

NADAYU PROPERTIES BERHAD (40282-V)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30-Sep-13 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-12 RM'000	CURRENT YEAR TO DATE 30-Sep-13 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-12 RM'000
Revenue	1,863	87,811	150,216	109,351
Results from operating activities	(3,915)	9,238	21,545	3,711
Finance costs	(827)	(1,178)	(2,534)	(3,526)
Finance income	346	224	1,388	495
Share of loss of equity accounted investee, net of tax	4,741	(26)	3,107	6,009
Profit before tax	345	8,258	23,506	6,689
Tax expense	235	(2,619)	(6,313)	(1,420)
Profit and total comprehensive income / (loss) for the period	580	5,639	17,193	5,269
Profit and total comprehensive income / (loss) for the period attributable to:				
Owners of the company	599	5,713	17,256	5,422
Non-controlling interests	(19)	(74)	(63)	(153)
Profit and total comprehensive income / (loss) for the period	580	5,639	17,193	5,269
Basic earnings per ordinary share (sen)	0.26	2.48	7.59	2.36
<small>(based on weighted average of 227,501,800 (2012: 230,155,588) 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 30 SEPTEMBER 2013
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT END OF CURRENT QUARTER 30-Sep-13 RM'000	AS AT FINANCIAL YEAR END 31-Dec-12 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,638	2,629
Investment properties	2,850	2,850
Investment in associate	-	12,817
Investments (unquoted)	14,626	14,626
Land held for property development	79,663	86,602
Deferred tax asset	6,892	7,867
	<u>106,669</u>	<u>127,391</u>
Current Assets		
Inventories	404,215	414,897
Trade receivables	36,125	57,448
Other receivables, deposits and prepayment	25,855	38,495
Current tax assets	1,768	1,270
Assets classified as held for sale	119,547	103,623
Cash and cash equivalents	28,477	24,270
	<u>615,987</u>	<u>640,003</u>
TOTAL ASSETS	<u>722,656</u>	<u>767,394</u>
EQUITY AND LIABILITIES		
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	64,794	49,813
	<u>312,453</u>	<u>297,472</u>
Non-controlling interests	3,996	4,059
Total Equity	<u>316,449</u>	<u>301,531</u>
Non-Current Liabilities		
Loan and borrowings	202,984	184,602
Deferred tax liabilities	10,905	10,961
	<u>213,889</u>	<u>195,563</u>
Current Liabilities		
Trade payables	38,382	45,071
Other payables and accrued expenses	30,612	44,907
Loans and borrowings	31,236	28,491
Current tax liabilities	7,707	6,926
Deferred revenue *	84,381	144,905
	<u>192,318</u>	<u>270,300</u>
Total Liabilities	<u>406,207</u>	<u>465,863</u>
TOTAL EQUITY AND LIABILITIES	<u>722,656</u>	<u>767,394</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.37	1.31

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.

* 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 30 September 2013, RM48.3 million was collected.

NADAYU PROPERTIES BERHAD (40282-V)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	17,256	17,256	(63)	17,193
Dividends to the owners of the Company	-	-	-	-	(2,275)	(2,275)	-	(2,275)
At 30 September 2013	<u>230,914</u>	<u>19,341</u>	<u>1,500</u>	<u>(4,096)</u>	<u>64,794</u>	<u>312,453</u>	<u>3,996</u>	<u>316,449</u>

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 30 SEPTEMBER 2013

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	30-Sep-13 RM'000	31-Dec-12 RM'000
Cash flows from operating activities		
Profit / (loss) before tax		
Continuing operations	23,506	11,691
Discontinued operation	-	203
<i>Adjustments for:</i>		
Depreciation of property, plant & equipment (PPE)	411	541
Finance costs	2,534	4,676
Finance income	(1,388)	(751)
Gain on disposal of PPE	(78)	-
Impairment losses	1,150	-
PPE written off	-	719
Share of loss / (profit) of equity accounted investee, net of tax	(3,108)	(5,428)
Operating profit / (loss) before changes in working capital	<u>23,027</u>	<u>11,651</u>
Change in land held for property development	5,822	(1,221)
Change in inventories	10,648	(93,136)
Change in trade and other receivables, prepayment and other assets	33,964	(70,676)
Change in assets classified as held for sale	-	87,596
Change in trade and other payables	(20,984)	11,757
Change in deferred revenue	(60,524)	66,121
Cash generated from operations	<u>(8,047)</u>	<u>12,092</u>
Interest received	1,388	751
Interest paid	(2,523)	(4,660)
Net tax paid	(5,110)	(13,932)
Net cash used in operating activities	<u>(14,292)</u>	<u>(5,749)</u>
Cash flows from investing activities		
Acquisition of PPE	(150)	(612)
Dividend from associate	-	1,500
Proceeds from disposal of PPE	78	-
Redemption of investment in an associate	-	4,667
Withdrawal / (Placement) of pledged deposits & bank balances	1,465	2,173
Net cash generated from / (used in) investing activities	<u>1,393</u>	<u>7,728</u>
Cash flows from financing activities		
Dividend paid to owners of the Company	(2,275)	(4,552)
Payment of finance lease liabilities	(93)	(128)
Payment of finance lease interest	(11)	(16)
Repayment of loans and borrowings	(10,022)	(66,189)
Repurchase of treasury shares	-	(391)
Proceeds of loans and borrowings	33,420	46,891
Net cash generated from / (used in) financing activities	<u>21,019</u>	<u>(24,385)</u>
Net increase / (decrease) in cash and cash equivalents	8,120	(22,406)
Cash and cash equivalents at beginning of year	16,844	39,250
Cash and cash equivalents at end of year	<u>24,964</u>	<u>16,844</u>

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

	30-Sep-13 RM'000	31-Dec-12 RM'000
Cash and bank balances (excluding cash and bank balances pledged)	13,714	15,133
Liquid investment	13,173	6,081
Bank overdrafts	(1,923)	(4,370)
	<u>24,964</u>	<u>16,844</u>

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 30 SEPTEMBER 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	1,863	29,375	150,216	93,824
Results from operating activities	(3,915)	2,281	21,545	17,953
Finance costs	(827)	(827)	(2,534)	(2,534)
Finance income	346	346	1,388	1,388
Share of (loss) / profit of equity accounted investee, net of tax	4,741	5,929	3,107	16,010
Profit before tax	345	7,729	23,506	32,817
Tax expense	235	(1,089)	(6,313)	(5,924)
Profit and total comprehensive income / for the period	580	6,640	17,193	26,893
Profit / (Loss) for the period attributable to:				
Owners of the company	599	6,659	17,256	26,956
Non-controlling interest	(19)	(19)	(63)	(63)
	580	6,640	17,193	26,893

NADAYU PROPERTIES BERHAD (40282-V)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 30 September 2013, a total of 3,411,400 Nadayu Shares bought back were held as treasury shares.

7 Dividends paid

A final single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2012 amounting to RM2,275,018 was paid on 17 September 2013.

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	Profit before tax
	For the financial	
	period ended 30 September	
	2013	2013
	RM'000	RM'000
Property development	150,216	21,197
Property investment	-	-
	<hr/>	<hr/>
	150,216	21,197
Unallocated expenses	-	348
	<hr/>	<hr/>
	150,216	21,545
Finance costs		(2,534)
Finance income		1,388
Share of loss of equity accounted investee, net of tax		3,107
	<hr/>	<hr/>
	150,216	23,506

NADAYU PROPERTIES BERHAD (40282-V)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 except for that the Group has on 30 October 2013 incorporated a wholly-owned subsidiary known as Nada Ayu Sdn Bhd ("NA") for a cash consideration of RM10,001 with a paid-up share capital of RM10,001 comprising 10,001 ordinary shares of RM1.00 each. The principal activity of NA is investment holding.

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 30-Sep-13 RM'000	As at 31-Dec-12 RM'000
Land held for property development Contracted but not provided for	3,000	9,000
Properties under development Contracted but not provided for	14,396	14,396
	<u>17,396</u>	<u>23,396</u>

14 Related party transactions

There were no material related party transactions for the financial quarter ended 30 September 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 RM1.9 million for the current quarter mainly from the sale of completed properties.

Total deferred revenue from progress billings issued from property development activities stood at RM84.4 million as at 30 September 2013.

2 Variation of results against preceding quarter

The Group registered profit after tax of RM0.6 million for the current quarter as compared to profit after tax of RM17.7 million for the preceding quarter. Lower profit for the current quarter was mainly due to no completed project under current quarter as compared to preceding quarter.

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 this financial year.

4 Tax expense

Taxation comprises :

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30-Sep-13 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-12 RM'000	CURRENT YEAR TO DATE 30-Sep-13 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-12 RM'000
Current taxation	1,097	956	6,111	3,730
Under / (Over) provision in prior year	(718)	211	(718)	211
Deferred tax expense	(614)	1,452	920	(2,521)
	<u>(235)</u>	<u>2,619</u>	<u>6,313</u>	<u>1,420</u>

The Group's effective tax rate for the current quarter and financial year-to-date is higher than the statutory tax rate due to expenses which are not deductible for tax purposes.

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

- a) 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.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES

5 Status of corporate proposals (Cont'd)

- a) 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 15 January 2013, the disposal of Parcel R3 was completed

- b) On 21 June 2013, Pembangunan Bandar Mutiara Sdn Bhd (PBM), a wholly-owned subsidiary of the Company had entered into a share purchase agreement (SPA) with Tambun Indah Land Berhad (TILB) to dispose of its 30% equity interest held in Tambun Indah Development Sdn Bhd and 40% equity interest held in Palmington Sdn Bhd to TILB for a total consideration of RM112,234,216 to be satisfied via a combination of cash of RM40,734,216 and 55,000,000 new ordinary shares of RM0.50 each in TILB at an issue price of RM1.30 per TILB Share, upon the terms and subject to the conditions as set in the SPA.

On 29 August 2013, PBM entered into a supplemental agreement with TILB based on the revised terms as set out in the Supplemental SPA.

On 25 November 2013, the disposal of the above shares were completed.

- c) The Company has on 21 June 2013 received a letter from ATIS IDR Ventures Sdn Bhd and Zhuojian Associates Sdn Bhd, the major shareholders of the Company, requesting for the Company to undertake a selective capital reduction and repayment exercise pursuant to Section 64 of the Companies Act, 1965 (Proposed SCR) at an offer price of RM1.39 per share.

The Board of Directors of Nadayu has (save for the interested directors) on 1 July 2013 deliberated on the selective capital reduction letter and has decided to present the proposed SCR to the shareholders of Nadayu for their consideration.

An Extraordinary General Meeting was conducted on 18 November 2013 in which the shareholders have approved the proposed SCR.

6 Group borrowings and debt securities

	RM'000	AS AT END OF CURRENT PERIOD 30-Sep-13 RM'000
<u>Borrowings</u>		
<u>Current</u>		
Bank Overdrafts - secured	1,923	
Term loan - secured	29,021	
Hire Purchase - secured	292	
		31,236
<u>Non-current</u>		
Term loan - secured	189,847	
Bridging loan - secured	13,000	
Hire Purchase - secured	137	
		202,984
		234,220

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 30 September 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 30-Sep-13	CURRENT YEAR TO DATE 30-Sep-13
Net profit/(loss) attributable to ordinary shareholders (RM'000)	599	17,256
Weighted average number of ordinary shares ('000)	227,502	227,502
Basic earnings per share (sen)	0.26	7.58

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 30-Sep-13 RM'000	As at 31-Dec-12 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	222,009	206,341
- Unrealised	114	1,028
Total share of retained profits from associated company:		
- Realised	(5,956)	(4,515)
- Unrealised	11,147	6,599
Less: Consolidation adjustments	(162,520)	(159,640)
Total group retained profits as per consolidated accounts	64,794	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 30-Sep-13 RM'000	CURRENT YEAR TO DATE 30-Sep-13 RM'000
(a) Other income	-	-
(b) Depreciation and amortisation	147	411
(c) Provision for and write off of receivables	458	-
(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	6	1,156
(g) Foreign exchange gain or loss	-	-
(h) Gain or loss on derivatives	-	-
(i) Exceptional items	-	-