

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2012**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		<u>2012</u> Current Quarter Ended 30 June (RM '000)	<u>2011</u> Comparative Quarter Ended 30 June (RM '000)	<u>2012</u> 6 months Cumulative to date (RM '000)	<u>2011</u> 6 months Cumulative to date (RM '000)
Revenue		46,368	35,342	85,948	67,013
Cost of sales		(15,467)	(12,263)	(29,222)	(21,268)
Gross profit		30,901	23,079	56,726	45,745
Other operating income		1,598	947	2,835	1,992
Administrative expenses		(14,919)	(14,252)	(31,171)	(28,635)
Selling and marketing expenses		(2,065)	(1,692)	(4,156)	(4,067)
Other operating expenses		(5,624)	(5,224)	(10,979)	(10,018)
Finance costs		(407)	(759)	(970)	(1,876)
Profit before tax	18	9,484	2,099	12,285	3,141
Taxation	19	(3,359)	(2,393)	(4,523)	(2,917)
Net profit/(loss) for the period		6,125	(294)	7,761	224
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/(loss) for the period		6,125	(294)	7,761	224
Profit/(loss) attributable to:					
Owners of the parent		4,311	(954)	5,404	(1,069)
Non-controlling interests		1,814	660	2,357	1,293
		6,125	(294)	7,761	224
Total comprehensive income/(expense) attributable to :					
Owners of the parent		4,311	(954)	5,404	(1,069)
Non-controlling interests		1,814	660	2,357	1,293
		6,125	(294)	7,761	224
Earnings/(loss) per share attributable to owners of the parent					
- Basic (sen)	25	3.75	(0.84)	4.70	(0.94)
- Diluted (sen)	25	3.70	-	4.64	-

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

	<b>As at 30 Jun 2012 (RM '000)</b>	<b>(Audited) As at 31 Dec 2011 (RM '000)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	263,357	263,326
Land held for development	121,807	121,807
Investment properties	10,249	10,249
Investment in an associate	5	5
Deferred tax assets	1,489	1,730
Intangible assets	104	104
Other investment	110	110
	397,121	397,331
<b>Current assets</b>		
Property development costs	167,984	161,118
Inventories	56,340	58,685
Trade and other receivables	64,221	66,400
Tax recoverable	2,811	2,617
Cash and bank balances	80,706	82,071
	372,062	370,891
<b>Asset classified as held for sale</b>	-	1,113
<b>TOTAL ASSETS</b>	769,183	769,335
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	117,284	114,286
Reserves	311,071	305,660
	428,355	419,946
<b>Non-controlling interests</b>	160,057	158,180
<b>Total equity</b>	588,412	578,126
<b>Non-current liabilities</b>		
Deferred tax liabilities	39,060	39,217
Loans and borrowings	38,022	39,965
	77,082	79,182
<b>Current liabilities</b>		
Trade and other payables	97,231	105,132
Bank overdraft	730	996
Loans and borrowings	4,410	4,445
Tax payables	1,318	1,454
	103,689	112,027
<b>Total liabilities</b>	180,771	191,209
<b>TOTAL EQUITY AND LIABILITIES</b>	769,183	769,335
<b>Net assets per share (RM)</b>	3.65	3.67

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2012**

	Equity attributable to owners of the parent					Retained earnings (RM'000)	Total (RM'000)	Non-controlling interests (RM'000)	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)				
<b>At 1 January 2012</b>	114,286	113,538	17,173	2,972	468	171,509	419,946	158,180	578,126
<b>Total comprehensive income</b>	-	-	-	-	-	5,404	5,404	2,357	7,761
<b>Transactions with Owners</b>									
Exercise of employee share options	2,998	344	-	-	(344)	-	2,998	-	2,998
Dividend paid by a subsidiary to non-participating non-controlling interests	-	-	-	-	-	-	-	(480)	(480)
Share option expense	-	-	-	-	7	-	7	-	7
<b>At 30 June 2012</b>	117,284	113,882	17,173	2,972	131	176,913	428,355	160,057	588,412
<b>At 1 January 2011</b>	114,036	113,538	17,166	2,972	453	153,117	401,282	142,846	544,128
<b>Total comprehensive income</b>	-	-	-	-	-	(1,069)	(1,069)	1,293	224
<b>Transactions with Owners</b>									
Share option expense	-	-	-	-	21	-	21	-	21
<b>At 30 June 2011</b>	114,036	113,538	17,166	2,972	474	152,048	400,234	144,139	544,373

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2012**

	<b><u>2012</u></b> <b>6 months</b> <b>ended</b> <b>30 June</b> <b>(RM '000)</b>	<b><u>2011</u></b> <b>6 months</b> <b>ended</b> <b>30 June</b> <b>(RM '000)</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	12,285	3,141
<b>Adjustments for non-cash flow items :</b>		
Gain from disposal of property, plant and equipment	(433)	-
Depreciation and amortization	4,626	4,389
Interest expense	970	1,876
Impairment loss on receivables	128	602
Other non-cash items	(545)	(383)
Operating profit before changes in working capital	17,031	9,625
<b>Changes in working capital</b>		
Property development expenditure	(6,866)	(1,004)
Inventories	2,345	1,583
Receivables	2,051	(4,454)
Payables	(7,697)	4,412
Cash generated from operation	6,864	10,162
Interest paid	(970)	(1,876)
Tax paid	(4,768)	(3,309)
Net cash flows generated from operating activities	1,126	4,977
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4,304)	(2,902)
Proceeds from disposal of property, plant and equipment	1,525	-
Other investing activities	570	413
Net cash flows used in investing activities	(2,209)	(2,489)
<b>FINANCING ACTIVITIES</b>		
Proceeds from exercise of employees share options	2,998	-
Dividend paid to non-controlling interests in a subsidiary	(480)	-
Cash held in trust	(103)	(22)
Repayment of term loans	(1,923)	(6,256)
Repayment of hire purchase	(405)	(265)
Net cash flows generated from/(used in) financing activities	87	(6,543)
Net decrease in cash and cash equivalents	(996)	(4,055)
Cash and cash equivalents at beginning of year	80,862	24,057
Cash and cash equivalents at end of period	79,866	20,002
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	80,706	21,120
Bank overdraft	(730)	(923)
Cash held in trust	(110)	(195)
	79,866	20,002

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2012**

---

**1. BASIS OF PREPARATION**

The interim financial statements have 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 2011.

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 2011.

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 2011 except for the adoption of the following new/revised Financial Reporting Standards ("FRSs") and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2012:

	Effective for financial periods beginning on or after
Amendments to IC Interpretation 14 : Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to FRS 1 : Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7 : Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 112 : Deferred Tax : Recovery of Underlying Assets	1 January 2012
FRS 124 : Related Party Disclosures (revised)	1 January 2012

Adoption of the above standards and interpretations do not give rise to any significant effects on the financial statements of the Group except for changes in disclosure.

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

	Effective for financial periods beginning on or after
Amendments to FRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interest in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits (revised)	1 January 2013
FRS 127 Separate Financial Statements (revised)	1 January 2013
FRS 128 Investment in Associates and Joint Ventures (revised)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

The Group plans to adopt the above revised FRSs and IC Interpretations in the financial period when they become effective. The adoption of the above revised FRSs and IC Interpretations upon their initial applications are not expected to have any significant impact on the financial statements of the Group except for changes in disclosures.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2012**

---

**1. BASIS OF PREPARATION (CONT'D)**

**Malaysian Financial Reporting Standards (MFRS FRAMEWORK)**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called Transitioning Entities").

Transitioning Entities were allowed to defer adoption of the new MFRS Framework for 2 years such that adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

**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 period.

**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 were no cancellations, repurchases, resale of equity securities for the current quarter, except for the issuance of 2,918,000 new ordinary shares of RM1 each, pursuant to the exercise of the Employee's Share Option Scheme.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2012**

**7. SEGMENTAL INFORMATION**

Operating segment information for the current financial period to 30 June 2012 is as follow:

	<b>Property Development</b>	<b>Education</b>	<b>Hotel &amp; Leisure</b>	<b>Others</b>	<b>Adjustments &amp; Eliminations</b>	<b>Total</b>
<b>At 30 June 2012</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>	<b>RM' 000</b>
External revenue	40,754	29,341	11,435	4,418	-	85,948
Inter-segment revenue	36	-	185	2,775	(2,996)	-
Segment results	12,850	1,836	2,400	3,278	(7,109)	13,255
Finance costs	(828)	(793)	(1,896)	(1,964)	4,511	(970)
Profit before tax	12,022	1,043	504	1,314	(2,598)	12,285
<b>At 30 June 2011</b>						
External revenue	23,472	29,335	9,852	4,354	-	67,013
Inter-segment revenue	-	-	135	1,553	(1,688)	-
Segment results	2,528	6,092	891	3,062	(7,556)	5,017
Finance costs	(2,256)	(938)	(1,873)	(3,557)	6,748	(1,876)
Profit/(loss) before tax	272	5,154	(982)	(495)	(808)	3,141

**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 2011 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**

The were no changes in contingent liabilities since the last annual balance sheet date as follows :

	<b>As At 30.06.2012 RM'000</b>	<b>Audited As At 31.12.2011 RM'000</b>
A legal claim made against one of our subsidiary companies in relation to a legal matter highlighted in Note 23.	379	379

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2012**

**12. CAPITAL COMMITMENTS**

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

	<b>As At 30.06.2012 RM'000</b>	<b>Audited As At 31.12.2011 RM'000</b>
Approved and contracted for	1,170	2,098
Approved but not contracted for	465	323
	<b>1,635</b>	<b>2,421</b>

**13. RELATED PARTY TRANSACTIONS**

**Within Nilai Resources Group Berhad**

(i) Disclosure of Transactions	<b>Transaction value</b>	
	<b>30.06.2012 RM' 000</b>	<b>30.06.2011 RM' 000</b>
Inter company sales	1,091	1,118
Inter company purchases	76	123
Management fees paid to parent	785	570
Inter company lease income	2,677	2,668
Interest income		
- holding company	1,696	2,413
- subsidiary companies	1,935	4,335

(ii) Disclosure of Balances	<b>Transaction Balances</b>	
	<b>30.06.2012 RM' 000</b>	<b>30.06.2011 RM' 000</b>
Owing by subsidiaries to parent		
- unsecured, loan tenure of 12 years @ 5.00 % p.a.	13,647	12,066
- unsecured, loan tenure of 10 years @ 3.75 % p.a.	20,527	16,834
Related companies		
- unsecured, loan tenure of 12 years @ 5.00 % p.a.	28,780	28,921

**Other related party transactions**

	<b>Transaction value</b>	
	<b>30.06.2012 RM'000</b>	<b>30.06.2011 RM'000</b>
Rental payable to companies in which certain directors have financial interests		
- G.O. Construction Sdn Bhd	56	68
- Lapangan Kota Sdn Bhd	81	156
Purchases from a company in which a person related to certain directors has financial interests		
- Serba Kimia Sdn Bhd	4	6
- PK Fertilizers Sdn Bhd	3	1



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2012**

---

**14. REVIEW OF PERFORMANCE**

For the current quarter under review, the Group registered revenue and profit before tax of RM46.37 million and RM9.48 million respectively as compared to the revenue and profit before tax of RM35.34 million and RM2.10 million respectively in the preceding year's corresponding quarter. The better performance in terms of revenue by RM11.03 million and profit before tax by RM7.38 million was largely contributed by the Group's Property Development and Education divisions.

Year-on-year, the Group's revenue and profit before tax improved by RM18.94 million (28.26%) and RM9.14 million (291.12%) respectively. As stated above, the better performance as compared to the preceding year corresponding period was mainly due to better performance from the Group's Property Development and Educations divisions.

The performances of the respective divisions of the Group are as follows:

(a) Property Development

Revenue and profit before tax for the quarter of RM23.88 million (2011 : RM13.24 million) and RM9.13 million (2011 : RM0.28 million) respectively were higher in comparison to the corresponding quarter in the preceding year primarily due to recognition of new sales from its Anggerik Court (Apartments) project and higher progressive billings from its Nilai Springs Heights (Double Storey Superlink Houses) and C<sup>2</sup> Retail Streetmall (2 Storey Shopoffices) projects.

Year-on-year, the Group's main segment posted higher revenue of RM40.79 million as compared to RM23.47. This was mainly due to the same reasons mentioned in the aforesaid paragraph with higher progressive billing from Bayu Residence project (Town Villas & Apartments), launched in the second half of 2011.

(b) Education

The Education segment posted a lower revenue of RM14.70 million in the current quarter as compared to RM15.11 million recorded in the same period of the preceding year, reflecting a marginal drop of 2.71%. With additional staff cost incurred arising from recruitment of new academic and administrative staff and higher marketing and promotion expenses, profit before tax for the quarter of RM0.99 million was lower as compared to RM3.05 million for the preceding year corresponding quarter.

Revenue achieved for the 1st half of this year of RM29.34 million was comparable with the RM29.33 million achieved in the same period of last year. However, profit before tax was only RM1.04 million against RM5.15 million registered in the same period of last year. This was mainly due to additional staff cost incurred arising from recruitment of new academic and administrative staff and consultancy fees incurred in respect of the application for upgrade to university status by our Nilai University College ("NUC").

On 30 July 2012, the application for university status by NUC was approved by the Ministry Of Higher Education, and Nilai University College is now known as Nilai University.

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

The Group's pre-tax profit for the quarter under review of RM9.48 million was higher as compared to a pre-tax profit of RM2.80 million posted for the immediate preceding quarter, mainly due to higher recognition of sales from the Group's Property Development segment, deriving from its Anggerik Court, C<sup>2</sup> Retail Streetmall and Nilai Springs Heights projects.

**16. PROSPECTS**

The Group continues to remain cautiously optimistic of its performance for the second half of the year.

**17. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

There were no profit forecast or profit guarantee announced or disclosed by the Group in a public document during the quarter.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2012**

**18. PROFIT BEFORE TAX**

The following have been included in arriving at profit before tax :

	3 months ended		6 months ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(316)	(284)	(569)	(413)
Other income	(905)	(663)	(1,833)	(1,579)
Gain from disposal of property, plant and equipment	(377)	-	(433)	-
Depreciation and amortization	2,340	2,208	4,626	4,389
Impairment loss on receivables	3	303	128	602

**19. TAXATION**

Taxation is made up as follows:

	3 months ended		6 months ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Current taxation	3,342	1,519	4,406	2,199
Under/(over) provision of tax in prior years	33	(81)	33	(81)
Deferred tax (credit)/expense	(134)	955	(34)	791
Under provision of deferred taxation in prior year	118	-	118	8
Income tax expense recognised in total comprehensive income	3,359	2,393	4,523	2,917

The effective tax rate for the quarter and the period ended 30 June 2012, which were higher than the statutory tax rate, is reconciled as follows :

	3 months ended		6 months ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Profit before tax	9,484	2,099	12,285	3,141
Taxation at statutory tax rate of 25% (2011 : 25%)	2,371	525	3,071	785
Adjustments :				
Effect of expenses not deductible	658	1,394	1,036	963
Tax benefit not recognised during the period	3	555	89	1,263
Utilisation of previously unrecognised tax benefit	176	-	176	(21)
Under/(over) provision of income tax in prior years	33	(81)	33	(81)
Under provision of deferred taxation in prior years	118	-	118	8
Income tax expense recognised in total comprehensive income	3,359	2,393	4,523	2,917

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2012**

**20. STATUS OF CORPORATE PROPOSALS**

On 20 February 2012, Nilai Resources Group Berhad ("the Company") received an offer letter from Akarmas Sdn Bhd and Tan Sri Dato' Dr. Gan Kong Seng being the non-entitled shareholders of the Company, proposing the privatisation of the Company via a selective capital reduction and repayment exercise (the Proposed SCR) pursuant to Section 64 of the Companies Act, 1965.

The non-interested Directors of the Company had on the same date, deliberated on the Proposed SCR and agreed to table the Proposed SCR for the consideration of the non-interested shareholders at an extraordinary general meeting (EGM) to be convened.

Under the Proposed SCR, a cash consideration of RM1.50 for each ordinary share held in the Company has been proposed to all entitled shareholders while the entitlements of the non-entitled shareholders shall be waived. Upon its completion, the non-entitled shareholders will collectively own the entire issued and paid up share capital of the Company.

The Proposed SCR is conditional upon the following being obtained:

- (i) The consent of the Securities Commission Malaysia ("SC") for the contents and the issuance of the Circular, the Explanatory Statement and the Independent Advice Letter in relation to the Proposed SCR, which was obtained on 6 July 2012;
- (ii) The approval of Bursa Malaysia Securities Berhad for the Circular, which was obtained on 11 July 2012;
- (iii) The approval of the shareholders of the Company for the Proposed SCR, which was obtained at the EGM held on 8 August 2012;
- (iv) The grant of an order by the High Court of Malaya ("High Court") confirming the Proposed SCR

As at 22 August 2012, being a date not earlier than 7 days from the date of issue of this quarterly report, the grant of an order by the High Court has yet to be obtained

**21. GROUP BORROWINGS**

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

- (a) Secured and unsecured :

	<b>As At</b>	<b>(Audited)</b>
	<b>30.06.2012</b>	<b>As At</b>
	<b>RM'000</b>	<b>31.12.2011</b>
		<b>RM'000</b>
Total secured borrowings	42,432	44,410
Total unsecured borrowings	730	996
Total borrowings	<u>43,162</u>	<u>45,406</u>

- (b) Short-term and long-term

	<b>As At</b>	<b>(Audited)</b>
	<b>30.06.2012</b>	<b>As At</b>
	<b>RM'000</b>	<b>31.12.2011</b>
		<b>RM'000</b>
Total short-term borrowings	5,140	5,441
Total long-term borrowings	38,022	39,965
Total short-term and long-term borrowings	<u>43,162</u>	<u>45,406</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2012**

**22. REALISED AND UNREALISED PROFIT/LOSSES DISCLOSURE**

	<b>As At 30.06.2012 RM'000</b>	<b>Audited As At 31.12.2011 RM'000</b>
Total retained profits of Nilai Resources Group Berhad and its subsidiaries:		
- realised	456,334	550,846
- unrealised	(37,998)	(37,914)
	<u>418,336</u>	<u>512,932</u>
Total share of accumulated losses from associate - realised	(82)	(82)
	<u>418,254</u>	<u>512,850</u>
Less: Consolidation adjustments	(241,341)	(341,340)
Total group retained profits as per consolidated accounts	<u>176,913</u>	<u>171,510</u>

**23. MATERIAL LITIGATION**

There were no pending material litigation since the last annual balance sheet date up to 22 August 2012, being a date not earlier than 7 days from the date of issue of this quarterly report, except for the following :

Following the dismissal with cost by the Seremban High Court on 4 November 2010 in relation to the RM10.0 million claim made by the Plaintiff, The Golf Cheque Book against our subsidiary company, Nilai Springs Berhad ("NSB"), for breach of contract, the plaintiff had on 20 December 2011 filed 'Notis Penetapan Kos' against NSB claiming a total of RM757,385.

On 16 March 2012, the Seremban High Court awarded RM35,000 and other item which has yet to be determined for the Plaintiff.

**24. DIVIDENDS**

No interim dividend has been declared for the current quarter ended 30 June 2012.

**25. EARNINGS/(LOSS) PER SHARE**

	<b>Current Quarter Ended 30.06.2012</b>	<b>Comparative Quarter Ended 30.06.2011</b>	<b>6 months Cumulative 30.06.2012</b>	<b>6 months Cumulative 30.06.2011</b>
Profit/(loss) attributable to owners of the parent (RM'000)	4,311	(954)	5,404	(1,069)
Weighted average number of ordinary shares in issue ('000)				
- basic	115,083	114,036	115,083	114,036
- fully diluted	116,511	NA*	116,511	NA*
Basic earnings/(loss) per share (sen)	3.75	(0.84)	4.70	(0.94)
Diluted earning per share (sen)	<u>3.70</u>	<u>NA*</u>	<u>4.64</u>	<u>NA*</u>

\* The outstanding Employees Share Option Scheme (ESOS) have been excluded from the computation of fully diluted earnings per share as their conversion to ordinary shares would be anti-dilutive in nature.

***NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2012***

---

**26. COMPARATIVE FIGURES**

Certain comparative figures of the Condensed Consolidated Statement of Comprehensive Income have been reclassified to conform with current period's presentation.

**27. AUTHORISATION FOR ISSUE OF REPORT**

The unaudited interim financial statements were authorised for issue on 29 August 2012 by the Board of Directors.