

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Financial Position as at 31 March 2010

	(Unaudited) As at 31 March 2010 RM'000	(Audited) As at 31 December 2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	551,550	863,036
Land held for property development	95,883	93,934
Investment properties	888,793	572,626
Prepaid lease rentals	18,399	18,468
Interest in associates	858	813
Available-for-sale investments	0	2
Interest in jointly controlled entities	13,746	13,056
Debt recoverable from an unquoted company	8,523	8,986
Deferred tax assets	10,923	13,946
Post-employment benefit surplus	1,496	1,496
	1,590,171	1,586,363
Current assets		
Inventories	91,798	94,791
Property development costs	575,828	568,694
Tax recoverable	10,330	8,889
Trade receivables	133,161	158,907
Other receivables	317,693	251,952
Derivative financial assets	202	0
Financial assets held for trading	2,964	3,377
Short term deposits	133,818	116,626
Cash and bank balances	10,541	11,764
	1,276,335	1,215,000
TOTAL ASSETS	2,866,506	2,801,363
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	476,394	476,392
Share premium	242,690	242,689
Foreign currency reserve	(9,281)	(7,314)
Retained profits	917,491	889,293
	1,627,294	1,601,060
Non controlling interests	147,341	143,429
Warrant reserve	28,069	28,069
Total equity	1,802,704	1,772,558

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Financial Position as at 31 March 2010 - continued

	(Unaudited) As at 31 March 2010 RM'000	(Audited) As at 31 December 2009 RM'000
Non current liabilities		
Post-employment benefit obligations	8,383	8,287
Provisions for other liabilities	17,677	17,632
Deferred tax liabilities	12,796	12,753
Borrowings	345,984	355,780
	384,840	394,452
Current liabilities		
Trade payables	128,935	162,894
Other payables and provisions	91,968	112,942
Current tax payable	2,069	8,527
Borrowings	455,990	349,990
	678,962	634,353
Total liabilities	1,063,802	1,028,805
TOTAL EQUITY AND LIABILITIES	2,866,506	2,801,363
Net assets per share attributable to equity holders of the Company (RM)	3.42	3.36

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the explanatory notes attached to this interim financial report.

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2010
The figures have not been audited.

	Individual quarter		Cumulative quarter	
	Current year quarter to 31 March 2010 RM'000	Preceding year quarter to 31 March 2009 RM'000	Current year to 31 March 2010 RM'000	Preceding year to 31 March 2009 RM'000
Revenue	189,804	204,235	189,804	204,235
Other operating income/ (expenses)	5,433	(6,151)	5,433	(6,151)
Operating profit before finance costs, depreciation, amortisation and tax	46,686	33,089	46,686	33,089
Depreciation and amortisation	(6,279)	(5,598)	(6,279)	(5,598)
Profit from operations	40,407	27,491	40,407	27,491
Finance costs	(7,823)	(7,662)	(7,823)	(7,662)
Share of results of associated companies	45	26	45	26
Share of results of jointly controlled entities	684	904	684	904
Profit before taxation	33,313	20,759	33,313	20,759
Tax expense	(7,823)	(13,393)	(7,823)	(13,393)
Profit for the period	25,490	7,366	25,490	7,366
Other comprehensive income				
Exchange differences on translating foreign operations	(1,967)	457	(1,967)	457
Total comprehensive income for the period	23,523	7,823	23,523	7,823

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2010
– continued

The figures have not been audited.

	Individual quarter		Cumulative quarter	
	Current year quarter to 31 March 2010 RM'000	Preceding year quarter to 31 March 2009 RM'000	Current year to 31 March 2010 RM'000	Preceding year to 31 March 2009 RM'000
Profit attributable to:				
Equity holders of the Company	22,156	16,984	22,156	16,984
Non-controlling interests	3,334	(9,618)	3,334	(9,618)
	<u>25,490</u>	<u>7,366</u>	<u>25,490</u>	<u>7,366</u>
Total comprehensive income attributable to:				
Equity holders of the Company	20,189	17,441	20,189	17,441
Non-controlling interests	3,334	(9,618)	3,334	(9,618)
	<u>23,523</u>	<u>7,823</u>	<u>23,523</u>	<u>7,823</u>
Earnings per share attributable to equity holders of the Company:				
– basic (sen)	4.7	3.6	4.7	3.6
– diluted (sen)	3.9	N.A	3.9	N.A
[See Part B Note 14(b)]				

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the explanatory notes attached to this interim financial report.

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 2010

The figures have not been audited.

	← Attributable to equity holders of the Company →				Sub-total RM'000	Non- controlling Interests RM'000	Warrant reserve RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Foreign currency reserve RM'000	Retained profits RM'000				
Balance as at 1 January 2010	476,392	242,689	(7,314)	889,293	1,601,060	143,429	28,069	1,772,558
Effects on the adoption of FRS 139	476,392	242,689	(7,314)	6,042	6,042	578		6,620
	476,392	242,689	(7,314)	895,335	1,607,102	144,007	28,069	1,779,178
Conversion of warrants to ordinary shares	2	1	-	-	3	-	-	3
Total comprehensive income for the period	-	-	(1,967)	22,156	20,189	3,334	-	23,523
Balance as at 31 March 2010	476,394	242,690	(9,281)	917,491	1,627,294	147,341	28,069	1,802,704
Balance as at 1 January 2009	476,378	242,686	(4,752)	780,628	1,494,940	145,654	31,930	1,672,524
Total comprehensive income for the period	-	-	457	16,984	17,441	(9,618)	-	7,823
Balance as at 31 March 2009	476,378	242,686	(4,295)	797,612	1,512,381	136,036	31,930	1,680,347

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the explanatory notes attached to this interim financial report.

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)
Condensed Consolidated Statement of Cash Flow for the financial period ended 31 March 2010

The figures have not been audited.

	Current year to 31 March 2010 RM'000	Preceding year to 31 March 2009 RM'000
<u>Cash flows from operating activities</u>		
– Net profit for the period	25,490	7,366
– Adjustments for non-cash and non-operating items	19,260	30,143
	<u>44,750</u>	<u>37,509</u>
– Changes in working capital		
• Net change in current assets	(43,356)	49,790
• Net change in current liabilities	(49,469)	(19,032)
– Development expenditure incurred	(1,949)	(192)
– Capital commitment reserves received	41	-
– Infrastructure costs utilised	(15)	-
– Staff retirement benefits paid	(186)	(347)
– Income tax paid	(12,810)	(9,423)
Net cash flow (used in)/from operating activities	<u>(62,994)</u>	<u>58,305</u>
<u>Cash flows from investing activities</u>		
– Proceeds from disposal of property, plant and equipment	-	13,301
– Net proceeds from disposal of marketable securities	3,277	65
– Purchase of property, plant and equipment	(822)	(35,343)
– Interest received	545	887
– Dividend received	-	38
– Development expenditure incurred on investment properties	(10,078)	(71)
Net cash flow used in investing activities	<u>(7,078)</u>	<u>(21,123)</u>
<u>Cash flows from financing activities</u>		
– Proceeds from issue of commercial papers	90,000	-
– Drawdown of term loan	43,981	-
– (Repayment)/drawdown of revolving credit	(5,000)	7,000
– Proceeds from issuance of shares from conversion of warrants	2	-
– Repayment of term loans	(27,659)	(23,434)
– Repayment of bankers acceptance	(2,288)	(38,557)
– Repayment of promissory note	-	(5,340)
– Payment of hire purchase liabilities	(188)	(180)
– Interest paid	(11,094)	(10,653)
– Financing expenses	(96)	(177)
Net cash flow from/(used in) financing activities	<u>87,658</u>	<u>(71,341)</u>
Net change in cash and cash equivalents	17,586	(34,159)
Cash and cash equivalents at 1 January	121,559	224,765
Effects of exchange rate changes	(111)	9
Cash and cash equivalents at 31 March	<u>139,034</u>	<u>190,615</u>

BANDAR RAYA DEVELOPMENTS BERHAD (5521-A)**Condensed Consolidated Cash Flow Statement for the financial period ended 31 March 2010 – continued**

The figures have not been audited.

	Current year to 31 March 2010 RM'000	Preceding year to 31 March 2009 RM'000
Cash and cash equivalents comprise:		
Short term deposits	133,818	184,056
Cash and bank balances	10,541	20,095
Bank overdraft (see Part B Note 9)	(5,325)	(13,536)
	<u>139,034</u>	<u>190,615</u>

Included in cash and cash equivalents is an amount of RM117.0 million (2009: RM111.2 million) which are monies subject to usage restriction. These are monies held under Housing Development Accounts pursuant to Section 7A of the Housing Development (Control & Licensing) Act, 1966 which can only be used for specific purposes allowed for under the Housing Developers (Housing Development Accounts) Regulations, 1991 and monies set aside for purposes of capital maintenance of the Group's strata-titled development projects.

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the explanatory notes attached to this interim financial report.

PART A : Explanatory notes pursuant to FRS 134

1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention except for investment properties, derivatives financial instruments, available-for-sale investments and financial assets held for trading which have been stated at fair value.

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities').

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following new and revised Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and amendments to FRSs and IC Interpretations which are relevant to the Group's operations with effect from 1 January 2010 :-

FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
Amendment to FRS 5,	Non-current assets held for sales and discontinued operations
Amendment to FRS 107,	Statement of Cash Flows
Amendment to FRS 108,	Accounting Policies, Changes in Accounting Estimates or Errors
Amendment to FRS 110,	Events After the Reporting Period
Amendment to FRS 116,	Property, Plant and Equipment
Amendment to FRS 117,	Leases
Amendment to FRS 118,	Revenue
Amendment to FRS 119,	Employee Benefits
Amendment to FRS 120,	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123,	Borrowing Costs
Amendment to FRS 127,	Consolidated and Separate Financial Statements
Amendment to FRS 128,	Investment in Associates
Amendment to FRS 131,	Interests in Joint Ventures
Amendment to FRS 134,	Interim Financial Reporting
Amendment to FRS 136,	Impairment of Assets
Amendments to FRS 139,	Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
Amendment to FRS 140,	Investment Property

2. Changes in Accounting Policies (Cont'd)

The adoption of the new and revised FRSs, amendments to FRSs and IC Interpretations has resulted in changes of certain accounting policies and classification adopted by the Group as well as presentation of financial statements as described hereunder :-

(a) FRS 101 “Presentation of Financial Statements (Revised)”

Prior to 1 January 2010, the components of a set of financial statements consisted of a balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements.

Upon the adoption of the revised FRS 101, a set of financial statements shall now comprise a statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity previously presented in the consolidated statement of changes in equity are now presented in the statement of comprehensive income as components in other comprehensive income.

The comparative financial information on the consolidated statement of comprehensive income have been re-presented as summarised below so that it is in conformity with the revised standard :-

	Consolidated Income Statement	Effects on adoption of FRS 101	Consolidated Statement of Comprehensive Income
	As previously reported RM'000	RM'000	As restated RM'000
Profit for the period	7,366	-	7,366
Other comprehensive income			
Exchange differences on translating foreign operations	-	457	457
Total comprehensive income	-	-	<u>7,823</u>

(b) FRS 139 “Financial Instruments : Recognition and Measurement”

The adoption of FRS 139 has resulted in financial instruments of the Group to be categorised and measured using the accounting policies summarised below :-

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instruments.

A financial instrument is recognised initially at its fair value. In the case of a financial instrument not categorised as fair value through profit or loss, the financial instrument is initially recognised at its fair value plus transaction costs that are directly attributable to acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. In the event that the embedded derivative is recognised separately, the host contract is accounted for in accordance with the policy applicable to the nature of the host contract.

2. Changes in Accounting Policies (Cont'd)

(b) FRS 139 “Financial Instruments : Recognition and Measurement” (Cont'd)

(ii) Financial assets

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading including derivatives, unless they are designated as hedges. Financial assets at fair value through profit or loss are subsequently measured at fair value with gain or loss recognised in profit or loss. This category of financial assets is classified as current assets.

Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method. This category of financial assets is classified as current assets unless the maturities are greater than twelve months in which case they are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are not held for trading. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other available-for-sale financial assets are subsequently measured at fair value with gain or loss recognised in other comprehensive income.

(iii) Financial liabilities

Financial liabilities of the Group comprise trade and other payables, borrowings and derivative financial liabilities. All financial liabilities are subsequently measured at amortised cost using effective interest method other than derivative financial liabilities which are categorised as fair value through profit loss. Derivative financial liabilities are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The Company has provided various financial guarantees for credit facilities granted to various subsidiaries. Such financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantee contracts are measured at the higher of the (a) amount determined in accordance with FRS 137 “Provisions, Contingent Liabilities and Contingent Assets” and (b) the initial fair value less cumulative amortisation.

2. Changes in Accounting Policies (Cont'd)

(b) FRS 139 “Financial Instruments : Recognition and Measurement” (Cont'd)

Following the adoption of FRS 139, the changes to accounting policies relating to recognition and measurement of the Group’s financial instruments are as follows :-

(i) Investments

Prior to 1 January 2010, investments in other non-current unquoted investments are stated at cost less allowance for diminution in value which was other than temporary in nature. Marketable securities are carried at the lower of cost and market value, determined on an individual portfolio basis.

With the adoption of FRS 139, other non-current unquoted investments and marketable securities are now categorised as available-for-sale investment and financial assets held for trading and measured as follows :-

- (a) Unquoted investment- at cost
- (b) Marketable securities - at fair value through profit or loss

(ii) Derivative financial instruments

Prior to 1 January 2010, outstanding financial derivatives as at balance sheet date were not recognised in the financial statements. They were only recognised on settlement dates.

Upon the adoption of FRS 139, derivative financial instruments are recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of those instruments. A derivative financial instrument is categorised as fair value through profit or loss and measured at its fair value with gain or loss recognised in profit or loss.

FRS 139 has been applied prospectively in accordance with the transitional provisions of the standard. In accordance to the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments as at 1 January 2010 were recognised as adjustments of the opening balance of retained profits or other appropriate reserves. Comparatives are not adjusted.

Since FRS 139 is applied prospectively, its adoption does not affect the profit or loss for the preceding year corresponding quarter ended 31 March 2009.

2. Changes in Accounting Policies (Cont'd)

(b) FRS 139 “Financial Instruments : Recognition and Measurement” (Cont'd)

Following the adoption of FRS 139, the changes to accounting policies relating to recognition and measurement of the Group’s financial instruments are as follows :-

	Balance as at 1 January 2010 before the adoption of FRS 139 RM’000	Increase/ (decrease) Effects adoption of FRS 139 RM’000	Balance as at 1 January 2010 after the adoption of FRS 139 RM’000
Retained profits	889,293	6,042	895,335
Non-controlling interests	143,429	578	144,007
Debt recoverable from an unquoted company	8,986	(617)	8,369
Trade receivables	158,907	374	159,281
Other receivables	251,952	(383)	251,569
Financial assets held for trading	3,377	3,403	6,780
Trade payables	162,894	(3,459)	159,435
Other payables and provisions	112,942	(3,029)	109,913
Derivative financial liabilities	-	36	36
Borrowings – current portion	349,990	(1)	349,989
Borrowings – non current portion	355,780	2,610	358,390

(c) Amendments to FRS 116 “Property, Plant and Equipment” and FRS 140 “Investment property”

Prior to 1 January 2010, property being constructed or developed for future use as investment property is classified as property, plant and equipment until the construction or development is completed.

Upon the adoption of the Amendments to FRS 116 and FRS 140, such property is accounted for as investment property rather than property, plant and equipment.

The effects arising from the adoption of the Amendments to FRS 116 and FRS 140 are as follows :-

(i) Effects on statement of financial position as at 31 March 2010

	Increase/(decrease) RM’000
Property, plant and equipment	(316,547)
Investment properties	316,547

(ii) Since Amendments to FRS 116 and FRS 140 are applied prospectively, no restatement of comparative figures are required for statement of financial position as at 31 December 2009.

The adoption of other new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations has no financial impact on the current interim financial statements or on the consolidated financial statements of the previous financial year.

3. Audit report of preceding annual financial statements

The audit report of the Group's financial statements for the financial year ended 31 December 2009 was not subject to any qualification.

4. Seasonality or cyclical of interim operations

Demand for properties is generally dependent on the national economic environment. Demand for particleboard and related products is seasonal and is also affected by national as well as global economic conditions.

5. Exceptional items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2010.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial period ended 31 March 2010.

7. Issuance and repayment of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the financial period ended 31 March 2010 except for the Company's issuance of 1,800 ordinary shares of RM1.00 each for cash, arising from the exercise of BRDB Warrants 2007/2012 at the exercise price of RM1.10 per ordinary share.

8. Dividends paid

There were no dividends paid for the financial period ended 31 March 2010.

9. Segmental reporting

Primary segment – business segment

	Revenue		Profit/(loss) from operations	
	Current year to 31 March 2010	Preceding year to 31 March 2009	Current year to 31 March 2010	Preceding year to 31 March 2009
	RM'000	RM'000	RM'000	RM'000
Property development	118,574	136,260	31,896	43,267
Property investment	10,345	7,026	4,091	118
Property management	162	326	160	221
Recreation	97	294	63	33
Construction	13,779	15,439	726	952
Supermarket and food hall	1,044	-	102	-
	144,001	159,345	37,038	44,591
Manufacturing	42,444	44,787	3,917	(16,945)
Investment	3,359	103	(548)	(155)
	189,804	204,235	40,407	27,491

Secondary segment – geographical segment
The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 31 March 2010 RM'000	Preceding year to 31 March 2009 RM'000	As at 31 March 2010 RM'000	As at 31 March 2009 RM'000	Current year to 31 March 2010 RM'000	Preceding year to 31 March 2009 RM'000
Malaysia	172,667	188,731	2,798,686	2,650,626	822	35,222
Hong Kong and China	-	-	121	104	-	42
Pakistan	13,779	15,439	61,366	43,956	-	79
Others	3,358	65	6,333	7,574	-	-
	<u>189,804</u>	<u>204,235</u>	<u>2,866,506</u>	<u>2,702,260</u>	<u>822</u>	<u>35,343</u>

10. Valuations of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment allowances.

11. Material events subsequent to the financial period ended 31 March 2010

There were no material events subsequent to the end of the financial period ended 31 March 2010.

12. Changes in the composition of the Group during the financial period ended 31 March 2010

There were no changes in the composition of the Group during the financial period ended 31 March 2010.

13. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities and contingent assets since the last annual Statement of Financial Position on 31 December 2009 except for:

	As at 31 March 2010 RM'000	As at 31 December 2009 RM'000
Corporate guarantees (unsecured) issued by the Company to licensed financial institutions for banking facilities granted to certain subsidiaries	<u>365,818</u>	<u>326,242</u>

14. Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2010 were as follows:

Authorised and contracted	51,014
Authorised but not contracted	27,587
	<u>78,601</u>
Analysed as follows:	
Property, plant and equipment:	
- capital work-in-progress	904
- others	7,132
Investment properties	70,565
	<u>78,601</u>

PART B : Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

1. Review of performance

Quarter on Quarter review

Group revenue of RM189.8 million for the first quarter of 2010 was down 7% against RM204.2 million a year ago mainly due to lower property sales. Revenue in the property division contracted 13% to RM118.5 million from RM136.2 million a year ago due to fewer properties sold, lower progress income recognition and lower construction contract revenue, which were partially mitigated by higher rental income from the newly refurbished Bangsar Shopping Centre (BSC) and proceeds from sale of marketable securities. Revenue from the manufacturing division under Mico Chipboard Berhad (MIECO) fell 5% to RM42.4 million from RM44.7 million a year ago due to lower sales volume of particleboard, despite higher sales of value-added products.

Although revenue was lower, first quarter 2010 group pre-tax profit of RM33.3 million was 61% higher when compared to RM20.7 million a year earlier as MIECO's performance improved. MIECO recorded a pre-tax profit of RM1.4 million against a loss of RM20.1 million a year ago due to better margins, lower operational costs and foreign exchange gains. Pre-tax profit in the property division dropped by 22% with the completion of One Menerung in the last quarter of 2009, though cushioned by higher progress income recognition from CapSquare Office Tower 2.

2. Material change in profit before taxation for the quarter against the immediate preceding quarter

Group pre-tax profit of RM33.3 million in the first quarter of 2010 increased by 33% against RM25.1 million in the immediate preceding quarter due to the property division, which achieved higher rental income and incurred lower expenditure following the completion of upgrading works and major refurbishment of BSC in the last quarter of 2009.

MIECO saw a 36% decrease in profit before tax in the first quarter of 2010 due to lower sales and production volume against the preceding quarter's results.

3. Prospects for the current financial period

Economic recovery is gaining momentum in Asia including Malaysia although the global financial system remains fragile. The property division is cautiously optimistic of its performance in the current financial year given its unbilled sales and planned launch of several new projects in Klang Valley and Johor this year. The Group also expects greater recurring income contribution from its investment properties with the completion and increasing occupancy of BSC and BRDB Tower.

Notwithstanding still challenging business conditions, MIECO hopes to improve its performance in the current financial year with its continued focus on value added sales, greater operational efficiencies and management of costs of key raw material components.

4. Variance of actual profit from forecast profit

The Group did not provide any profit forecast in a public document and therefore, this note is not applicable.

5. Tax expense/(credit)

	Current quarter to 31 March 2010 RM'000	Current year to 31 March 2010 RM'000
In respect of current year		
- Malaysian tax	4,528	4,528
- Foreign tax	238	238
	<u>4,766</u>	<u>4,766</u>
Deferred taxation		
- Malaysian tax	3,066	3,066
	<u>3,066</u>	<u>3,066</u>
In respect of prior periods		
- Malaysian tax	(11)	(11)
- Foreign tax	2	2
	<u>(9)</u>	<u>(9)</u>
Tax expense	<u>7,823</u>	<u>7,823</u>

The Group's effective tax rate for the current year to date and current quarter is lower than the statutory tax rate of 25% mainly due to income not subject to tax and utilisation of unrecognised tax losses in previous year.

6. Sale of unquoted investments and / or properties

There were no sales of unquoted investments or properties outside the ordinary course of business during the current quarter and financial period ended 31 March 2010.

7. Marketable securities

a) Total purchases and sales of marketable securities:

	Current quarter to 31 March 2010 RM'000	Current year to 31 March 2010 RM'000
Total purchases	-	-
Total sales proceeds	3,358	3,358
Total profit on sale	-	-

b) Details of investment in marketable securities as at 31 March 2010:

	RM'000
At cost	10,598
At carrying value (after allowance for impairment loss)	2,964
At market value	2,964

8. Status of corporate proposals

There are no corporate proposals announced but not completed as at the date of this report.

9. Borrowings and debt securities

The Group's borrowings are all denominated in Ringgit Malaysia except for a USD11.2 million term loan. The details of the Group's borrowings as at 31 March 2010 are as follows:

	Current		Non-current	
	RM'000	Foreign currency USD'000	RM'000	Foreign currency USD'000
Term loans (secured)	139,522		80,000	
Term loan (unsecured)	7,046	540	139,160	10,665
Bonds (unsecured)	-		100,607	
Revolving credit (secured)	40,000		-	
Revolving credit (unsecured)	155,000		-	
Medium term note (unsecured)	-		25,017	
Bankers acceptance (unsecured)	18,328		-	
Bank overdraft (unsecured)	5,325		-	
Commercial paper (unsecured)	90,000		-	
Hire purchase creditors (secured)	769		1,200	
	<u>455,990</u>		<u>345,984</u>	

Finance cost of RM1.2 million arising from funds specifically borrowed for the acquisitions of freehold lands had been capitalised to property development costs during the financial period ended 31 March 2010.

10. Derivative Financial Instruments – Forward Foreign Currency Contracts

The outstanding forward foreign currency exchange contracts as at 31 March 2010 are as follows:

Type of Derivatives	Contract/ Notional value RM'000	Fair Value RM'000
Foreign Exchange Contracts		
- Less than 1 year	7,321	7,236
- 1 year to 3 years	-	-
- More than 3 years	-	-

Forward foreign currency exchange contracts are entered into with licensed banks to hedge the Group's exposure to foreign exchange risk in respect of its export sales and imported purchases by establishing the rate at which foreign currency assets or liabilities will be settled.

These contracts are executed with credit-worthy/reputable financial institutions in Malaysia and as such, credit risk and liquidity risk in respect of non-performance by counterparties to these contracts is minimal.

The fair value of the forward foreign currency exchange contracts are subject to market risk. The fair value of the forward contracts may decline if the exchange rate of the underlying currency decreases.

There are no cash requirements for these derivatives.

Forward foreign currency exchange contracts are recognised on the contract dates and are measured at fair value with changes in fair value recognised in profit or loss.

11. Fair value changes of financial liabilities

There are no financial liabilities measured at fair value through profit or loss as at 31 March 2010.

12. Changes in material litigation

As at the date of this report, there were no changes in material litigation since the last annual report Statement of Financial Position date of 31 December 2009.

13. Dividend

The directors do not recommend the payment of any interim dividend for the financial period ended 31 March 2010. No interim dividend was declared for the same period last year.

14. Earnings per share

	Current year quarter to 31 March 2010	Preceding period quarter to 31 March 2009	Current year to 31 March 2010	Preceding period to 31 March 2009
a) Basic				
Net profit attributable to equity holders of the Company (RM'000)	22,156	16,984	22,156	16,984
Weighted average number of ordinary shares in issue ('000)	476,393	476,378	476,393	476,378
Earnings per share (sen)	4.7	3.6	4.7	3.6
b) Diluted				
Net profit attributable to equity holders of the Company (RM'000)	22,156	N.A.	22,156	N.A.
Weighted average number of ordinary shares in issue ('000)	476,393	N.A.	476,393	N.A.
Adjustment for effect of dilution on warrants issued ('000)	91,167	N.A.	91,167	N.A.
Weighted average number of ordinary shares for diluted earnings per share ('000)	567,560	N.A.	567,560	N.A.
Diluted earnings per share (sen)	3.9	N.A.	3.9	N.A.

BY ORDER OF THE BOARD
BANDAR RAYA DEVELOPMENTS BERHAD

Ho Swee Ling
Company Secretary
Kuala Lumpur

19 May 2010