

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

In RM'000 (The figures have not been audited)	Note	30.9.2012	30.9.2011 (restated)	Individual Quarter		Cumulative Quarter	
				30.9.2012	30.9.2011 (restated)	3 months ended	9 months ended
Revenue		299,812	286,352	969,944	742,690		
Expenses		(273,575)	(272,956)	(862,802)	(690,056)		
Other operating income	14	57,791	16,086	80,461	51,988		
Profit from operations		84,028	29,482	187,603	104,622		
Finance cost		(35,189)	(8,099)	(82,560)	(25,868)		
Share of results of associates		222	(378)	1,123	(666)		
Share of results of jointly controlled entities		(1,913)	(512)	(4,582)	(1,335)		
Profit before tax		47,148	20,493	101,584	76,753		
Income tax expense	15	(3,873)	(1,110)	(19,490)	(4,736)		
Profit for the financial period		43,275	19,383	82,094	72,017		
Other comprehensive income for the financial period, net of tax							
Items that may be reclassified subsequently to Profit or Loss							
- Currency translation differences		144	(479)	(215)	(317)		
Total comprehensive income for the financial period, net of tax		43,419	18,904	81,879	71,700		
Profit attributable to:							
Equity holders of the Company		35,782	14,735	63,094	63,393		
Non-controlling interest		7,493	4,648	19,000	8,624		
		43,275	19,383	82,094	72,017		
Total comprehensive income for the financial period, net of tax:							
Equity holders of the Company		35,926	14,513	62,988	63,171		
Non-controlling interest		7,493	4,391	18,891	8,529		
		43,419	18,904	81,879	71,700		
Earnings per share attributable to the ordinary equity holders of the Company (sen)							
- Basic	23	2.58	1.06	4.55	4.58		
-Diluted	23	2.58	1.06	4.55	4.57		

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

Condensed Consolidated Statement of Financial Position

In RM'000	30.09.2012	31.12.2011	As at 1.1.2011 (unaudited)	As at (audited & restated)	As at (audited & restated)
ASSETS					
Non-current assets					
			206,197	206,731	198,705
			786,139	652,976	359,208
			779,824	766,400	599,949
			-	1,265,658	925,047
			59,879	58,755	39,225
			92,143	96,725	93,398
			80,200	74,910	66,380
			577	577	482
			93,638	95,736	58,554
			28,393	29,452	29,790
			<u>2,126,990</u>	<u>3,247,920</u>	<u>2,370,738</u>
Current assets					
			11,513	16,753	17,865
			420,990	408,497	367,139
			1,417,023	1,120,472	807,614
			38	2,841	21,699
			6,825	10,018	3,673
			4,081	4,545	4,608
			592,327	616,188	795,004
			<u>2,452,797</u>	<u>2,179,314</u>	<u>2,017,602</u>
			1,321,672	-	-
			<u>4,388,340</u>	<u>5,901,459</u>	<u>5,427,234</u>

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Condensed Consolidated Statement of Financial Position

In RM'000	30.09.2012	31.12.2011	As at 1.1.2011 (unaudited)	As at (audited & restated)	As at (audited & restated)
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital			1,386,631	1,386,155	1,382,432
Reserves			32,308	(9,970)	(96,207)
			<u>1,418,939</u>	<u>1,376,185</u>	<u>1,286,225</u>
Non-controlling interest			57,106	38,131	35,252
Total equity			<u>1,476,045</u>	<u>1,414,316</u>	<u>1,321,477</u>
Non-current liabilities					
Loan stock at cost				7,000	7,000
				9,590	
Senior and Junior Sukuk			-	1,058,485	828,633
Long term borrowings			867,922	1,317,688	813,624
Long term liabilities			126,751	124,094	119,222
Deferred tax liabilities			48,124	50,619	32,912
			<u>1,049,797</u>	<u>2,557,886</u>	<u>1,803,981</u>
Current liabilities					
Trade and payables			747,510	778,916	646,117
Other payables			290,687	321,220	255,203
Current tax liabilities			1,996	2,665	6,931
Senior and Junior Sukuk			1,058,475	-	-
Short term borrowings			1,276,949	352,231	354,631
			<u>3,375,617</u>	<u>1,455,032</u>	<u>1,262,882</u>
Total liabilities			<u>4,425,414</u>	<u>4,012,918</u>	<u>3,066,863</u>
TOTAL EQUITY AND LIABILITIES			<u>5,901,459</u>	<u>5,427,234</u>	<u>4,388,340</u>
Net assets per share attributable to the equity holders of the Company (sen)					
			<u>102.3</u>	<u>99.3</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 2011.

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

Condensed Consolidated Statement of Cash Flows

In RM'000	9 months ended	
	30.09.2012	30.09.2011 (unaudited)
Operating activities		
Cash receipts from customers	1,044,581	882,358
Cash paid to suppliers and employees	(1,392,426)	(1,309,361)
Cash used in operations	(347,845)	(427,003)
Finance cost paid	(1,253)	(1,028)
Taxes paid	(18,120)	(21,283)
Net cash used in operating activities	(367,218)	(449,314)
Investing activities		
Acquisition of equity investments	(4,644)	(112,414)
Disposal of equity investments	150	235,449
Dividend received	239	139
Non-equity investments	6,762	(67,923)
Net cash used in investing activities	2,507	55,251
Financing activities		
Proceed from issue of share capital	661	5,404
Dividend paid to equity holders	(20,796)	(15,571)
Proceeds from borrowings	628,913	611,799
Repayment of borrowings	(158,049)	(232,664)
Interest paid	(109,879)	(85,031)
Withdrawal / (pledged) of restricted cash	30,003	(130,735)
Net cash generated from financing activities	370,853	153,202
Net increase / (decrease) in cash and cash equivalent	6,142	(240,861)
Cash and cash equivalents at beginning of the financial year	371,076	487,274
Cash and cash equivalent at end of financial period	377,218	246,413

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

Bank balances and deposits	592,327	684,878
Less: Bank balances and deposits held as security value	(215,109)	(438,465)
	377,218	246,413

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

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	Non-controlling interests	Total equity
At 1 January 2012 (as previously stated)	1,386,155	132,226	44,592	(202,850)	1,360,123	38,131	1,398,254
Prior year adjustment (Note 2)	-	-	-	16,062	16,062	-	16,062
At 1 January 2012 (restated)	1,386,155	132,226	44,592	(186,788)	1,376,185	38,131	1,414,316
Comprehensive income							
- Profit for the financial period	-	-	-	63,094	63,094	19,000	82,094
Other comprehensive income							
- Currency translation differences	-	-	(151)	-	(151)	(64)	(215)
Total comprehensive income	-	-	(151)	63,094	62,943	18,936	81,879
Transactions with owners							
Issue of shares							
- exercise of ESOS options	476	86	-	-	562	-	562
Acquisition of additional interest in subsidiaries	-	-	45	-	45	99	144
Dividends							
- financial year ended 31 December 2011	-	-	-	(20,796)	(20,796)	-	(20,796)
Profit distribution by a jointly controlled entity							
- financial year ended 31 December 2012	-	-	-	-	-	(60)	(60)
Total transactions with owners	476	86	45	(20,796)	(20,189)	39	(20,150)
At 30 September 2012 (unaudited)	1,386,631	132,312	44,486	(144,490)	1,418,939	57,106	1,476,045

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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	Non-controlling interests	Total equity
At 1 January 2011 (as previously stated)	1,382,432	130,774	38,924	(265,905)	1,286,225	35,252	1,321,477
Comprehensive income							
- Profit for the financial year	-	-	-	93,524	93,524	14,463	107,987
Other comprehensive income							
- Currency translation differences	-	-	290	-	290	129	419
- Share of an associate's other comprehensive income	-	-	-	1,164	1,164	-	1,164
Total comprehensive income	-	-	290	94,688	94,978	14,592	109,570
Transactions with owners							
Issue of shares							
- exercise of ESOS options	3,723	1,452	-	-	5,175	-	5,175
Employees' share option scheme							
- options granted	-	-	3,858	-	3,858	-	3,858
Issue of shares	-	-	-	-	-	90	90
Acquisition of additional interest in subsidiaries	-	-	1,520	-	1,520	(8,708)	(7,188)
Dividends							
- financial year ended 31 December 2010	-	-	-	(15,571)	(15,571)	-	(15,571)
Profit distribution by a jointly controlled entity							
- financial year ended 31 December 2011	-	-	-	-	-	(3,095)	(3,095)
Total transactions with owners	3,723	1,452	5,378	(15,571)	(5,018)	(11,713)	(16,731)
At 31 December 2011 (unaudited)	1,386,155	132,226	44,592	(186,788)	1,376,185	38,131	1,414,316

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The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 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 2011.

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 2011, other than for the compliance with the new/revised Financial Reporting Standards (FRS) that came into effect during the financial year under review.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2013. The Group is a Transitioning Entities due to its involvement in the construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standard (MFRS) from financial year beginning 1 January 2014.

The Group will apply the following new standards, amendments to standard and interpretations that came into effect during the financial year under review:

- The revised FRS 124 "Related Party Disclosures"
- Amendments to FRS 7 "Financial instruments: Disclosures on Transfer of Financial Assets"

The above new standards, amendments to standard and interpretations do 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 2012.

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Notes to the Interim Report

2. Prior year adjustment

During the current financial period, the Group made prior year adjustments relating to its investment in Series A Redeemable Preference Shares and Redeemable Secured Junior Bonds of its associate, Nuzen Corporation Sdn Bhd as follows:

- (i) Classifying its investment in the Series A Redeemable Preference Shares and Redeemable Secured Junior Bonds to Long Term Loan and Receivables; and
- (ii) Restated at amortised cost the carrying value of Series A Redeemable Preference Shares in accordance with FRS139.

The financial effects arising from the Group's prior year adjustments are as follows:

	As previously reported	Prior year adjustments	As restated
	RM'000	RM'000	RM'000
At 1 January 2011			
Statement of financial position			
Associates	105,605	(66,380)	39,225
Long term loan and receivable	-	66,380	66,380
At 31 December 2011			
Statement of financial position			
Associates	117,603	(58,848)	58,755
Long term loan and receivable	-	74,910	74,910
Reserve	(26,032)	16,062	(9,970)
Statement of profit or loss and other comprehensive income			
9 months ended 30 Sept 2011			
Expenses	(695,705)	5,649	(690,056)

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Other operating income	45,590	6,398	51,988
Total comprehensive income for the financial period, net of tax	59,653	12,047	71,700

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 Interim Report

4. Seasonal or cyclical fluctuations

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

Apart from the reclassification of the Group's borrowings per Note 17, 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

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period other than the shares allotment arising from the conversion of employees' share options as disclosed in the statement of changes in equity.

8. Dividends

During the Company's 41st Annual General Meeting held on 3 April 2012, the shareholders of the Company had approved the payment of a first and final dividend in respect of the financial year ended 31 December 2011 of 2.0 % or 2.0 sen per ordinary share less income tax of 25%, amounting to RM20,796,502. The dividends were paid on 4 May 2012.

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Notes to the Interim Report

9. Segmental reporting

	Engineering and Construction RM'000	Property development and investment RM'000	Infrastructure and environmental RM'000	Investment Building services RM'000	holding and others RM'000	Group RM'000
9 months ended 30.09.2012						
Total revenue	677,112	470,253	57,970	64,846	240	1,270,421
Inter-segment revenue	(279,651)	(4,932)	-	(15,894)	-	(300,477)
External revenue	397,461	465,321	57,970	48,952	240	969,944
Segment results	3,825	138,769	44,726	7,132	(21,370)	173,082
Finance income						14,521
Finance cost						(82,560)
Share of results of jointly controlled entities and associates	81	(3,540)	-	-	-	(3,459)
Profit before tax						101,584
9 months ended 30.09.2011						
Total revenue	926,408	293,992	14,805	60,536	398	1,296,139
Inter-segment revenue	(528,986)	(6,130)	-	(18,333)	-	(553,449)
External revenue	397,422	287,862	14,805	42,203	398	742,690
Segment results	17,232	75,759	(2,360)	2,336	(15,648)	77,319
Finance income						27,304
Finance cost						(25,869)
Share of results of jointly						

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controlled entities and associates	148	(2,149)	-	-	-	(2,001)
Profit before tax						<u>76,753</u>

Notes to the Interim 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 period

There were no material events subsequent to the end of the current quarter.

12. Changes in the composition of the Group

The Company had on 8 February 2012 applied to Companies Commission of Malaysia to effect three (3) of its non-wholly owned subsidiaries under members' voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965. These subsidiaries are Cheq Point (M) Sdn. Bhd., MR-H Piling and Civil Engineering (M) Sdn. Bhd. and MR Construction Sdn. Bhd.

At the date of this report, these subsidiaries are still in the process of members' voluntary liquidation.

13. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprised trade and performance guarantees, amounted to RM239.4 million as at 30 September 2012 (as compared to RM308.1 million as at 31 December 2011). There are no material contingent assets to be disclosed.

14. Other operating income

The substantial increase for the current quarter was due to the Government's interim payment commencing 1 May 2012 to defray operating and maintenance costs in relation to the EDL project as disclosed in Note 19.

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

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Notes to the Interim Report

15. Income tax expenses

In RM'000	Individual Quarter		Cumulative Quarter	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
In Malaysia				
Taxation				
- current year	(4,293)	(3,563)	(18,426)	(11,942)
- (under)/over provision in prior years	419	530	(1,916)	1,398
Deferred tax	1	1,923	852	5,808
	<u>(3,873)</u>	<u>(1,110)</u>	<u>(19,490)</u>	<u>(4,736)</u>

The low effective tax rate of 17.5% for the current financial period is mainly due to utilisation of tax losses and certain non taxable income recognised.

The under provision of tax in prior years was mainly due to interest restriction on the interest expenses to be set off against investment income.

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

16. Corporate Proposal

There was no corporate proposal announced that is yet to be completed in the current financial period.

17. Group borrowings

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

As at As at

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	30.09.2012	31.12.2011
	RM'000	RM'000
Secured		
Short term	2,285,424	337,231
Long term	867,922	2,376,173
Unsecured		
Short term	50,000	15,000
Total	<u>3,203,346</u>	<u>2,728,404</u>

The overall increase of the Group borrowings was mainly due to additional drawdown of the project loan in accordance with the progress of the property development activities at Kuala Lumpur Sentral and the Eastern Dispersal Link Expressway (EDL) project.

Notes to the Interim Report

17. Group borrowings (cont)

The Group's secured short term loans also increase mainly due to:-

- (a) The Group's Senior and Junior Sukuk and the related syndicated term loan obtained for the purpose of financing the construction of the EDL which were securitized by the EDL project. Following the Government's decision to take over the EDL, this event has advertently triggered the terms of repayment and hence reclassification;
- (b) The drawdown on project loans associated with the duly sold out en-bloc office towers and hotel at Lot G, Kuala Lumpur Sentral which are completing this year;
- (c) The maturity of the Group's RM320 million Guaranteed Islamic Medium Term Notes (MTN) shall fall due within the next twelve (12) months. The MTN, which has another four (4) years term to progress, is expected to be rolled over until expiry of the credit facility.

The Group borrowings are all denominated in Ringgit Malaysia.

18. Material litigation

The Group is engaged in various litigations arising from its business transactions, the claims thereon amounting to approximately RM70.1 million. The Board of Directors has been advised on these claims for which reasonable defences exist. 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 some claims, some of them are counter claims amounting to approximately RM6.0 million arising from its business transactions.

19. Comparison with immediate preceding corresponding quarter's results

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The Group recorded higher revenue of RM299.8 million for the current 3rd quarter ended 30 September 2012 as compared to RM286.3 million in the preceding 3rd quarter ended 30 September 2011. The higher revenue was contributed mainly from the on-going development projects in Kuala Lumpur Sentral which include the successful launch of The Sentral Residences in the current quarter.

To resolve the non-tolling issue of EDL, the Government has recently decided to buy over the project from the concessionaire. Pending conclusion of the terms, the Government has also approved an interim payment commencing 1 May 2012 in consideration for the concessionaire to operate and maintain the highway, thus resulting in income recognitions from the interim payment. The Group also benefited from the write-back of impairment which is no longer required in relation to the Group's investments.

The improved performance of the Group's property division also contributed to the realisation of a higher operating profit at RM84.0 million in the current year's 3rd quarter compared to RM29.5 million recorded in the preceding year's 3rd quarter. Correspondingly, the Group's profit before taxation recorded an increase of more than 100% to close at RM47.1 million for the current quarter compared to RM20.5 million achieved in the preceding 3rd quarter.

Notes to the Interim Report

20. Review of performance

The Group's revenue increased by RM227.2 million to RM969.9 million for the cumulative 3rd quarter ended 30 September 2012 as compared to RM742.7 million recorded in the preceding cumulative 3rd quarter ended 30 September 2011. For the first time, property development and property investment activities had taken over from engineering & construction business as the main revenue contributor to the Group. The healthy growth in the Group's property division was contributed mainly from its ongoing property development projects at Kuala Lumpur Sentral boosted by the rental income from the Platinum Sentral since completion last year end and the successful launch and revenue recognition of The Sentral Residences commencing the 3rd quarter ended 30 September 2012. The environmental division also made significant contribution for the year under review after awards were received for work done under the two environmental projects.

In addition to the positive profit growth from the property development and property investment activities, the 79.3% jump in profit from operations to RM187.6 million in the current year cumulative quarter from RM104.6 million in the cumulative quarter ended 30 September 2011, was due to the recognition of the EDL interim payment and the one-off impairment provision no longer required as mentioned in Note 19 above.

21. Prospects

Amid the challenging economic backdrops, with the resolution of the EDL non-tolling issue, the Board remains positive that the Group will deliver another year of growth in revenue and profitability for the financial year under review.

Moving ahead, the property development and property investment activities especially within Kuala Lumpur Sentral continue to be the driver for the Group's plan to maintain sustainable growth path.

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22. Variance on forecast profit/profit guarantee

Not applicable.

Notes to the Interim Report

23. 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 issued during the current financial period.

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Net profit for the financial period attributable to the owners of the parent (RM'000)	35,782	14,735	63,094	63,393
Weighted average number of ordinary shares in issue ('000)	1,386,528	1,385,693	1,386,443	1,384,579
Basic EPS (sen)	2.58	1.06	4.55	4.58

Diluted EPS

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

Certain tranches of ESOS options were not included in the calculation because the market value of the issued ordinary shares as at 30 September 2012 was lower than the said option prices.

Individual Quarter Cumulative Quarter

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	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Net profit for the financial period attributable to the owners of the parent (RM'000)	35,782	14,735	63,094	63,393
Weighted average number of ordinary shares issued ('000)	1,386,528	1,385,693	1,386,443	1,384,579
Adjustment for ESOS ('000)	456	2,482	456	2,482
Weighted average number of ordinary shares issued ('000)	<u>1,388,984</u>	<u>1,388,175</u>	<u>1,386,899</u>	<u>1,387,061</u>
Diluted EPS (sen)	2.58	1.06	4.55	4.57

Notes to the Interim Report

24. Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 30 September 2012, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 30.09.2012 (RM'000)	Accumulated quarter ended 31.12.2011 (RM'000)
Total accumulated losses:		
- Realised	(110,096)	(107,227)
- Unrealised	(29,940)	(30,913)
Total share of accumulated profit or losses from associates:		
- Realised	2,999	8,996
- Unrealised	-	-
Total share of accumulated losses from jointly controlled entities:		
- Realised	(9,857)	(5,463)
- Unrealised	-	-
Add: Consolidation adjustments	2,404	(52,181)
Total Group accumulated losses	(144,490)	(186,788)

MALAYSIAN RESOURCES CORPORATION BERHAD

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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 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
20 November 2012