

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2010

4A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

A1 Basis of Preparation

The unaudited condensed interim financial statements of the Group have been prepared in accordance with the requirement of Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" issued by Malaysian Accounting Standard Board ("MASB") and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2009.

A2 Changes in Accounting Policies

The accounting policies, method of computation and basis of consolidation applied in the unaudited condensed interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2009 except for the mandatory adoption of the following new and revised FRS and Issues Committee Interpretations ("IC Int.") effective for the financial period beginning on 1 January 2010 as follows:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Int. 9	Financial Instruments: Recognition and Measurement, Financial Instruments: Disclosures, and Reassessment of Embedded Derivatives
Amendments to FRSs	Improvements to FRSs (2009)
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 11	FRS 2 – Group and Treasury Share Transactions
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The adoption of the above standards and interpretations did not have any significant effect on the interim financial performance of the Group and the Company except for those discussed below:

a) FRS 7: Financial Instruments

The adoption of FRS 7 requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity.

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2010

However, FRS 7 disclosures are not required in the interim financial statements, and hence no further disclosures have been made in these interim financial statements.

b) FRS 8: Operating Segments

FRS 8, which replaces FRS 114: Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. As this is a disclosure standard, there will be no impact on the financial position or results of the Group for the period.

c) FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income. In addition, the standard introduces the statement of comprehensive income which presents income and expense recognized in the period. This statement may be presented in one single statement, or two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group.

d) FRS 139: Financial Instruments – Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the adoption of the standard, as at transitional date on 1 January 2010.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

i) Trade and other receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cashflows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

ii) Investment in quoted shares

Prior to 1 January 2010, the Group classified its investments in quoted equity instruments as other investment under non-current assets. Such investments were carried at the lower of cost and market value, determined on an aggregate basis. Upon the adoption of FRS

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31st MARCH 2010**

139, these investments at 1 January 2010 are reclassified under available for sale. These equity instruments are not held for trading and reflected in the statement of financial position under non-current assets and are stated at their fair values.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group's financial liabilities include trade and other payables, loans and borrowings and are carried at amortised cost.

Impact on opening balance

In accordance with the transitional provisions of FRS 139, the applicable changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010..

RM'000	As previously reported (audited)	Effects of adopting FRS 139	As restated
Assets			
Other investments	1,466	(555)	911
Available-for-sale investment	0	590	590
Receivables	304,651	(11,529)	293,122
Liabilities			
Non-current liabilities			
Long term payables	26,245	(26,245)	0
Long term borrowings	154,033	(33)	154,000
Financial liabilities at amortised cost	0	24,830	24,830
Equity			
Accumulated losses	(322,743)	(91)	(322,834)
Equity contribution	0	(9,954)	(9,954)

A3 Audit report on preceding annual financial statements

The audited financial statements for the financial year ended 31 December 2009 were not subject to any audit qualification.

A4 Seasonal or cyclical factors

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

A5 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.

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31st MARCH 2010**

A6 Material changes in estimates

There were no material changes in estimates of amounts reported in prior interim periods in the current financial year or previous financial years that have material effect in the period under review.

A7 Changes in equity and long term debts

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, repurchase, resale and repayment of debt and equity securities during the period under review.

A8 Dividend paid

There was no dividend paid during the period under review.

A9 Segment information

No segmental reporting is presented as the Group is operating principally in one industry and within the country.

A10 Property, plant and equipment

Valuation of property, plant and equipment have been brought forward without any amendments from the previous annual audited financial statements.

A11 Material events subsequent to the end of the interim period

There were no other material events subsequent to the end of the current financial quarter ended 31st March 2010 up to the date of this report which, is likely to substantially affect the results of the operations of the Group other than the matters as disclosed in Note B11 "Material Litigation" to this interim financial statements.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group during the period under review.

A13 Contingent liabilities

The contingent liabilities as at 31st March 2010 are as follows:

a) Secured	RM'000
Foreclosure proceedings taken by a financial institution in respect of a third party charge granted by a subsidiary company on a piece of land	40,679
b) Unsecured	
Other claims filed against the Group	7,931

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

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31st MARCH 2010**

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 totaling to approximately RM399 million and an indemnity against all claims in the foreclosure proceedings as stated in (a) 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. To expedite the matters, both parties had agreed to drop all interlocutory proceedings against each other save for the injunctions and proceed with the hearing of the main suit. No hearing date is fixed yet by the court.

A14 Employee Share Option Scheme ("ESOS")

The Company implemented an ESOS on 21 December 2005 for a period of 5 years. The 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 ESOS are as follows:

- The total number of ordinary shares to be issued by the Company under the 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 ESOS is allocated, in aggregate, to Directors and senior management.
- Not more than 10% of the shares available under the 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 the Company.
- 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.
- The option price under the 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, or the par value of the shares of the Company of RM1, whichever is the higher.
- The options granted are exercisable from the date of grant and have a contractual option term of five years.
- Options granted under the 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.

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31st MARCH 2010**

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	No of Share Options				31.03.2010 '000
			1.1.2010 '000	Granted '000	Terminated '000	Exercised '000	
28.12.05	28.12.10	1.00	32,968	-	(62)	-	32,906
05.01.08	28.12.10	1.00	<u>1,507</u>	<u>-</u>	<u>(30)</u>	<u>-</u>	<u>1,477</u>
			34,475	-	(92)	-	34,383

No options were exercised during the financial year.

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31st MARCH 2010**

**B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD LISTING REQUIREMENTS****B1 Review of performance**

For the current quarter under review, the group revenue is RM46.33 million which is higher by 389% (RM36.87 million) compared to RM9.46 million in the preceding quarter 2009 attributable to recognition of sale of land in the current quarter. The Group profit before tax for the current quarter under review was RM2.51 million compared to loss before tax of RM15.28 million in the preceding quarter 2009.

B2 Comment on material change in profit before tax

Group revenue for the current quarter of RM46.33 million decreased by 48% compared to RM90.49 million recorded in the previous quarter, mainly due to lower sales value and contribution from property development projects. The Group recorded a profit before tax of RM2.51 million in the current quarter as compared to profit before tax of RM23.24 million in the previous quarter due to lower other income amount recognized during the quarter compared to previous quarter.

B3 Commentary on prospects

The Group anticipate continued challenges in the property development industry and the 2nd quarter 2010 performance are expected to remain challenging. The Group will continue to strive on improving its operational efficiency and development of resources. Current land banks will be reviewed for optimum utilization to generate more revenue.

B4 Profit forecast and profit guarantee

No profit forecast or profit guarantee were issued for this financial period.

B5 Taxation

	Current Year To-date 31-03-10 RM'000
Current tax provision	3,070
Deferred tax transfer from balance sheet	(2,610)
Total income tax expense	460

The group tax charge in the current financial period reflects an effective rate which is lower than statutory tax rate as certain expenses are not deductible in subsidiary companies in the Group.

B6 Unquoted investment and properties

There were no disposal of unquoted investments and properties during this financial period.

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31st MARCH 2010**

B7 Quoted securities

There were no purchases or sales of quoted securities for this financial period.

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.

B9 Borrowings and debt securities

The Group borrowings as at 31st March 2010, all denominated in local currency are as follows :-

	Total RM'000
Short Term Borrowings :	
Secured	50,136
Unsecured	36,540
	<hr/> 86,676 <hr/>
	Total RM'000
Long Term Borrowings :	
Secured	134,750
Unsecured	-
	<hr/> 134,750 <hr/>
Total Borrowings	<hr/> 221,426 <hr/>

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, as at the date of this Circular, neither KHSB nor its subsidiary companies are involved in any material litigation, claim or arbitration either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings, pending or threatened against KHSB 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 KHSB or its subsidiary companies.

A. Cases where KHSB and its group of companies is/are the Plaintiff(s)

1. SAP Holdings Berhad ("SAP") filed an action against PAG Mampu Jaya Sdn Bhd ("PAG") vide Kuala Lumpur High Court Summons No. D2-22-1075-05 claiming the sum of RM15.93 million together with

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31ST MARCH 2010

general damages for loss of profit, interest and cost for breach of a Joint Venture Agreement between SAP and PAG. Judgment was obtained in favour of SAP and SAP filed a winding up proceeding. Pursuant to the Winding Up Order, an OA was appointed as the liquidator. SAP filed proof of debt for a total amount of RM20,342,391.78 consisted of judgment sum of RM15,930,000.00 and interests of RM4,412,391.78.

2. Central Spectrum (M) Sdn Bhd ("CSSB") filed an appeal against Pentadbir Tanah Daerah Klang ("PTDK")'s decision in respect of quantum & measurement of land acquisition for Lots 74072, 74073, 74074 and 74075 [No. Hakmilik: PN 7941, 7940, 7939 and 7938] at vide Shah Alam High Court Summons No. MT3-15-686-2004 ("KTM 1").

Central Spectrum (M) Sdn Bhd (CSSB) filed another appeal against Pentadbir Tanah Daerah Klang (PTDK)'s decision in respect of quantum & measurement of land acquisition for Lots 74076, 74077, 74078, 74079 and 10490 [No. Hakmilik: PN 7937, 7936, 7935, 7934 and 12229] vide Shah Alam High Court Summons No. RT-MT1-15-88-2005 - ("KTM 2").

The Court has the hearing date for both KTM1 and KTM2 on 19 July 2010.

CSSB's 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 appeal against Pentadbir Tanah Daerah Klang (PTDK)'s decision in respect of land acquisition for Lot 24082. Pajakan Negeri 7942 (Marine) at Shah Alam High Court Summons No. RT1-Mt1-15-154-2006.

CSSB filed on appeal on the quantum and measurement awarded to CSSB. The action by CSSB against PTDK is vide The court has fixed the hearing date on 21 September 2010

4. Central Spectrum (M) Sdn Bhd. (CSSB) filed an action against Pentadbir Tanah Daerah Klang (PTDK)'s decision in respect of land acquisition for South Klan Valley Express Way (SKVE) for lots 74082, 74088, 74087 and PT 79492 (No. Hak Milik : PN 7942, PN 7925, PN 7926 and HSD 67045) at Shah Alam High Court Summons No. MT4-15-110-2009.

The Court has fixed the hearing date on 21 September 2010.

B. Cases wherein KHSB and its group of companies is/are the Defendant(s)

1. Upright Dignity Sdn Bhd ("UDSB") instituted an action for specific performance and other consequential relief and in the alternative, refund of all monies paid by UDSB to DHSB totaling RM7,228,000.00 with interest at 8% per annum, as well as damages for breach of contract against Perbadanan Kemajuan Pertanian Selangor ("PKPS"), SAP Holdings Berhad ("SAP") and Desa Hilir Sdn Bhd ("DHSB") [collectively referred as the Defendants] 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 & 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 court has dismissed the case against PKPS and SAP with costs and has allowed the case against DHSB. UDSB had filed an appeal against the High Court decision.

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31st MARCH 2010

2. Menara Setia Sdn Bhd ("MSSB") initiated an action against SAP Ulu Yam Sdn Bhd ("SUU"), an indirect subsidiary of KHSB vide Kuala Lumpur High Court Suit No. D3-22-2111-2002 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.

The court had on 28 October 2009 found that MSSB had not proven its claim and accordingly dismissed the same with costs. MSSB has filed notice of appeal but no hearing date has been fixed yet. The Parties are waiting for grounds of judgment.

3. 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 seeking reinstatement to his former job as a General Manager in CHMS or in the alternative, compensation for purported wrongful dismissal alleging that the his resignation notice was an involuntary act.

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 the Claimant, the quantum of damages is estimated at RM300,000.00 excluding interests and costs.

4. CGE Construction Sdn Bhd ("CGE") has filed an action against SAP Air Hitam Properties Sdn Bhd ("SAP") on 20.04.2006 vide Shah Alam Civil Suit No. MT4-22-434-2006 alleging that SAP owes CGE the sum of RM4,116,506.20 together with cost and interest at the rate of 8% per annum from 20.04.2006 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").

SAP filed an Stay Application at the Court pending arbitration as provided under the Conditions of Contact for the Project and same was allowed by the SAR and High Court. CGE has appealed to the Court of Appeal against the High Court decision. No date has been fixed yet.

5. Joginder Singh & Co. ("JSC") filed an Originating Summons on 10.07.2007 against Kumpulan Hartanah Selangor Berhad ("KHSB"), Brisdale Holdings Berhad ("BHB") and Brisdale Rasa Development Sdn Bhd ("BRD") (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 - Brisdale Rasa Development Sdn Bhd -v-Silver Concept Sdn Bhd.

On 14 September 2009, the court, in the main suit, had allowed JSC's claim with costs of RM30,000.00 in lieu of taxation. KHSB had appealed against the decision.

On 31 March 2010, at the stay of judgment application hearing, conditional stay was granted and it was ordered that the judgment sum of RM2,262,500.00 be paid into the joint fixed deposit account of the solicitors for the Plaintiff and solicitors for the 1st Defendant in an interest bearing account within one (1) month from the date of the order pending outcome of the appeal. KHSB had complied with the order accordingly and paid the judgment sum in favour of its solicitor Messrs Jayadeep Hari & Jamil as stakeholder.

6. AmFinance Berhad [now known as AmBank (M) Berhad] ("AMF") has instituted foreclosure proceedings against SAP Holdings Berhad ("SAP") 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

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31st MARCH 2010

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").ered into between SAP and CTSB.

CTSB's application to intervene in the foreclosure proceeding was dismissed on 19 October 2009.

7. Cergas Tegas Sdn Bhd ("CTSB") filed an action vide Kuala Lumpur High Court No. S2-22-185-2004 against SAP Holdings Berhad ("SAP") and Star Everest Sdn Bhd ("SESB") alleging unlawful termination by SAP of the joint venture agreement and the agreements ancillary thereto ("JVA") and seeking damages to be assessed and the purported loss of profits of approximately RM350.0 million.

SAP has filed its defence and made a counterclaim of RM399 million against CTSB and indemnity against all claims in the foreclosure proceedings.

Since the last case management which was on 1 March 2010, there is no date yet fixed for the case.

8. Pembinaan Juta Mekar Sdn Bhd ("PJM") filed an action against SAP Holdings Berhad ("SAP") and Templer Park Golf Resort Berhad ("TPGR") on 18.04.2008 vide Shah Alam High Court Civil Suit No. MT3-22-617-2008 alleging that SAP and TPGR owe PJM the sum of 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.

SAP's 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 is a wholly owned subsidiary of SAP Holdings Sdn Bhd which in turn is a wholly owned subsidiary of the Company.

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.

The High Court allowed CHMS appeal and 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. The Court of Appeal had allowed the Claimants' appeal and upheld the decision of the Labour Court that RM651,607.51 be awarded as termination benefits together with interests and costs of RM15,000. As the matter arises from a Labour court ruling, the Court of Appeal is the final avenue of appeal of CHMS. Pursuant to the aforesaid, the judgment sum together with interest and cost is now payable by CHMS.

10. Roslan Bin Mohd Jani and Others (collectively as "the Claimants") instituted a legal proceeding against SAP Ulu Yam Sdn Bhd ("SUY"), SLP Perunding Sdn Bhd, Yayasan Selangor, Majlis Daerah Hulu Selangor dan Kerajaan Negeri Selangor (collectively be referred to as "the Defendants") at the Shah Alam High Court Civil No : 21 – 212- 2009 alleging inter alia that the Defendants collectively or individually through their negligent action(s) or omission(s) had failed to ensure that the property sold to the Defendant and its surrounding area is safe for occupation.

The case is fixed for further case management on 9 June 2010.

KUMPULAN HARTANAH SELANGOR BERHAD

Company No. 559747-W
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER
ENDED 31st MARCH 2010**

B12 Dividends

No dividend has been recommended or declared for this financial period.

B13 Earnings per share

The basic earnings per share of the Group for the current quarter of 0.32 sen is calculated based on consolidated profit attributable to the owner of the parent of RM1.46 million and number of ordinary shares in the financial year of 450 million.

BY ORDER OF THE BOARD

**NORLIDA JAMALUDIN
COMPANY SECRETARY**

Date: 26 May 2010

Kelulusan Pengumuman :

Keputusan Kewangan Bagi Suku Pertama Berakhir 31hb Mac 2010 ini diluluskan untuk pembentangan kepada Lembaga Pengarah dan Jawatankuasa Audit dan seterusnya pengumuman kepada Bursa Malaysia Securities Berhad.

**Ching Hong Seng
Pengurus Besar - Kewangan**

Tarikh: 26 Mei 2010