

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## Consolidated Statement of Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.6.2016 (unaudited)	30.6.2015 (unaudited)	30.6.2016 (unaudited)	30.6.2015 (unaudited)
<b>Continuing operations</b>					
Revenue		389,191	530,280	825,206	934,465
Expenses		(340,285)	(444,541)	(751,202)	(792,918)
Other operating income	13	60,608	49,605	100,089	292,205
Profit from operations		109,514	135,344	174,093	433,752
Finance costs		(44,396)	(44,300)	(91,125)	(89,662)
Share of results of associates		6,676	3,248	7,032	9,079
Share of results of joint ventures		1,968	(2,342)	2,415	(8,760)
Profit before tax		73,762	91,950	92,415	344,409
Income tax expense	14	(16,696)	(18,518)	(21,889)	(25,592)
Profit from continuing operations		57,066	73,432	70,526	318,817
<b>Discontinuing operations</b>					
Profit from discontinuing operations (net of tax)		-	16	-	3,394
Profit for the financial period		57,066	73,448	70,526	322,211
Other comprehensive income for the financial period, net of tax:					
Item that may be reclassified subsequent to comprehensive income					
- currency translation differences		44	140	(36)	69
- share of associate's loss on re-measurement of financial derivatives		(226)	437	(1,462)	437
Total comprehensive income for the financial period, net of tax		56,884	74,025	69,028	322,717

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In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30.6.2016 (unaudited)	30.6.2015 (unaudited)	30.6.2016 (unaudited)	30.6.2015 (unaudited)
<b>Profit for the financial period attributable to:</b>					
Equity holders of the Company					
- from continuing operations		45,504	60,088	49,886	294,571
- from discontinuing operations		-	16	-	3,394
		<u>45,504</u>	<u>60,104</u>	<u>49,886</u>	<u>297,965</u>
Non-controlling interests		11,562	13,344	20,640	24,246
		<u>57,066</u>	<u>73,448</u>	<u>70,526</u>	<u>322,211</u>
<b>Total comprehensive income for the financial period attributable to:</b>					
Equity holders of the Company					
- from continuing operations		45,322	60,665	48,388	295,077
- from discontinuing operations		-	16	-	3,394
		<u>45,322</u>	<u>60,681</u>	<u>48,388</u>	<u>298,471</u>
Non-controlling interests		11,562	13,344	20,640	24,246
		<u>56,884</u>	<u>74,025</u>	<u>69,028</u>	<u>322,717</u>
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
Basic and diluted					
- from the continuing operations	23	2.44	3.36	2.73	16.50
- from the discontinuing operations	23	-	-	-	0.19
		<u>2.44</u>	<u>3.36</u>	<u>2.73</u>	<u>16.69</u>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.*

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## Consolidated Statement of Financial Position

In RM'000	As at 30.6.2016 (unaudited)	As at 31.12.2015 (audited)
<b>ASSETS</b>		
<b>Non current assets</b>		
Property, plant and equipment	365,000	337,465
Investment properties	474,066	413,517
Land held for property development	1,627,300	1,786,892
Service concession asset	1,192,907	1,209,992
Associates	232,318	241,905
Joint ventures	8,577	6,162
Long term receivable	5,344	5,253
Available for sale financial assets	577	577
Intangible assets	313,389	317,073
Deferred tax assets	79,080	76,705
	<u>4,298,558</u>	<u>4,395,541</u>
<b>Current assets</b>		
Inventories	41,704	63,103
Properties development costs	733,350	488,610
Trade and other receivables	977,680	1,095,102
Amount due from associates and joint ventures	17,831	18,702
Tax recoverable	27,436	26,762
Financial assets at fair value through profit or loss	2,466	2,381
Deposits, cash and bank balances	441,548	521,508
	<u>2,242,015</u>	<u>2,216,168</u>
<b>Assets held for sale</b> (see Note A)	428,528	478,088
<b>TOTAL ASSETS</b>	<u><u>6,969,101</u></u>	<u><u>7,089,797</u></u>

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## Consolidated Statement of Financial Position

In RM'000	As at 30.6.2016 (unaudited)	As at 31.12.2015 (audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,886,591	1,786,591
Share premium	335,739	327,950
Retained earnings	133,297	83,153
Other reserves	61,082	62,453
	<u>2,416,709</u>	<u>2,260,147</u>
Non-controlling interests	73,313	52,624
<b>Total equity</b>	<u>2,490,022</u>	<u>2,312,771</u>
<b>Non current liabilities</b>		
Senior and Junior Sukuk	1,058,470	1,058,464
Long term borrowings	1,458,529	1,286,785
Long term liabilities	31,058	16,929
Government grant	46,985	33,024
Deferred tax liabilities	83,304	85,293
	<u>2,678,346</u>	<u>2,480,495</u>
<b>Current liabilities</b>		
Loan stock at cost	7,000	7,000
Trade and other payables	1,142,998	1,188,414
Current tax liabilities	8,813	3,100
Short term borrowings	630,696	1,042,126
Dividend payable	-	44,664
	<u>1,789,507</u>	<u>2,285,304</u>
<b>Liabilities associated with assets held for sale</b> (see Note A)	11,226	11,227
<b>Total liabilities</b>	<u>4,479,079</u>	<u>4,777,026</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>6,969,101</u>	<u>7,089,797</u>
<b>Net assets per share attributable to the equity holders of the Company (sen)</b>	<u>128.1</u>	<u>126.5</u>

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## Consolidated Statement of Financial Position

In RM'000	As at 30.6.2016 (unaudited)	As at 31.12.2015 (audited)
<b>Note A</b>		
<b>Non current assets held for sale</b>		
- Investment property(ies)	428,528	478,088
	<u>428,528</u>	<u>478,088</u>
<b>Liabilities associated with assets held for sale</b>		
- Other payables	(11,226)	(11,227)
	<u>(11,226)</u>	<u>(11,227)</u>
Net assets held for sale	<u>417,302</u>	<u>466,861</u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.*

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## Consolidated Statement of Cash Flows

In RM'000	6 months ended	
	30.6.2016	30.6.2015
	(unaudited)	
<b>Operating activities</b>		
Cash receipts from customers	1,244,779	1,041,357
Cash paid to suppliers and employees	(1,093,407)	(777,753)
Cash generated from operations	151,372	263,604
Bank services charges paid	(1,294)	(1,376)
Taxes paid	(49,471)	(32,124)
Net cash generated from operating activities from continuing operations	100,607	230,104
Net cash used in operating activities from discontinuing operations	-	(54,276)
<b>Net cash generated from operating activities</b>	<b>100,607</b>	<b>175,828</b>
<b>Investing activities</b>		
Acquisition of equity investments	(70)	(17,135)
Proceeds from divestment of equity investments	8,577	-
Dividend received	11,179	48
Proceeds from sale of investment property	87,168	476,000
Non-equity investments	(552)	(128,638)
Disposal of a subsidiary	-	(6)
Net cash generated from investing activities from continuing operations	106,302	330,269
Net cash generated from investing activities from discontinuing operations	-	248
<b>Net cash generated from investing activities</b>	<b>106,302</b>	<b>330,517</b>
<b>Financing activities</b>		
Proceeds from issue of shares capital	107,894	-
Dividend paid to equity holders	(71,476)	-
Proceeds from borrowings	266,278	74,917
Repayment of borrowings	(506,099)	(624,849)
Proceeds from Government grant	13,961	33,024
Interest paid	(97,426)	(100,862)
Withdrawal of restricted cash	1,438	133,673
Net cash used in financing activities from continuing operations	(285,430)	(484,097)
Net cash used in financing activities from discontinuing operations	-	(9,318)
<b>Net cash used in financing activities</b>	<b>(285,430)</b>	<b>(493,415)</b>
Net (decrease)/increase in cash and cash equivalent	(78,521)	12,930
Cash and cash equivalents at beginning of the financial period	339,229	308,210
<b>Cash and cash equivalent at end of financial period</b>	<b>260,708</b>	<b>321,140</b>
<b>For the purpose of the statement of cash flows, the cash and cash equivalents comprised the following:</b>		
Bank balances and deposits	441,548	539,945
Less: Bank balances and deposits held as security value	(180,840)	(218,805)
	<u>260,708</u>	<u>321,140</u>

*The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015.*

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## Consolidated Statement of Changes in Equity

### Attributable to equity holders of the Company

In RM'000	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>At 1 January 2016</b>	1,786,591	327,950	62,453	83,153	2,260,147	52,624	2,312,771
<b>Comprehensive income</b>							
- Profit for the financial period	-	-	-	49,886	49,886	20,640	70,526
<b>Other comprehensive loss</b>							
- Currency translation differences	-	-	(36)	-	(36)	-	(36)
- Share of associate's loss on re-measurement of financial derivatives	-	-	(1,462)	-	(1,462)	-	(1,462)
- Reclassified to retained earnings	-	-	(258)	258	-	-	-
Total comprehensive income/(loss)	-	-	(1,756)	50,144	48,388	20,640	69,028
<b>Transactions with owners</b>							
Issuance of:							
- ordinary shares (Note 15(b))	100,000	7,789	-	-	107,789	-	107,789
Acquisition of additional equity interest in a subsidiary	-	-	-	-	-	49	49
Employees' share option scheme - options granted	-	-	427	-	427	-	427
Share of associate's issuance of new units expenses	-	-	(42)	-	(42)	-	(42)
Total transactions with owners	100,000	7,789	385	-	108,174	49	108,223
<b>At 30 June 2016 (unaudited)</b>	<u>1,886,591</u>	<u>335,739</u>	<u>61,082</u>	<u>133,297</u>	<u>2,416,709</u>	<u>73,313</u>	<u>2,490,022</u>

### Other reserves

In RM'000	Revaluation reserve	Other reserve	Currency translation reserve	Share option reserve	Warrants reserve	Retirement benefit reserve	Total
<b>At 1 January 2016</b>	28,090	2,168	636	6,066	28,355	(2,862)	62,453
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	(36)	-	-	-	(36)
- Share of associate's loss on re-measurement of financial derivatives	-	(1,462)	-	-	-	-	(1,462)
- Reclassified to retained earnings	-	-	-	-	-	(258)	(258)
Total other comprehensive loss	-	(1,462)	(36)	-	-	(258)	(1,756)
<b>Transactions with owners</b>							
Employees' share option scheme - options granted	-	-	-	427	-	-	427
Share of associate's issuance of new units expenses	-	(42)	-	-	-	-	(42)
	-	(42)	-	427	-	-	385
<b>At 30 June 2016 (unaudited)</b>	<u>28,090</u>	<u>664</u>	<u>600</u>	<u>6,493</u>	<u>28,355</u>	<u>(3,120)</u>	<u>61,082</u>

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## 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)/ Retained earnings			
<b>At 1 January 2015</b>	1,760,178	323,986	55,937	(154,845)	1,985,256	79,253	2,064,509
<b>Comprehensive profit</b>							
- Profit for the financial year	-	-	-	330,392	330,392	33,637	364,029
<b>Other comprehensive income/(loss)</b>							
- Currency translation differences	-	-	448	-	448	-	448
- Share of associate's gain on re-measurement of financial derivatives	-	-	502	-	502	-	502
- Reclassified to retained earnings	-	-	(335)	335	-	-	-
<b>Total comprehensive income</b>	<u>-</u>	<u>-</u>	<u>615</u>	<u>330,727</u>	<u>331,342</u>	<u>33,637</u>	<u>364,979</u>
<b>Transactions with owners</b>							
Issuance of:							
- ordinary shares	26,403	3,960	-	-	30,363	-	30,363
- warrants	-	-	1,320	-	1,320	-	1,320
Acquisition of additional equity interest in subsidiaries	-	-	-	(3,688)	(3,688)	4,358	670
Disposal of a subsidiary	-	-	-	-	-	(82)	(82)
Employees' share option scheme							
- options granted	-	-	4,869	-	4,869	-	4,869
- options exercised	10	4	(1)	-	13	-	13
- options lapsed	-	-	(287)	287	-	-	-
Dividends paid and declared for financial year ended							
- 31 December 2014	-	-	-	(44,664)	(44,664)	-	(44,664)
- 31 December 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,664)</u>	<u>(44,664)</u>	<u>(64,542)</u>	<u>(109,206)</u>
<b>Total transactions with owners</b>	<u>26,413</u>	<u>3,964</u>	<u>5,901</u>	<u>(92,729)</u>	<u>(56,451)</u>	<u>(60,266)</u>	<u>(116,717)</u>
<b>At 31 December 2015 (audited)</b>	<u><u>1,786,591</u></u>	<u><u>327,950</u></u>	<u><u>62,453</u></u>	<u><u>83,153</u></u>	<u><u>2,260,147</u></u>	<u><u>52,624</u></u>	<u><u>2,312,771</u></u>



# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## Consolidated Statement of Changes in Equity

### Other reserves

In RM'000	Revaluation reserve	Other reserve	Currency translation reserve	Share option reserve	Warrants reserve	Retirement benefit reserve	Total
<b>At 1 January 2015</b>	28,090	1,666	188	1,485	27,035	(2,527)	55,937
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	448	-	-	-	448
- Share of associate's gain on re-measurement of financial derivatives	-	502	-	-	-	-	502
- Reclassified to retained earnings	-	-	-	-	-	(335)	(335)
Total other comprehensive Income/(loss)	-	502	448	-	-	(335)	615
<b>Transactions with owners</b>							
Issuance of new warrants	-	-	-	-	1,320	-	1,320
Employees' share option scheme							
- options granted	-	-	-	4,869	-	-	4,869
- options exercised	-	-	-	(1)	-	-	(1)
- options lapsed	-	-	-	(287)	-	-	(287)
Total transactions with owners	-	-	-	4,581	1,320	-	5,901
<b>At 31 December 2015 (audited)</b>	<u>28,090</u>	<u>2,168</u>	<u>636</u>	<u>6,066</u>	<u>28,355</u>	<u>(2,862)</u>	<u>62,453</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 2015*

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## 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 2015.

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 2015.

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

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. In the next financial year, the Group will continue to apply FRS and will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS) for the financial year ending 31 December 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time Adoption of MFRS".

### 2. Audit report of the preceding annual financial statements

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

### 3. Seasonal or cyclical fluctuations

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial quarter under review.

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### Notes to the Interim Report

#### 4. Items of unusual nature, size or incidence

- (a) The Company had on 5 August 2015 entered into a Sale and Purchase Agreement with Cardiac Vascular Sentral (Kuala Lumpur) Sdn Bhd for the sale of Sooka Sentral for a total consideration of RM90.8 million. Sooka Sentral consists of a five-storey commercial building and one level of car park on a 5,662 square meter piece of land.

The disposal was completed on 23 May 2016 and generated a gain of RM41.6 million.

- (b) On 28 April 2016, the Company's wholly owned subsidiary, Gapurna Land Sdn Bhd entered into a sale and purchase agreement ("SPA") with Kejora Kinta Sdn Bhd for the proposed acquisition of the following adjoining parcels of land for a total cash consideration of RM6,900,000, upon the terms and conditions as set out in the SPA:-

- (i) Geran No. 37570, Lot 36 Seksyen 98, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring 9,665 square feet ("sq. ft."); and
- (ii) Geran No. 37571, Lot 37 Seksyen 98, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring 10,576 sq. ft.,

The above acquisition was completed on 28 June 2016.

Other than the above, there were no other items of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows in the financial quarter under review.

#### 5. Material changes in estimates of amounts reported

There were no changes in estimates of amounts reported in the prior financial period that would have a material effect in the financial quarter under review.

#### 6. Debt and equity securities

On 25 April 2016, there was an issuance of 100,000,000 ordinary shares of RM1.00 pursuant to the first tranche of the Private Placement as stated in Note 15(b) below.

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

#### 7. Dividends

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

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## Notes to the Interim Report

### 8. Segmental reporting

	Property Development & Investment RM'000	Engineering, Construction & Environment RM'000	Infrastructure RM'000	Facilities Management & Parking RM'000	Others RM'000	Total RM'000
<b>6 months ended 30.6.2016</b>						
Total revenue	382,725	590,262	59,287	50,111	71,480	1,153,865
Inter segment revenue	(5,972)	(257,710)	(2,075)	(12,908)	(49,994)	(328,659)
External revenue	376,753	332,552	57,212	37,203	21,486	825,206
Segment profit/(loss)	157,750	2,969	32,676	12,029	(18,450)	186,974
Unallocated corporate expenses						(17,489)
Finance income						4,608
Finance costs						(91,125)
Share of results of associates and joint ventures	6,703	2,331	413	-	-	9,447
Profit before tax						92,415

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## Notes to the Interim Report

### 8. Segmental reporting (continued)

	Property Development & Investment RM'000	Engineering, Construction & Environment RM'000	Infrastructure RM'000	Facilities Management & Parking RM'000	Others RM'000	Total RM'000	Discontinued Operations RM'000	Total RM'000
<b>6 months ended 30.6.2015</b>								
Total revenue	482,782	470,002	58,281	42,259	164,011	1,217,335	13,044	1,230,379
Inter segment revenue	(5,058)	(108,841)	(731)	(5,980)	(162,260)	(282,870)	(493)	(283,363)
External revenue	477,724	361,161	57,550	36,279	1,751	934,465	12,551	947,016
Segment profit/(loss)	352,700	29,668	31,902	2,596	(5,397)	411,469	10,806	422,275
Finance income						22,283	228	22,511
Finance costs						(89,662)	(4,271)	(93,933)
Share of results of associates and joint ventures	(4,473)	3,754	1,038	-	-	319	-	319
Profit before tax						344,409	6,763	351,172

# MALAYSIAN RESOURCES CORPORATION BERHAD

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

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### Notes to the Interim 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 period

- (a) The Company had on 1 July 2016 received a Letter of Award from Jabatan Pengairan dan Saliran Malaysia to carry out “Projek Pemuliharaan Muara Sungai Pahang (Fasa 3) Pakej 2, Daerah Pekan, Pahang-Merekabentuk dan Membina Kerja-kerja Membaikpulih Muara Sekitar Kuala Pahang, Pahang Darul Makmul Fasa 4 Secara Rundingan Terus (Reka & Bina) (“the Project”).

The contract sum of the Project is RM188.68 million (inclusive Goods & Services Tax) and the construction period is 24 months, to be completed by July 2018.

- (b) The Company had on 28 July 2016 entered into a Share Sale Agreement with Arch Angel DMC Sdn Bhd to acquire the remaining 30% equity interest comprising 1,500,000 ordinary shares of RM1.00 each in MRCB Putra Sdn Bhd (“MPSB”) for a total cash consideration of RM7,131,421.12.

The acquisition was completed on 4 August 2016. With this, MPSB became a wholly owned subsidiary of the Company.

Other than the above, there were no other material events subsequent to the end of the financial quarter ended 30 June 2016 that have not been reflected in this interim report.

#### 11. Changes in the composition of the Group

- (a) The Company had on 5 February 2016 entered into a Share Sale Agreement with Ekovest Berhad (“Ekovest”) to dispose its entire 40% equity interest in the following companies to Ekovest for a total cash consideration of RM8.5 million;

- (i) Ekovest-MRCB JV Sdn Bhd represented by 40,000 ordinary shares of RM1.00 each and 2,160,000 redeemable preference shares of RM0.01 at premium of RM0.99 each; and
- (ii) Ekovest-MRCB Construction Sdn Bhd represented by 800,000 ordinary shares of RM1.00 each.

The disposals were completed on 29 April 2016 and generated a total gain of RM2.8 million.

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

- (b) On 28 October 2015, MRCB Land Sdn Bhd (“MRCB Land”), the Company’s wholly owned subsidiary entered into a joint venture agreement with Cyberview Sdn Bhd (“CSB”) for the proposed subscription of 700,000 new ordinary shares of RM1.00 each and 2,688,000 redeemable preference shares (“RPS”) of RM1.00 each at a premium of RM99.00 per share, representing a 70% equity interest in CSB Development Sdn Bhd (“CSBD”), being the joint venture company to purchase and undertake the development of Cyberjaya City Centre, for a total subscription payment of RM269.5 million.

On 19 May 2016, a Supplementary Share Subscription Agreement and Supplementary Joint Venture Agreement were signed to vary the proposed subscription of the RPS to 2,282,000 of RM1.00 each at a premium of RM99.00 per share, also representing 70% equity interest in CSBD. The variation reduces the total subscription payment to RM228.9 million.

MRCB Land and CSB will subscribe for the shares on 70:30 basis in 2 phases as follows:

	Phase 1	Phase 2	Phase 2
	Ordinary Shares	Ordinary Shares	RPS
MRCB Land	70,000	630,000	2,282,000
CSB	29,998	270,000	987,000

On 1 July 2016, the phase 1 subscriptions were completed and CSBD became a 70% equity interest owned by the Company.

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

### 12. Contingent liabilities or contingent assets

The Group’s contingent liabilities, which comprise trade and performance guarantees, amounted to RM248.5 million as at 30 June 2016 (compared to RM221.5 million as at 31 December 2015). There are no material contingent assets to be disclosed.

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#### 13. Other operating income

Included in the other operating income for the financial quarter under review were the following gains of disposal;

- (a) RM41.6 million derived from the sale of Sooka Sentral which was completed on 23 May 2016 (Note 4(a)) ; and
- (b) RM2.8 million as stated in Note 11(a) above.

There were no other items of an unusual nature in the other operating income in the financial quarter under review.

#### 14. Income tax expenses

In RM'000	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
In Malaysia				
Taxation				
- current year	(23,671)	(19,721)	(33,849)	(35,394)
- (under)/over provision in prior years	(393)	(31)	(148)	3,238
Deferred tax	7,368	1,234	12,108	6,564
	<u>(16,696)</u>	<u>(18,518)</u>	<u>(21,889)</u>	<u>(25,592)</u>

Taxation is provided mainly for taxable profits from certain subsidiaries and also due to certain expenses being non tax deductible.

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



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### 15. Corporate Proposal

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

- (a) On 14 August 2014 the Company entered into a Shareholders' Agreement 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.

The Proposed Subscription was approved by the Company's shareholders at the Extraordinary General Meeting held on 12 February 2015. As at the date of this report, the subscription of the shares is still pending.

- (b) On 21 December 2015, the shareholders of the Company approved to undertake a Private Placement of up to 493,019,758 new ordinary shares of RM1.00 each in the Company, representing up to twenty percent (20%) of the issued and paid up share capital of the Company ("Private Placement") as stated in the Circular to shareholders dated 4 December 2015. On 17 May 2016, Bursa Malaysia Securities Berhad approved an extension of time until 1 December 2016 for the Company to complete the Private Placement.
- (i) On 25 April 2016, the Company completed the first tranche of the Private Placement comprising 100,000,000 Placement Shares at RM1.09 per Placement Share.
- (ii) On 22 August 2016, the Company completed the second tranche of the Private Placement comprising 194,250,000 Placement Shares at RM1.13 per Placement Share.

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### 15. Corporate Proposal (continued)

- (b) The proposed utilization of the proceeds of the entire Private Placement exercise, and the status after the placement of the 1<sup>st</sup> and 2<sup>nd</sup> tranches, as at the date of this report, are tabulated as follows:

No.	Purpose	Proposed Utilization (RM'000)	Proposed Utilization (RM'000)	Estimated Timeframe For The Full Utilization
		Minimum Scenario	Maximum Scenario	
1	Property development activities	278,800	371,500	Within 24 months
2	Repayment of borrowings	65,000	85,000	Within 12 months
3	General working capital	90,272	142,044	Within 12 months
4	Estimated expenses in relation to the Proposed Private Placement	9,000	12,800	Within 6 months
	<b>Total</b>	<b>*443,072</b>	<b>*611,344</b>	

\* Total proceeds raised as at 25 August 2016 is RM327.8 million.

No.	Purpose	Actual Utilization (RM'000)	Amount Unutilized (RM'000)	Amount Unutilized (RM'000)
			Minimum Scenario	Maximum Scenario
1	Property development activities	76,991	201,809	294,509
2	Repayment of borrowings	10,217	54,783	74,783
3	General working capital	20,446	69,826	121,598
4	Estimated expenses in relation to the Proposed Private Placement	1,450	7,550	11,350
	<b>Total</b>	<b>109,104</b>	<b>333,968</b>	<b>502,240</b>

Given that the Private Placement will be implemented in tranches, the issue price for each subsequent tranche will be determined and announced by the Board separately.

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### 15. Corporate Proposal (continued)

- (c) On 30 June 2016, the Company's wholly owned subsidiary, 348 Sentral Sdn Bhd entered into a conditional Sale and Purchase Agreement with Maybank Trustee Berhad, acting as trustee for MRCB-Quill REIT ("MQ REIT") for the disposal of a 33-storey office tower known as "Menara Shell" together with a 5-storey podium and 4-storey basement car park for a total cash consideration of RM640 million.

On the same day, MQ REIT also announced that a Proposed Placement will be undertaken of up to 406.67 million new Units at an issue price to be determined by way of a bookbuilding exercise. The Company had given an undertaking to subscribe for such number of Placement Units with an aggregate value of no less than RM110 million but up to a maximum value of RM152 million. The Proposed Placement is to part fund the acquisition of Menara Shell.

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### 16. Group borrowings

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

	As at 30.6.2016 RM'000	As at 31.12.2015 RM'000
<b>Secured</b>		
Short term	376,822	782,546
Long term	2,516,999	2,345,249
<b>Unsecured</b>		
Short term	<u>253,874</u>	<u>259,580</u>
Total	<u>3,147,695</u>	<u>3,387,375</u>

The decrease in the Group borrowings was mainly due to the full settlement of the balance of the RM250 million project loan for Nu Tower office.

The secured long term loans consist mainly of:

- (a) The Senior and Junior Sukuk and the related syndicated term loan amounting to RM1,092 million which were obtained for the purpose of financing the construction of the Eastern Dispersal Link toll road;
- (b) Long term loan and Sukuk Murabahah Programme totaling RM433 million for the Group's working capital purposes;
- (c) Project loans for the Group's completed and on-going property development projects of RM992 million.

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

- (a) Project loans totaling RM375 million; and
- (b) Certain short term credit facilities and long term loans for working capital purposes which are due within the next 12 months totaling RM256 million.

Included in the Group total borrowings was a secured Australian Dollar long term loan of AUD17 million, equivalent to RM50 million (2015: AUD9 million, equivalent to RM28 million).

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

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### 17. Material litigation

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

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

### 18. Review of performance

The Group recorded profit before tax for the first half of the current financial year of RM92.4 million compared to RM344.4 million in the first half of the preceding financial year ended 30 June 2015. The higher profit before tax in the preceding financial period was mainly attributable to gains of RM239.7 million and RM38.8 million recorded from the disposals of Platinum Sentral and other assets, as well as the Company's 70% equity interest in Paradigma Berkat Sdn Bhd respectively.

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

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
<u>External Revenue</u>				
Property development & investment	223,945	255,998	376,753	477,724
Engineering, construction & environment	103,490	225,680	332,552	361,161
Infrastructure	29,074	29,147	57,212	57,550
Facilities management & parking	19,227	18,565	37,203	36,279
Others	13,455	890	21,486	1,751
	<u>389,191</u>	<u>530,280</u>	<u>825,206</u>	<u>934,465</u>
<u>Profit/(Loss)</u>				
Property development & investment	90,435	79,392	157,750	352,700
Engineering, construction & environment	1,832	27,496	2,969	29,668
Infrastructure	19,536	15,356	32,676	31,902
Facilities management & parking	4,619	(2,765)	12,029	2,596
Others	(1,219)	9,578	(18,450)	(5,397)
	<u>115,203</u>	<u>129,057</u>	<u>186,974</u>	<u>411,469</u>

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### Notes to the Interim Report

#### 18. Review of performance (continued)

For the half year ended 30 June 2016, the Group recorded revenue and profit before interest of RM825.2 million and RM187.0 million respectively, compared to RM934.5 million and RM411.5 million recorded in the preceding cumulative quarter ended 30 June 2015. The performance for the preceding cumulative quarter was mainly due to the completion of the Q Sentral development and the gains recorded from the completion of the two (2) disposals as stated above.

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

(i) Property Development & Investment

The revenue and profit recorded in the half year was mainly generated from the on-going property development projects, namely Sentral Residences in KL Sentral CBD, which contributed just over half of the division's revenue during the period, followed by the Group's 9 Seputeh mixed residential development in Jalan Klang Lama, its PJ Sentral project and SIDEC residential project in Perak. The results included a gain of RM41.6 million from the disposal of its Sooka Sentral property project during the period, and income from its remaining investment properties in KL Sentral CBD and Shah Alam.

(ii) Engineering, Construction & Environment

The bulk of the division's revenue and profit was contributed by the LRT Ampang Line Extension and the LRT Stations 6 & 7 projects, the on-going construction of six different commercial buildings for clients in Johor, a number of smaller power transmission related construction projects across the country, and other smaller construction projects in the Klang Valley.

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

The Group recorded revenue and profit before taxation of RM389.1 million and RM73.8 million for the financial quarter ended 30 June 2016, compared to revenue of RM436.0 million and profit before taxation of RM18.7 million recorded in the preceding quarter ended 31 March 2016.

The higher profit before tax recorded in the second financial quarter under review over the preceding financial quarter was mainly due to the on-going projects stated above in (i) and (ii) and the gains of RM44.4 million, derived from the sale of Sooka Sentral (stated in Note 13) and the sales of its equity interests in Ekovest-MRCB JV Sdn Bhd and Ekovest-MRCB Construction Sdn Bhd (stated in Note 11(a)).

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### Notes to the Interim Report

#### 20. Prospects

The Group will continue its strategy of focussing on its core activities.

The Group offers a unique proposition as an urban developer of commercial and residential property developments centred around strong mass transportation infrastructure, which it has successfully undertaken at its KL Sentral CBD Transit Oriented Development (“TOD”) project. The Group will therefore strive to emulate this success in its other TOD projects.

The Group’s Property Investment activity will largely continue to be undertaken through its 31% stake in MRCB-Quill REIT, which not only provides a potential avenue for the Group to release capital from the disposal of its completed projects to the REIT, but also allows it to earn a relatively steady and consistent stream of income from the REIT units it owns over the medium to longer term.

The Construction, Engineering & Environment division continues to tender for more contracting projects, which has led to a sizeable increase in its order book, which will keep the division busy over the next few years. Furthermore, the Division is also placing greater emphasis on trying to secure long term fee based work to try to reduce volatility in its construction revenues, and improve the consistency of its construction related earnings.

With these strategies in place, the Board believes the Group is well positioned to overcome future challenges.

#### 21. Variance on forecast profit/profit guarantee

Not applicable.

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## Notes to the Interim Report

### 22. Earnings per share (EPS)

#### Basic EPS

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

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
Net profit for the financial period attributable to the owners of the parent (RM'000)				
- from continuing operations	45,504	60,088	49,886	294,571
- from discontinuing operations	-	16	-	3,394
Weighted average number of Ordinary shares in issue ('000)	1,864,613	1,786,581	1,825,602	1,784,830
Basic Earnings Per Share (sen)				
- from continuing operations	2.44	3.36	2.73	16.50
- from discontinuing operations	-	0.00	-	0.19

#### Diluted Earnings Per Share

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



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REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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

The breakdown of the retained earnings of the Group as at 30 June 2016, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 30.6.2016 (unaudited) (RM'000)	Accumulated quarter ended 31.12.2015 (audited) (RM'000)
Total accumulated profit or losses:		
- Realised	375,796	308,052
- Unrealised	(4,301)	(8,828)
Total share of accumulated profit from associates:		
- Realised	66,050	61,106
Total share of accumulated profit or losses from joint venture:		
- Realised	3,067	(51,693)
Add: Consolidation adjustments	(307,315)	(225,484)
<b>Total Group retained earnings</b>	<b>133,297</b>	<b>83,153</b>

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

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

**By Order of the Board**

**Mohd Noor Rahim Yahaya**  
Company Secretary

**Kuala Lumpur**  
**25 August 2016**