

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited Third Quarterly Financial Statements Ended 30 September 2017**  
**Condensed Consolidated Statement of Profit or Loss**

	<i>Note</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	To date	Corresponding
		3 months ended	Quarter	9 months ended	Period
		30.09.2017	30.09.2016	30.09.2017	30.09.2016
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
<b>Continuing operations</b>					
Revenue	A14(a)	37,269	29,753	87,210	53,203
Other income		19,492	16,358	36,646	42,946
Operating costs		(85,374)	(97,689)	(218,346)	(198,294)
Reversal of/(allowance for) foreseeable losses		7,003	(45,274)	14,614	(45,274)
Depreciation and amortisation expenses		(3,034)	(2,900)	(8,777)	(9,530)
Loss from operations		(24,644)	(99,752)	(88,653)	(156,949)
Finance costs		(1,763)	(698)	(2,652)	(1,972)
Share of results of equity accounted entities		34	(44)	(121)	(44)
Loss before tax	A9	(26,373)	(100,494)	(91,426)	(158,965)
Taxation expense	B5	(357)	(137)	(3,093)	(1,179)
<b>Loss after tax from continuing operations</b>		(26,730)	(100,631)	(94,519)	(160,144)
<b>Discontinued operations</b>					
Profit/(loss) after tax from discontinued operations	A15	992	(1,761)	(4,577)	(6,185)
<b>Loss after tax</b>		(25,738)	(102,392)	(99,096)	(166,329)
<b>Attributable to:</b>					
Owners of the parent		(25,384)	(102,375)	(98,485)	(166,179)
Non-controlling interests		(354)	(17)	(611)	(150)
Loss after tax		(25,738)	(102,392)	(99,096)	(166,329)
		sen	sen	sen	sen
<b>Basic loss per share attributable to owners of the parent:</b>					
	B12				
continuing operations		(5.92)	(22.24)	(20.97)	(36.23)
discontinued operation		0.25	(0.64)	(1.05)	(0.92)
		(5.67)	(22.88)	(22.02)	(37.15)

(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 2016 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 2017**  
**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	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Loss after tax	(25,738)	(102,392)	(99,096)	(166,329)
<b>Other comprehensive income:</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency translation	2,148	7,558	7,875	13,151
<b>Total comprehensive expense for the period</b>	<b>(23,590)</b>	<b>(94,834)</b>	<b>(91,221)</b>	<b>(153,178)</b>
<b>Total comprehensive expense attributable to:</b>				
Owners of the parent	(23,237)	(94,825)	(91,042)	(153,033)
Non-controlling interests	(353)	(9)	(179)	(145)
	<b>(23,590)</b>	<b>(94,834)</b>	<b>(91,221)</b>	<b>(153,178)</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 2016 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 2017**  
**Condensed Consolidated Statement of Financial Position**

	Note	As at 30.09.2017 RM'000 Unaudited	As at 31.12.2016 RM'000 Restated	As at 1.1.2016 RM'000 Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	A10	558,955	161,871	195,194
Investment properties	A10	551,931	539,520	496,557
Plantation development expenditure		277,239	-	-
Service concession assets		-	14,506	61,203
Investment in associates		6	5	2
Investment in joint venture		-	627	739
Goodwill		-	1,249	1,249
Deferred tax assets		-	2,110	25,722
		<b>1,388,131</b>	<b>719,888</b>	<b>780,666</b>
<b>Current assets</b>				
Inventories		7,731	151	106
Trade and other receivables		183,319	159,511	97,063
Short-term investments		387,728	835,053	922,146
Tax recoverable		2,372	2,709	2,433
Cash and bank balances		238,071	266,945	378,549
		<b>819,221</b>	<b>1,264,369</b>	<b>1,400,297</b>
Assets classified as held for sale	A15	-	24,834	-
		<b>819,221</b>	<b>1,289,203</b>	<b>1,400,297</b>
<b>TOTAL ASSETS</b>		<b>2,207,352</b>	<b>2,009,091</b>	<b>2,180,963</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to equity owners of the parent</b>				
Share capital		554,663	449,284	449,284
Reserves		1,097,801	1,297,490	1,534,307
Treasury shares		(5,941)	(5,941)	(5,941)
<b>Shareholders' equity</b>		<b>1,646,523</b>	<b>1,740,833</b>	<b>1,977,650</b>
<b>Non-controlling interest</b>		<b>34,928</b>	<b>12,963</b>	<b>(4,183)</b>
<b>Total equity</b>		<b>1,681,451</b>	<b>1,753,796</b>	<b>1,973,467</b>
<b>Non-current liabilities</b>				
Loans and borrowings	B7	111,132	11,127	31,694
Deferred tax liabilities		111,393	28,983	25,470
		<b>222,525</b>	<b>40,110</b>	<b>57,164</b>
<b>Current liabilities</b>				
Loans and borrowings	B7	36,467	10,940	39,488
Trade and other payables		266,908	185,869	110,700
Tax payable		1	2	144
		<b>303,376</b>	<b>196,811</b>	<b>150,332</b>
Liabilities classified as held for sale	A15	-	18,374	-
		<b>303,376</b>	<b>215,185</b>	<b>150,332</b>
<b>Total liabilities</b>		<b>525,901</b>	<b>255,295</b>	<b>207,496</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,207,352</b>	<b>2,009,091</b>	<b>2,180,963</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>		<b>3.68</b>	<b>3.89</b>	<b>4.42</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 2016 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 2017**  
**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	Other 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
<b>9 months period ended 30 September 2017</b>											
At 1 January 2017 (audited)		449,284	105,379	(5,941)	9,145	119,719	(20,127)	770,929	1,428,388	12,963	1,441,351
- Prior year adjustment	A10	-	-	-	-	-	-	312,445	312,445	-	312,445
<b>At 1 January 2017 (as restated)</b>		<b>449,284</b>	<b>105,379</b>	<b>(5,941)</b>	<b>9,145</b>	<b>119,719</b>	<b>(20,127)</b>	<b>1,083,374</b>	<b>1,740,833</b>	<b>12,963</b>	<b>1,753,796</b>
Foreign currency translation		-	-	-	7,443	-	-	-	7,443	432	7,875
Total other comprehensive income		-	-	-	7,443	-	-	-	7,443	432	7,875
Loss for the period		-	-	-	-	-	-	(98,485)	(98,485)	(611)	(99,096)
Total comprehensive income/(expense)		-	-	-	7,443	-	-	(98,485)	(91,042)	(179)	(91,221)
Transfer in accordance with Section 618(2) of the Companies Act 2016	N1	105,379	(105,379)	-	-	-	-	-	-	-	-
Contribution by and distributions to owners of the Company :											
Subscription of shares by non-controlling interest in a subsidiary		-	-	-	-	-	-	-	-	18,763	18,763
Reversal of reserves upon disposal of subsidiaries		-	-	-	(3,094)	-	113	(287)	(3,268)	3,381	113
<b>Total transactions with owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,094)</b>	<b>-</b>	<b>113</b>	<b>(287)</b>	<b>(3,268)</b>	<b>22,144</b>	<b>18,876</b>
<b>At 30 September 2017</b>		<b>554,663</b>	<b>-</b>	<b>(5,941)</b>	<b>13,494</b>	<b>119,719</b>	<b>(20,014)</b>	<b>984,602</b>	<b>1,646,523</b>	<b>34,928</b>	<b>1,681,451</b>
<b>9 months period ended 30 September 2016</b>											
At 1 January 2016 (audited)		449,284	105,379	(5,941)	211	119,719	(20,123)	1,029,871	1,678,400	(4,183)	1,674,217
- Prior year adjustment	A10	-	-	-	-	-	-	299,250	299,250	-	299,250
<b>At 1 January 2016 (as restated)</b>		<b>449,284</b>	<b>105,379</b>	<b>(5,941)</b>	<b>211</b>	<b>119,719</b>	<b>(20,123)</b>	<b>1,329,121</b>	<b>1,977,650</b>	<b>(4,183)</b>	<b>1,973,467</b>
Foreign currency translation		-	-	-	13,142	-	4	-	13,146	5	13,151
Total other comprehensive income/(expense)		-	-	-	13,142	-	4	-	13,146	5	13,151
Loss for the period		-	-	-	-	-	-	(166,179)	(166,179)	(150)	(166,329)
Total comprehensive income/(expense)		-	-	-	13,142	-	4	(166,179)	(153,033)	(145)	(153,178)
<b>At 30 September 2016 (as restated)</b>		<b>449,284</b>	<b>105,379</b>	<b>(5,941)</b>	<b>13,353</b>	<b>119,719</b>	<b>(20,119)</b>	<b>1,162,942</b>	<b>1,824,617</b>	<b>(4,328)</b>	<b>1,820,289</b>

N1: In accordance with Section 618(2) of the Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of the Companies Act, 2016 on 31 January 2017 to utilise the credit on or before 30 January 2019 (24 months from commencement of section 74) in accordance with Section 618(3) of the Companies Act, 2016.

**(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 2016 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 2017**  
**Condensed Consolidated Statement of Cash Flow**

	<b>Note</b>	<b>9 months ended 30.09.2017</b>	<b>9 months ended 30.09.2016</b>
		RM'000	RM'000
		Unaudited	Unaudited
<b>Cash flow from operating activities</b>			
Receipts from customers		41,370	76,213
Other income		592	8,034
Payments for plantation expenditure		(1,948)	-
Payments for operating expenses		(199,191)	(117,021)
Payments to contractors		(115,540)	(57,020)
Cash used in operations		<u>(274,717)</u>	<u>(89,794)</u>
Tax refund		44	636
Interest received		6,558	7,419
Net cash used in operating activities		<u>(268,115)</u>	<u>(81,739)</u>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries	<i>B8</i>	(231,830)	(996)
Acquisition of property, plant and equipment		(1,917)	(7,854)
Additions of other investment		-	(63,713)
Net advance to associate		(1)	(2)
Net advance to joint venture		(130)	(161)
Disposal of discontinued operations - Settlement/proceeds from disposal of investment in subsidiary and joint venture, net of cash and cash equivalents disposed of	<i>A15</i>	6,865	313
Acquisition of investment properties		(304)	-
Net proceeds from short-term investments		462,450	33,001
Proceeds from disposal of property, plant and equipment		136	2,203
Net cash generated from/(used in) investing activities		<u>235,269</u>	<u>(37,209)</u>
<b>Cash flow from financing activities</b>			
Proceeds from loans and borrowings		-	461
Proceeds from issuance of share capital in a subsidiary		18,763	-
Proceeds from hire-purchase payables		1,260	-
Repayment of loans and borrowings		(13,208)	(25,535)
Repayment of obligation under finance leases		(1,445)	(1,097)
Interest paid		(1,496)	(3,088)
Net cash generated from/(used in) financing activities		<u>3,874</u>	<u>(29,259)</u>
Net decrease in cash and cash equivalents		(28,972)	(148,207)

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited Third Quarterly Financial Statements Ended 30 September 2017**  
**Condensed Consolidated Statement of Cash Flow**

	<b>9 months ended 30.09.2017</b>	<b>9 months ended 30.09.2016</b>
<b>Note</b>	RM'000	RM'000
	Unaudited	Unaudited
Effects of exchange rate on cash and cash equivalents	(129)	(352)
<b>Cash and cash equivalents at beginning of financial period</b>	267,140	378,522
<b>Cash and cash equivalents at end of financial period</b>	<u>238,039</u>	<u>229,963</u>
<b>Cash and cash equivalents comprise:</b>		
Deposits with licensed banks	202,367	191,660
Cash and bank balances	35,704	38,330
	<u>238,071</u>	<u>229,990</u>
Less : pledged deposits	(32)	(27)
	<u>238,039</u>	<u>229,963</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 2017**

**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 2016. 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 2016.

**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) Amendments and Annual Improvements to Standards**

Description	Effective for annual periods beginning on or after	
Amendments to MFRS 12	Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2017
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

The initial adoption of the above pronouncements did not have any material impact on the interim financial statements of the Group.

**(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	
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
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 2	Share-based Payment – Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 140	Investment Property – Transfers of Investment Property	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

Description	Effective for annual periods beginning on or after
MFRS 17	1 January 2021
IC Interpretation 23	1 January 2019

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

**A3 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not qualified.

**A4 Seasonal or cyclical factors**

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

**A5 Unusual items due to their nature, size or incidence**

There was no item affecting the assets, liabilities, equity, net income or cash flows of the Group that is unusual because of their nature, size or incidence during the current financial quarter and financial year-to-date, except for the reversal of allowance for foreseeable losses, impairment losses as disclosed in Note A9 and prior year adjustments in relation to fair value gain on investment properties in Note A10.

**A6 Changes in estimates**

There is a changes in estimates which resulted in a prior year adjustments as disclosed in Note A10.

**A7 Debt and equity securities**

There were no 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 (30.09.2016 : RM 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	Plantation RM'000	Oil and Gas RM'000	Others RM'000	Elimination RM'000	Continuing operations RM'000	Discontinued operation RM'000	Total RM'000
<b>Results for 3 months ended 30 September 2017</b>									
<b>Operating Revenue</b>									
Sales to external customers	3,918	29,305	3,611	-	435	-	37,269	-	37,269
Finance income	-	(1)	645	60	1,911	-	2,615	-	2,615
Fair value gain on investment properties	-	-	-	-	12,107	-	12,107	-	12,107
Other income	-	59	1,141	54	26,925	(23,409)	4,770	-	4,770
	3,918	29,363	5,397	114	41,378	(23,409)	56,761	-	56,761
Operating expenses	(3,287)	(48,893)	(8,888)	(2,087)	(45,626)	23,407	(85,374)	81	(85,293)
Reversal of Impairment loss on service concession assets	-	-	-	-	-	-	-	911	911
Reversal of allowance for foreseeable losses	-	7,003	-	-	-	-	7,003	-	7,003
Share of results of equity accounted entities	-	-	-	-	34	-	34	-	34
Amortisation and depreciation	-	(177)	(513)	(553)	(1,791)	-	(3,034)	-	(3,034)
<b>Segment results</b>	631	(12,704)	(4,004)	(2,526)	(6,005)	(2)	(24,610)	992	(23,618)
Finance costs							(1,763)	-	(1,763)
<b>(Loss)/profit before tax</b>							(26,373)	992	(25,381)
<b>Results for 3 months ended 30 September 2016</b>									
<b>Operating Revenue</b>									
Sales to external customers	4,208	25,393	-	-	152	-	29,753	161	29,914
Finance income	-	-	-	353	1,673	-	2,026	-	2,026
Other income	1	264	-	6,465	32,192	(24,590)	14,332	3	14,335
	4,209	25,657	-	6,818	34,017	(24,590)	46,111	164	46,275
Operating expenses	(4,308)	(66,173)	-	(13,168)	(38,106)	24,066	(97,689)	(953)	(98,642)
Allowance for foreseeable losses	-	(45,274)	-	-	-	-	(45,274)	-	(45,274)
Share of results of equity accounted entities	-	-	-	-	(44)	-	(44)	-	(44)
Amortisation and depreciation	-	(165)	-	(1,479)	(1,256)	-	(2,900)	(845)	(3,745)
<b>Segment results</b>	(99)	(85,955)	-	(7,829)	(5,389)	(524)	(99,796)	(1,634)	(101,430)
Finance costs							(698)	(149)	(847)
<b>Loss before tax</b>							(100,494)	(1,783)	(102,277)

	Water and Wastewater	Construction	Plantation	Oil and Gas	Others	Elimination	Continuing operations	Discontinued operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Results for 9 months ended 30 September 2017</b>									
<b>Operating Revenue</b>									
Sales to external customers	21,042	61,157	3,611	-	1,400	-	87,210	185	87,395
Finance income	-	-	645	230	5,698	-	6,573	1	6,574
Fair value gain on investment properties	-	-	-	-	12,107	-	12,107	-	12,107
Other income	-	208	1,141	440	87,370	(71,193)	17,966	1,961	19,927
	21,042	61,365	5,397	670	106,575	(71,193)	123,856	2,147	126,003
Operating expenses	(16,862)	(116,823)	(8,888)	(7,996)	(137,719)	71,191	(217,097)	(896)	(217,993)
Impairment loss on service concession	-	-	-	-	-	-	-	(5,132)	(5,132)
Impairment loss on goodwill	-	(1,090)	-	-	(159)	-	(1,249)	-	(1,249)
Reversal of allowance for foreseeable losses	-	14,614	-	-	-	-	14,614	-	14,614
Share of results of joint venture	-	-	-	-	(121)	-	(121)	-	(121)
Amortisation and depreciation	-	(535)	(513)	(1,708)	(6,021)	-	(8,777)	(482)	(9,259)
<b>Segment results</b>	4,180	(42,469)	(4,004)	(9,034)	(37,445)	(2)	(88,774)	(4,363)	(93,137)
Finance costs							(2,652)	(237)	(2,889)
<b>Loss before tax</b>							(91,426)	(4,600)	(96,026)
<b>Results for 9 months ended 30 September 2016</b>									
<b>Operating Revenue</b>									
Sales to external customers	11,110	41,704	-	-	389	-	53,203	484	53,687
Finance income	-	-	-	1,419	5,846	-	7,265	2	7,267
Other income	-	356	-	10,577	91,465	(66,717)	35,681	490	36,171
	11,110	42,060	-	11,996	97,700	(66,717)	96,149	976	97,125
Operating expenses	(8,438)	(108,883)	-	(25,843)	(121,323)	66,193	(198,294)	(4,148)	(202,442)
Allowance for foreseeable losses	-	(45,274)	-	-	-	-	(45,274)	-	(45,274)
Share of results of equity accounted entities	-	-	-	-	(44)	-	(44)	-	(44)
Amortisation and depreciation	-	(443)	-	(4,567)	(4,520)	-	(9,530)	(2,633)	(12,163)
<b>Segment results</b>	2,672	(112,540)	-	(18,414)	(28,187)	(524)	(156,993)	(5,805)	(162,798)
Finance costs							(1,972)	(448)	(2,420)
<b>Loss before tax</b>							(158,965)	(6,253)	(165,218)

b)	Water and Wastewater RM'000	Construction RM'000	Plantation RM'000	Oil and Gas RM'000	Others RM'000	Elimination RM'000	Continuing operations RM'000	Discontinued operation RM'000	Total RM'000
<b>Assets and Liabilities</b>									
<b>As at 30 September 2017</b>									
Segment assets	7,388	148,800	716,884	59,068	2,084,165	(811,325)	2,204,980	-	2,204,980
Unallocated assets							2,372	-	2,372
<b>Total assets</b>							<b>2,207,352</b>	<b>-</b>	<b>2,207,352</b>
Segment liabilities	524	300,608	260,334	14,858	268,756	(430,573)	414,507	-	414,507
Unallocated liabilities							111,394	-	111,394
<b>Total liabilities</b>							<b>525,901</b>	<b>-</b>	<b>525,901</b>
<b>Assets and Liabilities</b>									
<b>As at 30 September 2016</b>									
Segment assets	119,607	82,875	-	131,847	2,174,114	(456,470)	2,051,973	-	2,051,973
Unallocated assets							26,213	-	26,213
<b>Total assets</b>							<b>2,078,186</b>	<b>-</b>	<b>2,078,186</b>
Segment liabilities	109,009	168,108	-	34,552	147,172	(250,304)	208,537	-	208,537
Unallocated liabilities							233,870	-	233,870
<b>Total liabilities</b>							<b>442,407</b>	<b>-</b>	<b>442,407</b>

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

(a) Property, plant and equipment

Property, plant and equipment are measured at cost/revaluation less any accumulated depreciation and any accumulated impairment losses. The value of property, plant and equipment had been brought forward without amendment from the latest audited annual financial statements.

The Group has not revalued any of its property, plant and equipment for the current financial quarter and period ended 30 September 2017.

(b) Investment properties

The fair value of investment properties are based on valuation carried out in the current financial year-to-date by external, independent property valuer, having appropriate recognised professional qualification and recent experience in the location and category of property being valued.

The Group adopts the fair value model for its investment properties. During the financial quarter and year-to-date, there was an indicative change in the value of its investment properties that has resulted in the net fair value gain of RM312.4 million and RM11.5 million recognised in the retained earnings and profit or loss respectively.

The effect of the net fair value gain adjustment in the consolidated financial statements for the financial year ended 31 December 2015, 31 December 2016 and for the financial period ended 30 September 2017 are as follows:-

Impact to Statement of Financial Position:-	Investment properties RM'000	Deferred tax liabilities RM'000	Retained earnings/ Profit or loss RM'000
Balance as at 1.1.2016			
As previously stated	181,557	9,720	1,029,871
Prior year adjustments:- (Note 1)			
- Fair value gain on investment properties	315,000	-	315,000
- Deferred tax liabilities in relation to fair value gain on investment properties	-	15,750	(15,750)
	315,000	15,750	299,250
Balance as at 1.1.2016 (as restated)	496,557	25,470	1,329,121
Addition			
Fair value gain recognised during the year	1,129	1,421	(285,489)
Deferred tax liabilities recognised during the year in relation to fair value gain on investment properties	27,944	-	27,944
	-	1,397	(1,397)
	29,073	2,818	(258,942)
Prior year adjustments:- (Note 1)			
- Fair value gain on Investment properties	13,890	-	13,890
- Deferred tax liabilities in relation to fair value gain on investment properties	-	695	(695)
	13,890	695	13,195
Balance as at 31.12.2016 (as restated)	539,520	28,983	1,083,374
Addition			
Fair value gain recognised during the year	304	81,805	(110,274)
Deferred tax liabilities recognised during the year in relation to fair value gain on investment properties	12,107	-	12,107
	-	605	(605)
	12,411	82,410	(98,772)
Balance as at 30.9.2017	551,931	111,393	984,602

#### Note 1 : Prior year adjustments

The prior year adjustments were due to the correction of the fair value on the Group's investment properties in respect of four lots of leasehold land in Mukim of Ijok, Kuala Selangor and one lot of leasehold land in Mukim of Jeram, Kuala Selangor ("leasehold lands in Mukim of Ijok and Jeram") to reflect the current market value.

Due to the recent development activities surrounding the Mukim of Ijok and Jeram whereby several major development projects launched recently such as Hillpark @ Shah Alam North by MKH Berhad and Eco Grandeur by Eco World Development Group Berhad, it was brought to the Board of Directors ("the Board") recent attention that the carrying value of the leasehold land of the Group in the Mukim of Ijok and Jeram has increased substantially.

The fair value of the Group's leasehold land in the Mukim of Ijok and Jeram was RM152.8 million and RM176.2 million respectively based on the previous desktop valuation carried out by an independent professional valuer for the financial year ended 31 December 2015 and 31 December 2016. The Board is of the opinion that the desktop valuation performed by the independent professional valuer did not consider sufficient data and hence, the carrying value of the leasehold land did not reflect the fair value as at 1 January 2016 and 31 December 2016. As such, the Board had engaged another independent professional valuer to conduct a second full valuation on the leasehold land in the Mukim of Ijok and Jeram as at 1 January 2016 and 31 December 2016 again as well as 30 September 2017.

Based on the full valuation reports done for 1 January 2016, 31 December 2016 and 30 September 2017, the Board noted that the Group's investment properties as at 1 January 2016 was RM496.6 million, 31 December 2016 was RM539.5 million and 30 September 2017 was RM551.9 million respectively.

As such, a net fair value gain of RM299.2 million and RM13.2 million was adjusted to restate the Group's consolidated financial statements for the financial years ended 31 December 2015 and 31 December 2016 respectively and a net fair value gain of RM11.5 million was adjusted to the Group's unaudited consolidated financial statements for the financial period ended 30 September 2017.

#### **A11 Subsequent events**

- (a) On 28 September 2017, the Board of Directors of PNHB ("Board") announced that Puncak Niaga Management Services Sdn Bhd ("PNMSSB"), a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement ("SPA") pertaining to a related party transaction with Puncak Alam Housing Sdn Bhd ("PAHSB") to acquire a piece of leasehold land held under Title No. PN 80453 located at Lot 19255, Mukim of Ijok, District of Kuala Selangor, State of Selangor Darul Ehsan, measuring approximately 8.413 hectares from PAHSB for a total cash consideration of RM40,732,956.00 only ("Proposed Acquisition").

Upon fulfillment of the Conditions Precedent of the SPA dated 28 September 2017, the Proposed Acquisition was completed on 24 October 2017.

- (b) On 19 October 2017, the Board of Directors announced that the Company's sub-subsidiary, Danum Sinar Sdn Bhd ("DSSB") had executed the agreements relating to the acceptance of a RM290 million Islamic Banking Facilities from Affin Islamic Bank Berhad.

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

#### **A12 Changes in the composition of the Group**

- a) On 11 May 2017, the Company informed that pursuant to the Equity Transfer Agreement executed on 15 December 2016 between Sino Water Pte Ltd ("Sino Water"), Environmental Holding Pte Ltd ("EHPL") and Lushan County Chengnan Water Co., Ltd for the disposal of 93.81% equity interest in Luwei (Pingdingshan) Water Co., Ltd ("LUWEI"), the regulatory authority in the People's Republic of China had on 10 May 2017 issued the Business License approving the transfer of 93.81% equity interest in Luwei (Pingdingshan) Water Co., Ltd ("LUWEI") held by Sino Water Pte Ltd to Lushan County Chengnan Water Co., Ltd. Accordingly, LUWEI ceased to be a subsidiary of Sino Water Pte Ltd with effect from 10 May 2017.
- b) On 5 June 2017, Murni Estate Sdn Bhd ("MESB"), Sunshine Upland Sdn Bhd ("SUSB") and Astaka Suria Sdn Bhd ("ASSB") entered into a supplemental shareholders' agreement. Pursuant to this agreement, MESB's equity interest in Danau Semesta increased to 90% (from its current equity holding of 60%) while ASSB's equity interest remained unchanged at 10% and SUSB ceased to be a shareholder of Danau Semesta with effect from 28 June 2017.

- c) On 17 October 2016, Danau Semesta Sdn Bhd ("Danau Semesta" or "Purchaser"), a 90% 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 ("SYHSB" or "Vendor") for the acquisition of the entire issued and paid-up share capital of Danum Sinar Sdn Bhd ("Danum Sinar") comprising 1,000,000 ordinary shares of RM1.00 each. The acquisition of Danum Sinar had been completed on 3 July 2017 following, inter alia, the payment to the vendor of the balance purchase price having reduced in accordance with the provisions of the SPA, from RM276,587,523.65 to RM274,734,568.48, based on the final liabilities of Danum Sinar in its management accounts as at 31 March 2017 of RM329,635,831.37 (previously RM327,782,876.20).

Arising from the completion on 3 July 2017, Danum Sinar becomes a wholly owned subsidiary of Danau Semesta.

- d) On 11 July 2017, the Company informed that pursuant to the Equity Interest Transfer Agreement entered on 20 June 2017 between Sino Water and Binzhou Haifu Water Co., Ltd ("Binzhou Haifu") for the disposal of 100% equity interest in Xinnuo Water (Binzhou) Co., Ltd ("XINNUO"), the regulatory authority in the People's Republic of China had issued the Business License approving the transfer of 100% equity interest in XINNUO held by Sino Water to Binzhou Haifu. Accordingly, XINNUO ceased to be a subsidiary of Sino Water Pte Ltd with effect from 11 July 2017.

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

Save as disclosed in Note B10 Material Litigation, there were no other material contingent liabilities and contingent assets as at 30 September 2017.

### A14 Other material disclosures

#### a) Revenue

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To date	Corresponding Period
	3 months ended		9 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Water and wastewater revenue	3,918	4,208	21,042	11,110
Construction revenue	29,305	25,393	61,157	41,704
Plantation revenue	3,611	-	3,611	-
Others	435	152	1,400	389
	<b>37,269</b>	<b>29,753</b>	<b>87,210</b>	<b>53,203</b>

#### b) Commitments

Other than those described in Notes A11 (a) and B6 (1), the following are the commitments of the Group:-

	As at 30.09.2017 RM'000
Capital expenditure:	
Contracts approved and contracted for	596

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

	9 months ended 30.09.2017		
	At cost	Accumulated Depreciation	Net Book Value
	RM'000	RM'000	RM'000
Acquisition	9,952	713	9,239
Disposal	(349)	(49)	(300)

## A15 Discontinued operations/disposal of subsidiary

On 13 July 2016, the Company's 98.65% subsidiary, Sino Water and EHPL entered into a Framework Agreement with Lushan County People's Government for the proposed disposal of the entire equity interests in LUWEI to Lushan County Chengnan Water Co Ltd., a state-owned enterprise at zero cash consideration and a settlement sum of RMB10.0 million (equivalent to approximately RM6.2 million) only to be paid to Sino Water and its subsidiary for repayment of the outstanding shareholder loans and outstanding consultancy service fees. The disposal of LUWEI was completed on 10 May 2017 as disclosed in Note A12(a).

On 20 June 2017, the Company's 98.65% subsidiary, Sino Water entered into an Equity Interest Transfer Agreement ("EITA") with Binzhou Haifu for the disposal of 100% equity interest in XINNUO for a total cash consideration of RMB350,000.00 (equivalent to RM220,500.00) only. The disposal of XINNUO was completed on 11 July 2017 as disclosed in Note A12(d).

The loss after tax from discontinued operation of LUWEI and XINNUO based on management's best estimates are as follows :

	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	185	484
Other income	1	492
Impairment loss on service concession assets	(5,132)	-
Operating expenses	(896)	(4,148)
Depreciation and amortisation expenses	(482)	(2,633)
Finance costs	(237)	(448)
Taxation	23	68
Loss after tax from discontinued operation	<u>(6,538)</u>	<u>(6,185)</u>
Gain on disposal of discontinued operations	1,961	-
Loss after tax from discontinued operation	<u>(4,577)</u>	<u>(6,185)</u>

Effect of disposals on the financial position of the Group :

	<b>RM'000</b>
Property, plant and equipment	378
Service concession assets	32,225
Inventories	8
Trade and other receivables	82
Cash and cash equivalents	442
Trade and other payables	(18,781)
Borrowings	(14,000)
Deferred tax liabilities	(1,691)
Non-controlling interests	(400)
Net liabilities disposed off	<u>(1,737)</u>
Gain from disposal of discontinued operation	1,961
Cash proceeds from disposal	<u>224</u>
Less: Cash and cash equivalent disposed of	(442)
Settlement sum on disposal	7,083
Net cash inflow on disposal	<u>6,865</u>

## A16 Financial instruments

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

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

Carrying amount	Fair value	Carrying amount	Fair value
30.09.2017	30.09.2017	31.12.2016	31.12.2016
RM'000	RM'000	RM'000	RM'000

### **Financial liabilities :**

Loans and borrowings	<u>(147,599)</u>	<u>(147,171)</u>	<u>(22,067)</u>	<u>(21,493)</u>
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Short-term investment of the Group and of the Company amounted to RM387,728,000 (31.12.2016 : RM835,053,000) 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.

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.



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

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### B1 Review of performance

For the current financial quarter and financial year-to-date, the Group recorded higher revenue of RM37.3 million and RM87.2 million compared to RM29.8 million and RM53.2 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing a positive variance of RM7.5 million or 25.2% and RM34.0 million or 63.9% respectively. The higher revenue reported for the financial year-to-date was mainly due to higher revenue contribution from the Construction and Water and Wastewater segments and the new plantation segment.

The Group recorded loss before tax ("LBT") of RM26.4 million and RM91.4 million for the financial quarter and financial year-to-date compared to RM100.5 million and RM159.0 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing a positive variance of RM74.1 million or 73.7% and RM67.6 million or 42.5% respectively. The lower LBT reported in the current quarter and financial year-to-date was mainly due to reversal of provision for foreseeable loss in previous year realised upon revenue and cost recognition and fair value gain on investment properties.

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 RM0.6 million in the current financial quarter compared to loss before interest and tax ("LBIT") of RM0.1 million in the preceding year's corresponding financial quarter, representing a positive variance of RM0.7 million. The PBIT in the current financial quarter was mainly due to lower operating expenses.

For the current financial year-to-date, the Water and Wastewater segment reported a PBIT of RM4.2 million compared to PBIT of RM2.7 million in the preceding year's corresponding financial year-to-date, representing a positive variance of RM1.5 million. The higher PBIT in the current financial year-to-date was mainly due to higher revenue and operating expenses.

#### (b) Construction :

The Construction segment reported LBIT of RM12.7 million in the current financial quarter as compared to LBIT of RM86.0 million in the preceding year's corresponding financial quarter, representing a positive variance of RM73.3 million or 85.2%, mainly due to higher revenue contribution and the reversal of allowance for foreseeable loss made in previous year upon revenue and cost recognition.

For the current financial year-to-date, the Construction segment reported LBIT of RM42.5 million as compared to LBIT of RM112.5 million in the preceding year's corresponding financial year-to-date, representing a positive variance of RM70.0 million or 62.2%. The lower LBIT reported in the current financial year-to-date was mainly due to higher revenue contribution and the reversal of allowance for foreseeable loss made in previous year upon revenue and cost recognition.

As the entire anticipated loss in respect of the ongoing sewerage contract had been recognised in the previous financial year, no further additional loss is recognised during the period under review.

#### (c) Plantation :

For the current financial quarter and financial year-to-date the Group had accounted for the results of the newly acquired Plantation segment, upon the completion of the acquisition of Danum Sinar on 3 July 2017 as disclosed in Note A12(c) and B8. For the 3 months period ended 30 September 2017, the Plantation segment reported revenue of RM3.6 million and LBIT of RM4.0 million. The Plantation has not contributed earnings yet as the production of fresh fruit bunches is currently at the low level wherein majority of the planted area is classified under "young mature" while most of the other planted areas are still under "immature" stage. Nevertheless, higher production level is anticipated as the palms mature and produce more crops in the future.

#### (d) Oil and Gas :

The Oil and Gas segment reported LBIT of RM2.5 million and RM9.0 million in the current financial quarter and financial year-to-date as compared to LBIT of RM7.8 million and RM18.4 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing a positive variance of RM5.3 million or 67.9% and RM9.4 million or 51.1% respectively. The lower LBIT for the financial quarter and financial year-to-date was mainly due to lower operating expenses with no revenue contribution from the Oil and Gas Division.

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

The Group reported LBT of RM26.4 million for the current financial quarter compared to LBT of RM33.1 million in the immediate preceding financial quarter, representing a positive variance of RM6.7 million or 20.2%. The lower LBT reported in the current financial quarter was mainly due to fair value gain on investment properties as disclosed in Note A10.

## 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 and has recently ventured into the oil palm plantation sector on 3 July 2017 with the completion of the acquisition of Danum Sinar Sdn Bhd, an oil palm plantation company. This new business sector has the ability to generate a steady flow and recurring source of income which will contribute positively to the Group's earnings in the long term. The Group remains cautious in managing the various challenges in the oil palm plantation sector such as fluctuations in crude palm oil prices, labour shortage and adverse weather conditions.

On the Water and Wastewater segment, the Group will continue to explore new opportunities for water-related projects within the country and the ASEAN region with the prospect for securing new contracts. With regards to its existing business operation, the Group continues to introduce measures to upgrade and enhance the water treatment plant's performance and efficiency of its existing client.

On the Construction segment, the Group will continue to be involved in water and wastewater infrastructure-related projects. 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 plans to tender for projects which fall within its areas of expertise.

On the Oil and Gas segment, the Group maintains a cautious outlook and continues to undertake mitigation measures on risks that had been identified. Nevertheless, the Group remains open to future opportunities which may be worthwhile to be considered contingent upon significant rebound in the crude oil price.

## B4 Variances from profit forecast and profit guarantee

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

## B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended 30.09.2017	30.09.2016	9 months ended 30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Income tax				
- current year tax expense	248	163	(378)	121
Deferred tax				
- origination and reversal of temporary differences	(605)	(300)	(2,715)	(1,300)
	<u>(357)</u>	<u>(137)</u>	<u>(3,093)</u>	<u>(1,179)</u>
<u>Discontinued operations</u>				
Deferred tax				
- origination and reversal of temporary differences	-	22	23	68
	<u>(357)</u>	<u>(115)</u>	<u>(3,070)</u>	<u>(1,111)</u>

The effective tax rate of the Group for the current financial year-to-date was lower than the Malaysian statutory tax rate mainly due to the reversal of temporary differences in respect of prior year.

## **B6 Status of corporate proposals**

- 1) On 18 April 2016, the Company 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 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 for the Company to evaluate the Proposed Transaction ("Due Diligence Period"). During the Due Diligence Period, the Company shall be granted exclusivity by TRIplc with respect to the Proposed Transaction.

On 17 August 2016, the Company and TRIplc 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.

On 17 November 2016, the Company and TRIplc 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.

On 16 December 2016, the Company entered into a conditional share sale agreement ("SSA") with Pimpinan Ehsan Berhad ("Pimpinan Ehsan") to purchase the entire issued and paid-up share capital of TRIplc for a cash consideration of RM210 million only ("Proposed Acquisition").

In conjunction with the Proposed Acquisition, TRIplc will be undertaking an internal reorganisation by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 ("Act") ("Proposed TRIplc Internal Reorganisation") comprising the following:

(i) a proposed share exchange of the entire issued and fully paid-up share capital of TRIplc with new ordinary shares of RM1.00 each in Pimpinan Ehsan ("Pimpinan Ehsan Shares") on the basis of one (1) new Pimpinan Ehsan Share for every one (1) existing ordinary share of RM1.00 each in TRIplc ("TRIplc Share") held as at the entitlement date to be determined and announced by TRIplc ("Proposed Share Exchange"); and

(ii) a proposed transfer of the listing status of TRIplc to Pimpinan Ehsan and the admission of the Pimpinan Ehsan Shares to the Official List of the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), with the listing of and quotation for all Pimpinan Ehsan Shares on the Main Market of Bursa Securities ("Proposed Transfer of Listing Status to Pimpinan Ehsan").

Upon completion of the Proposed TRIplc Internal Reorganisation, TRIplc will be a wholly-owned subsidiary of Pimpinan Ehsan and Pimpinan Ehsan will assume the listing status of TRIplc's.

On 28 April 2017, the Board of Directors announced that the application in respect of the Proposed Acquisition had been submitted to the Securities Commission Malaysia ("SC").

On 2 June 2017, the Board of Directors announced that the Company had been notified by TRIplc that it had procured the approval of Unit Kerjasama Awam Swasta for the disposal of the entire equity interest in TRIplc by Pimpinan Ehsan, being one of the conditions precedent to be fulfilled by Pimpinan Ehsan pursuant to the conditional share sale agreement dated 16 December 2016.

On 13 September 2017, the Board of Directors announced that the SC had, via its letter dated 12 September 2017, approved the Company's application for the Proposed Acquisition under Section 214(1) of the Capital Markets and Services Act 2007 and under the equity requirements for public listed companies, subject to the terms and conditions as set out therein.

On 15 September 2017, the Board of Directors announced that the Company and Pimpinan Ehsan entered into a supplemental agreement to the SSA ("Supplemental Agreement") to:

- (i) extend the time under the SSA to fulfil or waive the Conditions Precedent from 15 September 2017 to 15 June 2018;
- (ii) include that the completion of the Proposed Acquisition is conditional upon the completion of the Proposed TRIplc Internal Reorganisation as an additional Conditions Precedent to be satisfied by the Vendor. The Proposed TRIplc Internal Reorganisation is not conditional upon the Proposed Acquisition; and
- (iii) arising from the consequential amendments to the SSA as highlighted in (ii) above, to remove from the relevant completion clauses in the SSA, all references to the completion of the Proposed Acquisition being subject to the Proposed Share Exchange having been completed.

Save for the amendments contained in the Supplemental Agreement, all other terms of the SSA remain unchanged.

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

## B7 Loans and borrowings

Details of the Group's loans and borrowings as at 30 September 2017 are as follows:-

	<b>Current RM'000</b>	<b>Non- current RM'000</b>
<b>Secured</b>		
Term loans	23,575	106,000
Bank overdraft	1,481	-
Obligation Under Finance Leases	1,366	5,132
Revolving Credit Facility	10,045	-
	<b>36,467</b>	<b>111,132</b>

All loans and borrowings are denominated in Ringgit Malaysia.

## B8 Acquisition of a subsidiary

On 17 October 2016, Danau Semesta Sdn Bhd ("Danau Semesta" or "Purchaser"), a 60% owned subsidiary of Murni Estate Sdn Bhd ("MESB"), which in turn is a wholly-owned subsidiary of Puncak, entered a sale and purchase agreement ("SPA") with Shin Yang Holding Sendirian Berhad ("SYHSB" or "Vendor") for the acquisition of the entire issued and paid-up share capital of Danum Sinar Sdn Bhd ("Danum Sinar") comprising 1,000,000 ordinary shares of RM1.00 each 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 ("Sale Shares"). The purchase price for the Sale Shares is RM446,505,690.45 ("Purchase Price") to be fully satisfied in cash, of which 10% deposit sum is to be paid within 30 days from the date of the SPA ("Acquisition of Danum Sinar").

On 5 June 2017, Danau Semesta and SYHSB entered into a second supplemental sale and purchase agreement to amend and vary the terms of the SPA ("Supplemental SPA"), whereby the Purchase Price for the 100% equity interest in Danum Sinar has been reduced from RM446,505,690.45 to RM276,587,523.65.

On the same day, MESB, Sunshine Upland Sdn Bhd ("SUSB") and Astaka Suria Sdn Bhd ("ASSB") entered into a supplemental shareholders' agreement. Pursuant to this agreement, with effect from 28 June 2017, MESB's equity interest in Danau Semesta increased to 90% (from its initial equity holding of 60%) while ASSB's equity interest in Danau Semesta remained unchanged at 10% and SUSB ceased to be a shareholder of Danau Semesta.

As Puncak's effective interest in Danau Semesta is 90%, the portion of the Purchase Price that Puncak had to contribute to Danau Semesta for payment to SYHSB was RM248,928,771.29, which was funded via internally generated funds.

On 3 July 2017, Danau Semesta completed the acquisition of Danum Sinar and the final Purchase Price had been reduced in accordance with the provisions of the SPA, from RM276,587,523.65 to RM274,734,568.48, based on the final liabilities of Danum Sinar in its management accounts as at 31 March 2017 of RM329,635,831.37 (previously RM327,782,876.20).

Accordingly, Danum Sinar became a wholly owned subsidiary of Danau Semesta which in turn became a 90% subsidiary of MESB (previously 60%) with ASSB as the remaining 10% shareholder on 3 July 2017.

The fair value of the identifiable assets and liabilities acquired and net cash outflow on the acquisition of Danum Sinar for the financial period ended 3 July 2017 based on the Management's best estimates are as follows :

<u>Identifiable assets and (liabilities):-</u>	Total RM'000
Property, plant & equipment	400,738
Plantation development expenditure	275,788
Inventories	7,314
Trade and other receivables	10,511
Tax recoverable	28
Cash and cash equivalents	77
Trade and other payables	(190,397)
Loans and borrowings	(145,325)
Deferred taxation	(83,597)
Identifiable net assets acquired	<u>275,137</u>
Gain on bargain purchase	(405)
Total cash outflow on acquisition of subsidiary	<u>274,732</u>
Less : cash and cash equivalents acquired (included bank overdraft)	1,748
Less : deposit paid in previous year ended 31 December 2016	(44,650)
Net cash outflow on acquisition of subsidiary	<u>231,830</u>
Gain on bargain purchase	(405)
Less : Non-controlling interest share of bargain purchase	40
	<u>(365)</u>

The fair values of the assets and liabilities arising from the acquisition have been determined based on provisional fair values assigned to the identifiable assets and liabilities on the acquisition date. Any adjustments to these provisional fair values upon the finalisation of the detailed Purchase Price Allocation exercise will be recognised in intangible assets and/or property, plant and equipment within 12 months of the acquisition date as permitted by MFRS 3 "Business Combinations".

#### **B9 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.

#### **B10 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.

On 4 January 2017, the Company was notified that the Panel has fixed the continued hearing for the First Arbitration Proceedings on 10 January 2017.

On 11 January 2017, the Company was notified at the hearing held on 10 January 2017 that the Chief Arbitrator had withdrawn himself from the Panel and the remaining Panel will have to find a replacement for the Chief Arbitrator before the Panel schedules new dates for the continued hearing for the First Arbitration Proceedings.

The newly constituted Panel fixed the hearing for the First Arbitration Proceedings on 7 March 2017, 11 April 2017 and 22 April 2017.

At the hearing held on 11 April 2017, the Panel fixed the next continued hearing date of the First Arbitration Proceedings on 17 June 2017 and vacated the earlier date fixed on 22 April 2017.

On 17 June 2017, the Panel fixed the continued hearing dates of the First Arbitration Proceedings on 15 July 2017 and 16 July 2017, respectively. which were subsequently cancelled by the Panel.

The next continued hearing date of the First Arbitration Proceedings which was fixed by the Panel on 10 September 2017 was subsequently adjourned and held on 18 November 2017. The next continued hearing dates of the First Arbitration Proceedings has been fixed on 6 and 7 January 2018.

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) Pengurusan Air Selangor Sdn Bhd ("PASSB")**

### **Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn Bhd vs Puncak Niaga Holdings Berhad & 5 Others ("the Suit")**

The Company had, on the evening of 9 May 2017, received a sealed copy of the Amended Writ together with an Amended Statement of Claim both dated 28 April 2017 from the solicitors of PASSB.

The Suit arose from alleged breaches on the Sale and Purchase Agreement dated 11 November 2014 ("SPA") between the Company and PASSB relating to the disposals by the Company of the entire equity interest and cumulative convertible redeemable preference shares held in Puncak Niaga (M) Sdn Bhd ("PNSB") and 70% equity interest and RM212.0 million nominal value of redeemable convertible loan stocks held in Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") to PASSB for RM1,555.3 million in line with the consolidation/restructuring of the water industry in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya by the State Government and the Federal Government. The disposals of PNSB and SYABAS were completed on 15 October 2015.

In the Suit, the Company is named as the First Defendant.

The relief sought by PASSB against the Company is as follows:-

- (i) a sum of RM63,237,583.05 ("Sum") to be paid within 14 days from the date of the Honourable Court judgment.
- (ii) interests on the Sum at the rate of 5% per annum to be calculated from 22 August 2016 until full payment thereof.
- (iii) a declaration that the Company continues to indemnify PASSB for all losses which arises after the filing of this claim that PASSB may suffer as a result of the breaches in this action, including but not limited to future RPGT relation to the transfer of properties of PNSB to the Company Group under the SPA.



- (iv) general damages to be assessed (“Assessed Damages”) and interests on the Assessed Damages at the rate of 5% per annum to be calculated from the date of assessment until full payment thereof.
- (v) an order that the Company do deliver to PASSB the original or photocopies of PNSB’s documents within seven (7) days from the date of the Honourable Court order.
- (vi) costs and interests at the rate of 5% and other reliefs or orders that the Honourable Court may deem fit and proper to grant.

The alleged breaches are said to arise from a breach of the SPA, amongst others, Clauses 7.2(c), 7.2(d) and the Representations and Warranties of Puncak in Schedule 2, Clause 10.1.5.

The Sum of RM63,237,583.05 is made out of, amongst others, alleged payments made in respect of the Non-CA Related Business.

The Company had instructed its solicitors to contest the matter and to file an appearance at the pre-trial case management on 17 May 2017.

On 17 May 2017, the Court fixed another pre-trial case management on 18 July 2017. Meanwhile, the Company filed an appearance on 16 May 2017 and its Defence is due by 23 June 2017.

The Company filed its Defence on 20 June 2017 and a copy of the Defence was served on PASSB’s solicitors on 21 June 2017. Puncak received a copy of PAAB’s reply to the Defence on 14 July 2017.

On 5 July 2017, PASSB served a sealed application to restrain Puncak’s solicitors from acting in the proceeding for the Suit on 5 July 2017.

At the case management held on 18 July 2017, the Court scheduled PASSB’s application to restrain Puncak’s solicitors from acting in the proceeding for the Suit on 24 August 2017. Meanwhile, Puncak and Puncak’s solicitors had filed and served their affidavit in replies to oppose the said application by PASSB on 17 July 2017.

At the case management held on 21 August 2017, the Court adjourned the hearing of PASSB’s application to restrain Puncak’s solicitors from acting in the proceeding for the Suit to 14 September 2017. Meanwhile, the respective submission in reply is due on 4 September 2017.

At the hearing of PASSB’s application to restrain Puncak’s solicitors from acting in the proceeding for the Suit held on 14 September 2017, the Court adjourned the hearing of the said application to 26 September 2017.

At the hearing held on 26 September 2017, the Court adjourned the hearing of PASSB’s application to restrain Puncak’s solicitors from acting in the proceeding for the Suit to 30 November 2017.

On 5 October 2017, at PASSB’s request, the Court brought forward the hearing of PASSB’s application to restrain Puncak’s solicitors from acting in the proceeding for the Suit to 9 November 2017.

PASSB’s application to restrain Puncak’s solicitors from acting in the proceeding for the Suit was part heard on 9 November 2017 and will be continued on 30 November 2017.

### **(3) Puncak Niaga Holdings Berhad ("Puncak")**

**Shah Alam High Court Suit No: BA-21NCvC-72-10/2017 Puncak Niaga Holdings Berhad ("Plaintiff") vs 1. Tan Sri Dato' Seri Abdul Khalid bin Ibrahim 2. Dato' Seri Mohamed Azmin bin Ali 3. The Selangor State Government ("Collectively Defendants")**

The solicitors of Puncak as the Plaintiff ("Plaintiff") served the sealed Writ of Summons vide Shah Alam High Court Suit No. BA-21NCvC-72-10/2017 together with the Statement of Claim dated 27 October 2017 on:-

- (i) the solicitors of Tan Sri Dato' Seri Abdul Khalid bin Ibrahim ("Tan Sri Khalid"), as the former Menteri Besar of Selangor on 2 November 2017;
- (ii) Dato' Seri Mohamed Azmin bin Ali ("Dato' Seri Azmin"), as the present Menteri Besar of Selangor on 21 November 2017; and
- (iii) The Selangor State Government ("Selangor State Government") on 6 November 2017; collectively "the Defendants".

The suit is initiated by Puncak against the Defendants including the Selangor State Government, who Puncak asserts is vicariously liable for the tortious acts of Tan Sri Khalid and Dato' Seri Azmin in abusing their powers in public office/misfeasance by threatening to cause and/or requesting or attempting to cause the Federal Government to invoke use of the Water Services Industry Act 2006 ("WSIA") to force a take-over of the State's water industry.

Puncak claims damages, interest on damages and costs of:-

- (a) the difference between the value of PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) ("PNSB") and Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") at the range of RM2,081,000,000.00 to RM2,353,000,000.00 and the actual purchase consideration of RM1,555,300,000.00 under the Share Purchase Agreement dated 11 November 2014 between Puncak and Pengurusan Air Selangor Sdn Bhd; and
- (b) Loss of business opportunities (local and foreign) totalling RM13,496,009,000.00.

The matter is fixed for case management at the Shah Alam High Court on 28 November 2017.

At the case management held on 28 November 2017, the Judge made directions for the filing of pleadings, the exchange of affidavits and submissions in respect of the 1st Defendant's ("Tan Sri Khalid") application to strike out the claim ("Striking out Application") as well as pre-trial case management directions as follows:-

- (a) Tan Sri Khalid's Striking out Application is fixed for decision on 23 January 2018.
- (b) The next case management before the Judge for parties to comply with pre-trial case management directions is on 12 February 2018.
- (c) The trial dates are scheduled on 28 March 2018 to 30 March 2018.

Meanwhile, the Judge directed parties to attempt mediation in January 2018.

### **(4) Puncak Niaga Construction Sdn Bhd ("PNCSB")**

**Five (5) Notices of Adjudication issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB - which had been adjudicated and decided upon**

#### **(a) Notice of Adjudication dated 27 May 2016 issued under CIPAA to 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 Pembedungan 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 had instructed its solicitors to contest the matter.

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

**(b) Notice of Adjudication dated 27 May 2016 issued under CIPAA to 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.

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 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 had instructed its solicitors to contest the matter.

On 30 June 2016, an adjudicator had been appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 27 May 2016.

**(c) Notice of Adjudication dated 14 June 2016 issued under CIPAA to 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.

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 had instructed its solicitors to contest the matter.

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

On 15 March 2017, the Company announced the following:-

- (i) That PNCSB had successfully defended a substantial portion of Genbina's claims in relation to Adjudications (for the two (2) Notices of Adjudication dated 27 May 2016 and one (1) Notice of Adjudication dated 14 June 2016) whereby PNCSB was only required to pay Genbina RM5,906,394.10, (inclusive interests and costs) out of a principal claim sum of RM15,721,057.36.
- (ii) That on 8 March 2017, PNCSB entered into a consent order with Genbina and its financier cum co-plaintiff, Malaysia Debt Ventures Berhad ("MDV") in relation to Genbina's application to enforce the Adjudication Award in the Kuala Lumpur High Court Originating Summons No. WA-24C-155-12/2016 that the adjudicated sums for the sum of RM5,906,394.10 will be paid to MDV on or before 15 March 2017 upon MDV's undertaking to refund the same to PNCSB in the event PNCSB is successful in the arbitration against Genbina. This said sum had been remitted to MDV by PNCSB's solicitors on 14 March 2017.

**(d) Notice of Adjudication dated 12 July 2016 issued under CIPAA to 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.

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 had instructed its solicitors to contest the matter.

On 2 September 2016, an adjudicator had been appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 12 July 2016.

**(e) Notice of Adjudication dated 16 August 2016 issued under CIPAA to 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.

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 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 had instructed its solicitors to contest the matter.

On 19 September 2016, an adjudicator had been appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 16 August 2016.

On 15 March 2017, the Company announced that Genbina's remaining adjudications to PNCSB (for the two (2) Notices of Adjudication dated 12 July 2016 and 16 August 2016) whereby Genbina had claimed for a principal claim sum of RM7,322,782.92 had been dismissed in total with a combined costs of RM158,000.00 awarded in PNCSB's favour.

**(5) Two (2) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB**

**(a) Notice of Arbitration dated 17 June 2016 issued under KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB**

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 contained in a Letter of Award and its Addendums ("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 2005 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 the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB**

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 OMSA for the D44 Project to arbitration under KLRCA in accordance to the Arbitration Act 2005 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.

**(6) Three (3) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 by, 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, an 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 workers' salaries and to bear all direct and incidental costs for their repatriation, amongst others. PNCSB seeks to recover its loss and damage suffered from Genbina in the arbitration.

PNCSB has asserted that it has suffered losses and damage arising from Genbina's breaches and wrongful acts under the Contract, OMSA and Workers' Agreement and is preparing a counter-claim against Genbina, which PNCSB has assessed and estimated to be in the region of RM152.2 million.

Two (2) separate arbitrations initiated by Genbina Sdn Bhd and the three (3) separate arbitrations initiated by PNCSB will be consolidated into a single arbitration proceeding.

The arbitral tribunal has been constituted and a preliminary meeting was called on 5 July 2017 wherein parties have been given directions to move the arbitration forward.

**(7) Notice of Adjudication dated 31 July 2017 issued under CIPAA to PNCSB**

On 31 July 2017, PNCSB received a Notice of Adjudication dated 31 July 2017 to refer the disputes arising from an alleged payment claim under Sections 7 and 8 under CIPAA from Genbina.

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

- (i) Genbina had issued a Notice of Adjudication dated 31 July 2017 to refer the disputes arising from an alleged payment claim under Sections 7 and 8 under CIPAA against PNCSB on 31 July 2017 for the sum of RM25,413,723.45 for D44 project together with interest, cost and/or any other relief against PNCSB in relation to the alleged payment claim as may be appropriate.
- (ii) PNCSB had instructed its solicitors to contest the matter.

On 5 October 2017, an adjudicator has been appointed by the Director of Kuala Lumpur Regional Centre For Arbitration ("KLRCA") in respect of the Notice of Adjudication dated 31 July 2017.

**B11 Dividend**

No dividend has been proposed or declared for the current financial year-to-date. (2016 : RM Nil)

**B12 Loss per share****Basic loss per ordinary share**

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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 3 months ended 30.09.2017	Preceding Year Corresponding Quarter 30.09.2016	Current Year to date 9 months ended 30.09.2017	Preceding Year Corresponding Period 30.09.2016
(Loss)/profit net of tax attributable to owners of the parent	(RM'000)				
- continuing operations		(26,511)	(99,485)	(93,809)	(162,027)
- discontinued operation		1,127	(2,890)	(4,676)	(4,152)
		<u>(25,384)</u>	<u>(102,375)</u>	<u>(98,485)</u>	<u>(166,179)</u>
Weighted average number of ordinary shares in issue	('000)	<u>447,247</u>	<u>447,247</u>	<u>447,247</u>	<u>447,247</u>
Basic (loss)/profit per share	(sen)				
- continuing operations		(5.92)	(22.24)	(20.97)	(36.23)
- discontinued operation		0.25	(0.64)	(1.05)	(0.92)
		<u>(5.67)</u>	<u>(22.88)</u>	<u>(22.02)</u>	<u>(37.15)</u>

**Diluted loss per ordinary share**

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

**B12 Retained earnings**

	<b>As at 30.09.2017 RM'000</b>	<b>As at 31.12.2016 RM'000 (Restated)</b>	<b>As at 1.1.2016 RM'000 (Restated)</b>
<b>Total retained earnings of the Company and its subsidiaries :</b>			
- realised	356,362	398,603	808,637
- unrealised			
As previously stated	290,044	31,941	78,679
Prior year adjustments (Note A10)	-	312,445	299,250
	<u>290,044</u>	<u>344,386</u>	<u>377,929</u>
	<u>646,406</u>	<u>742,989</u>	<u>1,186,566</u>
Less : Consolidation adjustments	338,196	340,385	142,555
<b>Total retained earnings</b>	<u>984,602</u>	<u>1,083,374</u>	<u>1,329,121</u>

**By Order of the Board**

**TAN BEE LIAN (MAICSA 7006285)**  
**LIM SHOOK NYEE (MAICSA 7007640)**  
**LEE SIEW YOKE (MAICSA 7053733)**  
**Secretaries**

Shah Alam  
29 November 2017