

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited Third Quarterly Financial Statements Ended 30 September 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		9 months ended	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	A14(a)	29,914	46,249	53,687	175,175
Other income		16,361	28,366	43,438	53,314
Operating costs		(98,642)	(77,293)	(202,442)	(234,647)
Allowance for foreseeable losses		(45,274)	-	(45,274)	-
Depreciation and amortisation expenses		(3,745)	(5,312)	(12,163)	(14,514)
Loss from operations		(101,386)	(7,990)	(162,754)	(20,672)
Finance costs		(847)	(4,095)	(2,420)	(12,122)
Share of results of associates		-	(1)	-	(2)
Share of results of joint venture		(44)	(320)	(44)	(112)
Loss before tax		(102,277)	(12,406)	(165,218)	(32,908)
Taxation expenses	B5	(115)	(8,480)	(1,111)	(2,637)
<b>Loss net of tax from continuing operations</b>		(102,392)	(20,886)	(166,329)	(35,545)
<b>Discontinued operations</b>					
Profit net of tax from discontinued operations	A15	-	60,682	-	200,157
<b>(Loss)/Profit net of tax</b>		(102,392)	39,796	(166,329)	164,612
<b>Attributable to:</b>					
Owners of the parent		(102,375)	40,087	(166,179)	165,301
Non-controlling interests		(17)	(291)	(150)	(689)
(Loss)/Profit net of tax		(102,392)	39,796	(166,329)	164,612
		sen	sen	sen	sen
<b>Basic (loss)/earnings per share attributable to owners of the parent:</b>	B11				
continuing operations		(22.79)	(5.00)	(36.99)	(8.45)
discontinued operations		-	14.73	-	48.54
		(22.79)	9.73	(36.99)	40.09

**(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 Third Quarterly Financial Statements Ended 30 September 2016**  
**Condensed Consolidated Statement of Comprehensive Income**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
(Loss)/Profit net of tax	(102,392)	39,796	(166,329)	164,612
<b>Other Comprehensive income/(loss):</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency translation	7,558	18,356	13,151	12,388
Net fair value difference of short-term investment	-	34	-	106
<b>Total comprehensive (loss)/income</b>	<b>(94,834)</b>	<b>58,186</b>	<b>(153,178)</b>	<b>177,106</b>
<b>Total comprehensive (loss)/income attributable to:</b>				
Owners of the parent	(94,825)	58,255	(153,033)	177,563
Non-controlling interests	(9)	(69)	(145)	(457)
	<b>(94,834)</b>	<b>58,186</b>	<b>(153,178)</b>	<b>177,106</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 Third Quarterly Financial Statements Ended 30 September 2016**  
**Condensed Consolidated Statement of Financial Position**

	Note	As at 30.09.2016 RM'000 Unaudited	As at 31.12.2015 RM'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A10	187,978	195,194
Investment properties	A10	181,557	181,557
Service concession assets		55,086	61,203
Investment in associates		4	2
Investment in joint venture		857	739
Other investments		63,713	-
Goodwill		1,252	1,249
Deferred tax assets		23,922	25,722
		<hr/> 514,369	<hr/> 465,666
<b>Current assets</b>			
Inventories		183	106
Trade and other receivables		78,591	97,063
Short-term investments		913,735	922,146
Tax recoverable		2,291	2,433
Cash and bank balances		229,990	378,549
		<hr/> 1,224,790	<hr/> 1,400,297
<b>TOTAL ASSETS</b>		<hr/> <b>1,739,159</b>	<hr/> <b>1,865,963</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity owners of the parent</b>			
Share capital		449,284	449,284
Reserves		1,082,024	1,235,057
Treasury shares		(5,941)	(5,941)
<b>Shareholders' equity</b>		<hr/> 1,525,367	<hr/> 1,678,400
<b>Non-controlling interest</b>		(4,328)	(4,183)
<b>Total equity</b>		<hr/> <b>1,521,039</b>	<hr/> <b>1,674,217</b>
<b>Non-current liabilities</b>			
Loans and borrowings	B7	21,631	31,694
Deferred tax liabilities		9,583	9,720
		<hr/> 31,214	<hr/> 41,414
<b>Current liabilities</b>			
Loans and borrowings	B7	21,630	39,488
Trade and other payables		165,276	110,700
Tax payable		-	144
		<hr/> 186,906	<hr/> 150,332
<b>Total liabilities</b>		<hr/> <b>218,120</b>	<hr/> <b>191,746</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<hr/> <b>1,739,159</b>	<hr/> <b>1,865,963</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>		<hr/> <b>3.41</b>	<hr/> <b>3.75</b>

(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 Third Quarterly Financial Statements Ended 30 September 2016**  
**Condensed Consolidated Statement of Changes in Equity**

	Attributable to Owners of the Parent												
	Non-distributable							Distributable				Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Currency Translation Reserves RM'000	Revaluation Reserves RM'000	Equity Component of RCSSI RM'000	Other Reserves RM'000	Available-for-sale Reserves RM'000	Retained Earnings RM'000	Total RM'000			
<b>9 months period ended 30 September 2016</b>													
<b>At 1 January 2016</b>	<b>449,284</b>	<b>105,379</b>	<b>(5,941)</b>	<b>211</b>	<b>119,719</b>	<b>-</b>	<b>(20,123)</b>	<b>-</b>	<b>1,029,871</b>	<b>1,678,400</b>	<b>(4,183)</b>	<b>1,674,217</b>	
Foreign currency translation	-	-	-	13,142	-	-	4	-	-	13,146	5	13,151	
Total other comprehensive income	-	-	-	13,142	-	-	4	-	-	13,146	5	13,151	
Loss for the period	-	-	-	-	-	-	-	-	(166,179)	(166,179)	(150)	(166,329)	
Total comprehensive income/(expenses)	-	-	-	13,142	-	-	4	-	(166,179)	(153,033)	(145)	(153,178)	
<b>At 30 September 2016</b>	<b>449,284</b>	<b>105,379</b>	<b>(5,941)</b>	<b>13,353</b>	<b>119,719</b>	<b>-</b>	<b>(20,119)</b>	<b>-</b>	<b>863,692</b>	<b>1,525,367</b>	<b>(4,328)</b>	<b>1,521,039</b>	
<b>9 months period ended 30 September 2015</b>													
<b>At 1 January 2015</b>	<b>415,960</b>	<b>104,629</b>	<b>(5,941)</b>	<b>(921)</b>	<b>119,719</b>	<b>6,410</b>	<b>(340,759)</b>	<b>242</b>	<b>1,776,609</b>	<b>2,075,948</b>	<b>(1,967)</b>	<b>2,073,981</b>	
Foreign currency translation	-	-	-	12,177	-	-	(21)	-	-	12,156	232	12,388	
Fair value gain on short-term investment	-	-	-	-	-	-	-	106	-	106	-	106	
Total other comprehensive income/(expenses)	-	-	-	12,177	-	-	(21)	106	-	12,262	232	12,494	
Profit/(loss) for the period	-	-	-	-	-	-	-	-	165,301	165,301	(689)	164,612	
Total comprehensive income/(expenses)	-	-	-	12,177	-	-	(21)	106	165,301	177,563	(457)	177,106	
Contribution by and distributions to owners of the Company :													
Exercise of warrants	2,061	-	-	-	-	-	-	-	-	2,061	-	2,061	
<b>Total transactions with owners of the Company</b>	<b>2,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,061</b>	<b>-</b>	<b>2,061</b>	
<b>At 30 September 2015</b>	<b>418,021</b>	<b>104,629</b>	<b>(5,941)</b>	<b>11,256</b>	<b>119,719</b>	<b>6,410</b>	<b>(340,780)</b>	<b>348</b>	<b>1,941,910</b>	<b>2,255,572</b>	<b>(2,424)</b>	<b>2,253,148</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 Third Quarterly Financial Statements Ended 30 September 2016**  
**Condensed Consolidated Statement of Cash Flow**

	<b>9 months ended 30.09.2016</b>	<b>9 months ended 30.09.2015</b>
<b>Note</b>	RM'000	RM'000
	Unaudited	Unaudited Restated
<b>Continuing operations</b>		
<b>Cash flow from operating activities</b>		
Receipts from customers	76,213	262,370
Other income	8,034	2,973
Payments for operating expenses	(117,021)	(82,889)
Payments to contractors	(57,020)	(213,821)
Cash used in operations	(89,794)	(31,367)
Tax refund	636	3,621
Interest received	7,419	9,255
Net cash used in operating activities	(81,739)	(18,491)
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries	(996)	-
Purchase of property, plant and equipment	(7,854)	(11,821)
Net advance to associate	(2)	(4)
Net advance to joint venture	(161)	(73)
Proceeds from disposal of investment in a subsidiary and joint venture	313	-
Addition of other investment	(63,713)	-
Net proceeds from short-term investments	33,001	-
Proceeds from disposal of property, plant and equipment	2,203	1,818
Net cash used in investing activities	(37,209)	(10,080)
<b>Cash flow from financing activities</b>		
Proceeds from loans and borrowings	461	26,705
Repayment of loans and borrowings	(25,535)	(45,845)
Repayment of obligation under finance leases	(1,097)	(1,954)
Conversion of warrants 2013/2018	-	2,061
Interest paid	(3,088)	(8,820)
Net cash used in financing activities	(29,259)	(27,853)
Net decrease in cash and cash equivalents from continuing operations	(148,207)	(56,424)
<b>Discontinued operations</b>		
Net cash generated from operating activities	-	92,936
Net cash generated used in investing activities	-	(3,468)
Net cash generated used in financing activities	-	(71,114)
Net increase in cash and cash equivalents from discontinued operations	-	18,354
Effects of exchange rate on cash and cash equivalents	(352)	1,229
<b>Cash and cash equivalents at beginning of financial period</b>	<b>378,522</b>	<b>487,978</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>229,963</b>	<b>451,137</b>
<b>Cash and cash equivalents comprise:</b>		
Deposits with licensed banks	191,660	423,193
Cash and bank balances	38,330	78,051
	229,990	501,244
Less : pledged deposits	(27)	(50,107)
	229,963	451,137
(a) The cash and cash equivalents comprise the following:		
Deposits with licensed banks	191,660	350,109
Cash and bank balances	38,330	42,041
	229,990	392,150
Assets held for sale	-	109,094
	229,990	501,244

(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 Third Quarterly Financial Statements Ended 30 September 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
Clarification to MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
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 (30.9.2015 : 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 30 September 2016</b>								
<b>Operating Revenue</b>								
Sales to external customers	4,358	25,404	-	152	-	29,914	-	29,914
Finance income	-	-	353	1,673	-	2,026	-	2,026
Other income	2	264	6,465	31,950	(24,346)	14,335	-	14,335
	4,360	25,668	6,818	33,775	(24,346)	46,275	-	46,275
Operating expenses	(3,447)	(67,987)	(13,168)	(38,350)	24,310	(98,642)	-	(98,642)
Allowance for foreseeable losses	-	(45,274)	-	-	-	(45,274)	-	(45,274)
Share of results of joint venture	-	-	-	(44)	-	(44)	-	(44)
Amortisation and depreciation	(845)	(165)	(1,479)	(1,256)	-	(3,745)	-	(3,745)
<b>Segment results</b>	68	(87,758)	(7,829)	(5,875)	(36)	(101,430)	-	(101,430)
Finance costs						(847)	-	(847)
<b>Loss before tax</b>						(102,277)	-	(102,277)
<b>Results for 3 months ended 30 September 2015</b>								
<b>Operating Revenue</b>								
Sales to external customers	164	42,904	2,984	197	-	46,249	175,291	221,540
Finance income	1	235	709	7,167	-	8,112	9,994	18,106
Other income	938	(31)	(290)	21,006	(1,369)	20,254	58,931	79,185
	1,103	43,108	3,403	28,370	(1,369)	74,615	244,216	318,831
Operating expenses	(3,718)	(41,911)	(18,682)	19,540	(32,522)	(77,293)	(105,905)	(183,198)
Reversal of impairment of trade receivables	-	-	-	-	-	-	16,587	16,587
Impairment loss on assets held for sale	-	-	-	-	-	-	(33,891)	(33,891)
Share of results of associates	-	-	-	(1)	-	(1)	-	(1)
Share of results of joint venture	-	-	-	(320)	-	(320)	(4,158)	(4,478)
Amortisation and depreciation	(1,002)	(96)	(2,591)	(1,623)	-	(5,312)	(1,816)	(7,128)
<b>Segment results</b>	(3,617)	1,101	(17,870)	45,966	(33,891)	(8,311)	115,033	106,722
Finance costs						(4,095)	(33,290)	(37,385)
<b>(Loss)/Profit before tax</b>						(12,406)	81,743	69,337



	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
<b>Results for 9 months ended 30 September 2016</b>								
<b>Operating Revenue</b>								
Sales to external customers	11,499	41,798	-	390	-	53,687	-	53,687
Finance income	2	-	1,419	5,846	-	7,267	-	7,267
Other income	490	356	10,577	91,221	(66,473)	36,171	-	36,171
	11,991	42,154	11,996	97,457	(66,473)	97,125	-	97,125
Operating expenses	(10,602)	(110,781)	(25,843)	(121,653)	66,437	(202,442)	-	(202,442)
Allowance for foreseeable losses	-	(45,274)	-	-	-	(45,274)	-	(45,274)
Share of results of joint venture	-	-	-	(44)	-	(44)	-	(44)
Amortisation and depreciation	(2,633)	(443)	(4,567)	(4,520)	-	(12,163)	-	(12,163)
<b>Segment results</b>	<b>(1,244)</b>	<b>(114,344)</b>	<b>(18,414)</b>	<b>(28,760)</b>	<b>(36)</b>	<b>(162,798)</b>	<b>-</b>	<b>(162,798)</b>
Finance costs						(2,420)	-	(2,420)
<b>Loss before tax</b>						<b>(165,218)</b>	<b>-</b>	<b>(165,218)</b>
<b>Results for 9 months ended 30 September 2015</b>								
<b>Operating Revenue</b>								
Sales to external customers	461	115,084	59,105	525	-	175,175	475,194	650,369
Finance income	5	523	1,086	20,650	-	22,264	30,517	52,781
Other income	2,209	(31)	314	31,296	(2,738)	31,050	145,497	176,547
	2,675	115,576	60,505	52,471	(2,738)	228,489	651,208	879,697
Operating expenses	(7,472)	(112,185)	(75,709)	6,067	(31,315)	(220,614)	(226,408)	(447,022)
Rental expenses on project equipment	-	-	(14,033)	-	-	(14,033)	-	(14,033)
Impairment of trade receivables	-	-	-	-	-	-	(6,751)	(6,751)
Impairment loss on assets held for sale	-	-	-	-	-	-	(33,891)	(33,891)
Share of results of associates	-	-	-	(2)	-	(2)	-	(2)
Share of results of joint venture	-	-	-	(112)	-	(112)	(12,016)	(12,128)
Amortisation and depreciation	(2,812)	(224)	(8,685)	(2,793)	-	(14,514)	(6,705)	(21,219)
<b>Segment results</b>	<b>(7,609)</b>	<b>3,167</b>	<b>(37,922)</b>	<b>55,631</b>	<b>(34,053)</b>	<b>(20,786)</b>	<b>365,437</b>	<b>344,651</b>
Finance costs						(12,122)	(98,944)	(111,066)
<b>(Loss)/Profit before tax</b>						<b>(32,908)</b>	<b>266,493</b>	<b>233,585</b>

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 30 September 2016</b>								
Segment assets	95,580	82,875	131,847	1,859,114	(456,470)	1,712,946	-	1,712,946
Unallocated assets						26,213	-	26,213
<b>Total assets</b>						<b>1,739,159</b>	<b>-</b>	<b>1,739,159</b>
Segment liabilities	109,009	168,108	34,552	147,172	(250,304)	208,537	-	208,537
Unallocated liabilities						9,583	-	9,583
<b>Total liabilities</b>						<b>218,120</b>	<b>-</b>	<b>218,120</b>
<b>Assets and Liabilities</b>								
<b>As at 30 September 2015</b>								
Segment assets	112,092	111,400	258,820	2,263,852	(1,661,033)	1,085,131	3,837,480	4,922,611
Unallocated assets						20,691	80,173	100,864
<b>Total assets</b>						<b>1,105,822</b>	<b>3,917,653</b>	<b>5,023,475</b>
Segment liabilities	29,767	106,467	214,159	693,138	(661,689)	381,842	1,810,492	2,192,334
Unallocated liabilities						22,832	555,161	577,993
<b>Total liabilities</b>						<b>404,674</b>	<b>2,365,653</b>	<b>2,770,327</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**

- a) On 17 October 2016, the Company's wholly-owned subsidiary, Murni Estate Sdn Bhd ("MESB") had acquired six hundred thousand (600,000) ordinary shares of RM1.00 each, representing 60% equity interest in Danau Semesta Sdn Bhd ("DSSB") via the transfer of two (2) existing ordinary shares of RM1.00 each and the subscription of 599,998 new ordinary shares of RM1.00 each in DSSB for a total cash consideration of RM600,000.00 only ("Shares Subscription"). The remaining balance of 300,000 ordinary shares of RM1.00 each and 100,000 ordinary shares in DSSB are held by Sunshine Upland Sdn Bhd ("SUSB") and Astaka Suria Sdn Bhd ("ASSB"), respectively.

With the Shares Subscription, DSSB had become a 60% owned sub-subsiary of the Company on 17 October 2016. The acquisition of the new sub-subsiary, DSSB via the Share Subscription is to facilitate the Group's business expansion plans in the oil palm plantation sector.

- b) On 17 October 2016, DSSB had entered into a sale and purchase agreement with Shin Yang Holding Sendirian Berhad for the Proposed Acquisition of the entire issued and paid-up capital of Danum Sinar Sdn Bhd ("Danum Sinar") comprising of 1,000,000 ordinary shares of RM1.00 each ("Sale Shares") together with the Land and specifically to include estate office building, estate management and staff quarters, guests house, storage and other ancillary facilities relating to the oil palm plantation business. The purchase price for the Sale Shares is RM446,505,690.45 ("Purchase Price") to be fully satisfied in cash.
- c) On 31 October 2016, the Company's 98.65% subsidiary, Sino Water Pte Ltd ("Sino Water" or "the Vendor") had entered into a Framework Agreement ("FA") with Laodian Town People's Government ("Laodian Government") and Zhonghuan Hengrun (Beijing) Environmental Technology Co., Ltd ("Zhonghuan Hengrun" or "the Purchaser") for the proposed disposal of Sino Water's entire equity interests in Xinnuo Water (Binzhou) Co., Ltd ("Binzhou Co Ltd") to Zhonghuan Hengrun for a cash consideration of RMB7,548,279.40 (equivalent to RM4,676,200.00) ("Proposed Disposal").
- d) On 1 November 2016, the Company announced that Lushan County Chengnan Water Co., Ltd ("the Purchaser") had recently completed the independent assessment of Luwei (Pingdingshan) Water Co., Ltd ("Luwei Co Ltd") pursuant to the requirements of Lushan County People's Government for the proposed disposal of Sino Water's entire equity interest in Luwei Co Ltd ("Proposed Disposal").

Pursuant to the terms of the Framework Agreement dated 13 July 2016, Sino Water and the Purchaser (collectively, the "Parties") have further agreed to extend the deadline for the execution of the Equity Transfer Agreement for the Proposed Disposal on or before 25 November 2016 to enable the Parties to finalise the terms and conditions for the Proposed Disposal under the Equity Transfer Agreement.

- e) On 17 November 2016, the Company and TRIpIc had mutually agreed to further extend the HOA and the Due Diligence Period under the NDA for a further period of three (3) months, until 17 February 2017 to facilitate the on-going discussions and negotiations for a potential acquisition by the Company of the businesses of TRIpIc. Both parties had earlier mutually agreed to extend the HOA and the Due Diligence Period under the NDA until 17 November 2016.

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, ASSB via the Shares Subscription is to facilitate the Group’s business expansion plans in the water sector.

- c) 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.

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 September 2016.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 3 months ended 30.09.2016 RM'000	Preceding Year Corresponding Quarter 30.09.2015 RM'000	Current Year To date 9 months ended 30.09.2016 RM'000	Preceding Year Corresponding Period 30.09.2015 RM'000
Water and wastewater revenue	4,358	164	11,499	461
Construction revenue	25,404	42,904	41,798	115,084
Oil and gas construction revenue	-	2,984	-	59,105
Others	152	197	390	525
	<b>29,914</b>	<b>46,249</b>	<b>53,687</b>	<b>175,175</b>

**b) Commitments**

	<b>As at 30.09.2016 RM'000</b>
Capital expenditures:	
Contracts approved and contracted for	<u>1,195</u>

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

	<b>9 months ended 30.09.2016</b>		
	<b>At cost RM'000</b>	<b>Accumulated Depreciation RM'000</b>	<b>Net Book Value RM'000</b>
Acquisition	7,221	179	7,042
Disposal	<u>(570)</u>	<u>(105)</u>	<u>(465)</u>

**A15 Discontinued operations**

On 11 November 2014, the Company entered into a conditional sale and purchase agreement with Air Selangor, a wholly owned subsidiary of Kumpulan Darul Ehsan Berhad ("KDEB") for the proposed disposal by the Company of the entire equity interest and cumulative convertible redeemable preference shares held in Puncak Niaga (M) Sdn Bhd ("PNSB") and the proposed disposal by the Company of 70% equity interest and RM212.0 million nominal value of redeemable convertible unsecured loan stocks held in Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") for a total cash consideration of RM1,555.3 million (collectively referred to as the "Proposed Disposals"). The Proposed Disposals was completed on 15 October 2015.

The profit net of tax from discontinued operations for 9 months ended 30 September 2015 based on the Management's best estimates were summarised as follows :

	<b>30.09.2015 RM'000</b>
Revenue	475,194
Other income	176,014
Impairment loss on assets held for sale	(33,891)
Operating expenses	(233,159)
Depreciation and amortisation expenses	(6,705)
Finance costs	(98,944)
Share of results of joint venture	(12,016)
	<u>266,493</u>
Taxation	(66,336)
	<u>200,157</u>
Profit net of tax from discontinued operations	<u>200,157</u>

**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 30.09.2016 RM'000	Fair value 30.09.2016 RM'000	Carrying amount 31.12.2015 RM'000	Fair value 31.12.2015 RM'000
<b>Financial liabilities :</b>				
Loans and borrowings	<u>(43,261)</u>	<u>(41,440)</u>	<u>(71,182)</u>	<u>(70,751)</u>

Short-term investment of the Group and of the Company amounted to RM913,735,000 (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:

	<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Transactions with joint venture :-</b>		
RCULS interest receivable	-	12,016
Compensation for late payment	-	144,893
Sales of bulk quantity of treated water	-	452,579
	<u>-</u>	<u>452,579</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 revenue of RM29.9 million compared to RM46.2 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing a decrease of RM16.3 million or 35.3%.

For the current financial year-to-date, the Group reported revenue of RM53.7 million compared to RM175.2 million reported in the preceding year's corresponding period, representing a decrease of RM121.5 million or 69.3%.

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 RM25.4 million and RM41.8 million respectively and no revenue contribution from the Oil and Gas segment.

The Group recorded loss before tax ("LBT") of RM102.3 million for the current financial quarter and RM165.2 million for the current financial year-to-date as compared to LBT of RM12.4 million and RM32.9 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing a negative variance of RM89.9 million and RM132.3 million respectively. The higher LBT reported in the current quarter and financial year-to-date was mainly due to lower revenue and recognition of allowance for foreseeable losses in respect of the Construction segment's ongoing sewerage contract as a result of cost increase arising from the termination of the previous sub-contractor due to various breaches of contract and slow work progress despite several notices given.

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

(a) Water and Wastewater :

The Water and Wastewater segment reported Profit Before Interest and Tax ("PBIT") of RM68,000 compared to Loss Before Interest and Tax ("LBIT") of RM3.6 million in the preceding year's corresponding financial quarter, representing positive variance of RM3.7 million. For the current financial year-to-date, the Water and Wastewater segment reported LBIT of RM1.2 million compared to RM7.6 million in the preceding year's corresponding financial year-to-date, representing a positive variance of RM6.4 million. The positive variance 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 LBIT of RM87.8 million in the current financial quarter as compared to PBIT of RM1.1 million in the preceding year's corresponding financial quarter, representing a negative variance of RM88.9 million. For the current financial year-to-date, the Construction segment reported LBIT of RM114.3 million compared to PBIT of RM3.2 million in the preceding year's corresponding financial year-to-date, representing a negative variance of RM117.5 million. LBIT for Construction segment reported in the current financial quarter and financial year-to-date was mainly due to recognition of allowance for foreseeable losses in respect of its ongoing sewerage contract as a result of cost increase subsequent to the termination of the previous sub-contractor for its non-performance and slow work progress. The project cost to completion increases after the re-award of the remaining works to other new sub-contractors.

(c) Oil and Gas :

For the current financial quarter, the Oil and Gas segment reported LBIT of RM7.8 million as compared to LBIT of RM17.9 million reported in the preceding year's corresponding financial quarter, representing a positive variance of RM10.1 million. For the current financial year-to-date, the Oil and Gas segment reported LBIT of RM18.4 million as compared to RM37.9 million reported in the preceding year's corresponding financial year-to-date, representing a positive variance of RM19.5 million. The lower LBIT reported in the current financial quarter and financial year-to-date was mainly due to lower operating expenses following 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 LBT of RM102.3 million for the current financial quarter compared to LBT of RM17.7 million in the immediate preceding financial quarter, representing a negative variance of RM84.6 million. The higher LBT reported in the current financial quarter was mainly due to recognition of allowance for foreseeable losses in respect of the Construction segment's ongoing sewerage contract as a result of cost increase further to the termination of previous non-performing contractor.

**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 focused on the execution of the sewerage infrastructure contract which has been delayed due to the termination of the previous sub-contractor and will mitigate the cost increase of the project by accelerating works and completing the project within the contract period. Amidst a challenging business environment of the construction sector, the Group will continue to improve its operational efficiency and to identify and pursue sustainable businesses.

The Oil and Gas sector did not secure any new projects during the period as the oil and gas industry outlook remained pessimistic due to the huge drop in crude oil prices.

The Proposed Acquisition of Danum Sinar Sdn Bhd ("Proposed Acquisition"), an oil palm plantation company, presents an opportunity for the Group to venture into the oil palm plantation sector that has the ability to generate a steady flow and recurring source of income. The Proposed Acquisition is expected to be completed in the first quarter of 2017 and is expected to contribute positively to the Group's earnings in the future.

**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 Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended 30.09.2016	3 months ended 30.09.2015	9 months ended 30.09.2016	9 months ended 30.09.2015
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Income tax				
- current year tax expenses	(500)	(4,519)	(541)	(4,997)
- over provision in prior year	663	-	663	-
	<u>163</u>	<u>(4,519)</u>	<u>122</u>	<u>(4,997)</u>
Deferred tax				
- origination and reversal of temporary differences	(278)	(3,961)	(1,233)	2,360
	<u>(115)</u>	<u>(8,480)</u>	<u>(1,111)</u>	<u>(2,637)</u>
<u>Discontinued operations</u>				
- income tax	-	402	-	-
- deferred tax	-	(21,463)	-	(66,336)
	<u>(115)</u>	<u>(29,541)</u>	<u>(1,111)</u>	<u>(68,973)</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**

- a) 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.

On 17 August 2016, the Company and TRIplc 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 ongoing discussions and negotiations for a potential acquisition by the Company of the businesses of TRIplc. The Company will make further announcement if there is any material development to the HOA.

On 17 November 2016, the Company and TRIplc had mutually agreed to further extend the HOA and the Due Diligence Period under the NDA for a further period of three (3) months, until 17 February 2017 to facilitate the on-going discussions and negotiations for a potential acquisition by the Company of the businesses of TRIplc. Both parties had earlier mutually agreed to extend the HOA and the Due Diligence Period under the NDA until 17 November 2016.

The Company will make further announcement if there is any material development to the HOA.

- b) On 17 October 2016, Danau Semesta Sdn Bhd ("DSSB"), a 60% owned subsidiary of Murni Estate Sdn Bhd ("MESB"), which in turn is a wholly-owned subsidiary of Puncak had entered into a sale and purchase agreement ("SPA") with Shin Yang Holding Sendirian Berhad for the Proposed Acquisition of the entire issued and paid-up capital of Danum Sinar Sdn Bhd ("Danum Sinar") comprising of 1,000,000 ordinary shares of RM1.00 each ("Sale Shares") together with the Land and specifically to include estate office building, estate management and staff quarters, guests house, storage and other ancillary facilities relating to the oil palm plantation business. The purchase price for the Sale Shares is RM446,505,690.45 ("Purchase Price") to be fully satisfied in cash.

DSSB shall obtain funding for the Purchase Price from its shareholders namely MESB which owned 60% of DSSB, Sunshine Upland Sdn Bhd ("SUSB") which owned 30% of DSSB and Astaka Suria Sdn Bhd ("ASSB") which owned 10% of DSSB and bank borrowings. Each shareholder of DSSB shall contribute proportionately to the capital of DSSB to fund the Purchase Price based on their respective equity interests in DSSB. As Puncak's effective equity interest in DSSB is 60%, the portion of the Purchase Price that Puncak has to contribute to DSSB is RM267,903,414.27 which shall be funded via a combination of internally generated funds and bank borrowings.



The sale and purchase of the Sale Shares herein shall be conditional upon the following conditions precedent ("Conditions Precedent") being fulfilled or waived, as the case may be:

- (i) the completion and satisfactory results of a due diligence review by the Purchaser into, without limitation, the Land, the financial statutory books and records and physical condition, tax, operations, all assets, liabilities and other affairs of Danum Sinar, including encumbrances affecting the Land;
- (ii) the Purchaser's financier has issued a letter of offer wherein the Purchaser's financier has agreed to grant to the Purchaser a financing facility at the terms and conditions acceptable to the Purchaser for the purchase of the Sale Shares;
- (iii) receipt by the Purchaser of a duly signed audited financial statements for the financial year ended 30 June 2016 of Danum Sinar ("Audited Financial Statements") and a confirmation that the annual general meeting of Danum Sinar for the calendar year of 2016 had been duly convened and held for the purpose of, inter alia tabling the Audited Financial Statements and that the Audited Financial Statements together with the 2016 Annual Return of Danum Sinar have been duly filed by Danum Sinar with the Companies Commission of Malaysia;
- (iv) the third party charge on the Land have been fully discharged;
- (v) the Vendor shall procure at its own costs and expense the provisional title in the name of Danum Sinar for Lot 1 land, Lot 13 land, Lot 14 land and Lot 15 land within 30 days from the date of the SPA or such other extended time as agreed between the parties;
- (vi) the unconditional approvals of such regulatory or any other relevant authority having been obtained for the transactions contemplated herein requiring their approval; and
- (vii) any other approval/consent being obtained from the banks, financiers and creditors of Danum Sinar and/or third parties for the disposal of the Sale Shares.

within 3 months from the date of the SPA with an automatic extension of 3 months and such further extensions of time as may be mutually agreed in writing between the parties ("Cut-Off Date"). In the event that any of the Conditions Precedent is not fulfilled by the Cut-Off Date and the same is not waived, the SPA shall lapse and be of no further effect in accordance with the terms of the SPA and the Vendor or the Vendor's solicitors shall return all moneys received with interest to the Purchaser.

Subject to the terms of the SPA, on completion date, in exchange for the completion documents as set out in the SPA from the Vendors' solicitors to the Purchaser, the Purchaser shall pay to the Vendor the Balance Purchase Price, subject always to any agreed deduction or downwards adjustments as provided in the SPA.

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed in the first quarter of 2017.

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 September 2016 are as follows:-

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<b>Secured</b>		
Term loans	612	7,104
USD term loan	16,542	-
Obligation Under Finance Leases	1,439	3,821
	<hr/> 18,593	<hr/> 10,925
<b>Unsecured</b>		
Lushan MOF Novated World Bank Loan	3,037	10,706
	<hr/> 21,630	<hr/> 21,631

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 USD4.0 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 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 fixed 30 July 2016 for the continued hearing of the First Arbitration Proceedings.

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

On 19 September 2016, the Company updated that the hearing of the First Arbitration Proceedings will be continued on 2 October 2016.

On 4 October 2016, the Company updated that the hearing of the First Arbitration Proceedings will be continued on 12 November 2016 and 13 November 2016.

On 11 November 2016, the Company notified that the hearing fixed on 11 November 2016 and 12 November 2016 have been cancelled as the Chief Arbitrator has resigned recently due to health reasons. The remaining Panel is in the process of selecting a suitable replacement for the Chief Arbitrator before the Panel schedules the new dates for the continued hearing for the First Arbitration Proceedings.

On 21 November 2016, the Company was notified that the Panel has approved the replacement for the Chief Arbitrator for the First Arbitration Proceedings. The new dates for the continued hearing for the First Arbitration Proceedings has yet to be scheduled by the Panel.

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 ("PNCSB")**

**(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 ("PNCSB")**

On 27 May 2016, the Company's wholly-owned subsidiary, PNCSB 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) PNCSB'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 PNCSB on 27 May 2016 for the sum of RM6,169,197.67 for the project "Pakej D44 - Pembinaan Rangkaian Paip Pembetulan Di Bonus, Kuala Lumpur (Reka Dan Bina)" ("D44 Project") 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.

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 (“PNCSB”)**

On 27 May 2016, the Company’s wholly-owned subsidiary, PNCSB 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) PNCSB’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 PNCSB 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 PNCSB in relation to the alleged payment claims as may be appropriate.
- (ii) PNCSB 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.

On 2 September 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 12 July 2016.

**(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 Pembetungan Di Bunus, 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.

On 19 September 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 16 August 2016.

**(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 2016 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 Quarter	Preceding Year Corresponding Quarter	Current Year to date	Preceding Year Corresponding Period
		3 months ended 30.09.2016	3 months ended 30.09.2015	9 months ended 30.09.2016	9 months ended 30.09.2015
(Loss)/profit net of tax attributable to owners of the parent	(RM'000)				
- continuing operations		(102,375)	(20,595)	(166,179)	(34,856)
- discontinued operations		-	60,682	-	200,157
		<u>(102,375)</u>	<u>40,087</u>	<u>(166,179)</u>	<u>165,301</u>
Weighted average number of ordinary shares in issue	('000)	<u>449,284</u>	<u>412,099</u>	<u>449,284</u>	<u>412,358</u>
Basic (loss)/earnings per share	(sen)				
- continuing operations		(22.79)	(5.00)	(36.99)	(8.45)
- discontinued operations		-	14.73	-	48.54
		<u>(22.79)</u>	<u>9.73</u>	<u>(36.99)</u>	<u>40.09</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**

	<b>As at 30.09.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>Total retained earnings of the Company and its subsidiaries :</b>		
- realised	851,951	954,743
- unrealised	<u>15,855</u>	<u>78,679</u>
	<u>867,806</u>	<u>1,033,422</u>
 Less : Consolidation adjustments		
	<u>(4,114)</u>	<u>(3,551)</u>
	<u>(4,114)</u>	<u>(3,551)</u>
 <b>Total retained earnings</b>	 <u>863,692</u>	 <u>1,029,871</u>

**By Order of the Board**

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

Shah Alam  
24 November 2016