

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.6.2013 (unaudited)	30.6.2012 (unaudited)	30.6.2013 (unaudited)	30.6.2012 (unaudited)
Revenue		185,731	341,508	447,765	670,132
Expenses		(167,034)	(297,382)	(418,229)	(589,227)
Other operating income	14	32,049	10,688	66,960	22,670
Profit from operations		50,746	54,814	96,496	103,575
Finance cost		(40,081)	(35,520)	(80,849)	(47,371)
Share of results of associates		2,810	974	3,107	901
Share of results of jointly controlled entities		(362)	(1,434)	(559)	(2,669)
Profit before tax		13,113	18,834	18,195	54,436
Income tax expense	15	(5,019)	(8,615)	(6,479)	(15,617)
Profit for the financial period		8,094	10,219	11,716	38,819
Other comprehensive income for the financial period, net of tax					
- Currency translation differences		(1,239)	(124)	(1,009)	(359)
Total comprehensive income for the financial year, net of tax		6,855	10,095	10,707	38,460
Profit attributable to:					
Equity holders of the Company		5,809	5,157	11,061	27,312
Non-controlling interest		2,285	5,062	655	11,507
		8,094	10,219	11,716	38,819
Total comprehensive income for the financial period, net of tax:					
Equity holders of the Company		4,936	5,033	10,358	27,062
Non-controlling interest		1,919	5,062	349	11,398
		6,855	10,095	10,707	38,460
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
- Basic	23	0.42	0.37	0.80	1.97
- Diluted	23	0.42	0.37	0.80	1.97

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.6.2013 (unaudited)	As at 31.12.2012 (audited & restated)	As at 1.1.2012 (audited & restated)
ASSETS			
Non-current assets			
Property, plant and equipment	39,012	38,750	43,189
Investment properties	1,058,224	1,040,695	848,783
Land held for property development	751,983	620,904	734,135
Service concession asset	-	-	1,265,658
Associates	86,290	61,382	58,755
Jointly controlled entities	91,976	93,367	96,725
Long term loan and receivable	85,906	81,963	74,910
Available for sale financial assets	577	577	577
Intangible assets	74,888	74,888	76,886
Deferred tax assets	40,667	39,108	29,452
	<u>2,229,523</u>	<u>2,051,634</u>	<u>3,229,070</u>
Current assets			
Inventories	8,443	9,749	16,753
Properties development costs	347,613	481,761	408,497
Trade and other receivables	1,336,232	1,428,661	1,120,572
Amount due from jointly controlled entities	56	749	2,841
Tax recoverable	12,563	12,406	10,018
Financial assets at fair value through profit or loss	4,739	3,984	4,545
Deposits, cash and bank balances	540,112	644,201	616,188
	<u>2,249,758</u>	<u>2,581,511</u>	<u>2,179,414</u>
Asset held for sale	1,321,672	1,321,672	-
TOTAL ASSETS	<u>5,800,953</u>	<u>5,954,817</u>	<u>5,408,484</u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.6.2013 (unaudited)	As at 31.12.2012 (audited & restated)	As at 1.1.2012 (audited & restated)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	1,387,811	1,387,811	1,386,155
Accumulated losses	(129,708)	(140,769)	(191,203)
Other reserves	167,710	166,744	176,818
	<u>1,425,813</u>	<u>1,413,786</u>	<u>1,371,770</u>
Non-controlling interest	69,291	69,144	38,131
Total equity	<u>1,495,104</u>	<u>1,482,930</u>	<u>1,409,901</u>
Non-current liabilities			
Loan stock at cost	7,000	14,845	14,354
Senior and Junior Sukuk	-	-	1,058,485
Long term borrowings	1,259,581	890,040	1,317,688
Long term liabilities	17,246	17,234	18,366
Deferred tax liabilities	50,098	51,221	46,869
	<u>1,333,925</u>	<u>973,340</u>	<u>2,455,762</u>
Current liabilities			
Trade payables	585,025	684,932	778,916
Other payables	254,728	269,288	298,866
Current tax liabilities	5,041	9,915	2,665
Senior and Junior Sukuk	1,058,467	1,058,471	-
Short term borrowings	953,663	1,360,941	352,231
Guaranteed return to a non controlling interest	115,000	115,000	110,143
	<u>2,971,924</u>	<u>3,498,547</u>	<u>1,542,821</u>
Total liabilities	<u>4,305,849</u>	<u>4,471,887</u>	<u>3,998,583</u>
TOTAL EQUITY AND LIABILITIES	<u><u>5,800,953</u></u>	<u><u>5,954,817</u></u>	<u><u>5,408,484</u></u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>102.7</u>	<u>101.9</u>	<u>99.0</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

Condensed Consolidated Statement of Cash Flows

In RM'000	6 months ended	
	30.6.2013	30.6.2012 (unaudited)
Operating activities		
Cash receipts from customers	764,272	539,591
Cash paid to suppliers and employees	(703,615)	(861,732)
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Cash used in operations	60,657	(322,141)
Finance cost paid	(841)	(837)
Taxes paid	(14,153)	(12,186)
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Net cash generated from / (used in) operating activities	45,663	(335,164)
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Investing activities		
Acquisition of equity investments	(21,800)	(4,644)
Disposal of equity investments	-	150
Dividend received	85	159
Non-equity investments	3,720	5,154
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Net cash (used in)/ generated from investing activities	(17,995)	819
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Financing activities		
Proceed from issue of share capital	-	474
Dividend paid to equity holders	-	(20,796)
Proceeds from borrowings	142,113	419,944
Repayment of borrowings	(180,112)	(108,478)
Interest paid	(93,759)	(82,953)
(Placement) / withdrawal of restricted cash	(11,662)	16,281
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Net cash (used in)/ generated from financing activities	(143,420)	224,472
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Net decrease in cash and cash equivalent	(115,752)	(109,873)
Cash and cash equivalents at beginning of the financial year	397,815	371,076
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Cash and cash equivalent at end of financial period	282,063	261,203
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For the purpose of the statement of cash flows, the cash and cash equivalents comprised the following:		
Bank balances and deposits	540,112	490,034
Less: Bank balances and deposits held as security value	(258,049)	(228,831)
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	282,063	261,203
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The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

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 2013 (as previously stated)	1,387,811	134,475	32,269	(136,354)	1,418,201	69,144	1,487,345
Prior year adjustments (Note 2)	-	-	-	(4,415)	(4,415)	-	(4,415)
At 1 January 2013 (restated)	<u>1,387,811</u>	<u>134,475</u>	<u>32,269</u>	<u>(140,769)</u>	<u>1,413,786</u>	<u>69,144</u>	<u>1,482,930</u>
Comprehensive income							
- Profit for the financial period	-	-	-	11,061	11,061	655	11,716
Other comprehensive income							
- Currency translation differences	-	-	(703)	-	(703)	(306)	(1,009)
Total comprehensive income	<u>-</u>	<u>-</u>	<u>(703)</u>	<u>11,061</u>	<u>10,358</u>	<u>349</u>	<u>10,707</u>
Transactions with owners							
Employees' share option scheme - options granted	-	-	1,669	-	1,669	-	1,669
Dividends - financial year ended 31 December 2013	-	-	-	-	-	(202)	(202)
Total transactions with owners	<u>-</u>	<u>-</u>	<u>1,669</u>	<u>-</u>	<u>1,669</u>	<u>(202)</u>	<u>1,467</u>
At 30 June 2013 (unaudited)	<u><u>1,387,811</u></u>	<u><u>134,475</u></u>	<u><u>33,235</u></u>	<u><u>(129,708)</u></u>	<u><u>1,425,813</u></u>	<u><u>69,291</u></u>	<u><u>1,495,104</u></u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

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	(186,788)	1,376,185	38,131	1,414,316
Prior year adjustments (Note 2)	-	-	-	(4,415)	(4,415)	-	(4,415)
At 1 January 2012 (restated)	1,386,155	132,226	44,592	(191,203)	1,371,770	38,131	1,409,901
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 (audited)	1,387,811	134,475	32,269	(140,769)	1,413,786	69,144	1,482,930

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

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 2012.

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 2012, 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:

- FRS 10 "Consolidated Financial Statements"
- FRS 11 "Joint Arrangement"
- FRS 12 "Disclosures of Interest in Other Entities"
- FRS 13 "Fair Value Measurement"
- The revised FRS 127 "Separate Financial Statements"
- The revised FRS 128 "Investments in Associates and Joint Ventures"
- Amendments to FRS 10, 11 & 12 "Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Others Entities: Transition Guidance"
- Amendment to FRS 101 "Presentation of Items of Other Comprehensive Income"
- Amendment to FRS 119 "Employee Benefits"

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 30 June 2013 except for the Amendment to FRS 119.

Amendment to FRS 119 makes significant changes to the recognition and measurement of defined benefit pension expenses and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the Corridor Approach. FRS 119 has withdrawn the application of this amendment.

The effect of Amendment to FRS 119 is shown in Note 2, Changes in accounting policies.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2014. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standard from financial year beginning 1 January 2015.

MALAYSIAN RESOURCES CORPORATION BERHAD

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Notes to the Interim Report

2. Changes in accounting policies

During the current financial period, the Group made prior year adjustments relating to Amendment to FRS 119. Under the new standard, there is no recognition of actuarial gains and losses through the profit or loss. The accumulated unrecognized actuarial gains or losses would be recognized as retirement benefit reserve. All actuarial gains or losses arising in the future will be charged to Other Comprehensive Income.

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

	As previously Reported	Prior year adjustments	As restated
	RM'000	RM'000	RM'000
At 1 January 2012			
Statement of financial position			
Equity and liabilities			
Accumulated losses	(186,788)	(4,415)	(191,203)
Long term liabilities	13,951	4,415	18,366
At 31 December 2012			
Statement of financial position			
Equity and liabilities			
Accumulated losses	(136,354)	(4,415)	(140,769)
Long term liabilities	12,819	4,415	17,234

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 period.

5. 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.

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 period.

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

Notes to the Interim Report

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.

8. Dividends

During the Company's 42nd Annual General Meeting held on 20 June 2013, the shareholders of the Company had approved 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, amounting to RM26,368,397. The dividends were paid on 3 July 2013.

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Notes to the Interim Report

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
6 months ended 30.6.2013						
Total revenue	373,950	195,040	9,602	46,015	38	624,645
Inter-segment revenue	(157,889)	(6,165)	-	(12,826)	-	(176,880)
External revenue	216,061	188,875	9,602	33,189	38	447,765
Segment results	9,325	44,179	(1,069)	3,001	(19,208)	36,228
Interim payment from Government						50,205
Finance income						10,063
Finance cost						(80,849)
Share of results of jointly controlled entities and associates	4,253	(152)	(1,553)	-	-	2,548
Profit before tax						18,195
6 months ended 30.6.2012						
Total revenue	504,230	304,241	25,442	37,952	160	872,025
Inter-segment revenue	(191,971)	(4,040)	-	(5,882)	-	(201,893)
External revenue	312,259	300,201	25,442	32,070	160	670,132
Segment results	19,743	90,216	2,391	3,929	(18,831)	97,448
Finance income						6,127
Finance cost						(47,371)
Share of results of jointly controlled entities and associates	-	(1,768)	-	-	-	(1,768)
Profit before tax						54,436

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Notes to the Interim 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 period

There were no material events subsequent to the end of the financial period.

12. Changes in the composition of the Group

- (a) The Company had on 4 March 2013 acquired a 100% equity interest in Lotus Terrain Sdn. Bhd. (LTSB). LTSB was incorporated on 28 November 2012 with an authorised share capital of RM100,000 comprising 100,000 ordinary share RM1.00 each, out of which 2 shares have been issued and fully paid up. LTSB is presently a dormant company.
- (b) Ten (10) of the Company's subsidiaries which were placed under members' voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965 have been dissolved by the Companies Commission of Malaysia. These subsidiaries are Cheq Point Sdn Bhd, Harmonic Fairway Sdn Bhd, MR Enterprises Sdn Bhd, MR Management Sdn Bhd, MR Properties Sdn Bhd, MRCB Cahaya Mutiara Sdn Bhd, MRCB Energy International Sdn Bhd., Semasa ACE Urusharta Sdn Bhd, Seri Iskandar Utilities Corporation Sdn Bhd and MR-H Piling & Civil Engineering (M) Sdn Bhd.

13. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprises trade and performance guarantees, amounted to RM199.4 million as at 30 June 2013 (as compared to RM255.2 million as at 31 December 2012). 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 of finance costs in relation to the Eastern Dispersal Link Highway (EDL) project during the intervening period until final agreement is reached for the Government of Malaysia to take over the expressway.

No interim payments were recognized in preceding cumulative 2nd quarter ended 30 June 2012 as the same was only finalized in the preceding 3rd quarter ended 30 September 2012 with payments backdated to 1 May 2012.

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

MALAYSIAN RESOURCES CORPORATION BERHAD

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Notes to the Interim Report

15. Income tax expenses

In RM'000	Individual Quarter		Cumulative Quarter	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
In Malaysia				
Taxation				
- current year	(7,232)	(6,648)	(10,181)	(14,133)
- over provision in prior years	206	(2,603)	1,167	(2,335)
Deferred tax	2,007	636	2,535	851
	<u>(5,019)</u>	<u>(8,615)</u>	<u>(6,479)</u>	<u>(15,617)</u>

Taxation is provided mainly due to inability to effect group relief for losses of certain subsidiaries to set off against the taxable profits of other entities and also due to certain expenses being non tax deductible.

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

16. Corporate Proposal

The Company (MRCB) had on 8 February 2013 entered into the following Share Sale 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 (NGD Identified Subsidiaries SSA) 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) (GHC SSA) 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) (GGS SSA) 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.

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Notes to the Interim Report

16. Corporate Proposal (continue)

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

By a letter dated 22 April 2013, NGD had served a notice to PKNS Holdings Sdn Bhd (PKNS) requesting PKNS to participate in the sale of the entire issued and paid up share capital of P.J Sentral Development Sdn Bhd to the Company.

On 3rd June 2013, the Company also entered into three (3) separate supplemental agreements to amend and vary certain clauses of the NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA to allow the staggered completion of the acquisition of NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA.

On 19 June 2013, PKNS has filed writ of summons to NGD and the Company to refrain Parties from performing the NDG Identified Subsidiaries SSA (Legal Proceedings).

On 20 June 2013, the above Corporate Proposal was approved by the shareholders during the Extraordinary General meeting.

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Notes to the Interim Report

16. Corporate Proposal (continue)

On 22 August 2013, the Company announced that all the conditions precedent as set out in the NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA have been fulfilled, met/or waived and became unconditional.

On the same day, Parties had agreed to further amend and vary the terms of the NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA as follows:

- (i) To complete the acquisition of Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd (Remaining Subsidiaries) notwithstanding the deferment of completion of the proposed acquisition of 70% P.J Sentral Development as allowed under the Supplemental SSAs;
- (ii) That the completion of Proposed Acquisitions of 70% P.J Sentral is conditional upon the achievement of the Legal Proceedings Resolution; and
- (iii) The RM70 million completion adjustments attributable to the Targeted Lands as stipulated in the GHC SSA will be approximately RM61 million and RM9 million respectively for the 1st & 2nd Targeted Lands and the 3rd Targeted Land;
- (iv) A moratorium undertaking by the vendors of GHC SSA for the consideration shares issued for the Targeted Lands and attributable to the P.J Sentral development construction contract until and unless (a) valid agreement(s)/ privatization agreement(s) has been signed or (b) the Legal Proceedings Resolution is obtained or has occurred, whichever shall be the earlier; and
- (v) The Company may unwind and terminate the above SSAs in the event that the Legal Proceedings Resolution is not achieved.
- (vi) The Aggregate Guaranteed Profit for the Financial Year Ended (FYE) 2013 to FYE 2015 has been changed to FYE 2014 to FYE 2016.

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

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17. Group borrowings

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

	As at 30.6.2013 RM'000	As at 31.12.2012 RM'000
Secured		
Short term	2,007,130	2,414,412
Long term	1,259,581	890,040
Unsecured		
Short term	<u>5,000</u>	<u>5,000</u>
Total	<u>3,271,711</u>	<u>3,309,452</u>

The overall decrease of the Group borrowings was mainly due to repayment project loan via redemption payment by purchasers.

The Group's secured short term loans mainly consist of:-

- (a) The Senior and Junior Sukuk and the related syndicated term loan amounting to RM1.278 billion which were obtained for the purpose of financing the construction of the EDL and has been classified as asset held for sale since last financial year;
- (b) Kuala Lumpur Sentral Lot G office towers project loan of RM380 million of which the office towers were completed in December 2012. The loan has been refinanced in August 2013 via a longer tenure loan matching the receipt of office towers sale proceeds.

The Group borrowings are all denominated in Ringgit Malaysia.

18. Material litigation

The Group is engaged in various litigations arising from its business transactions, the potential claims amounting to approximately RM67.8 million. The Board of Directors has been advised that reasonable defences exist on these claims and sufficient provision has been made by the Group. 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.

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19. Review of performance

The Group recorded revenue and profit before taxation of RM447.8 million and RM18.2 million for the cumulative 2nd quarter ended 30 June 2013 as compared to RM670.1 million and RM54.4 million recorded in the preceding cumulative 2nd quarter ended 30 June 2012.

The lower revenue and profit before taxation recorded for the current cumulative quarter was mainly due to the revenue and the related profit recognition from the Kuala Lumpur Sentral Lot G office towers and hotel development sold on en-bloc in the preceding year cumulative quarter with construction duly completed in early 2013 whilst the current on-going development on Lot B (Q Sentral office) and Lot D (The Sentral Residences) which are on strata sales still at their early stage of construction.

20. Variation of results against immediate preceding quarter

The Group recorded revenue and profit before taxation of RM185.7 million and RM13.1 million for the current quarter ended 30 June 2013 as compared to RM262.0 million and RM5.1 million recorded in the preceding immediate quarter ended 31 March 2013.

The lower revenue reported for the current quarter was mainly due to the lower contribution from its engineering and construction division arising from the lower contribution from Kuala Lumpur Sentral projects and from infrastructure and environmental division due to completion of existing projects.

Despite the lower revenue recognized in the current quarter, higher profit before taxation of RM13.1 million was achieved compared to RM5.1 million recorded in immediate preceding quarter, mainly due to recognition of profit on finalization of successfully completed projects.

21. Prospects

With the completion of the acquisition from Nusa Gapurna Development Sdn Bhd which adds 23.4 acres of prime development land in the Klang Valley for the Group and together with the current unbilled sales of about RM1.4 billion from the existing development of The Sentral Residences and Q Sentral office, the Group is expected to be on track for further growth.

Also in anticipation of other land proposals as well as transportation and infrastructure development within the country, the Board is optimistic that the Group will have more development projects being rolled out in the near term.

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22. Variance on forecast profit/profit guarantee

Not applicable.

23. Earning per share (EPS)

Basic EPS

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

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
Net profit for the financial period attributable to the owners of the parent (RM'000)	5,809	5,157	11,061	27,312
Weighted average number of ordinary shares in issue ('000)	1,387,811	1,386,459	1,387,811	1,386,401
Basic Earnings Per Share (sen)	0.42	0.37	0.80	1.97

Diluted Earnings Per Share

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares issued during the current financial period 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 30 June 2013 was lower than the said option prices.

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
Net profit for the financial period attributable to the owners of the parent (RM'000)	5,809	5,157	11,061	27,312
Weighted average number of ordinary shares issued ('000)	1,387,811	1,386,459	1,387,811	1,386,401
Adjustment for ESOS ('000)	17	542	17	542
Weighted average number of ordinary shares issued ('000)	<u>1,387,828</u>	<u>1,387,001</u>	<u>1,387,828</u>	<u>1,386,943</u>
Diluted Earnings Per Share (sen)	0.42	0.37	0.80	1.97

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

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24. Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 30 June 2013, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 30.6.2013 (RM'000)	Accumulated quarter ended 31.12.2012 (restated) (RM'000)
Total accumulated profit or losses:		
- Realised	20,733	22,255
- Unrealised	(35,776)	(39,213)
Total share of accumulated profit from associates:		
- Realised	14,730	11,622
Total share of accumulated losses from jointly controlled entities:		
- Realised	(6,592)	(6,033)
Add: Consolidation adjustments	(122,803)	(129,400)
Total Group accumulated losses	(129,708)	(140,769)

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 August 2013