

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2011**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
		Current	Comparative	6 months	6 months
		Quarter Ended	Quarter Ended	Cumulative	Cumulative
		30 June	30 June	to date	to date
		(RM '000)	(RM '000)	(RM '000)	(RM '000)
Revenue		35,342	28,997	67,013	72,208
Cost of sales		(11,816)	(8,975)	(20,449)	(27,619)
Gross profit		23,526	20,022	46,564	44,589
Other income		947	847	1,992	1,721
Administrative expenses		(18,678)	(18,758)	(37,545)	(36,518)
Selling and marketing expenses		(595)	(631)	(1,207)	(1,197)
Other expenses		(2,342)	(2,231)	(4,787)	(4,404)
Finance costs		(759)	(1,127)	(1,876)	(2,198)
Profit/(Loss) before tax		2,099	(1,878)	3,141	1,993
Taxation		(2,393)	(223)	(2,917)	(1,647)
Net (loss)/ profit for the period		(294)	(2,101)	224	346
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (expense)/income for the period		(294)	(2,101)	224	346
(Loss)/Profit attributable to:					
Owners of the parent		(954)	(1,982)	(1,069)	(426)
Non-controlling interests		660	(119)	1,293	772
		(294)	(2,101)	224	346
Total comprehensive (expense)/income attributable to :					
Owners of the parent		(954)	(1,982)	(1,069)	(426)
Non-controlling interests		660	(119)	1,293	772
		(294)	(2,101)	224	346
(Loss) per share attributable to owners of the parent					
- Basic (sen)	26	(0.84)	(1.74)	(0.94)	(0.37)

(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 30 JUNE 2011**

	As at 30 Jun 2011 (RM '000)	(Audited) As at 31 Dec 2010 (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	263,146	264,642
Land held for development	133,786	133,704
Investment properties	10,249	10,249
Investments in associates	6	6
Deferred tax assets	753	1,594
Intangible assets	843	843
Other investment	110	110
	<u>408,893</u>	<u>411,148</u>
Current assets		
Property development costs	195,091	194,169
Inventories	59,700	61,283
Trade and other receivables	53,950	49,961
Tax recoverable	2,145	1,486
Cash and bank balances	21,120	25,041
	<u>332,006</u>	<u>331,940</u>
Asset classified as held for sale	1,113	1,113
TOTAL ASSETS	<u>742,012</u>	<u>744,201</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	114,036	114,036
Reserves	286,198	287,246
	<u>400,234</u>	<u>401,282</u>
Non-controlling interests	144,139	142,846
Total equity	<u>544,373</u>	<u>544,128</u>
Non-current liabilities		
Deferred tax liabilities	40,712	40,753
Loans and borrowings	42,788	43,933
	<u>83,500</u>	<u>84,686</u>
Current liabilities		
Trade and other payables	84,929	80,496
Bank overdraft	923	811
Loans and borrowings	27,181	32,441
Tax payables	1,106	1,639
	<u>114,139</u>	<u>115,387</u>
Total liabilities	<u>197,639</u>	<u>200,073</u>
TOTAL EQUITY AND LIABILITIES	<u>742,012</u>	<u>744,201</u>
Net assets per share (RM)	<u>3.51</u>	<u>3.52</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 30 JUNE 2011**

6 months ended 30 June 2011

	← Equity attributable to owners of the parent, total →						Non-controlling		
	← Non-distributable →				Distributable		interests		
	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)	Total equity (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	-	-	-	-	-	(1,069)	(1,069)	1,293	224
Transactions with Owners									
Share option expense	-	-	-	-	21	-	21	-	21
Total transactions with owners	-	-	-	-	21	-	21	-	21
At 30 June 2011	114,036	113,538	17,166	2,972	474	152,048	400,234	144,139	544,373
<u>6 months ended 30 June 2010</u>									
At 1 January 2010	114,036	113,538	17,128	2,972	393	151,865	399,931	140,396	540,327
Total comprehensive income	-	-	-	-	-	(426)	(426)	772	346
Transactions with Owners									
Share option expense	-	-	-	-	59	-	59	-	59
Total transactions with owners	-	-	-	-	59	-	59	-	59
At 30 June 2010	114,036	113,538	17,128	2,972	453	151,439	399,565	141,168	540,733

(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 30 JUNE 2011

	<u>2011</u> 6 months ended 30 June (RM '000)	<u>2010</u> 6 months ended 30 June (RM '000)
OPERATING ACTIVITIES		
Profit before tax	3,141	1,993
Adjustments for non-cash flow items :		
Property, plant and equipment	4,398	4,120
Other non-cash items	2,086	(316)
Operating profit before changes in working capital	9,625	5,797
Changes in working capital		
Net changes in property development expenditure	(1,004)	1,840
Net changes in current assets	(2,871)	(583)
Net changes in liabilities	(773)	1,180
Net cash flows generated from operating activities	4,977	8,234
INVESTING ACTIVITIES		
Property, plant and equipment	(2,902)	(7,186)
Other investing activities	413	-
Net cash flows used in investing activities	(2,489)	(7,186)
FINANCING ACTIVITIES		
Bank borrowings	(6,521)	5,291
Other financing activities	(22)	-
Net cash flows (used in)/generated from financing activities	(6,543)	5,291
Net (decrease)/increase in cash and cash equivalents	(4,055)	6,339
Cash and cash equivalents at beginning of year	24,057	14,710
Cash and cash equivalents at end of period	20,002	21,049
Cash and cash equivalents comprise the following:		
Cash and bank balances	21,120	22,251
Bank overdraft	(923)	(997)
Cash held in trust	(195)	(205)
	20,002	21,049

(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)

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 30 December 2011 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 30 June 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 30 JUNE 2011

7. SEGMENTAL INFORMATION

(a) Operating segment information for the current financial period to 30 June 2011 is as follow:

	Property Development	Hotel & Leisure	Education	Others	Total
<u>At 30 June 2011</u>	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
External revenue	23,472	9,852	29,335	4,354	67,013
Inter-segment revenue	-	135	-	1,553	1,689
Segment profit	2,528	891	6,092	3,062	12,573
Segment assets	409,996	110,447	196,719	21,953	739,115
<u>At 30 June 2010</u>					
External revenue	31,944	9,447	26,771	4,045	72,208
Inter-segment revenue	-	142	-	1,916	2,058
Segment profit	3,742	1,163	4,615	2,303	11,823
Segment assets	432,662	115,023	189,168	22,543	759,397

(b) Reconciliation of reportable segment profit or loss

	30.6.2011	30.6.2010
	RM' 000	RM' 000
Total profit for reportable segments	12,573	11,823
Finance Cost	(1,876)	(2,198)
Elimination	(7,556)	(7,632)
Consolidated profit before tax	3,141	1,993

8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment have been brought forward from the financial statements for the year ended 30 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.

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
	30.6.2011	31.12.2010
	RM'000	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 30 June 2011 is RM65.63 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
	30.6.2011	31.12.2010
	RM'000	RM'000
Approved and contracted for	3,716	2,327
Approved but not contracted for	548	374
	<u>4,264</u>	<u>2,701</u>

13. RELATED PARTY TRANSACTIONS

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

	Transaction value	
	30.6.2011	30.6.2010
	RM' 000	RM' 000
Sales		
Subsidiary companies	1,118	1,448
Purchases		
Subsidiary companies	123	252
Management fees received from subsidiaries		
Holding company	570	610
Leases		
Subsidiary companies	2,668	2,661
Interest income		
Holding company	2,413	2,178
Subsidiary companies	<u>4,335</u>	<u>4,315</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 30 JUNE 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	
		30.6.2011	30.6.2010
		RM' 000	RM' 000
Subsidiaries	- Unsecured, loan tenure of 12 years @ 5 % per annum	12,066	12,748
	- Unsecured, loan tenure of 10 years @ 3.75 % per annum	16,834	15,616
Related companies	- Unsecured, loan tenure of 12 years @ 5 % per annum	28,921	27,518
	- Unsecured, loan tenure of 10 years @ 3.75 % per annum	-	15,895

(b) Other related party transactions

	As At	Audited
	30.6.2011	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	68	135
- Lapangan Kota Sdn Bhd	156	309
Purchases from companies in which certain director/persons related to certain directors have financial interests		
- Golden Opportunities Sdn Bhd	60	-
- Serba Kimia Sdn Bhd	6	-
- PK Fertilizers Sdn Bhd	1	-

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

The Group's revenue of RM35.34 million for the current quarter is higher as compared to the preceding year's corresponding quarter of RM28.99 million as a result of higher percentage of completion in the Nilai Springs Heights projects and as well as increase in students number of Nilai University College.

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

The Group reported a higher pre-tax profit of RM2.09 million in the current quarter compared to a pre-tax profit of RM1.04 million in the immediate preceding quarter in tandem with the higher revenue contribution from the property and education segments.

16. PROSPECTS

Bearing any unforeseen circumstances, the Group's performance is expected to improve in the second half of the year.

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
- 30 JUNE 2011

18. TAXATION

Taxation is made up as follows:

	3 months ended		6 months ended	
	30.6.2011 RM'000	30.6.2010 RM'000	30.6.2011 RM'000	30.6.2010 RM'000
Current taxation	1,519	134	2,199	654
Deferred tax expense	955	575	791	1,259
(Over)/Under provision for prior year				
- current taxation	(81)	(439)	(81)	(219)
- deferred taxation	-	(47)	8	(47)
Income tax expense recognised in profit and loss	2,393	223	2,917	1,647

The effective tax rate for the quarter and period ended 30 June 2011 which was higher than the statutory tax rate, is reconciled as follows :

	6 months ended 30.6.2011 RM'000	6 months ended 30.6.2010 RM'000
Profit before tax	3,141	1,993
Taxation at Malaysian statutory tax rate of 25% (2009:25%)	785	498
Adjustments :		
Effect of expenses not deductible	963	251
Tax benefit not recognised during the year	1,263	1,816
Utilisation of previously unrecognised tax benefit	(21)	(652)
(Over)/under provision in prior year		
- current taxation	(81)	(219)
- deferred taxation	8	(47)
Income tax expense recognised in profit and loss	2,917	1,647

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 24 August 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 30 JUNE 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
	30.6.2011	30.12.2010
	RM'000	RM'000
Total secured borrowings	69,969	76,374
Total unsecured borrowings	923	811
	<hr/>	<hr/>
Total borrowings	<u>70,892</u>	<u>77,185</u>

(b) Short-term and long-term

	As At	Audited
	30.6.2011	30.12.2010
	RM'000	RM'000
Total short-term borrowings	28,104	33,252
Total long-term borrowings	42,788	43,933
	<hr/>	<hr/>
Total short-term and long-term borrowings	<u>70,892</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 24 August 2011.

23. REALISED AND UNREALISED PROFIT/LOSSES DISCLOSURE

	As At	Audited
	30.6.2011	31.12.2010
	RM'000	RM'000
Total retained profits of Nilai Resources Group Bhd and its subsidiaries:		
- Realised	358,647	358,825
- Unrealised	16,545	15,540
	<hr/>	<hr/>
	375,192	374,365
Total share of accumulated losses from associate - realised	(82)	(82)
	<hr/>	<hr/>
	375,110	374,283
Less: Consolidation adjustments	(223,062)	(221,166)
Total group retained profits as per consolidated accounts	<u>152,048</u>	<u>153,117</u>

24. MATERIAL LITIGATION

As at 24 August 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

No interim dividend has been declared for the current quarter ended 30 June 2011.

26. EARNINGS PER SHARE

(a) Basic

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.6.2011	Preceding year corresponding quarter 30.6.2010	Six months to 30.6.2011	Six months to 30.6.2010
(Loss) for the period (RM'000)	(954)	(1,982)	(1,069)	(426)
Weighted average number of ordinary shares in issue ('000)	114,036	114,036	114,036	114,036
Basic (loss) per share (sen)	<u>(0.84)</u>	<u>(1.74)</u>	<u>(0.94)</u>	<u>(0.37)</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
24 August 2011