

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2015 (unaudited)	31.12.2014 (unaudited)	31.12.2015 (unaudited)	31.12.2014 (unaudited)
Continuing operations					
Revenue		388,200	487,171	1,696,727	1,514,767
Expenses		(420,237)	(425,708)	(1,536,792)	(1,356,069)
Other operating income	13	83,325	10,268	387,138	257,417
Profit from operations		51,288	71,731	547,073	416,115
Finance costs		(50,717)	(45,465)	(184,843)	(171,193)
Share of results of associates		(846)	4,325	16,007	12,252
Share of results of joint ventures		652	(13,960)	(8,125)	(36,556)
Profit before tax		377	16,631	370,112	220,618
Income tax expense	14	38,258	(17,985)	(6,083)	(53,276)
Profit/(loss) from continuing operations		38,635	(1,354)	364,029	167,342
Discontinuing operations					
(Loss)/profit from discontinuing operations (net of tax)		(4,607)	8,238	-	16,177
Profit for the financial year		34,028	6,884	364,029	183,519
Other comprehensive income for the financial year, net of tax:					
Item that may be reclassified subsequent to comprehensive income					
- Currency translation differences		(89)	(516)	448	(148)
- Share of associate's (loss)/gain on re-measurement of financial derivatives		(1,121)	-	502	-
Item that may not be reclassified subsequent to comprehensive income					
- Re-measurement of post-employment benefit obligations		335	(2,242)	-	(2,242)
Total comprehensive income for the financial year, net of tax		33,153	4,126	364,979	181,129

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2015 (unaudited)	31.12.2014 (unaudited)	31.12.2015 (unaudited)	31.12.2014 (unaudited)
Profit for the financial year attributable to:					
Equity holders of the Company					
- from continuing operations		31,396	(13,513)	330,392	136,457
- from discontinuing operations		(4,607)	8,238	-	16,177
		<u>26,789</u>	<u>(5,275)</u>	<u>330,392</u>	<u>152,634</u>
Non controlling interests		7,239	12,159	33,637	30,885
		<u>34,028</u>	<u>6,884</u>	<u>364,029</u>	<u>183,519</u>
Total comprehensive income for the financial period attributable to:					
Equity holders of the Company					
- from continuing operations		30,521	(16,503)	331,342	133,944
- from discontinuing operations		(4,607)	8,238	-	16,177
		<u>25,914</u>	<u>(8,265)</u>	<u>331,342</u>	<u>150,121</u>
Non controlling interests		7,239	12,391	33,637	31,008
		<u>33,153</u>	<u>4,126</u>	<u>364,979</u>	<u>181,129</u>
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
Basic and diluted					
- from the continuing operations	22	1.76	(0.77)	18.50	7.99
- from the discontinuing operations	22	(0.26)	0.47	-	0.94
		<u>1.50</u>	<u>(0.30)</u>	<u>18.50</u>	<u>8.93</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 YEAR ENDED 31 DECEMBER 2015

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2015 (unaudited)	As at 31.12.2014 (audited)
ASSETS		
Non current assets		
Property, plant and equipment	337,465	228,586
Investment properties	413,517	812,958
Land held for property development	1,786,892	1,041,962
Service concession asset	1,209,992	1,237,295
Associates	241,905	84,240
Joint ventures	6,162	58,432
Long term receivable	5,253	5,924
Available for sale financial assets	577	577
Intangible assets	317,073	271,787
Deferred tax assets	76,705	35,784
	<u>4,395,541</u>	<u>3,777,545</u>
Current assets		
Inventories	63,103	42,626
Properties development costs	488,610	831,524
Trade and other receivables	1,095,102	1,314,032
Amount due from associates and joint ventures	18,702	5,813
Tax recoverable	26,762	4,649
Financial assets at fair value through profit or loss	2,381	3,229
Deposits, cash and bank balances	521,508	660,688
	<u>2,216,168</u>	<u>2,862,561</u>
Assets held for sale (see Note A below)	478,088	401,817
TOTAL ASSETS	<u><u>7,089,797</u></u>	<u><u>7,041,923</u></u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2015 (unaudited)	As at 31.12.2014 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,786,591	1,760,178
Share premium	327,950	323,986
Retained earnings/(accumulated losses)	83,153	(154,845)
Other reserves	62,453	55,937
	<u>2,260,147</u>	<u>1,985,256</u>
Non controlling interests	52,624	79,253
Total equity	<u>2,312,771</u>	<u>2,064,509</u>
Non current liabilities		
Loan stock at cost	-	7,000
Senior and Junior Sukuk	1,058,464	1,058,459
Long term borrowings	1,286,785	1,234,681
Long term liabilities	16,930	16,542
Deferred income	33,024	-
Deferred tax liabilities	85,293	90,219
	<u>2,480,495</u>	<u>2,406,901</u>
Current liabilities		
Loan stock at cost	7,000	-
Trade and other payables	1,188,414	1,158,713
Current tax liabilities	3,100	14,674
Short term borrowings	1,042,126	1,390,521
Dividend payable	44,664	-
	<u>2,285,304</u>	<u>2,563,908</u>
Liabilities associated with assets held for sale (see Note A below)	11,227	6,605
Total liabilities	<u>4,777,026</u>	<u>4,977,414</u>
TOTAL EQUITY AND LIABILITIES	<u><u>7,089,797</u></u>	<u><u>7,041,923</u></u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>126.5</u>	<u>112.8</u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2015 (unaudited)	As at 31.12.2014 (audited)
Note A		
Non current assets held for sale		
Investment properties	478,892	396,891
Deferred tax asset in relation to investment property	-	4,926
	<hr/>	<hr/>
	478,892	401,817
Liabilities associated with assets held for sale		
Other payables	(11,227)	(6,605)
	<hr/>	<hr/>
Net assets held for sale	467,665	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 YEAR ENDED 31 DECEMBER 2015

Condensed Consolidated Statement of Cash Flows

In RM'000	12 months ended	
	31.12.2015	31.12.2014 (unaudited)
Operating activities		
Cash receipts from customers	2,103,023	1,393,513
Cash paid to suppliers and employees	(1,826,526)	(1,182,526)
Cash generated from operations	276,497	210,987
Bank service charges paid	(4,712)	(8,877)
Taxes paid	(84,993)	(52,836)
Net cash generated from operating activities from continuing operations	186,792	149,274
Net cash generated from operating activities from discontinuing operation	-	6,745
Net cash generated from operating activities	186,792	156,019
Investing activities		
Acquisition of equity investments	(27,135)	(236,140)
Proceeds from divestment of equity investments	119,776	275,152
Dividend received	14,683	229
Non equity investments	107,631	(137,338)
Acquisition of subsidiaries	-	28,285
Disposal of a subsidiary	(6)	(4,060)
Net cash generated from/(used in) investing activities from continuing operations	214,949	(73,872)
Net cash generated from investing activities from discontinuing operations	-	871
Net cash generated from/(used in) investing activities	214,949	(73,001)
Financing activities		
Proceeds from issue of share capital	763	97
Dividend paid to equity holders	(82,394)	(17,601)
Proceeds from borrowings	508,592	812,781
Repayment of borrowings	(805,833)	(630,892)
Proceed from Government grant	33,024	-
Interest paid	(195,073)	(180,441)
Withdrawal/(placement) of restricted cash	170,199	(57,954)
Net cash used in financing activities from continuing operations	(370,722)	(74,010)
Net cash used in financing activities from discontinuing operations	-	(9,318)
Net cash used in financing activities	(370,722)	(83,328)
Net increase/(decrease) in cash and cash equivalent	31,019	(310)
Cash and cash equivalents at beginning of the financial year	308,210	308,520
Cash and cash equivalent at end of financial year	339,229	308,210
For the purpose of the statement of cash flows, the cash and cash equivalents comprised the following:		
Bank balances and deposits	521,507	660,688
Less: Bank balances and deposits held as security value	(182,278)	(352,478)
	339,229	308,210

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 YEAR ENDED 31 DECEMBER 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)/ Retained earnings			
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 year	-	-	-	330,392	330,392	33,637	364,029
Other comprehensive income/(losses)							
- Currency translation differences	-	-	448	-	448	-	448
- Share of associate's gain on re-measurement of financial derivatives	-	-	502	-	502	-	502
- Movement between reserves	-	-	(335)	335	-	-	-
Total comprehensive income	-	-	615	330,727	331,342	33,637	364,979
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
Issue of ordinary shares							
- exercise of ESOS options	10	3	-	-	13	-	13
Employees' share option scheme							
- options granted	-	-	4,869	-	4,869	-	4,869
- options exercised	-	1	(1)	-	-	-	-
- options lapsed	-	-	(287)	287	-	-	-
Acquisition of additional equity interest in subsidiaries	-	-	-	(3,688)	(3,688)	4,358	670
Disposal of a subsidiary	-	-	-	-	-	(82)	(82)
Dividends paid and declared for financial year ended							
- 31 December 2014	-	-	-	(44,664)	(44,664)	-	(44,664)
- 31 December 2015	-	-	-	(44,664)	(44,664)	(64,542)	(109,206)
Total transactions with owners	26,413	3,964	5,901	(92,729)	(56,451)	(60,266)	(116,717)
At 31 December 2015 (unaudited)	1,786,591	327,950	62,453	83,153	2,260,147	52,624	2,312,771

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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>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	-	-	448	-	-	-	448
- Share of associate's gain on re-measurement of financial derivatives	-	502	-	-	-	-	502
- Movement between reserves	-	-	-	-	-	(335)	(335)
Total other comprehensive Income/(loss)	-	502	448	-	-	(335)	615
Transactions with owners							
Issued upon settlement of balance of purchase consideration for a subsidiary	-	-	-	-	1,320	-	1,320
Employees' share option scheme							
- options granted	-	-	-	4,869	-	-	4,869
- options exercised	-	-	-	(1)	-	-	(1)
- options lapsed	-	-	-	(287)	-	-	(287)
Total transactions with owners	-	-	-	4,581	1,320	-	5,901
At 31 December 2015 (unaudited)	28,090	2,168	636	6,066	28,355	(2,862)	62,453

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the 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

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the 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 year.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the Report

4. Items of unusual nature, size or incidence

- (a) 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").

The proposed acquisition was completed on 23 December 2015.

- (b) 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.

The Proposed Privatization had been approved by the shareholders of the Company at the Extraordinary General Meeting held on 21 December 2015 and all the conditions precedent for the above Proposed Privatization have been fulfilled and become unconditional on 5 February 2016.

- (c) 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.

The proposal had been approved by the Company's shareholders at the Extraordinary General Meeting held on 21 December 2015.

Other than the above, 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.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the Report

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.

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**

The Directors on 18 December 2015 declared a single tier interim dividend in respect of the financial year ended 31 December 2015 of 2.5% or 2.5 sen per ordinary share, amounted to RM44,664,823. The dividend will be paid on 24 February 2016 to shareholders whose names appeared in the record of Depositors on 26 January 2016.

The Directors do not recommend the payment of final dividend for the financial year ended 31 December 2015.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the Report

8. Segmental reporting

	Property development & investment RM'000	Engineering, construction & environment RM'000	Infrastructure RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
12 months ended 31.12.2015						
Total revenue	784,460	1,141,233	115,681	92,406	92,772	2,226,552
Inter segment revenue	(60,487)	(367,508)	(731)	(17,811)	(83,288)	(529,825)
External revenue	<u>723,973</u>	<u>773,725</u>	<u>114,950</u>	<u>74,595</u>	<u>9,484</u>	<u>1,696,727</u>
Segment results	<u>442,973</u>	<u>35,402</u>	<u>58,633</u>	<u>9,901</u>	<u>6,767</u>	<u>553,676</u>
Unallocated corporate expenses						(45,932)
Finance income						39,329
Finance costs						(184,843)
Share of results of joint ventures and associates	(1,232)	8,034	1,080	-	-	7,882
Profit before tax						<u>370,112</u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the Report

8. Segmental reporting (continued)

	Property development & investment RM'000	Engineering, construction & environment RM'000	Infrastructure RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000	Discontinued operations RM'000	Total RM'000
12 months ended 31.12.2014								
Total revenue	887,042	790,031	51,651	95,146	171,511	1,995,381	54,432	2,049,813
Inter segment revenue	(10,599)	(279,288)	(2,659)	(17,624)	(170,444)	(480,614)	(1,800)	(482,414)
External revenue	876,443	510,743	48,992	77,522	1,067	1,514,767	52,632	1,567,399
Segment results	160,260	42,559	20,313	9,681	82,021	314,834	34,744	349,578
Interim payment from Government						62,872	-	62,872
Finance income						38,409	910	39,319
Finance costs						(171,193)	(19,667)	(190,860)
Share of results of joint venture and associates	(37,054)	10,124	2,626	-	-	(24,304)	-	(24,304)
Profit before tax						220,618	15,987	236,605

Included in segment Others was a gain on disposal of an associate amounted to RM94.9 million.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the 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 year

The Company's wholly own subsidiary, 348 Sentral Sdn Bhd had on 3 December 2016 entered into a Heads of Agreement ("HoA") with Maybank Trustee Berhad, acting as trustee for MRCB-Quill REIT ("MQ REIT") (formerly known as Quill Capita Trust) for the disposal of a 33-storey office tower known as "Menara Shell" together with a 5-storey podium and 4-storey basement car park for sale consideration of RM640 million via a combination of cash and issuance of new units in MQ REIT.

The parties shall within 30 business days from the date of HoA, with an automatic extension of a further period of 30 business days, enter into a definitive sale and purchase agreement for the proposed disposal.

Other than the above, there were no material events subsequent to the end of the current financial quarter ended 31 December 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 MQ REIT, 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 MQ REIT ("Unit") at market price of RM1.22 per Unit. The sale had generated a gain of RM220.5 million to the Group. With this, MQ REIT 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 MQ REIT) 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.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the Report

11. Changes in the composition of the Group (continued)

- (c) The Company had on 31 March 2015 entered into a Share Sale Agreement with DMIA (M) Sdn Bhd to dispose its entire 70% equity interest in Paradigma Berkat 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.

- (d) The Company had on 22 April 2015 entered into a Share Sale Agreement with Pelaburan Hartanah Berhad 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.

12. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprises trade and performance guarantees, amounted to RM221.3 million as at 31 December 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

Other operating income mainly consists of the disposal gain of RM70 million as stated in Note 11(d) above.

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

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the Report

14. Income tax expenses

In RM'000	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
In Malaysia				
Taxation				
- current year	(2,971)	(18,735)	(45,477)	(68,135)
- (under)/over provision in prior years	(1,867)	(3,824)	(1,532)	4,150
Deferred tax	43,096	4,574	40,926	10,709
	<u>38,258</u>	<u>(17,985)</u>	<u>(6,083)</u>	<u>(53,276)</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 investments stated in Note 11(d).

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. Higher deferred tax assets was recognized in the current quarter mainly due to the increase in the deductible temporary differences arising from the re-assessment of the Government interim payment received in respect of Eastern Dispersal Link Expressway ("EDL") in previous financial years and its associated expenses as a non-chargeable income.

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 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 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 square meter land.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the Report

15. Corporate Proposal (continued)

- (c) 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 700,000 new ordinary shares of RM1.00 each and 2,688,000 preference shares of RM1.00 each at a premium of RM99.00 each, representing 70% equity interest in CSB Development Sdn Bhd, being the joint venture company to purchase and undertake the development of Cyberjaya City Centre, for a total subscription payment of RM269.5 million.
- (d) 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.

The Proposed Private Placement had been approved by the Company's shareholders at the Extraordinary General Meeting held on 21 December 2015.

- (e) The Company had on 5 February 2016 entered into a Share Sale Agreement with Ekovest Berhad ("Ekovest") to dispose its entire 40% equity interest in the following companies to Ekovest for a total cash consideration of RM8.5 million;
- (1) Ekovest-MRCB JV Sdn Bhd represented by 40,000 ordinary shares of RM1.00 each and 2,160,000 redeemable preference shares of RM0.01 at premium of RM0.99 each; and
 - (2) Ekovest-MRCB Construction Sdn Bhd represented by 800,000 ordinary shares of RM1.00 each.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the Report

16. Group borrowings

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

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Secured		
Short term	792,126	1,240,521
Long term	2,345,249	2,293,140
Unsecured		
Short term	<u>250,000</u>	<u>150,000</u>
Total	<u>3,387,375</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, The Sentral Residences and Menara Shell and Ascott Sentral project loans of RM294 million;
- (3) Partial repayment of the EDL syndicated term loan of RM46 million; and
- (4) Partial repayment of long term loan of RM85.4 million.

The secured long term loans consist mainly of:

- (a) The Senior and Junior Sukuk and the related syndicated term loan amounting to RM1,207 million which were obtained for the purpose of financing the construction of the EDL;
- (b) Long term loan and Sukuk Murabahah Programme totaling RM432 million for the Group's working capital purpose;
- (c) The project loans for Menara Shell and Ascott Sentral, Celcom Tower, 9 Seputeh and German Embassy Land (Note 4(a)) totaling RM735 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, Celcom Tower, 9 Seputeh and Menara Shell and Ascott Sentral totaling RM599 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.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the Report

17. Material litigation

The Group is engaged in various litigations arising from its business transactions, the potential claims amounting to approximately RM1.5 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 financial year ended 31st December 2015, the Group reported a revenue and profit before taxation of RM1,697 million and RM370.1 million respectively as compared to RM1,515 million and RM220.6 million in the preceding financial year ended 31 December 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 investments 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 RM388.2 million and RM0.4 million respectively for the current quarter ended 31 December 2015 as compared to a revenue of RM374.1 million and profit before taxation of RM25.3 million recorded in the preceding immediate quarter ended 30 September 2015.

The higher revenue of RM388.2 million recorded in the current quarter compared with the immediate preceding quarter of RM374.1 million was mainly attributable to the contribution from the engineering and construction division. The profit margin from this division is lower compared with the margin derived from the Group's property development division, of which certain property development projects were fully completed in previous quarter, hence lower profit before taxation recorded for the current quarter.

20. Prospects

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

The Group's recent acquisition of a 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 project launches and actively participate in tendering for more construction contracts to build its order book. With all these in place, the Board is optimistic of its immediate prospects in financial year 2016.

21. Variance on forecast profit/profit guarantee

Not applicable.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Notes to the Report

22. Earnings per share (EPS)

Basic EPS

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

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Net profit for the financial year attributable to the owners of the parent (RM'000)				
- from continuing operations	31,396	(13,513)	330,392	136,457
- from discontinuing operations	(4,607)	8,238	-	16,177
Weighted average number of ordinary shares in issue ('000)	1,786,584	1,760,178	1,785,714	1,708,565
Basic Earnings Per Share (sen)				
- from continuing operations	1.76	(0.77)	18.50	7.99
- from discontinuing operations	(0.26)	0.47	-	0.94

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 YEAR ENDED 31 DECEMBER 2015

Notes to the Report

23. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 31 December 2015, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 31.12.2015 (unaudited) (RM'000)	Accumulated quarter ended 31.12.2014 (audited) (RM'000)
Total accumulated profit or losses:		
- Realised	308,052	187,985
- Unrealised	(8,828)	(53,827)
Total share of accumulated profit from associates:		
- Realised	61,106	45,099
Total share of accumulated losses from joint venture:		
- Realised	(51,693)	(43,568)
Consolidation adjustments	(225,484)	(290,534)
Total Group retained earnings/accumulated losses	83,153	(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 purposes.

By Order of the Board

Mohd Noor Rahim Yahaya
Company Secretary

Kuala Lumpur
22 February 2016