

**NADAYU PROPERTIES BERHAD (40282-V)**

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31-Mar-13 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-12 RM'000	CURRENT YEAR TO DATE 31-Mar-13 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-12 RM'000
Revenue	10,143	16,309	10,143	16,309
Results from operating activities	(415)	(4,976)	(415)	(4,976)
Finance costs	(856)	(1,221)	(856)	(1,221)
Finance income	691	172	691	172
Share of loss of equity accounted investee, net of tax	(852)	(137)	(852)	(137)
Loss before tax	(1,432)	(6,162)	(1,432)	(6,162)
Tax expense	390	1,093	390	1,093
Profit and total comprehensive income / (loss) for the period	(1,042)	(5,069)	(1,042)	(5,069)
Profit and total comprehensive income / (loss) for the period attributable to:				
Owners of the company	(1,026)	(5,033)	(1,026)	(5,033)
Non-controlling interests	(16)	(36)	(16)	(36)
Profit and total comprehensive income / (loss) for the period	(1,042)	(5,069)	(1,042)	(5,069)
Basic earnings per ordinary share (sen)	(0.45)	(2.19)	(0.45)	(2.19)
<small>(based on weighted average of 227,501,800 (2012: 227,636,077) ordinary shares for the quarter and cumulative year to date)</small>				
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

*The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements. Attention is drawn to Note 1 on Basis of Preparation showing the comparative results of adopting IC Interpretation 15 "Agreements for the Construction of Real Estate" based on percentage of completion method and completion method.*

**NADAYU PROPERTIES BERHAD (40282-V)**

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013  
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT END OF CURRENT QUARTER 31-Mar-13 RM'000	AS AT FINANCIAL YEAR END 31-Dec-12 RM'000
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	2,493	2,629
Investment properties	2,850	2,850
Investment in associate	11,965	12,817
Investments (unquoted)	14,626	14,626
Land held for property development	87,956	86,602
Deferred tax asset	8,839	7,867
	<u>128,729</u>	<u>127,391</u>
Current Assets		
Inventories	430,347	414,897
Trade receivables	29,189	57,448
Other receivables, deposits and prepayment	25,939	38,495
Current tax assets	1,342	1,270
Assets classified as held for sale	103,623	103,623
Cash and cash equivalents	26,813	24,270
	<u>617,253</u>	<u>640,003</u>
<b>TOTAL ASSETS</b>	<u>745,982</u>	<u>767,394</u>
<b>EQUITY AND LIABILITIES</b>		
Equity Attributable to Owners of the Company		
Share capital	230,914	230,914
Share premium	19,341	19,341
Capital reserve	1,500	1,500
Treasury shares	(4,096)	(4,096)
Retained earnings	48,787	49,813
	<u>296,446</u>	<u>297,472</u>
Non-controlling interests	4,043	4,059
Total Equity	<u>300,489</u>	<u>301,531</u>
Non-Current Liabilities		
Loan and borrowings	187,148	184,602
Deferred tax liabilities	10,896	10,961
	<u>198,044</u>	<u>195,563</u>
Current Liabilities		
Trade payables	28,011	45,071
Other payables and accrued expenses	27,860	44,907
Loans and borrowings	30,025	28,491
Current tax liabilities	3,952	6,926
Deferred revenue *	157,601	144,905
	<u>247,449</u>	<u>270,300</u>
Total Liabilities	<u>445,493</u>	<u>465,863</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>745,982</u>	<u>767,394</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.30	1.31

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\* Deferred revenue refers to progress billings net of discount attributable to the sale of properties under development for which the said properties under development have yet to delivered. As at 31 March 2013, RM128.7 million was collected.

**NADAYU PROPERTIES BERHAD (40282-V)**

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to Owners of the Company						Non-controlling Interests RM'000	Total Equity RM'000
	Non-distributable			Distributable				
	Share capital RM'000	Share premium RM'000	Capital Reserve RM'000	Treasury shares RM'000	Retained profits RM'000	Total RM'000		
At 1 Jan 2012	230,914	19,341	-	(3,705)	46,202	292,752	4,289	297,041
Total comprehensive income for the period	-	-	-	-	9,663	9,663	(230)	9,433
Bonus issue of a subsidiary	-	-	1,500	-	(1,500)	-	-	-
Dividends to the owners of the Company	-	-	-	-	(4,552)	(4,552)	-	(4,552)
Own shares acquired	-	-	-	(391)	-	(391)	-	(391)
At 31 December 2012	<u>230,914</u>	<u>19,341</u>	<u>1,500</u>	<u>(4,096)</u>	<u>49,813</u>	<u>297,472</u>	<u>4,059</u>	<u>301,531</u>
At 1 Jan 2013	230,914	19,341	1,500	(4,096)	49,813	297,472	4,059	301,531
Total comprehensive income / (loss) for the period	-	-	-	-	(1,026)	(1,026)	(16)	(1,042)
At 31 March 2013	<u>230,914</u>	<u>19,341</u>	<u>1,500</u>	<u>(4,096)</u>	<u>48,787</u>	<u>296,446</u>	<u>4,043</u>	<u>300,489</u>

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	31-Mar-13 RM'000	31-Dec-12 RM'000
<b>Cash flows from operating activities</b>		
(Loss) / profit before tax		
Continuing operations	(1,432)	11,691
Discontinued operation	-	203
<i>Adjustments for:</i>		
Depreciation of property, plant & equipment (PPE)	136	541
Finance costs	856	4,676
Finance income	(691)	(751)
PPE written off	-	719
Share of loss / (profit) of equity accounted investee, net of tax	852	(5,428)
Operating (loss) / profit before changes in working capital	(279)	11,651
Change in land held for property development	(1,355)	(1,221)
Change in inventories	(15,451)	(93,136)
Change in trade and other receivables, prepayment and other assets	40,815	(70,676)
Change in assets classified as held for sale	-	87,596
Change in trade and other payables	(34,106)	11,757
Change in deferred revenue	12,696	66,121
Cash generated from operations	2,320	12,092
Interest received	691	751
Interest paid	(853)	(4,660)
Net tax paid	(3,693)	(13,932)
Net cash used in operating activities	(1,535)	(5,749)
<b>Cash flows from investing activities</b>		
Acquisition of PPE	-	(612)
Dividend from associate	-	1,500
Redemption of investment in an associate	-	4,667
Withdrawal / (Placement) of pledged deposits & bank balances	(2)	2,173
Net cash (used in) / generated from investing activities	(2)	7,728
<b>Cash flows from financing activities</b>		
Dividend paid to owners of the Company	-	(4,552)
Payment of finance lease liabilities	(30)	(128)
Payment of finance lease interest	(3)	(16)
Repayment of loans and borrowings	(5,850)	(66,189)
Repurchase of treasury shares	-	(391)
Proceeds of loans and borrowings	10,574	46,891
Net cash generated from / (used in) financing activities	4,691	(24,385)
Net increase / (decrease) in cash and cash equivalents	3,154	(22,406)
Cash and cash equivalents at beginning of year	16,844	39,250
Cash and cash equivalents at end of year	19,998	16,844

Cash and cash equivalents in the cash flow statement comprise the following balance sheet amounts:

	31-Mar-13 RM'000	31-Dec-12 RM'000
Cash and bank balances (excluding cash and bank balances pledged)	10,515	15,133
Liquid investment	13,240	6,081
Bank overdrafts	(3,757)	(4,370)
	19,998	16,844

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements. Attention is drawn to Note 1 on Basis of Preparation showing the comparative results of adopting IC Interpretation 15 "Agreements for the Construction of Real Estate" based on percentage of completion method and completion method.

**NADAYU PROPERTIES BERHAD (40282-V)**

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**1 Basis of preparation**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standards (MFRS) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB) and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2012 except for those standards, amendments or interpretations which are effective from the annual period beginning 1 January 2013.

The adoption of these standards, amendments or interpretations have no significant impact on the financial statements of the Group upon their initial application.

The Group adopted IC Interpretation 15 ("IC 15"), Agreements for the Construction of Real Estate since financial year ended 30 April 2010. Pursuant to the adoption of IC 15, revenue recognition for property development activities should be recognised in accordance with the conditions for the sale of goods of para 14 of *FRS 118, Revenue* and the Group has recognised revenue from property development activities based on completion method. The Group has also prepared the comparative results if the Group have recognised revenue from property development based on percentage of completion method as shown below:

Income statement	Individual Period Current Year Quarter		Cumulative Period Current Year To date	
	Completion Method RM'000	Percentage Completion Method RM'000	Completion Method RM'000	Percentage Completion Method RM'000
Revenue	10,143	24,128	10,143	24,128
Results from operating activities	(415)	2,430	(415)	2,430
Finance costs	(856)	(856)	(856)	(856)
Finance income	691	691	691	691
Share of (loss) / profit of equity accounted investee, net of tax	(852)	5,127	(852)	5,127
Profit before tax	(1,432)	7,392	(1,432)	7,392
Tax expense	390	(835)	390	(835)
Profit and total comprehensive income / for the period	(1,042)	6,557	(1,042)	6,557
Profit / (Loss) for the period attributable to:				
Owners of the company	(1,026)	6,573	(1,026)	6,573
Non-controlling interest	(16)	(16)	(16)	(16)
	(1,042)	6,557	(1,042)	6,557

# NADAYU PROPERTIES BERHAD (40282-V)

## INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013

### NOTES TO THE INTERIM FINANCIAL REPORT

#### 2 Auditor's report on preceding annual financial statements

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

#### 3 Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors during the current financial quarter.

#### 4 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter.

#### 5 Changes in estimates

There were no changes in estimates that have had material effect in the current financial quarter.

#### 6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale, share buyback and repayment of debt and equity securities in the current financial quarter. The shares bought back are held as treasury shares in accordance with Section 67A subsection 3(A)(b) of the Companies Act, 1965. As at 31 March 2013, a total of 3,411,400 Nadayu Shares bought back were held as treasury shares.

#### 7 Dividends paid

No dividends were paid for the current financial quarter.

#### 8 Segment Information

Segmental information is presented in respect of the Group's main business segment, that are, property development and property investment. Segmental information by geographical segments are not provided as the activities of the Group are located principally in Malaysia. Inter-segment pricing is determined based on negotiated basis.

	Revenue	Loss before tax
	For the financial	
	period ended 31 March	
	2013	2013
	RM'000	RM'000
Property development	10,143	(1,143)
Property investment	-	-
	<hr/>	<hr/>
	10,143	(1,143)
Unallocated expenses	-	728
	<hr/>	<hr/>
	10,143	(415)
Finance costs	-	(856)
Finance income	-	691
Share of loss of equity accounted investee, net of tax	-	(852)
	<hr/>	<hr/>
	10,143	(1,432)

**NADAYU PROPERTIES BERHAD (40282-V)**

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**9 Valuations of property, plant and equipment**

There are no valuation of property, plant and equipment which have been brought forward from the previous annual report.

**10 Events subsequent to the balance sheet date**

There were no material events subsequent to the current financial quarter.

**11 Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial quarter.

**12 Changes in contingent liabilities and contingent assets**

There were no material changes in contingent liabilities or contingent assets since the last annual Statement of Financial Position date.

**13 Capital commitments**

	As at 31-Mar-13 RM'000	As at 31-Dec-12 RM'000
Land held for property development Contracted but not provided for	6,000	9,000
Properties under development Contracted but not provided for	14,396	14,396
	<u>20,396</u>	<u>23,396</u>

**14 Related party transactions**

There were no material related party transactions for the financial quarter ended 31 March 2013.

**1 Performance of the Group**

The Group adopted IC Interpretation 15 ("IC 15") in April 2010, where the revenue recognition for property development activities are based on completion method.

The Group recorded a revenue of RM10.1 million for the current quarter mainly from the sale of completed properties of Nadayu Melawati.

Total deferred revenue from progress billings issued from property development activities stood at RM157.6 million as at 31 March 2013.

**2 Variation of results against preceding quarter**

The Group registered a loss after tax of RM1 million for the current quarter as compared to a profit after tax of RM4.2 million for the preceding quarter. The loss after tax of RM1 million in the current quarter are mainly attributable to administrative and operational expenses.

**3 Prospects for the financial year**

The Board of Directors are of the view that the Group will be able to continue to perform satisfactorily for the financial year.

**4 Tax expense**

Taxation comprises :

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31-Mar-13 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-12 RM'000	CURRENT YEAR TO DATE 31-Mar-13 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-12 RM'000
Current taxation	646	1,122	646	1,122
Deferred tax expense	(1,036)	(2,215)	(1,036)	(2,215)
	<u>(390)</u>	<u>(1,093)</u>	<u>(390)</u>	<u>(1,093)</u>

The Group's effective tax rate for the current quarter and financial year-to-date is lower than the statutory tax rate due to the utilisation of unabsorbed tax losses.

Deferred tax expense reflects the reversal of deferred tax for the financial year, being tax attributable to proportion of Group Cost arising from the property development cost charged out during the period and additional deferred tax recognised arising from deferred revenue recorded as a result of early adoption of IC 15.



## 5 Status of corporate proposals

On 4 May 2011, the Group's wholly-owned subsidiary Pembangunan Bandar Mutiara Sdn. Bhd. ('PBM') entered into a Shareholders' Agreement with Tambun Indah Land Berhad, the shareholder of Palmington Sdn. Bhd. ('Palmington') with an equity interest of 60%, to facilitate the arrangement between Pembangunan Bandar Mutiara Sdn. Bhd. and Tambun Indah Land Berhad to jointly develop land identified as 'Parcel R1', 'Parcel R2', 'Parcel R3', 'Parcel C' and 'Amenities Land' measuring approximately 526.7531 acres, situated in an ongoing township development known as Bandar Tasek Mutiara, Seberang Perai, Penang (Project Lands). In connection with the said joint development, PBM also had on even date entered into a Master Agreement and five separate Sale and Purchase Agreements with Palmington for the proposed disposal by PBM of the Project Lands to Palmington for an aggregate cash consideration of RM233,223,021.

The sale of Parcel R1 and Amenities Land were completed on 7 December 2011 and 10 August 2012 respectively.

Pursuant to the Master Agreement, Parcel R2 SPA and Parcel R3 SPA dated 4 May 2011 (collectively referred to as "Agreements"), Parcel R2 SPA would complete ahead of Parcel R3 SPA, whereby the balance of the purchase consideration for Parcel R2 and Parcel R3 would be paid by Palmington to PBM on or before 18 months and 33 months from the date of the Agreements respectively.

On 10 August 2012, PBM entered into a supplemental agreement with Palmington to vary the order of completion of Parcel R2 and Parcel R3 in respect of the proposed disposal, wherein Parcel R3 SPA will be completed first, followed by Parcel R2 SPA. Hence, the balance of the purchase consideration for Parcel R3 and R2 would be paid by Palmington to PBM on or before 18 months and 33 months from the date of the agreement respectively.

On 29 October 2012, PBM and Palmington are mutually agreed to extend the completion date in respect of the disposal of Parcel R3 from 3 November 2012 to a further period of three (3) months with interest on the number of days of extension at the rate of eight per centum (8%) per annum on the balance purchase price or the amount outstanding. The extension of time was mainly due to the loan documentation of Palmington not been able to be completed in time.

On 15 January 2013, the disposal of Parcel R3 was completed.

## 6 Group borrowings and debt securities

		AS AT END OF CURRENT PERIOD 31-Mar-13 RM'000
	RM'000	RM'000
<b><u>Borrowings</u></b>		
<b><u>Current</u></b>		
Bank Overdrafts - secured	3,756	
Term loan - secured	26,167	
Hire Purchase - secured	102	
	<hr/>	30,025
<b><u>Non-current</u></b>		
Term loan - secured	174,027	
Bridging loan - secured	13,000	
Hire Purchase - secured	121	
	<hr/>	187,148
		<hr/> <hr/>
		217,173

The above borrowings are denominated in Ringgit Malaysia.

## 7 Changes in material litigation

There are no material litigation for the current quarter and financial year-to-date.

## 8 Dividends

The Directors have not declared any dividends for the current quarter ended 31 March 2013.

## 9 Earnings per share

### a) Basic earnings per share

The calculations of the basic earnings per share of the Group is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period.

	CURRENT YEAR PERIOD 31-Mar-13	CURRENT YEAR TO DATE 31-Mar-13
Net profit/(loss) attributable to ordinary shareholders (RM'000)	(1,026)	(1,026)
Weighted average number of ordinary shares ('000)	227,502	227,502
Basic earnings per share (sen)	(0.45)	(0.45)

### b) Diluted earnings per share

Not applicable as there was no dilutive potential ordinary shares for the current period and financial year-to-date.

## 10 Realised and Unrealised Profits/Losses

	As at 31-Mar-13 RM'000	As at 31-Dec-12 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	205,800	206,341
- Unrealised	2,044	1,028
Total share of retained profits from associated company:		
- Realised	(6,746)	(4,515)
- Unrealised	7,978	6,599
Less: Consolidation adjustments	(160,289)	(159,640)
Total group retained profits as per consolidated accounts	48,787	49,813

## 11 Notes to the Condensed Consolidated Income Statement

Profit before tax is arrived at after charging/(crediting) the following items:

	CURRENT QUARTER PERIOD 31-Mar-13 RM'000	CURRENT YEAR TO DATE 31-Mar-13 RM'000
(a) Other income	-	-
(b) Depreciation and amortisation	136	136
(c) Provision for and write off of receivables	-	-
(d) Provision for and write off of inventories	-	-
(e) Gain or loss on disposal of quoted or unquoted investments or properties	-	-
(f) Impairment of assets	-	-
(g) Foreign exchange gain or loss	-	-
(h) Gain or loss on derivatives	-	-
(i) Exceptional items	-	-