

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2013
Condensed Consolidated Statement of Profit or Loss

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	To date	Corresponding
		3 months ended	Quarter	9 months ended	Period
		30.09.2013	30.09.2012	30.09.2013	30.09.2012
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
			(Restated)		(Restated)
Revenue	A15(a)	332,581	471,467	851,779	1,128,574
Other income		55,506	42,845	151,434	141,666
Operating costs		(248,886)	(341,165)	(589,721)	(751,492)
Construction contract expenses		(18,599)	(56,863)	(55,134)	(129,766)
Depreciation and amortisation expenses		(6,128)	(5,174)	(17,906)	(15,385)
Profit from operations		114,474	111,110	340,452	373,597
Finance costs		(34,709)	(31,092)	(98,883)	(100,150)
Share of results of associates		-	(4)	-	(1)
Share of results of joint venture		(235)	(66)	(319)	(116)
Profit before tax		79,530	79,948	241,250	273,330
Taxation:-					
- Income taxation		(1,178)	(3,388)	3,599	(11,691)
- Deferred taxation		(22,586)	(566)	(67,502)	(54,706)
	B5	(23,764)	(3,954)	(63,903)	(66,397)
Profit net of tax		55,766	75,994	177,347	206,933
Attributable to:					
Owners of the parent		55,966	76,104	177,926	207,226
Non-controlling interests		(200)	(110)	(579)	(293)
Profit net of tax		55,766	75,994	177,347	206,933
		sen	sen	sen	sen
Earnings per share attributable to owners of the parent:					
- basic	B12(a)	13.68	18.60	43.49	50.65
- diluted	B12(b)	10.60	18.60	33.51	50.65

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2013
Condensed Consolidated Statement 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		9 months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited (Restated)	Unaudited	Unaudited (Restated)
Profit net of tax	55,766	75,994	177,347	206,933
Other Comprehensive Income:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation	2,923	(122)	5,437	113
Gain on available-for-sale investment	374	-	1,126	-
Item that may not be subsequently reclassified to profit or loss				
Revaluation surplus on land and building	-	-	-	1,091
Total comprehensive income for the period	59,063	75,872	183,910	208,137
Total comprehensive income attributable to:				
Owners of the parent	59,127	76,062	184,370	208,352
Non-controlling interests	(64)	(190)	(460)	(215)
	59,063	75,872	183,910	208,137

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2013
Condensed Consolidated Statement of Financial Position

	Note	As at 30.09.2013 RM'000 Unaudited	As at 31.12.2012 RM'000 Unaudited (Restated)	As at 1.1.2012 RM'000 Unaudited (Restated)
ASSETS				
Non-current assets				
Property, plant & equipment	A2, A10 & A15 (d)	409,122	419,799	411,683
Operating financial assets	A2	768,671	788,074	896,416
Service concession assets	A2 & B7	70,043	63,088	63,812
Investment in associates		46	45	44
Investment in joint venture		1,041	1,104	1,642
Debt service reserve account	A2	-	191,091	244,117
Goodwill	A2	26,335	25,008	25,067
Trade and other receivables	A2, A11 & A15(b)	1,395,279	1,359,102	1,015,035
		2,670,537	2,847,311	2,657,816
Current assets				
Inventories	A2	7,877	5,790	7,139
Trade and other receivables	A2 & A15(b)	844,082	525,432	438,759
Operating financial assets	A2	119,090	123,501	123,501
Other current assets	A2	299,483	245,462	87,300
Available-for-sales investments	A2	51,788	50,661	-
Tax recoverable		7,465	2	639
Short term funds		-	-	36
Cash and bank balances	A2	672,826	449,239	421,968
		2,002,611	1,400,087	1,079,342
TOTAL ASSETS		4,673,148	4,247,398	3,737,158
Equity and liabilities				
Equity attributable to equity owners of the parent				
Share capital		411,258	411,143	411,143
Reserves	A2	1,350,056	1,179,244	922,277
Treasury shares		(5,941)	(5,941)	(5,941)
Shareholders' equity		1,755,373	1,584,446	1,327,479
Non-controlling interest	A2	(2,029)	(1,569)	(678)
Total equity		1,753,344	1,582,877	1,326,801
Non-current liabilities				
Provision for retirement benefits	A2	1,874	1,839	2,075
Loans and borrowings	A2, B8 & A11	1,797,746	1,308,217	1,367,662
Trade and other payables	A2 & A11	5,247	6,530	8,162
Deferred tax liabilities	A2	332,301	262,400	261,404
Redeemable Convertible Secured Sukuk Ijarah	A7 (a)	135,422	-	-
		2,272,590	1,578,986	1,639,303
Current liabilities				
Provision for retirement benefits	A2	304	304	653
Loans and borrowings	A2, B8 & A11	129,597	627,500	470,178
Trade & other payables	A2	432,515	365,143	268,034
Other current liabilities	A2	2,165	2,307	4,755
Tax payable		82,633	90,281	27,434
		647,214	1,085,535	771,054
Total liabilities		2,919,804	2,664,521	2,410,357
TOTAL EQUITY AND LIABILITIES		4,673,148	4,247,398	3,737,158
Net assets per share attributable to owners of the parent (RM)		4.29	3.87	3.24
Net Current Assets		1,355,397	314,552	308,288

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2013
Condensed Consolidated Statement of Cash Flow

	Note	9 months ended 30.09.2013 RM'000 Unaudited	9 months ended 30.09.2012 RM'000 Unaudited (Restated)
Operating activities			
Receipts from customers		670,227	665,175
Other income		2,936	2,807
Payments for operating expenses		(290,813)	(240,978)
Payments to contractors		(394,419)	(414,812)
Net cash (used in)/from operations		(12,069)	12,192
Net deposits paid		(4)	(753)
Interest paid		(43,458)	(68,698)
Tax paid		(10,475)	(18,104)
Interest received		8,013	10,751
Net cash outflow from operating activities		(57,993)	(64,612)
Investing activities			
Acquisition of subsidiaries		(1,700)	-
Purchase of property, plant and equipment		(11,695)	(19,268)
Additions of Service concession assets		(1)	(952)
Net advance to associate		(1)	(3)
Net advance to joint venture		105	1,649
Proceeds from disposal of property, plant and equipment		129	79
Net cash outflow from investing activities		(13,163)	(18,495)
Financing activities			
Proceeds from loans and borrowings		337,308	111,273
Repayment of loans and borrowings		(356,452)	(101,692)
Repayment of obligation under finance leases		(3,671)	(1,815)
Issuance of Redeemable Convertible Secured Sukuk Ijarah		144,137	-
Conversion of warrants 2013/2018		115	-
Dividend paid	A8	(20,455)	-
Net cash inflow from financing activities		100,982	7,766
Net increase/(decrease) in cash & cash equivalents		29,826	(75,341)
Effects of exchange rate on cash and cash equivalents		2,670	(460)
Cash and cash equivalents at beginning of financial year		449,239	422,004
Transfer from/(to) debt service reserve account		191,091	(5,437)
Cash and cash equivalents at end of financial period		672,826	340,766
Cash and cash equivalents comprise:			
Deposits with licensed banks		366,127	250,407
Cash and bank balances		306,699	90,359
		672,826	340,766

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

Puncak Niaga Holdings Berhad (416087-U)
Unaudited Third Quarterly Financial Statements Ended 30 September 2013

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting in Malaysia, IAS 34 : Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

A2. Significant Accounting Policies

(a) Adoption of Standards, Amendments and IC Interpretations

The Group adoption the following Standards, Amendments and IC Interpretations:

Description	Effective for annual periods beginning on or after	
MFRS 101	Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 July 2012
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
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	Consolidated and Separate Financial Statements	1 January 2013
MFRS 128	Investment in Associate and Joint Ventures	1 January 2013
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS10	Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS11	Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS12	Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 101:	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013

The adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

(i) MFRS 10 Consolidated Financial Statements and MFRS 11 Joint Arrangements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretations 112 Consolidation - Special Purpose Entities.

Under MFRS 10, an investor controls an investee when:-

- (a) the investor has power over an investee,
- (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group has applied MFRS 10 retrospectively in accordance with the transition provisions of MFRS 10.

As at to-date, the Group owns 70% of the voting rights of SYABAS and the remaining 30% voting rights are held by Kumpulan Darul Ehsan Berhad ("KDEB") and Kumpulan Perangsang Selangor Berhad ("KPS"). Pursuant to the Shareholders' Agreement dated 31 December 2004 between PNHB and KDEB and SYABAS and the Supplemental Shareholders' Agreement dated 20 February 2009 between PNHB and KDEB and SYABAS, despite the majority voting rights at SYABAS' Board Meeting, the Group does not have practical ability to unilaterally direct the relevant activities of SYABAS, whereby the decision over annual business plan and budget shall require in addition a vote in favour by at least 1 director of PNHB and 1 director of KDEB. The Board assessed that the Group does not have control over SYABAS but has joint control in SYABAS since the acquisition in 2005. Hence, SYABAS has been classified as a joint venture of the Group in accordance with MFRS 11.

The change in accounting of the Group's investment in SYABAS Group have been applied in accordance with the relevant transitional provisions as set in MFRS 10 as if the acquisitions of SYABAS had been accounted for in accordance with MFRS 128 at the date of acquisition.

The financial effects of deconsolidating and equity account for the results of SYABAS are summarised below.

Impact of the application of the above new standards on net assets and equity of the Group as at 1 January 2012 and 31 December 2012 :

	1.1.2012 as previously reported RM'000	MFRS 10 & 11 adjustments RM'000	1.1.2012 as restated RM'000
(i) Reconciliation as at 1 January 2012			
Assets			
<u>Non-current assets</u>			
Property, plant & equipment	452,829	(41,146)	411,683
Operating financial assets	6,585	889,831	896,416
Service concession assets	7,694,674	(7,630,862)	63,812
Investment in associates	44	-	44
Investment in joint venture	1,642	-	1,642
Debt service reserve account	306,892	(62,775)	244,117
Goodwill	210,879	(185,812)	25,067
Trade and other receivables	1,469,883	(454,848)	1,015,035
Deferred tax assets	425,211	(425,211)	-
	10,568,639	(7,910,823)	2,657,816
<u>Current assets</u>			
Inventories	9,484	(2,345)	7,139
Trade and other receivables	361,639	77,120	438,759
Financial receivables	-	123,501	123,501
Other current assets	88,760	(1,460)	87,300
Available-for-sales investments	9,409	(9,409)	-
Tax recoverable	639	-	639
Short term funds	36	-	36
Cash and bank balances	1,268,050	(846,082)	421,968
	1,738,017	(658,675)	1,079,342
Total assets	12,306,656	(8,569,498)	3,737,158

Equity and liabilities

	1.1.2012 as previously reported RM'000	MFRS 10 & 11 adjustments RM'000	1.1.2012 as restated RM'000
Equity attributable to equity owners of the parent			
Share capital	411,143	-	411,143
Reserves	(132,990)	1,055,267	922,277
Treasury shares	(5,941)	-	(5,941)
Shareholders' equity	272,212	1,055,267	1,327,479
Non-controlling interest	(576,404)	575,726	(678)
Total equity	(304,192)	1,630,993	1,326,801
Non-current liabilities			
Provision for retirement benefits	20,476	(18,401)	2,075
Loans and borrowings	5,040,961	(3,673,299)	1,367,662
Trade and other payables	1,205,761	(1,197,599)	8,162
Government grant	285,934	(285,934)	-
Service concession obligations	3,832,349	(3,832,349)	-
Deferred tax liabilities	-	261,404	261,404
	10,385,481	(8,746,178)	1,639,303
Current liabilities			
Provision for retirement benefits	2,284	(1,631)	653
Loans and borrowings	471,168	(990)	470,178
Trade & other payables	1,387,291	(1,119,257)	268,034
Other current liabilities	-	4,755	4,755
Service concession obligations	337,190	(337,190)	-
Tax payable	27,434	-	27,434
	2,225,367	(1,454,313)	771,054
Total liabilities	12,610,848	(10,200,491)	2,410,357
TOTAL EQUITY AND LIABILITIES	12,306,656	(8,569,498)	3,737,158

(ii) Reconciliation as at 31 December 2012
Assets
Non-current assets

	31.12.2012 as previously reported RM'000	MFRS 10 & 11 adjustments RM'000	31.12.2012 as restated RM'000
Property, plant & equipment	462,231	(42,432)	419,799
Operating financial assets	7,476	780,598	788,074
Service concession assets	7,686,187	(7,623,099)	63,088
RCULS	-	-	-
Investment in associates	45	-	45
Investment in joint venture	1,104	-	1,104
Debt service reserve account	255,823	(64,732)	191,091
Goodwill	210,820	(185,812)	25,008
Trade and other receivables	2,319,981	(960,879)	1,359,102
Deferred tax assets	425,928	(425,928)	-
	11,369,595	(8,522,284)	2,847,311

Current assets

Inventories	5,790	-	5,790
Trade and other receivables	365,765	159,667	525,432
Financial receivables	-	123,501	123,501
Other current assets	249,717	(4,255)	245,462
Available-for-sales investments	59,851	(9,190)	50,661
Tax recoverable	2	-	2
Cash and bank balances	1,383,741	(934,502)	449,239
	2,064,866	(664,779)	1,400,087
Total assets	13,434,461	(9,187,063)	4,247,398

Equity and liabilities

	31.12.2012 as previously reported RM'000	MFRS 10 & 11 adjustments RM'000	31.12.2012 as restated RM'000
Equity attributable to equity owners of the parent			
Share capital	411,143	-	411,143
Reserves	101,789	1,077,455	1,179,244
Treasury shares	(5,941)	-	(5,941)
Shareholders' equity	506,991	1,077,455	1,584,446
Non-controlling interest	(582,049)	580,480	(1,569)
Total equity	(75,058)	1,657,935	1,582,877
Non-current liabilities			
Provision for retirement benefits	25,171	(23,332)	1,839
Loans and borrowings	4,718,733	(3,410,516)	1,308,217
Trade and other payables	1,823,216	(1,816,686)	6,530
Government grant	308,510	(308,510)	-
Service concession obligations	3,676,661	(3,676,661)	-
Deferred tax liabilities	-	262,400	262,400
	10,552,291	(8,973,305)	1,578,986
Current liabilities			
Provision for retirement benefits	324	(20)	304
Loans and borrowings	937,055	(309,555)	627,500
Trade & other payables	1,560,003	(1,194,860)	365,143
Other current liabilities	141	2,166	2,307
Service concession obligations	369,424	(369,424)	-
Tax payable	90,281	-	90,281
	2,957,228	(1,871,693)	1,085,535
Total liabilities	13,509,519	(10,844,998)	2,664,521
TOTAL EQUITY AND LIABILITIES	13,434,461	(9,187,063)	4,247,398

Impact of the application of the above new standards on Statement of Profit or Loss of the Group for the period ended 30 September 2012:

	MFRS 10 & 11 adjustments RM'000
Decrease in revenue	(1,634,457)
Increase in other income	7,630
Decrease in operating costs	955,621
Decrease in construction contract expense	82,683
Decrease in depreciation and amortisation expenses	153,595
Decrease in finance costs	372,749
Decrease in taxation	31,555
Decrease in profit for the period	(30,624)
Decrease in profit for the period attributable to:	
Owners of the Company	(24,291)
Non-controlling interest	(6,333)
	(30,624)

Impact of the application of the above new standards on cash flow of the Group for the period ended 30 September 2012:

	MFRS 10 & 11 adjustments RM'000
Net cash outflow from operation	(247,714)
Net cash inflow from investing activities	105,800
Net cash outflow from financing activities	(57,264)
Net cash outflow	(199,178)

(b) Standards issued but not yet effective

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

Description		Effective for annual periods beginning on or after
Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014

A3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2012 was not qualified.

A4 Seasonal or cyclical factors

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

A5 Unusual items due to their nature, size or incidence

There was no item affecting the assets, liabilities, equity, net income or cash flows of the Group that is unusual because of their nature, size or incidence during the current financial quarter and financial year-to-date except as disclosed in Notes A2.

A6 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.

A7 Debt and equity securities

Other than as disclosed below, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current financial quarter and financial year-to-date.

(a) 5-year Redeemable Convertible Secured Sukuk Ijarah ("RCSSI")

The 5-year RCSSI issue has been completed with the issuance of RM165,000,000 in nominal value of the Convertible Sukuk Ijarah on 17 September 2013.

(b) Share Capital

During the period ended 30 September 2013, the issued and paid-up share capital of the Company increased from 411,142,895 ordinary shares of RM1.00 each to 411,257,985 ordinary shares of RM1.00 each by the of issuance of 115,090 new ordinary shares of RM1.00 each pursuant to the conversion of warrants.

A8 Dividend paid

A final single tier dividend of 5 sen per ordinary share, amounting to RM20,455,305 in respect of the financial year ended 31 December 2012 was paid by the Company to the entitled shareholders of the Company on 6 August 2013. (1.1.2012 to 30.9.2012 : Nil).

A9 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 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 30 September 2013							
Operating Revenue							
Sales to external customers	144,413	-	165,321	22,781	66	-	332,581
	144,413	-	165,321	22,781	66	-	332,581
Other income	53,887	5,172	255	-	(28)	(3,780)	55,506
	198,300	5,172	165,576	22,781	38	(3,780)	388,087
Operating expenses	(66,289)	(1,197)	(178,228)	(18,599)	(3,398)	227	(267,485)
Share of results of joint venture	-	-	-	-	(235)	-	(235)
Amortisation and depreciation	(3,992)	(101)	(1,969)	-	(66)	-	(6,128)
Segment results	128,019	3,874	(14,621)	4,182	(3,661)	(3,554)	114,239
Finance costs							(34,709)
Profit before tax							79,530
Results for 3 months ended 30 September 2012							
Operating Revenue							
Sales to external customers	140,216	-	277,251	53,924	76	-	471,467
	140,216	-	277,251	53,924	76	-	471,467
Other income	40,114	4,127	-	-	3	(1,399)	42,845
	180,330	4,127	277,251	53,924	79	(1,399)	514,312
Operating expenses	(76,307)	(460)	(262,047)	(56,863)	(2,090)	(261)	(398,028)
Share of results of associates	-	-	-	-	(4)	-	(4)
Share of results of joint venture	-	-	-	-	(66)	-	(66)
Amortisation and depreciation	(3,826)	(101)	(1,189)	-	(58)	-	(5,174)
Segment results	100,197	3,566	14,015	(2,939)	(2,139)	(1,660)	111,040
Finance costs							(31,092)
Profit before tax							79,948

	Water 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 9 months ended 30 September 2013							
Operating Revenue							
Sales to external customers	429,836	-	368,147	53,613	183	-	851,779
	429,836	-	368,147	53,613	183	-	851,779
Other income	147,854	14,629	(164)	-	47	(10,932)	151,434
	577,690	14,629	367,983	53,613	230	(10,932)	1,003,213
Operating expenses	(200,225)	(4,420)	(372,838)	(55,134)	(12,909)	672	(644,855)
Share of results of joint venture	-	-	-	-	(319)	-	(319)
Amortisation and depreciation	(11,704)	(302)	(5,723)	-	(177)	-	(17,906)
Segment results	365,761	9,907	(10,578)	(1,521)	(13,175)	(10,261)	340,133
Finance costs							(98,883)
Profit before tax							241,250
Results for 9 months ended 30 September 2012							
Operating Revenue							
Sales to external customers	418,616	-	564,004	145,707	247	-	1,128,574
	418,616	-	564,004	145,707	247	-	1,128,574
Other income	135,693	15,762	1	-	244	(10,034)	141,666
	554,309	15,762	564,005	145,707	491	(10,034)	1,270,240
Operating expenses	(232,925)	(2,192)	(504,951)	(129,766)	(12,213)	789	(881,258)
Share of results of associates	-	-	-	-	(1)	-	(1)
Share of results of joint venture	-	-	-	-	(116)	-	(116)
Amortisation and depreciation	(11,462)	(468)	(3,289)	-	(166)	-	(15,385)
Segment results	309,922	13,102	55,765	15,941	(12,005)	(9,245)	373,480
Finance costs							(100,150)
Profit before tax							273,330

b)	Water 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 30 September 2013							
Investment in associates	-	46	-	-	-	-	46
Segment assets	3,899,816	1,331,943	610,850	-	15,121	(1,192,093)	4,665,637
	3,899,816	1,331,989	610,850	-	15,121	(1,192,093)	4,665,683
Unallocated assets							7,465
Total assets							4,673,148
Segment liabilities	1,817,383	338,517	587,918	-	141,771	(380,719)	2,504,870
Unallocated liabilities							414,934
Total liabilities							2,919,804
Assets and Liabilities							
As at 30 September 2012							
Investment in associates	-	46	-	-	-	-	46
Segment assets	3,569,962	1,194,346	440,793	-	33,576	(1,172,796)	4,065,881
	3,569,962	1,194,392	440,793	-	33,576	(1,172,796)	4,065,927
Unallocated assets							2
Total assets							4,065,929
Segment liabilities	1,858,277	214,600	408,389	-	97,319	(387,110)	2,191,475
Unallocated liabilities							339,516
Total liabilities							2,530,991

A10 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.

A11 Impairment and remeasurement of financial instruments

The entire amount of long term receivables and borrowings due for more than one year had been reclassified to long term receivables and borrowings. The long term receivables is impaired and accreted at fair value as required by MFRS 139.

A12 Subsequent events

Subsequent to the current financial quarter:-

- (a) On 21 October 2013, PNHB's 70% owned subsidiary, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") had entered into two (2) Loan Facility Agreements and the ancillary agreements, namely, the Deed of Assignments and Debentures with the Government of Malaysia in relation to the government loans amounting to RM75.0 million and RM76.0 million each from the Federal Government ("Government Loans"), for which the Federal Government is represented by the Ministry of Finance, Malaysia.
- (b) The IMOU between the Company's wholly owned subsidiary, Puncak Research Centre Sdn Bhd ("PRC") and K-Water Institute ("KWI") in respect of the establishment of mutual educational, training and research interests on water, wastewater and environmental management and technology through related activities and initiatives in these aspects had lapsed on 26 October 2013.
- (c) The Company had on 11 May 2012 entered into a MoU with the Government of Malaysia, represented by Politeknik Sultan Idris Shah ("PSIS") (collectively referred to as "the Parties") to co-operate and collaborate in the areas of technical education and training. The MoU promotes cooperation and collaboration in the areas of technical education and training between Puncak and a leading local polytechnic, PSIS on the basis of reciprocity and mutual benefit for both Parties and will help in developing the country's water and wastewater industry which is synergistic to Puncak Group's business. The collaboration between the Company and PSIS under the MOU is currently ongoing on 8 November 2013.
- (d) The Memorandum of Understanding ("MoU") between SYABAS and the National Institute Of Occupational Safety And Health ("NIOSH"), to develop a comprehensive safety training and assessment programme, namely the Occupational Safety and Health – SYABAS NIOSH Safety Card ("OSH - SNSC") training for SYABAS' Contractors' Workers, leading to the award of SYABAS NIOSH Safety Card for SYABAS' Contractors' Workers is currently ongoing as at 21 November 2013.
- (e) On 21 November 2013, the Company had received two (2) hand-delivered letters at 5.00 pm from Kumpulan Darul Ehsan Berhad ("KDEB") for the following :
 - (i) Indicative terms and conditions for proposed purchase of 100% equity in Puncak Niaga (M) Sdn Bhd ("PNSB");
 - (ii) Indicative terms and conditions for proposed purchase of 70% equity in SYABAS and other than equity already owned by KDEB.

Set out below are the indicative terms and conditions for the Proposed Purchase of PNSB and Proposed Purchase of SYABAS as stipulated in KDEB's letters dated 21 November 2013:-

(a) Valuation Principles

The values of the equity in PNSB and SYABAS have been derived based on the following principles:

- i) The value of equity in PNSB and SYABAS including a return on equity of 12% per annum.
- ii) The water assets of PNSB and the water assets of SYABAS to be acquired by Pengurusan Aset Air Berhad ("PAAB") concurrently with the acquisition of the equity by KDEB.
- iii) Equity includes all forms of investments and contributions by the shareholders (e.g ordinary or preference shares, advances and, where applicable, debt-equity instruments are also taken into account).
- iv) Return on equity is calculated at 12% per annum up to 31 December 2012 (with no compounding) with deductions for any historical dividend payouts.

- v) Liabilities to be assumed are all outstanding water-related debts owed by PNSB and SYABAS, which include:
- Bonds acquired by Acqua SPV Berhad (“Acqua SPV”) or remaining in the capital markets;
 - Commercial loans, if applicable; and
 - Government loans; if applicable.

(b) Payment Consideration

Premised on the above principles, the consideration for the Proposed Purchase are as follows:

i)	<u>For PNSB</u>	RM million
	Equity contribution plus return on equity at 12% per annum	1,117.5
	Water Assets - to be acquired by PAAB	<u>1,359.5</u>
	Total Value of PNSB Equity ^{Note 1}	<u><u>2,477.0</u></u>

Note 1 : The Total Value of PNSB equity may be revised following the due diligence inquiry to be undertaken.

Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in section 1.a. (iii) and (iv) above, on the understanding that the remaining value will be satisfied via assumption by PAAB of liabilities of PNSB Equity.

The payment ascribed to the equity contribution refer to in the paragraph above shall, subject to such adjustments as are provided for therein, be notified by KDEB to the Shareholder and paid to the Shareholder after the conditions set out in section (c) below have been fulfilled or (to the extent permitted by law waived by KDEB).

ii)	<u>For SYABAS</u>	RM million
	Equity contribution plus return on equity at 12% per annum	437.8
	Water Assets - to be acquired by PAAB	<u>2,679.2</u>
	Total Value of SYABAS Equity ^{Note 1}	<u><u>3,117.0</u></u>

Note 1 : The Total Value of SYABAS equity may be revised following the due diligence inquiry to be undertaken.

Payment shall be in cash in respect of the portion ascribed to the equity contribution, as detailed in section 1.a. (iii) and (iv) above, on the understanding that the remaining value will be satisfied via assumption by PAAB of liabilities of SYABAS.

The payment ascribed to the equity contribution refer to in the paragraph above shall, subject to such adjustments as are provided for therein, be notified by KDEB to the Shareholder and paid to the Shareholder after the conditions set out in section (c) below have been fulfilled or (to the extent permitted by law waived by KDEB).

(c) Conditions of the Proposed Purchase of PNSB and Proposed Purchase of SYABAS

The Proposed Purchase of PNSB and Proposed Purchase of SYABAS are conditional upon the following:

- i) Acceptance of the offer by KDEB for the acquisition of the equity interest of the other Selangor Water Companies (i.e. Titisian Model Sdn Bhd, the holding company for Konsortium ABASS Sdn Bhd and Syarikat Pengeluar Air Selangor Holdings Berhad, the holding company for Syarikat Pengeluar Air Sungai Selangor Sdn Bhd by all those respective shareholders to whom such proposals are made by 5.00 p.m. (Malaysian time) on or before 4 December 2013;
- ii) Completion of a due diligence inquiry to be undertaken on PNSB and SYABAS commencing seven (7) days from date of acceptance of this offer and the results of such due diligence inquiry being satisfactory to KDEB;
- iii) All corporate approvals required by Puncak including, if applicable, the approval of minority shareholders of the company at a general meeting of shareholders to be convened;
- iv) Approval and consent of the Federal Government and all related agencies e.g. the Ministry of Energy, Green Energy and Water (“KeTTha”), the Economic Planning Unit and/or the Public Private Partnership Unit (“UKAS”) etc;
- v) Approval and consent of the Selangor State Government and all related agencies e.g. Selangor Economic Planning Unit (“UPEN”) etc;
- vi) Approval of the National Water Services Commission (“SPAN”), the Securities Commission (“SC”), Bursa Malaysia, if applicable;
- vii) Approval of Acqua SPV and other lenders of PNSB and SYABAS, where applicable;
- viii) The approval of any other authorities or parties, if required;

The Board and Management of the Company will review the respective offers from KDEB before reverting to KDEB within the deadline of 4 December 2013 as stipulated in KDEB's letter dated 21 November 2013.

- (f) The collaboration between SYABAS and the 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 is currently ongoing as at 26 November 2013.

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. However, there are material litigations as disclosed in Note B10 below.

A13 Changes in the composition of the Group

- a) On 21 January 2013, POG had incorporated a wholly owned limited company in The Republic of the Union of Myanmar, namely GOM Resources Limited ("GOL").

GOL was incorporated to facilitate the Group to undertake the business of transportation and installation of pipelines and other services of the onshore and offshore operations of the oil and gas industry including submarine pipelines installations, underwater diving and remotely operated vehicle services, marine support vessel services, petrochemicals and engineering services and logistic services in Myanmar.

The permanent Form of Permit is valid from 9 January 2013 to 8 January 2018.

- b) The 98.65% owned subsidiary in Singapore, Sino Water Pte Ltd had invested an additional USD920,000 in Xinnuo, a wholly owned subsidiary incorporated in Yangxin County, Shandong Province in the People's Republic of China.

As at 30 September 2013, the paid up registered capital of Xinnuo stood at USD4,700,000.

- c) As disclosed in Note A2 (a)(i), pursuant to the Shareholders' Agreement and Supplemental Shareholders' Agreement, despite the majority voting rights at SYABAS' Board Meeting, the Group does not have practical ability to unilaterally direct the relevant activities of SYABAS, whereby the decision over annual business plan and budget shall require in addition a vote in favour by at least 1 director of PNHB and 1 director of KDEB. With the adoption of MFRS 10 : Consolidated Financial Statements although the Group owns 70% of the voting rights of SYABAS, the Board assessed that the Group does not have control over SYABAS since the acquisition in 2005. Therefore, in accordance with the requirements of MFRS 10, SYABAS is now classified as a joint venture of PNHB instead of a subsidiary since 2005.
- d) On 23 August 2013, PNHB acquired a shelf company, Murni Estate Sdn Bhd ("Murni Estate"), comprising two (2) ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Murni Estate at a total cash consideration of Ringgit Malaysia Two (RM2.00) only, thereby making Murni Estate a wholly-owned subsidiary of PNHB.
- e) On 23 August 2013, PNHB entered into a Sale and Purchase Agreement for the acquisition of 100% equity interest in Lambang Sejagat Sdn Bhd ("Lambang Sejagat") represented by 750,002 ordinary shares of RM1.00 each in Lambang Sejagat for a cash consideration of RM1.7 million based on willing buyer willing seller basis, thereby making Lambang Sejagat a wholly-owned subsidiary of PNHB.
- f) PNHB's subsidiary, Sino Water Pte Ltd ("Sino Water") had on 6 September 2013 entered into an Equity Transfer Agreement ("ETA") with Luancheng County Water Supply Station ("LCWSS" or "the Purchaser") for the disposal of 83.99% equity interest in Luancheng Dayu Water Supply Co. Ltd ("Luancheng Co Ltd") at a cash consideration of RMB200,000.

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.

A14 Contingent liabilities and contingent assets

There were no material changes in the contingent liabilities of the Company as at 30 September 2013 except for the following:

	As at 30.09.2013 RM'000
Trade and performance guarantees extended to third parties	92,514
	<hr/> 92,514 <hr/>

a) Tax liability - GOM

POG completed the acquisition of the 100% equity interest in GOM Resources Sdn Bhd ("GOM Resources") on 28 September 2011 from the previous shareholders, Global International Vessels, Ltd ("GIVL") and Global Asia Pacific Industries Sdn Bhd ("GAPI"). The parent company of GIVL and GAPI, namely Global Industries Ltd ("GIL") has since been taken over by a French based company, Technip International Group ("Technip") in Dec 2011.

Since October 2010, Inland Revenue Board ("IRB") had initiated a tax investigation on GOM Resources' past years' tax submissions. The years of assessment under investigation are 2003 to 2009, which are prior to the acquisition of GOM Resources by POG. IRB's tax investigation is in respect of the following matters:

- i. Withholding tax on payment of vessel charter fee for years 2003 to 2009 paid directly to GIL instead of Global Industries Offshore Labuan Ltd ("GIOLL").
- ii. Tax deductibility on management fees paid to Global Industries Offshore Thailand ("GIOT") and GIL from years 2003 to 2009.

GOM Resources had furnished the relevant information and documents to the IRB with the assistance of Technip. Further information and documents were submitted to IRB and several meetings were held to facilitate the ongoing tax investigation with IRB. The tax investigation is still ongoing.

Pending the completion of the tax investigation process, the probable outcome is unknown at this point in time.

b) Tax penalty - PNSB

In the previous financial year, PNSB had recognised all the invoices issued to SYABAS in its income statement for the supply of treated water as revenue. The full amount had been recognized in its tax submission as gross income and therefore subjected to tax. PNSB did not make any provision for doubtful debts on the uncollectible amount due from SYABAS. Hence, PNSB did not claim any deductions in respect of the portion of invoices not collectible from SYABAS as at end of the respective basis periods. However, PNSB had fully provided for the YA2012 tax payable in year 2012.

Subsequently, PNSB had appealed to the Inland Revenue Board of Malaysia ("IRB") to revise the tax computations for YA2009 and YA2010 to take into account the following tax adjustments:

- i. To claim a deduction under Section 34(2) of the Income Tax Act 1967 ("the Act") in respect of the amount owing from SYABAS for treated water supplied which was not collectible as at end of the basis period for YA2009 and YA2010 respectively; and
- ii. To include as gross income and subject to tax on the bad/doubtful debts claimed as tax deduction under item (i) above which was recovered from SYABAS in the subsequent years of assessment pursuant to Section 30(1) of the Act, i.e. when the payment is received from SYABAS, it will become taxable.

PNSB had filed in the tax submission based on the full revenue approach for YA2011 and at the same time, filed in an appeal via Form Q to IRB to revise the tax computation for YA2011 based on the same tax adjustments as mentioned above. PNSB had fully paid all the tax installments for YA2009, YA2010 and YA2011 and is appealing for tax refund from IRB.

IRB had replied to PNSB's petition of appeal on 5 August 2013 wherein IRB had requested PNSB to prove that the amount owing by SYABAS is bad debts pursuant to Section 34 (2) of the Act. PNSB's tax solicitors had replied to IRB and the matter is now awaiting for a case management date.

For YA2012, PNSB had submitted a RM NIL tax payable for the year based on the same approach as YA2011 tax appeal. The tax submission had claimed a tax deduction on the uncollectible portion of the revenue from SYABAS during the year.

In the event that IRB does not grant approval to PNSB to claim a deduction under Section 34(2) of the Act in respect of amount owing from SYABAS for treated water supplied, PNSB will be exposed to a potential tax penalty under Section 107C(10) of the Act for YA2012. PNSB had expressed its awareness on the matter and the final outcome will be based on IRB's decision on the matter.

As at the reporting date, there is a potential tax penalty, pending the outcome of PNSB's appeal to IRB.

No contingent assets had arisen since 31 December 2012.

A15 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	9 months ended	Period
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Service concession revenue	144,413	140,219	429,836	418,621
Oil and gas revenue	165,321	277,251	368,147	564,004
Construction revenue	22,781	53,924	53,613	145,708
Others	66	73	183	241
	332,581	471,467	851,779	1,128,574

b) Trade receivables

Included in trade receivables is an amount of RM1,918.8 million (2012 : RM1,621.3 million) owing by SYABAS for the supply of bulk quantity of treated water supplied. 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 RM1,054.2 million being compensation from 1 January 2009 to 31 March 2011 as disclosed in Note B10 (e) and (f). Total water tariff compensation claims submitted to the Selangor State Government up to the period ended 30 September 2013 is RM3,235.8 million. As the legal proceedings between SYABAS and the Selangor State Government is still on-going, SYABAS is only paying proportionately to all the water treatment operators, including PNSB for the outstanding amount.

c) Commitments

	As at 30.09.2013 RM'000
Capital expenditures:	
Contracts approved and contracted for	<u>35,336</u>

d) Acquisition and disposal of property, plant and equipment

	9 months ended 30.09.2013		
	At cost	Accumulated	Net Book
	RM'000	Depreciation	Value
	RM'000	RM'000	RM'000
Acquisition at cost	11,822	1,347	10,475
Disposal at cost	(1,084)	(684)	(400)

A16 Investment in joint venture

The summarised financial information of SYABAS is set out below. The summarised information represents the amounts in the MFRS financial statements of the joint venture and not the Group's share of those amounts.

(i) Summarised statements of financial position	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Service concession assets	7,610,377	7,605,646
Trade and other receivables (Note ii)	2,948,660	2,151,214
Other non-current assets	817,286	770,907
Total non-current assets	<u>11,376,323</u>	<u>10,527,767</u>
Cash and cash equivalents	1,020,731	934,236
Other current assets	343,194	306,083
Total current assets	<u>1,363,925</u>	<u>1,240,319</u>
Total assets	<u>12,740,248</u>	<u>11,768,086</u>
Current liabilities		
Trade and other payables and provisions	2,379,495	1,481,117
Loans and borrowings	309,451	309,555
Other current liabilities	495,892	492,925
Total current liabilities	<u>3,184,838</u>	<u>2,283,597</u>
Non-current liabilities		
Trade and other payables and provisions	3,322,640	3,083,242
Loans and borrowings	3,622,819	3,579,416
Other non-current liabilities	4,530,397	4,729,050
Total non-current liabilities	<u>11,475,856</u>	<u>11,391,708</u>
Total liabilities	<u>14,660,694</u>	<u>13,675,305</u>
Net liabilities	<u>(1,920,446)</u>	<u>(1,907,219)</u>

(ii) Summarised statements of Comprehensive Income

	9 months ended	
	30.09.2013	30.09.2012
	RM'000	RM'000
Revenue (Note i)	2,175,428	2,052,171
Depreciation and amortisation expenses	(169,365)	(153,595)
Interest income	25,996	23,344
Finance costs	(567,311)	(498,831)
(Loss)/Profit before tax	(9,539)	53,135
Taxation	(1,510)	(31,555)
(Loss)/Profit net of tax	(11,049)	21,580
Other comprehensive expense	(2,079)	(471)
Total comprehensive income	(13,128)	21,109

Notes

- (i) Included in SYABAS revenue is an amount of RM792.1 million being water tariff compensation for the current financial year-to-date (2012 : RM770.3 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 SYABAS long-term trade receivables as at 30 September 2013.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of performance**

For the current financial quarter, the Group registered lower revenue of RM332.6 million compared to RM471.5 million reported in the preceding year's corresponding financial quarter, representing a decrease of RM138.9 million or 29.5%.

For the current financial year-to-date, the Group registered lower revenue of RM851.8 million compared to RM1,128.6 million reported in the preceding year's corresponding period, representing a decrease of RM276.8 million or 24.5%.

The decrease in revenue in the current financial quarter and financial year-to-date is mainly due to lower revenue contribution from the oil and gas segment and construction segment.

The Group reported a lower profit before tax ("PBT") of RM79.5 million and RM241.3 million for the current financial quarter and financial year-to-date compared to RM79.9 million and RM273.3 million recorded in the preceding year's corresponding quarter and financial year-to-date, representing a decrease of RM0.4 million or 0.5% and RM32.0 million or 11.7% respectively. The lower PBT reported in the current financial quarter and financial year-to-date was mainly due to lower revenue contribution from the oil and gas segment and construction segment.

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

(a) Water :

The Water Treatment segment reported a higher PBIT of RM128.0 million and RM365.8 million in the current financial quarter and financial year-to-date compared to RM100.2 million and RM309.9 million in the preceding year's corresponding financial quarter and financial year-to-date representing an increase of RM27.8 million or 27.7% and RM55.9 million or 18.0% respectively. The higher PBIT in the current financial quarter and financial year-to-date was mainly due to higher revenue and lower operating expenses.

(b) Oil and Gas :

For the current financial quarter and financial year-to-date, the Oil and Gas Division reported a segment LBIT of RM14.6 million and RM10.6 million compared to a segment PBIT of RM14.0 million and RM55.8 million reported in the preceding year's corresponding financial quarter and financial year-to-date, representing a decrease of RM28.6 million or 204.3% and RM66.4 million or 119.0% respectively. Segment LBIT reported for the current financial quarter and financial year-to-date was mainly due to lower profit contribution from GOM Resources as a result of Petronas deferring several works to next year and higher operating cost. During this financial period, the oil and gas segment incurred higher overheads to prepare for its expansion programme into other disciplines within the sector.

(c) Construction :

The Construction Division reported a segment PBIT of RM4.2 million in the current financial quarter as compared to a segment LBIT RM2.9 million in the preceding year's corresponding financial quarter, representing an increase of RM7.1 million or 244.8%. For the current financial year-to-date, the Construction reported a segment LBIT of RM1.5 million compared to a segment PBIT of RM 15.9 million in the preceding year's corresponding financial year-to-date, representing a decrease of RM17.4 million or 109.4%. The segment LBIT reported in the current financial year-to-date 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 PBT of RM79.5 million for the current financial quarter compared to RM82.9 million registered in the immediate preceding financial quarter, representing a decrease of RM3.4 million or 4.1%. Lower PBT reported in the current financial quarter was mainly due to higher operating cost.

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.

The Group will continuously pursue opportunities in oil and gas sector in accordance with its vision to become a significant player in the sector. Looking ahead, the Group is optimistic in its quest to achieve sustainable long-term growth.

B4 Variances from profit forecast and profit guarantee

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

B5 Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
In respect of current year:-				
- income tax	(315)	(3,388)	4,516	(11,648)
- foreign income tax	(32)	-	(86)	(33)
- deferred tax	(22,587)	(566)	(67,502)	(54,706)
	(22,934)	(3,954)	(63,072)	(66,387)
In respect of prior year:-				
- (under)/over provision of income tax	(831)	-	(831)	(10)
	(23,765)	(3,954)	(63,903)	(66,397)

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 period ended 30 September 2013 was higher than the Malaysian statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

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.

B7 Service concession assets

Included in the service concession assets are the upgrade and rehabilitation of concession assets less amortisation.

B8 Loans and borrowings

Details of the Group's borrowings and debt securities as at 30 September 2013 are as follows:-

	Current RM'000	Non-current RM'000
Secured		
Bai' Bithaman Ajil Bonds	-	1,016,446
Government Support Loan	7,667	24,410
USD36 million term loan	59,843	65,190
Redeemable Convertible Secured Sukuk Ijarah	-	135,422
Obligation Under Finance Leases	4,697	8,715
Revolving Credit Facility	55,278	-
	<hr/>	<hr/>
	127,485	1,250,183
Unsecured		
Redeemable Unsecured Bonds	-	465,047
Redeemable Unconvertible Junior Notes	-	209,237
Lushan MOF Novated World Bank Loan	2,112	8,701
	<hr/>	<hr/>
	129,597	1,933,168

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 USD30.0 million respectively.

B9 Off balance sheet financial instruments

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

B10 Material litigation**a) Kris Heavy Engineering & Construction Sdn Bhd ("KHEC")****1) The First Arbitration Proceedings**

KHEC, a sub-contractor for the Chennai Water Supply Augmentation Project 1 - Package III ("Chennai Project"), has initially referred certain disputed claims totalling Rs8,44,26,981 (equivalent to approximately RM6.75 million) against PNHB-LANCO-KHEC JV ("the Consortium"), a jointly controlled entity in India of the Company.

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

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

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

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

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

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

The continued hearing date for the First Arbitration Proceedings were fixed on 31 August 2013, 28 September 2013 and 29 September 2013, 9 November 2013 and 10 November 2013.

At the hearing held on 10 November 2013, the Arbitration Panel has tentatively fixed the continued hearing of the First Arbitration Proceedings on 4 January 2014 and 5 January 2014.

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.

On 1 April 2013, PNHB-Lanco members of the Consortium received the Arbitrator's Final Award dated 29 March 2013 wherein the PNHB-Lanco members of the Consortium are to pay interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs14,62,503 (approximately RM83,627.38) only to the claimant, KHEC Heavy Engineering and Construction Sdn Bhd on or before 30 April 2013 and all other claims by the claimant were rejected.

PNHB-Lanco member of consortium has on 27 April 2013 complied with the Final Award of the Arbitration dated 29 March 2013 by paying the interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs.14,62,503 to KHEC.

KHEC had informed the Company of its intention to challenge the Final Award of the Arbitrator dated 29 March 2013. However, as of to-date, no documents have been served by KHEC on the PNHB-LANCO members of the Consortium.

The claimant, KHEC Heavy Engineering & Construction Sdn Bhd had on 4 November 2013 served the PNHB-LANCO members of the Consortium with a copy of the Petition filed at the Madras High Court to appeal against the decision of the Arbitrator dated 29 March 2013. The Madras High Court has fixed the Petition for hearing on 2 December 2013.

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

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

Both PUAS 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 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 and/or SYABAS whether by themselves, their agents, servants, directors, contractors, nominees and/or all related parties to PUAS 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 and/or SYABAS whether by themselves, their agents, servants, directors, contractors, nominees and/or all related parties to PUAS 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 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 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 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 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.

The Court of Appeal had on 22 May 2013 adjourned the hearing on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd against the decision of the Kuala Lumpur High Court dated 5 October 2011 which had dismissed JAKS-KDEB's claim against SYABAS and the other two Defendants, to a date which will be fixed later by the Court of Appeal.

The Court of Appeal had fixed the hearing on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd against the decision of the Kuala Lumpur High Court dated 5 October 2011 (which had dismissed JAKS-KDEB's claim against SYABAS and the other two Defendants) on 28 August 2013.

At the hearing held on 28 August 2013, the Court of Appeal had fixed the matter for case management on 5 September 2013 to allow the court to fix another hearing date.

At the case management held on 5 September 2013, the Court of Appeal had fixed the hearing on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd against the decision of the Kuala Lumpur High Court dated 5 October 2011 (which had dismissed JAKS-KDEB's claim against SYABAS and the other two Defendants) on 14 November 2013.

At the hearing held on 14 November 2013 on the Appeal filed by JAKS-KDEB Consortium Sdn Bhd against the decision of the Kuala Lumpur High Court dated 5 October 2011 (which had dismissed JAKS-KDEB's claim against SYABAS and the other two Defendants), the Court of Appeal had unanimously dismissed JAKS-KDEB Consortium Sdn Bhd's appeal with costs of RM40,000 awarded to SYABAS and PUAS and RM15,000 awarded to Kerajaan Negeri Selangor.

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) PNSB 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 had, 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.

On 19 March 2013, the parties reached an amicable settlement in respect of the Final Award dated 31 January 2013. The full and final settlement sum of Ringgit Malaysia Ten Million One Hundred And One Thousand And Ninety Five And Sen Forty Three (RM10,101,095.43) only made by PNSB mutually releases and discharges the parties from all obligations and liabilities (including any claims as to interest and costs) arising under and/or in connection with the said Final Award.

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

Kuala Lumpur High Court Civil Suit No. D-22ND -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 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 was 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 Summons 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' 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 2012, 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; and
- 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 case management on 8 May 2012 and thereafter further case management on 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.

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.

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 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.

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

At the case management held on 28 February 2013, the Kuala Lumpur High Court has maintained the 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, as previously announced.

The High Court had via a letter dated 8 April 2013 vacated the 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, as announced previously and has now rescheduled the Trial to 2 September 2013, 3 September 2013, 4 September 2013, 5 September 2013, 9 September 2013, 10 September 2013 and 11 September 2013 accordingly.

On 20 August 2013, the Defendant had filed an application to amend the Statement of Defence at the Kuala Lumpur High Court. The application has been fixed for Hearing on 23 August 2013.

At the Hearing held on 23 August 2013, the Kuala Lumpur High Court had allowed the Defendant's application to amend the Statement of Defence. The Kuala Lumpur High Court further directed the Defendant to file the Amended Statement of Defence by 26 August 2013 and the Plaintiff to file the Amended Reply by 29 August 2013.

The Kuala Lumpur High Court has maintained the Trial dates on 2 September 2013, 3 September 2013, 4 September 2013, 5 September 2013, 9 September 2013, 10 September 2013 and 11 September 2013, as previously announced.

The Trial for the above matter proceeded on 2 September 2013, 3 September 2013 and 4 September 2013. On 2 September 2013, the Selangor State Government's solicitors had served a subpoena on SYABAS' Chief Executive Officer. On 4 September 2013, the Plaintiff filed an application to set aside the subpoena. Further, the Defendant also filed an application to re-amend its Statement of Defence. The Kuala Lumpur High Court has fixed both applications ("Applications") for Hearing on 11 September 2013.

The Kuala Lumpur High Court had vacated the Trial dates on 5 September 2013, 9 September 2013, 10 September 2013 and 11 September 2013, as previously announced, pending the disposal of the Applications.

On 11 September 2013, the Hearing of the Selangor State of Government's application to re-amend their Statement of Defence and SYABAS' application to set aside the subpoena served on SYABAS' Chief Executive Officer has been adjourned to 19 September 2013 to enable the parties to file the necessary Affidavits.

The matter on the Selangor State Government's application to re-amend their Statement of Defence came up for Hearing on 19 September 2013. Upon submissions from both Counsels, the Kuala Lumpur High Court has reserved the matter for decision and once the date for the decision is fixed, the Kuala Lumpur High Court will also hear SYABAS' application to set aside the subpoena served on SYABAS' Chief Executive Officer on 2 September 2013. The Kuala Lumpur High Court further fixed 6 November 2013, 7 November 2013 and 8 November 2013 for continued Trial.

On 1 October 2013, the Kuala Lumpur High Court has fixed the Selangor State Government's application to re-amend its Statement of Defence for decision on 3 October 2013. As announced previously, the Kuala Lumpur High Court will also hear SYABAS' application to set aside the subpoena served on SYABAS' Chief Executive Officer on 2 September 2013 once the date for decision is fixed.

The dates fixed by the Kuala Lumpur High Court for continued Trial on 6 November 2013, 7 November 2013 and 8 November 2013 as previously announced remain unchanged.

The Kuala Lumpur High Court had on 3 October 2013 allowed the Selangor State Government's application to re-amend the Statement of Defence with costs to SYABAS. The Kuala Lumpur High Court has directed the Selangor State Government to deliver the re-amended Statement of Defence on or before 8 October 2013, and SYABAS thereafter to deliver its re-amended reply on or before 11 October 2013, with the reservation to SYABAS to apply to amend the writ and re-amend its statement of claim.

The hearing on the Plaintiff's application to amend the Writ of Summons and re-amend the Statement of Claim to add CIMB Investment Bank Berhad as Co-Plaintiff on 6 November 2013 has been adjourned to 10 December 2013 pending filing of the necessary Affidavits by the Parties. The Plaintiff's application to set aside the subpoena served on the Chief Executive Officer of the Plaintiff as well as the hearing of the Defendant's application for the Plaintiff to produce documents are also fixed on the same date. The trial dates of 6, 7 and 8 November 2013 has been vacated by the Court pending the disposal of the above applications.

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.

The High Court had on 12 March 2013 adjourned the hearing for SYABAS' application to strike out the Plaintiff's claim to 20 March 2013 to enable the parties to prepare their submissions in reply and had also fixed 20 March 2013 for the following:-

- i) case management for the Plaintiff's application for Interim Payment; and
- ii) case management of the main action.

In relation to SYABAS' application for leave to appeal to the Federal Court against the decision made by the Court of Appeal dated 21 January 2013 whereby, the Court of Appeal had dismissed SYABAS' appeal against the decision of the Kuala Lumpur High Court on 31 July 2012 in allowing the Third Party's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the Third Party, the Federal Court had via a letter dated 14 March 2013 fixed the matter for case management on 27 March 2013.

The High Court on 20 March 2013 was fixed for the following:-

- i) hearing of SYABAS' application to strike out the Plaintiff's claim;
- ii) the Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS Defence and counterclaim;
- iii) case management of the main action; and
- iv) case management on the Plaintiff's application for Interim Payment.

The High Court had adjourned the proceedings to 29 March 2013 for case management to enable the parties to exhaust their affidavits and to revert to the High Court if the parties are proceeding with the applications. This is pursuant to the Plaintiff serving their application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS Defence and counterclaim on 19 March 2013 following which SYABAS had on 20 March 2013 filed their affidavit in reply.

At the case management held on 27 March 2013, the Federal Court had fixed 28 August 2013 for hearing of SYABAS' motion for leave to appeal against the decision of the Court of Appeal dated 21 January 2013.

At the case management held on 29 March 2013, the parties informed the High Court that they are proceeding with SYABAS' application to strike out the Plaintiff's claim and the Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS' Defence and Counterclaim.

The High Court has now fixed the case management for both the applications on 17 April 2013. As the Trial has been fixed on 22 April 2013, 23 April 2013 and 24 April 2013, the High Court fixed case management for the Trial on 8 April 2013 and 17 April 2013.

At the case management held on 8 April 2013, the High Court had fixed SYABAS' application to strike out the Plaintiff's claim and the Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out the Plaintiff's claim and SYABAS' Defence and Counterclaim for hearing on 24 April 2013. The High Court maintained the case management for both the applications on 17 April 2013, as previously announced.

The High Court vacated the case management for Trial on 17 April 2013 and the Trial dates fixed on 22 April 2013, 23 April 2013 and 24 April 2013 pending the disposal of SYABAS' application for leave to appeal at the Federal Court which has been fixed for hearing on 28 August 2013 and further fixed the case management for Trial on 4 September 2013.

At the case management held on 17 April 2013, the High Court had vacated the hearing fixed on 24 April 2013 in respect of the following:

- i) SYABAS' application to strike out the Plaintiff's Writ of Summons & Statement of Claim dated 28 March 2011 filed based on the assignment given by the Plaintiff to the Security Agent vide Deed of Assignment dated 23 August 2012 whereby the Plaintiff has absolutely and irrevocably assigned its right to receive payments from the Defendant to the Security Agent; and
- ii) the Plaintiff's application to stay proceedings and to strike out SYABAS' application to strike out Plaintiff's claim and SYABAS' Defence and Counterclaim pursuant to the Plaintiff's contention that SYABAS has similarly executed an assignment of its legal rights, title, benefits and interest of its assigned properties to SYABAS' Security Agent.

The High Court had further fixed the case management on the abovementioned applications on 4 September 2013 pending the disposal of SYABAS' application for leave to appeal at the Federal Court against the decision made by the Court of Appeal dated 21 January 2013, whereby the Court of Appeal had dismissed SYABAS' appeal against the decision of the High Court on 31 July 2012 in allowing 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 28 August 2013, the Federal Court had allowed SYABAS' motion for leave to appeal against the decision of the Court of Appeal dated 21 January 2013 with costs to follow the event of the appeal.

The Court of Appeal had previously dismissed SYABAS' appeal against the decision of the Kuala Lumpur High Court on 31 July 2012 in allowing the State Government of Selangor's application to set aside the Third Party Notice and Statement of Claim filed by SYABAS against the State Government of Selangor.

At the case management held on 4 September 2013, the Kuala Lumpur High Court had fixed the matter for further case management on 28 November 2013.

The Federal Court vide a letter dated 25 October 2013 has fixed 14 November 2013 for Case Management of the appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013.

At the case management held on 14 November 2013, the Federal Court had fixed 13 January 2014 as the next case management date for the Appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013.

At the case management held on 28 November 2013, the Kuala Lumpur High Court had fixed the matter for further case management on 27 January 2014, pending the disposal of the Appeal filed by SYABAS against the decision of the Court of Appeal dated 21 January 2013.

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 30 October 2012, in addition to the Defence which was filed by the Defendant on 17 October 2012 as previously announced, the Defendant's Amended Defence dated 25 October 2012 had been served on the Plaintiff's solicitors on 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.

PNSB had filed an application for discovery of document against SYABAS and the matter is fixed for case management on 27 May 2013.

At the case management held on 27 May 2013, the High Court had fixed the hearing for PNSB's application for discovery of documents against SYABAS on 20 June 2013.

At the hearing held on 20 June 2013, the Kuala Lumpur High Court had fixed PNSB's application for discovery of documents against SYABAS for decision on 25 June 2013.

At the decision held on 25 June 2013, the Kuala Lumpur High Court had dismissed PNSB's application for discovery of documents against SYABAS with costs payable by PNSB to SYABAS.

At the case management held on 8 July 2013, the Kuala Lumpur High Court had directed the parties to file their respective witness statements on 10 July 2013.

On 15 July 2013, the Kuala Lumpur High Court had vacated the trial dates fixed on 15 July 2013, 16 July 2013, 17 July 2013 and 18 July 2013, and rescheduled the trial to 11 November 2013, 12 November 2013, 13 November 2013 and 14 November 2013. The Kuala Lumpur High Court had also fixed the matter for case management on 17 September 2013.

On 15 July 2013, PNSB had filed an appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 25 June 2013 dismissing PNSB's application for discovery of documents against SYABAS.

On 16 July 2013, PNSB's appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 25 June 2013 dismissing PNSB's application for discovery of documents against SYABAS, has been fixed for case management on 20 August 2013.

On 29 July 2013, the Kuala Lumpur High Court had vacated the trial dates fixed on 11 November 2013, 12 November 2013, 13 November 2013 and 14 November 2013, and rescheduled the trial to 25 November 2013, 26 November 2013, 27 November 2013 and 28 November 2013. The case management fixed for the matter on 17 September 2013 remain unchanged.

At the case management held on 20 August 2013, the Kuala Lumpur High Court had fixed the hearing for PNSB's appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 25 June 2013 dismissing PNSB's application for discovery of documents against SYABAS, on 21 October 2013.

At the case management held on 17 September 2013, the Kuala Lumpur High Court had fixed the matter for a further case management on 24 October 2013.

The Court of Appeal had at the hearing held on 21 October 2013 for PNSB's appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 25 June 2013 dismissed PNSB's application for discovery of documents against SYABAS, adjourned the hearing and fixed the next hearing date on 6 November 2013 pending discussions on settlement by the parties.

At the case management held on 24 October 2013, the Kuala Lumpur High Court had fixed the matter for further case management on 13 November 2013.

At the hearing held on 6 November 2013, the Court of Appeal had disallowed PNSB's appeal to obtain Discovery of Documents from SYABAS particularly the Management Accounts and the Management Financial Statements for the years 2010-2013.

At the case management held on 13 November 2013, the Kuala Lumpur High Court was informed of the Court of Appeal's decision during the hearing held on 6 November 2013, which dismissed PNSB's appeal to obtain Discovery of Documents from SYABAS particularly the Management Accounts and the Management Financial Statements for the year 2010-2013. Further, upon request by PNSB's counsel, the Kuala Lumpur High Court had directed that the trial dates fixed on 25 November 2013, 26 November 2013 and 27 November 2013 to be maintained but vacated the trial date on 28 November 2013.

On 25 November 2013, the Suit came up for trial. The Kuala Lumpur High Court ordered, amongst others, as follows:

- i) As of 30 June 2013 an amount of RM1,510,976,059.48 is due and owing by SYABAS to PNSB (being the total monthly outstanding sum for the supply in bulk of Treated Water as of 30 June 2013) ("Outstanding Sum");
- ii) Any issues and/or claims arising from the Late Payment Interest under the provisions of the Water Supply Agreements ("Interest Claim") shall be, if not resolved, to be finally and completely resolved by arbitration;
- iii) SYABAS to pay the Outstanding Sum and the Interest Claim (in the event the Arbitral Tribunal ruled in favour of PNSB) to PNSB in the event SYABAS is in the financial position to make payment to PNSB; and
- iv) No order as to costs.

With the Order, the Kuala Lumpur High Court vacated the hearing dates of 26 November 2013 and 27 November 2013.

j) Kuala Lumpur High Court 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").

In the Originating Summons and the Notice of Application dated 18 February 2013, PNSB is seeking for the following:-

- i) A declaration that the Agreements between PNSB and the Selangor State Government dated 7 March 2008 in respect of the Sungai Sireh Water Treatment Plant between PNSB, SYABAS and the Selangor State Government are valid and enforceable pursuant to the Water Services Industry Act 2006;
- ii) An order against the Selangor State Government for specific performance of the Agreements;
- iii) that the Selangor State Government whether by its servants, agents or howsoever be restrained from terminating 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, SYABAS and the Selangor State Government;
- iv) that the Selangor State Government whether by its servants, agents or howsoever be restrained from handing over howsoever the operations and managements of the Sungai Sireh Water Treatment Plant as defined in the Agreements to Konsortium Air Selangor Bhd or whomsoever;
- v) Costs; and
- vi) Such further or other relief as the Honourable Court deems just and fit.

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.

At the hearing held on 11 March 2013, the High Court has directed as follows:-

- i) That Parties are to exhaust the exchange of affidavits by 4 June 2013; and
- ii) The Originating Summons has been fixed for hearing on 4 June 2013.

The hearing date scheduled on 4 June 2013 was rescheduled to a case management by the Kuala Lumpur High Court as the Selangor State Government had filed an application to strike out the Suit by PNSB.

At the said case management, the Kuala Lumpur High Court directed the parties to file their respective Written Submissions and Submissions In Reply in respect of the Selangor State Government's said application and scheduled the matter for decision on 10 July 2013.

The Kuala Lumpur High Court has on 9 July 2013 deferred the decision on the Selangor State Government's application to strike out the Suit from 10 July 2013 to 17 July 2013.

On 17 July 2013, the Kuala Lumpur High Court has deferred the decision on the Selangor State Government's application to strike out the Suit from 17 July 2013 to 5 August 2013.

On 5 August 2013, the Kuala Lumpur High Court allowed the Selangor State Government's application to strike out the Suit with costs. PNSB will seek its solicitors' advice on the next course of action for the above matter.

PNSB had on 30 August 2013 filed an appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 5 August 2013 allowing the Selangor State Government's application to strike out the Suit with costs.

At the hearing held on 6 November 2013 on PNSB's appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 5 August 2013 allowing the Selangor State Government's application to strike out the Suit with costs, the Court of Appeal allowed PNSB's appeal with no order as to costs.

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

B11 Dividend

No dividend has been proposed or declared under the current financial quarter and financial year-to-date under review (1.1.2012 to 30.6.2012 : 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 30.09.2013	Preceding Year Corresponding Quarter 30.09.2012	Current Year to date 9 months ended 30.09.2013	Preceding Year Corresponding Period 30.09.2012
Profit net of tax attributable to owners of the parent	(RM'000)	55,966	76,104	177,926	207,226
Weighted average number of ordinary shares in issue	('000)	409,142	409,106	409,118	409,106
Basic EPS	(sen)	13.68	18.60	43.49	50.65

b) Diluted EPS

Profit net of tax attributable to owners of the parent		55,966	76,104	177,926	207,226
Add : accretion of interest on RCSSI		480	-	480	-
Profit net of tax attributable to owners of the parent	(RM'000)	56,446	76,104	178,406	207,226
Weighted average number of ordinary shares in issue	('000)	409,142	409,106	409,118	409,106
Effect of dilution	('000)				
- warrant 2013/2018		40,796	-	40,796	-
- RCSSI		82,500	-	82,500	-
Adjusted weighted average number of ordinary shares in issue and issuable	('000)	532,438	409,106	532,414	409,106
Diluted EPS	(sen)	10.60	18.60	33.51	50.65

B13 Retained profit

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000 (Restated)
Total retained profit		
- Realised	1,892,482	1,733,764
- Unrealised	8,171	4,689
	<u>1,900,653</u>	<u>1,738,453</u>
Total share of accumulated losses from associated companies:		
- Realised	(3)	(3)
Total share of accumulated losses from joint venture:		
- Realised	(329,169)	(318,585)
	<u>1,571,481</u>	<u>1,419,865</u>
Less : Consolidation adjustments	(65,880)	(71,735)
	<u>1,505,601</u>	<u>1,348,130</u>
Total group retained profit as per consolidated accounts		

By Order of the Board

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

Shah Alam
28 November 2013