

**MUHIBBAH ENGINEERING (M) BHD**

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	<b>UNAUDITED AS AT 31.3.2020 RM'000</b>	<b>AUDITED AS AT 31.12.2019 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	937,160	930,983
Investment in associates	739,420	688,446
Other non-current assets	130,502	129,632
<b>Total non-current assets</b>	<b>1,807,082</b>	1,749,061
Receivables, deposits and prepayments	635,757	681,485
Contract assets	608,999	608,488
Inventories	275,083	266,497
Current tax assets and other assets	13,579	10,825
Cash and cash equivalents	530,206	604,994
<b>Total current assets</b>	<b>2,063,624</b>	2,172,289
<b>Total assets</b>	<b>3,870,706</b>	3,921,350
<b>Equity</b>		
Share capital	306,601	306,438
Reserves	845,336	806,563
<b>Total equity attributable to owners of the Company</b>	<b>1,151,937</b>	1,113,001
<b>Non-controlling interests</b>	<b>589,429</b>	563,724
<b>Total equity</b>	<b>1,741,366</b>	1,676,725
<b>Liabilities</b>		
Payables and accruals	2,336	3,205
Loans and borrowings	72,597	48,230
Deferred tax liabilities	53,019	52,203
<b>Total non-current liabilities</b>	<b>127,952</b>	103,638
Provision, payables and accruals	621,586	691,396
Contract liabilities	259,273	232,456
Bills payables	564,278	695,065
Loans and borrowings	533,690	497,259
Tax liabilities and other liabilities	22,561	24,811
<b>Total current liabilities</b>	<b>2,001,388</b>	2,140,987
<b>Total liabilities</b>	<b>2,129,340</b>	2,244,625
<b>Total equity and liabilities</b>	<b>3,870,706</b>	3,921,350
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>2.38</b>	2.30

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

**MUHIBBAH ENGINEERING (M) BHD**

Registration No. 197201001137 (12737-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2020 (1ST QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr	
		31.3.2020 RM'000	31.03.2019 RM'000	31.3.2020 RM'000	31.03.2019 RM'000
Revenue (Note 1a)	A9	333,493	272,385	333,493	272,385
Cost of sales, other income and operating expenses		(325,556)	(262,251)	(325,556)	(262,251)
<b>Results from operating activities</b>		<b>7,937</b>	<b>10,134</b>	<b>7,937</b>	<b>10,134</b>
Interest income		1,019	3,735	1,019	3,735
Finance costs		(3,424)	(5,227)	(3,424)	(5,227)
<b>Operating profit</b>	B5	<b>5,532</b>	<b>8,642</b>	<b>5,532</b>	<b>8,642</b>
Share of profit of associates and joint ventures, net of tax		16,540	50,828	16,540	50,828
<b>Profit before tax</b>	B5	<b>22,072</b>	<b>59,470</b>	<b>22,072</b>	<b>59,470</b>
Tax expense	B6	(2,886)	(5,069)	(2,886)	(5,069)
<b>Profit for the year</b>		<b>19,186</b>	<b>54,401</b>	<b>19,186</b>	<b>54,401</b>
<b>Other comprehensive income/(expenses)</b>					
Foreign currency translation differences for foreign operations		44,273	(18,802)	44,273	(18,802)
<b>Other comprehensive income/(expense) for the year</b>		<b>44,273</b>	<b>(18,802)</b>	<b>44,273</b>	<b>(18,802)</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>63,459</b>	<b>35,599</b>	<b>63,459</b>	<b>35,599</b>
<b>Profit attributable to:</b>					
Owners of the Company		5,100	33,011	5,100	33,011
Non-controlling interests		14,086	21,390	14,086	21,390
<b>Profit for the year</b>		<b>19,186</b>	<b>54,401</b>	<b>19,186</b>	<b>54,401</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		38,095	20,160	38,095	20,160
Non-controlling interests		25,364	15,439	25,364	15,439
<b>Total comprehensive income for the year</b>		<b>63,459</b>	<b>35,599</b>	<b>63,459</b>	<b>35,599</b>
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	1.06	6.85	1.06	6.85
Diluted (Sen)	B11	1.06	6.74	1.06	6.74
<b>Note (1a) - Proforma Revenue</b>					
Revenue as reported above		333,493	272,385	333,493	272,385
Share of revenue of associates		97,133	124,631	97,133	124,631
<b>Total revenue</b>		<b>430,626</b>	<b>397,016</b>	<b>430,626</b>	<b>397,016</b>
<b>Note</b>					
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 2019 and the accompanying explanatory notes attached to the interim financial statements)

**MUHIBBAH ENGINEERING (M) BHD**

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2020 (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	
	Share capital RM'000	Treasury shares RM'000	Reserves attributable to capital RM'000	Reserve attributable to revenue RM'000				Distributable Retained earnings RM'000
<b>At 1 January 2020</b>	<b>306,438</b>	<b>(5,561)</b>	<b>220,287</b>	<b>68,254</b>	<b>523,583</b>	<b>1,113,001</b>	<b>563,724</b>	<b>1,676,725</b>
Foreign currency translation differences for foreign operations	-	-	-	32,995	-	32,995	11,278	44,273
Profit for the period	-	-	-	-	5,100	5,100	14,086	19,186
Total comprehensive income for the year	-	-	-	32,995	5,100	38,095	25,364	63,459
Share options exercised	135	-	-	-	-	135	-	135
Transfer to share capital for share options exercised	28	-	(28)	-	-	-	-	-
Share-based payments	-	-	706	-	-	706	158	864
Issuance of shares to non-controlling interests	-	-	-	-	-	-	183	183
<b>At 31 March 2020</b>	<b>306,601</b>	<b>(5,561)</b>	<b>220,965</b>	<b>101,249</b>	<b>528,683</b>	<b>1,151,937</b>	<b>589,429</b>	<b>1,741,366</b>
<b>At 1 January 2019</b>	<b>301,746</b>	<b>(5,561)</b>	<b>216,994</b>	<b>82,356</b>	<b>524,900</b>	<b>1,120,435</b>	<b>517,902</b>	<b>1,638,337</b>
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)
<b>At 31 March 2019</b>	<b>303,849</b>	<b>(5,561)</b>	<b>218,132</b>	<b>69,505</b>	<b>557,911</b>	<b>1,143,836</b>	<b>532,515</b>	<b>1,676,351</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 2019 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 PERIOD ENDED 31 MARCH 2020 (1ST QUARTER)**

	<b>Unaudited Year ended 31.3.2020 RM'000</b>	<b>Unaudited Year ended 31.3.2019 RM'000</b>
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>22,072</b>	59,470
Adjustments for non-cash items/non-operating items:		
Depreciation and amortisation	<b>19,197</b>	16,699
Finance costs	<b>3,424</b>	12,048
Gain on disposal of property, plant and equipment	<b>(708)</b>	(490)
Net impairment recovery on financial asset and receivables	<b>(783)</b>	(498)
Net loss/(gain) on derivatives	<b>1,127</b>	(633)
Net (gain)/loss on foreign exchange	<b>(1,641)</b>	5,478
Interest income	<b>(1,019)</b>	(3,735)
Net provision for warranties	<b>(1,673)</b>	2,558
Share-based payments	<b>866</b>	1,302
Share of profit of associates	<b>(16,540)</b>	(50,828)
<b>Operating profit before changes in working capital</b>	<b>24,322</b>	41,371
Changes in working capital:		
Receivables, deposits and prepayments	<b>46,557</b>	(6,816)
Inventories	<b>(8,586)</b>	45,435
Payables and accruals	<b>(62,410)</b>	(66,750)
Amount due from/(to) contract customers	<b>26,307</b>	(99,355)
<b>Cash generated from/(used in) operations</b>	<b>26,190</b>	(86,115)
Net income taxes paid	<b>(12,613)</b>	(4,619)
<b>Net cash generated from/(used in) operating activities</b>	<b>13,577</b>	(90,734)
<b>Cash flows from investing activities</b>		
Additions to development expenditures	<b>(15)</b>	(526)
Acquisition of subsidiary, net of cash inflow	<b>-</b>	841
Dividend received from associates	<b>-</b>	2,100
Interest received	<b>1,013</b>	3,728
Proceeds from disposal of property, plant and equipment	<b>1,167</b>	1,278
Purchase of property, plant and equipment	<b>(15,759)</b>	(10,701)
<b>Net cash used in investing activities</b>	<b>(13,594)</b>	(3,280)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020 (1ST QUARTER)**

	<b>Unaudited Year ended 31.3.2020 RM'000</b>	<b>Unaudited Year ended 31.3.2019 RM'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid to non-controlling interests	-	(990)
Interests paid	<b>(3,384)</b>	(12,016)
Proceeds from exercise of share options	<b>135</b>	1,262
Proceeds from issuance of shares by a public listed subsidiary	<b>183</b>	-
Net drawdown of loans and borrowings	<b>(88,965)</b>	89,101
<b>Net cash (used in)/generated from financing activities</b>	<b>(92,031)</b>	77,357
<b>Currency translation differences</b>	<b>(1,631)</b>	(9,376)
<b>Net decrease in cash and cash equivalents</b>	<b>(93,679)</b>	(26,033)
<b>Cash and cash equivalents at 1 January</b>	<b>575,919</b>	566,831
<b>Cash and cash equivalents at 31 March</b>	<b>482,240</b>	540,798

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

	<b>31.3.2020 RM'000</b>	<b>31.3.2019 RM'000</b>
Cash and bank balances	<b>260,672</b>	414,175
Deposits placed with licensed banks	<b>269,534</b>	161,096
Cash and cash equivalents as per Statement of Financial Position	<b>530,206</b>	575,271
Bank overdrafts	<b>(47,966)</b>	(34,473)
	<b>482,240</b>	540,798

(The Condensed Consolidated Cash Flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying notes attached to the interim financial statements)

**MUHIBBAH ENGINEERING (M) BHD**  
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**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP**  
**FOR THE PERIOD ENDED 31 MARCH 2020 (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") and 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 2019. 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 2019.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2019 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2020:

MFRSs and IC Interpretations

(Including the Consequential Amendments)

Effective Date

- |   |                |
|---|----------------|
| • Amendments to MFRS 3: Definition of a Business                            | 1 January 2020 |
| • Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform | 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 |

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, if any)

Effective Date

- |   |                |
|---|----------------|
| • Amendments to MFRS 101: Classification of liabilities as Current or Non-current   | 1 January 2022 |
| • 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 2019 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 that have a material effect on the current quarter results.

**A7. DEBT AND EQUITY SECURITIES**

During the 3 months financial year ended 31 March 2020, a total of 60,000 new ordinary shares were 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:

	Period ended 31.3.2020	
	Revenue RM'000	Profit before tax RM'000
Infrastructure construction	251,751	3,284
Cranes	147,212	16,057
Share of Concessions profits (net of tax)	86,094	17,029
	485,057	36,370
Less: Group eliminations	(54,431)	(14,298)
	<u>430,626</u>	<u>22,072</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 22 June 2020, which would likely to substantially affect the results of the Group for year 2020.

**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 2020 is approximately RM16 million.

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**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP**  
**FOR THE PERIOD ENDED 31 MARCH 2020 (1ST QUARTER)**

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

**B1. REVIEW OF GROUP PERFORMANCE (YTD Q1 2020 vs. YTD Q1 2019)**

The Group reported higher consolidated revenue (including share of associates' revenue) of RM430.6 million with lower profit after taxation of RM19.2 million for the financial period ended 31 March 2020 as compared to consolidated revenue (including share of associates' revenue) of RM397.1 million and profit after taxation of RM54.4 million for the corresponding period ended 31 March 2019.

The decrease in profit for the year is mainly due to lower profit contributed by the Group's Airport Concessions division which has been adversely impacted by the global COVID-19 pandemic.

**B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q1 2020 vs. Q4 2019)**

The Group reported lower consolidated revenue (including share of associates' revenue) of RM430.6 million as compared to consolidated revenue (including share of associates' revenue) of RM612.4 million in the preceding quarter mainly from Infrastructure and Cranes which was resulted from suspension of works imposed during the MCO period.

The Group reported profit after taxation of RM19.2 million for the current quarter as compared to loss after taxation of RM36.3 million for the preceding quarter mainly due to provision for project claims and variation orders for construction projects provided in the preceding quarter.

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

**a) Secured Order Book**

As at 17 June 2020, the Group's total outstanding secured order book in hand for the construction and cranes division is RM 1.3 billion.

**b) Current Year Prospect**

The overall global economy is facing great challenges as a results from the COVID-19 pandemic coupled with the sharp decline and volatile shifts in crude oil prices. Bank Negara had projected the 2020 GDP growth falls between -2.0% to +0.5%. The overall situation is expected to remain unpredictable for now as nations worldwide are putting in place respective responses to contain the COVID-19 pandemic and introducing both monetary and fiscal stimulus packages to support the economy.

In view of the above adverse factors and barring any other unforeseen circumstances, the Group is foreseeing a challenging business environment for 2020. The Group will be taking appropriate measures and actions to cater for its business undertaking moving forward.

**B4. PROFIT FORECAST**

The Group has not issued any profit forecast to 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 31.3.2020 RM'000</b>	<b>Cumulative Quarter 31.3.2020 RM'000</b>
Depreciation and amortisation	19,197	19,197
Finance costs	3,424	3,424
Interest income	(1,019)	(1,019)
Net loss/(gain) on foreign exchange	(1,641)	(1,641)
Net loss/(gain) on derivatives	1,127	1,127
Gain on disposal of property, plant and equipment	(708)	(708)
Net impairment loss/(recovery) on receivables	(783)	(783)

**B6. TAXATION**

	<b>Current Quarter 31.3.2020 RM'000</b>	<b>Cumulative Quarter 31.3.2020 RM'000</b>
<b>Current tax expense</b>		
Malaysia	3,818	3,818
Overseas	(1,170)	(1,170)
	2,648	2,648
<b>Deferred tax income</b>		
Malaysia	238	238
Overseas	-	-
	238	238
<b>Total tax expense</b>	<b>2,886</b>	<b>2,886</b>

The Group's effective tax rate (excluding the results of associates which are equity accounted net of tax) for the financial year is higher than the statutory tax rate mainly due to different tax rates in applicable foreign jurisdictions, deferred tax assets not recognised for unused tax losses of certain subsidiaries, and no group tax relief applicable for different listed companies and foreign jurisdictions.

**B7. CORPORATE PROPOSALS**

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

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

	<b>Foreign Currency</b>		<b>31.3.2020 RM'000</b>
	<b>Currency</b>	<b>Amount</b>	
Short term borrowings		'000	
Secured	RM	27,873	27,873
	AUD	1,143	3,030
	DKK	7,750	4,926
	Sub- total		35,829
Unsecured	RM	470,607	470,607
	DKK	42,879	27,254
	Sub- total		497,861
<b>Total Short Term Borrowings</b>			<b>533,690</b>
Long term borrowings			
Secured	RM	8,462	8,462
	DKK	18,698	11,885
	Sub- total		20,347
Unsecured	RM	52,250	52,250
<b>Total Long Term Borrowings</b>			<b>72,597</b>
<b>Total Gross Borrowings</b>			<b>606,287</b>

## B9. UPDATES ON MATERIAL LITIGATIONS

As at 22 June 2020, the material arbitration cases for the Group namely (i) The Government Of Syrian Arab Republic, and (ii) TTCL Malaysia Sdn Bhd (formerly known as Toyo Thai Malaysia Sdn Bhd) remain ongoing.

## B10. PROPOSED DIVIDEND

The Directors recommended a first and final tax exempt dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2019 subject to approval of the shareholders at the forthcoming Annual General Meeting. The proposed final dividend payable is approximately RM12.1 million.

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 31.3.2020	Cumulative 31.3.2020	Current 31.3.2020	Cumulative 31.3.2020
Net profit attributable to the owners of the Company (RM'000)	5,100	5,100	5,100	5,100
Weighted average number of ordinary shares in issue ('000)	483,387	483,386	483,387	483,386
Effect of dilution: Share options ('000)	-	-	N/A	N/A
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	483,387	483,386	483,387	483,386
EPS (Sen)	1.06	1.06	1.06	1.06

By order of the Board of Directors  
Company Secretary  
Date : 22 June 2020