

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Condensed Consolidated Statement of Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2010 (unaudited)	31.12.2009 (unaudited)	31.12.2010 (unaudited)	31.12.2009 (unaudited)
Revenue		433,118	281,669	1,067,579	921,616
Expenses		(383,409)	(252,627)	(982,902)	(885,173)
Other operating income	14	10,031	18,773	55,923	65,117
Profit from operations		59,740	47,815	140,600	101,560
Finance cost		(7,460)	(13,367)	(31,449)	(38,570)
Share of results of associates		(486)	(10,497)	(5,530)	(10,194)
Share of results of jointly controlled entities		(2,505)	(586)	(6,046)	(6,304)
Profit before tax		49,289	23,365	97,575	46,492
Tax expenses	15	(10,093)	(9,914)	(23,781)	(9,009)
Profit for the financial year		39,196	13,451	73,794	37,483
Attributable to:					
Equity holders of the Company		41,502	12,412	67,268	34,624
Minority interests		(2,306)	1,039	6,526	2,859
		39,196	13,451	73,794	37,483
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
-Basic	25	3.01	1.37	5.19	3.82
-Diluted	25	3.01	1.36	5.18	3.80
Profit for the financial year		39,196	13,451	73,794	37,483
Other comprehensive income					
- revaluation reserve arising from acquisition of subsidiary		28,090	-	28,090	-
- Exchange difference on translation		1,474	(6)	1,467	15
Total comprehensive income for the year		68,760	13,445	103,351	37,498
Total comprehensive income attributable to:					
Equity holders of the Company		70,626	12,406	96,385	34,639
Minority interests		(1,866)	1,039	6,966	2,859
		68,760	13,445	103,351	37,498

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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	31.12.2010	31.12.2009	As at (unaudited)	As at (restated)
ASSETS				
Non-current assets				
			198,705	111,800
			359,208	140,503
			247,294	225,362
			599,949	569,451
			105,605	162,853
			93,398	36,904
			482	444
			58,554	-
			29,790	29,790
			<u>1,692,985</u>	<u>1,277,107</u>
Current assets				
			17,865	19,075
			367,139	200,368
			1,485,367	760,307
			21,699	50,943
			3,673	2,429
			4,608	2,291
			795,004	806,232
			<u>2,695,355</u>	<u>1,841,645</u>
TOTAL ASSETS			<u>4,388,340</u>	<u>3,118,752</u>
EQUITY AND LIABILITIES				
Equity attributable to equity holder of the Company				
			1,382,432	907,625
			(96,207)	(235,706)
			<u>1,286,225</u>	<u>671,919</u>
Minority interests			35,252	18,393
Total equity			<u>1,321,477</u>	<u>690,312</u>
Non-current liabilities				
			9,590	9,590
			828,633	828,388
			813,624	746,615
			119,222	113,800
			32,912	32,979
			<u>1,803,981</u>	<u>1,731,372</u>
Current liabilities				
			646,117	418,046
			255,203	212,681
			6,931	7,925
			354,631	58,416
			<u>1,262,882</u>	<u>697,068</u>
Total liabilities			<u>3,066,863</u>	<u>2,428,440</u>
TOTAL EQUITY AND LIABILITIES			<u>4,388,340</u>	<u>3,118,752</u>
Net assets per share attributable to the equity holders of the Company (sen)			<u>93.0</u>	<u>74.0</u>

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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	12 months ended	
	31.12.2010	31.12.2009 (unaudited)
Operating activities		
Cash receipts from customers	784,765	782,341
Cash paid to suppliers and employees	(1,250,152)	(899,964)
Cash used in operations	(465,387)	(117,623)
Interest and other bank charges paid	(124,580)	(113,987)
Taxes paid	(26,590)	(11,276)
Net cash used in operating activities	(616,557)	(242,886)
Investing activities		
Equity investments		
- right issue	510,036	-
- others	(34,381)	(49,063)
Non-equity investments	32,132	(8,109)
Net cash generated from/(used in) investing activities	507,787	(57,172)
Financing activities		
Borrowings (net)	97,542	24,112
Withdrawal of restricted cash	265,931	312,216
Net cash generated from financing activities	363,473	336,328
Net increase in cash and cash equivalent	254,703	36,270
Cash and cash equivalents at beginning of the financial year	232,571	196,301
Cash and cash equivalent at end of financial year	487,274	232,571

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

Bank balances and deposits	795,004	806,232
Bank overdraft	-	-
	795,004	806,232
Less: Bank balances and deposits held as security value	(307,730)	(573,661)
	487,274	232,571

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

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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	(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	19,418	2,977	-	-	22,395	-	22,395
Share issue expenses	-	(6,763)	-	-	(6,763)	-	(6,763)
Employees' share option scheme							
- options granted	-	-	1,920	-	1,920	-	1,920
Acquisition of additional interest in subsidiaries	-	-	101	-	101	12,901	13,002
Profits distribution							
- financial year ended 31 December 2009	-	-	-	(10,280)	(10,280)	-	(10,280)
- financial year ended 31 December 2010	-	-	-	-	-	(3,104)	(3,104)
Total comprehensive income for the year	-	-	29,117	67,268	96,385	6,966	103,351
At 31 December 2010 (unaudited)	1,382,432	130,774	38,924	(265,905)	1,286,225	35,252	1,321,477
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

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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 December 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 of 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.

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Notes to the Report

2. Changes in accounting policies (continued)

(2) FRS 117: Leases

Prior to 1 January 2010, the Group had stated leasehold land at cost less accumulated amortisation and impairment losses as Prepaid Land Lease Payments.

With effect from 1 January 2010, the Group had restated all leasehold land as Property, Plant and Equipment under FRS 117 and Expressway Development Expenditure. As a result, the comparatives amounts in the consolidated statements of financial position have been restated as follows:

	As previously reported RM'000	Effect of changes in accounting policies RM'000	As restated RM'000
As 31 December 2009			
Prepaid land lease payments	243,019	(243,019)	-
Property, plant and equipment	94,143	17,657	111,800
Expressway development expenditure	-	225,362	225,362
	<u>337,162</u>	<u>-</u>	<u>337,162</u>

(3) 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.

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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.

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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 Financial Assets at fair value through profit or loss	856
Decrease in Sukuk	730
Increase in Minority 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 RM2.3 million and net profit for the current cumulative year by RM2.8 million as stated below;

	Current quarter ended 31.12.2010	Cumulative quarter ended 31.12.2010
	RM'000	RM'000
Gains arising from Trade and Other Receivables	577	1,043
Gains arising from Trade Payables	973	168
Gains arising from Financial Assets at fair value through profit or loss	604	1,461
Gain in Minorities Interests	102	92
Net gains to Comprehensive Income	2,256	2,764

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.

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Notes to the Report

2. Changes in accounting policies (continued)

Part C: Breakdown of Realised and Unrealised Profit or Loss

The Group's realized and unrealized accumulated losses disclosure are as follows:

	Accumulated quarter ended 31.12.2010 (RM'000)	Accumulated quarter ended 30.09.2010 (RM'000)
Total accumulated losses of the Company and subsidiaries:		
- Realised	(253,833)	(289,685)
- Unrealised	(12,805)	(13,476)
Total share of accumulated losses from associates:		
- Realised	(969)	(483)
- Unrealised	-	-
Total share of accumulated losses from jointly controlled entities:		
- Realised	(6,268)	(3,763)
- Unrealised	-	-
Add: Consolidation adjustments	7,970	-
Total Group accumulated losses	(265,905)	(307,407)

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 year.

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

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

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 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 year.

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.

The Directors recommend the payment of a first and final dividend in respect of the financial year ended 31 December 2010 of 1.5% or 1.5 sen per ordinary share less income tax of 25%, amounting to approximately RM15.6 million which is subject to the approval of the members at the forthcoming Annual General Meeting.

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9. Segmental reporting

	Engineering and Construction RM'000	Property development RM'000	Infrastructure and environmental RM'000	Investment Building services RM'000	holding and others RM'000	Group RM'000
12 months ended 31.12.2010						
Revenue						
Total revenue	1,126,623	210,777	103,476	76,876	33,140	1,550,892
Inter-segment revenue	(409,007)	(10,318)	-	(31,557)	(32,431)	(483,313)
External revenue	717,616	200,459	103,476	45,319	709	1,067,579
Segment results	65,035	48,553	3,059	1,521	(8,415)	109,753
Interest income						30,847
Finance cost						(31,449)
Share of results of jointly controlled entities and associates	(1,316)	(8,116)	(2,144)	-	-	(11,576)
Profit before tax						97,575
12 months ended 31.12.2009						
Revenue						
Total revenue	804,532	115,446	116,414	57,754	42,526	1,136,672
Inter-segment revenue	(155,759)	(6,866)	-	(10,804)	(41,627)	(215,056)
External revenue	648,773	108,580	116,414	46,950	899	921,616
Segment results	45,567	23,281	10,644	3,944	(9,856)	73,580
Interest income						27,980
Finance cost						(38,570)
Share of results of jointly controlled entities and associates	(5,082)	(1,036)	(10,380)	-	-	(16,498)
Profit before tax						46,492

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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 MRCB Land (Australia) Pty. Ltd. (MLAPL) (formerly known as Yes 88 Pty. Ltd.). MLAPL 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 MLAPL which is represented by 294 ordinary shares of A\$1.00 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.

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The acquisition was completed on 26 August 2010.

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

- (d) The Company had on 28 December 2010 entered into a KFH Musyarakat Buy-Out Agreement with Kuwait Finance House (Malaysia) Berhad (KFH) and Quil Sentral Sdn Bhd for the acquisition of the 18,000 ordinary shares of RM1.00 each representing eighteen percent (18%) of the equity interest in Cosy Bonanza Sdn Bhd (CBSB) together with 2,482,000 redeemable preference shares of RM1.00 each and 3,775,000 redeemable preference shares-A of RM0.01 each in CBSB from KFH for a cash consideration of RM7.775 million (Proposed Acquisition).

Upon completion of the Proposed Acquisition, the Company's effective equity interest in CBSB will be increased from 40.7% to 65.7%.

The acquisition was completed on 30 December 2010.

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

	Proposed utilization of proceeds	Amount utilized as at 31.12.2010
	RM'000	RM'000
Equity investment in Nu Sentral Sdn Bhd (NSSB)	85,000	74,210
Capital expenditure in relation to future business expansion:		
Investment in prime land for property development	315,000	115,691
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	6,763
Total	510,040	234,604

13. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprised trade and performance guarantees, amounted to RM334.5 million as at 31 December 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

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

Notes to the Report

15. Taxation

In RM'000	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
In Malaysia				
Taxation				
- current period	(10,252)	(11,591)	(24,509)	(17,802)
- over provision in prior years	92	35	661	2,226
Deferred tax	67	1,642	67	6,567
	<u>(10,093)</u>	<u>(9,914)</u>	<u>(23,781)</u>	<u>(9,009)</u>

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 year 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 4th quarter ended 31 December 2010 and 31 December 2009.

b) Investment in quoted securities are as follows:

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
At cost	2,453	2,418
At carrying value	4,771	2,418
At market value	4,771	3,274

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18. Corporate Proposals

- (a) On 3 March 2010, the Company 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.

- (b) On 23 November 2010, the Company entered a Memorandum of Understanding (MOU) with IJM Land Berhad (IJM) in respect to the Proposed Merger by way of a Members' Scheme of Arrangement under Section 176 of the Companies Act, 1965 via a newly incorporated company.

Pursuant to the MOU, the parties have agreed to negotiate in good faith the terms of a definitive merger agreement for the Proposed Merger (Definitive Agreement) with the aim of entering into the Definitive Agreement within three (3) weeks from the date of the MOU or such other date as the parties may agree in writing, failing which the MOU will cease to have any further effect.

On 30 December 2010, the Company announced that after a series of discussions, both the Company and IJM have not been able to reach an agreement on the definitive terms and conditions of the Proposed Merger. Accordingly, the Proposed Merger was aborted and the MOU in relation to the Proposed Merger has lapsed and ceased to have any further effect.

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 31.12.2010 RM'000	As at 31.12.2009 RM'000
Secured		
Short term	276,054	23,416
Long term	1,642,257	1,575,003
Unsecured		
Short term	78,577	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 RM100.1 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 immediate preceding corresponding quarter's results

The Group achieved a significant jump of over 100% increase in profit before taxation amounting to RM49.3 million for the current quarter ended 31 December 2010 compared to RM23.4 million recorded in the preceding corresponding 4th quarter ended 31 December 2009. The commendable result for the current quarter was mainly contributed by improved profit margin coupled with advanced stage of activities of its engineering and construction ongoing works and property development projects at Kuala Lumpur Sentral. Higher operational margin was achieved on the back of crystallization of its ongoing value engineering and efficient project supervision and cost saving initiatives.

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22. Review of performance

The Group recorded revenue of RM1,067.6 million for the current financial year ended 31 December 2010 as compared to RM921.6 million recorded in the preceding financial year ended 31 December 2009. Higher revenue recorded in the current year was contributed mainly from its construction and engineering division with ongoing work progress reaching maturity stage at relatively higher percentage of recognition compared to previous year. The same impact was also contributed by the Group's ongoing property development projects at Kuala Lumpur Sentral.

Higher revenue as mentioned above coupled with the improved operational margin of its engineering and construction and property divisions had contributed to the Group recording a higher profit before taxation of RM97.6million for the current financial year ended 31 December 2010 compared to RM46.5 million achieved in the preceding financial year ended 31 December 2009.

23. Prospects

The Board is pleased to note that the Group's proactive moves to improve operational margin by leveraging on economies of scale has borne positive results. This is evidenced in the 16% growth in current financial year's revenue to break the RM1 billion mark, whereas profitability has increased over 100%.

Moving ahead in year 2011, barring any unforeseen circumstances, the Board expects the Group to deliver continuous growth in revenue and profitability.

24. Variance on forecast profit/profit guarantee

Not applicable.

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25. Earning per share (EPS)

Basic EPS

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 31.12.2010	3 months ended 31.12.2009	12 months ended 31.12.2010	12 months ended 31.12.2009
Net profit for the financial year attributable to the owners of the parent (RM'000)	41,502	12,412	67,268	34,624
Weighted average number of ordinary shares in issue ('000)	1,378,850	907,592	1,296,145	907,557
Basic EPS (sen)	3.01	1.37	5.19	3.82

Diluted EPS

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 31.12.2010	3 months ended 31.12.2009	12 months ended 31.12.2010	12 months ended 31.12.2009
Net profit for the financial year attributable to the owners of the parent (RM'000)	41,502	12,412	67,268	34,624
Weighted average number of ordinary shares in issue ('000)	1,378,850	907,592	1,296,145	907,557
Adjustment for ESOS ('000)	1,732	2,557	1,732	2,557
Weighted average number of ordinary shares in issue ('000)	1,380,582	910,149	1,297,877	910,114
Diluted EPS (sen)	3.01	1.36	5.18	3.80

By Order of the Board

MALAYSIAN RESOURCES CORPORATION BERHAD

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Mohd Noor Rahim Yahaya

Company Secretary

Kuala Lumpur

9 February 2011