

MALYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Consolidated Statement of Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.3.2016 (unaudited)	31.3.2015 (unaudited)	31.3.2016 (unaudited)	31.3.2015 (unaudited)
Continuing operations					
Revenue		436,015	404,185	436,015	404,185
Expenses		(410,917)	(348,377)	(410,917)	(348,377)
Other operating income	13	39,481	242,600	39,481	242,600
Profit from operations		64,579	298,408	64,579	298,408
Finance costs		(46,729)	(45,362)	(46,729)	(45,362)
Share of results of associates		356	5,831	356	5,831
Share of results of joint venture		447	(6,418)	447	(6,418)
Profit before tax		18,653	252,459	18,653	252,459
Income tax expense	14	(5,193)	(7,074)	(5,193)	(7,074)
Profit from continuing operations		13,460	245,385	13,460	245,385
Discontinuing operations					
Profit from discontinuing operations (net of tax)		-	3,378	-	3,378
Profit for the financial period		13,460	248,763	13,460	248,763
Other comprehensive income for the financial period, net of tax:					
Item that may be reclassified subsequent to comprehensive income					
- currency translation differences		(80)	(71)	(80)	(71)
- share of associate's loss on re-measurement of financial derivatives		(1,236)	-	(1,236)	-
Total comprehensive income for the financial period, net of tax		12,144	248,692	12,144	248,692

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In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31.3.2016 (unaudited)	31.3.2015 (unaudited)	31.3.2016 (unaudited)	31.3.2015 (unaudited)
Profit for the financial period attributable to:					
Equity holders of the Company					
- from continuing operations		4,382	234,483	4,382	234,483
- from discontinuing operations		-	3,378	-	3,378
		<u>4,382</u>	<u>237,861</u>	<u>4,382</u>	<u>237,861</u>
Non-controlling interests		9,078	10,902	9,078	10,902
		<u>13,460</u>	<u>248,763</u>	<u>13,460</u>	<u>248,763</u>
Total comprehensive income for the financial period attributable to:					
Equity holders of the Company					
- from continuing operations		3,066	234,412	3,066	234,412
- from discontinuing operations		-	3,378	-	3,378
		<u>3,066</u>	<u>237,790</u>	<u>3,066</u>	<u>237,790</u>
Non-controlling interests		9,078	10,902	9,078	10,902
		<u>12,144</u>	<u>248,692</u>	<u>12,144</u>	<u>248,692</u>
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
Basic and diluted					
- from the continuing operations	23	0.25	13.15	0.25	13.15
- from the discontinuing operations	23	-	0.19	-	0.19
		<u>0.25</u>	<u>13.34</u>	<u>0.25</u>	<u>13.34</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Consolidated Statement of Financial Position

In RM'000	As at 31.3.2016 (unaudited)	As at 31.12.2015 (audited)
ASSETS		
Non current assets		
Property, plant and equipment	342,342	337,465
Investment properties	421,994	413,517
Land held for property development	1,787,662	1,786,892
Service concession asset	1,201,548	1,209,992
Associates	227,360	241,905
Joint venture	6,610	6,162
Long term receivable	4,902	5,253
Available for sale financial assets	577	577
Intangible assets	314,736	317,073
Deferred tax assets	80,601	76,705
	<u>4,388,332</u>	<u>4,395,541</u>
Current assets		
Inventories	47,768	63,103
Properties development costs	493,097	488,610
Trade and other receivables	987,013	1,095,102
Amount due from associates and joint ventures	16,660	18,702
Tax recoverable	30,997	26,762
Financial assets at fair value through profit or loss	2,711	2,381
Deposits, cash and bank balances	431,497	521,508
	<u>2,009,743</u>	<u>2,216,168</u>
Assets held for sale (see Note A)	483,176	478,088
TOTAL ASSETS	<u><u>6,881,251</u></u>	<u><u>7,089,797</u></u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Consolidated Statement of Financial Position

In RM'000	As at 31.3.2016 (unaudited)	As at 31.12.2015 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,786,591	1,786,591
Share premium	327,950	327,950
Retained earnings	87,535	83,153
Other reserves	61,094	62,453
	<u>2,263,170</u>	<u>2,260,147</u>
Non-controlling interests	61,751	52,624
Total equity	<u>2,324,921</u>	<u>2,312,771</u>
Non current liabilities		
Senior and Junior Sukuk	1,058,467	1,058,464
Long term borrowings	1,405,732	1,286,785
Long term liabilities	36,764	16,929
Government grant	33,024	33,024
Deferred tax liabilities	84,449	85,293
	<u>2,618,436</u>	<u>2,480,495</u>
Current liabilities		
Loan stock at cost	7,000	7,000
Trade and other payables	1,184,121	1,188,414
Current tax liabilities	4,680	3,100
Short term borrowings	730,866	1,042,126
Dividend payable	-	44,664
	<u>1,926,667</u>	<u>2,285,304</u>
Liabilities associated with assets held for sale (see Note A)	11,227	11,227
Total liabilities	<u>4,556,330</u>	<u>4,777,026</u>
TOTAL EQUITY AND LIABILITIES	<u>6,881,251</u>	<u>7,089,797</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>126.7</u>	<u>126.5</u>

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Consolidated Statement of Financial Position

In RM'000	As at 31.3.2016 (unaudited)	As at 31.12.2015 (audited)
Note A		
Non current assets held for sale		
- Associates	5,088	-
- Investment properties	478,088	478,088
	<u>483,176</u>	<u>478,088</u>
Liabilities associated with assets held for sale		
- Other payables	(11,227)	(11,227)
	<u>(11,227)</u>	<u>(11,227)</u>
Net assets held for sale	<u>471,949</u>	<u>466,861</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Consolidated Statement of Cash Flows

In RM'000	3months ended	
	31.3.2016	31.3.2015 (unaudited)
Operating activities		
Cash receipts from customers	777,136	629,468
Cash paid to suppliers and employees	(538,532)	(462,225)
Cash generated from operations	238,604	167,243
Bank service charge paid	(804)	(768)
Taxes paid	(45,159)	(17,724)
Net cash generated from operating activities from continuing operations	192,641	148,751
Net cash used in operating activities from discontinuing operations	-	(39,143)
Net cash generated from operating activities	192,641	109,608
Investing activities		
Acquisition of equity investments	-	(7,135)
Proceeds from divestment of equity investments	850	-
Dividend received	9,046	48
Non equity investments	9,005	448,518
Net cash generated from investing activities from continuing operations	18,901	441,431
Net cash generated from investing activities from discontinuing operations	-	248
Net cash generated from investing activities	18,901	441,679
Financing activities		
Proceeds from issue of shares capital	49	-
Dividend paid to equity holders	(71,476)	-
Proceeds from borrowings	132,103	36,545
Repayment of borrowings	(323,893)	(574,083)
Interest paid	(38,336)	(32,161)
Withdrawal of restricted cash	6,681	28,116
Net cash used in financing activities from continuing operations	(294,872)	(541,583)
Net cash used in financing activities from discontinuing operations	-	(9,318)
Net cash used in financing activities	(294,872)	(550,901)
Net (decrease)/increase in cash and cash equivalent	(83,330)	386
Cash and cash equivalents at beginning of the financial period	339,229	308,210
Cash and cash equivalent at end of financial period	255,899	308,596

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

Bank balances and deposits	431,497	633,617
Less: Bank overdraft	-	(658)
	431,497	632,959
Less: Bank balances and deposits held as security value	(175,598)	(324,363)
	255,899	308,596

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Consolidated Statement of Changes in Equity

Attributable to equity holders of the Company

In RM'000	Share Capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2016	1,786,591	327,950	62,453	83,153	2,260,147	52,624	2,312,771
Comprehensive income							
- Profit for the financial period	-	-	-	4,382	4,382	9,078	13,460
Other comprehensive loss							
- Currency translation differences	-	-	(80)	-	(80)	-	(80)
- Share of associate's loss on re-measurement of financial derivatives	-	-	(1,236)	-	(1,236)	-	(1,236)
Total comprehensive income/(loss)	-	-	(1,316)	4,382	3,066	9,078	12,144
Transactions with owners							
Acquisition of additional equity interest in a subsidiary	-	-	-	-	-	49	49
Share of associate's issuance of new units expenses	-	-	(43)	-	(43)	-	(43)
Total transactions with owners	-	-	(43)	-	(43)	49	6
At 31 March 2016 (unaudited)	<u>1,786,591</u>	<u>327,950</u>	<u>61,094</u>	<u>87,535</u>	<u>2,263,170</u>	<u>61,751</u>	<u>2,324,921</u>

Other reserves

In RM'000	Revaluation reserve	Other reserve	Currency translation reserve	Share option reserve	Warrants reserve	Retirement benefit reserve	Total
At 1 January 2016	28,090	2,168	636	6,066	28,355	(2,862)	62,453
Other comprehensive income							
- Currency translation differences	-	-	(80)	-	-	-	(80)
- Share of associate's loss on re-measurement of financial derivatives	-	(1,236)	-	-	-	-	(1,236)
Total other comprehensive loss	-	(1,236)	(80)	-	-	-	(1,316)
Transactions with owners							
Share of associate's issuance of new units expenses	-	(43)	-	-	-	-	(43)
	-	(43)	-	-	-	-	(43)
At 31 March 2016 (unaudited)	<u>28,090</u>	<u>889</u>	<u>556</u>	<u>6,066</u>	<u>28,355</u>	<u>(2,862)</u>	<u>61,094</u>

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Consolidated Statement of Changes in Equity

Attributable to equity holders of the Company

In RM'000	Share Capital	Share premium	Other reserves	(Accumulated losses)/	Total	Non- controlling interests	Total equity
				Retained earnings			
At 1 January 2015	1,760,178	323,986	55,937	(154,845)	1,985,256	79,253	2,064,509
Comprehensive profit							
- Profit for the financial year	-	-	-	330,392	330,392	33,637	364,029
Other comprehensive income/(loss)							
- Currency translation differences	-	-	448	-	448	-	448
- Share of associate's gain on re-measurement of financial derivatives	-	-	502	-	502	-	502
- Reclassified to retained earnings	-	-	(335)	335	-	-	-
Total comprehensive income	-	-	615	330,727	331,342	33,637	364,979
Transactions with owners							
Issuance of:							
- ordinary shares	26,403	3,960	-	-	30,363	-	30,363
- warrants	-	-	1,320	-	1,320	-	1,320
Acquisition of additional equity interest in subsidiaries	-	-	-	(3,688)	(3,688)	4,358	670
Disposal of a subsidiary	-	-	-	-	-	(82)	(82)
Employees' share option scheme							
- options granted	-	-	4,869	-	4,869	-	4,869
- options exercised	10	4	(1)	-	13	-	13
- options lapsed	-	-	(287)	287	-	-	-
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 (audited)	1,786,591	327,950	62,453	83,153	2,260,147	52,624	2,312,771

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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
- Reclassified to retained earnings	-	-	-	-	-	(335)	(335)
Total other comprehensive Income/(loss)	-	502	448	-	-	(335)	615
Transactions with owners							
Issuance of new warrants	-	-	-	-	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 (audited)	28,090	2,168	636	6,066	28,355	(2,862)	62,453

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

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 2015.

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 2015.

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 Group includes transitioning entities and has elected to continue to apply FRS during the financial year. In the next financial year, the Group will continue to apply FRS and will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS) for the financial year ending 31 December 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time Adoption of MFRS".

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 financial quarter under review.

4. Items of unusual nature, size or incidence

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

5. Material changes in estimates of amounts reported

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

MALAYSIAN RESOURCES CORPORATION BERHAD

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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 financial quarter under review. Subsequent to the quarter ended 31 March 2016, there was an issuance of 100,000,000 ordinary shares of RM1.00 pursuant to the first tranche of the Private Placement completed on 25 April 2016 as stated in Note 15(e) below.

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, amounting to RM44,664,823. The dividend was paid on 24 February 2016 to shareholders whose names appeared in the record of Depositors on 26 January 2016.

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Notes to the Interim Report

8. Segmental reporting

3 months ended 31.3.2016

	Property development & investment RM'000	Engineering, construction & environment RM'000	Infrastructure RM'000	Facilities management & parking RM'000	Others RM'000	Total RM'000
Total revenue	155,771	406,797	28,138	22,591	28,713	642,010
Inter segment revenue	(2,963)	(177,735)	-	(4,615)	(20,682)	(205,995)
External revenue	152,808	229,062	28,138	17,976	8,031	436,015
Segment profit/(loss)	67,315	1,137	13,140	7,410	(17,231)	71,771
Unallocated corporate expenses						(9,553)
Finance income						2,361
Finance costs						(46,729)
Share of results of joint ventures and associates	578	(188)	413	-	-	803
Profit before tax						18,653

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Notes to the Interim Report

8. Segmental reporting (continued)

3 months ended 31.3.2015

	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
Total revenue	224,156	169,063	29,134	21,975	7,614	451,942	13,038	457,895
Inter segment revenue	(2,430)	(33,582)	(731)	(4,261)	(6,753)	(47,757)	(487)	(41,159)
External revenue	221,726	135,481	28,403	17,714	861	404,185	12,551	416,736
Segment profit/(loss)	273,308	2,172	16,546	5,361	(14,975)	282,412	10,790	293,202
Finance income						15,996	228	16,224
Finance costs						(45,362)	(4,271)	(49,633)
Share of results of joint venture and associates	(4,945)	3,675	683	-	-	(587)	-	(587)
Profit before tax						252,459	6,747	259,206

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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

(a) 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;

(i) 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

(ii) Ekovest-MRCB Construction Sdn Bhd represented by 800,000 ordinary shares of RM1.00 each.

The disposal was completed on 29 April 2016 and generated a gain of RM2.8 million.

(b) The Company had on 5 August 2015 entered into a Sale and Purchase Agreement with Cardiac Vascular Sentral (Kuala Lumpur) Sdn Bhd for the sale of Sooka Sentral for a total consideration of RM90.8 million. Sooka Sentral consists of a five-storey commercial building and one level of car park on a 5,662 square meter piece of land.

The disposal was completed on 23 May 2016 and generated a gain of RM41.2 million.

(c) The Company had on 19 May 2016 received a letter of Acceptance from Mass Rapid Transit Corporation Sdn Bhd ("MRT") awarding the Company the contract for Package V210 of the MRT Line 2 SSP project. Package V210 involves the construction and completion of a viaduct guideway and other associated works from Persiaran Apec to Putrajaya Sentral. The contract price of the works package is RM648 million.

(d) On 26 May 2016, the Company's wholly owned subsidiary, MRCB Builders Sdn Bhd ("MBSB") entered into a Project Delivery Partner ("PDP") Agreement with Kwasa Land Sdn Bhd to appoint MBSB as the PDP to provide project management services in connection with the construction and completion of the common infrastructure for the Majlis Bandaraya Petaling Jaya area of the proposed Kwasa Development Township located on a 2,330.42 acres piece of land for provisional fees of RM112.8 million and reimbursable costs of RM63.3 million.

Other than the above, there was no material event subsequent to the end of the financial quarter ended 31 March 2016 that has not been reflected in this interim report.

11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Notes to the Interim Report

12. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprise trade and performance guarantees, amounted to RM211.7 million as at 31 March 2016 (compared to RM221.5 million as at 31 December 2015). There are no material contingent assets to be disclosed.

13. Other operating income

There were no items of any unusual nature in the other operating income in the financial quarter under review.

14. Income tax expenses

In RM'000	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
In Malaysia				
Taxation				
- current year	(10,178)	(15,673)	(10,178)	(15,673)
- over provision in prior years	245	3,269	245	3,269
Deferred tax	4,740	5,330	4,740	5,330
	<u>(5,193)</u>	<u>(7,074)</u>	<u>(5,193)</u>	<u>(7,074)</u>

The higher effective taxation for the current quarter under review was mainly due to the non-availability of group relief for losses of certain companies in the Group to be utilized to set off against the taxable profit of other taxable entities in the Group.

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

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

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Notes to the Interim Report

15. Corporate Proposal

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

- (a) On 14 August 2014 the Company 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 was approved by the Company's shareholders at the Extraordinary General Meeting held on 12 February 2015. As at the date of this report, the subscription of the shares is still pending.

- (b) On 28 October 2015, MRCB Land Sdn Bhd, the Company's wholly owned subsidiary 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 redeemable preference shares ("RPS") of RM1.00 each at a premium of RM99.00 per share, representing a 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.

On 19 May 2016, a Supplementary Share Subscription Agreement and Supplementary Joint Venture Agreement were signed to vary the proposed subscription of the RPS to 2,282,000 of RM1.00 each at a premium of RM99.00 per share, also representing 70% equity interest in CSB Development Sdn Bhd. The variation reduces the total subscription payment to RM228.9 million.

As at date of this report, the subscription of the shares is still pending.

- (c) On 3 December 2015, the Company's wholly owned subsidiary, 348 Sentral Sdn. Bhd. entered into a Heads of Agreement ("HoA") with Maybank Trustee Berhad, acting as trustee for MRCB-Quill REIT ("MQ REIT") 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 a sale consideration of RM640 million, to be settled by a combination of cash and the issuance of new units in MQ REIT.
- (d) On 21 December 2015, the shareholders of the Company approved to undertake a private placement of up to 493,019,758 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 ("Private Placement") as stated in the Circular to shareholders dated 4 December 2015. On 17 May 2016, Bursa Malaysia Securities Berhad approved an extension of time until 1 December 2016 for the Company to complete the Private Placement.

On 25 April 2016, the Company completed the first tranche of the Private Placement comprising 100,000,000 Placement Shares at RM1.09 per Placement Share.

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15. Corporate Proposal (continued)

- (d) The proposed utilization of the proceeds of the entire Private Placement exercise, and the status after the placement of the 1st Tranche, as at the date of this report, is tabulated as follows:

No.	Purpose	Proposed Utilization (RM'000)	Proposed Utilization (RM'000)	Estimated Timeframe For The Full Utilization
		Minimum Scenario	Maximum Scenario	
1	Property development activities	278,800	371,500	Within 24 months
2	Repayment of borrowings	65,000	85,000	Within 12 months
3	General working capital	90,272	142,044	Within 12 months
4	Estimated expenses in relation to the Proposed Private Placement	9,000	12,800	Within 6 months
	Total	*443,072	*611,344	

* Total proceeds raised as at 31 May 2016 is RM109 million.

No.	Purpose	Actual Utilization (RM'000)	Amount Unutilized (RM'000)	Amount Unutilized (RM'000)
			Minimum Scenario	Maximum Scenario
1	Property development activities	15,522	263,278	355,978
2	Repayment of borrowings	-	65,000	85,000
3	General working capital	8,546	81,726	133,498
4	Estimated expenses in relation to the Proposed Private Placement	1,450	7,550	11,350
	Total	25,518	417,554	585,826

Given that the Private Placement will be implemented in tranches, the issue price for each subsequent tranche will be determined and announced by the Board separately.

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15. Corporate Proposal (continued)

- (f) On 28 April 2016, the Company's wholly owned subsidiary, Gapurna Land Sdn Bhd entered into a sale and purchase agreement ("SPA") with Kejora Kinta Sdn Bhd for the proposed acquisition of the following adjoining parcels of land for a total cash consideration of RM6,900,000, upon the terms and conditions as set out in the SPA:-
- (i) Geran No. 37570, Lot 36 Seksyen 98, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring 9,665 square feet ("sq. ft."); and
 - (ii) Geran No. 37571, Lot 37 Seksyen 98, bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring 10,576 sq. ft.,

As at the date of this report, the above proposed acquisition remains uncompleted.

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16. Group borrowings

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

	As at 31.3.2016 RM'000	As at 31.12.2015 RM'000
Secured		
Short term	479,285	782,546
Long term	2,464,199	2,345,249
Unsecured		
Short term	251,581	259,580
Total	<u>3,195,065</u>	<u>3,387,375</u>

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

- (1) Full settlement of the balance of the RM250 million project loan for Nu Tower office;
- (2) Partial repayment of The Sentral Residences and Eastern Dispersal Link Highway ("EDL") project loans of RM54.5 million; and
- (3) Repayment of short term credit facilities of RM8 million;

The secured long term loans consist mainly of:

- (a) The Senior and Junior Sukuk and the related syndicated term loan amounting to RM1,125 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 the Group's completed and on-going property development projects of RM906 million.

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

- (a) Project loans totaling RM390 million; and
- (b) Certain short term credit facilities and long term loans for working capital purposes which are due within the next 12 months totaling RM341 million.

Included in the Group total borrowings was a secured Australian Dollar long term loan of AUD12 million, equivalent to RM35 million (2015: AUD9 million, equivalent to RM28 million).

Other than the above, the balance of the Group borrowings are denominated in Ringgit Malaysia.

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17. Material litigation

The Group is engaged in various litigations arising from its operational transactions, the potential claims amounting to approximately RM1.5 million. Based on management assessment and legal advice on these claims for which reasonable defence exist, no provisions have been made by the Group at this juncture.

The Group has also filed some claims, some of which are counter claims, amounting to approximately RM6.0 million arising from its operational transactions.

18. Review of performance

The Group recorded profit before tax for the financial quarter under review of RM18.7 million compared to RM252.5 million in the preceding year's corresponding quarter. The higher profit before tax recorded in the preceding year's corresponding quarter was mainly due to a gain of RM220.5 million recorded from the disposal of Platinum Sentral and other one-off gains totaling RM19.1 million. Excluding all the one-off gains in the first quarter 2015 profit before tax of RM252.5, the underlying profit before tax in the first quarter of 2016 rose 46.1% from RM12.8 million to RM18.7 million.

Segmental Breakdown of Revenue & Profit/(Loss) Before Interest

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.3.2016 RM'000	31.3.2015 RM'000	31.3.2016 RM'000	31.3.2015 RM'000
<u>Revenue</u>				
Property development & investment	152,808	221,726	152,808	221,726
Engineering, construction & environment	229,062	135,481	229,062	135,481
Infrastructure	28,138	28,403	28,138	28,403
Facilities management & parking	17,976	17,714	17,976	17,714
Others	8,031	861	8,031	861
	<u>436,015</u>	<u>404,185</u>	<u>436,015</u>	<u>404,185</u>
<u>Profit/(loss) before interest</u>				
Property development & investment	67,315	273,308	67,315	273,308
Engineering, construction & environment	1,137	2,172	1,137	2,172
Infrastructure	13,140	16,546	13,140	16,546
Facilities management & parking	7,410	5,361	7,410	5,361
Others	(17,231)	(14,975)	(17,231)	(14,975)
	<u>71,771</u>	<u>282,412</u>	<u>71,771</u>	<u>282,412</u>

Notes to the Interim Report

18. Review of performance (continued)

For the financial quarter under review, the Group recorded revenue and profit before interest of RM436.0 million and RM71.7 million respectively, compared to RM404.2 million and RM282.4 million respectively in the preceding year's corresponding quarter. This represents an increase of 7.9% in revenue in the financial quarter under review compared to the corresponding quarter in the preceding year. Lower profit before interest in the financial quarter under review was mainly due to a gain of RM239.7 million recorded from the disposal of Platinum Sentral and other assets in the corresponding quarter in the preceding year.

The performance's variances of the Group were mainly attributable to the two (2) operating segments below:-

(i) Property Development & Investment

The higher revenue recorded compared to the corresponding quarter in the preceding year was mainly due to higher contributions from on-going property development projects, namely Sentral Residences in KL Sentral CBD and 9 Seputeh in Jalan Klang Lama.

(ii) Engineering, Construction & Environment

The division also recorded higher revenue compared to the corresponding quarter in the preceding year from the construction of the Ampang LRT Line Extension and the on-going construction projects at Desaru, Johor Darul Takzim.

Other operating segments recorded performance was within the Group's expectations.

19. Variation of results against immediate preceding quarter

The Group recorded revenue and profit before taxation of RM436.0 million and RM18.7 million for the financial quarter under review ended 31 March 2016, compared to revenue of RM388.2 million and profit before taxation of RM0.4 million recorded in the preceding quarter ended 31 December 2015

The 12.3% growth in revenue recorded in the financial quarter under review over the preceding financial quarter was mainly due to higher progress payments in the engineering and construction division, which contributed to the higher profit before taxation recorded for the financial quarter under review compared to the preceding financial quarter.

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20. Prospects

The Group will continue its strategy of focussing on its core activities of Property Development & Investment and Construction, Engineering & Environment.

Despite the current economic environment, the Group offers a unique proposition as an urban developer of commercial and residential property developments centred around strong mass transportation infrastructure, which it has successfully undertaken at its KL Sentral CBD Transport Oriented Development (“TOD”) project. The Group will therefore strive to emulate this success in its other TOD projects, namely Penang Sentral, PJ Sentral Garden City, Cyberjaya City Centre and Kwasa Sentral, which will all mirror elements of this successful concept at KL Sentral CBD.

The Group’s Property Investment activity will largely continue to be undertaken through its 31% stake in MRCB-QUILL REIT, which not only provides a potential avenue for the Group to release capital through the disposal of its completed projects, but also allows it to earn a relatively steady and consistent stream of income over the medium to longer term.

The Construction, Engineering & Environment division continues to tender for more contracting projects, which has led to a sizeable increase in its order book, which will keep the division busy over the next few years. Furthermore, the Division is also placing greater emphasis on trying to secure long term fee based work to try to reduce volatility in its construction revenues, and ensure greater consistency in its earnings.

With these strategies in place, the Board believes the Group is well positioned to overcome future challenges.

21. Variance on forecast profit/profit guarantee

Not applicable.

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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 in issue during the current financial period.

	Individual Quarter		Cumulative Quarter	
	3 months ended 31.3.2016	3 months ended 31.3.2015	3 months ended 31.3.2016	3 months ended 31.3.2015
Net profit for the financial period attributable to the owners of the parent (RM'000)				
- from continuing operations	4,382	234,483	4,382	234,483
- from discontinuing operations	-	3,378	-	3,378
Weighted average number of Ordinary shares in issue ('000)	1,786,591	1,783,060	1,786,591	1,783,060
Basic Earnings Per Share (sen)				
- from continuing operations	0.25	13.15	0.25	13.15
- from discontinuing operations	-	0.19	-	0.19

Diluted Earnings Per Share

There is no significant effect on the fully diluted earnings per share arising from the outstanding share options and warrants. Hence, the basic earnings per share approximates to the fully 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 31 March 2016, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 31.3.2016 (unaudited) (RM'000)	Accumulated quarter ended 31.12.2015 (audited) (RM'000)
Total accumulated profit or losses:		
- Realised	332,040	308,052
- Unrealised	(3,758)	(8,828)
Total share of accumulated profit from associates:		
- Realised	61,462	61,106
Total share of accumulated profit or losses from joint venture:		
- Realised	1,099	(51,693)
Add: Consolidation adjustments	(303,308)	(225,484)
Total Group retained earnings	87,535	83,153

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
31 May 2016