

MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

Condensed Consolidated Income Statements

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.03.2010 (unaudited)	31.03.2009 (unaudited)	31.03.2010 (unaudited)	31.03.2009 (unaudited)
Revenue		189,677	152,595	189,677	152,595
Expenses		(179,468)	(152,730)	(179,468)	(152,730)
Other operating income	14	14,786	14,320	14,786	14,320
Profit from operations		24,995	14,185	24,995	14,185
Finance cost		(7,199)	(11,088)	(7,199)	(11,088)
Share of results of jointly controlled entities and associates		(2,818)	(1,089)	(2,818)	(1,089)
Profit before tax		14,978	2,008	14,978	2,008
Tax expenses	15	(3,946)	(1,542)	(3,946)	(1,542)
Profit for the financial period		11,032	466	11,032	466
Attributable to:					
Equity holders of the Company		9,847	153	9,847	153
Minority interests		1,185	313	1,185	313
		11,032	466	11,032	466
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
- Basic	25	0.93	0.02	0.93	0.02
-Diluted	25	0.92	n.a.	0.92	n.a.

The condensed consolidated income statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009

MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

Condensed Consolidated Balance Sheets

In RM'000	31.03.2010	31.12.2009	As at (unaudited)	As at (audited)
ASSETS				
Non-current assets				
			97,730	94,143
			139,644	140,503
			256,784	243,019
			569,216	569,451
			162,632	162,853
			36,555	36,904
			638	444
			29,790	29,790
			<u>1,292,989</u>	<u>1,277,107</u>
Current assets				
			19,194	19,075
			208,362	200,368
			845,277	760,307
			65,762	50,943
			2,377	2,429
			3,916	2,291
			1,168,201	806,232
			<u>2,313,089</u>	<u>1,841,645</u>
			<u>3,606,078</u>	<u>3,118,752</u>
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
			1,366,463	907,625
			(176,526)	(235,706)
			<u>1,189,937</u>	<u>671,919</u>
			19,210	18,393
			<u>1,209,147</u>	<u>690,312</u>
Non-current liabilities				
			9,590	9,590
			827,902	828,388
			715,290	746,615
			115,156	113,800
			32,979	32,979
			<u>1,700,917</u>	<u>1,731,372</u>
Current liabilities				
			405,186	418,046
			226,598	212,681
			9,183	7,925
			55,047	58,416
			<u>696,014</u>	<u>697,068</u>
			<u>2,396,931</u>	<u>2,428,440</u>
			<u>3,606,078</u>	<u>3,118,752</u>
Net assets per share attributable to ordinary equity holders of the Company (sen)				
			<u>87.0</u>	<u>74.0</u>

The condensed consolidated balance sheets should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

Condensed Consolidated Cash Flow Statements

In RM'000	3 months ended	
	31.03.2010	31.03.2009 (unaudited)
Operating activities		
Cash receipts from customers	175,583	147,519
Cash paid to suppliers and employees	(277,143)	(274,776)
Cash used in operations	(101,560)	(127,257)
Interest and other bank charges paid	(10,427)	(12,513)
Taxes paid	(2,695)	(3,862)
Net cash used in operating activities	(114,682)	(143,632)
Investing activities		
Equity investments	509,555	12,738
Non-equity investments	1,913	(22,477)
Net cash generated from / (used in) investing activities	511,468	(9,739)
Financing activities		
Borrowings (net)	(34,817)	21,494
Withdrawal of restricted cash	60,818	96,883
Net cash generated from financing activities	26,001	118,377
Net increase / (decrease) in cash and cash equivalent	422,787	(34,994)
Cash and cash equivalents at beginning of the financial year	232,571	196,301
Cash and cash equivalent at end of financial period	655,358	161,307

For the purpose of the cash flow statements, the cash and cash equivalents comprised the following:

Bank balances and deposits	1,168,201	950,567
Bank overdraft	-	(266)
	1,168,201	950,301
Less: Bank balances and deposits held as security value	(512,843)	(788,994)
	655,358	161,307

The condensed consolidated cash flow statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

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INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

Condensed Consolidated Statement of Changes in Equity

In RM'000	Attributable to equity holders of the Company				Total	Minority interests	Total equity
	Share Capital	Share premium	Other reserves	Accumulated losses			
At 1 January 2010	907,625	79,913	7,786	(323,405)	671,919	18,393	690,312
Effect of adopting FRS 139	-	-	-	512	512	96	608
At 1 January 2010 (As restated)	907,625	79,913	7,786	(323,893)	672,431	18,489	690,920
Currency translation arising in the financial period	-	-	(10)	-	(10)	-	(10)
Income recognized directly in equity	-	-	(10)	-	(10)	-	(10)
Profit for the financial period	-	-	-	9,847	9,847	1,185	11,032
Total recognized income for the financial period	-	-	(10)	9,847	9,837	1,185	11,022
Issue of shares							
- right issue	455,389	54,647	-	-	510,036	-	510,036
- exercise of options under ESOS	3,449	740	-	-	4,189	-	4,189
Share issue expenses	-	(6,556)	-	-	(6,556)	-	(6,556)
Profits distribution							
- financial year ended 31 December 2010	-	-	-	-	-	(464)	(464)
At 31 March 2010 (unaudited)	1,366,463	128,744	7,776	(313,046)	1,189,937	19,210	1,209,147
At 1 January 2009	907,537	79,894	5,765	(358,029)	635,167	17,214	652,381
Currency translation arising in the financial year	-	-	14	-	14	-	14
Income recognized directly in equity	-	-	14	-	14	-	14
Net profit for the financial year	-	-	-	34,624	34,624	2,859	37,483
Total recognized income for the financial year	-	-	14	34,624	34,638	2,859	37,497
Issue of shares							
- exercise of options under ESOS	88	19	-	-	107	-	107
Employees' share option scheme							
- options granted	-	-	2,007	-	2,007	-	2,007
Dividends and profits distribution							
- financial year ended 31 December 2009	-	-	-	-	-	(1,680)	(1,680)
At 31 December 2009 (audited)	907,625	79,913	7,786	(323,405)	671,919	18,393	690,312

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INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009

Notes to the Report

1. Basis of preparation

The financial report has been prepared in accordance with FRS134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2009.

The accounting policies and methods of computation adopted for the financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2009, other than for the compliance with the new/revised Financial Reporting Standards (FRS) that came into effect during the financial year under review.

2. Changes in accounting policies

The adoption of the new/revised FRS that came into effect during the financial year under review does not have material effects on the Group's financial result for the financial year under review nor the Group's shareholders' funds as at 31 March 2010.

FRS 139: Financial Instruments, Recognition and Measurement duly adopted from 1 January 2010 gives rise to significant changes in accounting policies of the Group. The principal changes in accounting policies and effects resulting from the adoption are as discussed below:

It set out the new requirements for the recognition and measurement of the Group's financial instruments and the application of hedge accounting where appropriate.

The Group determines the classification at initial recognition and recorded initially at fair value. Subsequent measurement of those instruments at balance sheet date reflects the assigned designation of financial instruments with their respective re-measurement

Financial Assets and Liabilities

(a) Loans and Receivables

Prior to 1 January 2010, loans and receivable were stated at gross proceeds receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortized cost at effective interest rate method. Gains and losses are recognized in the consolidated income statement when the related accretion cost are derecognized or further impaired.

(b) Borrowings and Payables

Prior to 1 January 2010, borrowings were stated at the proceeds received less directly attributable transaction costs. Under FRS 139, borrowings are initially measured at fair value including directly attributable transaction costs and subsequently at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statements.

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INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

Notes to the Report

2. Changes in accounting policies (continued)

(c) Fair Value to Profit and Loss

Prior to 1 January 2010, quoted shares intended for short term investment were stated at lower of cost or net realization value. Under FRS 139, all short term quoted investment with fair valuation readily available were marked to market. Gains and losses are recognized in the consolidated income statements.

Part A: Derivative Financial Instruments

The Company and the Group do not have any off balance sheet financial instruments in the previous financial year or any of the quarters under the current financial period.

In the ordinary course of business, the Group has contingent rentals that were dependent on tenants' sales revenue, an embedded derivatives in a non-derivative contract, has been accounted with the rental contract as this embedded derivative has economic characteristics and risks closely related to the host contract.

Part B: Disclosure of Gains or Losses arising from Fair Value Changes of Financial Assets and Liabilities

In accordance with the transitional provisions of FRS 139, the applicable 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.

	As at 1 January 2010
	RM'000
Decrease in Trade and Other Receivables	(3,273)
Decrease in Trade Payables	2,295
Increase in Marketable Securities	856
Decrease in Sukuk	730
Increase in Minorities Interests	(96)
Decrease in Accumulated Losses	512

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Notes to the Report

2. Changes in accounting policies (continued)

In addition, the changes in accounting policies have the effect of increasing the current quarter net profit by RM0.8 million only as stated below;

	Current quarter ended 31.03.2010	Cumulative quarter ended 31.03.2010
	RM'000	RM'000
Gains arising from Trade and Other Receivables	244	244
Loss arising from Trade Payables	(188)	(188)
Gains arising from Marketable Securities	769	769
Loss in Minorities Interests	(69)	(69)
Net gains to Profit and Loss	756	756

The above gains/losses were arising from the re-measurement of fair value of long term financial assets arising from stake-holders monies withheld during liquidated damages period and quoted investments that were marked to market. Long term liabilities consists retentions sums owing to contractors. The basis in arriving at the fair value changes were due to the amortized cost measurement of long term financial assets/liabilities which falls due beyond the 12 months period as per their respective contracts.

The Group's Sukuk raised for the sole purpose to finance the construction of the Eastern Dispersal Link Highway (EDL) project were recognized at amortized cost at inception, its subsequent years carrying value has been measured at amortized costs. All related cost accretion has been capitalized during the construction period.

3. Audit report of the preceding annual financial statements

The audit report of the Group's preceding annual financial statements was not subject to any qualification.

4. Seasonality or cyclically of operations

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the current financial period.

5. Items of unusual nature, size or incidence

There were no other items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows.

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6. Material changes in estimates of amounts reported

There were no changes in estimates of amounts reported in prior financial year that would have a material effect in the current financial period.

Notes to the Report

7. Debt and equity securities

On 3 March 2010, the Company issued 455,389,159 Rights Shares of RM1.00 each pursuant to the renounceable rights issue of RM1.00 each on the basis of one (1) rights issue for every two (2) existing ordinary shares of RM1.00 each in the company at an issue price of RM1.12 for each rights share. The Rights Shares rank pari passu in all respects with the existing shares.

Except for the above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period.

8. Dividends

There were no dividends paid during the financial period. Subject to the approval of the members at the forthcoming 39th Annual General Meeting, the Directors recommend the payment of a first and final dividend in respect of the financial year ended 31 December 2009 of 1.0% or 1.0 sen per ordinary share less 25% tax, amounting to approximately RM10.3 million.

9. Segmental reporting

In RM'000	3 months ended 31.03.2010		3 months ended 31.03.2009	
	Revenue	Profit from operations	Revenue	Profit from operations
Malaysia				
Engineering and construction	219,624	11,049	119,251	7,856
Property development	32,472	8,558	15,232	1,346
Infrastructure and environmental	25,174	3,806	23,410	3,769
Building services	13,311	1,876	12,462	1,655
Investment holding and others	137	4,102	25,673	28,177
Segment totals	<u>290,718</u>	<u>29,391</u>	<u>196,028</u>	<u>42,803</u>
Inter-segment elimination	<u>(101,041)</u>	<u>(4,396)</u>	<u>(43,433)</u>	<u>(28,618)</u>
	<u>189,677</u>	<u>24,995</u>	<u>152,595</u>	<u>14,185</u>

10. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without any material amendments from the previous financial statements.

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11. Material events subsequent to the financial year

There are no material subsequent events to be disclosed.

Notes to the Report

12. Changes in the composition of the Group

(a) There were no changes in the composition of the Group during the financial period.

(b) The status of utilization of proceeds of the Rights Issue is tabulated as follows:

	Proposed utilization of proceeds	Amount utilized as at 31.3.2010
	RM'000	RM'000
Equity investment in Nu Sentral Sdn Bhd (NSSB)	85,000	59,475
Capital expenditure in relation to future business expansion:		
Investment in prime land for property development	315,000	-
Investment in environmental engineering and infrastructure	15,000	-
Investment in building services	50,000	-
Working capital requirements, general corporate purposes and capital expenditures	37,940	2,973
Estimated expenses in relation to the Rights Issue	7,100	6,556
Total	510,040	69,004

13. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprised trade and performance guarantees, amounted to RM254.7 million as at 31 March 2010 (as compared to RM239.4 million as at 31 December 2009). There are no material contingent assets to be disclosed.

14. Other operating income

There was no item of unusual nature in the other operating income in the current financial period.

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Notes to the Report

15. Taxation

In RM'000	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
In Malaysia				
Taxation				
- current period	(4,310)	(1,542)	(4,310)	(1,542)
- over provision in prior years	364	-	364	-
	<u>(3,964)</u>	<u>(1,542)</u>	<u>(3,964)</u>	<u>(1,542)</u>

The effective tax rate for the current financial period is higher than the statutory rate of taxation principally due to the unavailability of the group relief to be surrendered to set off against the taxable profits of certain subsidiaries and certain non tax deductible expenses.

16. Profit/(Loss) on sale of unquoted investments and/or properties

There was no profit or loss on sale of unquoted investments and/or properties outside the ordinary course of business of the Group for the current financial period under review.

17. Purchases and disposals of quoted securities

a) There were no purchase and disposal of quoted securities for both the current and preceding cumulative 1st quarter ended 31 March 2010 and 31 March 2009.

b) Investment in quoted securities are as follows:

	As at 31.03.2010 RM'000	As at 31.12.2009 RM'000
At cost	4,238	2,418
At carrying value	4,238	2,418
At market value	4,238	3,274

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Notes to the Report

18 Corporate Proposals

- (a) The Company's wholly owned subsidiary, Bitar Enterprises Sdn. Bhd. (Bitar) had on 10 November 2009 entered into a Shareholders And Subscription Agreement to acquire 70% equity interest in Yes 88 Pty Ltd (Yes 88). Yes 88 is a joint venture company to develop two (2) block of four (4) storey buildings with basement car park for the purpose of residential dwellings and student accommodation on several parcels of land in Burwood, Melbourne, Australia. Bitar is to subscribe 70% of the enlarged share capital in Yes 88 which is represented by 294 ordinary shares of A\$1 each for a total cash consideration of A\$6.57 million.

Completion of the proposed subscription of shares is still pending.

- (b) On 3 March 2010, the Company (MRCB) received a notice of conditional take-over offer dated the same from RHB Investment Bank Berhad (RHB) on behalf of Employees Provident Fund Board (EPF) to acquire the followings:-

- (i) all the remaining ordinary shares of RM1.00 each in MRCB not already owned by EPF;
- (ii) all the new MRCB Shares that may be issued prior to the closing of the offer arising from the exercise of outstanding options granted pursuant to MRCB's Employees' Share Option Scheme (2007/2012 ESOS),

for a cash consideration of RM1.50 per share (Offer).

The Offer is conditional upon EPF having received acceptance which would result in EPF holding in aggregate more than 50% of the voting shares of MRCB.

On 13 April 2010, the Company received a notice from RHB that the Offer had failed to meet the Acceptance Condition and EPF will not extend the Offer period. Thus, the Offer had lapsed at 5.00 pm on the same date, being the closing date of the Offer.

Other than the above, there was no corporate proposal announced but not completed.

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19. Group borrowings

The tenure of the Group borrowings classified as short and long terms are as follows:

	As at 31.03.2010 RM'000	As at 31.12.2009 RM'000
Secured		
Short term	40,047	23,416
Long term	1,543,192	1,575,003
Unsecured		
Short term	15,000	35,000

The Group borrowings are all denominated in Ringgit Malaysia.

20. Changes in material litigation

The Group is engaged in various litigations arising from its business transactions, the claims thereon amounting to approximately RM80.9 million. The Board of Directors has been advised on those claims for which reasonable defences exist and claims that are pending amicable settlement. On this basis, the Board of Directors is of the opinion that the said litigations would not have a material effect on the financial position or the business of the Group. On the other hand, the Group has also filed in some claims amounting to approximately RM77.8 million arising from its business transactions.

21. Comparison with preceding corresponding quarter's results

The Group recorded a profit before taxation of RM15.0 million for the 1st quarter ended 31 March 2010 compared to a lower profit of RM2.0 million recorded in the preceding corresponding 1st quarter ended 31 March 2009. Higher profit for the current quarter was mainly contributed by improved operational margins from higher revenue recognized on the Group's on-going property development and construction activities.

22. Review of performance

The Group recorded revenue of RM189.7 million for the current 1st quarter ended 31 March 2010 as compared to RM152.6 million recorded in the preceding 1st quarter ended 31 March 2009. As shown in note 9, higher revenue was recorded in all of the Group's business segments contributed from the increased activities of its ongoing projects.

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23. Prospects

The ongoing active works will deliver positive growth in revenue and profitability for the current financial year. Over the next 3 years will see the progressive completion of the on-going construction projects and property development within KL Sentral such as the KL Sentral Park completing in 2011, the Shell headquarters at 348 Sentral and NU Sentral Retail Mall completing in 2012. Coupled with the Eastern Dispersal Link expressway project in Johor Bahru which expects to commence operation in 2012, these major projects will further expand the Group's recurring earnings and cash flow to provide a sustainable growth in its core businesses in the near future.

24. Variance on forecast profit/profit guarantee

Not applicable.

25. Earning per share (EPS)

Basic EPS

The basic EPS per share is calculated by dividing the net profit for the current financial period by the weighted average shares in issued during the current financial period.

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Net profit for the financial period attributable to the equity holders of the Company (RM'000)	9,847	153	9,847	153
Weighted average number of ordinary shares in issue ('000)	1,056,839	907,537	1,056,839	907,537
Basic EPS (sen)	0.93	0.02	0.93	0.02

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25. Earning per share (EPS) – (continued)

Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issued during the current quarter were adjusted for the dilutive effects of all potential ordinary shares, i.e. share options (ESOS) granted to employees.

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Net profit for the financial period attributable to the equity holders of the Company (RM'000)	9,847	153	9,847	153
Weighted average number of ordinary shares in issue ('000)	1,056,839	907,537	1,056,839	907,537
Adjustment for ESOS ('000)	6,389	-	6,389	-
Weighted average number of ordinary shares in issue ('000)	<u>1,063,228</u>	<u>907,537</u>	<u>1,063,228</u>	<u>907,537</u>
Diluted EPS (sen)	0.92	n.a.	0.92	n.a.

The Group did not present its diluted earnings per share for the preceding corresponding quarter as the average fair value of the issued ordinary shares as at 31 March 2009 was lower than the exercise price of the outstanding employees' share options. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential dilution of the earnings per share.

By Order of the Board

Mohd Noor Rahim Yahaya
Company Secretary

Kuala Lumpur
18 May 2010