

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2011
Condensed Consolidated Income Statements

	<i>Note</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	To date	Corresponding
		3 months ended		9 months ended	
		30.9.2011	30.9.2010	30.9.2011	30.9.2010
		RM'000	RM'000	RM'000	RM'000
		Unaudited	(Restated)	Unaudited	(Restated)
Revenue	<i>A1(b) & A13(a)</i>	573,856	520,813	1,660,268	1,544,648
Other income	<i>A1(b)</i>	34,459	37,476	98,831	95,596
Operating costs	<i>A1(b)</i>	(400,473)	(352,000)	(1,126,349)	(1,057,119)
Construction contract expenses	<i>A1(b)</i>	(55,616)	(29,846)	(141,634)	(104,734)
Depreciation and amortisation expenses	<i>A1(b)</i>	(42,071)	(46,794)	(126,043)	(126,376)
Profit from operations		110,155	129,649	365,073	352,015
Other non-operating income	<i>B1</i>	16,496	-	16,496	-
Finance costs	<i>A1(b) & B5</i>	(160,889)	(155,992)	(461,161)	(446,398)
Share of results of associates		8,035	-	8,034	-
Share of results of joint venture		(153)	356	(275)	88
Loss before tax		(26,356)	(25,987)	(71,833)	(94,295)
Taxation:-					
- Income taxation		(13,804)	(3,124)	(29,832)	(11,869)
- Deferred taxation		22,021	3,668	40,588	34,544
	<i>A1(b) & B6</i>	8,217	544	10,756	22,675
Loss net of tax	<i>A1(b)</i>	(18,139)	(25,443)	(61,077)	(71,620)
Attributable to:					
Owners of the parent		5,001	(25,265)	589	(71,156)
Non-controlling interests		(23,140)	(178)	(61,666)	(464)
Loss net of tax		(18,139)	(25,443)	(61,077)	(71,620)
		sen	sen	sen	sen
Earnings / (Loss) per share attributable to owners of the parent:					
- basic	<i>B16(a)</i>	1.22	(6.18)	0.14	(17.39)
- diluted	<i>B16(b)</i>	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 2011

Condensed Consolidated Statements of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 3 months ended 30.9.2011 RM'000 Unaudited	Preceding Year Corresponding Quarter 30.9.2010 RM'000 (Restated)	Current Year To date 9 months ended 30.9.2011 RM'000 Unaudited	Preceding Year Corresponding Period 30.9.2010 RM'000 (Restated)
Loss net of tax	(18,139)	(25,443)	(61,077)	(71,620)
Other Comprehensive Income/(expenses):				
Foreign currency translation	3,021	(937)	2,338	(3,548)
Total comprehensive loss for the period	<u>(15,118)</u>	<u>(26,380)</u>	<u>(58,739)</u>	<u>(75,168)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	7,738	(26,373)	2,657	(74,704)
Non-controlling interests	<u>(22,856)</u>	<u>(7)</u>	<u>(61,396)</u>	<u>(464)</u>
	<u>(15,118)</u>	<u>(26,380)</u>	<u>(58,739)</u>	<u>(75,168)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 2011
Condensed Consolidated Statement of Financial Position

	Note	As at 30.9.2011 RM'000 Unaudited	As at 31.12.2010 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant & equipment	A1(b) & A13 (c)	361,086	237,878
Intangible asset	A1(b) & B10	7,752,482	7,756,377
Financial asset	A1(b)	6,131	2,476
Investment in associates		40	39
Investment in joint venture		5,527	5,635
Debt service reserve account		310,145	297,271
Goodwill		564,103	514,873
Other receivables		293,807	284,707
Deferred tax assets	A1(b)	575,771	507,550
		<u>9,869,092</u>	<u>9,606,806</u>
Current assets			
Inventories		21,674	16,512
Trade receivables		1,712,948	1,104,989
Other receivables		78,466	43,930
Other current assets		27,645	19,003
Tax recoverable		612	654
Short term funds		36	35
Cash and bank balances		1,242,326	1,215,267
		<u>3,083,707</u>	<u>2,400,390</u>
TOTAL ASSETS		<u>12,952,799</u>	<u>12,007,196</u>
EQUITY AND LIABILITIES			
Equity attributable to equity owners of the parent			
Share capital		411,143	411,143
Reserves		(358,046)	(360,703)
Treasury shares		(5,941)	(5,941)
Shareholders' equity	A14	47,156	44,499
Non-controlling interest	A1(b)	(45,574)	15,822
Total equity		<u>1,582</u>	<u>60,321</u>
Non-current liabilities			
Loans and borrowings	B11	5,028,547	4,680,572
Other payables		30,637	29,019
Concession liabilities	A1(b)	3,978,334	4,001,339
Government grant	A1(b)	247,301	256,482
Deferred tax liabilities		192,529	158,913
		<u>9,477,348</u>	<u>9,126,325</u>
Current liabilities			
Loans and borrowings	B11	611,208	806,392
Trade & other payables		2,089,842	1,283,820
Other current liabilities		5,620	6,546
Concession liabilities	A1(b)	348,058	329,310
Deposit from consumers		398,115	380,326
Tax payable		21,026	14,156
		<u>3,473,869</u>	<u>2,820,550</u>
Total liabilities		<u>12,951,217</u>	<u>11,946,875</u>
TOTAL EQUITY AND LIABILITIES		<u>12,952,799</u>	<u>12,007,196</u>
Net assets per share attributable to owners of the parent (RM)		<u>0.12</u>	<u>0.11</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 2011
Condensed Consolidated Statement of Changes in Equity

----- Attributable to Owners of the Parent -----									
----- Non-distributable ----- Distributable									
Note	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Currency Exchange Reserves RM'000	Retained Earnings / (Accumulated Losses) RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000	
9 months period ended 30 September 2011									
Opening balance at 1 January									
2011 (as previously stated)									
- Effects of adoption IC 12	A1(b)	-	-	-	(1,456,933)	(1,456,933)	(318,933)	(1,775,866)	
At 1 January 2011 (as restated)									
		411,143	102,879	(5,941)	(3,837)	(459,745)	44,499	15,822	60,321
Total comprehensive income/(loss) for the period		-	-	-	2,068	589	2,657	(61,396)	(58,739)
Closing balance at 30 September									
2011 (Unaudited)									
		411,143	102,879	(5,941)	(1,769)	(459,156)	47,156	(45,574)	1,582
9 months period ended 30 September 2010									
Opening balance at 1 January									
2010 (as previously restated)									
- Effects of adoption FRS 139		-	-	-	-	(46,750)	-	(46,750)	
- Effects of adoption IC 12		-	-	-	-	(1,296,455)	(248,180)	(1,544,635)	
At 1 January 2010 (as restated)									
		411,143	102,878	(5,941)	384	(377,868)	130,596	16,662	147,258
Total comprehensive loss for the period		-	-	-	(3,548)	(71,156)	(74,704)	(464)	(75,168)
Closing balance at 30 September									
2010 (Unaudited) (Restated)									
		411,143	102,878	(5,941)	(3,164)	(449,024)	55,892	16,198	72,090

(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 2010 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 2011
Condensed Consolidated Statement of Cash Flow

	Note	9 months ended 30.9.2011 RM'000 Unaudited	9 months ended 30.9.2010 RM'000
Cash flows from operating activities			
Receipts from customers		1,095,631	1,123,950
Other income		59,766	46,569
Payments to water treatment operators		(237,688)	(310,280)
Payments for operating expenses		(481,112)	(463,885)
Payments to contractors		(62,980)	(12,603)
Net cash generated from operations		<u>373,617</u>	<u>383,751</u>
Net deposits received		19,167	19,752
Interest paid		(172,580)	(141,077)
Tax paid		(17,026)	(23,817)
Interest received		33,765	19,936
Net cash inflow from operating activities		<u>236,943</u>	<u>258,545</u>
Cash flows from investing activities			
Acquisition of subsidiaries	B12	(97,292)	-
Acquisition of associates		(67,529)	-
Purchase of property, plant and equipment		(10,304)	(51,071)
Additions of intangible asset		(111,111)	(170,478)
Net advance to associate		(1)	-
Net advance to joint venture		(167)	(600)
Purchase of unquoted investment		-	(80,000)
Proceeds from disposal of property, plant and equipment		161	544
Net cash outflow from investing activities		<u>(286,243)</u>	<u>(301,605)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings		99,181	10,439
Repayment of loans and borrowings		(7,017)	(6,812)
Repayment of obligation under finance leases		(3,873)	(4,457)
Issuance of redeemable cumulative preference shares	A6	-	131,600
Dividend paid	A7	-	(40,911)
Net cash inflow from financing activities		<u>88,291</u>	<u>89,859</u>
Net change in cash & cash equivalents		38,991	46,799
Effects of foreign exchange rate on cash and cash equivalents		943	(923)
Cash and cash equivalents at beginning of financial period		1,215,302	1,216,532
Transfer to debt service reserve account		(12,874)	(5,385)
		1,242,362	1,257,023
Deposits held in trust		(188,104)	(153,551)
Cash and cash equivalents at end of financial period		<u>1,054,258</u>	<u>1,103,472</u>
Cash and cash equivalents comprise:			
Deposits with licensed banks		1,131,537	1,149,524
Cash and bank balances		110,789	59,394
		1,242,326	1,208,918
Add: Short term funds		36	48,105
Less: Deposits held in trust		(188,104)	(153,551)
		<u>1,054,258</u>	<u>1,103,472</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 2010 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 2011

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of preparation and changes in accounting policies

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. These 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 2010. However, with the application of IC Interpretation 12 : Service Concession Arrangements ("IC Interpretation 12"), the comparatives have been restated as the IC Interpretation 12 is required to be adopted retrospectively.

The accounting policies and methods of computation adopted by the Group are consistent with those adopted in the preparation of financial statements for the financial year ended 31 December 2010, except for the adoption of the following new FRS, Amendments to FRSs and Interpretations with effect from 1 January 2011.

On 1 January 2011, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011:-

Amendments to FRS 132	Classification of Rights Issues
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Improvements to FRS issued in 2010	
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfer of Assets from Customers

The adoption of the above standards and interpretations do not have any effect on the financial performance or position of the Group except for those discussed below:

IC Interpretation 12 Service Concession Arrangements

- a) IC Interpretation 12 applies to service concession operators and explains how to account for obligations undertaken and rights received in service concession arrangements. With the adoption of IC Interpretation 12, the Group's shareholder's equity has decreased substantially to RM47.2 million (31.12.2010 (audited): RM1,501.4 million). The substantial decrease in shareholder's equity is primarily due to the adoption of new accounting treatment under IC Interpretation 12 whereby the entire present value of the Annual Charges and Land Use Charges and Fixed Capacity Charges which are payable by the Group's 70% owned subsidiary, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") to the State Government of Selangor Darul Ehsan ("Selangor State Government") and water treatment operators respectively, during the tenure of the concession are now required to be capitalised as intangible assets and subject to amortisation. A corresponding amount will be credited as concession liability and subject to notional interest which is charged to the income statement. The adoption of IC Interpretation 12 is required to be adopted retrospectively as described in Note A14 below and thus, had resulted in the substantial decrease in the shareholder's equity. However, there is no change to the business operations and cash flow of the Group.

- b) The Group amortises its intangible asset contained in the concession arrangement by reference to revenue method over the concession period, consistent with the method adopted for the annual financial statements for the financial year ended 31 December 2010. During the quarter under review, it has come to the knowledge of the Group that there are differing views within the accounting fraternity regarding the appropriateness of certain methods in amortising intangible asset contained in a concession arrangement, and the deliberation over this matter is currently ongoing. Pending the finalisation of any consensus by the accounting fraternity over this matter, the Group continues to amortise its intangible asset contained in the concession arrangement by reference to revenue method. The Group will continue to monitor the progress and outcome of the ongoing deliberation, and will review the appropriateness of the existing amortisation method should such need arise in future.

The Group's results before and after adoption of IC Interpretation 12 are as below:

	3 months ended 30 September 2011			9 months ended 30 September 2011		
	Before IC 12 RM'000	IC 12 Impact RM'000	After IC 12 RM'000	Before IC 12 RM'000	IC 12 Impact RM'000	After IC 12 RM'000
INCOME STATEMENTS						
Revenue	549,470	24,386	573,856	1,579,425	80,843	1,660,268
Other income	33,309	1,150	34,459	94,819	4,012	98,831
Operating costs	(243,962)	(156,511)	(400,473)	(679,825)	(446,524)	(1,126,349)
Construction contract expenses	(33,027)	(22,589)	(55,616)	(67,084)	(74,550)	(141,634)
Depreciation and amortisation expenses	(147,740)	105,669	(42,071)	(426,944)	300,901	(126,043)
Finance costs	(107,906)	(52,983)	(160,889)	(302,213)	(158,948)	(461,161)
Taxation	(17,027)	25,244	8,217	(60,333)	71,089	10,756
Profit/(Loss) net of tax	57,494	(75,633)	(18,139)	162,100	(223,177)	(61,077)
STATEMENT OF FINANCIAL POSITION						
Non-current assets						
Property, plant & equipment				1,722,459	(1,361,373)	361,086
Project development expenditure				4,895,154	(4,895,154)	-
Intangible asset				-	7,752,482	7,752,482
Financial asset				-	6,131	6,131
Deferred tax assets				-	575,771	575,771
Non-current liabilities						
Deferred tax liabilities				316,918	(124,389)	192,529
Concession liabilities				-	3,978,334	3,978,334
Government grant				283,570	(36,269)	247,301
Current liabilities						
Concession liabilities				-	348,058	348,058
Shareholders' equity						
Retained earnings/(Accumulated losses) :						
Brought forward				997,188	(1,456,933)	(459,745)
Profit for the year				111,624	(111,035)	589
Carried forward				1,108,812	(1,567,968)	(459,156)
Non-controlling interests						
				385,530	(431,104)	(45,574)

FRS 127 Consolidated and Separate Financial Statements (Revised)

FRS 127 - Consolidated and Separate Financial Statements (Revised) requires the total comprehensive income to be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The following FRSs, amendments to FRS, Interpretations and Technical Releases have been issued but are not yet effective and therefore, have not been applied by the Group:-

		Effective for financial periods beginning on or after
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
TR i - 4	Shariah Compliant Sale Contracts	1 January 2011
FRS 124	Related Party Disclosures (Revised)	1 January 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012

A2 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2010 was not qualified.

A3 Seasonal or cyclical factors

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

A4 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 effects arising from the adoption of IC Interpretation 12 Service Concession Arrangements as disclosed in Note A1.

A5 Changes in estimates

There were no significant changes in the estimates of the amount reported in the interim periods of the prior financial years that have a material effect in the current financial quarter and financial year-to-date results except for the effects arising from the adoption of IC Interpretation 12 Service Concession Arrangements as disclosed in Note A1.

A6 Debt and equity securities

There were no other significant issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current financial quarter and financial year-to-date (1.1.2010 to 30.9.2010 : RM131.6 million).

A7 Dividend paid

There was no dividend paid during the current financial quarter and financial year-to-date (1.1.2010 to 30.9.2010 : RM40.9 million).

A8 Segment revenue and results

The segmental analysis for the Group for the current financial quarter and financial year-to-date are as follows:

a)	Water Distribution RM'000	Water Treatment RM'000	Holding Company RM'000	Oil and Gas RM'000	Others RM'000	Elimination RM'000	Group Total RM'000
Results for 3 months ended 30 September 2011							
Operating Revenue							
Sales to external customers	508,547	-	-	8,935	56,374	-	573,856
Inter-segment sales	-	129,176	-	-	(1,024)	(128,152)	-
	508,547	129,176	-	8,935	55,350	(128,152)	573,856
Other income	25,669	34,321	25,760	2	63	(51,356)	34,459
	534,216	163,497	25,760	8,937	55,413	(179,508)	608,315
Operating expenses	(444,091)	(74,562)	(3,061)	(12,651)	(53,655)	131,931	(456,089)
Other non-operating income	-	-	-	16,496	-	-	16,496
Share of results of associates	-	-	-	8,035	-	-	8,035
Share of results of joint venture	-	-	-	-	(153)	-	(153)
Amortisation and depreciation	(38,111)	(3,564)	(183)	(161)	(52)	-	(42,071)
Segment results	52,014	85,371	22,516	20,656	1,553	(47,577)	134,533
Finance costs							(160,889)
Loss before tax							(26,356)
Results for 3 months ended 30 September 2010							
Operating Revenue							
Sales to external customers	488,269	-	-	-	32,544	-	520,813
Inter-segment sales	-	127,957	-	-	(1,766)	(126,191)	-
	488,269	127,957	-	-	30,778	(126,191)	520,813
Other income	25,583	31,620	18,738	-	24	(38,489)	37,476
	513,852	159,577	18,738	-	30,802	(164,680)	558,289
Operating expenses	(407,983)	(62,905)	(4,542)	(1,200)	(37,543)	132,327	(381,846)
Share of results of joint venture	-	-	-	-	356	-	356
Amortisation and depreciation	(37,872)	(8,626)	(215)	-	(81)	-	(46,794)
Segment results	67,997	88,046	13,981	(1,200)	(6,466)	(32,353)	130,005
Finance costs							(155,992)
Loss before tax							(25,987)

	Water Distribution RM'000	Water Treatment RM'000	Holding Company RM'000	Oil and Gas RM'000	Others RM'000	Elimination RM'000	Group Total RM'000
Results for 9 months ended 30 September 2011							
Operating Revenue							
Sales to external customers	1,499,925	-	-	8,935	151,408	-	1,660,268
Inter-segment sales	-	393,628	-	-	198	(393,826)	-
	1,499,925	393,628	-	8,935	151,606	(393,826)	1,660,268
Other income	73,585	108,659	64,079	2	171	(147,665)	98,831
	1,573,510	502,287	64,079	8,937	151,777	(541,491)	1,759,099
Operating expenses	(1,297,912)	(206,988)	(6,372)	(12,651)	(146,904)	402,844	(1,267,983)
Other non-operating income	-	-	-	16,496	-	-	16,496
Share of results of associates	-	-	-	8,035	(1)	-	8,034
Share of results of joint venture	-	-	-	-	(275)	-	(275)
Amortisation and depreciation	(114,471)	(10,560)	(591)	(161)	(260)	-	(126,043)
Segment results	161,127	284,739	57,116	20,656	4,337	(138,647)	389,328
Finance costs							(461,161)
Loss before tax							(71,833)
Results for 9 months ended 30 September 2010							
Operating Revenue							
Sales to external customers	1,430,716	-	-	-	113,932	-	1,544,648
Inter-segment sales	-	377,044	-	-	674	(377,718)	-
	1,430,716	377,044	-	-	114,606	(377,718)	1,544,648
Other income	65,904	86,333	53,969	-	68	(110,678)	95,596
	1,496,620	463,377	53,969	-	114,674	(488,396)	1,640,244
Operating expenses	(1,240,515)	(181,988)	(11,024)	(1,200)	(118,230)	391,104	(1,161,853)
Share of results of joint venture	-	-	-	-	88	-	88
Amortisation and depreciation	(115,618)	(9,868)	(637)	-	(253)	-	(126,376)
Segment results	140,487	271,521	42,308	(1,200)	(3,721)	(97,292)	352,103
Finance costs							(446,398)
Loss before tax							(94,295)

b)	Water Distribution RM'000	Water Treatment RM'000	Holding Company RM'000	Oil and Gas RM'000	Others RM'000	Elimination RM'000	Group Total RM'000
Assets and Liabilities As at 30 September 2011							
Investment in associates	-	-	40	-	-	-	40
Segment assets	10,222,278	3,176,318	1,324,457	466,704	32,513	(2,845,894)	12,376,376
	10,222,278	3,176,318	1,324,497	466,704	32,513	(2,845,894)	12,376,416
Unallocated assets							576,383
Total assets							12,952,799
Segment liabilities	12,495,259	1,945,889	354,989	435,746	193,253	(2,687,474)	12,737,662
Unallocated liabilities							213,555
Total liabilities							12,951,217
Assets and Liabilities As at 30 September 2010 (Restated)							
Investment in associates	-	-	41	-	-	-	41
Segment assets	9,288,213	2,952,290	1,308,945	1,786	24,804	(2,362,053)	11,213,985
	9,288,213	2,952,290	1,308,986	1,786	24,804	(2,362,053)	11,214,026
Unallocated assets							321,242
Total assets							11,535,268
Segment liabilities	11,363,525	1,918,111	357,881	2,236	175,040	(2,219,580)	11,597,213
Unallocated liabilities							16,146
Total liabilities							11,613,359

A9 Valuation of property, plant and equipment

Property, plant and equipment are stated at cost, which comprise the acquisition cost and any incidental cost arising from the acquisition, less accumulated depreciation and impairment loss. No valuations have been undertaken in the prior years.

A10 Subsequent events

Subsequent to the current financial quarter:-

- a) On 23 September 2011, the Company's wholly-owned subsidiary, Puncak Oil & Gas Sdn Bhd accepted a Syndicated 1-month Foreign Currency Term Loan amounting to USD31.0 million from OCBC Bank (Malaysia) Bhd and Hong Leong Bank Bhd ("Lenders") which was subsequently extended for one month up to 29 November 2011 on 1 November 2011.
- b) On 17 October 2011, the Company's 70% owned subsidiary, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") entered into the Loan Facility Agreement and Deed of Assignment with the Government of Malaysia ("Federal Government") in respect of a loan facility of RM110.0 million granted to SYABAS by the Federal Government ("Government Loan").
- c) Following the issuance by the Company of the Notice of Reminder to the Noteholders on Their Rights To Exercise The Put Option Pursuant To The Trust Deed dated 5 September 2001 ("Trust Deed") Constituting The Notes on 13 September 2011 ("Put Option Exercise") and based on the Outcome of the Put Option Exercise whereby as at 18 October 2011, 468 Noteholders holding 515,488,256 Notes (94.26%) have exercised the Put Option Exercise as set out in the Reminder Notice:-
 - (i) On 24 October 2011, the Company had issued a Circular to Noteholders In Relation To The Suspension Of Trading For The Notes And The Withdrawal Of The Notes From The Official List of Bursa Malaysia Securities Bhd Upon The Completion Of The Call Option Exercise (As Provided Pursuant To Clause 7.2 of the Trust Deed.)
 - (ii) On 2 November 2011, the Company had issued the Notice of Call Option to the Noteholders of the RM546,875,000 nominal value of 15-Years Redeemable Unconvertible Notes ("Notes") (Noteholders") on the Company's intention and rights to exercise the call option to redeem the outstanding notes amounting to 31,386,744 Notes (5.74%) which are not already the subject of the exercise by the Noteholders pursuant to the Put Option Exercise.
 - (iii) Upon completion of the Put Option and Call Option Exercise on 18 November 2011, the Company's Notes had been withdrawn from the Official List of Bursa Malaysia Securities Berhad on Monday, 21 November 2011 at 9.00 am.

- d) On 1 November 2011, the Company's wholly-owned sub-subsidiary, Global Offshore Malaysia Sdn Bhd ("GOM") had accepted the Credit Facilities from OCBC Bank (Malaysia) Bhd and Hong Leong Bank Bhd comprising:-
- (i) USD Revolving Credit ("RC") Facility and Letter of Credit ("LC") Facility, collectively up to USD43,887,147 only (with a sub-limit of RM20,000,000 in respect of the LC Facility);
 - (ii) Bank Guarantee ("BG") Facility, up to RM50.0 million; and
 - (iii) Foreign Currency Exchange Line ("FX") Facility, up to RM95.0 million (which is reflected as credit risk equivalent of RM9.95 million as per the Facility Agreement).
- e) On 1 November 2011, the Company entered into a conditional Sale and Purchase Agreement with Acqua SPV Berhad ("Acqua") and Puncak Niaga (M) Sdn Bhd ("PNSB") to sell its entire holdings of PNSB Redeemable, Unsecured, Coupon Bearing Notes of up to RM546,875,000 in aggregate nominal value to Acqua at a total consideration of RM328,125,000 ("Sale"). The sale was completed on 18 November 2011.

Other than the above, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements of the Group for the current financial quarter and financial year-to-date. However, there are material litigations as mentioned in Note B14 below.

A11 Changes in the composition of the Group

- a) Puncak Oil & Gas Sdn Bhd ("POG"), a wholly owned subsidiary of the Company, had on 23 May 2011 entered into two (2) separate Sale and Purchase Agreements with Global International Vessels Ltd ("GIVL"), a company incorporated in Cayman Islands for the acquisition of 40% equity interest in Global Offshore Malaysia Sdn Bhd ("GOM") ("GOM SPA") and KGL Ltd ("KGL") ("KGL SPA") respectively represented by 300,000 ordinary shares of RM1.00 each in GOM and 80,000 ordinary shares of USD1.00 each in KGL for a cash consideration of USD8,400,000.00 (equivalent to approximately RM24.0 million) and USD15,200,000.00 (equivalent to approximately RM43.5 million) respectively ("Acquisition").

Under the GOM-Global Asia Pacific Industries Sdn Bhd ("GAPI") Option, GOM-GIVL Option and KGL- GIVL Option respectively, POG shall have a call option to purchase the remaining sixty percent (60%) of the equity interest in GOM from GAPI and GIVL and in KGL from GIVL, respectively (the "60% Shares"), within one (1) year from the completion of POG's acquisition of the 40% Shares ("POG Call Option Period") at the same price per share as the 40% Shares, which in total amount to United States Dollars Thirty Five Million Four Hundred Thousand only (USD35,400,000) (equivalent to approximately RM114.2 million).

POG's acquisitions of 40% equity interest in GOM and KGL, respectively were completed on 30 June 2011.

On 23 September 2011, POG exercised the said Call Options to acquire the remaining 60% equity interests in GOM and KGL respectively, which were completed on 28 September 2011. Following the completion, both GOM and KGL became wholly-owned subsidiaries of POG with effect from 28 September 2011.

- b) Luwei Co Ltd became a 91.34% owned subsidiary of Sino Water Pte Ltd on 25 July 2011 with a total investment of USD4,932,500.

Save as disclosed above, there were no changes in the composition of the Group during the current financial quarter and financial year-to-date.

A12 Contingent liabilities and contingent assets

As at the date of this report, the Group provided bank guarantees to various parties amounting to RM80,882,371 (31 December 2010: RM98,750,951) in the ordinary course of business.

No contingent assets had arisen since 31 December 2010.

A13 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 30.9.2011	30.9.2010	9 months ended 30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
Supply and distribution of treated water to consumers (Note i)	508,546	488,269	1,499,924	1,430,716
Construction revenue	65,310	32,544	160,344	113,932
	<u>573,856</u>	<u>520,813</u>	<u>1,660,268</u>	<u>1,544,648</u>

Notes

- (i) Included in the water revenue is an amount of RM342.9 million being water tariff compensation for the first, second and third quarters of 2011 (9 months) (2010 : RM309.6 million) arising from the delay in water tariff revision. The amount is based on SYABAS Management's best estimate of the water tariff compensation as provided under the terms of the Concession Agreement dated 15 December 2004 ("Concession Agreement") signed between SYABAS, the Federal Government and the Selangor State Government.
- (ii) The claim for water tariff compensation had been included as amount owing by the Selangor State Government under Trade Receivables as at 30 September 2011.
- (iii) As disclosed in Note B14 (f), SYABAS had commenced legal proceedings against the Selangor State Government for the payment of the tariff compensation amounting to RM471.6 million for the period from 1 January 2009 to 31 December 2009 and at the case management held on 28 June 2011, the High Court allowed SYABAS' application to withdraw with liberty to file afresh by way of a writ of summons with no order as to costs. As disclosed in Note B14(f), on 8 September 2011, SYABAS filed a Writ and Statement of Claim at the Kuala Lumpur High Court for RM1,054.2 million being compensation from 1 January 2009 to 31 March 2011. Total claims submitted to Selangor State Government up to the period ended 30 September 2011 is RM1,313.3 million.

b) Commitments

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
Authorised capital expenditures not provided for in the financial statements:- Contracts approved and contracted for	<u>535,229</u>	<u>48,608</u>

c) Acquisition and disposal of property, plant and equipment

	9 months ended 30.9.2011		
	At cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Acquisition at cost	13,537	1,956	11,581
Disposal at cost	3,871	2,965	906

A14 Prior Year Adjustments (cont'd)

The shareholders' equity as at 31 December 2010 have been restated to take into account the effects of the adoption of IC Interpretation 12 Service Concession Arrangements as explained in Note A1. The adoption of IC interpretation 12 is required to be adopted retrospectively.

	Restated RM'000
Shareholders' equity as at 31 December 2010 (audited)	1,501,432
Add / (Less) IC 12 Adjustment:	
Notional interest arising from the concession liabilities (Note a)	(1,334,180)
Higher allocation of water purchase costs to income statement (Note b)	(3,663,411)
Recomputation of amortisation on Annual Charges, Land Use Charges and Fixed Capacity Charges previously capitalised as PDE (Note b)	2,989,688
Other IC 12 related adjustments	(394,496)
Deferred tax assets	626,534
Non-controlling interests	318,932
Total IC 12 adjustments	<u>(1,456,933)</u>
Shareholders' equity as at 31 December 2010 (restated)	44,499
Total comprehensive income for 9 months ended 30 September 2011	2,657
Shareholders' equity as at 30 September 2011	<u><u>47,156</u></u>

Note a : With the adoption of IC Interpretation 12, the entire present value of the Annual Charges and Land Use Charges and the carrying cost of Fixed Capacity Charges during the tenure of the concession are now required to be capitalised as intangible assets. A corresponding amount will be credited as concession liability and subject to notional interest which is charged to income statement.

Note b : Previously, Fixed Capacity Charges which form part of SYABAS water purchasing cost, are capitalised as Project Development Expenditure ("PDE") as and when incurred, and amortised over the concession period. Under the IC Interpretation 12 regime, Fixed Capacity Charges are capitalised as Intangible Assets at its carrying cost, and a corresponding amount is credited as concession liabilities which is subject to notional interest. The monthly Fixed Capacity Charges are then allocated as repayments towards the principal and interest on the concession liabilities. The balance is allocated as water purchasing cost in the income statement.

PN 17 Conditional Waiver Granted By Bursa Malaysia Sdn Bhd ("Bursa Securities") In Respect of IC Interpretation 12

The Company has triggered the criteria under paragraph 2.1 (a) and (e) of PN 17 ("Criteria") arising from the adoption of IC Interpretation 12 in the first quarter ended 31 March 2011, whereby the Group's shareholder's equity has decreased substantially to RM35.6 million as at 31 March 2011.

As previously announced on 31 May 2011, the Company had obtained a PN 17 conditional waiver from Bursa Securities from being categorised as an Affected Listed Issuer under PN 17 until the release of its quarterly results for the period ended 30 June 2012 on or before 31 August 2012.

The waiver granted by Bursa Securities is subject to the following conditions:-

- i) The waiver is given on the basis of the accounting effects arising from the Company's adoption of IC Interpretation 12 and will not apply if there are further adverse changes to the Company's financial condition due to the interpretation of IC Interpretation 12, including changes to the method of amortisation of concession assets;
- ii) The waiver will not apply if the Company triggers any PN 17 criteria at any time due to other reasons;
- iii) The Company to make immediate announcement on the status of the concession water tariff, the details of which are as follows:-
 - (a) The scheduled water tariff hike is stated in the Concession Agreement dated 15 December 2004 between SYABAS, the Federal Government and the State Government of Selangor ("State Government") ("SYABAS Concession Agreement") and upon the Agreed Tariff being determined in accordance with the provisions of the SYABAS Concession Agreement, the State Government and, as applicable, the Federal Government shall, cause the same to be published in the gazette;
 - (b) The water tariff review is in progress and the scheduled tariff hike is due on 1 January 2012 based on the terms as provided under the SYABAS Concession Agreement;
 - (c) In the event the scheduled water tariff hike is not gazetted, then the State Government shall compensate SYABAS;
 - (d) The Company will regularise its financial condition by 30 June 2012 following the hike in the water tariff in 2012 based on the terms as provided under the SYABAS Concession Agreement.

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

B1 Review of performance

For the current financial quarter, the Group registered higher revenue of RM573.9 million compared to RM520.8 million (restated) reported in the preceding year's corresponding financial quarter, representing an increase of RM53.1 million or 10.2%.

For the current financial year-to-date, the Group registered higher revenue of RM1,660.3 million compared to RM1,544.6 million (restated) reported in the preceding year's corresponding period, representing an increase of RM115.7 million or 7.5%.

The increase in revenue in the current financial quarter and current financial year-to-date is due to higher water consumption, higher construction revenue and contribution from the oil and gas division.

The Group reported loss before tax ("LBT") of RM26.3 million for the current financial quarter compared to RM26.0 million (restated) recorded in the preceding year's corresponding quarter.

For the current financial year-to-date, the Group reported lower LBT of RM71.8 million compared to RM94.3 million registered in the preceding year's corresponding period, representing a decrease of RM22.5 million. The decrease in LBT for the current financial year-to-date as compared to preceding year's corresponding period was mainly due to recognition of other non-operating income of RM16.5 million attributed to recognition of the excess of net assets of KGL over the purchase consideration and 40% equity interest in GOM and KGL of RM8.0 million, partially offset by higher operating cost.

With the adoption of IC Interpretation 12, the Group reported a loss net of tax of RM61.1 million for the current financial year-to-date ended 30 September 2011 mainly due to higher operating cost as a result of higher allocation of water purchasing cost to the income statement and higher finance cost as a result of notional interest arising from the notional concession liabilities as mentioned in Note A1(a) above.

Despite the loss, the Group's business viability and cash flow profile of its water concession business is not affected as the new accounting treatment under the IC Interpretation 12 as explained above, does not result in additional utilisation of cash resources. The adoption of IC Interpretation 12 does not result in the respective companies of the Group breaching the covenants of their borrowings.

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

The Group reported LBT of RM26.3 million for the current financial quarter compared to LBT of RM12.3 million registered in the immediate preceding financial quarter, representing an increase of RM14.0 million. The higher LBT in the current financial quarter was mainly due to higher operating cost and finance cost in the current financial quarter partially offset by increase in revenue and 40% equity interest in GOM and KGL of RM8.0 million.

B3 Prospects

The Group will continue with the existing core business and actively secure new water treatment and distribution, and waste water treatment projects in various states within Malaysia and overseas, including sourcing for opportunities in new sectors to increase the shareholders' value of the Company.

The completion of the 100% equity interest acquisition in GOM and KGL respectively on 28 September 2011 by POG will enable the Group to make further forays into the oil and gas industry which the Group has identified as a sector that it intends to strengthen its presence and emerge as a significant player.

B4 Variances from profit forecast and profit guarantee

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

B5 Finance costs

Included in the finance costs is the notional interest of RM158.9 million (30.9.2010 : RM164.0 million) arising from the adoption of IC Interpretation 12. Correspondingly, the accumulated notional interest costs recognised up to 30 September 2011 arising from the adoption of IC Interpretation 12 is RM1,493.1 million (30.9.2010 : RM1,279.5 million).

B6 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended		9 months ended	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
In respect of current year:-				
- income tax	(12,203)	(6,021)	(28,168)	(14,945)
- foreign income tax	(34)	57	(83)	(30)
- deferred tax	22,021	3,668	40,588	34,544
	9,784	(2,296)	12,337	19,569
In respect of prior year:-				
- (under)/over provision of income tax	(1,567)	2,840	(1,581)	3,106
	8,217	544	10,756	22,675

The effective tax rate of the Group (excluding the result of associates and joint venture which were equity accounted net of tax) for the current financial quarter and financial year-to-date was 24% and 14% respectively, lower than the statutory tax rate of 25% mainly due to the recognition of deferred tax assets arising from the adoption of IC Interpretation 12 and income not subject to tax.

B7 Profits/(losses) on sale of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties during the current financial quarter and financial year-to-date.

B8 Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities during the current financial quarter and financial year-to-date.

B9 Status of corporate proposals announced but not completed

No corporate proposals was announced but not completed prior to the issuance of this interim financial statements.

B10 Intangible asset

Included in the intangible asset are the annual charge and land use charge, fixed capacity charge and past concession infrastructure works less amortisation.

B11 Loans and borrowings

Details of the Group's borrowings and debt securities as at 30 September 2011 are as follows:-

	Current RM'000	Non-current RM'000
Secured		
Bai' Bithaman Ajil Bonds	180,000	836,362
Bai' Bithaman Ajil Medium Term Notes	-	2,046,234
Government Support Loan	7,227	39,521
Redeemable Unconvertible Junior Notes	319,785	-
Term Loan	98,890	659,975
Government Loan	-	320,800
Obligation Under Finance Leases	4,755	11,080
Redeemable Cumulative Preference Shares	-	609,969
	610,657	4,523,941
Unsecured		
Redeemable Convertible Unsecured Loan Stocks	-	22,017
Redeemable Unsecured Bonds	-	475,849
Lushan MOF Novated World Bank Loan	551	6,740
	611,208	5,028,547

All loans and borrowings are denominated in Ringgit Malaysia except for Lushan MOF Novated World Bank Loan and POG's term loan which are denominated in United States Dollar ("USD") totalling USD2.3 million and USD31.0 million respectively.

B12 Acquisition of Global Offshore Malaysia Sdn Bhd ("GOM") and KGL Ltd ("KGL")

Fair value of the net assets acquired and net cash outflow on acquisition of subsidiaries for the financial period ended 28 September 2011 are analysed as follows:

	GOM RM'000	KGL RM'000	Total RM'000
Property, plant & equipment	714	130,831	131,545
Inventories	2,236	-	2,236
Trade and other receivables	234,401	9,560	243,961
Cash and cash equivalents	15,190	1,726	16,916
Trade and other payables	(226,492)	(2,017)	(228,509)
Tax payable	(2,825)	(19)	(2,844)
Deferred taxation	(129)	(5,808)	(5,937)
Goodwill on acquisition	48,988	(16,496)	32,492
Total cash outflow on acquisition of subsidiaries	72,083	117,777	189,860
Less : carrying amount of the Group's equity interests in GOM and KGL as associates prior to the Group acquiring control of GOM and KGL	(30,608)	(45,044)	(75,652)
Less : cash and cash equivalents acquired	(15,190)	(1,726)	(16,916)
Net cash outflow on acquisition of subsidiaries	26,285	71,007	97,292

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

The revenue and net profit of the acquired subsidiaries included in the consolidated income statement of the Group for the period from 28 September 2011 to 30 September 2011 amounted to RM3.3 million and RM0.5 million, respectively. Had the acquisition taken effect on 1 January 2011, the revenue and net profit of the acquired subsidiaries to be included in the consolidated income statement of the Group for the financial period ended 30 September 2011 would have been RM398.8 million and RM33.6 million, respectively. These amounts have been determined using the Group's accounting policies.

B13 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.

B14 Material litigation**a) Kris Heavy Engineering & Construction Sdn Bhd ("KHEC")****1) 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.

Based on legal advice, the Consortium is of the view that the claim by KHEC is not sustainable. The Arbitration proceedings is currently ongoing in India.

2) **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.

The Second Arbitration is being heard by a single arbitrator.

Based on legal advice, PNHB-Lanco members of the Consortium are of the view that it has a good case of defending the claim. The Second Arbitration proceedings is currently ongoing in India.

b) **JAKS-KDEB Consortium Sdn Bhd**

Kuala Lumpur High Court Suit No. D4-22-1452-2006

Both PUAS Berhad and SYABAS had been served with:-

- i) A Writ of Summons and Statement of Claim dated 6 October 2006;
- ii) Ex-Parte Summons-in-Chambers dated 6 October 2006 ("Ex-Parte SIC") and its supporting Affidavit affirmed on 6 October 2006;
- iii) Amended Statement of Claim filed on 18 October 2006; and
- iv) An Ex-Parte Injunction Order dated 18 October 2006 ("Ex-Parte Order");

(hereinafter referred to as "the Suit") in respect of the Suit, by the solicitors of JAKS-KDEB Consortium Sdn Bhd (the "Plaintiff" or "JAKS-KDEB") on 19 October 2006.

JAKS-KDEB had commenced legal action against PUAS Berhad and SYABAS in respect of an agreement dated 25 October 2001 entered into between JAKS-KDEB and the State Government of Selangor ("State Government") pertaining to the supply of pipes and fittings in the State of Selangor Darul Ehsan and the Federal Territories of Kuala Lumpur and Putrajaya.

Vide the Ex-Parte SIC, the Plaintiff prayed for the following:

- i) An order to immediately restrain PUAS Berhad and/or SYABAS whether by themselves, their agents, servants, directors, contractors, nominees and/or all related parties to PUAS Berhad and/or SYABAS and/or assignees and/or successors-in-title or otherwise howsoever by injunction, be restrained from purchasing and/or obtaining and/or being given and/or dealing with and/or receiving all its requirements for the pipes (which includes straight pipes whether whole or in cut lengths of any material including but not limited to mild steel pipes) and fittings (which includes tees, bends, tapes, tapers, collars, flange adaptors, blank flanges, mechanical joints and similar accessories) in respect of all water projects being carried out or to be carried out in the State of Selangor including the Federal Territories of Kuala Lumpur and Putrajaya from any other entities except from the Plaintiff until the disposal of the Plaintiff's inter-parte application for an injunction;

- ii) An order to immediately restrain PUAS Berhad and/or SYABAS whether by themselves, their agents, servants, directors, contractors, nominees and/or all related parties to PUAS Berhad and/or SYABAS and/or assignees and/or successors-in-title or otherwise howsoever by injunction, be restrained from taking any further steps in supplying and/or dealing with all of the above pipes and fittings and/or including negotiations and/or award of contracts with any other entities arising out of and in connection with the purchasing and/or obtaining and/or being given and/or receiving all of its requirements for pipes and fittings in respect of all water projects being carried out or to be carried out in the State of Selangor including the Federal Territories of Kuala Lumpur and Putrajaya until the disposal of the Plaintiff's inter-partes application for an injunction;
- iii) Costs to be costs in the cause;
- iv) That a date be fixed for the inter-partes hearing of the Plaintiff's application therein within 21 days from the date of the Ex-Parte Order; and
- v) Such further and other relief as the High Court deems fit.

The above prayers were allowed by the High Court on the application of the Plaintiff's Ex-Parte SIC in the absence of PUAS Berhad and SYABAS or their Solicitors being present in High Court on 18 October 2006. The Plaintiff's Ex-Parte Order was effective for a period of twenty-one (21) days from 18 October 2006 until the date of the inter-partes hearing which has been fixed on 7 November 2006.

PUAS Berhad and SYABAS deny and refute all allegations raised by the Plaintiff in the Suit and have instructed their Solicitors to file an application vide Summons in Chambers dated 1 November 2006 to set aside the Ex-Parte Order and to vigorously defend themselves against the Plaintiff's claim on the day of the inter-partes hearing fixed on 7 November 2006.

At the hearing on 7 November 2006 (the "Hearing"), the High Court on the application of the Plaintiff's Solicitors, allowed an adjournment of the Hearing to 17 November 2006 to enable the Plaintiff to prepare a reply affidavit to the affidavit filed by the State Government, the 3rd Defendant to the Suit. Subsequently, the Hearing was adjourned to 20 November 2006.

At the hearing on 20 November 2006, the High Court fixed 22 November 2006 as the date to give its decision on the Inter-Partes application for injunction. The High Court also ordered that no ad-interim order extending the Ex-Parte injunction would be granted for the period from 20 November until 22 November 2006. This means that for this period, SYABAS was free to obtain its pipe supply from any source.

At the hearing on 22 November 2006, the High Court did not grant the injunction order applied for by JAKS-KDEB and instead proceeded to fix a date for the Case Management on 15 January 2007. However, the High Court had postponed the Case Management to 13 February 2007 and subsequently to 22 March 2007.

On 22 March 2007, the High Court fixed the Case Management for mention on 4 April 2007. The application by JAKS-KDEB for Discovery against PUAS Berhad and SYABAS and Inspection of SYABAS Concession Agreement was also heard on 22 March 2007 and a decision was fixed for hearing on 4 April 2007. At the hearing on 4 April 2007, the High Court allowed the application for Discovery by JAKS-KDEB against PUAS Berhad and SYABAS and accordingly, ordered the discovery and inspection of SYABAS Concession Agreement.

Upon consultation with its solicitors on the prospect of filing an appeal, SYABAS has instructed its solicitors to proceed to file an appeal with the Court of Appeal. The appeal was subsequently filed in the Court of Appeal on 3 May 2007. At the hearing on 15 July 2008 at the Court of Appeal, the Court of Appeal has dismissed SYABAS' appeal against the Order for Discovery by the High Court dated 4 April 2007 ordering disclosure of the Concession Agreement with costs. SYABAS had instructed its solicitors not to proceed with further appeal to the Federal Court. The decision was based primarily on the fact that the Federal Government and State Government did not object to the disclosure of the Concession Agreement at the High Court.

At the hearing on 3 October 2007, the High Court had allowed the application to amend the Statement of Defence, with costs and ancillary costs to be borne by PUAS Berhad and SYABAS.

The High Court had subsequently adjourned the matter for Hearing on 30 October 2009 as the 3rd Defendant intends to oppose the Plaintiff's application to amend the Statement of Claim. The Hearing was adjourned to 12 November 2009 to enable the 3rd Defendant to file its Affidavit in Reply to the Plaintiff's Affidavit in Reply. At the Hearing held on 12 November 2009 for the Plaintiff's application to amend the Statement of Claim, the High Court had fixed the matter for decision on 18 November 2009. At the Case Management held on 18 November 2009, the High Court had allowed the Plaintiff's application to amend the Statement of Claim and fixed the matter for further Case Management on 12 January 2010. In response, SYABAS has then filed the Amended Statement of Defence on 22 January 2010 and the matter was fixed for further Case Management on 25 March 2010.

At the Case Management held on 25 March 2010, the High Court adjourned the matter to 5 April 2010 for mention to ascertain whether the matter can proceed by the way of mediation. On 5 April 2010, the High Court had adjourned the matter to 10 May 2010 for Case Management to enable the parties to comply with the High Court's directions and to fix the matter for trial since the parties were not agreeable to mediate. Further Case Management was held on 4 June 2010 and 4 August 2010 and the next Case Management is fixed on 29 September 2010. The High Court had subsequently adjourned the matter for Hearing on 12 October 2010. At the Case Management held on 12 October 2010, the High Court had fixed the trial dates on 16 December 2010, 17 December 2010, 20 January 2011 and 21 January 2011. The oral submissions will be heard on 24 January 2011 and 25 January 2011.

At the hearing on 17 December 2010, the High Court had vacated the trial date on 20 January 2011 and fixed new trial dates on 28 March 2011 to 31 March 2011. The trial date fixed on 21 January 2011 and the oral submissions dates fixed on 24 January 2011 and 25 January 2011 remain unchanged.

At the trial held on 21 January 2011, the High Court had vacated the dates previously fixed for the oral submissions on 24 January 2011 and 25 January 2011 and fixed additional dates for continued trials on 24 January 2011, 25 January 2011 and 26 January 2011. The trial dates previously fixed on 28 March 2011 to 31 March 2011 remain unchanged. At the trial held on 28 March 2011, the High Court vacated the dates on 30 March 2011 and 31 March 2011. The trial dates on 28 March 2011 and 29 March 2011 remain unchanged. The matter was fixed for further full trial on 5 May 2011, 6 May 2011, 20 May 2011, 8 June 2011, 9 June 2011 and 10 June 2011. Since the trial concluded on 9 June 2011, the trial fixed for 10 June 2011 was vacated and the matter was fixed for decision on 12 September 2011.

The High Court had on 12 Sept 2011 postponed the decision date for the matter to 5 October 2011 as post-trial submissions only closed on 9 September 2011. On 5 October 2011, the High Court had dismissed the plaintiff's claim against the Defendants which include PUAS and SYABAS. On 3 November 2011, JAKS-KDEB had filed a Notice of Appeal to the Court of Appeal against the decision by the High Court on 5 October 2011.

In view of the dissolution of Jabatan Kawalselia Air Selangor ("JKAS") previously being the recipient of the written notification and written report as stated in High Court Order dated 22 November 2006, SYABAS had instructed its solicitors to file an application in the High Court to amend the said Order by replacing JKAS as the recipient with Suruhanjaya Perkhidmatan Air Negara ("SPAN") and the said application which was fixed for Hearing on 20 April 2009 was subsequently postponed to 19 May 2009 and 25 June 2009.

The High Court had on 6 July 2009 fixed the Hearing of the First and Second Defendants' application to amend the High Court Order dated 22 November 2006 to 22 July 2009. The High Court had directed the Plaintiff to file a further Affidavit to state that the Plaintiff intends to add the Selangor State Government in the Order in view that the application is only in respect of amending the entity to SPAN.

On 22 July 2009, the High Court had at the Hearing of the First and Second Defendants' application to amend the High Court Order dated 22 November 2006 allowed the addition of the words "dan/atau Kerajaan Negeri Selangor" to be added in the Order together with the word "SPAN". The addition was requested by the Plaintiff and consented by the Selangor State Legal Advisor, representing the 3rd Defendant.

c) ADP-PJI Joint Venture ("ADP-PJI JV")

On 27 February 2009, PNSB was notified by its solicitors on the Points of Claim dated 25 February 2009 served by ADP-PJI JV on 26 February 2009 for arbitration proceedings against PNSB.

The details of the arbitration are as follows:-

- i) By way of a Letter of Award dated 5 August 2004, PNSB awarded the design, construction, completion and commissioning of a water treatment plant ("the Works") for the "Projek Pembinaan Loji/Kolam Takungan dan Paip Utama Telibong dan Telipok, Sabah" ("Sabah Project") to an unincorporated joint venture known as ADP-PJI JV for a fixed price lump sum of RM65,161,515.
- ii) On 26 December 2007, upon the advice of its solicitors, PNSB issued a notice determining the employment of ADP-PJI JV for, inter alia, a failure to proceed regularly and diligently with the Works. ADP-PJI JV disputed the termination and referred the matter to the Superintending Officer ('S.O.') under the contract for a decision. Following the reference to the S.O. for a decision and being dissatisfied with the same, ADP-PJI JV had referred the disputes surrounding the termination of their employment to arbitration.
- iii) ADP-PJI JV via its solicitors had served a Points of Claim dated 25 February 2009 in the arbitration against PNSB via PNSB's solicitors on 26 February 2009.

- iv) The Points of Claim seeks various reliefs arising from the alleged wrongful determination of ADP-PJI JV's employment. ADP-PJI JV is claiming for the sum of RM10,080,201.31 for loss, expense and damages, disruption to progress of employment works, failure to pay the amounts certified and for works completed which have not been certified and other breaches of contract or such other sum as ADP-PJI JV may be found entitled to recover from PNSB arising from the alleged wrongful determination of ADP-PJI JV's employment.
- v) On 27 April 2009, PNSB had served its Points of Defence and Counter Claim in the arbitration stating, among others, that PNSB has rightfully determined the employment of ADP-PJI JV due to ADP-PJI JV's breaches of the contract for the "Projek Pembinaan Loji/Kolam Takungan dan Paip Utama Telibong dan Telipok, Sabah" and the failure to meet the completion date for the Sabah Project.

PNSB's Counter Claim involves amongst others, the additional costs incurred in completing the works for the Sabah Project ("Works"), additional costs in respect of the maintenance obligations, management and staff costs, damages, liquidated or general damages by reason of the delay in completion of the Works and overtime claim by the engineers for the purposes of construction supervision.
- vi) PNSB was notified on 1 June 2009 by its solicitors that the latter had been served with ADP-PJI JV's Reply and Defence to Counterclaim dated 28 May 2009 by the solicitors acting for ADP-PJI JV, which in substance joins issue with PNSB's Points of Defence and Counterclaim dated 27 April 2009 and reiterates ADP-PJI JV's earlier position vide its Points of Claim dated 25 February 2009.
- vii) The Respondent had on 4 November 2010 closed their case and the Arbitrator had directed for written submissions to be filed by the Claimant and Respondent by 29 January 2011 and 1 April 2011 respectively and reply, if any, by 2 May 2011.
- viii) The Arbitrator had subsequently allowed PNSB's solicitors to file in their written submission by 3 May 2011 and correspondingly, ADP-PJI JV's solicitors is required to submit their reply by 3 June 2011.
- ix) The Respondent's written submission had been filed with the Arbitrator on 3 May 2011.
- x) The award has yet to be released by the Arbitrator as of to date.

d) Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH")

Kuala Lumpur High Court Civil Suit No. D-22NC -398-2009

On 19 November 2009, SYABAS was served with a Writ and Statement of Claim (" Statement of Claim") dated 30 October 2009 from the solicitors acting for SPLASH.

SPLASH's claim is for alleged outstanding amount due and owing in respect of the Supply Charge and Capacity Charge from SYABAS under the Privatisation Agreement dated 24 January 2000, Supplemental Agreement dated 3 February 2005 and the Novation Agreement dated 3 February 2005.

In the Statement of Claim, SPLASH sought for, inter alia, the following: -

- i) The sum of RM196,343,723.99 being payment for the invoices;
- ii) Interest on the sum of RM22,495,131.18 which is the Capacity Charge for the month of October 2008 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 February 2009 until the date of full realisation;
- iii) Interest on the sum of RM23,103,687.43 which is the Capacity Charge for the month of November 2008 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 March 2009 until the date of full realisation;
- iv) Interest on the sum of RM19,387,068.61 which is the Capacity Charge for the month of December 2008 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 April 2009 until the date of full realisation;
- v) Interest on the sum of RM28,283,988.12 which is the Capacity Charge for the month of January 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 May 2009 until the date of full realisation;
- vi) Interest on the sum of RM26,653,975.96 which is the Capacity Charge for the month of February 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 June 2009 until the date of full realisation;

- vii) Interest on the sum of RM27,268,760.61 which is the Capacity Charge for the month of March 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 July 2009 until the date of full realisation;
- viii) Interest on the sum of RM24,797,813.57 which is the Capacity Charge for the month of April 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 August 2009 until the date of full realisation;
- iv) Interest on the sum of RM24,353,298.51 which is the Capacity Charge for the month of May 2009 at the rate of one percent (1%) per annum plus the Base Lending Rate of Malayan Banking Berhad on a daily basis from 1 September 2009 until the date of full realisation; and
- x) Costs.

SYABAS had instructed its solicitors to defend the above claims. The solicitors of SYABAS had on 6 January 2010, filed and served SYABAS' Defence to the claim filed by SPLASH dated 30 October 2009. The High Court had on 26 January 2010 fixed the case for mention on 22 February 2010 and for further case management on 25 March 2010 for SPLASH to amend the Statement of Claim. The High Court had on 30 April 2010 allowed the Plaintiff's application to amend their Writ of Summons and Statement of Claim by consent. The solicitors of SYABAS had on 18 May 2010 filed and served the Amended Defence dated 18 May 2010.

On 20 August 2010, the High Court adjourned the hearing to 29 September 2010 and allowed the parties to exchange affidavits in the meantime. At the hearing on 29 September 2010, the High Court postponed the hearing for SPLASH's application under Order 33 Rule 2 for the High Court to determine preliminary issues on the construction of the proportionate payment clauses in the Novation Agreement with SYABAS, to 29 October 2010 whilst SYABAS' application to reamend the Amended Defence was allowed with costs.

At the hearing on 29 October 2010, the High Court had reserved decision of SPLASH's application to 12 November 2010.

SPLASH's application under Order 33 Rule 2 to hear the preliminary issues were allowed by the High Court on 12 November 2010 and the matter was fixed for Hearing on 10 January 2011.

At the hearing held on 29 November 2010 of the Plaintiff's application to reamend the Amended Writ of Summons and the Statement of Claim, the High Court has fixed the matter for decision on 3 December 2010. The hearing date of the Writ of Summons and the preliminary issues under SYABAS' application under Order 33 Rule 2 which was originally fixed on 10 January 2011 has been vacated and the matter was fixed for hearing on 7 January 2011. The solicitors of SYABAS had filed a notice of appeal against the decision of the High Court dated 12 November 2010 which allowed SPLASH's Application under Order 33 Rule 2 for the preliminary issues to be heard. At the hearing on 3 December 2010, the High Court had allowed the Application by the Plaintiff to reamend the Amended Statement of Claim and the matter was fixed for hearing on 7 January 2011.

At the hearing held on 7 January 2011 on the Writ of Summons and preliminary issues (Order 33 Rule 2 of the High Court), the High Court had fixed the matter for decision on 16 February 2011 and subsequently fixed for decision on 21 February 2011. The Court of Appeal had fixed the appeal for case management on 17 February 2011. The case management originally fixed on 17 February 2011 by the Court of Appeal for the appeal had been postponed to be fixed on 25 February 2011 upon application by SYABAS' solicitors pending decision by the High Court on the plaintiff's claim which had been fixed on 21 February 2011.

The SYABAS' appeal against the Order of the High Court on the Plaintiff's application pursuant to Order 33 of the Rules of the High Court 1980 for the hearing of the preliminary issues had been fixed for Case Management on 22 March 2011. The High Court had brought forward the hearing date of the oral application for stay of the order pending appeal from 6 April 2011 to 29 March 2011. SYABAS' appeal against the Order of the High Court on the Plaintiff's application pursuant to Order 33 of the Rules of the High Court 1980 had been adjourned to 5 April 2011.

On 30 June 2011, the Court of Appeal decided in respect of SYABAS' appeal as follows:

- i) Order of the High Court dated 11 December 2010 allowing the Plaintiff's application pursuant to Order 33 of the Rules of the High Court 1980 ("1st Appeal") was not allowed; and
- ii) SYABAS' appeal against the Order of the High Court SYABAS' dated 21 February 2011 (Civil Appeal W-02 (NCC) 504-2011) ("2nd Appeal") was allowed in part.

At the hearing of SYABAS' application for a stay of execution of the Order of the High Court dated 21 February 2011 ("Order") on 29 March 2011, the High Court extended the order for stay of execution of the Order (excluding the taking of accounts) until the disposal of the appeal. SPLASH was granted liberty by consent to apply to set aside the stay should there be any delay in the disposal of the appeal beyond 7 May 2011. The stay of execution does not prevent SPLASH from applying for accounts of all payments due before the Registrar as there is no stay of the proceedings.

The High Court had 21 February 2011 declared that SYABAS must pay in full and not proportionately and subsequently ordered an account of all payments due to SPLASH in respect of invoices issued after the date of the writ to be taken before the Deputy Registrar of the New Commercial Court on a date to be fixed. The High Court had ordered SYABAS to pay lump sum costs of RM30,000.00 in respect of the Reamended Writ of Summons and the Statement of Claim in lieu of taxation to the plaintiff and also granted SYABAS an interim stay on enforcement of the Judgement until 6 April 2011 pending full argument on stay on merits. The solicitors of SYABAS had filed a Notice of Appeal on 22 February 2011 at the Court of Appeal against the Decision of the High Court dated 21 February 2011.

The matter which came up for Case Management on 25 February 2011 at the Court of Appeal, was fixed for further Case Management on 22 March 2011, pending the filing of the Records of Appeal for the appeal dated 22 February 2011 against the Decision of the High Court dated 21 February 2011. The appeal against the Decision of the High Court on 21 February 2011 fixed for Case Management on 29 March 2011 was subsequently adjourned to 5 April 2011. The Court of Appeal had fixed the hearing of SYABAS' appeals against the Orders of the Rules of High Court and the decision of the High Court on 21 February 2011, on 30 May 2011 and the written submissions to be filed by 16 May 2011. The written submissions date has changed from 16 May 2011 to 14 June 2011.

The earlier hearing date fixed on 30 May 2011 has been vacated.

On 27 May 2011, a sealed copy of the Plaintiff's Summon in Chambers for the hearing of the taking of the accounts pursuant to the Decision of the High Court dated 21 February 2011 was served on Syabas's solicitors and the matter was fixed for hearing on 9 June 2011. On 8 June 2011, SYABAS' solicitors was informed by the Plaintiff's solicitors that the High Court had approved the Plaintiff's application to adjourn the hearing for the taking of accounts pursuant to the Decision of the High Court of 21 February 2011 to 24 June 2011. The original hearing date fixed on 9 June 2011 was vacated. The hearing for the taking of accounts pursuant to the Decision of the High Court of 21 February 2011 has been adjourned to 1 July 2011 for continuation of hearing. At the High Court hearing held on 1 July 2011 of the Plaintiff's application for the taking of accounts of all payments due from the Defendant on all invoices issued after the date of the amended Writ of Summons, the Plaintiff's application was withdrawn with no order as to costs in view of the decision of the Court of Appeal on 30 June 2011.

At the mention on 15 July 2011 at the High Court, the Plaintiff withdrew the application to remove the stay of execution of the Order dated 21 February 2011 with no order as to costs. In respect of the application for interim payment, after hearing counsel for both parties, the Judge fixed the said application and any other application that may be filed for hearing on 22 July 2011. On 20 July 2011, SYABAS' solicitors was served with a Summons in Chambers dated 19 July 2011 ("SIC") by the Plaintiff's solicitors, an application by the Plaintiff for a consequential order for the taking of accounts pursuant to the Decision of the High Court of 21 February 2011. SYABAS had on 21 July 2011 filed its Affidavit pursuant to the SIC. At the hearing held on 22 July 2011, the High Court fixed the mention on 19 August 2011 for the parties to seek clarification from the Court of Appeal on the Court of Appeal's decision dated 30 June 2011.

The matter is now fixed for further mention on 20 September 2011 pending the disposal of the motion of SPLASH to the Court of Appeal (filed on 2 August 2011) for clarification of the Order of the Court of Appeal dated 30 June 2011. On 28 July 2011, SYABAS' solicitors were notified by SPLASH's solicitors that the latter intend to file a Notice of Motion for leave to appeal to the Federal Court against the part of decision of the Court of Appeal which was not in their favour. Counsels have perused the Notice of Motion and are preparing the affidavit to oppose SPLASH's application. At the case management on SPLASH's Notice of Motion held on 11 August 2011, the Federal Court fixed the matter for hearing on 17 October 2011. The hearing of SPLASH's application for leave to appeal to the Federal Court against the decision of the Court of Appeal of 30 June 2011 which has been fixed for 17 October 2011 has been vacated. The court has fixed the application for case management on 3 November 2011. At the case management held on 3 November 2011 and upon the request of SPLASH's solicitors, the Federal Court had fixed the next case management on 6 December 2011 pending the hearing and disposal of the two (2) motions of SPLASH in the Court of Appeal (for clarification and to amend the Order dated 30 June 2011).

On 29 August 2011, SYABAS' solicitors served a sealed copy of SPLASH'S Notice of Motion and Affidavit in Support which was affirmed on 3 August 2011. The motion for clarification of the decision of the Court of Appeal on 30 June 2011 fixed for hearing on 22 September 2011 has been adjourned to 27 October 2011, pending the clarification at the Court of Appeal and hearing of the notice of motion for leave to appeal to the Federal Court. The matter was fixed for mention on 27 October 2011. The Kuala Lumpur High Court allowed the application by Splash to adjourn the hearing on 27 October 2011, pending the clarification at the Court of Appeal and hearing of the notice of motion for leave to appeal to the Federal Court. The applications by SPLASH's for Consequential Orders and Interim Payment was fixed for hearing on 27 October 2011. On 27 October 2011, the Court has fixed both SPLASH's application for Consequential Orders and Interim Payment for Mention on 31 October 2011 to fix a new hearing date. SPLASH's applications for Consequential Orders and Interim Payment came up for Mention on 31 October 2011 and is now fixed for Hearing on 21 February 2012.

On 21 November 2011, SYABAS' solicitors informed that the Court of Appeal had fixed the Case Management for the motion for clarification and to amend the Order of the Court of Appeal and Decision dated 30 June 2011 on 22 November 2011. At the Case Management held on 22 November 2011 for the Plaintiff's application on the motion for clarification and to amend the Order of the Court of Appeal and Decision dated 30 June 2011, the Court of Appeal had informed that the Court will write to the parties once the hearing date is fixed.

e) **Kerajaan Negeri Selangor (" State Government")**

Kuala Lumpur High Court Originating Summons No D-24NCC-388-2010 - SYABAS vs Kerajaan Negeri Selangor

On 10 November 2010, SYABAS instituted legal proceedings against Kerajaan Negeri Selangor ("State Government") at the High Court in Kuala Lumpur vide Originating Summons No: D-24NCC-388-2010 which was supported by an affidavit in support dated 9 November 2010. In the said Originating Summons, SYABAS is seeking the following relief:-

- i) A declaration that upon a true construction of the Concession Agreement dated 15 December 2004, there is a sum of RM471,642,916.00 due and owing from the State Government to SYABAS for the period from 1 January 2009 to 31 December 2009;
- ii) That the State Government do pay the said sum of RM471,642,916.00 to SYABAS forthwith upon making of this Order;
- iii) Costs of the action to be paid by the State Government to SYABAS in any event; and
- iv) Such further or other relief or remedy as the Court shall deem just.

On 18 November 2010, the Originating Summons and the affidavit in support were served on the State Government. On 25 November 2010, the State Government's solicitors entered appearance on behalf of the State Government. The matter came up for case management on 2 December 2010 where the High Court allowed the State Government's solicitors' request for a 2 week extension of time to file the State Government's affidavit in reply and thereafter adjourned the matter for further case management on 16 December 2010. On the case management date 16 December 2010, the State Government's affidavit in reply dated 15 December 2010 was served on SYABAS' solicitors. The High Court then directed SYABAS to file its affidavit in reply by 31 December 2010 and further fixed the matter for Hearing on 11 February 2011. The High Court also directed parties to file their respective submissions by 8 February 2011. The High Court also informed that parties may agree between themselves any extension of time for filing of affidavits provided that the hearing date is not affected. In this regard, the State Government's solicitors agreed to SYABAS filing the affidavit in reply by 10 January 2011.

On 10 January 2011, SYABAS' solicitors filed SYABAS' affidavit in reply dated 10 January 2011 in the High Court and served a copy of the same on the State Government's solicitors. On 24 January 2011, the State Government's affidavit in reply dated 24 January 2011 was served on SYABAS' solicitors. On 2 February 2011, SYABAS' solicitors filed SYABAS' affidavit (3) dated 28 January 2011 in the High Court and served a copy of the same on the State Government's solicitors. On 7 February 2011, the State Government's solicitors served on SYABAS' solicitors a summons in chambers dated 7 February 2011 ("State Government's application") for inter alia, an Order to convert the Originating Summons into a writ action or alternatively that the State Government be given leave to cross-examine the deponent of SYABAS' affidavits, which was fixed for hearing on 11 February 2011. On 8 February 2011, SYABAS' solicitors filed the written submission for the Originating Summons. On 10 February 2011, SYABAS' solicitors filed SYABAS' affidavit dated 10 February 2011 in Court and served a copy of the same on the State Government's solicitors to oppose the State Government's application. On 23 February 2011, the State Government filed their Affidavit in Reply dated 23 February 2011 and served a copy of the same on Syabas' solicitors, in reply to Syabas' Affidavit dated 10 February 2011 in relation to the State Government's application.

On 11 February 2011, the High Court decided to hear the State Government's application first and fixed it for clarification/decision on 28 February 2011. As for the Originating Summons, the High Court fixed the matter for case management on 28 February 2011 immediately after the clarification and/or decision in respect of the State Government's application.

On 28 February 2011, the High Court allowed the State Government's application to convert the Originating Summons into a writ action. The matter was fixed for case management on 16 March 2011. The matter was fixed for further Case Management on 30 March 2011 pending the State Government's official response on its stand in respect of SYABAS' claim for compensation and tariff adjustment. The current judge for the case had recused himself from hearing the case any further. The matter was fixed for case management before a new judge on 11 April 2011 which subsequently upon written request by SYABAS's solicitors, was rescheduled to 12 April 2011.

The matter came up for Case Management for the first time before NCCI High Court Judge on 12 April 2011. The parties informed the learned Judge that they are working out the mechanics of the proposed hearing. The learned Judge then fixed a further case management date on 6 May 2011.

The Court has fixed the matter for further case management on 10 May 2011 to enable the defendant's leading counsel to attend the same. The Court has further fixed the case management on 27 May 2011 pending the defendant's filing of an application to join the Federal Government as a party to the proceedings. As the defendant had decided not to bring in the Federal Government as a party to the proceedings, the case management on 27 May 2011 was fixed for further case management on 28 June 2011 for Syabas to take instruction on the mode of action and pleadings.

At the case management held on 28 June 2011, the High Court allowed SYABAS' application to withdraw with liberty to file afresh by way of a writ of summons with no order as to costs. The withdrawal of the suit by SYABAS with liberty to file afresh with no order as to costs are for the following reasons:-

- i) It was the defendant's application to convert the originating summons to a writ;
- ii) It will be more appropriate in the circumstances to have proper pleadings rather than the present affidavit form;
- iii) The plaintiff still intend to proceed with the claim by way of a fresh writ action.

f) Kerajaan Negeri Selangor (" State Government")

Kuala Lumpur High Court Suit No: 22NCC-1478-09/2011 - SYABAS vs State Government

On 8 September 2011, SYABAS has instituted legal proceedings against the State Government via the filing of a Writ and Statement of Claim at the High Court for a sum of RM1,054,208,382 being compensation from 1 January 2009 to 31 March 2011 from the State Government under the term of the Concession Agreement dated 15 December 2004 between SYABAS, the Federal Government and the State Government.

In the Statement of Claim, SYABAS is praying for the following Orders:-

- i) A declaration that upon a true construction of the Concession Agreement dated 15 December 2004, there is a sum of RM1,054,208,382.00 due and owing from the State Government to SYABAS for the period from 1 January 2009 to 31 March 2011;
- ii) That the State Government do pay the said sum of RM1,054,208,382.00 to SYABAS forthwith upon making of the Order;
- iii) Costs of the action be paid by the State Government to SYABAS in any event; and
- iv) Such further or other relief or remedy as the Court shall deem just.

At the case management held on 10 October 2011, the State Government's solicitors informed the High Court that the Memorandum of Appearance was filed on 30 September 2011 and an application for leave to file Defence was filed in the Kuala Lumpur High Court on 10 October 2011. The Court then fixed a further case management on 4 November 2011 for further directions. On 14 October 2011, the Court allowed the defendant to file the Defence latest by 4 November 2011 and the plaintiff to file the Reply latest by 18 November 2011. The Court maintained the case management scheduled on 4 November 2011 to monitor the progress of the suit. On 4 November 2011, the State Government's solicitors informed the Court that the Defence was filed on 4 November 2011. The Court directed Syabas to file the notice to attend pre-trial case management after filing the Reply by 18 November 2011. The Court fixed the next case management on 29 November 2011.

On 21 November 2011, SYABAS' Reply had been filed in the High Court and served on the defendant's solicitors on 18 November 2011.

g) Konsortium ABASS Sdn Bhd ("Konsortium ABASS")

Kuala Lumpur High Court Writ Summons No: 22NCC-543-2011

SYABAS had been served with a Writ and Statement of Claim ("Statement of Claim") dated 28 March 2011 from the solicitors acting for Abass on 30 March 2011.

In the Statement of Claim, ABASS is claiming against SYABAS for, inter alia, the following:-

- i) A declaration that SYABAS is liable to make full payment on all invoices issued by ABASS pursuant to the Privatization Cum Concession Agreement dated 9 December 2000, the Supplemental Agreements dated 10 February 2001, 28 August 2001 and 15 February 2005 and the Novation Agreement dated 15 February 2005 particularly in accordance to Section 4.04 (c) of the Novation Agreement and that 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;
- ii) Judgment for the sum of RM149,478,553.02;
- iii) An account of all payments due to ABASS in respect of invoices issued after the date of the Writ herein be taken by the Honourable Court and an order that SYABAS do pay 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 1 % per annum plus the base lending rate of Malayan Banking Berhad calculated on daily basis until the date of full payment by 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 (3) and (4) 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;
- vi) Damages for breach of contract; and
- vii) Costs

SYABAS is required to enter appearance within 8 days from 30 March 2011 and the Court fixed the matter for Case Management on 12 April 2011.

SYABAS' solicitors filed the Memorandum of Appearance in relation to the Suit on 4 April 2011 and the same had been served on the Plaintiff's solicitors on 5 April 2011.

The High Court fixed the matter for Case Management on 12 April 2011. At the Case Management on 12 April 2011, the High Court fixed a further Case Management on 30 May 2011 in order for SYABAS to file its Defence latest by 6 May 2011 and for ABASS to file its reply (if any).

SYABAS' Defence and Counterclaim had been filed in Court and a copy thereof served on the solicitors of Konsortium Abass respectively, on 6 May 2011.

The matter came up for Case Management on 30 May 2011 and the Court has fixed 7 July 2011 for Mention pending SYABAS' reply to the Plaintiff's Reply & Defence to counterclaim.

At the Case Management held on 7 July 2011, the Court fixed the next Case Management on 29 July 2011 for the defendant to file a reply affidavit to the plaintiff's application pursuant to Order 33 Rule 2 Rules of the High Court 1980 for certain preliminary issues to be heard before the trial of other questions or issues in the action, and also for the defendant to serve the application for leave to issue a third party notice on the relevant parties.

On 29 July 2011, SYABAS had filed a reply affidavit to the plaintiff's application pursuant to Order 33 Rule 2 Rules of the High Court 1980 for certain preliminary issues to be heard before the trial of other questions or issues in the action, and had served the application for leave to issue a Third Party Notice on the relevant parties.

The High Court has further fixed 19 August 2011 for the plaintiff to file a reply affidavit and for SYABAS to reply, if any, on 26 August 2011. The High Court has also fixed a further Case Management date on 26 August 2011 for the High Court to fix a hearing date and on 11 August 2011, the High Court also fixed 26 August 2011 for the plaintiff to file its reply affidavit in respect of the plaintiff's application pursuant to Order 33 Rule 2 and also the defendant's application for leave to issue a third party notice. On the same case management date, the defendant is to inform the High Court whether it wishes to file any further affidavits in respect of the three applications.

At the case management held on 26 August 2011, the High Court has fixed the next case management on 26 September 2011 for the defendant to file its reply affidavits and for the parties to exhaust all their affidavits in respect of the plaintiff's application pursuant to Order 33 Rule 2, the defendant's application for leave to issue a third party notice and also the defendant's application to amend the Defence and Counterclaim.

At the case management held on 26 September 2011, the High Court has fixed the next case management on 5 October 2011 to fix a hearing date in respect of the plaintiff's application pursuant to Order 33 Rule 2, the defendant's application for leave to issue a third party notice and also the defendant's application to amend the Defence and Counterclaim.

At the case management held on 5 October 2011, the High Court has fixed the hearing on 21 October 2011 in respect of the defendant's application for leave to issue a third party notice and also the defendant's application to amend the Defence and Counterclaim and further fixed the hearing on 21 November 2011 in respect of the plaintiff's application pursuant to Order 33 Rule 2.

On 21 October 2011, the High Court has fixed 31 October 2011 for Decision in respect of the defendant's application for leave to issue a third party notice and the defendant's application to amend the Defence and Counterclaim. On 31 October 2011, the Court has postponed the Decision in respect of the defendant's applications for leave to issue a third party notice and the application to amend the Defence and Counterclaim to 3 November 2011. The High Court had on 3 November 2011 allowed both the defendant's application for leave to issue a third party notice and the application to amend the Defence and counterclaim. The High Court fixed a further case management date on 17 November 2011 to enable the defendant to serve the third party notice on the State Government of Selangor and to deliver the Amended Defence and Counterclaim. The plaintiff had appealed to the Judge in chambers against the decisions of the High Court to allow SYABAS' application for leave to issue a third party notice and application to amend the Defence and counterclaim. The Court has fixed both appeals for hearing on 23 November 2011.

Pursuant to the Third Party (Selangor State Government) filing the memorandum of appearance on 17 November 2011, the matter is now fixed for further case management on 23 November 2011 for SYABAS to file the Summons for Third Party Directions. On 21 November 2011, the High Court had adjourned the hearing for the Plaintiff's application pursuant to Order 33 Rule 2 to 13 January 2012.

The plaintiff's Notices of Appeal to the Judge in chambers against the decisions of the High Court on 3 November 2011 came up for hearing on 23 November 2011. After hearing submission from the counsel, the High Court adjourned the matter for decision on 8 December 2011. At the case management held on 23 November 2011, the High Court was informed that the Summons for Third Party Directions was filed on 23 November 2011 and the matter is now fixed for hearing on 30 November 2011.

h) Shah Alam High Court Civil Suit No : 21NCVC-34-2011 - SPLASH vs State Government

On 28 October 2011, the Company's 70% owned subsidiary, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") received a Third Party Notice issued by the Selangor Government.

In the suit, SPLASH had commenced action against the Selangor Government for the sum of RM563,732,669.62 together with costs and interest. The Selangor Government claims against SYABAS in the event of the Selangor Government's liability to SPLASH, an indemnity for the said sum together with costs and interest. SYABAS is required to enter appearance to the Third Party Notice within twelve (12) days of the service of the Notice and has appointed solicitors to act on its behalf in the matter.

On 1 November 2011, SYABAS' solicitors had filed the memorandum of appearance to the Third Party Notice at the Shah Alam High Court and served on the Selangor Government's solicitor.

Save as disclosed above, there are no other pending material litigations and arbitrations as at the latest practicable date prior to the issuance of this interim financial statements.

B15 Dividend

No dividend has been proposed or declared under the current financial quarter and financial year-to-date under review (1.1.2010 to 30.9.2010 : Nil).

B16 Earnings / (Loss) per share ("EPS" / "LPS")

a) Basic EPS / LPS

Basic EPS / LPS are calculated by dividing the profit/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to date	Preceding Year Corresponding Period
		3 months ended 30.9.2011	30.9.2010 (Restated)	9 months ended 30.9.2011	30.9.2010 (Restated)
Profit/(loss) net of tax attributable to owners of the parent	(RM'000)	5,001	(25,265)	589	(71,156)
Weighted average number of ordinary shares in issue	('000)	409,106	409,106	409,106	409,106
Basic EPS / LPS	(sen)	1.22	(6.18)	0.14	(17.39)

b) Diluted EPS

Not applicable.

B17 Accumulated Losses

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000 (Restated)
Total accumulated losses		
- Realised	(784,477)	(240,091)
- Unrealised	223,571	(317,560)
	<u>(560,906)</u>	<u>(557,651)</u>
Total share of retained earnings/ (accumulated losses) from associated companies:		
- Realised	8,030	(4)
Total share of accumulated losses from joint venture:		
- Realised	(2,003)	(1,729)
	<u>(554,879)</u>	<u>(559,384)</u>
Less : Consolidation adjustments	95,723	99,639
Total group accumulated losses as per consolidated accounts	<u>(459,156)</u>	<u>(459,745)</u>

By Order of the Board

TAN BEE LIAN (MAICSA 7006285)
LIM YEW HEANG (MAICSA 7007653)
Secretaries

Shah Alam
23 November 2011