

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2014 (unaudited)	31.12.2013 (audited)	31.12.2014 (unaudited)	31.12.2013 (audited)
Continuing operations					
Revenue		487,171	369,004	1,514,767	940,910
Expenses		(425,708)	(354,411)	(1,356,069)	(1,060,179)
Other operating income	13	10,268	41,042	257,417	151,776
Profit from operations		71,731	55,635	416,115	32,507
Finance costs		(45,465)	(36,007)	(171,193)	(147,905)
Share of results of associates		4,325	(29)	12,252	6,010
Share of results of joint venture		(13,960)	(278)	(36,556)	(979)
Profit/(loss) before tax		16,631	19,321	220,618	(110,367)
Income tax expenses	14	(17,985)	(9,148)	(53,276)	(12,481)
Profit/(loss) from continuing operations		(1,354)	10,173	167,342	(122,848)
Discontinuing operations					
Profit from discontinuing operations (net of tax)		8,238	844	16,177	4,897
Profit/(loss) for the financial year		6,884	11,017	183,519	(117,951)
Other comprehensive income/(loss) for the financial year, net of tax					
Item that may be reclassified subsequently to comprehensive income/(loss)					
- Currency translation differences		(516)	(444)	(148)	(939)
Item that will not be reclassified subsequently to comprehensive income/(loss)					
- Re-measurement of post-employment benefit obligations		(2,242)	(275)	(2,242)	(275)
Total comprehensive income/(loss) for the financial year, net of tax		4,126	10,298	181,129	(119,165)

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2014 (unaudited)	31.12.2013 (audited)	31.12.2014 (unaudited)	31.12.2013 (audited)
Profit/(loss) for the financial year attributable to:					
Equity holders of the Company					
- from continuing operations		(13,513)	1,373	136,457	(114,029)
- from discontinuing operations		8,238	844	16,177	4,897
		<u>(5,275)</u>	<u>2,217</u>	<u>152,634</u>	<u>(109,132)</u>
Non controlling interests		12,159	8,800	30,885	(8,819)
		<u>6,884</u>	<u>11,017</u>	<u>183,519</u>	<u>(117,951)</u>
Total comprehensive income/(loss) for the financial period attributable to:					
Equity holders of the Company					
- from continuing operations		(16,503)	786	133,944	(114,957)
- from discontinuing operations		8,238	844	16,177	4,897
		<u>(8,265)</u>	<u>1,630</u>	<u>150,121</u>	<u>(110,060)</u>
Non controlling interests		12,391	8,668	31,008	(9,105)
		<u>4,126</u>	<u>10,298</u>	<u>181,129</u>	<u>(119,165)</u>
Earnings/(loss) per share attributable to the ordinary equity holders of the Company (sen)					
Basic and diluted					
- from the continuing operations	22	(0.77)	0.08	7.99	(7.71)
- from the discontinuing operations	22	0.47	0.05	0.94	0.33
		<u>(0.30)</u>	<u>0.13</u>	<u>8.93</u>	<u>(7.38)</u>

Note: The discontinuing operations in the financial year are in relation to the proposed disposal of an investment property, see Note 16(a) for details.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2014 (unaudited)	As at 31.12.2013 (audited)
ASSETS		
Non current assets		
Property, plant and equipment	230,167	37,879
Investment properties	806,366	857,481
Land held for property development	1,022,739	818,996
Service concession asset	1,237,295	-
Associates	84,240	90,957
Joint venture	58,432	94,988
Long term loan and receivable	5,924	531,909
Available for sale financial assets	577	577
Intangible assets	268,865	291,100
Deferred tax assets	35,784	33,513
	<u>3,750,389</u>	<u>2,757,400</u>
Current assets		
Inventories	42,626	8,399
Properties development costs	858,680	716,443
Trade and other receivables	1,314,032	649,160
Amount due from joint venture	5,813	537
Tax recoverable	4,649	10,480
Financial assets at fair value through profit or loss	3,229	4,533
Deposits, cash and bank balances	660,688	603,435
	<u>2,889,717</u>	<u>1,992,987</u>
Assets held for sale (see Note A below)	401,817	1,852,337
TOTAL ASSETS	<u><u>7,041,923</u></u>	<u><u>6,602,724</u></u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2014 (unaudited)	As at 31.12.2013 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,760,178	1,651,311
Share premium	323,986	247,780
Accumulated losses	(154,845)	(275,056)
Other reserves	55,937	51,381
	<u>1,985,256</u>	<u>1,675,416</u>
Non controlling interests	79,253	61,318
Total equity	<u>2,064,509</u>	<u>1,736,734</u>
Non current liabilities		
Loan stock at cost	7,000	7,000
Long term borrowings	1,234,681	908,986
Senior and Junior Sukuk	1,058,459	-
Long term liabilities	23,376	27,128
Deferred tax liabilities	90,219	95,068
	<u>2,413,735</u>	<u>1,038,182</u>
Current liabilities		
Trade and other payables	1,151,879	1,102,112
Current tax liabilities	14,674	9,639
Senior and Junior Sukuk	-	1,058,462
Short term borrowings	1,390,521	1,535,851
Guaranteed return to a non controlling interest	-	115,000
	<u>2,557,074</u>	<u>3,821,064</u>
Liabilities associated with assets held for sale (see Note A below)	6,605	6,744
Total liabilities	<u>4,977,414</u>	<u>4,865,990</u>
TOTAL EQUITY AND LIABILITIES	<u><u>7,041,923</u></u>	<u><u>6,602,724</u></u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>112.8</u>	<u>101.5</u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2014 (unaudited)	As at 31.12.2013 (audited)
Note A		
Non current assets held for sale		
Service concession asset (Note 11 (g))	-	1,321,672
Investment properties	396,891	396,891
Deferred tax asset in relation to investment property	4,926	4,926
Long term loan and receivable	-	128,848
	<u>401,817</u>	<u>1,852,337</u>
Liabilities associated with assets held for sale		
Other payables	<u>6,605</u>	<u>6,744</u>
Net assets held for sale	<u><u>395,212</u></u>	<u><u>1,845,593</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Condensed Consolidated Statement of Cash Flows

In RM'000	12 months ended	
	31.12.2014	31.12.2013 (unaudited)
Operating activities		
Cash receipts from customers	1,393,513	1,226,700
Cash paid to suppliers and employees	(1,182,526)	(1,144,069)
Cash generated from operations	210,987	82,631
Finance costs paid	(8,877)	(1,438)
Taxes paid	(52,836)	(24,176)
Net cash generated from operating activities from continuing operations	149,274	57,017
Net cash generated from operating activities from discontinuing operation	6,745	6,378
Net cash generated from operating activities	156,019	63,395
Investing activities		
Acquisition of equity investment	(236,140)	(121,855)
Proceeds from divestment of equity investments	275,152	1,245
Dividend received	229	255
Non equity investments	(137,338)	7,502
Acquisition of subsidiaries	28,285	12,580
Disposal of subsidiary	(4,060)	-
Net cash used in investing activities from continuing operations	(73,872)	(100,273)
Net cash generated from investing activities from discontinuing operations	871	1,570
Net cash used in investing activities	(73,001)	(98,703)
Financing activities		
Proceeds from issue of share capital	97	-
Dividend paid to equity holders	(17,601)	(26,368)
Proceeds from borrowings	812,781	808,871
Repayment of borrowings	(630,892)	(596,779)
Interest paid	(180,441)	(172,707)
Placement of restricted cash	(57,954)	(39,808)
Net cash used in financing activities from continuing operations	(74,010)	(26,791)
Net cash used in financing activities from discontinuing operations	(9,318)	(27,196)
Net cash used in financing activities	(83,328)	(53,987)
Net decrease in cash and cash equivalent	(310)	(89,295)
Cash and cash equivalents at beginning of the financial year	308,520	397,815
Cash and cash equivalent at end of financial year	308,210	308,520
For the purpose of the statement of cash flows, the cash and cash equivalents comprised the following:		
Bank balances and deposits	660,688	603,435
Bank overdraft	-	(391)
	660,688	603,044
Less: Bank balances and deposits held as security value	(352,478)	(294,524)
	308,210	308,520

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 2014	1,651,311	247,780	51,381	(275,056)	1,675,416	61,318	1,736,734
Comprehensive income							
- Profit for the financial year	-	-	-	152,634	152,634	30,885	183,519
Other comprehensive income							
- Currency translation differences	-	-	(257)	-	(257)	109	(148)
- Actuarial loss on post-employment benefit obligations							
- current year movement	-	-	(2,264)	-	(2,264)	14	(2,250)
- upon disposal of a subsidiary	-	-	8	-	8	-	8
Total comprehensive income/(loss)	-	-	(2,513)	152,634	150,121	31,008	181,129
Transactions with owners							
Acquisition of subsidiaries	108,807	76,165	7,461	-	192,433	95,478	287,911
Issue of shares							
- exercise of ESOS options	60	37	-	-	97	-	97
Acquisition of additional equity in subsidiaries	-	-	-	(15,210)	(15,210)	(107,894)	(123,104)
Employees' share option scheme							
- options exercised	-	4	(4)	-	-	-	-
- options lapsed	-	-	(388)	388	-	-	-
Dividends							
- financial year ended 31 December 2013	-	-	-	(17,601)	(17,601)	-	(17,601)
Profit distribution							
- financial year ended 31 December 2014	-	-	-	-	-	(657)	(657)
Total transactions with owners	108,867	76,206	7,069	(32,423)	159,719	(13,073)	146,646
At 31 December 2014 (unaudited)	1,760,178	323,986	55,937	(154,845)	1,985,256	79,253	2,064,509

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Condensed Consolidated Statement of Changes in Equity

Other reserves

In RM'000	Revaluation reserve	Other reserve	Currency translation reserves	Share option reserve	Warrants reserve	Retirement benefit reserve	Total
At 1 January 2014	28,090	1,666	445	1,877	19,574	(271)	51,381
Other comprehensive income							
- Currency translation differences	-	-	(257)	-	-	-	(257)
- Actuarial loss on post-employment benefit obligations							
- current year movement	-	-	-	-	-	(2,264)	(2,264)
- disposal of a subsidiary	-	-	-	-	-	8	8
Total other comprehensive losses	-	-	(257)	-	-	(2,256)	(2,513)
Transactions with owners							
Acquisition of a subsidiary	-	-	-	-	7,461	-	7,461
Employees' share option scheme							
- options exercised	-	-	-	(4)	-	-	(4)
- options lapsed	-	-	-	(388)	-	-	(388)
At 31 December 2014 (unaudited)	<u>28,090</u>	<u>1,666</u>	<u>188</u>	<u>1,485</u>	<u>27,035</u>	<u>(2,527)</u>	<u>55,937</u>

Attributable to equity holders of the Company

In RM'000	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non controlling interests	Total equity
At 1 January 2013	1,387,811	134,475	32,269	(140,759)	1,413,796	69,134	1,482,930
Comprehensive income							
- Loss for the financial year	-	-	-	(109,132)	(109,132)	(8,819)	(117,951)
Other comprehensive income							
- Currency translation differences	-	-	(657)	-	(657)	(282)	(939)
- Actuarial loss on defined benefit obligations	-	-	(271)	-	(271)	(4)	(275)
Total comprehensive losses	-	-	(928)	(109,132)	(110,060)	(9,105)	(119,165)
Transactions with owners							
Acquisition of subsidiaries	263,500	113,305	19,574	-	396,379	1,491	397,870
Employees' share option scheme							
- options granted	-	-	1,669	-	1,669	-	1,669
- options lapsed	-	-	(1,203)	1,203	-	-	-
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	<u>263,500</u>	<u>113,305</u>	<u>20,040</u>	<u>(25,165)</u>	<u>371,680</u>	<u>1,289</u>	<u>372,969</u>
At 31 December 2013 (audited)	<u>1,651,311</u>	<u>247,780</u>	<u>51,381</u>	<u>(275,056)</u>	<u>1,675,416</u>	<u>61,318</u>	<u>1,736,734</u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Condensed Consolidated Statement of Changes in Equity

Other reserves

In RM'000	Revaluation <u>reserve</u>	Other <u>reserve</u>	Currency translation <u>reserves</u>	Share option <u>reserve</u>	Warrants <u>reserve</u>	Retirement benefit <u>reserve</u>	<u>Total</u>
At 1 January 2013	28,090	1,666	1,102	1,411	-	-	32,269
Other comprehensive income							
- Currency translation differences	-	-	(657)	-	-	-	(657)
- Actuarial loss on defined benefit obligations	-	-	-	-	-	(271)	(271)
Total other comprehensive loss	-	-	(657)	-	-	(271)	(928)
Transactions with owners							
Upon acquisition of subsidiaries	-	-	-	-	19,574	-	19,574
Employees' share option scheme							
- options granted	-	-	-	1,669	-	-	1,669
- options lapsed	-	-	-	(1,203)	-	-	(1,203)
Total transactions with owners	-	-	-	466	19,574	-	20,040
At 31 December 2013 (audited)	<u>28,090</u>	<u>1,666</u>	<u>445</u>	<u>1,877</u>	<u>19,574</u>	<u>(271)</u>	<u>51,381</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 2013.

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 2013, 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 has applied the following new standards, amendments to standard and interpretations that came into effect during the financial year under review:

- Amendments to FRS 10 "Consolidated Financial Statements", FRS 12 "Disclosure of Interest in Other Entities" and FRS127 "Separate Financial Statements"
- Amendments to FRS 132 "Financial Instruments: Presentation"
- Amendments to FRS 136 "Recoverable Amount Disclosures for Non-Financial Assets"
- IC Interpretation 21 "Levies"

The above new amendments to standard and IC Interpretation do not have financial impact on the results of the Group as these changes only affect disclosures.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2016. 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 2017.

2. Audit report of the preceding annual financial statements

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

3. Seasonal or cyclical fluctuations

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

4. Items of unusual nature, size or incidence

There were no other items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter ended 31 December 2014.

5. 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.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Notes to the Report

6. Debt and equity securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter ended 31 December 2014.

7. Dividends

The Directors recommend the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2014 of 2.5% or 2.5 sen per ordinary share, totaling approximately RM44.7 million which are subject to the approval of the members of the Company at the forthcoming Annual General Meeting.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Notes to the Report

8. Segmental reporting

	Engineering and Construction RM'000	Property development and investment RM'000	Infrastructure RM'000	Facilities management and parking RM'000	Investment holding and others RM'000	Total RM'000	Discontinued operations RM'000	Total RM'000
12 months ended 31.12.2014								
Total revenue	790,031	887,042	51,651	95,146	171,511	1,995,381	54,432	2,049,813
Inter segment revenue	(279,288)	(10,599)	(2,659)	(17,624)	(170,444)	(480,614)	(1,800)	(482,414)
External revenue	510,743	876,443	48,992	77,522	1,067	1,514,767	52,632	1,567,399
Segment results	42,559	160,260	20,313	9,681	82,021	314,834	34,744	349,578
Interim payment from Government						62,872	-	62,872
Finance income						38,409	910	39,319
Finance costs						(171,193)	(19,667)	(190,860)
Share of results of joint venture and associates	10,124	(37,054)	2,626	-	-	(24,304)	-	(24,304)
Profit before tax						220,618	15,987	236,605

Note: Effective 1st January 2014, environmental businesses/projects have been reclassified under Engineering and Construction division. Hence, the previously Infrastructure and Environmental division is now known as Infrastructure division.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Notes to the Report

8. Segmental reporting (continued)

	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	Total RM'000	Discontinued operations RM'000	Total RM'000
12 months ended 31.12.2013								
Total revenue	710,729	469,747	37,863	90,164	128,952	1,437,455	47,498	1,484,953
Inter segment revenue	(334,738)	(9,698)	-	(23,366)	(128,743)	(496,545)	(1,676)	(498,221)
External revenue	375,991	460,049	37,863	66,798	209	940,910	45,822	986,732
Segment results	(79,378)	10,275	(7,254)	7,484	(22,402)	(91,275)	29,482	(61,793)
Interim payment from Government						100,287	-	100,287
Finance income						23,494	1,570	25,064
Finance costs						(147,905)	(20,696)	(168,601)
Share of results of joint venture and associates	5,837	1,225	(2,030)	-	-	5,032	-	5,032
Profit before tax						(110,367)	10,356	(100,011)

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Notes to the Report

9. Valuations of property, plant and equipment

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

10. Material events subsequent to the financial year

There were no other material event subsequent to the end of the current quarter ended 31 December 2014 that have not been reflected in this report except for the settlement of the balance purchase consideration amounting to RM60,923,964 for the acquisition of Gelanggang Harapan Construction Sdn Bhd (“GHC”) (“Balance GHC Consideration”). In this regard, the Company had on 13 January 2015, paid the cash consideration amounting to RM20,000,000 and allotted 26,402,558 MRCB Shares at an issue price of RM1.55 per share together with 7,543,588 Free Detachable Warrants to Gapurna Sdn Bhd, being the party nominated by the GHC Vendors to receive the balance GHC Consideration.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Notes to the Report

11. Changes in the composition of the Group

- (a) The Company had on 24 June 2014 completed the acquisition of 70% equity in P.J Sentral Development Sdn Bhd (“P.J Sentral”) in accordance with the terms and conditions of the Share Sale Agreement with Nusa Gapurna Development Sdn Bhd (“NGD SSA”), signed on 8 February 2013 and amended and varied by the Supplementary NGD SSA and NGD letter.

The details of the provisional fair value of P.J Sentral’s identifiable assets acquired and liabilities assumed are as follows:

Provisional Fair Value of Assets Acquired and Liabilities Assumed	At date of acquisition RM'000
Property, plant and equipment	166
Property development costs	340,154
Other receivables	11
Cash and bank balances	27,642
Other payables	(49,713)
Non controlling interest	(95,478)
Purchase consideration	222,782
Cash and cash equivalent acquired	(27,642)
	195,140
The fair value purchase consideration comprises:	
- Cash	30,349
- Ordinary shares issued (108,807,365@RM1.70/ share)	184,972
- Free detachable warrants issued (31,087,819@ RM0.24)	7,461
	222,782

The Company had on 20 June 2014, together with NGD entered into a settlement agreement with PKNS Holding Sdn Bhd (“PKNS”) to resolve all disputes, conflict, differences, claims and complaints against each other. On the same day, the Company also entered into a share sale agreement with PKNS for the acquisition of the balance 30% equity interest in P.J Sentral held by PKNS for a cash consideration of RM85,300,000.

Simultaneous with the execution of the settlement agreement, P.J Sentral and PKNS had entered into a development agreement for the purpose of granting development rights to PKNS over the development of a building identified as Tower 2 which is to be constructed/developed on a parcel of development land held by P.J Sentral at an agreed value of RM91,119,462.27.

The acquisition of the balance of 30% equity was completed on 25 September 2014. With this, P.J Sentral has become the Company’s wholly owned subsidiary.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Notes to the Report

11. Changes in the composition of the Group (continued)

- (b) The Company had on 29 January 2013 entered into a Sale Agreement with Ekovest Berhad (“Ekovest”) and its subsidiaries for the disposal of the following:-
- (i) 1,500,000 ordinary shares of RM1.00 each in Nuzen Corporation Sdn Bhd (“Nuzen”) and 13,500,000 redeemable preference shares of RM1.00 each in Nuzen representing the Company’s entire 30% equity interest in Nuzen to Wira Kristal Sdn Bhd, a wholly owned subsidiary of Ekovest;
 - (ii) 585 Series A redeemable preference shares of RM1.00 each in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (“Kesturi”) to Ekovest Construction Sdn Bhd, a wholly subsidiary of Ekovest; and
 - (iii) RM54.0 million nominal value redeemable secured junior bonds in Kesturi to Ekovest.

herein defined as Duta-Ulu Kelang Expressway (“DUKE”) sale for a total cash consideration of RM228.0 million.

The disposal was completed on 30 June 2014 and the disposal gain to the Group was RM94.9 million.

- (c) The Company’s wholly owned subsidiary, Bitar Enterprises Sdn Bhd had on 3 July 2014 enter into a Deed with the initial shareholders of MRCB Land (Australia) Pty Ltd (“MLA”), Tam Cheok Wing, Choong Kai Wai and Chang Chai Kin to acquire the remaining 30% equity interest comprising 126 ordinary shares in MLA for a total cash consideration of A\$1,341,247.

The acquisition was completed on the same day. With this, MLA has become a wholly owned subsidiary for the Company.

- (d) The Company had on 14 April 2014 entered into a Sale and Purchase Agreement with Bistraya Acres Sdn Bhd (“Bistraya Acres”), a wholly owned subsidiary of Gapurna Sdn Bhd, to acquire 3 parcels of land totaling 617,452 square feet in Bukit Rahman Putra, Sungai Buloh from Bistraya Acres for a total cash consideration of RM83.0 million.

The acquisition was completed on 22 July 2014.

- (e) The Company had on 20 June 2014 entered into a sale and purchase agreement with ASPL M3A Limited for the acquisition of the remaining 40% equity interest in Excellent Bonanza Sdn Bhd (“EBSB”), consisting 2,000,000 ordinary share of RM1.00 each and 62,406 non-cumulative non-convertible redeemable preference shares of RM0.01 each for a cash consideration of RM16,960,000.

The acquisition was completed on 19 August 2014. With this, EBSB has become a wholly owned subsidiary of the Company.

Notes to the Report

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

11. Changes in the composition of the Group (continued)

- (f) The Company had on 24 July 2014 entered into a Share Sale Agreement with Pelaburan Hartanah Berhad (“PHB”) to acquire PHB’s 51% equity interest in Penang Sentral Sdn Bhd (“PSSB”), consisting 12,750,000 ordinary share of RM1.00 each and 30,600,000 redeemable non-cumulative preference shares of RM0.10 each for a total cash consideration of RM50,751,000.

The acquisition was completed on 8 August 2014. With this, PSSB has become a wholly owned subsidiary of the Company.

The details of the provisional fair value of PSSB identifiable assets acquired and liabilities assumed are as follows:

Provisional Fair Value of Assets Acquired and Liabilities Assumed	At date of acquisition RM'000
Property, plant and equipment	71,077
Investment property	24,762
Associate	(41,435)
Trade and other receivables	13,099
Cash and bank balances	643
Trade and other payables	(4,430)
Amount due to related companies	(2,052)
Deferred tax liabilities	(3,588)
Retained earnings	(7,325)
Purchase consideration	50,751

- (g) The Company’s wholly owned subsidiary which holds the concession right to the Eastern Dispersal Link Highway (“EDL”), MRCB Lingkaran Selatan Sdn Bhd (“MLSSB”) had on 31 July 2014 entered into the following agreements with Government of Malaysia (“GoM”) :-

- (i) Termination Agreement to terminate the Interim Agreement (Note 13(a)) and all interim payment received up to July 2014 shall deemed to be accounted for by both parties as a compensation by GoM to MLSSB for the delay in gazetting the collection of toll on the EDL pursuant to the Concession Agreement; and
- (ii) Supplementary Agreement which came into effect on 1 August 2014 to amend and vary the relevant provisions of the Principal Concession Agreement.

Upon execution of the above agreements, MLSSB has commenced tolling on 1 August 2014 and accordingly the EDL was transferred from non-current asset held for sale to intangible asset as Service Concession Asset.

- (h) The Company had on 18 September 2014 entered into a conditional share sale agreement with XMT Technologies Holdings Sdn Bhd for the disposal of its entire equity interest in MRCB Technologies Sdn Bhd, a wholly owned subsidiary, for a cash consideration of RM7.81 million.

The proposed disposal was completed on 16 October 2014 with a disposal gain of RM0.24 million.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

11. Changes in the composition of the Group (continued)

- (i) The Company's wholly owned subsidiary, MRCB Environmental Services Sdn Bhd ("MESSB") had on 30 December 2014 acquired the remaining 45% equity interest representing 337,500 ordinary shares of RM1.00 each in MRCB Environment Sdn Bhd ("MESB") from Saluran Teraju Sdn Bhd and Everlasting Sparkle Sdn Bhd for a cash consideration of RM1,252,186 via a Settlement Agreement entered into by the parties.

The acquisition was completed on the same day. With this, MESB has become a wholly owned subsidiary of MESSB.

12. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprises trade and performance guarantees, amounted to RM140.5 million as at 31 December 2014 (as compared to RM226.9 million as at 31 December 2013). There are no material contingent assets to be disclosed.

13. Other operating income

Other operating income mainly consists of the followings:

- (a) Interim payment from GoM to reimburse the operating and maintenance expenses inclusive of finance costs in relation to the Eastern Dispersal Link Highway (EDL) project pursuant to the Interim Agreement signed on 27 November 2012 until final agreement is reached for GoM to take over the expressway.

On 31 July 2014, MLSSB entered into a Termination Agreement to terminate the Interim Agreement as disclosed in Note 11(g).

- (b) The disposal gain of RM94.9 million as stated in Note 11(b) above.
- (c) The disposal gain of RM7.3 million (Note 11(f)) arising from Step Acquisition of an associate, Penang Sentral Sdn Bhd from 49% to 100% equity interest.

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

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

14. Income tax expenses

In RM'000	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
In Malaysia				
Taxation				
- current year	(18,735)	(9,597)	(68,135)	(27,164)
- (under)/over provision in prior years	(3,824)	(424)	4,150	2,400
Deferred tax	4,574	873	10,709	12,283
	<u>(17,985)</u>	<u>(9,148)</u>	<u>(53,276)</u>	<u>(12,481)</u>

Lower effective taxation for the financial year was mainly due to the capital gain of RM94.9 arising from the completion of the corporate exercise (Note 11(b)) which is non-taxable.

Taxation is provided mainly due to non-availability of group relief for losses of certain subsidiaries to be utilized to set off against the taxable profits of other entities and also due to certain expenses being non tax deductible. The non-availability of group relief has resulted in higher effective rate of taxation for the current quarter under review.

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.

Notes to the Report

15. Corporate Proposal

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

- (a) The Company's wholly owned subsidiary, MRCB Sentral Properties Sdn Bhd had on 10 April 2014 entered into a conditional Sale and Purchase Agreement ("SPA") with Maybank Trustees Berhad ("Maybank"), acting as trustee for Quill Capita Trust ("QCT"), a real estate investment trust ("REIT"), for the disposal of the Group's investment property known as Platinum Sentral for a total consideration of RM750 million, of which RM486 million will be satisfied in cash and RM264 million will be satisfied via the proposal issuance of 206.25 million units in QCT ("Unit") at an issue price of RM1.28 per Unit.

Simultaneous with the execution of the SPA, the Company entered into Share Sale Agreement with CapitalLand RECM Pte Ltd ("CRPL") and Coast Capital Sdn Bhd ("CCSB") to acquire 40% equity interest and 1% equity interest in Quill Capita Management Sdn Bhd ("QCM") (being the management company of QCT) respectively, for a total cash consideration of RM5,882,835.80.

CRPL and CCSB are the existing shareholders of QCM, holding 40% and 30% equity interest in QCM respectively.

On 9 September 2014, the parties has revised the disposal consideration to RM740 million based on the revised market value of RM740 million. The difference of RM10 million will be adjusted from the cash portion of the disposal consideration.

MSPSB and Maybank have via a Supplementary Agreement dated 8 October 2014 mutually agreed to extend the conditional period to fulfill all the condition precedents of the SPA from 9 October 2014 to 9 January 2015. The date has been further extended to 9 April 2015 via a second supplemental letter dated 8 January 2015 entered into by both parties.

The Company has obtained the shareholders' approval for the disposal at the Extraordinary General Meeting on 12 February 2015.

- (b) The Company had on 14 August 2014 entered into a Shareholders' Agreement ("SHA") with Kwasa Land Sdn Bhd ("Kwasa Land") and Kwasa Development (2) Sdn Bhd ("KDSB") for the subscription of 700,000 new ordinary shares of RM1.00 each, representing 70% equity interest in KDSB for a cash subscription payment of approximately RM816.6 million ("Proposed Subscription"). KDSB is a special purpose vehicle incorporated to undertake the mixed development of 64.07 acres of land ("MX-1 Land") identified to be the town centre of the proposed Kwasa Damansara Township.

Currently, KDSB is a wholly owned subsidiary of Kwasa Land. Prior to the SHA, on 8 August 2014, Kwasa Land and KDSB had entered into a sale and purchase agreement for the purchase of the MX-1 Land by KDSB from Kwasa Land.

The proposed subscription has been approved by the Company's shareholders at the Extraordinary General Meeting held on 12 February 2015.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. Group borrowings

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

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Secured		
Short term	1,240,521	2,474,313
Long term	2,293,140	908,986
Unsecured		
Short term	<u>150,000</u>	<u>120,000</u>
Total	<u>3,683,661</u>	<u>3,503,299</u>

The increase in the Group borrowings was mainly due to the Group's drawdown on project loans and utilization of working capital facilities.

The secured long term loan consist mainly of the Senior and Junior Sukuk and the related syndicated term loan amounting to RM1.207 billion which were obtained for the purpose of financing the construction of the EDL that has been reclassified to long term borrowings upon GoM's decision not to acquire the EDL.

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

- (a) Project loans for The Sentral Residences, the Lot G Nu Tower offices and the Little India Privatization project totaling RM780 million; and
- (b) RM380 million Guaranteed Islamic Medium Term Notes for Platinum Sentral which has been reclassified from long term loan to short term loan in line with the classification of Platinum Sentral as asset held for sale as a result of the proposed disposal as stated in Note 15(a).

The Group borrowings are all denominated in Ringgit Malaysia.

17. Material litigation

The Group is engaged in various litigations arising from its business transactions, the potential claims amounting to approximately RM34.0 million. Based on management assessment and legal advice on these claims for which reasonable defence exist, no provision have been made by the Group at this juncture.

On the other hand, the Group has also filed some claims, some of them are counter claims amounting to approximately RM31.2 million arising from its business transactions.

Notes to the Report

18. Review of performance

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Group recorded a 61.0% growth in revenue to RM1.515 billion for the financial year ended 31 December 2014 as compared to RM940.9 million in the previous financial year. In the current financial year, the Group also reported RM220.6 million in profit before taxation compared to a RM110.4 million loss before taxation in the previous financial year.

The higher revenue was mainly driven by strong growth from the Group's property development division which is currently actively developing the 9 Seputeh along Old Klang Road, P.J Sentral in Petaling Jaya and the Q Sentral Office and The Sentral Residences at KL Sentral. This is followed by the Engineering & Construction division which is currently undertaking the on-going construction of the Ampang Line LRT extension line, Kelana Jaya extension line, river rehabilitation project and transmission lines projects.

The profit before taxation of RM220.6 million was mainly from the above activities and also from the disposal gain from the sale of investment in DUKE which was recognized in the second quarter.

19. Variation of results against immediate preceding quarter

The Group reported a revenue of RM487.2 million and profit before taxation of RM16.6 million for the current quarter ended 31 December 2014 as compared to a revenue of RM497.3 million and profit before taxation of RM41.3 million recorded in the immediate preceding quarter ended 30 September 2014.

The lower profit before taxation of RM16.6 million reported in the current quarter was mainly due to the Group's share of results of a joint venture which incurred losses due to charge out of finance and start-up costs.

20. Prospects

In line with the 4.5% projected growth of the Malaysian economy in Year 2015 and the Group's on-going development projects at prime location will continue to be the key revenue drivers contributing positively to the Group's profitability. There will be more development project launches in the pipeline and the Board is optimistic of the prospect of the Group continuing to perform satisfactorily in financial year 2015.

21. Variance on forecast profit/profit guarantee

Not applicable.

Notes to the Report

22. Earnings per share (EPS)

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net profit/(loss) for the financial year attributable to the owners of the parent (RM'000)				
- from continuing operations	(13,513)	1,373	136,457	(114,029)
- from discontinuing operations	8,238	844	16,177	4,897
Weighted average number of ordinary shares in issue ('000)	1,760,178	1,651,311	1,708,565	1,479,495
Basic Earnings/(Loss) Per Share (sen)				
- from continuing operations	(0.77)	0.08	7.99	(7.71)
- from discontinuing operations	0.47	0.05	0.94	0.33

Diluted Earnings/(Loss) Per Share

There is no significant effect for the diluted earnings per share arising from the outstanding share options and warrants. Hence, the basic earnings per share approximates to diluted earnings per share.

Notes to the Report

23. Breakdown of realised and unrealised profits or losses

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The breakdown of the accumulated losses of the Group as at 31 December 2014, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 31.12.2014 (unaudited) (RM'000)	Accumulated quarter ended 31.12.2013 (audited) (RM'000)
Total accumulated profit or losses:		
- Realised	187,985	31,201
- Unrealised	(53,827)	(69,561)
Total share of accumulated profit from associates:		
- Realised	45,099	17,632
Total share of accumulated losses from joint venture:		
- Realised	(43,568)	(7,012)
Add: Consolidation adjustments	(290,534)	(247,316)
Total Group accumulated losses	(154,845)	(275,056)

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
23 February 2015