

**KUMPULAN PERANGSANG SELANGOR BERHAD**

Company No. 23737-K

(Incorporated in Malaysia)

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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER  
ENDED 30 JUNE 2009**

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**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**

**A1 Accounting policies and basis of preparation**

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

The unaudited interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2008.

The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2008.

**A2 Audit report of preceding annual financial statements**

The audited financial statements for the financial year ended 31 December 2008 were not subject to any audit qualification.

**A3 Seasonal or cyclical factors**

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

**A4 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the period under review, save and except for the charges made to the consolidated income statement on an amount of RM308,630 in respect of charges required to be made under FRS 2 : Share Based Payments. During the current quarter, the Company granted a total 2,974,000 Kumpulan Perangsang Selangor Berhad Employees' Share Option Scheme ("KPS ESOS") to eligible employees of the KPS Group under the KPS ESOS (expiring 29 July 2011) at an exercise price of RM1.62 per share.

**A5 Material changes in estimates**

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

**A6 Debt and equity securities**

During the current financial period, the Company issued 160,000 new ordinary shares of RM1.00 each at RM1.62 per share arising from the exercise of the options under the KPS ESOS.

**A7 Dividend paid**

There was no dividend paid during the current quarter.

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	3 months ended		6 months ended	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Revenue from continuing operations:				
Infrastructure and utilities	35,011	32,664	69,329	68,896
Property development and management	9,908	16,490	19,372	61,795
Trading	9,207	6,935	17,470	13,803
Hospitality	7,976	8,204	14,376	14,440
Golf club and recreational facilities	2,164	2,034	4,184	3,990
Investment holding	1,501	1,415	2,997	2,788
<b>Total revenue</b>	<b>65,767</b>	<b>67,742</b>	<b>127,728</b>	<b>165,712</b>
<b>Segment Results</b>				
Results from continuing operations:				
Infrastructure and utilities *	16,844	11,877	36,090	24,959
Property development and management	22,522	13,764	7,393	24,998
Trading	1,208	409	1,873	896
Hospitality	208	1,066	94	925
Golf club and recreational facilities	(51)	100	340	265
Investment holding	(4,497)	(736)	(8,744)	(3,120)
<b>Profit before tax</b>	<b>36,234</b>	<b>26,480</b>	<b>37,046</b>	<b>48,923</b>

\* Included share of profits from associates involved in infrastructure and utilities activities.

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

**A9 Valuation of property, plant and equipment**

The valuation of property, plant and equipment has been brought forward, without amendment from previous audited financial statements.

**A10 Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the reporting period which is likely to substantially affect the results of the operations of the Group other than the matters as disclosed in Note B8 "Status of Corporate Proposals" and Note B11 "Material Litigation" to the unaudited interim financial statements.

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

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**A12 Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment not provided for in the unaudited interim financial statements as at 30 June 2009 is as follows:

	<b>RM'000</b>
Approved and contracted for	<u>20,969</u>

**A13 Contingent liabilities**

The contingent liabilities as at 30 June 2009 are as follows:

	<b>RM'000</b>
<b>a) Secured</b>	
i) Guarantees to secure banking and other credit facilities of an and associated company	5,860
ii) Foreclosure proceedings taken by a financial institution in respect of a third party charge granted by a subsidiary company on a piece of land	37,703
<b>b) Unsecured</b>	
i) Performance guarantees to third parties	413
ii) Other claims filed against the Group	<u>8,673</u>
	<u>52,649</u>

- c)** A third party filed an action alleging that a subsidiary's termination of the joint venture agreement and the agreements ancillary thereto ("JVA") due to the third party's breach of four fundamental conditions of the JVA was wrongful and claimed for the transfer of the ownership of the said land to the third party, damages to be assessed and the loss of profits of approximately RM350 million. The subsidiary has filed its defence and made a counterclaim against the third party for the said four fundamental breaches of the JVA by the third party and claiming amongst others, for the return of vacant possession of the said land, damages in the sum totalling to approximately RM399 million and an indemnity against all claims in the foreclosure proceedings as stated in (a) (ii) above. Both parties have obtained an ex-parte injunction against each other in respect of the said land. The third party has filed an application to set aside the Ad-Interim injunction obtained in favour of the subsidiary until the disposal of the inter-parte hearing of the Injunction Applications. The case is now fixed for mention On 4 September 2009 for all enclosures to be heard and consolidated.

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#### **A14 Employee Share Options Scheme (“ESOS”)**

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

The Kumpulan Perangsang Selangor Berhad’s Employee Share Options Scheme (“KPS ESOS”) is governed by the amended by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 June 2004. The KPS ESOS was implemented on 30 July 2003 and is for a period of 5 years from the

date of implementation, subject however, to an extension at the discretion of the Option Committee for a period up to 5 years commencing from the date of expiration of the original 5 year period. Subsequently, on 16 July 2008, the Option Committee has approved the extension of KPS ESOS Scheme tenure for another 3 years commencing from 29 July 2008 until 29 July 2011.

The salient features of the KPS ESOS are as follows:

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

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

Grant date	Expiry date	Exercise price RM	<-----Number of share options ----->				
			As at 1.1.2009 '000	Granted '000	Terminated '000	Exercised '000	As at 30.6.2009 '000
12 August 2003	29 July 2011	1.62	3,930	-	-	(160)	3,770
27 February 2007	29 July 2011	1.00	3,250	-	-	-	3,250
23 July 2007	29 July 2011	1.62	755	-	-	-	755
26 July 2007	29 July 2011	1.62	92	-	-	-	92
3 August 2007	29 July 2011	1.98	25	-	-	-	25
17 July 2008	29 July 2011	1.93	550	-	-	-	550
10 November 2008	29 July 2011	1.37	200	-	-	-	200
5 May 2009	29 July 2011	1.62	-	2,974	-	-	2,974
			8,802	2,974	-	(160)	11,616

## (b) Kumpulan Hartanah Selangor Berhad's Employee Share Options Scheme ("KHSB ESOS")

Kumpulan Hartanah Selangor Berhad ("KHSB"), a subsidiary company, implemented KHSB ESOS on 21 December 2005 for a period of 5 years. The KHSB ESOS is governed by the by-laws which were approved by the shareholders at the Extraordinary General Meeting on 15 June 2004.

The main features of the KHSB ESOS are as follows:

- (i) The total number of ordinary shares to be issued by KHSB under the KHSB ESOS shall not exceed 15% of the total issued and paid-up ordinary shares of KHSB, such that not more than 50% of the shares available under the KHSB ESOS is allocated, in aggregate, to directors and senior management.
- (ii) Not more than 10% of the shares available under the KHSB ESOS is allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of KHSB.
- (iii) Any director (both executive and non-executive directors) of the KHSB Group (other than a company within the Group which is dormant) or an employee of the KHSB Group who is employed full time and is on the payroll of the KHSB Group (other than a company within the Group which is dormant), but does not include employees under probation, are eligible to participate in the scheme, subject to the final decision of the Options Committee.
- (iv) The option price under the KHSB ESOS is the average of the mean market quotation of the shares of the KHSB as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad, for the five market days preceding the offer date, or the par value of the shares of KHSB of RM1, whichever is the higher.
- (v) The options granted are exercisable from the date of grant and have a contractual option term of five years.
- (vi) Options granted under the KHSB ESOS carry no dividend or voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with existing ordinary shares of KHSB.

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

Grant date	Expiry date	Exercise price RM	<-----Number of share options ----->				As at 30.6.2009 '000
			As at 1.1.2009 '000	Granted '000	Terminated '000	Exercised '000	
28 Dec 2005	28 Dec 2010	1.00	38,085	-	(3,164)	-	34,921
05 Jan 2008	28 Dec 2010	1.00	2,347	-	(815)	-	1,532
			40,432	-	(3,979)	-	36,453

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

For the current quarter ended 30 June 2009, the Group registered revenue of RM65.77 million as compared to RM67.74 million in the preceding year corresponding quarter 2008, representing a decrease in revenue of 3% or RM1.97 million.

The Group recorded a profit before tax of RM36.23 million for the current quarter as compared to a profit of RM26.48 million in the preceding year corresponding quarter 2008. The increase was mainly due to higher other income recognised by the property development sector.

**B2 Comment on material change in profit before tax**

The Group recorded a profit before tax of RM36.23 million for the current quarter ended 30 June 2009 as compared to a profit of RM0.81 million in the previous quarter ended 31 March 2009. The improved performance was mainly due to the property and development sector which recorded a profit of RM22.52 million as compared to a loss of RM15.13 million for the previous quarter.

**B3 Commentary on prospects**

The Group anticipate challenging prospects in the property development sector in view of cautious approach taken by consumers due to the current financial condition. However, the infrastructure and utilities sector continues to be the major contributor towards the Group's earnings.

The Group will continue to strive on improving its operational efficiency and development of resources especially in the property development sector. The Group current land bank will be continuously reviewed to contribute positively to the Group's overall performance and profitability.

**B4 Profit forecast and profit guarantee**

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

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**B5 Income tax and zakat expense**

	<b>3 months ended 30.06.2009 RM'000</b>	<b>6 months ended 30.6.2009 RM'000</b>
Current tax position	11,713	13,954
Deferred tax transfer from balance sheet	(2,264)	(4,573)
Income tax expense	<u>9,449</u>	<u>9,381</u>
Zakat expense	<u>10</u>	<u>16</u>
Income tax and zakat expense	<u>9,459</u>	<u>9,397</u>

The effective tax rate for the Group for the current quarter is lower due to the utilisation of capital allowances as well as tax incentives available to certain subsidiary companies of the Group.

**B6 Sale of unquoted Investment and properties**

During the current quarter, there was no disposal of unquoted investments and properties.

**B7 Quoted securities**

As at 30 June 2009, the Group has the following quoted securities:

	<b>Total RM'000</b>
Total investment at cost	68,219
Carrying cost	63,945
Total investment at market value	54,327

**B8 Status of corporate proposals**

There were no changes in the status of corporate proposals of the Group at the date of this unaudited interim financial statements.

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**B9 Borrowings**

The Group borrowings as at 30 June 2009 and all denominated in local currency are as follows:

	<b>RM'000</b>
<b>Short term borrowings</b>	
Secured	113,137
Unsecured	61,836
	<u>174,973</u>
<b>Long term borrowings</b>	
Secured	1,175,758
Unsecured	0
	<u>1,175,758</u>
Total Borrowings	<u>1,350,731</u>

**B10 Off balance sheet financial instruments**

There were no off balance sheet risks as at the date of this report that might materially affect the position or business of the Group.

**B11 Material litigation**

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

**Part A - Kumpulan Hartanah Selangor Berhad (KHSB) and/or its group of companies as the Plaintiff(s)**

1. SAP Holdings Berhad ("SAP") filed an action against PAG Mampu Jaya Sdn Bhd ("PAG") on 27 July 2005 vide Kuala Lumpur High Court Summons No. D2-22-1075-05 claiming the sum of RM15.93 million together with general damages for loss of profit, interest and cost for breach of a Joint Venture Agreement between SAP and PAG dated 15 May 2000. PAG has filed a counter claim against SAP for the sum of RM2.072 million for breach of terms of the Joint Venture Agreement.

On 12 February 2007, the Learned Judge has allowed SAP's Notice of Appeal and granted Summary Judgment against PAG for the sum of RM15.93 million together with interest at the rate of 10% per annum on monthly rest from 27 July 2005 until full settlement and costs. Notice under Section 218 of the Companies Act 1965 was issued and served on PAG on 13 April 2007. However, PAG has not made any payment pursuant to said Notice. SAP filed the winding-up petition and the Court has on 2 May 2008 granted the winding-up order against PAG.



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On 26 May 2008, SAP filed a claim for general damages against PAG. However, SAP instructed their solicitors to withdraw the claim vide their letter dated 28 May 2008 because in order to proceed with the claim for general damages the consent of the Official Assignee ("OA") is required. On 9 January 2009, our solicitors were informed that the matter has been transferred from Court 2 to the Commercial Division, Court 9. However, the matter was not listed and the solicitors were directed to write to the Court to obtain a new date to enable the solicitors to inform the Court of the withdrawal. Our solicitors have written to the Assistant Registrar for a new date. The matter is now pending reply from the Court. Meanwhile pursuant to the winding up order dated 2 May 2008, an OA was appointed as the liquidator. On 16 July 2009, SAP filed proof of debt for a total amount of RM20,342,391.78 consisted of judgement sum of RM15,930,000 and interest of RM4,412,391.78.

2. Central Spectrum (M) Sdn Bhd ("CSSB") filed an action against Pentadbir Tanah Daerah Klang ("PTDK"). PTDK awarded a sum of RM2,664,364.00 to CSSB on 7 February 2004 for land acquisition for Lot. 74072, 74073, 74074 and 74075 (No. Hakmilik: PN 7941, 7940, 7939 and 7938). CSSB filed an appeal on the quantum and measurement awarded to CSSB pursuant to which, PTDK had on 18 January 2005 referred the matter to the Shah Alam High Court. The action by CSSB against PTDK is vide Shah Alam High Court Summons No MT3-15-686-2004 – ("KTM 1").

CSSB filed another action against PTDK. PTDK awarded a sum of RM4,535,114.00 to CSSB on 19 April 2005 for land acquisition for Lot. 74076, 74077, 74078, 74079 and 10490 (No. Hakmilik: PN 7937, 7936, 7935, 7934 and 12229). CSSB filed an appeal on the quantum and measurement awarded to CSSB pursuant to which, PTDK had on 22 September 2005 referred the matter to the Shah Alam High Court. The action by CSSB against PTDK is vide Shah Alam High Court Summons No RT-MT1-15-88-2005 – ("KTM 2").

The Court has fixed hearing dates for KTM 1 on 19 November 2009 and KTM 2 on 10 September 2009. In the interim both parties are to strive to resolve the matter. Our solicitors are of the opinion that the probable outcome of the case would be that the court will either maintain or increase the award of PTDK.

3. Central Spectrum (M) Sdn. Bhd. ("CSSB") filed an action against Pentadbir Tanah Daerah Klang ("PTDK"). PTDK awarded a sum of RM971,550.00 to CSSB on 10 May 2006 for land acquisition for Lot 24082. Pajakan Negeri 7942 ("Marine").

CSSB filed an appeal on the quantum and measurement awarded to CSSB. The action by CSSB against PTDK is vide Shah Alam High Court Summons No. MT1-15-154-2006. The court has fixed hearing date on 24 September 2009.

4. Central Spectrum (M) Sdn. Bhd. ("CSSB") filed an action against Pentadbir Tanah Daerah Klang ("PTDK"). PTDK awarded a sum of RM58,560,112.89 to CSSB on 28 January 2009 for land acquisition for South Klang Valley Express Way ("SKVE") for lots 74082, 74088, 74087 and PT 79492 (No. Hak Milik: PN 7942, PN 7925, PN 7926 and HSD 67045).

CSSB filed an appeal on the quantum and measurement awarded to CSSB. The action by CSSB against PTDK is vide Shah Alam High Court Summons No. MT4-15-110-2009 – South Klang Valley Express Way ("SKVE"). The court has fixed hearing date on 28 August 2009.

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#### Part B - KHSB and/or its group of companies as the Defendant(s)

1. Upright Dignity Sdn Bhd ("UDSB") instituted an action for specific performance and other consequential relief against Perbadanan Kemajuan Pertanian Selangor ("PKPS"), SAP Holdings Berhad ("SAP") and Desa Hilir Sdn Bhd ("DHSB") [collectively referred as the Defendants] on 20 July 2000 at the Shah Alam High Court vide Civil Suit No. MT4-21-60-2000 purportedly in relation to a sale and purchase agreement dated 24 April 2000 ("Purported SPA") entered into between DHSB (as attorney for PKPS and SAP) and UDSB in respect of a piece of land held under H.S.(D) 1426 P.T. No. 4466 Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan, measuring approximately 556.482 acres ("Dengkil Land") of which PKPS was the registered proprietor. The purported SPA was executed solely by DHSB on behalf of UDSB, PKPS and SAP as the Vendor and UDSB as the Purchaser. Neither SAP and PKPS were aware of the said transaction nor did they give their consent to the purported sale of the Dengkil Land. DHSB had also added the Selangor State Government and the Menteri Besar of Selangor as third parties to the proceeding.

UDSB has also claimed in the alternative for a refund of all monies paid by UDSB to DHSB totalling RM7,228,000.00 with interest at 8% per annum from 25 April 2000 as well as damages for breach of contract.

SAP solicitors have confirmed that UDSB has not quantified the damages it is seeking from the Defendants other than having submitted an unsigned and undated Feasibility Study report stating that a Profit Before Tax of RM197,552,203.00 could be earned in a possible mixed development to be undertaken on the Dengkil Land.

SAP solicitors are of the opinion that the Feasibility Study Report is unsubstantiated and purely speculative in nature. SAP solicitors have confirmed that the Court has heard the evidence from PKPS's witness, Mr. Thangavelu and DHSB's witness, Encik Samsuni bin Idris. Meanwhile UDSB after calling its one and only witness has closed its case.

The trial Judge for this matter, Y.A. Dato' Alizatul Khair bte Osman Khairuddin has been transferred to the Kuala Lumpur High Court so the solicitors are awaiting for directions as to whether the trial would be continued before the same Judge or otherwise. The cross examination of DW1 closed on 22 July 2009. The case is fixed for continued hearing on 8 and 9 December 2009. SAP had identified Mr. Jeffrey Foo and Encik Maslan Urmin as SAP witnesses for the case.

2. AmFinance Berhad [now known as AmBank (M) Berhad] ("AMF") instituted foreclosure proceedings against SAP Holdings Berhad ("SAP") on 16 August 2002 vide Shah Alam High Court Originating Summons No. MT1-24-1770-2002 in respect of a piece of land held under H.S.(D) 20034 PT No. 26549, Mukim Batu, Daerah Gombak ("Gombak Land").

SAP, the registered proprietor of the Gombak Land, created a third party charge over the Gombak Land in favour of AMF as security for the loan facility of RM17.0 million granted by AMF to Cergas Tegas Sdn Bhd ("CTSB") pursuant to a joint venture agreement dated 12 January 1991, entered into between SAP and CTSB. AMF has been seeking an order for sale of Gombak Land arising from CTSB's default in payment of the said facility. SAP has taken steps to oppose the foreclosure proceedings and has also proceeded to take the necessary legal action to protect its beneficial interest on the Gombak Land.

The case is now fixed for hearing on 27 August 2009 in respect of the application to intervene by CTSB.

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3. Cergas Tegas Sdn. Bhd. ("CTSB") filed an action on 16 February 2004 vide Kuala Lumpur High Court No. S2-22-185-2004 against SAP Holdings Berhad ("SAP") and Star Everest Sdn Bhd ("SESB") alleging that SAP's termination of the joint venture agreement and the agreements ancillary thereto ("JVA") due to CTSB's breach of four (4) fundamental conditions of the JVA was wrongful and claimed for the transfer of the ownership of the Gombak Land to CTSB (even though the balance of the consideration is still unpaid by CTSB to SAP together with interest and other costs involved), damages to be assessed and the purported loss of profits of approximately RM350.0 million.

SAP has filed its defence and made a counterclaim against CTSB for the said four (4) fundamental breaches of the JVA by CTSB and claiming amongst others, for the return of vacant possession of the Gombak Land, damages in the sum totalling to approximately RM399.0 million and an indemnity against all claims in the foreclosure proceedings.

An ex-parte injunction was granted by the Kuala Lumpur High Court vide Civil Suit No.S6-22-280-2006 on 17 April 2006 against SAP in relation to the Gombak Land. SAP has taken action to oppose the said ex-parte injunction. The Kuala Lumpur High Court vide Civil Suit No.S2-22-185-2004 has granted SAP an ex-parte injunction against CTSB on 9 April 2007 and the Court has in the interim, also granted an Ad-Interim Injunction in favour of SAP against CTSB until the disposal of the said inter-parties hearing of the injunction application.

CTSB has filed an application vide Kuala Lumpur High Court Suit No. S2-22-185-2004 to set aside the Ad-Interim Injunction obtained in favour of SAP on 21 May 2007 and the hearing date is to be fixed after the disposal of the Application for Consolidation of both Civil Suits (No S2-22-185-2004 and No.S6-22-280-2006) whereby the solicitors filed for Consolidation at both Courts. The Court granted the Order for Consolidation on 22 February 2008 whereby Civil Suit No. S2-22-185-2004 is to be consolidated with Civil Suit No. S6-22-280-2006.

The case is now fixed for mention on 4 September 2009 for all enclosures as below;

- i) Inter Parties Injunction (Enclosure 4);
  - ii) The First Defendant's Application to set aside the Plaintiff's Ex-Parte Injunction (Enclosure 11);
  - iii) The Second Defendant's Application to set aside the Plaintiff's Ex-Parte Injunction (Enclosure 16);
  - iv) The Application for Consolidation (Enclosure 31); and
  - v) First Defendant's Striking Out Application (Enclosure 21).
4. Menara Setia Sdn Bhd ("MSSB") initiated an action against SAP Ulu Yam Sdn Bhd ("SUUY"), an indirect subsidiary of KHSB, vide Kuala Lumpur High Court Suit No. D3-22-2111-2002 on 31 December 2002 claiming for the sum of RM1,893,200.14 together with all cost and interest thereon at the rate of eight (8%) per cent per annum from 22 April 1998 to the date of settlement for the amount allegedly due for the earthworks undertaken by MSSB for Ulu Yam Heights Development. Our solicitors informed us that the full trial for the above matter is over whereby parties have closed their case. MSSB had called two (2) witnesses to testify and SUUY had called two (2) witness also, one Engineer from SAP (Tuan Hj. Md Hizir Zabidi) and a consultant Engineer from Sufian Lee Perunding Sdn Bhd (Encik Mohd Noor Izham bin Abdul Kadir).

The Court has fixed 28 May 2009 for our solicitors to file Written Submission and 16 June 2009 for MSSB's solicitors to file Written Submission and our solicitors are to reply by 30 June 2009. Based on all relevant evidence adduced and witnesses position during the hearing of case, SUUY's counsel is of the opinion that SUUY should consider an out of court settlement which could provide a potential saving of interests claim (calculated on the judgement sum of 8% p.a from 22 April 1998 up to the date of judgement and legal costs).

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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER  
ENDED 30 JUNE 2009**

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The case has been now adjourned for decision on 17 September 2009. The Plaintiff's had filed its written submission.

5. Mazli Mohamed, a former employee of Central Holdings Management Services Sdn Bhd ("CHMS") (a subsidiary company of SAP) who had resigned from CHMS instituted proceedings against SAP Holdings Berhad ("SAP") vide Industrial Court Suit No. 7/4-480/98 on 5 September 1998 seeking reinstatement to his former job as a General Manager in CHMS or in the alternative, compensation for purported wrongful dismissal alleging that the resignation notice he tendered on 19 February 1998 was an involuntary act.

The previous Industrial Court Chairman disallow SAP's solicitor to cross-examine the Claimant (Encik Mazli Mohamed). SAP's solicitors filed for judicial review at the Kuala Lumpur High Court and an Order was given in favour of SAP to cross examine the Claimant and the case to be heard before a new Chairman.

The new Chairman fixed the matter for hearing on 9 December 2008 and 12 December 2008 without consulting the solicitors. The next hearing dates were fixed on 21 January 2009 and 22 January 2009, followed by 26 March 2009 and 22 April 2009. Our solicitors have examined all other witnesses on the previous hearing dates and on 25 May 2009 our solicitors had cross examine the Claimant.

Both parties have closed their case respective. The Case is fixed for further mention on 1 September 2009 for court to prepare the Notes of Evidence and thereafter solicitors for both parties to file written submissions respectively.

CHMS solicitor is of a view that the Claimant's dismissal can be justified on grounds of criminal breach of trust. However, in the event that court awards judgment in favour of Claimant, the quantum of damages is estimated at RM300,000 excluding interests and cost.

6. CGE Construction Sdn Bhd ("CGE") has filed an action against SAP Air Hitam Properties Sdn Bhd ("SAP AHP") on 20 April 2006 vide Shah Alam Civil Suit No. MT4-22-434-2006 alleging SAP AHP owes CGE the sum of RM4,116,506.20 together with cost and interest at the rate of 8% per annum from 20 April 2006 to the date of realisation, purportedly being balance payment for work done at the project known as "Proposed site clearance, earthworks, drainage, main road works and final layer to internal roads and related works to the proposed residential commercial and recreational development at Lestari Perdana, Mukim Petaling, Daerah Petaling Selangor" (the Project). Vide a letter of award dated 18 September 2001, CGE was awarded the Project for the contract sum of RM21,033,000.00. The date of completion of the Project was on 31 March 2003. However, the Project has not been completed by CGE.

SAP AHP filed an application at the Court for stay of proceedings for the case to be referred to Arbitration as provided under the Conditions of Contact for the Project. SAP AHP's application for stay of proceedings was allowed by the Senior Assistant Registrar (SAR) on 11 May 2007. CGE then filed an Appeal to Judge in Chamber against SAR's decision and the said Appeal was fixed for clarification and decision on 20 January 2009. However, this case was not listed in court and the plaintiff's solicitors have written to the court for a new date.

The plaintiff case was struck out on 18 August 2009. The plaintiff reserves the right to appeal against the High Court decision.

7. Joginder Singh & Co. ("JSC") filed an Originating Summons on 10 July 2007 against Kumpulan Hartanah Selangor Berhad ("KHSB"), Brisdale Holdings Berhad (BHB") and Brisdale Rasa Development Sdn Bhd (BRDSB") [hereinafter collectively referred to as "the Defendants") vide Kuala Lumpur High Court Originating Summons No.S2-24-65-2007 for a declaration of liability to pay JSC the sum of RM2,262,500.00 purportedly being the outstanding legal fees and disbursements in respect of the case between Brisdale Rasa Development Sdn Bhd vs Silver Concept Sdn Bhd.

## KUMPULAN PERANGSANG SELANGOR BERHAD

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KHSB and BHB have filed an application to strike out JSC's originating summons. The court had on 6 July 2009 dismissed KHSB application to strike out the Plaintiff's claim with costs. KHSB is appealing against the decision.

In respect of the Originating Summons, the court has given the following decisions;

- a) On 26 August 2009, for both parties to file their respective written submission; and
- b) By 14 September 2009 for hearing before the Honourable judge.

Note: Our solicitors have discharged themselves from acting for BHB and BRD on 25 November 2008.

8. Pembinaan Juta Mekar Sdn Bhd ("PJM") filed an action against SAP Holdings Berhad ("SAP") and Templer Park Golf Resort Berhad ("TPGR") on 18 April 2008 vide Shah Alam Civil Suit No. MT3-22-617-2008 alleging that SAP and TPGR owe PJM the sum of approximately RM10,270,351.28 purportedly being payment for the proposed construction and completion of townhouse for Phase 3A and proposed construction and completion of double storey terrace house for Phase 3B. A Memorandum of Appearance has been filed by the solicitors of SAP on 6 June 2008 and TPGR on 26 May 2008 respectively. Both SAP and TPGR filed their Defence respectively on 11 July 2008.

PJM filed for Summary Judgement Application on 29 July 2008 claiming for refund of retention sum of RM1,095,400.39 together with cost and interest. The Plaintiff's Application is fixed for hearing on 27 July 2009.

SAP and TPGR filed application to strike out Plaintiff's claim on 18 March 2009. The sealed copy of the said application is pending extraction from the court. No hearing date fixed yet. Our solicitors are of the opinion that PJM does not have a strong case against SAP and TPGR as there was no contractual relationship between PJM, SAP Holdings and TPGR.

9. Muhammad Zailani and 124 others ("the Claimants") instituted proceedings in the Labour Office against Central Holdings Management Services Sdn. Bhd. ("CHMS"). CHMS a wholly owned subsidiary of SAP Holdings Berhad which in turn is a wholly owned subsidiary of Kumpulan Hartanah Selangor Berhad.

Their claims are in respect of computation of wages which allegedly should include service charges. The labour office ordered CHMS to pay a sum of RM651,607.51 to the Claimants as part of the termination benefits. CHMS appealed to the High Court and the High Court allowed CHMS appeal on the ground that the Labour Court's decision was erroneous as there was no actual hearing of the case. The case was remitted back to the Labour Court for assessment of the quantum of termination benefits and the eligibility of the Claimants. The Claimants are appealing to the Court of Appeal and no date has been fixed yet.

#### **B12 Dividends**

A final gross dividend of 4 sen per share less tax amounting to RM14,274,713 in respect of the year ended 31 December 2008 which was approved by the shareholders at the Annual General Meeting of the Company held on 18 June 2009 was paid on 14 August 2009.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER  
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## (a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of shares in issue.

## (b) Diluted earnings per share

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

	<b>3 Months Ended 30.6.2009</b>	<b>3 Months Ended 30.6.2008</b>	<b>6 Months Ended 30.6.2009</b>	<b>6 Months Ended 30.6.2008</b>
<b>(a) Basic earnings per share</b>				
Net profit attributable to equity holders of the Company (RM'000)	16,482	19,287	23,169	33,303
Weighted average number of shares in issue ('000)	475,850	474,504	475,757	474,998
Basic EPS (sen)	3.5	4.1	4.9	7.0
<b>(b) Diluted earnings per share</b>				
Net profit attributable to equity holders of the Company (RM'000)	16,482	19,287	23,169	33,303
Weighted average number of shares in issue ('000)	475,850	474,504	475,757	474,998
Effects of dilution from exercise of ESOS options ('000)	356	3,466	338	3,257
	476,206	477,970	476,095	478,255
Diluted EPS (sen)	3.5	4.0	4.9	7.0

**BY ORDER OF THE BOARD****HASHIMAH MOHD ISA****Company Secretary**

Date: 28 August 2009