

Puncak Niaga Holdings Berhad (416087-U)
Unaudited First Quarterly Financial Statements Ended 31 March 2012
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		3 months ended	
		31.3.2012	31.3.2011	31.3.2012	31.3.2011
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	A15(a)	743,966	546,631	743,966	546,631
Other income		44,543	32,074	44,543	32,074
Operating costs		(438,304)	(363,487)	(438,304)	(363,487)
Construction contract expenses		(42,712)	(53,671)	(42,712)	(53,671)
Depreciation and amortisation expenses		(48,798)	(41,987)	(48,798)	(41,987)
Profit from operations		258,695	119,560	258,695	119,560
Finance costs		(152,762)	(152,625)	(152,762)	(152,625)
Share of results of associates		3	-	3	-
Share of results of joint venture		(50)	(108)	(50)	(108)
Profit/(loss) before tax		105,886	(33,173)	105,886	(33,173)
Taxation:-					
- Income taxation		(27,248)	(7,361)	(27,248)	(7,361)
- Deferred taxation		(3,223)	10,905	(3,223)	10,905
	B5	(30,471)	3,544	(30,471)	3,544
Profit/(loss) net of tax		75,415	(29,629)	75,415	(29,629)
Attributable to:					
Owners of the parent		68,386	(8,112)	68,386	(8,112)
Non-controlling interests		7,029	(21,517)	7,029	(21,517)
Profit/(loss) net of tax		75,415	(29,629)	75,415	(29,629)
		sen	sen	sen	sen
Earnings/(Loss) per share attributable to owners of the parent:					
- basic	B12(a)	16.72	(1.98)	16.72	(1.98)
- diluted	B12(b)	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 2011 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited First Quarterly Financial Statements Ended 31 March 2012
Condensed Consolidated Statements of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended		3 months ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit/(loss) net of tax	75,415	(29,629)	75,415	(29,629)
Other Comprehensive Income/(expenses):				
Foreign currency translation	(714)	(3,904)	(714)	(3,904)
Revaluation of land and building	1,091	-	1,091	-
Total comprehensive income/(loss) for the period	75,792	(33,533)	75,792	(33,533)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	68,482	(12,759)	68,482	(12,759)
Non-controlling interests	7,310	(20,774)	7,310	(20,774)
	75,792	(33,533)	75,792	(33,533)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited First Quarterly Financial Statements Ended 31 March 2012
Condensed Consolidated Statement of Financial Position

	Note	As at 31.3.2012 RM'000 Unaudited	As at 31.12.2011 RM'000 Audited	As at 1.1.2011 RM'000 Audited
ASSETS				
Non-current assets				
Property, plant & equipment	A11& A15 (c)	455,323	452,829	245,324
Operating financial assets		6,584	6,585	2,476
Service concession assets	A3 & B7	7,667,726	7,677,592	7,685,002
Investment in associates		47	44	40
Investment in joint venture		1,233	1,642	5,635
Debt service reserve account		309,139	306,892	297,271
Goodwill		532,467	532,493	514,873
Trade and other receivables	A15(a)(ii)	1,727,567	1,469,883	284,707
Deferred tax assets		414,112	425,211	399,546
		11,114,198	10,873,171	9,434,874
Current assets				
Inventories		11,033	9,484	9,888
Trade and other receivables		335,807	361,639	1,148,918
Other current assets		55,782	105,841	21,118
Available-for-sales investments		9,763	9,409	-
Tax recoverable		644	639	653
Short term funds		37	36	35
Cash and bank balances		1,338,724	1,268,050	1,215,267
		1,751,790	1,755,098	2,395,879
TOTAL ASSETS		12,865,988	12,628,269	11,830,753
Equity and liabilities				
Current liabilities				
Provision for retirement benefits		2,284	2,283	1,540
Loans and borrowings	B8	468,769	471,168	806,392
Trade & other payables		1,311,668	1,387,291	1,662,608
Other current liabilities		-	-	6,546
Service concession obligations	A3	153,395	145,498	114,760
Tax payable		45,808	27,434	14,156
		1,981,924	2,033,674	2,606,002
Net current (liabilities)/assets		(230,134)	(278,576)	(210,123)
Non-current liabilities				
Provision for retirement benefits		21,752	20,476	19,224
Loans and borrowings	B8	5,046,191	5,040,961	4,680,571
Trade and other payables		1,456,847	1,205,761	9,794
Government grant		283,739	285,934	282,626
Service concession obligations	A3	3,982,321	4,024,041	4,170,240
		10,790,850	10,577,173	9,162,455
Total liabilities		12,772,774	12,610,847	11,768,457
Net assets		93,214	17,422	62,296
Equity attributable to equity owners of the parent				
Share capital		411,143	411,143	411,143
Reserves		(229,615)	(298,097)	(358,728)
Treasury shares		(5,941)	(5,941)	(5,941)
Shareholders' equity		175,587	107,105	46,474
Non-controlling interest		(82,373)	(89,683)	15,822
Total equity		93,214	17,422	62,296
TOTAL EQUITY AND LIABILITIES		12,865,988	12,628,269	11,830,753
Net assets per share attributable to owners of the parent (RM)		0.43	0.26	0.11

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
 Unaudited First Quarterly Financial Statements Ended 31 March 2012
Condensed Consolidated Statement of Changes in Equity

Note	Attributable to Owners of the Parent									
	Non-distributable						Distributable			
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Currency Exchange Reserves RM'000	Revaluation Reserves RM'000	Other Reserves RM'000	Retained Earnings / (Accumulated Losses) RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
3 months period ended 31 March 2012										
Opening balance at 1 January 2012 (as previously stated)	411,143	102,879	(5,941)	(1,108)	69,088	(19,763)	(449,193)	107,105	(89,683)	17,422
Total comprehensive income/(loss) for the period	-	-	-	(735)	1,091	(260)	68,386	68,482	7,310	75,792
Closing balance at 31 March 2012 (Unaudited)	411,143	102,879	(5,941)	(1,843)	70,179	(20,023)	(380,807)	175,587	(82,373)	93,214
3 months period ended 31 March 2011										
At 1 January 2011	411,143	102,879	(5,941)	(3,095)	-	-	(458,512)	46,474	15,822	62,296
Total comprehensive loss for the period	-	-	-	(4,647)	-	-	(8,112)	(12,759)	(20,774)	(33,533)
Closing balance at 31 March 2011 (Unaudited)	411,143	102,879	(5,941)	(7,742)	-	-	(466,624)	33,715	(4,952)	28,763

(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 2011 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited First Quarterly Financial Statements Ended 31 March 2012
Condensed Consolidated Statement of Cash Flow

	Note	3 months ended 31.3.2012 RM'000 Unaudited	3 months ended 31.3.2011 RM'000 Unaudited
Cash flows from operating activities			
Receipts from customers		458,383	391,462
Other income		18,132	15,455
Payments to water treatment operators		(59,285)	(67,431)
Payments to service concession obligations		(53,857)	(34,297)
Payments for operating expenses		(121,649)	(147,119)
Payments to contractors		(85,868)	(11,999)
Net cash generated from operations		155,856	146,071
Net deposits received		5,895	4,478
Interest paid		(34,170)	(33,582)
Tax paid		(10,331)	(8,146)
Interest received		10,206	8,332
Net cash inflow from operating activities		127,456	117,153
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,199)	(5,159)
Additions of Service concession assets		(43,587)	(35,867)
Net advance to associate		-	(51)
Net advance to joint venture		358	-
Proceeds from disposal of property, plant and equipment		26	-
Net cash outflow from investing activities		(53,402)	(41,077)
Cash flows from financing activities			
Proceeds from loans and borrowings		455	1,688
Repayment of obligation under finance leases		(921)	(1,207)
Net cash (outflow) / inflow from financing activities		(466)	481
Net change in cash & cash equivalents		73,588	76,557
Effects of foreign exchange rate on cash and cash equivalents		(666)	(135)
Cash and cash equivalents at beginning of financial year		1,268,086	1,215,301
Transfer to debt service reserve account		(2,247)	(2,017)
		1,338,761	1,289,706
Deposits held in trust		(194,248)	(170,025)
Cash and cash equivalents at end of financial period		1,144,513	1,119,681
Cash and cash equivalents comprise:			
Deposits with licensed banks		1,127,747	1,203,028
Cash and bank balances		210,977	86,643
		1,338,724	1,289,671
Add: Short term funds		37	35
Less: Deposits held in trust		(194,248)	(170,025)
		1,144,513	1,119,681

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB). For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These interim financial statements are the Group's first MFRS interim financial statements for part of the period covered by the Group's first annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes of these 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 year ended 31 December 2011.

A2. Significant Accounting Policies

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these interim financial statements are similar with those of the audited financial statements for the year ended 31 December 2011.

MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

		Effective for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 1	Government loan	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The Board of Directors expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed above.

A3 IC Interpretation 12 : Service Concession Arrangements

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 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 service concession obligations and subject to notional interest which is charged to the income statement. The adoption of IC Interpretation 12 is required to be adopted retrospectively. However, there is no change to the business operations and cash flow of the Group.

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 2011. As disclosed in the previous quarter, 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 still 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.

A4 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was not qualified.

A5 Seasonal or cyclical factors

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

A6 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.

A7 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.

A8 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.

A9 Dividend paid

There was no dividend paid during the current financial quarter and financial year-to-date. (1.1.2011 to 31.3.2011 : Nil)

A10 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	Construction RM'000	Others RM'000	Elimination RM'000	Group Total RM'000
Results for 3 months ended 31 March 2012								
Operating Revenue								
Sales to external customers	640,915	-	-	53,404	49,583	64	-	743,966
Inter-segment sales	-	138,813	-	-	-	-	(138,813)	-
	640,915	138,813	-	53,404	49,583	64	(138,813)	743,966
Other income	36,565	31,941	746	1		157	(24,867)	44,543
	677,480	170,754	746	53,405	49,583	221	(163,680)	788,509
Operating expenses	(453,776)	(65,333)	(856)	(45,268)	(42,712)	(10,848)	137,777	(481,016)
Share of results of associates	-	-	-	-	-	3	-	3
Share of results of joint venture	-	-	-	-	-	(50)	-	(50)
Amortisation and depreciation	(43,890)	(3,571)	(213)	(1,002)	-	(122)	-	(48,798)
Segment results	179,814	101,850	(323)	7,135	6,871	(10,796)	(25,903)	258,648
Finance costs								(152,762)
Profit before tax								105,886
Results for 3 months ended 31 March 2011								
Operating Revenue								
Sales to external customers	486,995	-	-	-	59,655	(19)	-	546,631
Inter-segment sales	-	129,961	-	-	144	-	(130,105)	-
	486,995	129,961	-	-	59,799	(19)	(130,105)	546,631
Other income	23,076	33,035	17,211	-	-	49	(41,297)	32,074
	510,071	162,996	17,211	-	59,799	30	(171,402)	578,705
Operating expenses	(426,859)	(63,146)	(2,411)	(1,757)	(53,815)	(2,994)	133,824	(417,158)
Share of results of joint venture	-	-	-	-	-	(108)	-	(108)
Amortisation and depreciation	(38,157)	(3,496)	(214)	(10)	-	(110)	-	(41,987)
Segment results	45,055	96,354	14,586	(1,767)	5,984	(3,182)	(37,578)	119,452
Finance costs								(152,625)
Loss before tax								(33,173)

b)	Water Distribution RM'000	Water Treatment RM'000	Holding Company RM'000	Oil and Gas RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Group Total RM'000
Assets and Liabilities As at 31 March 2012								
Investment in associates	-	-	47	-	-	-	-	47
Segment assets	10,458,359	3,353,480	1,254,070	272,725	-	32,448	(2,919,897)	12,451,185
	10,458,359	3,353,480	1,254,117	272,725	-	32,448	(2,919,897)	12,451,232
Unallocated assets								414,756
Total assets								12,865,988
Segment liabilities	12,933,194	1,826,966	282,114	280,110	-	205,636	(2,801,054)	12,726,966
Unallocated liabilities								45,808
Total liabilities								12,772,774
Assets and Liabilities As at 31 March 2011								
Investment in associates	-	-	39	-	-	-	-	39
Segment assets	9,848,916	3,019,068	1,282,495	1,913	-	30,141	(2,494,336)	11,688,197
	9,848,916	3,019,068	1,282,534	1,913	-	30,141	(2,494,336)	11,688,236
Unallocated assets								360,227
Total assets								12,048,463
Segment liabilities	11,945,580	1,898,323	327,354	786	-	180,033	(2,346,861)	12,005,215
Unallocated liabilities								13,368
Total liabilities								12,018,583

A11 Valuation of property, plant and equipment

The valuations of certain property, plant and equipment have been brought forward without amendment from the latest audited annual financial statements.

A12 Subsequent events

Subsequent to the current financial quarter:-

- (a) The Company had on 11 May 2012 entered into a MoU with the Government of Malaysia, represented by Politeknik Sultan Idris Shah ("PSIS") (collectively referred to as "the Parties") to co-operate and collaborate in the areas of technical education and training. The MoU promotes cooperation and collaboration in the areas of technical education and training between Puncak and a leading local polytechnic, PSIS on the basis of reciprocity and mutual benefit for both Parties and will help in developing the country's water and wastewater industry which is synergistic to Puncak Group's business.

Save as disclosed above, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements of the Group for the current financial quarter and financial year-to-date. However, there are material litigations as disclosed in Note B10 below.

A13 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter and financial year-to-date.

A14 Contingent liabilities and contingent assets

As at the date of this report, the Group provided bank guarantees to various parties amounting to RM172,607,710 (31 December 2011: RM172,517,108) in the ordinary course of business.

No contingent assets had arisen since 31 December 2011.

A15 Other material disclosures

a) Revenue

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 3 months ended 31.3.2012 RM'000	Preceding Year Corresponding Quarter 3 months ended 31.3.2011 RM'000	Current Year To date 3 months ended 31.3.2012 RM'000	Preceding Year Corresponding Period 3 months ended 31.3.2011 RM'000
Supply and distribution of treated water to consumers (Note i)	640,914	486,975	640,914	486,975
Oil and gas revenue	53,404	-	53,404	-
Construction revenue	49,583	59,656	49,583	59,656
Others	65	-	65	-
	743,966	546,631	743,966	546,631

Notes

- (i) Included in the water revenue is an amount of RM250.3 million being water tariff compensation for the first quarter of 2012 (3 months) (2011 : RM109.2 million) arising from the delay in water tariff revision which should have taken effect on 1 January 2009 and 1 January 2012. 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 long-term trade receivables as at 31 March 2012.
- (iii) As disclosed in Note B10 (e), 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 B10(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 water tariff compensation claims submitted to the Selangor State Government up to the period ended 31 March 2012 is RM1,669.5 million.

b) Commitments

	As at 31.3.2012 RM'000
Capital expenditures:	
Contracts approved and contracted for	<u>20,007</u>
Commitment under the terms of the Concession Agreement	
- Concession fee	22,000
- Contracts approved and contracted for	<u>223,529</u>
	<u>245,529</u>

c) Acquisition and disposal of property, plant and equipment

	3 months ended 31.3.2012		
	At cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Acquisition at cost	8,048	817	7,231
Disposal at cost	(196)	(142)	(54)

A16 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.

As the Group's shareholder's equity as at 31 December 2011 (audited) is RM107.1 million and RM175.6 million respectively as disclosed in the Condensed Consolidated Statement of Financial Position, the Company does not trigger the PN 17 criteria as at the current financial period-to-date.

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

B1 Review of performance

For the current financial quarter and financial year-to-date, the Group registered higher revenue of RM744.0 million compared to RM546.6 million reported in the preceding year's corresponding financial quarter, representing an increase of RM197.4 million or 36.1%.

The increase in revenue in the current financial quarter and current financial year-to-date is mainly due to higher water tariff compensation arising from the scheduled tariff hike which should have been gazetted on 1 January 2012 and revenue contribution from the oil and gas segment.

Consequently, the Group reported profit before tax ("PBT") of RM105.9 million for the current financial quarter and financial year-to-date compared to loss before tax ("LBT") of RM33.2 million recorded in the preceding year's corresponding quarter, representing an increase of RM139.1 million or 419.0%.

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

- (a) Water Distribution :
The water distribution segment Profit Before Interest and Tax (segment "PBIT") for the current financial quarter and financial year-to-date was RM179.8 million compared to RM45.1 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing an increase of RM134.7 million or 298.7%. The increase in segment PBIT for the current financial quarter and year-to-date was mainly due to higher water tariff compensation arising from the scheduled tariff hike which should have been gazetted on 1 January 2012.
- (b) Water Treatment :
For the current financial quarter and financial year-to-date, the water treatment segment PBIT was higher at RM101.9 million compared to RM96.4 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing an increase of RM5.5 million or 5.7%. The increase in segment PBIT for the current financial year-to-date was mainly due to higher revenue.

(c) Oil and Gas :

For the current financial quarter and current financial year-to-date, the Oil and Gas Division reported a segment PBIT of RM7.1 million compared to a segment loss before Interest and tax (segment "LBIT") of RM1.8 million reported in the preceding year's corresponding financial quarter, representing an improvement of RM8.9 million. The segment PBIT for the current financial quarter and current financial year-to-date was mainly due to the profit contribution from GOM Resources which was acquired during the second half of the previous financial year.

(d) Construction :

For the current financial quarter and current financial year-to-date, the Construction segment PBIT increased slightly to RM6.9 million as compared to RM6.0 million in the preceding year's corresponding financial quarter, representing an increase of RM0.9 million or 15.0%. The higher segment PBIT for the current financial quarter and year-to-date was mainly due to an improved contribution from a local rural water supply project in Malaysia.

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

The Group reported a PBT of RM105.9 million for the current financial quarter compared to a LBT of RM3.3 registered in the immediate preceding financial quarter, representing an improvement of RM109.2 million. The PBT in the current financial quarter was mainly due to higher water tariff compensation recognised.

B3 Prospects

The Group will continue with its existing core business and actively seek for new projects and concessions within the environment sector, locally and overseas. On the oil and gas sector, the acquisition of GOM Resources and KGL Ltd had provided a strong platform for the Group to strengthen its position within the sector. Barring any unforeseen circumstances, the Group's performance is expected to be satisfactory in the current financial year ending 31 December 2012.

B4 Variances from profit forecast and profit guarantee

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

B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended 31.3.2012	3 months ended 31.3.2011	3 months ended 31.3.2012	3 months ended 31.3.2011
	RM'000	RM'000	RM'000	RM'000
In respect of current year:-				
- income tax	(25,524)	(10,437)	(25,524)	(10,437)
- foreign income tax	(1,722)	(30)	(1,722)	(30)
- deferred tax	(3,223)	10,905	(3,223)	10,905
	(30,469)	438	(30,469)	438
In respect of prior year:-				
- (under)/over provision of income tax	(2)	3,106	(2)	3,106
	(30,471)	3,544	(30,471)	3,544

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 higher than the statutory tax rate mainly due to the certain expenses which were not deductible for tax purposes.

B6 Status of corporate proposals announced but not completed

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

B7 Service concession assets

Included in the service concession assets are the annual charge and land use charge, fixed capacity charge and post concession infrastructure works less amortisation.

B8 Loans and borrowings

Details of the Group's borrowings and debt securities as at 31 March 2011 are as follows:-

	Current RM'000	Non-current RM'000
Secured		
Bai' Bithaman Ajil Bonds	360,000	656,532
Bai' Bithaman Ajil Medium Term Notes	-	2,051,788
Government Support Loan	7,227	39,521
Term Loan	95,108	659,975
Government loan - RM320 mil	-	320,800
Government loan - RM110 mil	-	7,535
Obligation Under Finance Leases	5,625	10,977
Redeemable Cumulative Preference Shares	-	613,218
	<hr/>	<hr/>
	467,960	4,360,346
Unsecured		
Redeemable Convertible Unsecured Loan Stocks	-	23,982
Redeemable Unsecured Bonds	-	477,263
Redeemable Unconvertible Junior Notes	-	176,032
Lushan MOF Novated World Bank Loan	809	8,568
	<hr/>	<hr/>
	468,769	5,046,191

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 USD3.1 million and USD31.0 million respectively.

B9 Off balance sheet financial instruments

As at the latest practicable date prior to the issuance of this interim financial statements, the Group has not entered into any financial instruments with off balance sheet risk.

B10 Material litigation

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 a to 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-parte 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.

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.

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.

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 was changed from 16 May 2011 to 14 June 2011.

The earlier hearing date fixed on 30 May 2011 was 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 was 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 was 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 have filed 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 was fixed for 17 October 2011 was 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).

The Federal Court had at the case management held on 6 December 2011 fixed the matter for further case management on 30 January 2012 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).

At the case management held on 30 January 2012, the Federal Court had fixed the matter for further case management on 23 February 2012 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 13 February 2011, the Plaintiff's solicitors informed the Court of Appeal that the Plaintiff's applications for motion for clarification and to amend the Order of the Court of Appeal dated 30 June 2011 was fixed for hearing on 20 February 2012.

At the hearing held on 20 February on the Plaintiff's applications for motion for clarification and to amend the Order of the Court of Appeal dated 30 June 2011 ("Order"), the Court of Appeal had :-

i) allowed the Order to be amended so that the relevant parts of the Order will read as :-

"Appeal is allowed in part. Order of the High Court is set aside except the declaration in paragraph 1 of the Order is affirmed subject to the deletion of the words "tanpa mengambil kira keupayaan Defendan untuk membayar kepada Plaintiff jumlah secara penuh", with no order as to costs".

ii) not made any Order on the Motion by SPLASH for clarification.

At the hearing held on 21 February 2011 on the Plaintiff's two (2) Motions namely, the applications for Interim Payment and Consequential Orders, the Plaintiff had withdrawn their motion for the Interim Payment. The High Court had fixed the hearing for the Consequential Order on 29 March 2012.

At the hearing held on 29 March 2012, the High Court had allowed the plaintiff to withdraw its application and ordered for the application to be struck out with cost of RM15,000 to be awarded to the Company.

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.

At the case management held on 23 February 2012 pursuant to the motion by SPLASH for leave to appeal to the Federal Court, the Federal Court had fixed the matter for hearing on 10 May 2012.

At the hearing held on 29 March 2012 on the Plaintiff's application for a Consequential Order, the High Court had allowed the Plaintiff to withdraw its application and order for the application with loss of RM15,000 to be awarded to SYABAS.

On 10 May 2012, the Federal Court has postponed the hearing of SPLASH's motion for leave to appeal to the Federal Court to 9 August 2012.

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.

On 17 April 2012, the Kuala Lumpur High Court has re-scheduled the case management to 27 April 2012.

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.

At the case management held on 29 November 2011, the High Court had fixed a further case management on 14 December 2011 for SYABAS to file the notice to attend pre-trial case management upon the close of pleadings and for the State Government to apply for leave to issue a third party notice against the Federal Government.

The matter which came up for case management on 14 December 2011 was fixed for mention on 23 December 2011 in order to fix a hearing date for the defendant's application for leave to issue a Third Party Notice against the Federal Government, which was filed in Court on 14 December 2011.

At the mention held on 23 December 2011, the Federal Government had objected to the defendant's application for leave to issue a Third Party Notice against the Federal Government. The High Court had fixed the matter for another case management on 26 January 2012 and hearing on 16 February 2012.

At the case management held on 26 January 2012 for the defendant's application to issue a third party notice (in Enclosure 13), the High Court had fixed 8 February 2012 for the plaintiff to file in an affidavit in reply to the defendant's affidavit dated 25 January 2012 and further fixed 13 February 2012 for parties to file their respective submissions simultaneously. The hearing date previously fixed on 16 February 2012 was maintained.

At the hearing held on 16 February 2012, the Defendant's application for leave to issue a Third Party Notice against the Federal Government ("Application"), the High Court had allowed the Defendant's Application with no order as to cost and had further fixed the matter for case management for Third Party Direction on 5 March 2012, and Trial of the main Suit on 29 May 2012 and 30 May 2012, respectively.

On 5 March 2012, the Kuala Lumpur High Court had fixed the matter for case management on 28 March 2012 to allow the State Government and the Federal Government to file and serve their respective pleadings in the third party proceedings.

On 28 March 2012, the Kuala Lumpur High Court had fixed the matter for further case management on 17 April 2012 to allow the parties to finalise the issues to be tried, bundle of documents and list of witnesses. The High Court had also fixed two (2) further trial dates for the matter on 14 and 15 June 2012 in addition to the 29 and 30 May 2012 which had been fixed earlier. The High Court had rescheduled the call management for application of the Defendant to 27 April 2012 which was subsequently adjourned to 30 April 2012.

The Kuala Lumpur High Court had fixed the matter for further case management on 8 May 2012 and 15 May 2012.

At the case management held on 15 May 2012 which was heard together with the hearing fixed for the application to amend the Statement of Claim filed by SYABAS on 14 May 2012, the Kuala Lumpur High Court had fixed a further hearing date on 22 May 2012 to allow the parties to file and serve their respective affidavits. The case management is also fixed on the same date.

At the case management held on 22 May 2012 evening on the application to amend the Statement of Claim filed by SYABAS, the High Court had adjourned the matter to 25 May 2012 for decision.

On 25 May 2012, the High Court had adjourned the decision on the application to amend the Statement of Claim filed by SYABAS to 29 May 2012 to allow the parties to further deliberate and submit on the matter. The trial dates fixed on 29 May 2012 and 30 May 2012 as announced earlier are now vacated for the aforementioned purpose. The trial dates fixed on 14 June 2012 and 15 June 2012 remain unchanged.

On 29 May 2012, the High Court had allowed the application to amend the Statement of Claim filed by SYABAS and further fixed the matter for case management on 14 June 2012. The trial dates of 14 June 2012 and 15 June 2012 as announced previously have been vacated.

The High Court has further fixed 4 September 2012, 6 September 2012 and 7 September 2012 as the new trial dates.

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 was 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.

At the Case Management on 29 July 2011 the High Court fixed a further Case Management date on 26 August 2011 to fix a hearing date for 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's 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 was 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.

At the hearing held on 13 January 2012, pursuant to the Plaintiff's application for trial of the preliminary issues pursuant to Order 33 Rule 2, the High Court had adjourned the matter pending the disposal of the hearing of the motion for clarification by SPLASH at the Court of Appeal and the leave to appeal at the Federal Court. The case was fixed for mention on 13 February 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 was fixed for hearing on 30 November 2011.

At the hearing held on 30 November 2011, for the Summons for Third Party Directions, the Kuala Lumpur High Court ordered that:-

- i) The defendant serve its Statement of Claim on the Third Party within fourteen (14) days from 30 November 2011, who shall plead thereto within fourteen (14) days;
- ii) The Third Party be at liberty to appear at the trial of this action and take such part as the Judge shall direct, and be bound by the result of the trial;
- iii) The question of liability of the Third Party to indemnify the defendant be tried at the trial of this action, but subsequent thereto; and
- iv) The costs of this application be costs in the cause and in the Third Party proceedings.

The High Court had fixed a further case management on 5 January 2012.

On 8 December 2011, the High Court had dismissed the plaintiff's Notices of Appeal against the decisions dated 3 November 2011 in allowing the defendant's application to issue a third party notice and to amend the Defence and counterclaim, with costs awarded to the defendant.

SYABAS' Statement of Claim on the Third Party was filed in Court and served on the plaintiff's and Third Party's solicitors on 14 December 2011.

At the case management held on 5 January 2012, the Court had fixed the next case management on 20 January 2012 for the defendant to file a reply to the Third Party's defence.

At the case management held on 20 January 2012, the High Court had fixed the trial dates tentatively on 19 March 2012 to 21 March 2012. The High Court also fixed the case management for the matter on 13 February 2012, 5 March 2012 and 12 March 2012, pending the outcome of the Plaintiff's application for trial of preliminary issues pursuant to Order 33 Rule 2 which was fixed for mention on 13 February 2012.

The Defendant had been served with a sealed copy of the State Government's application to set aside the Third Party notice and statement of claim by the Defendant on 2 February 2012. The application was fixed for case management on 13 February 2012.

At the case management held on 13 February 2012 in relation to the State Government's application to set aside the Third Party notice and Statement of Claim by the Defendant, the High Court had fixed the matter for further case management on 5 March 2012.

At the case management held on 13 February 2012 in relation to the State Government of Selangor's application to set aside the Third Party notice and Statement of Claim by the Defendant, the High Court had fixed the matter for further case management on 5 March 2012. At the case management held on 5 March 2012, as the Judge had recused himself, the High Court would transfer the matter to another court and inform the Parties once new dates are fixed for the said matter. The Company's solicitors had on 15 March 2012 informed that the High Court had by way of letter dated 14 March 2012 informed the Parties that the case would be heard by a new Judge and the matter was fixed for case management on 16 March 2012. At the case management held on 16 March 2012, the High Court had fixed the matter for further case management on 20 April 2012.

In the PNHB's earlier separate announcements on the SPLASH case (KL High Court Civil Suit No. D-22NCC-398-2009), the Court of Appeal had fixed 20 February 2012 for clarification of its decision dated 30 June 2011 and that the application for leave by SPLASH to appeal to the Federal Court arising from the decision of the Court of Appeal dated 30 June 2011 had been fixed for case management on 23 February 2012 at the Federal Court.

At the mention held on 13 February 2012, the High Court had adjourned the matter in relation to the Plaintiff's application for trial of preliminary issues pursuant to Order 33 Rule 2 to 5 March 2012, pending the clarification at the Court of Appeal and the case management at the Federal Court in the SPLASH case. On 5 March 2012, the learned Judge recused himself from hearing the matter in relation to the Plaintiff's application for trial of preliminary issues pursuant to Order 33 Rule 2. Accordingly, the case will be referred for transfer to another court and a new date to be advised by the High court Registry in due course. The trial dates tentatively fixed from 19 to 21 March 2012 had been vacated.

The High Court had by way of a letter dated 14 March 2012 informed the Parties that the case would be heard by a new Judge and the matter is fixed for Case Management on 16 March 2012 which was subsequently further fixed to 20 April 2012.

On 20 April 2012, the parties informed the Court that they have no objection that the learned Judge is hearing the matter. The Court directed as follows:

- a) The application by the Third Party Notice and the Statement of Claim against the Third Party is fixed for Hearing on 28 June 2012 with submissions in reply (if any) to be filed on or before 15 June 2012; and
- b) The Plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2 is fixed for Hearing on 10 August 2012.

The Plaintiff's application for Interim Payment is fixed for Mention on 10 August 2012.

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.

SPLASH had withdrawn the Writ of Summons dated 8 March 2012 with liberty to file afresh. As such, the Third Party Notice dated 3 October 2011 filed by the Defendant against SYABAS to join SYABAS as third party in the main suit is now rendered academic.

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.

B11 Dividend

No dividend has been proposed or declared under the current financial quarter and financial year-to-date under review (1.1.2011 to 31.12.2011 : Nil).

B12 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 3 months ended 31.3.2012	Preceding Year Corresponding Quarter 31.3.2011	Current Year to date 3months ended 31.3.2012	Preceding Year Corresponding Period 31.3.2011
Profit/(loss) net of tax attributable to owners of the parent	(RM'000)	68,386	(8,112)	68,386	(8,112)
Weighted average number of ordinary shares in issue	('000)	409,106	409,106	409,106	409,106
Basic EPS/(LPS)	(sen)	16.72	(1.98)	16.72	(1.98)

b) Diluted EPS

Not applicable.

B13 Accumulated Losses

	As at 31.3.2012 RM'000	As at 31.12.2011 RM'000 (Restated)
Total retained profit/(accumulated losses)		
- Realised	(609,269)	(264,359)
- Unrealised	7,881	(395,177)
	(601,388)	(659,536)
Total share of retained profit/(accumulated losses) from associated companies:		
- Realised	2	(1)
Total share of retained profit from joint venture:		
- Realised	1,202	1,252
	(600,184)	(658,285)
Less : Consolidation adjustments	219,377	209,092
Total group accumulated losses as per consolidated accounts	(380,807)	(449,193)

By Order of the Board

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

Shah Alam
29 May 2012