

THE NOMAD GROUP BHD (426627-H)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

Notes (In compliance with FRS 134)

A1. Basis of Preparation

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 2009, except for the adoption of the following:

New FRSs, Amendments to FRSs and Interpretations		Effective date
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (revised)	1 January 2010
FRS 123	Borrowing Costs (revised)	1 January 2010
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
	Improvements to FRSs (2009)	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010

Other than the implications stated below, the adoption of the above standards, amendments and interpretations do not have any material impact on the financial statements of the Group:

(a) *FRS 101 – Presentation of Financial Statements*

FRS 101 requires an entity to present, in the statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

A1. Basis of Preparation (continued)

(b) FRS 8 – Operating segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis of presenting its monthly internal management reports. The basis of measurement of operating results, segment assets and segment liabilities are the same as the basis of measurement for external reporting.

(c) FRS 139 - Financial Instruments: Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at the transitional date on 1 January 2010.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

RM'000	Previously stated	Effect of FRS 139	As restated
Non-current assets			
Other receivables	-	2,856	2,856
Current assets			
Other receivables	17,136	(3,582)	13,554
Available-For- Sale financial assets	6,348	42,173	48,521
Equity			
Fair value reserve	-	42,173	42,173
Retained profits	5,856	(726)	5,130

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 30 September 2010.

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 Residences segment which has been changed from 8 years to 50 years. The change in estimate has reduced the depreciation charge by RM0.7m 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 30 September 2010.

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

Analysis of the Group's revenue and results as at 30 September 2010 by operating segments are as follows:

Nine months ended 30 September 2010

	Investment holding	<---Hospitality Industry---> Serviced Residences	Serviced Offices	Eliminations	Total Domestic Operations
	RM'000	RM'000	RM'000		RM'000
Domestic Operations :					
Revenue					
Total revenue - External	1,258	32,388	6,691	(656)	39,681
Results					
Segment results	(186)	3,607	637	(475)	3,583
Share in results of an associate					245
Profit before taxation					3,828
Assets					
Segment assets	91,073	272,433	10,607	-	374,113
Investment in associated companies					22,041
Total assets					396,154
Liabilities					
Segment Liabilities	1,724	98,923	2,136	-	102,783
					Total Overseas Operations
					RM'000
Overseas Operations ^ :					
Revenue					
Total revenue - External	-	-	10,094	-	10,094
Results					
Segment results	-	-	(1,061)	-	(1,061)
Share in results of an associate					-
Profit before taxation					(1,061)
Assets					
Segment assets	-	-	63,034	-	63,034
Investment in associated companies					-
Total assets					63,034
Liabilities					
Segment Liabilities	-	-	5,810	-	5,810
					Group Total
					RM'000
Group :					
Revenue					
Total revenue - External	1,258	32,388	16,785	(656)	49,775
Results					
Segment results	(186)	3,607	(424)	(475)	2,522
Share in results of an associate					245
Profit before taxation					2,767
Assets					
Segment assets	91,073	272,433	73,641	-	437,147
Investment in associated companies					22,041
Total assets					459,188
Liabilities					
Segment Liabilities	1,724	98,923	7,946	-	108,593

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

Segmental analysis for the preceding corresponding quarter is as follows:

Nine months ended 30 September 2009

	Investment holding	<---Hospitality Industry---> Serviced Residences	Serviced Offices	Eliminations	Total Domestic Operations
	RM'000	RM'000	RM'000		RM'000
Domestic Operations :					
Revenue					
Total revenue - External	2,185	14,393	4,609	(847)	20,340
Results					
Segment results	2,993	3,361	(3,775)	(75)	2,504
Share in results of an associate					1,047
Loss before taxation					3,551
Assets					
Segment assets	137,774	116,885	9,977	-	264,636
Investment in associated companies					21,708
Total assets					286,344
Liabilities					
Segment Liabilities	1,733	37,473	2,086	-	41,292
Total Overseas Operations RM'000					
Overseas Operations ^ :					
Revenue					
Total revenue - External	-	-	7,853	-	7,853
Results					
Segment results	-	-	(2,160)	-	(2,160)
Share in results of an associate					-
Loss before taxation					(2,160)
Assets					
Segment assets	-	-	68,298	-	68,298
Investment in associated companies					-
Total assets					68,298
Liabilities					
Segment Liabilities	-	-	5,868		5,868
Group Total RM'000					
Group :					
Revenue					
Total revenue - External	2,185	14,393	12,462	(847)	28,193
Results					
Segment results	2,993	3,361	(5,935)	(75)	344
Share in results of an associate					1,047
Loss before taxation					1,391
Assets					
Segment assets	137,774	116,885	78,275	-	332,934
Investment in associated companies					21,708
Total assets					354,642
Liabilities					
Segment Liabilities	1,733	37,473	7,954	-	47,160

[^] Operation outside Malaysia refers to that in Singapore, Thailand, Vietnam, Philippines and Indonesia.

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

There were no material changes in the composition of the Group during the financial quarter under review.

A12. Changes in contingent liabilities or contingent assets

Contingent liabilities of the Group comprise the following:

	Year to date 30 September 2010 RM'000
<u>Secured</u>	
Bank guarantee facilities granted to suppliers for services provided	<u>610</u>

Other than the above, there were no material contingent liabilities or contingent assets not provided for in the financial statement as at 30 September 2010.

A13. Commitment

There was no material commitments not provided for in the financial statement as at 30 September 2010.

A14. Operating lease arrangements

The future aggregate minimum lease payables under non-cancellable operating leases contracted for as at balance sheet date but not recognised as payables are as follows:

	Year to date 30 September 2010 RM'000
Not later than 1 year	8,548
Later than 1 year and not later than 2 years	9,550
Later than 2 years and not later than 5 years	172
Total future minimum lease payables	<u>18,270</u>

A15. 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

The Group's pre-tax profit for the 9 months ended 30 September 2010 of RM2.8 million was higher than the previous corresponding pre-tax profit of RM1.4 million, mainly due to the Serviced Offices segment moving towards a more mature stage as well as the change in accounting estimates as stated in Note A5 but was offset by an unrealised foreign exchange loss of RM0.9 million for the 9 months ended 30 September 2010 (9 months ended 30 September 2009 unrealised foreign exchange gain was RM1.4m).

For the three months period ended 30 September 2010, the Group recorded a pre-tax profit of RM0.4 million compared to a pre-tax profit of RM1.5 million in the previous corresponding period. Higher profits in the previous corresponding period was mainly due to an unrealised foreign exchange gain of RM1.4 million compared to an unrealised foreign exchange loss of RM2.0 million in the current period.

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 30 September 2010 to the date of issue of this announcement.

B2. Material changes in Quarterly Results

The Group achieved a pre-tax profit of RM 0.4 million in the current quarter, as compared to a pre-tax profit of RM 0.3 million for the quarter ended 30 June 2010. The higher pre-tax profit was mainly due to an increase in revenue by RM1.3 million and lower depreciation charge of RM0.7 million due to the change in accounting estimates which was offset by unrealised foreign exchange loss of RM2.0 million for the period.

B3. Current year prospects

The Board of Directors expect the remaining months in this 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:

	Current quarter 30 September 2010 RM'000	Year to date 30 September 2010 RM'000
Provision for taxation	338	873
Over provision in prior years	-	(1,427)
	<u>338</u>	<u>(554)</u>

The effective tax rate is higher than statutory tax rate of 25% mainly due to the absence of group relief for tax losses of certain overseas subsidiaries.

The over provision in prior years of RM1.4 million is in relation to Investment Tax Allowance granted to a subsidiary of the Company during the financial year.

B6. Unquoted Investments and / or properties

There were no disposal or purchase of unquoted investments or properties for the period ended 30 September 2010.

B7. Quoted Securities

There were no purchases or disposals of quoted securities for the current quarter under review.

Total investments in quoted securities as at 30 September 2010 were as follows:-

	RM'000
At cost	6,348
At book value	<u>49,371</u>
At market value	<u>49,371</u>

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: -

	Current Quarter 30 September 2010	Year to date 30 September 2010
	RM'000	RM'000
Current	3,450	3,450
Non- current	<u>78,800</u>	<u>78,800</u>
	<u>82,250</u>	<u>82,250</u>

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**Pulai Springs Berhad vs The Nomad Residences Sdn. Bhd**

Further to the announcements dated 15 December 2009, 17 December 2009, 19 July 2010 and 25 October 2010 in relation to the above legal case, the Board of Directors, having obtained legal advice, have deliberated on the matter and decided not to appeal against the decision of the Court of Appeal on 22 October 2010.

Consequently, The Nomad Residences Sdn Bhd has paid RM 377,000 to Pulai Springs Berhad in accordance with the decision of the High Court on 16 July 2010.

The Board of Directors are of the view that the above will not have any financial or operational impact on the Group.

B12. Dividend

Please refer to explanatory Note A7.

B13. Earning Per Share ('EPS')

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Financial Year 30 September 2010 RM'000	Preceding Corresponding Financial Year 30 September 2009 RM'000	Current Financial Year To date 30 September 2010 RM'000	Preceding Financial Year To Date 30 September 2009 RM'000
Basic Earning per share				
Group's profit after Tax used as numerator in The calculation of basic EPS	29	899	3,321	224
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 Per Share (sen)	0.0	0.4	1.5	0.1
Diluted Earning Per Share (sen)	0.0	0.4	1.5	0.1

By order of the Board

THE NOMAD GROUP BHD

JENNY WONG CHEW BOEY (MAICSA 7006120)

Secretary

Kuala Lumpur

23 November 2010