

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Consolidated Statement of Comprehensive Income

In RM'000	Note	3 months ended		9 months ended	
		30.9.2017 (unaudited)	30.9.2016 (unaudited)	30.9.2017 (unaudited)	30.9.2016 (unaudited)
Revenue		1,134,117	551,216	2,415,490	1,376,422
Expenses		(1,056,865)	(470,530)	(2,240,149)	(1,221,732)
Other operating income	13	7,935	8,110	40,190	108,199
Profit from operations		85,187	88,796	215,531	262,889
Finance costs		(41,440)	(41,960)	(113,999)	(133,085)
Share of results of associates		4,284	12,132	6,064	19,164
Share of results of joint ventures		4,286	2,626	8,165	5,041
Profit before tax		52,317	61,594	115,761	154,009
Income tax expense	14	(21,813)	(22,015)	(38,791)	(43,904)
Profit for the financial year		30,504	39,579	76,970	110,105
Other comprehensive income for the financial period, net of tax:					
Item that may be reclassified subsequent to comprehensive income					
- currency translation differences		(42)	18	177	(18)
- share of associate's loss on re-measurement of financial derivatives		(16)	(475)	(143)	(1,937)
Total comprehensive income for the financial period, net of tax		30,446	39,122	77,004	108,150
Profit for the financial period attributable to:					
Equity holders of the Company		28,089	29,394	61,922	79,280
Non-controlling interests		2,415	10,185	15,048	30,825
		30,504	39,579	76,970	110,105
Total comprehensive income for the financial period attributable to:					
Equity holders of the Company		28,031	28,937	61,956	77,325
Non-controlling interests		2,415	10,185	15,048	30,825
		30,446	39,122	77,004	108,150
Earnings per share attributable to the ordinary equity holders of the Company (sen)					
Basic and diluted	22	1.28	1.49	2.85	4.22

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Consolidated Statement of Financial Position

In RM'000	As at 30.9.2017 (unaudited)	As at 31.12.2016 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	548,165	437,823
Investment properties	545,433	520,077
Land held for property development	1,530,079	1,767,639
Service concession asset	1,145,221	1,176,347
Associates	282,353	289,320
Joint ventures	247,538	12,545
Long term receivable	4,055	34,497
Available for sale financial assets	577	577
Intangible assets	248,674	252,868
Deferred tax assets	110,372	96,588
	<u>4,662,467</u>	<u>4,588,281</u>
Current assets		
Inventories	156,155	57,521
Properties development costs	544,051	759,287
Trade and other receivables (see Note)	2,405,856	1,037,144
Amount due from customers on contracts	646,576	297,744
Amount due from associates and joint ventures	14,587	19,981
Tax recoverable	16,146	22,217
Financial assets at fair value through profit or loss	1,743	2,255
Deposits, cash and bank balances	779,522	722,157
	<u>4,564,636</u>	<u>2,918,306</u>
TOTAL ASSETS	<u>9,227,103</u>	<u>7,506,587</u>

Note - mainly consists of the trade receivable for a completed privatization project as stated in Note 15(c).

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Consolidated Statement of Financial Position

In RM'000	As at 30.9.2017 (unaudited)	As at 31.12.2016 (audited)
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	2,583,429	2,144,039
Share premium	-	372,391
Retained earnings	346,195	344,311
Other reserves	61,914	65,080
	<u>2,991,538</u>	<u>2,925,821</u>
Non-controlling interests	114,269	99,221
Total equity	<u>3,105,807</u>	<u>3,025,042</u>
Non-current liabilities		
Senior and Junior Sukuk	1,023,566	1,058,477
Long term borrowings	1,828,475	1,072,304
Long term liabilities	17,343	17,850
Government grant	80,186	62,971
Deferred tax liabilities	77,095	80,368
	<u>3,026,665</u>	<u>2,291,970</u>
Current liabilities		
Trade and other payables	1,729,684	1,340,692
Current tax liabilities	37,132	42,552
Short term borrowings	1,327,815	806,331
	<u>3,094,631</u>	<u>2,189,575</u>
Total liabilities	<u>6,121,296</u>	<u>4,481,545</u>
TOTAL EQUITY AND LIABILITIES	<u>9,227,103</u>	<u>7,506,587</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>136.5</u>	<u>136.5</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Consolidated Statement of Cash Flows

In RM'000	9 months ended	
	30.9.2017	30.9.2016 (unaudited)
Operating activities		
Cash receipts from customers	1,434,414	1,700,015
Cash paid to suppliers and employees	(2,160,764)	(1,733,289)
Cash used in operations	(726,350)	(33,274)
Bank services charges paid	(2,875)	(9,714)
Taxes paid	(40,763)	(60,618)
Net cash used in operating activities	(769,988)	(103,606)
Investing activities		
Acquisition of equity investments	(251,132)	(7,202)
Net proceeds from divestment of equity investments	7,322	18,769
Dividend received	21,883	19,912
Proceeds from sale of investment property	-	87,168
Non-equity investments	(42,043)	(14,803)
Net cash (used in)/generated from investing activities	(263,970)	103,844
Financing activities		
Proceeds from issue of shares capital	63,871	326,690
Dividend paid to equity holders	(60,297)	(76,640)
Proceeds from borrowings	2,276,376	376,594
Repayment of borrowings	(1,037,248)	(622,447)
Proceed from Government grant	17,215	13,961
Interest paid	(134,389)	(125,154)
Repayment of advances to non-controlling interest (Placement)/withdrawal of restricted cash	(34,206) (224,333)	- 28,004
Net cash generated from/(used in) financing activities	866,989	(78,992)
Net decrease in cash and cash equivalent	(166,969)	(78,754)
Cash and cash equivalents at beginning of the financial period	592,765	339,229
Cash and cash equivalent at end of financial period	425,796	260,475
For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprised the following:		
Bank balances and deposits	779,521	414,750
Less: Bank balances and deposits held as security value	(353,725)	(154,275)
	425,796	260,475

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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	Retained earnings			
At 1 January 2017	2,144,039	372,391	65,080	344,311	2,925,821	99,221	3,025,042
Comprehensive income							
- Profit for the financial period	-	-	-	61,922	61,922	15,048	76,970
Other comprehensive income/(loss)							
- Currency translation differences	-	-	177	-	177	-	177
- Share of associate's loss on re-measurement of financial derivatives	-	-	(143)	-	(143)	-	(143)
- Post-employment benefit obligations	-	-	666	(666)	-	-	-
Total comprehensive income	-	-	700	61,256	61,956	15,048	77,004
Transactions with owners							
Employees' share option scheme							
- options granted	-	-	187	-	187	-	187
- options exercised	66,959	40	(3,128)	-	63,871	-	63,871
- options lapsed	-	-	(925)	925	-	-	-
Dividends paid for financial year ended 31 December 2016	-	-	-	(60,297)	(60,297)	-	(60,297)
Total transactions with owners	66,959	40	(3,866)	(59,372)	3,761	-	3,761
Transition to no-par value regime *	372,431	(372,431)	-	-	-	-	-
At 30 September 2017 (unaudited)	2,583,429	-	61,914	346,195	2,991,538	114,269	3,105,807

* The new Companies Act 2016 (the "Act"), which came into effect on 31 January 2017, abolished the concept of authorized share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM372,431,093.31 for the purposes as set out in Section 618(3) of the Act. There is no impact on ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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 2017	28,090	1,151	642	9,962	28,355	(3,120)	65,080
Other comprehensive income/(loss)							
- Currency translation differences	-	-	177	-	-	-	177
- Share of associate's loss on re-measurement of financial derivatives	-	(143)	-	-	-	-	(143)
- Post-employment benefit obligations	-	-	-	-	-	666	666
Total other comprehensive Income/(loss)	-	(143)	177	-	-	666	700
Transactions with owners							
Employees' share option scheme							
- options granted	-	-	-	187	-	-	187
- options exercised	-	-	-	(3,128)	-	-	(3,128)
- options lapsed	-	-	-	(925)	-	-	(925)
	-	-	-	(3,866)	-	-	(3,866)
At 30 September 2017 (unaudited)	28,090	1,008	819	6,096	28,355	(2,454)	61,914

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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	Retained earnings			
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 year	-	-	-	267,360	267,360	51,737	319,097
Other comprehensive income/(loss)							
- Currency translation differences	-	-	6	-	6	-	6
- Share of associate's loss on re-measurement of financial derivatives	-	-	(1,017)	-	(1,017)	-	(1,017)
- Post-employment benefit obligations	-	-	(258)	258	-	-	-
Total comprehensive income/(loss)	-	-	(1,269)	267,618	266,349	51,737	318,086
Transactions with owners							
Issuance of:							
- ordinary shares	357,318	44,385	-	-	401,703	-	401,703
Acquisition of additional equity interest in subsidiaries	-	-	-	(7,106)	(7,106)	23	(7,083)
Employees' share option scheme							
- options granted	-	-	4,559	-	4,559	-	4,559
- options exercised	130	56	(17)	-	169	-	169
- options lapsed	-	-	(646)	646	-	-	-
Dividends paid for financial year ended 31 December 2016	-	-	-	-	-	(5,163)	(5,163)
Total transactions with owners	<u>357,448</u>	<u>44,441</u>	<u>3,896</u>	<u>(6,460)</u>	<u>399,325</u>	<u>(5,140)</u>	<u>394,185</u>
At 31 December 2016 (audited)	<u><u>2,144,039</u></u>	<u><u>372,391</u></u>	<u><u>65,080</u></u>	<u><u>344,311</u></u>	<u><u>2,925,821</u></u>	<u><u>99,221</u></u>	<u><u>3,025,042</u></u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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 income/(loss)							
- Currency translation differences	-	-	6	-	-	-	6
- Share of associate's loss on re-measurement of financial derivatives	-	(1,017)	-	-	-	-	(1,017)
- Post-employment benefit obligations	-	-	-	-	-	(258)	(258)
Total other comprehensive income/(loss)	-	(1,017)	6	-	-	(258)	(1,269)
Transactions with owners							
Employees' share option scheme							
- options granted	-	-	-	4,559	-	-	4,559
- options exercised	-	-	-	(17)	-	-	(17)
- options lapsed	-	-	-	(646)	-	-	(646)
	-	-	-	3,896	-	-	3,896
At 31 December 2016 (audited)	28,090	1,151	642	9,962	28,355	(3,120)	65,080

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

1. Basis of preparation

This 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 2016.

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 2016.

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

The Group includes transitioning entities and have elected to continue to apply FRS during the financial year. The Group 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

On 19 September 2017, the Company received a Letter of Acceptance in relation to the tender bid submitted by the Company to construct Larkin Indoor Stadium, Johor Bahru, Johor for Johor Land Berhad for a contract sum of RM58.9 million. The duration of the contract is 18 months from the date of site possession.

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 year that would have a material effect on the results of the financial quarter under review.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

6. Debt and equity securities

During the financial quarter under review, there were 247,800 new ordinary shares issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme at exercise prices of RM1.30 and RM1.36 per share as part of the Company's long term plan to incentivise and retain employees.

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 SEPTEMBER 2017

Notes to the Interim Report

8. Segmental reporting

	Property Development & Investment - Note RM'000	Engineering, Construction & Environment RM'000	Infrastructure RM'000	Facilities Management & Parking RM'000	Others RM'000	Total RM'000
9 months ended 30.9.2017						
Total revenue	665,495	1,992,995	86,080	46,837	159,642	2,951,049
Inter segment revenue	(4,771)	(378,599)	-	(4,802)	(147,387)	(535,559)
External revenue	660,724	1,614,396	86,080	42,035	12,255	2,415,490
Segment profit	112,501	46,548	41,729	11,168	2,896	214,842
Unallocated corporate expenses						(15,028)
Finance income						15,717
Finance costs						(113,999)
Share of results of associates and joint ventures	7,322	6,907	-	-	-	14,229
Profit before tax						115,761
Note	Property Development & Investment					
	Malaysia RM'000	Australia RM'000	Total RM'000			
Total revenue	519,272	146,223	665,495			
Inter segment revenue	(4,771)	-	(4,771)			
External revenue	514,501	146,223	660,724			
Segment profit	91,022	21,479	112,501			

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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
9 months ended 30.9.2016						
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	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

Note: The revenue derived from Australia was in respect of the Easton Burwood residential project in Melbourne. The project was fully completed early in the current financial period.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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

There were no material events subsequent to the end of the financial quarter ended 30 September 2017 that have not been reflected in this report.

11. Changes in the composition of the Group

There were no changes in the composition of the Group for the financial quarter under review.

12. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprise trade and performance guarantees, amounted to RM299.3 million as at 30 September 2017 (compared to RM259.4 million as at 30 September 2016). 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.

14. Income tax expenses

In RM'000	3 months ended		9 months ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
In Malaysia				
Taxation				
- current period	(27,897)	(7,257)	(58,801)	(41,106)
- over/(under) provision in prior years	(711)	(7,633)	2,869	(7,781)
Deferred tax	6,795	(7,125)	17,141	4,983
	<u>(21,813)</u>	<u>(22,015)</u>	<u>(38,791)</u>	<u>(43,904)</u>

The effective tax rate of 38.2% for the current financial period is higher than the statutory rate of taxation, mainly due to non-availability of group relief for losses of certain subsidiaries that could be utilized to set-off against the taxable profits of certain subsidiaries and 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.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

15. Corporate Proposals

- (a) On 14 August 2014, the Company entered into a shareholders' agreement with Kwasa Land Sdn Bhd and Kwasa Sentral Sdn Bhd ("KSSB") for the subscription of 700,000 new ordinary shares of RM1.00 each, representing a 70% equity interest in KSSB for a cash subscription payment of approximately RM816.6 million ("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 Subscription was approved by the Company's shareholders at the Extraordinary General Meeting held on 12 February 2015.

On 8 August 2016, a supplemental shareholders' agreement was signed to, amongst others, allow the Parties to mutually agree on a suitable date to be the unconditional date (which was to be a date falling within six (6) months after the date of fulfilment of the conditions precedent).

On 11 November 2016, the Company announced that all the conditions precedent as set out in the shareholders' agreement and supplemental shareholders' agreement had been fulfilled.

On 9 May 2017, a second supplemental shareholders' agreement was signed to vary certain terms of the shareholders' agreement and supplemental shareholders' agreement. The balance subscription payment to be paid upon the unconditional date was agreed to be approximately RM737.9 million as the MX-1 Land size was 64.3 acres pursuant to the subdivision and the number of ordinary shares to be issued by KSSB remained the same. In addition, the Parties mutually agreed a suitable date to be the unconditional date which shall be a date occurring no later than 29 December 2017 or any other date as may be agreed upon in writing by the Parties.

The Subscription is expected to be completed by the 4th quarter of 2017.

- (b) On 3 November 2017, the Company completed its renounceable rights issue of up to 2,853,777,024 new ordinary shares in the Company ("MRCB Shares") at an issue price of RM0.79 per Right Share, together with up to 570,755,405 free detachable warrants ("Right Warrants"), on the basis of one (1) Rights Share for every one (1) existing MRCB Share held by the entitled shareholders as at 5.00 p.m. on 4 October 2017 and one (1) Rights Warrant for every five (5) Rights Shares subscribed for.

2,192,593,285 MRCB Shares together with 438,518,657 Right Warrants were issued pursuant to the right issue and the total proceeds raised was RM1.732 billion.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

15. Corporate Proposals (continued)

(b) At the date of this report, the status of utilization of the proceeds are as follows:-

No.	Purpose	Proposed Utilization (RM'000)	Actual Utilization (RM'000)	Timeframe For Utilization
1	Advances to Rukun Juang Sdn Bhd to finance its privatization project in Bukit Jalil, Kuala Lumpur	793,689	-	Within 6 months
2	Repayment of borrowings	766,918	695,882	Within 6 months
3	Property development activities and/ or construction projects	33,042	-	Within 24 months
4	General working capital	123,500	-	Within 24 months
5	Estimated expenses in relation to the right issue	15,000	6,018	Within 6 months
	Total	1,732,149	701,900	

(c) On 21 April 2017, Rukun Juang Sdn Bhd ("RJSB"), an 85% equity interest owned subsidiary of the Company, entered into a second supplementary agreement to the Privatisation Agreement with the Government of Malaysia, represented by the Ministry of Youth and Sport and Syarikat Tanah dan Harta Sdn Bhd to reduce the Contract Sum from RM1,631,880,000 to RM1,343,257,764.32. The Privatization Agreement is related to the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil ("Privatisation Project"). The Government will cause the Federal Lands Commissioner to transfer three (3) parcels of leasehold land located in Bukit Jalil, Kuala Lumpur measuring approximately 76.14 acres ("Lands") as consideration for RJSB undertaking the Privatisation Project. The Contract Sum is reduced to be commensurate with the reduction in the size of the Lands, as well as revised works packages under Project 1 and Project 2 respectively.

Project 1 was completed at the end of July 2017, whilst the construction commencement date for Project 2 shall be on a date to be mutually agreed by the Government and RJSB.

The transfer of the leasehold lands is still pending.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

15. Corporate Proposals (continued)

(d) On 31 May 2017, the Company, RJSB, Tanjung Wibawa Sdn Bhd (“TWSB”), a wholly owned subsidiary of the Employees Provident Fund Board, and the Company’s 85% owned subsidiary Bukit Jalil Sentral Property Sdn Bhd (“JV Co”) entered into a subscription and shareholders’ agreement which entailed the following:-

- (i) RJSB and TWSB will co-invest in a special purpose company, namely Bukit Jalil Sentral Property Sdn Bhd, for the purpose of jointly developing the Lands; and
- (ii) the proposed disposal by RJSB of the Lands to JV Co for an aggregate consideration of up to RM1,426,163,112

(collectively referred to as the “Proposed Joint Venture”).

The Proposed Joint Venture is expected to be implemented by the 1st quarter of 2018.

Other than the above, there were no corporate proposals announced that are yet to be completed at the date of this report.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

16. Group borrowings

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

As at 3rd quarter ended 2017	Long term	Short term	Total borrowings
RM'000	RM denomination	RM denomination	RM denomination
Secured	2,852,041	1,077,815	3,929,856
Unsecured	-	250,000	250,000

As at 3rd quarter ended 2016	Long term		Short term	Total borrowings	
RM'000	Foreign denomination [^]	RM denomination	RM denomination	Foreign denomination [^]	RM denomination
Secured	78,760	2,582,756	228,860	78,760	2,890,360
Unsecured	-	-	253,796	-	253,796

[^] AUD 24,880,594 @ 3.1655 with weighted average interest rate of 4.67% per annum as at 30 September 2016.

The increase in the Group's borrowings was mainly due to the new long term loan of RM993 million to finance the refurbishment and upgrading of facilities located at the National Sports Complex in Bukit Jalil and additional drawdown of project loans to finance the Group's on-going property development and construction projects.

As at 30 September 2017, the borrowings consist mainly of:

Secured long term loans

- The Senior and Junior Sukuk of RM1,024 million which were obtained for the purpose of financing the construction of the Eastern Dispersal Link toll road;
- Sukuk Murabahah Programme totaling RM740 million for the Group's working capital purposes;
- Project loan of RM993 million as stated above; and
- Other project loans of RM592 million for the Group's on-going property development and construction projects;

Secured and unsecured short term loans

- Project loans totaling RM977 million; and
- Short term borrowings and long term loans which are due within the next 12 months of RM101 million and RM250 million respectively for working capital purposes.

The Group's borrowings as at 30 September 2017 were denominated in Ringgit Malaysia. The weighted average interest rate as at 30 September 2017 was 5.55% per annum (30/9/2016: 5.53%).

The Group's Net Gearing as at 30 September 2017 was 1.10 times.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

17. Material litigation

There is no material litigation arising from the Group's operational transactions at the date of this 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. Financial review for current quarter and financial year to date

	Individual Period (3rd quarter)		Changes (Amount /%)	Cumulative Period		Changes (Amount /%)
	Current Year Quarter	Preceding Year Quarter		Current Year To-date	Preceding Year Period	
	30/9/2017	30/9/2016		30/9/2017	30/9/2016	
	RM'000	RM'000	RM'000/ %	RM'000	RM'000	RM'000/ %
Revenue	1,134,117	551,216	582,901/ 106%	2,415,490	1,376,422	1,039,068/ 75%
Operating profit	85,187	88,796	(3,609)/ (4%)	215,531	262,889	(47,358)/ (18%)
Profit before interest and tax	81,542	85,913	(4,371)/ (5%)	199,814	255,398	(55,584)/ (22%)
Profit before tax	52,317	61,594	(9,277)/ (15%)	115,761	154,009	(38,248)/ (25%)
Profit after tax	30,504	39,579	(9,075)/ (23%)	76,970	110,105	(33,135)/ (30%)
Profit attributable to equity holders of the Company	28,089	29,394	(1,305)/ (4%)	61,922	79,280	(17,358)/ (22%)

The Group recorded revenue and profit before tax for the nine ("9") months ended 30 September 2017 of RM2.42 billion and RM115.8 million respectively, compared to RM1.38 billion and RM154.0 million respectively recorded in the preceding corresponding period ended 30 September 2016. The 75% higher revenue in the financial period under review was mainly derived from the engineering and construction division.

The profit before tax in the corresponding period in 2016 was higher mainly due to disposal gains of RM44.4 million arising from the disposal of non-core assets during that period. The Group recorded higher operational profits for the financial period ended 30 September 2017 mainly attributable more effective cost management of the Group's working capital. The Group's residential property development projects, Sentral Residences and Easton Burwood in Melbourne, Australia, which were fully constructed are the main contributors to the Group's profit.

The Group's 50% owned joint venture, MRCB George Kent Sdn Bhd, the Project Delivery Partner of LRT 3, contributed RM7.2 million to the Group whilst our associated companies MRCB-Quill REIT and MRCB Quill Management Sdn Bhd also contributed RM14.3 million in total for the financial period ended 30 September 2017.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

18. Financial review for current quarter and financial year to date (continued)

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

	3 months ended		9 months ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Property development & investment	174,273	353,902	660,724	730,655
Engineering, construction & environment	915,505	146,903	1,614,396	479,454
Infrastructure	29,005	28,201	86,080	85,413
Facilities management & parking	12,436	15,260	42,035	52,463
Others	2,898	6,950	12,255	28,437
	<u>1,134,117</u>	<u>551,216</u>	<u>2,415,490</u>	<u>1,376,422</u>
<u>Profit/(Loss)</u>				
Property development & investment	32,695	70,459	112,501	228,209
Engineering, construction & environment	31,265	7,026	46,548	9,995
Infrastructure	12,721	13,737	41,729	46,413
Facilities management & parking	332	438	11,168	12,467
Others	2,377	(1,508)	2,896	(19,958)
	<u>79,390</u>	<u>90,152</u>	<u>214,842</u>	<u>277,126</u>

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

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

(i) Property Development & Investment

In the Property Development & Investment division, the completion of Sentral Residences in KL Sentral, and our Easton Burwood development in Melbourne early in the financial period, and our new projects still being in the early phase of construction, led to the division recording a 9.6% decrease in revenue to RM660.7 million. Consequently, operating profit declined 38.8% to RM112.5 million, excluding gains of RM44.4 million arising from the disposal of non-core assets in the corresponding financial period in 2016. The revenue and profit recorded was mainly generated from the award winning Sentral Residences and Easton Burwood, and the on-going property development projects of 9 Seputeh mixed residential development in Jalan Klang Lama, PJ Sentral Garden City, Menara MRCB in Putrajaya and SIDEC residential project in Perak. The Group's investment properties in Shah Alam and Kuala Lumpur also continued to contribute recurring income of RM5.3 million to the Group for the financial period under review.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

18. Financial review for current quarter and financial year to date (continued)

(ii) Engineering, Construction & Environment

The Engineering, Construction & Environment division contributed strongly during the first 9 months of 2017, increasing its revenue by 236.7% to RM1.61 billion. Operating profit from the division rose 365.7% to RM46.5 million during the financial period. The bulk of the division's revenue was contributed by infrastructure projects, and the on-going construction of most of the property development projects stated in (i) above, as well as several commercial buildings for clients in Johor, power transmission related construction projects in Peninsular Malaysia, and other civil engineering projects in the Klang Valley.

19. Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 30/9/2017	Immediate Preceding Quarter 30/6/2017	Changes (Amount / %)
	RM'000	RM'000	RM'000 / %
Revenue	1,134,117	756,522	377,595 / 50%
Operating profit	85,187	64,760	20,427 / 32%
Profit before interest and tax	81,542	59,630	21,912 / 37%
Profit before tax	52,317	34,179	18,138 / 53%
Profit after tax	30,504	26,062	4,442 / 17%
Profit attributable to equity holders of the Company	28,089	23,371	4,718 / 20%

The Group recorded revenue and profit before taxation of RM1.13 billion and RM52.3 million respectively for the financial quarter ended 30 September 2017, compared to revenue of RM756.5 million and profit before taxation of RM34.2 million recorded in the immediate preceding quarter ended 30 June 2017.

The higher profit before tax recorded in the current financial quarter was mainly due to the property development projects, namely Sentral Residences and Menara MRCB in Putrajaya. Other completed and on-going property development namely 9 Seputeh mixed residential development in Jalan Klang Lama and PJ Sentral Garden City continued to contribute positively in the financial quarter under review.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

20. Prospects

The Group's major source of revenue and operating profits is from its Property Development & Investment division and Engineering, Construction & Environment division.

Property Development and Investment division

MRCB is one of Malaysia's leading urban property developers, with a large portfolio of successful integrated commercial and residential developments anchored around transportation hubs. Through our flagship and award winning Kuala Lumpur Sentral Central Business District project, we pioneered Transit Oriented Development (TOD) in Malaysia. The Group's Property Development & Investment division has achieved healthy sales in the first 9 months of 2017 totalling RM1.157 billion, mostly derived from its residential developments.

In the first 9 months of 2017, the Group launched 3 residential property development projects as follows:

Project	Launch Date	GDV	% of Units Sold YTD 2017
1060 Carnegie (Melbourne)	January 2017	AUD109.8 million	68%
Kalista Park Homes (Bukit Rahman Putra)	February 2017	RM100.9 million	40%
Sentral Suites (KL Sentral)	January 2017 for Tower 1 and Tower 3 May 2017 for Tower 2	RM1.6 billion	74% Tower 1 and 65% Tower 3 20% for Tower 2

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

20. Prospects (continued)

As at 30 September 2017, the Group's total property sales from all its developments can be broken down as follows:

Projects	GDV (RM'mil)	Total % Sold to Date	Sales Achieved in 2017 (RM'mil)
1060 Carnegie (Melbourne)	AUD109.8	68%	206
Kalista (Bukit Rahman Putra)	101	40%	40
Sentral Suites (Tower 1, 2 & 3)	1,529	53%	805
9 Seputeh -VIVO (Parcel C)	952	78%	41
Sentral Residences	1,438	87%	18
Q-Sentral	1,254	96%	33
Bandar Seri Iskandar:			
-Begonia 2	20	80%	7
-Viscaria	16	44%	7
Total	5,615		1,157

The division will continue to focus its marketing efforts on its new residential development projects, namely Sentral Suites in KL Sentral, 1060 Carnegie in Melbourne and Kalista Park Homes in Bukit Rahman Putra, as well as the remaining unsold units in the Sentral Residences, Q Sentral and VIVO in 9 Seputeh, which has historically achieved strong sales.

The pre-launch marketing campaign for TRIA, which forms Parcel B of the 9 Seputeh development has already commenced, and it will be officially launched in March 2018.

In the near term, revenues and operating profits in the Property Development & Investment division will continue to be progressively recognised in line with construction progress in the fourth quarter of 2017 and 2018 from VIVO (9 Seputeh) and the 2 en-bloc office towers sold in PJ Sentral Garden City and Menara MRCB in Putrajaya.

Looking further out, operating profits from Sentral Suites are not anticipated to commence until late 2018 and will continue until its physical completion in 2021, while TRIA (Parcel B, 9 Seputeh) should commence contributing in 2019. In Melbourne, 1060 Carnegie will only contribute to revenue and operating profit upon physical and sales completion, anticipated in 2020.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

20. Prospects (continued)

As at 30 September 2017, overall the Group had total cumulative unbilled sales in its Property Development & Investment division which are expected to deliver RM1.6 billion in revenue to be booked over the development lifespan of its projects.

As at 30 September 2017, the Group's unbilled sales were as follows:

Developments	No. of Projects	Revenue Recognised as at 3Q 2017 (RM'mil)	Unbilled Sales (RM'mil)
Residential	8	419	1,258
Commercial	4	171	377
Total	12	590	1,635

Over the longer term, the division has interests in 393 acres of urban land which will provide the Group a sustainable pipeline of future revenues from property development projects centered around mass transportation infrastructure.

As at 30 September, the Group's urban land interests were as follows:

Developments	Land Size (Acres)	GDV (RM 'mil)
Transport Oriented Developments	228.13	44,463
Commercial	67.52	770
Residential	78.54	9,581
International	1.00	305
Others	17.97	-
Grand Total	393.16	55,119

The division also earns a relatively stable recurring income stream from its residual investment properties in KL Sentral CBD and Shah Alam and its 27.9% equity interest in MQ REIT.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

20. Prospects (continued)

Engineering, Construction and Environment division

The Construction, Engineering & Environment division continues to actively tender for more contracting projects to replenish its order book. The division has open tenders valued at RM2.9 billion, and is placing greater emphasis on seeking civil engineering and long term fee based management projects. In the first 9 months of this year, it has gained RM468 million worth of new contract wins, increasing its current external client order book to RM6.3 billion.

The Group's major construction projects are set out in the table below. These projects are in the early phase of completion and as the pace of progress picks up are anticipated to form the backbone of the division's operating profit recognition moving forward through 2018 and beyond:

Project	Contract Value	Construction Period	Status of Physical Completion
LRT 3 Project Delivery Partner (PDP)	PDP fee of 6% of the total construction cost of RM9 billion	2017 - 2021	<10%
Kwasa Utama	Provisional total contract sum of RM2.6 billion	2017 - 2027	<5%
Mass Rapid Transit (MRT) 2	RM648 million	2016 - 2021	<25%
Damansara-Shah Alam Elevated Highway (DASH)	RM369 million	2017 - 2019	<5%
PR1MA Brickfields	RM335 million	2018 - 2020	0%
PR1MA Kajang	RM173 million	2017 - 2019	<20%

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

20. Prospects (continued)

The Group's RM6.3 billion external construction order book is made up of the following projects:

Projects	Contract Value (RM'mil)
NPE Bridge	127
Johor Land Tower	182
Aman Desaru	110
Desaru Convention Centre	57
Desa Desaru	215
Westin Desaru Resort	203
Giant Hypermarket - Setapak	53
Bukit Tarek - Projek BTCC	37
Project LGNG - Lenggeng extension	51
Kg Cempaka LILO - KJ	16
Giant Kajang	58
PR1MA Kajang	173
Jabi - Seriting Hilir	126
MRT2 V210 Package - 2.6km guideway	648
Sungai Pahang - Rehabilitation Phase 3	178
PR1MA Brickfields	335
Kwasa Utama C8 (provisional TCC)	2,648
Fee based orders:	
Kwasa Utama, C8 - management contract	187
PDP LRT3	270
Kwasa Land - PDP Infra	112
New projects:	
DASH - Package CB2	369
TNB HQ Campus (Phase 1)	40
Larkin Stadium	59
Total	6,254

With the strategies described above, and the property sales and construction order books that are in place, the long-term prospects of the Group are positive. The completion of the recent RM1.732 billion rights issue has significantly strengthened the Group's balance sheet, and it is now better positioned to fund its growth and overcome future challenges.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

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

Not applicable.

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.

	3 months ended		9 months ended	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
Net profit for the financial period attributable to the owners of the parent (RM'000)	28,089	29,394	61,922	79,280
Weighted average number of ordinary shares in issue ('000)	2,192,559	1,979,194	2,172,249	1,877,173
Basic Earnings Per Share (sen)	1.28	1.49	2.85	4.22

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.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Notes to the Interim Report

23. Breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group as at 30 September 2017, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad is as follows:

	As at 30.9.2017 (unaudited) (RM'000)	As at 31.12.2016 (audited) (RM'000)
Total accumulated profit or losses:		
- Realised	730,092	727,084
- Unrealised	32,476	15,931
Total share of accumulated profit from associates:		
- Realised	91,597	85,365
Total share of accumulated profit or losses from joint ventures:		
- Realised	13,638	6,965
Add: Consolidation adjustments	(521,608)	(491,034)
Total Group retained earnings	346,195	344,311

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
21 November 2017