

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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
		Current	Comparative	9 months	9 months
		Quarter Ended	Quarter Ended	Cumulative	Cumulative
		30 September	30 September	to date	to date
		(RM '000)	(RM '000)	(RM '000)	(RM '000)
	Note				
Revenue		44,913	42,725	130,861	109,738
Cost of sales		(23,074)	(18,362)	(52,296)	(39,630)
Gross profit		21,839	24,363	78,565	70,108
Other operating income		1,166	1,121	4,001	3,113
Administrative expenses		(16,765)	(13,598)	(47,936)	(42,234)
Selling and marketing expenses		(1,880)	(1,790)	(6,036)	(5,856)
Other operating expenses		(5,429)	(5,068)	(16,410)	(15,085)
Finance costs		(474)	(817)	(1,444)	(2,693)
(Loss)/profit before tax	18	(1,543)	4,211	10,740	7,353
Taxation	19	1,053	(1,122)	(3,469)	(4,040)
Net (loss)/profit for the period		(490)	3,089	7,271	3,313
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income for the period		(490)	3,089	7,271	3,313
(Loss)/profit attributable to:					
Owners of the parent		(628)	1,850	4,776	780
Non-controlling interests		138	1,239	2,495	2,533
		(490)	3,089	7,271	3,313
Total comprehensive (loss)/income attributable to :					
Owners of the parent		(628)	1,850	4,776	780
Non-controlling interests		138	1,239	2,495	2,533
		(490)	3,089	7,271	3,313
(Loss)/earnings per share attributable to owners of the parent					
- Basic (sen)	25	(0.54)	1.62	4.12	0.68
- Diluted (sen)	25	(0.54)	-	4.07	-

(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 SEPTEMBER 2012

	As at 30 Sep 2012 (RM '000)	(Audited) As at 31 Dec 2011 (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	261,838	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	1,490	1,730
Intangible assets	104	104
Other investment	110	110
	395,603	397,331
Current assets		
Property development costs	164,162	161,118
Inventories	53,970	58,685
Trade and other receivables	61,508	66,400
Tax recoverable	4,558	2,617
Cash and bank balances	81,836	82,071
	366,034	370,891
Asset classified as held for sale	-	1,113
	761,637	769,335
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	117,345	114,286
Reserves	308,247	305,660
	425,592	419,946
Non-controlling interests	160,195	158,180
Total equity	585,787	578,126
Non-current liabilities		
Deferred tax liabilities	38,736	39,217
Loans and borrowings	36,569	39,965
	75,305	79,182
Current liabilities		
Trade and other payables	95,541	105,132
Bank overdraft	430	996
Loans and borrowings	4,452	4,445
Tax payables	122	1,454
	100,545	112,027
Total liabilities	175,850	191,209
TOTAL EQUITY AND LIABILITIES	761,637	769,335
Net assets per share (RM)	3.63	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 SEPTEMBER 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)				
At 1 January 2012	114,286	113,538	17,173	2,972	468	171,509	419,946	158,180	578,126
Total comprehensive income	-	-	-	-	-	4,776	4,776	2,495	7,271
Transactions with Owners									
Exercise of employee share options	3,059	355	-	-	(355)	-	3,059	-	3,059
Dividend paid for the year ended 31 December 2011	-	-	-	-	-	(2,199)	(2,199)	-	(2,199)
Dividend paid by a subsidiary to non-participating non-controlling interests	-	-	-	-	-	-	-	(480)	(480)
Share option expense	-	-	-	-	10	-	10	-	10
At 30 September 2012	117,345	113,893	17,173	2,972	123	174,086	425,592	160,195	585,787
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									
Dividend paid for the year ended 31 December 2010	-	-	-	-	-	(2,138)	(2,138)	-	(2,138)
Dividend paid by a subsidiary to non-participating non-controlling interests	-	-	-	-	-	-	-	(480)	(480)
Premium on shares issued to non-participating non-controlling interests	-	-	8	-	-	-	8	2	10
Share option expense	-	-	-	-	32	-	32	-	32
At 30 September 2011	114,036	113,538	17,174	2,972	485	151,759	399,964	144,901	544,865

(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 SEPTEMBER 2012

	<u>2012</u> 9 months ended 30 September (RM '000)	<u>2011</u> 9 months ended 30 September (RM '000)
OPERATING ACTIVITIES		
Profit before tax	10,740	7,353
Adjustments for non-cash flow items :		
Gain from disposal of property, plant and equipment	(528)	-
Depreciation and amortization	7,058	6,707
Interest income	(912)	(603)
Interest expense	1,444	2,693
Impairment loss on receivables	163	699
Other non-cash items	31	31
Operating profit before changes in working capital	17,996	16,880
Changes in working capital		
Property development expenditure	(3,044)	(641)
Inventories	4,715	2,013
Receivables	4,730	(8,557)
Payables	(9,387)	24,208
Cash generated from operation	15,010	33,903
Interest paid	(1,444)	(2,693)
Tax paid	(6,983)	(6,227)
Net cash flows generated from operating activities	6,583	24,983
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,221)	(5,703)
Proceeds from disposal of property, plant and equipment	1,620	-
Interest received	912	603
Other investing activities	1	14
Net cash flows used in investing activities	(2,688)	(5,086)
FINANCING ACTIVITIES		
Proceeds from exercise of employees share options	3,059	-
Dividend paid to shareholders	(2,199)	(2,138)
Dividend paid to non-controlling interests in a subsidiary	(480)	(480)
Cash held in trust	(103)	(30)
Repayment of term loans	(3,211)	(6,938)
Repayment of hire purchase	(527)	(487)
Other financing activities	-	9
Net cash flows used in financing activities	(3,461)	(10,064)
Net increase in cash and cash equivalents	434	9,833
Cash and cash equivalents at beginning of year	80,862	24,056
Cash and cash equivalents at end of period	81,296	33,889
Cash and cash equivalents comprise the following:		
Cash and bank balances	81,836	35,027
Bank overdraft	(430)	(934)
Cash held in trust	(110)	(204)
	81,296	33,889

(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 SEPTEMBER 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 SEPTEMBER 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 61,000 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 SEPTEMBER 2012**

7. SEGMENTAL INFORMATION

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

	Property Development	Education	Hotel & Leisure	Others	Adjustments & Eliminations	Total
At 30 September 2012	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
External revenue	66,065	41,386	16,742	6,668	-	130,861
Inter-segment revenue	54	-	295	3,536	(3,885)	-
Segment results	16,105	(931)	3,218	4,123	(10,331)	12,184
Finance costs	(1,249)	(1,204)	(2,841)	(2,992)	6,842	(1,444)
Profit/(loss) before tax	14,856	(2,135)	377	1,131	(3,489)	10,740
Segment Assets	430,332	192,394	110,003	22,860	6,048	761,637
At 30 September 2011						
External revenue	46,939	41,384	14,753	6,662	-	109,738
Inter-segment revenue	-	-	221	3,309	(3,530)	-
Segment results	9,978	5,965	1,459	5,918	(13,274)	10,046
Finance costs	(3,443)	(1,342)	(2,828)	(5,545)	10,465	(2,693)
Profit/(loss) before tax	6,535	4,623	(1,369)	373	(2,809)	7,353
Segment Assets	427,686	197,108	109,829	22,089	3,700	760,412

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 :

	As At 30.09.2012 RM'000	Audited As At 31.12.2011 RM'000
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 SEPTEMBER 2012**

12. CAPITAL COMMITMENTS

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

	As At 30.09.2012 RM'000	Audited As At 31.12.2011 RM'000
Approved and contracted for	4,136	2,098
Approved but not contracted for	219	323
	<u>4,355</u>	<u>2,421</u>

13. RELATED PARTY TRANSACTIONS

Within Nilai Resources Group Berhad

(i) Disclosure of Transactions	Transaction value	
	30.09.2012 RM' 000	30.09.2011 RM' 000
Inter company sales	1,707	1,657
Inter company purchases	90	183
Management fees received from subsidiary companies	1,058	753
Inter company lease income	4,014	4,003
Interest income		
- holding company	2,568	3,739
- subsidiary companies	2,947	6,726
(ii) Disclosure of Balances	Transaction Balances	
	30.09.2012 RM' 000	30.09.2011 RM' 000
Owing by subsidiaries to parent		
- unsecured, loan tenure of 12 years @ 5.00 % p.a.	13,607	13,694
- unsecured, loan tenure of 10 years @ 3.75 % p.a.	22,639	18,994
Related companies		
- unsecured, loan tenure of 12 years @ 5.00 % p.a.	29,118	29,300

Other related party transactions

	Transaction value	
	30.09.2012 RM'000	30.09.2011 RM'000
Rental payable to companies in which certain directors have financial interests		
- G.O. Construction Sdn Bhd	84	102
- Lapangan Kota Sdn Bhd	122	234
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	2

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

14. REVIEW OF PERFORMANCE

For the current quarter under review, the Group registered revenue of RM44.91 million and loss before tax of RM1.54 million respectively. In comparison, revenue and profit before tax of RM42.73 million and RM4.21 million respectively were recorded in the preceding year's corresponding quarter. The marginal increase in the Group's revenue was contributed by the Property Development segment.

Year-on-year, the Group's revenue and profit before tax improved by RM21.12 million (19.2%) and RM3.39 million (46.1%) respectively. The better performance as compared to the preceding year's corresponding period was mainly due to better performance from the Group's Property Development segment.

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

(a) Property Development

Revenue from sale of development properties of RM20.71 was registered in the current quarter as compared to RM23.39 million revenue recorded in the corresponding quarter of the preceding year. The revenue recorded was lower mainly due to lower progressive billings recognised from C2 Retail Streetmall (double-storey shops) compared to that recognised in the preceding year's corresponding quarter as its development was nearing completion in the current quarter.

On year-to-date basis, the Property Development segment posted higher revenue of RM66.12 million as compared to RM46.94 million recorded in the previous period. Similarly, profit before tax of RM14.86 million recorded was higher compared to RM6.54 million recorded in the previous period. The better results generated was mainly due to higher progressive billings and profits being recognised from Bayu Residence Phases 1 and 2 (townhouses & apartments) and Nilai Springs Heights, Blocks 6 - 10 (double-storey superlink houses).

(b) Education

The Education segment posted revenue of RM12.05 million in the current quarter which is at par with that recorded in the same quarter of the preceding year. With additional staff cost incurred by Nilai University arising from recruitment of new academic and administrative staff, higher marketing and promotion expenses and professional fees incurred, the Education segment registered a pre-tax loss of RM3.18 million for the quarter as compared to a pre-tax loss of RM0.53 million recorded in the preceding year's corresponding quarter.

Likewise, year-to-date revenue of RM41.39 million was at par with that recorded in the same period of last year. However, a pre-tax loss of RM2.13 million was recorded as compared to a profit before tax of RM4.62 million recorded in the same period of last year. This unfavourable result was due to same reasons as mentioned in the aforesaid paragraph.

(c) Hotel & Leisure

The Hotel and Leisure segment posted higher revenue of RM5.42 million in the current quarter as compared to RM4.90 million recorded in the same period of the preceding year, reflecting an increase of RM0.41 million or 8.4%. Pre-tax loss of RM0.12 million was recorded compared to a pre-tax loss of RM0.39 million recorded in the same period of the preceding year. The better performance was primarily contributed from the hotel operation arising from higher occupancy rate recorded, higher average room rate charged and better sales from the Food and Beverage division.

On year-to-date basis, the Hotel and Leisure segment posted higher revenue of RM17.04 million compared to RM14.75 million recorded in the same period of last year, reflecting an increase of RM1.99 million or 13.5%. Profit before tax of RM0.38 million was generated compared to a pre-tax loss of RM1.37 million recorded in the same period of last year. The better YTD performance was attributed from hotel operation for the same reasons mentioned in the aforesaid paragraph.

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

The Group recorded a pre-tax loss of RM1.55 million for the quarter under review as compared to a pre-tax profit of RM9.48 million registered in the immediate preceding quarter. The unfavourable results generated was primarily due to pre-tax loss being recorded under the Education segment and lower progressive billings recognised from Anggerik Court (apartments) and C2 Retail Streetmall (double-storey shops) in the current quarter.

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

16. PROSPECTS

Barring any unforeseen circumstances, the Group is confident that it will maintain its existing level of performance for the remaining financial 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.

18. (LOSS)/PROFIT BEFORE TAX

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

	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(343)	(190)	(912)	(603)
Other income	(728)	(533)	(2,561)	(2,510)
Gain from disposal of property, plant and equipment	(95)	(13)	(528)	-
Depreciation and amortization	2,432	2,275	7,058	6,707
Impairment loss on receivables	34	96	163	699

19. TAXATION

Taxation is made up as follows:

	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Current taxation	397	1,243	4,802	3,442
(Over)/under provision of tax in prior years	(1,125)	22	(1,092)	(58)
Deferred tax (credit)/expense	(325)	392	(359)	1,183
(Over)/under provision of deferred taxation in prior year	-	(535)	118	(527)
Income tax expense (derecognised)/recognised in total comprehensive income	(1,053)	1,122	3,469	4,040

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

	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before tax	(1,543)	4,211	10,740	7,353
Taxation at statutory tax rate of 25% (2011 : 25%)	(386)	1,053	2,685	1,838
Adjustments :				
Effect of expenses not deductible	51	235	1,086	1,199
Tax benefit not recognised during the period	309	325	398	1,588
Utilisation of previously unrecognised tax benefit	98	21	274	-
Under/(over) provision of income tax in prior years	(1,125)	23	(1,092)	(58)
Under/(over) provision of deferred taxation in prior years	-	(535)	118	(527)
Income tax expense recognised in total comprehensive income	(1,053)	1,122	3,469	4,040

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 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.

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 on the following being obtained :

- (i) The consent of the Securities Commission Malaysia 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 an Extraordinary General Meeting held on 8 August 2012;
- (iv) The grant of an order by the High Court of Malaya confirming the Proposed SCR, which was obtained on 1 October 2012.

As at 14 November 2012, all the above mentioned consent, approvals and grant had been obtained.

The entitlement date, being the date on which the names of the entitled shareholders must be registered in the Company's Record Of Depositors, had been determined to be on 29 November 2012 which is within the original estimated time frame (end November 2012) as stated in the Company's circular to shareholders in relation to the Proposed SCR dated 17 July 2012. The capital repayment is expected to be made within ten (10) days from the entitlement date.

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)
	30.09.2012	As At
	RM'000	31.12.2011
		RM'000
Total secured borrowings	41,021	44,410
Total unsecured borrowings	430	996
Total borrowings	<u>41,451</u>	<u>45,406</u>

- (b) Short-term and long-term

	As At	(Audited)
	30.09.2012	As At
	RM'000	31.12.2011
		RM'000
Total short-term borrowings	4,882	5,441
Total long-term borrowings	36,569	39,965
Total short-term and long-term borrowings	<u>41,451</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 SEPTEMBER 2012**

22. REALISED AND UNREALISED PROFIT/LOSSES DISCLOSURE

	As At 30.09.2012 RM'000	Audited As At 31.12.2011 RM'000
Total retained profits of Nilai Resources Group Berhad and its subsidiaries:		
- realised	453,986	550,846
- unrealised	(37,673)	(37,914)
	<u>416,313</u>	<u>512,932</u>
Total share of accumulated losses from associate		
- realised	(82)	(82)
	<u>416,231</u>	<u>512,850</u>
Less: Consolidation adjustments	(242,146)	(341,340)
Total group retained profits as per consolidated accounts	<u>174,085</u>	<u>171,510</u>

23. MATERIAL LITIGATION

There were no pending material litigation since the last annual balance sheet date up to 14 November 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 September 2012.

25. (LOSS)/EARNINGS PER SHARE

	Current Quarter Ended 30.09.2012	Comparative Quarter Ended 30.09.2011	9 months Cumulative 30.09.2012	9 months Cumulative 30.09.2011
(Loss)/profit attributable to owners of the parent (RM'000)	(628)	1,850	4,776	780
Weighted average number of ordinary shares in issue ('000)				
- basic	115,831	114,036	115,831	114,036
- fully diluted	117,198	NA*	117,198	NA*
Basic earnings/(loss) per share (sen)	(0.54)	1.62	4.12	0.68
Diluted earning per share (sen)	(0.54)	NA*	4.07	NA*

* 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.

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 21 November 2012 by the Board of Directors.