MALAYSIAN RESOURCES CORPORATION BERHAD

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

INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

Condensed Consolidated Statement of Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended 30.9.2010 (unaudited)	Individual Quarter 3 months ended 30.9.2009	Cumulative Quarter 9 months ended 30.9.2010 (unaudited)	Cumulative Quarter 9 months ended 30.9.2009
Revenue		270,909	257,108	634,461	639,947
Expenses		(257,103)	(253,320)	(599,493)	(632,546)
Other operating income	14	14,015	16,430	45,892	46,344
Profit from operations		27,821	20,218	80,860	53,745
Finance cost		(9,626)	(8,257)	(23,989)	(25,203)
Share of results of jointly controlled entities and associates		(3,190)	21	(8,585)	(5,415)
Profit before tax		15,005	11,982	48,286	23,127
Tax expenses	15	(4,620)	(471)	(13,688)	905
Profit for the financial period		10,385	11,511	34,598	24,032
Attributable to:					
Owners of the parent		3,676	10,017	25,766	22,212
Minority interests		6,709	1,494	8,832	1,820
		10,385	11,511	34,598	24,032
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
- Basic	25	0.27	1.10	2.03	2.45
-Diluted	25	0.27	1.10	2.02	2.44
Profit for the financial period		10,385	11,511	34,598	24,032
Other comprehensive income					
- Exchange difference on translation		3	-	(7)	21
Total comprehensive income for the period		10,388	11,511	34,591	24,053
Total comprehensive income attributable to:					
Owners of the parent		3,679	10,017	25,759	22,233
Minority interests		6,709	1,494	8,832	1,820
		10,388	11,511	34,591	24,053

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009

Condensed Consolidated Statement of Financial Position

In RM'000 30.9.2010 31.12.2009	As at (unaudited)	As at (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	64,712	94,143
Investment properties	223,981	140,503
Prepaid land lease payments	259,546	243,019
Land held for property development	579,792	569,451
Associates	155,907	162,853
Jointly controlled entities	93,964	36,904
Other investments	511	444
Deferred tax assets	29,790	29,790
	1,408,203	1,277,107
Current assets		
Inventories	19,014	19,075
Properties development costs	191,575	200,368
Trade and other receivables	1,282,076	760,307
Amount due from jointly controlled entities	20,909	50,943
Tax recoverable	2,353	2,429
Marketable securities	4,004	2,291
Bank balances and deposits	860,326	806,232
	2,380,257	1,841,645
TOTAL ASETS	**3,788,460**	**3,118,752**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	1,376,199	907,625
Reserves	(167,843)	(235,706)
	1,208,356	671,919
Minority interests	25,476	18,393
Total equity	1,233,832	690,312
Non-current liabilities		
Loan stock at cost	9,590	9,590
Senior Sukuk	828,389	828,388
Long term borrowings	725,290	746,615
Other long term liabilities	117,773	113,800
Deferred tax liabilities	32,979	32,979
	1,714,021	1,731,372
Current liabilities		
Trade and payables	494,734	418,046
Other payables	208,176	212,681
Current tax liabilities	7,015	7,925
Short term borrowings	130,682	58,416
	840,607	697,068
Total liabilities	2,554,628	2,428,440
TOTAL EQUITY AND LIABILITIES	**3,788,460**	**3,118,752**
Net assets per share attributable to the owners of the parent (sen)	**87.8**	**74.0**

Condensed Consolidated Statement of Cash Flows

In RM'000	9 months ended 30.9.2010	9 months ended 30.9.2009 (unaudited)
Operating activities		
Cash receipts from customers	522,541	562,050
Cash paid to suppliers and employees	(928,926)	(677,133)
Cash used in operations	(406,385)	(115,083)
Interest and other bank charges paid	(69,937)	(71,120)
Taxes paid	(14,778)	(9,078)
Net cash used in operating activities	(491,100)	(195,281)
Investing activities		
Equity investments		
- right issue	510,036	-
- others	(30,479)	4,431
Non-equity investments	15,084	(8,735)
Net cash generated from investing activities	494,641	(4,304)
Financing activities		
Borrowings (net)	50,553	(4,456)
Withdrawal of restricted cash	152,239	217,018
Net cash generated from financing activities	202,792	212,562
Net increase in cash and cash equivalent	206,333	12,977
Cash and cash equivalents at beginning of the financial year	232,571	196,301
Cash and cash equivalent at end of financial period	438,904	209,278

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

Bank balances and deposits	860,326	878,137
Bank overdraft	-	-
	860,326	878,137
Less: Bank balances and deposits held as security value	(421,422)	(668,859)
	438,904	209,278

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	(322,893)	672,431	18,489	690,920
Issue of shares							
- right issue	455,389	54,647	-	-	510,036	-	510,036
- exercise of options under ESOS	13,185	2,103	-	-	15,288	-	15,288
Share issue expenses	-	(6,895)	-	-	(6,895)	-	(6,895)
Employees' share option scheme - options granted	-	-	1,916	-	1,916	-	1,916
Acquisition of additional interest in subsidiary	-	-	101	-	101	(247)	(146)
Profits distribution							
- financial year ended 31 December 2009	-	-	-	(10,280)	(10,280)	-	(10,280)
- financial year ended 31 December 2010	-	-	-	-	-	(1,598)	(1,598)
Total comprehensive income for the period	-	-	(7)	25,766	25,759	8,832	34,591
At 30 September 2010 (unaudited)	1,376,199	129,768	9,796	(307,407)	1,208,356	25,476	1,233,832
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 September 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 reporting 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 reporting date 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 loss for current quarter by RM0.4 million and net profit for the current cumulative period by RM0.5 million as stated below;

	Current quarter ended 30.9.2010	Cumulative quarter ended 30.9.2010
	RM'000	RM'000
Gains arising from Trade and Other Receivables	237	466
Loss arising from Trade Payables	(775)	(805)
Gains arising from Marketable Securities	86	857
Gain/(loss) in Minorities Interests	9	(10)
Net gains/(loss) to Comprehensive Income	(443)	508

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 retention 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 and thereafter, the carrying value has been consistently 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.

Notes to the Report

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.

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 ranked 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**

A first and final dividend of 1.0 sen per ordinary share less 25% income tax amounting to RM10,280,096 was paid on 7 July 2010 in respect of the financial year ended 31 December 2009.

No dividend has been paid for the current financial period ended 30 September 2010.

Notes to the Report

9. Segmental reporting

	Engineering and Construction RM'000	Property development RM'000	Infrastructure and environmental RM'000	Building services RM'000	Investment holding and others RM'000	Group RM'000
9 months ended 30.9.2010						
Revenue						
Total revenue	629,619	141,085	97,044	49,693	2,595	920,036
Inter-segment revenue	(260,267)	(6,008)	-	(17,200)	(2,100)	(285,575)
External revenue	369,352	135,077	97,044	32,493	495	634,461
Segment results	26,021	31,703	18,487	3,776	(22,380)	57,607
Interest income						23,253
Finance cost						(23,989)
Share of results of jointly controlled entities and associates	(1,119)	(5,321)	(2,145)	-	-	(8,585)
Profit before tax						48,286
9 months ended 30.9.2009						
Revenue						
Total revenue	538,259	54,160	87,976	41,463	26,582	748,440
Inter-segment revenue	(70,624)	(4,891)	-	(7,038)	(25,940)	(108,493)
External revenue	467,635	49,269	87,976	34,425	642	639,947
Segment results	35,984	1,940	10,646	3,133	(19,589)	32,114
Interest income						21,631
Finance cost						(25,203)
Share of results of jointly controlled entities and associates	(5,226)	(980)	791	-	-	(5,415)
Profit before tax						23,127

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) 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$6.28 million.

The acquisition and subscription of shares were completed on 11 October 2010.

(b) 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) for a total purchase consideration of RM105.0 million consisting of 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 (Proposed Acquisition).

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

The acquisition was completed on 29 October 2010.

(c) 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.

The acquisition was completed on 26 August 2010.

Notes to the Report

12. **Changes in the composition of the Group- (continued)**

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

	Proposed utilization of proceeds	Amount utilized as at 30.9.2010
	RM'000	RM'000
Equity investment in Nu Sentral Sdn Bhd (NSSB)	85,000	72,990
Capital expenditure in relation to future business expansion:		
Investment in prime land for property development	315,000	40,643
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**	**158,129**

13. **Contingent liabilities or contingent assets**

The Group's contingent liabilities, which comprised trade and performance guarantees, amounted to RM330.5 million as at 30 September 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**		**Cumulative Quarter 9 months ended**	
	30.9.2010	**30.9.2009**	**30.9.2010**	**30.9.2009**
In Malaysia				
Taxation				
- current period	(4,825)	(2,662)	(14,256)	(6,211)
- over provision in prior years	205	2,191	568	2,191
Deferred tax	-	-	-	4,925
	(4,620)	(471)	(13,688)	905

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 3rd quarter ended 30 September 2010 and 30 September 2009.

b) Investment in quoted securities are as follows:

	As at 30.9.2010 RM'000	**As at 31.12.2009 RM'000**
At cost	2,482	2,418
At carrying value	4,195	2,418
At market value	4,195	3,274

Notes to the Report

18. **Corporate Proposals**

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.

19. **Group borrowings**

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

	As at 30.9.2010 RM'000	**As at 31.12.2009 RM'000**
Secured		
Short term	130,682	23,416
Long term	1,553,679	1,575,003
Unsecured		
Short term	-	35,000

The Group borrowings are all denominated in Ringgit Malaysia.

20. **Material litigation**

The Group is engaged in various litigations arising from its business transactions, the claims thereon amounting to approximately RM87.4 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.

Notes to the Report

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

The Group recorded a higher profit before taxation of RM15.0 million compared to RM12.0 million recorded in the preceding corresponding 3rd quarter ended 30 September 2009. Higher profit for the current quarter was mainly contributed by recognition of progress profit of the ongoing property development projects at Kuala Lumpur Sentral which commenced construction late last year.

22. **Review of performance**

The Group recorded revenue of RM634.5 million for the cumulative 3rd quarter ended 30 September 2010 as compared to RM639.9 million recorded in the preceding cumulative 3rd quarter ended 30 September 2009. The relatively stable revenue recorded in the current period was contributed by all business segments with the ongoing property development projects at Kuala Lumpur Sentral recording significant jump in comparison to previous quarter.

Higher revenue recorded from the Group's property division with better operational margin and the improved operational margin of its infrastructure and environmental division had contributed to the Group recording a higher profit before taxation of RM48.3 million for the current period ended 30 September 2010 compared to RM23.1 million achieved in the preceding corresponding period ended 30 September 2009.

23. **Prospects**

The Board is pleased to note that the Group's proactive moves to embark on innovative value engineering and leveraging its economies of scale, aimed at improving operational margin, has borne positive results. Barring any unforeseen circumstances, the Group expects to close the current financial year with healthy growth in profitability.

Moving ahead, the completion acquisition of property assets as mentioned in Note 12 above and the ongoing construction works and property development within Kuala Lumpur Sentral set the Group to deliver 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 9months ended	
	30.9.2010	**30.9.2009**	**30.9.2010**	**30.9.2009**
Net profit for the financial period attributable to the owners of the parent (RM'000)	3,676	10,017	25,766	22,212
Weighted average number of ordinary shares in issue ('000)	1,373,606	907,551	1,267,871	907,541
Basic EPS (sen)	0.27	1.10	2.03	2.45

Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issued during the current financial period 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 9 months ended	
	30.9.2010	**30.9.2009**	**30.9.2010**	**30.9.2009**
Net profit for the financial period attributable to the owners of the parent (RM'000)	3,676	10,017	25,766	22,212
Weighted average number of ordinary shares in issue ('000)	1,373,606	907,551	1,267,871	907,541
Adjustment for ESOS ('000)	6,153	2,411	6,153	2,411
Weighted average number of ordinary shares in issue ('000)	1,379,759	909,962	1,274,024	909,952
Diluted EPS (sen)	0.27	1.10	2.02	2.44

By Order of the Board

Mohd Noor Rahim Yahaya
Company Secretary

Kuala Lumpur
22 November 2010