MALAYSIAN RESOURCES CORPORATION BERHAD

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

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

Condensed Consolidated Statement of Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended 30.6.2010 (unaudited)	Individual Quarter 3 months ended 30.6.2009	Cumulative Quarter 6 months ended 30.6.2010 (unaudited)	Cumulative Quarter 6 months ended 30.6.2009
Revenue		173,875	230,244	363,552	382,839
Expenses		(161,571)	(226,497)	(341,040)	(379,226)
Other operating income	14	15,740	15,595	30,526	29,914
Profit from operations		28,044	19,342	53,038	33,527
Finance cost		(7,164)	(5,858)	(14,363)	(16,946)
Share of results of jointly controlled entities and associates		(2,577)	(4,347)	(5,395)	(5,436)
Profit before tax		18,303	9,137	33,280	11,145
Tax expenses	15	(5,122)	2,918	(9,068)	1,376
Profit for the financial period		13,181	12,055	24,212	12,521
Attributable to:					
Owners of the parent		12,244	12,042	22,090	12,195
Minority interests		937	13	2,122	326
		13,181	12,055	24,212	12,521
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
- Basic	25	0.89	1.33	1.82	1.34
-Diluted	25	0.89	1.32	1.81	1.34
Profit for the financial period		13,181	12,055	24,212	12,521
Other comprehensive income					
- Exchange difference on translation		-	6	(10)	21
Total comprehensive income for the period		13,181	12,061	24,202	12,542
Total comprehensive income attributable to:					
Owners of the parent		12,244	12,048	22,080	12,216
Minority interests		937	13	2,122	326
		13,181	12,061	24,202	12,542

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report 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 30 JUNE 2010

Condensed Consolidated Statement of Financial Position

In RM'000 30.6.2010 31.12.2009	As at (unaudited)	As at (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	112,779	94,143
Investment properties	138,786	140,503
Prepaid land lease payments	258,829	243,019
Land held for property development	576,686	569,451
Associates	161,090	162,853
Jointly controlled entities	36,414	36,904
Other investments	592	444
Deferred tax assets	29,790	29,790
	1,314,966	1,277,107
Current assets		
Inventories	18,956	19,075
Properties development costs	214,845	200,368
Trade and other receivables	1,022,401	760,307
Amount due from jointly controlled entities	73,649	50,943
Tax recoverable	2,514	2,429
Marketable securities	3,918	2,291
Bank balances and deposits	959,546	806,232
	2,295,829	1,841,645
TOTAL ASETS	**3,610,795**	**3,118,752**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	1,371,259	907,625
Reserves	(163,612)	(235,706)
	1,207,647	671,919
Minority interests	19,700	18,393
Total equity	1,227,347	690,312
Non-current liabilities		
Loan stock at cost	9,590	9,590
Senior Sukuk	828,145	828,388
Long term borrowings	680,290	746,615
Other long term liabilities	116,372	113,800
Deferred tax liabilities	32,979	32,979
	1,667,376	1,731,372
Current liabilities		
Trade and payables	380,646	418,046
Other payables	197,653	212,681
Current tax liabilities	11,645	7,925
Short term borrowings	126,128	58,416
	716,072	697,068
Total liabilities	2,383,448	2,428,440
TOTAL EQUITY AND LIABILITIES	**3,610,795**	**3,118,752**
Net assets per share attributable to the owners of the parent (sen)	**88.1**	**74.0**

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010
The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

Condensed Consolidated Statement of Cash Flows

In RM'000	6 months ended 30.6.2010	30.6.2009 (unaudited)
Operating activities		
Cash receipts from customers	320,120	288,749
Cash paid to suppliers and employees	(616,656)	(412,425)
Cash used in operations	(296,536)	(123,676)
Interest and other bank charges paid	(60,446)	(62,493)
Taxes paid	(5,602)	(5,518)
Net cash used in operating activities	(362,584)	(191,687)
Investing activities		
Equity investments		
- right issue	510,036	-
- others	(10,794)	12,738
Non-equity investments	15,528	(9,071)
Net cash generated from investing activities	514,770	3,667
Financing activities		
Borrowings (net)	1,128	5,256
Withdrawal of restricted cash	152,428	170,698
Net cash generated from financing activities	153,556	175,954
Net increase / (decrease) in cash and cash equivalent	305,742	(12,066)
Cash and cash equivalents at beginning of the financial year	232,571	196,301
Cash and cash equivalent at end of financial period	538,313	184,235

For the purpose of the statement of cash flows, the cash and cash equivalents comprised the following:

Bank balances and deposits	959,546	899,523
Bank overdraft	-	(109)
	959,546	899,414
Less: Bank balances and deposits held as security value	(421,233)	(715,179)
	538,313	184,235

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009.

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company						
In RM'000	**Share Capital**	**Share premium**	**Other reserves**	**Accumulated losses**	**Total**	**Minority interests**	**Total equity**
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
Issue of shares							
- right issue	455,389	54,647	-	-	510,036	-	510,036
- exercise of options under ESOS	8,245	1,411	-	-	9,656	-	9,656
Share issue expenses	-	(6,556)	-	-	(6,556)	-	(6,556)
Profits distribution							
- financial year ended 31 December 2010	-	-	-	-	-	(911)	(911)
Total comprehensive income for the period	-	-	(10)	22,090	22,080	2,122	24,202
At 30 June 2010 (unaudited)	1,371,259	129,415	7,776	(300,803)	1,207,647	19,700	1,227,347
At 1 January 2009	907,537	79,894	5,765	(358,029)	635,167	17,214	652,381
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)
Total comprehensive income for the year	-	-	14	34,624	34,638	2,859	37,497
At 31 December 2009 (audited)	907,625	79,913	7,786	(323,405)	671,919	18,393	690,312

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Financial Report 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 30 June 2010.

(1) **FRS 101(revised): Presentation of Financial Statements**

FRS 101 requires the separation of owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity, if any, are required to be presented in one statement of comprehensive income or two statements (a separate income statement and a statement of comprehensive income). Component of comprehensive income are not permitted to be presented in the statement in changes in equity.

The Group has elected to present the statement of comprehensive income in one statement. Comparative information has been represented in conformity with the revised standard.

(2) **FRS 139: Financial Instruments, Recognition and Measurement**

FRS 139 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 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.

Notes to the Report

2. **Changes in accounting policies (continued)**

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 statement of comprehensive income 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 statements of comprehensive income.

(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 statements of comprehensive income.

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 reserves as at 1 January 2010 as demonstrated in the statement of Changes in Equity.

Notes to the Report

2. **Changes in accounting policies (continued)**

	As at 1 Jan 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

In addition, the changes in accounting policies have the effect of increasing the net profit for current quarter by RM0.2 million and the current cumulative period by RM0.9 million as stated below;.

	Current quarter ended 30.6.2010	Cumulative quarter ended 30.6.2010
	RM'000	RM'000
Gains arising from Trade and Other Receivables	(16)	228
Gain/(loss) arising from Trade Payables	159	(29)
Gains arising from Marketable Securities	2	771
Gain/(loss) in Minorities Interests	50	(19)
Net gains to Comprehensive Income	195	951

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.

Notes to the Report

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.

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.

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**

During the 39th Annual General Meeting held on 3 June 2010, the Directors proposed payment of a first and final dividend in respect of financial year ended 31 December 2009 of 1.0% or 1.0 sen per ordinary share less 25% income tax, amounting to RM10,280,096 was approved. The dividends were fully paid on 7 July 2010.

9. **Segmental reporting**

	6 months ended 30.6.2010		**6 months ended 30.6.2009**	
In RM'000	**Revenue**	**Profit from operations**	**Revenue**	**Profit from operations**
Malaysia				
Engineering and construction	404,797	29,018	318,666	24,088
Property development	65,161	14,243	38,927	4,616
Infrastructure and environmental	49,917	7,812	51,332	6,253
Building services	27,917	2,786	28,619	1,025
Investment holding and others	279	6,219	25,125	27,402
Segment totals	548,071	60,078	462,669	63,384
Inter-segment elimination	(184,519)	(7,040)	(79,830)	(29,857)

363,552	53,038	382,839	33,527

Notes to the Report

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.

11. **Material events subsequent to the financial year**

There are no material subsequent events to be disclosed.

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 30.6.2010
	RM'000	RM'000
Equity investment in Nu Sentral Sdn Bhd (NSSB)	85,000	65,854
Capital expenditure in relation to future business expansion:		
Investment in prime land for property development	315,000	17,204
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	37,940
Estimated expenses in relation to the Rights Issue	7,100	6,556
Total	**510,040**	**127,554**

13. **Contingent liabilities or contingent assets**

The Group's contingent liabilities, which comprised trade and performance guarantees, amounted to RM272.7 million as at 30 June 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.

Notes to the Report

15. **Taxation**

In RM'000	**Individual Quarter 3 months ended 30.6.2010**	**Individual Quarter 3 months ended 30.6.2009**	**Cumulative Quarter 6 months ended 30.6.2010**	**Cumulative Quarter 6 months ended 30.6.2009**
In Malaysia				
Taxation				
- current period	(5,122)	(2,007)	(9,432)	(3,549)
- over provision in prior years	-	-	364	-
Deferred tax	-	4,925	-	4,925
	(5,122)	2,918	(9,068)	1,376

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 for losses of jointly controlled entities and associates equity accounted for to set off against the taxable profits of other entities and certain non tax deductible expenses.

The recognition of deferred tax in the preceding financial period was in respect of unrealized profits arising on the inter-company land sale transaction.

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 2nd quarter ended 30 June 2010 and 30 June 2009.

b) Investment in quoted securities are as follows:

	As at 30.6.2010 RM'000	**As at 31.12.2009 RM'000**
At cost	2,566	2,418
At carrying value	4,193	2,418
At market value	4,193	3,274

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 acquisition and 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.

(c) The Company had on 30 June 2010 entered into a conditional Share Sale Agreement with Gapurna Sdn Bhd (Gapurna) to acquire all the shares held by Gapurna in GSB Sentral Sdn Bhd (GSSB) amounting to 22,821,001 ordinary shares of RM1.00 each, representing the remaining 60% equity interest not owned by the Company together with 17,910,000 redeemable preference shares of RM0.01 each for a total purchase consideration of RM105 million (Proposed Acquisition).

Upon completion of the Proposed Acquisition, GSSB will become a wholly owned subsidiary of the Company.

Completion of the proposed acquisition is still pending.

Notes to the Report

18. **Corporate Proposals – (continued)**

(d) The Company had on 16 August 2010 entered into a Share Sale Agreement with Plushland Sdn Bhd for the acquisition of the remaining 49% equity interest represented by 245,000 ordinary shares of RM1.00 each in Onesentral Park Sdn Bhd (OSPSB) for a cash consideration of RM146,000 (Proposed Acquisition). Upon completion of the Proposed Acquisition, OSPSB will become a wholly owned subsidiary of the Company.

Completion of the proposed acquisition is still pending.

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

19. **Group borrowings**

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

	As at 30.6.2010 RM'000	**As at 31.12.2009 RM'000**
Secured		
Short term	101,628	23,416
Long term	1,508,435	1,575,003
Unsecured		
Short term	24,500	35,0 00

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, some of them are counter claims amounting to approximately RM77.8 million arising from its business transactions.

21. **Comparison with preceding corresponding quarter's results**

Despite achieving lower revenue in the current quarter, the Group recorded a higher profit before taxation of RM18.3 million compared to RM9.1 million recorded in the preceding corresponding 2nd quarter ended 30 June 2009. Higher profit for the current quarter was mainly contributed by improved operational margins from its construction activities and recognition of progress profit of its ongoing property development derived mainly from the Kuala Lumpur Sentral projects.

Notes to the Report

22. **Review of performance**

The Group recorded revenue of RM363.5 million for the cumulative 2nd quarter ended 30 June 2010 as compared to RM382.8 million recorded in the preceding cumulative 2nd quarter ended 30 June 2009. Lower revenue was recorded in the current period partly contributed by larger inter-group revenue elimination for its construction works. Despite lower revenue, the Group recorded a higher profit before taxation of RM33.3 million for the current period ended 30 June 2010 compared to RM11.1 million achieved in the preceding corresponding period ended 30 June 2009. The improved profit was mainly due to recognition of progress profit of its ongoing property development driven by its Kuala Lumpur Sentral projects.

23. **Prospects**

The Group’s ongoing active works as a leading urban developer will continue to deliver positive growth in revenue and profitability. Over the next 3 years will see the progressive completion of the on-going construction works and property development within KL Sentral such as the KL Sentral Park, the Shell headquarters and NU Sentral Retail Mall and the Eastern Dispersal Link expressway concession project. Barring any unforeseen circumstances, these major projects will further expand the Group’s recurring earnings and cash flow to provide a sustainable growth to its core businesses in the near future.

Coupled with available funds from its right issue, the Company is aggressively pursuing to expand its core activities primarily in acquiring land bank to provide the Group with continuous growth to enhance shareholders’ value.

24. **Variance on forecast profit/profit guarantee**

Not applicable.

Notes to the Report

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 6 months ended	
	30.6.2010	**30.6.2009**	**30.6.2010**	**30.6.2009**
Net profit for the financial period attributable to the owners of the parent (RM'000)	12,244	12,042	22,090	12,195
Weighted average number of ordinary shares in issue ('000)	1,369,688	907,537	1,214,128	907,537
Basic EPS (sen)	0.89	1.33	1.82	1.34

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 6 months ended	
	30.6.2010	**30.6.2009**	**30.6.2010**	**30.6.2009**
Net profit for the financial period attributable to the owners of the parent (RM'000)	12,244	12,042	14,236	12,195
Weighted average number of ordinary shares in issue ('000)	1,369,688	907,537	1,214,128	907,537
Adjustment for ESOS ('000)	4,271	1,776	4,271	1,776
Weighted average number of ordinary shares in issue ('000)	1,373,959	909,313	1,218,399	909,313
Diluted EPS (sen)	0.89	1.32	1.81	1.34

By Order of the Board

Mohd Noor Rahim Yahaya
Company Secretary

Kuala Lumpur
24 August 2010