

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2013 (unaudited)	31.12.2012 (unaudited)	31.12.2013 (unaudited)	31.12.2012 (unaudited)
Continuing operations					
Revenue		369,004	303,075	940,910	1,283,204
Expenses		(354,411)	(284,065)	(1,060,179)	(1,146,867)
Other operating income	14	41,042	44,015	151,776	114,291
Profit from operations		55,635	63,025	32,507	250,628
Finance cost		(36,007)	(35,935)	(147,905)	(118,495)
Share of results of associates		(29)	1,504	6,010	2,627
Share of results of jointly controlled entities		(278)	3,824	(979)	(758)
Profit/(loss) before tax		19,321	32,418	(110,367)	134,002
Income tax expense	15	(9,148)	(23,345)	(12,481)	(42,835)
Profit/(loss) from continuing operations		10,173	9,073	(122,848)	91,167
Profit from discontinuing operations		844	-	4,897	-
		11,017	9,073	(117,951)	91,167
Other comprehensive income for the financial year, net of tax from continuing operations					
- Currency translation differences		(444)	(22)	(939)	(237)
- Actuarial loss on defined benefit obligation		(275)	-	(275)	-
Total comprehensive income/(loss) for the financial year, net of tax		10,298	9,051	(119,165)	90,930

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In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended		
		31.12.2013 (unaudited)	31.12.2012 (unaudited)	31.12.2013 (unaudited)	31.12.2012 (unaudited)	
Profit/(loss) attributable to owners of :						
The Company						
-				1,373	(2,972)	(114,029)
	60,122					
-				844	-	4,897 -
		<u>2,217</u>	<u>(2,972)</u>	<u>(109,132)</u>	<u>60,122</u>	
Non-controlling interest		<u>8,800</u>	<u>12,045</u>	<u>(8,819)</u>	<u>31,045</u>	
		<u>11,017</u>	<u>9,073</u>	<u>(117,951)</u>	<u>91,167</u>	
Total comprehensive income/(loss) for the financial year, net of tax attributable to the owner of:						
Equity holders of the Company						
- from continuing operations		786	(3,032)	(114,957)	59,956	
- from discontinuing operations		844	-	4,897	-	
		<u>1,630</u>	<u>(3,032)</u>	<u>(110,060)</u>	<u>59,956</u>	
Non-controlling interest		<u>8,668</u>	<u>12,083</u>	<u>(9,105)</u>	<u>30,974</u>	
		<u>10,298</u>	<u>9,051</u>	<u>(119,165)</u>	<u>90,930</u>	
Earnings/(loss) per share attributable to the ordinary equity holders of the Company (sen)						
Basic and diluted						
- from the continuing operations	23	0.08	(0.21)	(7.71)	4.34	
- from the discontinuing operations	23			0.05	-	0.33
		<u>0.13</u>	<u>(0.21)</u>	<u>(7.38)</u>	<u>4.34</u>	

Note: The discontinuing operations in the current quarter and the financial year ended 31 December 2013 are in relation to the proposed disposal of an investment property, see Note 16(c) for details.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2013 (unaudited)	As at 31.12.2012 (audited & restated)	As at 1.1.2012 (audited & restated)
ASSETS			
Non-current assets			
Property, plant and equipment	37,879	38,750	43,189
Investment properties	857,480	1,040,695	848,783
Land held for property development	818,996	620,904	734,135
Service concession asset	-	-	1,265,658
Associates	90,958	61,382	58,755
Jointly controlled entities	94,988	93,367	96,725
Trade receivables	531,909	-	-
Long term loan and receivable	-	81,963	74,910
Available for sale financial assets	577	577	577
Intangible assets	291,100	74,888	76,886
Deferred tax assets	33,513	39,108	29,452
	<u>2,757,400</u>	<u>2,051,634</u>	<u>3,229,070</u>
Current assets			
Inventories	8,399	9,749	16,753
Properties development costs	716,443	481,761	408,497
Trade and other receivables	649,160	1,428,661	1,120,572
Amount due from jointly controlled entities	537	749	2,841
Tax recoverable	10,480	12,406	10,018
Financial assets at fair value through profit or loss	4,533	3,984	4,545
Deposits, cash and bank balances	603,435	644,201	616,188
	<u>1,992,987</u>	<u>2,581,511</u>	<u>2,179,414</u>
Assets held for sale (see Note A below)	1,852,337	1,321,672	-
TOTAL ASSETS	<u><u>6,602,724</u></u>	<u><u>5,954,817</u></u>	<u><u>5,408,484</u></u>

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2013 (unaudited)	As at 31.12.2012 (audited & restated)	As at 1.1.2012 (audited & restated)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	1,651,311	1,387,811	1,386,155
Accumulated losses	(275,056)	(140,759)	(191,203)
Other reserves	299,161	166,744	176,818
	<u>1,675,416</u>	<u>1,413,796</u>	<u>1,371,770</u>
Non-controlling interest	61,318	69,134	38,131
Total equity	<u>1,736,734</u>	<u>1,482,930</u>	<u>1,409,901</u>
Non-current liabilities			
Loan stock at cost	7,000	14,845	14,354
Senior and Junior Sukuk	-	-	1,058,485
Long term borrowings	908,986	890,040	1,317,688
Long term liabilities	27,128	17,234	18,366
Deferred tax liabilities	95,068	51,221	46,869
	<u>1,038,182</u>	<u>973,340</u>	<u>2,455,762</u>
Current liabilities			
Trade payables	763,463	684,932	778,916
Other payables	337,627	269,288	298,866
Current tax liabilities	9,639	9,915	2,665
Senior and Junior Sukuk	1,058,462	1,058,471	-
Short term borrowings	1,535,851	1,360,941	352,231
Guaranteed return to a non controlling interest	115,000	115,000	110,143
	<u>3,820,042</u>	<u>3,498,547</u>	<u>1,542,821</u>
Liabilities associated with assets held for sale (see Note A below)	7,766	-	-
Total liabilities	<u>4,865,990</u>	<u>4,471,887</u>	<u>3,998,583</u>
TOTAL EQUITY AND LIABILITIES	<u><u>6,602,724</u></u>	<u><u>5,954,817</u></u>	<u><u>5,408,484</u></u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>101.5</u>	<u>101.9</u>	<u>99.0</u>

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Condensed Consolidated Statement of Financial Position

In RM'000	As at 31.12.2013 (unaudited)	As at 31.12.2012 (audited & restated)	As at 1.1.2012 (audited & restated)
Note A			
Assets held for sale			
Non-current			
Investment properties	401,817	-	-
Service concession asset	1,321,672	1,321,672	-
Long term loan and receivable	128,848	-	-
	<u>1,852,337</u>	<u>1,321,672</u>	<u>-</u>
Liabilities associated with assets held for sale			
Current			
Other payables	7,766	-	-
	<u>7,766</u>	<u>-</u>	<u>-</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012.

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Condensed Consolidated Statement of Cash Flows

In RM'000	12 months ended	
	31.12.2013	31.12.2012 (unaudited)
Operating activities		
Cash receipts from customers	1,226,700	1,395,598
Cash paid to suppliers and employees	(1,144,069)	(1,713,692)
Cash used in operations	82,631	(318,094)
Finance cost paid	(1,438)	(1,502)
Taxes paid	(24,176)	(42,912)
Net cash generated from/(used in) operating activities from continuing operations	57,017	(362,508)
Net cash generated from operating activities from discontinuing operations	6,378	-
Net cash used in operating activities	63,395	(362,508)
Investing activities		
Acquisition of equity investments	(121,855)	(4,644)
Divestment of equity investments	1,245	150
Dividend received	255	249
Non-equity investments	7,502	10,539
Acquisition of subsidiaries	12,580	-
Net cash (used in)/ generated from investing activities from continuing operations	(100,273)	6,294
Net cash generated from investing activities from discontinuing operations	1,570	-
Net cash (used in)/ generated from investing activities	(98,703)	6,294
Financing activities		
Proceed from issue of share capital	-	2,006
Dividend paid to equity holders	(26,368)	(20,796)
Proceeds from borrowings	808,871	799,011
Repayment of borrowings	(596,779)	(221,555)
Interest paid	(172,707)	(174,439)
Placement of restricted cash	(39,808)	(1,274)
Net cash (used in)/ generated from financing activities from continuing operations	(26,791)	382,953
Net cash used in financing activities from discontinuing operations	(27,196)	-
Net cash (used in)/generated from financing activities	(53,987)	382,953
Net (decrease)/increase in cash and cash equivalent	(89,295)	26,739
Cash and cash equivalents at beginning of the financial year	397,815	371,076
Cash and cash equivalent at end of financial year	308,520	397,815
For the purpose of the statement of cash flows, the cash and cash equivalents comprised the following:		
Bank balances and deposits	603,435	644,201
Bank overdraft	(391)	-
	603,044	644,201
Less: Bank balances and deposits held as security value	(294,524)	(246,386)
	308,520	397,815

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Condensed Consolidated Statement of Changes in Equity

In RM'000	Attributable to equity holders of the Company				Total	Non-controlling interests	Total equity
	Share Capital	Share premium	Other reserves	Accumulated losses			
At 1 January 2013 (as previously stated)	1,387,811	134,475	32,269	(136,354)	1,418,201	69,144	1,487,345
Prior year adjustments (Note 2)	-	-	-	(4,405)	(4,405)	(10)	(4,415)
At 1 January 2013 (restated)	1,387,811	134,475	32,269	(140,759)	1,413,796	69,134	1,482,930
Comprehensive income							
- Loss for the financial year	-	-	-	(109,132)	(109,132)	(8,819)	(117,951)
Other comprehensive income							
- Currency translation differences	-	-	(657)	-	(657)	(282)	(939)
- Actuarial loss on defined benefit obligation	-	-	(271)	-	(271)	(4)	(275)
Total comprehensive income	-	-	(928)	(109,132)	(110,060)	(9,105)	(119,165)
Transactions with owners							
Acquisition of subsidiaries	263,500	113,305	19,574	-	396,379	1,491	397,870
Employees' share option scheme							
- options granted	-	-	1,669	-	1,669	-	1,669
- options lapsed	-	-	(1,203)	1,203	-	-	-
Dividends							
- financial year ended 31 December 2012	-	-	-	(26,368)	(26,368)	-	(26,368)
- financial year ended 31 December 2013	-	-	-	-	-	(202)	(202)
Total transactions with owners	263,500	113,305	20,040	(25,165)	371,680	1,289	372,969
At 31 December 2013 (unaudited)	1,651,311	247,780	51,381	(275,056)	1,675,416	61,318	1,736,734

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REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Condensed Consolidated Statement of Changes in Equity

In RM'000	Attributable to equity holders of the Company				Total	Non-controlling interests	Total equity
	Share Capital	Share premium	Other reserves	Accumulated losses			
At 1 January 2012 (as previously stated)	1,386,155	132,226	44,592	(186,788)	1,376,185	38,131	1,414,316
Prior year adjustments (Note 2)	-	-	-	(4,405)	(4,405)	(10)	(4,415)
At 1 January 2012 (restated)	1,386,155	132,226	44,592	(191,193)	1,371,780	38,121	1,409,901
Comprehensive income							
- Profit for the financial year	-	-	-	60,122	60,122	31,045	91,167
Other comprehensive income							
- Currency translation differences	-	-	(166)	-	(166)	(71)	(237)
Total comprehensive income	-	-	(166)	60,122	59,956	30,974	90,930
Transactions with owners							
Issue of shares							
- exercise of ESOS options	1,656	251	-	-	1,907	-	1,907
Employees' share option scheme							
- options exercised	-	1,998	(1,998)	-	-	-	-
- options lapsed	-	-	(3,597)	3,597	-	-	-
- options rescinded	-	-	(7,511)	7,511	-	-	-
- options extended	-	-	904	-	904	-	904
Acquisition of additional interest in subsidiaries	-	-	45	-	45	99	144
Dividends							
- financial year ended 31 December 2011	-	-	-	(20,796)	(20,796)	-	(20,796)
Profit distribution by a jointly controlled entity							
- financial year ended 31 December 2012	-	-	-	-	-	(60)	(60)
Total transactions with owners	1,656	2,249	(12,157)	(9,688)	(17,940)	39	(17,901)
At 31 December 2012 (audited)	1,387,811	134,475	32,269	(140,759)	1,413,796	69,134	1,482,930

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012

MALAYSIAN RESOURCES CORPORATION BERHAD

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

REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Notes to the Interim Report

1. Basis of preparation

The financial report has been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2012.

The accounting policies and methods of computation adopted for the financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2012, other than for the compliance with the new/revised Financial Reporting Standards (FRS) that came into effect during the financial year under review.

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

- FRS 10 "Consolidated Financial Statements"
- FRS 11 "Joint Arrangement"
- FRS 12 "Disclosures of Interest in Other Entities"
- FRS 13 "Fair Value Measurement"
- The revised FRS 127 "Separate Financial Statements"
- The revised FRS 128 "Investments in Associates and Joint Ventures"
- Amendments to FRS 7 "Financial Instruments: Disclosures"
- Amendments to FRS 10, 11 & 12 "Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Others Entities: Transition Guidance"
- Amendment to FRS 101 "Presentation of Items of Other Comprehensive Income"
- Amendment to FRS 119 "Employee Benefits"

The above new standards, amendments to standard and interpretations do not have material effects on the Group's financial result for the financial year under review nor the Group's shareholders' funds as at 31 December 2013 except for the Amendment to FRS 119.

Amendment to FRS 119 makes significant changes to the recognition and measurement of defined benefit pension expenses and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the Corridor Approach. FRS 119 has withdrawn the application of this amendment.

The effect of Amendment to FRS 119 is shown in Note 2, Changes in accounting policies.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2014. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standard from financial year beginning 1 January 2015.

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Notes to the Interim Report

2. Changes in accounting policies

During the current financial period, the Group made prior year adjustments relating to Amendment to FRS 119. Under the new standard, there is no recognition of actuarial gains and losses through the profit or loss. The accumulated unrecognized actuarial gains or losses would be recognized as retirement benefit reserve. All actuarial gains or losses arising in the future will be charged to Other Comprehensive Income.

The financial effects arising from the Group's prior year adjustments are as follows:

	As previously Reported	Prior year adjustments	As restated
	RM'000	RM'000	RM'000
At 1 January 2012			
Statement of financial position			
Equity and liabilities			
Accumulated losses	(186,788)	(4,405)	(191,193)
Long term liabilities	13,951	4,415	18,366
At 31 December 2012			
Statement of financial position			
Equity and liabilities			
Accumulated losses	(136,354)	(4,405)	(140,759)
Long term liabilities	12,819	4,415	17,234

3. Audit report of the preceding annual financial statements

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

4. Seasonal or cyclical fluctuations

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

5. Items of unusual nature, size or incidence

There were no items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows except for the one-off fair value adjustment of RM55.4 million on the extended credit period for the settlement of Lot G office towers sales in the quarter ended 30 September 2013.

The movement on this fair value adjustment during the current financial quarter is as follows:

	RM'000
At 30 September 2013	55,432
Amount written back in current quarter ended 31 December 2013	<u>(5,610)</u>
	<u>49,822</u>

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Notes to the Interim Report

6. Material changes in estimates of amounts reported

There were no changes in estimates of amounts reported in prior financial year that would have a material effect in the current financial year.

7. Debt and equity securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period other than the allotment of 263,499,755 ordinary shares of RM1.00 each and 75,285,645 free detachable warrants pursuant to the completion of the Corporate Proposal as stated in Note 12.

8. Dividends

The Company paid a first and final dividend in respect of the financial year ended 31 December 2012 comprising franked dividend of 0.4% or 0.4 sen per ordinary share less income tax of 25% and single tier dividend of 1.6% or 1.6 sen per ordinary share, amounting to RM26,368,397 on 3 July 2013.

The Directors recommend the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2013 of 1.0% or 1.0 sen per ordinary share, totaling approximately RM16.51 million which are subject to the approval of the members of the Company at the forthcoming Annual General Meeting.

MALAYSIAN RESOURCES CORPORATION BERHAD

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Notes to the Interim Report

9. Segmental reporting

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

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Notes to the Interim Report

9. Segmental reporting (continued)

	Engineering and construction RM'000	Property development and investment RM'000	Infrastructure and environmental RM'000	Building services RM'000	Investment holding and others RM'000	Total RM'000
12 months ended 31.12.2012						
Total revenue	855,465	696,812	73,538	106,533	84,565	1,816,913
Inter-segment revenue	(405,868)	(6,882)	-	(36,682)	(84,277)	(533,709)
External revenue	449,597	689,930	73,538	69,851	288	1,283,204
Segment results	(25,670)	187,879	(1,891)	11,269	(18,948)	152,639
Interim payment from Government						68,277
Finance income						29,712
Finance cost						(118,495)
Share of results of jointly controlled entities and associates	633	1,236	-	-	-	1,869
Profit before tax						134,002

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Notes to the Interim Report

10. Valuations of property, plant and equipment

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

11. Material events subsequent to the financial period

There were no material events subsequent to the end of the financial year.

12. Changes in the composition of the Group

(a) The Company ("MRCB") had on 8 February 2013 entered into the following Share Sale Agreements ("SSA"):-

- (i) Conditional share sale agreement with Nusa Gapurna Development Sdn Bhd ("NGD") for the acquisitions of the entire equity interest in Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd as well as 70% equity interest in P.J Sentral Development Sdn Bhd ("NGD Identified Subsidiaries SSA") for RM459 million;
- (ii) Conditional share sale agreement with Mohd Imran bin Mohamad Salim, Datuk Mohamad Salim bin Fateh Din and Datin Yasmin binti Mohamed Ashraff for the acquisition of the entire equity interest in Gelanggang Harapan Construction Sdn Bhd ("GHC") ("GHC SSA") for RM250 million; and
- (iii) Conditional share sale agreement with Hanif Ahmad bin Nisar Ahmad and Mohd Imran bin Mohamad Salim for the acquisition of the entire equity interest in Gapurna Global Solutions Sdn Bhd ("GGS") ("GGS SSA") for RM20 million.

The above proposed acquisitions totaling RM729 million was to be satisfied by a combination of cash of RM111 million and up to 398,709,678 new ordinary shares of RM1.00 each in MRCB ("MRCB Shares") at RM1.55 per share, together with up to 113,917,052 free detachable warrants on the basis of two (2) free detachable warrants for every seven (7) of MRCB Shares issued.

Simultaneous with the execution of the agreements, the Company had also entered into the following agreements:-

- (i) A right of first refusal and call option agreement with NGD to purchase the Options Assets comprising the entire issued and paid up share capital of the subsidiaries of NGD, namely Nilaitera Sdn Bhd and Projectmaju Sdn Bhd and the issued and paid up capital of other subsidiaries of NGD as may be incorporated from time to time or to be incorporated by NGD for the purpose of holding any land (s) / real property(ies) or carrying out property development for a period of three (3) years following the date of completion of the SSA.

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Notes to the Interim Report

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

- (ii) Profit guarantee agreement with Gapurna Sdn Bhd (“GSB”) wherein GSB unconditionally and irrevocably and jointly and severally guarantee to MRCB that the actual aggregate audited net profit after tax of GHC for the financial years ended (“FYE”) 2013 to FYE 2015 shall be collectively not less than RM50 million.

In addition to the above, the Company also proposed to undertake the followings:-

- (i) To issue free warrants in the Company to all existing entitled shareholders of the Company on the basis of one (1) free warrant for every three (3) of the MRCB Shares held at an entitlement date to be determined later;
- (ii) To seek waiver from the Securities Commission Malaysia to undertake a mandatory take-over offer for the remaining MRCB Shares not already owned by NGD, the Employees Provident Fund Board and GSB as well as persons acting in concert with them;

By a letter dated 22 April 2013, NGD had served a notice to PKNS Holdings Sdn Bhd (“PKNS”) requesting PKNS to participate in the sale of the entire issued and paid up share capital of P.J Sentral Development Sdn Bhd to the Company.

On 3rd June 2013, the Company also entered into three (3) separate supplemental agreements to amend and vary certain clauses of the NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA to allow the staggered completion of the acquisition of NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA.

On 19 June 2013, PKNS has filed writ of summons to NGD and the Company to refrain parties from performing the NGD Identified Subsidiaries SSA (“Legal Proceedings”).

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

On 22 August 2013, the Company announced that all the conditions precedent as set out in the NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA have been fulfilled, met/or waived and became unconditional.

On the same day, Parties had agreed to further amend and vary the terms of the NGD Identified Subsidiaries SSA, GHC SSA and GGS SSA as follows:

- (i) To complete the acquisition of Gapurna Builders Sdn Bhd, Gapurna Land Sdn Bhd and Puncak Wangi Sdn Bhd (Remaining Subsidiaries) notwithstanding the deferment of completion of the proposed acquisition of 70% P.J Sentral Development Sdn Bhd as allowed under the Supplemental SSAs;
- (ii) That the completion of Proposed Acquisitions of 70% P.J Sentral Development Sdn Bhd is conditional upon the achievement of the Legal Proceedings Resolution; and
- (iii) The RM70 million completion adjustments attributable to the Targeted Lands as stipulated in the GHC SSA will be approximately RM61 million and RM9 million respectively for the 1st & 2nd Targeted Lands and the 3rd Targeted Land;

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

- (iv) A moratorium undertaking by the vendors of GHC SSA for the consideration shares issued for the Targeted Lands and attributable to the P.J Sentral Development construction contract until and unless (a) valid agreement(s)/ privatization agreement(s) has been signed or (b) the Legal Proceedings Resolution is obtained or has occurred, whichever shall be the earlier; and
- (v) The Company may unwind and terminate the above SSAs in the event that the Legal Proceedings Resolution is not achieved.
- (vi) The Aggregate Guaranteed Profit for the FYE 2013 to FYE 2015 has been changed to FYE 2014 to FYE 2016.

The acquisitions of the NGD Identified subsidiaries, GHC and GGS were completed on 27 August 2013.

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

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

	At date of acquisition
	RM'000
Property, plant and equipment	917
Investment property	74,172
Land held for property development	188,497
Trade and other receivables	24,033
Tax recoverable	1,569
Cash and bank balances	16,386
Trade and other payables	(60,519)
Deferred tax liabilities	(55,166)
Long term liabilities	(417)
Assets held for sale	153,411
Liabilities held for sale	(108,411)
	<hr/>
	234,472
Intangible assets on acquisition	140,589
Goodwill on acquisition	81,969
Total Intangible asset and goodwill on acquisition	<hr/> 222,558
Purchase consideration	<hr/> 457,030
	<hr/>
The fair value purchase consideration comprises:	
- Cash and bank balances	60,651
- Ordinary shares issued (263,499,755@ RM1.43/share)	376,805
- Free detachable warrants issued (75,285,645@ RM0.26/warrant)	19,574
	<hr/>
	457,030
	<hr/>

- (b) The disposal of the Company's wholly owned sub-subsidiary known as GTC Global Sdn Bhd to Telekom Malaysia Berhad was announced on 27 November 2013.

The disposal comprising 1,000,000 ordinary shares of RM1.00 each and 125,000 redeemable preference shares of RM1.00 each for a total cash consideration of RM45.0 million was completed on 24 December 2013. There was no gain / (loss) derived from the disposal as the net assets value at date of disposal was also RM45.0 million.

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

- (c) The Company's wholly owned subsidiary, Superview Development Sdn Bhd had on 2 December 2013 applied to Companies Commission of Malaysia to effect the commencement of Creditors' Voluntary Liquidation pursuant to section 260 of the Companies Act, 1965.

To-date, the liquidation exercise is still in progress.

- (d) The Company had on 23 December 2013 entered into the followings agreements:-

- (i) Share Sale and Subscription Agreements ("SSSA") with Arch Angel Capital Sdn Bhd ("AAC") and Arch Angel DMC Sdn Bhd ("AADMC") to:
- acquire 2.0 million ordinary shares of RM1.00 each in AAC from AADMC for cash consideration of RM2.5 million;
 - subscribe 1.5 million new ordinary shares of RM1.00 each in AAC; and
 - subscribe up to 300,000 redeemable cumulative preference shares of RM1.00 each at a subscription price of RM100.00 per share in AAC.
- (ii) A Shareholders' Agreements ("SHA") with AAC and AADMC for the purpose of determining the terms and conditions of the joint venture and regulating the relationship of AAC's shareholders.

AAC is principally involved in investment, general trading and financial consulting and had acquired a piece of freehold land known as Plot 2C4, Precinct 2, Putrajaya.

The acquisition and subscription of shares were completed on 30 December 2013.

13. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprises trade and performance guarantees, amounted to RM246.9 million as at 31 December 2013 (as compared to RM255.2 million as at 31 December 2012). There are no material contingent assets to be disclosed.

14. Other operating income

Other operating income was mainly due to the Government's interim payment commencing 1 May 2012 to reimburse the operating and maintenance expenses inclusive of finance costs in relation to the Eastern Dispersal Link Highway (EDL) project during the intervening period until final agreement is reached for the Government of Malaysia to take over the expressway.

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

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15. Income tax expenses

In RM'000	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
In Malaysia				
Taxation				
- current year	(9,597)	(27,133)	(27,164)	(45,559)
- under /(over) provision in prior years	(424)	(664)	2,400	(2,580)
Deferred tax	873	4,452	12,283	5,304
	<u>(9,148)</u>	<u>(23,345)</u>	<u>(12,481)</u>	<u>(42,835)</u>

Taxation is provided mainly due to non availability of group relief for losses of certain subsidiaries to be utilized to set off against the taxable profits of other entities and also due to certain expenses being non tax deductible.

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

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16. Corporate Proposal

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

- (a) The proposed acquisition of 70% equity interest of P.J Sentral Development Sdn Bhd as stated in Note 12 above; and
- (b) The Company had on 29 January 2013 entered into a Sale Agreement with Ekovest Berhad (“Ekovest”) and its subsidiaries for the disposal of the following:-
 - (i) 1,500,000 ordinary shares of RM1.00 each in Nuzen Corporation Sdn Bhd (“Nuzen”) and 13,500,000 redeemable preference shares of RM1.00 each in Nuzen representing its entire 30% equity interest in Nuzen to Wira Kristal Sdn Bhd, a wholly owned subsidiary of Ekovest;
 - (ii) 585 Series A redeemable preference shares of RM1.00 each in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (“Kesturi”) to Ekovest Construction Sdn Bhd (“ECSB”), a wholly subsidiary of Ekovest; and
 - (iii) RM54.0 million nominal value redeemable secured junior bonds in Kesturi to Ekovest.

for a total cash consideration is RM228.0 million.

- (c) The Company’s wholly owned subsidiary, MRCB Sentral Properties Sdn Bhd had on 29 January 2013 entered into a Heads of Agreement (“HoA”) with Maybank Trustees Berhad, acting as trustee for Quill Capital Trust for the disposal of the Group’s investment property known as Platinum Sentral, consisting of 5 blocks of 4 to 7 storey commercial buildings for a sale consideration of RM750 million.

The parties shall within 30 business days from the date of HoA, with an automatic extension of a further period of 15 business days, enter into the relevant definitive sale and purchase agreement for the proposed disposal.

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17. Group borrowings

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

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Secured		
Short term	2,474,313	2,414,412
Long term	908,986	890,040
Unsecured		
Short term	<u>120,000</u>	<u>5,000</u>
Total	<u>3,503,299</u>	<u>3,309,452</u>

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

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

- (a) The Senior and Junior Sukuk and the related syndicated term loan amounting to RM1.277 billion which were obtained for the purpose of financing the construction of the EDL that has been classified as asset held for sale since the last financial year;
- (b) Kuala Lumpur Sentral Lot B Q Sentral office, Lot D The Sentral Residences and the Lot G office towers project loans totaling RM768 million; and
- (c) RM380 million Guaranteed Islamic Medium Term Notes for Platinum Sentral which has been reclassified from long term loan to short term loan in line with the classification of Platinum Sentral as asset held for sale following the signing of the Heads of Agreement as stated in Note 16(c).

The Group borrowings are all denominated in Ringgit Malaysia.

18. Material litigation

The Group is engaged in various litigations arising from its business transactions and the Board of Directors has been advised that reasonable defence exist on these claims and sufficient provision have been made by the Group. On this basis, the Board of Directors is of the opinion that the said litigations would not have a material effect on the financial position for the business of the Group.

On the other hand, the Group has also filed some claims, some of them are counter claims amounting to approximately RM20.4 million arising from its business transactions.

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19. Review of performance

The Group recorded revenue and loss before taxation of RM940.9 million and RM110.4 million for the financial year ended 31 December 2013 as compared to revenue and profit before taxation of RM1,283.2 million and RM134.0 million respectively in the preceding financial year ended 31 December 2012.

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

The loss recorded for the current financial year was mainly due to a one-off loss arising from the fair value adjustment on the extended credit period for the settlement for Lot G office towers sale coupled with the provision of additional rental guarantee and construction costs.

Despite the one-off adjustments and provisions, the Group has returned to profitability in the current quarter by recording profit before taxation of RM19.3 million mainly from the on-going property development project of Lot B and Lot D.

20. Variation of results against immediate preceding quarter

The Group recorded revenue and profit before taxation of RM369.0 million and RM19.3 million for the current quarter ended 31 December 2013 as compared to revenue of RM159.7 million and loss before taxation of RM139.7 million recorded in the preceding immediate quarter ended 30 September 2013.

The profit before taxation of RM19.3 million recorded for the current quarter was mainly derived from the on-going property development projects as mentioned in Note 19 above.

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21. Prospects

The Malaysian economy is expected to achieve a gross domestic product growth of between 5.0% to 5.5% in year 2014.

Against this positive backdrop, the Group is currently actively embarking on a transformation plan which involves the monetization and crystallization of the value of its non-core assets via the recently announced proposed disposal of the Group's 30% equity interest in DUKE to Ekovest for a cash consideration of RM228 million and the proposed disposal of Platinum Sentral to Quill Capita Trust for RM750 million.

The proposed disposals provide the Group with the opportunity to unlock gains and cash to further invest in land banks, in line with its intention to be a major player in property development. As such, the Board is optimistic at the prospect of showing better results moving forward.

22. Variance on forecast profit/profit guarantee

Not applicable.

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23. Earning per share (EPS)

Basic EPS

The basic EPS is calculated by dividing the net profit/(loss) for the current financial year by the weighted average number of shares issued during the current financial year.

	Individual Quarter		Cumulative Quarter		
	3 months ended	3 months ended	12 months ended	12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012	
Net profit/ (loss) for the financial year attributable to the owners of the parent (RM'000)					
- from continuing operations			1,373	(2,972)	(114,020)
- from discontinuing operations				844	
Weighted average number of ordinary shares in issue ('000)	1,651,311	1,387,565	1,479,495	1,386,725	
Basic Earnings/ (Loss) Per Share (sen)					
- from continuing operations	(0.21)	(7.71)	4.34	0.08	
- from discontinuing operations		0.05	-	0.33	-

Diluted Earnings Per Share

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares issued during the current financial year were adjusted for the dilutive effects of all potential options over ordinary shares that were still in the market i.e. share options (ESOS) granted to employees.

Certain tranches of ESOS options were not included in the calculation because the market value of the issued ordinary shares as at 31 December 2013 was lower than the said option prices.

	Individual Quarter		Cumulative Quarter		
	3 months ended	3 months ended	12 months ended	12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012	
Net profit/(loss) for the financial year attributable to the owners of the parent (RM'000)					
- from continuing operations			1,373	(2,972)	(114,020)
- from discontinuing operations				844	
Weighted average number of ordinary shares issued ('000)	1,651,311	1,387,565	1,479,495	1,386,725	
Adjustment for ESOS ('000)	16	29	16	29	
Weighted average number of ordinary shares issued ('000)	1,651,327	1,387,594	1,479,511	1,386,754	

Diluted Earnings/ (Loss) Per Share (sen)

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-			from continuing operations		0.08	
(0.21)	(7.71)	4.33				
-	from discontinuing operations		0.05	-	0.33	-

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24. Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 31 December 2013, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 31.12.2013 (RM'000)	Accumulated quarter ended 31.12.2012 (restated) (RM'000)
Total accumulated profit or losses:		
- Realised	31,201	22,255
- Unrealised	(69,561)	(39,213)
Total share of accumulated profit from associates:		
- Realised	17,632	11,622
Total share of accumulated losses from jointly controlled entities:		
- Realised	(7,012)	(6,033)
Add: Consolidation adjustments	(247,316)	(129,390)
Total Group accumulated losses	(275,056)	(140,759)

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

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

By Order of the Board

Mohd Noor Rahim Yahaya
Company Secretary

Kuala Lumpur
25 February 2014