

KUMPULAN PERANGSANG SELANGOR BERHAD

Company No. 23737-K
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The unaudited interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2012.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and Issue Committee Interpretations (“IC Interpretations”) with effect from 1 January 2013.

A2.1 Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2013, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

FRS 3	Business Combinations
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associate and Joint Ventures
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to FRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11	Joint Arrangements: Transition Guidance
Amendments to FRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
Amendments to FRS 116	Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132	Financial Instruments - Presentation
Amendments to FRS 134	Interim Financial Reporting (Improvements to FRSs (2012))

The adoption of the above standards and interpretations did not have any impact on the financial statements of the Group, except for the following:-

- (i) Amendments to FRS 101 *Presentation of Items of Other Comprehensive Income*

The amendments to FRS 101 *Presentation of Items of Other Comprehensive Income* change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net losses or gains on AFS financial assets) would be

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presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans).

The adoption of this amendment affects presentation only and has no financial impact on the Group's financial statements.

A2.2 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:-

		Effective for financial periods beginning on or after
Amendments to FRS 10	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to FRS 12	Disclosure of Interests in Other Entities: Investment Entities	1 January 2014
Amendments to FRS 127	Consolidated and Separate Financial Statements: Investment Entities	
Amendments to FRS 132	Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
FRS 9	Financial Instruments	1 January 2015

A2.3 Malaysian Financial Reporting Standards (“MFRS Framework”)

On 19 November 2011, the Malaysian Accounting Standards Boards (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called “Transitioning Entities”)

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework.

The Group is in the process of making its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework.

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Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2013 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2015.

A3 Audit report of preceding annual financial statements

The audited financial statements for the financial year ended 31 December 2012 were not subject to any audit qualification.

A4 Seasonal or cyclical factors

The Group's operations were not affected by seasonal or cyclical factors.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current quarter.

A6 Material changes in estimates

There were no material changes in estimates of amounts reported in prior interim period that have a material effect in the period under review.

A7 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt securities during the current quarter.

A8 Dividend paid

- i) A final gross dividend of 2 sen per share less tax per ordinary share amounting RM7,470,479 in respect of the year ended 31 December 2012 which was approved by the shareholders at the Annual General Meeting ("AGM") of the Company held on 20 June 2013 was paid on 5 August 2013.
- ii) On 18 September 2013, a special dividend of 26.67 sen per share less income tax at 25% in respect of the financial year ended 31 December 2013 was approved by the shareholders at the Extraordinary General Meeting of the Company.

Subsequently, the Company had on 4 October 2013 made an amended announcement to Bursa Malaysia Securities Berhad informing that the entitlement description and entitlement in currency for the special dividend should comprise of dividend of 22.31 sen per share less income tax at 25% and single-tier dividend of 3.27 sen per share and not otherwise stated above. Arising thereto, the gross dividend per share has changed from 26.67 sen per share to 25.58 sen per share. However, the net dividend of 20.0 sen per share remains unchanged. The special dividend was paid to the shareholders on 25 October 2013.

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A9 Segmental Information

	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
<u>Continuing Operations:</u>				
Infrastructure and utilities	61,958	51,899	207,111	186,037
Trading	14,084	14,945	51,018	46,766
Hospitality	7,265	8,104	27,831	28,214
Golf club and recreational facilities	1,690	1,709	6,791	7,035
Investment holding	4,345	18,278	27,876	51,179
Total revenue including inter-segment sales	89,342	94,935	320,627	319,231
Elimination of inter-segment sales	(1,944)	(16,402)	(18,822)	(43,678)
Total Continuing Operations	87,398	78,533	301,805	275,553
<u>Discontinued Operation:</u>				
Property development and management	-	26,494	13,530	72,682
Total Revenue	87,398	105,027	315,335	348,235

Segment Results

<u>Continuing Operations:</u>				
Infrastructure and utilities *	(562)	24,363	97,123	149,398
Trading	(2,231)	1,301	1,315	4,012
Hospitality	(155)	(371)	(2,609)	(3,018)
Golf club and recreational facilities	(1,373)	(747)	(6,069)	(3,005)
Oil and gas*	(635)	(2,801)	1,900	(2,801)
Telecommunication*	(1,273)	-	(2,494)	-
Investment holding	(3,409)	(8,584)	49,983	(24,410)
Total (loss)/profit	(9,638)	13,161	139,149	120,176
Eliminations	(4,111)	(17,902)	148,885	(41,779)
(Loss)/profit before tax, from continuing Operations	(13,749)	(4,741)	288,034	78,397
<u>Discontinued Operation:</u>				
Property development and management	-	1,989	(5,151)	(3,512)
Total (loss)/profit before tax	(13,749)	(2,752)	282,883	74,885

* Included share of profit of associates.

There is no segmental information analysis by geographical location as the Group operates predominantly in Malaysia.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the reporting period which is likely to substantially affect the results of the operations of the Group other than the matters as disclosed in Note B7 "Status of Corporate Proposals" and Note B9 "Material Litigation" to the unaudited interim financial statements.

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A11 Changes in the composition of the Group

Save as disclosed below, there were no changes in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations:

(i) Discontinued Operation and disposal of a subsidiary company

On 14 February 2013, the Company received an offer from its holding company, KDEB to purchase 254,562,576 ordinary shares of RM1.00 each in Kumpulan Hartanah Selangor Berhad (“KHSB”) (“Share Sales”), which represents 56.57% equity interest therein from the Company for a cash consideration of RM193,467,557.76 or RM0.76 per share (“Proposed Disposal”). On 28 February 2013, the Company has accepted the Offer and subsequently on 29 April 2013, the Company and KDEB executed the Share Purchase Agreement (“SPA”).

On 28 June 2013, the consideration had been revised from RM193,467,557.76 or RM0.76 per share to RM212,814,313.54 or RM0.836 per share after taking into account the valuation of the material properties of KHSB Group and in accordance with the terms and conditions of the SPA. The Proposed Disposal was tabled and approved by the shareholders at the Extraordinary General Meeting of the Company held on 18 September 2013. The Proposed Disposal was completed on 30 September 2013. The assets and liabilities of KHSB which were classified as disposal group held for sale as at 30 June 2013 are no longer included in the consolidated statement of financial statement of Perangsang Selangor as at 30 September 2013.

The results of KHSB are as follows:

	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	-	26,495	13,530	72,683
Cost of sales	-	(7,168)	(9,657)	(35,037)
Gross profit	-	19,327	3,873	37,646
Other income	-	15,889	16,704	21,006
Expenses	-	(31,402)	(18,784)	(50,608)
Finance costs	-	(1,825)	(6,944)	(11,556)
Loss before tax	-	1,989	(5,151)	(3,512)
Tax expense	-	4,632	(20)	2,357
Profit/(loss) for the period from discontinued operation	-	6,621	(5,171)	(1,155)

Earnings/(loss) attributable to owners of the parent (sen per share):

Basic, from discontinued operation	-	1.2	(0.5)	0.2
Diluted, from discontinued operation	-	1.2	(0.5)	0.2

Cash flow from/(used in) discontinued operation

Net cash flow generated from operating activities			35,686	31,246
Net cash flow used in investing activities			(585)	2,980
Net cash flow used in financing activities			(23,507)	(32,338)
Net cash inflow from discontinued operation			11,594	1,888

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	RM'000
Cash inflow on sale:	
Consideration received	212,814
Repayment of intercompany balances	58,979
	<u>261,385</u>
Net cash disposed of with the discontinued operation	(10,408)
Net cash inflow	<u>250,977</u>
(ii) Disposal of an associate company	

On 5 July 2013, the Company has disposed 16,366,628 units of shares in Taliworks Corporation Berhad ("Taliworks") via Direct Business Transaction for a cash consideration of RM14,729,965.20. Subsequently on 11 July 2013, the Company has further disposed 21,500,00 units of shares in Taliworks for a cash consideration of RM19,350,000. Arising from the said disposals, the equity holdings of the Company in Taliworks has reduced from 16.92% to 8.25%. As a result, Taliworks has ceased to be an associate company of Perangsang Selangor and the remaining cost of investment in Taliworks has been reclassified to investment securities.

Subsequently, on 9 October 2013 and 17 October 2013, Perangsang Selangor has disposed the remaining 36,000,000 unit of shares in Taliworks for a total cash consideration of RM32,349,000.

A12 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the unaudited interim financial statements as at 31 December 2013 is as follows:

	RM'000
Approved but not contracted for	<u>36,254</u>

A13 Contingent liabilities

The contingent liabilities as at 31 December 2013 are as follows:

	RM'000
a) Secured	
i) Guarantees to secure banking and other credit facilities of associated companies	97,747
b) Unsecured	
i) Performance guarantees to third parties	573
Total	<u>98,320</u>

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A14 Employee Share Options Scheme (“ESOS”)

(a) Kumpulan Perangsang Selangor Berhad’s Employee Share Option Scheme (“KPS ESOS”)

The KPS ESOS is governed by the amended by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 June 2004. The KPS ESOS was implemented on 30 July 2003 and is for a period of 5 years from the date of implementation, subject however, to an extension at the discretion of the Option Committee for a period up to 5 years commencing from the date of expiration of the original 5 year period. On 16 July 2008, the Option Committee has approved the extension of KPS ESOS tenure for another 3 years commencing from 29 July 2008 until 29 July 2011. Subsequently, on 20 May 2011 the Option Committee has approved the extension of KPS ESOS tenure for another 2 years commencing from 29 July 2011 until 29 July 2013.

The salient features of the KPS ESOS are as follows:

- (i) The total number of ordinary shares to be issued by the Company under the KPS ESOS shall not exceed 15% of the total issued and paid-up ordinary shares of the Company, such that not more than 50% of the shares available under the KPS ESOS are allocated, in aggregate, to directors and senior management.
- (ii) Not more than 10% of the shares available under KPS ESOS is allocate to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.
- (iii) Only staff and directors of the Company, Hydrovest Sdn. Bhd., Konsortium Abass Sdn. Bhd., Cash Band (M) Berhad, Perangsang Hotel and Properties Sdn. Bhd. and Brisdale International Hotel Sdn. Bhd. are eligible to participate in the scheme. Executive directors are those involved in the day-to-day management and on the payroll of the Company.
- (iv) The options price under the KPS ESOS is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five market days preceding the offer date, of the par value of the shares of the Company of RM1, whichever is higher.
- (v) All share options granted are exercisable from the date of grant until the expiry date of KPS ESOS.
- (vi) Share options granted under the KPS ESOS carry no dividend or voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with existing ordinary shares of the Company.

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The terms of shares options outstanding as at the date of this unaudited interim financial statements are as follows:

Grant date	Expiry date	Exercise price	As at 1.1.2013	<-----Number of share options ----->					As at 31.12.2013
				Granted	Terminated	Exercised	Cancelled		
		RM	'000	'000	'000	'000	'000	'000	
12.08.03	29.07.13	1.62	3,140	-	-	(2,535)	(605)	-	
23.07.07	29.07.13	1.62	718	-	-	(515)	(203)	-	
26.07.07	29.07.13	1.62	119	-	-	(87)	(32)	-	
03.08.07	29.07.13	1.98	25	-	-	-	(25)	-	
17.07.08	29.07.13	1.93	250	-	-	-	(250)	-	
05.05.09	29.07.13	1.62	1,784	-	(75)	(132)	(1,577)	-	
23.05.11	29.07.13	1.10	200	-	-	(200)	-	-	
21.09.11	29.07.13	1.00	5,892	-	-	(5,892)	-	-	
17.10.12	29.07.13	1.00	3,087	-	-	(2,616)	(471)	-	
02.01.13	29.07.13	1.00	-	9,907	(175)	(9,652)	(80)	-	
18.02.13	29.07.13	1.00	-	8	-	(8)	-	-	
01.04.13	29.07.13	1.00	-	239	(10)	(229)	-	-	
02.05.13	29.07.13	1.13	-	31	-	(31)	-	-	
07.05.13	29.07.13	1.11	-	11	-	(11)	-	-	
20.05.13	29.07.13	1.20	-	39	-	(39)	-	-	
23.05.13	29.07.13	1.24	-	11	-	(11)	-	-	
03.06.13	29.07.13	1.24	-	80	-	(80)	-	-	
12.06.13	29.07.13	1.28	-	10	-	(10)	-	-	
			15,215	10,336	(260)	(22,048)	(3,243)	-	

A total of 22,049,359 units of share options were exercised by the eligible employees during the year. The remaining share options of 3.243 million units that were not exercised have been cancelled upon the expiry of the KPS ESOS Scheme on 29 July 2013.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
B1 Performance review

- a) Current quarter against previous year corresponding quarter

Continuing Operations

For the current quarter ended 31 December 2013, the Group registered revenue of RM87.40 million as compared to RM78.53 million in the preceding year corresponding quarter 2012, representing an increase in revenue of 11% or RM8.87 million. The increase was mainly due to higher revenue recorded by the infrastructure and utilities sector by RM10.06 million.

The Group recorded a loss before tax of RM13.75 million for the current quarter as compared to loss of RM4.74 million in the preceding year corresponding quarter 2012. The higher loss was attributable to the share of loss from an associate company of RM6.53 million as compared to profit of RM26.52 million. The loss was due to impairment loss on receivables of RM49.00 million and the impact of IC 12 of RM78.0 million resulting to share of loss of RM38.10 million. However, this loss was mitigated by share of operating profit of RM31.57 million.

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Performance of the respective operating business segments for the fourth quarter ended 31 December 2013 as compared to the preceding year corresponding quarter is analysed as follows:-

1. Infrastructure and utilities

The revenue for infrastructure and utilities sector had increased by RM10.06 million from RM51.90 million to RM61.96 million for the current quarter mainly due to change in discount rate used which has effect the settlement of concession receivables (IC 12) for the current quarter by RM11.24 million.

The infrastructure and utilities sector recorded a loss before tax of RM0.56 million as compared to profit before tax of RM24.36 million in the corresponding quarter 2012. The loss recorded by the sector during the current quarter was mainly due to share of loss from an associate company of RM6.53 million as compared to profit of RM26.52 million in the corresponding quarter 2012. The loss was due to impairment loss on receivables of RM49.00 million and impact on IC 12 of RM78.00 million resulting to share of loss of RM38.10 million. However, the loss was mitigated by share of operating profit of RM31.57 million.

2. Trading

The trading sector posted a loss before tax of RM2.23 million on the back of total revenue of RM14.08 million. The loss for the current quarter was due to the loss on disposal of an associate company of RM2.88 million and impairment of goodwill of RM0.31 million.

3. Hospitality

Hospitality revenue was RM7.26 million in the current quarter as compared to corresponding quarter 2012 of RM8.10 million. For current quarter, the sector recorded a loss of RM0.16 million as compared to loss of RM0.37 million in the corresponding quarter 2012. The loss for the current quarter was mainly due to impairment loss on receivables.

4. Golf club and recreational facilities

The golf club and recreational facilities recorded lower revenue of RM1.69 million in the current quarter as compared to RM1.71 million in the corresponding quarter 2012. Lower revenue in the current quarter was mainly due to the lower income from food and beverages and golf and sports centre. The sector recorded a loss of RM1.37 million as compared to loss of RM0.75 million in the corresponding quarter 2012 and was due higher operating expenses.

5. Oil and gas

The Group's share of loss in NGC Energy Sdn Bhd for the current quarter of RM0.64 million was lower as compared the corresponding quarter 2012 loss of RM2.80 million.

6. Telecommunication

The Company has a 40% interest in Ceres Telecom Sdn Bhd ('Ceres Telecom') and the principal activity of Ceres Telecom is to provide wireless and mobile telecommunications services to end users. Ceres Telecom has commenced operations in September 2013. The Group's share of losses for the current quarter was RM1.27 million.

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7. Investment holding

Investment holding recorded revenue of RM4.34 million as compared to RM18.28 million in the corresponding quarter 2012 due to lower dividend income. The sector recorded loss before tax of RM3.41 million as compared to loss of RM8.58 million in the corresponding quarter 2012.

Discontinued Operation

1. Property development and management

No revenue and profit contribution from the property development and management sector during the current quarter as the disposal of the subsidiary company was completed on 30 September 2013.

b) Current year to-date against previous year to-date

For the twelve months ended 31 December 2013, the Group registered revenue of RM301.81 million as compared to RM275.55 million in the corresponding period 2012, representing an increase in revenue of RM26.26 million or 10%. The increase was mainly due to higher revenue from infrastructure and utilities sector by RM21.07 million and from trading sector by RM4.25 million.

The Group recorded a profit before tax of RM288.03.35 million as compared to profit of RM78.40 million in the corresponding period 2012, mainly due to gain on disposal of a subsidiary company in property development and management sector of RM284.35 million mitigated by loss on disposal of associate companies of RM60.06 million.

1. Infrastructure and utilities

The revenue for infrastructure and utilities sector increased from RM186.04 million to RM207.11 million for the current period as a result of change in discount rate used for settlement of concession receivables (IC 12) which effected a lower recoupment or settlement of concession receivables by RM11.05 million due to higher discount rate used (2013: 8.21% ; 2012: 5.50%).

The infrastructure and utilities sector recorded a lower profit before tax of RM97.12 million as compared to profit before tax of RM149.40 million in previous year. The lower profit was mainly due to lower share of profit from associates of RM60.71 million as compared to RM123.03 million in the corresponding quarter 2012. The lower profit was due to impairment loss on receivables of RM49.00 million and impact on IC 12 of RM78.00 million during the current year by an associated company resulting to lower share of profit by RM38.10 million.

2. Trading

For the period ended 31 December 2013, trading sector posted a profit before tax of RM1.32 million on the back of total revenue of RM51.02 million. Revenue was higher by RM4.25 million due to the higher sale of chemical products. However, profit was lower by RM2.70 million as compared to corresponding year 2012 mainly due to loss on disposal of an associated company of RM2.88 million.

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3. Hospitality

The hospitality sector recorded revenue of RM27.83 million as compared to RM28.21 million in the corresponding year 2012. The loss before tax for hospitality sector was RM2.61 million as compared to loss of RM3.02 million in the corresponding year 2012. Lower loss recorded was due to higher room occupancy and savings in certain expenses during the current year.

4. Golf club and recreational facilities

The golf club and recreational facilities recorded revenue of RM6.79 million as compared to RM7.04 million in the corresponding year 2012. The golf club and recreational facilities loss before tax was RM6.07 million as compared to loss of RM3.01 million for the corresponding period 2012. The higher loss was due to impairment of investment in an associated company of RM2.88 million.

5. Oil and gas

The Group's share of profit in NGC Energy for the current year was RM1.90 million as compared to loss of RM2.80 million in the corresponding year 2012.

6. Telecommunication

The Group's share of losses for the current year was RM2.49 million.

7. Investment holding

The investment holding sector recorded lower revenue of RM27.88 million as compared to RM51.18 million, mainly due to lower dividend income. The profit before tax for the current year was RM49.98 million as compared to loss before tax of RM24.41 million in the corresponding year 2012. The profit for the current year was mainly due to gain from disposal of a subsidiary company and associated company.

Discontinued Operation

1. Property development and management

The property development and management sector recorded revenue and profit before tax for the nine months ended 30 September 2013 of RM13.53 million and RM1.99 million respectively as compared to corresponding year 2012 of twelve months revenue of RM76.68 million and loss before tax of RM3.51 million. This was due to the disposal of subsidiary company in this sector which was completed on 30 September 2013.

B2 Comment on material change in profit before tax

The Group recorded a loss before tax from continuing operations of RM13.75 million for the current quarter ended 31 December 2013 as compared to a profit of RM244.32 million in the previous quarter ended 30 September 2013. The significant decrease in profit was mainly due to the gain on disposal of a subsidiary company of RM284.35 million, mitigated by loss on disposal of an associate company of RM57.17 million recorded in the previous quarter.

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B3 Commentary on prospects

1. Infrastructure and utilities

Notwithstanding that the ongoing water restructuring in Selangor remains unresolved, the Group expects the infrastructure and utilities sector continues to be the major contributor towards the Group's earnings.

The Selangor State Government through Kumpulan Darul Ehsan Berhad ("KDEB") had on 20 February 2013, made offers to the owners of all water concessionaires for the purchase of their shares with the objective to consolidate the water services industry in Selangor. However, the KDEB offers were deemed lapsed on 6 March 2013 as the shareholders of Puncak Niaga Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd was unable to reach a final decision to consider giving approval in principle or to give acceptance in principle to KDEB in respect of the indicative terms and conditions as set out in KDEB's letter dated 20 February 2013.

Subsequently, on 21 November 2013, KDEB had made new offers to the owners of all water concessionaires for the purchase of their shares. However, on 9 January 2014 KDEB had informed the Company that there will be no further discussion on the proposed offer for the foreseeable future in view of the Selangor State Government's ("State") announcement on 8 January 2014 stating, among others, that the State is agreeable for the Federal Government to exercise its rights and powers under Section 114 of the Water Services Industry Act 2006.

Nevertheless, there has been encouraging announcements made by both the Federal Government and Selangor State Government in resolving the water restructuring in Selangor.

If the restructuring is successful, the Group may move away from the water utilities sector and seek investments in other sectors to ensure continued sustainability of its business and operations.

2. Property development and management

On 29 April 2013, the Company had entered into a Share Purchase Agreement ("SPA") with its holding company, KDEB for the disposal of 254,562,576 ordinary shares of RM1.00 each in Kumpulan Hartanah Selangor Berhad ("KHSB") ("Sale Shares") (which represents 56.57% equity interest therein) to KDEB for a cash consideration of RM193,467,557.76 or RM0.76 per share ("Disposal").

On 28 June 2013, the consideration of the Sale Shares has been revised from RM193,467,557.76 or RM0.76 per share to RM212,814,313.54 or RM0.836 per share after taking into account the valuation of the material properties of KHSB Group and in accordance with the terms and conditions of the SPA.

The Disposal provides an opportunity for the Company to monetise its investment in KHSB and the subsequent utilisation of proceeds. The Disposal was tabled and approved by the shareholders at the Extraordinary General Meeting of the Company held on 18 September 2013. The Disposal was completed on 31 December 2013 and from then onwards KHSB has ceased to be a subsidiary of the Company and will not contribute to the future financial results of the Group.

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3. Hospitality

For the hospitality sector, the Group is currently reviewing its investments in the hospitality sector with a view towards streamlining its existing business model to improve operational efficiencies.

4. Golf club and recreational activities

For the golf club and recreational activities sector, Cash Band (M) Berhad, a 99.98% owned subsidiary of the Company, had on 6 February 2013 entered into Development Agreement with Rockbay Streams Sdn Bhd, a 100% owned subsidiary of SP Setia Berhad, for a mixed development project comprising residential and commercial properties ("Project"). The Project is expected to contribute positively to the future earnings of the Group.

5. Oil and gas

In year 2013, NGC Energy Sdn Bhd has registered profit before tax of RM6.50 million as compared to loss of RM7.00 million in year 2012. The Group expects the oil and gas sector to contribute positively to the results of the Group in the future.

6. Telecommunication

Geres Telecom has successfully completed its first telephone call in April 2013 and the commercial launch of its Friendi pre-paid mobile services brand was launched in mid-September 2013. Barring unforeseen circumstances, the Group expects the telecommunication sector to contribute positively to the results of the Group in the future.

B4 Profit forecast and profit guarantee

No profit forecast or profit guarantee was issued during the current quarter.

B5 Other operating income/(expenses)

Included in other operating income/(expenses) are the follow credits/(charges):

	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- concession receivables	3,199	4,753	12,293	19,278
- imputed interest income	4,094	4,723	16,376	18,893
- loan and receivables	3,335	1,710	5,694	5,634
- fixed deposit	1,639	465	1,196	1,493
Gain/(loss) on disposal:				
- property, plant and equipment	321	14	428	658
- investment properties	-	(63)	-	(272)
- investment securities	(2,571)	-	(2,571)	213
Gain/(loss) on foreign exchange	(36)	(10)	(1)	7
Reversal of allowance for impairment on:				
- inventories	-	-	5	-
- trade receivables	-	(50)	-	319
- other receivables	-	6	-	6

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Net fair value loss on financial instruments:				
- Available-for-sale financial assets (transferred from equity upon disposal of Investment securities/subsidiaries)	12,540	(18,530)	11,781	(37,945)
- Recognised in income statement	-	360	-	213
Finance costs	(32,081)	(27,922)	(120,542)	(109,354)
Depreciation of property, plant and equipment	(2,861)	(2,857)	(10,669)	(10,990)
Depreciation of investment properties	(22)	(22)	(98)	(122)
Amortisation of intangible assets	(706)	(668)	(2,712)	(2,712)
Amortisation of concession rights	(4,186)	(4,186)	(16,745)	(16,745)
Impairment loss on trade receivables	(6,785)	(24,500)	(26,264)	(48,769)
Impairment loss on land held for property development	-	(17,789)	-	(17,789)
Impairment loss on inventories	-	(2,888)	-	(2,888)
Impairment loss on investment in an associate company	-	-	(2,882)	-
Impairment loss on goodwill	(310)	-	(310)	-
Exceptional items:				
- gain on disposal of a subsidiary company	-	-	284,351	-
- loss on disposal of associated companies	(2,882)	-	(60,056)	-
Reversal of provision no longer required	-	12,595	-	12,595
Reversal of impairment loss on investment properties	-	344	-	344
Bad debt written off	-	(37)	-	(37)

Other items not applicable to the Group are write off of receivables, write off of inventories and gain or loss on derivatives.

B6 Income tax and zakat expense

	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Continuing operations:				
Current tax position	(18,218)	6,259	3,419	21,050
Deferred tax transfer to balance sheet	21,016	(1,172)	17,499	(4,521)
Income tax expense	2,798	5,087	20,918	16,529
Zakat expense	45	(21)	758	605
Income tax and zakat expense	2,843	5,066	21,676	17,134
Discontinued operation:				
Income tax expense	-	(2,887)	21	(568)
Deferred tax	-	(1,745)	(87)	(2,318)
Income tax expense	-	(4,632)	(66)	(2,886)
Zakat expense	-	-	86	529
Income tax and zakat expense	-	(4,632)	20	(2,357)
Total income tax and zakat expense	2,843	434	21,696	14,777

The effective tax rate for the Group for the current quarter is higher due to certain income not subject to tax.

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B7 Status of corporate proposals

Save as disclosed below, there is no other corporate proposals announced but not completed as at the date of this report:

- (i) Proposed investment in a mobile virtual network operator business via a thirty per cent (30%) equity stake in Ceres Telecom Sdn Bhd by Perangsang Telco Sdn Bhd

Perangsang Telco Sdn Bhd (formerly known as Kartika Nilam Sdn Bhd), a wholly owned subsidiary of the Company, had on 19 June 2012, entered into an Investment and Shareholders' Agreement with SAMENA Telecom Limited, Connect Mena Limited Jebel Ali Free Zone and Ceres Telecom Sdn Bhd ("Ceres Telecom") for the proposed investment in a mobile virtual network operator business via a thirty per cent (30%) equity stake in Ceres Telecom Sdn Bhd at a cost of investment of RM24,240,973.00.

Perangsang Telco Sdn Bhd had fully subscribed to the shares equivalent to 30% equity stake in Ceres Telecom under the First Cash Call, Second Cash Call and Third Cash Call of Phase I on 13 December 2012, 24 June 2013 and 1 October 2013 respectively. The balance of the investment cost of RM7.992 million shall be payable under Phase 2 and is conditional upon the fulfilment of certain conditions. As at the date of this report, the proposed investment is subject to the launch of its Virgin Mobile brand.

- (ii) Proposed joint venture between Cash Band (M) Berhad, a 99.98% owned subsidiary of Perangsang Selangor, with Rockbay Streams Sdn Bhd, a 100% owned subsidiary of SP Setia Berhad, for a mixed development project

Cash Band (M) Berhad, a 99.98% owned subsidiary of the Company, had on 6 February 2013, entered into Development Agreement ("the Agreement") with Rockbay Streams Sdn Bhd, a 100% owned subsidiary of SP Setia Berhad, for a mixed development project comprising residential and commercial properties. As at the date of this report, the Agreement is pending the fulfilment of the conditions precedent.

- (iii) Proposed disposal of 254,562,576 ordinary shares of RM1.00 each in Kumpulan Hartanah Selangor Berhad ("KHSB") held by the Company to Kumpulan Darul Ehsan Berhad ("KDEB") for a cash consideration of RM193,467,557.76 or RM0.76 per share ("Disposal")

On 14 February 2013, the Company received an offer from its holding company, KDEB to acquire 254,562,576 ordinary shares of RM1.00 each in KHSB ("Sale Shares") (which represents 56.57% equity interest therein) from the Company for a cash consideration of RM193,467,557.76 or RM0.76 per share. On 28 February 2013, the Company has accepted the Offer and subsequently on 29 April 2013, the Company and KDEB executed the Share Purchase Agreement ("SPA").

On 28 June 2013, the consideration of the Sale Shares has been revised from RM193,467,557.76 or RM0.76 per share to RM212,814,313.54 or RM0.836 per share after taking into account the valuation of the material properties of KHSB Group and in accordance with the terms and conditions of the SPA. The Disposal was tabled and approved by the shareholders at the Extraordinary General Meeting of the Company held on 18 September 2013. The Disposal was completed on 30 September 2013.

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- (iv) Proposed disposal of 90.83% equity holdings in Titisan Modal (M) Sdn Bhd (“TMSB”) and 30% equity holdings in Syarikat Pengeluar Air Selangor Holdings Berhad (“SPLASH Holdings”) to KDEB

On 20 February 2013, the Company received offers from KDEB to purchase 90.83% equity holdings in TMSB from the Company and 30% equity holdings in SPLASH Holdings from Viable Chip (M) Sdn Bhd, a wholly owned subsidiary of the Company (“KDEB Offers”). Subsequently, on 6 March 2013 the Company has accepted in principle the KDEB Offers, subject to the final terms and conditions to be negotiated and agreed upon, as well as the execution of a definitive agreement.

The KDEB Offers were deemed lapsed on 6 March 2013 as the shareholders of Puncak Niaga Sdn Bhd and Syarikat Bekalan Air Selangor Sdn Bhd were unable to reach a final decision in their giving approval in principle or to give an acceptance in principle to KDEB in respect of the indicative terms and conditions as set out in KDEB’s letter dated 20 February 2013.

Subsequently, on 21 November 2013, the Company received new offers from KDEB. However, on 9 January 2014 KDEB had informed the Company that there will be no further discussion on the proposed offer for the foreseeable future in view of the Selangor State Government’s (“State”) announcement on 8 January 2014 stating, among others, that the State is agreeable for the Federal Government to exercise its rights and powers under Section 114 of the Water Services Industry Act 2006.

B8 Borrowings

The Group borrowings as at 31 December 2013 and all denominated in local currency are as follows:

	RM’000
Short term borrowings	
Secured	408,447
Long term borrowings	
Secured	664,209
Total Borrowings	<u>1,072,656</u>

B9 Material litigation

Save as disclosed below, neither the Company nor its subsidiary companies has been or are involved in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors are not aware of any proceedings, pending or threatened, against the Company or its subsidiary companies or of any facts likely to give rise to any proceedings which might materially affect the financial position or business of the Company or its subsidiary companies.

Part A – Konsortium ABASS Sdn. Bhd. (“ABASS”) as the Plaintiff(s)

1. ABASS filed a Writ of Summons in High Court on 28 March 2011 against SYABAS whereby ABASS is seeking the following:-
 - i) A declaration that the SYABAS is liable to make full payment on all invoices issued by the ABASS pursuant to the PCCA and Related Agreements particularly in accordance to Section 4.04 (c) of the Novation Agreements and that the SYABAS’s liability to make payment in full is not in any way diminished or mitigated by reason of its right to make proportionate payment to the water concessionaires;

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- ii) Judgment for the sum of RM149,478,553.02;
- iii) An account of all payments due to the ABASS in respect of invoices issued after the date of the Writ herein be taken by the Court and an order that the SYABAS to pay the ABASS all such sums found to be due on the taking of such account;
- iv) Interest on the outstanding amount of the invoices for the months from January 2010 to October 2010 at the rate of one percent (1%) per annum plus the base lending rate of Malayan Banking Berhad calculated on daily basis until the date of full payment by the SYABAS;
- v) Interest on the outstanding amount of the previous outstanding invoices for the months from June 2006 to December 2009 in the sum of RM6,218,522.57;
- vi) Alternative to prayers (iii) and (iv) above, interest at the rate of 8% per annum on the outstanding amount of each of the outstanding invoices to be calculated from the respective due date until the date of full payment by SYABAS;
- vii) Damages for breach of contract;
- viii) Costs; and
- ix) Such further order or relief that the Court deems fit and just.

On 30 March 2011, the sealed copy of the Writ of Summons was served on SYABAS. During the case management fixed on 12 April 2011, SYABAS's solicitors informed the Court that SYABAS will be issuing Third Party proceedings against the Selangor State Government. The Court has fixed 30 May 2011 for the next case management.

On 30 May 2011, ABASS's solicitors informed the Court that ABASS had filed its Reply and Defence to Counterclaim on 27 May 2011 and will prepare and file an application for trial of preliminary issues. Pending the above, the Court has fixed 7 July 2011 for case management.

On 7 July 2011, ABASS's solicitors informed the Court that ABASS has filed an application for trial of preliminary issues on 6 July 2011. SYABAS further informed the Court that they have served a Summons for Leave to Issue a Third Party Notice on 6 July 2011. SYABAS is seeking leave of Court to sue the Selangor State Government as a third party to ABASS's claim and is seeking a 100% indemnity from the State Government in the event that SYABAS is liable to pay to ABASS. The Court has fixed the next case management on 29 July 2011 for SYABAS to file its affidavit in reply to ABASS's affidavit.

On 29 July 2011, SYABAS's solicitors informed that they have filed and served affidavit in reply on 28 July 2011 to ABASS's application for trial of preliminary issues. The Court further fixed 19 August 2011 for ABASS to reply to SYABAS's affidavits and subsequently, on 26 August 2011 for SYABAS to reply to ABASS's affidavits. The next case management was fixed on 26 August 2011.

On 26 August 2011, ABASS solicitors informed the High Court that there are three applications pending in the High Court as follows:

- 1) Enclosure10 - ABASS's application for trial of preliminary issue
- 2) Enclosure13 - SYABAS's application to issue third party notice against the Selangor State Government
- 3) Enclosure14 - SYABAS's application to amend its Defense

ABASS's solicitors also informed the Court that ABASS had filed and served affidavits in reply in respect of all the above applications.

The Court has fixed 26 September 2011 as the final case management whereby the said date is for the parties to exhaust their affidavits and to fix hearing dates where necessary.

On 26 September 2011, both parties deliberated on the above applications and the Court fixed the next case management on 5 October 2011 in order to fix the hearing dates for the said applications.

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On 5 October 2011, ABASS's solicitors informed the Court that ABASS had been served with the Defendant's Affidavits in Reply for all the three (3) enclosures on 26 September 2011 and may need to file in a reply.

Having heard from the solicitors of both parties on the order of the hearing of the three (3) enclosures, the Court has fixed the hearing dates as follows:

- (i) Enclosure 13 & 14 (SYABAS's application to issue third party notice against the Selangor State Government & SYABAS's application to amend its Defence) on 21 October 2011; and
- (ii) Enclosure 10 (ABASS's application for trial of preliminary issue) on 21 November 2011.

On 21 October 2011, after hearing of Enclosure 13 and 14, the Court has fixed 31 October 2011 for decisions on both applications. However, on 31 October 2011, the Court has adjourned the decision date to 3 November 2011.

On 3 November 2011, the Court allowed SYABAS's applications to amend the Defence and to issue third party notice against Selangor State Government. With regards to the amendment application, ABASS sought leave to file a reply to SYABAS's Amended Defense within 2 weeks upon the service of the sealed Amended Defense or any further extension of time by agreement of both parties. The next case management is fixed on 17 November 2011 pending SYABAS's service of the third party notice against Selangor State Government.

On 8 November 2011, ABASS filed an appeal to the Judge in Chambers against the decision of the High Court in respect of Enclosures 13 and 14. The Court has fixed 23 November 2011 as the hearing date for both appeals.

On 17 November 2011, the counsel for Selangor State Government informed the Court that they have filed their Memorandum of Appearance on 15 November 2011, however, they have yet to file in their defense and they intend to set aside the Third Party Notice. The Court confirmed the hearing dates as follows:

- a) 21 November 2011 – Enclosure 10; and
- b) 23 November 2011 – ABASS's appeal against the decision of the Court delivered on 3 November 2011.

The next case management is fixed on 23 November 2011 for ABASS to update the Court on the status of the above hearings and for SYABAS to file Summons for Directions in respect of the Third Party Proceeding.

On 21 November 2011, the Court adjourned the Hearing for Enclosure 10 to 13 January 2011 and maintained 23 November 2011 as the hearing date for ABASS's appeal against the decision of the Court delivered on 3 November 2011.

On 23 November 2011, after having heard of ABASS's appeal against the decision of the High Court in respect of Enclosures 13 and 14, the learned Judge has fixed 8 December 2011 to deliver the decision of the appeal. On the same day SYABAS filed the Summons for Directions for the Third Party proceedings and the Court has fixed 30 November 2011 as the hearing date for the same.

On 30 November 2011, the learned Deputy Registrar granted order in terms of SYABAS' Summons for Third Party Directions and further directed the State Government to file the followings within 14 days from the service of SYABAS' Statement of Claim:-

- a) The State Government's Defence to SYABAS' Statement of Claim; and

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- b) Application to set aside the Third Party Notice, if necessary.

Pending the above, the case was fixed for case management on 5 January 2012.

On 5 January 2012, the Court has further fixed the next case management on 20 January 2012 pending filing of SYABAS's Reply to the State Government's defence and for ABASS to update the Court on the outcome of the preliminary issue Hearing fixed on 13 January 2012.

On 13 January 2012, SYABAS requested for an adjournment of the Hearing of Enclosure 10 as Syarikat Pengeluar Air Selangor Holdings Berhad ("Splash") is having similar suit against SYABAS which is pending in the Court of Appeal and Federal Court. Since there is a Notice of Motion for clarification of the Court of Appeal order pending to be heard at the Court of Appeal, SYABAS informed that Splash has also filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal. As such, the parties should wait for the outcome of these applications before proceeding with the Hearing, as the decisions of the Court of Appeal and Federal Court in the Splash suits are directly related to the present suit. The learned Judge adjourned the case to 13 February 2012 for parties to update the Court on the matter.

On 20 January 2012, ABASS informed the Court that the Hearing of Enclosure 10 was adjourned on 13 January 2012 due to a possible recusal of the learned Judge. ABASS had also filed a Notice of Application for Interim Payment for SYABAS to pay to court RM150,000,000 or other sum which is deemed suitable reasonable and fair by the court

On 13 February 2012, the Court of Appeal has fixed the Hearing for clarification on 20 February 2012 whilst the Federal Court has fixed a case management on 23 February 2012 for the SPLASH matter.

The Court has also fixed the next case management on 5 March 2012, pending the decision of the SPLASH matter and for the possible recusal of the learned Judge, on the followings:-

- a) Enclosure 10;
- b) ABASS's Application for Interim Payment; and
- c) Summon in Chambers for State Government's application to strike out the Third (3rd) Party Notice.

On 5 March 2012, the Learned Judge informed that he will recuse himself for potential conflict of interest. The Deputy Registrar will inform in due course on the new Judge for the matter.

On 16 March 2012, ABASS's solicitors informed the Learned Judge that the matter was initially fixed before 2 Judges but both the judges' have recused themselves on the possibility of conflict of interest. The Learned Judge informed parties that his Lordship also has heard a civil matter to which SYABAS was a party. The solicitors took note of this and informed the Learned Judge that they would seek instructions from their clients on the same.

The Learned Judge was informed that there are 3 pending applications before the Court and the applications would be dealt with in the following sequence:

- a) Third Party's application to set aside third party notice – Enclosure 77;
- b) Plaintiff's application for trial of preliminary issue – Enclosure 10; and
- c) Plaintiff's application for interim payment – Enclosure 76.

The Court fixed the next case management on 20 April 2012 for parties to revert with respective clients' instructions on the possible recusal of the Learned Judge and for counsel to address the Court on the matter.

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On 20 April 2012, ABASS's solicitors informed the Learned Judge that the written submission for Enclosure 10 has been filed and served, and is now pending for a hearing date to be fixed. As for Enclosure 76, ABASS's solicitors only managed to extract notice on the 18 April 2012 and as such, SYABAS would require time to reply the affidavit.

The Court has fixed the hearing of Enclosure 77 on 28 June 2012. The court has also fixed for the hearing of Enclosure 10 and mention for Enclosure 76 on 10 August 2012.

On 28 June 2012, ABASS's solicitors have attended the hearing before the Justice Lee Swee Seng at Kuala Lumpur High Court in relation to Enclosure 77. In the middle of submission by the parties, the Court was informed by SYABAS's solicitors that he had to attend to a matter at the Court of Appeal. As such, the Court has fixed 3 July 2012 for continued hearing.

During the continued hearing on 3 July 2012, the Learned Judge had made queries on ABASS's stand. ABASS's solicitors informed the Court that pursuant to Section 4.04 of the Novation Agreement, the cause of action by ABASS was against SYABAS. ABASS's solicitors further noted that SYABAS is able to make proportionate payment but this is without prejudice to ABASS's rights to claim for full payment as well as to execute the judgement sum, in the event that the Court decides in favour of ABASS. The Learned Judge has fixed the decision of this application on 31 July 2012.

On 31 July 2012, the Learned Judge had allowed Selangor State Government's application to strike out the Third Party Notice and the Statement of Claim filed by SYABAS. Hence, the Court has decided to set aside the Third Party Notice and has struck out the Statement of Claims by SYABAS against the Selangor State Government (Enclosure 77). The Learned Judge has then fixed 10 August 2012 for the hearing of Enclosure 10.

During the hearing session on 10 August 2012, ABASS's solicitors proceeded with its submission for the Application followed by a submission by SYABAS's solicitors objecting to the Application. SYABAS's solicitors requested for a further hearing date to address the Court after receipt of the Court of Appeal's written judgement for the SPLASH matter.

The Court has fixed 23 August 2012 for the continued hearing of Enclosure 10 and 3 September 2012 for decision on Enclosure 10 and mention for Enclosure 76.

On 23 August 2012, ABASS's solicitors have attended the continued hearing of ABASS's application for Trial of Preliminary Issue at KL High Court.

The Court has then fixed 3 September 2012 for the decision. On 3 September 2012, after having heard counsels' arguments in relation to Enclosure 10, the Court has allowed the application for Trial of Preliminary Issues. Pending the fixing of the hearing date of Enclosure 10, the Court has directed parties to do as follows:

- a) ABASS to provide the latest update amount outstanding from SYABAS to ABASS;
- b) The parties to file the bundle of documents within two (2) weeks from today; and
- c) Witness statements to be ready and exchanged 2 weeks before hearing.

The Court has then fixed the matter for further case management on 5 September 2012 for the fixing of trial dates for the hearing of Enclosure 10.

On 5 September 2012 during the case management, SYABAS's counsel informed the Court that they are intending to file and serve the following:-

- a) Application to amend SYABAS's Amended Defence in light of the Notice of Assignment dated 15 August 2012 issued by ABASS to SYABAS; and
- b) Application to stay the proceeding pending the hearing of SYABAS's appeal to the Court of Appeal on the striking out of the Third Party Notice against the State Government.

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Pending the above matter, the Court has fixed the main action and ABASS's application for interim payment (Enclosure 76) for further case management on 2 October 2012.

During the Case Management on 2 October 2012, since the parties are still in the midst of exchanging affidavits in relation to SYABAS's application to re-amend its Defence (Enclosure 110), the Court has fixed 8 November 2012 for the following:-

- a) Hearing of Enclosure 110; and
- b) Mention of the Main Action and Enclosure 76.

On 8 November 2012, the Court has decided to allowed SYABAS's application to re-amend its Defence and directed SYABAS to file it within seven (7) days from 8 November 2012. The Court had given ABASS the liberty to make consequential amendments to its amended reply to defence within fourteen (14) days from the date of service of SYABAS re-amended Defence.

The Court had also fixed 30 November 2012 as the new Case Management date for ABASS application for interim payment (Enclosure 76) and fixed 22, 23 and 24 April 2013 as trial dates for the action. On 30 November 2012, the Court fixed 4 January 2013 for further mention of ABASS' application for interim payment.

On 14 December 2012, SYABAS served a Notice of Application dated 11 December 2012 to strike out Writ of Summon and Statement of Claim. SYABAS based their application on the ground that by virtue of a Deed of Assignment dated 23 August 2012 entered into between ABASS and Maybank Investment Bank Berhad (as Security Agent for Acqua SPV Sdn. Bhd), ABASS had absolutely and irrevocably assigned its right to receive payments from SYABAS, to Maybank Investment Bank Berhad. In view of that, SYABAS claimed that ABASS has no right title, or interest to make any claim against SYABAS. The Application was fixed for hearing on 4 January 2013.

On 4 January 2013, as the parties were still in the midst of exchanging their affidavits, the Court directed as follows:

- a) SYABAS to file its affidavit in-reply on or before 7 January 2013;
- b) ABASS to file its affidavit in-reply thereof (if any) on or before 14 January 2013; and
- c) Hearing of the SYABAS' striking out application and case management of ABASS' application for interim payment was fixed on 12 March 2013.

During the hearing of SYABAS' application to strike out ABASS' Writ of Summon and Statement of Claims and case management on 12 March 2013, the parties informed the Court that they had filed and exchanged their respective submissions in relation to the SYABAS' application and that the parties required some time to prepare a submission in-reply. Having heard this, the Court directed the parties to file and serve the respective submission in-reply on or before 18 March 2013 and hearing of SYABAS' application and Case Management for the main suit and ABASS; application for interim payment was fixed on 20 March 2013.

On 31 January 2013, the Court of Appeal dismissed the appeal made by SYABAS against the decision by the Court on 31 July 2012 allowing the Selangor State Government' application to set aside the 3rd Party Notice and Statement of Claim filed by SYABAS. SYABAS then on 20 February 2013 filed a notice of motion for leave to appeal to the Federal Court against the decision of the Court of Appeal. The motion for leave to appeal has been fixed for hearing on 28 August 2013.

On 19 March 2013, ABASS filed another Notice of Application to strike out SYABAS' early application to strike out Writ of Summon and Statement of Claim and also to strike out SYABAS' Statement of Defence and Counterclaim. In the application, ABASS also applied for stay of the whole proceeding pending

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disposal of its application. This ABASS' application was fixed for hearing on 20 March 2013. ABASS based the application on a ground that SYABAS is no longer having locus standi to defend the case and to proceed with the application to strike out ABASS' Writ of Sumnon and Statement of Claim due to an assignment has been given by SYABAS by reason of its bonds having been acquired Pengurusan Aset Air Berhad ("PAAB") as informed by PAAB in its letter to ABASS dated 14 March 2013.

During the hearing on 20 March 2013, the Court instructed parties to complete the exchange of affidavits on 28 March 2013 and a Case Management was fixed on 29 March 2013 for parties to revert to the Court whether to proceed with their striking out applications or to proceed only with the trial by way of preliminary issues as decided before.

During the case Management on 29 March 2013, ABASS' solicitors informed the Court that they had just been served with SYABAS' affidavit in-reply to oppose ABASS' application to strike out their application and defence in which SYABAS still refused to disclose the relevant assignment documents executed by them. In light of this development, ABASS' solicitors informed the Court that ABASS might file in another application for discovery of the assignment documents. In this connection, the Court directed ABASS to file the notice of application for discovery of documents by 3 April 2013 and the hearing of the discovery application together with final Case Management was fixed on 17 April 2013.

In view of the full trial of the case that had been fixed on 22 to 24 April 2013, the Court fixed 8 April 2013 for Case Management whereby the parties were required to file the common bundle of documents, statement of agreed facts, statement of issues to be tried, bundle of pleadings, summary of case and list of witnesses and their respective roles.

The Court also informed the parties that depending on the outcome of the discovery application, it is minded to address the striking out applications filed by both parties as a preliminary point before the start of the full trial on 22 April 2013.

On 8 April 2013, the parties informed the Court that their respective summary of case and list of witnesses had already been filed in Court. The documents which are still pending finalization are the Statement of Agreed Facts, Statement of Issue to be Tried and the Common Bundle of Documents. ABASS' solicitors also informed the Court that ABASS' discovery application had been filed on 3 April 2013 and that SYABAS is due to file its affidavit in-reply today.

SYABAS solicitors then informed the Court that there is a pending leave application by SYABAS in the Federal Court, to appeal against the decision of the Court of Appeal in dismissing SYABAS' appeal against the High Court order in striking out the Third Party application against Selangor State Government. The motion for leave to appeal to the Federal Court has been fixed for Hearing on 28 August 2013.

Having heard this, the trial dates fixed on 22 to 24 April 2013 are vacated pending disposal of the Hearing of the leave application at the Federal Court. As such, all directions given by the Court earlier pertaining to the trial would be stayed pending the outcome of the Federal Court decision. The Court then fixed 4 September 2013 as the Case Management date for the main action.

However, the other pending applications would proceed as fixed as follows:

- i) ABASS' discovery application hearing maintained on 17 April 2013; and
- ii) SYABAS' and ABASS' striking out applications were fixed for Hearing on 24 April 2013.

On 17 April 2013, when the case was fixed for Hearing of ABASS' discovery application, the learned Judge informed the parties that her Ladyship had read the written submission of both parties and would require clarification on certain point of law. However, the learned Judge had also reiterated her Ladyship's

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earlier suggestion to have the issue of locus standi be dealt together with the main action, so as to avoid wasting of judicial time.

In this connection, the Court had fixed the case for Case Management of the main action, ABASS' application for interim payment, SYABAS' striking out application and ABASS' striking out and discovery application on 4 September 2013, pending the hearing of SYABAS' leave application at the Federal Court in regard to the 3rd Party Proceeding against the State Government of Selangor. The Court had also directed the full Hearing date fixed on 24 April 2013 be vacated.

On 4 September 2013, the case was fixed for Case Management pending the hearing of SYABAS' leave application to appeal to the Federal Court pertaining to the striking out of the Third Party proceeding against the State Government of Selangor.

During the proceeding, the Court was informed by SYABAS' counsel that the leave application was allowed by the Federal Court on 28 August 2013 and SYABAS has since then filed a Notice of Appeal on 2 September 2013. Having heard this, the learned Judge has ordered for a stay of the present proceeding pending the decision of the Federal Court on the appeal proper. The Court then fixed for further Case Management on 28 November 2013.

On 28 November 2013, SYABAS' counsel informed the Court that the Federal Court has fixed the appeal for Case Management on 13 January 2014, pending receipt of the grounds of judgment from the Court of Appeal. Having heard this, the learned Judge has then fixed for further Case Management on 27 January 2014 for parties to update the learned Judge on the status of the said appeal.

On 27 January 2014, SYABAS' counsel informed the Court that the Federal Court has fixed the said appeal for Hearing on 7 April 2014. Having heard this, the learned Judge has then fixed this case for further Case Management on 9 April 2014.

B10 Dividends

No interim dividend has been recommended or declared for this financial period.

B11 Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit/(loss) attributable to owners of the parent by the weighted average number of shares in issue.

(b) Diluted earnings per share

The diluted earnings per share is calculated by dividing the net profit/(loss) attributable to owners of the parent by the adjusted weighted average number of shares in issue. The weighted average number of shares in issue is adjusted for potential dilutive shares from the exercise of outstanding ESOS options of the Company.

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	3 Months Ended 31.12.2013	3 Months Ended 31.12.2012	12 Months Ended 31.12.2013	12 Months Ended 31.12.2012
(a) Basic earnings per share				
Net (loss)/profit attributable to owners of the parent (RM'000)				
- continuing operations	(13,612)	(9,667)	262,935	58,096
- discontinued operation	-	5,660	(2,370)	932
Weighted average number of shares in issue ('000)	499,004	476,956	499,004	476,923
Basic EPS (sen)				
- continuing operations	(2.7)	(2.0)	52.7	12.2
- discontinued operation	-	1.2	(0.5)	0.2
(b) Diluted earnings per share				
Net (loss)/profit attributable to owners of the parent (RM'000)				
- continuing operations	(13,612)	(9,667)	262,935	58,096
- discontinued operation	-	5,660	(2,370)	932
Weighted average number of shares in issue ('000)	499,004	476,956	499,004	476,923
Effects of dilution from exercise of ESOS options ('000)	-	-	-	1,213
	499,004	476,956	499,004	478,136
Diluted EPS (sen)				
- continuing operations	(2.7)	(2.0)	52.7	12.2
- discontinued operation	-	1.2	(0.5)	0.2

B12 Realised and unrealised profits or losses disclosures

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive is as follows:-

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
The retained profits of the Group:-		
- Realised	36,012	47,657
- Unrealised	(48,616)	(53,309)
	<u>(12,604)</u>	<u>(5,652)</u>
Total share of retained profit from associated companies		
- Realised	<u>456,251</u>	<u>464,248</u>
Retained earnings as per financial statements	<u>443,647</u>	<u>458,596</u>

BY ORDER OF THE BOARD

HASHIMAH BINTI HAJI MOHD ISA
Company Secretary

Date: 26 February 2014