

**Q3 2019 PROFITS IMPACTED BY TIMING OF REVENUE RECOGNITION;
2020 EXPECTED TO BE STRONGER**

KUALA LUMPUR, 21 November 2019 - Malaysian Resources Corporation Berhad (MRCB) recorded Revenue of RM847.8 million and Profit Before Tax of RM32.5 million in the first 9 months of 2019, compared to Revenue and Profit Before Tax of RM1.5 billion and RM114.1 million in the corresponding period in 2018. The higher Revenue and Profit Before Tax recorded in 2018 was mainly due to one-off land sales of RM387 million, which contributed one-off pre-tax profit gains of RM66.8 million in that year. The lower revenue and profit in the first 9 months of 2019 was also due to the Group's significant high-rise residential property projects still being in their early phase of construction, when revenue recognition is very minimal and a majority of the completed residential units sold during the period not yet recognised as they were still pending Sales and Purchase completion. Income recognition from the LRT3 Project was also considerably lower during the period as a result of its re-timing and remodelling from a PDP to a fixed price turnkey project.

Commenting on the results, Imran Salim, Group Managing Director of MRCB said, "This year is turning out to be a challenging year in terms of the timing of revenue and profit recognition, and these results mask the real progress we have made in 2019, and our RM1.7 billion unbilled property sales, which will begin to produce results in 2020".

The Property Development & Investment Division recorded a lower Revenue of RM371.4 million and Operating Profit of RM69.8 million in the first 9 months of 2019, compared to RM882.9 million and RM88.9 million respectively in the corresponding period in 2018, which was largely due to one-off land sales in 2018 which contributed revenue and pre-tax profit of RM387 million and RM66.8 million respectively in 2018. The Division sold RM398.1 million worth of properties in the first 9 months of 2019 and has unbilled property sales of RM1.7 billion.

The Engineering, Construction & Environment Division recorded Revenue of RM420.9 million and Operating Profit of RM3.3 million in the first 9 months of 2019. Revenue was mainly contributed by MRT Line 2 Package V210, DASH Highway Package CB2, TNB HQ Campus, SUKE Expressway Package CA2 and Larkin Indoor Stadium. The lower operating profit was due to the lower revenue recognised during the period and the prudent expensing of certain costs while waiting for the completion of the final accounts of completed projects and the results of legal proceedings relating to certain projects.

The Group's 50%-owned LRT3 project joint venture company contributed profit after tax of only RM1.24 million, compared with RM20.7 million in the corresponding period in 2018. As work on this project has now recommenced, the pace of profit recognition from the project will increase in 2020. The Division's total external client order book stands at RM22.3 billion.

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About MRCB

MRCB is a leading urban property and construction company, which has been listed on the Main Board of Bursa Malaysia since 1971.

The Group's activities span three areas: Property Development & Investment; Engineering, Construction & Environment and Facilities Management & Parking.

As the developer of the iconic RM18 billion KL Sentral CBD, MRCB pioneered Transit Oriented Development (TOD) in Malaysia and is setting the standard for future fully integrated TOD projects. MRCB's property development revenues are underpinned by its 282-acre urban land bank which has an estimated GDV of RM31 billion. Its property investment activity is conducted through its 27.94% equity stake in MRCB-Quill REIT.

Apart from constructing world class commercial and residential developments, MRCB's Engineering, Construction & Environment Division also has an enviable track record in highways, rail infrastructure, high voltage power transmission projects and the rehabilitation of rivers and coastal areas. The division currently has an external order book of RM22.3 billion.

MRCB's largest shareholder is the Employees Provident Fund.

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