

**MUHIBBAH ENGINEERING (M) BHD**

(Company No : 12737-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**AS AT 30 SEPTEMBER 2018**

	<b>UNAUDITED AS AT 30.9.2018 RM'000</b>	<b>AUDITED AS AT 31.12.2017 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	895,993	887,980
Investment in associates	614,691	503,782
Other non-current assets	121,671	71,274
<b>Total non-current assets</b>	<b>1,632,355</b>	1,463,036
Receivables, deposits and prepayments	546,042	556,510
Amount due from contract customers	709,494	498,978
Inventories	198,379	232,185
Current tax assets and other assets	22,308	40,789
Cash and cash equivalents	582,275	626,511
<b>Total current assets</b>	<b>2,058,498</b>	1,954,973
<b>Total assets</b>	<b>3,690,853</b>	3,418,009
<b>Equity</b>		
Share capital	241,627	241,057
Reserves	880,530	810,682
<b>Total equity attributable to owners of the Company</b>	<b>1,122,157</b>	1,051,739
<b>Non-controlling interests</b>	<b>486,674</b>	429,695
<b>Total equity</b>	<b>1,608,831</b>	1,481,434
<b>Liabilities</b>		
Payables and accruals	9,491	9,283
Loans and borrowings	79,936	91,829
Deferred tax liabilities	48,782	47,380
<b>Total non-current liabilities</b>	<b>138,209</b>	148,492
Provision, payables and accruals	706,069	651,851
Amount due to contract customers	268,104	286,545
Bills payables	610,595	461,637
Loans and borrowings	337,883	373,218
Tax liabilities and other liabilities	21,162	14,832
<b>Total current liabilities</b>	<b>1,943,813</b>	1,788,083
<b>Total liabilities</b>	<b>2,082,022</b>	1,936,575
<b>Total equity and liabilities</b>	<b>3,690,853</b>	3,418,009
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>2.33</b>	2.19

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

**MUHIBBAH ENGINEERING (M) BHD**

(Company No : 12737-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (3RD QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr	
		30.9.2018 RM'000	30.9.2017 RM'000	30.9.2018 RM'000	30.9.2017 RM'000
Revenue (Note 1a)	A9	557,326	372,446	1,118,032	1,081,781
Cost of sales, other income and operating expenses		(510,545)	(341,117)	(1,030,835)	(1,002,561)
<b>Results from operating activities</b>		<b>46,781</b>	<b>31,329</b>	<b>87,197</b>	<b>79,220</b>
Interest income		2,772	2,801	6,009	5,750
Finance costs		(6,477)	(1,918)	(18,137)	(15,939)
<b>Operating profit</b>	B5	<b>43,076</b>	<b>32,212</b>	<b>75,069</b>	<b>69,031</b>
Share of profit of associates and joint ventures, net of tax		34,571	18,440	116,028	94,059
<b>Profit before tax</b>	B5	<b>77,647</b>	<b>50,652</b>	<b>191,097</b>	<b>163,090</b>
Tax expense	B6	(13,281)	(2,799)	(22,883)	(17,122)
<b>Profit for the period</b>		<b>64,366</b>	<b>47,853</b>	<b>168,214</b>	<b>145,968</b>
<b>Other comprehensive income/(expenses)</b>					
Foreign currency translation differences for foreign operations		33,387	(8,997)	9,308	(32,713)
<b>Other comprehensive income/(expense) for the period</b>		<b>33,387</b>	<b>(8,997)</b>	<b>9,308</b>	<b>(32,713)</b>
<b>Total comprehensive income for the period</b>		<b>97,753</b>	<b>38,856</b>	<b>177,522</b>	<b>113,255</b>
<b>Profit attributable to:</b>					
Owners of the Company		37,743	27,952	106,918	95,097
Non-controlling interests		26,623	19,901	61,296	50,871
<b>Profit for the period</b>		<b>64,366</b>	<b>47,853</b>	<b>168,214</b>	<b>145,968</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		64,448	21,072	120,271	68,430
Non-controlling interests		33,305	17,784	57,251	44,825
<b>Total comprehensive income for the period</b>		<b>97,753</b>	<b>38,856</b>	<b>177,522</b>	<b>113,255</b>
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	7.84	5.82	22.25	19.80
<b>Note (1a) - Proforma Revenue</b>			-		
Revenue as reported above		557,326	372,446	1,118,032	1,081,781
Share of revenue of associates and joint ventures		117,800	141,683	364,649	436,258
<b>Total revenue</b>		<b>675,126</b>	<b>514,129</b>	<b>1,482,681</b>	<b>1,518,039</b>

Note

The Group accounts for its investment in associates and joint venture using the equity method whereby the revenue of associates and joint venture projects are excluded from the Group's revenue in the Consolidated Statements of Comprehensive Income. This note (1a) shows the pro forma revenue of the Group including share of revenue of associates and joint venture projects.

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

**MUHIBBAH ENGINEERING (M) BHD**  
(Company No : 12737-K)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (3RD QUARTER)**  
(The figures have not been audited)

	← Attributable to shareholders of the Company →							
	Share capital RM'000	Treasury shares RM'000	Non-distributable		Distributable	Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
			Reserves attributable to capital RM'000	Reserve attributable to revenue RM'000	Retained earnings RM'000			
As previously stated	241,057	(5,561)	273,433	69,749	473,061	1,051,739	429,695	1,481,434
Adjustment for initial application of MFRS 9	-	-	-	-	(59,536)	(59,536)	(2,075)	(61,611)
<b>At 1 January 2018</b>	<b>241,057</b>	<b>(5,561)</b>	<b>273,433</b>	<b>69,749</b>	<b>413,525</b>	<b>992,203</b>	<b>427,620</b>	<b>1,419,823</b>
Foreign currency translation differences for foreign operations	-	-	-	13,353	-	13,353	(4,045)	9,308
Profit for the period	-	-	-	-	106,918	106,918	61,296	168,214
Total comprehensive income for the period	-	-	-	13,353	106,918	120,271	57,251	177,522
Share-based payments	570	-	9,113	-	-	9,683	1,803	11,486
<b>At 30 September 2018</b>	<b>241,627</b>	<b>(5,561)</b>	<b>282,546</b>	<b>83,102</b>	<b>520,443</b>	<b>1,122,157</b>	<b>486,674</b>	<b>1,608,831</b>
<b>At 1 January 2017</b>	<b>241,058</b>	<b>(5,561)</b>	<b>259,355</b>	<b>113,481</b>	<b>367,870</b>	<b>976,203</b>	<b>404,333</b>	<b>1,380,536</b>
Foreign currency translation differences for foreign operations	-	-	-	(26,667)	-	(26,667)	(6,046)	(32,713)
Profit for the period	-	-	-	-	95,097	95,097	50,871	145,968
Total comprehensive income for the period	-	-	-	(26,667)	95,097	68,430	44,825	113,255
Dividend to owners of the Company	-	-	-	-	(26,418)	(26,418)	-	(26,418)
Dividend to non-controlling interests	-	-	-	-	-	-	(13,523)	(13,523)
<b>At 30 September 2017</b>	<b>241,058</b>	<b>(5,561)</b>	<b>259,355</b>	<b>86,814</b>	<b>436,549</b>	<b>1,018,215</b>	<b>435,635</b>	<b>1,453,850</b>

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

**MUHIBBAH ENGINEERING (M) BHD**

(Company No : 12737-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (3RD QUARTER)**

	<b>Unaudited Period ended 30.9.2018 RM'000</b>	<b>Unaudited Period ended 30.9.2017 RM'000</b>
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>191,097</b>	163,090
Depreciation and amortisation	<b>44,035</b>	45,605
Development cost charged out/(Written Back )	-	724
Finance costs	<b>15,260</b>	30,347
Gain on disposal of property, plant and equipment	<b>(533)</b>	(627)
Net impairment loss/(recovery) on receivables	<b>2,510</b>	43
Net loss/(gain) on derivatives	<b>7,598</b>	(16,005)
Net loss/(gain) on foreign exchange	<b>9,015</b>	4,665
Interest income	<b>(3,237)</b>	(5,750)
Net provision for warranties	<b>559</b>	8,301
Share-based payments	<b>3,845</b>	-
Share of profit of associates & joint ventures	<b>(116,028)</b>	(94,059)
<b>Operating profit before changes in working capital</b>	<b>154,296</b>	136,334
Receivables, deposits and prepayments	<b>(10,468)</b>	43,822
Inventories	<b>33,805</b>	(15,815)
Payables and accruals	<b>54,426</b>	242,623
Amount due from contract customers	<b>(192,074)</b>	585,915
<b>Cash generated from operations</b>	<b>39,985</b>	422,779
Net income taxes paid	<b>6,117</b>	(35,266)
<b>Net cash generated from operating activities</b>	<b>46,102</b>	387,513
<b>Cash flows from investing activities</b>		
Additions to development expenditures	<b>(6,814)</b>	(1,416)
Dividend received from associates	<b>20,887</b>	9,753
Interest received	<b>5,953</b>	5,704
Proceeds from disposal of property, plant and equipment	<b>24,672</b>	6,187
Purchase of property, plant and equipment	<b>(110,652)</b>	(66,020)
<b>Net cash used in investing activities</b>	<b>(65,954)</b>	(45,792)

**MUHIBBAH ENGINEERING (M) BHD**

(Company No : 12737-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (3RD QUARTER)**

	<b>Unaudited Period ended 30.9.2018 RM'000</b>	<b>Unaudited Period ended 30.9.2017 RM'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid to owners of the Company	(33,693)	(26,418)
Dividend paid to non-controlling interests	-	(13,523)
Interests paid	(33,732)	(30,252)
Net (repayment)/drawdown of loans and borrowings	47,424	(397,881)
<b>Net cash used in financing activities</b>	<b>(20,001)</b>	(468,074)
<b>Currency translation differences</b>	<b>(4,316)</b>	(6,306)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(44,169)</b>	(132,659)
<b>Cash and cash equivalents at 1 January</b>	<b>624,176</b>	731,686
<b>Cash and cash equivalents at 30 September</b>	<b>580,007</b>	599,027

Cash and cash equivalents included in the cash flow statements comprise the following Statement of Financial Position amounts:

	<b>30.9.2018 RM'000</b>	<b>30.9.2017 RM'000</b>
Cash and bank balances	383,549	373,345
Deposits placed with licensed banks	198,726	265,764
Cash and cash equivalents as per Statement of Financial Position	582,275	639,109
Bank overdrafts	(2,268)	(40,082)
	<b>580,007</b>	599,027

(The Condensed Consolidated Cash Flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying notes attached to the interim financial statements)

**MUHIBBAH ENGINEERING (M) BHD**  
**(Company No : 12737-K)**  
**(Incorporated in Malaysia)**

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (3RD QUARTER)**

**A. NOTES TO INTERIM FINANCIAL STATEMENTS**

**A1. BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Listing Requirements"), including compliance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2017 except for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2018:

MFRS and IC Interpretations

(Including the Consequential Amendments)

Effective Date

- |   |                |
|---|----------------|
| • MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)   | 1 January 2018 |
| • Amendments to MFRS 15: Effective Date of MFRS 15  | 1 January 2018 |
| • Amendments to MFRS 15:<br>Clarifications to MFRS 15 'Revenue from Contracts with Customers'   | 1 January 2018 |
| • MFRS 15 Revenue from Contracts with Customers   | 1 January 2018 |
| • IC Interpretation 22 Foreign Currency Transactions and Advance Consideration  | 1 January 2018 |
| • Amendments to MFRS 2:<br>Classification and Measurement of Share-based Payment Transactions   | 1 January 2018 |
| • Amendments to MFRS 140: Transfers to Investment Property  | 1 January 2018 |
| • Annual Improvements MFRS Standards 2014 - 2016 Cycles:<br>- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters | 1 January 2018 |
| - Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value   | 1 January 2018 |

The adoption of the above amendments and Annual Improvements to Standards did not have any material impact on the Group and the Company's financial statements upon their initial application.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

MFRSs and IC Interpretations

(Including the Consequential Amendments)

Effective Date

- |  |                |
|--|----------------|
| • MFRS 16 Leases   | 1 January 2019 |
| • IC Interpretation 23 Uncertainty over Income Tax Treatments                  | 1 January 2019 |
| • Amendments to MFRS 9: Prepayment Features with Negative Compensation         | 1 January 2019 |
| • Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| • Annual Improvements MFRS Standards 2015 - 2017 Cycles:                       | 1 January 2019 |

a) MFRS 9 Financial instruments

The Group adopted MFRS 9 Financial instruments on 1 January 2018. MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

MFRS 9 also replaces MFRS 139 with a forward-looking expected credit loss ("ECL") model. Under MFRS 9, loss allowances, will be measured on either 12 months ECLs or Lifetime ECLs. As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives.

Effects arising from the initial application of the new impairment model and the recognition of equity investments to FVTPL are as follows:

**Impact of adoption of MFRS 9  
to opening balance at 1 January 2018**

	<b>RM'000</b>
Decrease in retained earnings	59,536
Decrease in non-controlling interests	2,075
Decrease in trade and other receivables	58,230
Decrease in amount due from contract customers	4,990
Increase in deferred tax assets	1,609

b) MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The application of MFRS 15 does not have a material effect on the Group's financial statements.

**A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS**

The Auditors' Report of the financial statements for the preceding financial year ended 31 December 2017 was not subject to any qualification.

**A4. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

**A5. EXCEPTIONAL OR UNUSUAL ITEMS**

There were no exceptional or unusual items affecting financial statements of the Group for the current quarter under review.

**A6. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts that have a material effect in the current quarter under review.

**A7. DEBT AND EQUITY SECURITIES**

During the financial period under review, a total of 1,140,000 new ordinary shares was issued pursuant to the exercise of Employees' Share Issuance Scheme ("SIS"). Other than as mentioned, there were no cancellation, repurchase, resale and repayment of debts and equity securities during the period under review.

**A8. DIVIDEND PAID**

The group had made a first and final tax exempt dividend of 7.0 sen per ordinary share totalling RM33.69 million on issued and paid up share capital (excluding treasury share) of 481,324,250 on 24th September 2018.

#### A9. SEGMENT REVENUE AND RESULTS

Financial data by business segment for the Group:

	Period ended 30.9.2018	
	Revenue	Profit before tax
	RM'000	RM'000
Infrastructure construction	1,138,789	67,262
Cranes	365,689	59,945
Concessions	259,424	117,407
	<hr/>	<hr/>
	1,763,902	244,614
Less: Group eliminations	(281,221)	(53,517)
	<hr/>	<hr/>
	<u>1,482,681</u>	<u>191,097</u>

#### A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes to the valuation of property, plant & equipment brought forward from the previous annual financial statements.

#### A11. MATERIAL SUBSEQUENT EVENTS

There were no material subsequent events from the end of the current quarter to 28 November 2018, which would likely to substantially affect the results of the operations of the Group.

#### A12. CHANGES IN THE GROUP'S COMPOSITION

There were no major changes in the composition of the Group in the current quarter under review.

#### A13. CONTINGENT ASSETS/LIABILITIES

Please refer to note B9 for contingent assets/liabilities for the Group.

#### A14. CAPITAL COMMITMENTS

Capital commitments approved and committed as at 30 September 2018 is approximately RM23 million.

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**MUHIBBAH ENGINEERING (M) BHD**  
**(Company No : 12737-K)**  
**(Incorporated in Malaysia)**

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (3RD QUARTER)**

**B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B1. REVIEW OF GROUP PERFORMANCE (YTD Q3 2018 vs. YTD Q3 2017)**

The Group reported consolidated revenue (including share of associates and joint ventures' revenue) of RM1.48 billion with higher profit after taxation of RM168.2 million for the cumulative period ended 30 September 2018 as compared to revenue (including share of associates and joint ventures' revenue) of RM1.51 billion with profit after taxation of RM146 million for the corresponding period ended 30 September 2017.

The improvement in profit after taxation is mainly contributed by our concession division.

**B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q3 2018 vs. Q2 2018)**

The Group generated consolidated revenue (including share of associates and joint ventures' revenue) of RM675.1 million with higher profit after taxation of RM64.4 million for the current quarter , an increase of RM246.7 million in revenue and RM20.0 million profit after taxation as compared to revenue (including share of associates and joint ventures' revenue) of RM428.4 million with profit after taxation of RM44.4 million for the preceding quarter mainly due to higher contribution from crane division and concession division.

The cranes division starts recognising the contributions from its 70% subsidiary companies namely Exact Automation Group following the completion of the new acquisition during the current quarter. The concession division continues to see higher growth in revenue and contribution from airport operations.

**B3. GROUP'S CURRENT YEAR PROSPECT**

**a) Secured Order Book**

As at 28 November 2018, the total outstanding secured order book in hand of the Group for construction and cranes division is RM1.8 billion.

**b) Current Year Prospect**

The Group continues to pursue infrastructure and marine projects from both overseas and domestic markets.

**B4. PROFIT FORECAST**

The Group has not issued any profit forecast to the relevant authorities and is not subject to any profit guarantee.

**B5. PROFIT BEFORE TAX**

Profit before tax is arrived at after (crediting)/charging the following:

	<b>Current Quarter 30.9.2018 RM'000</b>	<b>Cumulative Quarter 30.9.2018 RM'000</b>
Depreciation and amortisation	27,481	44,035
Finance costs	6,196	15,260
Interest income	(1,483)	(3,237)
Net loss/(gain) on foreign exchange	(9,291)	9,015

**B6. TAXATION**

	<b>Current Quarter 30.9.2018 RM'000</b>	<b>Cumulative Quarter 30.9.2018 RM'000</b>
<b>Current tax expense</b>		
Malaysia	(15,003)	(18,843)
Overseas	(4,102)	(4,309)
	(19,105)	(23,152)
<b>Deferred tax income</b>		
Malaysia	329	269
Overseas	-	-
	329	269
 Total tax expense	<u>(18,776)</u>	<u>(22,883)</u>

The Group's effective tax rate (excluding the results of associates which are equity accounted net of tax) is higher than statutory tax rate mainly due to different tax rates and no group tax relief applicable for different foreign jurisdictions .

**B7. CORPORATE PROPOSALS**

The group has no corporate proposals for the quarter under review.

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

	<b>Foreign Currency</b>		<b>30.9.2018 RM'000</b>
	<b>Currency</b>	<b>Amount</b>	
Short term borrowings		'000	
Secured	RM	10,339	10,339
	AUD	-	-
	DKK	3,697	2,649
	Sub- total		12,988
Unsecured	RM	324,894	324,894
	USD	-	-
	DKK	-	-
	Sub- total		324,894
<b>Total Short Term Borrowings</b>			<b>337,882</b>
Long term borrowings			
Secured	RM	440	440
	DKK	25,308	16,560
	Sub- total		17,000
Unsecured	RM	62,937	62,937
<b>Total Long Term Borrowings</b>			<b>79,937</b>
<b>Total gross borrowings</b>			<b>417,819</b>

**B9. CHANGES IN MATERIAL LITIGATION**

As at 28 November 2018, the on-going material litigation of the Group remains status quo.

**B10. PROPOSED DIVIDEND**

The Directors did not recommend any dividend for the financial period under review.

**B11. EARNINGS PER SHARE ("EPS")****Basic/Diluted EPS**

	Basic EPS		Diluted EPS	
	Current 30.9.2018	Cumulative 30.9.2018	Current 30.9.2018	Cumulative 30.9.2018
Net profit attributable to the owners of the Company (RM'000)	37,743	106,918	37,743	106,918
Weighted average number of ordinary shares in issue ('000)	481,471	480,481	481,471	480,481
Effect of dilution: Share options ('000)	-	-	6,610	6,610
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	481,471	480,481	488,081	487,091
EPS (Sen)	7.84	22.25	7.73	21.95

**By order of the Board of Directors**  
**Company Secretary**  
**Date : 28 November 2018**