

**MUHIBBAH ENGINEERING (M) BHD**

(Company No : 12737-K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**AS AT 31 MARCH 2016**

|  | <b>UNAUDITED<br/>AS AT<br/>31.3.2016<br/>RM'000</b> | <b>AUDITED<br/>AS AT<br/>31.12.2015<br/>RM'000</b> |
|--|---|--|
| <b>Assets</b>  |   |  |
| Property, plant and equipment  | 768,244   | 785,103  |
| Investment in associates   | 256,090   | 257,351  |
| Other non-current assets   | 52,457  | 52,768   |
| <b>Total non-current assets</b>  | <b>1,076,791</b>                                    | 1,095,222  |
| Receivables, deposits and prepayments                                      | 809,785   | 827,663  |
| Amount due from contract customers   | 777,630   | 720,077  |
| Inventories  | 286,525   | 300,742  |
| Current tax assets and other assets  | 68,042  | 21,539   |
| Cash and cash equivalents  | 631,410   | 576,944  |
| <b>Total current assets</b>  | <b>2,573,392</b>                                    | 2,446,965  |
| <b>Total assets</b>  | <b>3,650,183</b>                                    | 3,542,187  |
| <b>Equity</b>  |   |  |
| Share capital  | 235,546   | 235,297  |
| Reserves   | 593,074   | 580,749  |
| <b>Total equity attributable to owners of the Company</b>                  | <b>828,620</b>                                      | 816,046  |
| <b>Non-controlling interests</b>   | <b>277,160</b>                                      | 267,753  |
| <b>Total equity</b>  | <b>1,105,780</b>                                    | 1,083,799  |
| <b>Liabilities</b>   |   |  |
| Payables and accruals  | 14,060  | 15,266   |
| Loans and borrowings   | 43,710  | 48,914   |
| Deferred tax liabilities   | 55,450  | 56,161   |
| <b>Total non-current liabilities</b>                                       | <b>113,220</b>                                      | 120,341  |
| Provision, payables and accruals   | 671,831   | 663,421  |
| Amount due to contract customers   | 419,052   | 420,669  |
| Bills payables   | 866,742   | 838,334  |
| Loans and borrowings   | 468,257   | 382,510  |
| Tax liabilities and other liabilities                                      | 5,301   | 33,113   |
| <b>Total current liabilities</b>   | <b>2,431,183</b>                                    | 2,338,047  |
| <b>Total liabilities</b>   | <b>2,544,403</b>                                    | 2,458,388  |
| <b>Total equity and liabilities</b>  | <b>3,650,183</b>                                    | 3,542,187  |
| <b>Net assets per share attributable to owners<br/>of the Company (RM)</b> | <b>1.77</b>   | 1.74   |

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 31 MARCH 2016 (1ST QUARTER)**

(The figures have not been audited)

|   | Note | Current/Preceding Qtr Ended |                     | Cumulative Qtr YTD  |                     |
|---|------|-----------------------------|---------------------|---------------------|---------------------|
|   |      | 31.3.2016<br>RM'000         | 31.3.2015<br>RM'000 | 31.3.2016<br>RM'000 | 31.3.2015<br>RM'000 |
| Revenue   | A9   | 481,776                     | 372,012             | 481,776             | 372,012             |
| Cost of sales, other income and operating expenses                                |      | (463,632)                   | (345,747)           | (463,632)           | (345,747)           |
| <b>Results from operating activities</b>  |      | <b>18,144</b>               | <b>26,265</b>       | <b>18,144</b>       | <b>26,265</b>       |
| Interest income (including MFRS 139)  |      | 2,411                       | 1,222               | 2,411               | 1,222               |
| Finance costs (including MFRS 139)  |      | (4,882)                     | (4,262)             | (4,882)             | (4,262)             |
| <b>Operating profit</b>   | B5   | <b>15,673</b>               | <b>23,225</b>       | <b>15,673</b>       | <b>23,225</b>       |
| Share of profit after tax and minority interest<br>of equity accounted associates |      | 18,336                      | 16,344              | 18,336              | 16,344              |
| <b>Profit before tax</b>  |      | <b>34,009</b>               | <b>39,569</b>       | <b>34,009</b>       | <b>39,569</b>       |
| Tax expense   | B6   | (8,119)                     | (7,555)             | (8,119)             | (7,555)             |
| <b>Profit for the period</b>  |      | <b>25,890</b>               | <b>32,014</b>       | <b>25,890</b>       | <b>32,014</b>       |
| <b>Other comprehensive income</b>   |      |                             |                     |                     |                     |
| Foreign currency translation differences for<br>foreign operations                |      | (5,116)                     | 14,091              | (5,116)             | 14,091              |
| <b>Other comprehensive income/(expense) for the period</b>                        |      | <b>(5,116)</b>              | <b>14,091</b>       | <b>(5,116)</b>      | <b>14,091</b>       |
| <b>Total comprehensive income for the period</b>                                  |      | <b>20,774</b>               | <b>46,105</b>       | <b>20,774</b>       | <b>46,105</b>       |
| <b>Profit attributable to:</b>  |      |                             |                     |                     |                     |
| Owners of the Company   |      | 23,750                      | 23,289              | 23,750              | 23,289              |
| Non-controlling interests   |      | 2,140                       | 8,725               | 2,140               | 8,725               |
| <b>Profit for the period</b>  |      | <b>25,890</b>               | <b>32,014</b>       | <b>25,890</b>       | <b>32,014</b>       |
| <b>Total comprehensive income attributable to:</b>                                |      |                             |                     |                     |                     |
| Owners of the Company   |      | 12,988                      | 38,147              | 12,988              | 38,147              |
| Non-controlling interests   |      | 7,786                       | 7,958               | 7,786               | 7,958               |
| <b>Total comprehensive income for the period</b>                                  |      | <b>20,774</b>               | <b>46,105</b>       | <b>20,774</b>       | <b>46,105</b>       |
| <b>Earnings per ordinary share</b>  |      |                             |                     |                     |                     |
| Basic (Sen)   | B11  | 5.06                        | 5.39                | 5.06                | 5.39                |
| Diluted (Sen)   | B11  | 4.99                        | 5.10                | 4.99                | 5.10                |

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 31 MARCH 2016 (1ST QUARTER)**

(The figures have not been audited)

|   | Attributable to shareholders of the Company |                           |  |   |                             |                |   | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |
|---|---|---------------------------|--|---|-----------------------------|----------------|---|-------------------------------------|------------------------|
|   | Non-distributable                           |                           |  |   | Distributable               |                | Total equity attributable to owners<br>of the Company<br>RM'000 |                                     |                        |
|   | Share capital<br>RM'000                     | Treasury shares<br>RM'000 | Reserves attributable to capital<br>RM'000 | Reserve attributable to revenue<br>RM'000 | Retained earnings<br>RM'000 |                |   |                                     |                        |
| <b>At 1 January 2016</b>  | 235,297                                     | (5,561)                   | 256,344                                    | 67,850                                    | 262,116                     | 816,046        | 267,753   | 1,083,799                           |                        |
| Foreign currency translation differences for foreign operations | -   | -                         | -  | (10,762)                                  | -                           | (10,762)       | 5,646   | (5,116)                             |                        |
| Profit for the period   | -   | -                         | -  | -   | 23,750                      | 23,750         | 2,140   | 25,890                              |                        |
| Total comprehensive income for the period                       | -   | -                         | -  | (10,762)                                  | 23,750                      | 12,988         | 7,786   | 20,774                              |                        |
| Share options exercised   | 249   | -                         | 190  | -   | -                           | 439            | 1,461   | 1,900                               |                        |
| Acquisition of non-controlling interest                         | -   | -                         | -  | -   | -                           | -              | (693)   | (693)                               |                        |
| Dilution of interest in subsidiary                              | -   | -                         | -  | -   | (853)                       | (853)          | 853   | -                                   |                        |
| <b>At 31 March 2016</b>   | <b>235,546</b>                              | <b>(5,561)</b>            | <b>256,534</b>                             | <b>57,088</b>                             | <b>285,013</b>              | <b>828,620</b> | <b>277,160</b>  | <b>1,105,780</b>                    |                        |
| <b>At 1 January 2015</b>  | 215,732                                     | (5,561)                   | 207,701                                    | 23,718                                    | 202,389                     | 643,979        | 224,309   | 868,288                             |                        |
| Foreign currency translation differences for foreign operations | -   | -                         | -  | 14,858                                    | -                           | 14,858         | (767)   | 14,091                              |                        |
| Profit for the period   | -   | -                         | -  | -   | 23,289                      | 23,289         | 8,725   | 32,014                              |                        |
| Total comprehensive income for the period                       | -   | -                         | -  | 14,858                                    | 23,289                      | 38,147         | 7,958   | 46,105                              |                        |
| Share option exercised  | 293   | -                         | 223  | -   | -                           | 516            | 265   | 781                                 |                        |
| Share-based payments  | -   | -                         | 63   | -   | -                           | 63             | 42  | 105                                 |                        |
| Warrant exercise  | 1,500                                       | -                         | 1,710                                      | -   | -                           | 3,210          | -   | 3,210                               |                        |
| Dilution of interest in subsidiary                              | -   | -                         | -  | -   | (264)                       | (264)          | 264   | -                                   |                        |
| <b>At 31 March 2015</b>   | <b>217,525</b>                              | <b>(5,561)</b>            | <b>209,697</b>                             | <b>38,576</b>                             | <b>225,414</b>              | <b>685,651</b> | <b>232,838</b>  | <b>918,489</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 2015 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 31 MARCH 2016 (1ST QUARTER)**

|   | <b>Unaudited<br/>Period ended<br/>31.3.2016<br/>RM'000</b> | <b>Unaudited<br/>Period ended<br/>31.3.2015<br/>RM'000</b> |
|---|--|--|
| <b>Cash flows from operating activities</b>                   |  |  |
| <b>Profit before tax</b>                                      | <b>34,009</b>  | 39,569   |
| Adjustment for:   |  |  |
| Depreciation and amortisation                                 | <b>15,825</b>  | 17,134   |
| Development cost charged to cost of sales                     | <b>231</b>   | -  |
| Finance costs   | <b>17,144</b>  | 9,922  |
| Finance costs under MFRS 139                                  | <b>16</b>  | 58   |
| (Gain)/Loss on disposal of property, plant and equipment      | <b>(115)</b>   | 258  |
| Net impairment loss on receivables                            | <b>363</b>   | (2,761)  |
| Net unrealised loss/(gain) on foreign exchange                | <b>(15,978)</b>  | 6,997  |
| Interest income   | <b>(1,513)</b>   | (1,160)  |
| Interest income under MFRS 139                                | <b>(898)</b>   | (62)   |
| Property, plant and equipment written off                     | <b>1</b>   | 2  |
| Net (reversal)/provision for warranties                       | <b>(854)</b>   | (3,715)  |
| Share based payment   | <b>-</b>   | 105  |
| Share of profit of associates                                 | <b>(18,336)</b>  | (16,344)   |
| Write-back of inventories                                     | <b>(172)</b>   | -  |
| <b>Operating profit before changes in working capital</b>     | <b>29,723</b>  | 50,003   |
| Receivables, deposits and prepayments                         | <b>(41,432)</b>  | (32,819)   |
| Inventories   | <b>14,390</b>  | (24,098)   |
| Payables and accruals   | <b>8,741</b>   | 2,009  |
| Amount due from contract customers                            | <b>(59,169)</b>  | (26,524)   |
| <b>Cash generated from/(used in) operations</b>               | <b>(47,747)</b>  | (31,429)   |
| Net income taxes paid   | <b>(9,434)</b>   | (10,879)   |
| <b>Net cash generated from/(used in) operating activities</b> | <b>(57,181)</b>  | (42,308)   |
| <b>Cash flows from investing activities</b>                   |  |  |
| Additions to development expenditures                         | <b>-</b>   | (772)  |
| Acquisition of non-controlling interest                       | <b>(693)</b>   | -  |
| Interest received   | <b>1,513</b>   | 1,160  |
| Proceed from disposal of property, plant and equipment        | <b>3,294</b>   | 2,190  |
| Purchase of property, plant and equipment                     | <b>(14,776)</b>  | (12,428)   |
| <b>Net cash generated from/(used in) investing activities</b> | <b>(10,662)</b>  | (9,850)  |

**MUHIBBAH ENGINEERING (M) BHD**

(Company No : 12737-K)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2016 (1ST QUARTER) (cont'd)**

|  | <b>Unaudited<br/>Period ended<br/>31.3.2016<br/>RM'000</b> | <b>Unaudited<br/>Period ended<br/>31.3.2015<br/>RM'000</b> |
|--|--|--|
| <b>Cash flows from financing activities</b>                                  |  |  |
| Interest paid  | (17,144)   | (9,922)  |
| Proceed from exercise of share options and warrants                          | 439  | 3,726  |
| Proceed from issuance of shares to non-controlling interests of a subsidiary | 1,461  | 265  |
| Net drawdown/ (repayment) of loans and borrowings                            | 90,618   | 37,106   |
| <b>Net cash generated from/(used in) financing activities</b>                | <b>75,374</b>  | <b>31,175</b>  |
| <b>Currency translation differences</b>                                      | <b>28,602</b>  | <b>1,323</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                  | <b>36,133</b>  | <b>(19,660)</b>  |
| <b>Cash and cash equivalents at 1 January</b>                                | <b>562,575</b>   | <b>575,130</b>   |
| <b>Cash and cash equivalents at 31 March</b>                                 | <b>598,708</b>   | <b>555,470</b>   |

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

|   | <b>31.3.2016<br/>RM'000</b> | <b>31.3.2015<br/>RM'000</b> |
|---|-----------------------------|-----------------------------|
| Cash and bank balances                      | 541,763                     | 485,080                     |
| Deposits placed with licensed banks         | 89,647                      | 84,516                      |
| Cash and cash equivalents per balance sheet | 631,410                     | 569,596                     |
| Bank overdrafts                             | (32,702)                    | (14,126)                    |
|   | <b>598,708</b>              | <b>555,470</b>              |

(The Condensed Consolidated Cash Flow statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 31 MARCH 2016**

**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 2015. 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 2015.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015 except for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2016:

| <u>MFRSs and IC Interpretations</u><br><u>(Including the Consequential Amendments)</u>                              | <u>Effective Date</u> |
|---|-----------------------|
| • Annual Improvements to MFRSs 2012 – 2014 Cycle  | 1 January 2016        |
| • Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations                               | 1 January 2016        |
| • Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011):<br>Investment Entities – Applying the Consolidation Exception | 1 January 2016        |
| • Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative                              | 1 January 2016        |
| • Amendments to MFRS 116 and MFRS 138:<br>Clarification of Acceptable Methods of Depreciation and Amortisation      | 1 January 2016        |
| • Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants  | 1 January 2016        |
| • The Group will also participates in tenders for the Mass Rapid Transit project (Phase 2 line),                    | 1 January 2016        |

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><br><u>(Including the Consequential Amendments)</u>                | <u>Effective Date</u> |
|---|-----------------------|
| • MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)                                   | 1 January 2018        |
| • MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective<br>Date of MFRS 15 | 1 January 2018        |

The initial application of the abovementioned standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group upon first adoption.

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

The Auditors' Report of the financial statements for the preceding financial year ended 31 December 2015 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**

There were no other issuance, repurchase and repayment of debt and equity securities for the quarter under review except for a total of 499,000 new ordinary shares of RM0.50 each were issued during the current quarter, pursuant to the exercise of ESOS granted in 2011.

**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 31.3.2016 |                                |
|--------------------------------------|------------------------|--------------------------------|
|                                      | Revenue<br>RM'000      | Profit<br>before tax<br>RM'000 |
| Infrastructure construction          | 531,193                | 29,547                         |
| Cranes                               | 152,945                | 18,536                         |
| Marine ship repair and ship building | 31,928                 | 1,962                          |
| Concessions                          | -                      | 19,186                         |
|                                      | <hr/>                  | <hr/>                          |
|                                      | 716,066                | 69,231                         |
| Less: Group eliminations             | (234,290)              | (35,222)                       |
|                                      | <hr/>                  | <hr/>                          |
|                                      | <u>481,776</u>         | <u>34,009</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 EVENT**

There were no material subsequent event from the end of the current quarter to 24 May 2016, which is likely to substantially affect the results of the operations of the Company.

**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**

There were no material capital commitments as at 31 March 2016 and up to 24 May 2016.

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

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP  
FOR THE PERIOD ENDED 31 MARCH 2016**

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

**B1. REVIEW OF GROUP PERFORMANCE (YTD Q1 2016 vs. YTD Q1 2015)**

The Group reported higher revenue of RM481.8 million with profit before taxation of RM34 million for the current period ended 31 March 2016 as compared to a revenue of RM372 million with profit before tax of RM39.6 million for the corresponding period ended 31 March 2015. The crane division reported lower profit before tax from a lower turnover. However, concession division posted higher contribution with continued growth for Cambodia airports. Construction division also registered higher revenue and contribution from ongoing secured orders of Refinery and Petrochemical Integrated Development ("RAPID") and marine related projects.

**B2. COMPARISON WITH PRECEDING QUARTER RESULTS (Q1 2016 vs. Q4 2015)**

The Group reported a lower profit before tax of RM34 million for the current quarter as compared to profit before tax of RM37.8 million for the preceding quarter mainly due to lower contribution from the crane division. On the other hand, profit attributable to the shareholders of the Company has increased from RM20.1 million for the preceding quarter to RM23.8 million in the current quarter with higher contribution from our concession, infrastructure and construction divisions as well as lower sharing of profit for the minority interest in the crane division.

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

**a) Secured Order Book**

As at 24 May 2016, the total outstanding secured order book in hand of the Group is RM2.1 billion.

**b) Current Year Prospect**

The Group has secured various contracts associated with The PETRONAS Pengerang Integrated Complex and Refinery and Petrochemical Integrated Development ("RAPID") Projects. The Group will continue to bid for more works associated with these projects.

The Group will also participate in tenders for the Mass Rapid Transit project (Phase 2 line), various expressways and Light Rail Transit 3.

Our airports expansions in Phnom Penh and Siem Reap were completed in March 2016 to cater for future growths in Cambodia.

**B4. PROFIT FORECAST**

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

**B5. OPERATING PROFIT**

|  | <b>Current<br/>Quarter<br/>31.3.2016<br/>RM'000</b> | <b>Cumulative<br/>Qtr To date<br/>31.3.2016<br/>RM'000</b> |
|--|---|--|
| Operating profit is arrived at after (crediting)/charging the following: |   |  |
| Depreciation and amortisation  | 15,825  | 15,825   |
| Finance costs  |   |  |
| -Income statement  | 4,866   | 4,866  |
| -contract cost   | 12,278  | 12,278   |
|  | 17,144  | 17,144   |
| Finance costs under MFRS 139   | 16  | 16   |
| Interest income  | (1,513)   | (1,513)  |
| Interest income under MFRS 139   | (898)   | (898)  |
| Net (Gain)/Loss on foreign exchange                                      | 84,784  | 84,784   |
| (Gain)/Loss on derivatives   | (76,273)  | (76,273)   |
| (Gain)/Loss on disposal of property, plant and equipment                 | (115)   | (115)  |
| Net impairment loss on receivables                                       | 363   | 363  |
| Other income   | (487)   | (487)  |

**B6. TAXATION**

|                             | <b>Current<br/>Quarter<br/>31.3.2016<br/>RM'000</b> | <b>Cumulative<br/>Qtr To date<br/>31.3.2016<br/>RM'000</b> |
|-----------------------------|---|--|
| <b>Current tax expense</b>  |   |  |
| Malaysia                    | (11,142)  | (11,142)   |
| Overseas                    | (250)   | (250)  |
|                             | (11,392)  | (11,392)   |
| <b>Deferred tax expense</b> |   |  |
| Malaysia                    | 3,273   | 3,273  |
| Overseas                    | -   | -  |
|                             | 3,273   | 3,273  |
| <b>Total tax expense</b>    | <u>(8,119)</u>                                      | <u>(8,119)</u>   |

The Group's effective tax rate for the current year is lower than statutory tax rate mainly due to availability and utilisation of Group tax relief provision within the Group as well as lower tax rates in different jurisdictions.

**B7. CORPORATE PROPOSALS**

Save as disclosed below, there are no other corporate proposals announced not completed as at to date.

Bursa Malaysia Securities Berhad had approved in May 2016 the listing of and quotation for up to 48,245,925 Placement Shares to be issued pursuant to the Proposed Private Placement in accordance with the mandate approved by shareholders to enable the Company to have bigger share capital capacity to secure and undertake more projects in the future years.

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

|                                    | <b>Foreign Currency</b> |               | <b>RM'000</b>  |
|------------------------------------|-------------------------|---------------|----------------|
|                                    | <b>Currency</b>         | <b>Amount</b> |                |
| a) Short term borrowings           |                         |               |                |
| Secured                            | RM                      | 15,312        | 15,312         |
|                                    | USD                     | -             | -              |
|                                    | AUD                     | 830           | 2,486          |
|                                    | Sub- total              |               | 17,798         |
| Unsecured                          | RM                      | 450,459       | 450,459        |
|                                    | USD                     | -             | -              |
|                                    | DKK                     | -             | -              |
|                                    | Sub- total              |               | 450,459        |
| b) Hire purchase and finance lease | RM                      | -             | -              |
|                                    | Sub- total              |               | -              |
| <b>Total Short Term Borrowings</b> |                         |               | <b>468,257</b> |
| a) Long term borrowings            |                         |               |                |
| Secured                            | RM                      | 35,385        | 35,385         |
|                                    | Sub-total               |               | 35,385         |
| Unsecured                          | RM                      | 8,325         | 8,325          |
|                                    | Sub-total               |               | 8,325          |
| <b>Total Long Term Borrowings</b>  |                         |               | <b>43,710</b>  |
| <b>Total borrowings</b>            |                         |               | <b>511,967</b> |

## B9. CHANGES IN MATERIAL LITIGATION

The ongoing material litigation of the Group as at 24 May 2016 are as follow:

### i. Muhibbah-LTAT JV's claim on Sepangar Bay Project

The Arbitration proceedings commenced by Muhibbah-LTAT JV for claims outstanding from the completed Sepangar Naval Base Project, Sabah is continuing. Any recovery of such claims will be positive to the earnings of the Company.

### ii. Supreme Court of the State of New York

The Suits against the Company, its subsidiary Favelle Favco Berhad ("FFB") and FFB's subsidiary Favelle Favco Cranes (USA) Inc ("FFU"), commenced by persons/companies in New York vide suits instituted in the New York Supreme Court, as previously reported was resolved in accordance to New York Supreme Court Order. Both Company and FFU are well covered by insurance.

### iii. Supreme Court of the State of New York, Country of New York

The Suits against Favelle Favco Cranes (USA) Inc ("FFU"), commenced by Mr. Robert Pararella ("the Plaintiff") in the Supreme Court of the State of New York, as previously reported remain on-going.

### iv. Herbert Kannegiesser GmbH ("HKG")

HKG, a Nominated Subcontractor for Hamad International Airport has filed arbitration proceedings against the Company for an alleged claim, net off payment of approximately QAR42.5 million. The Company is disputing the claim through counter claims.

### v. Wiggins Island Coal Export Terminal Pty Ltd ("WICET")

The legal proceedings between WICET and Monadelphous Muhibbah Marine JV ("MMM"), a joint venture of Muhibbah Construction Pty Limited (wholly owned subsidiary of Muhibbah Engineering (M) Bhd) and Monadelphous Engineering Pty Ltd, remains on-going.

## B10. PROPOSED DIVIDENDS

The directors did not declare any interim dividend for the financial quarter under review.

## B11. EARNINGS PER SHARE ("EPS")

### Basic/Diluted EPS

|  | Basic EPS            |                         | Diluted EPS          |                         |
|--|----------------------|-------------------------|----------------------|-------------------------|
|  | Current<br>31.3.2016 | Cumulative<br>31.3.2016 | Current<br>31.3.2016 | Cumulative<br>31.3.2016 |
| Net profit attributable to the owners of the Company (RM'000)                    | 23,750               | 23,750                  | 23,750               | 23,750                  |
| Weighted average number of ordinary shares in issue ('000)                       | 469,309              | 469,050                 | 469,309              | 469,050                 |
| Effect of dilution:<br>Share options ('000)                                      | -                    | -                       | 7,062                | 7,062                   |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 469,309              | 469,050                 | 476,371              | 476,112                 |
| EPS (Sen)  | 5.06                 | 5.06                    | 4.99                 | 4.99                    |

**B12. REALISED AND UNREALISED PROFITS/(LOSSES)**

|   | <b>As at 31.3.2016<br/>RM'000</b> | <b>As at 31.3.2015<br/>RM'000</b> |
|---|-----------------------------------|-----------------------------------|
| Total retained profits/ (accumulated losses) of<br>Muhibbah Engineering (M) Bhd and its subsidiaries: |                                   |                                   |
| - Realised  | <b>202,217</b>                    | 219,019                           |
| - Unrealised  | <b>77,285</b>                     | (31,068)                          |
|   | <b>279,502</b>                    | 187,951                           |
| Total retained profits/ (accumulated losses) from<br>associated companies:                            |                                   |                                   |
| - Realised  | <b>160,990</b>                    | 150,342                           |
| - Unrealised  | <b>(1,789)</b>                    | (4,030)                           |
|   | <b>159,201</b>                    | 146,312                           |
| Less: Consolidation adjustments   | <b>(153,690)</b>                  | (108,849)                         |
| Total Group retained profits /(accumulated losses)  | <b>285,013</b>                    | 225,414                           |

**B13. COMPARATIVE FIGURES**

Comparative figures, where applicable, have been modified to conform with the current quarter presentation.

**By order of the Board of Directors**  
**Company Secretary**  
**Date : 31 May 2016**