

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

Consolidated Statement of Comprehensive Income

In RM'000	Note	3 months ended		3 months ended	
		31.3.2017 (unaudited)	31.3.2016 (unaudited)	31.3.2017 (unaudited)	31.3.2016 (unaudited)
Revenue		524,851	436,015	524,851	436,015
Expenses		(476,469)	(410,917)	(476,469)	(410,917)
Other operating income	13	17,202	39,481	17,202	39,481
Profit from operations		65,584	64,579	65,584	64,579
Finance costs		(35,180)	(46,729)	(35,180)	(46,729)
Share of results of associates		(2,436)	356	(2,436)	356
Share of results of joint ventures		1,297	447	1,297	447
Profit before tax		29,265	18,653	29,265	18,653
Income tax expense	14	(8,861)	(5,193)	(8,861)	(5,193)
Profit for the financial year		20,404	13,460	20,404	13,460
Other comprehensive income for the financial period, net of tax:					
Item that may be reclassified subsequent to comprehensive income					
- currency translation differences		296	(80)	296	(80)
- share of associate's gain/(loss) on re-measurement of financial derivatives		79	(1,236)	79	(1,236)
Total comprehensive income for the financial period, net of tax		20,779	12,144	20,779	12,144
Profit for the financial period attributable to:					
Equity holders of the Company		10,462	4,382	10,462	4,382
Non-controlling interests		9,942	9,078	9,942	9,078
		20,404	13,460	20,404	13,460
Total comprehensive income for the financial period attributable to:					
Equity holders of the Company		10,837	3,066	10,837	3,066
Non-controlling interests		9,942	9,078	9,942	9,078
		20,779	12,144	20,779	12,144
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
Basic	22	0.49	0.25	0.49	0.25
Diluted	22	0.48	0.25	0.48	0.25

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

Consolidated Statement of Financial Position

In RM'000	As at 31.3.2017 (unaudited)	As at 31.12.2016 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	457,230	437,823
Investment properties	532,925	520,077
Land held for property development	1,550,602	1,767,639
Service concession asset	1,167,850	1,176,347
Associates	287,233	289,320
Joint ventures	240,670	12,545
Long term receivable	5,008	34,497
Available for sale financial assets	577	577
Intangible assets	251,195	252,868
Deferred tax assets	99,951	96,588
	<u>4,593,241</u>	<u>4,588,281</u>
Current assets		
Inventories	142,950	57,521
Properties development costs	632,276	759,287
Trade and other receivables	1,844,913	1,334,888
Amount due from associates and joint ventures	17,217	19,981
Tax recoverable	21,151	22,217
Financial assets at fair value through profit or loss	2,363	2,255
Deposits, cash and bank balances	671,982	722,157
	<u>3,332,852</u>	<u>2,918,306</u>
TOTAL ASSETS	<u><u>7,926,093</u></u>	<u><u>7,506,587</u></u>

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

Consolidated Statement of Financial Position

In RM'000	As at 31.3.2017 (unaudited)	As at 31.12.2016 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	2,527,584	2,144,039
Share premium	–	372,391
Retained earnings	354,385	344,311
Other reserves	65,338	65,080
	<u>2,947,307</u>	<u>2,925,821</u>
Non-controlling interests	109,163	99,221
Total equity	<u>3,056,470</u>	<u>3,025,042</u>
Non-current liabilities		
Senior and Junior Sukuk	1,058,482	1,058,477
Long term borrowings	1,529,137	1,072,304
Long term liabilities	17,228	17,850
Government grant	62,971	62,971
Deferred tax liabilities	78,953	80,368
	<u>2,746,771</u>	<u>2,291,970</u>
Current liabilities		
Trade and other payables	1,252,788	1,340,692
Current tax liabilities	27,389	42,552
Short term borrowings	842,675	806,331
	<u>2,122,852</u>	<u>2,189,575</u>
Total liabilities	<u>4,869,623</u>	<u>4,481,545</u>
TOTAL EQUITY AND LIABILITIES	<u>7,926,093</u>	<u>7,506,587</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>137.0</u>	<u>136.5</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

Consolidated Statement of Cash Flows

In RM'000	3 months ended	
	31.3.2017	31.3.2016 (unaudited)
Operating activities		
Cash receipts from customers	318,218	777,136
Cash paid to suppliers and employees	(840,432)	(538,532)
Cash (used in)/generated from operations	(522,214)	238,604
Bank services charges paid	(389)	(804)
Taxes paid	(20,276)	(45,159)
Net cash (used in)/generated from operating activities	(542,879)	192,641
Investing activities		
Proceeds from divestment of equity investments	7,480	850
Dividend received	8,593	9,046
Non-equity investments	1,705	9,005
Net cash generated from investing activities	17,778	18,901
Financing activities		
Proceeds from issue of shares capital	10,650	49
Dividend paid to equity holders	-	(71,476)
Proceeds from borrowings	548,572	132,103
Repayment of borrowings	(60,190)	(323,893)
Interest paid	(24,106)	(38,336)
(Placement)/withdrawal of restricted cash	(49,285)	6,681
Net cash generated from/(used in) financing activities	425,641	(294,872)
Net decrease in cash and cash equivalent	(99,460)	(83,330)
Cash and cash equivalents at beginning of the financial period	592,765	339,229
Cash and cash equivalent at end of financial period	493,305	255,899
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprised the following:		
Bank balances and deposits	671,982	431,497
Less: Bank balances and deposits held as security value	(178,677)	(175,598)
	493,305	255,899

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

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 2017	2,144,039	372,391	65,080	344,311	2,925,821	99,221	3,025,042
Comprehensive income							
- Profit for the financial period	-	-	-	10,462	10,462	9,942	20,404
Other comprehensive income/(loss)							
- Currency translation differences	-	-	296	-	296	-	296
- Share of associate's gain on re-measurement of financial derivatives	-	-	79	-	79	-	79
- Post-employment benefit obligations	-	-	666	(666)	-	-	-
Total comprehensive income			1,041	9,796	10,837	9,942	20,779
Transactions with owners							
Employees' share option scheme							
- options exercised	11,154	-	(505)	-	10,649	-	10,649
- options lapsed	-	-	(278)	278	-	-	-
Total transactions with owners	11,154	-	(783)	278	10,649	-	10,649
Transition to no-par value regime *	372,391	(372,391)	-	-	-	-	-
At 31 March 2017 (unaudited)	2,527,584	-	65,338	354,385	2,947,307	109,163	3,056,470

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorized share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM372,391,468.71 for the purposes as set out in Section 618(3) of the Act. There is no impact of ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

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Consolidated Statement of Changes in Equity

Other reserves

In RM'000	Revaluation reserve	Other reserve	Currency translation reserve	Share option reserve	Warrants reserve	Retirement benefit reserve	Total
At 1 January 2017	28,090	1,151	642	9,962	28,355	(3,120)	65,080
Other comprehensive income							
- Currency translation differences	-	-	296	-	-	-	296
- Share of associate's gain on re-measurement of financial derivatives	-	79	-	-	-	-	79
- Post-employment benefit obligations	-	-	-	-	-	666	666
Total other comprehensive income	-	79	296	-	-	666	1,041
Transactions with owners							
Employees' share option scheme							
- options exercised	-	-	-	(505)	-	-	(505)
- options lapsed	-	-	-	(278)	-	-	(278)
	-	-	-	(783)	-	-	(783)
At 31 March 2017 (unaudited)	28,090	1,230	938	9,179	28,355	(2,454)	65,338

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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 year	-	-	-	267,360	267,360	51,737	319,097
Other comprehensive income/(loss)							
- Currency translation differences	-	-	6	-	6	-	6
- Share of associate's loss on re-measurement of financial derivatives	-	-	(1,017)	-	(1,017)	-	(1,017)
- Post-employment benefit obligations	-	-	(258)	258	-	-	-
Total comprehensive income/(loss)	-	-	(1,269)	267,618	266,349	51,737	318,086
Transactions with owners							
Issuance of:							
- ordinary shares	357,318	44,385	-	-	401,703	-	401,703
Acquisition of additional equity interest in subsidiaries	-	-	-	(7,106)	(7,106)	23	(7,083)
Employees' share option scheme							
- options granted	-	-	4,559	-	4,559	-	4,559
- options exercised	130	56	(17)	-	169	-	169
- options lapsed	-	-	(646)	646	-	-	-
Dividends paid for financial year ended 31 December 2016	-	-	-	-	-	(5,163)	(5,163)
Total transactions with owners	357,448	44,441	3,896	(6,460)	399,325	(5,140)	394,185
At 31 December 2016 (audited)	2,144,039	372,391	65,080	344,311	2,925,821	99,221	3,025,042

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Consolidated Statement of Changes in Equity

<u>Other reserves</u>							
In RM'000	<u>Revaluation reserve</u>	<u>Other reserve</u>	<u>Currency translation reserve</u>	<u>Share option reserve</u>	<u>Warrants reserve</u>	<u>Retirement benefit reserve</u>	<u>Total</u>
At 1 January 2016	28,090	2,168	636	6,066	28,355	(2,862)	62,453
Other comprehensive loss							
- Currency translation differences	-	-	6	-	-	-	6
- Share of associate's loss on re-measurement of financial derivatives	-	(1,017)	-	-	-	-	(1,017)
- Post-employment benefit obligations	-	-	-	-	-	(258)	(258)
Total other comprehensive income/(loss)	-	(1,017)	6	-	-	(258)	(1,269)
Transactions with owners							
Employees' share option scheme							
- options granted	-	-	-	4,559	-	-	4,559
- options exercised	-	-	-	(17)	-	-	(17)
- options lapsed	-	-	-	(646)	-	-	(646)
	-	-	-	3,896	-	-	3,896
At 31 December 2016 (audited)	28,090	1,151	642	9,962	28,355	(3,120)	65,080

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

Notes to the Interim Report

1. Basis of preparation

This 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 2016.

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 2016.

There were no new/revised accounting standards, amendments to standards and interpretations that came into effect during the financial period that significantly impacted the Group.

The Group includes transitioning entities and have elected to continue to apply FRS during the financial year. The Group 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 an 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 year that would have a material effect on the results of the financial year under review.

6. Debt and equity securities

During the financial quarter under review, there were 8,113,907 new ordinary shares issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme at the exercise prices of RM1.30 and RM1.36 per share as part of the Company's long term plan to incentivise and retain employees.

Other than the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial quarter under review.

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Notes to the Interim Report

7. Dividends

On 27 February 2017, the Directors recommended the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2016 of 2.75% or 2.75 sen per ordinary share, totaling approximately RM59.8 million at the date of this report, which is subject to the approval of the members of the Company at the forthcoming Annual General Meeting.

There were no dividends declared or paid by the Company for the financial quarter under review.

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REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

Notes to the Interim Report

8. Segmental reporting

3 months ended 31.3.2017

	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	244,271	320,812	28,506	20,855	20,917	635,361
Inter segment revenue	(1,722)	(89,569)	-	(3,981)	(15,238)	(110,510)
External revenue	242,549	231,243	28,506	16,874	5,679	524,851
Segment profit	50,139	1,254	17,470	3,749	(4,542)	68,070
Unallocated corporate expenses						(9,427)
Finance income						6,941
Finance costs						(35,180)
Share of results of associates and joint ventures	(2,529)	1,390	-	-	-	(1,139)
Profit before tax						29,265

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8. Segmental reporting (continued)

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	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 associates and joint ventures	578	(188)	413	-	-	803
Profit before tax						18,653

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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

On 12 January 2017, the Company entered into a conditional Share Sale Agreement with Crystal Clear Cleaning Sdn Bhd for the disposal of its entire equity interest in Semasa Services Sdn Bhd, a wholly owned subsidiary of the Company, for a total cash consideration of RM4.8 million ("Purchase Price") with a provision for adjustment to the Purchase Price.

The disposal was completed on 5 April 2017. The final Purchase Price was RM5.7 million with a gain on disposal of RM3.8 million.

Other than the above, there were no other material events subsequent to the end of the financial quarter ended 31 March 2017 that have not been reflected in this report.

11. Changes in the composition of the Group

- (a) On 17 February 2017, the Company's wholly owned subsidiary, MRCB Engineering Sdn Bhd entered into a Share Sale Agreement with Hicom Berhad for the disposal of its entire 51% equity interest represented by 510,000 ordinary shares in Dekad Kaliber Sdn Bhd, for a total cash consideration of RM3.6 million.

The disposal was completed on the same day and generated a disposal gain of RM1.6 million.

- (b) On 21 April 2017, Rukun Juang Sdn Bhd, the Company's 85% owned subsidiary incorporated Bukit Jalil Sentral Property Sdn Bhd for the purpose of owing 3 parcels of leasehold land as stated in Note 15(c) below.

The paid up share capital of the new subsidiary comprises 2 ordinary shares.

Other than the above, there were no other changes in the composition of the Group for the financial quarter under review.

12. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprise trade and performance guarantees, amounted to RM279.4 million as at 31 March 2017 (compared to RM282.1 million as at 31 December 2016). There are no material contingent assets to be disclosed.

13. Other operating income

There were no items of an unusual nature in the other operating income in the financial quarter under review except for the disposal gain of RM1.6 million stated in Note 11(a) above.

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Notes to the Interim Report

14. Income tax expenses

In RM'000	3 months ended		3 months ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
In Malaysia				
Taxation				
- current period	(13,474)	(10,178)	(13,474)	(10,178)
- under/(over) provision in prior years	(100)	245	(100)	245
Deferred tax	<u>4,713</u>	<u>4,740</u>	<u>4,713</u>	<u>4,740</u>
	<u>(8,861)</u>	<u>(5,193)</u>	<u>(8,861)</u>	<u>(5,193)</u>

The effective tax rate of 29.1% for the current financial quarter is higher than the statutory rate of taxation, mainly due to non-availability of group relief for losses of certain subsidiaries that could be utilized to set-off against the taxable profits of certain subsidiaries and 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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15. Corporate Proposals

- (a) On 14 August 2014, the Company entered into a shareholders' agreement with Kwasa Land Sdn Bhd and Kwasa Sentral Sdn Bhd ("KSSB") for the subscription of 700,000 new ordinary shares of RM1.00 each, representing a 70% equity interest in KSSB for a cash subscription payment of approximately RM816.6 million ("Subscription"). KSSB 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 Subscription was approved by the Company's shareholders at the Extraordinary General Meeting held on 12 February 2015.

On 8 August 2016, a supplemental shareholders' agreement was signed to, amongst others, allow the Parties to mutually agree on a suitable date to be the unconditional date (which shall be a date falling within six (6) months after the date of fulfilment of the conditions precedent).

On 11 November 2016, the Company announced that all the conditions precedent as set out in the shareholders' agreement and supplemental shareholders' agreement have been fulfilled.

On 9 May 2017, a second supplemental shareholders' agreement was signed to vary certain terms of the shareholders' agreement and supplemental shareholders' agreement. The balance subscription payment to be paid upon the unconditional date shall be approximately RM737.9 million as the MX-1 Land size is now 64.3 acres pursuant to the subdivision and the number of ordinary shares to be issued by KSSB remained the same. In addition, the Parties shall mutually agree on a suitable date to be the unconditional date which shall be a date occurring no later than 29 December 2017 or any other date as may be agreed upon in writing by the Parties.

The Subscription is expected to be completed by the 4th quarter of 2017.

- (b) On 17 May 2017, the Company announced to undertake the following proposals;
- (i) a renounceable rights issue of up to 2,856,719,498 new ordinary shares in MRCB together with up to 571,343,900 free detachable warrants, on the basis of one (1) Rights Share for every one (1) existing MRCB Share held and one (1) Rights Warrant for every five (5) Rights Shares subscribed for, on an entitlement date to be determined later ("Proposed Rights Issue"); and
 - (ii) exemption to the Employees Provident Fund Board, Gapurna Sdn Bhd and persons acting in concert with them from the obligation to undertake a mandatory offer for the remaining MRCB Shares and convertible securities not already owned by them arising from the application for excess Rights Shares under the Proposed Rights Issue as well as the subsequent exercise of the Rights Warrants into new MRCB Shares.

The above proposals are expected to be completed in the 3rd quarter of 2017.

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15. Corporate Proposals (continued)

- (c) On 21 April 2017, Rukun Juang Sdn Bhd (“RJSB”), the indirect 85% equity interest owned subsidiary of the Company entered into a second supplementary agreement to the Privatisation Agreement with the Government of Malaysia, represented by the Ministry of Youth and Sport and Syarikat Tanah dan Harta Sdn Bhd to reduce the Contract Sum from RM1,631,880,000 to RM1,343,257,764.32. The Privatization Agreement is related to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil (“Privatisation Project”). The Government will cause the Federal Lands Commissioner to transfer three (3) parcels of leasehold land located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres (“Lands”) as consideration for RJSB agreeing to undertake the Privatisation Project. The Contract Sum is reduced to commensurate with to the reduction in the size of the Lands, as well as revised works packages under Project 1 and Project 2 respectively.

Other than the above, there were no corporate proposals announced that are yet to be completed at the date of this report.

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16. Group borrowings

The tenure of the Group borrowings classified as short and long term were as follows:

	As at 31.3.2017 RM'000	As at 31.12.2016 RM'000
Secured		
Short term	592,675	556,331
Long term	2,587,619	2,130,781
Unsecured		
Short term	250,000	250,000
Total	<u>3,430,294</u>	<u>2,937,112</u>

The increase in Group borrowings was mainly due to the additional drawdown of project loans during the financial period under review to finance the Group's on-going property development and construction projects.

The secured long term loans consist mainly of:

- (a) The Senior and Junior Sukuk of RM1,059 million which were obtained for the purpose of financing the construction of the Eastern Dispersal Link toll road;
- (b) Sukuk Murabahah Programme totaling RM540 million for the Group's working capital purposes;
- (c) Project loans of RM989 million for the Group's on-going property development and construction projects.

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

- (a) Project loans totaling RM493 million; and
- (b) Short term borrowings and long term loans which are due within the next 12 months of RM100 million and RM250 million respectively for working capital purposes.

Included in the Group total borrowings was a secured Australian Dollar short term loan of AUD32.0 million, equivalent to RM107.6 million (2016: AUD29.5 million, equivalent to RM95.3 million).

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

The Group's Net Gearing as at 31 March 2017 was 0.90 times.

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17. Material litigation

There is no material litigation arising from the Group's operational transactions at the date of this report.

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

18. Review of performance

For the first quarter ended 31 March 2017, the Group recorded profit before tax of RM29.3 million, compared to RM18.7 million in the corresponding financial quarter ended 31 March 2016. The higher profit before tax recorded in the financial quarter under review was mainly attributable to lower finance costs charged and higher finance income generated coupled, with more effective cost management of the Group's working capital. The Group's residential property development projects, Sentral Residences and Easton Burwood in Melbourne, Australia, which were fully constructed during the quarter under review, also contributed positively to the Group's results.

Segmental Breakdown of Revenue & Profit/(Loss) – Note 8*

	3 months ended		3 months ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Property development & investment	242,549	152,808	242,549	152,808
Engineering, construction & environment	231,243	229,062	231,243	229,062
Infrastructure	28,506	28,138	28,506	28,138
Facilities management & parking	16,874	17,976	16,874	17,976
Others	5,679	8,031	5,679	8,031
	<u>524,851</u>	<u>436,015</u>	<u>524,851</u>	<u>436,015</u>
<u>Profit/(Loss)</u>				
Property development & investment	50,139	67,315	50,139	67,315
Engineering, construction & environment	1,254	1,137	1,254	1,137
Infrastructure	17,470	13,140	17,470	13,140
Facilities management & parking	3,749	7,410	3,749	7,410
Others	(4,542)	(17,231)	(4,542)	(17,231)
	<u>68,070</u>	<u>71,771</u>	<u>68,070</u>	<u>71,771</u>

* Profit before unallocated expenses, finance costs and income and share of associates & joint ventures results.

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18. Review of performance (continued)

The revenue and profit of the Group was mainly attributable to the two core operating segments below:-

(i) Property Development & Investment

The revenue and profit recorded was mainly generated from the award winning Sentral Residences in KL Sentral CBD and Easton Burwood in Melbourne, and the on-going property development projects of 9 Seputeh mixed residential development in Jalan Klang Lama, PJ Sentral Garden City, Menara MRCB in Putrajaya and SIDEC residential project in Perak. The Group's investment properties in Shah Alam and Kuala Lumpur also continued to contribute recurring income of RM3.6 million to the Group during the financial quarter.

(ii) Engineering, Construction & Environment

The bulk of the division's revenue was contributed by the refurbishment and upgrading of facilities works to the National Sports Complex in Bukit Jalil and the on-going construction of most of the property development projects stated in (i) above, as well as several commercial buildings for clients in Johor, power transmission related construction projects in Peninsular Malaysia, and other civil engineering projects in the Klang Valley.

In the financial quarter under review, the division contributed only a marginal profit of RM1.3 million, mainly due to the fact that most of its construction projects are of MRCB's investment properties, whereby the recognition of profit can only be recognised upon collection of recurring rental income or on any future disposal of these assets by the Group to external parties.

19. Variation of results against immediate preceding quarter

The Group recorded revenue and profit before taxation of RM524.9 million and RM29.3 million for the financial quarter ended 31 March 2017, compared to revenue of RM1.032 billion and profit before taxation of RM238.6 million recorded in the immediate preceding quarter ended 31 December 2016.

The higher profit before tax recorded in the immediate preceding quarter was mainly due to the gain of RM144.9 million derived from the sale of Menara Shell, and RM56.1 million generated from the sale of a leasehold land to Mass Rapid Transit Corporation Sdn Bhd for a total cash consideration of RM180 million. The property development projects, namely The Sentral Residences, Easton Burwood in Melbourne, Menara MRCB in Putrajaya, 9 Seputeh mixed residential development in Jalan Klang Lama and PJ Sentral Garden City continued to contribute positively in the financial quarter under review.

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20. Prospects

The Group's Property Development division will focus on marketing its new residential development projects, including "Sentral Suites" in KL Sentral. Revenues and profits will continue to be progressively recognised in the present financial year from "Vivo" which forms phase 1 of its 9 Seputeh development, the office development projects in PJ Sentral Garden City and Menara MRCB in Putrajaya.

As at 31 March 2017, the Group has achieved total cumulative unbilled sales in its Property Development Division which is expected to deliver RM1.5 billion in revenue to be booked over the development lifespan of its projects. Over the longer term, the Division's 400 acre urban land bank will provide the Group a sustainable pipeline of revenues from property development projects centered around mass transportation infrastructure.

The Construction, Engineering & Environment division continues to actively tender for more contracting projects to replenish its order book, and in doing so, is placing greater emphasis on seeking civil engineering and long term fee based management projects.

In view of the above, the Group believes that its operating profits in the present financial year should be maintainable, despite the difficult operating environment.

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.

	3 months ended		3 months ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Net profit for the financial period attributable to the owners of the parent (RM'000)	10,462	4,382	10,462	4,382
Weighted average number of ordinary shares in issue ('000)	2,145,927	1,786,591	2,145,927	1,786,591
Earnings Per Share (sen)				
- Basic	0.49	0.25	0.49	0.25
- Diluted	0.48	0.25	0.48	0.25

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 2017, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad is as follows:

	As at 31.3.2017 (unaudited) (RM'000)	As at 31.12.2016 (audited) (RM'000)
Total accumulated profit or losses:		
- Realised	735,392	727,084
- Unrealised	20,817	15,931
Total share of accumulated profit from associates:		
- Realised	82,929	85,365
Total share of accumulated profit or losses from joint ventures:		
- Realised	6,770	6,965
Add: Consolidation adjustments	(491,523)	(491,034)
Total Group retained earnings	354,385	344,311

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
29 May 2017