

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

## Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.2013 (unaudited)	30.9.2012 (unaudited)	30.9.2013 (unaudited)	30.9.2012 (unaudited)
Revenue		159,728	299,812	607,493	969,944
Expenses		(302,791)	(273,575)	(721,020)	(862,802)
Other operating income	14	45,687	57,791	112,647	80,461
Profit/(loss) from operations		(97,376)	84,028	(880)	187,603
Finance cost		(45,150)	(35,189)	(125,999)	(82,560)
Share of results of associates		2,932	222	6,039	1,123
Share of results of jointly controlled entities		(142)	(1,913)	(701)	(4,582)
Profit/(loss) before tax		(139,736)	47,148	(121,541)	101,584
Income tax expense	15	(948)	(3,873)	(7,427)	(19,490)
Profit/(loss) for the financial period		(140,684)	43,275	(128,968)	82,094
Other comprehensive income for the financial period, net of tax					
- Currency translation differences		514	144	(495)	(215)
Total comprehensive income/(loss) for the financial period, net of tax		(140,170)	43,419	(129,463)	81,879
<b>Profit/(loss) attributable to:</b>					
Equity holders of the Company		(122,410)	35,782	(111,349)	63,094
Non-controlling interest		(18,274)	7,493	(17,619)	19,000
		(140,684)	43,275	(128,968)	82,094
<b>Total comprehensive income for the financial period, net of tax:</b>					
Equity holders of the Company		(122,048)	35,926	(111,690)	62,988
Non-controlling interest		(18,122)	7,493	(17,773)	18,891
		(140,170)	43,419	(129,463)	81,879
Earnings/(loss) per share attributable to the ordinary equity holders of the Company (sen)					
- Basic	23	(8.23)	2.58	(7.83)	4.55
- Diluted	23	(8.23)	2.58	(7.83)	4.55

*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 SEPTEMBER 2013

## Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.9.2013 (unaudited)	As at 31.12.2012 (audited & restated)	As at 1.1.2012 (audited & restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	173,270	38,750	43,189
Investment properties	1,160,672	1,040,695	848,783
Land held for property development	876,809	620,904	734,135
Service concession asset	-	-	1,265,658
Associates	90,022	61,382	58,755
Jointly controlled entities	91,246	93,367	96,725
Trade and other receivables	526,532	-	-
Long term loan and receivable	87,877	81,963	74,910
Available for sale financial assets	577	577	577
Intangible assets	299,035	74,888	76,886
Finance lease receivables	49,453	-	-
Deferred tax assets	38,179	39,108	29,452
	<u>3,393,672</u>	<u>2,051,634</u>	<u>3,229,070</u>
<b>Current assets</b>			
Inventories	8,334	9,749	16,753
Properties development costs	329,874	481,761	408,497
Trade and other receivables	921,420	1,428,661	1,120,572
Finance lease receivables	5,501	-	-
Amount due from jointly controlled entities	-	749	2,841
Tax recoverable	14,576	12,406	10,018
Financial assets at fair value through profit or loss	4,677	3,984	4,545
Deposits, cash and bank balances	473,774	644,201	616,188
	<u>1,758,156</u>	<u>2,581,511</u>	<u>2,179,414</u>
Asset held for sale	1,321,672	1,321,672	-
<b>TOTAL ASSETS</b>	<u><u>6,473,500</u></u>	<u><u>5,954,817</u></u>	<u><u>5,408,484</u></u>

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

## Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.9.2013 (unaudited)	As at 31.12.2012 (audited & restated)	As at 1.1.2012 (audited & restated)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	1,651,311	1,387,811	1,386,155
Accumulated losses	(277,322)	(140,769)	(191,203)
Other reserves	299,787	166,744	176,818
	<u>1,673,776</u>	<u>1,413,786</u>	<u>1,371,770</u>
Non-controlling interest	51,169	69,144	38,131
<b>Total equity</b>	<u>1,724,945</u>	<u>1,482,930</u>	<u>1,409,901</u>
<b>Non-current liabilities</b>			
Loan stock at cost	7,000	14,845	14,354
Senior and Junior Sukuk	-	-	1,058,485
Long term borrowings	1,621,801	890,040	1,317,688
Long term liabilities	28,169	17,234	18,366
Deferred tax liabilities	94,937	51,221	46,869
Deferred income	9,190	-	-
	<u>1,761,097</u>	<u>973,340</u>	<u>2,455,762</u>
<b>Current liabilities</b>			
Trade payables	790,683	684,932	778,916
Other payables	297,127	269,288	298,866
Deferred income	1,575	-	-
Current tax liabilities	8,602	9,915	2,665
Senior and Junior Sukuk	1,058,464	1,058,471	-
Short term borrowings	716,007	1,360,941	352,231
Guaranteed return to a non controlling interest	115,000	115,000	110,143
	<u>2,987,458</u>	<u>3,498,547</u>	<u>1,542,821</u>
<b>Total liabilities</b>	<u>4,748,555</u>	<u>4,471,887</u>	<u>3,998,583</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>6,473,500</u></u>	<u><u>5,954,817</u></u>	<u><u>5,408,484</u></u>
<b>Net assets per share attributable to the equity holders of the Company (sen)</b>	<u>101.3</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 SEPTEMBER 2013

## Condensed Consolidated Statement of Cash Flows

In RM'000	9 months ended	
	30.9.2013	30.9.2012 (unaudited)
<b>Operating activities</b>		
Cash receipts from customers	990,468	1,044,581
Cash paid to suppliers and employees	(986,316)	(1,392,426)
Cash used in operations	4,152	(347,845)
Finance cost paid	(1,145)	(1,253)
Taxes paid	(18,126)	(18,120)
<b>Net cash used in operating activities</b>	<b>(15,119)</b>	<b>(367,218)</b>
<b>Investing activities</b>		
Acquisition of equity investments	(87,855)	(4,644)
Disposal of equity investments	-	150
Dividend received	197	239
Non-equity investments	5,671	6,762
Acquisition of subsidiaries	8,901	-
<b>Net cash (used in)/ generated from investing activities</b>	<b>(73,086)</b>	<b>2,507</b>
<b>Financing activities</b>		
Proceed from issue of share capital	-	661
Dividend paid to equity holders	(26,368)	(20,796)
Proceeds from borrowings	242,263	628,913
Repayment of borrowings	(209,420)	(158,049)
Interest paid	(115,162)	(109,879)
(Placement) / withdrawal of restricted cash	(219)	30,003
<b>Net cash (used in)/ generated from financing activities</b>	<b>(108,906)</b>	<b>370,853</b>
Net (decrease)/increase in cash and cash equivalent	(197,111)	6,142
Cash and cash equivalents at beginning of the financial year	397,815	371,076
<b>Cash and cash equivalent at end of financial period</b>	<b>200,704</b>	<b>377,218</b>
<b>For the purpose of the statement of cash flows, the cash and cash equivalents comprised the following:</b>		
Bank balances and deposits	473,774	592,327
Bank overdraft	(500)	-
	473,274	592,327
Less: Bank balances and deposits held as security value	(272,570)	(215,109)
	200,704	377,218

*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 SEPTEMBER 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			
<b>At 1 January 2013</b> (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)
<b>At 1 January 2013 (restated)</b>	1,387,811	134,475	32,269	(140,769)	1,413,786	69,144	1,482,930
<b>Comprehensive income</b>							
- Loss for the financial period	-	-	-	(111,349)	(111,349)	(17,619)	(128,968)
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	(341)	-	(341)	(154)	(495)
Total comprehensive income	-	-	(341)	(111,349)	(111,690)	(17,773)	(129,463)
<b>Transactions with owners</b>							
Acquisition of subsidiaries	263,500	113,305	19,574	-	396,379	-	396,379
Employees' share option scheme							
- options granted	-	-	1,669	-	1,669	-	1,669
- options lapsed	-	-	(1,164)	1,164	-	-	-
Dividends							
- financial year ended 31 December 2012	-	-	-	(26,368)	(26,368)	-	(26,368)
- financial year ended 31 December 2013	-	-	-	-	-	(202)	(202)
Total transactions with owners	263,500	113,305	20,079	(25,204)	371,680	(202)	371,478
<b>At 30 September 2013 (unaudited)</b>	1,651,311	247,780	52,007	(277,322)	1,673,776	51,169	1,724,945

# MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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			
<b>At 1 January 2012</b> (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)
<b>At 1 January 2012 (restated)</b>	1,386,155	132,226	44,592	(191,203)	1,371,770	38,131	1,409,901
<b>Comprehensive income</b>							
- Profit for the financial year	-	-	-	60,122	60,122	31,045	91,167
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	(166)	-	(166)	(71)	(237)
Total comprehensive income	-	-	(166)	60,122	59,956	30,974	90,930
<b>Transactions with owners</b>							
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)
<b>At 31 December 2012 (audited)</b>	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 SEPTEMBER 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 September 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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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

## 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
<b>At 1 January 2012</b>			
<b>Statement of financial position</b>			
<b>Equity and liabilities</b>			
Accumulated losses	(186,788)	(4,415)	(191,203)
Long term liabilities	13,951	4,415	18,366
<b>At 31 December 2012</b>			
<b>Statement of financial position</b>			
<b>Equity and liabilities</b>			
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 except for the one-off fair value adjustment of RM55.4 million on the extended credit period for the settlement of Lot G office towers sales.

### 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.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 other than the allotment of 263,499,755 ordinary shares of RM1.00 each and 75,285,645 free detachable warrants pursuant to the completion of the Corporate Proposal as stated in Note 12.

### 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
<b>9 months ended 30.9.2013</b>						
Total revenue	494,614	294,638	17,714	77,720	151	884,837
Inter-segment revenue	(249,410)	(9,216)	-	(18,718)	-	(277,344)
External revenue	<u>245,204</u>	<u>285,422</u>	<u>17,714</u>	<u>59,002</u>	<u>151</u>	<u>607,493</u>
Segment results	<u>(57,395)</u>	<u>(9,421)</u>	<u>(4,449)</u>	<u>6,887</u>	<u>(26,433)</u>	<u>(90,811)</u>
Interim payment from Government						75,102
Finance income						14,829
Finance cost						(125,999)
Share of results of jointly controlled entities and associates	5,583	1,537	(1,782)	-	-	5,338
Loss before tax						<u>(121,541)</u>
<b>9 months ended 30.9.2012</b>						
Total revenue	677,112	470,253	57,970	64,846	240	1,270,421
Inter-segment revenue	(279,651)	(4,932)	-	(15,894)	-	(300,477)
External revenue	<u>397,461</u>	<u>465,321</u>	<u>57,970</u>	<u>48,952</u>	<u>240</u>	<u>969,944</u>
Segment results	<u>3,825</u>	<u>138,769</u>	<u>44,726</u>	<u>7,132</u>	<u>(21,370)</u>	<u>173,082</u>
Finance income						14,521
Finance cost						(82,560)
Share of results of jointly controlled entities and associates	81	(3,540)	-	-	-	(3,459)
Profit before tax						<u>101,584</u>

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

## 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

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.

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.

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## Notes to the Interim Report

### 12. Changes in the composition of the Group (continue)

- (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 3<sup>rd</sup> 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 NGD Identified Subsidiaries SSA (Legal Proceedings).

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

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 Sdn Bhd as allowed under the Supplemental SSAs;
- (ii) That the completion of Proposed Acquisitions of 70% P.J Sentral Development Sdn Bhd 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 1<sup>st</sup> & 2<sup>nd</sup> Targeted Lands and the 3<sup>rd</sup> Targeted Land;

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## Notes to the Interim Report

### 12. Changes in the composition of the Group (continue)

- (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.

The above acquisition was completed on 27 August 2013.

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## Notes to the Interim Report

### 12. Changes in the composition of the Group (continue)

The details of the provisional fair value of net assets acquired are as follows:

	At date of acquisition
	RM'000
Property, plant and equipment	128,226
Land held for property development	123,496
Finance lease receivables	49,453
Trade and other receivables	118,971
Tax recoverable	1,935
Cash and bank balances	35,364
Trade and other payables	(106,235)
Deferred income	(10,868)
Deferred tax liabilities	(54,977)
Current tax liabilities	(37)
Short term borrowings	(5,625)
Long term borrowings	(47,592)
Long term liabilities	(306)
	<hr/>
	231,805
Intangible assets on acquisition	143,153
Goodwill on acquisition	82,072
Total Intangible asset and goodwill on acquisition	<hr/> 225,225
Purchase consideration	<hr/> 457,030
	<hr/>
The fair value purchase consideration comprises:	
- Cash and bank balances	60,651
- Ordinary shares issued (263,499,755@ RM1.43/share)	376,805
- Free detachable warrants issued (75,285,645@ RM0.26/warrant)	19,574
	<hr/>
	457,030
	<hr/>

### 13. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprises trade and performance guarantees, amounted to RM236.8 million as at 30 September 2013 (as compared to RM255.2 million as at 31 December 2012). There are no material contingent assets to be disclosed.

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### 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.

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

### 15. Income tax expenses

In RM'000	Individual Quarter		Cumulative Quarter	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
In Malaysia				
Taxation				
- current year	(10,255)	(4,293)	(20,436)	(18,426)
- over provision in prior years	1,657	419	2,824	(1,916)
Deferred tax	7,650	1	10,185	852
	<u>(948)</u>	<u>(3,873)</u>	<u>(7,427)</u>	<u>(19,490)</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

There was no other corporate proposal announced that are yet to be completed at the date of this report save for

- (i) The proposed acquisition of 70% equity interest of P.J Sentral Development Sdn Bhd as stated in Note 12 above; and
- (ii) The proposed disposal of the Company's wholly owned sub-subsiary of GTC Global Sdn Bhd to Telekom Malaysia Berhad which was announced on 27 November 2013. The proposed disposal comprised 1,000,000 ordinary shares of RM1.00 each and 125,000 redeemable preference shares of RM1.00 each for a total cash consideration of RM45.0 million.

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### 17. Group borrowings

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

	As at 30.9.2013 RM'000	As at 31.12.2012 RM'000
<b>Secured</b>		
Short term	1,724,471	2,414,412
Long term	1,621,801	890,040
<b>Unsecured</b>		
Short term	<u>50,000</u>	<u>5,000</u>
Total	<u>3,396,272</u>	<u>3,309,452</u>

The overall increase of the Group borrowings was mainly due to the inclusion of the borrowings from the newly acquired subsidiaries as mentioned in Note 12.

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

- (a) The Senior and Junior Sukuk and the related syndicated term loan amounting to RM1.277 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 B Q Sentral office and Lot D The Sentral Residences project loan totaling RM364 million

The Group refinanced its existing Lot G office towers project loan of RM380 million and roll over the RM320 million Guaranteed Islamic Medium Term Notes to longer tenure which result in both loans being reclassified from short term loan in the previous financial years to long term loan during the current financial period.

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 RM35.1 million. The Board of Directors has been advised that reasonable defense 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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## REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

### Notes to the Interim Report

#### 19. Review of performance

The Group recorded revenue and loss before taxation of RM607.5 million and RM121.5 million for the cumulative 3rd quarter ended 30 September 2013 as compared to revenue and profit before taxation of RM969.9 million and RM101.6 million respectively recorded in the preceding cumulative 3rd quarter ended 30 September 2012.

The lower revenue recorded for the current cumulative quarter compared to preceding year's higher revenue and profit before taxation was mainly due to the revenue and the related profit recognition from the Kuala Lumpur Sentral Lot G office towers and hotel development which were sold on en-bloc in the preceding year cumulative quarter. The construction of the office towers and hotel were duly completed in December 2012 and January 2013 respectively whilst the current on-going development on Lot B (Q Sentral office) and Lot D (The Sentral Residences) which are on strata sales are still at their early stage of construction.

The loss for the current financial quarter was mainly due to the recognition of higher construction costs for certain Kuala Lumpur Sentral development and construction projects without recognition of the same for potential variation orders claims to its clients. The Group also recorded one-off loss due to the exceptional financial impact arising from the fair value adjustment on the extended credit period for the settlement for Lot G office towers sale coupled with the provision of additional rental guarantee resulting in further losses to the current financial quarter.

#### 20. Variation of results against immediate preceding quarter

The Group recorded revenue and loss before taxation of RM159.7 million and RM139.7 million for the current quarter ended 30 September 2013 as compared to RM185.7 million and profit before taxation of RM13.1 million recorded in the preceding immediate quarter ended 30 June 2013.

The loss before taxation of RM139.7 million recorded for the current quarter mainly due to the financial impact as mentioned in Note 19 above.

#### 21. Prospects

In view of the explanation above, the Board does not expect to meet the Group's KPI and to report profit for the current financial year.

However, the recent completion of the acquisition of 23.4 acres of prime development land in the Klang Valley from Nusa Gapurna Development Sdn Bhd will provide the impetus for the Group's medium to long term plan to further increase its land bank in line with its aspiration to be a major player in property development. Accordingly, the Board is optimistic that more development projects will be rolled out in the near term.

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## Notes to the Interim Report

### 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/(loss) 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	9 months ended	9 months ended
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
Net profit/(loss) for the financial period attributable to the owners of the parent (RM'000)	(122,410)	35,782	(111,349)	63,094
Weighted average number of ordinary shares in issue ('000)	1,488,056	1,386,528	1,421,593	1,386,443
Basic Earnings/(loss) Per Share (sen)	(8.23)	2.58	(7.83)	4.55

#### 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 September 2013 was lower than the said option prices.

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
Net profit/(loss) for the financial period attributable to the owners of the parent (RM'000)	(122,410)	35,782	(111,349)	63,094
Weighted average number of ordinary shares issued ('000)	1,488,056	1,386,528	1,421,593	1,386,443
Adjustment for ESOS ('000)	17	456	17	456
Weighted average number of ordinary shares issued ('000)	1,488,073	1,386,984	1,421,610	1,386,899
Diluted Earnings/(loss) Per Share (sen)	(8.23)	2.58	(7.83)	4.55

# MALAYSIAN RESOURCES CORPORATION BERHAD

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013

## Notes to the Interim Report

### 24. Breakdown of realised and unrealised profits or losses

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

	Accumulated quarter ended 30.9.2013 (RM'000)	Accumulated quarter ended 31.12.2012 (restated) (RM'000)
Total accumulated profit or losses:		
- Realised	38,972	22,255
- Unrealised	(78,283)	(39,213)
Total share of accumulated profit from associates:		
- Realised	17,662	11,622
Total share of accumulated losses from jointly controlled entities:		
- Realised	(6,735)	(6,033)
Add: Consolidation adjustments	(248,938)	(129,400)
<b>Total Group accumulated losses</b>	<b>(277,322 )</b>	<b>(140,769)</b>

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**  
**29 November 2013**