

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2011**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
		Current	Comparative	3 months	3 months
		Quarter Ended	Quarter Ended	Cumulative	Cumulative
		31 March	31 March	to date	to date
		(RM '000)	(RM '000)	(RM '000)	(RM '000)
Revenue	Note	31,671	43,211	31,671	43,211
Cost of sales		(8,633)	(18,643)	(8,633)	(18,643)
Gross profit		23,038	24,568	23,038	24,568
Other income		1,046	873	1,046	873
Administrative expenses		(18,866)	(17,760)	(18,866)	(17,760)
Selling and marketing expenses		(611)	(566)	(611)	(566)
Other expenses		(2,449)	(2,172)	(2,449)	(2,172)
Finance costs		(1,117)	(1,072)	(1,117)	(1,072)
Profit before tax		1,041	3,871	1,041	3,871
Taxation		(524)	(1,423)	(524)	(1,423)
Net profit for the period		517	2,448	517	2,448
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		517	2,448	517	2,448
(Loss)/Profit attributable to:					
Owners of the parent		(116)	1,556	(116)	1,556
Non-controlling interests		633	892	633	892
		517	2,448	517	2,448
Total comprehensive (expense)/income attributable to :					
Owners of the parent		(116)	1,556	(116)	1,556
Non-controlling interests		633	892	633	892
		517	2,448	517	2,448
(Loss)/earnings per share attributable to owners of the parent					
- Basic (sen)	26	(0.10)	1.36	(0.10)	1.36

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

NILAI RESOURCES GROUP BERHAD (Company No. 17654-P)*(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	As at 31 Mar 2011 (RM '000)	(Audited) As at 31 Dec 2010 (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	263,378	264,642
Land held for development	133,704	133,704
Investment properties	10,249	10,249
Investments in associates	6	6
Deferred tax assets	1,861	1,594
Intangible assets	843	843
Other investment	110	110
	<u>410,151</u>	<u>411,148</u>
Current assets		
Property development costs	196,297	194,169
Inventories	61,082	61,283
Trade and other receivables	51,091	49,961
Tax recoverable	1,059	1,486
Cash and bank balances	23,092	25,041
	<u>332,621</u>	<u>331,940</u>
Asset classified as held for sale	1,113	1,113
TOTAL ASSETS	<u>743,885</u>	<u>744,201</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	114,036	114,036
Reserves	287,145	287,246
	<u>401,181</u>	<u>401,282</u>
Non-controlling interests	143,479	142,846
Total equity	<u>544,660</u>	<u>544,128</u>
Non-current liabilities		
Deferred tax liabilities	40,864	40,753
Loans and borrowings	43,445	43,933
	<u>84,309</u>	<u>84,686</u>
Current liabilities		
Trade and other payables	81,253	80,496
Bank overdraft	935	811
Loans and borrowings	32,334	32,441
Tax payables	394	1,639
	<u>114,916</u>	<u>115,387</u>
Total liabilities	<u>199,225</u>	<u>200,073</u>
TOTAL EQUITY AND LIABILITIES	<u>743,885</u>	<u>744,201</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 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2011

3 months ended 31 March 2011

	← Equity attributable to owners of the parent, total →						Non-controlling interests	Total equity (RM'000)	
	← Non-distributable →			Distributable					
	Share capital (RM'000)	Share premium (RM'000)	Capital reserve (RM'000)	Capital redemption reserve (RM'000)	Share option reserve (RM'000)	Retained earnings (RM'000)	Total (RM'000)	(RM'000)	
At 1 January 2011	114,036	113,538	17,166	2,972	453	153,117	401,282	142,846	544,128
Total comprehensive income	-	-	-	-	-	(116)	(116)	633	517
Transactions with Owners									
Share option expense	-	-	-	-	15	-	15	-	15
Total transactions with owners	-	-	-	-	15	-	15	-	15
At 31 March 2011	114,036	113,538	17,166	2,972	468	153,001	401,181	143,479	544,660

3 months ended 31 March 2010

At 1 January 2010	114,036	113,538	17,128	2,972	393	151,865	399,931	140,396	540,327
Total comprehensive income	-	-	-	-	-	1,556	1,556	892	2,448
Transactions with Owners									
Share option expense	-	-	-	-	33	-	33	-	33
Total transactions with owners	-	-	-	-	33	-	33	-	33
At 31 March 2010	114,036	113,538	17,128	2,972	426	153,421	401,520	141,288	542,808

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2011

	<u>2011</u> 3 months ended 31 March (RM '000)	<u>2010</u> 3 months ended 31 March (RM '000)
OPERATING ACTIVITIES		
Profit before tax	1,041	3,871
Adjustments for non-cash flow items :		
Property, plant and equipment	2,187	2,064
Other non-cash items	1,302	50
Operating profit before changes in working capital	4,530	5,985
Changes in working capital		
Net changes in property development expenditure	(2,127)	5,539
Net changes in current assets	(1,090)	(6,822)
Net changes in liabilities	(1,880)	(228)
Net cash flows (used in)/generated from operating activities	(567)	4,474
INVESTING ACTIVITIES		
Property, plant and equipment	(923)	(4,505)
Other investing activities	129	-
Net cash flows used in investing activities	(794)	(4,505)
FINANCING ACTIVITIES		
Bank borrowings	(712)	4,385
Other financing activities	(12)	(18)
Net cash flows (used in)/generated from financing activities	(724)	4,367
Net (decrease)/increase in cash and cash equivalents	(2,085)	4,336
Cash and cash equivalents at beginning of year	24,057	14,751
Cash and cash equivalents at end of period	21,972	19,087
Cash and cash equivalents comprise the following:		
Cash and bank balances	23,092	20,268
Bank overdraft	(935)	(999)
Cash held in trust	(185)	(182)
	21,972	19,087

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2011

1. BASIS OF PREPARATION

The interim financial statements 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 statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010.

The explanatory notes to the interim financial statements provide 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 2010.

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 2010 except for the adoption and their effects of the following new/revised Financial Reporting Standards ("FRSs") effective 1 January 2011 as disclosed below:

FRS 1 : First-time Adoption of Financial Reporting Standards

FRS 3 : Business Combinations (revised)

Amendments to FRS 1 : Limited Exemption from Comparative FRS 7 Disclosure for First Time Adopters

Amendments to FRS 1 : Additional Exemptions for First-time Adopters

Amendments to FRS 2 : Share-based Payment

Amendments to FRS 2 : Share based Payment - Group Cash settled Share based Payment Transactions

Amendments to FRS 3 : Business Combinations

Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 7 : Improving Disclosures about Financial Instruments

Amendments to FRS 132 : Classification of Right Issue

Amendments to FRS 138 : Intangible Assets

Improvements to FRSs issued in 2010

IC Interpretation 4 : Determining Whether an Arrangement Contains a Lease

IC Interpretation 12 : Service Concession Arrangements

IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 : Distributions of Non-cash Assets to Owners

IC Interpretation 18 : Transfer of Assets from Customers

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

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

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

	Effective for annual periods beginning on or after
Amendments to FRS 124 : Related Party Disclosures Interaction	1 January 2012
Improvements to FRSs	
Amendments to IC Interpretation 14 : Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15 : Agreement for The Construction of Real Estate ("IC 15")	1 January 2012
IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

1. BASIS OF PREPARATION (CONT'D)

The Group plans to adopt the above revised FRSs and IC Interpretations when they become effective in the respective financial period. The adoption of the above revised FRSs, and IC Interpretations upon their initial application are not expected to have any significant impact on the financial statements of the Group, except as discussed below:

IC Interpretation 15 : Agreement for The Construction of Real Estate ("IC 15")

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognised revenue arising from property development projects using the stage of completion method. Upon the adoption of IC 15, the Group may be required to change its accounting policy to recognise such revenue at completion or upon or after delivery. The group is in the process of making an assessment of the impact of this Interpretation.

The Malaysian Accounting Standards Board had on 30 August 2010 announced that the effective date of IC 15 has been deferred to 1 January 2012.

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.

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 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2011

7. SEGMENTAL INFORMATION

(a) Operating segment information for the current financial period to 31 March 2011 is as follow:

	Property Development	Hotel & Leisure	Education	Others	Total
<u>At 31 March 2011</u>	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
External revenue	10,236	4,961	14,225	2,250	31,671
Inter-segment revenue	-	87	-	841	928
Segment profit	1,180	495	2,674	1,497	5,846
Segment assets	414,978	111,343	192,925	21,720	740,966
<u>At 31 March 2010</u>					
External revenue	23,317	4,381	13,381	2,132	43,211
Inter-segment revenue	-	96	-	1,052	1,148
Segment profit	4,184	377	2,129	511	7,201
Segment assets	459,122	115,452	163,484	22,840	760,898

(b) Reconciliation of reportable segment profit or loss

	<u>31.3.2011</u>	<u>31.3.2010</u>
	RM' 000	RM' 000
Total profit for reportable segments	5,846	7,201
Finance Cost	(1,117)	(1,072)
Elimination	(3,688)	(2,258)
Consolidated profit before tax	<u>1,041</u>	<u>3,871</u>

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 2010 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2011

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
	31.3.2011	As At
	RM'000	31.12.2010
		RM'000
Corporate guarantee for facilities granted to subsidiaries	104,653	104,653

The net outstanding balance relating to the above corporate guarantee as at 31 March 2011 is RM71.34 million (2010: RM71.89 million).

12. CAPITAL COMMITMENTS

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

	As At	Audited
	31.3.2011	As At
	RM'000	31.12.2010
		RM'000
Approved and contracted for	4,496	2,327
Approved but not contracted for	627	374
	<u>5,123</u>	<u>2,701</u>

13. RELATED PARTY TRANSACTIONS

- (a) Within Nilai Resources Group Bhd
(i) Disclosure of Transactions

	Transaction value	
	31.3.2011	31.3.2010
	RM' 000	RM' 000
Sales		
Subsidiary companies	566	767
Purchases		
Subsidiary companies	392	197
Management fees received from subsidiaries		
Holding company	362	381
Leases		
Subsidiary companies	1,334	1,270
Interest income		
Holding company	1,189	232
Subsidiary companies	<u>2,132</u>	<u>1,213</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2011

13. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Within Nilai Resources Group Bhd (Cont'd)

(ii) Disclosure of Balances

<u>Relationship</u>	<u>Terms and conditions</u>	Transaction Balances	
		31.3.2011	31.3.2010
		RM' 000	RM' 000
Subsidiaries	- Unsecured, loan tenure of 12 years @ 5 % per annum	12,212	13,730
	- Unsecured, loan tenure of 10 years @ 3.75 % per annum	16,681	-
Related companies	- Unsecured, loan tenure of 12 years @ 5 % per annum	28,586	27,306
	- Unsecured, loan tenure of 10 years @ 3.75 % per annum	-	14,830

(b) Other related party transactions

	As At	Audited
	31.3.2011	As At
	RM'000	31.12.2010
		RM'000
Rental paid to companies in which certain directors have financial interests		
- G.O. Construction Sdn Bhd	34	135
- Lapangan Kota Sdn Bhd	78	309
Purchases from companies in which certain directors have financial interests		
- Golden Opportunities Sdn Bhd	27	-
- Serba Kimia Sdn Bhd	1	-

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

The Group's revenue of RM31.67 million for the current quarter is comparable to the preceding year's corresponding quarter of RM43.21 million, as included in the preceding year's quarter was the sale of a block of apartments at RM10.36 million.

15. MATERIAL CHANGES IN THE PROFIT BEFORE TAXATION FOR THE QUARTER COMPARED TO THE IMMEDIATE PRECEDING QUARTER

Revenue for the current quarter was RM3.41 million higher than the preceding quarter's due to higher revenue achieved by the education segment as the preceding quarter was a short semester. As a result, the Group reported a pre-tax profit of RM1.04 million in the current quarter compared to a pre-tax loss of RM0.67 million in the immediate preceding quarter.

16. PROSPECTS

As the property market remains soft in 2011, 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2011

18. TAXATION

Taxation is made up as follows:

	3 months ended		3 months ended	
	31.3.2011 RM'000	31.3.2010 RM'000	31.3.2011 RM'000	31.3.2010 RM'000
Current taxation	680	520	680	520
Deferred tax (income)/expense	(164)	684	(164)	684
Under provision for prior year				
- current taxation	-	219	-	219
- deferred taxation	8	-	8	-
Income tax (income)/expense recognised in profit and loss	524	1,423	524	1,423

The effective tax rate for the quarter and period ended 31 March 2011 which was higher than the statutory tax rate, is reconciled as follows :

	3 months ended 31.3.2011 RM'000	3 months ended 31.3.2010 RM'000
Profit before tax	1,041	3,871
Taxation at Malaysian statutory tax rate of 25% (2009:25%)	260	968
Adjustments :		
Effect of (Income)/expenses not taxable/deductible	(431)	186
Tax benefit not recognised during the year	708	475
Utilisation of previously unrecognised tax benefit	(21)	(425)
Under provision in prior year		
- current taxation	-	219
- deferred taxation	8	-
Income tax expense recognised in profit and loss	524	1,423

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 25 May 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2011

21. GROUP BORROWINGS

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

(a) Secured and unsecured :

	As At	Audited
	31.3.2011	31.12.2010
	RM'000	RM'000
Total secured borrowings	75,779	76,374
Total unsecured borrowings	935	811
	<hr/>	<hr/>
Total borrowings	<u>76,714</u>	<u>77,185</u>

(b) Short-term and long-term

	As At	Audited
	31.3.2011	31.12.2010
	RM'000	RM'000
Total short-term borrowings	33,269	33,252
Total long-term borrowings	43,445	43,933
	<hr/>	<hr/>
Total short-term and long-term borrowings	<u>76,714</u>	<u>77,185</u>

(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 25 May 2011.

23. REALISED AND UNREALISED PROFIT/LOSSES DISCLOSURE

	As At	Audited
	31.3.2011	31.12.2010
	RM'000	RM'000
Total retained profits of Nilai Resources Group Bhd and its subsidiaries:		
- Realised	359,679	358,825
- Unrealised	15,477	15,540
	<hr/>	<hr/>
	375,156	374,365
Total share of accumulated losses from associate - realised	(82)	(82)
	<hr/>	<hr/>
	375,074	374,283
Less: Consolidation adjustments	(222,073)	(221,166)
Total group retained profits as per consolidated accounts	<u>153,001</u>	<u>153,117</u>

24. MATERIAL LITIGATION

As at 25 May 2011, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2010.

25. DIVIDENDS

- (a) The Board of Directors is recommending a first and final dividend of 2.5% less 25% tax (2009 : 2.5% less 25% tax) for the financial year ended 31 December 2010.
- (b) The net dividend payable amounting to RM2,138,164 if approved by the shareholders of the Company at the forthcoming Annual General Meeting of the Company will be paid on a date to be announced.

26. EARNINGS PER SHARE

- (a) Basic

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.3.2011	Preceding year corresponding quarter 31.3.2010	Three months to 31.3.2011	Three months to 31.3.2010
(Loss)/profit for the period (RM'000)	(116)	1,556	(116)	1,556
Weighted average number of ordinary shares in issue ('000)	114,036	114,036	114,036	114,036
Basic earnings/(loss) per share (sen)	<u>(0.10)</u>	<u>1.36</u>	<u>(0.10)</u>	<u>1.36</u>

- (b) Diluted

The outstanding Employee Share Option Scheme (ESOS) have been excluded from the computation of fully diluted (loss)/earnings per share as their conversion to ordinary shares would be anti-dilutive in nature. Accordingly, the basic and fully diluted loss per share are the same.

BY ORDER OF THE BOARD

PAUL YONG POW CHOY
Company Secretary
25 May 2011