

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited Third Quarterly Financial Statements Ended 30 September 2018**  
**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
		30.09.2018	30.09.2017	30.09.2018	30.09.2017
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
<b>Continuing operations</b>					
Revenue	A14(a)	72,193	37,269	158,697	87,210
Other income		7,844	19,492	42,005	36,646
Operating costs		(89,892)	(85,374)	(231,925)	(218,346)
Reversal of provision for foreseeable losses		4,852	7,003	28,221	14,614
Depreciation and amortisation expenses		(4,665)	(3,034)	(16,058)	(8,777)
Loss from operations		(9,668)	(24,644)	(19,060)	(88,653)
Finance costs		(16,192)	(1,763)	(23,222)	(2,652)
Share of results of equity accounted entities		(17)	34	(62)	(121)
Loss before tax	A9	(25,877)	(26,373)	(42,344)	(91,426)
Taxation expense	B5	(1,249)	(357)	(4,240)	(3,093)
<b>Loss after tax from continuing operations</b>		(27,126)	(26,730)	(46,584)	(94,519)
<b>Discontinued operations</b>					
Profit/(loss) after tax from discontinued operations	A15	-	992	-	(4,577)
<b>Loss after tax</b>		(27,126)	(25,738)	(46,584)	(99,096)
<b>Attributable to:</b>					
Owners of the parent		(26,305)	(25,384)	(44,258)	(98,485)
Non-controlling interests		(821)	(354)	(2,326)	(611)
Loss after tax		(27,126)	(25,738)	(46,584)	(99,096)
		sen	sen	sen	sen
<b>Basic (loss)/earnings per share attributable to owners of the parent:</b>					
continuing operations	B12	(5.88)	(5.92)	(9.90)	(20.97)
discontinued operation		-	0.25	-	(1.05)
		(5.88)	(5.67)	(9.90)	(22.02)

(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 2017 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 2018**

**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	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Loss after tax	(27,126)	(25,738)	(46,584)	(99,096)
<b>Other comprehensive income:</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency translation	350	2,148	62	7,875
<b>Total comprehensive expense for the period</b>	<b>(26,776)</b>	<b>(23,590)</b>	<b>(46,522)</b>	<b>(91,221)</b>
<b>Total comprehensive expense attributable to:</b>				
Owners of the parent	(25,955)	(23,237)	(44,196)	(91,042)
Non-controlling interests	(821)	(353)	(2,326)	(179)
	<b>(26,776)</b>	<b>(23,590)</b>	<b>(46,522)</b>	<b>(91,221)</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 2017 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 2018**  
**Condensed Consolidated Statement of Financial Position**

	Note	As at 30.09.2018 RM'000 Unaudited	As at 31.12.2017 RM'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		551,853	530,533
Investment properties		833,007	601,367
Bearer biological assets		295,860	282,867
Investment in associates		7	6
Investment in joint venture		122	-
Trade and other receivables		466,683	-
Deferred tax assets		28,666	-
		2,176,198	1,414,773
<b>Current assets</b>			
Inventories		10,915	10,627
Trade and other receivables		187,604	180,156
Short-term investments		233,202	290,778
Tax recoverable		2,591	1,912
Cash and bank balances		600,391	246,175
		1,034,703	729,648
<b>TOTAL ASSETS</b>		3,210,901	2,144,421
<b>Equity and liabilities</b>			
<b>Equity attributable to equity owners of the parent</b>			
Share capital		554,663	554,663
Reserves		940,996	987,428
Treasury shares		(5,941)	(5,941)
<b>Shareholders' equity</b>		1,489,718	1,536,150
<b>Non-controlling interest</b>		40,574	33,900
<b>Total equity</b>		1,530,292	1,570,050
<b>Non-current liabilities</b>			
Loans and borrowings	B7	1,055,614	143,407
Trade and other payables		4,331	-
Deferred tax liabilities		172,353	110,160
		1,232,298	253,567
<b>Current liabilities</b>			
Loans and borrowings	B7	80,469	19,845
Trade and other payables		314,667	221,430
Provision for foreseeable loss		50,267	78,488
Tax payable		2,908	1,041
		448,311	320,804
<b>Total liabilities</b>		1,680,609	574,371
<b>TOTAL EQUITY AND LIABILITIES</b>		3,210,901	2,144,421
<b>Net assets per share attributable to owners of the parent (RM)</b>		3.33	3.43

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 2018**  
**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 2018</b>										
<b>At 1 January 2018</b>	<b>554,663</b>	<b>-</b>	<b>(5,941)</b>	<b>(181)</b>	<b>125,531</b>	<b>(20,014)</b>	<b>882,092</b>	<b>1,536,150</b>	<b>33,900</b>	<b>1,570,050</b>
Foreign currency translation	-	-	-	62	-	-	-	62	-	62
Total other comprehensive income	-	-	-	62	-	-	-	62	-	62
Loss for the period	-	-	-	-	-	-	(44,258)	(44,258)	(2,326)	(46,584)
Total comprehensive income/(expense)	-	-	-	62	-	-	(44,258)	(44,196)	(2,326)	(46,522)
Contribution by and distributions to owners of the Company :										
Subscription of shares by non-controlling interest in a subsidiary	-	-	-	-	-	-	-	-	9,000	9,000
Dividend paid	-	-	-	-	-	-	(2,236)	(2,236)	-	(2,236)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,236)</b>	<b>(2,236)</b>	<b>9,000</b>	<b>6,764</b>
<b>At 30 September 2018</b>	<b>554,663</b>	<b>-</b>	<b>(5,941)</b>	<b>(119)</b>	<b>125,531</b>	<b>(20,014)</b>	<b>835,598</b>	<b>1,489,718</b>	<b>40,574</b>	<b>1,530,292</b>
<b>9 months period ended 30 September 2017</b>										
<b>At 1 January 2017</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	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
Disposal of subsidiary	-	-	-	(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>

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 2017 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 2018**  
**Condensed Consolidated Statement of Cash Flow**

		<b>9 months ended 30.09.2018</b>	<b>9 months ended 30.09.2017</b>
	<b>Note</b>	RM'000	RM'000
		Unaudited	Unaudited
<b>Cash flow from operating activities</b>			
Receipts from customers		141,502	41,370
Other income		12,377	592
Payments for operating expenses		(205,054)	(201,139)
Payments to contractors		(127,835)	(115,540)
Cash used in operations		<u>(179,010)</u>	<u>(274,717)</u>
Tax (paid)/refund		(1,984)	44
Interest received		7,298	6,558
Net cash used in operating activities		<u>(173,696)</u>	<u>(268,115)</u>
<b>Cash flow from investing activities</b>			
Net cash inflow/(outflow) from/(to) acquisition of a subsidiary	<i>B8</i>	103,910	(231,830)
Acquisition of property, plant and equipment		(21,638)	(1,917)
Net advance to associate/joint venture		(186)	(131)
Disposal of discontinued operations - proceeds from disposal of investment in subsidiary and joint venture, net of cash and cash equivalents disposed of		-	6,865
Additions of bearer biological assets		(3,173)	-
Acquisition of investment properties		-	(304)
Withdrawal of short-term investments		375,255	462,450
Proceeds from disposal of property, plant and equipment		12,500	136
Net cash generated from investing activities		<u>466,668</u>	<u>235,269</u>
<b>Cash flow from financing activities</b>			
Proceeds from loans and borrowings		80,772	1,260
NCI subscription of share capital in a subsidiary		9,000	18,763
Repayment of loans and borrowings		(17,599)	(13,208)
Repayment of obligations under finance leases		(2,391)	(1,445)
Dividend paid	<i>A8</i>	(2,236)	-
Interest paid		(9,405)	(1,496)
Net cash generated from financing activities		<u>58,141</u>	<u>3,874</u>

**Puncak Niaga Holdings Berhad (416087-U)**  
**Unaudited Third Quarterly Financial Statements Ended 30 September 2018**  
**Condensed Consolidated Statement of Cash Flow**

	<b>9 months ended 30.09.2018</b>	<b>9 months ended 30.09.2017</b>
<b>Note</b>	RM'000	RM'000
	Unaudited	Unaudited
Net increase in cash and cash equivalents	351,113	(28,972)
Effects of exchange rate on cash and cash equivalents	806	(129)
<b>Cash and cash equivalents at beginning of financial period</b>	243,810	267,140
<b>Cash and cash equivalents at end of financial period</b>	<u>595,729</u>	<u>238,039</u>
<b>Cash and cash equivalents comprise:</b>		
Deposits with licensed banks	521,566	202,367
Cash and bank balances	78,825	35,704
	<u>600,391</u>	<u>238,071</u>
Less : Pledged deposits	(2,364)	(32)
Bank overdraft	(2,298)	-
	<u>595,729</u>	<u>238,039</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 2017 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 2018**

**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 Standards ("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 2017. 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 2017.

**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 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 4	Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	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

**(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 3	Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
MFRS 16	Leases	1 January 2019
Amendments to MFRS 9	Financial Instruments (Prepayment Features with Negative Compensation)	1 January 2019
Amendments to MFRS 11	Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 119	Employee Benefits (Plan Amendments, Curtailment or Settlement)	1 January 2019
Amendments to MFRS 123	Borrowing Cost (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019

Amendments to MFRS 128	Investments in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
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 abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The Group is currently assessing the impact of adopting the above pronouncements.

MFRS 15 Revenue from Contracts with Customers

The Group adopted MFRS 15 Revenue from Contracts with Customers on 1 January 2018 of which the MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.

There was no material impact on the Group's consolidated financial statements upon the application of MFRS 15.

MFRS 9 Financial Instruments

The Group adopted MFRS 9 Financial Instruments on 1 January 2018 of which the MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurements on the reclassification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting. The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

There was no significant impact on the Group's financial assets upon the application of MFRS9.

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

The auditors' report on the financial statements for the financial year ended 31 December 2017 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 provision for foreseeable losses, as disclosed in Note A9.

**A6 Changes in estimates**

There were no significant changes in the estimates of the amount reported in the current financial year-to-date results, except for the reversal of provision for foreseeable losses, as disclosed in Note A9.

**A7 Debt and equity securities**

Other than as disclosed below, 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.

(a) Share Capital

During the period ended 30 September 2018, the issued share capital of the Company increased from 449,284,104 ordinary shares to 449,284,556 ordinary shares due to the issuance of 452 new ordinary shares arising from the conversion of warrants.

(b) Warrants

The Warrants 2013/2018 had lapsed on 20 July 2018 and were subsequently removed from the Official List of Bursa Malaysia Securities Berhad on 23 July 2018.

**A8 Dividend paid**

A single tier interim dividend of 0.5 sen per ordinary share, amounting to RM2,236,234.93 in respect of the financial year ending 31 December 2018 was paid by the Company on 8 August 2018 to the entitled shareholders of the Company whose names appeared in the Record of Depositors of the Company on 25 July 2018. (2017 : 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) Individual quarter results for 3 months ended	Water		Construction		Plantation		Oil and Gas		Concession		Wastewater (Discontinued)		Total	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Operating Revenue</b>														
Revenue from external customers	3,944	3,918	14,852	29,305	3,670	3,611	-	-	49,579	-	-	-	72,045	36,834
Finance income	-	-	15	(1)	51	645	45	60	5,781	-	-	-	5,892	704
Other income	-	-	145	59	90	-	-	54	(1)	-	-	-	234	113
Fair value gain on fresh fruit bunches	-	-	-	-	(291)	1,141	-	-	-	-	-	-	(291)	1,141
	3,944	3,918	15,012	29,363	3,520	5,397	45	114	55,359	-	-	-	77,880	38,792
Operating expenses	(3,001)	(3,287)	(26,278)	(48,893)	(16,539)	(8,888)	(187)	(2,087)	(28,993)	-	-	81	(74,998)	(63,074)
Reversal of provision for foreseeable losses	-	-	4,852	7,003	-	-	-	-	-	-	-	-	4,852	7,003
Impairment loss on service concession assets	-	-	-	-	-	-	-	-	-	-	-	911	-	911
Impairment loss on goodwill	-	-	-	-	(5)	-	-	-	-	-	-	-	(5)	-
Depreciation and amortisation	-	-	(238)	(177)	(2,376)	(513)	(79)	(553)	(95)	-	-	-	(2,788)	(1,243)
<b>Segment results</b>	943	631	(6,652)	(12,704)	(15,400)	(4,004)	(221)	(2,526)	26,271	-	-	992	4,941	(17,611)
Finance costs	-	-	(1,631)	(254)	(967)	(1,377)	(13)	(75)	(13,920)	-	-	-	(16,531)	(1,706)
<b>Profit/(Loss) before tax</b>	943	631	(8,283)	(12,958)	(16,367)	(5,381)	(234)	(2,601)	12,351	-	-	992	(11,590)	(19,317)

Cumulative quarter results for 9 months ended	Water		Construction		Plantation		Oil and Gas		Concession		Wastewater (Discontinued)		Total	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Operating Revenue</b>														
Revenue from external customers	11,836	21,042	69,392	61,157	11,983	3,611	-	-	64,456	-	-	185	157,667	85,995
Finance income	-	-	329	-	196	645	142	230	7,551	-	-	1	8,218	876
Other income	-	-	454	208	214	-	-	440	1	-	-	1,961	669	2,609
Fair value gain on fresh fruit bunches	-	-	-	-	-	1,141	-	-	-	-	-	-	-	1,141
	11,836	21,042	70,175	61,365	12,393	5,397	142	670	72,008	-	-	2,147	166,554	90,621
Operating expenses	(9,408)	(16,862)	(101,623)	(116,823)	(49,970)	(8,888)	(3,865)	(7,996)	(35,981)	-	-	(896)	(200,847)	(151,465)
Reversal of provision for foreseeable losses	-	-	28,221	14,614	-	-	-	-	-	-	-	-	28,221	14,614
Impairment loss on service concession assets	-	-	-	-	-	-	-	-	-	-	-	(5,132)	-	(5,132)
Impairment loss on goodwill	-	-	-	(1,090)	(5)	-	-	-	-	-	-	-	(5)	(1,090)
Depreciation and amortisation	-	-	(716)	(535)	(8,776)	(513)	(812)	(1,708)	(124)	-	-	(482)	(10,428)	(3,238)
<b>Segment results</b>	2,428	4,180	(3,943)	(42,469)	(46,358)	(4,004)	(4,535)	(9,034)	35,903	-	-	(4,363)	(16,505)	(55,690)
Finance costs	-	-	(4,630)	(761)	(2,543)	(1,377)	(36)	(305)	(18,523)	-	-	(237)	(25,732)	(2,680)
<b>Profit/(Loss) before tax</b>	2,428	4,180	(8,573)	(43,230)	(48,901)	(5,381)	(4,571)	(9,339)	17,380	-	-	(4,600)	(42,237)	(58,370)

b)	Water		Construction		Plantation		Oil and Gas		Concession		Wastewater (Discontinued)		Total	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets and Liabilities</b>														
<b>Segment assets</b>	<b>27,009</b>	<b>7,388</b>	<b>130,605</b>	<b>148,800</b>	<b>746,776</b>	<b>716,884</b>	<b>26,200</b>	<b>59,068</b>	<b>1,184,082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,114,672</b>	<b>932,140</b>
Included in the measure of segment assets are:														
Additions to non-current assets other than														
financial instruments and deferred tax assets														
	-	-	60	-	20,490	-	-	-	-	-	-	-	20,550	-
<b>Segment liabilities</b>	<b>526</b>	<b>524</b>	<b>322,465</b>	<b>300,608</b>	<b>276,164</b>	<b>260,334</b>	<b>13,227</b>	<b>14,858</b>	<b>1,031,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,643,682</b>	<b>576,324</b>

**Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items**

	30.09.18 RM'000	30.09.17 RM'000
<b>Profit or loss</b>		
Total profit or loss for reportable segments	(42,237)	(58,370)
Other non-reportable segments and elimination	7,040	(37,122)
Loss on discontinued operations	-	4,600
Unallocated (expenses)/ income	(7,147)	(534)
Loss before tax of continuing operations	<u>(42,344)</u>	<u>(91,426)</u>

	External revenue	Depreciation and amortisation	Finance costs	Finance income	Segment assets	Additions to non-current assets	Segment liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Results for 3 months ended 30.09.2018</b>							
Total reportable segments	72,045	(2,788)	(16,531)	5,892	48,938	5,888	(45,283)
Other non-reportable segments	148	(1,877)	(2,475)	3,483	13,642	363	38,979
Elimination of inter-segment transactions and balances	-	-	2,814	(2,812)	(108,594)	-	35,819
Unallocated assets	-	-	-	-	57,305	-	-
Unallocated liabilities	-	-	-	-	-	-	(67,820)
<b>Consolidated total</b>	<b>72,193</b>	<b>(4,665)</b>	<b>(16,192)</b>	<b>6,563</b>	<b>11,291</b>	<b>6,251</b>	<b>(38,304)</b>
<b>Results for 3 months ended 30.09.2017</b>							
Total reportable segments	36,834	(1,243)	(1,706)	704	705,837	-	(285,452)
Other non-reportable segments	435	(1,791)	(57)	1,911	(4,746)	7,967	(11,314)
Elimination of inter-segment transactions and balances	-	-	-	-	(50,180)	-	36,705
Unallocated assets	-	-	-	-	322	-	-
Unallocated liabilities	-	-	-	-	-	-	(100,645)
Discontinued operations	-	-	-	-	(9,090)	-	8,867
<b>Consolidated total</b>	<b>37,269</b>	<b>(3,034)</b>	<b>(1,763)</b>	<b>2,615</b>	<b>642,143</b>	<b>7,967</b>	<b>(351,839)</b>

	External revenue	Depreciation and amortisation	Finance costs	Finance income	Segment assets	Additions to non-current assets	Segment liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Results for cumulative 9 months ended 30.09.2018</b>							
Total reportable segments	157,667	(10,428)	(25,732)	8,218	2,114,672	20,550	(1,643,682)
Other non-reportable segments	1,030	(5,560)	(5,239)	11,397	2,082,284	2,554	(369,044)
Elimination of inter-segment transactions and balances	-	(70)	7,749	(7,746)	(1,017,312)	-	507,378
Unallocated assets	-	-	-	-	31,257	-	-
Unallocated liabilities	-	-	-	-	-	-	(175,261)
<b>Consolidated total</b>	<b>158,697</b>	<b>(16,058)</b>	<b>(23,222)</b>	<b>11,869</b>	<b>3,210,901</b>	<b>23,104</b>	<b>(1,680,609)</b>
<b>Results for cumulative 9 months ended 30.09.2017</b>							
Total reportable segments	85,995	(3,238)	(2,680)	876	932,140	-	(576,324)
Other non-reportable segments	1,400	(6,021)	(209)	5,698	2,084,165	9,952	(268,756)
Elimination of inter-segment transactions and balances	-	-	-	-	(811,325)	-	430,573
Unallocated assets	-	-	-	-	2,372	-	-
Unallocated liabilities	-	-	-	-	-	-	(111,394)
Discontinued operations	(185)	482	237	-	-	-	-
<b>Consolidated total</b>	<b>87,210</b>	<b>(8,777)</b>	<b>(2,652)</b>	<b>6,574</b>	<b>2,207,352</b>	<b>9,952</b>	<b>(525,901)</b>

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

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

**A11 Subsequent events**

There were no 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) GOM Resources Limited ("GRL"), a wholly-owned sub-subsidiary of the Company had on 4 January 2018 been placed under member's voluntary winding-up pursuant to the Myanmar Companies Act.
- b) On 1 March 2018, SINO Water Pte. Ltd. commenced the process to voluntarily dissolve its wholly-owned subsidiary, Sino Water Environmental Consultancy (Shanghai) Co.,Ltd pursuant to the relevant rules and regulations of the People's Republic of China ("PRC"). The voluntary dissolution is expected to be completed in the first quarter of 2019.
- c) The Company had on 16 March 2018 subscribed for 1,000,000 ordinary shares in Jadekind Limited ("Jadekind"), a private limited company duly incorporated in Hong Kong at a total cash subscription of HKD1,000,000.00 only ("Shares Subscription"). The Shares Subscription is satisfied wholly in cash from the Company's internal generated funds.  
Arising from the Shares Subscription, Jadekind had on 16 March 2018 become a 50% owned subsidiary.
- d) On 31 May 2018, the acquisition of TRlplc Berhad was completed following, inter alia, the payment of the Balance Purchase Consideration of RM189 million by the Company to Pimpinan Ehsan Berhad. Resulting from the completion, TRlplc Berhad ("TRlplc") is now a wholly owned subsidiary of Puncak Niaga.
- e) The Company had on 23 July 2018 transferred two (2) ordinary shares representing the entire issued share capital of Aneka Suriamas Sdn Bhd ("Aneka Suriamas"), a wholly-owned subsidiary of the Company, to Danum Sinar Sdn Bhd ("Danum Sinar"), an indirect sub-subsidiary of the Company, at a total cash consideration of RM2.00 only thereby resulting in Aneka Suriamas becoming a wholly-owned subsidiary of Danum Sinar.
- f) The Company had on 27 July 2018 transferred two (2) ordinary shares representing the entire issued share capital of Pujian Bayu Sdn Bhd ("Pujian Bayu"), a wholly-owned subsidiary of the Company to TRlplc, at a total cash consideration of RM2.00 only thereby resulting in Pujian Bayu becoming a wholly-owned subsidiary of TRlplc.
- g) Puncak Niaga (India) Sdn Bhd ("PN India"), a wholly-owned subsidiary of the Company, had on 29 August 2018 submitted an application to strike off the name of PN India from the Register of Companies Commission of Malaysia pursuant to Section 550 of the Companies Act, 2016 ("Striking Off PN India"). The Striking Off PN India will not have any material effect on the earnings, net assets and gearing of the Group for the financial year ending 31 December 2018.

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 2018.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended 30.09.2018	30.09.2017	9 months ended 30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Water	3,944	3,918	11,836	21,042
Construction contract	14,852	29,305	69,392	61,157
Sale of fresh fruit bunches	3,670	3,611	11,983	3,611
Concession	49,579	-	64,456	-
Others	148	435	1,030	1,400
	<b>72,193</b>	<b>37,269</b>	<b>158,697</b>	<b>87,210</b>

**b) Capital commitments**

Other than those described in Note B6, the following are the capital commitments of the Group:-

	As at 30.09.2018 RM'000
Contracts approved and contracted for	9,427

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

	9 months ended 30.09.2018		
	At cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Acquisition	23,104	1,081	22,023
Disposal	125,892	110,873	15,019

**A15 Discontinued operations**

On 15 December 2016, the Company's 98.65% subsidiary, SINO had entered into the Equity Transfer Agreement ("ETA") with and Environmental Holding Pte Ltd ("EHPL") and Lushan County Chengnan Water Co. Ltd ("Chengnan Water") to divest its 93.81% equity interest in LUWEI at zero cash consideration and a settlement sum of RMB10.0 million (equivalent to approximately RM6.2 million) only, paid to SINO and Sino Water (Shanghai) for repayment of the outstanding shareholder loans and consultancy service fees. 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 held by SINO to Chengnan Water. Accordingly, LUWEI had ceased to be a subsidiary of SINO with effect from 10 May 2017.

On 23 May 2017, the Company's 98.65% subsidiary, SINO had entered into a Framework Agreement with Laodian Town People's Government, Binzhou Haifu Water Co., Ltd and Yangxin County Chenlou Industrial & Commercial Park Wastewater Treatment Plant for the disposal of the entire equity interest in XINNUO to Binzhou Haifu Water Co., Ltd for a total cash consideration of RMB350,000 (equivalent to approximately RM224,000) to be paid to SINO and settlement sum of RMB1.45 million (equivalent to approximately RM0.9 million) to Sino Water (Shanghai) for repayment of the outstanding consultancy service fees. Pursuant to the Equity Interest Transfer Agreement ("EITA") executed on 20 June 2017, the regulatory authority in the People's Republic of China had on 11 July 2017 issued the Business License approving the transfer of 100% equity interest in XINNUO held by SINO to Binzhou Haifu Water Co., Ltd. Accordingly, XINNUO had ceased to be a subsidiary of SINO with effect from 11 July 2017.

The loss after tax of the discontinued operations of LUWEI and XINNUO were as follows:

	30.09.2018 RM'000	30.09.2017 RM'000
Revenue	-	185
Other income	-	1
Impairment loss on service concession assets	-	(5,132)
Operating expenses	-	(896)
Depreciation and amortisation expenses	-	(482)
Finance costs	-	(237)
Taxation	-	23
Loss after tax from discontinued operations	-	(6,538)
Gain on disposal of discontinued operations	-	1,961
Loss after tax from discontinued operations	-	(4,577)

## 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
	30.09.2018	30.09.2018	31.12.2017	31.12.2017
	RM'000	RM'000	RM'000	RM'000
<b>Financial liabilities :</b>				
Loans and borrowings	<u>(1,133,785)</u>	<u>(1,133,217)</u>	<u>(163,252)</u>	<u>(163,252)</u>

Short-term investments of the Group and of the Company amounted to RM233,202,000 (31.12.2017 : RM290,778,000) 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

### B1 Review of performance

During the current financial quarter and financial year-to-date, the Group recorded a higher revenue of RM72.2 million and RM158.7 million as compared to RM37.3 million and RM87.2 million in the preceding year's corresponding financial quarter and financial year-to-date, representing an increase of RM34.9 million (93.6%) and RM71.5 million (82.0%) respectively. The higher revenue reported was mainly due to the revenue contribution by our newly acquired Concession segment, arising from the acquisition of TR1plc on 31 May 2018. The amount contributed was RM49.6 million during the current financial quarter and RM64.5 million during the financial year-to-date, respectively.

The Group recorded a loss before tax ("LBT") of RM25.9 million and RM42.3 million for the current financial quarter and financial year-to-date as compared to RM26.4 million and RM91.4 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing a positive variance of RM0.5 million (1.9%) and RM49.1 million (53.7%). The lower LBT reported in the current financial quarter and financial year-to-date was mainly due to higher revenue generated by the Group in particular from the Concession segment, and the reversal of provision for foreseeable losses undertaken in the Construction segment.

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

#### (a) Water and Wastewater :

The Water segment reported a profit before tax ("PBT") of RM0.9 million during the current financial quarter as compared to a PBT of RM0.6 million reported in the preceding year's corresponding financial quarter, representing an increase of RM0.3 million which was mainly due to a slight increase in revenue and lower operating expenses during the current quarter as compared to the preceding year's corresponding financial quarter.

There was no revenue contribution from the Wastewater segment subsequent to the disposal of the wastewater operations in China in 2017. The Wastewater segment reported a LBT of RM4.6 million in the preceding year's corresponding financial year to date mainly due to the impairment loss of service concession asset arising from the projects in Luwei and Binzhou.

#### (b) Construction :

The Construction segment reported a LBT of RM8.3 million in the current financial quarter as compared to a LBT of RM13.0 million in the preceding year's corresponding financial quarter, representing a positive variance of RM4.7 million mainly due to lower operating expenses during the current quarter as compared to the preceding year's corresponding financial quarter.

For the current financial year-to-date, the Construction segment reported a LBT of RM8.6 million as compared to RM43.2 million in the preceding year's corresponding financial year-to-date, representing a positive variance of RM34.6 million. The lower LBT reported in the current financial year-to-date was mainly due to lower operating expenses and reversal of provision for liquidated and ascertained damages following an extension of time granted by the client, Jabatan Perkhidmatan Pementungan ("JPP"), Kementerian Tenaga, Teknologi Hijau Dan Air ("KeTTHA") ("Government of Malaysia") vide its letter dated 27 March 2018 to the Company's wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd. Consequently, the completion of the D44 project is extended from 24 February 2018 to 30 June 2019.

(c) Plantation :

The Plantation segment reported a LBT of RM16.4 million in the current financial quarter as compared to a LBT of RM5.4 million in the preceding year's corresponding financial quarter, representing a negative variance of RM11.0 million mainly due to lower CPO prices in 2018 (RM2,188/MT) as compared to 2017 (RM2,682/MT). In addition, the production cost in the current financial quarter is higher as the manuring program only commenced in the fourth quarter of 2017.

For the current financial year-to-date, the Plantation segment reported a LBT of RM48.9 million as compared to RM5.4 million in the preceding year's corresponding financial year-to-date, representing a negative variance of RM43.5 million. The higher LBT reported in the current financial year-to-date was mainly due to higher cost of production in field upkeep and transportation by RM42.3 million, due to the reasons stated above.

(d) Oil and Gas :

The Oil and Gas segment reported a LBT of RM0.2 million and RM4.6 million respectively in the current financial quarter and financial year-to-date as compared to a LBT of RM2.6 million and RM9.3 million respectively reported in the preceding year's corresponding financial year-to-date. The decrease in LBT of RM4.8 million in the financial year-to-date was mainly due to lower operating expenses following the implementation of the right sizing exercises in the Oil and Gas Division. There was no revenue contribution from the Oil and Gas Division during the period under review.

(e) Concession

During the current financial quarter, the Group had consolidated its newly acquired Concession segment upon the completion of the acquisition of TRJplc on 31 May 2018 as disclosed in Note B8. For the 4 months' period ended 30 September 2018, the Concession segment reported a revenue of RM64.5 million and PBT of RM17.4 million, mainly contributed from the concession revenue of facilities management activities comprising the Facilities and Infrastructure of UiTM-Zone 1 Phase 2, Campus Puncak Alam (UiTM-Z1P2) which commenced in April 2014 and the concession revenue of construction activities of UiTM-Zone 1 Phase 3, Campus Puncak Alam (UiTM-Z1P3) which commenced in April 2017.

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

The Group reported a LBT of RM25.9 million for the current financial quarter compared to a LBT of RM2.4 million in the immediate preceding financial quarter, representing a negative variance of RM23.5 million. The higher LBT reported in the current financial quarter was mainly due to provision of expected credit loss of RM6.1 million and a higher finance cost of RM10.6 million.

**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 had ventured into the oil palm plantation sector since 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. The Group has targetted 1,000 hectares of new planting areas in 2018 and plans to increase it to 2,500 hectares per annum in future years. To ensure high quality of FFB, the Group will aim to obtain the Malaysian Sustainable Palm Oil ("MSPO") certification introduced by the Malaysian Ministry of Plantation and Commodities by 2019.

On the Water segment, the Group will continue to explore new opportunities for water-related projects within the country and the ASEAN region. On its existing business operations, 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's mid-term strategy is to ensure the completion of the Bonus Project as any further delay will expose the Group to the risk of additional overhead cost. The Group will be investing in more project resources such as machineries to increase site productivity. Apart from that, the award of Kuantan project, on 2 May 2018, for "Projek Pembinaan Loji Rawatan Kumbahan Serantau Dan Rangkaian Paip Pementungan Di Bandar Kuantan, Pahang (Reka Dan Bina) for a contract sum of RM489,932,000 (inclusive of 6% GST) will further enhance the contribution of the Construction segment of the Group during the contract period from 2018 to 2022.

For the Oil and Gas segment, the Group had on 10 April 2018 disposed off its derrick lay barge. The disposal allows the Group to exit the oil and gas sector and to focus on its existing core businesses in the water and wastewater segment, i.e. collectively known as environmental engineering, construction segment and oil palm plantation segment.

#### Concession Project UiTM-Zone 1 Phase 2, Campus Puncak Alam ("UiTM-Z1P2")

The Group's newly acquired sub-subsidiary, TR1plc Ventures Sdn Bhd ("TVSB"), entered into the UiTM Z1P2 Concession Agreement with the Government, represented by the Ministry of Higher Education and UiTM in 2010. Under the Z1P2 Concession Agreement, TVSB was granted a 23-year concession to undertake the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing, commissioning and maintenance of specified facilities and infrastructure for Z1P2 of UiTM Puncak Alam Campus. The specified facilities and infrastructure include academic facilities for three faculties, namely the Faculty of Accountancy, Faculty of Business Administration and Faculty of Hotel and Tourism Management, common facilities, student accommodation, multipurpose hall, maintenance centre, prayer hall, library, student centre, cafeteria and health centre.

The construction works for Z1P2 of UiTM Puncak Alam Campus commenced in 2011 and was completed in 2014.

The Group, through TR1plc FMS Sdn Bhd, another wholly-owned sub-subsidiary commenced with the facilities management services for a period of 20 years from 2014 to 2034.

#### Concession Project UiTM-Zone 1 Phase 3, Campus Puncak Alam ("UiTM-Z1P3")

A wholly-owned subsidiary of TR1plc, TR1plc Medical Sdn Bhd ("TMSB") was awarded a concession to undertake the planning, finance, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure in relation to the Teaching Hospital and Medical Academic Centre at UiTM Puncak Alam Campus ("Project") for a development cost of RM599.0 million and thereafter, to carry out the asset management services of the facilities and infrastructure in accordance with the terms and conditions of the Concession Agreement dated 18 February 2016 entered into between the Government of Malaysia represented by the Ministry of Higher Education ("Government"), Universiti Teknologi MARA ("UiTM") and TMSB.

The concession is for a period of 25 years starting from 11 April 2017, 3 years for construction and 22 years for asset management services.

With the fixed monthly receivable and steady income from facilities management services of Project UiTM-Z1P2, coupled with the new concession agreement for Project UiTM-Z1P3, the Board of Directors foresee these concessions would contribute positively to the Group's earnings and cashflows.

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

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

#### **B5 Income tax expenses**

	<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 30.09.2018 RM'000	30.09.2017 RM'000	9 months ended 30.09.2018 RM'000	30.09.2017 RM'000
<u>Continuing operations</u>				
Income tax				
- current year tax expense	(1,725)	248	(3,049)	(378)
Deferred tax				
- origination and reversal of temporary differences	476	(605)	(1,191)	(2,715)
	<u>(1,249)</u>	<u>(357)</u>	<u>(4,240)</u>	<u>(3,093)</u>
<u>Discontinued operations</u>				
Deferred tax				
- origination and reversal of temporary differences	-	11	-	23
	<u>(1,249)</u>	<u>(346)</u>	<u>(4,240)</u>	<u>(3,070)</u>

The effective tax rate of the Group for the financial year-to-date was lower than the Malaysian statutory tax rate mainly due to unabsorbed tax losses of certain subsidiaries.

#### **B6 Status of corporate proposals**

There were 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 Sept 2018 are as follows:-

	Current RM'000	Non-current RM'000
<b>Secured</b>		
Medium Term Notes	19,391	177,887
Junior Notes	-	29,746
Senior Sukuk	-	612,265
Term loan	-	138,674
Term loan I	88	-
Term loan II	-	84,608
Revolving credit	55,100	-
Bank overdraft	2,298	-
Obligation under finance leases	3,592	12,434
	<u>80,469</u>	<u>1,055,614</u>

All loans and borrowings are denominated in Ringgit Malaysia.

**B8 Acquisition of a subsidiary**

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

TRlplc had undertaken an internal reorganisation by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 ("Act") ("Proposed TRlplc Internal Reorganisation") comprising the following:

- (i) a proposed share exchange of one (1) new Pimpinan Ehsan Share for every one (1) existing ordinary share of RM1.00 each in TRlplc Share; and
- (ii) a proposed transfer of the listing status of TRlplc to Pimpinan Ehsan and the admission of the Pimpinan Ehsan Shares to the Official List of the Main Market of Bursa Malaysia Securities Berhad.

Upon completion of the Proposed TRlplc Internal Reorganisation, TRlplc will become a wholly-owned subsidiary of Pimpinan Ehsan and Pimpinan Ehsan will assumed TRlplc's listing status.

The shareholders of the Company had approved the Proposed Acquisition at the Extraordinary General Meeting held on 13 February 2018.

On 3 May 2018, the SSA became unconditional with the listing of and quotation for the entire issued share capital of Pimpinan Ehsan on the Main Market of Bursa Malaysia Securities Berhad, being the last of the Conditions Precedent to be satisfied. The Acquisition was completed on 31 May 2018 following, inter alia, the payment of the Balance Purchase Consideration of RM189 million by the Company to Pimpinan Ehsan Berhad. Resulting from the completion, TRlplc Berhad is now a wholly owned subsidiary of the Company.

The fair value of the identifiable assets and liabilities acquired and net cash outflow on the acquisition of TRlplc for the financial period ended 31 May 2018 based on the Management's best estimates are as follows:

	Total RM'000
<u>Identifiable assets and (liabilities):-</u>	
Property, plant & equipment	28,375
Investment properties	231,650
Trade and other receivables	449,026
Short-term investments*	316,866
Cash and cash equivalents*	294,686
Trade and other payables	(66,510)
Loans and borrowings	(910,496)
Tax payable	(114)
Deferred taxation	(32,336)
Concession liability	(89,400)
Identifiable net assets acquired	<u>221,747</u>
Gain on bargain purchase	<u>(11,747)</u>
Total cash outflow on acquisition of subsidiary	210,000
Less : deposit paid in year ended 31 December 2016	(21,000)
Cash outflow on acquisition of subsidiary	<u>189,000</u>
Less: Cash and cash equivalent acquired (included bank overdraft of RM1,776,000)	<u>292,910</u>
Net cash inflow arising from acquisition of subsidiary	<u>(103,910)</u>

- \* Included in the short-term investments and cash and cash equivalents are various bank accounts balances pledged for various loans and borrowings and assigned for Maintenance Reserved Fund as required under the concession agreements.

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 as goodwill or gain on bargain purchase 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 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.

At the hearing held on 18 November 2017, the Panel fixed the next continued hearing dates of the First Arbitration Proceedings on 6 and 7 January 2018.

The continued hearing proceeded on 6 January 2018 but the hearing date of 7 January 2018 was vacated and the Panel has fixed the next continued hearing of the First Arbitration proceedings on 24 February 2018, 25 February 2018, 24 March 2018 and 25 March 2018, respectively.

At the hearing held on 24 February 2018 and 25 February 2018, the Panel fixed the next continued hearing of First Arbitration Proceedings on 24 March 2018, 25 March 2018, 5 May 2018, 6 May 2018 and 8 May 2018, respectively.

The next continued hearing date of the First Arbitration Proceedings which was fixed by the Panel on 24 March 2018 and 25 March 2018 were subsequently adjourned. The Panel fixed the next hearing of the First Arbitration Proceedings on 5 May 2018, 6 May 2018 and 7 May 2018, respectively.

The continued hearing proceeded on 5 May 2018 and 6 May 2018 but the hearing date of 7 May 2018 was vacated. The Panel fixed the next continued hearing date on 23 June 2018 and 24 June 2018.

The hearing proceeded on 23 June 2018 and the Panel vacated the hearing scheduled on 24 June 2018. The Panel fixed the next continued hearing of First Arbitration Proceedings on 30 June 2018 and 1 July 2018.

The hearing proceeded on 30 June 2018 and 1 July 2018. The Panel fixed the next continued hearing of the First Arbitration Proceedings on 11 August 2018 and 12 August 2018.

The hearing proceeded on 11 August 2018. The Panel vacated the hearing scheduled on 12 August 2018 and fixed the next continued hearing of the First Arbitration Proceedings on 15 September 2018.

The continued hearing proceeded on 15 September 2018 and parties were directed to submit written submissions on or before 15 October 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.

On 29 June 2018, the Madras High Court fixed the continued hearing on 27 July 2018 for the Second Arbitration Proceedings.

At the hearing held on 27 July 2018, the Madras High Court adjourned the next hearing for the Second Arbitration Proceedings to 27 August 2018.

On 27 August 2018, the Madras High Court adjourned the hearing for the Second Arbitration Proceedings to a later date to be advised in due course due to the change in the sitting judge.

On 12 September 2018, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to the first week of October 2018.

On 3 October 2018, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to the third week of October 2018.

On 1 November 2018, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to a later date to be advised in due course.

## **(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 RPTG 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.

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, 30 November 2017, 29 December 2017 and completed on 15 January 2018.

On 27 February 2018, the Judge allowed PASSB's application to restrain its solicitors from acting in the proceedings with costs. Having consulted its solicitors, Puncak had given instructions to them to lodge an appeal to the Court of Appeal against this decision. Meanwhile, the Judge fixed the PASSB's claim for case management on 29 March 2018.

On 14 March 2018, the Judge recorded a stay of the Order dated 27 February 2018 to restrain Puncak's solicitors from acting in the proceedings with costs until the hearing and final disposal of Puncak's appeal to the Court of Appeal against the said decision. Meanwhile, Puncak's application to stay further proceedings in the High Court pending the disposal of Puncak's appeal is fixed for hearing on 29 March 2018.

Puncak's Notice of Appeal to appeal against the decision of the High Court dated 27 February 2018 to restrain its solicitors from acting in the proceedings had been filed and served on 14 March 2018. The Court of Appeal has fixed the matter for case management on 30 May 2018 before the Deputy Registrar of the Court of Appeal.

On 29 March 2018, the Judge recorded a stay of all further proceedings in the High Court pending the hearing and final disposal of Puncak's appeal against the Order dated 27 February 2018 to restrain Puncak's solicitors from acting in the proceedings with costs, except for any interlocutory applications by the other defendants in the action. The matter is fixed for case management on 2 May 2018.

The case management originally fixed on 2 May 2018 has been postponed to 1 June 2018 by the High Court.

On 30 May 2018, Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting was called up for case management. The appeal will be further case managed on 3 July 2018 before the Deputy Registrar of the Court of Appeal pending receipt of the High Court's grounds of judgment and notes of proceedings.

On 1 June 2018, the case management adjourned to 4 July 2018 for parties to update the High Court on the status of Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting.

On 3 July 2018, Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting was called up for further case management. The appeal will be further case managed on 18 July 2018 before the Deputy Registrar of the Court of Appeal pending the filing of the Supplementary Record of Appeal and to fix a hearing date for the appeal.

The case management which was fixed on 4 July 2018 was subsequently adjourned by the High Court to 18 September 2018 for parties to update the Court on the status of Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting.

Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting was called up for case management on 18 July 2018. The appeal is fixed for final case management on 8 October 2018 before the Deputy Registrar of the Court of Appeal, and the appeal is fixed for hearing on 18 October 2018.

On 18 September 2018, the case management was adjourned to 24 October 2018 for parties to update the Court on the outcome of Puncak's appeal to the Court of Appeal against the decision to restrain solicitors from acting for Puncak.

Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting which was fixed for hearing on 18 October 2018, was taken-off by the Court of Appeal and the hearing of the appeal was adjourned to 8 January 2019.

The case management scheduled on 24 October 2018 was adjourned to 14 January 2019 for parties to update the Court on the outcome of Puncak's appeal to the Court of Appeal against the decision to restrain solicitors from acting for Puncak.

### **(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.

The Selangor State Government's sealed Striking Out Application together with the Affidavit in Support was served on Puncak's solicitors on 19 December 2017.

At the case management of the Selangor State Government's application to strike out the claim on 20 December 2017, the Judge made directions for the filing of pleadings, the exchange of affidavits and submissions in respect of the same with a date for delivery of decision on 23 January 2018. Meanwhile, both Tan Sri Khalid and Dato' Seri Azmin filed and served their respective Defences, with Dato' Seri Azmin also filing a Counterclaim against Puncak by alleging that the claim is an abuse of process, and in turn, he claims for general damages, interest and costs.

Dato' Seri Azmin's sealed Striking Out Application with the Affidavit in Support was served on Puncak's solicitors on 12 January 2018 and the matter was fixed for Hearing on 23 January 2018.

At the hearing proceeded on 23 January 2018, the Judge fixed both Tan Sri Khalid's and the Selangor State Government's application to strike out the claim for oral arguments on 26 January 2018. As for Dato' Seri Azmin's application to strike out the claim, the Judge made directions for the exchange of affidavits and submissions with a date for delivery of decision on 22 February 2018. The Judge also adjourned the case management of the suit from 12 February 2018 to 22 February 2018.

On 26 January 2018, the Judge reserved decision on both striking out applications to 22 February 2018 after hearing the oral arguments on both Tan Sri Khalid's and the Selangor State Government's application to strike out the claim.

At the hearing proceeded on 22 February 2018, the Judge allowed the Defendants' applications and struck out the claim with costs. Accordingly, the Judge vacated all pre-trial directions and the trial dates from 28 March 2018 to 30 March 2018. As for the Counterclaim filed by Dato' Seri Azmin, the Judge directed the parties to file and exchange submissions with a date for delivery of decision on 13 March 2018 in respect of the Counterclaim.

Puncak has given instructions to its solicitors to lodge an appeal with the Court of Appeal against this decision.

On 26 February 2018, Puncak lodged an appeal with the Court of Appeal against the High Court's decision in allowing the Defendants' applications and striking out the claim with costs.

On 12 March 2018, the Judge granted the application by Dato' Seri Azmin's solicitors to adjourn the delivery of decision in respect of the Counterclaim filed by Dato' Seri Azmin ("Dato' Seri Azmin's Counterclaim"). The decision in respect of Dato' Seri Azmin's Counterclaim which was originally set on 13 March 2018 was adjourned to 15 March 2018.

On 15 March 2018, the Judge dismissed Dato' Seri Azmin's Counterclaim with costs.

Puncak's appeals to the Court of Appeal against the decision of the High Court in allowing the Defendant's applications and striking out claim with costs are all fixed for case management on 23 May 2018 before the Registrar of the Court of Appeal.

On 6 April 2018, Puncak's solicitors received a copy of Dato' Seri Azmin's Notice of Appeal to the Court of Appeal against the decision of the High Court in dismissing the Counterclaim with costs. The matter is fixed for case management on 25 May 2018 before the Registrar of the Court of Appeal.

On 18 May 2018, Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak is fixed for case management on 25 May 2018 before the Registrar of the Court of Appeal.

On 23 May 2018, Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim is fixed for hearing on 30 August 2018 at the Court of Appeal.

On 25 May 2018, the Registrar of the Court of Appeal fixed Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak for further case management on 2 July 2018 pending the receipt of the grounds of judgment from the High Court and the filing of the Record of Appeal.

On 2 July 2018, Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak was called up for case management. The Registrar of the Court of Appeal fixed the said appeal for further case management on 18 July 2018 pending the filing of the Record of Appeal.

At the case management on 18 July 2018, the Registrar of the Court of Appeal fixed Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak for hearing on 5 November 2018.

The hearing of Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim which was scheduled on 30 August 2018 was adjourned to 15 January 2019 at the Court of Appeal.

On 8 October 2018, Puncak's solicitors received notification from the Court of Appeal that Puncak's appeal against the High Court's decision in allowing Tan Sri Khalid's application to strike out the claim was scheduled for case management on 21 November 2018 before the Deputy Registrar at the Court of Appeal.

The hearing of Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak that was scheduled on 5 November 2018 was vacated as Dato' Seri Azmin had withdrawn the said appeal.

Puncak's solicitors received notification and confirmation from the Court of Appeal that Puncak's appeal against the High Court's decision in allowing Tan Sri Khalid, Dato' Seri Azmin's and the Selangor State Government's application to strike out the claim which were scheduled on 21 November 2018 was rescheduled for case management on 10 December 2018 before the Deputy Registrar at the Court of Appeal.

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

**Notice 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 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 ("KLRC") in respect of the Notice of Adjudication dated 31 July 2017.

On 25 April 2018, Genbina's adjudication (for the Notice of Adjudication dated 31 July 2017) whereby Genbina has claimed for a principal claim sum of RM25,413,723.45 were dismissed in total with cost of RM100,000.00 awarded in PNCSB's favour.

On 13 June 2018, Genbina served on PNCSB's solicitors its sealed application before the Kuala Lumpur High Court to set-aside the Adjudicator's decision in part and to consequently seek payment from PNCSB for the sum of RM5,893,032.19 with interest and costs for the adjudication and the application.

At the case management on 27 June 2018, the High Court fixed the hearing of Genbina's setting aside application on 23 August 2018.

On 27 August 2018, following the winding-up of Genbina, the hearing of Genbina's setting-aside application was adjourned in order for the High Court to determine a preliminary point as to whether Genbina's Receivers and Managers have the necessary locus to continue with the setting-aside application after Genbina's winding-up and the hearing is fixed on 13 September 2018 and Puncak will make the relevant announcements to the Exchange in relation to the same in due course.



**(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.

**B11 Dividend**

Save for the payment of a single tier interim dividend in respect of the financial year ending 31 December 2018 to the entitled shareholders of the Company whose names appeared in the Record of Depositors of the Company on 25 July 2018 as disclosed in Note A8, no dividend had been proposed or declared during the current financial quarter and financial year-to-date under review (2017 : Nil).

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

Basic loss per share is 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 30.09.2018	Preceding Year Corresponding Quarter 30.09.2017	Current Year to date 9 months ended 30.09.2018	Preceding Year Corresponding Period 30.09.2017
(Loss)/profit net of tax attributable to owners of the parent	(RM'000)	(26,305)	(26,511)	(44,258)	(93,809)
- continuing operations		-	1,127	-	(4,676)
- discontinued operations		(26,305)	(25,384)	(44,258)	(98,485)
Weighted average number of ordinary shares in issue	('000)	447,247	447,247	447,247	447,247
Basic (loss)/earnings per share	(sen)	(5.88)	(5.92)	(9.90)	(20.97)
- continuing operations		-	0.25	-	(1.05)
- discontinued operations		(5.88)	(5.67)	(9.90)	(22.02)

**Diluted loss per ordinary share**

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

**By Order of the Board**

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

Shah Alam  
28 November 2018