Unallocated assets						28,523	80,173	108,696
<b>Total assets</b>						<b>1,174,522</b>	<b>3,749,311</b>	<b>4,923,833</b>
Segment liabilities	26,704	76,491	301,901	636,908	(609,949)	432,055	1,813,539	2,245,594
Unallocated liabilities						20,929	520,735	541,664
<b>Total liabilities</b>						<b>452,984</b>	<b>2,334,274</b>	<b>2,787,258</b>

**A10 Valuation of property, plant and equipment and investment properties**

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

**A11 Subsequent events**

On 18 April 2016, the Company had entered into a Heads of Agreement ("HOA") with TRIpIc Berhad ("TRIpIc") to facilitate discussions and negotiations for a potential acquisition by the Company of the businesses of TRIpIc ("Proposed Transaction").

Pursuant to the HOA and a non disclosure agreement ("NDA") which had also been executed on 18 April 2016, both the Company and TRIpIc had agreed to a period of four (4) months from the date of the NDA or such other period as determined by both parties, for TRIpIc to provide information concerning TRIpIc and its subsidiaries to the Company to evaluate the Proposed Transaction ("Due Diligence Period"). During the Due Diligence Period or earlier mutual termination of the HOA, the Company shall be granted exclusivity by TRIpIc with respect to the Proposed Transaction.

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**

On 31 March 2016, the Company had acquired a dormant company, Anugerah Prasarana Sdn Bhd ("Anugerah Prasarana"), comprising two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Anugerah Prasarana at a total cash consideration of Ringgit Malaysia Two (RM2.00) only (the "Acquisition").

With the Acquisition, Anugerah Prasarana became a wholly owned subsidiary of the Company on 31 March 2016. The Acquisition is to facilitate the Group's business expansion plans. Anugerah Prasarana will remain as a dormant company for the time being.

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 were no material contingent liabilities and contingent assets as at 31 March 2016.

**A14 Other material disclosures****a) Revenue**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended 31.03.2016	3 months ended 31.03.2015	3 months ended 31.03.2016	3 months ended 31.03.2015
	RM'000	RM'000	RM'000	RM'000
Water and wastewater revenue	2,876	159	2,876	159
Construction revenue	10,232	26,970	10,232	26,970
Oil and gas construction revenue	-	36,123	-	36,123
Others	92	222	92	222
	<b>13,200</b>	<b>63,474</b>	<b>13,200</b>	<b>63,474</b>

**b) Commitments**

	<b>As at 31.03.2016 RM'000</b>
Capital expenditures:	
Contracts approved and contracted for	<b>256</b>

**c) Acquisition and disposal of property, plant and equipment**

	<b>3 months ended 31.03.2016</b>		
	<b>At cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Acquisition	954	105	849
Disposal	(560)	(103)	(457)
	<hr/>	<hr/>	<hr/>

**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.

The profit net of tax from discontinued operations for 3 months ended 31 March 2015, based on management's best estimates were summarised as follows :

	<b>31.03.2015</b>
	<b>RM'000</b>
Revenue	149,422
Other income	54,860
Operating expenses	(70,289)
Depreciation and amortisation expenses	(2,683)
Finance costs	(32,589)
Share of results of joint venture	(3,810)
	<hr/>
Taxation	94,911
	(28,026)
	<hr/>
Profit net of tax from discontinued operations	66,885
	<hr/>

## 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 31.03.2016 RM'000	Fair value 31.03.2016 RM'000	Carrying amount 31.12.2015 RM'000	Fair value 31.12.2015 RM'000
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### **Financial liabilities :**

Loans and borrowings	<u>(56,364)</u>	<u>(55,914)</u>	<u>(71,182)</u>	<u>(70,751)</u>
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Short-term investment of the Group and of the Company amounted to RM927,177,000 (31.12.2015 : RM922,146,000) 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. There were no significant related party transactions of the Group for the financial year-to-date are shown below:

	31.03.2016 RM'000	31.03.2015 RM'000
<b>Transactions with joint venture :-</b>		
RCULS interest receivable	-	3,810
Compensation for late payment	-	44,388
Sales of bulk quantity of treated water	-	149,422
	<u>-</u>	<u>149,422</u>

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

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### **B1 Review of performance**

For the current financial quarter and financial year-to-date, the Group recorded a revenue of RM13.2 million compared to RM63.5 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing a decrease of RM50.3 million or 79.2%.

The decrease in revenue in the current financial quarter and financial year-to-date was mainly due to low revenue contribution from the Construction segment and no revenue contribution from the Oil and Gas segment.

The Group reported a loss before tax ("LBT") of RM45.2 million for the current financial quarter and financial year-to-date compared to RM4.5 million reported in the preceding year's corresponding financial quarter, representing a decrease of RM40.7 million. The higher LBT reported in the current financial quarter and financial year-to-date was mainly due to a lower revenue in the Construction segment, no revenue contribution from the Oil and Gas segment coupled with fixed 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 profit before interest and tax ("PBIT") of RM15,000 in the current financial quarter and financial year-to-date compared to a loss before interest and tax ("LBIT") RM2.1 million in the preceding year's corresponding financial quarter and representing a positive variance of RM2.1 million. The PBIT in the current financial quarter and financial year-to-date was mainly due to profit contribution from the operation and maintenance of a water treatment plant in Beaufort, Sabah commencing on 1 February 2016.

#### **(b) Construction :**

The Construction segment reported a LBIT of RM12.5 million in the current financial quarter and financial year-to-date as compared to a PBIT of RM4.7 million in the preceding year's corresponding financial quarter. The segment LBIT reported in the current financial quarter and financial year-to-date was due to the completion of two water supply projects in Sarawak in October and December 2015, leaving only one on-going sewerage project in Kuala Lumpur. At the same time, the Construction segment incurred higher costs and more resources put in to tender and bid for construction related projects.

#### **(c) Oil and Gas :**

For the current financial quarter and financial year-to-date, the Oil and Gas segment reported a LBIT of RM8.7 million as compared to a LBIT of RM13.1 million reported in the preceding year's corresponding financial quarter, representing a positive variance of RM4.4 million. The lower LBIT reported for the current financial quarter and financial year-to-date was mainly due to lower operating expenses arising from the right sizing exercises in the Oil and Gas Division.

### **B2 Comparison of loss before taxation with the immediate preceding financial quarter**

The Group reported a LBT of RM45.2 million for the current financial quarter compared to RM119.5 million from the continuing operations registered in the immediate preceding financial quarter, representing a favourable variance of RM74.3 million. The higher LBT reported in the preceding financial quarter was mainly due to impairment loss on assets of RM107.4 million.

### **B3 Prospects**

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

On the Construction sector, the Group will continue to be involved in water and waste water infrastructure-related projects. The Group's current projects include the construction of new sewer pipe network and pumping stations including the rationalisation of the existing sewerage infrastructure in Bunus, Kuala Lumpur as well as the operation and maintenance of a water treatment plant in Beaufort, Sabah. The Group is also currently involved in several ongoing construction tenders related to the water and environmental sectors in Malaysia.

Due to the huge drop in crude oil prices coupled with no projects secured in the first quarter of 2016, it was extremely difficult to sustain normal operational activities in the Oil and Gas Division. The Group had implemented right sizing exercises to reduce staffing and operational costs to minimal level as it reviews its position in the sector.

### **B4 Variations from profit forecast and profit guarantee**

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

**B5 Income tax expenses**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	To date	Corresponding
	3 months ended		3 months ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Income tax				
- current year tax credit/(expenses)	(24)	(1,198)	(24)	(1,198)
Deferred tax				
- origination and reversal of temporary differences	(477)	4,447	(477)	4,447
	(501)	3,249	(501)	3,249
<u>Discontinued operations</u>				
- deferred tax	-	(28,026)	-	(28,026)
	(501)	(24,777)	(501)	(24,777)

The effective tax rate of the Group 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 capital allowance.

**B6 Status of corporate proposals**

On 18 April 2016, the Company had entered into a Heads of Agreement ("HOA") with TRIplc Berhad ("TRIplc") to facilitate discussions and negotiations for a potential acquisition by the Company of the businesses of TRIplc ("Proposed Transaction").

Pursuant to the HOA and a non-disclosure agreement ("NDA") which had also been executed on 18 April 2016, both the Company and TRIplc had agreed to a period of four (4) months from the date of the NDA or such other period as determined by both parties, for TRIplc to provide information concerning TRIplc and its subsidiaries to the Company to evaluate the Proposed Transaction ("Due Diligence Period"). During the Due Diligence Period or earlier mutual termination of the HOA, the Company shall be granted exclusivity by TRIplc with respect to the Proposed Transaction.

Save as disclosed above, there were no other corporate proposals announced as at the date of this report.

**B7 Loans and borrowings**

Details of the Group's borrowings and debt securities as at 31 March 2016 are as follows:-

	Current	Non-current
	RM'000	RM'000
<b>Secured</b>		
Term loans	605	6,770
USD term loan	31,208	-
Obligation Under Finance Leases	1,635	3,314
	33,448	10,084
<b>Unsecured</b>		
Lushan MOF Novated World Bank Loan	2,239	10,593
	35,687	20,677

All loans and borrowings are denominated in Ringgit Malaysia except for Lushan MOF Novated World Bank Loan and KGL's USD term loan which are denominated in United States Dollar ("USD") totalling USD3.3 million and USD8.0 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

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

#### a) **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.

On 14 December 2015, the counsel of the Consortium notified the Presiding Arbitrator that the Arbitrator in charge is unable to continue as Arbitrator in view of his continued ill-health. An alternative Arbitrator will be appointed in due course. The Panel has yet to schedule new dates for the continued hearing for the First Arbitration Proceedings.

On 3 March 2016, the name of the replacement Arbitrator had been submitted by the counsel of the Consortium to the Panel for consideration and decision. The Panel has yet to schedule new dates for the continued hearing for the First Arbitration Proceedings.

On 20 April 2016, the name of the replacement Arbitrator had been accepted by the Panel. The Panel has yet to schedule new dates for the continued hearing for the First Arbitration Proceedings.

b) **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.

**(2) Notice of Adjudication issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd ("PNCSB")**

On 27 May 2016, the Company wholly-owned subsidiary, PNCSB had received two (2) Notices of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under the CIPAA from its sub-contractor, Genbina Sdn Bhd ("Genbina").

The details of the Notices of Adjudication are as follows: -

- (i) PNCSB's sub-contractor, Genbina had issued two (2) Notices of Adjudication dated 27 May 2016 to refer disputes arising from two (2) separate alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 27 May 2016 for the sums of RM5,022,336.65 and RM6,169,197.67 respectively for the project "Pakej D44 - Pembinaan Rangkaian Paip Pembetulan Di Bunus, Kuala Lumpur (Reka Dan Bina)" together with interest, cost and/or any other relief against PNCSB in relation to the alleged payment claims as may be appropriate.
- (ii) PNCSB has instructed its solicitors to contest the matter.



**B10 Dividend**

No dividend has been proposed or declared for the current financial year-to-date.

(2015 : A Special Dividend of RM1.00 per ordinary share amounting to RM447,171,674 in of RM1.00 each in respect of the financial year ended 31 December 2015 had been paid by the Company to the entitled shareholders of the Company on 23 December 2015 post completion of the disposals of PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) and Syarikat Bekalan Air Selangor Sdn Bhd to Pengurusan Air Selangor Sdn Bhd).

**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	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	to date	Corresponding
		3 months ended	Quarter	3 months ended	Period
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
(Loss)/profit net of tax attributable to owners of the parent	(RM'000)				
- continuing operations		(45,547)	(1,053)	(45,547)	(1,053)
- discontinued operations		-	66,885	-	66,885
		<u>(45,547)</u>	<u>65,832</u>	<u>(45,547)</u>	<u>65,832</u>
Weighted average number of ordinary shares in issue	('000)	<u>449,284</u>	<u>412,089</u>	<u>449,284</u>	<u>412,089</u>
Basic (loss)/earnings per share	(sen)				
- continuing operations		(10.14)	(0.26)	(10.14)	(0.26)
- discontinued operations		-	16.23	-	16.23
		<u>(10.14)</u>	<u>15.97</u>	<u>(10.14)</u>	<u>15.97</u>

**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 31.03.2016 RM'000	As at 31.12.2015 RM'000
<b>Total retained earnings of the Company and its subsidiaries :</b>		
- realised	951,904	954,743
- unrealised	<u>35,888</u>	<u>78,679</u>
	<u>987,792</u>	<u>1,033,422</u>
Less : Consolidation adjustments	<u>(3,468)</u>	<u>(3,551)</u>
	<u>(3,468)</u>	<u>(3,551)</u>
<b>Total retained earnings</b>	<u>984,324</u>	<u>1,029,871</u>

By Order of the Board

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

Shah Alam  
30 May 2016