

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

Condensed Consolidated Statement of Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.03.2011 (unaudited)	31.03.2010 (unaudited)	31.03.2011 (unaudited)	31.03.2010 (unaudited)
Revenue		221,497	189,677	221,497	189,677
Expenses		(205,904)	(179,468)	(205,904)	(179,468)
Other operating income	13	18,927	14,786	18,927	14,786
Profit from operations		34,520	24,995	34,520	24,995
Finance cost		(9,981)	(7,199)	(9,981)	(7,199)
Share of results of associates		(92)	(2,372)	(92)	(2,372)
Share of results of jointly controlled entities		(411)	(446)	(411)	(446)
Profit before tax		24,036	14,978	24,036	14,978
Income tax expense	14	151	(3,946)	151	(3,946)
Profit for the financial period		24,187	11,032	24,187	11,032
Other comprehensive income for the financial period, net of tax					
- Currency translation differences		(166)	(10)	(166)	(10)
Total comprehensive income for the financial period, net of tax		24,021	11,022	24,021	11,022
Profit attributable to:					
Equity holders of the Company		21,602	9,847	21,602	9,847
Minority interests		2,585	1,185	2,585	1,185
		24,187	11,032	24,187	11,032
Total comprehensive income for the financial period, net of tax:					
Equity holders of the Company		21,482	9,837	21,482	9,837
Minority interests		2,539	1,185	2,539	1,185
		24,021	11,022	24,021	11,022
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
- Basic	25	1.56	0.93	1.56	0.93
- Diluted	25	1.56	0.92	1.56	0.92

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.03.2011 (unaudited)	As at 31.12.2010 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	199,112	198,705
Investment properties	436,475	359,208
Land held for property development	606,550	599,949
Expressway development expenditure	1,011,497	925,047
Associates	106,019	105,605
Jointly controlled entities	93,174	93,398
Available for sale financial assets	616	482
Intangible assets	57,754	58,554
Deferred tax assets	29,763	29,790
	<u>2,540,960</u>	<u>2,370,738</u>
Current assets		
Inventories	17,745	17,865
Properties development costs	387,027	367,139
Trade and other receivables	793,146	807,614
Amount due from jointly controlled entities	31,340	21,699
Tax recoverable	5,981	3,673
Financial assets at fair value through profit or loss	4,550	4,608
Deposits, cash and bank balances	788,801	795,004
	<u>2,028,590</u>	<u>2,017,602</u>
TOTAL ASSETS	<u>4,569,550</u>	<u>4,388,340</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holder of the Company		
Share capital	1,383,989	1,382,432
Reserves	(74,367)	(96,207)
	<u>1,309,622</u>	<u>1,286,225</u>
Minority interests	36,475	35,252
Total equity	<u>1,346,097</u>	<u>1,321,477</u>
Non-current liabilities		
Loan stock at cost	9,590	9,590
Senior Sukuk	828,894	828,633
Long term borrowings	1,298,614	813,624
Long term liabilities	120,482	119,222
Deferred tax liabilities	28,894	32,912
	<u>2,286,474</u>	<u>1,803,981</u>
Current liabilities		
Trade and payables	575,161	646,117
Other payables	212,564	255,203
Current tax liabilities	4,207	6,931
Short term borrowings	145,047	354,631
	<u>936,979</u>	<u>1,262,882</u>
Total liabilities	<u>3,223,453</u>	<u>3,066,863</u>
TOTAL EQUITY AND LIABILITIES	<u>4,569,550</u>	<u>4,388,340</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>94.6</u>	<u>93.0</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

Condensed Consolidated Statement of Cash Flows

In RM'000	3 months ended	
	31.03.2011	31.03.2010 (unaudited)
Operating activities		
Cash receipts from customers	237,191	175,583
Cash paid to suppliers and employees	(415,973)	(277,143)
Cash used in operations	(178,782)	(101,560)
Interest and other bank charges paid	(18,194)	(10,427)
Taxes paid	(8,480)	(2,695)
Net cash used in operating activities	(205,456)	(114,682)
Investing activities		
Equity investments		
- right issue	-	510,036
- others	(49,777)	(481)
Non-equity investments	(29,912)	1,913
Net cash (used in)/generated from investing activities	(79,689)	511,468
Financing activities		
Borrowings (net)	278,942	(34,817)
(Pledged)/withdrawal of restricted cash	(204,580)	60,818
Net cash generated from financing activities	74,362	26,001
Net (decrease)/increase in cash and cash equivalent	(210,783)	422,787
Cash and cash equivalents at beginning of the financial year	487,274	232,571
Cash and cash equivalent at end of financial period	276,491	655,358

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

Bank balances and deposits	788,801	1,168,201
Bank overdraft	-	-
	788,801	1,168,201
Less: Bank balances and deposits held as security value	(512,310)	(512,843)
	276,491	655,358

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

Condensed Consolidated Statement of Changes in Equity

In RM'000	Attributable to equity holders of the Company				<u>Total</u>	<u>Minority interests</u>	<u>Total equity</u>
	<u>Share Capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Accumulated losses</u>			
At 1 January 2011	1,382,432	130,774	38,924	(265,905)	1,286,225	35,252	1,321,477
Comprehensive income							
- Profit for the financial period	-	-	-	21,602	21,602	2,585	24,187
Other comprehensive income							
- Currency translation differences	-	-	(120)	-	(120)	(46)	(166)
Total comprehensive income	-	-	(120)	21,602	21,482	2,539	24,021
Transactions with owners							
Issue of shares							
- exercise of options under ESOS	1,557	358	-	-	1,915	-	1,915
Profit distribution by a jointly controlled entity							
- financial year ended 31 December 2011	-	-	-	-	-	(1,316)	(1,316)
Total transactions with owners	1,557	358	-	-	1,915	(1,316)	599
At 31 March 2011 (unaudited)	1,383,989	131,132	38,804	(244,303)	1,309,622	36,475	1,346,097

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

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	(322,893)	672,431	18,489	690,920
Comprehensive income							
- Profit for the financial year	-	-	-	67,268	67,268	6,526	73,794
Other comprehensive income							
- Revaluation reserve arising from acquisition of subsidiary (previously known as associate)	-	-	28,090	-	28,090	-	28,090
- Currency translation differences	-	-	1,027	-	1,027	440	1,467
Total comprehensive income	-	-	29,117	67,268	96,385	6,966	103,351
Transactions with owners							
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
Dividends							
- financial year ended 31 December 2009	-	-	-	(10,280)	(10,280)	-	(10,280)
Profit distribution by a jointly controlled entity							
- financial year ended 31 December 2010	-	-	-	-	-	(3,104)	(3,104)
Total transactions with owners	474,807	50,861	2,021	(10,280)	517,409	9,797	527,206
At 31 December 2010 (audited)	1,382,432	130,774	38,924	(265,905)	1,286,225	35,252	1,321,477

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

Notes to the Interim 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 2010.

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 2010, other than for the compliance with the new/revised Financial Reporting Standards (FRS) that came into effect during the financial year under review.

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 2011.

2. 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.

3. 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.

4. 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.

5. 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.

6. Debt and equity securities

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

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Notes to the Interim Report

7. Dividends

During the Company's 40th Annual General Meeting held on 4 April 2011, shareholders of the Company had approved the Directors' proposal to pay 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 RM15,570,656. The dividends were paid on 4 May 2011.

8. 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
3 months ended 31.03.2011						
Total revenue	309,335	56,960	11,259	16,402	106	394,062
Inter-segment revenue	(164,840)	(3,245)	-	(4,480)	-	(172,565)
External revenue	144,495	53,715	11,259	11,922	106	221,497
Segment results	14,486	13,790	2,253	(136)	(2,590)	27,803
Interest income						6,717
Finance cost						(9,981)
Share of results of jointly controlled entities and associates	(186)	(317)	-	-	-	(503)
Profit before tax						24,036
3 months ended 31.03.2010						
Total revenue	219,624	32,706	25,174	13,311	136	290,951
Inter-segment revenue	(95,658)	(2,992)	-	(2,624)	-	(101,274)
External revenue	123,966	29,714	25,174	10,687	136	189,677
Segment results	8,701	8,281	3,750	1,873	(4,219)	18,386
Interest income						6,609
Finance cost						(7,199)
Share of results of jointly controlled entities and associates	(64)	(609)	(2,145)	-	-	(2,818)
Profit before tax						14,978

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9. 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.

10. Material events subsequent to the financial year

There are no material subsequent events to be disclosed.

11. Changes in the composition of the Group

- (a) The Company had on 29 March 2011 entered into a Joint Venture & Shareholders' Agreement (JVSA) with Ekovest Bhd and KL Bund Sdn Bhd (KBSB) in relation to the River of Life project. Pursuant to the JVSA, the Company will hold 40% equity interest in KBSB. The JVSA will enable both parties to regulate their rights and obligations as shareholders of KBSB which will act as the project delivery partner for the project.

The joint venture was completed on the same date.

- (b) On 7 April 2011, the Company entered into a Share Sale Agreement (SSA) with Fadzil Bin Ahmad, Usman Bin Suratman and Mohd Shamir bin Mohd Hassan to acquire the entire equity interest represented by 200,000 ordinary shares of RM1.00 each in 59 iNC Sdn Bhd (59iNC) for a cash consideration of up to RM110 million. (Proposed Acquisition).

59iNC received a letter of offer dated 7 February 2011 from Pejabat Pengarah Tanah and Galian Wilayah Persekutuan (Land Office) stating that the Land Office has agreed to grant a conditional approval for 59iNC to be the legal and beneficial owner of 3 plots of vacant government land at Mukim Setapak measuring a total of 27.41 acres for the purposes of mixed development.

The Proposed Acquisition was completed on the same date.

12. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprised trade and performance guarantees, amounted to RM334.6 million as at 31 March 2011 (as compared to RM334.5 million as at 31 December 2010). There are no material contingent assets to be disclosed.

13. Other operating income

Included in the other operating income for the current financial period is an exceptional gain of RM5.29 million that was in relation to the write back of impairment of the Group's investment in an associate that is no longer required.

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Notes to the Interim Report

14. Income tax expenses

In RM'000	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
In Malaysia				
Taxation				
- current period	(4,170)	(4,310)	(4,170)	(4,310)
- over provision in prior years	379	364	379	364
Deferred tax	3,942	-	3,942	-
	<u>151</u>	<u>(3,946)</u>	<u>151</u>	<u>(3,946)</u>

The reversal of deferred tax liabilities was mainly due to tax losses of a subsidiary.

15. 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.

16. 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 2011 and 31 March 2010.

b) Investment in quoted securities are as follows:

	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
At cost	2,583	2,453
At carrying value / market value	4,842	4,771

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Notes to the Interim Report

17. Corporate Proposals

The status of utilization of proceeds of the Rights Issue raised in March 2010 is tabulated as follows:

	Proposed utilization of proceeds	Amount utilized as at 31.03.2011
	RM'000	RM'000
Equity investment in Nu Sentral Sdn Bhd (NSSB)	85,000	83,275
Capital expenditure in relation to future business expansion:		
Investment in prime land for property development	315,000	219,351
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	347,329

As at to-date, there was no corporate proposal announced but not yet completed.

18. Group borrowings

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

	As at 31.03.2011 RM'000	As at 31.12.2010 RM'000
Secured		
Short term	145,047	276,054
Long term	2,127,508	1,642,257
Unsecured		
Short term	-	78,577

The Group borrowings are all denominated in Ringgit Malaysia.

19. Off balance sheet financial instruments

The Group did not enter into any contract involving financial instruments with off balance sheet risk.

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20. Material litigation

The Group is engaged in various litigations arising from its business transactions, the claims thereon amounting to approximately RM107.1 million. The Board of Directors has been advised on these 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 recorded a higher profit before taxation amounting to RM24.0 million for the current 1st quarter ended 31 March 2011 compared to RM15.0 million recorded in the preceding corresponding 1st quarter ended 31 March 2010. The higher profit for the current quarter was mainly contributed by recognition of progress profit of the ongoing engineering and construction activities and property development projects at Kuala Lumpur Sentral.

22. Review of performance

The Group recorded revenue of RM221.5 million for the current 1st quarter ended 31 March 2011 as compared to RM189.7 million recorded in the preceding 1st quarter ended 31 March 2010. Higher revenue recorded in the current quarter was contributed by the Group's revenue recognition of ongoing property development projects at Kuala Lumpur Sentral and the progressive works of the construction and engineering activities.

23. Prospects

Over the next 2 years will see the progressive completion of the on-going construction projects and property development within KL Sentral which works had commenced since 2009. Major projects that will have physical completion during the financial year under review include the Permai Hospital, Eastern Dispersal Link Highway and the Group's major property investment expansion, known as KL Sentral Park at Kuala Lumpur Sentral. Two major developments planned on strata sales at Kuala Lumpur Sentral comprising Q Sentral office block at Lot B and condominium residences at Lot D with combined gross development value in excess of RM2 billion will commence construction works in 2011.

Coupled with the on-going active works, the Group is aggressively pursuing to expand its core activities primarily in acquiring land bank and replenishing its construction order book to provide the Group with continuous growth to enhance shareholders' value. Barring any unforeseen circumstances, the Board expects the Group to deliver continuous growth in revenue and profitability in 2011.

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24. Variance on forecast profit/profit guarantee

Not applicable.

25. Earning per share (EPS)

Basic EPS

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

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Net profit for the financial period attributable to the owners of the parent (RM'000)	21,602	9,847	21,602	9,847
Weighted average number of ordinary shares in issue ('000)	1,383,448	1,056,839	1,383,448	1,056,839
Basic EPS (sen)	1.56	0.93	1.56	0.93

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 3 months ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Net profit for the financial period attributable to the owners of the parent (RM'000)	21,602	9,847	21,602	9,847
Weighted average number of ordinary shares in issue ('000)	1,383,448	1,056,839	1,383,448	1,056,839
Adjustment for ESOS ('000)	3,853	6,389	3,853	6,389
Weighted average number of ordinary shares in issue ('000)	<u>1,387,301</u>	<u>1,063,228</u>	<u>1,387,301</u>	<u>1,063,228</u>
Diluted EPS (sen)	1.56	0.92	1.56	0.92

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26. Breakdown of realised and unrealised profit or loss

The breakdown of the accumulated losses of the Group as at 31 March 2011, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 31.03.2011 (RM'000)	Accumulated quarter ended 31.12.2010 (RM'000)
Total accumulated losses:		
- Realized	(244,237)	(277,125)
- Unrealized	(8,871)	(12,805)
Total share of accumulated profit or losses from associates:		
- Realized	3,252	(969)
- Unrealized	-	-
Total share of accumulated losses from jointly controlled entities:		
- Realized	(3,022)	(6,268)
- Unrealized	-	-
Add: Consolidation adjustments	8,575	31,262
Total Group accumulated losses	(244,303)	(265,905)

The analysis of realised and unrealised accumulated losses is compiled based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Listing Requirements as issued by the Malaysian Institute of Accountants.

The disclosure above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

By Order of the Board

Mohd Noor Rahim Yahaya
Company Secretary

Kuala Lumpur
26 May 2011