

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		<u>2011</u> Current Quarter Ended 30 September (RM '000)	<u>2010</u> Comparative Quarter Ended 30 September (RM '000)	<u>2011</u> 9 months Cumulative to date (RM '000)	<u>2010</u> 9 months Cumulative to date (RM '000)
Revenue		42,725	51,435	109,738	123,643
Cost of sales		(17,489)	(21,094)	(37,938)	(48,713)
Gross profit		25,236	30,341	71,800	74,930
Other income		1,121	956	3,113	2,677
Administrative expenses		(18,109)	(18,673)	(55,654)	(55,191)
Selling and marketing expenses		(910)	(578)	(2,116)	(1,775)
Other expenses		(2,310)	(2,159)	(7,097)	(6,563)
Finance costs		(817)	(1,200)	(2,693)	(3,398)
Share of profit of associate		-	5	-	5
Profit before tax		4,211	8,692	7,353	10,685
Taxation		(1,122)	(3,619)	(4,040)	(5,266)
Net profit for the period		3,089	5,073	3,313	5,419
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		3,089	5,073	3,313	5,419
Profit attributable to:					
Owners of the parent		1,850	3,471	780	3,045
Non-controlling interests		1,239	1,602	2,533	2,374
		3,089	5,073	3,313	5,419
Total comprehensive income attributable to :					
Owners of the parent		1,850	3,471	780	3,045
Non-controlling interests		1,239	1,602	2,533	2,374
		3,089	5,073	3,313	5,419
Earnings per share attributable to owners of the parent					
- Basic (sen)	26	1.62	3.04	0.68	2.67
- Diluted (sen)	26	1.56	NA	0.66	NA

(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 SEPTEMBER 2011**

	As at 30 Sep 2011 (RM '000)	(Audited) As at 31 Dec 2010 (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	263,624	264,642
Land held for development	120,977	133,704
Investment properties	10,249	10,249
Investments in associates	6	6
Deferred tax assets	764	1,594
Intangible assets	843	843
Other investment	110	110
	<u>396,573</u>	<u>411,148</u>
Current assets		
Property development costs	207,537	194,169
Inventories	59,270	61,283
Trade and other receivables	57,957	49,961
Tax recoverable	2,935	1,486
Cash and bank balances	35,027	25,041
	<u>362,726</u>	<u>331,940</u>
Asset classified as held for sale	1,113	1,113
TOTAL ASSETS	<u>760,412</u>	<u>744,201</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	114,036	114,036
Reserves	285,928	287,246
	<u>399,964</u>	<u>401,282</u>
Non-controlling interests	144,901	142,846
Total equity	<u>544,865</u>	<u>544,128</u>
Non-current liabilities		
Deferred tax liabilities	40,579	40,753
Loans and borrowings	42,063	43,933
	<u>82,642</u>	<u>84,686</u>
Current liabilities		
Trade and other payables	104,725	80,496
Bank overdraft	934	811
Loans and borrowings	27,002	32,441
Tax payables	244	1,639
	<u>132,905</u>	<u>115,387</u>
Total liabilities	<u>215,547</u>	<u>200,073</u>
TOTAL EQUITY AND LIABILITIES	<u>760,412</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 SEPTEMBER 2011

9 months ended 30 September 2011

	← Equity attributable to owners of the parent, total →					Non-controlling interests			
	← 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)	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	-	-	-	-	-	780	780	2,533	3,313
Transactions with Owners									
Share option expense	-	-	-	-	32	-	32	-	32
Premium on shares issued to non-participating non-controlling interests	-	-	8	-	-	-	8	2	10
Dividend paid for the year ended 31 December 2010	-	-	-	-	-	(2,138)	(2,138)	-	(2,138)
Dividend paid by subsidiaries to non-participating minority interests	-	-	-	-	-	-	-	(480)	(480)
Total transactions with owners	-	-	8	-	32	(2,138)	(2,098)	(478)	(2,576)
At 30 September 2011	114,036	113,538	17,174	2,972	485	151,759	399,964	144,901	544,865
9 months ended 30 September 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	-	-	-	-	-	3,045	3,045	2,374	5,419
Transactions with Owners									
Share option expense	-	-	-	-	61	-	61	-	61
Premium on shares issued to non-participating non-controlling interests	-	-	38	-	-	-	38	13	51
Dividend paid for the year ended 31 December 2009	-	-	-	-	-	(2,138)	(2,138)	-	(2,138)
Dividend paid by subsidiaries to non-participating non-controlling interest	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	38	-	61	(2,138)	(2,039)	13	(2,026)
At 30 September 2010	114,036	113,538	17,166	2,972	454	152,772	400,937	142,783	543,720

(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 SEPTEMBER 2011

	<u>2011</u> 9 months ended 30 September (RM '000)	<u>2010</u> 9 months ended 30 September (RM '000)
OPERATING ACTIVITIES		
Profit before tax	7,353	10,685
Adjustments for non-cash flow items :		
Property, plant and equipment	6,707	6,431
Profit retained in associate	-	(5)
Other non-cash items	2,820	2,369
Operating profit before changes in working capital	16,880	19,480
Changes in working capital		
Net changes in property development expenditure	(641)	12,690
Net changes in current assets	(6,544)	(17,730)
Net changes in liabilities	15,258	(4,348)
Net cash flows generated from operating activities	24,953	10,092
INVESTING ACTIVITIES		
Property, plant and equipment	(5,689)	(9,728)
Other investing activities	603	546
Net cash flows used in investing activities	(5,086)	(9,182)
FINANCING ACTIVITIES		
Bank borrowings	(7,426)	6,887
Dividend paid to shareholders of the Company	(2,138)	(2,138)
Other financing activities	(470)	51
Net cash flows (used in)/generated from financing activities	(10,034)	4,800
Net (decrease)/increase in cash and cash equivalents	9,833	5,710
Cash and cash equivalents at beginning of year	24,056	14,700
Cash and cash equivalents at end of period	33,889	20,410
Cash and cash equivalents comprise the following:		
Cash and bank balances	35,027	21,693
Bank overdraft	(934)	(1,068)
Cash held in trust	(204)	(215)
	33,889	20,410

(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 2013
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 19 November 2011 announced that the effective date of IC 15 has been deferred to 1 January 2013.

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 September 2011.

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

7. SEGMENTAL INFORMATION

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

	Property Development	Hotel & Leisure	Education	Others	Total
<u>At 30 September 2011</u>	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
External revenue	46,939	14,753	41,384	6,662	109,738
Inter-segment revenue	-	221	-	3,309	3,530
Segment profit	9,978	1,459	5,965	5,917	23,320
Segment assets	427,686	109,829	197,108	22,089	756,713
<u>At 30 September 2010</u>					
External revenue	63,232	13,999	40,147	6,263	123,642
Inter-segment revenue	-	237	-	8,642	8,880
Segment profit	18,376	1,545	7,378	9,691	36,990
Segment assets	438,933	114,780	190,155	21,632	765,501

(b) Reconciliation of reportable segment profit or loss

	<u>30.9.2011</u>	<u>30.9.2010</u>
	RM' 000	RM' 000
Total profit for reportable segments	23,320	36,990
Share of Profit/(Loss) of Associate	-	5
Finance Cost	(2,693)	(3,398)
Elimination	(13,274)	(22,912)
Consolidated profit before tax	7,353	10,685

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
- 30 September 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
	30.9.2011	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 30 September 2011 is RM64.95 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
	30.9.2011	As At
	RM'000	31.12.2010
		RM'000
Approved and contracted for	2,336	2,327
Approved but not contracted for	544	374
	<u>2,880</u>	<u>2,701</u>

13. RELATED PARTY TRANSACTIONS

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

	Transaction value	
	30.9.2011	30.9.2010
	RM' 000	RM' 000
Sales		
Subsidiary companies	1,657	2,091
Purchases		
Subsidiary companies	183	322
Management fees received from subsidiaries		
Holding company	753	838
Leases		
Subsidiary companies	4,003	3,992
Interest income		
Holding company	3,739	3,314
Subsidiary companies	<u>6,726</u>	<u>6,562</u>

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	
		30.9.2011	30.9.2010
		RM' 000	RM' 000
Subsidiaries	- Unsecured, loan tenure of	13,694	21,079
	12 years @ 5 % per annum		
	- Unsecured, loan tenure of	18,994	15,270
	10 years @ 3.75 % per annum		
Related companies	- Unsecured, loan tenure of	29,300	28,364
	12 years @ 5 % per annum		
	- Unsecured, loan tenure of	-	16,330
	10 years @ 3.75 % per annum		

(b) Other related party transactions

	As At	Audited
	30.9.2011	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	102	135
- Lapangan Kota Sdn Bhd	234	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	2	-

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

The Group's revenue of RM42.73 million for the current quarter is lower as compared to the preceding year's corresponding quarter of RM51.43 million as the preceding year's corresponding quarter result included the completion of a land sale amounted to RM16.3 million. Excluding the land sale, the group actually performed better in this quarter, contributed mainly from the property segment.

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 RM4.21 million in the current quarter compared to a pre-tax profit of RM2.09 million in the immediate preceding quarter due to encouraging sales from property development projects, such as Anggerik Court and C2 Retail Mall.

16. PROSPECTS

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

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

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		9 months ended	
	30.9.2011 RM'000	30.9.2010 RM'000	30.9.2011 RM'000	30.9.2010 RM'000
Current taxation	1,243	2,891	3,442	3,545
Deferred tax expense	392	559	1,183	1,818
(Over)/Under provision for prior year				
- current taxation	22	141	(58)	(79)
- deferred taxation	(535)	28	(527)	(18)
Income tax expense recognised in profit and loss	1,122	3,619	4,040	5,266

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

	9 months ended 30.9.2011 RM'000	9 months ended 30.9.2010 RM'000
Profit before tax	7,353	10,685
Taxation at Malaysian statutory tax rate of 25% (2009:25%)	1,838	2,671
Adjustments :		
Effect of expenses not deductible	1,199	2,195
Tax benefit not recognised during the year	1,588	2,383
Utilisation of previously unrecognised tax benefit	-	(1,886)
(Over)/under provision in prior year		
- current taxation	(58)	(79)
- deferred taxation	(527)	(18)
Income tax expense recognised in profit and loss	4,040	5,266

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 23 November 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 30 September 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
	30.9.2011	As At
	RM'000	30.12.2010
		RM'000
Total secured borrowings	69,065	76,374
Total unsecured borrowings	934	811
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Total borrowings	69,999	77,185
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(b) Short-term and long-term

	As At	Audited
	30.9.2011	As At
	RM'000	30.12.2010
		RM'000
Total short-term borrowings	27,936	33,252
Total long-term borrowings	42,063	43,933
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Total short-term and long-term borrowings	69,999	77,185
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(c) All the debts/borrowings are denominated in Ringgit Malaysia.

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Following the adoption of FRS 139 Financial Instruments : Recognition and Measurement , this section is not applicable.

23. REALISED AND UNREALISED PROFIT/LOSSES DISCLOSURE

	As At	Audited
	30.9.2011	As At
	RM'000	31.12.2010
		RM'000
Total retained profits of		
Nilai Resources Group Bhd and its subsidiaries:		
- Realised	361,306	358,825
- Unrealised	16,620	15,540
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	377,926	374,365
Total share of accumulated losses from associate		
- realised	(82)	(82)
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	377,844	374,283
Less: Consolidation adjustments	(226,084)	(221,166)
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Total group retained profits as per consolidated accounts	151,759	153,117
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
- 30 September 2011

24. MATERIAL LITIGATION

As at 23 November 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 September 2011.

26. EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.9.2011	Preceding year corresponding quarter 30.9.2010	Nine months to 30.9.2011	Nine months to 30.9.2010
Profit for the period (RM'000)	1,850	3,471	780	3,045
Weighted average number of ordinary shares in issue ('000)				
- basic	114,036	114,036	114,036	114,036
- fully diluted	118,886	119,327	118,886	119,327
Basic earning per share (sen)	1.62	3.04	0.68	2.67
Diluted earning per share (sen)	1.56	NA	0.66	NA

BY ORDER OF THE BOARD

PAUL YONG POW CHOY

Company Secretary
23 November 2011