

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

Consolidated Statement of Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.2016 (unaudited)	30.9.2015 (unaudited)	30.9.2016 (unaudited)	30.9.2015 (unaudited)
<u>Continuing operations</u>					
Revenue		551,216	374,062	1,376,422	1,308,527
Expenses		(470,530)	(323,637)	(1,221,732)	(1,116,555)
Other operating income	13	8,110	11,608	108,199	303,813
Profit from operations		88,796	62,033	262,889	495,785
Finance costs		(41,960)	(44,464)	(133,085)	(134,126)
Share of results of associates		12,132	7,774	19,164	16,853
Share of results of joint ventures		2,626	(17)	5,041	(8,777)
Profit before tax		61,594	25,326	154,009	369,735
Income tax expense	14	(22,015)	(18,749)	(43,904)	(44,341)
Profit from continuing operations		39,579	6,577	110,105	325,394
<u>Discontinuing operations</u>					
Profit from discontinuing operations (net of tax)		-	1,213	-	4,607
Profit for the financial period		39,579	7,790	110,105	330,001
Other comprehensive income for the financial period, net of tax:					
Item that may be reclassified subsequent to comprehensive income					
- currency translation differences		18	468	(18)	537
- share of associate's gain/(loss) on re-measurement of financial derivatives		(475)	1,186	(1,937)	1,623
Total comprehensive income for the financial period, net of tax		39,122	9,444	108,150	332,161

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

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In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.2016 (unaudited)	30.9.2015 (unaudited)	30.9.2016 (unaudited)	30.9.2015 (unaudited)
Profit for the financial period attributable to:					
Equity holders of the Company					
- from continuing operations		29,394	4,425	79,280	298,996
- from discontinuing operations		-	1,213	-	4,607
		<u>29,394</u>	<u>5,638</u>	<u>79,280</u>	<u>303,603</u>
Non-controlling interests		10,185	2,152	30,825	26,398
		<u>39,579</u>	<u>7,790</u>	<u>110,105</u>	<u>330,001</u>
Total comprehensive income for the financial period attributable to:					
Equity holders of the Company					
- from continuing operations		28,937	6,079	77,325	301,156
- from discontinuing operations		-	1,213	-	4,607
		<u>28,937</u>	<u>7,292</u>	<u>77,325</u>	<u>305,763</u>
Non-controlling interests		10,185	2,152	30,825	26,398
		<u>39,122</u>	<u>9,444</u>	<u>108,150</u>	<u>332,161</u>
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
Basic and diluted					
- from the continuing operations	22	1.49	0.25	4.22	16.75
- from the discontinuing operations	22	-	0.07	-	0.26
		<u>1.49</u>	<u>0.32</u>	<u>4.22</u>	<u>17.01</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 SEPTEMBER 2016

Consolidated Statement of Financial Position

In RM'000	As at 30.9.2016 (unaudited)	As at 31.12.2015 (audited)
ASSETS		
Non current assets		
Property, plant and equipment	404,921	337,465
Investment properties	485,343	413,517
Land held for property development	1,648,006	1,786,892
Service concession asset	1,183,964	1,209,992
Associates	235,575	241,905
Joint ventures	11,274	6,162
Long term receivable	35,388	5,253
Available for sale financial assets	577	577
Intangible assets	311,894	317,073
Deferred tax assets	78,838	76,705
	<u>4,395,780</u>	<u>4,395,541</u>
Current assets		
Inventories	42,079	63,103
Properties development costs	771,015	488,610
Trade and other receivables	1,138,094	1,095,102
Amount due from associates and joint ventures	21,661	18,702
Tax recoverable	24,410	26,762
Financial assets at fair value through profit or loss	2,523	2,381
Deposits, cash and bank balances	414,750	521,508
	<u>2,414,532</u>	<u>2,216,168</u>
Assets held for sale (see Note A)	418,428	478,088
TOTAL ASSETS	<u><u>7,228,740</u></u>	<u><u>7,089,797</u></u>

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

Consolidated Statement of Financial Position

In RM'000	As at 30.9.2016 (unaudited)	As at 31.12.2015 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	2,080,216	1,786,591
Share premium	357,082	327,950
Retained earnings	155,585	83,153
Other reserves	60,625	62,453
	<u>2,653,508</u>	<u>2,260,147</u>
Non-controlling interests	78,308	52,624
Total equity	<u>2,731,816</u>	<u>2,312,771</u>
Non current liabilities		
Senior and Junior Sukuk	1,058,473	1,058,464
Long term borrowings	1,603,043	1,286,785
Long term liabilities	20,025	16,929
Government grant	46,985	33,024
Deferred tax liabilities	82,375	85,293
	<u>2,810,901</u>	<u>2,480,495</u>
Current liabilities		
Loan stock at cost	7,000	7,000
Trade and other payables	1,173,131	1,188,414
Current tax liabilities	11,972	3,100
Short term borrowings	482,656	1,042,126
Dividend payable	-	44,664
	<u>1,674,759</u>	<u>2,285,304</u>
Liabilities associated with assets held for sale (see Note A)	11,264	11,227
Total liabilities	<u>4,496,924</u>	<u>4,777,026</u>
TOTAL EQUITY AND LIABILITIES	<u>7,228,740</u>	<u>7,089,797</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>127.6</u>	<u>126.5</u>

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

Consolidated Statement of Financial Position

In RM'000	As at 30.9.2016 (unaudited)	As at 31.12.2015 (audited)
Note A		
Non current assets held for sale		
- Investment property(ies)	418,428	478,088
	<u>418,428</u>	<u>478,088</u>
Liabilities associated with assets held for sale		
- Other payables	(11,264)	(11,227)
	<u>(11,264)</u>	<u>(11,227)</u>
Net assets held for sale	<u>407,164</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

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

Consolidated Statement of Cash Flows

In RM'000	9 months ended	
	30.9.2016	30.9.2015 (unaudited)
Operating activities		
Cash receipts from customers	1,700,015	1,588,765
Cash paid to suppliers and employees	(1,733,289)	(1,256,122)
Cash generated from operations	(33,274)	332,643
Bank services charges paid	(9,714)	(2,892)
Taxes paid	(60,618)	(57,189)
Net cash (used in)/generated from operating activities from continuing operations	(103,606)	272,562
Net cash used in operating activities from discontinuing operations	-	(6,706)
Net cash (used in)/generated from operating activities	(103,606)	265,856
Investing activities		
Acquisition of equity investments	(7,202)	(17,135)
Proceeds from divestment of equity investments	18,769	-
Dividend received	19,912	14,445
Proceeds from sale of investment property	87,168	476,000
Non-equity investments	(14,803)	(127,686)
Disposal of a subsidiary	-	(6)
Net cash generated from investing activities from continuing operations	103,844	345,618
Net cash generated from investing activities from discontinuing operations	-	248
Net cash generated from investing activities	103,844	345,866
Financing activities		
Proceeds from issue of shares capital	326,690	-
Dividend paid to equity holders	(76,640)	(44,664)
Proceeds from borrowings	376,594	88,623
Repayment of borrowings	(622,447)	(712,751)
Proceeds from Government grant	13,961	33,024
Interest paid	(125,154)	(126,848)
Withdrawal of restricted cash	28,004	78,440
Net cash used in financing activities from continuing operations	(78,992)	(684,176)
Net cash used in financing activities from discontinuing operations	-	(9,318)
Net cash used in financing activities	(78,992)	(693,494)
Net decrease in cash and cash equivalent	(78,754)	(81,772)
Cash and cash equivalents at beginning of the financial period	339,229	308,210
Cash and cash equivalent at end of financial period	260,475	226,438

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

Bank balances and deposits	414,750	500,476
Less: Bank balances and deposits held as security value	(154,275)	(274,038)
	<u>260,475</u>	<u>226,438</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 SEPTEMBER 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
At 1 January 2016	1,786,591	327,950	62,453	83,153	2,260,147	52,624	2,312,771
Comprehensive income							
- Profit for the financial period	-	-	-	79,280	79,280	30,825	110,105
Other comprehensive income/(loss)							
- Currency translation differences	-	-	(18)	-	(18)	-	(18)
- Share of associate's loss on re-measurement of financial derivatives	-	-	(1,937)	-	(1,937)	-	(1,937)
- Reclassified to retained earnings	-	-	(258)	258	-	-	-
Total comprehensive income/(loss)	-	-	(2,213)	79,538	77,325	30,825	108,150
Transactions with owners							
Issuance of:							
- ordinary shares (Note 15(b))	293,625	29,132	-	-	322,757	-	322,757
Acquisition of additional equity interest in subsidiaries	-	-	-	(7,106)	(7,106)	22	(7,084)
Employees' share option scheme - options granted	-	-	427	-	427	-	427
Share of associate's issuance of new units expenses	-	-	(42)	-	(42)	-	(42)
Dividends paid for financial year ending - 31 December 2016	-	-	-	-	-	(5,163)	(5,163)
Total transactions with owners	<u>293,625</u>	<u>29,132</u>	<u>385</u>	<u>(7,106)</u>	<u>316,036</u>	<u>(5,141)</u>	<u>310,895</u>
At 30 September 2016 (unaudited)	<u><u>2,080,216</u></u>	<u><u>357,082</u></u>	<u><u>60,625</u></u>	<u><u>155,585</u></u>	<u><u>2,653,508</u></u>	<u><u>78,308</u></u>	<u><u>2,731,816</u></u>

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
At 1 January 2016	28,090	2,168	636	6,066	28,355	(2,862)	62,453
Other comprehensive loss							
- Currency translation differences	-	-	(18)	-	-	-	(18)
- Share of associate's loss on re-measurement of financial derivatives	-	(1,937)	-	-	-	-	(1,937)
- Reclassified to retained earnings	-	-	-	-	-	(258)	(258)
Total other comprehensive loss	-	(1,937)	(18)	-	-	(258)	(2,213)
Transactions with owners							
Employees' share option scheme - options granted	-	-	-	427	-	-	427
Share of associate's issuance of new units expenses	-	(42)	-	-	-	-	(42)
	-	(42)	-	427	-	-	385
At 30 September 2016 (unaudited)	28,090	189	618	6,493	28,355	(3,120)	60,625

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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			
At 1 January 2015	1,760,178	323,986	55,937	(154,845)	1,985,256	79,253	2,064,509
Comprehensive profit							
- Profit for the financial year	-	-	-	330,392	330,392	33,637	364,029
Other comprehensive income/(loss)							
- 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	-	-	-
Total comprehensive income	-	-	615	330,727	331,342	33,637	364,979
Transactions with owners							
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	-	-	-	(44,664)	(44,664)	(64,542)	(109,206)
Total transactions with owners	26,413	3,964	5,901	(92,729)	(56,451)	(60,266)	(116,717)
At 31 December 2015 (audited)	1,786,591	327,950	62,453	83,153	2,260,147	52,624	2,312,771

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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
At 1 January 2015	28,090	1,666	188	1,485	27,035	(2,527)	55,937
Other comprehensive income/(loss)							
- 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
Transactions with owners							
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
At 31 December 2015 (audited)	28,090	2,168	636	6,066	28,355	(2,862)	62,453

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

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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.

4. Items of unusual nature, size or incidence

There were no 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 year that would have a material effect on the results of the financial period under review.

6. Debt and equity securities

On 22 August 2016, there was an issuance of 193,625,000 ordinary shares of RM1.00 pursuant to the second 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.

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Notes to the Interim Report

8. Segmental reporting

9 months ended 30.9.2016

	Property Development & Investment RM'000	Engineering, Construction & Environment RM'000	Infrastructure RM'000	Facilities Management & Parking RM'000	Others RM'000	Total RM'000
Total revenue	740,642	852,470	87,488	69,607	171,829	1,922,036
Inter segment revenue	(9,987)	(373,016)	(2,075)	(17,144)	(143,392)	(545,614)
External revenue	730,655	479,454	85,413	52,463	28,437	1,376,422
Segment profit/(loss)	228,209	9,995	46,413	12,467	(19,958)	277,126
Unallocated corporate expenses						(21,728)
Finance income						7,491
Finance costs						(133,085)
Share of results of associates and joint ventures	15,953	7,840	412	-	-	24,205
Profit before tax						154,009

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Notes to the Interim Report

8. Segmental reporting (continued)

9 months ended 30.9.2015

	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
Total revenue	574,268	800,185	87,085	64,704	274,045	1,800,287	12,750	1,813,037
Inter segment revenue	(7,237)	(204,989)	(731)	(10,025)	(268,778)	(491,760)	(493)	(492,253)
External revenue	567,031	595,196	86,354	54,679	5,267	1,308,527	12,257	1,320,784
Segment profit/(loss)	360,205	79,394	44,212	2,794	(20,183)	466,422	12,211	478,633
Finance income						29,363	228	29,591
Finance costs						(134,126)	(4,463)	(138,589)
Share of results of associates and joint ventures	(36)	7,464	648	-	-	8,076	-	8,076
Profit before tax						369,735	7,976	377,711

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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

The Company's wholly owned subsidiary, Onesentral Park Sdn Bhd had on 17 November 2016 entered into a Sale and Purchase Agreement with Mass Rapid Transit Corporation Sdn Bhd to dispose a piece of leasehold land held under PN 52405, Lot 20008, Seksyen 63, Bandar Kuala Lumpur measuring 4,074 square metres for a total cash consideration of RM180 million.

At the date of this report, the completion of the disposal is still pending.

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

11. Changes in the composition of the Group

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.

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 RM259.4 million as at 30 September 2016 (compared to RM221.5 million as at 31 December 2015). There are no material contingent assets to be disclosed.

13. Other operating income

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

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REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

Notes to the Interim Report

14. Income tax expenses

In RM'000	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
In Malaysia				
Taxation				
- current year	(7,257)	(7,112)	(41,106)	(42,506)
- (under)/over provision in prior years	(7,633)	(2,903)	(7,781)	335
Deferred tax	(7,125)	(8,734)	4,983	(2,170)
	<u>(22,015)</u>	<u>(18,749)</u>	<u>(43,904)</u>	<u>(44,341)</u>

Higher effect tax rate has been provided for the current financial period mainly due to inability to effect group relief for losses of certain entities in the Group 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 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.

15. Corporate Proposals

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 and Kwasa Sentral Sdn Bhd (formerly known as Kwasa Development (2) Sdn Bhd) ("KSSB") for the subscription of 700,000 new ordinary shares of RM1.00 each, representing 70% equity interest in KSSB for a cash subscription payment of approximately RM816.6 million ("Proposed Subscription"). KSSB 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.

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Notes to the Interim Report

15. Corporate Proposals (continued)

- (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"). 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 193,625,000 Placement Shares at RM1.13 per Placement Share.
- (iii) On 8 November 2016, the Company completed the third tranche comprising 63,693,171 Placement Shares at RM1.26 per Placement Share. The third tranche represents the final tranche of the entire Private Placement.

The total proceeds raised from the Private Placement is RM408.0 million. The original proposed proceeds utilization has been revised to reflect the actual total proceeds raised through the entire Private Placement and the actual utilization to date, which is tabulated as follows:

No.	Purpose	Original Proposed Utilization (RM'000)	Revised Proposed Utilization (RM'000)	Estimated Timeframe For The Full Utilization
1	Property development activities	278,800	245,885	Within 24 months
2	Repayment of borrowings	65,000	65,000	Within 12 months
3	General working capital	90,272	90,272	Within 12 months
4	Estimated expenses in relation to the Private Placement	9,000	6,893	Within 6 months
	Total	443,072	408,050	

No.	Purpose	Actual Utilization (RM'000)	Amount Unutilized (RM'000)
1	Property development activities	245,885	-
2	Repayment of borrowings	65,000	-
3	General working capital	90,272	-
4	Estimated expenses in relation to the Private Placement	6,893	-
	Total	408,050	-

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15. Corporate Proposals (continued)

- (c) On 26 June 2016, the Company's wholly owned subsidiary, MRCB Builders Sdn Bhd ("MBSB") entered into a project delivery partner ("PDP") agreement with Kwasa Land Sdn Bhd ("KLSB") whereby KLSB appointed MBSB as a PDP in connection with the construction and completion of common infrastructure for the Majlis Bandaraya Petaling Jaya area at the proposed Kwasa Damansara Township located on a piece of land (formerly known as Rubber Research Institute Malaysia land) in Sungai Buloh measuring approximately 2,330.42 acres, for a provisional fee of RM112.28 million (excluding goods and services tax and reimbursable costs) ("Proposed PDP Contract").

The Proposed PDP Contract is expected to be completed by the end of 2023.

- (d) 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 has given an undertaking to subscribe for such number of Placement Units with an aggregate value of no less than RM110 million and up to a maximum value of RM152 million. The Proposed Placement by MQ REIT is to part fund the acquisition of Menara Shell.

- (e) On 25 August 2016, the Company announced that it has proposed to establish a Long-Term Incentive Plan of up to 10% of the issue and paid up share capital of the Company (excluding treasury shares), for eligible employees of the Group and eligible executive directors of the Company who fulfill the eligibility criteria.

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16. Group borrowings

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

	As at 30.9.2016 RM'000	As at 31.12.2015 RM'000
Secured		
Short term	228,860	782,546
Long term	2,661,516	2,345,249
Unsecured		
Short term	<u>253,796</u>	<u>259,580</u>
Total	<u>3,144,172</u>	<u>3,387,375</u>

The decrease in the Group borrowings was mainly due to the full settlement of the project loans of RM385 million for Nu Tower office and the Sentral Suites project.

The secured long term loans consist mainly of:

- (a) The Senior and Junior Sukuk and a related syndicated term loan amounting to RM1,093 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 RM1,136 million.

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

- (a) Project loans totaling RM227 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 AUD25 million, equivalent to RM79 million (2015: AUD9 million, equivalent to RM28 million).

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

The Group's Net Gearing as at 30th September 2016 was 1.00 times.

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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 nine months ended 30 September 2016 of RM154.0 million, compared to RM369.7 million in the corresponding financial period in the previous year ended 30 September 2015. The higher profit before tax in the corresponding nine month period in the previous year ended 30 September 2015 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 9 months ended	
	30.9.2016 RM'000	30.9.2015 RM'000	30.9.2016 RM'000	30.9.2015 RM'000
<u>External Revenue</u>				
Property development & investment	353,902	89,307	730,655	567,031
Engineering, construction & environment	146,903	234,035	479,455	595,196
Infrastructure	28,201	28,804	85,413	86,354
Facilities management & parking	15,260	18,400	52,463	54,679
Others	6,950	3,516	28,436	5,267
	<u>551,216</u>	<u>374,062</u>	<u>1,376,422</u>	<u>1,308,527</u>
<u>Profit/(Loss)</u>				
Property development & investment	70,459	7,505	228,209	360,205
Engineering, construction & environment	7,026	49,726	9,995	79,394
Infrastructure	13,737	12,310	46,413	44,212
Facilities management & parking	438	198	12,467	2,794
Others	(1,508)	(14,786)	(19,958)	(20,183)
	<u>90,152</u>	<u>54,953</u>	<u>277,126</u>	<u>466,422</u>

* Profit before unallocated expenses, finance costs and income and share of associates & joint ventures results.

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18. Review of performance (continued)

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

(i) Property Development & Investment

The revenue and profit recorded were 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, PJ Sentral Garden City, PR1MA Home, Menara MRCB in Putrajaya 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 most of the property development projects stated in (i) above, as well as 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 RM551.2 million and RM61.6 million for the financial quarter ended 30 September 2016, compared to revenue of RM389.1 million and profit before taxation of RM73.8 million recorded in the immediate preceding quarter ended 30 June 2016.

The higher profit before tax recorded in the immediate preceding quarter was mainly due to the gains of RM44.4 million, derived from the sale of Sooka Sentral and the sales of its equity interests in Ekovest-MRCB JV Sdn Bhd and Ekovest-MRCB Construction Sdn Bhd of RM2.8 million. After adjusting for these one off gains, the Group recorded higher profit before taxation of RM35.0 million in the financial quarter ended 30 September 2016, which was mainly derived from property development division.

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20. Prospects

The Group will continue its strategy of reducing its net gearing and growing its core activities of Property Development and Engineering, Construction & Environment.

The Group's Property Development Division will continue to focus on launching products suited to current market needs and expectations. Registrations for the soon to be launched Sentral Suites project in KL Sentral has been very encouraging. This provides a strong foundation for sales growth in 2017. Besides this, the division will continue to deliver high quality commercial buildings for long term tenants that will allow for either further asset injections into MRCB Quill REIT, or sales to other potential investors.

Construction, Engineering & Environment division continues to tender for more contracting projects, and has an outstanding tender book of approximately RM8 billion, leaving the Group well positioned to increase its construction order book, which presently stands at RM6.7 billion. Furthermore, the Division is also placing greater emphasis to secure long term fee based work (as a PDP or Management Contractor) to reduce the volatility in its construction revenues.

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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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	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
Net profit for the financial period attributable to the owners of the parent (RM'000)				
- from continuing operations	29,394	4,425	79,280	298,996
- from discontinuing operations	-	1,213	-	4,607
Weighted average number of ordinary shares in issue ('000)	1,979,194	1,786,581	1,877,173	1,785,420
Basic Earnings Per Share (sen)				
- from continuing operations	1.49	0.25	4.22	16.75
- from discontinuing operations	-	0.07	-	0.26

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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23. Breakdown of realised and unrealised profits or losses

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

	Accumulated quarter ended 30.9.2016 (unaudited) (RM'000)	Accumulated quarter ended 31.12.2015 (audited) (RM'000)
Total accumulated profit or losses:		
- Realised	380,575	308,052
- Unrealised	(3,558)	(8,828)
Total share of accumulated profit from associates:		
- Realised	78,181	61,106
Total share of accumulated profit or losses from joint venture:		
- Realised	5,694	(51,693)
Add: Consolidation adjustments	(305,307)	(225,484)
Total Group retained earnings	155,585	83,153

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
30 November 2016