

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.2015 (unaudited)	30.9.2014 (unaudited)	30.9.2015 (unaudited)	30.9.2014 (unaudited)
Continuing operations					
Revenue		374,062	497,262	1,308,527	1,027,596
Expenses		(323,637)	(442,374)	(1,116,555)	(930,361)
Other operating income	13	11,608	32,861	303,813	247,149
Profit from operations		62,033	87,749	495,785	344,384
Finance costs		(44,464)	(40,221)	(134,126)	(125,728)
Share of results of associates		7,774	2,199	16,853	7,927
Share of results of joint venture		(17)	(8,411)	(8,777)	(22,596)
Profit before tax		25,326	41,316	369,735	203,987
Income tax expense	14	(18,749)	(9,303)	(44,341)	(35,291)
Profit from continuing operations		6,577	32,013	325,394	168,696
Discontinuing operations					
Profit from discontinuing operations (net of tax)		1,213	1,399	4,607	7,939
Profit for the financial period		7,790	33,412	330,001	176,635
Other comprehensive income for the financial period, net of tax:					
Item that may be reclassified subsequent to comprehensive income					
- Currency translation differences		468	-	537	368
- Share of associate's gain on re-measurement of financial derivatives		1,186	-	1,623	-
Item that may not be reclassified subsequent to comprehensive income					
- Re-measurement of post-employment benefit obligations		-	-	(335)	-
Total comprehensive income for the financial period, net of tax		9,444	33,412	331,826	177,003

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.2015 (unaudited)	30.9.2014 (unaudited)	30.9.2015 (unaudited)	30.9.2014 (unaudited)
Profit for the financial period attributable to:					
Equity holders of the Company					
- from continuing operations		4,425	25,994	298,996	149,970
- from discontinuing operations		1,213	1,399	4,607	7,939
		<u>5,638</u>	<u>27,393</u>	<u>303,603</u>	<u>157,909</u>
Non controlling interests		2,152	6,019	26,398	18,726
		<u>7,790</u>	<u>33,412</u>	<u>330,001</u>	<u>176,635</u>
Total comprehensive income for the financial period attributable to:					
Equity holders of the Company					
- from continuing operations		6,079	25,994	300,821	150,447
- from discontinuing operations		1,213	1,399	4,607	7,939
		<u>7,292</u>	<u>27,393</u>	<u>305,428</u>	<u>158,386</u>
Non controlling interests		2,152	6,019	26,398	18,617
		<u>9,444</u>	<u>33,412</u>	<u>331,826</u>	<u>177,003</u>
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
Basic and diluted					
- from the continuing operations	22	0.25	1.48	16.75	8.87
- from the discontinuing operations	22	0.07	0.08	0.26	0.47
		<u>0.32</u>	<u>1.56</u>	<u>17.01</u>	<u>9.34</u>

Note: Discontinuing operations in the financial period are in relation to an investment property for which the disposal has been completed in the quarter 1 of the current financial period under review, see Note 11(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 2014

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.9.2015 (unaudited)	As at 31.12.2014 (audited)
ASSETS		
Non current assets		
Property, plant and equipment	316,011	228,586
Investment properties	745,964	812,958
Land held for property development	1,205,453	1,041,962
Service concession asset	1,216,368	1,237,295
Associates	243,543	84,240
Joint venture	-	58,432
Long term receivable	5,947	5,924
Available for sale financial assets	577	577
Intangible assets	318,135	271,787
Deferred tax assets	36,008	35,784
	<u>4,088,006</u>	<u>3,777,545</u>
Current assets		
Inventories	97,994	42,626
Properties development costs	678,101	831,524
Trade and other receivables	1,146,432	1,314,032
Amount due from joint venture	4,748	5,813
Tax recoverable	10,171	4,649
Financial assets at fair value through profit or loss	2,245	3,229
Deposits, cash and bank balances	500,476	660,688
	<u>2,440,167</u>	<u>2,862,561</u>
Assets held for sale (see Note A below)	99,215	401,817
TOTAL ASSETS	<u><u>6,627,388</u></u>	<u><u>7,041,923</u></u>

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.9.2015 (unaudited)	As at 31.12.2014 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,786,581	1,760,178
Share premium	327,946	323,986
Retained earnings/(accumulated losses)	100,707	(154,845)
Other reserves	59,083	55,937
	<u>2,274,317</u>	<u>1,985,256</u>
Non controlling interests	71,447	79,253
Total equity	<u>2,345,764</u>	<u>2,064,509</u>
Non current liabilities		
Loan stock at cost	7,000	7,000
Senior and Junior Sukuk	1,058,462	1,058,459
Long term borrowings	1,089,252	1,234,681
Long term liabilities	15,934	16,542
Deferred income	33,024	-
Deferred tax liabilities	87,692	90,219
	<u>2,291,364</u>	<u>2,406,901</u>
Current liabilities		
Trade and other payables	1,063,486	1,158,713
Current tax liabilities	13,208	14,674
Short term borrowings	913,566	1,390,521
	<u>1,990,260</u>	<u>2,563,908</u>
Liabilities associated with assets held for sale (see Note A below)	-	6,605
Total liabilities	<u>4,281,624</u>	<u>4,977,414</u>
TOTAL EQUITY AND LIABILITIES	<u><u>6,627,388</u></u>	<u><u>7,041,923</u></u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>127.3</u>	<u>112.8</u>

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Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.9.2015 (unaudited)	As at 31.12.2014 (audited)
Note A		
Non current assets held for sale		
Joint venture	49,655	-
Investment properties	49,560	396,891
Deferred tax asset in relation to investment property	-	4,926
	<hr/>	<hr/>
	99,215	401,817
Liabilities associated with assets held for sale		
Other payables	-	(6,605)
	<hr/>	<hr/>
Net assets held for sale	99,215	395,212
	<hr/> <hr/>	<hr/> <hr/>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

Condensed Consolidated Statement of Cash Flows

In RM'000	9 months ended	
	30.9.2015	30.9.2014
	(unaudited)	
Operating activities		
Cash receipts from customers	1,588,765	1,019,755
Cash paid to suppliers and employees	(1,256,122)	(842,244)
Cash generated from operations	332,643	177,511
Finance cost paid	(2,892)	(8,111)
Taxes paid	(57,189)	(18,142)
Net cash generated from operating activities from continuing operations	272,562	151,258
Net cash (used in)/generated from operating activities from discontinuing operation	(6,706)	3,662
Net cash generated from operating activities	265,856	154,920
Investing activities		
Acquisition of equity investments	(17,135)	(226,057)
Proceeds from divestment of equity investments	-	273,000
Dividend received	14,445	166
Non equity investments	348,314	(102,227)
Acquisition of subsidiaries	-	28,286
Disposal of a subsidiary	(6)	-
Net cash generated from/(used in) investing activities from continuing operations	345,618	(26,832)
Net cash generated from investing activities from discontinuing operations	248	631
Net cash generated from/(used in) investing activities	345,866	(26,201)
Financing activities		
Proceeds from issue of share capital	-	97
Dividend paid to equity holders	(44,664)	(17,601)
Proceeds from borrowings	88,623	622,532
Repayment of borrowings	(712,751)	(565,870)
Proceed from Government grant	33,024	-
Interest paid	(126,848)	(111,784)
Withdrawal of restricted cash	78,440	5,564
Net cash used in financing activities from continuing operations	(684,176)	(67,062)
Net cash used in financing activities from discontinuing operations	(9,318)	(9,318)
Net cash used in financing activities	(693,494)	(76,380)
Net (decrease)/increase in cash and cash equivalent	(81,772)	52,339
Cash and cash equivalents at beginning of the financial period	308,210	308,520
Cash and cash equivalent at end of financial period	226,438	360,859
For the purpose of the statement of cash flows, the cash and cash equivalents comprised the following:		
Bank balances and deposits	500,476	649,819
Less: Bank balances and deposits held as security value	(274,038)	(288,960)
	226,438	360,859

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

Condensed Consolidated Statement of Changes in Equity

In RM'000	Attributable to equity holders of the Company						
	Share Capital	Share premium	Other reserves	Retained earnings/ Accumulated losses	Total	Non controlling interests	Total equity
At 1 January 2015	1,760,178	323,986	55,937	(154,845)	1,985,256	79,253	2,064,509
Comprehensive income							
- Profit for the financial period	-	-	-	303,603	303,603	26,398	330,001
Other comprehensive income/(losses)							
- Currency translation differences	-	-	538	-	538	-	538
- Share of associate's gain on re-measurement of financial derivatives	-	-	1,623	-	1,623	-	1,623
- Re-measurement of post-employment benefit obligations	-	-	(335)	335	-	-	-
Total comprehensive income	-	-	1,826	303,938	305,764	26,398	332,162
Transactions with owners							
Issued upon settlement of balance of purchase consideration for a subsidiary							
- ordinary shares	26,403	3,960	-	-	30,363	-	30,363
- warrants	-	-	1,320	-	1,320	-	1,320
Acquisition of additional equity interest in a subsidiary	-	-	-	(3,688)	(3,688)	3,608	(80)
Disposal of subsidiaries	-	-	-	(34)	(34)	(82)	(116)
Dividends							
- financial year ended 31 December 2014	-	-	-	(44,664)	(44,664)	-	(44,664)
- financial year ended 31 December 2015	-	-	-	-	-	(37,730)	(37,730)
Total transactions with owners	26,403	3,960	1,320	(48,386)	(16,703)	(34,204)	(50,907)
At 30 September 2015 (unaudited)	1,786,581	327,946	59,083	100,707	2,274,317	71,447	2,345,764

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

Condensed Consolidated Statement of Changes in Equity

Other reserves

In RM'000	Revaluation <u>reserve</u>	Other <u>reserve</u>	Currency translation <u>reserve</u>	Share option <u>reserve</u>	Warrants <u>reserve</u>	Retirement benefit <u>reserve</u>	<u>Total</u>
At 1 January 2015	28,090	1,666	188	1,485	27,035	(2,527)	55,937
Other comprehensive income							
- Currency translation differences	-	-	538	-	-	-	538
- Share of associate's gain on re-measurement of financial derivatives	-	1,623	-	-	-	-	1,623
- Re-measurement of post-employment benefit obligations	-	-	-	-	-	(335)	(335)
Total other comprehensive Income/(loss)	-	1,623	538	-	-	(335)	1,826
Transactions with owners							
Issued upon settlement of balance of purchase consideration for a subsidiary	-	-	-	-	1,320	-	1,320
Total transactions with owners	-	-	-	-	1,320	-	1,320
At 30 September 2015 (unaudited)	<u>28,090</u>	<u>3,289</u>	<u>726</u>	<u>1,485</u>	<u>28,355</u>	<u>(2,862)</u>	<u>59,083</u>

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

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			
At 1 January 2014	1,651,311	247,780	51,381	(275,056)	1,675,416	61,318	1,736,734
Comprehensive income							
- Profit for the financial year	-	-	-	152,634	152,634	30,885	183,519
Other comprehensive income							
- Currency translation differences	-	-	(257)	-	(257)	109	(148)
- Actuarial loss on post-employment benefit obligations	-	-	(2,256)	-	(2,256)	14	(2,242)
Total comprehensive income/(loss)	-	-	(2,513)	152,634	150,121	31,008	181,129
Transactions with owners							
Issue upon acquisition of a subsidiary							
- ordinary shares	108,807	76,165	-	-	184,972	95,478	280,450
- warrants	-	-	7,461	-	7,461	-	7,461
Issue of shares							
- exercise of ESOS options	60	37	-	-	97	-	97
Acquisition of additional equity interest in subsidiaries	-	-	-	(15,210)	(15,210)	(107,894)	(123,104)
Employees' share option scheme							
- options exercised	-	4	(4)	-	-	-	-
- options lapsed	-	-	(388)	388	-	-	-
Dividends							
- financial year ended 31 December 2013	-	-	-	(17,601)	(17,601)	-	(17,601)
Profit distribution							
- financial year ended 31 December 2014	-	-	-	-	-	(657)	(657)
Total transactions with owners	108,867	76,206	7,069	(32,423)	159,719	(13,073)	146,646
At 31 December 2014 (audited)	1,760,178	323,986	55,937	(154,845)	1,985,256	79,253	2,064,509

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Notes to the Interim Report

Other reserves

In RM'000	Revaluation <u>reserve</u>	Other <u>reserve</u>	Currency translation <u>reserve</u>	Share option <u>reserve</u>	Warrants <u>reserve</u>	Retirement benefit <u>reserve</u>	<u>Total</u>
At 1 January 2014	28,090	1,666	445	1,877	19,574	(271)	51,381
Other comprehensive loss							
- Currency translation differences	-	-	(257)	-	-	-	(257)
- Actuarial loss on post-employment benefit obligations	-	-	-	-	-	(2,256)	(2,256)
Total other comprehensive losses	-	-	(257)	-	-	(2,256)	(2,513)
Transactions with owners							
Issue upon acquisition of a subsidiary	-	-	-	-	7,461	-	7,461
Employees' share option scheme							
- options exercised	-	-	-	(4)	-	-	(4)
- options lapsed	-	-	-	(388)	-	-	(388)
Total transactions with owners	-	-	-	(392)	7,461	-	7,069
At 31 December 2014 (audited)	<u>28,090</u>	<u>1,666</u>	<u>188</u>	<u>1,485</u>	<u>27,035</u>	<u>(2,527)</u>	<u>55,937</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 2014

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

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 2014.

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 2014, other than for the compliance with the new/revised Financial Reporting Standards (FRS) that came into effect during the financial period under review.

There were no new/revised accounting standards, amendments to standards and interpretations that came into effect during the financial year that significantly impact the Group. The annual improvement to published standards do not have financial impact on the results of the Group as these 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 2017. 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 2018.

2. Audit report of the preceding annual financial statements

The audit report of the Group's preceding annual financial statements was not subject to any qualification.

3. Seasonal or cyclical fluctuations

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the current financial period.

4. Items of unusual nature, size or incidence

There were no other items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows in the current financial quarter under review.

5. Material changes in estimates of amounts reported

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

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Notes to the Interim Report

6. Debt and equity securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter under review.

7. Dividends

During the Company's 44th Annual General Meeting held on 11 May 2015, 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 2014 of 2.5% or 2.5 sen per ordinary share, amounting to RM44,664,525. The dividend was paid on 24 July 2015.

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

Notes to the Interim Report

8. Segmental reporting

	Property development & investment RM'000	Engineering, construction & environment RM'000	Infrastructure RM'000	Facilities management & parking RM'000	Investment holding & others RM'000	Total RM'000	Discontinued operations RM'000	Total RM'000
9 months ended 30.9.2015								
Total revenue	574,268	800,185	87,085	64,704	274,045	1,800,287	12,750	1,813,037
Inter segment revenue	(7,237)	(204,989)	(731)	(10,025)	(268,778)	(491,760)	(493)	(492,253)
External revenue	567,031	595,196	86,354	54,679	5,267	1,308,527	12,257	1,320,784
Segment results	360,205	79,394	44,212	2,794	(20,183)	466,422	12,211	478,633
Finance income						29,363	228	29,591
Finance costs						(134,126)	(4,463)	(138,589)
Share of results of joint venture and associates	(36)	7,464	648	-	-	8,076	-	8,076
Profit before tax						369,735	7,976	377,711

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Notes to the Interim Report

8. Segmental reporting (continued)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Infrastructure RM'000	Facilities management & parking RM'000	Investment holding & others RM'000	Total RM'000	Discontinued operations RM'000	Total RM'000
9 months ended 30.9.2014								
Total revenue	645,621	520,196	22,071	70,925	142,671	1,401,484	35,974	1,437,458
Inter segment revenue	(8,627)	(206,946)	(1,920)	(13,958)	(142,437)	(373,888)	(1,350)	(375,238)
External revenue	636,994	313,250	20,151	56,967	234	1,027,596	34,624	1,062,220
Segment results	114,448	43,592	771	6,769	86,886	252,466	24,590	277,056
Interim payment from Government						62,872	-	62,872
Finance income						29,046	671	29,717
Finance costs						(125,728)	(13,688)	(139,416)
Share of results of joint venture and associates	(23,276)	6,151	2,456	-	-	(14,669)	-	(14,669)
Profit before tax						203,987	11,573	215,560

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Notes to the Interim Report

9. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without any material amendments from the previous financial statements.

10. Material events subsequent to the financial period

The Company had on 22 April 2015 entered into a Share Sale Agreement with Pelaburan Hartanah Berhad ("PHB") to dispose its entire 51% equity interest in Nu Sentral Sdn. Bhd. comprising 10,200,000 ordinary shares of RM1.00 and 91,800,000 redeemable non-convertible preference shares of RM0.01 each to PHB for a cash consideration of RM119,776,136. The disposal was completed on 6 October 2015 and generated a gain of RM70 million.

Other than the above, there were no material events subsequent to the end of the current financial quarter ended 30 September 2015 that have not been reflected in this interim report.

11. Changes in the composition of the Group

- (a) The Company's wholly owned subsidiary, MRCB Sentral Properties Sdn Bhd had on 30 March 2015 completed its sale of Platinum Sentral to Maybank Trustees Berhad, acting as trustee for MRCB-Quill REIT ("MQR") (formerly known as Quill Capita Trust), a real estate investment trust for a total consideration of RM727,625,000, satisfied by cash of RM486,000,000 and issuance of 206,250,000 units in MQR ("Unit") at market price of RM1.22 per Unit. The sale had generated a gain of RM220.5 million to the Group. With this, MQR became 31.18% equity associate of the Group.

The Company also completed its acquisition of 41% equity interest in MRCB Quill Management Sdn Bhd ("MQM") (formerly known as Quill Capita Management Sdn Bhd) (being the management company of MQR) from CapitaLand RECM Pte Ltd and Coast Capital Sdn Bhd on 31 March 2015 for a cash consideration of RM5,882,835. With this, MQM became a 41% equity associate of the Company.

- (b) The Company had on 31 March 2015 entered into a Share Swap Agreement with DMIA (M) Sdn Bhd ("DMIA") to transfer the Company's 100% equity in Lotus Terrain Sdn Bhd, representing by 2 ordinary shares of RM1.00 each as consideration for the transfer of DMIA's 30% equity interest in Country Annexe Sdn Bhd ("CASB") to the Company ("Share Swap"). The Company's equity interest in CASB prior to the Share Swap was 70%.

The consideration for the Share Swap is RM78,719. There was no cash payment between the seller and buyer, as the RM78,719 will be the value attributed to the Share Swap.

The Share Swap was completed on 31 March 2015. With this, CASB became a wholly owned subsidiary of the Company.

- (c) The Company had on 31 March 2015 entered into a Share Sale Agreement DMIA (M) Sdn Bhd to dispose its entire 70% equity interest in Paradigma Berkas Sdn Bhd, represented by 210,000 ordinary share of RM1.00 each for a cash consideration of RM39,010,808.

The disposal was completed on 1 June 2015 and generated a gain of RM38.8 million.

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12. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprises trade and performance guarantees, amounted to RM193.7 million as at 30 September 2015 (as compared to RM140.5 million as at 31 December 2014). There are no material contingent assets to be disclosed.

13. Other operating income

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

14. Income tax expenses

In RM'000	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
In Malaysia				
Taxation				
- current year	(7,112)	(21,520)	(42,506)	(49,399)
- (under)/over provision in prior years	(2,903)	6,135	335	7,973
Deferred tax	(8,734)	6,082	(2,170)	6,135
	<u>(18,749)</u>	<u>(9,303)</u>	<u>(44,341)</u>	<u>(35,291)</u>

The lower effective taxation for the current quarter under review was mainly due to the non-taxable capital gains arising from the completion of the sale of property and investment stated in Note 11(a) which are not taxable.

Taxation is provided mainly for taxable profits from certain subsidiaries and certain expenses being non tax deductible.

The deferred tax was mainly due to the net impact from reversal of deferred tax assets and deferred tax liabilities and some non-deductible temporary differences.

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15. Corporate Proposal

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

- (a) 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.

The Proposed Subscription had been approved by the Company's shareholders at the Extraordinary General Meeting held on 12 February 2015.

- (b) The Company's wholly owned subsidiary, Legasi Azam Sdn Bhd had on 7 April 2015 entered into a Sale and Purchase Agreement with the Government of The Federal Republic of Germany for the acquisition of a parcel of land together with buildings erected held under Geran 34211, Lot 94, Seksyen 58, Bandar and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur for a total cash consideration of RM259,155,708 ("German Embassy Land").
- (c) The Company had on 5 August 2015 entered into a Sale and Purchase Agreement with Cardiac Vascular Sentral (Kuala Lumpur) Sdn Bhd (formerly known as KL Cardiac And Vascular Centre Sdn Bhd) for the sale of Sooka Sentral for a total consideration of RM90.8 million. Sooka Sentral consist of a five-storey commercial building and one level of car park on a 5,662 sq meter land.
- (d) On 28 October 2015, Rukun Juang Sdn Bhd, a 85% owned subsidiary of MRCB Land Sdn Bhd, which in turn is a wholly owned subsidiary of the Company, entered into a Privatization Agreement with the Government of Malaysia, represented by the Minister of Youth and Sports and Syarikat Tanah and Harta Sdn Bhd relating to the refurbishment and upgrading of facilities located at the National Sport Complex in Bukit Jalil, Kuala Lumpur for a total contract value of RM1,631,880.00 ("Proposed Privatization").

In accordance with the terms of the Privatization Agreement, Phase 1 of the Proposed Privatization is expected to be completed within 18 months from the construction commencement date and Phase 2 construction works is expected to be completed within 36 months from Phase 2 construction commencement date.

- (e) The Company had on 28 October 2015, entered into a management contract with Kwasa Utama Sdn Bhd ("KUSB") (formerly known as Kwasa Development (1) Sdn Bhd) whereby KUSB has appointed the Company as the Management Contractor to provide services in connection with the development and construction of a commercial development named Kwasa Utama on a piece of land owned by KUSB measuring 29.82 acres know as Plot C8 (part of lot 85112) Kwasa Damansara, Mukim Sungai Buloh, Daerah Petaling, Seksyen U4, 4160 Shah Alam, Selangor Darul Ehsan for a provision total contract sum of RM3,145,493,294.

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15. Corporate Proposal (continued)

- (f) MRCB Land Sdn Bhd, the Company's wholly owned subsidiary had on 28 October 2015, entered into a joint venture agreement with Cyberview Sdn Bhd for the proposed subscription of new ordinary shares and preference shares, representing 70% equity interest in a joint venture company, CSB Development Sdn Bhd to purchase and undertake the development of Cyberjaya City Centre, for a total subscription payment of RM269.5 million.
- (g) The Company had on 16 November 2015 announced to undertake a private placement of up to 493,610,683 new ordinary shares of RM1.00 each in the Company, representing up to twenty percent (20%) of the issued and paid up share capital of the Company ("Proposed Private Placement").

The indicative issue price for the Proposed Private Placement is RM1.24 per Placement Share.

16. Group borrowings

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

	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000
Secured		
Short term	763,566	1,240,521
Long term	2,147,714	2,293,140
Unsecured		
Short term	<u>150,000</u>	<u>150,000</u>
Total	<u>3,061,280</u>	<u>3,683,661</u>

The decrease in the Group borrowings was mainly due to the followings;

- (1) Full settlement of the RM380 million Guaranteed Islamic Medium Term Notes upon completion of the disposal of Platinum Sentral;
- (2) Partial repayment of Nu Tower office and The Sentral Residences project loans of RM244 million; and
- (3) Partial repayment of the Eastern Dispersal Link Expressway ("EDL") syndicated term loan of RM46 million.

The secured long term loan consist mainly of:

- (a) The Senior and Junior Sukuk and the related syndicated term loan amounting to RM1.207 billion which were obtained for the purpose of financing the construction of the EDL;
- (b) Long term loan and Sukuk Murabahah Programme totaling RM433 million for the Group's working capital purpose;

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16. Group borrowings (continued)

- (c) The project loans for Menara Shell and Ascott Sentral, Celcom Tower and 9 Seputeh totaling RM560 million.

and the Group's secured and unsecured short term loans mainly consist of;

- (a) Project loans for The Sentral Residences, Nu Tower office, the Little India Privatization project and Menara Shell and Ascott Sentral totaling RM551 million; and
- (b) Certain short term credit facilities and long term loans which are due within the next 12 months.

The Group borrowings are all denominated in Ringgit Malaysia.

17. Material litigation

The Group is engaged in various litigations arising from its business transactions, the potential claims amounting to approximately RM26.9 million only. Based on management assessment and legal advice on these claims for which reasonable defence exist, no provision have been made by the Group at this juncture.

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.

18. Review of performance

For the cumulative quarter ended 30th September 2015, the Group reported a revenue and profit before taxation of RM1,308.5 million and RM369.7 million respectively as compared to RM1,027.6 million and RM204.0 million in the preceding cumulative quarter ended 30 September 2014. The strong revenue growth and higher profit before taxation was attributable to the completion of the Q Sentral development, the sale of Platinum Sentral and investment and also other on-going development projects including the Sentral Residences and 9 Seputeh.

19. Variation of results against immediate preceding quarter

The Group recorded revenue and profit before taxation of RM374.1 million and RM25.3 million respectively for the current quarter ended 30 September 2015 as compared to a revenue of RM530.3 million and profit before taxation of RM92.0 million recorded in the preceding immediate quarter ended 30 June 2015.

The lower revenue of RM374.1 million recorded in the current quarter compared with the immediate preceding quarter of RM530.3 million was mainly due to the completion of Q Sentral development in previous immediate quarter resulted in higher revenue and profit recognition upon completion. The higher profit before taxation recorded for the previous quarter was due to the gain recognized from the sale of the Group's investment as stated in Note 11(c) in immediate preceding quarter.

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20. Prospects

The strong performance and value creation through monetization and crystallization of the Group's assets including the REITs platform was the results of the transformation plan embarked by the Group since the previous financial year.

The recent Group's announcements on purchase of new land bank and winning of several new construction contracts is in line with the Group's growth strategy. The Group will continue to focus on its property development activities and actively participate in tendering for more construction contracts to build its order book. With all these in place, the Board is comfortable with its immediate prospects.

21. Variance on forecast profit/profit guarantee

Not applicable.

22. 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		9 months ended	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Net profit for the financial period attributable to the owners of the parent (RM'000)				
- from continuing operations	4,425	25,994	298,996	149,970
- from discontinuing operations	1,213	1,399	4,607	7,939
Weighted average number of ordinary shares in issue ('000)	1,786,581	1,760,133	1,785,420	1,691,172
Basic Earnings Per Share (sen)				
- from continuing operations	0.25	1.48	16.75	8.87
- from discontinuing operations	0.07	0.08	0.26	0.47

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.

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23. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 30 September 2015, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 30.9.2015 (unaudited) (RM'000)	Accumulated quarter ended 31.12.2014 (audited) (RM'000)
Total accumulated profit or losses:		
- Realised	500,208	187,985
- Unrealised	(52,060)	(53,827)
Total share of accumulated profit from associates:		
- Realised	61,952	45,099
Total share of accumulated losses from joint venture:		
- Realised	(52,345)	(43,568)
Add: Consolidation adjustments	(357,048)	(290,534)
Total Group retained earnings/accumulated losses	100,707	(154,845)

The analysis of realised and unrealised retained earnings 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
19 November 2015