

QUARTERLY REPORT

This is a quarterly report on consolidated results for the period ended 31 March 2022
 The figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022

	QUARTER ENDED		CUMULATIVE 3 MONTHS ENDED	
	31 MAC 2022	31 MAC 2021	31 MAC 2022	31 MAC 2021
	RM '000	RM '000	RM '000	RM '000
Revenue	417,782	343,573	417,782	343,573
Other operating income	15,885	5,010	15,885	5,010
Operating profit/(loss)	6,310	(101,873)	6,310	(101,873)
Finance cost	(3,617)	(2,703)	(3,617)	(2,703)
Share of results of joint ventures	-	-	-	-
Profit/(Loss) before taxation	2,693	(104,576)	2,693	(104,576)
Taxation	-	-	-	-
Profit/(Loss) after taxation	2,693	(104,576)	2,693	(104,576)
Other comprehensive income/(loss):				
Fair value through other comprehensive income:				
Changes in fair value of hedging derivatives	170	19,978	170	19,978
Total comprehensive income/(loss) for the period	2,863	(84,598)	2,863	(84,598)
Profit/(Loss) attributable to:				
Equity holders of the Company	2,723	(104,352)	2,723	(104,352)
Non-controlling interests	(30)	(224)	(30)	(224)
	2,693	(104,576)	2,693	(104,576)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	2,893	(84,374)	2,893	(84,374)
Non-controlling interests	(30)	(224)	(30)	(224)
	2,863	(84,598)	2,863	(84,598)
Profit/(Loss) per share attributable to equity holders of the Company:				
(i) Basic (sen)	0.2	(6.5)	0.2	(6.5)
(ii) Dilutive (sen)	0.2	(6.5)	0.2	(6.5)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	31 MAC 2022 RM '000	31 DEC 2021 RM '000
Non-current assets		
Property, plant and equipment	1,508,924	1,524,763
Right-of-use assets	200,597	202,747
Investment in joint ventures	8,907	8,907
Deferred tax assets	93,293	93,293
Trade & other receivables	-	467
	<u>1,811,721</u>	<u>1,830,177</u>
Current assets		
Inventories	3,442	3,608
Trade & other receivables	706,241	831,853
Tax recoverable	204	204
Cash and bank balances	853,511	709,913
Asset held for sale	14,312	14,312
	<u>1,577,710</u>	<u>1,559,890</u>
TOTAL ASSETS	<u>3,389,431</u>	<u>3,390,067</u>
Equity attributable to equity holders of the Company		
Share capital	1,618,263	1,618,263
Cash flow hedge reserve	5	(165)
Retained earnings	91,078	88,355
	<u>1,709,346</u>	<u>1,706,453</u>
Non-controlling interests	924	954
Total equity	<u>1,710,270</u>	<u>1,707,407</u>
Non-current liabilities		
Borrowing	325,604	335,100
Derivatives	2	-
	<u>325,606</u>	<u>335,100</u>
Current liabilities		
Trade & other payables	1,314,633	1,307,399
Borrowing	35,425	34,536
Lease liabilities	456	924
Derivatives	3,041	4,701
	<u>1,353,555</u>	<u>1,347,560</u>
Total liabilities	<u>1,679,161</u>	<u>1,682,660</u>
TOTAL EQUITY AND LIABILITIES	<u>3,389,431</u>	<u>3,390,067</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2022

	31 MAC 2022	31 MAC 2021
	RM '000	RM '000
Profit/(Loss) before taxation	2,693	(104,576)
Adjustments for:		
Property, plant and equipment		
- depreciation	17,461	18,134
Right-of-use assets		
- amortisation	2,150	1,941
Net reversal of impairment loss on trade receivables	(9,400)	-
Interest income	(3,630)	(2,552)
Net unrealised loss/(gain) on foreign exchange	1,555	(1,754)
Changes in fair value of hedging derivatives	(1,488)	(210)
Finance cost	3,617	2,703
Operating profit/(loss) before working capital changes	<u>12,958</u>	<u>(86,314)</u>
Inventories	166	(889)
Trade and other receivables	135,481	31,888
Trade and other payables	5,677	58,647
Cash generated from operations	<u>154,282</u>	<u>3,332</u>
Tax paid	-	-
Net cash generated from operating activities	<u>154,282</u>	<u>3,332</u>
Purchase of property, plant and equipment	(1,622)	(9,591)
Interest received	3,630	2,552
Net cash generated from/(used in) investing activities	<u>2,008</u>	<u>(7,039)</u>
Drawdown on long term borrowings	-	24,692
Payment of principal on long term borrowings	(8,607)	(5,843)
Interest paid on long term borrowings	(3,609)	(2,575)
Interest paid on lease liabilities	(8)	(128)
Payment of principal portion of lease liabilities	(468)	(540)
Net cash (used in)/generated from financing activities	<u>(12,692)</u>	<u>15,606</u>
Net change in cash & cash equivalents	143,598	11,899
Cash & cash equivalents at the beginning of the period	697,731	638,872
Cash & cash equivalents at the end of the period	<u>841,329</u>	<u>650,771</u>
Cash at banks and in hand	68,453	29,568
IFSSC bank balance	396,129	338,851
Deposits with licensed banks	388,929	294,534
	<u>853,511</u>	<u>662,953</u>
Less: Cash pledged with the bank - restricted	(12,182)	(12,182)
	<u>841,329</u>	<u>650,771</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

	<-----Attributable to equity-----> holders of the Company					
	Share Capital RM '000	Distributable Retained Earnings RM '000	Fair Value through OCI Reserve RM '000	Total RM '000	Non-controlling Interests RM '000	Total Equity RM '000
3 MONTHS ENDED 31 MARCH 2022						
At 1 January 2022	1,618,263	88,355	(165)	1,706,453	954	1,707,407
Total comprehensive income/(loss)	-	2,723	170	2,893	(30)	2,863
At 31 MARCH 2022	1,618,263	91,078	5	1,709,346	924	1,710,270
3 MONTHS ENDED 31 MARCH 2021						
At 1 January 2021	1,618,263	358,761	(16,009)	1,961,015	4,688	1,965,703
Total comprehensive income/(loss)	-	(104,352)	19,978	(84,374)	(224)	(84,598)
At 31 MARCH 2021	1,618,263	254,409	3,969	1,876,641	4,464	1,881,105

NOTES TO THE UNAUDITED CONDENSED FINANCIAL REPORT

A1. CORPORATE INFORMATION

Malaysia Marine and Heavy Engineering Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Berhad.

These unaudited condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 19 May 2022.

A2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the period ended 31 March 2022 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Berhad. The results for this interim financial statements are unaudited and should be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2021.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

The audited consolidated financial statements of the Group for the year ended 31 December 2021 are available upon request from the Group's registered office located at Level 31, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur. The functional currency of the Group is Ringgit Malaysia (RM).

A3. SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for the financial year ended 31 December 2022 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for the financial year ended 31 December 2021.

At the beginning of the current financial year, the Group and the Company have adopted the following revised MFRSs and Amendments to MFRSs (collectively referred to as "pronouncements") that have been issued by the MASB:

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 9: Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)
Amendments to Illustrative Examples accompanying MFRS 16: Leases (Annual Improvements to MFRS Standards 2018-2020)
Amendments to MFRS 3: Business Combinations (Reference to the Conceptual Framework)
Amendments to MFRS 116: Property, Plant and Equipment (Property, Plant and Equipment-Proceeds before Intended Use)
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts-Cost of Fulfilling a Contract)

The adoption of the above pronouncements has no material financial impact to the Group and the Company.

A4. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors issued an unqualified audit opinion on the financial statements for the year ended 31 December 2021.

A5. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group are subject to fluctuations in level of activities in the oil and gas and shipping industries.

A6. EXCEPTIONAL ITEMS

There were no exceptional items during the current period other than as disclosed in the condensed consolidated interim financial statements.

A7. CHANGES IN ESTIMATES

There were no material changes in estimates reported in the current period other than as disclosed in the condensed consolidated statement of comprehensive income.

A8. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities made by the Group during the period ended 31 March 2022.

A9. INTEREST BEARING LOANS AND BORROWINGS

The tenure of Group borrowings are as follows:

	31 Mar 2022	31 Dec 2021
	RM '000	RM '000
Secured - Term Loan		
Current	35,425	34,536
Non-current	<u>325,604</u>	<u>335,100</u>
	<u>361,029</u>	<u>369,636</u>

A10. DIVIDEND PAID

The company has not paid any dividends during the period ended 31 March 2022.

A11. SEGMENT REPORT

Segmental analysis for the current financial period is as follows:

	Heavy Engineering RM '000	Marine RM '000	Others RM '000	Eliminations RM '000	Total RM '000
REVENUE AND RESULTS					
Revenue					
External	<u>358,375</u>	<u>59,407</u>	<u>-</u>	<u>-</u>	<u>417,782</u>
Results					
Operating profit/(loss)	<u>2,911</u>	<u>3,676</u>	<u>(277)</u>	<u>-</u> *	<u>6,310</u>
Finance costs					(3,617)
Share of results of joint ventures					-
Profit before taxation					<u>2,693</u>

* Inter-segment transactions are eliminated on consolidation.

A12. PROFIT/(LOSS) FOR THE PERIOD

	Quarter Ended		Cumulative 3 Months Ended	
	31 Mac 2022 RM '000	31 Mac 2021 RM '000	31 Mac 2022 RM '000	31 Mac 2021 RM '000
Profit/(Loss) for the period is arrived at after charging:				
Property, plant and equipment - depreciation	17,461	18,134	17,461	18,134
Right-of-use assets - amortisation	2,150	1,941	2,150	1,941
Net unrealised loss on foreign exchange	1,555	-	1,555	-
Finance cost	3,617	2,703	3,617	2,703
after (crediting):				
Net income from scrap disposal	(319)	(868)	(319)	(868)
Interest income	(3,630)	(2,552)	(3,630)	(2,552)
Changes in fair value of hedging derivatives	(1,488)	(210)	(1,488)	(210)
Net unrealised gain on foreign exchange	-	(1,754)	-	(1,754)
Net reversal of impairment loss on trade receivables	(9,400)	-	(9,400)	-
Rental income				
- land	(238)	(328)	(238)	(328)
- building	(228)	(230)	(228)	(230)
- equipments	(451)	(89)	(451)	(89)

A13. VALUATION OF PROPERTY

The valuations of land and buildings have been brought forward without any amendments from the most recent annual audited financial statements as no revaluation has been carried out since 31 December 2021.

A14. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the period end date.

A15. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group.

A16. CONTINGENT LIABILITIES

Contingent liabilities of the Group as at 31 March 2022 comprise the following:

	31 Mac 2022 RM '000	31 Dec 2021 RM '000
Unsecured		
Bank guarantees extended to: -		
- Related companies	331,524	333,339
- Third parties	133,060	131,990
	<u>464,584</u>	<u>465,329</u>

A17. CAPITAL COMMITMENTS

	31 Mac 2022 RM '000	31 Dec 2021 RM '000
Approved and contracted for	48,120	25,853
Approved but not contracted for	67,339	108,081
	<u>115,459</u>	<u>133,934</u>

The outstanding capital commitments relate to the infrastructure upgrading works and other investment projects.

B1. REVIEW OF PERFORMANCE

	Quarter Ended		Cumulative 3 Months Ended	
	31 Mac 2022 RM '000	31 Mac 2021 RM '000	31 Mac 2022 RM '000	31 Mac 2021 RM '000
Revenue				
Heavy Engineering	358,375	304,154	358,375	304,154
Marine	59,407	39,419	59,407	39,419
	<u>417,782</u>	<u>343,573</u>	<u>417,782</u>	<u>343,573</u>
Results				
Heavy Engineering	2,911	(85,134)	2,911	(85,134)
Marine	3,676	(17,678)	3,676	(17,678)
Others	(277)	948	(277)	948
Eliminations/Adjustments	-	(9)	-	(9) *#
Operating profit/(loss)	<u>6,310</u>	<u>(101,873)</u>	<u>6,310</u>	<u>(101,873)</u>
Finance cost	(3,617)	(2,703)	(3,617)	(2,703)
Share of results of joint ventures	-	-	-	-
Profit/(Loss) before taxation	<u>2,693</u>	<u>(104,576)</u>	<u>2,693</u>	<u>(104,576)</u>

* Inter-segment revenue and transactions are eliminated on consolidation.

Inter-segment operating loss elimination

Heavy Engineering	-	5	-	5
Marine	-	4	-	4

Performance of current quarter against the quarter ended 31 March 2021 (corresponding quarter).

The Group posted a revenue of RM417.8 million in the current quarter, RM74.2 million higher compared to the corresponding quarter mainly due to higher revenue from both segments.

At the operating profit level, the Group recorded an operating profit of RM6.3 million against an operating loss of RM101.9 million in the corresponding quarter.

Segmental review of performance against the corresponding quarter is as follows:

Heavy Engineering

Heavy Engineering segment recorded revenue of RM358.4 million in the current quarter compared to RM304.2 million in the corresponding quarter, mainly due to higher revenue from an on-going project.

The segment posted an operating profit of RM2.9 million in the current quarter, a turnaround from the operating loss of RM85.1 million in Quarter 1, FY2021 as the corresponding quarter was impacted by additional cost provisions for an on-going project. The improved financial performance was also contributed by the partial recovery of COVID-19 claims and reversal of warranty provision for a post sail-away project in the current quarter.

Marine

Revenue of RM59.4 million was RM20.0 million higher compared to RM39.4 million in the corresponding quarter as a result of higher dry-docking activities.

The segment swung to an operating profit of RM3.7 million compared to an operating loss of RM17.7 million in the corresponding quarter mainly due to reversal of impairment loss on trade receivables as the doubtful debts were recovered in the current quarter coupled with higher revenue from dry-docking activities.

Share of results of joint ventures

The Group has not recorded any share of profit in joint ventures in the current quarter as all joint ventures have become dormant.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Quarter Ended	
	31 Mac 2022 RM '000	31 Dec 2021 RM '000
Revenue		
Heavy Engineering	358,375	354,451
Marine	59,407	77,558
	<u>417,782</u>	<u>432,009</u>
Results		
Heavy Engineering	2,911	(90,500)
Marine	3,676	(17,657)
Others	(277)	4,300
Eliminations/Adjustments	-	(10)
Operating profit/(loss)	<u>6,310</u>	<u>(103,867)</u>
Impairment loss	-	(1,146)
Finance cost	(3,617)	(3,691)
Share of results of joint ventures	-	-
Profit/(Loss) before taxation	<u>2,693</u>	<u>(108,704)</u>

The Group posted a lower revenue of RM417.8 million against the preceding quarter's revenue of RM432.0 million mainly due to lower revenue from marine segment.

Despite the lower revenue, the Group recorded an operating profit of RM6.3 million compared to the preceding quarter's operating loss of RM103.9 million as the Quarter 4, FY2021 results were impacted by additional cost provisions for on-going Heavy Engineering projects. The improved financial performance was also contributed by the partial recovery of COVID-19 claims and reversal of warranty provision for a post sail-away project as well as a reversal of impairment loss on trade receivables as the doubtful debts were recovered in the current quarter.

B3. REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	As at	Variance %
	31 Mac 2022 RM '000	31 Dec 2021 RM '000	
Total assets	3,389,431	3,390,067	-0.0%
Total equity attributable to equity holders of the Company	1,709,346	1,706,453	0.2%
Total liabilities	1,679,161	1,682,660	-0.2%

The Group's total assets are comparable against the previous period.

The increase in total equity attributable to equity holders by RM2.9 million or 0.2% was due to total comprehensive income recognised in the current period.

The decrease in the Group's total liabilities by RM3.5 million was mainly contributed by decrease in borrowings of RM8.6 million.

B4. REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative 3 Months Ended		Variance %
	31 Mac 2022 RM '000	31 Mac 2021 RM '000	
Net cash generated from operating activities	154,282	3,332	>100%
Net cash generated from/(used in) investing activities	2,008	(7,039)	>100%
Net cash (used in)/generated from financing activities	(12,692)	15,606	<100%
Net change in cash & cash equivalents	143,598	11,899	>100%

The Group recorded net cash generated from operating activities of RM154.3 million against RM3.3 million in the prior period mainly due to higher collection received from clients during the current period.

The Group recorded net cash generated from investing activities amounting to RM2.0 million compared to net cash used in investing activities of RM7.1 million in the corresponding period due to lower purchase of property, plant and equipment in the current period.

The Group recorded net cash used in financing activities amounting to RM12.7 million against net cash generated from financing activities of RM15.6 million mainly due to no drawdown during the current period coupled with higher repayment of borrowings.

B5. CURRENT YEAR PROSPECTS

Oil prices have risen sharply on concerns over the Russia-Ukraine conflict coupled with threat of oil demand exceeding supply recovery as many countries move towards COVID-19 endemicity. In tandem with the surge in oil prices, an increase in upstream CAPEX spending in 2022 is expected by oil majors, though not to the pre-pandemic level in view of the lingering impact of the COVID-19 pandemic. Nevertheless, global supply chain disruptions and increase in prices of significant raw materials such as steel due to the pandemic and the Russia-Ukraine conflict may constrain clients' future CAPEX plans as well as pose significant risks to the Group's ongoing bids and current projects under execution. As such, the Group remains cautiously optimistic on the outlook for the Heavy Engineering segment.

The reopening of international borders and removal of compulsory quarantine requirements for fully vaccinated travellers by the Government are expected to improve Marine business prospects. The lifting of restrictions on the entry of foreign technical experts will increase the Group's chances to secure more international projects. Additionally, other countries that are experiencing spike in COVID-19 cases and re-imposing targeted lockdowns may create opportunities for the Group as their clients would have to look for alternative shipyards to conduct repairs. Therefore, the Group expects the Marine business to gradually recover in 2022.

The Group adopts a cautious outlook on the recovery of the industry and will continue to pursue business opportunities in new regions and segments to replenish its order book. Improving cost competitiveness and profitability remains the Group's priority, focusing on optimising costs and ensuring safe and timely delivery of ongoing projects.

B6. VARIANCE OF ACTUAL RESULTS COMPARED WITH FORECASTED AND SHORTFALL IN PROFIT GUARANTEE

The Company did not provide any profit forecast or profit guarantee in any public document.

B7. TAXATION

	31 Mar 2022 RM '000	31 Mar 2021 RM '000
Taxation for the period comprises the following:		
Income tax charge		
- current period	-	-
- prior period	-	-
Deferred taxation	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

B8. CHANGES IN MATERIAL LITIGATION**Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) and Kebabangan Petroleum Operating Company Sdn Bhd (KPOC)**

MMHE had on 13 March 2019 received a notice of arbitration from KPOC in relation to claims arising from the Kebabangan ("KBB") field project. KPOC claims that MMHE is in breach of the contract in respect of the appointed supplier of the valves per the contract. The actual valves procured were claimed to be defective and thus KPOC has suffered substantial loss and damage.

By way of Final Award dated 23 July 2021 that was made available to MMHE on 3 August 2021 ("Final Award"), Arbitral Tribunal has ordered that MMHE shall pay KPOC the followings:-

- 1) The sum of RM17,241,178 as damages for the expenses incurred by KPOC for assessment, procurement and replacement of valves in the period of 2016 to 2019, together with interest at the rate of 5% per annum from 11 October 2019 to the date of payment;
- 2) The sum of RM9,820,770 as damages suffered by KPOC in having to procure 1,365 valves and install 1,454 valves in the future, together with interest at the rate of 5% per annum from 11 October 2019 till the date of payment; and
- 3) The sum of RM1,029,167 for its legal fees and expenses.

In the Final Award, the Arbitral Tribunal dismissed all of KPOC's claim for loss of revenue in the sum of RM28,030,906.

On 30 September 2021, MMHE filed an application to set aside the Final Award pursuant to Section 37 of the Arbitration Act 2005, whereby MMHE seeks for the Final Award to be set aside on grounds, amongst others, that there was a breach of the rules of natural justice in connection with the making of the Final Award.

KPOC, in this regard, has filed an application to seek leave from the High Court to register and enforce the Final Award as a Judgment of the High Court.

The Hearing for both applications was heard on 11 February 2022 during which the Judge ordered for both Originating Summons to be heard simultaneously in a single session. The Hearing of both applications was held on 15 April 2022 as scheduled but could not be completed. The High Court has fixed the matter for Continued Hearing on 20 May 2022.

B9. DIVIDEND PROPOSED

No dividend has been proposed for the period ended 31 March 2022.

B10. DERIVATIVES

Details of the Group's derivative financial instruments outstanding as at 31 March 2022 are as follows:

	Contract/ Notional Amount as at 31 Mac 2022 (in RM '000)	Fair Value loss (in RM '000)
Forward foreign currency contracts	371,957	(3,043)

During the period, the Group recognised a net unrealised derivatives gain of RM170,000 in its equity and derivatives gain of RM1,488,000 in profit or loss for the effective and ineffective portion respectively, in relation to the fair value of the cash flow hedges.

B11. PROFIT/(LOSS) PER SHARE

	Quarter Ended		Cumulative 3 Months Ended	
	31 Mac 2022	31 Mac 2021	31 Mac 2022	31 Mac 2021
Basic profit/(loss) per share is computed as follows:				
Profit/(Loss) for the period attributable to equity holders of the Company (RM '000)	2,723	(104,352)	2,723	(104,352)
Weighted average number of ordinary shares in issue (thousand)	1,600,000	1,600,000	1,600,000	1,600,000
Basic profit/(loss) per share (sen)	<u>0.2</u>	<u>(6.5)</u>	<u>0.2</u>	<u>(6.5)</u>

The Group does not have any financial instrument which may dilute its basic earnings per share.

B12. IMPACT OF COVID-19 PANDEMIC

The Government announced the reopening of borders and lifting of certain COVID-19 restrictions effective from 1 April 2022 which are expected to boost economic activities. Nevertheless, the impact of the lingering pandemic and the Russia-Ukraine conflict on global supply chain and prices of raw materials such as steel remains a key risk to the Group's outlook for financial year ending 31 December 2022.

Impact on the Group's cash flows, liquidity, financial position and financial performance

Throughout this recovery phase, the Heavy Engineering segment recorded a revenue of RM358.4million, slightly higher than the prior period as one of its main on-going projects progressed further into construction phase. The segment posted an operating profit of RM2.9 million in the current period, a turnaround from the operating loss of RM85.1 million in Quarter 1, FY2021 as the prior period was impacted by additional cost provisions for an on-going project. The improved financial performance was also contributed by the partial recovery of COVID-19 claims and reversal of warranty provision for a post sail-away project in the current period.

Marine segment swung to an operating profit of RM3.7 million compared to an operating loss of RM17.7 million in the prior period mainly due to reversal of impairment loss on trade receivables as the doubtful debts were recovered coupled with higher revenue from dry-docking activities in the current period.

With the improved results from the two segments, the Group posted an operating profit of RM6.3 million, RM108.1 million better off compared to the prior period.

The Group's financial position remains healthy with cash and bank balances of RM853.5 million with net assets and orderbook of RM1.7 billion and RM1.9 billion respectively.

COVID-19 health and safety measures

The Group remains vigilant and continues to comply with all COVID-19 SOP requirements with 99.9% of all staff fully vaccinated.