

MUHIBBAH ENGINEERING (M) BHD

(Company No : 12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	UNAUDITED AS AT 31.03.2019 RM'000	AUDITED AS AT 31.12.2018 RM'000
Assets		
Property, plant and equipment	896,927	903,892
Investment in associates	634,309	594,822
Other non-current assets	128,215	127,527
Total non-current assets	1,659,451	1,626,241
Receivables, deposits and prepayments	577,767	570,028
Contract assets	798,761	726,345
Inventories	212,262	257,699
Current tax assets and other assets	32,494	20,092
Cash and cash equivalents	575,271	591,271
Total current assets	2,196,555	2,165,435
Total assets	3,856,006	3,791,676
Equity		
Share capital	303,849	301,746
Reserves	839,987	818,689
Total equity attributable to owners of the Company	1,143,836	1,120,435
Non-controlling interests	532,515	517,902
Total equity	1,676,351	1,638,337
Liabilities		
Payables and accruals	22,892	23,045
Loans and borrowings	59,406	69,273
Deferred tax liabilities	48,139	47,851
Total non-current liabilities	130,437	140,169
Provision, payables and accruals	728,912	787,686
Contract liabilities	209,002	235,874
Bills payables	690,438	587,734
Loans and borrowings	388,045	381,748
Tax liabilities and other liabilities	32,821	20,128
Total current liabilities	2,049,218	2,013,170
Total liabilities	2,179,655	2,153,339
Total equity and liabilities	3,856,006	3,791,676
Net assets per share attributable to owners of the Company (RM)	2.37	2.33

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

MUHIBBAH ENGINEERING (M) BHD

(Company No : 12737-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019 (1ST QUARTER)

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
		RM'000	RM'000	RM'000	RM'000
Revenue (Note 1a)	A9	272,385	249,089	272,385	249,089
Cost of sales, other income and operating expenses		(262,251)	(227,868)	(262,251)	(227,868)
Results from operating activities		10,134	21,221	10,134	21,221
Interest income		3,735	1,727	3,735	1,727
Finance costs		(5,227)	(5,417)	(5,227)	(5,417)
Operating profit	B5	8,642	17,531	8,642	17,531
Share of profit of associates and joint ventures, net of tax		50,828	45,954	50,828	45,954
Profit before tax	B5	59,470	63,485	59,470	63,485
Tax expense	B6	(5,069)	(4,107)	(5,069)	(4,107)
Profit for the period		54,401	59,378	54,401	59,378
Other comprehensive income/(expenses)					
Foreign currency translation differences for foreign operations		(18,802)	(34,541)	(18,802)	(34,541)
Other comprehensive income/(expense) for the year		(18,802)	(34,541)	(18,802)	(34,541)
Total comprehensive income for the year		35,599	24,837	35,599	24,837
Profit attributable to:					
Owners of the Company		33,011	36,177	33,011	36,177
Non-controlling interests		21,390	23,201	21,390	23,201
Profit for the year		54,401	59,378	54,401	59,378
Total comprehensive income attributable to:					
Owners of the Company		20,160	12,527	20,160	12,527
Non-controlling interests		15,439	12,310	15,439	12,310
Total comprehensive income for the year		35,599	24,837	35,599	24,837
Earnings per ordinary share					
Basic (Sen)	B11	6.85	7.53	6.85	7.53
Diluted (Sen)	B11	6.74	7.37	6.74	7.37
Note (1a) - Proforma Revenue					
Revenue as reported above		272,385	249,089	272,385	249,089
Share of revenue of associates and joint ventures		124,631	130,057	124,631	130,057
Total revenue		397,016	379,146	397,016	379,146
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 after including the Group's 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 2018 and the accompanying explanatory notes attached to the interim financial statements)

MUHIBBAH ENGINEERING (M) BHD

(Company No : 12737-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019 (1ST QUARTER)**

(The figures have not been audited)

	← Attributable to shareholders of the Company →				Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000	
	Non-distributable		Distributable					
	Share capital RM'000	Treasury shares RM'000	Reserves attributable to capital RM'000	Reserve attributable to revenue RM'000	Retained earnings RM'000			
At 1 January 2019	301,746	(5,561)	216,994	82,356	524,900	1,120,435	517,902	1,638,337
Foreign currency translation differences for foreign operations	-	-	-	(12,851)	-	(12,851)	(5,951)	(18,802)
Profit for the period	-	-	-	-	33,011	33,011	21,390	54,401
Total comprehensive income for the year	-	-	-	(12,851)	33,011	20,160	15,439	35,599
Share options exercised	1,262	-	-	-	-	1,262	-	1,262
Share-based payments	-	-	1,138	-	-	1,138	164	1,302
Acquisition of subsidiary	841	-	-	-	-	841	-	841
Dividend to non-controlling interests	-	-	-	-	-	-	(990)	(990)
At 31 March 2019	303,849	(5,561)	218,132	69,505	557,911	1,143,836	532,515	1,676,351
At 1 January 2018								
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)
At 1 January 2018	241,057	(5,561)	273,433	69,749	413,525	992,203	427,620	1,419,823
Foreign currency translation differences for foreign operations	-	-	-	(23,650)	-	(23,650)	(10,891)	(34,541)
Profit for the period	-	-	-	-	36,177	36,177	23,201	59,378
Total comprehensive income for the year	-	-	-	(23,650)	36,177	12,527	12,310	24,837
Share-based payments	-	-	2,042	-	-	2,042	932	2,974
At 31 March 2018	241,057	(5,561)	275,475	46,099	449,702	1,006,772	440,862	1,447,634

(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 2018 and the accompanying explanatory notes attached to the interim financial statements)

MUHIBBAH ENGINEERING (M) BHD

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (1ST QUARTER)**

	Unaudited Year ended 31.03.2019	Unaudited Year ended 31.03.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	59,470	63,485
Depreciation and amortisation	16,699	16,554
Finance costs	12,048	9,036
Gain on disposal of property, plant and equipment	(490)	(300)
Net impairment loss on investment in associate	-	175
Net impairment loss/(recovery) on financial asset and receivables	(498)	2,510
Net loss/(gain) on derivatives	(633)	2,456
Net loss/(gain) on foreign exchange	5,478	18,306
Interest income	(3,735)	(1,727)
Net provision for warranties	2,558	1,272
Share-based payments	1,302	2,974
Share of profit of associates	(50,828)	(45,954)
Operating profit before changes in working capital	41,371	68,787
Receivables, deposits and prepayments	(6,816)	(58,812)
Inventories	45,435	55,724
Payables and accruals	(66,750)	(82,566)
Amount due from/(to) contract customers	(99,355)	(79,823)
Cash generated from operations	(86,115)	(96,690)
Net income taxes paid	(4,619)	(4,851)
Net cash generated/(used in) from operating activities	(90,734)	(101,541)
Cash flows from investing activities		
Additions to development expenditures	(526)	(2,487)
Acquisition of subsidiary, net of cash inflow	841	-
Dividend received from associates	2,100	-
Interest received	3,728	1,700
Proceeds from disposal of property, plant and equipment	1,278	23,489
Purchase of property, plant and equipment	(10,701)	(28,897)
Net cash generated/(used in) investing activities	(3,280)	(6,195)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019 (1ST QUARTER)**

	Unaudited Year ended 31.03.2019 RM'000	Unaudited Year ended 31.03.2018 RM'000
Cash flows from financing activities		
Dividend paid to non-controlling interests	(990)	-
Interests paid	(12,016)	(9,008)
Proceeds from exercise of share options	1,262	-
Net (repayment)/drawdown of loans and borrowings	89,101	3,904
Net cash generated/(used in) financing activities	77,357	(5,104)
Currency translation differences	(9,376)	(3,511)
Net increase/(decrease) in cash and cash equivalents	(26,033)	(116,351)
Cash and cash equivalents at 1 January	566,831	624,176
Cash and cash equivalents at 31 March	540,798	507,825

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

	31.03.2019 RM'000	31.03.2018 RM'000
Cash and bank balances	414,175	232,535
Deposits placed with licensed banks	161,096	275,749
Cash and cash equivalents as per Statement of Financial Position	575,271	508,284
Bank overdrafts	(34,473)	(459)
	540,798	507,825

(The Condensed Consolidated Cash Flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 YEAR ENDED 31 MARCH 2019 (1ST 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 Main Market 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 2018. 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 2018.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2018 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2019:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective Date</u>
• 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 119: Plan Amendment, Curtailment or Settlement	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

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:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments, if any)</u>	<u>Effective Date</u>
• Amendments to MFRS 3: Definition of a Business	1 January 2020
• Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
• Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
• MFRS 17 Insurance Contracts	1 January 2021
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS

The Auditors' Report of the financial statements for the preceding financial year ended 31 December 2018 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 three months financial period ended 31 March 2019, a total of 188,500 new ordinary shares was issued pursuant to the exercise of the Employees' Share Issuance Scheme ("SIS").

A8. DIVIDEND PAID

There is no dividend paid during the quarter under review.

A9. SEGMENT REVENUE AND RESULTS

Financial data by business segment for the Group:

	Year ended 31.03.2019	
	Revenue	Profit before tax
	RM'000	RM'000
Infrastructure construction	235,145	11,791
Cranes	159,700	18,464
Share of Concessions profits (net of tax)	112,976	50,296
	<u>507,821</u>	<u>80,551</u>
Less: Group eliminations	(110,805)	(21,081)
	<u><u>397,016</u></u>	<u><u>59,470</u></u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes to the valuation of property, plant and 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 30 May 2019, 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 31 March 2019 is approximately RM20 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 YEAR ENDED 31 MARCH 2019 (1ST QUARTER)**

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

B1. REVIEW OF GROUP PERFORMANCE (YTD Q1 2019 vs. YTD Q1 2018)

The Group reported higher consolidated revenue (including share of associates and joint ventures' revenue) of RM397.0 million with lower profit after taxation of RM54.4 million for the financial year ended 31 March 2019 as compared to profit after taxation of RM59.4 million for the corresponding year ended 31 March 2018.

The decrease in profit after taxation in Q1 2019 is mainly due to the lower revenue contribution from construction division for the quarter; whereas the Crane and Concessions divisions are reporting higher contribution from higher revenue generated.

B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q1 2019 vs. Q4 2018)

The Group reported lower consolidated revenue (including share of associates and joint ventures' revenue) of RM397.0 million and profit after taxation of RM54.4 million for the current quarter as compared to revenue (including share of associates and joint ventures' revenue) of RM594.6 million with profit after taxation of RM63.3 million for the preceding quarter mainly due to lower revenue from the Construction division while improvement in profit after taxation is mainly from our Concessions division.

B3. GROUP'S CURRENT YEAR PROSPECT

a) Secured Order Book

As at 30 May 2019, the Group's total outstanding secured order book in hand for the construction and cranes division is RM1.6 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:

	Current Quarter 31.03.2019 RM'000	Cumulative Quarter 31.03.2019 RM'000
Depreciation and amortisation	16,699	16,699
Finance costs	12,048	12,048
Interest income	(3,735)	(3,735)
Net loss/(gain) on foreign exchange	5,478	5,478

B6. TAXATION

	Current Quarter 31.03.2019 RM'000	Cumulative Quarter 31.03.2019 RM'000
Current tax expense		
Malaysia	5,335	5,335
Overseas	212	212
	5,547	5,547
Deferred tax income		
Malaysia	(478)	(478)
Overseas	-	-
	(478)	(478)
Total tax expense	<u>5,069</u>	<u>5,069</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 and non-tax deductible of certain operating income for tax purposes.

B7. CORPORATE PROPOSALS

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

B8. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign Currency		31.03.2019
	Currency	Amount	RM'000
Short term borrowings		'000	
Secured	RM	4,935	4,935
	AUD	677	677
	DKK	5,602	5,602
	Sub- total		11,214
Unsecured	RM	355,998	355,998
	SGD	508	508
	DKK	20,325	20,325
	Sub- total		376,831
Total Short Term Borrowings			388,045
Long term borrowings			
Secured	RM	991	991
	DKK	20,627	20,627
	Sub- total		21,618
Unsecured	RM	37,788	37,788
Total Long Term Borrowings			59,406
Total gross borrowings			447,451

B9. UPDATES ON MATERIAL LITIGATIONS

Envac Scandinavia A.B ("Envac") and Eisenmann Anlagenbau GmbH & Co. KG ("Eisenmann") are nominated subcontractors for Hamad International Airport Project.

a) Envac vs MEB

Envac was only awarded QAR2.3 million out of its total claim of QAR32.6 million by the Tribunal.

b) Eisenmann vs MEB

This case is still ongoing.

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 31.03.2019	Cumulative 31.03.2019	Current 31.03.2019	Cumulative 31.03.2019
Net profit attributable to the owners of the Company (RM'000)	33,011	33,011	33,011	33,011
Weighted average number of ordinary shares in issue ('000)	481,763	481,763	481,763	481,763
Effect of dilution: Share options ('000)	-	-	7,793	7,793
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	481,763	481,763	489,556	489,556
EPS (Sen)	6.85	6.85	6.74	6.74

By order of the Board of Directors

Company Secretary

Date : 30 May 2019