

## **THE NOMAD GROUP BHD (426627-H)**

### **QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

#### **Notes (In compliance with FRS 134)**

##### **A1. Accounting policies**

The Unaudited Quarterly Report has been prepared in accordance with the Financial Reporting Standards 134 ('FRS' 134) issued by the Malaysian Accounting Standards Board ('MASB') on 'Interim Financial Reporting' and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad ('BMSB').

The accounting policies and methods of computations adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2008.

##### **A2. Audit report of previous annual financial report**

The audit report of the previous annual financial report was not qualified.

##### **A3. Seasonal or Cyclical Factors**

The Group's operations were not affected by any seasonal or cyclical factors.

##### **A4. Unusual items affecting financial statements**

There were no unusual items affecting the financial statements for the quarter ended 31 December 2009.

##### **A5. Changes in accounting estimates**

There were no changes in the accounting estimates used in the preparation of the financial statements in the current financial quarter as compared to the previous financial year except for the revision of the economic useful life of property, plant and equipment in the Serviced Offices segment which has been changed from 3 years to 6 years. The change in estimate has reduced the depreciation charge by RM2.9 million and resulted in a corresponding increase in profit before tax.

##### **A6. Debts and Equity Securities**

There was no transaction in Group debts and equity securities for the period ended 31 December 2009.

##### **A7. Dividend Paid**

No dividend has been paid during the financial period. The Board of Directors has not declared or recommended the payment of dividend in respect of the current financial period under review.

## A8. Segmental Information

Segmental analysis for the current financial year to date is as follows:

**Quarter ended 31 December 2009**

### By Business Segments

Revenue and expenses	Investment holding	#Hospitality Industry	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Total revenue - External	2,257	60,474	(18,347)	44,384
<b>Results</b>				
Segment results	2,348	1,552	(1,878)	2,022
Share in results of an associate				1,135
Profit before taxation				3,157
Taxation				(1,853)
Profit after taxation				1,304

### By Geographical Locations

Revenue and expenses	Malaysia	*Outside Malaysia	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Total revenue - External	51,782	10,949	(18,347)	44,384
<b>Results</b>				
Segment results	6,121	(2,221)	(1,878)	2,022
Share in results of an associate				1,135
Profit before taxation				3,157
Taxation				(1,853)
Profit after taxation				1,304

# Consist of Serviced Residences and Serviced Offices sectors.

\* Operation outside Malaysia refers to that in Singapore, Thailand, Vietnam, Philippines and Indonesia.

Segmental analysis for the preceding corresponding quarter is as follows:

**Quarter ended 31 December 2008**

**By Business Segments**

<b>Revenue and expenses</b>	<b>Investment holding</b>	<b>#Hospitality Industry</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
Total revenue - External	7,806	18,510	(468)	25,848
<b>Results</b>				
Segment results	115,543	(7,314)	(114,442)	(6,213)
Share in results of an associate				359
Loss before taxation				(5,854)
Taxation				(1,780)
Loss after taxation				(7,634)

**By Geographical Locations**

<b>Revenue and expenses</b>	<b>Malaysia</b>	<b>^Outside Malaysia</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
Total revenue - External	22,535	3,781	(468)	25,848
<b>Results</b>				
Segment results	111,473	(3,244)	(114,442)	(6,213)
Share in results of an associate				359
Loss before taxation				(5,854)
Taxation				(1,780)
Loss after taxation				(7,634)

# Consist of Serviced Residences and Serviced Offices sectors.

^ Operation outside Malaysia refers to that in Singapore, Thailand and Vietnam.

#### A9. Revaluation of property, plant and equipment

There has been no revaluation on any of the Group's property, plant and equipment during the current quarter under review.

#### A10. Subsequent events

There were no material events subsequent to the end of the current quarter under review.

#### A11. Changes in the Composition of the Group

##### A11.1 City Centre Hotel Sdn Bhd (Formerly known as Hydro Hotels Sdn Bhd)

The Nomad Residences Sdn Bhd ("TNR"), a wholly-owned subsidiary of The Nomad Group Bhd ("TNGB"), had on 23 April 2009, entered into a conditional sale and purchase agreement of shares ("SPA") with Pulau Springs Berhad to acquire the entire equity interest in City Centre Hotel Sdn Bhd (Formerly known as Hydro Hotels Sdn Bhd) ("CCH") comprising 10,000,000 ordinary shares of RM1.00 each for a cash consideration of RM47,300,000 ("Proposed Acquisition"), subject to the terms and conditions as stipulated in the SPA.

TNR had on 1 October 2009 completed the propose acquisition of the entire equity interest in CCH. Pursuant thereto, CCH is now a wholly-owned subsidiary of TNR, which in turn is a wholly-owned subsidiary of the Company.

The assets and liabilities arising from the acquisition are as follows:

	<b>Fair Value</b>	<b>Acquiree's</b>
	<b>RM'000</b>	<b>carrying amount</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, Plant & Equipment	154,649	108,364
Inventories	312	312
Trade Receivables	939	939
Other receivables	473	473
Cash and Bank Balances	1,275	1,275
Trade Payables	(1,978)	(1,978)
Other Payables	(1,799)	(1,627)
Amount due to TNGB	(50,445)	(50,445)
Short term loan	(2,850)	(2,850)
Deferred Tax Liabilities	(5,730)	-
Long term loan	(54,200)	(54,200)
Total Net Assets	40,646	263
Goodwill	229	
	<u>40,875</u>	

##### The cash outflow on acquisition is as follow:-

	<b>RM'000</b>
Purchase consideration satisfied by cash	47,300
Cost attributable to the acquisition, paid in cash	229
Total cost of acquisition before shortfall adjustment in NTA	47,529
Settlement of loan upon completion of acquisition	50,445
Cash and cash equivalent of subsidiary acquired	(1,275)
Net Cash outflow from the Group during the year	96,699
Less: Shortfall in NTA, amount to be repaid by vendor	(6,654)
Net Cash outflow for the acquisition	<u>90,045</u>

#### A11.2 Alpha AB Sdn Bhd

Alpha AB Sdn Bhd (“Alpha AB”), a wholly-owned dormant sub-subsidiary of the Company had on 9 December 2009 been placed under Members’ Voluntary Winding Up (“Winding-Up”) pursuant to Section 254 (1) of the Companies Act, 1965. The winding up of Alpha AB will not have any material financial effect on The Nomad Group.

Other than the above, there were no changes in the composition of the Group during the quarter under review.

#### **A12. Changes in contingent liabilities or contingent assets**

There were no material contingent liabilities or contingent assets during the current quarter under review other than as disclosed in Note B11.

#### **A13. Commitment**

There was no material commitments not provided for in the financial statement as at 31 December 2009.

#### **A14. Related Party Transactions**

Related Party Transactions had been entered into in the ordinary course of business based on normal commercial terms and on arms length basis.

## Notes (BMSB Revised Listing Requirements)

### B1. Review of the performance of the Group

For the fourth quarter ended 31 December 2009, the Group achieved a pre-tax profit of RM 1.8 million as compared to pre-tax loss of RM3.4 million in the previous corresponding quarter. This is mainly contributed by better performance from Serviced Offices segment as well as the changes in accounting estimate stated in Note A5.

For the twelve months period ended 31 December 2009, the Group recorded a pre-tax profit of RM 3.2 million compared to a pre-tax loss of RM5.9 million in the previous corresponding period. The difference was mainly contributed by the growth from Service Offices segment as well as the changes in accounting estimate as stated above.

The Board of Directors are of the opinion that there has been no material and unusual items, transactions or events that has arisen which would significantly affect the results of the operations of the Group for the period from 31 December 2009 to the date of issue of this announcement.

### B2. Material changes in Quarterly Results

The Group achieved a pre-tax profit of RM 1.8 million in the current quarter, as compared to pre-tax profit of RM 1.5 million for the quarter ended 30 September 2009. The improvement was mainly contributed by better performance of Serviced Offices businesses.

### B3. Current year prospects

The Board of Directors expects the current financial year to remain challenging in view of the uncertainties affecting the world economies. Continuous measures are being implemented throughout the Group to contain cost and improve profitability.

### B4. Profit forecast

No profit forecast was announced hence there is no comparison between actual results and forecast.

### B5. Taxation

Taxation comprises the following:

	<b>Current quarter 31 December 2009 RM'000</b>	<b>Year to date 31 December 2009 RM'000</b>
Provision for taxation	686	1,853

The effective tax rate is higher than the statutory tax rate mainly due to the absence of Group relief for tax losses of certain overseas subsidiaries.

**B6. Unquoted Investments and / or properties**

There were no disposal or purchase of unquoted investments or properties for the period ended 31 December 2009.

**B7. Quoted Securities**

Total purchases and disposals of quoted securities were as follows:-

	<b>Current Quarter 31 December 2009 RM'000</b>	<b>Year to date 31 December 2009 RM'000</b>
Total purchase consideration	453	1,420
Total sale proceeds	7,627	8,789
Total gain on disposal	266	317

Total investments in quoted securities as at 31 December 2009 were as follows:-

	<b>RM'000</b>
At cost	6,348
At book value	6,348
At market value	48,521

**B8. Status of Corporate Proposal**

There were no corporate proposals announced but not completed as at the date of this announcement.

**B9. Group Borrowing and Debt Securities**

The Group's borrowings are secured, denominated in Ringgit Malaysia and classified as follows: -

	<b>Current Quarter 31 December 2009 RM'000</b>	<b>Year to date 31 December 2009 RM'000</b>
Current	1,950	1,950
Non- current	83,900	83,900
	85,850	85,850

**B10. Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risks as at the date of the issue of this announcement.

**B11. Material litigations**

On 14 December 2009, Pulai Springs Berhad (“PSB”) served a Writ of Summons and statement of claim against The Nomad Residences Sdn. Bhd. (“TNR”), a wholly owned-subsiary of The Nomad Group Bhd in respect of the adjusted Net Tangible Assets (“NTA”) for the acquisition of City Centre Hotel Sdn Bhd (“CCH”).

The adjusted NTA as certified by the Independent Auditors (“IA”) appointed under the Sale and Purchase Agreement dated 23 April 2009 (“SPA”) is lower by RM6.7 million compared to the agreed NTA and TNR has claimed this shortfall from the stakeholders and PSB.

PSB is disputing the adjustments to the NTA as certified by the IA and is claiming RM 33,488.50 or the alternative sum of RM 6.7 million, plus interest at the rate of 8% per annum from the date of the Statement of Claim until full payment thereof.

The Company is of the opinion that the shortfall in the NTA as certified by the IA is in accordance with the SPA and on 4 February 2010 filed its defence and counterclaim for the shortfall in NTA of RM6.7 million and interest at the rate or 8% per annum from the date of counterclaim to date of full realization.

The above material litigation is not expected to have any material adverse effect on the financial results of the Company.

**B12. Dividend**

Please refer to explanatory Note **A7**.



**B13. Earning Per Share ('EPS')**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Financial Year 31 December 2009 RM'000	Preceding Corresponding Financial Year 31 December 2008 RM'000	Current Financial Year To date 31 December 2009 RM'000	Preceding Financial Year To Date 31 December 2008 RM'000
Basic Earning per share				
Group's profit/ (loss) after Tax used as numerator in The calculation of basic EPS	1,117	(3,767)	1,304	(7,634)
Weighted average no of ordinary shares in issue used as denominator in The calculation of basic EPS	223,068	223,068	223,068	223,068
Basic Earning/ (Loss) Per Share (sen)	0.5	(1.7)	0.6	(3.4)
Diluted Earning Per Share	0.5	N/A	0.6	N/A

By order of the Board

**THE NOMAD GROUP BHD**

JENNY WONG CHEW BOEY (MAICSA 7006120)

Secretary

Kuala Lumpur

22 February 2010