

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended		
		31.12.2012 (unaudited)	31.12.2011 (audited & restated)	31.12.2012 (unaudited)	31.12.2011 (audited & restated)	
Revenue		303,075	473,881	1,283,204	1,226,705	
Expenses		(284,065)	(422,469)	(1,146,867)	(1,112,525)	
Other operating income	14	44,015	6,814	114,291	48,667	
Profit from operations		63,025	58,226	250,628	162,847	
Finance cost		(35,935)	(9,345)	(118,495)	(35,213)	
Share of results of associates		1,504	(803)	2,627	(1,469)	
Share of results of jointly controlled entities		3,824	(1,517)	(758)	(2,852)	
Profit before tax		32,418	46,561	134,002	123,313	
Income tax expense	15	(23,345)	(10,590)	(42,835)	(15,326)	
Profit for the financial year		9,073	35,971	91,167	107,987	
Other comprehensive income for the financial year, net of tax						
Items that may be reclassified subsequently to Profit or Loss						
- Currency translation differences		(22)	736	(237)	419	
- Share of an associate's other comprehensive income		-	1,164	-	1,164	
Total comprehensive income for the financial year, net of tax		9,051	37,871	90,930	109,570	
Profit attributable to:						
Equity holders of the Company		(2,972)	30,132	60,122	93,524	
Non-controlling interest		12,045	5,839	31,045	14,463	
		9,073	35,971	91,167	107,987	
Total comprehensive income for the financial year, net of tax:						
Equity holders of the Company		(3,032)	31,808	59,956	94,978	
Non-controlling interest		12,083	6,063	30,974	14,592	
		9,051	37,871	90,930	109,570	
Earnings per share attributable to the ordinary equity holders of the Company (sen)						
-		Basic 6.75		23 (0.21)	2.17	4.34
-		Diluted 6.74		23 (0.21)	2.17	4.33

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2012 (unaudited)	As at 31.12.2011 (audited & restated)	As at 1.1.2011 (audited & restated)
ASSETS			
Non-current assets			
Property, plant and equipment	38,750	43,189	34,828
Investment properties	1,040,695	848,783	523,085
Land held for property development	620,904	734,135	599,949
Service concession asset	-	1,265,658	925,047
Associates	61,382	58,755	39,225
Jointly controlled entities	93,367	96,725	93,398
Long term loan and receivable	81,963	74,910	66,380
Available for sale financial assets	577	577	482
Intangible assets	74,888	76,886	58,554
Deferred tax assets	39,108	29,452	29,790
	<u>2,051,634</u>	<u>3,229,070</u>	<u>2,370,738</u>
Current assets			
Inventories	9,749	16,753	17,865
Properties development costs	481,761	408,497	367,139
Trade and other receivables	1,428,661	1,120,572	807,614
Amount due from jointly controlled entities	749	2,841	21,699
Tax recoverable	12,406	10,018	3,673
Financial assets at fair value through profit or loss	3,984	4,545	4,608
Deposits, cash and bank balances	644,201	616,188	795,004
	<u>2,581,511</u>	<u>2,179,414</u>	<u>2,017,602</u>
Asset held for sale	1,321,672	-	-
TOTAL ASSETS	<u><u>5,954,817</u></u>	<u><u>5,408,484</u></u>	<u><u>4,388,340</u></u>

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Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2012 (unaudited)	As at 31.12.2011 (audited & restated)	As at 1.1.2011 (audited & restated)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	1,387,811	1,386,155	1,382,432
Reserves	30,390	(9,970)	(96,207)
	<u>1,418,201</u>	<u>1,376,185</u>	<u>1,286,225</u>
Non-controlling interest	69,144	38,131	35,252
Total equity	<u>1,487,345</u>	<u>1,414,316</u>	<u>1,321,477</u>
Non-current liabilities			
Loan stock at cost	14,845	14,354	18,994
Senior and Junior Sukuk	-	1,058,485	828,633
Long term borrowings	905,040	1,317,688	813,624
Long term liabilities	12,818	13,951	119,222
Deferred tax liabilities	51,222	46,869	32,912
	<u>983,925</u>	<u>2,451,347</u>	<u>1,813,385</u>
Current liabilities			
Trade payables	684,932	793,916	646,117
Other payables	269,288	283,866	245,799
Current tax liabilities	9,915	2,665	6,931
Senior and Junior Sukuk	1,058,471	-	-
Short term borrowings	1,345,941	352,231	354,631
Guaranteed return to a non controlling interest	115,000	110,143	-
	<u>3,483,547</u>	<u>1,542,821</u>	<u>1,253,478</u>
Total liabilities	<u>4,467,472</u>	<u>3,994,168</u>	<u>3,066,863</u>
TOTAL EQUITY AND LIABILITIES	<u><u>5,954,817</u></u>	<u><u>5,408,484</u></u>	<u><u>4,388,340</u></u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>102.2</u>	<u>99.3</u>	<u>93.0</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011.

MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Condensed Consolidated Statement of Cash Flows

In RM'000	12 months ended	
	31.12.2012	31.12.2011 (unaudited)
Operating activities		
Cash receipts from customers	1,395,598	1,171,097
Cash paid to suppliers and employees	(1,713,692)	(1,687,974)
Cash used in operations	(318,094)	(516,877)
Finance cost paid	(1,502)	(2,932)
Taxes paid	(42,912)	(31,415)
Net cash used in operating activities	(362,508)	(551,224)
Investing activities		
Acquisition of equity investments	(4,644)	(152,914)
Disposal of equity investments	150	235,449
Dividend received	249	176
Non-equity investments	10,539	(63,645)
Net cash generated from investing activities	6,294	19,066
Financing activities		
Proceed from issue of share capital	2,006	5,266
Dividend paid to equity holders	(20,796)	(15,571)
Proceeds from borrowings	799,011	822,487
Repayment of borrowings	(221,555)	(318,867)
Interest paid	(174,439)	(139,973)
(Placement) / withdrawal of restricted cash	(1,274)	62,618
Net cash generated from financing activities	382,953	415,960
Net increase / (decrease) in cash and cash equivalent	26,739	(116,198)
Cash and cash equivalents at beginning of the financial year	371,076	487,274
Cash and cash equivalent at end of financial year	397,815	371,076

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

Bank balances and deposits	644,201	616,188
Less: Bank balances and deposits held as security value	(246,386)	(245,112)
	<u>397,815</u>	<u>371,076</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011

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REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 2012 (as previously stated)	1,386,155	132,226	44,592	(202,850)	1,360,123	38,131	1,398,254
Prior year adjustments (Note 2)	-	-	-	16,062	16,062	-	16,062
At 1 January 2012 (restated)	1,386,155	132,226	44,592	(186,788)	1,376,185	38,131	1,414,316
Comprehensive income							
- Profit for the financial year	-	-	-	60,122	60,122	31,045	91,167
Other comprehensive income							
- Currency translation differences	-	-	(166)	-	(166)	(71)	(237)
Total comprehensive income	-	-	(166)	60,122	59,956	30,974	90,930
Transactions with owners							
Issue of shares							
- exercise of ESOS options	1,656	251	-	-	1,907	-	1,907
Employees' share option scheme							
- options exercised	-	1,998	(1,998)	-	-	-	-
- options lapsed	-	-	(3,597)	3,597	-	-	-
- options rescinded	-	-	(7,511)	7,511	-	-	-
- options extended	-	-	904	-	904	-	904
Acquisition of additional interest in subsidiaries	-	-	45	-	45	99	144
Dividends							
- financial year ended 31 December 2011	-	-	-	(20,796)	(20,796)	-	(20,796)
Profit distribution by a jointly controlled entity							
- financial year ended 31 December 2012	-	-	-	-	-	(60)	(60)
Total transactions with owners	1,656	2,249	(12,157)	(9,688)	(17,940)	39	(17,901)
At 31 December 2012 (unaudited)	1,387,811	134,475	32,269	(136,354)	1,418,201	69,144	1,487,345

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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 2011 (as previously stated)	1,382,432	130,774	38,924	(265,905)	1,286,225	35,252	1,321,477
Comprehensive income							
- Profit for the financial year	-	-	-	93,524	93,524	14,463	107,987
Other comprehensive income							
- Currency translation differences	-	-	290	-	290	129	419
- Share of an associate's other comprehensive income	-	-	-	1,164	1,164	-	1,164
Total comprehensive income	-	-	290	94,688	94,978	14,592	109,570
Transactions with owners							
Issue of shares							
- exercise of ESOS options	3,723	1,452	-	-	5,175	-	5,175
Employees' share option scheme							
- options granted	-	-	3,858	-	3,858	-	3,858
Issue of shares	-	-	-	-	-	90	90
Acquisition of additional interest in subsidiaries	-	-	1,520	-	1,520	(8,708)	(7,188)
Dividends							
- financial year ended 31 December 2010	-	-	-	(15,571)	(15,571)	-	(15,571)
Profit distribution by a jointly controlled entity							
- financial year ended 31 December 2011	-	-	-	-	-	(3,095)	(3,095)
Total transactions with owners	3,723	1,452	5,378	(15,571)	(5,018)	(11,713)	(16,731)
At 31 December 2011 (unaudited)	1,386,155	132,226	44,592	(186,788)	1,376,185	38,131	1,414,316

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011

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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 2011.

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 2011, other than for the compliance with the new/revised Financial Reporting Standards (FRS) that came into effect during the financial year under review.

The Group will apply the following new standards, amendments to standard and interpretations that came into effect during the financial year under review:

- The revised FRS 124 "Related Party Disclosures"
- Amendments to FRS 7 "Financial instruments: Disclosures on Transfer of Financial Assets"

The above new standards, amendments to standard and interpretations do not have material effects on the Group's financial result for the financial year under review nor the Group's shareholders' funds as at 31 December 2012.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2013. 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 (MFRS) from financial year beginning 1 January 2014.

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Notes to the Report

2. Prior year adjustments and comparative figures

During the current financial year ended 31 December 2012, the Group made prior year adjustments relating to:

- (i) Investment in Series A Redeemable Preference Shares and Redeemable Secured Junior Bonds held by its associate, Nuzen Corporation Sdn Bhd as follows:
 - (a) reclassifying its investment in the Series A Redeemable Preference Shares and Redeemable Secured Junior Bonds to Long Term Loan and Receivables; and
 - (b) measurement of the Series A Redeemable Preference Shares using the amortized cost method in accordance with FRS139 "Financial Instruments: Recognition and Measurement"
- (ii) The fair value of assets and liabilities acquired by 59 INC Sdn Bhd principally due to adjustment to the purchase consideration as stipulated in the Share Sale Agreement, in accordance with FRS 3 (revised) "Business Combinations".

Certain comparative figures have been adjusted or extended to conform with changes in presentation and to comply with the additional disclosure requirements of the revised FRSs that are applicable for the financial year ended 31 December 2012.

The financial effects arising from the Group's prior year adjustments and reclassifications are as follows:

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Notes to the Report

2. Prior year adjustments and comparative figures (continued)

	As previously reported	Prior year adjustments	Reclassification	As Restated
	RM'000	RM'000	RM'000	RM'000
At 1 January 2011				
Statement of financial position				
Assets				
Property, plant and equipment	198,705	-	(163,877)	34,828
Investment properties	359,208	-	163,877	523,085
Associates	105,605	(66,380)	-	39,225
Long term loan and receivable	-	66,380	-	66,380
Liabilities				
Loan stock at cost	9,590	-	9,404	18,994
Other payables	255,203	-	(9,404)	245,799
At 31 December 2011				
Statement of financial position				
Assets				
Property, plant and equipment	206,731	-	(163,542)	43,189
Investment properties	652,976	32,265	163,542	848,783
Land held for property development	766,400	(32,265)	-	734,135
Associates	117,603	(58,848)	-	58,755
Long term loan and receivable	-	74,910	-	74,910
Intangible assets	95,736	(18,850)	-	76,886
Trade and other receivables	1,120,472	100	-	1,120,572
Liabilities				
Reserve	(26,032)	16,062	-	(9,970)
Loan stock at cost	7,000	-	7,354	14,354
Long term liabilities	124,094	-	(110,143)	13,951
Deferred tax liabilities	50,619	(3,750)	-	46,869
Trade payables	778,916	15,000	-	793,916
Other payables	321,220	(30,000)	(7,354)	283,866

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Guaranteed return to non controlling interest	-	-	110,143	110,143
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Notes to the Report

2. Prior year adjustments and comparative figures (continued)

	As previously reported	Prior year adjustments	Reclassification	As Restated
	RM'000	RM'000	RM'000	RM'000
Statement of profit or loss and other comprehensive income Financial year ended 31 December 2011				
Revenue	1,213,077	-	13,628	1,226,705
Expenses	(1,120,057)	7,532	-	(1,112,525)
Other operating income	53,765	8,530	(13,628)	48,667
Total comprehensive income for the financial year, net of tax	93,508	16,062	-	109,570

3. Audit report of the preceding annual financial statements

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

4. Seasonal or cyclical fluctuations

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

5. Items of unusual nature, size or incidence

Apart from the reclassification of the Group's borrowings per Note 17, there were no other items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows.

6. Material changes in estimates of amounts reported

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

7. Debt and equity securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period other than the shares allotment arising from the conversion of employees' share options as disclosed in the statement of changes in equity.

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8. Dividends

The Company paid a first and final dividend in respect of the financial year ended 31 December 2011 franked dividend of 2.0 % or 2.0 sen per ordinary share less income tax of 25%, amounting to RM20,796,502 on 4 May 2012.

The Directors recommend the payment of a first and final dividend in respect of the financial year ended 31 December 2012 comprising franked dividend of 0.4% or 0.4 sen per ordinary share less income tax of 25% and single tier dividend of 1.6% or 1.6 sen per ordinary share, totaling approximately RM26.37 million which are subject to the approval of the members of the Company at the forthcoming Annual General Meeting.

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9. Segmental reporting

	Engineering and Construction RM'000	Property development and investment RM'000	Infrastructure and environmental RM'000	Building services RM'000	Investment holding and others RM'000	Group RM'000
12 months ended 31.12.2012						
Total revenue	855,465	696,812	73,538	106,533	84,565	1,816,913
Inter-segment revenue	(405,868)	(6,882)	-	(36,682)	(84,277)	(533,709)
External revenue	449,597	689,930	73,538	69,851	288	1,283,204
Segment results	(25,670)	187,879	66,386	11,269	(18,948)	220,916
Finance income						29,712
Finance cost						(118,495)
Share of results of jointly controlled entities and associates	633	1,236	-	-	-	1,869
Profit before tax						134,002
12 months ended 31.12.2011						
Total revenue	1,362,396	495,257	28,619	94,415	28,344	2,009,031
Inter-segment revenue	(711,436)	(7,920)	-	(34,740)	(28,230)	(782,326)
External revenue	650,960	487,337	28,619	59,675	114	1,226,705
Segment results	12,167	124,683	(1,390)	7,044	(12,110)	130,394
Finance income						32,453
Finance cost						(35,213)
Share of results of jointly controlled entities and associates	(186)	(4,135)	-	-	-	(4,321)
Profit before tax						123,313

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Notes to the Report

10. Valuations of property, plant and equipment

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

11. Material events subsequent to the financial year

There were no material events subsequent to the end of the financial year except for the corporate proposal as disclosed in Note 16.

12. Changes in the composition of the Group

The Company had on 8 February 2012 applied to Companies Commission of Malaysia to effect three (3) of its non-wholly owned subsidiaries under members' voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965. These subsidiaries are Cheq Point (M) Sdn. Bhd., MR-H Piling and Civil Engineering (M) Sdn. Bhd. and MR Construction Sdn. Bhd.

At the date of this report, these subsidiaries are still in the process of members' voluntary liquidation.

13. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprised trade and performance guarantees, amounted to RM255.2 million as at 31 December 2012 (as compared to RM308.1 million as at 31 December 2011). There are no material contingent assets to be disclosed.

14. Other operating income

The substantial increase was due to the Government's interim payment commencing 1 May 2012 to reimburse the operating and maintenance expenses inclusive finance costs in relation to the EDL project during the intervening period until final agreement reached for the Government of Malaysia to take over the expressway.

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

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Notes to the Report

15. Income tax expenses

In RM'000	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
In Malaysia				
Taxation				
- current year	(27,133)	(11,030)	(45,559)	(22,972)
- (under)/over provision in prior years	(664)	(54)	(2,580)	1,344
Deferred tax	4,452	494	5,304	6,302
	<u>(23,345)</u>	<u>(10,590)</u>	<u>(42,835)</u>	<u>(15,326)</u>

The effective tax rate of 32.4% for the current financial year is higher than the statutory rate of taxation mainly due to non unavailability of group relief for losses of certain subsidiaries to set off against the taxable profits of other entities and certain non deductible expenses.

The under provision of tax in prior years was mainly due to restricted interest expenses to be set off against investment income.

The deferred tax was mainly due to the reversal of deferred tax liabilities for tax losses and some deductible temporary differences.

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Notes to the Report

16. Corporate Proposal

The Company ("MRCB") had on 8 February 2013 entered into the following agreements ("SSA"):-

- (i) Conditional share sale agreement with Nusa Gapurna Development Sdn Bhd ("NGD") for the acquisitions of the entire equity interest in Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd as well as 70% equity interest in P.J Sentral Development Sdn Bhd for RM459 million;
- (ii) Conditional share sale agreement with Mohd Imran bin Mohamad Salim, Datuk Mohamad Salim bin Fateh Din and Datin Yasmin binti Mohamed Ashraff for the acquisition of the entire equity interest in Gelanggang Harapan Construction Sdn Bhd ("GHC") for RM250 million; and
- (iii) Conditional share sale agreement with Hanif Ahmad bin Nisar Ahmad and Mohd Imran bin Mohamad Salim for the acquisition of the entire equity interest in Gapurna Global Solutions Sdn Bhd ("GGS") for RM20 million.

The above proposed acquisitions totaling RM729 million will be satisfied by a combination of cash of RM111 million and up to 398,709,678 new ordinary shares of RM1.00 each in MRCB ("MRCB Shares") at RM1.55 per share, together with up to 113,917,052 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) of MRCB Shares issued.

Simultaneous with the execution of the agreements, the Company had also entered into the following agreements:-

- (i) A right of first refusal and call option agreement with NGD to purchase the Options Assets comprising the entire issued and paid up share capital of the subsidiaries of NGD, namely Nilaitera Sdn Bhd and Projectmaju Sdn Bhd and the issued and paid up capital of other subsidiaries of NGD as may be incorporated from time to time or to be incorporated by NGD for the purpose of holding any land (s) / real property(ies) or carrying out property development for a period of three (3) years following the date of completion of the SSA.
- (ii) Profit guarantee agreement with Gapurna Sdn Bhd ("GSB") wherein GSB unconditionally and irrevocably and jointly and severally guarantee to MRCB that the actual aggregate audited net profit after tax of GHC for the financial years ended ("FYE") 2013 to FYE 2015 shall be collectively not less than RM50 million.

In addition to the above, the Company is also proposing to undertake the followings:-

- (i) To issue free warrants in the Company to all existing entitled shareholders of the Company on the basis of one (1) free warrant for every three (3) of the MRCB Shares held at an entitlement date to be determined later;
- (ii) To seek waiver from the Securities Commission Malaysia to undertake a mandatory take-over offer for the remaining MRCB Shares not already owned by NGD, the

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Employees Provident Fund Board and GSB as well as persons acting in concert with them;

Notes to the Report

16. Corporate Proposal (continue)

- (iii) To increase the authorized share capital of the Company; and
- (iv) To amend the Memorandum and Articles of Association of the Company.

Other than the above, there was no corporate proposal announced that is yet to be completed at the date of this report.

17. Group borrowings

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

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Secured		
Short term	2,399,412	337,231
Long term	905,040	2,376,173
Unsecured		
Short term	<u>5,000</u>	<u>15,000</u>
Total	<u>3,309,452</u>	<u>2,728,404</u>

The overall increase of the Group borrowings was mainly due to additional drawdown of the project loan in accordance with the progress of the property development activities at Kuala Lumpur Sentral and final draw down to complete the Eastern Dispersal Link Expressway (EDL) project.

The Group's secured short term loans also increase mainly due to:-

- (a) The Group's Senior and Junior Sukuk and the related syndicated term loan obtained for the purpose of financing the construction of the EDL which were securitized by the EDL project. Following the Government's decision to take over the EDL, this event has advertently triggered the terms of repayment and hence reclassification;
- (b) The drawdown on project loans associated with the duly sold out en-bloc office towers and hotel at Lot G, Kuala Lumpur Sentral which are substantially completed this year and also other project loans drawn down on other development projects namely the Q Sentral and The Sentral Residences;
- (c) The maturity of the Group's RM400 million Guaranteed Islamic Medium Term Notes (MTN) shall fall due within the next twelve (12) months. The MTN, which has another four and a half (4 1/2) years term to progress, is expected to be rolled over until expiry of the credit facility.

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The Group borrowings are all denominated in Ringgit Malaysia.

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18. Material litigation

The Group is engaged in various litigations arising from its business transactions, the claims thereon amounting to approximately RM63.2 million. The Board of Directors has been advised on these claims for which reasonable defences exist. On this basis, the Board of Directors is of the opinion that the said litigations would not have a material effect on the financial position for the business of the Group.

On the other hand, the Group has also filed some claims, some of them are counter claims amounting to approximately RM6.0 million arising from its business transactions.

19. Comparison with immediate preceding corresponding quarter's results

The Group recorded revenue of RM303.1 million for the current 4th quarter ended 31 December 2012 as compared to RM473.9 million in the preceding 4th quarter ended 31 December 2011. The lower revenue recognised was mainly due to certain development projects in Kuala Lumpur Sentral were at the tail end of their development in the current quarter.

During the quarter under review, the Group had made provision for higher construction cost on certain construction and engineering projects without recognition of the corresponding potential variation order claims from its respective clients. Accordingly, the Group's profit before taxation dropped to RM32.4 million in the current year's 4th quarter compared to RM46.6 million recorded in the preceding year's 4th quarter.

Higher tax charged out was also noted due to absence of group relief to reduce the Group's overall tax expenses, hence further reduced the reported profit after taxation for the current quarter.

20. Review of performance

The Group recorded revenue of RM1,283.2 million for the cumulative 4th quarter ended 31 December 2012 as compared to RM1,226.7 million recorded in the preceding cumulative 4th quarter ended 31 December 2011. For the current financial year under review, the property development and property investment activities has become the main revenue and profit contributor to the Group.

The healthy growth in the Group's property division was mainly driven from its ongoing property development projects at Kuala Lumpur Sentral boosted by full year rental income from the Platinum Sentral which was completed end last year and the successful launch and revenue recognition of The Sentral Residences commencing on the 3rd quarter of the financial year. The environmental division also contributed positively to the Group's results for the year under review after awards were received for work done under the two environmental projects.

Accordingly, the Group's profit before taxation increased to RM134.0 million compared to RM123.3 million recorded in the preceding cumulative 4th quarter ended 31 December 2011.

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21. Prospects

In line with the Group's plans to increase its land bank at strategic locations for future development, the Group has entered into various share sale agreements as detailed in Note 16.

The proposed exercise will boost the Group's prime land bank, all located strategically in Klang Valley with the key development being the P.J Sentral Garden City Development.

With the Group's proven track record at urban regeneration of the Kuala Lumpur Sentral development and coupled with the newly acquired land banks which will be ready for development, the Group is poised for growth in terms of revenue and profitability.

22. Variance on forecast profit/profit guarantee

Not applicable.

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23. Earning 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
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Net profit for the financial year attributable to the owners of the parent (RM'000)	(2,972)	30,132	60,122	93,524
Weighted average number of ordinary shares in issue ('000)	1,387,565	1,386,126	1,386,725	1,384,969
Basic EPS (sen)	(0.21)	2.17	4.34	6.75

Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares issued during the current financial year were adjusted for the dilutive effects of all potential options over ordinary shares that were still in the market i.e. share options (ESOS) granted to employees.

Certain tranches of ESOS options were not included in the calculation because the market value of the issued ordinary shares as at 31 December 2012 was lower than the said option prices.

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Net profit for the financial period attributable to the owners of the parent (RM'000)	(2,972)	30,132	60,122	93,524
Weighted average number of ordinary shares issued ('000)	1,387,565	1,386,126	1,386,725	1,384,969
Adjustment for ESOS ('000)	29	2,138	29	2,138
Weighted average number of ordinary shares issued ('000)	<u>1,387,594</u>	<u>1,388,264</u>	<u>1,386,754</u>	<u>1,387,107</u>
Diluted EPS (sen)	(0.21)	2.17	4.33	6.74

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24. Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 31 December 2012, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 31.12.2012 (RM'000)	Accumulated quarter ended 31.12.2011(restated) (RM'000)
Total accumulated losses:		
- Realised	26,670	(107,227)
- Unrealised	(39,213)	(30,913)
Total share of accumulated profit or losses from associates:		
- Realised	11,622	8,996
Total share of accumulated losses from jointly controlled entities:		
- Realised	(6,033)	(5,463)
Add: Consolidation adjustments	(129,400)	(52,181)
Total Group accumulated losses	(136,354)	(186,788)

The analysis of realised and unrealised accumulated losses is compiled based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Listing Requirements as issued by the Malaysian Institute of Accountants.

The disclosure above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

By Order of the Board

Mohd Noor Rahim Yahaya
Company Secretary

Kuala Lumpur
26 February 2013