

NILAI RESOURCES GROUP BERHAD (Company No. 17654-P)*(formerly known as PK Resources Berhad)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010**

	As at 31 Mar 2010 (RM '000)	(Audited) As at 31 Dec 2009 (RM '000)
ASSETS		
Non current assets		
Property, plant and equipment	260,799	258,310
Land held for development	132,043	132,624
Investment properties	10,249	10,249
Prepaid land lease payments	4,950	4,998
Investments in associates	800	800
Deferred tax assets	748	948
Goodwill	843	843
	<u>410,432</u>	<u>408,772</u>
Current assets		
Property development costs	199,270	204,228
Inventories	65,883	65,649
Trade and other receivables	63,829	57,259
Tax recoverable	1,216	2,887
Cash and bank balances	20,268	15,697
	<u>350,465</u>	<u>345,720</u>
TOTAL ASSETS	<u>760,898</u>	<u>754,492</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	114,036	114,036
Reserves	287,484	285,895
	<u>401,520</u>	<u>399,931</u>
Minority interests	141,288	140,396
Total equity	<u>542,808</u>	<u>540,327</u>
Non current liabilities		
Deferred tax liabilities	39,279	38,795
Long term borrowings	60,651	56,367
	<u>99,930</u>	<u>95,162</u>
Current liabilities		
Trade and other payables	81,410	81,884
Bank overdraft	999	782
Short term borrowings	30,538	30,417
Provision for taxation	5,212	5,920
	<u>118,160</u>	<u>119,003</u>
Total liabilities	<u>218,090</u>	<u>214,165</u>
TOTAL EQUITY AND LIABILITIES	<u>760,898</u>	<u>754,492</u>
Net assets per share (RM)	<u>3.52</u>	<u>3.51</u>

(The condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31st December 2009 and the accompanying explanatory notes attached to the interim financial statements)

NILAI RESOURCES GROUP BERHAD (Company No. 17654-P)*(formerly known as PK Resources Berhad)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2010**

	← Attributable to equity holders of the Company →				Minority Interests (RM '000)	Total Equity (RM '000)
	Share capital (RM '000)	Reserve attributable to capital (RM '000)	Retained profits (RM '000)	Total (RM '000)		
<u>3 months ended 31 March 2010</u>						
At 1 January 2010	114,036	134,030	151,865	399,931	140,396	540,327
Movements during the period						
- Total comprehensive income for the period	-	-	1,556	1,556	892	2,448
- Share options expense	-	33	-	33	-	33
At 31 March 2010	114,036	134,063	153,421	401,520	141,288	542,808
<u>3 months ended 31 March 2009</u>						
At 1 January 2009	114,036	133,846	166,484	414,366	133,531	547,897
Movements during the period						
- Total comprehensive (expense) / income for the period	-	-	(976)	(976)	34	(942)
- Share options expense	-	33	-	33	-	33
At 31 March 2009	114,036	133,879	165,508	413,423	133,565	546,988

(The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31st December 2009 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2010

	<u>2010</u> 3 months ended 31 March (RM '000)	<u>2009</u> 3 months ended 31 March (RM '000)
OPERATING ACTIVITIES		
Profit before tax	3,871	(302)
Adjustments for non-cash flow items :		
Property, plant and equipment	2,064	1,815
Other non-cash items	50	38
Operating profit before changes in working capital	5,985	1,551
Changes in working capital		
Net changes in property development expenditure	5,539	(1,406)
Net changes in current assets	(6,822)	3,091
Net changes in liabilities	(228)	(1,982)
Net cash flows generated from operating activities	4,474	1,254
INVESTING ACTIVITIES		
Property, plant and equipment	(4,505)	(6,538)
Other investing activities	-	-
Net cash flows used in investing activities	(4,505)	(6,538)
FINANCING ACTIVITIES		
Bank borrowings	4,385	2,259
Other financing activities	-	-
Net cash flows generated from financing activities	4,385	2,259
Net increase / (decrease) in cash and cash equivalents	4,354	(3,025)
Cash and cash equivalents at beginning of year	14,915	12,695
Cash and cash equivalents at end of period	19,269	9,670
Cash and cash equivalents comprise the following:		
Cash and bank balances	20,268	10,651
Bank overdraft	(999)	(981)
	19,269	9,670

(The condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31st December 2009 and the accompanying explanatory notes attached to the interim financial statements)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2010

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with FRS 134 Interim Financial Reporting and Chapter 9 part 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009.

These explanatory notes attached to the interim financial statements provides an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

The accounting policies and basis of measurement adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2009 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective 1 January 2010 as disclosed below:

FRS 7 : Financial Instruments: Disclosure

FRS 8 : Operating Segments

FRS 101 : Presentation of Financial Statement(revised)

FRS 123 : Borrowing Costs

FRS 139 : Financial Instrument: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting and FRS 127 : Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2 : Share-based Payment: Vesting Conditions and Cancellations

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7:

Financial Instruments Disclosures

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 10: Interim Financial Reporting and Impairment

(a) FRS 8: Operating Segments

The operating segments determined in accordance with FRS 8 are the same as the business segments previously adopted.

(b) FRS 101: Presentation of Financial Statements(revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity include only details of transaction with owners. All non-owner changes in equity include only details of transactions with owners. All non owner changes in equity are presented as a single line labelled as total comprehensive income. This FRS only entail revision in presentation aspects and does not have any impact on the financial position and results of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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1. BASIS OF PREPARATION (CONT'D)

(c) FRS 139: Financial Instrument: Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value and re-measured subsequently at the balance sheet date. The Group determines the classification at initial recognition and re-evaluates this designation at each year end except for those financial instruments measured at fair value through profit and loss.

i) Financial Assets

Loan and Receivables

Prior to 1 January 2009, loans and receivables were stated at gross proceeds receivables less provision for doubtful debts.

Under FRS139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gain and loss are recognised in the consolidated income statement when the loans and receivables are derecognised, impaired or through the amortisation process.

ii) Financial Liabilities

Prior to 1 January 2009, borrowings were stated at the proceeds received less directly attributable transaction costs. Under FRS 139, borrowings are initially measured at fair value including directly attributable transaction costs and subsequently at amortised cost using the effective interest method. Gain and losses are recognised in the consolidated income statement when the liabilities are derecognised or through the amortisation process.

2. AUDIT QUALIFICATION OF PRECEDING AUDITED ANNUAL REPORT

There were no audit qualifications in the Group's preceding audited annual report.

3. SEASONAL OR CYCLICAL FACTORS

The Group's operations are not materially affected by any seasonal or cyclical events.

4. UNUSUAL ITEMS

There were no unusual items that affect assets, liabilities, equity, net income or cashflows for the current interim quarter and financial period to date.

5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS OR FINANCIAL YEARS

There were no material changes in the estimates of amounts reported in prior interim periods that have material effect in the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2010

6. CHANGES IN SHARE CAPITAL

There has been no issuance or repayment of debts and equity securities, shares buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the current interim quarter and period ended 31 March 2010.

7. SEGMENTAL INFORMATION

(a) Operating Segment information for the current financial period to 31 March 2010 is as follow:

	Property Development	Hotel & Leisure	Education	Others	Total
At 31 March 2010	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
External Revenue	23,317	4,381	13,381	2,132	43,211
Inter-segment Revenue	-	96	-	1,052	1,148
Segment Profit/(Loss)	4,184	377	2,129	511	7,201
Segment asset	459,122	115,452	163,484	22,840	760,898
At 31 March 2009					
External Revenue	13,475	2,196	12,100	2,014	29,785
Inter-segment Revenue	37	32	-	753	822
Segment Profit/(Loss)	1,045	(398)	2,021	388	3,056
Segment asset	478,238	84,076	124,137	33,716	720,167

(b) Reconciliation of reportable segment profit or loss

	31-3-2010	31-3-2009
	RM' 000	RM' 000
Total profit for reportable segments	7,201	3,056
Finance Cost	(1,072)	(1,004)
Elimination	(2,258)	(2,354)
Consolidated Profit/(Loss) Before Tax	3,871	(302)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2010

8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment have been brought forward from the financial statements for the year ended 31 December 2009 at cost.

9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

In the opinion of the Board, there were no material events or transactions which have arisen during the period from the end of the interim quarter to the date of this announcement that would materially affect the results or operations of the Group.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes to the composition of the Group during the interim period including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinuing operations.

11. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

	As At	Audited
	31.03.2010	31.12.2009
	RM'000	RM'000
Corporate guarantee for facilities granted to subsidiaries	104,653	104,653

12. CAPITAL COMMITMENTS

The changes in capital commitments not provided for since the last annual report are as follows :

	As At	Audited
	31.03.2010	31.12.2009
	RM'000	RM'000
Approved and contracted for	3,070	8,016
Approved but not contracted for	248	-
	<u>3,318</u>	<u>8,016</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2010

13. RELATED PARTY TRANSACTIONS

(a) Within NGRB Group

	Transaction value		Balance outstanding	
	31/3/2010 RM' 000	31/3/2009 RM' 000	31/3/2010 RM' 000	31/3/2009 RM' 000
Sales				
Holding company	381	359	79,202	69,616
Subsidiaries of holding company	767	463	137,308	152,215
Associates	-	-	540	540
Purchases				
Holding company	-	-	84,272	112,150
Subsidiaries of holding company	197	96	132,238	109,681
Associates	-	-	225	225

(b) Other related party transactions

	As At	Audited
	31.03.2010 RM'000	As At 31.12.2009 RM'000
Rental paid to companies in which certain directors have financial interests		
- G.O. Construction Sdn Bhd	34	135
- Lapangan Kota Sdn Bhd	41	-

14. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES FOR THE CURRENT QUARTER.

The Group achieved a higher turnover of RM43.21 million for the quarter as compared to the preceding year's corresponding quarter of RM29.78 million. The higher revenue resulted from the conclusion of the sale of a block of apartments at RM10.36 million. Revenue of the hotel and leisure segment was also higher than the preceding year's corresponding quarter as the hotel was not yet operational then.

15. MATERIAL CHANGES IN THE PROFIT BEFORE TAXATION FOR THE QUARTER

The Group posted a pre-tax profit of RM3.87 million for the current quarter as compared to the pre-tax profit of RM0.46 million for the immediate preceding quarter. The increase in pre-tax profit is attributed largely to the property sales as mentioned in Note 14.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2010

16. CURRENT YEAR PROSPECTS

As the property market remains soft in 2010, the Group's performance is expected to remain challenging.

17. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee in a public document during the financial period.

18. TAXATION

Taxation is made up as follows:

	3 months ended	
	31.03.2010	31.03.2009
	RM'000	RM'000
Current taxation	520	309
Under provision for prior year	219	-
Deferred tax	684	331
	1,423	640
Total	1,423	640

The effective tax rate for the quarter and period ended 31 March 2010 which was higher than the statutory tax rate, is reconciled as follows :

	3 months ended	3 months ended
	31.03.2010	31.03.2009
	RM'000	RM'000
Profit/(Loss) before tax	3,871	(302)
Taxation at Malaysian statutory tax rate of 25% (2009:25%)	968	(76)
Effect of expenses not deductible	186	283
Tax benefit not recognised during the year	475	433
Utilisation of previously unrecognised tax benefit	(425)	-
Under provision of income tax expense in prior year	219	-
	1,423	640
Taxation for the period	1,423	640

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2010

19. SALE OF INVESTMENTS AND PROPERTIES

There were no sale of investments and/or assets for the current quarter and financial period to date.

20. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at 26 May 2010.

21. GROUP BORROWINGS

The Group's borrowings as at the end of the reporting period are as follows:

(a) Secured and unsecured :

	As At 31.03.2010 RM'000	Audited As At 31.12.2009 RM'000
Total secured borrowings	91,189	86,784
Total unsecured borrowings	999	782
	<hr/>	<hr/>
Total borrowings	92,189	87,566
	<hr/>	<hr/>

(b) Short-term and long-term

	As At 31.03.2010 RM'000	Audited As At 31.12.2009 RM'000
Total short-term borrowings	31,537	31,199
Total long-term borrowings	60,651	56,367
	<hr/>	<hr/>
Total short-term and long-term borrowings	92,189	87,566
	<hr/>	<hr/>

(c) All the debts/borrowings are denominated in Ringgit Malaysia.

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 26 May 2010.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2010

23. MATERIAL LITIGATION

As at 26 May 2010, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2009, except for the pending claim of RM10.00 million against a subsidiary, Nilai Springs Berhad as disclosed in the preceding quarter. The trial has been fixed for continued hearing from 10 to 11 August 2010.

24. DIVIDENDS

- (a) The Board of Directors is recommending a first and final dividend of 2.5% less 25% tax (2008 : 2% less 25% tax) for the financial year ended 31 December 2009.
- (b) The net dividend payable amounting to RM2,138,166 if approved by the shareholders of the Company at the forthcoming Annual General Meeting of the Company on 25 June 2010 will be paid on a date to be announced.

25. EARNINGS PER SHARE

Basic

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Three months	Three months
	quarter	corresponding	to	to
	31/3/2010	31/3/2009	31/3/2010	31/3/2009
	RM' 000	RM' 000	RM' 000	RM' 000
Net Profit/(Loss) for the period	1,556	(976)	1,556	(976)
Weighted average number of ordinary shares in issue ('000)	114,036	114,036	114,036	114,036
Basic earnings per share(sen)	1.36	(0.86)	1.36	(0.86)

BY ORDER OF THE BOARD

PAUL YONG POW CHOY
 Company Secretary
 26 May 2010