

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.6.2014 (unaudited)	30.6.2013 (unaudited)	30.6.2014 (unaudited)	30.6.2013 (unaudited)
<b><u>Continuing operations</u></b>					
Revenue		325,685	185,731	530,334	447,765
Expenses		(312,157)	(167,034)	(487,987)	(418,229)
Other operating income	14	175,005	32,049	214,288	66,960
Profit from operations		188,533	50,746	256,635	96,496
Finance costs		(47,112)	(40,081)	(85,507)	(80,849)
Share of results of associates		5,050	2,810	5,728	3,107
Share of results of joint venture		(7,708)	(362)	(14,185)	(559)
Profit before tax		138,763	13,113	162,671	18,195
Income tax expenses	15	(15,449)	(5,019)	(25,988)	(6,479)
Profit from continuing operations		123,314	8,094	136,683	11,716
<b><u>Discontinuing operations</u></b>					
Profit from discontinuing operations (net of tax)		689	-	6,540	-
Profit for the financial period		124,003	8,094	143,223	11,716
Other comprehensive income for the financial period, net of tax:					
Item that may be reclassified subsequent to comprehensive income					
- Currency translation differences		(14)	(1,239)	368	(1,009)
Total comprehensive income for the financial period, net of tax		123,989	6,855	143,591	10,707

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

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In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.6.2014 (unaudited)	30.6.2013 (unaudited)	30.6.2014 (unaudited)	30.6.2013 (unaudited)
<b>Profit for the financial period attributable to:</b>					
Equity holders of the Company					
- from continuing operations		117,842	5,809	123,976	11,061
- from discontinuing operations		689	-	6,540	-
		<u>118,531</u>	<u>5,809</u>	<u>130,516</u>	<u>11,061</u>
Non controlling interests		5,472	2,285	12,707	655
		<u>124,003</u>	<u>8,094</u>	<u>143,223</u>	<u>11,716</u>
<b>Total comprehensive income for the financial period attributable to:</b>					
Equity holders of the Company					
- from continuing operations		117,824	4,936	124,453	10,358
- from discontinuing operations		689	-	6,540	-
		<u>118,513</u>	<u>4,936</u>	<u>130,993</u>	<u>10,358</u>
Non controlling interest		5,476	1,919	12,598	349
		<u>123,989</u>	<u>6,855</u>	<u>143,591</u>	<u>10,707</u>
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
Basic and diluted					
- from the continuing operations	23	7.11	0.42	7.48	0.80
- from the discontinuing operations	23	0.04	-	0.40	-
		<u>7.15</u>	<u>0.42</u>	<u>7.88</u>	<u>0.80</u>

**Note:** The discontinuing operations in the financial period are in relation to the proposed disposal of an investment property, see Note 16(a) for details.

**The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013**

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.6.2014 (unaudited)	As at 31.12.2013 (audited)
<b>ASSETS</b>		
<b>Non current assets</b>		
Property, plant and equipment	40,919	37,879
Investment properties	869,071	857,481
Land held for property development	868,694	818,996
Associates	118,474	90,957
Joint venture	80,805	94,988
Long term loan and receivable	544,295	531,909
Available for sale financial assets	577	577
Intangible assets	277,121	291,100
Deferred tax assets	31,645	33,513
	<u>2,831,601</u>	<u>2,757,400</u>
<b>Current assets</b>		
Inventories	11,878	8,399
Properties development costs	948,584	716,443
Trade and other receivables	595,798	649,160
Amount due from joint venture	1,023	537
Tax recoverable	3,149	10,480
Financial assets at fair value through profit or loss	4,533	4,533
Deposits, cash and bank balances	914,531	603,435
	<u>2,479,496</u>	<u>1,992,987</u>
<b>Assets held for sale</b> (see Note A below)	1,723,489	1,852,337
<b>TOTAL ASSETS</b>	<u><u>7,034,586</u></u>	<u><u>6,602,724</u></u>

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.6.2014 (unaudited)	As at 31.12.2013 (audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,760,118	1,651,311
Share premium	323,945	247,780
Accumulated losses	(144,540)	(275,056)
Other reserves	59,101	51,381
	<u>1,998,624</u>	<u>1,675,416</u>
Non controlling interests	169,613	61,318
<b>Total equity</b>	<u>2,168,237</u>	<u>1,736,734</u>
<b>Non current liabilities</b>		
Loan stock at cost	7,000	7,000
Long term borrowings	992,804	908,986
Long term liabilities	25,760	27,128
Deferred tax liabilities	96,898	95,068
	<u>1,122,462</u>	<u>1,038,182</u>
<b>Current liabilities</b>		
Trade and other payables	1,039,268	1,102,112
Current tax liabilities	22,733	9,639
Senior and Junior Sukuk	1,058,461	1,058,462
Short term borrowings	1,576,941	1,535,851
Guaranteed return to a non controlling interest	40,000	115,000
	<u>3,737,403</u>	<u>3,821,064</u>
<b>Liabilities associated with assets held for sale</b> (see Note A below)	6,484	6,744
<b>Total liabilities</b>	<u>4,866,349</u>	<u>4,865,990</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>7,034,586</u></u>	<u><u>6,602,724</u></u>
<b>Net assets per share attributable to the equity holders of the Company (sen)</b>	<u>113.5</u>	<u>101.5</u>

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.6.2014 (unaudited)	As at 31.12.2013 (audited)
<b>Note A</b>		
<b>Non current assets held for sale</b>		
Service concession asset	1,321,672	1,321,672
Investment properties	396,891	396,891
Deferred tax asset in relation to investment property	4,926	4,926
Long term loan and receivable	-	128,848
	<u>1,723,489</u>	<u>1,852,337</u>
<b>Liabilities associated with assets held for sale</b>		
Other payables	6,484	6,744
Net assets held for sale	<u>1,717,005</u>	<u>1,845,593</u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013*

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Condensed Consolidated Statement of Cash Flows

In RM'000	6 months ended	
	30.6.2014	30.6.2013 (unaudited)
<b>Operating activities</b>		
Cash receipts from customers	645,928	764,272
Cash paid to suppliers and employees	(522,195)	(703,615)
Cash generated from operations	123,733	60,657
Finance costs paid	(7,061)	(841)
Taxes paid	(6,811)	(14,153)
Net cash generated from operating activities from continuing operations	109,861	45,663
Net cash used in operating activities from discontinuing operation	(367)	-
<b>Net cash generated from operating activities</b>	<b>109,494</b>	<b>45,663</b>
<b>Investing activities</b>		
Acquisition of equity investments	(122,573)	(21,800)
Proceeds from divestment of equity investments	273,000	-
Dividend received	85	85
Non equity investments	(5,201)	3,720
Acquisition of subsidiary	27,642	-
Net cash generated from/(used in) investing activities from continuing operations	172,953	(17,995)
Net cash generated from investing activities from discontinuing operations	168	-
Net cash generated from/(used in) investing activities	173,121	(17,995)
<b>Financing activities</b>		
Proceeds from borrowings	401,643	142,113
Repayment of borrowings	(277,568)	(180,112)
Interest paid	(85,885)	(93,759)
Placement of restricted cash	(15,154)	(11,662)
Net cash generated/(used in) from financing activities from continuing operations	23,036	(143,420)
Net cash used in financing activities from discontinuing operations	(9,318)	-
Net cash generated/(used in) from financing activities	13,718	(143,420)
Net increase/(decrease) in cash and cash equivalent	296,333	(115,752)
Cash and cash equivalents at beginning of the financial period	308,520	397,815
<b>Cash and cash equivalent at end of financial period</b>	<b>604,852</b>	<b>282,063</b>

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

Bank balances and deposits	914,531	540,112
Less: Bank balances and deposits held as security value	(309,679)	(258,049)
	<u>604,852</u>	<u>282,063</u>

*The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013*

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Condensed Consolidated Statement of Changes in Equity

In RM'000	Attributable to equity holders of the Company				Total	Non controlling interests	Total equity
	Share Capital	Share premium	Other reserves	Accumulated losses			
<b>At 1 January 2014</b>	1,651,311	247,780	51,381	(275,056)	1,675,416	61,318	1,736,734
<b>Comprehensive income</b>							
- Profit for the financial period	-	-	-	130,516	130,516	12,707	143,223
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	258	-	258	110	368
Total comprehensive income	-	-	258	130,516	130,775	12,817	143,591
<b>Transactions with owners</b>							
Acquisition of a subsidiary	108,807	76,165	7,462	-	192,434	95,478	287,912
<b>At 30 June 2014 (unaudited)</b>	<u>1,760,118</u>	<u>323,945</u>	<u>59,101</u>	<u>(144,540)</u>	<u>1,998,624</u>	<u>169,613</u>	<u>2,168,237</u>
<b>Other reserves</b>							
In RM'000	Revaluation reserve	Other reserve	Currency translation reserves	Share option reserve	Warrants reserve	Retirement benefit reserve	Total
<b>At 1 January 2014</b>	28,090	1,666	445	1,877	19,574	(271)	51,381
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	258	-	-	-	258
Total other comprehensive income	-	-	258	-	-	-	258
<b>Transactions with owners</b>							
Acquisition of a subsidiary	-	-	-	-	7,462	-	7,462
<b>At 30 June 2014 (unaudited)</b>	<u>28,090</u>	<u>1,666</u>	<u>703</u>	<u>1,877</u>	<u>27,036</u>	<u>(271)</u>	<u>59,101</u>

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Condensed Consolidated Statement of Changes in Equity

In RM'000	Attributable to equity holders of the Company				Total	Non controlling interests	Total equity
	Share Capital	Share premium	Other reserves	Accumulated losses			
<b>At 1 January 2013</b>	1,387,811	134,475	32,269	(140,759)	1,413,796	69,134	1,482,930
<b>Comprehensive income</b>							
- Loss for the financial year	-	-	-	(109,132)	(109,132)	(8,819)	(117,951)
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	(657)	-	(657)	(282)	(939)
- Actuarial loss on defined benefit obligations	-	-	(271)	-	(271)	(4)	(275)
Total comprehensive losses	-	-	(928)	(109,132)	(110,060)	(9,105)	(119,165)
<b>Transactions with owners</b>							
Acquisition of subsidiaries	263,500	113,305	19,574	-	396,379	1,491	397,870
Employees' share option scheme							
- options granted	-	-	1,669	-	1,669	-	1,669
- options lapsed	-	-	(1,203)	1,203	-	-	-
Dividends							
- financial year ended 31 December 2012	-	-	-	(26,368)	(26,368)	-	(26,368)
- financial year ended 31 December 2013	-	-	-	-	-	(202)	(202)
Total transactions with owners	263,500	113,305	20,040	(25,165)	371,680	1,289	372,969
<b>At 31 December 2013 (audited)</b>	<b>1,651,311</b>	<b>247,780</b>	<b>51,381</b>	<b>(275,056)</b>	<b>1,675,416</b>	<b>61,318</b>	<b>1,736,734</b>



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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Condensed Consolidated Statement of Changes in Equity

<u>Other reserves</u>							
In RM'000	Revaluation <u>reserve</u>	Other <u>reserve</u>	Currency translation <u>reserves</u>	Share option <u>reserve</u>	Warrants <u>reserve</u>	Retirement benefit <u>reserve</u>	<u>Total</u>
<b>At 1 January 2013</b>	28,090	1,666	1,102	1,411	-	-	32,269
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	(657)	-	-	-	(657)
- Actuarial loss on defined benefit obligations	-	-	-	-	-	(271)	(271)
Total other comprehensive loss	-	-	(657)	-	-	(271)	(928)
<b>Transactions with owners</b>							
Upon acquisition of subsidiaries	-	-	-	-	19,574	-	19,574
Employees' share option scheme							
- options granted	-	-	-	1,669	-	-	1,669
- options lapsed	-	-	-	(1,203)	-	-	(1,203)
Total transactions with owners	-	-	-	466	19,574	-	20,040
<b>At 31 December 2013 (audited)</b>	<u>28,090</u>	<u>1,666</u>	<u>445</u>	<u>1,877</u>	<u>19,574</u>	<u>(271)</u>	<u>51,381</u>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013*

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

### 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 2013.

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 2013, other than for the compliance with the new/revised Financial Reporting Standards (FRS) that came into effect during the financial period under review.

The Group has applied the following new standards, amendments to standard and interpretations that came into effect during the financial period under review:

- Amendments to FRS 132 "Offsetting Financial Assets and Financial Liabilities"
- Amendments to FRS 136 "Recoverable Amount Disclosures for Non-Financial Assets"

The above new amendments to standard do not have financial impact on the results of the Group as these changes only affect disclosures.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2014. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standard from financial year beginning 1 January 2015.

#### 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. 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

There were no other items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows except for the completion of the acquisition of 70% equity interest in P.J Sentral Development Sdn Bhd (Note 12(a)) and the disposal gain of RM94.9 million arising upon completion of the sale of investment (Note 12 (b)).

#### 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.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Notes to the Interim Report

### 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 allotment of 108,807,365 ordinary shares of RM1.00 each and 31,087,819 free detachable warrants pursuant to the completion of the acquisition of 70% equity interest in P.J Sentral Development Sdn Bhd on 24 June 2014 as disclosed in Note 12(a).

### 8. Dividends

During the Company's 43<sup>rd</sup> Annual General Meeting held on 27 June 2014, the shareholders of the Company had approved the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2013 of 1.0% or 1.0 sen per ordinary share, amounting to RM17,601,183. The dividend was paid on 23 July 2014.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Notes to the Interim Report

### 9. Segmental reporting

	Engineering and Construction RM'000	Property development and investment RM'000	Infrastructure RM'000	Facilities management and parking RM'000	Investment holding and others RM'000	Total RM'000	Discontinued operations RM'000	Total RM'000
<b>6 months ended 30.6.2014</b>								
Total revenue	335,050	316,220	1,269	43,576	2,331	698,446	23,708	722,154
Inter segment revenue	(150,503)	(4,703)	(1,269)	(9,392)	(2,245)	(168,112)	(900)	(169,012)
External revenue	184,547	311,517	-	34,184	86	530,334	22,808	553,142
Segment results	14,599	65,807	414	2,753	99,303	182,876	15,369	198,245
Interim payment from Government						53,367	-	53,367
Finance income						20,392	207	20,599
Finance costs						(85,507)	(7,849)	(93,356)
Share of results of joint venture and associates	5,035	(15,884)	2,392	-	-	(8,457)	-	(8,457)
Profit before tax						162,671	7,727	170,398

**Note:** Effective 1<sup>st</sup> January 2014, environmental businesses/projects have been reclassified under Engineering and Construction division. Hence, the previously Infrastructure and Environmental division is now known as Infrastructure division.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Notes to the Interim Report

### 9. Segmental reporting (continued)

	Engineering and construction RM'000	Property development and investment RM'000	Infrastructure and environmental RM'000	Facilities management and parking RM'000	Investment holding and others RM'000	Total RM'000
<b>6 months ended 30.6.2013</b>						
Total revenue	373,950	195,040	9,602	46,015	38	624,645
Inter segment revenue	(157,889)	(6,165)	-	(12,826)	-	(176,880)
External revenue	216,061	188,875	9,602	33,189	38	447,765
Segment results	9,325	44,179	(1,069)	3,001	(19,208)	36,228
Interim payment from Government						50,205
Finance income						10,063
Finance costs						(80,849)
Share of results of joint venture and associates	4,253	(152)	(1,553)	-	-	2,548
Profit before tax						18,195

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## 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

The Company's wholly owned subsidiary which holds the concession right to the Eastern Dispersal Link Highway ("EDL"), MRCB Lingkaran Selatan Berhad ("MLSB") had on 31 July 2014 entered into the following agreements with the Government of Malaysia ("GoM") :-

- (i) Termination Agreement to terminate the Interim Agreement (Note 14(a)) and all interim payment received up to July 2014 shall deemed to be accounted for by both parties as a compensation by the GoM to MLSB for the delay in gazetting the collection of toll on the EDL pursuant to the Concession Agreement; and
- (ii) Supplementary Agreement which came into effect on 1 August 2014 to amend and vary the relevant provisions of the Principal Concession Agreement.

Upon execution of the above agreements, MLSB has commenced tolling on 1 August 2014.

Other than the above, there were no other material events subsequent to the end of the current quarter ended 30 June 2014 that have not been reflected in this interim report.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Notes to the Interim Report

### 12. Changes in the composition of the Group

- (a) The Company had on 24 June 2014 completed the acquisition of 70% equity in P.J Sentral Development Sdn Bhd (“P.J Sentral”) in accordance with the terms and conditions of the Share Sale Agreement with Nusa Gapurna Development Sdn Bhd (“NGD SSA”), signed on 8 February 2013 and amended and varied by the Supplementary NGD SSA and NGD letter.

The details of the provisional fair value of P.J Sentral’s identifiable assets acquired and liabilities assumed are as follows:

<b>Provisional Fair Value of Assets Acquired and Liabilities Assumed</b>	<b>At date of acquisition RM'000</b>
Property, plant and equipment	166
Property development costs	340,154
Other receivables	11
Cash and bank balances	27,642
Other payables	(49,713)
Non controlling interest	(95,478)
Purchase consideration	<b>222,782</b>
Cash and cash equivalent acquired	(27,642)
	<b>195,140</b>
<b>The fair value purchase consideration comprises:</b>	
- Cash	30,349
- Ordinary shares issued (108,807,365@RM1.70/ share)	184,972
- Free detachable warrants issued (31,087,819@ RM0.24)	7,461
	<b>222,782</b>

- (b) The Company had on 29 January 2013 entered into a Sale Agreement with Ekovest Berhad (“Ekovest”) and its subsidiaries for the disposal of the following:-
- (i) 1,500,000 ordinary shares of RM1.00 each in Nuzen Corporation Sdn Bhd (“Nuzen”) and 13,500,000 redeemable preference shares of RM1.00 each in Nuzen representing the Company’s entire 30% equity interest in Nuzen to Wira Kristal Sdn Bhd, a wholly owned subsidiary of Ekovest;
- (ii) 585 Series A redeemable preference shares of RM1.00 each in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (“Kesturi”) to Ekovest Construction Sdn Bhd, a wholly subsidiary of Ekovest; and
- (iii) RM54.0 million nominal value redeemable secured junior bonds in Kesturi to Ekovest.

herein defined as Duta-Ulu Kelang Expressway (“DUKE”) sale for a total cash consideration of RM228.0 million.

The disposal was completed on 30 June 2014 and the disposal gain to the Group was RM94.9 million.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

### Notes to the Interim Report

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

- (c) The Company's wholly owned subsidiary, Bitar Enterprises Sdn Bhd had on 3 July 2014 enter into a Deed with the initial shareholders of MRCB Land (Australia) Pty Ltd ("MLAPL"), Tam Cheok Wing, Choong Kai Wai and Chang Chai Kin to acquire the remaining 30% equity interest comprising 126 ordinary shares in MLAPL for a total cash consideration of A\$1,341,247.

The acquisition was completed on the same day. With this, MLAPL has become a wholly owned subsidiary for the Company.

- (d) The Company had on 14 April 2014 entered into a Sale and Purchase Agreement with Bistraya Acres Sdn Bhd ("Bistraya Acres"), a wholly owned subsidiary of Gapurna Sdn Bhd, to acquire 3 parcels of land totaling 617,452 square feet in Bukit Rahman Putra, Sungai Buloh from Bistraya Acres for a total cash consideration of RM83.0 million.

The acquisition was completed on 22 July 2014.

- (e) The Company had on 20 June 2014 entered into a sale and purchase agreement with ASPL M3A Limited for the acquisition of the remaining 40% equity interest in Excellent Bonanza Sdn Bhd ("EBSB"), consisting 2,000,000 ordinary share of RM1.00 each and 62,406 non-cumulative non-convertible redeemable preference shares of RM0.01 each for a cash consideration of RM16,960,000.

The acquisition was completed on 19 August 2014. With this, EBSB has become a wholly owned subsidiary of the Company.

- (f) The Company had on 24 July 2014 entered into a Share Sale Agreement ("SSA") with Pelaburan Hartanah Berhad ("PHB") to acquire all PHB's 51% equity interest in Penang Sentral Sdn Bhd ("PSSB"), consisting 12,750,000 ordinary share of RM1.00 each and 30,600,000 redeemable non-cumulative preference shares of RM0.10 each for a total cash consideration of RM50,751,000.

The acquisition was completed on 8 August 2014. With this, PSSB has become a wholly owned subsidiary of the Company.

#### 13. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprises trade and performance guarantees, amounted to RM190.2 million as at 30 June 2014 (as compared to RM226.9 million as at 31 December 2013). There are no material contingent assets to be disclosed.



# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Notes to the Interim Report

### 14. Other operating income

Other operating income mainly consists of the followings:

- (a) The Government's interim payment to reimburse the operating and maintenance expenses inclusive of finance costs in relation to the Eastern Dispersal Link Highway (EDL) project pursuant to the Interim Agreement signed on 27 November 2012 until final agreement is reached for the Government of Malaysia to take over the expressway.

Subsequent to the financial period ended 30 June 2014, the Company entered into a Termination Agreement to terminate the Interim Agreement on 31 July 2014 as disclosed in Note 11(i).

- (b) The disposal gain of RM94.9 million as stated in Note 12(b) above.

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

### 15. Income tax expenses

In RM'000	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
In Malaysia				
Taxation				
- current year	(16,524)	(7,232)	(27,879)	(10,181)
- over provision in prior years	1,076	206	1,838	1,167
Deferred tax	(1)	2,007	53	2,535
	<u>(15,449)</u>	<u>(5,019)</u>	<u>(25,988)</u>	<u>(6,479)</u>

Lower effective taxation was mainly due to the capital gain of RM94.9 arising from the completion of the corporate exercise (Note 12(b)) which is non-taxable income.

Taxation is provided mainly due to non-availability of group relief for losses of certain subsidiaries to be utilized to set off against the taxable profits of other entities and also due to certain expenses being non tax deductible.

The deferred tax was mainly due to the net impact from reversal of deferred tax liabilities and some non-deductible temporary differences as well as recognition of unabsorbed tax losses as deferred tax asset.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

### Notes to the Interim Report

#### 16. Corporate Proposal

Corporate proposal announced that are yet to be completed at the date of this report are as follows:-

- (a) The Company's wholly owned subsidiary, MRCB Sentral Properties Sdn Bhd had on 10 April 2014 entered into a conditional sale and purchase agreement ("SPA") with Maybank Trustees Berhad, acting as trustee for Quill Capita Trust, a real estate investment trust ("REIT") ("QCT"), for the disposal of the Group's investment property known as Platinum Sentral for a total consideration of RM750 million, of which RM486 million will be satisfied in cash and RM264 million will be satisfied via the proposal issuance of 206.25 million units in QCT ("Unit") at an issue price of RM1.28 per Unit.

Simultaneous with the execution of the SPA, the Company entered into Share Sale Agreement with CapitalLand RECM Pte Ltd ("CRPL") and Coast Capital Sdn Bhd ("CCSB") to acquire 40% equity interest and 1% equity interest in Quill Capita Management Sdn Bhd ("QCM") (being the management company of QCT) respectively, for a total cash consideration of RM5,882,835.80.

CRPL and CCSB are the existing shareholders of QCM, holding 40% and 30% equity interest in QCM respectively.

- (b) The Company had on 20 June 2014, together with Nusa Gapurna Development Sdn Bhd entered into a settlement agreement with PKNS Holding Sdn Bhd ("PKNS") to resolve all disputes, conflict, differences, claims and complaints against each other. On the same day, the Company also entered into a share sale agreement with PKNS for the acquisition of the balance 30% equity interest in P.J Sentral Development Sdn Bhd (P.J Sentral") held by PKNS for a cash consideration of RM85,300,000.

Simultaneous with the execution of the settlement agreement, P.J Sentral and PKNS had entered into a development agreement for the purpose of granting development rights to PKNS over the development of a building identified as Tower 2 which is to be constructed/developed on a parcel of development land held by P.J Sentral at an agreed value of RM91,119,462.27.

- (c) The Company had on 14 August 2014 entered into a Shareholders' Agreement ("SHA") with Kwasa Land Sdn Bhd ("Kwasa Land") and Kwasa Development (2) Sdn Bhd ("KDSB") for the subscription of 700,000 new ordinary shares of RM1.00 each, representing 70% equity interest in KDSB for a cash subscription payment of approximately RM816.6 million ("Proposed Subscription"). KDSB is a special purpose vehicle incorporated to undertake the mixed development of 64.07 acres of land ("MX-1 Land") identified to be the town centre of the proposed Kwasa Damansara Township.

Currently, KDSB is a wholly owned subsidiary of Kwasa Land. Prior to the SHA, on 8 August 2014, Kwasa Land and KDSB had entered into a sale and purchase agreement for the purchase of the MX-1 Land by KDSB from Kwasa Land.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Notes to the Interim Report

### 17. Group borrowings

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

	As at 30.6.2014 RM'000	As at 31.12.2013 RM'000
<b>Secured</b>		
Short term	2,485,402	2,474,313
Long term	992,804	908,986
<b>Unsecured</b>		
Short term	<u>150,000</u>	<u>120,000</u>
Total	<u>3,628,206</u>	<u>3,503,299</u>

The increase in the Group borrowings was mainly due to the Group's drawdown on project loans and utilization of working capital facilities.

The Group's secured short term loans mainly consist of:-

- (a) The Senior and Junior Sukuk and the related syndicated term loan amounting to RM1.275 billion which were obtained for the purpose of financing the construction of the EDL that has been classified as asset held for sale since financial year ended 31 December 2012;
- (b) Kuala Lumpur Sentral Lot B Q Sentral office, Lot D The Sentral Residences and the Lot G Nu Tower offices project loans totaling RM724 million; and
- (c) RM380 million Guaranteed Islamic Medium Term Notes for Platinum Sentral which has been reclassified from long term loan to short term loan in line with the classification of Platinum Sentral as asset held for sale as a result of the proposed disposal as stated in Note 16(a).

The Group borrowings are all denominated in Ringgit Malaysia.

### 18. Material litigation

The Group is engaged in various litigations arising from its business transactions and the Board of Directors has been advised that reasonable defence exist on these claims and sufficient provision have been made by the Group. On this basis, the Board of Directors is of the opinion that the said litigations would not have any material effect on the financial position for 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 RM20.4 million arising from its business transactions.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

### Notes to the Interim Report

#### 19. Review of performance

The Group recorded revenue and profit before taxation of RM530.3 million and RM162.7 million respectively for the cumulative 2<sup>nd</sup> quarter ended 30 June 2014 as compared to RM447.8 million and RM18.2 million respectively recorded in the preceding cumulative quarter ended 30 June 2013.

The higher revenue recorded for the current cumulative quarter was mainly due to higher revenue contribution by the property development division from the on-going property development projects of Q Sentral Office and The Sentral Residences where construction works are in full force. These and the completion of the disposal of investment of DUKE have resulted in higher profit before taxation in this current cumulative quarter ended 30 June 2014.

#### 20. Variation of results against immediate preceding quarter

The Group recorded revenue and profit before taxation of RM325.7 million and RM138.8 million for the current quarter ended 30 June 2014 as compared to a revenue of RM204.6 million and profit before taxation of RM23.9 million recorded in the preceding immediate quarter ended 31 March 2014.

The higher profit before taxation of RM138.8 million recorded for the current quarter as compared to the immediate preceding quarter was mainly due to the property development and engineering and construction divisions and the disposal gain.

#### 21. Prospects

With the Group achieving several major milestone i.e. the resolution of the dispute with PKNS on P.J Sentral, the entering of the Definitive Agreement with Kwasa Land for the development of MX-1 Land and the completion of the acquisition of the balance 51% equity interest in Penang Sentral Sdn Bhd, the Group has a strong platform to significantly expand its property operations.

These positive developments coupled with the roll-out of the Nine Seputeh development and with more developments projects in the pipeline for launching towards end of the financial year, the Board is optimistic that the Group is on track in delivering positive earnings growth for the current financial year.

#### 22. Variance on forecast profit/profit guarantee

Not applicable.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## Notes to the Interim Report

### 23. Earnings 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	6 months ended	6 months ended
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Net profit for the financial period attributable to the owners of the parent (RM'000)				
- from continuing operations	117,842	5,809	123,976	11,061
- from discontinuing operations	689	-	6,540	-
Weighted average number of Ordinary shares in issue ('000)	1,660,876	1,387,811	1,656,120	1,387,811
Basic Earnings Per Share (sen)				
- from continuing operations	7.11	0.42	7.48	0.80
- from discontinuing operations	0.04	-	0.40	-

#### Diluted Earnings Per Share

There is no significant effect for the diluted earnings per share arising from the outstanding share options and warrants. Hence, the basic earnings per share approximates to diluted earnings per share.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

## 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 June 2014, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 30.6.2014 (RM'000)	Accumulated quarter ended 31.12.2013(audited) (RM'000)
Total accumulated profit or losses:		
- Realised	162,547	31,201
- Unrealised	(59,508)	(69,561)
Total share of accumulated profit from associates:		
- Realised	23,359	17,632
Total share of accumulated losses from joint venture:		
- Realised	(21,195)	(7,012)
Add: Consolidation adjustments	(249,743)	(247,316)
<b>Total Group accumulated losses</b>	<b>(144,540)</b>	<b>(275,056)</b>

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**  
**22 August 2014**