

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Fourth Quarterly Financial Statements Ended 31 December 2012
Condensed Consolidated Income Statements

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	To date	Corresponding
		3 months ended	Quarter	12 months ended	Period
		31.12.2012	31.12.2011	31.12.2012	31.12.2011
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	A16(a)	980,905	931,241	3,743,935	2,591,509
Other income		43,679	204,772	177,715	320,099
Operating costs		(735,570)	(774,325)	(2,442,684)	(1,908,321)
Construction contract expenses		(95,363)	(143,497)	(307,812)	(277,484)
Depreciation and amortisation expenses		(65,160)	(50,263)	(234,140)	(176,306)
Profit from operations		128,491	167,928	937,014	549,497
Finance costs		(174,790)	(163,299)	(647,689)	(624,460)
Share of results of associates		-	(8,031)	(1)	3
Share of results of joint venture		(32)	72	(148)	(203)
Profit/(loss) before tax		(46,331)	(3,330)	289,176	(75,163)
Taxation:-					
- Income taxation		(54,452)	(27,550)	(66,143)	(57,382)
- Deferred taxation		94,783	8,235	8,522	48,823
	B5	40,331	(19,315)	(57,621)	(8,559)
Profit/(loss) net of tax		(6,000)	(22,645)	231,555	(83,722)
Attributable to:					
Owners of the parent		12,226	8,731	237,267	9,320
Non-controlling interests		(18,226)	(31,376)	(5,712)	(93,042)
Profit/(loss) net of tax		(6,000)	(22,645)	231,555	(83,722)
		sen	sen	sen	sen
Earnings per share attributable to owners of the parent:					
- basic	B12(a)	2.99	2.13	58.00	2.28
- 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 Fourth Quarterly Financial Statements Ended 31 December 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		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit/(loss) net of tax	(6,000)	(22,645)	231,555	(83,722)
Other Comprehensive Income/(expenses):				
Foreign currency translation	(2,550)	(171)	(2,420)	2,167
Gain on available-for-sale investment	442	-	442	-
Revaluation surplus on land and building		92,117		92,117
Transfer to deferred tax	-	(23,029)	-	(23,029)
Revaluation surplus	-	69,088	-	69,088
Total comprehensive income/(loss) for the period	(8,108)	46,272	229,577	(12,467)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	10,145	77,738	235,221	80,395
Non-controlling interests	(18,253)	(31,466)	(5,644)	(92,862)
	(8,108)	46,272	229,577	(12,467)

(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 Fourth Quarterly Financial Statements Ended 31 December 2012
Condensed Consolidated Statement of Financial Position

	Note	As at 31.12.2012 RM'000 Unaudited	As at 31.12.2011 RM'000 (restated)	As at 1.1.2011 RM'000 (restated)
ASSETS				
Non-current assets				
Property, plant & equipment	A11 & A16 (c)	460,643	452,829	245,324
Operating financial assets		7,476	6,585	2,476
Service concession assets	B7	7,687,619	7,677,592	7,685,002
Investment in associates		45	44	40
Investment in joint venture		1,104	1,642	5,635
Debt service reserve account		255,823	306,892	297,271
Goodwill		210,820	210,879	193,259
Trade and other receivables	A12 & A16(a)(ii)	2,319,981	1,469,883	284,707
Deferred tax assets		425,928	425,211	399,546
		11,369,439	10,551,557	9,113,260
Current assets				
Inventories		5,790	9,484	9,888
Trade and other receivables		603,169	361,639	1,148,918
Other current assets		12,166	105,841	21,118
Available-for-sales investments		59,851	9,409	-
Tax recoverable		2	639	653
Short term funds		-	36	35
Cash and bank balances		1,383,741	1,268,050	1,215,267
		2,064,719	1,755,098	2,395,879
TOTAL ASSETS		13,434,158	12,306,655	11,509,139
Equity and liabilities				
Equity attributable to equity owners of the parent				
Share capital		411,143	411,143	411,143
Reserves		101,638	(132,990)	(193,621)
Treasury shares		(5,941)	(5,941)	(5,941)
Shareholders' equity		506,840	272,212	211,581
Non-controlling interest		(582,049)	(576,405)	(470,900)
Total equity		(75,209)	(304,193)	(259,319)
Non-current liabilities				
Provision for retirement benefits		25,171	20,476	19,224
Loans and borrowings	B8 & A12	4,717,182	5,040,961	4,680,571
Trade and other payables	A12	1,823,216	1,205,761	9,794
Government grant		308,510	285,934	282,626
Service concession obligations		3,860,830	4,024,041	4,170,240
		10,734,909	10,577,173	9,162,455
Current liabilities				
Provision for retirement benefits		324	2,283	1,540
Loans and borrowings	B8 & A12	938,609	471,168	806,392
Trade & other payables		1,559,986	1,387,292	1,662,609
Other current liabilities		2	-	6,546
Service concession obligations		185,256	145,498	114,760
Tax payable		90,281	27,434	14,156
		2,774,458	2,033,675	2,606,003
Total liabilities		13,509,367	12,610,848	11,768,458
TOTAL EQUITY AND LIABILITIES		13,434,158	12,306,655	11,509,139
Net assets per share attributable to owners of the parent (RM)		1.24	0.67	0.52
Net Current Assets/(liabilities)		(709,739)	(278,577)	(210,124)

(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 Fourth Quarterly Financial Statements Ended 31 December 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
12 months period ended 31 December 2012										
	411,143	102,879	(5,941)	(1,108)	69,087	(19,762)	(449,193)	107,105	(89,683)	17,422
	Opening balance at 1 January 2012									
A2	-	-	-	3,095	-	(320,655)	482,667	165,107	(486,722)	(321,615)
	411,143	102,879	(5,941)	1,987	69,087	(340,417)	33,474	272,212	(576,405)	(304,193)
	At 1 January 2012 (as restated)									
Transactions with owners										
	-	-	-	-	-	(593)	-	(593)	-	(593)
	-	-	-	(2,555)	-	-	237,776	235,221	(5,644)	229,577
	411,143	102,879	(5,941)	(568)	69,087	(341,010)	271,250	506,840	(582,049)	(75,209)
	Closing balance at 31 December 2012 (Unaudited)									
12 months period ended 31 December 2011										
	411,143	102,879	(5,941)	(3,095)	-	-	(458,512)	46,474	15,822	62,296
	Opening balance at 1 January 2011 (as previously restated)									
A2	-	-	-	3,095	-	(320,654)	482,666	165,107	(486,722)	(321,615)
	411,143	102,879	(5,941)	-	-	(320,654)	24,154	211,581	(470,900)	(259,319)
	At 1 January 2011 (as restated)									
	-	-	-	1,987	69,087	-	9,320	80,394	(92,862)	(12,468)
	-	-	-	-	-	(19,763)	-	(19,763)	-	(19,763)
	-	-	-	-	-	-	-	-	(34,225)	(34,225)
	-	-	-	-	-	-	-	-	21,582	21,582
	-	-	-	-	-	(19,763)	-	(19,763)	(12,643)	(32,406)
	411,143	102,879	(5,941)	1,987	69,087	(340,417)	33,474	272,212	(576,405)	(304,193)
	Closing balance at 31 December 2011 (as restated)									

(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 Fourth Quarterly Financial Statements Ended 31 December 2012
Condensed Consolidated Statement of Cash Flow

	12 months ended 31.12.2012	12 months ended 31.12.2011
Note	RM'000 Unaudited	RM'000 Audited
Operating activities		
Receipts from customers	2,577,571	1,918,420
Other income	76,799	75,587
Payments to water treatment operators	(548,651)	(395,740)
Payments to service concession obligations	(215,428)	(190,430)
Payments for operating expenses	(759,541)	(619,929)
Payments to contractors	(742,155)	(301,842)
Net cash generated from operations	<u>388,595</u>	<u>486,066</u>
Net deposits received	25,494	25,852
Interest paid	(283,680)	(216,209)
Tax paid	(2,541)	(44,090)
Interest received	40,896	44,519
Net cash flows from operation	<u>168,764</u>	<u>296,138</u>
Investing activities		
Acquisition of subsidiaries	-	(49,066)
Acquisition of non-controlling interest	-	(114,207)
Purchase of property, plant and equipment	(32,375)	(14,197)
Additions of Service concession assets	(163,487)	(140,079)
Net advance to associate	(3)	(1)
Net advance to joint venture	1,647	(239)
Proceeds from disposal of BAIDS	-	336,740
Acquisition of BAIDS	-	(342,513)
Purchase of unquoted investment	(50,661)	(10,000)
Proceeds from disposal of property, plant and equipment	19	230
Net cash outflow used in investing activities	<u>(244,860)</u>	<u>(333,332)</u>
Financing activities		
Proceeds from loans and borrowings	265,328	444,848
Repayment of loans and borrowings	(123,457)	(335,142)
Repayment of obligation under finance leases	(3,589)	(8,388)
Net cash inflow from financing activities	<u>138,282</u>	<u>101,318</u>
Net change in cash & cash equivalents	62,186	64,124
Effects of exchange rate on cash and cash equivalents	(1,541)	(1,720)
Cash and cash equivalents at beginning of financial year	1,268,086	1,215,302
Transfer to debt service reserve account	55,010	(9,620)
	<u>1,383,741</u>	<u>1,268,086</u>
Deposits held in trust	(214,405)	(186,955)
Cash and cash equivalents at end of financial year	<u>1,169,336</u>	<u>1,081,131</u>
Cash and cash equivalents comprise:		
Deposits with licensed banks	1,199,377	1,108,294
Cash and bank balances	184,364	159,756
	<u>1,383,741</u>	<u>1,268,050</u>
Add: Short term funds	-	36
Less: Deposits held in trust	(214,405)	(186,955)
	<u>1,169,336</u>	<u>1,081,131</u>

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

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Fourth Quarterly Financial Statements Ended 31 December 2012

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 fourth 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 significant events and transactions relating to 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 except as discussed below :

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transaction.

The Group has elected to apply MFRS 3 prospectively from the date of business combination of 1 January 2005. In respect of acquisitions on or after 1 January 2005,

- (i) The classification of former business combinations and the carrying amount of goodwill recognised under FRS is maintained except for the goodwill recognised on the acquisition of the remaining 17.5% of the ordinary shares of Puncak Niaga (M) Sdn Bhd ("PNSB") in 2008 amounting to RM321,615,000 (31 December 2011: RM321,615,000) were adjusted to other reserve; and
- (ii) There is no-remeasurement of original fair values determined at the time of business combination (date of acquisition).

In respect of the Group's acquisitions prior to 1 January 2005 :

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no-remeasurement of original fair values determined at the time of business combination (date of acquisition).
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation losses of RM3,095,000 (31 December 2011: RM3,095,000) were adjusted to retained earnings.

(c) Non-Controlling Interest ("NCI")

According to MFRS 127 - Consolidated and Separate Financial Statement, total comprehensive income is attributable to the owners of the parent and to the NCI even if this results in the NCI having a deficit balance and this shall be applied prospectively from 1 January 2011. However, if the entity elects to apply MFRS 3 - Business Combination for an earlier period, MFRS 127 shall also be applied for that earlier period.

The Group elects to adopt MFRS 3 and MFRS 127 on the business combination date of 1 January 2005 as permitted under the MFRS. Accordingly, the impact of these earlier adoptions had been adjusted to the retained earnings and non-controlling interest as disclosed in the reconciliation below.

Accordingly, at the date of transition to MFRS, the cumulative NCI's share of losses of RM486,722,000 (31 December 2011: RM486,722,000) were adjusted to retained earnings.

(d) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect the conditions as at 1 January 2011, the date of transition to MFRS and as at 31 December 2011.

The shareholders' equity as at 31 December 2011 have been restated after taking into account the effects of the adoption of MFRSs as summarised below :

Shareholder's Equity as at 31 December 2011 (audited)	RM'000 107,105
<u>Add / (Less) : MFRS Adjustments :</u>	
Goodwill on the acquisition of 17.5% of the ordinary shares of PNSB adjusted to other reserves	(321,615)
Cumulative non-controlling interests' share of losses adjusted to retained earnings	486,722
Shareholder's Equity as at 31 December 2011 (restated)	<hr/> 272,212
Total comprehensive income for 12 months ended 31 December 2012	235,221
Premium paid on acquisition of non-controlling interests	(593)
Shareholder's Equity as at 31 December 2012	<hr/> <hr/> 506,840

(e) The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

	FRS as at 1.1.2011 RM'000	Note 2(a) Goodwill RM'000	Note 2(b) Foreign Currency Exchange Reserves RM'000	Note 2(c) Non- controlling interest RM'000	MFRS as at 1.1.2011 RM'000
(i) <u>Reconciliation as at 1 January 2011</u>					
<u>Non-current assets</u>					
Goodwill	514,874	(321,615)	-	-	193,259
<u>Equity :</u>					
Foreign currency translation reserve	(3,095)	-	3,095	-	-
Non-controlling interests	15,822	-	-	(486,722)	(470,900)
(Accumulated losses)/Retained earnings	(458,512)	(961)	(3,095)	486,722	24,154
Other reserve	-	(320,654)	-	-	(320,654)
Shareholder's Equity	46,474	(321,615)	-	486,722	211,581

	FRS as at 31.12.2011 RM'000	Note 2(a) Goodwill RM'000	Note 2(b) Foreign Currency Exchange Reserves RM'000	Note 2(c) Non- controlling interest RM'000	MFRS as at 31.12.2011 RM'000
(ii) <u>Reconciliation as at 31 December 2011</u>					
<u>Non-current assets</u>					
Goodwill	532,494	(321,615)	-	-	210,879
<u>Equity :</u>					
Foreign currency translation reserve	(1,108)	-	3,095	-	1,987
Non-controlling interests	(89,683)	-	-	(486,722)	(576,405)
(Accumulated losses)/Retained earnings	(449,193)	(961)	(3,095)	486,722	33,473
Other reserve	(19,762)	(320,654)	-	-	(340,416)
Shareholder's Equity	107,105	(321,615)	-	486,722	272,212

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 are 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

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

A3 IC Interpretation 12 : Service Concession Arrangements

The Group had adopted IC Interpretation 12 on 1 January 2011. 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 by the Group, 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 service concession 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 from the commencement of the concession agreements. However, there is no change to the business operations and cash flow of the Group.

The Group amortises its service concession assets 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 except for the gain/loss arising from the impairment of tariff compensation and remeasurement of certain long term payables ("long term liabilities") as disclosed in Notes A12.

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 except for the gain/loss arising from the impairment of tariff compensation and remeasurement of certain long term liabilities as disclosed in Notes A12.

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 31.12.2011 : 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 December 2012								
Operating Revenue								
Sales to external customers	659,975	-	-	214,038	106,895	(3)	-	980,905
Inter-segment sales	-	142,201	-	-	-	-	(142,201)	-
	659,975	142,201	-	214,038	106,895	(3)	(142,201)	980,905
Other income	51,160	39,785	9,073	11,304		652	(68,295)	43,679
	711,135	181,986	9,073	225,342	106,895	649	(210,496)	1,024,584
Operating expenses	(597,075)	(108,862)	(4,220)	(196,391)	(95,363)	1,075	169,903	(830,933)
Share of results of associates	-	-	-	-	-	-	-	-
Share of results of joint venture	-	-	-	-	-	(32)	-	(32)
Amortisation and depreciation	(60,099)	(3,589)	(100)	(1,273)	-	(99)	-	(65,160)
Segment results	53,961	69,535	4,753	27,678	11,532	1,593	(40,593)	128,459
Finance costs								(174,790)
Loss before tax								(46,331)
Results for 3 months ended 31 December 2011								
Operating Revenue								
Sales to external customers	491,123	-	-	280,594	159,523	1	-	931,241
Inter-segment sales	-	129,263	-	-	-	-	(129,263)	-
	491,123	129,263	-	280,594	159,523	1	(129,263)	931,241
Other income	61,464	195,285	15,902	(10,901)	-	107	(57,085)	204,772
	552,587	324,548	15,902	269,693	159,523	108	(186,348)	1,136,013
Operating expenses	(541,013)	(102,706)	(14,833)	(262,682)	(143,498)	(123)	147,033	(917,822)
Share of results of associates	-	-	-	(8,035)	-	4	-	(8,031)
Share of results of joint venture	-	-	-	-	-	72	-	72
Amortisation and depreciation	(46,293)	(3,584)	(184)	(51)	-	(151)	-	(50,263)
Segment results	(34,719)	218,258	885	(1,075)	16,025	(90)	(39,315)	159,969
Finance costs								(163,299)
Loss before tax								(3,330)

	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 12 months ended 31 December 2012								
Operating Revenue								
Sales to external customers	2,622,953	-	-	778,042	342,698	242	-	3,743,935
Inter-segment sales	-	559,918	-	-	-	-	(559,918)	-
	2,622,953	559,918	-	778,042	342,698	242	(559,918)	3,743,935
Other income	163,575	146,124	20,689	11,305	-	1,370	(165,348)	177,715
	2,786,528	706,042	20,689	789,347	342,698	1,612	(725,266)	3,921,650
Operating expenses	(1,970,531)	(343,940)	(6,412)	(700,858)	(307,812)	(12,729)	591,786	(2,750,496)
Share of results of associates	-	-	-	-	-	(1)	-	(1)
Share of results of joint venture	-	-	-	-	-	(148)	-	(148)
Amortisation and depreciation	(214,245)	(14,266)	(568)	(4,562)	-	(499)	-	(234,140)
Segment results	601,752	347,836	13,709	83,927	34,886	(11,765)	(133,480)	936,865
Finance costs								(647,689)
Profit before tax								289,176
Results for 12 months ended 31 December 2011								
Operating Revenue								
Sales to external customers	1,991,048	-	-	289,529	310,931	1	-	2,591,509
Inter-segment sales	-	522,891	-	-	198	-	(523,089)	-
	1,991,048	522,891	-	289,529	311,129	1	(523,089)	2,591,509
Other income	135,049	303,970	79,981	5,597	-	252	(204,750)	320,099
	2,126,097	826,861	79,981	295,126	311,129	253	(727,839)	2,911,608
Operating expenses	(1,838,929)	(309,694)	(21,205)	(275,333)	(277,684)	(12,837)	549,877	(2,185,805)
Share of results of associates	-	-	-	-	-	3	-	3
Share of results of joint venture	-	-	-	-	-	(203)	-	(203)
Amortisation and depreciation	(160,764)	(14,144)	(775)	(212)	-	(411)	-	(176,306)
Segment results	126,404	503,023	58,001	19,581	33,445	(13,195)	(177,962)	549,297
Finance costs								(624,460)
Loss before tax								(75,163)

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 December 2012								
Investment in associates	-	-	45	-	-	-	-	45
Segment assets	11,151,917	3,550,080	1,201,547	548,250	-	32,792	(3,476,403)	13,008,183
	11,151,917	3,550,080	1,201,592	548,250	-	32,792	(3,476,403)	13,008,228
Unallocated assets								425,930
Total assets								13,434,158
Segment liabilities	13,676,975	1,835,857	217,076	500,351	-	215,994	(3,027,167)	13,419,086
Unallocated liabilities								90,281
Total liabilities								13,509,367
Assets and Liabilities								
As at 31 December 2011								
Investment in associates	-	-	45	-	-	-	(1)	44
Segment assets	10,148,772	3,301,779	1,222,631	309,073	-	28,482	(3,129,976)	11,880,761
	10,148,772	3,301,779	1,222,676	309,073	-	28,482	(3,129,977)	11,880,805
Unallocated assets								425,850
Total assets								12,306,655
Segment liabilities	12,672,701	1,824,494	249,873	321,206	-	195,363	(2,680,223)	12,583,414
Unallocated liabilities								27,434
Total liabilities								12,610,848

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 Impairment and remeasurement of financial instruments

The entire amount of tariff compensation receivables and certain payables and borrowings due for more than one year had been reclassified to long term receivables and payables. The long term receivables is impaired and long term payables were remeasured at fair value as required by FRS 139.

The impairment of compensation receivables net of deferred tax was RM81.4 million and the adjustment on long term liabilities net of deferred tax was RM58.6 million.

A13 Subsequent events

Subsequent to the current financial quarter:-

(a) On 27 September 2012, the Company announced the following :

- (i) Proposed issue of up to 40,910,609 free warrants in PNHB ("Warrants") on the basis of 1 Warrant for every 10 existing ordinary shares of RM1.00 each in PNHB held ("Proposed Free Warrants Issue"); and
- (ii) Proposed issue of a 5-year Redeemable Convertible Secured Sukuk Ijarah of up to RM165.0 million in nominal value ("Proposed Convertible Sukuk Ijarah").

The Proposed Free Warrants Issue and Proposed Convertible Sukuk Ijarah are inter-conditional upon the relevant approvals being obtained for each other.

On 8 October 2012, the Company has submitted the following applications to :

- (i) The Securities Commission Malaysia for the Proposed Convertible Sukuk Issue;
- (ii) Bank Negara Malaysia for the issuance of Warrants to non-resident shareholders of the Company; and
- (iii) Bursa Malaysia Securities Berhad ("Bursa Securities") for the following:
 - (a) admission of the Warrants to the Official List of Bursa Securities; and
 - (b) the listing of and quotation for the Warrants to be issued pursuant to the Proposed Free Warrants Issue and the new PNHB Shares to be issued arising from the exercise of the Warrants and conversion of the Convertible Sukuk.

On 18 October 2012, Bank Negara Malaysia had, via its letter dated 16 October 2012 which was received on 18 October 2012, approved PNHB's application for the issuance of Warrants to non-resident shareholders of the Company.

On 21 January 2013, the Securities Commission Malaysia had, via its letter dated 18 January 2013 which was received on 21 January 2013, approved PNHB's proposed convertible Sukuk Ijarah under Section 212(5) of the Capital Markets & Services Act 2007.

- (b) On 25 October 2012, OCBC Bank (Malaysia) Berhad and Hong Leong Bank Berhad ("the Lenders") had approved an extension of the tenor for KGL Ltd's USD36.0 million Syndicated Term Loan Facility for four and a half (4.5) years up to 29 April 2017.
- (c) Luwei (Pingdingshan) Water Co Ltd became a 91.94% owned subsidiary of Sino Water Pte Ltd on 6 November 2012 with a total investment of RMB5,332,500.
- (d) On 21 January 2013, the Company announced that its wholly-owned subsidiary, Puncak Oil & Gas Sdn Bhd has recently incorporated a wholly owned limited company in The Republic of the Union of Myanmar, namely GOM Resources Limited.
- (e) The 98.65% owned subsidiary in Singapore, Sino Water Pte Ltd had recently invested an additional USD920,000.00 in Xinnuo Water (Binzhou) Co. Ltd ["Xinnuo Water (Binzhou)"], a wholly owned subsidiary incorporated in Yangxin County, Shandong Province in the People's Republic of China.

As at 4 February 2013, the paid up registered capital of Xinnuo Water (Binzhou) stood at USD4,700,000.

- (f) Puncak Niaga (M) Sdn Bhd ("PNSB") had on 18 February 2013 instituted legal proceedings against the Selangor State Government via the filing of the relevant cause papers all dated 18 February 2013 at the High Court in relation to the Operation and Maintenance Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB and the Selangor State Government and the Novation Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB, Syarikat Bekalan Air Selangor Sdn Bhd ('SYABAS') and the Selangor State Government ("the Agreements").

(g) On 20 February 2013, Puncak Niaga Holdings Berhad ("Puncak") had received two (2) faxed letters in respect of the above matter from Kumpulan Darul Ehsan Berhad ("KDEB") for the followings :

(i) Consolidation of the Selangor Water Industry

Inactive terms and conditions for proposed purchase of 100% equity in Puncak Niaga (M) Sdn Bhd ("PNSB");

(ii) Consolidation of the Selangor Water Industry

Inactive terms and conditions for proposed purchase of 70% equity in Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") and other than equity already owned by KDEB.

Puncak has on 27 February 2013 appointed Hong Leong Investment Bank Berhad as Adviser to the Company in relation to the above and the Management of the Company has, also written to KDEB giving KDEB seven (7) days to revert to Puncak on the following:-

(i) to request for receipt of written confirmation from Selangor State Government/KDEB on the approvals obtained from Pengurusan Asset Air Berhad ("PAAB"), the Economic Planning Unit ("EPU") and the Golden Shareholder of SYABAS in the case of the SYABAS Offer (ie the Ministry of Finance ("MOF") (collectively, "the Various Stakeholders") on the Offers and to furnish such written evidence of the same to Puncak; and

(ii) to seek for clarification on certain aspects of the Offers which were unclear.

At the same time, the Management of the Company has written separately to the Various Stakeholders to inform them of the Offers and to seek their feedback on the matter.

Puncak will update the Exchange on further developments on this matter in due course.

(h) On 27 February 2013, the Company has further extended the completion period for the contract for rural water supply project in the state of Sarawak for year 2010 to 2012 from 28 February 2013 to 28 March 2013 under the terms and conditions of the Contract with the Government of Malaysia.

(i) On 27 February 2013, the collaboration between the Company's 70% owned subsidiary, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") and Construction Industry Development Board ("CIDB") under the Memorandum of Understanding ("MoU") dated 26 February 2009 in respect of the provision of training and development programmes by CIDB to the Bumiputra contractors, suppliers and consultants registered with SYABAS subsists until the Parties elect to review or terminate the same.

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.

A14 Changes in the composition of the Group

a) Luancheng Dayu Water Supply Co Ltd became a 83.99% owned subsidiary of Sino Water Pte Ltd on 25 June 2012 with a total investment of RMB5,246,000.

b) Luwei (Pingdingshan) Water Co Ltd became a 91.94% owned subsidiary of Sino Water Pte Ltd on 6 November 2012 with a total investment of RMB5,332,500.

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

A15 Contingent liabilities and contingent assets

There were no material changes in the contingent liabilities of the Company since 31 December 2011 except for the following:

	As at 31.12.2012 RM'000
Trade and performance guarantees extended to third parties	82,974
Tax penalty	8,639
	<hr/> 91,613 <hr/>

No contingent assets had arisen since 31 December 2011.

A16 Other material disclosures
a) Revenue

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To date	Corresponding
	3 months ended	Quarter	12 months ended	Period
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Supply and distribution of treated water to consumers (Note i)	659,974	491,123	2,622,952	1,991,048
Oil and gas revenue	214,038	280,594	778,042	289,529
Construction revenue	106,869	159,524	342,672	310,932
Others	24	-	269	-
	980,905	931,241	3,743,935	2,591,509

Notes

- (i) Included in the water revenue is an amount of RM1,023.9 million being water tariff compensation for the fourth quarter of 2012 (12 months) (2011 : RM458.2 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 December 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 30 September 2012 is RM2,189.2 million.

b) Commitments

	As at 31.12.2012 RM'000
Capital expenditures:	
Contracts approved and contracted for	<u>24,467</u>
Commitment under the terms of the Concession Agreement	
- Concession fee	22,000
- Contracts approved and contracted for	<u>226,872</u>
	<u>248,872</u>

c) Acquisition and disposal of property, plant and equipment

	12 months ended 31.12.2012		
	At cost	Accumulated	Net Book
	RM'000	Depreciation	Value
	RM'000	RM'000	RM'000
Acquisition at cost	34,967	1,706	33,261
Disposal at cost	(19)	(9)	(10)

- d) There is an ongoing tax investigation by the Inland Revenue Board ("IRB") on GOM Resources' past years tax submissions prior to the acquisition of GOM Resources on the following :
- i. Withholding Tax on Payment of Vessel Charter Rental
GOM Resources had previously paid the vessel charter fee of RM386.1 million for years 2003 to 2009 directly to Global Industries Ltd ("GIL") instead of to Global Industries Offshore Labuan Ltd ("GIOLL"). In order to facilitate the ongoing investigation, IRB has instructed GOM Resources to furnish the relevant supporting ledger in relation to the charter rental transactions.
 - ii. Tax Deductibility on Management Fee
GOM Resources had paid management fees to Global Offshore Thailand ("GOT") and GIL from 2003 to 2009 amounting to RM35.4 million and RM50.8 million respectively. IRB requires GOM Resources to provide justification and the relevant supporting evidence for these management fees.
 - iii. GOM Resources is currently in the process of providing the relevant documents and justification to facilitate the tax investigation with the assistance of the previous shareholders of GOM Resources as these transactions took place in the past years prior to the Acquisition of GOM Resources.
- e) During the current financial year, PNSB paid a sum amounting to RM15,000,000 to its Executive Chairman, Tan Sri Rozali Ismail, being indemnity for losses suffered by him as the agent of PNSB, in defending a legal case brought against him together with two other defendants by a third party arising from a termination of agreement between PNSB and the third party for procurement of water related projects. The indemnity is in respect of the amount which Tan Sri Rozali Ismail was ordered to pay by the High Court. However, upon appeal to the Court of Appeal, the decision of the High Court was reversed in Tan Sri Rozali Ismail's favour and leave for the third party to appeal to the Federal Court was refused. The total indemnity claimed by Tan Sri Rozali Ismail in connection with this legal suit was RM36,523,693, out of which PNSB had paid a sum of RM15,000,000, with the balance sum of RM21,523,693 subsequently waived by Tan Sri Rozali Ismail. Proceedings are presently ongoing to recover the sum paid by Tan Sri Rozali Ismail pursuant to the High Court decision and upon recovery, it shall accrue to the benefit of PNSB.

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

B1 Review of performance

For the current financial quarter, the Group registered higher revenue of RM980.9 million compared to RM931.2 million reported in the preceding year's corresponding financial quarter, representing an increase of RM49.7 million or 5.3%.

For the current financial year-to-date, the Group registered higher revenue of RM3,743.9 million compared to RM2,591.5 million reported in the preceding year's corresponding period, representing an increase of RM1,152.4 million or 44.5%.

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 a higher loss before tax ("LBT") of RM46.3 million for the current financial quarter and a profit before tax ("PBT") of RM289.2 million for the current financial year-to-date compared to a loss before tax ("LBT") of RM3.3 million recorded in the preceding year's corresponding quarter and RM75.2 million for the preceding year's corresponding financial year-to-date, representing a decrease of RM43.0 million and an increase of RM364.4 million respectively. The higher LBT reported in the current financial quarter was mainly due to impairment of compensation receivables net of deferred tax of RM81.4 million and adjustment on long term liabilities net of deferred tax of RM58.6 million as explained in notes A12. The PBT reported in the current financial 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 and revenue contribution from the Oil and Gas segment.

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

(a) Water Distribution :

For the current financial quarter, the Water Distribution segment reported Profit Before Interest and Tax (segment "PBIT") of RM54.0 million compared to Loss Before Interest and Tax (segment "LBIT") of RM34.7 million reported in the preceding year's corresponding financial quarter, representing an increase of RM88.7 million or 255.6%. The water distribution segment PBIT for the current financial year-to-date was RM601.8 million compared to RM126.4 million reported in the preceding year's corresponding financial year-to-date, representing an increase of RM475.4 million or 376.1%. The significant 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 :

The Water Treatment segment reported a lower PBIT of RM69.5 million in the current financial quarter compared to RM218.3 million in the preceding year's corresponding financial quarter representing a decrease of RM148.8 million or 68.2%. For the financial year-to-date, the water treatment segment reported a lower PBIT of RM347.8 million compared to RM503.0 million in the preceding year's corresponding financial year-to-date representing a decrease of RM155.2 million or 30.9%. The higher PBIT in the previous financial quarter and financial year-to-date was mainly due to the adjustment on long term liabilities net of deferred tax, partially offset by higher operating expenses.

(c) Oil and Gas :

For the current financial quarter, the Oil and Gas Division reported a higher PBIT of RM27.7 million compared to a LBIT of RM1.1 million reported in the preceding year's corresponding financial quarter, representing an increase of RM28.8 million. The higher segment PBIT for the current financial quarter was mainly due to lower operating cost incurred. The Oil and Gas Division reported a higher segment PBIT of RM83.9 million for the current financial year-to-date compared to RM19.6 million reported in the preceding year, representing an increase of RM64.3 million. Higher segment PBIT reported for the current financial year-to-date was mainly due to higher profit contribution from GOM Resources which was acquired during the second half of the previous financial year.

(d) Construction :

The Construction Division reported a lower segment PBIT of RM11.5 million in the current financial quarter as compared to a segment PBIT of RM16.0 million in the preceding year's corresponding financial quarter, representing a decrease of RM4.5 million or 28.1% . The Construction segment reported a higher segment PBIT of RM34.9 million compared to RM33.4 million reported in the preceding year's corresponding financial year-to-date, representing an increase of RM1.5 million or 4.5%. The lower segment PBIT for the current quarter was mainly due to additional construction cost incurred to remedy the works of non-performing sub-contractor.

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

The Group reported a LBT of RM46.3 million for the current financial quarter compared to a PBT of RM93.8 million registered in the immediate preceding financial quarter, representing a decrease of RM140.1 million or 149.4%. The LBT reported in the current financial quarter was mainly due to impairment of compensation receivables net of deferred tax of RM81.4 million and adjustment on long term liabilities net of deferred tax of RM58.6 million as explained in notes A12.

B3 Prospects

On the water sector, the Group is hopeful and remains committed to supporting an imminent resolution to the restructuring of the water services sector in Selangor, Federal Territories of Kuala Lumpur and Putrajaya by the Government as this matter has been long outstanding since 2008. The Group is actively looking into proposals to provide solutions to the Federal Government under the Private Finance Initiatives, to improve the existing water infrastructure and to increase the supply of treated water in the rural areas throughout the country. On the environmental sector, the Group is actively looking into the sewerage and solid waste sectors in Malaysia and overseas.

Meanwhile, the foray into the oil and gas arena augurs well for the Group's future. The Group is hopeful to clinch more oil and gas projects and to invest or acquire other oil and gas assets to further expand the oil and gas business in accordance with the Group's vision to become a significant player in the oil and gas sector in Malaysia and overseas.

Looking ahead, the Group is optimistic in its quest to achieve sustainable long-term growth.

B4 Variiances from profit forecast and profit guarantee

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

B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended 31.12.2012	31.12.2011	12 months ended 31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
In respect of current year:-				
- income tax	(91,111)	(27,550)	(101,446)	(55,718)
- foreign income tax	(41)	-	(93)	(83)
- deferred tax	89,913	8,235	3,652	48,823
	(1,239)	(19,315)	(97,887)	(6,978)
In respect of prior year:-				
- (under)/over provision of income tax	41,570	-	40,266	(1,581)
	40,331	(19,315)	(57,621)	(8,559)

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 was higher than the statutory tax rate mainly due to the certain expenses which were not deductible for tax purposes. 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 year-to-date was lower than the statutory tax rate mainly due to income not subject to tax.

B6 Status of corporate proposals announced but not completed

There are no corporate proposals which were announced but not completed prior to the issuance of this interim financial statements save as disclosed in Note A(13)(a) above.

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 December 2012 are as follows:-

	Current RM'000	Non-current RM'000
Secured		
Bai' Bithaman Ajil Bonds	510,000	506,991
Bai' Bithaman Ajil Medium Term Notes	310,000	1,750,394
Government Support Loan	7,444	32,077
Term Loan	104,584	739,483
Obligation Under Finance Leases	5,320	10,950
Redeemable Cumulative Preference Shares	-	618,472
	937,348	3,658,367
Unsecured		
Redeemable Convertible Unsecured Loan Stocks	-	24,309
Redeemable Unsecured Bonds	-	471,406
Redeemable Unconvertible Junior Notes	-	198,872
Government loan - RM320 mil	-	320,800
Government loan - RM110 mil	-	34,049
Lushan MOF Novated World Bank Loan	1,261	9,379
	938,609	4,717,182

All loans and borrowings are denominated in Ringgit Malaysia except for Lushan MOF Novated World Bank Loan and KGL's term loan which are denominated in United States Dollar ("USD") totalling USD3.3 million and USD34.0 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 PNHBLANCO-KHEC JV ("the Consortium"), a jointly controlled entity in India of the Company.

Arising from the arbitration proceedings initiated by KHEC, both KHEC and the Consortium have each appointed a qualified civil engineer as their arbitrator respectively, and both arbitrators have selected a retired Judge of the High Court in Chennai, India as the third arbitrator who will also act as the presiding arbitrator of the arbitral tribunal. The arbitral tribunal was officially constituted on 24 September 2005. On 28 September 2005, the Company was informed that the arbitral tribunal has fixed the following dates for the filing of the arbitration cause papers as part of the preliminary procedural formalities:-

- i) claim by the claimant, KHEC to be filed before 4 October 2005;
- ii) rejoinder by the respondent, the Consortium to be filed before 18 November 2005; and
- iii) reply rejoinder by the claimant, KHEC to be filed before 5 December 2005.

The Consortium had on 2 January 2006, filed its counter-claim amounting to Rs13,61,61,931 (equivalent to approximately RM10.89 million) against KHEC's claim of Rs8,44,26,981 (equivalent to approximately RM6.75 million) to the arbitral tribunal in India.

The Statement of Claim lodged by KHEC had subsequently been revised from Rs8,44,26,981 (equivalent to approximately RM6.75 million) to Rs9,84,58,245 (equivalent to approximately RM7.88 million) whilst the counter-claim submitted by the Consortium, had also been revised as per the rejoinder, from Rs13,61,61,931 (equivalent to approximately RM10.89 million) to Rs13,63,39,505 (equivalent to approximately RM10.91 million).

The Company was notified on 4 March 2009 by solicitors acting on behalf of Consortium that the Arbitration Panel had at its meeting held on 26 February 2009 accepted the letter of withdrawal from the Arbitration Panel dated 18 February 2009 from the arbitrator nominated by KHEC. As such, the date for further meeting of the Arbitration Panel was to be communicated after the appointment of the substitute arbitrator to be nominated by KHEC under Section 15(2) of the Arbitration and Conciliation Act, 1996 of India.

The Company was notified on 25 June 2009 that the first sitting of the newly formed Arbitration Panel for the First Arbitration Proceedings comprising the Presiding Arbitrator, the arbitrator nominated by the Consortium and the substitute arbitrator nominated by KHEC was held on 20 June 2009.

The Arbitration proceedings is currently ongoing in India whereby the next hearing dates has been scheduled on 16 March 2013.

Based on legal advice, the Consortium is of the view that the claim by KHEC is not sustainable.

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. Subsequently, KHEC had filed in an amended claim for damages and lost of profit from Rs5,44,32,916 to Rs55,44,32,916 (equivalent to approximately RM44.3 million). PNHB-Lanco's counsel had filed an interim application to dismiss the claim of Rs50,00,00,000 (equivalent to approximately RM39.9 million) for compensation for loss of opportunity on the basis that it is frivolous and unreasonable.

The Second Arbitration proceedings which were heard by a single arbitrator have been completed wherein the parties have submitted their respective written submissions. This matter is now pending award by the 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.

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 September 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.

SYABAS has been informed by its solicitors on 3 December 2012 that the Court of Appeal had fixed the matter for case management on 10 January 2013.

At the case management held on 10 January 2013, the Court of Appeal had fixed the matter for further case management on 26 February 2013 to fix the hearing date on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd.

At the case management held on 26 February 2013, the Court Of Appeal fixed the matter for Hearing on 22 May 2013 on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd

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.

On 18 February 2013, PNSB's solicitors received the Arbitrator's published Final Award dated 31 January 2013 in respect of the arbitration whereby the Arbitrator has, inter alia, decided as follows:

- i) That the determination of the Claimants' employment under the Contract is unlawful and invalid.
- ii) That the Respondent shall pay to the Claimants the sum of Ringgit Malaysia Seven Million Nine Hundred And Seventy Thousand Nine Hundred And Five And Sen Eighty Seven (RM7,970,905.87) only ("Award Sum") of which Ringgit Malaysia Three Million Five Hundred And Fifty Two Thousand One Hundred And Seven And Sen Fifty Six (RM3,552,107.56) only and Ringgit Malaysia Three Million Two Hundred And Fifty Eight Thousand And Seventy Five And Sen Seventy Five (RM3,258,075.75) only are payment for certified works and retention monies, respectively.
- iii) That the Respondent shall also pay interests to the Claimants at the rate of 8% per annum on the Award Sum from 26 December 2007. Such interests will continue to run until the actual realisation of the said payments by the Respondent.
- iv) That the Respondent shall bear and pay the Claimants' costs in the Arbitration Proceedings upon a party and party basis.
- v) That the Respondent shall pay and bear the costs of the Award.
- vi) That all other requests and claims of the Claimants and Respondent are rejected.

PNSB is currently seeking its solicitors' advice on the next course of action to be taken in light of the Award.

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 on 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 2012 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 2012 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.

The hearing scheduled to be held on 9 August 2012 for SPLASH's motion for leave to appeal to the Federal Court had been adjourned as the Court of Appeal has not provided the written grounds of Judgement. The Federal Court will write to the parties to fix the matter for Case Management and, subject to the availability of the written grounds of Judgement, another date would be fixed to hear the motion.

At the case management held on 22 October 2012, the Federal Court had fixed the Motion for Leave to appeal for Hearing on 28 February 2013.

On 28 February 2013, the Federal Court unanimously dismissed the application filed by SPLASH for leave to appeal against the decision of the Court of Appeal, with cost of RM20,000 awarded to SYABAS. The Motion for Leave was filed by SPLASH against the decision of the Court of Appeal given on 30 June 2011 which had earlier allowed SYABAS' appeal against the decision of the High Court. By the Federal Court decision, the decision of the Court of Appeal recognising SYABAS' right to pay SPLASH on a proportionate basis was upheld by the Federal Court.

e) Kerajaan Negeri Selangor (" State Government")

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

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

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

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

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

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

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

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

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

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

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

f) Kerajaan Negeri Selangor (" State Government")

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

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

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

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

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

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

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 case 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.

At the case management held on 14 June 2012, in addition to the existing trial dates fixed on 4 September 2012, 6 September 2012 and 7 September 2012, the High Court had fixed three (3) additional trial dates on 30 October 2012, 31 October 2012 and 1 November 2012 respectively. The High Court had further directed the parties to file additional bundle of documents (if any) and the issues to be tried on or before 31 July 2012, and their respective witness statements one (1) week before the trial.

On 22 June 2012, the Defendant has filed an appeal to the Court of Appeal against the Order dated 29 May 2012 of the High Court allowing the Plaintiff's application to amend the Statement of Claim.

On 28 June 2012, the Court of Appeal had fixed the Defendant's appeal against the Order dated 29 May 2012 of the High Court allowing SYABAS' application to amend the Statement of Claim, for Case Management on 12 July 2012.

At the case management held on 12 July 2012 for the Defendant's appeal against the Order dated 29 May 2012 of the High Court allowing SYABAS' application to amend the Statement of Claim, the Court of Appeal had fixed the matter for further case management on 14 August 2012 for further direction.

The Court of Appeal had also directed the Defendant to file in the Record of Appeal by 9 August 2012.

On 14 August 2012, the Court of Appeal had fixed the hearing for the Defendant's appeal against the Order dated 29 May 2012 of the Kuala Lumpur High Court allowing SYABAS' application to amend the Statement of Claim on 8 October 2012. The Court of Appeal also directed the parties to file their respective written submission on or before 24 September 2012.

The Kuala Lumpur High Court had via letter dated 13 August 2012 fixed the matter for case management on 16 August 2012.

At the case management held on 16 August 2012, the solicitors for the Defendant had requested for the trial dates on 4 September 2012, 6 September 2012 and 7 September 2012 to be vacated pending disposal of the Defendant's appeal against the Order dated 29 May 2012 of the Kuala Lumpur High Court allowing SYABAS' application to amend the Statement of Claim ("Appeal"). The Appeal is fixed for hearing at the Court of Appeal on 8 October 2012, as previously announced by the Company on 14 August 2012.

The High Court agreed to vacate the trial dates on 4 September 2012 and 7 September 2012. The witness for SYABAS will give evidence in chief on 6 September 2012. The trial will continue on 30 October 2012, 31 October 2012, and 1 November 2012 respectively. The parties are to file their respective witness statements one (1) week before the commencement of the trial.

The trial held on 6 September 2012 had been adjourned to 30 October 2012, 31 October 2012 and 1 November 2012, the trial dates previously fixed and announced on 17 August 2012, pending the Plaintiff and the Third Party to file in their respective supplementary/fresh witness statements.

At the hearing held on 8 October 2012 for the State Government's appeal against the Order dated 29 May 2012 of the High Court allowing SYABAS' application to amend the Statement of Claim ("Appeal"), the Court of Appeal had allowed the Appeal with costs.

On 15 October 2012, SYABAS' solicitors had filed a motion for leave at the Federal Court to appeal against the decision made by the Court of Appeal dated 8 October 2012. The Federal Court had also fixed the motion for hearing on 23 October 2012.

At the hearing held on 23 October 2012, the Federal Court had granted leave to SYABAS to appeal to the Federal Court against the decision made by the Court of Appeal dated 8 October 2012 ("Appeal"). The Federal Court had also directed for an early date to be fixed for the hearing of the Appeal. Pursuant to the leave granted by the Federal Court, SYABAS will instruct its solicitors to proceed with the filing of the relevant notice of appeal and appeal record.

In view of the fact that the Federal Court had on 23 October 2012 granted leave to SYABAS to appeal to the Federal Court against the decision dated 8 October 2012 of the Court of Appeal (which allowed the defendant's appeal against the decision of the High Court on 29 May 2012 granting leave to SYABAS to amend its claim), the High Court had on 30 October 2012 adjourned the trial fixed for 30 October 2012, 31 October 2012 and 1 November 2012 pending the outcome of SYABAS' appeal to the Federal Court. The High Court had fixed new trial dates on 11 January 2013, 13 February 2013, 14 February 2013 and 15 February 2013 and also fixed case management on 17 December 2012 for the parties to inform the Kuala Lumpur High Court on the outcome of SYABAS' appeal to the Federal Court.

On 20 November 2012, the Federal Court had fixed SYABAS' appeal to the Federal Court against the decision made by the Court of Appeal dated 8 October 2012, for case management on 22 November 2012.

At the case management held on 22 November 2012, the Federal Court had fixed 10 December 2012 for further case management pending the extraction of the notes of evidence and the grounds of judgment delivered by the Court of Appeal on 8 October 2012.

At the case management held on 10 December 2012, the Federal Court had fixed 31 January 2013 for hearing of the appeal against the decision delivered by the Court of Appeal on 8 October 2012.

At the case management held on 17 December 2012, the High Court had vacated the trial date fixed on 11 January 2013 and maintained the trial dates on 13 February 2013, 14 February 2013 and 15 February 2013.

The High Court had also fixed the case management on 4 February 2013 for the parties to inform KLHC on the outcome of SYABAS' appeal to the Federal Court which has been fixed for hearing on 31 January 2013.

On 31 January 2013, the hearing for the appeal against the decision delivered by the Court of Appeal on 8 October 2012 had been vacated by the Federal Court to a date to be fixed in due course following re-arrangement of cases by the Federal Court.

On 4 February 2013, the Federal Court had fixed 6 February 2013 as the hearing date for the appeal against the decision delivered by the Court of Appeal on 8 October 2012.

At the case management held on 4 February 2013, the High Court ("KLHC") had vacated the Trial dates fixed on 13 February 2013, 14 February 2013 and 15 February 2013, as announced previously, on the request made by the Defendant's Solicitors. KLHC had fixed the new Trial dates on 1 July 2013, 2 July 2013, 3 July 2013, 4 July 2013, 8 July 2013, 9 July 2013 and 10 July 2013.

KLHC had also fixed the case management on 15 February 2013 for the parties to inform KLHC on the outcome of SYABAS' appeal to the Federal Court which has been fixed for hearing on 6 February 2013.

At the hearing held on 6 February 2013, the Federal Court had allowed the appeal made by SYABAS against the decision delivered by the Court of Appeal on 8 October 2012, which earlier dismissed SYABAS' application to amend the Statement of Claim and awarded cost to SYABAS.

The High Court postponed the case management fixed on 15 February 2013 to 28 February 2013.

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.

On 28 June 2012, the High Court had fixed the application by the Third Party to set aside the Third Party Notice and the Statement of Claim against the Third Party for further hearing on 3 July 2012.

At the hearing held on 3 July 2012 in relation to the application by the Third Party to set aside the Third Party Notice and the Statement of Claim against the Third Party, the High Court had adjourned the matter to 31 July 2012 for decision.

On 31 July 2012, the High Court had allowed the Third Party's application to set aside the Third Party Notice and the Statement of Claim issued against the Third Party by the Defendant with costs of RM10,000.00 and SYABAS is currently taking legal advice on whether to appeal the decision to the Court of Appeal.

SYABAS' solicitors had on 2 August 2012 filed the Notice of Appeal at the Court of Appeal against the decision by the High Court on 31 July 2012 to allow the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party.

At the hearing held on 10 August 2012 on the plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2 ("Application"), the High Court had adjourned the Application for continued hearing on 23 August 2012 and had also fixed the Application for decision on 3 September 2012.

The High Court had also at the mention held on 10 August 2012 on the plaintiff's application for Interim Payment, fixed the next mention on 3 September 2012.

On 3 September 2012, the High Court had allowed the plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2 ("Application") with costs in the cause with directions. The Kuala Lumpur High Court had further fixed the matter for case management on 5 September 2012 to fix trial dates.

The High Court had at the mention held on 3 September 2012 on the plaintiff's application for Interim Payment, fixed the matter for case management on 5 September 2012.

At the case management held on 5 September 2012 on the plaintiff's application for Trial of Preliminary Issues pursuant to Order 33 Rule 2, SYABAS' solicitors informed the Kuala Lumpur High Court that by a Notice of Assignment dated 15 August 2012, SYABAS was informed by the plaintiff that by a Deed of Assignment dated 10 August 2012, the plaintiff had assigned to Maybank Investment Bank Berhad its rights title and interest under the Novation Agreement dated 15 February 2005 and in view of this latest development, SYABAS will be making an application to re-amend its defence and counterclaim.

The High Court had adjourned the case management of the action and the plaintiff's application for Interim Payment to 2 October 2012, pending filing of SYABAS' application to re-amend its defence and counterclaim.

At the case management held on 13 September 2012, the Court of Appeal had fixed the matter in relation to the appeal made by SYABAS against the decision by the Kuala Lumpur High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party, for hearing on 27 November 2012. The Court of Appeal also directed that the appeal record be filed on or before 27 September 2012.

On 2 October 2012, the High Court had fixed 8 November 2012 for hearing of SYABAS' application to re-amend its defence and counterclaim to enable parties to exhaust the filing of affidavits and fixed the next case management of the action and the plaintiff's application for Interim Payment on 8 November 2012.

On 8 November 2012, the High Court had allowed SYABAS' application to re-amend its defence and counterclaim with costs in the cause. The High Court had directed SYABAS to re-amend its defence and counterclaim within seven (7) days from today. The High Court had given the plaintiff the liberty to make consequential amendments to its amended reply to defence and defence to counterclaim within fourteen (14) days from the date of service of SYABAS' re-amended defence and counterclaim.

The High Court also fixed the trial dates on 22 April 2013, 23 April 2013 and 24 April 2013 and case management of the action and the plaintiff's application for Interim Payment on 30 November 2012.

On 26 November 2012, following the application made by the counsel of Selangor State Government to the Court of Appeal on 20 November 2012, SYABAS' solicitors were informed by the counsel of Selangor State Government vide a letter dated 23 November 2012 that the Court of Appeal had granted adjournment and vacated the hearing fixed on 27 November 2012 in relation to the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party, to a date to be fixed by the Court of Appeal in due course.

At the case management held on 30 November 2012, the High Court had fixed further case management on 4 January 2013 for the Plaintiff's application for Interim Payment and the Plaintiff to file the Re-amended Reply and Defence to counter claim.

On 7 December 2012, SYABAS has been informed by its solicitors on even date that the Court of Appeal had fixed the hearing for the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party on 7 January 2013.

At the case management held on 4 January 2013, the High Court had fixed 12 March 2013 for the following:-

- i) Case management for the Plaintiff's application for Interim Payment;
- ii) Hearing for SYABAS' application to strike out the Plaintiff's claim; and
- iii) Case management of the main action.

The Court of Appeal had adjourned the hearing fixed on 7 January 2013 for the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party to 21 January 2013.

At the hearing held on 21 January 2013, the Court of Appeal had dismissed the appeal made by SYABAS against the decision by the High Court on 31 July 2012 allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party with cost. SYABAS is currently seeking advice from its solicitors on the next course of action arising from the said decision.

On 20 February 2013, SYABAS filed the notice of motion for leave to appeal against the decision made by the Court of Appeal on 21 January 2013 to the Federal Court.

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.

i) Kuala Lumpur High Court Civil Suit No : 22NCC-1336-08/2012 - PNSB vs SYABAS

On 30 August 2012, Puncak Niaga (M) Sdn Bhd ("PNSB") had instituted legal proceedings against Puncak Niaga Holdings Berhad's 70% owned subsidiary, SYABAS via the filing of a Writ of Summons and Statement of Claim dated 30 August 2012 at the High Court for amount due for payment as of 30 April 2012 for the supply and purchase of treated water. ("Amount Due as of 30 April 2012").

In the Statement of Claim, PNSB is claiming the following:-

- i) The Amount Due For Payment of RM1,211,156,583.09 being the unpaid due amount accrued as of 30 April 2012; in the alternative, the Amount Due For Payment of RM1,072,725,761.32 being the unpaid due amount accrued as of 30 April 2012;
- ii) Alternatively, such other sum or sums as may be assessed by the Honourable Court to be due to the Plaintiff from the Defendant as at 30 April 2012;
- iii) Further, all sums arising and due to the Plaintiff from the Defendant under the provisions of the Water Supply Agreements accruing after 30 April 2012 until the date of Judgment;
- iv) Costs;
- v) Interest;
- vi) Such further and alternative reliefs as the Honourable Court deems fit and proper.

The solicitors of PNSB had on 4 September 2012 served on SYABAS the Writ of Summons and Statement of Claim dated 30 August 2012 for Amount Due as of 30 April 2012.

The High Court has fixed the matter for case management on 21 September 2012.

SYABAS' solicitors had filed a Memorandum of Appearance on behalf of SYABAS on 14 September 2012 and the said Memorandum of Appearance was served on PNSB's solicitors on 18 September 2012. At the Case Management of this matter held on 21 September 2012, a further Case Management date of 8 November 2012 was fixed pending SYABAS' filing of its Statement of Defence. SYABAS filed its Statement of Defence on 17 October 2012 and had subsequently filed the Amended Statement of Defence dated 25 October 2012.

On 8 November 2012, the High Court had directed the Plaintiff to file its Reply to the Defendant's Amended Defence dated 25 October 2012 by 22 November 2012. The High Court had also fixed the next case management date on 3 December 2012.

At the case management held on 3 December 2012, the High Court had fixed the matter for further case management on 16 January 2013 and 8 July 2013 and also fixed the trial dates on 15, 16, 17 and 18 July 2013.

j) Kuala Lumpur High Cour Originating Summons No. 24NCVC-369-02/2013 (PNSB vs State Government)

Puncak Niaga (M) Sdn Bhd ("PNSB") had on 18 February 2013 instituted legal proceedings against the Selangor State Government via the filing of the relevant cause papers all dated 18 February 2013 at the High Court in relation to the Operation and Maintenance Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between Puncak Niaga (M) Sdn Bhd and the Selangor State Government and the Novation Agreement dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB, Syarikat Bekalan Air Selangor Sdn Bhd ('SYABAS') and the Selangor State Government ("the Agreements").

The solicitors of PNSB had on 20 February 2013 served the Sealed Copy of Originating Summons, Sealed Copy of Notice of Application and a copy of the Plaintiff's Affidavit in respect of the Suit on the Selangor State Government.

The High Court has fixed the matter for hearing on 11 March 2013.

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

The Board of Directors proposed a final single tier dividend of 5 sen per share for the financial year ended 31 December 2012 (1.1.2011 to 31.12.2011 : Nil). The entitlement and payment dates will be announced at a date to be determined later by the Board of Directors. No interim dividend was declared during the financial year ended 31 December 2012 (1.1.2011 to 31.12.2011 : Nil).

B12 Earnings per share ("EPS")

a) Basic EPS

Basic EPS are calculated by dividing the profit 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 31.12.2012	Preceding Year Corresponding Quarter 31.12.2011	Current Year to date 12 months ended 31.12.2012	Preceding Year Corresponding Period 31.12.2011
Profit net of tax attributable to owners of the parent	(RM'000)	12,226	8,731	237,267	9,320
Weighted average number of ordinary shares in issue	('000)	409,106	409,106	409,106	409,106
Basic EPS	(sen)	2.99	2.13	58.00	2.28

b) Diluted EPS

Not applicable.

B13 Retained profit

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000 (Restated)
Total retained profit/(accumulated losses)		
- Realised	37,537	(264,359)
- Unrealised	(478,651)	(395,177)
	<u>(441,114)</u>	<u>(659,536)</u>
Total share of accumulated losses from associated companies:		
- Realised	(3)	(1)
Total share of retained profit from joint venture:		
- Realised	1,104	1,252
	<u>(440,013)</u>	<u>(658,285)</u>
Less : Consolidation adjustments	711,263	691,759
	<u>271,250</u>	<u>33,474</u>
Total group retained profit as per consolidated accounts		

B14 Notes to Condensed Consolidated Statements of Comprehensive Income

	Current Year Quarter 3 months 31.12.2012 RM'000	Current Year To date 12 months 31.12.2012 RM'000
Profit/(loss) before tax is arriving at after charging/(crediting) :		
Interest income	(12,417)	(48,300)
Other income	(31,262)	(129,415)
Interest expenses	152,627	598,423
Impairment loss on trade receivables	3,876	3,876

Other than the above and as disclosed in other sections of this report, there were no provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives and exceptional items.

By Order of the Board

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

Shah Alam
28 February 2013