

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Second Quarterly Financial Statements Ended 30 June 2016
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		6 months ended	
		30.06.2016	30.06.2015	30.06.2016	30.06.2015
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	A14(a)	10,573	65,452	23,773	128,926
Other income		14,668	10,762	27,077	24,948
Operating costs		(38,107)	(83,109)	(103,800)	(157,354)
Depreciation and amortisation expenses		(4,146)	(5,140)	(8,418)	(9,202)
Loss from operations		(17,012)	(12,035)	(61,368)	(12,682)
Finance costs		(752)	(3,992)	(1,573)	(8,027)
Share of results of associates		-	(1)	-	(1)
Share of results of joint venture		-	152	-	208
Loss before tax		(17,764)	(15,876)	(62,941)	(20,502)
Taxation (expenses)/credit	B5	(495)	2,594	(996)	5,843
Loss net of tax from continuing operations		(18,259)	(13,282)	(63,937)	(14,659)
Discontinued operations					
Profit net of tax from discontinued operations	A15	-	72,590	-	139,475
(Loss)/Profit net of tax		(18,259)	59,308	(63,937)	124,816
Attributable to:					
Owners of the parent		(18,257)	59,544	(63,804)	125,214
Non-controlling interests		(2)	(236)	(133)	(398)
(Loss)/Profit net of tax		(18,259)	59,308	(63,937)	124,816
		sen	sen	sen	sen
Basic (loss)/earnings per share attributable to owners of the parent:	<i>B11</i>				
continuing operations		(4.06)	(3.17)	(14.20)	(3.46)
discontinued operations		-	17.62	-	33.83
		(4.06)	14.45	(14.20)	30.37

(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 Second Quarterly Financial Statements Ended 30 June 2016
Condensed Consolidated Statement of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 3 months ended 30.06.2016 RM'000 Unaudited	Preceding Year Corresponding Quarter 30.06.2015 RM'000 Unaudited	Current Year To date 6 months ended 30.06.2016 RM'000 Unaudited	Preceding Year Corresponding Period 30.06.2015 RM'000 Unaudited
(Loss)/Profit net of tax	(18,259)	59,308	(63,937)	124,816
Other Comprehensive (loss)/income:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation	(2,565)	(974)	5,593	(5,968)
Net fair value difference of short-term investment	-	38	-	72
Total comprehensive (loss)/income	(20,824)	58,372	(58,344)	118,920
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(20,517)	58,707	(58,208)	119,308
Non-controlling interests	(307)	(335)	(136)	(388)
	(20,824)	58,372	(58,344)	118,920

(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 Second Quarterly Financial Statements Ended 30 June 2016
Condensed Consolidated Statement of Financial Position

	Note	As at 30.06.2016 RM'000 Unaudited	As at 31.12.2015 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	A10	184,483	195,194
Investment properties	A10	181,557	181,557
Service concession assets		53,482	61,203
Investment in associates		3	2
Investment in joint venture		826	739
Other investments		63,713	-
Goodwill		1,252	1,249
Deferred tax assets		24,722	25,722
		<hr/> 510,038	<hr/> 465,666
Current assets			
Inventories		223	106
Trade and other receivables		55,772	97,063
Short-term investments		906,065	922,146
Tax recoverable		1,794	2,433
Cash and bank balances		280,358	378,549
		<hr/> 1,244,212	<hr/> 1,400,297
TOTAL ASSETS		<hr/> 1,754,250	<hr/> 1,865,963
Equity and liabilities			
Equity attributable to equity owners of the parent			
Share capital		449,284	449,284
Reserves		1,176,849	1,235,057
Treasury shares		(5,941)	(5,941)
Shareholders' equity		<hr/> 1,620,192	<hr/> 1,678,400
Non-controlling interest		(4,319)	(4,183)
Total equity		<hr/> 1,615,873	<hr/> 1,674,217
Non-current liabilities			
Loans and borrowings	B7	21,172	31,694
Deferred tax liabilities		9,564	9,720
		<hr/> 30,736	<hr/> 41,414
Current liabilities			
Loans and borrowings	B7	27,954	39,488
Trade and other payables		79,528	110,700
Tax payable		159	144
		<hr/> 107,641	<hr/> 150,332
Total liabilities		<hr/> 138,377	<hr/> 191,746
TOTAL EQUITY AND LIABILITIES		<hr/> 1,754,250	<hr/> 1,865,963
Net assets per share attributable to owners of the parent (RM)		<hr/> 3.62	<hr/> 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 Second Quarterly Financial Statements Ended 30 June 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
6 months period ended 30 June 2016												
At 1 January 2016	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	-	-	-	5,590	-	-	6	-	-	5,596	(3)	5,593
Total other comprehensive income/(expenses)	-	-	-	5,590	-	-	6	-	-	5,596	(3)	5,593
Loss for the period	-	-	-	-	-	-	-	-	(63,804)	(63,804)	(133)	(63,937)
Total comprehensive income/(expenses)	-	-	-	5,590	-	-	6	-	(63,804)	(58,208)	(136)	(58,344)
At 30 June 2016	449,284	105,379	(5,941)	5,801	119,719	-	(20,117)	-	966,067	1,620,192	(4,319)	1,615,873
6 months period ended 30 June 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	-	-	-	(5,978)	-	-	-	-	-	(5,978)	10	(5,968)
Fair value gain on short-term investment	-	-	-	-	-	-	-	72	-	72	-	72
Total other comprehensive (expenses)/income	-	-	-	(5,978)	-	-	-	72	-	(5,906)	10	(5,896)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	125,214	125,214	(398)	124,816
Total comprehensive (expenses)/income	-	-	-	(5,978)	-	-	-	72	125,214	119,308	(388)	118,920
Contribution by and distributions to owners of the Company :												
Exercise of warrants	2,046	-	-	-	-	-	-	-	-	2,046	-	2,046
Total transactions with owners of the Company	2,046	-	-	-	-	-	-	-	-	2,046	-	2,046
At 30 June 2015	418,006	104,629	(5,941)	(6,899)	119,719	6,410	(340,759)	314	1,901,823	2,197,302	(2,355)	2,194,947

(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 Second Quarterly Financial Statements Ended 30 June 2016
Condensed Consolidated Statement of Cash Flow

	6 months ended 30.06.2016	6 months ended 30.06.2015
Note	RM'000	RM'000
	Unaudited	Unaudited Restated
Continuing operations		
Cash flow from operating activities		
Receipts from customers	55,015	186,548
Other income	1,166	1,596
Payments for operating expenses	(75,691)	(51,326)
Payments to contractors	(31,402)	(164,806)
Cash used in operations	(50,912)	(27,988)
Tax refund/(paid)	615	(157)
Interest received	4,980	5,916
Net cash used in operating activities	(45,317)	(22,229)
Cash flow from investing activities		
Acquisition of subsidiaries	(996)	-
Purchase of property, plant and equipment	(2,630)	(1,040)
Net advance to associate	(2)	(3)
Net advance to joint venture	(87)	(6)
Proceeds from disposal of investment in a subsidiary and joint venture	306	-
Investment in other investment	(63,713)	-
Net proceeds from short-term investments	33,001	-
Proceeds from disposal of property, plant and equipment	95	2
Net cash used in investing activities	(34,026)	(1,047)
Cash flow from financing activities		
Proceeds from loans and borrowings	287	11,126
Repayment of loans and borrowings	(17,394)	(14,574)
Repayment of obligation under finance leases	(550)	(742)
Conversion of warrants 2013/2018	-	2,046
Interest paid	(838)	(4,597)
Net cash used in financing activities	(18,495)	(6,741)
Net decrease in cash and cash equivalents from continuing operations	(97,838)	(30,017)
Discontinued operations		
Net cash generated from operating activities	-	74,044
Net cash generated used in investing activities	-	(2,019)
Net cash generated used in financing activities	-	(71,006)
Net increase in cash and cash equivalents from discontinued operations	-	1,019
Effects of exchange rate on cash and cash equivalents	(353)	824
Cash and cash equivalents at beginning of financial period	378,522	487,978
Cash and cash equivalents at end of financial period	280,331	459,804
Cash and cash equivalents comprise:		
Deposits with licensed banks	238,664	456,908
Cash and bank balances	41,694	88,128
	280,358	545,036
Less : pledged deposits	(27)	(85,232)
	280,331	459,804
(a) The cash and cash equivalents comprise the following:		
Deposits with licensed banks	238,664	374,500
Cash and bank balances	41,694	49,312
	280,358	423,812
Assets held for sale	-	121,224
	280,358	545,036

(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 Second Quarterly Financial Statements Ended 30 June 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, 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 Losses	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
Clarification to MFRS 15	Revenue from Contracts with Customers	1 January 2018
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

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 (30.6.2015 : 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
Results for 3 months ended 30 June 2016								
Operating Revenue								
Sales to external customers	4,265	6,162	-	146	-	10,573	-	10,573
Finance income	1	-	473	2,004	-	2,478	-	2,478
Other income	(214)	64	4,023	30,833	(22,516)	12,190	-	12,190
	4,052	6,226	4,496	32,983	(22,516)	25,241	-	25,241
Operating expenses	(4,495)	(20,170)	(4,945)	(31,013)	22,516	(38,107)	-	(38,107)
Amortisation and depreciation	(884)	(139)	(1,473)	(1,650)	-	(4,146)	-	(4,146)
Segment results	(1,327)	(14,083)	(1,922)	320	-	(17,012)	-	(17,012)
Finance costs						(752)	-	(752)
Loss before tax						(17,764)	-	(17,764)
Results for 3 months ended 30 June 2015								
Operating Revenue								
Sales to external customers	138	45,210	19,998	106	-	65,452	150,481	215,933
Finance income	2	180	1	6,716	-	6,899	10,349	17,248
Other income	899	-	323	3,298	(657)	3,863	41,880	45,743
	1,039	45,390	20,322	10,120	(657)	76,214	202,710	278,924
Operating expenses	(1,972)	(47,894)	(23,955)	(9,945)	657	(83,109)	(61,883)	(144,992)
Impairment of trade receivables	-	-	-	-	-	-	(11,669)	(11,669)
Share of results of associates	-	-	-	(1)	-	(1)	-	(1)
Share of results of joint venture	-	-	-	152	-	152	(4,048)	(3,896)
Amortisation and depreciation	(912)	(88)	(3,314)	(826)	-	(5,140)	(2,206)	(7,346)
Segment results	(1,845)	(2,592)	(6,947)	(500)	-	(11,884)	122,904	111,020
Finance costs						(3,992)	(33,065)	(37,057)
(Loss)/Profit before tax						(15,876)	89,839	73,963

	Water and Wastewater	Construction	Oil and Gas	Others	Elimination	Continuing operations	Discontinued operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results for 6 months ended 30 June 2016								
Operating Revenue								
Sales to external customers	7,141	16,394	-	238	-	23,773	-	23,773
Finance income	2	-	1,066	4,173	-	5,241	-	5,241
Other income	488	92	4,112	59,271	(42,127)	21,836	-	21,836
	7,631	16,486	5,178	63,682	(42,127)	50,850	-	50,850
Operating expenses	(7,155)	(42,794)	(12,675)	(83,303)	42,127	(103,800)	-	(103,800)
Amortisation and depreciation	(1,788)	(278)	(3,088)	(3,264)	-	(8,418)	-	(8,418)
Segment results	(1,312)	(26,586)	(10,585)	(22,885)	-	(61,368)	-	(61,368)
Finance costs						(1,573)	-	(1,573)
Loss before tax						(62,941)	-	(62,941)
Results for 6 months ended 30 June 2015								
Operating Revenue								
Sales to external customers	297	72,180	56,121	328	-	128,926	299,903	428,829
Finance income	4	288	377	13,483	-	14,152	20,523	34,675
Other income	1,271	-	604	10,290	(1,369)	10,796	86,566	97,362
	1,572	72,468	57,102	24,101	(1,369)	153,874	406,992	560,866
Operating expenses	(3,754)	(70,274)	(57,027)	(13,635)	1,369	(143,321)	(120,503)	(263,824)
Rental expenses on project equipment	-	-	(14,033)	-	-	(14,033)	-	(14,033)
Impairment of trade receivables	-	-	-	-	-	-	(23,338)	(23,338)
Share of results of associates	-	-	-	(1)	-	(1)	-	(1)
Share of results of joint venture	-	-	-	208	-	208	(7,858)	(7,650)
Amortisation and depreciation	(1,810)	(128)	(6,094)	(1,170)	-	(9,202)	(4,889)	(14,091)
Segment results	(3,992)	2,066	(20,052)	9,503	-	(12,475)	250,404	237,929
Finance costs						(8,027)	(65,654)	(73,681)
(Loss)/Profit before tax						(20,502)	184,750	164,248

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
Assets and Liabilities								
As at 30 June 2016								
Investment in associates	-	-	-	-	-	-	-	-
Segment assets	94,609	70,819	144,951	1,847,170	(429,815)	1,727,734	-	1,727,734
Segment assets	94,609	70,819	144,951	1,847,170	(429,815)	1,727,734	-	1,727,734
Unallocated assets						26,516	-	26,516
Total assets						1,754,250	-	1,754,250
Segment liabilities	105,558	101,733	144,702	167,805	(391,144)	128,654	-	128,654
Unallocated liabilities						9,723	-	9,723
Total liabilities						138,377	-	138,377
Assets and Liabilities								
As at 30 June 2015								
Segment assets	100,056	109,436	316,276	2,070,689	(1,459,975)	1,136,482	3,724,152	4,860,634
Unallocated assets						29,636	80,173	109,809
Total assets						1,166,118	3,804,325	4,970,443
Segment liabilities	26,656	105,543	271,670	655,617	(617,545)	441,941	1,776,166	2,218,107
Unallocated liabilities						18,499	538,890	557,389
Total liabilities						460,440	2,315,056	2,775,496

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

- a) On 13 July 2016, the Company's 98.65% subsidiary, Sino Water Pte Ltd ("Sino Water") and Environmental Holding Pte Ltd ("EHPL") (collectively known as "the Vendors") had entered into a Framework Agreement ("FA") with the Lushan County People's Government ("Lushan Government") for the proposed disposal of the Vendors' entire equity interests in Luwei (Pingdingshan) Water Co., Ltd ("Luwei Co Ltd") to a state-owned enterprise ("the Purchaser") to be identified by Lushan Government ("Proposed Disposal").

Lushan County Water Bureau had on 22 July 2016, informed the Vendors that Lushan County Chengnan Water Co., Ltd, a state-owned enterprise will be the Purchaser for the acquisition of the entire equity interest of Luwei Co Ltd.

- b) On 28 July 2016, the Company acquired two (2) companies, Aneka Suriamas Sdn Bhd ("Aneka Suriamas"), comprising two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Aneka Suriamas at a total cash consideration of Ringgit Malaysia Two (RM2.00) only and Pujian Bayu Sdn Bhd ("Pujian Bayu"), comprising two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Pujian Bayu at a total cash consideration of Ringgit Malaysia Two (RM2.00) only (the "Acquisition"). With the Acquisition, both Aneka Suriamas and Pujian Bayu have become wholly owned subsidiaries of the Company on 28 July 2016. The Acquisition is to facilitate the Group's business expansion plans in the oil palm plantation sector.
- c) On 17 August 2016, the Company and TRIpIc Berhad ("TRIpIc") had mutually agreed to extend the Heads of Agreement ("HOA") and the Due Diligence Period under the non disclosure agreement ("NDA") for a further period of three (3) months, until 17 November 2016 to facilitate the on-going discussions and negotiations for a potential acquisition by the Company of the businesses of TRIpIc. The Company will make further announcement if there is any material development to the HOA.

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) 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.

- b) On 30 June 2016, the Company had subscribed for six thousand (6,000) new ordinary shares of RM1.00 each, representing 60% equity interest in Aspen Streams Sdn Bhd ("ASSB") at a total cash consideration of RM6,000.00 only ("Shares Subscription").

With the Shares Subscription, ASSB has become a 60% owned subsidiary of the Company on 30 June 2016. The acquisition of the new subsidiary, ASSA via the Shares Subscription is to facilitate the Group's business expansion plans in the water sector.

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 30 June 2016.

A14 Other material disclosures**a) Revenue**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To date	Corresponding
	3 months ended	Quarter	6 months ended	Period
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Water and wastewater revenue	4,265	138	7,141	297
Construction revenue	6,162	45,210	16,394	72,180
Oil and gas construction revenue	-	19,998	-	56,121
Others	146	106	238	328
	10,573	65,452	23,773	128,926

b) Commitments

	As at 30.06.2016 RM'000
Capital expenditures:	
Contracts approved and contracted for	1,362

c) Acquisition and disposal of property, plant and equipment

	6 months ended 30.06.2016		
	At cost	Accumulated	Net Book
	RM'000	Depreciation	Value
	RM'000	RM'000	RM'000
Acquisition	2,691	84	2,607
Disposal	(560)	(103)	(457)

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 6 months ended 30 June 2015, based on management's best estimates were summarised as follows :

	30.06.2015 RM'000
Revenue	299,903
Other income	107,089
Operating expenses	(143,841)
Depreciation and amortisation expenses	(4,889)
Finance costs	(65,654)
Share of results of joint venture	(7,858)
	184,750
Taxation	(45,275)
Profit net of tax from discontinued operations	139,475

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
30.06.2016	30.06.2016	31.12.2015	31.12.2015
RM'000	RM'000	RM'000	RM'000

Financial liabilities :

Loans and borrowings	<u>(49,126)</u>	<u>(48,696)</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 RM906,065,000 (31.12.2015 : RM922,146,000) which is carried at fair value is categorised as fair value through profit and loss ("FVTPL") financial assets under Level 2 of the fair value hierarchy.

Other investment of the Group and of the Company amounted to RM63,713,000 (31.12.2015 : RMNil) which is carried at fair value is categorised as FVTPL financial assets under Level 3 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:

	30.06.2016 RM'000	30.06.2015 RM'000
Transactions with joint venture :-		
RCULS interest receivable	-	7,858
Compensation for late payment	-	86,166
Storage fee charged	-	261
Sales of bulk quantity of treated water	-	299,903
	<u>-</u>	<u>299,903</u>

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

B1 Review of performance

For the current financial quarter, the Group recorded a revenue of RM10.6 million compared to RM65.5 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing a decrease of RM54.9 million or 83.8%.

For the current financial year-to-date, the Group reported a revenue of RM23.8 million compared to RM128.9 million reported in the preceding year's corresponding period, representing a decrease of RM105.1 million or 81.5%.

The decrease in revenue in the current financial quarter and financial year-to-date was mainly due to lower revenue contribution from the Construction segment of RM39.1 million and RM55.8 million respectively and no revenue contribution from the Oil and Gas segment.

The Group reported a loss before tax ("LBT") of RM17.8 million for the current financial quarter compared to RM15.9 million reported in the preceding year's corresponding financial quarter, representing a negative variance of RM1.9 million or 11.9%.

The Group recorded a LBT of RM62.9 million for the current financial year-to-date as compared to RM20.5 million recorded in the preceding year's corresponding financial year-to-date, representing a negative variance of RM42.4 million. The higher LBT reported in the current financial year-to-date was mainly due to lower revenue in Construction segment and no revenue in Oil and Gas segment coupled with higher 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 RM1.3 million in the current financial quarter and financial year-to-date respectively compared to RM1.8 million and RM4.0 million in the preceding year's corresponding financial quarter and financial year-to-date respectively, representing positive variance of RM0.5 million and RM2.7 million. Lower LBIT 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 RM14.1 million in the current financial quarter as compared to RM2.6 million in the preceding year's corresponding financial quarter, representing a negative variance of RM11.5 million. For the current financial year-to-date, the Construction segment reported a LBIT of RM26.6 million compared to a Profit Before Interest and Tax ("PBIT") of RM2.1 million in the preceding year's corresponding financial year-to-date, representing a negative variance of RM28.7 million. LBIT for Construction segment 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, and slow progress of work for the on-going sewerage project in Kuala Lumpur due to the non-performance of the sub-contractor resulting in its termination. In addition, the Construction segment incurred higher costs and resources as it is currently involved in several on-going tenders and bids for construction related projects.

(c) Oil and Gas :

For the current financial quarter, the Oil and Gas segment reported a LBIT of RM1.9 million as compared to RM6.9 million reported in the preceding year's corresponding financial quarter, representing a positive variance of RM5.0 million. For the current financial year-to-date, the Oil and Gas segment reported a LBIT of RM10.6 million as compared to RM20.1 million reported in the preceding year's corresponding financial year-to-date, representing a positive variance of RM9.5 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 RM17.8 million for the current financial quarter compared to RM45.2 million in the immediate preceding financial quarter, representing a favourable variance of RM27.4 million. The lower LBT reported in the current financial quarter was mainly due to lower operating costs and unrealised foreign exchange gain.

B3 Prospects

The Group is continuously looking to expand its operations in areas related to its core businesses and 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.

On the Construction sector, the Group will continue to be involved in water and wastewater 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 relating to the water and environmental sectors in Malaysia.

Due to the huge drop in crude oil prices coupled with no new projects secured in the first half 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 a minimal level as it reviews its position in the 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 30.06.2016	30.06.2015	6 months ended 30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Income tax				
- current year tax credit/(expenses)	(17)	720	(41)	(478)
Deferred tax				
- origination and reversal of temporary differences	(478)	1,874	(955)	6,321
	<u>(495)</u>	<u>2,594</u>	<u>(996)</u>	<u>5,843</u>
<u>Discontinued operations</u>				
- income tax	-	(402)	-	(402)
- deferred tax	-	(16,847)	-	(44,873)
	<u>(495)</u>	<u>(14,655)</u>	<u>(996)</u>	<u>(39,432)</u>

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 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.

On 17 August 2016, the Company and TRIpIc had mutually agreed to extend the HOA and the Due Diligence Period under the NDA for a further period of three (3) months, until 17 November 2016 to facilitate the on-going discussions and negotiations for a potential acquisition by the Company of the businesses of TRIpIc. The Company will make further announcement if there is any material development to the HOA.

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 30 June 2016 are as follows:-

	Current RM'000	Non-current RM'000
Secured		
Term loans	607	6,788
USD term loan	23,958	-
Obligation Under Finance Leases	1,096	3,485
	<hr/> 25,661	<hr/> 10,273
Unsecured		
Lushan MOF Novated World Bank Loan	2,293	10,899
	<hr/> 27,954	<hr/> 21,172

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 USD6.0 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.

On 2 June 2016, KHEC's Arbitrator had resigned and a new arbitrator has been nominated for the Panel's consideration and decision before the Panel schedules new dates for the continued hearing for the First Arbitration Proceedings.

On 11 July 2016, the Panel has fixed 30 July 2016 for the continued hearing of the First Arbitration Proceedings.

On 30 July 2016, the Panel has fixed 17 September 2016 and 18 September 2016 for the continued hearing of the First Arbitration Proceedings.

At the hearing on 30 July 2016, the Panel has fixed 17 September 2016 and 18 September 2016 for the continued hearing of 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) Puncak Niaga Construction Sdn Bhd ("PNCBSB")

(a) Notice of Adjudication dated 27 May 2016 issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd ("PNCBSB")

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

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

- (i) PNCBSB's sub-contractor, Genbina had issued a Notice of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCBSB on 27 May 2016 for the sum of RM6,169,197.67 for the project "Pakej D44 - Pembinaan Rangkaian Paip Pembetungan Di Bonus, Kuala Lumpur (Reka Dan Bina)" ("D44 Project") together with interest, cost and/or any other relief against PNCBSB in relation to the alleged payment claims as may be appropriate.
- (ii) PNCBSB has instructed its solicitors to contest the matter.

On 30 June 2016, an adjudicator has been appointed by the Director of Kuala Lumpur Regional Centre For Arbitration ("KLRC") in respect of the Notice of Adjudication dated 27 May 2016.

(b) Notice of Adjudication dated 27 May 2016 issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd ("PNCBSB")

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

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

- (i) PNCBSB's sub-contractor, Genbina had issued a Notice of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCBSB on 27 May 2016 for the sum of RM5,022,336.65 for the project "Pakej D44 - Pembinaan Rangkaian Paip Pembetungan Di Bonus, Kuala Lumpur (Reka Dan Bina)" ("D44 Project") together with interest, cost and/or any other relief against PNCBSB in relation to the alleged payment claims as may be appropriate.
- (ii) PNCBSB has instructed its solicitors to contest the matter.

On 30 June 2016, an adjudicator has been appointed by the Director of Kuala Lumpur Regional Centre For Arbitration ("KLRCA") in respect of the Notice of Adjudication dated 27 May 2016.

(c) Notice of Adjudication dated 14 June 2016 issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB.

On 14 June 2016, PNCSB had received a Notice of Adjudication dated 14 June 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under the CIPAA from its previous sub-contractor, Genbina Sdn Bhd ("Genbina").

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

- (i) Genbina had issued a Notice of Adjudication dated 14 June 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 14 June 2016 for the sum of RM4,529,523.04 for the D44 Project together with interest, cost and/or 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.

On 27 July 2016, an adjudicator has been appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 14 June 2016.

(d) Notice of Adjudication dated 12 July 2016 issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB.

On 12 July 2016, PNCSB had received a Notice of Adjudication dated 12 July 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA from Genbina Sdn Bhd ("Genbina").

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

- (i) Genbina had issued a Notice of Adjudication dated 12 July 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 12 July 2016 for the sum of RM3,546,977.09 for the D44 Project together with interest, cost and/or 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.

(e) Notice of Adjudication dated 16 August 2016 issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB.

On 17 August 2016, PNCSB had received a Notice of Adjudication dated 16 August 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under the CIPAA from Genbina Sdn Bhd ("Genbina").

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

- (i) Genbina had issued a Notice of Adjudication dated 16 August 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 17 August 2016 for the sum of RM3,775,805.83 for the project "Pakej D44 - Pembinaan Rangkaian Paip Pembetulan Di Bonus, Kuala Lumpur (Reka & Bina)" ("D44 Project") together with interest, cost and/or other relief against PNCSB in relation to the alleged payment claim as may be appropriate.
- (ii) PNCSB has instructed its solicitors to contest the matter.

(3) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 20015 and Arbitration (Amendment) Act 2011 to the Company's wholly-owned subsidiary, PNCSB.

(a) Notice of Arbitration dated 17 June 2016 issued under KLRCA in accordance with the Arbitration Act 20015 and Arbitration (Amendment) Act 2011.

On 20 June 2016, PNCSB had received a Notice of Arbitration dated 17 June 2016 from Genbina to refer the disputes or differences arising from the termination of the Contract and an Operate, Maintain and Service Agreement under the Contract ("OMSA") for the D44 Project to arbitration under KLRCA in accordance to the Arbitration Act 20015 and the Arbitration (Amendment) Act 2011 for the alleged sum of RM119,699,168.11 together with the damages, interest, costs as such other relief as the learned arbitrator deems fit or proper and PNCSB has instructed its solicitor to contest the matter.

On 18 July 2016, PNCSB had issued a response to Genbina's Notice of Arbitration dated 17 June 2016 through its solicitors. In summary, PNCSB's response denied the claims asserted by Genbina in its Notice of Arbitration dated 17 June 2016 as well as raised numerous set-offs and/or counterclaim against Genbina's claims in its Notice of Arbitration dated 17 June 2016.

(b) Notice of Arbitration dated 17 June 2016 issued under KLRCA in accordance with the Arbitration Act 20015 and Arbitration (Amendment) Act 2011.

On 20 June 2016, PNCSB had received a Notice of Arbitration dated 17 June 2016 from Genbina to refer the disputes or differences arising from the termination of the Contract and an Operate, Maintain and Service Agreement under the Contract ("OMSA") for the D44 Project to arbitration under KLRCA in accordance to the Arbitration Act 20015 and the Arbitration (Amendment) Act 2011 for the alleged sum of RM24,171,671.43 together with the damages, interest, costs as such other relief as the learned arbitrator deems fit or proper and PNCSB has instructed its solicitor to contest the matter.

On 18 July 2016, PNCSB had issued a response to Genbina's Notice of Arbitration dated 17 June 2016 through its solicitors. In summary, PNCSB's response denied the claims asserted by Genbina in its Notice of Arbitration dated 17 June 2016 as well as raised numerous set-offs and/or counterclaim against Genbina's claims in its Notice of Arbitration dated 17 June 2016.

(4) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 20015 and Arbitration (Amendment) Act 2011 by the Company's wholly-owned subsidiary, PNCSB.

PNCSB had on 18 July 2016 issued three (3) separate Notices of Arbitration dated 18 July 2016 to Genbina to refer the disputes or differences arising from the termination of the contract contained in a Letter of Award and its Addendums ("Contract"), an Operate, Maintain and Service Agreement under the Contract ("OMSA") and Workers' Agreement dated 12 October 2015 ("Workers' Agreement") relating to the D44 Project to arbitration.

The details of the Notices of Arbitration dated 18 July issued by PNCSB to Genbina are as follows:

- (i) In respect of the Notice of Arbitration arising from the Contract, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's breaches under the Contract which led to PNCSB's termination of the Contract. PNCSB seeks to recover the loss and damage suffered by PNCSB from Genbina in the arbitration;
- (ii) In respect of the Notice of Arbitration arising from the OMSA, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's wrongful acts under the OMSA over Genbina's failure to return the Machineries & Equipment belonging to PNCSB under the OMSA, unlawfully removing the said Machineries & Equipment from the D44 Project site and wrongfully detaining them. PNCSB seeks to recover the loss and damage suffered by PNCSB from Genbina in the arbitration; and
- (iii) In respect of the Notice of Arbitration arising from the Workers' Agreement, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's breach of the Workers' Agreement over Genbina's failure and/or refusal to pay the foreign worker's salaries and to bear all direct and incidental costs for their repatriation, amongst others. PNCSB seeks to recover the loss and damage suffered by PNCSB from Genbina in the arbitration.

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	6 months ended	Period
		30.06.2016	30.06.2015	30.06.2016	30.06.2015
(Loss)/profit net of tax attributable to owners of the parent	(RM'000)				
- continuing operations		(18,257)	(13,046)	(63,804)	(14,261)
- discontinued operations		-	72,590	-	139,475
		<u>(18,257)</u>	<u>59,544</u>	<u>(63,804)</u>	<u>125,214</u>
Weighted average number of ordinary shares in issue	('000)	<u>449,284</u>	<u>412,089</u>	<u>449,284</u>	<u>412,288</u>
Basic (loss)/earnings per share	(sen)				
- continuing operations		(4.06)	(3.17)	(14.20)	(3.46)
- discontinued operations		-	17.62	-	33.83
		<u>(4.06)</u>	<u>14.45</u>	<u>(14.20)</u>	<u>30.37</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 30.06.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries :		
- realised	920,808	954,743
- unrealised	<u>48,771</u>	<u>78,679</u>
	<u>969,579</u>	<u>1,033,422</u>
Less : Consolidation adjustments	<u>(3,512)</u>	<u>(3,551)</u>
	<u>(3,512)</u>	<u>(3,551)</u>
Total retained earnings	<u>966,067</u>	<u>1,029,871</u>

By Order of the Board

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

Shah Alam
25 August 2016