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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31<sup>st</sup> MARCH 2013**

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**A. 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

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 2012.

**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 2012 except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and Issue Committee Interpretations (“IC Interpretations”) as follows:

**A2.1 Adoption of FRSs, Amendments to FRSs and IC Interpretations**

On 1 January 2013, The Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Amendments to FRS 101	Presentation of Financial Statements (Improvements to FRSs (2012))
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosures of Interest in Other Entities
FRS 13	Fair Value Measurements
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures
Amendments to FRS 7	Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))
IC Interpretations 2	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretations 20	
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))
Amendments to FRS 116	Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132	Interim Financial Reporting (Improvements to FRSs (2012))

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Amendments to FRS 134	Interim Financial Reporting (Improvements to FRSs (2012))
Amendments to FRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11	Joint Arrangements: Transition Guidance
Amendments to FRS 12	Disclosure of Interests in Other Entities: Transition Guidance

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group.

### **A2.2 Standards issued but not yet effective**

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:-

		Effective for financial periods beginning on or after
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities	1 January 2014
FRS 9	Financial Instruments	1 January 2015
Malaysian Financial Reporting Standards (“MFRS Framework”)		

### **A2.3 Malaysian Financial Reporting Standards (“MFRS Framework”)**

On 19 November 2011, the Malaysian Accounting Standards Boards (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Frameworks to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15: Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called ‘Transitioning Entities’).

On 4 July 2012, MASB has decided to allow Transitioning Entities to defer the adoption of the new MFRS Framework for an additional one year. MFRS Framework will therefore be mandated for all Transitioning Entities for annual periods beginning on or after 1 January 2014.

The Groups falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to

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amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

**A3 Audit report on preceding annual financial statements**

The audited financial statements for the financial year ended 31 December 2012 were not subject to any audit qualification.

**A4 Seasonal or cyclical factors**

The Group's business operations during the financial period under review have not been materially affected by any seasonal or cyclical factors.

**A5 Unusual items affecting assets, liabilities, equity, net income or cashflows**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period under review.

**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 financial period under review.

**A7 Debt and equity securities**

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 financial period under review.

**A8 Dividend paid**

There was no dividend proposed and paid during the financial 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 Material events subsequent to the end of the interim period**

There were no other material transactions or events subsequent to the current quarter ended 31<sup>st</sup> March 2013 up to the date of this report which, is likely to substantially affect the results of the Group's operations except as disclosed in Note B9, Material Litigation section of this interim financial statements.

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

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

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**A12 Contingent liabilities**

The contingent liabilities as at 31<sup>st</sup> March 2013 were as follows:

<b>a) Secured</b>	<b>RM'000</b>
Legal action taken by a financial institution in respect of a third party charge granted by a subsidiary company on a piece of land which has now been forfeited by the Land Authority, as disclosed under B9, Part B, No. 2 (principal loan sum of RM17,000,000.00 and interest of RM37,910,274.02)	54,910
<b>b) Unsecured</b>	
<b>(i) Other claims filed against the Group</b>	279
<b>(ii) Cergas Tegas Sdn Bhd against SAP Holdings Bhd vide Kuala Lumpur High Court No. S2-22-185-2004 and S6-22-280-2006</b>	350,000
On 16 February 2004, 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 counter-claim on 17 March 2004, 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. Further development of the case is disclosed under Section B9, Part B, No. 3.	

**A13 Employee Share Option Scheme ("ESOS")**

The Kumpulan Hartanah Selangor Berhad's Employee Share Option Scheme ("KHSB ESOS") is governed by the bye-laws which were approved by the shareholders at the Extraordinary General Meeting on 15 June 2004. The Company implemented KHSB ESOS in 2005 and is to be in force for a period of 5 years 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 years period. The Option Committee had approved the extension of KHSB ESOS scheme tenure for another 5 years expiring on 27 December 2015.

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

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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.

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				
			1.1.2013 '000	Granted '000	Terminated '000	Exercised '000	31.3.2013 '000
28.12.05	27.12.15	1.00	24,199	-	(9,908)	-	14,291
05.01.08	27.12.15	1.00	<u>1,225</u>	<u>-</u>	<u>(1,080)</u>	<u>-</u>	<u>145</u>
			25,424	-	(10,988)	-	14,436

No options were exercised during the financial period under review.

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

**B1 Performance review**

Current quarter against previous year corresponding quarter

For the current quarter under review, the Group reported lower revenue of RM1.86 million compared to RM9.90 million in the corresponding quarter 2012. This was mainly due to lower contribution from property development project. The Group recorded profit before tax of RM4.70 million for the current quarter compared to loss before tax of RM4.94 million in the corresponding quarter 2012 mainly due to other income of RM11.26 million in relation to compensation from local authority received in the current quarter.

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

The Group reported a decrease in revenue of RM24.64 million from RM26.50 million reported in the previous quarter due to lower contribution from land deals and property development project. The Group recorded profit before tax of RM4.70 million in the current quarter compared to loss before tax of RM0.84 million in the previous quarter mainly due to impairment on certain land held for property development recorded in the previous quarter.

**B3 Commentary on prospects**

Whilst the Group continues to address the challenging issues from previous property development and joint venture projects, the Group has outlined some strategic plans to be implemented over the next few years.

The Group entered into a Memorandum of Understanding with Norzakiah Architect (“NZA”) on 24 May 2012, for the purpose of appointing NZA as the Lead Town Planning Consultant, in collaboration with the Buchan Group of Australia, to prepare the master plan for the development of Pulau Indah East measuring approximately 1,196 acres into an integrated township. On 12 April 2013, the Memorandum of Agreement (MOA) had been executed and stamped to effect the appointment of NZA as the Lead Consultant.

Phase 1 of the Selangor Halal Hub Pulau Indah measuring 300 acres has been successfully completed and sold by the Group. The infrastructure works for Phase 2 which cover an area measuring 400 acres has also been completed. Of this, more than 300 acres have been sold.

The Group has also embarked on the development of Phase 3A of the Pulau Indah Industrial Park (PIIP). Phase 3A is expected to be completed in 3 years and is poised to be officially launched in October 2013. The gross area of Phase 3A PIIP measures around 281 acres whilst the saleable area is estimated at 177.50 acres. The letter of award has been issued to the successful tenderer in relation to reclamation works of Phase 3A PIIP on 9 January 2013.

The Group has decided to develop a piece of land measuring 9.69 acres at Petaling Jaya, Section 14 and KHSB will take the role of Master Developer. Being strategically located in the City of Petaling Jaya, the development should attract more interests from buyers.

The Group is also actively searching for strategically located lands for future development.

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Despite challenging macroeconomic conditions in which KHSB operates, the Group's balance sheets generally remain strong. The Group is also well positioned in various strategic property development areas in Selangor, which continue to be the main drivers for growth in this sector.

Our majority shareholder Kumpulan Perangsang Selangor Berhad had on 14 February 2013 received an unsolicited offer from Kumpulan Darul Ehsan Berhad (KDEB) to purchase Perangsang Selangor's entire 254,562,576 ordinary shares in KHSB representing a 56.57% equity stake for a minimum total cash consideration of RM193,467,557.76.

Since then, the Board of Perangsang Selangor has accepted the offer from KDEB and a Share Purchase Agreement, which is conditional upon the fulfillment of various terms and conditions, was signed on 29 April 2013. Accordingly, an extraordinary general meeting of Perangsang Selangor shall be carried out for shareholders to approve the disposal.

**B4 Profit forecast and profit guarantee**

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

**B5 Other operating income / (expenses)**

Included in other operating income / (expenses) were the following credits / (charges):

<u>Particulars</u>	[---- Current Quarter ----]		[----- Year To Date -----]	
	31/03/2013 RM'000	31/03/2012 RM'000	31/03/2013 RM'000	31/03/2012 RM'000
Interest income:				
- fixed deposits	134	79	134	79
- loan and receivables	135	329	135	329
Gain/(loss) on disposal:				
- property, plant and equipment	-	45	-	45
Reversal of:				
- impairment loss on inventories	5	-	5	-
Depreciation of property, plant and equipment	(148)	(172)	(148)	(172)
Amortisation of investment properties	(4)	(15)	(4)	(15)
Interest expense	(2,921)	(3,278)	(2,921)	(3,278)
Forex exchange gain/(loss)	-	-	-	-
Exceptional items (with details)	-	-	-	-

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**B6 Income tax and zakat expense**

	[----- Current Quarter -----]		[----- Year To Date -----]	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	RM'000	RM'000	RM'000
Current tax position	-	346	-	346
Deferred tax transfer to balance sheet	(13)	(13)	(13)	(13)
Income tax expense	(13)	333	(13)	333
Zakat expense	-	-	-	-
Income tax and zakat expense	<u>(13)</u>	<u>333</u>	<u>(13)</u>	<u>333</u>

The Group's effective tax rate for the current quarter and financial year to-date is lower compared to the statutory taxation rate mainly due to certain non-tax deductible expenses.

**B7 Status of corporate proposals**

There were no corporate proposals announced as at the date of this report.

**B8 Borrowings**

The Group borrowings as at 31<sup>st</sup> March 2013, all denominated in local currency were as follows:

	<b>Total</b> RM'000
<b>Short Term Borrowings:</b>	
<b>Secured</b>	35,557
<b>Unsecured</b>	28,333
	<u>63,890</u>
<b>Long Term Borrowings:</b>	
<b>Secured</b>	101,508
<b>Unsecured</b>	-
	<u>101,508</u>
<b>Total Borrowings</b>	<u><b>165,398</b></u>

**B9 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.



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**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 general damages for loss of profit, interest and cost for breach of a Joint Venture Agreement between SAP and PAG. Summary judgment was obtained in favour of SAP on 12 February 2007. Due to the failure by PAG to honour the aforesaid judgment, SAP filed a winding up proceeding against PAG. Pursuant to the Winding-Up Order made on 20 May 2008, the Official Assignee ("OA") was appointed as the liquidator for PAG. SAP filed proof of debt on 16 July 2009 for a total amount of RM20,342,391.78 consisting of the judgment sum of RM15,930,000.00 and interests of RM4,412,391.78.

The matter is still under the OA's action on the same.

2. Central Spectrum (M) Sdn Bhd ("CSSB") filed an appeal against the decision of Pentadbir Tanah Daerah Klang ("PTDK") in respect of quantum and measurement of land acquisition for Lots 74072, 74073, 74074 and 74075 [No. Hakmilik: PN 7941, 7940, 7939 and 7938] vide Shah Alam High Court Summons No. MT3-15-686-2004 ("KTM 1"). On 24 December 2010, the High Court upheld the Award made by PTDK of RM2,664,364.00 being the compensation for the said acquisition.

On 14 January 2011, CSSB filed Notice of Appeal against the High Court's decision vide Civil Appeal No. B-01-57-11 and on 15 April 2011, CSSB filed the Record of Appeal for the same.

The Court of Appeal had fixed the Hearing date on 25 April 2013 pending receipt of grounds of judgment and notes of proceedings from the High Court. On 25 April 2013, the Court of Appeal had postponed the Hearing to 4 July 2013 since the parties are still waiting for the grounds of judgment and notes of proceedings from the High Court.

3. Central Spectrum (M) Sdn Bhd (CSSB) filed another appeal against the decision of Pentadbir Tanah Daerah Klang (PTDK) in respect of quantum and 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"). PTDK had awarded to CSSB a sum of RM4,535,114.00 as compensation for the said acquisition.

CSSB appealed against PTDK's award and on 24 December 2010, the High Court increased the amount as follows:

- i) for Lot 74076 and Lot 74077, the Court maintained the nominal award of RM10.00 each;
- ii) for Lot 74078, the amount increased to RM819,702.00;
- iii) for Lot 74079, the amount increased to RM593,100.00; and
- iv) for Lot 104400, the amount increased to RM361,800.00.

The total amount increased for item (ii) to (iv) above is RM1,774,602.00 with interest of 8% per annum from the date of Borang K (1 August 2005) until the date of Order and further interest at 8% per annum on RM1,774,602.00 if payment is made after 3 months from the date the sealed Order is served on PTDK.

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PTDK has paid RM2,541,230.06 on 13 October 2011, being the total increased award of RM1,774,602.00 together with 8% interest per annum on RM1,774,602.00 from the date of Borang K (1 August 2005) until the date of Order (24 December 2010) of RM766,628.06.

On 14 January 2011, CSSB filed Notice of Appeal against High Court's decision vide Civil Appeal No. B-01-64-11 in respect of the nominal award and on 15 April 2011, CSSB filed the Record of Appeal for the same.

The Court of Appeal had fixed the Hearing date on 25 April 2013 pending receipt of grounds of judgment and notes of proceedings from the High Court. On 25 April 2013, the Court of Appeal had postponed the Hearing to 4 July 2013 since the parties are still waiting for the grounds of judgment and notes of proceedings from the High Court.

4. SAP Holdings Berhad ("SAP") filed an Originating Summons against Messrs Arbain & Co ("MAC") on 27 July 2011 disputing the claim made by MAC amounting to RM4,711,453.00 for the outstanding legal fees pursuant to the Notice of Section 218 of the Companies Act 1965 dated 1 August 2011 served by MAC on 10 August 2011. SAP has referred the bill for further direction from the Court. On 25 August 2011, SAP filed for an injunction against MAC from commencing the winding-up proceedings and SAP was granted the Ex-Parte Injunction (pending hearing of inter-partes) on 26 August 2011. The case was fixed for Case Management on 7 September 2011 and the inter-partes hearing was fixed on 15 September 2011. On 15 September 2011, SAP obtained an Ad Interim Injunction and the Case Management has been fixed on 22 December 2011. However, on 22 December 2011, SAP filed Summons in Chambers in support of SAP's application under Order 14A(1) and (2) Rules of High Court 1980 to strike out the Notice Pursuant to Section 218 of the Companies Act 1965 and the Bill of Cost dated 26 March 2010 for the alleged sum of RM4,711,453.00 as the Notice and the Bill of Cost were issued to two (2) different entities. The Court has fixed the Case Management on 6 March 2012 for the parties to complete the affidavits. On 6 March 2012, the Court has fixed the next Case Management on 27 March 2012 for the parties to file their respective written submissions, if any. On 27 March 2012, the Court fixed the Case Management on 17 April 2012.

On 17 April 2012, the Court further fixed the Case Management on 10 May 2012 to enable the Court and parties to reconstruct the file since some documents which were filed earlier were not found available in the Court's file due to change of Court officers. On 10 May 2012, the Court has set the case for Hearing on 27 June 2012. On 27 June 2012, the Court decided in SAP's favour and held that the Bill of Costs, which was not addressed to SAP, cannot be effective or valid to support the Section 218 Notice. The Court affirmatively declares that both Bill of Costs and Section 218 Notice issued by MAC were not in order and/or invalid and/or not binding. The Court further allowed SAP's application with costs of RM2,000 to be paid by MAC. On 10 July 2012, MAC filed Notice of Appeal against the High Court's decision dated 27 June 2012. The Court of Appeal has fixed the Hearing on 27 November 2012. On 27 November 2012, the Court of Appeal had unanimously dismissed MAC's appeal with costs.

On 14 May 2013, the Learned Judge granted Order in Terms as follows:

- 1) For Inter-Parte Interim Injunction - the Court had allowed SAP's application to restrain the Defendant from filing winding-up petition under Section 218 of the Companies Act 1965 until the disposal of the Originating Summons filed by SAP.

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2) For Originating Summons –

- (a) declaration that the Defendant's Bill of Cost dated 26 March 2010 is not comprehensive and the amount claimed is unjustifiable;
- (b) declaration that the amount claimed is unfair, unreasonable, exorbitant and SAP is not liable to pay for the same;
- (c) the Defendant to issue a new Bill of Costs to the right entity within ninety (90) days with due justification and details.
- (d) thereafter, the new Bill of Costs to be submitted for taxation before the Registrar.

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

1. CGE Construction Sdn Bhd ("CGE") filed an action against SAP Air Hitam Properties Sdn Bhd ("SAPH") on 20 April 2006 vide Shah Alam Civil Suit No. MT4-22-434-2006 alleging that SAPH 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 for a 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").

SAPH filed application for Stay of Proceeding before the Court pending arbitration as provided under the Conditions of Contact for the Project and the same was allowed by the Senior Assistant Registrar and upheld by the High Court. CGE filed their appeal to the Court of Appeal against the High Court's decision.

Hearing for CGE's appeal against SAP's stay order pending arbitration has been fixed on 20 October 2011. However, on 20 October 2011, the Court dismissed the appeal with costs as the Record of Appeal was not in order.

2. AmFinance Berhad [now known as AmBank (M) Berhad] ("AMF") instituted foreclosure proceeding 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 HS(D) 20034 PT No. 26549, Mukim Batu, Daerah Gombak ("Gombak Land"). SAP, the registered proprietor of the Gombak Land then, 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").

CTSB's application to intervene in the foreclosure proceeding was dismissed on 19 October 2009. SAP filed its written submission on 4 November 2010 and the case was fixed for decision on 10 November 2010.

Subsequently, the Court allowed AMF's application for an Order for Sale of the Gombak Land with cost of RM1,500. The Court further fixed 24 January 2011 as the auction date of the Gombak Land.

SAP filed a Notice of Appeal against the said decision and the Hearing for the Summons for Directions was fixed on 29 March 2011 in respect of the Order for Sale of the Gombak Land.

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On 23 March 2011, SAP filed an application for Stay of Execution and on 25 March 2011, the Court granted an Interim Stay pending filing of submissions by both parties before the Court by 19 May 2011 and the Court shall give its decision on the same on 26 May 2011.

On 29 March 2011, the Court directed both parties to file their submissions in relation to the Summons in Chambers filed by CTSB to set aside the Order for Sale and substitution of SAP as Defendant in the said suit by 29 April 2011 and consequently, the Court extended the date to 15 June 2011 for both parties to file their submissions.

On 26 May 2011, the Court had fixed 6 July 2011 as the date for decision in respect of SAP's application for Stay of Execution. On 15 June 2011, both parties filed their submissions in respect of CTSB's application. On 6 July 2011, the Court allowed SAP's application for Stay of Execution pending appeal.

On 2 August 2011, the Court had fixed 13 September 2011 for decision and the parties were required to submit all cause papers and written submissions by 6 September 2011. On 25 August 2011, the Gombak Land was forfeited by the Gombak District Land Office. On 13 September 2011, the Court further fixed the Case Management for CTSB's application to set aside the Order for Sale on 30 November 2011. On 30 November 2011, the Court dismissed CTSB's application to set aside the Order for Sale. The Court of Appeal had fixed 12 January 2012 for Hearing of AMF's appeal against the stay order obtained by SAP. However, the Court of Appeal had adjourned this matter to 26 April 2012 pending hearing of AMF's appeal against the forfeiture notice pursuant to Section 418 of the National Land Code 1965. On 26 April 2012, the Court of Appeal had further adjourned the Hearing to 6 June 2012 pending decision of AMF's appeal against the forfeiture of the Gombak Land. On 6 June 2012, the Court of Appeal postponed the Hearing to 19 June 2012 and subsequently, this matter was postponed to 26 July 2012. On 26 July 2012, the Court further postponed the Hearing to 4 September 2012. On 4 September 2012, the Court had fixed this matter for Hearing on 1 October 2012 wherein AMF's appeal against the Order for stay of execution granted to SAP and SAP's appeal against the Order for Sale granted to AMF will be heard together. On 1 October 2012, the Court of Appeal had set aside SAP's appeal against the Order for Sale dated 20 December 2010 with a nominal cost of RM15,000.00 to be paid by SAP to AMF.

3. Cergas Tegas Sdn Bhd ("CTSB") filed an action vide Kuala Lumpur High Court No. S2-22-185-2004 ("Suit 1") against SAP Holdings Berhad ("SAP") alleging unlawful termination by SAP of the Joint Venture Agreement ("JVA") dated 12 January 1991 and the agreements ancillary thereto in respect of a piece of land held under HS(D) 20034 PT No. 26549, Mukim Batu, Daerah Gombak. CTSB is seeking damages to be assessed and the purported loss of profits of approximately RM350 million. SAP filed its defence and made a counterclaim of RM399 million against CTSB and an indemnity by CTSB against the consequences of CTSB's breach of the term loan facility and/or enforcement by AMF of its right under the charge.

CTSB filed another action vide Kuala Lumpur High Court Suit No. S6-22-280-2006 against SAP and Star Everest Sdn Bhd ("SESB") ("Suit 2") restraining SAP and SESB from entering or dealing with the land in view that Suit 1 was still ongoing at that material time. Both cases were subsequently consolidated by the Court.

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The case was heard on 5 July 2011 and on 4 August 2011, it was held by the Court as follows:

- i) The Court dismissed both Suits filed by CTSB with costs;
- ii) SAP is the legal and beneficial owner of the land by way of declaration granted by the Court;
- iii) The Court granted an injunction to compel CTSB, whether by itself or by its servant or agents or otherwise howsoever to deliver up vacant possession of the land to SAP within fourteen (14) days from the date of the order made;
- iv) The Court granted an injunction to restrain CTSB, whether by itself or by its servants or agents or otherwise howsoever from entering into and/or using the land;
- v) The damages claimed by SAP shall be assessed by the Registrar together with interest to be paid on the assessed amount at 4% per annum from the date of the Summons to the date of the Judgment (i.e. 4 August 2011) and at the rate of 8% per annum from the date of the Judgment until date of full settlement;
- vi) Costs to be paid by CTSB to SAP as follows:-
  - a) RM40,000.00 for Summons 1;
  - b) RM10,000.00 for Summons 2;
  - c) RM10,000.00 for Injunction in respect of Summons 1; and
  - d) RM10,000.00 for Injunction in respect of Summons 2.
- vii) The Court further granted liberty to SAP to commence action for any damages suffered as a result of the injunction taken by CTSB against SAP.

CTSB filed an appeal to the Court of Appeal on 9 August 2011 against the decision of the High Court dated 4 August 2011. On 12 August 2011, CTSB filed an application for a stay of execution, however, the Court dismissed CTSB's application.

On 16 August 2011, CTSB filed Summons in Chambers for stay of execution which was fixed for Hearing on 25 August 2011. CTSB also filed a second appeal on 16 August 2011 to crystallize and reflect the true decision of the Court following the clarification by the Judge. On 19 August 2011, SAP, through its solicitors demanded CTSB to deliver vacant possession of the Gombak Land within fourteen (14) days from the date of the notice pursuant to the Order dated 4 August 2011. On 25 August 2011, SAP served *Notis Untuk Menghadiri Temujanji* to Court for the assessment of damages pursuant to the Order dated 4 August 2011 and the Court fixed 9 November 2011 for Case Management. On 26 August 2011, SAP received Borang 8A dated 25 August 2011 from the Gombak District Land Office being a notice of an Order under Section 129 of the National Land Code 1965 to forfeit the land.

On 13 September 2011, CTSB's application for stay of execution was dismissed by Court. On 9 November 2011, the Court directed the parties to file and exchange affidavits on the assessment of damages pursuant to the Order dated 4 August 2011 and fixed 29 March 2012 for Case Management. SAP filed its claimed for damages to be assessed by the Court on 28 December 2011. On 18 January 2012, CTSB filed a Notice of Motion to amend their Record

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of Appeal dated 9 August 2011 and extension of time to file the Record of Appeal and Supplemental Record of Appeal dated 16 January 2012 out of time. The Hearing for CTSB's application has been fixed on 13 April 2012.

On 23 February 2012, the Company has been informed by the solicitors via its letter dated 22 February 2012 that CTSB has been wound up pursuant to a Court Order taken by AmFinance Berhad on 20 January 2012.

On 29 March 2012, upon notification of the winding up order made against CTSB, the Court fixed the next Case Management on 5 September 2012 pending application by SAP to the winding up court for leave to continue with the proceedings for the assessment of damages as required under Section 226(3) of the Companies Act 1965. The Hearing for SAP's application for leave was fixed on 24 April 2012.

On 13 April 2012, the Court has fixed 23 May 2012 for a joint Hearing in respect of CTSB's motion for amendment of the Notice of Appeal dated 9 August 2011 and extension of time to file Record of Appeal and the appeal filed by CTSB on 16 August 2011 which was fixed for disposal.

On 24 April 2012, the Court has set 24 May 2012 for Hearing in respect of SAP's application for leave to continue with the proceedings for the assessment of damages to enable AmFinance Berhad and liquidator for CTSB to file their affidavits. The Court further directed SAP to file its affidavit in reply, if any, before 24 May 2012.

On 23 May 2012, the Court has set 17 July 2012 for Hearing of CTSB's motion for amendment of the Notice of Appeal and extension of time to file Record of Appeal. In respect of SAP's application for leave to continue with the proceedings for the assessment of damages, the Court has allowed SAP's application on 24 May 2012 with costs of RM1,500.00 to be paid by the liquidators from CTSB's assets to SAP. On 17 July 2012, the Court allowed CTSB's application to amend Notice of Appeal dated 9 August 2011 and extension of time to file Record of Appeal dated 11 October 2011 and Additional Record of Appeal dated 16 January 2012 with costs of RM5,000 to be borne by CTSB in order to hear the appeal proper on merit. However, the appeal was partly heard and the Court has adjourned the Hearing for further submissions by SAP's solicitors on 5 October 2012.

On 5 September 2012, the Court fixed 16 October 2012 for Case Management in respect of SAP's application for assessment of damages pursuant to the judgment dated 4 August 2011.

On 5 October 2012, CTSB's appeal against the decision of the High Court dated 4 August 2011 proceeded for continued Hearing and upon hearing the submissions from all the parties, the Court reserved its decision whereby the written decision will be delivered on a date to be fixed by the Court.

During the continued Hearing, the Court allowed CTSB's application to amend the Intitulement of Notice of Appeal, Memorandum of Appeal and Record of Appeal with costs of RM2,000.00 to be paid by CTSB to SAP and no order as to costs with regards to SESB. The amendment will correctly reflect the status of CTSB as "Cergas Tegas Sdn Bhd (Dalam Likuidasi)".

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In respect of SAP's application for assessment of damages, on 16 October 2012, the Court has set the Mention date on 12 December 2012 pending the outcome of the Court of Appeal's decision in Civil Appeal No. W-02-2105-2011 (in relation to CTSB's appeal against the decision of the High Court).

On 7 December 2012, Court of Appeal held as follows:

- i) that the appeal was allowed with costs of RM50,000.00 in which the decision of the High Court dated 4 August 2011 was overturned;
- ii) that the termination of the Joint Venture Agreement dated 12 January 1991 and the agreements ancillary thereto ("JVA") by SAP are wrongful and not valid;
- iii) that the unilateral revocation of the Power of Attorney in favour of Cergas Tegas Sdn. Bhd. ("CTSB") dated 28 August 1991 by SAP is not valid and consequently, the Power of Attorney is still valid and binding on SAP;
- iv) that SAP only has interest and rights to the payment of the balance of the RM23,500,000.00 and not the leasehold land held under HS(D) 20034, PT No. 26549, Mukim Batu, Daerah Gombak, Selangor Darul Ehsan ("Land") pursuant to the Second Supplementary Agreement;
- v) that conduct of SAP through up to the date of termination of the JVA was such that SAP only gave effect to the Second Supplementary Agreement and not to the JVA; and
- vi) SAP's counterclaim is dismissed.

With the above findings, the Court of Appeal among others ordered that:

- a) SAP transfers the Land to CTSB, subject to payment of the balance purchase price equivalent to RM14,322,173.00 by CTSB to SAP and further subject to redemption by CTSB and also further subject to the status of the forfeiture of the Land by the Selangor State Authority;
- b) SAP gives vacant possession of the Land to CTSB;
- c) SAP to pay CTSB for damages to be assessed by the Senior Assistant Registrar of the High Court; and
- d) An injunction restraining SAP from disposing the Land to Star Everest.

In respect of the SAP's application for assessment of damages, which was fixed for Mention on 12 December 2012, in light of the Court of Appeal's decision above and in furtherance to the option open to SAP to seek leave of the Federal Court to appeal to the Federal Court against the said decision, the High Court and all parties agreed that the proceeding for assessment of damages in favour of SAP be kept in abeyance and not to be struck out at this juncture. The High Court has fixed this matter for Case Management on 5 February 2013.

On 26 December 2012, SAP filed the Motion for Leave to Appeal to the Federal Court against the Court of Appeal's decision dated 7 December 2012. SAP's Motion for Leave is fixed for

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Case Management on 23 January 2013. On 23 January 2013, the Federal Court had fixed the Hearing in respect of SAP's Motion for Leave to Appeal on 3 April 2013.

On 5 February 2013, the High Court had fixed the next Case Management for SAP's application for assessment of damages on 16 April 2013 pending the outcome of the Hearing of the Notice of Motion for Leave to Appeal which was fixed on 3 April 2013. On 3 April 2013, the Federal Court had dismissed SAP's Motion for Leave to Appeal against the Court of Appeal's decision dated 7 December 2012 with cost. The Court had fixed the next Case Management for CTSB's application for assessment of damages on 3 June 2013. Whilst SAP's application for assessment of damages pursuant to the Order dated 4 August 2011 had been withdrawn with no order as to cost.

4. 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 High Court Civil Suit No. MT3-22-617-2008 alleging that SAP and TPGR owed 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.

The Hearing for summary judgment filed by PJM shall only be heard after the Hearing for striking out application by SAP and TPGR.

The case has been fixed for Full Trial on 26 July 2012 and 27 July 2012. However, the Court has vacated the said Trial dates as there are other priority matters prior to 2007 to be disposed by the Court. On 18 July 2012, the Court has fixed this matter for Mention on 7 December 2012 and Trial from 7 January 2013 until 11 January 2013. On 7 December 2012, the High Court maintained the dates for Full Trial. Upon completion of the Full Trial, the High Court has directed the followings:

- (a) the parties to submit their respective written submissions by 3 March 2013; and
- (b) the Decision/Clarification is fixed on 19 March 2013

On 19 March 2013, the High Court had vacated the date fixed for Decision/Clarification as the Learned Judge was on medical leave. The High Court will inform the parties in writing on the next Decision/Clarification date. On 11 April 2013, the Court had vacated the date which was fixed for Decision/Clarification on 12 April 2013 as the Learned Judge is still on medical leave. The matter is now fixed for Decision/Clarification on 6 May 2013. The Court had vacated the date which was fixed for Decision/Clarification on 6 May 2013 as the Learned Judge is still on medical leave until end of July 2013. This matter is now fixed for Decision/Clarification on 31 July 2013.

5. Star Everest Sdn Bhd ("SESB") filed an action in the Kuala Lumpur High Court Suit No. 22NCVC-1066-11/2011 vide a Writ of Summons and Statement of Claim dated 1 November 2011 against SAP Holdings Berhad ("SAP") for breach of a "Development Agreement", "Business Alliance Cum Authorisation Agreement", "Forward Entitlement Agreement", "Takeover Liabilities Agreement" and "Power of Attorney" all dated 21 February 2004 ("the Agreements") in relation to the development of a piece of land held under HS(D) 20034, PT No. 26549, Mukim Batu, Daerah Gombak, Negeri Selangor Darul Ehsan measuring approximately 234.187 acres ("Said Land"). SESB is alleging that SAP has wrongfully terminated the Agreements. On 22 December 2011, the Court allowed SAP's application for



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an extension of time for a further period of 2 weeks and directed SAP to file its defence by 5 January 2012. On 6 January 2012, the Court directed SESB to file its reply to SAP's defence (if any) by 20 January 2012.

On 9 March 2012, the Court directed the parties to file the Agreed Issues to be Tried, Agreed Facts, Common Bundle of Documents, List of Witnesses and Summary of Case before 2 April 2012. On 2 April 2012, the Court directed both parties to file the aforementioned documents before the next Case Management on 24 April 2012. On 24 April 2012, the Court has fixed 18 May 2012 for Hearing in respect of SAP's application to amend its Statement of Defence and further directed the parties to comply with the Case Management's direction by 18 May 2012. On 18 May 2012, the Court has given the following directions:

- (a) the application to amend the Statement of Defence is allowed with costs to SESB in the sum of RM500.00;
- (b) the parties to file Agreed Issues to be Tried, List of Witnesses and Summary of Case; and
- (c) the Court has fixed this matter for further Case Management on 15 June 2012.

On 15 June 2012, the Court has given the following directions:

- (a) this matter was fixed for Trial on 3 September 2012 and 4 September 2012;
- (b) parties to file List of Witnesses, Witness Statements and List of Exhibits by 20 July 2012;
- (c) final Case Management was fixed on 24 July 2012

On 24 July 2012, in view that the parties are still in the process of finalising the Bundle of Documents, the Court has given the following directions:

- (a) the Common Bundle of Documents to be filed by 7 August 2012;
- (b) the List of Witnesses, Witness Statements and List of Exhibits to be filed by 28 August 2012;
- (c) the Trial dates on 3 September 2012 and 4 September 2012 are vacated;
- (d) the new Trial dates are fixed on 2 October 2012 and 3 October 2012.

On 24 September 2012, the Court has rescheduled the Trial dates to 12 December 2012 until 14 December 2012. On 12 December 2012, the Court vacated the Trial dates and fixed this matter for Case Management on 30 January 2013. The adjournment was granted by the Court to allow parties to go through the grounds of judgement by the Court of Appeal in the case of Cergas Tegas Sdn Bhd –vs- SAP Holdings Berhad and Star Everest Sdn Bhd (Civil Appeal No. W-02-2105-2011) which was decided on 7 December 2012, and thereafter for parties to make the necessary amendments to the pleadings (if necessary).

On 30 January 2013, the High Court had fixed this matter for further Case Management on 5 April 2013 pending the direction of Federal Court in the application for Leave to Appeal to Federal Court by SAP in the suit involving Cergas Tegas Sdn Bhd, SAP and Star Everest Sdn Bhd (Civil Appeal No. W-02-2105-2011) which had been fixed on 3 April 2013.

On 5 April 2013, in view of the decision by the Federal Court on 3 April 2013 in respect of Civil Appeal No. W-02-2105-2011 mentioned above, the High Court had granted SAP until 17 April 2013 to file the application to amend the Amended Statement of Defence ("Application"). The High Court will fix the trial dates after the disposal of the Application. On 22 April 2013, the

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solicitor for SAP informed that the Application had been fixed for Case Management on 7 May 2013. On 7 May 2013, the High Court had fixed for Hearing before the Judge on 23 May 2013 in respect of the said Application. On 23 May 2013, the Learned Judge had allowed SAP's Application and the case is fixed for Case Management on 27 June 2013.

6. Sa'odah Bt Abdul Rahman ("Plaintiff") filed an action in the Shah Alam High Court Civil Suit No. 22NCVC-965-07/2012 vide a Writ of Summons and Statement of Claim dated 30 July 2012 against SAP Ulu Yam Sdn Bhd ("SAPUY") pursuant to a Sale and Purchase Agreement dated 24 May 1996 entered between the Plaintiff and SAPUY in respect of a piece of land held under HS(D) 16333 PT 135, Mukim Ulu Yam, Daerah Ulu Selangor, Selangor Darul Ehsan ("Said Land"). The Plaintiff is alleging that the land slide occurred on 30 November 2008 in the vicinity had caused damage to the access road leading to the Said Land. The Plaintiff is claiming for specific performance, special damages amounting to RM1,000,000.00 for the "loss of enjoyment" of the Said Land and other general damages to be assessed by the Court.

The Court has fixed the next Case Management on 18 September 2012. On 18 September 2012, the Court has adjourned this matter to 21 September 2012 since the Assistant Registrar was not available to hear and manage the case. On 21 September 2012, the Court has fixed this matter for Case Management on 5 November 2012 for the parties to file their respective Common Bundle of Documents, List of Witnesses, Witness Statements and List of Exhibits. On 5 November 2012, the Court has fixed 19 November 2012 for Trial. On 19 November 2012, the Court vacated the Trial date and fixed a new date for Trial on 25 January 2013 to enable the parties to comply with the Court's directives given on 5 November 2012. The Court had fixed 11 January 2013 for Case Management. On 11 January 2013, the Court had fixed 21 January 2013 as the next Case Management date for the parties to file the Bundle of Documents, Agreed Facts and Issues and Summary of the Defendant's case.

On 21 January 2013, the Court deferred the Trial date, scheduled on 25 January 2013, to 18 April 2013 and 19 April 2013. Prior to the Trial date proper, the Court had fixed 11 April 2013 for Case Management to enable the parties to comply with the Court's directives as follows:

- (i) parties to file their respective Witness Statement and List of Witnesses; and
- (ii) the Plaintiff to file the Agreed Facts and Issues to be tried.

On 11 April 2013, the Court had fixed the new Trial dates on 23 July 2013 and 24 July 2013. The Court further directed the parties to ensure that the Bundle of Documents and its supplementary bundle together with the Witness Statements are filed in Court at least one (1) week before Trial.

#### **B10 Dividends**

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

#### **B11 Earning per share**

The basic earning per share of the Group for the current quarter of 0.58 sen was calculated based on consolidated profit attributable to the owner of the parent of RM2.62 million and number of ordinary shares in the financial year of 450 million.

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31<sup>st</sup> MARCH 2013**

**B12 Realised and unrealised profits/losses disclosures**

The breakdown of accumulated losses of the Group as at 31 March 2013, into realised and unrealised losses were as follows:

	As at 31/03/2013 RM'000	As at 31/12/2012 RM'000
Total accumulated losses of the Group:-		
- Realised	(424,824)	(427,426)
- Unrealised	(20,084)	(20,098)
Total Group accumulated losses as per consolidated accounts	<u>(444,908)</u>	<u>(447,524)</u>

**BY ORDER OF THE BOARD**

**HASHIMAH BINTI HAJI MOHD ISA**  
**AZALI BIN ABDUL AZIZ**  
**JOINT COMPANY SECRETARY**

Date: 30 May 2013

**Kelulusan Pengumuman :**

Keputusan Kewangan Bagi Suku Pertama Berakhir 31hb Mac 2013 ini diluluskan untuk pembentangan kepada Lembaga Pengarah dan Jawatankuasa Audit dan seterusnya pengumuman kepada Bursa Malaysia Securities Berhad.

**Zannifa Azura Ahmad**  
**Pemangku Pengurus Besar - Kewangan**

Tarikh: 30 May 2013