

Part A – Explanatory Notes Pursuant to FRS 134

A1. Basic Of Preparation

The interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

The accounting policies used by the Group in the quarterly report comply with the principles of the International Financial Reporting Standard ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The quarterly report has been prepared based on the presentation, accounting policies and methods of computation consistent with those in the preparation of the audited statutory financial statement for the financial year ended 31 December 2010.

A2. Change in Accounting Policies

The accounting principles and bases used are consistent with those previously adopted in the preparation of the audited financial statements of the Group except for the adoption of the following applicable new/revised Financial Reporting Standards ("FRS") and IC Interpretation effective for financial year beginning on 1 January 2011:

FRS 3	Business Combinations
FRS 5	Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
FRS 127	Amendment to FRS 127 Consolidated and Separate Financial Statements
FRS 138	Amendments to FRS 138 Intangible Assets
IC Int. 9	Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
IC Int. 12	Service Concession Arrangements
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distribution of Non-cash Assets to Owners
FRS 132	Amendments to FRS 132 Classification of Right Issues
FRS 7	Amendments to FRS 7 Improving Disclosures about Financial Instruments
FRS 101	Amendments to FRS 101 Presentation of Financial Statements
FRS 139	Amendments to FRS 139 Financial Instruments : Recognition and Measurement

The adoption of the above FRSs, Amendments to FRSs and Interpretations do not have any significant financial impact on the Group's results.

A3. Declaration of Qualification of Audit Report

There was no qualification in the audited report for the year ended 31 December 2010.

A4. Seasonality or cyclicity of operations

The Group's operations are not subject to seasonal or cyclical factors.

NAGAMAS INTERNATIONAL BERHAD (Company No: 111365-U)
Second Quarter Ended 30 June 2011

A5. Nature and Amounts of Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the quarter under review.

A6. Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial year which give a material effect in the current interim period.

A7. Issuances or repayment of debt and equity securities

There were no issuances of new shares or repayment of debt and equity securities during the quarter under review.

A8. Dividends

No dividend is being proposed or paid for this quarter.

A9. Segmental Information

The Group is organised into business units based on their products and services and has two reportable operating segments as follows:

By Business Segments

	Aviation Services RM'000	Property and Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	2,253	1,163	-	3,416
Inter-segment sales	-	-	-	-
Total Revenue	2,253	1,163	-	3,416
Segment result (external)	(11)	19	-	8
Loss before taxation				8
Taxation				-
Loss after taxation				8
Segment assets	1,937	17,389	-	19,326
Segment liabilities	521	1,508	-	2,029

NAGAMAS INTERNATIONAL BERHAD (Company No: 111365-U)
Second Quarter Ended 30 June 2011

A10. Valuation of Investment Properties and Property, Plant and Equipment

The valuations of investment properties and land and buildings have been brought forward, without amendment from the previous annual report.

A11. Material events subsequent to the end of the period

There were no other material events subsequent to the end of the period.

A12. Changes in the composition of the Group

There were no other changes in the composition of the Group during the quarter.

A13. Changes in contingent liabilities

There were no contingent liabilities at the end of the quarter.

A14. Significant related party transactions

(a) Related party relationship

Malaysia-Beijing Travel Services Sdn Bhd. is a company in which a director and a shareholder of the Company, has substantial interest.

(b) Related party transactions

	Current Quarter Ended 30 June 2011 RM	Current Year To-Date Ended 30 June 2011 RM
Malaysia-Beijing Travel Services Sdn Bhd.		
-Sales of Services	1,100,100	1,984,847
-Purchase of Services	1,023,349	1,846,369
-Rental expenses of premises	18,750	37,500
	<hr/>	<hr/>

PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B1. Review of Performance against Preceding Year's Corresponding Quarter

For the quarter under review, the Group registered a revenue of RM3.42 million and a net profit after taxation of RM0.01 million compared to RM9.98 million and a net loss after taxation of RM0.07 million respectively in the previous year's corresponding quarter.

The significant decrease in revenue was due to the lower revenue recorded in the aviation business for the quarter.

B2. Comparison with Preceding Quarter's Results

Revenue recorded for current quarter was RM3.42 million which showed a decrease of RM1.17 million compared to that of the preceding quarter. Profit for the quarter before taxation was RM0.01 million compared to a loss of RM0.22 million in the preceding quarter.

B3. Future Prospects

The Group is launching its sales of double storey terrace houses for its Nagamas Mantin project and expects it to contribute positively for financial year 2011.

B4. Variance on Profit Forecast / Profit Guarantee

Not applicable.

B5. Taxation

The tax charge relates principally to the current year's profit made by certain profitable subsidiary companies which cannot be offset against the losses of other subsidiary companies within the Group.

B6. Profit/Loss on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and properties for the quarter under review.

B7. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities by the Group.

B8. Group Borrowings

None.

B9. Off Balance Sheet Financial Instruments

NAGAMAS INTERNATIONAL BERHAD (Company No: 111365-U)
Second Quarter Ended 30 June 2011

None.

B10. Material Litigation

None

B11. Earnings Per Share (EPS)

The EPS for the quarter was calculated base on the profit after taxation for the quarter divided by the weighted average number of ordinary shares outstanding during the period.

EPS for the quarter is as follows:-

	RM'000
Basic :	$\frac{8}{50,895}$
	= 0.02 sen
Diluted :	Not applicable

B12. Realised and Unrealised Profits/Losses Disclosure

	Current Quarter Ended 30-Jun-11 RM'000	Preceding Quarter Ended 31-Mar-11 RM'000
Total realised losses	(32,804)	(32,808)
Total unrealised profits	305	301
Total accumulated losses	<u>(32,499)</u>	<u>(32,507)</u>